Company Information

First Section of the Tokyo Stock Exchange

Head Office

Tokyo Square Garden, 3-1-1, Kyobashi, Chuo-ku, Tokyo 104-0031 JAPAN

Telephone +81-3-5202-4011 Facsimile +81-3-5202-4054

URL

http://www.sunwa.co.jp/

Established

November, 1949

Capital

¥3,727,000,000

Number of Issued Shares

16,044,000

Business Place

Offices : Tokyo(Head office), Tokyo-Nishi (Hachioji-shi), Yokohama, Nagoya, Kyoto, Osaka, Fukuoka, Tohoku (Sendai-shi), Kitakanto (Saitama-shi), Nagano, Numazu, Hamamatsu, Mikawa (Kariya-shi), Mie (Yokkaichi-shi), Hokuriku (Toyama-shi), Himeji, Hiroshima, Kumamoto, Oita, Nagasaki

Logistics Centers : Tokyo, Nagoya, Kyushu (Kitakyushu-shi)

Overseas : Shanghai, Dalian, Guangzhou, Suzhou, Hangzhou, Shenyang, Tianjin, Shanghai Mechatronics Centre, Hong Kong, Hong Kong Logistics Center, Shenzhen, Taipei, Taichung, Tainan, Singapore, Kuala Lumpur, Bangkok, Hamo, Jakarta, Manila, Chicago, Greenville (South Carolina), Los Angeles, Queretaro, Frankfurt, Ljubljana

Number of Employees

1,007 (Consolidation) (As of September 30, 2018)

Consolidated Subsidiary

2 domestic companies (SUNWA-TRINITY, SUNWA-LOGISTIC)

13 overseas companies (Singapore, Hong Kong, Shenzhen, Taiwan, Malaysia, Shanghai, Thailand, Indonesia, Philippines, Vietnam, Europe (Germany), America, Mexico)

Description of Business

Sun-Wa Technos has engaged in the distribution of industrial machinery, electric motors and control instruments since its founding in 1949. From post-war reconstruction of damaged industrial facilities to today, our business has grown to include distribution of electrical machinery, electronic parts and computer systems for automated production facilities (FA Systems). As a technology trading company, our customer-focused approach, world class engineering and technical information services have helped our clients achieve value-added growth and profitability. We work with our customers from early phase project development through completion by delivering cutting edge components and solutions. These projects have spanned multiple industries and have included cameras used for automotive advanced driver assistance systems (ADAS), robotics, machine tools used in the manufacture of smartphones, automated teller machines, automatic vending machines, gaming machines, pole mounted switches for electric utility system automation, and many more. We supply general purpose industrial robot systems, medical and nursing care robot systems, as well as robots used in the biotechnology field including parts and devices used in the infrastructure market, such as electric components and traffic control systems for railroad trains, including Shinkansen bullet trains.

We are actively engaged in various new fields, including Internet of Things (“IoT”) and Industry 4.0 for the automatization of production equipment in the food and pharmaceutical industries. We have rapidly been building partnerships with overseas EMS providers at the request of our customers.

Sun-Wa Technos Corporation is an independent trading company that focuses on three product lines: electrical machinery, electronics, and general machinery, offering unique services to customers in a broad range of industrial fields.

The Electrical Machinery Department engages in the business related to electrical machinery used in industrial facilities in general. Products and services include various motors such as AC servo motors and linear motors, factory automation (FA) equipment and systems such as machine controllers, machine vision systems, power conditioners, power supply devices and electrical engineering work.

The Electronics Department engages in the sales of products from industry’s top class electronics manufacturers. Products include power supplies, connectors, sensors, optical components such as LED, various electronics components, office automation (OA) related equipment, FA systems, telecommunications and information equipment. The department also engages in the sales of assembled boards.

The General Machinery Department contributes to enhancing customers’ productivity and to society by responding to the need for energy conservation through the sales and maintenance services of industrial robots, clean robots, semiconductor and liquid crystal related manufacturing equipment, conveying devices and facilities for logistics, substrate mounting devices, various inspection devices, environmental related equipment and devices, wind- and hydro-power equipment, nursing care and medical equipment.

AC Servo Motors

High-Performance image quality Sensor

Diode

Double Arm Robot

Electrical Machinery Department

Electronics Department

General Machinery Department
supplies them to our customers at home and abroad. We are helping our customers reduce total costs mainly by streamlining their operations from building Sun-Wa Global Network, which includes procurement services (global SCM solutions) entrusted by our capable local manufacturers so that we are able to expand our own businesses as well. We are in the process of locating bases at 26 locations in 12 countries. Because the decision of each one of these overseas expansions was made since opening its first overseas base in Singapore in 1995, the Sun-Wa Technos Group has established business bases at 26 locations in 12 countries. Because the decision of each one of these overseas expansions was made to satisfy specific customer needs, the investment paid off within a relatively short period of time, contributing to prototype manufacturing.

4) In accordance with our Corporate principles, we are committed to workforce development regularly hire, and have paid stable dividends to our shareholders every year since the Company was founded.

**[Main Customers]**

Yaskawa Electric Group, Denso Group, Konami Group, Mitsubishi Electric Group, Panasonic Group, SCREEN Group, Fuji Electric Group, Asahi Glass Group, Omron Group, Canon Group, Shima Seiki Mfg Group, Hitachi Group, Fuji Group, Nikon Group, Daihen Group, Yamaha Motor Group, Toshiba Group, SEGAM Sammy Group, Bridgestone Group, TOTO Group, Fujitec Group, Amada Group, Glory Group, Fujifilm Group, Miura Group, Okuma Group, Kyosan Electric Manufacturing Group

**[Main Suppliers]**

(General Machinery Department)

Sanki Engineering Co., Ltd., Fuji Light Metal Co., Ltd., Denso Wave Incorporated, Nikkiso Co., Ltd., Overseas machine maker, etc

**Business Strategy**

In addition to "system, equipment, and part & component distribution businesses," which are part of our core electrical machinery, electronics, and general machinery businesses, Sun-Wa Technos is working on "engineering business" as well as "global SCM solutions business." Sun-Wa Technos, as a total coordinator that connects manufacturing sites and distribution networks, will contribute to the progress of industrial recovery in communities.

**System, equipment, and part & component distribution businesses**

Through the supply of the best systems, equipment, parts, and devices, we will help our customers develop more excellent products.

- Expanded activities as a distribution service agent for key manufacturers (customers)
- Enhanced business relationships with them
- Foreseen customer needs and business seeds → New product opportunities
- Supporting our customers with the latest technical information

**Engineering business**

Supporting our customers' manufacturing activities by proposing ideas about automated systems and energy-saving products.

- Pursuing the concept of "manufacturing in the future" by utilizing ICT technology
- Proposing automated systems utilizing robots
- System proposals aiming at energy saving and electric power saving

**Global SCM solutions business**

Entrusted with logistics operations by our customers in a comprehensive fashion, we implement the best solutions in order to streamline their logistics requirements in a series of corporate activities ranging from material procurement, production, distribution, to recycling. This approach enables our customers to focus and expand their core businesses.

- Supporting our customers in their manufacturing activities, such as production transfer support (effective production transfer operations)
- Suggesting the best distribution channels and local suppliers by taking advantage of our existing global network
- Supporting our customers in local procurement (introducing recommended local suppliers, plant audit support)

**Special Features of Sun-Wa Technos**

1) With an emphasis on its core electrical machinery, electronics, and general machinery businesses, Sun-Wa Technos, as a technology trading company, offers services ranging from the modernization of plant production equipment to the most advanced ICT, helping our customers develop their products and equipment from the development phase up to prototype manufacturing.

2) We also distribute our customers' products through our network involving our overseas bases, which helps deepen our interdependence and mutual trust with them.

3) We have our in-house engineering department and quality control department, enables us to provide our customers with various services in a comfortable, reliable manner.

4) In accordance with our Corporate principles, we are committed to workforce development regularly hire, and have paid stable dividends to our shareholders every year since the Company was founded.

**Special Features and Strengths**

◆ Aggressive Development of Overseas Business

Since opening its first overseas base in Singapore in 1995, the Sun-Wa Technos Group has established business bases at 26 locations in 12 countries. Because the decision of each one of these overseas expansions was made to satisfy specific customer needs, the investment paid off within a relatively short period of time, contributing to our bottom line. In response to our customers expanding overseas, we approach them by emphasizing the selling point that we will be able to offer similar services to what is available in Japan. This process allows us to locate capable local manufacturers so that we are able to expand our own businesses as well. We are in the process of building Sun-Wa Global Network, which includes procurement services (global SCM solutions) entrusted by our customers. We are helping our customers reduce total costs mainly by streamlining their operations from inventory through distribution. We are also deploying a business which develops excellent products overseas and supplies them to our customers at home and abroad.
Consolidated Basis

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Net sales (Millions of yen)</th>
<th>Operating income (Millions of yen)</th>
<th>Ordinary income (Millions of yen)</th>
<th>Net income (Millions of yen)</th>
<th>Net income per share (Yen)</th>
<th>Annual dividend per share (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>116,611</td>
<td>3,014</td>
<td>3,215</td>
<td>1,584</td>
<td>113.64</td>
<td>28.00</td>
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<tr>
<td>2017</td>
<td>146,759</td>
<td>4,135</td>
<td>4,349</td>
<td>3,085</td>
<td>222.65</td>
<td>30.00</td>
</tr>
<tr>
<td>2018 (Plan)</td>
<td>150,000</td>
<td>4,400</td>
<td>4,500</td>
<td>3,150</td>
<td>196.93</td>
<td>34.00</td>
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Ninth Medium - Term Management Plan (Challenge 1500)

Effort and Progress

The ninth medium-term management plan (Challenge 1500) started from the fiscal year 2016, and this is the last year of the target term. The consolidated performances of its second year greatly exceeded the level during the previous period and were able to update record-high performances. The Sun-Wa Group unites works on the following priority measures toward managerial goal achievements in this last term year.

Managerial Goal

Sun-Wa Technos is steadily building a foundation to ready itself for our 70th Anniversary and challenging consolidated sales of 150 billion yen in FY2019 and 250 billion yen in FY2025.

Policy

Through our core electrical machinery, electronics and general machinery businesses, we will offer our proprietary value-added solutions to help our customers manufacture additional products of excellence. As a technology company, we will supply our customers with the latest technical information. We will continue to refine the Sun-Wa Global Network to further strengthen its group power.

Policy Measures

Increase our core electrical machinery, electronic, and general machinery businesses. Establish our “engineering business” and global SCM solutions business. Strengthen group power and overseas business, including identification of capable local manufacturers. Establish IoT-related business by utilizing ICT technology. Transform corporate culture by continued investment in our associates, including diversity promotion and highly skilled talent.

To Investors

Sun-Wa Technos management is committed to providing appropriate shareholder returns by maintaining a stable dividend supplemented by increasing the amount of dividends or conducting share splits when appropriate based on our careful consideration of earnings results. We will endeavor to increase internal reserves in order to strengthen financial soundness and enhance competitiveness and to provide us with the flexibility needed to respond to sudden changes in our business environment, from a medium- and long-term perspective. I would like to take this occasion to ask all of our shareholders and investors for your continued guidance and encouragement.