

# **New Long-Term Management Plan SANYO VISION 2028**

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Deliver tangible solutions to social issues to make  
the world a better place for everyone

Sanyo Trading Co., Ltd.

November 22, 2023

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# 01

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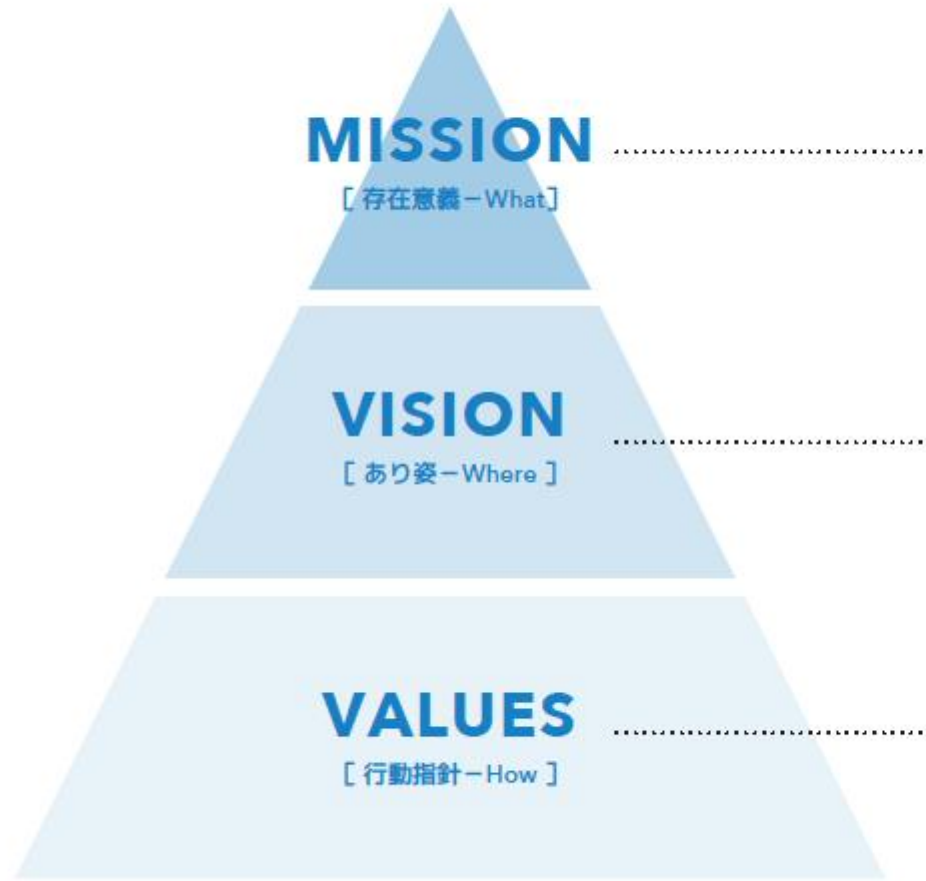
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Market Outlook and Policies by Segment

# 01-1 MVV - Corporate Philosophy

Challenging ourselves for the BEST solution



**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**

**Deliver tangible solutions to social issues to make the world a better place for everyone**

**Act with integrity**

We observe laws, regulations, and professional ethics in everything we do.

**Be a challenger**

We build a future full of opportunities and creativity.

**Demonstrate agility**

We make the right decisions at the right time and act on them effectively.

**Pursue innovation**

We stay abreast of social and economic changes and seize opportunities for growth and success.

# 01-2 Our Vision for 2028

Sanyo Trading's  
Vision

**Deliver tangible solutions to social issues to make the world a better place for everyone**

The wisdom left by our founder: "Don't do anything that lowers our reputation."

Our  
value proposition

Job to solve problems

Job that makes a positive impact on society

Job that caters to customers and is appreciated

Job where we can inspire children to dream

**Building a track record of excellence that addresses:**

Safety and security

Comfort and QOL\*

Carbon neutrality

Local production for local consumption

Energy and resource conservation

Technology-driven, maritime nation

Aging population

Revitalization of regional economy

Our business  
foundation

**Organic growth of existing businesses**

**&**

**Fruition of new businesses**

**Human resources**

Professional expertise and know-how

**Merchandise and commercial rights**

Single-source procurement, strong relationships of trust

**Open and inclusive**

Good corporate culture

**Financial foundation**

**Global network**

16 locations in 10 countries

\*QOL: Quality of life

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## 01-3 Brand Concept

At Sanyo Trading, we don't just sell merchandise.  
We only do business in which we can add value and make a difference.

Instead of being a box mover, providing materials, products, and  
solutions most relevant to your enterprise needs is our commitment.

Trust is what it takes to succeed in business.

That's why we listen to you and deliver the best solutions for the success  
of your business flexibly and timely—and in the belief that, by doing so,  
we're bringing a brighter future to people around the world.

## 01-4 Corporate Slogan

# *Quest for Next*

**In pursuit of the best solutions for a better future**

It is our commitment to demonstrating the foresight and vigor with which to pursue the best solutions for bringing a better future to the earth and all of you.

## | 01-5 Corporate logo



### **Foresight with which to pursue the best solutions**

The logo's dynamic and lively form denotes our foresight and entrepreneurship, as well as our resolve to pursue innovation. Its sky blue color signifies a bright future with the green dot in the letter "i" representing a human face and the global environment.

This corporate logo symbolizes Sanyo Trading's commitment to bringing a better future to the earth and all of you, true to our Vision of "delivering tangible solutions to social issues to make the world a better place for everyone."



# 01-6 ESG ~ Sustainable improvement of corporate value in a VUCA(\*) business environment

## E nvironment

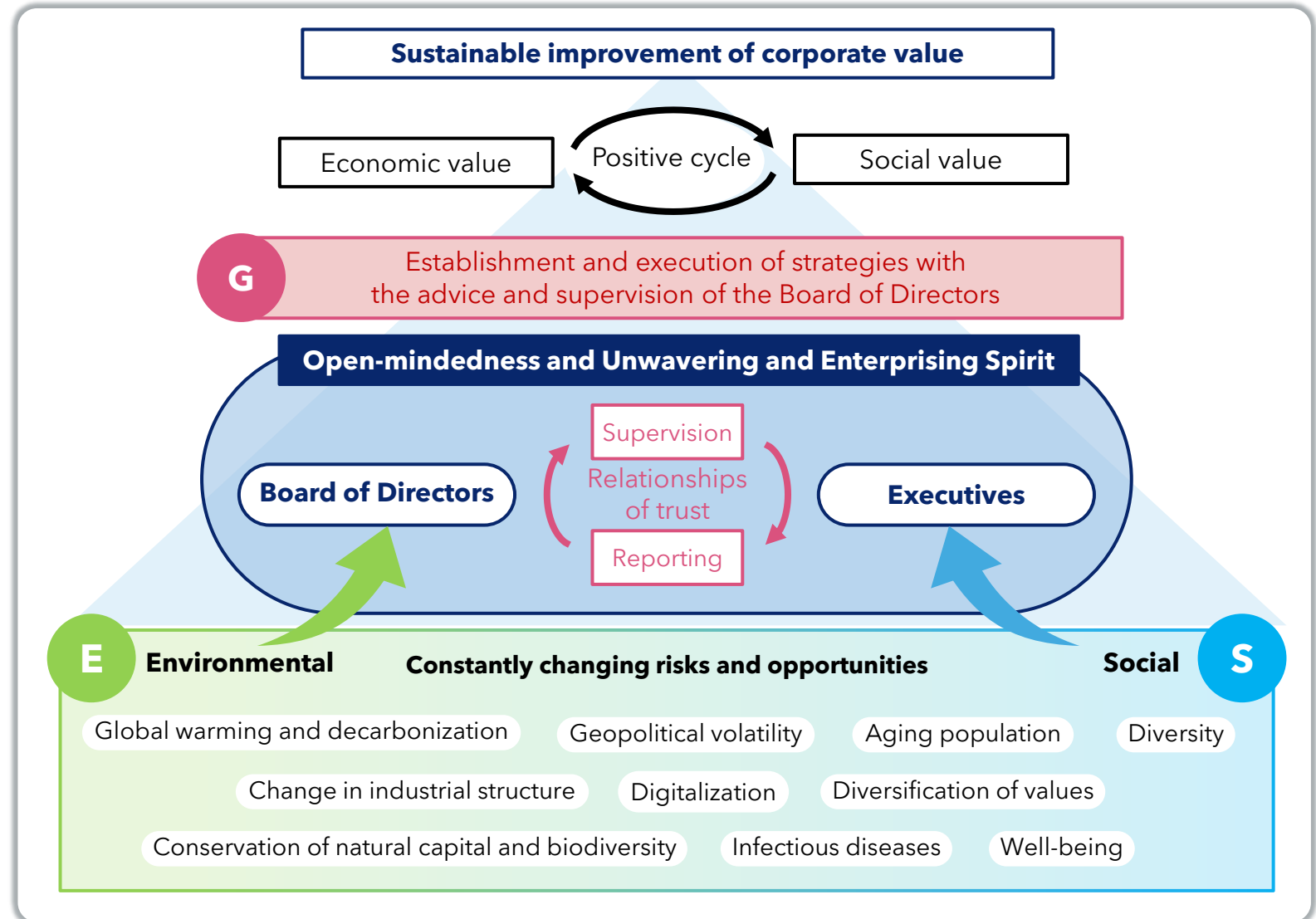
Recognizing that environmental issues such as climate change are a global concern and considering decarbonization, protection of biodiversity, and other mitigating measures

## S ocial

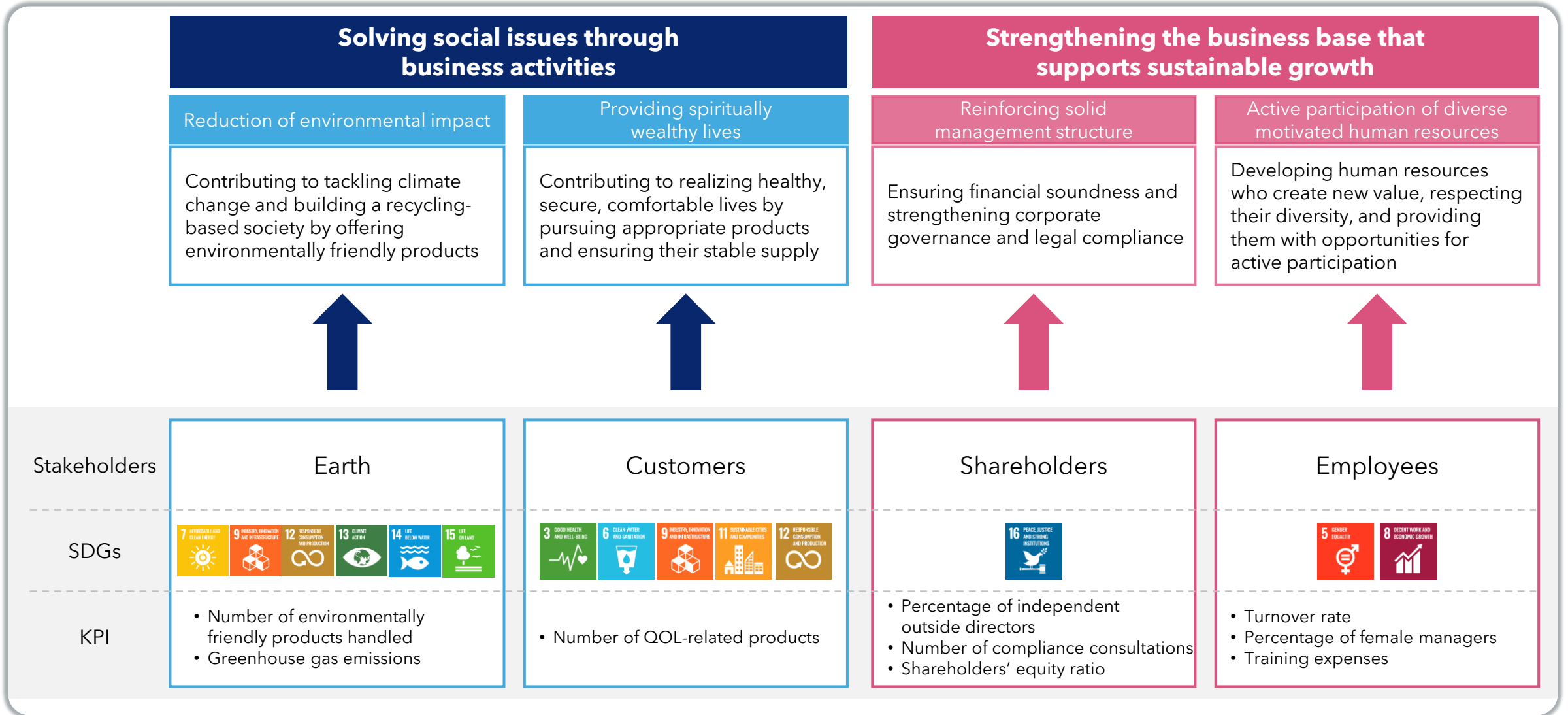
Securing human resources to support directors and management, properly allocating human capital, and considering human rights and wellbeing

## G overnance

Properly understanding risks and opportunities, establishing and executing strategies through the combination of management supervision and execution, and achieving sustainable improvement in corporate value through a virtuous cycle in which economic and social value are mutually enhanced



# 01-7 Materiality



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## 02-1 Review and Quantification of Previous Long-term Management Plan: VISION2023

	Quantitative Targets (Fiscal year ending September 30, 2023)	Result
Consolidated ordinary profit	<b>7,500</b> million yen	<b>7,100</b> million yen
ROE	<b>15.0%</b>	<b>11.8%</b>
Growth rate <small>(sales)</small> at overseas offices	<b>10.0%</b> p.a.	<b>12.9%</b> p.a.

## 02-2 Review and Qualification of Previous Long-term Management Plan: VISION2023

Basic strategies	Seven strategies		Evaluation	Achievements	Ongoing challenges
Strengthening the corporate structure	A	Challenging ourselves for the BEST solution	○	<ul style="list-style-type: none"> <li>The management mission and basic principles became instilled in employees.</li> </ul>	<ul style="list-style-type: none"> <li>Our slogan “Challenging ourselves for the best solution” remains unchanged from SANYO VISION2028 onwards as it still needs to become more deeply ingrained across the group.</li> </ul>
	B	Strengthening the Company's foundation	△	<ul style="list-style-type: none"> <li>We developed organizations that will serve as the foundations for growth (New Business Development Dept., Strategic Logistics Dept., Human Resources &amp; General Affairs Dept., Corporate Planning Dept.).</li> <li>We acquired Cosmo Computing System, Inc., to strengthen inhouse IT function.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening corporate functions to accommodate business expansion</li> <li>Deepening ESG management</li> <li>Promoting DX</li> </ul>
	C	Investing in human resources	△	<ul style="list-style-type: none"> <li>We invested in next-generation human resources, developing human resources internally and also hiring mid-career professionals who can hit the ground running</li> </ul>	<ul style="list-style-type: none"> <li>HR development, education and training</li> <li>Strengthening of hiring capabilities</li> <li>Flexible allocation of human resources based on groupwide optimization approach</li> </ul>
Strengthening the earnings base	D	Enhancing business in certain fields	△	<ul style="list-style-type: none"> <li>Levering our strengths, we further developed high added value businesses, focusing on four core markets.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic allocation of resources through greater selection and concentration</li> </ul>
	E	Developing new businesses	○	<ul style="list-style-type: none"> <li>Business divisions: Identified products related to new businesses based on a product-out approach and expanded sales.</li> <li>New Business Development Dept.: Pursued projects that have synergies with us based on a market-in approach.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of market-in approach</li> <li>Nurturing of potential core businesses</li> </ul>
	F	Accelerating globalization	○	<ul style="list-style-type: none"> <li>We pursued overseas expansion focusing on Asia and the Americas</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of overseas management system</li> <li>Further expansion of network (Europe, etc.)</li> </ul>
	G	Advancing new investment projects	○	<ul style="list-style-type: none"> <li>We made bolt-on investments in businesses in which synergy with existing businesses can be expected such as Yp Tech and Scrum</li> </ul>	<ul style="list-style-type: none"> <li>Realization of synergies in investment projects</li> <li>Preparation of new pipeline projects</li> </ul>

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## 03-1 Perceived Business Environment

Megatrends  
attracting  
attention



**1** Sustainability  
Climate change, etc.

- Progress in the shift to EVs
- Growing demand for materials with low environmental impact and renewable energy



**2** Technological  
innovation

- Digital transformation
- Disruptive innovation



**3** Low birthrate and  
aging population

- Growing demand for safe, secure and comfortable lifestyles
- Growing demand for medical health care



**4** Globalization

- Borderless business
- Market expansion and increasing opportunities

Impact on  
the Company

- More opportunities to expand new business (Materials with low environmental impact, safety and security, aging society, conservation of resources, DX, etc.)
- The decrease in demand for petrochemical-derived raw materials and the increase in demand for naturally derived materials.

- Fierce competition to recruit talent due to falling birthrate and aging population and mobility of human resources

Our measures  
in light of  
megatrends

<b>Selection and concentration</b>	Strategic allocation of resources to growing areas through constant business portfolio management
<b>Creation of new core businesses</b>	Nurturing of next-generation core business aligned with megatrends
<b>Human resources development</b>	Acquisition and development of talented human resources

## 03-2 New Opportunities and Our Strengths and Competitive Edge

### New opportunities

#### Good work

Reduction of environmental impact  
(Promotion of products with low environmental impact)

Providing spiritually wealthy lives  
(Quality of Life)

#### Overseas expansion

Overseas expansion that keeps us close to Japanese enterprises  
(product-out approach)

Possibility of further network expansion  
(market-in approach)

### Our Strengths and Competitive Edge

Management system based on "free and open" corporate culture and "unwavering and enterprising spirit"

#### Human resources

Technical knowledge  
Strong relationship of trust based on business dealings over many years

#### Products and services

Provision of solutions that provide customers with total support

#### Finance

Solid financial base and financial power

#### Network

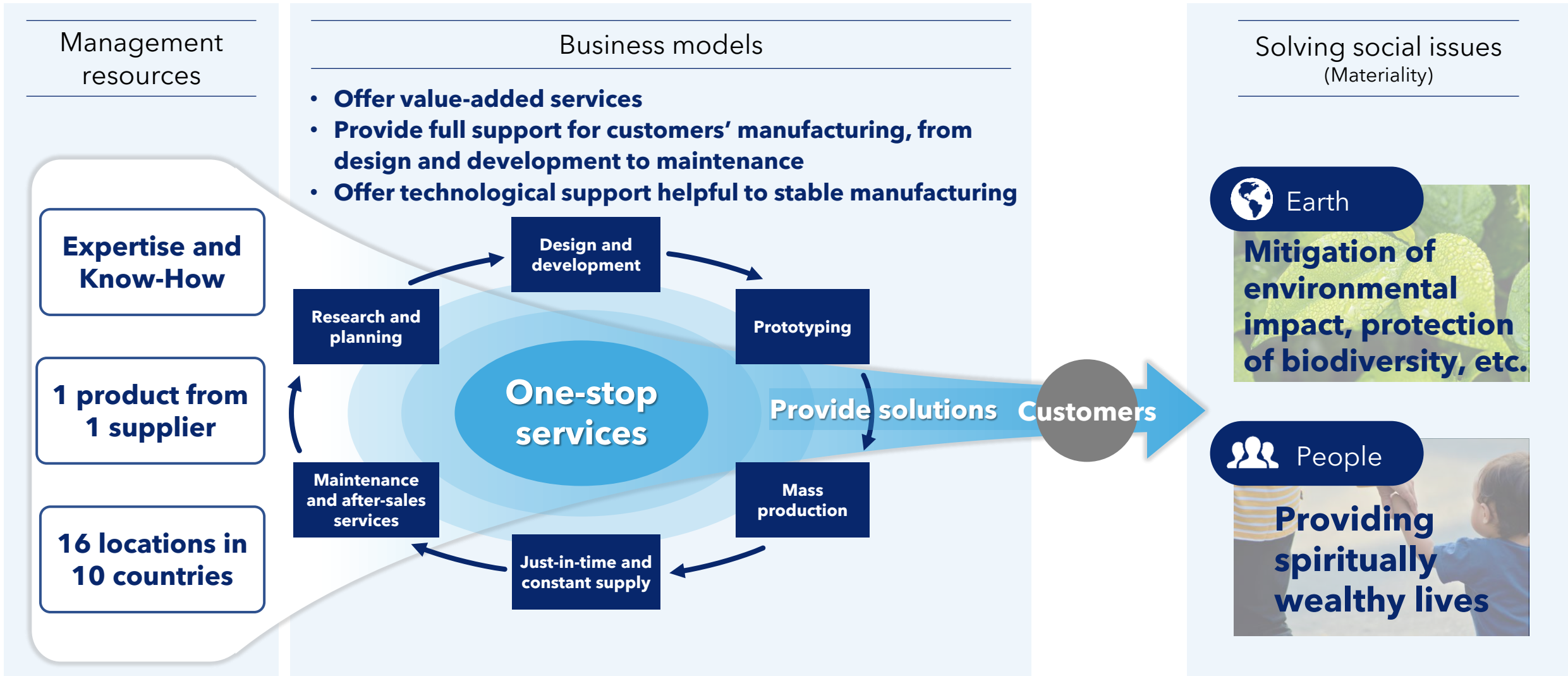
Information capability and network created through domestic and overseas sites

**Driving further growth**



## 03-3 Sanyo Model

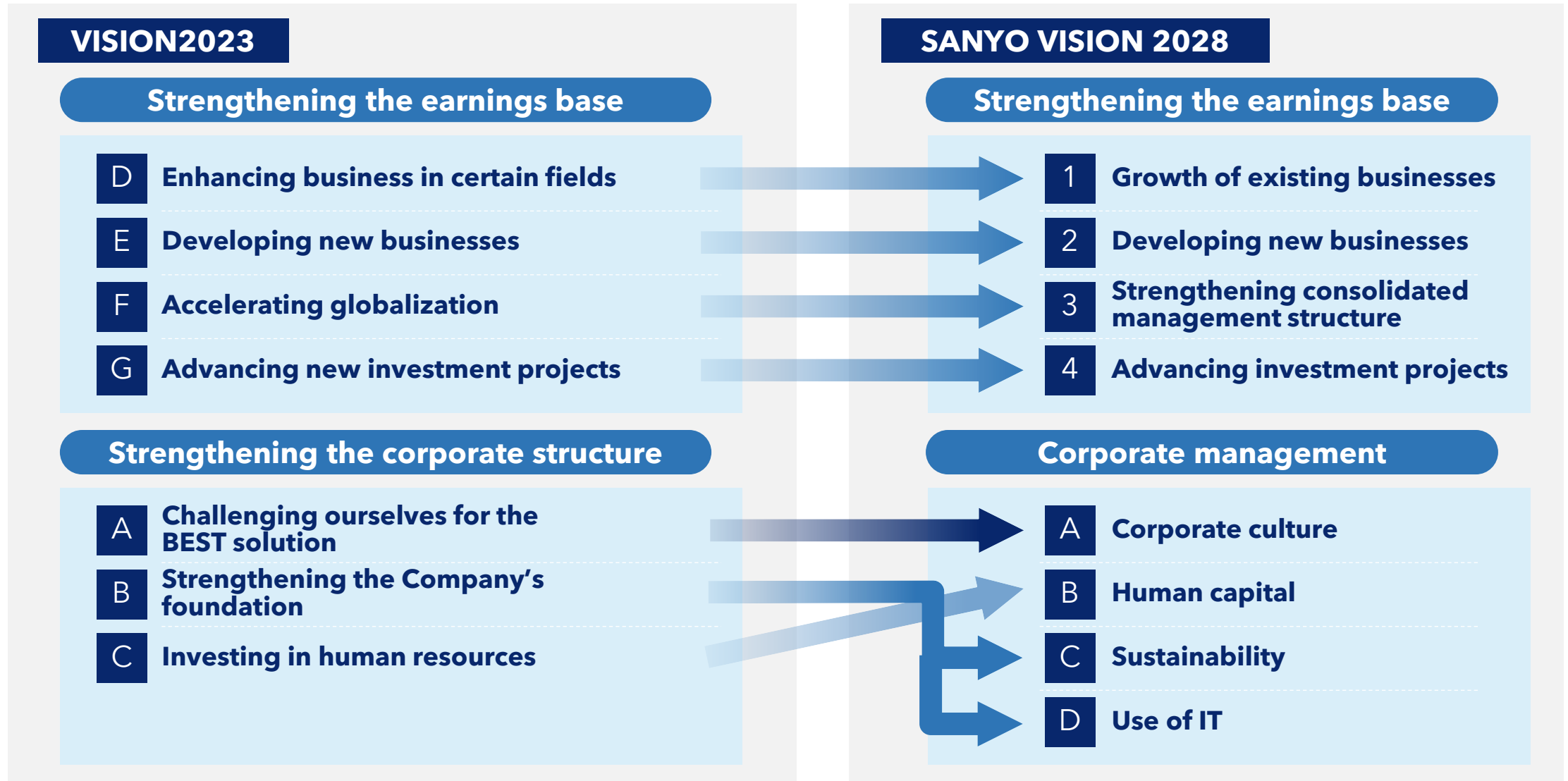
A solution provider serving closely to customers instead of merely selling goods



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## 04-1 Chart Comparing Old and New Long-term Management Plans (Continuity and Evolution)



## 04-2 Priority Measures under SANYO VISION 2028

### Vision

**Contributing to solving the world's problems and putting smiles on the faces of people and the planet**

#### Strengthening the earnings base

Measures to realize vision

- |   |  |  |
|---|--|--|
| 1 | <b>Growth of existing businesses</b>                   | Realization of growth through hybrid approach combining product-out and market-in approaches |
| 2 | <b>Developing new businesses</b>                       | Investment in new businesses and nurturing of potential core businesses                      |
| 3 | <b>Strengthening consolidated management structure</b> | Further development of global business division system and expansion of overseas sites       |
| 4 | <b>Advancing investment projects</b>                   | Rapid, flexible advancement of bolt-on investment in new businesses based on basic policies  |

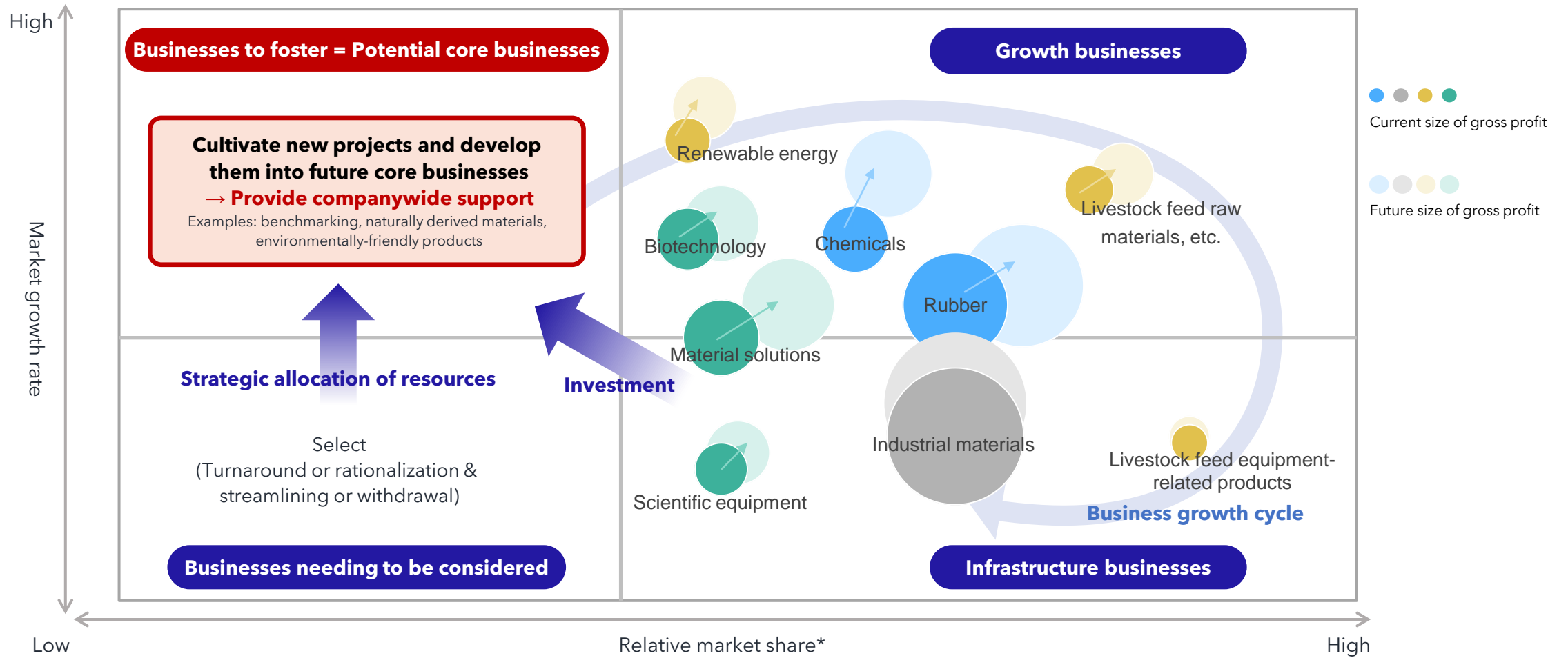
#### Corporate management

Measures to increase the resilience of management foundation

- |   |                          |  |
|---|--------------------------|--|
| A | <b>Corporate culture</b> | Elevation of positive corporate culture into an inimitable competitive advantage to pass on to next generation |
| B | <b>Human capital</b>     | Putting into practice measures embodying the idea that Sanyo is a people company                               |
| C | <b>Sustainability</b>    | Provision of value to stakeholders through improvement of ESG management and disclosure                        |
| D | <b>Use of IT</b>         | Promotion of “offensive” and “defensive” DX by moving system development in house                              |

## 04-3 Optimum Allocation of Management Resources

- Step up more flexible and strategic allocation of resources (people and money)



\* Relative market share: Ratio of a company's share to the share of the company with the largest share of the market

## 04-4 Allocation of Cash to Growth Investments

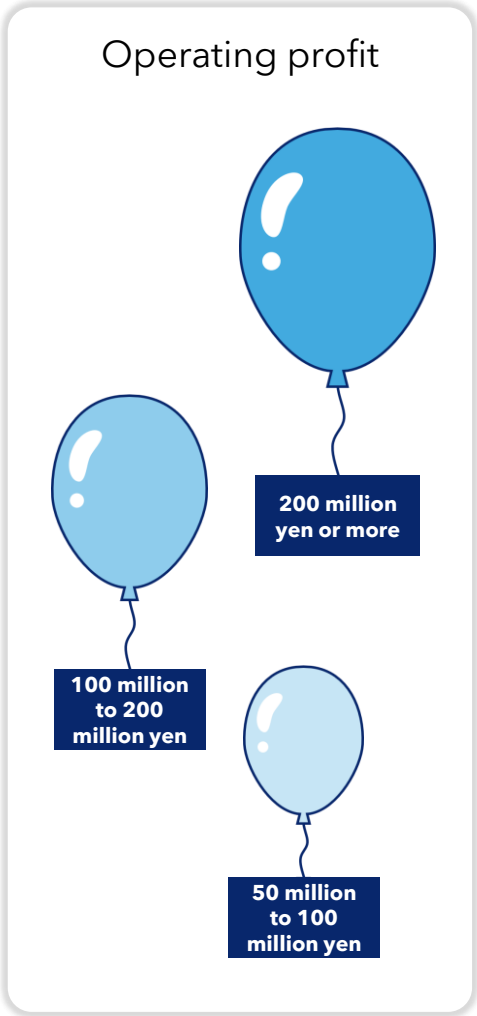
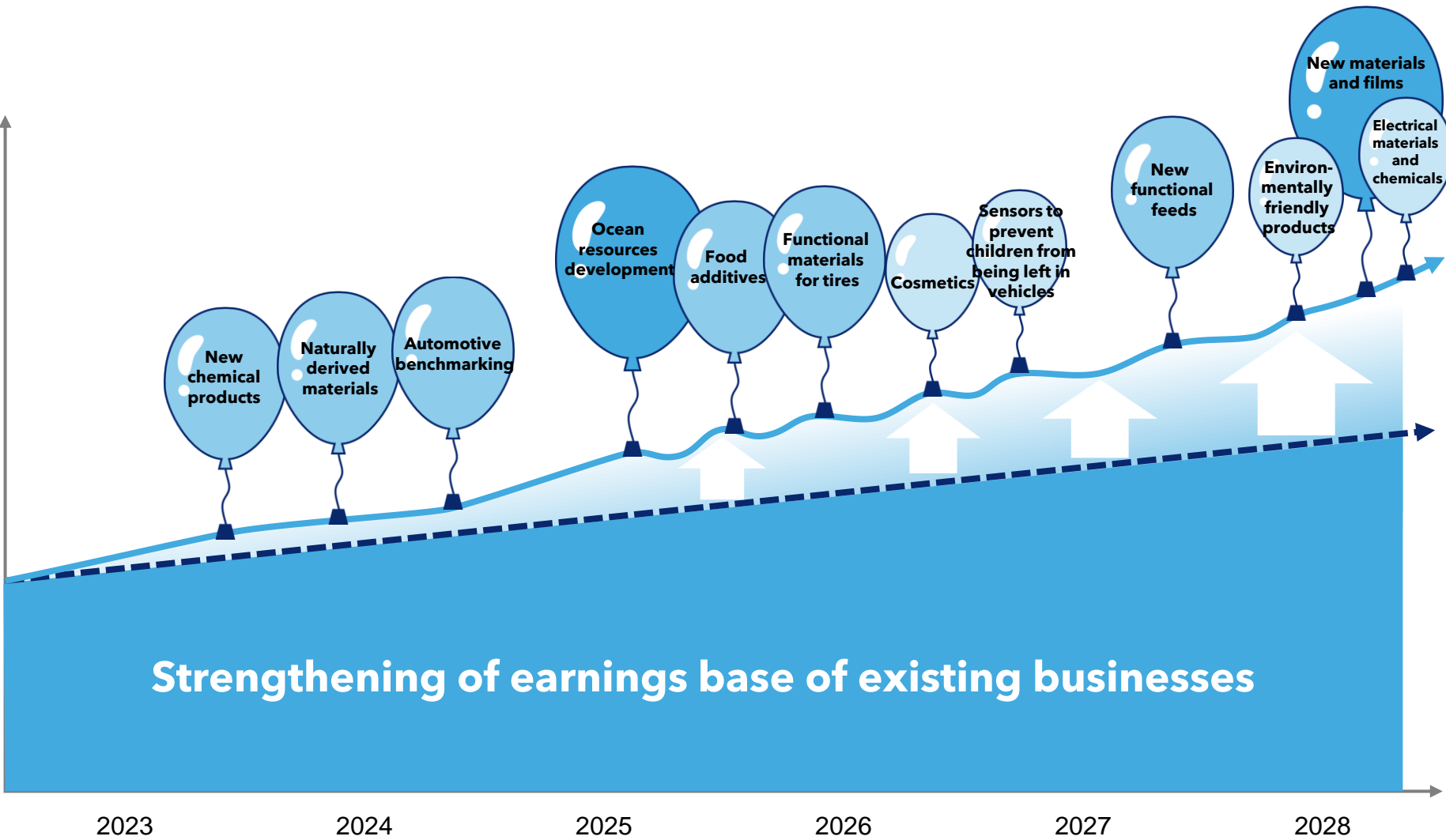
### Business investment basic policy

Balance sheet	Utilization of borrowed capital with <b>shareholders' equity rate of 50% or more</b> and <b>DE ratio of less than 0.5 times</b> as yardsticks
Pre-condition	<b>Importance is attached to business synergy, overseas expansion and growth potential</b>
Long-term holding	Make investments for growth but do not engage in the buying & selling of assets or speculative investment to realize a capital gain
Operatorship	<b>Take operatorship of businesses</b> by adopting a Buy & Hold stance and determining the direction for progress ourselves

Planning to make growth investments totaling 20~30 billion yen over 5 years

Business investment	<b>Carefully select M&amp;A deals that match our basic policy</b> and proceed rapidly, flexibly and proactively
DX-related investment	Make DX-related investments <b>to increase efficiency, deliver high added value and win new business opportunities</b>
Human capital investment	Make human capital investment in areas such as recruitment, education and training to promote the idea of <b>Sanyo as a people company</b>

# 04-5 Growth Scenario (Pipeline projects Excluding M&A)



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## 05-1 Financial Targets

### Creation of shareholder value (FY2028/9 Targets)

ROE

**10-12%**

Operating profit

**9.0 billion yen**

Shareholder returns

Based on continuous dividend increases and stable dividends, taking into account consolidated performance and financial condition. Acquisition of own stock will be carried out in a flexible and agile manner, comprehensively considering stock prices and demand for funds for growth investments.

PBR

**More than 1**

### Growth and financial discipline (FY2028/9 Targets)

Growth

Operating cash flow

**Cash surplus**

Investment

**20.0 billion to  
30.0 billion yen**

(Cumulative for 2023-2028)

(business investment, DX investment,  
human capital investment, etc.)

Profit-  
ability

Operating profit ratio

**5.1%**

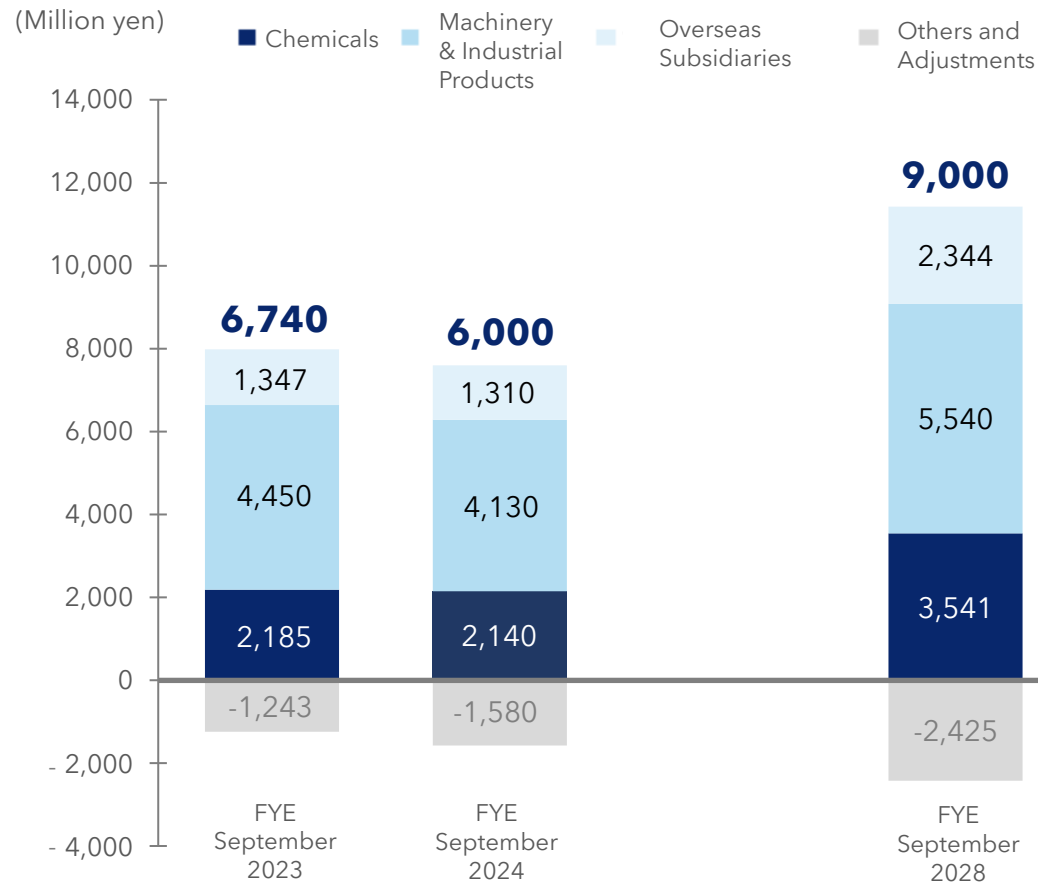
Stability

Shareholders' equity ratio

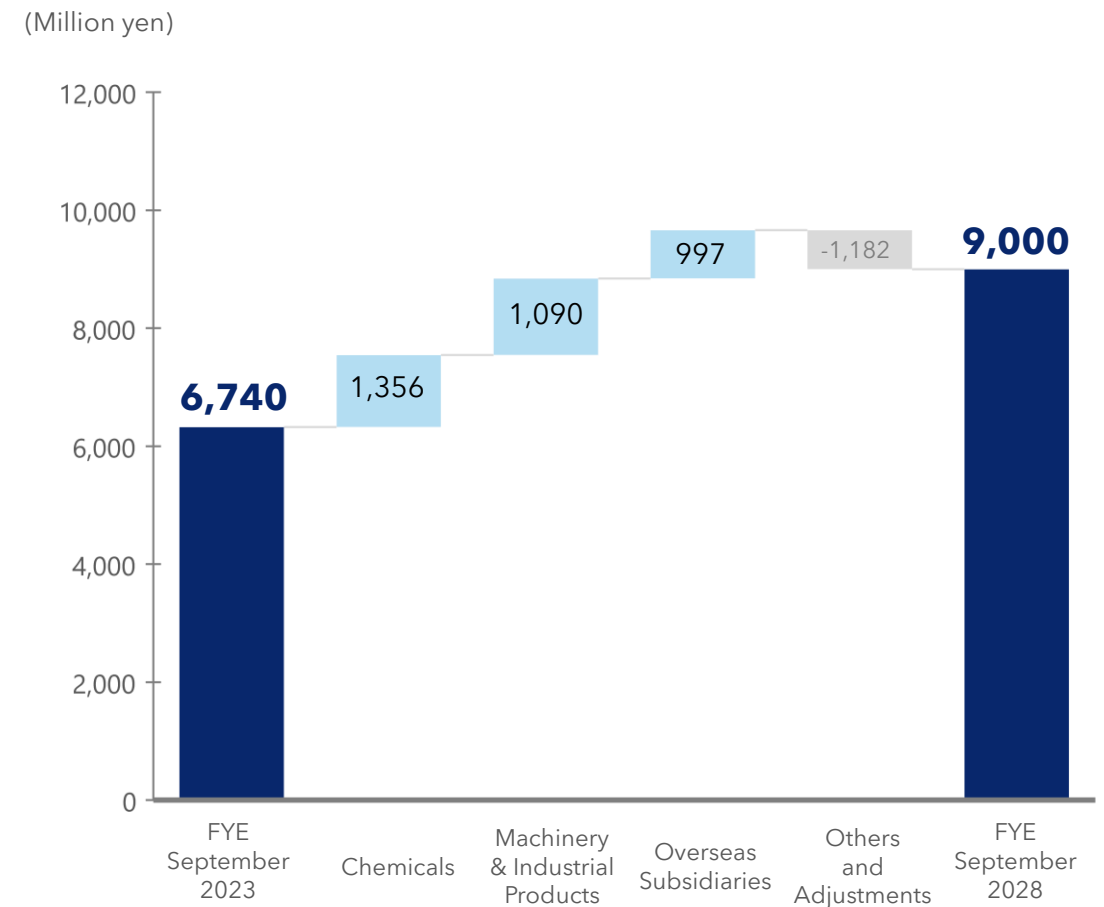
**50% or more**

## 05-2 Financial Targets ~Operating Profit by Segment~

Operating profit by segment



Changes in operating profit by segment



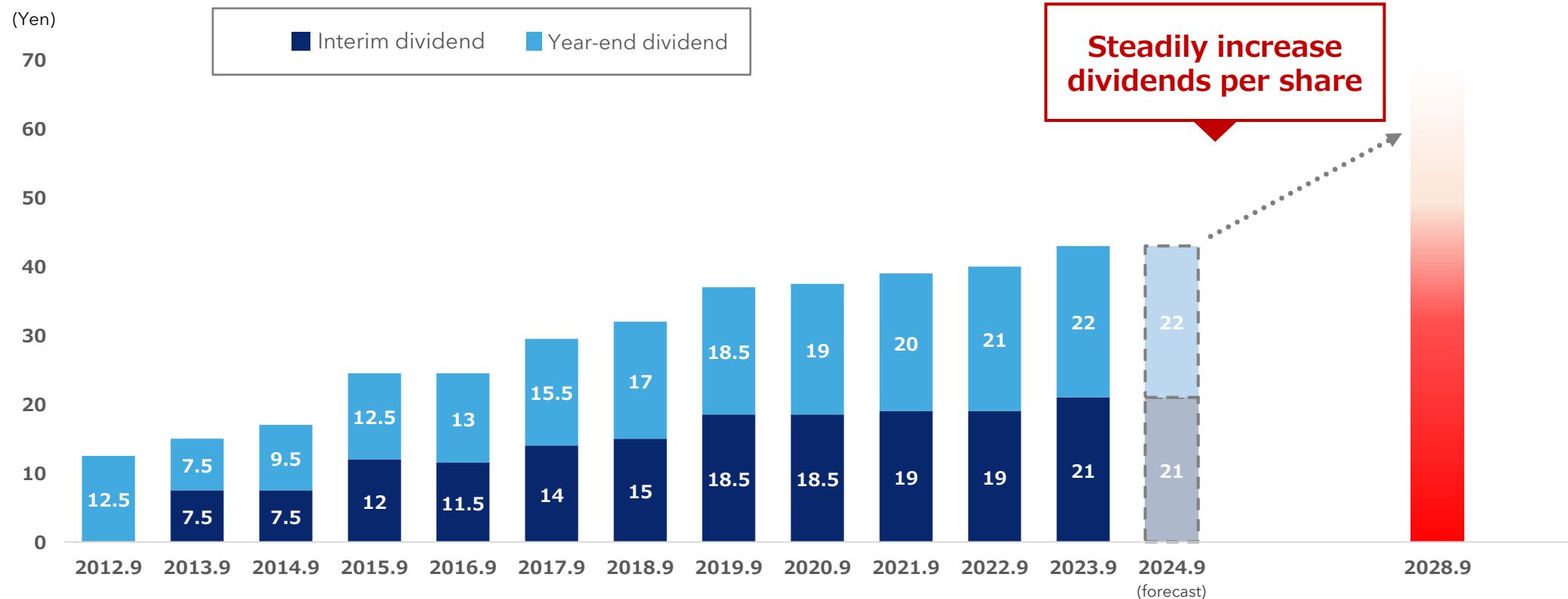
# 05-3 Shareholder Returns

Dividends

Based on continuous dividend increases and stable dividends, taking into account consolidated performance and financial condition

Purchase of treasury shares

Implementation in a flexible and agile manner, comprehensively considering stock prices and demand for funds for growth investments



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## 06-1 Market Outlook and Policies by Segment

Segments	Business Unit	2028 Market Outlook
Chemicals	Rubber	<ul style="list-style-type: none"> <li>Domestic synthetic rubber manufacturers will shift towards high added value, next-generation materials</li> <li>The automotive industry, which accounts for half of synthetic rubber demand, will shift towards EVs</li> </ul>
	Chemicals	<ul style="list-style-type: none"> <li>Ink market: The market will shrink on a macro level but, on a micro level, UV inks will expand</li> <li>Paints and coatings: Slight growth</li> <li>Adhesives: Stable</li> </ul>
	Life Science (MS*1)	<ul style="list-style-type: none"> <li>Growth in demand for automotive LiB and high performance electrical materials</li> <li>The “Health” and “Organic” domains are expected to grow</li> </ul>
Machinery & Industrial Products	Industrial materials	<ul style="list-style-type: none"> <li>Acceleration of EV development among Japanese automakers</li> <li>Changing demand for autoparts associated with advances in CASE technologies</li> </ul>
	Green technology	<ul style="list-style-type: none"> <li>Acceleration of scaling-up and rationalization of feed production facilities associated with reorganization of the industry</li> <li>Expansion of demand for renewable energy associated with decarbonization</li> </ul>
	Life science (Scientific Instruments)	<ul style="list-style-type: none"> <li>Market for scientific, analysis and test equipment will remain stable overall</li> <li>Direction of bio-related business development: focus on field of genetic analysis</li> </ul>
Overseas Subsidiaries		<ul style="list-style-type: none"> <li>Acceleration of EV shift (especially noticeable in China and Europe)</li> <li>Rubber: Continued tendency among Japanese enterprises to shift production overseas</li> <li>Chemicals: Expansion of Asia market</li> </ul>

Policies
<ul style="list-style-type: none"> <li>Meet demand for synthetic rubber among Japanese enterprises both in Japan and overseas by upscaling handling of imported products of highest quality</li> <li>Expand sales of our own next-generation indirect materials</li> </ul>
<ul style="list-style-type: none"> <li>Leverage high added value products and environmentally products and focus on high end market in addition to existing market</li> <li>Promote technical sales and the handling of new products</li> </ul>
<ul style="list-style-type: none"> <li>Pursue sales expansion of related parts and materials</li> <li>Identify naturally derived products and handle more of them</li> </ul>
<ul style="list-style-type: none"> <li>Develop interior parts and materials and sensors which are in growing demand for to the EV shift</li> <li>Explore new business that incorporates selling functions instead of things (ex. benchmarking, etc.)</li> </ul>
<ul style="list-style-type: none"> <li>Utilize positioning to tap into capital investment demand</li> <li>Steadily capture large projects and develop new domains</li> </ul>
<ul style="list-style-type: none"> <li>Focus on the materials and chemicals field including nanotechnology, and the environmental field</li> <li>Leverage Scrum and KOTAI in bio-related business to meet core needs</li> </ul>
<ul style="list-style-type: none"> <li>Pursue business expansion based on market-in approach</li> <li>Focus on Southeast Asia (especially Thailand, Vietnam, Indonesia, and Singapore) in the chemicals business and leverage M&amp;A to achieve business expansion</li> </ul>

\*1 MS: Material solutions

*Quest for Next*