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(Securities Code 4471)
June 6, 2023

To Our Shareholders:

Akinori Higuchi
President & CEO
SANYO CHEMICAL INDUSTRIES,
LTD.
11-1, Ikkyo Nomoto-cho, Higashiyama-ku,
Kyoto, Japan

**CONVOCAION NOTICE OF
THE 99TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please be informed that the 99th Ordinary General Meeting of Shareholders of SANYO CHEMICAL INDUSTRIES, LTD. (the “Company”) will be held for the purposes as described below.

Instead of attending the meeting in person, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Thursday, June 22, 2023, Japan time.

- 1. Date and Time:** Friday, June 23, 2023 at 10:00 a.m.
- 2. Place:** Kokin Jr. Ballroom on the fifth floor of HOTEL GRANVIA KYOTO
Kyoto Station Bldg., 901 Higashi Shiokoji-cho,
Shiokoji-sagaru, Karasuma-dori, Shimogyo-ku, Kyoto
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Consolidated and Non-consolidated Financial Statements for the Company’s 99th Fiscal Year (April 1, 2022 - March 31, 2023)
 2. Results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company’s 99th Fiscal Year (April 1, 2022 - March 31, 2023)
- Proposals to be resolved:**
- Proposal 1:** Election of 9 Directors
- Proposal 2:** Election of 1 Audit & Supervisory Board Member

Electronic Provision of Informational Materials for the General Meeting of Shareholders

In accordance with the Companies Act and the Company's Articles of Incorporation, the documents previously sent in the form of paper-based document (business report, financial statements, and others; so-called "matters subject to measures for electronic provision") will be provided in electronic format beginning this General Meeting of Shareholders.

Shareholders are requested to access the website from one of the following URLs to confirm the contents.

- (1) The Company's website (in Japanese)

https://www.sanyo-chemical.co.jp/ir_info/general_meeting

- (2) Tokyo Stock Exchange (TSE) website "Listed Company Search" (in Japanese)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(Please access the TSE website above, enter "SANYO CHEMICAL" in "Issue name (company name)," or the Company's securities code "4471" in "Code," and click "Search." Then, click "Basic information," and select "Documents for public inspection/PR information." Under the "Filed information available for public inspection" section, click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]").

- (3) PRONEXUS INC./Dedicated website for the Company (in Japanese)

<https://d.sokai.jp/4471/teiji/>

- * When revisions are made to the matters subject to measures for electronic provision, to that effect, matters before and after the amendment will be posted on the respective websites.

■ Request for Delivery of Documents

The documents mentioned above will continue to be delivered in the form of paper-based document to shareholders who have made a request for the delivery of paper-based documents by the record date (March 31, 2023).

- * The "Systems and Policies of the Company" in the Business Report, the "Consolidated Statements of Changes in Net Assets" and the "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements, and the "Non-consolidated Statements of Changes in Net Assets" and the "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are not included in the paper-based documents among matters to be provided to shareholders in accordance with laws and regulations and the Company's Articles of Incorporation. Accordingly, the documents to be delivered to shareholders who have requested the delivery of the documents are part of the subject documents that were audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing the audit report.

Shareholders who wish to receive the paper-based documents for the next general meeting of shareholders and thereafter are requested to contact Sumitomo Mitsui Trust Bank Limited, the shareholder registry administrator, or their securities company.

- * Please note that the informational materials for this General Meeting of Shareholders in the form of paper-based document shall not be delivered, since the record date for this General Meeting has elapsed and the reception for the request for delivery has been closed.

Stock Transfer Agency Department,
Sumitomo Mitsui Trust Bank, Limited

Dedicated Call Center for Requests for
Delivery of Documents

Phone number: 0120-533-600 (toll free)
Reception hours: 9:00 - 17:00 (except Saturdays,
Sundays, and holidays)
Automated voice response: 24 hours a day,
365 days a year

Proposal 1: Election of 9 Directors

The terms of office of all 9 Directors, namely Messrs. Takao Ando, Akinori Higuchi, Kohei Maeda, Hiroyuki Shimominami, Masahiro Harada, Kenichi Nishimura, Hideaki Obata, and Mses. Aya Shirai and Yumi Sano will expire at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, we propose the election of 9 Directors. If this proposal is approved as originally proposed, the Company plans to designate the 3 outside Directors as independent Directors as stipulated by the Tokyo Stock Exchange, and one-third of the Company's Directors will be independent Directors.

The candidates are as follows:

No.	Name			Current position and responsibilities, etc. at the Company
1	Takao Ando	Reelection		Chairman Chairman of the Board of Directors
2	Akinori Higuchi	Reelection		Representative Director, President & CEO
3	Kohei Maeda	Reelection		Representative Director, Executive Vice President, in charge of Production, and General Manager of Production Division President, Representative Director of San Chemical Co., Ltd.
4	Masahiro Harada	Reelection		Director and Managing Executive Officer, supervising Business Planning, General Manager of Energy Business Division and in charge of Beauty & Personal Care Supervisory Department
5	Hiroyuki Susaki	New Candidate		Managing Executive Officer, General Manager of Corporate Planning Division
6	Kenichi Nishimura	Reelection		Director and Executive Officer, in charge of Corporate Ethics and General Affairs, and General Manager of Administrative Affairs Division
7	Aya Shirai	Reelection	Outside Director Independent Director	Director
8	Hideaki Obata	Reelection	Outside Director Independent Director	Director
9	Yumi Sano	Reelection	Outside Director Independent Director	Director
	Reelection	Candidate for Director to be reelected	New Candidate	Candidate for Director to be newly elected
	Outside Director	Candidate for outside Director	Independent Director	Independent Director as stipulated by the Tokyo Stock Exchange

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	Takao Ando (March 7, 1953) (70 years old) [Reelection]	April 1977	Joined the Company	12,400
	Term of office as Director:	June 1998	Director, Deputy General Manager of Research & Development Division	
		April 2001	Director, General Manager of Research & Development Division	
	18 years	June 2003	Executive Officer, General Manager of Research & Development Division	
		June 2004	Executive Officer, General Manager of International Project Promotion Division	
	Attendance at Board Meetings during fiscal 2022:	June 2007	Executive Officer	
		June 2008	Managing Executive Officer	
15/15 (100%)	June 2010	Director, Senior Managing Executive Officer, and in charge of Sales & Marketing I		
	June 2011	Representative Director, President & CEO		
		June 2021	Chairman Chairman of the Board of Directors (to present)	
<p>[Reason for nomination as candidate for Director] Takao Ando has lead management as Representative Director and President since 2011. He has served as Chairman since 2021 and appropriately carried out his duties in supervising the management operations of the Company as Chairman of the Board of Directors. We believe that, with his wealth of experience and knowledge in overall management as Representative Director and President, he is suited for the role of ensuring the sustainable improvement of corporate value, and thereby propose his re-election as a Director.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
2	Akinori Higuchi (November 7, 1959) (63 years old) [Reelection]	April 1984	Joined the Company	2,400
	Term of office as Director:	October 1984	Transferred to SAN NOPCO LIMITED	
		October 2005	General Manager of Pulp & Paper Chemicals Marketing and Sales Department	
	7 years	June 2012	President, Representative Director, and General Manager of Sales & Marketing Division	
		June 2014	Executive Officer of the Company	
	Attendance at Board Meetings during fiscal 2022:	June 2015	Managing Executive Officer, General Manager of Petroleum & Environment Division	
15/15 (100%)	June 2016	Director, Managing Executive Officer, in charge of Sales & Marketing II, General Manager of Lubricating Oil Additives Division, and General Manager of Petroleum & Environment Division		
	June 2018	Director, Senior Managing Executive Officer, in charge of Corporate Planning and Sales & Marketing II, General Manager of Lubricating Oil Additives Division, and General Manager of Petroleum, Construction & Environment Division		
	June 2020	Executive Vice President, in charge of Corporate Strategy		
	June 2021	Representative Director, President & CEO (to present)		
<p>[Reason for nomination as candidate for Director]</p> <p>Akinori Higuchi has served as Chief Executive Officer of one of the Company's consolidated subsidiaries, and officer in charge of the Sales & Marketing Division, the Corporate Planning Division, and the Production Division, playing a central role in the Company's management. Since 2021, he has served as Representative Director and President and appropriately carried out his duties in supervising and executing the management operations of the Company. We believe that, with the above experience and knowledge, he is suited for the role of ensuring the sustainable improvement of corporate value, and thereby propose his re-election as a Director.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	Kohei Maeda (November 3, 1960) (62 years old)	April 1985	Joined the Company	3,700
	[Reelection]	April 1999	General Manager of New Technologies & Business Development Office	
		June 2005	General Manager of Research & Development Division and General Manager of Research Administration Division	
	Term of office as Director:	June 2010	Executive Officer, General Manager of Research & Application Division, and General Manager of Research Administration Division	
		June 2014	Director, Executive Officer, General Manager of Research & Application Division, and Head of Head Office Research Laboratory	
	9 years	June 2015	Director, Managing Executive Officer, in charge of Research & Development, General Manager of Research & Application Division, and Head of Head Office Research Laboratory	
	Attendance at Board Meetings during fiscal 2022:	June 2019	Director, Senior Managing Executive Officer, in charge of Sales & Marketing II, General Manager of Electronic Materials, Resins & Coloring Materials Division, and General Manager of Corporate Communications Division	
June 2021		Representative Director, Executive Vice President, supervising R&D, General Manager of Performance Materials Division, General Manager of Research Administration Division, Head of Head Office Research Laboratory, and Head of Katsura Research Laboratory		
14/15 (93%)	June 2022	Representative Director, Executive Vice President, in charge of Production, and General Manager of Production Division (to present) (Significant concurrent positions) President, Representative Director of San Chemical Co., Ltd.		
<p>[Reason for nomination as candidate for Director]</p> <p>In addition to years of experience as an officer responsible for, and in charge of Research & Development, Kohei Maeda has experience in supervising and executing the management operations of the Company as an officer in charge of sales, marketing, and production. He also served as Representative Director since 2021, playing a central role in the management operations of the Company. Since he is familiar with various technologies and businesses of the Company, we believe that, with the above experience and knowledge, he is suited for the role of ensuring the sustainable improvement of corporate value, and thereby propose his re-election as a Director.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	Masahiro Harada (February 8, 1964) (59 years old) [Reelection]	April 1989	Joined the Company	800
		July 2010	General Manager of Automotives II & Foam Industry Department	
		April 2017	General Manager of Electronic Materials, Resins & Coloring Materials Division	
		June 2018	Executive Officer, General Manager of Electronic Materials, Resins & Coloring Materials Division	
		June 2021	Managing Executive Officer, General Manager of Business Planning Division and General Manager of Energy Business Promotion Division	
	June 2022	Director and Managing Executive Officer, supervising Business Planning, General Manager of Energy Business Division and General Manager of Biotechnology & Medical Division		
	Term of office as Director:			
	1 year			
	Attendance at Board Meetings during fiscal 2022:	April 2023	Director and Managing Executive Officer, supervising Business Planning, General Manager of Energy Business Division, and in charge of Beauty & Personal Care Supervisory Department (to present)	
	12/12 (100%)			
[Reason for nomination as candidate for Director] Masahiro Harada has many years of experience as an officer in charge of the Sales & Marketing Division. He is engaged in the role of officer in charge of the Business Planning Division, which conducts planning for tie-ups with other companies and new businesses, including the energy business as well as the biotechnology business, to support its medium- to long-term growth, and is working towards business reforms at the Company. We believe that, with the above experience and knowledge, he is suited for the role of ensuring the sustainable improvement of corporate value, and thereby propose his re-election as a Director.				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Hiroyuki Susaki (August 28, 1965) (57 years old)	April 1988 April 2012	700
	[New Candidate]	April 2015	
	Term of office as Director:	April 2016	
	– years	June 2022	
	Attendance at Board Meetings during fiscal 2022:	Managing Executive Officer, General Manager of Corporate Planning Division (to present)	
	– (–%)		
<p>[Reason for nomination as candidate for Director] Hiroyuki Susaki has many years of experience at Toyota Tsusho Corporation, where he was responsible for the chemicals field, and at the Company, where he was responsible for international business and corporate planning. We believe that, with the above experience and knowledge, he is suited for the role of ensuring the sustainable improvement of corporate value, and thereby propose his election as a Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Kenichi Nishimura (January 3, 1965) (58 years old) [Reelection]	April 1988 Joined Sumitomo Bank, Limited March 1990 Joined Toray Industries, Inc. September 2011 Manager of Finance & Accounting Department Member of the Board of Toray Industries (Malaysia) Sdn. Berhad September 2017 General Manager of Finance Department of Toray Industries, Inc. September 2021 Deputy General Manager of Administrative Affairs Division of the Company	0
	Term of office as Director:	June 2022	
	1 year	Director and Executive Officer, in charge of Corporate Ethics and General Affairs, and General Manager of Administrative Affairs Division (to present)	
	Attendance at Board Meetings during fiscal 2022:		
	12/12 (100%)		
<p>[Reason for nomination as candidate for Director] Kenichi Nishimura has been involved with the Finance & Accounting Department of Toray Industries, Inc., for many years, and also has experience with the management of an overseas operating company. He is also involved in the execution and supervision of the Company's management as an officer responsible for finance and accounting divisions of the Company and as an officer responsible for compliance. We believe that, with the above experience and knowledge, he is suited for the role of ensuring the sustainable improvement of corporate value, and thereby propose his re-election as a Director.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Aya Shirai (May 23, 1960) (63 years old)	April 1979 Joined ALL NIPPON AIRWAYS CO., LTD. June 1993 Member of Amagasaki City Council December 2002 Mayor of Amagasaki City June 2018 Outside Director of the Company (to present) (Significant concurrent positions)	700
	[Reelection] [Outside Director] [Independent Director]	Outside Director of BROTHER INDUSTRIES, LTD. Outside Director of The Royal Hotel, Ltd.	
	Term of office as Director:		
	5 years		
	Attendance at Board Meetings during fiscal 2022:		
	15/15 (100%)		
<p>[Reason for nomination as candidate for outside Director and outline of expected roles]</p> <p>Aya Shirai 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. Furthermore, inspired by the Company's philosophy on promoting diversity, she has actively provided advice on its efforts to promote diversity. We expect that, with this experience and knowledge, she will continue contributing to the sustained improvement of the Company's corporate value by providing useful comments and opinions from an independent position, and thereby propose her re-election as an outside Director.</p> <p>Although she has not been directly involved in corporate management other than through experience as an outside Director, we believe that her experience managing administrative institutions as the head of municipal government administration is equivalent to corporate management, and we expect that, with the above experience and knowledge, she is suited for the role of carrying out supervisory functions and providing advice to the Company's management from various aspects. In addition, the Company has appointed her as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, and she contributes to the enhancement of transparency and fairness in the Company's management. If she is re-elected, we intend for her to continue as a committee member.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	Hideaki Obata (February 18, 1951) (72 years old)	April 1973 June 1997 June 2004	0
	[Reelection] [Outside Director] [Independent Director]	June 2008	
	Term of office as Director:	June 2009 June 2010 June 2011 June 2017	
	2 years	June 2021 Special Adviser (to present) Outside Director of the Company (to present) (Significant concurrent positions)	
	Attendance at Board Meetings during fiscal 2022:	Special Adviser of Nissin Electric Co., Ltd. Chairman of Kyoto Prefecture Council of Social Welfare	
15/15 (100%)			
<p>[Reason for nomination as candidate for outside Director and outline of expected roles]</p> <p>Hideaki Obata has a wealth of practical experience in administrative divisions such as human resources and general affairs, as well as experience and achievements from having been involved in management over many years at companies with a wide range of business domains. We expect that, with this experience and knowledge, he will contribute to the enhancement of the supervisory functions of the Company's Board of Directors and the sustained improvement of the Company's corporate value by providing useful comments and opinions on the Company's overall business activities from an independent position, and thereby propose his re-election as an outside Director.</p> <p>In addition, the Company has appointed him as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, and he contributes to the enhancement of transparency and fairness in the Company's management. If he is re-elected, we intend for him to continue as a committee member.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	Yumi Sano (August 20, 1961) (61 years old)	April 1984 April 1997 April 2004 April 2013	0
	[Reelection] [Outside Director] [Independent Director]	Joined Shikishima Boseki Ltd. (currently Shikibo Ltd) Joined Kansai Employers' Association (currently Kansai Economic Federation) General Manager, Membership Administration Joined Japan Institute for Women's Empowerment & Diversity Management	
	Term of office as Director:	April 2014 June 2021 (Significant concurrent positions)	
	Attendance at Board Meetings during fiscal 2022:	General Manager, Kansai Office (to present) Outside Director of the Company (to present) General Manager, Kansai Office of Japan Institute for Women's Empowerment & Diversity Management	
	15/15 (100%)		
<p>[Reason for nomination as candidate for outside Director and outline of expected roles]</p> <p>Yumi Sano has a wealth of practical experience in promoting diversity and developing human resources in listed companies and public interest corporations. In addition, she has experience and achievements from having been involved in corporate management as an outside Director of another listed company. We expect that, with this experience and knowledge, she will contribute to the sustained improvement of the Company's corporate value by providing useful comments and opinions from an independent position, and thereby propose her re-election as an outside Director.</p> <p>Although she has not been directly involved in corporate management other than through experience as an outside Director, we believe, with the above experience and knowledge, she is suited for the role of carrying out supervisory functions and providing advice to the Company's management from various aspects.</p> <p>In addition, the Company has appointed her as a member of the Nomination and Remuneration Committee, which is an advisory body to the Board of Directors, and she contributes to the enhancement of transparency and fairness in the Company's management. If she is re-elected, we intend for her to continue as a committee member. Although there are transaction relationships including outsourcing of work between the Company and Japan Institute for Women's Empowerment & Diversity Management, where she holds a concurrent position, the annual amount of actual transactions in the latest fiscal year is less than 2% of the ordinary profit of the said institute. Additionally, she has satisfied the independence standards of the Company and thus we have determined that there are no issues from these relationships with respect to independence.</p>			

(Notes)

1. Mr. Maeda concurrently serves as President, Representative Director of San Chemical Co., Ltd., which has a transaction relationship with the Company in product supply, etc. Otherwise, there are no special interests between each candidate for Director and the Company.
2. Ms. Shirai, Mr. Obata and Ms. Sano are candidates for outside Director. The aforementioned 3 persons have been designated as independent Directors as stipulated by the Tokyo Stock Exchange, and if their re-election is approved, the Company plans to continue to designate them as independent Directors.
3. The Company has entered into limited liability agreements with Ms. Shirai, Mr. Obata, and Ms. Sano wherein the limit of their liability for damages under Article 423, paragraph (1) of the Companies Act is the minimum liability amount as stipulated under Article 425, paragraph (1) of the Companies Act, provided that they carried out their duties in good faith and without gross negligence. The Company plans to continue these agreements if their re-election is approved.
4. The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the election of the candidates is approved, they will be included as the insureds under the said insurance agreement. The insureds do not bear the insurance premiums. The said insurance agreement shall compensate for damages and legal expenses relating to claims for damages against the insureds during the term of the insurance. However, there are certain exemption, such as damages arising out of any action taken by the insureds when they recognize that the said action is violating laws and regulations are not covered, in order to ensure that the insureds continue to execute their duties appropriately. In addition, the Company intends to renew the agreement with the same terms at the time of next renewal.
5. In January 2019, Sumitomo Precision Products Co., Ltd., for which Ms. Shirai had served as an outside Director, discovered that expenses concerning some defense equipment contracts with the Ministry of Defense had been overstated. Said company appointed an independent, highly specialized third-party special committee to conduct an investigation, and an investigation report has been submitted in January 2020. Ms. Shirai has been regularly promoting awareness of compliance with laws and regulations at the Board Meetings of the said company, and after the fact was discovered, she has offered opinions at Board Meetings, etc. of the said company on matters such as thorough investigation to determine causes and measures to further enhance compliance systems to prevent recurrence.

Proposal 2: Election of 1 Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Jun Karube will expire at the conclusion of this year’s Ordinary General Meeting of Shareholders. Accordingly, we propose the election of 1 Audit & Supervisory Board Member.

Please note that the Audit & Supervisory Board has already given its approval to this proposal.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
Jun Karube (July 1, 1953) (69 years old) [Reelection] [Outside Audit & Supervisory Board Member]	April 1976 Joined Toyota Tsusho Corporation June 1999 General Manager of Logistics Department June 2004 Member of the Board April 2006 Executive Officer June 2008 Managing Executive Officer June 2011 President & CEO, Representative Director June 2018 Chairman of the Board, Representative Director June 2019 Outside Audit & Supervisory Board Member of the Company (to present)	
Term of office as Audit & Supervisory Board Member:	June 2020 Chairman of the Board of Toyota Tsusho Corporation June 2022 Senior Executive Advisor (to present) (Significant concurrent positions)	
4 years	Senior Executive Advisor of Toyota Tsusho Corporation Outside Audit & Supervisory Board Member of KDDI CORPORATION	0
Attendance at Board Meetings during fiscal 2022:		
14/15 (93%)		
Attendance at Audit & Supervisory Board Meetings during fiscal 2022:		
12/12 (100%)		
[Reason for nomination as candidate for outside Audit & Supervisory Board Member] Jun Karube has abundant experience in corporate management over many years. We believe that he will be able to reflect this experience and knowledge in the Company’s audits, and therefore we nominate him and request his re-election as an outside Audit & Supervisory Board Member. He has a deep understanding of our business and the chemical industry, and has provided us with useful suggestions and opinions from multiple perspectives.		

(Notes)

1. Mr. Karube is a candidate for Outside Audit & Supervisory Board Member.
2. Mr. Karube was an executive (Chairman of the Board, Representative Director) of Toyota Tsusho Corporation, a specified associated service provider of the Company, until June 2020.
3. Mr. Karube has received remuneration from Toyota Tsusho Corporation, a specified associated service provider of the Company, at present and for the past two years.
4. The Company has entered into limited liability agreements with its outside Audit & Supervisory Board Members to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, provided that they carried out their duties in good faith and without gross negligence. The maximum amount of liability for damages under the agreement is the minimum liability amount as stipulated under Article 425, paragraph (1) of the Companies Act. The Company plans to continue such agreement if the re-election of Mr. Karube is approved.
5. The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the election of the candidate is approved, he will be included as the insured under the said insurance agreement. The insureds do not bear the insurance premiums. The said insurance agreement shall compensate for damages and legal expenses relating to claims for damages against the insureds during the term of the insurance. However, there are certain exemption, such as damages arising out of any action taken by the insureds when they recognize that the said action is violating laws and regulations are not covered, in order to ensure that the insureds continue to execute their duties appropriately. In addition, the Company intends to renew the agreement with the same terms at the time of next renewal.

<Reference> Skill Matrix of the Board of Director

If Proposal 1 and Proposal 2 are approved as proposed, the skills matrix of the Board of Directors will be as follows.

Name	Position	Outside	Independent	Corporate management	Compliance & Risk management	Understanding of diversity & Sustainability	International business	R&D, production, and new business development	Sales and marketing	Development and training of personnel	Finance and accounting
Takao Ando	Chairman			●	●	●	●	●	●	●	
Akinori Higuchi	Representative Director and President			●	●	●	●	●	●	●	
Kohei Maeda	Representative Director			●	●	●		●	●		
Masahiro Harada	Director				●	●		●	●		
Hiroyuki Susaki	Director				●	●	●		●		
Kenichi Nishimura	Director				●	●	●				●
Aya Shirai	Director	●	●	●	●	●				●	
Hideaki Obata	Director	●	●	●	●	●	●	●		●	
Yumi Sano	Director	●	●		●	●				●	
Hirokazu Kurome	Audit & Supervisory Board Member	●		●	●	●	●	●			
Takafumi Horie	Audit & Supervisory Board Member			●	●	●		●			
Jun Karube	Audit & Supervisory Board Member	●		●	●	●	●		●		
Yusuke Nakano	Audit & Supervisory Board Member	●	●	●	●	●					●

<Reference> Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members (hereinafter “Outside Officers”)

When selecting independent officers, the Company shall adopt the “Standards for Determining the Independence of Outside Officers,” as determined below.

“Standards for Determining the Independence of Outside Officers”

An outside officer shall be deemed independent if he or she does not fall under any of the following items.

1. A party whose major business partner is the Sanyo Chemical Group (*1, also hereinafter “the Group”) (*2) or an executive thereof (*3).
2. A major business partner of the Group (*4) or an executive thereof.
3. A major lender of the Group (*5) or an executive thereof.
4. A major shareholder of the Company or an executive thereof.
5. A person who belongs to an accounting firm serving as the Group’s accounting auditor.
6. A legal professional, accountant, or consultant, etc. who receives money or profit from other property benefits of a large amount (*6) from the Group, in a form other than compensation for officers.
7. A person or an executive, such as a director, of an organization such as a legal entity or a partnership, etc. who receives donations or subsidies of a large amount from the Group.
8. An executive director, executive officer (*shikkoyaku*), executive officer (*shikkoyakuin*) or an employee, such as a manager, of a company in which an executive director or a full-time audit & supervisory board member of the Group concurrently serves as an outside director or an outside audit & supervisory board member of the said company.
9. A person who fell under any of items 1 through 8 above within the past three years.
10. A spouse or a relative within the second degree of kinship of a person who falls under any of items 1 through 8 but is a person of importance (*7).

*1: “The Sanyo Chemical Group” pertains to the entire network consisting of the Company, its subsidiaries and affiliates.

*2: “A party whose major business partner is the Group” refers to a party who received payments from the Company in an amount that is equivalent to 2% or more of the said party’s consolidated net sales for the most recent fiscal year.

*3: “An executive” refers to a director (excluding non-executive directors), an executive officer (*shikkoyaku*), executive officer (*shikkoyakuin*), executive director or any other person or employee equivalent thereto of an organization such as a legal entity.

*4: “A major business partner of the Group” refers to a party from whom the Company received payments in an amount that is equivalent to 2% or more of the Company’s consolidated net sales for the most recent fiscal year.

*5: “A major lender of the Group” refers to a party that provides financing to the Company in an amount that is equivalent to 2% or more of the Company’s consolidated total assets for the most recent fiscal year.

*6: “A large amount” for an individual is equivalent to an average amount over the past three years equivalent to ¥10 million or more; for an organization such as a legal entity or a partnership, an average amount over the past three years exceeding 2% of the consolidated net sales or total revenues.

*7: “A person of importance” refers to a director (excluding outside directors), an audit & supervisory board member (excluding outside audit & supervisory board members), an executive officer or an employee who holds a managerial position above the general manager level.

Business Report

(From April 1, 2022 to March 31, 2023)

1. Current Status of the Group

(1) Progress and Results of Operations

During the fiscal year ended March 31, 2023, the Japanese economy remained in a severe situation as supply chain disruptions and supply constraints on raw materials and parts continued, although restrictions on economic activities due to the impact of the novel coronavirus disease (COVID-19) eased and consumer spending and exports showed signs of picking up. The global economy is in an uncertain situation, with concerns of an economic slowdown in the U.S. and Europe through monetary tightening, China's lack of strength in its recovery from the economic downturn caused by restrictions on movement, and resource and energy prices remaining high and inflation due to the prolonged situation in Russia and Ukraine.

In the chemical industry, the business environment remains unpredictable, as the yen's sharp depreciation due to interest rate hikes in the U.S. and Europe was followed by a reversal to a stronger yen due to concerns about the economic slowdown in the U.S. and Europe and revisions to the Bank of Japan's monetary easing measures, while the price of crude oil has been moving without a sense of direction due to a mix of speculation about rising and falling prices caused by concerns about a global economic slowdown and supply concerns.

Under these circumstances, net sales for the fiscal year under review increased by 7.7% year on year, to ¥174,973 million, mainly due to the revision of selling prices in response to rising raw material prices. In terms of profit, operating profit was ¥8,405 million (a decrease of 29.2% year on year), and ordinary profit was ¥9,918 million (a decrease of 22.3% year on year) mainly due to decreased sales volume and increased selling, general and administrative expenses. Profit attributable to owners of parent was ¥5,684 million (a decrease of 15.2% year on year).

Results by product group (segment) were as follows.

Toiletries and Health Care

In the Toiletries segment, sales were steady as demand for polyethyleneglycol declined due to the lockdown in Shanghai, China, but sales of papermaking chemicals remained strong.

In the Health Care segment, sales of superabsorbent polymers decreased in volume at all locations, and although sales increased slightly due to the revision of selling prices in response to rising raw material prices, operating profit declined significantly.

As a result, net sales in this segment increased by 3.9% year on year to ¥57,068 million. Operating profit was ¥113 million (a decrease of 94.2% year on year).

Petroleum and Automotives

In the Petroleum and Automotives segment, sales increased due to price revisions caused by soaring raw material prices, despite a decrease in demand for raw materials for polyurethane foams used in automobile seats and other applications, thermoplastic polyurethane beads for interior parts of automobiles, and lubricant additives due to automobile production adjustments.

As a result, total net sales in this segment increased by 13.5% year on year to ¥48,279 million. Operating profit was ¥2,988 million (a decrease of 20.5% year on year) due to a decrease in sales volume.

Plastics and Textiles

In the Plastics segment, sales of permanent antistatic agents were weak, but sales of paint coating agents and additives increased overseas, resulting in strong sales.

In the Textiles segment, sales experienced a large increase as sales of chemicals for carbon fibers increased steadily and sales of polyurethane resins for synthetic leather and elastomer fiber were strong.

As a result, total net sales in this segment increased by 10.6% year on year, to ¥28,177 million. Operating profit was ¥2,837 million (a decrease of 23.6% year on year) due to a decrease in sales volume.

Information and Electrics/Electronics

In the Information segment, sales experienced a large increase. This was mainly due to recovery of office printing demand, which had stagnated due to the COVID-19 pandemic, as well as strong sales of raw materials for polyester beads as a core component of polymerization toners and toner resins for pulverized toners.

In the Electrics/Electronics segment, although demand for the raw materials used in general-purpose resists declined due to the slowdown in the semiconductor market, sales of photosensitized materials used as raw materials in cutting-edge resists increased, and sales of electrolytes for aluminum electrolytic capacitors also increased, resulting in strong sales.

As a result, total net sales in this segment increased by 10.4% year on year, to ¥23,163 million. Operating profit was ¥2,558 million (an increase of 1.9% from the previous year).

Environmental Protection, Construction and Others

In the Environmental Protection segment, although demand for cationic monomers for polymer flocculants for overseas markets was sluggish, sales increased due to price revisions caused by soaring raw material prices.

In the Construction segment, sales of raw materials for polyurethane foams mainly used in furniture and heat insulating materials were weak due to a lull in demand for stay-at-home.

As a result, total net sales in this segment decreased by 1.7% year on year, to ¥18,284 million. Operating profit was ¥1,408 million (a decrease of 11.3% year on year).

(2) Capital Expenditures

The total amount of the Company's capital expenditures for the fiscal year under review was ¥12,033 million, mainly comprising the following:

1) Major facilities completed during the fiscal year under review

The Company

Facilities for manufacturing surfactant (Kashima Factory)

Sanyo Kasei (Thailand) Ltd.

Facilities for manufacturing antistatic agent (newly established)

2) Major facilities in progress during the fiscal year under review

The Company

Main business system (Head Office)

Facilities for manufacturing chemicals for carbon fibers (Kashima Factory)

Facilities for manufacturing electrolytes for aluminum electrolytic capacitors (Nagoya Factory)

SAN NOPCO LIMITED

Facilities for manufacturing high functional dispersant (Nagoya Research Laboratory & Factory)

Sanyo Kasei (Thailand) Ltd.

Facilities for manufacturing surfactant (newly established)

(3) Financing

During the fiscal year under review, the Company's financing needs mainly arose from operating capital overseas. These were financed by cash flows from operating activities and borrowings.

As a result, the balance of long-term and short-term borrowings as of the end of the fiscal year under review was ¥10,232 million.

(4) Status of Assets, Profit and Loss

Category	96th term (April 2019 - March 2020)	97th term (April 2020 - March 2021)	98th term (April 2021 - March 2022)	99th term (Current term) (April 2022 - March 2023)
Net sales (Millions of yen)	155,503	144,757	162,526	174,973
Operating profit (Millions of yen)	12,439	11,932	11,868	8,405
Ordinary profit (Millions of yen)	12,704	11,999	12,771	9,918
Profit attributable to owners of parent (Millions of yen)	7,668	7,282	6,699	5,684
Basic earnings per share (Yen)	347.87	330.34	303.76	257.57
Total assets (Millions of yen)	178,873	195,723	200,194	202,182
Net assets (Millions of yen)	130,097	142,951	147,032	148,994
Return on equity (ROE) (%)	5.97	5.43	4.70	3.91

Explanation

For the fiscal year ended March 31, 2020 (96th term), sales decreased due mainly to product price revisions in response to a drop in raw materials costs. In terms of profit, operating profit and ordinary profit decreased due mainly to a decrease in the sales volume of highly profitable products and a decrease in share of profit of entities accounted for using equity method. In addition, profit attributable to owners of parent increased owing mainly to the absence of impairment loss.

For the fiscal year ended March 31, 2021 (97th term), sales decreased due mainly to product price revisions in response to a drop in raw materials costs. In terms of profit, operating profit, ordinary profit, and profit attributable to owners of parent all declined, due to factors such as reduced sales volume of high-added value products, reduced share of profit of entities accounted for using equity method, and recording of loss on cancellation of integration.

For the fiscal year ended March 31, 2022 (98th term), sales increased due to product price revisions in response to rising raw material prices and other factors. In terms of profit, operating profit was flat year on year, but ordinary profit increased due to an increase in foreign exchange gains, and profit attributable to owners of parent decreased due to a loss on valuation of investment securities.

For information concerning the fiscal year under review (99th term), please refer to (1) "Progress and Results of Operations" above.

(5) Issues to Be Addressed

In March 2022, the Group formulated its management policy, “WakuWaku Explosion 2030” (hereinafter the “Management Policy”), based on the company motto, “Let us contribute to building a better society through our corporate activities.” In this Management Policy, the Group has set “Contribution to Carbon Neutral,” “Improvement of QOL” (QOL: quality of life), and “Improvement of Job Satisfaction” as our three missions and has worked to implement them in order to achieve “a circular society in harmony with the environment,” “a society where people can live in health and peace,” and “a society where each individual can shine.” In addition, as our “Vision” for fiscal 2030 under the Management Policy, we have established “All employees feel pride and satisfaction from their work. Grow into a global, unique, and highly profitable company,” and have set forth three initiatives, “Reformation of Existing Business,” “Grow from Core Business,” and “New Growth Path,” that we are striving to achieve within the scenario of “Transformation to Realize Our Vision.” Meanwhile, in fiscal 2022, the Group was significantly affected by various changes in the global environment, including the prolonged impact of COVID-19, soaring energy prices due to the situation in Ukraine, automobile production cutbacks due to semiconductor shortages, and the sharp depreciation of the yen. As a result, the progress of the three initiatives, “Reformation of Existing Business,” “Grow from Core Business,” and “New Growth Path,” was slightly behind schedule, and our performance for the fiscal year ended March 31, 2023 fell short of our initial plan. Looking back at the Group’s performance over a longer trend, we can clearly see a slowdown in net sales and operating profit growth over the past few years, as well as a decline in our ability to generate cash flow.

To this end, the Group has formulated the “New Medium-Term Management Plan 2025 –Accelerate Transformation to Realize Our Vision–,” which is explained below, in order to accelerate “Transformation to Realize Our Vision.” Going forward, we will shift to steadily implementing this plan and surely achieve our “Vision.”

New Medium-Term Management Plan 2025 - Accelerating Transformation Toward the Vision

The Group will accelerate “Transformation to Realize Our Vision,” and has newly formulated the “New Medium-Term Management Plan 2025 –Accelerate Transformation to Realize Our Vision–” (hereinafter the “New Medium-Term Management Plan”) as a three-year plan starting in fiscal 2023 in order to set forth concrete measures for improving profitability by fiscal 2025 and clearly state our roadmap for sustainable growth to achieve the “Vision.” In the New Medium-Term Management Plan, based on changes in the external environment and the results of verifying the progress made thus far in the transformation initiatives, we have revised the target of “fiscal 2024: operating profit of ¥20.0 billion” in the Management Policy to “fiscal 2025: operating profit of ¥15.0 billion.”

On the other hand, while remaining committed to the “Vision,” and the transformation scenario (“Reformation of Existing Business,” “Grow from Core Business,” and “New Growth Path”) for achieving it, we have specified the concrete measures for accelerating the related efforts as part of the New Medium-Term Management Plan. While the overall image and detailed contents are given below, we will particularly focus on the following three items for improving profitability and achieving sustainable growth: “injection of resources to the high-value-added products category (five focus product groups),” “improvement of efficiency and profitability through the

whole supply chain by ‘Monozukuri Transformation,’” and “restructuring of the urethane and superabsorbent polymers (SAP) businesses.”

By executing these measures, the Group will achieve improvement in profitability by fiscal 2025, achieve sustainable growth into the future, and surely achieve our “Vision” while accelerating the creation of new value.

Issues to be addressed and concrete measures

In order to achieve improvement in profitability by fiscal 2025, achieve sustainable growth into the future, and surely achieve our “Vision,” the Group will work on the following items.

(1) Business Strategy from Fiscal 2023 to Fiscal 2025

(i) Grow from Core Business

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

(ii) Reformation of Existing Business

We will improve profitability by transforming business processes throughout the supply chain and implementing structural reforms in the urethane and superabsorbent polymers (SAP) businesses.

(iii) Global Development

We will expand production facilities of overseas subsidiaries and associates and expand sales by strengthening functions of overseas sales offices.

(2) Toward the Future

(i) New Growth Path

We will focus on new businesses and product development that contribute to carbon neutrality (CN) and improving QOL. We will reinforce actions that create innovations, including continuously injecting resources and seeking opportunities in strategic alliances and M&A.

(ii) Solutions to Social Issues

We aim to realize significant reductions of CO₂ emissions through CCU^(*). In addition, we will proactively address human rights issues in the supply chain.

(*) Carbon dioxide Capture and Utilization

(iii) Initiatives to Support Growth

We will promote initiatives aimed at improving human resources development and work environments. In addition, we will conduct management with safety and quality as our top priority and promote transparent management.

The Group will, while concurrently working on these initiatives, strive to steadily return profits to shareholders in accordance with the previously established shareholder return policy. We appreciate the continued support and assistance of our shareholders going forward.

(6) Description of Principal Businesses

The Group mainly manufactures and sells various performance chemicals. Major products are as follows:

Business sector	Principal products	Sales ratio
Toiletries and Health Care	Surfactants for detergents, surfactants for hair care products, superabsorbent polymers, base material for pharmaceuticals, etc.	32.6%
Petroleum and Automotives	Raw material for polyurethane foams, thermoplastic polyurethane beads for interior parts of automobiles, lubricant additives, etc.	27.6%
Plastics and Textiles	Permanent antistatic agent, pigment dispersant, resin modifier, paint resin, chemicals for carbon fibers, etc.	16.1%
Information and Electrics/Electronics	Intermediate for polymerization toners, toner resin, electrolytes for aluminum electrolytic capacitors, chemicals for use in manufacturing electronic parts, etc.	13.2%
Environmental Protection, Construction, and Others	Raw materials for building sealants, raw materials for polyurethane for furniture and heat insulation materials, revenues from technology licensing, etc.	10.5%
Total		100.0%

(7) Employees

1) Employees of the Group (the Company and its consolidated subsidiaries)

Number of employees	Year-on-year change
2,089	Decrease of 17 persons

(Note) "Number of employees" above represents employees (excluding officers at subsidiaries) and full-time temporary employees.

2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
1,325	Decrease of 25 persons	41.8 years old	17.4 years

(Note) "Number of employees" above represents employees and full-time temporary employees.

(8) Significant Subsidiaries

1) Significant Subsidiaries

Name	Capital	Percentage of voting rights held	Description of principal businesses
SDP Global Co., Ltd.	¥2,900 million	100%	Manufacture and sales of superabsorbent polymers
SAN NOPCO LIMITED	¥400 million	100%	Manufacture and sales of chemicals for pulp & paper, chemicals for paint, a wide range of industrial chemicals, etc.
San Chemical Co., Ltd.	¥400 million	50%	Manufacture of raw material for polyurethane foams, etc.
San-Apro Ltd.	¥60 million	50%	Manufacture and sales of special catalysts, etc.
Sanyo Chemical Logistics Co., Ltd.	¥30 million	100%	Transportation and warehousing
Sanyo Chemical America Incorporated	US\$400 thousand	100%	Company managing U.S. subsidiaries Sales of lubricant additives, thermoplastic polyurethane beads, etc.
Sanyo Chemical Texas Industries, LLC	US\$1	100% (100%)	Manufacture of thermoplastic polyurethane beads
SDP GLOBAL (MALAYSIA) SDN. BHD.	RM259,365 thousand	100% (100%)	Manufacture and sales of superabsorbent polymers
Sanyo Kasei (Thailand) Ltd.	THB990,950 thousand	79%	Manufacture and sales of surfactants, antistatic agent, polyurethane resins, etc.
Sanyo Kasei (Nantong) Co., Ltd.	US\$27,500 thousand	100%	Manufacture of surfactants, polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd.	US\$64,900 thousand	100% (100%)	Manufacture and sales of superabsorbent polymers
Sanyo Chemical (Shanghai) Trading Co., Ltd.	US\$1,800 thousand	100%	Sales of surfactants, polyurethane resins, etc.
Sanyo Kasei Korea, Ltd.	KRW 450,000 thousand	100%	Sales of lubricant additives, antistatic agent, etc.

- (Notes)
1. Figures in parenthesis in “Percentage of voting rights held by the Company” indicate the percentage of indirect shareholdings.
 2. Other than the above, the Group has a non-consolidated subsidiary accounted for by the equity method: Sanliving Ltd.; and three associates accounted for by the equity method: San-Petrochemicals Co., Ltd., Shiohama Chemicals Warehouse Co., Ltd., and Sunrise Chemical LLC.
 3. As of April 1, 2022, SANAM Corporation changed its name to Sanyo Chemical America Incorporated.

2) Other

Toyota Tsusho Corporation holds 19.4% of voting rights of the Company and Toray Industries, Inc. holds 17.3% of voting rights of the Company. Therefore, the Company is an associate accounted for by the equity method of the two companies.

(Note) Subsidiaries and associates of the Company, Toyota Tsusho Corporation, and Toray Industries, Inc. are specified associated service providers under Article 2, paragraph (3), item (xix) of the Regulations for Enforcement of the Companies Act.

(9) Principal Offices and Plants

Head Office of the Company	11-1, Ikkyo Nomoto-cho, Higashiyama-ku, Kyoto, Japan
Domestic sales bases	<p>The Company: Tokyo (Minato-ku, Tokyo), Nagoya (Nagoya City), Chugoku Area (Hiroshima City), and Nishi-Nihon Area (Fukuoka City)</p> <p>SDP Global Co., Ltd.: Tokyo (Minato-ku, Tokyo)</p> <p>SAN NOPCO LIMITED: Tokyo (Minato-ku, Tokyo), Kyoto (Higashiyama-ku, Kyoto City)</p> <p>San-Apro Ltd.: Tokyo (Minato-ku, Tokyo)</p>
Overseas sales bases	<p>Sanyo Chemical America Incorporated: United States</p> <p>Sanyo Chemical (Shanghai) Trading Co., Ltd.: China</p> <p>Sanyo Kasei Korea, Ltd.: South Korea</p> <p>Sanyo Kasei (Taiwan) Ltd.: Taiwan</p>
Domestic production bases	<p>The Company: Nagoya (Tokai City, Aichi Prefecture), Kinuura (Handa City, Aichi Prefecture), Kashima (Kamisu City, Ibaraki Prefecture), and Kyoto (Kyoto City)</p> <p>SDP Global Co., Ltd.: Nagoya (Tokai City, Aichi Prefecture)</p> <p>SAN NOPCO LIMITED: Nagoya (Tokai City, Aichi Prefecture)</p> <p>San Chemical Co., Ltd.: Kawasaki (Kawasaki City)</p>
Overseas production bases	<p>Sanyo Chemical Texas Industries, LLC: United States</p> <p>SDP GLOBAL (MALAYSIA) SDN. BHD.: Malaysia</p> <p>Sanyo Kasei (Thailand) Ltd.: Thailand</p> <p>Sanyo Kasei (Nantong) Co., Ltd.: China</p> <p>San-Dia Polymers (Nantong) Co., Ltd.: China</p>
Research laboratories	<p>The Company: Head Office Research Laboratory (Higashiyama-ku, Kyoto City), Katsura Research Laboratory (Nishikyo-ku, Kyoto City)</p> <p>SDP Global Co., Ltd.: Kyoto (Higashiyama-ku, Kyoto City)</p> <p>SAN NOPCO LIMITED: Nagoya (Tokai City, Aichi Prefecture) and Kyoto (Higashiyama-ku, Kyoto City)</p> <p>San-Apro Ltd.: Kyoto (Nishikyo-ku, Kyoto City)</p>

(10) Principal Lenders

Name of lender	Borrowing amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	3,534
Sumitomo Mitsui Trust Bank, Limited	3,101
Mizuho Bank, Ltd.	2,158
MUFG Bank, Ltd.	1,437

2. Matters Concerning the Company's Shares

- (1) **Total Number of Authorized Shares:** 51,591,200
- (2) **Total Number of Issued and Outstanding Shares:** 23,534,752
- (3) **Number of Shareholders as of Year End:** 11,848 (up 797 year on year)
- (4) **Major Shareholders (Top 10 shareholders)**

Name	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Toyota Tsusho Corporation	4,286	19.3
Toray Industries, Inc.	3,826	17.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,963	8.8
Custody Bank of Japan, Ltd. (Trust Account)	1,165	5.3
Nippon Shokubai Co., Ltd.	1,105	5.0
ENEOS Holdings, Inc.	1,061	4.8
Sanyo Chemical Employees' Stock Ownership Association	570	2.6
DFA INTL SMALL CAP VALUE PORTFOLIO	225	1.0
Nippon Life Insurance Company	154	0.7
STATE STREET BANK AND TRUST COMPANY 505103	146	0.7

- (Notes) 1. Treasury shares are not included in the number of shares owned by the shareholders listed in the table above. Treasury shares (1,343,803 shares) are excluded in calculating "Percentage of shares held."
2. The Company's shares (116,700 shares) held by the trust whose beneficiaries are directors of the Company and established in line with the introduction of the stock-based compensation plan for Directors, etc. are included in shares (1,165,400 shares) held by Custody Bank of Japan, Ltd. (Trust Account) and not included in treasury shares (1,343,803 shares).

- (5) **Matters Concerning Shares Delivered to Directors of the Company (Including Former Directors of the Company) as Consideration for Their Execution of Duties During the Fiscal Year Under Review**

Subject	Number of shares	Number of recipients
Directors (excluding outside Directors)	11,807 shares	2 persons

3. Matters Concerning Directors and Audit & Supervisory Board Members

(1) Name, etc. of Directors and Audit & Supervisory Board Members

Name	Position and responsibilities	Significant concurrent positions
Takao Ando	Chairman Chairman of the Board of Directors	
Akinori Higuchi	Representative Director, President & CEO	
Kohei Maeda	Representative Director, Executive Vice President, in charge of Production and General Manager of Production Division	President, Representative Director of San Chemical Co., Ltd.
Masahiro Harada	Director, Managing Executive Officer, supervising Business Planning, General Manager of Energy Business Division and General Manager of Biotechnology & Medical Division	
Hiroyuki Shimominami	Director, Managing Executive Officer	President, Representative Director of SDP Global Co., Ltd.
Kenichi Nishimura	Director, Executive Officer, in charge of Corporate Ethics and General Affairs, and General Manager of Administrative Affairs Division	
Aya Shirai	Director	Outside Director of BROTHER INDUSTRIES, LTD. Outside Director of The Royal Hotel Limited
Hideaki Obata	Director	Special Adviser of Nissin Electric Co., Ltd. Chairman of Kyoto Prefecture Council of Social Welfare
Yumi Sano	Director	General Manager, Kansai Office of Japan Institute for Women's Empowerment & Diversity Management
Hirokazu Kurome	Full-time Audit & Supervisory Board Member	
Takafumi Horie	Full-time Audit & Supervisory Board Member	

Name	Position and responsibilities	Significant concurrent positions
Jun Karube	Audit & Supervisory Board Member	Senior Executive Advisor of Toyota Tsusho Corporation Outside Audit & Supervisory Board Member of KDDI CORPORATION
Yusuke Nakano	Audit & Supervisory Board Member	Head of NAKANO C.P.A. OFFICE Executive Senior Partner of Seiyu Audit Corporation Independent Audit and Supervisory Board Member of Nissha Co., Ltd. Outside Director (Audit and Supervisory Committee Member) of SK-Electronics CO., LTD.

- (Notes)
1. Directors Shirai, Obata and Sano are outside Directors as stipulated in Article 2, item (xv) of the Companies Act.
 2. Audit & Supervisory Board Members Kurome, Karube and Nakano are outside Audit & Supervisory Board Members as stipulated in Article 2, item (xvi) of the Companies Act.
 3. Audit & Supervisory Board Member Nakano is qualified as a certified public accountant, and has sufficient knowledge and experience concerning finance and accounting.
 4. Changes of Directors and Audit & Supervisory Board Members during the fiscal year under review were as follows:
 - 1) At the conclusion of the 98th Ordinary General Meeting of Shareholders held on June 17, 2022, Messrs. Hideya Narutaki and Shinya Yamamoto retired from the office of Directors due to expiration of term of office.
 - 2) At the 98th Ordinary General Meeting of Shareholders held on June 17, 2022, Messrs. Masahiro Harada and Kenichi Nishimura were newly appointed and assumed office as Directors.
 5. Changes in Directors' responsibilities and significant concurrent positions after the end of the fiscal year are as follows.
Effective April 1, 2023
Masahiro Harada Director, Managing Executive Officer, supervising Business Planning, General Manager of Energy Business Division, and in charge of Beauty & Personal Care Supervisory Department
 6. The Company has designated Directors Shirai, Obata and Sano, and Audit & Supervisory Board Member Nakano as independent Directors/Auditors, respectively, as stipulated by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange to that effect.

(2) Summary of Limited Liability Agreement

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into a limited liability agreement with all the outside Directors and outside Audit & Supervisory Board Members, wherein the limit of liability for damages under Article 423, paragraph (1) of the Companies Act is the minimum liability amount as stipulated under Article 425, paragraph (1) of the Companies Act, provided that they carried out their duties in good faith and without gross negligence.

(3) Summary of Content of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The scope of the insured is all Directors, Audit & Supervisory Board Members, and important employees of the Company and its subsidiaries (excluding Sanyo Chemical America Incorporated). The insured do not bear the insurance premiums. The said insurance agreement shall compensate for damages and legal expenses relating to claims for damages against the insured during the term of the insurance. However, there are certain exemption, such as damages arising out of any action taken by the insured when they recognize that the said action is violating laws and regulations are not covered, in order to ensure that the insured continue to execute their duties appropriately.

(4) Remuneration for Directors and Audit & Supervisory Board Members in the Fiscal Year Under Review

1) Aggregate amount of remuneration for Directors and Audit & Supervisory Board Members

Title	Aggregate amount of remuneration (Millions of yen)	Aggregate amount of remuneration by type of remuneration (Millions of yen)			Number of eligible Directors and Audit & Supervisory Board Members
		Basic remuneration	Bonuses (Performance-linked remuneration)	Stock-based compensation (Non-monetary remuneration)	
Directors (excluding outside Directors)	260	151	58	49	8
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	32	25	7	–	1
Outside Directors	26	26	–	–	3
Outside Audit & Supervisory Board Members	50	43	7	–	3
Total	369	246	74	49	15

- (Notes)
1. “Number of eligible Directors and Audit & Supervisory Board Members” and “Aggregate amount of remuneration” above include two Directors who retired from office during the fiscal year under review.
 2. The amount stated in “Stock-based compensation” represents provision for share-based payments for the fiscal year under review pertaining to the stock-based compensation plan.
 3. There were no Directors or Audit & Supervisory Board Members whose aggregate amount of remuneration exceeded ¥100 million.
 4. Employee salary portions for Directors and Audit & Supervisory Board Members who concurrently serve as employees were not paid.
 5. Other than the above, the aggregate amount of remuneration that outside Directors and outside Audit & Supervisory Board Members received for their services as officers from the Company’s subsidiaries in the fiscal year under review was ¥1 million.

2) Policy for Determination of Remuneration for Directors

Remuneration, etc. for the Company’s Directors is designed to secure excellent human resources towards improving corporate performance, as well as to ensure the remuneration level and remuneration system reflecting their duties. The remuneration level and remuneration system are determined giving consideration to trends in financial results, external objective data, and other factors, and the appropriateness thereof is verified by the Nomination and Remuneration Committee of which a majority of members are outside Directors. The policy for determining remuneration for Directors is deliberated and determined at the Board Meeting.

- Overview of the policy for determining remuneration for Directors is as follows:

- (i) Basic remuneration It shall be determined based on the roles and responsibilities of each Director considering the status of financial results for the relevant fiscal year and for the medium- and long-term, as well as the level of remuneration at other companies. It shall be paid monthly.
- (ii) Bonuses In order to raise awareness of improving business performance, the total amount to be paid is calculated by using consolidated ordinary profit, which is a benchmark for a corporation’s profitability, as an indicator, based on the status of financial results for the relevant fiscal year and for the medium- and long-term. Allocation shall be determined based on the roles and responsibilities of each Director. It will be paid at a certain time every year.

The target value of consolidated ordinary profit for the fiscal year under review was ¥13.0 billion, and the actual result was ¥9.9 billion.

(iii) Stock-based compensation

Points shall be granted according to positions, etc. pursuant to the Regulations on Stock Delivery. In principle, the Company's shares will be delivered according to the number of points when Directors retire.

A total of 12,871 points were granted to eight Directors in the fiscal year under review.

- In the fiscal year under review, determination of specific details of remuneration for each Director was delegated to the Representative Director and President, Akinori Higuchi by resolution of the Board of Directors. The description of authorities to be delegated includes the total amount and allocation of basic remuneration and performance-linked remuneration based on the roles and responsibilities of each Director. The reason for delegating these authorities is that the Representative Director and President is suitable to conduct evaluation which reflects the responsibilities and achievements of each Director for the business in charge, taking into consideration the medium- to long-term performance status of the Group.
- The Board of Directors deliberates and decides on the description of remuneration for each Director for the fiscal year under review, including the above remuneration level and system, so that it will effectively function as an incentive for improving business performance. The description of authorities to be delegated to the Representative Director and President is fully deliberated, with due respect given to the opinions of outside Directors, and the Board of Directors has judged that the description of remuneration for each Director for the fiscal year under review is in line with the policy for determining remuneration.

3) Matters Concerning Resolution of General Meeting of Shareholders Regarding Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for Directors

- Consists of (i) basic remuneration, (ii) bonuses, and (iii) stock-based compensation (outside Directors are excluded for (ii) and (iii)).
- (i) and (ii) are determined within the limit of remuneration (¥450 million or less annually including bonuses, of which ¥50 million or less annually for outside Directors) as approved at the 92nd Ordinary General Meeting of Shareholders held on June 17, 2016. The number of Directors at the conclusion of the said Ordinary General Meeting of Shareholders was nine (including two outside Directors).
- (iii) is determined within the following limit approved at the 94th Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors (excluding outside Directors) at the conclusion of the said Ordinary General Meeting of Shareholders was seven.

Trust period	Approximately three years
Upper limit of the amount of money to be contributed by the Company as funds for acquiring shares of the Company to be delivered to eligible Directors during the trust period	¥360 million in total
Upper limit of the total number of points granted to Directors	27,000 points per fiscal year
Number of shares granted to Directors	One share of the Company's stock granted per point

This stock-based compensation plan is being continued, and as the above trust period established in 2018 expired in August 2021, the trust period was extended for another 3 years until August 2024.

Remuneration for Audit & Supervisory Board Members

- Consists of (i) basic remuneration and (ii) bonuses.
- It is determined by deliberation among Audit & Supervisory Board Members within the limit of remuneration (¥96 million or less annually including bonuses) approved at the 84th Ordinary General Meeting of Shareholders held on June 20, 2008. The number of Audit & Supervisory Board Members at the conclusion of the said Ordinary General Meeting of Shareholders was four.

(5) Matters Concerning Outside Directors and Audit & Supervisory Board Members

1) Principal activities, etc. during the fiscal year under review

Category	Name	Principal activities, etc.
Director	Aya Shirai	Aya Shirai attended all 15 Board Meetings held during the fiscal year under review. Based on her many years of experience in municipal government administration and as an outside Director at other companies, she has actively expressed multifaceted suggestions and opinions from an independent position. She fulfils the role expected of her as an outside Director in an appropriate manner. She also attended all five Nomination and Compensation Committee meetings held during the fiscal year under review and has actively expressed her opinion concerning the nomination and remuneration, etc., of Directors from an independent standpoint.
Director	Hideaki Obata	Hideaki Obata has attended all 15 Board Meetings held during the fiscal year under review. Based on his many years of management experience in companies with a wide range of business domains, he has actively expressed suggestions and opinions concerning all aspects of the Company's management from an independent position. He fulfils the role expected of him as an outside Director in an appropriate manner. He also attended all five Nomination and Compensation Committee meetings held during the fiscal year under review and has actively expressed his opinion concerning the nomination and remuneration, etc., of Directors from an independent standpoint.
Director	Yumi Sano	Yumi Sano has attended all 15 Board Meetings held during the fiscal year under review. Based on her extensive experience in human resources development, she has actively expressed suggestions and opinions from an independent position. She fulfils the role expected of her as an outside Director in an appropriate manner. She also attended all five Nomination and Compensation Committee meetings held during the fiscal year under review and has actively expressed her opinion concerning the nomination and remuneration, etc., of Directors from an independent standpoint.
Audit & Supervisory Board Member	Hirokazu Kurome	Hirokazu Kurome has attended all 15 Board Meetings and all 12 Audit & Supervisory Board Meetings held during the fiscal year under review. Based on his global management experience, he has provided useful suggestions and opinions.
Audit & Supervisory Board Member	Jun Karube	Jun Karube has attended 14 out of 15 Board Meetings and all 12 Audit & Supervisory Board Meetings held during the fiscal year under review. Based on his wealth of experience in corporate management, he has provided useful suggestions and opinions.
Audit & Supervisory Board Member	Yusuke Nakano	Yusuke Nakano has attended all 15 Board Meetings and all 12 Audit & Supervisory Board Meetings held during the fiscal year under review. He has provided useful suggestions and opinions from his professional perspective as a certified public accountant.

2) Significant concurrent position at other companies, etc. and relations between the Company and such other companies

Category	Name	Significant concurrent position at other companies, and relations between the Company and such other companies
Director	Aya Shirai	Aya Shirai is outside Director of BROTHER INDUSTRIES, LTD and The Royal Hotel, Limited. There are transaction relationships between the Company and BROTHER INDUSTRIES, but the Royal Hotel has no business relationship with the Company.
Director	Hideaki Obata	Hideaki Obata is Special Adviser of Nissin Electric Co., Ltd. and Chairman of Kyoto Prefecture Council of Social Welfare. There are no transaction relationships between the Company and any of these entities.
Director	Yumi Sano	Yumi Sano is General Manager, Kansai Office of Japan Institute for Women's Empowerment & Diversity Management. There are transaction relationships between the Company and said institute.
Audit & Supervisory Board Member	Jun Karube	Jun Karube is Senior Executive Advisor of Toyota Tsusho Corporation and outside Audit & Supervisory Board Member of KDDI CORPORATION. Toyota Tsusho Corporation is a specified associated service provider of the Company. There are transaction relationships between the Company and KDDI CORPORATION.
Audit & Supervisory Board Member	Yusuke Nakano	Yusuke Nakano is Head of NAKANO C.P.A. OFFICE, Executive Senior Partner of Seiyu Audit Corporation, Independent Audit and Supervisory Board Member of Nissha Co., Ltd. and outside Director (Audit and Supervisory Committee Member) of SK-Electronics CO., LTD. There are transaction relationships between the Company and Nissha Co., Ltd., but there are no transaction relationships between the Company and any of the other companies at which he holds concurrent positions.

4. Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor and Remuneration, etc. Paid to Accounting Auditor during the Fiscal Year Under Review

Name	Remuneration, etc. paid to Accounting Auditor during the fiscal year under review
Ernst & Young ShinNihon LLC	(1) Amount of remuneration, etc. paid to the Accounting Auditor by the Company in the fiscal year under review Remuneration, etc. for services under Article 2, paragraph (1) of the Certified Public Accountants Act: ¥60 million Remuneration, etc. for services other than those under Article 2, paragraph (1) of the Certified Public Accountants Act: ¥17 million
	(2) Total amount of money and other property benefits payable by the Company and its subsidiaries to the Accounting Auditor: ¥90 million

- (Notes)
1. The audit agreement between the Company and the Accounting Auditor makes no clear distinction between the audit fees, etc. for audits based on the Companies Act and those based on the Financial Instruments and Exchange Act, and since it is practically impossible to distinguish between these two types of fees, the above figures refer to the sum of these amounts.
 2. Content of services other than those under Article 2, paragraph (1) of the Certified Public Accountants Act
Advice and guidance on internal control regarding financial reporting
 3. The Audit & Supervisory Board conducted necessary verification on whether the details of the Accounting Auditor's audit plans, the status of its execution of duties so far, and the calculation basis for remuneration estimates were appropriate, through obtaining necessary materials and hearing reports from officers in charge, internal relevant departments, and the Accounting Auditor. As a result, the Audit & Supervisory Board agreed to the remuneration, etc. to be paid to the Accounting Auditor.

(2) Policies on Dismissal or Non-reappointment of the Accounting Auditor

- 1) In the event that the Audit & Supervisory Board determines that the Accounting Auditor falls under any of the items of Article 340, paragraph (1) of the Companies Act, it will dismiss the Accounting Auditor upon the unanimous consent of the Audit & Supervisory Board Members.
- 2) If the appropriate execution of audits by the Accounting Auditor is deemed difficult due to the occurrence of an event, etc. damaging the eligibility and independence of the Accounting Auditor, the Audit & Supervisory Board will determine the details of the agenda item regarding dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

(3) Other Matters

Among the significant subsidiaries of the Company, Sanyo Kasei (Thailand) Ltd., Sanyo Kasei (Nantong) Co., Ltd., San-Dia Polymers (Nantong) Co., Ltd., Sanyo Chemical (Shanghai) Trading Co., Ltd., and SDP GLOBAL (MALAYSIA) SDN. BHD. have been audited by certified public accountants or auditing firms other than the Company's Accounting Auditor.

5. Policy for Determining Appropriation of Surplus, etc.

We regard increasing returns to shareholders while attempting to reinforce the corporate base for the future through an improvement in Sanyo Chemical Group's profitability as our important management issue. We aim to improve our dividend payout in the medium-to long-term, targeting a consolidated payout ratio of 30% or higher. The Company would like to utilize internal reserves in investment leading to future growth.

<Consolidated dividends per share and payout ratio>

	96th term (April 2019 - March 2020)	97th term (April 2020 - March 2021)	98th term (April 2021 - March 2022)	99th term (Current term) (April 2022 - March 2023)
Interim	¥70.0	¥70.0	¥85.0	¥85.0
Year-end	¥70.0	¥80.0	¥85.0	¥85.0
Annual	¥140.0	¥150.0	¥170.0	¥170.0
Payout ratio	40.2%	45.4%	56.0%	66.0%

- The amounts and number of shares less than the presented unit are disregarded, while ratios and other figures less than the presented unit are rounded off.

Consolidated Financial Statements

Consolidated Balance Sheets

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	97,324	Current liabilities	46,938
Cash and deposits	17,114	Accounts payable - trade	20,307
Notes and accounts receivable - trade	45,326	Electronically recorded obligations - operating	4,535
Electronically recorded monetary claims - operating	917	Short-term borrowings	7,847
Merchandise and finished goods	20,123	Current portion of long-term borrowings	474
Semi-finished goods	4,986	Accrued expenses	4,249
Work in process	5	Income taxes payable	1,321
Raw materials and supplies	7,233	Provision for bonuses	1,813
Other	2,080	Provision for bonuses for directors (and other officers)	88
Allowance for doubtful accounts	(464)	Electronically recorded obligations - non-operating	732
Non-current assets	104,857	Other	5,565
Property, plant and equipment	59,791	Non-current liabilities	6,249
Buildings and structures	19,306	Long-term borrowings	1,909
Machinery, equipment and vehicles	27,144	Deferred tax liabilities	2,772
Land	8,879	Provision for share-based payments	391
Construction in progress	1,435	Retirement benefit liability	53
Other	3,024	Other	1,123
Intangible assets	7,877	Total liabilities	53,187
Software	1,170	(Net assets)	
Other	6,707	Shareholders' equity	132,353
Investments and other assets	37,188	Share capital	13,051
Investment securities	27,575	Capital surplus	13,270
Long-term loans receivable	4,145	Retained earnings	111,762
Deferred tax assets	350	Treasury shares	(5,730)
Retirement benefit asset	2,085	Accumulated other comprehensive income	13,714
Other	3,064	Valuation difference on available-for-sale securities	8,816
Allowance for doubtful accounts	(32)	Foreign currency translation adjustment	4,579
		Remeasurements of defined benefit plans	317
		Non-controlling interests	2,927
		Total net assets	148,994
Total assets	202,182	Total liabilities and net assets	202,182

Consolidated Statements of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		174,973
Cost of sales		142,437
Gross profit		32,536
Selling, general and administrative expenses		24,131
Operating profit		8,405
Non-operating income		
Interest income	169	
Dividend income	821	
Rental income from real estate	137	
Foreign exchange gains	1,107	
Share of profit of entities accounted for using equity method	468	
Other	187	2,892
Non-operating expenses		
Interest expenses	118	
Rental costs on real estate	70	
Loss on abandonment of inventories	281	
Compensation expenses	394	
Other	514	1,379
Ordinary profit		9,918
Extraordinary income		
Gain on sale of investment securities	2,716	
Insurance claim income	21	2,737
Extraordinary losses		
Loss on valuation of investment securities	106	
Loss on valuation of investments in capital	688	
Impairment losses	1,328	
Loss on retirement of non-current assets	1,093	
Other	24	3,241
Profit before income taxes		9,414
Income taxes - current	3,239	
Income taxes - deferred	(53)	3,185
Profit		6,228
Profit attributable to non-controlling interests		544
Profit attributable to owners of parent		5,684

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	67,947	Current liabilities	35,892
Cash and deposits	6,531	Electronically recorded obligations - operating	4,535
Electronically recorded monetary claims - operating	269	Accounts payable - trade	20,111
Accounts receivable - trade	36,824	Accounts payable - other	2,213
Merchandise and finished goods	10,979	Accrued expenses	3,208
Semi-finished goods and work in process	3,624	Income taxes payable	909
Raw materials	2,727	Accrued consumption taxes	52
Containers	23	Deposits received	2,597
Supplies	163	Provision for bonuses	1,414
Prepaid expenses	243	Provision for bonuses for directors (and other officers)	74
Short-term loans receivable from subsidiaries and associates	720	Electronically recorded obligations - non-operating	689
Accounts receivable - other	6,219	Other	86
Other	74	Non-current liabilities	3,771
Allowance for doubtful accounts	(453)	Deferred tax liabilities	2,361
Non-current assets	97,347	Provision for share-based payments	391
Property, plant and equipment	40,412	Other	1,019
Buildings	10,127	Total liabilities	39,664
Structures	2,691	(Net assets)	
Machinery and equipment	17,396	Shareholders' equity	116,815
Vehicles	51	Share capital	13,051
Tools, furniture and fixtures	1,720	Capital surplus	12,317
Land	8,173	Legal capital surplus	12,191
Construction in progress	250	Other capital surplus	126
Intangible assets	6,319	Retained earnings	97,177
Software	846	Legal retained earnings	2,775
Other	5,473	Other retained earnings	94,401
Investments and other assets	50,615	Voluntary retained earnings	
Investment securities	13,958	Reserve for dividends	329
Shares of subsidiaries and associates	18,096	General reserve	86,246
Investments in capital	1,791	Retained earnings brought forward	7,826
Investments in capital of subsidiaries and associates	1,650	Treasury shares	(5,730)
Long-term loans receivable from subsidiaries and associates	15,644	Valuation and translation adjustments	8,814
Long-term prepaid expenses	327	Valuation difference on available- for-sale securities	8,814
Prepaid pension costs	1,627	Total net assets	125,630
Leasehold and guarantee deposits	413		
Other	144		
Allowance for doubtful accounts	(3,039)		
Total assets	165,295	Total liabilities and net assets	165,295

Non-consolidated Statements of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		116,289
Cost of sales		93,580
Gross profit		22,709
Selling, general and administrative expenses		17,747
Operating profit		4,961
Non-operating income		
Interest income	278	
Dividend income	1,743	
Rental income from real estate	614	
Foreign exchange gains	925	
Other	313	3,875
Non-operating expenses		
Interest expenses	12	
Loss on abandonment of inventories	231	
Provision of allowance for doubtful accounts	619	
Other	162	1,025
Ordinary profit		7,812
Extraordinary income		
Gain on sale of investment securities	2,716	
Insurance claim income	10	2,726
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	540	
Loss on valuation of shares of subsidiaries and associates	151	
Loss on valuation of investment securities	106	
Loss on valuation of investments in capital	688	
Loss on retirement of non-current assets	1,037	2,523
Profit before income taxes		8,015
Income taxes - current	1,876	
Income taxes - deferred	207	2,083
Profit		5,931

Independent Auditor's Report
(English Translation)

May 22, 2023

To the Board of Directors of SANYO CHEMICAL INDUSTRIES, LTD.

Ernst & Young ShinNihon LLC
Osaka Office

Hideo Yamamoto
Certified Public Accountant
Designated and Engagement Partner
Yasushi Mito
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and notes to the consolidated financial statements of SANYO CHEMICAL INDUSTRIES, LTD. (the "Company") applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the corporate group consisting of the Company and its consolidated subsidiaries (the "Group") applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information is the business report and the supplementary schedules thereof. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties throughout development and operation of other information reporting process.

Other information is not subject to our audit opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility when auditing the consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the development and operation of the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express an opinion with exclusions for the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report
(English Translation)

May 22, 2023

To the Board of Directors of SANYO CHEMICAL INDUSTRIES, LTD.

Ernst & Young ShinNihon LLC
Osaka Office

Hideo Yamamoto
Certified Public Accountant
Designated and Engagement Partner
Yasushi Mito
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, and notes to the non-consolidated financial statements, and the accompanying supplementary schedules of SANYO CHEMICAL INDUSTRIES, LTD. (the "Company") applicable to the 99th term from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements and the accompanying supplementary schedules present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information is the business report and the supplementary schedules thereof. Management is responsible for preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties throughout development and operation of other information reporting process.

Other information is not subject to our audit opinion on the financial statements and the accompanying supplementary schedules, and we express no opinion on the other information.

Our responsibility when auditing the financial statements and the accompanying supplementary schedules is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the development and operation of the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements and the accompanying supplementary schedules is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to express an opinion with exclusions for the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report (English Translation)

With respect to the Directors' performance of their duties during the 99th term from April 1, 2022 to March 31, 2023, the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method by which the audit was conducted by the Audit & Supervisory Board Members and the Audit & Supervisory Board and the contents thereof
 - (1) The Audit & Supervisory Board stipulated auditing policies and the division of duties, and received reports on the status and results of audits from each Audit & Supervisory Board Member. In addition, the Board received reports on the status of execution of their duties from Directors, etc. and the Accounting Auditor, and requested explanations as necessary.
 - (2) In accordance with the auditing standards established by the Audit & Supervisory Board, each Audit & Supervisory Board Member communicated with Directors, the Auditing Division, and other employees in accordance with the auditing policy and the division of duties, and worked to collect information and improve the environment for audits. Audit & Supervisory Board Members also conducted audits in the following manner.
 1. Each Audit & Supervisory Board Member attended Board Meetings, the Management Council, and other important meetings, received reports from Directors, employees, and others on the status of the execution of their duties, requested explanations as necessary, inspected important approval documents, and investigated the status of operations and assets at the Head Office and major business sites. With regard to subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors and Audit & Supervisory Board Members of subsidiaries, and received reports from subsidiaries on their respective businesses as necessary.
 2. Each Audit & Supervisory Board Member regularly received reports from and requested explanations as necessary from Directors and other employees on the details of the resolutions by the Board of Directors concerning the development of systems necessary to ensure that the execution of duties by Directors complies with laws, regulations and the Articles of Incorporation, and other systems provided for in Article 100, paragraph (1) and paragraph (3) of the Regulations for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of a corporate group, consisting of a stock company and its subsidiaries, and the status of development and operation of the systems established based on the resolution of the Board of Directors above (internal control system).
 3. Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. In addition, each Audit & Supervisory Board Member received notice from the Accounting Auditor that the "system to ensure that the Accounting Auditor's duties will be executed in an appropriate manner" (matters listed in each item of Article 131 of the Regulations on Corporate Accounting) has been developed in accordance with the "Quality Control Standard for Audit" (October 28, 2005, Business Accounting Council), etc., and requested explanations as necessary.

Based on the above methods, the Audit & Supervisory Board reviewed the business report, the supplementary schedules thereof, non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes to the non-consolidated financial statements), the supplementary schedules thereof, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to the consolidated financial statements) for the fiscal year under review.

2. Audit Results

(1) Results of audit of business reports, etc.

1. We acknowledge that the business report and the supplementary schedules thereof fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
2. We acknowledge that no misconduct or material fact constituting a violation of any laws, regulations or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
3. We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the business report concerning the internal control systems and the Directors' performance of their duties.

(2) Results of audit of the non-consolidated financial statements and supplementary schedules thereof

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of audit of the consolidated financial statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 24, 2023

Audit & Supervisory Board, SANYO CHEMICAL INDUSTRIES, LTD.

Full-time outside Audit & Supervisory Board Member	Hirokazu Kurome
Full-time Audit & Supervisory Board Member	Takafumi Horiie
Outside Audit & Supervisory Board Member	Jun Karube
Outside Audit & Supervisory Board Member	Yusuke Nakano