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New Medium-Term Management Plan 2025 - Accelerate Transformation to Realize Our Vision -

Sanyo Chemical Industries, Ltd. (“Sanyo Chemical”) announced that at its Board of Directors meeting held on May 12, 2023, the Board of Directors made a resolution of the “New Medium-Term Management Plan 2025” for the further sustainable growth of the Group.

Sanyo Chemical Group implemented the “WakuWaku* Explosion 2030” management policy in March 2022 as a compass for our vision in 2030, and we have initiated activities toward becoming “WakuWaku Company” with the three pillars of “Contribution to carbon neutrality”, “Improvement of QOL (Quality of Life),” and “Improvement of job satisfaction” so that we can contribute to create sustainable societies. On the other hand, in FY2022 (the first year of the management policy), several negative factors of external environment had significant impacts on our business operations, and the company's performance fell short of its initial plan, resulting in a deviation from the milestone of achieving the target of “20 billion yen in operating profit in FY2024” set forth in the management policy. In addition, we recognize that the “Transformation Toward the Vision,” which was initiated in accordance with the management policy, has been slower than expected. In light of these circumstances, in order to improve profitability by 2025 and realize the vision envisioned in our management policy, we have formulated the New Medium-term Management Plan, a three-year plan in which we describes a roadmap and specific initiatives, Sanyo Chemical group as one team will pay efforts to enhance our values through entire supply chain and accelerate the creation of new values through innovation through the power of chemistry beyond the boundaries of chemistry.

* “WakuWaku” is the Japanese word which express positive, bright, uplifting feeling inspired by inner motivations and/or own wills.

1. Basic Policies of the New Medium-Term Management Plan 2025

(1) Business Strategy (FY2023 - FY2025)

(i) Growth from Core Business

We will position five focus product groups that contribute to carbon neutrality (CN) and QOL (quality of life) as “high value-added products category” and accelerate research and development as well as capital investment in these products category in order to generate earnings.

(ii) Reformation of Existing Business

We will improve profitability by transforming business process throughout the supply chain and implementing structural reforms in the polyurethane and superabsorbent polymer (SAP) businesses.

(iii) Global Deployment

We will expand facilities in overseas plants and strengthen functions of overseas sales offices.

(2). Toward the Future Beyond 2025

(i) New Growth Path

We will focus our resources on growing area where we can contribute to carbon neutrality and improvement of QOL. We will reinforce innovative actions including opportunities on strategic alliances and M&A.

(ii) Solutions to Social Issues

We aim to pursue significant reduction of CO₂ emission by Carbon Capture and Utilization (CCU). We will proactively address human rights issues in the supply chain.

(iii) Initiatives to Support Growth

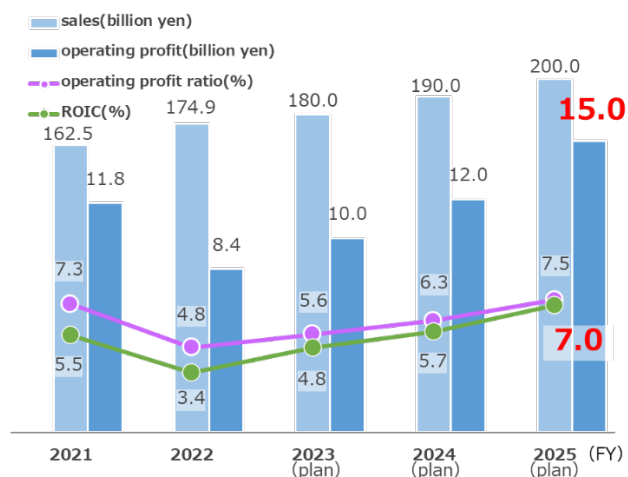
We will promote the human resources development and work environment improvement. We will manage with safety and quality as our top priority and promote transparent management.

2. Revision of Financial Forecasts

Reflected on the external environment and the progress of internal transformation, we

revise the target of “20 billion yen in operating profit in FY2024” set forth in the management policy to “15 billion yen in operating profit in FY2025”. Nevertheless, we maintain the vision of management policy and commit to realize growth under the New Medium-Term Management Plan 2025.

概況



| Composition of operating profit | FY2021 | | FY2025 |
|---------------------------------|--------|----|--------|
| High-value-added products | 36% | -> | 47% |
| Overseas business | 39% | -> | 47% |

All the contents in this document are forecasts based on the available information at the time of publication (as of May 12th, 2023) and may be different from actual measures and performance due to various factors.