

New Long-Term Management Plan

SANYO VISION 2028

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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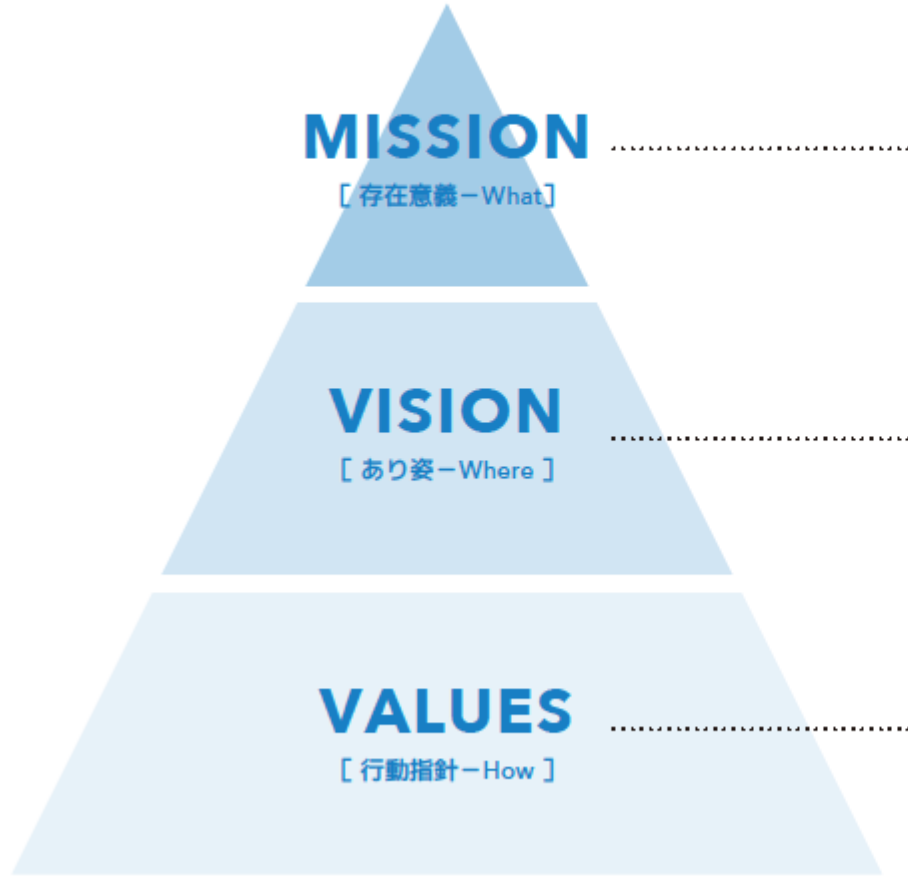
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01-1 MVV - Corporate Philosophy

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."

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

Our
value proposition

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

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

The logo for Sanyo Trading features the company name in a bold, italicized, blue sans-serif font. The letter 'i' in 'Trading' has a small green dot above it, which serves as a visual metaphor for a human face and the global environment.

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

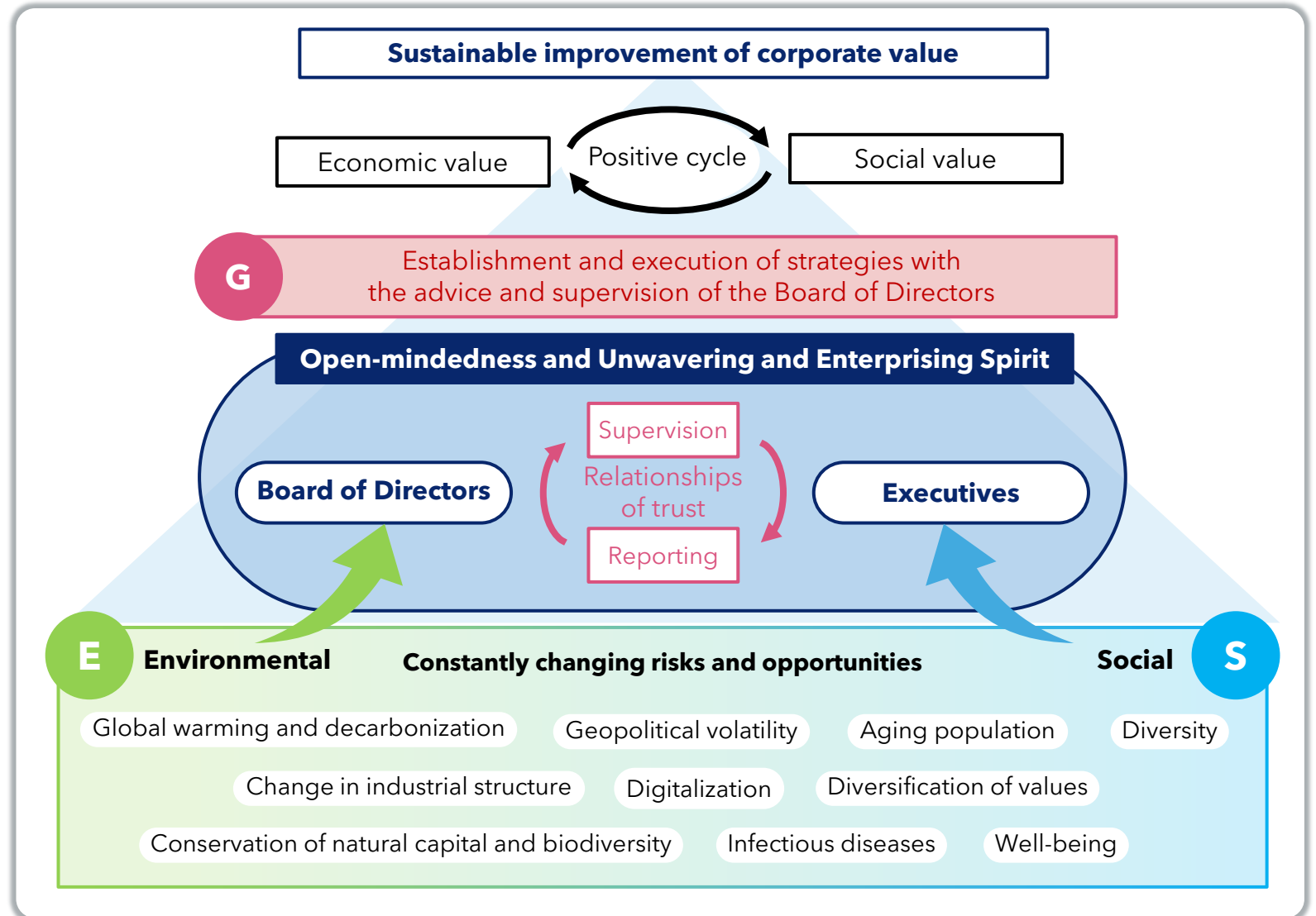
Recognizing that environmental issues such as climate change are a global concern and considering decarbonization, protection of biodiversity, and other mitigating measures

S ocial

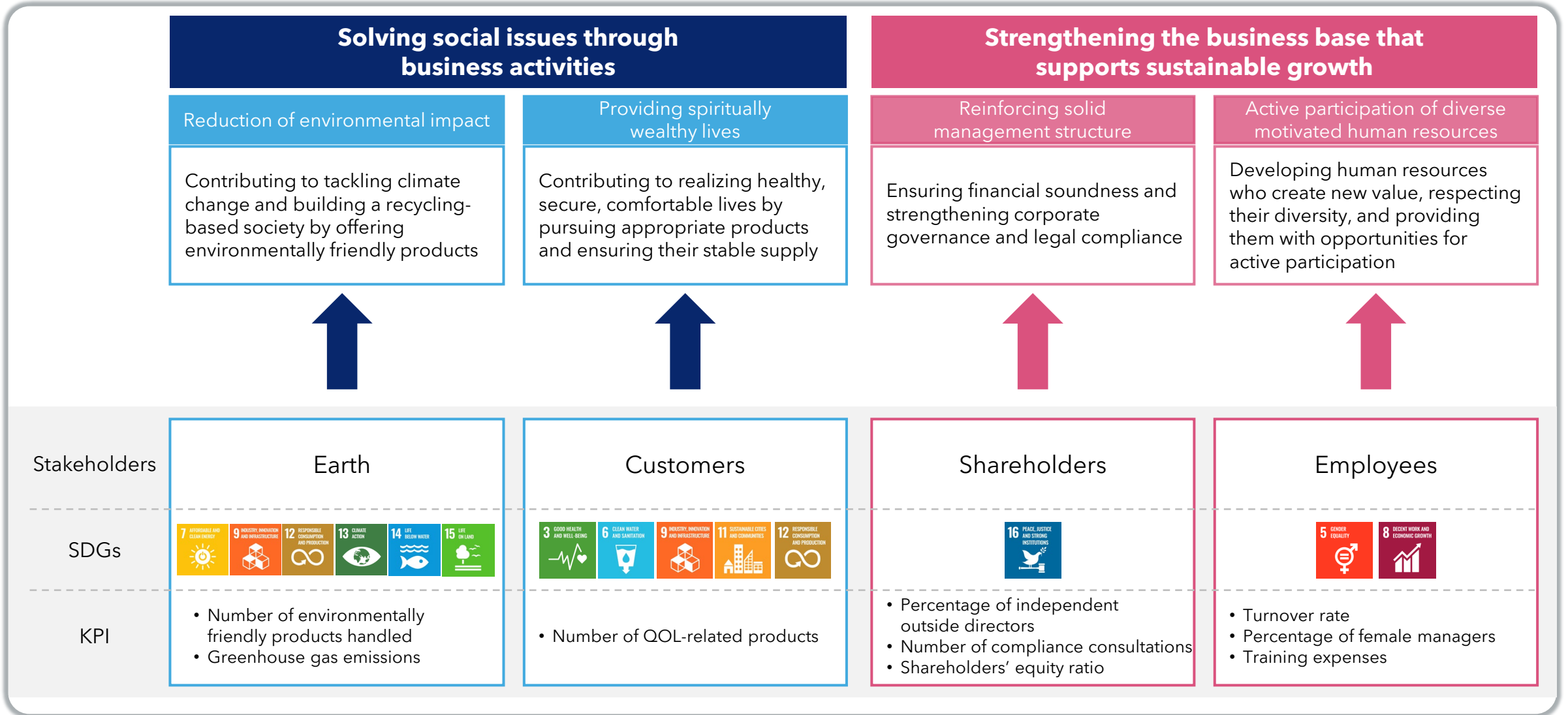
Securing human resources to support directors and management, properly allocating human capital, and considering human rights and wellbeing

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**

7,500 million yen

7,100 million yen

ROE

15.0%

11.8%

**Growth rate (sales)
at overseas offices**

10.0%p.a.

12.9%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"> The management mission and basic principles became instilled in employees. 	<ul style="list-style-type: none"> 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.
	B	Strengthening the Company's foundation	△	<ul style="list-style-type: none"> We developed organizations that will serve as the foundations for growth (New Business Development Dept., Strategic Logistics Dept., Human Resources & General Affairs Dept., Corporate Planning Dept.). We acquired Cosmo Computing System, Inc., to strengthen inhouse IT function. 	<ul style="list-style-type: none"> Strengthening corporate functions to accommodate business expansion Deepening ESG management Promoting DX
	C	Investing in human resources	△	<ul style="list-style-type: none"> We invested in next-generation human resources, developing human resources internally and also hiring mid-career professionals who can hit the ground running 	<ul style="list-style-type: none"> HR development, education and training Strengthening of hiring capabilities Flexible allocation of human resources based on groupwide optimization approach
Strengthening the earnings base	D	Enhancing business in certain fields	△	<ul style="list-style-type: none"> Levering our strengths, we further developed high added value businesses, focusing on four core markets. 	<ul style="list-style-type: none"> Strategic allocation of resources through greater selection and concentration
	E	Developing new businesses	○	<ul style="list-style-type: none"> Business divisions: Identified products related to new businesses based on a product-out approach and expanded sales. New Business Development Dept.: Pursued projects that have synergies with us based on a market-in approach. 	<ul style="list-style-type: none"> Strengthening of market-in approach Nurturing of potential core businesses
	F	Accelerating globalization	○	<ul style="list-style-type: none"> We pursued overseas expansion focusing on Asia and the Americas 	<ul style="list-style-type: none"> Strengthening of overseas management system Further expansion of network (Europe, etc.)
	G	Advancing new investment projects	○	<ul style="list-style-type: none"> We made bolt-on investments in businesses in which synergy with existing businesses can be expected such as Yp Tech and Scrum 	<ul style="list-style-type: none"> Realization of synergies in investment projects Preparation of new pipeline projects

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03-1 Perceived Business Environment

Megatrends attracting attention

 <p>1</p>	<p>Sustainability Climate change, etc.</p> <ul style="list-style-type: none"> • Progress in the shift to EVs • Growing demand for materials with low environmental impact and renewable energy 	 <p>2</p>	<p>Technological innovation</p> <ul style="list-style-type: none"> • Digital transformation • Disruptive innovation
 <p>3</p>	<p>Low birthrate and aging population</p> <ul style="list-style-type: none"> • Growing demand for safe, secure and comfortable lifestyles • Growing demand for medical health care 	 <p>4</p>	<p>Globalization</p> <ul style="list-style-type: none"> • 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

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

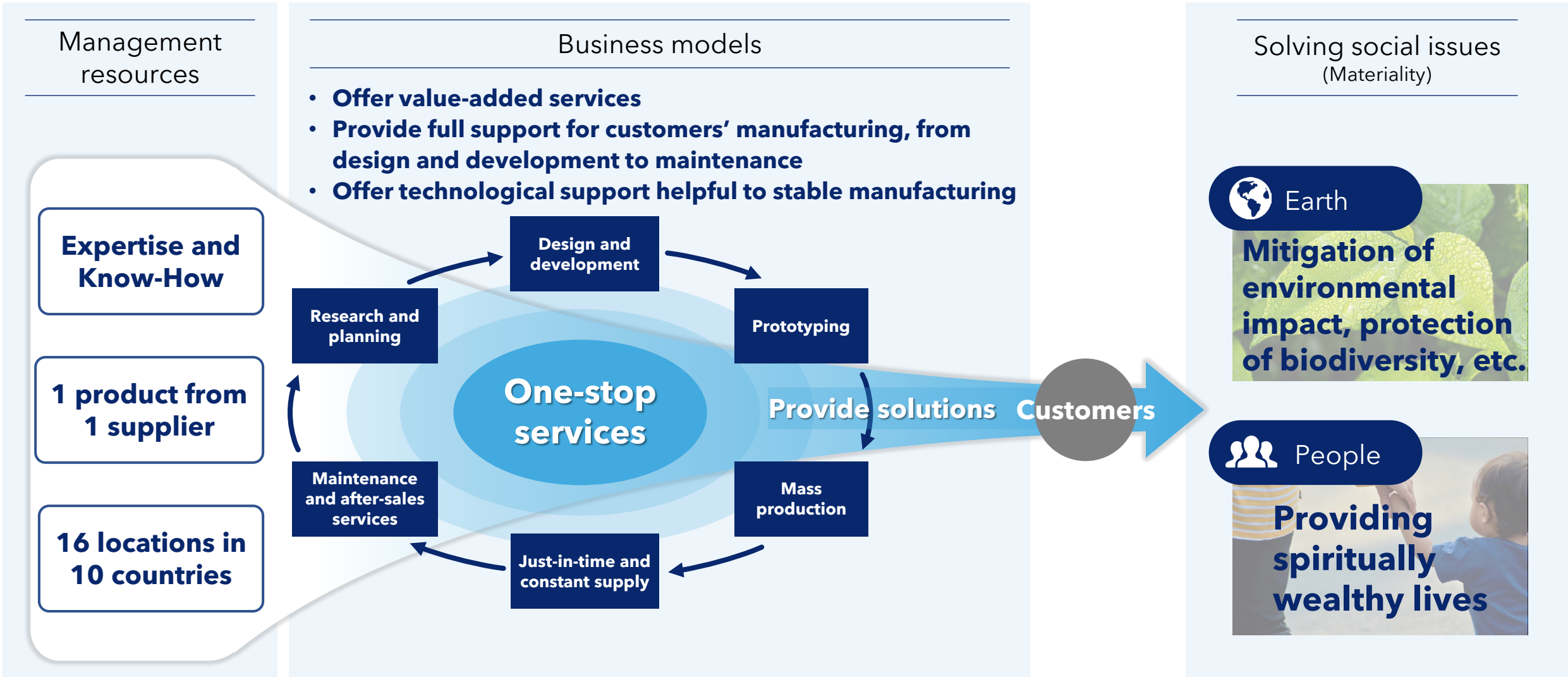
Network

Information capability and network created through domestic and overseas sites

Driving further growth

03-3 Sanyo Model

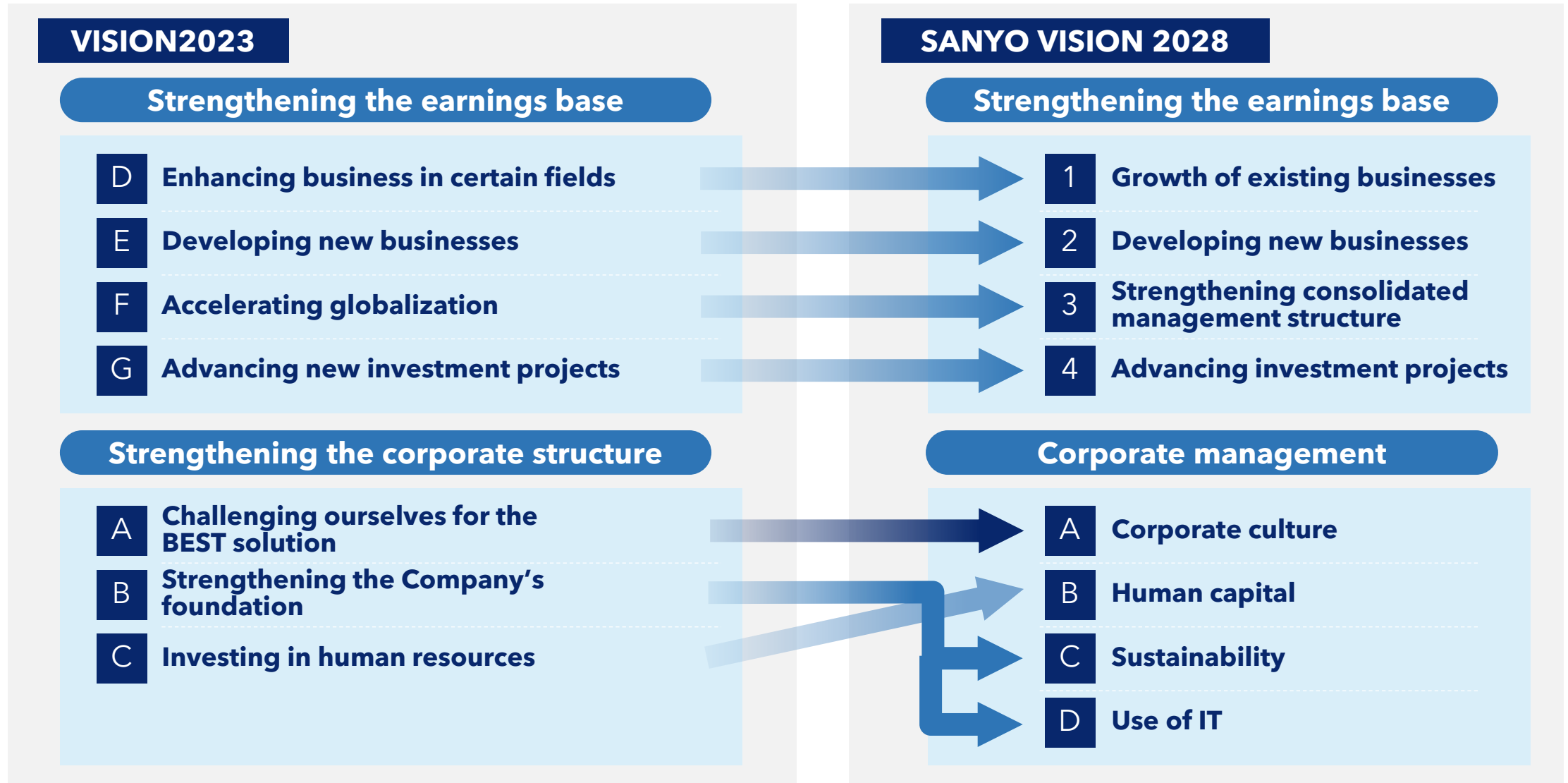
A solution provider serving closely to customers instead of merely selling goods



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

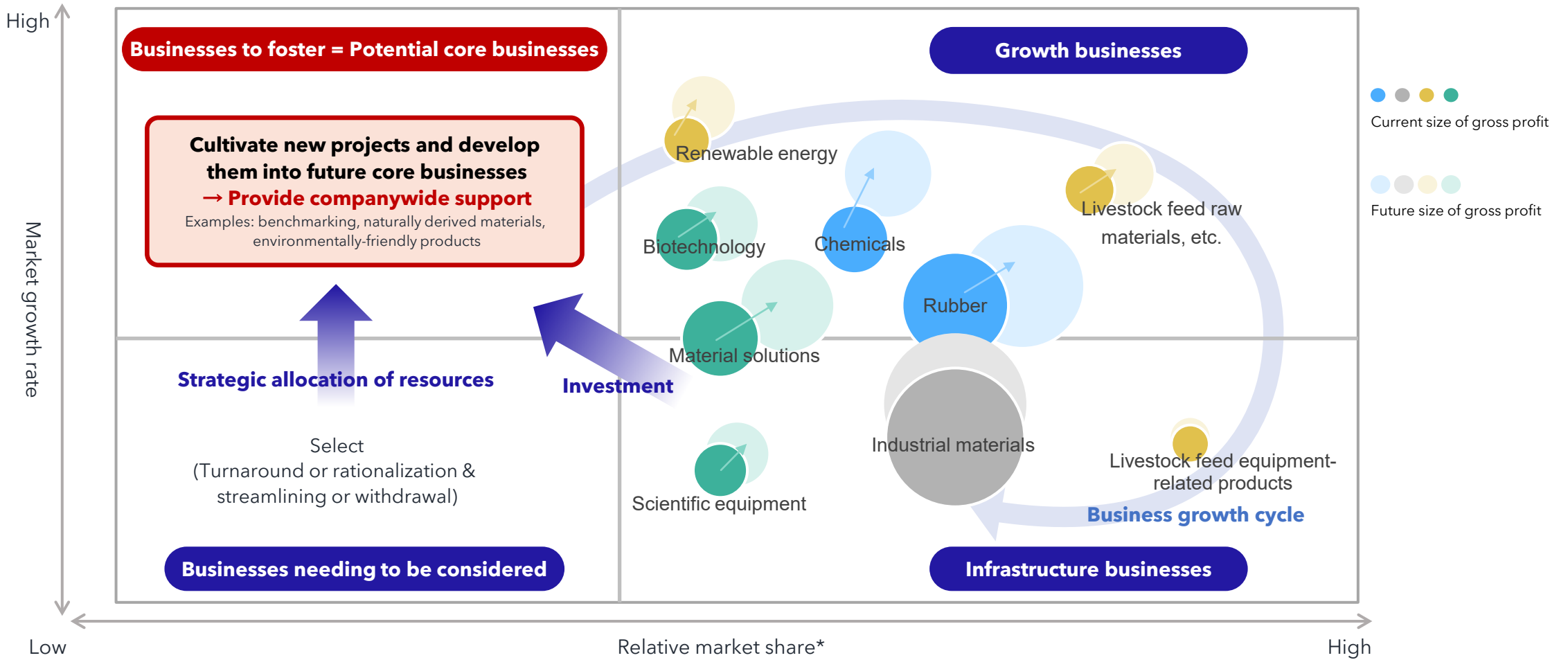
Corporate management

Measures to increase the resilience of management foundation

- | | | |
|---|--------------------------|--|
| A | Corporate culture | Elevation of positive corporate culture into an inimitable competitive advantage to pass on to next generation |
| B | Human capital | Putting into practice measures embodying the idea that Sanyo is a people company |
| C | Sustainability | Provision of value to stakeholders through improvement of ESG management and disclosure |
| D | Use of IT | 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

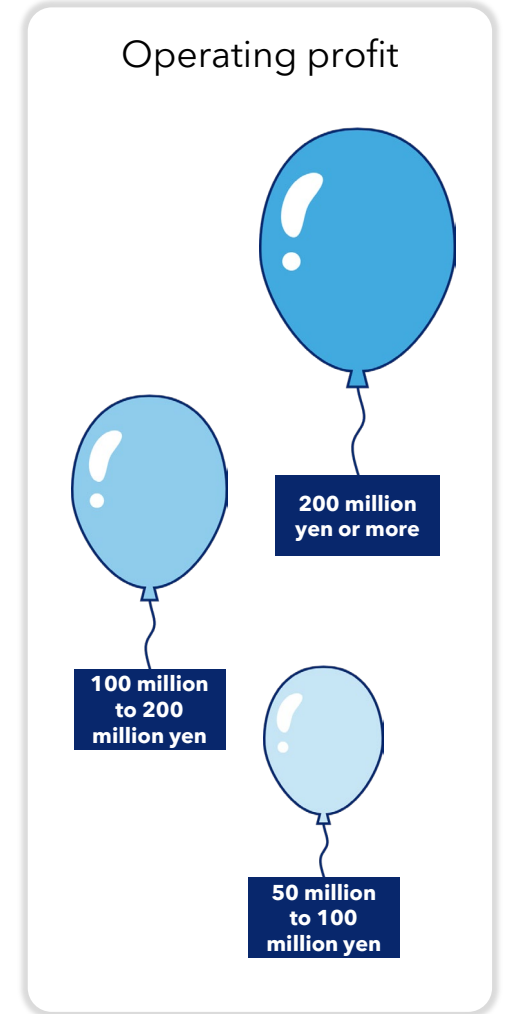
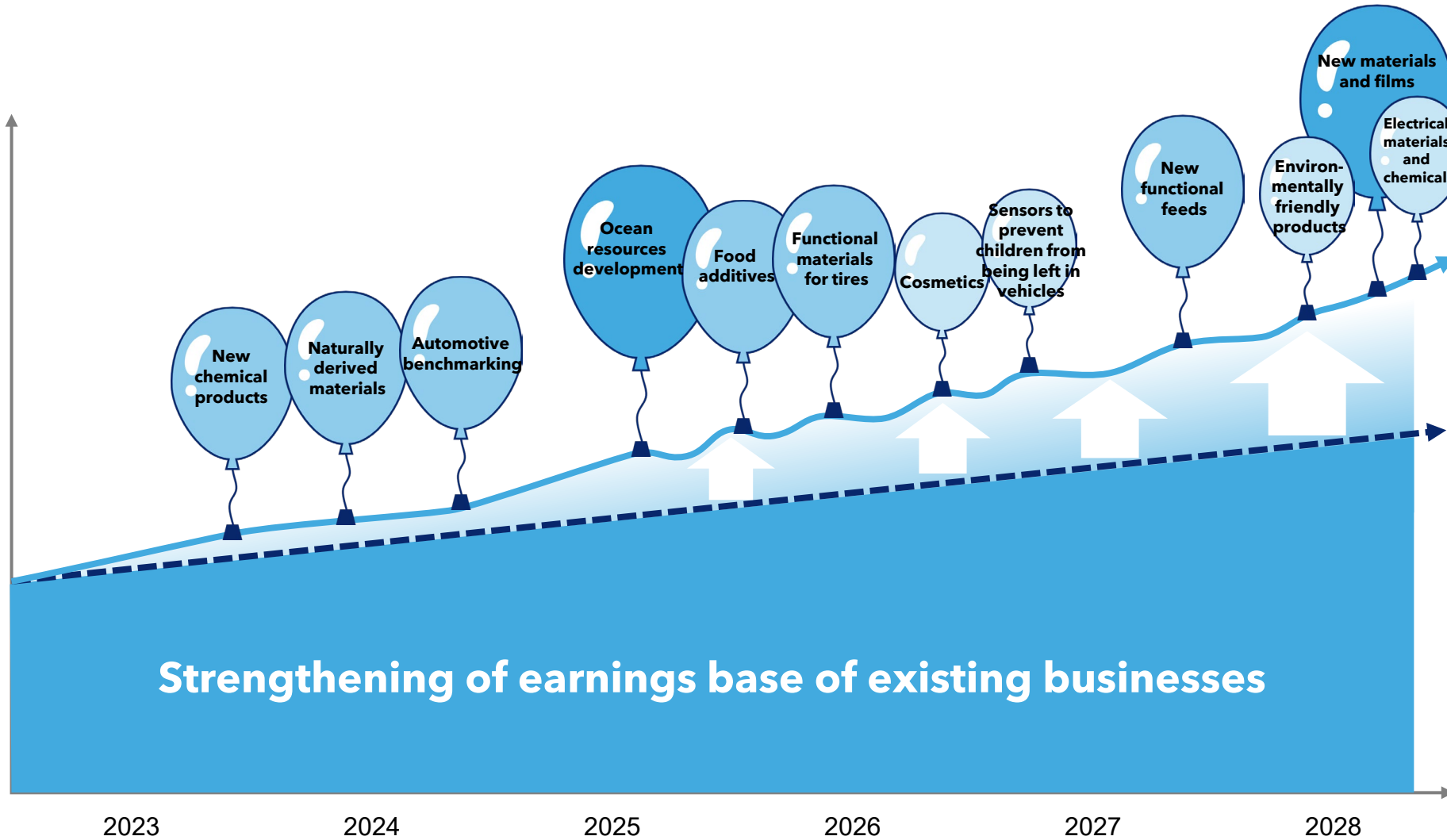
Business investment basic policy

Balance sheet	Utilization of borrowed capital with shareholders' equity rate of 50% or more and DE ratio of less than 0.5% as yardsticks
Pre-condition	Importance is attached to business synergy, overseas expansion and growth potential
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	Take operatorship of businesses 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	Carefully select M&A deals that match our basic policy and proceed rapidly, flexibly and proactively
DX-related investment	Make DX-related investments to increase efficiency, deliver high added value and win new business opportunities
Human capital investment	Make human capital investment in areas such as recruitment, education and training to promote the idea of Sanyo as a people company

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)

Operating cash flow

Cash surplus

Growth

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%

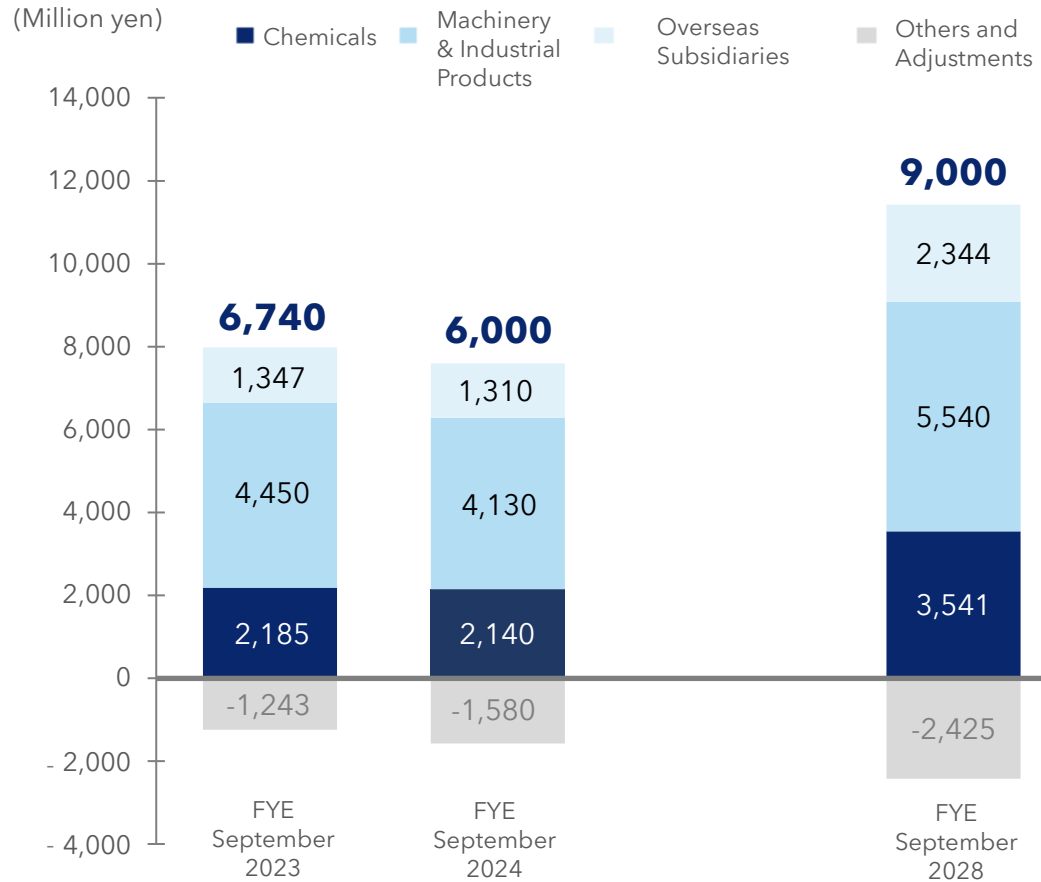
Stability

Shareholders' equity ratio

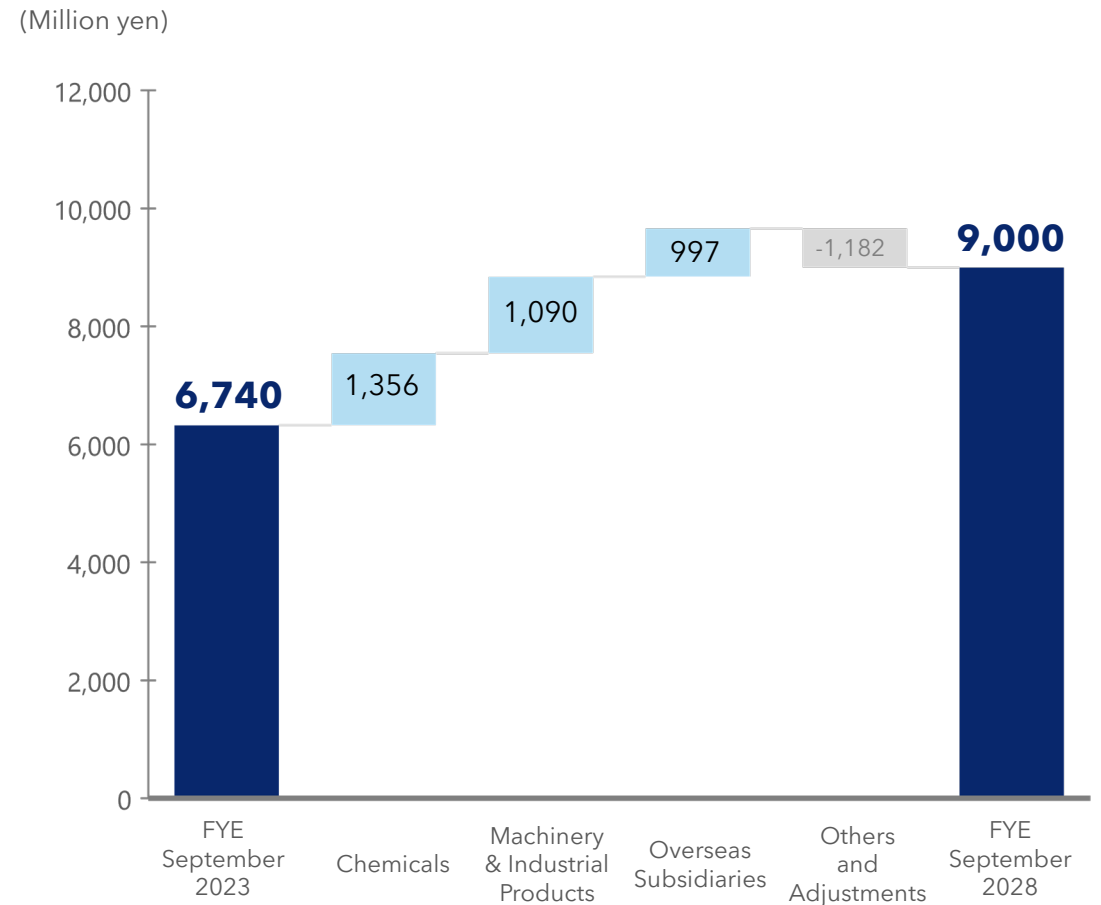
50% or more

05-2 Financial Targets ~Operating Profit by Segment~

Operating profit by segment



Changes in operating profit by segment



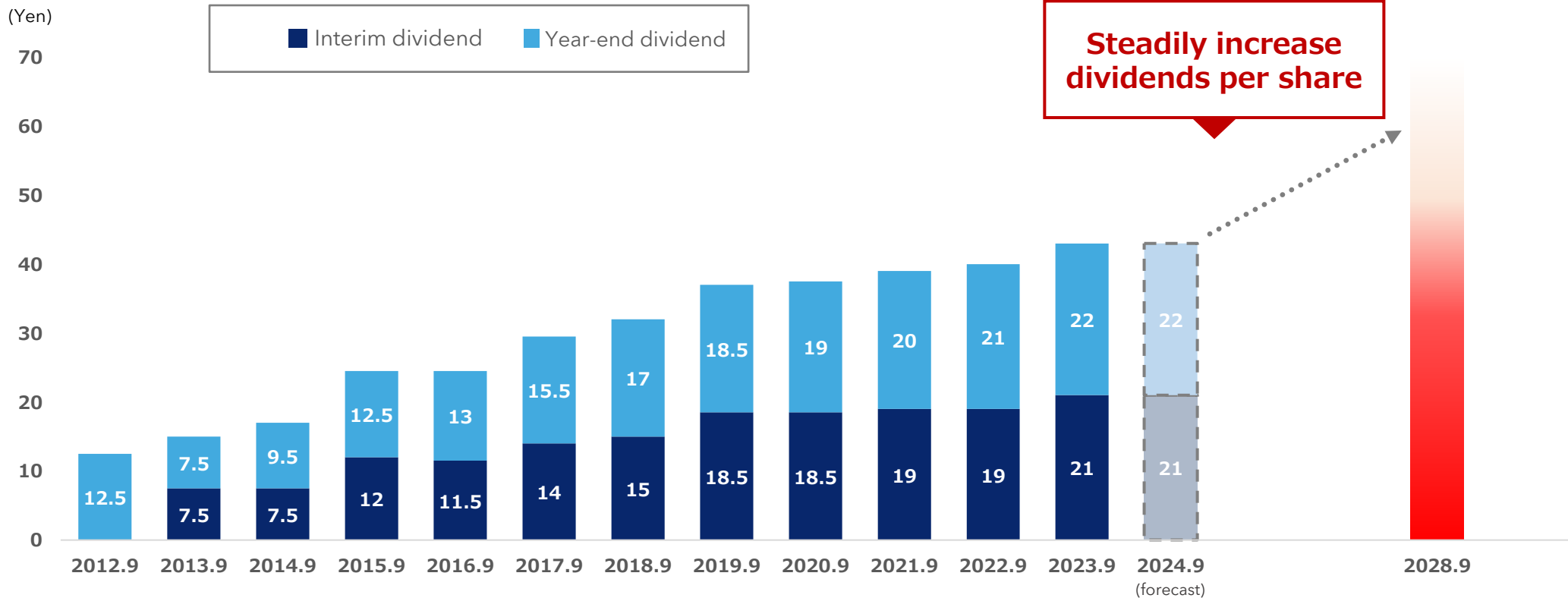
05-3 Shareholder Returns

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

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

*1 MS: Material solutions

Quest for Next