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To our shareholders:

Company name: DKS Co. Ltd.  
Representative: YAMAJI Naoki, President COO  
(Securities code: 4461 TSE Prime Market)  
Contact SAKAMOTO Mami, Senior Executive Officer and  
General Manager, Strategy Headquarters  
(TEL: +81-75-276-3027)

### **Notice Concerning the Medium-Term Management Plan “SMART 2030”**

DKS Co. Ltd. (hereinafter referred to as “DKS” or “the Company”) is pleased to announce that the DKS Group has formulated a new five-year medium-term management plan “SMART 2030,” which ends in fiscal 2029, the fiscal year ending March 31, 2030.

#### **1. Review of the Business Environment and Previous Medium-Term Management Plan “FELIZ 115”**

The global economy is projected to grow at an average annual rate of approximately 3% through to 2030. In particular, high levels of growth are anticipated for China and India in Asia. The market for semiconductor-related electronics materials is expected to expand rapidly, reaching US\$70.9 billion in 2030. As far as the chemical industry is concerned, there are growing calls for the reduction of environmental impact and shift to a circular economy. This includes the development of bio-materials, continued recycling technology innovation as well as efforts to increase energy efficiency and promote GX/DX. Turning to the challenges that lie ahead, Japan’s aging population remains an issue of growing concern. The percentage of the population aged 65 and over, which is estimated to reach around 30% in 2030, will lead, for example, to increased labor shortages and higher social security costs.

Looking back at the previous medium-term management plan “FELIZ 115,” successful steps were taken to increase existing business profits from fiscal 2020 to fiscal 2021 by reviewing the business portfolio. Despite record high net sales, the Group fell short of targets in fiscal 2022 owing to the pressure placed on profits by a variety of factors, including economic stagnation and an upswing in raw material and energy costs attributable to the novel coronavirus infection and the conflict in Ukraine. Results took on a significant recovery course on the back of robust trends in radcure resin materials for high-end servers from fiscal 2023. In the third quarter of fiscal 2024, the fiscal year ending March 31, 2025, DKS reported net sales of ¥54.2 billion, up ¥8.6 billion compared with the corresponding period of the previous fiscal year, and operating income of ¥3.8 billion, up ¥3.2 billion year on year.

## 2. Overview of the New Medium-Term Management Plan “SMART 2030”

### (1) Target identity

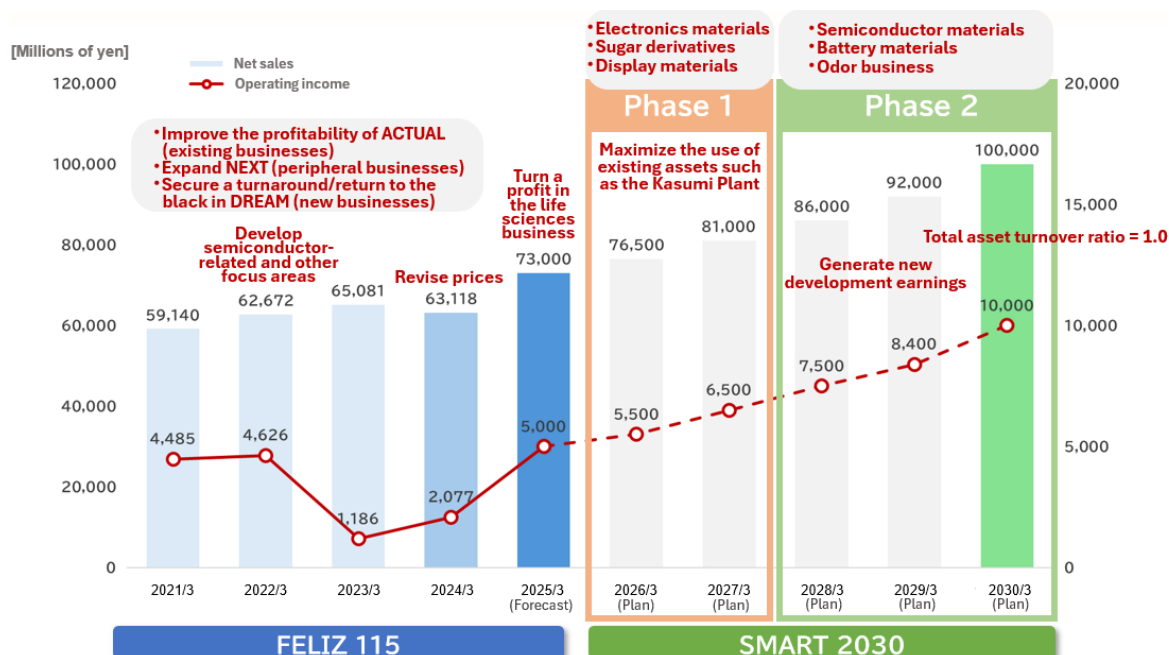
Under the Company’s new medium-term management plan “SMART 2030,” DKS will work to further generate corporate value, put in place a code of conduct, and enhance its human resources. At the same time, the Company has identified the three key words “Uni-Top,” “Sustainability,” and “Challenge” as the framework for implementing reforms that will link efforts to maximize intangible assets, including human resources, with corporate growth.

This framework is encapsulated in the “SMART 2030” logo, which depicts our efforts to reach the summit through uniqueness, ensure sustainability as illustrated by the green leaves, and take up challenges as portrayed by the arrows.



Item	Policy
Uni-Top	Aim for the top through uniqueness, without pursuing scale
Sustainability	Take into consideration environmental, social, and governance concerns, promote sustainable growth
Challenge	Maintain collaboration and flexibility, meet the challenge of technological innovation while addressing environmental concerns

### (2) New medium-term management plan “SMART 2030” roadmap



### (3) Management objectives

	FELIZ 115	SMART 2030	
	[Forecasts] FY2024 (2025/3)	[Phase 1] FY2026 (2027/3)	[Phase 2] FY2029 (2030/3)
Net sales	¥73.0 billion	¥81.0 billion	¥100.0 billion
Operating income	¥5.0 billion	¥6.5 billion	¥10.0 billion
Operating margin	6.8%	8.1%	10.0%
Profit attributable to owners of parent	¥2.5 billion	¥3.5 billion	¥5.0 billion
Total asset turnover ratio	0.7	-	1.0
ROE	6.5%	8.0%	10.0%
ROIC	4.8%	5.5%	8.0%
R&D expenses to sales ratio (consolidated)	5.2%	5.3%	5.3%
New product conversion rate (non-consolidated)	3.3%	12.0%	25.0%
Labor productivity (non-consolidated)	¥2.2 million/person	¥4.7 million/person	¥9.7 million/person
Reduction in GHG emissions (compared with 2013)	12% reduction	18% reduction	30% reduction



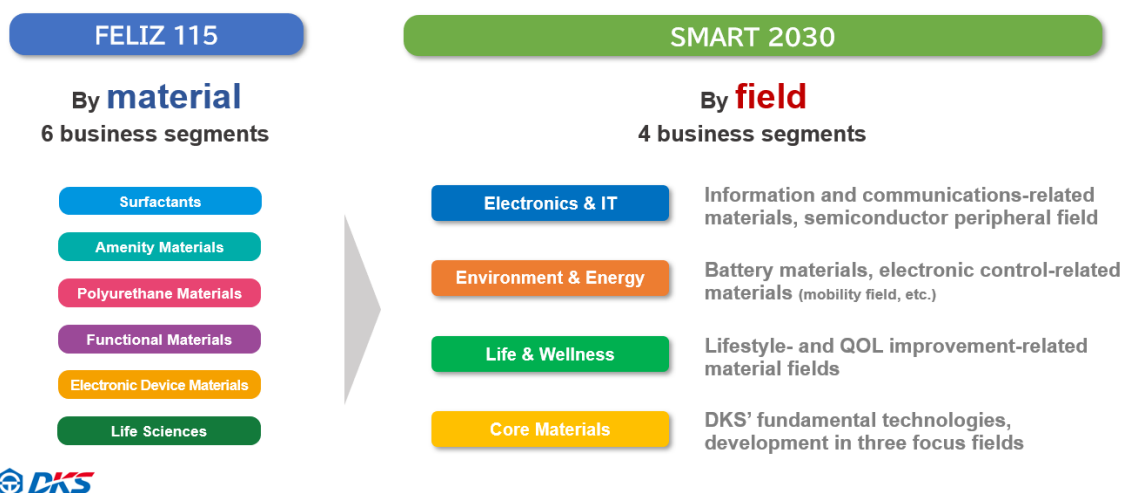
[Calculation standards] New product conversion rate (non-consolidated) : Sales of products brought to the market over the past 3 years/Net sales  
Labor productivity (non-consolidated) : Operating income/Number of employees = Operating income per person

### (4) Basic policy

- i) As far as the Company's organization is concerned, DKS will adopt a business headquarters-based system and establish business divisions by field, thereby integrating the sales and research functions. In addition to putting in place a system that can address customers' issues and development themes in a timely manner, every effort will be made to engage in organizational operations that clearly define business responsibilities.
- ii) DKS will also establish the Production Technology R&D Division and Kyoto Central R&D Division as organizations that report directly to management in a bid to accelerate efforts aimed at strengthening R&D. Energies will be directed toward shortening development periods while increasing business efficiency and competitiveness by classifying themes to be tackled into short, medium, and long-term.
- iii) Moreover, DKS will work to increase labor productivity by introducing a new personnel system. We will build an evaluation system through which performance is assessed in a fair and equitable manner. We will also focus on human resource development to ensure that employee growth leads to corporate growth. As a part of these endeavors, we will foster a corporate culture that recognizes employees who actively take on challenges.

### 3. Growth Strategy

- (1) DKS will reorganize its disclosure segments, shifting from the previous six material-based segments to the four field-based "Electronics & IT," "Environment & Energy," "Life & Wellness," and "Core Materials" segments. The goal of this reorganization is to promote corporate growth by facilitating the formulation of strategies tailored to the characteristics of each field, helping stakeholders better understand the nature of each business, and expediting efficient management and analysis.



(2) Following the final fiscal year of “FELIZ 115,” the first two years of “SMART 2030” are designated as Phase 1 and the latter three years as Phase 2. Ultimately, the aim is to secure net sales of ¥100.0 billion and an operating income of ¥10.0 billion in fiscal 2029, the fiscal year ending March 31, 2030.

**[Phase 1] Surpass the past <Existing: Revival, New: Creation>**

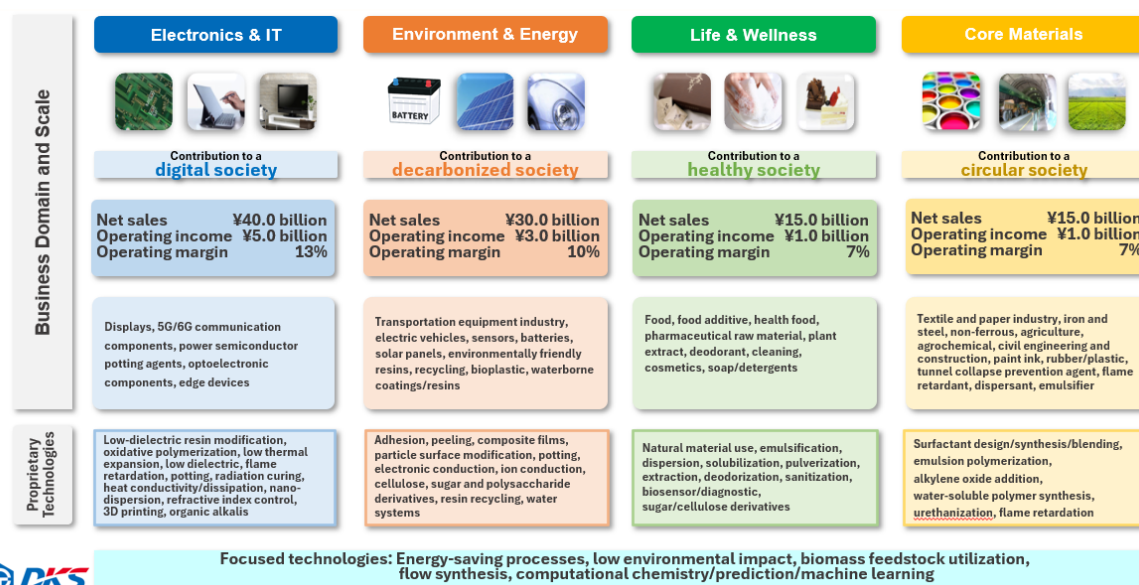
- ✓ Maximize the use of existing assets such as the Kasumi Plant
- ✓ Promote new development, increase sales volume (electronics materials, sugar derivatives, display materials)
- ✓ Turn a profit in the life sciences business

**[Phase 2] Soaring into the future <Existing: Survival, New: Growth>**

- ✓ Quickly commercialize and generate new development earnings (Semiconductions, battery materials, odor businesses)
- ✓ Promote the development of and capital investments in priority fields (Electronics & IT, Environment & Energy, Life & Wellness)
- ✓ Total asset turnover ratio 1.0 time



- (3) DKS will develop products that contribute to the environment, promote GX strategies that take into consideration sustainability concerns, including the need to reduce GHG emissions, and work to increase corporate value.
- (4) With a history that spans over 115 years, our track record of providing materials to a wide range of industries is a major strength. Based on our proprietary technologies, exemplified by surfactants, we will work diligently to achieve the targets set for fiscal 2029 in each field of our business domains.



#### 4. In Conclusion

DKS is a research and development-oriented company that has put forward a Uni-Top strategy. As a part of this strategy, our goal is to become a company that is chosen by customers for its capabilities to meet their needs and offer comprehensive proposals. Guided by this strategy, we will focus on employee growth and taking on challenges while endeavoring to enhance employee motivation and promoting health and productivity management.

Our daily lives are surrounded by a host of environmental issues, including global warming and the depletion of resources, as well as such social issues as a declining birthrate and aging population. As it works to achieve its new medium-term management plan “SMART 2030,” DKS will pursue the concept that “chemistry provides a solution” to improve the environment as well as the safety and comfort of people’s daily lives.

As we work to achieve our established goals, we ask for the continued support and understanding of all stakeholders.

\* DKS plans to provide a separate opportunity to outline the details of its new medium-term management plan.

<Reference>

**Presentation of the Medium-Term Management Plan “SMART 2030:”**

Posted on the Company’s official website (News) at: <https://www.dks-web.co.jp/english/news/index.html>