

First Half of Fiscal Year Ending September 30, 2023 Results Presentation

Sanyo Trading Co., Ltd. (Securities Code: 3176)
Masanobu Shintani, President & CEO

May 29, 2023

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Growth Strategy

Key Points of Results for First Half of Fiscal Year Ending September 30, 2023



1

In the first half, profit figures exceeded 50% of their respective levels in the full fiscal year plan.

2

Industrial Materials showed briskness amid the weakening impact of production cutbacks among Japanese-affiliated auto manufacturers.

3

Cosmos Shoji, YPTECH and Scrum, which are group companies in the Machinery & Industrial Products segment, helped boost profit.
→ Mergers and acquisitions steadily produced a positive effect.

Consolidated Results

- For the first half, operating profit increased around 30%.
- As for non-operating income and expenses, foreign exchange gains of 600 million yen were posted in the previous fiscal year. For the current fiscal year, foreign exchange losses of 80 million yen were posted.
- As for extraordinary income and loss, a gain on bargain purchase of 360 million yen was posted in the previous fiscal year. For the current fiscal year, a gain on sale of investment securities of 220 million yen was recorded.

(Million yen)	FYE September 2022	FYE September 2023				
	H1	H1			Full fiscal year	
	Result	Result (A)	Year on year	% of sales	Full fiscal year plan (B) (announced on Nov. 8, 2022)	Rate of progress (A)/(B)
Net sales	50,539	61,918	+22.5%	100.0%	128,000	48.4%
Gross profit	8,303	10,513	+26.6%	17.0%		
(Gross profit ratio)	16.4%	17.0%	-	-		
Selling, general and administrative expenses	5,357	6,723	+25.5%	10.9%		
Operating profit	2,945	3,790	+28.7%	6.1%	6,500	58.3%
Ordinary profit	3,666	3,751	+2.3%	6.1%	6,800	55.2%
(Ordinary profit ratio)	7.3%	6.1%	-	-	5.3%	-
Profit attributable to owners of parent	2,706	2,517	-7.0%	4.1%	4,500	55.9%
EPS (yen)	94.31	87.62	-	-	156.75	-

Progress
against plan

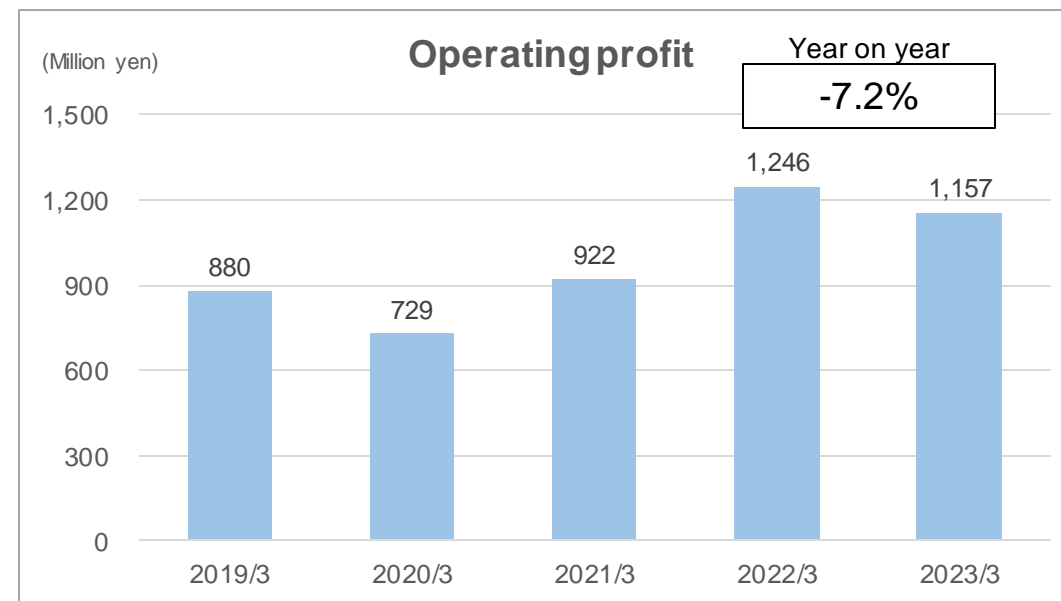
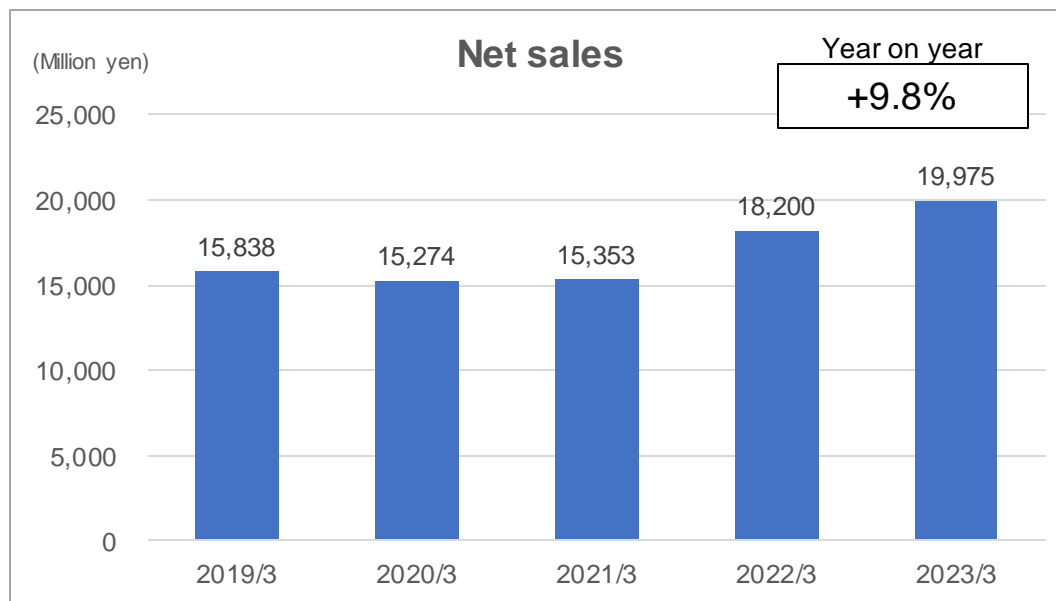
Over 50%

Chemicals Segment

[Rubber Business Unit, Chemical Business Unit, Life Science Business Unit (Material Solutions: MS), and Group companies]



Business Unit	Situations in the First Half
Rubber	<ul style="list-style-type: none"> Despite the strong performance of synthetic rubber and compounding agents, shipments were on the decrease as more customers conducted inventory adjustments. Performance was impacted by soaring purchase prices of goods imported from Europe and the United States and the temporary weakness of certain products. We drove development and sales expansion of strategic/next-generation products.
Chemicals	<ul style="list-style-type: none"> Newly handled products transferred from other companies were launched in January. Their sales were steady. Certain mainstay products was affected by surging purchasing prices associated with the weak yen. Profit was unchanged year on year.
Life science (MS)	<ul style="list-style-type: none"> Mainstay electric materials, fragrances and dyes continued to perform well. While orders for food additives for North America were brisk, profit growth stalled on the strong yen. Sales of lithium-ion battery-related materials were slow, affected by weakening business confidence in the Chinese economy.

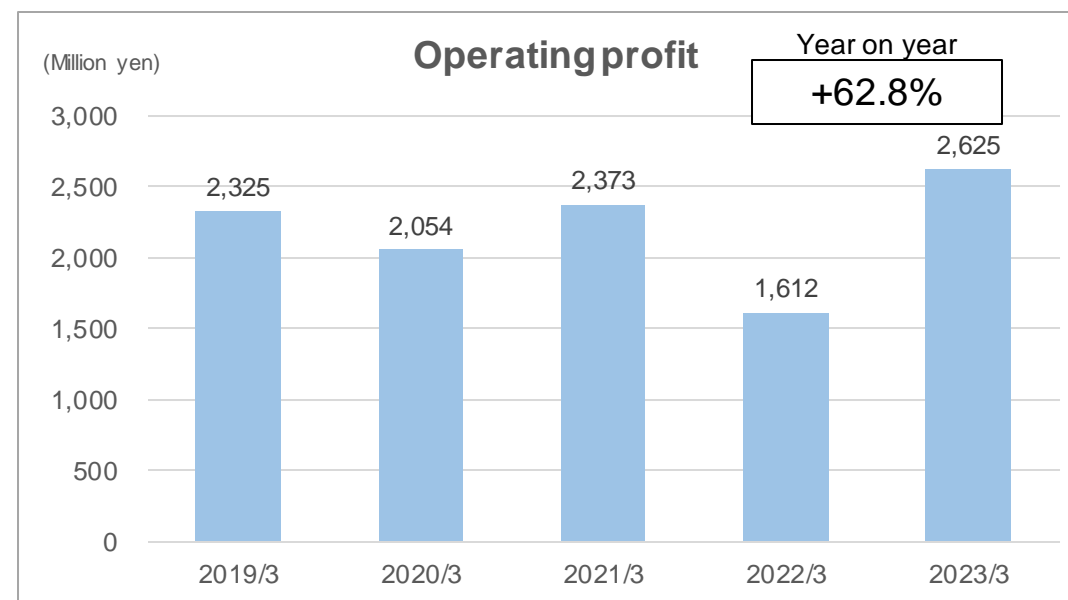
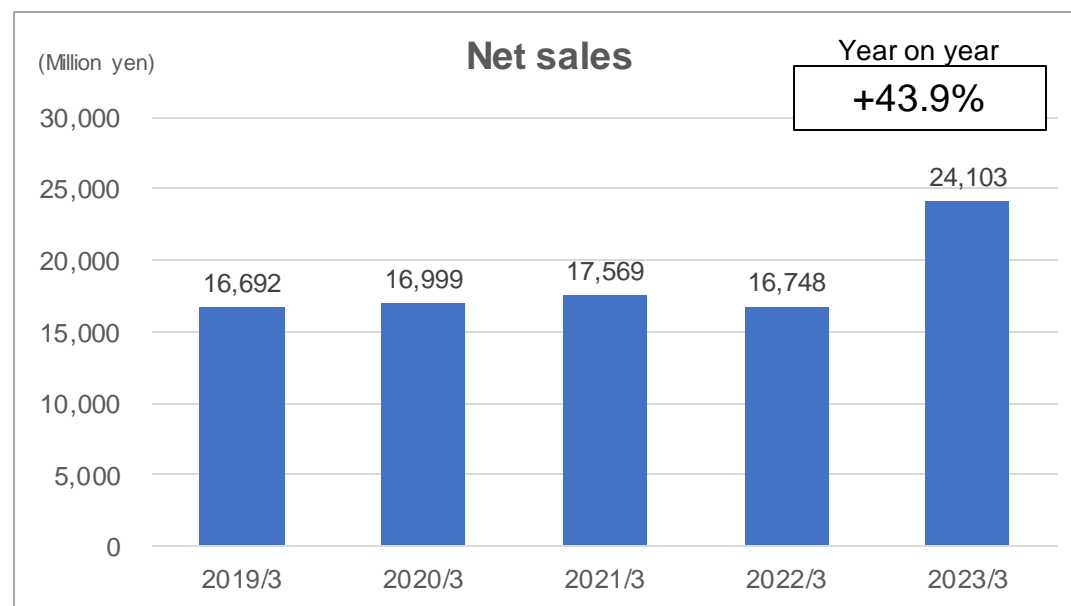


Machinery & Industrial Products Segment

[Industrial Products No.1 Business Unit, Industrial Products No.2 Business Unit, Machinery & Environmental Business Unit, Life Science Business Unit (Scientific Instruments), and Group companies]



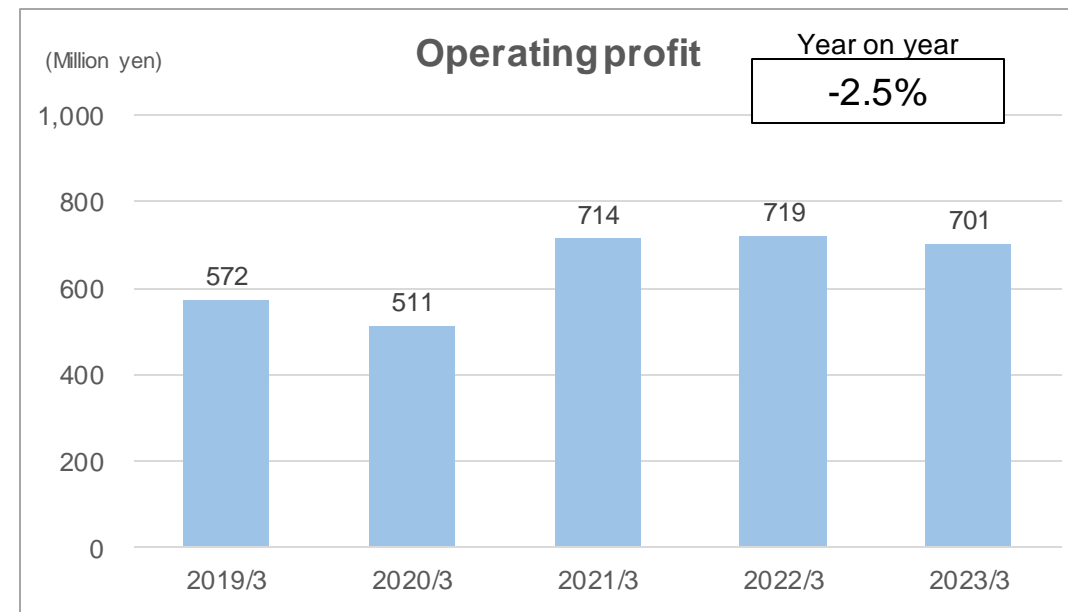
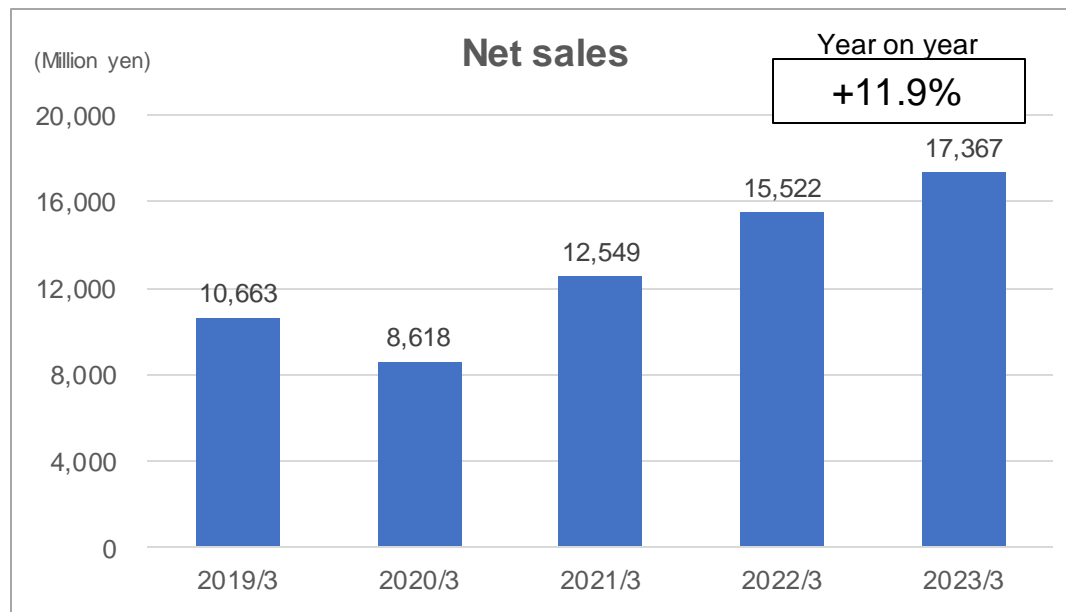
Business Unit	Situations in the First Half
Industrial Materials	<ul style="list-style-type: none"> Following an easing of the impact of production cutbacks among Japanese-affiliated auto manufacturers linked to shortages of semiconductors and parts, performance was solid.
Machinery & Environment	<ul style="list-style-type: none"> Feed processing machines: Sales from projects for main units were weak despite solid sales of wearing parts. Wood biomass: Performance was sluggish because of the posting of weak sales from projects for main units. Cosmos Shoji: Sales of geothermal development equipment continued to be strong, and in the ocean development field, growth was achieved from equipment related to offshore wind power generation. YPTECH: The business of functional feed raw materials rallied as surging prices of raw materials for mainstay items reached a plateau.
Life science (Scientific Instruments)	<ul style="list-style-type: none"> Deliveries of orders involving large projects and the delivery of main units in March contributed to profitability. Acquired in February 2022, Scrum produced a full positive effect on profit.



Overseas Subsidiaries Segment [USA, China, Thailand, Vietnam, Mexico, Indonesia, and India]



Business Unit	Situations in the First Half
Overseas Subsidiaries	<p>While sales grew in North America, profits remained flat.</p> <ul style="list-style-type: none"> - USA Film sales were solid. Auto parts production in Alabama was poorer than planned. - China Performance was sluggish amid weakening business confidence in the Chinese economy. Sales at Japanese-affiliated auto manufacturers, which are the main customers for Industrial Materials and Rubber, were sluggish. - Thailand While sales of auto parts were brisk, profit was unchanged due to rising selling expenses for other merchandise. - Others Indonesia: Rubber sales stayed solid. /Vietnam: Results were poor given the impact of an overall industrial decline in Vietnam. Etc.



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Forecasts for Fiscal Year Ending September 30, 2023

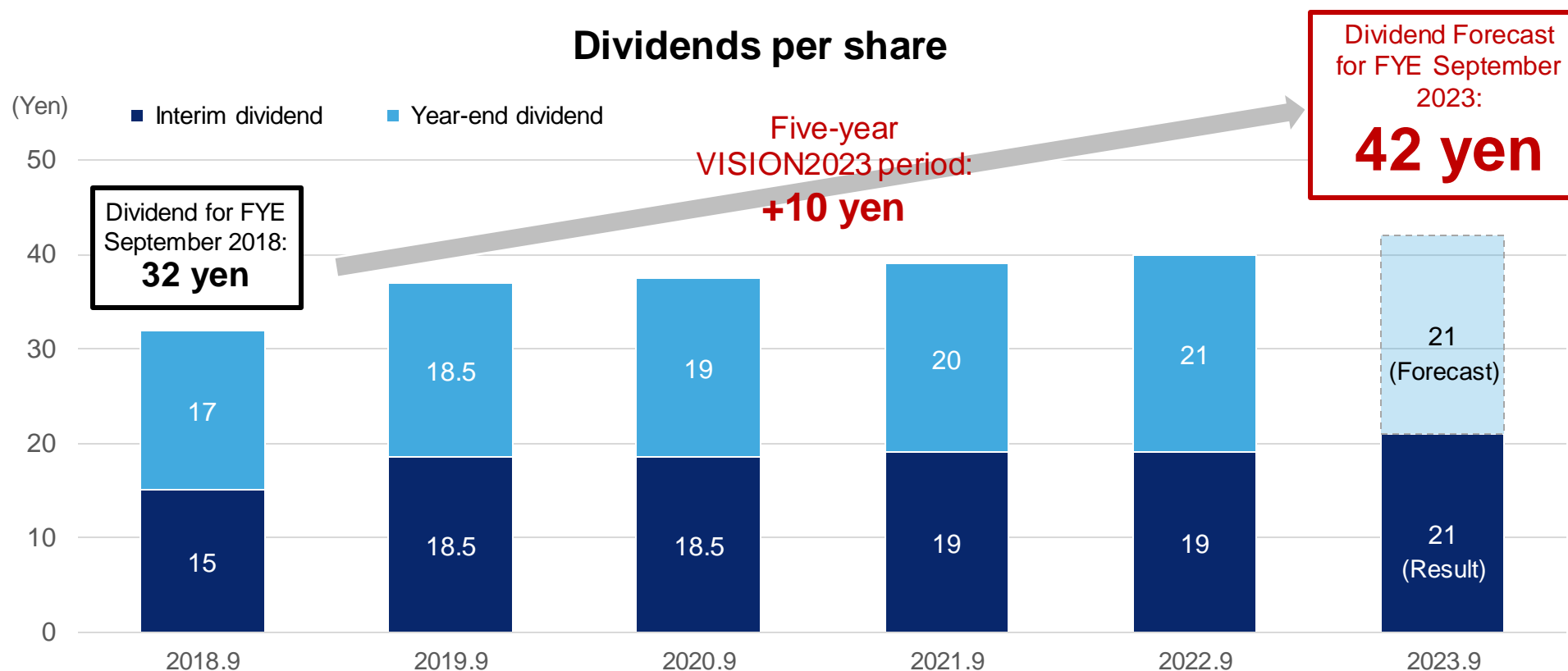
■ The full-year forecasts remain unchanged.

(Million yen)	FYE September 2023				
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EPS (yen)	87.62	-	-	156.75	-



Shareholder Returns

- We will maintain our policy of offering stable returns to shareholders, considering the balance with investment in growth.
- Our dividend policy is to ensure long-term stability in shareholder returns with a focus on a constant increase in the amount of dividend per share.
- We will continue to hold the year-end dividend forecast at 21 yen per share and the full-year dividend forecast at 42 yen per share.



Note: After stock-split adjustment
The Company conducted a two-for-one share split on February 1, 2020.

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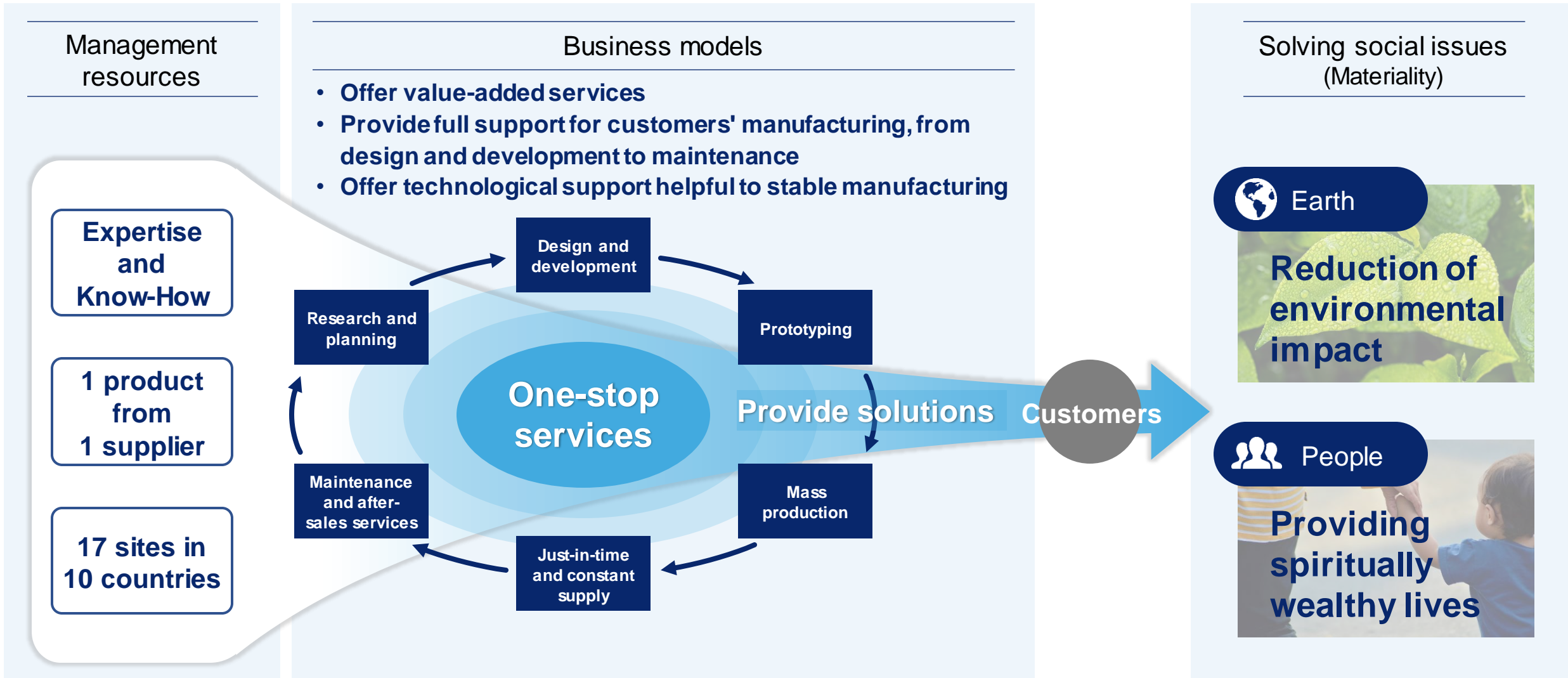
Forecasts for Fiscal Year
Ending September 30, 2023

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Growth Strategy

Sanyo Model

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



For Strengthening the Sanyo Model: Constituents of Growth Strategy

Growth Strategy (1)

Potential core businesses

Growth Strategy (2)

Overseas expansion



Provision of optimal solutions

Growth Strategy (3)

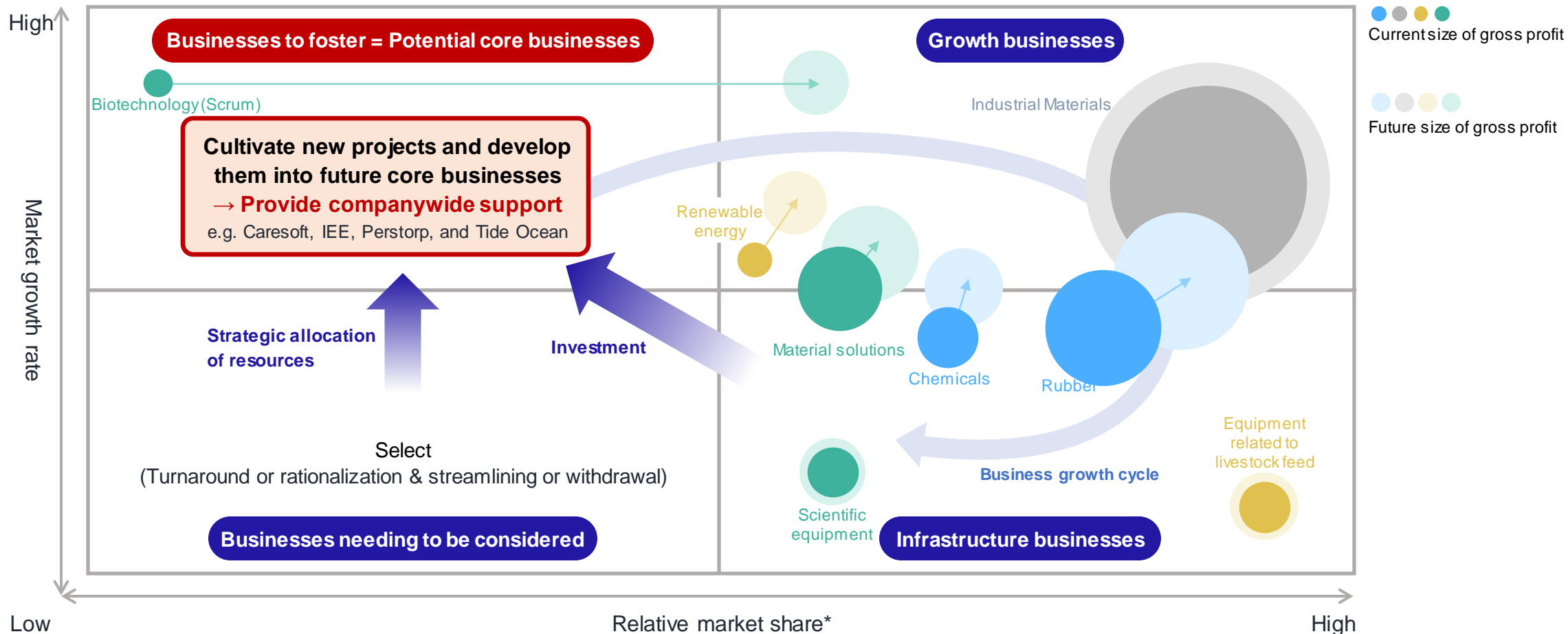
Business investment

Growth Strategy (4)

Human capital

Growth Strategy (1): Potential Core Businesses

- Select 28 potential core businesses and run a PDCA cycle in collaboration with the administrative division
- Strategically allocate management resources to businesses to foster and to growth businesses



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

Two measures for overseas expansion

1

Expand our presence

(Establish facilities after those
in North America and Asia)

2

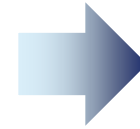
Improve consolidated business management

Aim

Capture growth markets outside Japan	Expand business with local companies outside Japan
Build relationships with local suppliers	Step up the practice of procuring one product from one supplier, which gives us an advantage
Gain cutting-edge information from around the world	Take a market-oriented approach to discover new businesses in domains such as environmental regulations, science and technology, and artificial intelligence
Human resources development	Dispatch young employees as trainees and develop management personnel

Growth Strategy (3): Business Investment

- Continue to actively make new investments for growth
- Purpose of avoiding unsuccessful projects in advance



Draw up a basic policy

1

Three prerequisites

Synergy of strengthening business

Acceleration of our **overseas expansion**

Future **growth potential**

2

Policy on shareholding

In principle, **keep holding investments for the long term**

Operate the project with a sense of ownership

Avoid any speculative investment aimed at earning capital gains

3

Shareholding ratio

Take a basic stance of **acquiring a majority** (although making a determination based on purpose)

4

Financial discipline
(as a rough guide)

Equity ratio

Over 50%

D/E ratio

0.5 times

Growth Strategy (4): Human Capital

Develop **three S items** to gather diverse personnel and knowledge

Shared Value

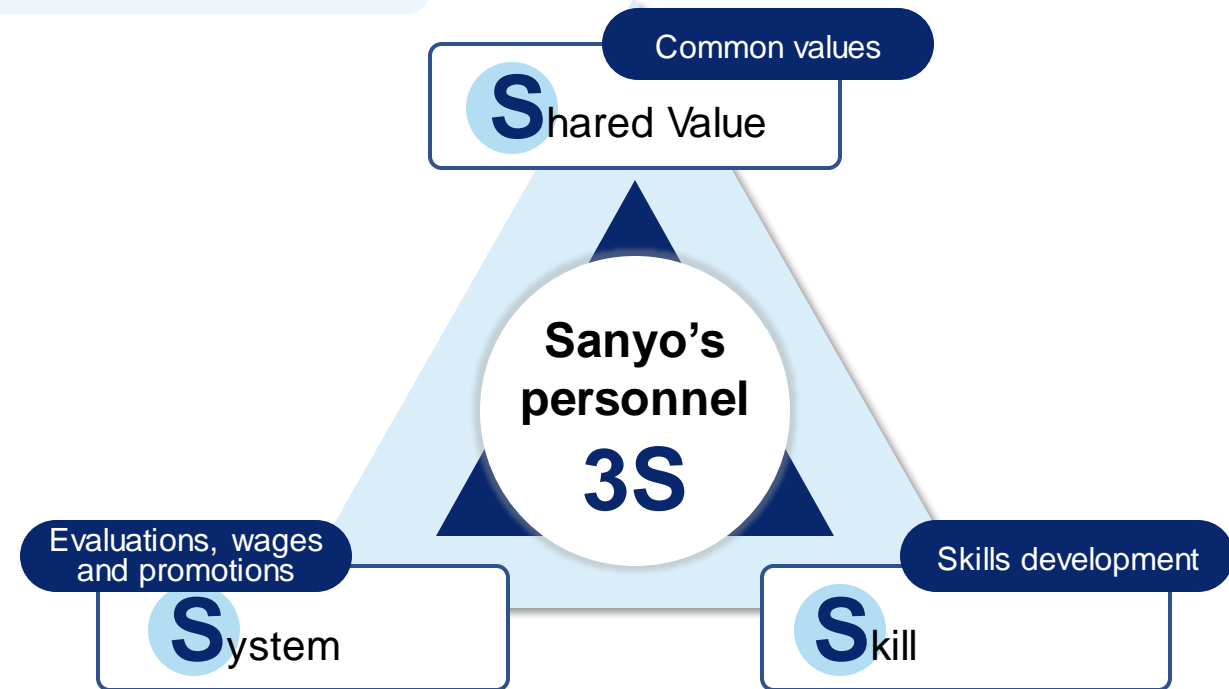
Ensure wellbeing based on freedom, open-mindedness and self-discipline

System

A mechanism for ensuring fairness in evaluations, wages and promotions so that the company and employees will continue choosing each other

Skill

Develop employees' capacity to support them in building the careers they seek



Realize our corporate vision



Challenging ourselves for the BEST solution

<https://www.sanyo-trading.co.jp/>

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

Appendix.

Overview of VISION2023



Management Mission

With an unwavering and enterprising spirit and a free and open corporate culture, we will supply the best solutions in a flexible and timely fashion, working to realize a process of "co-creation" by which we contribute both to the sustainable development of the international community and the happiness of our employees.

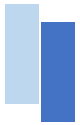
<Slogan>

**Challenging ourselves
for the BEST solution**



Item	Numerical targets (for FYE September 2023)
Consolidated ordinary profit	7.5 billion yen
ROE	15%
Growth rate (sales) at overseas offices	10%/year

Basic strategies	Seven Strategies
Strengthening the corporate structure	A Challenging ourselves for the BEST solution
	B Strengthening the Company's foundation
	C Investing in human resources
Strengthening the earnings base	D Enhancing business in certain fields
	E Developing new businesses
	F Accelerating globalization
	G Advancing new investment projects



Segments



Chemicals

- Rubber Business Unit
- Chemical Business Unit
- Life Science Business Unit
(Material Solutions)

Subsidiaries

- Chem-Inter
- Sanyo Life Material

Machinery & Industrial Products

- Industrial Products No.1 Business Unit
- Industrial Products No.2 Business Unit
- Machinery & Environmental Business Unit
- Life Science Business Unit
(Scientific Instruments)

Subsidiaries

- Cosmos Shoji
- YPTECH
- Sanyo Machinery
- Shin-Toyo Kikai Kogyo*1
- Sanyo Technos
- Nihon Rufuto
- Freeman (Japan)
- Scrum

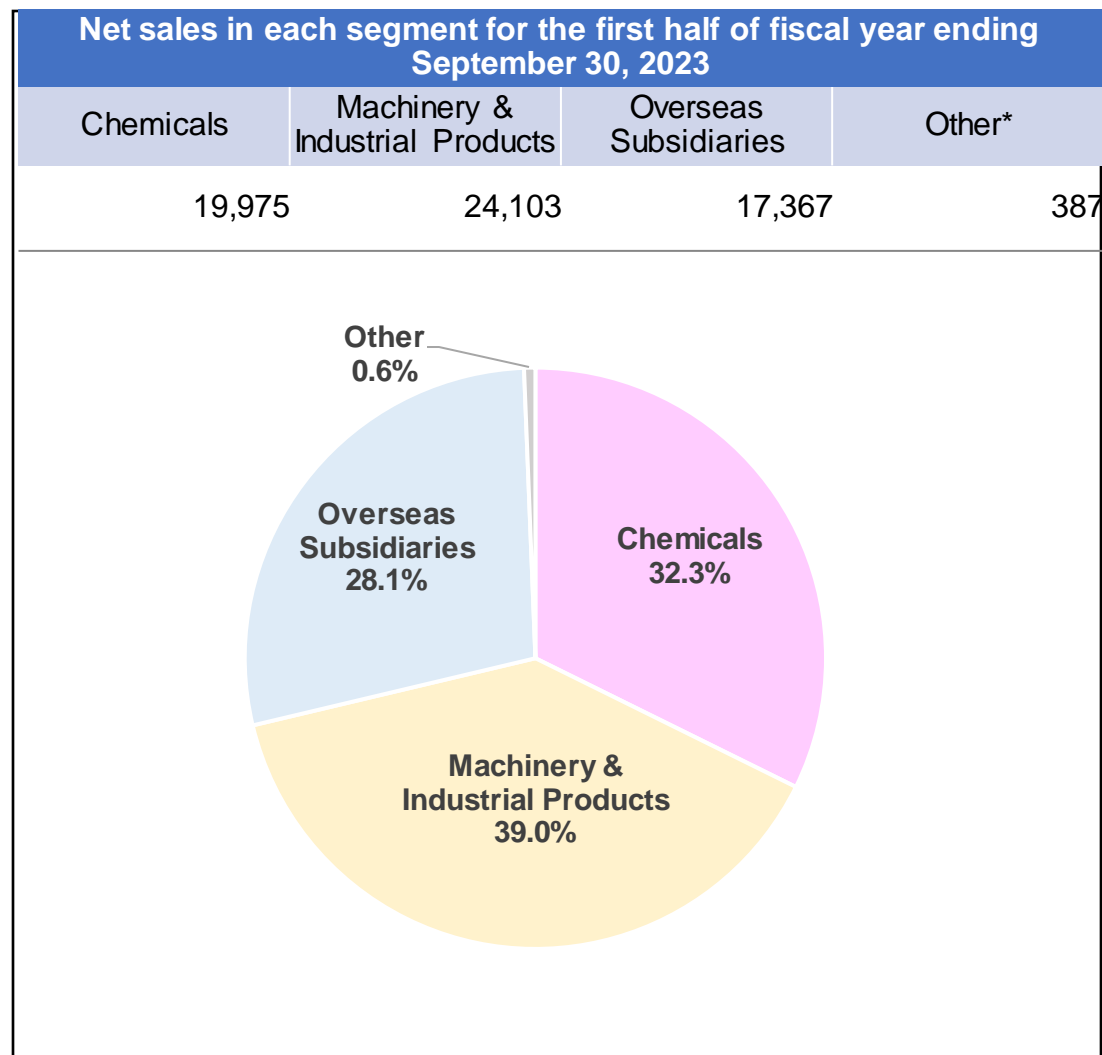
Overseas Subsidiaries

- SANYO CORPORATION OF AMERICA
- SANYO TRADING (SHANGHAI) CO., LTD.
- SANYO TRADING ASIA CO., LTD.
- SUN PHOENIX MEXICO, S.A. de C.V.
- SANYO TRADING (VIET NAM) CO., LTD.
- PT. SANYO TRADING INDONESIA
- SANYO TRADING INDIA PRIVATE LTD.

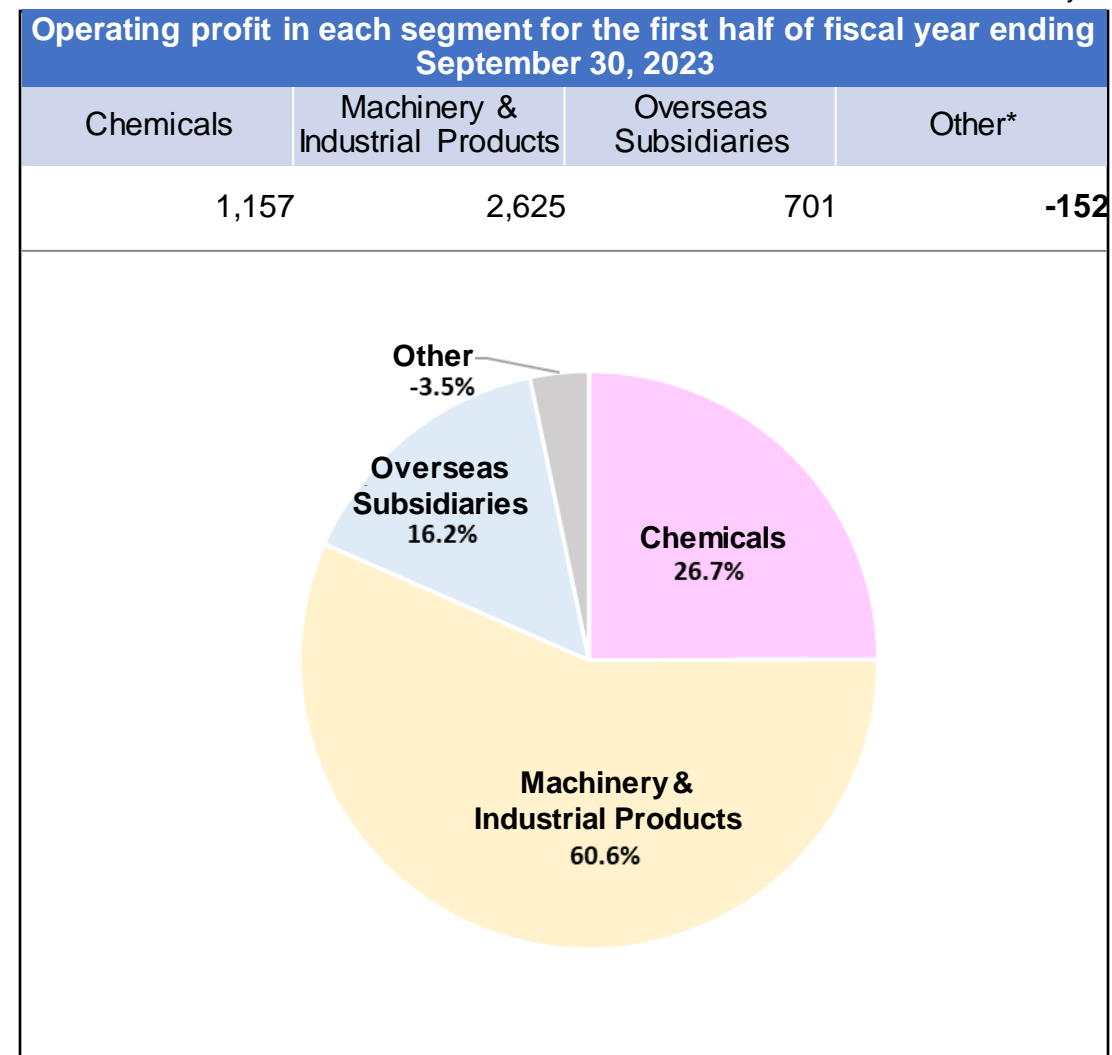
*1. Shin-Toyo Kikai Kogyo Co., Ltd. is included in the scope of consolidation from FYE September 2023 onwards.

Business Portfolio

Million yen



(Note) Before consolidated adjustment



(Note) Before consolidated adjustment

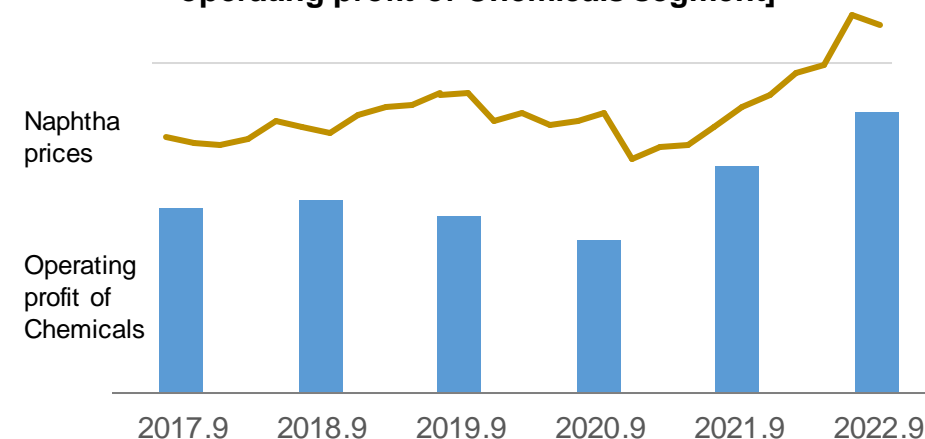
Business Units: Rubber Business Unit

- It has been our founding business since 1947. Before domestic production and sales began, we commenced sales of imported synthetic rubber in Japan in 1950.
- 1952: Becomes the sole agent for Polysar Limited (Canada) and begins contributing to the development of the rubber industry in Japan as the pioneer of synthetic rubbers.

[Features and strengths]

- Main suppliers are ARLANXEO Holding B.V.(*), which is No. 1 in the world in the production volume of synthetic rubbers, Dow Toray Co., Ltd., which is the world's No. 1 in silicone and a subsidiary of the Dow Chemical Company, and Dowhon, the No. 1 fluororubber manufacturer in China.
- Deals in a wide range of products with a focus on semi-versatile rubbers, special and functional rubbers, and compounding agents.
- Covers almost all major Japanese and overseas manufacturers of various rubber products as purchasers.
- The Company's overseas bases respond to the accelerated shift to overseas production by purchasers.
- Focuses on next-generation products including epoxidized natural rubber and plant-derived carbon.
- Leading performance indicator: Naphtha price

[Correlation between naphtha price and operating profit of Chemicals segment]



[Main products]



Synthetic rubber

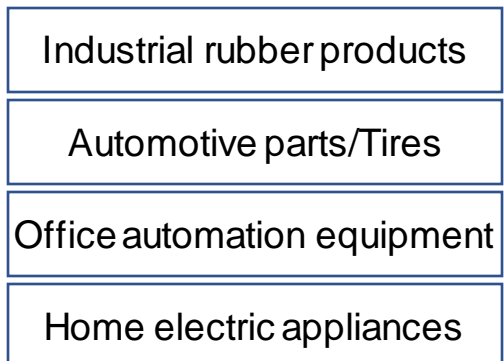


Rubber reinforcements and fillers



Thermoplastic elastomers and resins

[Purchasers' industries]



[Final uses]



Tire



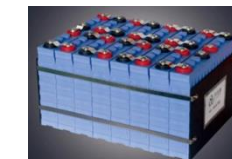
High pressure hose



Automotive sealants



Electronic components



Lithium-ion batteries (packing)

Business Units: Chemical Business Unit

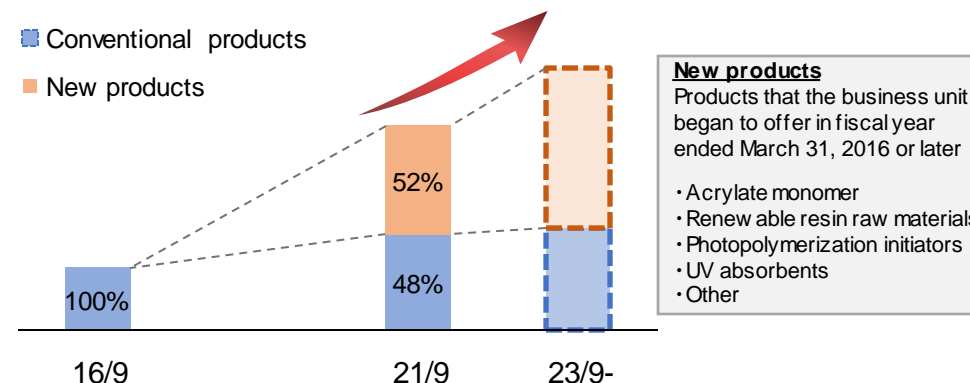
- Began to deal in chemicals in 1949 and has been developing markets by expanding domains.
- With the second longest history following that of Rubber Business Unit, this business unit was the parent organization of the Scientific Instruments Dept., Life Science Business Unit.

[Features and strengths]

- Deals in a wide variety of products with a focus on functional chemicals for inks, adhesives, coatings, and plastics.
- Drives the development of new products including environmentally friendly materials.
- More than 50% of profits earned by this business unit are from products acquired in the last six years.
- Performance fluctuations attributable to the naphtha market conditions are slow compared to rubber-related products.

[Driving development and sales expansion of new products]

<Breakdown of gross profit of Chemical Business Unit>



[Main products]



Paint, ink



Photopolymerization
initiators
UV absorbers



Wax



Silane coupling
agents

[Purchasers' industries]

Coatings

Ink

Adhesives

Plastic

[Final uses]



Ink



Adhesives



Exterior wall paints



Magazines and
other printed matters



Metal coating agents

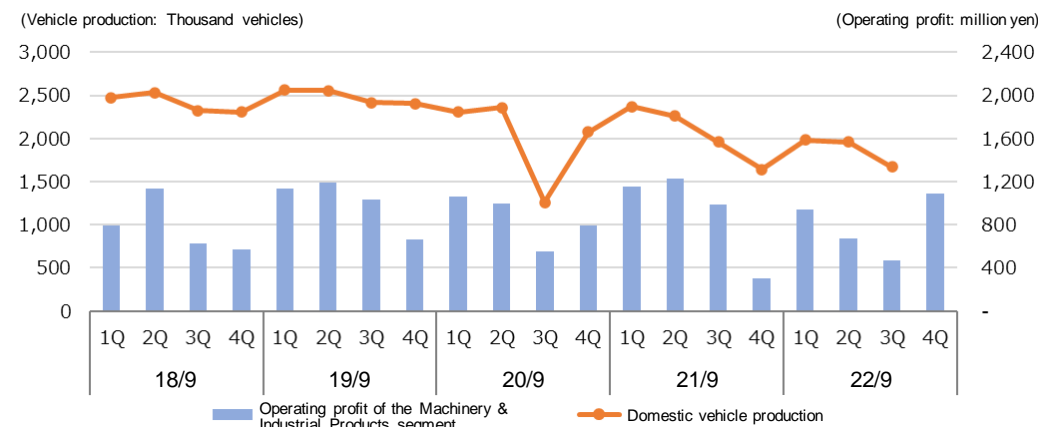
Business Units: Industrial Products Business Unit No.1 and No.2

- 1979: Begins importing automotive seat materials with referral from a customer. Expands the product lineup in the 1990s.
- 2001: Industrial Products Business Unit is established and has since been driving the Company's growth.

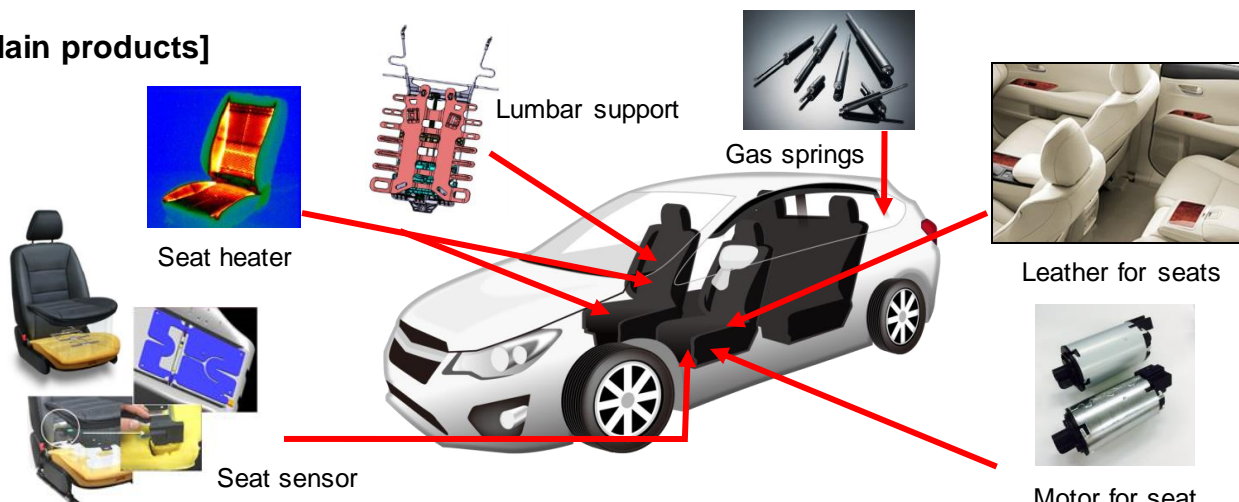
[Features and strengths]

- Handles order acceptance, development, start-up, mass production management, and supplies for old models in an integrated manner. Also engages in sales engineering for overseas parts manufacturers.
- Delivers overseas products by customizing them under the Japanese quality standards in accordance with manufacturers' requests.
- Builds business relationships with Japanese auto manufacturers and Tier-1 suppliers without being constrained by affiliation.
- Follows a sales strategy with which products are first adopted for models in the high-price range and then expanded vertically (to other models) and horizontally (to other manufacturers).

[Domestic vehicle production and operating profit of Machinery & Industrial Products segment]



[Main products]



[Purchasers' industries]

Automotive

Auto parts and materials manufacturers



Benchmarking services provided by means of scanning

Business Units: Machinery & Environmental Business Unit

- 1956: Signs a sole agent contract with CPM of USA and begins to import and sell pellet mills.
- Builds a track record of large-scale wood biomass projects after installing Japan's first pellet gasifier in Ueno Village, Gunma, in 2015.

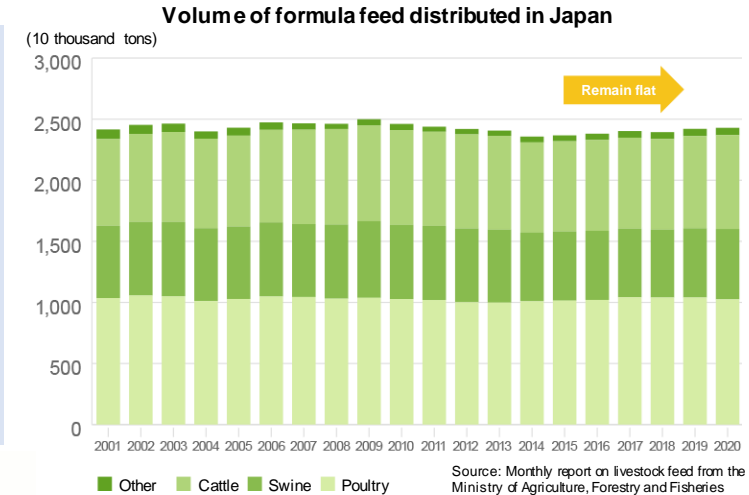
[Features and strengths]

Pellet mills of CPM

- Stable business based on a market share of at least 90% in the market of feed pellet mills
- Ongoing provision of maintenance services by the maintenance team (Sanyo Machinery)

Wood Biomass Equipment

- Makes effective use of wood produced in Japan with a gasifier with CHP from Burkhardt of Germany.
- Expects synergy effects with wood pellet mills.
- Significance of the policy of contributing to carbon neutrality and regional development with renewable energy



- The livestock feed industry maintains a stable market with approx. 24 million tons per year.
- On the other hand, the livestock industry sees feed prices increase every time they are revised on a quarterly basis, mainly reflecting the rising grain market price and the weak yen.
- Moving forward, feed factories will be required to streamline their operations for cutting cost further. Demand for feed processing machines is expected in conversion to large-scale factories and augmentation of existing equipment, etc.

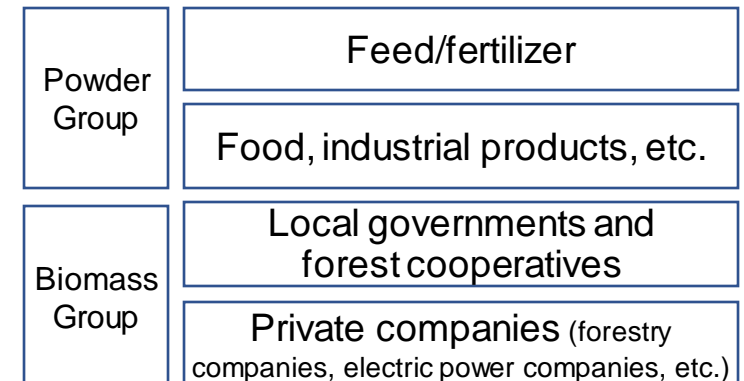
[Main products]



Pellet mill of CPM



[Purchasers' industries]



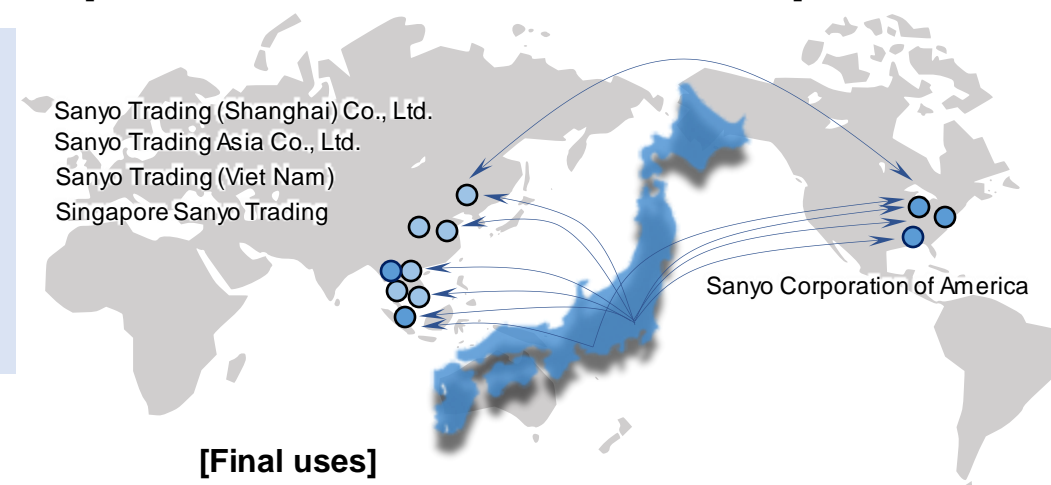
Business Units: Life Science Business Unit (Material Solutions Dept.)

- Oct. 2021: The Life Science Dept. is established by integrating some businesses of the Chemical Business Unit and the Scientific Instruments Dept.
- Chemicals-related business transferred to this business unit made a fresh start as the Material Solutions Dept.

[Features and strengths of Material Solutions (MS) Dept.]

- Offers life science products including functional materials and environmentally friendly products.
- Focuses efforts on developing new products.
- High export ratio
- Drives M&A aggressively to expand its business domains and aims to benefit from synergy with sales expansion made using overseas facilities.

[Overseas bases of Life Science Business Unit]



[Main products]



Electronic materials



Different types of film



Cosmetics (raw materials and containers)



Food additive



Fragrance



High-performance resins

[Purchasers' industries]

Electronic components

Chemicals

Fragrance

Food

[Final uses]



Electronics



Cleaning chemicals



Air freshener



Diaper

Life Science Business Unit (Scientific Instruments Dept.)

- 1973: Begins dealing in scientific instruments after establishing Development Section, Chemical Dept. Reorganized into the Scientific Instruments Dept. in 1991.
- Oct. 2021: The Life Science Dept. is established by integrating some businesses of the Chemical Business Unit and the Scientific Instruments Dept.

[Features and strengths of Scientific Instruments (SI) Dept.]

- Imports and sells leading-edge equipment from overseas manufacturers.
- Provides maintenance and technological services for overseas equipment promptly within the Group.
- Has customers from both the public and private sectors, not in specific fields only but in a wide range of areas.
- Drives M&A aggressively to expand business domains.
- Has a policy of strengthening bio-related business in the future by acquiring Scrum Inc.

[Main products]



Bioreactor



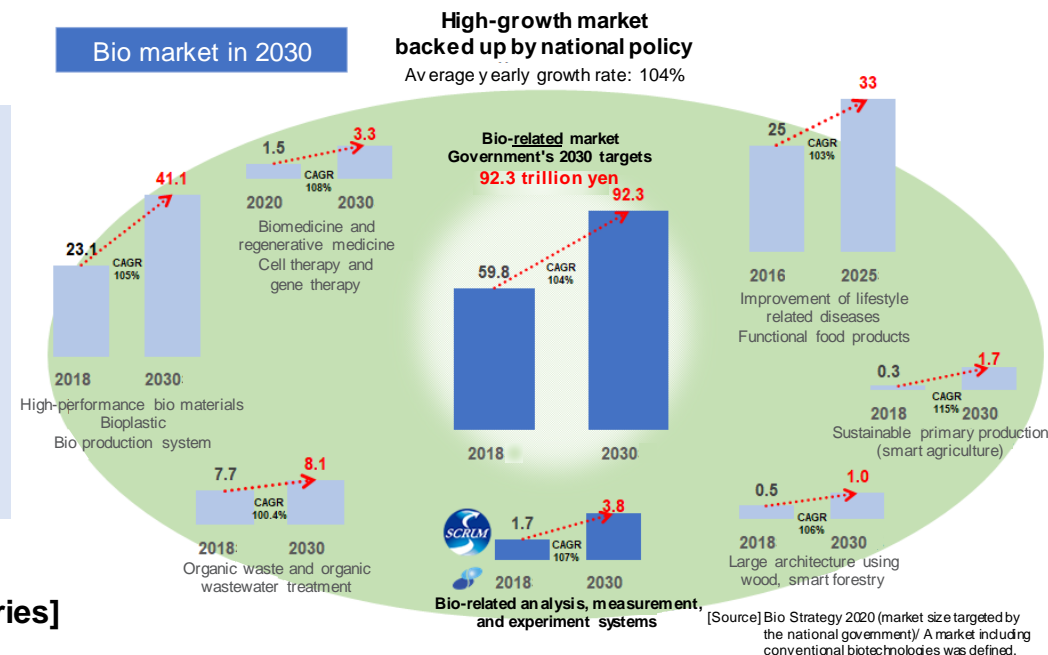
Gas analyzer



Weather resistance tester

[Purchasers' industries]

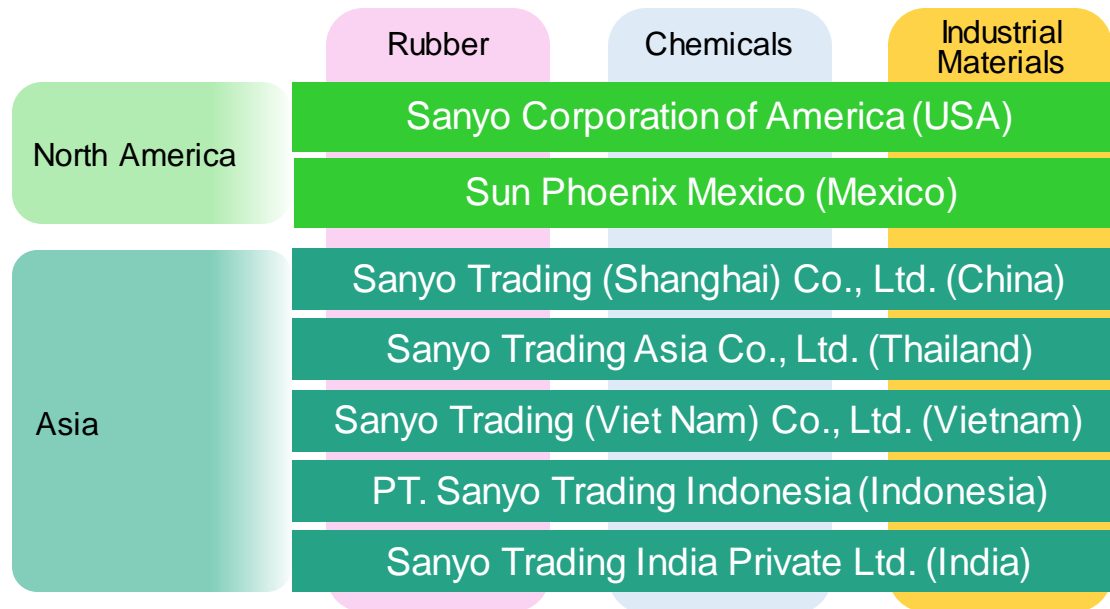
Private companies

Research institutions
(Universities, etc.)Government and
public offices

[Final uses]

- Friction and wear test
- Weathering test (weather/corrosion deterioration, etc.)
- Scientific evaluation of surfaces (wettability/foam evaluation, etc.)
- Biotechnology field (pharmaceuticals, etc.)
- Physical property evaluation of powder, etc.

Business Units: Overseas Subsidiaries



Sanyo Trading (Shanghai) Co., Ltd. (China)

Mainstay products

- Automotive interior parts
- Chemicals

Focus

- Lithium battery materials
- Industrial adhesives



Sanyo-Trading Asia (Thailand)

Mainstay products

- Rubber materials for automobiles
- Automotive interior parts
- Chemicals

Focus

- Highly functional additives for electronic materials
- Cooperation with subsidiaries in Asia



Sanyo Corporation of America (USA)

Mainstay products

- Highly-functional film
- High-performance resins
- Automotive interior parts
- Indirect materials for rubber

Focus

- High value-added film
- Cooperation with the Mexico subsidiary



Consolidated Balance Sheet

(Million yen)

Assets	22/9 4Q (As of September 30, 2022)	23/9 2Q (As of March 31, 2023)	Liabilities	22/9 4Q (As of September 30, 2022)	23/9 2Q (As of March 31, 2023)
Cash and deposits	5,879	6,370	Notes and accounts payable - trade	12,767	11,504
Notes and accounts receivable - trade, etc.	24,008	24,875	Short-term borrowings	5,893	6,974
Inventories	23,125	23,255	Other current liabilities	3,352	4,208
Other current assets	2,119	2,073	Long-term borrowings	177	164
Property, plant and equipment	3,340	3,295	Other non-current liabilities	1,456	1,633
Other non-current assets	4,386	5,785	Net assets	39,212	41,170
Total assets	62,859	65,656	Total liabilities and net assets	62,859	65,656

[Key Points]

- Increases in working capital and in other non-current assets were covered by profit and borrowings.

	22/9 4Q (As of September 30, 2022)	23/9 2Q (As of March 31, 2023)
Interest-bearing debt ratio	15.7%	17.5%
Equity ratio	61.7%	62.0%

Calculation method) Interest-bearing debt ratio: Interest-bearing debt (*1: Excluding lease obligation)/ Equity (*2)
Equity ratio: Equity/Total assets at the end of the fiscal year

(*1) Interest-bearing debt = Short-term borrowings + Long-term borrowings

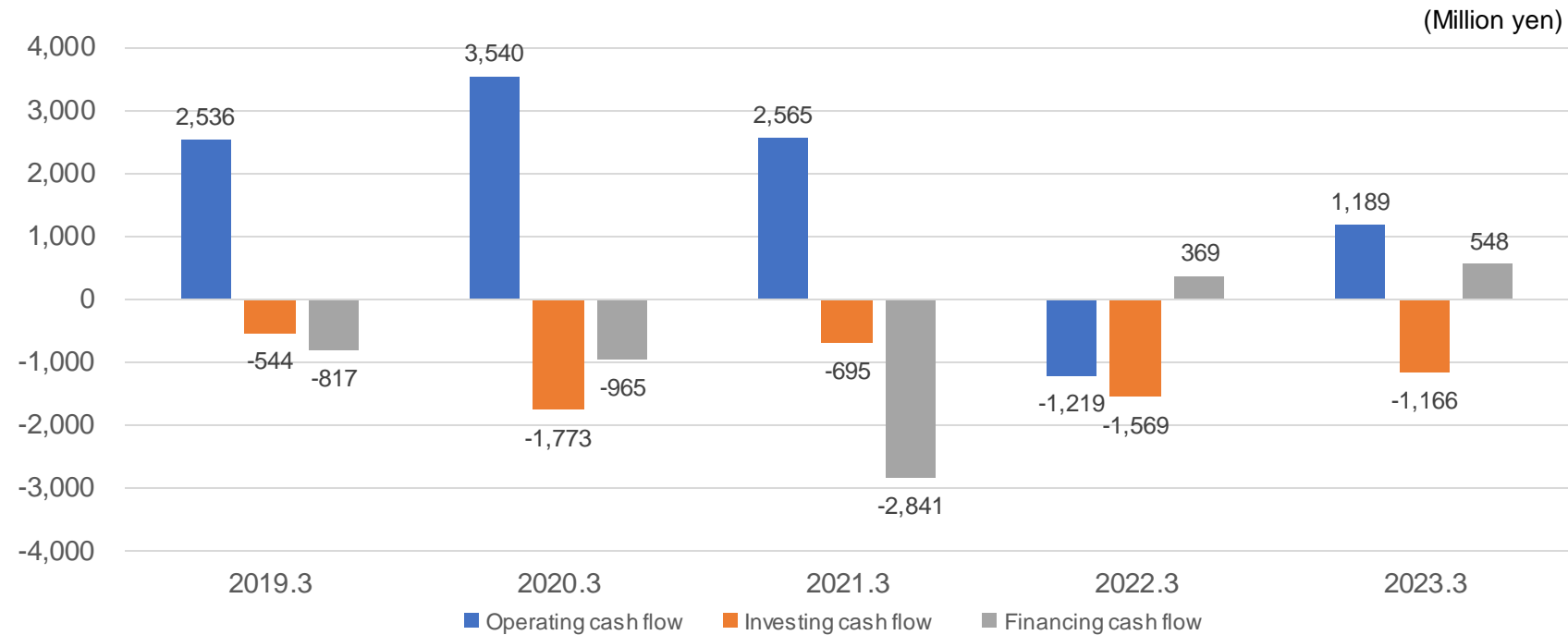
(*2) Equity = Net assets - Share acquisition rights - Non-controlling interests

Consolidated Cash Flows

Cash flows from operating activities: Profit surpassed increased working capital.

Cash flows from investing activities: Acquisition of Cosmo Computing System, Inc. and others

Cash flows from financing activities: Increase in short-term borrowings that resulted from an increase in working capital despite the payment of dividends



	2019.3	2020.3	2021.3	2022.3	2023.3
Operating CF + Investing CF + Financing CF	1,174	802	-970	-2,419	572
Cash and cash equivalents	3,695	5,395	9,648	6,605	6,218

Inquiries about IR

Yoshimi Namba, General Manager of Corporate Planning Department, Sanyo Trading Co., Ltd.

Tel.: +81-3-3518-1052 Email: ir@sanyo-trading.co.jp

Caution Concerning Forward-Looking Statements

The sole purpose of this material is providing information to investors. It is not intended for the solicitation of trade.

Forward-looking statements included in the material are based on targets and forecasts and do not ensure any commitments or provide any guarantee. Note that actual results at the Company may differ from the forward-looking statements made as of the date of their publication.

Statements about the industry, among others, are made based on data that are considered reliable. We do not guarantee the accuracy or integrity.

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