

First Half of Fiscal Year Ending September 30, 2026 Results Presentation

Sanyo Trading Co., Ltd. (Stock exchange code: 3176)

May 18, 2026

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Yoshimi Namba (hereinafter, Namba): I am Yoshimi Namba, Director and Executive Officer, and General Manager of the Corporate Planning Department at Sanyo Trading Co., Ltd. I will now begin the presentation of our financial results for the first half of the fiscal year ending September 2026. I would like to express my sincere gratitude to our investors, financial institutions, analysts, and market participants for your continued support. I would like to take this opportunity to thank you all.

Today's Topics

1 Net sales and operating profit increased year on year. Full-year earnings forecast revised upward following strong first-half performance.

2 There was no impact from the Middle East situation in the first half.

3 Continued execution of capital policy measures and planned implementation of management with awareness of cost of capital and share prices.

4 To achieve important targets under SV2028*, we steadily executed a growth strategy, with growth in existing businesses and new business development as two core objectives.

* SV2028: SANYO VISION 2028 A five-year, long-term management plan that was announced in November 2023
(The same applies hereafter.)

Now, let me proceed with today's presentation. There are four main topics. First, our core business operations performed exceptionally well in the first half, resulting in solid financial performance. Net sales, gross profit, operating profit, ordinary profit, net profit, and EPS all increased year-on-year, leading to very strong growth in both revenue and profit. Based on this, we have revised our full-year earnings forecast upward.

Second, regarding the situation in the Middle East, there was no impact, at least during the first half of the fiscal year. As I will explain later, we have already written off the full amount of the only risky asset we held in the Middle East, so there will be no direct impact going forward.

Third, as we disclosed in a timely disclosure on May 12, we are implementing various capital policies, including a stock split, an increase in dividends, and a reduction in our strategic shareholdings. We will continue to manage the company with a focus on cost of equity and stock prices.

Fourth, this fiscal year marks the midpoint of our five-year long-term management plan. To achieve our targets—including 9 billion yen in operating profit and a PBR of 1x or higher—we are steadily advancing our growth strategy by pursuing a dual-track approach of both existing and new businesses. President Shintani will explain specific examples of this later.

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Let's move on to the main topic. As shown on the slide, this presentation is divided into four sections. To begin, I will present sections 1 and 2 as an executive summary of our global business performance, and in section 3, I will explain topics related to our capital policy. Following that, President Shintani will discuss section 4.

Results for First Half of Fiscal Year Ending September 30, 2026

- Profits increased as SG&A expenses were controlled through productivity improvements, in addition to the rise in gross profit that resulted mainly from an increase in net sales and price revisions.
- Progress toward the initial full-year plan: Steady progress with 72% for operating profit and 89.2% for profit attributable to owners of parent. Full-year forecasts were revised upwards (described below).
- Profit attributable to owners of parent increased year on year, reflecting the recording of a gain on sale of cross-shareholdings.

(Million yen)	FYE September 2025	FYE September 2026			
	H1	H1	YoY	Full fiscal year	
	Result	Result		Initial full fiscal year plan (announced on Nov. 10, 2025)	Rate of progress
Net sales	68,129	70,258	+3.1%	130,000	54.0%
Gross profit (Gross profit ratio)	11,815 (17.3%)	12,544 (17.9%)	+6.2%		
Selling, general and administrative expenses	7,711	8,077	+4.7%		
Operating profit (Operating profit ratio)	4,104 (6.0%)	4,466 (6.4%)	+8.8%	6,200 (4.8%)	72.0%
Ordinary profit (Ordinary profit ratio)	4,410 (6.5%)	4,506 (6.4%)	+2.2%	6,500 (5.0%)	69.3%
Profit attributable to owners of parent	3,451	3,657	+5.9%	4,100	89.2%
EPS (yen)	119.86	126.93	-	142.31	-

Note: The Company plans to conduct a 2-for-1 split of its common shares effective July 1, 2026, but the figures for earnings per share (EPS) are those before the stock split.

Here are the results for the first half of the fiscal year. As shown in the table on the slide, first-half net sales was 70.2 billion yen, a 3.1% increase from the previous period. Gross profit was 12.5 billion yen, a 6.2% increase from the previous period, and operating profit was 4.5 billion yen, an 8.8% increase from the previous period.

Ordinary income was 4.5 billion yen, up 2.2% year-on-year, and net income was 3.7 billion yen, up 5.9% year-on-year. All items, from the top line (net sales) to the bottom line (net income), showed year-on-year growth.

There are three key points I would like to highlight in summarizing the first half of the fiscal year. First, the gross profit margin—which symbolizes the sales divisions' "earning power"—stood at 17.9%, an improvement of 60 basis points from 17.3% in the same period of the previous year.

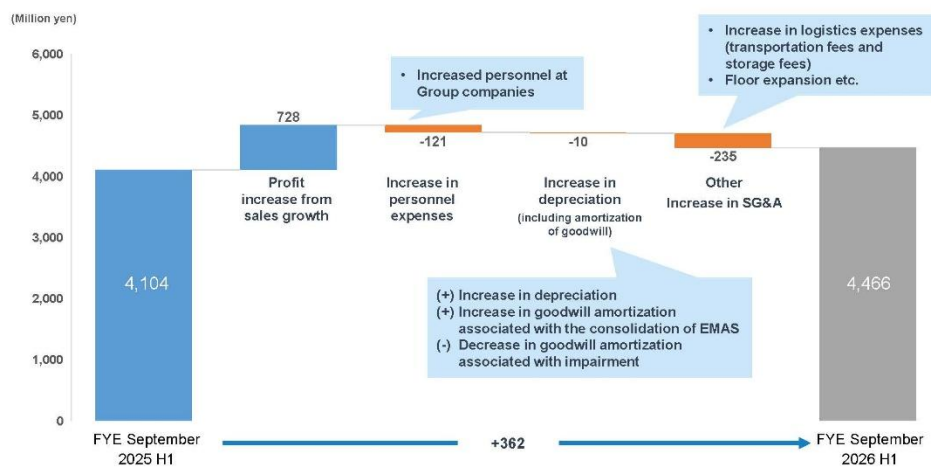
Second, while gross profit increased by 6.2% year-on-year, we were able to limit the increase in SG&A expenses to 4.7%, reflecting disciplined control over operations. However, this is not the result of temporary cost-cutting measures, but rather the implementation of initiatives such as the introduction of ERP, the utilization of generative AI, and work-style reforms. Please understand that as a result, productivity has improved, and despite a 6.2% increase in gross profit, expenses were limited to a 4.7% increase.

The third point I would like to emphasize is the operating profit margin. This stood at 6.4%, an improvement of 40 basis points compared to the previous fiscal year. Furthermore, since the operating profit margin target set in "SANYO VISION 2028" is 5.1%, the figure of 6.4% significantly exceeds the target of our long-term management plan. I would like to emphasize these three points.

As a result of the first half, we achieved a high progress rate against our initial plan, reaching 72% for operating profit and 89.2% for net income.

Based on the strong first-half performance and taking into account all factors, including the situation in the Middle East, we have revised our full-year earnings forecast upward, projecting both higher net sales and higher profit. I will explain the details later.

Factors Affecting Operating Profit in the First Half of Fiscal Year Ending September 30, 2026

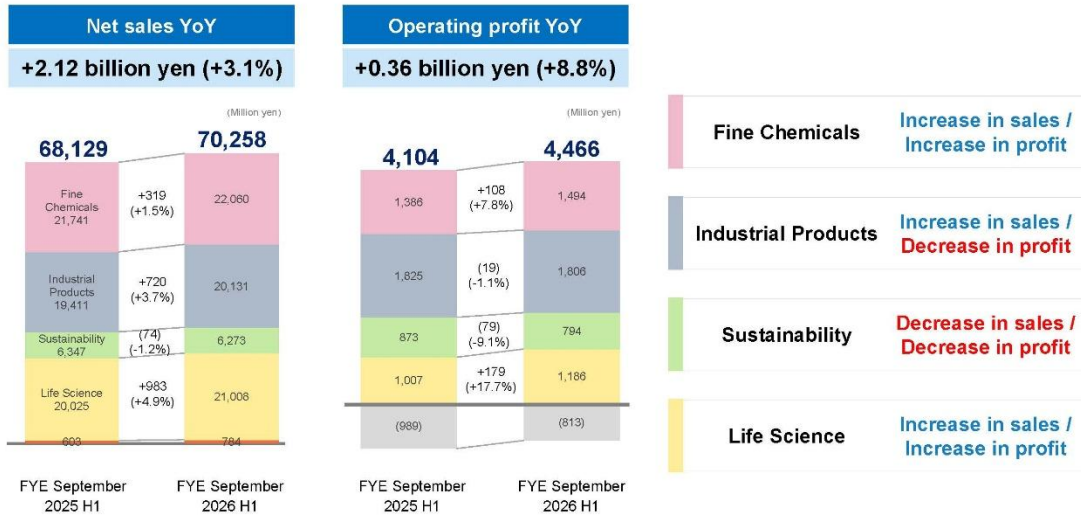


I will now explain the factors affecting profit for the first half of the fiscal year. As you can see from the waterfall chart on the slide, revenue growth contributed 720 million yen, while increased personnel costs due to headcount expansion amounted to 120 million yen.

Additionally, expenses increased by 230 million yen due to logistics costs and the expansion of our office space. While items such as human capital and office expansion are classified as expenses, we view them as investments in growth.

Therefore, we ask that you understand these as investments that will yield returns in the future through the growth of our existing businesses and the success of our new ventures. As a result, operating profit rose from 4.1 billion yen to 4.5 billion yen, an increase of 360 million yen compared to the previous fiscal year.

Summary of Results by Segment



Here is an overview. As shown on the right side of the slide, operating profit results varied significantly by segment.

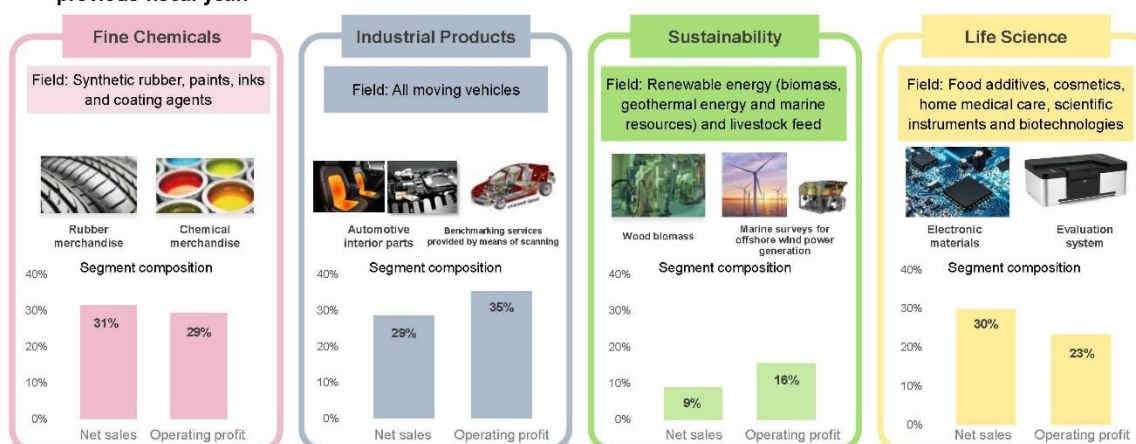
Operating profit for Industrial Products, which is related to the automotive sector, decreased slightly by 1.1 percent, remaining roughly on par with 2025 levels, while Sustainability saw a significant decline of 9.1 percent.

On the other hand, Fine Chemicals saw a 7.8% increase in profit, and Life Science saw a 17.7% increase, both showing significant growth.

The decline in Sustainability was offset by the substantial revenue and profit growth in Fine Chemicals and Life Science, resulting in an overall increase in profit, as initially anticipated.

Segment Composition

- Fine Chemicals, Industrial Products, and Life Science account for approx. 30% each in terms of net sales.
- There were no material changes in net sales and operating profit composition by segment from the end of the previous fiscal year.



Note: net sales and operating profit ratios by segment were calculated based on values before consolidation adjustments. The total does not add up to 100% because "Others" are not indicated.

This covers net sales and profit by the four segments. Please look at the bar chart. There have been no major changes from the breakdown presented at the full-year earnings briefing in November 2025, but the only change is that the Sustainability segment has seen a slight decrease in both net sales and profit.

This is because the current fiscal year falls during a lull in project activity. At the end of the previous fiscal year, the segment accounted for 10% of total net sales, but this has decreased by 1 percentage point to 9%. Similarly, its share of operating profit has decreased by 7 percentage points to 16%.

Unlike "agricultural" businesses such as fine chemicals and automobiles, the sustainability business operates on a project-based "hunting" model, where we pursue and secure individual projects one by one. Therefore, please understand that the current period represents a temporary dip due to the lull in project recognition.

Although there are short-term fluctuations, the Sustainability business is our largest growth driver in the medium to long term, so it is certain to make a significant contribution starting next fiscal year.

Overview of Each Segment: Fine Chemicals

(Million yen)	FYE September 2025 H1	FYE September 2026 H1	YoY
Net sales	21,741	22,060	+1.5%
Operating profit (Operating profit ratio)	1,386 (6.4%)	1,494 (6.8%)	+7.8%

Comments	
Net sales	Rubber: (+) Demand for raw materials for domestic markets was brisk. Chemicals: (-) Demand for mainstay domestic products, including inks, paints, and raw materials of adhesives, remained weak. (+) New business launch
Operating profit	Rubber: (+) An increase in sales and revision of sales prices. Chemicals: (+) Sales price revisions.

[Major products we deal in]



Synthetic rubbers



Thermoplastic elastomers and resins



Rubber reinforcements and fillers

<Final uses>

- Automotive sealants
- High-pressure hose
- Tires
- Home electric appliances



Photoinitiators/UV absorbers



Specialty monomers



Pigments



Wax



Silane coupling agents

<Final uses>

- Inks and printed materials
- Exterior wall paints
- Adhesives
- Plastic products

I will explain each point one by one. First, the Fine Chemicals segment saw increased net sales and profits. Domestic demand for rubber raw materials remained very strong.

In the chemical business, while domestic demand remained sluggish, measures such as sales price adjustments proved effective. I have listed the positive and negative factors in the comments section, but overall, the segment saw increased net sales and a significant increase in profit, resulting in a 7.8% year-on-year increase.

Overview of Each Segment: Industrial Products

(Million yen)	FYE September 2025 H1	FYE September 2026 H1	YoY	Comments
Net sales	19,411	20,131	+3.7%	Net sales Domestic: (+) Steady sales Overseas: (+) Some exports from Alabama, the United States and Thailand were strong. (+) Consolidation of EMAS (-) The market environment remained challenging in China.
Operating profit (Operating profit ratio)	1,825 (9.4%)	1,806 (9.0%)	(1.1%)	
				Operating profit (-) Upfront investment for the development of new products (+) Higher level of profit due to exchange rate fluctuations

[Major products we deal in]



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This section covers Industrial Products. While net sales increased, profit decreased by 1.1% compared to the previous fiscal year.

Although the Japanese and North American markets remained very strong, the segment as a whole saw a slight decline of 1.1% due to the economic slowdown in China and reduced production by Japanese OEMs.

However, the automotive sector is currently undergoing a period of transformation, and potential core businesses such as EV-related initiatives and environmentally conscious circular materials are getting off to a good start as new ventures. These are expected to serve as reliable growth drivers, propelling the company's overall performance in the future.

Overview of Each Segment: Sustainability

(Million yen)	FYE September 2025 H1	FYE September 2026 H1	YoY	Comments
Net sales	6,347	6,273	(1.2%)	Net sales (+) Strong sales of wearing parts related to feed processing machines The sales were posted based on the steady progress of major projects in the wood-biomass-related business. (-) Impact of a transitional period in the ocean development-related business. Geothermal heat-related equipment also recorded a decrease. (-) Decline in profit attributed to the above decline in sales in the ocean development-related business.
Operating profit (Operating profit ratio)	873 (13.8%)	794 (12.7%)	(9.1%)	

[Major products we deal in]	<Feed processing machines and wood-biomass-related products>	<Marine surveys for offshore wind power generation>
<p><Final uses></p> <ul style="list-style-type: none"> • Feed/fertilizer • Food, industrial products, etc. • Renewable energy 	<p><Final uses></p> <ul style="list-style-type: none"> • Oil and gas • Geothermal development • Offshore wind power generation • Ocean investigation 	

Sustainability saw a decline in both net sales and profit. In addition to the recognition of wood biomass-related revenue this fiscal year, sales of consumables for pellet mills—specifically feed processing equipment—were exceptionally strong.

However, our marine development business—which operates like a project-driven basis with large scale opportunities chasing large-scale projects—is currently in a lull between projects, so we expect a decline in the second half of the fiscal year as well.

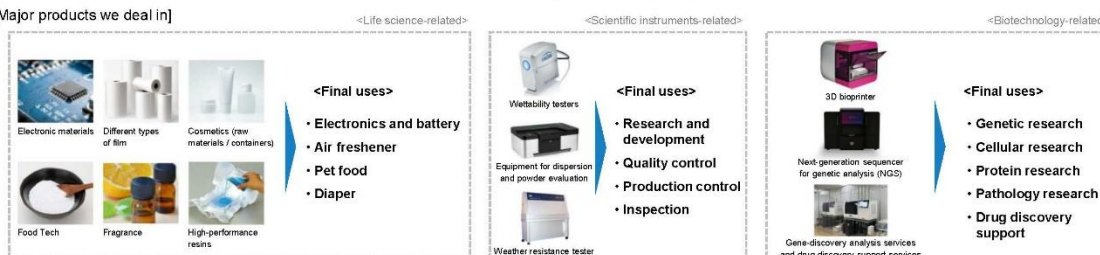
Although there are short-term fluctuations, given that the industry as a whole is growing, we basically expect significant growth starting next fiscal year. Please understand that this segment is steadily becoming a pillar of our business.

Overview of Each Segment: Life Science

* MS: Material solutions

(Million yen)	FYE September 2025 H1	FYE September 2026 H1	YoY	Comments
Net sales	20,025	21,008	+4.9%	(+) Material Solution*: Growth of core products for export business, including electrical materials (+) Scientific instruments: Progress made in delivery in large projects on the back of a recovery in demand (+) YPTECH: Increase in sales quantity of functional feed materials (-) Scrum Inc.: Impact of termination of contract for biotech products
Operating profit (Operating profit ratio)	1,007 (5.0%)	1,186 (5.6%)	+17.7%	(+) Strong performances of Material Solution, scientific instruments, and YPTECH (-) Impact of biotech products

[Major products we deal in]

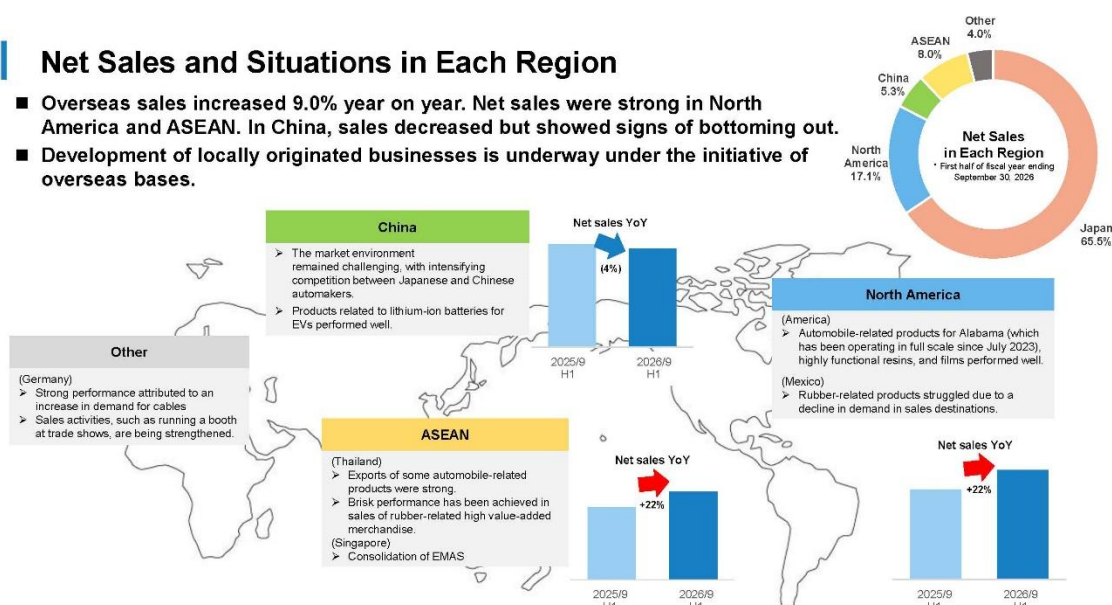


The Life Science segment reported increased net sales and a significant rise in profit. Particularly strong performance was seen in electrical materials, scientific instruments, and the subsidiary YP Tech.

YP Tech's livestock-related and functional feed ingredient businesses performed exceptionally well, significantly driving the segment's results. As a result, profit increased by 17.7% year-on-year, marking the largest profit growth among the four business segments.

Net Sales and Situations in Each Region

- Overseas sales increased 9.0% year on year. Net sales were strong in North America and ASEAN. In China, sales decreased but showed signs of bottoming out.
- Development of locally originated businesses is underway under the initiative of overseas bases.



Here is the situation by region. As a result of a 9% year-on-year increase in overseas sales, the proportion of sales in Japan has decreased from 73.7% at the end of the previous fiscal year to 65.5% at the end of the first half, while the proportion of overseas sales has increased.

North America and ASEAN are performing particularly well. Meanwhile, while China is still struggling, we sense that signs of a bottoming out are finally emerging.

Since the year before last, we have been vigorously promoting an initiative called “local origination,” in which our overseas bases take the lead in developing business from a market-in perspective. These local origination projects are gradually taking shape and are expected to contribute to our earnings.

Currently, the ratio of sales between Japan and overseas is approximately 65 to 35, but we expect the overseas ratio to expand to 40% and eventually 50% in the future.

Forecasts for Fiscal Year Ending September 30, 2026

- Forecasts were revised upwards, reflecting the progress in the first half.
- Sales and profits are expected to increase year on year, with a decline in profits from certain businesses absorbed by growth and improved profitability in existing businesses.

(Million yen)	FYE September 2025	FYE September 2026				
	Full-year results	Initial full fiscal year plan (announced on Nov. 10, 2025)	YoY	Revised forecasts (announced on May 12, 2026)	Vs. initial plan	YoY
Net sales	132,703	130,000	(2.0%)	133,000	+3,000	+0.2%
Gross profit (Gross profit ratio)	22,564 (17.0%)					
Selling, general and administrative expenses	16,133					
Operating profit (Operating profit ratio)	6,430 (4.8%)	6,200 (4.8%)	(3.6%)	6,500 (4.9%)	+300	+1.1%
Ordinary profit (Ordinary profit ratio)	6,879 (5.2%)	6,500 (5.0%)	(5.5%)	6,600 (5.0%)	+100	(4.1%)
Profit attributable to owners of parent	4,615	4,100	(11.2%)	4,800	+700	+4.0%
EPS (yen)	80.12	71.16	-	83.28	-	

Note: The Company plans to conduct a 2-for-1 split of its common shares effective July 1, 2026. Accordingly, basic earnings per share (EPS) shows an amount that takes into account the impact of the stock split on both full-year results for the fiscal year ended September 30, 2025 and forecasts for the fiscal year ending September 30, 2026.

I will now discuss our full-year outlook based on the strong first-half results. As disclosed on the 12th, we have revised our full-year earnings forecast upward, projecting both higher revenue and higher profits.

The trends seen in the first half are continuing into the full year. While the Sustainability segment is expected to see a decline in profit due to a transitional period, we have determined that our existing businesses in Fine Chemicals and Life Science will more than offset this decline, making it possible to achieve our forecast of increased revenue and profit.

Net sales is projected to reach 133 billion yen, which would be the highest in Sanyo Trading's history since its founding. We expect operating profit to increase by 300 million yen to 6.5 billion yen, and net profit to reach 4.8 billion yen.

Please look at the far right of the slide. Ordinary profit is the only item showing a year-on-year decrease. This is due to the recognition of an impairment loss of approximately 400 million yen on our investment in a startup film manufacturer of new materials in the Middle East.

Excluding this impairment loss, ordinary profit would have been 7.0 billion yen, and all items from net sales to net income would have shown year-on-year increases.

Forecasts by Segment for Fiscal Year Ending September 30, 2026

- We will respond promptly to cost increases and tight supply, which are expected given the turmoil in the Middle East, aiming to mitigate their impact.
- We have revised upwards our full-year forecasts in consideration of the materialization of ongoing projects.

(Million yen)	Net sales				Operating profit			
	FYE September 2025 Result	FYE September 2026 Initial forecast	FYE September 2026 Revised forecast	YoY	FYE September 2025 Result	FYE September 2026 Initial forecast	FYE September 2026 Revised forecast	YoY
Fine Chemicals	42,384	44,000	44,750	+5.6%	2,413	2,700	2,800	+16.0%
Industrial Products	36,812	35,000	35,750	(2.9%)	2,682	2,500	2,550	(4.9%)
Sustainability	13,518	11,500	12,250	(9.4%)	1,886	1,100	1,150	(39.0%)
Life Science	38,670	38,000	38,750	+0.2%	1,362	1,600	1,700	+24.8%
Other	1,318	1,500	1,500	-	(1,914)	(1,700)	(1,700)	-
Total	132,703	130,000	133,000	+0.2%	6,430	6,200	6,500	+1.1%

This slide shows a breakdown of the figures just explained by segment. The overall pattern is the same as in the first half, with Sustainability seeing a significant year-on-year decline of 39%.

On the other hand, Fine Chemicals and Life Science have seen double-digit percentage growth compared to the previous period, driving the overall performance.

To reiterate, this 39% decline is due to the transition period in the recognition of "hunter-gatherer" type projects and is temporary. Starting next fiscal year, Sustainability is expected to be a major driver of the company's overall performance.

Status of reduction of cross-shareholdings

- A full-scale reduction of cross-shareholdings began in the previous fiscal year (ended September 30, 2025).
- We drove the sale of shares in business partners in the first half and posted 1.24 billion yen as a gain on sale of investment securities.
- We will continue with the policy of reducing cross-shareholdings, judging the reasonability of holding them from the medium- to long-term perspective.
- The ratio to net assets after the reduction is approximately 5%.



This slide covers the reduction of cross-shareholdings. We have continued to reduce our cross-shareholdings this fiscal year as well.

In terms of value, the balance sheet amount has decreased to 3 billion yen at book value. In terms of the number of stocks, we previously held 29 stocks, but as a result of the reduction, this has decreased to 16 stocks, representing a reduction of nearly half.

Furthermore, in terms of value, the balance of cross-shareholdings accounts for just over 5% of our net assets, which we believe is a sound and low level compared to our peers.

Impairment of Investment Securities

- A loss on valuation of investments was posted for startup investment projects, which show a gap from the initial business plan.
- Carefully examine each project and reflect the results in future investing activities and decision-making processes.
- Monitor investment destinations regularly, report to the Board of Directors, and take appropriate action in a timely manner.

Further improvement in financial soundness

- Improvement in balance sheet quality

Evaluation of businesses

- Strictly apply investment discipline (withdrawal criteria).
- Shift management resources to growing businesses by choosing to focus on core businesses.

Capital efficiency improvement

- Optimize capital efficiency indicators, including ROE and ROIC.

Major impairment cases (FYE September 2025 to FYE September 2026)

- Business of developing and manufacturing new film materials
- Business of supporting drug development with biotechnology
- Development and manufacturing of biomass silica (rice husk silica)
- Service of watching over senior citizens with location information for elderly facilities, etc.

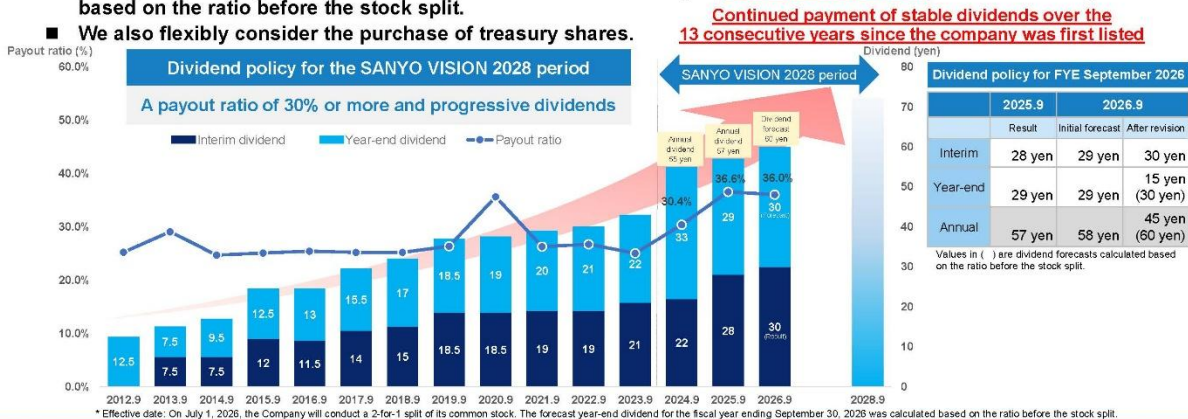
This concerns the impairment of investment securities mentioned earlier. We have been continuously reviewing the market valuations of startup investments made in the past since the previous fiscal year.

As shown in the four items on the right side of the slide, we have conducted rigorous impairment tests on startup projects—including new material film development and manufacturing, biopharmaceutical development support, biomass silica (rice husk silica) development and manufacturing, and location-based monitoring services for the elderly—and have been boldly recording impairment losses since the previous fiscal year. We have thoroughly cleared out nearly all risky assets at this stage to ensure that these legacy issues are not carried forward into the future.

As a result, we hope you will understand that the quality of assets on our current balance sheet is now in a very sound condition.

Stock Split and Shareholder Returns

- We have conducted a 2-for-1 split of our shares, targeting an investment unit price of around 100,000 yen, which Tokyo Stock Exchange has indicated is the level sought by private investors.
- In light of our strong performance in the first half, we have **increased** the interim dividend **by 1 yen** from our initial forecast.
- We revised the forecast year-end dividend to reflect the stock split, **increasing it by 1 yen** when calculating it based on the ratio before the stock split.
- We also flexibly consider the purchase of treasury shares.



This slide covers the stock split and shareholder returns. As shown on the slide, since our listing in 2012, we have maintained stable dividends for 13 consecutive years and have never reduced them. At the beginning of this fiscal year, we announced a forecast of an annual dividend of 58 yen, an increase of 1 yen from the previous year's 57 yen.

However, in light of the strong performance we reported today, we have decided to increase the dividend by an additional 2 yen for the current fiscal year, bringing the annual dividend to 60 yen, consisting of an interim dividend of 30 yen and a year-end dividend of 30 yen, for a total of 60 yen.

With this 2-yen increase from the initial forecast, the dividend payout ratio will be 36.02 percent. Furthermore, assuming a share price of 1,600 yen, the dividend yield will be 3.75 percent.

Another topic is that, given the steady rise in our stock price, we will implement a 2-for-1 stock split effective July 1. This will bring the price closer to the Tokyo Stock Exchange's investment unit benchmark of 100,000 yen; based on a share price of 1,600 yen, one trading unit will be 80,000 yen.

We implemented this split with the aim of making it easier to buy and sell shares, thereby improving liquidity and raising awareness.

Furthermore, as before, during the "SANYO VISION 2028" period, we will adhere to the dividend payout ratio of 30% or more and the progressive dividend policy outlined in the slide.

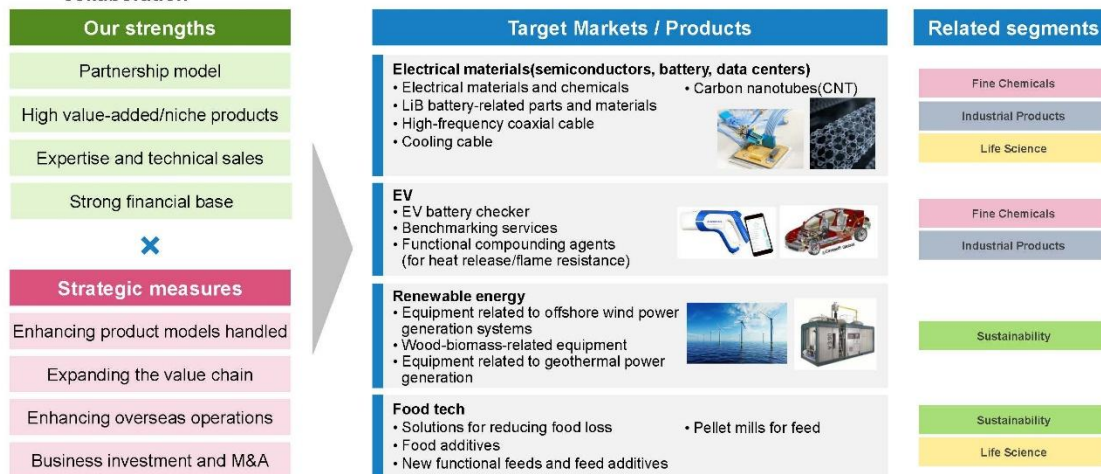
Furthermore, taking into account factors such as the stock price and funding needs for growth investments, we will actively implement share buybacks when appropriate, thereby promoting

management with awareness of cost of equity and stock prices.

That concludes my presentation. Next, President Shintani will explain the measures we are taking to achieve "SANYO VISION 2028."

Market-oriented Strategy in Growth Markets

- Expanding businesses in growth markets with expertise in business segments and cross-sectoral collaboration



Masanobu Shintani (hereinafter, Shintani): I am Masanobu Shintani, President and CEO. As Mr. Namba explained, our business performance is as described above, but my impression is that the tide has turned compared to the past six months to a year ago. We intend to maintain this momentum going forward.

Now, I would like to explain our business initiatives aimed at achieving our long-term management plan, "SANYO VISION 2028." As I have mentioned previously, we have been working on over 20 potential core and new business initiatives. I will explain a few of them, but my overall impression is that while these new initiatives took time, I feel they are finally beginning to bear fruit.

We are now past the halfway point of the five-year "SANYO VISION 2028" plan. For the remainder of the period, all employees are committed to doing our utmost to transition into a phase of growth and harvest as we work toward achieving "SANYO VISION 2028."

The table on this slide outlines our overall growth strategy. First, please look at the left side. Our business framework combines our strengths with our strategic focus areas. In short, it boils down to consciously leveraging our strengths and using them as our competitive edge.

As shown in the center, we have four specific target areas. The first is electrical materials, the second is EVs, the third is renewable energy, and the fourth is food tech. These four markets constitute our target markets.

For example, among the projects we are currently advancing in the electrical materials sector are Li-ion battery-related components and high-frequency coaxial cables with high transmission

performance. These are actually used in semiconductor inspection equipment.

In the EV sector, we offer devices for instant diagnosis of EV batteries, as well as automotive prototype benchmarking services provided at our Mizunami Exhibition Hall in Mizunami City, Gifu Prefecture. These initiatives have already demonstrated success and are progressing smoothly.

In the renewable energy sector, in addition to offshore wind power, we are also engaged in wood biomass and geothermal power generation. In food tech, we handle materials, food additives, and feed additives aimed at reducing food waste.

In fact, these fields overlap with Japan's 17 priority strategic sectors. For example, electrical materials are related to AI and semiconductors, while renewable energy is linked to resources and materials. Food tech also aligns with the government's priority strategies.

While EVs are not included in them, in the automotive sector—one of our most important markets—we believe it is crucial for the entire industry to evolve from selling products to selling solutions as the market shifts beyond EVs to diverse new markets.

Furthermore, in addition to these four markets, we are currently advancing the bio-related field, including genetic analysis, as a key priority.

Rubber-related Products: Sales Expansion of Next-generation Core Products

- Sole agent in Japan of fluorine-containing rubber from Dowhon*, a leading company in China
- Sales expansion activities targeting Japanese corporate customers based on stable supply (annual production capacity of 10,000 tons, which will be increased to 14,000 tons by 2027)
- Driving environmentally friendly business by including fluorine-containing rubber products compatible with PFAS-free emulsifiers

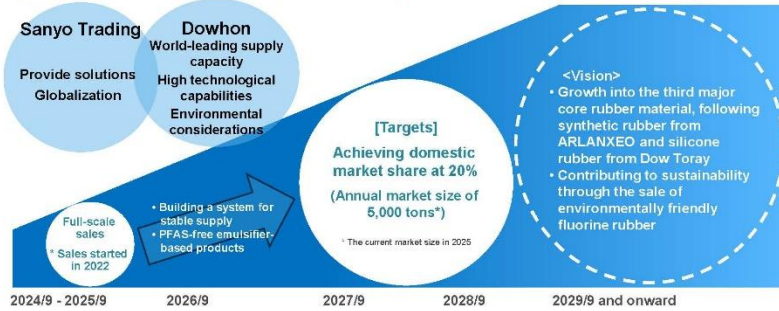
* Dowhon:
A major Chinese manufacturer of pre-compound with chemicals blended into fluorine-containing rubber in advance. Featuring superior heat resistance, oil resistance, and chemical resistance, fluorine-containing rubber is used in functional rubber parts in addition to automotive hoses.



Synergy of the two companies' strengths



[Market size and roadmap of development]



[Examples of applications of finished goods]



Automotive parts: O-shaped rings for fuel injectors, inner surface seal for fuel hoses, engine oil seal
Chemical plants: O-shaped rings for valves, pump shaft seal
Semiconductor manufacturing equipment: O-shaped rings for vacuum chambers, seal for gas supply lines
Healthcare/food equipment: Gaskets for pipe flanges, seal for pump's sliding section
Aerospace: Heat-resistant seal for aircraft engines

Today, I would like to introduce several examples. This slide shows our initiatives regarding fluororubber compliant with PFAS regulations in the fine chemicals sector.

As you know, fluororubber has the highest heat resistance among synthetic rubbers, withstanding temperatures of approximately 300 degrees Celsius. It also offers excellent chemical resistance, making it the most superior specialty synthetic rubber in terms of physical properties.

However, at the end of last year, 3M, our supplier of fluororubber, ceased production. The reason cited was the PFAS issue.

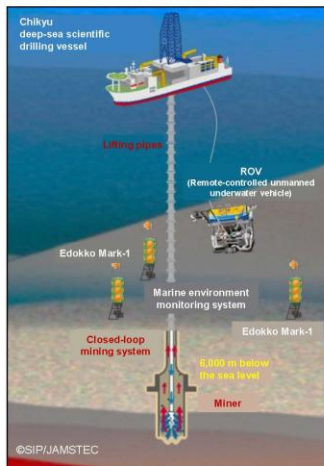
Fluororubber is an indispensable synthetic rubber for the industrial sector, and our company has been committed to the rubber market since our founding. As a continuous supply of fluororubber is essential, we have partnered with Dowhon, China's leading fluororubber manufacturer, with whom we have had a long-standing business relationship. Furthermore, we have already begun importing fluororubber that complies with regulations addressing the PFAS issue.

Due to the impact of 3M's discontinuation of production at the end of last year, 2026 and 2027 are shaping up to be extremely challenging years. While the domestic fluororubber market is estimated at 5,000 tons, our sales team is working tirelessly to secure a 20% market share.

For our company, the rubber and chemicals sector has been a core business since our founding and continues to play a vital role. To fulfill our supply responsibilities across various industries and meet our corporate obligations, we are committed to continuing to fulfill our responsibilities in these markets.

Expansion of Deep-ocean Mineral Resource Business

- Participation in the Minamitorishima Rare Earth Project — Delivery of lifting pipes, floats, ROV, and miner and provision of technical support



Total support towards success in full-scale test-mining (planned in 2027)

Leveraging our outstanding technologies established 6,000 meters below sea level, we will lead the development of next-generation deep-ocean mineral resources, including rare earth mud, manganese nodules, and hydrothermal deposits. We will open up unknown domains of deep-ocean mineral resources and accelerate the growth of our ocean business.

Lifting pipes: Delivered at the end of May 2025, Total: 424 pipes



Floats: Delivered at the end of August 2024, Total: 820 units



ROV: Delivered and mounted on Chikyu in the autumn of 2025



Miner: Delivered in the winter of 2025 after completion of its maintenance



Next, I'd like to discuss our initiatives in marine development within the Sustainability segment. As Mr. Namba explained, the segment faces a very challenging environment this fiscal year, but we believe that how we develop this business going forward is of the utmost importance, so I will explain using three slides.

The first slide shows the rare earth drilling project at Minamitorishima. The diagram on the left provides an overview of the system. Mud-lifting pipes extend from the deep-sea research vessel "Chikyu" down to a depth of 6,000 meters on the seafloor. A mining machine collects mud containing rare earth elements from the seafloor, and the system is designed to haul it back up.

The marine exploration vehicle "Edokko Mark-1" and ROVs (Remotely Operated Vehicles) perform operations on the seabed, extracting rare earths from a depth of 6,000 meters off Minamitorishima.

For this project, we supplied 424 mud-lifting pipes, each 10 meters long; 820 buoyancy units required for the heavy mud-lifting pipes; the ROV mentioned earlier; and the mining machine deployed on the seabed.

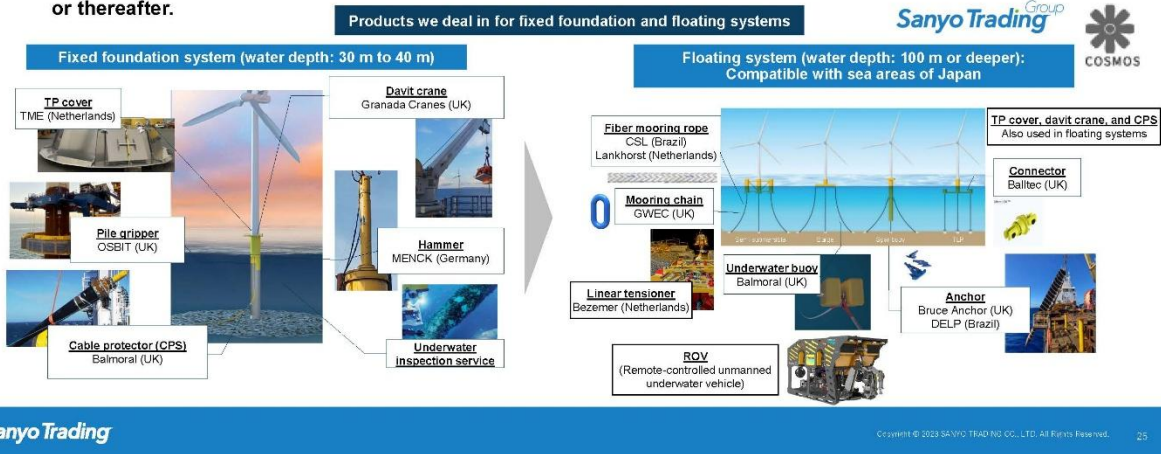
We supplied all necessary equipment except for the "Edokko No. 1." Regarding the mud-lifting pipes, the total number, including those supplied previously, is 424.

As you all know, in January of this year, Japan successfully conducted a national test drilling at a water depth of 6,000 meters off Minamitorishima. This success confirmed that the equipment we supplied this time performs reliably and is fully operational. This is a very gratifying achievement for our company as well.

Looking ahead, another test drilling is planned for Minamitorishima in January of next year. We understand that this will be a mass-production test drilling, with a daily mud extraction volume of 350 tons. Our company is committed to fully meeting this future demand.

Expansion of Business Related to Offshore Wind Power Generation

- Starting with fixed-foundation projects in shallow sea areas, we expect floating projects in deep sea areas to begin increasing around 2033.
- With an increase in floating projects, the necessary equipment will also increase, resulting in the expansion of earning opportunities of Cosmos Shoji, whose strength lies in broad product lineup.
- Fixed-foundation systems are expected to fully begin yielding profit in the fiscal year ending September 30, 2027 or thereafter.



This slide covers our offshore wind power business. As you know, the government has established a major national strategy to increase the share of wind power in total energy production from 1.1% in 2023 to between 4% and 8% by 2040. In particular, as a maritime nation, Japan has high expectations for offshore wind power.

The left side of the slide shows fixed-foundation offshore wind systems. The right side shows floating offshore wind systems, which are currently undergoing demonstration tests in Akita and Aichi Prefectures. We believe that floating offshore wind systems will become a highly promising form of offshore wind power starting in 2033.

Let's move on to our product offerings. As shown in the photo on the left side of the slide, there is a truly wide variety of equipment for fixed-foundation systems. We import these items from overseas and supply them to our customers.

As shown in the photo on the right side of the slide, the number of items for floating offshore wind systems is increasing. While the components involved are even more diverse, we are capable of supplying and introducing them. Simply put, we are currently building a framework that allows us to import these products and equipment on an almost exclusive basis.

We have recently secured orders for the second round of offshore wind projects, specifically the offshore wind power generation projects off the coasts of Oga City, Katagami City, and Akita City in Akita Prefecture. We plan to recognize revenue from these projects starting next fiscal year. We are also actively pursuing other projects and expect to finalize contracts for them.

Additionally, although not related to offshore wind power, we have also secured a contract for a CCS (Carbon Dioxide Capture and Storage) project involving the underground storage of carbon dioxide during excavation. Revenue from this project is also scheduled to be recognized starting next fiscal year.

Enhancing Value Chain of Offshore Wind Power and Marine Survey Businesses

— Implementation of Strategic M&A (Kitakyu Sensui) —

- We have acquired shares in Kitakyu Sensui, which has been providing marine survey, inspection, and construction service, etc. in the Kyushu area for more than 40 years.
- We will drive initiatives to win new deals in offshore wind power and marine survey businesses by providing solutions combining the trading company function of Cosmos Shoji (goods) and the research function of Kitakyu Sensui (people).
- We will drive M&A and business investments further with an aim to enhance services, so as to be Japan's core corporate entity in the marine business.

Strengths of Kitakyu Sensui

- Solid business foundation in the Kyushu area based on more than 40 years of business history
- Readiness to provide services of conducting surveys and inspections with ROV in addition to underwater operation by divers
- A 7-meter-deep pool at the headquarters is available for test run, demonstrations, and training of human resources.



Future business development



Conceptual rendering of value chain enhancement



This is the third slide on sustainability. We have decided to add Kitakyu Sensui, based in Kyushu, to our group.

Kitakyu Sensui is a company that undertakes marine surveys, inspections, and construction services. Specifically, divers dive underwater to conduct surveys and collect data.

For example, in marine development projects such as offshore wind power, they provide comprehensive services ranging from initial seabed surveys and construction verification during installation to post-installation underwater maintenance and repairs.

As you can see, Kitakyu Sensui offers a wide range of capabilities. Meanwhile, our company possesses a diverse array of marine development equipment. For instance, we plan to purchase one ROV next year.

Currently, most ROVs in Japan are ship-mounted, but I understand that ROVs capable of being transported by land have been virtually nonexistent in Japan until now. Therefore, to meet the needs of various locations, we will procure a land-transportable ROV and begin building a system next year to address the demands of marine development.

Through this M&A, we will move forward with proposals that integrate Kitakyu Sensui's capabilities in marine development with our company's marine development equipment. Ultimately, we aim to establish a value chain for marine development.

Investment Strategy

- We will implement bolt-on M&A activities in growth fields. The specific strategy is as follows.

Growth investment 20.0 billion to 30.0 billion yen	Business investment	Fine Chemicals	<ul style="list-style-type: none"> ➢ Expansion of overseas sales channels ➢ Investments related to electronic materials (acquiring commercial rights) ➢ Development of new products
		Industrial Products	<ul style="list-style-type: none"> ➢ Investments related to automotive aftermarket (broadening the lineup of products we deal in and enhancing services) ➢ Investment related to environmentally friendly fiber materials
		Sustainability	<ul style="list-style-type: none"> ➢ Investments related to offshore wind power generation and marine survey (broadening the lineup of products we deal in and strengthening the value chain) ➢ Businesses peripheral to wood biomass(broadening the lineup of products we deal in and enhancing services)
		Life Science	<ul style="list-style-type: none"> ➢ Investments related to healthcare(acquiring commercial rights and broadening the lineup of products we deal in) ➢ Investments related to feed additives (expanding sales channels)
	Human capital investment	➢ Recruitment, education, assessment, allocation, etc. to promote the idea of Sanyo as a people company	
	DX-related investment	➢ ERP (operation started in October 2024 and horizontally deployed to Group companies)	

This slide summarizes Sanyo Trading’s overall investment strategy. During the five years of “SANYO VISION 2028,” we plan to invest between 20 billion and 30 billion yen in growth initiatives.

As of the end of last year, we acquired EMAS in Singapore and are collaborating with them to promote the automotive aftermarket in Asia.

Next, regarding marine survey operations, as explained earlier, we have added Kitakyu Sensui to the Sanyo Group to strengthen our value chain. Additionally, in the feed additive sector, we acquired Kyushu Mitaka last year and are promoting the sales of new feed additives. In line with the investment policy outlined in this slide, a dedicated internal unit—the Business Investment Department—will play a central role in continuing to pursue M&A investments.

Furthermore, as shown at the bottom of the slide, we plan to actively promote not only business investments but also investments in human capital and digital transformation (DX).

In particular, the ERP designed by Cosmo Computing Systems, which we acquired several years ago, went live two years ago and is currently operating smoothly. We are rolling out this system to our group companies one by one.

We consider this ERP to be a crucial initiative that supports the “visualization” of business performance and operational efficiency behind the scenes, thereby driving the company’s efficiency and productivity improvements.

Investment in Human Capital for Helping Achieve SV2028 — Human Capital Structure of the Sanyo Trading Group —

- Human capital of the Group means employees who provide the best solutions in an uncompromising manner.



Finally, regarding our initiatives on human capital. While we are already addressing human capital investment as part of "SANYO VISION 2028," this slide summarizes the key points in a table.

This embodies our mission—" We foster an open, down-to-earth, and entrepreneurial corporate culture that drives our collective efforts to deliver the best solutions flexibly and timely so that we can help achieve the sustainable development of the global community and fulfill employees' aspirations for well-being. "—specifically focusing on the core element of providing optimal solutions to our business partners.

We have established a framework to support employee growth consisting of three elements: the "Sanyo Growth Style," which pursues the development of "self-motivated talent" as an internal driver; the "Sanyo Work Style," a workplace environment that fosters a sense of "job satisfaction" as external support; and the "Sanyo Business Model," which serves as the stage for putting these into practice. We voluntarily disclosed further details on this earlier today, so please be sure to take a look.

Regarding the promotion of human capital, we will continue to advance this initiative based on the concept of "People-focused Sanyo," which emphasizes the critical importance of personal growth.

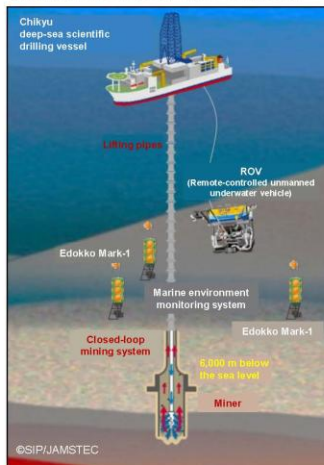
That concludes my presentation. Thank you for your attention.

Q&A: Growth Drivers for the Sustainability Segment

Sustainability

Expansion of Deep-ocean Mineral Resource Business

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Moderator: "Regarding the plan to achieve the operating profit target of 9 billion yen, you are planning to generate additional profits particularly from the Sustainability Segment. What are the specific growth drivers for this?"

Shintani: As I mentioned briefly in today's presentation, this fiscal year is a transitional period, and starting next fiscal year, various projects are scheduled to launch in the Sustainability Segment.

First, there is offshore wind power. In addition, several projects are planned, such as wood-biomass and carbon dioxide storage, which will begin in the next fiscal year and beyond. We plan to place a high priority on these projects and move forward with their implementation, with a focus on 2027 and beyond, as well as 2030 and beyond.

Furthermore, rare earths are also relevant. In short, we have high expectations for offshore wind and renewable energy and will focus our efforts on these areas.

Q&A: Impact of the Situation in the Middle East

Moderator: The question is, "Please tell us about the impact of the situation in the Middle East on your business performance and your outlook for the future."

Namba: There is almost no direct impact. As I mentioned earlier, we had a single risky asset in the Middle East, but we have written it off in full.

There are three key risks regarding the Middle East. First, we currently have no business exposure and do not hold any assets there. Second, we are not involved in the resource and energy business, specifically oil and gas. And third, we have no physical presence there.

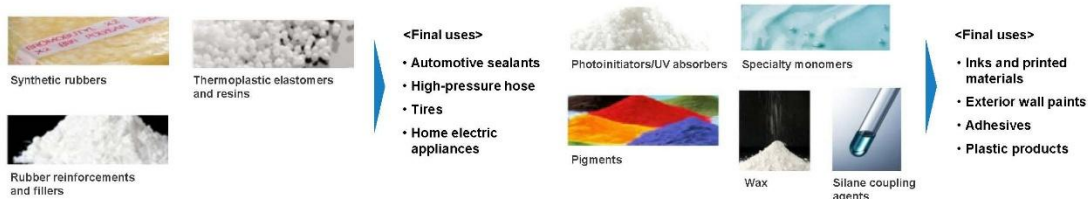
Therefore, while there is no direct impact, we anticipate indirect cost increases and supply constraints due to rising oil prices. Consequently, we believe we can adequately address this through measures such as hedging selling prices. Based on these factors, we made the upward revision I explained earlier.

Q&A: Domestic Raw Material Demand for Rubber-Related Products

Overview of Each Segment: Fine Chemicals

(Million yen)	FYE September 2025 H1	FYE September 2026 H1	YoY	Comments	
Net sales	21,741	22,060	+1.5%	Net sales	Rubber: (+) Demand for raw materials for domestic markets was brisk. Chemicals: (-) Demand for mainstay domestic products, including inks, paints, and raw materials of adhesives, remained weak. (+) New business launch
Operating profit (Operating profit ratio)	1,386 (6.4%)	1,494 (6.8%)	+7.8%	Operating profit	Rubber: (+) An increase in sales and revision of sales prices. Chemicals: (+) Sales price revisions.

[Major products we deal in]



Sanyo Trading

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Moderator: "The question is, "Could you please explain in detail the background behind the strong domestic demand for raw materials in rubber-related products for the fine chemicals sector? Which specific applications or industries were particularly strong?"

Shintani: We handle synthetic rubber and additives, and demand for these products remains strong. This is true not only in Japan but also in Thailand. While conditions in China vary, overall demand was robust.

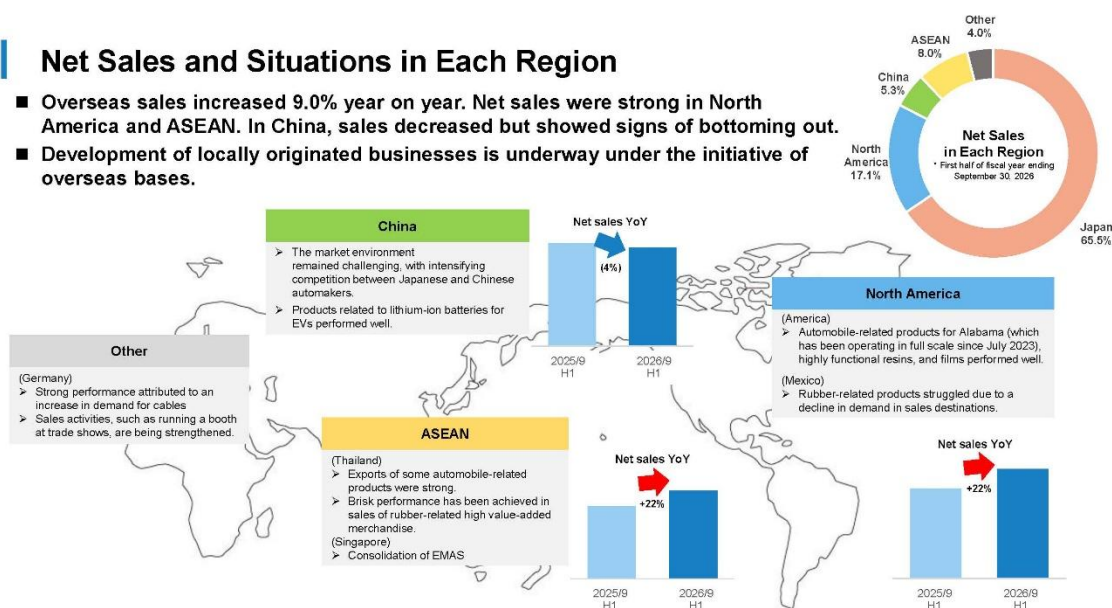
We handle products from ARLANXEO, the world's largest synthetic rubber manufacturer, and market them in Japan and the ASEAN region. Additionally, for silicone rubber, we handle products from Dow Toray. These core rubber products have shown strong performance across all industries.

Meanwhile, among additives, heat dissipation agents are attracting particular attention. We also handle these products, and they have been performing very strongly, driven by recent market conditions related to EVs and electronic materials.

Q&A: Growth Strategy for Overseas Operations

Net Sales and Situations in Each Region

- Overseas sales increased 9.0% year on year. Net sales were strong in North America and ASEAN. In China, sales decreased but showed signs of bottoming out.
- Development of locally originated businesses is underway under the initiative of overseas bases.



Sanyo Trading

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Moderator: We have a question asking, "Please tell us more about your growth strategy for overseas operations."

Namba: As I mentioned briefly earlier, we are promoting local origination. In the past, our head office took the lead, with its business divisions expanding sales channels overseas using a product-out approach. However, since the year before last, we have been developing our business from a market-in perspective originating from our overseas bases, and this approach is really starting to bear fruit.

For example, EMAS in Singapore, which the President mentioned earlier, is developing an automotive aftermarket business based right here in Singapore.

We are also moving forward with initiatives to sell products from a Chinese startup with highly unique sensor technology to the U.S., Japan, and other markets.

While our business has traditionally focused on supplying Japanese manufacturers, we have launched a new business this fiscal year in India to sell automotive interior components to South Korean and local Indian automakers.

Through these initiatives, we aim to incorporate a local origination perspective overseas and increase our overseas sales ratio from the current 35% to 40%, and eventually to 50%.

Q&A: Reasons for Discontinuing Sales of "LiDAS"

Moderator: "Regarding the 'LiDAS' child left-behind detection system for buses, sales have been discontinued. Given recent news reports of children being left behind, we assume there is demand. What is the reason for discontinuing sales?"

Namba: It is true that there is demand, but there are two reasons for the discontinuation. The first is purely a business reason. While this system is highly sophisticated and sensitive, cheaper alternatives have entered the market. It's not exactly a case of "bad money driving out good," but competition has become extremely fierce.

The second reason is a safety concern. Because it is so highly sensitive, it sometimes detects objects outside the vehicle. If the switch is turned off at that moment, there is a risk that it won't activate when it's most needed. For example, if such a malfunction occurs in the middle of summer, it could lead to a serious incident.

Therefore, to prevent such accidents before summer arrives, we took the sincere step of recalling the product and replacing it with an alternative.

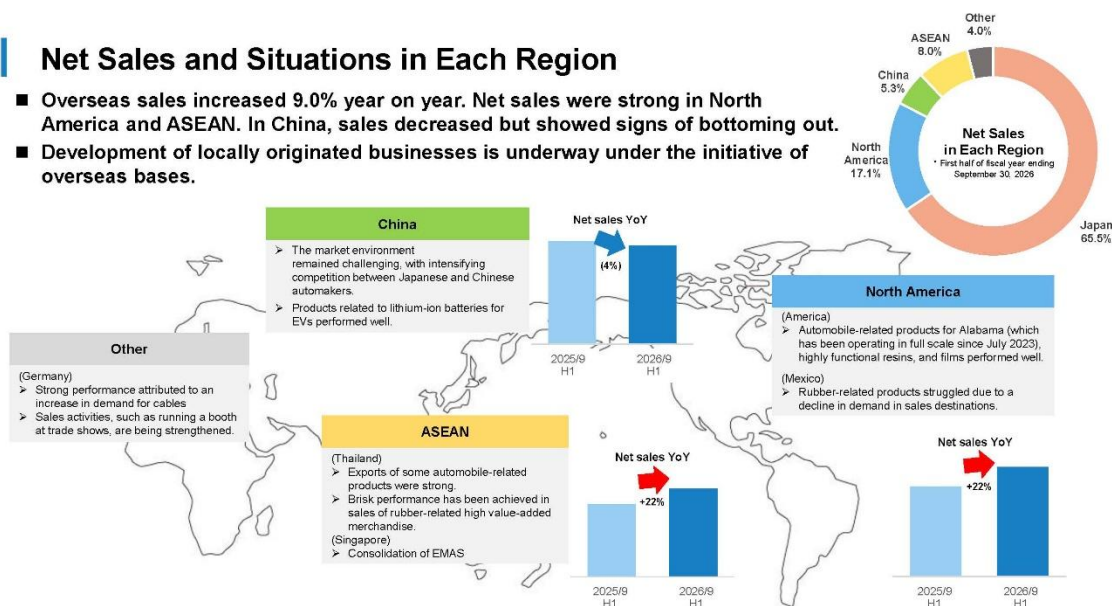
Shintani: Let me add a few points. There is no defect in the product itself. The issue is that the sensitivity is so high that it detects a wide variety of objects. The risk arises when customers turn the switch off.

We gave this matter careful consideration, and to prevent such incidents from occurring, we announced the suspension of sales as a responsible response to the market. We made this decision based on our commitment to acting in good faith toward the market.

Q&A: Regarding High-Value-Added Rubber Products Performing Well in Singapore

Net Sales and Situations in Each Region

- Overseas sales increased 9.0% year on year. Net sales were strong in North America and ASEAN. In China, sales decreased but showed signs of bottoming out.
- Development of locally originated businesses is underway under the initiative of overseas bases.



Moderator: "The question is, "We understand that high-value-added rubber-related products are performing well in Singapore. Could you tell us more about these products?"

Shintani: As you know, Singapore does not have a synthetic rubber market. Therefore, as I explained earlier, I believe the reason is that we handle specialty additives. It may not be for rubber, but rather for other applications; I think it's a very specialized field.

As for rubber, while there is activity in the EV sector involving Japanese and Chinese companies, our rubber business in Thailand is performing steadily.

As for Singapore, EMAS, which we acquired last year, is partnering with various companies and plans to further expand its business going forward. While there are currently several issues arising in the Middle East, we are taking steps with an eye toward future potential.