

YUASA VISION 360 (Long-term Vision)

Taking on the Challenge of Becoming a “TSUNAGU” Service Integrated Shosha Group with an Industry-leading Profit Structure

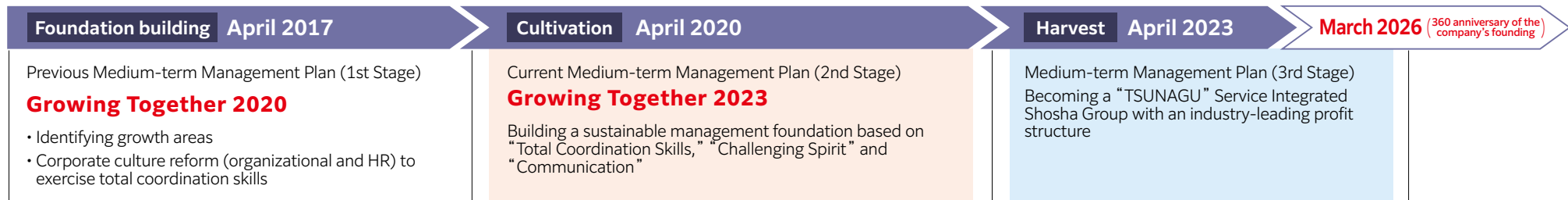
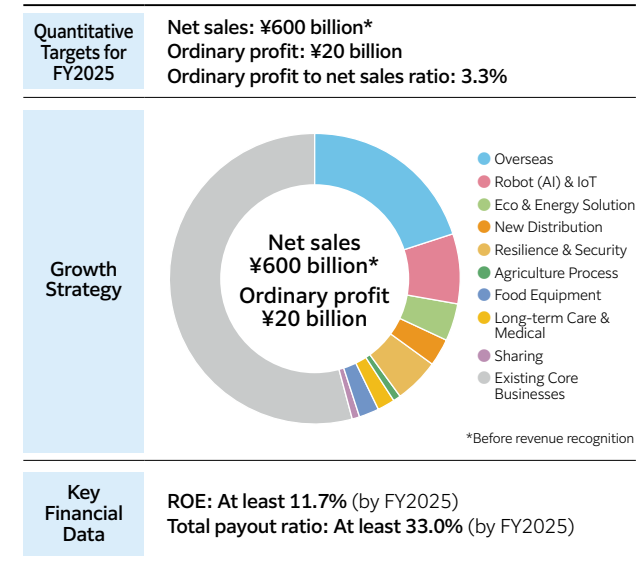
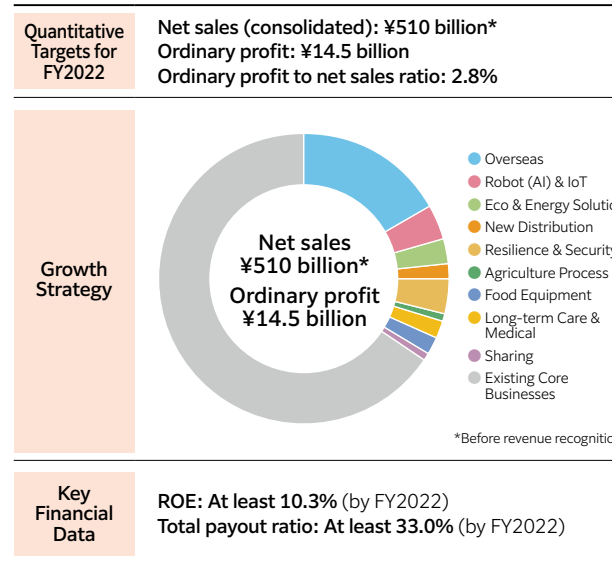
YUASA VISION 360

With the aim of realizing our vision for 2026 (the 360th anniversary of our company’s founding), which is to become a “TSUNAGU” Service Integrated Shosha Group with an industry-leading profit structure, we have formulated the YUASA VISION 360, and we have also been drawing up and implementing three-year Medium-term Management Plan to realize this.

In the second stage of YUASA VISION 360 – “Growing Together 2023,” with 2023 as the target year, we have taken “Total Coordination Skills,” “Challenging Spirit” and “Communication” as keywords, and positioned addressing social issues as our growth strategy. Besides identifying and developing growth businesses, we have also been working to enhance productivity through workstyle reform.

Business Restructuring and Reform for YUASA VISION 360

In the YUASA VISION 360, we are working to expand our growth strategy, with the aim of having growth businesses account for around one-third of total sales by the fiscal year ending March 31, 2023 (FY2022), and around half of total sales by the fiscal year ending March 31, 2026 (FY2025).



Growing Together 2023 (Medium-term Management Plan)

Create a sustainable management foundation through “Total Coordination Skills,” “Challenging Spirit” and “Communication”

Growing Together 2023 – Strategy

1	Growth Business Strategy	<ul style="list-style-type: none"> ● Defining growth businesses as those that help to solve social issues, and putting those businesses on a growth track, with our company-wide innovation promotion organization (the Growing Strategy Division) taking the lead ● In addition to Agriculture and Long-term Care/Medical, entering the Food sector and developing the Sharing business as a new strategy with our sights set on the 3rd Stage 	<div style="border: 1px solid black; padding: 2px; display: inline-block;">P.23~27</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">P.28~30</div>
2	Core Business Strategy	<ul style="list-style-type: none"> ● Strengthening total coordination skills: Promoting “Integrated Product-Service” proposals throughout the Group ● Strengthening engineering functions: Promoting “total orders” in relation to properties through the Integrated Engineering Office ● Enhancing logistics capabilities: Demonstrating the capabilities of the new distribution centers (in Kanto, Chubu, Kansai and Kyushu) ● Strengthening e-commerce functions: Developing a B-to-B-to-U (user) platform ● Strengthening Group functions: Increasing market share and strengthening Group functions through business succession 	<div style="border: 1px solid black; padding: 2px; display: inline-block;">P.17~22</div>
3	Strengthening Management Foundations	<ul style="list-style-type: none"> ● Promoting digital transformation (DX): Strengthening governance and realizing meaningful workstyle reform through DX ● IT and digital investment: Establishing common infrastructure globally and across the Group ● Human resources and organizational reform: Strengthening recruitment of people with a science background, career-track female employees, and international students, and building an organizational culture that inspires innovation 	<div style="border: 1px solid black; padding: 2px; display: inline-block;">P.31</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">P.41</div>

Growth Together 2023 - Targets

Financial KPIs

Item	Plan (FY2022)	Results (FY2021)
Net sales*	¥510 billion	¥480.1 billion
Operating profit	¥13.5 billion	¥11.8 billion
Ordinary profit	¥14.5 billion	¥11.7 billion
Ordinary profit to net sales ratio	2.8%	2.5%
Adjusted net income before tax	¥9.5 billion	¥8.0 billion
ROE	At least 10.3%	8.9%
Total payout ratio	At least 33.0%	33.7%

*Before revenue recognition

Non-financial KPIs

Item	Targets (FY2022)	Results (FY2021)
Female employee ratio in comprehensive work position	5.0%	4.1%
Female employee hiring ratio in comprehensive work position	12.0%	10.4%
Percentage of taking paid leave	60.0%	56.2%
Average hours of labor	1,900 hours	1,977 hours

Relationship between Core Businesses and Growth Strategy

▶ Approach to growth in YUASA VISION 360

Taking advantage of the network and know-how the YUASA TRADING Group has cultivated, we will strengthen our existing core businesses while expanding business in areas where growth is expected as businesses that solve social issues as we aim for business portfolio transformation and growth as a “TSUNAGU” Service Integrated Shosha Group with an industry-leading profit structure.

▶ Positioning of core businesses and growth strategy

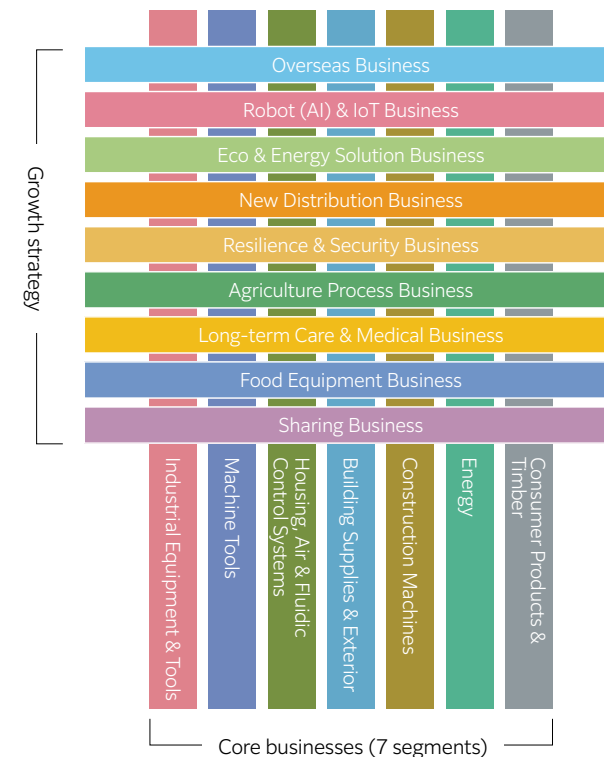
Further Strengthening Core Businesses

Our core businesses are the YUASA TRADING Group’s main business activities related to manufacturing, home building, environment building, and town building and consist of seven segments.

Henceforth, we will further strengthen our core businesses by improving our collective strength and coordination functions and promoting “Integrated Product-Service” proposals throughout the Group.

Solving Social Issues through Growth Strategy

The growth strategy is a Group-wide effort under YUASA VISION 360 and Growing Together 2023 to work on nine areas that have a strong affinity with the core businesses of YUASA TRADING and where future growth is expected as businesses that solve social issues. We will continue working on future expansion of our business areas and change of our business portfolio by proposing new solutions that aim to solve social issues.



▶ Serves as engine to promote the growth businesses “Growing Strategy Division”

In April 2020, the company established the Growing Strategy Division as the organization to promote the Growth businesses across divisions including the Group companies. This organization is comprised of the New Business Development Division, YES (YUASA Environment Solution) Division, New Distribution Business Division, Resilience & Security Office, and Integrated Engineering Office.

It generates new businesses for the future through cross-Group efforts. There are many personnel certified in construction in the Integrated Engineering Office. They are responsible for the Group engineering functions as a group of technicians. The Growing Strategy Division will continue to identify and nurture new businesses for the 3rd stage of YUASA VISION 360.

Growth-oriented Investment and Capital Policy

▶ Growth investments

We have allocated a total of ¥17 billion in growth investments for Growing Together 2023. In the second year of implementation, the fiscal year ended March 31, 2022, we have invested ¥6.0 billion. In the future, we will accelerate investments for the Overseas Business field and for digital transformation (DX) that will lead to further growth.

Growth strategy	Investments (3 years)	Results (2 years)	Investment details (including forecasts)
Overseas Business	¥4.0 billion	—	Strengthening our business locations in Thailand, holding the YUASA Grand Fair in Thailand, implementing M&A, etc.
Robot (AI) & IoT Business	¥4.0 billion	¥1.8 billion	Business and capital alliances with AI startups, robots for use on construction sites, etc.
Eco & Energy Solution Business	Total ¥5.0 billion *Existing Core business investments included	¥3.6 billion	Power purchase agreement (PPAs) project scheme development, etc.
New Distribution Business			EC site Growing Navi function development, etc.
Resilience & Security Business			"TSUNAGU" BCP Package KIZUKI MIRAI Bollard, etc.
Agriculture Process Business			Investments in agriculture robotics companies, development of animal feed mixing machine (Appenki), etc.
Long-term Care & Medical Business			Remote ICU prehab hospital building construction business, etc.
Food Equipment Business			Development of inspection devices for detecting contaminants in beverage, etc.
Sharing Business			Online rental business Platform development, etc.
Core businesses			M&A to strengthen our functional capabilities, and logistics and processing function improvement, etc.
IT (digital) investments			¥4.0 billion
Total	¥17.0 billion	¥6.0 billion	

▶ Capital policy

In the Growing Together 2020 Medium-term Management Plan, as initially planned, the ratio of investments, return to shareholders, and funds for the future investments were around one-third each. In Growing Together 2023, the ratio of investments is to be increased to ¥17.0 billion, or 57%, while the total payout ratio is maintained at at least 33%.

In the plan through FY2025, investments would be 50% while the total payout ratio maintained at at least 33%, as described below.

