



2021

Sesoda Corporation

November 26,
2021

Investor Presentation

www.sesoda.com.tw

Disclaimer

01

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

02

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

03

Cumulative consolidated numbers have been reviewed by the CPA.

The background is a solid blue color. On the left side, there are several large, overlapping organic shapes in a darker shade of blue. Some of these shapes contain thin, dark blue curved lines that create a grid-like or web-like pattern. The overall design is modern and minimalist.

Company Profile

Build factory in Suao, where is rich in limestone, then began production with pure Soda Ash

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

Main Businesses

- Potassium Sulfate (SOP)
- Soda Ash and other trading products
- Bulk vessel shipping

Total Employees

164

Average Seniority

14.27 years

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Potassium Sulfate(SOP)

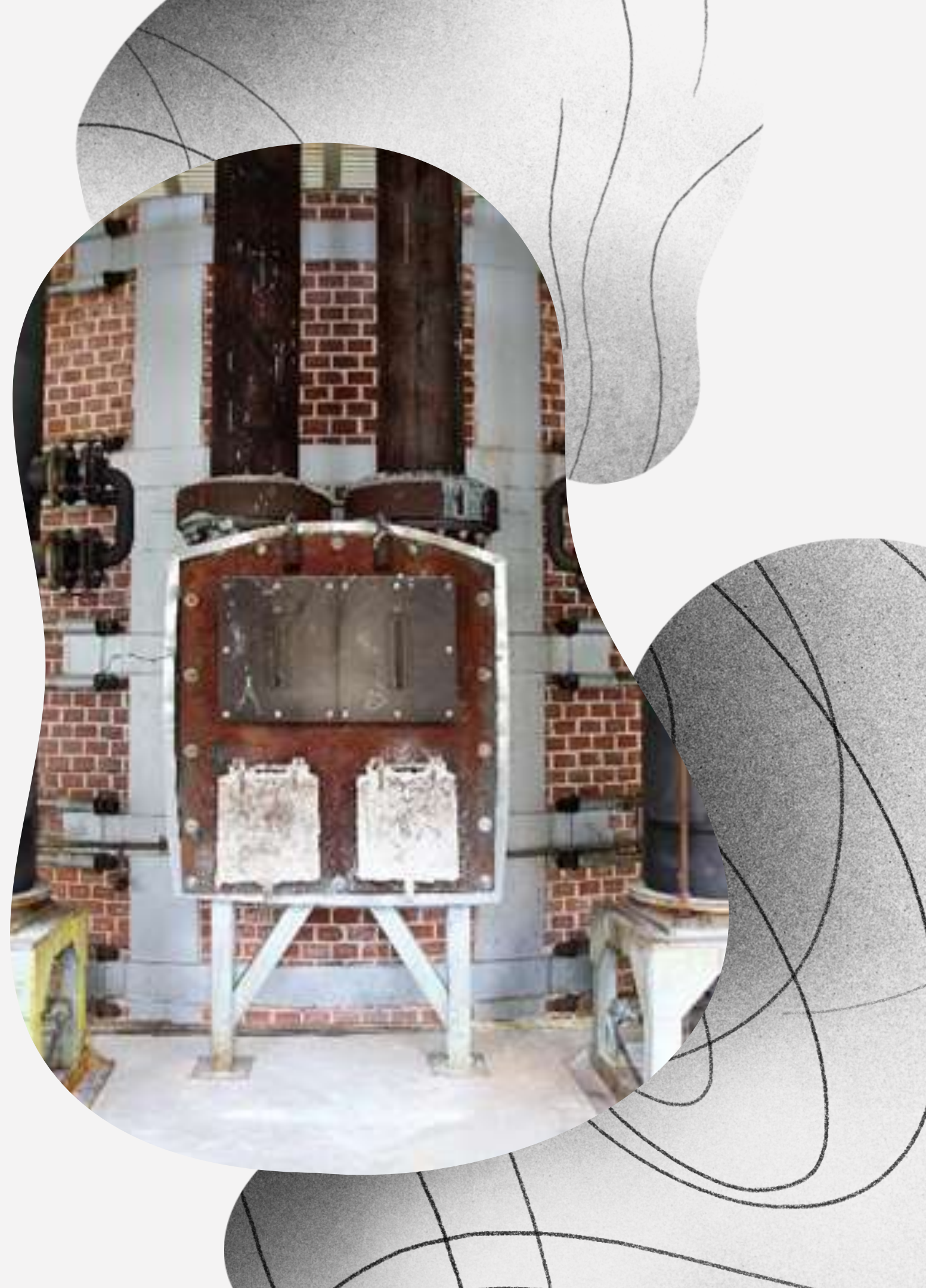
Potassium Sulfate is a high-grade potassium fertilizer containing high Sulfur, high Potassium and low Chlorine.

Capacity

14 production lines with an annual capacity of 140,000mt. Main product is Potassium Sulfate(SOP), by-products include Hydrochloric Acid(HCl) and Liquid Calcium Chloride (CaCl_2).

Sales Strategy

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



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Market Update

SOP growing by 2~3% p.a.

According to IFA & other market data , global Potash sales is around 76 million tons in 2020; SOP about 8 million tons, growing by at least 2-3% annually.

Chinese authorities imposes regulations requiring additional inspection on fertilizer, incl. SOP, exports

Since the 2019's removal of fertilizer export tariff, the most critical measures were implemented on Oct. 15, 2021, by the General Administration of Customs, aiming for the stable fertilizer supplies domestically.

China's move to curb fertilizer exports will surely be felt around the world. How big an impact this will have on the global SOP market is to be closely watched.



Unprecedented price heights for MOP, SOP & container rate

- Strong demand for potash accelerated its pricing since April 2021. This strong demand & upward pricing trend are expected to continue well into Q1 2022, especially with MOP's tight supply globally.
- Ocean freight rates are at all time "record levels" on most routes in the world. Port congestion, lack of empty containers & container space, shortage of truck drivers and labors have become the norm.
- Starting late summer, SOP selling prices started to increase to reflect price escalation of MOP & other raw materials, and market situation.

Overall, SOP demand has been steady for the company, though skyrocketed raw material pricing and container rate have eaten away its margins.



Moving forward

The SOP market is expected to continue to grow well into 2022. To equalize the impact from the still very high raw material pricing, especially MOP, and container rate, the company will focus more on attaining break bulk orders.

Soda Ash and Other Trading Products



- The series of products include Soda Ash and Sodium Bicarbonate, among other trading products, contribute to around 13% in sales revenues ; which offered stable contribution to sales revenues and profits previously.
- Price had been increasing gradually by freight rates up, unstable shipping volumes and rising raw materials at H12021. Regional supply been a significant reduction to prompted prices to skyrocket in a short period after a Policy Implementation of China, dual control system of total energy consumption and energy Intensity, at 3Q2021.
- The price fluctuations and supply instability will continue for a period, it will be cautious to maintain turnover and profit contribution in 2022.

Operational Overview



Covid-19

Sea shipping has been a global problem which affected by covid-19 in 2021. it cause material price up and enlarge the risk and manage difficulty of trading.

Competitors from China and Turkey

Sales volume was restraint by price up sharply and unsteady supply.

Challenges

Price variation sharply and supply unsteady are key factors of sales management in 2022.

Downstream customers are hesitating to high prices.



Outlook



Economic development would be dependent about price variation, shipping situation and supply volume. We can only optimistically expect that the demand in various industries will gradually stabilize in 2022.



Other than working more closely with suppliers to earn the steady supply, also work closely with customer to manage the trading risk and sales volume.

Shipping

Sesoda Steamship Corporation is 100% owned subsidiary



15 Bulk vessels

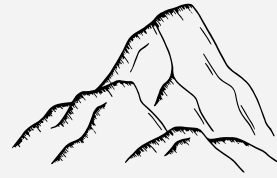
Currently, we have 15 handy-size (28,000DWT~40,000DWT) vessels in operation. Our shipping business accounts for approximately 36% of the company's total revenue until the 3rd quarter of this year.

Short or Long terms

Basically, all vessels are chartered either by short or long terms to balance seasonal and business cycle impacts!



Outlook



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



Profits in shipping business are increasing due to COVID-19 lockdown & Port congestion. Index of BHSI increased 139% up to now. All our ships renewed in this year are all benefited. However, cost of crew are also increased, this will be a long-term affection.



We forecast there's a little bit modification after the sharp increase in 2nd half of 2021. However, there's remain a support on handy-size market in 2022 as we believe the global economy will be slowly recovering from impact of Covid-19.

Financial Reports



Statements of Comprehensive Income

Selected Items from Statements of Comprehensive Income	2021 Q1~Q3	2020 Q1~Q3
Net Revenue	3,215	3,068
Gross Margin	28%	20%
Operating Expenses	520	440
Operating Margin	12%	6%
Non-Operating Items	16	(57)
Net Income to Shareholders of the Parent Company	329	101
Net Profit Margin	10%	3%
EPS(NT Dollar)	1.32	0.4
	6%	2%

- In NT\$ millions unless otherwise noted
- The weighted average number of shares outstanding were 249 m shares at 9/30/21.
- ROE is based on average equity attributable to shareholders of parent company.

Balance Sheets

Selected Items from Balance Sheets	2021.9.30		2020.9.30	
	Amount	%	Amount	%
Cash & Marketable Securities	877	7	828	7
Accounts & Notes Receivable	625	6	477	4
Inventories	477	4	351	3
Long-term Investments	619	5	666	6
NET PP&E	8,960	75	9,528	79
Others	327	3	213	1
Total Assets	11,885	100	12,063	100
Current Liabilities	2,872	25	2,342	19
Non-current Liabilities	3,281	27	3,949	33
Total Liabilities	6,153	52	6,291	52
Total Shareholders' Equity	5,732	48	5,772	48

● In NT% millions.

Statements of Cash Flows

Selected item from Statements of Cash Flows	2021 Q1~Q3	2020 Q1~Q3
Beginning Balance	923	721
Cash from operating activities	492	510
Capital expenditures	(181)	(156)
Cash dividends	-	(169)
Short-term borrowings	100	516
Long-term debts	(390)	(598)
Investments and Others	(70)	4
Ending Balance	874	828

● In NT% millions.

Q&A

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THANK YOU!

Green Promise, Sustainable Development



Sesoda Corporation