Sanyo Chemical

Integrated Report 2026



For the year ended March 31, 2026

On the Publication of Integrated Report 2026

The Sanyo Chemical Group Integrated Report 2026 has been issued with the aim of informing stakeholders of the direction the Group is pursuing, our approach to value creation, and the strategies and initiatives based on them.

This report is organized into three main chapters, with content further classified from seven perspectives to provide a more systematic and easy-to-understand picture of the Group's value creation.

The "Value Creation Framework" chapter consists of two parts: the "Value Creation Story," which presents our approach to value creation through our history, MISSION, VISION, VALUES, and other elements, and the "Special Feature: Medium-Term Management Plan 2030," which provides an overview of our new medium-term management plan. It explains what kind of company we are, what value we seek to create, and how we will create it. It also features a message from Masahiro Harada, who assumed the position of Representative Director, President and CEO in FY2026, as well as a roundtable discussion on the Medium-Term Management Plan 2030 between an analyst, the Executive Officer, Head of corporate strategy, and the Executive Officer, Head of finance. We invite you to read these features.

The "Transformation and Growth" chapter consists of three parts in line with the basic policies of the Medium-Term Management Plan 2030: "Growth Strategy," "Structural Reforms," and "Strengthening the Management Foundation." Through overviews of our newly reorganized segments, initiatives to reform production facilities, and messages from the Executive Officers, Head of Production, R&D, and Human Resources, we show how the Company will transform and grow. We have also included R&D case studies to provide a more concrete understanding of our value creation.

The "Sustainability and Trust" chapter consists of two parts: "Sustainability," which introduces our responses to environmental and social issues, and "Governance," which underpins all corporate activities. In addition to my message as the Executive Officer, Head of Sustainability, the chapter presents messages from all of our Outside Directors, who play key roles in the Company's governance.

As noted throughout this report, we have established a new VISION: "Become an 'Indispensable Company' that creates innovation at interfaces."

Through the publication of Integrated Report 2026, we hope to have opportunities for constructive dialogue with our investors and other stakeholders on such questions as what Sanyo Chemical should be in order to become an indispensable company.

September 2026

Director, Senior Managing Executive Officer,
Head of Sustainability and Corporate Strategy **Hiroyuki Susaki**

Editorial Policy

Organizations covered

As a rule, this report covers the entire Sanyo Chemical Group, which comprises a total of 18 companies (as of March 31, 2026)—specifically, Sanyo Chemical Industries, Ltd., 12 subsidiaries, and five affiliates.

Period covered

FY2025 (from April 1, 2025 to March 31, 2026).
However, some disclosures and business activities undertaken after April 2026 are included.

Reference materials

In editing this report, we have referred to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC) and the World Intellectual Capital/Assets Initiative (WICI), and the Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry of Japan.

Disclaimer

This document contains forward-looking statements regarding the plans, strategies, and performance of the Sanyo Chemical Group. These forward-looking statements are based on information available as of August 5, 2026. However, actual results may differ significantly due to economic conditions surrounding the Sanyo Chemical Group's business domains, competitive conditions, changes in product development status, related laws and regulations, exchange rate fluctuations, and other factors. Please note that factors that affect these statements are not limited to the factors above.

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Enhanced message pages

- Communicating our aspiration and the path to realizing it
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- Acceleration of value creation through digital transformation illustrated through R&D case studies
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Highlight 02

Value Creation Process and a closer look

- Demonstrating an overview of value creation presented in the Value Creation Process, with each process explored in detail
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- Explaining the medium-term management plan developed with the capital markets in mind
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Overview of the Sanyo Chemical Group's Annual Reports



Integrated Report
Short-, medium-, and long-term strategies



Annual Securities Report (in Japanese)
Financial information (details)



Sustainability report
Comprehensive disclosure of ESG information

WEB Annual Securities Report (in Japanese) >

WEB Sustainability Report >

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Long-Term Aspiration of the Sanyo Chemical



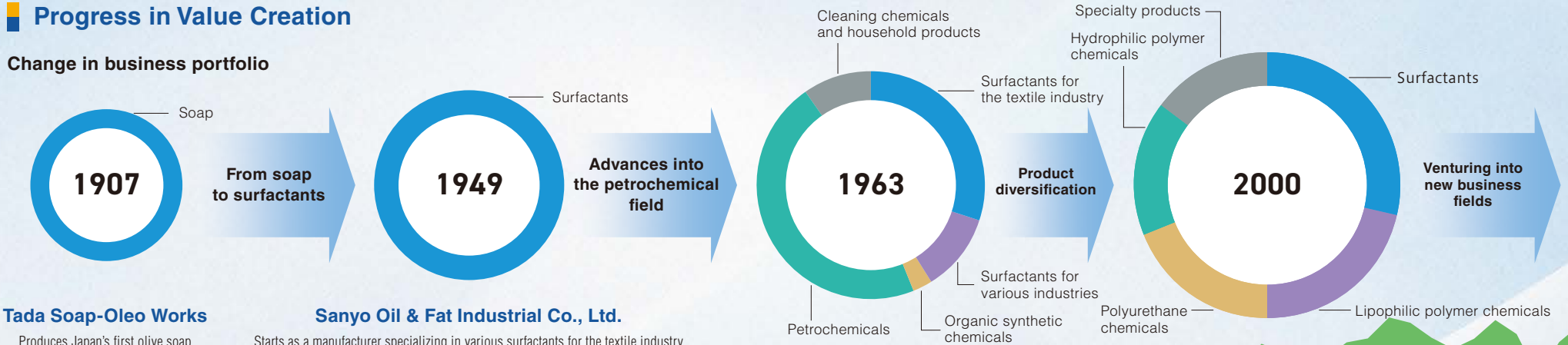
MISSION Sanyo Chemical Group company mission

Establish a better society through our corporate activities

In 1907, Tada Soap-Oleo Works, our predecessor, was founded in Higashiyama-ku, Kyoto. For more than 110 years since then, under our company mission, “Establish a better society through our corporate activities,” we have continued to pioneer new business fields through ingenuity and innovation. Leveraging our “interface control technology,” which we have cultivated since our founding, we will continue to create new value and establish a better society.

Progress in Value Creation

Change in business portfolio



Tada Soap-Oleo Works

Produces Japan’s first olive soap



Sanyo Oil & Fat Industrial Co., Ltd.

Starts as a manufacturer specializing in various surfactants for the textile industry



Sanyo Chemical Industries, Ltd.

Expands polymer products to support motorization



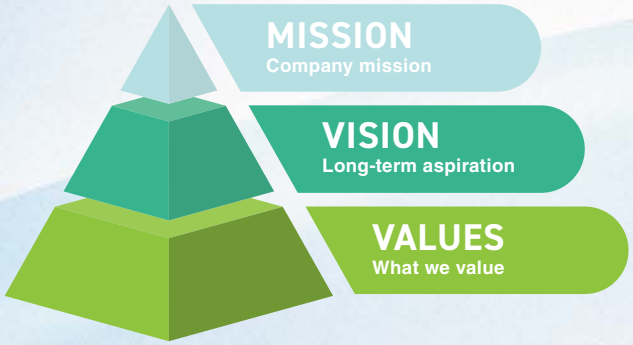
Expands into various fields such as the electronics and information industries



Consolidated net sales for FY2025

127.8billion yen

Long-Term Aspiration of the Sanyo Chemical



VISION Long-term aspiration

Become an “Indispensable Company” that creates innovation at interfaces

In formulating the Medium-Term Management Plan 2030, we have re-examined our long-term aspiration and our strengths, and updated our VISION and VALUES. As our long-term aspiration, we have established the VISION, “Become an ‘Indispensable Company’ that creates innovation at interfaces.” To realize this VISION, we have also established the three VALUES shown below as what the Group values.

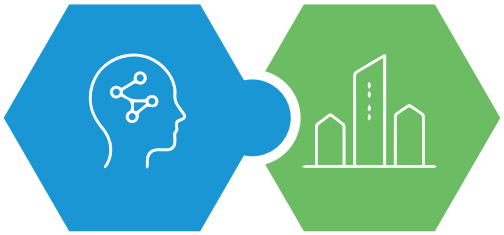
VALUES What we value

Solve customer issues with interface control technology and rapid speed



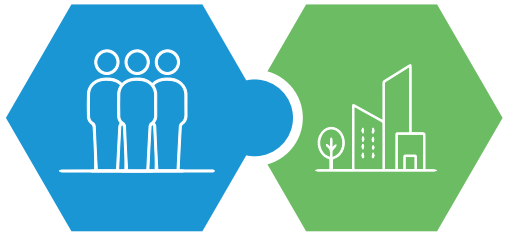
“Connect” customers and chemistry

Create innovation beyond the boundaries of chemistry through the power of chemistry, and co-create a better society



“Connect” knowledge and society

Together with diverse colleagues, we pursue ambitious goals and create sustainable value and growth



“Connect” people and the future

Long-Term Aspiration of the Sanyo Chemical

Toward an indispensable presence for society, industry, and customers

With interface control technology at the core, we aim to contribute to carbon neutrality (CN) and improvement of quality of life (QOL), as we work to become an indispensable presence for society, industry, and customers.
To this end, we have identified “Reducing Environmental Impact,” “Food, Healthcare & Daily Living,” and “Smart Society” as our focus areas. To clarify the relationship between these directions for value creation and our businesses, we have reorganized our reportable segments into three segments: Core Materials, Wellness, and ICT.
By aligning the focus areas for value creation with our reportable segments, we make it easier for stakeholders to understand our businesses and growth strategy.

Focus areas			
Aims to achieve	**Core Materials** **Contribute to a sustainable industrial foundation through green chemicals and high-performance materials that support energy savings and decarbonized infrastructure** Focusing on product groups such as “lubricant additives,” “permanent antistatic agents,” and “chemicals for special fibers,” which we have developed by continually refining our interface control technology, we will expand into high value-added applications.	**Wellness** **Contribute to secure and fulfilling lives—from healthcare to personal care—through innovative technologies and materials** Products related to medical care and health are classified under “Wellness.” High value-added products, including Silk-Elastin, which is attracting attention as an innovative solution for wound healing and meniscus regeneration, as well as medical and pharmaceutical products, will drive growth.	**ICT** **Contribute to the advancement of a smart society through high-performance materials that support information technology innovation and electronic infrastructure** To meet growing semiconductor demand driven by data center construction and AI demand, we will supply products such as “semiconductor process materials” and “chemicals for special electronic parts” and focus on creating new businesses in the semiconductor and electronic device fields, primarily in East Asia.

Message from the President

Creating value at our “interfaces” with our diverse stakeholders and evolving into an Indispensable Company

Our new VISION is to “become an ‘Indispensable Company’ that creates innovation at interfaces.” Led by this VISION, we are using the structural reforms we carried out under our previous medium-term management plan as a foundation from which to further accelerate our growth strategies under Medium-Term Management Plan 2030.
I would like to take this opportunity to discuss Sanyo Chemical’s aspiration and the path it will take to reach its objectives.

Representative Director, President and CEO **Masahiro Harada**



PROFILE

Joined Sanyo Chemical Industries, Ltd. in April 1989. After working in the R&D section, he was reassigned to the sales section. He was involved in domestic and international sales activities for automobile manufacturers, fiber resin manufacturers, and other clients. In 2017, he became General Manager of the Electronic Materials, Resins & Coloring Materials Division. In 2018, he was appointed Executive Officer, and then Director and Managing Executive Officer in 2022. In 2025, he became Representative Director and Senior Managing Executive Officer, and then in April 2026 he was appointed Representative Director, President and CEO.

Message from the President

The messages I want to convey

Key message

01 **Under our new VISION, we will shift to providing high added value with "interfaces" at the core and transform our earnings structure to be less susceptible to changes in the external environment**

02 **We will further refine our profitability, which we have already elevated through the structural reforms we carried out under the previous medium-term management plan**

03 **Medium-Term Management Plan 2030 is simple and focused on action. We will use our proprietary DX platform to accelerate our value creation**

04 **We will strive to achieve profit growth and improve our capital efficiency, and we will enhance our shareholder value**

The philosophy encapsulated in our new VISION

Our Group's new VISION is to "become an 'Indispensable Company' that creates innovation at interfaces." This is our aspiration for the future, and at the same time it is a reaffirmation and verbalization of the strengths we have built up through the years. Led by this VISION, our Medium-Term Management Plan 2030 "Accelerating Transformation" — Refining Responsiveness, Delivering Value — combines our interface control technology and our proprietary DX platform, showing the way to evolving into a company that swiftly solves issues faced by customers.

The world is constantly changing. Events that go beyond what companies anticipate, such as the global financial crisis, the Great East Japan Earthquake, the COVID-19 pandemic, geopolitical risks, and supply chain disruptions, are occurring in rapid succession. I worked in the field myself for many years, and lately I feel that periods when we can say "We are in a stable position for now" are much shorter than they used to be. So what are Sanyo Chemical's ideals in times like these? Our new VISION provides the answer to that question. Being "indispensable" does not just mean being convenient. It means being constantly aligned with society and the foundation of industry and continually supplying value, even in the changing environment. At the risk of being misunderstood, my goal is not to rapidly expand the Company simply for the sake of becoming larger. Of course, growth is essential, but what I really want us to achieve is to get on a trajectory of gradual and stable growth, unswayed by the external environment, so that our employees, shareholders, investors, and business partners can all have confidence in the Company.

Our Head Office is located in Kyoto, which is home to many companies that were founded over a century ago. I want Sanyo Chemical to stay in business for a century as well. And then another. And then another. And I do not just want it to stay in business for a long time, I want it to transform in response to changes in society and keep creating value.

For Sanyo Chemical, "interfaces" are where it all begins

Interfaces are the surface borders where two substances that do not normally mix, like water and oil, come together. We have refined our interface control technology to control these interfaces, making it possible for substances that do not normally mix to connect or to blend and in some cases, to make substances easier to separate. For an everyday example, these technologies are used in household detergents, but their application scope is actually wide-ranging, including automobiles, semiconductors, healthcare, and more.

To become an indispensable presence, we must form even stronger relationships with our customers. It is important, when our customers are developing products, for them to think "if we've got any interface issues, we can always turn to Sanyo Chemical." For that to happen, we need to be customer oriented, identifying their issues early on and using our technologies to create products that solve those issues. Creating this kind of cycle of value is important.



Message from the President

If we look into our own history, we see that we have advanced alongside the industries that have developed in Japan, from the textile industry to the automobile industry. We have grown along with our customers by solving the interface-related issues the customers operating in these industries have faced. We have bases in the regions where our customers have their manufacturing bases, so we can directly gather information on the issues they face and create solutions in the form of products. Through the years, this process has produced our current lineup of roughly 3,000 products.

I believe that through this, we have developed two major strengths. The first is our technological capabilities, which enable us to create actual products matched to the wide-ranging and challenging research topics presented to us by our customers, who are active in diverse fields. The second is our power to create value in solving these issues through cross-functional teams in which our sales and R&D sections work together, facing our customers' issues from a frontline-driven perspective.

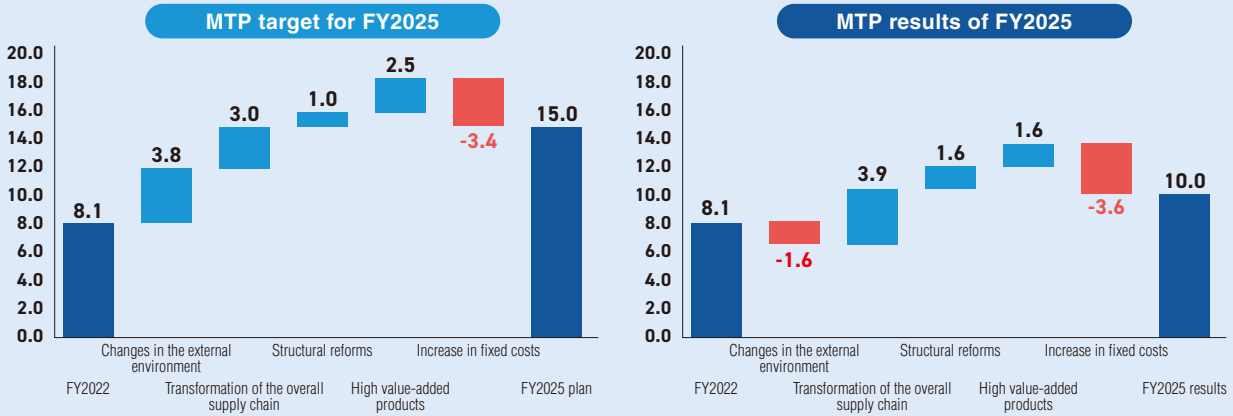
Our people are what have enabled us to achieve this. Our Group has many people with scientific backgrounds, and even in the sales field, we excel at organizing issues from a chemist's perspective and identifying what can be done and what is not feasible. We have more than a few people who are awkward speakers. Nonetheless, they listen carefully to customers, create prototypes, and rapidly present them to customers. That develops into conversation, which they use to polish their solutions. These chemist employees put actions before words, and I think their coordination and proposals embody what Sanyo Chemical is all about. In the course of my own proposal activities for our diverse customers, that corporate DNA became part of my own DNA. This customer-oriented approach has passed down through the generations and lives on today.

The structural reforms that have progressed in our previous medium-term management plan and the seeds of future growth we have planted

The period covered by our previous MTP was one of tremendous change for the chemicals industry. China began producing low-cost chemical products, and these began flowing into Japan. This dramatically transformed the market environment. As I see it, even in the case of chemical products, the age in which mass-produced commodity chemical products could be expected to sell readily is over. In the midst of this change, our Group implemented thorough structural reforms and transitioned to a structure with a solid earnings base. Specifically, we withdrew from the superabsorbent polymer (SAP) business and we carried out transformation of the overall supply chain. These two, combined, produced major results. Our consolidated operating profit rose 5.5 billion yen and we improved our cash flow by 16.6 billion yen. In fact, we made numerous improvements at each site to cut costs,

Factors behind changes in operating profit since FY2022

(billions of yen)



Changes in the external environment	Influx of low-cost raw materials for polyurethane foams from China. Intensifying price competition led to tougher-than-expected conditions.	×
Transformation of the overall supply chain	The review across the overall supply chain progressed through the establishment of the SCM Division and the Monozukuri Transformation, achieving results beyond the plan.	○
Structural reforms	Profitability improved through withdrawal from unprofitable business (superabsorbent polymers (SAPs)) and the production business in China.	○
High value-added products	While chemicals for special fibers struggled, sales of lubricant additives grew as expected.	△
Increase in fixed costs	Fixed costs rose slightly in comparison to our targets.	△

Message from the President

even if only by one yen. Our revisions were not limited to manufacturing, but extended throughout the supply chain, such as material procurement. I see this period as one in which we built a foundation for generating earnings.

As for profitability, our operating profit target for FY2025, the final fiscal year of the MTP, was 15.0 billion yen, but our actual operating profit was 10.0 billion yen. I see this failure to achieve our target as an issue that needs to be addressed. However, our operating profit ratio improved from 4.6% in FY2022 to 7.8% in FY2025, and I felt that our structural reforms had contributed significantly to improvements to our profitability.

We also dedicated ourselves to sowing the seeds of future growth. We considered what development themes the Company should nurture and how, rather than working on them sporadically on a technology-by-technology basis. We also strengthened coordination with our corporate section and transformed our organization into one that can make clear decisions on which areas to develop company-wide. I think it would be fair to say that we systematically and concretely explored approaches we could use to achieve future growth.

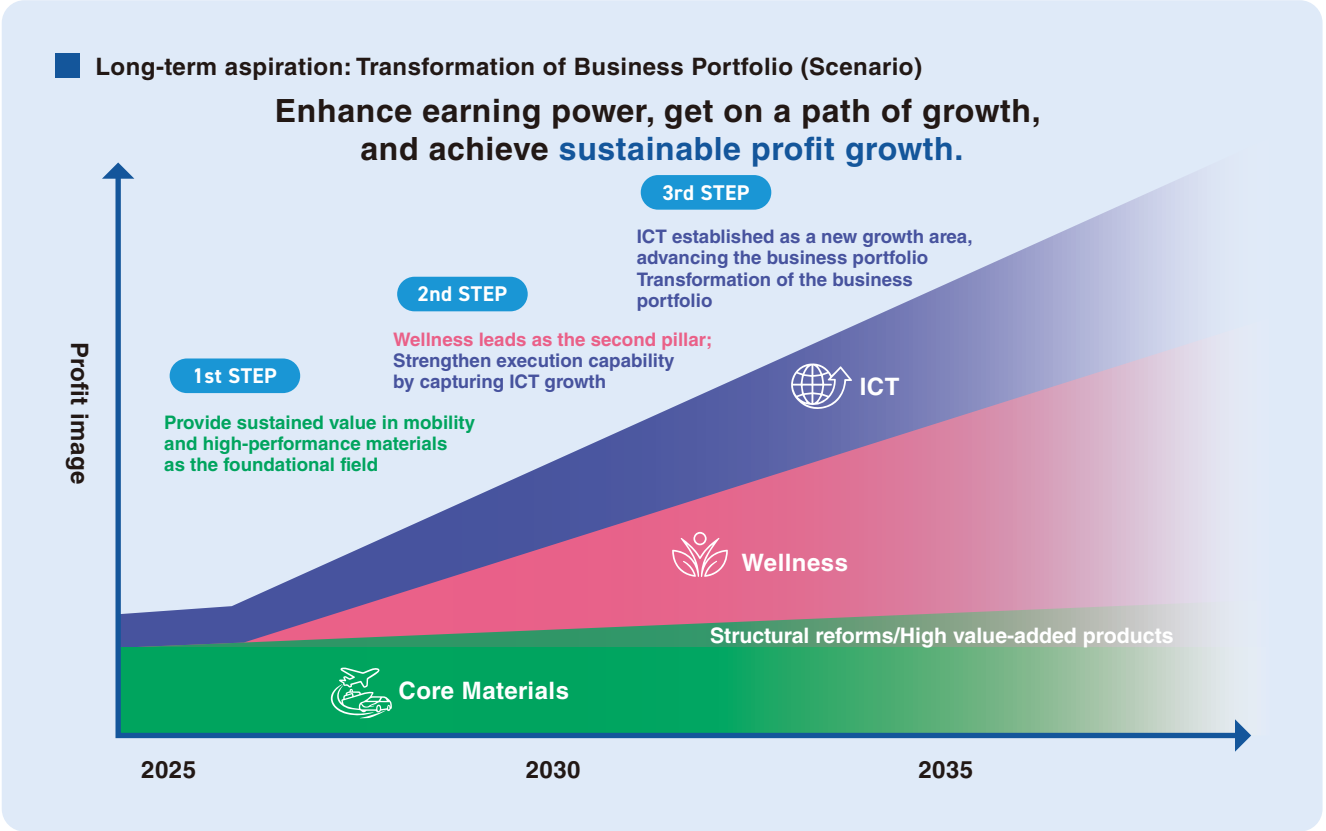
What we focused on there was whether or not we could leverage the technologies we have been refining through the years. We did not set our sights on areas with little connection to our technologies. We have re-appraised our own strengths and nurtured business by taking the initiative in domains where we can make good use of our technologies. Using this approach, we have prepared the groundwork for future growth. For each of the three segments I will go into detail about later, we are polishing our efforts related to research themes and products with promise for future growth. For example, we have focused particularly on preparing Silk-Elastin, for which clinical trials are under way in the healthcare domain, to become a pillar of our next generation of growth.

During our previous MTP period, we implemented structural reforms and established a foundation from which to generate profit. We made steady progress with preparations for future growth. Our Medium-Term Management Plan 2030 will further accelerate these efforts.

Completing structural reforms and growth strategies through Medium-Term Management Plan 2030, which is focused on understandability and speed

Medium-Term Management Plan 2030 is a five-year plan through FY2030 designed to give concrete form to the VISION, which I discussed earlier. We will further accelerate the structural reforms we worked on during the previous MTP and achieve growth.

We focused on making the new MTP simple and easy to understand. It clearly spells out what we need to do, and now we will carry through with it. To accomplish that, we have reorganized our reportable segments into three segments: Core Materials, Wellness, and ICT. We will shift from commodity chemical products, which are prone to slipping into price competition, to domains where we can provide high added value by leveraging our Group's interface control technology. Our aim is to transform our earnings



Message from the President

structure into one which is not easily affected by changes in the external environment. In addition to that, we are also focusing on “Accelerating Transformation”—the speed with which we act.

The plan does not simply define quantitative targets, but instead extends to the level of the specific initiatives of individual sections. All we have to do is carry through with these initiatives, and we have prepared ourselves to closely monitor our progress. Formulating an MTP is not the end of the process. Five years may seem like a long time, but it is surprisingly short. In particular, looking at the market environment changes of the past few years, it is clear that we need to take all possible measures at the right moment. We are required to make decisions at the right timing. Inside the Company, as well, we are working to establish a mindset that “we have decided what needs to be done, so let’s see it through.”

For example, for capital investment, timing is



important. In recent years, material and construction costs have been soaring. The longer we delay decisions, the less effective the investment may become. When we decide something is necessary, we will quickly take the opportunity and act without hesitation.

In more concrete business terms, in the Wellness segment, I believe that Silk-Elastin will become a major pillar of our growth. It will be an innovative product in the fields of wound healing and meniscus regeneration, so we plan to concentrate management resources on our healthcare-related businesses.

In the ICT segment, as well, we have already decided on several research topics with our customers, and we are aiming for commercialization by addressing the challenges involved. There are also domains where we can leverage our interface control technology in semiconductor process materials, chemicals for special electronic parts, and other products we have positioned as high value-added products. The semiconductor-related market can be a highly volatile one, but if we can solve issues, we can create major business opportunities, so we are prepared to keep a close eye on profitability while steadily growing.

For the Core Materials segment, we will streamline our activities related to commodity chemical products, where we cannot establish a competitive advantage. At the same time, in fields where we can use our existing technologies to provide greater added value, we will actively pursue growth.

The Core Materials segment is the domain that we have focused on for many years, and we have an extremely large number of customers. That means that it is also an area with diverse challenges, and also numerous business opportunities. I believe that there are still many domains where we have not fully unearthed value. Going forward, we will closely examine the issues being faced by our customers, create new value using our distinctive technologies, and forge a path for future growth, in the same way as we have for ICT and Wellness.

Digital Utilization Strategy, the engine that is accelerating both our growth and our structural reforms

We have positioned our Digital Utilization Strategy as an important accelerator of our growth and structural reforms. Digital utilization is an important method for speeding up our efforts. The expression “digital transformation,” or “DX,” is widely used, but we do not simply outsource the work. Instead, employee who understand our operations and worksites go out and gather information on the issues we face from those in the field, organize our digital transformation requirements, and incorporate them in our proprietary DX platform. Our vision of DX consists of activities that span R&D, production, sales, supply chain management, and corporate operations, connecting internal knowledge and data and accelerating the conversion of knowledge into value. We believe that if each and every employee on-site shares this recognition, we can achieve DX with a speed that leaves other companies far behind.

The core of growing shareholder value is swiftly meeting growth expectations

I believe that the most important key to increasing shareholder value will also be following through with the specific measures set forth in the MTP. For us to sustainably improve our stock price, we need to not only raise expectations for the future but also demonstrate steady growth. It will be vital to carry out the initiatives outlined in the MTP and show both profit growth and improvements to capital efficiency. As for shareholder returns, we will implement progressive dividends as a general rule, targeting a consolidated total payout ratio of 40% or higher. At the same time, we will conduct flexible share buybacks during the period of the medium-term

Message from the President

management plan.

Our Group believes that steady growth, and speedy growth, are vital to increasing shareholder value. If we cannot meet the business pace expectations of the capital market, our corporate value will not increase. It is with that firmly in mind that we will steadily implement our new MTP and achieve speedy growth that meets the expectations of shareholders. That said, the faster we go, the more closely scrutinized the validity of our decision-making and accountability will be. The growth and returns we aim for are predicated on governance that improves the quality of management's supervisory functions and discussions. Director Shirai, who serves as an independent outside director and chairperson of the Board of Directors, organizes the discussions by the Board of Directors to ensure that they do not become unbalanced or biased, and outside directors provide appropriate input to improve the quality of discussions.

A sustainability policy focused on how best to help solve social issues

Our Group's sustainability initiatives are not simply pro forma. We focus on ensuring that they are effective and based on reality.

The first area we place importance on is helping solve social issues through our products. For example, when automobile manufacturers carry out car development and design aimed at reducing CO_2 emissions, our materials and additives contribute to fuel efficiency and performance improvements. One example of that is lubricant additives. Also, by contributing to wound healing, meniscus regeneration, and the like through our Silk-Elastin, we can help improve people's quality of life (QOL). What is important is what kinds of social issues our products solve when they reach users. That is why we create products that contribute to realizing solutions.

From the perspective of sustainability, when I think about what we focus on the most, the answer is clear: people. When someone thinks of a "chemical manufacturer," the image that comes to mind might be one of a company that owns and operates huge plants. However, the fundamental value that our Group offers consists of connecting customer issues and societal needs with our own technologies and data, with our interface control technology at the core, and quickly turning them into products that provide functions. We do not stop with research and development, but instead work as One Team, across the lines between sales, production, and general affairs sections, to see things through to the end. The people at the heart of this process are truly indispensable. Each is an "Interface Innovator" that links diverse types of value. That is the source of Sanyo Chemical's competitiveness.

When our company and our employees are aligned, this provides a powerful force that drives our business. That is why one of our initiatives to deepen communications with employees is our ongoing series of roundtable discussions, direct conversations between management and employees. Each person embodies our VISION, and their power is combined and pointed in the same direction. By truly uniting Sanyo Chemical as one, I want to further accelerate our efforts to achieve our VISION.

Creating innovation at diverse interfaces

"Become an 'Indispensable Company' that creates innovation at interfaces." This VISION is not limited to our technologies. It represents our resolve to create value at the points of contact between ourselves and our customers, employees, shareholders, investors, and society itself—diverse interfaces surrounding the Group—and become an indispensable presence.

Medium-Term Management Plan 2030 presents our detailed action plans for satisfying this promise to our stakeholders. What we need to do is clear. All that is left is to speedily put it into practice when the time is right and follow through to the end.

We will connect people, technologies, and value through interfaces and create new innovation. We will steadily stride forward, becoming an Indispensable Company to customers, employees, shareholders, investors, and society. Please look forward to the future growth of Sanyo Chemical.



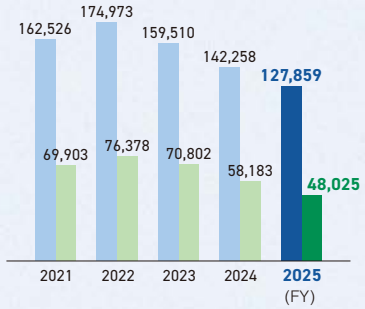


Conducting employee briefings on the MTP 2030 at each base

Highlights of Key Management Indicators

Net sales 127,859 million yen
Overseas net sales 48,025 million yen

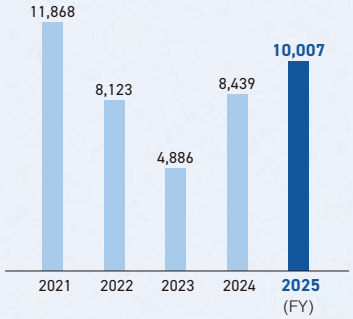
(Millions of yen) Net sales Overseas net sales



Operating profit

10,007 million yen

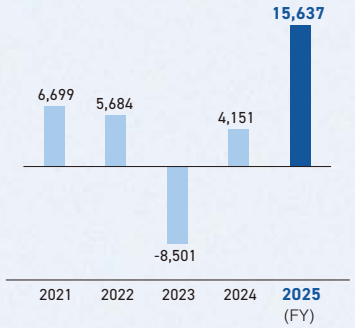
(Millions of yen)



Profit attributable to owners of parent

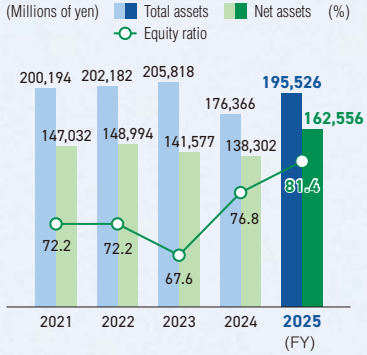
15,637 million yen

(Millions of yen)



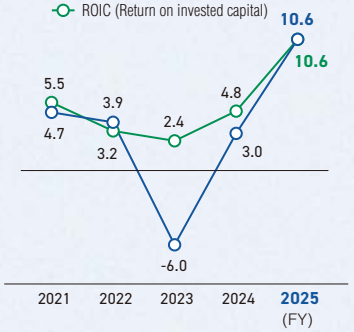
Total assets 195,526 million yen
Net assets 162,556 million yen
Equity ratio 81.4 %

(Millions of yen) Total assets Net assets (%) Equity ratio



ROE 10.6 %
ROIC 10.6 %

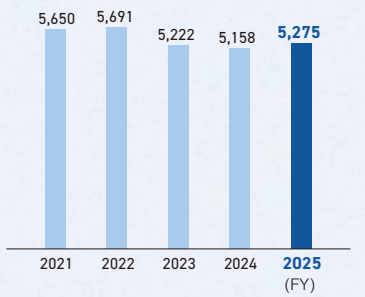
(%) ROE (Return on equity) ROIC (Return on invested capital)



Research and development expenses

5,275 million yen

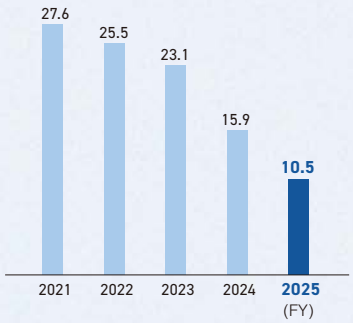
(Millions of yen)



CO_2 emissions

105,000 tons

(10,000 tons)



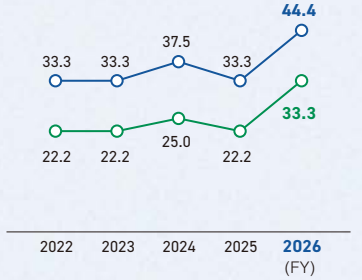
Number of employees 1,626
Female manager ratio 5.6 %

(Persons) Number of employees (%) Female manager ratio



Ratio of independent outside directors 44.4 %
Female director ratio 33.3 %

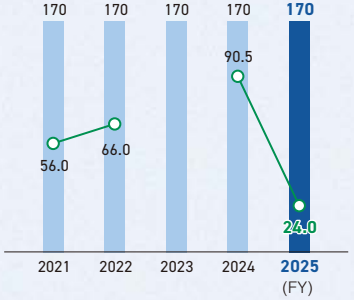
(%) Ratio of independent outside directors Female director ratio



* Figures shown are the ratios after the General Meeting of Shareholders for each fiscal year

Dividends per share 170 yen
Total payout ratio 24.0 %

(Yen) Dividends per share (%) Total payout ratio



* The total payout ratio for FY2023 is not calculable due to the loss recorded

Value Creation Process

To realize our MISSION, “Establish a better society through our corporate activities,” we formulated the Medium-Term Management Plan with the identified material issues related to our businesses at its core. By utilizing various forms of capital, including financial, customer, and human capital, and organically linking them through interface control technology and our proprietary DX, we will accelerate value creation and realize our MISSION.

[Society we want to achieve]

MISSION Establish a better society through our corporate activities

- A circular society in harmony with the environment
- A society where people can live healthily and safely
- A society where everyone can shine with their personality

VISION Become an “Indispensable Company” that creates innovation at interfaces

Contribute to carbon neutrality

Improve QOL

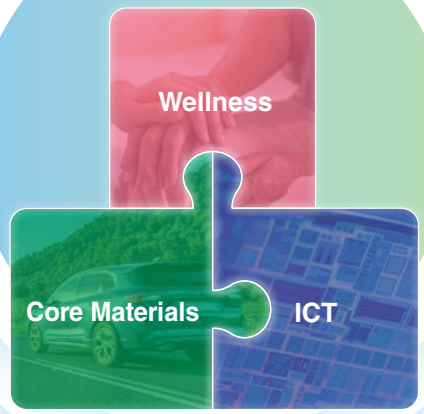
Medium-Term Management Plan

SOURCES OF VALUE CREATION

WakuWaku Interface Innovator × Sanyo DX Engine — A company-wide integrated digital chain implemented by chemistry-oriented DX talent

WakuWaku Management / Sustainability Management

About 3,000 types of performance chemicals



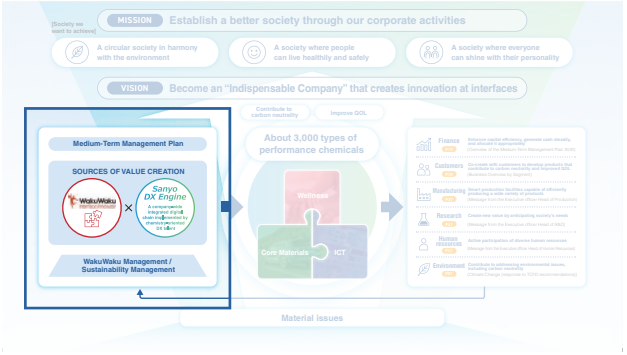
- **Finance** P19 — Enhance capital efficiency, generate cash steadily, and allocate it appropriately (Overview of the Medium-Term Management Plan 2030)
- **Customers** P30 — Co-create with customers to develop products that contribute to carbon neutrality and improved QOL (Business Overview by Segment)
- **Manufacturing** P37 — Smart production facilities capable of efficiently producing a wide variety of products (Message from the Executive officer Head of Production)
- **Research** P41 — Create new value by anticipating society’s needs (Message from the Executive officer Head of R&D)
- **Human resources** P47 — Active participation of diverse human resources (Message from the Executive officer Head of Human Resources)
- **Environment** P51 — Contribute to addressing environmental issues, including carbon neutrality (Climate Change (response to TCFD recommendations))

Material issues

Sources of Value Creation

Connecting value beyond interfaces and organizational boundaries, and beyond conventional speed through DX

We are an innovator whose source of strength lies in “connecting” the interfaces between various substances. However, we do not view interfaces as something that exists only between substances. Taking the concept further, interfaces also exist between people, between us and our customers, and between many other things. By focusing on interfaces that exist in diverse settings and connecting across them, we will continue to create value that is indispensable to society. “WakuWaku Interface Innovator” embodies our aspiration to take on this challenge with curiosity and joy. The driving force that will further accelerate this challenge and expand value creation is the “Sanyo DX Engine,” built around our unique approach to DX. By combining our ability to connect interfaces with DX, we will accelerate value creation.



WakuWaku Interface Innovator

Sanyo Chemical is an “Interface Innovator” that draws its strength from connecting—starting at interfaces.
As autonomous profit centers, all functions connect across boundaries, linking diverse capabilities to keep creating indispensable value for society

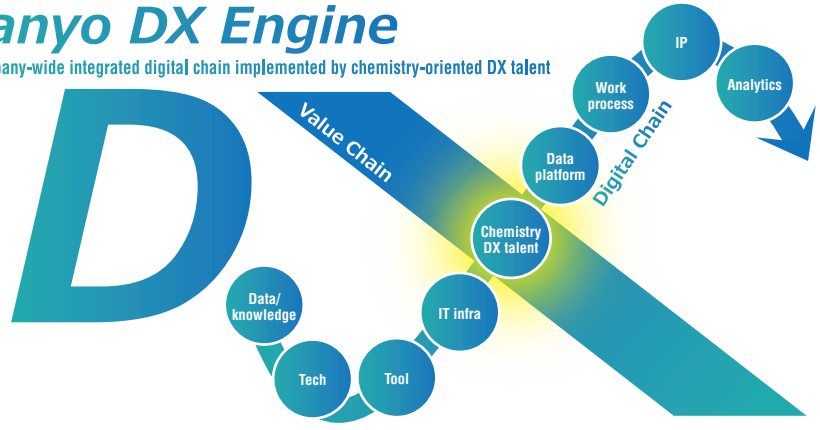


“Connect” value at rapid speed through our in-house developed DX platform

The “Sanyo DX Engine” is a DX framework that optimally combines and utilizes AI and data to accelerate decision-making, R&D, and overall business operations. It does not refer to a simple system. It encompasses the entire framework for accelerating value creation, in which chemistry-oriented DX talent, who have the knowledge of a chemical manufacturer and understand the concept of DX, leverage proprietary systems and data platforms.

Sanyo DX Engine

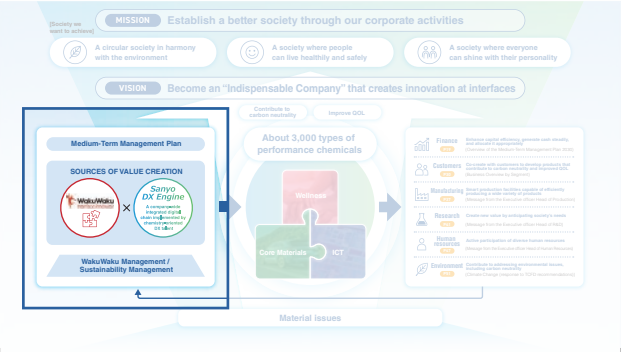
A company-wide integrated digital chain implemented by chemistry-oriented DX talent



Management Approach and Corporate Strategy

Linking the management approach that serves as the foundation with the corporate strategy that charts the path forward to accelerate value creation

To realize our MISSION and VISION, we operate our Management Approach and Corporate Strategy, which are established for continuous promotion of value creation, in an integrated manner. As our management approach, we practice WakuWaku Management, which encourages challenge and co-creation, and Sustainability Management, which incorporates environmental, social, and governance perspectives into decision-making, thereby establishing an execution foundation that provides consistent direction for our day-to-day actions and decisions. We position the Medium-Term Management Plan 2030 as our corporate strategy and clarify the path to growth by refining our business portfolio and advancing priority measures. By linking the sources of value creation, our management approach, and our corporate strategy, we will accelerate value creation.



Corporate Strategy

Medium-Term Management Plan 2030

We formulated the plan with FY2030 as its final year to ensure sustainable growth and improved profitability. To shift toward areas with lower dependence on petrochemical feedstocks such as naphtha and where we can provide value unique to our company, and thereby transform our earnings structure into one that is less susceptible to changes in the external environment, we have established three basic policies: "Growth Strategy," "Structural Reforms," and "Strengthening the Management Foundation."

Management Approach

WakuWaku Management

This management approach puts the spotlight on each employee to create a strong framework for "One Team" with a focus on profits, inspiring WakuWaku feeling from all stakeholders. WakuWaku Management will further invigorate the interface between stakeholders and the Group to build a better society for a WakuWaku future.

×

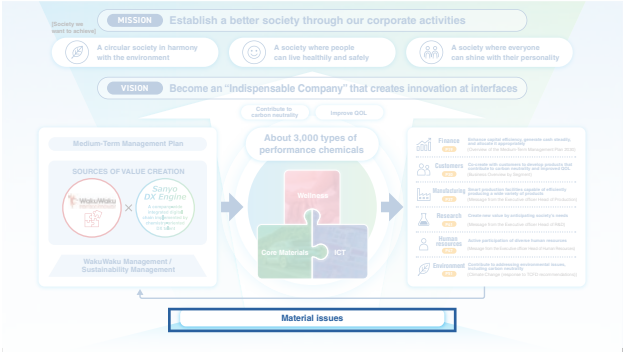
Sustainability Management

The Basic Sustainability Policy states: "Our mission has been to establish a better society through our corporate activities since our foundation. Sanyo Chemical Group aims for sustainable growth in the future by enhancing both economic and social value in close cooperation with all stakeholders." In line with this, the Group will enhance social and environmental values.

Material Issues

Defined material issues as important issues with a significant impact on medium- to long-term value creation

The Sanyo Chemical Group defines material issues as “important issues that have a significant impact on the medium- to long-term value creation of the Sanyo Chemical Group.” We identified material issues based on the future business environment, including the global trend toward carbon neutrality and the declining birthrate and aging population. In the process, we repeatedly engaged in dialogue with stakeholders and internal discussions. Ultimately, we organized and identified material issues from four perspectives: E (Environment), L (Life/Living), S (Society), and G (Governance). For Environment, we will contribute to carbon neutrality through green chemicals and high-performance materials; for Life/Living, we will improve QOL (quality of life) through our healthcare business; for Society, we will promote the creation of innovation utilizing DX and human resource development; and for Governance, we will drive thorough risk management and transparent management. With these material issues as our starting point, we aim for sustainable enhancement of corporate value.



01 Identification of issues

Issues have been selected with reference to various guidelines, such as the SASB Standards for the chemical industry, the GRI Guidelines, the Sustainable Development Goals (SDGs), and the World Economic Forum (WEF) core metrics, as well as communication with stakeholders and a questionnaire on our company mission for all employees and officers.

02 Prioritization of the issues and creation of the materiality matrix

The identified issues have been prioritized through dialogue with major shareholders and employees about their impacts on our corporate identity and finance, opportunities to create innovation, and the Sanyo Chemical Group’s uniqueness. The issues were then plotted on a matrix with management and business perspectives placed on the horizontal axis and expectations and contributions to resolving social and environmental issues placed on the vertical axis.

03 Identification of material issues

Six material issues have been identified, with issues related to the Environment field and the Life field as material issues on the business domain and issues related to the Society field and the Governance field as material issues on the management domain. (The Life field has been separated from the conventional ESG portfolio and categorized as a symbol of expectations and contributions to the improvement of QOL.)

04 Validation of the material issues and board approval

The material issues have been validated through deliberations at the Sustainable Management Committee, and have been approved by the Board of Directors. The issues will be reviewed according to changes in the business environment that may occur in the future.

Recognition of the future business environment

- Although the U.S. withdrawal from the Paris Agreement may have an impact on the international alignment and pace of progress toward decarbonization, the global trend toward carbon neutrality to realize a sustainable society is expected to remain unchanged.
- In today’s society with a declining birthrate and an aging population, the shrinking labor force and the increasing burden of medical and nursing care are becoming serious issues. Therefore, it is becoming increasingly important not only to extend lifespans, but also to improve QOL so that all people, including the elderly, can live healthy and fulfilling lives both physically and mentally.
- As globalization and technological innovation accelerate, values, work styles, and customer needs are becoming increasingly diverse. We recognize that it will be difficult to achieve sustainable growth with traditional uniform organizations and ways of thinking. By actively incorporating diverse human resources and perspectives, we can respond flexibly to change and continue to create innovation, which will become the source of our corporate competitiveness.
- Recent quality fraud issues have led to increasingly strict public scrutiny of companies. Moreover, society and the market are changing rapidly, and unpredictable risks are expected to increase. Therefore, strengthening risk management systems and corporate governance will continue to be essential, and companies are asked to disclose corporate information appropriately in response to stakeholder requests.

Sanyo Chemical Group Material Issues

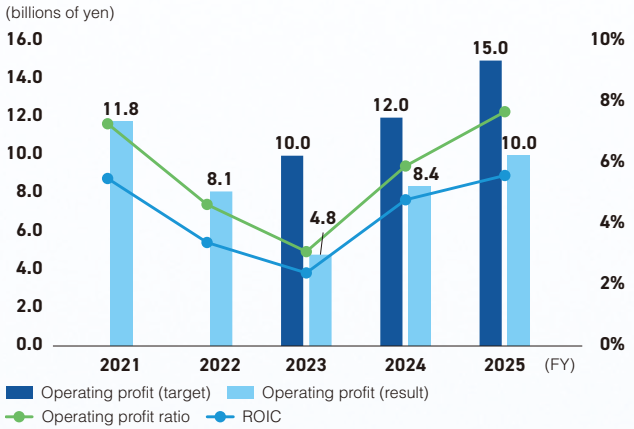
Classification	Material issues on the business domain		Long-term vision	Opportunities and risks (○ Opportunity / ● Risk)	Our approach / KPI (achievement)
E	CN	Achieve carbon neutrality as Interface Innovator	A company that contributes to carbon neutrality through interface control technology	○ Demand shift to materials suitable for decarbonization ○ Accelerated transition to a circular economy and the emergence of innovative technologies for a decarbonized society ● Deteriorating business performance due to stricter regulations caused by policies such as carbon pricing to combat climate change	■ Reduce GHG emissions / Emissions of 100,000 tons or less by FY2030 <68% reduction from FY2013> (FY2025: approx. 110,000 tons)
L	QOL	Improve QOL by performance through chemistry	A company that continuously creates value that improves QOL and stays close to people, from medical care to everyday life, with its chemical capabilities	○ Growing needs for preventive medical care and health promotion ● Deteriorating business performance due to insufficient response to social needs	■ Sales ratio of environment-contributing products and QOL-contributing products: 80% or more in total by FY2030 (FY2025: 65%)
Classification	**Material issues on the management domain**		**Long-term vision**	**Opportunities and risks (○ Opportunity / ● Risk)**	**Our approach / KPI (achievement)**
S	In	Accelerate development with DX as an engine and create innovation	A company that continues to create high value-added products and solutions at unmatched speed, with DX as an engine	○ Emergence of new markets and growing demand for new materials and solutions driven by advances in social transformation and technology trends ○ Establishment of a development and proposal platform to accelerate customer value creation through DX ● Commoditization of existing products and decline in development competitiveness due to delayed use of DX and insufficient innovation	■ Strengthen R&D personnel ■ Promote DX and MI (Materials Informatics) ■ Promote collaboration and alliances with different fields and investment in startups
	HC	Develop human resources and improve work environment by recognizing diversity	A company that creates an environment that encourages challenges and learning under One Team which turns diverse values into strength, and enhances corporate value by maximizing the capabilities of its people	○ New value creation through diversification ○ Improved employee engagement through workplace culture reform ● Decreased employee engagement due to insufficient response to diversifying values and work styles, and difficulty in personnel acquisition and personnel outflow	■ Strengthen human resources development / Cost of education per employee of 60,000 yen or more by FY2030 (FY2025: 34,000 yen) ■ Strengthen a well-balanced compensation system based on capabilities and performance ■ Promote women's empowerment / Female manager ratio: 15% or more by FY2030 (FY2025: 5.6%) ■ Promote the uptake of childcare leave by male employees ■ Enhance communication between management and employees: Morning meeting (lecture to all employees), Training camp (discussion with general managers), Dojo (handing down to executive assistants, etc.), Salon (dialogue with mid-level and young employees, etc.), and Roundtable discussion (a place where opinions can be freely exchanged regardless of rank) ■ Promote health and productivity management ■ Create a work environment where employees with disabilities can work
G	RM	Conduct the risk management thoroughly by strengthening the Guardian function	A company where safety comes first and achieves sustainable growth by ensuring thorough compliance and responding agilely to evolving risks	○ Improved business performance through stable supply of high-quality products ○ Improved corporate value through the gaining of stakeholder trust ● Business continuity risks, unexpected losses, and loss of credibility due to internal control failure	■ Strengthen the safety and health by using the safety education center / Sustain zero serious accidents and serious occupational accidents (FY2025: 0) ■ Strengthen quality governance by isolating quality assurance from production ■ Establish a management system for significant risks that may be critical to corporate value ■ Strengthen the legal compliance system
	TM	Implement challenge-oriented and transparent management	A company that builds stakeholder trust through effective governance while boldly taking on challenges	○ Improved corporate value through the gaining of stakeholder trust ● Decline in corporate credibility and value due to corporate governance failure	■ Promote WakuWaku Management: Put the spotlight on each employee to create a strong framework for "One Team" with a focus on profits, inspiring WakuWaku feeling from all stakeholders ■ Diversity of the Board of Directors / Female director ratio: 30% or more by FY2030 (As of June 19, 2026: 33.3%) ■ Enhance disclosure of non-financial information and corporate governance ■ Enhance dialogue with shareholders, investors, employees, and other stakeholders ■ Strengthen Sustainability Management

Overview of the Medium-Term Management Plan 2030: Review of the Previous Medium-Term Management Plan

Under the previous medium-term management plan, amid significant changes in the external environment, we steadily implemented structural reforms, including withdrawal from the superabsorbent polymer (SAP) business and the production business in China, and improved profitability. In addition, we advanced Monozukuri Transformation, which involved reviewing the entire supply chain. As a result, although operating profit in FY2025 was 10.0 billion yen, falling short of the target of 15.0 billion yen, the operating profit ratio improved to 7.8%. We have gained confidence in the profitability improvements achieved through structural reforms. At the same time, new challenges became clear, including redefining our focus areas following the withdrawal from the SAP business and taking measures to address aging production facilities.

Goals	FY2022 results	FY2025 targets	FY2025 results
Operating profit	8.1 billion yen	15.0 billion yen	10.0 billion yen
Operating profit ratio	4.6%	7.5%	7.8%
ROIC	3.4%	7.0%	10.6% (5.4%)*
ROE	3.9%	-	10.6% (5.3%)*

* Values calculated excluding the amount recorded for deferred tax assets, etc. (approx. 7.8 billion yen) due to the merger of SDP Global Co., Ltd.



Key achievements under the previous MTP

Withdrawal from the SAP business

P&L improvement: Approx. 1.6 billion yen (target: 1.0 billion yen)

Cash Flow improvement: Approx. 10.0 billion yen

Improved profitability across the entire supply chain

P&L improvement: Approx. 3.8 billion yen (target: 3.0 billion yen)

Cash Flow improvement: Approx. 5.2 billion yen (target: 5.0 billion yen)

Development of high value-added products and new businesses for the future

- Silk-Elastin
- New diagnostic reagents
- Additives for biodiesel fuel
- High-refractive-index UV-curable resins, etc.

Key issues to be addressed

Redefining Sanyo Chemical's focus areas following the withdrawal from the SAP business

- Clarifying the Sanyo Chemical's aspiration
- Clarifying the path toward transformation of the business portfolio

Rising maintenance investment and repair costs due to aging production facilities

- Increase in the number of aging facilities
- Increase in maintenance investment to ensure safe operation

Building a management foundation resilient to changes in the business environment

- Speed of response to changes
- Unique digital utilization
- Investment in human capital as a management foundation

Toward the next MTP

Accelerating investment in the healthcare business and creation of high value-added products

- Shift toward the wellness and ICT domains
- Creation of new high value-added products

Revitalizing businesses into highly profitable businesses through the completion of structural reforms

- Accelerating reforms on the production facilities in addition to production processes and logistics
- Restructuring the polyurethane raw materials and surfactants businesses

Strengthening the management foundation to support new growth

- Pursuing speed with digital transformation as the driving force
- Maximizing the value we deliver, driven by diverse human resources who autonomously take on challenges

Overview of the Medium-Term Management Plan 2030: Quantitative Targets

Under the Medium-Term Management Plan 2030, with FY2030 as the final year, we have set targets of net sales of 160.0 billion yen, operating profit of 20.0 billion yen, an operating profit ratio of 12% or more, net profit of 14.0 billion yen, ROIC of 7.0% or more, and ROE of 8.0% or more. We place importance not only on increasing the absolute amount of profit but also on improving capital efficiency. As milestones toward achieving the FY2030 targets, we have set FY2028 targets of net sales of 140.0 billion yen, operating profit of 14.0 billion yen, an operating profit ratio of 10% or more, net profit of 11.0 billion yen, ROIC of 5.5% or more, and ROE of 6.5% or more.

Accelerating transformation

— Refining responsiveness, delivering value —

Transformation kick-off

Previous Medium-Term Management Plan 2023-2025

Medium-Term Management Plan 2030

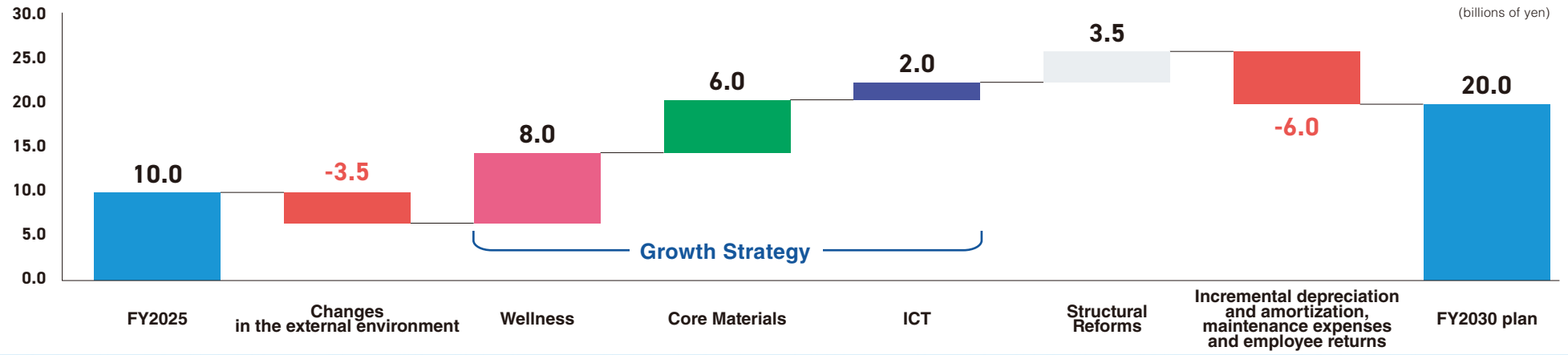
Long-term aspiration

Become an "Indispensable Company" that creates innovation at interfaces

	FY2025	Medium-term management plan	
		FY2028	FY2030
Net sales	127.8billion yen	140.0billion yen	160.0billion yen
Operating profit	10.0billion yen	14.0billion yen	20.0billion yen
Operating profit ratio	7.8%	10% or more	12% or more
Net profit	15.6billion yen(7.8 billion yen)*	11.0billion yen	14.0billion yen
ROIC	10.6% (5.4%)*	5.5% or more	7.0% or more
ROE	10.6% (5.3%)*	6.5% or more	8.0% or more

* Values calculated excluding the amount recorded for deferred tax assets, etc. (approx. 7.8 billion yen) due to the merger of SDP Global Co., Ltd.

Steps toward 20 billion yen



Overview of the Medium-Term Management Plan 2030: Basic Policies

The Medium-Term Management Plan 2030 sets out three basic policies: “Growth Strategy,” “Structural Reforms,” and “Strengthening the Management Foundation.” Under the Growth Strategy, we will accelerate investment in the healthcare business, expand our lineup of high value-added products, and further develop and foster new businesses. Under Structural Reforms, in addition to reforming the supply chain, we will fully launch production facility reform to further strengthen profitability. Under Strengthening the Management Foundation, we will pursue our R&D Strategy, Digital Utilization Strategy, and Human Resource Strategy in an integrated manner to accelerate the Growth Strategy and Structural Reforms.



01 Growth Strategy

P29

- Accelerate investment in the healthcare business
- Expand and create high value-added products
- Explore and nurture new businesses

02 Structural Reforms

P38

- Soft areas: Supply chain/ production process reform
- Hard areas: Production facility reform

03 Strengthening the Management Foundation

P42

- R&D Strategy
- Digital Utilization Strategy
- Human Resource Strategy

Overview of the Medium-Term Management Plan 2030: Capital Policy

Under the Medium-Term Management Plan 2030, with FY2030 as the final year, we have set targets of net sales of 160.0 billion yen, operating profit of 20.0 billion yen, an operating profit ratio of 12.0% or more, net profit of 14.0 billion yen, ROIC of 7.0% or more, and ROE of 8.0% or more. We place importance not only on increasing the absolute amount of profit but also on improving capital efficiency. As milestones toward achieving the FY2030 targets, we have set FY2028 targets of net sales of 140.0 billion yen, operating profit of 14.0 billion yen, an operating profit ratio of 10.0% or more, net profit of 11.0 billion yen, ROIC of 5.5% or more, and ROE of 6.5% or more.

Improve ROE by thoroughly implementing management that makes capital work to enhance corporate value and capital efficiency

FY2025 5.3%*1 → **FY2030 targets** 8.0% or more

Cost of shareholders' equity: Around 7.5%*2

Strengthen earning power (Net Income)

- Expand net sales
- Improve cost
- Expand the healthcare business
- Transform business processes of the overall supply chain
- New high value-added products
- Production process reform
- Global deployment
- Logistics reform

Improve asset efficiency (Net Assets)

- Replace assets
- Clarify disciplined capital
- Production facility reform
- Strengthen financial leverage
- Reduce cross-shareholdings
- Revise and strengthen shareholder return policy
- Accelerate investment in the healthcare business

Maximize cash generation capabilities and balance growth investments, financial discipline, and shareholder returns

FY2026–FY2030 cumulative

Funding, etc.
- Cash on hand
- Asset optimization through compression of non-operating assets, etc.
- Funding within financial discipline

Operating CF
- Productivity improvement through efficiency and automation
- Profit increase through investment in new growth domains and strengthened overseas expansion

Cash inflow
- Funding (including deposits), etc. Approx. 60.0 billion yen
- Operating CF (Before deducting R&D and digital development expenses) Approx. 120.0 billion yen

Cash outflow
- Shareholder returns Approx. 30.0 billion yen
- Investments Approx. 150.0 billion yen
- R&D and digital development expenses Approx. 55.0 billion yen

Shareholder returns
- Total payout ratio 40% or higher
- Progressive dividends

Investments
- Strategic growth investment: 60% or more (Priority investment in new growth domains/DX)
- Competitiveness maintenance investment

R&D and digital development expenses
- Aggressive investment through increasing researchers
- Establishment of a new research institute
- Development of in-house DX platform R&D and digital development expenses

*1 Values calculated excluding the amount recorded for deferred tax assets, etc. (approx. 7.8 billion yen) due to the merger of SDP Global Co., Ltd. *2 Set by referring to multiple indicators, including values calculated using CAPM and the residual income model, as well as the average for the chemical sector



Special Feature: Medium-Term Management Plan 2030

Investor Roundtable Discussion

We will carry out cost structure reforms as part of our medium-term management plan for the years leading to FY2030 and open up new growth fields through concrete, large-scale investment

The Sanyo Chemical Group has been carrying out profitability improvements such as structural reforms within its supply chain, and these efforts have borne fruit to some extent. However, there remain some issues with our concrete strategies and measures for achieving new growth. Sanyo Chemical took this situation into consideration in its formulation of Medium-Term Management Plan 2030. In this roundtable, our director responsible for corporate strategy and our director responsible for finance welcomed Mr. Yusho Yoshitake, an analyst at Nomura Securities Co., Ltd., to reflect on the achievements of the previous medium-term management plan (for the years of FY2023 to FY2025) along with the issues that remain, and to discuss the growth strategies and capital strategies of the new medium-term management plan. The discussion first covers business topics, followed by financial topics, with Mr. Yoshitake speaking with the director responsible for each area. Based on honest evaluations and recommendations from the perspective of the capital market, they explored future initiatives for enhancing corporate value.

Analyst, Materials & Energy Team, Equity Research Department, Nomura Securities Co., Ltd.
Yusho Yoshitake

Director, Senior Managing Executive Officer in charge of Sustainability and Corporate Strategy
Hiroyuki Susaki

Director, Managing Executive Officer in charge of Corporate Ethics and General Affairs
Kenichi Nishimura

Investor Roundtable Discussion

Achievements of the previous MTP and remaining issues How has the capital market evaluated us?

Susaki In 2020, our Group explored the possibility of a business merger with another company, but then the pandemic dramatically transformed the business environment and we abandoned the plan. Because of this, in our previous MTP we needed to formulate growth strategies we could implement on our own. The first step was to implement thorough structural reforms that would prepare a foundation for future growth. As part of these efforts, we expanded our sales of high value-added products and expanded our global reach. At the same time, we also developed the seeds of new, future growth, such as our Silk-Elastin. Our withdrawal from the superabsorbent polymer (SAP) business was part of these structural reforms. SAP had led the growth of our business for many years, but we lost the ability to enhance our competitiveness in this area through a business merger, so we determined that withdrawal from the SAP business was an essential element of our structural reforms. We also reviewed our material procurement, both in Japan and overseas, and at the same time, we partnered with a global logistics company to make efficiency improvements. I believe that these structural reforms, which included the overhaul of our entire supply chain in what we called a Monozukuri Transformation, proved, to some degree, fruitful. However, during the previous MTP, market conditions weakened as a result of the Chinese economic slump and the increase in the supply of low-cost chemical products by Chinese manufacturers. Because of this, we were unable to reach our operating profit target.

Yoshitake I see your withdrawal from the SAP business as a major accomplishment. In terms of the capital market, from a business structure perspective, the decision to withdraw from the SAP business at that time was a bold and decisive one, given the overall economic environment including the increased competition in China Mr. Susaki mentioned earlier. That said, your operating profit results fell somewhat below the expectations of the capital market. Sanyo Chemical's products command a high market share in various markets, so there are limits to how much net sales growth is achievable, and sales tend to be affected by customer production trends. It is therefore understandable why the changes in the market conditions led to your operating profit struggles. However, no matter what the external environment is like, it is important that you ultimately meet your profit targets. I think that might have been achievable if you had gone even further with your cost reductions.

Susaki I agree completely. I will go into it more later, but the new MTP includes going deeper with our structural reforms we have been implementing and seeing them through to completion.

Reaffirming interface control technology as Sanyo Chemical's strength and updating its VISION and VALUES

Yoshitake As I understand it, the heart of Sanyo Chemical's competitiveness lies in its interface control technology, and you are conducting a wide range of research and development with that at its core. However, honestly, from an investor's perspective, it is hard to determine what exactly Sanyo Chemical does. That is why when investors make investment decisions, they tend to focus on the product lineup and the market shares of individual products.

Susaki Indeed, I have heard from employees, too, that they have a hard time explaining to their family members just what it is our company does. That is why our new MTP began with redefining what kind of company Sanyo Chemical is. We assembled project teams that consisted not only of members of management but also junior and mid-level employees, and these teams engaged in thorough discussions. What we arrived at, as Mr. Yoshitake mentioned, is "interface control technology." Interface control technology connects materials that normally would not mix, like water and oil. Our Group has created various products, centered on interface control technology, to meet the diverse needs of our customers. We now have roughly 3,000 products, which I think is a testament to how we have met our customers' needs. We reaffirmed our goal of being a Group that is vital to our customers through this technology, and encapsulated this in our VISION: "Become an 'Indispensable Company' that creates innovation at interfaces." Going forward, we are going to increase our value by supplying products that better meet customer needs. We will also aim to develop more high value-added products and transition to a highly profitable structure.

Yoshitake I also think the key to future growth will be expanding your range of high value-added products. Looking at chemical manufacturers as a whole, there is an ongoing shift from focusing on general purpose chemicals to specialty chemicals. It is important to keep transforming your portfolio to one which expands the high value-added domain, where you can maintain a competitive advantage. When it comes to that, I think it will be important to expand while focusing on your existing customer base, your existing business portfolio, and your technical strengths. For example, in Sanyo Chemical's case, the Company could expand in various directions, from products for aluminum electrolytic capacitors to products for hybrid capacitors. From a capital market perspective, as well, this kind of growth and development has a lot of potential.



Investor Roundtable Discussion

Further deepening our initiatives and seeing them through to completion
The new Sanyo Chemical, realized through the new MTP

Susaki The new MTP has clearly set forth the even deeper structural reforms that we will be carrying out and our plans to expand our portfolio of high value-added products. There are two types of chemical products: general purpose chemicals, which are sold based on their composition, and high value-added products, which are sold based on their functions. For general purpose products, it is easy for buyers to understand the cost structure, so profitability tends to be low. With functional products, on the other hand, it is easier to maintain profitability. We will generate high value-added products through our interface control technology, improve our profitability, and actively invest in growth to open up the growth areas of the future. First off, when it comes to cutting costs, we will work on the physical facility level, such as by consolidating production facilities. In the chemical industry, a lot of reorganizations and partnerships are taking place, primarily for primary chemicals manufacturers. We will take joint facility use and contract manufacturing into consideration as we move forward. As far as our Growth Strategy, we have organized our business segments into three: Core Materials, Wellness, and ICT. Core Materials are our current core business. We will continuously implement structural reforms and steadily expand our offerings of high value-added products such as lubricant additives and chemicals for special fibers to create greater profits. While we have broadly framed this as moving from our basic product portfolio toward high value-added products, in practice, a variety of new opportunities are already beginning to emerge. Over the five years of the new MTP, we plan to build up a solid lineup of products that will lead our growth. As for ICT, we have positioned the semiconductor and the electronic materials fields, where we can leverage our interface control technology, as key fields, and we plan to expand our business in these areas. In the Wellness segment, we have positioned the healthcare domain, with Silk-Elastin at its core, as a growth driver, and we are focusing investment in this domain. We are currently carrying out development focused on the themes of chronic wound healing and meniscus regeneration, and our wound healing applications are now starting to be covered by national health insurance. In the future, we will strengthen our partnership with outside companies with strengths in the skin disease domain and we will develop the market. At the same time, we are making progress with our corporate clinical trials for meniscus regeneration, and we have reached our target of administering Silk-Elastin to 40 subjects. Now we will be performing evaluation through a year of observation. It will still take some time before we can launch an actual product, but I think things are progressing according to plan. From a medium- and long-term perspective, we have also got our eyes on the U.S. market. We estimate that, compared to Japan, in the U.S. there are roughly 15 times as many patients who could use it for meniscus regeneration applications and roughly 7 times as many who could use it for wound healing applications, so we would like to roll it out in the U.S. as soon as possible.



Yoshitake I think that, from a capital market perspective as well, Silk-Elastin is recognized as having a lot of potential. However, the pharmaceutical-related business is one with a lot of uncertainty, where results can vary significantly based on clinical trials and whether or not various approvals can be secured. Even if a product is approved, if the market does not accept the product at its envisioned price, the product will not generate revenue. For the Wellness segment, in particular, Sanyo Chemical is taking on a challenge in an area that differs from its conventional business model, which has been its key strength. In terms of sales, as well, your plans are predicated on partnering with other companies, so while we have got high expectations, we will also be keeping a close eye on how things turn out.

Susaki We are currently carrying out clinical trials in collaboration with the faculties of medicine of several leading national universities in Japan, and we are also conducting several corporate clinical trials. We are collaborating with academia to make steady progress toward commercializing new products. With respect to wound healing, we have collected data such as data comparing the effectiveness of these products against conventional treatments, and we have had this data evaluated. Thanks to these evaluations, we were able to obtain approval for a reimbursement price close to the range we had anticipated. As far as sales, while this is a segment we have yet to do business in, that also provides us an advantage, as we can team up with the right partner at just the right time. For wound healing, we have already decided on a partner. For meniscus regeneration, we plan to consider which partners we can team up with on better terms, based on the results of the clinical trials. We are working to meet the expectations of our investors.

Yoshitake Thank you. In the pharmaceutical field, I believe there are many cases in which companies engage in joint development with pharmaceutical companies from the R&D and clinical trial stages and share development risk. It can also make the post-commercialization revenue model easier to envision and can enhance business stability through the relationship with the co-development partner. But with Silk-Elastin, instead of picking a partner early on in the project, you have been leading the development

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yourself. Could you explain what led you to choose this approach, and what you seek to gain from it?

Susaki I think you are right about the structure of the pharmaceutical field. We are also always thinking about potential future partnerships. However, if we rushed to make a decision, Silk-Elastin's full worth might not have been properly evaluated, which could ultimately have led to poor partnership terms. First, we want to build up clinical trial data and then partner with someone when the time is right.

Views on the numerical targets of the previous MTP and Sanyo Chemical's position within the chemical industry

Yoshitake During the previous MTP, ROIC was one of Sanyo Chemical's key indicators, and due in part to the effects of structural reforms, it has been gradually improving. You have a high level of investment capital efficiency. In the SAP business, you were weighed down by property, plant, and equipment, and you struggled with asset turnover and profitability. I think it would be fair to say that your withdrawal from the SAP business has been a success. That said, even though ROIC improved, ROE has not risen much. In fact, if you look at the previous MTP period, your financial leverage has declined, which shows that you have not been able to utilize cash. In the chemical industry, PBR and ROE tend to be relatively tightly linked. From a PBR improvement perspective, it feels to me like there is room for improvement in your utilization of capital and leverage to improve ROE.



Nishimura We also recognize the point you raised as an important issue for our Group. In the previous MTP, we aimed to raise operating profit from over 8 billion yen in FY2022 to 15 billion yen in FY2025. But the market did not recover to the extent we had expected, and we got off to a rough start, with operating profit falling roughly 40% year on year in the first year of the MTP. That is why we first made improving profitability our highest priority and we focused our management resources on cutting costs and implementing business structure reforms. As a result, we were able to improve our operating profit ratio, and the withdrawal from the SAP business also improved our asset efficiency. I believe we have achieved some degree of success from the perspective of the efficiency of our invested capital. ROIC improved as a result of these profitability improvements and the compression of our invested capital.

At the same time, as you pointed out, our ROIC improvement did not tie in enough to ROE or PBR improvements. This is partly because by prioritizing profitability improvement, we were not able to delve deeply enough into balance sheet management or the optimization of our capital allocation. There are still issues to be addressed with optimizing how much equity we have and our cash holdings.

Although management members had recognized the importance of improving ROE and PBR, I also think that we were not able to fully embed them as a common language across management. Based on what we learned through this, the new MTP positions not only profitability improvements but also capital efficiency improvements as clear management goals. We are going to improve our ROE and PBR by reviewing our business portfolio, prioritizing among growth investments, and enhancing our shareholder returns.

Yoshitake From a capital policy perspective, it is of course important for thorough measures to be implemented, and it is also important for Sanyo Chemical to explain its way of thinking to the capital market. If you look at Sanyo Chemical's business structure, you have got products for a wide range of industries, so even if one particular market slumps, I think the likelihood of your overall earnings deteriorating sharply is relatively low. As far as raw material prices go, although earnings temporarily deteriorated during the Russia-Ukraine situation, they subsequently recovered. Given these points, I can understand why investors have been asking if you really need to have this much cash on hand right now. If you need it to be prepared for risk, I think it would be easier for investors to understand if you explained "There is a high level of volatility in business involving pharmaceuticals like Silk-Elastin, so we need to maintain a level of equity." Most investors are not simply demanding that the amount of financial leverage be raised. Rather, they are focused on the thought process behind your cash holdings, and how reasonable they are, so I think it would be a good idea to give them information they can use in their decision-making. If you provided more extensive explanations like that, I think you could engage in even deeper dialogue with the capital market.

Nishimura During the previous MTP period, I recognize that we did not always provide enough explanations that were conscious of investors or the capital market. This also relates to our efforts regarding ROE and PBR mentioned earlier, but as a result of concentrating management resources on profitability improvement itself during the previous MTP period, we became relatively less focused on capital-efficient management and on explaining that approach to the market. The new MTP has set forth our business strategies, financial strategies, and shareholder returns as a cohesive whole, and we have switched to a management approach that emphasizes dialogue with the market. In doing so, we do not intend for this to be a one-way flow of information, but instead we think it is important for us to engage in dialogue to understand the perspectives the market is using to evaluate us, and to deepen the mutual understanding between us and the market.

An MTP that includes expanding growth investment, linking it more closely to business strategies, and enriching our explanations, with an eye toward the capital market

Nishimura Given the issues we have been talking about so

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far, we have positioned three key pillars for the financial strategies of our new MTP: growth investment, capital efficiency, and shareholder returns. We also think it is important to provide investors with detailed explanations of what lies behind our approach and our decision-making. Over the five years of the new MTP, we plan to invest 150 billion yen. Of those, 100 billion yen will be in strategic growth investment in growth segments, primarily Core Materials, Wellness, and ICT, and in research facilities and R&D personnel to enhance our R&D. In addition, we have set an investment allowance for M&As. We do not have any specific investment targets in mind at the current time, but we plan to invest in segments with medium- and long-term growth potential, such as ICT and Wellness.

Yoshitake Nothing feels particularly off to me with regards to cash allocation. On the contrary, you have clearly identified how your growth investment is to be used, and you are focusing on DX and R&D, which is good. Sanyo Chemical's main issue has been addressing fixed costs, so it will be important to use DX to make improvements in that area. In many cases, investment in R&D also improves profitability and operating profit ratios. Especially for Sanyo Chemical, whose business structure consists of supplying valuable products that help address customer issues and then recovering the results as revenue, your approach of emphasizing R&D makes sense to me.

There are some points I would like to clarify about your dividend policy, though. At the start of FY2026, you forecast an annual dividend of 175 yen per share, which was not much of an increase from before. But then when you released your first quarter business results, you announced that you would be strengthening shareholder returns by raising dividend payouts and buying treasury shares. I understand your setting of a total payout ratio target of 40% or higher, but I would appreciate if you could explain your shareholder return policy again.



Nishimura As for shareholder returns, we have reviewed our previous approach of aiming for a payout ratio of 30% or more, and we are now aiming for a total payout ratio of 40% or higher and implementing progressive dividends. This is because shareholder returns are an important part of our capital policy, so we wanted to position them even more clearly.

Our dividend target for FY2026 was initially an annual dividend of 175 yen. We set this as our target because, during the first year of the MTP, we needed to maintain our policy of improving returns while carefully assessing the feasibility of executing growth investment and the external environment, given the uncertain situation in the Middle East. Due in part to expanded sales of high value-added products, our business results during the first quarter surpassed our initial projections, and we were able to predict, to some extent, our business results and cash flow for the full fiscal year. This is why we decided to implement our shareholder return measures.

I think what is important is to continuously and steadily enhance returns over the medium and long term, not just increase dividends in any individual fiscal year. Based on our target of a total payout ratio of 40% or higher, we will continue to implement dynamic capital policies, including the acquisition of treasury shares. In FY2030, we are aiming for net profit of 14 billion yen. Steadily increasing our profit and enhancing our shareholder returns will contribute to the improvement of our ROE and PBR.

To achieve further progress, it will be important for Sanyo Chemical to show how it captures market trends and to convince investors

Yoshitake I think a tremendous amount of progress has been made in the clarity of investor relations. For example, Sanyo Chemical is using opportunities for dialogue with management members, or tours of actual R&D sites, to show investors what direction the Company and the management are taking. This kind of direct communication is highly effective. If I could make a request for the future, I would like it if you could enrich your disclosures a bit more. Investors make decisions regarding the viability of plans based on core product market sizes, market shares, growth rates, and the like. If there is not much information about these, it makes it hard to evaluate plans. Of course, there are limits to how much you can disclose, but even if you do not release sales and profit figures for specific individual products, you could, for example, release information about the market share of your main products, or trends in demand, or your relationship with growth markets. If you provided information like this that could be used to identify trends, it would make it easier for investors to understand the growth potential of your business. That is an area I would like Sanyo Chemical to work on.

Nishimura We are always closely examining just how far we can go with disclosures. While it is relatively easy to present market scales and demand trends for general purpose products, when it comes to high value-added products, we have to be careful with disclosures related to many of them for competitive reasons. For example, a lot of the high value-added products that are important from a revenue standpoint were developed jointly with customers. Because of this, sometimes investors point out that it is hard to get a clear picture of our business.

We have reorganized our business into three segments, and then defined sub-segments for each, which makes our business structure easier to understand.

We want to gain an even deeper understanding of what perspectives the market applies in evaluating us, and we want to provide accountability. We believe that this will help us earn the trust of the capital market.

Yoshitake Thank you for answering various questions today. I am looking forward to seeing the growth that Sanyo Chemical has in store.

Transformation and Growth

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Overview of the Growth Strategy

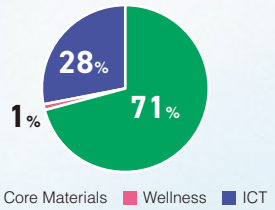
The Sanyo Chemical Group has clarified its focus areas and reorganized its reportable segments into three segments: Core Materials, Wellness, and ICT. In each field, we have designated high value-added products that will serve as medium- to long-term growth drivers, strengthen competitiveness, and play a key role in global deployment, and will accelerate efforts to strengthen them. Through these efforts, we aim to build a solid foundation for growth that is less susceptible to changes in the external environment, such as market conditions and competitors' moves. Specifically, in Core Materials, we have positioned lubricant additives and permanent antistatic agents as priority products, while cultivating differentiated high value-added products from among our existing basic products. In Wellness, we will make proactive investments in Silk-Elastin and other products, while in ICT we will strengthen semiconductor process materials and chemicals for special electronic parts. During the period of the Medium-Term Management Plan 2030, we will particularly strengthen the healthcare business in the Wellness segment and accelerate the advancement of our business portfolio.

Focus on strengthening the Wellness segment as a new pillar following withdrawal from the superabsorbent polymer business

▶ Trends in operating profit composition by segment

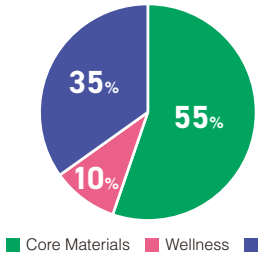
Previous MTP

FY2025 (Estimated)

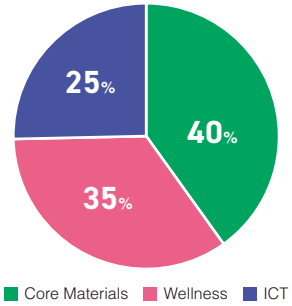


Medium-Term Management Plan 2030

FY2028



FY2030



	Core Materials	Wellness	ICT
New high value-added products ● Medium- to long-term growth drivers ● Strategic development and investment targets	Higher value-added of basic products	Silk-Elastin	Semiconductor process materials
		Medical and pharmaceutical products*1	Chemicals for special electronic parts*2
High value-added products ● Growth drivers during the MTP period ● Strengthening competitiveness and global deployment	Lubricant additives		
	Permanent antistatic agents		
	Chemicals for special fibers		

*1 In addition to conventional medical and pharmaceutical-related materials, we add medical device materials, surgical hemostatic materials, and new diagnostic reagents. *2 In addition to conventional chemicals for special electronic parts, we add materials for electronic devices.

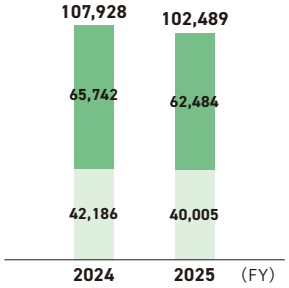
Business Overview by Segment: Core Materials Business

Contribute to a sustainable industrial foundation through high-performance materials that support energy savings and decarbonized infrastructure

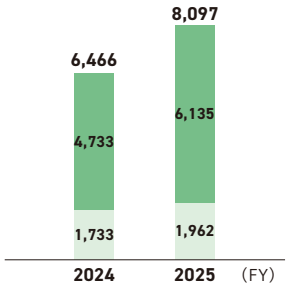
The Core Materials segment provides a wide range of products to diverse customers, with automotive-related “Mobility” and “Industrial,” which serves a wide range of industries, as its subsegments.

In FY2025, despite a challenging business environment where raw materials for polyurethane foams were sluggish both in Japan and overseas due to the influx of low-cost foreign products, high value-added products such as lubricant additives and permanent antistatic agents performed steadily. Total net sales in this segment were 102.48 billion yen (down 5.0% year on year), and operating profit was 8.09 billion yen (up 25.2% year on year).

Net sales (millions of yen)



Operating profit (millions of yen)

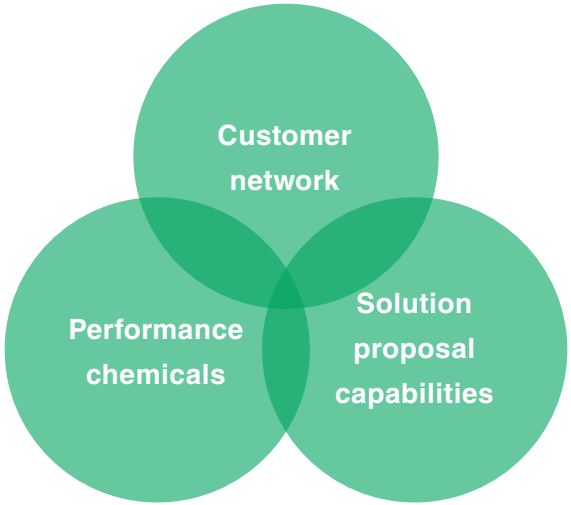


(Note) Figures for each fiscal year are current estimates and have not been audited.
Furthermore, they are subject to change due to future refinements in aggregation methods.

Key initiatives

Expansion into high value-added applications / Development of environmentally friendly materials / Establishment of region-optimized production and supply structures

Sources of competitive advantage



Based on our approximately 3,000 types of performance chemicals accumulated throughout our history and our relationships with customers, we will create even higher value-added products through our solution proposal capabilities based on understanding customers’ true needs.

Main products



In automotive seat cushions and interiors



In printer toners

Thermoplastic polyurethane beads for the interior parts of automobiles, raw materials for polyurethane foams, lubricant additives, resins for automobile paints, chemicals for carbon fibers, polymerization toner materials, permanent antistatic agents, resin modifiers

Cumulative investment during the Medium-Term Management Plan period

- Lubricant additives
- New high value-added products

Total of **7.0** billion yen

Incremental profit compared to FY2025

- High value-added products

+6.0 billion yen

Business Overview by Segment: Core Materials Business

Core Material

High value-added products

Lubricant additives

Used to improve fuel efficiency by adding them to engine oil and other lubricants. We have also developed additives for lubricating oils used in eAxles, the drive units of EVs, and are expanding their use for EVs applications. In FY2025, performance remained solid amid growing demand for environmentally friendly solutions.

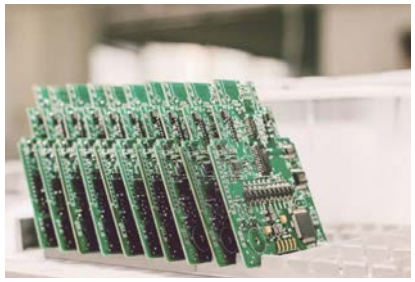


In lubricants such as engine oil

Permanent antistatic agents

By adding these agents to plastics, they suppress defects caused by static electricity (adhesion of foreign matter, malfunction, powder adhesion, and discharge risks). They are used in a wide range of applications, from home appliances to explosion-proof applications.

In FY2025, demand for electronic component carrier trays was strong, and sales progressed steadily.



In electronic component carrier trays

Chemicals for special fibers

Used in the manufacturing process for carbon fibers and other materials. Composite materials using carbon fibers have a proven track record in a wide range of applications, such as windmill blades and aircraft, and play an active role in supporting high-performance materials. In FY2025, performance was weak amid intensifying competition in the carbon fiber market.



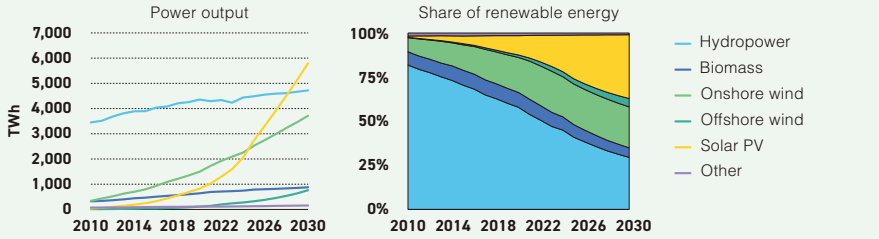
In carbon fiber manufacturing

Surrounding external environment

Our high value-added products contribute to themes that help reduce environmental impact, such as renewable energy and EVs. By 2030, power generation from wind power is projected to increase to approximately 2.5 times the 2022 level, while EV ownership is projected to expand to approximately four times the 2024 level (see charts below).

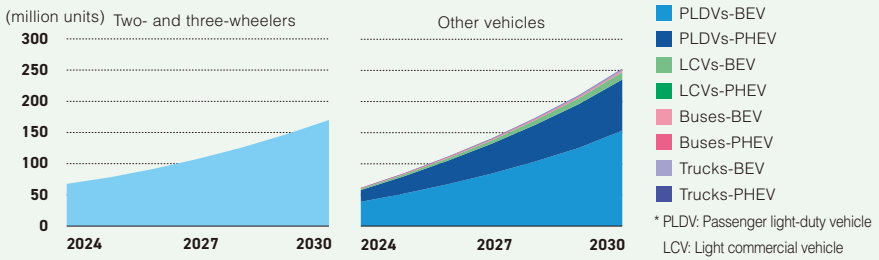
On the other hand, since internal combustion engine vehicles will remain mainstream for the time being, we will invest in the lubricant additives business to meet growing needs for improved environmental performance, while also focusing on creating new high value-added products that fulfill environmental expectations.

Renewable energy market forecast



* (Source) Created based on the IEA's "Renewables 2025"

Electric vehicle market forecast



* PLDV: Passenger light-duty vehicle
LCV: Light commercial vehicle

(Source) Created based on the IEA's "Global EV Outlook 2025"

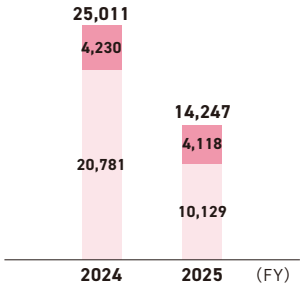
Business Overview by Segment: Wellness Business

Contribute to secure and fulfilling lives—from healthcare to personal care—through innovative technologies and materials

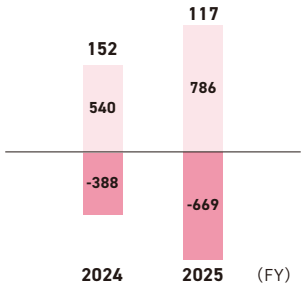
With “Healthcare,” supporting health, and “Home & Personal Care,” supporting everyday life through detergents, shampoos, cosmetics, and other products, as its subsegments, Wellness offers products that help improve QOL.

In FY2025, withdrawal from the superabsorbent polymer (SAP) business enabled the segment to recover from losses. Although demand for high-performance surfactants remained firm, commodity surfactants struggled due to an influx of low-cost overseas products, resulting in a challenging business environment. Total net sales in this segment were 14.24 billion yen (down 43.0% year on year), and operating profit was 0.11 billion yen (down 22.9% year on year).

Net sales (millions of yen)



Operating profit (millions of yen)

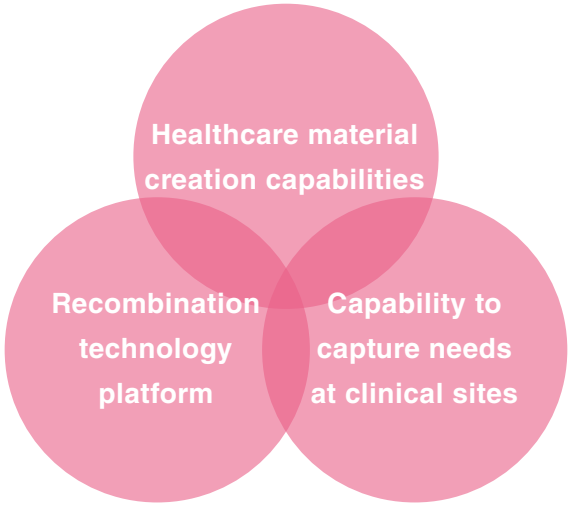


(Note) Figures for each fiscal year are current estimates and have not been audited. Furthermore, they are subject to change due to future refinements in aggregation methods.

Key initiatives

Establishment of a new U.S. company for healthcare-related businesses / Strengthening the expansion of medical and pharmaceutical products

Sources of competitive advantage



We will contribute to safe and fulfilling lives by combining gene recombination technology cultivated mainly through Silk-Elastin research, material creation capabilities developed by applying and deploying our accumulated technologies in the medical field, and the ability to identify needs through actual observations in clinical settings.

Main products



In tablet coating layers



In liquid detergents

Surgical hemostatic materials, clinical diagnostic reagents for enzyme immunoassay (EIA), potting resins for artificial kidneys, raw material for pharmaceuticals, surfactants for liquid laundry detergents, and surfactants for hair care products

Cumulative investment during the Medium-Term Management Plan period

- Silk-Elastin
- Medical and pharmaceutical products

Total of **15.0** billion yen

Incremental profit compared to FY2025

- Healthcare Business

+8.0 billion yen

Business Overview by Segment: Wellness Business

Wellness

High value-added products

Silk-Elastin

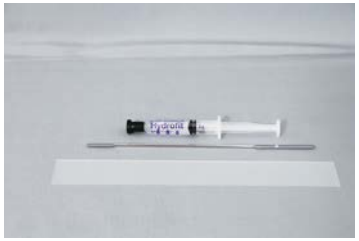
An artificial protein created using gene recombination technology. National health insurance coverage for wound healing applications began in June 2026. We are also taking steps toward corporate clinical trials for meniscus regeneration applications, while exploring other applications in parallel. We will work with university hospitals and other institutions to advance deployment and improve QOL for a wide range of patients.



Sponge-like Silk-Elastin

Medical and pharmaceutical products

In vitro diagnostic reagents and other products that apply interface control technology. Surgical hemostatic materials based on polyurethane technology hold a high share in Japan as hemostatic material for anastomoses of all blood vessels except cerebral blood vessels. Going forward, we will actively expand overseas, including other medical and pharmaceutical products, to grow the business.

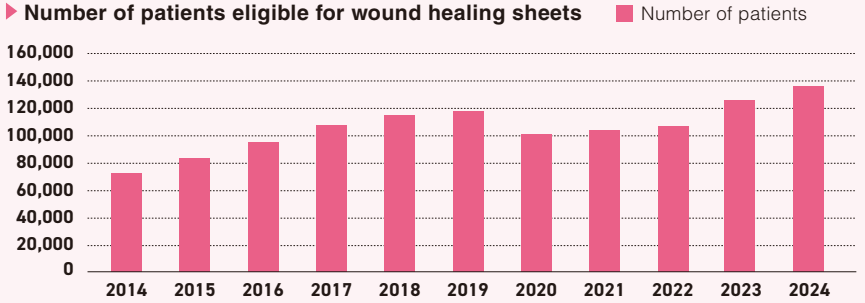


Surgical hemostatic materials

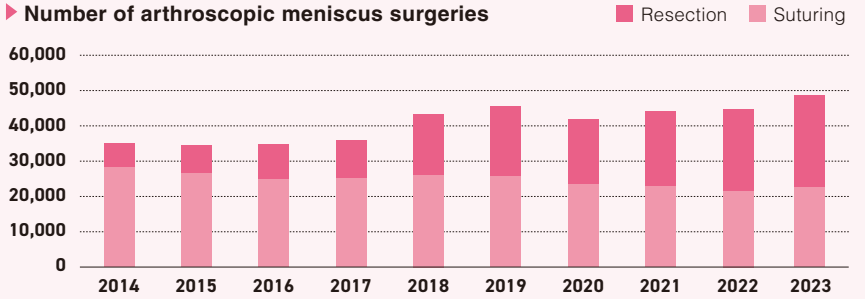
Surrounding external environment

In Japan, the number of patients eligible for Silk-Elastin wound healing sheets and the number of meniscus surgeries are increasing each year and are expected to continue growing due in part to population aging (see charts below). We will work to expand overseas, targeting not only the domestic market but also the U.S. market, which represents a larger market than Japan. The healthcare market, including other medical and pharmaceutical products, is expected to expand globally. While making active investments, we will deliver products that contribute to improving people's QOL and enhance our corporate value.

Number of patients eligible for wound healing sheets



Number of arthroscopic meniscus surgeries



(Source) Prepared based on NDB Open Data (Ministry of Health, Labour and Welfare)

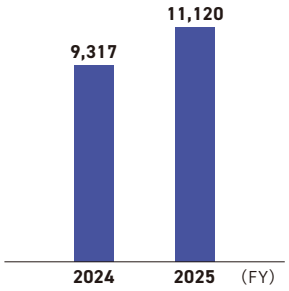
Business Overview by Segment: ICT Business

Contribute to the advancement of a smart society through high-performance materials that support information technology innovation and electronic infrastructure

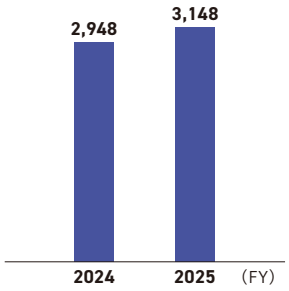
We provide functional materials essential to advances in semiconductors, electronic components, next-generation communications, and other fields.

In FY2025, performance was strong as markets for electronic components, communications equipment, and other products, led by semiconductors, remained solid. Total net sales in this segment were 11.12 billion yen (up 19.4% year on year), and operating profit was 3.14 billion yen (up 6.8% year on year).

Net sales (millions of yen)



Operating profit (millions of yen)

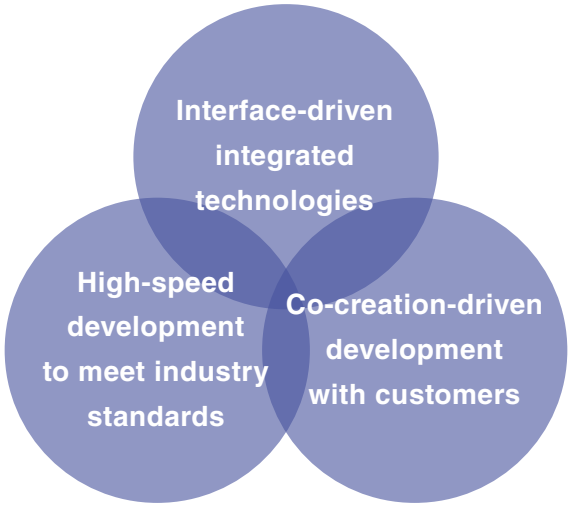


(Note) Figures for each fiscal year are current estimates and have not been audited. Furthermore, they are subject to change due to future refinements in aggregation methods.

Key initiatives

Creation of new businesses in the semiconductor and electronic device fields, primarily in East Asia

Sources of competitive advantage



In the rapidly evolving ICT field, we apply interface control technology cultivated over many years to provide high value-added products. Even in cutting-edge fields, we achieve rapid development together with leading partner companies through a customer-oriented development approach, contributing to the creation of a convenient and prosperous society.

Main products



In displays

Electrolytes for aluminum electrolytic capacitors, adhesives for electronic materials, UV/EB curing resins, semiconductor process materials, and measurement/analysis devices

Cumulative investment during the Medium-Term Management Plan period

- Semiconductor process materials
- Chemicals for special electronic parts

Total of 3.0 billion yen

Incremental profit compared to FY2025

- High value-added products

+2.0 billion yen

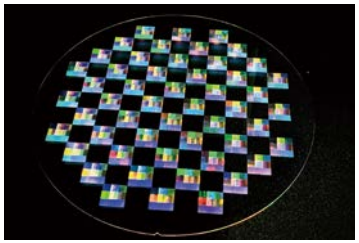
Business Overview by Segment: ICT Business

ICT

High value-added products

Semiconductor process materials

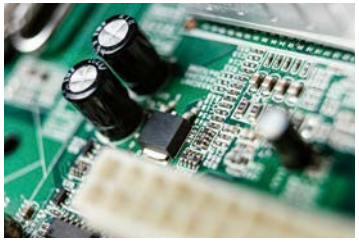
Photoacid generators used in semiconductor photolithography and related applications. As semiconductor miniaturization advances, requirements have become increasingly sophisticated, and we contribute by designing materials tailored to customer specifications. In FY2025, performance was strong, supported by robust semiconductor demand.



In semiconductor manufacturing processes

Chemicals for special electronic parts

Electrolytes for aluminum electrolytic capacitors used in a wide range of electronic devices. Our electrolytes for aluminum electrolytic capacitors are long-selling products that have become the global standard for automotive applications thanks to their high reliability. Although automotive applications were sluggish due to the slowdown in the EV market, performance was solid as demand expanded for non-automotive applications such as base stations.



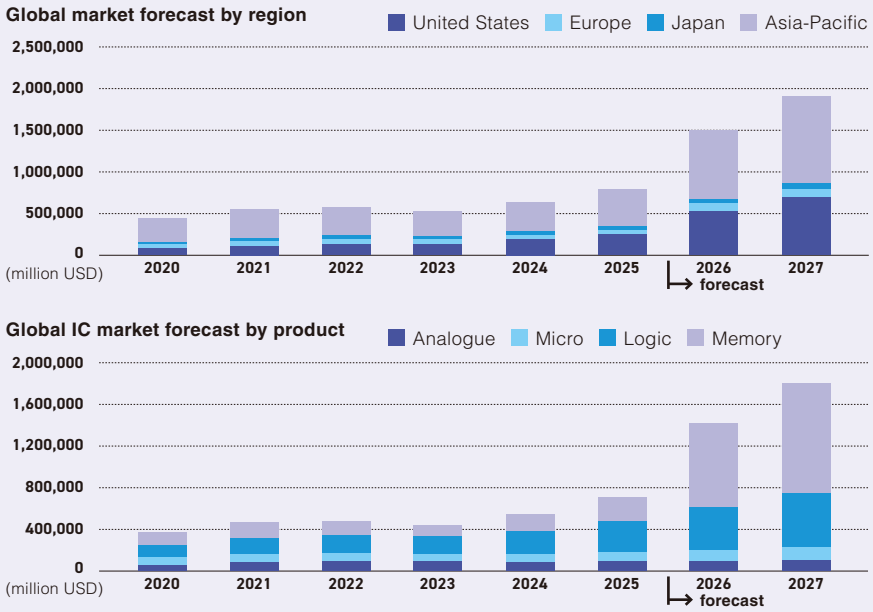
In aluminum electrolytic capacitors

Surrounding external environment

Driven by the development of generative AI, the semiconductor market has shown significant growth in recent years. With growth of approximately 90% projected in 2026 compared to 2025, the market is expected to continue expanding dramatically (see charts below).

While market expansion is expected mainly in the United States and Asia, in the additives field we will act even more quickly in this rapidly evolving industry by staying close to customers and establish highly profitable businesses in niche markets.

Semiconductor market forecast (JEITA)



(Source) Created based on JEITA's World Semiconductor Trade Statistics "Semiconductor Market Forecast Spring 2026"

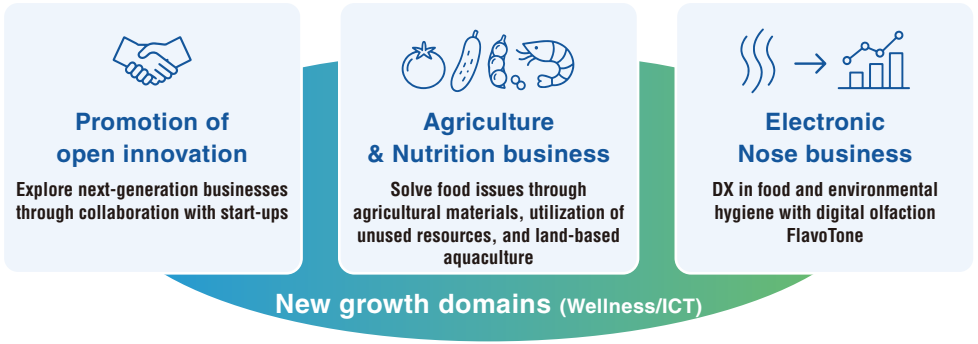


New Businesses

Proactively promote new businesses that contribute to our focus areas

To achieve sustainable growth, we are also actively developing new businesses to further strengthen the Wellness and ICT segments. Leveraging technologies and stable earnings cultivated primarily through the Core Materials business, we will accelerate growth by actively incorporating external expertise through co-creation with customers, agile M&A, and other initiatives. Here, we introduce topics on the Agriculture & Nutrition business and Electronic Nose business, which we are promoting as new businesses that contribute to our focus areas of “Food, Healthcare & Daily Living” and “Smart Society.”

Go beyond the boundaries of chemistry with the power of chemistry and achieve sustainable growth through agile investment and co-creation



Agriculture & Nutrition business

We are working toward agricultural solutions and land-based aquaculture solutions that contribute to higher yields and quality while reducing environmental impact. In agriculture, we are commercializing biostimulant materials that stimulate plants using peptides and other substances to draw out their inherent capabilities. We have also launched a dedicated product website and begun providing samples to agricultural stakeholders. In addition to our interface control technology, such as optimizing spraying, penetration, and adhesion, we will incorporate biotechnology such as fermentation and knowledge from local governments and on-site fields to enhance practical applicability.



Dedicated product website

Electronic Nose business

FlavoTone is an electronic nose that can identify complex odors like the human nose and can be used for quality control, monitoring, and other applications. Based on our interface control technology, we have developed probe materials (sensing membranes) that selectively adsorb odor substances and convert them into signals, and we provide devices and data analysis as an integrated solution. We offer four types of FlavoTone: desktop, compact fixed-installation, portable, and embedded, depending on the installation environment and application, enabling us to provide optimal solutions. Introduction and verification are progressing in applications such as support for food quality control, odor monitoring in station restrooms, and biosensing using skin gases. We will continue working across a wide range of fields to create social value through the visualization of odors.



Four types of electronic nose

Message from the Executive Officer, Head of Production

We will move swiftly to implement production facility reform and create smarter production sites.



Director,
Managing Executive Officer,
Head of Safety and Production

Yoshiyuki Oku

Driving reform with strong determination

Since the previous medium-term management plan, we have been pursuing our Monozukuri Transformation to improve efficiency and profitability across the entire supply chain. Specifically, by focusing on “soft” reforms, such as overall supply chain process reforms, production process reforms, and logistics reforms, we achieved results that exceeded our plans and successfully paved the way for structural reforms. To remain a company that continues to create value through manufacturing well into the future, we will continue these “soft” reforms under the Medium-Term Management Plan 2030 while also advancing “hard” reforms in production facility.

The conditions surrounding our production sites are changing dramatically, with rising repair costs due to aging production facilities and growing difficulties in securing personnel and transferring skills amid a declining birthrate and an aging population. Furthermore, in terms of safety, we have yet to eliminate occupational accidents entirely. Although we have strengthened safety measures based on the unwavering principle that “Safety comes first,” we must reexamine the very nature of our production facilities to structurally eliminate potential hazards at their roots. With these challenges in mind, we are determined to fundamentally reexamine our production sites and reform both production facilities and work styles in an integrated manner.

Proactive investment for safer, more efficient production sites

We will advance production facility reform along two axes: “consolidation and rationalization” and “automation and digitalization.” We will also consider constructing new plants as necessary. There is still a great deal of data at our production sites that has yet to be fully utilized. By creating a leaner, more efficient operating structure through consolidation and rationalization, while using accumulated data to drive automation and digitalization, we aim to take both safety measures and quality to the next level by eliminating so-called 3K tasks—physically demanding, dirty, and dangerous work—and standardizing decision-making.

We will ensure that the 17.0 billion yen in structural reform investment set out in the investment plan of the Medium-Term Management Plan 2030 delivers tangible results. By advancing both “hard” and “soft” reforms, we will build an operating structure that enhances safety and quality while keeping fixed costs under control.

Driving reform through a new organization and creating smarter production sites where people grow

To execute these reforms, we have established a new Production Restructuring Division within the production section. By incorporating the functions of the Monozukuri Innovation Center, which has led our “soft” improvements to date, and managing facility and process reform in an integrated manner, we will accelerate production process changes and implementation at production sites while increasing the effectiveness of our reforms. Rather than leaving reforms as mere plans on paper, we will increase our speed, work closely with on-site staff, and see these reforms through to the end.

Ultimately, it is our human resources who will determine whether these reforms succeed. We are therefore focusing on reskilling plant personnel and have begun with small group trainings as the first step. By enabling everyone to acquire new skills and shift toward ways of working that place greater emphasis on monitoring, management, and improvement, we will create production sites where people can work safely and with peace of mind regardless of age or gender. We will contribute to enhancing corporate value by creating smarter production sites capable of reliably supplying high-quality products.

Production Facility Reform

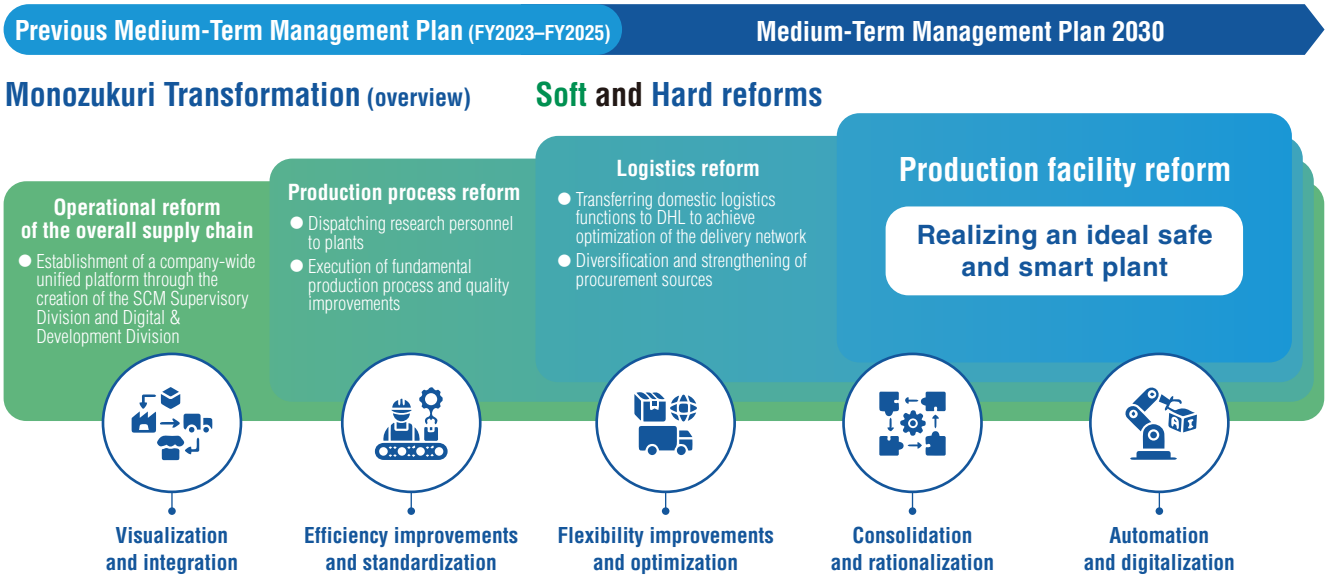
In the Monozukuri Transformation initiative that the Sanyo Chemical Group has been pursuing since the previous medium-term management plan period, we have been advancing “soft” reforms, such as production process reforms. As our next action, in addition to these efforts, we will undertake production facility reforms as “hard” reforms in production facilities to reexamine the very nature of facilities, in order to link them even more directly to strengthening the competitiveness of our production sites. Amid rising repair costs due to aging facilities and the need to create a production environment where diverse human resources can play an active role more safely and stably, we will promote the following measures with the aim of transforming our production base to reduce fixed costs and ensure stable supply.

Direction of initiatives

We will advance reform along two axes: “consolidation and rationalization” and “automation and digitalization.” Under consolidation and rationalization, we will use facility layout simulations to efficiently plan and execute consolidation and reorganization, optimizing facility utilization rate and the burden of maintenance and renewal. Under automation and digitalization, we will use various production-related data to automate and simplify manufacturing processes and analysis and introduce work robots, thereby improving production efficiency and reducing quality variation.

We will use our in-house DX platform as an execution engine for these initiatives, increasing the speed and sustainability of improvement. At the same time, we position human resource development as an important foundation and will promote the acquisition of skills in equipment and system maintenance and data analysis, which will become increasingly necessary. We have started by developing human resources capable of performing facility maintenance and are promoting the acquisition of qualifications such as Jishu Hozenshi (Autonomous Maintenance Specialist) (Grade 1 and Grade 2) and Chief Electricity Engineer (Class 2 and Class 3). We will also make use of learning opportunities such as the Data Scientist Certification to build a structure that enables safe, high-quality operations with a small workforce.

Promoting reforms on the production facilities in addition to production processes



Initiative example **OE training**

We refer to personnel who manage equipment as well as operations and can perform routine maintenance as OEs (operating engineers), and we have begun OE training. As a result of production facility reform, roles at production sites will shift from “work” to “monitoring, management, early detection of abnormalities, and prevention of recurrence.” We will gradually provide training so that, in the future, everyone working at production sites becomes an OE.



Conducting vibration measurements after an abnormal pump noise was detected during a patrol for equipment abnormalities

Supply Chain Management

From strengthening profitability to enhancing customer value

The SCM Supervisory Division was established in October 2023 and has set out a two-stage roadmap looking ahead to FY2030. During the previous MTP period (FY2023 to FY2025), the first phase focused on “Strengthening Profitability,” reducing variable costs and improving cash flow. Specifically, we pursued three objectives: (1) improve operational productivity, (2) reduce variable costs by at least 3.0 billion yen, and (3) improve cash flow by at least 3.0 billion yen, achieving tangible results. During the current MTP period (FY2025 to FY2030), we are shifting to the second phase, “Enhancing Customer Value,” aiming to (1) respond immediately to customer requests through business innovation and faster logistics, (2) transform supply chain operations using DX/AI, and (3) build a global SCM system that includes domestic and overseas affiliated companies. With our two-stage approach, solidifying the earnings base and then using the results as a source of funds to evolve toward customer-value-creating SCM, we aim to strengthen competitiveness starting from the supply chain and enhance corporate value.

Transformation of the overall supply chain

Order and demand planning	Procurement	Production	Logistics	Marketing
System introduction Inventory optimization	Shortened procurement LT* Raw materials cost cutting	Shortened production LT Container integration	Logistics reform Shortened delivery LT	Direct trade Sales promotion
1	2	3	4	5
Increased operational efficiency Inventory optimization	Enhancement of supply chain performance	Container and packaging integration	Logistics reform	Establishment of a direct trade system
Shortened inventory turnover time	Review of trade flows	Shortened processes Quality stabilization	Automated filling/ Inventory counting	Use of a sales support tool

6 Establishment of a supervisory division/ Visualization of the supply chain/KPI management

* Lead time

01

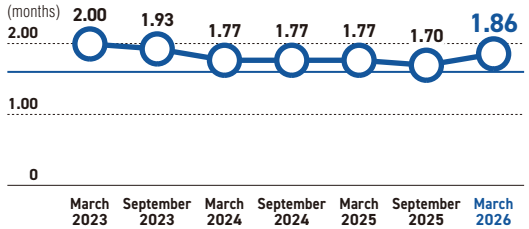
Order and demand planning

The starting point for business process transformation is the creation of order and demand plans. The order and demand planning section is responsible for implementing and supporting cross-departmental digital transformation to improve company-wide operational efficiency, from procurement to sales, to visualize the overall supply chain and achieve KPI management.

Aiming to optimize inventory, we have introduced an automatic alert system for overproduction and stockout as well as an inventory optimization tool, making it possible to efficiently manage inventory information in a centralized manner. This has led to a significant decrease in long-term inventory, with cash flow improving by about 2.0 billion yen over three years up to the end of FY2025. We will set the optimal inventory level for each product in the inventory optimization tool to automatically generate production volume recommendations. We will also systemize production planning methods to eliminate dependency on individuals and prevent excess inventory and stockout.

Inventory turnover period*

2.00months ⇒ 1.86months



* 6-month average change

02

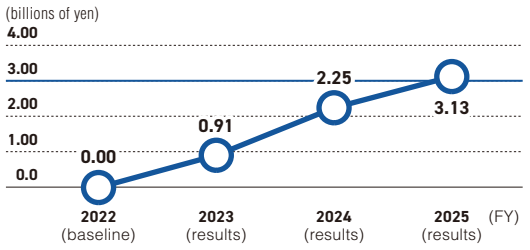
Procurement

The procurement section is promoting operational reform to achieve stable and competitive raw material procurement. First, we have established a system to strengthen collaboration with business divisions, positioning “planning a raw material procurement strategy and ensuring sourcing (research and negotiation)” as our most important mission. Under this new system, we are optimizing and strengthening the supply chain. To introduce competitively priced raw materials, we are proactively adopting them by incorporating R&D and engineering perspectives, including changes to manufacturing formulations and installation of receiving tanks.

Among the raw materials used in important products, those with a high likelihood of supply-related risks are positioned as strategic raw materials from the perspective of business continuity, and we are promoting the diversification of suppliers. We have also established the ratio of imported materials as a new indicator and are working to reduce raw material costs. As a result, over the three years through the end of FY2025, we achieved cost reductions of 3.13 billion yen against a target of 3.0 billion yen, exceeding the plan.

Reducing the cost of raw materials

3.13billion yen



Supply Chain Management

03

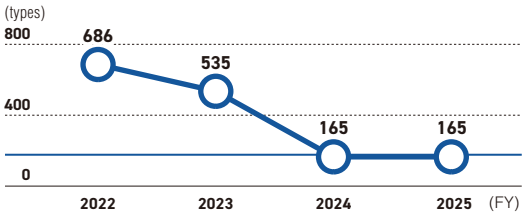
Production

We are shortening production lead times and reducing inventory by integrating containers. We are also deepening dialogue and collaboration with research sections and the Monozukuri Innovation Center regarding changes in raw materials and facility updates to create a plant that can produce products with stable quality through safe and effortless operations.

Until recently, there were about 3,000 types of products and many container standards, and their combination led to extremely complex inventory management, resulting in inventory wastage. To eliminate this wastage and improve cash flow, we promoted the integration of containers and packaging. The 686 types of containers as of the end of FY2022 were reduced to 165 types as of the end of FY2024, achieving our FY2025 target of 177 types ahead of schedule. As a result, the cumulative cost reduction over the three-year period reached approximately 22.6 million yen.

Reduction in the number of container types for products*

686types ⇒ 165types



* The target was achieved by the end of March 2024, when the number of container types was reduced to 165.

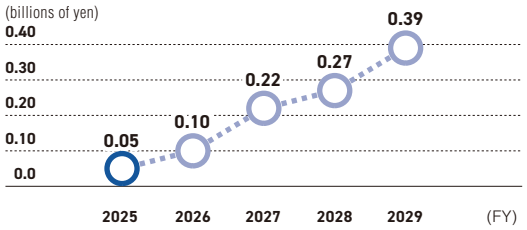
04

Logistics

Our basic policy on organizational design in logistics reform is to cut logistics costs through thorough efficiency improvements and to respond quickly to customer requests by shortening delivery lead times, on top of achieving sustainable logistics for the future. By outsourcing logistics operations to a logistics company with specialized knowledge, we have systematically improved logistics efficiency, as required by the government's "Policy Package for Logistics Innovation." We have also created a system to deliver "what is needed, where needed, at the needed time, and in the needed amount" by reviewing inventory locations according to shipping frequency and by establishing logistics plans that take into account loading efficiency. As a result of these initiatives, logistics cost reductions in FY2025 reached approximately 52 million yen against a planned target of 30 million yen, achieving results that exceeded the plan.

Cumulative cost reduction in logistics

0.39billion yen(target)



05

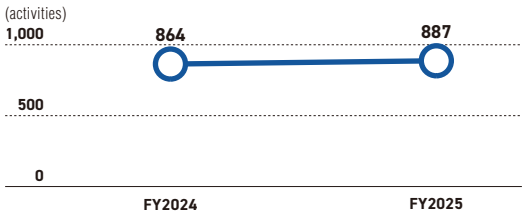
Marketing

The sales section promotes the improvement of operational efficiency and the expansion and diversification of sales channels. By introducing a sales support tool, we have established a system that allows us to respond quickly to diversifying customer needs. We also invest resources in expanding our sales channels as we improve operational efficiency.

In the sales section, by using a sales support tool called CRM (Customer Relationship Management), customer information can be centrally managed, enabling faster customer responses and creating a system that allows employees to focus on dialogue with customers that leads to product development and innovation. As a result, the number of new customer and application development activities for existing products increased from 864 in FY2024 to 887 in FY2025.

Number of new customer and application development activities for existing products

864 ⇒ 887



Message from the Executive Officer, Head of R&D

Turning challenges into value through a market-out approach



Senior Managing Executive Officer, Head of R&D, and Head of the Research Laboratory

Yuichi Fujii

Promoting R&D with VALUES as action principles

Our new VISION, “Become an ‘Indispensable Company’ that creates innovation at interfaces,” is an expression of our strong determination to leverage the interface control technology cultivated over more than a century of continuous R&D and to become an entity recognized by customers and society as one that is truly indispensable. The R&D section will fulfill its responsibility as the core driver for realizing this VISION.

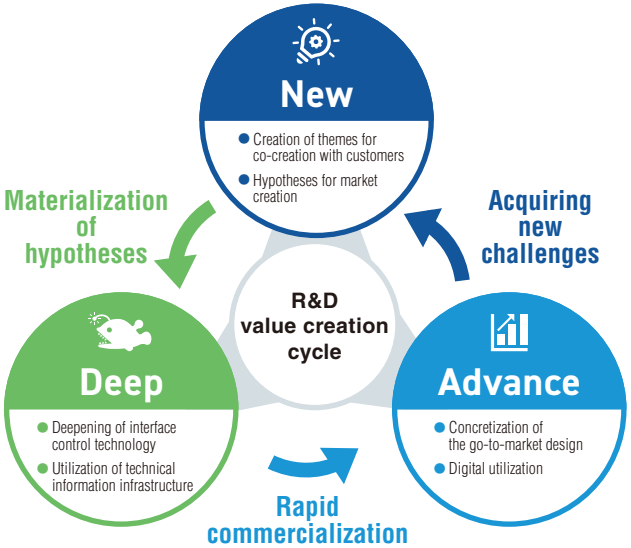
The environment surrounding R&D is changing at an unprecedented speed, driven by growing demands for sustainability, supply chain restructuring, and the rapid advancement of digital technologies, including generative AI. In this era of uncertainty, what we rely on are our three VALUES, which were updated alongside our VISION. These serve as the action principles for each individual researcher and form the criteria for judgment in everything from theme selection to daily experiments and customer dialogues.

Contributing to value creation by rapidly driving the “R&D Value Creation Cycle”

In a highly competitive market, sustainable growth cannot be achieved simply by responding to customer requests. In such an environment, we are promoting a “market-out” approach. Researchers themselves present challenges and value that customers have not yet noticed, co-creating new value one step ahead together with customers. Naturally, as the bedrock supporting our business, we will also continue “market-in” initiatives that address already apparent needs by utilizing the IP landscape* and other tools. By strengthening our foundation through market-in while generating growth through market-out, we will drive R&D forward with both approaches working in tandem. However, failure is an inherent part of new R&D topics. That is why we will work with customers to accelerate our R&D value creation cycle, built around three elements: anticipating needs and creating new themes; deepening technologies by combining our existing technologies and data; and advancing them toward market launch through the use of digital technologies. By building a robust pipeline of high-quality themes, we will steadily translate R&D into value creation.

Our entire R&D organization will work as one to turn challenges into value and live up to the expectations of all our stakeholders.

R&D Value Creation Cycle



* IP landscape: A coined term derived from “intellectual property” and “landscape”

R&D / Intellectual Property

Promptly meeting diverse customer needs with NeeSeeds-Oriented approach

The “NeeSeeds-Oriented approach” is our unique term that describes the approach of combining a technique developed to meet a specific need with another technique to create new seed technology for new products. By taking this approach in a chain reaction manner, we will develop highly original products in new business fields.

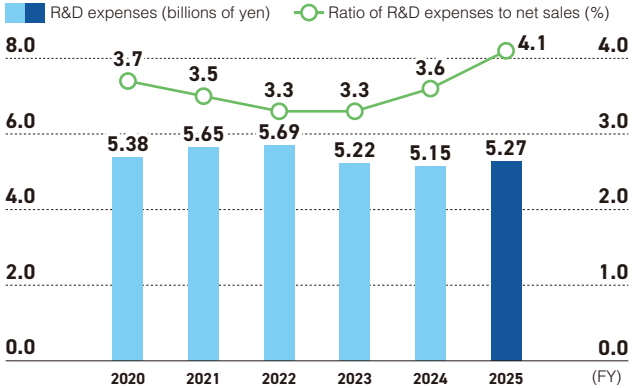
In recent explorations of new business ventures in the healthcare and ICT fields, we have placed special focus on this approach on open-innovation and alliances with other companies.

Promoting a market-out approach

Sanyo Chemical is advancing its transformation as an R&D-oriented company and will further promote a market-out approach. Rather than simply “listening” to customer needs, we will propose future challenges from a technology-driven perspective and leverage DX to improve the accuracy of our foresight. Starting from customers’ challenges and future visions, we optimally design our proprietary technologies and propose and implement them in a form that can be seamlessly incorporated into roadmaps for next-generation products. Through value creation and delivery, we will grow together with our customers.

R&D expenses / Ratio of R&D expenses to net sales

Nearly 4% of sales are invested in R&D annually.



Measures to foster motivation

We have various measures to keep individual researchers highly motivated and active, such as the challenge system, the commendation system, and opportunities for technology fusion and human resource development. Researchers can take on appropriate challenges at any time and gain successful experience with support from others.

Commendation system established for each phase of R&D

The commendation system for R&D sets up awards for each development phase. They include the Inventor of The Year Award (best invention), which is granted to a patent application selected at the research stage, and the Best R&D Award, which evaluates the quality of R&D at the development stage. After commercialization, there are the Future Product Commercialization Award, which recognizes the results of commercializing new products, and the Best RU Award, which recognizes the improvement in profitability of a product. This system enables us to properly evaluate the efforts and results at each R&D stage, thereby increasing the motivation of engineers and researchers and promoting continuous innovation.

Using intellectual property information in R&D

In terms of intellectual property activities, we have developed highly unique products and ensured their reliability by patenting developed technologies, building a patent network to increase the technological advantage and improve profitability, and avoiding infringement of other companies’ intellectual property rights.

We are promoting analysis that integrates intellectual property information with market information to strengthen strategic planning for R&D. By comprehensively viewing patent and technology trends together with market trends and customer needs, we re-visualize the strengths of our proprietary technologies and their social value. By introducing a new AI-based analytical approach to this framework, we have built a mechanism that can accurately analyze vast amounts of patent information and market data in a short time and discover unexpected technology fields and new applications.

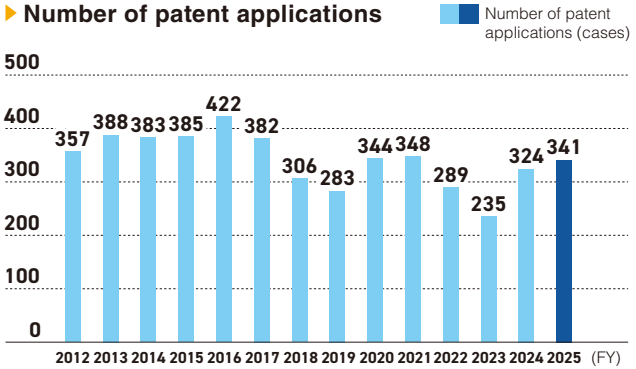
By combining intellectual property information with market information, we identify untapped applications and opportunities for technology integration and, through repeated discussions with business divisions, accelerate the identification of next-generation themes to pursue and the creation of innovation.

We also use AI-powered natural-language summarization and topic extraction features to organize and share large volumes of research results with business divisions in an easy-to-understand manner, narrowing the gap between technology and the market and supporting decision-making at development sites. Going forward, we will further strengthen both original technology development and business creation, based on integrated analysis that combines intellectual property data and market insights using AI.

Patent education system for each level

In FY2024, we conducted patent education at each employee level, aiming to improve their intellectual property literacy and mindset and strengthen their practical skills. As a result of implementing gradual training for researchers, from those with little experience to those in charge of practical work, setting application targets, and engaging in intellectual property activities, the number of domestic patent applications filed in FY2025 reached 341, with a wide range of applications made across various segments.

Number of patent applications



Digital Utilization Strategy

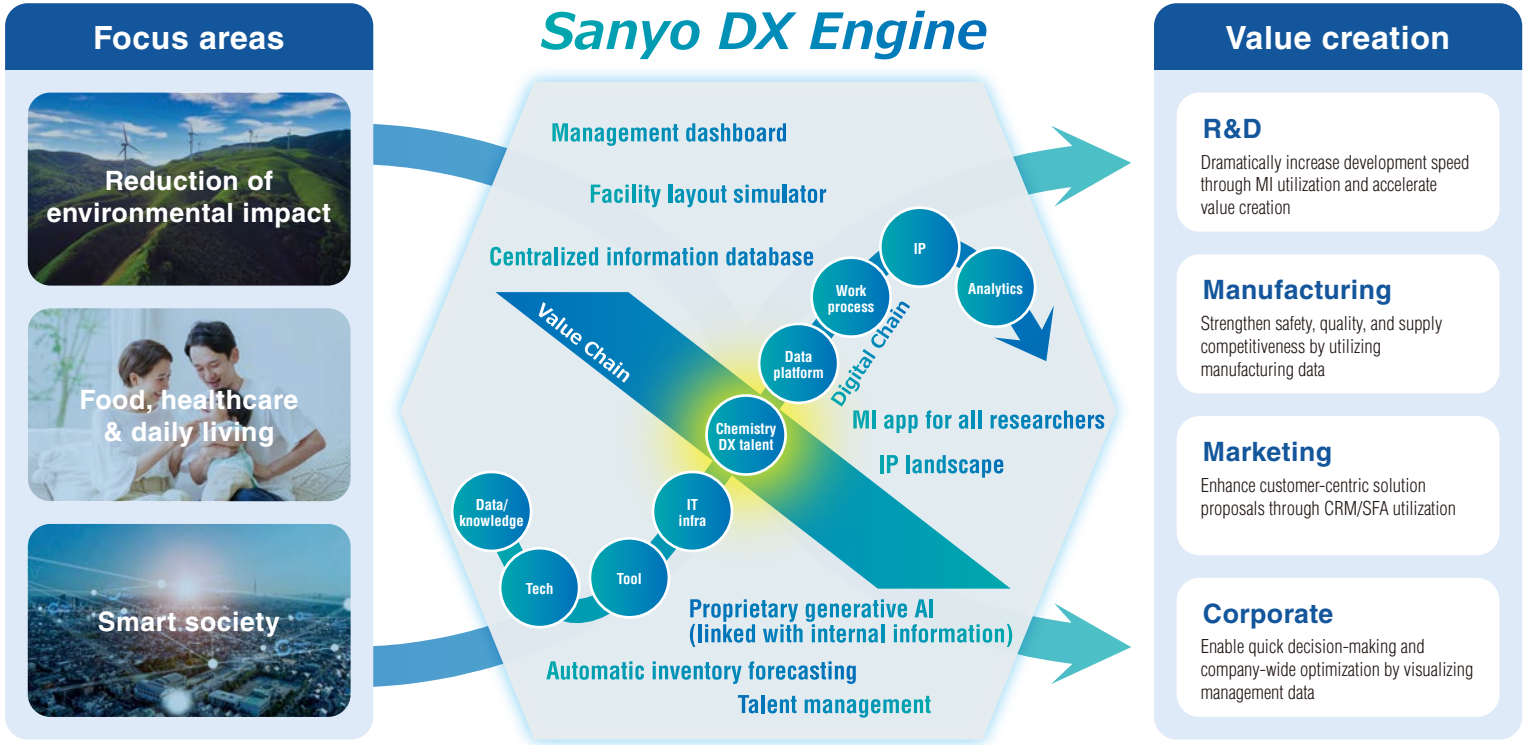
At the Sanyo Chemical Group, we actively promote digital utilization to improve the speed and reproducibility of our value creation cycle (research, development, decision-making, customer proposals, etc.), spanning from R&D to manufacturing, marketing, and corporate functions.

The Sanyo Chemical Group defines DX as initiatives that connect internal knowledge and data across departments, from research and production to sales and corporate functions, to expand the value we deliver to customers and society and accelerate corporate value creation. To this end, we utilize digital technologies such as generative AI linked with internal information and data platforms.

Examples of DX

R&D: Accelerate development through the use of MI (materials informatics) app for all researchers, and formulate strategies efficiently through IP landscaping
Supply chain management: Formulate efficient production plans using automated inventory forecasting
Production facility reform: Study optimal production facility layouts using a facility layout simulator

Create value at rapid speed through Sanyo Chemical's in-house-developed algorithms



Message from the Executive Officer in Charge of Digital strategy

Takeshi Furuta Executive Officer and General Manager of Strategic Business Development Division

Since July 2026, Sanyo Chemical has integrated its DX promotion and business development functions under the corporate strategy section, establishing a structure that consistently drives new business creation from strategy through implementation, with DX as the driver of company-wide growth. To date, we have worked to establish the use of digital technologies, including generative AI, and data throughout the Company, building a foundation for advancing on-site decision-making and execution on a digital-first basis.

New business development is one of the areas of our initiatives with the highest level of uncertainty and the greatest need for speed. In this area, we will make even more thorough use of digital technologies and data, refine our DX capabilities, maximize the speed of the value creation cycle, and improve both the probability of success and the speed of business launch. We will then roll out the methodologies gained through these initiatives across the Company, leading to the creation of even greater value.

R&D Case Studies



Informatics Promotion Group, Digital Transformation Department
Yuki Matsuda

Intellectual Property Group, Techno Research Department
Chigusa Kawakami

Analysis Technology Group, Techno Research Department
Tokiko Okamoto

Performance Polymer Division, Research & Development Department
Kenyu Yoshida

Task force-centered utilization of DX to accelerate value creation

— Enhancing the functionality of biodiesel fuel additive in just two weeks —

Accelerating value creation by combining surfactant technologies and DX

At Sanyo Chemical, under the banner of the Sanyo DX Engine, we are leveraging digital technologies across a wide range of fields to accelerate our new value creation. This is not the name of a specific IT system (such as ERP system or generative AI), but a company-wide integrated framework that connects data, business processes, and decision-making across research, development, production, quality, SCM, sales, and other functions. Particularly in the field of R&D, by combining digital technologies with one of our strengths of interface control technology, we are evolving R&D, which previously relied heavily on experience and intuition, into a data-driven approach, to deliver value to customers even more quickly.

One of our iconic initiatives in this area has been our improvement of NEOPROVER, an additive for biodiesel fuel. In this report, we introduce a project in which representatives formed a task force to tackle problem-solving in a short period of time in an intensive manner, led by the Research & Development Department of the Performance Polymer Division, which is responsible for the R&D of lubricant additives, etc., along with the Informatics Promotion Group, which promotes DX through data utilization, the Analytical Technology Group, which handles analysis and evaluation in R&D, and the Intellectual Property Group, which is in charge of patent searches and IP management. We look back on how team members with different specializations joined their respective insights with digital technologies, engaging in intensive discussions over a two-week period that ultimately led to solving the problem. This report introduces the process through the words of the four members involved in the project.

What is NEOPROVER additive for biodiesel fuel?

Biodiesel fuel is expected to contribute to achieving carbon neutrality as a fuel that can utilize renewable resources, such as plant-derived materials. On the other hand, this fuel is more likely than conventional diesel fuel to harden in cold environments, presenting the challenge of causing filter and pump clogging. Therefore, to expand its adoption, it is important to improve its cold flowability

R&D Case Studies

so that it is less prone to hardening at low temperatures.

In fact, the Group received specific requests from customers asking to "lower the cold filter plugging point by another 1–2°C." To address such challenges, NEOPROVER, an enhanced cold flow improver, was developed through the efforts of a task force described below.

NEOPROVER lowers the temperature at which fuel clogging occurs, enabling stable fuel usage even in cold environments. As a result, biodiesel fuel is expected to be utilized in environments where its use was previously difficult, such as construction machinery, agricultural machinery, and airport snow plows operating in cold regions. Expanding the range of application scenarios will also help drive the realization of a decarbonized society.

Research, analysis, intellectual property, and DX promotion worked together intensively, producing results in just two weeks

In this project, an interdepartmental task force team was assembled, comprising members with diverse expertise including DX promotion, analysis, and intellectual property. It is a framework for working intensively over a short period to solve problems across departmental boundaries.

First, at a kick-off meeting, all members shared the issues and determined the division of roles leveraging their respective expertise. The intellectual property representative used AI to investigate research papers and patents. She organized the direction and priorities of technical approaches as well as relevant patents held by other companies, providing information to be used as a starting point for experiments. Meanwhile, the research representative utilized that information to establish the direction of the experiments. Then, the analysis representative used AI to analyze images of crystals obtained from the experiments, visualizing the features of crystals, which were previously evaluated visually, as numerical data. The DX promotion representative analyzed the data to derive the experimental conditions that should be tested next.



The key point was that, rather than each member pursuing tasks independently, they ran a continuous cycle spanning from preliminary research to experimentation, analysis, and the deliberations regarding the approach to take in subsequent experiments. As soon as experimental results were obtained, they were immediately shared with the analysis representative. She analyzed the analytical results together with the DX representative and provided feedback on which conditions to test next to the Research & Development Department on the very same day. By accelerating this cycle, we achieved research results that met the target levels in just two weeks. "When I consulted the analysis representative with the experimental results, they would coordinate with the DX expert to immediately analyze them, and I would get feedback about what kinds of conditions to apply in the next experiment, all on the same day. We were able to shorten the problem-solving process, which previously took one to two months, and I found the approach highly effective," says the research representative.

Massive acceleration through digital technologies and discovering "new perspectives"

The goal of the task force was to enhance the overall speed of R&D by leveraging digital technologies.

The first area that they sped up was preliminary research. By utilizing AI, we massively improved the efficiency of the collection and organization of vast amounts of research papers and patent information, which was previously checked manually one by one. "The use of AI in research has become so commonplace that it would seem unusual not to use it now. In the past, research alone took several days to a week, but now information can be organized in a matter of hours," says the IP representative.



On the other hand, this does not mean using the AI results as-is. Regarding the extracted information, team members personally verify the contents and judge their importance and validity based on their own expertise. This division of roles leads to achieving both speed and quality.

Digital technology also proved tremendously effective in the analysis process. Crystal images, which were previously evaluated through human observation, were analyzed using AI. This enabled the creation of numerical data on the sizes, shapes, and other properties of the crystals from a large pool of images. It even made it possible to determine trends, which can be hard to identify through visual observation, while also significantly shortening analysis times.

As the analysis representative puts it, "By using AI to process the images, we were able to automatically produce numerical data. The time required for this process was reduced to one-tenth or less. Not only that, we were also able to derive new evaluation indicators that we would not have arrived at in the past." The DX expert, who collaborated in the analysis, added, "Introducing AI enabled us to use many parameters we otherwise would not have noticed. It provided new perspectives that assisted us in our functionality improvements, which was a major benefit." The value brought by digital utilization goes beyond a mere reduction in work time. They also made it possible to see phenomena that previously had been difficult to see and generated new perspectives. This led to new technical breakthroughs, and ultimately accelerated the entire R&D process.

We view this initiative as one that was made possible

R&D Case Studies

precisely because of the foundation of interface control technology that our Group has developed through the years. In fact, the DX representative noted, “We were able to arrive at new insights because our Research & Development Department expert shared key numerical points with the personnel with a chemicals background, and they used their insights to analyze the parameters output by the AI. There were many things we would not have noticed without that sharing.” Interpreting the results generated by AI through human chemical knowledge and connecting them to new discoveries. This cycle is the key to maximizing the value of digital technologies, and it represents “DX” within our Group.

Collaboration centered on DX revealed a new organizational model for R&D

The value generated by this project was not limited to enhancing the functions of our products. The experience we accrued by having our intellectual property, analysis, and R&D sections work together as one, centered on DX, also served as a foothold for improving interdepartmental cooperation itself. “The task force showed us a new way to coordinate and work together,” said the DX representative. “Going forward, we are not going to be bound by the framework of a task force, but instead naturally coordinate between intellectual property, analysis, and DX depending on the theme.” The representative from the Research & Development Department added, “Working intensively with people in other departments through the task force, in that short period of time, was so stimulating that it made me realize that I needed to do my best in conducting experiments, too.” DX is beginning to function not only as an accelerator for value creation, but also as the core of collaboration connecting departments, including their mindsets. It can be said that what was gained this time was not just enhanced product performance, but a cross-organizational model centered on DX.



Issues that need to be addressed to achieve even greater speeds

While DX enables speed-ups, several challenges that must be overcome to further enhance its effectiveness have also come into view.

The first is raising the baseline of digital utilization skills. The issue lies in the emerging gap between those who use AI on a daily basis and those who are not yet fully utilizing it. “I am concerned about the polarization between those who are accustomed to using AI and those who do not. I think it is important to share more about its convenience, speed, and precautions so that everyone can work efficiently,” says the IP representative.

On the other hand, as AI becomes more advanced, what becomes increasingly important is not what AI derives, but instead how people interpret those results and how they use them to take the next step. As the DX representative explains, “Thanks to AI, work can be performed faster, but that also means that decisions need to be made more often.” AI can process vast amounts of data at high speed and present new evaluation metrics and perspectives. However, only humans can determine what those results mean and make decisions about how to leverage them in future experiments. In those situations, foundational knowledge regarding products and chemistry is indispensable. In this project as well, combining the experience and insight of researchers with the data analysis capabilities of each team member generated new evaluation criteria, leading to technological breakthroughs. As DX evolves, the importance of human expertise and decision-making capabilities actually increases.

This is precisely why, in the Sanyo DX Engine, human resources are placed at the center as “a company-wide integrated digital chain implemented by chemistry-oriented DX talent.” DX is not simply digitization; it is an engine that accelerates the evolution of interface control technology.

Furthermore, for AI to be used in this way also requires a high quality data platform for the AI to reference. Research data and product data must be centrally managed and kept in a state that allows them to be used by anyone. In the Group, we have long established the Sanyo Data Hub as a data infrastructure, advancing efforts to accumulate research data in a user-friendly manner. It is precisely because of such an infrastructure that an environment is in place to leverage AI in R&D. This project has reaffirmed us that maintaining and improving our database is an ongoing task.

Using DX to create “living data” and to drive new value creation

The value of DX is not in data analysis itself, but in leveraging the results in operations and applying them to product development. Reviewing experimental conditions based on data obtained through image analysis, re-analyzing those results, and feeding them into the next experiment. By repeating this cycle at high speed, we were able to elevate the data into “living data” that drives functional enhancement. As reflected in the comment from the DX representative, “I was happy to see how analysis results ultimately led to greater customer value,” establishing a framework to speedily deliver new value to customers by combining respective expertise with digital technology is a major takeaway. Going forward, we will continue to combine our interface control technology with DX to take on the challenge of even faster, even larger-scale value creation.



Message from the Executive Officer, Head of Human Resources

Accelerating transformation and enhancing corporate value through investment in human resources



Director,
Managing Executive Officer,
Head of Corporate Ethics and
General Affairs

Kenichi Nishimura

Achievements and challenges under the previous medium-term management plan

Under the previous medium-term management plan, guided by our HR Philosophy of “Respect diversity and collaboration” and our HR Policy of “Creating an environment in which individual abilities can be maximized,” we steadily built the foundations needed to put our HR systems in place. For example, we unified our employee grade system to create an environment in which everyone can contribute regardless of career track, and introduced an internal multiple role system that allows employees to take on work in areas that interest them. We also began operating an organizational evaluation system designed to maximize organizational performance by assessing both the degree to which organizational targets are achieved and the actions taken to achieve them.

While these efforts have produced solid results in terms of system design, practical challenges have also emerged, including the complexity of some of the systems. Therefore, going forward, we will listen more closely to feedback from the workplace and continue evolving these systems to make them more effective in practice.

Human resources are the cornerstone of a stronger management foundation

The Medium-Term Management Plan 2030 is built around three basic policies: a Growth Strategy focused on areas such as expanding healthcare and developing new high value-added products; Structural Reforms to improve productivity on both the “soft” and “hard” sides; and Strengthening the Management Foundation to accelerate transformation through digital utilization, human resources, and R&D. Human resources are particularly critical to strengthening this management foundation. What we need is not only deeper expertise, but also the ability to connect value across organization and translate transformation into actual operations. We will steadily implement concrete measures to strengthen these capabilities as a core element of our Human Resource Strategy.

At the core of the Human Resource Strategy under the new MTP is the idea that “every employee takes ownership of strategy execution and continues taking on challenges to deliver indispensable value.” While maintaining our HR Philosophy and HR Policy as our core principles, we will put the spotlight on every employee and encourage self-directed challenges based on the idea that “every department is a profit center.” To realize this, we will pursue two strategies: “Transforming the human resources portfolio” and “Creating an environment that rewards proactive challenges.” Specifically, our measures will focus on three areas of recruitment, development, and evaluation. In recruitment, we will diversify our recruitment channels and methods to accelerate the shift of resources toward growth areas. In development, we will promote the visualization of human resources through data utilization, discover hidden talent through internal job postings, and conduct effective, multifaceted training. In evaluation, we aim to realize an evaluation and compensation system that enhances perceived fairness and differentiation from the perspectives of both results and behavior. We will implement these measures systematically and with a strong sense of speed.

Accelerating transformation through strategic investment in human resources

Expenditure on human resources is not simply a defensive cost. It is a strategic investment that will accelerate transformation, ensure steady execution of the strategies set out in the new MTP, and drive sustainable growth and higher corporate value for the Group. We will continue to allocate resources strategically and efficiently.

Human Resource Strategy

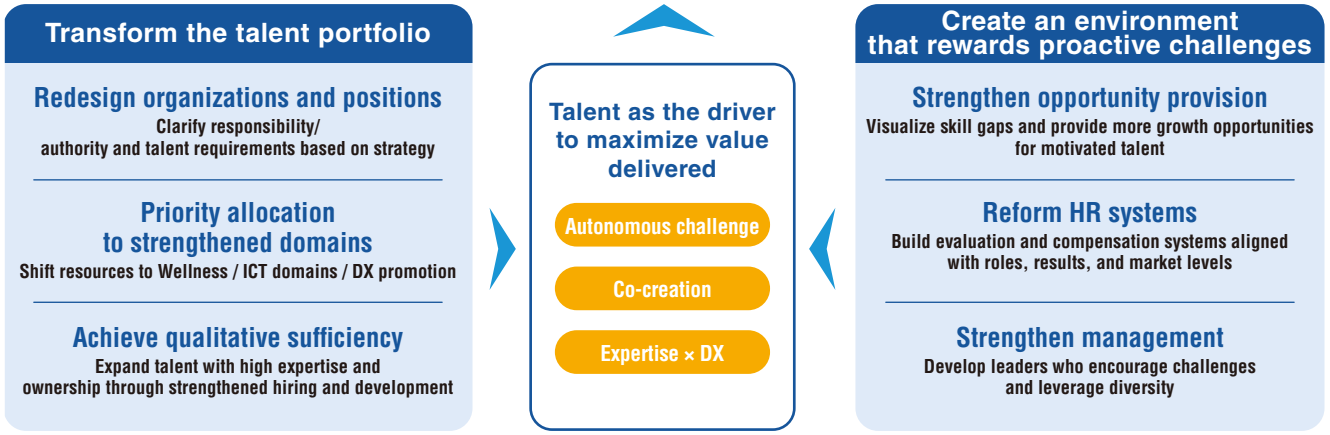
The Sanyo Chemical Group positions human capital as one of its most important management foundations as it works to realize its long-term aspiration of "becoming an 'Indispensable Company' that creates innovation at interfaces." To steadily execute our Growth Strategy, Structural Reforms, Digital Utilization Strategy, and R&D Strategy and continue creating value in a rapidly changing business environment, we believe it is essential for every employee to take ownership of strategy execution, continue taking on challenges to deliver indispensable value, and collaborate across organizational boundaries.

Accordingly, under the Medium-Term Management Plan 2030, with DEI × One Team as a core concept, we will strengthen the foundation for co-creating value by enabling human resources with diverse knowledge and experience to leverage their differences. At the same time, we position the development and empowerment of human resources who will drive the maximization of the value we deliver as a key initiative. We will focus on transforming our human resources portfolio and creating an environment that rewards proactive challenges, with the aim of strengthening autonomous challenge, co-creation, and Expertise × DX.

HR Development Policy

Upholding "people-oriented management," the Group has established a system that allows everyone to take on challenges independently, aiming to be a company where each employee can grow with the Company and feel job satisfaction and happiness. Going forward, through WakuWaku Management, a further evolution of our "people-oriented management," we aim to put the spotlight on every employee and create a state in which everyone promotes transformation with excitement. Based on this, our human resources development policies are "Enable everyone to play an active role" and "Create an environment where leaders (successors) grow naturally."

All employees continue to take on challenges to provide indispensable value, as the parties responsible for executing the strategy.



Key measures to enable every employee to play an active role

Ensuring that every employee can play an active role

To provide an environment in which all employees can play an active role regardless of their course, we unify the grade system from generalist and specialist positions to an associate position.

Supporting proactive challenges and independent learning

- We have systems such as the "Internal multiple role system," which allows employees to take on work in areas that interest them, "Awards from General Managers to encourage challenges," "Commendations from the president," "JET (Job Exchange Training)," and "Training retreats," all of which encourage employees to take on challenges proactively.
- We also prepare personnel data to enable rotation based on an individual's characteristics (putting the right person in the right position).

Organizational evaluation system

To maximize organizational performance, we have operated a system to evaluate organizations at the department level or above since FY2024.

Key measures for the development of an environment in which leaders (successors) grow naturally

- Hold regular HR development meetings to select future leadership candidates and discuss a leadership development plan.
- Provide selective training to leadership candidates, enabling them to view the Company from a management perspective and acquire the skills to formulate strategies. Individual development plans are formulated and implemented for training participants.
- We continuously provide career development training in order to identify young employees who envision their career paths and want to take on the challenge of becoming a leader.

WEB Human Resources (HR) Development ›

Sustainability and Trust

Sustainability

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Message from the Executive Officer, Head of Sustainability

Enhancing both social and economic value to achieve sustainable growth into the future



Director, Senior Managing Executive Officer, Head of Sustainability and Corporate Strategy

Hiroyuki Susaki

Promoting substantive and effective sustainability initiatives

Since our founding, the Group has conducted its business based on our Company Mission: “Establish a better society through our corporate activities.” Drawing on the chemical technologies we have cultivated over the years, we have developed a broad range of products that make society and people’s lives more comfortable and convenient, thereby contributing to the establishment of a better society. Our Basic Sustainability Policy clearly sets out our management stance of “aiming to achieve sustainable growth into the future by improving both economic and social value while collaborating with our stakeholders,” and we have continued to put this principle into practice.

Important sustainability issues are discussed by the Sustainable Management Committee, which reports directly to the Management Council. The Committee comprises the section executives responsible for each function as well as members appointed by the chairperson with diversity in mind, enabling highly specialized discussions and policy development. Particularly in the areas of environment, society, and governance, the Committee deliberates and decides policies and company-wide measures for addressing priority material issues and then translates those decisions into initiatives across the relevant departments.

As the term “greenwashing” illustrates, we must avoid placing so much emphasis on appearances, how our activities are presented externally or perceived from the outside, that we lose sight of their actual substance and effectiveness. At the same time, a company cannot survive if its environmental initiatives lack economic rationale. For that reason, our sustainability initiatives are never pursued for appearances alone. We consistently ask whether they are genuinely effective and substantive. The Sustainable Management Committee continuously evaluates and reviews our initiatives, and if any are found to be inappropriate or insufficient, we promptly correct course. We will also disclose our progress as appropriate.

Toward the realization of carbon neutrality

What I particularly want to emphasize in this message is that our efforts toward achieving carbon neutrality have now entered a new phase. Based on Japan’s national target, the Group had set a goal of reducing GHG emissions to 154,000 tons or less by FY2030, representing a 50% reduction from FY2013. Through measures including a review of our business portfolio and continued energy-saving initiatives, we achieved this target ahead of schedule.

We have therefore raised our ambition further, setting a new FY2030 target of 100,000 tons or less, a 68% reduction from FY2013. Over the years, the Group has steadily pursued energy conservation at its production sites, squeezing out further efficiencies even where little seemed left to gain. We will continue these efforts and further strengthen them as one of our distinctive capabilities. At the same time, however, achieving carbon neutrality by 2050 will require more than simply extending the initiatives we have pursued to date. To reach this goal, we will steadily advance measures including energy transition and greater energy efficiency, reviews of manufacturing processes, and the introduction of CCU. Where our own efforts alone are not enough, we will also consider using renewable electricity, non-fossil certificates, and carbon credits.

Through the broad range of products created with the proprietary technologies we have cultivated, the Group has contributed and will continue to contribute to the realization of a sustainable society. We hope our stakeholders will recognize that this also leads to sustainability of the Group itself.

Climate Change (response to TCFD recommendations)

In December 2021, the Sanyo Chemical Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are working to disclose information appropriately in accordance with the TCFD's four recommended disclosure items: governance, strategy (scenario analysis and product development), risk management, and metrics and targets. We will also evaluate the impact of climate change risks and opportunities on related financial indicators based on timeframe and reflect this in our corporate strategy.

Since FY2017, the Group has steadily reduced its CO_2 emissions based on government policy. By fulfilling our responsibility as a chemical manufacturer to develop products that reduce CO_2 emissions not only within the Group but across the supply chain, we will realize a sustainable society while enhancing our corporate value.

Governance

Climate change governance is embedded in sustainability governance. In FY2025, the Sustainable Management Committee met three times and reported on climate change initiatives twice.

Strategy

In formulating its climate change strategy, the Group conducts scenario analysis in line with the TCFD recommendations. In addition to the 1.5°C scenario, which realizes a transition to a decarbonized society, we have selected the 4°C scenario, which prioritizes global economic growth.

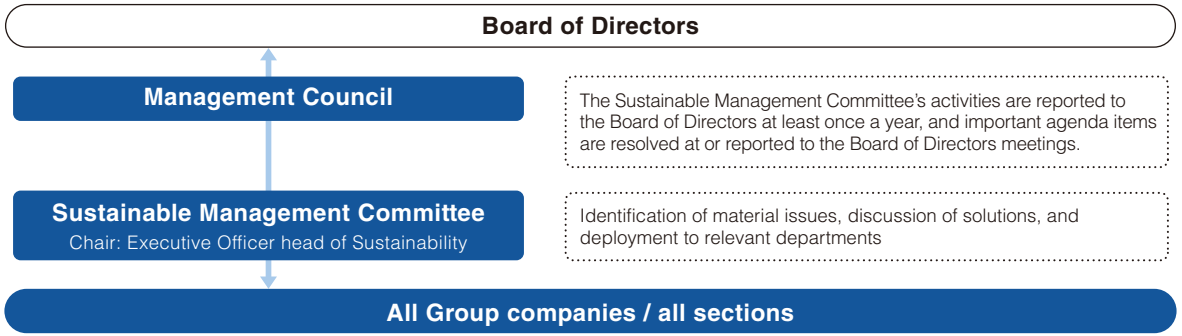
Based on the scenario analysis, we will consider the direction of product development and business activities and seek to resolve various climate-related issues.

Environment-contributing products for the two scenarios

Looking ahead to the two scenarios (1.5°C and 4°C), the Group is focusing on "eco-friendly products," defined as products and technologies that contribute to addressing social issues in any of the climate-related areas of "climate change," "reduction of environmental impact," or "resource circulation," in order to respond to the shift toward a decarbonized and circular society.

Specifically, we offer a diverse range of products, including lubricant additive that improve automobile fuel efficiency, toner resins that reduce power consumption during printing, dispersants for flue gas purification catalysts that efficiently break down and remove harmful substances from exhaust gases, and MOC-TEX, a high-performance textile made by upcycling domestic timber.

System and roles to promote response to TCFD recommendations



Anticipated world

World anticipated in the 1.5°C scenario	**Top priority placed on the realization of a decarbonized society, and implementation of an ambitious climate change policy** ● Significant increase in the carbon tax rate ● Prohibition of sales of internal combustion engine vehicles, widespread adoption of electric vehicles and fuel cell vehicles ● Decarbonization of energy and raw materials ● Mainstreaming of renewable energy ● Chemical production from recycled materials, biomass, and CO_2-derived raw materials ● Reduced frequency and impact of natural disasters due to abnormal weather
World anticipated in the 4°C scenario	**Top priority placed on fossil fuel-dependent economic growth with no additional climate change measures** ● Increasing demand for fossil energy and raw materials ● Active free trade and international investment ● Increasingly serious natural disasters due to abnormal weather

Climate Change (response to TCFD recommendations)

Risk management

We are considering the Group's response measures from various perspectives to the impact of climate change on risks and opportunities based on the scenarios. Since conducting scenario analysis in FY2022, we have continued to refine it, and in FY2025, we conducted a quantitative analysis to select risks and opportunities and assess their impact by taking into account the timeframe.

The assessment process is reviewed annually by each business division and affiliate. We have identified and comprehensively listed the risks and opportunities common to all businesses as well as those specific to each business. The timeframe refers to the timing when risks and opportunities have an impact, which is classified as long-term, medium-term, and short-term. The impact refers to the financial effect on profit, which is classified as high, intermediate, or low.

The risk management process is overseen primarily by the Sustainable Management Committee, which is linked to the Management Council. Specifically, the Sustainable Management Committee regularly provides guidance and advice on the quantitative analyses conducted by each business division and affiliate. The Management Council then monitors important issues, and resolutions are made by the Board of Directors as necessary.

Measures to address climate change-related risks and opportunities common to all businesses

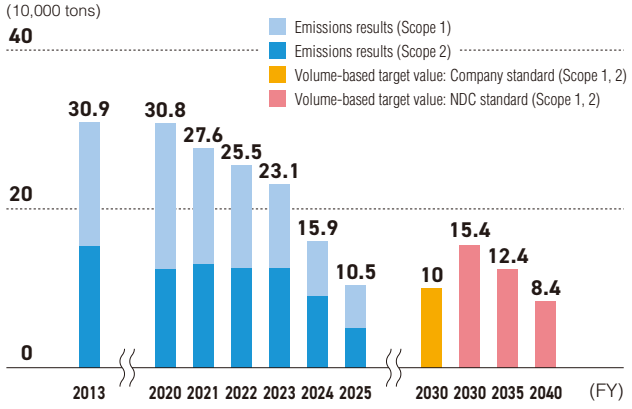
Scenario		Classification		Impact of climate change	Timeframe	Impact	Countermeasure
Risk	1.5°C	Policy regulation	Introduction and increase of carbon tax	Increase in energy procurement costs	Medium- to long-term	High	Introduction of cogeneration and solar power generation
			Energy-saving and low-carbon regulations	Obligation to use recycled materials	Medium- to long-term	Intermediate	Product development using recycled raw materials
			Policy	Loss of market share due to regulatory changes in export regions	Medium-term	High	Early regulatory response in cooperation with external organizations
				Relocation or withdrawal of production bases due to changes in national policy	Short-term	High	Review of production bases
		Technology	Environmental contribution	Increase in demand for recyclable products	Medium- to long-term	High	Product development using recycled materials
		Market	Market changes	Fragmentation of energy and raw material markets due to policy divergences among countries	Medium- to long-term	High	Risk assessment of market trends, related business diversification
			Changes in consumer behavior	Changes in demand for low-carbon products	Long-term	Small	Active communication with customers
		Reputation	Litigations	Environmental degradation caused by fossil fuels	Long-term	High	Use of biomass raw materials and clean energy
	4°C	Acute	Natural disasters (typhoons, heavy rain, etc.)	Supply chain disruption, damage to company bases	Short-, medium-, and long-term	High	Establishment of a BCP system (storm water measures, disaster prevention measures for buildings and facilities, multiple procurement of raw materials)
		Chronic	Natural disasters (droughts, rising temperatures, etc.)	Water intake restrictions due to droughts, etc.	Long-term	Small	Establishment of a BCP system (improved water efficiency)
Opportunity	1.5°C	Policy regulation	Energy-saving and low-carbon regulations	Increased investment costs for energy-saving equipment	Long-term	High	Improvement of production processes, consolidation of production facilities
		Technology	Environmental contribution	Expansion of ethical consumption driven by frugality	Medium-term	Intermediate	Product development using upcycled materials
		Market	Market changes	Potential for niche markets	Long-term	Small	Product development in collaboration with users
		Reputation	Industry criticism	Rising environmental awareness in the B-to-C market	Short-term	Small	Improved image through SDG initiatives Improved image by using RSPO-certified ingredients
			Litigations	Requirement for transparent disclosure of environmental information	Medium- to long-term	Small	Acquisition of credibility through appropriate disclosure of environmental information and use of external evaluation agencies
	4°C	Acute	Natural disasters (typhoons, heavy rain, etc.)	Increased demand for products during natural disasters and severe weather	Short-, medium-, and long-term	Small	Expansion of disaster prevention, environmental hygiene, and disaster recovery-related products
		Chronic	Natural disasters (droughts, rising temperatures, etc.)	Changes in lifestyles due to rising average temperatures	Short-, medium-, and long-term	Small	Expansion of comprehensive lifestyle-related products

(Note)The timeframe is classified as long-term, medium-term, or short-term based on the time until the risks and opportunities become apparent, taking into account the characteristics of the Group's business.
(Note)The impact assessment is based on the estimated monetary value, and is classified as high, intermediate, or low depending on the magnitude of the impact.
(Note)A list of risks and opportunities specific to each business is available at the following web link.

Metrics and targets

The Group has set various metrics and targets to address climate-related issues, targeting CO_2 emissions of 100,000 tons or less by FY2030 (a 68% reduction from FY2013) and net zero by 2050. As we now expect to achieve ahead of schedule the FY2030 target of reducing CO_2 emissions by 50% from FY2013 levels, which is aligned with Japan's NDC (Nationally Determined Contribution), we will aim for an even higher level of reduction. We have also set a sales target for environment-contributing products as a metric related to avoided emissions (reductions in CO_2 emissions downstream in the value chain). To vigorously advance Sustainability Management, one of the Group's management approaches, we are promoting the introduction of cogeneration and solar power generation as effective measures to reduce CO_2 emissions, while considering the future introduction of CCU (Carbon Dioxide Capture and Utilization) and green hydrogen.

CO_2 emissions by scope (Scope 1, Scope 2): Results and targets



(Note)Scope 1: Direct emissions from fuel combustion by businesses themselves
Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies

WEB Approach to Climate Change | Disclosure Based on TCFD Recommendations >

Work Style Reform/Health and Productivity Management

The Sanyo Chemical Group proactively implements measures to improve employees' ease of working and health, thereby enhancing productivity.

Work style reform

We promote work style reform from three perspectives: flexible work styles, business reforms, and the use of IT and AI. By offering diverse ways of working, we aim to create a work environment where every employee can produce results while feeling pride and fulfillment.

Work-life balance

Based on the concept of "work hard, rest well," we will promote an ideal work-life balance through flexible work styles. In addition to a weekly no-overtime day, refreshment leave, and memorial leave, we have systems such as hourly paid holiday system and a super flextime system with no core hours in place, supporting more flexible ways of working.

System	Contents
Telecommuting system	A telecommuting system for full-time employees (contract and temporary employees may apply at the discretion of their department head) with no restrictions on the reason or number of days of use (started in FY2019)
Annual paid vacation accumulation system (Expired paid vacation reserve system)	The number of days accumulated is five days/year (up to 40 days). Vacation leave can be taken on a full-day, half-day, or hourly basis (started in FY2018).
Super flextime system	A flextime system with no core hours that allows employees to voluntarily and systematically set their working hours (started in FY2015)
Hourly paid holiday system	A system of taking time off work in one-hour increments
Flexible leave system	A system that allows employees to take personal leave for up to two years, regardless of the reason (started in FY2019)
Work and childcare balance support system	Childcare leave can be taken until the child turns one year old (up to three years if there is a reason. Both men and women are paid for a total of 28 days from the start of the leave). Support includes childcare leave for both male and female employees, reduced work hours for childcare, shortened work hours, staggered work hours, and subsidies for babysitting and sick child care expenses.
Nursing care support system	A total of 365 days of nursing care leave can be taken (the legal limit is 93 days), and working hours can be reduced by two hours a day for nursing care (as required by law (started in FY2016)).
Internal multiple role system	A system that allows employees to take on their own challenges in parallel with their existing work (started in FY2021)

Employee engagement

We believe it is important to have an in-depth dialogue with the executives and other people in various positions in the organization to create an environment where employees feel job satisfaction and pride and have a strong desire to contribute to the Company while voluntarily demonstrating their abilities, and we provide many opportunities for such dialogue.

Measure	Contents
Dialogue with executives	The Dojo is a program in which an executive acts as the dojo owner, recruiting descendants (employees) and holding monthly meetings for six months to one year. Each Dojo has 6 to 8 participants (descendants), and dialogue topics (what the dojo owner wants to convey to employees) are left to his or her discretion. In FY2026, 12 Dojos will be opened. This program is expected to continue in the future. Moreover, monthly all-hands morning meetings, in which executives give talks to all employees, continue to be held.
Training retreats	A program in which business divisions or departments (10 to 30 people) discuss their organization's dreams and challenges over one to two days
Salon	A program in which managers and above act as Salon leaders, holding discussions with several employees about R&D, management, and other topics
Roundtable discussion	A place where opinions can be freely exchanged regardless of rank with the purpose of improving the quality of relationships between generations, thereby reducing the psychological distance between them

Health and productivity management

To enhance corporate value, it is essential that every employee be healthy. We promote health and productivity management based on the belief that working in good mental and physical health will create happiness for employees and their families, and contribute to the development of the Company.

Promotion system

The "Health Promotion Council," in which senior management including the President participates, deliberates and decides on policies and initiatives, while the "Health Promotion Teams," which include employees from each region, have been promoting awareness and penetration of health and productivity management among employees and implementing specific measures in their respective regions. In FY2025, we newly appointed an Executive Officer, Head of Health and Productivity Management, and the Company, the labor union, and the health insurance society work in unison to promote company-wide health initiatives.

Measures and indicators

In FY2020, we created a company-wide Health and Productivity Management Strategy Map Initiatives using an external consultant. The Health and Productivity Management Strategy Map Initiatives defines health investment measures for five health promotion areas—exercise, sleep, diet, drinking, and smoking—as well as evaluation indicators for verifying their effectiveness. To verify the effectiveness of health investment measures, we also measure "absenteeism*1," "presenteeism*2," and "work engagement*3."

We will implement health investment measures that improve productivity and job satisfaction, ultimately aiming to resolve management issues.

*1 A condition in which the employee cannot perform duties due to absence from work, leave of absence, or other reasons. Measured by the number of employees on sick leave who are absent for more than one month.
*2 A condition in which the employee is present at work but is not able to work sufficiently due to mental or physical health problems. Measured by the WHO Health and Labor Performance Questionnaire.
*3 A state of mind that is positive and full of accomplishment, vitality, enthusiasm, and immersion in one's work. Measured by a proprietary survey instrument using eight items that correlate well with the Utrecht Work Engagement Scale.

WEB Work Style Reform ›
WEB Health and Productivity Management ›

Diversity, Equity & Inclusion (DEI) / Human Rights

The Sanyo Chemical Group believes that diverse human resources can thrive only when there is a foundation of understanding every individual's human rights and recognizing their individuality and values. We promote DEI (Diversity, Equity & Inclusion), initiatives aimed at creating a work environment where everyone can thrive while respecting and recognizing all human rights and diverse values. By enabling diverse human resources to play active roles and create added value, we will contribute to the realization of a sustainable society.

DEI targets and results

Measure	Contents and items	Target value (deadline)	FY2025 results
Overall DEI promotion	Confirmation of various initiatives	D&I AWARD 2025 (highest rank certification)	Certified in FY2025
Empowerment of women	① Female manager ratio ② Female director ratio ③ Ratio of male childcare leave takers	① 6% or more (FYE2025) ② 30% or more (FYE2030) ③ 100% (FYE2025)	①5.6%*1 ②22.2%*1 ③102.5%*2
LGBTQ	Raise awareness internally and externally	PRIDE Index 2025 (Gold certification)	Certified in FY2025 (7th consecutive year)
People with disabilities	Employment rate	2.7% (FY2026)	2.51%*3
Employees with foreign nationality	Number of employees with foreign nationality	Hire at least two people each year	3 people

*1 As of March 31, 2026 *2 Calculated based on the provisions of the Law for the Promotion of Women's Activities *3 As of June 1, 2026

Promotion of women's empowerment

Since FY2014, the Group has promoted the Women's Empowerment as one of its corporate policies, shifting its focus from supporting continued employment to promoting women's empowerment. We have formulated an action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life, which came into effect in 2016, and are implementing a number of related initiatives. In FY2025, to increase the female managers ratio and other indicators, we have considered mechanisms and systems for company-wide discussions of training plans and rotation plans for female employees.

Harassment whistleblowing / consultation services

To make it easier for employees to seek advice regarding harassment and LGBTQ-related issues, we have set up consultation desks both inside and outside the Company, separate from the whistleblowing contact points.

We investigated the facts with the utmost care to ensure that whistleblowers would not be disadvantaged. When a problem was identified, we provided guidance and education/training to the persons involved.

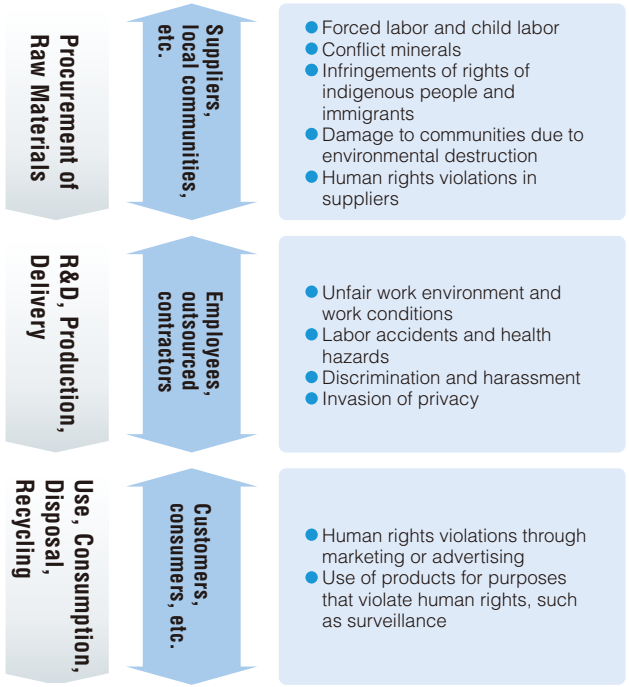
Human rights policy

In March 2023, the Group formulated its "Human Rights Policy." In the future, we will actively disclose information to reduce human rights risks both internally and externally, and promote initiatives such as human rights due diligence and the establishment of remedy mechanisms.

Consideration of human rights in the supply chain

Since FY2022, we have been conducting supplier questionnaires for key raw materials based on the "CSR/ Sustainable Procurement Self-Assessment Questionnaire" of the Global Compact Network Japan in an effort to identify serious human rights issues. In FY2025, we surveyed the top 150 raw material suppliers by procurement amount, excluding companies surveyed in FY2024. (Suppliers surveyed in FY2024 and FY2025 together accounted for 95% of total procurement value.) Through the survey and the feedback we received, we promoted understanding of respect for human rights across the supply chain.

Human rights issues in the supply chain



WEB Diversity, Equity & Inclusion (DEI) ›
WEB Respect for Human Rights ›

Occupational Safety and Health / Accident Prevention

We will give top priority to safety and accident prevention in all of our business activities. We will continue operating without accidents or injuries, contributing to the safety of society, and strive to protect the safety and health of all individuals engaged in work at our business sites, including employees and subcontractors, and to create a comfortable working environment.

Policy

Safety Philosophy

We place the highest priority on Safety and Compliance in all our business activities.

Safety Policy

Safety comes first.
Recognizing that safety is the foundation of our business activities, and with a strong determination to ensure that no one will be injured or will injure others, we will work on the following as our basic policy.

1. **Observance of basic safety rules**
2. **Execution of safety and health activities**
3. **Improvement of crisis management capabilities**

System

The Sanyo Chemical Group has established an Environment and Safety Department at each factory for occupational safety, health, and accident prevention at each of its production bases. The Environment and Safety Department and Safety Promotion Department direct and supervise all production bases, including research laboratories, the Head Office, branch offices, and sales and marketing offices. In case of an emergency, a local emergency task force will be established in the region where the emergency has occurred. Should other wide-area disaster such as a largescale earthquake occur, the Business Continuity (BC) Task Force will be set up at the Head Office to implement support and reconstruction activities on a company-wide level under the control of the General Manager of the Environment and Safety Headquarters designated by the President.

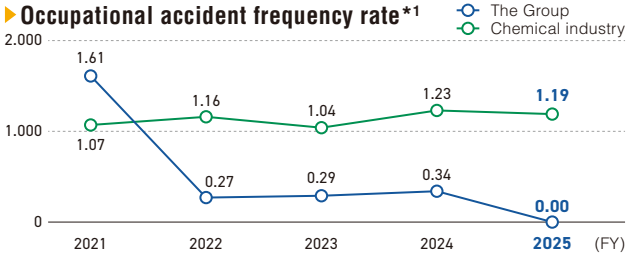
Status of labor accidents

To achieve zero labor accidents, the Group focuses on assessing risks, creating a workplace culture of caring for one another, implementing thorough recurrence prevention measures, and creating a safer workplace environment.

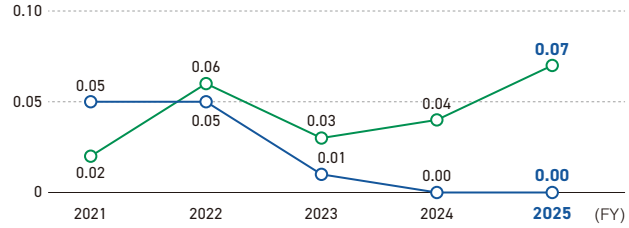
There were no serious accidents in FY2025. There were no lost-work injuries or non-lost-work injuries involving employees. Among dispatched workers and subcontractors, there were two lost-work injuries and one non-lost-work injury.

We investigated the causes of each accident and implemented measures to prevent recurrence, replicating them at Group companies both in Japan and overseas.

Occupational accident frequency rate*1



Occupational accident severity rate*2



*1 Frequency rate = (number of employees suffering lost-work injuries) ÷ (total working hours) × 1,000,000
This value indicates the generation frequency of accident victims (Group company employees) per 1 million hours.
*2 Severity rate = (labor lost days) ÷ (total working hours) × 1,000
This value indicates the severity of accidents per 1,000 working hours.

Risk assessment

The Group conducts systematic risk assessment of target chemical substances handled at its factories and research laboratories and takes all necessary risk mitigation measures.

In addition to conventional hardware measures and the establishment of rules, we continue initiatives to resolve safety issues in the production section with the help of external experts.

To strengthen risk assessment, we are making a long-term effort to develop human resources who can appropriately identify risks and plan mitigation measures, thereby improving safety at production sites.

In FY2025, we launched training for engineering sections to develop safety engineers who play a central role in process safety. We will continue to expand the target audience and provide risk assessment training.

Unusual situation handling training and emergency response

In accordance with the annual schedule, we repeatedly conduct training in cooperation with the local communities, such as emergency drills assuming contingencies including earthquakes, fires, leakages, and joint training with neighboring factories and local fire brigades.

To prevent the past serious occupational accidents from being forgotten, the “Company-wide Safety Day” was established (held every October), where various events related to safety such as emergency response drills, evacuation training, emergency notification training, safety patrols, and safety talks are conducted in each region both in Japan and overseas.

WEB Safety/Accident Prevention ›

Governance

Messages from Outside Directors

We present messages from five Outside Directors responsible for the governance of the Sanyo Chemical Group, regarding their initiatives in the Board Meetings and the issues to be addressed by the Group.

Deepening governance and enhancing corporate value



Outside Director, Chairperson of the Board of Directors

Aya Shirai

As Chairperson of the Board of Directors, I have strived to conduct Board Meetings to foster free and open discussions aimed at enhancing corporate value.

For the Medium-Term Management Plan 2030 formulated through such discussions, it is essential for the Board of Directors to monitor the progress of quantitative targets and responses to issues in a timely manner going forward. In particular, since the healthcare business featured in our growth strategy involves both large investment amounts and expected returns, I believe the Board of Directors must oversee it from diverse perspectives. In addition, while results have been achieved in improving production processes and logistics under Monozukuri Transformation, we highly value the fact that we have undertaken production facility reforms from a longer-term perspective. While consolidation and automation present many difficult challenges, it is necessary to see them through no matter what for the future of Sanyo Chemical, and we have high expectations for strong leadership and the underlying strength of “One Team.”

Furthermore, based on the effectiveness evaluation of the Board of Directors, we are currently considering the ideal structure of our Board of Directors. In promoting various key initiatives, we are also exchanging opinions at Board Meetings regarding what the roles the Outside Directors and Auditors should play. Including the future governance structure of the Company, we intend to deepen discussions on governance, such as accountability on the execution side and strengthening supervisory functions.

Supporting diversity and WakuWaku Management, further polishing the Group’s strengths



Outside Director

Hideaki Obata

Ever since I assumed the position of Outside Director, I have stated that if we focus more on cost reduction, we will become an even more profitable company. Perhaps as a result of that, the Monozukuri Transformation, an initiative aimed at improving productivity and reducing costs, was launched three years ago and has been delivering solid results. I am confident that if this initiative meshes well with new product development and other efforts, our business structure will become even stronger. Going forward, drawing on my experience outside the chemical industry, I will continue to provide advice on Monozukuri Transformation and supervise its progress.

Furthermore, the Company has taken advanced initiatives regarding empowerment of women and diversity. It is precisely these initiatives that form the foundation supporting the Company’s strength, where a combination of diverse businesses and synergies generate profits and growth. WakuWaku Management, proposed by former President Higuchi, is a management approach that aims to further reinforce our strengths on top of that foundation and generate profits. I agreed with this approach, and whenever I felt any wavering in our “foundation” or “WakuWaku,” I shared my honest opinions to support these efforts.

At the same time, even if an outstanding business emerges from among our diverse business portfolio, if the Company comes to rely solely on that one business, it will lose its vitality. Creating and nurturing diverse businesses through free and open discussions among diverse human resources is our strength for achieving sustainable growth. As an Outside Director, I intend to speak out and provide supervision to further polish these strengths and meet the expectations of stakeholders.

Messages from Outside Directors

Turning investment in human capital into future growth and earning power



Outside Director

Yumi Sano

The Sanyo Chemical Group is facing the need to respond to changes in the business environment and new growth opportunities. While investments in facilities and technology are naturally important, the growth of human resources and organizational strength are essential in order to leverage them and become an “Indispensable Company” that continues to be a partner to all stakeholders. Therefore, regarding human resource development and DEI promotion as a source of corporate value enhancement and an investment in future growth, and with an awareness of contributing to improving the quality of decision-making and innovation creation capabilities, I have strived to express concrete opinions at the Board of Directors and the Nomination and Compensation Committee meetings regarding management that leverages diverse human resources, the systematic development of next-generation leaders, and the creation of a corporate culture with high psychological safety and free of harassment as its prerequisite.

As an Outside Director, I focus less on the implementation status of human capital-related measures themselves and more on whether they are linked to business strategies and lead to future growth and enhanced corporate value. Going forward, through constructive dialogue with the executive management at the Board Meetings and other forums, I will examine whether investments in human capital contribute to improving capital efficiency and medium- to long-term profitability, how priorities are set between shareholder returns and investments in intangible assets including employees, and whether a human resource foundation for driving growth businesses is being established. Through this dialogue, I will contribute to maximizing the potential of our people and organization and realizing a virtuous cycle that leads to future growth capabilities and profitability.

Promoting growth through monitoring and applying the brakes as appropriate



Outside Director

Hiroshi Tominaga

What I always keep in mind as an Outside Director is to support the management team so that they can make the Company grow by applying the perspective of external stakeholders, while at the same time appropriately applying the brakes on events that could threaten the existence of the Company.

In formulating the newly announced medium-term management plan, the officers and management team shared a common perspective of “unique to Sanyo Chemical, precisely because it is Sanyo Chemical.” With that as their foundation, everyone was able to engage in discussions on areas to expand and areas to downsize, as well as freely discuss important points to note when doing so. I believe this process has positioned the plan as a compass for our future management. Going forward, I hope to contribute to the realization of the plan by monitoring its execution status and supporting its implementation.

Sanyo Chemical possesses many strengths that are “unique to Sanyo Chemical.” In addition, structural reforms to strengthen our management foundation have been well planned and are currently being put into action. I expect the current executive management team to thoroughly see these structural reforms through to completion, to build on Sanyo Chemical’s strengths and its market positioning after objectively assessing them, and to prepare for major issues that it might face during the implementation phase. Drawing on my experience of setting major directions and executing them in corporate management, I intend to contribute to the further development of Sanyo Chemical by providing advice to the management team as an Outside Director.

Message from the New Outside Director



Outside Director **Junko Kubokawa**

After graduating from the faculty of pharmacy, I gained experience across a wide range of areas related to manufacturing (Monozukuri), including regulatory compliance, sales, corporate planning, SCM, and production at a global chemical company, engaging in business operations and corporate management. Emphasizing the creation of an environment where talent with diverse ideas can unleash their potential, I have promoted DEI in Japan and Asia, and continue to lead DEI activities as a director of a chamber of commerce in Japan.

Developing diverse human resources and having a workplace environment where insights and ideas lead to business are essential for the creation of innovation, which is one of the Company’s strengths. Leveraging my experience in corporate management, new business development, DEI, and other fields, I hope to walk hand-in-hand with our stakeholders to achieve sustainable growth as a company that establishes a better society under appropriate risk management and governance.

Corporate Governance

Based on the Company mission, “Establish a better society through our corporate activities,” the Sanyo Chemical Group will realize sustainable growth toward the future by enhancing both social and economic value in close cooperation with all stakeholders. To this end, we consider the establishment of corporate governance that is trusted by stakeholders to be one of the highest priority management issues.

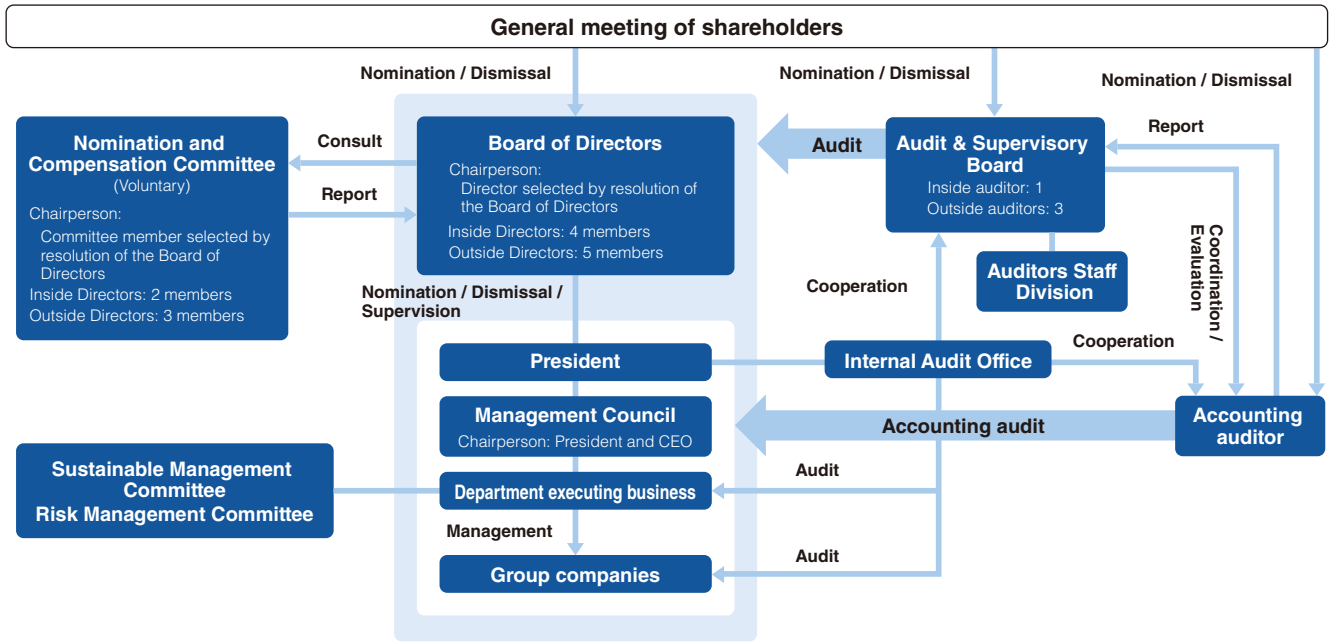
Corporate governance system

We are a company with an Audit & Supervisory Board. The Company has also introduced the executive officer system, under which executive officers execute business in accordance with the management policy, etc., determined at meetings of the Board of Directors. In this manner, the Company clearly separates the management decision-making and supervisory function from the business execution function.

Directors and the Board of Directors

The term of office of directors is one year. To strengthen the management supervisory functions, four out of the nine company’s directors are independent outside directors; moreover, the Chairperson of the Board of Directors is selected from among the non-executive directors. The Board of Directors holds a meeting, in principle, once a month. It makes decisions on important matters, such as management policy, and supervises the status of business execution by directors and executive officers. In FY2025, 13 meetings of the Board of Directors were held.

Corporate governance structure



Auditors and the Audit & Supervisory Board

Of four auditors, three are outside auditors. The full-time auditors not only attend Board of Directors’ meetings, Management Council meetings, and other important meetings, but also inspect important approval documents. They thus audit the status of directors’ business execution, capitalizing on the knowledge of inside members who are well versed in the wide range of businesses of the Company, as well as the expertise of outside members with experience relating to financial and accounting affairs or with business management experience. In addition, as an organization under the direct control of the Audit & Supervisory Board, the Company has established the Auditors Staff Division. The Division staff who assist the auditors in their duties are independent of the directors. By establishing this structure, we strive to secure the effectiveness of audits.

Management Council

The Management Council meets once a month, in principle, to make decisions on important matters regarding business execution by executive officers, based on the management policy, etc., determined at meetings of the Board of Directors.

Corporate Governance

Committees

	Chair	Number of times held in FY2025	Role
Nomination and Compensation Committee	Committee member selected by resolution of the Board of Directors	11	As an advisory body to the Board of Directors, the Committee, the majority of whose members are outside directors, reports to the Board of Directors on the nomination and compensation of directors and makes recommendations on matters related to strengthening the functions of the Board of Directors without consultation from the Board of Directors.
Sustainable Management Committee	Executive officer in Charge of Sustainability	3	As an organization linked to the Management Council, the Committee aims to increase both economic and social value by identifying material issues that should be prioritized in the environmental, social, and governance fields, deliberating on company-wide measures to address these issues, and rolling them out to relevant departments.
Risk Management Committee	Executive officer in Charge of General Affairs	5	As an organization linked to the Management Council, the Committee considers the Group's basic policies on risk management and compliance, identifies significant risks, deliberates on countermeasures, and oversees the implementation of the countermeasures.

Composition of each committee

	Shirai	Harada	Susaki	Oku	Nishimura	Obata	Sano	Tominaga	Kubokawa
Nomination and Compensation Committee	◎	○	○			○	○		
Sustainable Management Committee		○	◎	○	○				
Risk Management Committee		○	○	○	◎				

(Note)◎ Chair ○ Member

Standards for selection of directors

The Company's policy is to form a Board of Directors consisting of inside directors who possess outstanding character, insight, ability, and high ethical standards, as well as objective judgement, foresight, and insight into management issues based on the expertise, knowledge, and experience, and outside directors who can proactively provide advice and suggestions based on their rich experience from an objective perspective. In line with this policy, the Company selects candidates while taking into account the balance and diversity of the Board of Directors, and other elements.

Standards for selection of auditors

The Company's policy is to form an Audit & Supervisory Board consisting of outside members who have legal independence in addition to high levels of expertise and insight based on their experience as managers or accounting department heads of listed companies, and inside members who possess outstanding character, insight, ability, and high ethical standards, and can provide objective audit opinions based on their knowledge and experience in specialized fields have the qualities necessary to ensure their independence from those involved in business execution. In line with this policy, the Company selects candidates for Audit & Supervisory Board Member positions with the consent of the Audit & Supervisory Board.

Reason for selection as Outside Director

Name	Independent Director	Reason for selection
Aya Shirai	○	We have designated Ms. Aya Shirai as an independent director since she meets the company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has a wealth of experience gained through administrative activities from her many years of involvement in municipal administration. In addition, she has experience and achievements from having been involved in corporate management as an outside director of other listed companies. She also shares our philosophy on promoting diversity and actively provides advice on our efforts to promote it. Since June 2024, she has served as Chairman of the Board of Directors and has worked to further stimulate discussions at the Board of Directors meetings and strengthen the board's supervisory and decision-making functions. She was selected as an outside director because she is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on her experience and knowledge.
Hideaki Obata	○	We have designated Mr. Hideaki Obata as an independent director since he meets the company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. In addition to extensive practical experience in administrative departments mainly in HR and general affairs, he has many years of experience and a track record in the management of companies with broad business domains. He was selected as an outside director because he is expected to strengthen the supervisory function of the Board of Directors and contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on his experience and knowledge.
Yumi Sano	○	We have designated Ms. Yumi Sano as an independent director since she meets the company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has a wealth of practical experience in promoting diversity and developing human resources in a listed company and a public interest corporation. In addition, she has experience and achievements from having been involved in corporate management as an outside director of another listed company. She was selected as an outside director because she is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions from an independent standpoint based on her experience and knowledge.
Hiroshi Tominaga		Mr. Hiroshi Tominaga has many years of experience in overseas business at Toyota Tsusho Corporation and extensive experience in corporate strategy and global management. He was selected as an outside director because he is expected to contribute to the continuous enhancement of our corporate value by offering useful findings and opinions on all aspects of our business activities based on his knowledge and experience.
Junko Kubokawa	○	We have designated Ms. Junko Kubokawa as an independent director since she meets the company's independence standards and is therefore deemed to have no conflict of interest with our general shareholders. She has been involved in corporate management as Representative Director & President of a global chemical company, contributing to business expansion as well as to the globalization of the organization and the advancement of DEI initiatives. She was newly selected as an outside director because she is expected to strengthen the supervisory function of the Company's Board of Directors and contribute to the continuous enhancement of our corporate value by offering useful findings and opinions on the Company's overall business activities from an independent standpoint based on her experience and knowledge.

Corporate Governance

Diversity of the Board of Directors

The Company believes that, for the Board of Directors to exercise an effective supervisory function, it is essential that all Directors maintain a strong awareness of compliance. The Company also prioritizes, as shared values, an understanding of diversity and a commitment to sustainability, both of which are essential for sustainable growth.

On the premise that each of its Directors possesses these qualities, the Company has defined the experience and skills required of the Board of Directors to execute Medium-Term Management Plan 2030, which began in April 2026, and to realize sustainable enhancement of corporate value over the medium to long term as an "Indispensable Company": corporate management; legal and risk management; R&D, new business development, and marketing; international business; production engineering and production management; development and training of human capital; DEI promotion; and finance and accounting. The skills matrix for the Board of Directors is disclosed in the Convocation Notice of the General Meeting of Shareholders. Taking into account the overall balance, diversity (including gender, international experience, professional background, and age), and appropriate size of the Board of Directors, the Company appoints Director candidates based on a holistic assessment that also considers each candidate's character, following deliberation by the Nomination and Compensation Committee. These skill items will be reviewed and revised, if necessary, in the light of the business environment and social circumstances. As a target for one of the material issues identified by the Company, "Challenge-oriented and transparent management," we have set a target of 30% or more for the ratio of female directors.

As of the end of June 2026, the Board of Directors consists of nine directors with knowledge in line with these skill items (including four independent outside directors, three of whom are female) and four auditors (three of whom are independent outside auditors). Independent outside directors include members who have management experience at other companies.

Skills matrix

Name	Position	Independent	Skills							
			Corporate management	Legal and risk management	R&D, new business development, and marketing	International business	Production engineering and production management	Development and training of human capital	DEI promotion	Finance and accounting
Aya Shirai	Director (Outside)	○	●						●	
Masahiro Harada	Representative Director		●		●					
Hiroyuki Susaki	Director				●	●				
Yoshiyuki Oku	Director						●	●		
Kenichi Nishimura	Director			●						●
Hideaki Obata	Director (Outside)	○	●				●	●		
Yumi Sano	Director (Outside)	○						●	●	
Hiroshi Tominaga	Director (Outside)		●			●				●
Junko Kubokawa	Director (Outside)	○	●		●				●	
Hirokazu Kurome	Full-time Audit & Supervisory Board Member (Outside Auditor)	○				●	●			
Sho Takeuchi	Full-time Audit & Supervisory Board Member			●						
Yusuke Nakano	Audit & Supervisory Board Member (Outside Auditor)	○		●						●
Shuichi Kawatari	Audit & Supervisory Board Member (Outside Auditor)	○	●			●				

●The dots represent up to three skills, chosen from the skills (knowledge, experience, etc.) held by each officer, that are identified as those most expected of the officer.

Corporate Governance

Compensation and incentives for directors

Basic policy on compensation for directors

- Secure excellent human resources to improve corporate performance
- Design a compensation level and system that are commensurate with job responsibilities

Process for determining the compensation level and system

The appropriateness of the compensation level and system is verified by the Nomination and Compensation Committee, the majority of whose members are outside directors. The basic policy for determining compensation for directors is deliberated and determined by the Board of Directors.

Overview of types of compensation, etc.

The compensation for directors consists of basic compensation, bonuses, and stock-based compensation.

Compensation type	Overview
Basic compensation	The basic compensation is based on the roles and responsibilities of each director, and is determined by taking into account the status of financial results over the medium to long term and for the relevant fiscal year, as well as levels at other companies. It is paid on a monthly basis.
Bonuses	To raise awareness of improving business performance, the base amount is calculated based on the financial results of the relevant fiscal year, with consolidated ordinary profit used as an indicator of the company's profitability. Allocation to each director is then determined based on their roles and responsibilities as well as their evaluation.
Stock-based compensation	Points are granted depending on the position, etc., based on the Share Delivery Regulations. In principle, the shares of the Company are delivered depending on the number of points when directors retire.

Although the ratio of basic compensation, bonuses, and stock-based compensation to the total compensation for each director has not been determined, the compensation level and system are regularly verified by the Nomination and Compensation Committee, the majority of whose members are outside directors, so that they can function as incentives to improve business performance.

Training for directors and auditors

For inside and full-time directors and auditors, we explain our Articles of Incorporation, Board of Directors Regulations, and other internal rules at the time of their inauguration. For outside directors and full-time outside auditors, we facilitate their understanding of our businesses by conducting tours of our factories and other business sites. We also provide e-learning programs offered by external organizations to help directors and auditors keep their knowledge up to date on corporate governance, finance and accounting, various laws and regulations, and other topics.

Major agenda items and discussion topics

Board of Directors

- Formulation and revision of the Medium-Term Management Plan and the Comprehensive Plan
- Policy on operating major businesses
- Matters regarding investment and financing
- Confirmation of the results of the effectiveness evaluation of the Board of Directors
- Matters on which to seek advice from the Nomination and Compensation Committee
- Approval of financial statements and related documents
- Matters regarding procedures for the general meeting of shareholders
- Resolutions on conflict-of-interest transactions, directors' liability insurance, etc., appointment and dismissal of important employees, and matters related to compensation for directors based on the Companies Act

Nomination and Compensation Committee

- Policy on the composition of the Board of Directors
- Policy and standards on the appointment and dismissal of directors
- Directors' compensation system and level
- Succession planning and implementation

Sustainable Management Committee

- Basic Policy on Sustainability
- Response to the TCFD recommendations
- Human capital management activities
- Human rights initiatives
- Review of external disclosure documents related to sustainability

Risk Management Committee

- Basic policy on risk management
- Identification of significant risks
- Monitoring of risk response status
- Results of the evaluation of internal control activities related to financial reports
- Measures to raise awareness of compliance
- Results of the use of whistleblowing contact points, etc.

Compensation for directors

Classification of Directors	Total amount of compensation, etc. (million yen)	Total amount by type of compensation, etc. (million yen)			Number of applicable Directors (number of persons)
		Basic compensation (Fixed compensation)	Bonuses (Performance-linked compensation)	Stock-based compensation (Non-monetary compensation)	
Directors (excluding Outside Directors)	258	135	67	54	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	26	26	—	—	1
Outside Directors	44	44	—	—	4
Outside Audit & Supervisory Board Members	45	45	—	—	4

(Notes) 1. The number of applicable Directors and Audit & Supervisory Board Members and the total amount of compensation, etc., include those of one auditor who retired during the period.
2. The amount indicated in the field of stock-based compensation is the amount transferred for the period regarding the provisions for the stock-based compensation during the fiscal year related to the stock-based compensation system.

Corporate Governance

Effectiveness evaluation of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors once a year. In FY2025, we conducted an anonymous questionnaire survey of all directors and all auditors, including outside directors and outside auditors, and all auditors, and evaluated the effectiveness of the Board of Directors based on the results.

FY2025 questionnaire survey on the Board of Directors

Target: All directors including outside directors (nine people) and all auditors (four people)

Timing: March 2026

Method: Conducted anonymously using a third-party system to ensure objectivity

Content: Each question is answered on a 5-point scale or in free text. The main topics are as follows:

- Structure of the Board of Directors
- Composition and operation of the Board of Directors
- Corporate strategy and management plan
- Nomination and compensation
- Performance of directors
- Support system for directors and auditors

The results were reported to the Board of Directors' meeting held in May 2026, and were discussed and analyzed based on the aggregated questionnaire results and comments in the free-response fields to evaluate the effectiveness of the Board of Directors.

Overview of the effectiveness evaluation

The effectiveness of the Board of Directors was assessed as being ensured, and certain improvements were also seen in issues identified in the previous fiscal year's effectiveness evaluation as having room for improvement, as well as in enhanced support from the Secretariat.

Future issues

To further enhance the effectiveness of the Board of Directors, we recognize the need to deepen consideration of how Board meetings are operated and how agenda items are selected so that the Board can serve as a forum for discussing the medium- to long-term direction of management. We also recognize the need to further strengthen the timely provision of accurate information on important matters requiring resolution. We will address these issues and continue working to further enhance the effectiveness of the Board of Directors.

Succession plan (plan to foster successors)

The Company positions the succession plan for the Representative Director, President and CEO as a key issue for ensuring management continuity and transparency in decision-making. We have defined the personnel requirements to be met by the Representative Director, President and CEO (the ideal image of the President), and systematically select, develop, and evaluate successor candidates against these requirements.

The Board of Directors regularly consults the Nomination and Compensation Committee on development plans for candidates for the next Representative Director, President and CEO and on progress reviews. In addition to selecting candidates, the Nomination and Compensation Committee identifies areas for development for each candidate, evaluates progress against the development plans formulated in the previous fiscal year, and reviews future development plans, thereby ensuring objectivity and continuity in the selection and development process. In addition to responding to matters referred for consultation, the Nomination and Compensation Committee provides the Board of Directors with interim reports on the overview and results of its discussions, thereby ensuring appropriate involvement by the Board of Directors.

In FY2025, the Representative Director, President and CEO was selected based on this succession plan. We will continue to enhance the effectiveness of the succession plan, thereby strengthening the management structure and enhancing corporate value.

Risk Management

To appropriately manage risks that could have a significant impact on management, avert business continuity crises and prepare for unforeseen circumstances, the Sanyo Chemical Group has established internal regulations to cope with each possible risk. We conduct risk management by raising the risk awareness of employees by providing training and holding drills.

Basic policy

In May 2025, we formulated the following basic policy on risk management.

Basic policy on risk management

The Group aims to achieve its management goals by carrying out company-wide risk management activities to comprehensively and exhaustively ascertain, and respond appropriately to, internal and external risks that could affect its corporate strategy.

Risk management system

Risk Management Committee

As a meeting body linked to the Management Council, the Risk Management Committee centrally manages risks across the Company on a comprehensive and exhaustive basis and promotes company-wide risk management activities. The executive officers, head of each function and other members serve on the Committee and also act as risk owners, working to prevent risks from occurring in their respective areas of responsibility and overseeing whether risks are being appropriately addressed. Also positioned as the body that oversees the development, establishment, and operation of the internal control system, the Committee receives annual internal control evaluation results and instructs the relevant departments on countermeasures as necessary. The Committee also promotes compliance and monitors the status of whistleblowing.

Risk Management

It reports the status of these initiatives to the Board of Directors at least once a year, and reports important agenda items to the Board of Directors as needed after resolutions are made at the Management Council.

Response to risks

Our risk management is implemented through the following processes:
(1)Identification and assessment of risks
(2)Formulation and implementation of risk response measures
(3)Monitoring and review
In assessing risks, we identify potential risk events, evaluate them based on their probability of occurrence and impact, and determine their significance using tools such as a risk map. For each risk, the supervising department takes the lead in formulating and implementing response measures under the supervision of the risk owner. The progress and results of risk responses are regularly reviewed by the Committee, and important matters are reported to the Board of Directors for supervision.

Significant company-wide risks

Risks that could have a significant impact on the continuity of the Group's business once materialized are managed on a priority basis as significant company-wide risks, with efforts focused on preventing their occurrence and minimizing their impact if they materialize. In FY2025, we selected the following five risks as significant company-wide risks and carried out related activities.
①Natural disasters (particularly a Nankai Trough earthquake)
②Cyberattacks (including information security incidents and core system failures)
③Fraud
④Fire and explosions
⑤Product and service defects

Internal Audit Office

The Internal Audit Office comprises an internal control section and an internal audit section, each of which operates independently.

[Internal control section]

The internal control section evaluates internal controls and reports to the Risk Management Committee, and, if necessary, proposes changes to the basic policy for the internal control system and provides guidance to the departments responsible for building the internal control system.

Regarding internal controls related to the Companies Act, the Board of Directors resolved and published a basic policy for the internal control system in 2006, in accordance with the Companies Act and its Enforcement Regulations, and has since reviewed it as necessary.

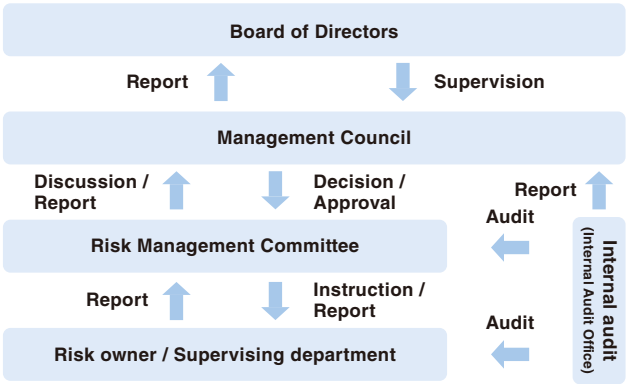
As for internal controls related to financial reporting, the internal control section evaluates company-wide internal controls, business processing controls from sales to financial reporting processes, and general IT controls. The results are compiled into an internal control report, which is reported to the Risk Management Committee and submitted to the Kanto Local Finance Bureau, along with an internal control audit report prepared by the accounting auditor.

With regard to internal controls related to risks other than financial reporting, a series of documents, including procedure manuals for risk mitigation measures for anticipated risks and self-check sheets, are prepared and posted on the intranet for employees to view at any time.

[Internal audit section]

As an independent internal audit section, it comprehensively audits the operational status of each department within the company, including the important risks identified by the Risk Management Committee, and reports the results to the President and the full-time auditors as well as to the Management Council and the Board of Directors as necessary.

Risk management structure



Risk-based audit

The Internal Audit Office creates an audit map based on the risks involved in business and operational execution, sets audit themes for each fiscal year with priorities taken into account, and conducts internal audits across the organization.

Business continuity plan (BCP)

The Group draws up and operates BCPs that prepare for response in the event of a massive earthquake or a pandemic. The BCP Secretariat takes the initiative in conducting a review every year to make the BCP further effective. We also continuously hold practical drills in each region.

WEB Corporate Governance ›
WEB Risk Management ›

Compliance

We, the Sanyo Chemical Group, declared in our Code of Corporate Ethics that it is essential corporate behavior to ensure legal compliance and to fulfill corporate social responsibility, which has been implemented to take the lead in the realization of a sustainable society. With good sense and integrity, we are committed to improving our society and are following our company mission, "Establish a better society through our corporate activities."

Internal compliance system

To comprehensively and exhaustively understand the Group's risks and respond appropriately, the Compliance Committee was dissolved and reorganized into the Risk Management Committee for better risk management in FY2025. In addition to the role of promoting company-wide compliance activities, which was previously carried out by the Compliance Committee, the Risk Management Committee will now be responsible for formulating basic policies, providing guidance, and overseeing company-wide risk management and internal control. The Executive Officer, Head of Corporate Ethics, whom we have appointed to oversee efforts to promote company-wide compliance, works to ensure that compliance is widely known and thoroughly implemented throughout the Company.

We have also set up the Internal Audit Office under the direct control of the President, so as to strengthen our internal auditing function.

In FY2025, the Risk Management Committee discussed the content to be learned by employees at company-wide corporate ethics study sessions, the results of the compliance awareness survey conducted for the first time this fiscal year, company-wide initiatives to eliminate harassment, and the establishment of a whistleblowing contact point accessible from overseas Group companies.

Internal auditing

The Internal Audit Office conducts internal auditing. It objectively verifies and evaluates the business management and operation systems and the business performance status in terms of legality, effectiveness, and efficiency. Based on the results, it makes proposals for improvement or corrective recommendations to facilitate the company's sound management and sustainable development.

Education and awareness-raising

The Sanyo Chemical Group annually holds corporate ethics study sessions in all departments to prevent the occurrence of corporate misconduct. Recently, these sessions have placed particular focus on the kind of corporate culture behind corporate misconduct to learn how corporate culture reform leads to improved compliance.

Taking seriously the fact that four cases of harassment occurred within the Group in FY2022, since FY2023 we have been holding study sessions on harassment for all Group employees, including part-time employees, in addition to full-time employees. In FY2024, participants watched a mini-drama on the topic of harassment, followed by a group discussion, with a total of 1,450 participants (approximately 95% of the total). In FY2025, based on the results of the compliance awareness survey, group discussions were held by department on themes identified as issues the Group should address on a priority basis, with a total of 1,596 participants (97% of the total).

Each year, after the study sessions, we conduct a questionnaire survey to assess the Group's overall compliance activities and reflect the results in educational activities in the following fiscal years.

Whistleblowing system

When an employee is aware of a compliance issue, the basic rule is to discuss it with their supervisor or the personnel concerned. If the issue cannot be resolved, the employee can use whistleblowing contact points (such as the compliance hotline) that conform with the Whistleblower Protection Act. The internal contact point is the Internal Audit Office Senior Manager, while an external contact point is a corporate lawyer. We operate the regulation requiring that the whistleblowers' confidentiality be carefully protected to prevent their identification.

In April 2023, we opened a consultation desk for harassment in addition to the whistleblowing contact points, working to create a system that makes it easier for whistleblowers (complainants) to use these services.

In August 2025, we began operating a global whistleblowing contact point that enables reports to be submitted from overseas sites in local languages.

In FY2025, four reports in total were submitted through the compliance hotline. All of these reports were related to harassment. We investigate facts with the utmost care to ensure that whistleblowers are not penalized. If a problem is confirmed, we provide guidance, disciplinary action, and education to those involved. We also report the operation of the whistleblowing service to the Risk Management Committee.

Number of whistleblowing reports

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of whistleblowing reports	2	4	1	4	4
Number of uses of whistleblowing/ consultation services*	–	–	–	–	16

* From FY2025, the number of consultations received by email, chat, etc., is included in the total.

Handling of violations

The Risk Management Committee Regulations stipulate how to respond when a compliance violation is discovered (including how to address the issue and publicizing it both internally and externally).

When a violation is discovered, the facts are examined in detail, and disciplinary action is decided based on the Rules of Employment and the Disciplinary Actions Regulations in light of various internal rules, such as the Operational Responsibilities Regulations. Company-wide measures to prevent recurrence are also discussed and decided. In FY2025, there were four cases where disciplinary action was taken.

WEB Compliance ›

Directors, Auditors, and Executive Officers

Directors



Aya Shirai

Outside Director
Chairman of the Board of Directors

Date of birth: May 23, 1960
Apr. 1979 Joined ALL NIPPON AIRWAYS CO., LTD.
Jun. 1993 Member of Amagasaki City Council
Dec. 2002 Mayor of Amagasaki City
Jun. 2018 Outside Director of the Company (to present)
Jun. 2024 Chairman of the Board of Directors (to present)

<Important concurrent positions>
Outside Director of BROTHER INDUSTRIES, LTD.
Outside Director of The Royal Hotel, Limited



Masahiro Harada

Representative Director,
President and CEO

Date of birth: February 8, 1964
Apr. 1989 Joined the Company
Jul. 2010 Manager of Automotives II & Foam Industry Department
Apr. 2017 General Manager of Electronic Materials, Resins & Coloring Materials Division
Jun. 2018 Executive Officer and General Manager of Electronic Materials, Resins & Coloring Materials Division
Jun. 2021 Managing Executive Officer, General Manager of Business Planning Division, and General Manager of Energy Business Promotion Division
Jun. 2022 Director and Managing Executive Officer supervising Business Planning
Apr. 2024 Director, Managing Executive Officer Head of Sales & Marketing, and General Manager of Surfactants Division
Jun. 2024 Director, Senior Managing Executive Officer Head of Sales & Marketing, General Manager of Surfactants Division, and Sales Base Group Supervisor
Oct. 2024 Director, Senior Managing Executive Officer Head of Sales & Marketing, and Sales Base Group Supervisor
Apr. 2025 Director, Senior Managing Executive Officer, and Head of Business Division
Jun. 2025 Representative Director, Senior Managing Executive Officer, and Head of Business Division
Apr. 2026 Representative Director, President and CEO, and Head of Business Division
Jun. 2026 Representative Director, President and CEO (to present)



Hiroyuki Susaki

Director, Senior Managing Executive Officer
Head of Sustainability
and Corporate Strategy

Date of birth: August 28, 1965
Apr. 1988 Joined Tomen Corporation
Apr. 2012 General Manager of Industrial Chemicals Department, Toyota Tsusho Corporation
Apr. 2015 Deputy General Manager of International Project Promotion Division of the Company
Apr. 2016 Executive Officer and General Manager of International Project Promotion Division
Jun. 2022 Managing Executive Officer and General Manager of Corporate Planning Division
Jun. 2023 Director, Managing Executive Officer, and General Manager of Corporate Planning Division
Jul. 2023 Director, Managing Executive Officer Head of Sustainability, and General Manager of Corporate Planning Division
Jun. 2024 Director and Managing Executive Officer Head of Sustainability and Corporate Strategy
Jun. 2026 Director and Senior Managing Executive Officer Head of Sustainability and Corporate Strategy (to present)



Yoshiyuki Oku

Director, Managing Executive Officer
Head of Safety and Production
Representative Director and President of
San Chemical Co., Ltd.

Date of birth: September 28, 1967
Apr. 1990 Joined the Company
Sep. 2011 Director and Deputy General Manager of SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.
Director and Deputy General Manager of Sanyo Kasei (Nantong) Co., Ltd.
Aug. 2019 Deputy General Manager of Corporate Planning Division and Deputy General Manager of Personnel Division of the Company
Apr. 2020 General Manager of Personnel Division
Jun. 2020 Executive Officer and General Manager of Personnel Division
Jun. 2022 Managing Executive Officer and General Manager of Personnel Division
Jun. 2024 Director and Managing Executive Officer Head of Safety and Production (to present)



Kenichi Nishimura

Director, Managing Executive Officer
Head of Corporate Ethics
and General Affairs

Date of birth: January 3, 1965
Apr. 1988 Joined Sumitomo Bank, Limited
Mar. 1990 Joined Toray Industries, Inc.
Sep. 2011 Manager of Finance & Accounting Department
Member of the Board of Toray Industries (Malaysia) Sdn. Bhd.
Sep. 2017 General Manager of Finance Department of Toray Industries, Inc.
Sep. 2021 Deputy General Manager of Administrative Affairs Division of the Company
Jun. 2022 Director, Executive Officer Head of Corporate Ethics and General Affairs, and General Manager of Administrative Affairs Division
Jun. 2024 Director, Executive Officer Head of Corporate Ethics and General Affairs, and General Manager of Administration Division
Apr. 2025 Director, Executive Officer Head of Corporate Ethics and General Affairs
Apr. 2026 Director, Managing Executive Officer Head of Corporate Ethics and General Affairs (to present)

Directors, Auditors, and Executive Officers

Directors



Hideaki Obata

Outside Director

Date of birth: February 18, 1951

Apr. 1973	Joined Sumitomo Electric Industries, Ltd.
Jun. 1997	General Manager of Administration Division
Jun. 2004	Executive Officer and General Manager of HR & Administration Division
Jun. 2008	Managing Director, Vice General Manager of Manufacturing Management & Engineering Unit
Jun. 2009	Senior Managing Director of Nissin Electric Co., Ltd.
Jun. 2010	Representative Director and Senior Managing Director
Jun. 2011	Representative Director and President
Jun. 2017	Representative Director and Chairman
Jun. 2021	Special Advisor Outside Director of the Company (to present)
Jun. 2023	Advisor of Nissin Electric Co., Ltd.

<Important concurrent positions>
Chairman of Kyoto Prefecture Council of Social Welfare



Yumi Sano

Outside Director

Date of birth: August 20, 1961

Apr. 1984	Joined Shikishima Boseki Ltd. (now SHIKIBO LTD.)
Apr. 1997	Joined Kansai Employers' Association (now Kansai Economic Federation)
Apr. 2004	General Manager of Membership Administration
Apr. 2013	Joined Japan Institute for Women's Empowerment & Diversity Management
Apr. 2014	General Manager of Kansai Office (to present)
Jun. 2021	Outside Director of the Company (to present)

<Important concurrent positions>
General Manager of Kansai Office, Japan Institute for Women's Empowerment & Diversity Management
Outside Director of Sumitomo Densetsu Co., Ltd.
Outside Director of ISHIHARA SANGYO KAISHA, LTD.
Outside Director (Audit and Supervisory Committee Member) of StudioAlice CO., LTD.



Hiroshi Tominaga

Outside Director

Date of birth: February 18, 1963

Apr. 1985	Joined Toyota Tsusho Corporation
Apr. 2007	General Manager of Accounting Planning Department
Apr. 2013	Executive Officer
Apr. 2017	Managing Executive Officer
Jun. 2017	Member of the Board, Managing Executive Officer
Apr. 2019	Member of the Board, Assistant to CSO, CIO, CTO
Apr. 2020	Member of the Board, CSO, CDTO
Jun. 2020	CSO, CDTO
Apr. 2021	CSO, CEO for Region
Jun. 2021	Representative Director, CSO, CEO for Region
Jun. 2025	CSO, CEO for Region Outside Director of the Company (to present)
Apr. 2026	Executive Advisor of Toyota Tsusho Corporation (to present)

<Important concurrent positions>
Executive Advisor of Toyota Tsusho Corporation



Junko Kubokawa

Outside Director

Date of birth: October 4, 1962

Apr. 1985	Joined Ciba-Geigy Japan Ltd.
Nov. 1996	General Manager of Business Planning Department, Additives Division of Ciba Specialty Chemicals Japan K.K.
Jan. 2001	Director and Senior Managing Executive Officer, seconded to Musashino-Geigy Co., Ltd.
Nov. 2005	Head of the Home & Personal Care Business for Northeast Asia of Ciba Specialty Chemicals K.K.
Mar. 2010	Manager of Human Nutrition Department of BASF Japan Ltd.
Aug. 2014	Director, General Manager of the Sales Division of Croda Japan KK
Mar. 2017	Representative Director & President
Jun. 2026	Outside Director of the Company (to present)

Auditors



Hirokazu Kurome

Outside Audit & Supervisory Board Member (Full-time)

Date of birth: September 5, 1957

Apr. 1982	Joined Toray Industries, Inc.
Jun. 2003	Manager of Film Manufacturing Department at Gifu Plant
Nov. 2009	General Manager of Tsuchiura Plant
Jun. 2016	Member of the Board of Toray Industries (Malaysia) Sdn. Bhd. President of Penfibre Sdn. Bhd.
Jun. 2018	Full-time Director and Deputy Representative for Malaysia of Toray Industries, Inc. Vice President of Toray Industries (Malaysia) Sdn. Bhd. President of Penfibre Sdn. Bhd.
Jun. 2021	Outside Audit & Supervisory Board Member of the Company (to present)



Sho Takeuchi

Audit & Supervisory Board Member (Full-time)

Date of birth: October 18, 1964

Apr. 1989	Joined the Company
Mar. 2009	Manager of Legal Affairs Department
Jul. 2020	Deputy General Manager of Administrative Affairs Division
Apr. 2021	General Manager of General Affairs Division
Jun. 2022	Executive Officer and General Manager of General Affairs Division
Apr. 2024	Executive Officer, General Manager of General Affairs Division, and Manager of Corporate Social Responsibility Promotion Department
Jun. 2024	Audit & Supervisory Board Member (to present)

Directors, Auditors, and Executive Officers

Auditors



Yusuke Nakano

Outside Audit & Supervisory Board Member (Part-time)

Date of birth: May 15, 1969
Apr. 2002 Registered as certified public accountant
Jul. 2005 Executive Senior Partner of Seiyu Audit Corporation (to present)
Sep. 2005 Registered as certified tax accountant
Jan. 2010 Head of NAKANO C.P.A. OFFICE (to present)
Jun. 2021 Outside Audit & Supervisory Board Member of the Company (to present)
Nov. 2023 Executive Senior Partner of Seiyu Tax Corporation (to present)

<Important concurrent positions>
Executive Senior Partner of Seiyu Audit Corporation
Executive Senior Partner of Seiyu Tax Corporation
Head of NAKANO C.P.A. OFFICE
Independent Audit and Supervisory Board Member of Nissha Co., Ltd.
Outside Director (Audit and Supervisory Committee Member) of SK-Electronics Co., LTD.



Shuichi Kawatari

Outside Audit & Supervisory Board Member (Part-time)

Date of birth: May 23, 1947
Apr. 1973 Joined Mobil Sekiyu K.K.
Nov. 1996 General Manager of Distributor Sales Department
Jan. 2001 General Manager of Industrial Fuel Sales Supervision Department of ExxonMobil Yugen Kaisha
Feb. 2003 Director of Lubrizol Japan Limited, in charge of Sales
Feb. 2007 President, Representative Director
Mar. 2013 Chairman, Representative Director
Jan. 2019 Senior Advisor of San-Ai Oil Co., Ltd.
Jun. 2025 Outside Audit & Supervisory Board Member of the Company (to present)

Executive Officers

Yuichi Fujii
Senior Managing Executive Officer
Head of R&D, and Head of the Research Laboratory

Koji Nire
Managing Executive Officer
General Manager of Performance Polymer Division and Surfactants Division

Minoru Tsuchiya
Managing Executive Officer
Head of Sale & Marketing
Representative Director and President of San-Apro Ltd.

Motohisa Miyawaki
Executive Officer
General Manager of Engineering Division
Senior Vice President of San-Petrochemicals Co., Ltd.

Tatsuya Nakano
Executive Officer
General Manager of Polyurethane Division

Yusuke Yamamoto
Executive Officer
General Manager of SCM Supervisory Division

Takashi Tsubouchi
Executive Officer
General Manager of Production Division

Yutaka Imaizumi
Executive Officer
Representative Director and President of SAN NOPCO LIMITED

Takeshi Otaka
Executive Officer
General Manager of Biotechnology & Medical Division

Takeshi Furuta
Executive Officer
General Manager of Strategic Business Development Division

Yosuke Miki
Executive Officer
Head of Special Projects

Eleven-year Consolidated Financial Summary

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**
Annual											(millions of yen)
Net sales	157,992	150,166	161,692	161,599	155,503	144,757	162,526	174,973	159,510	142,258	**127,859**
Operating profit	12,486	13,647	11,999	12,919	12,439	11,932	11,868	8,123	4,886	8,439	**10,007**
Ordinary profit	13,294	15,341	13,866	15,205	12,704	11,999	12,771	9,918	8,186	9,670	**12,256**
Profit before income taxes	11,640	13,854	12,144	7,541	11,008	10,638	10,734	9,414	(7,346)	6,461	**10,519**
Profit attributable to owners of parent	6,926	10,192	9,272	5,345	7,668	7,282	6,699	5,684	(8,501)	4,151	**15,637**
Comprehensive income	2,627	11,196	11,356	(760)	2,178	15,272	8,082	5,725	(3,399)	728	**28,369**
Investment in plant and equipment	14,333	13,500	13,923	10,848	8,219	10,073	9,847	12,033	8,649	6,663	**6,246**
Depreciation	9,256	7,412	8,299	9,087	9,078	9,569	9,533	10,083	10,686	9,500	**8,968**
Research and development expenses	5,622	5,443	5,365	5,569	5,322	5,384	5,650	5,691	5,222	5,158	**5,275**
Cash flows from operating activities	22,625	20,416	15,710	14,603	17,232	22,300	11,328	10,852	19,814	13,925	**20,206**
Cash flows from investing activities	(13,510)	(14,198)	(14,198)	(11,312)	(11,115)	(12,498)	(11,704)	(10,172)	(6,264)	(5,079)	**(5,682)**
Free cash flow	9,115	6,218	1,512	3,291	6,117	9,802	(376)	679	13,550	8,846	**14,524**
Cash flows from financing activities	(5,493)	(1,043)	(7,328)	(1,492)	(7,084)	(4,146)	(5,979)	(2,336)	(4,006)	(11,895)	**(5,173)**
Year-end											(millions of yen)
Total assets	175,321	186,863	199,179	193,630	178,873	195,723	200,194	202,182	205,818	176,366	**195,526**
Property, plant and equipment	60,870	63,530	69,883	62,324	60,716	61,255	61,389	59,791	51,477	46,142	**44,696**
Interest-bearing debts	14,862	15,204	10,599	11,985	9,667	9,274	7,887	10,232	10,704	3,419	**2,882**
Net assets	118,284	127,651	136,270	132,623	130,097	142,951	147,032	148,994	141,577	138,302	**162,556**
Amount per share											(yen)
Basic earnings per share	62.83	462.28*1	420.57	242.5	347.87	330.34	303.76	257.57	(384.99)	187.79	**706.89**
Net assets per share	1,016.06	5,515.51*1	5,901.23	5,868.58	5,789.88	6,371.77	6,549.60	6,617.11	6,295.31	6,119.90	**7,198.31**
Dividends per share	17.00	100.00*1	110.00	125.00	140.00	150.00	170.00	170.00	170.00	170.00	**170.00**
Major indicators											(%)
ROA (Return on assets)	7.5	8.5	7.2	7.7	6.8	6.4	6.5	4.9	4	5.1	**6.6**
ROE (Return on equity)	6.2	8.7	7.4	4.1	6.0	5.4	4.7	3.9	(6.0)	3.0	**10.6**
Equity ratio	63.9	65.1	65.3	66.8	71.4	71.8	72.2	72.2	67.6	76.8	**81.4**
ROIC (Return on invested capital)*2	6.8	8.1	6.6	5.8	6.6	6.3	5.5	3.2	2.4	4.8	**10.6**
Other											(person)
Number of employees	1,992	1,996	2,053	2,078	2,060	2,096	2,106	2,089	2,042	1,680	**1,626**

*1 Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares effective October 1, 2016. Net assets per share and basic earnings per share for FY2016 were calculated on the assumption that the said reverse stock split was performed at the beginning of FY2016.
*2 (Operating profit – Corporate tax, etc.) ÷ Average invested capital during the period x 100

Stock Information (As of March 31, 2026)

Stock exchange listings	Prime Market of Tokyo Stock Exchange (Securities code: 4471)
Total number of stocks authorized	51,591,200(Note 1)
Total number of stocks issued	23,534,752(Note 2)
Total number of shareholders at end of period	10,662 (down 926 from end of previous period)

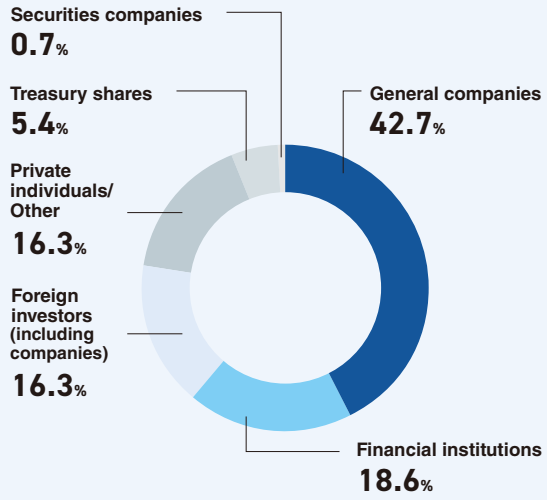
(Note 1) The Company will conduct a four-for-one stock split on October 1, 2026. Following the stock split, the total number of stocks authorized will be 206,364,800.
(Note 2) The Company canceled 1,000,000 treasury shares on August 31, 2026. In addition, the Company will conduct a four-for-one stock split on October 1, 2026. Following the stock split, the total number of stocks issued will be 90,139,008.

Major shareholders (Top 10)

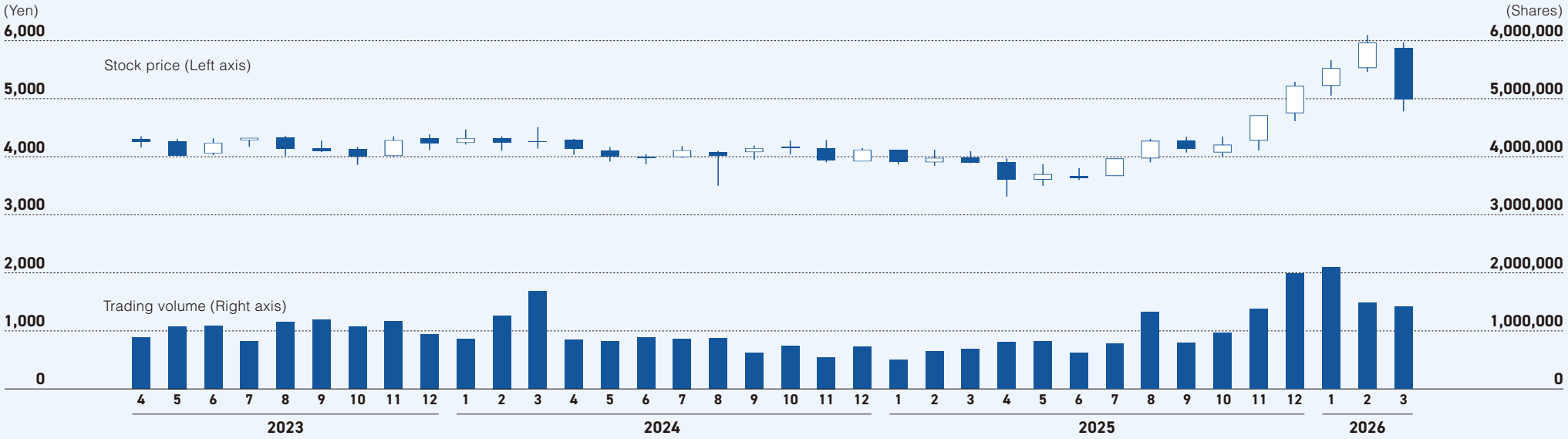
Name	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Toyota Tsusho Corporation	4,286	19.2
Toray Industries, Inc.	3,826	17.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,383	10.7
Custody Bank of Japan, Ltd. (Trust Account)	1,510	6.8
Nippon Shokubai Co., Ltd.	755	3.4
Sanyo Chemical Employees' Stock Ownership Association	558	2.5
MSIP CLIENT SECURITIES	457	2.1
ENEOS Holdings, Inc.	372	1.7
STATE STREET BANK AND TRUST COMPANY 505001	316	1.4
STATE STREET BANK AND TRUST COMPANY 505223	187	0.8

(Notes) 1. In addition to the above, there are 1,259,000 treasury shares.
2. The percentage of shares held is calculated by deducting treasury shares from the total stock issued.

Breakdown of shareholders by type (percentage of shares held)



Trend of stock price and trading volume



Company Overview (As of March 31, 2026)

Company name	Sanyo Chemical Industries, Ltd.
Date of establishment	November 1, 1949
Head office	11-1, Ikkyo Nomoto-cho, Higashiyama-ku, Kyoto 605-0995, Japan
Consolidated number of employees	1,626

Domestic bases	Head Office	Head Office (Kyoto)
	Research Laboratories	Research Laboratory (Kyoto), Katsura Research Laboratory (Kyoto)
	Branch Office	Tokyo Branch Office
	Sales & Marketing Offices	Nagoya Area Sales & Marketing Office (Aichi), Chugoku Area Sales & Marketing Office (Hiroshima), and Nishi-Nihon Area Sales & Marketing Office (Fukuoka)
	Factories	Nagoya (Aichi), Kinuura (Aichi), Kashima (Ibaraki), and Kyoto

Group companies

SAN NOPCO LIMITED
San Chemical Co., Ltd.
San-Apro Ltd.
San-Petrochemicals Co., Ltd.
FUJIFILM Sanyo Chemical Healthcare Corporation
Sanyo Kasei (Thailand) Ltd.
SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD.
Sanyo Kasei Korea, Ltd.
SANYO KASEI (TAIWAN) LTD.
Sanyo Chemical America Incorporated
Sanyo Chemical Texas Industries, LLC
Sunrise Chemical LLC
San Nopco (Shanghai) Trading Co., Ltd.
DaXiang International Trading (Shanghai) Co., Ltd.
San Nopco (Korea) Limited
Sanyo Chemical Manufacturing Korea, Ltd.
Shiohama Chemicals Warehouse Co., Ltd.

External evaluation

(As of July 2026)

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

S&P/JPX カーボン エフィシェント 指数

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Platinum Kurumin

L-boshi (3 stars)

PRIDE index Gold

Sanyo Chemical Industries, Ltd.

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