

[Stock Code 4401]

# ADEKA Group Mid-Term Management Plan

## *ADX 2023*

FY2021-2023

ADEKA CORPORATION



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# 1. Review of the Previous Mid-Term Management Plan

## *BEYOND 300*

# Overview of Mid-Team Management Plan *BEYOND 300* (FY2018-2020)

## Basic Policies

**Become an excellent company with sales exceeding 300 billion yen**

- ◆ **Second stage of achieve *ADEKA VISION 2025***
- ◆ **Exceed 300 billion yen of sales with organic growth**

## Key Strategies

**Global expansion of  
three main businesses**

**Entering new domains**

**Enhancing our  
management foundation**

## Five Measures

- **Corporate management**
- **Global business development**
- **Technology**
- **Human resources**
- **Corporate value**

# Management Indexes and Performance

	FY2020 Target of <i>BEYOND 300</i>
<b>Net Sales</b>	<b>Over 300 billion yen</b>
<i>Organic Growth</i>	
<b>OPM</b>	<b>10%</b>
<b>ROE</b>	<b>10%</b>
<b>Investments and loans</b>	<b>100 billion yen / 3-year total</b>
<i>Capital investment</i>	<b>50 billion yen / 3-year total</b>
<i>M&amp;A Funds</i>	<b>50 billion yen / 3-year total</b>
<b>Dividend payout ratio</b>	<b>30%</b> (Target after incremental increases)



FY2020 Results of <i>BEYOND 300</i>
<b>327.0 billion yen</b>
<b>255.5 billion yen</b>
<b>8.9%</b>
<b>7.5%</b>
<b>69.5 billion yen / 3-year total</b>
<b>49.0 billion yen / 3-year total</b>
<b>19.7 billion yen / 3-year total</b>
<b>30.2%</b>

Achievement
<b>Achieved</b>
<b>Not achieved</b>
<b>Not achieved</b>
<b>Not achieved</b>
<b>Achieved</b>
<b>Achieved</b>



# Trends in Financial Results

## Factors affecting Financial Results

- Positive Factors
- Negative Factors

● Consolidation of NIHON NOHYAKU as a subsidiary (Aug. 2018)

● COVID-19 (Dec. 2019)

● Tightening of control of exports to Korea (Jul. 2019)

● Postponement of the Tokyo 2020 Olympics and Paralympics (Mar.2020)

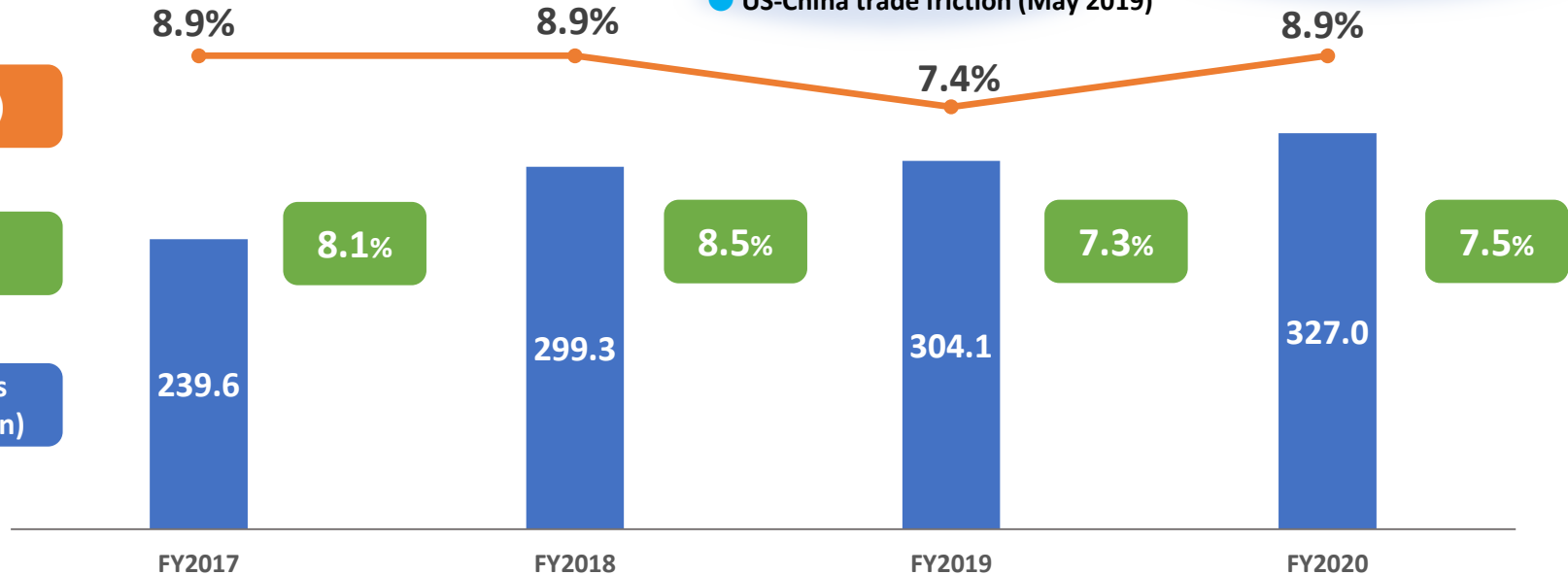
● US-China trade friction (May 2019)

● Declaration of a state of emergency (Apr. 2020)

OPM (%)

ROE (%)

Net Sales (Billion Yen)



STEP 3000- II

BEYOND 300

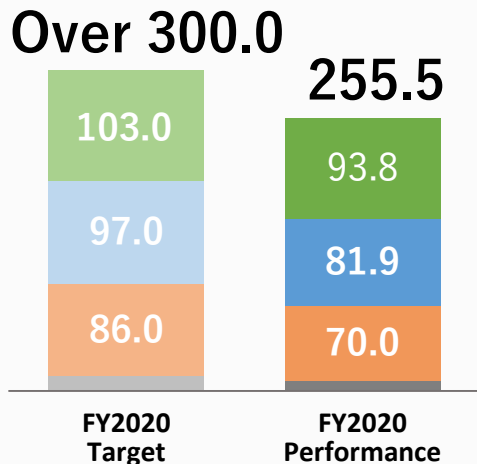
# Segment-Specific Strategies and Factors of Deviation

## Net Sales (Organic Growth)

All segments failed to reach targets.

- Polymer additives
- Chemical products
- Food products
- Others

(units : billion yen)



## Key strategies implemented (results)

### ■ Polymer additives

- Active capital investment both in Japan and abroad (e.g., High-functional additives in the Mie Plant)
- Release of new flame retardant product and new brand for recycled resin, *ADK CYCLOAID* series

### ■ Chemical products

- Building a seamless production system of semiconductor materials (Korea)
- Enhancement of equipment for lubricant additives (Soma Plant), and cosmetic ingredients (Chiba Plant)
- Release of Fuel additive *ADEKA ECOROYAL* series
- Expansion of R&D operations (China and Korea)

### ■ Food products

- Enhancement of sales and production base in China
- Improvement of whipping cream equipment (Kashima Plant-West)
- Release of new products that contribute to the reduction of food waste
- Acquisition of RSPO certification (Malaysia, Singapore)

## Causes of failure (excl. COVID-19)

- Increasingly intense market competition (General-purpose antioxidants)
- Fall in demand due to the slowdown of China's economic growth (Stabilizers for PVC and light stabilizers)

- Delay of license registration in China (Cosmetic ingredients)
- Sluggish container paint market in China (Water borne resins)
- Production of LCD panels adjusted due to deterioration of supply-demand balance (Photo /Light Curing Resins)

- Sluggish sales of pastries due to a decline in the popularity of sweet food
- Decrease in production of bread due to measures to reduce food waste
- Delay in sales growth in Asia (Processed oils and fats, Processed foods)

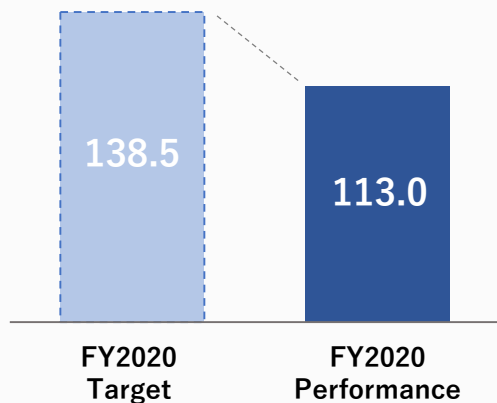
# Global Sales Promotion of Strategic Product Lines

## Net sales of strategic product lines

All segments failed to reach targets.

(units : billion yen)

△ 18.4%



## Factors in deviation from targets

### < Products that reached targets >

Electronics and IT materials (+) Photoacid generators for Photoresist

Food products (+) Whipping cream products

### < Products that failed to reach targets >

Polymer additives (-) General-purpose antioxidants

Functional chemicals (-) Water borne resins, cosmetic ingredients

Food products (-) Filling products

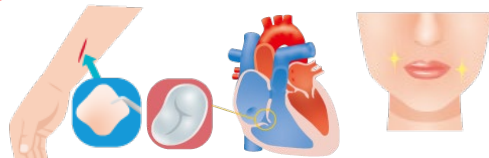


## Steady progress toward early commercialization was achieved

### Life Science

#### Advancing to regenerative medicine materials

Strategic moves for the commercialization of decellularized bovine pericardial sacs



Various uses such as the restoration of organs, wounds, and cosmetic surgeries are being considered.

- Interview physicians to identify product design demands
- Start non-clinical testing and safety testing
- Obtain ISO 13485 certification
- Start sample distribution

2018                      2019                      2020

Obtain test data for applications in global and establish sales bases

### Environment and Energy

#### Advancing to next-gen. secondary battery materials

Progress in consideration of mass production of Graphene and SPAN



▲ Appearance of Graphene dispersion

#### Main target for Graphene

#### Conductive assistant for LiB

- Can be used for all types of current and next-gen. LiB
- Reduces resistance and extends battery life using features different from existing conductive assistants

#### Started providing samples (SPAN)

#### Started providing samples (Graphene)

#### Started operation small lot facility at Mie plant

2018

2019

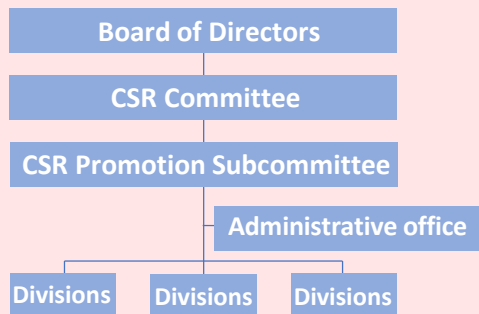
2020

Beginning sales

# Key Strategies : Enhancing our Management Foundation

## CSR

Build internal system, promote company-wide activities  
(specify priority CSR issues and KPIs)

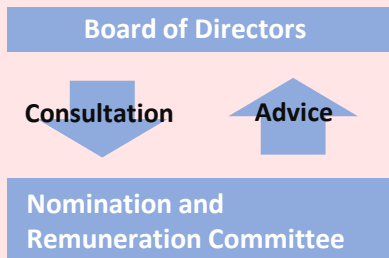


### Issues

Improve SDGs and CSR activities, promote their internal penetration

## Corporate Governance

Arbitrary advisory body Set up a Nomination and Remuneration Committee



Consists of three or more members Independent External directors comprise a majority

### Issues

Ratio of independent External directors => two (18.2%) as of Mar. 31, 2021

## Unification of financial term

Completed as initially planned

**17** overseas subsidiaries adopted the Unification of financial term

Closing on  
**Dec. 31**

Closing on  
**Mar. 31**

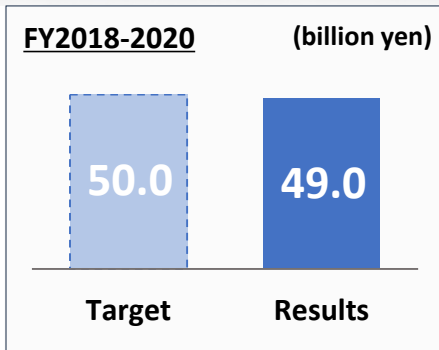
### Issues

Optimize the cash efficiency of the entire ADEKA Group

# Investments and Loans

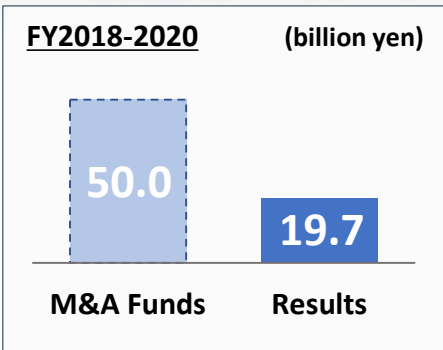
## Capital investment

Implemented generally as planned











## M&A Funds







- Commercialization in new industries
- Strengthening business foundation



## < Major capital investment >

-   ADEKA FINE CHEMICAL (ZHEJIANG) CO.,LTD.  
Construction of a new plant
-   ADEKA FOODS (CHANGSHU) CO.,LTD.  
Construction of new manufacturing building (Processed foods)
-   ADEKA KOREA CORP.  
Semiconductor Materials
-   Soma plant  
Lubricant Additives

 Polymer additives  Chemical products  Food products  Others

-   Capital and business alliance with  
NIHON NOHYAKU CO., LTD., its consolidation as a subsidiary
-   CROWN CO., LTD.'s consolidation as a subsidiary
-   ADEKA AI OTAIBA MIDDLE EAST LLC established

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## 2. ADEKA Group's Vision for 2030

# ADEKA VISION 2030

An Innovative Company Contributing to a Sustainable future and  
Affluent Lifestyles

ADEKA Group aspires to be a corporate entity that is helping to build a sustainable future and supporting people's affluent lifestyles and is aiming to lead the world with its innovative technologies.

## Concept for the Establishment

Society in 2030

CSR Fundamental Policy  
CSR Priority Issues

*ADEKA VISION 2030*

# Society in 2030 - Image of the Business Environment -



## Society

- Fusion of real and virtual spaces
- Evolution of mobility (CASE)
  - Society connected through ICT
- Population growth and rapid urbanization of developing countries
- Aging population
- Decarbonized society
- Global warming
- Shortages of food and scarce resources

## Issues

- Responses to sustainable development of resin industry
- Responses to advanced medical technologies
  - Reduction of food waste
- Use of clean energy
- Development of new materials (shift to multi-material products)
- Supply of alternative foods and nutrients
- Environmental protection
- Sustainable procurement of raw materials

Business direction was examined based on ADEKA's strengths (technologies, human resources, etc.) when developing *ADEKA VISION 2030*.

# ADEKA Group CSR Fundamental Policy / CSR Priority Issues

## ADEKA Group CSR Fundamental Policy

The basic stance on which the Group meets social expectations and aims to improve its corporate value

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.

## ADEKA Group CSR Priority Issues

Issues in contributing to sustainable society and achieving sustainable growth in 2030



## CSR Priority Issues

## ADEKA VISION 2030

## Chance

E	Conserve global environment	6 CLEAN WATER AND SANITATION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	Minimize the environmental impact of operations and make a substantial contribution through eco-friendly products.
	Supply of eco-friendly products	2 AFFORDABLE AND CLEAN ENERGY, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 15 LIFE ON LAND	
S	Create value that meets society's expectations	1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Create and share products that contribute to affluent lifestyles globally through safe, stable business activities.
	Conduct dialogue with stakeholders	17 PARTNERSHIPS FOR THE GOALS	
	Respect human rights	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	Respect the human rights of individuals throughout the supply chain and enable all Group employees to work actively.
G	Expand the opportunities for utilizing human resources	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	
	Enhance group governance and risk management	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	A group governance system in place and have a business continuity plan in case of an emergency.

- Business growth
- Profit structure not affected by external environment
- Productivity improvement
- Development of global presence
- Enhanced branding

# KPI of ADEKA Group CSR Priority Issues

Create accurate social value based on specified priority CSR issues.

CSR Priority Issues

KPIs in 2030

▼ ADEKA's own certification

	CSR Priority Issues	KPIs in 2030
E	Conserve global environment	Gather ideas from all members of ADEKA to <b>achieve carbon neutrality by 2050</b> 2030: reduce CO <sub>2</sub> emissions by 12% from 2013 (Scope 1+2)
	Supply of eco-friendly products	Net sales of eco-friendly products: <b>increase 3 times from 2019</b>
S	Create value that meets society's expectations	Number of ADEKA Innovative Value (AIV) certifications: <b>twice the number in 2019</b>
	Conduct dialogue with stakeholders	<b>Establish methods and opportunities for communication with each stakeholder</b>
	Respect human rights	<b>Establish and disseminate ADEKA Group Human Rights Policy</b>
	Expand the opportunities for utilizing human resources	<ul style="list-style-type: none"> <li>● <b>Promote Diversity and Inclusion (D&amp;I):</b> <ul style="list-style-type: none"> <li>• Human Resource Portfolio: <b>Female manager percentage of 10% (non-consolidated)</b> <b>Diversity of personnel in management positions</b></li> <li>• Develop Climate: <b>Increase employee satisfaction</b> D&amp;I-related educational training, etc.</li> </ul> </li> <li>● <b>Promote Health Management: Obtain certification for Health &amp; Productivity Management Outstanding Organization (White 500)</b></li> </ul>
G	Enhance group governance and risk management	<ul style="list-style-type: none"> <li>● Penetration the Group Code of Conduct and the strengths unique to ADEKA</li> <li>● Implement Group BCP</li> </ul>

Products that contribute to reducing environmental load throughout their lifecycles

⇒ Currently  
13 product lines



ADEKA certifies its products whose value is recognized by the public both in name and practice based on recommendations from external parties, net sales, profitability, etc.

⇒ currently  
14 products





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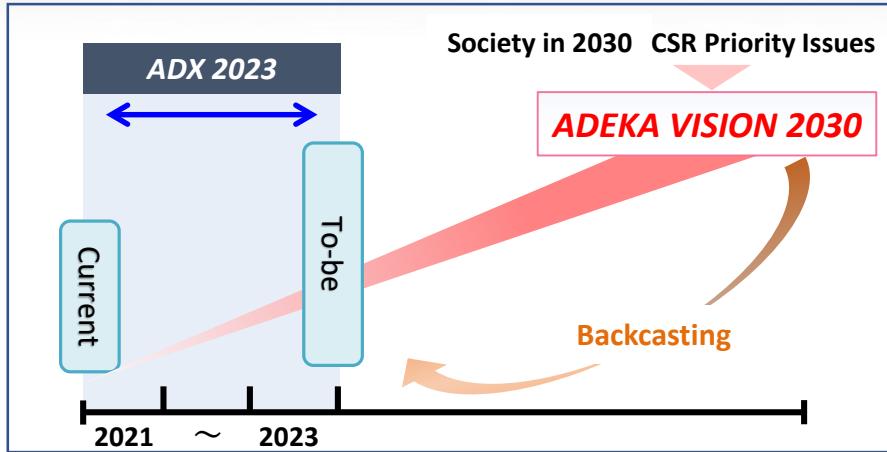
### **3. Overview of the New Mid-Term Management Plan** *ADX 2023*

# *ADX 2023*

## *ADEKA Transformation*



# The Idea of the Establishment



Established during the COVID-19 pandemic

- ▶ Adaption to business platforms that change in new social environments  
Post-COVID-19 society, carbon neutrality, etc.
- ▶ Determination that **ADEKA will transform itself**

Shift from the conventional focus on business expansion to a focus on profit and expansion

**ADX 2023**

**Social value & Economic value**

(Maximization of social contribution and operating profit)

**Development of a longer-term business model**

(SDGs and stakeholder profit)

Previous MTP  
**BEYOND 300**

**Economic benefits**

(maximization of net sales and operating profit)

Business model emphasizing customers

# Management Target of ADX 2023

OP

**35.0** billion yen

*(Net Sales : 380.0 billion yen)*

ROE

**9%**

Capital  
Investment

(3-year total)

**50.0** billion yen

Dividend  
Payout ratio

*Maintained More than*

**30%**

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

# Outline of ADX 2023

Name

**ADX 2023** (ADX is pronounced “ədəks”)

Positioned

- 1st stage for achieving **ADEKA VISION 2030**
- Build a robust corporate structure while pursuing profit.
- Aim to transform itself through the implementation of **ADX 2023** and respond to the new social environment

Fundamental policy

**Transform the management foundation to be compatible with the new social environment, aiming to achieve sustainable growth with an emphasis on profitability.**

**Contributing to a sustainable future and affluent lifestyles**

**improving corporate value**

**Social value**

Non-financial

**Economic value**

Financial

**Co-creation of social value and profit**

**Initiatives addressing CSR Priority Issues**

- Environmental protection
- Making better use of human resources
- Strengthening governance

**Contributing to the achievement of the SDGs through business activities**

- Supply eco-friendly products

**Transformation from the previous Mid-Term Management Plan**

**Business expansion**

- Provision of strategic product lineup
  - Provision of AIV\* products
- \* AIV : ADEKA Innovative

# Recognition of the External Environment from 2021 to 2023

## Economic

Recovery from negative growth due to COVID-19.

Increasing complexity of supply chain structures due to decoupling policies between the U.S. and China.

### Population

Demographic dividend continues in China, Southeast Asia, India, and South America

### Climate Change (Global Warming)

Efforts to achieve carbon neutrality are accelerated

### Regulations

- Gasoline and diesel vehicles (Regulation of new car sales increase)
- Disposable plastic products
- Recycling of plastic waste

## Target Markets

### Chemicals

#### Automobile

Progress in shift to EVs

#### Display

Start of distribution of next-generation TVs

#### Semiconductor

Continuously strong demand for memory

#### Resin production

Annual growth of 1% to 3%

### Food products

#### Bread, confectionery

Growing demand, particularly for bread products in China and Southeast Asia

### Life science

#### Agrochemicals

- Upward trend of the global market
- Flat trend of the domestic market

### Others

#### Regenerative medicine

Growth in the central nervous system and ophthalmology markets

#### Lithium-ion battery

Steady market growth backed by environmental regulations

# Key Strategies



## Transforming the earnings structure

- Increase in strategic product lines and new products, including Eco-friendly products
- Optimize total cost by increasing productivity



## Achieving sustainable growth with new domains

- Commercialization in the fields of **life science, the environment, energy, and next-gen. ICT**
- Enhance and optimize its portfolio (M&A)



## Reinforcing Group management

- Strengthening Group Governance
- Realization of new work styles
- Achieving a strong Financial Base

Foundation

Human resource

Development of global human resources and implementation of talent management

D X

# Key Strategies : Transforming the earnings structure

## Profit Base

Sales growth and implementation of new businesses



Cost optimization

Increase in strategic product lines and new products is a growth driver.

Continued increase of productivity

Strategic product lines

Eco-friendly products

New products

Significant growth particularly of Electronics and IT materials

Net sales CAGR  
(FY2020 vs. FY2023)

12% or more

20% or more

Improved procurement and increased distribution efficiency

Increased production efficiency through automation

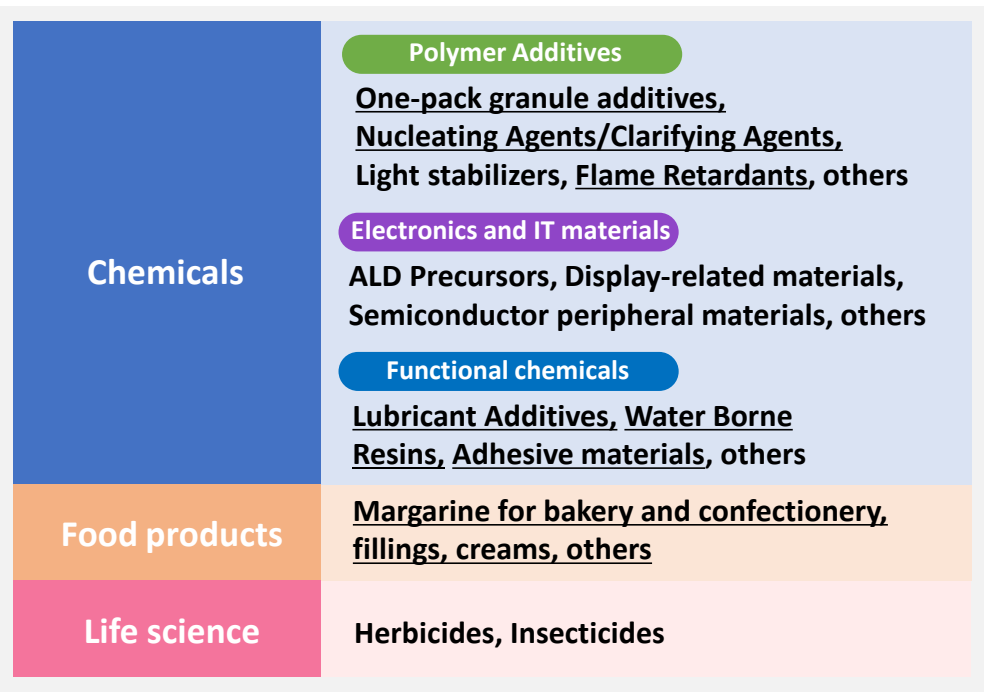
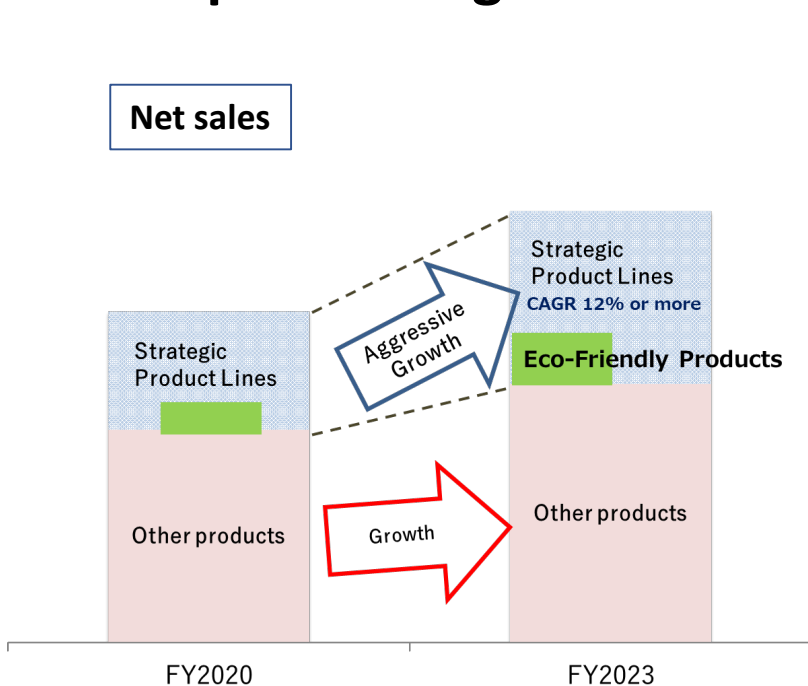
Optimized expenses for equipment maintenance and renovation





# Key Strategies : Transforming the earnings structure / strategic product lines

## Selection of 24 product lines with competitive advantages that are expected to grow in the market



\* Underlined product lines include products that contribute to the environment.

# Key Strategies : Transforming the earnings structure / Eco-friendly products

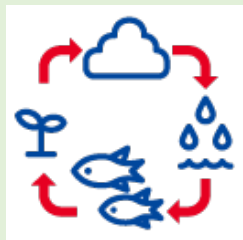


## Eco-friendly products

Products that contribute to reducing the environmental load throughout their lifecycles from the resource collection to disposal



Responses to climate change



Reducing Environmental impact



Effective use of resources



### Water borne resins, Painting Materials

Successfully developed paints that do not use organic solvents

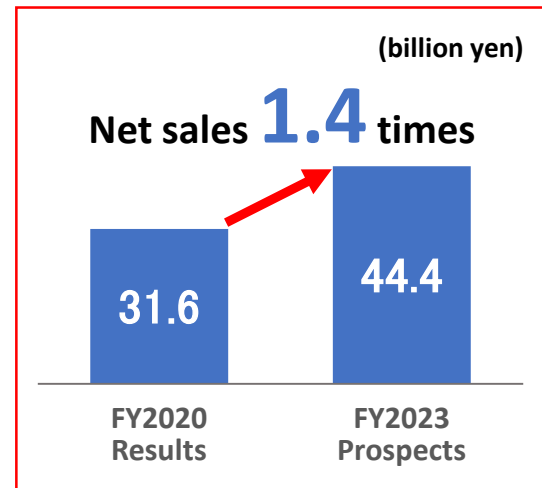
=> People friendly, contain a low level of VOCs which can cause sick house syndrome

### Marvelous, a functional margarine

Slows down the staling of breads and maintains good taste

=> Best-before period can be extended approx. 50%, helping reduce food waste\*

\* Our research



# Polymer Additives

## Social value

### Leading the sustainable growth of polymer industry by additives



**Targets** Automobiles, building materials, household appliances, health care, food packaging, etc.

#### Acceleration of shift to Electric Vehicles

#### Environmentally friendly resin

##### Issues

Use of plastics to reduce the weight of car bodies

##### Issues

- Resin using natural ingredients
- Resin recycling

#### Safety assurance when a battery catches fire: Flame retardant

- Promote the penetration of our original flame retardant into the market
- Improve use with other additives and technical follow-up



#### Successfully developed a strong and lightweight resin: Nucleating agent

- Strengthen the Group's position at the top of the market
- Establish and improve an overseas development section



#### Environment-Friendly Polymer Additives - ADK CYCLOAID Series



#### Bio-based plasticizers for PVC

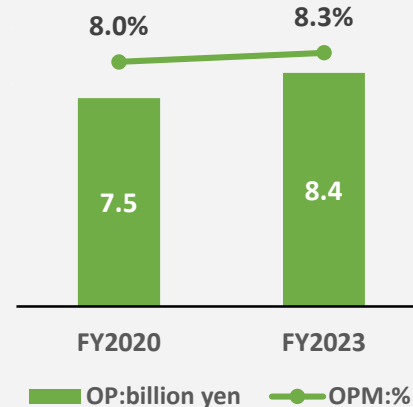
- 95% biomass-derived
- ▶ PVC products such as film sheets



#### Additives for recycled resins

- Increase the percentage of recycled content in plastics (Suppression of use of virgin resins)

## Economic value



## Major capital investment plan

**one-pack granule additives (UAE)**

# Electronics and IT materials

## Social value

Continuously provide materials essential to ICT innovation

Targets Display/Semiconductor/Electronic parts



Realization of an advanced ICT society using 5G communications

Issues Semiconductors for big-data storage and high-speed processing

Issues Larger high-definition displays that are more flexible

DRAM

NAND

Logic ICs



Provide high-k materials, wiring, thin film-forming materials, etc., for advanced semiconductors

- Improve mass-production systems in Korea and maintain market share
- Expand business from memory to logic ICs

Photoacid generator for advanced photoresists



Can be used for EUV and ArF lithography

Photopolymers for optical films' adhesion and coating



Develop next-generation materials such as OLEDs and  $\mu$ LEDs

Etching agents to achieve 4K, 8K resolutions

- Focus on products for large displays
- Build a supply system in China and improve technical support



## Economic value

25.7% 24.9%

7.6

11.0

FY2020

FY2023

OP:billion yen

OPM:%

## Major capital investment plan

Semiconductors and peripheral materials  
(Japan, Korea, Taiwan, Others)

# Functional chemicals

## Social value

Contribute to a sustainable society using people- and eco-friendly materials



**Targets** Automobiles & ships, Cosmetics & Toiletries, Paints for bridges & construction

### Environmental Protection

**Issues** Automobiles  
Promotion of zero emissions

Improvement of fuel-efficiency & the reduction of CO<sub>2</sub> emissions  
- Lubricant additives



Hybrid vehicles as an opportunity and focus on boosting sales in the U.S. and China

**Issues** Paints for bridges and construction  
Reduction of VOC emissions

Eco-friendly water borne resins

Use the Innovation Center in China to develop a market



### Evolution of mobility (CASE)

**Issues** Improvement of the safety of automatic driving technology

High-precision adhesion of vehicle electronic components  
- Laser Curing Adhesive System



Improve approaches to overseas auto parts manufacturers

**Issues** Decrease in car body weight due to electrification

Adhesion of heterogeneous materials - Epoxy resin

Improve technical support in the U.S., Europe, and China



## Economic value

9.9% 10.5%

5.2

6.6

FY2020

FY2023

OP:billion yen OPM:%

## Major capital investment plan

Adhesive-related investments (Japan)

# Food products

## Social value

Globally contribute to high quality diets in addition to tastiness



**Targets** Baking / Confectionery / Dessert

### Reduction of food waste

**Issues** Reduction of food waste from production, distribution, consumption

Marvelous, a functional margarine for baking FC series of frozen and chilled whipping creams

- **Reduce production waste**  
Stabilize quality and increase production efficiency in the manufacturing process
- **Reduce waste during distribution and at households**  
Extend shelf life by maintaining the tastiness of bread
- **Meet demand for the dietary habits of the new normal era created by the COVID-19 pandemic**  
Improve the quality of frozen bread, chilled ready-made food, and frozen food



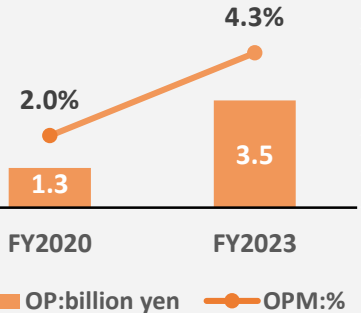
### Achieving sustainable dietary habits

**Issues** Popularization of plant-based foods

Creation of products that contribute to the tastiness of plant-based foods

- **Tasty plant-based foods**  
Creation of tasty plant milk that uses vegetable ingredients with low environmental load
- **Ingredients to improve the tastiness of plant-based foods**  
Creation of vegetable ingredients that improve the savoriness, mouth feel, and taste of plant-based food

## Economic value



## Major capital investment plan

- **Processed oils and fats** (Japan, China)
- **Processed foods** (China)

## Social value

Ensure stable food supply and protect high-quality life and the environment through technical innovation

**Targets** Agrochemicals, pharmaceuticals, and animal medicine

**Stable production of crops that support the increase of the world population**

**Technical innovation and the establishment of next-gen. businesses**

**Issues** Increasing crop yield per unit area in limited agricultural land

**Issues** Creation of new substances

### Orchestra, an insecticide for paddy rice

- Highly effective against leafhoppers, which are rice pests
- Released in Japan in May 2021
- Planned agrochemical registration in India in 2022

### Phoenix, an insecticide for gardening

- Highly effective against lepidopteran pests on vegetables and fruit trees



### ADEKA × NIHON NOHYAKU

**Synergy** Conglomerate technologies to work on creating new inventions

May 2020: Decision on joint research theme (start)

At present: Selection of candidate substances

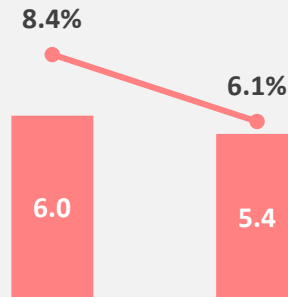
Development of new agrochemicals (NIHON NOHYAKU)

Strategic investment in R&D

2027	Insecticide A
2028	Fungicide
2030	Insecticide B



## Economic value



FY2020 FY2023

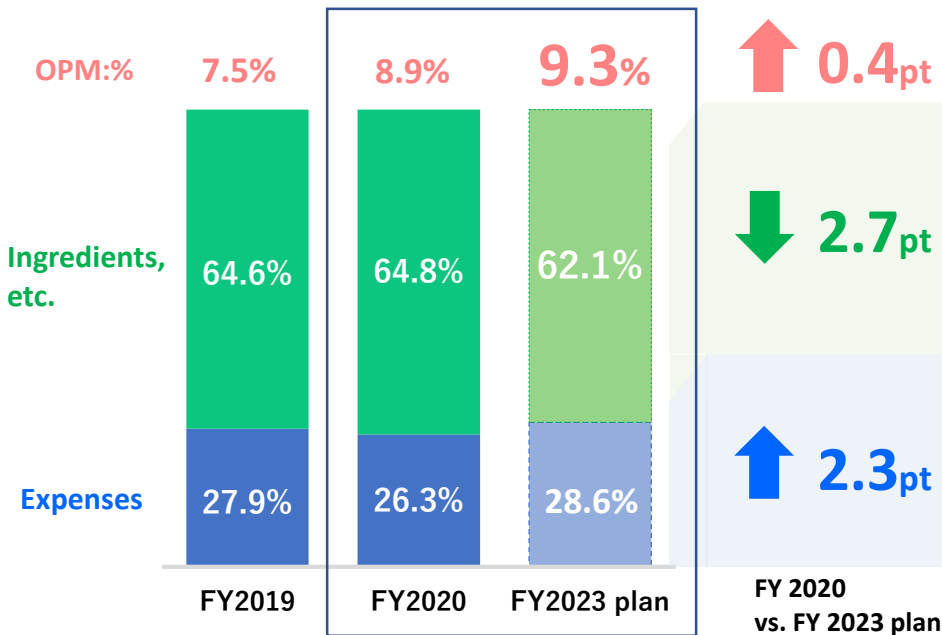
OP: billion yen OPM: %

## Major capital investment plan

Active ingredient manufacturing equipment (India)

# Key Strategies: Reform Earnings Structure/Increase Productivity

Appropriate management of total cost to built a robust corporate structure emphasizing profit.



## ADX 2023

- Shift to a portfolio with high value-added products
- Improve procurement and increase distribution efficiency

Implement global purchasing

Implement joint delivery

*Increase manufacturing efficiency (automation and robotics) and optimize equipment maintenance and renovation expenses to offset an increase in life science research expenses and the cost of main system operations*



# Key Strategies : Sustainable Growth through Expansion of New Business Domains

## Implementation of new product development and commercialization in four fields as growth drivers

New product development



### Life Science



- Materials for decellularization regenerative medicine
  - Sustainable materials\*
- \*Using natural ingredients and biomass raw materials (Cosmetic ingredients, etc.)



### Environment



- Plastic recycling
- Plant-based foods
- Next-gen. compound materials



### Energy



- Next-gen. battery materials (graphene, etc.)
- New resin materials for automobiles
- Materials for wind power generation



### Next-gen. ICT



- IoT peripheral materials
- Semiconductor peripheral materials
- Display-related materials

New domains

Exploratory research for the future

Carbon Neutrality

Hydrogen Society

Use of Unexploited Resources

Actively implement M&A activities and alliances and expand and optimize the business portfolio

## Building a foundation for management that supports growth

### Strengthening Group Governance

Enhancing Corporate Governance

Improving the Group's Legal Compliance

Responding to Climate Change Risks

Strengthening Risk Management

### Operational and Work-style Reforms

#### ■ Adapt to a New Environment and Increase Corporate Competitiveness

Operational reform through digitization based on the new ERP

- Working styles not limited by time or place
- Efficient ways of working in the new normal created due to the COVID-19 pandemic

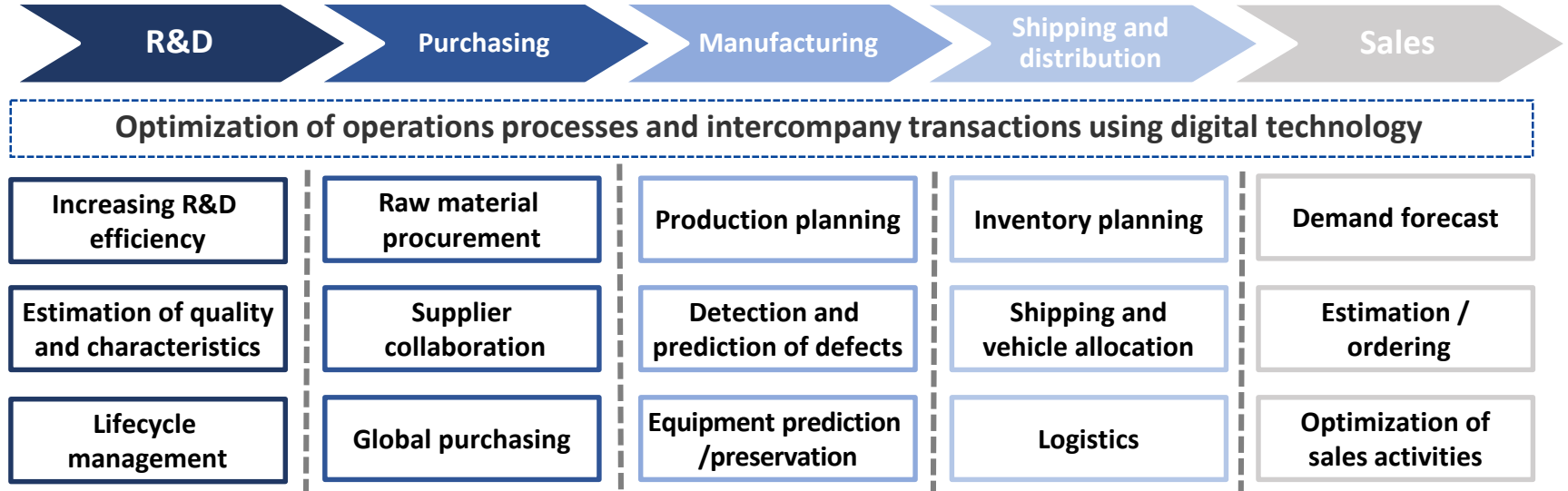
### Strengthening the Financial Base

#### ■ Increasing the Group's Cash and Asset Efficiency

#### ■ Building a Financial Base that is Resilient in the face of Environmental Change

- Cash management and operation throughout the Group
- Rationalization of inventory management
- ▶ Reduction of debt
- ▶ Carry out business activities taking ROIC and CCC

## Implement the digital transformation of manufacturing based on the next main system



**Building the new ERP (operation starts in Apr. 2023)**

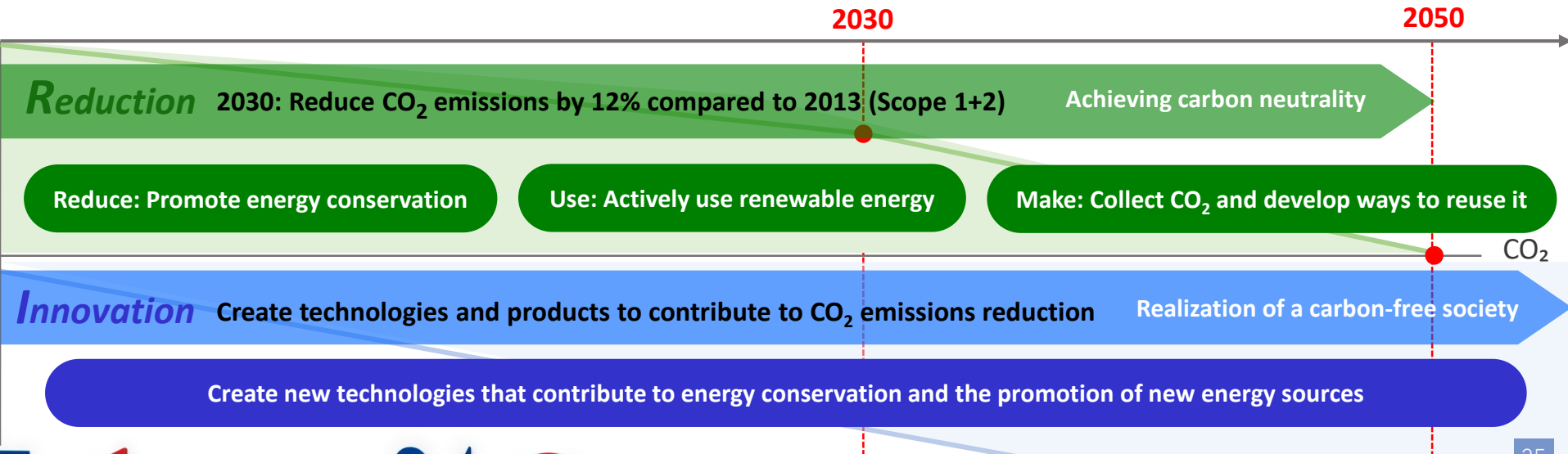
Human Resource development and organization

Development of awareness

Gather ideas for achieving carbon neutrality by 2050 from all ADEKA

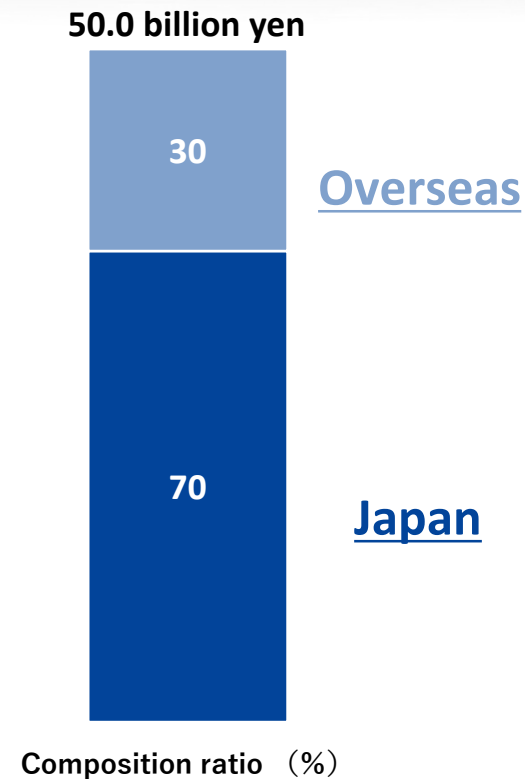
## 2050 : Achieving Carbon Neutrality

2030 : Reduce CO<sub>2</sub> emissions by 12% compared to 2013 (Scope 1+2)



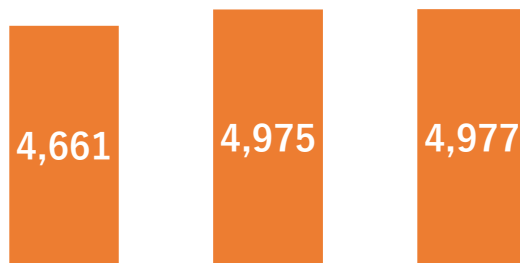
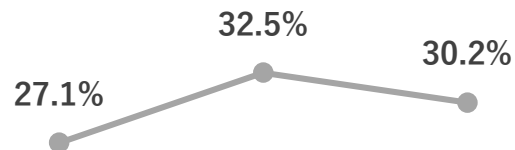
# Major capital investment plan

	Amount (billion yen)	Rate (%)
Polymer Additives	1.5	3
Electronics and IT materials	9.5	19
Functional chemicals	3.5	7
Food products	7.5	15
Life Science	5.0	10
R&D and systems	8.0	16
maintenance, renewal, repair, etc.	15.0	30
<b>Total</b>	<b>50.0</b>	<b>—</b>



# Dividend Policy

Dividends paid  
*BEYOND 300*



	FY2018	FY2019	FY2020
Total Dividend (million yen)	4,661	4,975	4,977
Dividend	¥45	¥48	¥48
Rate of dividend payout	27.1%	32.5%	30.2%

## ADX 2023 Dividend Policy

**30% or above**

No dividend reductions in  
12 consecutive years

Policy for internal reserves

Maintenance of financial health

Investment in Growth and Environment

# For reference : FY2023 Prospective Performance - By segment -

Unit: 100 million yen

【Exchange】  
107yen/US\$  
119yen/€

	FY2020	
	Sales	OP
<b>Consolidated</b>	3,270	289
<b>Chemicals</b>	1,758	203
<i>Polymer Additives</i>	938	75
<i>Electronics and IT materials</i>	297	76
<i>Functional chemicals</i>	522	52
<b>Food products</b>	700	13
<b>Life Science</b>	714	60
<b>Other</b>	97	11



FY2023 - ADX 2023 -	
Sales	OP
3,800	350
2,078	260
1,007	84
441	110
630	66
814	35
890	54
88	12

Management Indicators

## 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.





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

**ADEKA**

**Add Goodness**