

# **First Half of Fiscal Year Ending September 30, 2024 Results Presentation**

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

**May 16, 2024**

# Topics for Results for First Half of Fiscal Year Ending September 30, 2024

**1 Sales and profit both reached new highs.**

**2 The full-year forecasts were revised upwards and dividends were increased.**

**3 Two new business departments were established to strengthen the consolidated management system.  
(Bio Frontier Business Department and Energy Solution Business Department)**

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# Consolidated Results in First Half of Fiscal Year Ending September 30, 2024

- Progress toward the full-year plan: 51.5% for net sales and 72.0% for operating profit, reflecting steady performances. In addition, the operating profit ratio increased year on year.

(Million yen)	FYE September 2023	FYE September 2024			
	H1	H1		Full fiscal year	
	Result	Result	Year on year	Full fiscal year plan (announced on Nov. 7, 2023)	Rate of progress
<b>Net sales</b>	62,154	<b>64,928</b>	<b>+4.5%</b>	126,000	51.5%
<b>Gross profit</b> (Gross profit ratio)	10,530 (16.9%)	<b>11,523</b> (17.7%)	<b>+9.4%</b> (+0.8ppt)		
<b>Selling, general and administrative expenses</b>	6,738	<b>7,205</b>	<b>+6.9%</b>		
<b>Operating profit</b> (Operating profit ratio)	3,791 (6.1%)	<b>4,317</b> (6.6%)	<b>+13.9%</b> (+0.5ppt)	6,000 (4.8%)	72.0%
<b>Ordinary profit</b> (Ordinary profit ratio)	3,757 (6.0%)	<b>4,935</b> (7.6%)	<b>+31.3%</b> (+1.6ppt)	6,200 (4.9%)	79.6%
<b>Profit attributable to owners of parent</b>	2,521	<b>3,146</b>	<b>+24.8%</b>	4,000	78.7%
<b>EPS (yen)</b>	87.78	<b>109.32</b>	-	139.03	-

\* Starting from the fiscal year ending September 30, 2024, annual average rates are used as exchange rates for conversion (before this change: exchange rates as of the last day of each fiscal year). To reflect the change, the results for the fiscal year ended September 30, 2023 have been revised retroactively.

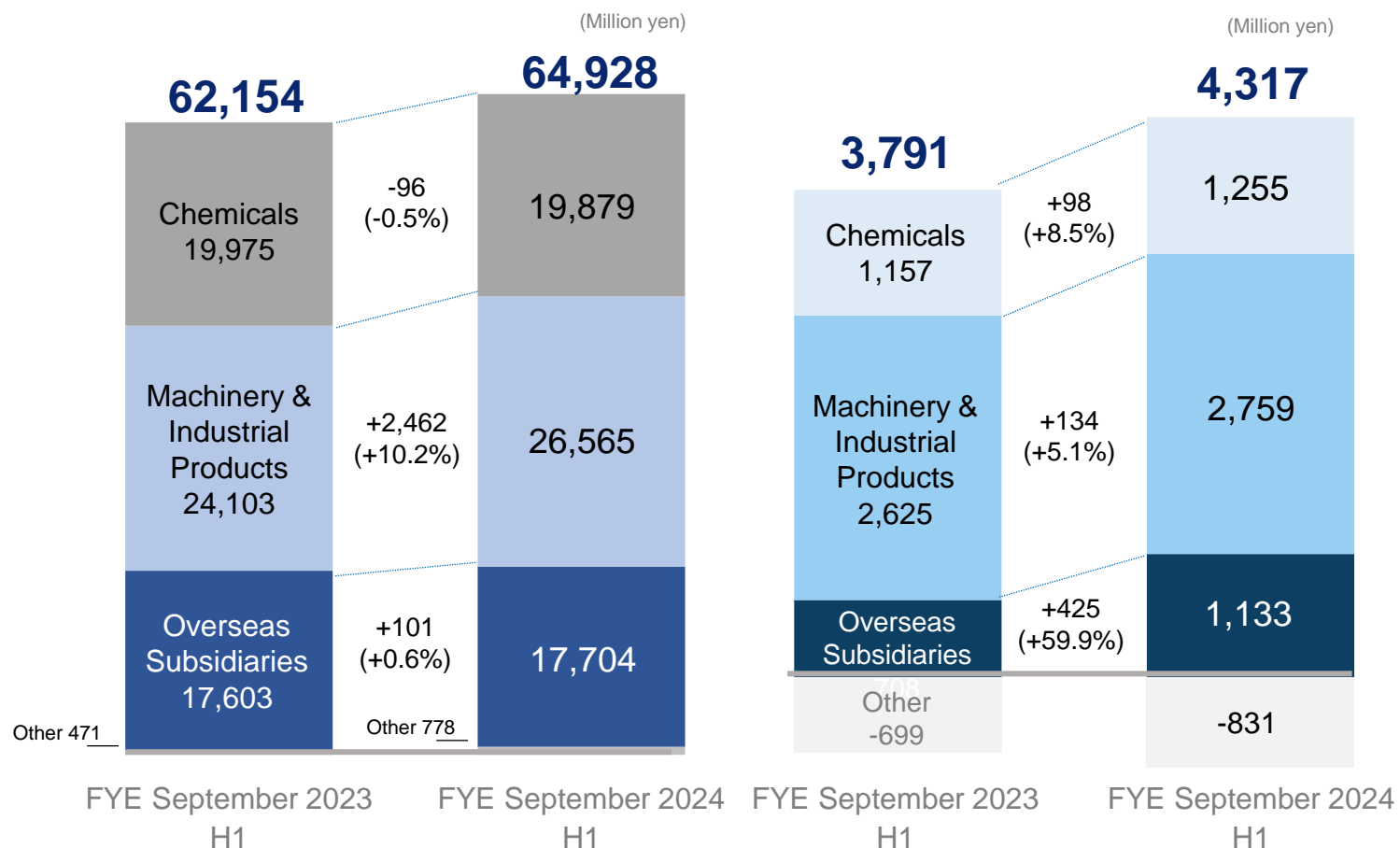
# Summary of Results by Segment

## Net sales year on year

**+2.77 billion yen (+4.5%)**

## Operating profit year on year

**+0.53 billion yen (+13.9%)**



**Chemicals**  
**Decrease in sales /**  
**Increase in profit**

**Machinery & Industrial Products**  
**Increase in sales /**  
**Increase in profit**

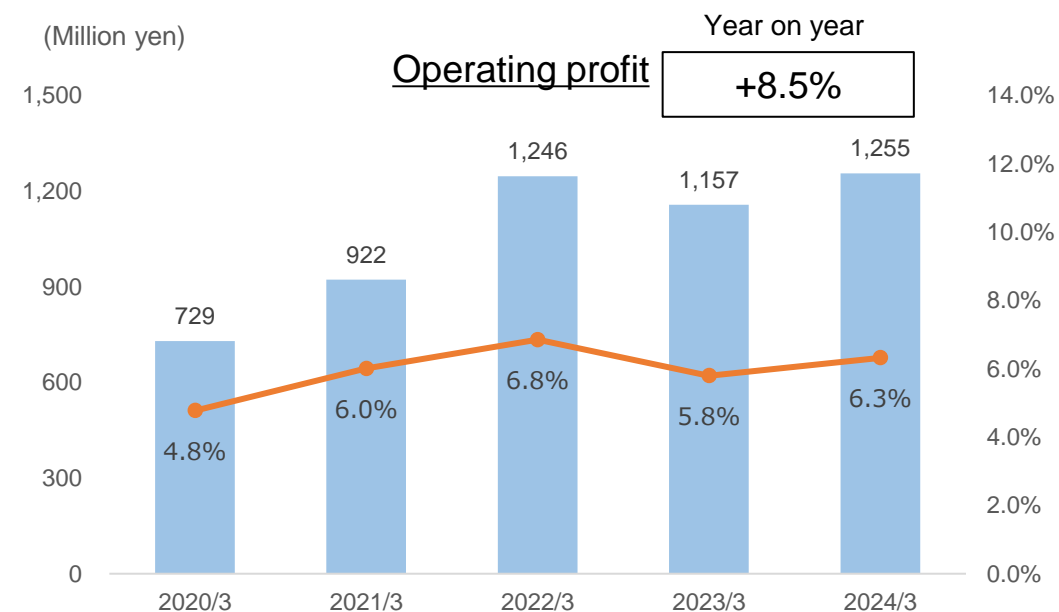
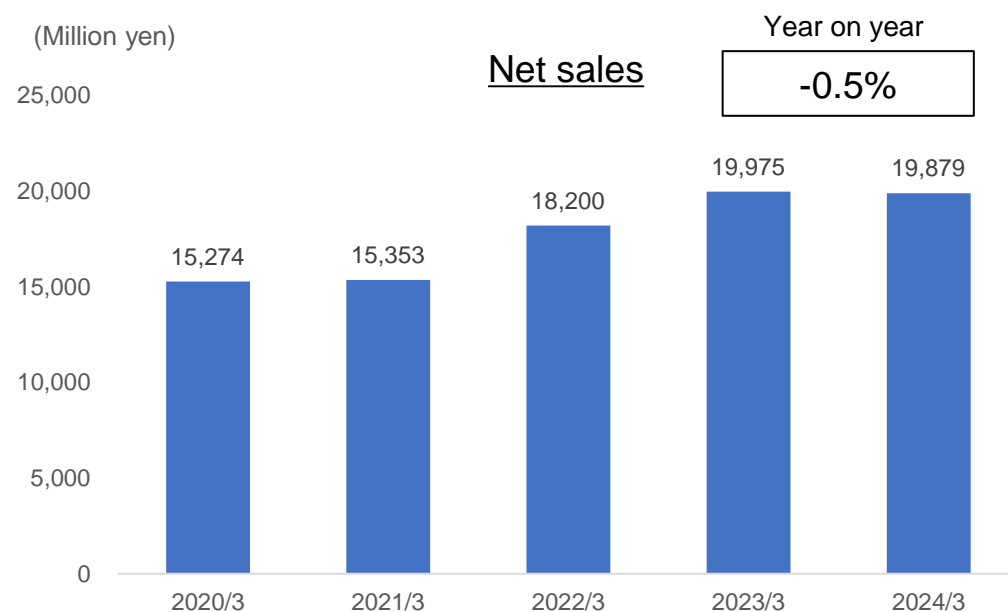
**Overseas Subsidiaries**  
**Increase in sales /**  
**Increase in profit**

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# Chemicals Segment

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

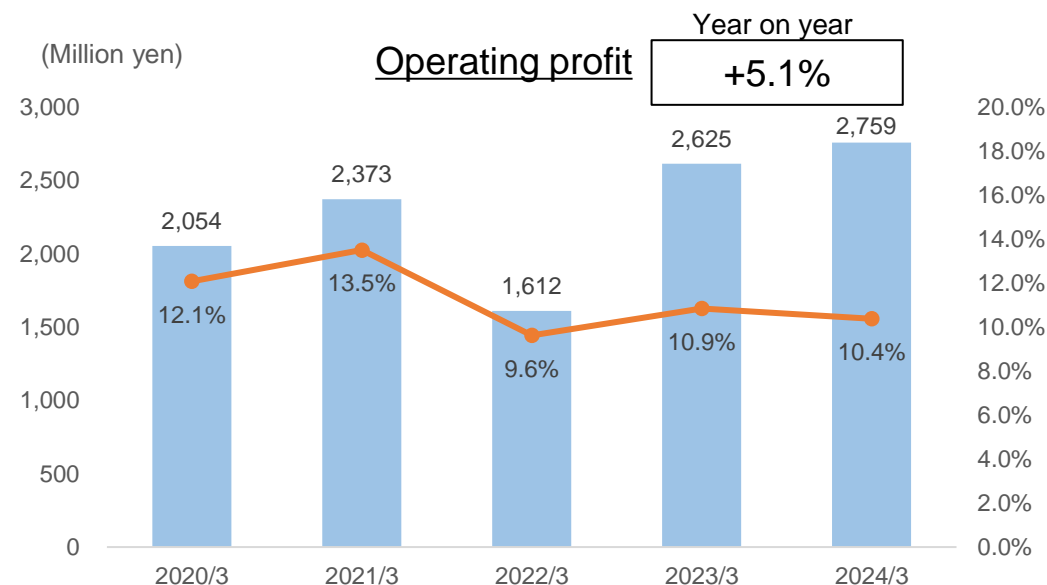
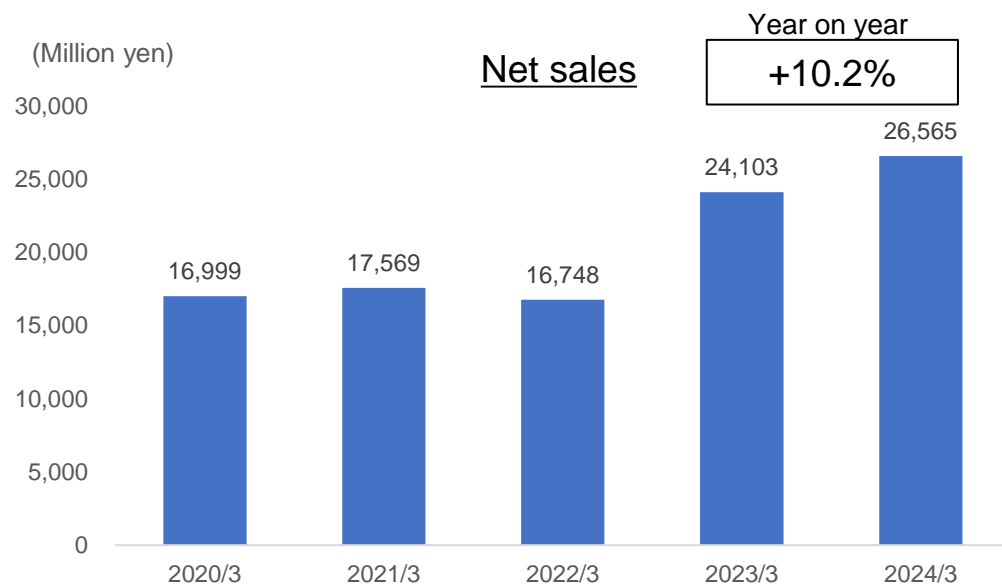
Business Unit	Situations in the First Half
Rubber	<ul style="list-style-type: none"> <li>Sales declined. Automobile production in Japan was strong and demand for raw materials stayed on a recovery trend. However, quantities did not reach the level marked in the same period a year earlier. Meanwhile, sales grew in secondary materials for high value-added merchandise. Profit was roughly flat from the same period in the previous year.</li> </ul>
Chemicals	<ul style="list-style-type: none"> <li>Both sales and profit were strong, reflecting the solid performance of mainstay products and the start of handling new products, as well as progress in improving profitability due to the review of prices.</li> </ul>
Life science (MS)	<ul style="list-style-type: none"> <li>Sales and profit were strong. They resulted mainly from the strong performance of electrical materials and other mainstay products and from the launch of a new business with drilling fluid additives and chemicals.</li> </ul>



# 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	• While sales were strong due to the buoyant production of auto manufacturers, changes in the competitive environment adversely impacted profit.
Green technology	<ul style="list-style-type: none"> <li>• Feed proceeding machines: Performance improved year on year, and there was progress in the delivery of main units and strong sales of related wearing parts.</li> <li>• Wood biomass: Orders for large-scale projects were gained while no projects for main units were recorded.</li> <li>• Cosmos Shoji: While sales of equipment related to geothermal heat were weak, sales of oil- and gas-related equipment and sales in the ocean development field were solid.</li> <li>• YPTECH: Sales and profit were both flat year on year reflecting sluggish demand for mainstay products.</li> </ul>
Life science (Scientific Instruments)	<ul style="list-style-type: none"> <li>• Both sales and profit declined year on year due to a decrease in orders received as a result of rises in sales prices, which were primarily attributable to price hikes by manufacturers, and the weaker yen.</li> <li>• Biotech products handled by Scrum Inc. entered a high sales phase. Performance was brisk mainly in the genetic analysis field.</li> </ul>

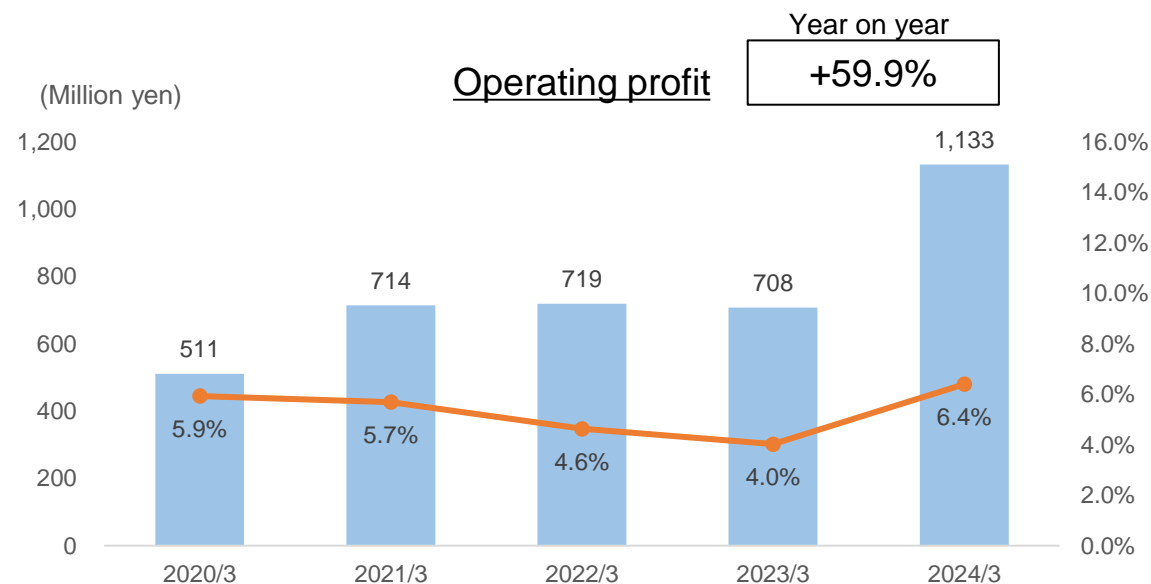
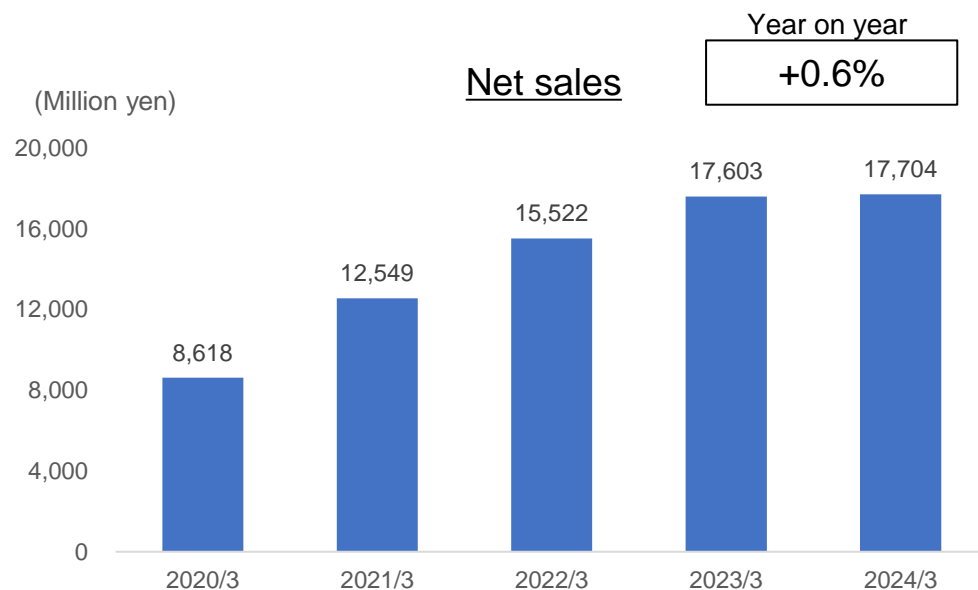




# Overseas Subsidiaries Segment

[USA, China, Thailand, Vietnam, Mexico, Indonesia, and India]

Business Unit	Situations in the First Half
Overseas Subsidiaries	<ul style="list-style-type: none"> <li>• USA: While sales dropped as a result of the falling unit selling prices of high performance resins, profit grew due to the solid performance of film- and automobile-related merchandise.</li> <li>• China: Results were poor compared to the year-ago level due to the economic slowdown.</li> <li>• Thailand: Auto parts-related sales were strong, which contributed in terms of profitability.</li> <li>• Other areas: Automobile- and rubber-related merchandise performed strongly in Mexico. In Vietnam, sales of rubber-related merchandise were strong and performance rallied following the launch of drilling fluid additives and chemicals. Rubber-related products were weak in Indonesia.</li> </ul>



\* Fiscal year ended March 31, 2024: Annual average rates have been used as exchange rates for conversion (before this change: exchange rates as of the last day of each fiscal year). To reflect the change, the results of the fiscal year ended March 31, 2023 have been revised retroactively.

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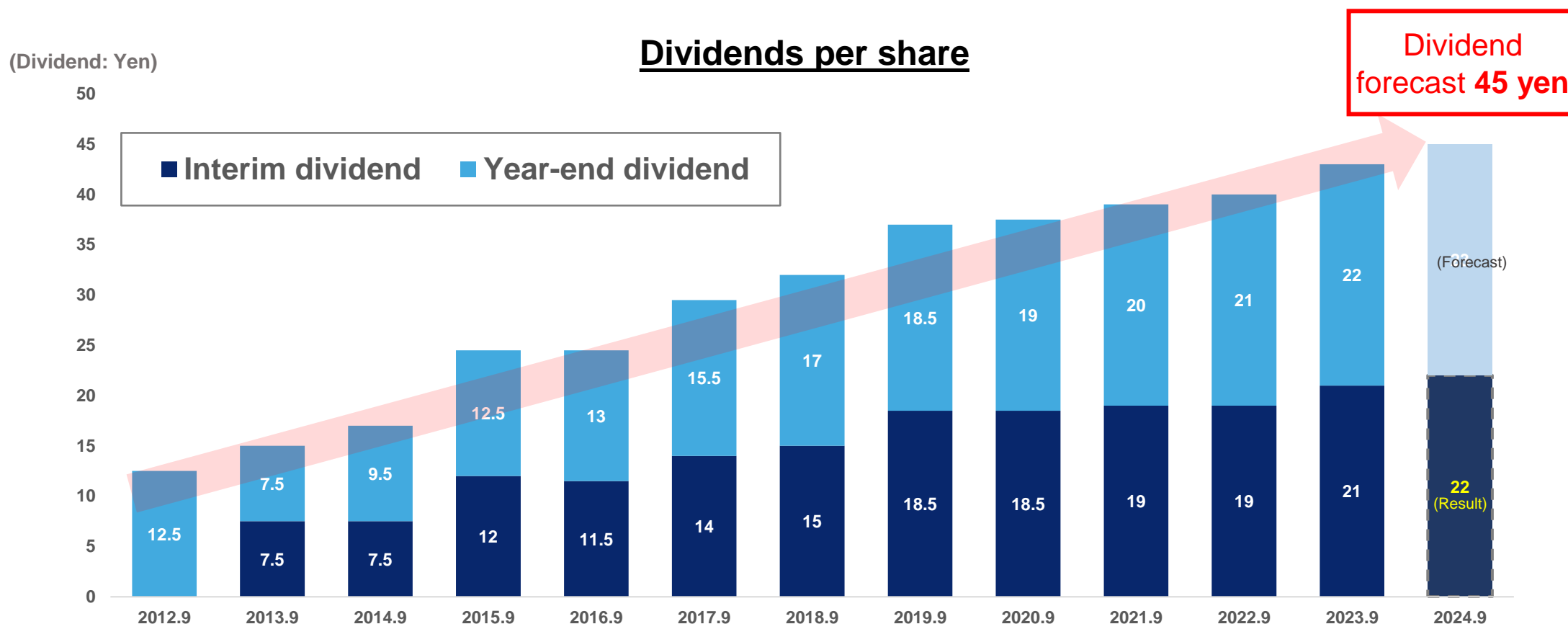
# Forecasts for Fiscal Year Ending September 30, 2024

- We have revised the full-year forecasts for the fiscal year ending September 30, 2024 upwards in light of performance being better than initially forecast and the upfront investments in business, personnel and IT.

	FYE September 2024				
	H1		Full fiscal year		
	Result (A)	Year on year	Initial forecast (announced on Nov. 24, 2023)	Revised plan (B) (announced on May 9, 2024)	Rate of progress (A)/(B)
Net sales	64,928	+4.5%	126,000	126,000 * No change	51.5%
Gross profit (Gross profit ratio)	11,523 (17.7%)	+9.4% (+0.8ppt)			
Selling, general and administrative expenses	7,205	+6.9%			
Operating profit (Operating profit ratio)	4,317 (6.6%)	+13.9% (+0.5ppt)	6,000 (4.8%)	6,800 (5.4%)	63.5%
Ordinary profit (Ordinary profit ratio)	4,935 (7.6%)	+31.3% (+1.6ppt)	6,200 (4.9%)	7,500 (6.0%)	65.8%
Profit attributable to owners of parent	3,146	+24.8%	4,000	4,900	64.2%

# Shareholder Returns

- As first-half results have exceeded the forecast at the beginning of fiscal year and our full-year forecasts, we have **increased the interim dividend from 21 yen to 22 yen per share.**
- **Dividend forecast was changed to 45 yen.** We will not change our policy of focusing on the stable rise in dividend per share



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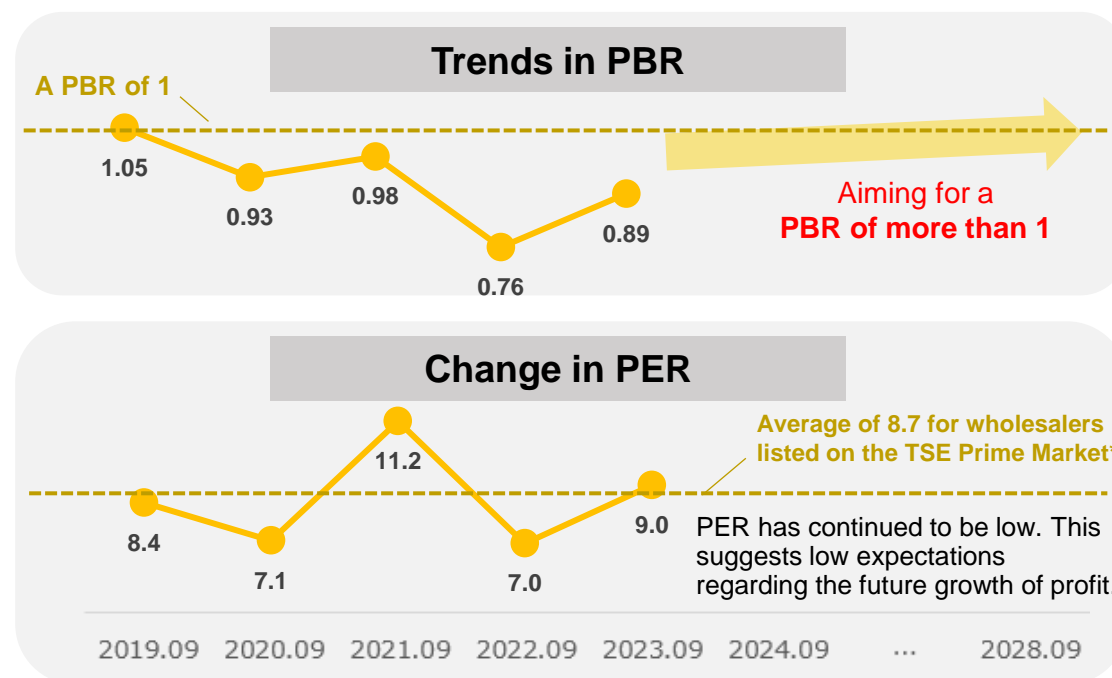
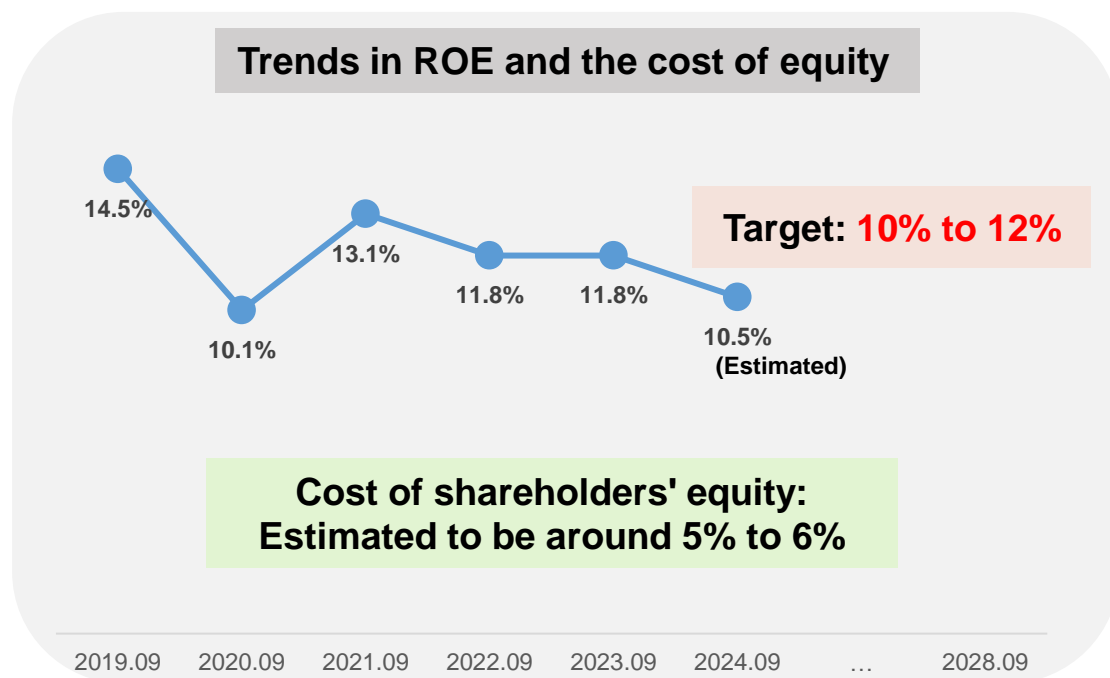
# Progress toward the Financial Targets in SANYO VISION 2028

- Looking at individual indicators, steady progress was made toward the financial targets set in SANYO VISION 2028.
- PBR increased from the end of the previous fiscal year but it failed to reach 1. We will endeavor to increase corporate value in the future.

	Target (Fiscal year ending September 30, 2028)	Result (First half of fiscal year ending September 30, 2024)	Evaluation
ROE	10-12%	10.5% <small>* Forecast for the fiscal year ending September 30, 2024</small>	○
Operating profit	9.0 billion yen	6.0 billion yen $\Rightarrow$ 6.8 billion yen <small>(Initial plan) (After the upward revision)</small>	○
Operating profit ratio	5.1%	6.6%	◎
Operating cash flow	Cash surplus	4.0 billion yen (cash surplus)	○
Shareholders' equity ratio	50% or more	62.3%	○
PBR	More than 1	0.89 $\Rightarrow$ 0.96 <small>(As of March 31, 2023) (As of March 31, 2024)</small>	△

# Present State Analysis – Realizing Management That Is Conscious of the Cost of Equity and the Stock Price –

- The cost of shareholders' equity is estimated around 5% to 6%. **ROE stays higher than the cost of equity.**
- SANYO VISION 2028 sets an **ROE target of 10% to 12%**. We will keep the ROE higher than the cost of equity and continue efforts to increase ROE **aiming for a PBR of more than 1.**

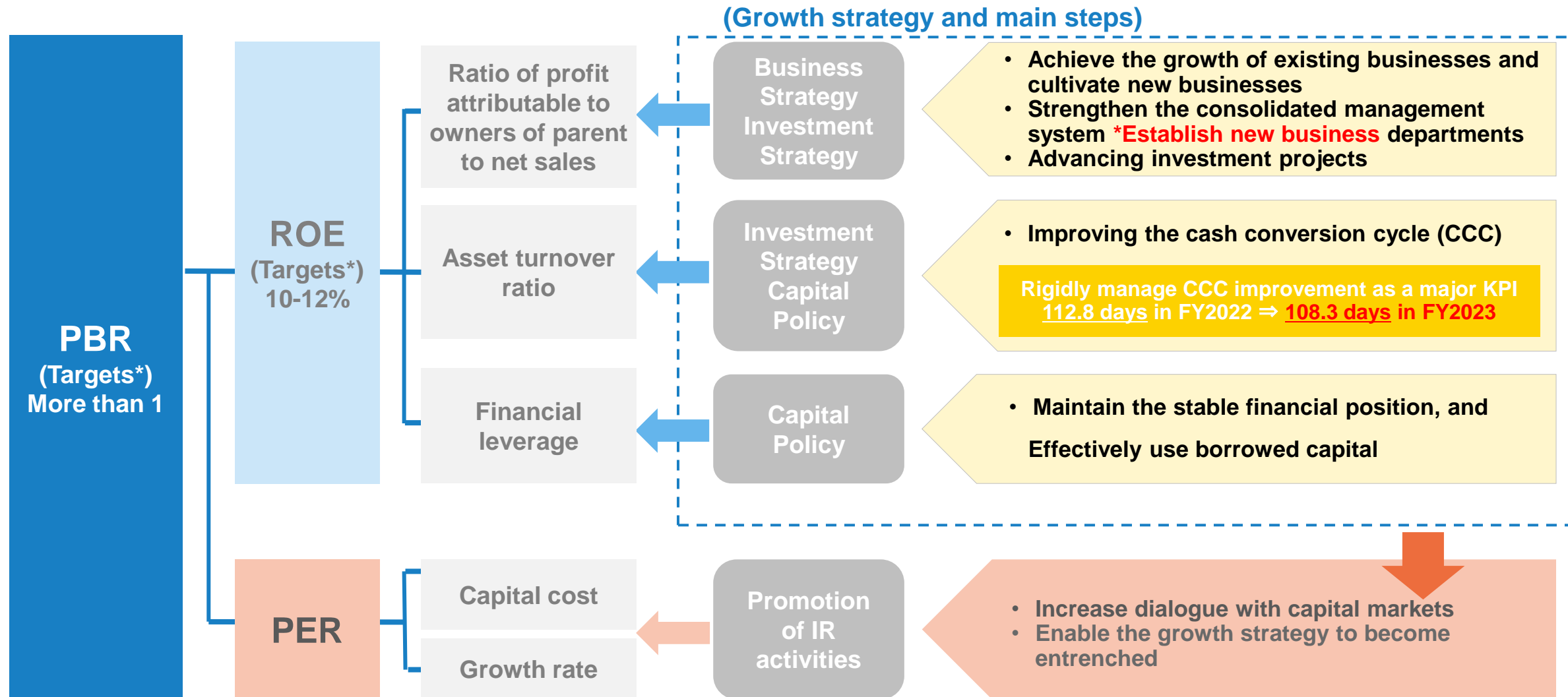


\*: As of March 31, 2023

(Our approach for the cost of shareholders' equity) The cost of shareholders' equity is calculated using CAPM.

$$\text{Cost of shareholder's equity} = \text{Risk-free rate} + \beta \times \text{Market risk premium}$$

# PBR Target and Growth Strategy



\* The targets are for the fiscal ending September 30, 2028 set in SANYO VISION 2028



# Policy for Improvement of ROE

Invest in growing businesses  
(latent core businesses and M&A activities)

Effectively use leverage

Strengthen consolidated management structure  
Expand the value chain structure

Increase the ratio of net profit to net sales

Leverage

Asset Turn

Profit Margin

Financial leverage

Asset turnover ratio

Ratio of profit attributable to owners of parent to net sales

**ROE**

=

$$\frac{A}{E}$$

Shareholders' equity

1.6 times

×

$$\frac{T}{A}$$

Total assets

1.9

×

$$\frac{R}{T}$$

Net sales

3.9%

(Result)  
FYE  
September  
2023

11.8%

Thick Equity

Asset-light  
business model

High value-added products  
× Service  
= High profit margin

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# Change in Organizational Structure (Strengthening of the Consolidated Management System)

- Establishment of new business departments (Bio Frontier Business Department and Energy Solution Business Department)

Organizational structure from April 1, 2024

## Business departments and units

- Rubber Business Unit
- Chemical Business Unit
- Industrial Products No.1 Business Unit and Industrial Products No.2 Business Unit
- Green Technology Business Unit
- Life Science Business Unit
- Logistics Strategy Department



(Newly established)

- Bio Frontier Business Department
- Energy Solution Business Department

[Bio Frontier Business Department]

Takes over the Businesses of Scrum Inc. and KOTAI Biotechnologies, Inc., which operated biotech businesses in the Life Science Business Unit

[Energy Solution Business Department]

Takes over the business of Cosmos Shoji Co., Ltd., which operated a resource development business in the Green Technology Business Unit

**The Group will enter high growth potential areas.**

**It will implement full-scale group management and strengthen the consolidated management system to accelerate the growth of business**

# Bio Frontier Business Department



Starting April 1, 2024, Scrum Inc. and KOTAI Biotechnologies, Inc. are under the control of the Bio Frontier Business Department.

**Create new businesses in the biotech field – Enhance the bio-related business given that full-scale industrial development and the emergence of a huge new market are anticipated –**



(February 2022)

Scrum Inc. joins the Sanyo Trading Group.

– Sales of biotechnological research support equipment and reagents –



K O T A I

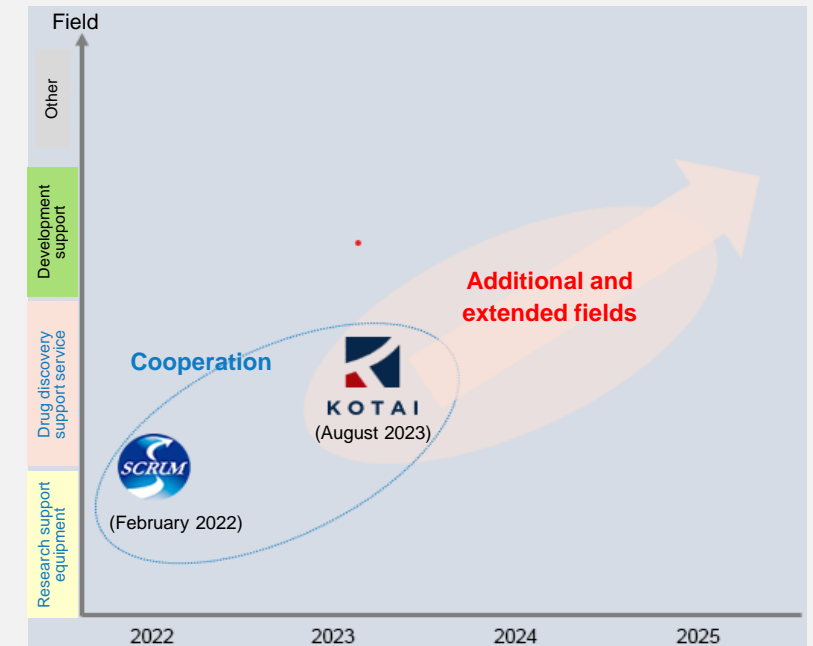
(July 2023)

KOTAI joins the Sanyo Trading Group.

– Support for drug development with biotechnology and genetic analysis-related services –

- Two existing companies have strengthened their core technology areas of genetic analysis and protein function analysis. They seek to expand into other support services.
- Currently, they are focusing on research support and on the field of medical care and health.
- They aim to take the next step, including M&A, to enrich their service portfolio.

<Schematic of the biotech market>



# Energy Solution Business Department



Starting April 1, 2024, Cosmos Shoji Co., Ltd. is under the control of the Energy Solution Business Department.

**Contribute to creating a happy and sustainable society through renewable energy development**

## <Ocean resources development>

**Participate in national projects** to help develop technologies for the production of deep-sea resources.



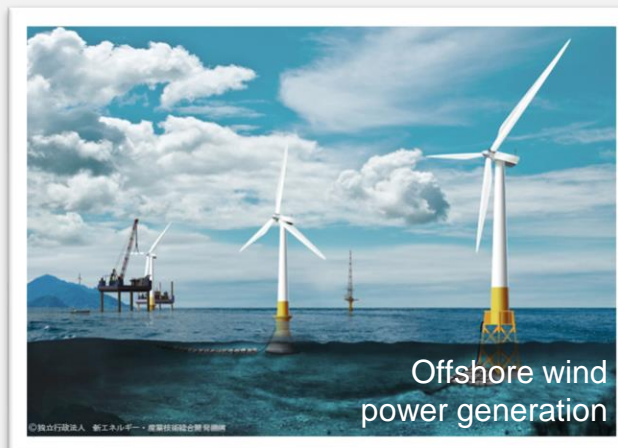
Offering mining equipment

- Investigation with the Chikyu deep-sea scientific drilling vessel
- National projects for rare earths and other resources

## <Offshore wind power generation>

Provide a broad range of equipment to support development

**Continue to focus on future projects**



Offering materials and equipment

- Acquisition of orders for transition piece (TP) covers\*2 for offshore wind turbines

## <Offshore and onshore drilling>

Make the most of the experience in offshore and onshore drilling to **focus on the carbon dioxide capture, utilization and storage (CCUS)\*1 business.**

\*1: CCUS stands for Carbon dioxide Capture, Utilization and Storage A technology for effectively utilizing CO<sub>2</sub> after it is separated and stored



- Drilling equipment and fluid additives and chemicals for oil field, gas field and carbon dioxide capture and storage (CCS)\*3 investigations
- Geothermal power generation(The Japanese national government provides support for increasing system capacity.)

**The ocean development business makes up nearly 50% of total net sales.**

\*2: A cover used in setting a transition piece (a support pillar propped up on the sea floor) to prevent the inflow of wind, snow, and seawater and fall of workers

\*3: CCS stands for Carbon dioxide Capture and Storage It is a technology for capturing and storing carbon dioxide. It separates from other gases CO<sub>2</sub> emitted from power plants, chemical plants and other facilities, collects it and injects it deep into the ground for storage there.

# Sustainability Initiatives

## Sustainability

## Wood biomass power generation

A new company, Yokote Yuzawa Forest Cycle Co., Ltd., was established.

**Construct a resource circulation system of wood grown in Akita Prefecture based on local production for local consumption**



- Endeavor to solve issues in local communities to **help realize a smart society and achieve continuous development of local communities.**
- Build and operate a wood biomass power plant using wood produced in Akita Prefecture as fuel and produce and sell building materials in addition to the sale of fuel materials. **Carry out initiatives for forestry development, regional revitalization and decarbonization.**

- Yokote Power Plant: Start of construction scheduled for September 2024 and start of operation for June 2026
- Yuzawa Power Plant: Start of construction scheduled for October 2024 and start of operation for October 2026

Sales will be posted from the fiscal year ending September 30, 2025 in accordance with the the percentage- of-completion method.

*Quest for Next*

# Appendix



# Segments

## Chemicals

### Group companies

- Rubber Business Unit
- Chemical Business Unit
- Life Science Business Unit (Material Solutions)
  - Chem-Inter
  - Sanyo Life Material

## Machinery & Industrial Products

### Group companies

- Industrial Products No.1 Business Unit
  - Industrial Products No.2 Business Unit
  - Green Technology Business Unit
  - Life Science Business Unit (Scientific Instruments)
  - Bio Frontier Business Department\*
  - Energy Solution Business Department\*
- Freeman (Japan)
  - YPTECH
  - Shin-Toyo Kikai Kogyo
  - Sanyo Machinery
  - Nihon Rufuto
  - Sanyo Technos
  - Scrum
  - KOTAI Biotechnologies
  - Cosmos Shoji

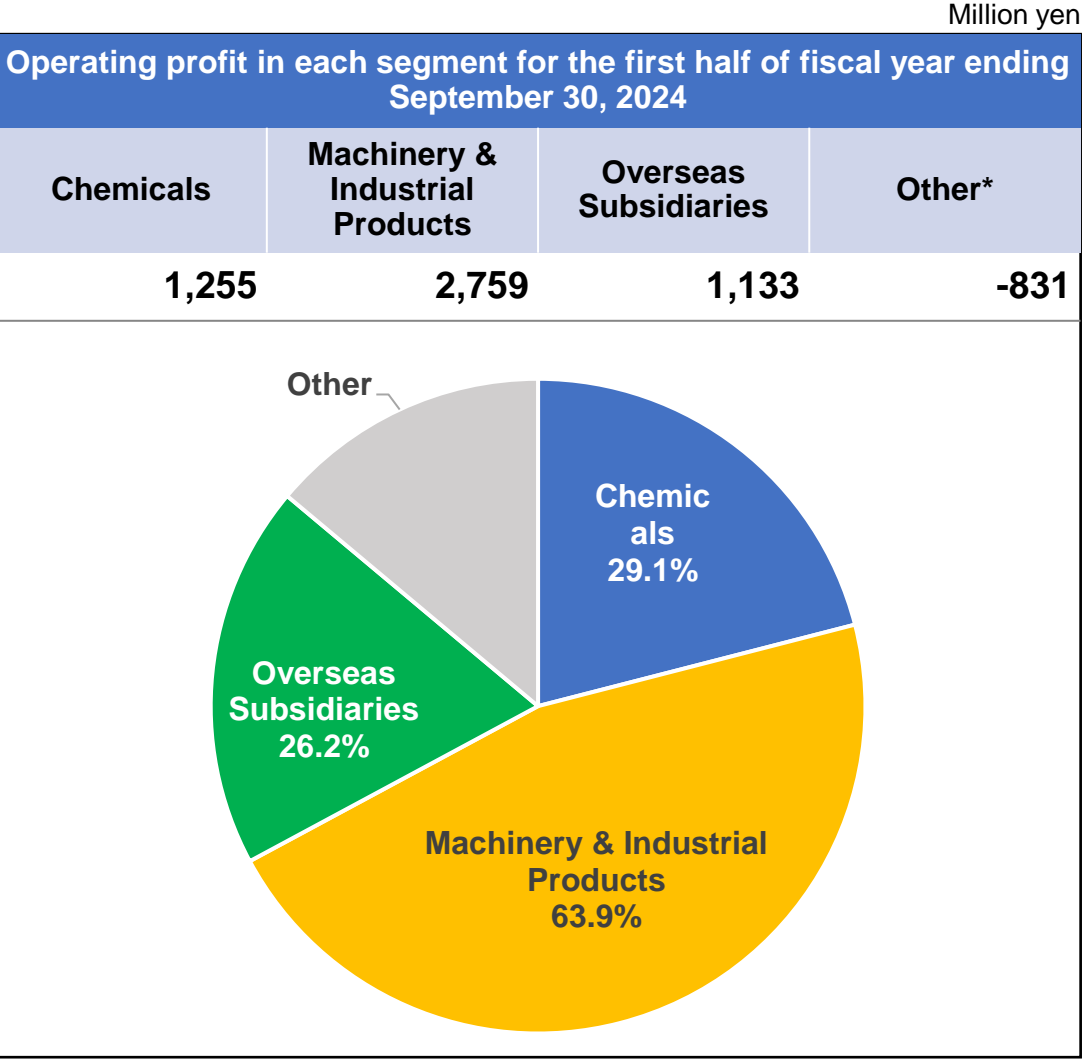
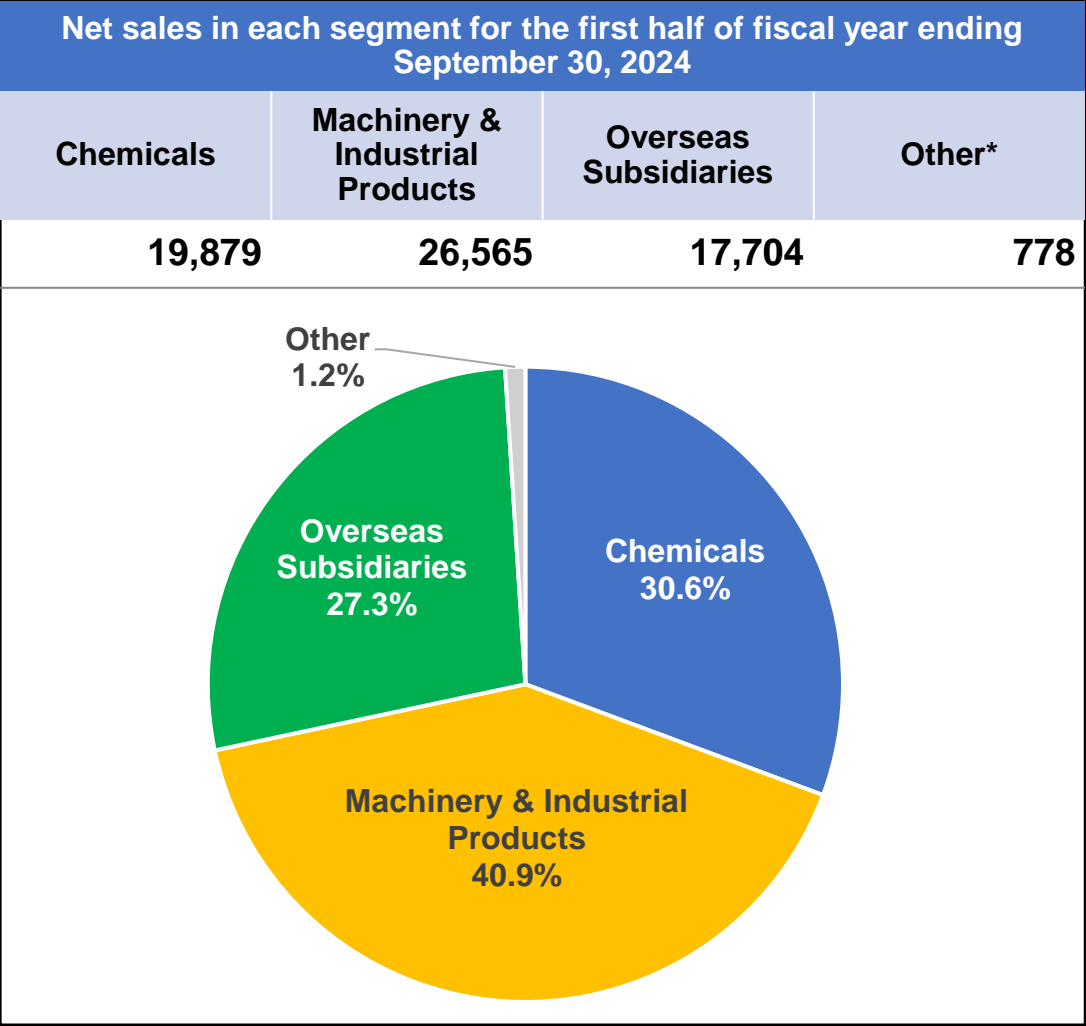
## Overseas Subsidiaries

- 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 ASIA CO., LTD.
- SANYO TRADING INDIA PRIVATE LTD.

\* The Bio Frontier Business Department and the Energy Solution Business Department were established on April 1, 2024.

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

# Business Portfolio



\*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.  
\*For consistency with figures in the summary of the consolidated financial results, numbers including adjustments are shown here.

# 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"> <li>• Transactions with Arlanxeo and other world-leading synthetic rubber suppliers</li> <li>• A strong presence in the eyes of overseas suppliers</li> <li>• Common stock and sales to companies in Japan and Japanese companies locating overseas</li> </ul>
	Chemical Business Unit	Chemical trading companies and manufacturers	<ul style="list-style-type: none"> <li>• Specialist knowledge and technical sales capabilities of technical sales staff dealing with high value-added products</li> <li>• A strong presence in the eyes of overseas suppliers</li> <li>• Focus on development and acquisition of new products, such as environmentally-friendly ones</li> <li>• Operation of one-stop streamlined business for automotive part businesses</li> </ul>
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"> <li>• Handling of overseas products customized to Japan quality</li> <li>• Response to new needs for automotive interior parts and materials</li> </ul>
Sustainability	Green Technology Business Unit (Former Machinery & Environmental Business Unit)	Manufacturers of wood biomass gasification cogeneration systems	<ul style="list-style-type: none"> <li>• Holding an unrivalled market share in CPM's pellet mills for feed</li> <li>• Offering optimal solutions with reliable technologies backed by experience and track record</li> <li>• All-inclusive services covering equipment sales, plant design and construction and after-sales services</li> </ul>
	Energy Solution Business Department*	Resource development-oriented trading companies and manufacturers	<ul style="list-style-type: none"> <li>• Pursuit of high-quality products and technology as a frontrunner in resource and energy development</li> <li>• Meeting a wide range of customer needs through a diverse lineup of equipment offerings</li> </ul>
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"> <li>• Capabilities to discover products from around the world from a market-oriented perspective</li> <li>• Joint studies with businesses and universities to develop new products</li> </ul>
	Life Science Business Unit Scientific Instruments Dept.	Domestic scientific equipment manufacturers Trading companies dealing with scientific equipment	<ul style="list-style-type: none"> <li>• All-inclusive services covering sales and after-sales services of overseas equipment</li> <li>• Activeness in M&amp;A (e.g. Scrum Inc., in the bio-related business)</li> </ul>
	Bio Frontier Business Department*	Domestic bio-related trading companies and manufacturers	<ul style="list-style-type: none"> <li>• Expansion of bio-related business through proactive M&amp;A</li> <li>• Expansion of genetic analysis service business</li> <li>• Addressing the needs for new research support equipment</li> </ul>

# Consolidated Balance Sheet

(Million yen)

Assets	23/9 4Q (As of September 30, 2023)	24/9 2Q (As of March 31, 2024)
Cash and deposits	7,031	9,336
Notes and accounts receivable - trade, etc.	24,794	27,466
Inventories	23,429	22,914
Other current assets	2,033	2,752
Property, plant and equipment	3,238	3,226
Other non-current assets	8,010	9,084
Total assets	68,537	74,780

Liabilities	23/9 4Q (As of September 30, 2023)	24/9 2Q (As of March 31, 2024)
Notes and accounts payable - trade	11,838	12,260
Short-term borrowings	5,381	5,140
Other current liabilities	5,441	8,245
Long-term borrowings	333	150
Other non-current liabilities	1,651	1,958
Net assets	43,890	46,725
Total liabilities and net assets	68,537	74,780

## [Key Points]

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

	23/9 4Q (As of September 30, 2023)	24/9 2Q (As of March 31, 2024)
Ratio of interest-bearing debt	13.2%	11.4%
Shareholders' equity ratio	63.4%	62.3%

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

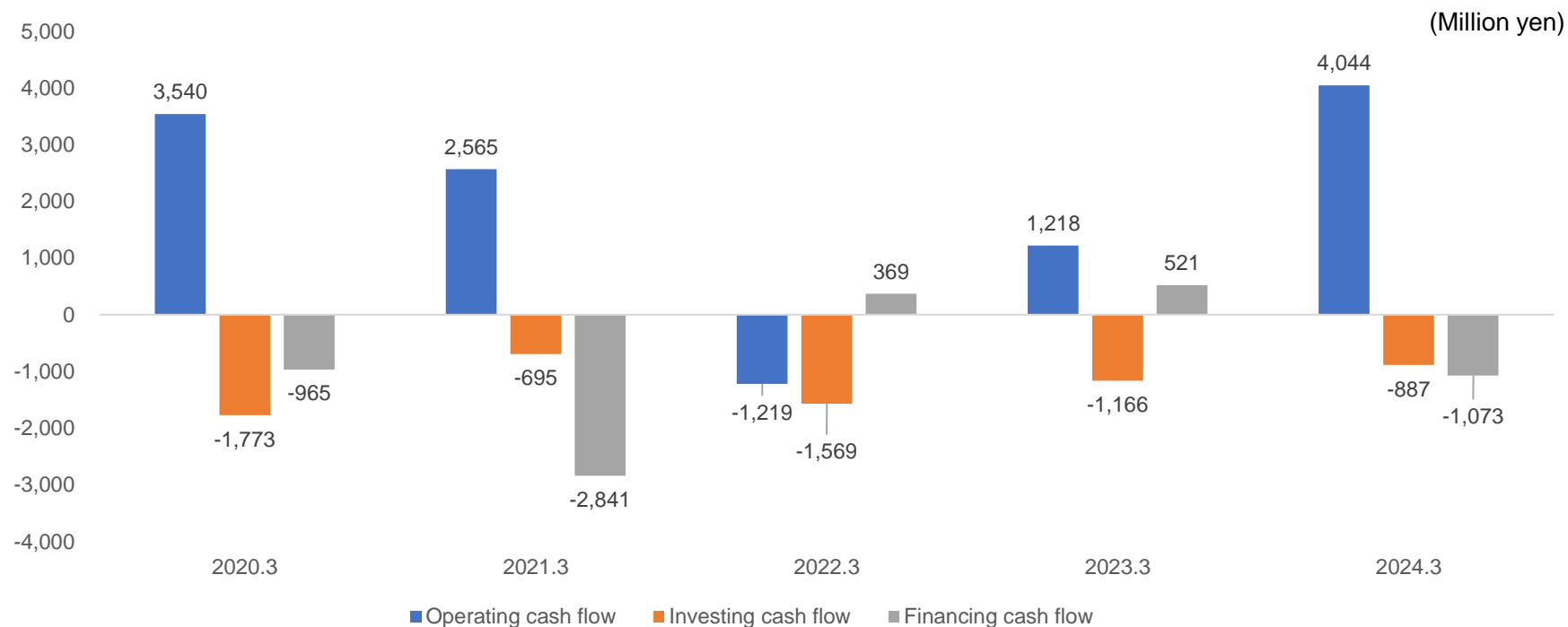
(\*2) Equity = Net assets - Share acquisition rights - Non-controlling interests

# Consolidated Cash Flows

Cash flows from operating activities: Profitability maintained by effective inventory management and other activities

Cash flows from investing activities: Payments into time deposits and purchase of non-current assets

Cash flows from financing activities: Dividends paid and repayments of short-term borrowings



	2020.3	2021.3	2022.3	2023.3	2024.3
Operating CF + Investing CF + Financing CF	802	-970	-2,419	573	2,082
Cash and cash equivalents	5,395	9,648	6,605	6,218	8,895

# Inquiries about IR

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

Tel.: +81-3-3518-1052 Email: [ir@sanyo-trading.co.jp](mailto:ir@sanyo-trading.co.jp)

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