

Sanyo Chemical Group Integrated Report

2025

For the year ended March 31, 2025

*Innovating beyond
the boundaries of chemistry
by chemistry*



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Editorial Policy

Organizations covered

As a rule, this report covers the entire Sanyo Chemical Group, which comprises a total of 26 companies (as of March 31, 2025)—specifically, Sanyo Chemical Industries, Ltd., 19 subsidiaries, and six affiliates.

Period covered

FY2024 (from April 1, 2024 to March 31, 2025). However, some disclosures and business activities undertaken after April 2025 are included.

Reference materials

In editing this report, we have referred to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC) and the World Intellectual Capital/Assets Initiative (WICI), and the Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry of Japan.

Overview of the Sanyo Chemical Group’s Annual Reports



Integrated Report
Short-, medium-, and long-term strategies



Securities report (in Japanese)
Financial information (details)



Sustainability report
Comprehensive disclosure of ESG information

WEB	Securities report (in Japanese)	>
WEB	Sustainability report	>

Disclaimer

This document contains forward-looking statements regarding the plans, strategies, and performance of the Sanyo Chemical Group. These forward-looking statements are based on information available as of August 1, 2025. However, actual results may differ significantly due to economic conditions surrounding the Sanyo Chemical Group’s business domains, competitive conditions, changes in product development status, related laws and regulations, exchange rate fluctuations, and other factors. Please note that factors that affect these statements are not limited to the factors above.

On the Publication of Integrated Report 2025

The Sanyo Chemical Group Integrated Report 2025 is issued with the aim of informing stakeholders of our future direction and approach as well as our strategies based thereon.

This report consists of three sections: “Vision Story,” “Business Strategy,” and “Reinforcement of the Corporate Base.”

The Vision Story outlines what kind of corporate group the Group is. It explains our vision, values, history, spiritual pillars, management policy and approach, and strengths supporting our growth. It also includes a message from the Chairman of the Board of Directors on behalf of the Board of Directors.

The Business Strategy section reports on the progress of the New Medium-Term Management Plan 2025 (“MTP 2025”), which started in FY2023 and is in its final year. The main content is a detailed report on the progress of and outlook for the MTP 2025 through messages from the President and the Executive officer in charge of finance. It also includes a special feature on supply chain management, which is one of the key strategies of the “structural reforms,” under the MTP 2025, and has the greatest potential for cash generation.

The Reinforcement of the Corporate Base section provides ESG information on strengthening the corporate base to support the Group’s future growth. It also presents my message as the Executive officer in charge of sustainability as well as a message from the General Manager of the Personnel Division. The Sanyo Chemical Group’s material issues are listed at the end of this section.

We hope that this report will provide an opportunity for constructive dialogue with our investors, and other stakeholders.

September 2025

Hiroyuki Susaki

Director, Managing Executive Officer
in charge of Sustainability and Corporate Strategy



The Future the Sanyo Chemical Group Aims for

Mission Sanyo Chemical Group company mission

Establish a better society through our corporate activities

The Sanyo Chemical Group company mission is to “Establish a better society through our corporate activities,” and for 76 years since our founding, we have progressed as a manufacturer of functional chemicals.

In line with our management policy, “WakuWaku Explosion 2030,” which we formulated in 2022 as a compass for creating value in the medium to long term, the entire Group is working in the final year of the MTP 2025 toward realizing its Vision 2030.

Vision Vision 2030

Grow into a global, unique, and highly profitable company where every employee feels pride and satisfaction from his/her work

Values

Inspire WakuWaku* feeling from all the stakeholders

* The Japanese word which expresses positive, bright, uplifting feeling inspired by inner motivations and/or own wills.

Co-create environmental, social and economic values with the stakeholders

Facilitate every employee's value creation



Management Policy and Management Approach

In March 2022, the Sanyo Chemical Group formulated its long-term management policy, “WakuWaku Explosion 2030,” expressing its determination to grow together with society by contributing to a sustainable society. As a management approach appropriate to this purpose, we have adopted WakuWaku management, which inspires WakuWaku feeling from all stakeholders, and sustainability management, which increases economic, social, and environmental value, as the foundations of our management.

We are now in the final year of the MPT 2025, the first phase of “WakuWaku Explosion 2030.”

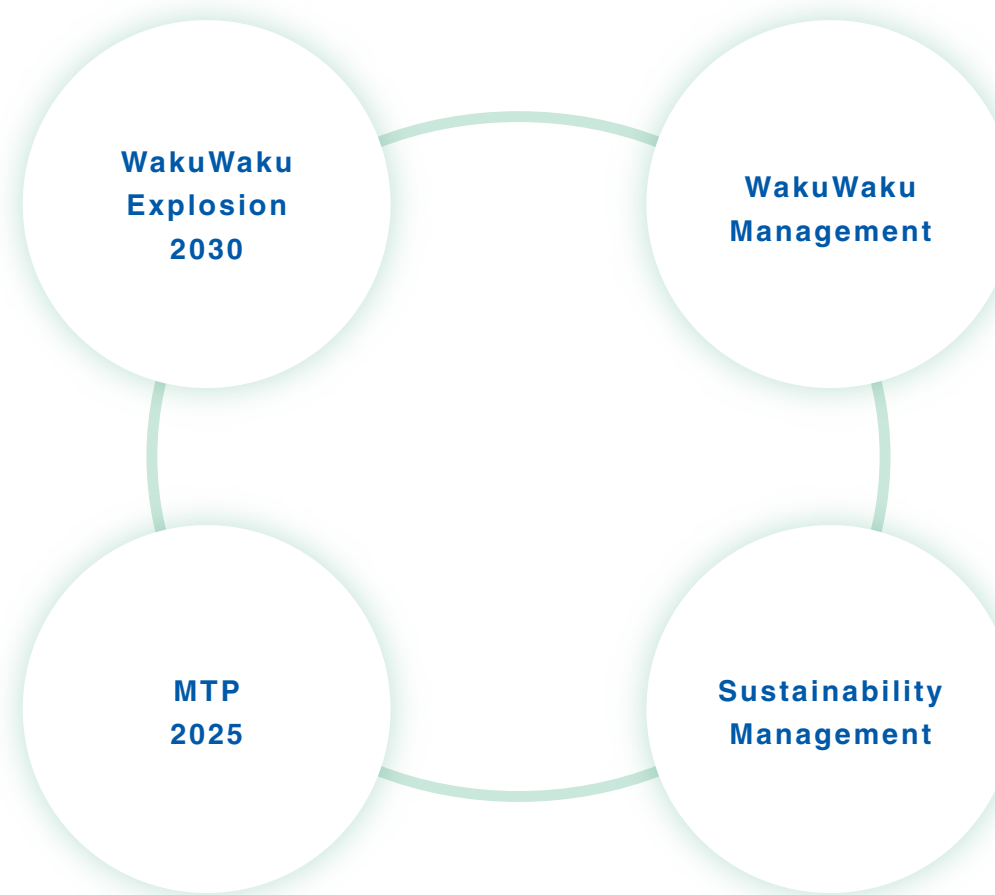
Management Policy toward Our Vision 2030 and the New Medium-Term Management Plan 2025

Management policy “WakuWaku Explosion 2030”

This defines our mission, values, and vision with the aim of realizing our Vision of “growing into a global, unique, and highly profitable company where every employee feels pride and satisfaction from his/her work” through the co-creation of economic, environmental, and social value and corporate value enhancement. Our quantitative targets for FY2030 are operating profit of 50 billion yen and ROIC of 10% or more.

New Medium-Term Management Plan 2025

The MPT 2025 was planned as the first phase of “WakuWaku Explosion 2030.” Our core focus is on a business strategy that promotes business model transformation and structural reforms, the creation of new businesses and investment in human capital with a view to the future, and efforts to resolve social issues. Although our quantitative targets for FY2025 are operating profit of 15 billion yen and ROIC of 7%, we have decided to revise the timing for achieving the targets (FY2025 forecast: Operating profit of 10 billion yen).



Management Approach

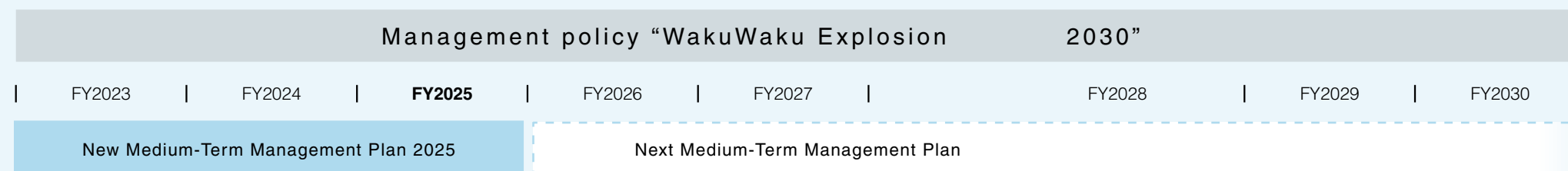
WakuWaku Management

This management approach puts the spotlight on each employee to create a strong framework for “One Team” with a focus on profits, inspiring WakuWaku feeling from all stakeholders. WakuWaku management will further invigorate the interface (contact point) between stakeholders and the Group to build a better society for a WakuWaku future.

Sustainability Management

The Basic Sustainability Policy states: “Our mission has been to establish a better society through our corporate activities since our foundation. Sanyo Chemical Group aims for sustainable growth in the future by enhancing both economic and social value in close cooperation with all stakeholders.” In line with this, the Group will enhance social and environmental values.

WakuWaku Explosion 2030 Quantitative Targets and Current Status



FY2025 forecast:
Operating profit
10 billion yen
ROIC 10.9%*

* The initial forecast for FY2025 was 5.6%. However, due to the recording of tax expenses (gains), including corporate taxes and corporate tax adjustments, following the merger of SDP Global Co., Ltd., which is a temporary factor, we expect ROIC for FY2025 to be 10.9%.

FY2030 targets
Operating profit 50 billion yen
ROIC 10% or more

Strengths of the Sanyo Chemical Group

The Sanyo Chemical Group has three strengths: “interface control technology,” a “culture that encourages challenges,” and a “customer-oriented approach.” Thanks to this unique advantage, cultivated over our 76-year history, we offer about 3,000 types of performance chemicals.

We intend to use these strengths to accelerate our transformation into a business model adapted to a sustainable society and resolve material issues (materiality) that will affect the Group’s value creation, thereby realizing our Vision 2030.

Over its long history, the Sanyo Chemical Group has created a culture that encourages individuals to take on challenges. This spirit is rooted in our efforts to go beyond the boundaries of conventional business, such as the development of an electronic nose that closely mimics the human sense of smell and peptide agriculture, which pursues agricultural production efficiency.

Since 1911, when its first domestic olive soap was produced, the Sanyo Chemical Group has continued to refine its cutting-edge interface control technology and has grown from soap to surfactants and petrochemicals. Now, armed with the technological capabilities to provide 3,000 types of performance chemicals, we are pioneering new growth fields such as the environment and medicine.

**Interface
control
technology**

**Culture that
encourages
challenges**

**Customer-
oriented
approach**

**About
3,000 types of
performance
chemicals**

Our customer-oriented approach, which quickly recognizes customer needs and responds to them in an organized manner, has led to our gaining customer trust and developing new products. We combine customer needs identified by the sales section with the Group’s seeds to provide optimal solutions through collaboration between research, production, and general affairs sections. We call this customer-oriented approach the “NeeSeeds-Oriented approach,” which is a strength that supports our growth.

Material issues (materiality)

⇒P59-60

**Improve QOL
by performance
through chemistry**

**Achieve
carbon neutrality
as Interface Innovator**

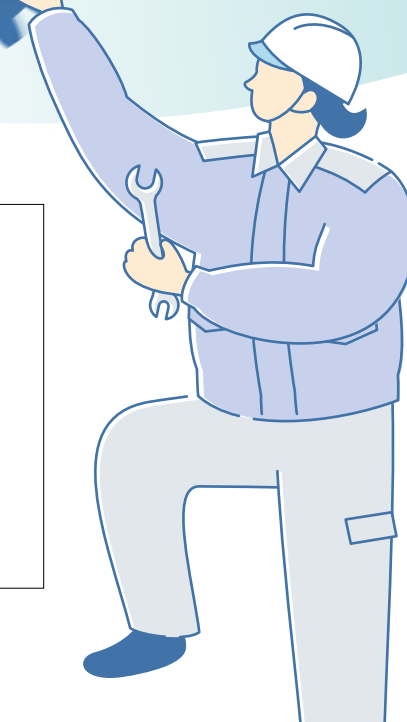
**Innovating beyond
the boundaries of chemistry
by chemistry**

**Develop human
resources and
improve work
environment by
recognizing diversity**

**Implement
challenge-oriented
and transparent
management**

**Create innovations
by supporting
value creation
of industry,
culture and education**

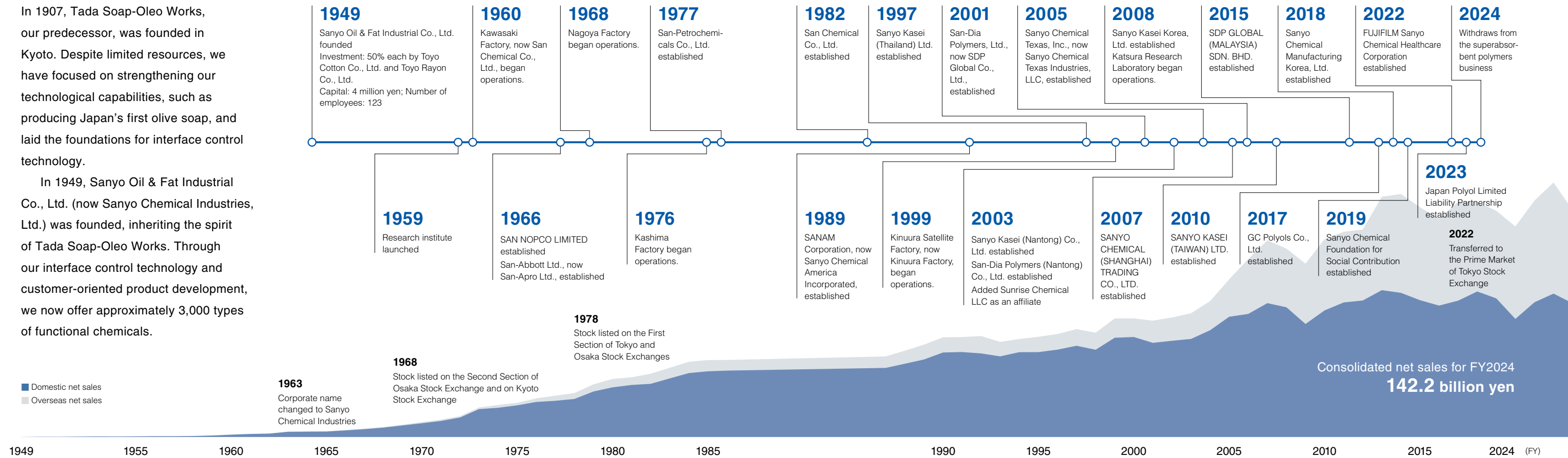
**Conduct the risk
management
thoroughly
by strengthening
the Guardian
function**



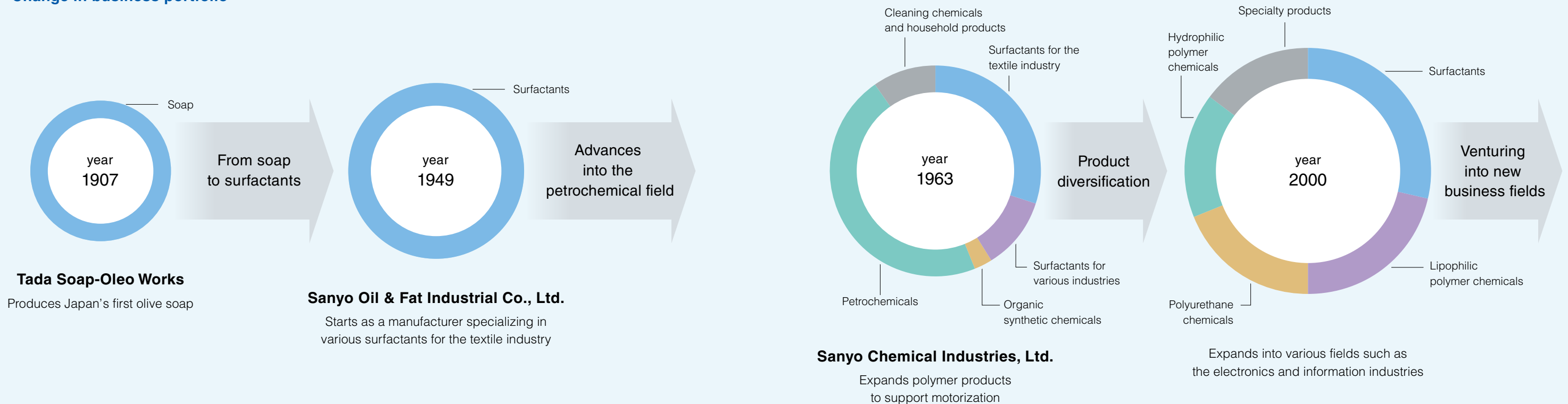
Technological Capabilities and Business History

In 1907, Tada Soap-Oleo Works, our predecessor, was founded in Kyoto. Despite limited resources, we have focused on strengthening our technological capabilities, such as producing Japan's first olive soap, and laid the foundations for interface control technology.

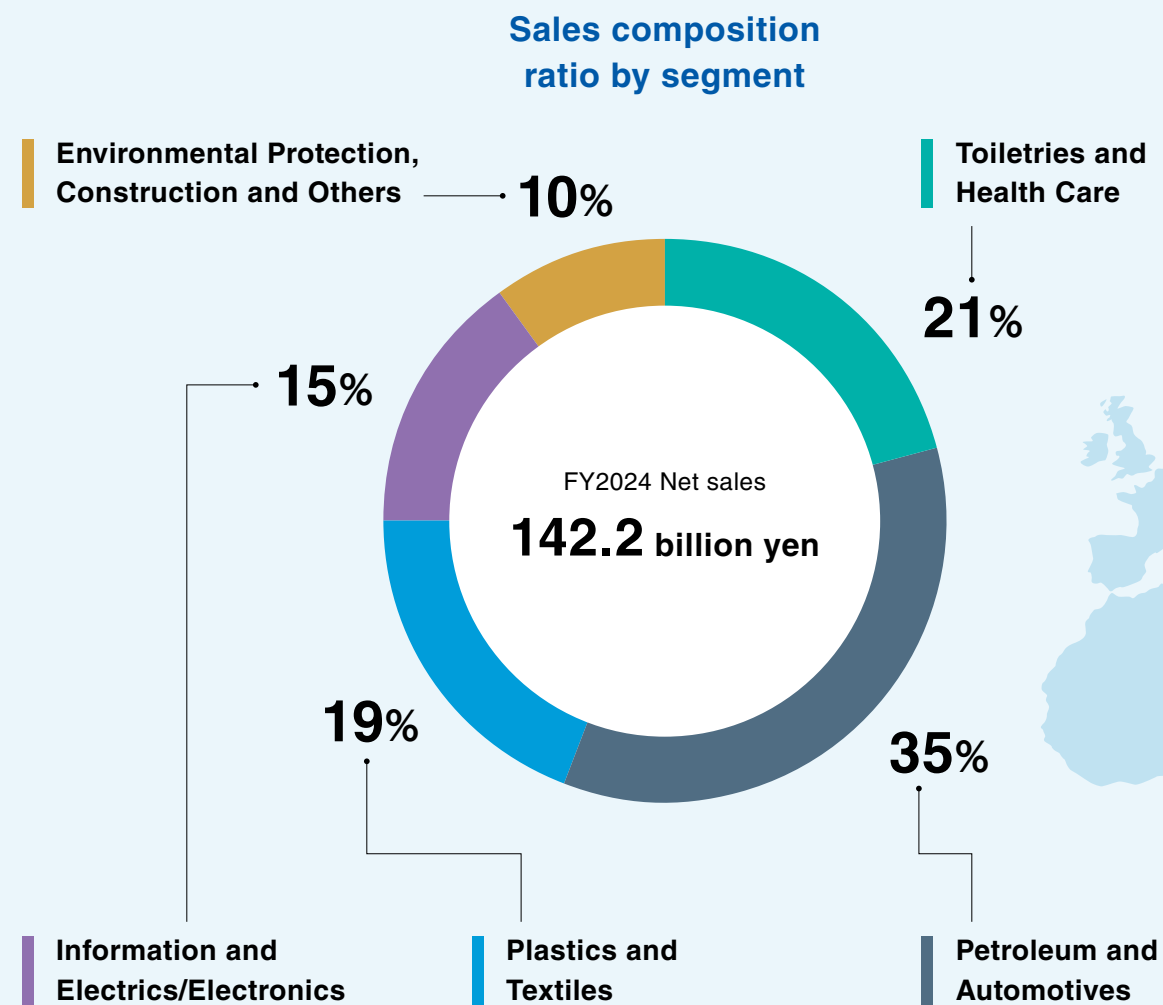
In 1949, Sanyo Oil & Fat Industrial Co., Ltd. (now Sanyo Chemical Industries, Ltd.) was founded, inheriting the spirit of Tada Soap-Oleo Works. Through our interface control technology and customer-oriented product development, we now offer approximately 3,000 types of functional chemicals.



Change in business portfolio



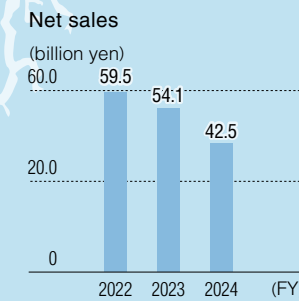
At a Glance



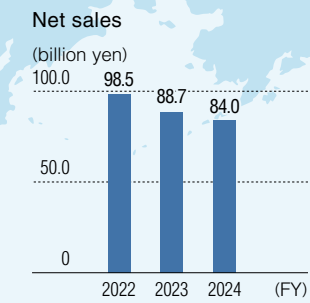
Global network

● Manufacturing base ● Sales base

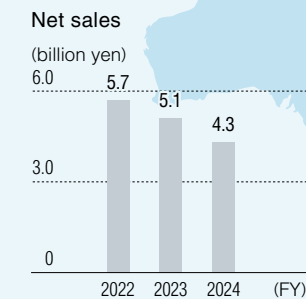
Asia (South Korea, China, Indonesia, India, Thailand, etc.)



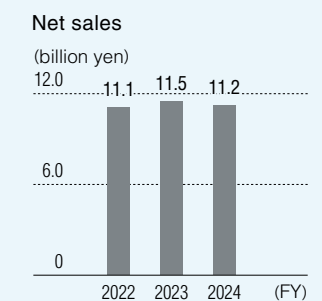
Japan



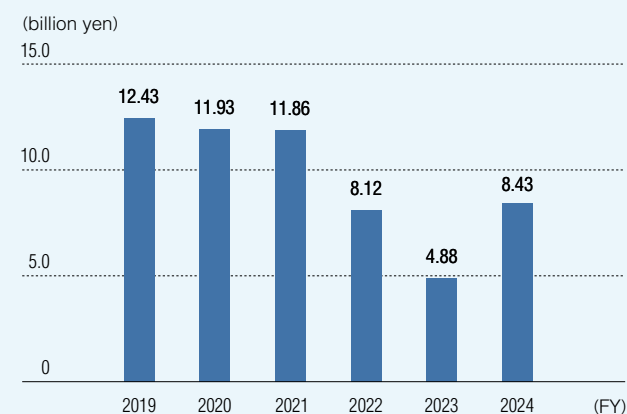
Other (Australia, Europe, Russia, the Middle East, etc.)



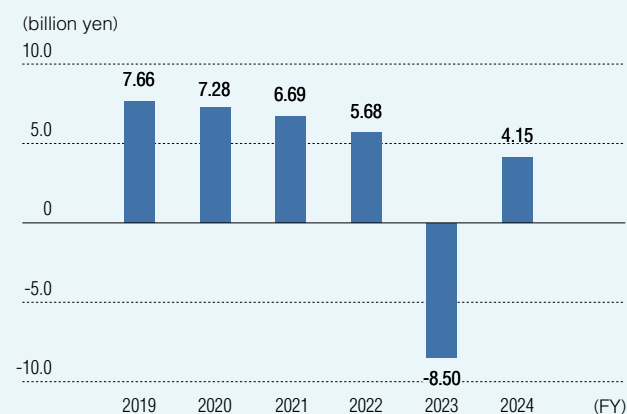
America (U.S., Mexico, Brazil, etc.)



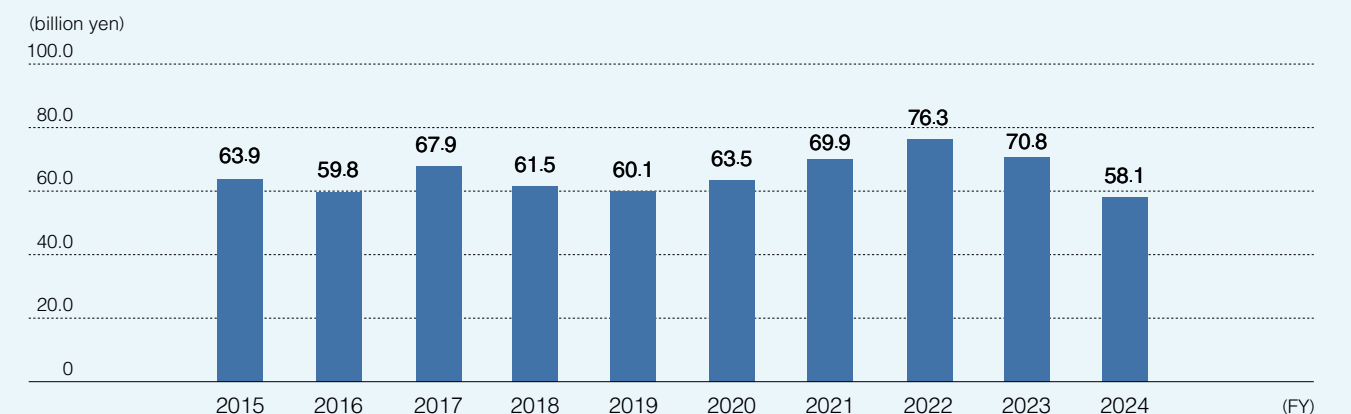
Operating profit



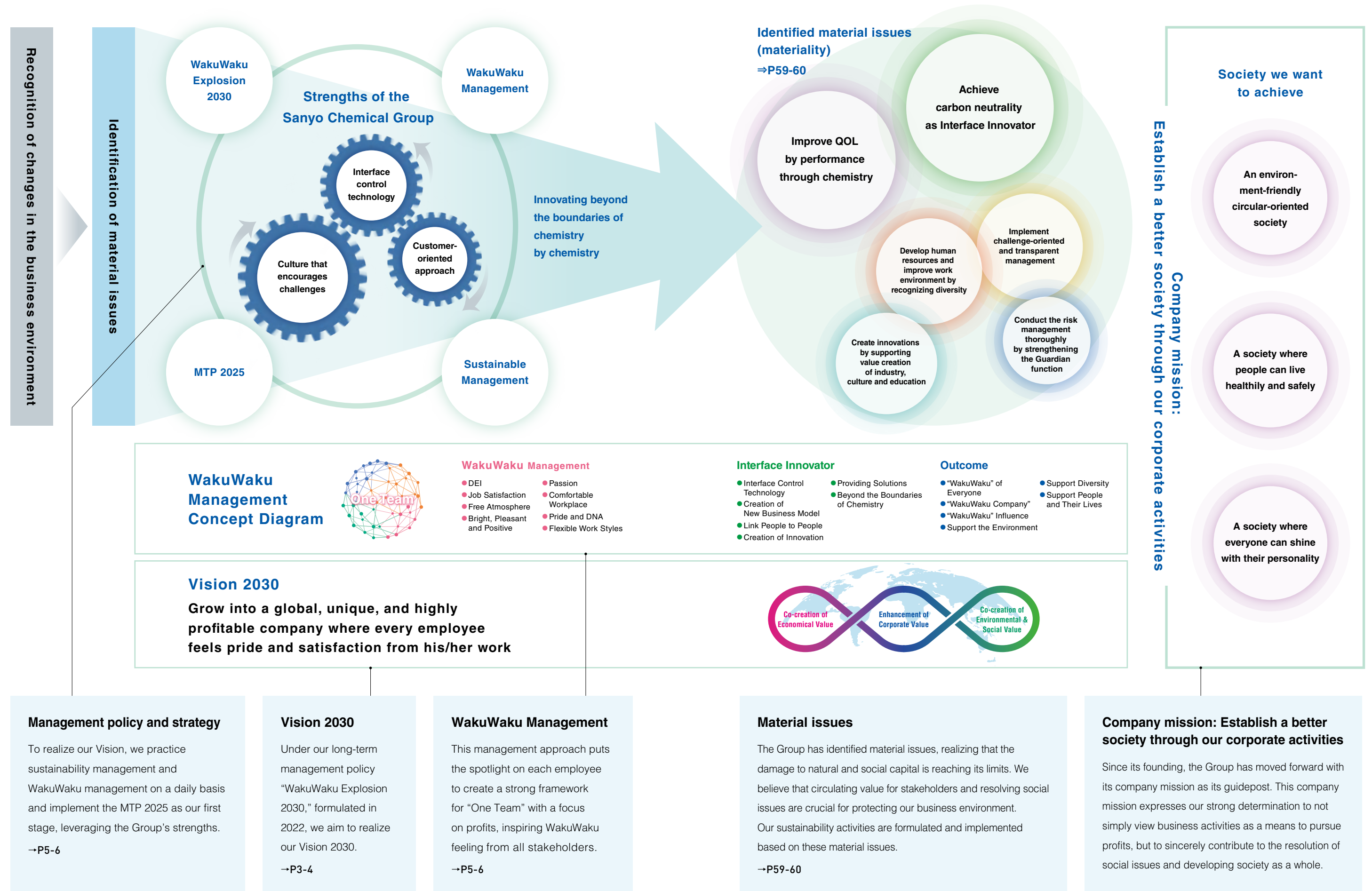
Profit attributable to owners of parent



Overseas net sales trends



Value Creation Process



Message from the Chairman of the Board of Directors

To achieve our Vision and realize sustainable growth for the Sanyo Chemical Group, we will strive to improve the effectiveness of the Board of Directors.

I assumed the position of Chairman of the Board of Directors in June 2024. Since the demands on the board of directors of listed companies are greater than ever before, taking on the role of Chairman was a difficult decision. However, at the “Salon,” a place for a frank dialogue with employees, in which I have been involved since becoming a Director in 2018, I have said that “trying to do things without refusing when asked will expand possibilities.” I therefore accepted the offer with the intention of doing my best to help the Group move in a positive direction, even if only a little.

Towards free and open discussions at the Board Meetings

After assuming the position of Chairman, I first discussed what kind of Board of Directors we should have. One of the new initiatives we implemented was to make effective use of the limited time available at the meetings of the Board of Directors (Board Meetings) by having the heads of each execution department hold a briefing session during lunchtime after each meeting. The knowledge I gained through these sessions about the Group’s products and the industry surrounding the Group has been very useful in discussions at the Board Meetings.

As for agenda items for the Board Meetings, Outside Directors clarify in advance the points they have doubts about or feel are not explained properly, and attend the meetings with supplementary information and numerical evidence. They offer a wide range of advice and comments based on their extensive experience, broad perspectives, and multifaceted thinking. I believe that incorporating their awareness of issues into internal discussions leads to constructive debate.

We also place importance on how to explain our decisions to employees to ensure that they understand them. Even if the Board of Directors agrees, it is

employees on-site who put them into practice. We urge executive officers to create a system that ensures that each employee is mindful of the fact that all departments are profit centers.

Strengths and challenges of the Board of Directors

The greatest strength of the Board of Directors is that the President demonstrates leadership in the face of unprecedented fundamental reforms and that we can support business execution with the determination to see the reforms through to completion after appropriately discussing the risks. We are steadily implementing the strategies outlined in the MTP 2025, including withdrawing from the superabsorbent polymer business, promoting Monozukuri Transformation, and overhauling the quality control system. In addition, taking the 2022 fatal accident seriously, we are making thorough efforts to ensure that safety is our top priority. I feel that we are becoming a better company through discussions at the Board Meetings.

Meanwhile, through the annual evaluation of the effectiveness of the Board of Directors, we have recognized that diversity on the Board of Directors is a challenge to be addressed. With this strength and challenge in mind, the Board of Directors should engage in lively discussions to realize our Vision, “Grow into a global, unique, and highly profitable company where every employee feels pride and satisfaction from his/her work,” as stated in “WakuWaku Explosion 2030.”

Diversity is the source of energy for reforms

For the Group to survive in this era of rapid change, we cannot simply seek answers by extending what we have done up until now. Believing that the energy of diverse people is essential for the Group’s survival, we work to create a workplace and organization where people with

diverse values can thrive.

We also recognize that the lack of female director candidates is a major issue. Gender inequality is largely rooted in people’s subconscious and cannot be resolved simply through the theory of gender equality. Measures that comprehensively address the situation of women are necessary.

The Board of Directors must consider diversity beyond women. The Nomination and Compensation Committee, an advisory body to the Board of Directors, must begin to consider what challenges the Group faces in the future and what kind of personnel are suitable to serve on the Board of Directors.

Management with a focus on the stock price

The Group’s company mission is “Establish a better society through our corporate activities.” We believe in honest and sound management that resolves social issues through our business and achieves sustainable, profitable growth.

While it is said that “stock prices reflect expectations,” our stock price has been sluggish for a long time. We take seriously our failure to meet investor expectations and consider this issue as a major theme for future Board Meetings. Through various measures outlined in the MTP 2025, the Group is transforming into a leaner management structure through improved performance and asset efficiency. Over the medium to long term, our corporate value will increase in both social and economic value, so we ask for your continued support for the Group in the future.

The “Salon” mentioned at the beginning is a valuable place for me to rediscover internal issues, the organizational culture, and the Group’s strengths that are not often discussed at the Board Meetings, based on the honest feedback of employees. We welcome all stakeholders, both inside and outside the company, to share their honest views with us, regardless of gender or position.

September 2025

Chairperson of the Board of Directors

Aya Shirai



Message from the President



Akinori Higuchi
Representative Director,
President and CEO

Steadily implementing measures to ensure the sustainable growth of the Sanyo Chemical Group amid the rapidly changing business environment

Looking back on FY2024

In FY2024, we continued to implement structural reforms and the transformation of the overall supply chain amid significant changes in the business environment surrounding the Group. However, not everything went as planned, and the business environment worsened more than expected due to the prolonged economic downturn in China and the influx of low-cost Chinese-made chemicals into the market. Although operating profit has improved from 4.8 billion yen in FY2023, it remained at 8.4 billion yen in FY2024.

Meanwhile, we are making steady progress with structural reforms, including withdrawal from the superabsorbent polymer business (“SAP business”) and the production business in China. We merged SDP Global Co., Ltd., which had already ceased production, into our company, and transferred all of our equity interests in San-Dia Polymers (Nantong) Co., Ltd. to a Chinese company. Liquidation procedures are also underway for SDP GLOBAL (MALAYSIA) SDN. BHD. and Sanyo Kasei (Nantong) Co., Ltd. By 2024, operating profit improved by about 1 billion yen due to the withdrawal from the SAP business and by about 3.1 billion yen due to the transformation of the overall supply chain to reinforce the corporate base.

Thus, amidst the rapidly changing business environment, we have been able to implement various reforms and restore our performance to a certain level. I believe that this is thanks to the efforts of each employee. By advancing structural reforms to enhance our corporate value, I hope to show you a different Sanyo Chemical Group in a few years.

Outlook for FY2025

In light of the said deterioration of the Chinese market, we have decided to set our forecast for FY2025 at operating profit of 10 billion yen and revise the timing for achieving the target of operating profit of 15 billion yen set out in the MTP 2025. Meanwhile, by further expanding high value-added products and transforming the overall supply chain, as outlined in the MTP 2025, we are steadily transforming into a leaner corporate structure.

Our immediate concern is the indirect impact of the U.S. tariff policy on the Group, such as a slowdown in the automobile industry in Japan. Although the overseas sales ratio of high value-added products such as lubricant additives and permanent antistatic agents is high, we believe that it will be possible to pass on the tariffs through our prices, with the direct impact being minor. However, since automobile-related products account for nearly 40% of our sales, we will closely monitor indirect impacts, such as a decrease in the number of automobiles exported from Japan.

Business Strategy in the New Medium-Term Management Plan 2025

1. Growth from core business

Accelerating R&D and capital investment in five focus product groups that contribute to carbon neutrality and improved QOL as “high value-added products”

2. Reformation of existing business

- Withdrawal from the superabsorbent polymer (SAP) business
- Supply chain transformation → Special Feature on page 23
- Increased profitability of the polyurethane business (PPG)

3. Global deployment

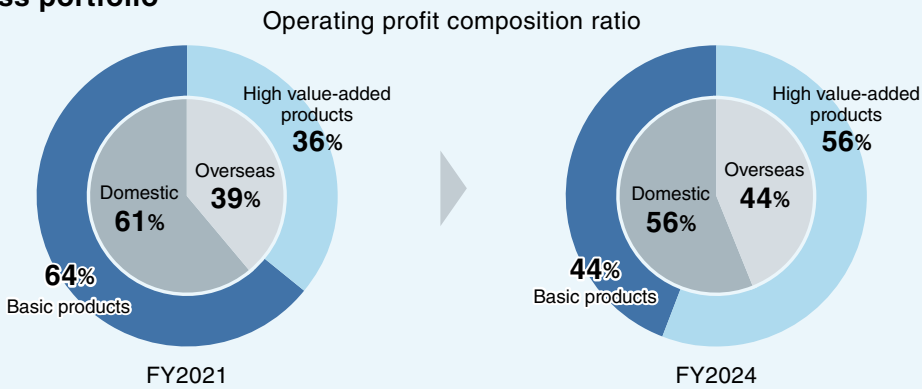
Enhancing production facilities and sales functions at overseas bases

Quantitative targets

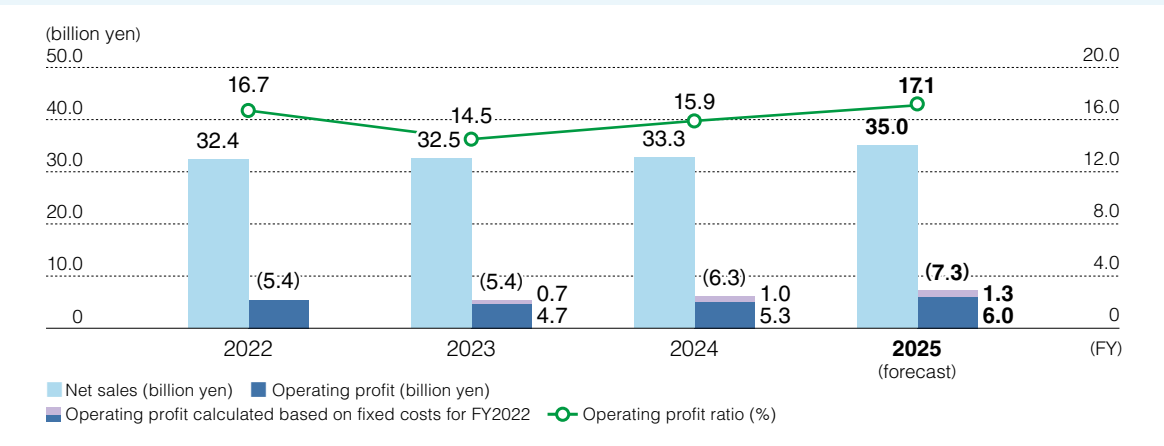
	2022 (results)	2023 (results)	2024 (results)	2025 (forecast)	2025 (targets)
Net sales (billion yen)	174.9	159.5	142.2	130.0	200.0
Operating profit (billion yen)	8.1	4.8	8.4	10.0	15.0
Operating profit ratio (%)	4.6	3.1	5.9	7.7	7.5
ROIC (%)	3.2	2.4	4.8	10.9*	7.0

* Due to the recording of tax expenses (gains), including corporate taxes and corporate tax adjustments, following the merger of SDP Global Co., Ltd., which is a temporary factor, we expect ROIC for FY2025 to be 10.9%.

Business portfolio



Net sales/operating profit/operating profit ratio of high value-added products



Progress of the MTP 2025

Growth from core business

As a result of our efforts to reform our business portfolio through structural reforms, high value-added products now account for about 60% of our operating profit. We will further focus on strengthening our lineup of high value-added products to create products from our core business that will drive medium- to long-term growth. As a measure to achieve this, we will work to enhance our strength in providing solutions that resolve customer issues. We will expand our R&D staff, increase opportunities for researchers to exchange ideas with customers, and further promote the introduction of materials informatics (MI) and AI for efficient product development, thereby shortening the development period. Through these measures, we will establish a favorable environment for a “customer-oriented approach” and ensure that each employee is committed to working with customers in mind.

New growth path

For the Group to grow further, it is essential to create new businesses that are not influenced by corporate size or price competition, through development that resolves social issues and meets market needs with the use of our unique technologies. Regarding new businesses, we are commercializing Silk-Elastin, the electronic nose, and peptide agriculture, which have the potential to become pillars of our business in the next 5 to 10 years.

Silk-Elastin is an artificial protein created using gene recombination technology and is expected to be used in a variety of applications. As a first step, in April of this year, we obtained marketing approval for medical devices to market it as a new wound healing material. We are also developing it as a meniscus regeneration material and are currently preparing to begin corporate clinical trials. In addition, we promote over 10 other research topics, including muscle regeneration application. By gradually commercializing our research, we hope to contribute to improving the QOL of many people through Silk-Elastin.

Global deployment

Although the overseas net sales ratio in FY2023 was about 45%, in FY2025, we expect this to temporarily decline to about 35% due to the withdrawal from the SAP business, which had a high overseas net sales ratio. We will move away from our current business style of following Japanese companies expanding overseas and actively supply high-quality products made with our own technologies to overseas markets, using the know-how we have cultivated in the Japanese market. Through this, we will achieve our Vision of “growing into a global, unique, and highly profitable company.”

We are also preparing to commercialize Silk-Elastin overseas. With the U.S. medical device market, which is 10 times larger than Japan’s, as our key target, we are considering setting up a local base in the future.

We also promote raw material procurement from overseas to achieve stable and low-cost procurement and drive sustainable growth. To enable flexible raw material procurement in response to changes in the market environment and supply situation, we have established a dedicated department as a purchasing function to review raw materials from a researcher’s perspective, thereby expanding the range of raw material specifications. In cooperation with the production and sales sections, we secure raw materials from multiple suppliers from a global perspective. We also devise and implement research formulations and manufacturing flows that can swiftly respond to customer requests while flexibly using raw materials with different specifications.

Accelerating structural reforms

Production facility reform

As the business environment changes dramatically, we will further accelerate our structural reforms and link them to our next medium-term management plan. As one of the measures to achieve this, we will launch a production facility reform project to reduce manufacturing costs in our core business.

In our next medium-term management plan, we plan to invest in large-scale facility consolidation, and as the next step, we are considering automating our facilities and ultimately introducing robot technology. The expected source of funds will be cash generated through Monozukuri Transformation and the transformation of the overall supply chain. Currently, high maintenance and repair costs are being incurred due to the aging of facilities. However, by consolidating facilities, we estimate that about one-third of the facilities across the Group will no longer be necessary, resulting in a significant reduction in maintenance and repair costs. By using the cash generated from the production facility reform for growth investment, we will create products that will drive the Sanyo Chemical Group into the future.

“All departments are profit centers” and “A culture that encourages challenges”

To meet customer needs and create new value, we will ensure that “all departments are profit centers” and promote “a culture that encourages challenges.” To achieve sustainable growth into the future, the company as well as each department and employee must take on new and innovative challenges. I believe that a “culture that supports challenges” will put down even stronger roots if all employees grow by acquiring new ways of working and values while maximizing their capabilities to generate profits.

To foster this kind of culture, in the next MTP, we plan to introduce a system that requires each department to set a story, goals, and KPIs that will generate profits while aiming for the company-wide goals, and that evaluates their progress. I believe that creating a system in which each individual’s challenges and each department’s efforts contribute to the company-wide goals in a multi-layered manner will lead to increased profits.

Strengthening governance

To tackle these major transformations without being limited by an internal perspective, we focus on actively incorporating external perspectives, and in June 2024 we appointed Outside Director Aya Shirai as Chairman of the Board of Directors. A year has passed since then, and we have noticed changes in the meetings of the Board of Directors, such as an improvement in discussion quality. By carefully reviewing the number of agenda items and taking enough time to discuss necessary topics, we hold deeper discussions and exchange more diverse views on each item than ever before. For example, new initiatives, such as our collaboration with DHL Supply Chain Ltd. to optimize logistics in Japan, were advanced through active exchange of views, consideration, and approval. Meanwhile, excessive time is not spent on just reports, allowing for well-balanced Board Meetings.

Dialogue with stakeholders

The Group has diverse stakeholders, including investors, customers, business partners, local communities, shareholders, and employees. We believe it is important to build bonds of trust with each of them through dialogue. The dialogue results are reported to the Board of Directors to be used in management. We will continue to actively engage in dialogue with our stakeholders, taking into account their feedback on our information disclosure.

For example, we regularly hold meetings with local residents around the Kyoto Factory to hear their views. For the supply chain, we hold study sessions with customers as well as trading companies and agents to whom we directly wholesale products, and also exchange views with subcontractors. Kyoto, where the Head Office is located, is home to many companies and universities. Based on discussions on new business creation and human resource development through collaboration between companies and universities, we will create new values.

WakuWaku Management

Japan’s chemical industry will soon be undergoing a period of rapid change. The Sanyo Chemical Group has reached a point where it must take on new challenges and create innovations beyond the boundaries of chemistry to survive. The driving force behind this is the “WakuWaku” that arises when each employee boldly takes on change and works as a team with enthusiasm to achieve lofty goals. The Group promotes “WakuWaku management,” which puts the spotlight on management and each employee to build a strong framework for One Team with a focus on profits, inspiring WakuWaku feeling from all stakeholders. I believe that generating profits that are driven by employees’ WakuWaku will lead to the sustainable growth of the Group, WakuWaku feeling among stakeholders, and “establishing a better society,” as stated in our company mission. I will move forward with WakuWaku on the path to the Group becoming One Team and “growing into a global, unique, and highly profitable company where every employee feels pride and satisfaction from his/her work.”

I hope that investors and other stakeholders will understand the Group’s growth scenario and welcome the opportunity for dialogue.

September 2025

Representative Director, President and CEO

A. Higuchi



Special Feature: Supply Chain Management

**Aiming to realize our Vision 2030
by transforming all business processes
from the perspective of optimizing the
entire Group**

Yusuke Yamamoto

Executive Officer
General Manager of SCM Supervisory Division



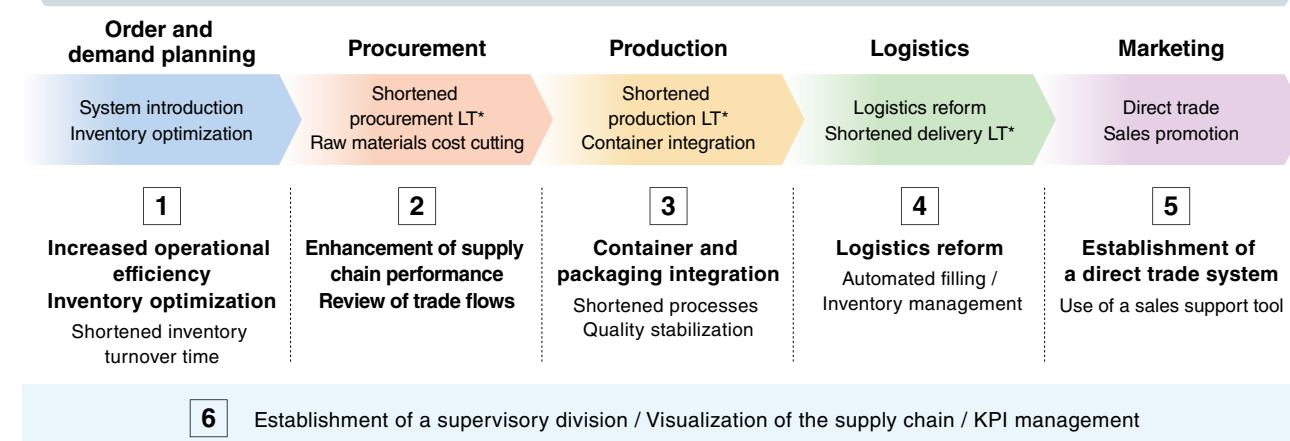
The Group is implementing the transformation of the overall supply chain to generate sustainable cash flow through thorough efficiency improvements. About a year and a half has passed since it started. Having overcome many areas for improvement, we have reached the final year of the MTP 2025. Although we are still halfway through, we see steady results, with the transformation of the overall supply chain expected to contribute about 3.8 billion yen to the target revenue of 3 billion yen in the final year of the MTP 2025. Inventory optimization has improved cash flow by about 2 billion yen to date, and this will continue to accelerate in the future.

Since the SCM Supervisory Division was established with the aim of transforming the overall supply chain, I have led the way as General Manager in building a

supply chain that can increase value for customers as One Team. Everyone involved in the supply chain reviews their business practices and continues to take on the challenge of transformation beyond departmental boundaries. Their challenges include stable and low-cost raw material procurement from overseas, efficient logistics through collaboration with partners, inventory optimization using digital tools, and container and packaging integration through the establishment of an integrated production-sales system.

In this special feature, we will report on the achievements of each section to date. We hope you will see how the employees at each site are working hard every day towards their goals and get a sense of the passion that is difficult to express in numbers.

Transformation of the overall supply chain



* Lead time

1. Order and demand planning

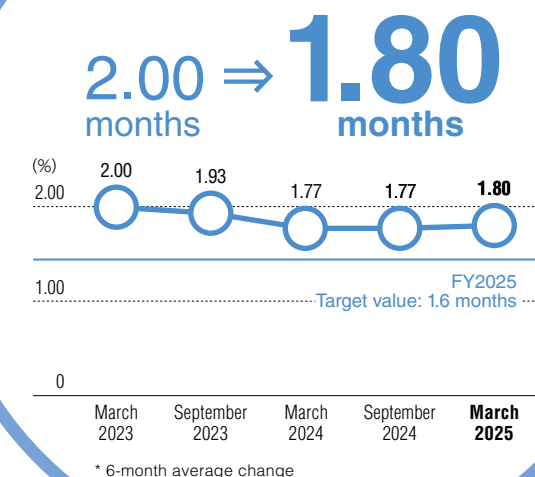
The starting point for business process transformation is the creation of order and demand plans. The order and demand planning section is responsible for implementing and supporting cross-departmental digital transformation to improve company-wide operational efficiency, from procurement to sales, to visualize the overall supply chain and achieve KPI management.



Takeshi Aono

Supply & Demand Planning Group,
Supply & Demand Planning Dept.
(Nagoya)

Inventory turnover period*



Message from the person in charge

Since the Group produces a wide variety of products in small quantities, production plans tend to be complicated, making optimizing product inventory a major issue. Therefore, we created and implemented the inventory optimization tool "ZAICO" in cooperation with the Information Systems Dept. By centralizing information such as order records, sales forecasts and results, inventory, and production plans, we can easily check inventory trends, overproduction, and stockout. Although decisions have been made based on the experience and intuition of experienced staff, this tool allows everyone to make informed decisions. We will continue to focus on this initiative, which will not only improve on-site efficiency but also lead to stabilizing cash flow at an appropriate level.

Increased operational efficiency

To shift resources to transforming the overall supply chain, we promote operational efficiency. By introducing EDI*¹ and RPA,*² the manual entry rate to the number of orders decreased from 38% in FY2022 to nearly 10% in FY2024, making a significant resource shift possible. By having order-taking staff take over delivery coordination tasks, which were previously handled by sales staff, the sales section has gained more than one hour per day per person, resulting in faster responses to customers.

*¹ EDI: Electronic Data Interchange

*² RPA: Robotic Process Automation (technology and software that automates business processes)

Inventory optimization

Aiming to optimize inventory, we have introduced an automatic alert system for overproduction and stockout as well as an inventory optimization tool, making it possible to efficiently manage inventory information in a centralized manner. This has led to a significant decrease in long-term inventory, with cash flow improving by about 2 billion yen over two years up to the end of FY2024. We will set the optimal inventory level for each product in the inventory optimization tool to automatically generate production volume recommendations. We will also standardize production planning methods to eliminate dependency on individuals and prevent excess inventory and stockout.

2. Procurement

The procurement section is revamping its operations to ensure stable and low-cost raw material procurement. We have established a system with the most important mission of “planning a raw material procurement strategy and ensuring sourcing (research and negotiation) towards optimizing and strengthening our supply chain.



Sachiko Shimazu
Procurement Group,
Global Procurement Dept.

Message from the person in charge

The Procurement Group works to diversify procurement sources to ensure stable raw material procurement and reduce costs. We consider various aspects, such as whether raw materials can be delivered in packaging that suits the Group’s production scale, whether they are lower cost than existing ones, whether they meet our standards, and whether they guarantee product quality, and then make a decision in cooperation with the relevant departments. Since our raw materials are used in a variety of products, we often need to coordinate with multiple factories and business divisions. We strive to achieve the best possible results that increase our product competitiveness without placing a burden on production sites.

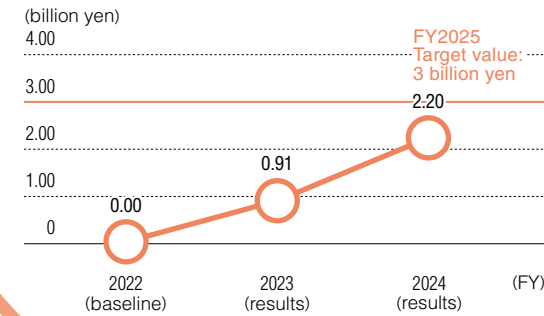
Supply chain optimization

We are reshaping our global procurement to achieve stable and low-cost raw material procurement, thereby leading to sustainable growth. Among the raw materials used in important products, those with a high risk of occurrence are positioned as strategic raw materials from the perspective of business continuity, and we are promoting the diversification of suppliers. We also work to reduce the cost of raw materials by setting a new benchmark for the ratio of imported materials and have achieved a cumulative cost reduction of about 2.2 billion yen over two years up to the end of FY2024.

Enhancement of supply chain performance

We work to visualize the supply chain structure to ensure stable supply to customers and reduce environmental impact. Using data stored in our ERP system, we have created a database to swiftly grasp the impact of emergencies such as natural disasters and accidents and to quickly develop optimal logistics routes. This makes it possible to extract information on suppliers and raw materials in the selected region and on related products, which is expected to minimize the risk of supply chain disruptions and reduce CO₂ emissions in logistics.

Reducing the cost of raw materials
2.2 billion yen



3. Production

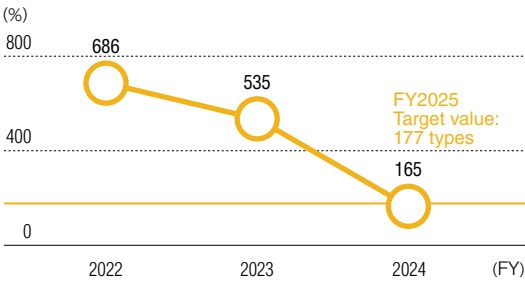
We aim to shorten production lead times and reduce inventory by integrating containers. We also conduct research on changes in raw materials and facility updates and deepen dialogue and collaboration with the Monozukuri Innovation Center to create a plant that can safely and effortlessly produce products with stable quality.



Noriko Mori
Production Management Group,
Production &
Sales Management Dept.

Reduction in the number of container types for products*

686 types ⇒ **165 types**



* The target was achieved by the end of March 2025, when the number of container types was reduced to 165.

Message from the person in charge

We are responsible for selecting containers and packaging when delivering our products to customers, handling complaints, and reducing costs. Since the company has pursued small-quantity, high-mix production to respond to customer needs, by the end of 2022 it had 686 types of containers. Based on the idea that reducing the number of container types would lead to improved speed, accuracy, and efficiency in our operations, we worked to integrate and eliminate containers with the cooperation of our sales, research, and production sites as well as our customers, and managed to reduce the number of types to 165 by the end of FY2024. It was precisely because the SCM Supervisory Division oversees the overall supply chain that we were able to bring together all the different sites and work as One Team.

Shortened production lead times

At production sites, there are products that cannot meet customer requests for increased production due to limitations in the facility’s production capacity. To address this issue, sales, research, and production staff and the Monozukuri Innovation Center staff work together as One Team to change production processes and increase production by shortening production lead times without new capital investment. There are already several products for which profits have increased as a result of the change in production process, and this will be gradually expanded to other products.

Container and packaging integration

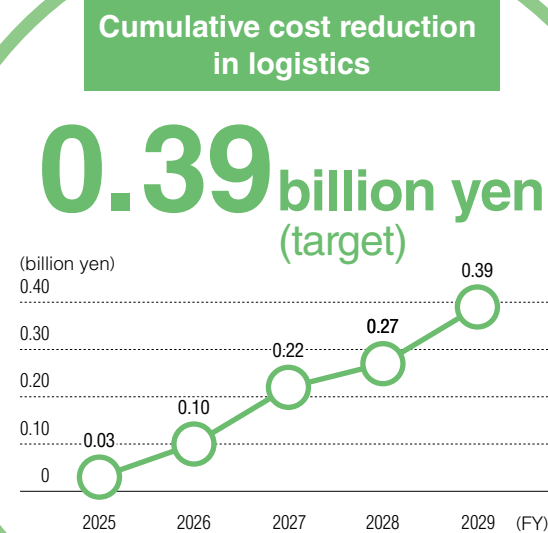
Until recently, there were about 3,000 types of products and many container standards, and their combination led to extremely complex inventory management, resulting in inventory wastage. To eliminate this wastage and improve cash flow, we are integrating containers and packaging. We have reduced 686 types of containers as of the end of FY2022 to 165 types as of the end of FY2024, which has resulted in a cumulative cost reduction of about 18.2 million yen over two years up to that point, exceeding our target of 16.3 million yen.

4. Logistics

Fiscal year 2023, when the transformation of the overall supply chain began, coincided with restrictions on overtime work and rising fuel and labor costs in the logistics industry. The logistics section, which has made a major shift towards ensuring stable and sustainable logistics, views this crisis as an opportunity to restructure our logistics organization and accelerate its efforts to create even greater customer value.



Takashi Yamamoto
Planning and Management Group,
Logistics Dept.



Message from the person in charge

As a manufacturer, ensuring a stable delivery of products to customers is an important mission, and addressing the 2024 and 2030 Logistics Problems is a major challenge. We need to tackle various issues, such as short staffing and rising logistics costs, with a joint effort that transcends organizational boundaries such as sales, production, and logistics as well as internal and external boundaries. Therefore, we began outsourcing logistics to DHL Supply Chain Ltd. in April 2025. They will co-operate in planning and management operations based on the Group's logistics strategy, and we will increase efficiency while listening to the voices of customers and sales, production, and other on-site staff to design logistics that are optimal for the entire company, thereby increasing value across the supply chain.

Logistics reform

Our organizational design policy is to cut logistics costs through thorough efficiency improvements and to respond quickly to customer requests by shortening delivery lead times. By outsourcing logistics operations to a logistics company with specialized knowledge, we have systematically improved logistics efficiency, as required by the government's "Policy Package for Logistics Innovation." We have also created a system to deliver "what is needed, where needed, at the needed time, and in the needed amount" by reviewing inventory locations according to shipping frequency and by planning logistics that takes into account loading efficiency.

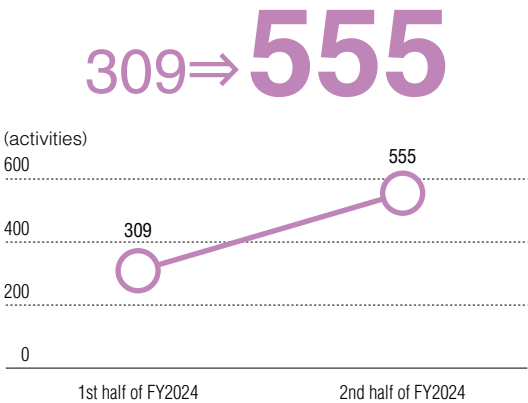
Automated filling

Although at Sanyo Chemical, the filling of products (liquids and powders) into containers is often done manually under the supervision of workers, we are considering introducing equipment that can automatically fill products (automatic filling machines). Prior to its introduction at Sanyo Chemical, an automatic can filling machine was installed at the Kawasaki Factory of subsidiary San Chemical Co., Ltd. in 2010, followed by an automatic drum filling machine in 2015. We aim to improve productivity and the on-site work environment by consolidating production facilities, which is under consideration, and introducing automatic filling machines.

5. Marketing

The sales section promotes the improvement of operational efficiency and the expansion and diversification of sales channels. By introducing a sales support tool, we have established a system that allows us to respond quickly to diversifying customer needs. We also invest resources in expanding our sales channels as we improve operational efficiency.

Number of new customer and application development activities for existing products



Junji Watanabe
Sales Management Group,
Production &
Sales Management Dept.

Message from the person in charge

We are responsible for supporting the use of a sales support tool in sales activities and maintaining a sales support tool system. Since its full-scale implementation in FY2024, this tool has allowed us to aggregate sales activity information and make it accessible to everyone, thus helping to prevent sales activities from becoming dependent on individuals, share information across business divisions, and develop demand in other fields. From talking to salespeople using it, I have come to realize that this tool can further evolve sales activities depending on how it is used. I hope to achieve even more concrete results by effectively using the accumulated data and improving the quality and number of development topics through collaboration between sales and research.

Use of a sales support tool

In the sales section, by using a sales support tool called CRM (Customer Relationship Management), customer information can be centrally managed, enabling faster customer responses and creating a system that allows employees to focus on dialogue with customers that leads to product development and innovation.

Visualization and increased efficiency of trading operations

In previous trading operations, it was not possible to visualize the status of cargo transportation and document acquisition from shipping to delivery, which placed a heavy burden on the staff in charge. Therefore, we introduced a trading information sharing platform to reduce the burden on staff by visualizing and streamlining trading operations. This will enable all parties involved to grasp the situation in a timely manner and is expected to reduce costs by about 50 million yen per year.

Message from the Executive officer in Charge of Finance

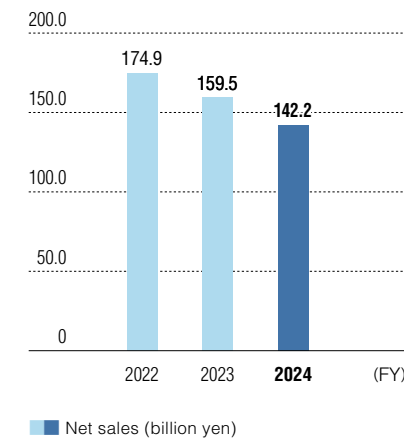
Supporting the new Medium-Term Management Plan 2025 through financial policy and optimal resource allocation to increase corporate value

Kenichi Nishimura

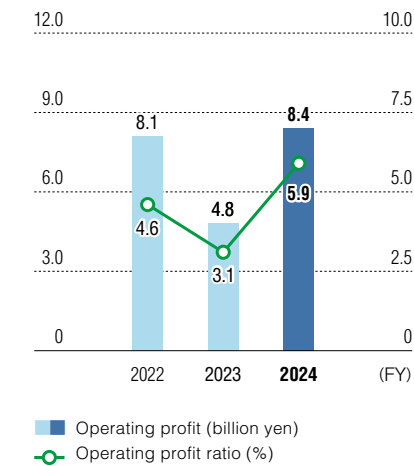
Director, Executive Officer
in charge of Corporate Ethics and General Affairs



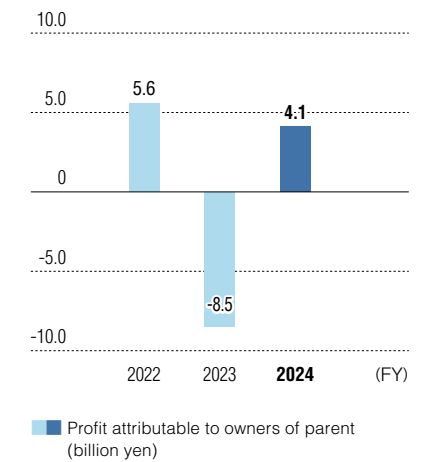
▶ Net sales



▶ Operating profit / Operating profit ratio



▶ Profit attributable to owners of parent



Looking back on FY2024

In FY2024, the influx of Chinese-made chemical products into Japan and other Asian markets, driven by sluggish domestic demand and oversupply in China, has led to intensified price competition, creating an extremely tough business environment for the chemical industry in Japan. The Group also faced significant challenges in the polyurethane business, one of its core businesses, as the influx of low-cost raw materials for polyurethane foams led to intensified price competition and loss of commercial rights, while global automobile production also stagnated.

Meanwhile, our actions to restore profitability have steadily led to positive results, thanks to favorable conditions in the cutting-edge semiconductor field, expanded sales of high value-added products, improved profitability through structural reforms, and steady progress in cost reduction across the supply chain as part of Monozukuri Transformation.

As a result, although FY2024 sales decreased by 10.8% year on year to 142.258 billion yen, operating profit increased to 8.439 billion yen (up 72.7% year on year) and ordinary profit to 9.67 billion yen (up 18.1% year on year). Profit attributable to owners of parent was also positive, reaching 4.151 billion yen, although it recorded a loss on valuation of investments in capital and business structural reform costs.

Extraordinary loss due to withdrawal from the superabsorbent polymer business

In FY2023, the Group decided to withdraw from the superabsorbent polymer business ("SAP business") and the production business in China. We transferred our equity interests in San-Dia Polymers (Nantong) Co., Ltd. in FY2024 and plan to complete the liquidation procedures for SDP GLOBAL (MALAYSIA) SDN. BHD. and Sanyo Kasei (Nantong) Co., Ltd. in FY2026. We had initially estimated losses from these business structural reforms to be 20 billion yen in total, but we recorded losses of about 12 billion yen in FY2023 and about 1.2 billion yen in FY2024 (initial estimate: 4 billion yen), bringing the total to under 17 billion yen.

Free cash flow

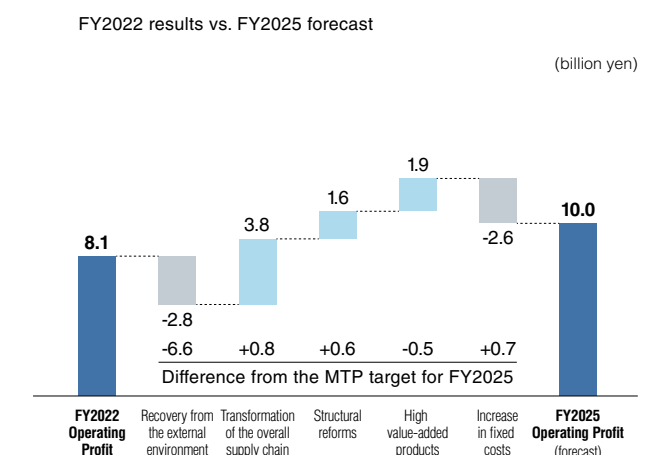
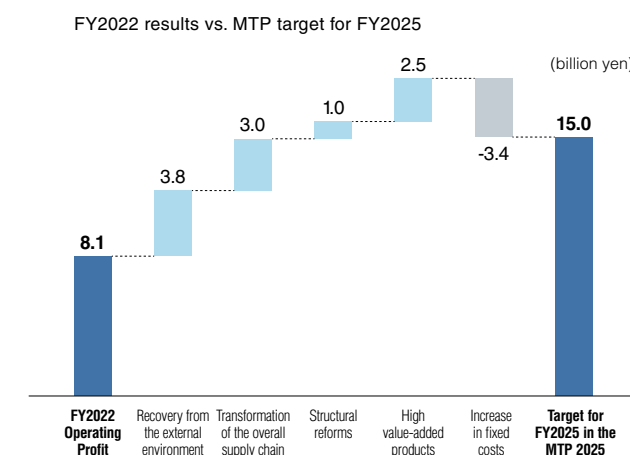
Free cash flow for FY2024 was positive at 8.8 billion yen due to inventory and working capital reductions as a result of business structural reforms and Monozukuri Transformation as well as efficiency improvements at production sites. Going forward, strengthening cash generation capabilities will remain a key management priority and will serve as a driving force for sustainable growth.

FY2025 forecast and next medium-term management plan

The business environment in FY2025 will remain unpredictable due to the irreversible trend of intensifying competition caused by overproduction of commodity petrochemicals in China and factors such as raw material prices and exchange rate trends. Despite this challenging environment, we will continue to work on expanding sales of high value-added products and reducing costs across the supply chain, and we have set our operating profit forecast for FY2025 to 10 billion yen, an increase of 18.5% from FY2024.

This fiscal year marks the final year of the MTP 2025, which was launched with an operating profit target of 15 billion yen. However, due to a significant deviation from the initial assumptions of the plan, we are reassessing the timing for achieving the target. With an eye toward further growth and value creation, we are discussing the timing for achieving target profit levels and the setting of appropriate management indicators for our next medium-term management plan, which will begin in FY2026.

▶ Factors behind changes in operating profit



Investment and capital policies

Investment policy

Business investment

Having shifted the direction of the entire business toward two areas: contribution to carbon neutrality and improved QOL, we will concentrate our resources on products expected to provide high added value through our technological capabilities. Due to changes in the external environment, there is a significant discrepancy between the investment plan set out in the MTP 2025 and actual results. However, we are steadily investing in high value-added products as part of our “growth from core business,” contributing to improved

operating profit.

As for new business investment as a “new growth path,” some businesses are already seeing results or are expected to generate a certain sales volume. We plan to develop these businesses into future profit drivers. In FY2025, we will make a capital investment in refining facilities for Silk-Elastin, which we hope will become a pillar of our business in the future.

Capital investment

In addition to a focus on new businesses and high value-added products that will become new revenue sources, another important issue is improving

production efficiency at existing factories and investing in facility upgrades to ensure the safe and stable production of high-quality products. Under a production facility reform project, we will invest in a production system that will lead to consolidation of facilities for labor saving and automation.

Capital policy

Management with a focus on capital costs and the stock price

Our stock price at the end of FY2024 was 3,900 yen, with a PBR of 0.6x, meaning that the PBR remains below 1.0x. To achieve a PBR of 1.0x, we recognize the importance of focusing on capital efficiency such as ROIC and ROE and building a business structure that can steadily generate profits.

We estimate our cost of shareholders’ equity to be around 7% based on multiple indicators, such as values calculated using the CAPM and residual income model and the average value for the chemical sector. From this, we recalculate our weighted average cost of capital (WACC) and review the standard hurdle rate for investment profitability.

Cross-shareholdings

We review individual cross-shareholdings annually and are gradually selling shares that we have determined are no longer meaningful to hold. As of the end of FY2017, when the Corporate Governance Code required disclosure of reduction policies, we held 30 cross-shareholdings (listed shares), which decreased to 10 cross-shareholdings by the end of FY2024.

Dividend policy

One of our key management issues is returning profits to shareholders. We aim to increase dividend levels over the medium to long term, with a target consolidated payout ratio of over 30%, after considering the resource allocation necessary for sustainable growth, including investments in employees, safe facilities, and future growth and reinforcing the corporate base.

Although net profit for FY2024 was only 4.1 billion yen, we prioritized stable dividends and maintained the annual dividend per share at 170 yen, taking into account the cash flow generation that exceeded net profit and our expectation of further profit growth.

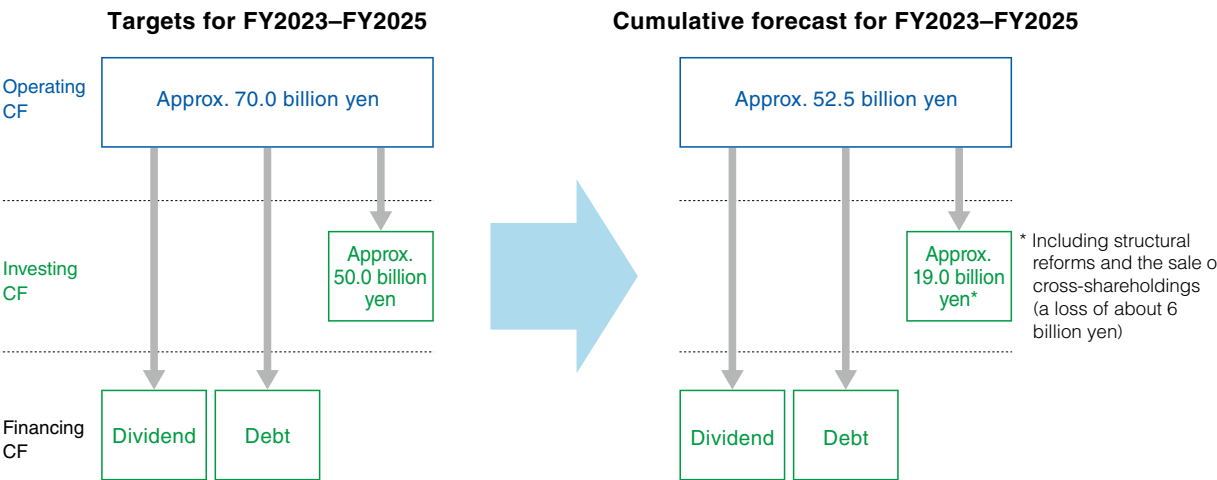
We will consider shareholder return measures, including an appropriate capital structure and share buybacks, in addition to medium- to long-term cash allocation based on our investment plan.

ROIC

The MTP 2025 has set ROIC as a KPI. The actual ROIC for FY2024 was 4.8%, and the initial forecast for FY2025 was only 5.6%. However, due to the recording of tax expenses (gains) following the merger of SDP Global Co., Ltd., which is a temporary factor, we expect ROIC for FY2025 to be 10.9%.

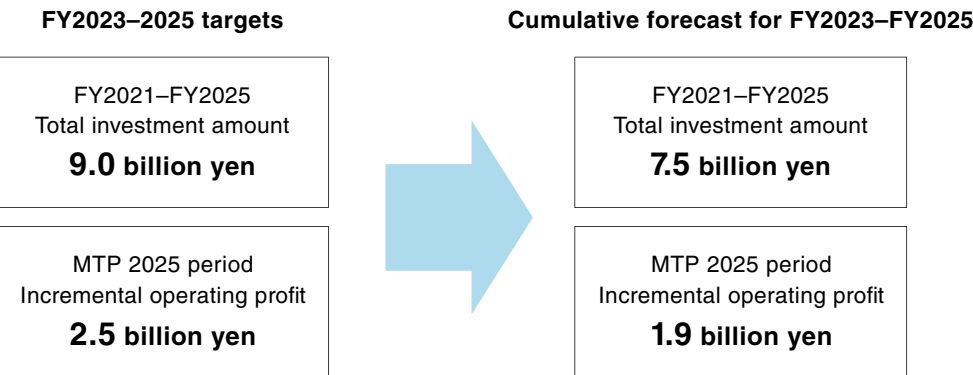
In addition to further deepening our efforts to improve profitability across the supply chain and to reduce inventory and improve the cash conversion cycle by visualizing inventory levels through digital transformation, we will continue to operate our business with a greater awareness of the entire balance sheet, rather than just profit and loss, through new initiatives such as facility consolidation.

Cash flow / Investment policy



Capital investment in high value-added products (planned)

High value-added products: Chemicals for special fibers, chemicals for special electronic parts, lubricating oil additives, permanent antistatic agents, and medical and pharmaceutical products



To all investors

The Sanyo Chemical Group is working to reform its business portfolio and transition to a new business model. We hope to accelerate this transformation through dialogue with our stakeholders. As the Executive officer in charge of finance, I would like to

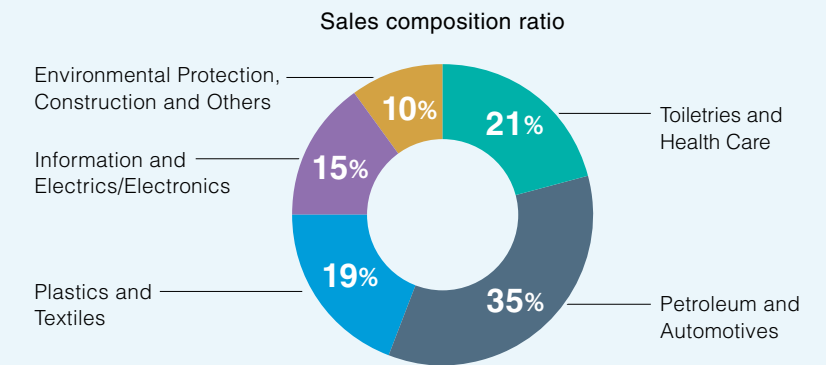
increase opportunities for dialogue with you to explain our sustainable growth scenario and financial policy and to hear your requests and opinions. We greatly appreciate your continued support and guidance.

Business Overview by Segment

Net sales for FY2024 were 142.2 billion yen (down 10.8% year on year) due to the withdrawal from the superabsorbent polymer business (“SAP business”). In terms of profits, operating profit was 8.43 billion yen (up 72.7% year on year) and ordinary profit was 9.67 billion yen (up 18.1% year on year) mainly due to strong performance in the advanced semiconductor field, expanded sales of high-value-added products, and improved profitability through structural reforms. Profit attributable to owners of parent was 4.15 billion yen due to the recording of a loss on valuation of investments in capital and business structural reform costs (a loss of 8.5 billion yen in FY2023 due to the recording of business structural reform costs of 12.05 billion yen). Losses related to the above business structural reforms, which were projected to total 20 billion yen over multiple fiscal years from the previous consolidated fiscal year, were about 12 billion yen in the previous consolidated fiscal year, and about 1.2 billion yen in the current consolidated fiscal year, including the impairment loss on San-Dia Polymers (Nantong) Co., Ltd.

Net sales:
142.2 billion yen

Operating profit:
8.4 billion yen



Overview of segments for the current fiscal year



Toiletries and Health Care

In the Toiletries segment, sales were strong due to a recovery in the domestic and global markets for polyethylene glycol. In the Health Care segment, sales fell significantly following the withdrawal from the SAP business. Total net sales in this segment were 30.68 billion yen (down 33.2% year on year), and operating profit was 0.176 billion yen (an operating loss of 1.421 billion yen in FY2023).



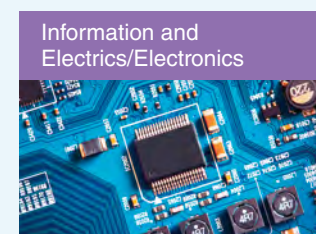
Petroleum and Automotives

In the Petroleum segment, sales remained steady due to a recovery in demand for lubricating oil additives. In the Automotives segment, sales were sluggish due to flat automobile production figures, a decline in sales of polyurethane foams used in domestic automobile seats due to the influx of low-cost overseas products, and a decrease in sales of thermoplastic polyurethane beads for the interior parts of automobiles for overseas markets. Total net sales in this segment were 49.232 billion yen (down 2.5% year on year), and operating profit was 3.979 billion yen (up 41.2% year on year).



Plastics and Textiles

In the Plastics segment, sales increased due to a recovery in demand for permanent antistatic agents, and sales of paint coating agents and additives also remained strong, resulting in strong sales. In the Textiles segment, sales of spin finish oil used in the manufacturing of tire cord yarns increased significantly due to a recovery in demand in China, and sales of chemicals for carbon fibers used in wind turbines for wind power generation also recovered. However, sales of chemicals for synthetic leather remained sluggish, resulting in flat sales. Total net sales in this segment were 26.839 billion yen (up 6.4% year on year), and operating profit was 2.867 billion yen (up 21.1% year on year).



Information and Electrics/Electronics

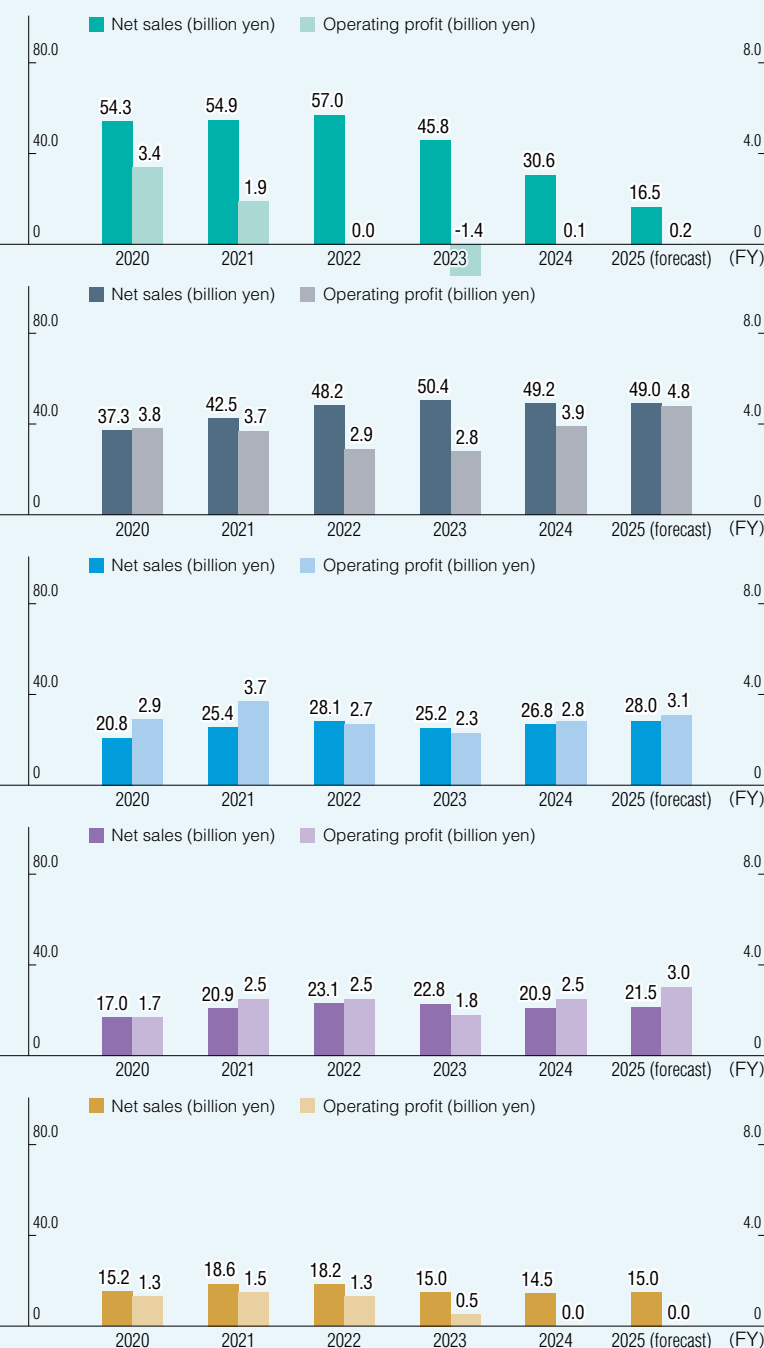
In the Information segment, while demand for toner resins was on the rise, sales of polymerization toner materials were sluggish due to the withdrawal of production business in China, resulting in a significant decline in sales. In the Electrics/Electronics segment, although sales of electrolytes for aluminum electrolytic capacitors were sluggish due to the delayed recovery of the EV market, sales of cutting-edge semiconductor-related materials increased due to the solid performance of the market, resulting in an increase in net sales. Total net sales in this segment were 20.911 billion yen (down 8.6% year on year), and operating profit was 2.532 billion yen (up 38.3% year on year).



Environmental Protection, Construction and Others

In the Environmental Protection segment, sales were weak due to sluggish domestic market conditions for cationic monomers used in polymer flocculants. In the Construction segment, although sales of cement chemicals were low due to sluggish demand, there was a recovery in sales of raw materials for polyurethane foams used in furniture and heat insulating materials, resulting in flat sales. Total net sales in this segment were 14.594 billion yen (down 2.9% year on year), and operating profit was 0.004 billion yen (down 99.2% year on year).

Net sales / Operating profit by segment



Main products

High value-added products: Raw materials for pharmaceuticals

Basic products: Surfactants for detergents, surfactants for hair care products, agents for papermaking, germicides/disinfectants, surgical hemostatic agents, clinical diagnostic reagents for enzyme immunoassay (EIA), potting resins for artificial kidneys

High value-added products: Lubricating oil additives

Basic products: Thermoplastic polyurethane beads for the interior parts of automobiles (TUBs), raw materials for polyurethane foams (PPG), additives for fuel oil, water-soluble cutting fluid, halogen-free cleaning agents, base materials for synthetic lubricants, paste resins for design models, resins for automobile paints

High value-added products: Permanent antistatic agents, chemicals for carbon fibers

Basic products: Pigment dispersants, resin modifiers, paint resins, defoaming agents, base materials for polyurethane elastomers, chemical board for models, agents for textile manufacturing, agents for fiberglass, polyurethane resins for artificial and synthetic leather

High value-added products: Electrolytes for aluminum electrolytic capacitors

Base products: Polymerization toner materials, toner resins, adhesives for electronic materials, chemicals for use in electronic parts manufacturing, UV/EB curing resins

Basic products: Polymer flocculants for wastewater treatment, cationic monomers, PPG for furniture and heat insulating materials, slurry agents, reactive hot-melt adhesives, raw materials for building sealants, cement chemicals

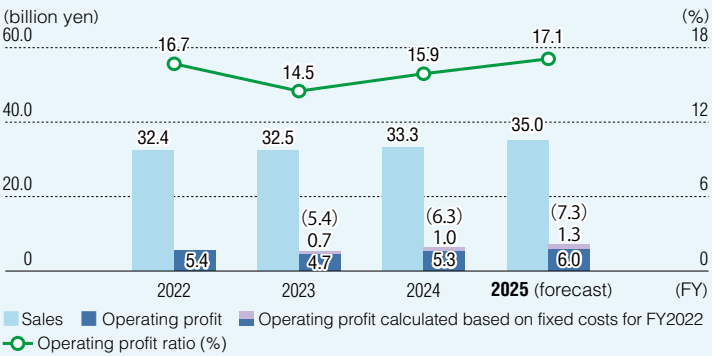
(Note) Operating profit for each reportable segment is calculated without including R&D expenses related to new businesses that do not belong to each segment.

Overview of High Value-added Products

Positioning chemicals for special fibers, chemicals for special electronic parts, lubricating oil additives, permanent antistatic agents, and medical and pharmaceutical products, which contribute to carbon neutrality and improved QOL, as high value-added products, we actively conduct capital investment and work to expand sales. Due to the worse-than-expected deterioration of the business environment, it has become difficult to achieve the operating profit target of 7.9 billion yen for FY2025 for high value-added products set out in the MTP 2025. However, with steadily increasing profits, we will actively expand sales in Japan and abroad while creating new high value-added products.

Our approach to reducing CO₂ emissions through products contributing to carbon neutrality and the sales ratio of eco-friendly products and QOL-related products are posted on our sustainability website.

Operating profit / operating profit ratio for high value-added products



High value-added products	(billion yen)
Incremental target during the MTP 2025 period (Compared to FY2022)	+2.50
FY2022 results vs. FY2025 forecast	+1.94
Difference from the target in the MTP 2025	-0.56

Overview of FY2024 and market forecast

In FY2024, demand for our chemicals for carbon fibers was temporarily sluggish due to factors such as the aggressive expansion of emerging Chinese carbon fiber manufacturers, resulting in performance below expectations despite a recovery compared to FY2023. The overall carbon fiber market is seeing growing demand for windmill blades and aircraft as well as expanded applications for tanks for hydrogen, which is expected to be the next generation energy source, and continued market growth is expected.

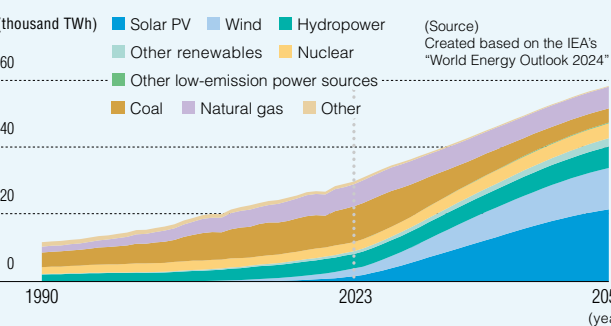
In FY2024, sales of electrolytes for aluminum electrolytic capacitors were weak due to the sluggish EV market despite increased demand caused by the rapid expansion of the AI-related market. Meanwhile, the overall capacitor market is expected to grow, driven by the increasing sophistication of electronic devices, in addition to an increase in automotive electrical parts, such as driving assistance system circuits, due to the electrification of automobiles, including EVs.

In FY2024, although the automobile industry was affected by certification issues, sales of our lubricating oil additives remained steady due to increased demand. The automobile market is expected to see gradual progress in electrification to reduce CO₂ emissions, with gasoline vehicles being replaced by EVs and PHVs. As for lubricating oil additives, demand is expected to remain strong due to the growing need for fuel efficiency and new applications such as for EV drive engines.

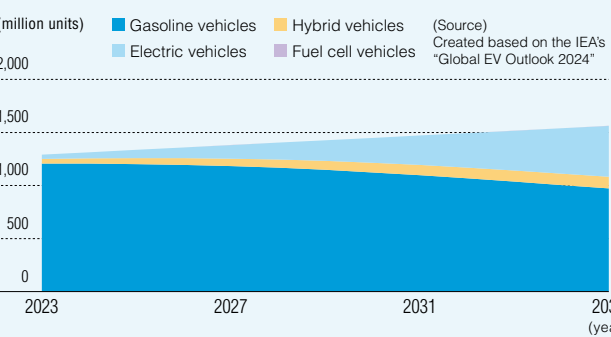
Sales of permanent antistatic agents in FY2024 were strong due to a recovery in demand related to semiconductors and electronic parts. The semiconductor market is expected to grow due to increased investment in data centers in line with the development of AI, as well as rising demand for semiconductors due to an increase in AI-equipped devices.

In FY2024, medical and pharmaceutical products performed well mainly due to increased demand for colonoscopy applications. The aging of the global population is expected to continue, and the market for medical and pharmaceutical products that support the extension of healthy life expectancy is expected to expand further.

Future forecast of power sources



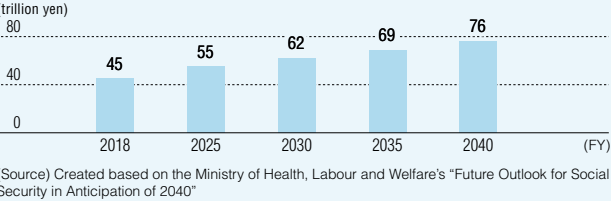
Future forecast for automobiles by engine type



Semiconductor market forecast



Medical expenses growth forecast



Products contributing to carbon neutrality

Chemicals for special fibers

Chemicals for special electronic parts

Lubricating oil additives

Products contributing to improved QOL

Permanent antistatic agents

Medical and pharmaceutical products

Message from the Executive officer in Charge of R&D

Working to strengthen our R&D system to accelerate structural reforms and business portfolio reforms

Yuichi Fujii

Senior Managing Executive Officer
in charge of R&D and Business Planning,
and Head of the Research Laboratory



Interface control technology, which constitutes the Group's core technology, has been cultivated through continuous R&D for over a century. Using this as a source of competitiveness, we are accelerating structural and portfolio reforms to achieve sustainable growth and enhance our corporate value while responding to a rapidly changing business environment.

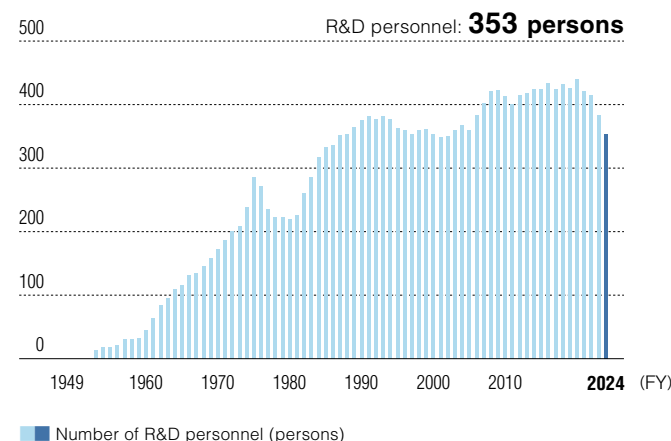
FY2025 is an important year for ensuring a smooth start to our next medium-term management plan, which will begin in FY2026. In April 2025, we reorganized the business division, ensuring that the vision of the R&D Dept. Manager permeates the entire organization and increasing personnel mobility. With the slogan "Get it done in 2025," we will see our decisions through to the end, advance product development that will contribute to the company's growth, and lead to business growth.

We are also promoting portfolio reforms, aiming to improve the quality and number of R&D topics through dialogue with customers and to develop products that meet market needs by improving researchers' skills.

Research activities that support structural reforms are also important. To address the urgent issues of aging facilities and intensifying price competition due to a massive increase in production of basic chemicals in China, we have conducted research to consolidate production facilities, streamline production and raw material procurement through alliances with other companies, optimize production locations, and promote global raw material procurement. Using the technological capabilities cultivated through such research, we provide attentive customer service. We will also work with the Monozukuri Innovation Center to transform our organization into a leaner one.

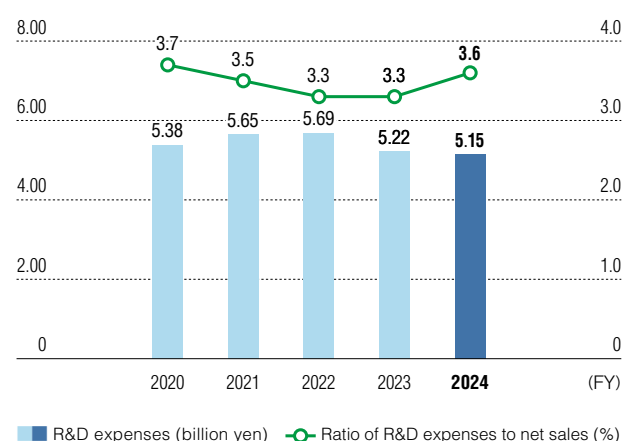
► Changes in the number of R&D personnel

Nearly 20% of our employees are involved in R&D activities.



► R&D expenses / Ratio of R&D expenses to net sales

Nearly 4% of sales are invested in R&D annually.



R&D/Intellectual Property

The Sanyo Chemical Group's strength lies in its various core technologies, including interface control technology, and its development style of translating customer value and needs into functional solutions. We have developed performance chemicals that are used in various fields.

Promptly meeting diverse customer needs with NeeSeeds-Oriented approach

The "NeeSeeds-Oriented approach" is our unique term that describes the approach of combining a technique developed to meet a specific need with another technique to create new seed technology for new products. By taking this approach in a chain reaction manner, we will develop highly original products in new business fields.

In recent explorations of new business ventures in the energy, electronics, and biomedical fields, we have placed special focus on this approach on open-innovation and alliances with other companies.

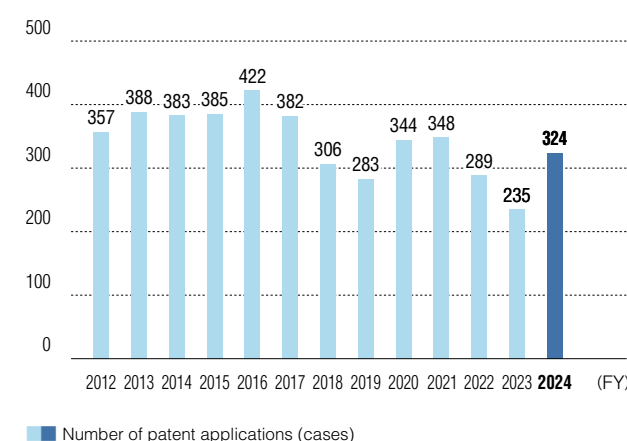
Measures to foster motivation

We have various measures to keep individual researchers highly motivated and active, such as the challenge system, the commendation system, and opportunities for technology fusion and human resource development. Researchers can take on appropriate challenges at any time and gain successful experience with support from others.

Commendation system established for each phase of R&D

The commendation system for R&D sets up awards for each development phase. They include the Inventor of The Year Award (best invention), which is granted to a patent application selected at the research stage, and the Best R&D Award, which evaluates the quality of R&D at the development stage. After commercialization, there are the Future Product Commercialization Award, which recognizes

► Number of patent applications



the results of commercializing new products, and the Best RU Award, which recognizes the improvement in profitability of a product.

This system enables us to properly evaluate the efforts and results at each R&D stage, thereby increasing the motivation of engineers and researchers and promoting continuous innovation.

Using intellectual property information in R&D

In terms of intellectual property activities, we have developed highly unique products and ensured their reliability by patenting developed technologies, building a patent network to increase the technological advantage and improve profitability, and avoiding infringement of other companies intellectual property rights.

We also conduct an overall analysis of intellectual property and market information, and formulate and implement a business strategy based on the IP landscape.* As an example, we combine the NeeSeeds-Oriented approach, which is the hallmark of our Group's R&D, with the IP landscape to verify the advantages of our proprietary technologies in both existing and new fields. This allows us to explore new applications that can use the strengths of our technologies, increases the reliability of our R&D and accelerates development. We analyze other companies' patent information to understand their areas of focus, areas of expertise, and technological challenges and explore the possibility of matching these with our own technologies, leading to proposals for creating new businesses.

Through the IP Landscape, we encourage the Techno Research Dept., with its expertise in intellectual property, to collaborate with the sales section as well as the R&D section. We share the information obtained by combining the technical issues and needs of customers with intellectual property information to promote interdepartmental dialogue, thus aiming to make our business even more unique and profitable.

* IP landscape: A coined term derived from "intellectual property" and "landscape"

Patent education system for each level

In FY2024, we conducted patent education at each employee level, aiming to improve their intellectual property literacy and mindset and strengthen their practical skills. As a result of implementing gradual training for researchers, from those with little experience to those in charge of practical work, setting application targets, and engaging in intellectual property activities, the number of applications filed in FY2024 reached 324, putting a stop to the downward trend.

Message from the Executive officer in Charge of Sustainability

Aiming to create sustainable value by strengthening our business foundation and resolving social issues

Hiroyuki Susaki

Director, Managing Executive Officer
in charge of Sustainability and
Corporate Strategy



To achieve sustainable growth into the future, the Sanyo Chemical Group is reforming its business portfolio, shifting to two areas: contributing to carbon neutrality and improved QOL. Believing that reinforcement of the corporate base is essential to achieving this business strategy, we are working on a variety of measures, with “Initiatives to support growth” and “Solutions to social issues” as basic policies of the MTP 2025.

In FY2022, the Group established the Basic Sustainability Policy, outlining its management stance of “aiming to achieve sustainable growth into the future by improving both economic and social value while collaborating with our stakeholders,” and is committed to sustainability management.

In FY2025, to increase the effectiveness of our initiatives, we integrated the CSR Promotion Management Committee into the Sustainable Management Committee. This new Sustainable Management Committee will examine the process for creating social and economic value with stakeholders and will further accelerate its efforts to make our existing decision-making mechanism and personnel system more transparent and contribute to improving employee engagement.

To comprehensively and exhaustively understand the Group’s risks and respond appropriately to company-wide risks, we have established a Risk Management Committee by integrating the former Internal Control Committee, Compliance Committee, and Export Administration Committee. In cooperation with the Internal Audit Office, which reports directly to the President, we will implement company-wide risk management and respond to the rapidly changing business environment surrounding the Group.

Strengthening our business foundation: “Initiatives to support growth”

The most important aspect of reinforcing the corporate

base is our human capital initiatives to develop human resources and improve the work environment. We are taking all possible measures, such as expanding our training programs to ensure that each employee is profit-conscious and contributes to value creation, promoting health and productivity management as well as safe and stable operations, and ensuring diversity, including diverse work styles. Since human resource development and corporate culture reform take time, we are still only halfway there, but these efforts will provide a strong foundation for supporting the sustainable growth of our business in the medium to long term.

Growing with society through “Solutions to social issues”

The Group is determined to grow with society by contributing to a sustainable society and has identified six material issues. The MTP 2025 focuses on two of these: “a decarbonized society” and “respect for human rights.” We are making steady progress from a medium- to long-term perspective to extend our reach across the entire Group and our global supply chain.

Although the Integrated Report 2025 has simplified the ESG section due to space constraints, we have separately published a sustainability website and sustainability report, aiming to provide comprehensive disclosure. We encourage stakeholders to review both of these and provide comments.

Respect for Human Rights

The Sanyo Chemical Group recognizes the potential for its business activities to have a negative impact on human rights and believes it is important to address human rights issues across stakeholders and the supply chain.

Human rights policy

Since we formulated our Human Rights Policy in March 2023, we have established a system, provided education and training, and conducted due diligence regarding human rights.

Sanyo Chemical Group Human Rights Policy

1. Basic attitude
2. Scope of application
3. Responsibility to respect human rights
4. Compliance with applicable laws and regulations
5. Human rights due diligence
6. Identification of human rights risks
7. Prevention and mitigation measures
8. Corrective and remedial measures
9. Education
10. Information disclosure/engagement

WEB Full version of the Human Rights Policy >

Addressing human rights issues in the supply chain

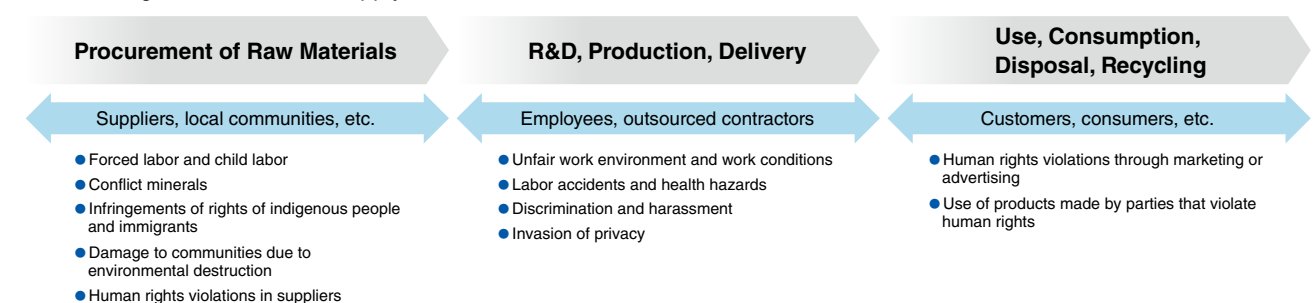
Supplier survey

Since FY2022, we have conducted a questionnaire survey of oil and fat raw material suppliers based on the Global Compact Network Japan’s CSR Procurement Self-Assessment Tool to understand human rights issues.

	Survey targets	Percentage of suppliers from which responses were obtained* [percentage of their purchase amount (%)]
FY2022	Key raw material suppliers	56%
FY2023	Suppliers and distributors of oil and fat raw materials, the main raw materials for surfactant products	9%
FY2024	Suppliers of key and mineral-based raw materials	74%

* Cumulative total from FY2022: 81%

Human rights issues in the supply chain



WEB Respect for Human Rights >

In FY2024, we conducted a survey of our suppliers of key and mineral-based raw materials.

Through the survey conducted based on these guidelines in FY2024 and the feedback we received, we promoted understanding of respect for human rights across the supply chain. We plan to complete the survey of almost all business partners by the end of FY2026.

WEB Sustainable Procurement Guidelines >

Harassment whistleblowing/consultation services

To make it easier for employees to seek advice regarding harassment and LGBTQ-related issues, we have set up consultation desks both inside and outside the company, separate from the whistleblowing contact points. We investigated the facts with the utmost care to ensure that whistleblowers would not be disadvantaged. When a problem was identified, we provided guidance and education/training to the persons involved.

Harassment whistleblowing/consultation services

● Compliance hotline

Senior Manager Internal Audit Office (internal) /
Corporate lawyer (external)

● Harassment consultation desks

Personnel Dept. (internal) / Outside specialists
(external)

Climate Change (response to TCFD recommendations)

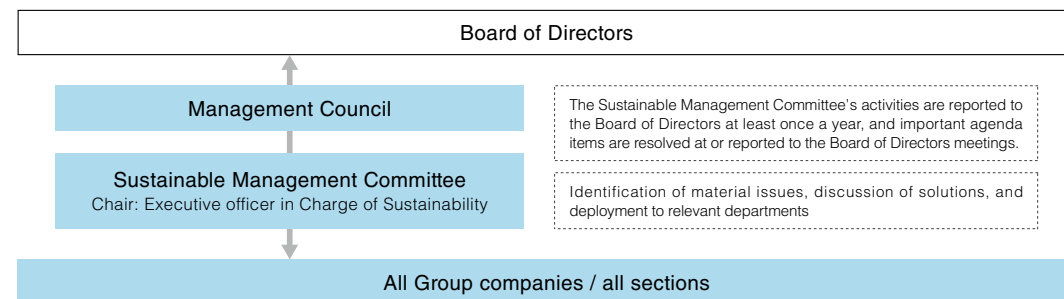
In December 2021, the Sanyo Chemical Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will disclose information in accordance with the TCFD's four recommended disclosure items: governance, strategy, risk management, and metrics and targets. We will also evaluate the impact of risks and opportunities on financial indicators based on timeframe and reflect this in our corporate strategy. Since FY2017, the Group has steadily reduced its CO₂ emissions based on government policy. Our Sustainability Action Plan targets a 50% reduction in CO₂ emissions by 2030 (compared to FY2013) and carbon neutrality by 2050, and we are actively working toward this goal across the Group. By fulfilling our responsibility as a chemical manufacturer to develop products that contribute to reducing CO₂ emissions not only within the Group but across the supply chain, we also contribute to realizing a sustainable society while enhancing our corporate value.

Governance

Climate change governance is embedded in sustainability governance. In FY2024, the Sustainable

Management Committee met three times and reported on climate change initiatives twice.

► System and roles to promote response to TCFD recommendations



Strategy

In formulating its climate change strategy, the Group conducts scenario analysis in line with the TCFD recommendations. In addition to the 1.5°C scenario, which realizes a transition to a decarbonized society, we have selected the 4°C scenario, which prioritizes global economic growth.

Scenario concept

1.5°C scenario A decarbonization transition scenario that limits the rise in global average temperature to 1.5°C and curbs climate change

(Reference) International Energy Agency's long-term outlook: "Net Zero Emissions by 2050"

4°C scenario An economic growth scenario in which the global average temperature rises by 4°C and climate change progresses

(Reference) Intergovernmental Panel on Climate Change's Sixth Assessment Report (IPCC AR6) "SSP5-8.5"

World anticipated in the 1.5°C scenario	Top priority placed on the realization of a decarbonized society, and implementation of an ambitious climate change policy <ul style="list-style-type: none"> Significant increase in the carbon tax rate Ban on sales of internal combustion engines (ICE), shift to electric vehicles (EV) Decarbonization of energy and raw materials Mainstreaming of renewable energy Chemical production from recycled materials, biomass, and CO₂-derived raw materials Increasingly severe natural disasters
World anticipated in the 4°C scenario	Top priority placed on fossil fuel-dependent economic growth with no additional climate change measures <ul style="list-style-type: none"> Increasing demand for fossil energy and raw materials Active free trade and international investment Increasingly serious natural disasters due to abnormal weather

Risk management

We are considering the Group's response measures from various perspectives to the impact of climate change on risks and opportunities based on the scenarios. Since conducting scenario analysis in FY2022, we have continued to refine it, and in FY2024, we conducted a quantitative analysis to select risks

and opportunities and assess their impact by taking into account the timeframe. We have listed the risks and opportunities common to all businesses as well as those specific to each business. The timeframe refers to the timing of the risks and opportunities and when they have an impact and is classified as long-term, medium-term, and short-term. The impact assessment classifies the financial impact as high, intermediate, or low.

► Measures to address climate change-related risks and opportunities common to all businesses

Classification	Scenario	Climate change classification	Impact of climate change	Timeframe	Impact assessment	Countermeasure
Risk	Policy regulation	Carbon tax hike	Increase in energy procurement costs	Medium-to long-term	High	● Introduction of cogeneration and solar power generation
		Energy-saving and low-carbon regulations	Obligation to use recycled materials	Medium-to long-term	Intermediate	● Product development using recycled raw materials
		Policy	Loss of market share due to regulatory changes in export regions	Medium-term	High	● Early regulatory response in cooperation with external organizations
			Relocation or withdrawal of production bases due to changes in national policy	Short-term	High	● Review of production bases
	1.5°C	Technology	Environmental contribution	Medium-to long-term	High	● Product development using recycled materials
	Market	Market changes	Fragmentation of energy and raw material markets due to policy divergences among countries	Medium-to long-term	High	● Risk assessment of market trends, related business diversification
		Changes in consumer behavior	Changes in demand for low-carbon products	Long-term	Small	● Active communication with customers
	Reputation	Industry criticism	Capital withdrawal and loss of business due to disregard for environmental issues	Short-, medium-, and long-term	High	● Formulation of a management policy with a focus on eco-friendliness
		Litigations	Environmental degradation caused by fossil fuels	Long-term	High	● Use of biomass raw materials and clean energy
	4°C	Acute	Natural disasters (typhoons, heavy rain, etc.)	Short-, medium-, and long-term	High	● Establishment of a BCP system (storm water measures, disaster prevention measures for buildings and facilities, multiple procurement of raw materials)
Opportunity	Policy regulation	Energy-saving and low-carbon regulations	Increased investment costs for energy-saving equipment	Long-term	High	● Improvement of production processes, consolidation of production facilities
		Technology	Environmental contribution	Medium-term	Intermediate	● Product development using upcycled materials
		Market	Market changes	Long-term	Small	● Product development in collaboration with users
		Industry criticism	Rising environmental awareness in the B-to-C market	Short-term	Small	● Improved image by highlighting SDG initiatives ● Improved image by using RSP0-certified ingredients
	Reputation	Litigations	Requirement for transparent disclosure of environmental information	Medium- to long-term	Small	● Acquisition of credibility through appropriate disclosure of environmental information and use of external evaluation agencies
		Acute	Natural disasters (typhoons, heavy rain, etc.)	Short-, medium-, and long-term	Small	● Expansion of disaster prevention, environmental hygiene, and disaster recovery-related products
	4°C	Chronic	Natural disasters (droughts, rising temperatures, etc.)	Short-, medium-, and long-term	Small	● Expansion of comprehensive lifestyle-related products

(Note) The timeframe is classified as long-term, medium-term, or short-term based on the time until the risks and opportunities become apparent, taking into account the characteristics of the Group's business.

(Note) The impact assessment is based on the estimated monetary value, and is classified as high, intermediate, or low depending on the magnitude of the impact.

(Note) A list of risks and opportunities specific to each business is available at the following web link.

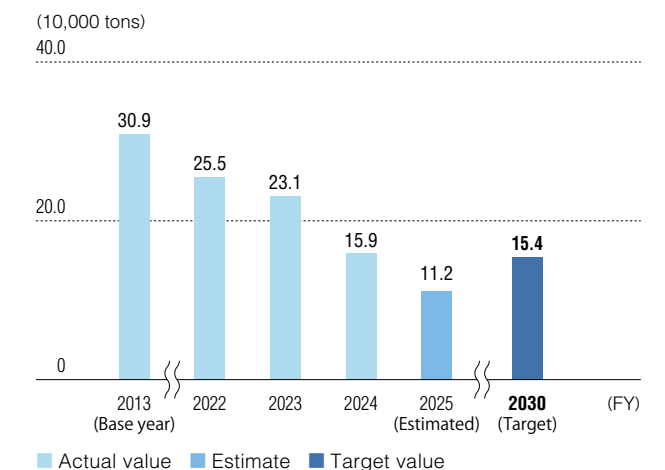
Metrics and targets

As part of our efforts to resolve environmental issues, we have set various metrics and targets in the MTP 2025. One is a metric for reducing greenhouse gas emissions (Scope 1 and 2*). In addition to introducing cogeneration and solar power generation, we will promote the introduction of CCU*2 and green hydrogen. The other is a metric for expanding the number of products contributing to carbon neutrality.

*1 Scope 1: Direct emissions from fuel combustion by businesses themselves
Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies

*2 CCU: Carbon dioxide Capture and Utilization

► CO₂ emissions results and targets (Scope 1, Scope 2)



Message from the General Manager of the Personnel Division

**Creating a sustainable organization
resilient to change
by realizing a work environment
where human rights are respected and
diverse people can thrive**

Naoki Takase

General Manager, Personnel Division



Under its HR Philosophy, “Respect diversity and collaboration,” the Sanyo Chemical Group operates an HR system based on its HR policy, “Creating an environment in which individual abilities can be maximized.”

While accurately grasping changes in the business environment and flexibly incorporating the voices of on-site staff, we will hold discussions at the Sustainable Management Committee, etc., to create a better organization.

Promoting WakuWaku management

Upholding “people-oriented management,” the Group has established a system that allows everyone to take on challenges independently, aiming to be a company where each employee can grow with the company and feel job satisfaction and happiness. We promote “WakuWaku management,” which further deepens “people-oriented management,” to put the spotlight on each individual, build a strong framework for One Team with a focus on profits, inspire WakuWaku feeling from all stakeholders, and realize a sustainable organization resilient to change.

Since FY2024, we have operated an organizational evaluation system aimed at maximizing organizational performance, and since FY2025, we have introduced an internal job posting system to help employees realize their own career visions. This will foster career ownership among employees, and by bringing in talent with new knowledge and experience into the organization, we expect to promote innovation and strengthen organizational capabilities. We will enhance this system as one of the pillars of our HR policy to accelerate WakuWaku management.

HR development and strategy

The Group actively promotes DEI, and an attitude of embracing diversity and a compliance mindset are becoming ingrained in our corporate culture.

We will further focus on maximizing the potential of our diverse workforce and improving the vitality of the entire organization. Specifically, we will focus resources on visualizing HR information and expanding programs that improve strategic planning and proposal capabilities. We will promote company-wide initiatives and regularly evaluate and review their progress to refine our systems and steadily support our organization’s growth and each employee’s success.

HR Development

In its HR development policy, the Group has set goals to ensure that “everyone can play an active role” and to “develop an environment where leaders (successors) can grow naturally.” We hope that these efforts will foster job satisfaction and pride in each employee.

Goals

▶ Creating a system in which everyone can play an active role

Measure	Target value / Vision	Achievement time (FY)
Ensuring that every employee can play an active role To provide an environment in which all employees can play an active role regardless of their course, we unify the grade system from the current generalist and specialist positions to an associate position.	Unification of courses	2023
Supporting proactive challenges and independent learning <ul style="list-style-type: none"> ● We improve existing systems, such as the “Internal multiple work system,” which allows employees to take on their own challenges, “Awards from General Managers to encourage challenges,” “Commendations from the president,” “JET (Job Exchange Training),” and “Training retreats,” to make them more accessible based on employees’ views. ● We provide career development training to help employees understand their strengths and weaknesses, increase their value, and continue to grow, establishing an internal system that helps them realize their career aspirations. ● By actively implementing rotations within and between divisions (functions), we provide opportunities for employees to acquire diverse and wide-ranging knowledge and experience. We also conduct aptitude tests for all employees and prepare personnel data to enable rotation based on an individual’s characteristics (putting the right person in the right position). ● To develop human resources who can work globally, we continue to provide the “Study abroad system,” “Overseas training,” and “Language training.” 	A state full of human resources with a spirit of challenge and a strong desire to grow	2027
Organizational evaluation system To maximize organizational performance, we have operated a system to evaluate organizations at the department level or above since FY2024. We will create a state in which each organization sets its goal toward its vision (WakuWaku vision), with every member taking action toward the goal.	Achievement rate of organizational goals: 80% or more	2025

▶ Development of an environment in which leaders (successors) grow naturally

Measure	Target value / Vision		Achievement time (FY)
	FY2023 results	FY2024 results	
Organizational evaluation system <ul style="list-style-type: none"> ● Hold regular HR development meetings to select future leadership candidates and discuss a leadership development plan, thereby identifying missing leadership requirements ● Provide selective training to leadership candidates, enabling them to view the company from a management perspective and acquire the skills to formulate strategies ● Implement rotations to fill leadership requirements ● Provide career training in order to identify young employees who envision their career paths and want to take on the challenge of becoming a leader 	Leadership candidates for each position filled → 8-month selective training conducted (Target: 12 people)	Of 12 employees who participated in the first batch of selective training in FY2023, 11 have been promoted, advanced, or transferred to other positions. Participants have been selected for the second phase of training in FY2025.	2027

Initiatives in FY2024

We enhance our training content for skill improvement and career development. In FY2024, we established five new legal courses based on employee feedback and established the R&D Academy, where

employees can learn about Sanyo Chemical’s unique methodology in R&D and acquire the skills necessary as researchers.

Diversity, Equity & Inclusion (DEI)

The Sanyo Chemical Group aims to be a corporate group where all employees can work comfortably while valuing their individuality. To realize a comfortable work environment where diverse values are respected and all employees feel accepted, we believe it is important to promote initiatives that address the diverse needs of employees from the perspective of equity rather than equality.

Targets and Results

Measure	Contents and items	Target value (deadline)	FY2024 results
Overall DEI promotion	Confirmation of various initiatives	D&I AWARD 2024 (highest rank certification)	Certified in FY2024
Empowerment of women	(1) Female manager ratio (2) Female director ratio (3) Ratio of male childcare leave takers	(1) 6% or more (FYE2025) (2) 30% or more (FYE2030) (3) 100% (FYE2025)	(1) 5.0%* ¹ (2) 25.0%* ¹ (3) 92.5%* ²
LGBTQ	Raise awareness internally and externally	PRIDE Index 2024 (Gold certification)	Certified in FY2024 (6th consecutive year)
People with disabilities	Employment rate	2.7% (FY2026)	2.41%* ³
Employees with foreign nationality	Number of employees with foreign nationality	Hire at least two people each year	3 people

*1 As of March 31, 2025
*2 Calculated based on the provisions of the Law for the Promotion of Women’s Activities
*3 As of June 1, 2025

Promotion of women’s empowerment

▶ Number of employees on childcare leave (as of March 31)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Male (persons)	40	47	55	61	37
Female (persons)	17	11	17	10	17
Employee return rate from childcare leave (%)	100	100	100	98.8	100
Retention rate (%)	100	100	100	92.6	96.3

(Note) Including employees seconded to our Group companies
Employee return rate from childcare leave = Number of employees returning to work / Number of employees planning to return to work x 100
Retention rate = Number of employees who returned to work in the previous fiscal year and were still enrolled as of March 31 of the current fiscal year / Number of employees who returned to work in the previous fiscal year x 100

▶ Employees on short working hours for childcare (as of March 31)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Male (persons)	0	0	0	0	1
Female (persons)	12	4	6	7	5

(Note) Including employees seconded to our Group companies

Work Style Reform

We promote work style reform from three perspectives: flexible work styles, business reforms, and the use of IT and AI. By improving operational efficiency and offering diverse working styles, we aim to achieve an improved work-life balance for each employee and create a work environment where employees can achieve results while feeling pride and job satisfaction.

Promotion of work-life balance

Based on the concept of “work hard, rest well,” we will promote an ideal work-life balance through flexible work styles. In addition to weekly no-overtime days as well as refreshment leave and memorial leave systems, we have the following systems in place. In FY2024, one employee made use of the flexible leave system.

Business innovation

We aim to improve the quality and speed of decision-making by leveraging our proprietary generative AI optimized for our Group’s operations and knowledge, our company-wide data infrastructure “SanyoDataHub” (“SDH”) that integrates internal data, and our proprietary MI (Materials Informatics) for R&D. We will also promote operational efficiency through secure collaboration between generative AI and SDH and reduce the manual work of adjusting production plans with our inventory optimization tool “ZAICO,” thereby leveling the workload.

▶ Systems to promote work-life balance

System	Contents
Telecommuting system	A telecommuting system for full-time employees (contract and temporary employees may apply at the discretion of their department head) with no restrictions on the reason or number of days of use
Annual paid vacation accumulation system (Expired paid vacation reserve system)	The number of days accumulated is five days/year (up to 40 days). Vacation leave can be taken on a full-day, half-day, or hourly basis.
Super flextime system	A flextime system with no core hours that allows employees to voluntarily and systematically set their working hours
Hourly paid holiday system	A system of taking time off work in one-hour increments
Flexible leave system	A system that allows employees to take personal leave for up to two years, regardless of the reason
Work and childcare balance support system	Childcare leave can be taken until the child turns one year old (up to three years if there is a reason. Both men and women are paid for a total of 28 days from the start of the leave). It also supports men taking childcare leave, allows reduced, short-time, and staggered working hours for childcare, and provides subsidies for babysitting and childcare fees for sick children.
Nursing care support system	A total of 365 days of nursing care leave can be taken (the legal limit is 93 days), and working hours can be reduced by two hours a day for nursing care (as required by law).
Internal multiple role system	A system that allows employees to take on their own challenges in parallel with their existing work

Employee engagement

We provide opportunities for in-depth dialogue with executives and people in various positions in the organization to create an environment where employees

feel job satisfaction and pride and have a strong desire to contribute to the company while voluntarily demonstrating their abilities.

Dialogue with executives	The Dojo is a program in which an executive acts as the dojo owner, recruiting descendants (employees) and holding monthly meetings for six months to one year. Each Dojo has 6 to 8 participants (descendants), and dialogue topics (what the dojo owner wants to convey to employees) are left to his or her discretion. In FY2024, 12 Dojos were opened. This program is expected to continue in the future. Moreover, monthly all-hands morning meetings, in which executives give talks to all employees, continue to be held.
Training retreats	A program in which business divisions or departments (10 to 30 people) discuss their organization’s dreams and challenges over one to two days
Salon	A program in which managers and above act as Salon leaders, holding discussions with several employees about R&D, management, and other topics
Roundtable discussion	A place where opinions can be freely exchanged regardless of rank with the purpose of improving the quality of relationships between generations, thereby reducing the psychological distance between them

Health and Productivity Management

The Sanyo Chemical Group believes that each employee working in good mental and physical health will create happiness for themselves and their families, and contribute to the development of the company.

Targets and results

We promote health and productivity management, believing that it is a key management issue for the company to be actively involved in the maintenance and promotion of employee health, rather than leaving it to individual management. We have created the Health and Productivity Management Strategy Map Initiative to quantitatively show health and productivity

management initiatives and results and to implement the PDCA cycle of activities.

In addition to setting action goals for the five initiatives, we also implement measures for physical and mental health and health investment measures that will improve productivity and job satisfaction, ultimately aiming to resolve management issues.

Action goals for the five initiatives

Initiative	Item	2022	2023	2024	2025 (Target value)
Exercise	To have an exercise routine at least once a week	50%	52%	52%	70% or more
Sleep	To be well rested with sleep	63%	61%	59%	80% or more
Diet	To have a balanced diet	75%	79%	82%	90% or more
Drinking	To have two or more alcohol-free days per week	76%	77%	79%	90% or more
Smoking	Not to smoke (Smoking rate reduction)	83%	84%	82%	90% or more

Health-related indicator performance and FY2025 targets*1

		2022	2023	2024	2025 (Target value)
Absenteeism*2	Personal injury/sickness absence rate	1.9%	1.3%	1.6%	1.0% or less
Presenteeism*3	Labor productivity loss rate	36.6%	36.4%	35.8%	30.0% or less
Work engagement*4	Self-motivated behavior and positive feelings toward work (deviation value)	50.1	49.6	49.7	51 or more

*1 Data from health checkups (obesity, liver function, lipids, blood sugar, blood pressure, etc.) are also used as intermediate indicators of action goals.
*2 A condition in which the employee cannot perform duties due to absence from work, leave of absence, or other reasons. Measured by the number of employees on sick leave who are absent for more than one month.
*3 A condition in which the employee is present at work but is not able to work sufficiently due to mental or physical health problems. Measured by the WHO Health and Labor Performance Questionnaire.
*4 A state of mind that is positive and full of accomplishment, vitality, enthusiasm, and immersion in one's work. Measured by a proprietary survey instrument using eight items that correlate well with the Utrecht Work Engagement Scale.

Promotion system

The "Health Promotion Council," which includes senior management, deliberates and decides on policies and initiatives, while the "Health Promotion Teams," which include employees from each region, have been promoting awareness and penetration of health and productivity management among employees and implementing specific measures in their respective regions. The company, the labor union, and the health insurance society work in unison to promote company-wide health initiatives.

Initiatives in FY2024

In conjunction with the ceremony commemorating the 50th anniversary of the founding of the Sanyo Chemical Industries Health Insurance Society, we held a panel discussion entitled "For each employee to seriously consider their own health." In addition to the five themes set out in our action goals, we also held seminars on areas of greatest interest based on employee surveys, distributing them via video. These initiatives related to health and productivity management have been highly evaluated, and we have been certified as a Health and Productivity Management Organization by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for seven consecutive years.

Occupational Safety and Health / Accident Prevention

Sincerely reflecting on a fatal accident that occurred in January 2022, we will give top priority to safety and accident prevention in all of our business activities. We will protect the safety and health of everyone working at our business sites, including subcontractors, and continue to operate with no accidents or injuries.

To improve essential safety

The Accident Response Committee, which was established following the fatal accident in January 2022, investigated the cause of the accident. We also conducted a comprehensive review of the risk of similar accidents occurring at other factories and research laboratories, and took countermeasures. We will continue to invest in safety measures. We are also enhancing essential safety, including improving safety awareness. In December 2022, we established a safety philosophy and a safety policy to ensure the Group's concerted efforts. Having set priority measures in the MTP 2025, we will work steadily to ensure safety.

Fostering a safety-first mindset

The Environment and Safety Dept. of each factory and the Safety Promotion Dept. have been integrated into the Safety Promotion Group of the Environment and Safety Dept. to foster a safety-first mindset by improving safety awareness and deepening and expanding various other measures.

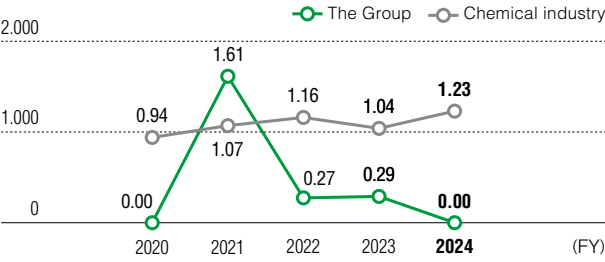
Status of labor accidents

To achieve zero labor accidents, we focus on assessing risks, creating a workplace culture of caring for one another, implementing thorough recurrence prevention measures, and creating a safer workplace environment.

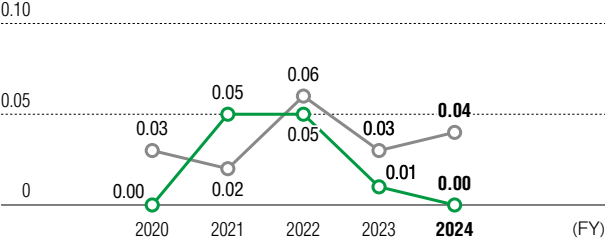
In FY2024, there was one lost-work injury and 5 non-lost-work injuries involving employees as well as one lost-work injury and two non-lost-work injuries involving dispatched workers/subcontractors.

We investigated the true cause of each injury using the 5-Why method,*1 implemented recurrence prevention measures, and rolled out key countermeasures to all Group factories in Japan and abroad.

Occupational accident frequency rate*2



Occupational accident severity rate*3



*1 An analytical method to extract not only the direct cause but also the root cause behind a certain problem by repeating the process of identifying the cause why it occurred and asking the question "Why?" regarding that cause.
*2 Frequency rate = (number of employees suffering lost-work injuries) ÷ (total working hours) × 1,000,000 This value indicates the generation frequency of accident victims (Group company employees) per 1 million hours.
*3 Severity rate = (labor lost days) ÷ (total working hours) × 1,000 This value indicates the severity of accidents per 1,000 working hours.

Initiatives in FY2024

The Group conducts systematic risk assessment of target chemical substances handled at its factories and research laboratories and takes all necessary risk mitigation measures.

While we have traditionally established hardware measures and rules, from FY2024 we have worked to resolve issues in the production section with the help of external experts. To strengthen risk assessment, we are making a long-term effort to develop human resources who can appropriately identify risks and plan mitigation measures, thereby improving safety at production sites.

In FY2024, we conducted training for manufacturing site managers to improve their process risk assessment skills. We will continue to expand the target audience and provide risk assessment training.

Corporate Governance

Based on the Company mission, “Establish a better society through our corporate activities,” the Sanyo Chemical Group will realize sustainable growth toward the future by enhancing both social and economic value in close cooperation with all stakeholders. To this end, we consider the establishment of corporate governance that is trusted by stakeholders to be one of the highest priority management issues.

Corporate governance system

We are a company with an Audit & Supervisory Board. The Company has also introduced the executive officer system, under which executive officers execute business in accordance with the management policy, etc., determined at meetings of the Board of Directors. In this manner, the Company clearly separates the management decision-making and supervisory function from the business execution function.

Directors and the Board of Directors

The term of office of directors is one year. To strengthen the management supervisory functions, four out of the nine company’s directors are outside directors (three of whom are independent directors); moreover, the Chairman of the Board of directors is selected from among the non-executive directors. The Board of Directors holds a meeting, in principle, once a month. It makes decisions on important matters, such as management policy, and supervises the status of business execution by directors and executive officers. In fiscal 2024, 14 meetings of the Board of Directors were held.

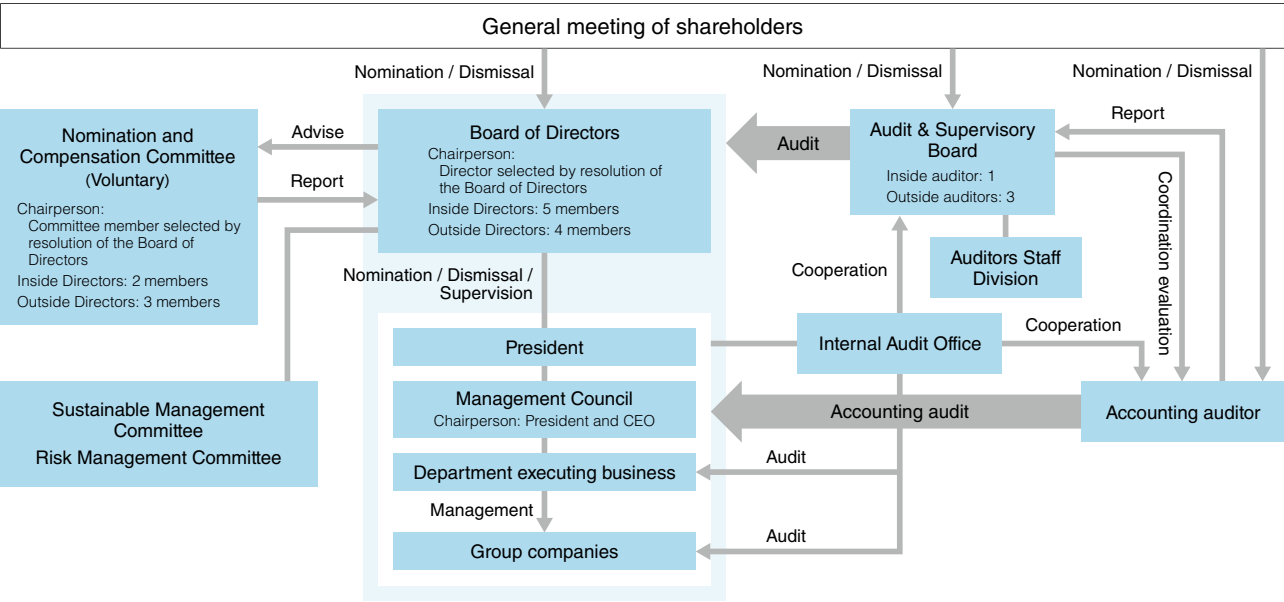
Auditors and the Audit & Supervisory Board

Of four auditors, three are outside auditors. The auditors not only attend Board of Directors’ meetings, Management Council meetings, and other important meetings, but also inspect important approval documents. They thus audit the status of directors’ business execution, capitalizing on the knowledge of inside members who are well versed in the wide range of businesses of the Company, as well as the expertise of outside members with experience relating to financial and accounting affairs or with business management experience. In addition, as an organization under the direct control of the Audit & Supervisory Board, the Company has established the Auditors Staff Division. The Division staff who assist the auditors in their duties are independent of the directors. By establishing this structure, we strive to secure the effectiveness of audits.

Management Council

The Management Council meets once a month, in principle, to make decisions on important matters regarding business execution by executive officers, based on the management policy, etc., determined at meetings of the Board of Directors.

Corporate governance structure



Committees

Nomination and Compensation Committee

Chair: Committee member selected by resolution of the Board of Directors
Frequency of meetings: Eight times (FY2024)
Role: As an advisory body to the Board of Directors, the Committee, the majority of whose members are outside directors, reports to the Board of Directors on the nomination and compensation of directors and makes recommendations on matters related to strengthening the functions of the Board of Directors without consultation from the Board of Directors.

Sustainable Management Committee

Chair: Executive officer in Charge of Sustainability
Frequency of meetings: Three times (FY2024)
Role: As an organization linked to the Management Council, the Committee aims to increase both economic and social value by identifying material issues (materiality) that should be prioritized in the environmental, social, and governance fields, deliberating on company-wide measures to address these issues, and rolling them out to relevant departments.

Risk Management Committee

Chair: Executive officer in Charge of General Affairs
Frequency of meetings: – (established in April 2025)
Role: As an organization linked to the Management Council, the Committee considers the Group’s basic policies on risk management and compliance, identifies significant risks, deliberates on countermeasures, and oversees the implementation of the countermeasures.

Composition of each committee

	Shirai	Higuchi	Harada	Susaki	Oku	Nishimura	Obata	Sano	Tominaga
Nomination and Compensation Committee	◎	○			○		○	○	
Sustainable Management Committee		○	○	◎	○	○			
Risk Management Committee		○	○	○	○	◎			

(Note) ◎ Chair ○ Member

Reason for selection as Outside Director

Name	Independent Director	Reason for selection
Aya Shirai	○	We have designated Ms. Aya Shirai as an independent director since she meets the company’s independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has a wealth of experience gained through administrative activities from her many years of involvement in municipal administration. In addition, she has experience and achievements from having been involved in corporate management as an outside director of other listed companies. She also shares our philosophy on promoting diversity and actively provides advice on our efforts to promote it. Since June 2024, she has served as Chairman of the Board of Directors and has worked to further stimulate discussions at the Board of Directors meetings and strengthen the board’s supervisory and decision-making functions. She was selected as an outside director because she is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on her experience and knowledge.
Hideaki Obata	○	We have designated Mr. Hideaki Obata as an independent director since he meets the company’s independence standards and is therefore deemed to have no conflict of interest with our general shareholders. In addition to extensive practical experience in administrative departments mainly in HR and general affairs, he has many years of experience and a track record in the management of companies with broad business domains. He was selected as an outside director because he is expected to strengthen the supervisory function of the Board of Directors and contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on his experience and knowledge.
Yumi Sano	○	We have designated Ms. Yumi Sano as an independent director since she meets the company’s independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has a wealth of practical experience in promoting diversity and developing human resources in a listed company and a public interest corporation. In addition, she has experience and achievements from having been involved in corporate management as an outside director of another listed company. She was selected as an outside director because she is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on her experience and knowledge.
Hiroshi Tominaga		He has many years of experience in overseas business at Toyota Tsusho Corporation, including involvement in the company’s management as a person responsible for business execution, and has extensive experience, particularly in the area of corporate strategy. He was selected as an outside director because he is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions on all aspects of our business activities based on his knowledge and experience.

Diversity of the Board of Directors

The Company selects candidates for its Board of Directors by comprehensively considering each member’s personality and other aptitudes, in order to form a Board of Directors with a good overall balance of knowledge, experience, and ability to effectively perform its roles and responsibilities. It should also ensure it maintains an appropriate size and diversity, including in terms of gender, internationality, professional experience, and age. To enhance our corporate value in the medium to long term in keeping with the basic philosophy described below, the Nomination and Compensation Committee held discussions on the skill items required for the Company’s Board of Directors, and decided on the following eight items: corporate management; compliance and risk management; understanding of diversity and sustainability; international business; R&D, production, and new business development; sales and marketing; human resource development and training; and finance and accounting. These skill items will be reviewed and revised, if necessary, in the light of the business environment and social circumstances.

Basic philosophy

- Contribute to society through fulfillment of the Company mission: “Establish a better society through our corporate activities”
- Steadfastly maintain a stable management base and proactively develop new businesses while leveraging the strength of our existing businesses
- Realize a WakuWaku company that respects diversity and where all employees enjoy high job satisfaction

As of the end of June 2025, the Board of Directors consists of nine directors with knowledge in line with these skill items (including three independent outside directors, two of whom are female) and four auditors (three of whom are independent outside auditors). Independent outside directors include members who have management experience at other companies.

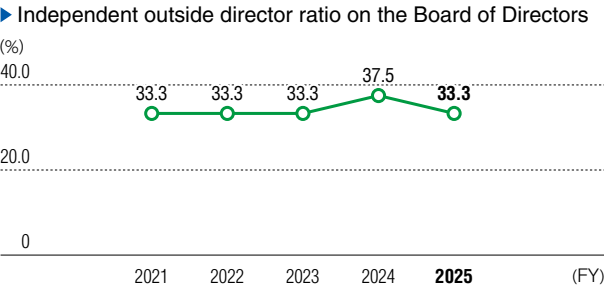
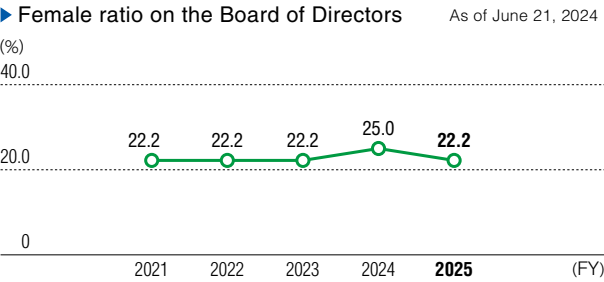
Skills matrix

Name	Position	Skills									
		Outside	Independent	Corporate management	Compliance and risk management	Understanding of diversity and sustainability	International business	R&D, production, and new business development	Sales and marketing	Human resources development and training	Finance and accounting
Aya Shirai	Outside Director	●	●	●	●	●				●	
Akinori Higuchi	Representative Director, President and CEO			●	●	●	●	●	●	●	
Masahiro Harada	Representative Director				●	●		●	●		
Hiroyuki Susaki	Director				●	●	●		●		
Yoshiyuki Oku	Director				●	●	●			●	●
Kenichi Nishimura	Director				●	●	●				●
Hideaki Obata	Outside Director	●	●	●	●	●	●	●		●	
Yumi Sano	Outside Director	●	●		●	●				●	
Hiroshi Tominaga	Outside Director	●		●	●	●	●		●		●
Hirokazu Kurome	Outside Audit & Supervisory Board Member	●	●	●	●	●	●	●			
Sho Takeuchi	Audit & Supervisory Board Member				●	●	●		●		
Yusuke Nakano	Outside Audit & Supervisory Board Member	●	●	●	●	●					●
Shuichi Kawatari	Outside Audit & Supervisory Board Member	●	●	●	●	●	●		●		

How to address the diversity on the Board of directors

In 2022, the Sanyo Chemical Group identified our material issues. To address one of these issues, “Challenge-oriented and transparent management,” it has set out the following indicators for board diversity.

- Raise the female ratio to 30% or more
 - Ratio of independent outside directors: 1/3 or more of the Board of Directors



Compensation and incentives for directors

Basic policy on compensation for directors

- Secure excellent human resources to improve corporate performance
- Design a compensation level and system that are commensurate with job responsibilities

Process for determining the compensation level and system

The appropriateness of the compensation level and system is verified by the Nomination and Compensation Committee, the majority of whose members are outside directors. The basic policy for determining compensation for directors is deliberated and determined by the Board of Directors.

Overview of types of compensation, etc.,

The compensation for directors consists of basic compensation, bonuses, and stock-based compensation.

Compensation type	Overview
Basic compensation	The basic compensation is based on the roles and responsibilities of each director, and is determined by taking into account the status of financial results over the medium to long term and for the relevant fiscal year, as well as levels at other companies. It is paid on a monthly basis.
Bonuses	To raise awareness of improving business performance, the base amount is calculated based on the financial results of the relevant fiscal year, with consolidated ordinary profit used as an indicator of the company's profitability. Allocation to each director is then determined based on their roles and responsibilities as well as their evaluation.
Stock-based compensation	Points are granted depending on the position, etc., based on the Share Delivery Regulations. In principle, the shares of the Company are delivered depending on the number of points when directors retire.

Although the ratio of basic compensation, bonuses, and stock-based compensation to the total compensation for each director has not been determined, the compensation level and system are regularly verified by the Nomination and Compensation Committee, the majority of whose members are outside directors, so that they can function as incentives to improve business performance.

► Compensation for directors

Classification of Directors	Total amount of compensation, etc. (million yen)	Total amount by type of compensation, etc. (million yen)			Number of applicable Directors (number of persons)
		Basic compensation	Bonuses (Performance-linked compensation)	Stock-based compensation (Non-monetary compensation)	
Directors (excluding Outside Directors)	223	124	46	51	7
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members)	27	21	5	—	2
Outside Directors	34	34	—	—	3
Outside Audit & Supervisory Board Members	49	43	6	—	3

(Notes) 1. The number of applicable directors and auditor and the total amount of compensation, etc., include those of two directors and one auditor who retired during the period.
2. The amount indicated in the field of stock-based compensation is the amount transferred for the period regarding the provisions for the stock-based compensation during the fiscal year related to the stock-based compensation system.

Training for directors and auditors

For inside and full-time directors and auditors, we explain our Articles of Incorporation, Board of Directors Regulations, and other internal rules at the time of their inauguration. For outside directors and full-time outside auditors, we facilitate their understanding of our businesses by conducting tours of our factories and other business sites. In FY2024, we invited an external lecturer to give a lecture on risk management, crisis management response, and other topics.

Major meeting bodies and discussion topics

The major meeting bodies related to corporate governance and the major discussion topics are as follows:

Board of Directors

- Formulation and revision of the Medium-Term Management Plan and the Comprehensive Plan
- Policy on operating major businesses
- Matters regarding investment and financing
- Confirmation of the results of the effectiveness evaluation of the Board of Directors
- Matters on which to seek advice from the Nomination and Compensation Committee
- Approval of financial statements and related documents
- Matters regarding procedures for the general meeting of shareholders
- Resolutions on conflict-of-interest transactions, directors' liability insurance, etc., appointment and dismissal of important employees, and matters related to compensation for directors based on the Companies Act

Nomination and Compensation Committee

- Policy on the composition of the Board of Directors
- Policy and standards on the appointment and dismissal of directors
- Directors' compensation system and level
- Succession planning and implementation

Sustainable Management Committee

- Basic Policy on Sustainability
- Response to the TCFD recommendations
- Human capital management activities
- Human rights initiatives
- Review of external disclosure documents related to sustainability

Risk Management Committee

- Basic policy on risk management
- Identification of significant risks
- Monitoring of risk response status
- Results of the evaluation of internal control activities related to financial reports
- Measures to raise awareness of compliance
- Results of the use of whistleblowing contact points, etc.

Effectiveness evaluation of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once a year. In FY2024, we conducted an anonymous questionnaire survey of all directors, including outside directors, and all auditors, and evaluated the effectiveness of the Board of Directors based on the results.

FY2024 questionnaire survey on the Board of Directors

- Target:** All directors including outside directors (eight people) and all auditors (four people)
- Timing:** March 2025
- Method:** Conducted anonymously using a third-party system to ensure objectivity
- Content:** Answer each question in the following major categories on a 5-point scale or in free text
- ① Structure, composition, and operation of the Board of Directors
 - ② Discussions at Board of Directors' meetings
 - ③ Monitoring function of the Board of Directors
 - ④ Performance of directors
 - ⑤ Training for directors and auditors
 - ⑥ Dialogue with shareholders
 - ⑦ Efforts made by each director
 - ⑧ Operation of the Nomination and Compensation Committee

The results were reported to the Board of Directors' meeting held in May 2025, and were discussed and analyzed based on the results of a 5-point evaluation and free comments to evaluate the effectiveness of the Board of Directors.

Overview of the effectiveness evaluation

The previous year's evaluation results indicated that in order to further enhance the effectiveness of the Board of Directors, it is necessary to improve some issues and to enhance support from the Secretariat. In this regard, the Board of Directors was evaluated as having made some improvements. Through the survey, it was also evaluated that the effectiveness of the Board of Directors was generally ensured.

Future issues

To further enhance the effectiveness of the Board of Directors, we recognize the need to enhance discussions on initiatives to sustainably increase corporate value into the future, such as promoting human resources strategies and taking measures to realize management with a focus on capital costs and stock prices. Also recognizing the need to further improve the support system provided by the Secretariat, such as by improving training for directors, we will tackle these issues sincerely.

Succession plan (plan to foster successors)

To realize our Vision 2030, we have established the personnel requirements that should be met by our Representative Director, President and CEO (the ideal image of the President). In light of these personnel requirements, we systematically provide training to equip successor candidates with the necessary qualities and capabilities, and the Nomination and Compensation Committee regularly reviews its progress, ensuring transparency in the selection process.

Compliance

We, the Sanyo Chemical Group, declared in our Code of Corporate Ethics that it is essential corporate behavior to ensure legal compliance and to fulfill corporate social responsibility, which has been implemented to take the lead in the realization of a sustainable society. With good sense and integrity, we are committed to improving our society and are following our company mission, "Establish a better society through our corporate activities."

Internal compliance system

In FY2025, the Compliance Committee was reorganized into the Risk Management Committee. Compliance-related matters that were previously handled by the Compliance Committee are now handled by the Risk Management Committee.

In FY2024, the Compliance Committee discussed the content to be learned by employees at company-wide corporate ethics study sessions and a review of the compliance systems of overseas Group companies.

Internal auditing

The Internal Audit Office conducts internal auditing. It objectively verifies and evaluates the business management and operation systems and the business performance status in terms of legitimacy, effectiveness, and efficiency. Based on the results, it makes proposals for improvement or corrective recommendations to facilitate the company's sound management and sustainable development.

Education and awareness-raising

We provide specific standards for employees to follow in their daily actions in the Advice on Compliance and the Code of Conduct for Employees.

Corporate ethics study sessions

The Sanyo Chemical Group annually holds corporate ethics study sessions in all departments to prevent the occurrence of corporate misconduct. Recently, these sessions have placed particular focus on the kind of corporate culture behind corporate misconduct to learn how corporate culture reform leads to improved compliance.

Taking seriously the fact that four cases of harassment occurred within the Group in FY2022, we have been holding study sessions on harassment since FY2023. In FY2024, participants watched a mini-drama on the topic of harassment, followed by a group discussion, with a total of 1,450 participants (approximately 95% of the total). After each session, check the questionnaire survey was conducted to evaluate the Group's overall compliance activities, with a view to reflecting the results in education activities in the following fiscal years.

Legal training program

We provide legal training sessions for domestic Group employees, where the Legal Affairs Dept. staff give lectures on a variety of topics. We also create an environment where employees can easily seek advice, by designating a staff member of the Legal Affairs Dept. to serve as a contact person for each organization (business division, affiliated company, etc.) and by providing "on-site legal consultation" where the Legal Affairs Dept. staff visit domestic business sites to offer legal advice.

Whistleblowing system

When an employee is aware of a compliance issue, the basic rule is to discuss it with their supervisor or the personnel concerned. If the issue cannot be resolved, the employee can use whistleblowing contact points (such as the compliance hotline) that conform with the Whistleblower Protection Act. The internal contact point is the Internal Audit Office Senior Manager, while an external contact point is a corporate lawyer. We operate the regulation requiring that the whistleblowers' confidentiality be carefully protected to prevent their identification.

In April 2023, we opened a consultation desk for harassment in addition to the whistleblowing contact points, working to create a system that makes it easier for whistleblowers (consultants) to use these services.

▶ Harassment whistleblowing/consultation services (internal/external) (FY)					
	2020	2021	2022	2023	2024
Number of reports (cases)	1	2	4	1	4

In FY2024, four reports in total were submitted through the compliance hotline. All of these reports were related to harassment. We investigate facts with the utmost care to ensure that whistleblowers are not penalized. If a problem is confirmed, we provide guidance, disciplinary action, and education to those involved. We also report the operation of the whistleblowing service to the Risk Management Committee.

Handling of violations

The Risk Management Committee Regulations stipulate how to respond when a compliance violation is discovered (including how to address the issue and publicizing it both internally and externally).

When a violation is discovered, the facts are examined in detail, and disciplinary action is decided based on the Rules of Employment and the Disciplinary Actions Regulations in light of various internal rules, such as the Operational Responsibilities Regulations. Company-wide measures to prevent recurrence are also discussed and decided. In FY2024, there was one case where disciplinary action was taken.

Risk Management

To avert business continuity crises and prepare for unforeseen circumstances, the Sanyo Chemical Group has established internal regulations to cope with each possible risk. We conduct risk management by raising the risk awareness of employees by providing training and holding drills.

In May 2025, we formulated the following basic policy on risk management.

Basic policy on risk management

The Sanyo Chemical Group aims to achieve its management goals by carrying out company-wide risk management activities to comprehensively and exhaustively ascertain, and respond appropriately to, internal and external risks that could affect its management strategies.

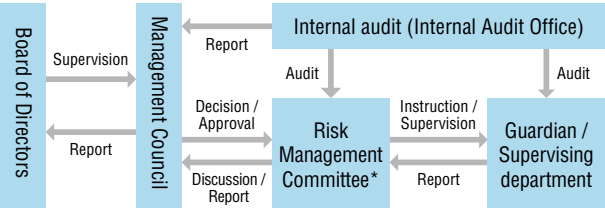
Risk management system

Risk Management Committee

As a meeting body linked to the Management Council, the Risk Management Committee comprehensively assesses company-wide risks, identifies significant risks, and decides on countermeasures. It also reviews the results of internal control verifications and monitors the whistleblowing status. The Committee members include those in charge of each function and section, who act as guardians to prevent risks in their respective areas of responsibility, ensuring that risks are appropriately addressed. Also positioned as the body that oversees the development, establishment, and operation of the internal control system, the Committee receives annual internal control evaluation results and instructs the relevant departments on countermeasures as necessary.

It reports the status of its initiatives to the Board of Directors at least once a year, and reports important agenda items to the Board of Directors each time after resolutions are made at the Management Council.

► Risk management structure



* In April 2025, the Compliance Committee, the Internal Control Committee, and the Export Administration Committee were merged and reorganized into the Risk Management Committee.

Internal Audit Office

The Internal Audit Office comprises an internal control section and an internal audit section, each of which operates independently.

Internal control section

The internal control section evaluates internal controls and reports to the Risk Management Committee, and, if necessary, proposes changes to the basic policy for the internal control system and provides guidance to the departments responsible for building the internal control system.

Regarding internal controls related to the Companies Act, the Board of Directors resolved and published a basic policy for the internal control system in 2006, in accordance with the Companies Act and its Enforcement Regulations, and has since reviewed it as necessary.

As for internal controls related to financial reporting, the internal control section evaluates company-wide internal controls, business processing controls from sales to financial reporting processes, and general IT controls. The results are compiled into an internal control report, which is reported to the Risk Management Committee and submitted to the Kanto Local Finance Bureau, along with an internal control audit report prepared by the accounting auditor. With regard to internal controls related to risks other than financial reporting, a series of documents, including procedure manuals for risk mitigation measures for anticipated risks and self-check sheets, are prepared and posted on the intranet for employees to view at any time.

Internal audit section

As an independent internal audit section, it comprehensively audits the operational status of each department within the company, including the important risks identified by the Risk Management Committee, and reports the results to the President and the full-time auditors as well as to the Management Council and the Board of Directors as necessary.

Risk-based audit

The Internal Audit Office creates an audit map based on the risks involved in business and operational execution, sets audit themes for each fiscal year with priorities taken into account, and conducts internal audits across the organization.

Business continuity plan (BCP)

The Group draws up and operates BCPs that prepare for response in the event of a massive earthquake or a pandemic. The BCP Secretariat takes the initiative in conducting a review every year to make the BCP further effective. We also continuously hold practical drills in each region.

Directors, Auditors, and Executive Officers

As of June 20, 2025

Directors		
	Aya Shirai Outside Director Chairman of the Board of Directors	Date of birth: May 23, 1960 Apr. 1979 Joined ALL NIPPON AIRWAYS CO., LTD. Jun. 1993 Member of Amagasaki City Council Dec.2002 Mayor of Amagasaki City Jun. 2018 Outside Director of the Company (to present) Jun. 2024 Chairman of the Board of Directors of the Company (to present) <Important concurrent positions> Outside Director of BROTHER INDUSTRIES, LTD Outside Director of Royal Hotels Co. Ltd.
	Akinori Higuchi Representative Director, President and CEO	Date of Birth: November 7, 1959 Apr. 1984 Joined the Company Oct. 1984 Seconded to SAN NOPCO LIMITED Oct. 2005 Senior Manager of Sales & Marketing Department No. 1 Jun. 2012 Representative Director and President Jun. 2014 Executive Officer of the Company Jun. 2015 Managing Executive Officer and General Manager of Petroleum & Environment Division Jun. 2016 Director, Managing Executive Officer in charge of Sales & Marketing Department No. 2 Jun. 2018 Director, Senior Managing Executive Officer in charge of Corporate Planning and Sales & Marketing Department No. 2 Jun. 2020 Representative Director and Executive Vice President in charge of Corporate Strategy Jun. 2021 Representative Director, President and CEO (to present)
	Masahiro Harada Representative Director, Senior Managing Executive Officer, and Business Division Supervisor Representative Director and President of San-Apro Ltd.	Date of birth: February 8, 1964 Apr. 1989 Joined the Company Jul. 2010 Manager of Automotives II & Foam Industry Department Apr. 2017 General Manager of Electronic Materials, Resins & Coloring Materials Division Jun. 2018 Executive Officer and General Manager of Electronic Materials, Resins & Coloring Materials Division Jun. 2021 Managing Executive Officer, General Manager of Business Planning Division, and General Manager of Energy Business Promotion Division Jun. 2022 Director and Managing Executive Officer supervising Business Planning Apr. 2024 Director, Managing Executive Officer in charge of Sales & Marketing, and General Manager of Surfactants Division Jun. 2024 Director, Senior Managing Executive Officer in charge of Sales & Marketing, General Manager of Surfactants Division, and Sales Base Group Supervisor Oct. 2024 Director, Senior Managing Executive Officer in charge of Sales & Marketing, and Sales Base Group Supervisor Apr. 2025 Director, Senior Managing Executive Officer, and Head of Business Division Jun. 2025 Representative Director, Senior Managing Executive Officer, and Head of Business Division (to present)
	Hiroyuki Susaki Director, Managing Executive Officer in charge of Sustainability and Corporate Strategy Senior Vice President of San-Petrochemicals Co., Ltd.	Date of birth: August 28, 1965 Apr. 1988 Joined Tomen Corporation Apr. 2012 General Manager of Industrial Chemicals Department, Toyota Tsusho Corporation Apr. 2015 Deputy General Manager of International Project Promotion Division of the Company Apr. 2016 Executive Officer and General Manager of International Project Promotion Division Jun. 2022 Managing Executive Officer and General Manager of Corporate Planning Division Jun. 2023 Director, Managing Executive Officer, and General Manager of Corporate Planning Division Jul. 2023 Director, Managing Executive Officer in charge of Sustainability, and General Manager of Corporate Planning Division Jun. 2024 Director and Managing Executive Officer in charge of Sustainability and Corporate Strategy (to present)
	Yoshiyuki Oku Director, Managing Executive Officer in charge of Safety and Production	Date of birth: September 28, 1967 Apr. 1990 Joined the Company Sep. 2011 Director and Deputy General Manager of SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD. Director and Deputy General Manager of Sanyo Kasei (Nantong) Co., Ltd. Aug.2019 Deputy General Manager of Corporate Planning Division and Deputy General Manager of Personnel Division of the Company Apr. 2020 General Manager of Personnel Division Jun. 2020 Executive Officer and General Manager of Personnel Division Jun. 2022 Managing Executive Officer and General Manager of Personnel Division Jun. 2024 Director and Managing Executive Officer in charge of Safety and Production (to present)



Kenichi Nishimura

Director, Executive Officer
in charge of Corporate Ethics and General Affairs

Date of birth: January 3, 1965
Apr. 1988 Joined Sumitomo Bank, Limited
Mar. 1990 Joined Toray Industries, Inc.
Sep. 2011 Manager of Finance & Accounting Department
Member of the Board of Toray Industries (Malaysia) Sdn. Bhd.
Sep. 2017 General Manager of Finance Department of Toray Industries, Inc.
Sep. 2021 Deputy General Manager of Administrative Affairs Division of the Company
Jun. 2022 Director, Executive Officer in charge of Corporate Ethics and General Affairs, and General Manager of Administrative Affairs Division
Jun. 2024 Director, Executive Officer in charge of Corporate Ethics and General Affairs, and General Manager of Administration Division
Apr. 2025 Director, Executive Officer in charge of Corporate Ethics and General Affairs (to present)



Sho Takeuchi

Audit & Supervisory Board Member
(Full-time)

Date of birth: October 18, 1964
Apr. 1989 Joined the Company
Mar. 2009 Manager of Legal Affairs Department
Jul. 2020 Deputy General Manager of Administrative Affairs Division
Apr. 2021 General Manager of General Affairs Division
Jun. 2022 Executive Officer and General Manager of General Affairs Division
Apr. 2024 Executive Officer, General Manager of General Affairs Division, and Manager of Corporate Social Responsibility Promotion Department
Jun. 2024 Audit & Supervisory Board Member (to present)



Hideaki Obata

Outside Director

Date of birth: February 18, 1951
Apr. 1973 Joined Sumitomo Electric Industries, Ltd.
Jun. 1997 General Manager of Administration Division
Jun. 2004 Executive Officer and General Manager of HR & Administration Division
Jun. 2008 Managing Director, Vice General Manager of Manufacturing Management & Engineering Unit
Jun. 2009 Senior Managing Director of Nissin Electric Co., Ltd.
Jun. 2010 Representative Director and Senior Managing Director
Jun. 2011 Representative Director and President
Jun. 2017 Representative Director and Chairman
Jun. 2021 Special Advisor
Outside Director of the Company (to present)
Jun. 2023 Advisor of Nissin Electric Co., Ltd. (to present)

<Important concurrent positions>
Advisor of Nissin Electric Co., Ltd.
Chairman of Kyoto Prefecture Council of Social Welfare



Yusuke Nakano

Outside Audit & Supervisory Board Member (Part-time)

Date of birth: May 15, 1969
Apr. 2002 Registered as certified public accountant
Jul. 2005 Executive Senior Partner of Seiyu Audit Corporation (to present)
Sep. 2005 Registered as certified tax accountant
Jan. 2010 Head of NAKANO C.P.A. OFFICE (to present)
Jun. 2021 Outside Audit & Supervisory Board Member of the Company (to present)
Nov. 2023 Executive Senior Partner of Seiyu Tax Corporation (to present)

<Important concurrent positions>
Executive Senior Partner of Seiyu Audit Corporation
Executive Senior Partner of Seiyu Tax Corporation
Head of NAKANO C.P.A. OFFICE
Independent Audit and Supervisory Board Member of Nissha Co., Ltd.
Outside Director (Audit and Supervisory Committee Member) of SK-Electronics Co., LTD.



Yumi Sano

Outside Director

Date of birth: August 20, 1961
Apr. 1984 Joined Shikishima Boseki Ltd. (now SHIKIBO LTD.)
Apr. 1997 Joined Kansai Employers' Association (now Kansai Economic Federation)
Apr. 2004 General Manager of Membership Administration
Apr. 2013 Joined Japan Institute for Women's Empowerment & Diversity Management
Apr. 2014 General Manager of Kansai Office (to present)
Jun. 2021 Outside Director of the Company (to present)
<Important concurrent positions>
General Manager of Kansai Office, Japan Institute for Women's Empowerment & Diversity Management
Outside Director of Sumitomo Densetsu Co., Ltd.
Outside Director of ISHIHARA SANGYO KAISHA, LTD.



Shuichi Kawatari

Outside Audit & Supervisory Board Member (Part-time)

Date of birth: May 23, 1947
Apr. 1973 Joined Mobil Sekiyu K.K.
Nov. 1996 General Manager of Distributor Sales Department
Jan. 2001 General Manager of Industrial Fuel Sales Supervision Department of ExxonMobil Yugen Kaisha
Feb. 2003 Director of Lubrizol Japan Limited, in charge of Sales
Feb. 2007 President, Representative Director
Mar. 2013 Chairman, Representative Director
Jan. 2019 Senior Advisor of San-Ai Oil Co., Ltd.
Jun. 2025 Outside Audit & Supervisory Board Member of the Company (to present)



Hiroshi Tominaga

Outside Director

Date of birth: February 18, 1963
Apr. 1985 Joined Toyota Tsusho Corporation
Apr. 2007 General Manager of Accounting Planning Department
Apr. 2013 Executive Officer
Apr. 2017 Managing Executive Officer
Jun. 2017 Member of the Board, Managing Executive Officer
Apr. 2019 Member of the Board, Assistant to CSO, CIO, CTO
Apr. 2020 Member of the Board, CSO, CDTO
Jun. 2020 CSO, CDTO
Apr. 2021 CSO, CEO for Region
Jun. 2021 Representative Director, CSO, CEO for Region
Jun. 2025 CSO, CEO for Region (to present)
Outside Director of the Company (to present)

<Important concurrent positions>
CSO, CEO for Region of Toyota Tsusho Corporation

Executive Officers

Yuichi Fujii

Senior Managing Executive Officer
in charge of R&D and Business Planning, and Head of the Research Laboratory

Motohisa Miyawaki

Executive Officer
General Manager of Engineering Division

Takashi Tsubouchi

Executive Officer
General Manager of Production Division

Koji Nire

Managing Executive Officer
Representative Director and President of SAN NOPCO LIMITED

Tatsuya Nakano

Executive Officer
General Manager of Polyurethane Division

Yutaka Imaizumi

Executive Officer
General Manager of Corporate Planning Division

Minoru Tsuchiya

Managing Executive Officer
General Manager of Surfactants Division and Performance Polymer Division

Yusuke Yamamoto

Executive Officer
General Manager of SCM Supervisory Division

Takeshi Otaka

Executive Officer
General Manager of Biotechnology & Medical Division

Auditors



Hirokazu Kurome

Outside Audit & Supervisory Board Member (Full-time)

Date of birth: September 5, 1957
Apr. 1982 Joined Toray Industries, Inc.
Jun. 2003 Manager of Film Manufacturing Department at Gifu Plant
Nov. 2009 General Manager of Tsuchiura Plant
Jun. 2016 Member of the Board of Toray Industries (Malaysia) Sdn. Bhd.
President of Penfibre Sdn. Bhd.
Jun. 2018 Full-time Director and Deputy Representative for Malaysia of Toray Industries, Inc.
Vice President of Toray Industries (Malaysia) Sdn. Bhd.
President of Penfibre Sdn. Bhd.
Jun. 2021 Outside Audit & Supervisory Board Member of the Company (to present)

Material Issues

Classification	Material issues on the business domain		Opportunities and risks (○ Opportunity / ● Risk)	Our approach (Goal) / 【KPI (achievement)】	Related page
E	CN	Achieve carbon neutrality as Interface Innovator	○ Demand shift to materials suitable for decarbonization ○ Accelerated transition to a circular economy and the emergence of innovative technologies for a decarbonized society ● Deteriorating business performance due to stricter regulations caused by policies such as carbon pricing to combat climate change	Contribute to carbon neutrality through interface control technology → MTP 2025	→ P17 Message from the President
L	QOL	Improve QOL by performance through chemistry	○ Growing needs for preventive medical care and health promotion ● Deteriorating business performance due to insufficient response to social needs	Create value in the medical field through new technologies Create new value closely linked to people's lives → MTP 2025	

Classification	Material issues on the management domain		Opportunities and risks (○ Opportunity / ● Risk)	Our approach (Goal) / 【KPI (achievement)】	Related page
S	In	Create innovation by supporting the value creation of industry, culture and education	○ Coexistence with the local community and the creation of business opportunities through interdisciplinary communication ● Deteriorating business performance due to a decline in Japan's competitiveness and market shrinkage caused by decreasing chemical capabilities and ailing local industry	Challenge beyond the boundaries of chemistry with our chemical capabilities ● Utilize the matching platform “UQ Chem” services to connect distinctive chemicals with untapped needs ● Support various traditional Kyoto industries through technical and financial contributions (Sanyo Chemical Foundation for Social Contribution) ● Promote collaboration and alliances with different fields and investment in startups ● Promote DX and MI (Materials Informatics) ● Carry out on-site chemical classes at elementary and junior high schools, and participate in the Kyoto beyond SDGs Consortium with Kyoto University	—
	HC	Develop human resources and improve work environment by recognizing diversity	○ New value creation through diversification ○ Improved employee engagement through workplace culture reform ● Decreased employee engagement due to insufficient response to diversifying values and work styles, and difficulty in personnel acquisition and personnel outflow	Diversity, equity & inclusion (DEI): Facilitate a culture where all employees can be excited (“WakuWaku”) ● Promote women's empowerment [Female manager ratio: 6% or more by FY2025 (FY2024: 5.0%)] ● Promote LGBTQ understanding ● Make the Ikuboss declaration and join the Ikuboss Corporate Alliance [Ratio of male childcare leave takers: 100% by FY2025 (FY2024: 92.5%)] ● Promote health and productivity management ● Enhance communication between management and employees: Morning meeting (lecture to all employees), Training camp (discussion with general managers), Dojo (handing down to executive assistants, etc.), Salon (dialogue with mid-level and young employees, etc.), and Roundtable discussion (a place where opinions can be freely exchanged regardless of rank) ● Create a work environment where employees with disabilities can work [Employment rate of people with disabilities: 2.7% or more by FY2026 (2.5% as of June 1, 2025)]	→ P45 Diversity, equity & inclusion (DEI) → P46 Work Style Reform → P47 Health and Productivity Management
	RM	Conduct the risk management thoroughly by strengthening the Guardian function	○ Improved business performance through stable supply of high-quality products ○ Improved corporate value through the gaining of stakeholder trust ● Business continuity risks, unexpected losses, and loss of credibility due to internal control failure	● Strengthen quality governance by isolating quality assurance from production ● Establish a management system for significant risks that may be critical to corporate value ● Strengthen the legal compliance system ● Strengthen the safe and healthy system by using the safety education center	→ P55 Risk Management
G	TM	Implement challenge-oriented and transparent management	○ Improved corporate value through the gaining of stakeholder trust ● Decline in corporate credibility and value due to corporate governance failure	● Promote WakuWaku management Put the spotlight on each employee to create a strong framework for “One Team” with a focus on profits, inspiring WakuWaku feeling from all stakeholders ● Diversify directors [Raise the female ratio to 30% or more (22.2% as of June 20, 2025)] [Ratio of independent outside directors: 1/3 or more of the Board of Directors (3/9 as of June 20, 2025)] ● Enhance disclosure of non-financial information and corporate governance ● Enhance dialogue with shareholders, investors, employees, and other stakeholders ● Strengthen sustainability management	→ P5-6 Management Policy and Management Approach → P49 Corporate Governance

Recognition of the future business environment

- Although the U.S. withdrawal from the Paris Agreement may have an impact on the international alignment and pace of progress toward decarbonization, the global trend toward carbon neutrality to realize a sustainable society is expected to remain unchanged.
- In today's society with a declining birthrate and an aging population, the shrinking labor force and the increasing burden of medical and nursing care are becoming serious issues. Therefore, it is becoming increasingly important not only to extend lifespans, but also to improve QOL so that all people, including the elderly, can live healthy and fulfilling lives both physically and mentally.
- As globalization and technological innovation accelerate, values, work styles, and customer needs are becoming increasingly diverse. We recognize that it will be difficult to achieve sustainable growth with traditional uniform organizations and ways of thinking. By actively incorporating diverse human resources and perspectives, we can respond flexibly to change and continue to create innovation, which will become the source of our corporate competitiveness.
- Recent quality fraud issues have led to increasingly strict public scrutiny of companies. Moreover, society and the market are changing rapidly, and unpredictable risks are expected to increase. Therefore, strengthening risk management systems and corporate governance will continue to be essential, and companies are asked to disclose corporate information appropriately in response to stakeholder requests.

Approach to materiality identification

The Sanyo Chemical Group defines material issues as “important issues that have a significant impact on the medium- to long-term value creation of the Sanyo Chemical Group.” To create value for all stakeholders, we have identified material issues by following the processes 1 to 4 below, considering that identifying and prioritizing medium- to long-term themes is the shortest route to value creation.

1	Identification of issues	Issues have been selected with reference to various guidelines, such as the SASB Standards for the chemical industry, the GRI Guidelines, the Sustainable Development Goals (SDGs), and the World Economic Forum (WEF) core metrics, as well as communication with stakeholders and a questionnaire on our company mission for all employees and officers.
2	Prioritization of the issues and creation of the materiality matrix	The identified issues have been prioritized through dialogue with major shareholders and employees about their impacts on our corporate identity and finance, opportunities to create innovation, and the Sanyo Chemical Group's uniqueness. The issues were then plotted on a matrix with management and business perspectives placed on the horizontal axis and expectations and contributions to resolving social and environmental issues placed on the vertical axis.
3	Identification of material issues	Six material issues have been identified, with issues related to the Environment field and the Life field as material issues on the business domain and issues related to the Society field and the Governance field as material issues on the management domain. (The Life field has been separated from the conventional ESG portfolio and categorized as a symbol of expectations and contributions to the improvement of QOL.)
4	Validation of the material issues and board approval	The material issues have been validated through deliberations at the Sustainable Management Committee, and have been approved by the Board of Directors. The issues will be reviewed according to changes in the business environment that may occur in the future.

Eleven-year Financial and Non-financial Summary

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Annual											(Millions of yen)
Net sales	167,045	157,992	150,166	161,692	161,599	155,503	144,757	162,526	174,973	159,510	142,258
Operating profit	8,944	12,486	13,647	11,999	12,919	12,439	11,932	11,868	8,123	4,886	8,439
Ordinary profit	10,278	13,294	15,341	13,866	15,205	12,704	11,999	12,771	9,918	8,186	9,670
Profit before income taxes	9,554	11,640	13,854	12,144	7,541	11,008	10,638	10,734	9,414	-7,346	6,461
Profit attributable to owners of parent	5,876	6,926	10,192	9,272	5,345	7,668	7,282	6,699	5,684	-8,501	4,151
Comprehensive income	15,341	2,627	11,196	11,356	-760	2,178	15,272	8,082	5,725	-3,399	728
Investment in plant and equipment	10,520	14,333	13,500	13,923	10,848	8,219	10,073	9,847	12,033	8,649	6,663
Depreciation	9,604	9,256	7,412	8,299	9,087	9,078	9,569	9,533	10,083	10,686	9,500
Research and development expenses	5,515	5,622	5,443	5,365	5,569	5,322	5,384	5,650	5,691	5,222	5,158
Cash flows from operating activities	11,518	22,625	20,416	15,710	14,603	17,232	22,300	11,328	10,852	19,814	13,925
Cash flows from investing activities	-8,656	-13,510	-14,198	-14,198	-11,312	-11,115	-12,498	-11,704	-10,172	-6,264	-5,079
Free cash flow	2,862	9,115	6,218	1,512	3,291	6,117	9,802	-376	679	13,550	8,846
Cash flows from financing activities	-2,922	-5,493	-1,043	-7,328	-1,492	-7,084	-4,146	-5,979	-2,336	-4,006	-11,895
Year-end											(Millions of yen)
Total assets	181,029	175,321	186,863	199,179	193,630	178,873	195,723	200,194	202,182	205,818	176,366
Property, plant and equipment	58,766	60,870	63,530	69,883	62,324	60,716	61,255	61,389	59,791	51,477	46,142
Interest-bearing debts	18,492	14,862	15,204	10,599	11,985	9,667	9,274	7,887	10,232	10,704	3,419
Net assets	117,688	118,284	127,651	136,270	132,623	130,097	142,951	147,032	148,994	141,577	138,302
Amount per share											(Yen)
Basic earnings per share	53.29	62.83	462.28*1	420.57	242.50	347.87	330.34	303.76	257.57	-384.99	187.79
Net assets per share	1,014.19	1,016.06	5,515.51*1	5,901.23	5,868.58	5,789.88	6,371.77	6,549.60	6,617.11	6,295.31	6,119.90
Dividends per share	15.50	17.00	100.00*1	110.00	125.00	140.00	150.00	170.00	170.00	170.00	170.00
Major indicators											(%)
ROA (Return on assets)	5.9	7.5	8.5	7.2	7.7	6.8	6.4	6.5	4.9	4.0	5.1
ROE (Return on equity)	5.6	6.2	8.7	7.4	4.1	6.0	5.4	4.7	3.9	-6.0	3.0
Equity ratio	61.8	63.9	65.1	65.3	66.8	71.4	71.8	72.2	72.2	67.6	76.8
ROIC (Return on invested capital)*2	5.0	6.8	8.1	6.6	5.8	6.6	6.3	5.5	3.2	2.4	4.8
Other											(Person)
Number of employees	1,979	1,992	1,996	2,053	2,078	2,060	2,096	2,106	2,089	2,042	1,680

*1 Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. Net assets per share and basic earnings per share for FY2016 were calculated on the assumption that the said reverse stock split was performed at the beginning of FY2016.

*2 (Operating profit – Corporate tax, etc.) ÷ Average invested capital during the period x 100

Stock Information (As of March 31, 2025)

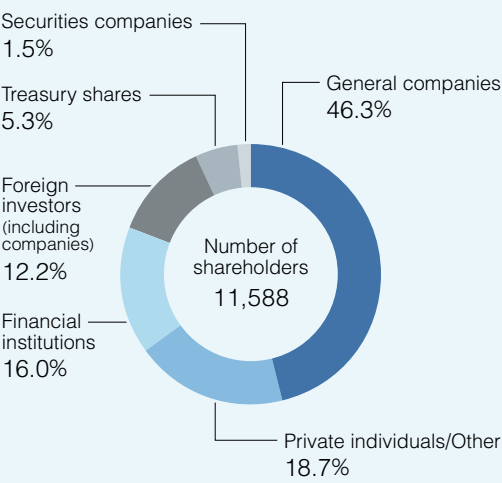
Stock exchange listings	Prime Market of Tokyo Stock Exchange (Securities code: 4471)
Total number of stocks authorized	51,591,200
Total number of stocks issued	23,534,752
Total number of shareholders at end of period	11,588 (down 89 from end of previous period)

Major shareholders (Top 10)

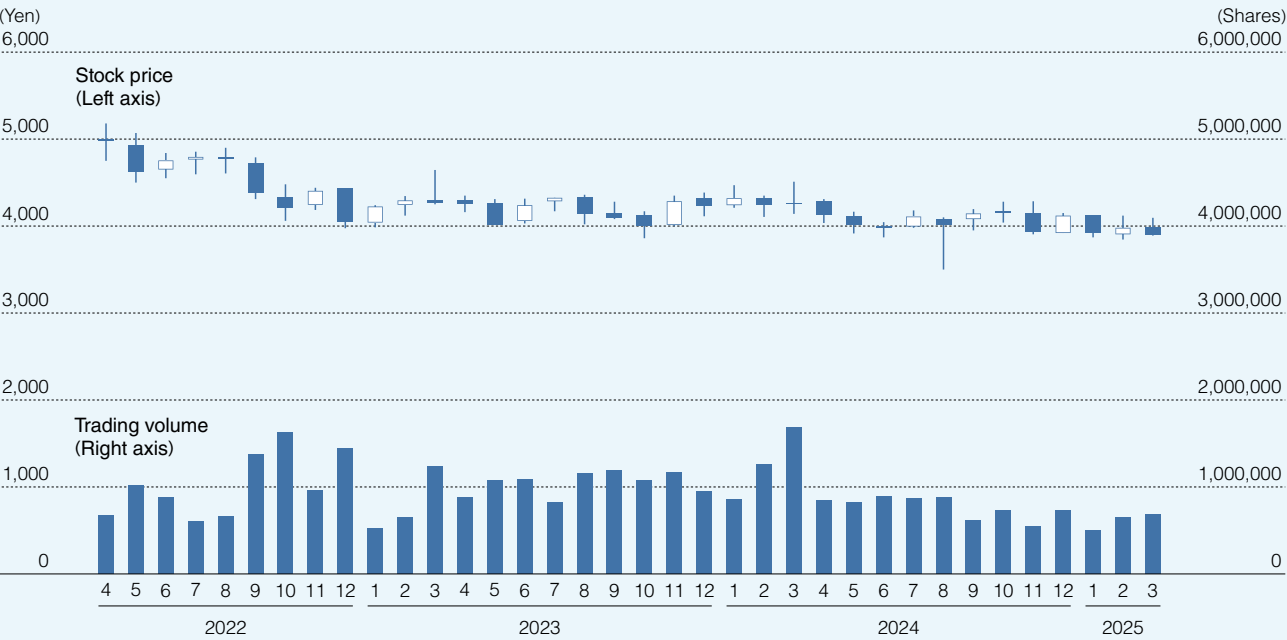
Name	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Toyota Tsusho Corporation	4,286	19.2
Toray Industries, Inc.	3,826	17.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,932	8.7
Custody Bank of Japan, Ltd. (Trust Account)	1,310	5.9
ENEOS Holdings, Inc.	1,061	4.8
Nippon Shokubai Co., Ltd.	755	3.4
Sanyo Chemical Employees' Stock Ownership Association	581	2.6
STATE STREET BANK AND TRUST COMPANY 505001	313	1.4
MSIP CLIENT SECURITIES	291	1.3
THE BANK OF NEW YORK MELLON 140042	166	0.7

(Notes) 1. In addition to the above, there are 1,258,000 treasury shares.
2. The percentage of shares held is calculated by deducting treasury shares from the total stock issued.

Breakdown of shareholders by type



Trend of stock price and trading volume



Company Overview (As of March 31, 2025)

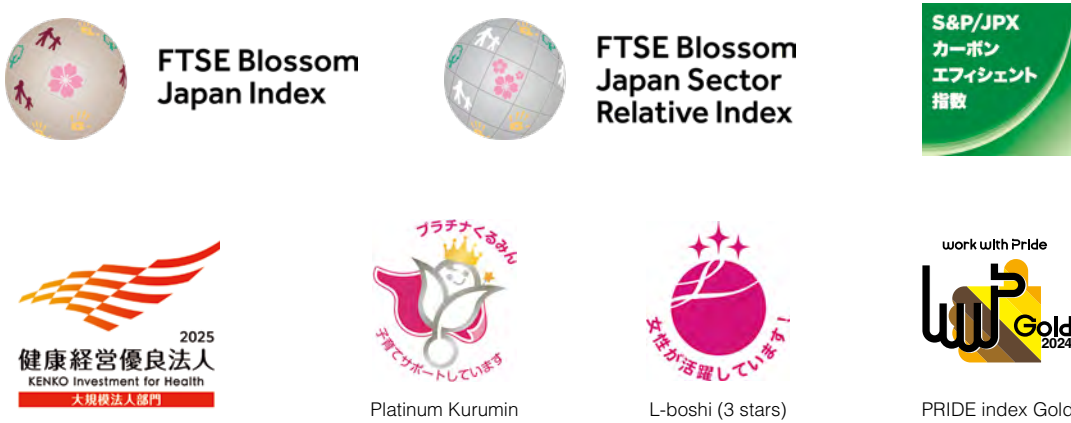
Company Name	Sanyo Chemical Industries, Ltd.
Date of Establishment	November 1, 1949
Head Office	11-1 Ikkyo Nomoto-cho, Higashiyama-ku, Kyoto 605-0995, Japan
Consolidated number of employees	1,680

Domestic bases	Head Office	Head Office (Kyoto)
	Research Laboratories	Research Laboratory (Kyoto), Katsura Research Laboratory (Kyoto)
	Branch Office	Tokyo Branch Office
	Sales & Marketing Offices	Nagoya Area Sales & Marketing Office (Aichi), Chugoku Area Sales & Marketing Office (Hiroshima), and Nishi-Nihon Area Sales & Marketing Office (Fukuoka)
	Factories	Nagoya (Aichi), Kinuura (Aichi), Kashima (Ibaraki), and Kyoto

Group companies	Performance Chemicals Group SDP Global Co., Ltd.*1 SAN NOPCO LIMITED San Chemical Co., Ltd. San-Apro Ltd. San-Petrochemicals Co., Ltd. FUJIFILM Sanyo Chemical Healthcare Corporation Sanyo Kasei (Thailand) Ltd. Sanyo Kasei (Nantong) Co., Ltd.*2 SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD. Sanyo Kasei Korea, Ltd. SANYO KASEI (TAIWAN) LTD.	Sanyo Chemical America Incorporated Sanyo Chemical Texas Industries, LLC Sunrise Chemical LLC San Nopco (Shanghai) Trading Co., Ltd. DaXiang International Trading (Shanghai) Co., Ltd. San Nopco (Korea) Limited SDP GLOBAL (MALAYSIA) SDN. BHD.*2 Sanyo Chemical Manufacturing Korea, Ltd.
		Logistics and Services Group Sanyo Chemical Logistics Co., Ltd.*3 Shiohama Chemicals Warehouse Co., Ltd.

(Notes) Although San-Dia Polymers (Nantong) Co., Ltd. has been excluded from the scope of consolidation due to the transfer of all equity interests, data for FY2024 has been collected and is included in the data range.
1. The decision to withdraw from the business was made in March 2024, and the company was merged with SANYO CHEMICAL INDUSTRIES, LTD. on April 1, 2025.
2. The company is scheduled to be dissolved due to a decision to withdraw from the business.
3. The company is scheduled to be merged with SANYO CHEMICAL INDUSTRIES, LTD. on November 1, 2025.

External evaluation (As of July 2025)



Sanyo Chemical Industries, Ltd.

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URL: <https://www.sanyo-chemical.co.jp/eng/>

