

Material for Financial Results Presentation For the Six Months Ended September 30, 2021

Akinori Higuchi, President & CEO
Sanyo Chemical Industries, Ltd.

Securities code: 4471

Sanyo
Chemical

<Notice>

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

<Disclaimer>

This presentation material contains forward-looking statements including projections based on the assumptions, forecasts and plans as of November 17, 2021. Actual results may differ significantly from such projections due to risks and uncertainties relating to changes in the global economy, state of competition, foreign currency exchange rates, trends in raw material costs and other factors.

<Inquiries about IR>

Public Relations Dept.
Corporate Planning Division
Sanyo Chemical Industries, Ltd.

E-mail: pr-group@sanyo-chemical.group

Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto-shi

Share Capital: ¥13,051 million

Domestic Branches Offices and Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka

Domestic Factories:

Nagoya, Kinuura, Kashima, Kyoto, Kawasaki (San Chemical)

Number of Employees (Consolidated Basis):

2,115 (as of September 30, 2021)

Line of Business:

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

**Sanyo
Chemical**

Sanyo Chemical Group

- Consolidated Subsidiaries: 12 Companies
- Entities Accounted for Using the Equity Method: 5 Companies

Domestic
(6 Companies)

- SDP Global Co., Ltd.
- SAN NOPCO LIMITED
- San Chemical Co., Ltd.

- San-Apro Ltd.
- San-Petrochemicals Co., Ltd.
- APB Corporation

Overseas
(8 Companies)



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



- Sanyo Kasei (Thailand) Ltd.



- SANAM Corporation
- Sanyo Chemical Texas Industries, LLC
- Sunrise Chemical LLC



- SDP GLOBAL (MALAYSIA) SDN. BHD.

Logistics and Service
Subsidiaries
(3 Companies)

- Sanyo Chemical Logistics Co., Ltd.
- Sanliving Ltd.

- Shiohama Chemicals
Warehouse Co., Ltd.

Other Subsidiaries and Affiliates:

Sanyo Kasei Korea, Ltd.
SANYO KASEI (TAIWAN) LTD.
San Nopco (Korea) Limited

Sanyo Chemical Manufacturing Korea, Ltd.
San Nopco (Shanghai) Trading Co., Ltd.
DaXiang International Trading (SHANGHAI) Co., Ltd.

Domestic Production Bases



Kyoto Factory, Head Office and Research Laboratory
(Higashiyama-ku, Kyoto, Approx. 26,000 m²)



Kashima Factory
(Kamisu-shi, Ibaraki, Approx. 130,000 m²)



Nagoya Factory
(Tokai-shi, Aichi, Approx. 100,000 m²)



Kinuura Factory
(Handa-shi, Aichi, Approx. 140,000 m²)



San Chemical Co., Ltd., Kawasaki Factory
(Kawasaki-shi, Kanagawa, Approx. 11,000 m²)

Overseas Production Bases



Sanyo Kasei (Nantong) Co., Ltd.



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



Sanyo Chemical Manufacturing Korea, Ltd.



SDP GLOBAL (MALAYSIA) SDN. BHD.



Sanyo Kasei (Thailand) Ltd.



Sanyo Chemical Texas Industries, LLC



Overseas Sales Offices



SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.

San Nopco (Shanghai) Trading Co., Ltd.

DaXiang International Trading (Shanghai) Co., Ltd.



Sanyo Kasei Korea, Ltd.

San Nopco (Korea) Limited



Sanyo Kasei (Thailand) Ltd.



SANYO KASEI (TAIWAN) LTD.

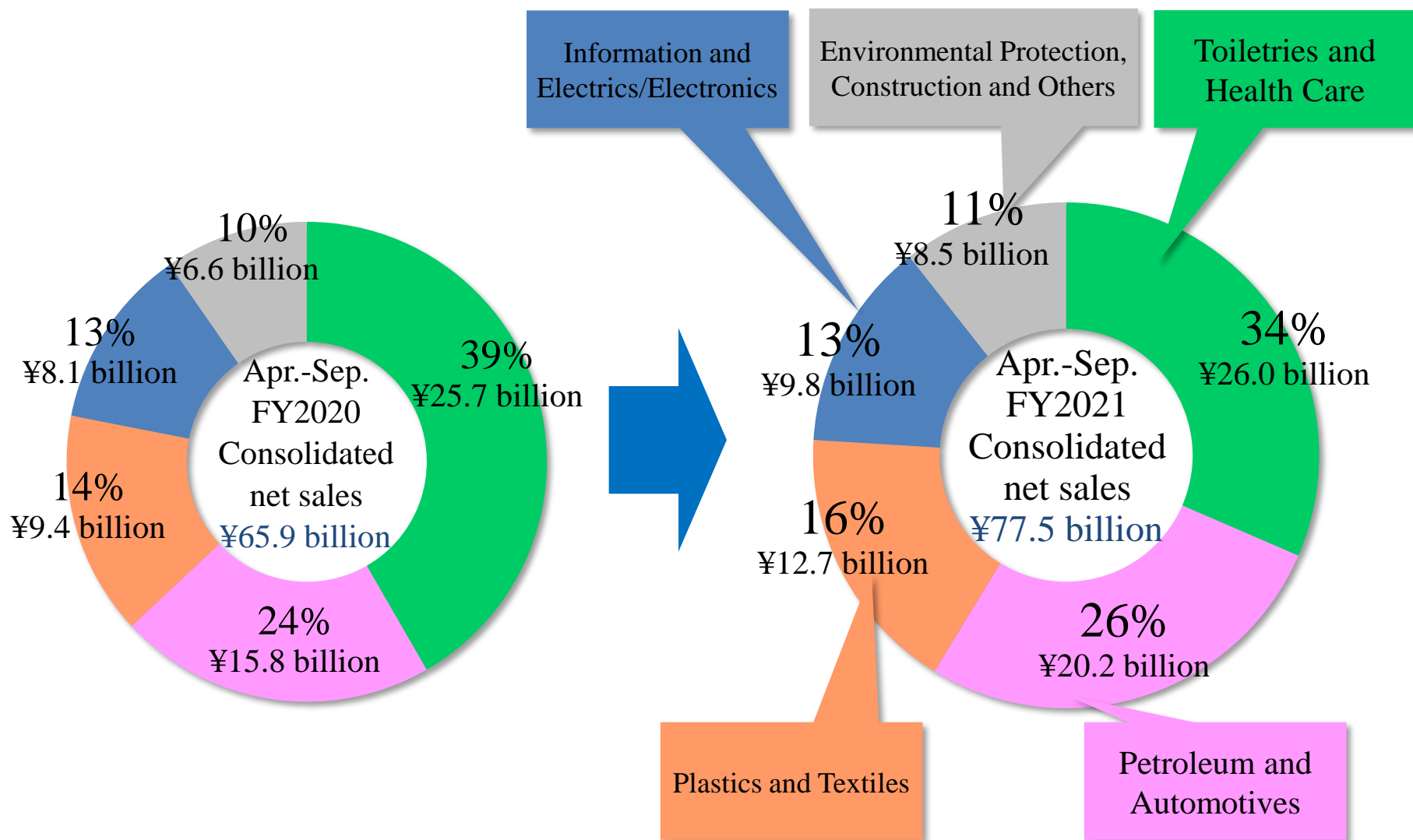


SANAM Corporation

Principal Products by Industrial Field (Segment)

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

Consolidated Net Sales by Segment

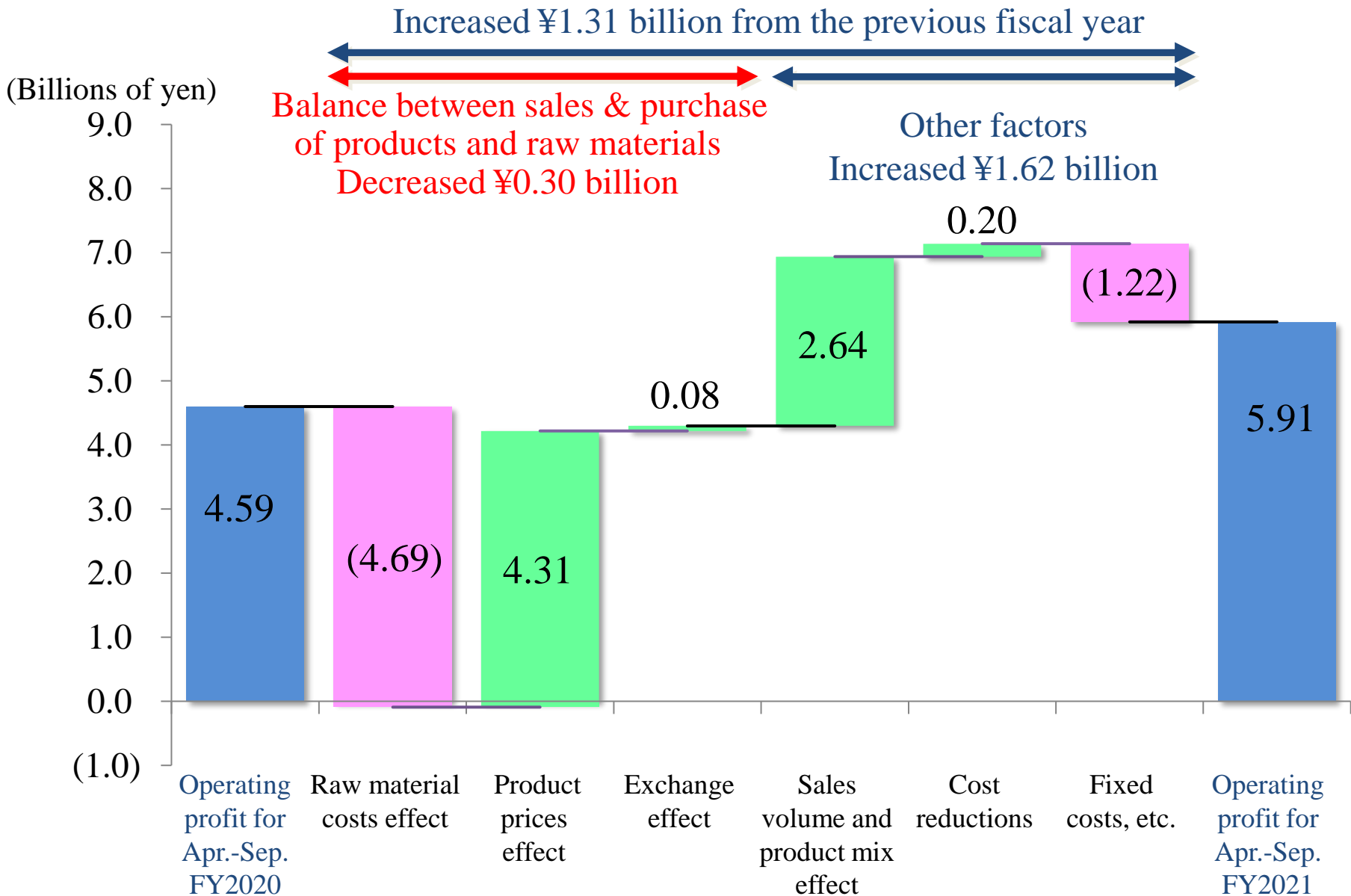


Earnings for Apr.-Sep. FY2021

(Billions of yen)

Consolidated	Apr.-Sep. FY2020	Apr.-Sep. FY2021	Year-on-Year Change	
			Amount	Ratio (%)
Net sales	65.93	77.51	11.58	17.6
Operating profit	4.59	5.91	1.31	28.7
Ordinary profit	4.37	6.86	2.48	56.9
Profit attributable to owners of parent	2.33	4.41	2.08	89.6
Comprehensive income	4.56	4.24	(0.32)	(7.0)

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



Year-on-Year Change in Consolidated Profit by Factor

(Billions of yen)

	Apr.-Sep. FY2020	Apr.-Sep. FY2021	Change amount
Operating profit	4.59	5.91	1.31
Share of profit (losses) of entities accounted for using equity method	(0.37)	0.38	0.75
Foreign exchange gains (losses)	(0.16)	0.09	0.26
Other non-operating income (loss)	0.31	0.46	0.14
Ordinary profit	4.37	6.86	2.48
Gain (loss) on sales of non-current assets, loss on retirement of non-current assets	(0.47)	(0.45)	0.01
Other extraordinary income (loss)	0.01	0.02	0.01
Profit before income taxes	3.91	6.43	2.51
Income taxes	(1.36)	(1.79)	(0.43)
Profit attributable to non-controlling interests	(0.21)	(0.21)	0.00
Profit attributable to owners of parent	2.33	4.41	2.08

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2021	Sep. 30, 2021	Change amount	Main factors for changes
Current assets	89.3	91.8	2.4	Cash and deposits: (2.0), Notes and accounts receivable - trade, Electronically recorded monetary claims - operating: 1.4, Merchandise and finished goods: 1.2
Non-current assets	106.3	105.8	(0.5)	Property, plant and equipment: (1.2)
Total assets	195.7	197.6	1.9	
Current liabilities	46.2	46.8	0.6	Accounts payable - trade, Electronically recorded obligations - operating: 2.8, Short-term borrowings: (0.7)
Non-current liabilities	6.5	5.5	(1.0)	Long-term borrowings: (0.7)
Total liabilities	52.7	52.4	(0.3)	
Shareholders' equity	127.1	129.8	2.7	Profit: 4.4, Cash dividends paid: (1.7)
Other comprehensive income	13.3	13.0	(0.3)	Valuation difference on available-for-sale securities: (0.5), Foreign currency translation adjustment: 0.1
Non-controlling interests	2.4	2.4	(0.0)	
Total net assets	142.9	145.2	2.3	
Total liabilities and net assets	195.7	197.6	1.9	

Consolidated Statements of Cash Flows

(Billions of yen)

	Apr.-Sep.		Change amount	Special notes
	FY2020	FY2021		
Cash flows from operating activities	10.13	6.83	(3.29)	
Profit before income taxes	3.91	6.43	2.51	
Depreciation	4.73	4.75	0.02	
Share of loss (profit) of entities accounted for using equity method	0.37	(0.38)	(0.75)	
Decrease (increase) in operating capital	1.98	(1.67)	(3.65)	
Income taxes	(0.85)	(1.48)	(0.63)	
Other, net	(0.02)	(0.81)	(0.79)	
Cash flows from investing activities	(5.88)	(5.58)	0.30	Purchase of non-current assets 1H FY2020: (4.73), 1H FY2021: (4.32)
Free cash flows	4.24	1.25	(2.98)	
Cash flows from financing activities	(0.66)	(3.45)	(2.79)	Loans and Repayment 1H FY2020: 1.15, 1H FY2021: (1.40)
Effect of exchange rate change on cash and cash equivalents	(0.08)	0.11	0.19	
Net increase (decrease) in cash and cash equivalents	3.49	(2.08)	(5.58)	
Cash and cash equivalents at beginning of period	18.00	23.64	5.63	
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of consolidated subsidiaries	(0.65)	—	0.65	
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	0.11	—	(0.11)	
Cash and cash equivalents at end of period	20.96	21.56	0.59	

Earnings Forecast for FY2021 and Progress in Apr.-Sep. FY2021

<Assumptions for below forecasts>

Price of naphtha produced in Japan: 55 thousand yen/kl, Exchange rate: 111 yen/U.S. dollar

(Assumptions for Initial forecast :

Price of naphtha produced in Japan: 46 thousand yen/kl, Exchange rate: 108 yen/U.S. dollar

(Billions of yen)

Consolidated	2Q(Apr. – Sep.)			Full-year	
	Result	Forecast	Progress (%)	Forecast	Progress (%)
Net sales	77.51	82.00	94.5	170.00	45.6
Operating profit	5.91	6.00	98.6	13.50	43.8
Ordinary profit	6.86	6.00	114.4	13.50	50.8
Profit attributable to owners of parent	4.41	4.00	110.5	9.00	49.1

Trends in Consolidated Earnings (Half Period)

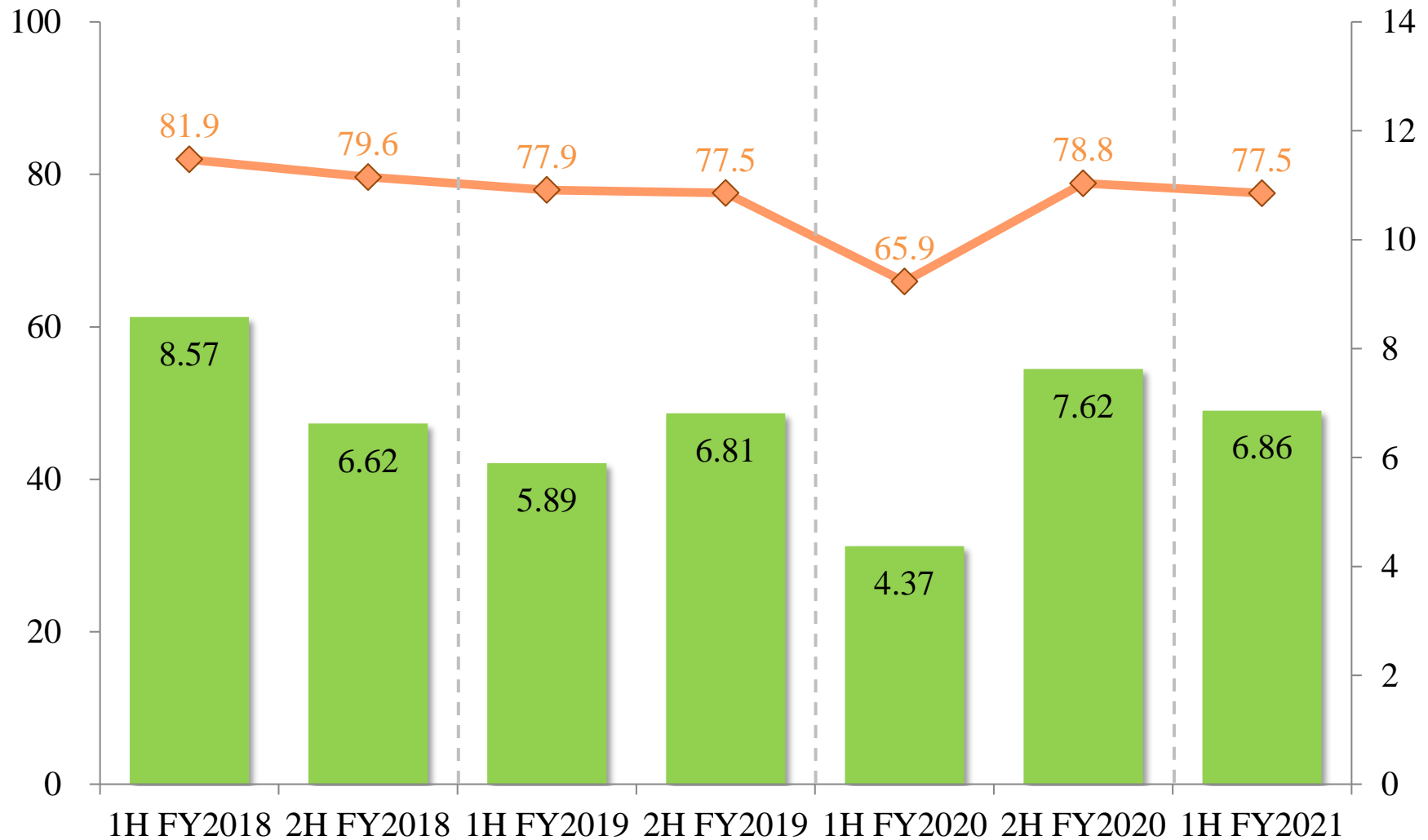


Net sales

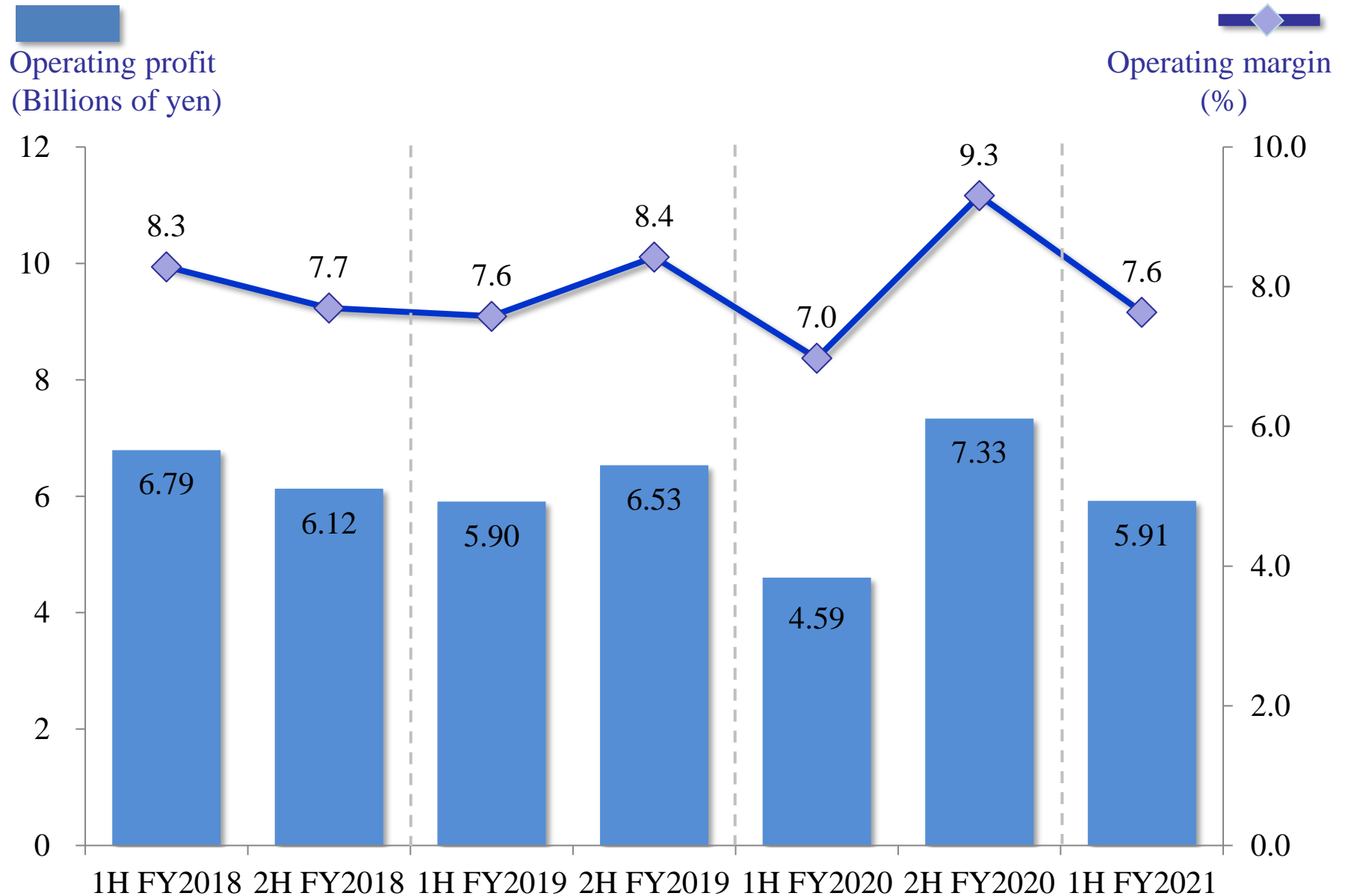
(Billions of yen)



Ordinary profit
(Billions of yen)



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



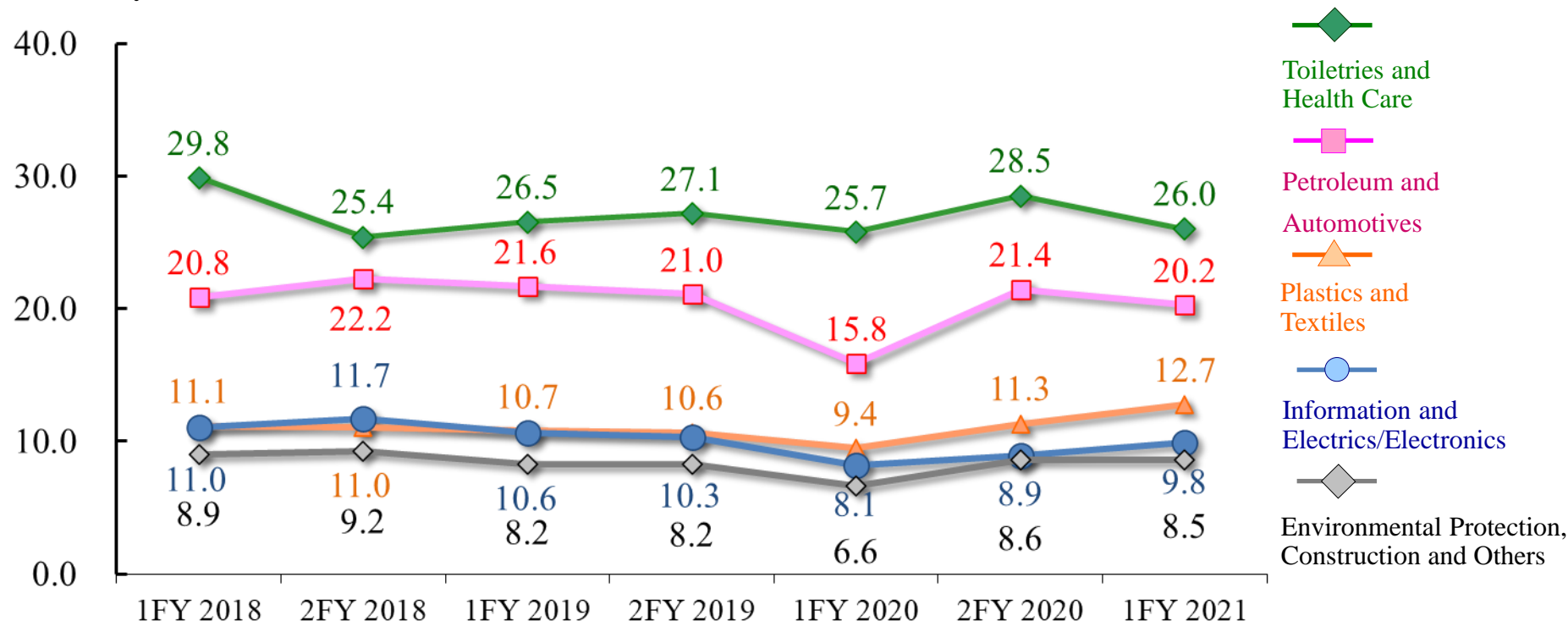
Consolidated Earnings by Segment

(Billions of yen)

Segment	Net sales			Operating profit		
	Apr.-Sep. FY2020	Apr.-Sep. FY2021	Change amount	Apr.-Sep. FY2020	Apr.-Sep. FY2021	Change amount
Toiletries and Health Care	25.78	26.01	0.22	1.54	0.54	(0.99)
Toiletries	6.15	6.86	0.71			
Health Care	19.63	19.15	(0.48)			
Petroleum and Automotives	15.84	20.27	4.42	1.11	1.83	0.72
Plastics and Textiles	9.49	12.74	3.25	0.98	1.84	0.85
Plastics	7.14	9.30	2.16			
Textiles	2.34	3.43	1.09			
Information and Electrics/Electronics	8.19	9.89	1.69	0.57	0.99	0.42
Information	4.68	5.51	0.83			
Electrics/Electronics	3.51	4.38	0.86			
Environmental Protection, Construction and Others	6.61	8.58	1.97	0.38	0.70	0.31
Total	65.93	77.51	11.58	4.59	5.91	1.31

Trends in Consolidated Net Sales by Segment (Half Period)

(Billions of yen)

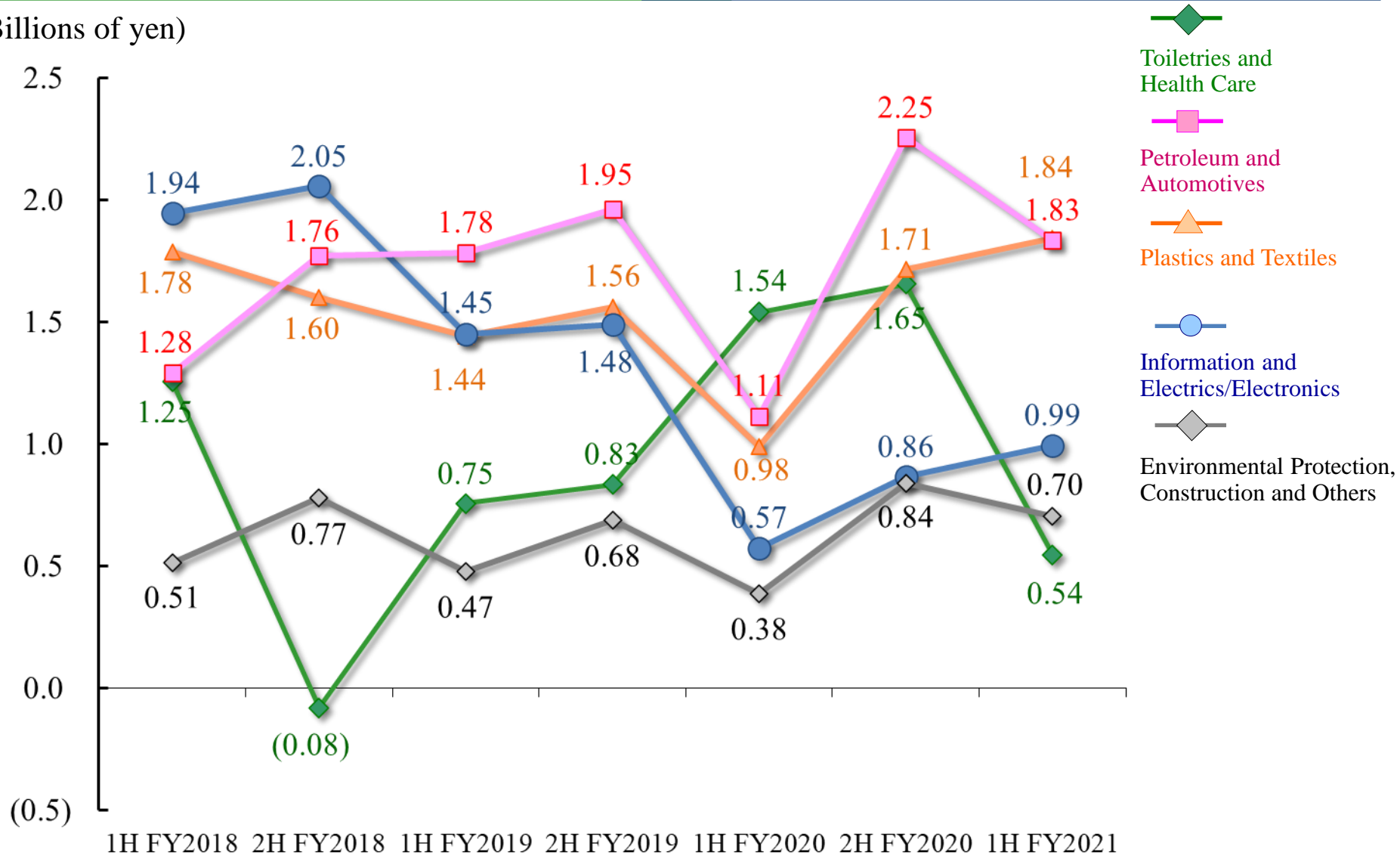


Main factors for changes in 1H FY2021 earnings (compared with the same period of the previous fiscal year)

Toiletries and Health Care:	Sales of polyethyleneglycol (PEG) increased both in Japan and overseas, and sales of papermaking chemicals recovered. Sales of superabsorbent polymers (SAP) in the mainstay Chinese market temporarily dropped due to a rapid production adjustment among our customers, but they followed a track of recovery thereafter.
Petroleum and Automotives:	Sales of thermoplastic polyurethane beads (TUB) were flat. Sales of polyurethane foams (PPG) and ACLUBE were strong.
Plastics and Textiles:	Sales of permanent antistatic agents remained strong. Overseas demand for resin modifiers also recovered. Chemicals for carbon fibers (sizing agents for carbon fibers) and spin finish oil for fiber used in automobiles were strong.
Information and Electrics/Electronics:	Sales of polyester beads (PEB) were flat. Sales of toner binder remained strong. Sales of resins used in displays increased significantly.
Environmental Protection, Construction and Others:	Sales of cationic monomer for polymer flocculants were strong. In the Construction segment, demand recovered both in Japan and overseas, and sales of raw materials for building sealants and PPG increased significantly.

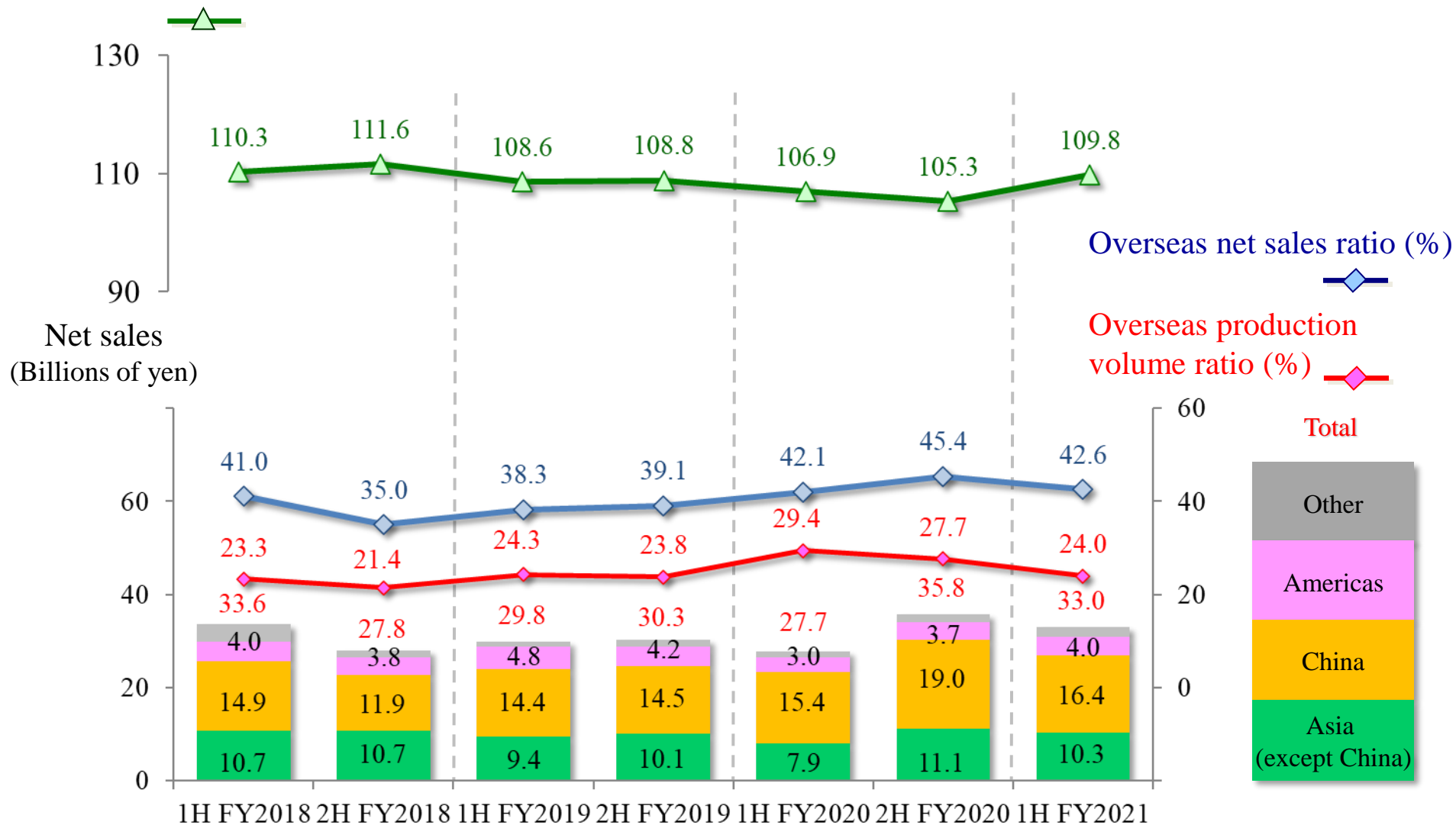
Trends in Consolidated Operating Profit by Segment (Half Period)

(Billions of yen)



Trends in Overseas Net Sales (Half Period)

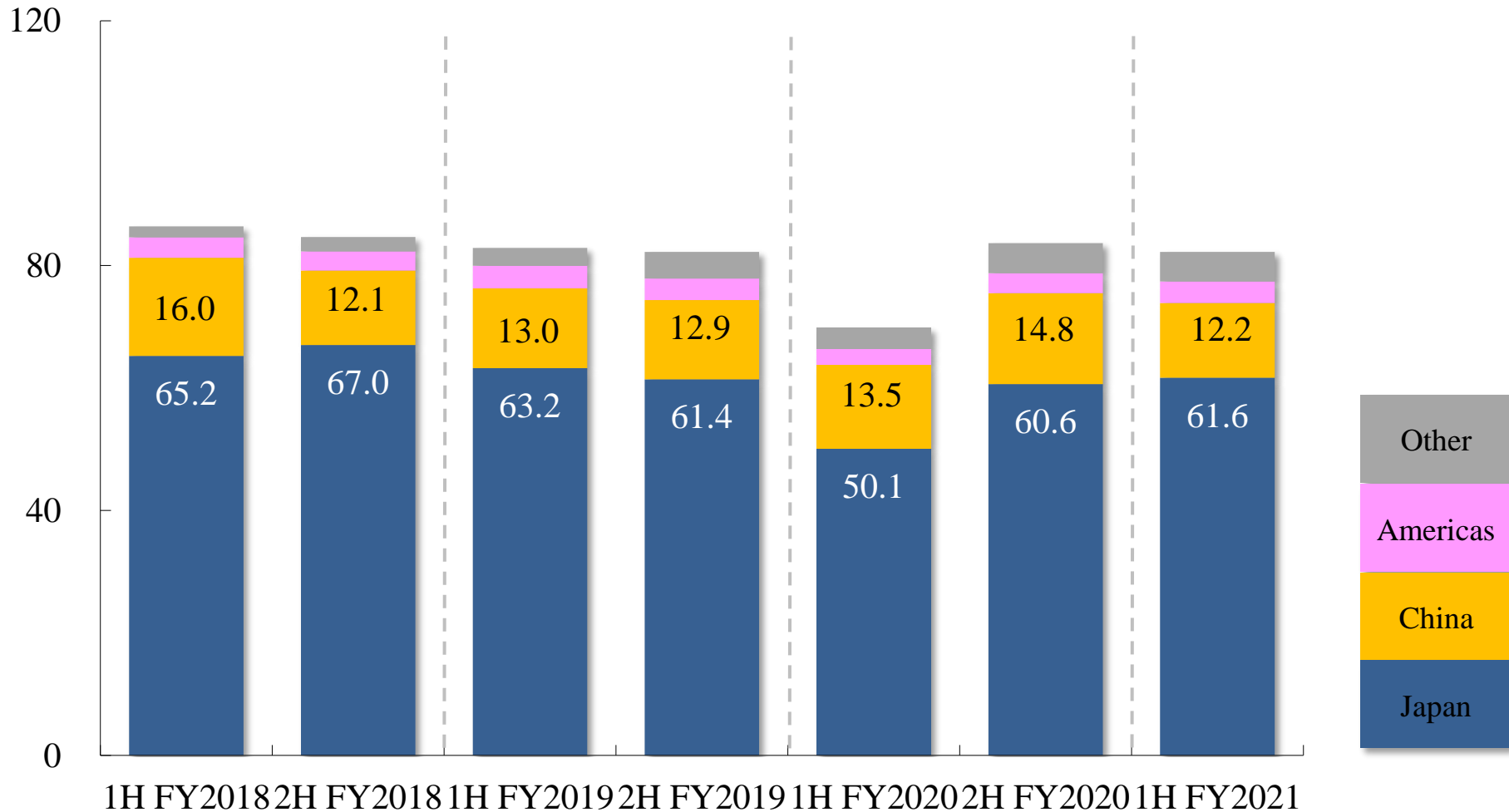
Exchange rate for each period (Yen/U.S. dollar)



Trends in Consolidated Net Sales by Geographic Segments

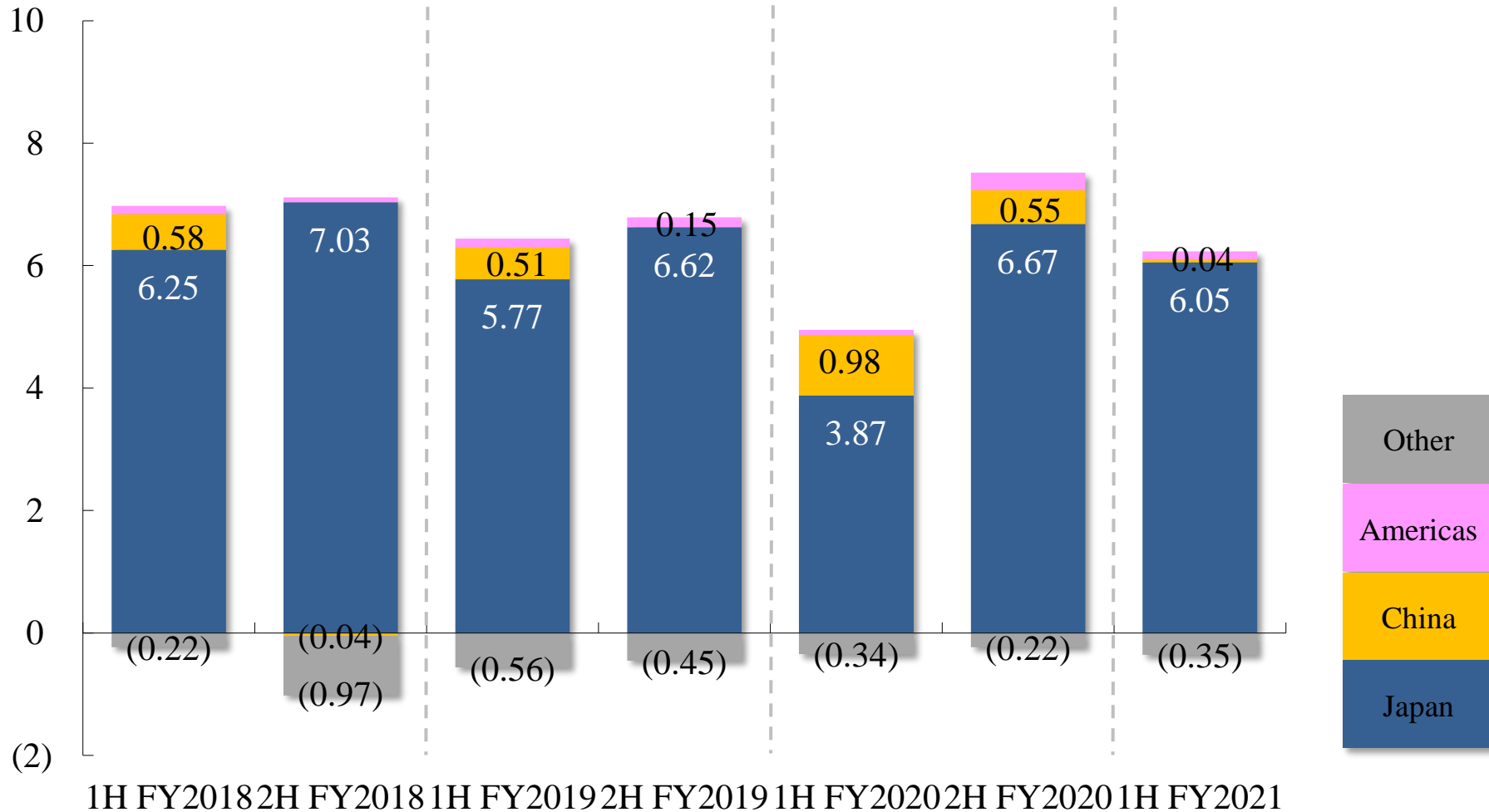
(Simple Addition)

(Billions of yen)





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

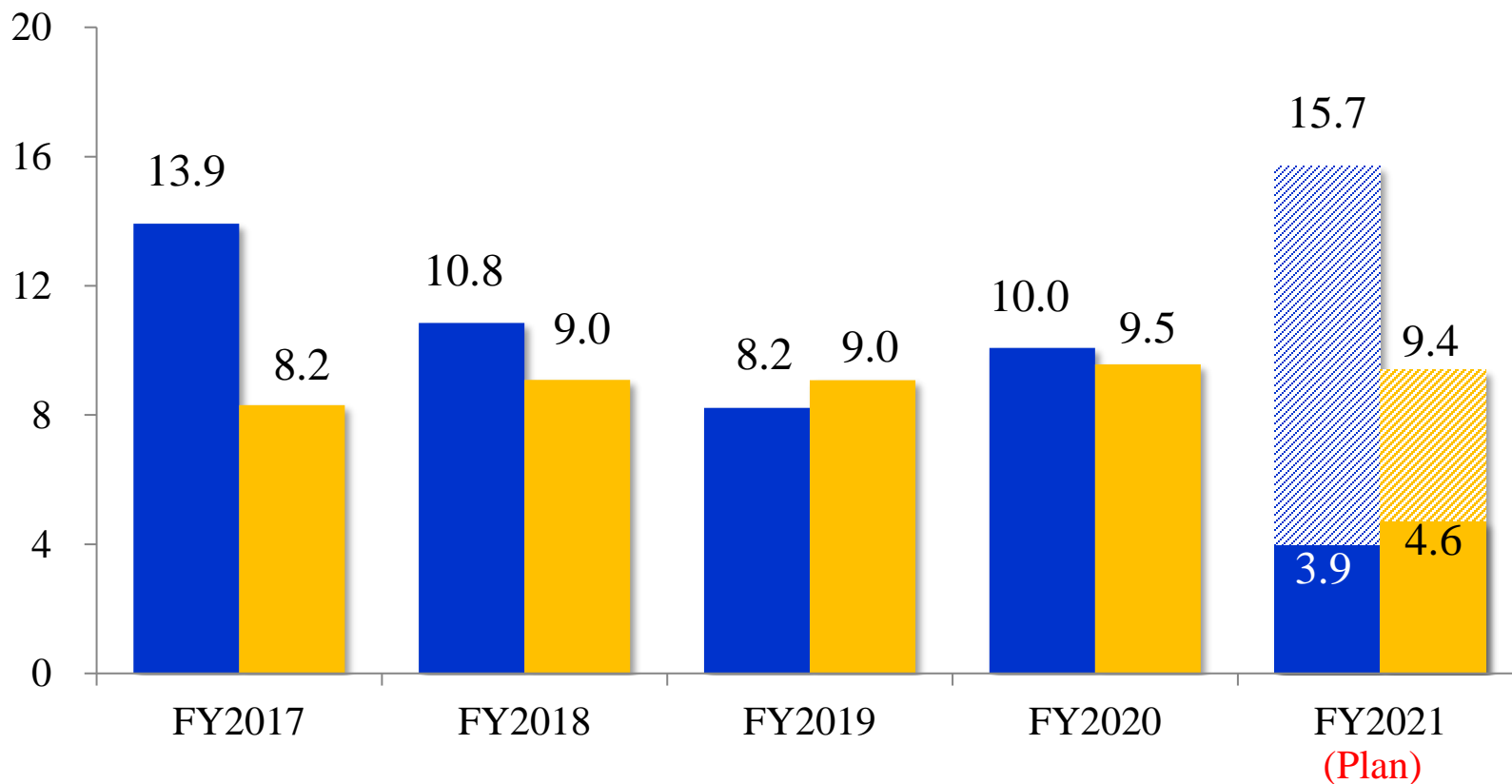
(Billions of yen)



Capital Investment and Depreciation (Consolidated)

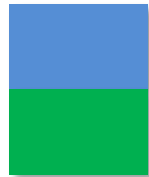
 
Capital investment Depreciation

(Billions of yen)



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

Total



Year-end

Interim

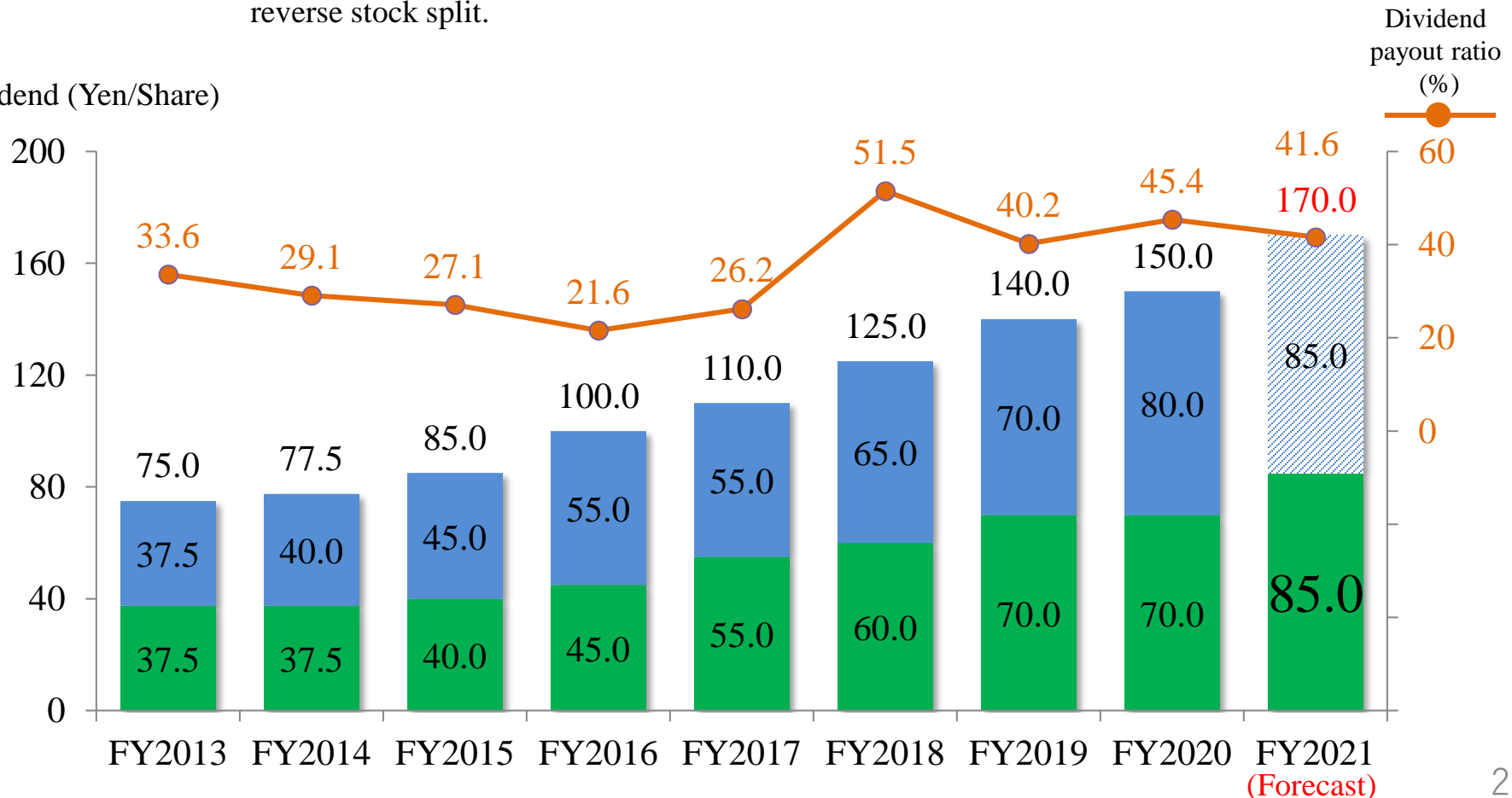
<Principles of dividend payment>

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

Sanyo Chemical conducted a reverse stock split of common stock at a ratio of one share for every five shares on October 1, 2016.

The figures below for dividends per share are converted after Sanyo Chemical conducted the reverse stock split.

Dividend (Yen/Share)



Topics

Started operation in October 2021

<APB Corporation>

Started sample production including manual operation.

Continuing equipment adjustment for fully unmanned operation.

<Sanyo Chemical Industries, Ltd.>

Completed building a stable supply system for active materials covered with polymer interface, key materials in all-polymer batteries



(from the APB website)



APB Fukui Center Takefu Factory

Silk-elastin®

Company clinical trials launched in July 2021 for the treatment of chronic wounds

FY2022: Plans to apply for regulatory approval as Japan's first medical device using genetic engineering technology

FY2023: Aims to launch as a medical device in the Japanese market

Surgical hemostatic sealant Hydrofit® (overseas brand name: AQUABRID®)



February 2014 Sales launched in Japan (thoracic aorta — artificial vascular anastomosis sites)

July 2019 CE marking acquired, European market rollout

March 2020 Indication expanded to hemostatic material that can be used for anastomosis sites of whole blood vessels, except cerebral blood vessels

July 2021 Sales launched in Hong Kong

Working to expand business for QOL improvement

Business expansion into the agriculture & nutrition area



Concluded an agreement for collaboration with Shintomi-town, Miyazaki

R&D and demonstration trials of
peptides in agriculture



Increasing
food
productivity

Health
promotion

Reducing
environmental
burdens

Peptide agriculture

Regional
revitalization

Carbon
offsets

Formulation of the Agri-Nutrition Basic Plan

Establishing peptide agriculture using bio-stimulants



High-performance functional
chemicals (synthetic)
Surface control technology



Functional ingredients (biologically
derived)
Fermentation, extraction, and
functional evaluation technology

Initiatives in Electronic Noses

Through the development of electronic noses, we will provide solutions that respond to diverse needs related to aromas

Began an evaluation with Nagase & Co., Ltd. of joint commercialization of an “electronic nose” that uses artificial olfaction applying AI technology to distinguish aromas

Proprietary resin materials using Sanyo Chemical’s technologies and knowledge in surfactants and functional polymers

Creating high-precision electronic noses that allow various aromas to be distinguished



Launched joint research using electronic noses with Miyakotsuru-Shuzo Co., Ltd., a sake maker in Fushimi-ku, Kyoto

Seeking to achieve stable quality control, manufacturing process streamlining and aroma-based marketing (new product development)

Aiming to develop local industries in Kyoto

PUD-Related Memorandum of Understanding Concluded With BASF

BASF and Sanyo Chemical signed a memorandum of understanding for collaboration on polyurethane dispersions (PUDs)



Joint News Release

September 27, 2021

BASF and Sanyo Chemical sign Memorandum Of Understanding for collaboration on polyurethane dispersions (PUDs)

- Joint development and access to technologies to create advanced PUDs
- Support sustainability goals from customers through new PUDs solutions
- Enhance global product access for PUDs users

Hong Kong SAR, China – September 27, 2021 – BASF and Sanyo Chemical Industries Ltd. (Sanyo Chemical) signed a Memorandum of Understanding for strategic collaboration of PUDs development. The two parties aim to jointly develop and produce innovative products with strong sustainability contribution. Newly developed technologies and products will have worldwide market access through the two companies' global production footprint.

"The PUD market demand is expanding and formulators are looking for improved product performance. They also look for sustainable solutions to comply with local regulations or to meet their corporate responsibility goals. This collaboration will allow both parties to reduce time-to-market of their new technologies and to accelerate conversion to water-based systems," said Sylvain Huguenard, Vice President, Resins & Additives, Asia Pacific, BASF.



BASF's global network

×

Sanyo Chemical Group's
technological development capabilities



**Accelerating the conversion to water-based coating systems
and reducing our carbon footprint!!**

Sanyo technology × traditional industries of Kyoto (ESG promotion)

74 items including Nishijin brocade and Kyoto yuzen dyeing have been designated as traditional industries of Kyoto

—Issues—

- Drop in shipments
- Shortage of successors
- Multiple chemical issues



In collaboration with the Kyoto City Industrial Tourism Bureau, the Kyoto Municipal Institute of Industrial Technology and Culture, and the Kyoto Prefecture Department of Commerce, Labor and Tourism, we aim to revitalize traditional industries and help expand demand

DEI (Diversity, Equity & Inclusion)

The Company's DEI initiatives have been well received, and we have won a "GOLD" rating in the PRIDE Index* for three consecutive years



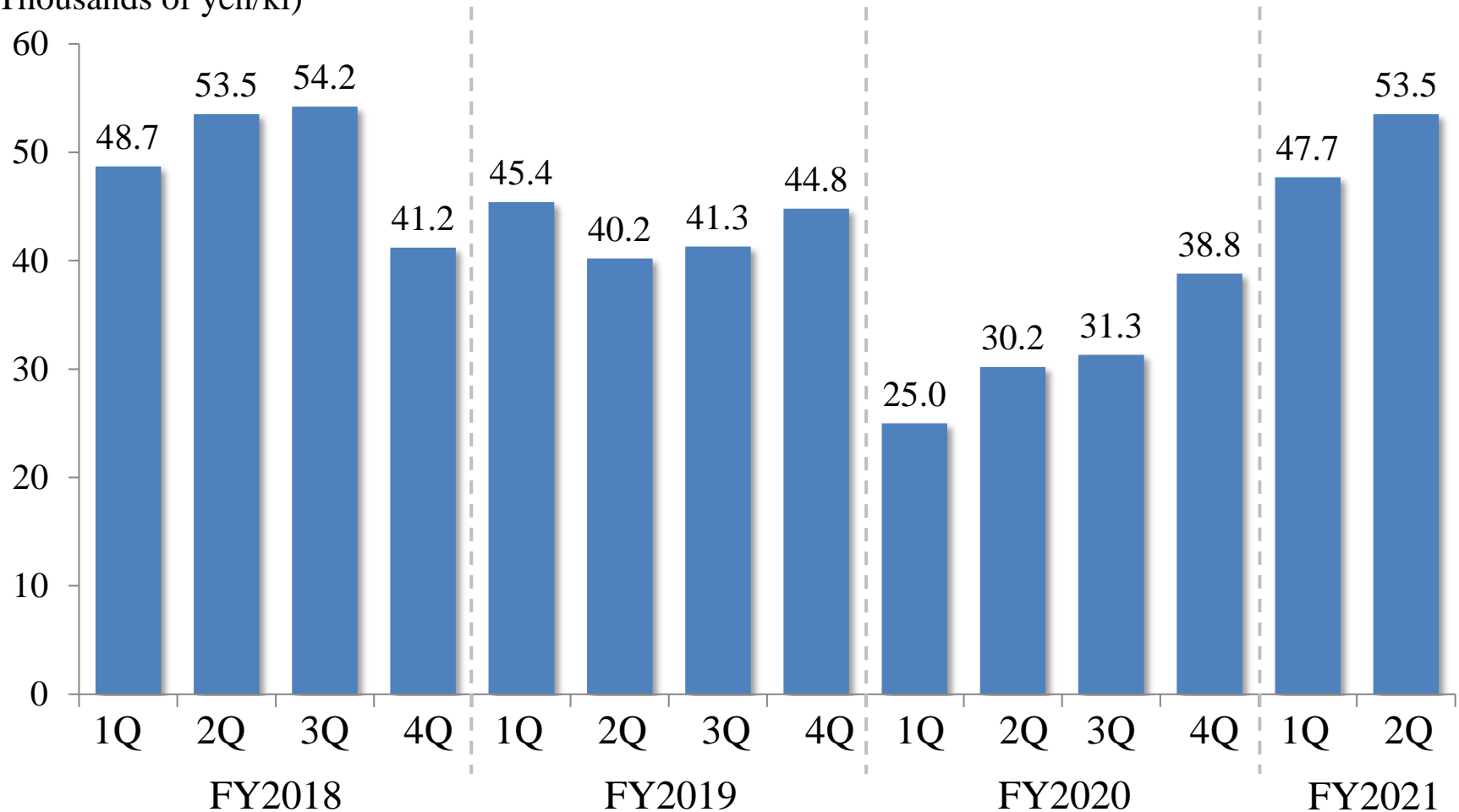
*PRIDE Index: Japan's first rating index that evaluates initiatives in workplaces for sexual minorities such as LGBTQ, created by the voluntary group "work with Pride"

By allowing diverse human resources to thrive and create added value, we are contributing to the realization of a better society

Reference

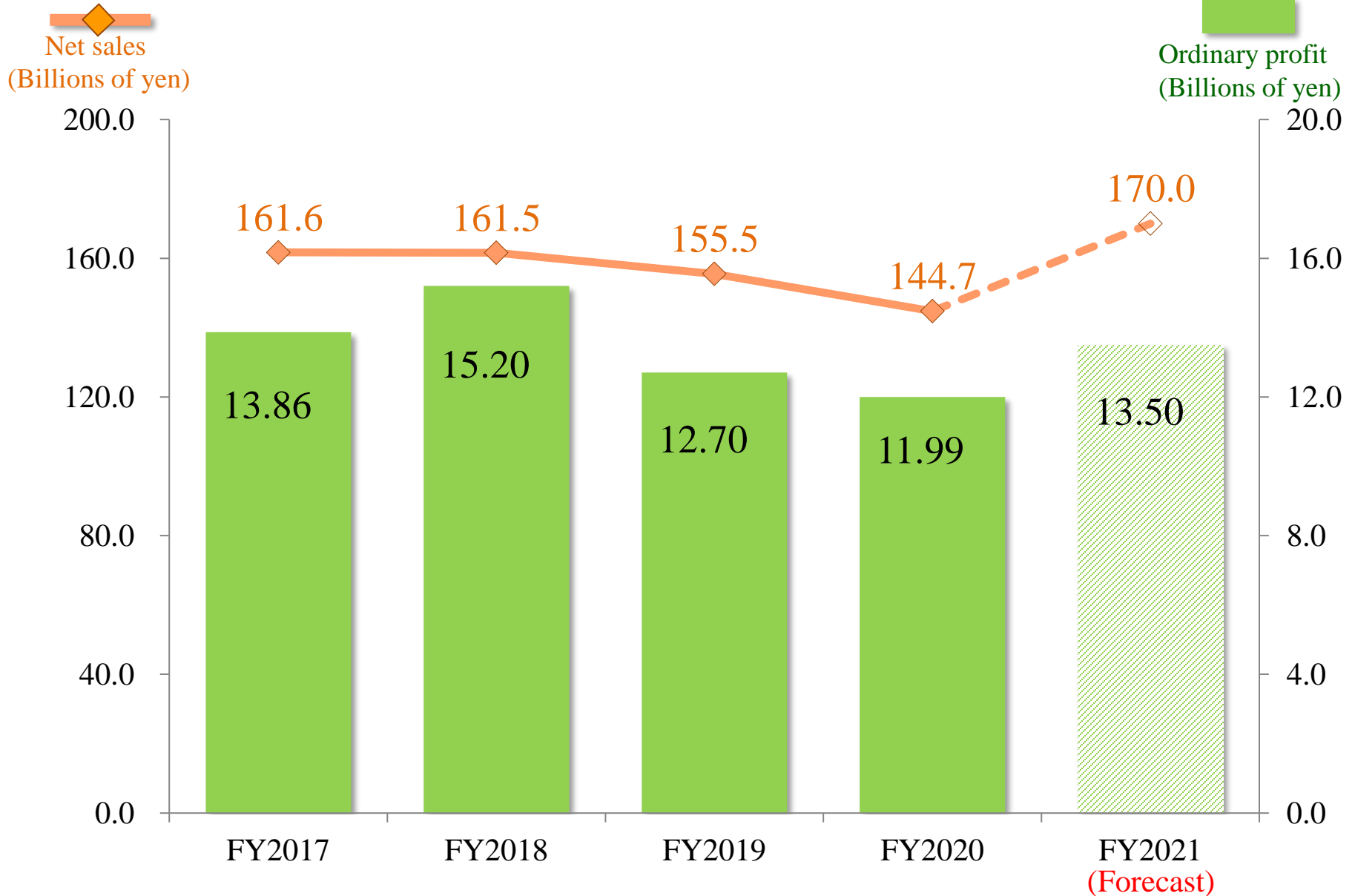
Trends in Price of Naphtha Produced in Japan

Price of Naphtha
(Thousands of yen/kl)

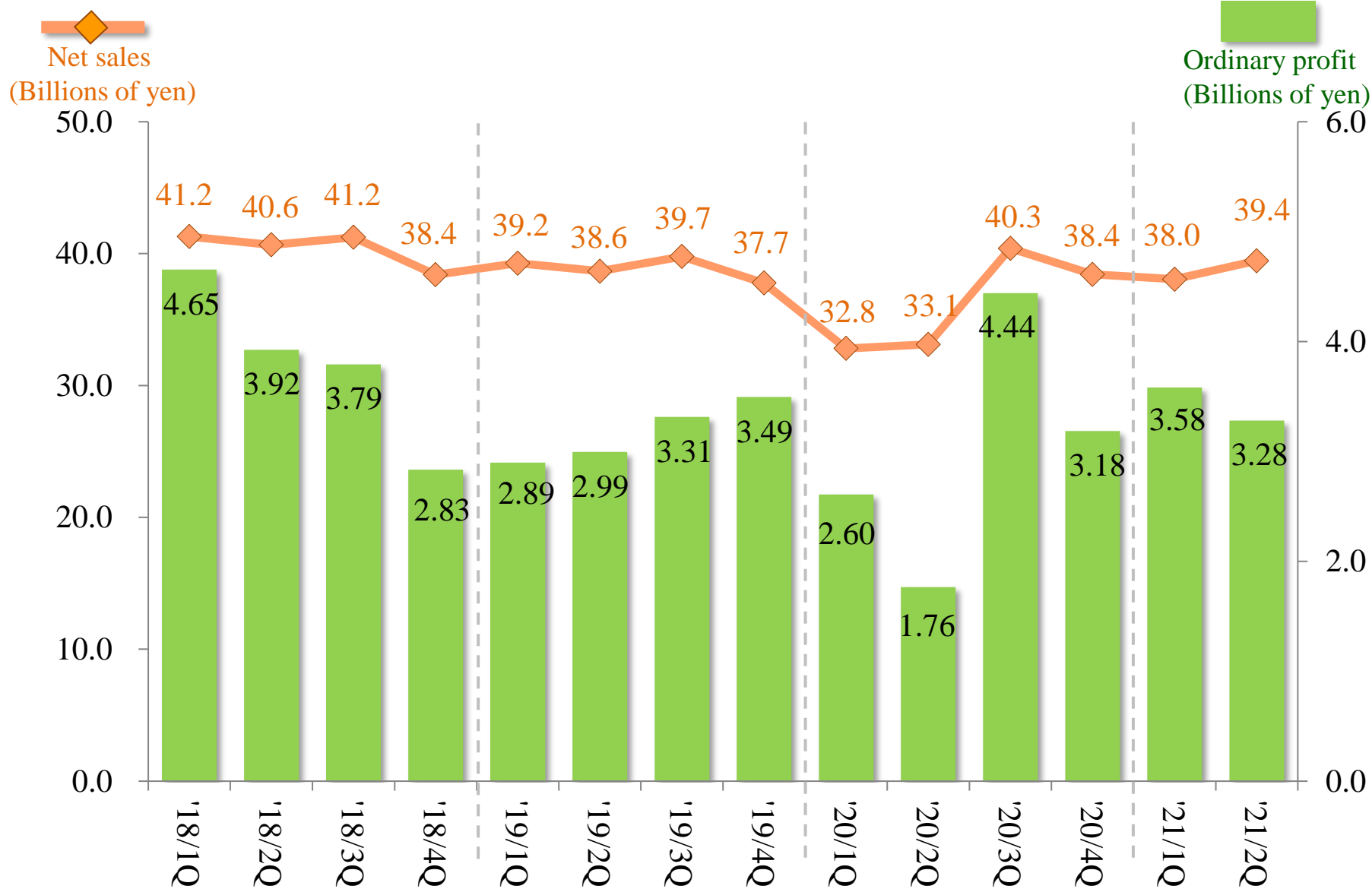


(Source: Trade Statistics of Japan)

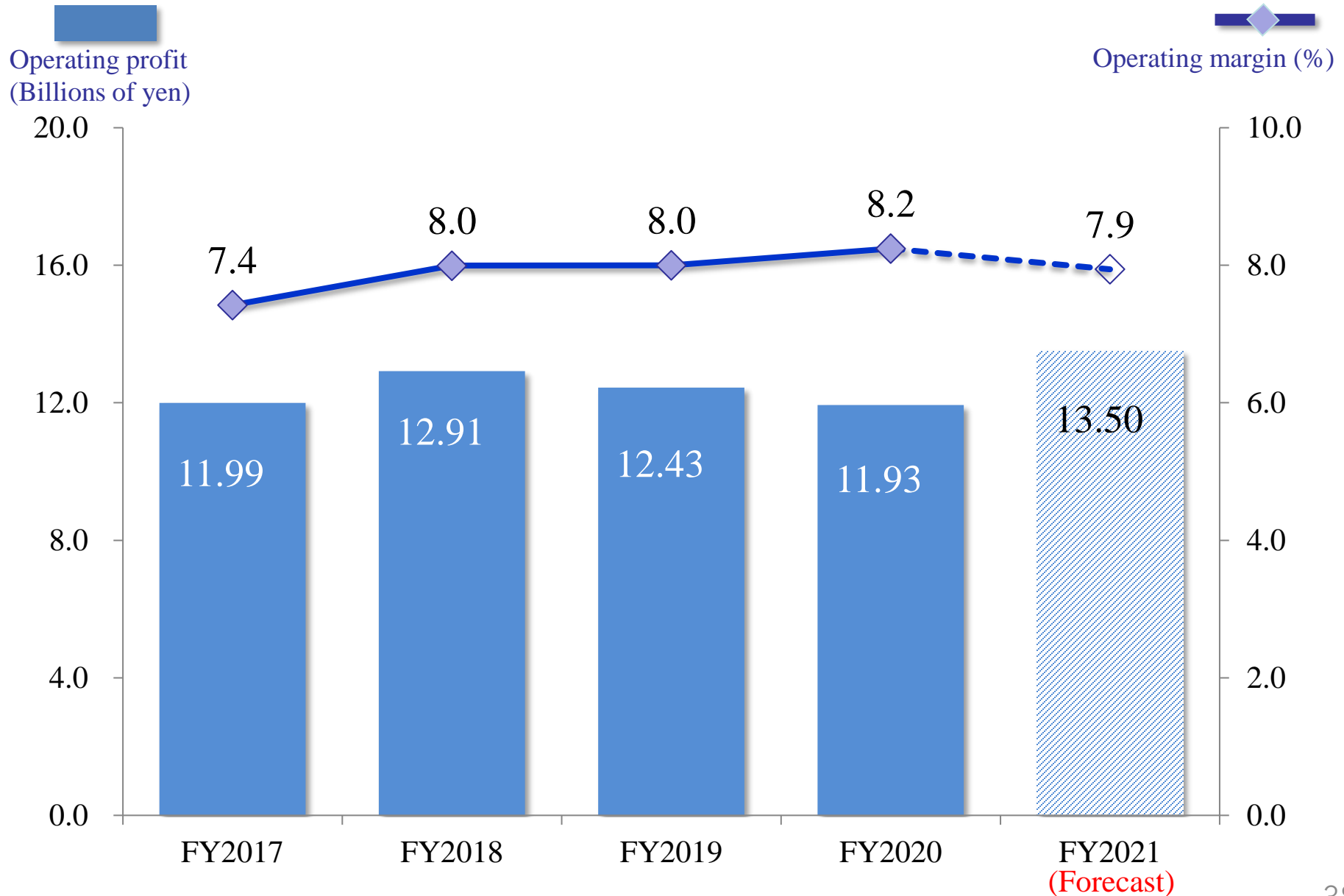
Trends in Consolidated Earnings



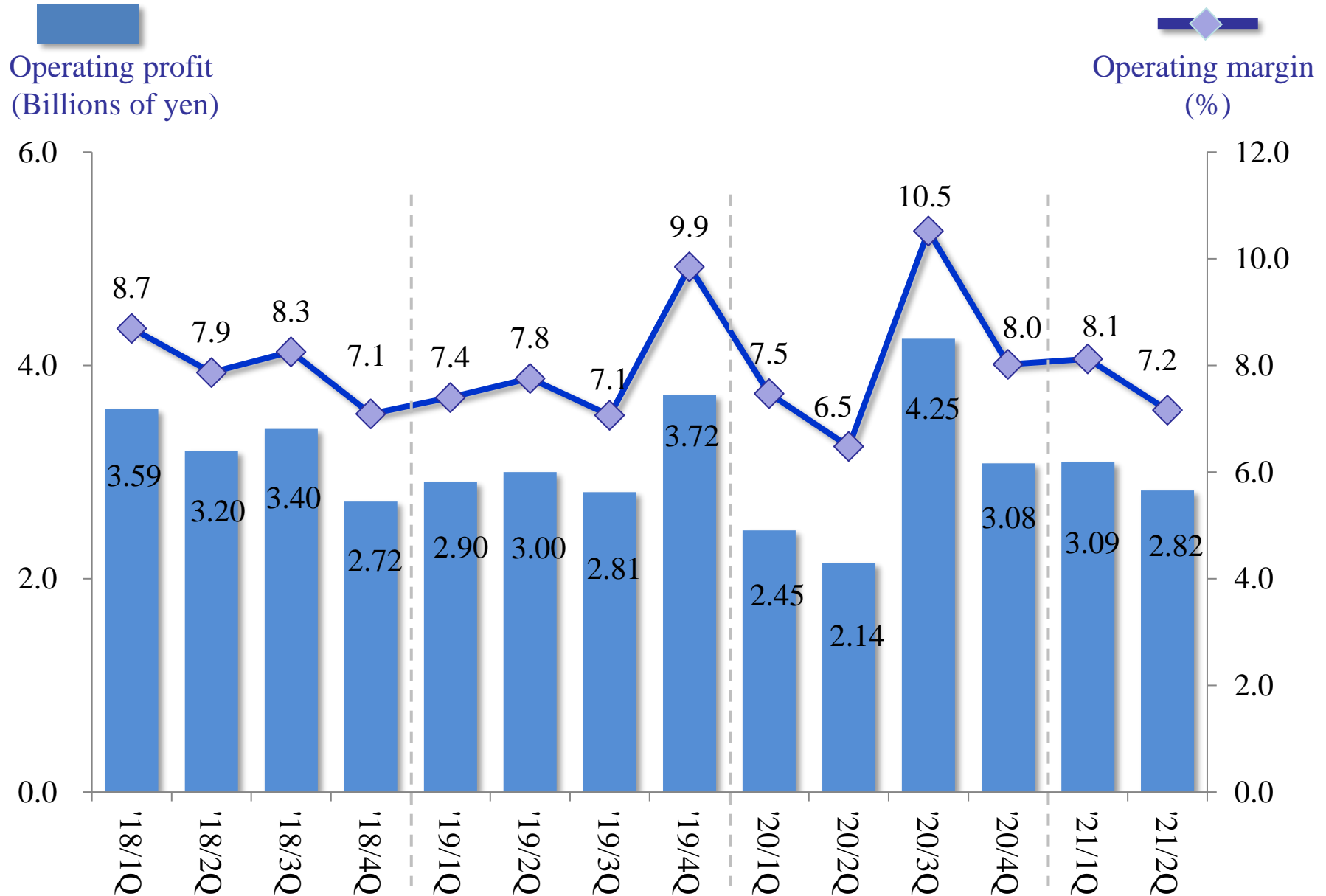
Trends in Consolidated Earnings (Quarter Period)



Trends in Consolidated Operating Profit and Operating Margin

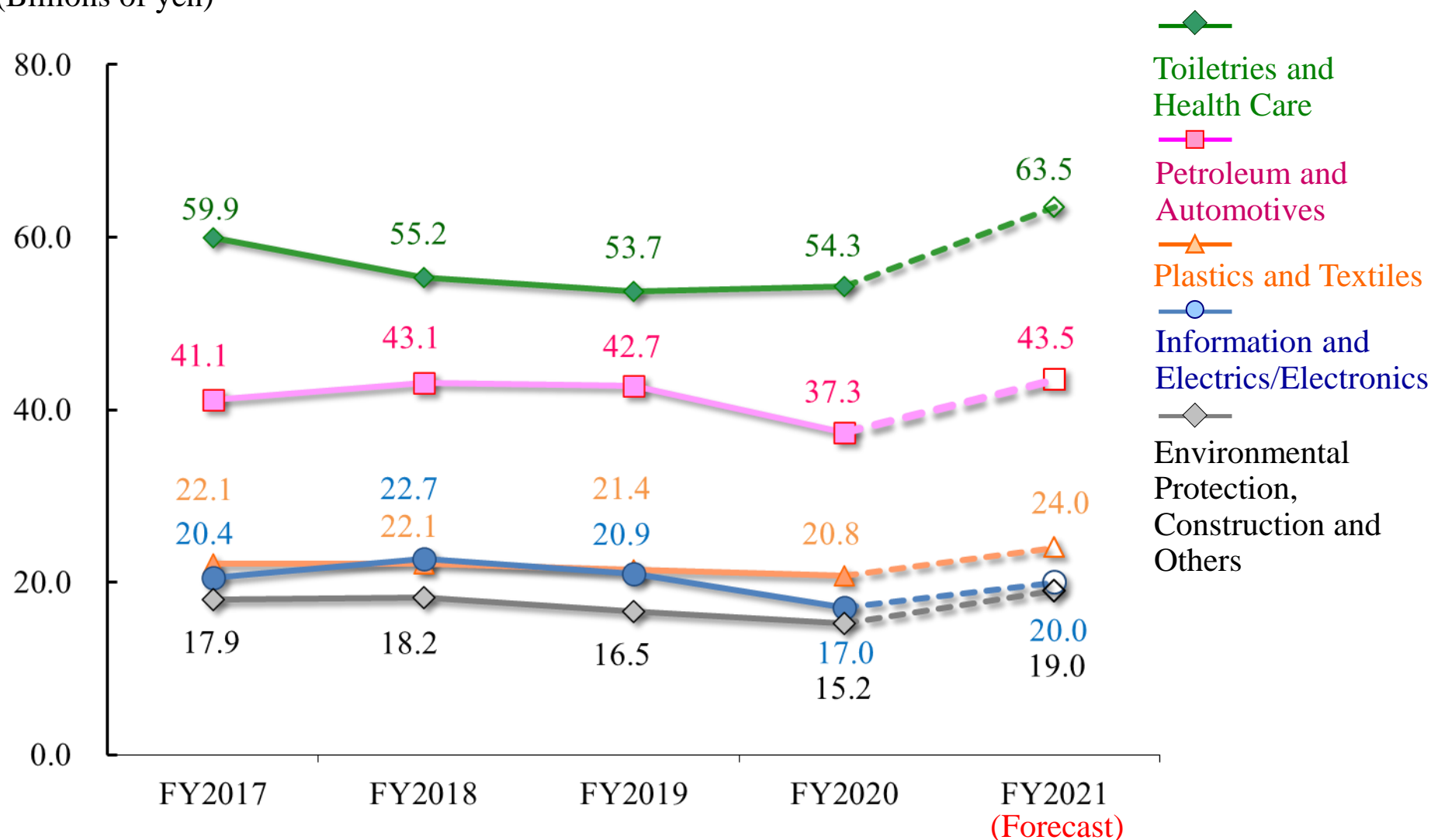


Trends in Consolidated Operating Profit and Operating Margin (Quarter Period)



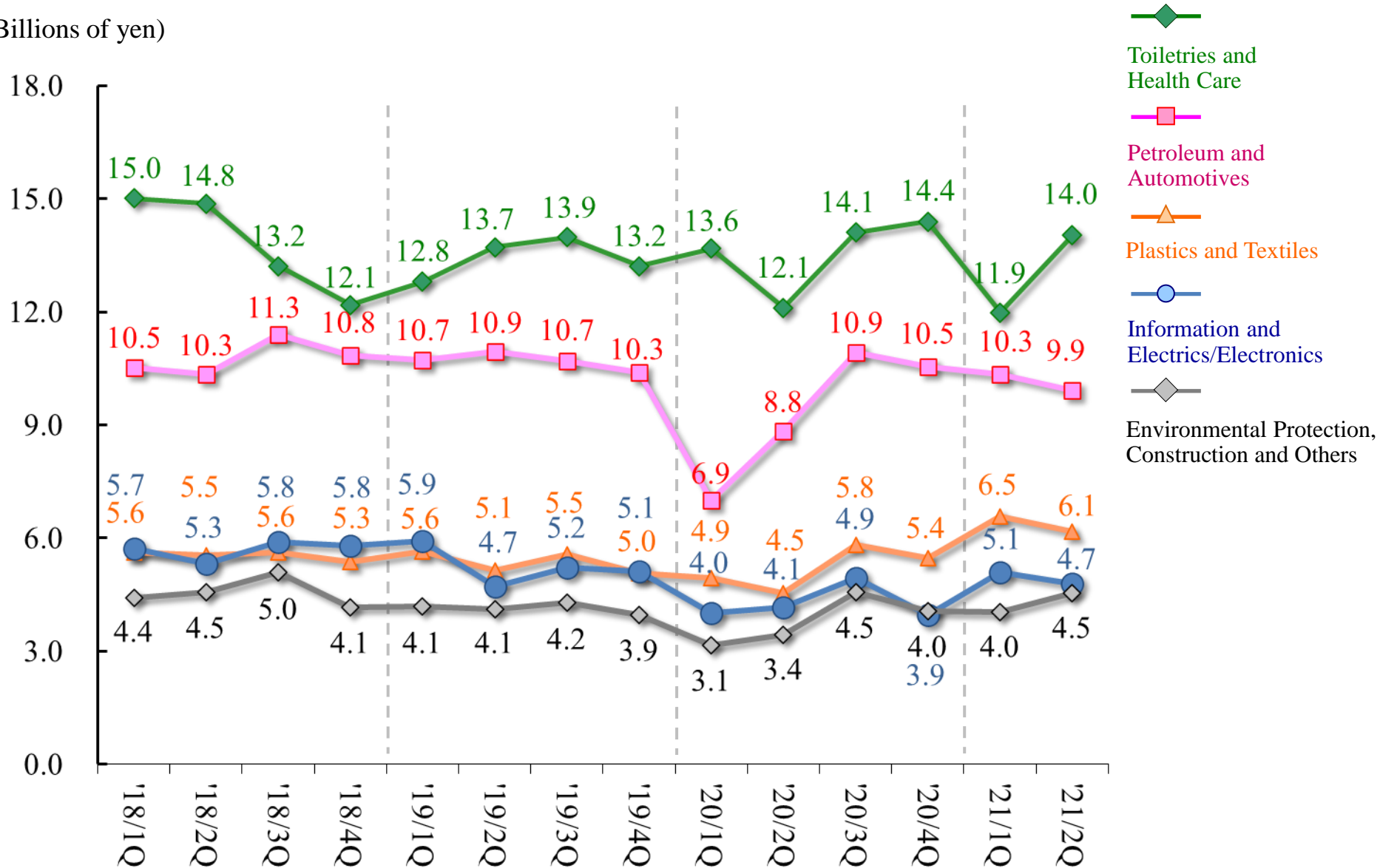
Trends in Consolidated Net Sales by Segment

(Billions of yen)



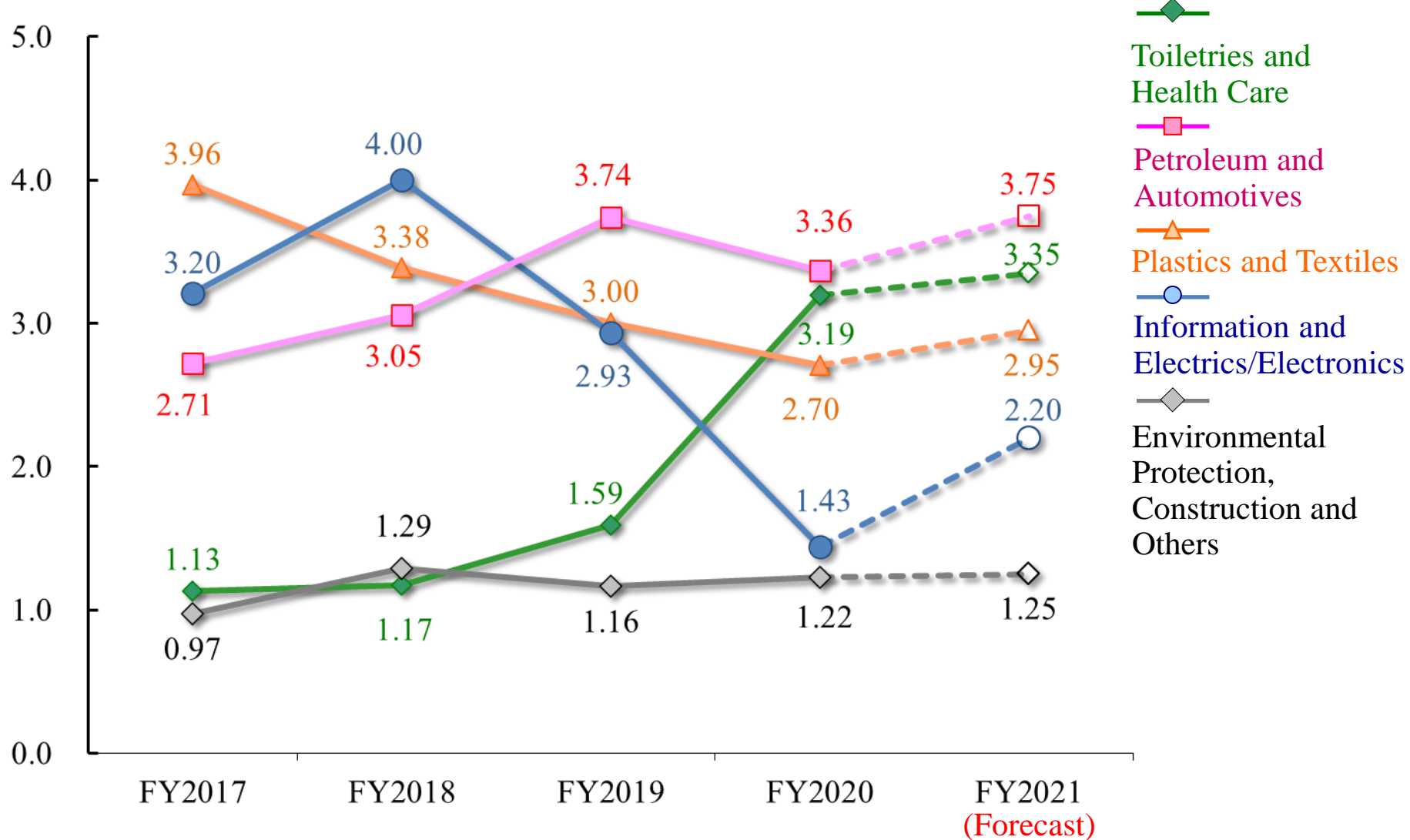
Trends in Consolidated Net Sales by Segment (Quarter Period)

(Billions of yen)



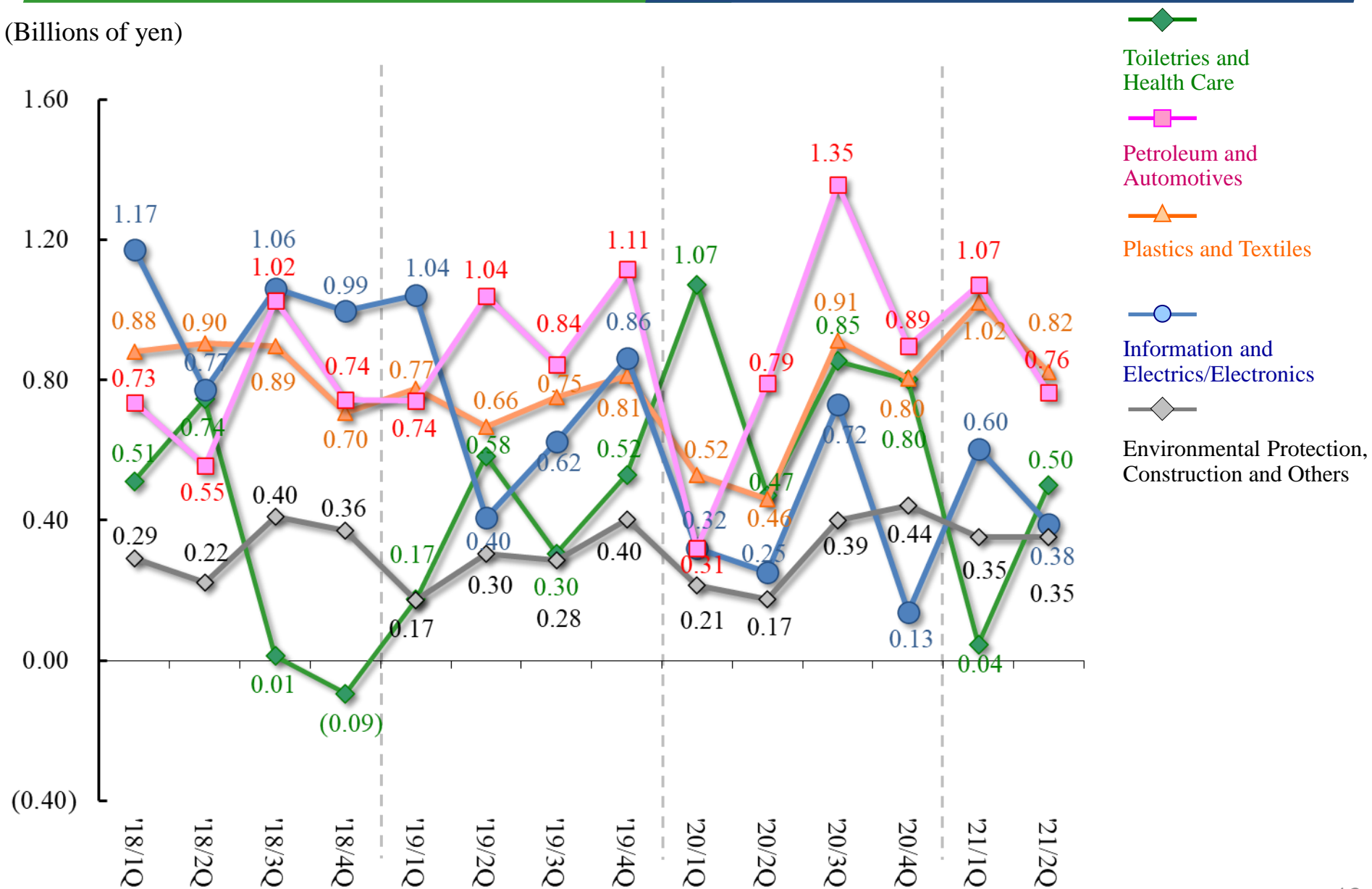
Trends in Consolidated Operating Profit by Segment

(Billions of yen)



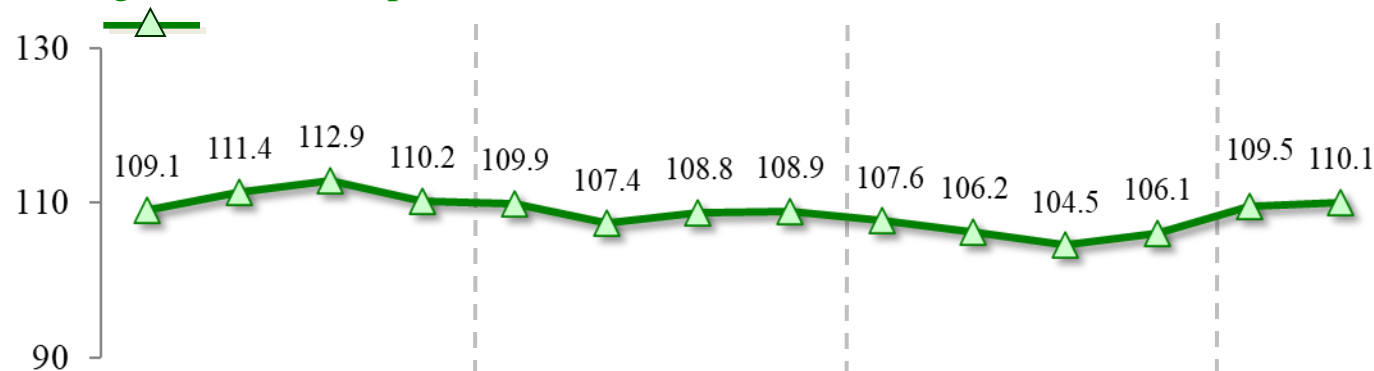
Trends in Consolidated Operating Profit by Segment (Quarter Period)

(Billions of yen)



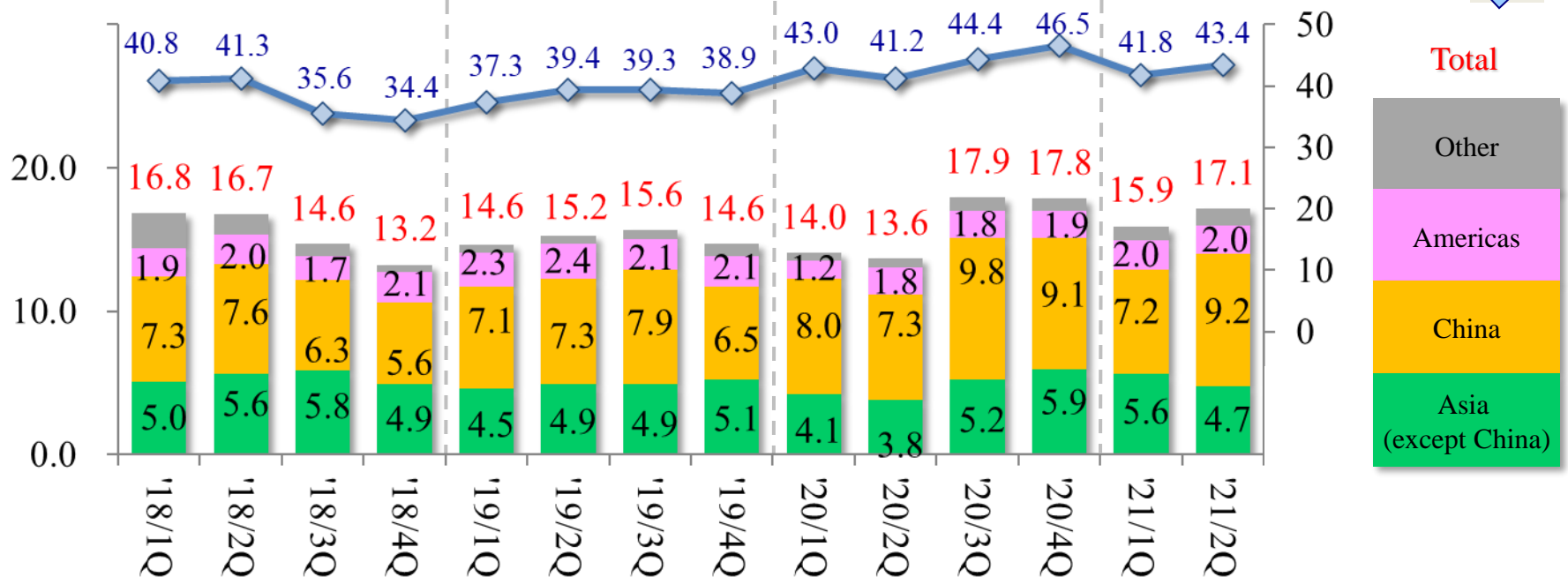
Trends in Overseas Net Sales(Quarter Period)

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



Net sales
(Billions of yen)

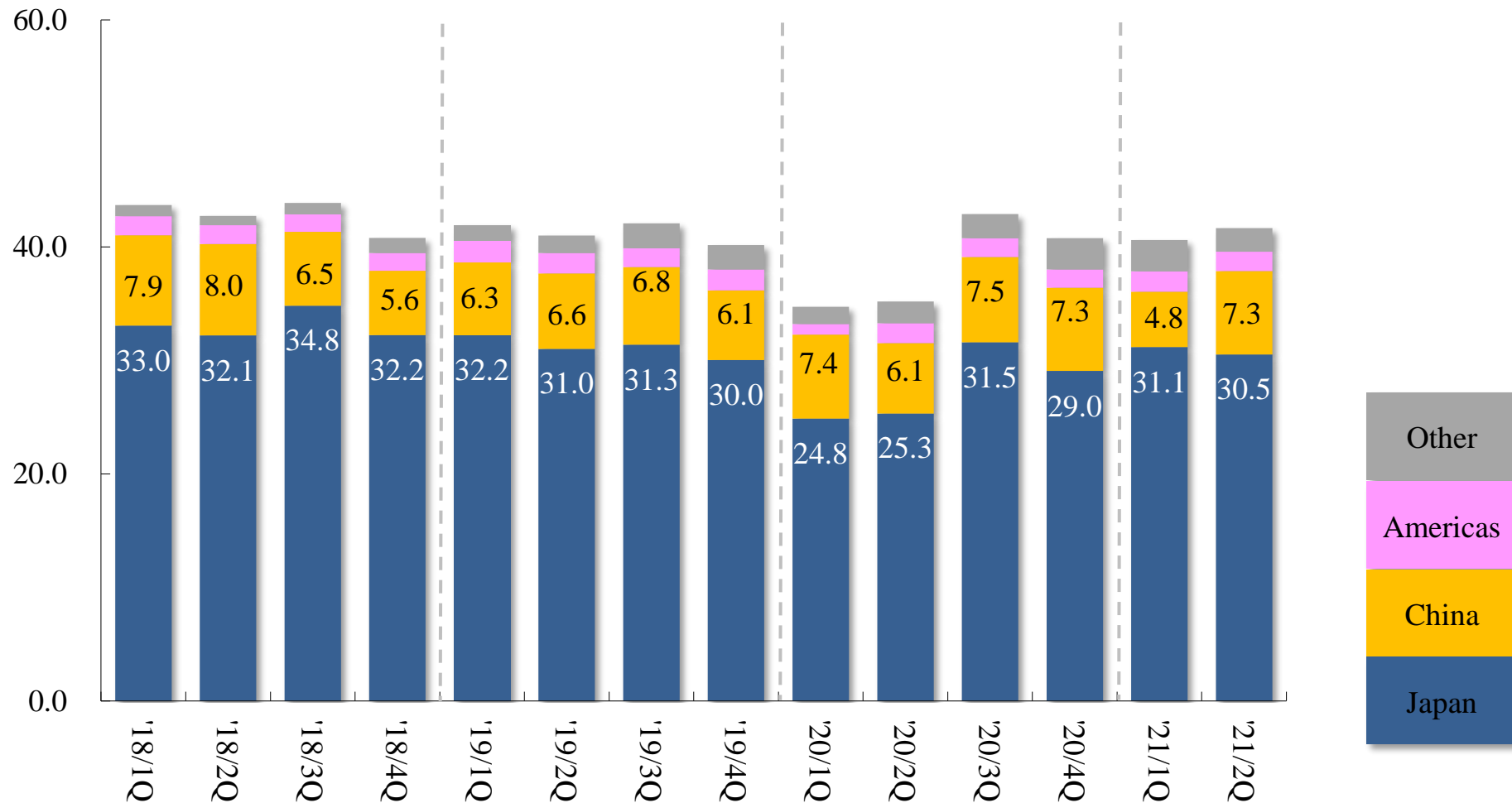
Overseas net sales ratio (%)



Trends in Consolidated Net Sales by Geographic Segments

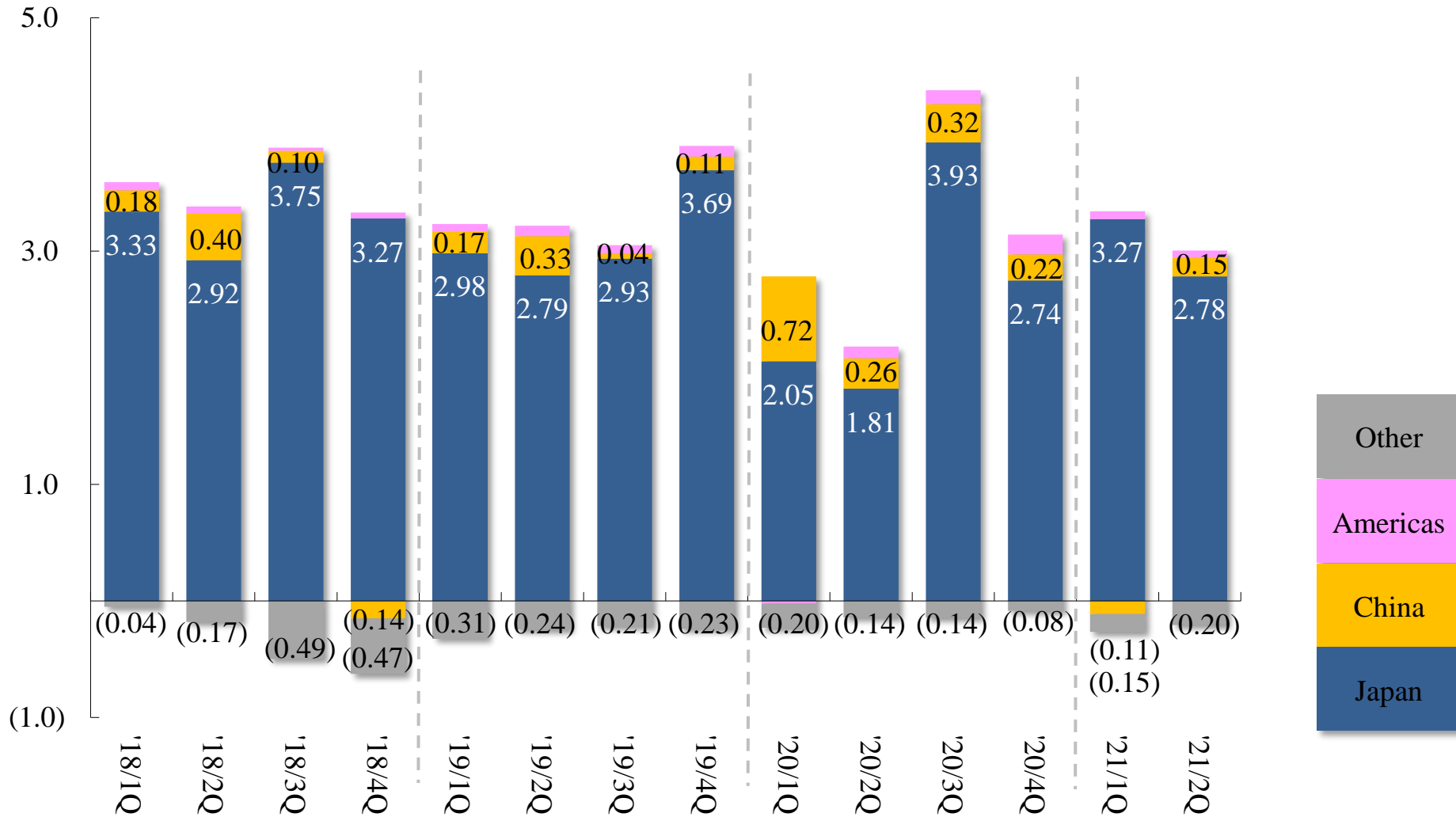
(Simple Addition)

(Billions of yen)



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

(Billions of yen)



Domestic Consolidated Subsidiaries (5 Companies)

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

Overseas Consolidated Subsidiaries (7 Companies)

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

Entities Accounted for Using the Equity Method

(5 Companies)

Company Name	Abbr.	Share of Voting Rights		Line of Business
San-Petrochemicals Co., Ltd.	SPCC	Sanyo Chemical Industries, Ltd. ENEOS Corporation	50% 50%	Manufacture of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM Corporation Nippon Chemical Texas Inc.	50% 50%	Manufacture of raw materials for synthetic rubbers
APB Corporation	APB	Sanyo Chemical Industries, Ltd. Others	44% 56%	Research, development, manufacture and sales of All Polymer Battery
Shiohama Chemicals Warehouse Co., Ltd.	—	Sanyo Chemical Industries, Ltd. ENEOS Corporation	50% 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical Industries, Ltd.	100%	Real estate, insurance agency