

Material for Financial Results Presentation For the Fiscal Year Ended March 31, 2022

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

Sanyo
Chemical

Securities code: 4471

<Notice>

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

<Disclaimer>

This presentation material contains forward-looking statements including projections based on the assumptions, forecasts and plans as of May 20, 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):

2,106 (as of March 31, 2022)

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.

*) Effective April 1, 2022, SANAM Corporation changed its trade name to Sanyo Chemical America Incorporated.

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



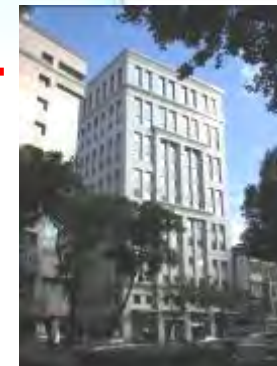
Sanyo Chemical America Inc.



SANYO KASEI (TAIWAN) LTD.



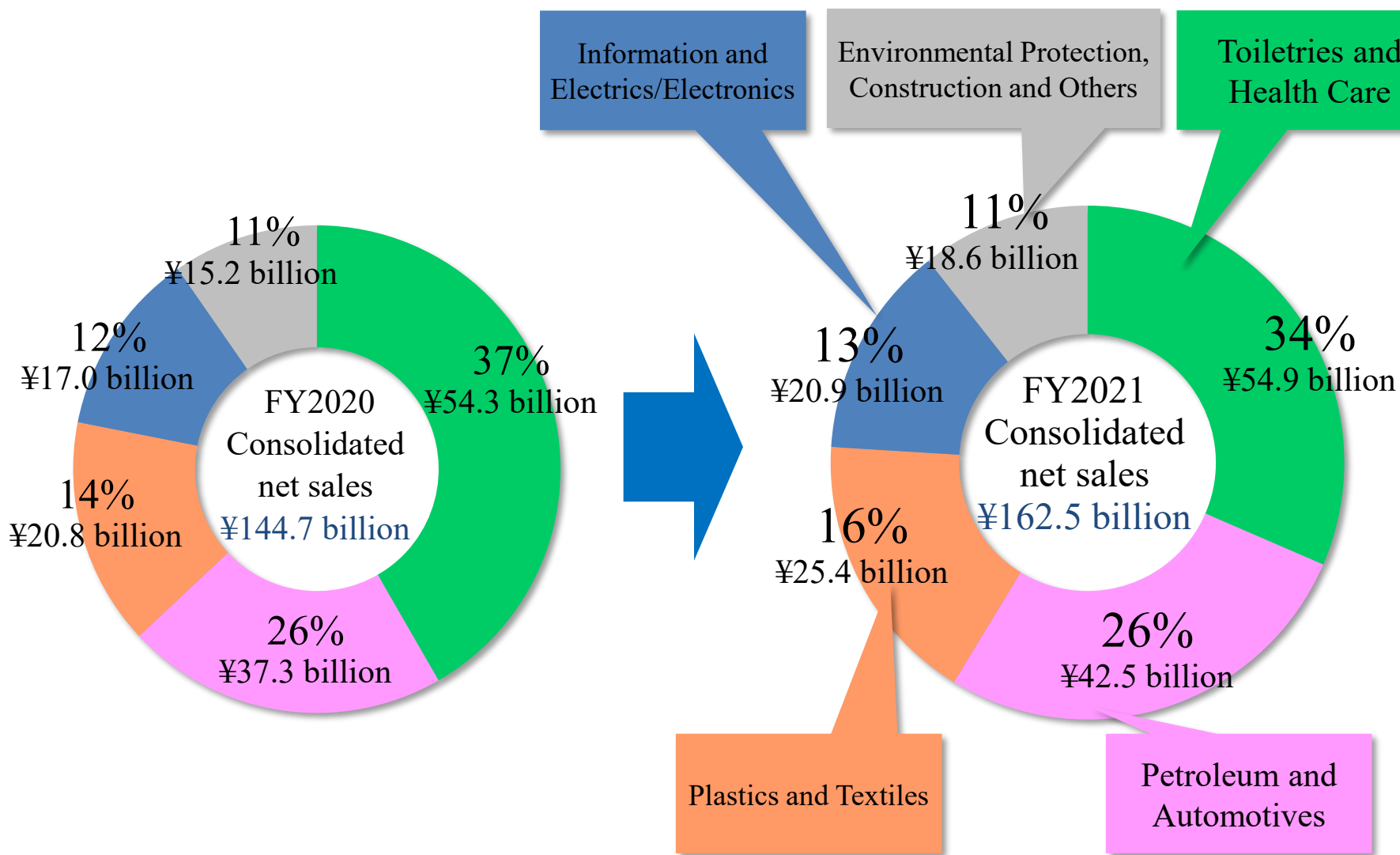
Sanyo Kasei (Thailand) Ltd.



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

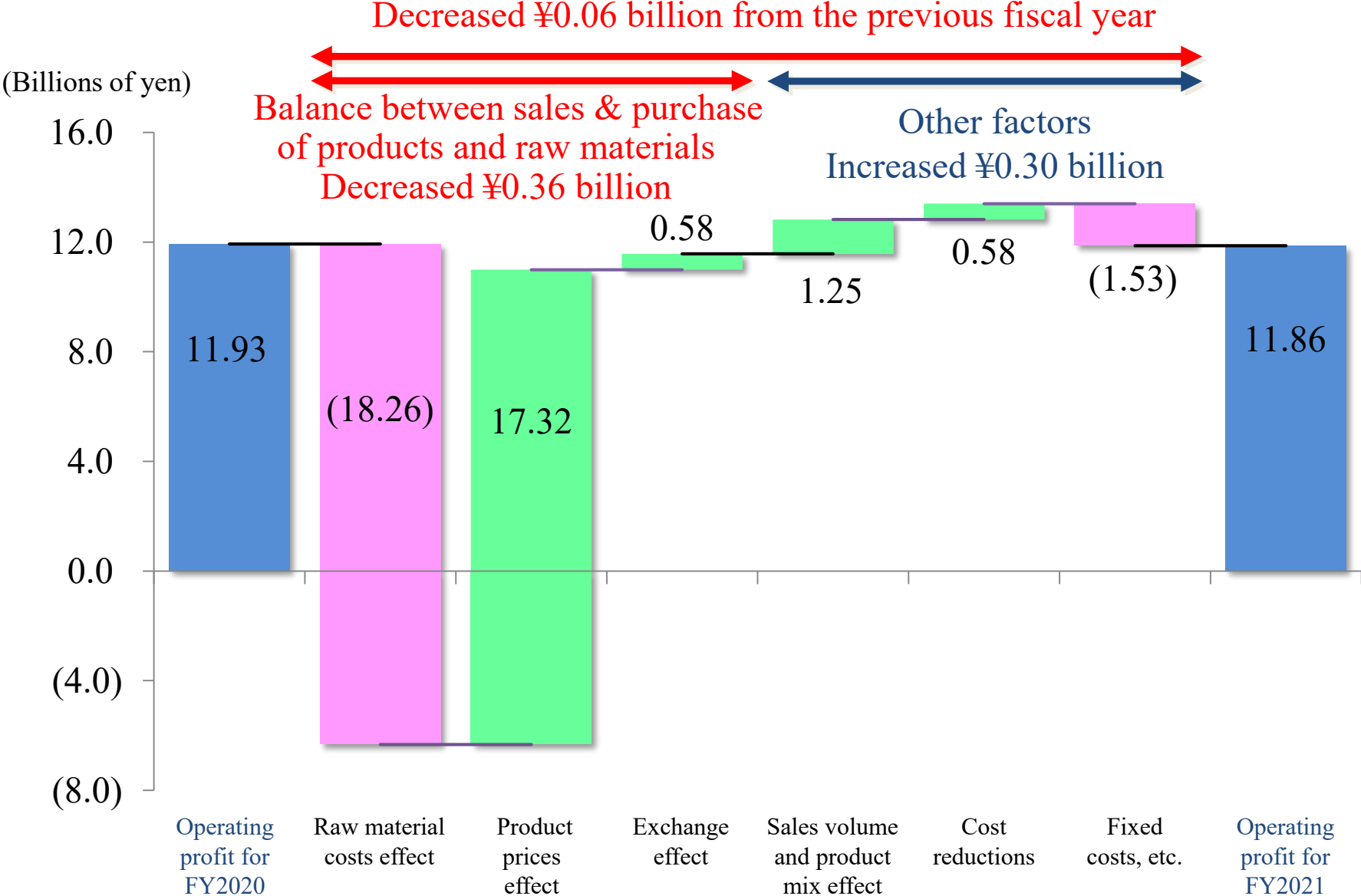


Earnings for FY2021

(Billions of yen)

Consolidated	FY2020	FY2021	Year-on-Year Change	
			Amount	Ratio (%)
Net sales	144.75	162.52	17.76	12.3
Operating profit	11.93	11.86	(0.06)	(0.5)
Ordinary profit	11.99	12.77	0.77	6.4
Profit attributable to owners of parent	7.28	6.69	(0.58)	(8.0)
Comprehensive income	15.27	8.08	(7.19)	(47.1)

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



Year-on-Year Change in Consolidated Profit by Factor

(Billions of yen)

	Apr.-Mar. FY2020	Apr.-Mar. FY2021	Change amount
Operating profit	11.93	11.86	(0.06)
Share of profit of entities accounted for using equity method	(0.96)	(1.10)	(0.14)
Foreign exchange gains (losses)	0.60	1.56	0.95
Other non-operating income (loss)	0.42	0.44	0.02
Ordinary profit	11.99	12.77	0.77
Loss on valuation of investment securities	–	(0.86)	(0.86)
Gain (loss) on sales of non-current assets, loss on retirement of non-current assets	(1.59)	(0.93)	0.65
Gain on change in equity	1.44	–	(1.44)
Other extraordinary income (loss)	(1.21)	(0.23)	0.97
Profit before income taxes	10.63	10.73	0.09
Income taxes	(2.89)	(3.57)	(0.67)
Profit attributable to non-controlling interests	(0.45)	(0.45)	(0.00)
Profit attributable to owners of parent	7.28	6.69	(0.58)

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2021	March 31, 2022	Change amount	Main factors for changes
Current assets	89.3	93.7	4.4	Cash and deposits: (5.4), Notes and accounts receivable - trade, Electronically recorded monetary claims - operating: 4.8, Merchandise and finished goods: 2.3
Non-current assets	106.3	106.4	0.0	
Total assets	195.7	200.1	4.4	
Current liabilities	46.2	47.9	1.6	Accounts payable - trade, Electronically recorded obligations - operating: 2.7,
Non-current liabilities	6.5	5.2	(1.2)	Long-term borrowings: (0.8)
Total liabilities	52.7	53.1	0.3	
Shareholders' equity	127.1	130.2	3.1	Profit: 6.6, Cash dividends paid: (3.6)
Other comprehensive income	13.3	14.2	0.8	Valuation difference on available-for-sale securities: (1.4), Foreign currency translation adjustment: 2.2
Non-controlling interests	2.4	2.5	0.0	
Total net assets	142.9	147.0	4.0	
Total liabilities and net assets	195.7	200.1	4.4	

Consolidated Statements of Cash Flows

(Billions of yen)

	Apr.-Mar.		Change Amount	Special notes
	FY2020	FY2021		
Cash flows from operating activities	22.30	11.32	(10.97)	
Profit before income taxes	10.63	10.73	0.09	
Depreciation	9.67	9.66	(0.01)	
Share of loss (profit) of entities accounted for using equity method	0.96	1.10	0.14	
Decrease (increase) in operating capital	3.00	(6.13)	(9.13)	
Income taxes	(2.33)	(2.98)	(0.65)	
Other, net	0.00	(1.05)	(1.04)	
Cash flows from investing activities	(12.49)	(11.70)	0.79	Purchase of non-current assets FY2020: (7.62), FY2021: (8.59)
Free cash flows	9.80	(0.37)	(10.17)	
Cash flows from financing activities	(4.14)	(5.97)	(1.83)	Loans and Repayment FY2020: (0.52), FY2021: (1.79)
Effect of exchange rate change on cash and cash equivalents	0.52	0.87	0.35	
Net increase (decrease) in cash and cash equivalents	6.17	(5.47)	(11.65)	
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	23.64	18.17	(5.47)	

Key Management Indicators

	Unit	FY2020	FY2021	Year-on-Year Change
Total assets	Billions of yen	195.7	200.1	4.4
Return on assets	%	6.4	6.5	+0.1pt
Equity	Billions of yen	140.4	144.4	4.0
Equity ratio	%	71.8	72.2	+0.4pt
Return on equity	%	5.4	4.7	(0.7)pt
Interest-bearing debt	Billions of yen	9.2	7.8	(1.3)
Debt/equity ratio	Times	0.07	0.05	(0.02)pt

Earnings Forecast for FY2022

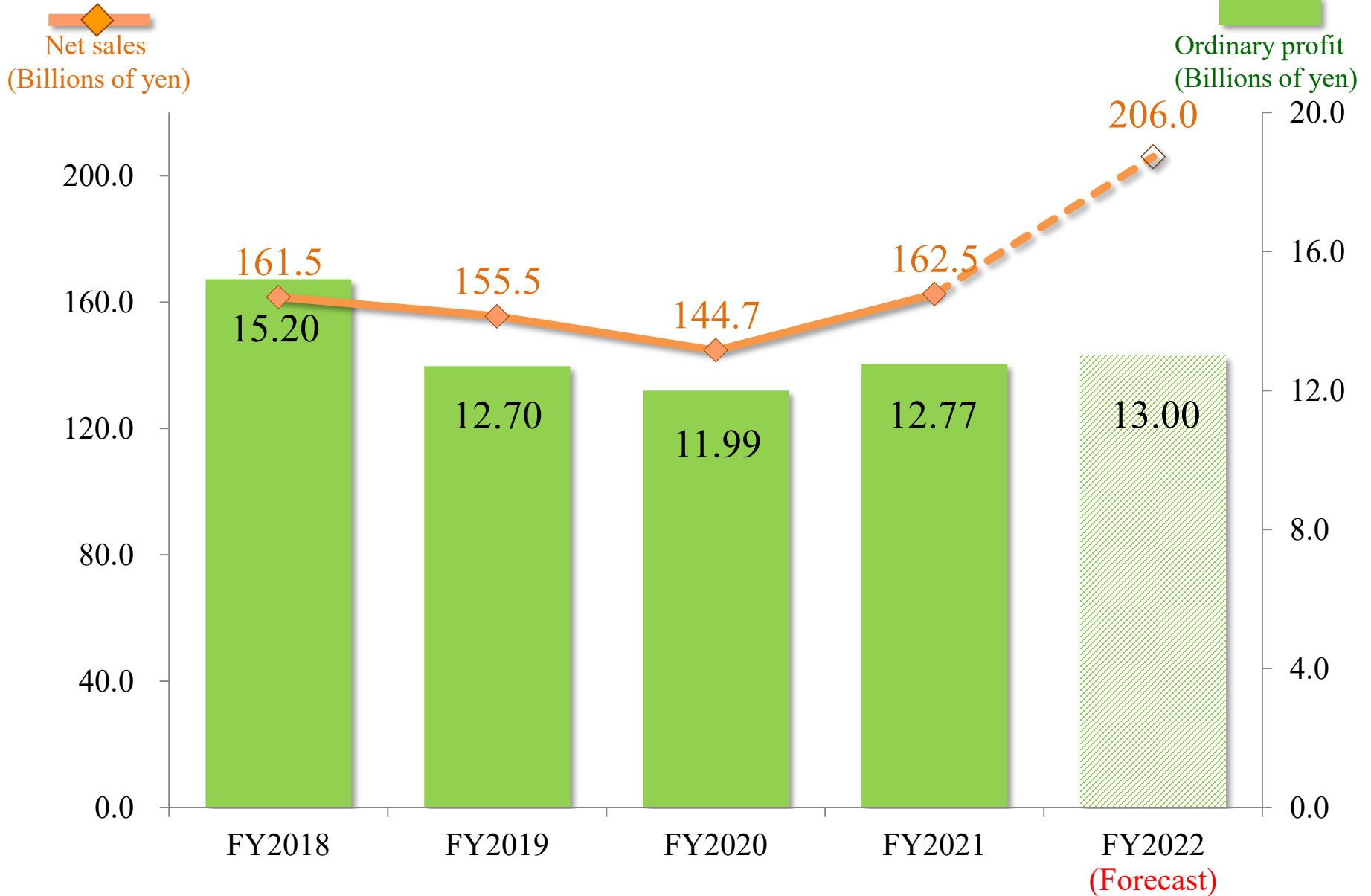
<Assumptions for below forecasts>

Price of naphtha produced in Japan: 85 thousand yen/kl, Exchange rate: 120 yen/U.S. dollar

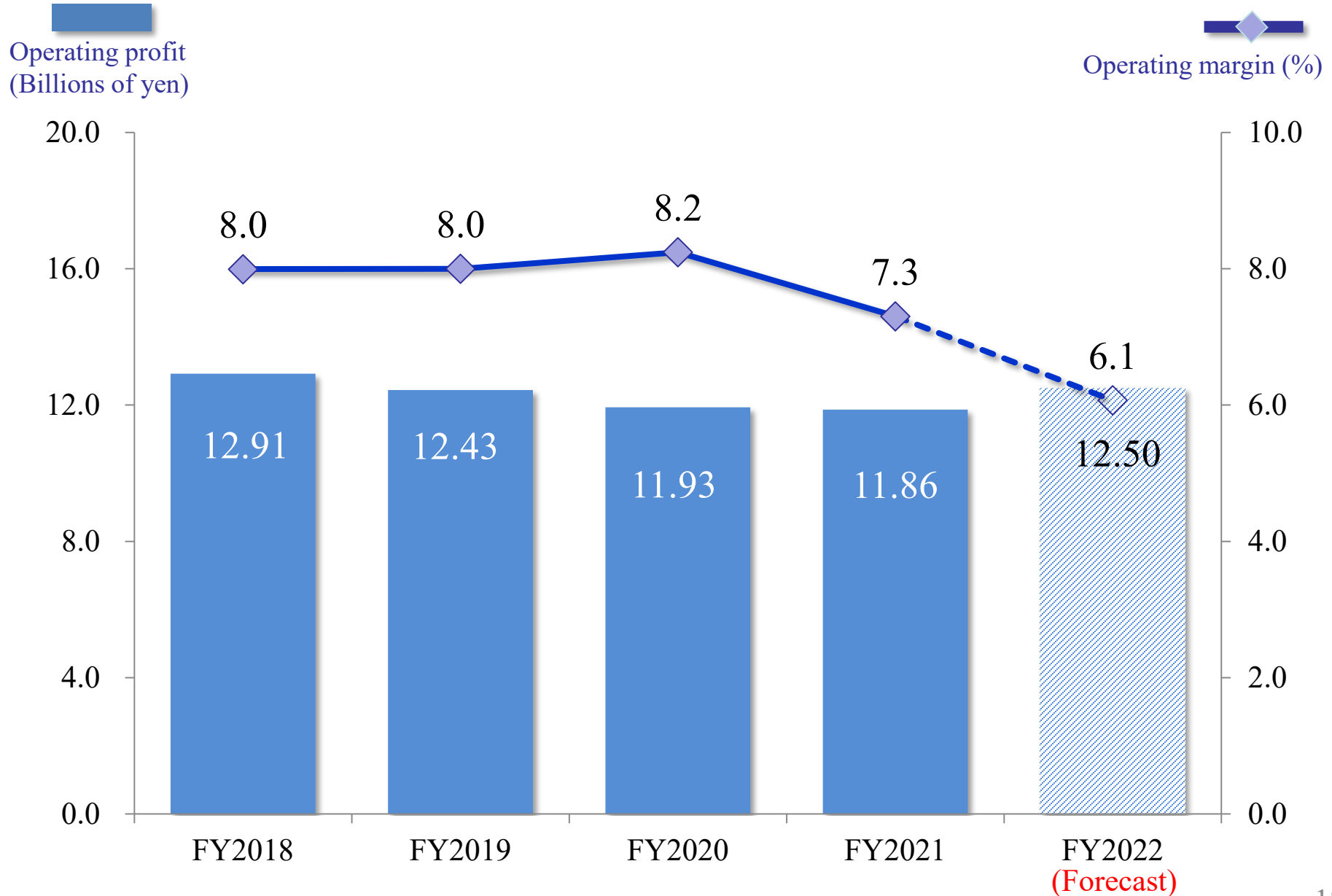
(Billions of yen)

Consolidated	Full year			Second quarter (Apr.-Sep.)		
	FY2022 Forecast	FY2021 Result	Change Rate (%)	FY2022 Forecast	FY2021 Result	Change Rate (%)
Net sales	206.00	162.52	26.7	98.50	77.51	27.1
Operating profit	12.50	11.86	5.3	5.50	5.91	(7.1)
Ordinary profit	13.00	12.77	1.8	5.70	6.86	(16.9)
Profit attributable to owners of parent	8.50	6.69	26.9	3.70	4.41	(16.3)
ROE	5.8 %	4.7 %	+ 1.1 pt			

Trends in Consolidated Earnings



Trends in Consolidated Operating Profit and Operating Margin



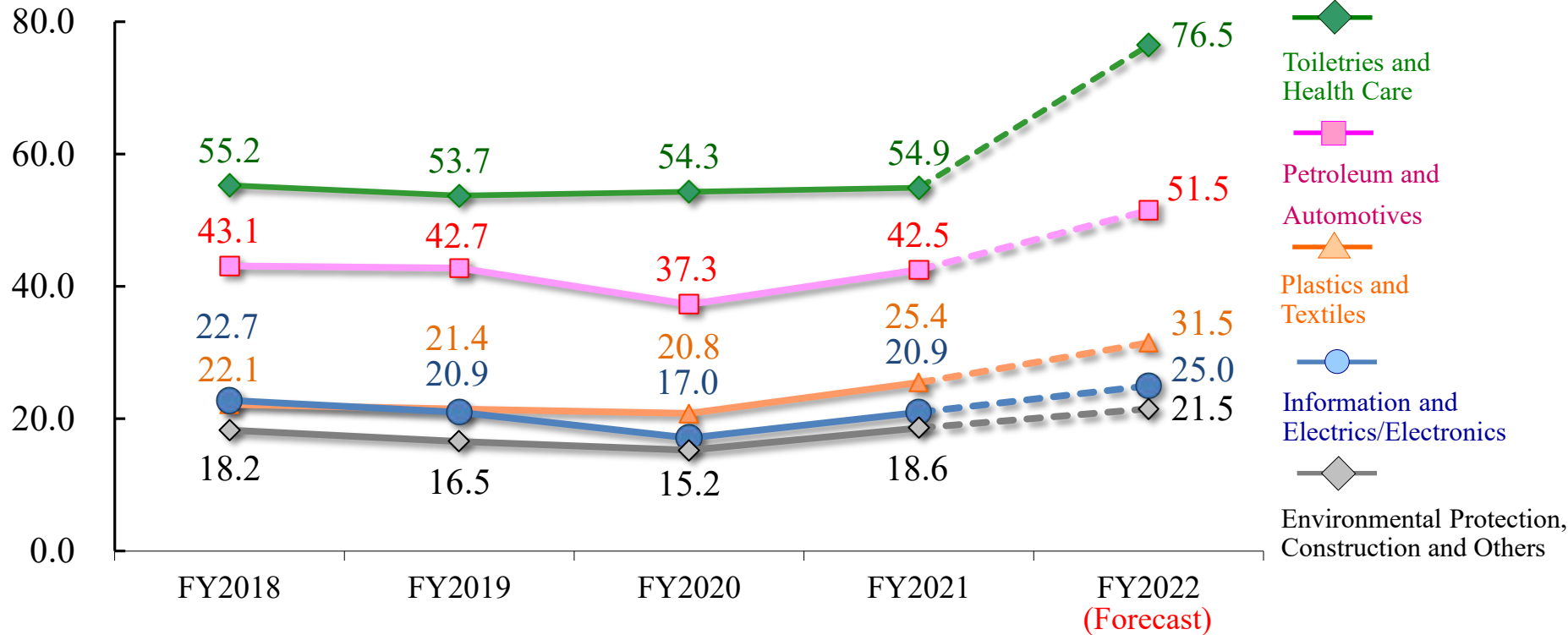
Consolidated Earnings by Segment

(Billions of yen)

Segment	Net sales			Operating profit		
	Apr.-Mar. FY2020	Apr.-Mar. FY2021	Change amount	Apr.-Mar. FY2020	Apr.-Mar. FY2021	Change amount
Toiletries and Health Care	54.30	54.92	0.62	3.19	1.70	(1.48)
Toiletries	12.97	14.21	1.24			
Health Care	41.33	40.70	(0.62)			
Petroleum and Automotives	37.31	42.54	5.22	3.36	3.26	(0.10)
Plastics and Textiles	20.80	25.46	4.66	2.70	3.34	0.64
Plastics	15.38	18.53	3.14			
Textiles	5.41	6.93	1.51			
Information and Electrics/Electronics	17.09	20.98	3.89	1.43	2.11	0.67
Information	9.37	11.75	2.38			
Electrics/Electronics	7.72	9.22	1.50			
Environmental Protection, Construction and Others	15.23	18.60	3.36	1.22	1.43	0.21
Total	144.75	162.52	17.76	11.93	11.86	(0.06)

Trends in Consolidated Net Sales by Segment

(Billions of yen)

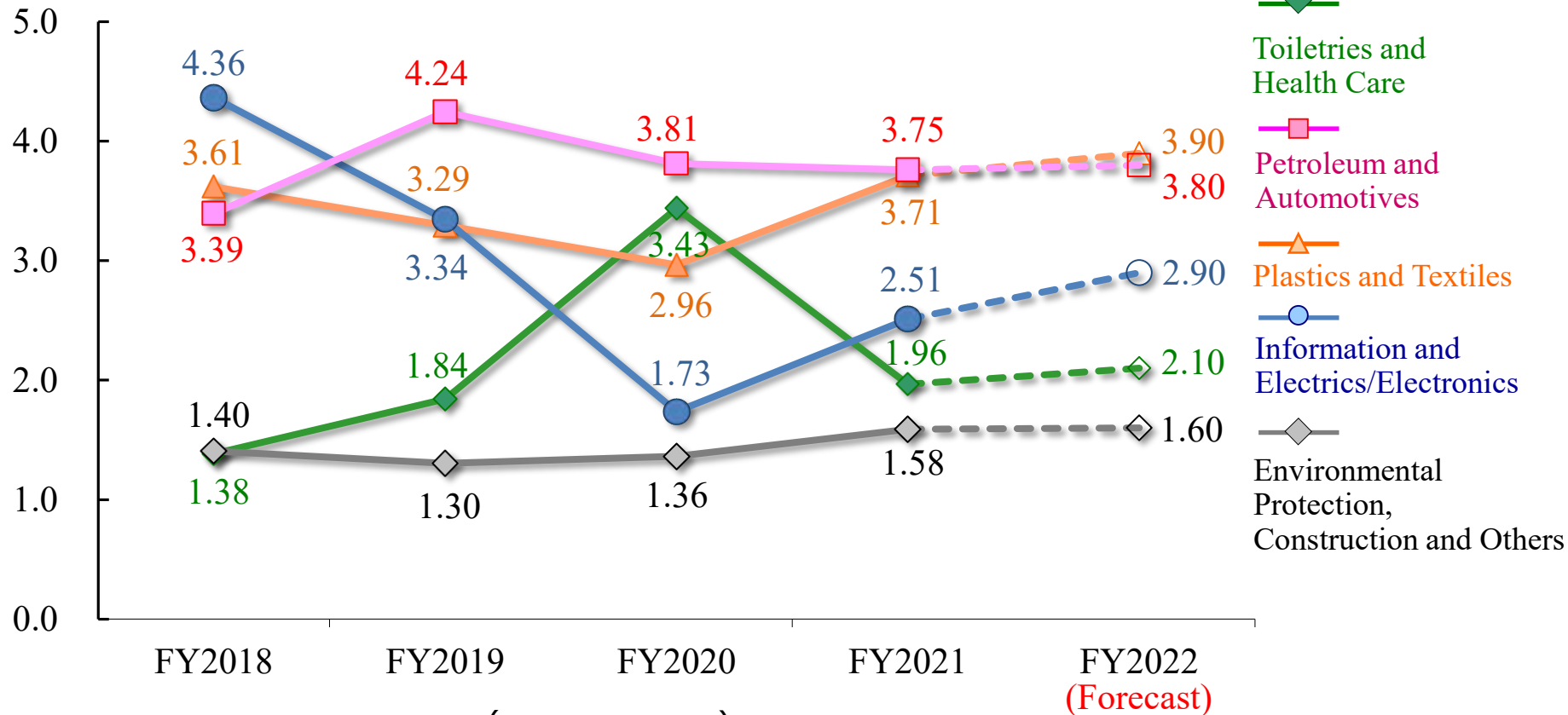


Main factors for changes in FY2021 earnings (compared with the same period of the previous fiscal year)

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 energy shortage problem, but they followed a track of recovery and flat 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 agents and additives for paint and coating, resin modifiers also recovered. Chemicals for 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) and toner binder remained strong with the recovery of printing demand. Sales of resist raw material for semiconductors and UV resins used in displays were strong.
Environmental Protection, Construction and Others :	Sales of cationic monomer for polymer flocculants were strong. Sales of raw materials for building sealants and PPG increased significantly.

Trends in Consolidated Operating Profit by Segment

(Billions of yen)



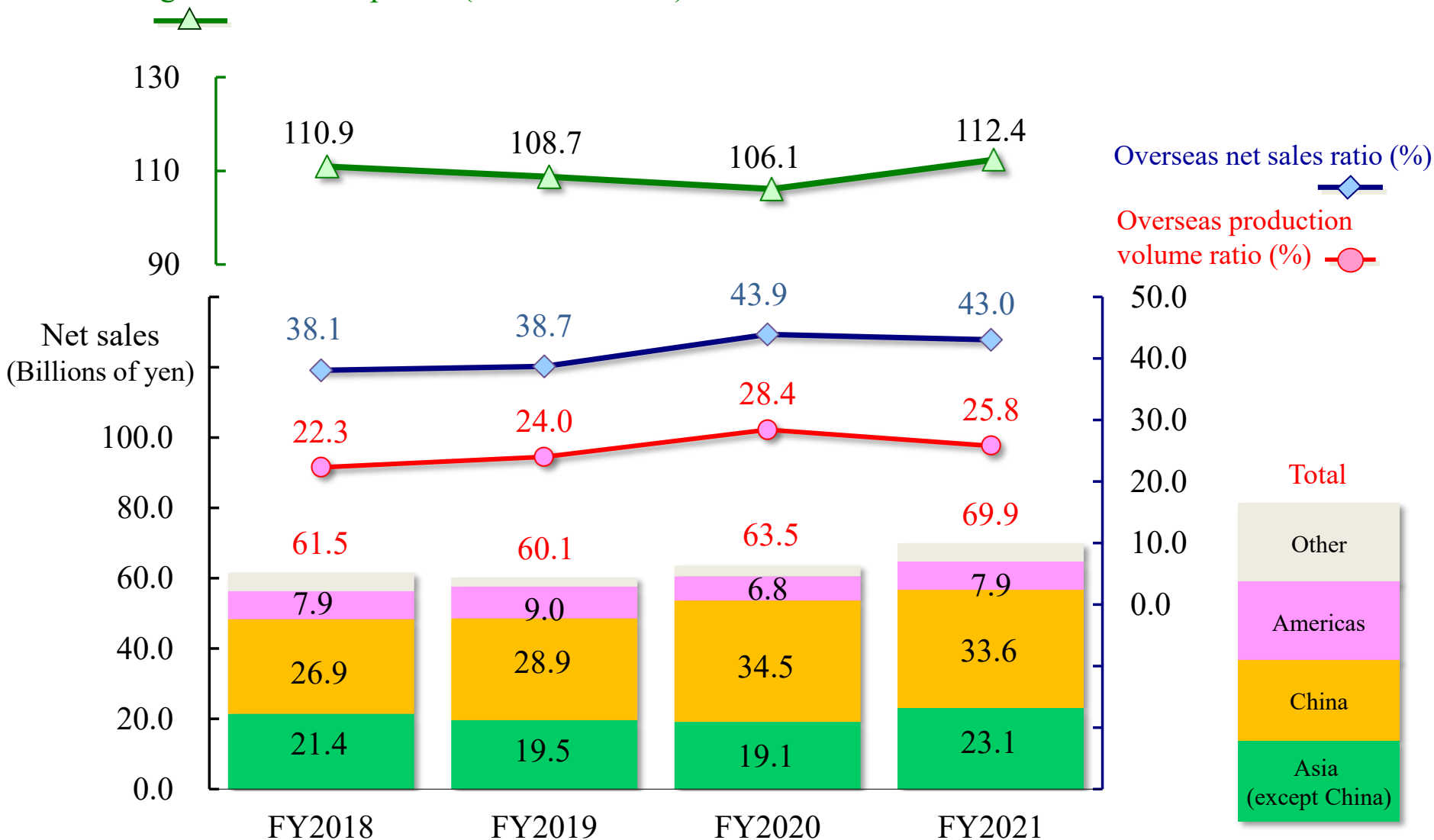
Headquarters' research expenses (Billions of yen) *

FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
(1.25)	(1.59)	(1.38)	(1.67)	(1.80)

* Headquarters' research expenses, which were allocated to each reportable segments so far, are recorded as corporate expenses in the margin.

Trends in Overseas Net Sales

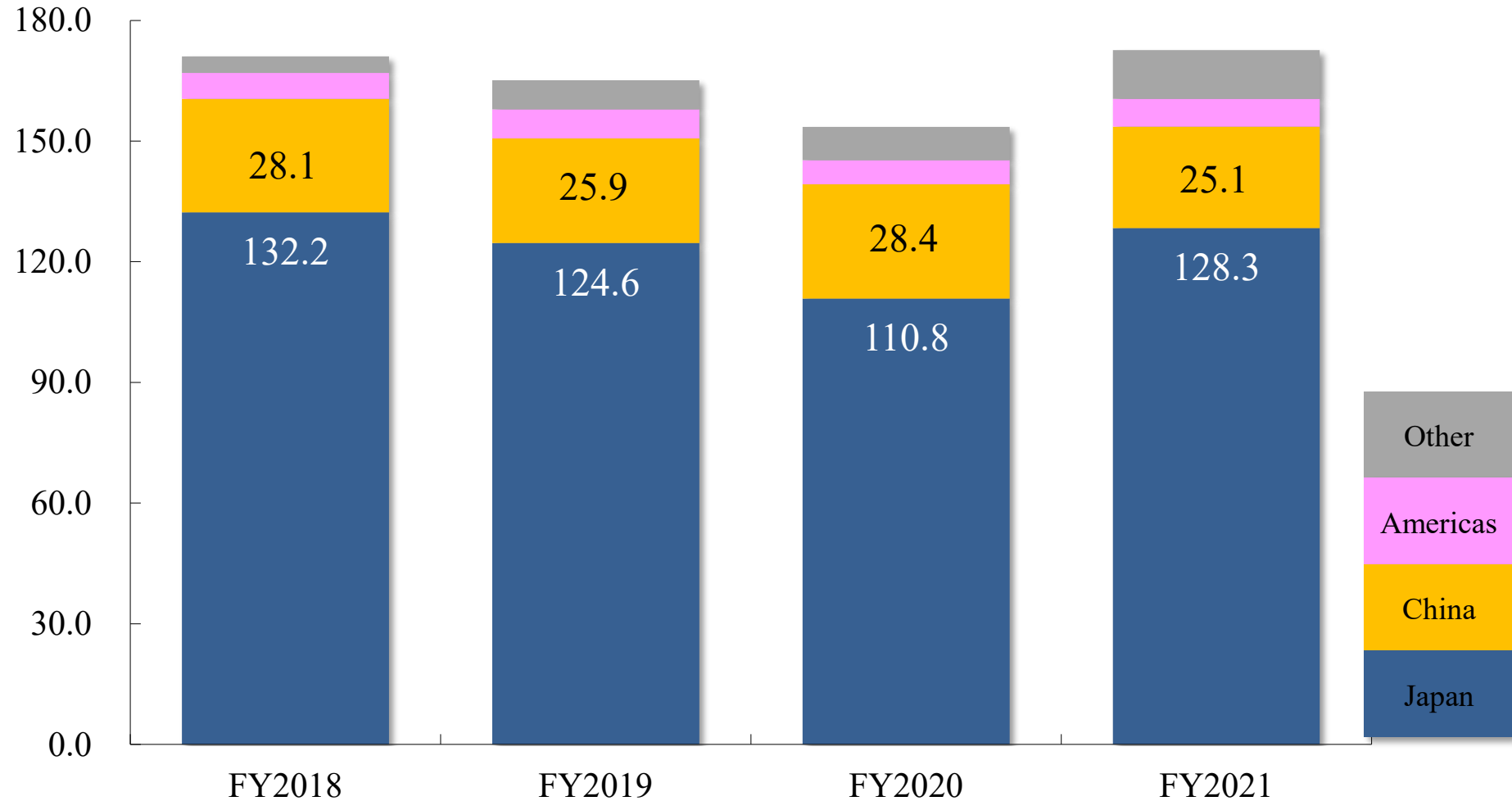
Exchange rate for each period (Yen/U.S. dollar)



Trends in Consolidated Net Sales by Geographic Segments

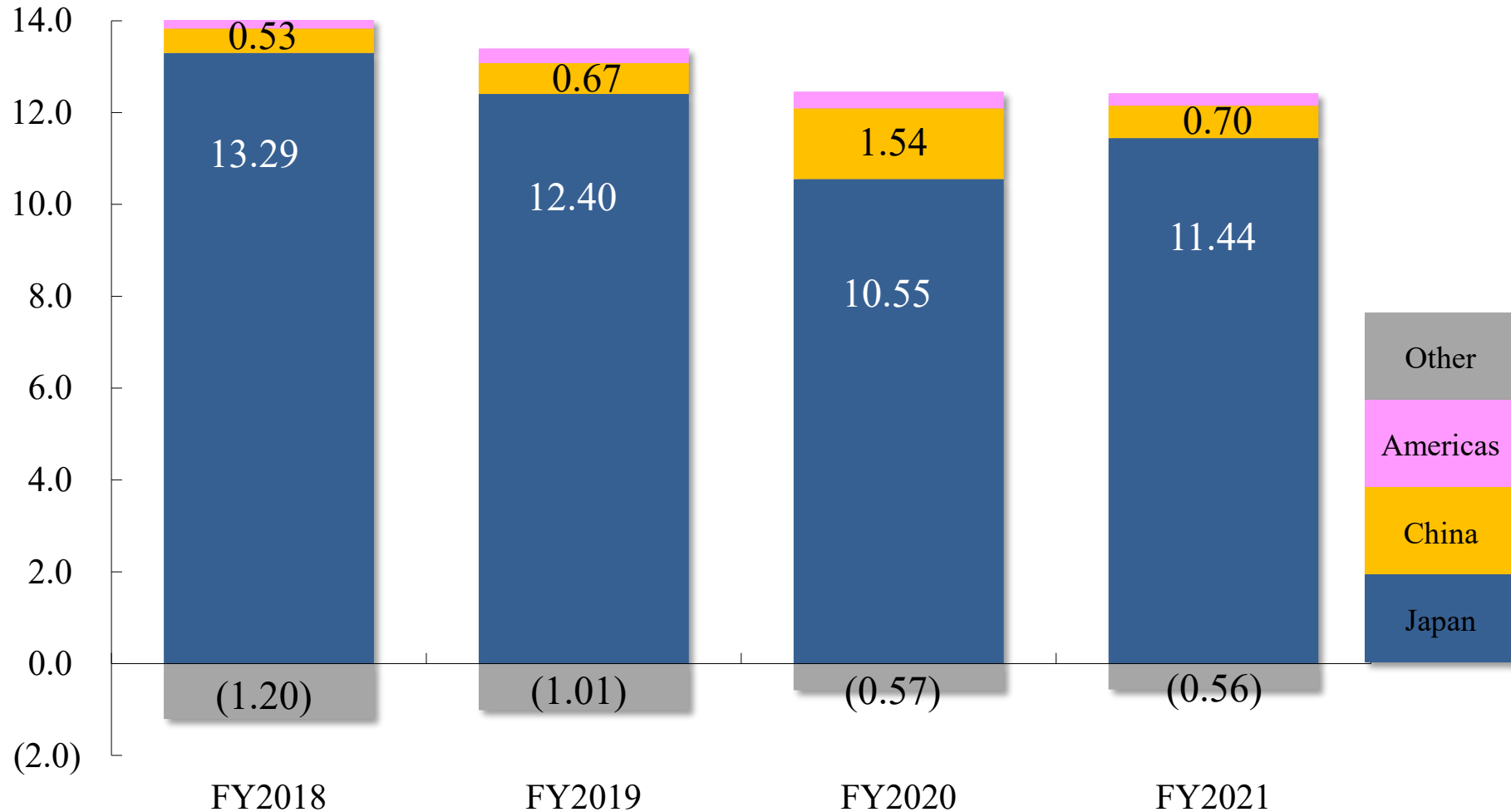
(Simple Addition)

(Billions of yen)

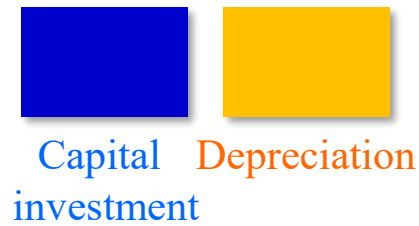


Trends in Consolidated Operating Profit by Geographic Segment (Simple Addition)

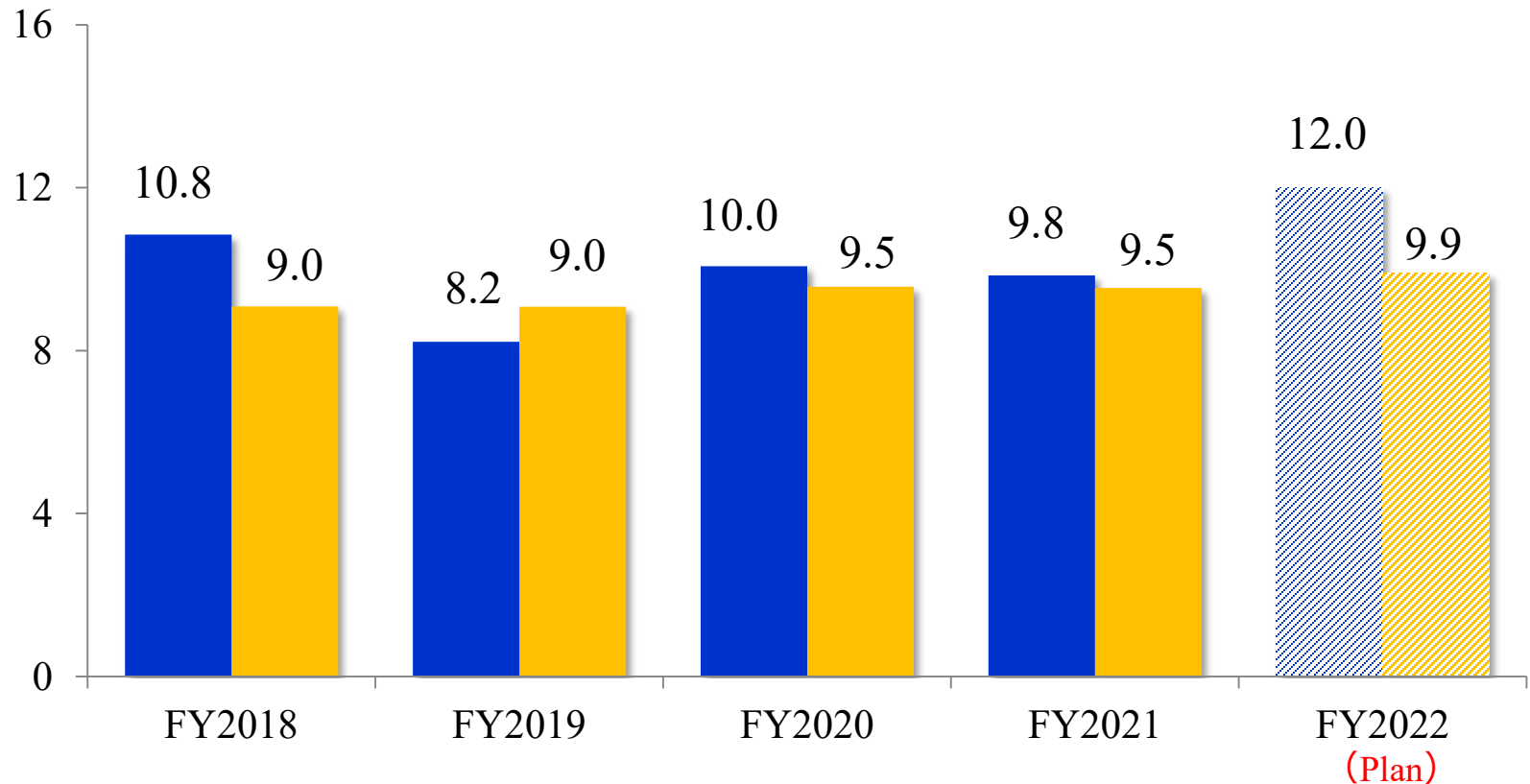
(Billions of yen)



Capital Investment and Depreciation (Consolidated)

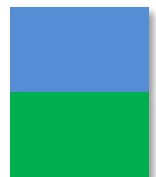


(Billions of yen)



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

Total



Year-end

Interim

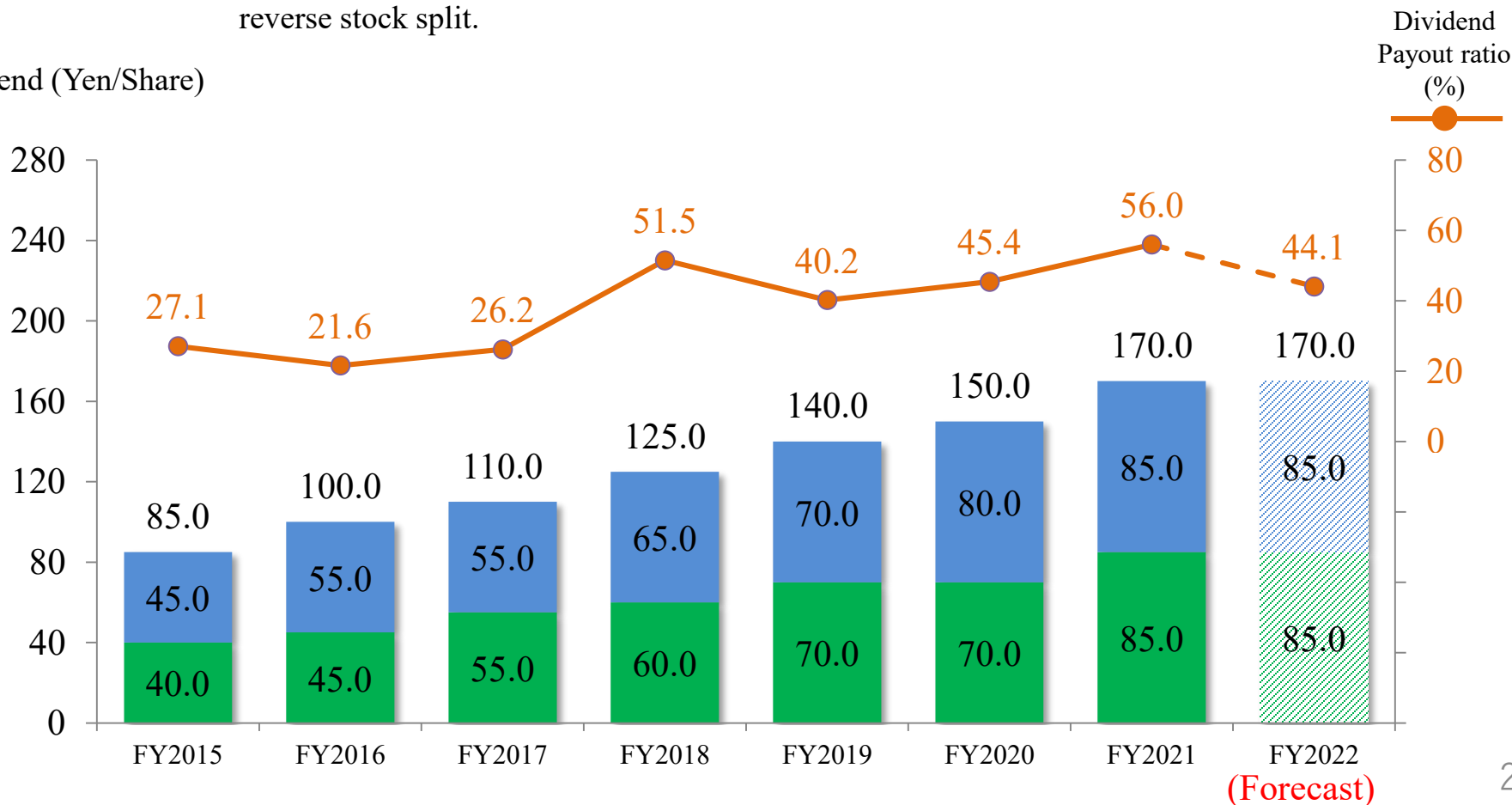
<Principles of dividend payment>

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)



WakuWaku Explosion 2030

To be a company
completely committed to
a "Waku Waku Future"



Company Motto **“Let us contribute to building a better society through our corporate activities”**

Society we want to achieve

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



Sanyo's
Contribution

Support the Environment

Contribution to Carbon Neutral

Support people and their lives

Improvement of QOL

Support the Diversity

Improvement of Job Satisfaction

What we think important (Values)

- Waku Waku feeling from all stakeholders
- Co-creation* of the environmental and social value and economical value together with stakeholders.
- Every employee contributes to value creation

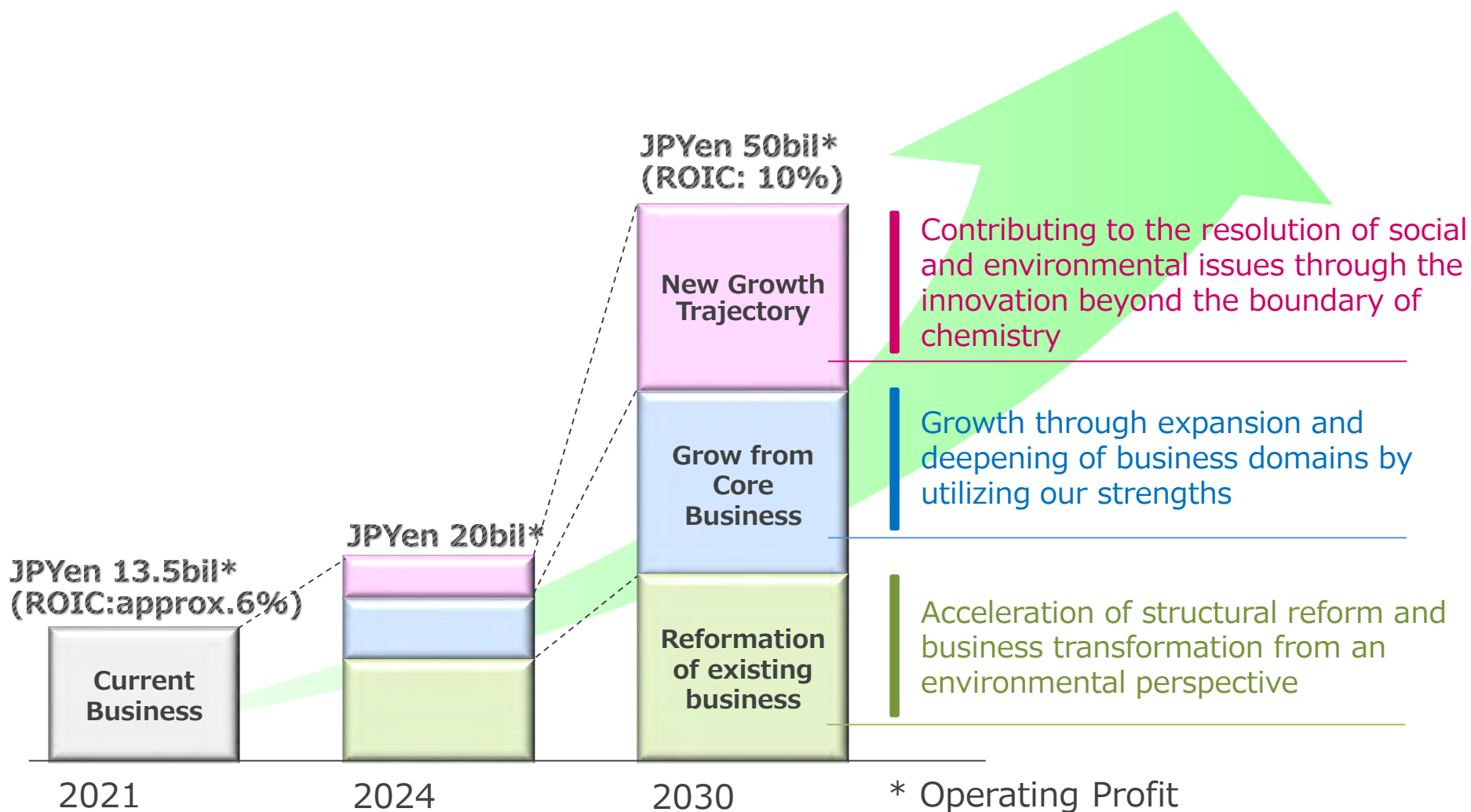
* Co-creation : Creating value with all stakeholders

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



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

Transformation toward the Vision



“All departments are profit centers”

Support the Diversity

Improvement of job satisfaction

- Each and every employee of the Sanyo Group plays a leading role.
- Promoting WakuWaku works by spotlighting everyone.

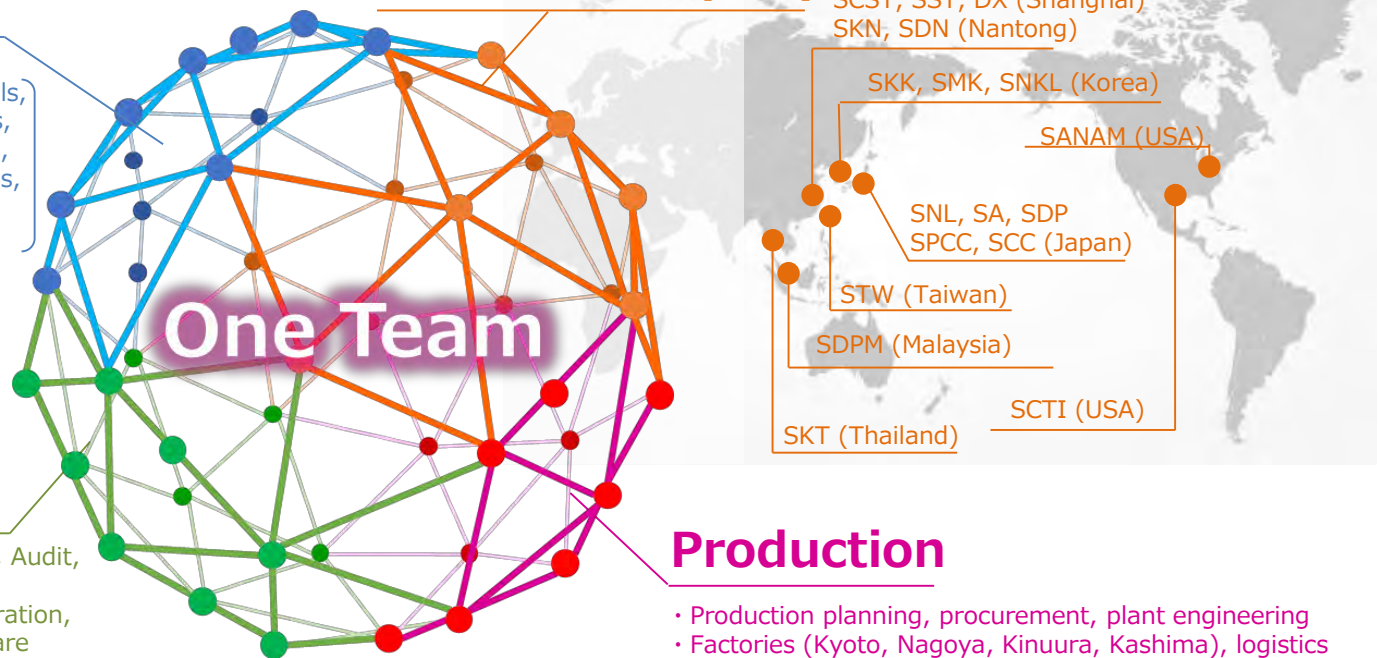
Business Division

- Division
(Lubricant Additives, Imaging Materials, Biotechnology & Medical, Surfactants, Performance Materials, Polyurethane, Industrial Chemicals, Energy business, Digital Olfaction Business, Beauty & Personal Care)
- Sales offices
(Nagoya, Hiroshima, Fukuoka)

Headquarters

- HR, General Affairs, Accounting, Audit, ERP, Planning, Financing, Administrative Affairs (administration, sales, research), Responsible Care

Affiliated company



SCST, SST, DX (Shanghai)
SKN, SDN (Nantong)

SKK, SMK, SNKL (Korea)

SANAM (USA)

SNL, SA, SDP
SPCC, SCC (Japan)

STW (Taiwan)

SDPM (Malaysia)

SKT (Thailand)

SCTI (USA)

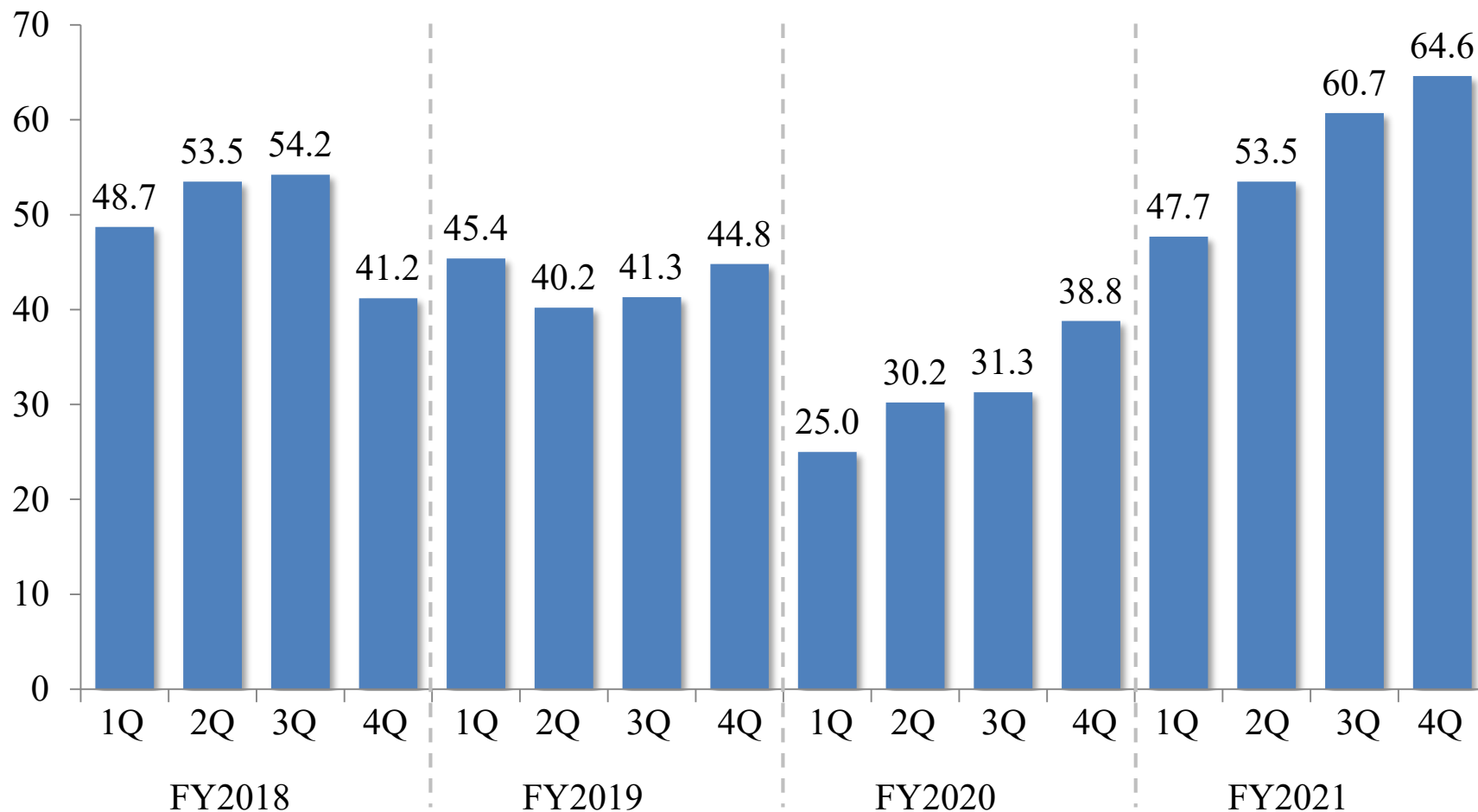
Production

- Production planning, procurement, plant engineering
- Factories (Kyoto, Nagoya, Kinuura, Kashima), logistics

Reference

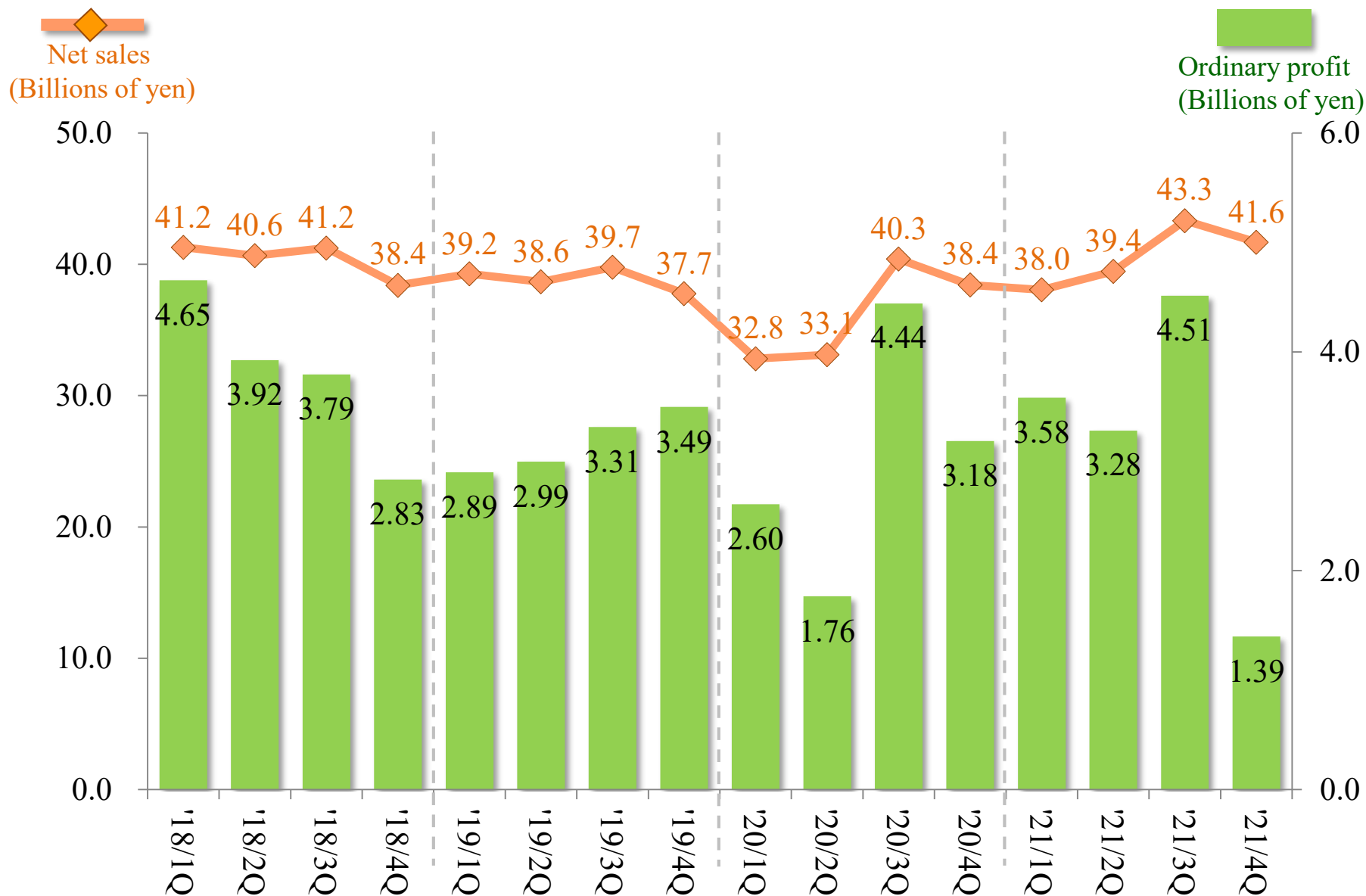
Trends in Price of Naphtha Produced in Japan

Price of Naphtha
(Thousands of yen/kl)

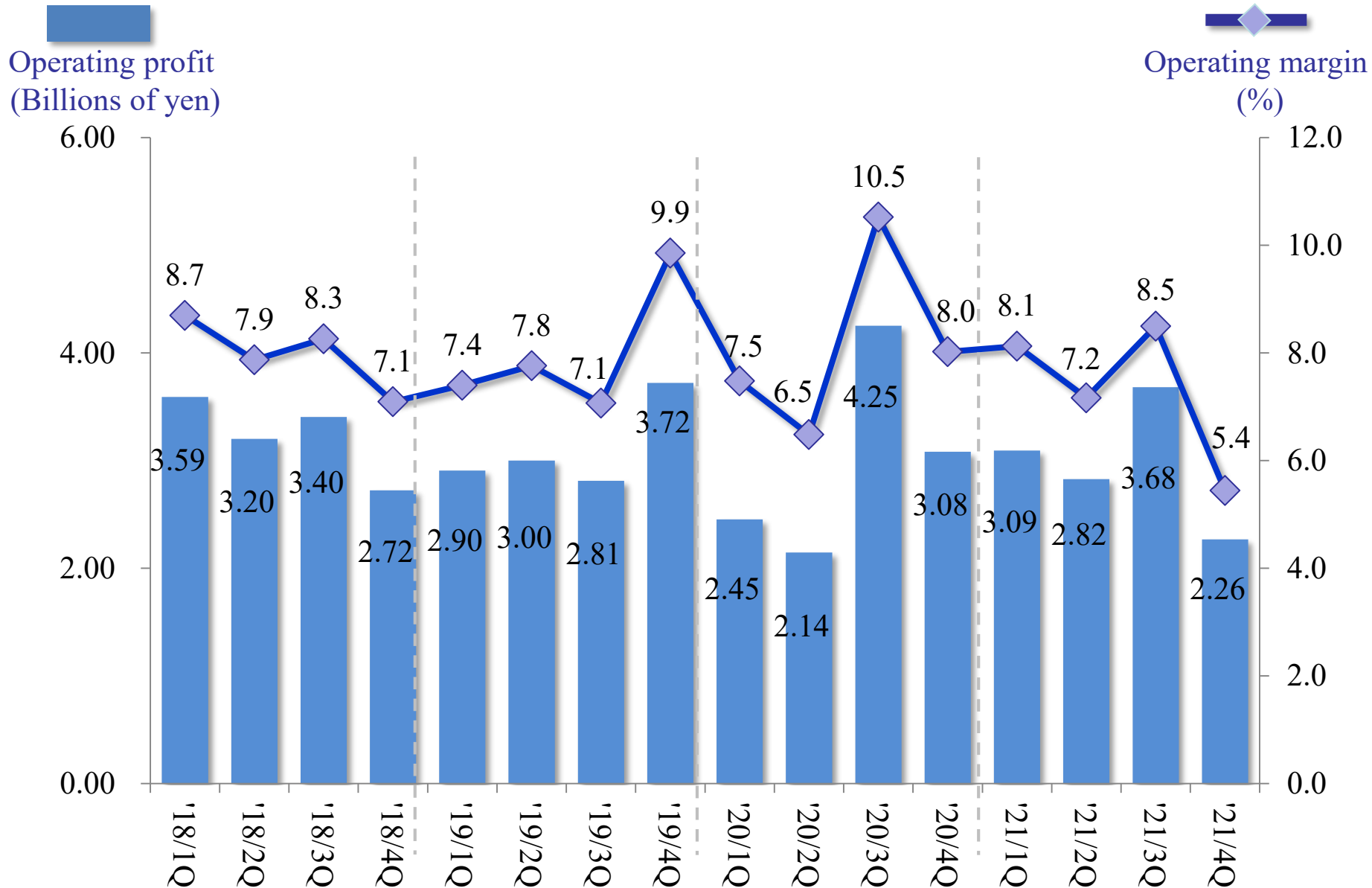


(Source: Trade Statistics of Japan)

Trends in Consolidated Earnings (Quarterly Period)

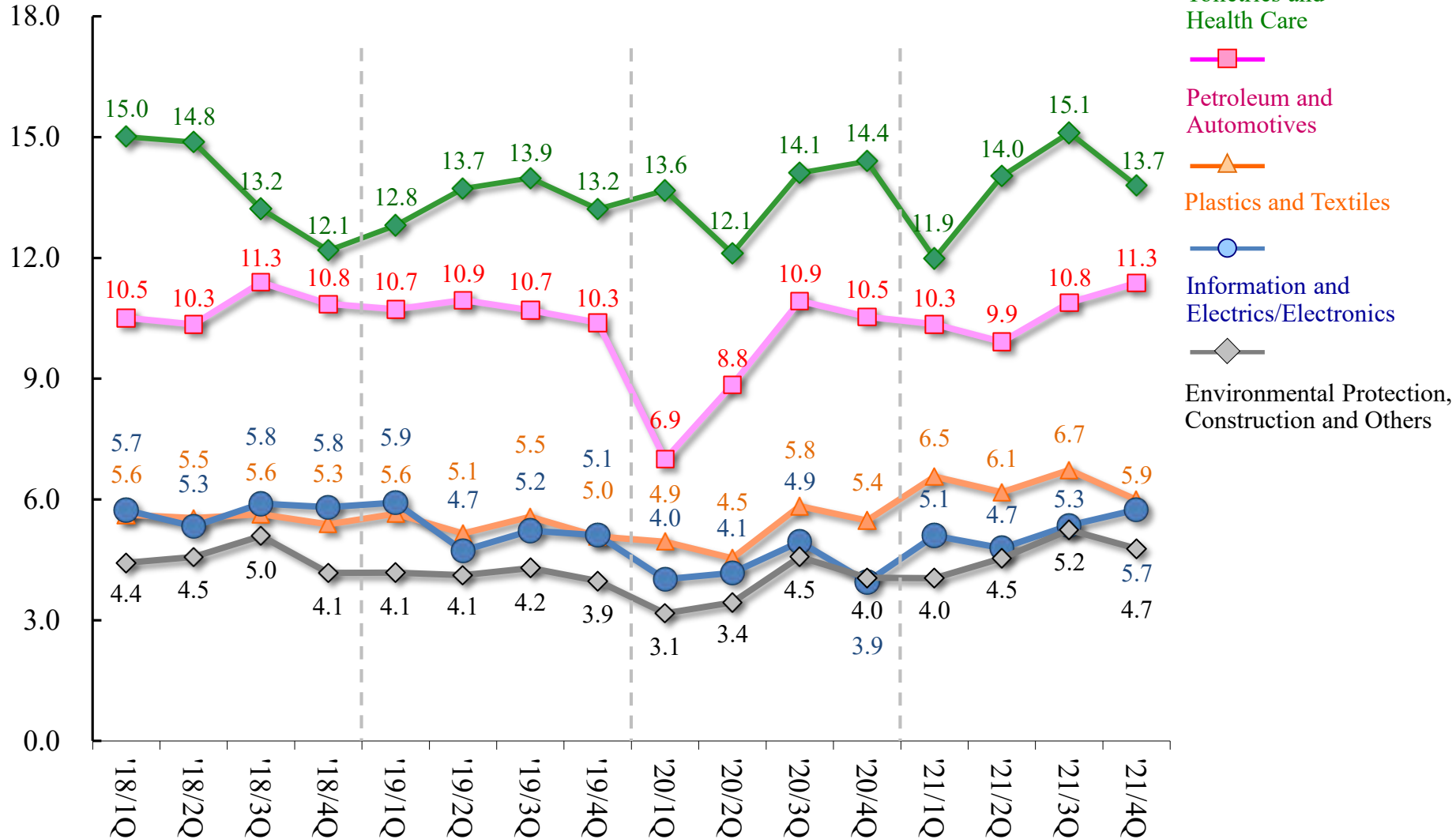


Trends in Consolidated Operating Profit and Operating Margin (Quarterly Period)



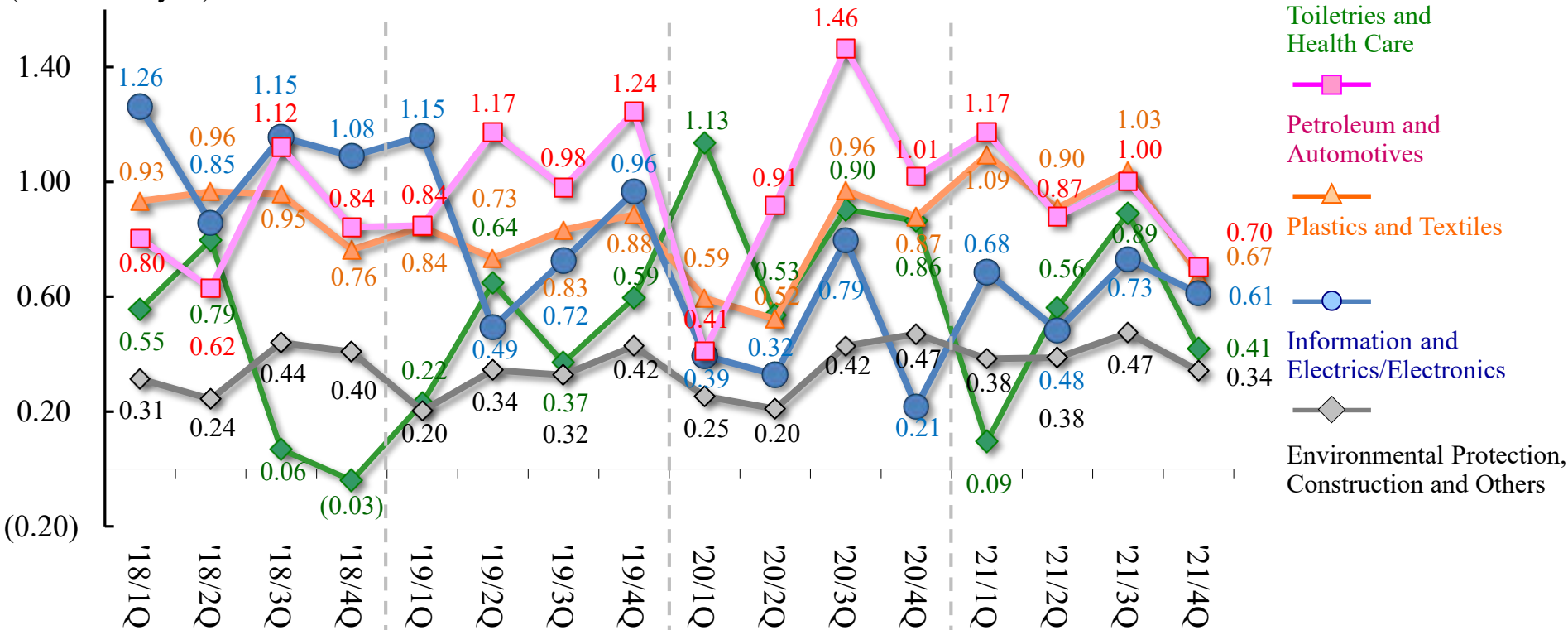
Trends in Consolidated Net Sales by Segment (Quarterly Period)

(Billions of yen)



Trends in Consolidated Operating Profit by Segment (Quarterly Period)

(Billions of yen)



Headquarters' research expenses (Billions of yen) *

FY2018				FY2019				FY2020				FY2021			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(0.27)	(0.29)	(0.33)	(0.34)	(0.37)	(0.39)	(0.42)	(0.39)	(0.33)	(0.36)	(0.31)	(0.36)	(0.34)	(0.39)	(0.45)	(0.48)

* Headquarters' research expenses, which were allocated to each reportable segments so far, are recorded as corporate expenses in the margin.

Domestic Consolidated Subsidiaries

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

as of March 31, 2022

Overseas Consolidated Subsidiaries

Company Name	Country of incorporation	Abbr.	Share of Voting Rights	Line of Business
Sanyo Kasei (Nantong) Co., Ltd.	China	SKN	Sanyo Chemical Industries, Ltd. 100%	Manufacture of surfactants, polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd.	China	SDN	SDP Global Co., Ltd. 100%	Manufacture and sales of superabsorbent polymers
SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.	China	SCST	Sanyo Chemical Industries, Ltd. 100%	Sales of surfactants, polyurethane resins, etc.
Sanyo Kasei (Thailand) Ltd.	Thailand	SKT	Sanyo Chemical Industries, Ltd. 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

as of March 31, 2022

*) Effective April 1, 2022, SANAM Corporation changed its trade name to Sanyo Chemical America Incorporated.

Entities Accounted for Using the Equity Method

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

as of March 31, 2022