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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: ADEKA CORPORATION

Stock exchange listing: Tokyo

Code number: 4401

URL: <https://www.adeka.co.jp>

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Scheduled date of Annual General Meeting of Shareholders: June 21, 2024

Scheduled date of commencing dividend payments: June 24, 2024

Scheduled date of filing annual securities report: June 21, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	399,770	(0.9)	35,428	9.4	35,763	9.8	22,977	37.0
March 31, 2023	403,343	11.7	32,369	(4.9)	32,579	(8.6)	16,778	(29.2)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 39,160 million [52.1%]
Fiscal year ended March 31, 2023: ¥ 25,751 million [(21.3)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	224.87	-	8.4	6.9	8.9
March 31, 2023	163.30	-	6.6	6.7	8.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 537 million
Fiscal year ended March 31, 2023: ¥ 512 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	543,057	339,682	52.5	2,791.92
March 31, 2023	500,068	311,709	52.2	2,544.28

(Reference) Equity: As of March 31, 2024: ¥ 285,143 million
As of March 31, 2023: ¥ 260,950 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	41,954	(23,069)	(4,559)	96,901
March 31, 2023	17,253	(19,520)	(2,618)	79,537

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	35.00	-	35.00	70.00	7,209	42.9	2.8
March 31, 2024	-	40.00	-	50.00	90.00	9,230	40.0	3.4
Fiscal year ending								
March 31, 2025 (Forecast)	-	45.00	-	45.00	90.00		40.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	196,000	4.4	15,100	2.0	14,700	(5.4)	9,800	(7.1)	95.95
Full year	425,000	6.3	37,300	5.3	36,400	1.8	23,000	0.1	225.20

* Notes:

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

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2024: 103,768,142 shares

March 31, 2023: 103,768,142 shares

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

March 31, 2024: 1,636,449 shares

March 31, 2023: 1,204,849 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 102,182,836 shares

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

(Note) For details, please refer to “3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements (Per share information)” on page 21 of the Attachments.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	153,631	0.2	13,066	35.8	23,484	27.4	18,856	48.0
March 31, 2023	153,280	7.3	9,618	(34.1)	18,440	(13.5)	12,737	(23.4)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	183.77	-
March 31, 2023	123.46	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	286,282	198,694	69.4	1,937.36
March 31, 2023	266,203	185,423	69.7	1,800.37

(Reference) Equity: As of March 31, 2024: ¥ 198,694 million
As of March 31, 2023: ¥ 185,423 million

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, the global economy and especially the developed economies continued to grow at a low rate. Its outlook remained uncertain due to concerns over global monetary tightening and the impact of the situation in Ukraine and the Middle East, as well as the slowdown in Chinese economy.

In the automobile-related sector, which is the ADEKA Group's main target market, production continued to recover steadily, though modestly. In the ICT (information and communications technology) and consumer electronics sectors, weak consumer spending and longer replacement cycles led to continued sluggish sales of smartphones and personal computers. In the food products sector, although a rapid increase in inbound tourism prompted an ongoing recovery in demand for souvenirs and eating out, the situation was challenging for confectionery and other indulgent products against the backdrop of saving-oriented consumers and seeking lower prices. In the agricultural sector, demand for agrochemicals generally remained weak both in Japan and overseas due to unfavorable weather conditions and the impact of circulating inventory from the previous year.

In the above environment, the Group implemented measures for each business during the fiscal year under review, the final year of the Medium-Term Management Plan, *ADX 2023*, with a view to the next stage of growth. Among the Polymer Additives Business, a new light stabilizer package for recycled resins was introduced to the market in the *ADK CYCLOAID* series products, which contributes to realizing a recycling-oriented society. In the Electronics and IT Materials Business, the Group aggressively implemented investments in materials for semiconductors in Japan, South Korea, and Taiwan. Specifically, the Group has decided to construct a new production building for materials for advanced semiconductors within the Jeonju 3rd Plant in South Korea and also a new research building within Kuki R&D Center in Japan to strengthen the R&D ability for the Electronics and IT Materials Business. For the Food Products Business, the Group reviewed the domestic sales system and reorganized consolidated subsidiaries with the aim of further strengthening the revenue base. Meanwhile, as a campaign to offer a first-hand experience in the good taste of the *Deli-PLANTS series* of plant-based foods, the Group opened the *ADE-Café ~Delicious & Sustainable~* in Harajuku for a limited time period, which offered original menu items that use the products. In the Life Science Business, Nichino Europe Co., Ltd. acquired all outstanding shares of Interagro (UK) Ltd., a UK-based manufacturer and distributor of adjuvants and other additives as well as biostimulants. Furthermore, in India, the Group completed construction of a multi-purpose plant capable of manufacturing the new rice insecticide Benzpyrimoxan and other multiple agrochemical ingredients. In the area of creating group synergies, the Group has discovered a compound group that can be expected to become antiparasitic agents in its joint study's efforts combining the technologies of the Company and Nihon Nohyaku, and in July 2023, four patent applications were released internationally by the World Intellectual Property Organization (WIPO). In sustainability initiatives, the Group began to introduce an internal carbon pricing system and renewable-energy-derived electricity in order to achieve the targets of reducing GHG emissions by 46% (compared with fiscal 2013) by 2030 and achieving carbon neutrality by 2050.

Financial results for the fiscal year under review were net sales of 399,770 million yen (down 0.9% year on year), operating profit of 35,428 million yen (up 9.4% year on year), ordinary profit of 35,763 million yen (up 9.8% year on year), and profit attributable to owners of parent of 22,977 million yen (up 37.0% year on year), and operating profit and ordinary profit reached new record highs.

An overview by reportable segment is as follows.

(Chemicals Products Business)

The Chemicals Products Business posted net sales of 204,130 million yen (down 3.6% year on year) and operating profit of 23,699 million yen (down 9.8% year on year).

1) Polymer Additives

In products for automobile applications, sales of light stabilizers remained strong thanks to the continued recovery in automobile production, and those for nucleating agents and high-performance plasticizers were also steady.

In products for construction materials, sales of PVC stabilizers remained weak as demand for flooring and other home interior materials stagnated due to soaring costs and longer construction periods worldwide.

In products for food packaging, sales of clarifying agents were weak due to the continued inventory adjustment in the supply chain over the first half and the continued influx of inexpensive foreign products.

Sales of one-pack granule additives used in polyolefin resin and antioxidants were weak due to a stagnant resin production volume in the Middle East and Europe caused by economic slowdown and intensified market competition.

Sales of flame retardants for engineering plastics used in home appliance enclosures, which had been weak since the year before last, turned to a recovery trend from the end of 2023. In addition, sales of flame retardants for polyolefin resins expanded for electric vehicle applications.

Overall, the Polymer Additives Business posted year-on-year decreases in sales and profit due to lower sales volume and an increase in fixed costs.

2) Electronics and IT Materials

Among products for semiconductors, sales of photoacid generators used in advanced photo resists expanded and sales of high-k materials used in advanced DRAM also remained strong. On the other hand, sales of high dielectric constant materials for older generation products remained sluggish, affected by generation changes and the production reduction by customers.

Among electronics-related products such as displays, backed by a recovery of the panel market, sales of photo initiators for color filters were favorable, and sales of black matrix resin and etching solutions also remained robust. On the other hand, sales of photo (light) curing resin for optical film were weak following the further shift of the panel production to China, and sales of etching solutions for electronic components used in printed circuit boards were also weak.

Overall, the Electronics and IT Materials Business posted a year-on-year increase in sales as a result of a strong sales of products for advanced semiconductors and recovery in sales of display-related materials. Meanwhile, profit fell year on year due to soaring prices of raw materials and a drop in sales prices of some products, on top of an increase in fixed costs resulting from the capital investment.

3) Functional Chemicals

Among functional chemicals used in automobile applications, sales of lubricant additives for engine oils remained strong against the backdrop of expanded customer adoption in the United States and the recovery of automobile production on the global scale. In addition, sales of epoxy resins for structural adhesives of automobiles and epoxy resin adhesives for automotive electronic components held firm.

Among products for architectural coatings, sales of reactive emulsifiers remained strong against the backdrop of a market share increase in China and India. Sales of special surfactants for cosmetics were weak due to a continued slump in demand mainly in Europe.

Sales of propylene glycol products for industrial use were weak due to a deteriorated supply-demand balance caused by weaker overseas market conditions. Sales of peroxides were steady thanks to a recovery of market conditions from the second half.

Overall, the Functional Chemicals Business posted a year-on-year increase in sales but only a slight year-on-year decrease in profit as a drop in sales of industrial chemicals and other products was more than offset by an increase in sales of materials for automobile components and reactive emulsifiers.

(Food Products Business)

The Food Products Business reported net sales of 84,012 million yen (up 1.8% year on year) and operating profit of 4,111 million yen (compared with operating loss of 2,403 million yen in the same period a year earlier).

Domestic sales volumes of margarines and shortening for breads and confectionery, especially general-purpose products, fell partly due to a decrease in consumption expenditure resulting from rising food prices and downsizing in end products. On the other hand, sales of margarines and fillings for souvenir confectioneries remained brisk due to the recovery in inbound tourism demand. As for the *Marvelous series* of functional margarines, which contributes to food loss reduction, a new product enjoyed strong sales that help sustain good taste of bread and others with a small amount of formula. Sales of the *Deli-PLANTS series* of plant-based foods, which are mindful of dietary diversity and environment, grew in Japan and overseas due to the pursuit of even better taste and usability and the strengthened proposals for popularization and penetration.

Overseas, recovery of both sales and profits proceeded as sales were strong in Southeast Asia and China, and price revisions made progress.

Overall, the Food Products Business achieved increases in sales and profit year on year, thanks to the initiatives to improve profitability through integration of product portfolio, efficiency improvement and cost reduction in production, as well as to revise sales price. In addition, decreased depreciation due to the recording of an impairment loss in fiscal 2022 also had a positive impact.

(Life Science Business)

The Life Science Business posted net sales of 103,021 million yen (up 0.9% year on year) and operating profit of 5,907 million yen (down 24.2% year on year).

Among agrochemicals overseas, sales were weak in Brazil, the world's largest agrochemical market, due in part to an impact of the fall in prices of certain generic products associated with the intensifying competitive environment. On the other hand, sales of insecticides in North America generally remained solid thanks to an increased demand to prepare for early spring season in the second half, which more than offset a sluggish sales in the first half. In Europe, sales remained steady mainly due to increased demand for acaricides caused by high mite infestations in southern Europe. In Asia, despite the impact of unfavorable weather conditions in India, sales remained steady by successfully promoting and expanding sales of self-developed products such as insecticides for gardening in the cotton and vegetable fields.

In Japan, sales were steady as the effects of price revisions implemented in the previous year made a full-year contribution and the Group strove to promote and expand sales of Benzpyrimoxan (trade name: *Orchestra*) and other mainstream self-developed products, although adversely impacted by unfavorable weather conditions and circulating inventory from the previous year.

Among pharmaceuticals, sales of the topical antifungal agent *Luliconazole* remained weak due to an impact of the discontinuation of its sale in China.

Overall, the Life Science Business posted an increase in sales but a decrease in profit year on year due to a significant impact of the deteriorated profitability in Brazil, which was though partially offset by an increase in sales of agrochemicals backed by the impact of foreign exchange.

[Outlook for the fiscal year ending March 31, 2025]

The global economy is expected to grow only at a low rate in the fiscal year ending March 31, 2025. The tense situation in the Middle East, prolonged high interest rate policy, and global trade slowdown, among others, are concerns as risks that restrain global production and economic activities and put downward pressure on the economy.

Nevertheless, the Group expects stable growth to continue in the automotive, semiconductor, food, agriculture, and other sectors, which are the primary targets of the Group, supported by an improving labor market and resilient consumer spending.

Under these circumstances, the Group launched its Medium-Term Management Plan, *ADX 2026* in April 2024 with the aim of achieving its vision for 2030, or *ADEKA VISION 2030: An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles*. The plan defines its three-year period as a period for accelerating

further transformation to promote sustainability as a growth strategy and strengthen our earning power through the creation of social value.

The following table shows the forecast for the next fiscal year and outlook by reportable segment.

The assumed exchange rates for the forecast are 140 yen against the U.S. dollar and 152 yen against the Euro.

Consolidated financial results forecast for the fiscal year ending March 31, 2025 (Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending March 31, 2025	425,000	37,300	36,400	23,000
Fiscal year ended March 31, 2024	399,770	35,428	35,763	22,977
Change (%)	6.3%	5.3%	1.8%	0.1%

Outlook by reportable segment (by comparison with the fiscal year ended March 31, 2024)

Business	YoY change in net sales / operating profit	Contributing factors
Chemical Products		
Polymer Additives	Up / Up	Sales for products for automobile applications to be steady. Sales of flame retardants and general-purpose antioxidants to recover as demand for household electrical appliances and resin production will recover.
Electronics and IT Materials	Up / Up	Sales of materials for advanced semiconductors to expand. Development of the Chinese market for display-related materials to progress. Fixed costs in conjunction with capital investment to increase.
Functional Chemicals	Up / Up	Sales for products for automobile applications to be steady. Sales of reactive emulsifiers for architectural coatings to expand. Propylene glycol and other industrial chemicals to contribute to earnings.
Food Products	Flat / Down	Sales of margarines and fillings for souvenir confectioneries to be steady. Application of plant-based foods to expand. Cost of raw materials, etc. to increase.
Life Science	Up / Up	Global demand for agrochemicals to increase. Sales of <i>Orchestra</i> , an insecticide for paddy rice, and other core products to expand.

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

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

1) Assets, Liabilities and Net Assets

Total assets increased 42,988 million yen (up 8.6%) from the end of the previous fiscal year to 543,057 million yen.

The main factors were increases in notes and accounts receivable - trade, and contract assets; and cash and deposits.

Liabilities increased 15,015 million yen (up 8.0%) from the end of the previous fiscal year to 203,374 million yen.

The main factors were increases in long-term borrowings and short-term borrowings.

Net assets increased 27,973 million yen (up 9.0%) from the end of the previous fiscal year to 339,682 million yen.

The main factor was an increase in retained earnings.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review increased 17,363 million yen (up 21.8% year on year) to 96,901 million yen.

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

(Cash flows from operating activities)

Net cash provided by operating activities increased 24,701 million yen (up 143.2% year on year) to 41,954 million yen.

The main factor was a decrease in inventories.

(Cash flows from investing activities)

Net cash used in investing activities increased 3,549 million yen (up 18.2% year on year) to 23,069 million yen.

The main factor was an increase in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities increased 1,940 million yen (up 74.1% year on year) to 4,559 million yen.

The main factor was an increase in redemption of bonds.

(Reference) Changes in cash flow-related indicators

	Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Equity ratio (%)	51.4	52.1	52.6	52.2	52.5
Equity ratio based on market value (%)	34.1	51.3	58.6	46.3	60.6
Cash flow to interest-bearing debt ratio (years)	2.2	1.6	2.8	4.0	1.9
Interest coverage ratio	27.2	40.4	26.4	8.3	13.0

(Notes)

Equity ratio: Equity/ Total assets

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

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

Interest coverage ratio: Operating cash flows/Interest payments

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

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

We recognize that the return of profits to shareholders is one of management's most important tasks.

In our Medium-Term Management Plan, **ADX 2026**, which starts in fiscal 2024, we have set a goal of achieving a dividend payout ratio of 40% or more, based on our comprehensive consideration of appropriate shareholder returns, maintaining stable dividends as our policy. Retained earnings will be used to invest in growth areas including, among others, Electronics and IT Materials Business, and to make investments that contribute to the environment toward achieving carbon neutrality.

Taking into consideration the consolidated business performance and financial position for the fiscal year under review, we plan to pay a year-end dividend of 50 yen per share for the fiscal year under review by increasing 10 yen per share from the initial forecast (announced on May 12, 2023) of 40 yen per share. Combined

with the interim dividend of 40 yen per share already paid, the annual dividend will be 90 yen per share (70 yen per share for the previous fiscal year).

For the next fiscal year, we plan to pay an annual dividend of 90 yen per share (including the interim dividend of 45 yen per share).

2. Basic Policy on Selection of Accounting Standards

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

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	81,119	98,429
Notes and accounts receivable - trade, and contract assets	99,623	116,937
Securities	5,499	5,498
Merchandise and finished goods	67,367	64,236
Work in process	8,524	8,464
Raw materials and supplies	40,822	41,919
Other	13,619	12,490
Allowance for doubtful accounts	(1,174)	(1,378)
Total current assets	315,401	346,598
Non-current assets		
Property, plant and equipment		
Buildings and structures	96,178	102,724
Accumulated depreciation	(59,688)	(62,590)
Buildings and structures, net	36,490	40,134
Machinery, equipment and vehicles	187,906	198,596
Accumulated depreciation	(153,391)	(162,912)
Machinery, equipment and vehicles, net	34,514	35,684
Land	30,515	31,467
Leased assets	1,840	1,683
Accumulated depreciation	(1,174)	(1,147)
Leased assets, net	665	536
Construction in progress	9,911	10,595
Other	41,333	44,114
Accumulated depreciation	(33,942)	(35,693)
Other, net	7,390	8,421
Total property, plant and equipment	119,488	126,840
Intangible assets		
Technical assets	5,471	4,476
Customer-related assets	2,489	2,328
Software	2,005	6,147
Leased assets	34	13
Other	8,043	3,532
Total intangible assets	18,044	16,497
Investments and other assets		
Investment securities	33,609	42,013
Long-term loans receivable	771	1,023
Retirement benefit asset	3,193	3,452
Deferred tax assets	4,448	2,760
Other	5,308	4,281
Allowance for doubtful accounts	(197)	(411)
Total investments and other assets	47,133	53,119
Total non-current assets	184,666	196,458
Total assets	500,068	543,057

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	62,235	64,903
Short-term borrowings	22,295	26,780
Current portion of long-term borrowings	7,560	11,885
Lease liabilities	297	245
Income taxes payable	3,246	4,827
Provision for bonuses	3,206	3,587
Provision for bonuses for directors (and other officers)	157	126
Provision for environmental measures	18	-
Other	30,470	22,071
Total current liabilities	129,488	134,427
Non-current liabilities		
Bonds payable	5,315	14,381
Long-term borrowings	20,777	22,283
Lease liabilities	609	461
Deferred tax liabilities	3,097	3,157
Deferred tax liabilities for land revaluation	3,013	3,013
Provision for retirement benefits for directors (and other officers)	264	71
Retirement benefit liability	20,408	20,526
Other	5,383	5,051
Total non-current liabilities	58,870	68,947
Total liabilities	188,358	203,374
Net assets		
Shareholders' equity		
Share capital	23,048	23,048
Capital surplus	20,126	20,181
Retained earnings	197,843	213,125
Treasury shares	(2,304)	(3,375)
Total shareholders' equity	238,713	252,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,800	11,665
Revaluation reserve for land	3,330	3,330
Foreign currency translation adjustment	11,362	17,147
Remeasurements of defined benefit plans	(257)	20
Total accumulated other comprehensive income	22,236	32,163
Non-controlling interests	50,759	54,539
Total net assets	311,709	339,682
Total liabilities and net assets	500,068	543,057

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	403,343	399,770
Cost of sales	305,124	295,079
Gross profit	98,218	104,691
Selling, general and administrative expenses	65,848	69,262
Operating profit	32,369	35,428
Non-operating income		
Interest income	1,554	2,201
Dividend income	925	975
Share of profit of entities accounted for using equity method	512	537
Foreign exchange gains	644	2,000
Other	896	807
Total non-operating income	4,532	6,522
Non-operating expenses		
Interest expenses	2,470	3,723
Loss on valuation of derivatives	1,286	1,318
Other	566	1,144
Total non-operating expenses	4,323	6,187
Ordinary profit	32,579	35,763
Extraordinary income		
Gain on sale of non-current assets	51	56
Gain on sale of investment securities	1,009	610
Total extraordinary income	1,061	666
Extraordinary losses		
Impairment losses	3,750	-
Loss on disaster	133	-
Loss on abandonment of non-current assets	555	665
Loss on sale of investment securities	2	-
Loss on valuation of investment securities	6	66
Loss on valuation of shares of subsidiaries and associates	-	15
Total extraordinary losses	4,448	748
Profit before income taxes	29,192	35,682
Income taxes - current	9,798	8,934
Income taxes - deferred	(1,566)	437
Total income taxes	8,231	9,371
Profit	20,960	26,310
Profit attributable to non-controlling interests	4,182	3,333
Profit attributable to owners of parent	16,778	22,977

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	20,960	26,310
Other comprehensive income		
Valuation difference on available-for-sale securities	158	3,676
Foreign currency translation adjustment	3,301	8,239
Remeasurements of defined benefit plans, net of tax	1,538	230
Share of other comprehensive income of entities accounted for using equity method	(207)	703
Total other comprehensive income	4,791	12,850
Comprehensive income	25,751	39,160
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,981	32,905
Comprehensive income attributable to non-controlling interests	5,770	6,255

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2023

(Millions of yen)

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

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

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,048	20,126	197,843	(2,304)	238,713
Changes during period					
Dividends of surplus			(7,707)		(7,707)
Profit attributable to owners of parent			22,977		22,977
Purchase of treasury shares				(1,238)	(1,238)
Disposal of treasury shares		6		138	144
Increase by merger			11		11
Increase by share exchanges		9		28	37
Reversal of revaluation reserve for land					-
Change in treasury shares arising from change in equity in entities accounted for using equity method				2	2
Change in ownership interest of parent due to transactions with non-controlling interests		39			39
Net changes in items other than shareholders' equity					-
Total changes during period	-	54	15,282	(1,070)	14,265
Balance at end of period	23,048	20,181	213,125	(3,375)	252,979

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,800	3,330	11,362	(257)	22,236	50,759	311,709
Changes during period							
Dividends of surplus					-		(7,707)
Profit attributable to owners of parent					-		22,977
Purchase of treasury shares					-		(1,238)
Disposal of treasury shares					-		144
Increase by merger					-		11
Increase by share exchanges					-		37
Reversal of revaluation reserve for land					-		-
Change in treasury shares arising from change in equity in entities accounted for using equity method					-		2
Change in ownership interest of parent due to transactions with non-controlling interests					-		39
Net changes in items other than shareholders' equity	3,865	-	5,784	277	9,927	3,779	13,707
Total changes during period	3,865	-	5,784	277	9,927	3,779	27,973
Balance at end of period	11,665	3,330	17,147	20	32,163	54,539	339,682

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	29,192	35,682
Depreciation	16,003	17,065
Impairment losses	3,750	-
Share of loss (profit) of entities accounted for using equity method	(512)	(537)
Increase (decrease) in retirement benefit liability	(48)	107
Interest and dividend income	(2,479)	(3,177)
Interest expenses	2,470	3,723
Foreign exchange losses (gains)	(1,086)	(1,346)
Loss (gain) on sale of non-current assets	(51)	(56)
Loss on abandonment of non-current assets	555	665
Decrease (increase) in trade receivables	5,513	(12,063)
Decrease (increase) in inventories	(17,650)	7,790
Increase (decrease) in trade payables	(4,137)	(934)
Other, net	(2,109)	2,108
Subtotal	29,408	49,028
Interest and dividends received	2,565	3,682
Interest paid	(2,079)	(3,236)
Income taxes paid	(12,640)	(7,519)
Net cash provided by (used in) operating activities	17,253	41,954
Cash flows from investing activities		
Purchase of securities	(17,998)	(17,996)
Proceeds from sale and redemption of securities	14,998	17,997
Purchase of property, plant and equipment	(14,488)	(19,471)
Proceeds from sale of property, plant and equipment	487	90
Purchase of intangible assets	(3,368)	(2,280)
Purchase of investment securities	(133)	(389)
Proceeds from sale of investment securities	1,166	1,233
Purchase of shares of subsidiaries and associates	(8)	(2,637)
Long-term loan advances	-	(302)
Other, net	(174)	688
Net cash provided by (used in) investing activities	(19,520)	(23,069)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,619)	2,339
Proceeds from long-term borrowings	9,705	13,175
Repayments of long-term borrowings	(1,641)	(7,613)
Proceeds from issuance of bonds	4,036	10,000
Redemption of bonds	(223)	(10,100)
Dividends paid	(7,947)	(7,700)
Dividends paid to non-controlling interests	(2,043)	(2,517)
Other, net	(1,886)	(2,143)
Net cash provided by (used in) financing activities	(2,618)	(4,559)
Effect of exchange rate change on cash and cash equivalents	1,624	2,993
Net increase (decrease) in cash and cash equivalents	(3,261)	17,319
Cash and cash equivalents at beginning of period	82,799	79,537
Increase in cash and cash equivalents resulting from merger	-	44
Cash and cash equivalents at end of period	79,537	96,901

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional Information)

(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.

(Segment information, etc.)

a. Segment information

1. Summary of reportable segments

(1) Method of determining reportable segments

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

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

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

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

The major products in each reportable segment are as follows.

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

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

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

Profits of reportable segments are based on operating income.

Intersegment revenues and transfers are based on prevailing market prices.

3. Information on Sales, Profit or Loss, Assets, and Other Items by Reporting Segment
For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

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

- (Notes) 1. “Others” refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.
2. The details of the adjustments are as follows
The segment profit (loss) adjustment of (39) million yen includes the elimination of inter-segment transactions.
Adjustment of segment assets of 31,150 million yen mainly includes surplus funds under management (cash deposits and marketable securities) as well as long-term investment funds (investment securities) possessed by the Company.
3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
4. Depreciation includes amortization of long-term prepaid expenses.
5. Increases in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	204,130	84,012	103,021	391,164	8,606	399,770	–	399,770
(2) Inter-segment net sales or transfers	150	323	11	486	21,568	22,054	(22,054)	–
Total	204,281	84,336	103,033	391,650	30,174	421,825	(22,054)	399,770
Segment profit	23,699	4,111	5,907	33,717	1,768	35,486	(58)	35,428
Segment assets	249,070	67,776	157,873	474,720	19,037	493,758	49,299	543,057
Other items								
Depreciation (Note 4)	11,438	2,923	2,882	17,244	104	17,348	(283)	17,065
Investments in equity- method affiliates	6,637	–	6,468	13,106	–	13,106	–	13,106
Increase in property, plant and equipment and intangible assets (Note 5)	16,605	1,735	2,110	20,451	485	20,937	(272)	20,664

- (Notes) 1. “Others” refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.
2. The details of the adjustments are as follows
The segment profit adjustment of (58) million yen includes the elimination of inter-segment transactions.
Adjustment of segment assets of 49,299 million yen mainly includes surplus funds under management (cash deposits and marketable securities) as well as long-term investment funds (investment securities) possessed by the Company.
3. Segment profit is adjusted with operating profit in the consolidated statements of income.
4. Depreciation includes amortization of long-term prepaid expenses.
5. Increases in property, plant and equipment and intangible assets include an increase in long-term prepaid expenses.

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

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

(Million yen)

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

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net assets per share (yen)	2,544.28	2,791.92
Basic earnings per share (yen)	163.30	224.87
Diluted earnings per share	Not shown because there were no potential shares.	Not shown because there were no potential shares.

(Notes) The basis for calculating basic earnings per share is as follows.

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	16,778	22,977
Amount not attributable to common stockholders (million yen)	—	—
Profit attributable to owners of the parent for common stock (million yen)	16,778	22,977
Average number of shares of common stock outstanding during the period (thousand shares)	102,744	102,182

(Significant subsequent events)

Not applicable.