

A background image showing two business professionals in a meeting. One person is holding a pen and looking at a tablet, while the other is holding a pen and looking at a document. There are papers with charts and a glass of water on the table. The image is partially obscured by a diagonal white banner with black borders.

INVESTOR CONFERENCE

2022

Sesoda Corporation Investor Conference

2022/11/23



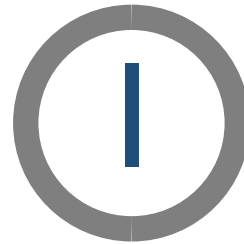
Disclaimer

Disclaimer of outlook and financial reports



Outlook

We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.



IFRS

The financial numbers herewith are based on International Financial Reporting Standards(IFRS).



CPA

Cumulative consolidated numbers have been reviewed by the CPA.

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PART ONE

- Company Profile

01



Company Profile

In 1957, Sesoda Corporation was established in collaboration with the government's chemical industry projects.

Main Businesses

- Potassium Sulfate (SOP)
- Soda Ash, Sodium Bicarbonate & other trading products
- Bulk vessel shipping

Employees

Total
163

Average Year of Service
12.5 years



PART TWO

- Industry Overview

02



Potassium Sulfate (SOP)

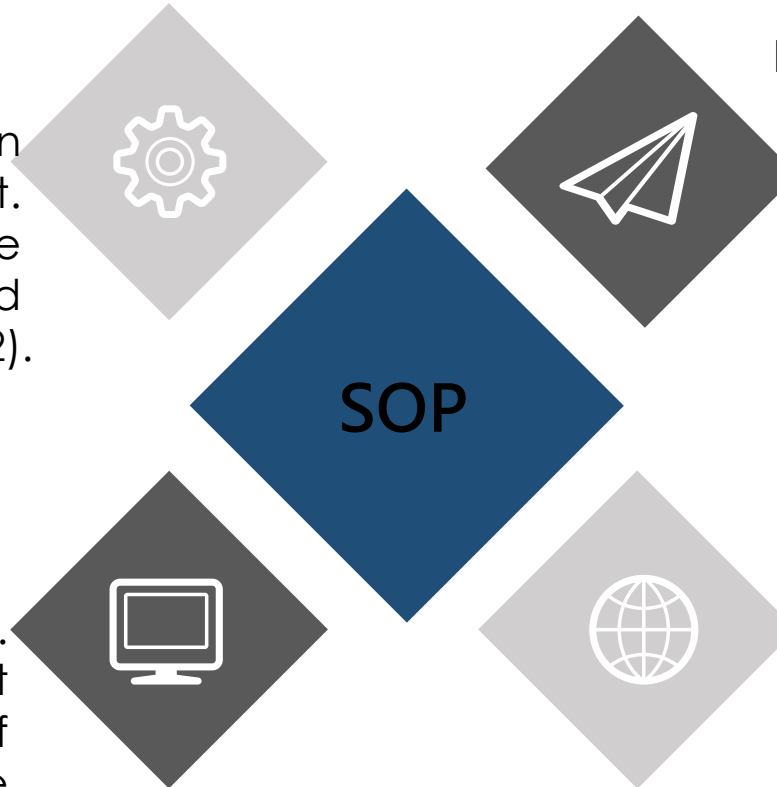
Hopefully SOP demand shall stabilize in 2023 though likely with much lower price

Capacity

14 production lines with an annual capacity of 140,000mt. By-products include Hydrochloric Acid(HCl) and Liquid Calcium Chloride (CaCl₂).

Sales strategy

98% of the output is for exports. Diversification of export markets avoids the pitfall of concentrating on any single market.



MOP price skyrocketed to decade high

Strong demand for potash in 1H of 2022 due to MOP's uncertain supply due to Ukraine-Russia war and impact of sanctions against Belarus; which led to MOP's high price in more than a decade.

SOP production costs rose steeply due to high raw material costs

SOP production costs increased sharply because of the high raw materials cost, especially MOP. Hence SOP price rose too to historical decade high in 1H 2022.

Potassium Sulfate (SOP)

Hopefully SOP demand shall stabilize in 2023
though likely with much lower price

The big drop in MOP price since Q3 has caused SOP's downward price trajectory. Customers have since been in a heavy watching mood. The high-priced MOP inventory from early purchases threatens not only SOP price competitiveness but also complicates SOP profit outlook for 1H 2023.

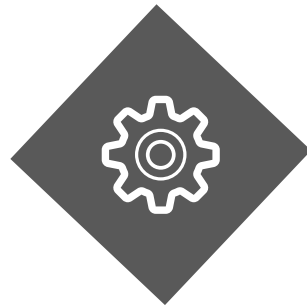
Increased number of orders in break bulk to cope with the still high container rate. Volume in break bulk exceeded more than half of the total quantity for Q1-Q3



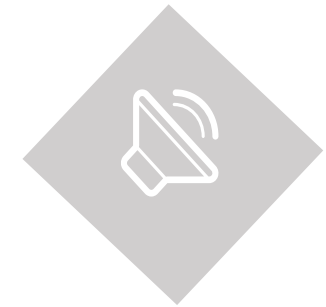
Market news indicated that China is about to remove fertilizer export inspection in Q1. Once China's export restriction of SOP is lifted, there will bound to be impact on Taiwanese SOP export.

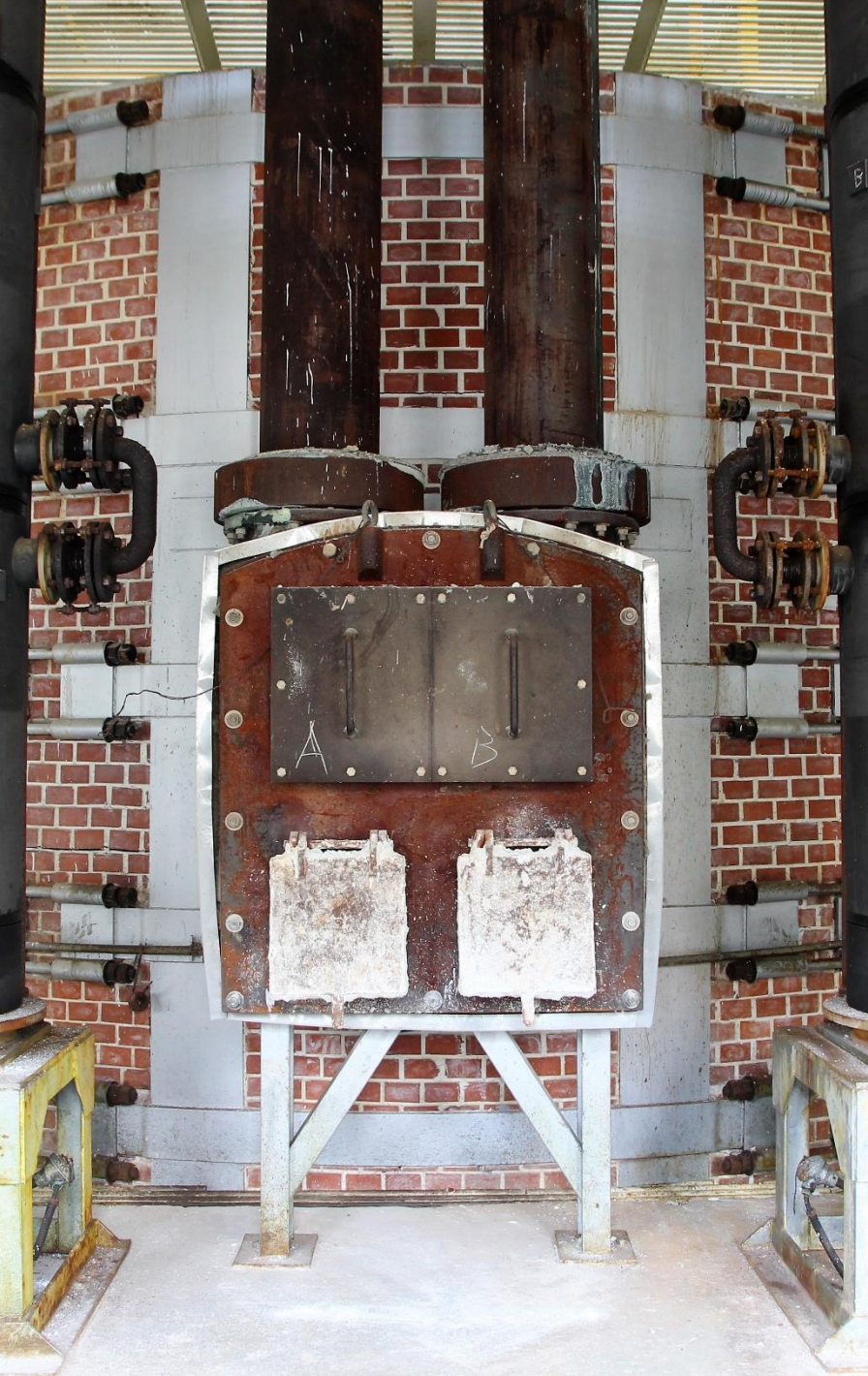


Demand dropped substantially since Q3 as the worsening of global inflation, geopolitical conflicts, and steeply devalued currency in several countries. Expect relatively weak SOP demand for 1H of 2023.



Severe flooding and drought due to global warming has led to the loss of farmlands, impacted on seasonal fertilization, and inadvertently reduced SOP demand.





Soda Ash, Sodium Bicarbonate & more

Skyrocketed costs for trading products due to disruptions on supply chain and high raw material costs induced by the lingering pandemic, plus shortage of natural gas supply due to the Ukraine-Russia war, all severely impacted on the demand side, and thus less than ideal sales performance in 2022.

Optimize supply with further market penetration

The economic outlook for 2023 is not bright. Customers' demand for the trading products will likely be weak. Short supply from several key suppliers remains a challenge. To have stable supply is one key task. The company will actively seek new sources of supply to enhance its competitiveness.

New Sodium Bicarbonate production

The commencement of Sodium Carbonate production in early 2023 in the company's Suao factory will mark an important milestone in achieving carbon neutrality. Local production/supply will further enhance the company's competitiveness and provides export sales opportunity too.

PART THREE

- Shipping

03



Shipping



15 bulk vessels

Currently, we have 15 handy-size (28,000DWT~38,000DWT) vessels in operation. Our shipping business accounts for approximately 32% of the company's total revenues until the 3rd quarter of this year.



Short or long terms

Basically, we try to have all vessels be chartered either by short or long terms to balance seasonal and business cycle impacts.

Sesoda established Sesoda Steamship Corporation in 1995. Sesoda Steamship Corporation is a 100% owned subsidiary and also the holding company of the shipping business.



Shipping Outlook



Generally the hire level for handy-size is more stable than other bulkers such as Capesize/Panamax.



BHSI Index dropped nearly 45% so far this year. However, average hire price of our fleets increased by 7% due to the deferred effect of fixed term charterparty. Cost of crew wages remains in a high level but there's a little correction in cost of change crews. We will try to mix multi-national crews to save the cost.



Before more new building vessels delivered after end of 2023 & 2024, we forecast there'll be support in handy size ship market since the demand and support may be balanced, and there will not be too much drop in vessel charter rate.



PART FOUR

- Financial Reports

04



Statement of Comprehensive Income

Selected Items from Statements of Comprehensive Income	2022 Q1~Q3	2021 Q1~Q3
Net Revenue	6,130	3,215
Gross Margin	39%	28%
Operating Expenses	838	520
Operating Margin	25%	12%
Non-Operating Items	(54)	16
Net Income to Shareholders of the Parent Company	1,159	329
Net Profit Margin	19%	10%
EPS(NT Dollar)	4.65	1.32
ROE	17%	6%

- In NT\$ millions unless otherwise noted.
- The weighted average number of shares outstanding were 249 m shares at 9/30/22.
- ROE is based on average equity attributable to shareholders of parent company.

Balance Sheets

Selected Items from Balance Sheets	2022 Q1~Q3	2021 Q1~Q3
Cash & Marketable Securities	1,232	877
Accounts & Notes Receivable	1,196	625
Inventories	1,505	477
Long-term Investments	410	619
NET PP&E	9,749	8,960
Others	548	327
Total Assets	14,640	11,885
Current Liabilities	4,355	2,872
Non-current Liabilities	3,062	3,281
Total Liabilities	7,417	6,153
Total Shareholders' Equity	7,223	5,732

● In NT\$ millions.

Statement of Cash Flows

Selected item from Statements of Cash Flows	2022 Q1~Q3	2021 Q1~Q3
Beginning Balance	956	923
Cash from operating activities	921	492
Capital expenditures	(296)	(181)
Cash dividends	(498)	-
Short-term borrowings	504	100
Long-term debts	(424)	(390)
Investments and Others	68	(70)
Ending Balance	1,231	874

● In NT\$ millions.

Q & A

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THANKS!

Green Promise, Sustainable Development

Sesoda Corporation

