



Briefings on Financial Results

For the 3rd Quarter of the fiscal year ended Mar. 31,2024

Feb.29,2024

【TSE 4401】





Financial Results Overview

FY2023 3rd Quarter

Apr. 1, 2023 –Dec. 31, 2023

President and Chief Executive Officer,
Representative Director

Hidetaka Shirozume

1. **FY2023/3Q Consolidated Results** ... P 3
2. **FY2023 Consolidated Forecasts** ... P13
3. **For Reference** ... P21
 - Progress of MTMP *ADX 2023*
 - Overseas Sales

A decorative border composed of various geometric shapes in red and blue, including triangles, squares, circles, and rectangles, arranged in a pattern around the edges of the page.

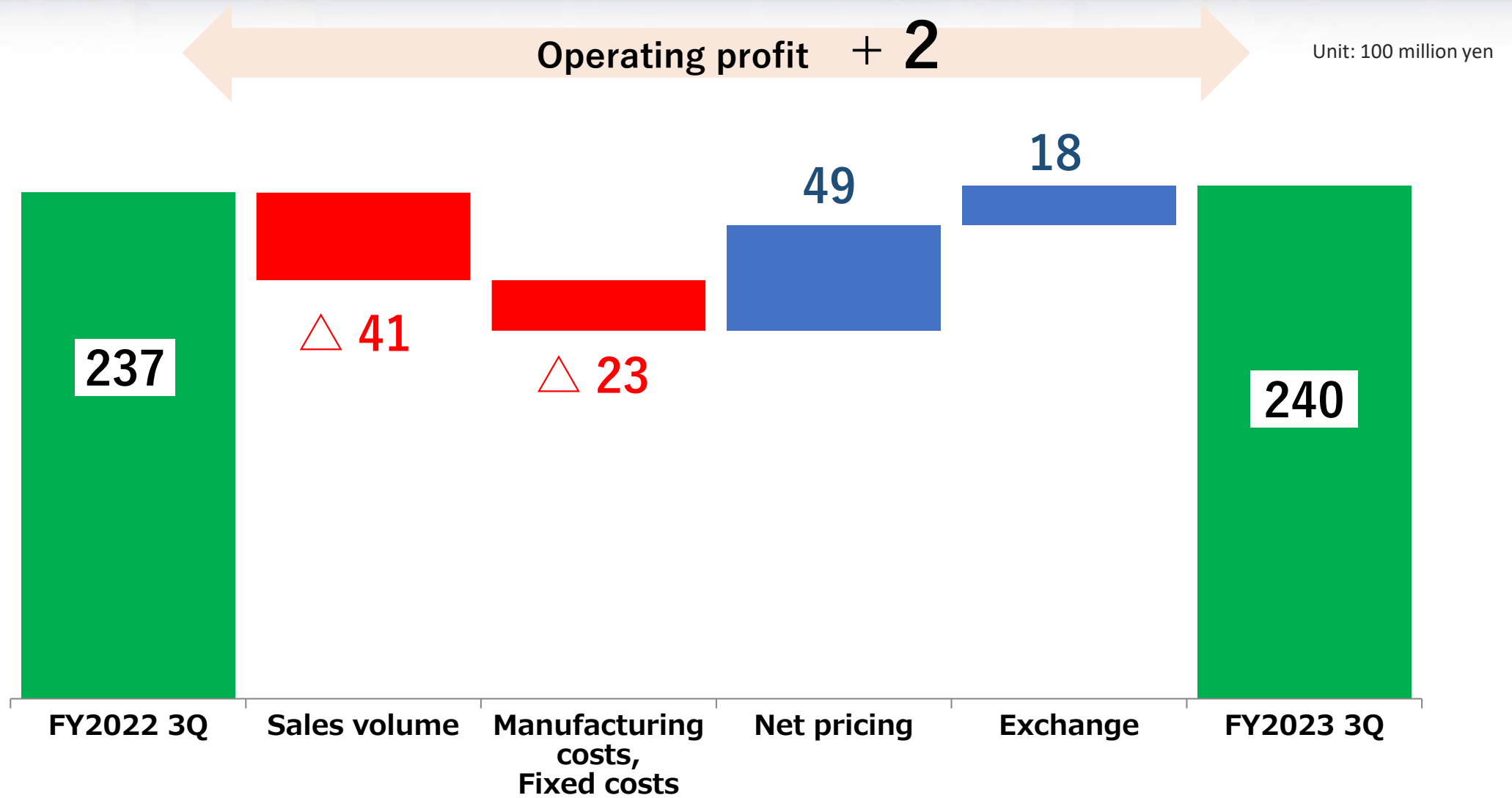
1. FY2023/3Q Consolidated Results

Unit: 100 million yen

	FY2022 3Q	FY2023 3Q	Change	Rate (%)
Net sales	2,961	2,864	△ 96	△ 3.3
Operating profit	237	240	2	1.2
Current profit	243	245	2	1.0
Profit attributable to owners of parent	146	164	17	12.1
Net profit per share (yen/share)	¥ 142.8	¥ 161.0	¥ 18.2	

Note : Amounts are expressed in units of 100 million yen and have been rounded off and net profit per share are rounded to the second decimal place.

Analysis of Operating Profit

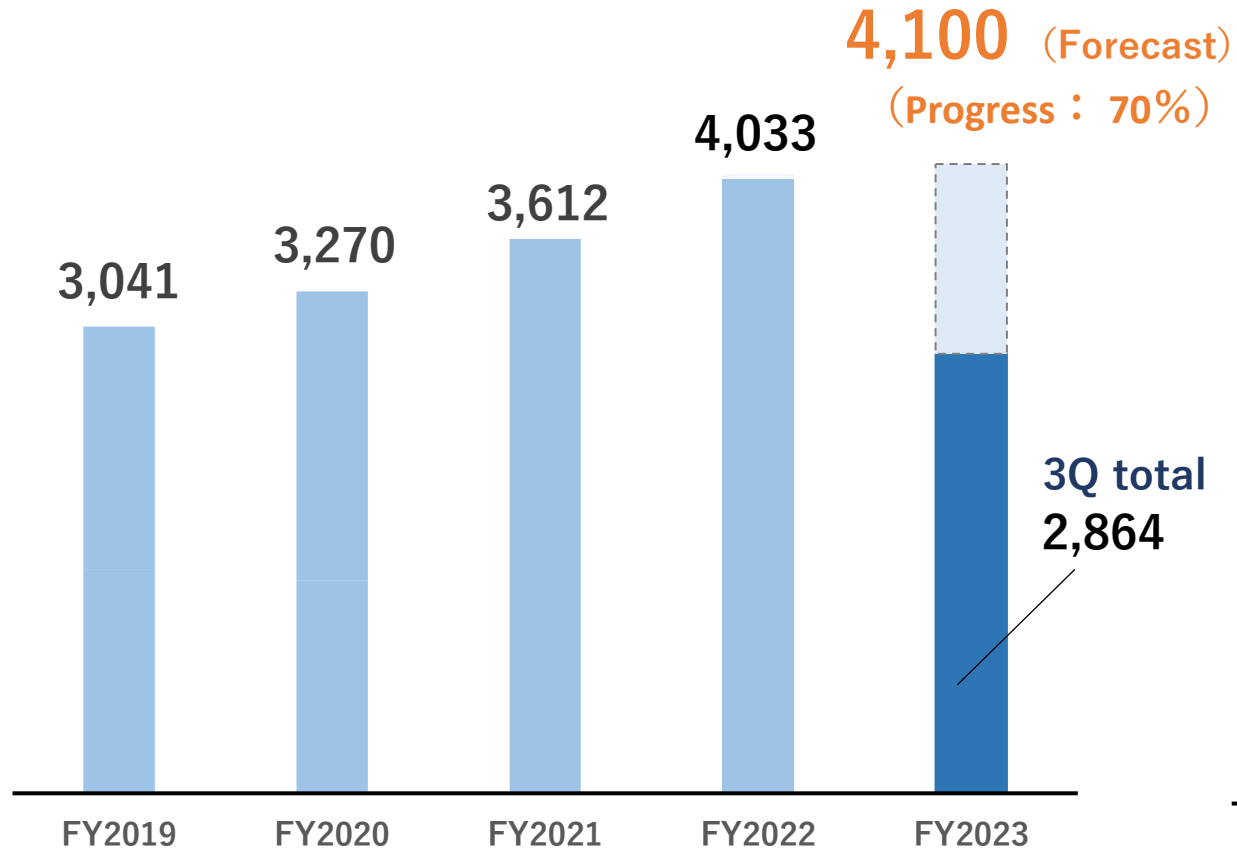


Note : Amounts are expressed in units of 100 million yen and have been rounded off and net profit per share are rounded to the second decimal place.

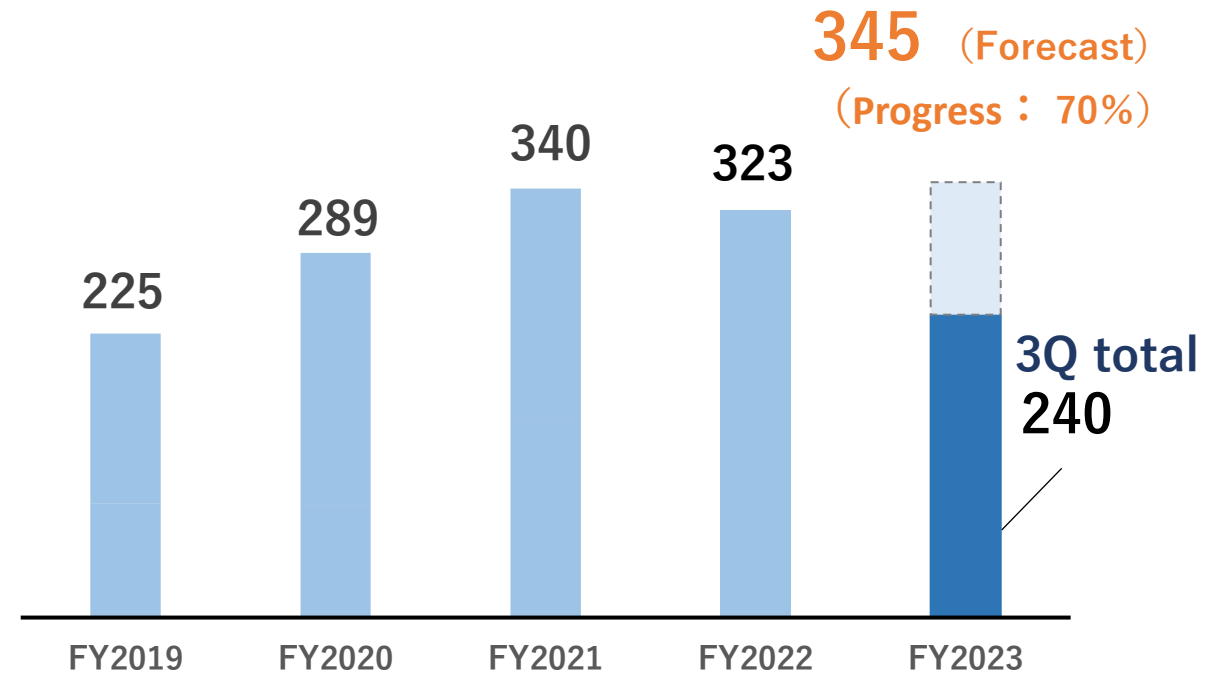
Trends in Consolidated Performance

Unit: 100 million yen

Net sales



Operating profit



Note 1 : Figures are expressed in units of 100 million yen and have been rounded off.

Note 2 : FY2021 are the figures after retrospective application of a change in accounting policy.

FY2023/3Q Consolidated Results - By segment

FY2023/3Q Consolidated Results

Unit: 100 million yen

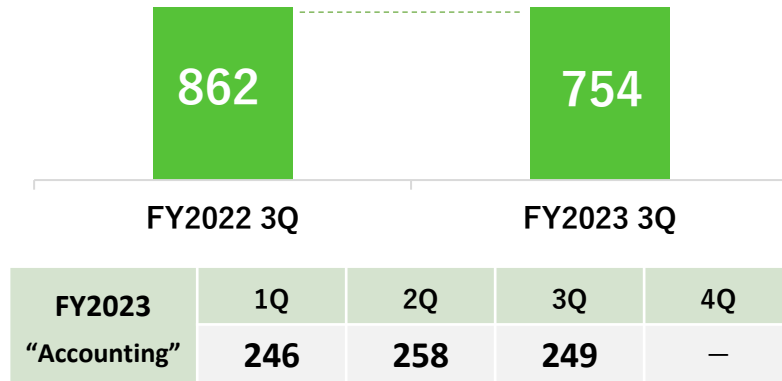
	FY2022/3Q	FY2023/3Q	Change	Rate (%)
Sales	2,961	2,864	△ 96	△ 3.3
Chemicals	1,623	1,534	△ 89	△ 5.5
<i>Polymer Additives</i>	862	754	△ 108	△ 12.5
<i>Electronics and IT materials</i>	269	289	19	7.4
<i>Functional chemicals</i>	491	490	△ 1	△ 0.2
Food products	623	637	13	2.2
Life Science	660	632	△ 27	△ 4.1
Other	54	60	5	10.6
Operating profit	237	240	2	1.2
Chemicals	208	180	△ 27	△ 13.1
<i>Polymer Additives</i>	76	60	△ 15	△ 20.7
<i>Electronics and IT materials</i>	81	73	△ 7	△ 9.7
<i>Functional chemicals</i>	50	47	△ 3	△ 7.1
Food products	▲ 19	28	48	—
Life Science	44	18	△ 25	△ 58.3
Other	4	12	7	159.3

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Chemicals “Polymer additives”

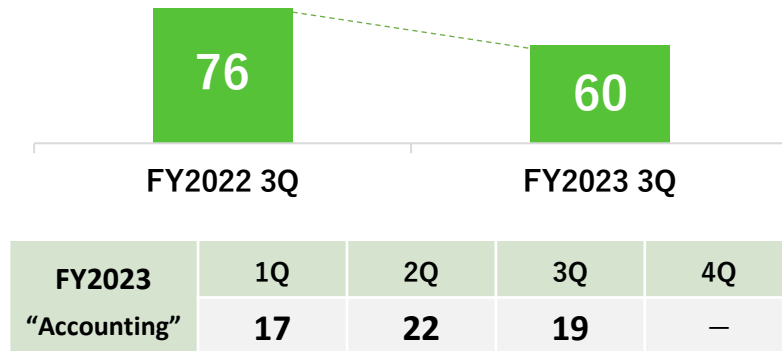
◆ Sales

△ 12.5% Unit: 100 million yen



◆ Operating profit

△ 20.7% Unit: 100 million yen



Note : Figures are expressed in units of 100 million yen and have been rounded off

Main factor (YoY)

- Sales of one-pack granule additives and antioxidants struggled amid weak demand in the Middle East and Europe.
- Automobile production continued to rally, resulting in solid sales of nucleating agents and other products used in automotive materials.

◆ All plastic products

Struggling One-pack granule additive, Antioxidants

◆ Home appliances frame

weak Flame retardants for Engineering plastics

◆ Building material

weak PVC Stabilizers

◆ Food packaging

weak Clarifying Agents

◆ Automobile

steady Nucleating Agents, Light Stabilizers, Plasticizer for Rubber

Main factor (YoY)

Unit: 100 million yen

Sales volume

△ 18

Fixed costs, etc.

△ 4

Exchange

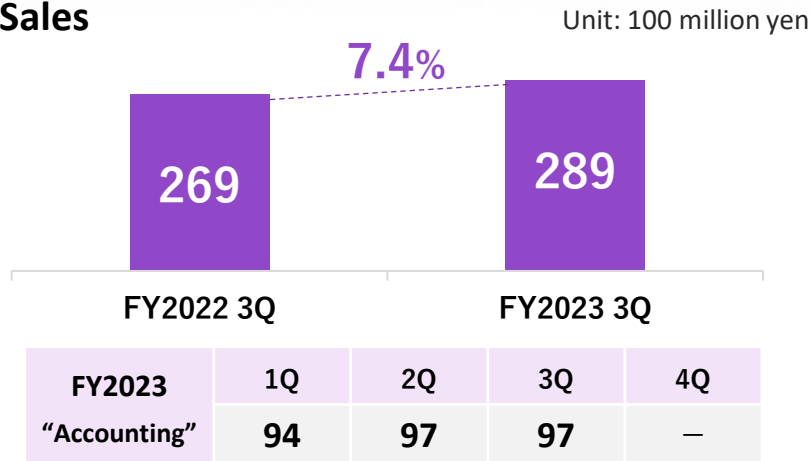
4

Net pricing

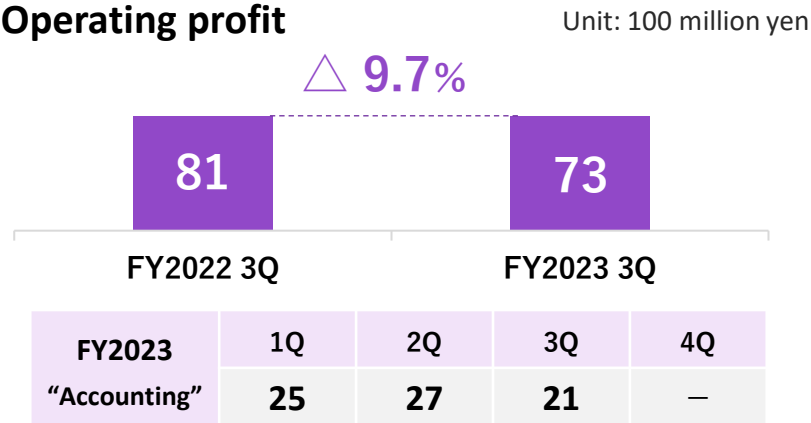
3

Chemicals “Electronics and IT materials”

◆ Sales



◆ Operating profit



Note : Figures are expressed in units of 100 million yen and have been rounded off.

Main factor (YoY)

- High-k materials, photoacid generators and other materials for advanced semiconductors achieved higher sales than in the same period of the previous year.
- Sales of display-related materials were impacted by production adjustments, but demand continued to rally.

◆ Semiconductor

strong

High-k materials for advanced DRAM
Photoacid generator used for semiconductor lithography

◆ Display

strong

Photoinitiator for color filter,
Etching materials for LCD panels

steady

Black Matrix Resist

weak

Photo(Light) Curing Resins for Optical film
Etching materials for printed circuit boards
(for electronic components)

Main factor (YoY)

Manufacturing costs,
Fixed costs

△ 8

Sales volume

△ 1

Net pricing

△ 0

Sales volume

3

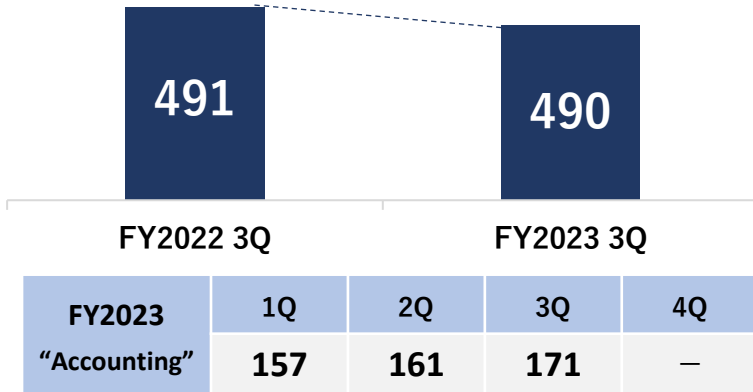
Unit: 100 million yen

Chemicals “Functional chemicals”

◆ Sales

△ 0.2%

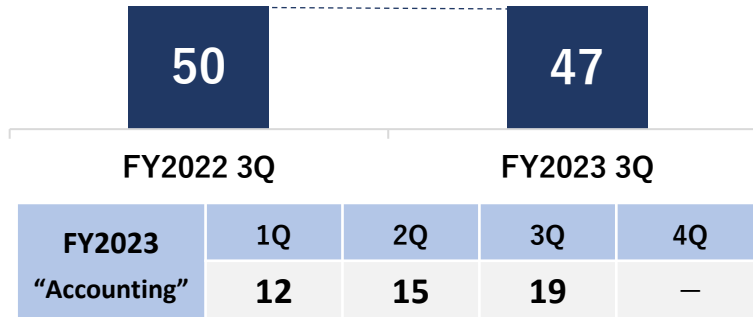
Unit: 100 million yen



◆ Operating profit

△ 7.1%

Unit: 100 million yen



Note : Figures are expressed in units of 100 million yen and have been rounded off.

Main factor (YoY)

- Sales propylene glycol and peroxide products for general industrial use were poor amid lingering market weakness.
- Sales of lubricant additives for engine oils that help improve automobile fuel efficiency were strong.

◆ Chemicals for general industrial use

weak Polypropylene glycol, Peroxide products

◆ Cosmetics

weak Surfactants

◆ Home appliances, smartphones, PCs

weak Water Borne Resins, Epoxy Resins

◆ Automobile

strong Lubricant additive for engine oil

steady Special epoxy resins for structural bonding
Epoxy resin adhesives for automotive electronic components

◆ Architectural coatings and others

strong Reactive Emulsifiers

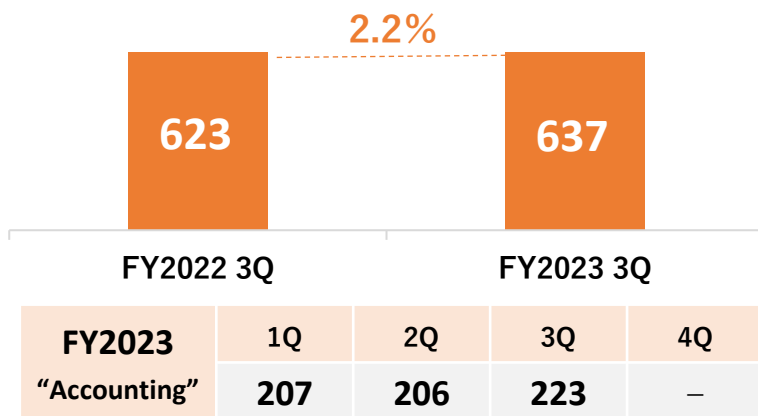
Main factor (YoY)

Unit: 100 million yen



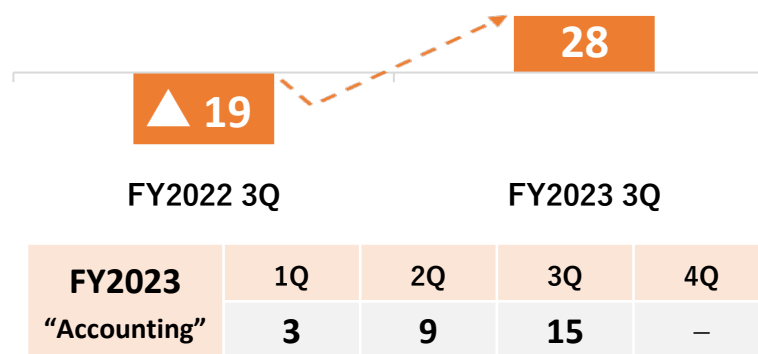
◆ Sales

Unit: 100 million yen



◆ Operating profit/loss

Unit: 100 million yen



Note : Figures are expressed in units of 100 million yen and have been rounded off.

Main factor (YoY)

- Amid the recovery of tourism demand, sales of margarine for souvenir confections were buoyant.
- *Marvelous* and other high value-added products attained brisk sales in Southeast Asia and their sales were healthy in China as well.
- Price revisions progressed in Japan and overseas.

◆ souvenir confections

strong Margarines, Fillings

◆ Bread, confectionery

steady Functional Margarine for kneading "*Marvelous*" series

weak General-purpose fats and oils (Margarines, shortening etc.)

◆ Plant-Based Foods

growth Plant-Based Foods "*Deli-PLANTS*" series

Main factor (YoY)

Unit: 100 million yen

Net pricing

37

Sales volume

6

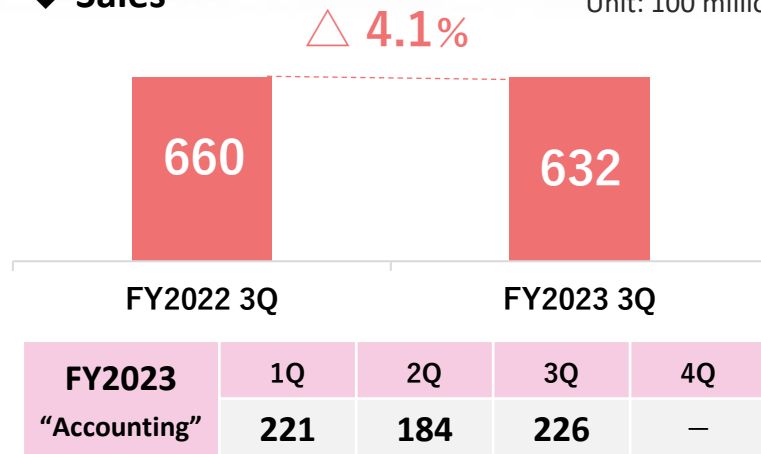
Manufacturing cost, etc.

4

Life Science “NIHON NOHYAKU”

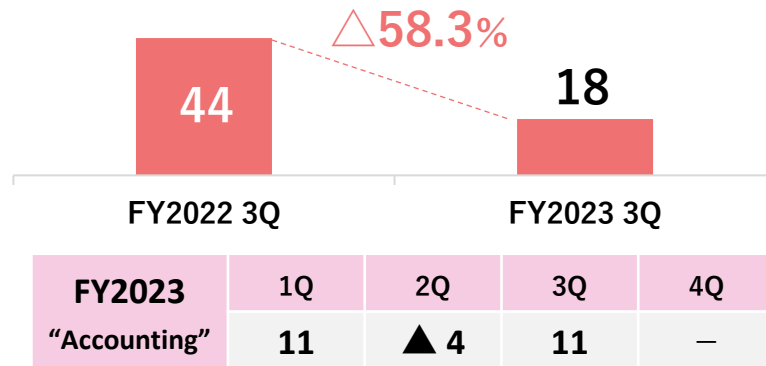
◆ Sales

Unit: 100 million yen



◆ Operating profit

Unit: 100 million yen



Main factor (YoY)

- Sales struggled due to the falling prices of generic agrochemicals following the intensification of competition in Brazil.
- Agricultural chemicals sales stagnated in Japan due to unfavorable weather conditions and the circulation of inventories in the past fiscal year.

◆ Agrochemicals

Struggling

BRASIL (Agrochemicals in general, centering on generics)

weak

JAPAN (Agrochemicals in general)

NORTH AMERICA (Acaricides and other insecticides)

steady

INDIA (Insecticides for horticulture and other uses sold in cotton and vegetable sectors)

◆ Pharmaceuticals, others

weak

Topical antifungal agent “Luliconazole ”

Main factor (YoY)

Sales volume

△ 26

Fixed costs, etc.

△ 6

Exchange

5

Note : Figures are expressed in units of 100 million yen and have been rounded off.

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2. FY2023 Consolidated Forecasts

FY2023 Consolidated Forecasts

Unchanged from Nov. 2023

Unit: 100 million yen

	FY2023			FY2022 (Results)	Change	Rate (%)
	1H (Results)	2H (Forecasts)	FY2023 (Forecasts)			
Sales	1,876	2,223	4,100	4,033	66	1.7
Operating profit	147	197	345	323	21	6.6
Current profit	155	189	345	325	19	5.9
Profit attributable to owners of parent	105	104	210	167	42	25.2
Net profit per share	¥103.2	¥101.6	¥204.8	¥163.3	¥41.5	

		FY2023 2H	FY2022 Results
Exchange rate	¥/\$	(Premise) 138.00	135.45
	¥/€	(Premise) 149.00	140.99
Naphtha	¥/KL	(Premise) 64,000	76,625

		FY2023	FY2022 Results
Dividend	2Q-end	¥ 40	¥ 35
	Year-end	(schedule) ¥ 40	¥ 35
	Total	(schedule) ¥ 80	¥ 70

Note : Figures are expressed in units of 100 million yen and have been rounded off.

FY2023 Consolidated Financial Forecasts - By segment -

Unit: 100 million yen	FY2023/1H (a)	2H forecast		FY2023 forecast (a)+(b)	FY2022 Results (c)	Change (a)+(b)-(c)	Rate (%)	Ref. Previous forecast as of Nov. 2023	
		3Q	(b)					2H forecast	Full-year forecast
Sales	1,876	988	2,223	4,100	4,033	66	1.7	2,223	4,100
Chemicals	1,015	518	1,104	2,120	2,117	2	0.1	1,134	2,150
<i>Polymer Additives</i>	<i>504</i>	<i>249</i>	<i>515</i>	<i>1,020</i>	<i>1,113</i>	△ 93	△ 8.4	<i>535</i>	<i>1,040</i>
<i>Electronics and IT materials</i>	<i>192</i>	<i>97</i>	<i>207</i>	<i>400</i>	<i>363</i>	36	10.0	<i>217</i>	<i>410</i>
<i>Functional chemicals</i>	<i>318</i>	<i>171</i>	<i>381</i>	<i>700</i>	<i>640</i>	59	9.3	<i>381</i>	<i>700</i>
Food products	413	223	446	860	825	34	4.2	416	830
Life Science	406	226	633	1,040	1,020	19	1.9	633	1,040
Other	40	19	39	80	70	9	14.0	39	80
Operating profit	147	92	197	345	323	21	6.6	197	345
Chemicals	120	60	115	236	262	△ 26	△ 10.1	131	252
<i>Polymer Additives</i>	<i>40</i>	<i>19</i>	<i>39</i>	<i>80</i>	<i>92</i>	△ 12	△ 13.2	<i>39</i>	<i>80</i>
<i>Electronics and IT materials</i>	<i>52</i>	<i>21</i>	<i>42</i>	<i>95</i>	<i>110</i>	△ 15	△ 14.4	<i>58</i>	<i>111</i>
<i>Functional chemicals</i>	<i>27</i>	<i>19</i>	<i>33</i>	<i>61</i>	<i>59</i>	1	2.6	<i>33</i>	<i>61</i>
Food products	13	15	21	35	▲ 24	59	-	11	24
Life Science	6	11	54	61	77	△ 16	△ 21.7	54	61
Other	7	4	5	13	7	5	80.6	0	8

Note : Figures are expressed in units of 100 million yen and have been rounded off.

Factors in and Background behind the Rise in Performance

Multiple factors

Cost reductions Integration of product varieties Price revision
Production efficiency improvement Recovery outside Japan Posting of an impairment loss (Kashima and Akashi plants)

✓ Point

Profitability achieved by seeking functional products

A D E K A = A Food tech company

Use the power of oils and fats to solve issues in the food industry

Good taste Reliability and safety Health
Reduction of food waste Enhanced workability
etc.

+

With Deli-PLANTS and other products, operate in areas closer to B2C

**Respond to the voices and needs of end users
(Product design and development of recipes)**



Paving the way for marketing functional products in broader areas

A hit product

Functional kneading oil “Marvelous CNC”

A small amount of it will retain the taste of bread to help extend its consume-by date.

—Contribute to improving the efficiency and cost effectiveness of our customers’ operations—

✓ Point : Higher concentration

Content that is about the half that of the conventional *Marvelous* produces the same effect.

Day 0 (just baked) Day 3 Day 5

✓ “Marvelous”

Higher concentration

✓ “Marvelous CNC”



The taste of just-baked bread is maintained.

Technology key points

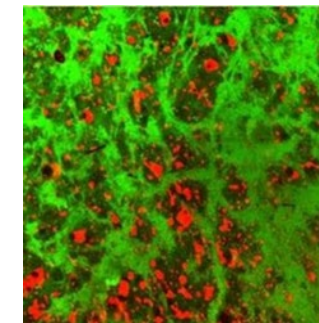
The oil easily disperses in the bread dough. A small amount of it delivers its functional content to every corner of the dough.

Bread dough



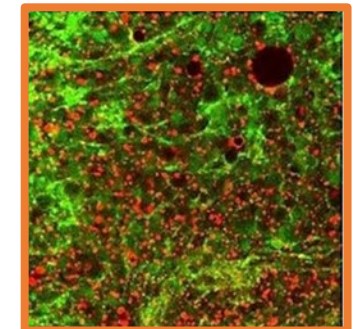
■ Laser microscopic views of dough after mixing

Conventional oil



Red: Fats and oils

✓ “Marvelous CNC”



Green: Gluten

New Plants for Materials for Advanced Semiconductors to Begin Operating

Semiconductor market

Short term

Although the impact of decreased production lingers, production of advanced products remains solid.

Medium to long term

Demand for semiconductor materials will expand significantly.

A D E K A Group




Materials for advanced semiconductors

Carry out proactive capital investments

A series of new plants will be completed and begin operating.

They will increase production in a phased manner towards full-scale mass production.

FY2023 (As of Feb. 2024)

Photoresists		For EUV exposure processes Photoacid generators	Operation Aug. FY2023
Memory		For advanced DRAM High-k materials (Widening of the lineup)	Completion To begin commercial operation shortly
logic IC		For advanced logic IC wiring process ALD materials	Completion Operation scheduled to commence in Apr. 2024

ADEKA has been selected to be a constituent of the Nikkei Semiconductor Stock Index.

The index is composed of 30 stocks with the largest market value among the companies listed on the TSE in the semiconductor-related business category according to Nikkei NEEDS

Calculation and publication of the index

To start on March 25, 2024

SPAN Active Material for Next-Generation Secondary Batteries

Demonstrative evaluation

SPAN's charging and discharging characteristics were evaluated using an original ADEKA test cell.

Successful demonstration of the world's lightest cell

Weight energy density is nearly three times that of existing lithium-ion batteries (LiB).



Weight is around one third that of existing LiB.

A lithium-sulfur secondary battery using SPAN used in a successful drone flight.



Practical implementation

Background | Lightweight batteries are drawing attention for use in drones and other electric aircraft.

Commercialization is sought in the aviation sector which requires lightweight batteries.



In addition:

Low weight increases the potential of secondary batteries.

Portable emergency batteries for disasters

Extension of driving range of next-generation EVs

More diverse forms of communication base stations (e.g. HAPS*) and installation locations

Ground Base Stations

* HAPS : A system that offers wide-area wireless communication services from the stratosphere

As a provider of SOZAI (our Excellent Value; products, technologies and services), ADEKA will create a new platform and serve to realize a convenient and sustainable society where people can live fulfilling lives.



Topics | Reorganization of Kashima Plant and Consolidated Subsidiaries

Kashima Plant

Reorganized into a Kashima Chemicals Plant and a Kashima Food Plant

Clearly dividing the responsibilities and authorities between the Chemicals segment and the Food segment

Carry out business reforms

Chemicals

Expand into a flagship semiconductor materials plant

- Accelerate development of production technologies
- Strengthen the system for supporting overseas production

Food products

Use a technological approach to the reform of the revenue structure

- Increased production of high-added-value products "Marvelous", "Deli-PLANTS" etc.
- Automation and process improvement

- Carbon neutrality
- Strengthening of earning power
- Human capital development

Consolidated subsidiaries

Merge three food subsidiaries

Complete the integration of the sales structure in Japan

Speed up decision-making
Integration of operations and bases
(rationalization and streamlining)

- Enhance services for customers
- Boost resilience of the revenue base in Japan
- Accelerate overseas expansion of the food business

< Apr. 1, 2024 (plan) >

Surviving company (name)

ADEKA FOOD SALES CORP.

Mainly in Kanto

Oils, fats and dairy products

Food and materials for business use

Merged companies

CROWN CO.,LTD.

YONGO CORP.

Kansai

Materials for business use

Chukyo

Materials for business use

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3. For Reference

For Reference | Progress of Medium-Term Management Plan ADX 2023

Unit: 100 million yen	FY2021 Results 1st year of ADX 2023	FY2022 Results 2nd year of ADX 2023	FY2023 Forecasts Final-year of ADX 2023	FY2023 Target Final-year of ADX 2023
Operating profit	340	323	345	420
ROE	9.9%	6.6%	8.0%	9%
Capital investment	146 / year	204 / year	155 / year	500 / 3year
Dividend payout ratio	30.5%	42.9%	39.1%	30% or higher
Annual dividend forecast	¥ 70 / 1 share	¥ 70 / 1 share	¥ 80 / 1 share	

Note 1 : Figures are expressed in units of 100 million yen and have been rounded off.

Note 2 : FY2021 are the figures after retrospective application of a change in accounting policy

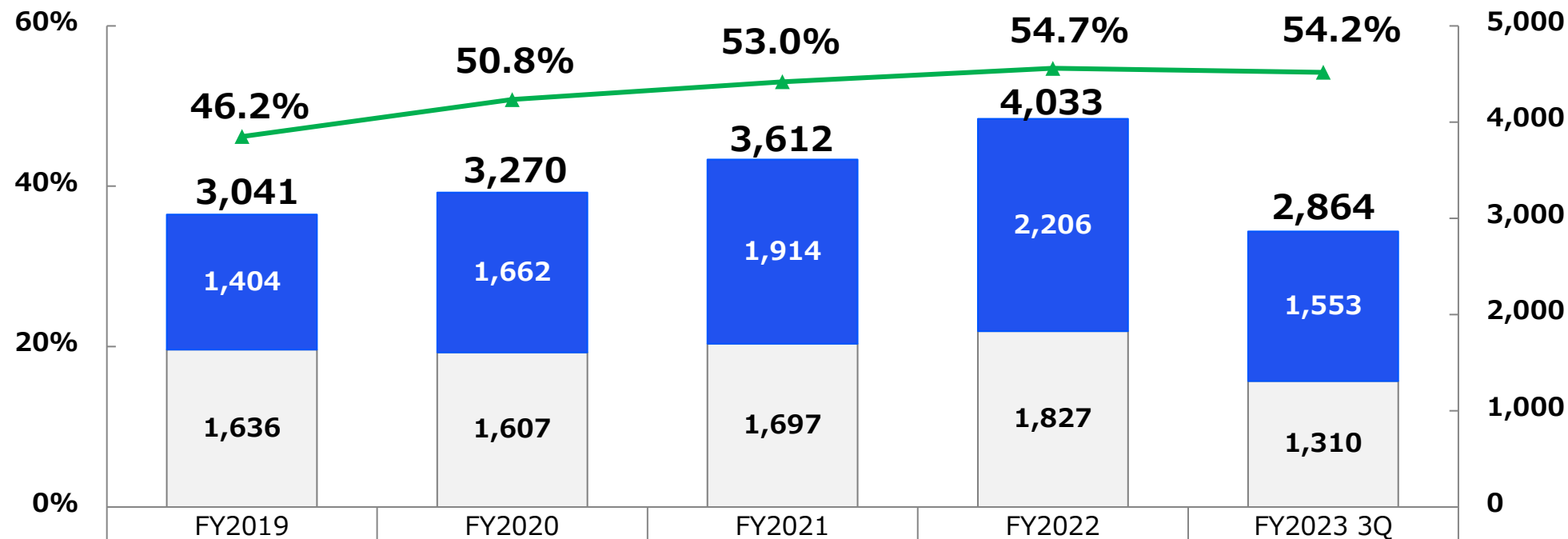
Schedule for Announcement of the New Medium-Term Management Plan

□ F Y 2 0 2 4

Apr 1st (Mon) ※ Schedule	Announcement of Outline of the New Mid-Term Management Plan
May 14th (Tue) ※ Schedule	Announcement of financial statements of FY2023
May 30th (Thu) ※ Schedule	Briefing of FY2023 Financial Results and the Mid-Term Management Plan

Overseas Sales - For reference -

Unit: 100 million yen



Overseas sales	1,404	1,662	1,914	2,206	1,553
Domestics sales	1,636	1,607	1,697	1,827	1,310
Overseas sales ratio	46.2%	50.8%	53.0%	54.7%	54.2%
sales	3,041	3,270	3,612	4,033	2,864

Note 1 : Figures are expressed in units of 100 million yen and have been rounded off.
 Note 2 : FY2021 are the figures after retrospective application of a change in accounting policy.

The logo features a stylized letter 'A' on the left, composed of a red upper half and a blue lower half. To the right of the 'A' is the word 'DEKA' in a bold, red, italicized sans-serif font. The entire logo is centered horizontally.

ADEKA

Add Goodness



FY2023/3Q Supplemental Documents for Financial Results Overview

- 1. Supplementary Data for consolidated Closing of Accounts**
- 2. Management indexes, etc.**
- 3. For Reference**

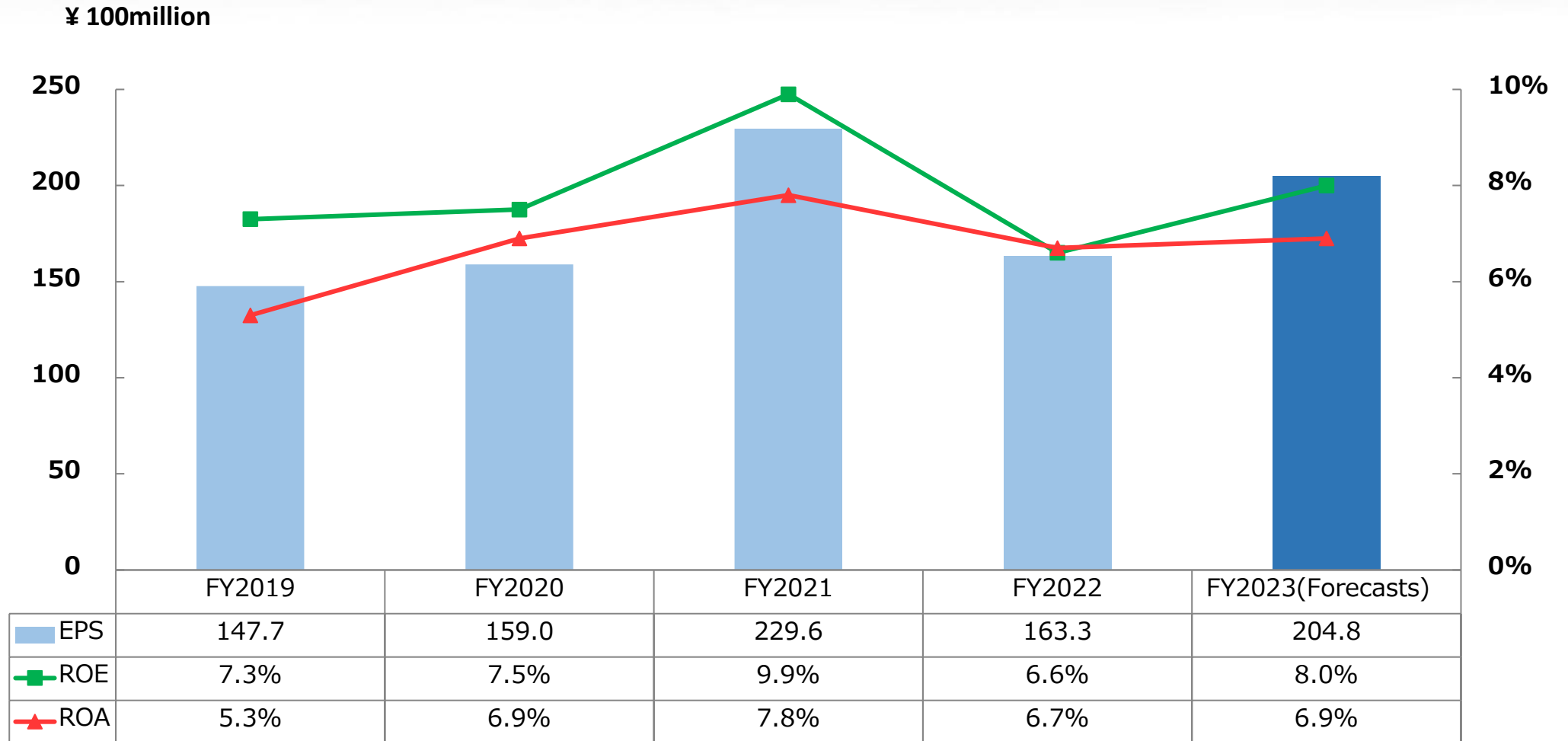
1 - 1 Consolidated Balance Sheet

1. Supplementary Data for the Consolidated Closing of Accounts

Unit: 100 million yen

	As of May. 31,2023	As of Dec. 31,2023	Change		As of May. 31,2023	As of Dec. 31,2023	Change
Current assets	3,154	3,222	68	liabilities	1,883	1,895	12
Cash and deposits	811	812	1	Current liabilities	1,294	1,385	90
Notes and accounts receivable – trade, etc.	996	987	△ 8	Long-term liabilities	588	510	△ 78
Inventories	1,167	1,251	83	Net assets	3,117	3,248	131
Other	179	171	△ 7	Shareholders' equity	2,387	2,464	77
Fixed assets	1,846	1,921	74	Capital stock	230	230	0
Tangible fixed assets	1,194	1,240	45	Capital surplus	201	201	0
Intangible fixed assets	180	172	△ 7	Retained earnings	1,978	2,066	87
Investment and other assets	471	508	37	Treasury stock	△ 23	△ 33	△ 10
				Accumulated other comprehensive income	222	272	49
				Minority interests	507	511	3
	5,000	5,144	143		5,000	5,144	143

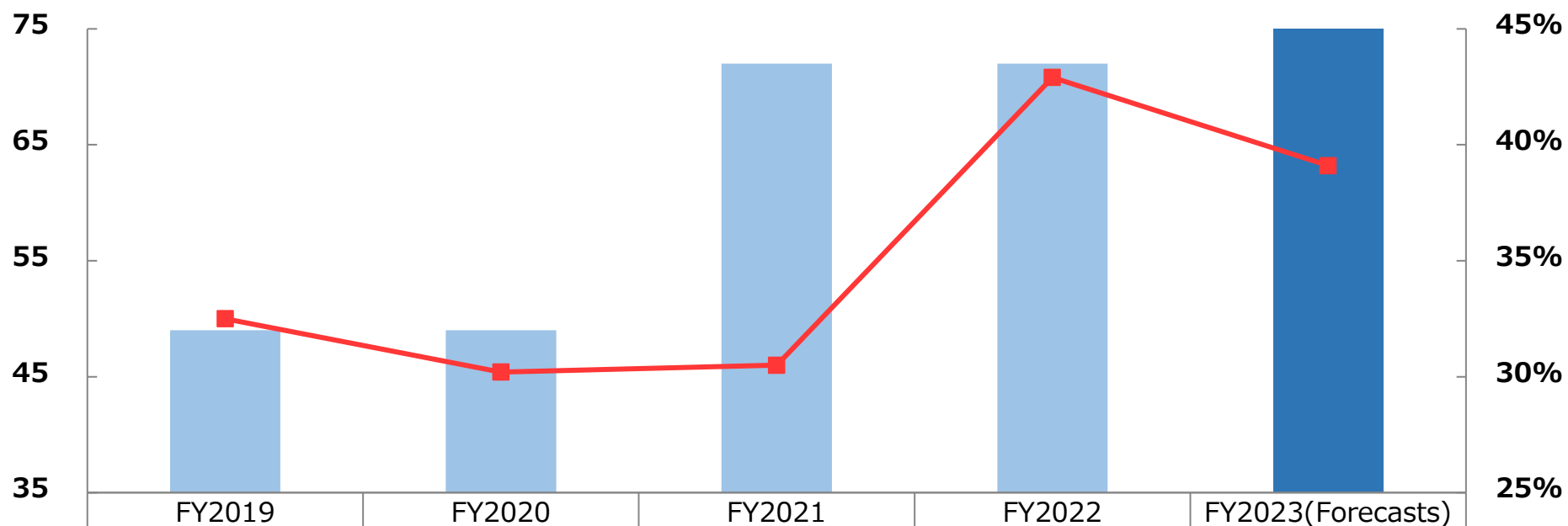
Note : Figures are expressed in units of 100 million yen and have been rounded off.



Note : FY2021 are the figures after retrospective application of a change in accounting poli

2 - 2 Dividend payout ratio and dividends

¥ 100 million



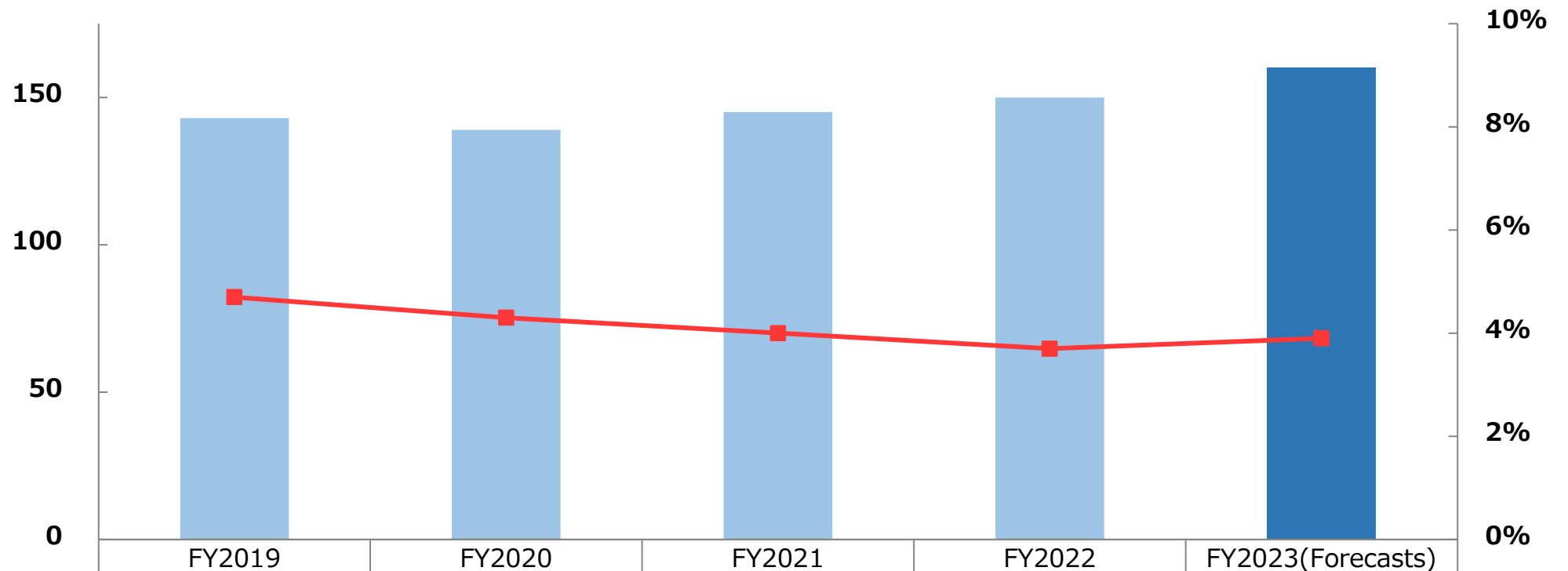
Dividend	¥48	¥48	¥70	¥70	¥80
Total Dividend	49	49	72	72	82
Rate of dividend payout	32.5%	30.2%	30.5%	42.9%	39.1%

Note 1 : Total Dividend are expressed in units of 100 million yen and have been rounded off.

Note 2 : Rate of dividend payout(FY2021) are the figures after retrospective application of a change in accounting policy.

2 - 3 Research and development costs

¥ 100 million



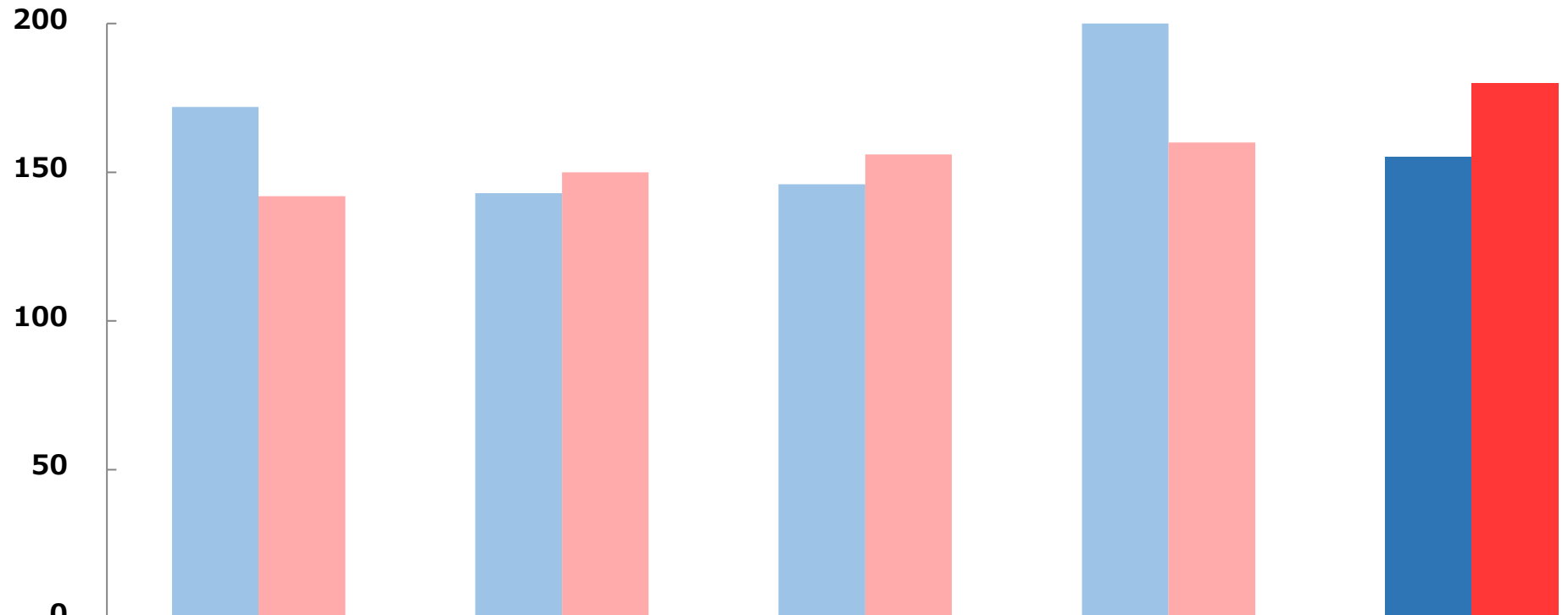
■ R&D costs	143	139	145	150	160
■ R&D costs to sales	4.7%	4.3%	4.0%	3.7%	3.9%

Note 1 : R&D costs are expressed in units of 100 million yen and have been rounded off.

Note 2 : Rate of R&D costs to sales (FY2021) are the figures after retrospective application of a change in accounting policy.

2 - 4 Capital investment

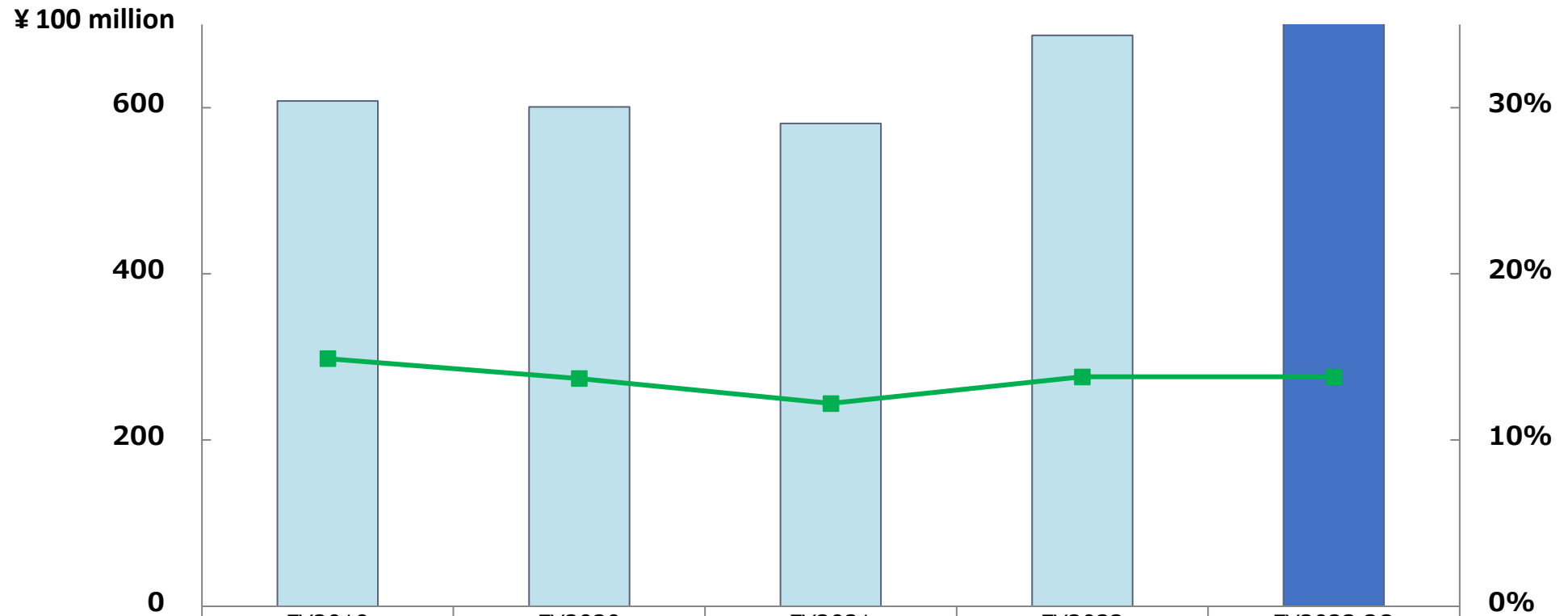
¥ 100 million



	FY2019	FY2020	FY2021	FY2022	FY2023(Forecasts)
Capital investment	172	143	146	204	155
Depreciation costs	142	150	156	160	180

Note : Capital investment and depreciation are expressed in units of 100 million yen and have been rounded off.

2 - 5 Interest-bearing liabilities



Interest-bearing dept

FY2019

FY2020

FY2021

FY2022

FY2023 3Q

Interest-bearing dept ratio

14.9%

13.7%

12.2%

13.8%

13.8%

Note : Liabilities with interest are expressed in units of 100 million yen and have been rounded off.

3 Core products of each business segments

Business category		Core products	
Reporting segment	Chemicals	Polymer Additives	Additives for polyolefins, PVC plasticizers/stabilizers, Flame retardants, and others.
		Electronics and IT materials	High-purity materials for semiconductors, AFES System and etching agents, Photo(Light)/heat curing materials, photoinitiators, Imaging materials, and others.
		Functional Chemicals	Epoxy resins, Polyurethanes, Water-borne resins, Surfactants, Lubricant additives, Kitchen detergent, Cosmetic ingredients, Polypropylene glycol, Hydrogen peroxide and derivative products, Water-swelling sealing materials, and others.
	Food products	Margarines, Shortenings, Fats and oils for chocolate, frying and cooking fats and oils, Plant-based foods, Whipping cream, Kneading cream, Fillings, Mayonnaise dressing, functional foods, and others.	
	Life science	Agrochemicals, Agricultural materials, Pharmaceuticals & Veterinary products, Wood preservative, and others.	
Other business		Designing of equipment plants, Construction and construction management, Maintenance of equipment, Logistic services, Warehousing, Leasing of vehicles, Real estate and insurance business, and others.	



Notice on Forecast Performance and Business Plans

The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.

In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.