

# Presentation on Food products

Mar. 3, 2023

【TSE 4401】



# Purpose and History of the Food Products Business

**Purpose** Contributing to enriching people's lives by pursuing the good taste, safety and security of foods

## Start of business

**1929**

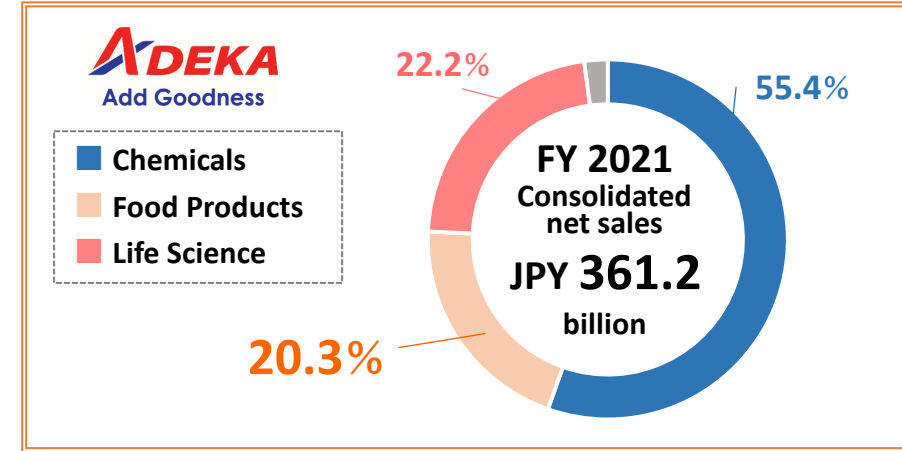
94-year history

## Industry Position

**A leading company**  
in oil and fat processing products

## Consolidated net sales

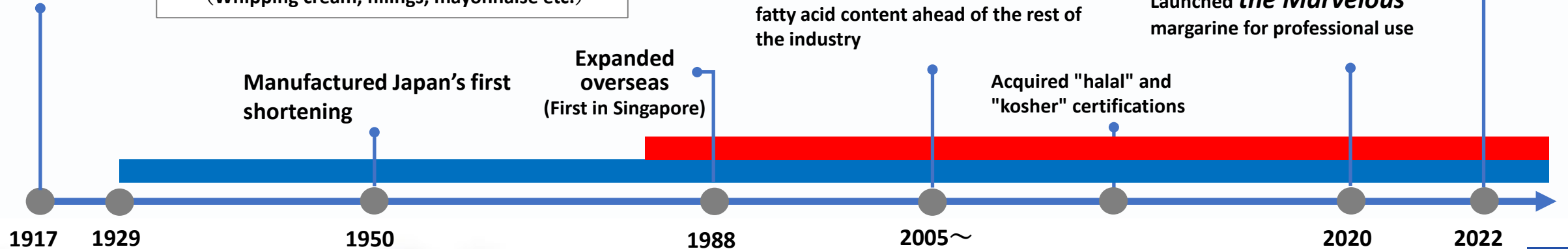
**Approx. 20%** of  
ADEKA's total net sales



## Milestones

### Founding

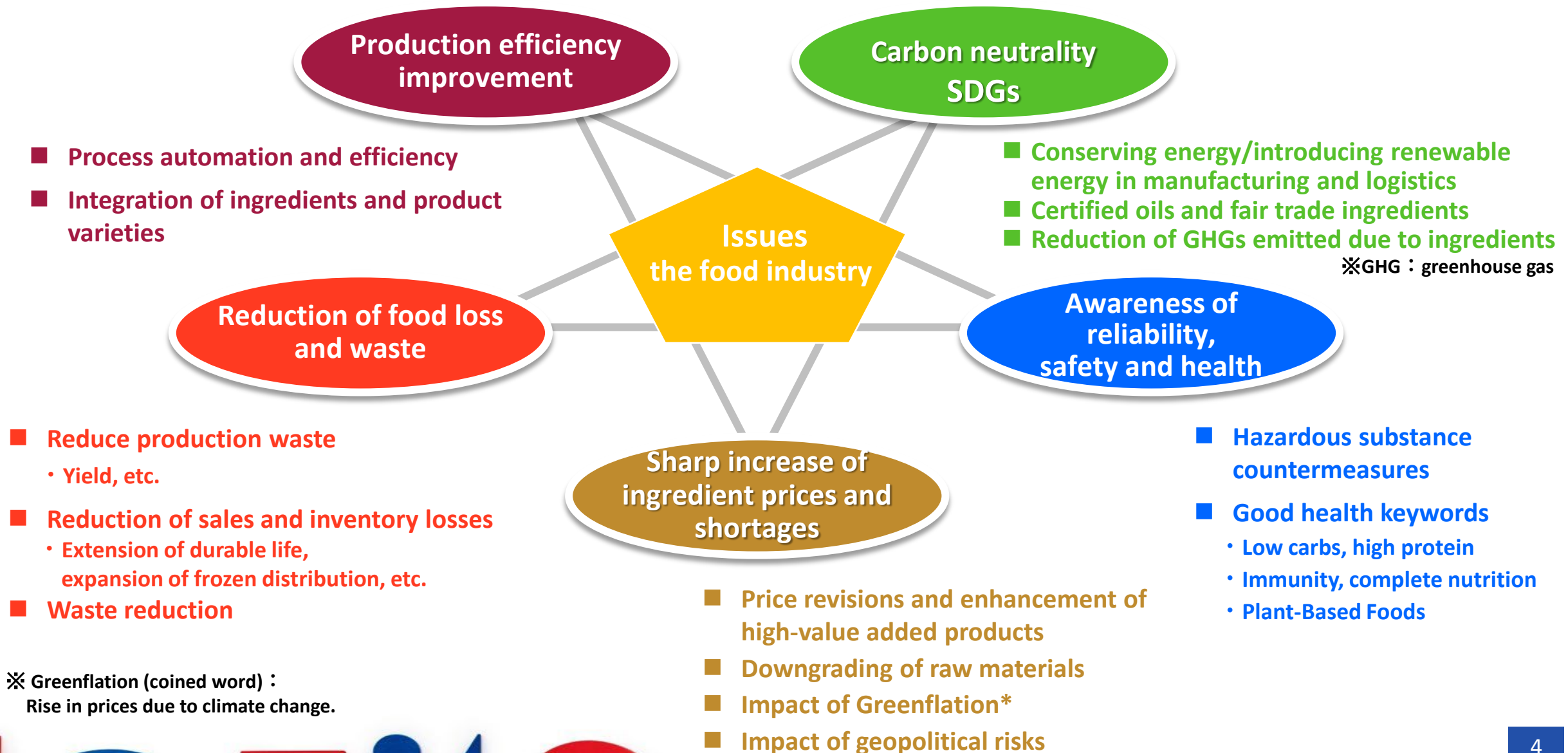
- **Processed fats and oils**  
(Margarines, shortenings etc.)
- **Processed foods**  
(Whipping cream, fillings, mayonnaise etc.)



An essential business that is close to consumers (downstream) and is related to people's diets



End-user, Consumer

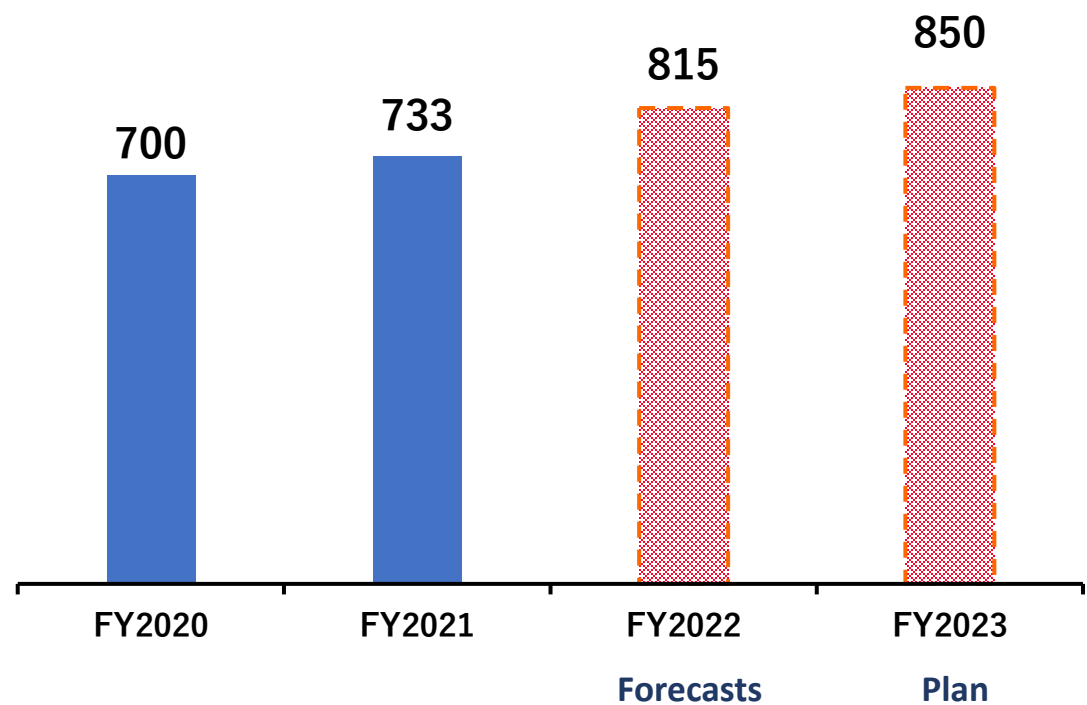


# Performance Trends in the Food Products Business

## Consolidated net sales

(100 million yen)

Mid-Term Management Plan "ADX 2023"

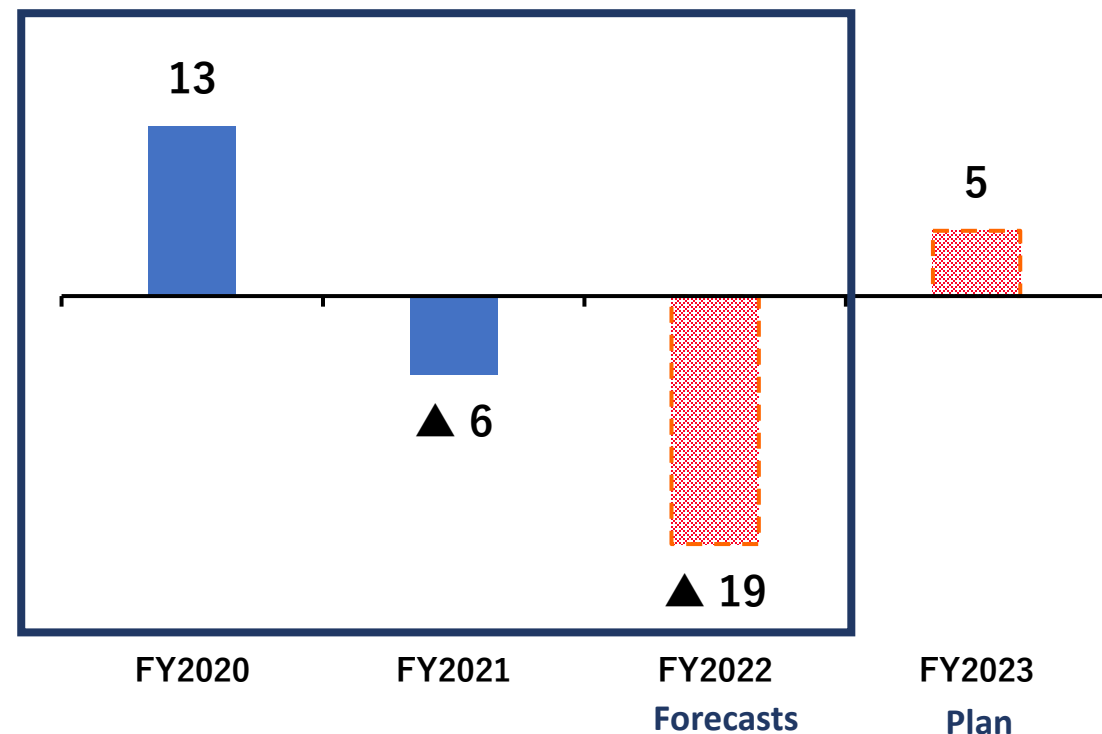


Final year of the MTMP ADX 2023

## Consolidated operating profit and loss

(100 million yen)

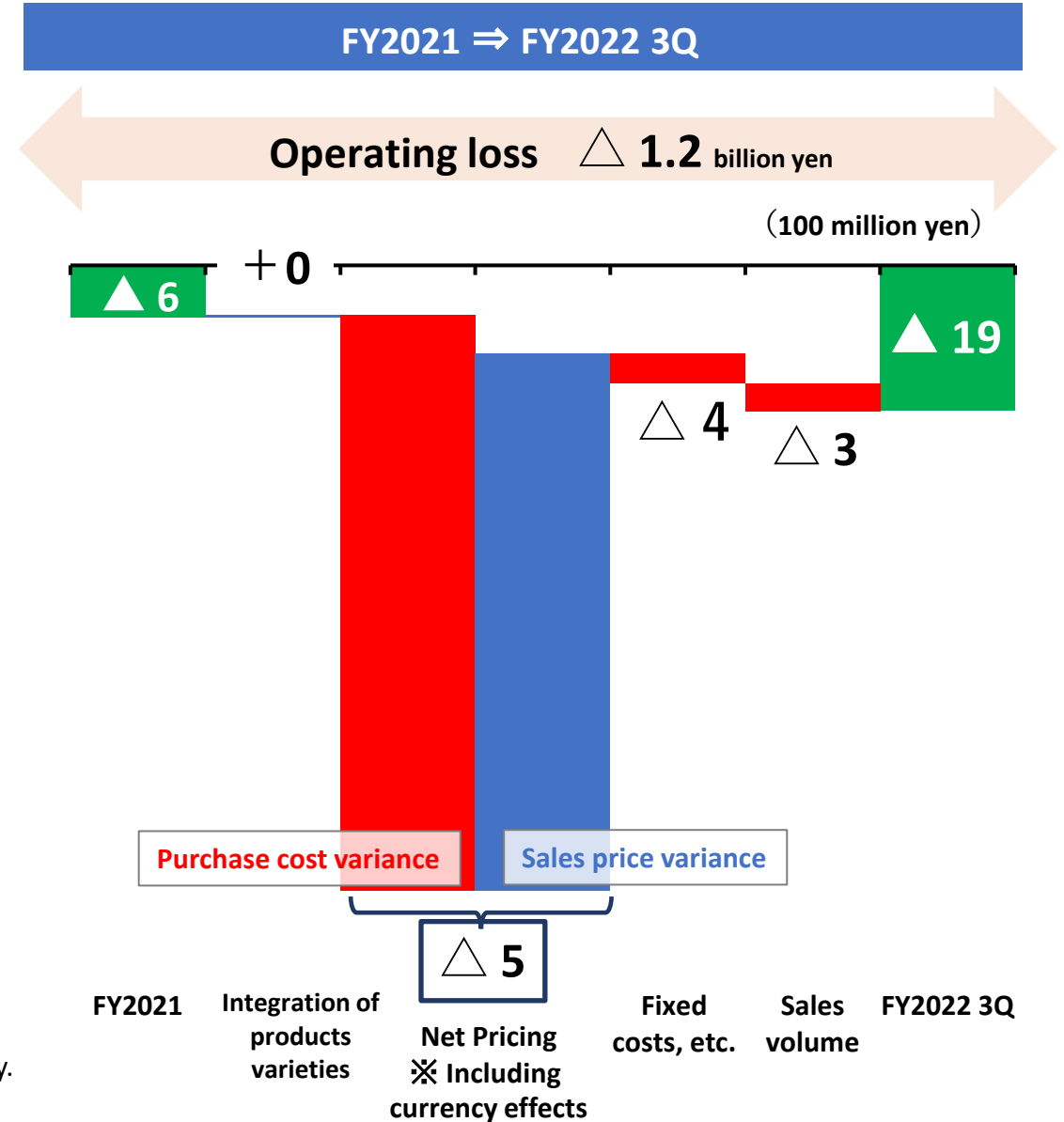
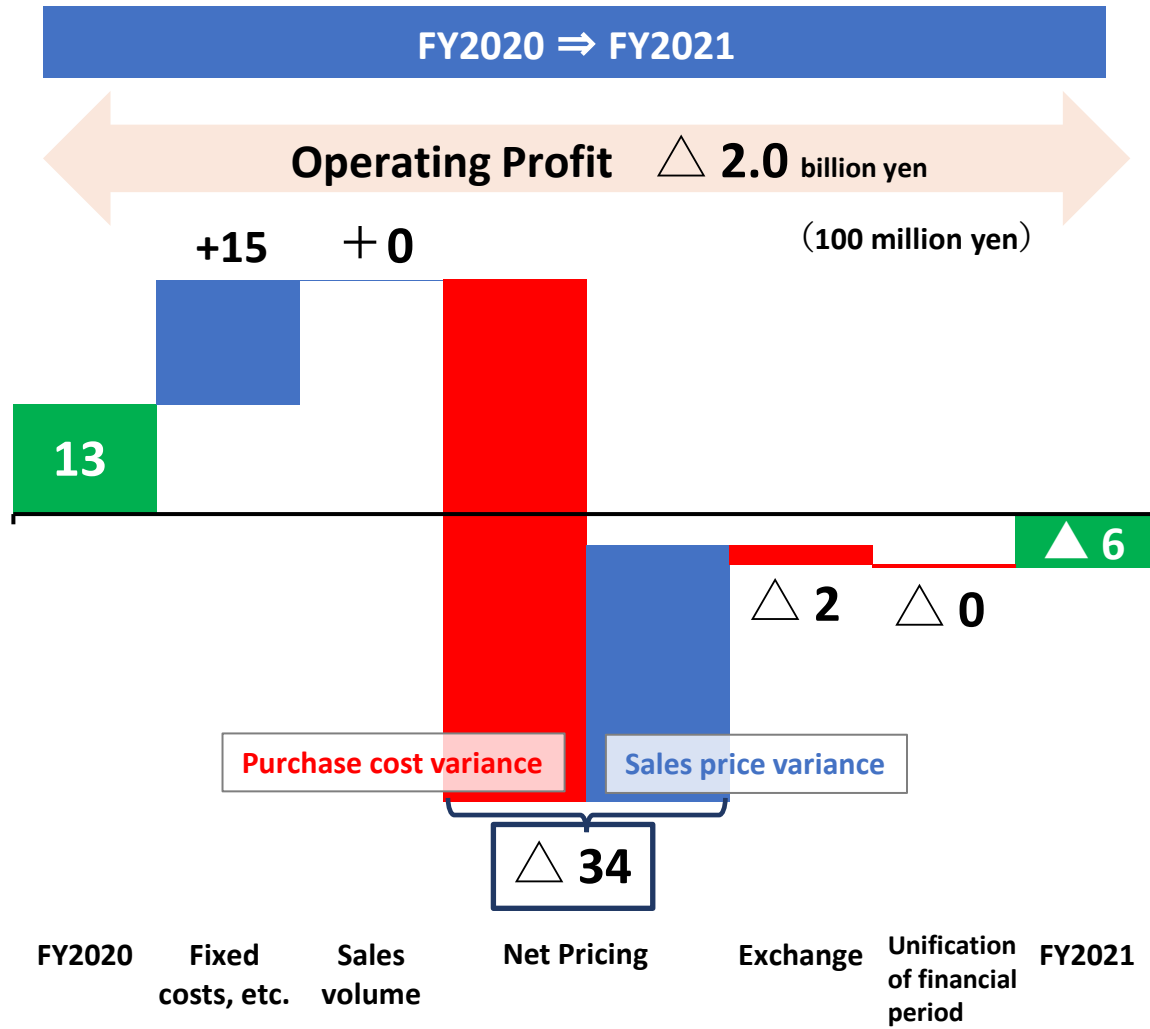
Mid-Term Management Plan "ADX 2023"



Final year of the MTMP ADX 2023

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

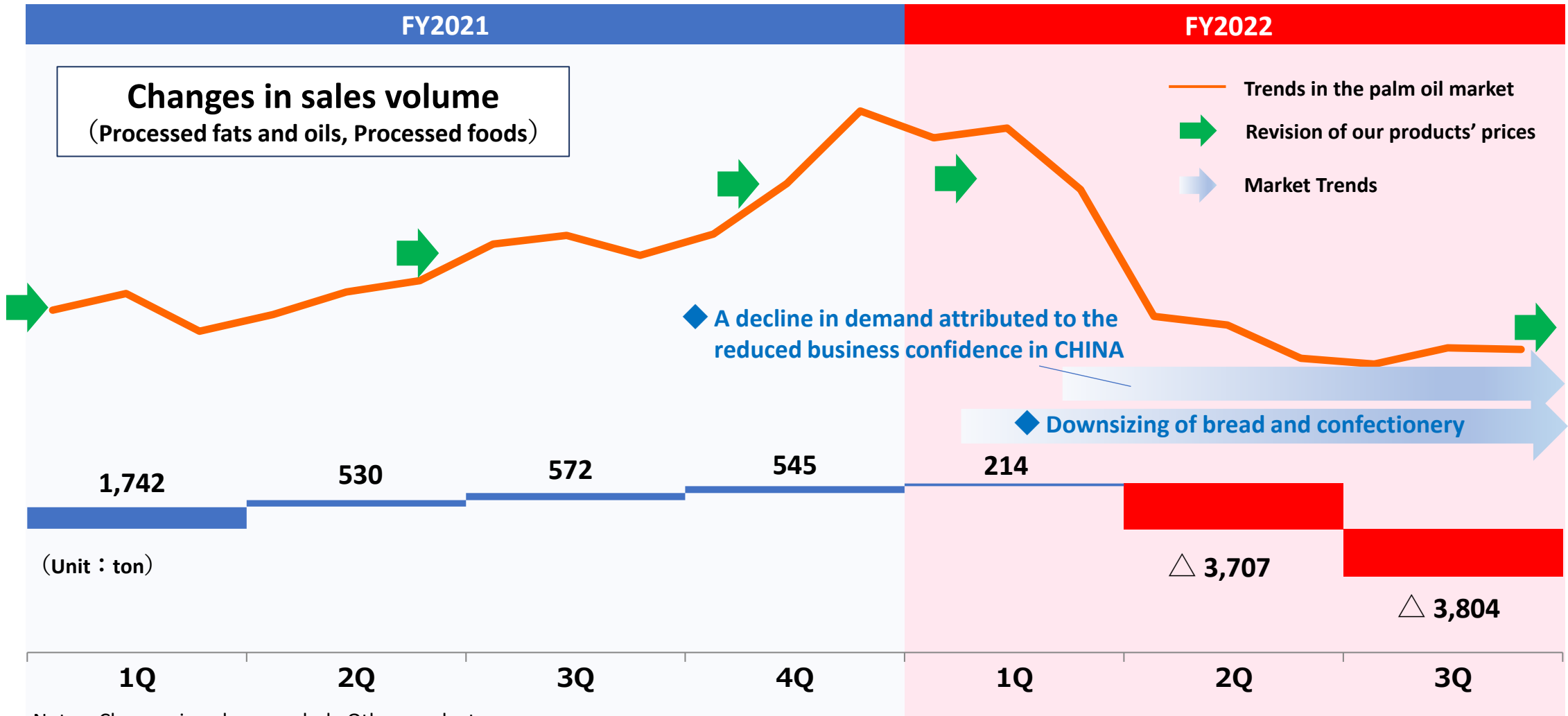
# Analysis of operating Profit



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.

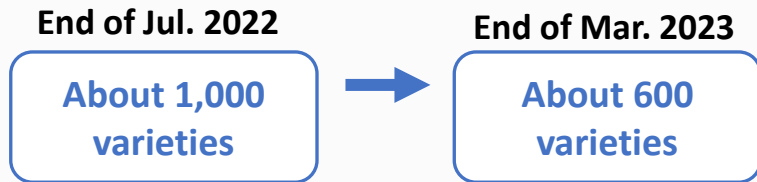
Significant reduction of sales volume, which began in FY2022, is also a cause of the operating loss.



# Integration of product varieties

**Plan**

**Reducing product varieties to around 60% of what it was previously**  
Integration into eco-friendly products



**Reduction of food waste throughout the supply chain**

Margarine that maintains the good taste of bread for a longer time and helps extend its durable life

**Customers**

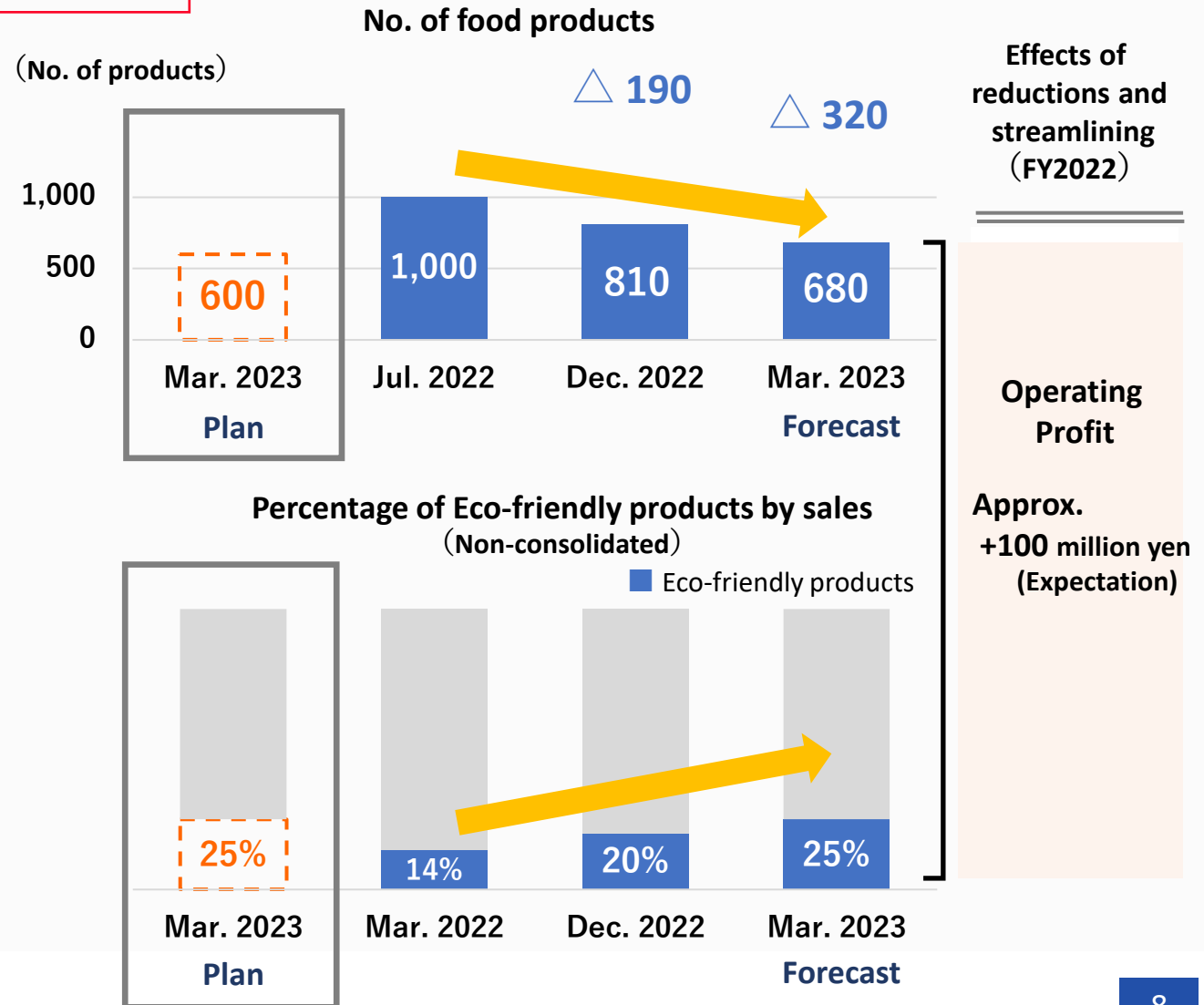
Reduction of out-of-date products and inventory control workload in the storage and logistics phases

**Improvement of profitability**

**ADEKA**

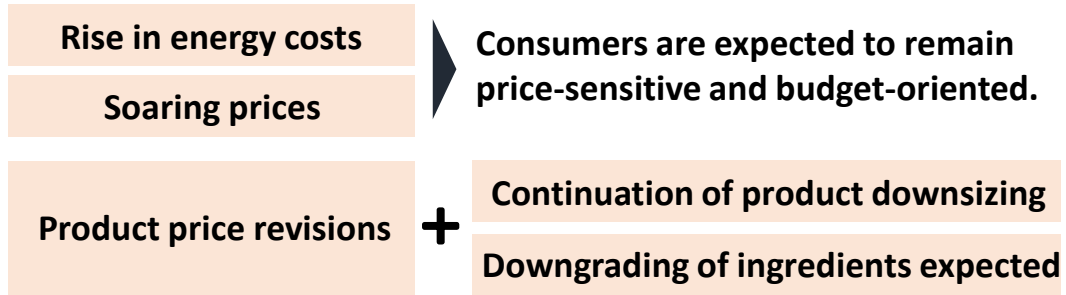
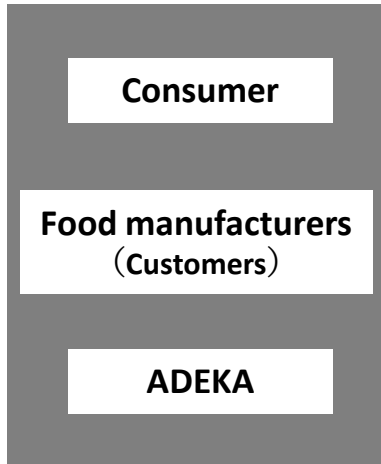
Improvement of the efficiency of production and logistics (Effective utilization of spare capacity)  
Improvement of product mix (Increasing the ratio of high-value added products)

**Progress**





The business environment is expected to remain tough with falling business confidence.



- Sales volume at the FY2022 level (forecast)
- Sales expansion of *Deli-PLANTS series*, a Plant-Based Foods

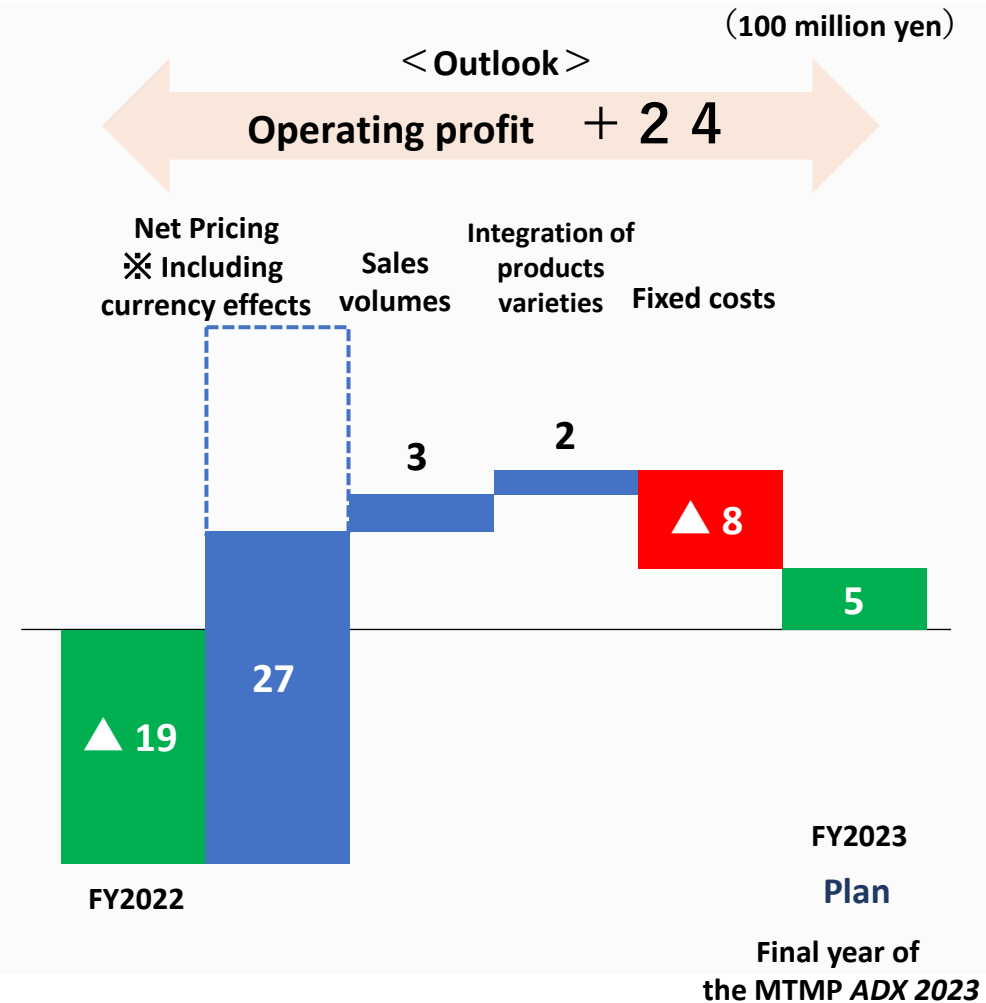
### COVID-19 Outlook

- The pandemic will move toward an end, resulting in the recovery of social and economic activity.
- Recovery in the movement of people and an increase in the No. of domestic travelers and foreigners visiting Japan.
- Recovery of consumption in CHINA (end of the zero-COVID strategy).

※Inbound demand  
Expected to get close to the 2019 level in the second half of 2023

### Market outlook

- Bakery, Confectionery
- Patisserie, dessert, Restaurants
- Plant-Based Foods, Frozen food, Health foods

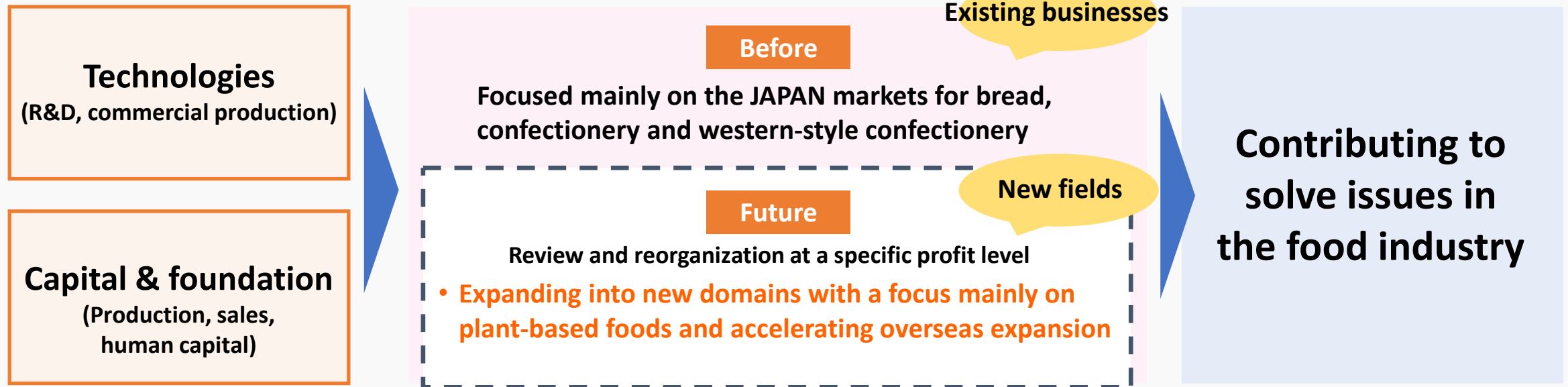


Note 1 : Figures are expressed in units of 100 million yen and have been rounded off.

Note 2 : The analysis and forecast of the change in operating profit were created assuming a palm oil price of \$1,000/t and an exchange rate of ¥130/\$.

## Cultivating oil and fat processing technologies to contribute to the establishment of a sustainable society and affluent dietary lifestyles around the world

The things we have accumulated during our long history



Pursuing social value and economic value to achieve the growth of business attaching importance to the maximization of profit

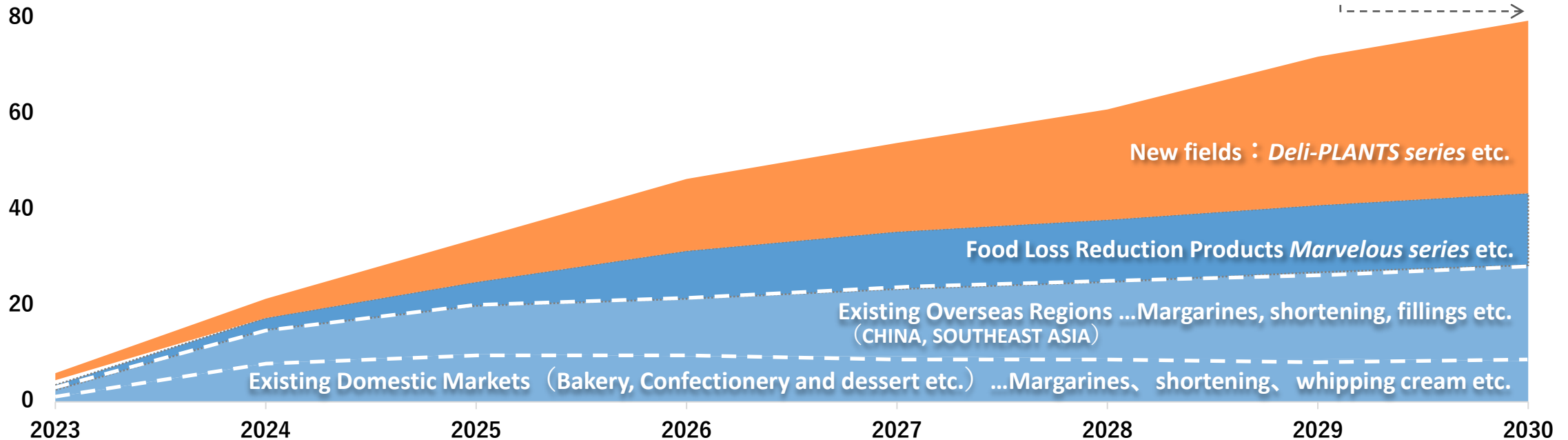
# Projected Growth of operating profit

Domains where we aim to achieve growth in the future		
New fields	Plant-Based Foods <i>Deli-PLANTS series</i>	Domestic, Overseas
	... Special Topic (2)	
Existing business	Food Loss Reduction Products <i>Marvelous series</i> etc.	Domestic, Overseas
	... Special Topic (1)	
	Bakery, Confectionery and dessert market Margarines, shortening, fillings etc.	CHINA, SOUTHEAST ASIA

Operating profit margin (FY2030)

Aim for **7% or more**

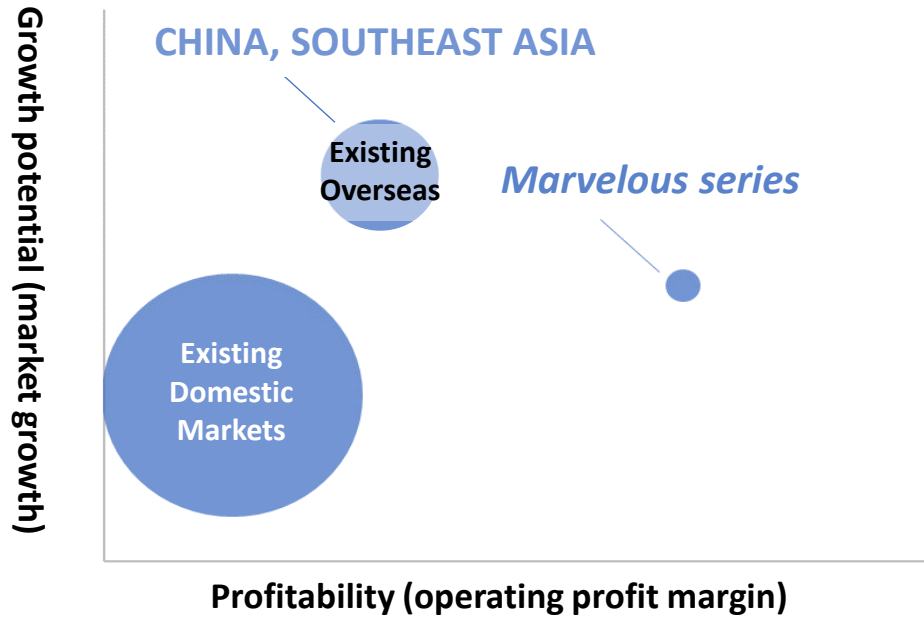
(100 million yen)



# Transformation of the Business Portfolio

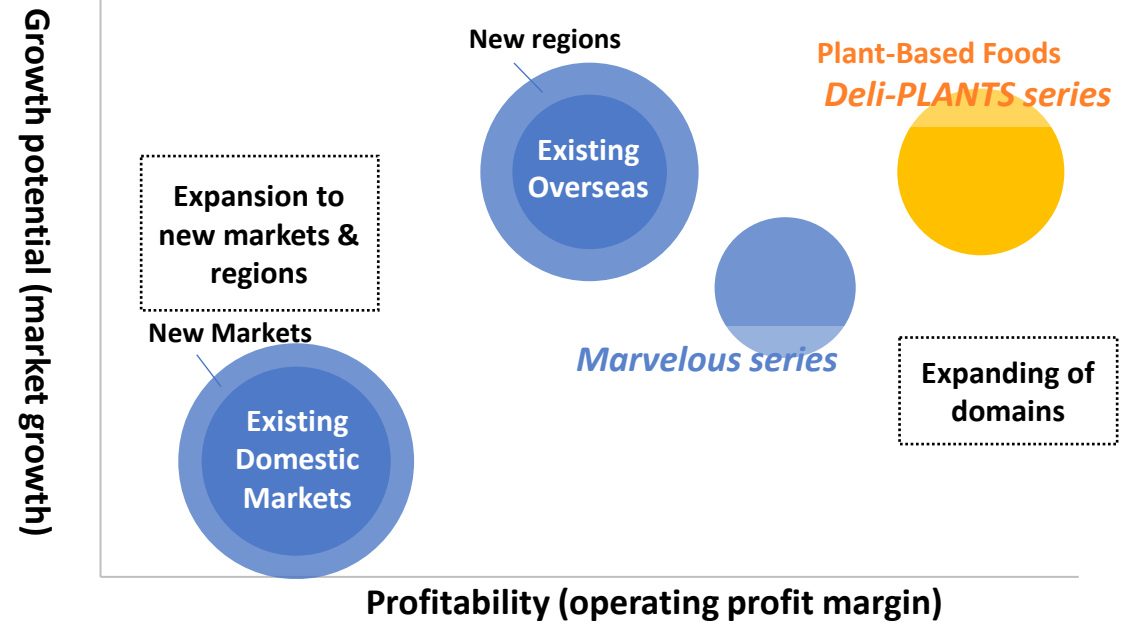
**FY2020**

\* The size of each circle indicates the scale of sales.



**FY2030**

\* The size of each circle indicates the scale of sales.



## 1 . Deepening of domestic market (Existing + New)

- Demand in existing markets (bread, confectionery, and western-style confectionery) is expected to decline gradually due to the falling birthrate and the aging population.
- Expanding and deepening sales channels by tapping into market needs, including ones related to health awareness and the reduction of environmental impact
- Existing markets plus beverages, frozen desserts, cooked rice, meat, prepared food and other markets

## 2 . Expanding of overseas markets

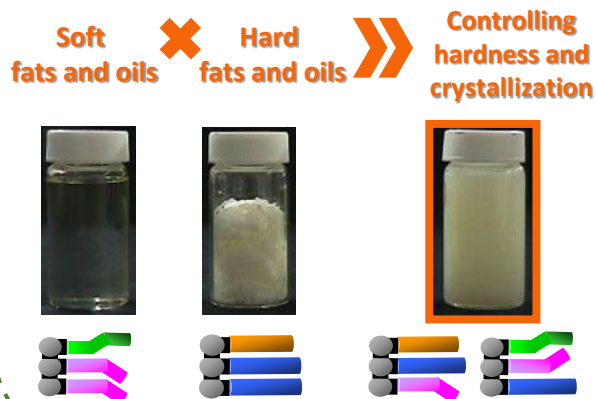
- Continuing to tap into markets in SOUTHEAST ASIA, where the demographics continue to be beneficial, and in CHINA, where gentrification and the diversification of foods are progressing
- Expanding sales channels into the INDIA and the MIDDLE EAST area which continues to grow rapidly
- Increasing profit by expanding sales of functional oils and fats and fillings for bread and confectionery

## 3 . Expanding of the domains

- Helping solve issues faced by the food industry, including the food crisis and carbon neutrality
- Expanding sales of eco-friendly products, such as *Marvelous* and plant-based foods, in Japan and overseas
- Pushing forward with the expansion of the sales of plant-based products not only in JAPAN and ASIA but also in EUROPE and the U.S.

Producing oils and fats with reduced trans-fatty acid content

High-efficiency transesterification



- Application development
- Transesterification
- Crystal adjustment
- Emulsion structure

Oil and fat processing technologies

- Analysis of flavor components
- Flavor reproduction
- Maintaining texture
- Application development

Technologies for creating good flavors

Food safety technologies

- Sterilization
- Hazardous substance countermeasures
- Hygiene management
- Traceability

Creation

**Highly functional oil and fat processed food products with high-added value**

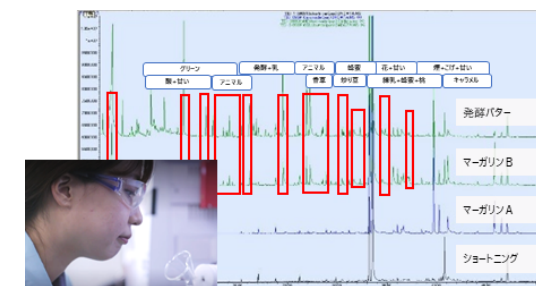
Ex.)

- Kneading margarine, which extends the durable life of bread
- Whipping cream which enables the frozen distribution of desserts
- Emulsifying ingredients which enhance flavor
- Emulsifying ingredients which enhance flavor

Creating good taste scientifically

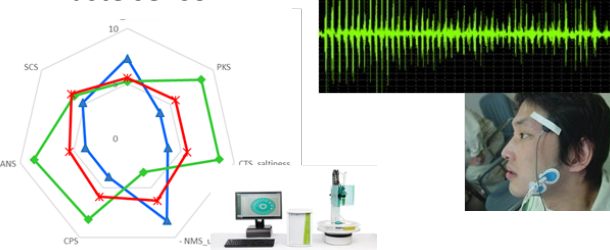
A wide variety of technologies for analyzing good taste

GC-Olfactometry



Electromyograph

Taste sensor

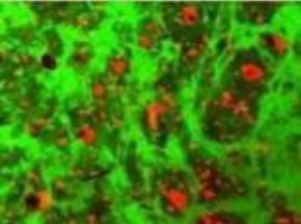


**Historically, ADEKA has been a food-tech company**

# Helping Reduce Food Loss Using *the Marvelous*

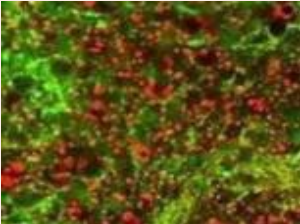
**Oil and fat processing technologies**

Conventional kneading oils and fats



Fluorescence microscopic images of the bread crusts

**High-dispersion oils and fats**



Red: oil Green: gluten



**Good texture and maintained**

Various functional components

Technologies for creating good flavors

- Enzymes
- Emulsifier
- Polysaccharide thickeners

etc.

Action

- gluten
- Starch
- 3D conformation

etc.

effect

- Softness
- Mouthfeel
- Crispness
- Change over time

etc.

Quickly kneaded into the bread dough entirely

- Texture of fresh-baked bread maintained
- Increased workability and productivity at manufacturing sites



# Plant-Based Foods “Deli-PLANTS series”

## Oil and fat processing technologies

### Emulsification technology

- Use of plant proteins
- Emulsion stability under acidic conditions
- Good whippability

### Adjustment of oil and fat crystals

- Meltability similar to cheese
- Adjustment of texture (such as how the product melts in the mouth)



## Technologies for creating good flavors

ReTERA 技術

Recreation Technology of Richness in Animal-based foods

### Reproducing the flavor of milk without using animal products



Flavor of milk

Analysis and recreation



Ingredient that tastes like milk

Deli-PLANTS Oat conc



Natural flavor of milk

### Effective utilization of plant-based components



Rich flavor of animal fats

Analysis and recreation



Plant-Based ingredients

Deli-PLANTS Koku fat



Rich flavor like that of animal fats

## Plant-based foods with the good taste of animal products

||

★ Technologies and concepts that other companies do not have

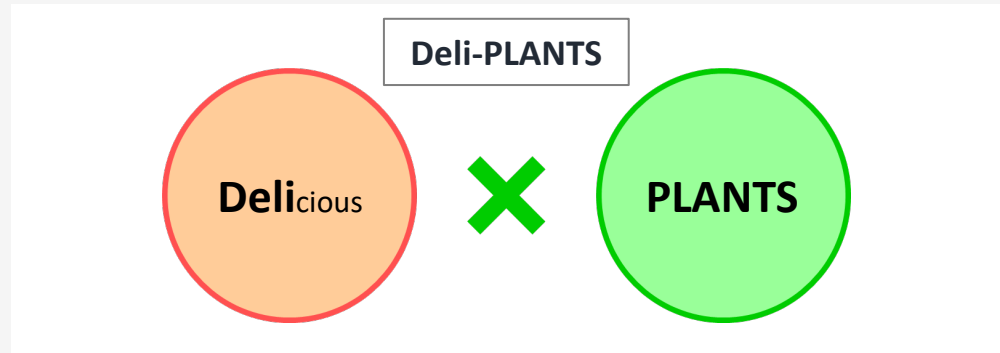
Competitors' products :

- Pursuing the flavor of plant-based ingredients
- Seasoning with spices, condiments, etc.

# Plant-Based Foods “Deli-PLANTS series”

## Development concept

Make delicious plant-based food\* the norm



### Delicious and Easy to use

Make it Easy to cook delicious Plant-Based Foods

### Health

Low cholesterol, low fat, etc.

### Reliability and Safety

RSPO-certified oil used, Trans-fatty acid reduced



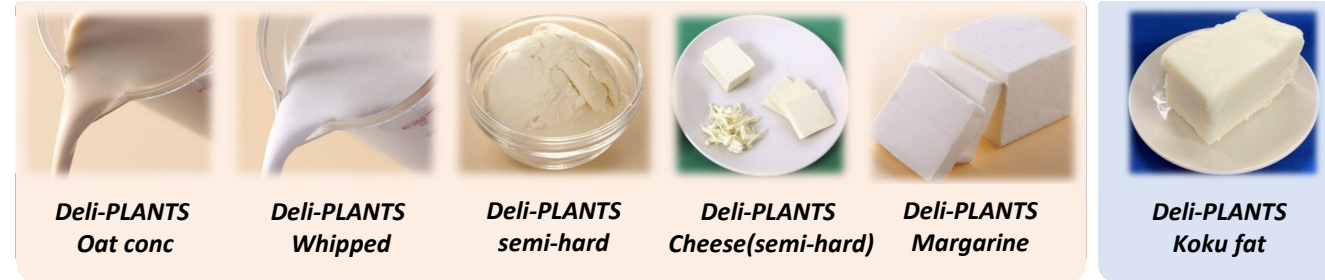
Reducing Environmental Impact

Health and Prevention

Food diversity

Expand market

## Line up 6 products (as of March 3, 2023)



### Point 1

These products can be applied to recipes using dairy products

### Point 2

Favored by consumers



# Makes it easy to develop plant-based food dishes!

※ We define products that do not directly contain animal products in ingredients and food additives as plant-based foods.

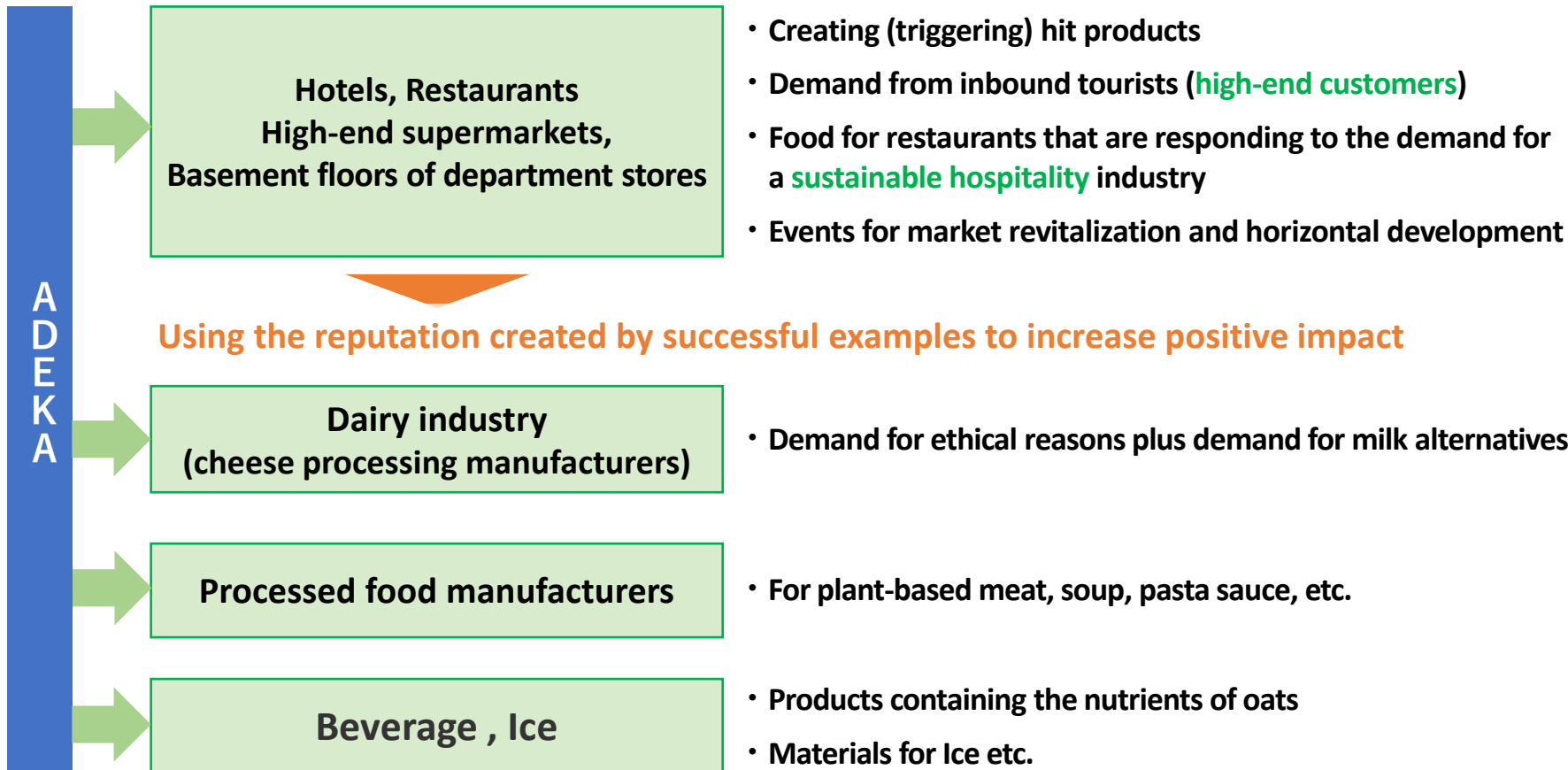


# Domestic expanding of “Deli-PLANTS series”

## Enhancing sales channels and product lines to prepare for full-scale market formation

### Target (Sales channels and applications)

### Development of new products



### 「Nutritionally enhanced」 type

For elderly people,  
babies and infants,  
people with specified diseases, etc.

### 「XX-free」 type

Allergen, gluten, etc.

### 「Reduced-XX」 type

Calorie, sugar, salt, etc.

# Collaboration with Isetan Shinjuku Store

**Isetan Shinjuku** Only MI Campaign on the food floor

The evolution doesn't stop! Next-generation foods that deserve attention

Ingredients on which the campaign is themed

It was decided to use *the Deli-PLANTS series of products*

Selling limited-offer foods using *Deli-PLANTS* at Isetan Shinjuku

More than 10 items in total

**Date** March 15th, 2023. ~ March 28th, 2023.

**Place** Food floor on the 1st basement floor of Isetan Shinjuku's main building



**Store**

- RF1
- Suzunami
- Kyoto dishes Minokichi
- Yonezawa Kohaku temple
- Itohan
- Ishingo
- Sammi Takamatsu
- Kitchen Saikabo of willow incense princess

Additional stores to be announced soon

(No particular order)



▲ RF1  
Snap pea and arugula salad with lemon-flavored *Deli-PLANTS* cheese



▲ Ishingo  
Steamed bun with prawn and cream cheese made from oat milk

Image from Isetan Mitsukoshi "FOODE" vol.23

Aiming to expand sales in Japan and overseas with good taste and ease of use that overturn the image of plant-based foods

# Overseas expanding of “Deli-PLANTS series”

	ASIA (CHINA , SOUTHEAST ASIA, INDIA etc.)	EUROPE and The USA
	Growth markets where the growth of the population and the westernization of diets is progressing	Markets that have been formed and are in the growth phase
Target	<ul style="list-style-type: none"> <li>• Demand for alternatives associated with animal product supply shortages (dairy products)</li> <li>• Demand associated with environmental consideration, health awareness (comprehensive healthcare) , and the pursuit of good taste</li> </ul>	
Production and Supply systems	<p style="text-align: center;"><b>3 Overseas bases</b> (CHINA、 SINGAPORE、 MALAYSIA)</p> <p style="text-align: center;">+</p> <p style="text-align: center;">Outsourcing of production to local companies and export from Japan also being considered</p>	<p style="text-align: center;"><u>Current status</u> <b>No Food Product Business production base in EUROPE or the U.S.</b></p> <p style="text-align: center;">Building relationships with collaboration partners who can produce and sell the products</p>
Issues	Building and reinforcing a supply chain including the ingredients and developing sales channels, Selection of appropriate collaboration partner companies	



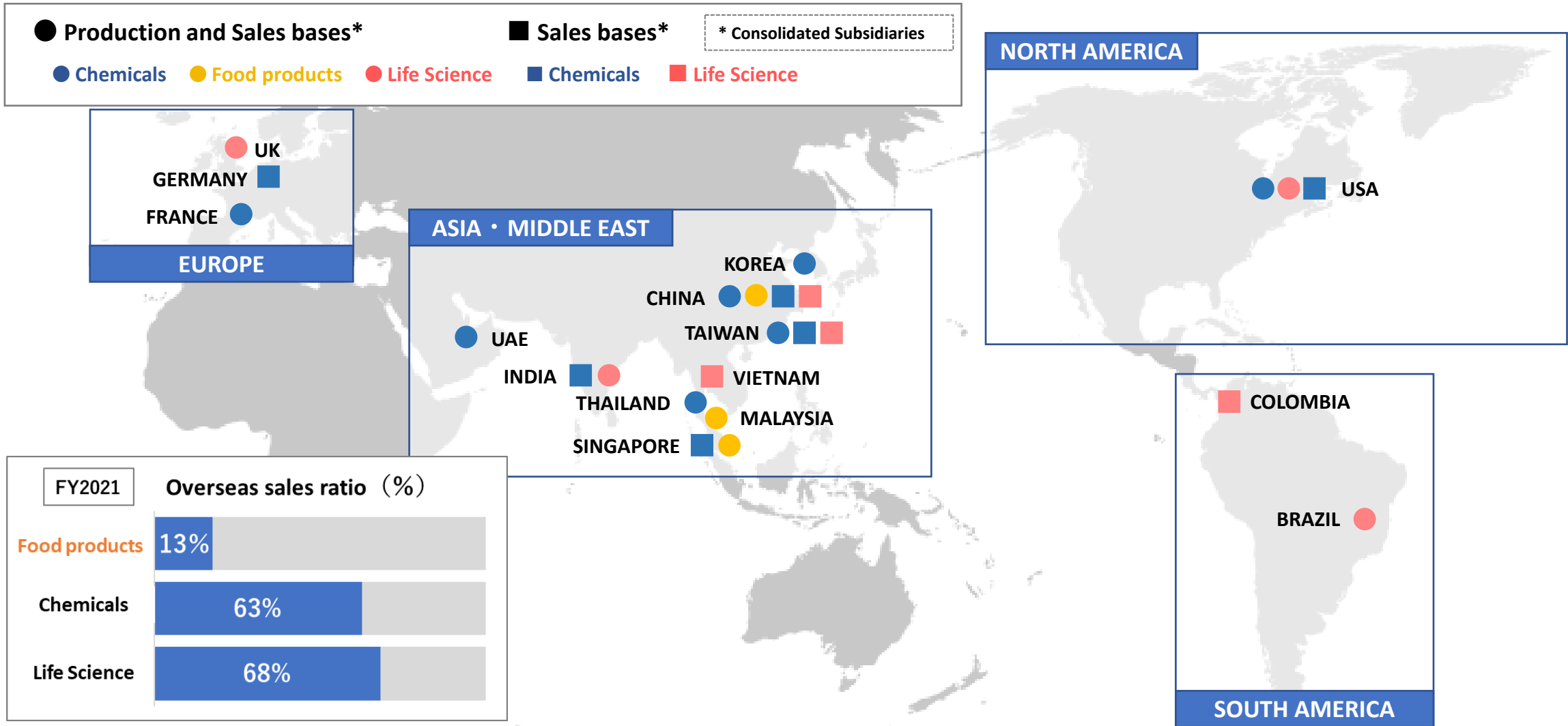
<b>JAPAN (ADEKA)</b>	<p><b>Research : Development of new products and applications</b></p> <p><b>Production : Support for export procedures and in mass production technologies</b></p>
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# Roadmap for Overseas Expanding

★ Launch of product (including sales on consignment) ● Sales-related initiative ● Procurement-related initiative ● Production-related initiative

Region	FY2022-FY2023	FY2024-FY2026	FY2027-FY2030
ASIA	<ul style="list-style-type: none"> <li>● Completing the search for ingredients</li> <li>★ PBF Cheese , Margarine etc. (CHINA, SINGAPORE, MALAYSIA)</li> <li>● Search for new dealers</li> <li>● Search for production partners (CHINA etc.)</li> </ul>	<ul style="list-style-type: none"> <li>★ PBF Whipping cream , Milk etc. (CHINA, SINGAPORE, MALAYSIA)</li> <li>● Beginning sales on consignment</li> <li>● Search for production partners (INDIA, MIDDLE EAST etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Expanding Sales Channels and the lineup (BtoC including online shopping)</li> <li>● Reinforcing the framework for procuring ingredients</li> <li>● Expanding of production in Asia (INDIA, MIDDLE EAST etc.)</li> </ul>
EUROPE and The USA	<ul style="list-style-type: none"> <li>● Search for dealers and sales channels</li> <li>● Search for production partners (Licensing, OEM, joint ventures, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>★ PBF Cheese , Whipping cream etc.</li> <li>● Increasing dealers</li> <li>( continue searching )</li> </ul>	<ul style="list-style-type: none"> <li>● Expanding Sales Channels and the lineup (BtoC including online shopping)</li> <li>● Reinforcing the framework for procuring ingredients</li> <li>● Considering the possibility of establishing our own factory depending on sales volume (Also flexibly considering licensing, OEM, joint ventures, etc.)</li> </ul>

# Overseas expanding of ADEKA Group



Accelerating overseas expansion of the Food Products Business by fully leveraging the ADEKA Group's global network

**ADEKA**

**Add Goodness**