

Material for Financial Results Presentation For the Nine Months Ended December 31, 2021

Sanyo Chemical Industries, Ltd.
<https://www.sanyo-chemical.co.jp/eng/>
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 February 3, 2022. 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):
2,119 (as of December 31, 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

Sanyo
Chemical



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
Chemical



Sanyo Kasei (Nantong) Co., Ltd.



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



Sanyo Chemical Manufacturing Korea, Ltd.



Sanyo Kasei (Thailand) Ltd.



SDP GLOBAL (MALAYSIA) SDN. BHD.



Sanyo Chemical Texas Industries, LLC



Overseas Sales Offices

Sanyo
Chemical



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.



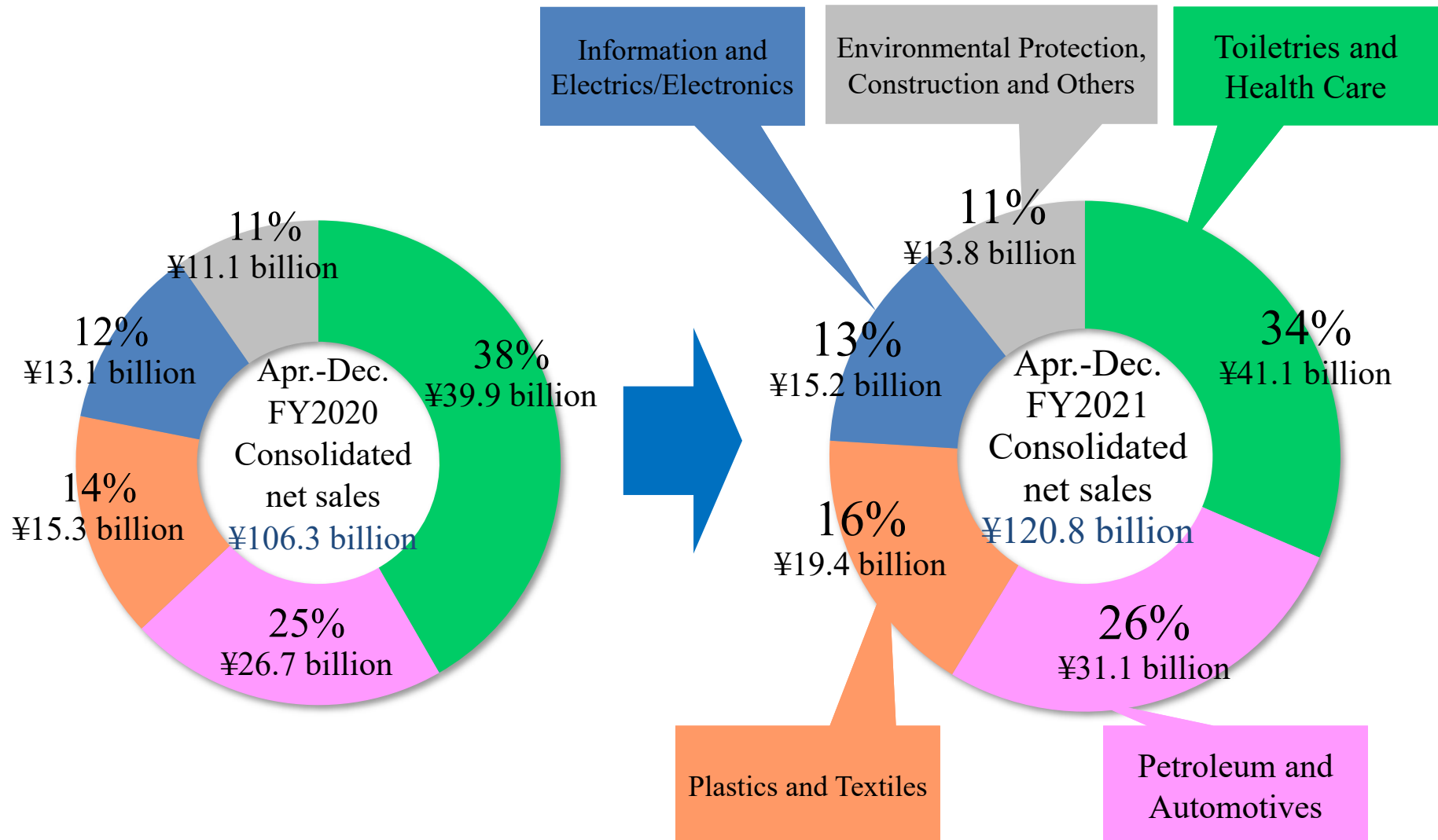
SANAM Corporation

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

Sanyo
Chemical

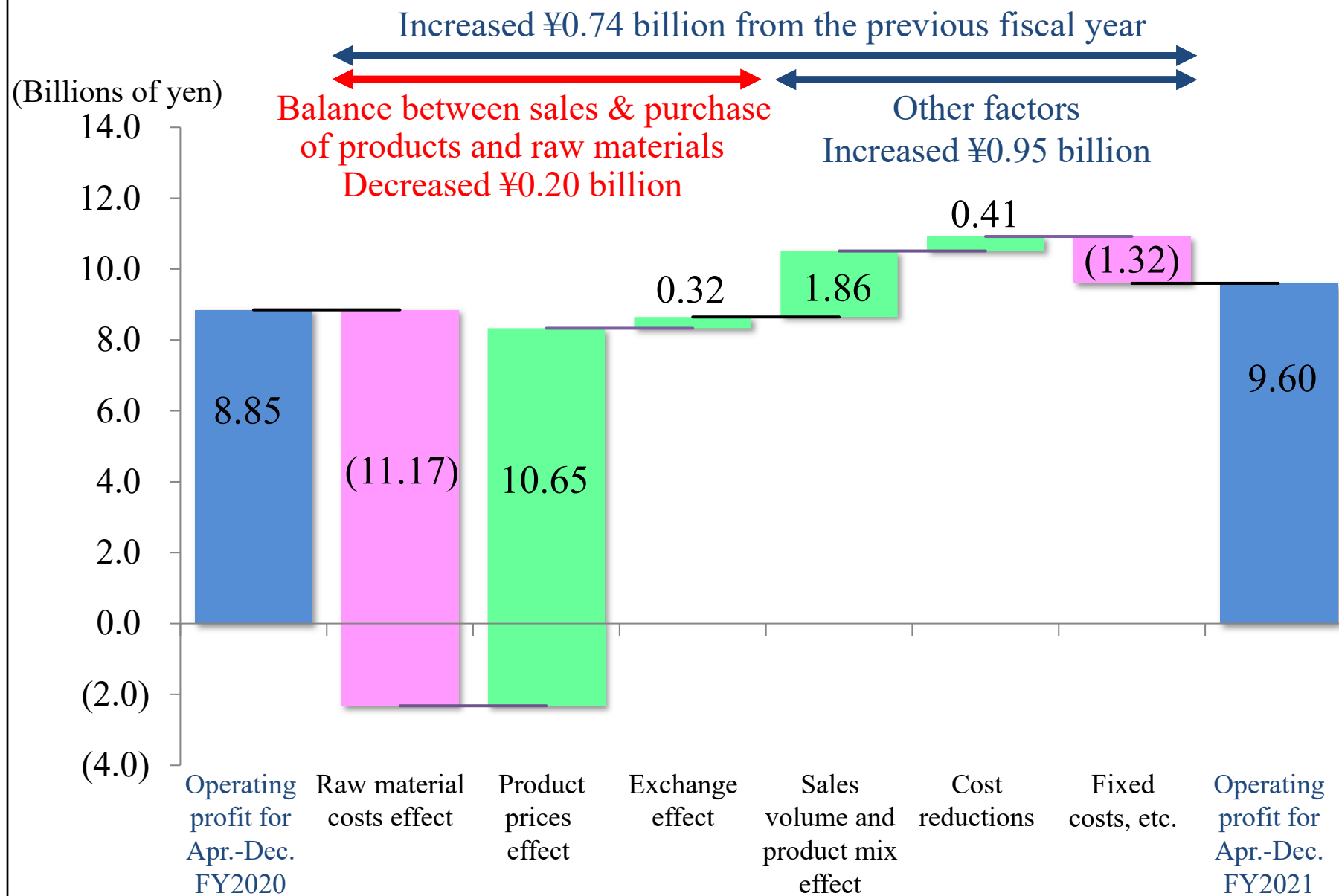


Earnings for Apr.-Dec. FY2021

(Billions of yen)

Consolidated	Apr.-Dec. FY2020	Apr.-Dec. FY2021	Year-on-Year Change	
			Amount	Ratio (%)
Net sales	106.33	120.84	14.51	13.6
Operating profit	8.85	9.60	0.74	8.5
Ordinary profit	8.81	11.37	2.55	29.0
Profit attributable to owners of parent	4.37	7.50	3.12	71.4
Comprehensive income	9.03	7.92	(1.10)	(12.2)

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



Year-on-Year Change in Consolidated Profit by Factor

(Billions of yen)

	Apr.-Dec. FY2020	Apr.-Dec. FY2021	Change amount
Operating profit	8.85	9.60	0.74
Share of profit (loss) of entities accounted for using equity method	(0.31)	0.41	0.73
Foreign exchange gains (loss)	(0.23)	0.59	0.82
Other non-operating income (loss)	0.51	0.76	0.25
Ordinary profit	8.81	11.37	2.55
Gain (loss) on sales of non-current assets, loss on retirement of non-current assets	(0.72)	(0.62)	0.10
Loss on cancellation of integration	(0.83)	—	0.83
Other extraordinary income (loss)	(0.32)	0.02	0.35
Profit before income taxes	6.92	10.78	3.85
Income taxes	(2.20)	(2.91)	(0.71)
Profit attributable to non-controlling interests	(0.34)	(0.36)	(0.01)
Profit attributable to owners of parent	4.37	7.50	3.12

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2021	December 31, 2021	Change amount	Main factors for changes
Current assets	89.3	98.4	9.1	Cash and deposits: (3.4), Notes and accounts receivable - trade, Electronically recorded monetary claims - operating: 6.7, Merchandise and finished goods: 4.3
Non-current assets	106.3	106.4	0.0	Property, plant and equipment: (1.4), Intangible assets: 0.9
Total assets	195.7	204.9	9.2	
Current liabilities	46.2	52.6	6.4	Accounts payable - trade, Electronically recorded obligations - operating: 9.8, Short-term borrowings: (0.4)
Non-current liabilities	6.5	5.4	(1.1)	Long-term borrowings: (0.7)
Total liabilities	52.7	58.0	5.3	
Shareholders' equity	127.1	131.0	3.9	Profit: 7.5, Cash dividends paid: (3.6)
Other comprehensive income	13.3	13.4	0.0	Valuation difference on available-for-sale securities: (0.9), Foreign currency translation adjustment: 1.0
Non-controlling interests	2.4	2.3	(0.0)	
Total net assets	142.9	146.8	3.9	
Total liabilities and net assets	195.7	204.9	9.2	

Consolidated Statements of Cash Flows



(Billions of yen)

	Apr.-Dec.		Change Amount	Special notes
	FY2020	FY2021		
Cash flows from operating activities	14.98	10.59	(4.39)	
Profit before income taxes	6.92	10.78	3.85	
Depreciation	7.17	7.18	0.01	
Share of loss (profit) of entities accounted for using equity method	0.31	(0.41)	(0.73)	
Decrease (increase) in operating capital	1.96	(2.42)	(4.38)	
Income taxes	(2.11)	(2.78)	(0.66)	
Other, net	0.72	(1.74)	(2.47)	
Cash flows from investing activities	(9.39)	(9.15)	0.23	Purchase of non-current assets 1-3Q FY2020: (6.34), 1-3Q FY2021: (6.72)
Free cash flows	5.58	1.43	(4.15)	
Cash flows from financing activities	(2.82)	(5.35)	(2.52)	Loans and Repayment 1-3Q FY2020: 0.75, 1-3Q FY2021: (1.19)
Effect of exchange rate change on cash and cash equivalents	0.07	0.43	0.35	
Net increase (decrease) in cash and cash equivalents	2.83	(3.49)	(6.32)	
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	20.30	20.15	(0.14)	

Earnings Forecast for FY2021 and Progress in Apr.-Dec. 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)

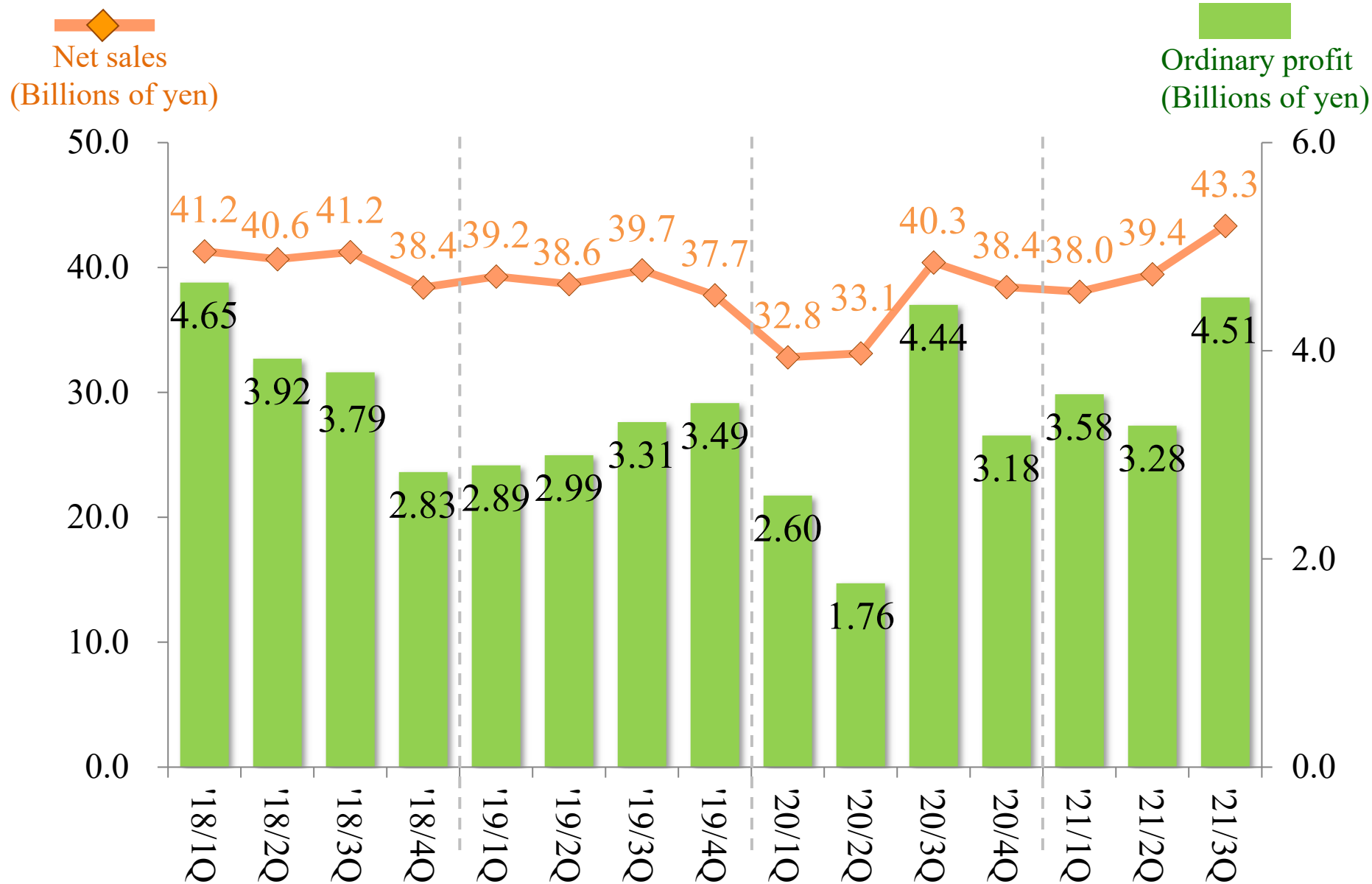
(Billions of yen)

Consolidated	Full year of FY2021	Apr. - Dec. FY2021		Full year of FY2020
	Forecast*	Result	Progress (%)	Result
Net sales	170.00	120.84	71.1	144.75
Operating profit	13.50	9.60	71.1	11.93
Ordinary profit	13.50	11.37	84.2	11.99
Profit attributable to owners of parent	9.00	7.50	83.4	7.28

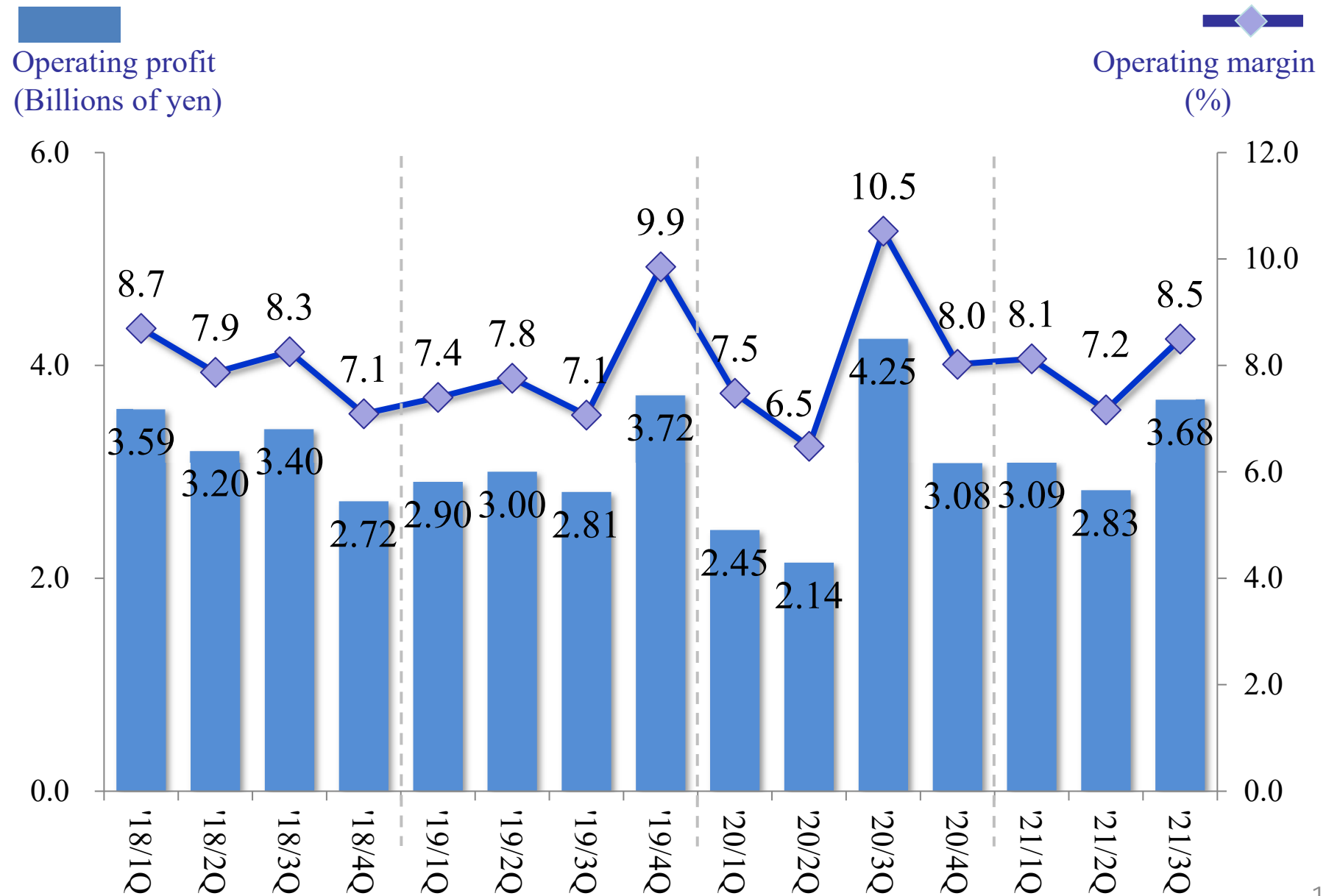
*Forecasts announced on November 5, 2021

Trends in Consolidated Earnings (Quarter Period)

**Sanyo
Chemical**



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



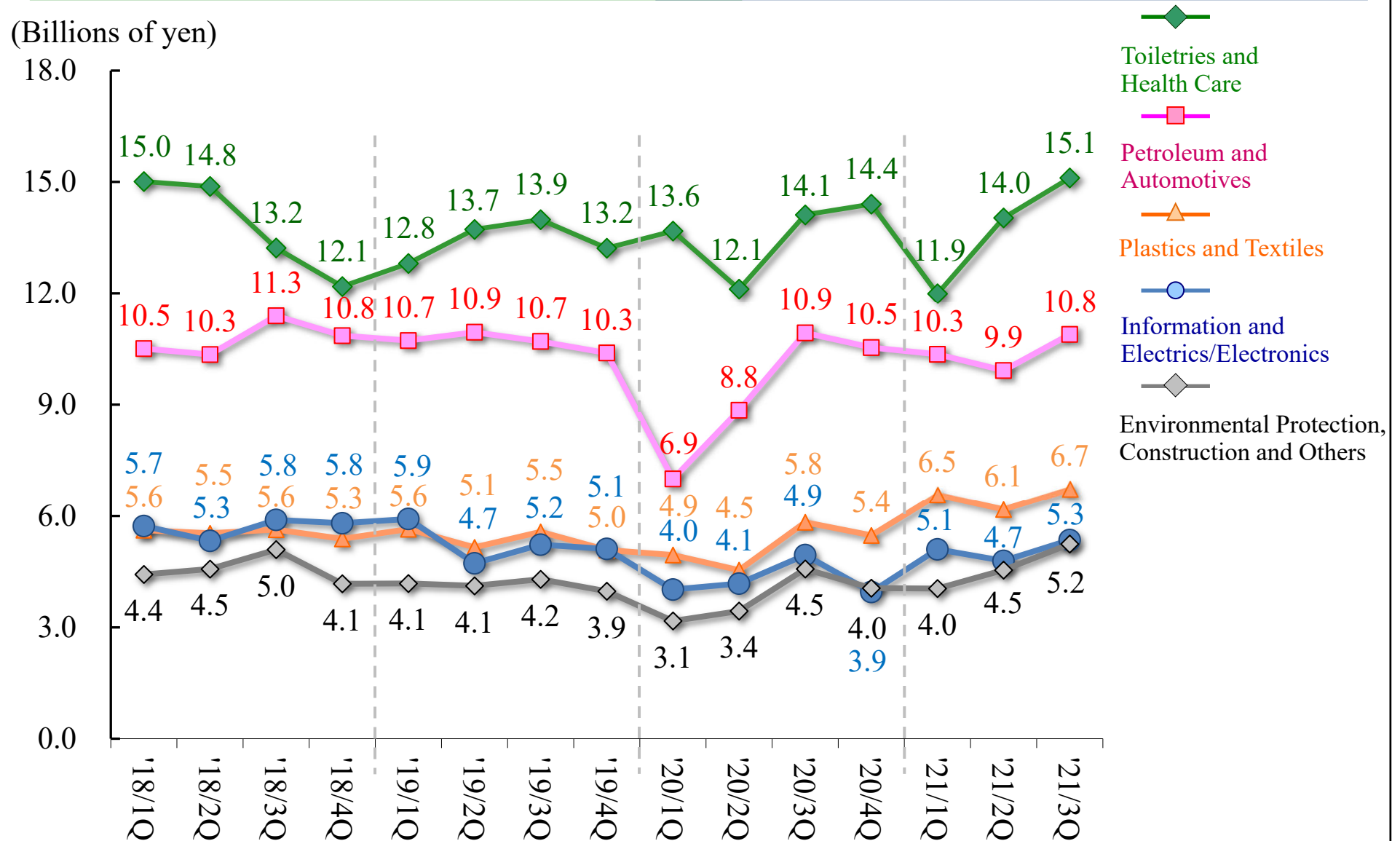
Consolidated Earnings by Segment



(Billions of yen)

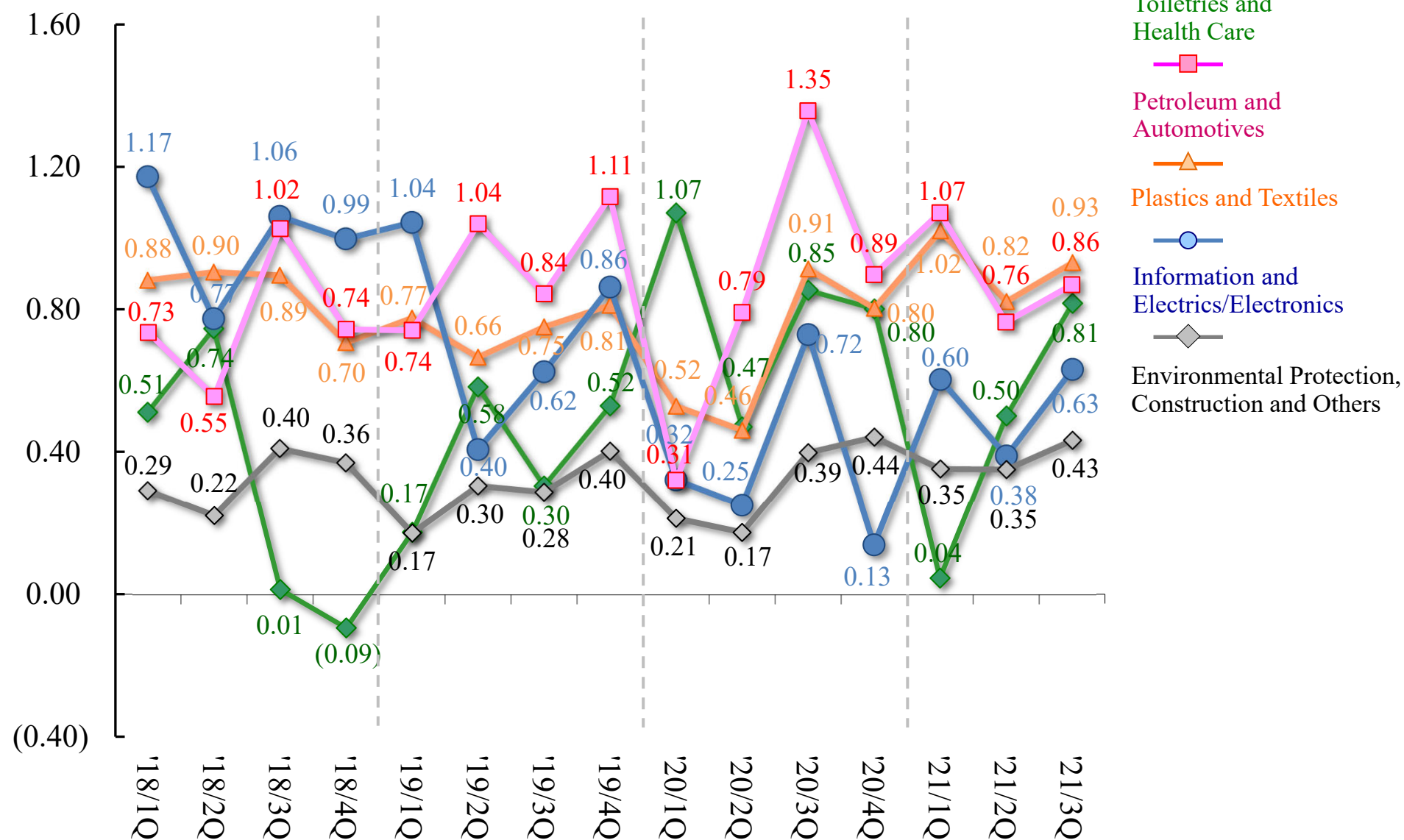
Segment	Net sales			Operating profit		
	Apr.-Dec. FY2020	Apr.-Dec. FY2021	Change amount	Apr.-Dec. FY2020	Apr.-Dec. FY2021	Change amount
Toiletries and Health Care	39.90	41.12	1.22	2.39	1.36	(1.03)
Toiletries	9.66	10.66	1.00			
Health Care	30.23	30.46	0.22			
Petroleum and Automotives	26.77	31.16	4.38	2.46	2.70	0.23
Plastics and Textiles	15.32	19.47	4.15	1.90	2.77	0.87
Plastics	11.44	14.24	2.79			
Textiles	3.88	5.23	1.35			
Information and Electrics/Electronics	13.14	15.24	2.10	1.30	1.62	0.32
Information	7.46	8.27	0.81			
Electrics/Electronics	5.67	6.97	1.29			
Environmental Protection, Construction and Others	11.18	13.83	2.64	0.78	1.13	0.35
Total	106.33	120.84	14.51	8.85	9.60	0.74

Trends in Consolidated Net Sales by Segment (Quarter Period)



Trends in Consolidated Operating Profit by Segment (Quarter Period)

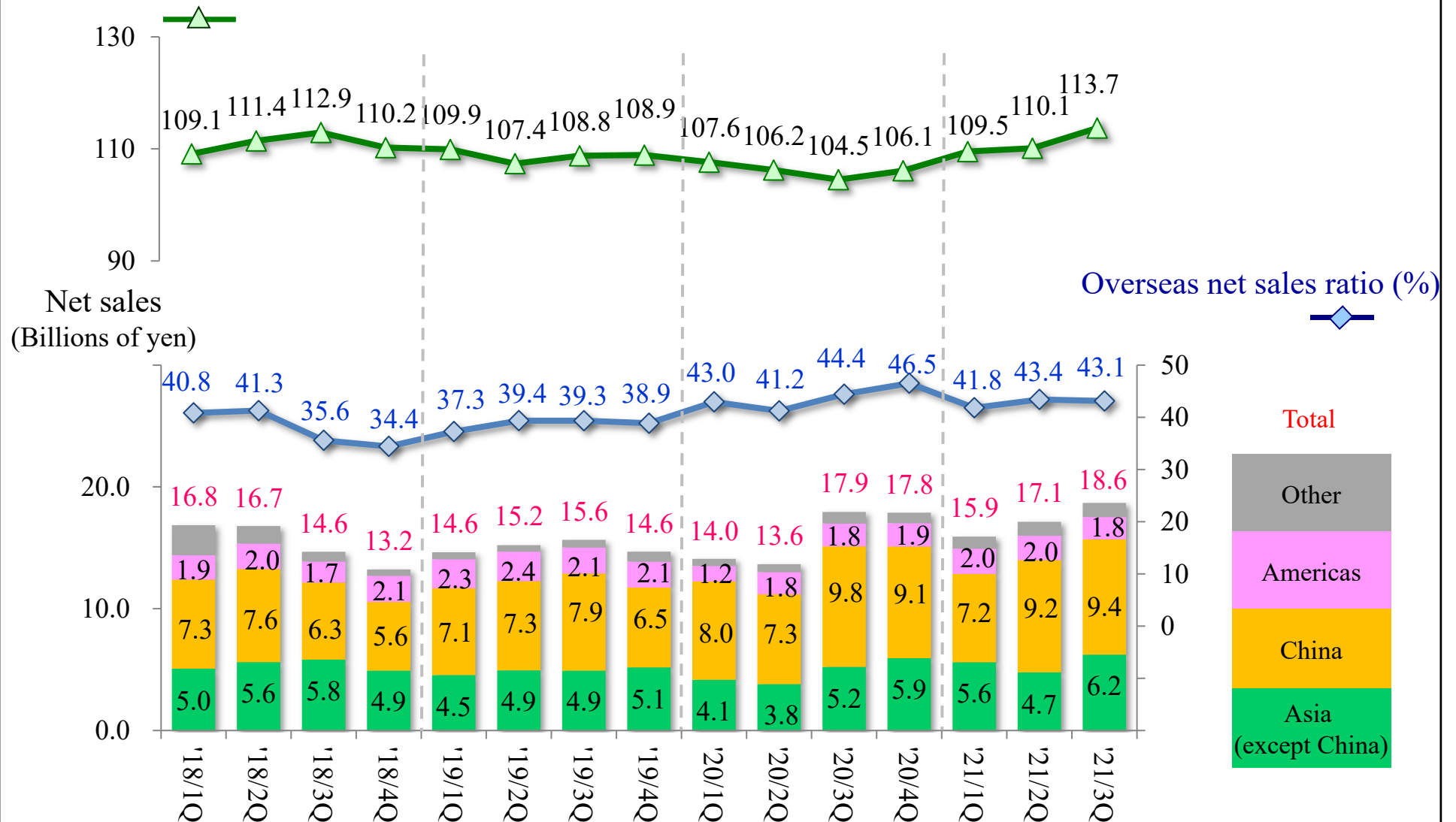
(Billions of yen)



Trends in Overseas Net Sales(Quarter Period)

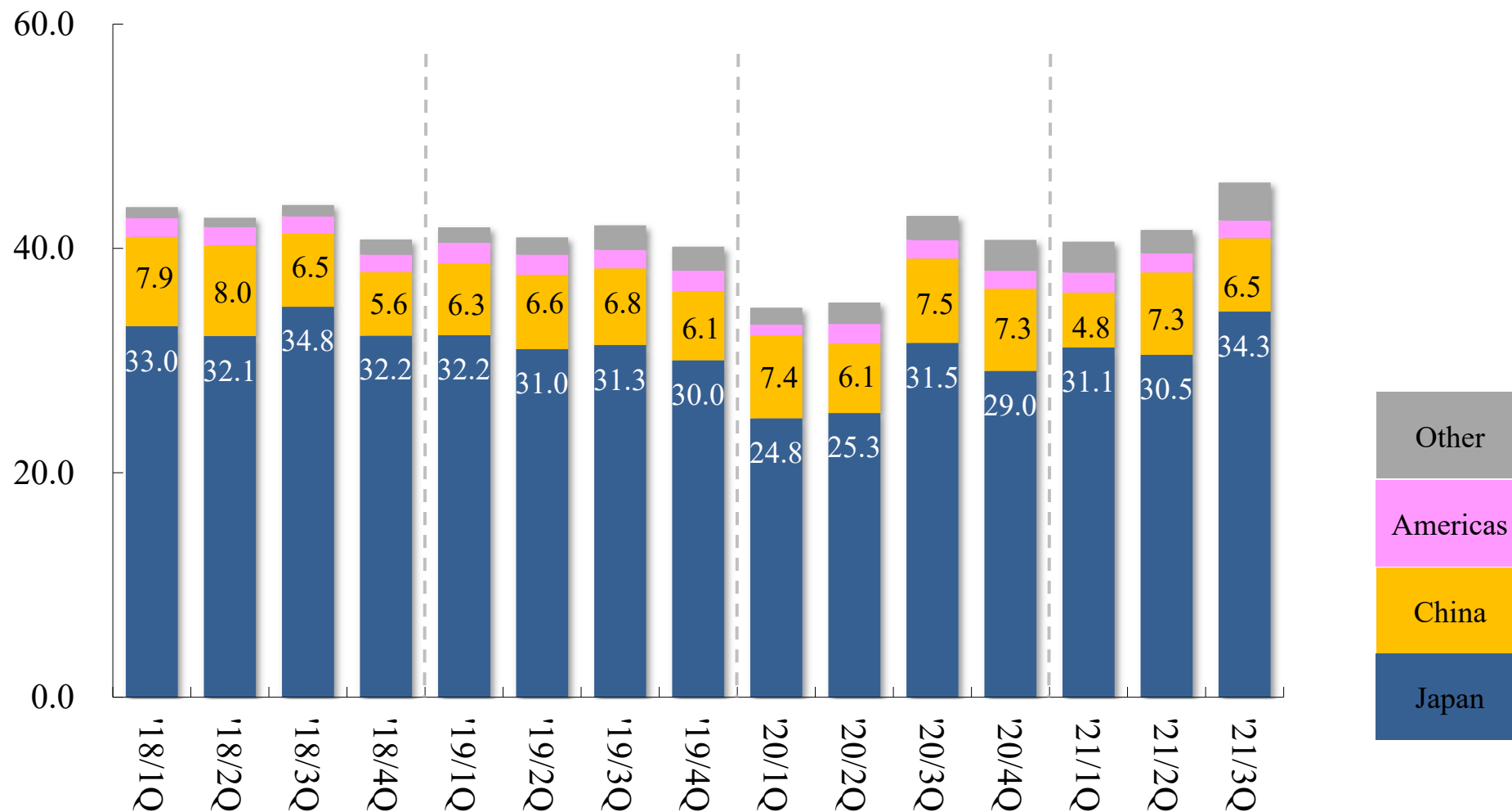
**Sanyo
Chemical**

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

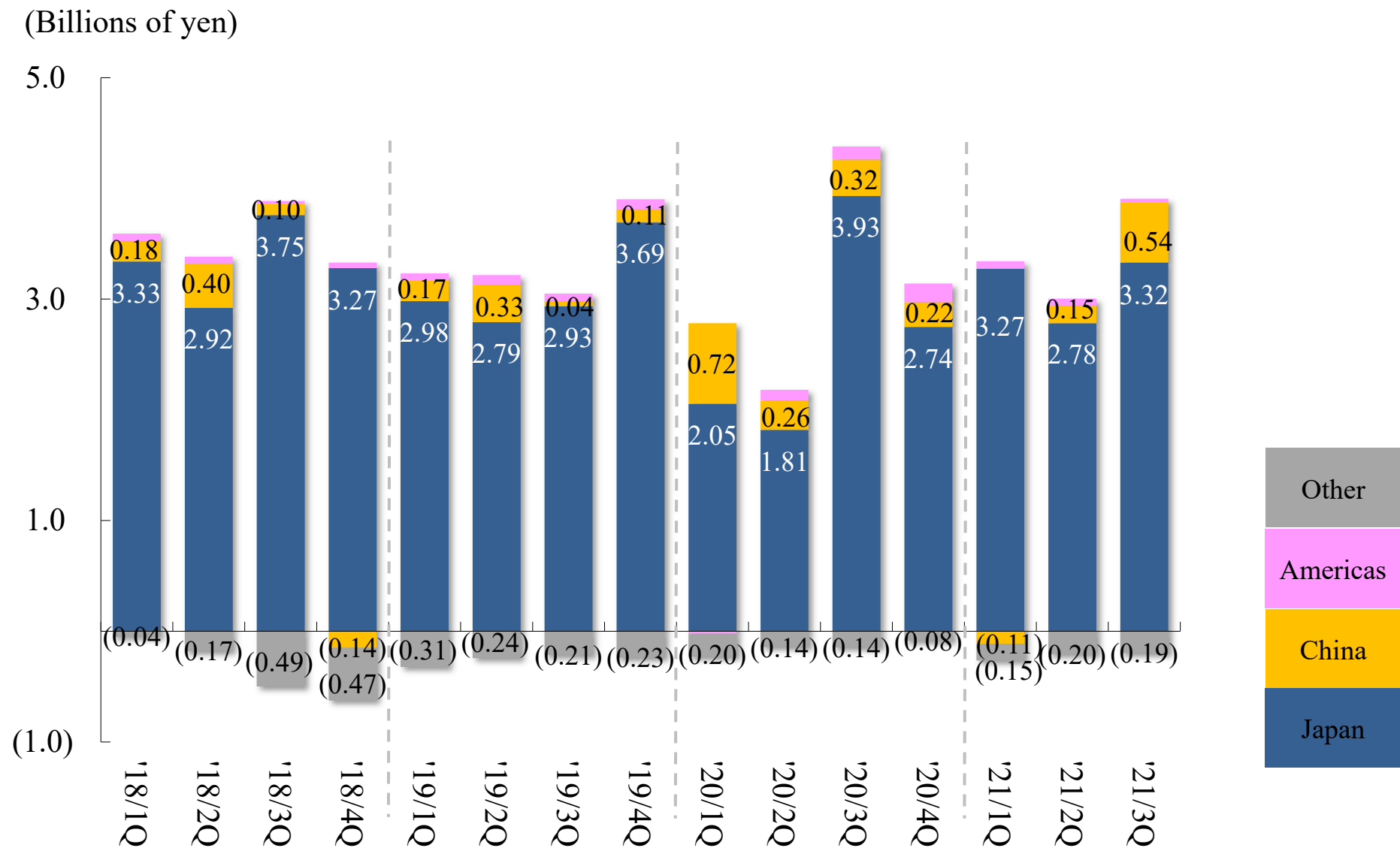


Trends in Consolidated Net Sales by Geographic Segments (Simple Addition)

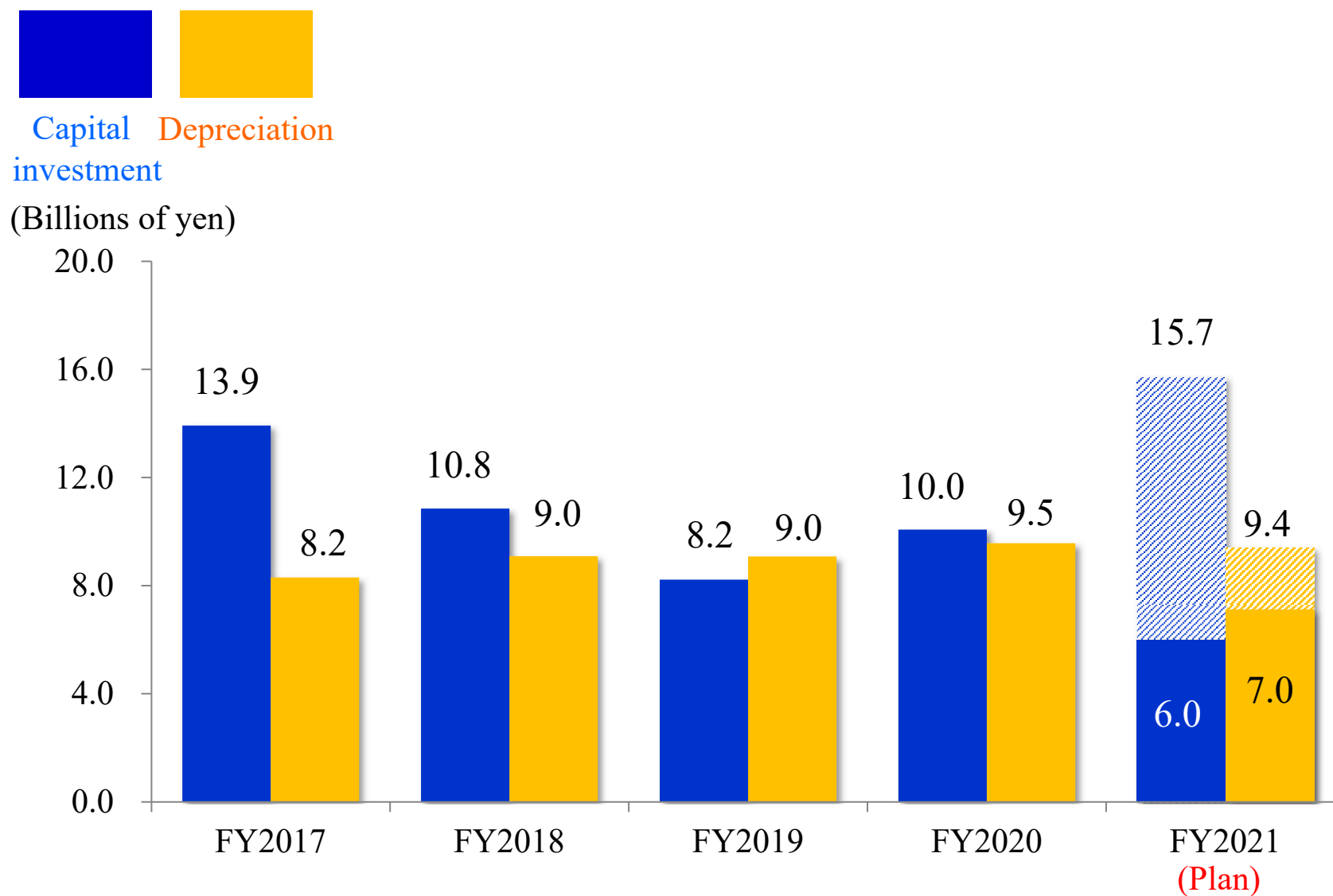
(Billions of yen)



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



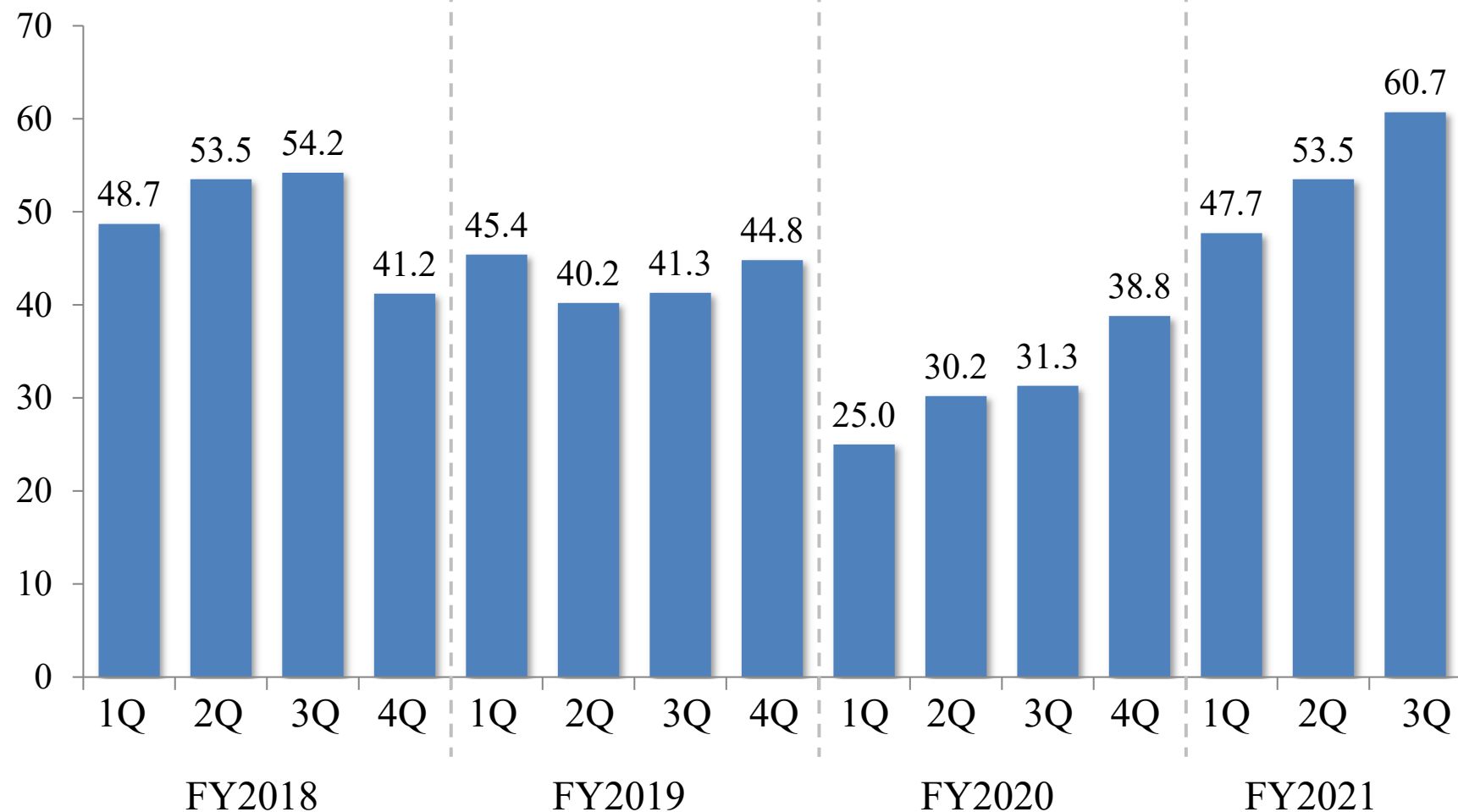
Capital Investment and Depreciation (Consolidated)



Reference

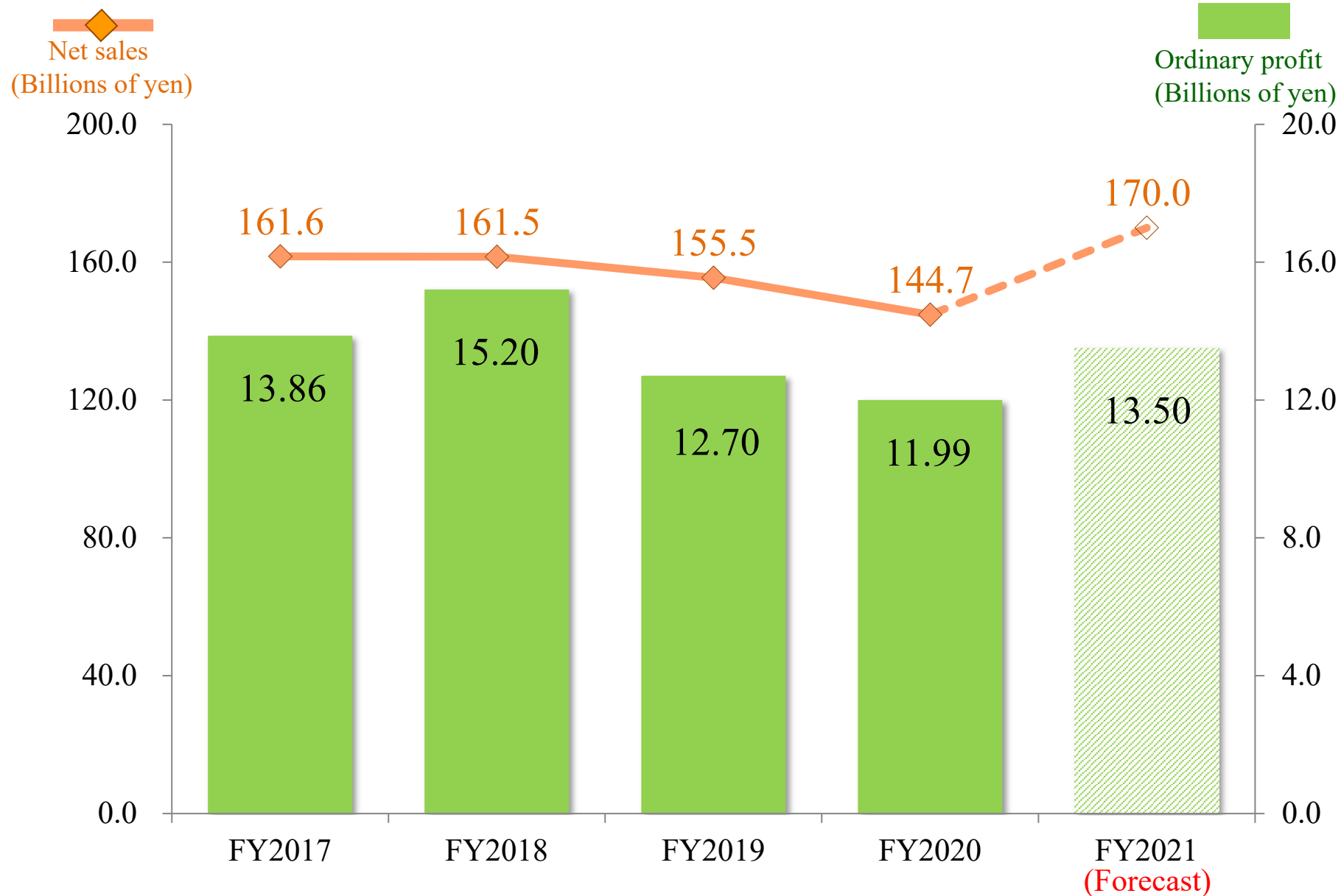
Trends in Price of Naphtha Produced in Japan

Price of Naphtha
(Thousands of yen/kl)



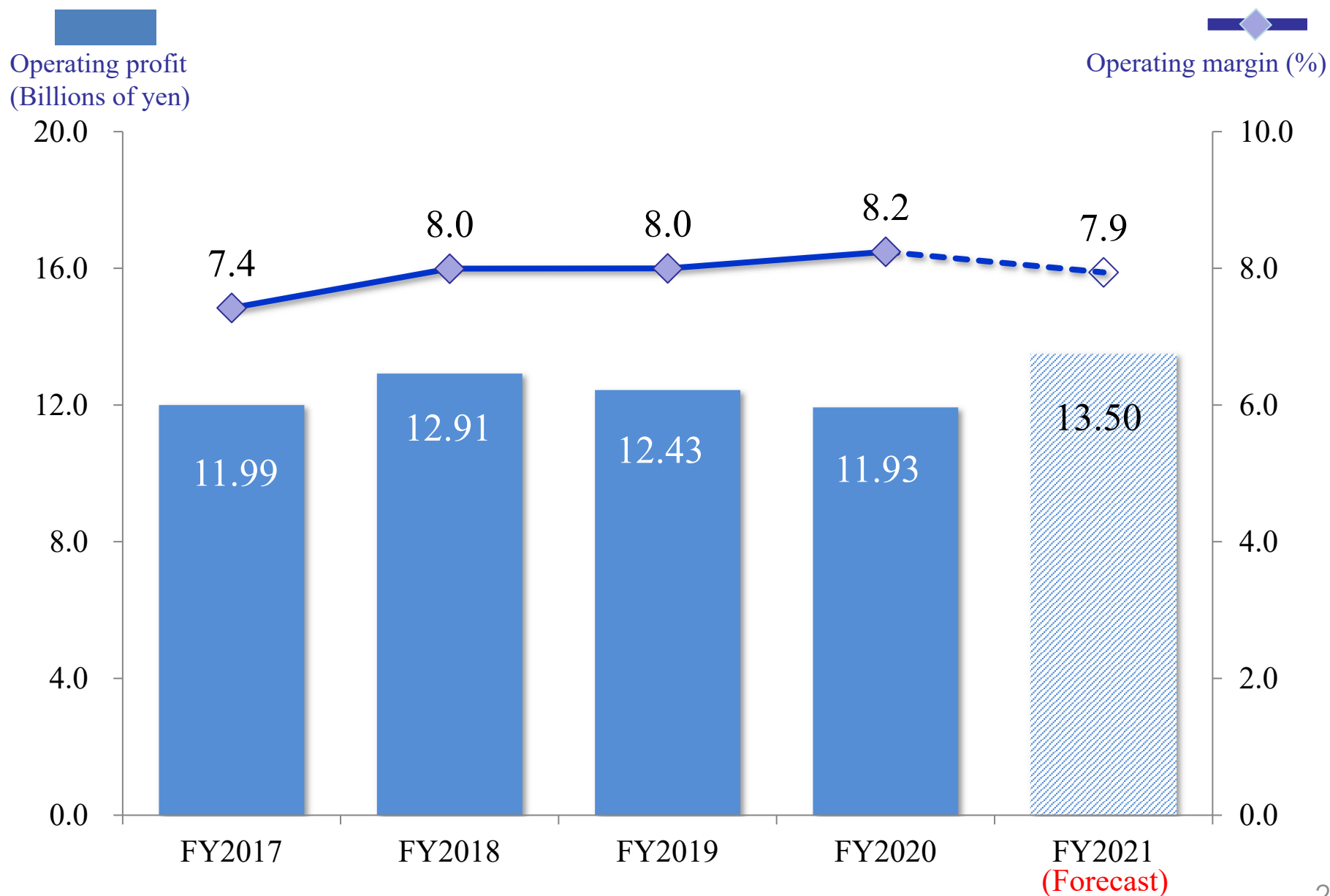
(Source: Trade Statistics of Japan)

Trends in Consolidated Earnings



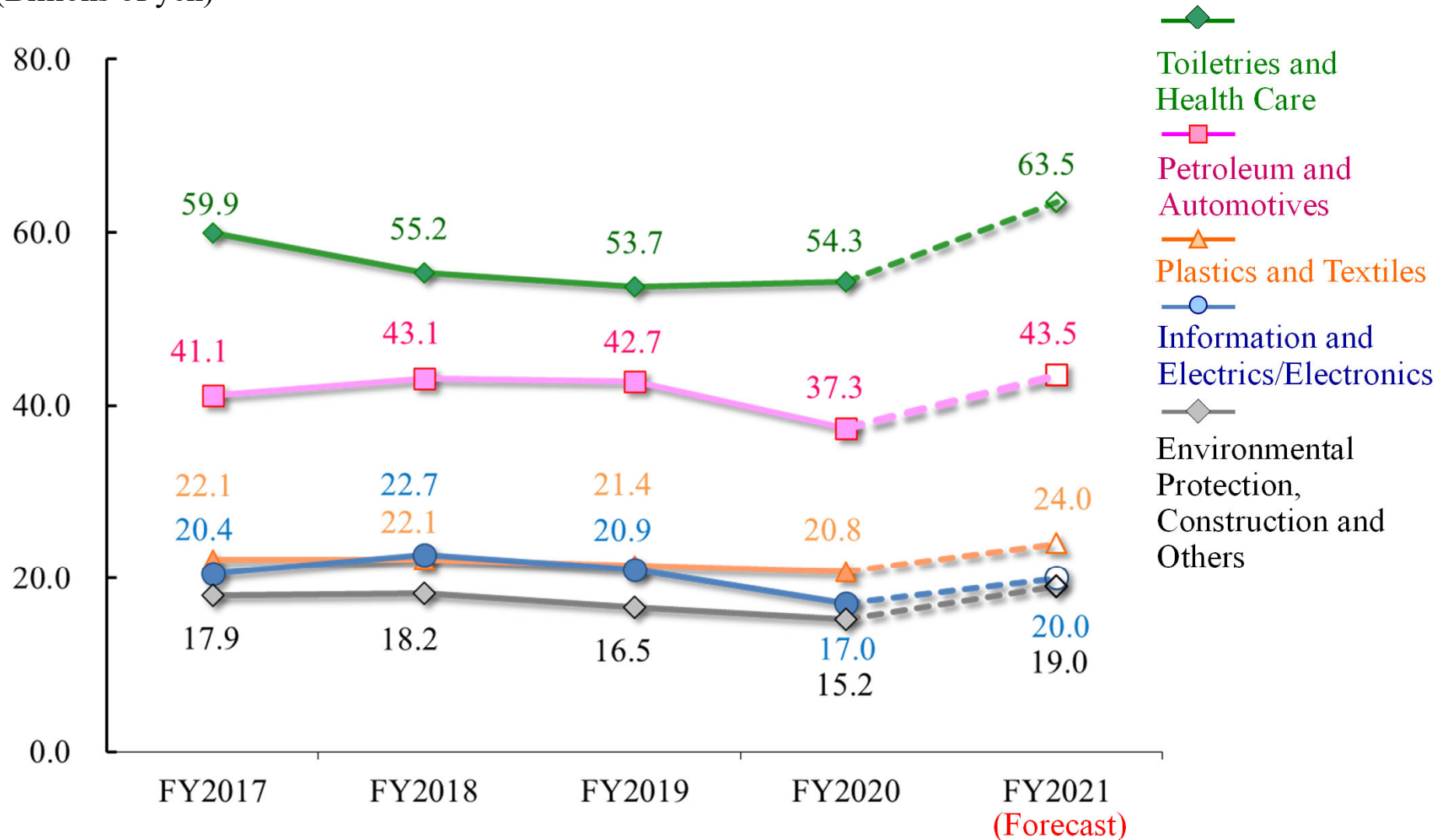
Trends in Consolidated Operating Profit and Operating Margin

Sanyo
Chemical



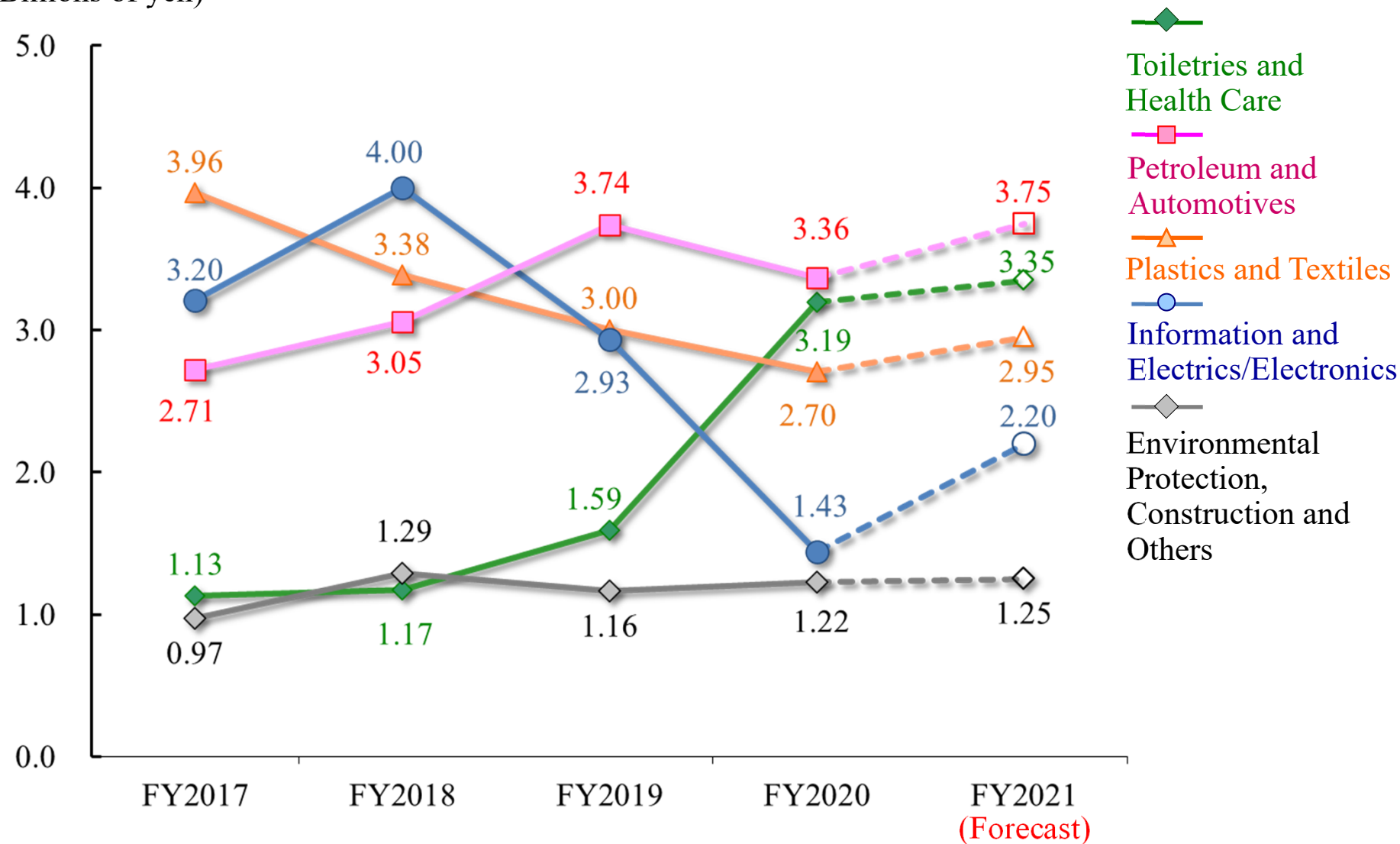
Trends in Consolidated Net Sales by Segment

(Billions of yen)



Trends in Consolidated Operating Profit by Segment

(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