

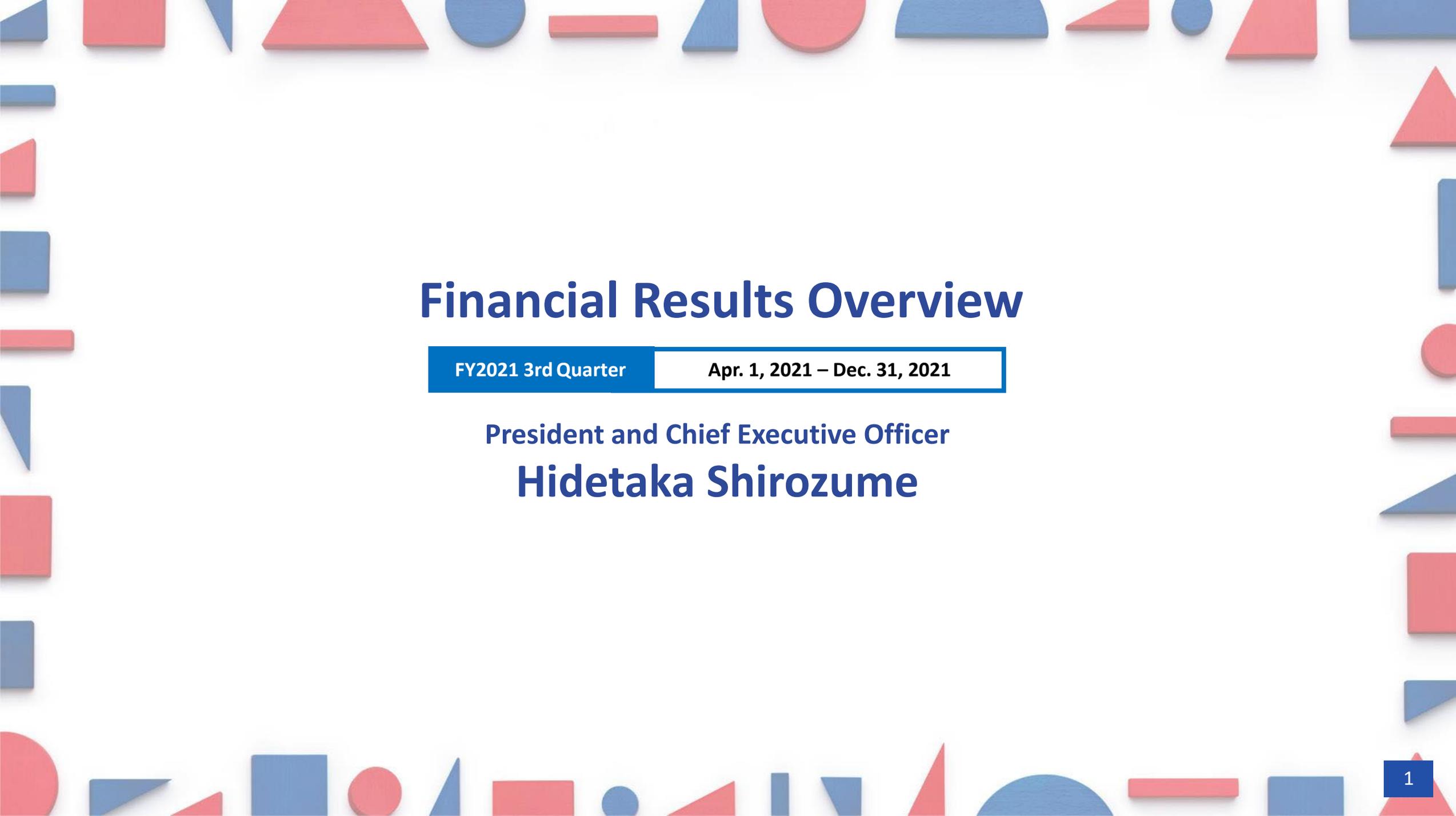
# Briefings on Financial Results

For the 3rd Quarter of the fiscal year ended Mar. 31,2022

Mar. 2, 2022

【TSE 4401】





# Financial Results Overview

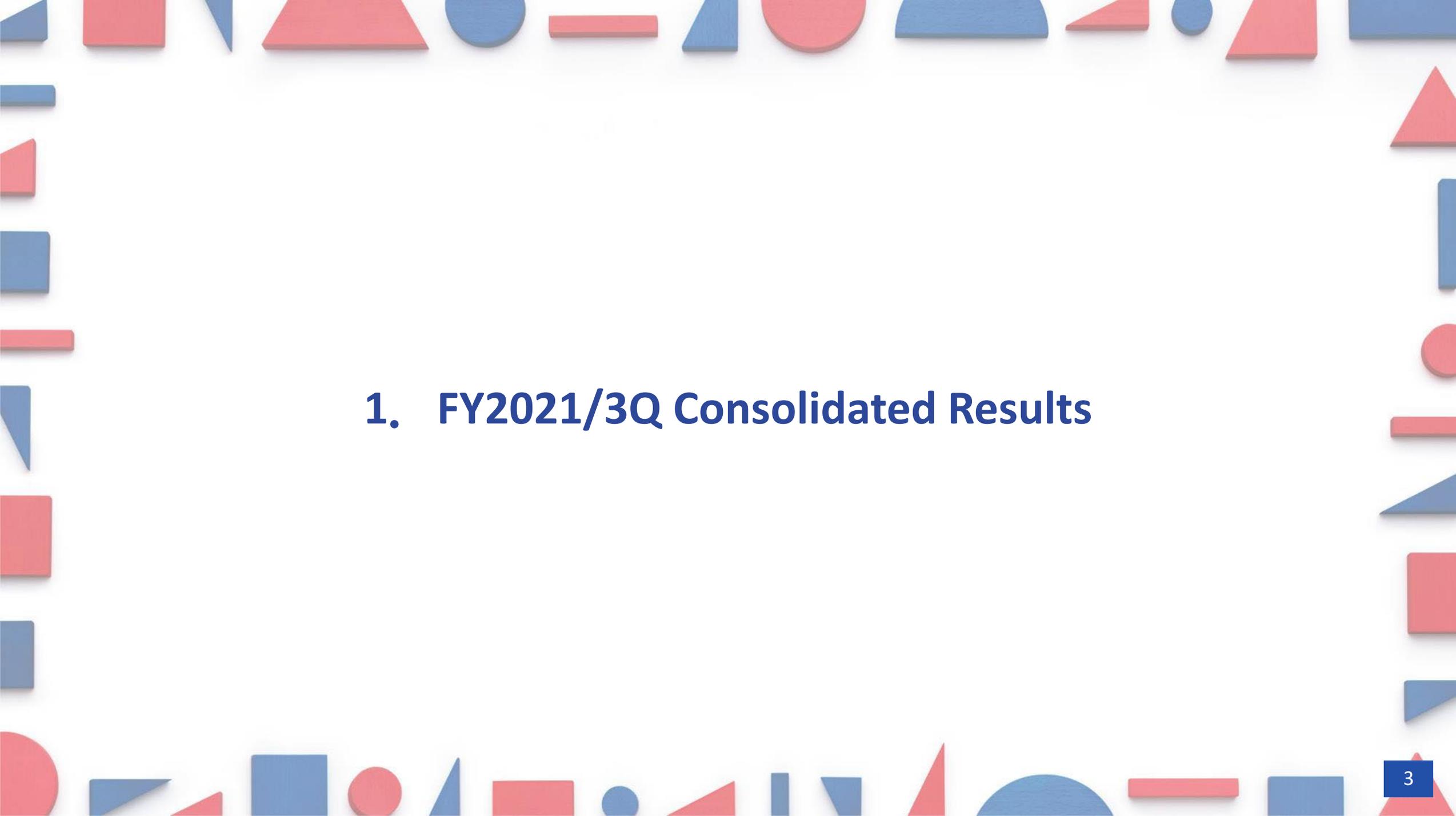
FY2021 3rd Quarter

Apr. 1, 2021 – Dec. 31, 2021

President and Chief Executive Officer

**Hidetaka Shirozume**

1. **FY2021/3Q Consolidated Results** ••• P3
2. **FY2021 Consolidated Forecasts and Dividend Forecast** ••• P13
3. **For Reference** ••• P19
  - Progress of mid-term management plan *ADX 2023*
  - Overseas Sales

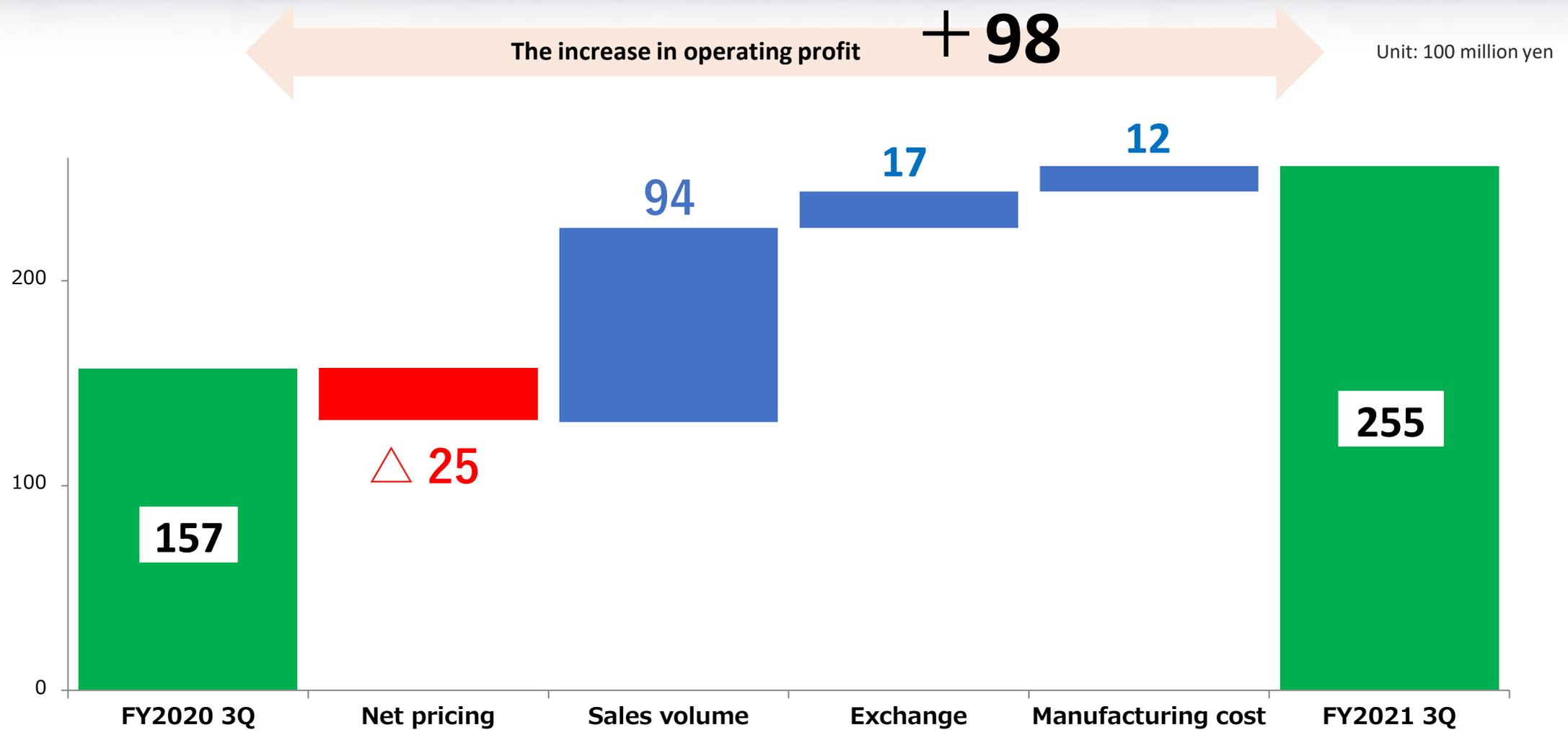
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# 1. FY2021/3Q Consolidated Results

Unit: 100 million yen

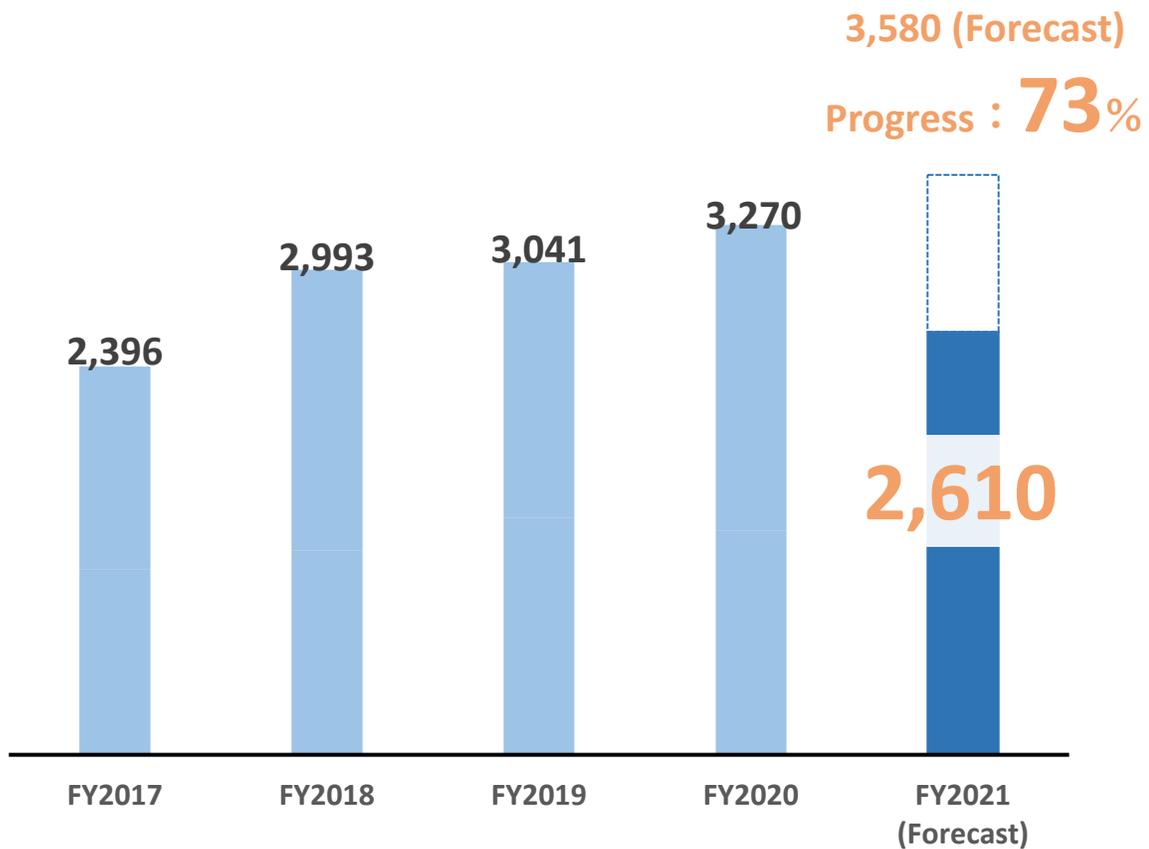
	FY2020 3Q	FY2021 3Q	Change	Rate (%)
Net sales	2,138	2,610	471	22.1
Operating profit	157	255	98	62.7
Current profit	151	264	112	74.1
Profit attributable to owners of parent	104	191	87	83.8
Net profit per share (yen/share)	100.8 yen	185.3 yen	84.5 yen	

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

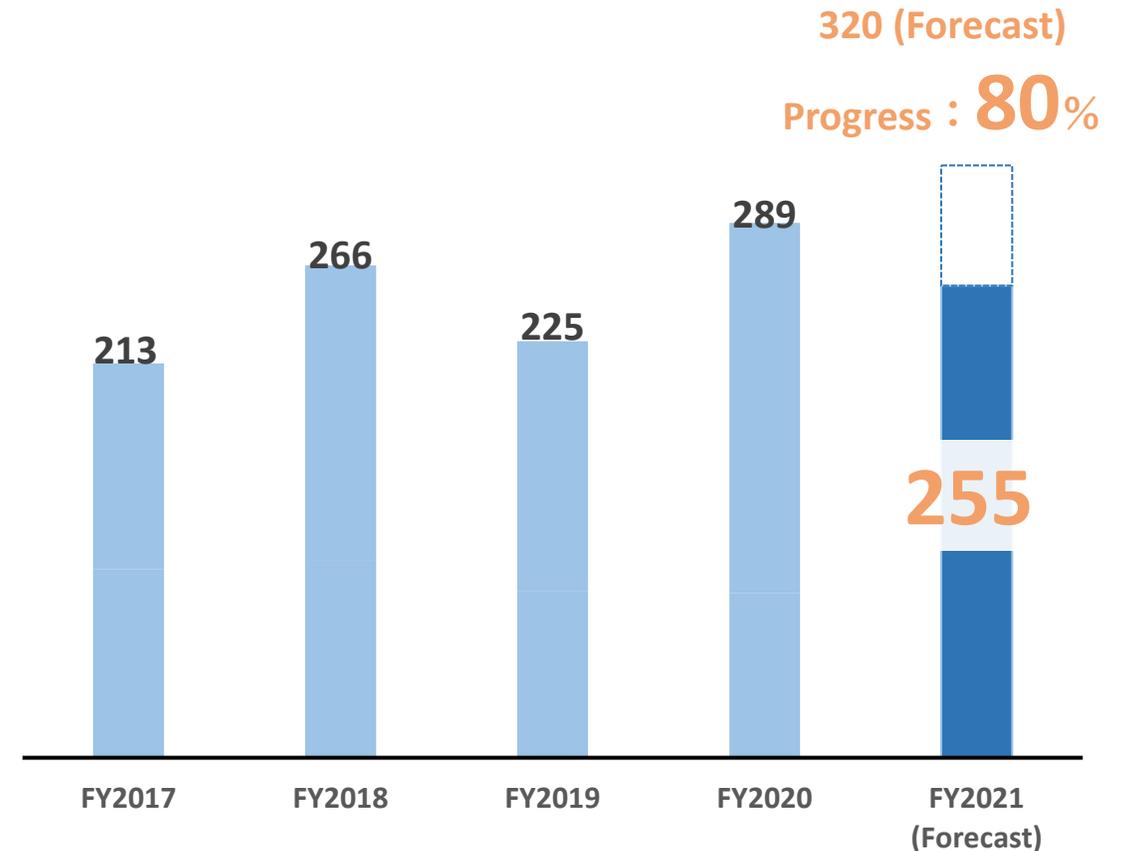


Note : Figures are expressed in units of 100 million yen and have been rounded off.

## Net sales



## Operating profit



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

# FY2021/3Q Consolidated Results - By segment -

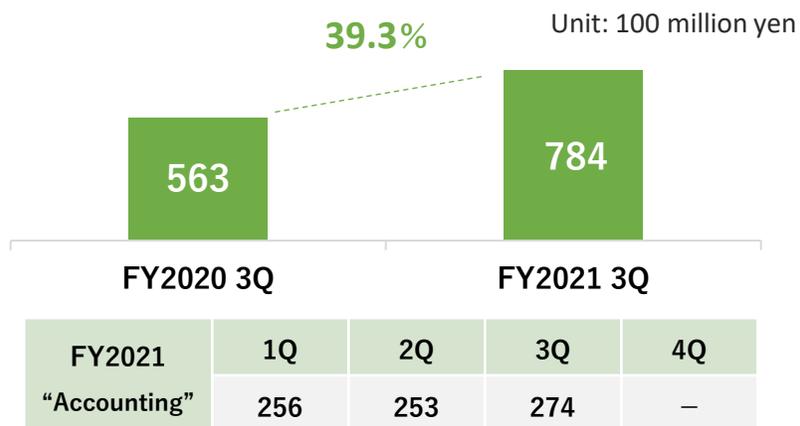
FY2021/3Q  
Consolidated Results

Unit: 100 million yen

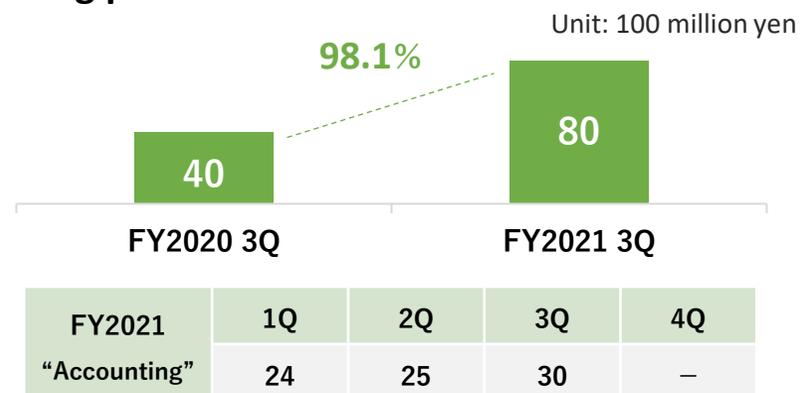
	FY2020/3Q	FY2021/3Q	Change	Rate (%)
<b>Sales</b>	<b>2,138</b>	<b>2,610</b>	<b>471</b>	<b>22.1</b>
<b>Chemicals</b>	<b>1,146</b>	<b>1,484</b>	<b>338</b>	<b>29.5</b>
<i>Polymer Additives</i>	<i>563</i>	<i>784</i>	<i>221</i>	<i>39.3</i>
<i>Electronics and IT materials</i>	<i>210</i>	<i>276</i>	<i>65</i>	<i>30.9</i>
<i>Functional chemicals</i>	<i>372</i>	<i>423</i>	<i>51</i>	<i>13.8</i>
<b>Food products</b>	<b>511</b>	<b>553</b>	<b>41</b>	<b>8.1</b>
<b>Life Science</b>	<b>417</b>	<b>512</b>	<b>95</b>	<b>22.8</b>
<b>Other</b>	<b>62</b>	<b>59</b>	<b>△ 3</b>	<b>△ 5.1</b>
<b>Operating profit</b>	<b>157</b>	<b>255</b>	<b>98</b>	<b>62.7</b>
<b>Chemicals</b>	<b>131</b>	<b>223</b>	<b>92</b>	<b>70.7</b>
<i>Polymer Additives</i>	<i>40</i>	<i>80</i>	<i>39</i>	<i>98.1</i>
<i>Electronics and IT materials</i>	<i>55</i>	<i>89</i>	<i>33</i>	<i>61.1</i>
<i>Functional chemicals</i>	<i>35</i>	<i>54</i>	<i>19</i>	<i>54.2</i>
<b>Food products</b>	<b>7</b>	<b>3</b>	<b>△ 4</b>	<b>△ 58.2</b>
<b>Life Science</b>	<b>11</b>	<b>24</b>	<b>12</b>	<b>108.5</b>
<b>Other</b>	<b>6</b>	<b>4</b>	<b>△ 2</b>	<b>△ 40.6</b>

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

## ◆ Sales



## ◆ Operating profit



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

### Main factor (YoY)

- Increased sales of automobile-related products from a year earlier, despite being affected by reduced automobile production.

- Sales of flame retardants for EV-related and other applications rose steadily.

#### ◆ Automobile

strong

Nucleating Agents, Light Stabilizers

growth

Flame retardants for EV-related products

#### ◆ Building material

strong

PVC Stabilizers, heavy-metal-free stabilizers

#### ◆ All plastic products

strong

Antioxidants

#### ◆ Food packaging, Medical use

steady

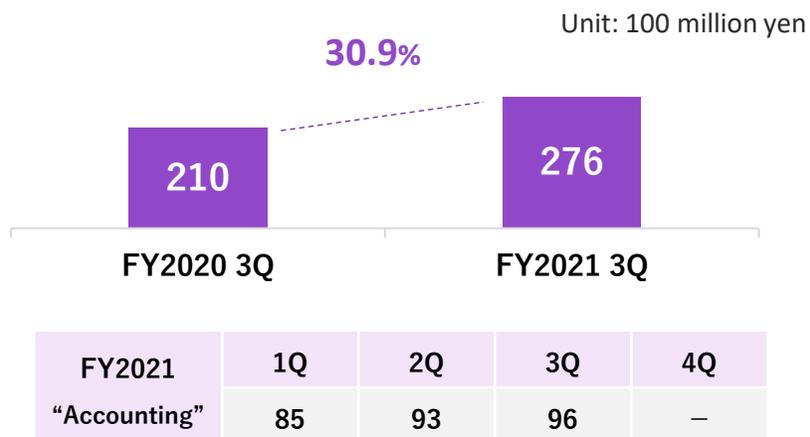
Clarifying Agents

### Main factor (YoY)

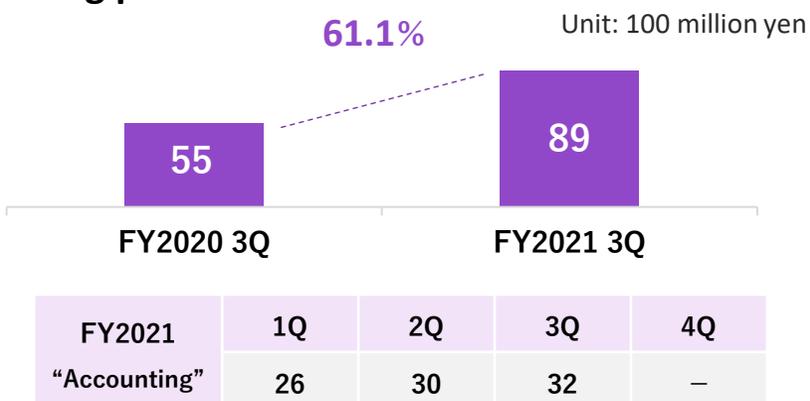
Unit: 100 million yen



## ◆ Sales



## ◆ Operating profit



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

### Main factor (YoY)

- Expansion of sales of High-k materials for cutting-edge DRAM against the background of the acceleration of 5G communications and IoT.
- High-level production of panels and strong sales of all display-related materials although consumption as a result of people staying at home, for products such as TVs, has run its course.

#### ◆ Semiconductor

strong

Photoacid generator used for semiconductor lithography  
New products for advanced DRAM (High-k materials)  
Products for NAND

#### ◆ Display

strong

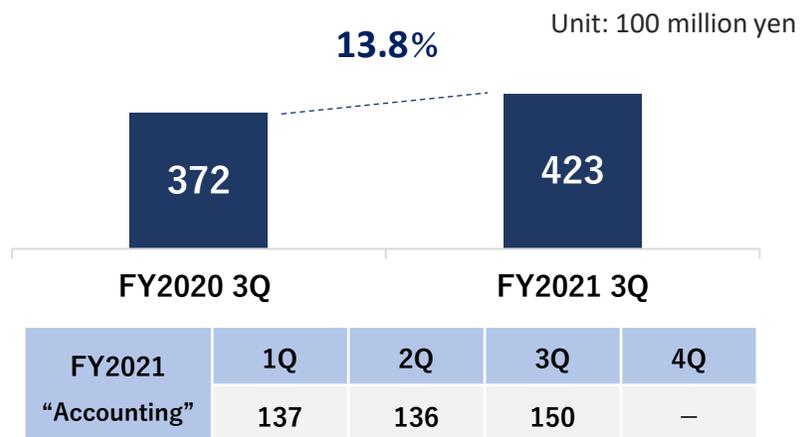
Photo(Light) Curing Resins for Optical film  
Photoinitiator for color filter  
Etchants for Display

### Main factor (YoY)

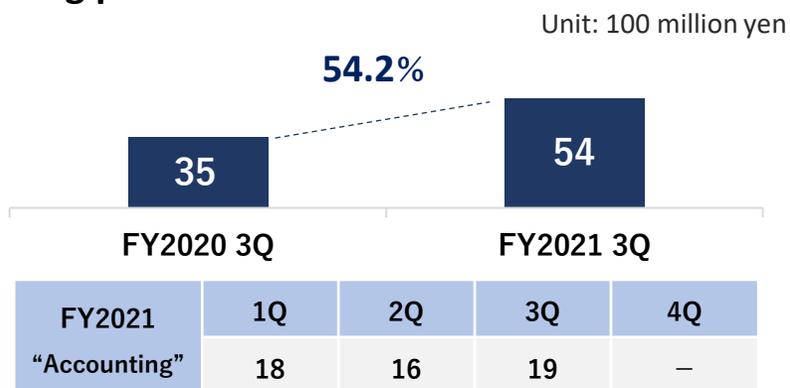


Unit: 100 million yen

## ◆ Sales



## ◆ Operating profit



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

### Main factor (YoY)

- Increased sales of automobile-related products from a year earlier, despite being affected by reduced automobile production.
- Expansion of sales of eco-friendly reactive emulsifiers, for overseas construction paints in particular.

#### ◆ Automobile

strong

Lubricant additive for engine oil,  
Special-type epoxy resins, epoxy resin adhesives

#### ◆ Architectural coatings and food packaging labels

strong

Reactive emulsifier for water-based adhesive resin

#### ◆ Chemicals for general industrial use

strong

Polypropylene glycol

#### ◆ Cosmetics

weak

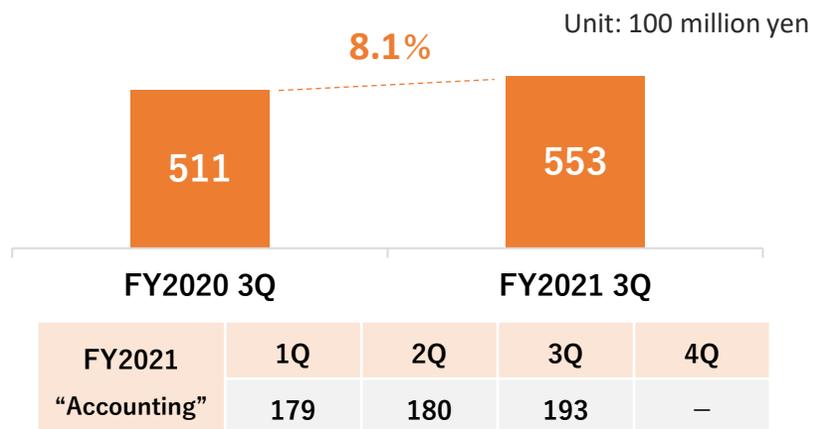
Surfactants

### Main factor (YoY)

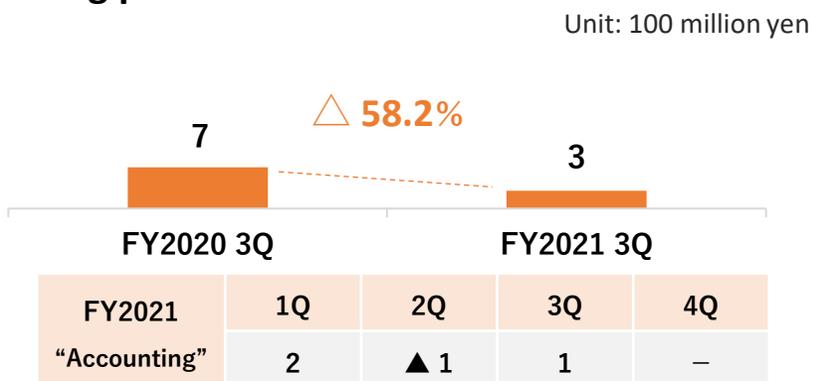
Unit: 100 million yen



## ◆ Sales



## ◆ Operating profit



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

### Main factor (YoY)

- The measures to control the flow of people in Asian nations and the electric power issues in China caused our overseas sales to slump. Despite this, demand for pastries recovered domestically and sales of margarines and shortening have done well.
- Expansion of sales of the "Marvelous" series, which contributes to reducing food loss.

#### ◆ Bread, confectionery

**steady** Margarines, shortening

**growth** Functional Margarine for kneading "Marvelous"

#### ◆ Western confectionery, dessert

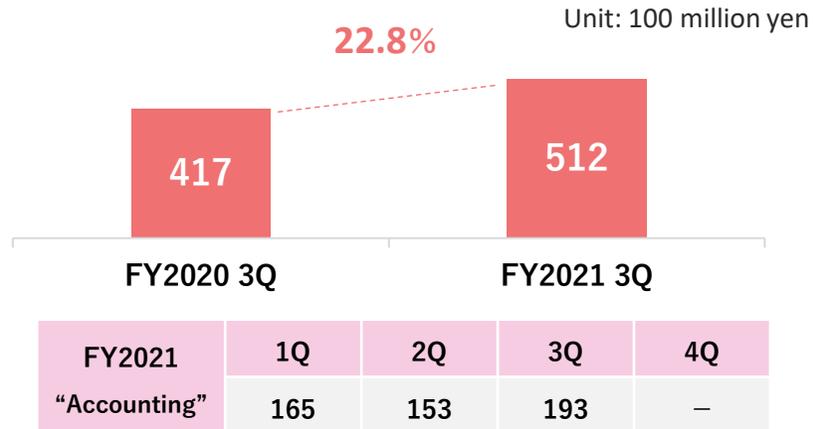
**strong** Whipping cream

### Main factor (YoY)

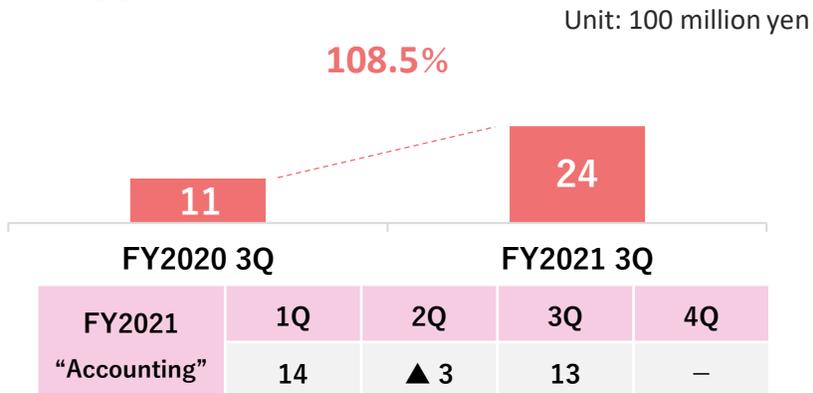
Unit: 100 million yen



## ◆ Sales



## ◆ Operating profit



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

### Main factor (YoY)

- Sales in Japan were made up for by strong sales of agrochemicals abroad, despite sluggish sales of agrochemicals and pharmaceuticals in Japan.
- Expansion of demand for acaricides due to increases in pests in North America.

### ◆ Agrochemicals

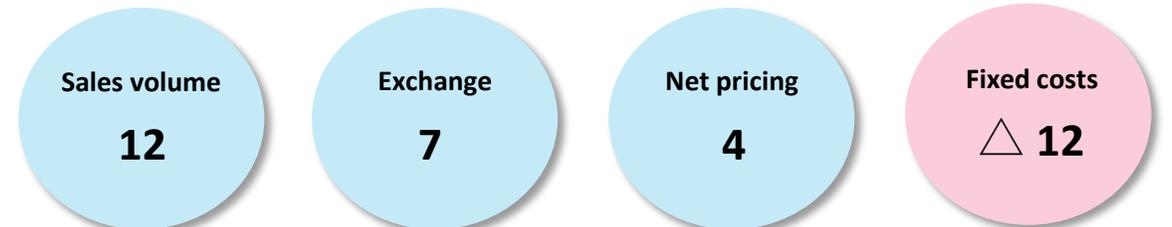
**strong** NORTH AMERICA, EUROPE, ASIA (INDIA)

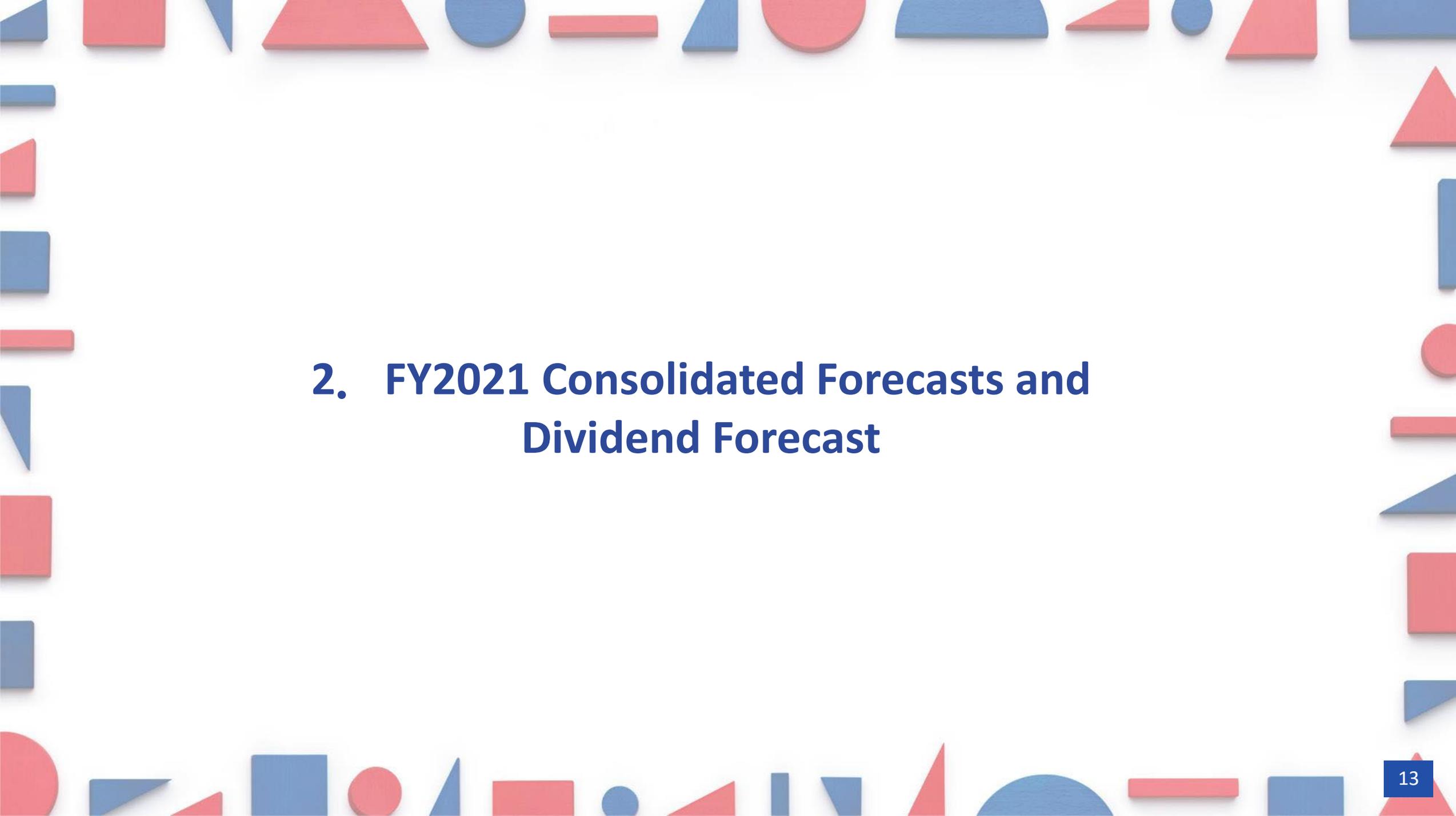
**weak** JAPAN

### ◆ Pharmaceuticals, others

**weak** Field of Nail Athlete's foot  
Topical antifungal agent *Luliconazole*

### Main factor (YoY)



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 slide.

## **2. FY2021 Consolidated Forecasts and Dividend Forecast**

**World economy**

A resurgence of the pandemic with Omicron variants and the prolongation of restrictions on supply are slowing the economic recovery.

Segment	Market	Market trend (outlook)		Impact on business
		FY2021		
		3Q	3Q => 4Q	
Chemicals	Automobile	UP	FLAT	<b>Polymer additives</b> (Additives, Plasticizers, PVC Stabilizers)
	Building material	→	→	<b>Functional chemicals</b> (Lubricant Additives, Special Type Epoxy Resins, Painting materials, Industrial Agents)
	Electronic device (PCs · TVs)	→	→	<b>Electronics &amp; IT materials</b> (Semiconductor materials, Photoacid generator, Photo(Light) Curing Resins, Photoinitiator)
	Cosmetics	DOWN	→	<b>Functional chemicals</b> (Cosmetic ingredients, Industrial agents)
	Hand wash, Disinfectant	→	→	<b>Functional chemicals</b> (Surfactants)
Food	Mass merchants, CVS (Breads, sweets and desserts)	→	→	<b>Food Products</b> (Margarines, shortening, fillings, etc.)
	Tourism, Restaurant industry (Souvenir sweets)	→	→	
Life Science	Agriculture	→	→	<b>Agrochemicals</b> (Insecticide, fungicide, herbicide)

## Increased materials and logistics costs

Increased prices for fat or oil of animal or plant origin and petrochemical materials

Logistics congestion

## Adjustment of production in supply chains

Spread and prolongation of material shortage

Leveling of the supply-demand balance

### Businesses that are greatly affected

Food Products

Polymer additives

Functional chemicals

Polymer additives

Functional chemicals

# Revision of Consolidated Financial Forecasts for FY2021

FY2021 Consolidated Forecasts  
and Dividend Forecast

Unit: 100 million yen

	Previous forecast	Newly revised forecast (Feb. 10, 2022)			FY2020 (Results) (b)	Change	
	Full Year	3Q (Results)	4Q	Full Year (a)		Amount (a)-(b)	Rate (%)
Sales	3,570	2,610	969	3,580	3,270	309	9.5
Operating profit	310	255	64	320	289	30	10.4
Current profit	315	264	65	330	292	37	12.7
Profit attributable to owners of parent	200	191	18	210	164	45	27.9
Net profit per share - yen/share -	¥ 194.2	¥ 185.3	¥ 18.6	¥ 203.9	¥ 159.0	¥ 44.9	-

		FY2021/4Q Assumption	FY2020 Results
Exchange rate	¥/\$	114.00	106.06
	¥/€	130.00	123.70
Naphtha	¥/KL	57,000	31,325

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

# FY2021 Consolidated Forecasts- By segment -

FY2021 Consolidated Forecasts  
and Dividend Forecast

Unit: 100 million yen

	Previous forecast	Newly revised forecast (Feb. 10, 2022)			FY2020 (Results) (b)	Change	
	Full Year	3Q (Results)	4Q	Full Year (a)		Amount (a)-(b)	Rate (%)
<b>Net sales</b>	3,570	2,610	969	3,580	3,270	309	9.5
<b>Chemicals</b>	1,933	1,484	457	1,942	1,758	183	10.5
<i>Polymer Additives</i>	1,000	784	219	1,004	938	65	7.0
<i>Electronics and IT materials</i>	365	276	92	369	297	71	24.2
<i>Functional chemicals</i>	568	423	145	569	522	46	8.8
<b>Food products</b>	750	553	197	751	700	50	7.2
<b>Life Science</b>	810	512	297	810	714	95	13.3
<b>Other</b>	77	59	17	77	97	△ 20	△ 20.9
<b>Operating profit</b>	310	255	64	320	289	30	10.4
<b>Chemicals</b>	260	223	47	271	203	67	33.2
<i>Polymer Additives</i>	90	80	13	94	75	18	25.2
<i>Electronics and IT materials</i>	111	89	25	115	76	38	50.5
<i>Functional chemicals</i>	59	54	7	62	52	9	19.2
<b>Food products</b>	0	3	▲ 4	▲ 0	13	△ 14	—
<b>Life Science</b>	45	24	20	45	60	△ 15	△ 25.5
<b>Other</b>	5	4	0	5	11	△ 6	△ 58.1

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

	FY2021			Dividend payout ratio (%)
	2nd quarter-end	Year-end	Total	
Previous forecast (Nov. 12, 2021)	¥ 28	¥ 28	¥ 56	28.8
Newly revised forecast (Feb. 10, 2022)	¥ 28 *Results	¥ 34	¥ 62	30.4
FY2020 results	¥ 24	¥ 24	¥ 48	30.2

Reason for the revision	<u>MTMP ADX 2023</u>	<u>Consolidated Financial Forecasts for FY2021</u>
	Dividend payout ratio maintained More than 30%	Revised upward

### 3. For Reference

# Progress of mid-term management plan *ADX 2023*

Unit: 100 million yen

	FY2021 Forecast <small>1st year of ADX 2023</small>	FY2023 Target <small>Final-year of ADX 2023</small>
Operating profit	<b>32</b> billion yen	<b>35</b> billion yen
R O E	<b>8.9 %</b>	<b>9 %</b>
Capital investment	<b>14.5</b> billion yen/Year	<b>50</b> billion yen/3years
Dividend Payout Ratio	<b>30 % or higher</b>	<b>30% or higher</b>
Annual dividend forecast	<b>62</b> yen/share	



ADEKA FINE CHEMICAL TAIWAN CORP. (“AFTW”)

## Construction a New Plant for Materials used of Cutting-Edge Logic IC

Construction commencement

Aug. 2022 (Scheduled)

Commencement of commercial operation

Apr. 2024 (Scheduled)

Investment amount

2.5 billion yen

Total floor area

3,068m<sup>2</sup>



▲ ADEKA FINE CHEMICAL TAIWAN CORP.

AFTW

2005~

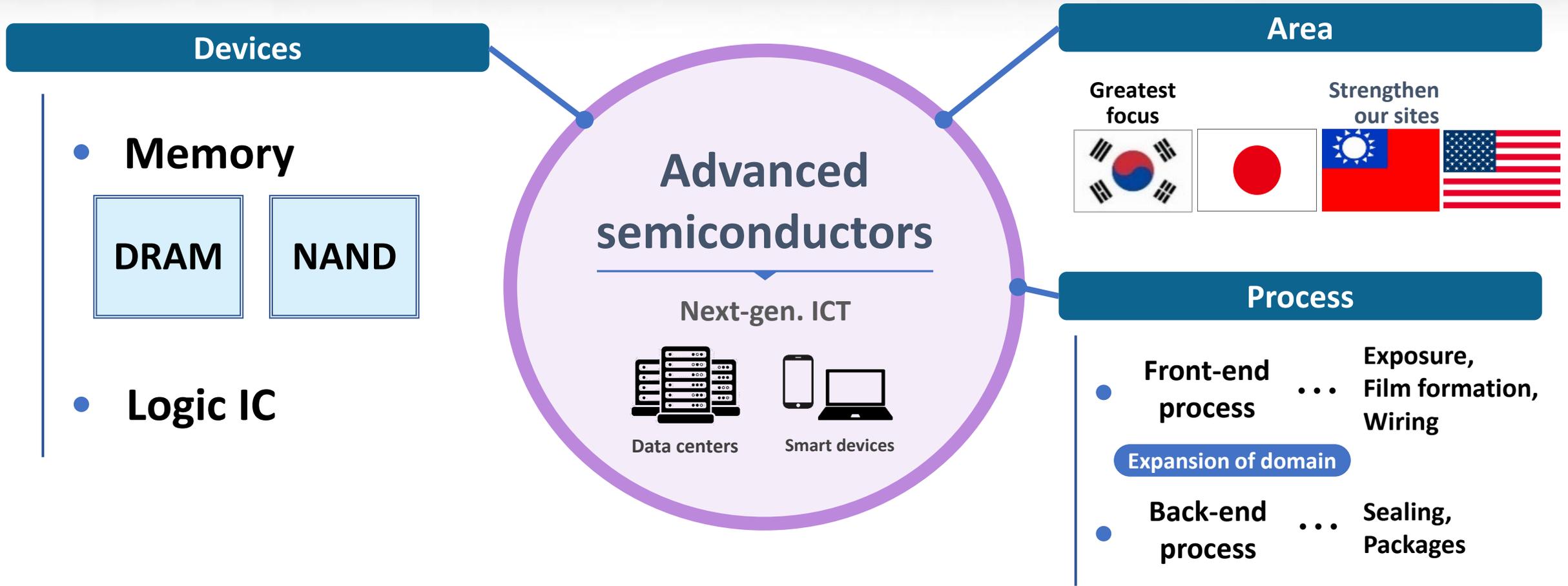
Production and sales of resist materials (black matrix), etc. for display



This time

A building will be constructed and a line for semiconductor materials will be installed.

Reinforced to serve as our overseas production site for semiconductor materials following ADEKA KOREA CORP.



Position the next-gen. ICT field as one of the important fields and dramatically expand our business.

Creating a decarbonized society

Effective utilization of energy

High expectations

Sophistication of rechargeable batteries



Electrode active material for next-gen. rechargeable batteries **SPAN**

Phase | Market development

Reinforce SPAN's function (increase its sulfur content)

38 wt% **▶ Up to 48 wt% or more**

Contribute to increasing the capacities of all rechargeable batteries

Reinforce our sample production capability (Soma Plant)

A few kg/year **▶ Up to 100 kg/year or more**

Secure a large quantity of samples to facilitate the battery manufacturers' demonstrative experiments

Use our original test cell to evaluate SPAN's discharge and charge.

**High capacity\***

**Long life\*\***



Weight energy density is twice as large as that of the current LiB.

LiB discharge/charge cycle: 10,000 times or more

LiB Li-S All solid-state batteries

eVTOL Next-gen. EV ESS



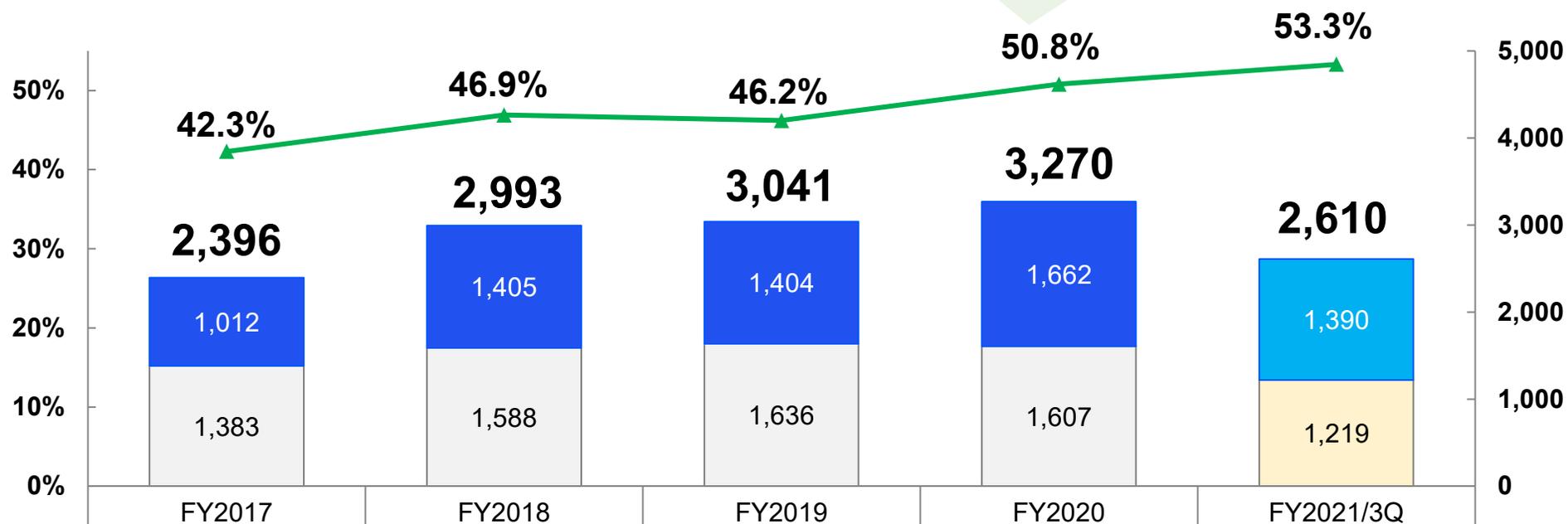
\* Positive: SPAN (sulfur content: 48 wt%), carbonate electrolyte. Negative: Weight energy density at 500 Wh/kg with the laminate cell of 3Ah capacity using metallic lithium. Weight energy density of the current LiB is 270 Wh/kg.

\*\* Positive: SPAN (sulfur content: 38 wt%), carbonate electrolyte. Negative: Stable with over 10,000 cycles of discharge and a charge in the laminate cell of 1Ah capacity using black smoke and weight energy density at 120 Wh/kg. The cycle of discharge and charge ranges between 4,000 and 6,000 times for the current LiB and 50 and 200 times for the Li-S battery that is currently being developed.

# Overseas Sales - For reference -

Unification of financial period of 10 overseas consolidated

Unit: 100 million yen



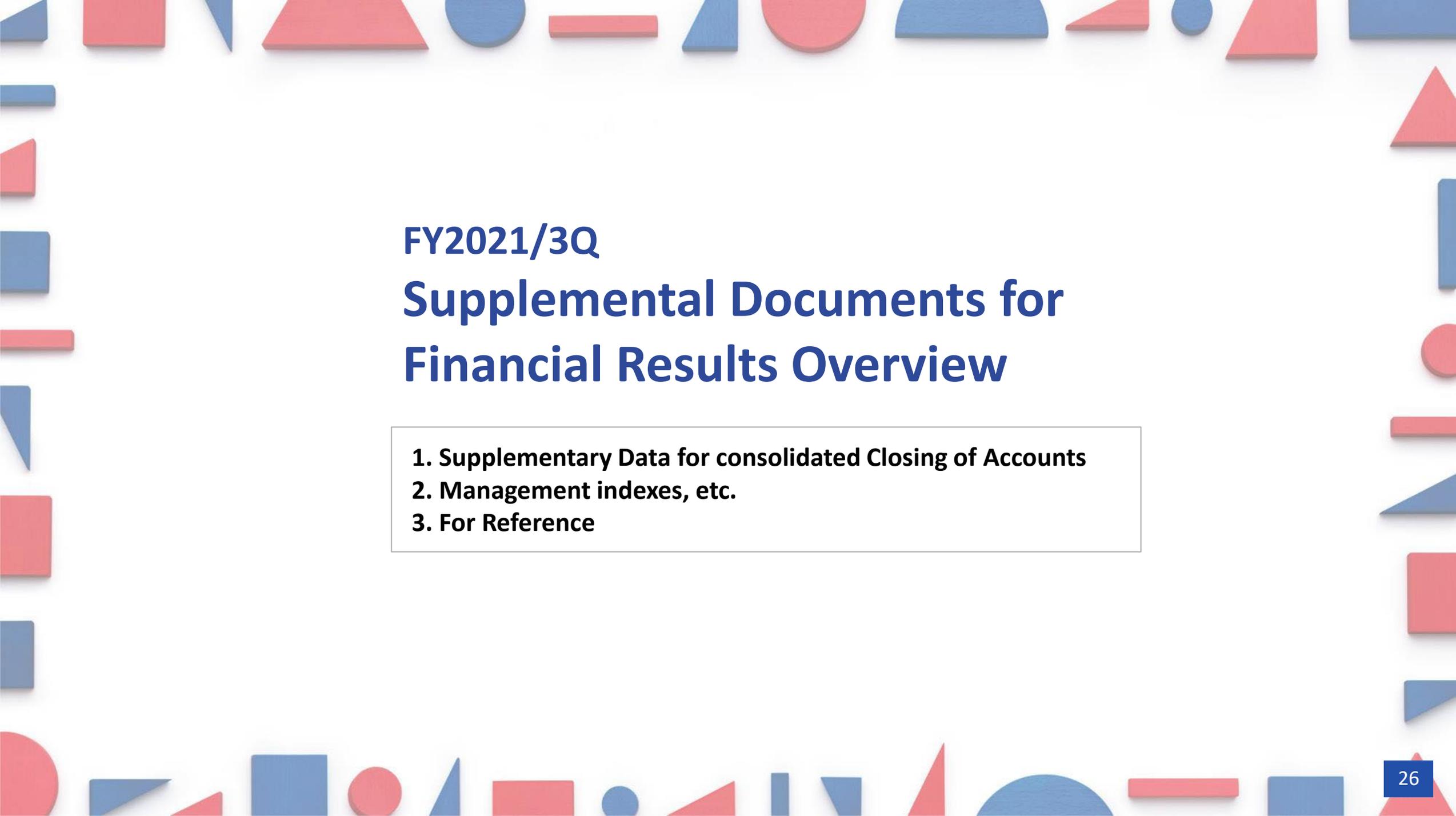
Overseas sales	1,012	1,405	1,404	1,662	1,390
Domestic sales	1,383	1,588	1,636	1,607	1,219
Overseas sales ratio	42.3%	46.9%	46.2%	50.8%	53.3%
sales	2,396	2,993	3,041	3,270	2,610

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

The logo for ADEKA features a stylized letter 'A' on the left, composed of two overlapping shapes: a red one on top and a blue one on the bottom, both pointing towards the right. To the right of this 'A' is the word 'DEKA' in a bold, red, italicized sans-serif font. The entire logo is centered horizontally.

**ADEKA**

**Add Goodness**



# FY2021/3Q Supplemental Documents for Financial Results Overview

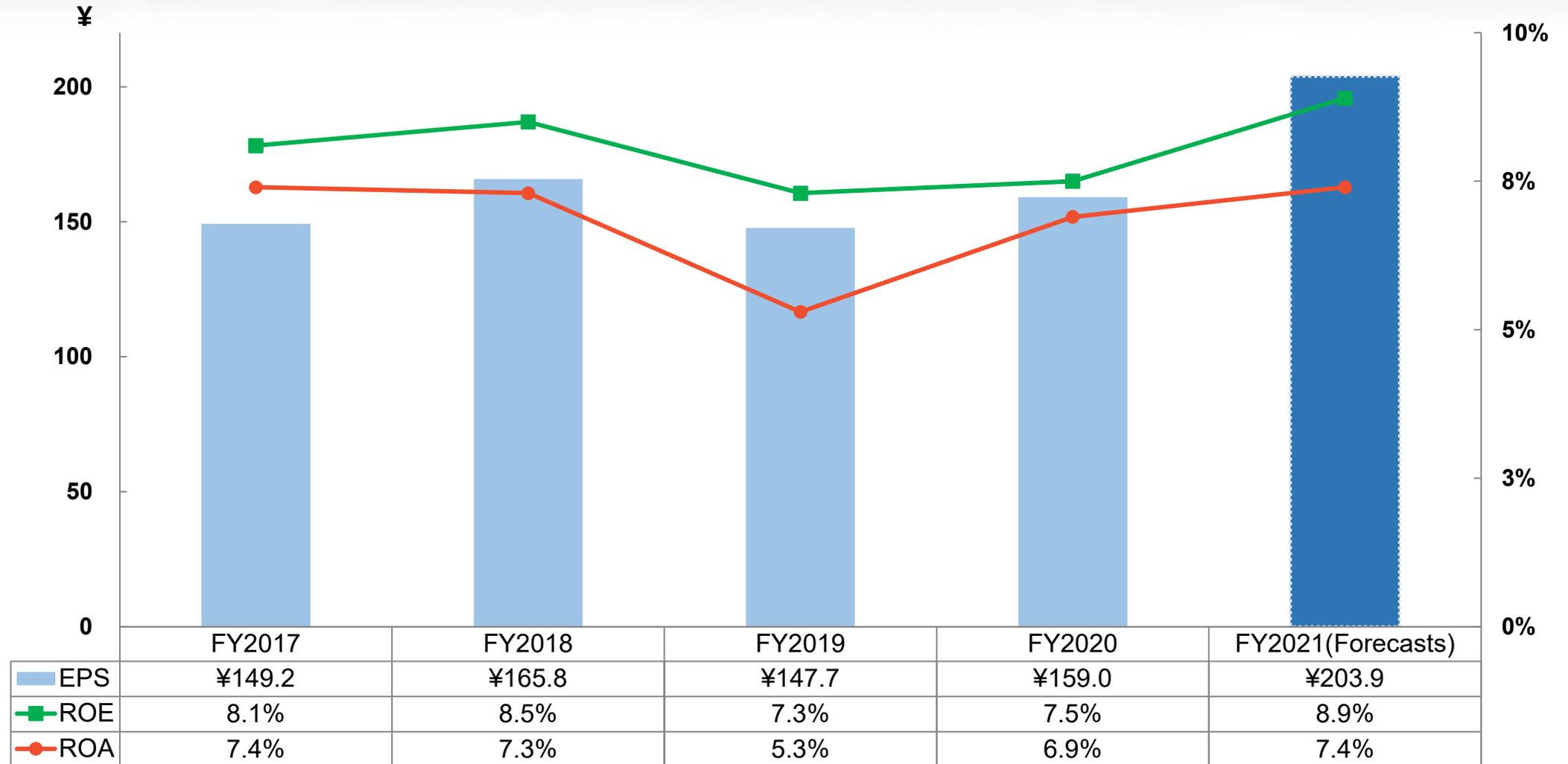
- 1. Supplementary Data for consolidated Closing of Accounts**
- 2. Management indexes, etc.**
- 3. For Reference**

# 1 Consolidated Balance Sheet

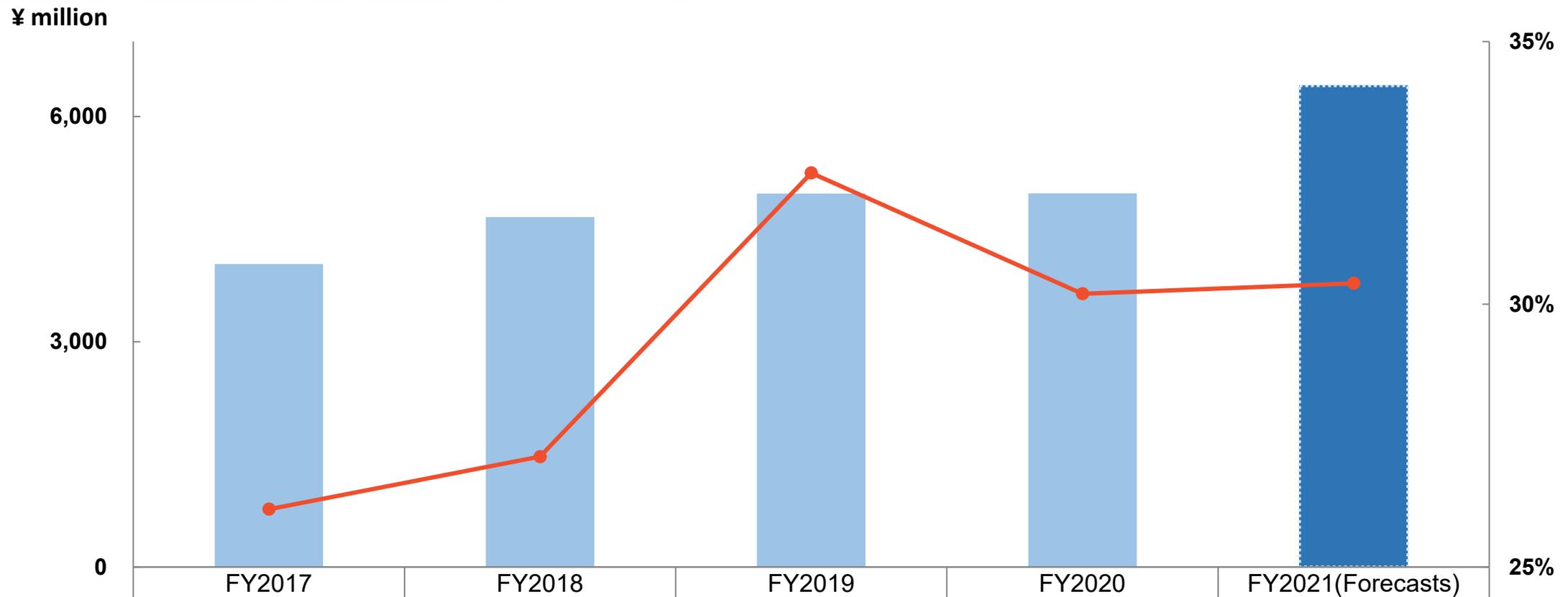
## 1. Supplementary Data for the Consolidated Closing of Accounts

Unit: 100 million yen	As of Mar. 31,2021	As of Dec. 31,2021	Change		As of Mar. 31,2021	As of Dec. 31,2021	Change
<b>Current assets</b>	2,555	2,780	224	<b>liabilities</b>	1,661	1,727	66
Cash and deposits	842	814	△ 27	Current liabilities	1,072	1,083	10
Notes and accounts receivable – trade, etc.	910	916	5	Long-term liabilities	588	644	55
Inventories	697	919	221	<b>Net assets</b>	2,714	2,868	153
Other	104	129	25	Shareholders' equity	2,120	2,255	134
<b>Fixed assets</b>	1,821	1,815	△ 5	Capital stock	229	230	0
Tangible fixed assets	1,189	1,187	△ 1	Capital surplus	200	201	1
Intangible fixed assets	161	164	2	Retained earnings	1,694	1,836	141
Investment and other assets	470	464	△ 6	Treasury stock	△ 4	△ 12	△ 8
				Accumulated other comprehensive income	159	168	8
				Minority interests	434	444	10
<b>Total assets</b>	<b>4,376</b>	<b>4,596</b>	<b>219</b>	<b>Total liabilities and net assets</b>	<b>4,376</b>	<b>4,596</b>	<b>219</b>

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



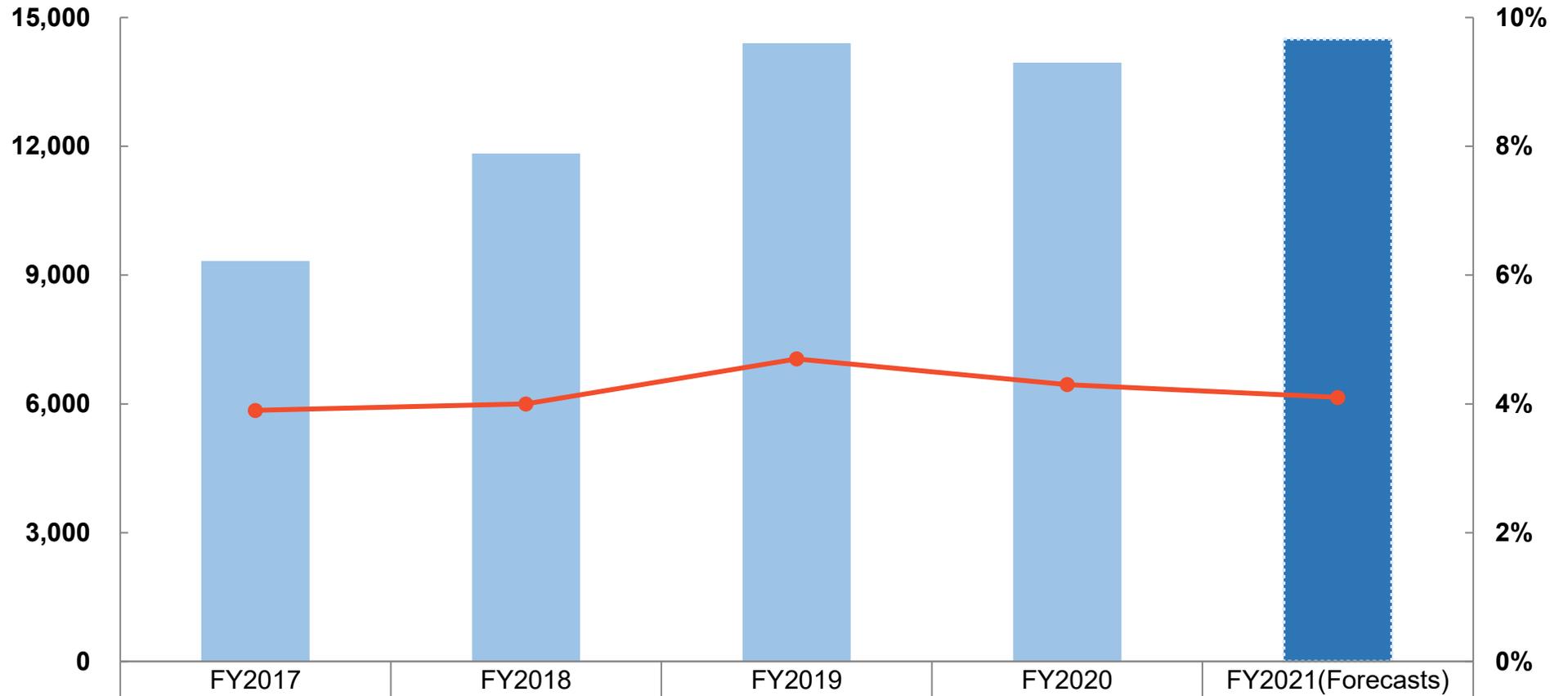
## 2 - 2 Dividend payout ratio and dividends



Dividend	¥39	¥45	¥48	¥48	¥62
Total Dividend	4,037	4,661	4,975	4,977	6,413
Rate of dividend payout	26.1%	27.1%	32.5%	30.2%	30.4%

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

¥ million

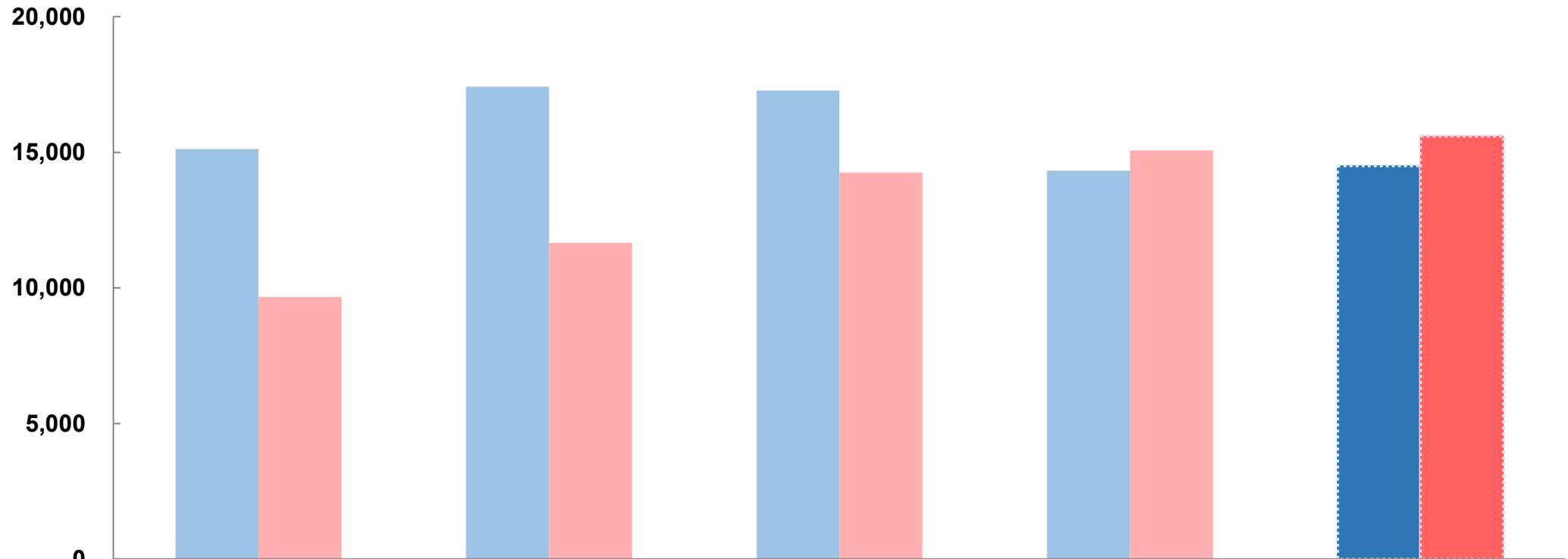


■ R&D costs					
● Rate of R&D costs to sales					

	FY2017	FY2018	FY2019	FY2020	FY2021(Forecasts)
	9,327	11,829	14,398	13,945	14,500
	3.9%	4.0%	4.7%	4.3%	4.1%

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

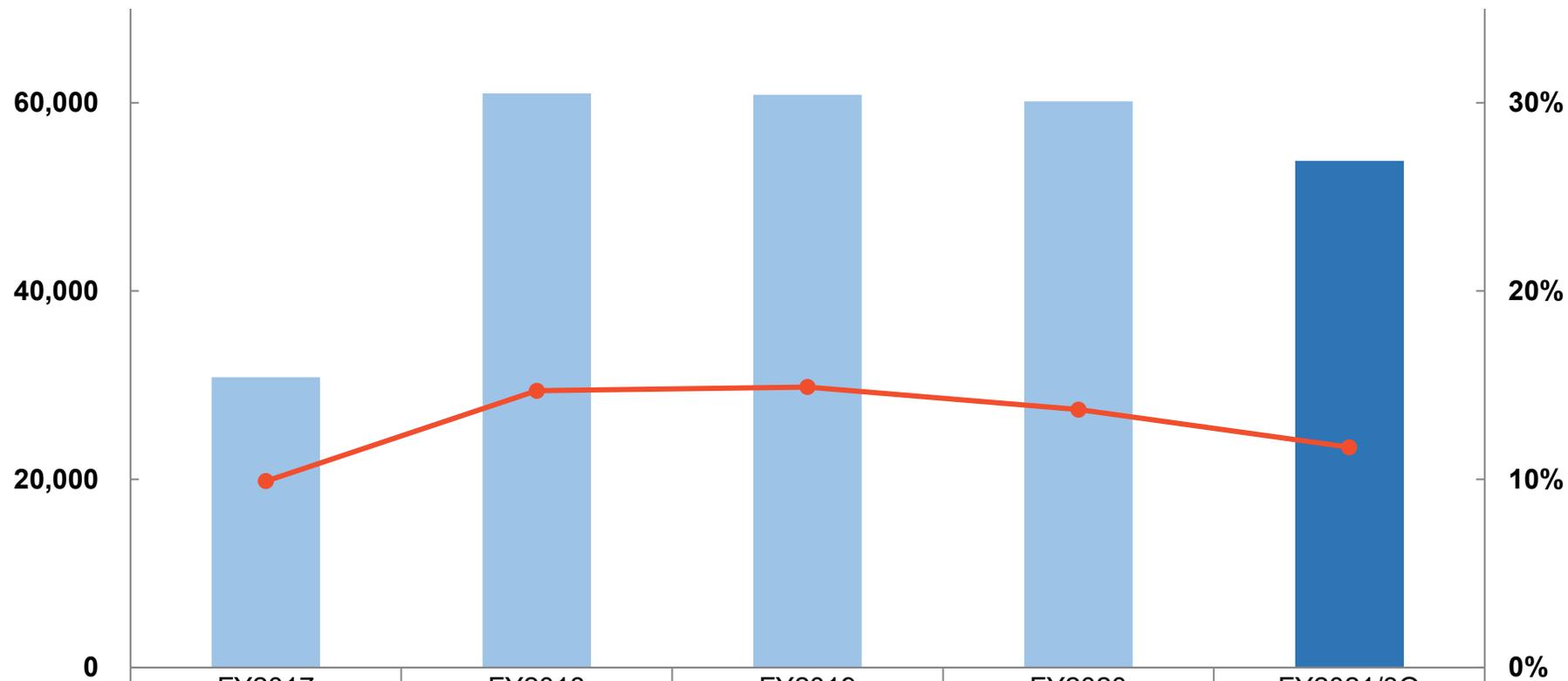
¥ million



	FY2017	FY2018	FY2019	FY2020	FY2021(Forecasts)
Capital investment	15,122	17,419	17,281	14,320	14,500
Depreciation costs	9,666	11,659	14,248	15,069	15,600

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

¥ million



Interest-bearing dept	30,828	60,993	60,852	60,154	53,764
Interest-bearing dept ratio	9.9%	14.7%	14.9%	13.7%	11.7%

Note : Liabilities with interest are expressed in units of 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, Oil and fats for chocolate, Oils and fats for frying, Whipping cream, Kneading cream, Fillings, Frozen pie crusts, 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.	

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.