

## To our shareholders

### Shape the Future with ADEKA's "SOZAI (Materials as treasure)"

Hidetaka Shirozume  
President and Chief Executive Officer,  
Representative Director

I would like to express our sincere appreciation to all our shareholders for their continued support and understanding.

We are pleased to announce that the 163rd Ordinary General Meeting of Shareholders will be held on Friday, June 20, 2025.

Under the Management Policy of "To be a company that is progressive and dynamic with a keen attitude towards the new changing tide" and "Creating a better future for the people of the world," the Group has established a vision for 2030 that expresses its medium- to long-term direction, "ADEKA VISION 2030: An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles." To achieve the Sustainable Development Goals (SDGs) under the VISION, the Group aspires to be a corporate entity that helps build a sustainable future and supports affluent living by developing a wide range of businesses around the globe and leading the world with innovative technologies.

During the fiscal year ended March 31, 2025, the Group promoted measures to strengthen its earning power, promote sustainability initiatives, and build a resilient supply chain capable of responding to changes in the external environment, as outlined in the basic strategy under its Mid-Term Management Plan, "ADX 2026," aiming to achieve "ADEKA VISION 2030." Despite in the situation where there were concerns about the outlook of the world economy including the heightened geopolitical risks, net sales, operating profit, ordinary profit, and profit attributable to owners of parent all reached record highs for the full year, achieving the planned figures for the first year of the Mid-Term Management Plan.

Under these business conditions, we propose to revise the initial estimate of the year-end dividend for FY2024 to 52 yen per share. This will increase the annual dividend by 10 yen from the previous fiscal year to 100 yen per share. For the second year of "ADX 2026," the Medium-Term Management Plan, the ADEKA Group will continue to strongly promote various measure to realize the co-creation of social value and profit.

The ADEKA Group will continue to contribute to affluent lifestyles of people by providing valuable "SOZAI (Materials as treasure)" that can improve everything further.

We would like to request shareholders' continued support going forward.

June, 2025

Securities code: 4401

June 3, 2025

Date of commencement of electronic provision measures: May 22, 2025

To our shareholders

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

## Notice of the 163rd Ordinary General Meeting of Shareholders

We are pleased to announce that the 163rd Ordinary General Meeting of Shareholders will be held as indicated below.

When convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”) and has posted matters subject to the electronic provision measures as “Notice of the 163rd Ordinary General Meeting of Shareholders” on the following website on the Internet.

The Company website

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

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

1. The Tokyo Stock Exchange website

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

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

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

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

Please scan the QR code or enter the login ID and password shown on the enclosed voting form. Click on the “Notice of Ordinary General Meeting of Shareholders” tab on the Portal of Shareholders’

Meeting to view the information. \*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Instead of attending the meeting in person, you may exercise your voting rights in advance in writing or via the Internet, etc. as described in 4. on the next page. After having reviewed the Reference Documents for the General Meeting of Shareholders provided in the matters subject to the electronic provision measures, please exercise your voting rights **by 5:15 p.m. on Thursday, June 19, 2025 (JST).**

**1. Date and Time:** June 20, 2025 (Friday) 10:00 a.m. (JST)

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

**3. Purpose of the Meeting:**

**Matters to be reported:**

1. Report on the content of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 163rd fiscal year (from April 1, 2024 to March 31, 2025)
2. Report on the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

**Matters to be resolved:**

**<Company Proposal>**

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

**<Shareholder proposal>**

- Proposal 5** Amendment to the Company's articles of incorporation to establish a special committee tasked with the holding policy for listed subsidiaries (currently, specifically, NIHON NOHYAKU CO., LTD.)

**4. Exercise of Voting Rights**

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

Please indicate your approval or disapproval to each of the proposals on the enclosed voting form, and return it to us **by 5:15 p.m. on Thursday, June 19, 2025.**

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

When exercising your voting rights via the Internet, please refer to the "Guide to Exercising Voting Rights via the Internet" on page 7 (Japanese version only), and enter your approval or disapproval to each of the proposals by 5:15 p.m. on Thursday, June 19, 2025.

\* The Board of Directors of ADEKA is **opposed to Proposal No. 5.** (Please refer to page 22 of the "Reference Documents for the General Meeting of Shareholders" below.)

- If you are attending the meeting in person, please submit the enclosed voting form at the reception of the venue.
- In the event that revisions are required to the matters subject to the electronic provision measures, revised versions of the matters will be posted on the respective websites where the matters are posted.
- Among the matters subject to electronic provision measures, the following matters will not be provided in the paper copy mailed to shareholders who made a request for delivery of documents in accordance with the provisions of laws and regulations and Article 15, Paragraph 2 of the Company's Articles of Incorporation. Accordingly, the documents mailed to shareholders who made a request for delivery of documents constitute only part of the documents audited by the Audit and Supervisory Committee and the accounting auditor in the preparation of the Audit Report.
  - (1) From the Business Report, the "Details of the principal business," "Principal sales offices and plants, etc.," "Status of employees," "Status of major lenders," and "Status of accounting auditor," "Outline of the content of resolutions regarding systems etc. put in place to ensure the appropriateness of operations, and the operational status of such systems," and the "Outline of the content of the basic policy regarding control of the Company"
  - (2) The "Consolidated Statements of Changes in Equity" and "Notes to the Consolidated Financial Statements" from the Consolidated Financial Statements
  - (3) The "Non-consolidated Statements of Changes in Equity" and "Notes to the Financial Statements" from the Non-consolidated Financial Statements
- In the event that voting rights are exercised multiple times when exercising voting rights in writing and via the Internet, etc., the most recent one to arrive with us shall be considered valid, but if both arrive on the same day, the exercise of voting rights via the Internet, etc. shall be considered valid. In the event that voting rights are exercised multiple times via the Internet, etc., the most recent vote cast shall be considered valid.
- If there is no indication of approval or disapproval for a proposal on the voting form you have returned to us, it shall be treated as approval for the Company's proposals and disapproval for the shareholder proposals.
- You may exercise your voting rights by proxy by appointing another shareholder holding voting rights of the Company pursuant to Article 17 of the Company's Articles of Incorporation. In such cases, please present a document proving the proxy's power of representation.
- From the viewpoint of reducing the global environmental impact, on the day of the meeting, the temperature of the air conditioning in the venue will be set at a slightly higher level, and accordingly we respectfully suggest that you avoid heavy clothing.
- When attending this General Meeting of Shareholders, please give due consideration to your health condition on the day of the meeting and cooperate with our instructions, such as wearing a face mask as necessary.

We plan to hold a social gathering with our shareholders after the meeting. We would like to invite you to continue participating in this gathering.

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

<Guide for receiving advance questions>

Deadline for advance questions: **June 12, 2025 (Thursday) 5:15 p.m. (JST)**

For this meeting, we will receive questions from shareholders in advance about Purpose of the Meeting through the Portal of Shareholders' Meeting. At the meeting, we will take up questions which seem to be of high interest for shareholders among those received. From the URL below, please access to the Portal of Shareholders' Meeting, and tap/click the "To advance questions" button on the top screen. After the "Enter advance questions" screen is shown, please enter your question in accordance with the guidance on the screen afterwards.

\*We would appreciate your understanding that we will not reply to questions received individually.

The Portal of Shareholders' Meeting <https://www.soukai-portal.net> (in Japanese only)

< Guidance on On-Demand Distribution of the General Meeting of Shareholders >

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

Watching period: June 30, 2025 (Monday) 10:00 a.m.– June 19, 2026 (Friday) 6:00 p.m. (JST)

(Watching period may change according to circumstances)

Shareholders who wish to watch the program, please access the following URL:

<https://www.net-presentations.com/4401/20250620/nv8r3pw/>

Or, please search the following in the search engine.

You can also access by scanning the QR code on page 8 of the Japanese version of this Notice from your smartphone.

Considerations for viewing

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

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference matters

#### Company Proposals (Proposals 1 to 4)

##### Proposal 1 Appropriation of the Surplus

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

##### Year-end dividends

The Company's basic policy is to return profits to shareholders in an appropriate manner, having considered the financial situation and performance etc., while at the same time working to strengthen and expand the financial position and the management base, and the dividend amount is determined accordingly. As a result of careful consideration based on this dividend policy, and after having taken into account performance for the fiscal year under review, the need to reinforce the management base and future business expansion, the Company proposes a year-end dividend for the 163rd fiscal year as follows.

(1) Type of dividends

Cash

(2) Dividend allocation and their aggregate amount

Dividend per common share of the Company: ¥52

Adding the year-end dividend for the fiscal year under review to the interim dividend of ¥48 yields an annual dividend of ¥100 (the annual dividend for the previous fiscal year was ¥90 per share).

Total dividends: ¥5,317,691,808

(3) Effective date of dividends of surplus

Monday, June 23, 2025

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

The terms of office of all seven (7) Directors will expire at the conclusion of the Meeting. Accordingly, the Company proposes the election of seven (7) Directors.

Candidates for the role of Director are as follows:

Candidate No.	Name	Gender	Current position and responsibilities within the Company	Reelection / New election	Attendance rate at the Board of Directors meetings
1	Hidetaka Shirozume	Male	President and Chief Executive Officer, Representative Director	Reelection	100% (17 out of 17)
2	Haruhiko Tomiyasu	Male	Representative Director and Senior Managing Executive Officer Assistant to the President, Secretarial Department, Human Resources Department, Purchasing & Distribution Department, Chair of Internal Control Promotion Committee, Chair of Risk Management Committee	Reelection	100% (17 out of 17)
3	Youji Shiga	Male	Director and Operating Officer Finance & Accounting Department, Information System Department	Reelection	88% (15 out of 17)
4	Kiyoshi Masamune	Male	Director and Operating Officer Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee	Reelection	100% (13 out of 13)
5	Shigeru Endo	Male	Director	Reelection External Independent	100% (17 out of 17)
6	Makoto Horiguchi	Male	Director	Reelection External Independent	100% (17 out of 17)
7	Naoya Takahashi	Male	Director	Reelection External Independent	100% (13 out of 13)

Reelection: Candidate for reelection as Director

External: Candidate for External Director

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

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

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
1	Hidetaka Shirozume (November 10, 1961) [Reelection]	<p>Apr. 1985    Joined the Company</p> <p>Jun. 2005    General Manager, Electronic Materials Sales Department</p> <p>Jun. 2010    General Manager, Information &amp; Electronic Materials Sales Department</p> <p>Jun. 2011    General Manager, Chemicals Planning &amp; Marketing Department</p> <p>Jun. 2014    Operating Officer, General Manager, Chemicals Planning &amp; Marketing Department</p> <p>Jun. 2015    Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2016    Director and Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2017    Director and Managing Operating Officer, General Manager, Corporate Planning &amp; Strategy Division and Chair of Capital Investment Committee</p> <p>Jun. 2018    President and Chief Executive Officer</p> <p>Jun. 2023    President and Chief Executive Officer, Representative Director (current position)</p>	71,500 shares
		<p>●Reasons for nomination as candidate for Director</p> <p>As the individual responsible for the Chemicals Department and the Chemicals Planning &amp; Marketing Department, Hidetaka Shirozume has worked ceaselessly to stabilize and strengthen the chemicals products business of the Company. Since June 2018, he has been serving as President and Chief Executive Officer, and has led the Group by transforming its earnings structure, expanding new business fields and strengthening the group management foundation. He has also strived to increase sustainable corporate value of the Group such as proactively integrating management and sustainability. Currently, he directs management from the front towards the key strategies of the Medium-Term Management Plan “ADX 2026”; transition to a high profitability structure, a resilient management foundation, and sustainability-focused management. With his abundant experience and extensive knowledge of the businesses of the Group and broad insights and track record in company management and business strategies as a corporate head, he strives for a sustainable enhancement of the corporate value, and the Company requests that he be elected to continue serving as Director. Moreover, in the event that he is elected as Director, he is scheduled to be selected President and Chief Executive Officer, Representative Director at the subsequent meeting of the Board of Directors.</p>	
		<p>●Other matters of note in relation to this candidate for Director</p> <p>No special interests exist between the candidate and the Company.</p>	



Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
2	Haruhiko Tomiyasu (July 7, 1956) [Reelection]	<p>Apr. 1979 Joined DAI-ICHI KANGYO BANK, LTD. (present MIZUHO BANK, LTD.)</p> <p>Jul. 2005 General Manager, Administration Department, MIZUHO BANK, LTD.</p> <p>Jun. 2007 Audit &amp; Supervisory Board Member of the Company</p> <p>Jun. 2009 Resigned from position of Audit &amp; Supervisory Board Member of the Company</p> <p>Director and Operating Officer, Legal Affairs &amp; Publicity Department, Finance &amp; Accounting Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Dec. 2009 External Auditor of NIHON NOHYAKU CO., LTD.</p> <p>Jun. 2010 Director and Operating Officer, Legal Affairs &amp; Publicity Department, Finance &amp; Accounting Department, Information System Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2012 Director and Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Information System Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2014 Director and Managing Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Information System Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2015 Director and Managing Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Purchasing &amp; Distribution Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2018 Director and Senior Managing Executive Officer, Assistant to the President, Secretarial Department, Human Resources Department, Purchasing &amp; Distribution Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Sep. 2018 Corporate Auditor of NIHON NOHYAKU CO., LTD.</p> <p>Jun. 2020 Director, Audit &amp; Supervisory Committee Member, NIHON NOHYAKU CO., LTD.</p> <p>Representative Director and Senior Managing Executive Officer, Assistant to the President, Secretarial Department, Human Resources Department, Purchasing &amp; Distribution Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee (currently Chair of Risk Management Committee) (current position)</p> <p>Jun. 2023 Director, NIHON NOHYAKU CO., LTD. (current position)</p>	54,300 shares
<p>●Reasons for nomination as candidate for Director</p> <p>Haruhiko Tomiyasu possesses long years of experience in the financial industry, coupled with a high level of knowledge, and has provided valuable opinions on management in general, including financial strategy and capital policy of the Company as Audit &amp; Supervisory Board Member and Director. Since June 2020, he has displayed his powerful leadership as Representative Director and Senior Managing Executive Officer contributing to the realization of the Medium-Term Management Plan and long-term visions of the Company. Currently, for the realization of the Medium-Term Management Plan “ADX 2026,” he contributes to a sustainable growth and an increased corporate value of the Company over medium to long term by strengthening the management foundation, such as drafting strategies and implementing various measures to strengthen human capital, reinforcing the group risk management system and creating resilient supply chains. With the expectation of leveraging his abundant experience, knowledge and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as Director. Moreover, in the event that he is elected as Director, he is scheduled to be selected Representative Director and Senior Managing Executive Officer at the subsequent meeting of the Board of Directors.</p>			
<p>●Other matters of note in relation to this candidate for Director</p> <p>No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of the Company's shares owned	
3	Youji Shiga (August 3, 1962) [Reelection]	Apr. 1985	Joined the Company	35,200 shares	
		Jun. 2006	General Manager, Finance & Accounting Department		
		Jun. 2014	Operating Officer, General Manager, Finance & Accounting Department		
		Jun. 2018	Director and Operating Officer, General Manager, Finance & Accounting Department		
		Jun. 2022	Director and Operating Officer, Finance & Accounting Department, Information System Department, Business Digitalization Department		
		Apr. 2024	Director and Operating Officer, Finance & Accounting Department, Information System Department (current position)		
●Reasons for nomination as candidate for Director Youji Shiga has many years of experience as the individual responsible for the Finance & Accounting Department, working to strengthen the financial position of the Group as the General Manager of the Financial & Accounting Department. Since June 2018, he has been involved in the management of the Company and for the achievement of the Medium-Term Management Plan, he is currently leading the formulation and promotion of financial strategy, capital efficiency and the transformation to management focused on the efficiency of invested capital. Moreover, he contributes to a sustainable growth and an increased corporate value of the Company over medium to long term by promoting DX themes and developing DX human resources across the company and proactively promoting DX of the Company. With the expectation of leveraging his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as Director.					
●Other matters of note in relation to this candidate for Director No special interests exist between the candidate and the Company.					
4	Kiyoshi Masamune (March 13, 1964) [Reelection]	Apr. 1988	Joined the Company	15,900 shares	
		Jun. 2018	Operating Officer, General Manager, Corporate Planning & Strategy Division		
		Jun. 2024	Director and Operating Officer, Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee (current position)		
	●Reasons for nomination as candidate for Director Kiyoshi Masamune held important positions of the Company's laboratories, where he promoted the strengthening of the Company's R&D system in functional polymers. Afterwards, based on his experience and knowledge as a researcher and since June 2018 as General Manager of Corporate Planning & Strategy Division, he worked on to expand and strengthen each business and took the initiative in promoting business alliances and strengthening cooperation between affiliated companies in and outside Japan while promoting enhancement of the Group's global management system. Since June 2024, he has been involved in the management of the Company as Director, and for the achievement of the Medium-Term Management Plan, he contributes to a sustainable growth and an increased corporate value of the Company over medium to long term by promoting the growth strategy and the reinforcement of the group management foundation including strengthening business strategies, promoting the M&A strategy, reinforcing a sustainability management. With the expectation of leveraging his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as Director.				
	●Other matters of note in relation to this candidate for Director No special interests exist between the candidate and the Company.				

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
	Shigeru Endo (October 16, 1948) [Reelection] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) Seven (7) years	Apr. 1974    Joined Ministry of Foreign Affairs Feb. 1989    Seconded to International Energy Agency Apr. 2001    Deputy Director-General in the Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs Feb. 2002    Deputy Director-General in the Consular and Migration Affairs Bureau, Ministry of Foreign Affairs Aug. 2003    Ambassador to the Permanent Mission of Japan to the International Organizations in Geneva, and Consul General of Japan in the Japanese Consulate in Geneva Mar. 2007    Ambassador Extraordinary and Plenipotentiary to Republic Tunisia Jul. 2009    Ambassador Extraordinary and Plenipotentiary to Saudi Arabia Oct. 2012    Retired from Ministry of Foreign Affairs Jun. 2013    External Director, JGC CORPORATION External Director, IINO KAIUN KAISHA, LTD. Apr. 2014    Special Assistant to the Ministry of Foreign Affairs Dec. 2017    Special Envoy for EXPO 2025 Jun. 2018    External Director of the Company (current position) Oct. 2019    Outside Director, JGC HOLDINGS CORPORATION (current position) (Significant concurrent position outside the Company) Outside Director of JGC HOLDINGS CORPORATION	0 shares
5	<p>●Reasons for nomination as candidate for External Director and expected roles  Shigeru Endo spent many years as an active diplomat, and has a broad range of knowledge and a global perspective. Since his appointment as External Director, he has been striving to strengthen the management supervision function and auditing capability by providing useful advice on the global business development from a perspective of geopolitical risks, etc., utilizing such abundant experience and insight. Moreover, as Chairperson of the Nomination and Remuneration Committee, he contributes to a sustainable growth and an increased corporate value of the Company over medium to long term by striving to ensure the transparency and fairness of nominations and remunerations, and to strengthen corporate governance. Although he has never been involved in corporate management other than as an outside director, the Company expects that his knowledge and insights mentioned above enable him to offer appropriate supervision and advice on the general management of the Company contributing to the enhancement of the corporate value of the Company, and we therefore request that he be reelected to continue serving as External Director.</p> <p>●Matters related to independence  The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p> <p>●Limitation of liability contract  Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.</p> <p>●Other matters of note in relation to this candidate for External Director  No special interests exist between the candidate and the Company.</p>		

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
6	<p>Makoto Horiguchi (December 5, 1955) [Reelection] [External] [Independent]</p> <p>Years of service (as of the conclusion of this general meeting of shareholders) Four (4) years</p>	<p>Apr. 1979    Joined Iwatani Corporation</p> <p>Jun. 2012    Executive Officer, Iwatani Corporation</p> <p>Jun. 2016    Member of the Board, Executive Officer, General Manager, Industrial Gases &amp; Machinery Business Group, Iwatani Corporation</p> <p>Apr. 2017    Executive Director and Executive Officer, Iwatani Corporation</p> <p>Apr. 2019    Member of the Board, Senior Managing Officer, Industrial Gases Division; Hydrogen Division; Machinery Division, General Manager, Customer Relations and Services Division, Iwatani Corporation</p> <p>Apr. 2020    Member of the Board, Vice President, Iwatani Corporation Responsible for Sales, Iwatani Corporation</p> <p>Jun. 2021    External Director of the Company (current position)</p> <p>Apr. 2022    Member of the Board, Vice President, in charge of New Product Development &amp; Market Research, Iwatani Corporation Risk Management Committee Chairperson, Iwatani Corporation</p> <p>Apr. 2024    Member of the Board, Iwatani Corporation Chairman, Higashi-Nippon Iwatani Gas Corporation President, Kashima L.P.G. Joint Stockpiling Co., Ltd. (current position)</p> <p>Jun. 2024    Senior Associate Director, Iwatani Corporation (current position)</p> <p>(Significant concurrent positions outside the Company) Senior Associate Director, Iwatani Corporation President, Kashima L.P.G. Joint Stockpiling Co., Ltd.</p>	6,300 shares
<p>●Reasons for nomination as candidate for External Director and expected roles Makoto Horiguchi has served as Member of the Board, Vice President and Executive Officer of Iwatani Corporation and Member of the Board of its overseas operating companies. He possesses abundant experience in corporate management and corporate governance, broad insights, global knowledge and excellent personality. Since his appointment as External Director, utilizing the abovementioned experience, knowledge and insight, he has been playing an important role in securing adequacy and appropriateness of decision-making by the Board of Directors, by providing useful advice and recommendations on the progress of business strategies and management plans, and contributes to a sustainable growth and an increased corporate value of the Company over medium to long term. The Company expects that he will continue to offer appropriate supervision and advice on the general management of the Company and contribute to the enhancement of the corporate value of the Company, and we therefore request that he be reelected to continue serving as External Director.</p>			
<p>●Matters related to independence The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p>			
<p>●Limitation of liability contract Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.</p>			
<p>●Other matters of note in relation to this candidate for External Director No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
	Naoya Takahashi (October 17, 1948) [Reelection] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) One (1) year	Apr. 1973    Joined Hitachi, Ltd. Apr. 2006    Vice President and Executive Officer, Executive Vice President and Chief Technology Officer of Information & Telecommunication Systems Group of Hitachi Ltd. Apr. 2009    Representative Executive Officer, Executive Vice President and Executive Officer, in charge of Information Business, Research & Development and Information System, Hitachi Group Chief Technology Officer, Hitachi Group Chief Innovation Officer and Hitachi Group Chief Information Security Officer Apr. 2011    President and Chief Executive Officer of Hitachi Electronics Services Co., Ltd. Oct. 2011    President and Chief Executive Officer of Hitachi Systems, Ltd. Apr. 2016    Chairman Emeritus of Hitachi Systems, Ltd. Apr. 2020    Special Advisor of Hitachi Systems, Ltd. Apr. 2023    Honorary Advisor of Hitachi Systems, Ltd. Apr. 2023    Executive Advisor of Cloud Service Platform Business Unit, Hitachi Ltd. Apr. 2024    Executive Advisor of Hitachi Vantara, Ltd. (current position) Jun. 2024    External Director of the Company (current position) (Significant concurrent positions outside the Company) Executive Advisor of Hitachi Vantara, Ltd.	0 shares
7	<p>●Reasons for nomination as candidate for External Director and expected roles Naoya Takahashi, who has long years of experience in corporate management as a top management executive at Hitachi Group in charge of the information infrastructure, information system business and R&amp;D, has a wealth of experience in corporate management and the use of digital technologies (IT/DX), broad insight, global knowledge and excellent personality. Since his appointment as External Director, utilizing the abovementioned experience, knowledge and insight, he has been playing an important role in securing adequacy and appropriateness of decision-making by the Board of Directors, by providing useful advice and recommendations on the progress of business investments and management plans, and contributes to a sustainable growth and an increased corporate value of the Company over medium to long term. The Company expects that he will continue to offer appropriate supervision and advice on the general management of the Company and contribute to the enhancement of the corporate value of the Company, and we therefore request that he be reelected to continue serving as External Director.</p> <p>●Matters related to independence The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p> <p>●Limitation of liability contract Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.</p> <p>●Other matters of note in relation to this candidate for External Director No special interests exist between the candidate and the Company.</p>		

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

The terms of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. In this regard, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

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

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

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

New election: New candidate for Director

Reelection: Candidate for reelection as Director

External: Candidate for External Director

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

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

2. Yukiko Fujikawa's name is recorded as Yukiko Kobayashi on the official family register.

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

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



Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
	Ikuko Hirasawa (January 14, 1954) [Reelection] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) Two (2) years	Dec. 1989 Registered as attorney (Tokyo Bar Association) Joined Kanto Law Office Feb. 2004 Opened and Joined Allegretto Law Office Dec. 2009 Public Member, Tokyo Metropolitan Government Labor Relations Commission Apr. 2012 Vice-Governor, Kanto Federation of Bar Associations Dec. 2013 Commissioner, Telecommunications Dispute Settlement Commission, Ministry of Internal Affairs and Communications Apr. 2017 Vice-President, Tokyo Bar Association Apr. 2019 Vice-President, Japan Federation of Bar Associations Apr. 2021 Acting Chairperson, Former Eugenic Protection Act Lump-sum Grant Certification Committee, Ministry of Health, Labour and Welfare May 2021 Regional Committee Member, Advisory Committee for the Nomination of Lower-Court Judges, Supreme Court of Japan Jul. 2022 Chairperson of Board of Trustees, Nihon University (current position) Sep. 2022 Partner of Oozora Law Office (current position) Jun. 2023 External Director, Audit and Supervisory Committee Member of the Company (current position) Jun. 2024 Vice Chair, The Japan Council for Quality Health Care (current position) Feb. 2025 Member of the Certification Committee on Compensation for the Former Eugenic Protection Act, Children and Families Agency (current position) (Significant concurrent positions outside the Company) Partner of Oozora Law Office Chairperson of Board of Trustees, Nihon University Vice Chair, The Japan Council for Quality Health Care Member of the Certification Committee on Compensation for the former Eugenic Protection Act, Children and Families Agency	0 shares
2	<p>●Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member and expected roles</p> <p>Ikuko Hirasawa is well versed in all aspects of corporate legal affairs including labor laws though services as an attorney for years and possesses an abundant experience and insight into the supervision of management. In addition, she has a high level of knowledge and expertise in HR development and diversity, equity and inclusion (DE&amp;I), having held important positions in headquarters of the organizations that she has belonged. Since her appointment as External Director, utilizing the abovementioned experience, knowledge and insight, she has been playing an important role in securing adequacy and appropriateness of decision-making by the Board of Directors, by providing useful advice and recommendations on the strengthening of compliance and internal control, the promotion of DE&amp;I, and contributes to a sustainable growth and an increased corporate value of the Company over medium to long term. While Ikuko Hirasawa has had no direct experience of involvement in company management in the past except through her role as an external officer, due to the aforementioned reasons, the Company expects that she will continue to offer appropriate supervision and advice on the general management of the Company and contribute to the enhancement of the corporate value of the Company, and we therefore request that she be reelected to continue serving as External Director who is an Audit and Supervisory Committee Member.</p> <p>●Matters related to independence</p> <p>The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered her with the Tokyo Stock Exchange as Independent Director. If she is reelected as External Director who is an Audit and Supervisory Committee Member, the Company will continue her registration as Independent Director. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p> <p>●Limitation of liability contract</p> <p>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.</p> <p>●Other matters of note in relation to this candidate for External Director who is an Audit and Supervisory Committee Member</p> <p>No special interests exist between the candidate and the Company.</p>		



Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
	Yukiko Fujikawa (March 16, 1965) [New election] [External] [Independent]	<p>Oct. 1988    Joined Chuo Shinko Audit Corporation (later MISUZU Audit Corporation)</p> <p>Mar. 1992    Registered as certified public accountant</p> <p>Jun. 1998    Financial Securities Inspector, Inspection Coordination Division, Inspection Department, Financial Supervisory Agency (present Financial Services Agency)</p> <p>Jul. 2000    Chief, Yukiko Fujikawa CPA Office (current position)</p> <p>Dec. 2004    Registered as certified public tax accountant</p> <p>Jan. 2012    Representative Member, Kaikei Jissen Kenkyujyo (Tax Accountancy Corporation) (current position)</p> <p>Mar. 2013    Supervisory Director, Hoshino Resorts REIT, Inc. (current position)</p> <p>Jun. 2020    Outside Director, Sotetsu Holdings Inc. (current position)</p> <p>Feb. 2025    Outside Director and Audit and Supervisory Committee Member, Lacto Japan Co., Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company)  Chief, Yukiko Fujikawa CPA Office  Representative Member, Kaikei Jissen Kenkyujyo (Tax Accountancy Corporation)  Supervisory Director, Hoshino Resorts REIT, Inc.  Outside Director, Sotetsu Holdings Inc.  Outside Director and Audit and Supervisory Committee Member, Lacto Japan Co., Ltd.</p>	0 shares
3		<p>●Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member and expected roles  Yukiko Fujikawa is well versed in corporate accounting and finance, having been a certified public accountant and certified public tax accountant for many years, as well as has broad knowledge in corporate legal compliance through duties at the Finance Supervisory Agency (present Financial Services Agency). In addition, she has served as Auditor and Director at listed companies, and has profound insight into corporate management, and an abundant experience in supervision and advice. We judge that utilizing these experience, knowledge and track records, she will contribute to a sustainable growth and an increased corporate value of the Company over medium to long term by reinforcing the effectiveness of decision-making and supervisory function of the Board of Directors, and we therefore request that she be elected to be External Director who is an Audit and Supervisory Committee Member. While Yukiko Fujikawa has had no direct experience of involvement in company management except through her role as an external officer, due to the aforementioned reasons, the Company judges that she will be able to perform the duties of External Director who is an Audit and Supervisory Committee Member.</p> <p>●Matters related to independence  The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. The Company will register her with the Tokyo Stock Exchange as Independent Director if she is elected as External Director who is an Audit and Supervisory Committee Member. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p> <p>●Limitation of liability contract  Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will conclude with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act if she is elected as External Director who is an Audit and Supervisory Committee Member. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act.</p> <p>●Other matters of note in relation to this candidate for External Director who is an Audit and Supervisory Committee Member  No special interests exist between the candidate and the Company.</p>	

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

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

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

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

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

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

## A shareholder Proposal (Proposal 5)

Proposal 5 is a proposal made by a shareholder (whose number of voting rights is 300) (hereinafter referred to as "proposing shareholder").

The Company's Board of Directors **Opposes** this Shareholder Proposal.

The titles of a proposal, the contents of the proposal, and the reasons for the proposal are stated in their original form as submitted, excluding any formal modifications.

**Proposal 5** Amendment to the Company's articles of incorporation to establish a special committee tasked with the holding policy for listed subsidiaries (currently, specifically, NIHON NOHYAKU CO., LTD.)

### I. Details of the Proposal

With regard to the following proposal (hereinafter referred to as "proposal to amend the articles of incorporation"), if the approval or rejection of any other proposals (including proposals related to the Company's proposals) at this ordinary general meeting of shareholder results in the need for formal adjustments (including, but not limited to, amendments to the numbers of the chapters and articles) to the relevant chapters or articles of the articles of incorporation stated as a proposal to amend the articles of incorporation, the chapters and articles pertaining to the proposal to amend the articles of incorporation shall be deemed to be replaced with the corresponding chapters and articles as adjusted.

Amendment to the Company's articles of incorporation to establish a special committee tasked with the holding policy for listed subsidiaries (currently, specifically, NIHON NOHYAKU CO., LTD.)

The following chapter and articles shall be added to the current articles of incorporation, and Chapter 7 of the current articles of incorporation shall be renumbered as Chapter 8, with Articles 31 through 35 being renumbered as Articles 32 through 36, respectively. Chapter 7 Special Committee for Reviewing the Policy on Holding Listed Subsidiaries (Special Committee for Reviewing the Policy on Holding Listed Subsidiaries)

Article 31 The Board of Directors of the Company shall establish a special committee (hereinafter referred to as the "Special Committee") for reviewing the policy on holding listed subsidiaries for as long as the Company holds listed subsidiaries.

2. The Special Committee shall consist of all external directors of the Company.
3. The Special Committee shall consider the policy on holding the Company's listed subsidiaries, such as sale, conversion to wholly owned subsidiaries, or continuous improvement of shareholder value while maintaining listing status, from the perspective of enhancing the Company's shareholder value. The Special Committee shall make recommendations to the Board of Directors on the results of the deliberation at least once a year, and shall explain the results thereof to the shareholders.
4. The Special Committee shall be convened at least once every quarter, and its resolutions shall be made by a majority of the members present at the meeting, where the majority of the members constituting the Special Committee are present.
5. The details of the procedures for convening and holding meetings of the Special Committee, terms of office and other matters shall be determined by the rules established by the Special Committee.
6. The Special Committee may, as necessary, utilize external advisors.
7. The reasonable expenses required for the operation of the Special Committee shall be borne by the Company.

### II. Reason for the Proposal

The proposal seeks to encourage the Board of Directors to consider and take action on the rectification of the parent-subsidary listings by the establishment of the Special Committee. Parent-subsidary listings have long been a subject of problem due to concerns such as impairment of shareholder value, governance, and conflicts of interest. In 2018, the Company listed NIHON NOHYAKU CO., LTD. (hereinafter referred to as "NIHON NOHYAKU"), a listed company, as a subsidiary. Since then, the share price of NIHON NOHYAKU has been sluggish, with PBR consistently below 1, and its ROE has been lower than the Company's. As a result, the Company has been eroding the shareholder value through its ownership of NIHON NOHYAKU.

While the negative impacts of the parent-subsidary listing on the Company and NIHON NOHYAKU are self-evident, the synergies the Company had intended to achieve at the time of the subsidiary conversion have not materialized even after six years. The Board of Directors has postponed its decisions regarding NIHON NOHYAKU and has failed to take appropriate measures. Through this amendment to the articles of

incorporation, the Company will have a mechanism to consider measures to rectify the parent-subsidary listings and to fundamentally enhance the shareholder value of NIHON NOHYAKU, a subsidiary.

## **The Company's Board of Directors Opposes this Shareholder Proposal.**

### **(Reason for opposition)**

Our Board of Directors is currently composed of five independent external directors with knowledge and experience in corporate management, sustainability, global, financial strategy and accounting, HR development, etc., four executive directors who are familiar with our business, and one non-executive director who is a full-time audit and supervisory committee member. By ensuring that half of the total number of directors are independent external directors, we aim to ensure the independence of the Board of Directors and management transparency. Independent external directors, including those who are knowledgeable about corporate legal affairs and who also have sufficient knowledge of corporate governance, provide advice and supervision from an objective perspective independent of the management, aimed at promoting our sustainable growth and enhancement of the Company's medium-to long-term corporate value. In addition, the audit and supervisory committee, composed of directors who are members of the audit and supervisory committee (three members, including two independent external directors), has a system to fully monitor the execution of duties by directors. In this way, under the supervision of independent external directors with the above-mentioned knowledge and directors serving as the audit and supervisory committee members, our Board of Directors has established a system that enables all members of the board of directors to grasp and share the situation, transparency, appropriateness, and reasonableness of business execution and make important decisions.

In addition, we are aiming to further enhance group governance and group risk management in order to establish a resilient management foundation, which is one of the basic strategies set forth in our mid-term management plan “ADX2026” announced on April 1, 2024. Under this basic strategy, our Board of Directors has been continuously discussing our group-wide approach to governance, including the policy on holding listed subsidiaries. We are also seriously considering the response measures for dealing with concerns, such as conflicts of interest with minority shareholders, and the development of the governance system, which are pointed out by the Proposing Shareholder. Furthermore, while respecting the independence of the management of NIHON NOHYAKU CO., LTD., we also have considered measures to enhance the corporate value of NIHON NOHYAKU CO., LTD., which is pointed out by the Proposing Shareholder, and will continue to consider such measures on an ongoing basis.

In addition, we disclose our group-wide approach to governance, including the policy on holding listed subsidiaries mentioned above, in accordance with the “Enforcement Rules for Securities Listing Regulations” of the Tokyo Stock Exchange, Inc, through the “Corporate Governance Report.” We will continue to strive for improved disclosure and engage in ongoing discussions with capital markets to enhance our communication.

This Shareholder Proposal calls for the establishment of a “Special Committee” composed of all external directors to consider the policy on holding listed subsidiaries. However, our group-wide approach to governance, including the policy on holding listed subsidiaries, is closely related to the management strategies and business strategies of our entire group. We believe that such matters are more appropriately discussed and considered by the Board of Directors, which has the above-mentioned governance system and involves executive directors who are familiar with our business, rather than by a “Special Committee” composed solely of external directors.

The articles of incorporation, in the first place, set out the fundamental principles of a company's organization and management. The Shareholder Proposal requires that the articles of incorporation be amended to stipulate that the Special Committee shall review the policy on holding our listed subsidiaries, recommend the results of the deliberations to the Board of Directors at least once a year as a statement of opinions and explain them to shareholders. As mentioned above, the determination of the policy on holding listed subsidiaries includes specific details that should be left to business judgement by the Board of Directors. Furthermore, the Board of Directors, which has the most knowledge, ability and information necessary for business judgement, should make decisions on internal systems and processes for reviewing, deciding on and announcing these matters, based on the circumstances at the time. In addition, uniformly and rigidly stipulating in the articles of incorporation an obligation to explain specific matters at the stage of consideration to shareholders without going through the above-mentioned decision-making process of the Board of Directors involves the risk such as causing unnecessary speculation in the capital markets, and therefore cannot be considered an appropriate approach for the Company, its shareholders, and investors. Consequently, the partial amendment to the articles of incorporation sought by this Shareholder Proposal to establish a “Special Committee” is, by its very nature, inappropriate for the articles of incorporation and goes beyond the scope of typical articles of incorporation. We believe that such an amendment of the articles of incorporation could lead to rigidity in business judgment and process, and even impair their agility and flexibility.

**For the reasons stated above, the Company's Board of Directors opposes this Shareholder Proposal.**

(Reference) Skills Matrix of Directors

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

Name	Title (as proposed)	Knowledge and Experience that the Company Expects of Directors							
		Corporate Management	Sustainability	Global	Financial Strategy and Accounting	HR Development	Research, Production Management, and Technology (including IT and DX)	Sales and Marketing	Governance and Risk Management
Hidetaka Shirozume	President and Chief Executive Officer, Representative Director	●	●	●				●	●
Haruhiko Tomiyasu	Representative Director and Senior Managing Executive Officer	●			●	●		●	●
Youji Shiga	Director and Managing Executive Officer				●		●		●
Kiyoshi Masamune	Director and Operating Officer		●	●			●		●
Shigeru Endo	Director External / Independent			●		●			●
Makoto Horiguchi	Director External / Independent	●		●				●	●
Naoya Takahashi	Director External / Independent	●		●			●		●
Koichi Taya	Director, Full-Time Audit and Supervisory Committee Member (Chairperson)							●	●
Ikuko Hirasawa	Director, Audit and Supervisory Committee Member External / Independent		●						●
Yukiko Fujikawa	Director, Audit and Supervisory Committee Member External / Independent		●		●				●



#### Reason for selecting each item of the skills matrix

Skill items	Reason for selection
Corporate Management	To realize ADEKA VISION 2030, the Company needs directors who have management experience and management track record in each of our businesses to achieve sustainable growth while envisioning the business environment in 2030.
Sustainability	To promote sustainability as a growth strategy, enhance social value, and achieve sustainable growth, the Company needs directors with knowledge on and experience in sustainability.
Global	To seek global management, which is essential for the Company's growth, the Company needs directors with overseas management experience and knowledge on and experience in the overseas business environment.
Financial Strategy and Accounting	To develop a financial strategy that achieves both a strong financial foundation and a balance between investment and shareholder returns to increase corporate value, the Company needs directors with knowledge on and experience in the relevant field.
HR Development	To develop a human capital strategy that maximizes the abilities of its employees as assets, the Company needs directors with knowledge on and experience in the relevant field.
Research, Production Management, and Technology (including IT and DX)	To optimize R&D, operations, production processes, and B-to-B transactions using digital technology (IT/DX) and to enhance competitiveness, we need directors with knowledge on and experience in the relevant field.
Sales and Marketing	In order to strengthen earnings power and achieve sustainable growth with an emphasis on profits, we need directors with knowledge and experience in grasping market trends and formulating sales strategies.
Governance and Risk Management	As governance and risk management, which are the foundation for increasing corporate value, are essential elements for improving the effectiveness of management and supervision, the Company needs directors with knowledge on and experience in corporate governance, risk management, and compliance.

#### Relevant requirements for each item of the skills matrix

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

\*1: The term "equivalent companies" refers to those with the size comparable with listed companies.

\*2: The term "practical experience" means that a person has experience in being primarily engaged in the relevant work for at least three years.

\*3: The term "management experience" means that a person has experience in being engaged in the relevant work in the position of division manager or higher.

\*4: The term "advisory experience" means that a person has experience in being engaged in advisory service for the relevant



work outside the Company.

\*5: The term “response to emergency situation” refers to response to 14 items of emergency situations stipulated in the ADEKA Group Risk Management Manual.

<Reference> Criteria for assessing the independence of external directors

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

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

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

Notes:

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

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

# Business Report

(April 1, 2024–March 31, 2025)

## I. Overview of the Group

### 1. Business Progress and Results

During the fiscal year ended March 31, 2025, the global economy faced uncertainty due to the slowdown in the Chinese economy and tensions in the Middle East, but gradually recovered, supported by slowing inflation and policy interest rate cuts in Europe and the United States, as well as a recovery in consumer spending.

Financial results for the fiscal year under review were net sales of 407,145 million yen (up 1.8% year on year), operating profit of 41,010 million yen (up 15.8% year on year), ordinary profit of 39,346 million yen (up 10.0% year on year), and profit attributable to owners of parent of 25,019 million yen (up 8.9% year on year), and the full year net sales, operating profit, ordinary profit and profit attributable to owners of parent all reached new record highs.

An overview by reportable segment is as described below.

We have changed the names of the sub-segments of the Chemicals Business following the reorganization effective July 1, 2024. The name of former Electronics and IT Materials was changed to Electronic Materials, and that of former Functional Chemicals, to Environmental Materials. In addition, Battery materials, which had been working on corporate research, was incorporated into Environmental Materials.

(Chemicals Business)      Increased sales and profit

The Chemicals Business posted net sales of 218,426 million yen (up 7.0% year on year) and operating profit of 28,028 million yen (up 18.3% year on year).

Overview of the Polymer Additives, Electronic Materials and Environmental Materials that comprise the Chemicals business are as follows:

#### 1) Polymer Additives      Increased sales and profit

Resin production in the market remained at a low level, but improved year on year, with sales of flame retardants for home appliance enclosures and one-pack granule additives recovering. Sales of antioxidants for engineering plastics used in automotive applications were strong.

○Major contributors

Net sales	Strong	- Flame retardants (home appliance enclosures)
	Steady	- One-pack granule additives (plastic products in general)
	Strong	- Antioxidants (engineering plastics)
Operating profit		- Prices
	Positive	- Sales volume
		- Foreign exchange
	Negative	- Fixed costs

## 2) Electronic Materials      Increased sales and profit

Among products for semiconductors, sales of high-k materials for advanced DRAM, photoacid generators for advanced photo resists, and peripheral materials were strong, amid a continued growth of demand related to generative AI. Among display products, sales of black matrix resists were strong due to sales expansion in China and Taiwan.

### ○Major contributors

Net sales	Strong	- High-k materials (advanced DRAM) - Black matrix resists (displays)
	Steady	- Photoacid generators and peripheral materials (advanced photo resists)
	Weak	- Etching materials (displays)
Operating profit	Positive	- Sales volume - Foreign exchange
	Negative	- Prices - Fixed costs

## 3) Environmental Materials      Increased sales and profit

Among products used for automobiles, sales of lubricant additives for engine oils for hybrid vehicles and motorcycles in Southeast Asia, as well as special epoxy resins used in automotive parts, were strong. Sales of reactive emulsifiers used in architectural coatings remained solid in India and China.

### ○Major contributors

Net sales	Strong	- Lubricant additives (engine oils for automobiles) - Special epoxy resins (electronic devices, automobiles) - Reactive emulsifiers (architectural coatings)
Operating profit	Positive	- Sales volume - Foreign exchange
	Negative	- Fixed costs - Prices

## (Food Products Business)      Decreased sales and increased profit

The Food Products Business reported net sales of 82,540 million yen (down 1.8% year on year) and operating profit of 4,390 million yen (up 6.8% year on year).

Sales decreased due to the impact of reorganization of subsidiaries and sluggish sales in China. Meanwhile, sales of functional fats and oils remained strong in Southeast Asia. Sales of the *Marvelous series* of functional margarine, and the *Deli-PLANTS series* of plant-based foods were favorable mainly in Japan.

### ○Major contributors

Net sales	Strong	- Fats and oils for kneading, <i>Marvelous series</i> of functional margarines, etc. (breads) - <i>Deli-PLANTS series</i> of plant-based foods (breads, cafes, etc.)
Operating profit	Positive	- Prices - Sales volume
	Negative	- Fixed costs

(Life Science Business)      Decreased sales and increased profit

The Life Science Business posted net sales of 99,954 million yen (down 3.0% year on year) and operating profit of 7,770 million yen (up 31.5% year on year).

Sales of agrochemicals were weak in India due to the impact of unfavorable weather conditions. Meanwhile, in terms of profit and loss, profitability improved as a result of the fall in raw material prices in Brazil. Among pharmaceuticals, sales of the topical antifungal agent **Luliconazole** were weak due to a decline in domestic demand for nail tinea.

○Major contributors

Net sales	Weak	- India: Agrochemicals in general - Japan: Topical antifungal agent <b>Luliconazole</b> for nail tinea
	Strong	- North America: Herbicides, Europe: Acaricides
	Steady	- Brazil: Fungicides, etc.
Operating profit	Positive	- Prices - Sales volume - Foreign exchange
	Negative	- Fixed costs

(Millions of yen)

Business Segment	Net Sales
Chemicals Products	218,426
Food Products	82,540
Life Science	99,954
Others	6,222

## 2. Status of Capital Investments

Total capital investments made during the fiscal year under review were 18,683 million yen. The main items are as follows.

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

Business		Company	Item
Chemical Products	Electronic Materials	ADEKA KOREA CORP.	Expansion of production facilities of semiconductor materials
	Environmental Materials	ADEKA CORP. (Mie Plant)	Expansion of production facilities of epoxy resin adhesives
		ADEKA CORP. (Fuji Plant)	Expansion of production facilities of high-purity hydrogen peroxide
Life Science		NICHINO INDIA PVT. LTD.	Expansion of production facilities of agrochemicals

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

Business		Company	Item
Chemical Products	Polymer additives	AMFINE CHEMICAL CORP.	Installation of tanks for additive raw materials

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

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

## 3. Status of Financing

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

## 4. Status of Material Corporate Restructuring, etc.

Effective April 1, 2024, the Company entered into an absorption-type merger with ADEKA FOODS SALES CORP., a consolidated subsidiary of the Company, being a surviving company and YONGO CORPORATION and CROWN CO., LTD., consolidated subsidiaries of the Company, being disappearing companies.

Effective on January 6, 2025, the Company transferred its invested equity interest in ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD., its consolidated subsidiary, to SHANGHAI SHENGKUI PLASTIC PRODUCTS CO.,LTD.

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

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

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

As the second stage in realizing ADEKA VISION 2030, the Group has started “ADX 2026,” the Medium-Term Management Plan for Fiscal 2024 to 2026.

ADX is short for “ADEKA Transformation,” expressing the Group’s commitment to transform itself. ADX 2026 defines its three-year period as a period for continuing the transformation to achieve ADEKA VISION 2030. Under ADX 2026, we will promote sustainability as a growth strategy and strengthen our earning power through the creation of social value. In addition, we will endeavor to increase Eco-friendly products and to reduce its greenhouse gas (GHG) emissions towards attaining carbon neutrality. On the basis of a more resilient management foundation, we will seek to continuously increase its corporate value.

# Medium-Term Management Plan (Fiscal 2024–2026) ADX 2026 Targets

Financial indicators (FY2026)	Operating profit	<b>53 billion yen</b> (Net sales: 500 billion yen)
	ROE	<b>11.0%</b>
	ROIC	<b>10.5%</b>
Sustainability indicators <sup>*1</sup> (FY2026)	Sales of Eco-friendly products	<b>115 billion yen</b> (2.5 folds the FY2019 level)
	GHG emissions	<b>199 thousand t-CO<sub>2</sub>e<sup>*2</sup></b> (13% reduction from the FY2013 level)
	Ratio of women in managerial positions	<b>6% or more</b> (non-consolidated)
Capital investment amount		<b>75 billion yen</b> (3 years)
Dividend policy (Dividend payout ratio)		<b>40% or more<sup>*3</sup></b>

\*1 Indicators associated with the ADEKA Group Sustainability Priority Issues

\*2 A unit for indicating different GHG emissions in a uniform manner by converting them into CO<sub>2</sub> equivalent amounts.

\*3 Based on our comprehensive consideration of appropriate shareholder returns, maintaining stable dividends as our policy.

## [Fundamental policy]

Promoting sustainability initiatives for greater social value and continuous growth

– Earning power, sustainability and a resilient management foundation –

The ADEKA Group will construct a resilient management foundation that responds flexibly to changes. Seeing the expansion of Eco-friendly products as an opportunity for growth, it will increase its earning strength and achieve continuous growth.

[Key strategies]

In a bid for greater corporate value through the co-creation of social value and profit, the ADEKA Group will work to transition to a high profitability structure, to increase Eco-friendly products and reduce of GHG emissions through business structure transformation and to establish a resilient management foundation.

◆ Transition to a high profitability structure

While proactively introducing management resources to semiconductor materials as a revenue pillar, the ADEKA Group will restructure its businesses looking ahead to the future. It will carry out growth strategies for individual businesses to increase their profitability, expanding new products and driving the growth of new businesses, seeing them as pillars of future growth. It will also carry out measures aimed at improving capital efficiency in order to increase its earnings strength. By strengthening our earning power, we will aim for business growth with a focus on profit rather than expansion of scale.

◆ Increase Eco-friendly products and reduce of GHG emissions through business structure transformation

The ADEKA Group will continue with expansion and the creation of Eco-friendly products and will pursue growth strategies to integrate opportunities for addressing social issues. To attain carbon neutrality, its individual business will work to cut GHG emissions to help build a sustainable society. It will move ahead with diversity, equity and inclusion (DE&I). It will create opportunities for its diverse human resources to play active roles and it will conduct human rights due diligence to ensure respect for human rights in its overall supply chain.

◆ Establish a resilient management foundation

To constantly produce strategic products in individual business, the ADEKA Group will understand and manage important raw materials and build a resilient supply chain ensuring business continuity even at times of significant change in the external environment. It will develop and utilize human capital in accordance with the growth stages of each business. It will introduce digital technologies to carry out operational and business reforms.

(2) Initiatives for FY2024

During the fiscal year under review which was the first year of the Medium-Term Management Plan “ADX 2026,” we promoted the development of the foundation to expand the fields for growth markets in each business under the “transition to a high profitability structure,” one of the key strategies.

◆ Transition to four business division structure and establishment of the Research and Technology Headquarters

On July 1, 2024, the Company transited to a four business headquarters system by reorganizing the Chemicals Products Sales Division and the Research & Development Division into the “Electronics Materials Division” and the “Environmental Materials Division” and including the Food Division and the Polymer Additives Division. Moreover, on April 1, 2025, we renamed the Electronics Materials Division as the “Semiconductor Materials Division,” and changed the organization of the Laboratory, Sales Department and Planning Department of the Semiconductor Materials Division and the Environmental Materials Division.

In addition, on April 1, 2025, the Company established the “R&D Technology Coordination Division” to strengthen the management and utilization of intangible assets (intellectual property, information on permission and authorization, etc.)

<Missions of Divisions>

◆ Semiconductor Materials Division

We focus on the semiconductor market for which growth is expected, concentrate management



resources on the development of semiconductor materials including strengthening the foundation for the development of new products and management of production and quality, and promote the expansion of the upstream process of semiconductor manufacturing and expansion into the downstream process.

◆ Environmental Materials Division

We focus on responding to carbon neutrality and increasing strategic products and Eco-friendly products. As the growth strategy, we strive for early commercialization of battery materials, transfer display-related products from the Semiconductor Materials Division and develop new markets by consolidating technologies and know-hows, aiming for a sustainable growth.

◆ R&D Technology Coordination Division

The Division will supervise and manage technological information of each business division. It will strive to improve the efficiency of research and development using DX and AI to strengthen “utilization of internal technologies (core competence),” “introduction of external technologies,” “development of new value chains through collaboration with external partners” and “introduction of DX technologies and development of human resources.” It will maintain and strengthen research and technological capabilities through the creation of new businesses and themes, active utilization of intangible assets and efficient management among others.

Moreover, the existing business divisions are also tackling the “transition to a high profitability structure.”

◆ Polymer Additives Division: Development and reinforcement of top-share products

As a new brand of polymer additives, the Company launched a clarifier “TRANSPAREX” (hereinafter referred to as “TRANSPAREX”, with the product name as “TRANSPAREX CA Series”) and started selling it mainly in the U.S. and the Asia region in November 2024.

TRANSPAREX achieves the world-highest transparency (as of November 1, 2024, according to our survey) by adding a small amount of it to polypropylene, one of plastics. It is a clarifier which has not existed before and can meet the demand of various markets, including highly transparent food containers appropriate for the heating by microwaves, and medical tools and cosmetic bottles for which chemical resistance is required.

By launching TRANSPAREX in the market, the ADEKA Group will achieve consolidated net sales of over 30 billion yen for the clarifiers as a whole including the product by 2030, aiming to gain the top share of clarifiers in the world.

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

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

The ADEKA Group Fundamental Sustainability Policy “The ADEKA Group contributes to the creation of a sustainable future by meeting stakeholders’ expectations with technologies and reliability through fair and transparent corporate activities.” expresses the Group's basic stance of contributing to a sustainable society through its core business, while fulfilling its fundamental responsibilities as a member of society, and ultimately aiming for its own sustainable growth.

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

In fiscal 2024, we have introduced three new sustainability indicators in our mid-term management plan “ADX 2026”: “sales of eco-friendly products,” “GHG emissions,” and “the ratio of female managers.” In terms of the environment (E), in order to “pool ideas across the entire ADEKA team and aim for carbon neutrality in 2050,” we promoted the reduction of energy loss and the introduction of renewable energy in our production plants, and for the purpose of ensuring continued proper information disclosure, we also aligned our views with domestic and overseas group companies and conducted activities to disseminate awareness thereof. In the area of society (S), for the sophistication of initiatives for human rights, the Group strived to promote human rights due diligence/continue operating complaint processing mechanism/promote human rights education and awareness-raising activities. Further, we formed the DE&I Project Team II to accelerate the promotion of women’s active participation in the workplace. In the area of governance (G), the Group implemented the initiatives listed below, including strengthening the group management system, improving the effectiveness of the Board of Directors and other corporate governance issues.

[Major activities in Fiscal 2024]

Environment (E)	<ul style="list-style-type: none"> <li>• Implemented the “Carbon Neutrality Strategy” and activities to disseminate it.</li> <li>• Introduced renewable energy-derived electricity at 13 domestic bases, mainly non-production bases (of which 9 bases for aiming to achieve 100% renewable energy consumption of electricity)</li> <li>• In the mid-term management plan “ADX 2026,” GHG reductions were newly added as a sustainability indicator, and efforts toward carbon neutrality were promoted.</li> <li>• Expanded sales of Eco-friendly products by 1.9 times in FY2024 compared to FY2019.</li> </ul>
Society (S)	<ul style="list-style-type: none"> <li>• For the sophistication of initiatives for human rights, promoted human rights due diligence/continued operating complaint processing mechanism/promoted human rights education and awareness-raising activities.</li> <li>• Formed the second DE&amp;I project team to accelerate the promotion of women's active participation in the workplace</li> <li>• The ratio of female managers reached 5.8% in FY2024 (on a non-consolidated basis), achieving the FY2025 target (5% or more) under the General Employer Action Plan ahead of schedule.</li> <li>• Promoted initiatives to improve employee engagement based on engagement surveys</li> <li>• Certified for the First Time as a “2025 KENKO Investment for Health Outstanding Organization (Large Enterprise Category) White 500”</li> </ul>
Governance (G)	<ul style="list-style-type: none"> <li>• Strived to make employees understand and familiarize with “ADEKA Group Code of Conduct” on a global basis</li> <li>• Strengthened the normal time and emergency risk management systems for the entire Group (Strengthened operations of ERM (Enterprise Risk Management))</li> <li>• Strengthened responses to geopolitical risks (response to a Taiwan contingency, etc.)</li> <li>• Improved the effectiveness of the Board of Directors (Enhanced opportunities for External Directors to know and feel the fields, etc.)</li> <li>• Reviewed skill matrix of Directors</li> <li>• Operated a succession plan</li> <li>• Strengthened information security (reviewed responses to incidents, strengthened group company information security system, and enhanced information management education)</li> </ul>

(4) Issues to be addressed

The global economy for Fiscal 2025 is expected to remain resilient despite low growth . However, there are many uncertainties about the future due to concerns about matters such as supply chain disruptions caused by the U.S. tariff policy and the resurgence of inflation. Reciprocal tariffs and volatility in the financial and capital markets have the potential to affect the global economy and our business, but trends are uncertain.

The Group expects that demand in the automotive, semiconductor, food, and agriculture, and other sectors, which are primary targets of the Group, will continue to recover gradually against the backdrop of a recovery in consumer spending, advances in and widespread adoption of digital technology, and demand for a stable supply of delicious, safe, and reliable food.

Under these circumstances, as the Group enters the second year of its Medium-Term Management Plan, **ADX 2026**, it will continue to implement measures to strengthen its earning power, promote sustainability initiatives, and build a resilient supply chain capable of responding to changes in the external environment, as outlined in its basic strategy, with the aim of achieving the co-creation of social value and profits.

## Outlook for Fiscal 2025 by reportable segment

Business		YoY change in net sales / operating profit	Contributing factors
Chemical Products	Polymer Additives	Up / Up	Sale of new clarifying agents to be launched on a full-scale basis. Sales of flame retardants for home appliances, nucleating agents for automobiles, and light stabilizers to expand. Competitiveness to be strengthened through cost reductions.
	Semiconductor Materials	Up / Down	Sales of materials for photo resists and high-k materials to expand. The impact of lower sales prices of some materials for memories to continue. Fixed costs to increase due to aggressive investment.
	Environmental Materials	Up / Up	Sales for products for automobile applications to be steady. Sales of reactive emulsifiers for architectural coatings and photo (light) curing resin for optical film to expand. Sales of cosmetic ingredients to recover.
Food Products		Up / Slightly Up	Sales of high-performance products such as fats and oils for kneading and sales of plant-based foods in Japan and overseas to expand. Sales in China to recover. Sales prices to be optimized.
Life Science		Up / Down	Expansion of agricultural chemicals into the domestic fruit and vegetable markets to be accelerated. Sales in India to recover and sales in Europe to expand. Fixed costs due to enhanced research and development to increase.

- Notes: 1. We have changed the name of a sub-segment of the Chemicals Business "Electronic Materials" to "Semiconductor Materials" following the reorganization effective April 1, 2025, in line with organizational changes. The sales and operating profit figures for Semiconductor Materials in the outlook for Fiscal 2025 by reportable segment have been restated to reflect the product classification for Semiconductor Materials and compared with those for the previous period.
2. The statements on forecasts contain projections based on assumptions, outlooks, and plans related to the future as of the date of this document.  
Please note that actual results may differ due to risks and uncertainties associated with economic conditions surrounding the Group's business, market trends, exchange rate fluctuations, and other factors.

## 6. Trends in Assets and Income

(Millions of yen, unless otherwise specified)

Item	160th fiscal year ended March 31, 2022	161st fiscal year ended March 31, 2023	162nd fiscal year ended March 31, 2024	163rd fiscal year ended March 31, 2025 (Fiscal year under review)
Net sales	361,234	403,343	399,770	407,145
Ordinary profit	35,658	32,579	35,763	39,346
Profit attributable to owners of parent	23,687	16,778	22,977	25,019
Earnings per share (Yen)	229.65	163.30	224.87	245.55
Total assets	475,304	500,068	543,057	543,118
Net assets	296,871	311,709	339,682	351,776

- Notes: 1. Earnings per share is calculated using the average number of shares outstanding during the fiscal year.
2. Effective from the beginning of the 161st fiscal year, revenues and expenses of certain overseas subsidiaries and other entities are translated into yen at the average exchange rate during the period, instead of at the spot exchange rate prevailing on the balance sheet date, and the related key management indicators, etc., for the 160th consolidated fiscal year are the figures after retrospective application of the change in accounting policy.
3. Starting from the 163rd fiscal year, we have introduced the "Stock Benefit Trust (J-ESOP)," and ADEKA shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust property are included in the treasury stock deducted in the calculation of the average number of shares during the period for the purpose of calculating net income per share.

## 7. Significant Subsidiaries and Associates (As of March 31, 2025)

### (1) Significant subsidiaries

Business	Company	Location	Share capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Chemical Products	ADEKA CHEMICAL SUPPLY CORP.	Tokyo	104	100.00 (Indirect, 5.57)	Sale of chemical products and development, manufacture, and sale of metal processing oils, etc.
	ADEKA CLEAN AID CORP.	Tokyo	140	100.00	Development and sale of commercial kitchen detergents and industrial detergents, etc.
	AMFINE CHEMICAL CORP.	U.S.	16.0 million USD	60.00	Manufacture and sale of polymer additives, etc.
	OXIRANE CHEMICAL CORP.	Tokyo	600	51.00	Manufacture and sale of epoxy plasticizers, etc.
	CHANG CHIANG CHEMICAL CO., LTD.	Taiwan	30.0 million TWD	50.50	Sale of polymer additives, etc.
	ADEKA KOREA CORP.	Korea	15.0 billion KRW	100.00	Manufacture and sale of chemical products
	ADEKA (ASIA) PTE. LTD.	Singapore	800,000 USD	100.00	Sale of chemical products
	ADEKA EUROPE GMBH	Germany	500,000 EUR	100.00	Sale of chemical products
	ADEKA FINE CHEMICAL TAIWAN CORP.	Taiwan	200 million TWD	100.00	Manufacture and sale of LCD panel related chemicals, import and sale of chemical products
	ADEKA POLYMER ADDITIVES EUROPE SAS	France	3.0 million EUR	100.00 (Indirect, 100.00)	Manufacture and sale of polymer additives
	ADEKA (CHINA) CO., LTD.	China	31.0 million USD	100.00	Sale of chemical products and raw materials
	ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.	China	21.54 million USD	50.00	Manufacture and sale of polymer additives
	ADEKA FINE CHEMICAL (THAILAND) CO., LTD.	Thailand	658 million THB	81.00	Manufacture, sale, and import and sale of polymer additives
	AM STABILIZERS CORP.	U.S.	8.5 million USD	100.00 (Indirect, 100.00)	Manufacture and sale of polymer additives
	ADEKA USA CORP.	U.S.	1.0 million USD	100.00	Sale of chemical products
	ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD.	China	30.0 million USD	100.00 (Indirect, 100.00)	Manufacture and sale of polymer additives, functional polymers, and electronic materials, etc.
	ADEKA AL OTAIBA MIDDLE EAST LLC	UAE	45.46 million AED	49.00	Manufacture and sale of polymer additives, sale of chemical products and food products

Note: Effective on January 6, 2025, the Company transferred its invested equity interest in ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD., its consolidated subsidiary, to SHANGHAI SHENGKUI PLASTIC PRODUCTS CO., LTD.

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

Notes: 1. Effective April 1, 2024, the Company entered into an absorption-type merger with ADEKA FOODS SALES CORP., a consolidated subsidiary of the Company, being a surviving company and YONGO CORPORATION and CROWN CO., LTD., consolidated subsidiaries of the Company, being disappearing companies.

2. Effective on April 1, 2025, the Company transferred all shares of its consolidated subsidiary, UEHARA FOODS INDUSTRY CO., LTD., to Kobe Bussan Co., Ltd.

Business	Company	Location	Share capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Life Science	NIHON NOHYAKU CO., LTD.	Tokyo	14,939	51.00	Manufacture and sale of agrochemicals, and pharmaceutical products, etc.
	NICHINO RYOKKA CO., LTD.	Tokyo	160	100.00 (Indirect, 100.00)	Sale of chemicals for golf courses, home gardening, and greening, sale of turf and turf-related materials, design and construction of landscaping and lawns
	NICHINO SERVICE CO., LTD.	Fukushi ma Pref.	3,400	100.00 (Indirect, 100.00)	Contracting for production, order processing, storage, and delivery of agrochemicals, real estate leasing and contract management, warehousing, etc.
	NICHINO AMERICA, INC.	U.S.	700,000 USD	100.00 (Indirect, 100.00)	Sale, promotion, development and registration of agrochemicals
	NIHON ECOTECH CO., LTD.	Tokyo	20	100.00 (Indirect, 100.00)	Residual agrochemical analysis, chemical substance safety testing, environmental consulting, etc.
	TAIWAN NIHON NOHYAKU CO., LTD.	Taiwan	40 million TWD	57.00 (Indirect, 57.00)	Sale, promotion, and development, etc. of agrochemicals
	AGRIMART CORP.	Tokyo	50	100.00 (Indirect, 100.00)	Sale, etc. of termite control materials and insecticides for infectious disease control
	NICHINO INDIA PVT. LTD.	India	4.36 million INR	100.00 (Indirect, 100.00)	Production, development, and sale, etc. of agrochemicals
	SIPCAM NICHINO BRASIL S.A.	Brazil	223.89 million BRL	50.00 (Indirect, 50.00)	Production, promotion, and sale, etc. of agrochemicals
	NICHINO EUROPE CO., LTD.	U.K.	30,000 GBP	100.00 (Indirect, 100.00)	Sale, promotion, development and registration of agrochemicals
	NICHINO VIETNAM CO., LTD.	Vietnam	22.6 billion VND	100.00 (Indirect, 100.00)	Sale of agrochemicals
	INTERAGRO (UK) LTD.	U.K.	33,073 GBP	100.00 (Indirect, 100.00)	Sale and development of adjuvants and biostimulants
	NICHINO NETHERLANDS BV	Nether- lands	1 EUR	100.00 (Indirect, 100.00)	Sale and development of adjuvants and biostimulants
	IA AGRICULTURE HUNGARY KFT	Hungary	3 million HUF	100.00 (Indirect, 100.00)	Business management of NICHINO NETHERLANDS BV
	NICHINO SOUTH AFRICA (PTY) LTD	South Africa	0	100.00 (Indirect, 100.00)	Development of adjuvant and biostimulant business

Note: INTERAGRO NETHERLANDS BV has changed its name to NICHINO NETHERLANDS BV, effective March 31, 2025.

Business	Company	Location	Share capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Others	ADEKA ENGINEERING & CONSTRUCTION CORP.	Tokyo	130	100.00	Plant engineering, construction, and construction management, and plant maintenance
	ADEKA LOGISTICS CORP.	Tokyo	50	100.00	Freight forwarding, industrial waste disposal brokerage, and logistics materials sales
	ADEKA LIFE- CREATE CORP.	Tokyo	65	100.00 (Indirect, 20.00)	Trading, brokerage, and management of real estate, non-life and life insurance agency services, OA equipment office sales, and management of buildings and company-owned apartments, etc.

(2) Significant associates

Business	Company	Location	Share capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Chemical Products	CO-OP CLEAN CO., LTD.	Saitama Pref.	80	46.88	Development and sale of soaps and detergents, etc.
	SHOWA KOSAN CO., LTD.	Tokyo	550	21.43	Sale of synthetic resins, chemicals, industrial materials, information electronic materials, and environment-related materials, etc.
Life Science	AGRICULTURAL CHEMICALS (MALAYSIA) SDN. BHD.	Malaysia	2.05 million MYR	24.18 (Indirect, 24.18)	Manufacture and sale of agricultural materials
	SIPCAM EUROPE S.P.A.	Italy	36.94 million EUR	20.00 (Indirect, 20.00)	Production and sale of agrochemicals
	TAMA KAGAKU KOGYO CO., LTD.	Saitama Pref.	126	33.43 (Indirect, 33.43)	Manufacture and sale of pharmaceutical products, agrochemical intermediates and other chemical products



## 8. Details of the Principal Business (As of March 31, 2025)

Chemical Products	Polymer Additives	Additives for polyolefins, PVC plasticizers/stabilizers, Flame retardants, and others.
	Electronic Materials	High-purity materials for semiconductors, AFES System and etching agents, Photo (light)/heat curing materials, Photoinitiators, Imaging materials, and others.
	Environmental Materials	Epoxy resins, Polyurethanes, Water-borne resins, Surfactants, Lubricant additives, Kitchen detergents, Cosmetic ingredients, Polypropylene glycol, Hydrogen peroxide and derivative products, Water-swelling sealing materials, and others.
Food Products		Margarines, Shortenings, Fats and oils for chocolate, frying and cooking fats and oils, Plant-based foods, Whipping cream, Kneading cream, Fillings, Mayonnaise dressing, functional foods, and others.
Life Science		Agrochemicals, Agricultural materials, Pharmaceuticals & Veterinary products, Wood preservative, and others.
Others		Designing of equipment plants, Construction and construction management, Maintenance of equipment, Logistic services, Warehousing, Leasing of vehicles, Real estate and insurance business, and others.

## 9. Principal Sales Offices and Plants, etc. (As of March 31, 2025)

### (1) The Company

Sales offices	Head Office (Tokyo) Osaka Main Branch (Osaka) Nagoya Branch (Aichi) Sapporo Regional Office (Hokkaido) Fukuoka Branch (Fukuoka) Sendai Regional Office (Miyagi)
Plants	Kashima Chemicals Plant (Ibaraki) Kashima Foods plant (Ibaraki) Chiba (Chiba) Mie (Mie) Fuji (Shizuoka) Akashi (Hyogo) Soma (Fukushima)
Laboratories	Tokyo Osaka Saitama

Note: Names in parentheses indicate prefecture.

### (2) Subsidiaries

For information on the Company's major subsidiaries and their locations, please refer to "7. Significant Subsidiaries and Associates (1) Significant subsidiaries."

## 10. Status of Employees (As of March 31, 2025)

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

Business department	Number of employees	Year-on-year change
Chemical Products	2,553	16
Food Products	964	(28)
Life Science	1,522	(50)
Others	240	4
Company-wide Businesses	174	(1)
Total	5,453	(59)

Note: The number of employees refers to the number of persons employed (including those seconded from outside to the Group) but excludes those seconded from the Group to outside, temporary employees, etc.

### (2) Status of employees of the Company

Category	Number of employees	Year-on-year change	Average age (years)	Average length of service (years)
Male employees	1,507	(12)	40.6	17.7
Female employees	303	7	38.2	14.4
Total	1,810	(5)	40.2	17.1

Note: The number of employees refers to the number of persons employed excluding 124 seconded employees, one accepted seconded employee, temporary employees, etc.

## 11. Status of Major Lenders (As of March 31, 2025)

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

Lender	Amount borrowed (millions of yen)
Mizuho Bank, Ltd.	24,231
The Norinchukin Bank	5,744
Sumitomo Mitsui Trust Bank, Limited	4,184
MUFG Bank, Ltd.	4,173
Asahi Mutual Life Insurance Company	2,547
Japan Bank for International Cooperation	2,474

### (2) Status of lenders of the Company

Lender	Amount borrowed (millions of yen)
Mizuho Bank, Ltd.	3,000
The Norinchukin Bank	2,450
Asahi Mutual Life Insurance Company	2,000
Sumitomo Mitsui Trust Bank, Limited	1,150
Chugoku Bank LTD.	550
Sumitomo Mitsui Banking Corporation	500

## II. Current Status of the Company

### 1. Status of Shares (As of March 31, 2025)

(1) Total number of shares outstanding: 103,768,142

(2) Number of shareholders: 13,279

(Increased by 4,350 compared to the end of the previous fiscal year)

(3) Major shareholders (top ten)

Shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
*The Master Trust Bank of Japan, Ltd. (Trust Account)	11,087	10.84
*Custody Bank of Japan, Ltd. (Trust Account)	7,930	7.75
Asahi Mutual Life Insurance Company	4,053	3.96
*Custody Bank of Japan, Ltd., as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	3,770	3.69
ADEKA Business Partners Shareholding Association	3,258	3.19
STATE STREET BANK AND TRUST COMPANY 505001	2,401	2.35
National Federation of Agricultural Cooperative Associations	2,334	2.28
The Norinchukin Bank	2,244	2.19
ZEON CORPORATION	2,188	2.14
THE BANK OF NEW YORK MELLON 140042	2,161	2.11

- Notes: 1. Shareholding ratios are calculated after deducting treasury shares (1,504,838 shares).  
1,504,838 shares of the treasury stock do not include 98,800 shares of ADEKA's stock held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets of the "Stock Benefit Trust (J-ESOP)".
2. The number of shares held by trust banks with an asterisk (\*) includes shares related to the trust business.

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

In order to incentivize the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and External Directors; hereinafter, "Eligible Directors") to work to sustainably raise the Company's corporate value and to have further value shared between Directors and shareholders, the Company resolved, at the 159th Ordinary General Meeting of Shareholders held on June 18, 2021, to introduce a remuneration system that allocates restricted stock to Eligible Directors. Based on this, at the meeting of the Board of Directors held on June 23, 2023, the Company resolved to dispose of treasury stock and disposed of 22,500 shares of common stock on July 21, 2023. The number of restricted stocks allocated to the Company's Eligible Directors is as shown below.

Officer category	Number of recipients	Number of shares allotted
Director (excluding Director and External Director who are an Audit and Supervisory Committee Member)	4	22,500

## 2. Company Officers (As of March 31, 2025)

### (1) Directors

Position	Name	Responsibilities and Significant Concurrent Positions
President and Chief Executive Officer	Hidetaka Shirozume	President and Chief Executive Officer, Representative Director
Representative Director	Haruhiko Tomiyasu	Senior Managing Executive Officer Assistant to the President, Secretarial Department, Human Resources Department, Purchasing & Distribution Department, Chair of Internal Control Promotion Committee and Chair of Risk Management Committee Director, Audit & Supervisory Committee Member, NIHON NOHYAKU CO., LTD.
Director	Youji Shiga	Operating Officer Finance & Accounting Department and Information System Department
Director	Kiyoshi Masamune	Operating Officer Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee
Director (External)	Shigeru Endo	Outside Director, JGC HOLDINGS CORPORATION
Director (External)	Makoto Horiguchi	Senior Associate Director, Iwatani Corporation Chairman, Higashi-Nippon Iwatani Gas Corporation President, Kashima L.P.G. Joint Stockpiling Co., Ltd.
Director (External)	Naoya Takahashi	Executive Advisor of Hitachi Vantara, Ltd.
Director Full-Time Audit and Supervisory Committee Member	Koichi Taya	
Director Audit and Supervisory Committee Member (External)	Akio Okuyama	Certified Public Accountant Corporate Auditor, SHINKIN CENTRAL BANK
Director Audit and Supervisory Committee Member (External)	Ikuko Hirasawa	Lawyer Partner of Oozora Law Office Chairperson of Board of Trustees, Nihon University Vice Chair, The Japan Council for Quality Health Care Member of the Certification Committee on Compensation for the former Eugenic Protection Act, Children and Families Agency

Notes: 1. Directors Shigeru Endo, Makoto Horiguchi, Naoya Takahashi, Akio Okuyama, and Ikuko Hirasawa are External Directors.

2. Director Makoto Horiguchi resigned as Chairman, Higashi-Nippon Iwatani Gas Corporation on April 1, 2025.

3. To strengthening functions of audit and supervision and efficient operation of the Audit and Supervisory Committee, a full-time Audit and Supervisory Committee Member is selected.

4. Audit and Supervisory Committee Member Koichi Taya is familiar with the Company's business operations, with his practical experience in business execution mainly in the sales and purchasing departments. He also possesses significant knowledge of corporate management in general as he has been involved in the Company's management as an Executive Officer since June 2018, and serves as the General Manager of the Osaka Main Branch.

Audit and Supervisory Committee Member Akio Okuyama possesses a significant level of knowledge of finance and accounting with many years of practical experience as a certified public accountant.

Audit and Supervisory Committee Member Ikuko Hirasawa is well versed in all aspects of corporate legal affairs including labor laws though services as an attorney for years and possesses a significant level of knowledge of finance and accounting.

5. The Company designates all External Directors as independent directors based on the rules of the Tokyo Stock Exchange and has registered them as such with the exchange.

## (2) Summary of limitation of liability contract

The Company has concluded with each non-executive director a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act, if such non-executive director has performed his or her duties in good faith and without gross negligence.

## (3) Summary of directors and officers liability insurance contract

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

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

## (4) Director remuneration

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

Remuneration for the Company's Directors is comprised of director remuneration as compensation for the performance of duties, director bonuses linked to company and individual performance in the fiscal year under review, and stock remuneration designed to incentivize efforts to improve business performance and raise the stock price over the medium to long term. Policies on determining remuneration for individual Directors were resolved as follows by the Board of Directors at the meeting held on June 21, 2024.

#### 1. Basic policy

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

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

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

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

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

In terms of performance-linked compensation, etc., director bonuses shall be paid annually at a certain time. Their amounts shall be calculated by comprehensively considering financial performance (consolidated net sales, consolidated operating profit, and consolidated profit) for each fiscal year, the sustainability indicators defined in the Medium-Term Management Plan (sales of eco-friendly products and GHG emissions) as subjects of evaluation, and other various circumstances.

The results related to these financial performance indicators are as described in "1. Business Progress and Results" and "6. Trends in Assets and Income" under "1. Overview of the Group."

Non-monetary compensation, etc. shall be restricted stock to have a remuneration structure aimed at the improvement of the Company's medium- to long-term corporate value and, by extension, the

sustainable enhancement of shareholder value. Restricted stock shall be granted by the resolution of the Board of Directors adopted by the day on which one month has passed since the start date of the execution of duties of the Eligible Director, and the number of shares of restricted stock to be granted shall be determined according to rank. In addition, the transfer restriction period shall be three years or more from the payment date, and in principle, transfer restrictions shall be lifted on the condition that the Eligible Director has continuously served as Director during that period.

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

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

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

Position	Basic compensation	Performance-linked compensation (Bonus)	Non-monetary compensation (Restricted stock)
Representative Director, Chairman Representative Director, President	51%	19%	30%
Director & Senior Managing Executive Officer	54%	18%	28%
Director & Managing Operating Officer	56%	15%	29%
Director & Operating Officer	56%	13%	31%

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

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

As for the director bonus component of individual remuneration, the President and Representative Director shall be given delegation to determine the specific details by the Board of Directors within the maximum amount resolved at the 159th Ordinary General Meeting of Shareholders. The President and Representative Director shall draft a remuneration plan by comprehensively considering financial performance (consolidated sales, consolidated operating profit, consolidated net profit) of each fiscal year and the performance of each fiscal year against the sustainability indicators (sales of eco-friendly products, GHG emissions) set out in the medium-term management plan, and all other circumstances. The President and Representative Director shall then consult with the Nomination and Remuneration Committee before the Board of Directors makes a decision in consideration of opinions and advice of the Nomination and Remuneration Committee.

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

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

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

7. The reason why the Board of Directors determined that the content of remuneration, etc., for individual Directors pertaining to the fiscal year under review is consistent with said policy

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

2) Total remuneration for the fiscal year under review

Category	Total remuneration, etc. (millions of yen)	Total remuneration, etc. by type (millions of yen)			Number of recipients
		Basic compensation	Bonuses	Stock remuneration	
Directors (excluding Audit and Supervisory Committee Members) (of which, External Directors)	298 (32)	170 (32)	60	67	9 (4)
Directors (Audit and Supervisory Committee Members) (of which, External Directors)	45 (21)	45 (21)	—	—	3 (2)

Notes: 1. None of the Directors above are employees concurrently serving as directors. Accordingly, the amount of remuneration, etc. for Directors does not include their salaries as employees.

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

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

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

(5) Matters related to External Directors

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

Director Horiguchi: Senior Associate Director, Iwatani Corporation  
Chairman, Higashi-Nippon Iwatani Gas Corporation  
President, Kashima L.P.G. Joint Stockpiling Co., Ltd.

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

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

Director Endo: Outside Director, JGC HOLDINGS CORPORATION

Director Takahashi: Executive Advisor of Hitachi Vantara, Ltd.

Director Okuyama (Audit and Supervisory Committee Member):

Corporate Auditor, SHINKIN CENTRAL BANK

Director Hirasawa (Audit and Supervisory Committee Member):

Partner of Oozora Law Office

Chairperson of Board of Trustees, Nihon University

Vice Chair, The Japan Council for Quality Health Care

Member of the Certification Committee on Compensation for the former Eugenic Protection Act, Children and Families Agency

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



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

Category	Number of Meetings per Year	Average Attendance Rate	Main Topics
The Board of Directors	17	100% (Directors, and Audit and Supervisory Committee Members)	<ul style="list-style-type: none"> <li>• Progress in the Medium Term Management Plan</li> <li>• Business strategies, business investments, M&amp;As</li> <li>• Organizational restructuring, group restructuring</li> <li>• Progress in ESG and sustainability</li> <li>• Employee engagement</li> <li>• Status of IR/SR initiatives, contents of dialogues with shareholders</li> <li>• Strengthening public relations activities</li> <li>• Capital efficiency, invested capital profitability</li> <li>• Financing</li> <li>• Risk management and compliance</li> <li>• Internal control</li> </ul>
The Audit and Supervisory Committee	6	100% (Audit and Supervisory Committee Members)	<ul style="list-style-type: none"> <li>• Policy for audits by the Audit and Supervisory Committee, and audit and other plans and assignment of duties</li> <li>• Election of candidates for Directors who are Audit and Supervisory Committee Members, and selection of the Chairperson, etc. of the Audit and Supervisory Committee</li> <li>• Consent of the appointment and compensation of the Accounting Auditor</li> <li>• Judgment and verification of the appropriateness of the audit and review by the Accounting Auditor, including the audit plans and audit results</li> <li>• Judgment and verification of the appropriateness of the report on results of non-assurance services provided by the Accounting Auditor</li> <li>• Audit results &amp; Audit and Supervisory Committee's Audit Report</li> </ul>
The Nomination and Remuneration Committee	5	100% (All committee members)	<ul style="list-style-type: none"> <li>• Approval of proposed nomination of candidates for officers for the next fiscal year</li> <li>• Approval of proposed payment of bonus for the Directors</li> <li>• Approval for revision of the name and composition of executive bonuses</li> <li>• Review of Director skill matrix</li> </ul>

#### 4) Main activities of External Directors

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

Notes: 1. For Director Makoto Horiguchi's attendance at the Nomination and Remuneration Committee meetings, only those held after his appointment on June 21, 2024 are covered.  
2. At the 162nd Ordinary General Meeting of Shareholders held on June 21, 2024, Naoya Takahashi was newly appointed as a director and took office on the same day.

5) Total remuneration for External Officers

External Officers	53 million yen for 6 External Officers
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### 3. Status of Accounting Auditor

(1) **Name of Accounting Auditor** Ernst & Young ShinNihon LLC

(2) **Amount of remuneration, etc. for Accounting Auditor concerning the fiscal year under review**

a. Total amount of money and other economic benefit to be paid to auditing certified public accountants, etc. by the Company and its subsidiaries

(Millions of yen)

Category	Remuneration for audit attestation services	Remuneration for non-audit services
ADEKA Corporation	81	—
Subsidiaries	—	—
Total amount of money and other economic benefit to be paid by the Company and its subsidiaries	81	—

b. Remuneration for organizations that belong to the same network as auditing certified public accountants, etc. (Ernst & Young) (excluding a.)

(Millions of yen)

Category	Remuneration for audit attestation services	Remuneration for non-audit services
ADEKA Corporation	—	12
Subsidiaries	67	39
Total amount of money and other economic benefit to be paid by the Company and its subsidiaries	67	51

Notes:

1. Since the audit contract between the Company and the Accounting Auditor does not distinguish between the amount of audit remuneration, etc. for audits based on the Companies Act and for audits based on the Financial Instruments and Exchange Act, and the two cannot be effectively distinguished, the total of these remuneration figures are stated in the above amount.
2. NIHON NOHYAKU CO., LTD., the Company's consolidated subsidiary, and its subsidiaries have been audited by Kyowa Audit Corporation, and the amount of remuneration paid to Kyowa for the audit certification work is 44 million yen.
3. Non-audit services the Company and its subsidiaries commissioned to an organization that belongs to the same network (Ernst & Young) as the Company's Accounting Auditor are mainly tax-related advisory services.

(3) **Reasons for the Audit and Supervisory Committee's consent on the amount of remuneration, etc. for the Accounting Auditor**

Based on the "Practical Guidelines on Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee has consented to the remuneration of the Accounting Auditor under Article 399, Paragraphs 1 and 3 of the Companies Act. The Committee gave its consent after reviewing the comparison of the audit plan and audit results of the previous fiscal year, confirming the trends of audit hours and remuneration amounts, and examining the appropriateness of the estimated audit hours and remuneration amount for the fiscal year under review.

(4) **Policy for determining dismissal or refusal of reelection of accounting auditor**

The Audit and Supervisory Committee shall determine the content of a proposal to the General Meeting of Shareholders for the dismissal or non-reappointment of the Accounting Auditor, if it is deemed necessary for the reasons among others that the accounting auditor is unable to carry out its duties duly. In addition, if the Audit and Supervisory Committee determines that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all the Audit and Supervisory Committee Members.

In this case, the Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee will report the fact that the Accounting Auditor has been dismissed and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

#### **4. Outline of the Content of Resolutions Regarding Systems etc. Put in Place to Ensure the Appropriateness of Operations, and the Operational Status of Such Systems**

The outline of the Basic Policy for the Systems to Secure Appropriateness of Operations (Internal Control System) resolved by the Board of Directors of the Company is as follows.

##### **(1) Basic policy for business operations**

###### **1) ADEKA Group Management Policy**

“To be a company that is progressive and dynamic with a keen attitude towards the new changing tide”

“Creating a better future for the people of the world”

###### **2) ADEKA Group Code of Conduct**

- (i) Contribute to the creation of a sustainable and prosperous society through our core business
- (ii) Abide by laws and regulations in all corporate activities and conduct fair business in an ethical manner
- (iii) Foster corporate transparency by truthfully and accurately disclosing information regarding our business activities
- (iv) Be serious about preserving the environment
- (v) Provide safe and high quality products and services
- (vi) Maintain a safe and healthy working environment for our employees
- (vii) Open and friendly communication and activities, to serve the interest of society and shareholder and to maintain their trust
- (viii) Strive to achieve sustainable growth and success for the benefit of our employees, shareholders and society
- (ix) Not tolerate anti-social forces or behavior
- (x) Thorough risk management
- (xi) For the betterment of society

##### **(2) System to ensure that performance of duties by Directors or employees conforms to the provisions of applicable laws and the Articles of Incorporation (Compliance)**

###### **1) Compliance promotion organization**

The Company shall establish the Compliance Promotion Committee (headquarters level) and strive to put in place a compliance system. Each department shall have a Compliance Promotion Responsible Manager and a Compliance Promotion Manager.

###### **2) ADEKA Group Compliance Regulations**

In accordance with the ADEKA Group Compliance Regulations, the Company shall put in place an organizational system for promoting compliance, and promote education and awareness-raising activities, as well as operations of the whistle-blowing system, etc.

###### **3) Codes of ethics/manuals**

The Company shall thoroughly comply with laws and regulations by utilizing codes and manuals such as the ADEKA Group Code of Conduct, the Compliance Action Guidelines, and the Compliance Casebook.

###### **4) Compliance education/training**

By utilizing the education and training system that combines stratified training with training based on a specific theme, laws or regulations, as well as in-house media such as company newsletters and e-mail magazines, the Company shall ensure that compliance awareness is widely and thoroughly raised across the Company.

###### **5) Monitoring and business audit**

- (i) Periodic monitoring and investigation of the status of compliance with laws and regulations and the level of compliance awareness across the Company

- (ii) Cooperation between the Compliance Promotion Committee and the Internal Auditing Department, such as the Internal Auditing Department reporting the results of internal audits regarding compliance to the Compliance Promotion Committee
- (iii) Reporting to the Board of Directors and Audit and Supervisory Committee on the status of the Committee's activities and compliance issues

6) Whistle-blowing system

In accordance with the Compliance Whistle-blowing Regulations, the Company shall strive to detect compliance violations at an early stage and secure information about violations through the appropriate operation of the Whistle-blowing Hot-line.

7) Internal control system promotion organization

The Company shall establish the Internal Control Promotion Committee (headquarters level) to build and put in place an internal control system.

8) Prevention of damage caused by, and ban on relations with, anti-social forces

In order to prevent damage from and exclude any relations with antisocial forces, the Company shall designate the Legal Affairs & Publicity Department as the department in charge of responses to the anti-social forces. The Company shall formulate manuals, etc. on reports and responses to be made in the event of a possible case, and take a firm stand against antisocial forces, cooperating with the police and other agencies.

**(3) System concerning storage and control of information pertaining to exercise by Directors of their duties**

Important matters in management shall be determined at Board of Directors' meetings and Management Committee meetings, and the minutes of the meetings shall be preserved together with related materials. Regarding operations for which authority is delegated to the executive line members, procedures for approval and authorization shall be conducted, and the approval and authorization documents shall be preserved together with related materials. The storage and control of the above shall be conducted as follows.

- 1) Preserve documents in accordance with the document management regulations and the standards for storage and disposal of documents
- 2) Preserve documents in a highly searchable manner via indexing and utilization of electronic files

**(4) Rules and other systems for management of risk of loss (Risk management system)**

- 1) Establishment of the Risk Management Committee and development of a system based on the ADEKA Group Risk Management Regulations and Manual

The Risk Management Committee identifies and evaluates risks across the entire Company, drafts the Risk Management Regulations and Manual, and checks the risk management system. Based on the Risk Management Manual, the Company shall designate responsible departments for each risk category, and formulate a system to keep damages to a minimum in the event of an emergency.

- 2) Establishment of the Emergency Headquarters

In the event of an incident of high degree of urgency/importance, the Company shall establish the Emergency Headquarters (with the officer of the department in charge of the said incident appointed as chief of headquarters), and address the said incident in an organized manner in accordance with the Risk Management Manual.

- 3) Audit on risk management

The Internal Auditing Department shall conduct, and regularly report to the Representative Directors and Audit and Supervisory Committee the result of, an audit on the status of the risk management made by each department.

**(5) System to secure efficient performance by Directors of their duties**

**1) Operating Officer System**

The Company shall strive to speed up decision-making procedures and to clarify the responsibility for business execution by separating decision-making from business execution, based on the Operating Officers System.

**2) Management Committee**

The Company shall establish the Management Committee to deliberate on matters to be resolved by the Board of Directors in advance, for the purpose of expediting deliberations and sharing information on important matters in management execution. The Management Committee shall deliberate and make decisions on the agenda items stipulated in the Management Committee Regulations.

**3) Term of office of Officers**

With the aims of defining the management responsibilities of Directors (excluding Audit and Supervisory Committee Members) and Operating Officers and promoting efficiency, the term of office of Officers shall be one (1) year. (The term of office for Directors who are Audit and Supervisory Committee Members shall be two (2) years.)

**4) Clarifying of rules on authorities, decision-making and business execution**

The Company shall create a system capable of securing appropriate and efficient execution by officers of their duties by clarifying rules on authorities, decision-making and business execution based on the internal regulations.

**5) Budgetary management system**

The Company shall secure efficiency of business operation by setting numerical targets for each department at the beginning of a term, reviewing progress and status of the achievement using the managerial accounting method, and providing feedback on the results.

**(6) System to secure proper operations in business group**

**1) Framework for reporting to the Company by subsidiaries of their business executions**

The Representative Director of the Company requests for reports on the status of business execution at each subsidiary and strives to gather relevant information through the weekly reports and monthly reports system, participating in meetings of the ADEKA Group President Meeting, Global Strategy Meeting, and the general shareholders' meeting of each subsidiary, and through the Directors or the Audit and Supervisory Committee Members who are dispatched to subsidiaries ("Dispatched Officers".)

**2) System for the risk management of subsidiaries**

Each subsidiary shall be asked to construct and establish a risk management system according to their business type and scale, and to report on the operational status of the system. In addition, in the event of an emergency at a subsidiary where there is a concern of a significant impact on the Company or other subsidiaries, a Joint Emergency Team will be formed by the Company and said subsidiary, and both companies will cooperate in the response.

**3) System to secure efficient performance by Directors, etc. of their duties in subsidiaries**

The Company shall review and provide feedback on the status of progress and achievement of subsidiaries' budgets using managerial accounting methods. In addition, the Company strives to improve operational efficiency by using the global business management system, which enables the collection of information from subsidiaries without delay.

**4) System to ensure that the execution by subsidiaries' Directors, etc. and employees of their duties conforms to the provisions of applicable laws and the Articles of Incorporation**



The Company shall formulate a common code of ethics, various regulations and manuals, etc. for the entire Group, and adopt a group-wide compliance system. Each subsidiary shall be asked to construct and establish a compliance promotion system according to their business type and scale, and to report on the operational status of the system. In addition, the Company shall hold Group Compliance Council meetings and compliance lectures to cultivate awareness of compliance and share information. The Company strives to detect compliance violations at an early stage through the monitoring of subsidiaries by Dispatched Officers, the Company's Audit and Supervisory Committee, and the Internal Auditing Department, and via the group-wide whistle-blowing Hot-line.

**(7) Employees who should assist Audit and Supervisory Committee's duties**

The Company shall establish the following system for securing the independence of employees who should assist the Audit and Supervisory Committee's duties ("Assistant Employees") and the effectiveness of instructions of Audit and Supervisory Committee, and then appoint Assistant Employees:

- 1) Assistant Employees who have received any instructions from Audit and Supervisory Committee necessary for audit operations shall not accept any instructions or orders from Directors, etc. (excluding Audit and Supervisory Committee Members) with regard to said instructions;
- 2) The Company shall appoint as Assistant Employees only persons who have skills and experience required to carry out the Audit and Supervisory Committee's instructions; and
- 3) Internal transfer, personnel evaluation, reward and punishment and so on of Assistant Employees shall be subject to a prior consent of the Audit and Supervisory Committee.

**(8) Systems for reporting to Audit and Supervisory Committee, and other systems to secure the effectiveness of audits conducted by Audit and Supervisory Committee**

- 1) Attendance at the Board of Directors' meeting, etc., and regular liaison conference with the Representative Director

Audit and Supervisory Committee Members shall, in addition to attending the Board of Directors' meeting and other important meetings, regularly have a liaison conference with, and receive reports on important matters including those concerning management and compliance from, the Representative Director.

- 2) Authorities of Audit and Supervisory Committee

Audit and Supervisory Committee shall have the rights to ask for a report on the result of internal audit from the Internal Auditing Department through full-time Audit and Supervisory Committee Members, and to demand inspection of any materials of important in-house meetings and any materials concerning decision procedures to Directors, Operating Officers and employees.

- 3) Cooperation with the Compliance Promotion Committee

- (i) Attendance at the Compliance Promotion Committee's meeting

Full-time Audit and Supervisory Committee Members shall attend the Compliance Promotion Committee's meetings and receive a report on the status of the compliance activities from the Committee.

- (ii) Whistle-blowing Hot-line

- a) Upon receiving any whistle-blowing, the Secretariat of the Compliance Promotion Committee shall report it to the full-time Audit and Supervisory Committee Members.
    - b) In accordance with the internal regulations stipulating the securement of anonymity of whistle-blowers, confidentiality, prohibition of disadvantageous treatment to whistle-blowers, and so on, the Company shall, in cooperation with Audit and Supervisory Committee Members, strive to fairly operate the Whistle-blowing Hot-line, appropriately deal with the whistle-blowing cases, and protect the whistle-blowers.

**(9) Matters concerning the processes for advance payment or reimbursement of expenses arising from the execution of the duties of the Audit and Supervisory Committee and other policies for the process of expenses or liabilities arising from the execution of such duties**

The Audit and Supervisory Committee or Audit and Supervisory Committee Members may request the Company to pay necessary expenses, such as seeking advice from attorneys at law, certified public accountants, or other outside experts for the purpose of conducting audits, or entrusting investigation, expert testimony or other affairs to the Company.

The Company shall respond to such request unless it is deemed that the expenses relating to such request are not necessary for the execution of the duties of the Audit and Supervisory Committee or the audit.

The operational status of the system put in place to ensure appropriate operations is as follows.

**(1) Compliance system**

Compliance Promotion Committee meetings were held for four times and Group Compliance Council meetings were held twice to conduct the analysis, formulation of responses, implementation and management of issues related to compliance.

To strengthen Group-wide compliance, efforts are made to disseminate the Group Management Policy and Code of Conduct throughout the Group. Regarding education and training on compliance, compliance lectures, trainings based on a specific theme, laws or regulations, stratified training, e-learning lectures, etc. were conducted for the Group's Officers and employees.

In the fiscal year under review, the Company developed e-learning materials in Japanese, English, and Chinese to familiarize employees with the revised 2022 ADEKA Group Code of Conduct, which incorporates the element of “contributing to society through our core business” and “sustainability management.” The Company will work to familiarize employees of overseas Group companies with the revised Code of Conduct.

As measures for “business and human rights,” an important theme for sustainability management, the Group became a full member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in April 2024 to develop a system to receive complaints and reports on human rights issues from a wide range of stakeholders besides ADEKA Group employees. The Human Rights Working Group, a subcommittee of the Sustainability Committee, holds education and training sessions on human rights due diligence and human rights.

The Group has developed a dedicated website as well as the Global Whistle-blowing Regulations and revised the ADEKA Group Hot-line Manual (to be available in 2025), a leaflet that introduces the consultation services and hotline, so that officers and employees of overseas offices can use ADEKA Group Hot-line, the whistle-blowing hotline of the Group.

A compliance awareness survey (questionnaire) was conducted in November 2024, targeting employees seconded to overseas Group companies. The results of this survey will be fed back to the overseas Group companies, and the Company will strive to make improvements and use them in preparing a scheduled questionnaire for locally-hired employees of overseas offices.

**(2) Risk management system**

Risks have become more diverse and complex in recent years, including climate change risks, intensification of natural disasters, and geopolitical risks. The Companies Act, the Ordinance for Enforcement of the Companies Act, and the Corporate Governance Code also call for strengthening risk management systems, including those of group companies. In response to these, the Company will strive to further strengthen the risk management system all across the Group through activities hosted by the Risk Management Committee and the Group Risk Management Council.

In April 2023, the Company started operating a cloud integrated ERM system Enterprise Risk MT to support the advancement of Group risk management from a systems perspective and to enable centralized management of risk information. Going forward, the Company expanded this operation to domestic Group companies in the fiscal year under review.

Going forward, the Company will prepare for the plans to expand this operation to overseas Group companies.

In addition, in light of the recent rise in geopolitical risk, the Company has established the Geopolitical Risk Measures Study Group under the Risk Management Committee and developed the Emergency Response Guideline (proposal) for overseas offices. Based on the feedback from Group companies, the Company will brush up the proposed Guideline and work to familiarize employees with it.

Through these initiatives, the Company will strive to further strengthen Group risk management.

(3) Business management of subsidiaries

The Company shall ensure that subsidiaries thoroughly abide by the system of making weekly and monthly reports to the Company. In addition, the Company conducts the management and supervision of subsidiaries by receiving reports on business execution from subsidiaries at the Board of Directors' meetings of subsidiaries, the general shareholders' meeting, Global Strategy Meeting organized by each business division, and meetings of the ADEKA Group President Meeting.

Through the dispatch of Officers to subsidiaries, audits of subsidiaries conducted by the Audit and Supervisory Committee Members, and internal audits conducted by the Internal Auditing Department, the Company strives to ensure the appropriateness of operations carried out at subsidiaries. During the fiscal year under review, the Audit and Supervisory Committee Members and the Internal Auditing Department conducted audits in accordance with their respective audit plans.

Furthermore, the Company strives to build up the structure of business management at subsidiaries through the global business management system, in order to improve the operational efficiency of subsidiaries.

(4) System for reporting to the Audit and Supervisory Committee

Full-time Audit and Supervisory Committee Members attend Board of Directors' meetings, Management Committee's meetings, and other important meetings. In addition, they generally attend meetings of the Compliance Promotion Committee, the Group Compliance Council, the Risk Management Committee, and the Group Risk Management Council as observers, in order to ascertain the status of compliance and risk management at the Group. Full-time Audit and Supervisory Committee Members attend quarterly interviews conducted by the Accounting Auditor with the Legal Affairs & Publicity Department, Legal Affairs Group and Corporate Planning & Strategy Division, and Group Governance Directive Department.

In accordance with the Compliance Whistle-blowing Regulations, whistle-blowing reports made to the Whistle-blowing Hot-line shall be reported to the full-time Audit and Supervisory Committee Members in a timely manner. Furthermore, the said regulations stipulate the securement of anonymity of whistle-blowers, confidentiality, and prohibition of disadvantageous treatment of whistle-blowers, and so on. Accordingly, the Company shall, in cooperation with the full-time Audit and Supervisory Committee Members, strive to fairly operate the Whistle-blowing Hot-line.

## **5. Outline of the Content of the Basic Policy Regarding Control of the Company**

### **(1) Basic policy on the persons who control decisions on the Company's financial and business policies**

The Company has formulated a basic policy on the persons who control decisions on the Company's financial and business policies (hereinafter the "Basic Policy"). The details, etc. of the Basic Policy (matters listed in Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act) are as follows.

(Details of the Basic Policy)

The Company believes that the stance of its shareholders should be determined through free transactions of the Company's shares in the market. In the event that a large-scale purchase involving the transfer of control of the Company is made, the Company shall not automatically disprove of the act if the purchase contributes to the Company's corporate value and common interests with shareholders. However, the Company believes that the decision on whether to agree to a large-scale purchase should ultimately be based on the will of its shareholders.

In recent years, there have been movements in capital markets where forceful purchases of large amount of shares are made unilaterally, without the consent of the management of the target company. Some of these large-scale stock purchases result in clear damage to corporate value and the common interests of shareholders due to their purpose, may effectively force shareholders to sell their shares, or are cases where the Board of Directors and shareholders of the target company are not given sufficient time to deliberate the conditions of the large-scale purchase, or the Board of Directors of the target company is not provided with sufficient time and information to propose alternatives. In such cases, the purchase often does not contribute to the corporate value of the target company and the common interests of shareholders.

The Board of Directors of the Company believes that persons who control decisions on the Company's financial and business policies should have deep understanding of the details of the Company's finances and businesses as well as the sources of the Company's corporate value. Moreover, such persons need to have the ability to sustain and improve the Company's corporate value and of the common interests of the Company's shareholders.

If the persons engage in an inappropriate large-scale purchase or similar acts that may damage the Company's corporate value and the common interests of shareholders, the Company believes that it is not appropriate for them to control decisions on the Company's financial and business policies.

### **(2) Special initiatives that contribute to the effective use of the Company's assets, the formation of an appropriate Corporate Group, and the realization of other basic policies**

#### **1) Sources of the Company's corporate value**

##### **(a) Management Policy**

Under the Management Policy of "To be a company that is progressive and dynamic with a keen attitude towards the new changing tide" and "Creating a better future for the people of the world," the Group continues to accelerate global business development through a technologically superior product group that is competitive in the global market, and continues to provide products that set the trends of the times, are environmentally friendly, and meet customer needs.

At the root of the above Management Policy is a Sustainability (Corporate Social Responsibility) mindset of "contributing to society through our core business." In other words, by keenly monitoring changes in the social environment and actively making full use of advanced technologies that the Company has, the Company can provide solutions to new social issues and conduct business activities that take into account the interests of all stakeholders, including shareholders and investors, customers, business partners, employees, and local communities. Accordingly, we aim to be a company that is trusted and truly needed by society.

The basic policy of the Company's management is to increase corporate value through contributing to a wide range of stakeholders and, going a step further, to continue sound and sustainable growth and development through an increase in the common interests of

shareholders. The healthy relationships of trust that the Company has built since its founding with its stakeholders, including customers, business partners, employees and local communities, are the true source of its corporate value.

(b) Businesses of the Company and its characteristics

The Company conducts business activities as a unique corporation with the Chemicals products business, the Food Products business and the Life Science business. In the Chemicals products business, the Company handles polymer additives, electronic materials, and environmental materials, while in the Food Products business, it handles products such as processed fat and oil products and processed food products. In the Life Science business, the Company handles agrichemicals and pharmaceuticals. Therefore, the Company operates an extremely wide range of business fields, but simultaneously keeps these businesses organically linked to each other, thereby formulating its unique characteristics.

The Company aims to be a corporation that can contribute to the international community by continuously developing and providing pioneering products that contribute to environmental conservation and people's healthy and affluent lives, achieved by creating new technologies and integrating them with its specialty technologies. We shall continue to develop highly unique technologies and create new value through co-creation with customers, merchants, and other business partners in each business field. Furthermore, by integrating the strong technological capabilities the Company has cultivated in each business field, the Company is focusing on new business fields such as environment and energy, and next-generation ICT.

The Company's highly original technological capabilities, cultivated since its founding under strong relationships of trust with business partners in a wide range of business fields, are also a source of its corporate value.

(c) Medium-Term Management Plan

As stated in "5. (1) Medium- to long-term management strategy" in "I. Overview of the Group", the Group has positioned the Medium-Term Management Plan "ADX 2026" as the second stage for achieving the Group's vision for 2030 "ADEKA VISION 2030." During this period, the Group will promote the integration of management and sustainability, transform its management base into the one that addresses the new social environment, and pursue sustainable growth with an emphasis on profits.

The Company aims to increase its corporate value by building an earnings structure that allows for its sustainable growth from a medium- to long-term perspective and pursuing social and economic values.

(d) Strengthening of corporate governance

In promoting the above measures, the Company shall strive to further strengthen corporate governance, compliance, and risk management, which are the foundations of sound, highly transparent, and stable management.

Also, the Company has formulated the "ADEKA Group Corporate Governance Guidelines," which stipulates the basic stance and basic policy on corporate governance, with the aim of realizing the Group's corporate mission and Management Policy, and of achieving sustainable growth and improving corporate value over the medium to long term. Going forward, the Group will continue to work on strengthening corporate governance throughout the Group, in line with the purpose and spirit of the Corporate Governance Code.

**(3) Outline of initiatives for preventing inappropriate persons from controlling decisions on the Company's financial and business policies, in light of the basic policy**

In light of the basic policy described in (1) above, as one of the initiatives to prevent inappropriate persons from controlling decisions on the Company's financial and business policies, the Company introduced the response measures to large-scale purchases of its shares in

2007. Subsequently, the policy has been revised triennially and continued thus far.

Yet as a result of careful consideration into the matters such as opinions of shareholders, especially the ones from domestic and overseas institutional investors, recent trends regarding takeover defense measures, and changes in the business environment surrounding the Company, the Company determined to discontinue and abolish the policy at the Board of Directors meeting on May 23, 2022.

Even though the policy was abolished, the Company will continue to strive to ensure and enhance the corporate value of the Company and the common interests of its shareholders, and for those who purchase or intend to purchase the Company's shares on a large scale, the Company will require that the persons should provide necessary and sufficient information so that the shareholders can adequately determine the appropriateness of the purchase. The Company will also take appropriate measures including disclosing of the opinions of the Board of Directors of the Company, and securing of time and information that are necessary for the shareholders to take the matter into consideration, within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations.

**(4) The Board of Directors' judgment on initiatives stated in (2) and (3) above and the reasons thereof**

The Company determines that the greatest defense against proposals is to sustainably improve the Group's corporate value and the common interests of the shareholders through steady implementation of the Group's Medium-Term Management Plan, initiatives to strengthen corporate governance, and business activities based on the Group's Management Policy, business characteristics, and medium- to long-term vision, and others. The response policy regarding large-scale purchases of the Company's shares was introduced with a view to preventing abusive acquisitions and avoiding damage to the corporate value and common interests of shareholders. However, institutional investors are starting to raise concerns more vocally saying that the policy limits the rights of shareholders, weakens the self-discipline of management and leads to self-protection. In addition to the opinions of the institutional investors, the revision of the TOB rules by the Financial Instruments and Exchange Act of 2009 and the rise on the Company's stock price led us to conclude that it was becoming less and less important to maintain the policy, and thus, we should discontinue (abolish) the policy.

## Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	Amount
<b>(Assets)</b>	
<b>Current assets</b>	349,889
Cash and deposits	110,117
Notes and accounts receivable - trade, and contract assets	110,057
Securities	5,493
Merchandise and finished goods	61,507
Work in process	8,427
Raw materials and supplies	43,431
Other	12,231
Allowance for doubtful accounts	(1,375)
<b>Non-current assets</b>	193,228
<b>Property, plant and equipment</b>	125,866
Buildings and structures	38,452
Machinery, equipment and vehicles	34,504
Land	29,882
Leased assets	489
Construction in progress	14,334
Other	8,201
<b>Intangible assets</b>	14,645
Technical assets	3,481
Customer related assets	2,168
Software	5,845
Leased assets	10
Other	3,140
<b>Investments and other assets</b>	52,716
Investment securities	42,803
Long-term loans receivable	1,108
Retirement benefit asset	2,440
Other investments	3,363
Deferred tax assets	2,258
Other	1,433
Allowance for doubtful accounts	(690)
<b>Total assets</b>	543,118

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

## Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	122,244
Notes and accounts payable - trade	60,212
Short-term borrowings	18,549
Current portion of long-term borrowings	7,226
Lease obligations	242
Accrued expenses	8,588
Income taxes payable	4,888
Provision for bonuses	3,848
Provision for bonuses for directors (and other officers)	126
Provision for environmental measures	809
Other	17,752
<b>Non-current liabilities</b>	69,097
Bonds payable	11,505
Long-term borrowings	26,142
Lease obligations	373
Deferred tax liabilities	2,327
Deferred tax liabilities for land revaluation	3,103
Provision for retirement benefits for directors (and other officers)	84
Provision for environmental measures	927
Provision for share awards	349
Retirement benefit liability	19,361
Other	4,922
<b>Total liabilities</b>	191,341
<b>(Net assets)</b>	
<b>Shareholders' equity</b>	266,838
Share capital	23,048
Capital surplus	20,348
Retained earnings	228,109
Treasury shares	(4,667)
<b>Accumulated other comprehensive income</b>	29,852
Valuation difference on available-for-sale securities	12,249
Revaluation reserve for land	3,240
Foreign currency translation adjustment	14,010
Remeasurements of defined benefit plans	351
<b>Non-controlling interests</b>	55,085
<b>Total net assets</b>	351,776
<b>Total liabilities and net assets</b>	543,118

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



## Consolidated Statement of Income

(April 1, 2024–March 31, 2025)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		407,145
<b>Cost of sales</b>		292,279
<b>Gross profit</b>		114,865
<b>Selling, general and administrative expenses</b>		73,855
<b>Operating profit</b>		41,010
<b>Non-operating income</b>		
Interest and dividend income	3,248	
Share of profit of entities accounted for using equity method	619	
Gain on valuation of derivatives	1,395	
Other	1,073	6,336
<b>Non-operating expenses</b>		
Interest expenses	3,445	
Foreign exchange losses	3,715	
Other	839	8,000
<b>Ordinary profit</b>		39,346
<b>Extraordinary income</b>		
Gain on sale of non-current assets	1,423	
Gain on sale of investment securities	199	
Gain on sale of investments in capital of subsidiaries and associates	1,572	3,195
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	1,194	
Impairment losses	72	
Loss on valuation of investment securities	22	
Loss on valuation of shares of subsidiaries and associates	43	
Environmental expenses	1,984	
Other	310	3,627
<b>Profit before income taxes</b>		38,914
Income taxes-current	11,015	
Income taxes-deferred	(617)	10,397
<b>Profit</b>		28,516
Profit attributable to non-controlling interests		3,496
<b>Profit attributable to owners of parent</b>		25,019

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

## Consolidated Statement of Changes in Net Assets

(April 1, 2024–March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2024	23,048	20,181	213,125	(3,375)	252,979
Changes during period					
Dividends of surplus			(10,035)		(10,035)
Profit attributable to owners of parent			25,019		25,019
Purchase of treasury shares				(1,771)	(1,771)
Disposal of treasury shares		116		479	595
Change in ownership interest of parent due to transactions with non-controlling interests		50			50
Net changes of items other than shareholders' equity					—
Total changes during period	—	166	14,984	(1,292)	13,858
Balance on March 31, 2025	23,048	20,348	228,109	(4,667)	266,838

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance on April 1, 2024	11,665	3,330	17,147	20	32,163	54,539	339,682
Changes during period							
Dividends of surplus					—		(10,035)
Profit attributable to owners of parent					—		25,019
Purchase of treasury shares					—		(1,771)
Disposal of treasury shares					—		595
Change in ownership interest of parent due to transactions with non-controlling interests					—		50
Net changes of items other than shareholders' equity	583	(89)	(3,136)	331	(2,311)	546	(1,764)
Total changes during period	583	(89)	(3,136)	331	(2,311)	546	12,094
Balance on March 31, 2025	12,249	3,240	14,010	351	29,852	55,085	351,776

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

## Notes to the Consolidated Financial Statements

### [Significant Accounting Policies for Preparation of Consolidated Financial Statements]

#### 1. Scope of consolidation

##### (1) Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 37

Names of major consolidated subsidiaries:

NIHON NOHYAKU CO., LTD.

ADEKA CHEMICAL SUPPLY CORP.

ADEKA CLEAN AID CORP.

ADEKA ENGINEERING & CONSTRUCTION CORP.

ADEKA FOODS SALES CORP.

OXIRANE CHEMICAL CORP.

AMFINE CHEMICAL CORP.

CHANG CHIANG CHEMICAL CO., LTD.

ADEKA KOREA CORP.

ADEKA Europe GmbH

ADEKA (CHINA) CO., LTD.

YONGO CO., LTD. and CROWN CO., LTD., the former consolidated subsidiaries of the Company, were merged into ADEKA FOODS SALES CORP., another consolidated subsidiary of the Company, through an absorption-type merger with ADEKA FOODS SALES as a surviving company. ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. was sold to an outside company. As a result, these three companies have been excluded from the scope of consolidation.

In addition, NICHINO VIETNAM CO., LTD., which was a non-consolidated subsidiary accounted for using equity method, has been included in the scope of consolidation as its significance has increased.

##### (2) Names of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries:

TOKYO ENVIRONMENTAL MEASUREMENT CENTER Co., Ltd.

ADEKA INDIA PVT.LTD.

Reasons for exclusion from the scope of consolidation:

These non-consolidated subsidiaries have been excluded from the scope of consolidation as they are all small in scale and none of their combined total assets, net sales, profit and loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) significantly affect the consolidated financial statements.

#### 2. Application of the equity method

##### (1) Number of non-consolidated subsidiaries and associates accounted for using equity method and names of major companies, etc.

Number of non-consolidated subsidiaries and associates accounted for using equity method: 9

Names of major companies, etc.:

CO-OP CLEAN CO., LTD.

SHOWA KOSAN CO., LTD.

SIPCAM EUROPE S.P.A.

As NICHINO VIETNAM CO., LTD. has been included in the scope of consolidation, it has been excluded from the scope of application of the equity method.

**(2) Names of non-consolidated subsidiaries and associates not accounted for using equity method**

Names of major companies, etc.:

TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD.

YOSHIDA SANGYO CO., LTD.

Reasons for not applying equity method

Regarding non-consolidated subsidiaries and associates not accounted for using the equity method, upon examining their profit and loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), they are deemed that the exclusion from the scope of equity method application will create an insignificant effect on the consolidated financial statements, and their impact is immaterial on the whole.

**3. Fiscal years of consolidated subsidiaries**

The account closing date of SIPCAM NICHINO BRASIL S.A. is December 31. When preparing the consolidated financial statements, the Company used their financial statements as of December 31 and made necessary adjustments for consolidation regarding significant transactions that occurred during the period between the consolidated account closing date and the above closing date.

The account closing date of ADEKA (CHINA) CO., LTD. and five other companies is December 31. When preparing the consolidated financial statements, the Company made a provisional settlement of accounts on March 31 based on the settlement of accounts on the above closing date.

**4. Accounting policies**

**(1) Valuation standards and methods for significant assets**

**1) Valuation standard and method for securities**

Available-for-sale securities

Securities with market value

Fair value method (Valuation differences are all reported as a component of shareholder's equity and cost of securities sold is calculated by the moving average method)

Securities without market value

Moving average cost method

**2) Valuation standard and valuation method for derivatives**

Derivatives

Fair value method

**3) Valuation standard and valuation method for inventories**

Finished goods and merchandise

Mainly cost method based on the gross average method (with amount shown on the consolidated balance sheet written down as profitability declines)

Work in process

Mainly cost method based on the gross average method (with amount shown on the consolidated balance sheet written down as profitability declines)

Raw materials and supplies

Mainly cost method based on the moving average method (with amount shown on the consolidated balance sheet written down as

profitability declines)

**(2) Method of depreciation of significant depreciable assets**

**1) Property, plant and equipment (excluding leased assets)**

Buildings (excluding facilities attached to buildings), and machinery and equipment	Straight-line method
---	----------------------

Property, plant and equipment other than the above	Declining-balance method
--	--------------------------

For facilities attached to buildings and structures acquired on or after April 1, 2016, the straight-line method is applied.

The useful lives of major assets are as follows:

Buildings and structures	3–60 years
--------------------------	------------

Machinery, equipment and vehicles	3–20 years
-----------------------------------	------------

Other property, plant and equipment	3–20 years
-------------------------------------	------------

**2) Intangible assets (excluding leased assets)**

The straight-line method is applied.

The useful lives of major assets are as follows:

Software (for internal use)	5 years (based on expected internal useful life)
-----------------------------	--

Technical assets	10 years
------------------	----------

Customer related assets	20 years
-------------------------	----------

### 3) Leased assets

- Leased assets related to finance lease transactions that transfer ownership  
The same depreciation method applied to company-owned non-current assets is applied.
- Leased assets related to finance lease transactions that do not transfer ownership  
The straight-line method is applied using the lease period as service life and the residual value of zero.

Some consolidated subsidiaries adopt Item 16 of the International Financial Reporting Standards, “Leases” (hereinafter “IFRS 16”). In accordance with IFRS 16, for lessees of the leases, all leases are generally recognized as assets and liabilities on the balance sheet and the capitalized right-of-use assets are depreciated using the straight-line method.

### **(3) Standards for reporting significant allowances and provisions**

1) Allowance for doubtful accounts

To make allowances for potential losses due to bad debts of notes receivables, accounts receivables, loans receivables, etc., an allowance is made for the estimated irrecoverable amount based on the actual default rate for general receivables. For specific doubtful receivables, the estimated irrecoverable amount is appropriated after considering the recoverability of each individual case.

## 2) Provision for bonuses

To provide for the payment of bonuses to employees, the estimated payment amount to be borne in the fiscal year under review is recorded.

3) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to officers, the estimated payment amount to be borne in the fiscal year under review is recorded.

- 4) Provision for retirement benefits for directors (and other officers)  
To provide for the payment of retirement benefits for directors (and other officers) upon their retirement, the amount payable at the end of the fiscal year under review based on internal regulations is recorded.
- 5) Provision for environmental measures  
To provide for the payment for soil investigation, etc. for redevelopment of land owned by the Group, a reasonable estimated amount at the end of the fiscal year under review is recorded.
- 6) Provision for share awards  
To prepare for providing shares of the Company to the Group's directors and employees in accordance with the Stock Benefit Regulations, the estimated amount of share awards liabilities at the end of the fiscal year under review is recorded.

#### **(4) Accounting method concerning retirement benefits**

To provide for the payment of retirement benefits to employees, the expected amount of retirement benefit obligations at the end of the fiscal year under review is recorded.

- 1) Method of attributing the estimated amount of retirement benefits to periods  
When calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review is based on the benefit formula.
- 2) Amortization of actuarial differences  
Actuarial gains and losses are amortized in an amount proportionally divided by the straight-line method over a fixed number of years (13 years and 17 years) within the average remaining service period of employees at the time of incurrence in each fiscal year and expensed from the following consolidated fiscal year of incurrence.
- 3) Accounting method for unrecognized actuarial differences  
Unrecognized actuarial differences are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section, after adjusted for the tax effect.

#### **(5) Significant revenue and expense recognition standards**

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

- 1) Chemicals and food products sector  
The Group is engaged in manufacturing and sales of chemical products including polymer additives, electronic materials, and environmental materials, and food products. Revenue from sales of these goods is recognized when goods are transferred to, or accepted by, a customer in the case of the domestic sales transactions. For the export sales transactions, revenue is recognized when control of the goods is transferred to the customer on the basis of trade terms such as incoterms.  
The transaction price is calculated at the amount of consideration promised with the customer and does not include any significant financing component because the Group generally receives consideration within a year after the performance obligation is fulfilled. There is no significant variable consideration that affects the amount of consideration. For sales of the products that the Company and its consolidated subsidiaries act as agents, the Group recognizes revenue at the gross amount of consideration received from the customer less the amount paid to the supplier.
- 2) Life science sector

The Group is engaged in manufacturing and sales of insecticides, fungicides, insect-fungicides, herbicides, technical grade agrochemicals etc. The Group deems the performance obligation is satisfied when control of the goods is transferred to a customer by delivery of the goods. Revenue from sales of these goods is recognized when the goods are shipped for domestic transactions, and when the control of the goods is transferred to the customer on the basis of trade terms such as incoterms for the export transactions because the period between the release of the goods and the transfer of control of the goods to the customer is typical.

The transaction price is calculated at the amount of consideration stipulated in the contract less the estimated amount of rebates, discounts, returns, etc. only to the extent that it is highly probable that there will be no significant reversal.

The Company receives consideration based on sales contracts mostly within a year after delivery of the goods, and no significant financing component is included. Some overseas subsidiaries, however, receive some considerations more than one year after delivery of the goods. If it is deemed that they may have a large impact on financing components due to considerably high interest rates related to such considerations, we consider that they include significant financing components and allocate an amount equivalent to the amount of interest that constitutes the significant financing components to profit and loss for the applicable periods until the relevant settlement dates.

For sales of the products that the Company and its consolidated subsidiaries act as agents, the Group recognizes revenue at the gross amount of consideration received from the customer less the amount paid to the supplier.

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

(Application of the “Accounting Standard for Current Income Taxes”, etc.)

The Company has adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. since the beginning of the fiscal year under review.

The amendment to categories in which income taxes should be recorded (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso to (2) of Paragraph 65-2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). These changes in accounting policies have no impact on these consolidated financial statements.

For the amendment related to the revised treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the Revised Guidance 2022 since the beginning of the fiscal year under review. This change in the accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared reflecting retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

#### **[Notes to Changes in Presentation]**

(Consolidated Balance Sheet)

“Provision for share awards,” which was included in “Other” under “Non-current liabilities” in the previous fiscal year increased in importance. As a result, it is separately presented in the fiscal year under review.

“Provision for share awards” for the previous fiscal year was 134 million yen.



**[Notes to Revenue Recognition]**

**1. Information on disaggregation of revenue**

[By Region]

(Millions of yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Japan	76,677	70,793	29,833	177,303	5,870	183,174
China	30,873	7,624	500	38,998	5	39,003
Asia (excl. Japan and China)	59,202	4,034	14,149	77,387	49	77,437
Others	51,664	39	55,284	106,988	0	106,989
Revenue from contracts with customers	218,417	82,492	99,768	400,678	5,926	406,605
Revenue from other sources	9	48	186	244	295	540
Sales to external customers	218,426	82,540	99,954	400,922	6,222	407,145

[By Goods or Service]

(Millions of yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Polymer additives	105,452	—	—	105,452	—	105,452
Electronic materials	41,962	—	—	41,962	—	41,962
Environmental materials	71,001	—	—	71,001	—	71,001
Processed fat and oil food products	—	82,492	—	82,492	—	82,492
Agrochemicals, pharmaceuticals, etc.	—	—	99,768	99,768	—	99,768
Others	—	—	—	—	5,926	5,926
Revenue from contracts with customers	218,417	82,492	99,768	400,678	5,926	406,605
Revenue from other sources	9	48	186	244	295	540
Sales to external customers	218,426	82,540	99,954	400,922	6,222	407,145

**2. Useful information in understanding revenue from contracts with customers**

Useful information in understanding revenue is as presented in [Significant Accounting Policies for Preparation of Consolidated Financial Statements], 4. Accounting Policies, (5) Significant revenue and expense recognition standards.

**3. Useful information in understanding the revenue amounts in the fiscal year under review and subsequent fiscal years**

**(1) Contract balance etc.**

(Millions of yen)

	As of April 1, 2024	As of March 31, 2025
Receivables arising from contracts with customers	116,838	109,922
Contract assets	98	134
Contract liabilities	564	1,056

**(2) Transaction price allocated to the remaining performance obligations**

The Group has no significant transactions with estimated contract terms of over one year and omitted information on the remaining performance obligations applying practical convenience. There is no material amount of consideration excluded from the transaction price arising from contracts with customers.

**[Notes to Accounting Estimates]**

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

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

(Millions of yen)

	Previous fiscal year	Fiscal year under review
Property, plant and equipment	126,840	125,866
Intangible assets	16,497	14,645

**(2) Information regarding the content of significant accounting estimates related to identified items**

For property, plant and equipment and intangible assets, we judge the sign of impairment loss for assets or asset groups based on by plant and by business in principle, and if there is a sign of impairment loss, we will estimate recoverable amount using future cash flows.

As the Group engages in several businesses globally, unexpected events may affect our supply chains depending on the asset group, and may affect the assumptions for the estimate of future cash flows.

## [Notes to Consolidated Balance Sheet]

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

(1) Assets pledged as collateral	
Cash and deposits	16 million yen
Notes and accounts receivable - trade, and contract assets	6,289 million yen
Merchandise and finished goods	2,211 million yen
Raw materials and supplies	1,486 million yen
Buildings and structures	1,862 million yen
Machinery, equipment and vehicles	1,622 million yen
Land	2,657 million yen
Total	<u>16,145 million yen</u>
(2) Collateral-related liabilities	
Short-term borrowings	134 million yen
Current portion of long-term borrowings	625 million yen
Long-term borrowings	1,306 million yen
Total	<u>2,067 million yen</u>

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

258,183 million yen

### 3. Application of the Land Revaluation Act

The Group conducted a revaluation of the land for business use based on the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998) and the “Partial Revision of the Act on Revaluation of Land” (Act No. 24 of March 31, 1999; Act No. 19 of March 31, 2001). Regarding the revaluation difference, the Group posted the tax equivalent amount concerning the said revaluation difference under the liabilities section as “deferred tax liabilities for land revaluation,” and posted the amount with the tax equivalent portion deducted to the net assets section as “revaluation reserve for land.”

- Method of revaluation:  
The revaluation amount was calculated by making reasonable adjustments to the price registered in the land tax ledger provided in Article 341, Item 10 of the Local Tax Act, as stipulated in Article 2, Item 3 of the “Enforcement Order for the Act on Revaluation of Land” (Cabinet Order No. 119 of March 31, 1998).
- Date of revaluation: March 31, 2002
- Market value of land at end of fiscal year under review and difference between market value and book value after revaluation: (2,509) million yen

## [Notes to Consolidated Statement of Income]

### Revenue from contract with customers

The Company does not disaggregate revenues from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in “1. Information on disaggregation of revenue” under [Notes to Revenue Recognition] of Notes to the Consolidated Financial Statements.

**[Notes to Consolidated Statement of Changes in Net Assets]**

**1. Class and total number of issued shares at the end of the fiscal year under review**

(Shares)

	Number of shares at beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	Number of shares at end of fiscal year under review
Issued shares				
Common shares	103,768,142	—	—	103,768,142
Total	103,768,142	—	—	103,768,142
Treasury shares				
Common shares	1,636,449	582,251	186,080	2,032,620
Total	1,636,449	582,251	186,080	2,032,620

Note 1: Treasury shares (common shares) as of the end of the fiscal year under review include 98,800 shares of the Company held under the Stock Benefit Trust (J-ESOP).

Note 2: The breakdown of the increase in treasury shares (common shares) is as follows.

Purchase of shares based on the resolution of the Board of Directors	480,000 shares
Purchase of treasury shares under the Stock benefit Trust (J-ESOP)	100,000 shares
Acquisition of parent company shares by entities accounted for using equity method	1,177 shares
Purchase of shares less than one unit	1,074 shares

The breakdown of the decrease in treasury shares (common shares) is as follows.

Contribution to the Stock Benefit Trust (J-ESOP)	100,000 shares
Benefits of the Stock Benefit Trust (J-ESOP)	1,200 shares
Disposal of treasury shares as restricted stock remuneration	57,600 shares
Disposal of treasury shares resulting from the introduction of the Special Incentive Scheme for Employee Stock Ownership Association	27,280 shares

## 2. Matters regarding dividends

### (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2024	Common shares	5,127	50	March 31, 2024	June 24, 2024
Board of Directors meeting held on November 12, 2024	Common shares	4,907	48	September 30, 2024	December 5, 2024

Note: The total amount of dividends resolved on November 12, 2024 includes 4 million in dividends on shares of ADEKA's stock held by Custody Bank of Japan, Ltd. (Trust E Account) as trust property of the "Stock Benefit Trust (J-ESOP)".

### (2) Dividends with a record date in the fiscal year under review, and an effective date after the end of the fiscal year under review

Resolution	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 20, 2025	Common shares	5,317	Retained earnings	52	March 31, 2025	June 23, 2025

Note: The total amount of dividends includes 5 million in dividends on shares of ADEKA's stock held by Custody Bank of Japan, Ltd. (Trust E Account) as trust property of the "Stock Benefit Trust (J-ESOP)".

## [Notes to Financial Instruments]

### 1. Status of financial instruments

The Group raises necessary funds in light of its capital investment plans mainly by borrowing from financial institutions and issuing bonds. Temporary surplus funds are managed mainly through short-term deposits and bonds, and short-term working capital is raised through borrowing from banks. The Group uses derivative transactions only for the purpose of hedging risks described below, and does not engage in speculative transactions.

The Group strives to reduce customer credit risk related to notes and accounts receivable - trade in accordance with the Credit Sales Standards and the Credit Management Standards. In addition, the Group's investment securities mainly consist of shares, and the fair values of listed shares are ascertained on a quarterly basis.

Borrowings and bonds payable are used mainly for the purpose of procuring funds necessary for working capital and capital investment. A portion of these is exposed to interest rate fluctuation risk, which is hedged by derivative transactions (interest rate swap transactions).

For some receivables and payables denominated in foreign currency, in order to reduce the risk of foreign exchange fluctuations, forward exchange contracts are concluded within the range of the sales amount and purchase amount.

### 2. Fair values of financial instruments

Amounts recorded on the consolidated balance sheet, fair values as of March 31, 2025 and the differences between them are as below. Note that shares that do not have market prices are not included in the table below (see the following Note). Also, for cash, the notes are omitted, and for deposits, notes and accounts receivable - trade, notes and accounts payable - trade, and short-term borrowings, the notes are omitted because the fair values approach the book values since they are settled in the short term.

(Millions of yen)

	Amount recorded on the Consolidated Balance Sheet	Fair value	Difference
Securities and investment securities			
Available-for-sale securities	31,986	31,986	—
Bonds payable	15,331	15,080	(251)
Long-term borrowings	33,368	33,199	(168)
Derivative transactions (*)	787	787	—

(\*) Receivables and payables arising out of derivative transactions are shown on a net basis.

Note: Shares, etc. without market price

(Millions of yen)

Category	Amount recorded on the Consolidated Balance Sheet
Unlisted shares	16,310

### 3. Matters regarding the breakdown of financial instruments by each fair value level

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

Level 1 fair value: Fair value calculated using the unadjusted market price in an active market for an identical asset or liability.

Level 2 fair value: Fair value calculated using inputs that are directly or indirectly observable, other than the Level 1 inputs.

Level 3 fair value: Fair value calculated using important inputs that cannot be observed.

In cases where multiple inputs which have a material effect on the calculation of the fair value are used, among the levels to which the respective inputs belong, the fair value is categorized at the level with the lowest priority in the fair value calculation.

**(1) Financial assets and financial liabilities with the carrying amount recorded using the fair value**

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	26,493	5,493	—	31,986
Shares				
Derivatives	—	787	—	787

**(2) Financial assets and financial liabilities with the carrying amount not recorded using the fair value**

(Millions of yen)

Category	Carrying amount			
	Level 1	Level 2	Level 3	Total
Bonds payable	—	15,080	—	15,080
Long-term borrowings	—	33,199	—	33,199

Note: Explanation of the valuation methods and inputs used in calculating fair values.

Investment securities

Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value. For the unlisted shares, the fair values are classified as Level 2 because unlisted share are traded by short term transactions, and their fair values approximate their book values.

Derivatives

The fair values are calculated using observable inputs such as fair values provided by financial institutions and exchange rates and classified as Level 2.

Bonds payable

The fair values of bonds issued by the Company are calculated using market values (Reference Statistical Prices for OTC Bond Transactions) and classified as Level 2. The fair values of bonds issued by consolidated subsidiaries are calculated by discounting the total amount of principal and interest by the interest rate assumed when similar bonds are issued, and are classified as Level 2.

Long-term borrowings

These fair values are calculated by discounting the total amount of principal and interest by the interest rate assumed when similar new borrowings are made and are classified as Level 2.

**[Notes to Per Share Information]**

1. Net assets per share: 2,916.30 yen
2. Basic earnings per share: 245.55 yen

Note: The shares of the Company held by the Custody Bank of Japan, Ltd. (Trust E Account) as trust property of J-ESOP are included in the treasury shares deducted from the number of shares issued at the end of the period when calculating net assets per share (98,800 shares for the fiscal year under review). Such shares are also included in the treasury shares that are deducted in the calculation of average number of shares during the period when calculating basic earnings per share (99,190 shares for the fiscal year under review).

## [Additional Information]

(Transactions to grant shares of the Company to employees through a trust)

The Company resolved, at the meeting of the Board of Directors held on April 19, 2024, to introduce an incentive plan, “Stock Benefit Trust (J-ESOP)” under which the Company’s shares are provided to employees of the Company and some of the Group Companies, (hereinafter referred to as the “Plan.”, and a trust established under the trust agreement concluded with Mizuho Trust & Banking Co., Ltd. with respect to the Plan is referred to as the “Trust”), in order to enhance the linkage between the Company’s stock price and performance and the treatment of employees, and to share the economic effects with shareholders, thereby raising the motivation and morale of employees to improve the stock price and performance.

### 1. Overview

The Plan is a trust-type scheme based on the U.S. ESOP (Employee Stock Ownership Plan). Under the Stock Benefit Regulations stipulated in advance by the Company, the Company will provide employees who meet certain conditions with shares of the Company and cash equivalent to the amount of shares of the Company converted at the market price (hereinafter referred to as “shares of the Company, etc.”).

The Company grants points to employees in accordance with their individual contributions and positions, etc., and provide shares of the Company, etc. corresponding to the applicable points when such employees acquire the rights to receive benefits under certain conditions. Shares to be provided to employees shall be acquired in the future, including the amount of money set in the trust in advance, and shall be segregated and managed as trust property.

### 2. Shares of the Company remaining in the trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets in the book value in the trust (excluding incidental expenses). The book value and the number of shares of such treasury shares is 317 million yen and 98,800 shares respectively for the fiscal year under review.

(Occurrence of a disputed incident)

A claim for damages was filed on October 10, 2023 against SIPCAM NICHINO BRASIL S.A. (“SNB”), a consolidated subsidiary of the Company, which was served with the complaint on October 20, 2023. Details of the litigation are presented below.

### 1. Summary of the litigation

On July 26, 2023, a heavily armed robbery took place at SNB, a consolidated subsidiary of the Company, during which products that SNB had been packaging in fulfillment of a contract with FMC QUÍMICA DO BRASIL LTDA. (“FMC”) were stolen. In response, FMC filed a claim for damages against SNB on October 10, 2023.

### 2. Details of the plaintiff

(1) Name: FMC QUÍMICA DO BRASIL LTDA.

(2) Address: Avenida Doutor José Bonifácio Coutinho Nogueira, No. 150, Commercial Complexes 103, 105, 107, 108 and 109, Jardim Madalena District, in the municipality of Campinas, State of São Paulo, CEP 13091-611

### 3. Amount of damages claimed (excluding delay damages)

45 million reais

### 4. Future outlook

The Group has obtained an opinion from an external legal expert that the incident falls within the definition of force majeure. As there are significant differences in opinions regarding matters, including the interpretation of the scope of liabilities, we will carefully examine the contents of the complaint and take appropriate action. We will defend ourselves based on the opinion of the external legal expert mentioned above, among other things. It cannot be ruled out that the litigation may have an impact on our financial position and operating



results depending on the progression of the litigation. Therefore, at this moment, it is difficult to reasonably estimate whether we will have to pay the damages and the amount of the impact they would have.

**[Notes to Significant Subsequent Events]**

Not applicable.

## Non-Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	Amount
<b>(Assets)</b>	
<b>Current assets</b>	150,936
Cash and deposits	59,801
Notes receivable - trade	1,182
Accounts receivable - trade	35,635
Electronically recorded monetary claims	2,556
Securities	5,493
Merchandise and finished goods	17,647
Work in process	7,249
Raw materials and supplies	15,471
Prepaid expenses	396
Accounts receivable - other	1,327
Other	4,196
Allowance for doubtful accounts	(21)
<b>Non-current assets</b>	143,927
<b>Property, plant and equipment</b>	67,054
Buildings	15,873
Structures	2,742
Machinery and equipment	19,848
Vehicles	26
Tools, furniture and fixtures	2,941
Land	16,752
Leased assets	356
Construction in progress	8,511
<b>Intangible assets</b>	5,984
Rights	1,327
Right to use facilities	97
Software	4,474
Software in progress	84
<b>Investments and other assets</b>	70,889
Investment securities	24,178
Shares of subsidiaries and associates	31,731
Investments in capital of subsidiaries and associates	5,321
Long-term loans receivable	5,018
Long-term prepaid expenses	339
Deferred tax assets	3,303
Other	1,419
Allowance for doubtful accounts	(423)
<b>Total assets</b>	294,863

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

## Non-Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	47,435
Accounts payable - trade	22,117
Electronically recorded obligations	1,018
Short-term borrowings	3,750
Lease obligations	137
Accounts payable - other	5,917
Accrued expenses	3,645
Income taxes payable	2,220
Provision for bonuses	2,251
Provision for bonuses for directors (and other officers)	60
Other	6,317
<b>Non-current liabilities</b>	38,573
Bonds payable	10,000
Long-term borrowings	7,000
Lease obligations	266
Deferred tax liabilities for land revaluation	3,103
Retirement benefit liability	16,395
Provision for share awards	188
Long-term deposits received	1,514
Other	106
<b>Total liabilities</b>	86,009
<b>(Net assets)</b>	
<b>Shareholders' equity</b>	196,564
<b>Share capital</b>	23,048
<b>Capital surplus</b>	20,247
Legal capital surplus	20,074
Other capital surplus	173
<b>Retained earnings</b>	157,531
Legal retained earnings	1,096
Other retained earnings	156,435
Reserve for dividends	90
Reserve for tax purpose reduction entry of non-current assets	35
General reserve	51,241
Retained earnings brought forward	105,068
<b>Treasury shares</b>	(4,262)
<b>Valuation and translation adjustments</b>	12,289
<b>Valuation difference on available-for-sale securities</b>	9,048
<b>Revaluation reserve for land</b>	3,240
<b>Total net assets</b>	208,854
<b>Total liabilities and net assets</b>	294,863

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

## Non-Consolidated Statement of Income

(April 1, 2024–March 31, 2025)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		161,051
<b>Cost of sales</b>		115,738
<b>Gross profit</b>		45,312
<b>Selling, general and administrative expenses</b>		29,860
<b>Operating profit</b>		15,452
<b>Non-operating income</b>		
Interest income	133	
Dividend income	11,307	
Miscellaneous income	197	11,637
<b>Non-operating expenses</b>		
Interest expenses	133	
Foreign exchange losses	757	
Provision of allowance for doubtful accounts	125	
Commitment fees	35	
Miscellaneous losses	220	1,272
<b>Ordinary profit</b>		25,817
<b>Extraordinary income</b>		
Gain on sale of investment securities	186	
Gain on sale of investments in capital of subsidiaries and associates	1,728	
Gain on reversal of allowance for doubtful accounts for subsidiaries and associates	804	2,719
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	1,009	
Impairment losses	72	
Loss on valuation of investment securities	21	
Loss on sale of shares of subsidiaries and associates	43	
Loss on waiver of receivables from subsidiaries and associates	1,200	2,346
<b>Profit before income taxes</b>		26,190
Income taxes-current	4,685	
Income taxes-deferred	21	4,707
<b>Profit</b>		21,482

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

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2024–March 31, 2025)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance on April 1, 2024	23,048	20,074	57	20,131	1,096	90	53	51,241	93,603	146,084
Changes during period										
Dividends of surplus									(10,035)	(10,035)
Reversal of reserve for tax purpose reduction entry							(17)		17	–
Profit									21,482	21,482
Purchase of treasury shares										
Disposal of treasury shares			116	116						
Net changes of items other than shareholders' equity										
Total changes during period	–	–	116	116	–	–	(17)	–	11,465	11,447
Balance on March 31, 2025	23,048	20,074	173	20,247	1,096	90	35	51,241	105,068	157,531

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance on April 1, 2024	(2,973)	186,289	9,074	3,330	12,405	198,694
Changes during period						
Dividends of surplus		(10,035)				(10,035)
Reversal of reserve for tax purpose reduction entry		—				—
Profit		21,482				21,482
Purchase of treasury shares	(1,768)	(1,768)				(1,768)
Disposal of treasury shares	479	595				595
Net changes of items other than shareholders' equity			(26)	(89)	(115)	(115)
Total changes during period	(1,288)	10,275	(26)	(89)	(115)	10,159
Balance on March 31, 2025	(4,262)	196,564	9,048	3,240	12,289	208,854

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

## Notes to the Non-consolidated Financial Statements

[Matters regarding major accounting policies]

### 1. Valuation standards and valuation methods for securities

(1) Shares of subsidiaries and associates	Cost method based on the moving average method
(2) Available-for-sale securities	
Securities with market value	Fair value method (Valuation differences are all reported as a component of shareholder's equity and cost of securities sold is calculated by the moving average method)
Securities without market value	Moving average cost method

### 2. Valuation standards and valuation method for derivatives

Derivatives	Fair value method
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### 3. Valuation standards and valuation methods for inventories

Finished goods and work in process	Mainly cost method based on the gross average method (with amount shown on balance sheet written down as profitability declines)
Raw materials and supplies	Mainly cost method based on the moving average method (with amount shown on balance sheet written down as profitability declines)

### 4. Method of depreciation of non-current assets

#### (1) Property, plant and equipment (excluding leased assets)

Buildings (excluding facilities attached to buildings), and machinery and equipment	Straight-line method
Property, plant and equipment other than the above	Declining-balance method
For facilities attached to buildings and structures acquired on or after April 1, 2016, the straight-line method is applied.	

The useful lives of major assets are as follows:

Buildings	3–50 years
Structures	3–60 years
Machinery and equipment	3–15 years

#### (2) Intangible assets (excluding leased assets)

Software (for internal use)	Straight-line method based on expected internal useful life (5 years)
Other intangible assets	Straight-line method

#### (3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership  
The straight-line method is used, where the lease period is deemed as the useful life of the asset and the residual value is zero.

## **5. Standards for provision of allowances**

### **(1) Allowance for doubtful accounts**

To make allowances for potential losses due to bad debts of notes receivables, accounts receivables, loans receivables, etc., an allowance is made for the estimated irrecoverable amount based on the actual default rate for general receivables. For specific doubtful receivables, the estimated irrecoverable amount is appropriated after considering the recoverability of each individual case.

### **(2) Provision for bonuses**

To provide for the payment of bonuses to employees, the estimated payment amount to be borne in the fiscal year under review is recorded.

### **(3) Provision for bonuses for directors (and other officers)**

To provide for the payment of bonuses to officers, the estimated payment amount to be borne in the fiscal year under review is recorded.

### **(4) Provision for retirement benefits**

To provide for the payment of retirement benefits to employees, the expected amount of retirement benefit obligations at the end of the fiscal year under review is recorded.

#### **1) Method of attributing the estimated amount of retirement benefits to periods**

When calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review is based on the benefit formula.

#### **2) Amortization of actuarial differences**

Actuarial gains and losses are amortized in an amount proportionally divided using the straight-line method over a fixed number of years (14 years and 17 years) within the average remaining service period of employees at the time of incurrence in each fiscal year and expensed from the following fiscal year of incurrence.

### **(5) Provision for share awards**

To prepare for providing shares of the Company to employees in accordance with the Stock Benefit Regulations, the estimated amount of share awards liabilities at the end of the fiscal year under review is recorded.

## **6. Revenue and expense recognition standards**

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

#### **Chemicals and food products sector**

The Company is engaged in manufacturing and sales of chemical products including polymer additives, electronic materials, and environmental materials, and food products.

Revenue from sales of these goods is recognized when goods are transferred to, or accepted by, a customer in the case of the domestic sales transactions. For the export sales transactions, revenue is recognized when control of the goods is transferred to the customer on the basis of trade terms such as incoterms.

The transaction price is calculated at the amount of consideration promised with the customer and does not include any significant financing component because the Company receives consideration within a year after the performance obligation is fulfilled. There is no significant variable consideration that affects the amount of consideration.

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

(Application of the "Accounting Standard for Current Income Taxes", etc.)

The Company has adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement



No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. since the beginning of period of the fiscal year under review.

The amendment to categories in which income taxes should be recorded (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022). The change in the accounting policies has no impact on the non-consolidated financial statements.

#### **[Notes to Changes in Presentation]**

(Non-Consolidated Balance Sheet)

“Electronically recorded monetary claims,” which was included in “Notes receivable - trade” under “Current assets” in the previous fiscal year increased in importance. As a result, it is separately presented in the fiscal year under review.

“Electronically recorded monetary claims” for the previous fiscal year was 2,694 million yen.

“Asset retirement obligations,” which was separately presented in the previous fiscal year decreased in importance. As a result, it is included in “Other” under “Non-current liabilities” in the fiscal year under review.

“Asset retirement obligations” for the previous fiscal year was 109 million yen.

#### **[Notes to Accounting Estimates]**

##### **Valuation of non-current assets**

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

(Millions of yen)

	Previous fiscal year	Fiscal year under review
Property, plant and equipment	64,237	67,054

##### **(2) Information regarding the content of significant accounting estimates related to identified items**

For property, plant and equipment and intangible assets, we judge the sign of impairment loss for assets or asset groups based on by plant and by business in principle, and if there is a sign of impairment loss, we will estimate recoverable amount using future cash flows.

As the Group engages in several businesses globally, unexpected events may affect our supply chains depending on the asset group, and may affect the assumptions for the estimate of future cash flows.

**[Notes to Non-consolidated Balance Sheet]****1. Accumulated depreciation of property, plant and equipment**

166,400 million yen

**2. Contingency liabilities**

Guarantee obligations

Guarantee for borrowings from financial institutions  
by subsidiaries and associates

1,000 million yen

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

Short-term monetary receivables 16,884 million yen

Long-term monetary receivables 4,426 million yen

Short-term monetary payables 15,524 million yen

**4. Application of the Land Revaluation Act**

The Company conducted a revaluation of the land for business use based on the “Act on Revaluation of Land” (Act No. 34 of March 31, 1998) and the “Partial Revision of the Act on Revaluation of Land” (Act No. 24 of March 31, 1999; Act No. 19 of March 31, 2001). Regarding the revaluation difference, the Company posted the tax equivalent amount concerning the said revaluation difference under the liabilities section as “deferred tax liabilities for land revaluation,” and posted the amount with the tax equivalent portion deducted to the net assets section as “revaluation reserve for land.”

## ● Method of revaluation

The revaluation amount was calculated by making reasonable adjustments to the price registered in the land tax ledger provided in Article 341, Item 10 of the Local Tax Act, as stipulated in Article 2, Item 3 of the “Enforcement Order of the Act on Revaluation of Land” (Cabinet Order No. 119 of March 31, 1998).

## ● Date of revaluation

March 31, 2002

## ● Market value of land at end of fiscal year under review and difference between market value and book value after revaluation:

(2,509) million yen

**[Notes to Non-consolidated Statement of Income]****Volume of transactions with subsidiaries and associates**

Net sales 72,699 million yen

Purchase of goods 32,987 million yen

Transactions other than operational transactions 10,672 million yen

## [Notes to Non-consolidated Statement of Changes in Net Assets]

### Class and number of treasury shares at end of fiscal year under review

(Shares)

	Number of shares at beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	Number of shares at end of fiscal year under review
Common shares	1,208,644	581,074	186,080	1,603,638
Total	1,208,644	581,074	186,080	1,603,638

Note 1: Treasury shares (common shares) as of the end of the fiscal year under review include 98,800 shares of the Company held under the Stock Benefit Trust (J-ESOP).

Note 2: The breakdown of the increase in treasury shares (common shares) is as follows.

Purchase of shares based on the resolution of the Board of Directors	480,000 shares
Purchase of treasury shares under the Stock Benefit Trust (J-ESOP)	100,000 shares
Purchase of shares less than one unit	1,074 shares

The breakdown of the decrease in treasury shares (common shares) is as follows.

Contribution to the Stock Benefit Trust (J-ESOP)	100,000 shares
Benefits of the Stock Benefit Trust (J-ESOP)	1,200 shares
Disposal of treasury shares as restricted stock remuneration	57,600 shares
Disposal of treasury shares resulting from the introduction of the Special Incentive Scheme for Employee Stock Ownership Association	27,280 shares

## [Notes to Deferred Tax Accounting]

### 1. Breakdown of main causes of deferred tax assets and deferred tax liabilities

#### Deferred tax assets

Provision for retirement benefits	5,105 million yen
Non-deductible impairment losses on non-current assets	1,198 million yen
Non-deductible loss on valuation of shares of subsidiaries and associates	966 million yen
Provision for bonuses	682 million yen
Non-deductible loss on valuation of shares	210 million yen
Accrued business tax	184 million yen
Non-deductible loss on valuation of inventories	176 million yen
Allowance for doubtful accounts	138 million yen
Excess depreciation	43 million yen
Other	342 million yen
Subtotal deferred tax assets	9,044 million yen
Subtotal valuation allowance	(1,869) million yen
Total deferred tax assets	7,175 million yen

#### Deferred tax liabilities

Reserve for tax purpose reduction entry of non-current assets	(16) million yen
Valuation difference on available-for-sale securities	(3,855) million yen
Total deferred tax liabilities	(3,871) million yen
Net deferred tax assets	3,303 million yen

#### Deferred tax liabilities concerning revaluation

Revaluation reserve for land	3,103 million yen
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## [Notes to Related Party Transactions]

Subsidiaries, etc.

Attribute	Company name	Ratio of voting rights held (owned) (%)	Relationship with the related party	Details of transactions	Transaction amount (millions of yen)	Account title	Balance at end of fiscal year (millions of yen)
Subsidiary	ADEKA CHEMICAL SUPPLY CORP.	Held: Directly: 94.43 Indirectly: 5.57	Sale of the Company's products	Sale of chemical products (Note 1)	12,190	Accounts receivable - trade	4,293
	ADEKA ENGINEERING & CONSTRUCTION CORP.	Held: Directly: 100.00	Purchase of equipment, etc.	Purchase of equipment, etc. (Note 2)	10,145	Accounts payable - other	2,742
						Accounts payable - trade	1,088
						Accrued expenses	29

Policy for determining trading conditions and terms, etc.

Note 1: As for the price and other transaction terms, the desired price is proposed by the Company considering actual market conditions and decided by price negotiations.

Note 2: Regarding the purchase of equipment, etc., the Company shall obtain multiple estimates, and determine where to make the purchase and the price considering the actual market price.

Officers and major shareholders, etc.

Attribute	Company name or name	Ratio of voting rights held (owned) (%)	Relationship with the related party	Details of transactions	Transaction amount (millions of yen)	Account title	Balance at end of fiscal year (millions of yen)
Officer	Hidetaka Shirozume	Owned: Direct: 0.07	President and Chief Executive Officer, Representative Director of the Company	In-kind contributions of monetary compensation claims (Note)	28	—	—
Officer	Haruhiko Tomiyasu	Owned: Direct: 0.05	Representative Director and Senior Managing Executive Officer of the Company	In-kind contributions of monetary compensation claims (Note)	16	—	—
Officer	Youji Shiga	Owned: Direct: 0.03	Director and Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	13	—	—
Officer	Kiyoshi Masamune	Owned: Direct: 0.02	Director and Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	13	—	—
Officer	Yoshiaki Kobayashi	Owned: Direct: 0.04	Managing Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	14	—	—
Officer	Shigeki Fujisawa	Owned: Direct: 0.03	Managing Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	14	—	—
Officer	Atsuya Yoshinaka	Owned: Direct: 0.03	Managing Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	14	—	—
Officer	Naoshi Kawamoto	Owned: Direct: 0.03	Senior Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	13	—	—
Officer	Shin Takahashi	Owned: Direct: 0.01	Senior Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	13	—	—

Policy for determining trading conditions and terms, etc.

Note: In-kind contributions of monetary compensation claims are in line with the restricted stock remuneration system (transfer restriction period of three years).

**[Notes to Revenue Recognition]**

Notes are omitted because useful information in understanding revenue from contracts with customers is the same as presented in [Notes to Revenue Recognition] of the Notes to the Consolidated Financial Statements.

**[Notes to Per Share Information]**

- |                              |              |
|------------------------------|--------------|
| 1. Net assets per share:     | 2,044.29 yen |
| 2. Basic earnings per share: | 209.96 yen   |

Note: The shares of the Company held by the Custody Bank of Japan, Ltd. (Trust E Account) as trust property of J-ESOP are included in the treasury shares deducted from the number of shares issued at the end of the period when calculating net assets per share (98,800 shares for the fiscal year under review). Such shares are also included in the treasury shares that are deducted in the calculation of average number of shares during the period when calculating basic earnings per share (99,190 shares for the fiscal year under review).

**[Additional Information]**

(Transactions to grant shares of the Company to employees through a trust)

The Company resolved, at the meeting of the Board of Directors held on April 19, 2024, to introduce an incentive plan, “Stock Benefit Trust (J-ESOP)”, under which the Company’s shares are provided to employees of the Company and some of the Group companies, (hereinafter referred to as the “Plan.”, and a trust established under the trust agreement concluded with Mizuho Trust & Banking Co., Ltd. with respect to the Plan is referred to as the “Trust”), in order to enhance the linkage between the Company’s stock price and performance and the treatment of employees, and to share the economic effects with shareholders, thereby raising the motivation and morale of employees to improve the stock price and performance.

**1. Overview**

The Plan is a trust-type scheme based on the U.S. ESOP (Employee Stock Ownership Plan). Under the Stock Benefit Regulations stipulated in advance by the Company, the Company will provide employees who meet certain conditions with shares of the Company and cash equivalent to the amount of shares of the Company converted at market price (hereinafter referred to as “shares of the Company, etc.”).

The Company grants points to employees in accordance with their individual contributions and positions, etc. and provide shares of the Company, etc. corresponding to the applicable points granted when such employees acquire the rights to receive benefits under certain conditions. Shares to be provided to employees shall be acquired in the future including the amount of money set in the trust in advance, and shall be segregated and managed as trust property.

**2. Shares of the Company remaining in the trust**

Shares of the Company remaining in the trust are recorded as treasury shares under net assets in the book value in the trust (excluding incidental expenses). The book value and the number of shares of such treasury shares is 317 million yen and 98,800 shares respectively for the fiscal year under review.

**[Notes to Significant Subsequent Events]**

Not applicable.

(Translation)  
**Independent Auditor's Report**

May 19, 2025

The Board of Directors  
ADEKA Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Kenji Fujita  
Designated Engagement Partner  
Certified Public Accountant

Kazunori Onuki  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of ADEKA Corporation and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

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

**Other Information**

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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



(Translation)  
**Independent Auditor's Report**

May 19, 2025

The Board of Directors  
ADEKA Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Kenji Fujita  
Designated Engagement Partner  
Certified Public Accountant

Kazunori Onuki  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements and the related supplementary schedules of ADEKA Corporation (the Company) applicable to the 163rd fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 163rd fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

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

**Other Information**

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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

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

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

In regard to the Directors' performance of their duties for the 163rd fiscal year from April 1, 2024 through March 31, 2025, the Audit and Supervisory Committee has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit and Supervisory Committee Member and reports as follows.

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

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

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

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

## 2. Results of Audit

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

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

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

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

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

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

May 20, 2025

Audit and Supervisory Committee, ADEKA Corporation

Full-Time Audit and Supervisory Committee Member	Koichi Taya
Audit and Supervisory Committee Member	Akio Okuyama
Audit and Supervisory Committee Member	Ikuko Hirasawa

Note: External Audit and Supervisory Committee Members, Akio Okuyama and Ikuko Hirasawa are External Directors as defined in Article 2, Item (xv) and Article 331, Paragraph (6) of the Companies Act.