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Securities code: 4401

June 4, 2024

Date of commencement of electronic provision measures: May 24, 2024

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 162nd Ordinary General Meeting of Shareholders

We are pleased to announce that the 162nd 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 162nd 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.

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 20, 2024 (JST).

**1. Date and Time:** June 21, 2024 (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 162nd fiscal year (from April 1, 2023 to March 31, 2024)
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:**

**Proposal 1** Appropriation of the Surplus

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

**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 20, 2024.**

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

Please access the website for exercising voting rights specified by the Company (<https://www.web54.net>), and, having used the voting code and password, follow the on-screen explanation to enter your approval or disapproval to each of the proposals **by 5:15 p.m. on Thursday, June 20, 2024.**

When exercising your voting rights via the Internet, please refer to the “Guide to Exercising Voting Rights” and the “Guide to Exercising Voting Rights via the Internet” on pages 4 & 5 (Japanese version only).

- 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 an indication of approval of the proposal.
- 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.
- In order to save electricity, 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 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.

Shareholders who wish to watch the program, please access the following URL:  
<https://www.net-presentations.com/4401/20240621/bxlophi/>

Or, please search the following in the search engine.

You can also access by scanning the following QR code 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

#### 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 162nd fiscal year as follows.

(1) Type of dividends

Cash

(2) Dividend allocation and their aggregate amount

Dividend per common share of the Company: ¥50

Adding the year-end dividend for the fiscal year under review to the interim dividend of ¥40 yields an annual dividend of ¥90 (the annual dividend for the previous fiscal year was ¥70 per share).

Total dividends: ¥5,127,974,900

(3) Effective date of dividends of surplus

Monday, June 24, 2024

**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	94% (16 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	100% (17 out of 17)
4	Kiyoshi Masamune	Male	Operating Officer, General Manager, Corporate Planning & Strategy Division	New election	–
5	Shigeru Endo	Male	Director	Reelection External Independent	100% (17 out of 17)
6	Makoto Horiguchi	Male	Director	Reelection External Independent	94% (16 out of 17)
7	Naoya Takahashi	Male	–	New election External Independent	–

New election: Candidate for new election as Director

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. Among the candidates for Directors proposed in this Proposal, the candidates for reelection have already been insured under this insurance contract and will continue to be insured after their reappointment. The candidates for new election will be insured after their appointment.

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]	Apr. 1985    Joined the Company Jun. 2005    General Manager, Electronic Materials Sales Department Jun. 2010    General Manager, Information & Electronic Materials Sales Department Jun. 2011    General Manager, Chemicals Planning & Marketing Department Jun. 2014    Operating Officer, General Manager, Chemicals Planning & Marketing Department Jun. 2015    Operating Officer, General Manager, Osaka Main Branch Jun. 2016    Director and Operating Officer, General Manager, Osaka Main Branch Jun. 2017    Director and Managing Operating Officer, General Manager, Corporate Planning & Strategy Division and Chair of Capital Investment Committee Jun. 2018    President and Chief Executive Officer Jun. 2023    President and Chief Executive Officer, Representative Director (current position)	65,600 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 2016, he has been involved as Director in the management of the Company, and beginning in June 2018, as President and Chief Executive Officer, he has been contributing to the continued enhancement of the corporate value of the Company with his powerful leadership. During the term of the previous Medium-term Management Plan, he vigorously pushed forward the growth strategies, the corporate governance enhancement, and the corporate management with awareness of sustainability of the Group, which helped increase the corporate value of the Company over the medium to long term. Currently, he directs management from the front towards the goals of the Medium-Term Management Plan "ADX 2026." 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 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. 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>	50,800 shares
<p>[Reasons for nomination as candidate for Director] Haruhiko Tomiyasu possesses long years of experience in the financial industry, coupled with a high level of knowledge, and has been involved in the management of the Company and 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. In addition, as Chair of the Internal Control Promotion Committee and Chair of the Risk Management Committee, he has pushed forward to strengthen the Group's internal control promotion system and the Group risk management system, which helped increase the corporate value of the Company over medium to long term. 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] 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	32,700 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 has been the driving force for the realization of the Medium-Term Management Plan by playing the central role in formulating and promoting the financial strategy and transforming the corporate management that emphasizes capital efficiency as Director. 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) [New election]	Apr. 1988    Joined the Company	12,900 shares
		Jun. 2018    Operating Officer, General Manager, Corporate Planning & Strategy Division (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. Based on his experience and knowledge as a researcher and later 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 2018, he has been involved in the management of the Company as Operating Officer, and as a head of the division he has overseen the formulation and promotion of the Medium-Term Management Plan, he has performed his duties in an appropriate manner by vigorously promoting the Company's sustainable management, the digitalization and DX of operations. 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 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
5	<p>Shigeru Endo (October 16, 1948) [Reelection] [External] [Independent]</p> <p>Years of service (as of the conclusion of this general meeting of shareholders) Six (6) years</p>	<p>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</p>	0 shares
[Reasons for nomination as candidate for External Director and expected roles]			
<p>Shigeru Endo spent many years as an active diplomat, and has a broad range of knowledge and insight about international situations and rich international mindset. Since his appointment as External Director, he has been striving to strengthen the management supervision function and auditing capability as well as enhancement of the corporate governance utilizing his experience and insight. 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>			
[Matters related to independence]			
<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 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>			
[Limitation of liability contract]			
<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>			
[Other matters of note in relation to this candidate for External 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
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) Three (3) years</p>	<p>Apr. 1979 Joined Iwatani Corporation Jun. 2012 Executive Officer, Iwatani Corporation Jun. 2016 Member of the Board, Executive Officer, General Manager, Industrial Gases &amp; Machinery Business Group, Iwatani Corporation Apr. 2017 Executive Director and Executive Officer, Iwatani Corporation 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 Apr. 2020 Member of the Board, Vice President, Iwatani Corporation Responsible for Sales, Iwatani Corporation Jun. 2021 External Director of the Company (current position) Apr. 2022 In charge of New Product Development &amp;Market Research, Iwatani Corporation Risk Management Committee Chairperson, Iwatani Corporation Apr.2024 Member of the Board, Iwatani Corporation (current position) Chairman, Higashi-Nippon Iwatani Gas Corporation (current position) President, Kashima L.P.G. Joint Stockpiling Co., Ltd. (current position) (Significant concurrent positions outside the Company) Member of the Board, Iwatani Corporation Chairman, Higashi-Nippon Iwatani Gas Corporation President, Kashima L.P.G. Joint Stockpiling Co., Ltd.</p>	4,800 shares
<p>[Reasons for nomination as candidate for External Director and expected roles] Makoto Horiguchi has supervised the Sales Division of Iwatani Corporation as Member of the Board of Iwatani Corporation over many years, and has been involved in the management 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, he has been playing an important role in securing adequacy and appropriateness of management judgment and management supervision of the Board of Directors. Also, he is providing valuable advice and suggestions regarding business strategies and management plan formulation as well as supervision of progress of business plans based on the abovementioned experience, knowledge and insight on corporate management and corporate governance. 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
7	Naoya Takahashi (October 17, 1948) [New election] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) 0 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)  (Significant concurrent positions outside the Company) Executive Advisor of Hitachi Vantara, Ltd. (current position)	0 shares
[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&D, has a wealth of experience in corporate management and the use of digital technologies (IT/DX), broad insight, global knowledge and excellent personality. The Company expects that he will offer appropriate supervision and advice on the general management of the Company and contribute to securing and enhancing the transparency and soundness of the management as well as strengthening supervising function to increase the corporate value of the Company, and we therefore request that he be elected as External Director.			
[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 him with the Tokyo Stock Exchange as Independent Director if he is elected as External Director. Moreover, please refer to <Reference> 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.			
[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 he is elected as External Director. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act.			
[Other matters of note in relation to this candidate for External Director] No special interests exist between the candidate and the Company.			

(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 is 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)	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 Operating Officer				●		●	●
Kiyoshi Masamune	Director and Operating Officer		●	●			●	●
Shigeru Endo	Director <u>External / Independent</u>			●		●		●
Makoto Horiguchi	Director <u>External / Independent</u>	●		●				●
Naoya Takahashi	Director <u>External / Independent</u>	●		●			●	
Koichi Taya	Director, Full-Time Audit and Supervisory Committee Member (Chairperson)							●
Akio Okuyama	Director, Audit and Supervisory Committee Member <u>External / Independent</u>				●			●
Ikuko Hirasawa	Director, Audit and Supervisory Committee Member <u>External / Independent</u>		●					●

### 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.
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>
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, 2023–March 31, 2024)

## I. Overview of the Group

### 1. Business Progress and Results

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 China 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 technical grade agrochemicals. 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.

(Millions of yen)

Business Segment	Net Sales
Chemicals Products Business	204,130
Food Products Business	84,012
Life Science Business	103,021
Other Business	8,606

## Topics in the Fiscal Year under Review

During the fiscal year under review, the final year of the Medium-Term Management Plan “ADX 2023,” we promoted development and sales expansion of products that contribute to reducing environmental impact and solving social issues, as well as aggressive investment for expansion into new business domains.

### 1. Chemicals Products Business

#### (1) Polymer additives

##### (i) Started selling *ADK CYCLOAID* UPR-021, environment-friendly polymer additive

The Company started selling *ADK CYCLOAID* UPR-021, which contributes to reducing waste plastics. This product can be used for recycled materials collected from home appliances, etc., to give them excellent weather resistance and transform them into high-performance products with higher added value, such as automotive materials.

##### (ii) Started selling *ADK STAB* NA-B99P, a novel $\beta$ -nucleating agent

The Company developed and started selling *ADK STAB* NA-B99P, which improves the impact resistance and extensibility of plastics. From the viewpoint of reducing the environmental impact, the Company expects to see a spread of the use of plastic materials, which help reduce fuel consumption during transportation and can be used for long periods of time. We will expand global sales of this product for a wide range of applications, including construction materials, automotive parts, and food packaging.

#### (2) Electronics and IT Materials

##### (i) Promoted capital investment in facilities for advanced semiconductor memories

The company has been aggressively investing in facilities for the *ADEKA ORCERA* series of high dielectric materials for advanced semiconductor memories. ADEKA KOREA CORP. has expanded its facilities to increase production and expand its product lineup. In February 2024, we decided to construct a new production building within the Jeonju 3rd Plant in South Korea with a view to next-generation semiconductors.

##### (ii) Expanded a business domain to cover logic ICs

The capital investment in the *ADEKA ARKLS* series of photoacid generators for photoresists, which had been underway at the Chiba Plant, were completed, and commercial operations started in August 2023. These products have world-class performance leveraging our strengths in light control and metal control technologies, and sales are growing for EUV (extreme ultraviolet) and other advanced lithography applications. As an advanced material indispensable for the miniaturization of semiconductors, we will continue to expand our business domain in the field of logic semiconductors.

##### (iii) Decided to construct a new research building within Kuki R&D Center in Japan

In November 2023, we decided to construct a new research building within Kuki R&D Center to strengthen our R&D capabilities. The new research building will serve as a core research laboratory for the development of cutting-edge semiconductor materials by deepening and integrating our chemical R&D technologies, and will play a key role in R&D for the expansion of the Electronics and IT Materials Business.

#### (3) Functional chemicals

##### (i) “Carbon-neutral, laser-curing adhesion system” received high recognition

The Company timely develops and supplies highly functional products required by the mobility and electronics markets. The “carbon-neutral, laser-curing adhesion system” developed in collaboration with DENSO CORPORATION was highly recognized as an adhesion technology that achieves energy savings and reduces CO<sub>2</sub> emissions, and received the Technological Development Award from the Adhesion Society of Japan in June 2023.

### 2. Food Products Business

#### (i) Took on initiatives for promotion and expansion of the *Deli-PLANTS* series of plant-based foods and those for food tech

In response to social issues such as food diversification, environmental considerations, and stable food supply, the Group is working to promote and expand sales of the *Deli-PLANTS* series of plant-based foods. During the fiscal year under review, the Group started selling another seven new products to expand the product line-up. In December 2023, as a campaign to offer a first-hand experience in the good taste of the *Deli-PLANTS* series, 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 addition, 12 food-related companies, including the Company, established FoodTech One Corporation for the purpose of developing, promoting, and marketing plant-derived alternative foods.

### 3. Life Science Business

#### (i) Created synergies with NIHON NOHYAKU CO., LTD.

Among the joint research projects with NIHON NOHYAKU CO., LTD., a consolidated subsidiary of the Company, the Group made an achievement in creating veterinary drugs. In July 2023, four patent applications concerning a compound group that can be expected to become antiparasitic agents were released internationally by the World Intellectual Property Organization (WIPO).

#### (ii) New rice insecticide Benzpyrimoxan obtained agrochemical registration

NICHINO INDIA PVT. LTD., a consolidated subsidiary of NIHON NOHYAKU CO., LTD., obtained an agrochemical registration for “Benzpyrimoxan 10% + Pymetrozine 20% WG,” a new rice pesticide admixture, on July 6, 2023. The product combines Benzpyrimoxan, which is highly effective in killing rice pests, with the active ingredient Pymetrozine, which has excellent biological effects and safety, making it possible to use the product in a longer application period.

### 4. New Businesses

#### (i) Developed SPAN, an active material for next-generation secondary batteries and demonstration of the world's lightest secondary battery received high recognition using SPAN

In June 2023, the Company received the Encouragement Prize at the Japan Association for Chemical Innovation's 22nd GSC Awards and the Minister of Economy, Trade and Industry's Prize (the highest award) at the 36th Sankei Shimbun Advanced Technology Award for the development of SPAN, an active material for next-generation secondary batteries, and the demonstration of the world's lightest rechargeable battery using SPAN. Going forward, the Company will take on a challenge for the early commercialization of next-generation/innovative secondary batteries and contribute to a sustainable society through the development of battery materials by promoting the development of the *ADEKA AMERANSA CMG* series of graphene as an electrode auxiliary agent for secondary batteries.

#### (ii) Established a position as a graphene manufacturer

In April 2023, the Company acquired a 78.3% stake in INCUBATION ALLIANCE, INC. INCUBATION ALLIANCE is a start-up company engaged in research and development, manufacturing, sale, and contract prototyping of graphene and other nanocarbon materials and applied components. Through this acquisition, the two companies will combine their graphene-related technologies and know-how to strengthen their R&D capabilities, expand their business domains, and accelerate the commercialization of products such as heat radiation materials for automobiles and electronic devices, and battery materials.

## 2. Status of Capital Investments

Total capital investments made during the fiscal year under review were 20,664 million yen. The main items are as follows.

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

Business		Company	Item
Chemicals Products Business	Electronics and IT Materials	ADEKA FINE CHEMICAL TAIWAN CORP.	New establishment of production facilities of semiconductor materials
		ADEKA CORP. (Chiba Plant)	Expansion of production facilities of semiconductor materials
		ADEKA KOREA CORP.	Expansion of production facilities of semiconductor materials

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

Business		Company	Item
Chemicals Products Business	Polymer additives	Amfine Chemical Corporation	New establishment of tanks for additive raw materials
	Electronics and IT Materials	ADEKA KOREA CORP.	Expansion of production facilities of semiconductor materials
		Functional chemicals	ADEKA CORP. (Mie Plant)
	ADEKA CORP. (Fuji Plant)		Expansion of production facilities of high-purity hydrogen peroxide
Life Science Business		NICHINO INDIA PVT. LTD.	Expansion of production facilities of agrochemicals

### (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

The Company issued the Second Series Unsecured Bonds in the amount of 10 billion yen on February 29, 2024 to fund the redemption of bonds.

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

Effective May 1, 2023, the Company entered into a simplified share exchange with the Company being a wholly owning parent company resulting from the share exchange and YONGO CORPORATION, a consolidated subsidiary of the Company, being a wholly owned subsidiary company resulting from the share exchange, to make YONGO a wholly owned subsidiary of the Company.

## 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

<b>Financial indicators (FY2026)</b>	<b>Operating profit</b>	<b>53 billion yen</b> (Net sales: 500 billion yen)
	<b>ROE</b>	<b>11.0%</b>
	<b>ROIC</b>	<b>10.5%</b>
<b>Sustainability indicators*<sup>1</sup> (FY2026)</b>	<b>Sales of Eco-friendly products</b>	<b>115 billion yen</b> (2.5 folds the FY2019 level)
	<b>GHG emissions</b>	<b>199 thousand t-CO<sub>2</sub>e*<sup>2</sup></b> (13% reduction from the FY2013 level)
	<b>Ratio of women in managerial positions</b>	<b>6% or more</b> (non-consolidated)
<b>Capital investment amount</b>		<b>75 billion yen</b> (3 years)
<b>Dividend policy (Dividend payout ratio)</b>		<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 electronics and IT 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) 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 2023, the Group implemented the initiatives listed below, including the implementation and of the “Carbon Neutrality Strategy” and awareness-raising activities in the area of the environment (E), the accelerated promotion of women’s activities led by DE&I Project Team (renamed from D&I Project Team) in the area of society (S), and the introduction of the Entrusted Executive Officer System in the area of governance(G).

[Major activities in Fiscal 2023]

Environment (E)	<ul style="list-style-type: none"> <li>• Disclosed the results of scenario analysis for all businesses based on the of the TCFD (Task Force on Climate-related Financial Disclosure) recommendations (in May 2023).</li> <li>• Implemented the “Carbon Neutrality Strategy” and activities to disseminate it.</li> <li>• Introduced Internal Carbon Pricing (ICP) as a reference index for capital investment (from FY2023).</li> <li>• Introduced the FIT non-fossil certificate, aiming to achieve 100% renewable energy consumption of electricity at 9 domestic bases, mainly non-production bases (in May 2023).</li> <li>• Expanded sales of Eco-friendly products by 1.7 times in FY2023 compared to FY2019.</li> </ul>
Society (S)	<ul style="list-style-type: none"> <li>• Renamed from the “D&amp;I” Project Team to the “DE&amp;I” Project Team to accelerate promotion of women’s active participation in the workplace (in November 2023).</li> <li>• The ratio of female managers reached 5.4% in FY2023 (on a non-consolidated basis), achieving the FY2025 target (5% or more) under the General Employer Action Plan ahead of schedule.</li> <li>• Started an engagement survey (in December 2023).</li> <li>• Certified as an “Excellent Corporation for Health and Productivity Management 2024” (in the large corporation category) for the third consecutive year (in March 2024).</li> <li>• Started developing procedures for human rights due diligence</li> </ul>
Governance (G)	<ul style="list-style-type: none"> <li>• Improved the Board effectiveness by the measures as follow:               <ul style="list-style-type: none"> <li>- Reviewed the Board composition by reducing the number of directors (from 16 to 10) and increasing the ratio of independent outside directors (5 out of 10 are outside directors) (in June 2023),</li> <li>- Appointed Ms. Ikuko Hirasawa as a female outside director with strengths in the fields of human rights and human resources development (to increase the ratio of female directors to 10%) (in June 2023), and</li> <li>- Reviewed the criteria for matters to be related to the Board of Directors to simplify the content to be reported to the Board</li> </ul> </li> <li>• Introduced the Entrusted Executive Officer System to further promote separation of supervision and execution (in June 2023).</li> <li>• Implemented the Risk Management Training with a focus on contingency measures as part of our response to geopolitical risks (in November 2023).</li> </ul>

(3) Issues to be addressed

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 Group would like to thank shareholders for your continuing support and encouragement.



Outlook for FY2024 by reportable segment (as compared with FY2023)

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 <b>ORCHESTRA</b> , 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.

## 6. Trends in Assets and Income

(Millions of yen, unless otherwise specified)

Item	159th fiscal year ended March 31, 2021	160th fiscal year ended March 31, 2022	161st fiscal year ended March 31, 2023	162nd fiscal year ended March 31, 2024 (Fiscal year under review)
Net sales	327,080	361,234	403,343	399,770
Ordinary profit	29,270	35,658	32,579	35,763
Profit attributable to owners of parent	16,419	23,687	16,778	22,977
Earnings per share (Yen)	159.01	229.65	163.30	224.87
Total assets	437,657	475,304	500,068	543,057
Net assets	271,485	296,871	311,709	339,682

Note: 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.

## 7. Significant Subsidiaries and Associates (As of March 31, 2024)

### (1) Significant subsidiaries

Business	Company	Location	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Chemicals	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 (SHANGHAI) CO., LTD.	China	3.0 million USD	100.00	Manufacture and sale of polymer additives, functional polymers, electronic materials, etc.
	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	350 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

Business	Company	Location	Paid-in 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.
	YONGO CO., LTD.	Aichi Pref.	18	100.00	Wholesale of commercial materials for confection and bread products
	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
	CROWN CO., LTD.	Osaka Pref.	10	100.00	Manufacture and sale of edible oils and fats and processed oil and fat food products

Note 1. Effective May 1, 2023, the Company entered into a simplified share exchange with the Company being a wholly owning parent company resulting from the share exchange and YONGO CORPORATION, a consolidated subsidiary of the Company, being a wholly owned subsidiary resulting from the share exchange, to make YONGO a wholly owned subsidiary of the Company.

Note 2. 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.

Business	Company	Location	Paid-in 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)	Landscaping and other construction, design, installation, supervision, and sale, etc. of horticultural chemicals
	NICHINO SERVICE CO., LTD.	Tokyo	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)	Production, development, and sale, etc. 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)	Development, promotion, and sale, 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)	Production and sale of agrochemicals
	NICHINO VIETNAM CO., LTD.	Vietnam	22.680 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
	INTERAGRO 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)	Sale and development of adjuvants and biostimulants
NICHINO SOUTH AFRICA (PTY) LTD	South Africa	0	100.00 (Indirect, 100.00)	Development and registration of agrochemicals	

Business	Company	Location	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Other	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	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Chemicals	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)	Production and sale of agrochemicals
	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 organic synthetic chemicals

## 8. Details of the Principal Business (As of March 31, 2024)

Business		Main Products
Chemicals Products Business	Polymer additives	Additives for polyolefin, PVC stabilizers and plasticizers, Flame retardants, etc.
	Electronics and IT materials	High-purity semiconductor materials, Photoacid generators, Electronic circuit board etching device and chemicals, Photo (light) curing resins, Photoinitiators, Imaging materials, etc.
	Functional chemicals	Epoxy resins, Polyurethane raw materials, Water borne resins, Surfactants, Lubricant additives, Kitchen detergents, Cosmetic ingredients, Propylene glycol, Hydrogen peroxide and derivatives, Water-swelling seal materials, etc.
Food Products business		Margarines, Shortening, Fats and oils for chocolate, Frying and cooking fats and oils, Plant-based foods, Whipped cream, Kneading cream, Fillings, Mayonnaise and dressings, Functional food ingredients, etc.
Life Science business		Agrochemicals, Pharmaceuticals, Quasi-drugs, Veterinary drugs, Chemicals for wood, Medical materials, etc.
Other businesses		Design, Construction and construction management of equipment plants, Equipment maintenance, Logistics, Warehousing, Vehicle leasing, Real estate, Insurance agency business, etc.

## 9. Principal Sales Offices and Plants, etc. (As of March 31, 2024)

### (1) The Company

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

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, 2024)

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

Business department	Number of employees	Year-on-year change
Chemicals Products Business	2,537	11
Food Products Business	992	(14)
Life Science Business	1,572	3
Other Businesses	236	16
Company-wide Businesses	175	2
Total	5,512	18

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	1,519	12	40.2	17.3
Female employees	296	7	38.1	14.3
Total	1,815	19	39.9	16.8

Note: The number of employees referred to the number of persons employed excluding 128 seconded staff members, temporary employees, etc.

## 11. Status of Major Lenders (As of March 31, 2024)

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

Lender	Amount borrowed (millions of yen)
Mizuho Bank, Ltd.	23,777
The Norinchukin Bank	6,960
MUFG Bank, Ltd.	5,530
Sumitomo Mitsui Trust Bank, Limited	4,216
Resona Bank, Limited	3,021
Asahi Mutual Life Insurance Company	2,643

### (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, 2024)

- (1) Total number of shares outstanding: 103,768,142  
 (2) Number of shareholders: 8,929  
 (3) Major shareholders (top ten)

Shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
*The Master Trust Bank of Japan, Ltd. (Trust Account)	11,416	11.13
*Custody Bank of Japan, Ltd. (Trust Account)	10,475	10.21
Asahi Mutual Life Insurance Company	4,053	3.95
*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	3.68
ADEKA Business Partners Shareholding Association	3,147	3.07
National Federation of Agricultural Cooperative Associations	2,334	2.28
The Norinchukin Bank	2,244	2.19
ZEON CORPORATION	2,188	2.13
THE BANK OF NEW YORK MELLON 140042	2,009	1.96
SHOWA KOSAN CO., LTD.	1,870	1.82

- Notes: 1. Shareholding ratios are calculated after deducting treasury shares (1,208,644 shares).  
 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
Directors (excluding Audit and Supervisory Committee Members and External Directors)	4	22,500



## 2. Company Officers (As of March 31, 2024)

### (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, Information System Department, and Business Digitalization Department
Director	Susumu Yasuda	Operating Officer Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee
Director (External)	Kazuyuki Nagai	Chairman, UNIVERSITY CORRESPONDENCE EDUCATION Professor Emeritus, CHUO UNIVERSITY Attorney
Director (External)	Shigeru Endo	Outside Director, JGC HOLDINGS CORPORATION
Director (External)	Makoto Horiguchi	Member of the Board, Vice President, IWATANI CORPORATION Director, IWATANI (CHINA) LTD. Director, IWATANI AUSTRALIA PTY. LTD.
Director Full-Time Audit and Supervisory Committee Member	Koichi Taya	
Director Audit and Supervisory Committee Member (External)	Akio Okuyama	Certified Public Accountant Outside Director who is an Audit and Supervisory Committee Member, NIPPON CORPORATION Corporate Auditor, SHINKIN CENTRAL BANK
Director Audit and Supervisory Committee Member (External)	Ikuko Hirasawa	Acting Chairperson, Former Eugenic Protection Act Lumpsum Grant Certification Committee, Ministry of Health, Labour and Welfare Regional Committee Member, Advisory Committee for the Nomination of Lower-Court Judges, Supreme Court of Japan Chairperson of Board of Trustees, Nihon University Partner of Oozora Law Office

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

2. 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.

3. 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 through services as an attorney for years and possesses a significant level of knowledge of finance and accounting.

4. 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 May 21, 2021.

#### 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 business performance (consolidated net sales, consolidated operating profit, and consolidated profit) for each fiscal year, social value that regards contribution, etc. to environmental issues in each fiscal year as subjects of evaluation, and other various circumstances.

The Company's Medium-Term Management Plan, ADX 2023 aims to integrate management with CSR and optimize both social value and economic value through businesses leading to solution of social

issues. Therefore, the aforementioned performance indicators were chosen because consolidated net sales and consolidated operating profit are set as targets in the Group's Medium-Term Management Plan and because consolidated profit is also a key performance indicator that is the source of shareholder returns (dividends), which is also set as a target in the Group's Medium-Term Management Plan. Social value such as contribution to environmental issues are evaluated as a non-financial performance indicator. Results related to these financial performance indicators are as indicated in "1. Business Progress and Results" and "6. Trends in Assets and Income."

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	55%	22%	23%
Director & Senior Managing Executive Officer	59%	20%	21%
Director & Managing Operating Officer	61%	17%	22%
Director & Operating Officer	61%	15%	24%

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 Hidetaka Shirozume 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 Hidetaka Shirozume 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, etc., President and Chief Executive Officer Hidetaka Shirozume 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 Hidetaka Shirozume shall draft a remuneration plan by comprehensively considering business performance of each fiscal year, contribution, etc., to environmental issues, and other various circumstances, and 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 Hidetaka Shirozume 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)	385 (32)	196 (32)	50	138	12 (3)
Directors (Audit and Supervisory Committee Members) (of which, External Directors)	47 (24)	47 (24)	–	–	5 (4)

- 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 Nagai: Chairman, UNIVERSITY CORRESPONDENCE EDUCATION

Director Horiguchi: Member of the Board, Vice President, Iwatani Corporation;

Member of the Board, IWATANI (CHINA) LTD.;

Director, IWATANI AUSTRALIA PTY. 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 Okuyama (Audit and Supervisory Committee Member):

Outside Director who is an Audit and Supervisory Committee Member, NIPPON CORPORATION

Corporate Auditor, SHINKIN CENTRAL BANK

Director Hirasawa (Audit and Supervisory Committee Member):

Acting Chairperson, Former Eugenic Protection Act Lumpsum Grant Certification Committee, Ministry of Health, Labour and Welfare

Regional Committee Member, Advisory Committee for the Nomination of Lower-Court Judges, Supreme Court of Japan

Chairperson of Board of Trustees, Nihon University

Partner of Oozora Law Office

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	98% (Directors, and Audit and Supervisory Committee Members)	<ul style="list-style-type: none"> <li>• Medium-Term Management Plan</li> <li>• Business investment and M&amp;A</li> <li>• ESG &amp; sustainability</li> <li>• Introduction of the Entrusted Executive Officer System</li> <li>• Status of initiatives related to IR &amp; SR, and enhancement of PR activities</li> <li>• Capital efficiency</li> <li>• Fund procurement</li> <li>• Risk management and compliance</li> <li>• Internal control</li> </ul>
The Audit and Supervisory Committee	6	95% (Audit and Supervisory Committee Members)	<ul style="list-style-type: none"> <li>• Policy for audits by the Audit and Supervisory Committee, audit and other plans and assignment of duties, and revision to standards for audits by the Audit and Supervisory Committee</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 methods and audit results</li> <li>• Judgment and verification of the appropriateness of the report on results of non-audit 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	4	92% (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 for the 161st fiscal year</li> <li>• Decision to submit a report to the Board of Directors on a succession plan for President &amp; Chief Executive Officer formulated by the Nomination and Remuneration Committee</li> <li>• Selection of an independent External Director as the Chairperson of the Nomination and Remuneration Committee</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	Kazuyuki Nagai	17/17 (100%)	–	4/4 (100%)	Based on his ample management experiences and expertise on the Companies Act, he asked questions when appropriate and expressed his opinions. In doing so, he played sufficient roles as External Director that the Company expected in deciding important matters of management and supervising business execution.
	Shigeru Endo	17/17 (100%)	–	4/4 (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	16/17 (94%)	–	–	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.
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	13/13 (100%)	4/4 (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.

5) Total remuneration for External Officers

External Officers                      56 million yen for 7 External Officers

### 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**

(Millions of yen)

Category	Remuneration for audit attestation services	Remuneration for non-audit services
ADEKA Corporation	82	2
Subsidiaries	–	–
Total amount of money and other property benefit to be paid by the Company and its subsidiaries	82	2

- (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. Out of the Company's subsidiaries, NIHON NOHYAKU CO., LTD. and certain others have been audited by an audit corporation other than the Company's Accounting Auditor. In addition, certain overseas subsidiaries are audited by an organization that belongs to the same network (Ernst & Young) as the Company's Accounting Auditor.
  3. As non-audit services, the Company has commissioned the Accounting Auditor to prepare a comfort letter in conjunction with the issuance of bonds. Furthermore, the Company and its subsidiaries commissioned tax-related advisory and other services to an organization that belongs to the same network (Ernst & Young) as the Company's Accounting Auditor.

(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. In the fiscal year under review, the Company created and distributed posters, cards, and explanatory manuals, as well as conducted awareness-raising activities such as a series of feature articles in the intra-group newsletter and e-learning courses, to familiarize employees with the revised ADEKA Group Code of Conduct, which incorporates the element of “contributing to society through our core business” and “sustainability management.”

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.

During the current fiscal year, a compliance awareness survey (questionnaire) was conducted in July 2023, targeting officers and employees of the Company and its subsidiaries in Japan. The results of this survey will be fed back to the Company and its domestic subsidiaries, and the Company will strive to make improvements by digging deeper into the compliance issues highlighted by this survey.

In addition, the Company revised the “Compliance Whistle-blowing Regulations” to comply with the Revised Whistle-Blower Protection Act enacted in June 2022 and explained the summary of the amendments to the Act and the Regulations as well as practical points to note to Compliance Promotion Responsible Managers of the Company’s domestic subsidiaries in a Group Compliance Council meeting held in September 2022.

**(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 plans to expand this operation to Group companies.

In addition, we conducted pre-launch training on the ERM system targeting managers and staff members responsible for risk management, and in light of the recent rise in geopolitical risk, we also held lectures on overseas risk management.

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.

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 CSR (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, electronics and IT materials, and functional chemicals, 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 2023" as the first stage for achieving the Group's vision for 2030 "ADEKA VISION 2030." During this period, the Group will promote the integration of management and CSR, 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, 2024)

(Millions of yen)

Item	Amount
<b>(Assets)</b>	
<b>Current assets</b>	346,598
Cash and deposits	98,429
Notes and accounts receivable - trade, and contract assets	116,937
Securities	5,498
Merchandise and finished goods	64,236
Work in process	8,464
Raw materials and supplies	41,919
Other	12,490
Allowance for doubtful accounts	(1,378)
<b>Non-current assets</b>	196,458
<b>Property, plant and equipment</b>	126,840
Buildings and structures	40,134
Machinery, equipment and vehicles	35,684
Land	31,467
Leased assets	536
Construction in progress	10,595
Other	8,421
<b>Intangible assets</b>	16,497
Technical assets	4,476
Customer related assets	2,328
Software	6,147
Leased assets	13
Other	3,532
<b>Investments and other assets</b>	53,119
Investment securities	42,013
Long-term loans receivable	1,023
Retirement benefit asset	3,452
Other investments	2,770
Deferred tax assets	2,760
Other	1,511
Allowance for doubtful accounts	(411)
<b>Total assets</b>	<b>543,057</b>

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

## Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	134,427
Notes and accounts payable - trade	64,903
Short-term borrowings	26,780
Current portion of long-term borrowings	11,885
Lease obligations	245
Accrued expenses	8,653
Income taxes payable	4,827
Provision for bonuses	3,587
Provision for bonuses for directors (and other officers)	126
Other	13,418
<b>Non-current liabilities</b>	68,947
Bonds payable	14,381
Long-term borrowings	22,283
Lease obligations	461
Deferred tax liabilities	3,157
Deferred tax liabilities for land revaluation	3,013
Retirement benefit liability	20,526
Provision for retirement benefits for directors (and other officers)	71
Other	5,051
<b>Total liabilities</b>	203,374
<b>(Net assets)</b>	
<b>Shareholders' equity</b>	252,979
Share capital	23,048
Capital surplus	20,181
Retained earnings	213,125
Treasury shares	(3,375)
<b>Accumulated other comprehensive income</b>	32,163
Valuation difference on available-for-sale securities	11,665
Revaluation reserve for land	3,330
Foreign currency translation adjustment	17,147
Remeasurements of defined benefit plans	20
<b>Non-controlling interests</b>	54,539
<b>Total net assets</b>	339,682
<b>Total liabilities and net assets</b>	543,057

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

## Consolidated Statement of Income

(April 1, 2023–March 31, 2024)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		399,770
<b>Cost of sales</b>		295,079
<b>Gross profit</b>		104,691
<b>Selling, general and administrative expenses</b>		69,262
<b>Operating profit</b>		35,428
<b>Non-operating income</b>		
Interest and dividend income	3,177	
Share of profit of entities accounted for using equity method	537	
Foreign exchange gains	2,000	
Other	807	6,522
<b>Non-operating expenses</b>		
Interest expenses	3,723	
Loss on valuation of derivatives	1,318	
Other	1,144	6,187
<b>Ordinary profit</b>		35,763
<b>Extraordinary income</b>		
Gain on sale of non-current assets	56	
Gain on sale of investment securities	610	666
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	665	
Loss on valuation of investment securities	66	
Loss on valuation of shares of subsidiaries and associates	15	748
<b>Profit before income taxes</b>		35,682
Income taxes-current	8,934	
Income taxes-deferred	437	9,371
<b>Profit</b>		26,310
Profit attributable to non-controlling interests		3,333
<b>Profit attributable to owners of parent</b>		22,977

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

## Consolidated Statement of Changes in Net Assets

(April 1, 2023–March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2023	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
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 of items other than shareholders' equity					–
Total changes during period	–	54	15,282	(1,070)	14,265
Balance on March 31, 2024	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 on April 1, 2023	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
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 of 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 on March 31, 2024	11,665	3,330	17,147	20	32,163	54,539	339,682

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: 39

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.

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

Names of major non-consolidated subsidiaries:

TOKYO ENVIRONMENTAL MEASUREMENT CENTER Co., Ltd.

NICHINO VIETNAM CO., 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: 10

Names of major companies, etc.:

CO-OP CLEAN CO., LTD.

SHOWA KOSAN CO., LTD.

SIPCAM EUROPE S.P.A.

The Company acquired shares of INTERAGRO (UK) LTD., and included it and its three subsidiaries and associates in the scope of application of the equity method in the fiscal year under review.

## **(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.

MIZUSHIMA KASOZAI 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 ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. and one other company 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)





their retirement, the amount payable at the end of the fiscal year under review based on internal regulations 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, electronics and IT materials, and functional chemicals, 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 Revenue Recognition]

### 1. Information on disaggregation of revenue

[By Region]

(Millions of yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Japan	75,656	72,564	28,949	177,169	5,344	182,514
China	27,536	8,165	413	36,116	2,243	38,359
Asia (excl. Japan and China)	55,757	3,150	18,840	77,748	520	78,269
Others	45,170	112	54,631	99,914	217	100,132
Revenue from contracts with customers	204,120	83,994	102,834	390,949	8,326	399,275
Revenue from other sources	9	18	186	214	280	495
Sales to external customers	204,130	84,012	103,021	391,164	8,606	399,770

[By Goods or Service]

(Millions of yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Polymer additives	100,484	–	–	100,484	–	100,484
Electronics and IT materials	39,003	–	–	39,003	–	39,003
Functional chemicals	64,633	–	–	64,633	–	64,633
Processed fat and oil food products	–	83,994	–	83,994	–	83,994
Agrochemicals, pharmaceuticals, etc.	–	–	102,834	102,834	–	102,834
Others	–	–	–	–	8,326	8,326
Revenue from contracts with customers	204,120	83,994	102,834	390,949	8,326	399,275
Revenue from other sources	9	18	186	214	280	495
Sales to external customers	204,130	84,012	103,021	391,164	8,606	399,770

## 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, 2023	As of March 31, 2024
Receivables arising from contracts with customers	99,594	116,838
Contract assets	28	98
Contract liabilities	841	564

### (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. Recoverability of deferred tax assets

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

Deferred tax assets	2,760 million yen
Deferred tax liabilities	3,157 million yen

#### (2) Other information that contributes to the understanding of users of the consolidated financial statements

##### 1) Calculation method

The Company recognizes the recoverability of deductible temporary differences and tax loss carryforwards to the extent that it is probable that they will be available to offset future taxable income determined based on the business plan. The recoverability is assessed by using tax rates expected to apply in the period in which the assets will be realized based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

##### 2) Main assumptions

The main assumptions in the business plan that form the basis for estimating taxable income are projected sales volumes and manufacturing costs. The sales volume and manufacturing cost projections are determined primarily based on customer demand forecast.

##### 3) Impact on consolidated financial statements for the following fiscal year

Assumptions in the business plan are determined based on management's best estimates and judgment. However, they may be affected by market trends and revisions or promulgation of relevant laws and regulations, and if a review is required, the amount of deferred tax assets recorded may change, which may affect tax expenses.

## [Notes to Consolidated Balance Sheet]

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

(1) Assets pledged as collateral	
Cash and deposits	172 million yen
Notes and accounts receivable - trade, and contract assets	9,463 million yen
Merchandise and finished goods	1,718 million yen
Raw materials and supplies	1,325 million yen
Buildings and structures	1,346 million yen
Machinery, equipment and vehicles	1,154 million yen
Land	2,689 million yen
Total	<u>17,870 million yen</u>
(2) Collateral-related liabilities	
Short-term borrowings	1,914 million yen
Current portion of long-term borrowings	732 million yen
Long-term borrowings	668 million yen
Total	<u>3,315 million yen</u>

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

262,343 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: (2,535) 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 (Note 1)	1,204,849	501,442	69,842	1,636,449
Total	1,204,849	501,442	69,842	1,636,449

Note 1: The increase in the number of common treasury shares is due to the purchase of shares based on the resolution of the Board of Directors, purchase of shares less than one unit and the acquisition of parent company shares by entities accounted for using equity method. The decrease is due to disposal of treasury shares as restricted stock remuneration, disposal of treasury shares resulting from share exchanges, and a change in equity in entities accounted for using the equity method.

**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 23, 2023	Common shares	3,604	35	March 31, 2023	June 26, 2023
Board of Directors meeting held on November 10, 2023	Common shares	4,102	40	September 30, 2023	December 5, 2023

**(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 21, 2024	Common shares	5,127	Retained earnings	50	March 31, 2024	June 24, 2024

## [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 currencies, 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, 2024 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	31,954	31,954	—
Bonds payable	16,137	16,128	(9)
Long-term borrowings	34,168	34,192	23
Derivative transactions (*)	(295)	(295)	—

(\*) 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	15,558

### 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				
Shares	26,455	5,498	–	31,954
Derivatives	–	(295)	–	(295)

**(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	–	16,128	–	16,128
Long-term borrowings	–	34,192	–	34,192

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 and long-term borrowings

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

**[Notes to Per Share Information]**

- |                              |              |
|------------------------------|--------------|
| 1. Net assets per share:     | 2,791.92 yen |
| 2. Basic earnings per share: | 224.87 yen   |



## **[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.

## **[Notes to Significant Subsequent Events]**

Not applicable.

## Non-Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	Amount
<b>(Assets)</b>	
<b>Current assets</b>	143,874
Cash and deposits	48,503
Notes receivable - trade	4,555
Accounts receivable - trade	38,897
Securities	5,498
Merchandise and finished goods	16,979
Work in process	7,189
Raw materials and supplies	16,532
Prepaid expenses	303
Accounts receivable - other	1,779
Other	3,660
Allowance for doubtful accounts	(26)
<b>Non-current assets</b>	142,407
<b>Property, plant and equipment</b>	64,237
Buildings	16,354
Structures	2,799
Machinery and equipment	21,408
Vehicles	20
Tools, furniture and fixtures	3,036
Land	16,752
Leased assets	365
Construction in progress	3,499
<b>Intangible assets</b>	6,710
Rights	1,320
Right to use facilities	97
Software	5,180
Software in progress	111
<b>Investments and other assets</b>	71,459
Investment securities	24,213
Shares of subsidiaries and associates	30,632
Investments in capital of subsidiaries and associates	5,638
Long-term loans receivable	7,096
Long-term prepaid expenses	86
Deferred tax assets	3,473
Other	1,419
Allowance for doubtful accounts	(1,101)
<b>Total assets</b>	<b>286,282</b>

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

## Non-Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	56,284
Notes payable - trade	1,527
Accounts payable - trade	26,937
Short-term borrowings	4,250
Current portion of long-term borrowings	7,000
Lease obligations	128
Accounts payable - other	3,271
Accrued expenses	3,823
Income taxes payable	2,503
Provision for bonuses	2,105
Provision for bonuses for directors (and other officers)	50
Other	4,688
<b>Non-current liabilities</b>	31,303
Bonds payable	10,000
Lease obligations	282
Deferred tax liabilities for land revaluation	3,013
Retirement benefit liability	16,384
Asset retirement obligations	109
Long-term deposits received	1,512
<b>Total liabilities</b>	87,587
<b>(Net assets)</b>	
<b>Shareholders' equity</b>	186,289
<b>Share capital</b>	23,048
<b>Capital surplus</b>	20,131
Legal capital surplus	20,074
Other capital surplus	57
<b>Retained earnings</b>	146,084
Legal retained earnings	1,096
Other retained earnings	144,987
Reserve for dividends	90
Reserve for tax purpose reduction entry of non-current assets	53
General reserve	51,241
Retained earnings brought forward	93,603
<b>Treasury shares</b>	(2,973)
<b>Valuation and translation adjustments</b>	12,405
<b>Valuation difference on available-for-sale securities</b>	9,074
<b>Revaluation reserve for land</b>	3,330
<b>Total net assets</b>	198,694
<b>Total liabilities and net assets</b>	286,282

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

## Non-Consolidated Statement of Income

(April 1, 2023–March 31, 2024)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		153,631
<b>Cost of sales</b>		112,466
<b>Gross profit</b>		41,164
<b>Selling, general and administrative expenses</b>		28,098
<b>Operating profit</b>		13,066
<b>Non-operating income</b>		
Interest income	160	
Dividend income	8,680	
Foreign exchange gains	1,860	
Miscellaneous income	178	10,880
<b>Non-operating expenses</b>		
Interest expenses	85	
Provision of allowance for doubtful accounts	127	
Commitment fees	35	
Bond issuance costs	47	
Miscellaneous losses	165	461
<b>Ordinary profit</b>		23,484
<b>Extraordinary income</b>		
Gain on sale of investment securities	593	593
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	636	
Loss on valuation of shares of subsidiaries and associates	15	652
<b>Profit before income taxes</b>		23,425
Income taxes-current	4,719	
Income taxes-deferred	(149)	4,569
<b>Profit</b>		18,856

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

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2023–March 31, 2024)

(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, 2023	23,048	20,074	51	20,125	1,096	90	55	51,241	82,452	134,934
Changes during period										
Dividends of surplus									(7,707)	(7,707)
Reversal of reserve for tax purpose reduction entry							(1)		1	–
Profit									18,856	18,856
Purchase of treasury shares										
Disposal of treasury shares			6	6						
Increase by share exchanges			(0)	(0)						
Net changes of items other than shareholders' equity										
Total changes during period	–	–	5	5	–	–	(1)	–	11,151	11,149
Balance on March 31, 2024	23,048	20,074	57	20,131	1,096	90	53	51,241	93,603	146,084

	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, 2023	(1,904)	176,203	5,889	3,330	9,219	185,423
Changes during period						
Dividends of surplus		(7,707)				(7,707)
Reversal of reserve for tax purpose reduction entry		–				–
Profit		18,856				18,856
Purchase of treasury shares	(1,235)	(1,235)				(1,235)
Disposal of treasury shares	138	144				144
Increase by share exchanges	28	28				28
Net changes of items other than shareholders' equity			3,185		3,185	3,185
Total changes during period	(1,069)	10,085	3,185	–	3,185	13,270
Balance on March 31, 2024	(2,973)	186,289	9,074	3,330	12,405	198,694

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	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 with market value	
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 (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.

## **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, electronics and IT materials, and functional chemicals, 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 Accounting Estimates]****1. Recoverability of deferred tax assets**

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

Deferred tax assets	3,473 million yen
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(2) Other information that contributes to the understanding of users of the non-consolidated financial statements

The details of this item are the same as presented in “[Notes to Accounting Estimates] 1. Recoverability of deferred tax assets” of the Notes to the Consolidated Financial Statements.

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

172,500 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	17,848 million yen
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Long-term monetary receivables	6,378 million yen
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Short-term monetary payables	14,948 million yen
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**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:

(2,535) million yen

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

Net sales	65,933 million yen
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Purchase of goods	32,260 million yen
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Transactions other than operational transactions	8,227 million yen
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**[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	775,888	500,356	67,600	1,208,644
Total	775,888	500,356	67,600	1,208,644

Note 1: Breakdown of the increase in number of treasury shares

Increase due to purchase of shares of less than one unit: 356 shares

Increase due to purchase of treasury shares based on the resolution of the board of directors: 500,000 shares

Note 2: Breakdown of the decrease in number of treasury shares

Decrease due to disposal of treasury shares: 56,100 shares

Decrease due to share exchanges: 11,500 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	4,964 million yen
Non-deductible impairment losses on non-current assets	1,314 million yen
Non-deductible loss on valuation of shares of subsidiaries and associates	977 million yen
Provision for bonuses	638 million yen
Allowance for doubtful accounts	342 million yen
Accrued business tax	206 million yen
Non-deductible loss on valuation of shares	204 million yen
Non-deductible loss on valuation of inventories	179 million yen
Excess depreciation	38 million yen
Other	404 million yen
Subtotal deferred tax assets	9,266 million yen
Subtotal valuation allowance	(2,062) million yen
Total deferred tax assets	7,204 million yen

## Deferred tax liabilities

Reserve for tax purpose reduction entry of non-current assets	(23) million yen
Valuation difference on available-for-sale securities	(3,707) million yen
Other	(0) million yen
Total deferred tax liabilities	(3,730) million yen
Net deferred tax assets	3,473 million yen

## Deferred tax liabilities concerning revaluation

Revaluation reserve for land	3,013 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)	11,457	Accounts receivable - trade	4,149
	ADEKA ENGINEERING & CONSTRUCTION CORP.	Held: Directly: 100.00	Purchase of equipment, etc.	Purchase of equipment, etc. (Note 2)	9,683	Accounts payable - other Accounts payable - trade Accrued expenses Deposits received	2,996 985 28 1,609
Associate	SHOWA KOSAN CO., LTD.	Held: Directly: 21.54	Sale of the Company's products	Sale of chemical products (Note 1)	8,145	Accounts receivable - trade	3,253

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: 0.06	President and Chief Executive Officer, Representative Director of the Company	In-kind contributions of monetary compensation claims (Note)	23	—	—
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)	13	—	—
Officer	Yoshiaki Kobayashi	Owned: Direct: 0.04	Managing Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	11	—	—
Officer	Shigeki Fujisawa	Owned: Direct: 0.03	Managing Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	11	—	—
Officer	Youji Shiga	Owned: Direct: 0.04	Director and Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	10	—	—
Officer	Atsuya Yoshinaka	Owned: Direct: 0.03	Senior Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	10	—	—
Officer	Susumu Yasuda	Owned: Direct: 0.03	Director and Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	10	—	—
Officer	Naoshi Kawamoto	Owned: Direct: 0.02	Senior Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	10	—	—
Officer	Noriyasu Kakuta	Owned: Direct: 0.03	Senior Operating Officer of the Company	In-kind contributions of monetary compensation claims (Note)	10	—	—

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:     | 1,937.36 yen |
| 2. Basic earnings per share: | 183.77 yen   |

**[Notes to Significant Subsequent Events]**

Not applicable.

# Independent Auditor's Report

May 21, 2024

The Board of Directors  
ADEKA Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tatsuya Suzuki  
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, 2023 to March 31, 2024.

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, 2024, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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, related safeguards.

## **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.

**This report is a translated version of the original audit report written in Japanese and for information purpose only.**

## **Independent Auditor's Report**

May 21, 2024

The Board of Directors  
ADEKA Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tatsuya Suzuki  
Designated Engagement Partner  
Certified Public Accountant

Kazunori Onuki  
Designated Engagement Partner  
Certified Public Accountant

### **Opinion**

Pursuant to Article 436, Section 2, Paragraph 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, the notes to the financial statements and the related supplementary schedules of ADEKA Corporation. (the "Company") applicable to the 162nd fiscal year from April 1, 2023 to March 31, 2024.

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 162nd fiscal year ended March 31, 2024 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 business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor are responsible for overseeing the Company 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 responsibility is 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.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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.

### **Conflicts of Interest**

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

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

In regard to the Directors' performance of their duties for the 162nd fiscal year from April 1, 2023 through March 31, 2024, 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 22, 2024

#### 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.