

ADEKA Group Mid-Term Management Plan “ADX 2026”

- Pursuing a growth strategy of promoting sustainability initiatives to achieve greater social value and continuous growth –

ADEKA CORPORATION (President and Chief Executive Officer: Hidetaka Shirozume, hereafter “ADEKA”) has formulated **ADX 2026**, a Mid-Term Management Plan for FY2024 to FY2026, and begins implementing the plan in April this year.

The **ADX 2026** Mid-Term Management Plan defines its three-year period as a period for continuing the transformation to achieve what ADEKA Group’s vision for 2030, as stated in **ADEKA VISION 2030 – An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles** —. It will endeavor to increase Eco-friendly products and to reduce its greenhouse gas (GHG) emissions towards attaining carbon neutrality. On the basis of a more resilient management foundation, it will seek to continuously increase its corporate value.

ADX 2026 Targets

Financial indicators (FY2026)	Operating profit	JPY 53 billion (Net sales: JPY 500 billion)
	R O E	11.0%
	R O I C	10.5%
Sustainability indicators *1 (FY2026)	Sales of Eco-friendly products	JPY 115 billion (2.5 folds the FY2019 level)
	GHG emissions	199 thousand t-CO2e *2 (13% reduction the FY2013 level)
	Ratio of women in managerial positions	6% or more (non-consolidated)
Capital investment amount		JPY 75 billion (3 years)
Dividend policy (Dividend payout ratio)		40% or more *3

*1 Indicators associated with the A D E K A Group Sustainability Priority Issues

*2 A unit for indicating different GHG emissions in a uniform manner by converting them into CO₂ equivalent amounts.

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

〈Continued on the next page〉

1. Our Vision for 2030 (Established in Apr. 2021)

ADEKA VISION 2030

An Innovative Company Contributing to a Sustainable Future and
Affluent Lifestyles

The target year of the Sustainable Development Goals (SDGs) is 2030. In 2030, ADEKA Group aspires to be a corporate entity that is helping to build a sustainable future and supporting people's affluent lifestyles by leading the world with its innovative technologies and expanding its wide range of businesses worldwide.

2. ADX 2026, Mid-Term Management Plan

(1) Name

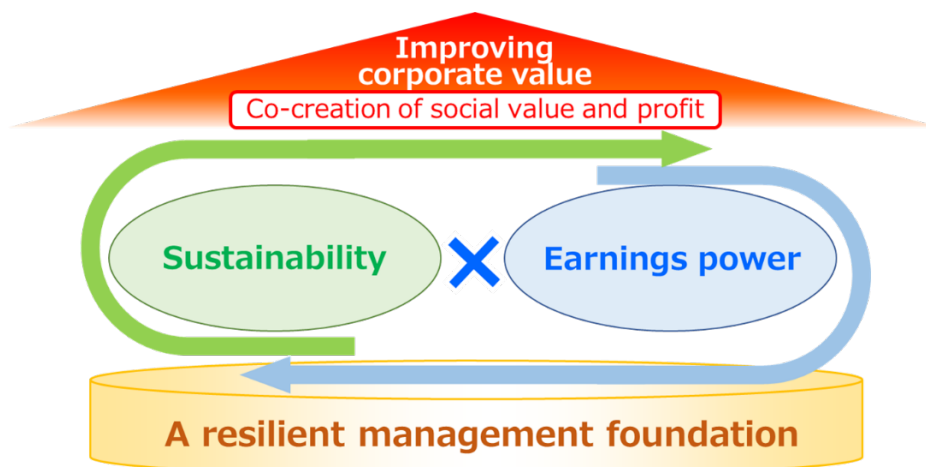
『 **ADX 2026** 』 (ADX is pronounced “ədəks”)

ADX denotes ADEKA Transformation. It is ADEKA’s intent to transform itself for achieving its continuous growth.

ADX 2026 defines its three-year period as a period for carrying out continued transformation with a view towards achieving ADEKA Group's vision for 2030, **ADEKA VISION 2030 — An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles —**.

(2) Fundamental policy

**Promoting sustainability initiatives for
greater social value and continuous growth**
– Earnings power, sustainability and a resilient management foundation –



The ADEKA Group will construct a resilient management foundation that responds flexibly to changes. Seeing the expansion of Eco-friendly products as an opportunity for growth, it will increase its earnings strength and achieve continuous growth.

〈Continued on the next page〉



(3) Key strategies

In a bid for greater corporate value through the co-creation of social value and profit, the ADEKA Group will work to **transition to a high profitability structure**, to **increase Eco-friendly products and reduce of GHG emissions through business structure transformation** and to **establish a resilient management foundation**.

◆ **Transition to a high profitability structure**

While proactively introducing management resources to electronics and IT materials as a revenue pillar, the ADEKA Group will restructure its businesses looking ahead to the future. It will carry out growth strategies for individual businesses to increase their profitability, expanding new products and driving the growth of new businesses, seeing them as pillars of future growth. It will also carry out measures aimed at improving capital efficiency in order to increase its earnings strength. By strengthening our earning power, we will aim for business growth with a focus on profit rather than expansion of scale.

◆ **Increase Eco-friendly products and reduce of GHG emissions through business structure transformation**

The ADEKA Group will continue with expansion and the creation of Eco-friendly products and will pursue growth strategies to integrate opportunities for addressing social issues. To attain carbon neutrality, its individual businesses will work to cut GHG emissions to help build a sustainable society. It will move ahead with diversity, equity and inclusion (DE&I). It will create opportunities for its diverse human resources to play active roles and it will conduct human rights due diligence to ensure respect for human rights in its overall supply chain.

◆ **Establish a resilient management foundation**

To constantly produce strategic products in individual businesses, the ADEKA Group will understand and manage important raw materials and build a resilient supply chain ensuring business continuity even at times of significant change in the external environment. It will develop and utilize human capital in accordance with the growth stages of each business. It will introduce digital technologies to carry out operational and business reforms.

- Details of the **ADX 2026** MTMP will be explained in the FY2023 Financial Results Briefing. (The materials will be made available on A D E K A website on May 29, 2024.)

A D E K A website : <https://www.adeka.co.jp/en/>



■ **Contacts**

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ADX 2026

A three-year period for
carrying out continued
transformation

ADEKA VISION 2030

An Innovative Company Contributing to a Sustainable Future and
Affluent Lifestyles

- 2nd stage toward the attainment of ADEKA VISION 2030
- A three-year period for increasing earnings strength with a focus on profit and efficiency
- Carrying out continued transformation a view towards achieving ADEKA Group's vision for 2030

Back cast

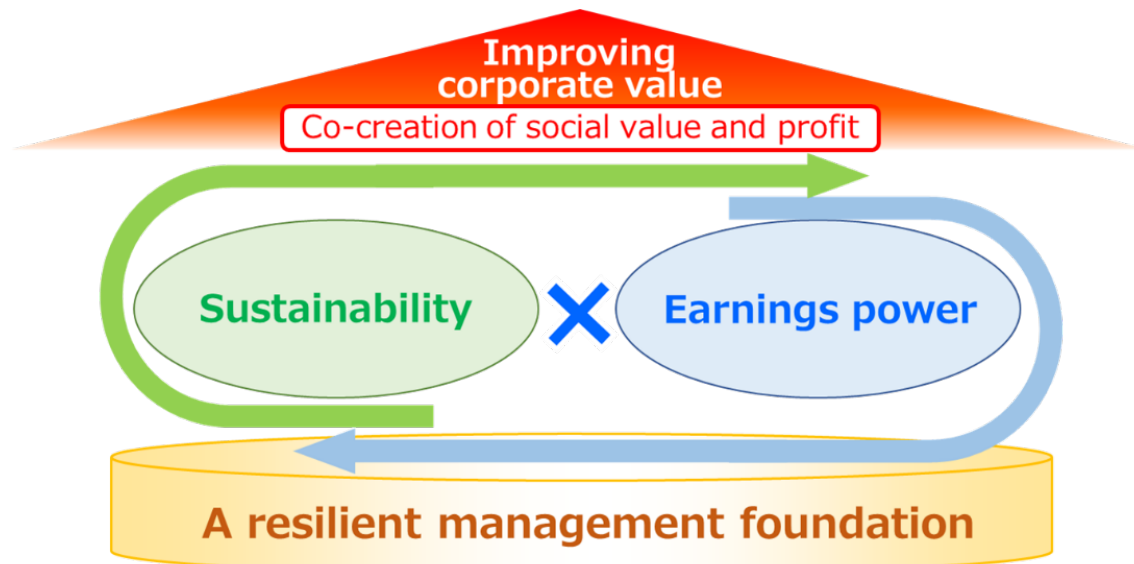
ADX 2026

Pursue a growth strategy of
promoting sustainability initiatives

ADX 2023

Social Value + Economic Value

Promoting sustainability initiatives for greater social value and continuous – Earnings power, sustainability and a resilient management foundation –



- Enhancing **earnings power** to achieve continued growth with a focus on profit.
- Carry out efforts for **sustainability** and implement growth strategies to capture opportunities for solving social issues.
- Establish a **resilient management foundation** to take swift actions in a highly uncertain environment.

Financial indicators (FY2026)	Operating profit	JPY 53 billion (Net sales: JPY 500 billion)
	ROE	11.0%
	ROIC	10.5%
Sustainability indicators (FY2026)	Sales of Eco-friendly products	JPY 115 billion (2.5 folds the FY2019 level)
	GHG emissions	199 thousand t-CO₂e *2 (13% reduction the FY2013 level)
	Ratio of women in managerial positions	6 % or more (non-consolidated)
Capital investment amount		JPY 75 billion (3 years)
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*2 A unit for indicating different GHG emissions in a uniform manner by converting them into CO₂ equivalent amounts.

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

Key strategies 1

Transition to a high profitability structure

- Enlarge electronics and IT materials and restructure underperforming businesses
- Expand strategic products*¹
- Promote new products*² and implement new businesses
- Increase capital efficiency

Key strategies 2

Increase Eco-friendly products and reduce of GHG emissions through business structure transformation

- Expand and create Eco-friendly products
- Reduce GHG*³ emissions with a view towards carbon neutrality
- Address ADEKA Group's priority sustainability issues

Key strategies 3

Establish a resilient management foundation

- Strengthen supply chains
- Enhance human capital
- Promote DX

*1 25 groups of products with potential for development into growth drivers and with positive impacts on operating profit and net sales

*2 Determined according to predetermined standards, such as selling period and revenue standard not based on a single year.

*3 GHG : Greenhouse gas

Performance Targets by Segment

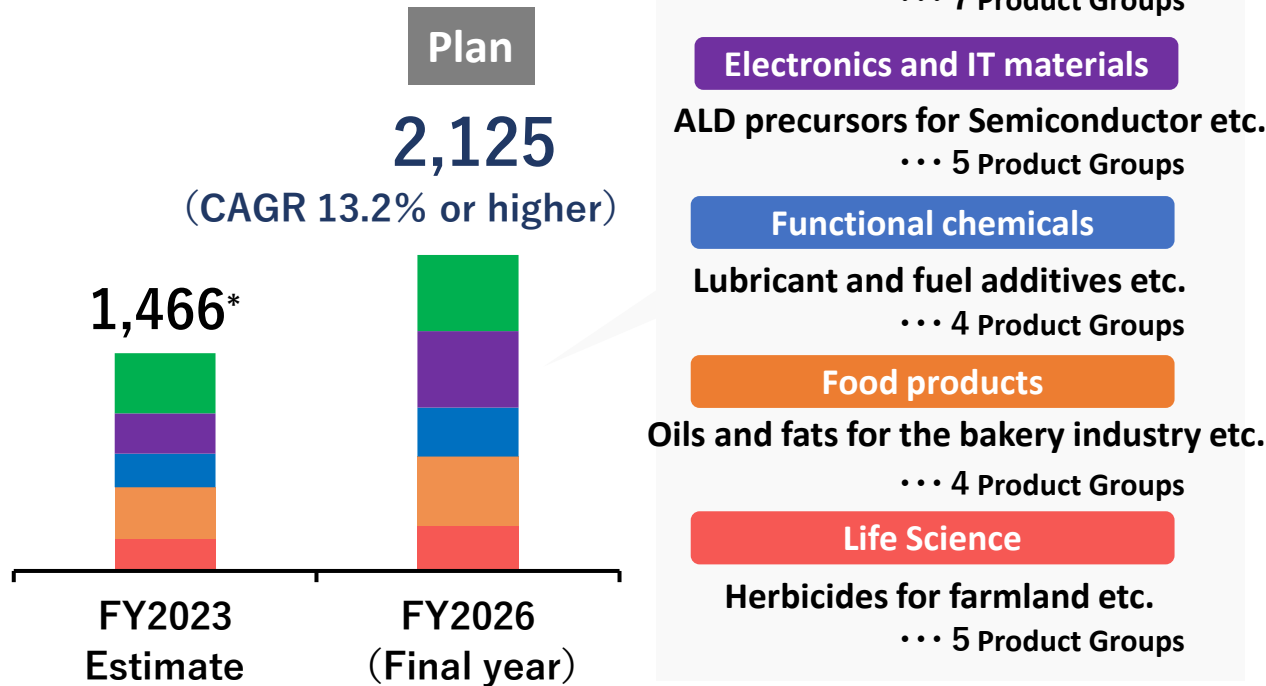
Supplementary materials for
the MTMP "ADX 2026"

(Unit : JPY 100 million)	FY2026 Plan			(Ref.) FY2023 Forecast		
	Net sales	Operating profit	OPM	Net sales	Operating profit	OPM
ADEKA Group Total	5,000	530	10.6%	4,100	345	8.4%
Chemicals	2,763	364	13.2%	2,120	236	11.1%
Polymer Additives	<i>1,332</i>	<i>109</i>	<i>8.2%</i>	<i>1,020</i>	<i>80</i>	<i>7.8%</i>
Electronics and IT materials	<i>626</i>	<i>153</i>	<i>24.4%</i>	<i>400</i>	<i>95</i>	<i>23.8%</i>
Functional chemicals	<i>805</i>	<i>102</i>	<i>12.7%</i>	<i>700</i>	<i>61</i>	<i>8.7%</i>
Food products	928	62	6.7%	860	35	4.1%
Life Science	1,200	97	8.1%	1,040	61	5.9%
Other	106	5	4.7%	80	13	16.3%

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

Sales of strategic products (25 Product Groups)

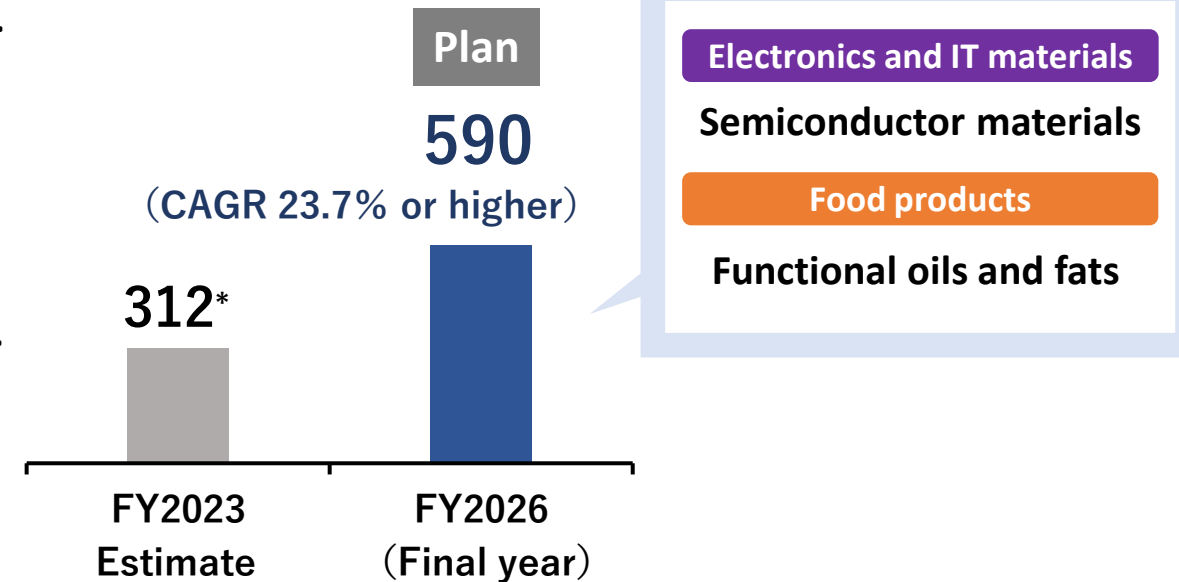
(Unit : JPY 100 million)



Sales of New products

A plan to expand sales significantly in Electronics and IT materials and in Food products, among other areas

(Unit : JPY 100 million)



* The estimate for FY2023 represents the figure after revision for both strategic products and new products.

* Figures are expressed in units of 100 million yen.

Expand and create Eco-friendly products

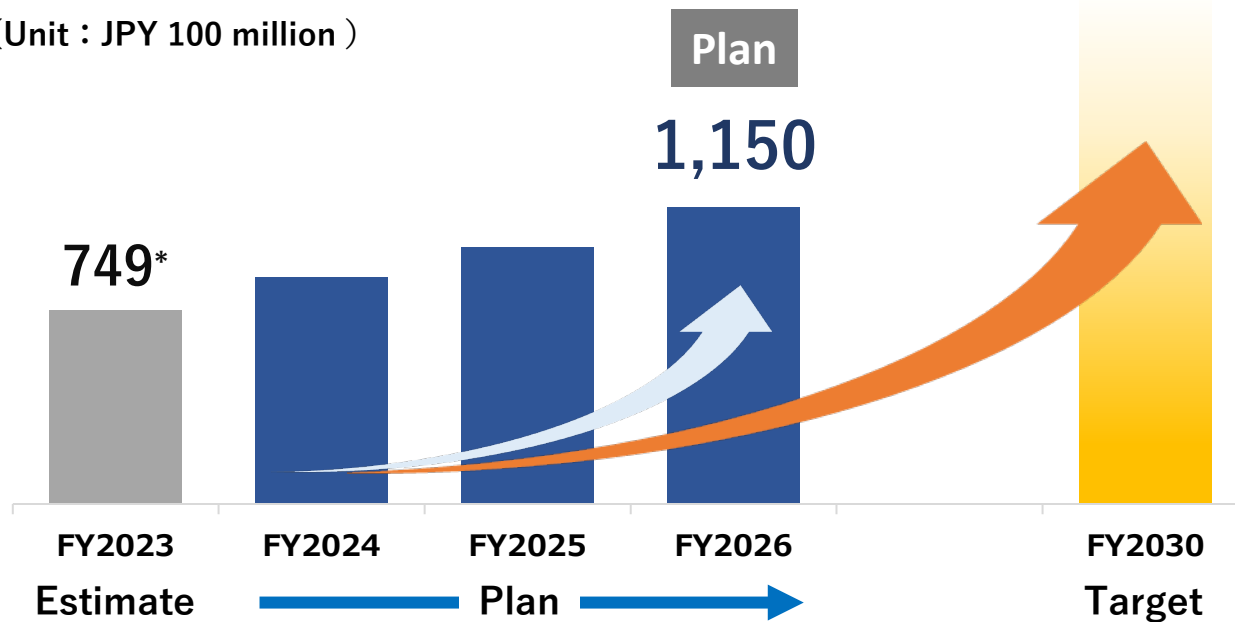
Provide Eco-friendly products to help solve social issues and expand them to achieve business growth and sustainability

ADX 2026 (Final year)

Sales of Eco-friendly products

2,014

(Unit : JPY 100 million)



* The estimates for FY2023 represent figures after revision (addition) of Eco-friendly products.
 * Figures are expressed in units of 100 million yen.

『ADX 2026』 Eco-friendly products

- Lead free stabilizers
- Nucleating agent for automotives
- Intumescent-type flame retardant Polymer additives
- Environment-Friendly Polymer Additives NEW
- UV curable materials Electronics & IT materials
- Recycled materials for circuit production process
- ALD precursors for Semiconductor NEW
- Semiconductor related materials NEW
- Water-based coating materials
- Bonding materials Functional chemicals
- Lubricants for the reduction of friction
- Materials for the reduction of SOx
- Products with RSPO and other certifications
- Products for the reduction of food waste Food products
- Plant-based foods
- Nursery box application agents for paddy rice NEW Life Science
- Battery materials Other

Reduce GHG emissions with a view towards CN

Roadmap

Gather ideas for achieving carbon neutrality by 2050 from all ADEKA,

2050 : Achieving **Carbon Neutrality**

2030 : Reduce CO₂e emissions by **46%** compared to FY2013 (Scope 1+2)

GHG emissions

ADX 2026 (Final year)

Plan

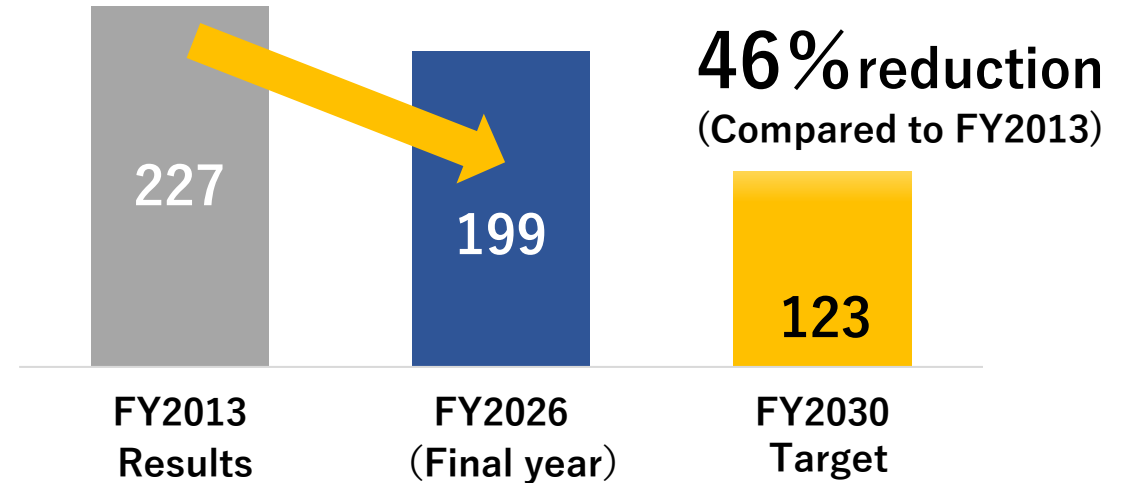
199 thousand t-CO₂e

(13% reduction the FY2013 level)

(Unit : thousand t-CO₂e)

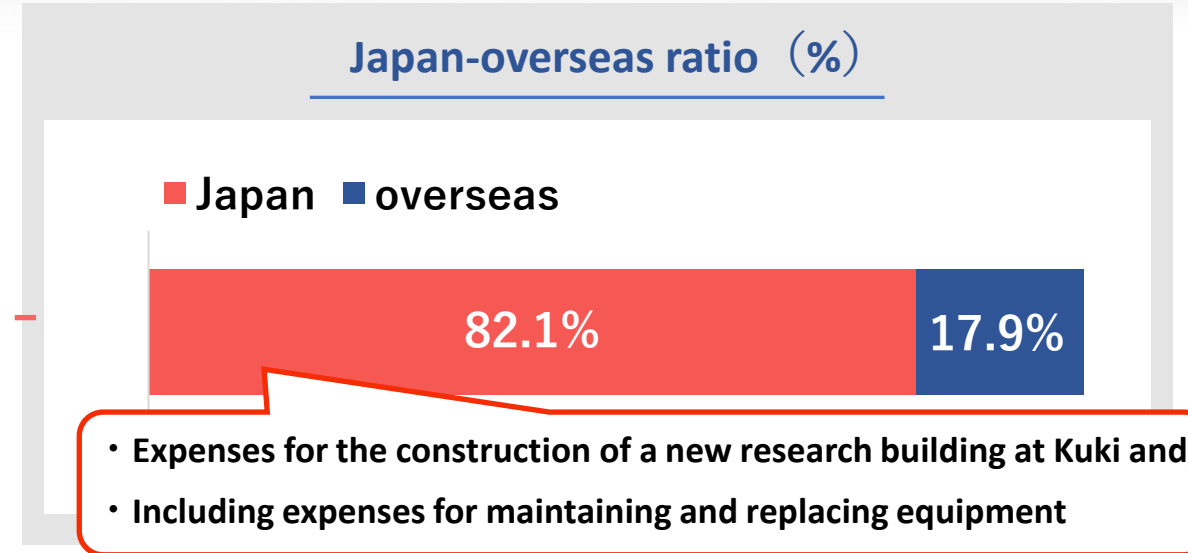
Plan

13% reduction
(Compared to FY2013)



Capital Investment Plan

		Amount
Total amount (Three-year period)		750
Plant investment	Polymer Additives	62
	Electronics and IT materials	158
	Functional chemicals	44
	Food products	101
	Life Science	42
	Other	50
Research investment ^{*1}		197
Common and others (general, sales, systems, etc.)		92



A plan to proactively introduce management resources to the domain of electronics and IT materials

Materials for advanced semiconductors

- New materials for DRAMs
- Logic semiconductor materials etc.

*1 Including expenses for the construction of a new research building in the Kuki R&D Laboratory (approx. 10 billion yen).
*2 Figures are expressed in units of 100 million yen.

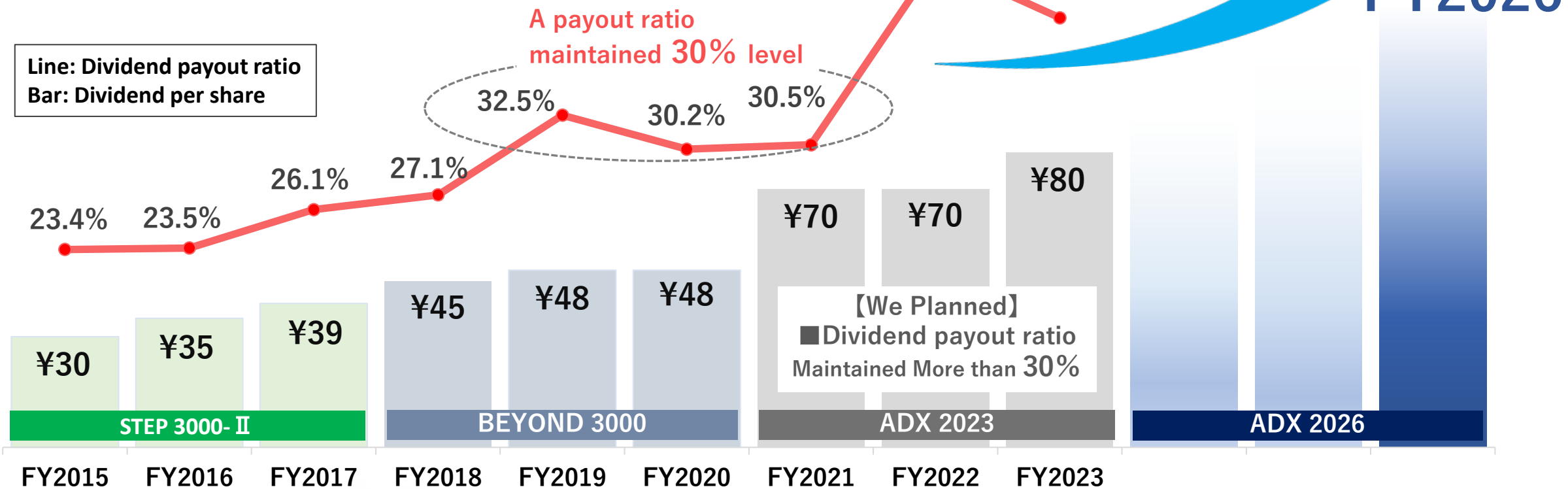
Dividend policy

『ADX 2026』 Dividend policy

Dividend payout ratio
Maintained More than 40%

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

Line: Dividend payout ratio
Bar: Dividend per share



Details of the ADX 2026 MTMP will be explained in the FY2023 Financial Results Briefing

(The materials will be made available on the A D E K A website on May 29, 2024.)

The forecast performance and business plans specified in this material have been prepared based on information available as of the date of publication, as well as on various assumptions.

Actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.