

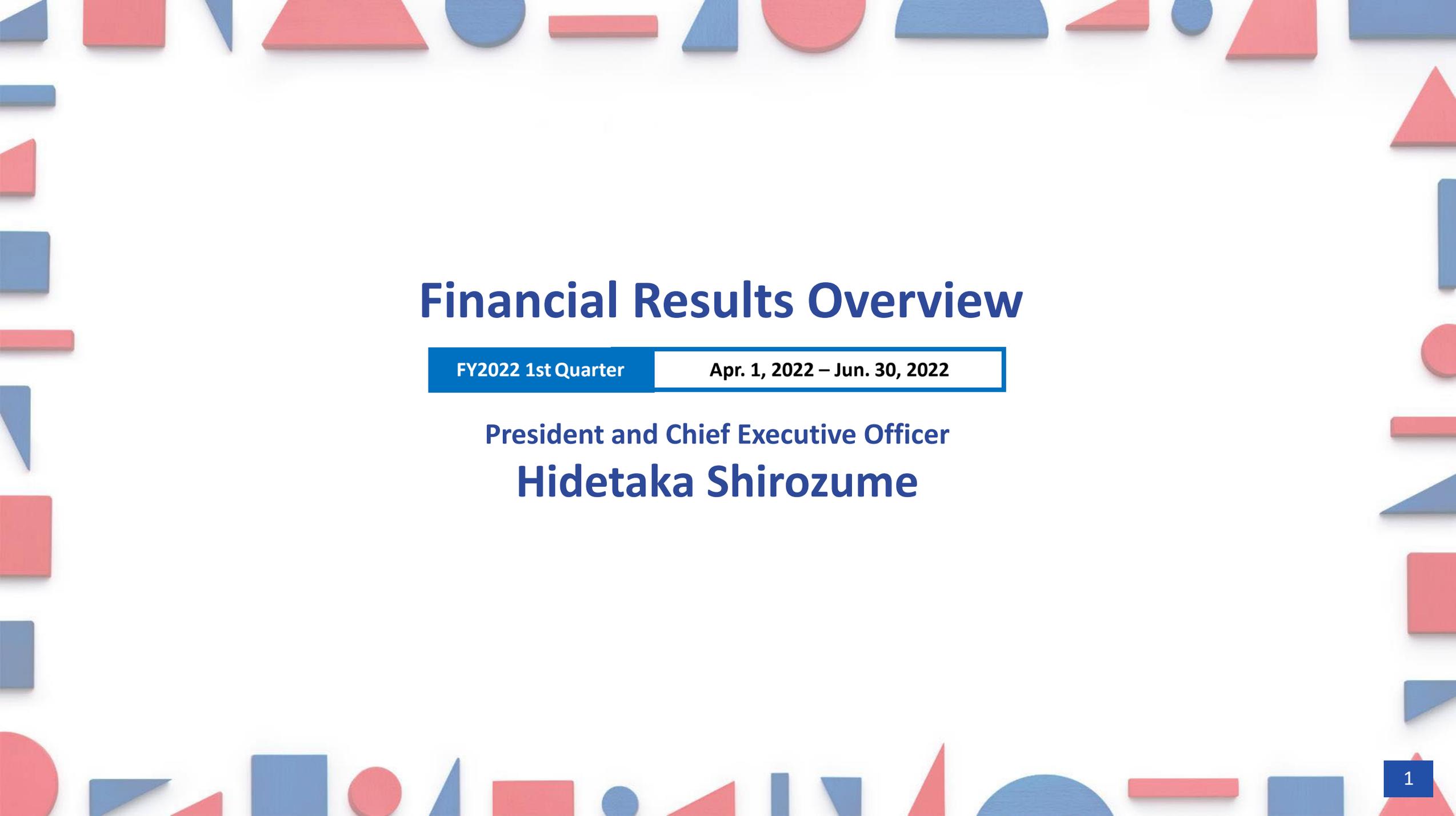
# Briefings on Financial Results

For the 1st Quarter of the fiscal year ended Mar. 31, 2023

Aug. 30, 2022

【TSE 4401】





# Financial Results Overview

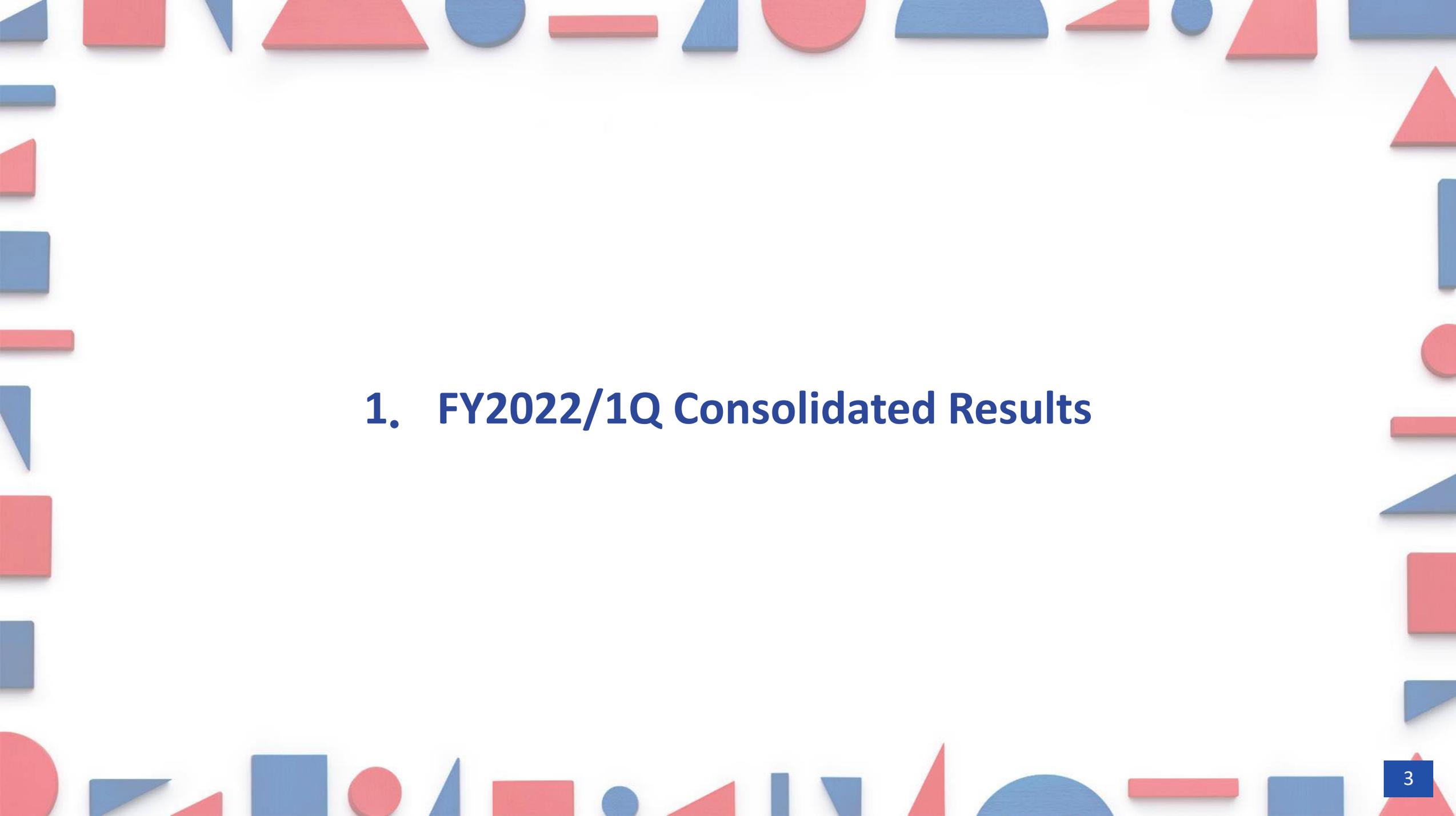
FY2022 1st Quarter

Apr. 1, 2022 – Jun. 30, 2022

President and Chief Executive Officer

**Hidetaka Shirozume**

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# 1. FY2022/1Q Consolidated Results

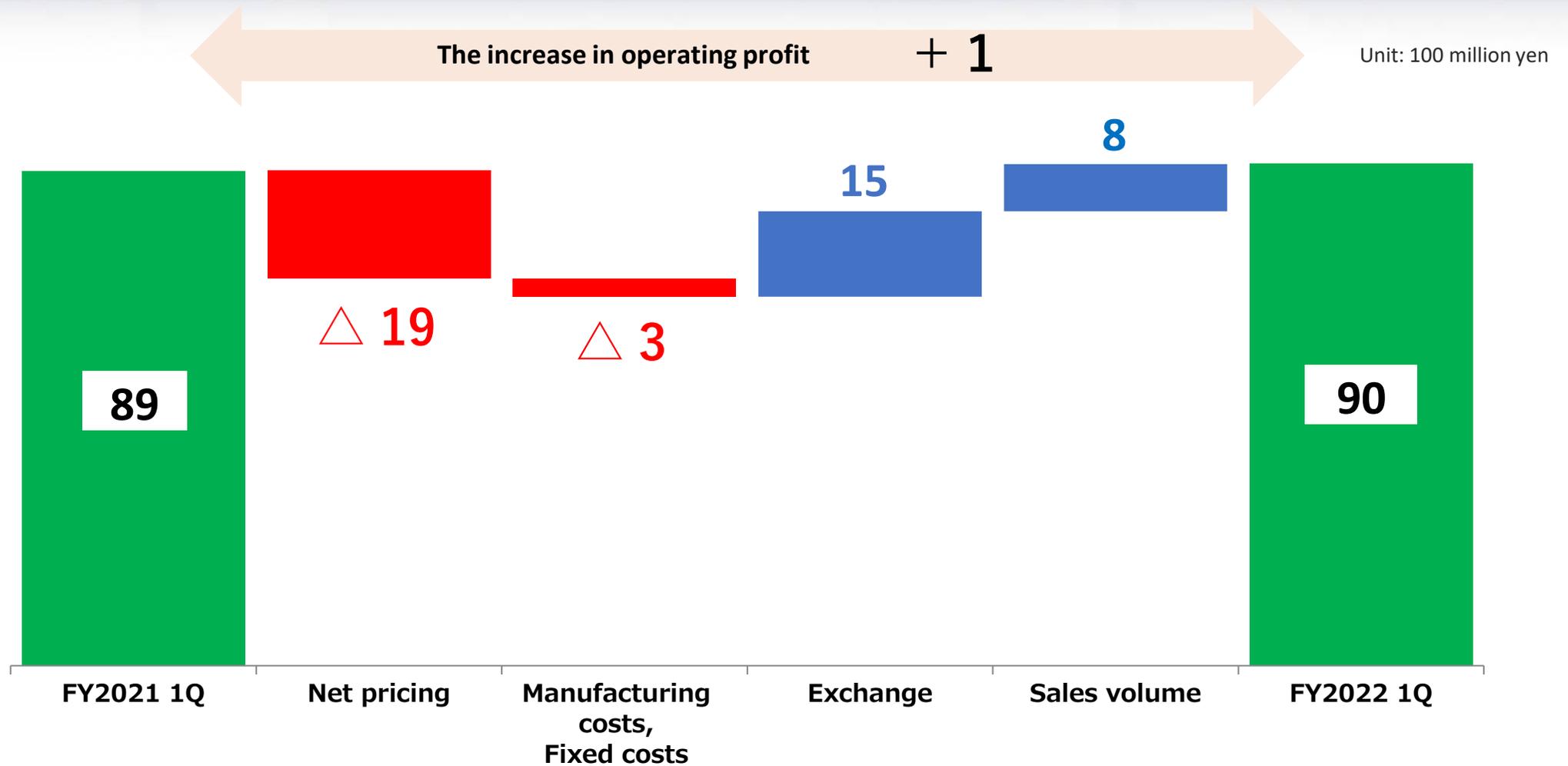
# FY2022/1Q Consolidated Results

Unit: 100 million yen

	FY2021 1Q	FY2022 1Q	Change	Rate (%)
Net sales	840	1,017	177	21.1
Operating profit	89	90	1	1.4
Current profit	92	104	11	12.9
Profit attributable to owners of parent	59	61	1	3.1
Net profit per share (yen/share)	¥ 57.6	¥ 59.6	¥ 2.0	

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

Note 2 : FY2021 1Q are the figures after retrospective application of a change in accounting policy.



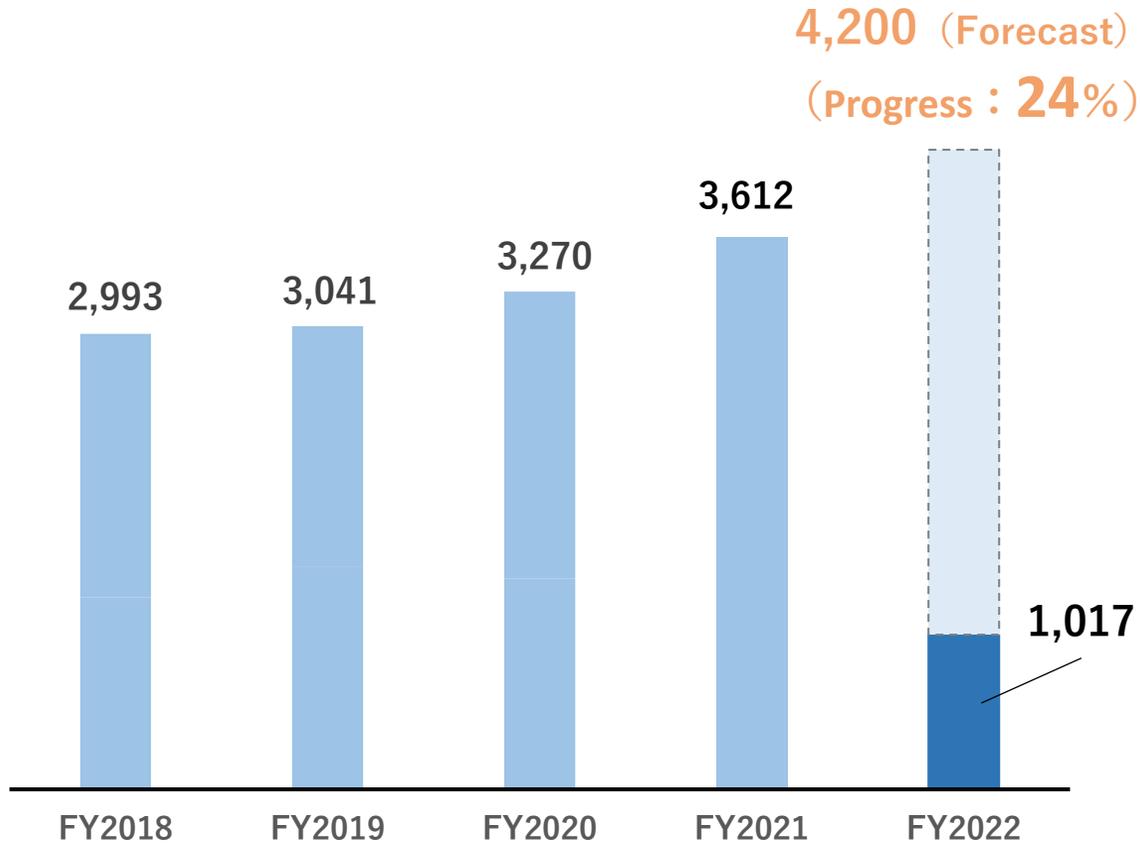
Note 1 : Figures are expressed in units of 100 million yen and have been rounded off.

Note 2 : FY2021 1Q are the figures after retrospective application of a change in accounting policy.

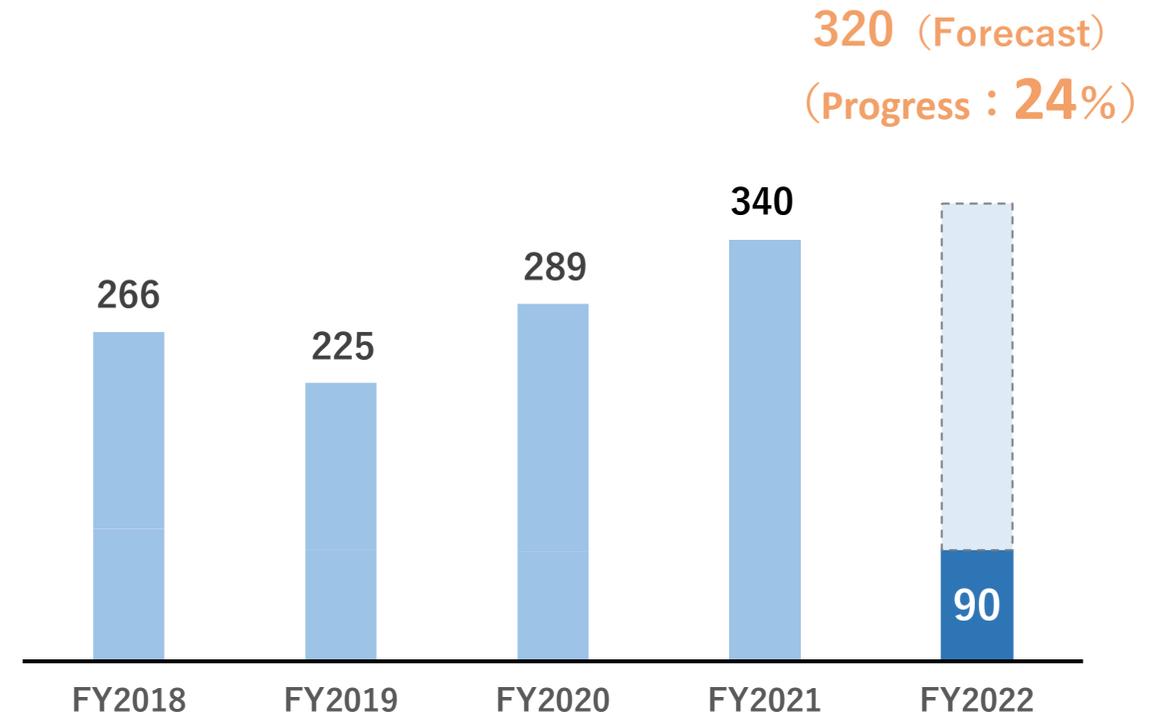
# Trends in Consolidated Performance

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.

# FY2021/1Q Consolidated Results - By segment

FY2022/1Q Consolidated Results

	FY2021/1Q	FY2022/1Q	Change	Rate (%)
<b>Sales</b>	<b>840</b>	<b>1,017</b>	<b>177</b>	<b>21.1</b>
<b>Chemicals</b>	<b>480</b>	<b>555</b>	<b>75</b>	<b>15.8</b>
<i>Polymer Additives</i>	<i>256</i>	<i>305</i>	<i>48</i>	<i>18.7</i>
<i>Electronics and IT materials</i>	<i>85</i>	<i>91</i>	<i>5</i>	<i>6.9</i>
<i>Functional chemicals</i>	<i>137</i>	<i>158</i>	<i>21</i>	<i>15.7</i>
<b>Food products</b>	<b>179</b>	<b>202</b>	<b>23</b>	<b>13.2</b>
<b>Life Science</b>	<b>165</b>	<b>240</b>	<b>75</b>	<b>45.5</b>
<b>Other</b>	<b>15</b>	<b>18</b>	<b>2</b>	<b>16.6</b>
<b>Operating profit</b>	<b>89</b>	<b>90</b>	<b>1</b>	<b>1.4</b>
<b>Chemicals</b>	<b>70</b>	<b>72</b>	<b>1</b>	<b>1.9</b>
<i>Polymer Additives</i>	<i>24</i>	<i>28</i>	<i>3</i>	<i>14.3</i>
<i>Electronics and IT materials</i>	<i>26</i>	<i>25</i>	<i>△ 0</i>	<i>△ 3.7</i>
<i>Functional chemicals</i>	<i>18</i>	<i>17</i>	<i>△ 1</i>	<i>△ 6.2</i>
<b>Food products</b>	<b>2</b>	<b>▲ 8</b>	<b>△ 11</b>	<b>-</b>
<b>Life Science</b>	<b>14</b>	<b>25</b>	<b>11</b>	<b>80.0</b>
<b>Other</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>5.7</b>

Unit: 100 million yen

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

Note 2 : FY2021 1Q are the figures after retrospective application of a change in accounting policy.

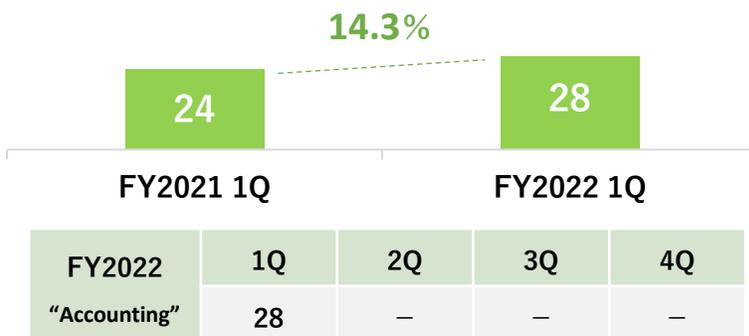
## ◆ Sales

Unit: 100 million yen



## ◆ Operating profit

Unit: 100 million yen



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

### Main factor (YoY)

- Sales increased due to sales price revisions and exchange rates, despite a decrease in the sales volume of items for automobiles.
- Expansion of sales of environmentally friendly heavy metal-free stabilizers owing to a tightening of environmental regulations in Southeast Asia.

#### ◆ Building material

**strong**

PVC Stabilizers, Heavy-metal-free stabilizers

#### ◆ Food packaging, Medical use

**strong**

Clarifying Agents

#### ◆ Automobile

**growth**

Nucleating Agents, Plasticizers for Rubbers

#### ◆ All plastic products

**growth**

Antioxidants

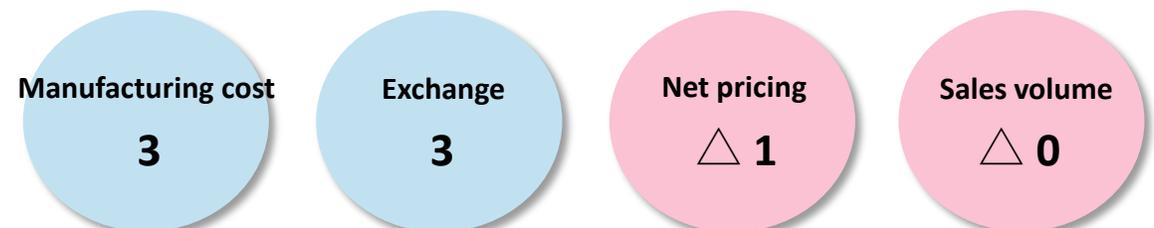
#### ◆ Home appliances frame

**weak**

Flame retardants for Engineering plastics

### Main factor (YoY)

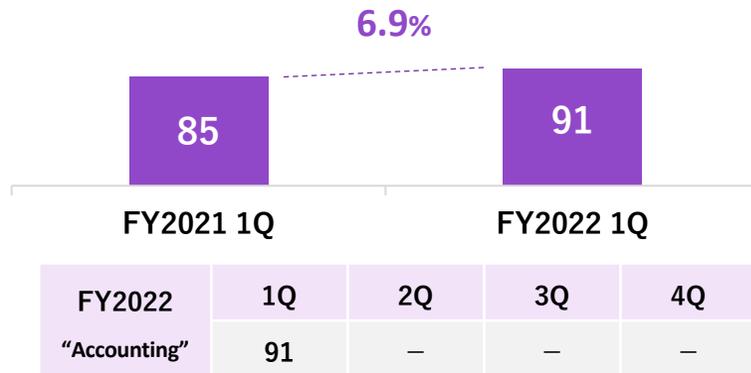
Unit: 100 million yen



# Chemicals “Electronics and IT materials”

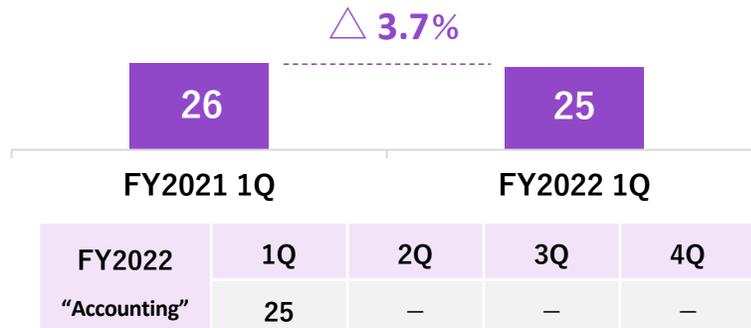
## ◆ Sales

Unit: 100 million yen



## ◆ Operating profit

Unit: 100 million yen



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

### Main factor (YoY)

- Sales of high-k materials for cutting-edge semiconductors, among other items, grew against the background of accelerating digitalization.
- Sales of display-related materials were weak due to the impact of production adjustments implemented by panel manufacturers.

#### ◆ Semiconductor

strong

New products for advanced DRAM (High-k materials)

steady

Photoacid generator used for semiconductor lithography  
Products for NAND

#### ◆ Display

weak

Photo(Light) Curing Resins for Optical film  
Photoinitiator for color filter  
Black matrix resists for LCD panels

### Main factor (YoY)

Unit: 100 million yen

Sales volume

△ 2

Net pricing

△ 0

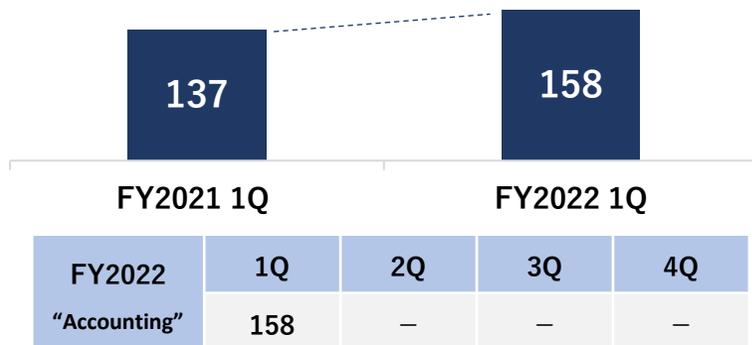
Exchange

1

## ◆ Sales

Unit: 100 million yen

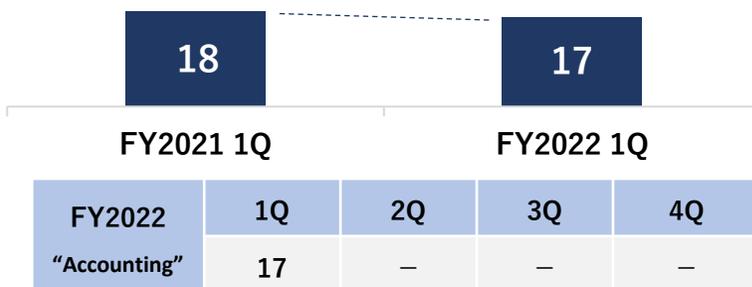
15.7%



## ◆ Operating profit

Unit: 100 million yen

△ 6.2%



### Main factor (YoY)

- Sales of lubricant additives for engine oils increased mainly in the United States (contribution to an improvement in automotive fuel efficiency).
- Sales of surfactants recovered, reflecting a pick-up in the cosmetics market in both Japan and overseas.

#### ◆ Automobile

strong

Lubricant additive for engine oil,  
Special epoxy resins for structural bonding

#### ◆ Cosmetics

steady

Surfactants

#### ◆ Chemicals for general industrial use

steady

Polypropylene glycol, peroxide products

### Main factor (YoY)

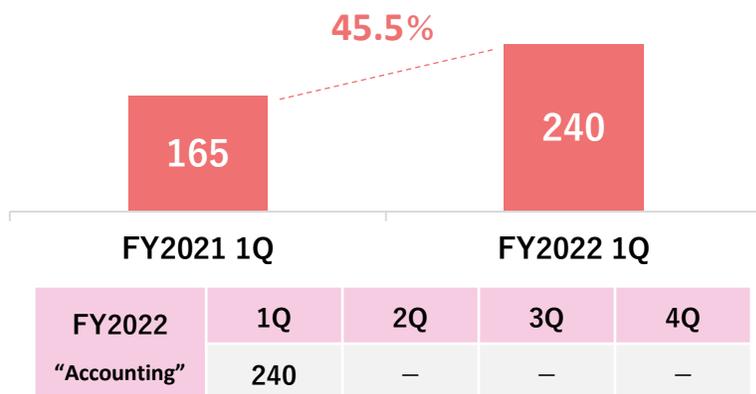


Note : Figures are expressed in units of 100 million yen and have been rounded off.



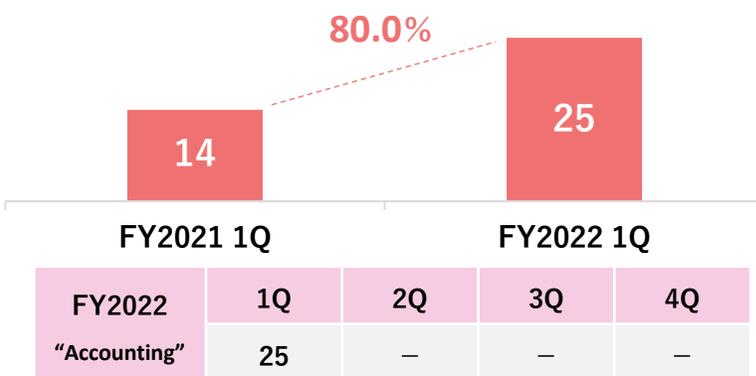
## ◆ Sales

Unit: 100 million yen



## ◆ Operating profit

Unit: 100 million yen



### Main factor (YoY)

- Sales of acaricides increased in North America, where ticks were more abundant than usual due to continued mild weather conditions.
- Moreover, increased plant areas for major crops in Brazil led to robust sales of sugarcane herbicides.

#### ◆ Agrochemicals

strong

NORTH AMERICA Acaricides

BRASIL Sugarcane herbicides

EUROPE Herbicides

JAPAN Corteva’s products

(Concluded a sales agreement and commenced sales in October 2021)

#### ◆ Pharmaceuticals, others

weak

Field of Nail Athlete's foot

Topical antifungal agent “Luliconazole”

### Main factor (YoY)



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## **2. Revision of Consolidated Financial Forecasts for FY 2022**

# Revision of Consolidated Financial Forecasts for FY 2022

Unit: 100 million yen	Previous forecast (May 13, 2022)			Newly revised forecast (Aug. 10, 2022)				Change		FY2021 (Results)
	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full Year (a)	1Q	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full Year (b)	Amount (b)-(a)	Rate (%)	
Sales	1,930	2,130	4,060	1,017	2,030	2,170	4,200	140	3.4	3,612
Operating profit	156	214	370	90	156	214	370	0	0.0	340
Current profit	156	213	369	104	156	213	369	0	0.0	356
Profit attributable to owners of parent	98	122	220	61	98	122	220	0	0.0	236
Net profit per share - yen/share -	¥ 95.1	¥ 118.4	¥ 213.6	¥ 59.6	¥ 95.1	¥ 118.4	¥ 213.6	¥ 0	-	¥ 229.7

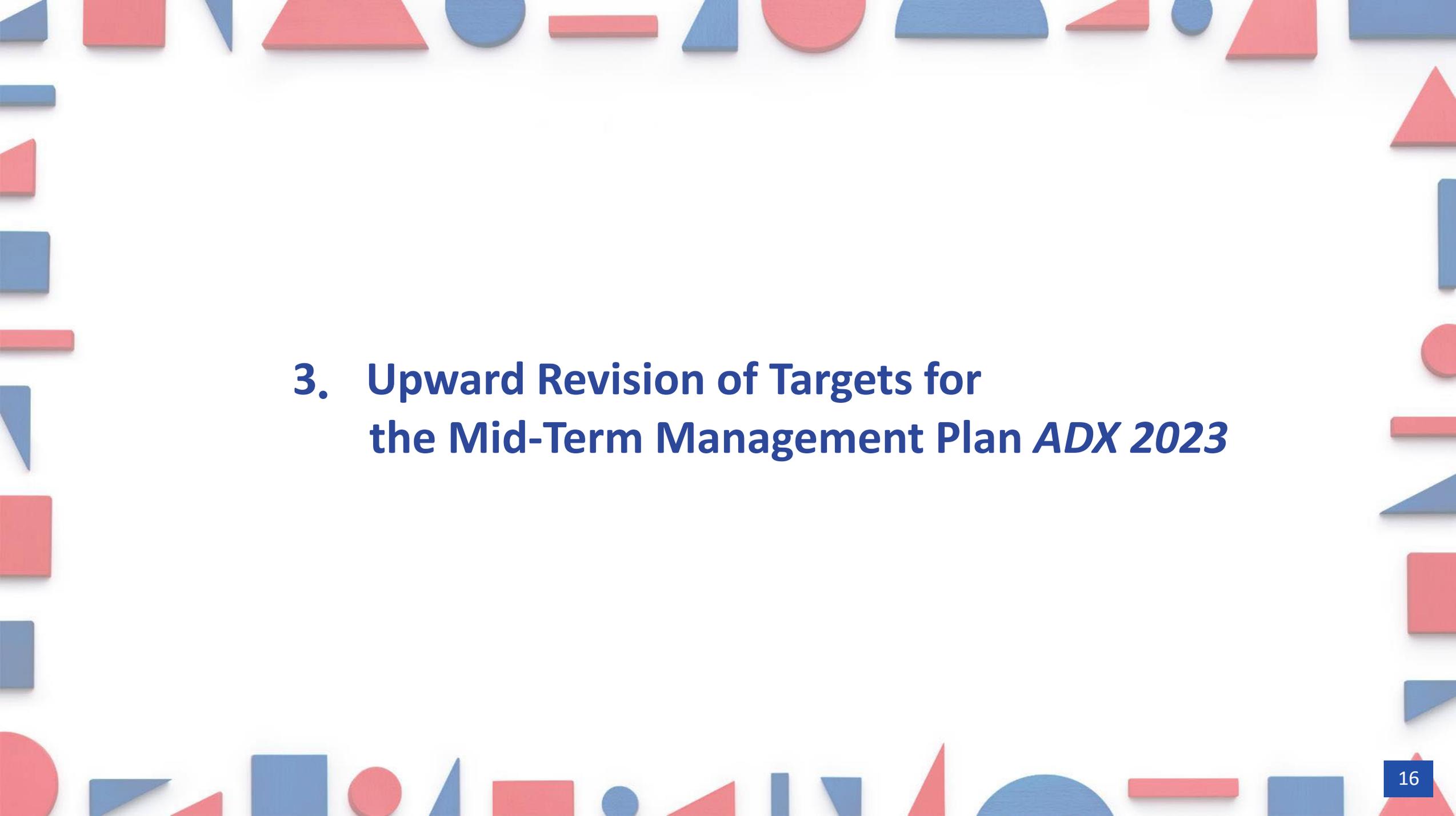
		Assumption before the revision	Assumption after the revision
Exchange rate	¥/\$	114.00	130.00
	¥/€	130.00	140.00
Naphtha	¥/KL	57,000	85,000

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.

# Revision of Consolidated Financial Forecasts for FY2022 - By segment -

Unit: 100 million yen	Previous forecast (May 13, 2022)			Newly revised forecast (Aug. 10, 2022)				Change		FY2021 (Results)
	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full Year (a)	1Q	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full Year (b)	Amount (b)-(a)	Rate (%)	
<b>Net sales</b>	1,930	2,130	4,060	1,017	2,030	2,170	4,200	140	3.4	3,612
<b>Chemicals</b>	1,110	1,137	2,247	555	1,136	1,174	2,310	63	2.8	2,001
<i>Polymer Additives</i>	590	603	1,193	305	610	625	1,235	42	3.5	1,068
<i>Electronics and IT materials</i>	200	222	422	91	190	240	430	8	1.9	364
<i>Functional chemicals</i>	320	312	632	158	336	309	645	13	2.1	567
<b>Food products</b>	405	432	837	202	394	436	830	△ 7	△ 0.8	733
<b>Life Science</b>	390	523	913	240	464	516	980	67	7.3	801
<b>Other</b>	25	38	63	18	36	44	80	17	27.0	76
<b>Operating profit</b>	156	214	370	90	156	214	370	0	0.0	340
<b>Chemicals</b>	139	158	297	72	129	161	290	△ 7	△ 2.4	293
<i>Polymer Additives</i>	47	48	95	28	46	47	94	△ 1	△ 1.1	108
<i>Electronics and IT materials</i>	60	76	136	25	52	77	130	△ 6	△ 4.4	119
<i>Functional chemicals</i>	32	34	66	17	30	36	66	0	0.0	66
<b>Food products</b>	2	8	10	▲ 8	▲ 12	6	▲ 6	△ 16	—	▲ 6
<b>Life Science</b>	15	44	59	25	39	42	81	22	37.3	48
<b>Other</b>	0	4	4	1	0	4	5	1	25.0	5

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.

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### **3. Upward Revision of Targets for the Mid-Term Management Plan *ADX 2023***

■ ADX 2023 Targets		FY2023 (the fiscal year ended March 31, 2024)	
		Before revision	Revised
Assumptions [Foreign exchange rates]		¥ 107/US \$ , ¥ 119/€	¥ 130/US \$ , ¥ 140/€
Financial indexes	Operating profit	<b>JPY 35 billion</b> (Net sales: JPY 380 billion)	<b>JPY 42 billion</b> (Net sales: JPY 430 billion)
	ROE	<b>9%</b>	<b>9%</b>
Capital investment amount		<b>JPY 50 billion (3 years)</b>	<b>JPY 50 billion (3 years) ※2</b>
Dividend policy (Dividend payout ratio)		<b>30% or higher※1</b>	<b>30% or higher※1</b>

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

※2 Includes environmental investments for the achievement of carbon neutrality.

# ADX2023 Operating profit target - By segment -

Unit: 100 million yen

	FY2023			FY2022
	Before revision	Revised	Change	Consolidated Financial Forecasts (2nd year of ADX 2023)
<b>Operating profit</b>	350	<b>420</b>	<b>70</b>	370
<b>Chemicals</b>	260	<b>330</b>	<b>70</b>	290
<i>Polymer Additives</i>	84	<i>115</i>	<i>31</i>	94
<i>Electronics and IT materials</i>	110	<i>145</i>	<i>35</i>	130
<i>Functional chemicals</i>	66	<i>70</i>	<i>4</i>	66
<b>Food products</b>	35	<b>5</b>	△ <b>30</b>	▲ 6
<b>Life Science</b>	54	<b>80</b>	<b>26</b>	81

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

Note 2 : The target for other business has been omitted.



## ADEKA KOREA CORPORATION

For advanced semiconductor memory(DRAM)  
Invest in increased production of high-K materials

Investment amount

**2.3** billion yen

Production capacity

**Two times**  
as much as before

Construction commencement

**Nov. 2022 (Scheduled)**

Commencement of  
commercial operation

**FY2024 (Scheduled)**



▲ ADEKA KOREA CORP.

## Semiconductor market trends and outlook

### Present trends

For personal computers  
and smartphones

For servers  
(Data center)

**Adjustment phase**  
(Decrease in device shipments)

**Steady demand  
for advanced materials**

### Medium- to long-term outlook

**Strong growth is expected to continue.**

Realization of an advanced ICT society

~Upgrading of communication technologies and data centers and enhancement of device functions~

Wafer area shipments

Amount of materials used  
(Rise in the number of manufacturing processes)

**Advancement of miniaturization  
and packaging technologies**  
(Development of and shift to next-generation materials)

**Growth**

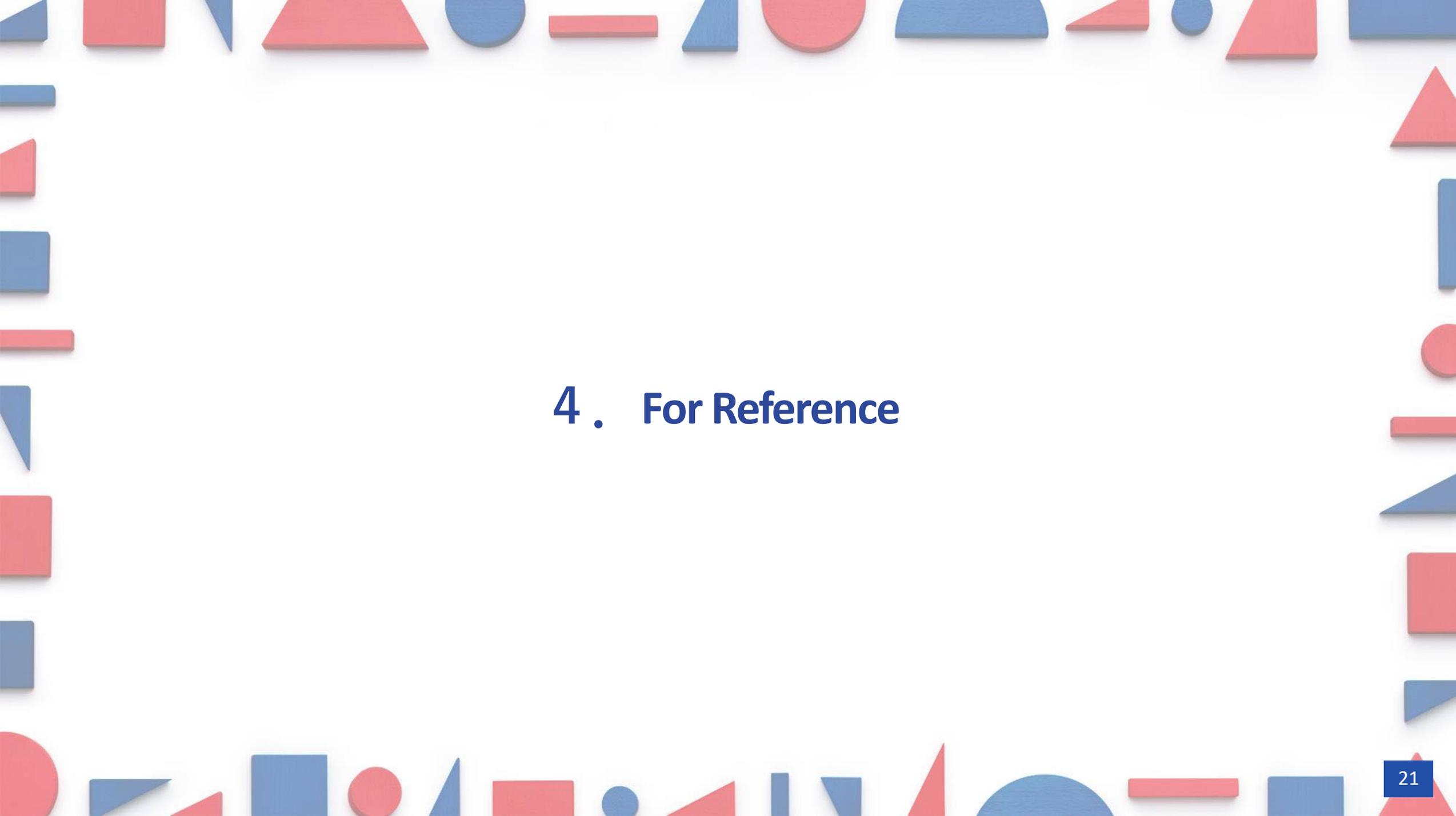
- ◆ Implemented for the total acquisition price of up to **1,175 million yen.**
- ◆ Aim to improve capital efficiency and prepare for flexible capital strategies in the future.

Total number of shares acquired	<b>0.50 million shares</b> 0.5% of total number of shares outstanding (excluding treasury shares)
Total acquisition price	<b>1,175 million yen (2,350 yen per share)</b>
Date of acquisition	<b>Wednesday, August 24, 2022</b>
Method of acquisition	<b>Purchase of shares on the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System</b>

Reference) The number of treasury shares held as of March 31, 2022

Total number of shares outstanding (excluding treasury shares): 103,437,658 shares    Number of treasury shares: 330,484 shares

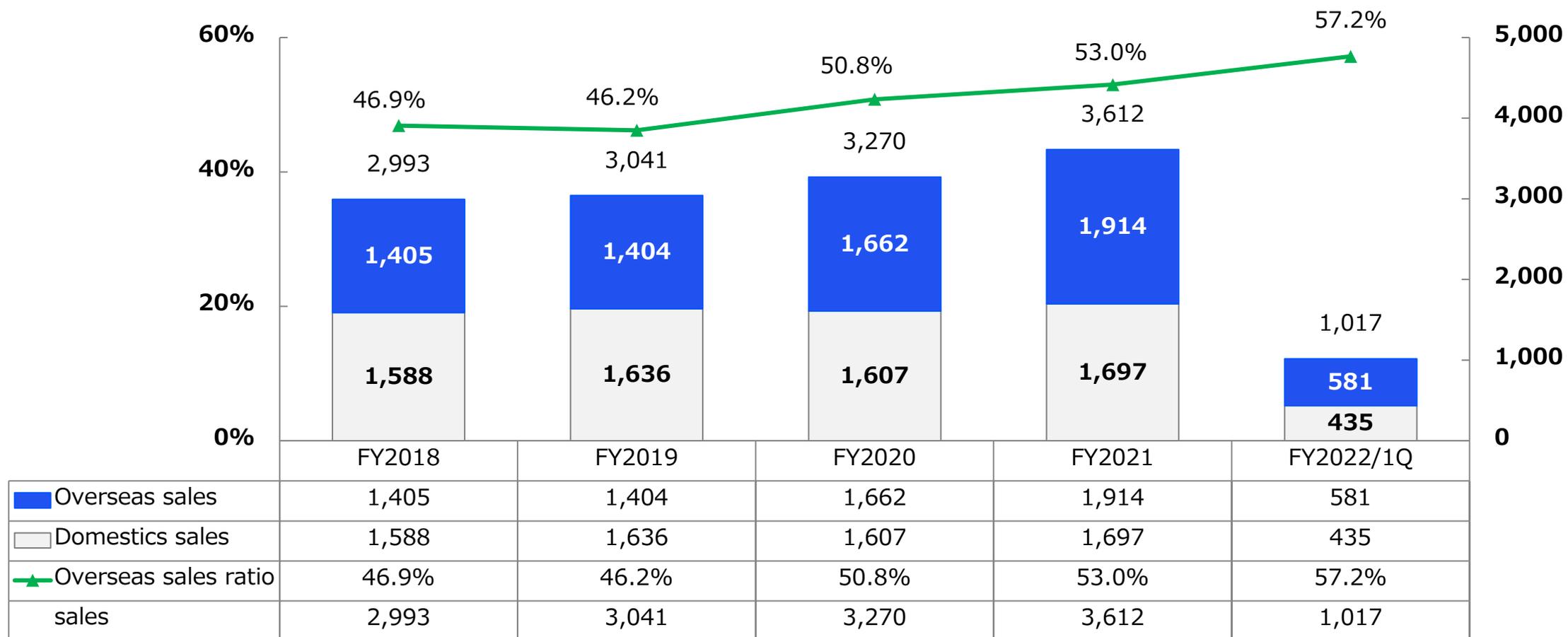


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## 4 . For Reference

# For reference | Overseas Sales

Unit: 100 million yen



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.

# For reference | ADX2023 Net Sales target - By segment -

Unit: 100 million yen

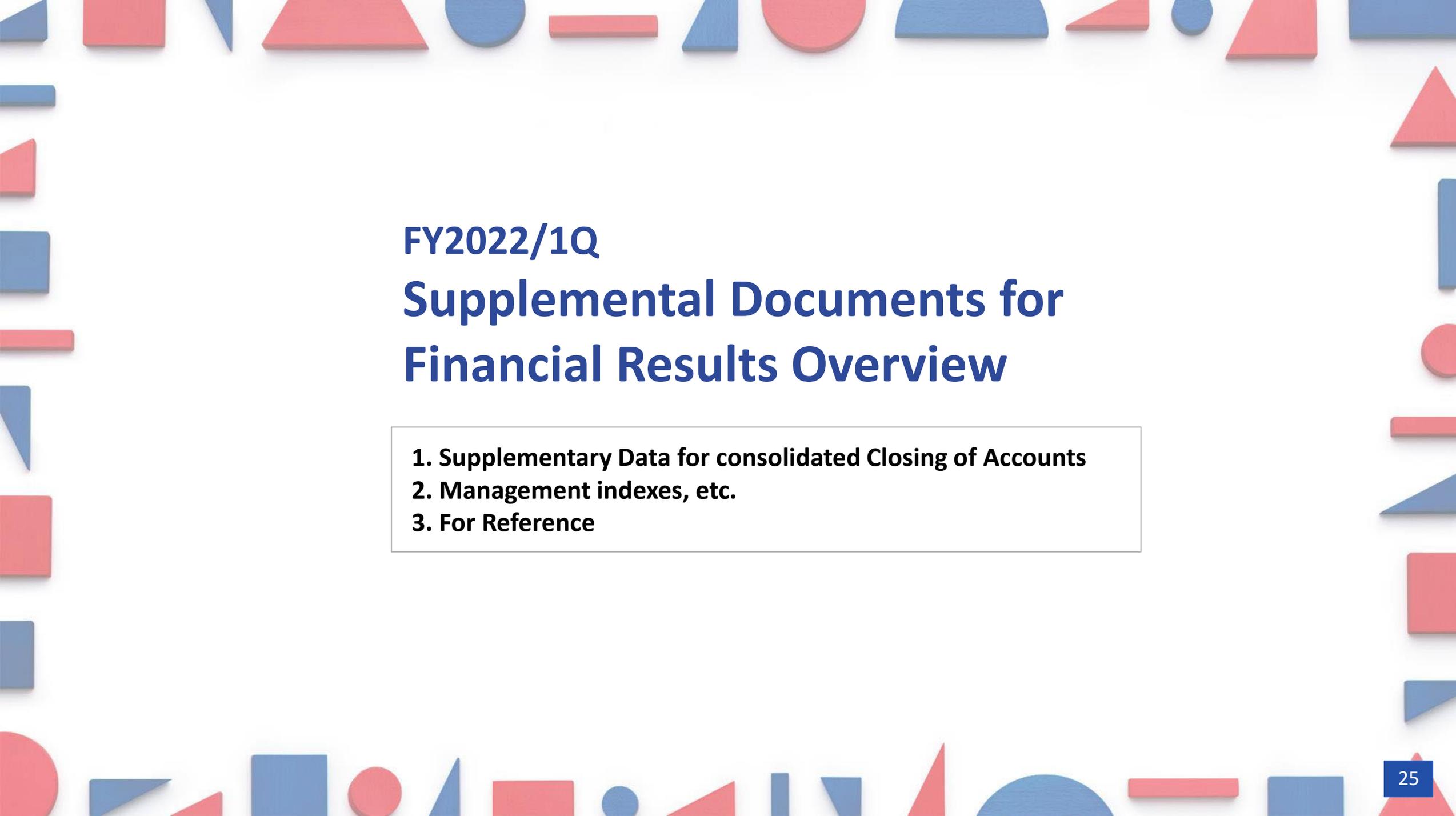
	FY2023			FY2022
	Before revision	Revised	Change	Consolidated Financial Forecasts (2nd year of ADX 2023)
<b>Net sales</b>	3,800	<b>4,300</b>	<b>500</b>	4,200
<b>Chemicals</b>	2,078	<b>2,400</b>	<b>322</b>	2,310
<i>Polymer Additives</i>	<i>1,007</i>	<i>1,250</i>	<i>243</i>	<i>1,235</i>
<i>Electronics and IT materials</i>	<i>441</i>	<i>470</i>	<i>29</i>	<i>430</i>
<i>Functional chemicals</i>	<i>630</i>	<i>680</i>	<i>50</i>	<i>645</i>
<b>Food products</b>	814	<b>850</b>	<b>36</b>	830
<b>Life Science</b>	890	<b>990</b>	<b>100</b>	980

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

Note 2 : The target for other business has been omitted.

**ADEKA**

**Add Goodness**



# FY2022/1Q Supplemental Documents for Financial Results Overview

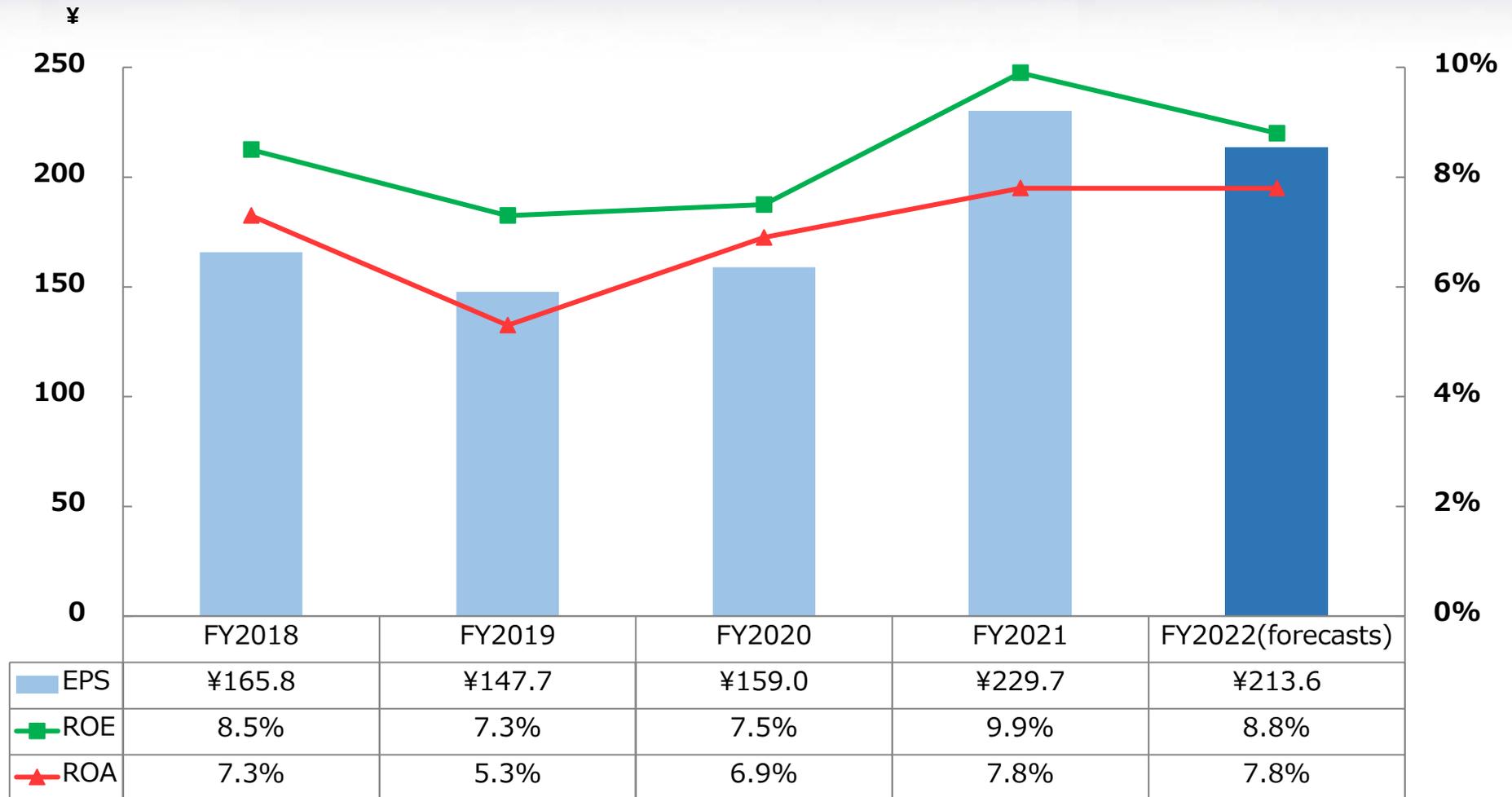
- 1. Supplementary Data for consolidated Closing of Accounts**
- 2. Management indexes, etc.**
- 3. For Reference**

# 1 Consolidated Balance Sheet

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

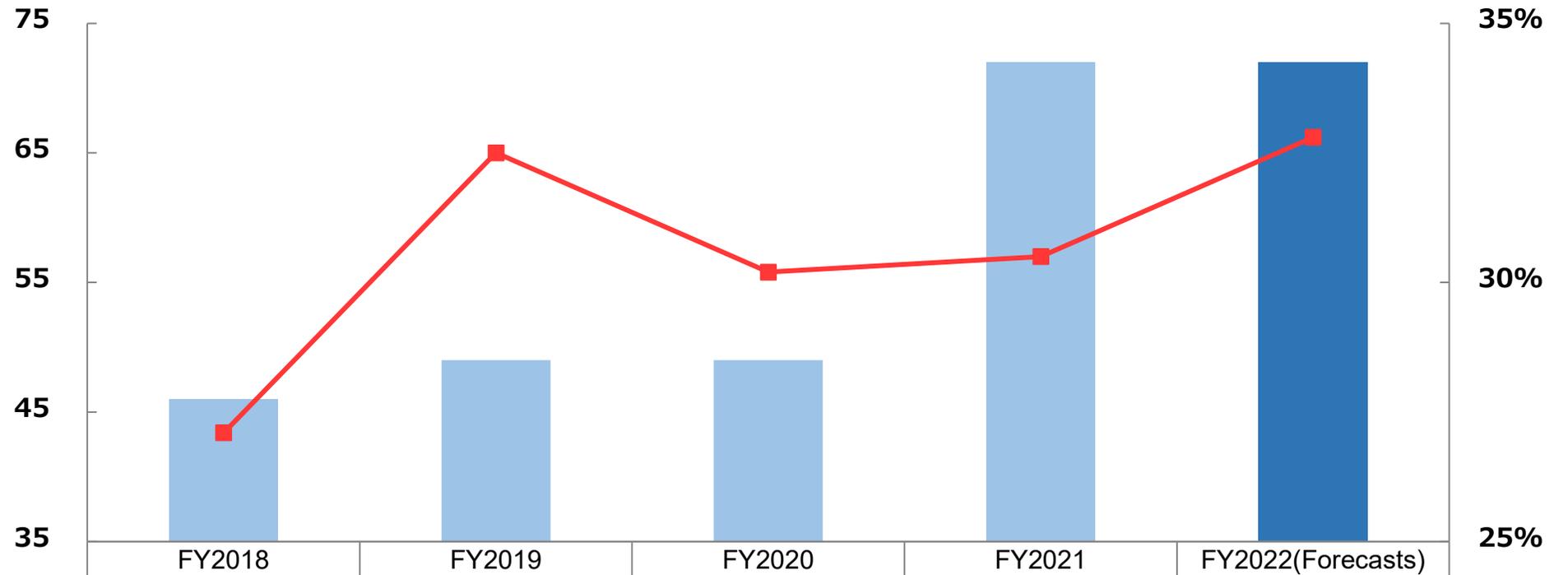
Unit: 100 million yen	As of Mar. 31,2022	As of Jun. 30,2022	Change		As of Mar. 31,2022	As of Jun. 30,2022	Change
<b>Current assets</b>	2,938	3,135	197	<b>liabilities</b>	1,784	1,925	140
Cash and deposits	842	773	△ 69	Current liabilities	1,148	1,330	182
Notes and accounts receivable – trade, etc.	1,004	1,091	86	Long-term liabilities	635	594	△ 41
Inventories	960	1,101	140	<b>Net assets</b>	2,968	3,040	71
Other	130	169	38	Shareholders' equity	2,300	2,318	17
<b>Fixed assets</b>	1,814	1,829	15	Capital stock	230	230	-
Tangible fixed assets	1,193	1,192	△ 0	Capital surplus	201	201	△ 0
Intangible fixed assets	168	177	9	Retained earnings	1,880	1,898	17
Investment and other assets	452	459	6	Treasury stock	△ 12	△ 12	△ 0
				Accumulated other comprehensive income	199	235	35
				Minority interests	469	486	17
<b>Total assets</b>	<b>4,753</b>	<b>4,965</b>	<b>212</b>	<b>Total liabilities and net assets</b>	<b>4,753</b>	<b>4,965</b>	<b>212</b>

Note 1 : Figures are expressed in units of 100 million yen and have been rounded off. Note 2 :The figures (as of March 31, 2022) are after retrospective application of a change in accounting policy.



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

¥ 100 million

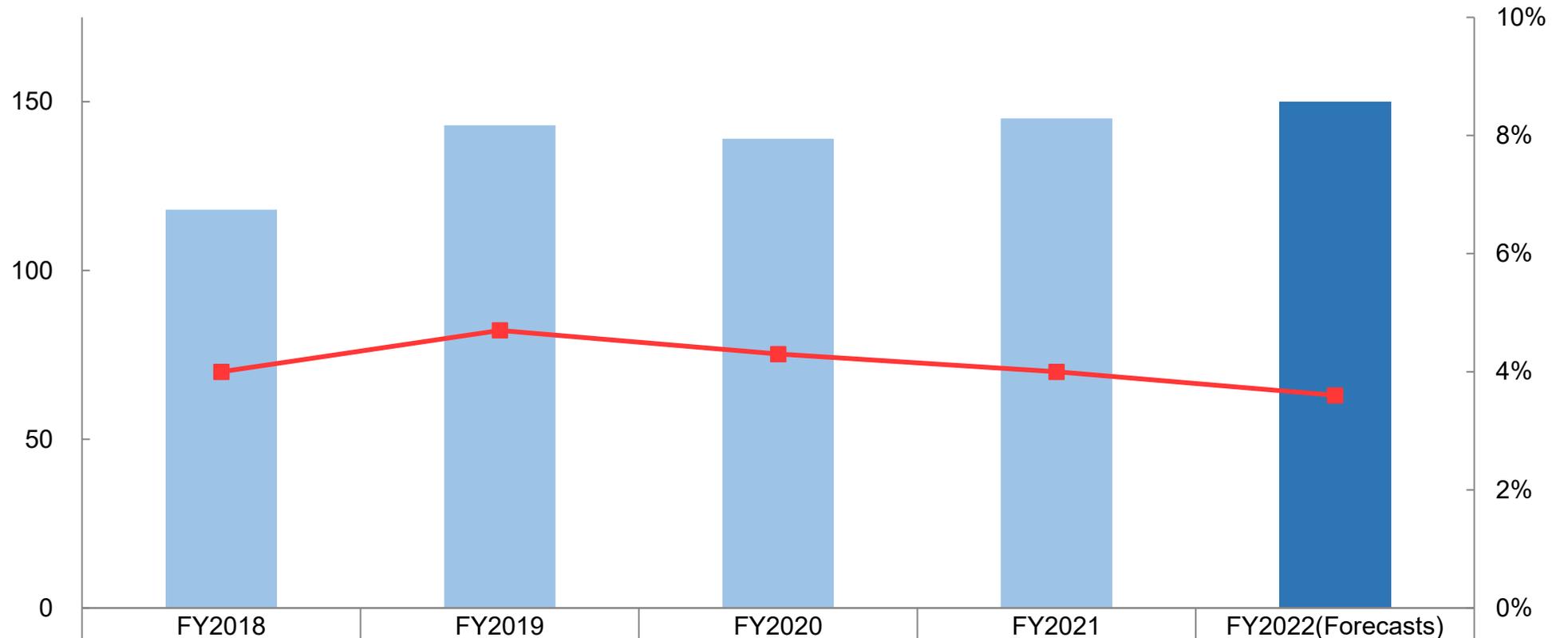


Dividend	¥45	¥48	¥48	¥70	¥70
Total Dividend	46	49	49	72	72
Rate of dividend payout	27.1%	32.5%	30.2%	30.5%	32.8%

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.

¥ 100 million



■ R&D costs	118	143	139	145	150
■ Rates of R&D costs to sales	4.0%	4.7%	4.3%	4.0%	3.6%

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

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

¥ 100 million



Note : Capital investment and depreciation 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, 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.