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May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: YUASA TRADING CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 8074
 URL: <https://www.yuasa.co.jp/english/index.html>
 Representative: Hiroyuki Tamura, Representative Director, President & CEO
 Inquiries: Hideki Tani, General Manager Finance Dept.
 Telephone: +81-3-6369-1366
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to commence dividend payments: June 5, 2023
 Scheduled date to file annual securities report: June 23, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	504,806	9.1	14,599	22.9	15,382	31.0	10,079	25.1
March 31, 2022	462,725	–	11,880	32.3	11,744	17.3	8,058	16.3

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥9,280 million [85.9%]
 For the fiscal year ended March 31, 2022: ¥4,992 million [(57.4)%]

	Basic earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	466.23	464.11	10.8	5.8	2.9
March 31, 2022	364.54	362.23	8.9	4.7	2.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥(52) million
 For the fiscal year ended March 31, 2022: ¥(1,439) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	271,218	95,240	34.9	4,483.99
March 31, 2022	259,413	92,605	35.5	4,160.75

Reference: Equity

As of March 31, 2023: ¥94,677 million

As of March 31, 2022: ¥91,981 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	8,338	(2,845)	(6,890)	52,395
March 31, 2022	10,213	4,776	(3,553)	53,536

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	–	49.00	–	74.00	123.00	2,742	33.7	3.0
Fiscal year ended March 31, 2023	–	60.00	–	80.00	140.00	3,015	30.0	3.2
Fiscal year ending March 31, 2024 (Forecast)	–	86.00	–	86.00	172.00		30.8	

Notes: 1. Total cash dividends for the fiscal year ended March 31, 2022 include dividends of ¥23 million for the Company's shares owned by the Board Incentive Plan (BIP) Trust.

2. Total cash dividends for the fiscal year ended March 31, 2023 include dividends of ¥23 million for the Company's shares owned by the Board Incentive Plan (BIP) Trust.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	252,000	7.7	5,900	14.9	6,400	12.6	6,300	72.1	300.55
Full year	523,000	3.6	15,400	5.5	16,400	6.6	11,700	16.1	558.17

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	23,155,882 shares
As of March 31, 2022	23,155,882 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	2,041,301 shares
As of March 31, 2022	1,048,982 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	21,620,114 shares
Fiscal year ended March 31, 2022	22,105,484 shares

Note The shares of the Company held by the “Board Incentive Plan (BIP) Trust” are included in the number of treasury shares at the end of the period (171,096 shares as of March 31, 2023 and 188,917 shares as of March 31, 2022). Also, the shares of the Company held by the “Board Incentive Plan (BIP) Trust” are included in treasury shares that are deducted for calculation of the average number of shares outstanding during the period (175,551 shares for the fiscal year ended March 31, 2023 and 190,720 shares for the fiscal year ended March 31, 2022).

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	357,320	9.1	10,536	29.9	13,045	24.7	9,415	44.8
March 31, 2022	327,375	–	8,111	30.1	10,461	18.1	6,504	(5.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2023	435.50	433.53
March 31, 2022	294.25	292.38

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	240,783	78,048	32.3	3,688.60
March 31, 2022	226,864	74,923	32.9	3,378.31

Reference: Equity

As of March 31, 2023: ¥77,883 million

As of March 31, 2022: ¥74,684 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to “1. Overview of Operating Results, (4) Future outlook” on page 6 of the attached material.

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1. Overview of Operating Results

(1) Overview of operating results for the fiscal year ended March 31, 2023

During the fiscal year under review (April 1, 2022 to March 31, 2023), the Japanese economy was on a recovery as economic activities normalized from the COVID-19 pandemic. Nevertheless, the outlook remained uncertain with the prolonged situation in Ukraine, soaring raw material and energy prices, and the depreciation of the yen.

In the industrial field, demand for capital investment has been steady in automobile-related industry, particularly for EV-related products. On the other hand, in semiconductor-related industries, performance was affected by the revision of capital investment plans in the latter half of the period due to a sense of sufficient demand for semiconductors for PCs and smartphones. In the housing and construction field, public works investment and the number of new constructions, mainly condominiums, remained firm.

In overseas countries, although prices of parts and raw materials and personnel expenses increased, the economy continued to recover moderately in the U.S. and Southeast Asian countries including Thailand, Vietnam, and Indonesia. In China, despite the end of the government's zero-COVID policy, economic growth was sluggish.

In operating under these circumstances in the final year of its Midterm Management Plan "Growing Together 2023," which is the second stage of "Yuasa Vision 360," the Yuasa Trading Group implemented various measures under the basic policies of "growth business strategy," "core business strategy," and "strengthening management foundation," aiming to evolve into a "TSUNAGU Service Integrated Shosha Group."

For "growth business strategy," we concentrated on the development and application of new products and services both internally and jointly with other companies, including "concrete compaction management system using MR (Mixed Reality)" for ensuring quality and saving labor (increasing productivity) on construction sites, "risk saver," a disaster risk management system for visualizing supply chain risks, "gatepost with delivery box equipped with V2H (Vehicle to Home) function," which can be used as an emergency power supply during disasters, and "zeroboard construction," a cloud service that enables accurate visualization of CO₂ emissions from construction work sites in real time, and quantity management systems using image recognition for temporary construction materials. We also made proposals for such issues as climate change countermeasures, automation and labor-saving, based on the understanding that growth businesses are businesses that solve social issues.

For "core business strategy," we are strengthening and expanding our AI-based initiatives toward becoming a "TSUNAGU Service Integrated Shosha Group," which enables us to demonstrate our comprehensive strengths in one-stop. We promoted proposal-based sales and marketing aimed at connecting AI with customers' "manufacturing," "home," "environmental," and "community development" sites to enhance the advancement and efficiency of customers' on-site operations.

For "strengthening management foundation," in order to improve shareholder returns and capital efficiency, and to enable the execution of flexible capital policies in response to changes in the business environment, the Company implemented a share buyback program. Furthermore, the Company consolidated Group companies, and decided to acquire land for the construction of a new head office in Minato-ku, Tokyo with the aim of realizing the transformation of the corporate culture through the development of an office environment that can promote comprehensive strengths, challenges and communication and further enhancing corporate value in addition to making the flexible response to changes in the financial and social environments possible.

In our efforts toward "ESG" and "SDGs," based on the Yuasa Trading Group's "Sustainability Declaration," we aim to be carbon neutral across the entire Group by 2030, as well as to actively disclose information related to ESG and climate change, such as CO₂ emissions, to contribute to building a sustainable society through our business activities. As part of these efforts, we launched our environmental preservation activities called "YUASA Tree Planting Project," consisting mainly of mangrove planting activities, and the Company's forest development activities in Japan acquired certification under the J-Credit Scheme.

As a result, Group consolidated net sales for the fiscal year under review were ¥504,806 million (up 9.1% year on year). Operating profit was ¥14,599 million (up 22.9% year on year), ordinary profit was ¥15,382 million (up 31.0% year on year), and profit attributable to owners of parent was ¥10,079 million (up 25.1% year on year).

Taking into consideration the aforementioned operating results as well as the need to strengthen our financial position and increase internal reserves for business expansion, the Board of Directors resolved on May 12, 2023 to pay a year-end ordinary dividend of ¥80 per share for the fiscal year under review. As a result, the annual dividend, including the interim dividend of ¥60 per share paid in December 2022, will be ¥140 per share, resulting in a consolidated shareholder return ratio of 67.0% including the purchase of treasury shares (a total amount of ¥3,741 million in treasury shares purchased during the fiscal year under review).

Results by reportable segment are as follows:

During the fiscal year under review, an absorption-type merger between YUASAQUOBIS CO., LTD. and TOYOSANGYO CO., LTD., the Company's consolidated subsidiaries, in which YUASAQUOBIS CO., LTD. is the surviving company, was conducted. In conjunction with this, the Company has changed the method of classifying the business of TOYOSANGYO CO., LTD., which was previously included in the Building Supplies & Exterior segment, to include it in the Housing Air & Fluidic Control Systems segment. Segment information for the fiscal year ended March 31, 2022 has been prepared based on the segments after the change.

<Industrial Equipment & Tools Division>

In the Industrial Equipment & Tools Division, although the shortage of on-vehicle semiconductors continued to affect some automobile-related industries, plant utilization rates remained firm and sales grew mainly for control-related equipment.

Under these circumstances, we enhanced our inventory and distribution function and strove to expand sales of energy-saving products, which respond to growing interest in carbon neutrality. In addition, as a result of focusing on proposal-based sales and marketing of automation and streamlining of production sites to realize smart factories and new products utilizing local 5G, net sales were ¥77,440 million (up 4.5% year on year).

<Machine Tools Division>

In the Machine Tools Division, sales of motors and other related parts for EVs were strong in automobile-related industries, and labor-saving and energy-saving demand, such as demand for robots, remained firm as there were signs of recovery in industries related to construction machinery, agricultural machinery, and aircraft. Demand for carbon-neutral products also increased due to growing environmental awareness. Overseas, despite the impact of the soaring cost of raw materials, the economy recovered mainly in Southeast Asian countries and large projects for production facilities increased.

Under these circumstances, we focused on sales of products and systems developed by the Company such as "Robo Combo," a robot system using articulated robots, as well as on proposals for switching to unmanned, cost reduction, stable processing, energy-saving promotion to respond to carbon neutrality and plant environment improvement systems by taking advantage of various subsidies, and as a result, net sales were ¥118,515 million (up 15.9% year on year).

<Housing, Air & Fluidic Control Systems Division>

In the Housing, Air & Fluidic Control Systems Division, the number of new owner-occupied housing starts declined, whereas demand for houses built for sale and remodeling remained firm. Sales of housing fixtures for wet areas and pipes/joints products including valves and pumps were also firm, despite delivery delays for some of these products. In addition, demand for energy conservation was strong, and sales of equipment related to air conditioning grew. In the renewable energy field, sales of solar panels and storage batteries were on a firm trend, due to increasing energy costs and increasing demand with a view toward carbon neutrality.

Under these circumstances, as a result of efforts to sell products in the non-residential field such as sales of pipes/joints, air-conditioning equipment, etc. and efforts such as system proposals toward becoming carbon neutral and strengthening engineering capability resulted in net sales of ¥177,915 million (up 8.3% year on year).

<Building Supplies & Exterior Division>

For the Building Supplies & Exterior Division, construction of logistics facilities and condominiums increased, and sales of exterior products and building hardware products remained firm mainly in the Metropolitan area and the Tokai region, while sales of storage sheds and delivery boxes increased due to continued high demand. In addition, public works investment in products related to natural disaster and traffic accident countermeasures remained firm.

Under these circumstances, introduction of aluminum privacy fences that replace concrete fences, which are at risk of tipping over, and efforts to propose and expand sales of resilience products, including bollards with flood sensors, water stop plates, and other equipment, as a measure against damage from flash torrential rains, as well as vehicle number authentication gates for improved security and labor saving, resulted in net sales of ¥51,638 million (up 10.9% year on year).

<Construction Machines Division>

For the Construction Machines Division, public works projects such as infrastructure development and disaster prevention/mitigation work, as well as private sector capital investment, remained firm. Demand for construction machines from rental companies and civil engineering-related commercial products was firm. Nevertheless, continued soaring prices of materials and energy, and shortages of construction skilled workers had an impact.

Under these circumstances, we focused on expanding our lineup with an emphasis on safety measures at construction sites and sales of vehicles for work at height and new import products, such as hydraulic excavators and carrier dump trucks. In addition, we strove to expand our used construction machines auction business, and enhancing container house manufacturing, and construction machines maintenance and rental functions, resulting in net sales of ¥36,533 million (up 9.0% year on year).

<Energy Division>

For the Energy Division, demand recovered as economic activities normalized; however, crude oil prices remained high due to the prolonged situation in Ukraine, and prices of petroleum products such as gasoline and diesel fuels remained high.

Under these circumstances, the gas station retail business, which operates mainly in the Tokai region, worked to strengthen car care services such as car washing, automobile inspections, and coatings. In addition, efforts to strengthen sales of marine fuel in the Keihin area resulted in net sales of ¥19,109 million (up 1.2% year on year).

<Others>

For Others, we worked to expand sales of new seasonal household appliances in the consumer goods business, despite impact from soaring raw material costs and the depreciation of the yen. In the online sales business, we responded to diversifying consumer needs and focused on sales site operation using social media and other channels. In the wood products business, although severe sales conditions persisted as domestic demand was sluggish due to stagnant new housing starts and the progression of the yen depreciation, we worked to develop new suppliers and to develop and expand sales of products utilizing domestic lumber.

As a result, net sales were ¥23,654 million (up 2.1% year on year).

(2) Overview of financial position as of March 31, 2023

(Assets)

As of March 31, 2023, total assets were ¥271,218 million, an increase of ¥11,804 million from the end of the previous fiscal year. This was mainly due to a ¥7,357 million increase in electronically recorded monetary claims - operating and a ¥2,332 million increase in inventories, while cash and deposits decreased by ¥1,295 million.

(Liabilities)

Total liabilities at the end of the fiscal year under review increased by ¥9,169 million from the end of the previous consolidated fiscal year to ¥175,977 million. This was mainly due to increases of ¥5,628 million in electronically recorded obligations - operating, ¥2,811 million in income taxes payable, and ¥2,572 million in notes and accounts payable - trade, whereas deferred tax liabilities decreased by ¥2,421 million.

(Net assets)

Total net assets at the end of the fiscal year under review increased ¥2,635 million from the end of the previous fiscal year to ¥95,240 million. This was mainly due to an increase in retained earnings of ¥7,117 million as a result of recording profit attributable to owners of parent, while there was a decrease of ¥3,609 million from purchase of treasury shares. As a result, the equity-to-asset ratio was 34.9% (35.5% at the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year ended March 31, 2023

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2023 decreased by ¥1,140 million from the end of the previous fiscal year to ¥52,395 million.

The respective cash flow positions for the fiscal year ended March 31, 2023, and the factors thereof are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the fiscal year under review was ¥8,338 million (down ¥1,875 million year on year). This was mainly due to recording profit before income taxes of ¥15,247 million and an increase in trade payables of ¥7,960 million, while recording an increase in trade receivables of ¥6,920 million.

(Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review was ¥2,845 million (up ¥7,622 million year on year). This was primarily due to the recording of purchase of property, plant and equipment of ¥2,361 million.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was ¥6,890 million (up ¥3,337 million year on year). This was primarily due to the recording of purchase of treasury shares of ¥3,741 million and dividends paid of ¥2,962 million.

(Reference) Trends in cash flow indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	37.7	35.5	34.9
Equity ratio on market value basis (%)	29.0	24.7	29.5
Cash flow to interest-bearing liabilities ratio (years)	0.8	0.4	0.4
Interest coverage ratio (times)	6.7	11.4	8.0

Equity Ratio: $\text{Equity} / \text{Total assets}$

Equity ratio on market value basis: $\text{Total market capitalization} / \text{Total assets}$

Cash flow to interest-bearing liabilities ratio: $\text{Interest-bearing debt} / \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{Paid interest}$

Notes: 1. All indicators are calculated based on consolidated financial figures.

2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of shares outstanding (less treasury stock) at the end of the period.

3. Cash flow is the net cash provided by operating activities in the consolidated statement of cash flows.

4. Interest-bearing liabilities are all liabilities on the consolidated balance sheet for which interest is paid. For interest payments, the amount of interest paid in the consolidated statement of cash flows is used.

(4) Future outlook

(i) Outlook for the next fiscal year

Regarding the future economic situation, though normalization of economic activities is expected to progress, the economic environment in both the domestic and global economies is expected to remain uncertain due to the impact of geopolitical risks such as the situation in Ukraine and the impact of soaring energy prices. On the other hand, further expansion is expected in environmental and energy-saving measures to realize a decarbonized society, and progression is expected in automation and labor saving using AI/IoT and robot technologies.

Under such circumstances, the Group started the new “Growing Together 2026” Mid-term Management Plan covering the three years from April 2023 to March 2026, which constitutes the third stage of realizing the “YUASA VISION 360” in anticipation of the 360th anniversary of the Company’s founding in 2026.

We will promote business reform based on “corporate culture reform,” “DX promotion,” and “sustainability promotion,” develop our existing business network in the fields of manufacturing, home, environmental, and community development, and carry out business transformation with the “Market Out” approach in both single item businesses and integrated product-service transactions, enhancing our corporate value.

In order to further advance our management foundation passed down over 350 years, we enacted a “Sustainability Declaration” based on our corporate philosophy and are proactively contributing to the construction of a sustainable society.

(ii) Basic policy on profit distribution and dividends for the current and next fiscal years

The Company’s basic policy is to maintain a dividend policy that balances appropriate and stable dividends in line with business performance as one of our important management issues, with the need to strengthen the Company’s financial position and increase internal reserves based on our growth strategy. Based on this basic policy, we will strive to meet the expectations of our shareholders by implementing a flexible dividend policy, including share buybacks as an effective means of returning profits to shareholders, while taking into consideration trends in the stock price and our financial condition. The Company’s Articles of Incorporation stipulate that matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends from surplus, shall be determined by a resolution of the Board of Directors rather than a resolution of the General Meeting of Shareholders, except as otherwise provided by law.

Based on this basic policy, the Board of Directors has resolved at a meeting held on May 12, 2023 to pay a year-end ordinary dividend of ¥80 per share for the fiscal year under review, taking into consideration the aforementioned business performance and the enhancement of internal reserves necessary to strengthen the Company's financial position and expand its business. As a result, the annual dividend, including the interim dividend of ¥60 per share paid in December 2022, will be ¥140 per share, resulting in a consolidated shareholder return ratio of 67.0% including the purchase of treasury shares (a total amount of ¥3,741 million in treasury shares purchased during the fiscal year under review).

For the next fiscal year, we plan to pay an interim dividend of ¥86 per share and a year-end dividend of ¥86 per share, for an annual dividend of ¥172 per share (consolidated shareholder return ratio of 33% or more and dividend on equity ratio [DOE] of 3.5% or more).

2. Basic policy regarding the selection of accounting standards

For the time being, our group's policy is to prepare consolidated financial statements in accordance with Japanese GAAP, taking into consideration periodic comparability of consolidated financial statements and inter-company comparability.

The Company intends to consider the application of International Financial Reporting Standards (IFRS) in the future, taking into account trends in the ratio of foreign shareholders and the application of IFRS by other domestic competitors in the same industry.

3. Consolidated financial statements and significant notes thereto
(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	53,744	52,448
Notes and accounts receivable - trade, and contract assets	121,531	121,334
Electronically recorded monetary claims - operating	22,799	30,157
Inventories	16,147	18,480
Other	3,420	3,667
Allowance for doubtful accounts	(59)	(89)
Total current assets	217,584	225,997
Non-current assets		
Property, plant and equipment		
Non-current assets for rent	4,967	5,205
Accumulated depreciation	(3,757)	(4,071)
Non-current assets for rent, net	1,209	1,133
Buildings and structures	7,556	7,620
Accumulated depreciation	(4,624)	(4,766)
Buildings and structures, net	2,932	2,853
Machinery and equipment	696	704
Accumulated depreciation	(562)	(571)
Machinery and equipment, net	134	133
Tools, furniture and fixtures	2,476	2,513
Accumulated depreciation	(2,092)	(2,210)
Tools, furniture and fixtures, net	384	302
Land	7,826	7,774
Leased assets	303	407
Accumulated depreciation	(131)	(209)
Leased assets, net	171	198
Construction in progress	9	1,704
Total property, plant and equipment	12,667	14,099
Intangible assets		
Goodwill	2,133	1,369
Other	1,202	1,305
Total intangible assets	3,336	2,675
Investments and other assets		
Investment securities	7,889	8,697
Long term money claims	1,129	1,079
Deferred tax assets	241	879
Retirement benefit asset	12,385	12,788
Other	4,523	5,342
Allowance for doubtful accounts	(343)	(341)
Total investments and other assets	25,826	28,445
Total non-current assets	41,829	45,220
Total assets	259,413	271,218

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,112	98,684
Electronically recorded obligations - operating	45,815	51,443
Short-term borrowings	3,128	3,273
Lease liabilities	79	111
Income taxes payable	2,870	5,682
Provision for bonuses	2,623	2,960
Provision for bonuses for directors (and other officers)	70	77
Other	8,251	8,289
Total current liabilities	158,953	170,523
Non-current liabilities		
Long-term borrowings	581	417
Lease liabilities	129	117
Deferred tax liabilities	2,728	306
Provision for retirement benefits for directors (and other officers)	153	94
Provision for share awards	191	227
Provision for share awards for directors (and other officers)	173	180
Retirement benefit liability	998	1,070
Other	2,898	3,038
Total non-current liabilities	7,854	5,454
Total liabilities	166,808	175,977
Net assets		
Shareholders' equity		
Share capital	20,644	20,644
Capital surplus	6,831	6,837
Retained earnings	60,155	67,273
Treasury shares	(1,692)	(5,301)
Total shareholders' equity	85,938	89,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,798	2,349
Deferred gains or losses on hedges	48	(96)
Foreign currency translation adjustment	46	505
Remeasurements of defined benefit plans	4,149	2,465
Total accumulated other comprehensive income	6,042	5,224
Share acquisition rights	238	165
Non-controlling interests	385	397
Total net assets	92,605	95,240
Total liabilities and net assets	259,413	271,218

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	462,725	504,806
Cost of sales	414,487	452,382
Gross profit	48,237	52,424
Selling, general and administrative expenses	36,356	37,825
Operating profit	11,880	14,599
Non-operating income		
Interest income	1,473	1,578
Dividend income	249	254
Other	533	260
Total non-operating income	2,255	2,094
Non-operating expenses		
Interest expenses	894	1,063
Other	1,497	247
Total non-operating expenses	2,391	1,310
Ordinary profit	11,744	15,382
Extraordinary income		
Gain on sale of non-current assets	140	4
Gain on sale of investment securities	2,163	12
Total extraordinary income	2,304	17
Extraordinary losses		
Loss on sale of non-current assets	1,176	23
Loss on retirement of non-current assets	33	46
Impairment losses	–	66
Loss on sale of investment securities	51	0
Loss on valuation of investment securities	3	4
Loss on valuation of investments in capital	–	3
Loss on liquidation of subsidiaries and associates	54	6
Loss on COVID-19	43	–
Total extraordinary losses	1,363	152
Profit before income taxes	12,685	15,247
Income taxes - current	4,332	7,648
Income taxes - deferred	276	(2,497)
Total income taxes	4,608	5,150
Profit	8,077	10,096
Profit attributable to non-controlling interests	18	16
Profit attributable to owners of parent	8,058	10,079

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	8,077	10,096
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,537)	552
Deferred gains or losses on hedges	28	(144)
Foreign currency translation adjustment	319	459
Remeasurements of defined benefit plans, net of tax	(895)	(1,683)
Total other comprehensive income	(3,084)	(816)
Comprehensive income	4,992	9,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,974	9,261
Comprehensive income attributable to non-controlling interests	18	18

(3) Consolidated statement of changes in equity
Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,644	6,815	54,749	(1,735)	80,474
Changes during period					
Dividends of surplus			(2,652)		(2,652)
Profit attributable to owners of parent			8,058		8,058
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		15		46	61
Net changes in items other than shareholders' equity					
Total changes during period	–	15	5,406	43	5,464
Balance at end of period	20,644	6,831	60,155	(1,692)	85,938

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	4,334	20	(272)	5,044	9,126	272	368	90,242
Changes during period								
Dividends of surplus								(2,652)
Profit attributable to owners of parent								8,058
Purchase of treasury shares								(2)
Disposal of treasury shares								61
Net changes in items other than shareholders' equity	(2,536)	28	319	(895)	(3,084)	(33)	17	(3,101)
Total changes during period	(2,536)	28	319	(895)	(3,084)	(33)	17	2,363
Balance at end of period	1,798	48	46	4,149	6,042	238	385	92,605

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	20,644	6,831	60,155	(1,692)	85,938
Changes during period					
Dividends of surplus			(2,962)		(2,962)
Profit attributable to owners of parent			10,079		10,079
Purchase of treasury shares				(3,741)	(3,741)
Disposal of treasury shares		6		132	138
Net changes in items other than shareholders' equity					
Total changes during period	–	6	7,117	(3,609)	3,514
Balance at end of period	20,644	6,837	67,273	(5,301)	89,453

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,798	48	46	4,149	6,042	238	385	92,605
Changes during period								
Dividends of surplus								(2,962)
Profit attributable to owners of parent								10,079
Purchase of treasury shares								(3,741)
Disposal of treasury shares								138
Net changes in items other than shareholders' equity	551	(144)	458	(1,683)	(818)	(73)	12	(879)
Total changes during period	551	(144)	458	(1,683)	(818)	(73)	12	2,635
Balance at end of period	2,349	(96)	505	2,465	5,224	165	397	95,240

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,685	15,247
Depreciation	1,671	1,544
Amortization of goodwill	777	763
Loss (gain) on sale of non-current assets	1,035	19
Loss on retirement of non-current assets	33	46
Impairment losses	–	66
Loss (gain) on sale of investment securities	(2,111)	(11)
Loss (gain) on valuation of investment securities	3	4
Loss on valuation of investments in capital	–	3
Loss on liquidation of subsidiaries and associates	54	6
Loss on COVID-19	43	–
Decrease (increase) in retirement benefit asset	(1,470)	(2,829)
Increase (decrease) in retirement benefit liability	48	67
Increase (decrease) in allowance for doubtful accounts	(125)	27
Increase (decrease) in provision for bonuses	238	335
Increase (decrease) in provision for bonuses for directors (and other officers)	4	6
Increase (decrease) in provision for share awards	51	36
Increase (decrease) in provision for share awards for directors (and other officers)	46	7
Interest and dividend income	(1,722)	(1,833)
Interest expenses	894	1,063
Decrease (increase) in trade receivables	(17,599)	(6,920)
Decrease (increase) in inventories	(1,355)	(2,064)
Increase (decrease) in trade payables	17,778	7,960
Decrease (increase) in long term money claims	163	49
Other, net	793	(1,131)
Subtotal	11,938	12,467
Interest and dividends received	1,720	1,833
Interest paid	(896)	(1,046)
Income taxes paid	(2,548)	(4,915)
Net cash provided by (used in) operating activities	10,213	8,338

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(64)	(7)
Proceeds from withdrawal of time deposits	488	174
Purchase of property, plant and equipment	(1,104)	(2,361)
Proceeds from sale of property, plant and equipment	2,604	4
Purchase of intangible assets	(243)	(644)
Proceeds from sale of intangible assets	280	83
Purchase of investment securities	(77)	(87)
Proceeds from sale of investment securities	2,899	34
Proceeds from collection of loans receivable	0	27
Other, net	(5)	(67)
Net cash provided by (used in) investing activities	4,776	(2,845)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(525)	56
Repayments of long-term borrowings	(237)	(77)
Repayments of lease liabilities	(74)	(149)
Purchase of treasury shares	(3)	(3,741)
Proceeds from sale of treasury shares	0	–
Dividends paid	(2,652)	(2,962)
Other, net	(61)	(16)
Net cash provided by (used in) financing activities	(3,553)	(6,890)
Effect of exchange rate change on cash and cash equivalents	152	256
Net increase (decrease) in cash and cash equivalents	11,589	(1,140)
Cash and cash equivalents at beginning of period	41,947	53,536
Cash and cash equivalents at end of period	53,536	52,395

(5) Notes to consolidated financial statements

Notes on going concern assumption

No item to report.

Changes in accounting estimates

(Change in number of years for processing cost of differences in actuarial assumptions in accounting treatment related to retirement benefits)

For the number of years for processing cost of differences in actuarial assumptions in accounting treatment related to retirement benefits, previously the Company has processed the gains or losses over 7 years, a set number of years within the average remaining service period of employees. However, since the average remaining period of service has been shortened, the number of years for processing the cost has been changed to 4 years, starting from the fiscal year under review.

As a result, operating profit, ordinary profit and profit before income taxes for the fiscal year under review have each increased ¥1,502 million compared to the former method.

Segment information, etc.

Segment information

1. Overview of reportable segments

The Company's reportable segments are constituent units of the Company for which separate financial information is available and which are subject to regular periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

The Company has established headquarters and business divisions classified by the type and nature of products handled, and the headquarters and business divisions formulate comprehensive domestic and overseas strategies for the products and services they handle and develop business activities

Accordingly, the Company is composed of segments classified by similarities in the types and nature of products handled based on the headquarters and business divisions, and is classified into the following reportable segments.

- (i) Industrial Equipment & Tools: Sales of tools, industrial equipment and materials, control equipment, and logistics equipment
- (ii) Machine Tools: Sales of industrial machinery and equipment
- (iii) Housing, Air & Fluidic Control Systems: Sales of pipe materials, air conditioning equipment, housing fixtures, housing equipment, design supervision and contracting of construction work, residential land and building transactions
- (iv) Building Supplies & Exterior: Sales of building materials, landscapes, exteriors, civil engineering materials, etc., design supervision and contracting of exterior material installation work
- (v) Construction Machines: Sales of construction machinery and materials, leasing and rental, manufacturing and sales of assembly-type temporary houses (container houses)
- (vi) Energy: Sales of petroleum products

During the fiscal year under review, an absorption-type merger between YUASAQUOBIS CO., LTD. and TOYOSANGYO CO., LTD., the Company's consolidated subsidiaries, in which YUASAQUOBIS CO., LTD. is the surviving company, was conducted. In conjunction with this, the Company has changed the method of classifying the business of TOYOSANGYO CO., LTD., which was previously included in the Building Supplies & Exterior segment, to include it in the Housing Air & Fluidic Control Systems segment. Segment information for the previous fiscal year has been prepared based on the segments after the change.

2. Explanation of measurements of the amount of net sales, profit/loss, assets, liabilities and other items for each reportable segment

The accounting methods for reported business segments are in accordance with the accounting policies used to prepare the consolidated financial statements.

Reportable segment profit is based on operating profit.

Inter-segment revenues and transfers are based on prevailing market prices.

3. Information on the amount of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments							Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated statement of income (Note 3)
	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Total				
Net sales											
Sales to external customers	74,115	102,258	164,212	46,560	33,528	18,888	439,563	23,161	462,725	–	462,725
Intersegment sales or transfers	13,058	4,337	8,214	5,219	4,524	32	35,387	319	35,707	(35,707)	–
Total	87,173	106,596	172,427	51,780	38,053	18,920	474,951	23,481	498,433	(35,707)	462,725
Segment profit	1,824	4,354	5,771	1,810	846	280	14,888	156	15,044	(3,163)	11,880
Segment assets	36,554	47,695	67,477	20,138	23,161	4,542	199,570	12,038	211,609	47,804	259,413
Other items											
Depreciation	207	158	370	99	588	31	1,455	63	1,519	151	1,671
Increase in property, plant and equipment and intangible assets (Note 4)	95	117	436	58	649	23	1,381	(0)	1,381	87	1,469

- Notes: 1. The classification “Others” is a segment of business not included in the reportable segments and includes businesses selling lifestyle-related products and wood products.
2. The adjustment of the segment profit of negative ¥3,163 million represents mainly costs related to the administration division of the Company that has not been attributed to a reportable segment.
3. Total segment profit is adjusted to operating profit as recorded on the consolidated statement of income.
4. Increase in property, plant and equipment and intangible assets includes increase in long-term prepaid expenses.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments							Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated statement of income (Note 3)
	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Total				
Net sales											
Sales to external customers	77,440	118,515	177,915	51,638	36,533	19,109	481,152	23,654	504,806	–	504,806
Intersegment sales or transfers	13,802	5,191	8,947	5,334	4,705	42	38,025	345	38,371	(38,371)	–
Total	91,243	123,706	186,863	56,973	41,238	19,152	519,177	24,000	543,178	(38,371)	504,806
Segment profit	2,161	5,755	6,348	2,385	1,212	222	18,085	101	18,187	(3,588)	14,599
Segment assets	37,841	52,844	71,510	20,452	24,446	4,404	211,498	10,519	222,018	49,199	271,218
Other items											
Depreciation	160	208	291	59	577	70	1,367	82	1,450	94	1,544
Increase in property, plant and equipment and intangible assets (Note 4)	401	520	819	303	688	89	2,823	16	2,839	465	3,305

- Notes: 1. The classification “Others” is a segment of business not included in the reportable segments and includes businesses selling lifestyle-related products and wood products.
2. The adjustment of the segment profit of negative ¥3,588 million represents mainly costs related to the administration division of the Company that has not been attributed to a reportable segment.
3. Total segment profit is adjusted to operating profit as recorded on the consolidated statement of income.
4. Increase in property, plant and equipment and intangible assets includes increase in long-term prepaid expenses.

Information about impairment loss on non-current assets by reportable segment

Fiscal year ended March 31, 2022

No item to report.

Fiscal year ended March 31, 2023

(Millions of yen)

	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Others	Unallocated amounts	Total
Impairment losses	-	-	-	-	-	66	-	-	66

Information about amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Others	Unallocated amounts	Total
amortization during period	135	-	383	-	257	-	-	-	777
balance at end of period	498	-	880	-	753	-	-	-	2,133

Fiscal year ended March 31, 2023

(Millions of yen)

	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Others	Unallocated amounts	Total
amortization during period	135	-	370	-	257	-	-	-	763
balance at end of period	362	-	510	-	496	-	-	-	1,369

Per share information

(Yen)

Items	As of/fiscal year ended March 31, 2022	As of/fiscal year ended March 31, 2023
Net assets per share	4,160.75	4,483.99
Basic earnings per share	364.54	466.23
Diluted earnings per share	362.23	464.11

Note: Basis of calculation

(1) Net assets per share

Items	As of March 31, 2022	As of March 31, 2023
Total net assets (Millions of yen)	92,605	95,240
Amounts deducted from total net assets (Millions of yen)	624	562
[Of which share acquisition rights (Millions of yen)]	[238]	[165]
[Of which non-controlling interests (Millions of yen)]	[385]	[397]
Net assets related to common stock at end of period (Millions of yen)	91,981	94,677
Number of shares of common stock issued and outstanding at end of period (Thousands of shares)	23,155	23,155
Number of shares of common stock held as treasury shares at end of period (Thousands of shares)	1,048	2,041
Number of shares of common stock at the year-end used in calculation of net assets per share (Thousands of shares)	22,106	21,114

Note: In the calculation of net assets per share, the Company's shares held by the BIP trust for executive compensation (171 thousand shares at the end of the fiscal year under review and 188 thousand shares at the end of the previous fiscal year) are included in the number of treasury stock deducted from the total number of shares outstanding at the end of the period.

(2) Basic earnings per share and diluted earnings per share

Items	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	8,058	10,079
Profit (loss) not attributable to common shareholders (Millions of yen)	–	–
Profit related to common stock attributable to owners of parent (Millions of yen)	8,058	10,079
Average number of shares during the period (Thousands of shares)	22,105	21,620
Diluted earnings per share		
profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of shares of common stock (Thousands of shares)	141	98
[of which stock acquisition rights (thousands of shares)]	[141]	[98]
Summary of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	–	–

Note: In the calculation of earnings per share and diluted earnings per share, the Company's shares held by the BIP trust for executive compensation (175 thousand shares in the fiscal year under review and 190 thousand shares in the previous fiscal year) are included in the number of treasury stock deducted in the calculation of average number of shares during the fiscal year.

Significant events after reporting period

(Recording of gain on return of retirement benefit trust)

The Company has established a retirement benefit trust for the purpose of providing for future retirement benefits. However, the retirement benefit trust assets are significantly overfunded in relation to the retirement benefit obligations, and this situation is expected to continue in the future, so the Company received a partial return of the retirement benefit trust.

1. Date of partial termination of retirement benefit trust

April 10, 2023

2. Return amount

¥12,561 million

3. Impact on profit and loss

A gain on return of retirement benefit trust of ¥3,255 million will be recorded as extraordinary income for the first three months of the fiscal year ending March 31, 2024.

(Acquisition of non-current assets)

The Company acquired non-current assets (land) on April 12, 2023 based on a resolution of the Board of Directors.

1. Reason for acquisition

To build the new head office in anticipation of further business expansion of the Group.

2. Details of acquired assets

(1) Type of non-current assets

Land

(2) Location

9, Shimbashi 5-chome, Minato-ku, Tokyo (lot number)

(3) Area

1,759.87 m²

(4) Acquisition price

¥29,500 million

(5) Contract execution date

December 21, 2022

(6) Property transfer date

April 12, 2023

(Cancellation of treasury shares)

The Company resolved to cancel treasury shares as follows, pursuant to Article 178 of the Companies Act, at the Board of Directors meeting held on May 12, 2023.

(1) Reason for cancellation

To further enhance capital efficiency and share value through the reduction of the total number of issued shares.

(2) Type of shares to be cancelled

Common shares of the Company

(3) Number of shares to be cancelled

1,055,882 shares (4.56% of the total number of issued shares prior to cancellation)

(4) Total number of issued shares after the cancellation

22,100,000 shares

(5) Scheduled date of cancellation

May 31, 2023

4. Other

Changes in Directors and Audit & Supervisory Board Members (effective June 23, 2023)

(i) New candidate for election as Director

Director	Takaomi Omura (currently, Senior Executive Officer, Chief General Manager of Construction Market Headquarters)
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Outside Director	Yoshiro Hirai (Representative Director, Open Working, Inc. (incumbent))
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Outside Director	Miki Mitsunari (President, FINEV, Inc. (incumbent) Director, Japan Accreditation Board (incumbent) Board Director, YAMADA HOLDINGS CO., LTD. (incumbent) Board Director, Solasto Corporation (incumbent))
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(ii) New candidate for Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member	Chinami Kajo (partner, Athena Law Office (incumbent))
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(iii) Retiring Director

Director	Naomi Nakayama
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Outside Director	Keiko Toya
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(iv) Retiring Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member	Susumu Tsuruta
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<Reference>

Executive Structure as of June 23, 2023 (tentative)

(Director)

Representative Director, President & CEO	In charge of Overseas Business Development	Hiroyuki Tamura
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Representative Director, Senior Managing Director	Supervisory Manager of Management Administration, In Charge of Regional Groups Committee Chairperson of Export Administration Department, Ethics and Compliance Committee Internal Control Committee	Haruo Sanoki
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Senior Managing Director	Supervisory Manager of Sales Division Chief General Manager, Living Environment Market Headquarters Chairperson, Representative Director, YUASA PRIMUS CO., LTD. (part time)	Kenichi Tanaka
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Director	Chief General Manager of Industrial Market Headquarters	Mamoru Hamayasu
	Chairperson, Director, KOKKO CO., LTD. (part time)	
	Chairperson, Representative Director, YUASA NEOTEC CO., LTD. (part time)	
Director	Chief General Manager of Construction Market Headquarters	Takaomi Omura (New Candidate)
	Director, YUASA LUMBER CO., LTD. (part time)	
	Director, FUJI QUALITY HOUSE CO., LTD. (part time)	
	Director, YUASA NENRYO CO., LTD. (part time)	
Outside Director		Shinzo Maeda
Outside Director		Kyosuke Kimura
Outside Director		Yoshiro Hirai (New Candidate)
Outside Director		Miki Mitsunari (New Candidate)

(Note) Directors, excluding Outside Directors, will concurrently serve as executive officers.

(Audit & Supervisory Board Member)

Audit & Supervisory Board Member (full-time)		Yoshiyuki Furumoto
Audit & Supervisory Board Member (full-time)		Takeshi Maeda
Outside Audit & Supervisory Board Member		Mitsuhiro Honda
Outside Audit & Supervisory Board Member		Chinami Kajo (New Candidate)