

# Management with Awareness of Cost of Equity and Stock Prices

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

**November 17, 2025**

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# Basic Policy

- We have set the following policy regarding our dialogue with capital markets.

## Structure for dialogue with capital markets

### Basic approach to external disclosure

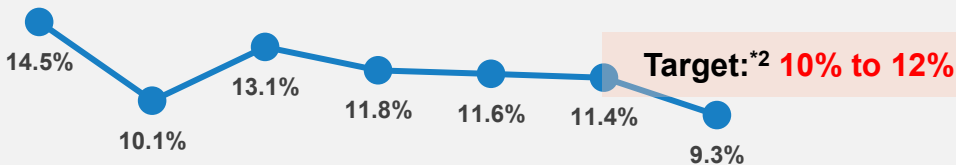
- We are proactive in having dialogue with shareholders and investors with an aim to contribute to our sustainable growth and to the medium- to long-term enhancement of our corporate value. Our policy on the development of a structure and initiatives for promoting constructive dialogue with shareholders and investors is as follows.
- (1) IR structure
    - In our IR structure, the President serves as the responsible person and the Director and General Manager of Corporate Planning Department serves as the officer in charge of IR. We engage in dialogues with shareholders and investors via the Corporate Planning Department, which is in charge of IR, with the leading role played by the President and the General Manager of Corporate Planning Department.
    - For dialogues with shareholders, the Corporate Planning Department serves as the front office and, where necessary, we collect and analyze management information in cooperation with the General Affairs Department, Finance Accounting Department, Risk Management Department, and business divisions. We have thus established a structure that enables to provide appropriate information on a timely basis.
  - (2) IR activities
    - In addition to holding a financial results briefing for investors twice a year, we provide the latest information proactively via our website, integrated reports, and other materials. We also accept requests for individual meetings where possible. At the same time, we hold overseas IR meetings and provide facility tours, creating opportunities for dialogue with both domestic and international shareholders and investors. We also have opportunities to engage in dialogue with individual shareholders and investors, such as by participating in IR events.
  - (3) Compliance with the fair disclosure rule
    - We strive to ensure fair, timely disclosure and comply with the rule.
  - (4) Feedback
    - The opinions and concerns, etc. of shareholders obtained through dialogue are reported as needed to directors and executive officers via governance bodies, emails or other means.
  - (5) Management of insider information
    - In addition to ensuring thorough management of insider information in accordance with our Regulations for Prevention of Insider Trading, we strive to avoid information gap between shareholders.

# Management with Awareness of Cost of Equity and Stock Prices - Present State Analysis -

- ROE stays higher than the cost of capital. We will keep the ROE higher than the cost of capital (target: 10% to 12%) and increase PER through initiatives to increase ROE and our visibility, aiming to keep PBR constantly more than 1.

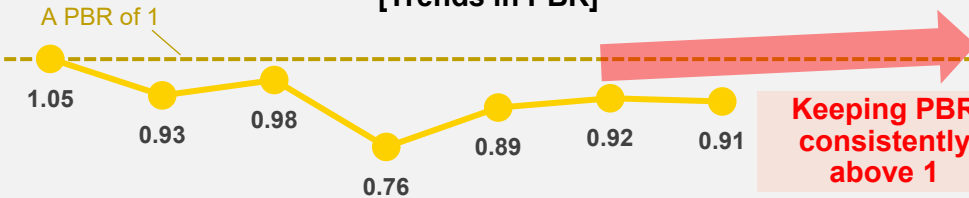
## Analysis of present status

[Trends in ROE and the cost of capital\*1]

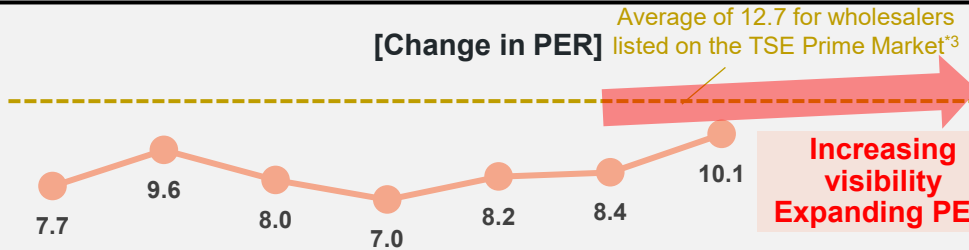


\*1: Cost of capital has been calculated based on CAPM and its disclosed value has been 5% to 6%. Given that the value varies according to the way the parameters used for the calculation, among other factors, the perceived range of the values has been revised upward to a certain extent.

[Trends in PBR]



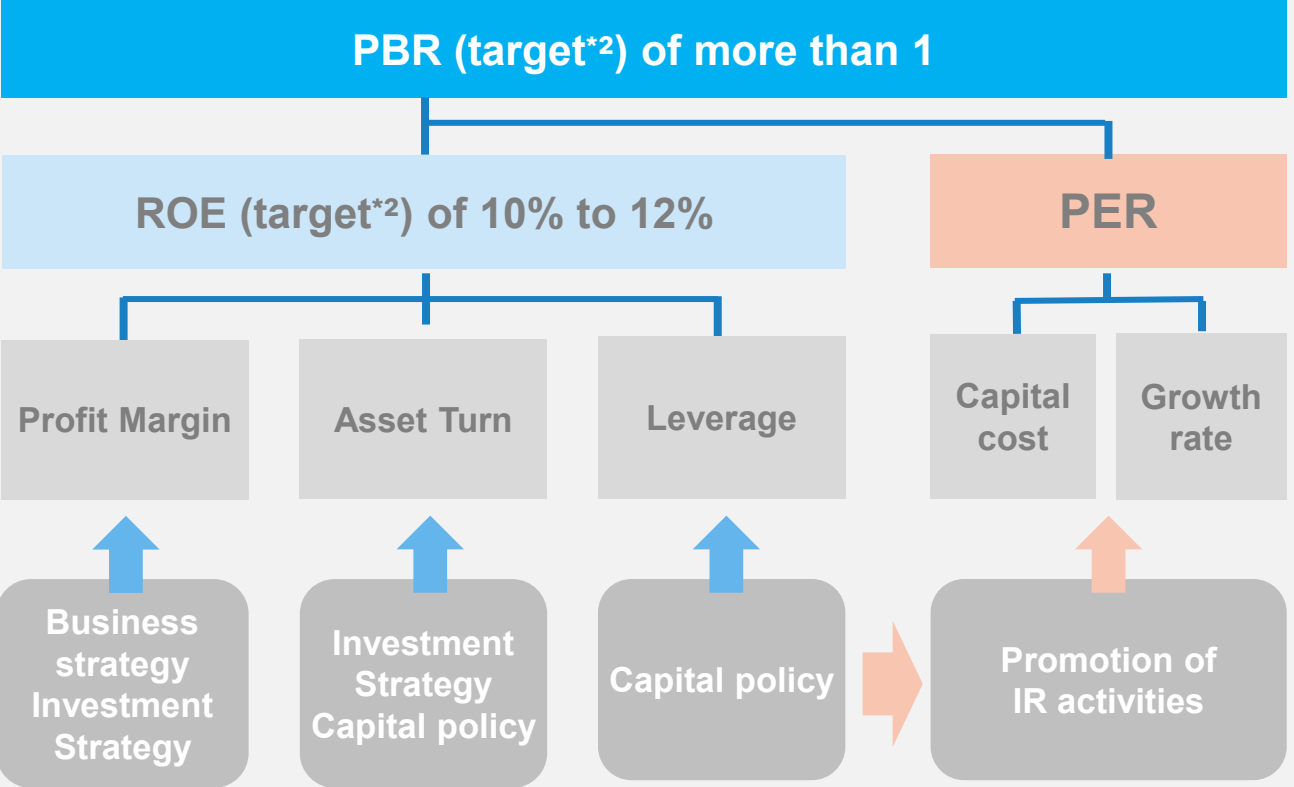
[Change in PER]



\*3: As of September 30, 2025

2019.09 2020.09 2021.09 2022.09 2023.09 2024.09 2025.09 ... 2028.09

## Strategy for meeting the PBR target



\*2: The targets are for the fiscal year ending September 30, 2028 set in SANYO VISION 2028

# Management with Awareness of Cost of Equity and Stock Prices

## - Structural Analysis of ROE -

Higher ROE



		Leverage		Asset Turn		Profit Margin
		Financial leverage		Asset turnover ratio		Ratio of profit attributable to owners of parent to net sales
<b>ROE</b>	=	$\frac{A}{E}$	×	$\frac{T}{A}$	×	$\frac{R}{T}$
(Result) FYE September 2025		Total assets (81.4 billion yen) Shareholders' equity (49.4 billion yen)		Net sales (132.7 billion yen) Total assets (81.4 billion yen)		Profit (4.6 billion yen) Net sales (132.7 billion yen)
<b>9.3%</b>		<b>1.6 times</b>		<b>1.7</b>		<b>3.5%</b>

High shareholders' equity

Asset-light business model

High value-added merchandise x services = a high rate of return

# Constructive Dialogue with Capital Markets (1)

Higher PER

- We reflect constructive opinions obtained through dialogue with stakeholders in management measures, so as to enhance our corporate value.
- In the fiscal year ended September 30, 2025, we had 58 institutional investor meetings with shareholders and investors (in Japan and other countries).



## ➤ Number of IR meetings (Japan and overseas total)

23/9	24/9	25/9
18	53	58



\* We began to hold overseas IR meetings in 24/9.

➡ One factor contributing to the weak PER is the low awareness among domestic and overseas investors. We will take steps to increase our overall visibility in the capital markets to increase the number of IR meetings. We will create opportunities to exchange opinions and reflect constructive opinions in our management measures, as part of our efforts to enhance our corporate value.

# Constructive Dialogue with Capital Markets (2)

Higher PER

Actual examples of dialogue with capital markets (Period: Up to 25/9)

 <b>Capital markets</b>	<b>Constructive dialogue</b>  <b>The Company</b>
<p>[Changes to segments]</p> <ul style="list-style-type: none"><li>Segments are divided based on business and region, which makes it extremely difficult to understand the facts of your businesses. I ask you to consider changing the segments.</li></ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"><li>We changed the segments into four market segments, which began to apply in 25/9 1Q. We are committed to ensuring both appropriate information disclosure and transparency to capital markets. The change has been well received outside the Company as it makes the segments easier to understand. We disclose a breakdown of sales by region (2Q and full year), showing our business performance in overseas markets.</li></ul>
<p>[Improvement in information disclosure]</p> <ul style="list-style-type: none"><li>I would like you to disclose your forecasts by segment.</li><li>I would like you to disclose an analysis of increases/decreases in operating profit.</li></ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"><li>(25/9 1Q - ) We began to disclose progress in our performance by segment, making it possible to discuss them.</li><li>(25/9 full year - ) We began to disclose the factors contributing to profit fluctuations in order to enhance the transparency of our business performance.</li></ul>
<p>[Changing the time of announcement of financial results]</p> <ul style="list-style-type: none"><li>You announce your financial results at 16:00. I would like you to change it to a time that is during market hours.</li></ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"><li>In 25/9 1Q, we changed the disclosure time to 14:00, which is within market hours. We thus made it possible to reflect an evaluation of our financial results directly on the same day.</li></ul>
<p>[Shareholder returns]</p> <ul style="list-style-type: none"><li>Your dividend policy says, "a policy of attaching importance to stable increases in the amount." You should review your dividend policy, for instance by introducing a progressive dividend and DOE standards. Do you have the intention to implement a share buyback?</li></ul>	<p><b>Continued</b></p> <ul style="list-style-type: none"><li>While the management has discussed various possibilities, including a share buyback, we will continue to pay a progressive dividend with a payout ratio of 30% or higher as the rough target during the period of SV2028. We also use DOE as one of our key indicators and consistently monitor how our peers perform.</li></ul>

*Quest for Next*