



"Performance" Through Chemistry

Material for
Financial Results Presentation
For the Nine Months Ended
December 31, 2023

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 February 5, 2024. 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, Nagoya, Hiroshima, Fukuoka

Domestic Factories:

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

Number of Employees (Consolidated Basis):

2,069 (as of December 31, 2023)

Line of Business:

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

**Sanyo
Chemical**

Sanyo Chemical Group

Domestic

Overseas

Logistics and Service
Subsidiaries

- Consolidated Subsidiaries
- Entities Accounted for Using the Equity Method

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



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



- Sanyo Kasei Korea, Ltd.



- Sanyo Kasei (Thailand) Ltd.



- Sanyo Chemical America Incorporated
- Sanyo Chemical Texas Industries, LLC
- Sunrise Chemical LLC



- SDP GLOBAL (MALAYSIA) SDN. BHD.

- Sanyo Chemical Logistics Co., Ltd.
- Shiohama Chemicals Warehouse Co., Ltd.

Other Subsidiaries and Affiliates:

SANYO KASEI (TAIWAN) LTD. Sanyo Chemical Manufacturing Korea, Ltd. San Nopco (Korea) Limited
 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 Chemical America Inc.



 SANYO KASEI (TAIWAN) LTD.

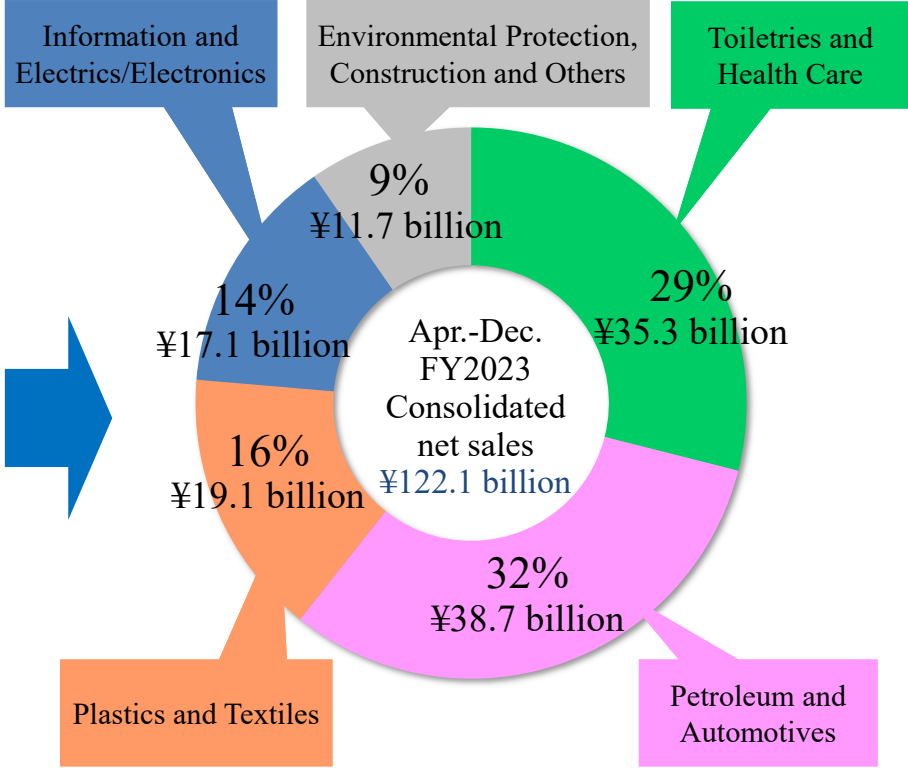
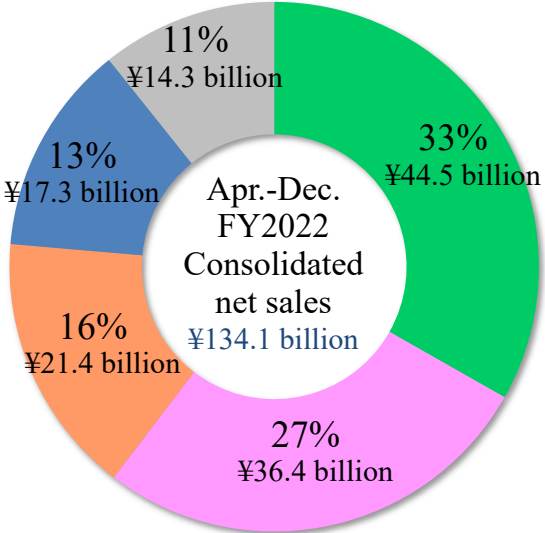
 Sanyo Kasei (Thailand) Ltd.



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, 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.-Dec. FY2023

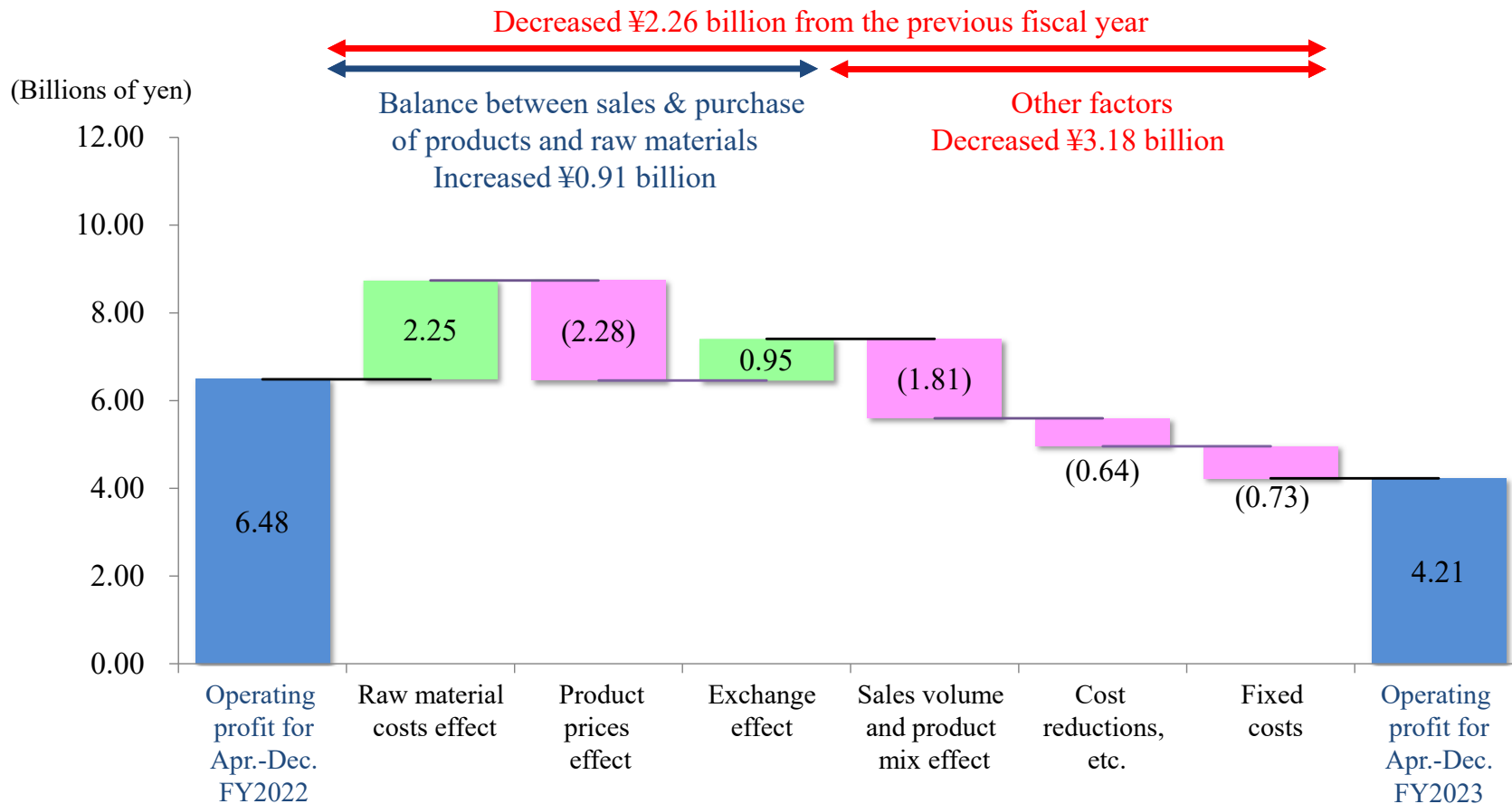
(Billions of yen)

Consolidated	Apr.-Dec. FY2022	Apr.-Dec. FY2023	Year-on-Year Change	
			Amount	Ratio (%)
Net sales	134.18	122.13	(12.05)	(9.0)
Operating profit	6.48	4.21	(2.26)	(35.0)
Ordinary profit	8.89	6.88	(2.01)	(22.6)
Profit attributable to owners of parent	6.28	2.98	(3.30)	(52.6)
Comprehensive income	6.55	3.89	(2.66)	(40.7)

* Due to revisions in the method to evaluate the performance of individual business segments in conjunction with changes to core system, “Loss on abandonment of inventories,” which was presented under “Non-operating expenses”, is included in “Cost of sales” from the first quarter of the fiscal year under review.

Operating profit after this slide are shown after the reclassification.

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



Year-on-Year Change in Consolidated Profit by Factor

(Billions of yen)

	Apr.-Dec. FY2022	Apr.-Dec. FY2023	Change amount
Operating profit	6.48	4.21	(2.26)
Share of profit of entities accounted for using equity method	0.47	0.12	(0.35)
Foreign exchange gains	1.09	1.32	0.23
Other non-operating income (loss)	0.84	1.21	0.36
Ordinary profit	8.89	6.88	(2.01)
Gain on sale of investment securities	0.95	2.03	1.18
Loss on retirement of non-current assets	(0.77)	(0.94)	(0.17)
Impairment loss	-	(2.97)	(2.97)
Other extraordinary income (loss)	(0.11)	-	0.11
Profit before income taxes	8.97	5.00	(3.96)
Income taxes	(2.26)	(2.26)	0.00
Profit attributable to non-controlling interests	(0.42)	0.24	0.66
Profit attributable to owners of parent	6.28	2.98	(3.30)

Consolidated Balance Sheet

(Billions of yen)

	March 31, 2023	December 31, 2023	Change amount	Main factors for changes
Current assets	97.3	106.3	8.9	Cash and deposits: 6.0, Notes and accounts receivable - trade, Electronically recorded monetary claims - operating: 3.5, Merchandise and finished goods: (1.1)
Non-current assets	104.8	99.8	(5.0)	Buildings and structures: (1.2), Machinery, equipment and vehicles, net: (3.2)
Total assets	202.1	206.1	3.9	
Current liabilities	46.9	50.9	4.0	Accounts payable - trade, Electronically recorded obligations - operating: 6.5, Accrued expenses: (1.3)
Non-current liabilities	6.2	6.3	0.0	
Total liabilities	53.1	57.2	4.0	
Shareholders' equity	132.3	131.6	(0.7)	Profit: 2.9, Cash dividends paid: (3.7)
Other comprehensive income	13.7	14.8	1.1	Foreign currency translation adjustment: 0.5
Non-controlling interests	2.9	2.4	(0.4)	
Total net assets	148.9	148.8	(0.1)	
Total liabilities and net assets	202.1	206.1	3.9	

Consolidated Statements of Cash Flows

(Billions of yen)

	Apr.-Dec. FY2022	Apr.-Dec. FY2023	Change Amount	Special notes
Cash flows from operating activities	10.05	14.36	4.31	
Profit before income taxes	8.97	5.00	(3.96)	
Depreciation	7.62	8.14	0.52	
Share of loss profit of entities accounted for using equity method	(0.47)	(0.12)	0.35	
Impairment loss	—	2.97	2.97	
Gain on sale of investment securities	(0.95)	(2.03)	(1.07)	
Decrease (increase) in operating capital	(2.82)	4.95	7.77	
Income taxes	(3.76)	(2.59)	1.16	
Other, net	1.47	(1.95)	(3.43)	
Cash flows from investing activities	(9.06)	(4.41)	4.65	Purchase of non-current assets 1-3Q FY2022: (7.27), 1-3Q FY2023: (5.51)
Free cash flows	0.98	9.95	8.96	
Cash flows from financing activities	(0.24)	(4.09)	(3.85)	Loans and Repayment 1-3Q FY2022: 3.86, 1-3Q FY2023: 0.10
Effect of exchange rate change on cash and cash equivalents	0.03	0.22	0.18	
Net increase (decrease) in cash and cash equivalents	0.77	6.07	5.30	
Cash and cash equivalents at beginning of period	18.17	17.04	(1.12)	
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	0.33	—	(0.33)	
Cash and cash equivalents at end of period	19.27	23.11	3.83	

Impairment Losses at a Consolidated Subsidiary

Consolidated subsidiaries, Sanyo Kasei (Thailand) Ltd. has seen sluggish sales of its mainstay antistatic agents for plastics and other surfactants due to the delayed recovery of the electronic components market and other factors.

Based on recent performance trends, as a result of assessing the future recoverability, the carrying amount of fixed assets held by the company has been reduced to the recoverable amount, and an impairment loss of 3.0 billions of yen was recorded as an extraordinary loss.

(Billions of yen)

Buildings and structures	0.87
Machinery, equipment and vehicles	1.28
Construction in progress	0.69
Other	0.11
Total	2.97

The recoverable amount is calculated by discounting the estimated future cash flows at 12.5%.

The full-year consolidated earnings for have been left unchanged from that announced on November 10, 2023.

Earnings Forecast for FY2023 and Progress in Apr.-Dec. FY2023

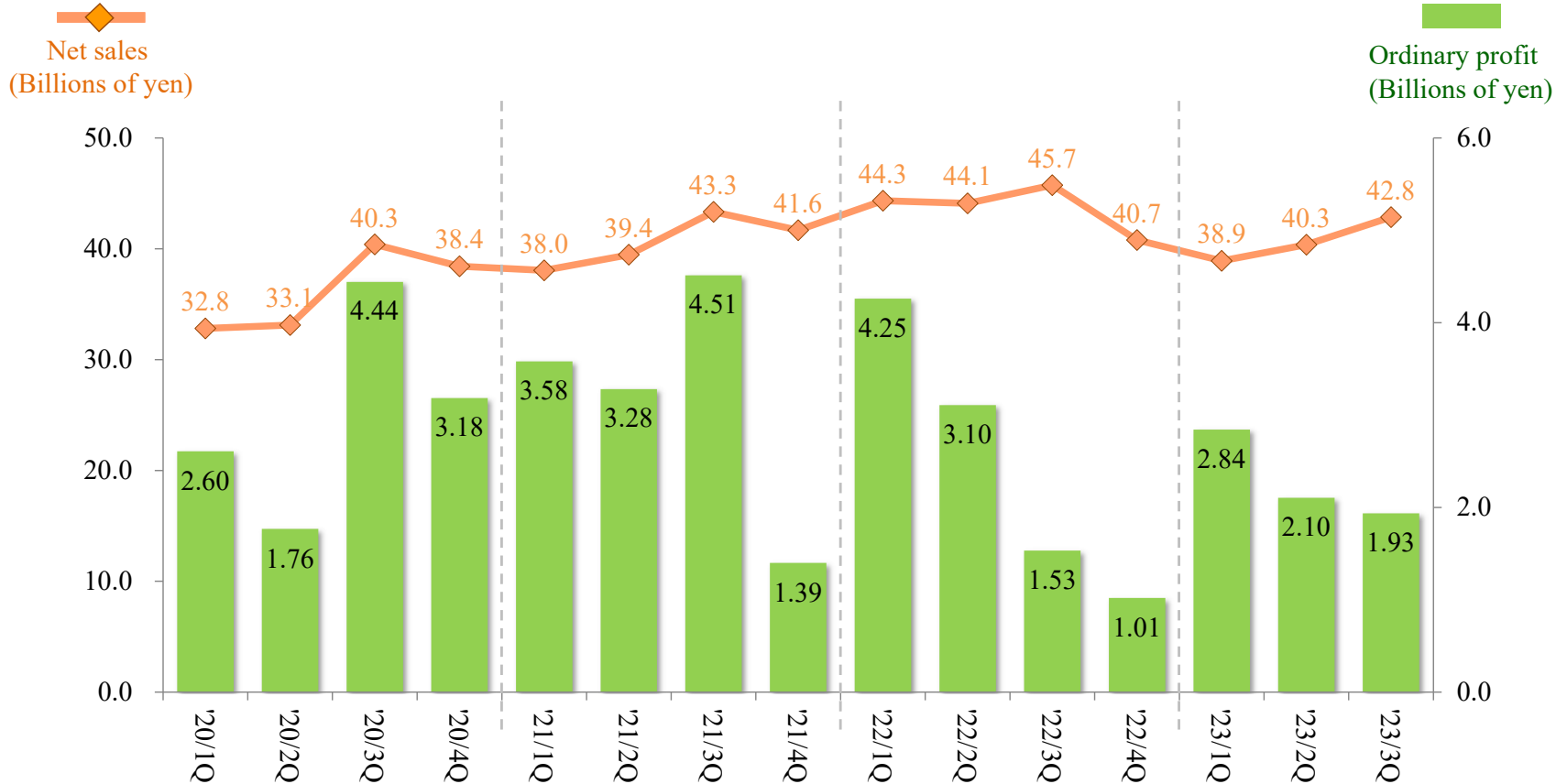
<Assumptions for below forecasts>

Price of naphtha produced in Japan: 68 thousand yen/kl, Exchange rate: 136 yen/U.S. dollar

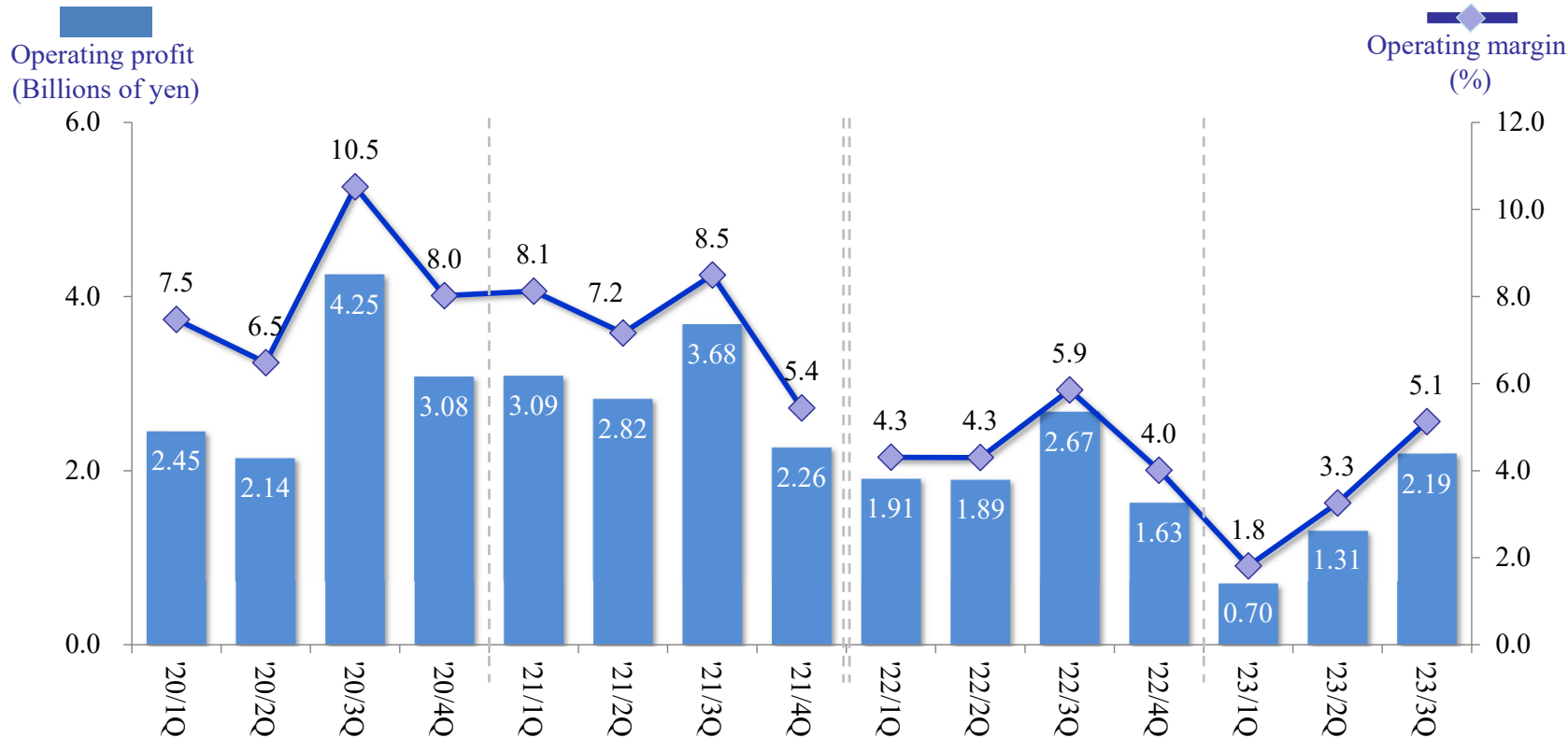
(Billions of yen)

Consolidated	Full year of FY2023	Apr. - Dec. FY2023		Full year of FY2022
	Forecast	Result	Progress (%)	Result
Net sales	160.00	122.13	76.3	174.97
Operating profit	5.00	4.21	84.4	8.12
Ordinary profit	6.50	6.88	105.9	9.91
Profit attributable to owners of parent	5.00	2.98	59.6	5.68

Trends in Consolidated Earnings (Quarter Period)



Trends in Consolidated Operating Profit and Margin (Quarter Period)



* Due to a change in the treatment of an account, figures for '21/4Q and before are shown before reclassification, while figures for '22/1Q and after are shown after reclassification.

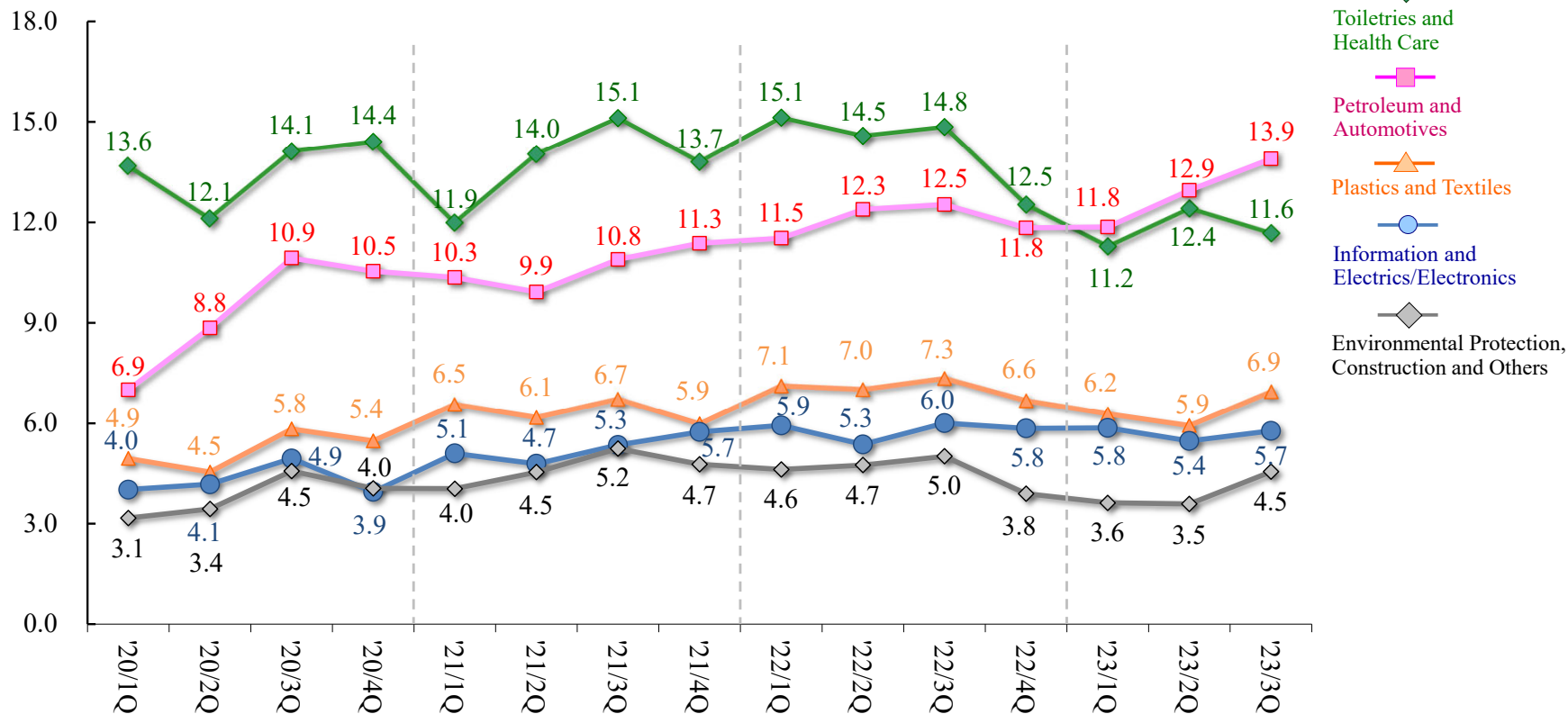
Consolidated Earnings by Segment

(Billions of yen)

Segment	Net sales			Operating profit		
	Apr.-Dec. FY2022	Apr.-Dec. FY2023	Change amount	Apr.-Dec. FY2022	Apr.-Dec. FY2023	Change amount
Toiletries and Health Care	44.54	35.35	(9.18)	0.30	(1.11)	(1.41)
Toiletries	11.23	9.95	(1.27)			
Health Care	33.31	25.39	(7.91)			
Petroleum and Automotives	36.44	38.71	2.27	2.34	2.14	(0.20)
Plastics and Textiles	21.49	19.17	(2.31)	2.24	1.89	(0.35)
Plastics	15.17	13.53	(1.63)			
Textiles	6.31	5.63	(0.68)			
Information and Electrics/Electronics	17.31	17.11	(0.20)	1.75	1.65	(0.09)
Information	9.92	10.42	0.49			
Electrics/Electronics	7.38	6.69	(0.69)			
Environmental Protection, Construction and Others	14.38	11.76	(2.62)	0.97	0.56	(0.41)
Research and development expenses for new businesses				(1.14)	(0.92)	0.21
Total	134.18	122.13	(12.05)	6.48	4.21	(2.26)

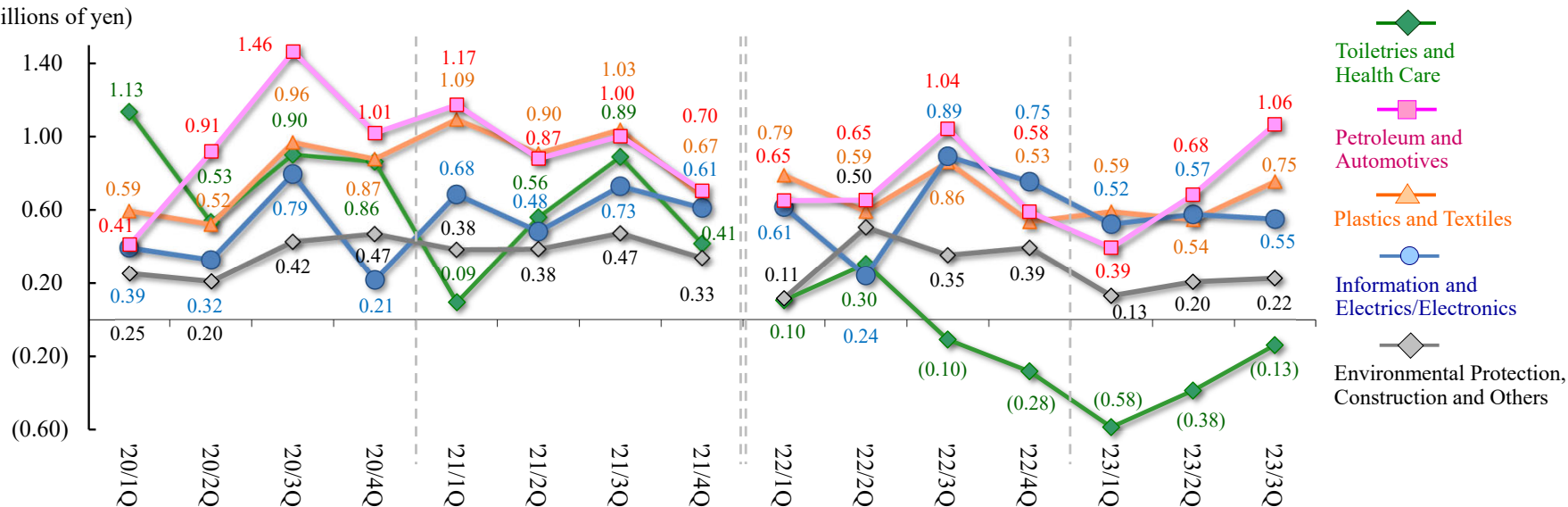
Trends in Consolidated Net Sales by Segment (Quarter Period)

(Billions of yen)



Trends in Consolidated Operating Profit by Segment (Quarter Period)

(Billions of yen)



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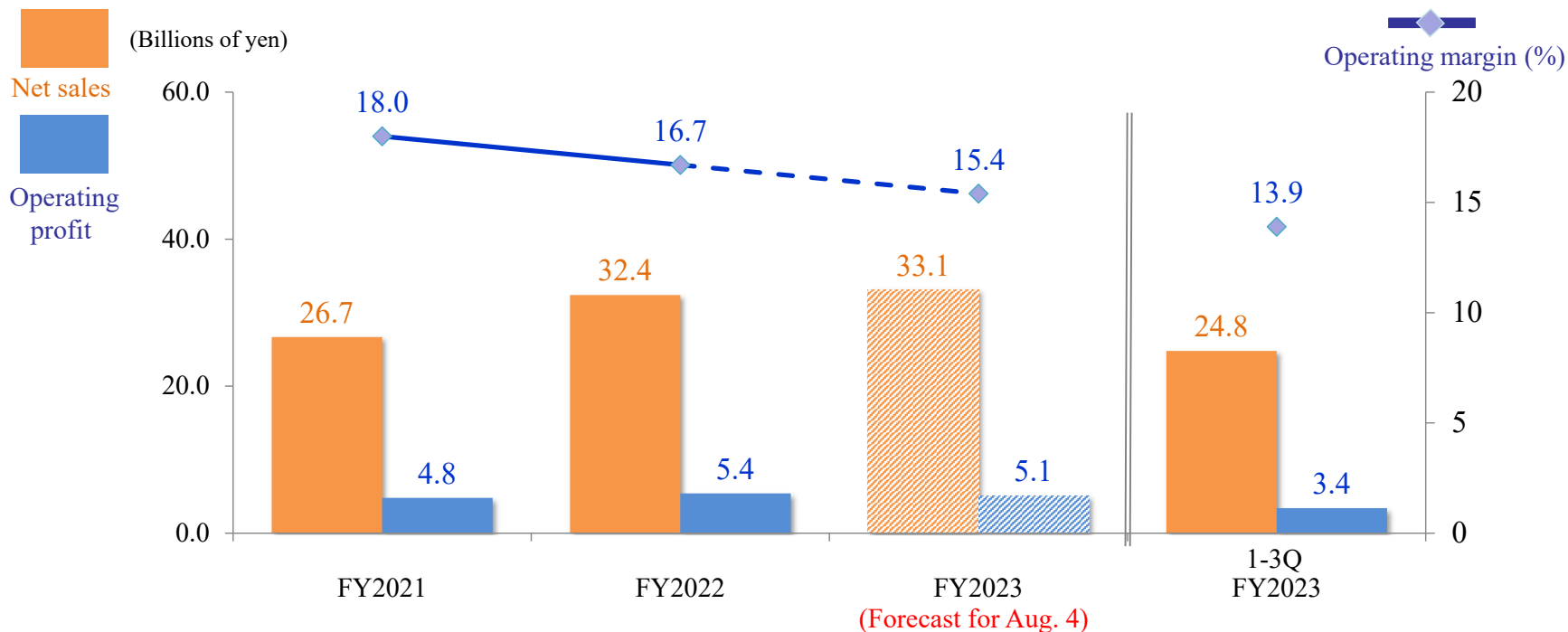
Research and development expenses for new businesses (Billions of yen)

FY2020				FY2021				FY2022				FY2023		
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(0.33)	(0.36)	(0.31)	(0.36)	(0.34)	(0.39)	(0.45)	(0.47)	(0.37)	(0.40)	(0.36)	(0.35)	(0.34)	(0.31)	(0.26)

Trends in High-value-added products category

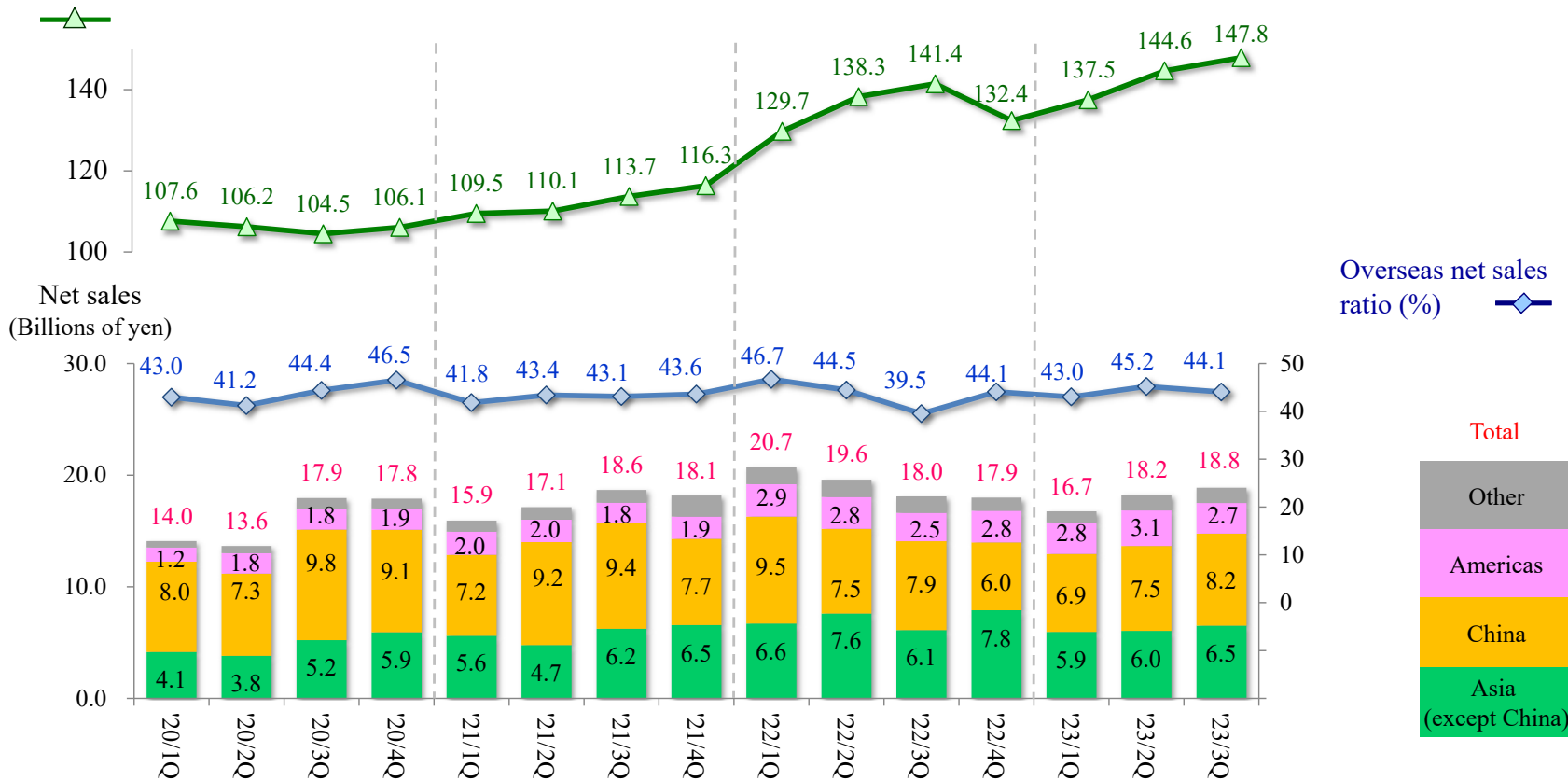
We will position five focus product groups that contribute to carbon neutrality (CN) and QOL (quality of life) as “high value-added products category” and promote to further accelerate our growth in New Medium-Term Management Plan 2025.

High-value-added products category: Chemicals for Special fibers and electronics, Lubricant additives, Permanent antistatic agents, Medical and pharmaceutical products



Trends in Overseas Net Sales (Quarter Period)

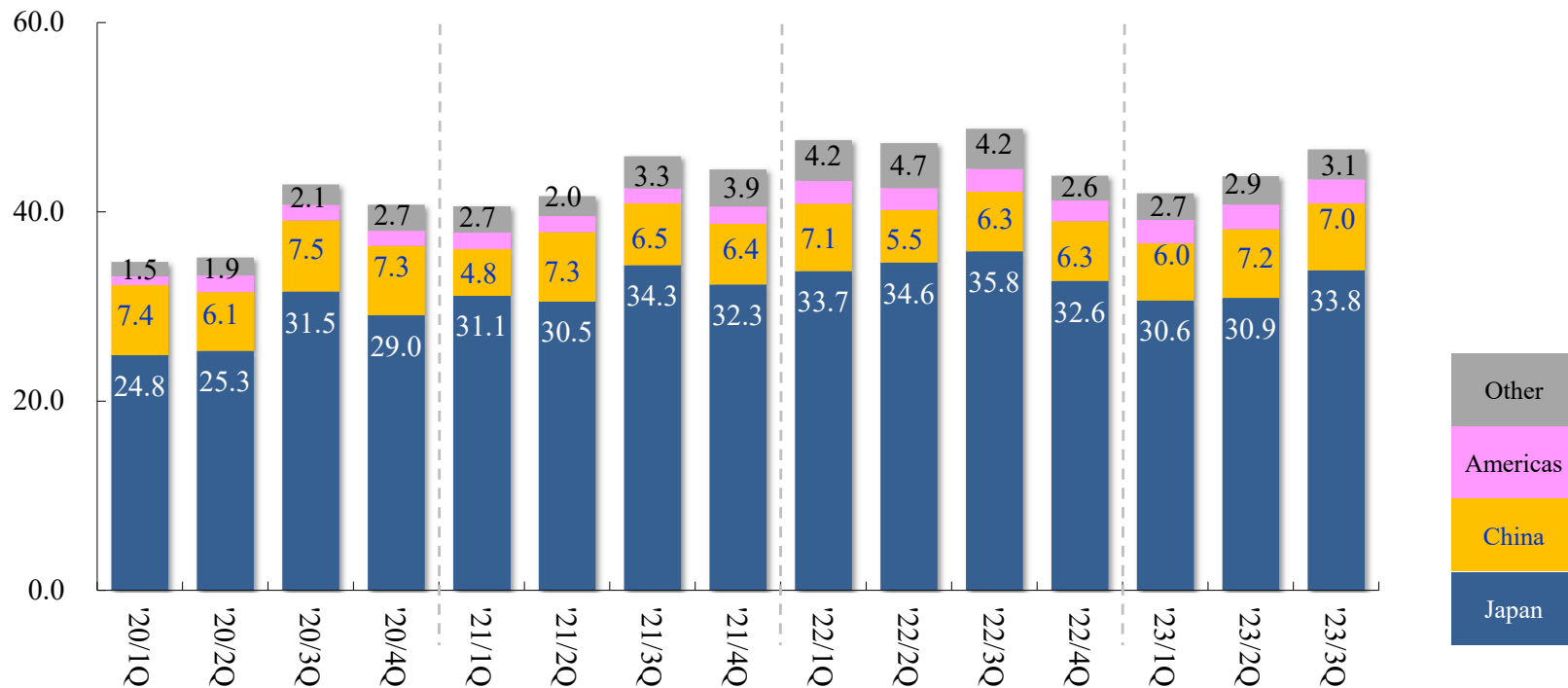
Exchange rate for each period (Yen/U.S. dollar)



Trends in Consolidated Net Sales by Geographic Segments

(Simple Addition)

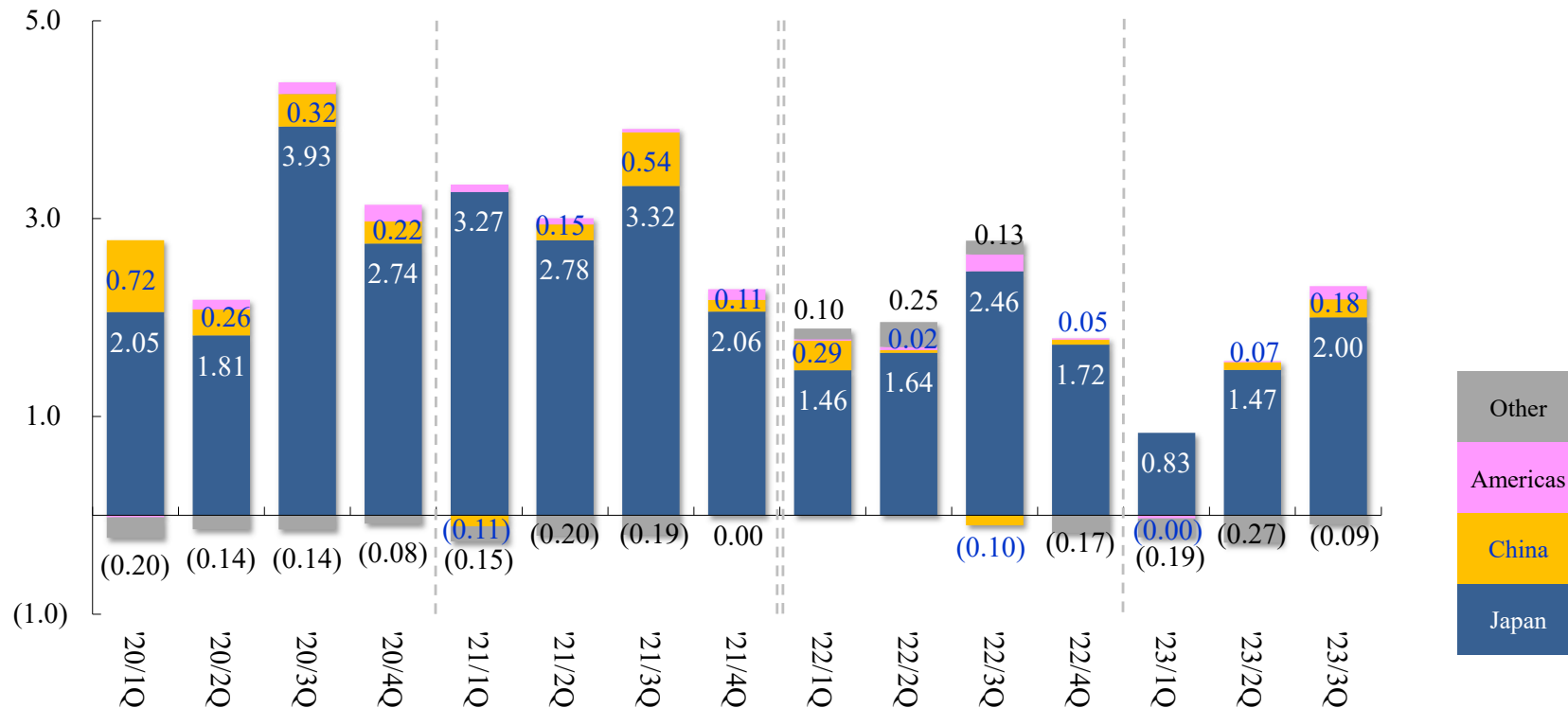
(Billions of yen)



Trends in Consolidated Operating Profit by Geographic Segment

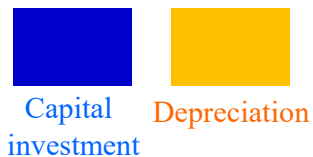
(Simple Addition)

(Billions of yen)

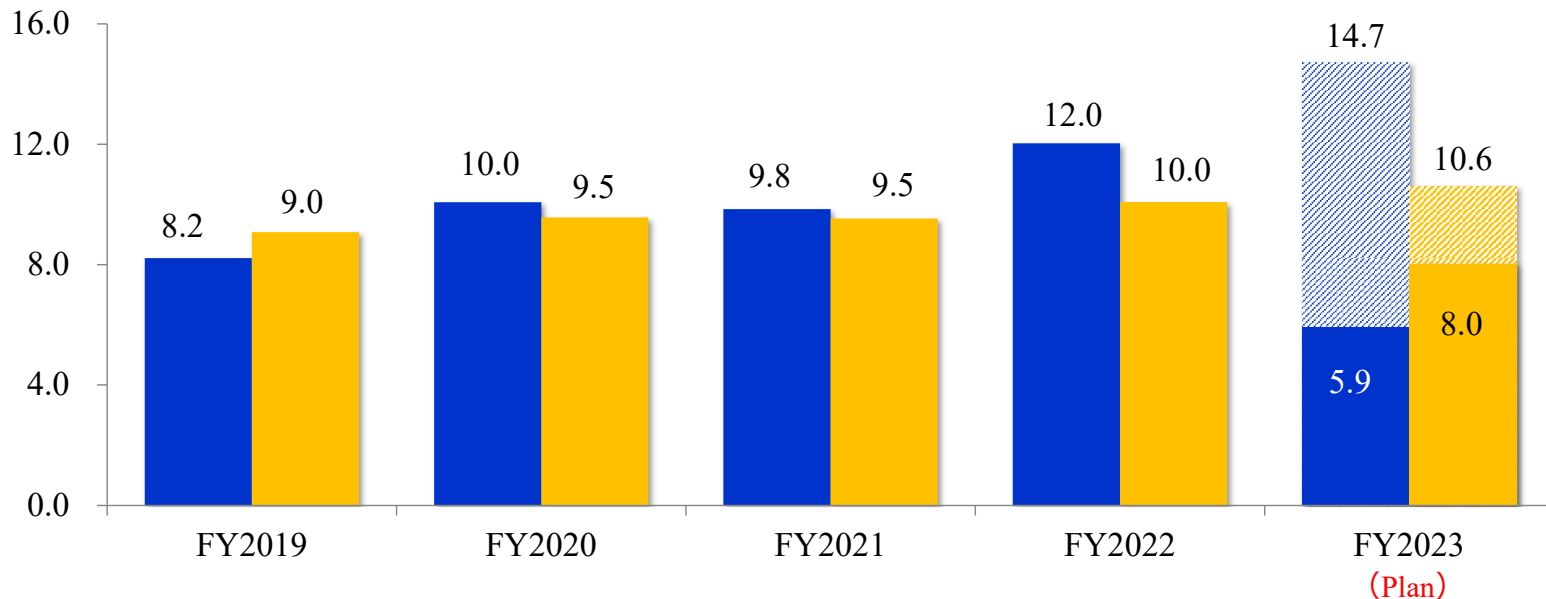


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Capital Investment and Depreciation (Consolidated)



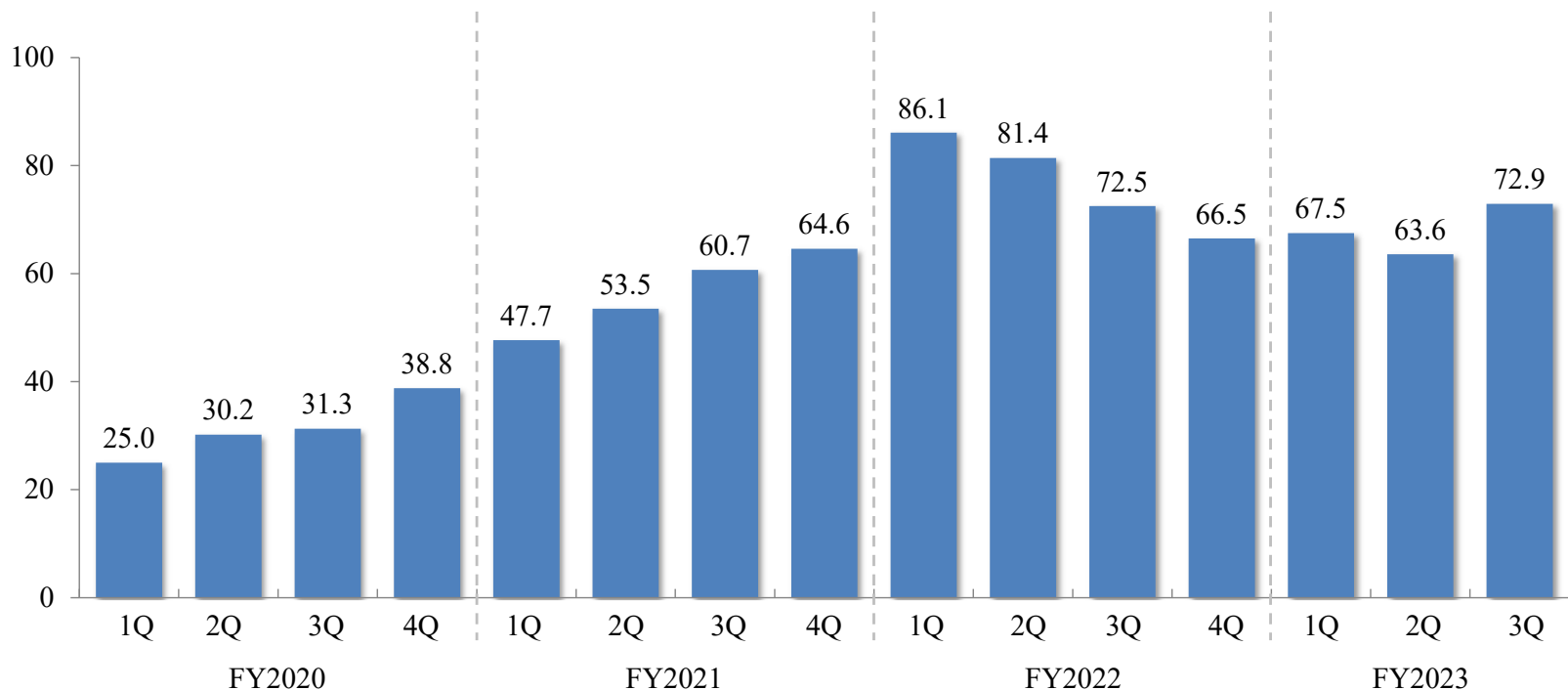
(Billions of yen)



Reference

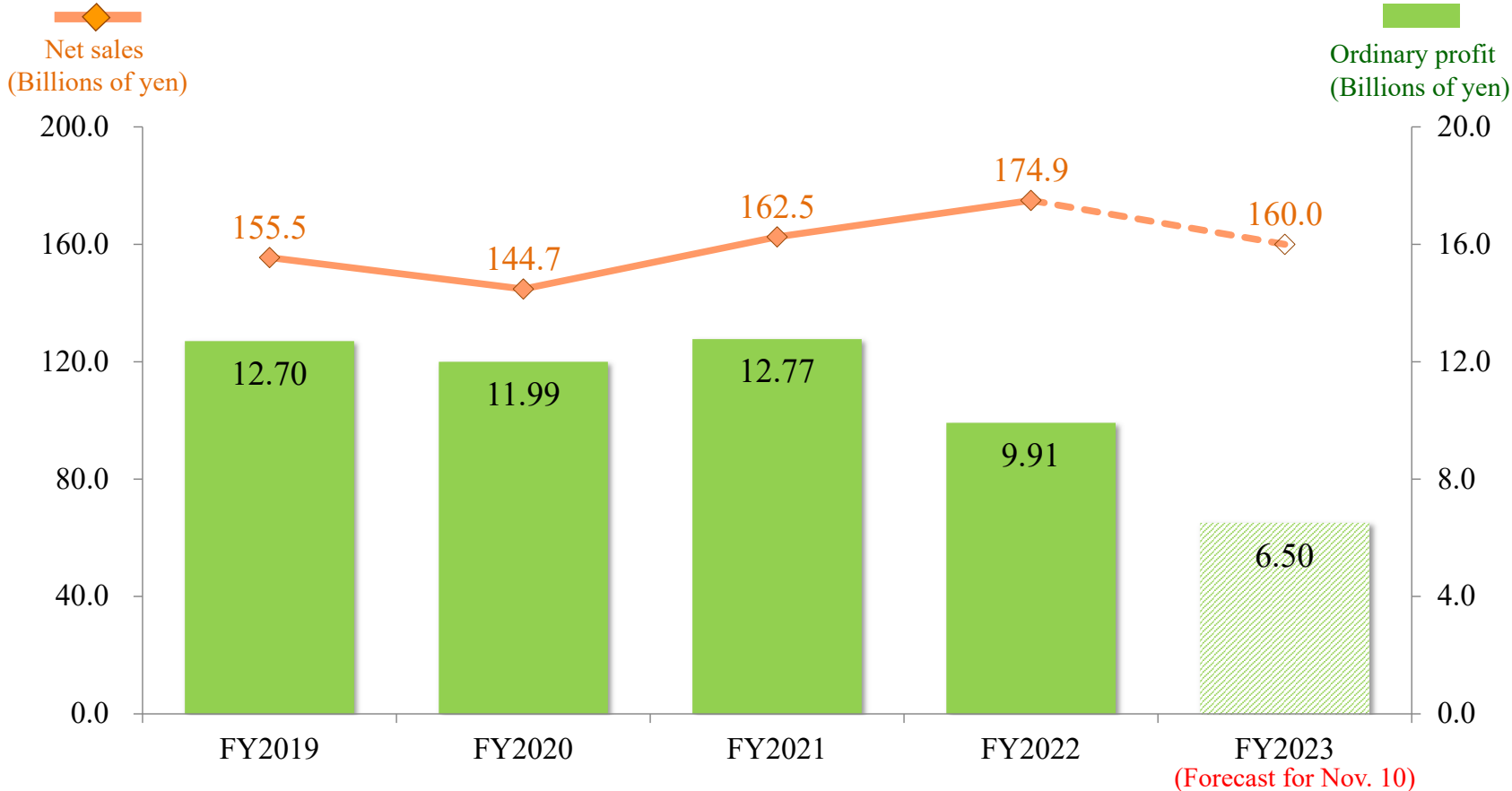
Trends in Price of Naphtha Produced in Japan

Price of Naphtha
(Thousands of yen/kl)

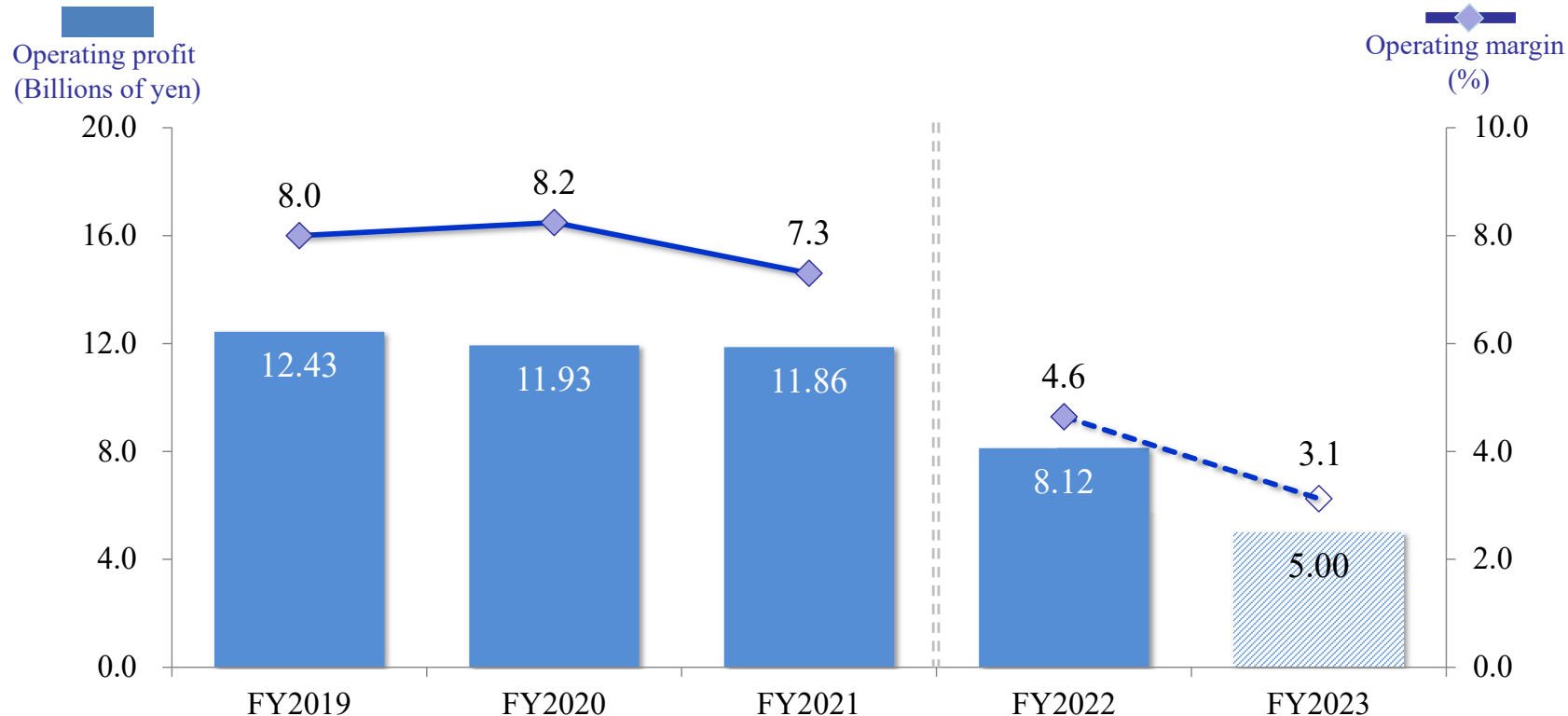


(Source: Trade Statistics of Japan)

Trends in Consolidated Earnings



Trends in Consolidated Operating Profit and Margin



* Due to a change in the treatment of an account, figures for FY2021 and before are shown before reclassification, while figures for FY2022 and after are shown after reclassification.

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

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.
Sanyo Chemical America Incorporated	USA	SCA	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	Sanyo Chemical America Inc. 100%	Manufacture of polyurethane beads
SDP GLOBAL (MALAYSIA) SDN. BHD.	Malaysia	SDPM	SDP Global Co., Ltd. 100%	Manufacture and sales of superabsorbent polymers
Sanyo Kasei Korea, Ltd.	Korea	SKK	Sanyo Chemical Industries, Ltd. 100%	Sales of lubricant additives, surfactants, etc.

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	Sanyo Chemical America Inc. Nippon Chemical Texas Inc.	50% 50%	Manufacture of raw materials for synthetic rubbers
Shiohama Chemicals Warehouse Co., Ltd.	—	Sanyo Chemical Industries, Ltd. ENEOS Corporation	50% 50%	Warehousing