"Performance" Through Chemistry

Material for Financial Results Presentation For the Fiscal Year Ended March 31, 2024

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Sanyo Chemical Industries, Ltd.

Securities code: 4471

Sanyo Chemical

<Notice>

Yen amounts described in this presentation material are rounded down to the nearest unit.
Other figures such as ratios are rounded off.

<Disclaimer>

This presentation material contains forward-looking statements including projections based on the assumptions, forecasts and plans as of May 17, 2024. Actual results may differ significantly from such projections due to risks and uncertainties relating to changes in the global economy, state of competition, foreign currency exchange rates, trends in raw material costs and other factors.

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Earnings for FY2023

(Billions of yen)

Consolidated	FY2022	FY2023	Year-on-Year Change	
			Amount	Ratio (%)
Net sales	174.97	159.51	(15.46)	(8.8)
Operating profit	8.12	4.88	(3.23)	(39.8)
Ordinary profit	9.91	8.18	(1.73)	(17.5)
Profit attributable to owners of parent	5.68	(8.50)	(14.18)	-
Comprehensive income	5.72	(3.39)	(9.12)	-

＊ Due to a review of the performance evaluation method for each business segment triggered by changes in the core system, “Loss on disposal of inventories,” which was previously included in “Non-operating expenses,” is now included in “Cost of sales” from the first quarter of the current fiscal year. The figures for operating income after this slide are presented after the reclassification.

Consolidated Earnings by Segment

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(Billions of yen)

Segment	Net sales			Operating profit		
	Apr.-Mar. FY2022	Apr.-Mar. FY2023	Change amount	Apr.-Mar. FY2022	Apr.-Mar. FY2023	Change amount
Toiletries and Health Care	57.06	45.89	(11.17)	0.02	(1.42)	(1.44)
Toiletries	14.92	13.12	(1.79)			
Health Care	42.14	32.76	(9.38)			
Petroleum and Automotives	48.27	50.47	2.19	2.93	2.81	(0.11)
Plastics and Textiles	28.17	25.23	(2.94)	2.78	2.36	(0.41)
Plastics	19.96	17.86	(2.09)			
Textiles	8.21	7.37	(0.84)			
Information and Electrics/Electronics	23.16	22.87	(0.29)	2.50	1.83	(0.67)
Information	13.43	13.82	0.39			
Electrics/Electronics	9.73	9.04	(0.68)			
Environmental Protection, Construction and Others	18.28	15.03	(3.25)	1.37	0.53	(0.83)
Research and development expenses for new businesses				(1.50)	(1.25)	0.25
Total	174.97	159.51	(15.46)	8.12	4.88	(3.23)

Year-on-Year Change in Consolidated Operating Profit by Factor

Sanyo Chemical

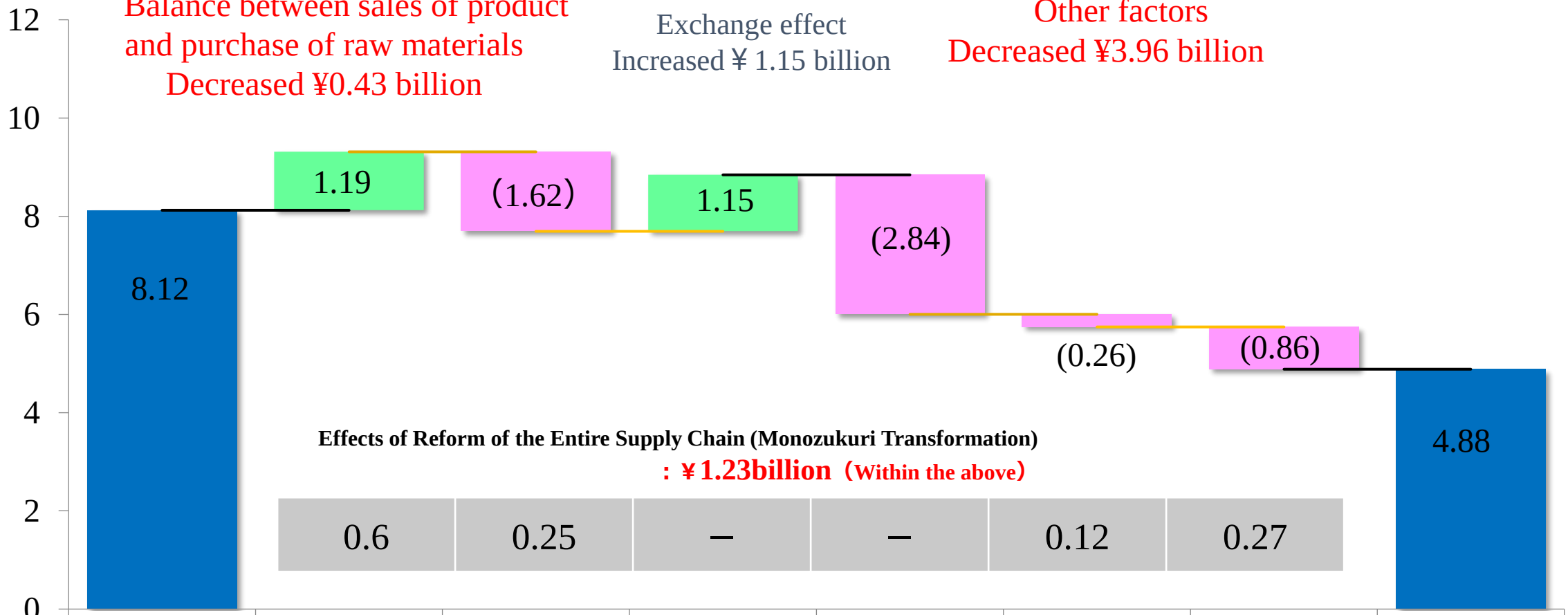
Decreased ¥3.23 billion from the previous fiscal year

(Billions of yen)

Balance between sales of product and purchase of raw materials
Decreased ¥0.43 billion

Exchange effect
Increased ¥ 1.15 billion

Other factors
Decreased ¥3.96 billion



Effects of Reform of the Entire Supply Chain (Monozukuri Transformation)
: ¥1.23billion (Within the above)

0.6	0.25	–	–	0.12	0.27

Year-on-Year Change in Consolidated Profit by Factor

Sanyo Chemical

(Billions of yen)

	Apr.-Mar. FY2022	Apr.-Mar. FY2023	Change amount
Operating profit	8.12	4.88	(3.23)
Share of profit of entities accounted for using equity method	0.46	0.22	(0.24)
Foreign exchange gains	1.10	1.71	0.60
Other non-operating income (loss)	0.21	1.36	1.14
Ordinary profit	9.91	8.18	(1.73)
Gain (loss) on valuation of investment securities	2.61	1.59	(1.02)
Loss on retirement of non-current assets	(1.09)	(1.37)	(0.27)
Loss on valuation of investments in capital	(1.32)	(3.23)	(1.90)
Business restructuring expenses	-	(12.05)	(12.05)
Other extraordinary income (loss)	(0.69)	(0.45)	0.23
Profit before income taxes	9.41	(7.34)	(16.76)
Income taxes	(3.18)	(1.29)	1.89
Profit attributable to non-controlling interests	(0.54)	0.13	0.67
Profit attributable to owners of parent	5.68	(8.50)	(14.18)

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2023	March 31, 2024	Change amount	Main factors for changes
Current assets	97.3	105.9	8.6	Cash and deposits: 10.1, Raw materials and supplies: (1.3)
Non-current assets	104.8	99.8	(4.9)	Buildings and structures: (3.3), Machinery, equipment and vehicles: (4.8), Investment securities: 3.1
Total assets	202.1	205.8	3.6	
Current liabilities	46.9	53.5	6.5	Accounts payable-trade and Electronically recorded obligations-operating: 3.6, Accrued expenses: 2.6
Non-current liabilities	6.2	10.7	4.4	
Total liabilities	53.1	64.2	11.0	
Shareholders' equity	132.3	120.1	(12.2)	Net income:(8.5), Dividends paid: (3.7)
Other comprehensive income	13.7	18.9	5.1	Foreign currency translation adjustments: 1.3
Non-controlling interests	2.9	2.5	(0.3)	
Total net assets	148.9	141.5	(7.4)	
Total liabilities and net assets	202.1	205.8	3.6	

Consolidated Statements of Cash Flows

(Billions of yen)

	Apr.-Mar. FY2022	Apr.-Mar. FY2023	Change Amount	Special notes
Cash flows from operating activities	10.8	19.8	8.9	
Profit before income taxes	9.4	(7.3)	(16.7)	
Depreciation	10.2	10.8	0.5	
Share of loss (profit) of entities accounted for using equity method	(0.4)	(0.2)	0.2	
Impairment loss	1.3	3.2	1.9	
Business restructuring expenses	-	12.0	12.0	
Gain on sales of investment securities	(2.7)	(2.0)	0.6	
Decrease (increase) in operating capital	(4.6)	5.9	10.6	
Income taxes	(3.8)	(2.6)	1.1	
Other, net	1.5	(0.0)	(1.5)	
Cash flows from investing activities	(10.1)	(6.2)	3.9	
Free cash flows	0.6	13.5	12.8	
Cash flows from financing activities	(2.3)	(4.0)	(1.6)	
Effect of exchange rate change on cash and cash equivalents	0.1	0.6	0.4	
Net increase (decrease) in cash and cash equivalents	(1.4)	10.1	11.6	
Cash and cash equivalents at beginning of period	18.1	17.0	(1.1)	
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	0.3	-	(0.3)	
Cash and cash equivalents at end of period	17.0	27.1	10.1	

Key Management Indicators

	Unit	FY2022	FY2023	Year-on-Year Change
Total assets	Billions of yen	202.1	205.8	3.6
Return on assets	%	4.9	4.0	(0.9)pt
Equity	Billions of yen	146.0	139.0	(7.0)
Equity ratio	%	72.2	67.6	(4.6)pt
Return on equity	%	3.9	(6.0)	(9.9)pt
ROIC	%	3.2	2.4	(0.8)pt

Earnings Forecast for FY2024

Sanyo Chemical

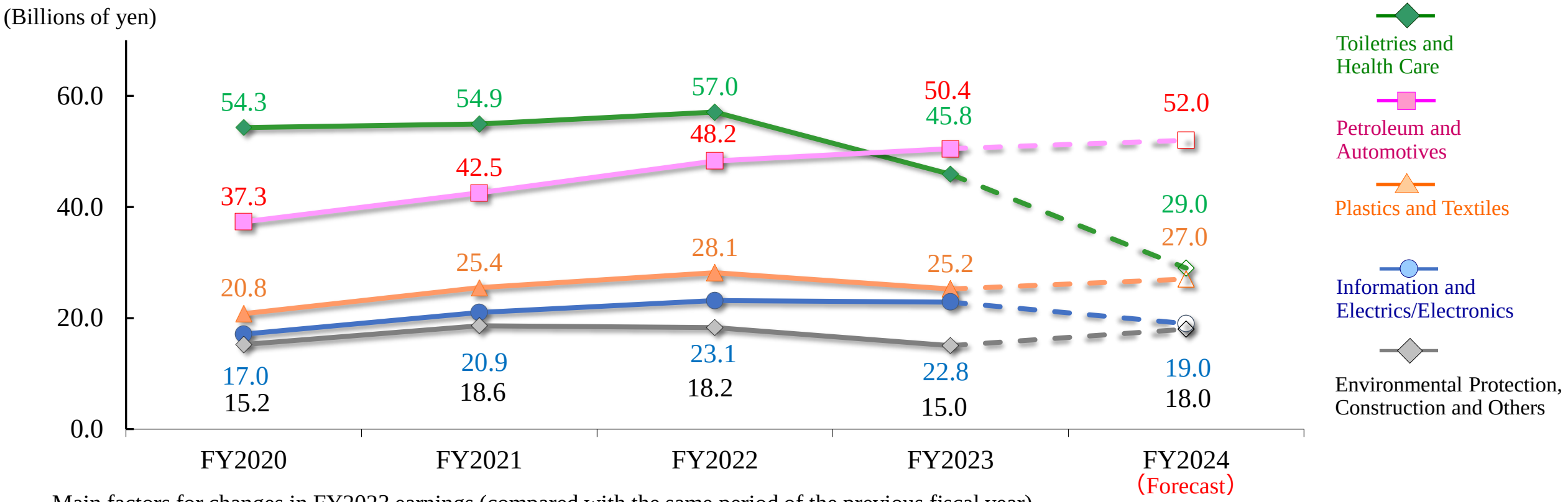
<Assumptions for below forecasts>

Price of naphtha produced in Japan: 76 thousand yen/kl, Exchange rate: 150 yen/U.S. dollar

(Billions of yen)

Consolidated	Full year			First half of the year (Apr.-Sep.)		
	FY2024 Forecast	FY2023 Result	Change Rate (%)	FY2024 Forecast	FY2023 Result	Change Rate (%)
Net sales	145.00	159.51	90.9	75.00	79.27	94.6
Operating profit	8.00	4.88	163.7	3.00	2.02	148.5
Ordinary profit	9.50	8.18	116.0	4.00	4.94	80.8
Profit attributable to owners of parent	2.50	(8.50)	-	2.50	4.39	56.8

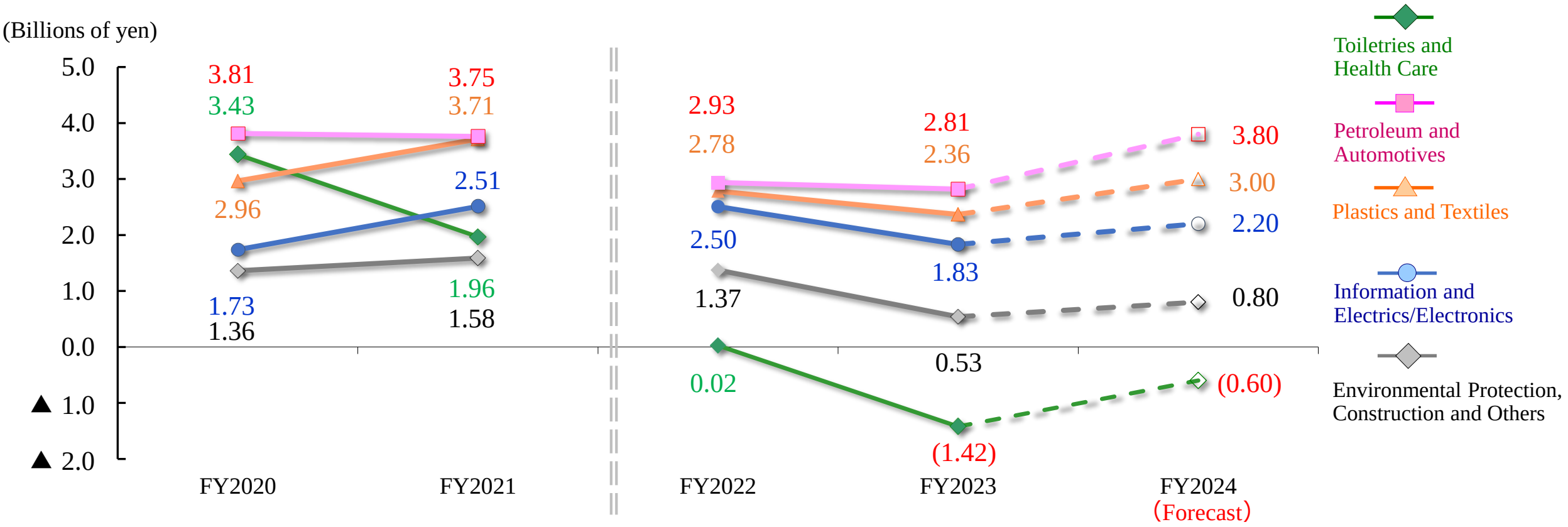
Trends in Consolidated Net Sales by Segment



Main factors for changes in FY2023 earnings (compared with the same period of the previous fiscal year)

Toiletries and Health Care	:Sales of surfactants for liquid laundry detergents and polyethyleneglycol decreased due to sluggish market conditions and lower demand both in Japan and overseas. Sales of superabsorbent polymers decreased due to lower sales volumes in Japan and Asia.
Petroleum and Automotives	:Sales of raw materials for polyurethane foams were weak due to the inflow of low-cost products from overseas, but sales of lubricant additives and polyurethane beads were strong.
Plastics and Textiles	:Sales of permanent antistatic agents were weak due to sluggish demand for electronic components. Sales of paint coating chemicals and additives also declined due to lower demand from China. Sales of carbon fiber focusing agents used in wind turbines for wind power generation remained sluggish. Sales of agents for textile manufacturing such as tire cord yarns and other items were weak due to a slow recovery in demand.
Information and Electrics/Electronics	:In the Information segment, sales were flat due to price revisions caused by soaring raw material prices and other factors, in spite of a decline in demand for toner-related materials. Sales of electrolytes for aluminum electrolytic capacitors decreased due to sluggish demand for consumer use, although the recovery of the semiconductor market drove increased sales of related materials.
Environmental Protection, Construction and Others	:Demand for cationic monomers for polymer flocculants was sluggish. Sales declined in raw materials for polyurethane foams and building sealants.

Trends in Consolidated Operating Profit by Segment



＊Due to a change in the treatment of some account items, figures for 4Q of FY2021 and earlier are presented before reclassification, while figures for 1Q of FY2022 and later are presented after reclassification.

Research and development expenses for new businesses *(Billions of yen)

FY2020	FY2021	FY2022	FY2023	FY2024（Forecast）
(1.38)	(1.67)	(1.50)	(1.25)	(1.2)

＊ Research and development expenses for new businesses, which were allocated to each reportable segments so far, are recorded as corporate expenses in the margin.

Trends in Overseas Net Sales

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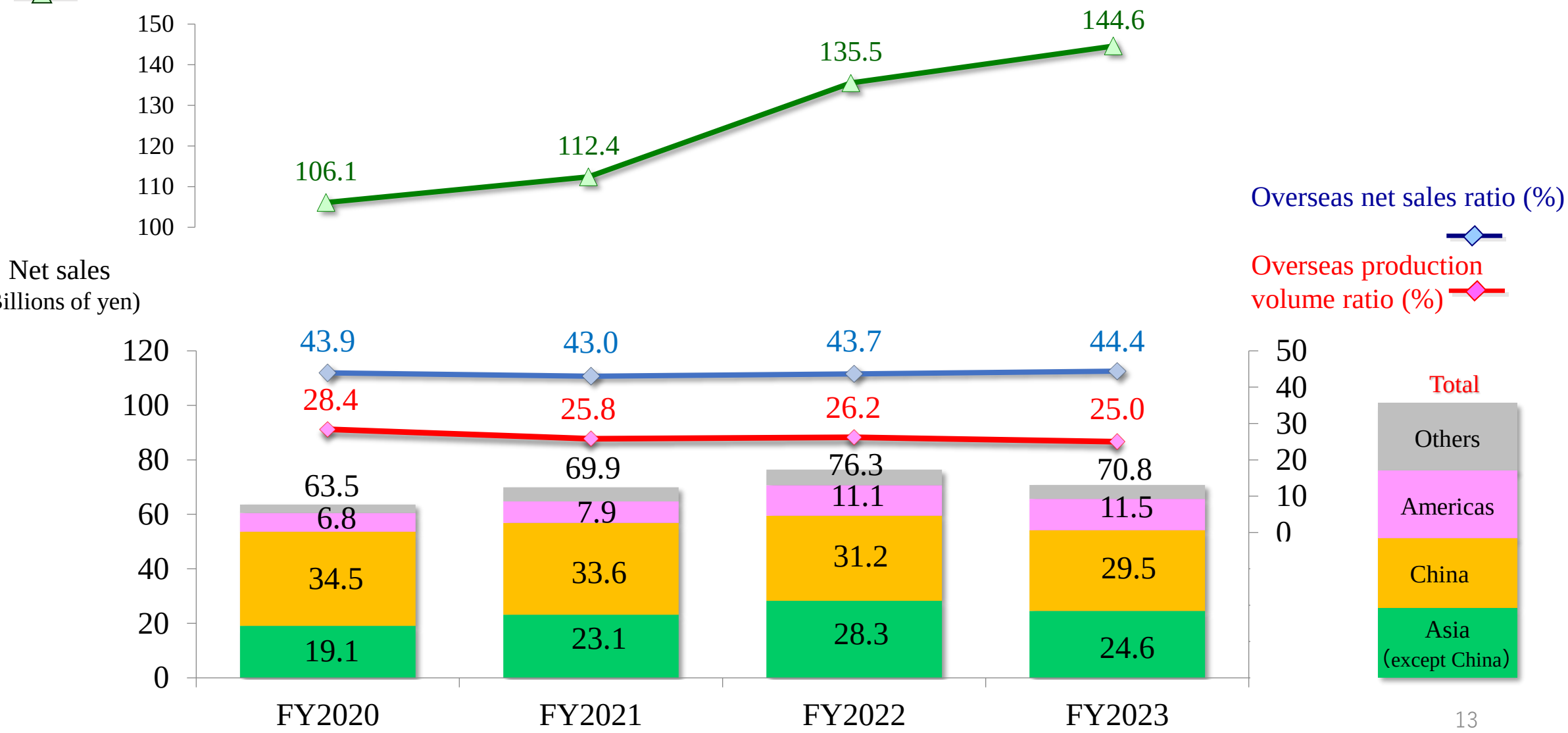
Exchange rate for each period (Yen/U.S. dollar)



Capital Investment and Depreciation (Consolidated)

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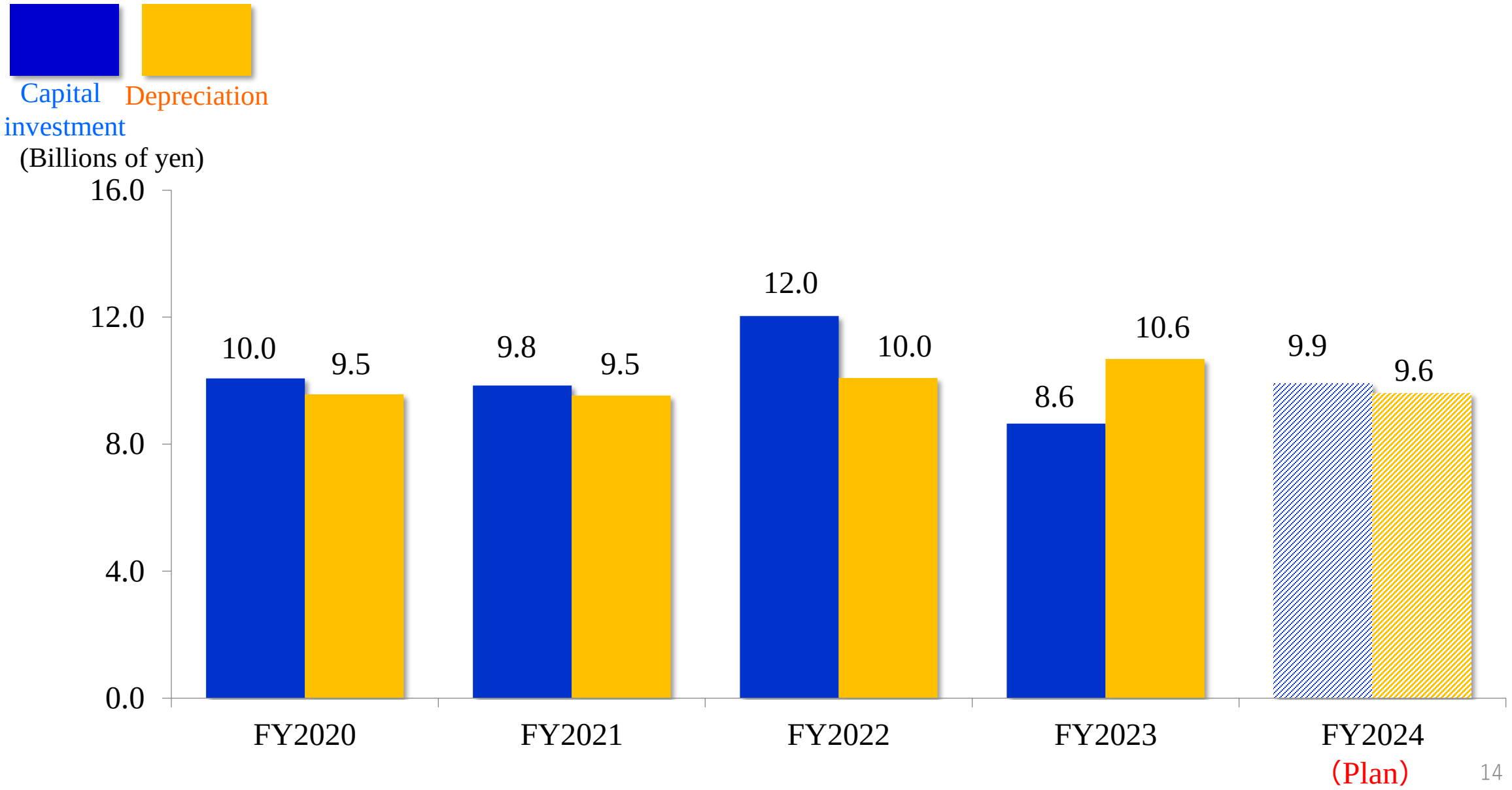

Trends in Dividend per Share and Dividend Payout Ratio (Consolidated)

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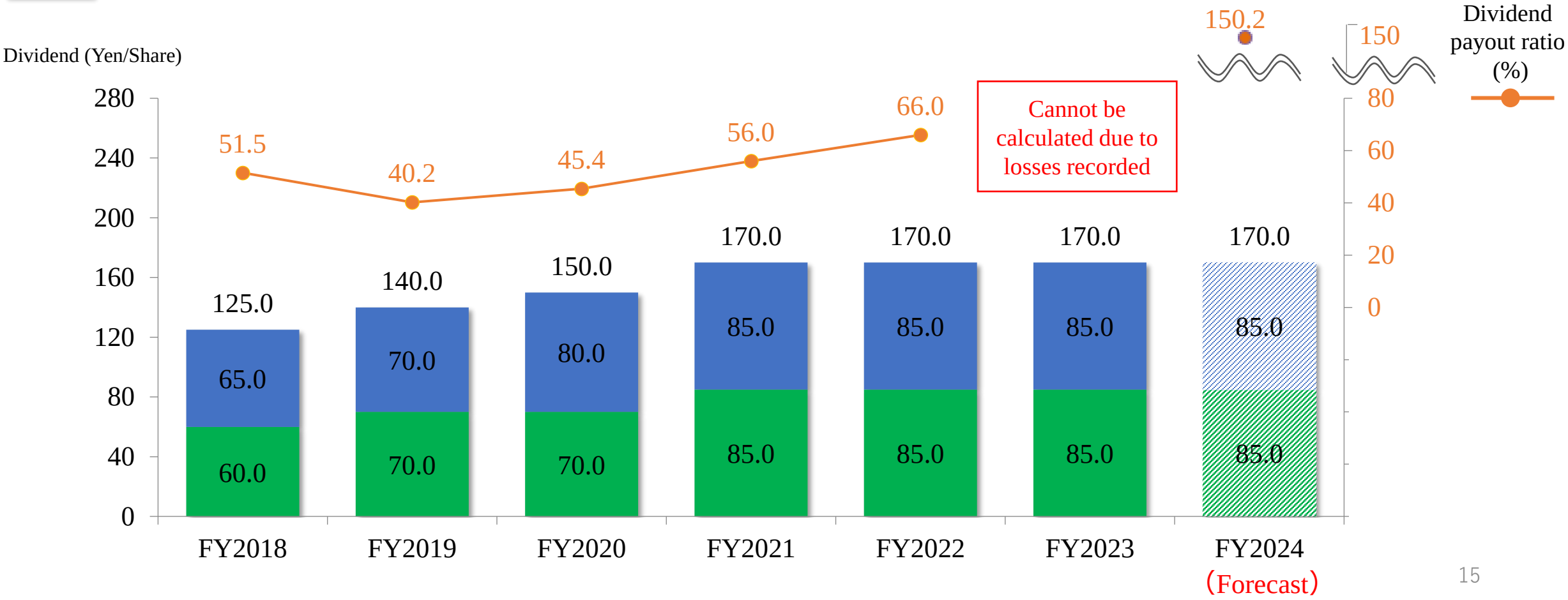
<Principles of dividend payment>

We aim to improve our dividend payout in the medium- to long-term, targeting a consolidated payout ratio of 30% or higher

Sanyo Chemical conducted a reverse stock split of common stock at a ratio of one share for every five shares on October 1, 2016.
The figures below for dividends per share are converted after Sanyo Chemical conducted thereverse stock split.



TOPICS

～Progress of the New Medium-Term Management Plan 2025～

The Vision of Sanyo

Sanyo Chemical

All employees feel pride and satisfaction from their work.
Grow into a global, unique, and highly profitable company

With the creativity of a diverse group of individuals,
by combining the "power" of our company and all our stakeholders,
we continue implementing rapid improvement
and we will be an innovator beyond the boundaries of chemistry.

The Mission and Values of Sanyo

Company Motto

"Let us contribute to building a better society through our corporate activities"

Society we want to achieve

- A circular society in harmony with the environment
- A society where people can live in health and peace
- A society where each individual can shine

Sanyo's Contribution

Support the Environment	Support people and their lives	Support the Diversity
Contribution to Carbon Neutral	Improvement of QOL	Improvement of Job Satisfaction

What we think important (Values)
- Waku Waku feeling from all stakeholders
- Co-creation* of the environmental and social value and economical value together with stakeholders.
- Every employee contributes to value creation

* Co-creation：Creating value with all stakeholders

The goal of the New Medium-Term Management Plan 2025

Sanyo Chemical

Steadily implement of growth strategies under the New Medium-term Management Plan 2025 to realize our vision that we want to be in 2030

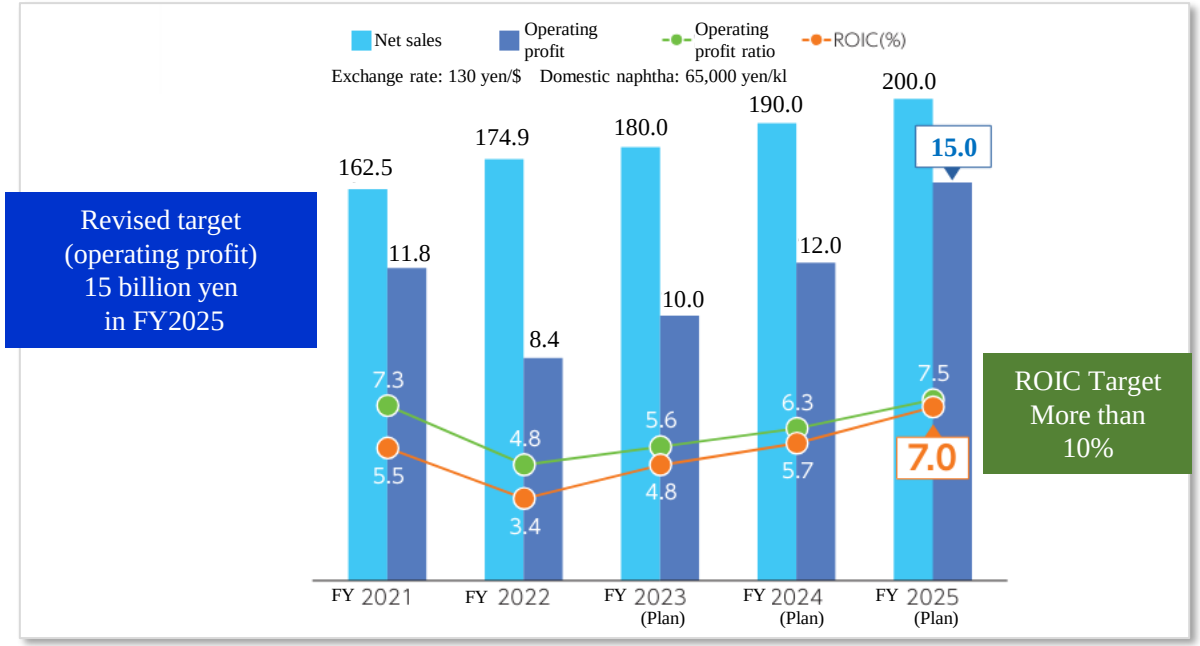
Target value

- Operating profit : 15 billion yen in FY2025
- ROIC : 10% or more in the medium to long term

Vision 2030

【Vision】
Grow into a global, unique, and highly profitable company where every employee feels pride and satisfaction in his/ her work.

【Values】
・Inspire WakuWaku feeling from all the stakeholders
・Co-create environmental, social and economic values with the stakeholders
・Facilitate every employee's value creation



* The graph above shows as of the announcement of the medium-term management plan. Due to a change in the treatment of some account items, the figures for operating profit and profit margin for FY2021 and 2022 are shown before reclassification.

The goal of the New Medium-Term Management Plan 2025

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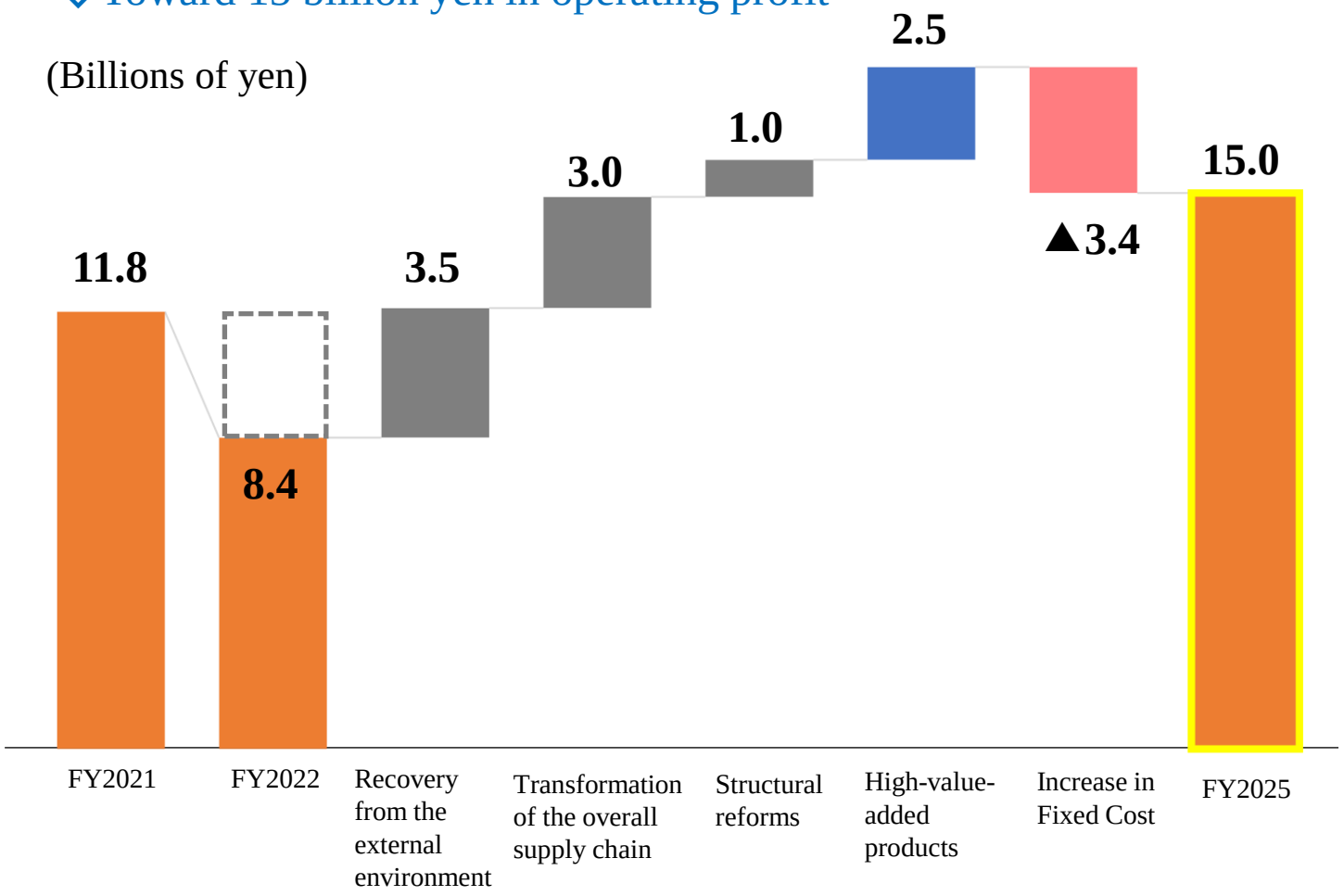
The New Medium-Term Management Plan 2025 (FY2023-2025)

◇Toward 15 billion yen in operating profit



Reformation of Existing Business

Recovery from the external environment	Recovery of domestic automobile production, demand growth by Post Covid-19 in China
Transformation of the overall supply chain	Price optimization linked to naphtha prices, Improvement of efficiency through “Monozukuri Transformation”
Structural Reforms	Urethane and Superabsorbent Polymers (SAP) businesses undertake drastic reforms

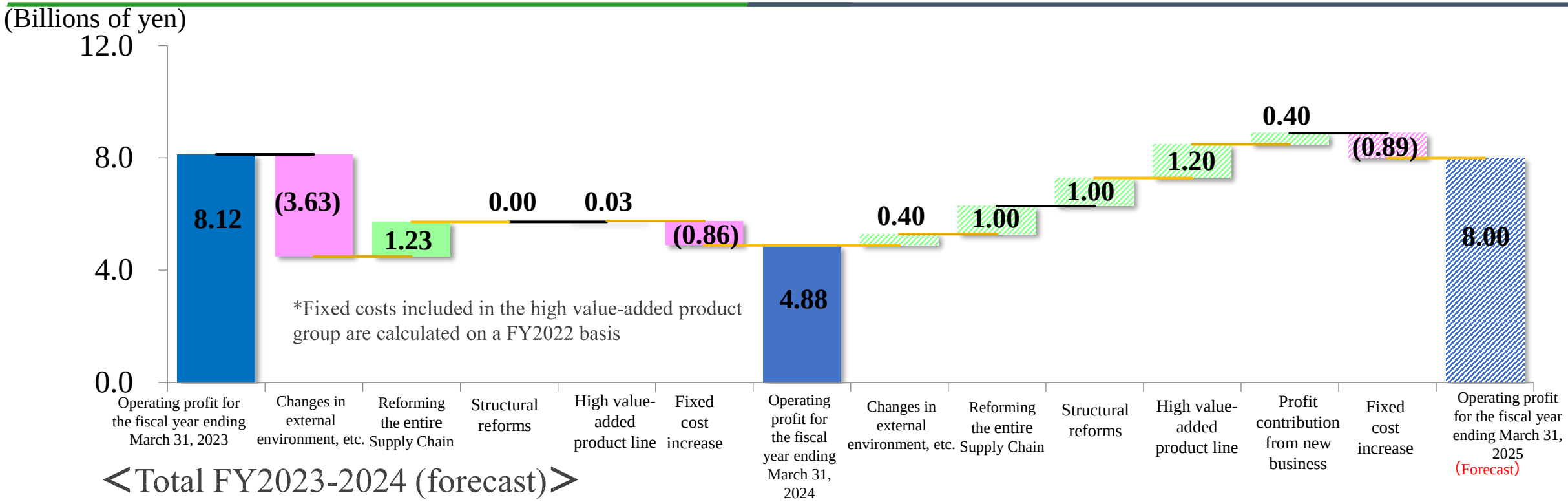
Growth from Core Business

High-value-added products	Accelerate investment in 5 focus products and expand overseas sales

Increase in Fixed Cost

ERP system update, Increase in depreciation/repair costs associated with renovation investments, rising labor costs

Toward 15 billion yen in operating profit in FY2025



＜Total FY2023-2024 (forecast)＞

	Changes in the external environment	Reforming the entire Supply Chain	Structural reforms	High value-added product line	Profit contribution from new business	Fixed cost increase
Aggregate value	**(3.23)**	**2.23**	**1.00**	**1.23**	**0.40**	**(1.75)**

～Sanyo Chemical's Actions for the goal～

◇Reform of the entire supply chain (Monozukuri Transformation) and Decisive structural reform (withdrawal from superabsorbent polymer business)

◇Sales expansion of high value-added products

◇Early profit contribution from new business

Changes in the external environment

Recovery from the external environment	(billion yen)
Medium-Term Targets (FY2023-FY2025)	+3.50
FY2023 (Actual results) and FY2024 (Forecast)	(3.23)

Domestic Automobile Production

- Although cargo movements domestic automobile production were sluggish in the first half of FY2023 due to lots of distribution inventory, they will gradually be resolved in the second half of the year. (They will improve throughout the year in FY2024).

Post COVID-19 in China

- Sluggish Chinese economy due to the real estate recession
- Raw materials that cannot be consumed in China flow out to Asian and Japanese markets.
- Intensifying price competition

Electronic components and semiconductor markets

- Although the business environment has bottomed out, the pace of recovery is being closely monitored.

Transformation of the overall supply chain

Reform the entire supply chain	(billion yen)
Medium-Term Targets (FY2023-FY2025)	+3.00
FY2023 (Actual results) + FY2024 (Forecast)	+2.23

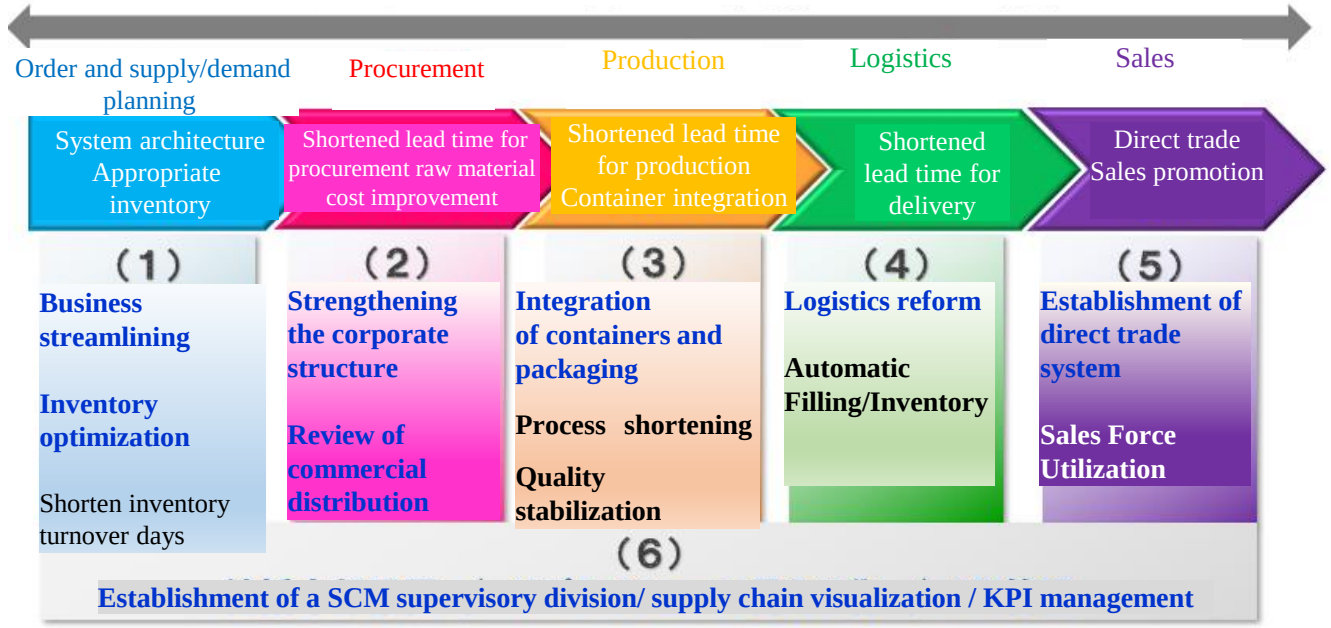
Monozukuri Innovation Center

Improvement of production efficiency and profitability through a fundamental review of production processes

SCM Supervisory Division

Consolidation of all supply chain management (SCM) functions
Increasing corporate value through business process reform speedy customer response

Transforming business process reform throughout the supply chain

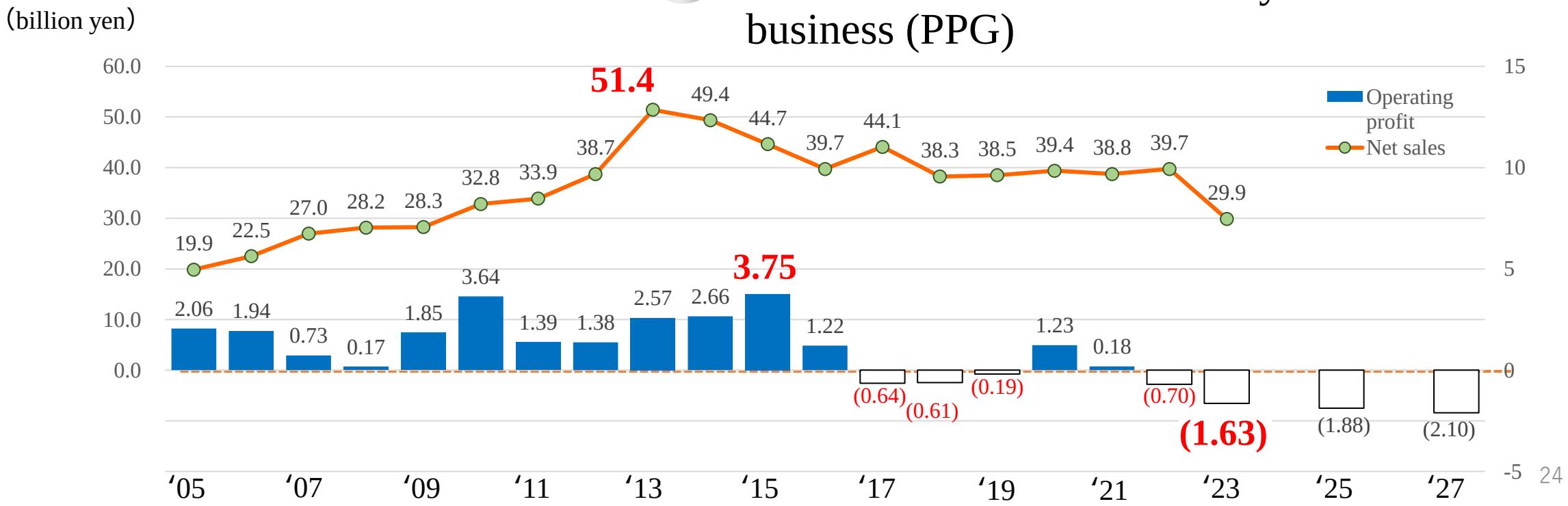


◆Examples of initiatives
≪Raw material≫ Import of overseas raw materials, multiple purchasing of raw materials, integration of containers, etc.
≪Production≫ Shortening of processes, yield improvement, waste reduction, repair cost reduction, etc.
≪Logistics≫ Change of commercial distribution, etc.

Structural reforms（SAP and PPG）

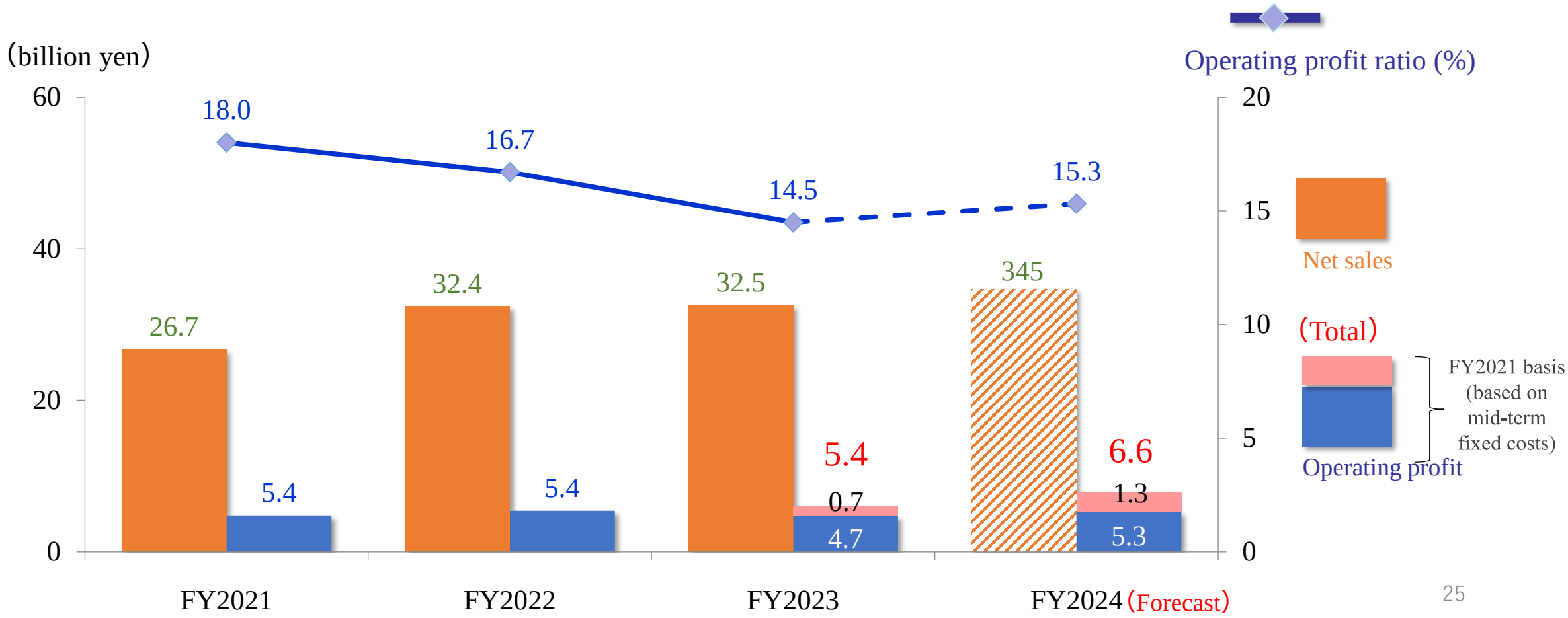
Structural reforms	（billion yen）
Medium-Term Targets （FY2023-FY2025）	＋1.00
FY2023 and FY2024 （Forecast）	＋1.00

- Withdrawal from Superabsorbent Polymers business (SAP)
  - •SDP : will terminate production during FY2024
  - •SDPM : Production terminated
  - •SDN : Under consideration for saling business
- Establishment of LLP(Limited Liability Partnership) with Mitsui Chemical for Polyurethane Foams business (PPG)



High Value-Added Products

High Value-Added Products	(billion yen)
Medium-Term Targets (FY2023~FY2025)	+2.50
FY2023 (Actual results) +FY2024 (Forecast)	+1.23



Toward 15 billion yen in operating profit

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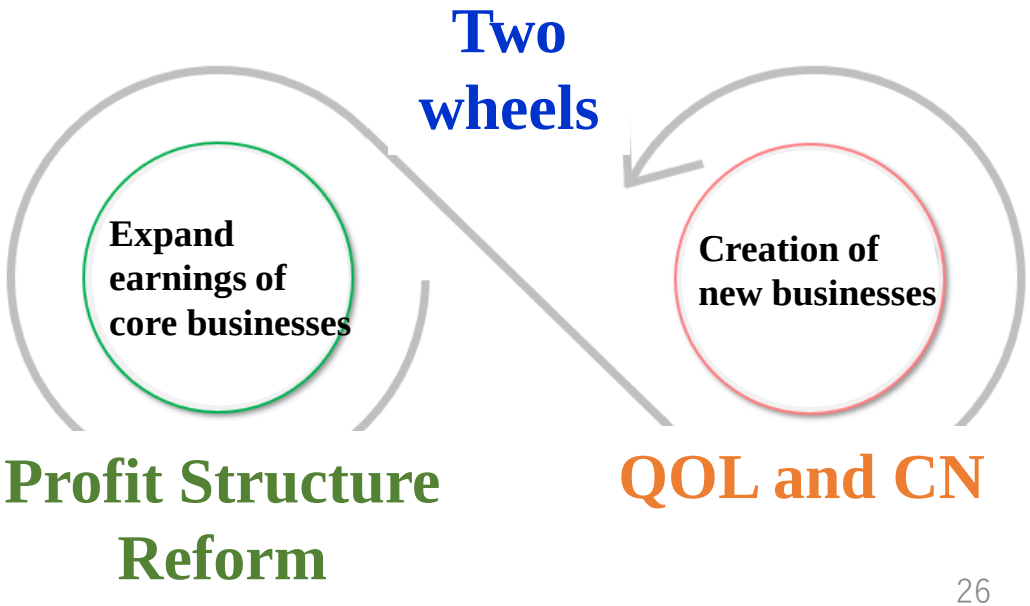
Although it will be difficult to achieve operating profit of 15 billion yen

- ◇Realization of earnings growth in core businesses (high value-added products)
- ◇Early completion of structural reform
- ◇Early realization of business portfolio reform
- ◇Accelerate creation and development of new business pillars that contribute to QOL and CN

Promoting early catch-up to the New Medium-Term Management Plan 2025 and implementation of recovery actions



New Growth Path (status of new business)

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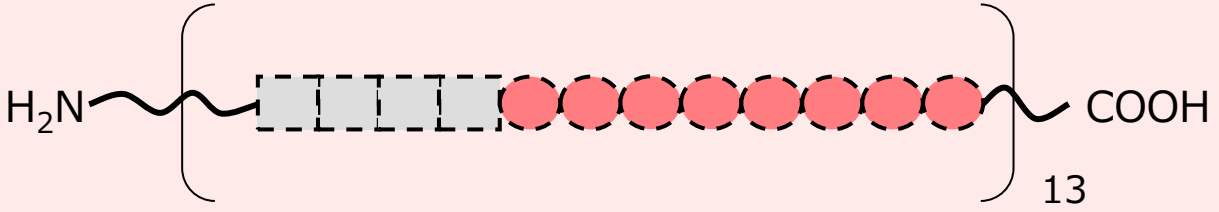
Business Areas		Title	Research	Establishment of concept	Mass production	Commercialization
Contribution to CN	Carbon Recycling	CCU (CO2 effective utilization)	CCU utilizing ionic liquids, etc. under consideration			
	Energy	Organic cathode	Scale-up of organic cathode production under consideration			
	Agriculture	Peptide materials	Completed registration of plant-derived peptides (first product) as fertilizer			
Improvement of QOL	Diagnostic and regenerative medical care	Exosome purification technology『EXORPTION®』	Extracellular Vesicles (EV) Research Support Kit now available			
	In vitro diagnostic medical products	『Accuraseed』	Efficiency improvement through consolidation of production to FUJIFILM Sanyo Chemical Healthcare Corporation			
	Wound healing materials and meniscus repair	Silk-Elastin®	Filed for regulatory approval of wound healing materials Preparations begin for corporate clinical trials for Meniscal repair materials			
	Digital olfaction	Smell sensor『FravoTone』	Started sales and rental of odor sensor tabletop machines and small machines			

What is Silk-Elastin®(1)

Sanyo Chemical

Functional protein “Silk-Elastin®”.

◇Artificial proteins produced by genetically modified technology
First in Japan and one of the few in the world to use genetically engineered proteins in medical devices



Silk fibroin sequence (amino acid sequence: GAGAGS)

Elastin sequence (amino acid sequence: GVGVP)

Structure of Silk Elastin®

Silk fibroin

Highly safe medical materials with moisture retention and bacteriostatic properties

Elastin

One of the components of the dermis that expresses skin elasticity

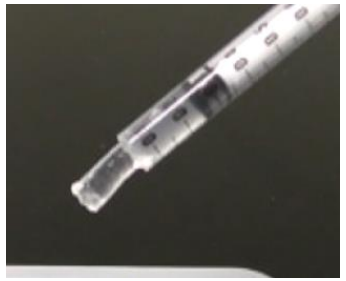
What is Silk-Elastin®(2)

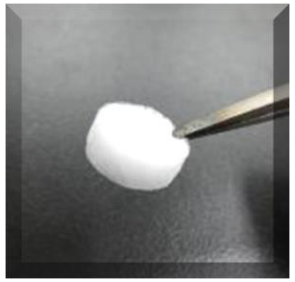
Sanyo Chemical

Feature 1

Thermosensitive Gelation

Material processability



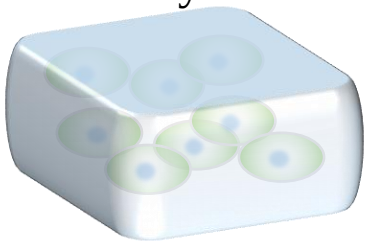


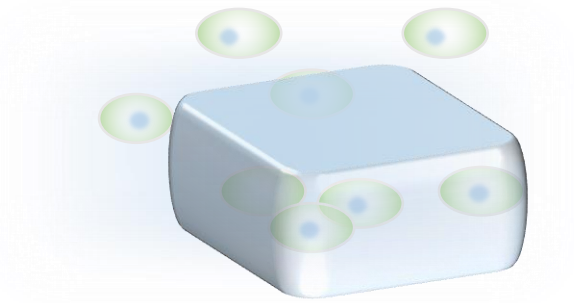
Feature 2

Cell Booster

(1) Activation of cell migration
(2) Enhancement of collagen production

High cell affinity





Cell transplantation

Cell migration

Feature 3

Animal-derived component free

(1) Not a nutrient source for bacteria
(2) Extremely low risk of viral infection

Silk-Elastin® Development History

Sanyo Chemical

In 2009, Sanyo Chemical introduced technology of E. coli production strains and formulas for culturing and purification, and began development studies.

	2009	'10	'13	'14	'16	'17	'18	'19	'20	'22	'24	'25
Introduction of foreign technology	●Technology introduced from bio-venture											
Collaborative research		●Department of Plastic and Reconstructive Surgery, Kyoto University started joint research for bedsore (wound) application				●Department of Orthopaedic Surgery, Hiroshima University started joint Research on Regenerative Application of the Meniscus						
Grants (Wound)			●JST ASTEP ●AMED		●AMED				●AMED medical-industrial collaboration			
Grants (Meniscus)							●AMED	●AMED				
Commercialization phase (Wound)				Physician-initiated clinical trial				Corporate clinical trial		Scheduled for launch after regulatory approval obtained		
Commercialization phase (Meniscus)										Physician-initiated clinical trial	Corporate clinical trial	

Wound Healing Applications

Sanyo Chemical

Collaborative Research Partner: Department of Plastic and Reconstructive Surgery, Kyoto University Graduate School of Medicine

Chronic wounds (e.g. diabetic foot ulcers) and acute wounds (e.g. burns) are more than 120,000 cases in Japan, and are increasing with the aging population, including refractory cases

Number of diabetic patients in Japan: 3,166,000 people
Incidence rate of diabetic lower leg ulcer
: 1.5-10%(Development rate: 2.2-5.9%)
Severity of the disease (foot amputation): 10,000 people/year
(Japanese Diabetes Association Guideline 2017)
Kyoto University Hospital: 12,735 diabetic patients/year
(Kyoto University Medical Information Department Survey 2015)

	Silk-Elastin®	Conventional method①	Conventional method②
Acute wounds	**100**%	60%	32%
Chronic wounds	**90**%	34%	–

High healing effect was obtained for wounds that could not be expected to heal with conventional treatment.

Before applying silk elastin

14 days after application of silk elastin

Extremely favorable results in investigator-initiated and company clinical trials(cure and shorter treatment time)

Aiming to replace competitive medical devices (artificial dermis, NPWT*) leveraging wound healing ability and ease of handling of Silk-Elastin®

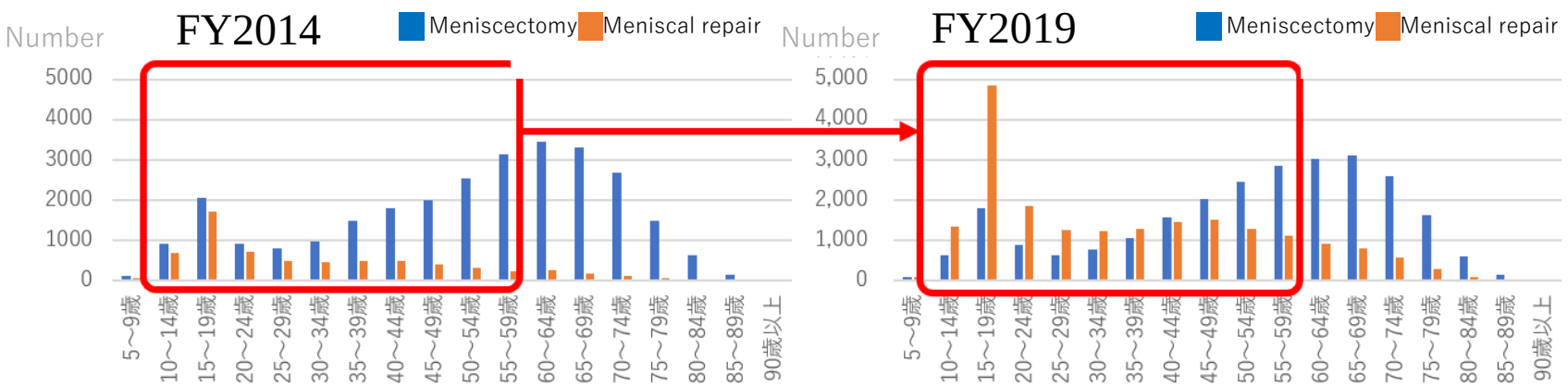
*Local negative pressure closure

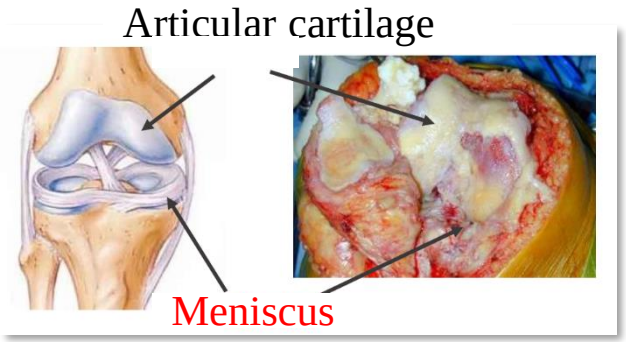
Aiming to launch the product within FY2025 after regulatory approval and reimbursement application in 2024.

Marketability in Meniscus Regeneration Applications

Collaborative Research Partner: Department of Orthopaedic Surgery, Graduate School of Medical Sciences, Hiroshima University

In the treatment of meniscus injuries, the number of cases of "suture surgery" to preserve the function of the meniscus is increasing. However, about 30% of patients who undergo suture surgery have inadequate fusion, resulting in re-tear of the meniscus.





＜Market scale＞

The number of suture cases (domestic + overseas) is about 3 million, and the market size is more than 100 billion yen

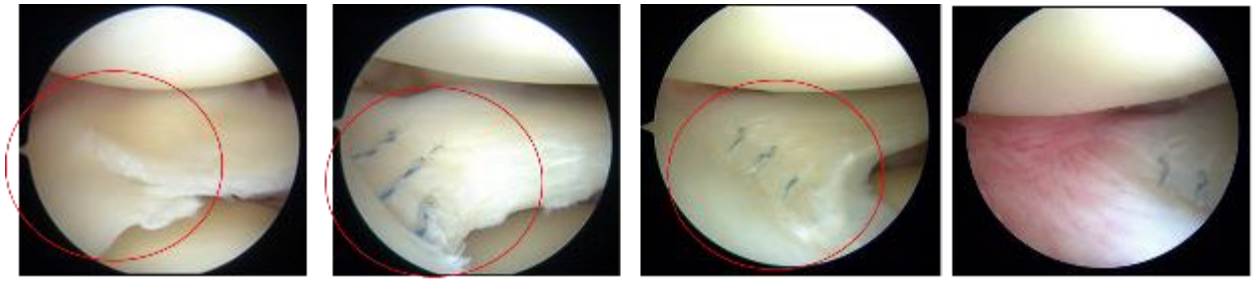
◇More patients are seen overseas than in Japan.
◇The U.S. accounts for more than half of the global market.

Results of Physician-Initiated Clinical Trials

Sanyo Chemical

＜Results of Physician-Initiated Clinical Trials＞

For 8 patients with meniscus injuries, more than half showed complete fusion of the torn area at 3 month after surgery.



Before suture　　After suture　　3 months after surgery (complete fusion)

Test Subject No.	Age	Gender	Arthroscopy results (3 months after surgery)	Test Subject No.	Age	Gender	Arthroscopy results (3 months after surgery)
001	20	Female	Complete fusion (100%)	006	17	Male	Incomplete fusion (80%)
002	27	Male	Complete fusion (100%)	007	47	Female	Complete fusion (100%)
003	38	Male	Complete fusion (100%)	008	52	Male	Complete fusion (100%)
004	17	Male	Incomplete fusion (80%)	009	21	Male	Complete fusion (100%)

Principal investigator (comments by Prof. Nobuo Adachi, The Director of Hiroshima University Hospital/Professor of Orthopedic Surgery)　The results were astounding and fully confirmed the effectiveness of Silk-Elastin®.　The safety of the sample was also confirmed by the fact that there were no sample failures or specific adverse events.

Prospects for Silk-Elastin®

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Strong point

- Superior healing ability and shorter healing time (less burden on physicians and patients)
- Genetically engineered artificial protein of non-animal origin, with extremely low risk of material-derived infection

Potential

- Promoting basic research on other regenerative materials with a wide range of applicability (more than 10 themes are being promoted, including muscle regeneration materials [non-clinical])

＜Assumed business model＞

Sanyo Chemical × **Partner**

Succession of manufacturing and sales business

◇Accumulating treatment records with the goal of market launch in FY2025.

◇ Conduct corporate clinical trials in FY2025 for meniscus regeneration materials, which has a large market size.

By 2030, grow it into a pillar of our business

Reference data

Principal Products by Industrial Field (Segment)

Broad category	Middle category	Principal products
Toiletries and Health Care	Toiletries	Surfactants for Detergents, Surfactants for Hair Care Products, Agents for Paper-making
	Health Care	Superabsorbent Polymers (SAP)*, Raw Materials for Pharmaceuticals, Germicides/Disinfectants, Surgical Hemostatic Agent, Clinical Diagnostic Reagents for Enzyme Immunoassay (EIA), Potting Resins for Artificial Kidneys
Petroleum and Automotives		Thermoplastic Polyurethane Beads (TUB) for the Interior Parts of Automobiles, Raw Materials for Polyurethane Foams (PPG), Lubricant Additives, Additives for Fuel Oil, Water-Soluble Cutting Oil, Halogen-Free Cleaning Agents, Base Materials for Synthetic Lubricants, Paste Resins for Design Models, Resins for Automobile Paints
Plastics and Textiles	Plastics	Permanent Antistatic Agents, Pigment Dispersants, Resin Modifiers, Paint Resins, Defoaming Agents, Raw Materials for Polyurethane Elastomers, Chemical Boards for Models
	Textiles	Chemicals for Textile Manufacturing, Chemicals for Carbon Fibers, Chemicals for Fiberglass, Polyurethane Resins for Artificial and Synthetic Leather
Information and Electrics/Electronics	Information	Polyester Beads (PEB) Used as a Core Component of Polymerization Toners, Toner Binder
	Electrics/Electronics	Electrolytes for Aluminum Electrolytic Capacitors, Adhesive for Electronic Parts, Chemicals for Use in Electronic Parts Manufacturing, UV/EB Curing Resins
Environmental Protection, Construction and Others		Polymer Flocculants for Wastewater Treatment, Cationic Monomer, PPG for Furniture and Heat Insulating Materials, Slurry Chemicals, Reactive Hot-Melt Adhesives, Raw materials for Building Sealants, Cement Chemicals

*On March 25, 2024, the Company resolved to withdraw from the SAP business.

Corporate Data

Sanyo Chemical

Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto-shi

Share Capital: ¥13,051 million

Domestic Branches Offices and Sales & Marketing Offices:
Tokyo, Nagoya, Hiroshima, Fukuoka

Domestic Factories:
Nagoya, Kinuura, Kashima, Kyoto, Kawasaki (San Chemical)

Number of Employees (Consolidated Basis):
2,042 (as of March 31, 2024)

Line of Business:
Manufacturing & sales of approx. 3,000 types of performance chemicals

Sanyo Chemical Group

Sanyo Chemical Group

● Consolidated Subsidiaries
○ Entities Accounted for Using the Equity Method

Domestic

● SDP Global Co., Ltd.*　● San-Apro Ltd.　○ San-Petrochemicals Co., Ltd.
● SAN NOPCO LIMITED　● San Chemical Co., Ltd.

Overseas


● Sanyo Kasei (Nantong) Co., Ltd.　● San-Dia Polymers (Nantong) Co., Ltd.*
● SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.


● Sanyo Kasei Korea, Ltd.


● Sanyo Kasei (Thailand) Ltd.


● Sanyo Chemical America Incorporated
● Sanyo Chemical Texas Industries, LLC　○ Sunrise Chemical LLC


● SDP GLOBAL (MALAYSIA) SDN. BHD.*

Logistics and Service Subsidiaries

● Sanyo Chemical Logistics Co., Ltd.　○ Shiohama Chemicals Warehouse Co., Ltd.

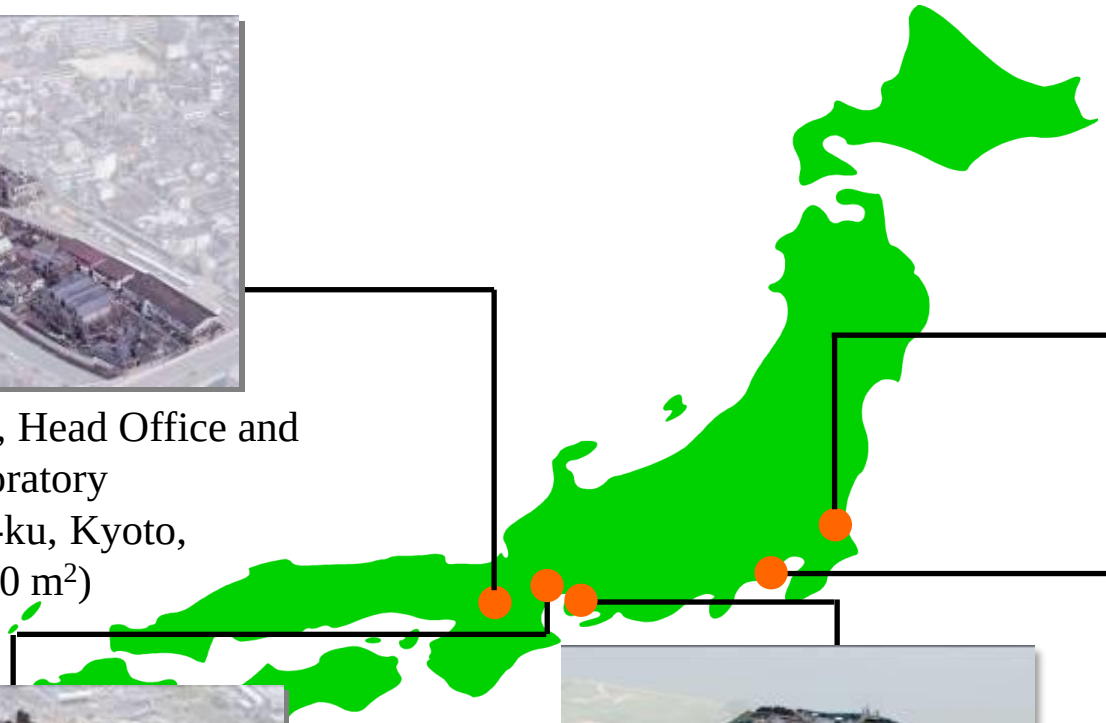
Other Subsidiaries and Affiliates:

SANYO KASEI (TAIWAN) LTD.　Sanyo Chemical Manufacturing Korea, Ltd.　San Nopco (Korea) Limited
San Nopco (Shanghai) Trading Co., Ltd.　DaXiang International Trading (Shanghai) Co., Ltd.

＊ The Company has resolved to withdraw from the superabsorbent polymers business and the production business in Nantong, Jiangsu Province, China.
For details of the dissolution and transfer (transfer of equity interest) associated with this business withdrawal, please refer to the timely disclosure material released on 3/25.

Domestic Production Bases

Kyoto Factory, Head Office and Research Laboratory
(Higashiyama-ku, Kyoto, Approx. 26,000 m^2)



Kashima Factory
(Kamisu-shi, Ibaraki, Approx. 130,000 m^2)

Nagoya Factory
(Tokai-shi, Aichi, Approx. 100,000 m^2)

Kinuura Factory
(Handa-shi, Aichi, Approx. 140,000 m^2)

San Chemical Co., Ltd., Kawasaki Factory
(Kawasaki-shi, Kanagawa, Approx. 11,000 m^2)

Overseas Production Bases

Sanyo Chemical

Sanyo Kasei (Nantong) Co., Ltd.*

San-Dia Polymers (Nantong) Co., Ltd.*

Sanyo Chemical Manufacturing Korea, Ltd.

SDP GLOBAL (MALAYSIA) SDN. BHD.*

Sanyo Kasei (Thailand) Ltd.

Sanyo Chemical Texas Industries, LLC

＊ The Company has resolved to withdraw from the superabsorbent polymers business and the production business in Nantong, Jiangsu Province, China.
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Overseas Sales Offices

SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.
San Nopco (Shanghai) Trading Co., Ltd.
DaXiang International Trading (Shanghai) Co., Ltd.

Sanyo Kasei Korea, Ltd.
San Nopco (Korea) Limited

Sanyo Chemical America Inc.

SANYO KASEI (TAIWAN) LTD.

Sanyo Kasei (Thailand) Ltd.

Domestic Consolidated Subsidiaries

Company Name	Abbr.	Share of Voting Rights	Line of Business
SDP Global Co., Ltd. *	SDP	Sanyo Chemical Industries, Ltd. 100%	Manufacture and sales of superabsorbent polymers
SAN NOPCO LIMITED	SNL	Sanyo Chemical Industries, Ltd. 100%	Manufacture and sales of chemicals for pulp & paper, coating chemicals, a wide range of industrial chemicals, etc.
San Chemical Co., Ltd.	SCC	Sanyo Chemical Industries, Ltd. 50% ENEOS Corporation 50%	Manufacture of raw materials for polyurethane foams, etc.
San-Apro Ltd.	SA	Sanyo Chemical Industries, Ltd. 50% Evonik International Holding B.V. 50%	Manufacture and sales of curing accelerators for epoxy resins, urethane catalysts, etc.
Sanyo Chemical Logistics Co., Ltd.	–	Sanyo Chemical Industries, Ltd. 100%	General trucking business Warehousing

＊ The Company has resolved to withdraw from the superabsorbent polymers business and the production business in Nantong, Jiangsu Province, China.
For details of the dissolution and transfer (transfer of equity interest) associated with this business withdrawal, please refer to the timely disclosure material released on 3/25.

Overseas Consolidated Subsidiaries

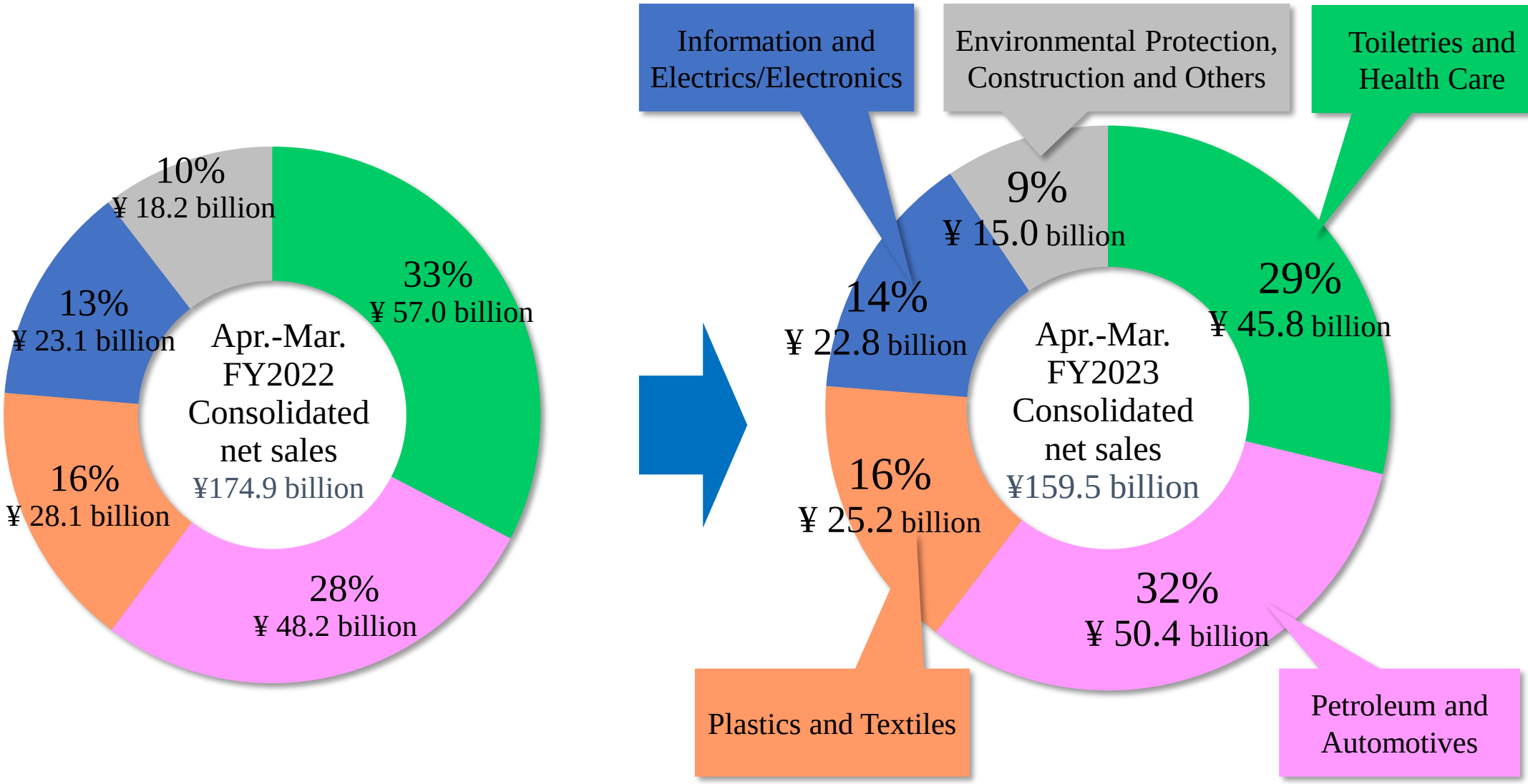
Company Name	Country of incorporation	Abbr.	Share of Voting Rights		Line of Business
Sanyo Kasei (Nantong) Co., Ltd.	China	SKN	Sanyo Chemical Industries, Ltd.	100%	Manufacture of surfactants, polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd.*	China	SDN	SDP Global Co., Ltd.	100%	Manufacture and sales of superabsorbent polymers
SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.	China	SCST	Sanyo Chemical Industries, Ltd.	100%	Sales of surfactants, polyurethane resins, etc.
Sanyo Kasei (Thailand) Ltd.	Thailand	SKT	Sanyo Chemical Industries, Ltd. VIV Interchem Co. Ltd., Toyota Tsusho Corporation, etc.	79% 21%	Manufacture and sales of surfactants, polyurethane resins, etc.
Sanyo Chemical America Incorporated	USA	SCA	Sanyo Chemical Industries, Ltd.	100%	Holding company of U.S. consolidated subsidiaries Sales of lubricant additives, polyurethane beads, etc.
Sanyo Chemical Texas Industries, LLC	USA	SCTI	Sanyo Chemical America Inc.	100%	Manufacture of polyurethane beads
SDP GLOBAL (MALAYSIA) SDN. BHD.*	Malaysia	SDPM	SDP Global Co., Ltd.	100%	Manufacture and sales of superabsorbent polymers
Sanyo Kasei Korea, Ltd.	Korea	SKK	Sanyo Chemical Industries, Ltd.	100%	Sales of lubricant additives, surfactants, etc.

＊ The Company has resolved to withdraw from the superabsorbent polymers business and the production business in Nantong, Jiangsu Province, China.
For details of the dissolution and transfer (transfer of equity interest) associated with this business withdrawal, please refer to the timely disclosure material released on 3/25.

Entities Accounted for Using the Equity Method

Company Name	Abbr.	Share of Voting Rights		Line of Business
San-Petrochemicals Co., Ltd.	SPCC	Sanyo Chemical Industries, Ltd. ENEOS Corporation	50% 50%	Manufacture of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	Sanyo Chemical America Inc. Nippon Chemical Texas Inc.	50% 50%	Manufacture of raw materials for synthetic rubbers
Shiohama Chemicals Warehouse Co., Ltd.	–	Sanyo Chemical Industries, Ltd. ENEOS Corporation	50% 50%	Warehousing

Consolidated Net Sales by Segment



High-value-added products and Basic products

(billion,%)

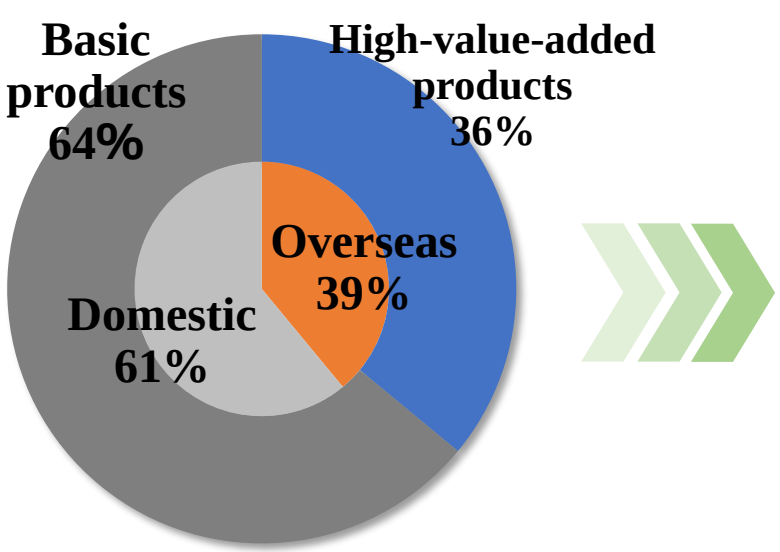
High-value-added products category	FY2022	FY2023	Compared to previous period	
			Increase/Decrease	Percentage Increase/Decrease
Net sales	32.4	32.5	0.1	0
Operating profit	5.4	4.7	(0.7)	(13)

(billion,%)

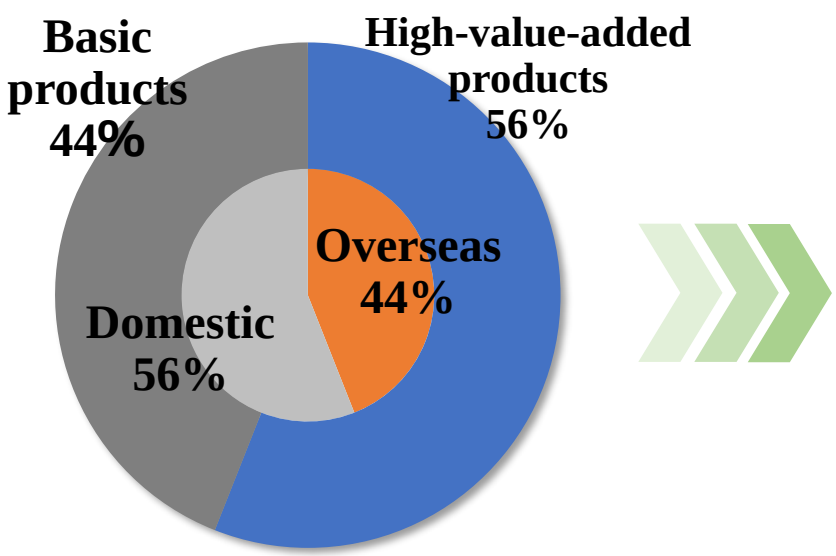
Basic products category	FY2022	FY2023	Compared to previous period	
			Increase/Decrease	Percentage Increase/Decrease
Net sales	142.5	126.9	(15.5)	(11)
Operating profit	4.5	1.4	(3.0)	(68)

Overseas Operating Profit Composition

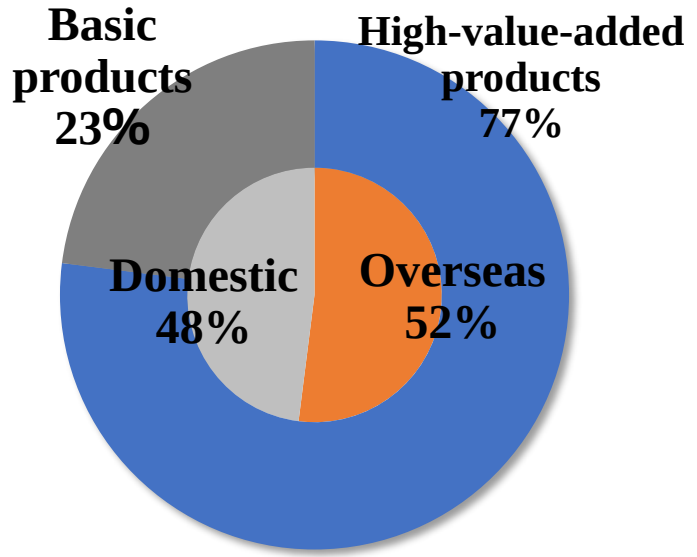
Operating profit
in FY2021
¥ 11.86billion



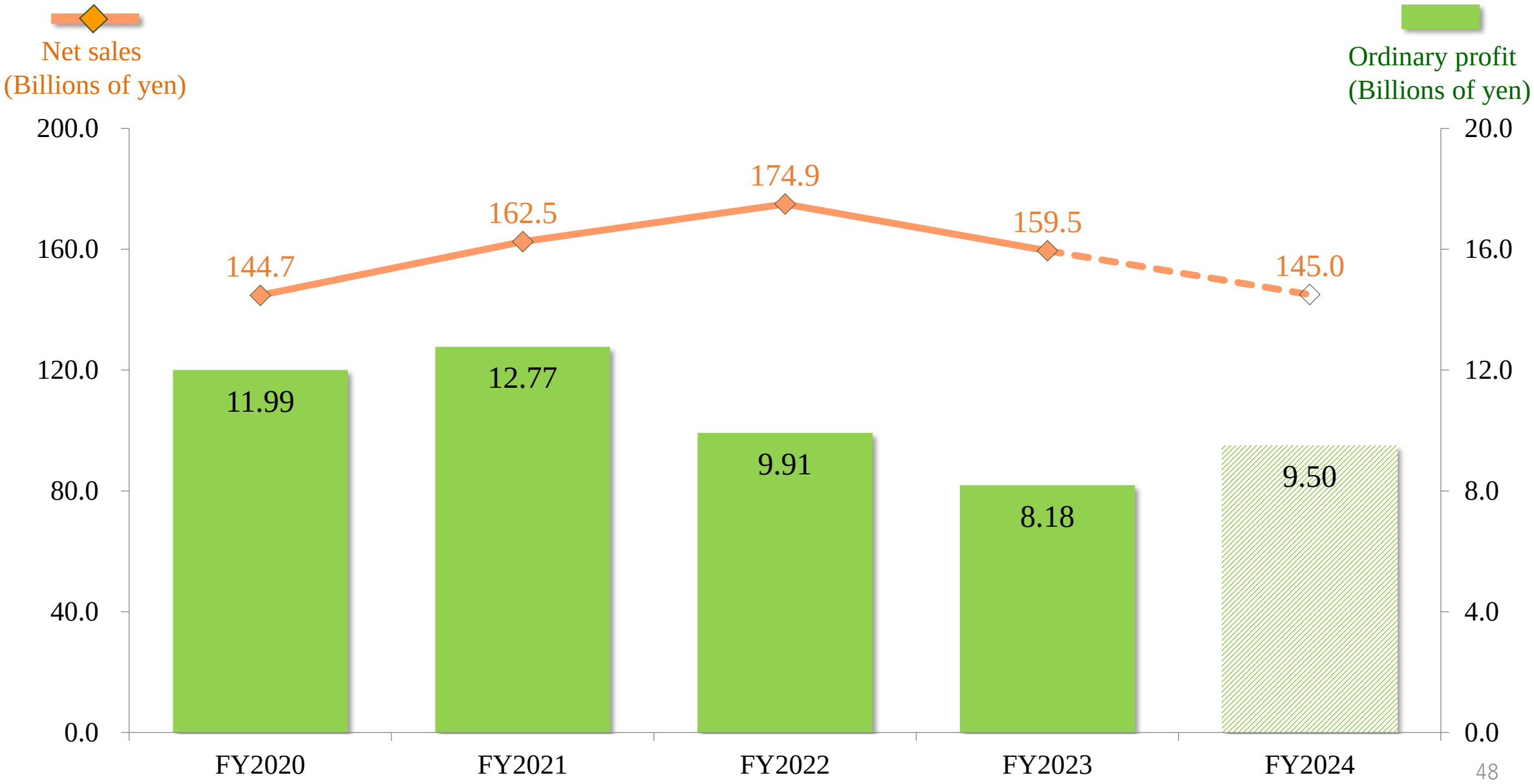
Operating profit
in FY2022
¥ 8.12billion



Operating profit
in FY2023
¥ 4.88billion

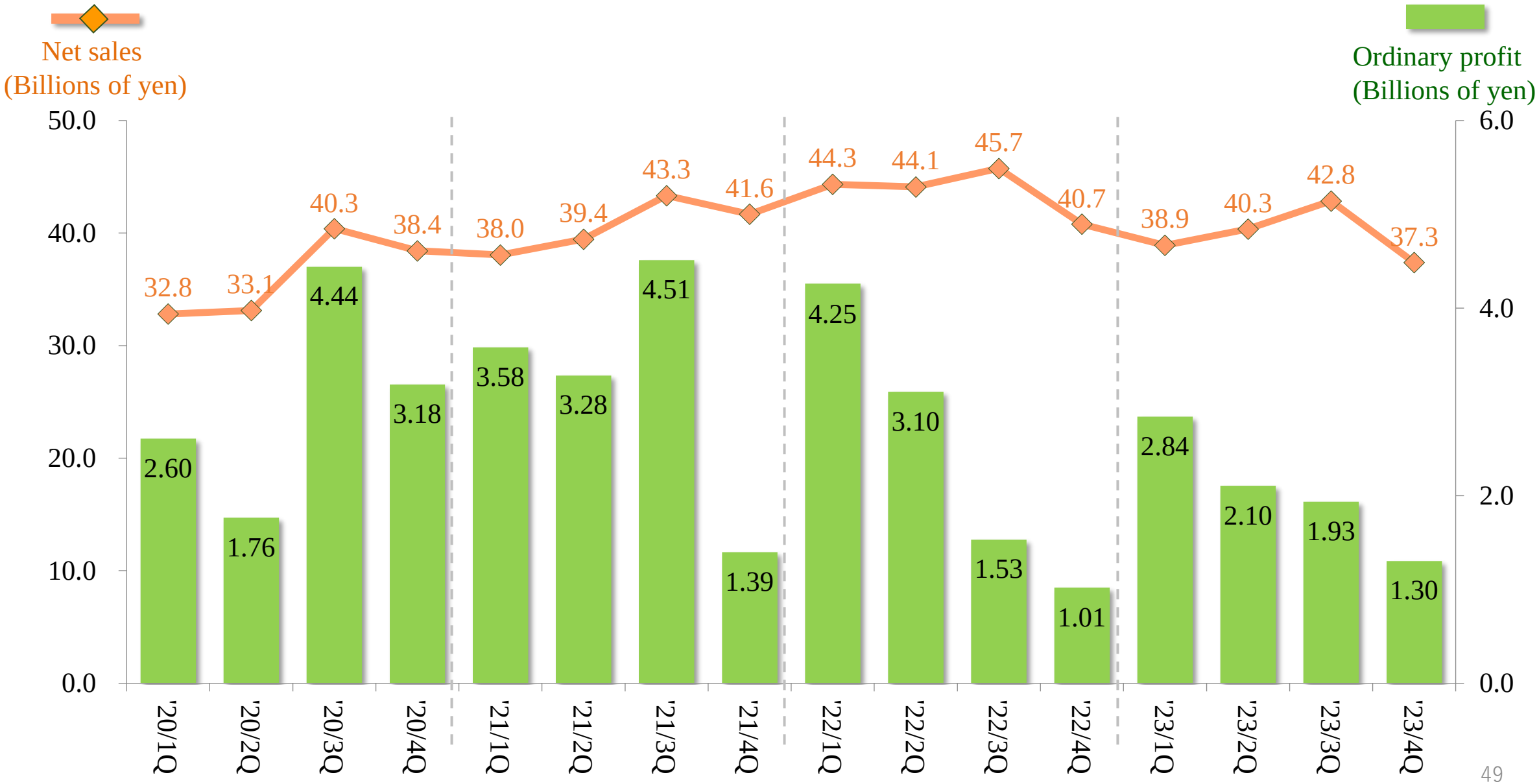


Trends in Consolidated Earnings

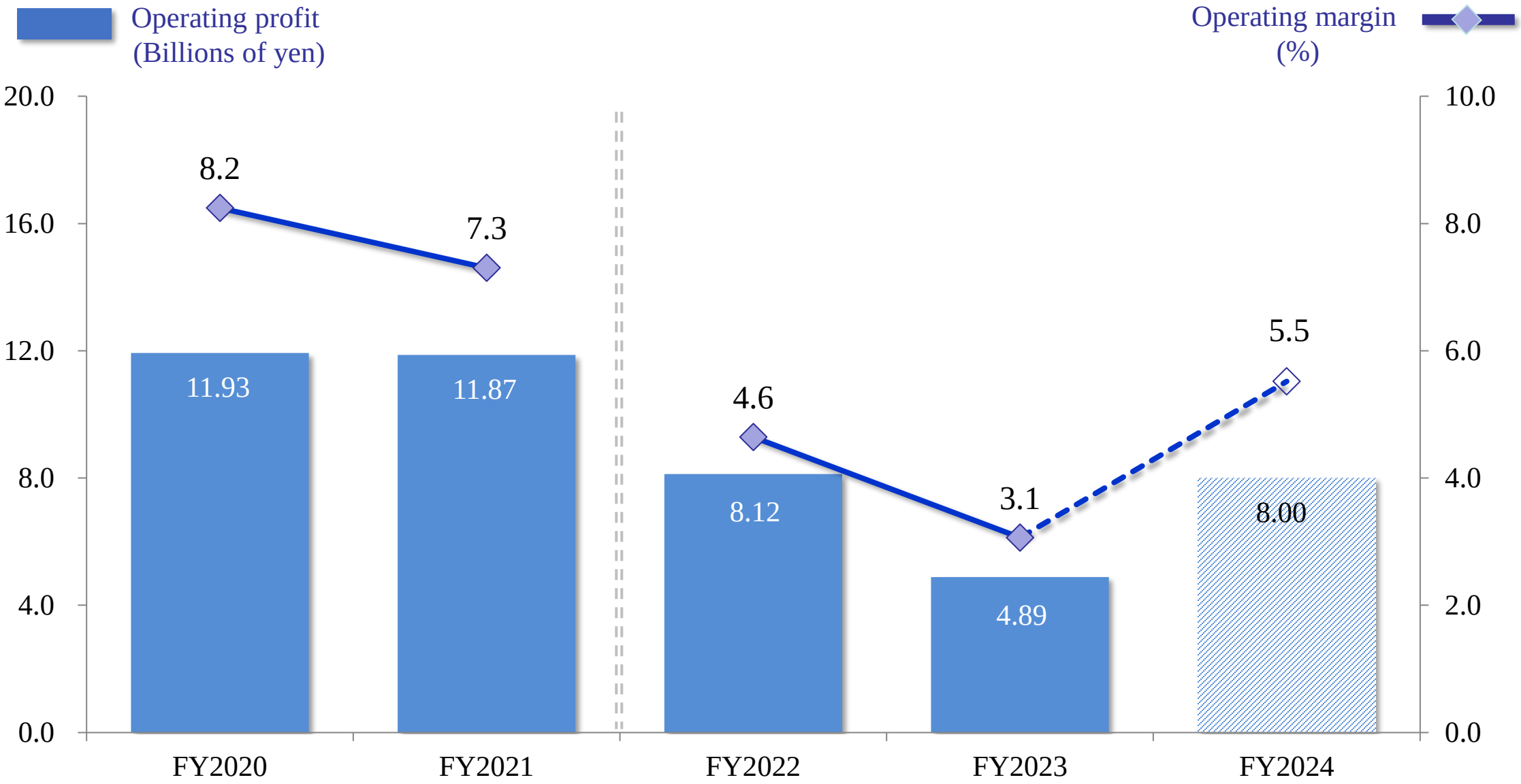


Trends in Consolidated Earnings (Quarter Period)

Sanyo Chemical

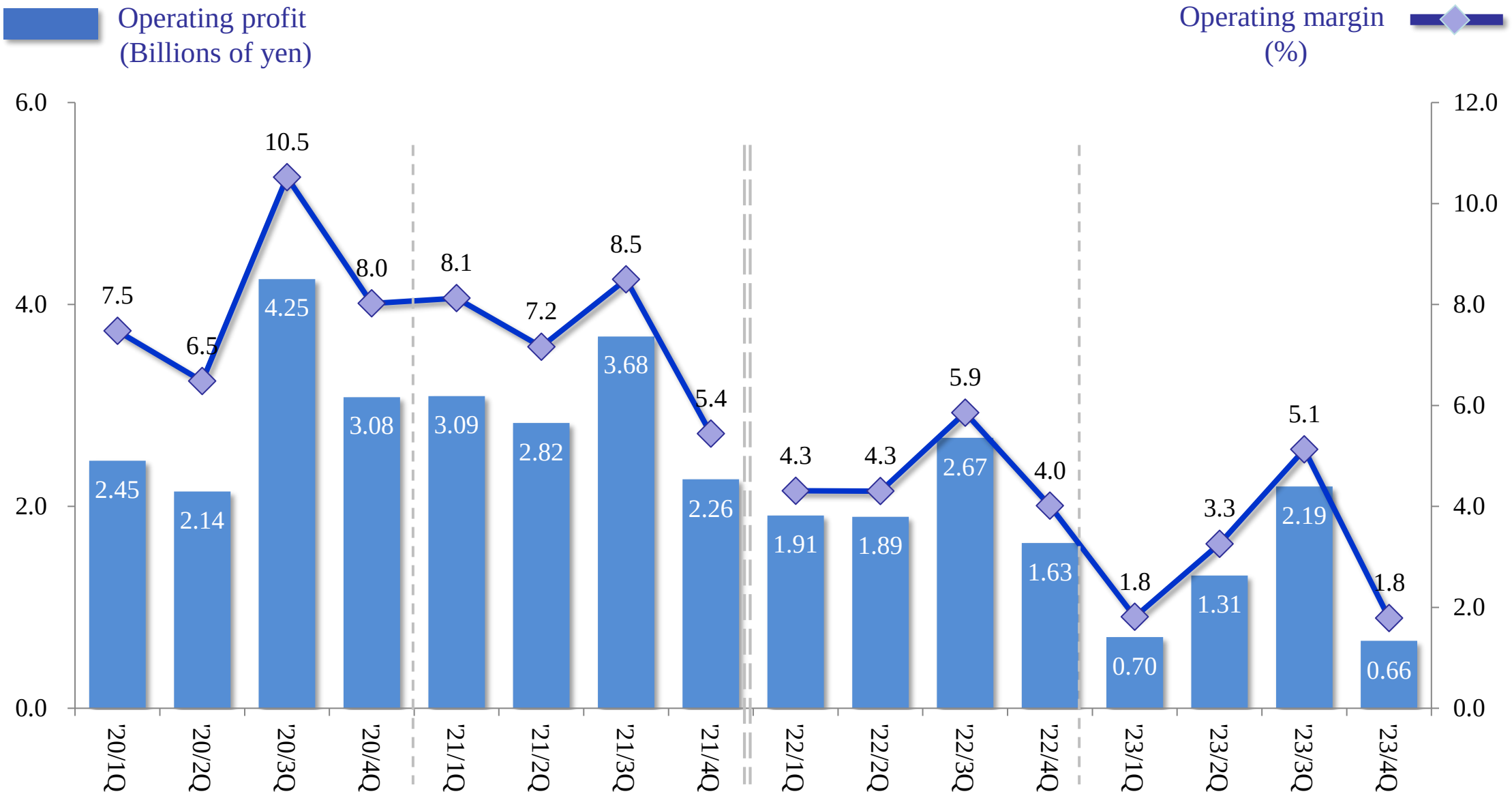


Trends in Consolidated Operating Profit and Operating Margin



＊Due to a change in the treatment of certain accounts, figures before and after FY2021 are shown before reclassification, while figures after FY2022 and thereafter are shown after reclassification.

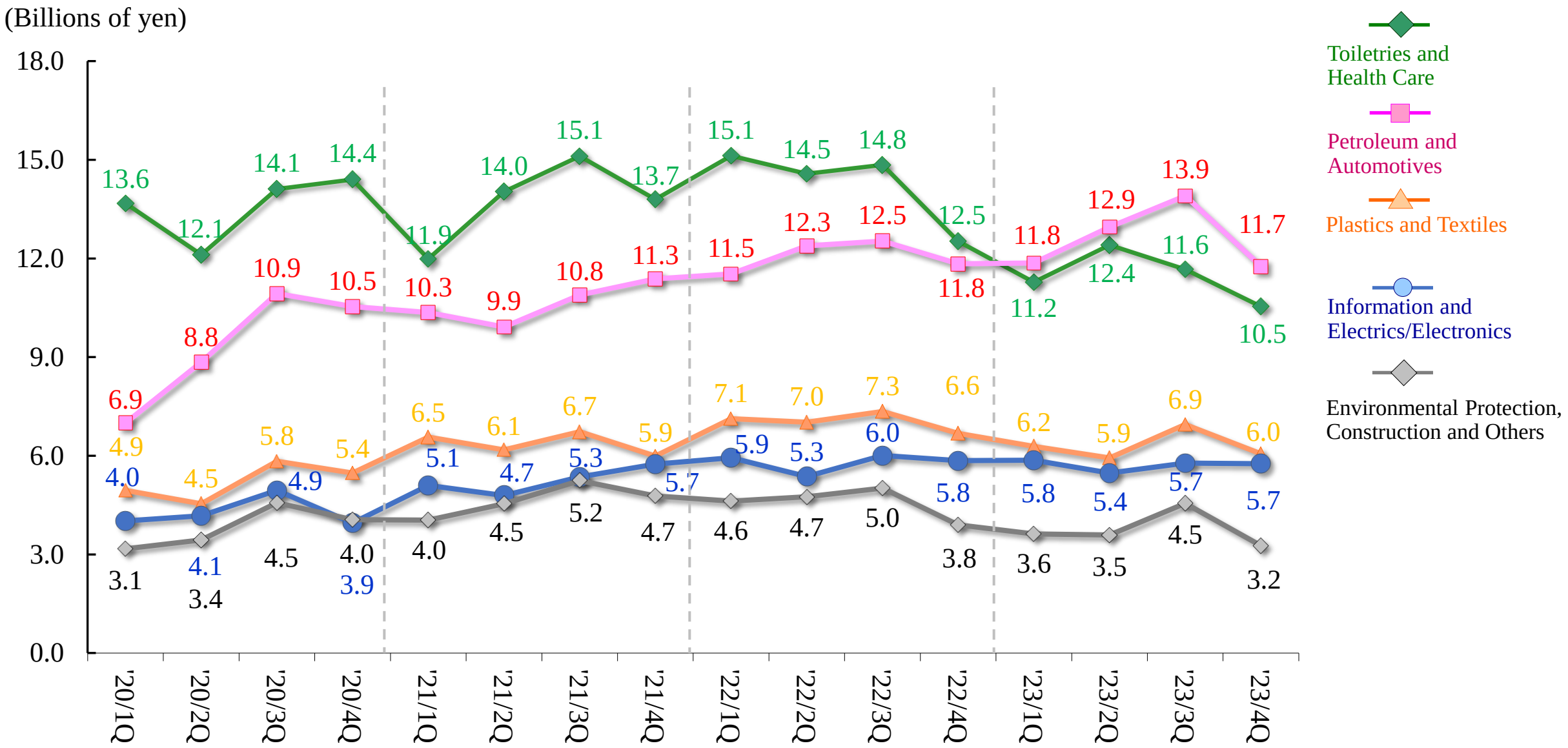
Trends in Consolidated Operating Profit and Operating Margin (Quarter Period)



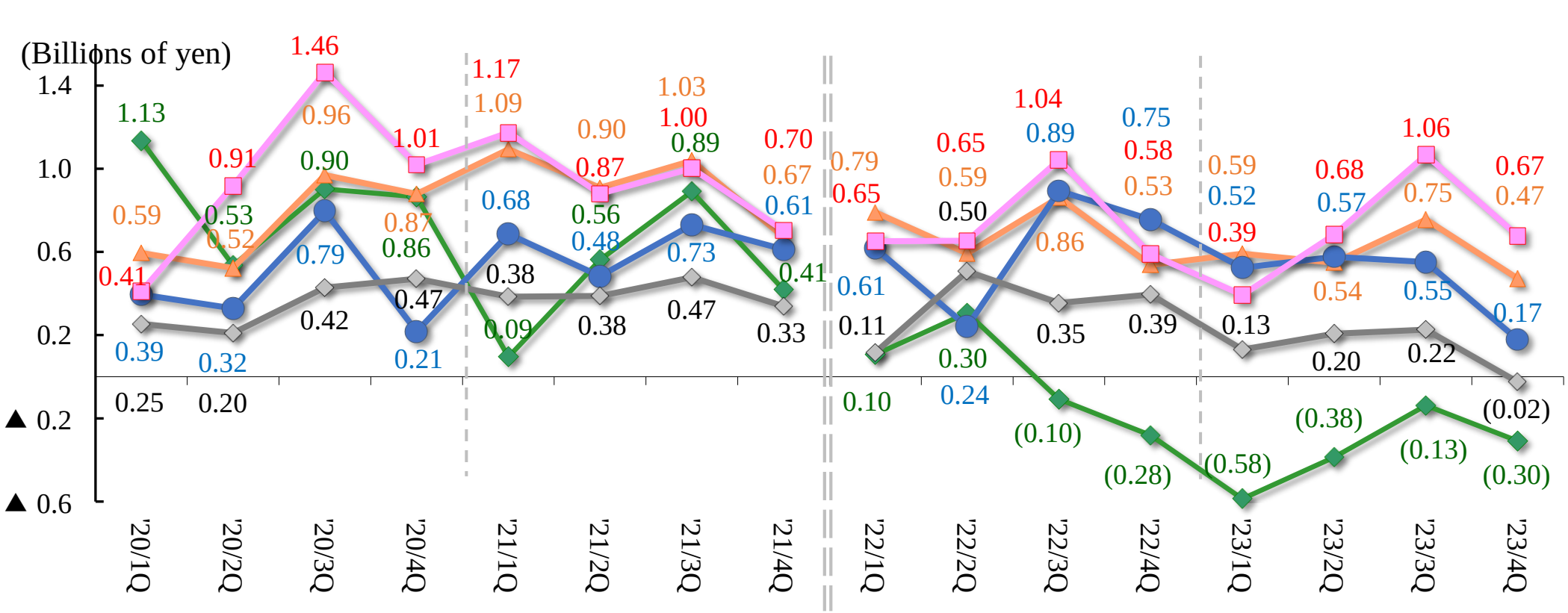
*Due to a change in the treatment of some accounts, figures are shown before reclassification until FY2021 and after reclassification from FY2022.

Trends in Consolidated Net Sales by Segment (Quarter Period)

Sanyo Chemical



Trends in Consolidated Operating Profit by Segment (Quarter Period)

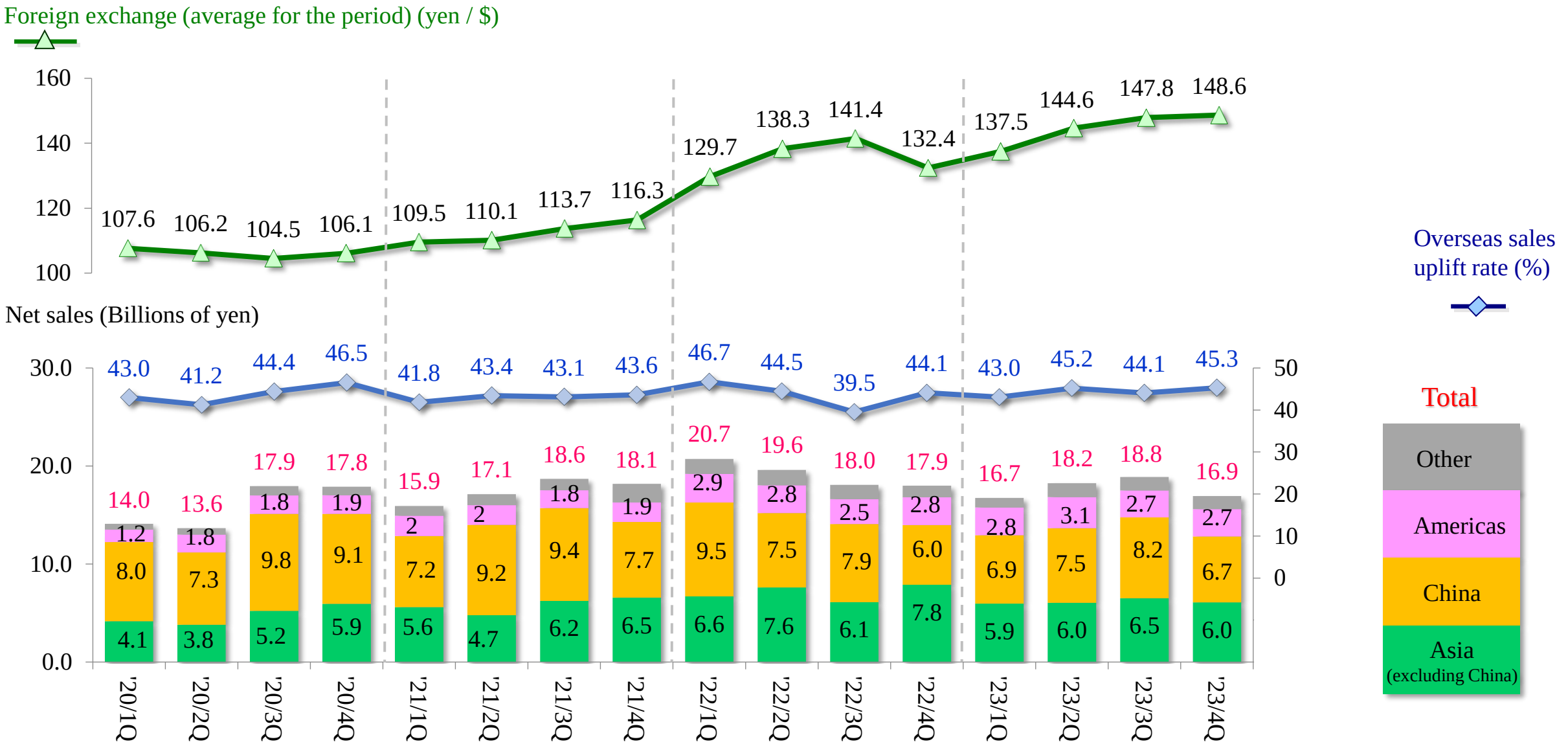


*Due to a change in the treatment of some accounts, figures are shown before reclassification until FY2021 and after reclassification from FY2022.

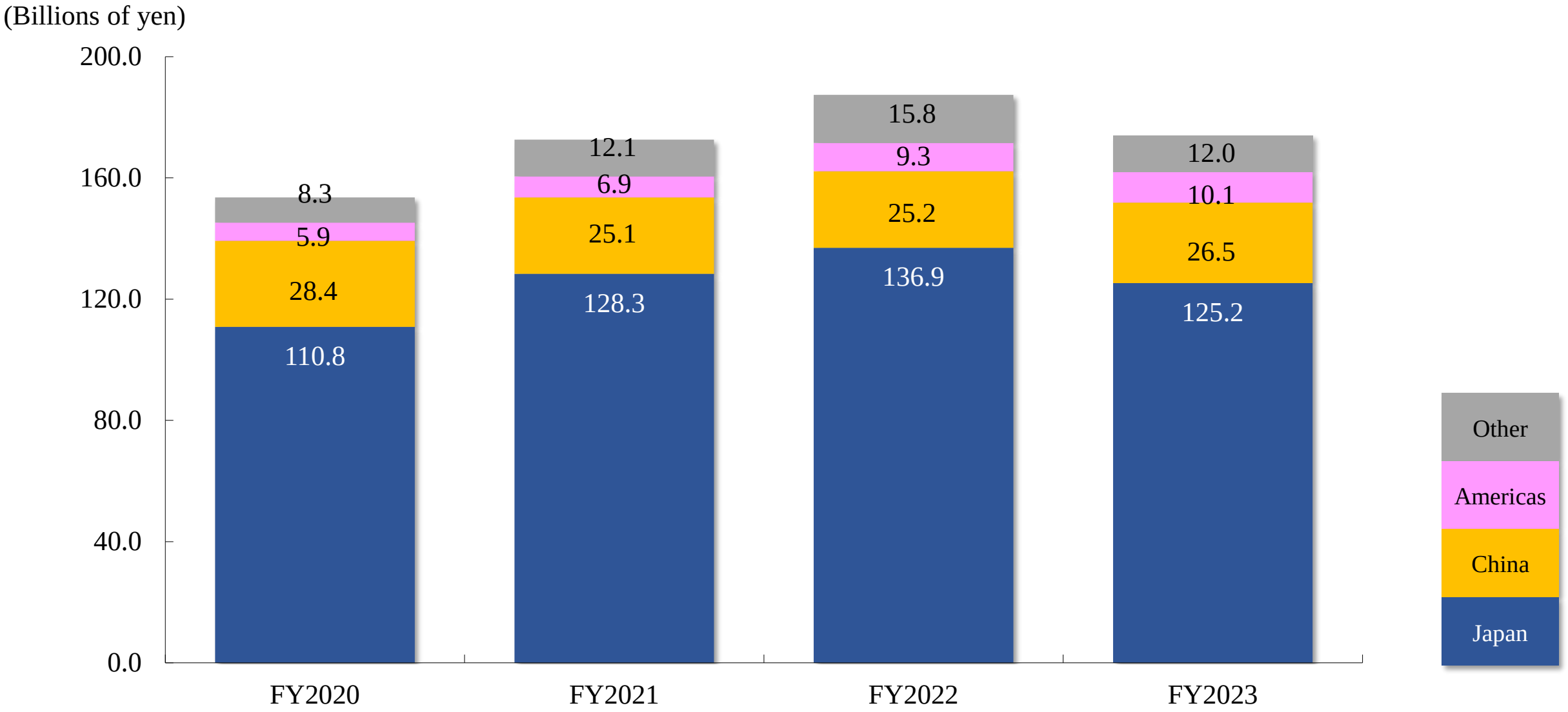
R&D expenses related to new business (Billions of yen)

FY2020				FY2021				FY2022				FY2023			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(0.33)	(0.36)	(0.31)	(0.36)	(0.34)	(0.39)	(0.45)	(0.47)	(0.37)	(0.40)	(0.36)	(0.35)	(0.34)	(0.31)	(0.26)	(0.32)

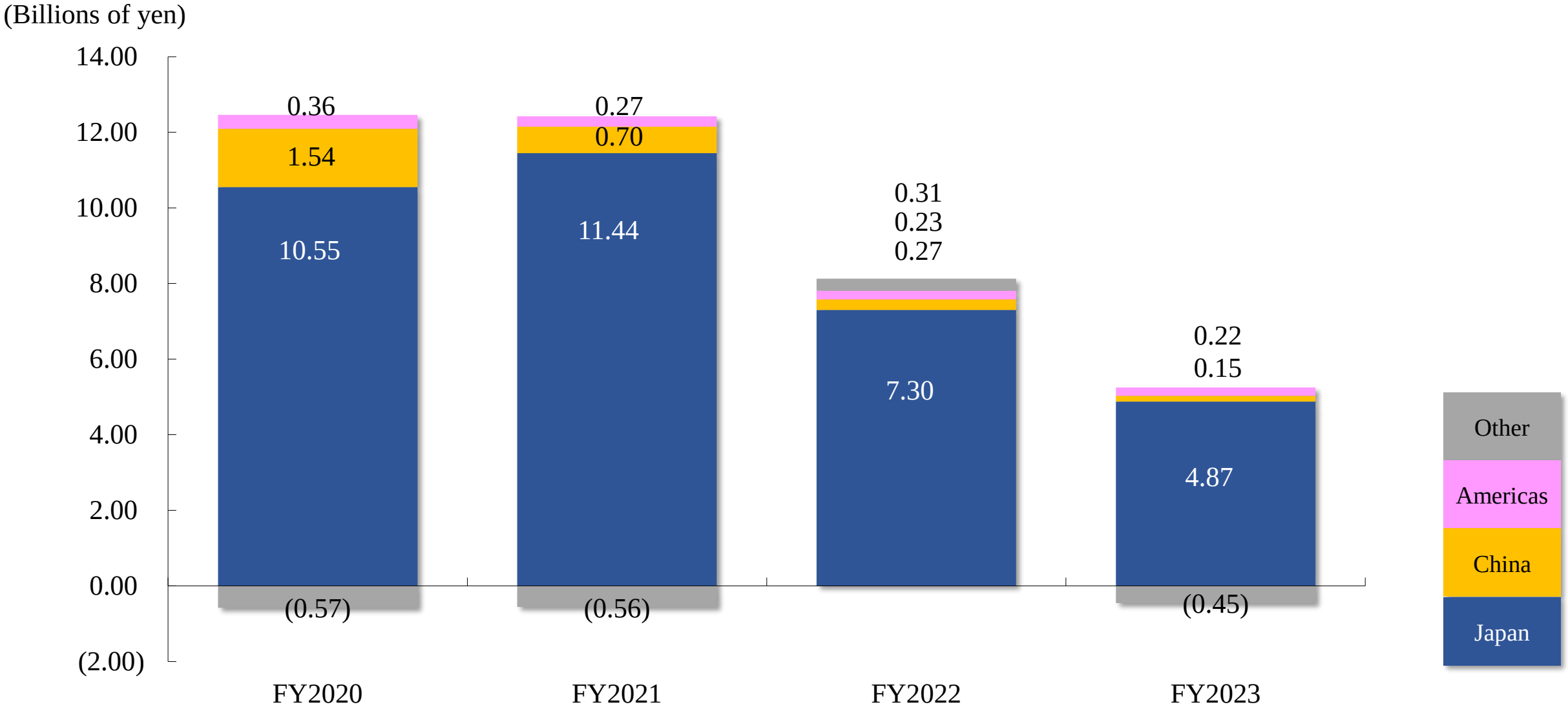
Trends in Overseas Net Sales(Quarter Period)



Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

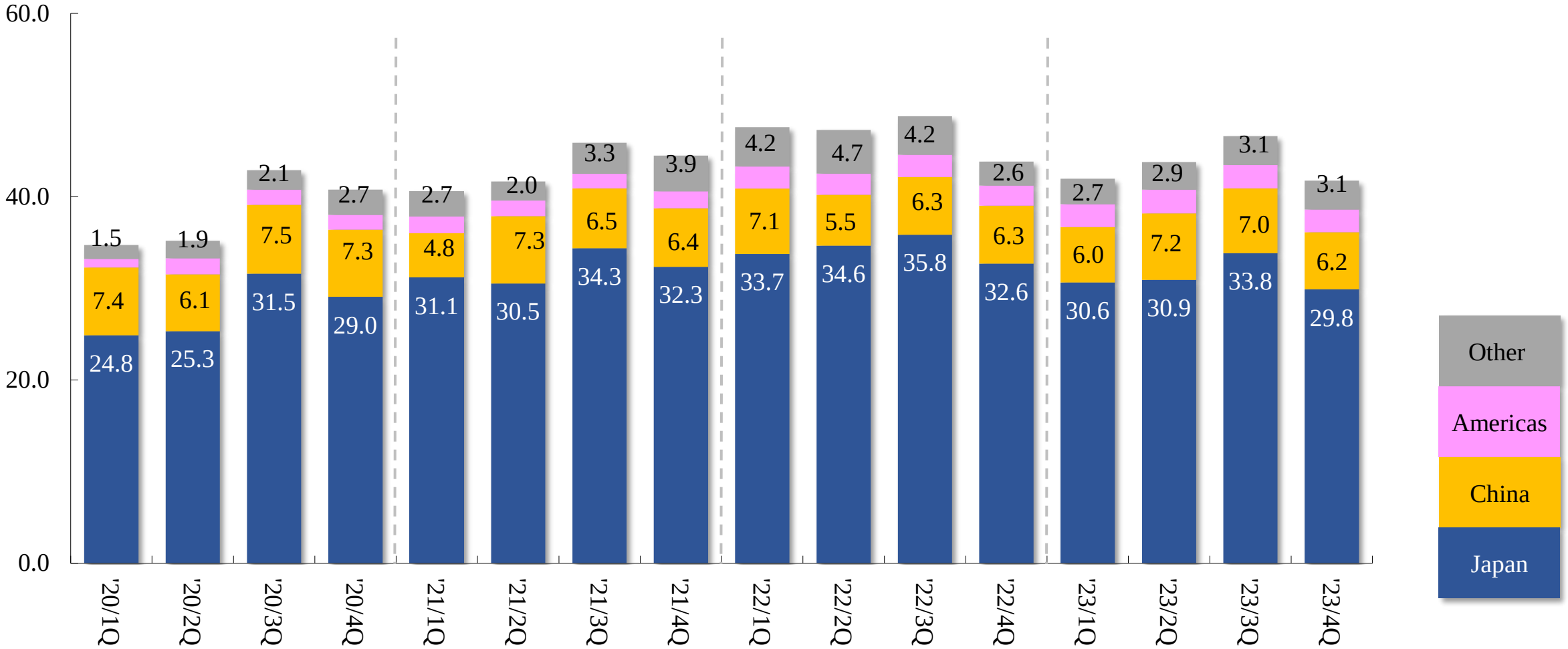


Trends in Consolidated Operating Profit by Geographic Segment (Simple Addition)



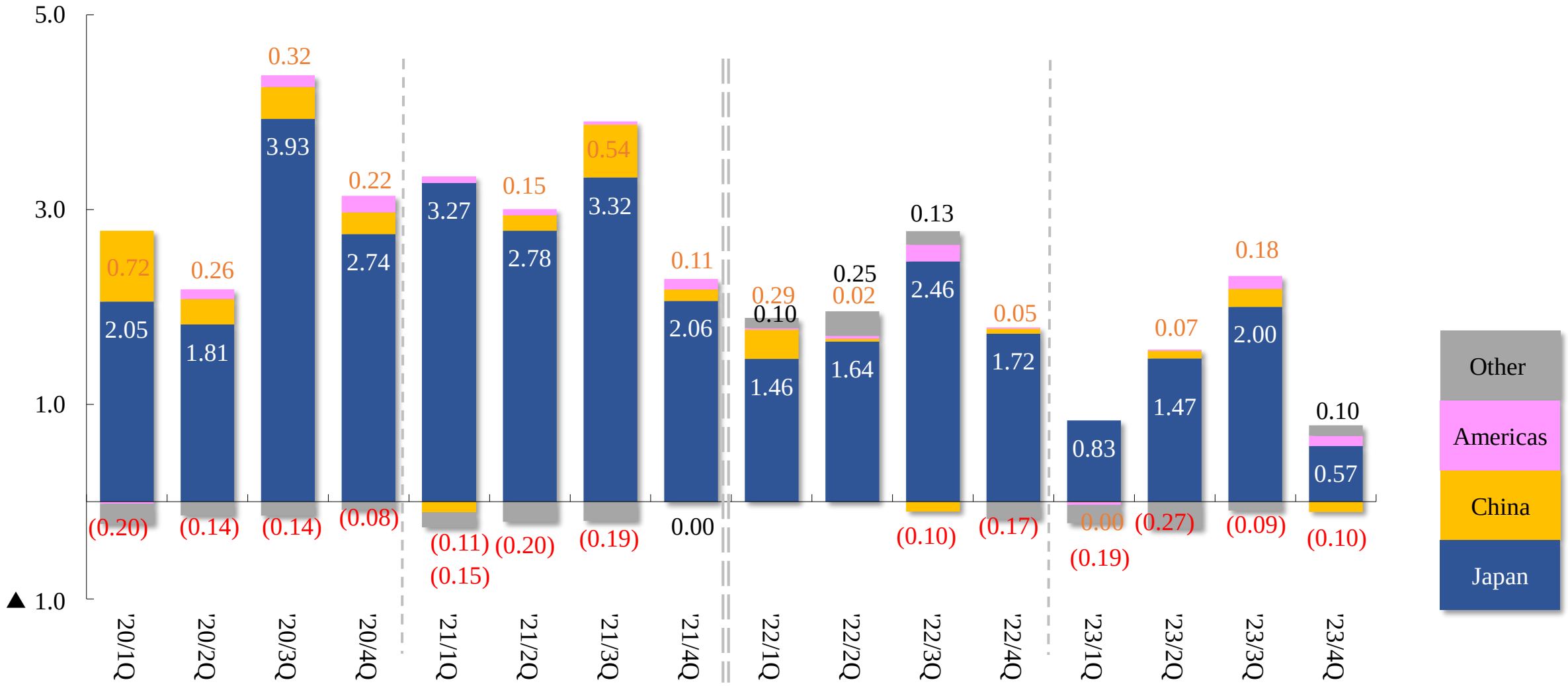
Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

(Billions of yen)



Trends in Consolidated Operating Profit by Geographic Segment (Simple Addition)

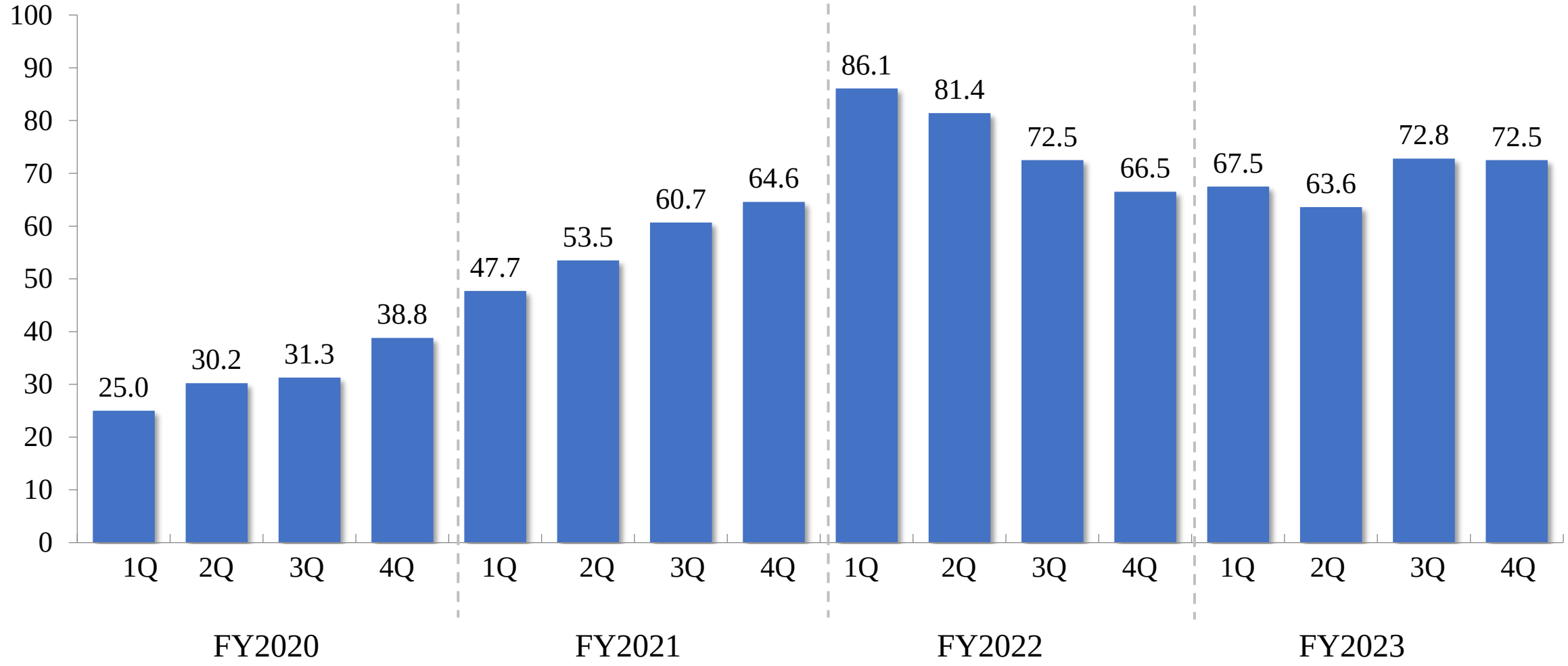
(Billions of yen)



*Due to a change in the treatment of some accounts, figures are shown before reclassification until FY2021 and after reclassification from FY2022.

Trends in Price of Naphtha Produced in Japan

Price of Naphtha
(Thousands of yen/kl)



(Source: Trade Statistics of Japan)