

Financial Results Briefing for the Fiscal Year Ended September 30, 2023

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

November 24, 2023

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Results in Fiscal Year Ended September 30, 2023

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Forecasts for Fiscal Year Ending September 30, 2024

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Preparation for Growth

Key Points of Results Fiscal Year Ended September 30, 2023

1

**Sales and profit both reached new highs.
Profit exceeded the forecast.**

2

Sales of automotive interior parts and materials were buoyant throughout the year as Japanese automakers' production rallied.

3

Group companies in the Machinery & Industrial Products segment delivered a strong performance. Past mergers and acquisitions produced a steady effect on profit growth.

Consolidated Results in Fiscal Year Ended September 30, 2023

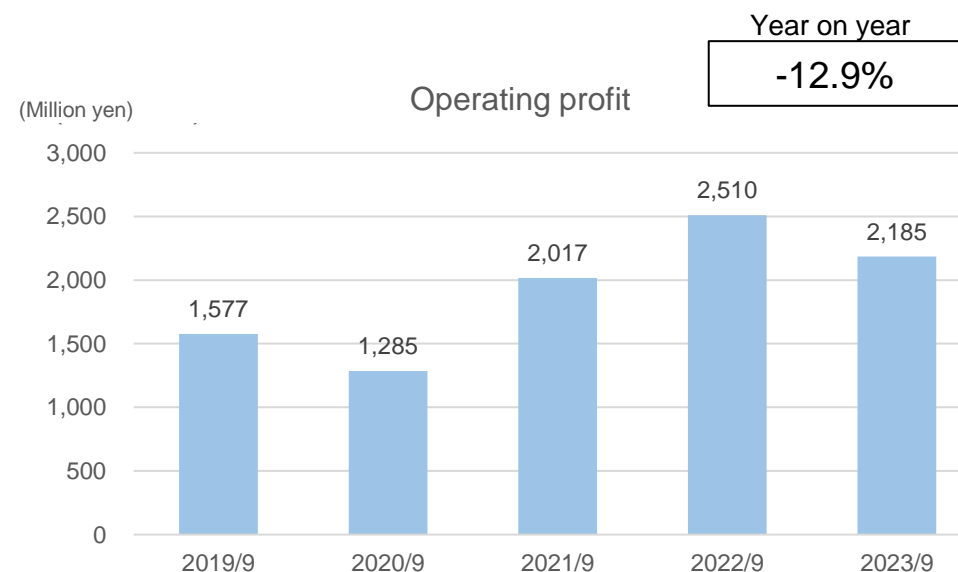
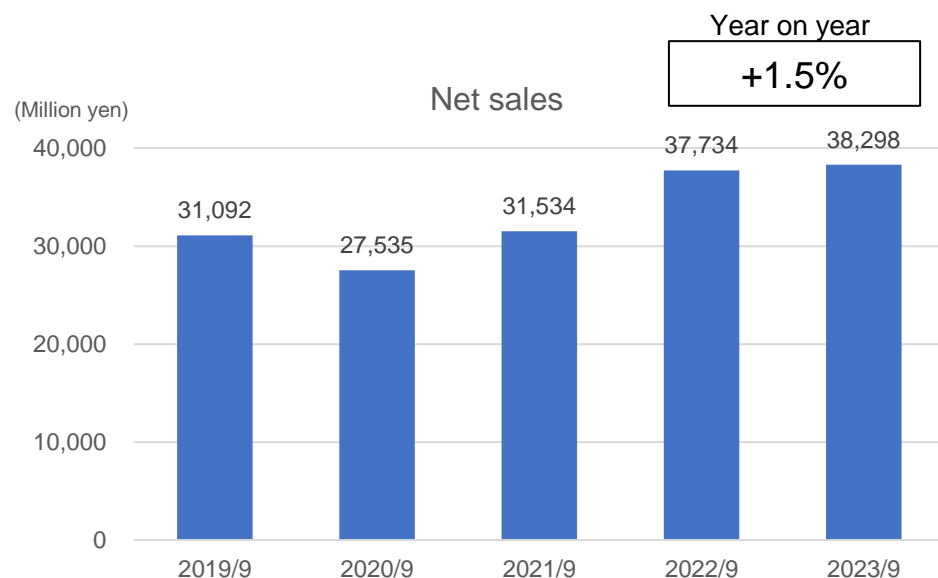
- Both sales and profit recorded double-digit growth to reach new record highs.

(Million yen)	FYE September 2022	FYE September 2023			
	Full fiscal year	Full fiscal year			
	Result (A)	Forecast at the beginning of the fiscal year (announced on Nov. 8, 2022)	Result (B)	Year on year (B)/(A)	% of sales
Net sales	111,250	128,000	122,596	+10.2%	100.0%
Gross profit	17,144		20,473	+19.4%	16.7%
(Gross profit ratio)	15.4%		16.7%	-	-
Selling, general and administrative expenses	11,825		13,732	+16.1%	11.2%
Operating profit	5,319	6,500	6,740	+26.7%	5.5%
Ordinary profit	6,299	6,800	7,149	+13.5%	5.8%
(Ordinary profit ratio)	5.7%	5.3%	5.8%	-	-
Profit attributable to owners of parent	4,296	4,500	4,830	+12.4%	3.9%

Chemicals Segment

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

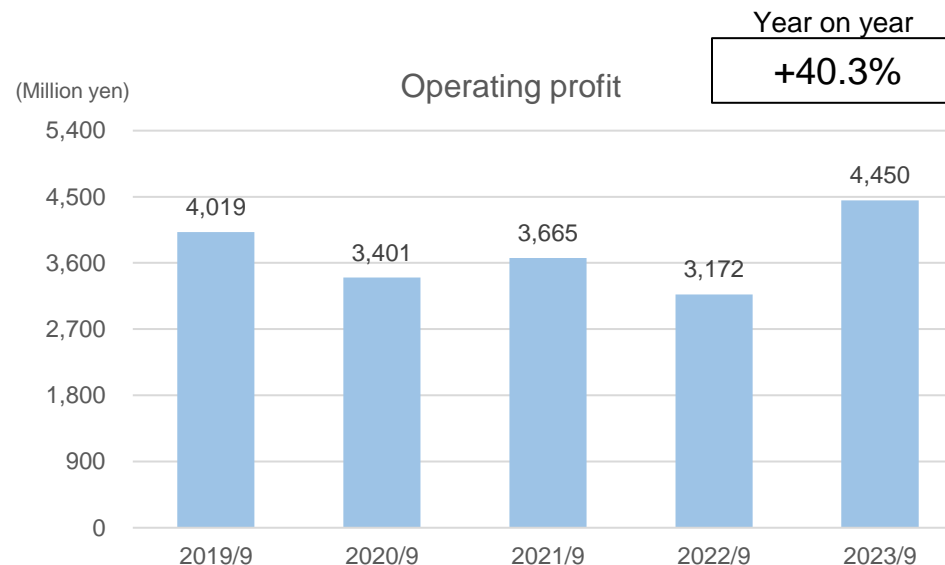
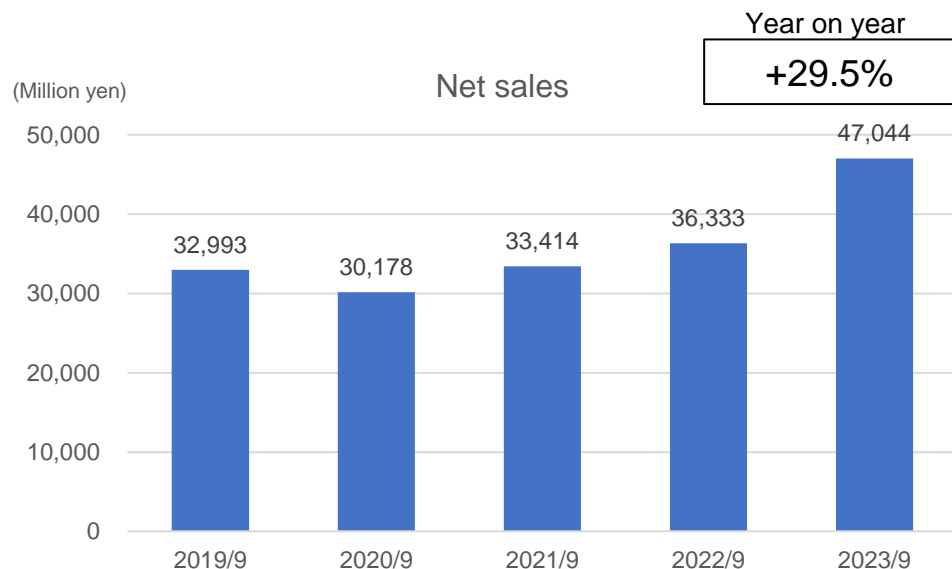
Business Unit	Situation During the Fiscal Year
Rubber	<ul style="list-style-type: none"> • Sales: Rose after the increase in unit selling prices that had continued since last year and the expansion of sales of strategic products. • Profit: Decreased due to rises in purchasing prices of goods imported from Europe and the United States, which resulted mainly from the weak yen, 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"> • Sales: Increased with the expansion of sales of newly handled products transferred from other companies. • Profit: Decreased after certain mainstay products were affected by surging purchasing prices associated with the weak yen.
Life science (MS)	<ul style="list-style-type: none"> • The business of importing merchandise including fragrances and dyes remained strong, but the business of exporting mainstay electric materials, raw materials of functional food, and others performed poorly. • Lithium-ion battery-related materials were on a recovery trend.



Machinery & Industrial Products Segment

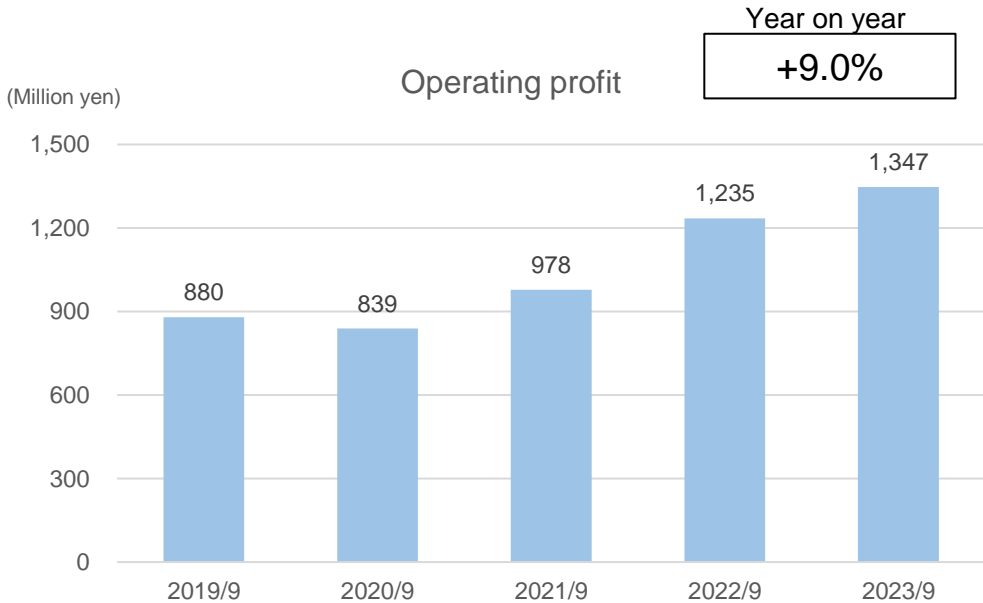
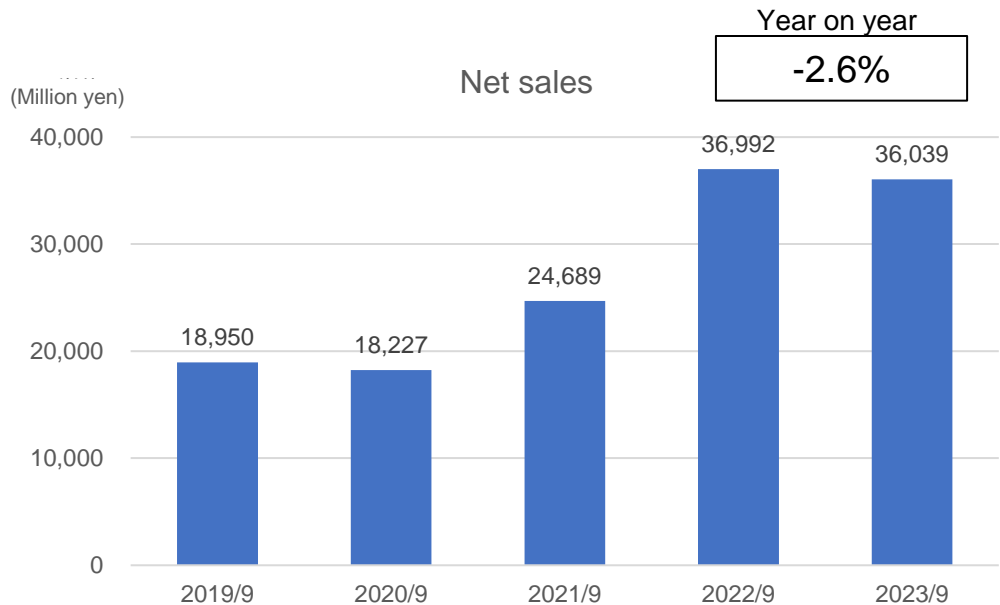
[Industrial Products No.1 Business Unit, Industrial Products No.2 Business Unit, Machinery & Environmental Business Unit, Life Science Business Unit (Scientific Instruments), and Group companies]

Business Unit	Situation During the Fiscal Year
Industrial materials	<ul style="list-style-type: none"> Sales and profit grew amid the ongoing recovery in production at Japanese automakers.
Machinery & Environment	<ul style="list-style-type: none"> Feed processing machines: The performance was poor, despite solid sales of wearing parts attributed to a price increase, as sales from projects for main units were weak reflecting a slump in the overall feed industry. Wood biomass: Performance was sluggish because of the posting of weak sales from projects for main units. Efforts were made to receive orders for maintenance and parts services. Cosmos Shoji: Sales of equipment related to geothermal heat remained strong, and those of equipment related to oil and gas were also bullish. YPTECH: The functional feed materials business recorded a solid performance as prices of raw materials for mainstay products declined.
Life science (Scientific Instruments)	<ul style="list-style-type: none"> Sales of weather-resistance testers, corrosion testers, and particle dispersion measurement equipment were firm. Scrum continued to perform better than in the previous year.



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

Business Unit	Situation During the Fiscal Year
Overseas Subsidiaries	<p>Whereas sales decreased slightly, profit rose with the U.S. recovery and the weak yen.</p> <ul style="list-style-type: none">• USA: Performance was supported by strong sales of film-related merchandise and an end of the impact of an additional tariff on automotive motors produced in China.• China: The performance of automobile-related parts was sluggish amid weakening business confidence in the Chinese economy. Lithium-ion battery-related materials were recovering• Thailand: While sales of auto parts were brisk, profit was unchanged due to rising selling expenses for other merchandise.• Vietnam: Results were poor given the impact of an overall industrial decline in Vietnam.• Indonesia: Profit fell year on year, affected by the termination of sales of automotive-related merchandise for a specific customer despite solid rubber sales.



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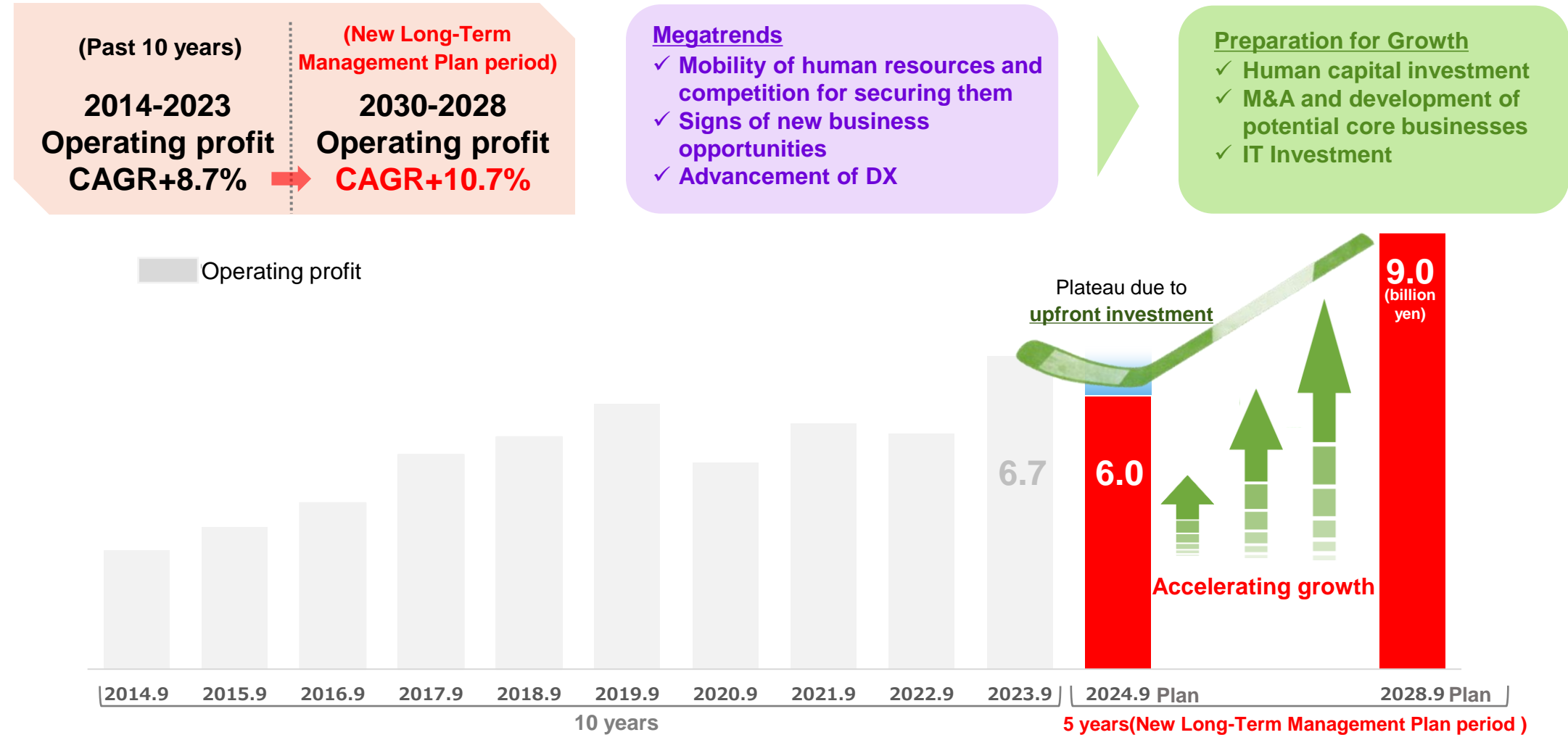
Forecasts for Fiscal Year Ending September 30, 2024

- Despite uncertain business circumstances, sales are expected to surpass the record-high level reached in the previous year.
- Profit is expected to fall temporarily because of a strategic upfront investment being made with an eye to the five years under the new long-term management plan.

(Million yen)	FYE September 2023 Results			FYE September 2024 Forecast		
	Amount	Year on year	% of sales	Amount	Year on year	% of sales
Net sales	122,596	+10.2%	100.0%	126,000	+2.8%	100.0%
Gross profit	20,473	+19.4%	16.7%			
Selling, general and administrative expenses	13,732	+16.1%	11.2%			
Operating profit	6,740	+26.7%	5.5%	6,000	-11.0%	4.8%
Ordinary profit	7,149	+13.5%	5.8%	6,200	-13.3%	4.9%
Profit attributable to owners of parent	4,830	+12.4%	3.9%	4,000	-17.2%	3.2%
EPS (yen)	168.01	-	-	139.03	-	-

Growth Curve to 2028

- We will make an upfront investment to accelerate growth with the aim of achieving 9 billion yen in operating profit in 2028. (The curve will show a plateau in 2024.)



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Envisioned Fruition of Preparations Made in FYE September 2023

Preparations in FYE September 2023

1. Development of new products

- ✓ Potential core businesses
- ✓ Eco-friendly products
- ✓ Sustainability

2. Globalization

- ✓ Launch of a subsidiary in Europe

3. M&A

- ✓ Strengthening of bio-related business

To be
instituted
across the
company

Envisioned fruition in FYE September 2028

1. Constantly search for new products and have the business seeds sown

sprout in the form of growing businesses

2. Carry out **further globalization** from a market-oriented perspective

3. Implement consolidated global management to **increase earning power of the whole group**

Development of New Products – Fruition of Potential Core Businesses

Mobility

Advance Caresoft's automotive benchmarking business

- Response to market changes followed by the EV shift
- Evolution from sales of goods to sales of services

Caresoft®



Image of scanned data



Mizunami Exhibition Hall as an exhibition venue

Past results (until FYE September 2023)

Future actions (from FYE September 2024)

➤ Results

Net sales in data sales are strong, at **nearly double the previous fiscal year's level.**

Expand the customer base and widen the service lineup to achieve continued growth

➤ Customer base

Visitors

Increase the number of potential customers
More 4,000 visitors

Events across the country
Visiting exhibition in Gunma

✓ **Explore new customers through cross-divisional efforts** in addition to the mobility business.

✓ **Gain new customers** through events across the country

Number of vehicles displayed

10

→ Increase to 15

➤ Service lineup

Latest information about dismantlement and analysis of more than 140 vehicles

Create new **business domains**, such as the EV maintenance business.

Development of New Products

– Sales Expansion of Eco-Friendly Products

Sustainability

We sell Perstorp's ISCC Plus certified*1 products

- We have obtained ISCC PLUS certification as an effective means of transitioning to a circular economy.
 - We help customers with greenhouse gas emissions in the value chain by offering certified raw materials.
 - While these raw materials are chemically identical to fossil-derived products, they are derived from renewable or recyclable materials.
- We will aim to **increase their total sales two fold** in the coming five years and **change all items into eco-friendly ones.**



*1: ISCC stands for International Sustainability and Carbon Certification. We have already obtained ISCC PLUS certification. When customers purchase any of our registered products, we can issue formal sustainability declarations (SD) that certifies the amount of greenhouse gas (GHG) reduction for each customer.

Sustainability

Epoxidized natural rubber*2

- It is degradable in nature. It has a low environmental footprint in terms of material and applications.
 - There are two suppliers in the world. We procure from one of them to deal in the material.
 - One of its applications is vegan leather. We anticipate that it will be in growing demand as an alternative to natural leather.
- We will aim to **increase its sales by a factor of 2.0** in the coming five years.



Epoxidized natural rubber

*2: It is modified natural rubber designed to exhibit gas permeability and oil resistance while retaining natural rubber's superior dynamic characteristics and film forming property. It has a low environmental impacts since it is degradable in nature.

Sustainability Initiatives

- The former Machinery & Environmental Business Unit is now called the Green Technology Business Unit. It speeds up sustainability efforts.

Sustainability

Effective use of waste

Waste wood pellets*¹ and compost pellets*²

- For animal feed applications, we will expand the scope of CPM's pellet mills, which hold an overwhelming market share in Japan.
- (Waste wood pellets)
- We are making effective use of lumbering scraps amid growing demand for wooden building materials in Japan
 - We won our first order. We will accelerate the spread to the industry.

(Compost pellets)

- We will make use of livestock excretion as fertilizer.
- That helps us reduce the consumption of chemical fertilizers, prices of which are rising.



Pellet mill of CPM

*1 Pellets manufactured by compressing wood scraps They constitute an eco-friendly fuel that is expected to help conserve the environment as an alternative to fossil fuels.

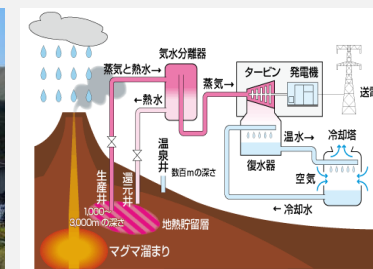
*2 Livestock excretion is properly processed into fertilizer so that it can be returned to farmland. It helps reduce greenhouse gas emissions from the handling of livestock excretion, and also reduces the use of chemical fertilizer. That leads to sustainable agricultural production.

Sustainability

Use of renewable energy

Geothermal power (Cosmos Shoji)

- Regarding geothermal energy as clean energy with a high CO₂ emission reduction effect, the Japanese government supports facility capacity expansion.
 - We sell and lease excavation equipment.
 - That helps increase the profit of the Machinery & Industrial Products segment.
- We maintain a large market share on the basis of our track record of receiving orders.
 - In anticipation of five to six new excavation projects each year, we will seek to gain orders.



Geothermal power generation process

Operation of a new European base in Munich, Bavaria

- A base for boosting sales strength, expanding sales channels and gathering information in Europe



Office entrance

- ✓ **Expand existing businesses:** Germany: Plenty of our customers and existing business partners
Offer even higher value-added services ,including customer services without a time difference
- ✓ **Cultivate new businesses:** Munich: A cluster of mobility businesses, IT firms and start-ups
Strengthen eco-friendly businesses from a market-oriented viewpoint

Recently launched offices –Expected to be profitable from the current fiscal year –

- Laem Chabang Office of Sanyo-Trading Asia (Thailand) coming into operation: Full-scale launch of global sales in November 2023
- Alabama Office of Sanyo Corporation of America: Coming into full operation in July 2023 after development of the production structure

M&A Implementation – Strengthening of Bio-Related Business

- Enhance the bio-related business given that full-scale industrial development and the emergence of a huge new market are anticipated

Enrichment and enhancement of service portfolio

- From a business being fostered to a growing business –
- Execute timely investment to accelerate growth

(Envisioned growth of bio-related business)

– Sales of biotechnological research support equipment and reagents –

February 2022
Scrum Inc. joins the Sanyo Trading Group.



Pre-treatment equipment and dedicated reagents for single-cell analyses

– Support for drug development with biotechnology –
– Genetic analysis-related services –

July 2023
KOTAI joins the Sanyo Trading Group.



M&A Direction

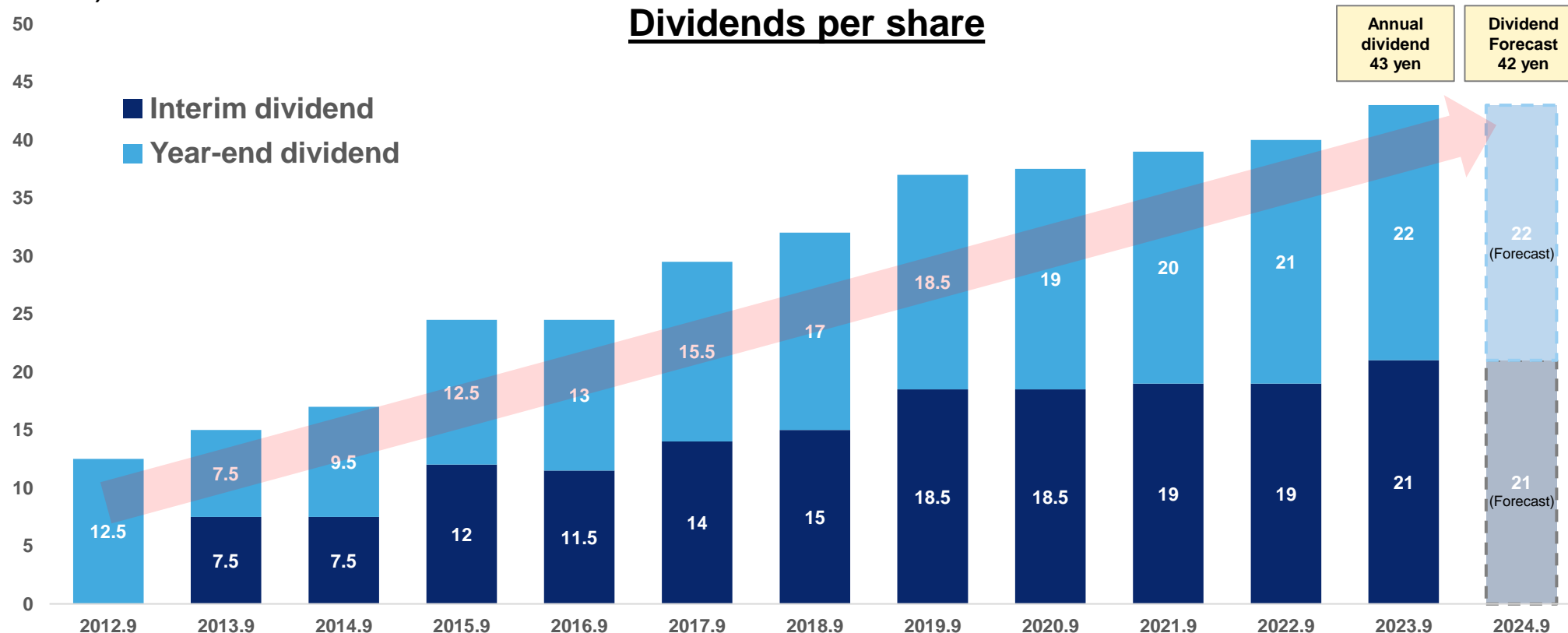
- Continue to carry out mergers and acquisitions while paying attention to instilling the original corporate culture with a view to strengthening the four priority business fields
- Selectively address projects that lead to business growth while avoiding projects unrelated to our existing businesses

M&A purpose Focus	Synergy	Growth	Overseas expansion	Current state
Fine chemicals	2016 Sort · UV-ink raw materials			Integrated into the Chemical Business Unit
	2015 Bestrade Precision Singapore · Film and electrical materials			Operated as Singapore Sanyo Trading
Sustainability	2019 YPTECH · Feed additives			Group companies
		2019 Shin-Toyo Kikai Kogyo · Corrosion-resistant pumps		
Life science		2020 Global Trading · Functional chemicals		Integrated into the Life Science Business Unit
	2017 Azzurro · Pharmaceutical materials	2020 NKS Corporation · Food additives		Merged into Sanyo Life Material
	2020 test materials · Test samples for physicochemical equipment	2017 Sanyo Furue Science · Micropumps		Merged into Sanyo Technos
		2016 Nihon Rufuto · Medical equipment and physicochemical equipment		Analytical instruments alone integrated into the Scientific Instruments Business Unit
	2022 Scrum · Sales of biotechnological research support equipment and reagents			
	2023 KOTAI · Support for drug development with biotechnology and genetic analysis-related services			
Mobility	2017 Freeman (Japan) · Secondary precision casting materials			Group companies
Other	2022 Cosmo Computing System · Commissioned development of software, the development and operation of systems			

Shareholder Returns

- Given that profit was higher than forecast at the beginning of fiscal year, we have increased the year-end dividend from 21 yen to 22 yen per share.* Annual dividend: 43 yen per share
- For FYE September 2024, we will not change our policy of focusing on the stable rise in dividend per share, although profit is forecast to shrink.
- The annual dividend forecast is kept at 43 yen per share.

(Dividend: Yen)



Quest for Next

Appendix

Segments

Chemicals

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

Group companies

- Chem-Inter
- Sanyo Life Material

Machinery & Industrial Products

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

Group companies

- Cosmos Shoji
- YPTECH
- Sanyo Machinery
- Shin-Toyo Kikai Kogyo
- 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.

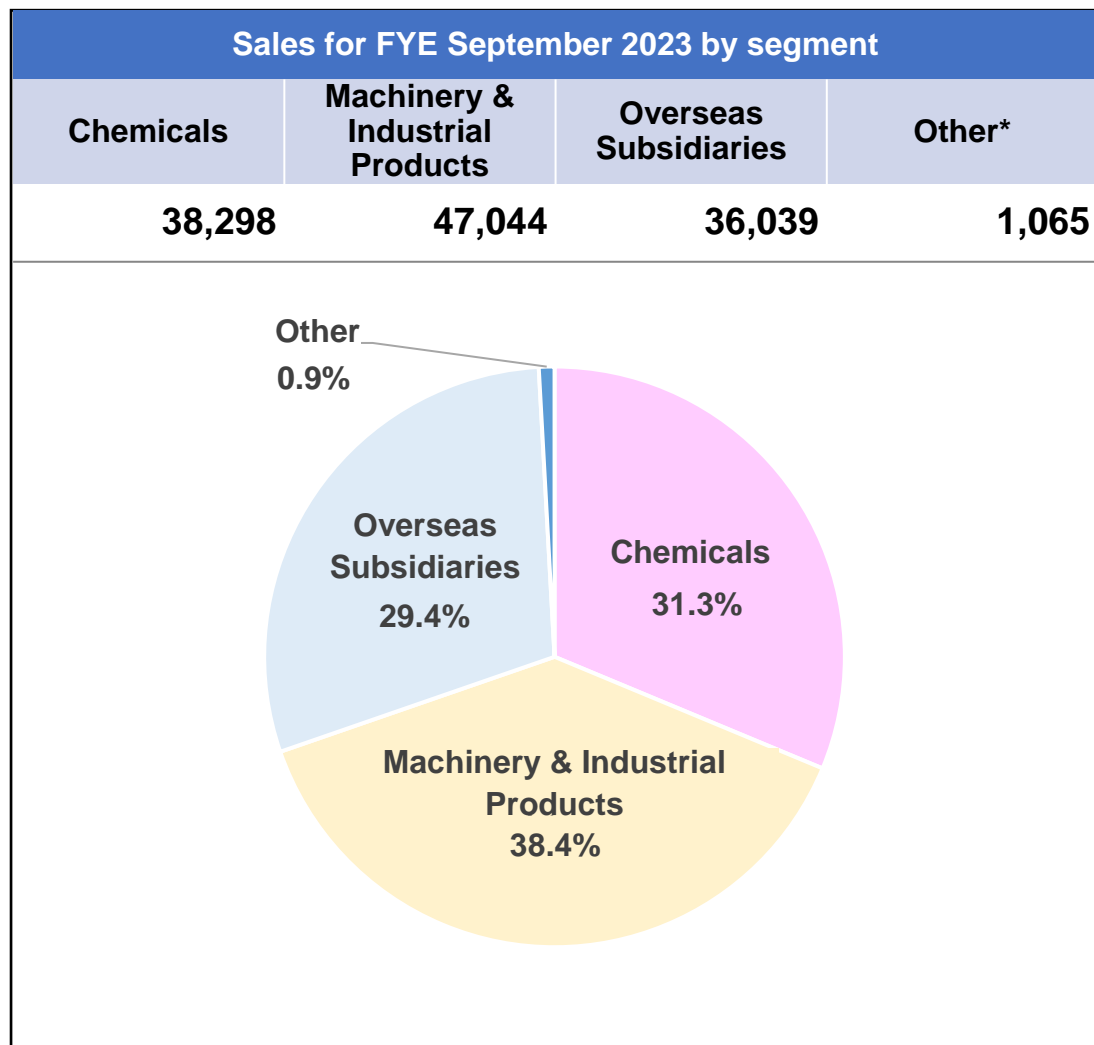
* 1 It is called the Green Technology Business Unit from FYE September 2024 onwards.

* Cosmo Computing System, Inc. is included in the category "Other," which is not included in the reportable segments.

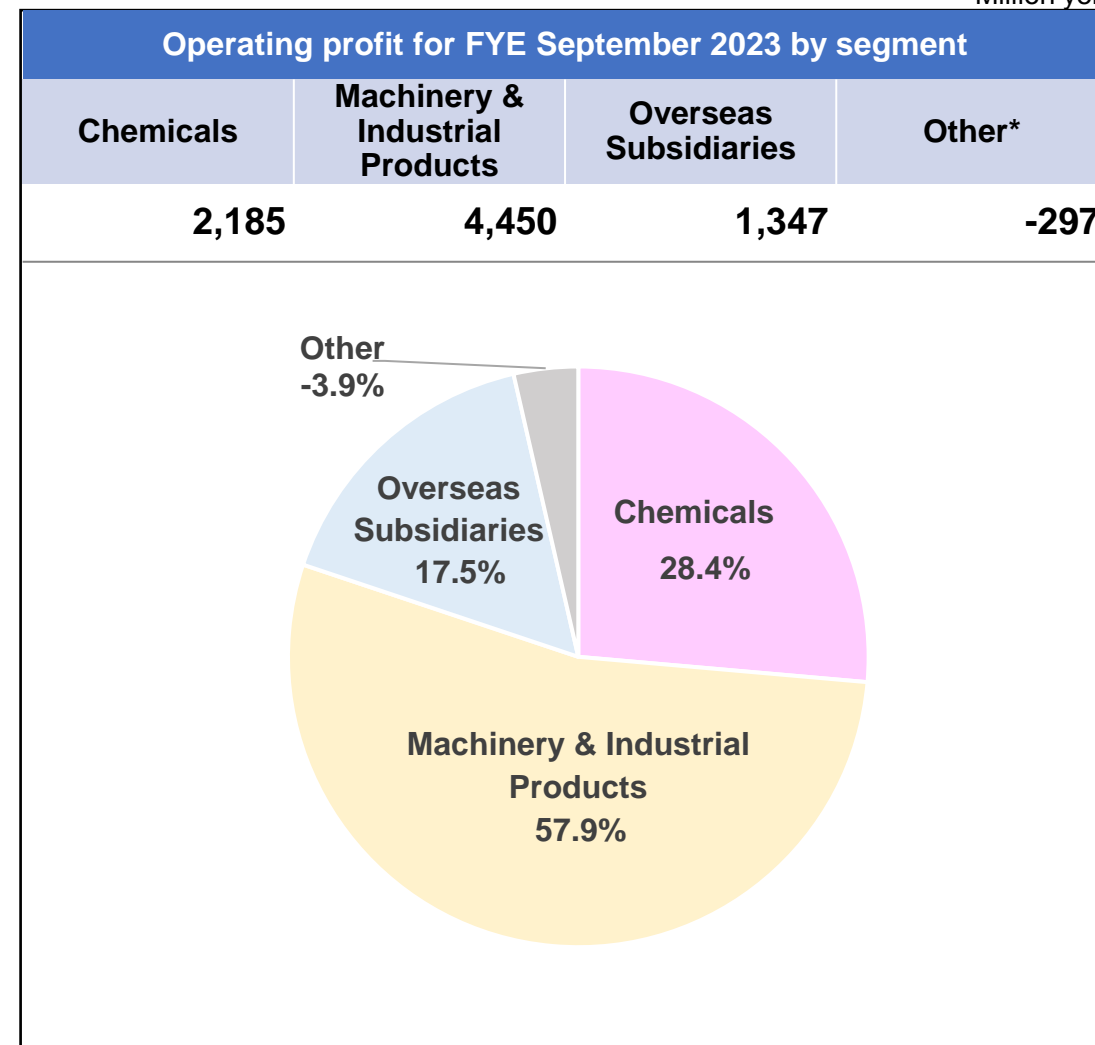
* KOTAI Biotechnologies, Inc. is set to be part of the Machinery & Industrial Products segment from FYE September 2024 onwards.

Business Portfolio

Million yen



(Note) Before consolidated adjustment



(Note) Before consolidated adjustment

* The category "Other" includes business segments not included in reportable segments, such as the information systems business including Cosmo Computing System, Inc. and the real estate leasing business.

Factors for Differentiation from Competition

Market	Business Unit	Competitors	Factors for differentiation
Fine chemicals	Rubber Business Unit	Domestic synthetic rubber manufacturers	<ul style="list-style-type: none"> • Transactions with Arlanxeo and other world-leading synthetic rubber suppliers • A strong presence in the eyes of overseas suppliers • Common stock and sales to companies in Japan and Japanese companies locating overseas
	Chemical Business Unit	Chemical trading companies and manufacturers	<ul style="list-style-type: none"> • Specialist knowledge and technical sales capabilities of technical sales staff dealing with high value-added products • A strong presence in the eyes of overseas suppliers • Focus on development and acquisition of new products, such as environmentally-friendly ones
Mobility	Industrial Products No.1 Business Unit Industrial Products No.2 Business Unit	Domestic and overseas automotive parts manufacturers	<ul style="list-style-type: none"> • Operation of one-stop streamlined business for automotive part businesses • Handling of overseas products customized to Japan quality • Response to new needs for automotive interior parts and materials
Sustainability	Green Technology Business Unit (Former Machinery & Environmental Business Unit)	Manufacturers of wood biomass gasification cogeneration systems	<ul style="list-style-type: none"> • Holding an unrivalled market share in CPM's pellet mills for feed • Offering optimal solutions with reliable technologies backed by experience and track record • All-inclusive services covering equipment sales, plant design and construction and after-sales services
Life science	Life Science Business Unit Material Solutions Dept.	Export: Domestic and overseas manufacturers and Japanese trading companies Import: Chemical trading companies	<ul style="list-style-type: none"> • Capabilities to discover products from around the world from a market-oriented perspective • Joint studies with businesses and universities to develop new products
	Life Science Business Unit Scientific Instruments Dept.	Domestic scientific equipment manufacturers Trading companies dealing with scientific equipment	<ul style="list-style-type: none"> • All-inclusive services covering sales and after-sales services of overseas equipment • Activeness in M&A (e.g. Scrum Inc., in the bio-related business)

Consolidated Balance Sheet

(Million yen)

Assets	22/9 4Q (As of September 30, 2022)	23/9 4Q (As of September 30, 2023)	Liabilities	22/9 4Q (As of September 30, 2022)	23/9 4Q (As of September 30, 2023)
Cash and deposits	5,879	7,031	Notes and accounts payable - trade	12,767	11,838
Notes and accounts receivable - trade, etc.	24,008	24,794	Short-term borrowings	5,893	5,381
Inventories	23,125	23,429	Other current liabilities	3,352	5,441
Other current assets	2,119	2,033	Long-term borrowings	177	333
Property, plant and equipment	3,340	3,238	Other non-current liabilities	1,456	1,651
Other non-current assets	4,386	8,010	Net assets	39,212	43,890
Total assets	62,859	68,537	Total liabilities and net assets	62,859	68,537

[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 4Q (As of September 30, 2023)
Ratio of interest-bearing debt	15.7%	13.2%
Shareholders' equity ratio	61.7%	63.4%

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

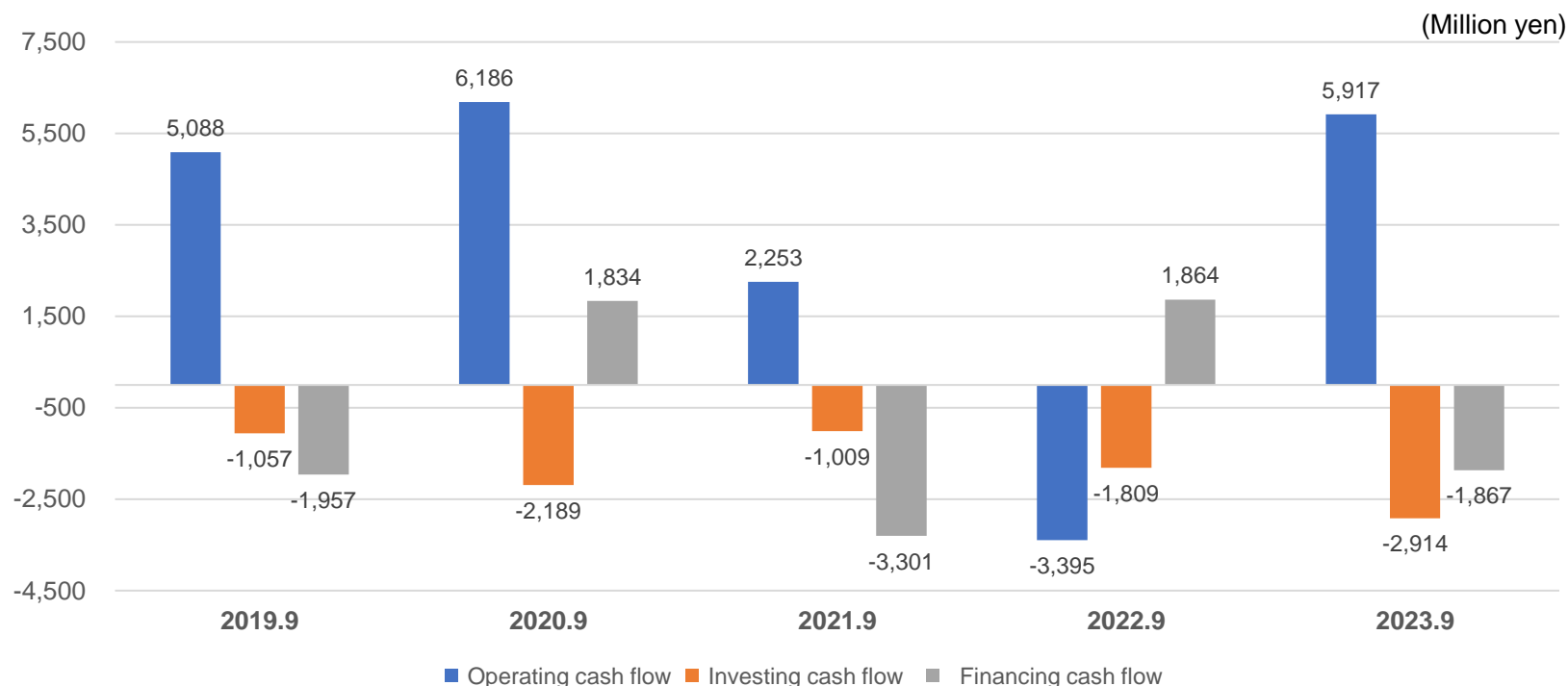
(*1) Interest-bearing debt = Short-term borrowings + Long-term borrowings
(*2) Equity = Net assets - Share acquisition rights - Non-controlling interests

Consolidated Cash Flows

Cash flows from operating activities: Turning positive after effective inventory management and other measures

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

Financing cash flow: Dividends paid and decrease in short-term borrowings



	2019.9	2020.9	2021.9	2022.9	2023.9
Operating CF + Investing CF + Financing CF	2,074	5,831	-2,057	-3,340	1,136
Cash and cash equivalents	4,548	10,418	8,663	5,718	6,900

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

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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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