



YUASA TRADING CO., LTD.

(Security identifier code:8074)



Service Integrated Shosha Group

Financial results briefing for the Fiscal Year Ending March 2023

May 17, 2023
Hiroyuki Tamura, President and CEO

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Summary of the Financial Results for the Fiscal Year Ended March 31, 2023

Consolidated Income Statement

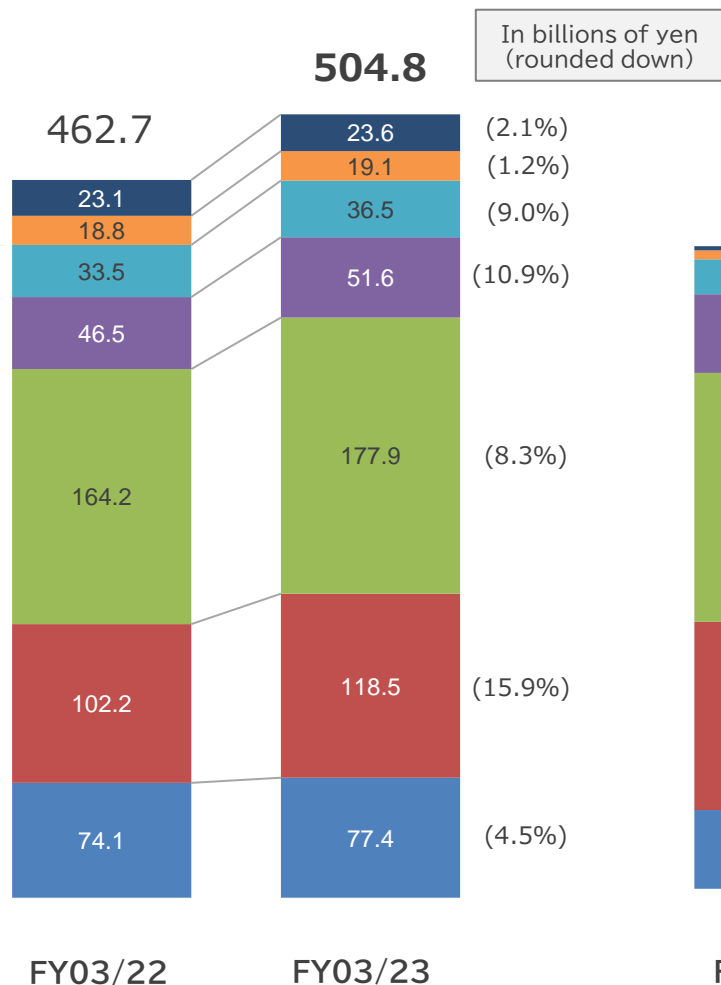
In billions of yen (rounded down)

	FY2021/3	FY2022/3	Change	Full-year forecast (Disclosed figures)	Comparison with plan
Net sales	462.7	504.8	+9.1%	490.0	+3.0%
Gross profit (percentage)	48.2 (10.42%)	52.4 (10.39%)	+8.7%		
Selling, general and administrative expenses	36.3	37.8	+4.0%		
Operating income (percentage)	11.8 (2.57%)	14.5 (2.89%)	+22.9%	13.5 (2.8%)	+8.1%
Ordinary income (percentage)	11.7 (2.54%)	15.3 (3.05%)	+31.0%	14.5 (3.0%)	+6.1%
Profit attributable to owners of parent	8.0	10.0	+25.1%	9.5	+6.1%

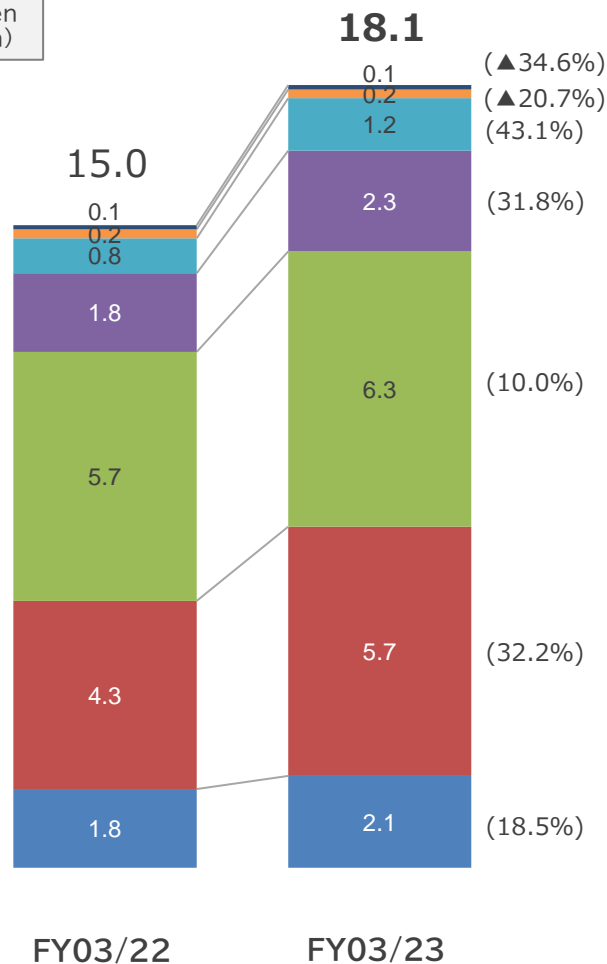
*Figures are after the application of the new revenue recognition standards.

Sales and Ordinary income by Segment

Sales



Ordinary income



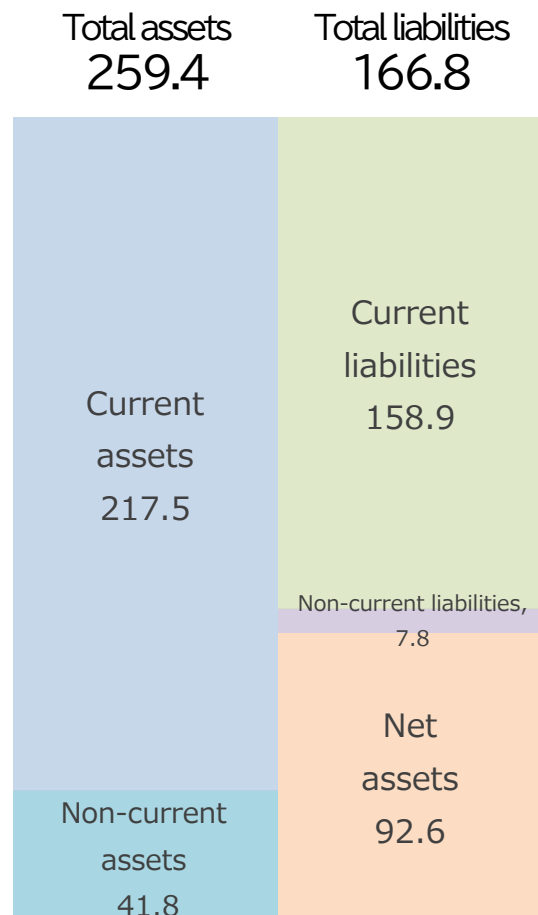
Main factors of change

- Industrial Equipment & Tools**
 Plant utilization rates remained firm and sales grew mainly for control-related equipment.
- Machine Tools**
 (Domestic): Sales of motors and other related parts for EVs were strong in automobile related industries.
 (Overseas): Large projects for production facilities increased.
- Housing, Air & Fluidic Control Systems**
 Sales of housing fixtures for wet areas and pipes/joints products including valves and pumps were also firm.
- Building Supplies & Exterior**
 construction of logistics facilities and condominiums increased, and sales of exterior products and building hardware products remained firm.
- Construction Machines**
 Public works projects such as infrastructure development and disaster prevention/mitigation work remained firm.
- Energy**
 crude oil prices crude oil prices remained high remained high. The gas station retail business worked to strengthen car care services, automobile inspections, and coatings.
- Other**
 (Consumer goods): Expand sales of new seasonal household appliances.
 (Wood products): develop new suppliers and to develop and expand sales of products utilizing domestic lumber.

* Figures are after the application of the new revenue recognition standards.
 * The rates in () are change.

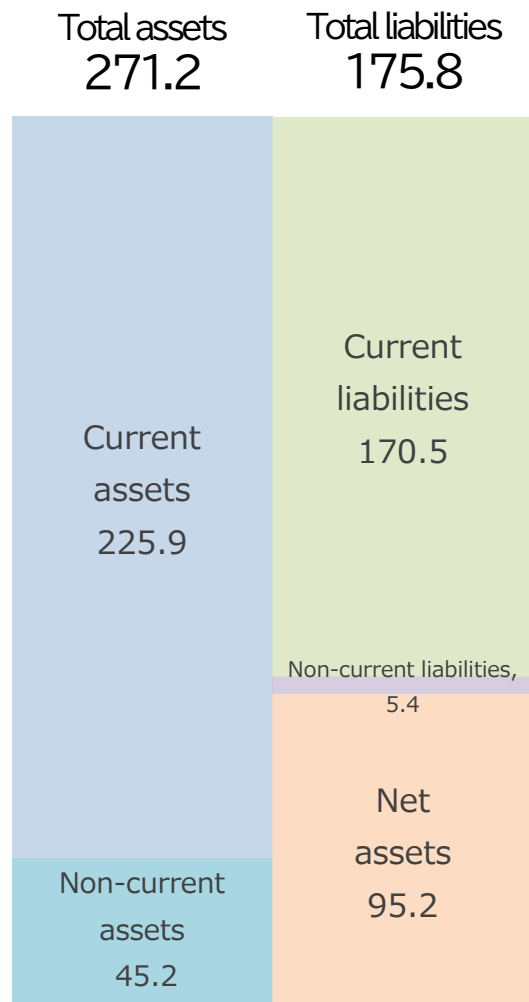
Consolidated Balance Sheet

Unit: billion yen
(smaller amounts are
rounded down)



End of FY ended March 31,
2022

Equity ratio:35.5%



End of FY ended March 31,
2023

Equity ratio:34.9%

«Main factors of change»

Current assets	+8.4
Trade receivables	+7.1
Inventories	+2.3
Non-current assets	+3.3
Current liabilities	+11.5
Trade payables	+8.2
Income taxes payable	+2.8
Non-current liabilities	Δ2.4
Deferred tax liabilities	Δ2.4
Net assets	+2.6
Retained earnings	+7.1
Treasury stock	Δ3.6

Consolidated cash flow

In billions of yen (rounded down)

Item	FY03/21	FY03/22	Main factors
	Full-year results	Full-year results	
Net cash provided by (△used in) operating activities	10.2	8.3	Profit before income taxes: +2.5 Income from increase in trade receivables: △1.0 Income from increase in accounts payable: +9.8 Income tax payment: △2.3
Net cash provided by (△used in) investing activities	4.7	△2.8	Acquisition cost of property, plant and equipment: △1.2 Proceeds from sales of property, plant and equipment: △2.6 Revenue from sales of investment securities: △2.8
Net cash provided by (△used in) financing activities	△3.5	△6.8	Acquisition cost of treasury stock: △3.7 Dividend payment amount: △0.3 Short-term borrowing: +0.5
Net increase (△decrease) in cash and cash equivalents	11.5	△1.1	
Cash and cash equivalents at the end of period	53.5	52.3	

2

Review of Med-Term Management Plan “Growing Together 2023”

Positioning of YUASA VISION 360 and Growing Together 2026

Aiming to enhance corporate value from the dual aspects of economic value and social/environmental value

Enhance corporate value

- Maximize corporate value from the dual aspects of economic (financial) value and social/environmental (non-financial) value

Realize CX*

- Corporate group where “TSUNAGU” innovation is the norm
*CX: Corporate Transformation

YUASA VISION 360
[360th anniversary vision]

- | Stage | Plan |
|-----------|---|
| 3rd stage | Medium-Term Management Plan
04/2023 – 03/2026
Growing Together 2026 |
| 2nd stage | Medium-Term Management Plan
04/2020 – 03/2023
Growing Together 2023 |
| 1st stage | Medium-Term Management Plan
04/2017 – 03/2020
Growing Together 2020 |
- Promote proposal business to enhance corporate value
 - Harvest stage for achievement of YUASA VISION 360
 - Connect to transformation into the ideal corporate group in 2026 (360th anniversary) and beyond

Management philosophy

- Honesty and Trust, Enterprise and Innovation, Regard for the Individual

Review of Financial Targets

- Net sales and ordinary profit both achieved revised targets for the final year (FY03/2023)
- Investment in growth strategy and core business was JPY5.6bn against investment budget of JPY13.0bn due to impact of COVID-19
- Achieved shareholder return ratio target of 33+%, including through share repurchases

FY03/2023

Net sales/ordinary profit

Net sales Target **JPY490.0bn**
Actual **JPY504.8bn**
Ordinary profit Target **JPY14.5bn**
Actual **JPY15.3bn**

*Net sales is after the application of the revenue recognition standard.

Investment in growth strategy and core business

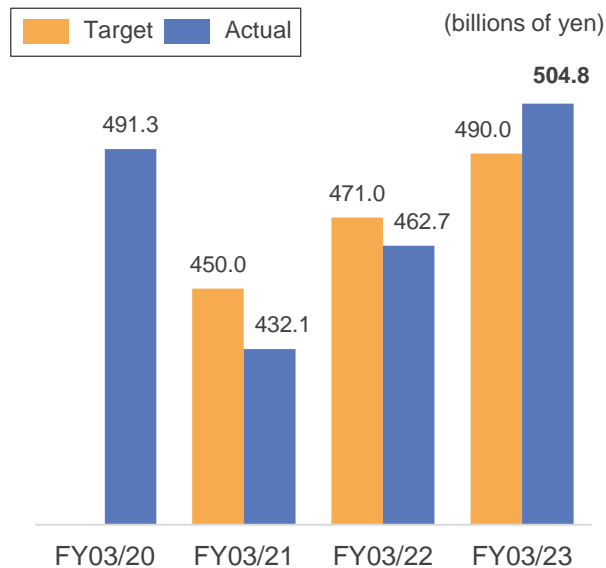
Investment budget Target **JPY13.0bn**
Actual **JPY5.6bn**

Shareholder return ratio(*)

Shareholder return ratio Target **33+%**
Actual **67%**

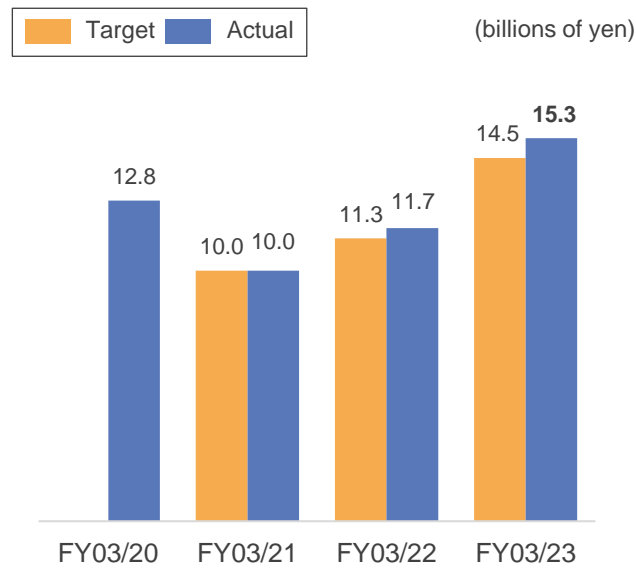
*Includes dividends and share repurchases

Net Sales

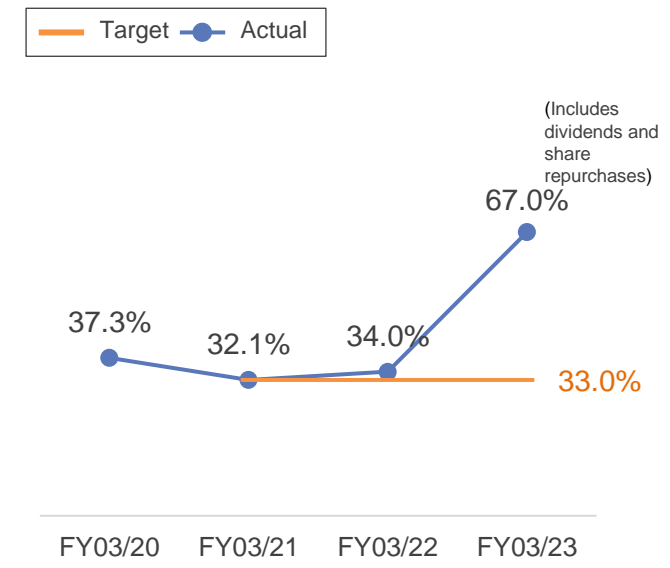


*Net sales is after application of revenue recognition standard

Ordinary Profit



Shareholder Return Ratio



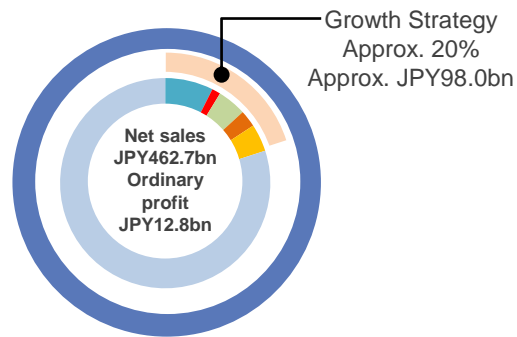
(Includes dividends and share repurchases)

Basic Policy Implementation Status

- Sales composition of growth strategy areas grew to approximately 25% owing to expanded Eco & Energy Solutions and other businesses
- Promoted proposals of “TSUNAGU” solutions to social issues
- Promoted building of sustainable management foundations by taking “Total Coordination Skills, “Challenging Spirit,” and “Communication” as keywords

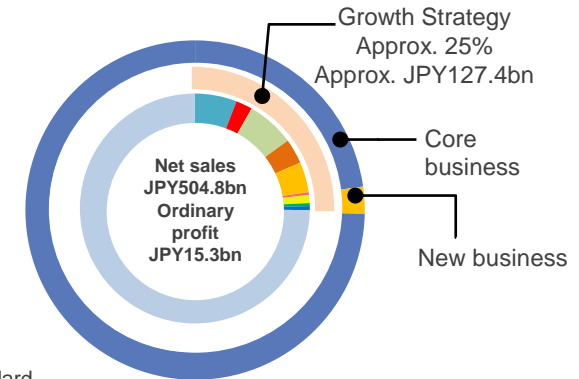
1st Stage

Growing Together 2020

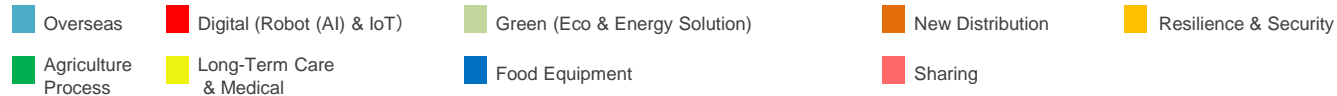


2nd Stage

Growing Together 2023



*Net sales figures are after the application of the revenue recognition standard.












Basic Policy	Key Initiatives
Identify and reinforce growth businesses	<ul style="list-style-type: none"> ● Strengthened sales to local companies in overseas business ● Concluded capital and business alliance with connectome.design (AI consultant)
Strengthen core business functions	<ul style="list-style-type: none"> ● Strengthened interdepartmental cooperation by implementing a regional block system ● Started operation of Growing Navi e-commerce platform
Strengthen management foundation	<ul style="list-style-type: none"> ● Fostered a corporate culture of challenge (implemented internal FA system, internal recruitment system, and challenging project system)

Basic Policy	Key Initiatives
Promote growth strategy	<ul style="list-style-type: none"> ● Rolled out “TSUNAGU” solutions to solve social issues ● Launched full-scale operation of carbon-neutrality promotion business in environmental area
Strengthen core business	<ul style="list-style-type: none"> ● Established cross-departmental organization (Growing Strategy Division) to demonstrate total coordination skills ● M&A achievements: Nakagawa Kinzoku (industrial equipment), Maruken Service (construction machinery)
Strengthen management foundation	<ul style="list-style-type: none"> ● Launched project for promotion of DX ● Started initiatives for announcing and realizing Sustainability Declaration

Summary of Growth Strategy

- Growth strategy areas in total grew by approximately 20% compared to FY20/3, propelling Group-wide results as a growth driver
(All monetary amounts are in billions of yen)

Growth Strategy	FY03/20 Actual	FY03/23 Target	FY03/23 Actual	Growth from FY20/3	Summary	
 Overseas Business	36.4	74.0	29.8	(18.1)%	×	<ul style="list-style-type: none"> Sales and investment activities were restricted due to impact of COVID-19 Launched new business expansion with focus on making Thailand local subsidiary an integrated entity
 Eco & Energy Solution Business	21.9	28.0	34.0	55.3%	◎	<ul style="list-style-type: none"> Carbon-neutrality proposals through use of YES-net Promoted sales that combined solar power generation, storage batteries, and V2H Promoted JCM (Joint Crediting Mechanism) proposals
 Robot (AI) & IoT Business	6.5	17.0	11.7	80.0%	○	<ul style="list-style-type: none"> Promoted AI solutions with connectome.design Developed original robot products such as “Robo Combo” robot system
 Resilience & Security Business	20.8	33.0	21.5	3.4%	○	<ul style="list-style-type: none"> Promoted development of “TSUNAGU” solution products (aluminum privacy fence “YACHIBEI”, flooding detection system “KIZUKI MIRAI”)
 New Distribution Business	12.7	19.0	17.7	39.4%	○	<ul style="list-style-type: none"> Expanded e-commerce transactions on Growing Navi site Enhanced products posted on Growing Navi site
 Long-Term Care & Medical Business	5.2	8.0	5.8	11.5%	○	<ul style="list-style-type: none"> Promoted proposals for measures to combat infectious disease targeting long-term care and medical facilities Rolled out remote pre-fabricated ICU wards for developing countries
 Food Equipment Business	-	8.0	2.9	-	-	<ul style="list-style-type: none"> Concentrated efforts on original products through FOOMA, etc., but fell short of target. [Original product development] Device for detecting contaminants in beverages, rewritable laser system, etc.
 Agriculture Process Business	1.9	5.0	2.1	10.5%	○	<ul style="list-style-type: none"> Promoted proposals for original animal feed mixing machine (Appenki) Promoted development of transportation system for harvesting work Promoted proposals for UV-B fluorescent lamps for immuno-stimulation of crops
 Sharing Business	-	5.0	1.9	-	-	<ul style="list-style-type: none"> No progress in event rental business due to impact of COVID-19 Launched agricultural equipment and operator sharing business Launched online rental business “Kariru Net”
Growth Strategy Total	105.4	197.0	127.4	20.9%	○	

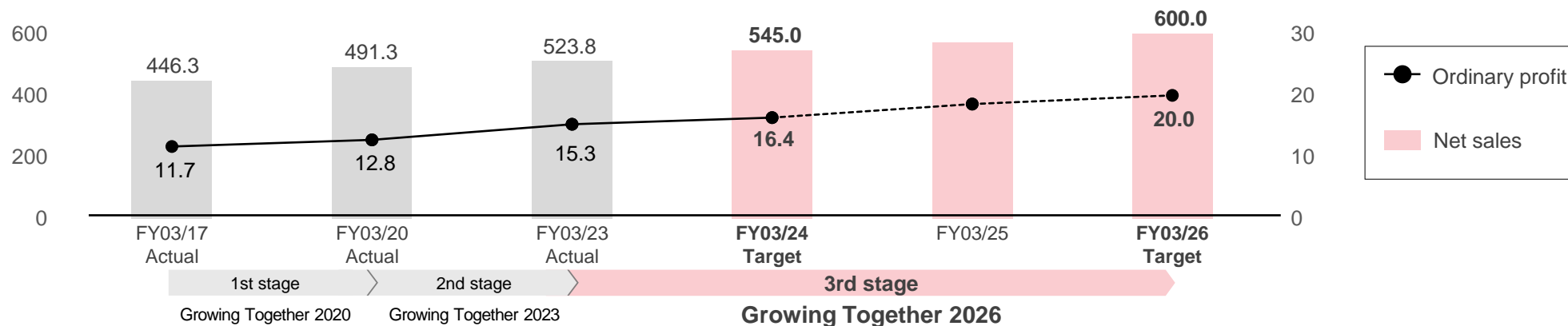
3

New Med-Term Management Plan “Growing Together 2026”

Numeric Targets for Growing Together 2026

- In the 3rd stage of YUASA VISION 360, we will aim to achieve JPY 600.0 billion in consolidated net sales and JPY 20.0 billion in consolidated ordinary profit.
- We will promote the proposal business to enhance corporate value.

Net Sales and Ordinary Profits (in billions of yen) *Net sales figures are prior to the application of the revenue recognition standard.

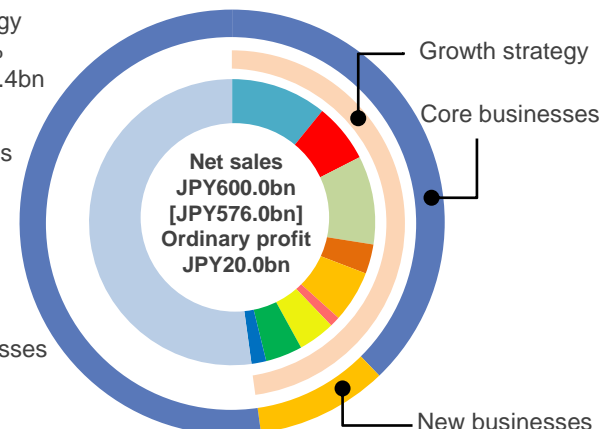
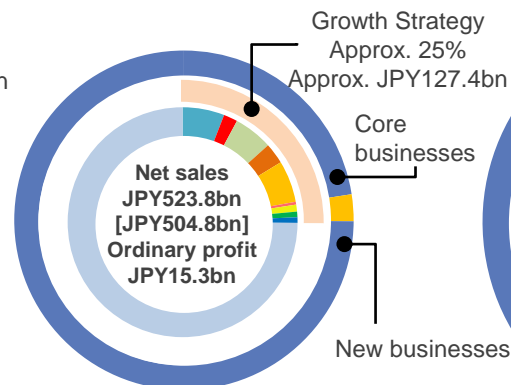
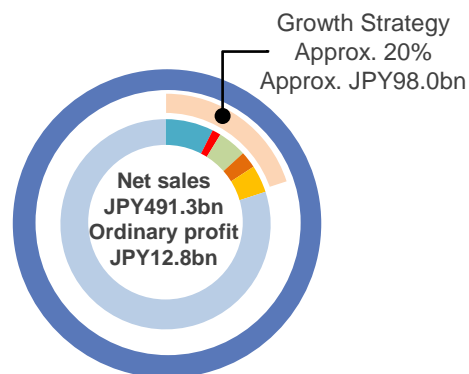


YUASA VISION 360 Business size and growth strategy * Figures in [] show net sales after the application of the revenue recognition standard.

Growing Together 2020
FY03/20 Actual

Growing Together 2023
FY03/23 Actual

Growing Together 2026
FY03/26 Target



Growth strategy for business expansion

Core businesses

Areas of particular focus for business expansion



New businesses

Businesses that actively roll out products and services cultivated by existing businesses



Changes in Market

Timeline 

Product Out

Products are developed, produced, and sold using ideas from the supplier side, such as the technologies, technological capabilities, and manufacturing facilities held by the individual manufacturers.

- Mass production and mass consumption
- Products are devised from suppliers' ideas rather than buyers' needs.
- Information is delivered unilaterally from companies to consumers.

Market In

Manufacturers adopt buyers' standpoint and develop and supply goods and services that buyers need, based on users' needs and opinions.

- Propose answers.
- Consumers can be more proactive, and the relationship between companies and consumers changes interactively.
- Make good products.

Market Out

Consumers and society communicate about what they truly need. The Company builds businesses and plans, develops, and supplies goods and services based on its understanding of those needs.

- The value of goods and services lies in their true essence.
- Goods and services that suit oneself
- Circular economy and carbon neutrality
- "Empathy" of consumers is key

Issues carried over from previous Medium-Term Management Plan

- Enhance profitability of existing businesses
- Further promote growth strategy
- Distinguish between what should and should not be changed and implement measures for each
- Strengthen Group-wide initiatives with "total coordination skills," "challenging spirit," and "communication"
- Establish a system for accumulation and utilization of data for use in strategy building, and develop DX personnel
- Promote sustainability management



Issue awareness

Business transformation with Market Out approach

- Enhance profitability by promoting proposals for TSUNAGU (Connect) solutions to social issues
- Create new markets and promote growth strategy
- Create and extend markets with existing business networks
- Strengthen business foundation, reform corporate culture, and promote sustainability to realize transformation

Basic Policy and Outline of Growing Together 2026

Basic policy

In areas of manufacturing, housing environment, infrastructure, and construction, we work to solve social issues through TSUNAGU (Connect) innovation together with our business partners, creating new markets and extending them in Japan and overseas for the enhancement of corporate value.

Outline

- Proceed with business transformation based on corporate culture reform, DX promotion and sustainability promotion, for the realization of the basic policy.
- Pass on our corporate philosophy and further extend and evolve it toward our 400th anniversary.



Corporate Philosophy

Honesty and Trust

YUASA TRADING Group has contributed to the further development of prosperous, humanitarian societies by valuing mutually beneficial, symbiotic relationships in all countries and regions of the world, with a focus on maintaining harmony with the global environment.

The Group has also striven to establish itself as a trusted and well-recognized company by conducting fair and sound activities with an integrity based on our awareness and understanding of racial, religious, cultural, behavioral and regulatory diversity throughout the world.

Enterprise and Innovation

YUASA TRADING Group properly assesses the scope of its business flexibly and in response to social needs, with the aim of forming a group of advanced, innovation-oriented companies.

With its lean and rational structure, the Group also seeks to provide a high level of customer satisfaction by introducing outstanding technologies and products and developing systems and services through its highly specialized divisions and the Group companies.

Regard for the Individual

In addition to respecting employee individuality and rights, YUASA TRADING Group pursues entrepreneurial spirit and revolutionary ideas and focuses on shaping the workplace environment based on the organization and rules founded on concepts of mutual trust and a mindset of collaboration.

Employees clarify their own goals and responsibilities, pursue outcomes, and divide management roles by exercising creativity in business activities. The company distributes the results and responds to employee contributions based on the results of activities.

Business Transformation (Overview)

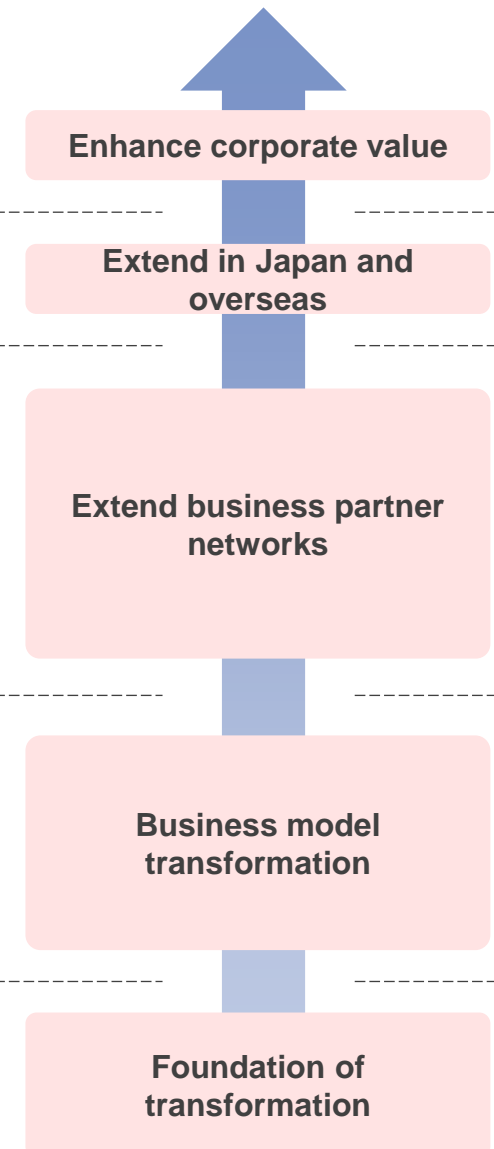
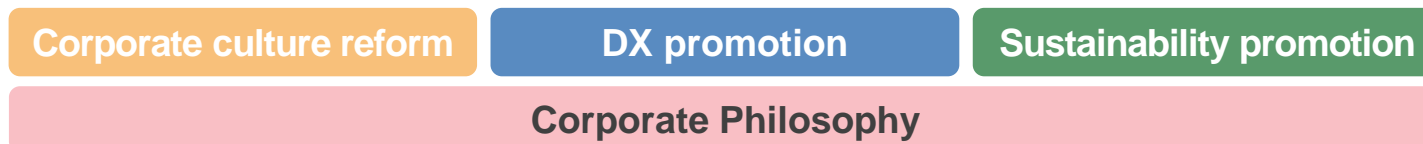
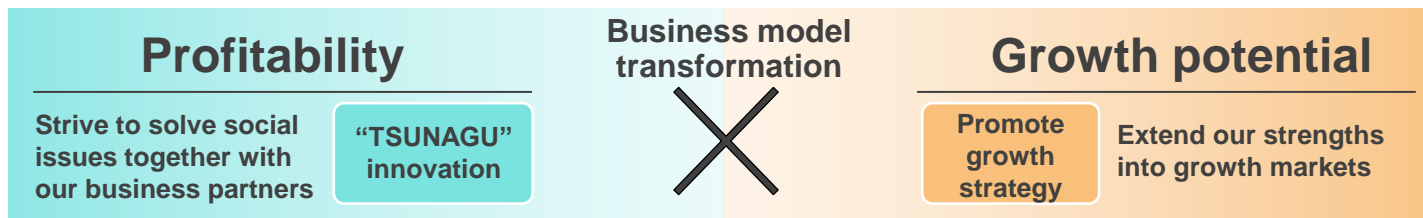
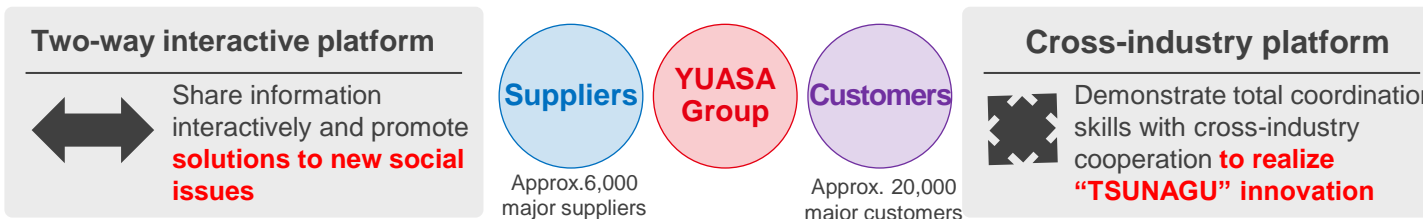
We will expand our existing businesses and growth strategy in Japan and overseas by transforming our business model and extending our existing business networks.

Conceptual image of business transformation

Enhancement of corporate value = **Achieving Growing Together 2026**

We will extend our business in the areas of manufacturing, housing environment, infrastructure, and construction in Japan and overseas markets.

Extend and expand existing business partner networks



Business Transformation (Shift to More Profitable Business Model)

We will strive to solve social issues with “TSUNAGU” innovation together with our business partners and to form more profitable businesses.

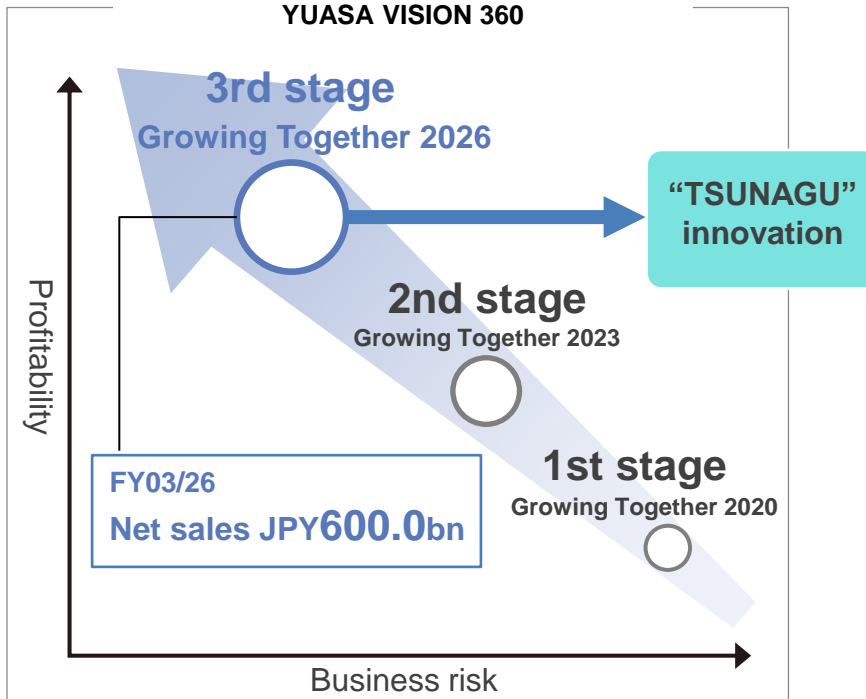
Enhance profitability

Create new value by “connecting (TSUNAGU)” various things
Make “TSUNAGU” innovation the norm

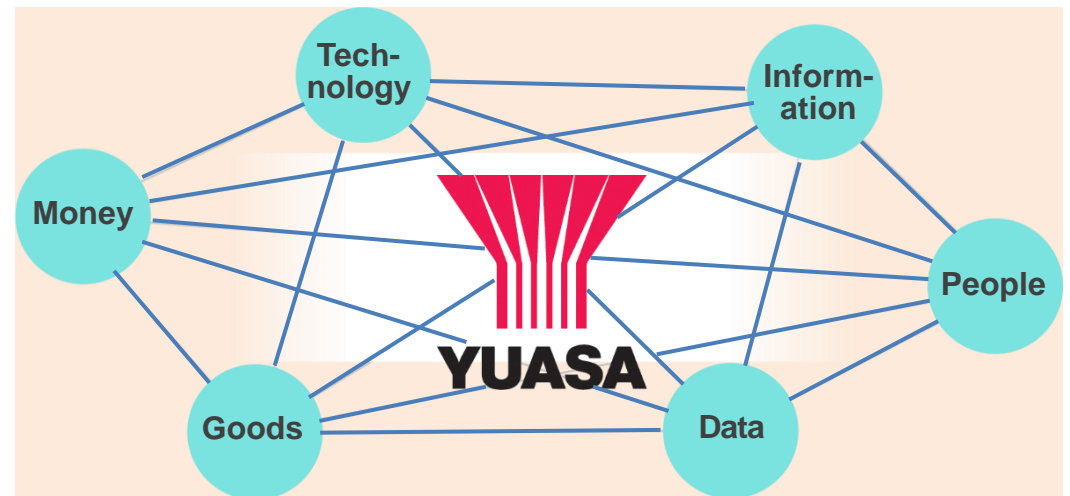
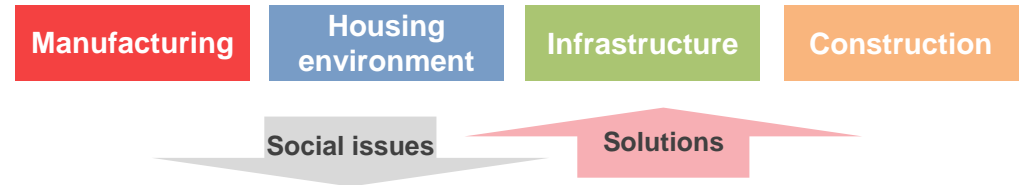
Improve stability

Curb business risks by transforming into a business that solves social issues

Conceptual image of transformation in
YUASA VISION 360



“TSUNAGU” Innovation Model



- By connecting (TSUNAGU) various things such as people, goods, money, information, data, and technology, solve social issues and expand both “single item business” and “integrated product-service” businesses
- Establish a business model with a Market Out approach
- Maximize synergies among divisions and group companies to create new value
- Take on the challenge of subscription and sharing services

We will promote “TSUNAGU” innovation that utilizes AI, data, and technology.

Manufacturing

AI-based contaminant inspection
device for beverages

FaiND OUT 2

● Social issue

Automate visual inspection process



AI-based automatic detection of
contaminants

Supply chain risk management app

RISK SAVER

● Social issue

Mitigate loss of opportunity in times of
disaster



AI analyzes and identifies supply chain risks and
automatically proposes potential alternative
production sites

Housing environment

Vehicle to Home Gatepost

Gatepost with V2H device and delivery box

● Social issue

Realize CO₂ reduction and smart living



Gatepost equipped with V2H device +
delivery box

Apartment building refurbishment project

ITENE

● Social issue

Improve efficiency of apartment building
refurbishment work



Online management of bookings for
inspections and construction work

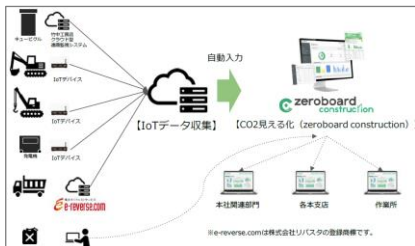
Infrastructure

CO₂ measurement using IoT

Construction site CO₂ measurement system

● Social issue

Visualize CO₂ emissions at construction sites



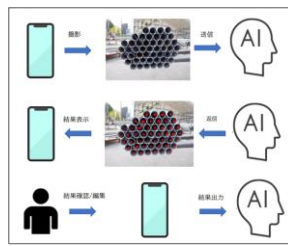
Automated measurement of CO₂ with
dedicated sensors

System for quantity management of
temporary materials

AI-based Quantity Counting System

● Social issue

Automate counting of temporary materials



AI automatically counts the
quantity of temporary materials

Construction

Number plate authentication gate

SAI-GATE

● Social issue

Prevent intrusion by suspicious or
unregistered vehicles



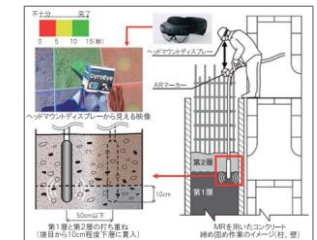
Automated opening and closing of gate
with number plate authentication

MR-based work management system

Concrete compaction system

● Social issue

Improve compaction work quality with
visual inspection



Visualize work site with MR (mixed reality)

Business Transformation (Develop into Growth Strategy)

We will increase the ratio of growth strategy areas in net sales to 48% in FY03/26.

*Figures in [] are net sales after the application of the revenue recognition standard.

Promote Growth Strategy

- Sharing of strategy and information, and support across divisions and areas by promotion organization
- Develop strengths cultivated in core businesses (products and solutions) and actively invest cash in them

Overseas Eco & Energy Solution Robot (AI) & IoT

FY03/26
JPY65.0bn

Position Thailand as a model base to demonstrate total coordination skills and roll out success model horizontally to ASEAN regions

FY03/26
JPY60.0bn

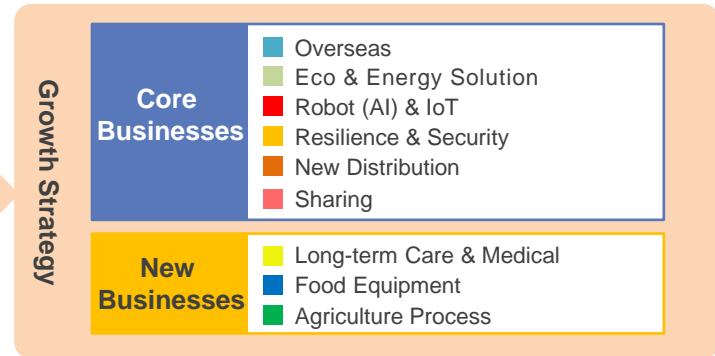
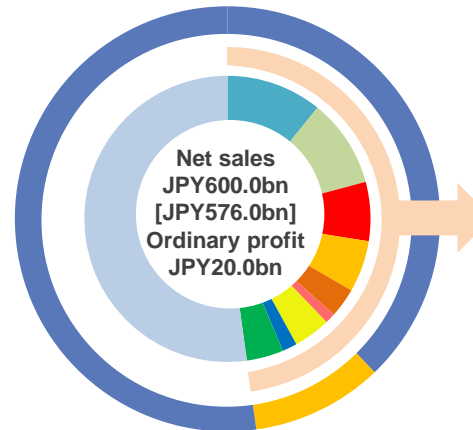
Work on carbon neutrality proposals with one-stop solution function
(CO₂ visualization, diagnosis, proposal, delivery, construction, post-sales follow-up)

FY03/26
JPY40.0bn

Leverage group functions to make proposals for automation, labor-saving, and manpower-saving in all business areas using robots AI, and IoT

Businesses promoted by whole company

Growing Together 2026 FY03/26 Targets



Resilience & Security

FY03/26
JPY35.0bn

Products for disaster prevention, disaster mitigation, BCP, and other various security products

New Distribution

FY03/26
JPY25.0bn

Expansion of original BtoB EC site, "Growing Navi"

Sharing

FY03/26
JPY10.0bn

Consideration in all business areas. Already commercialized for agricultural equipment (combine)

Long-term Care & Medical

FY03/26
JPY25.0bn

Equipment and devices for facilities
● Air conditioning, hot water supply, lighting, etc.
● Various power assist suits

Food Equipment

FY03/26
JPY16.0bn

Food plant equipment, original equipment, etc.
(contaminant inspection for beverages, pressing machine, etc.)

Agriculture Process

FY03/26
JPY10.0bn

Smart agriculture related materials, transportation equipment, workload reduction products, etc.

Target markets and challenge areas promoted on an area or organizational basis

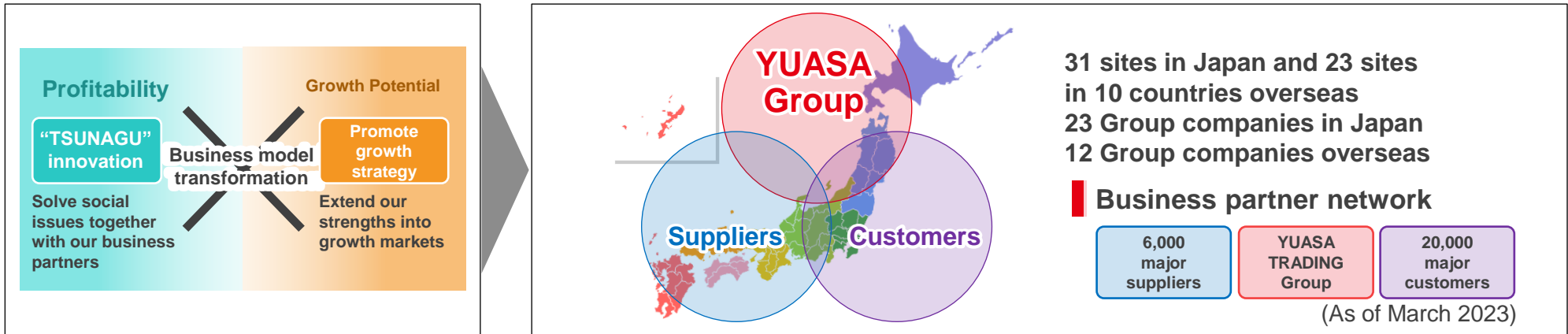
Core Businesses JPY235.0bn

New Businesses JPY51.0bn

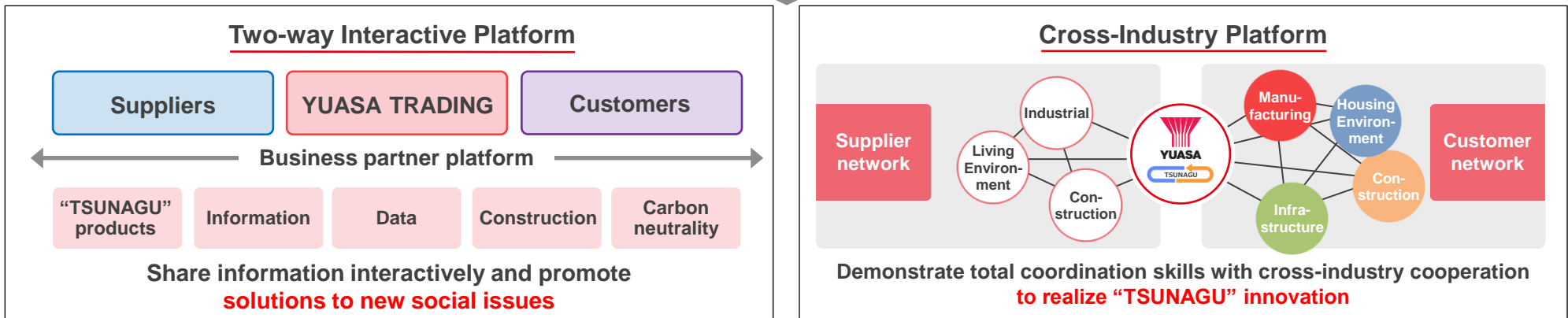
FY03/26 Growth Strategy Total JPY286.0bn

Business Transformation (Extend Markets in Japan and Overseas)

By further extending our business partner network, we will extend and expand new and growth markets created through “TSUNAGU” innovation in Japan and overseas.



Further develop existing customer network



Extension

Extend into Japan market

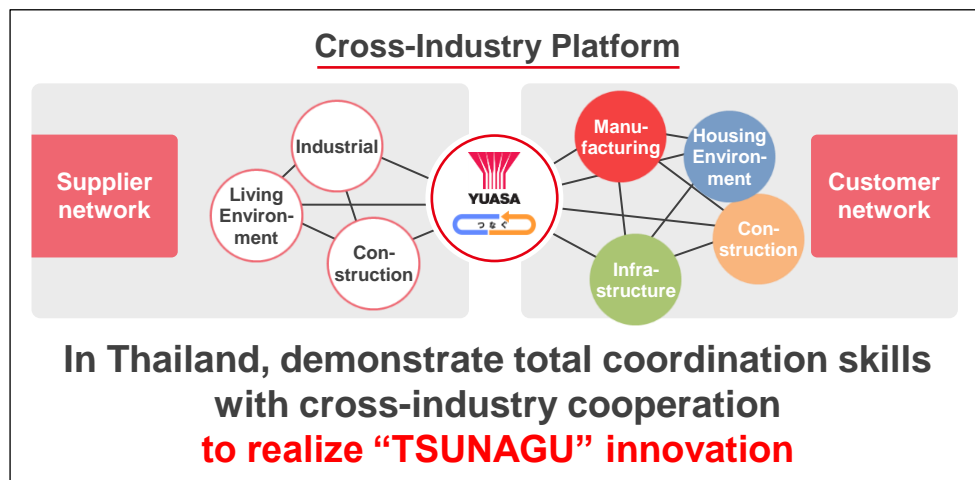
- Promote on a division-wide, area-wide, and group-wide basis led by the Growing Strategy Division
- Strengthen sales promotions by demonstrating total coordination skills, with a focus on Grand Fair
- Promote proposals using data based on DX promotion

Extend into overseas markets

- Make Thailand local subsidiary an integrated entity (multiple divisions entering market) and horizontally extend into other countries
Plans to extend Thailand model into Indian market, with its rapidly growing population and economy
- Hold Grand Fair overseas and establish new overseas promotion (To be held in Thailand in 2025)

“Mini-YUASA” Project in Thailand

In addition to YUASA TRADING (THAILAND) and YUASA ENGINEERING SOLUTION (THAILAND), we will expand into the construction field (construction materials and construction machinery), and consider constructing a new company building as a base for demonstrating our comprehensive strengths.



New office building review overview in Thailand

- **Planned construction site**
Bangkok city
- **Overview of the new office building**
Company building with showroom & logistics functions
Flexible office layout to demonstrate comprehensive strength
- **Scheduled completion**
During 2024

“Grand Fair” in Thailand (2025)

We will hold “Grand Fair” in Thailand for the first time overseas as a place to demonstrate our comprehensive strength and sales promotion in the Thai market.



Grand Fair 2022 (at Makuhari-Messe)



【Holding schedule】

February 5 (Wednesday) to 7 (Friday), 2025

【Venue】

Bangkok International Trade & Exhibition Center (BITEC)



◀ It will be the venue for the Thailand Grand Fair Bangkok International Trade & Exhibition Center (BITEC)

Three Measures to Support Business Transformation

We will strengthen our efforts for corporate culture reform, DX promotion, and sustainability promotion to accelerate business transformation.



Corporate culture reform

Foster a corporate culture in which innovation has become the norm through personnel system reform, environment building, and strengthening of governance

DX promotion

Support business transformation by building data utilization infrastructure, developing DX talent, reforming operational processes, and creating innovation

Sustainability promotion

Aim to make the Group as a whole carbon-neutral, and accelerate the carbon neutrality promotion business

Corporate Culture Reform (Overview)

Foster a corporate culture in which “TSUNAGU” innovation has become the norm through personnel system reform, environment building, and strengthening of governance

Foster a corporate culture in which “TSUNAGU” innovation has become the norm

Strengthen employee engagement

Increase employee work satisfaction

- Personnel development
- Personnel system reform

Promote a comfortable working environment

- Diversity
- Work style reforms

Personnel System Reform
YUASA PRIDE Project

Build an environment that enables maximization of “TSUNAGU” innovation

Environment Building

Governance/Compliance/Risk management
(Foundation of corporate culture)

Strengthening of Governance

Corporate Culture Reform (Personnel System Reform)

Through the YUASA PRIDE Project (“Increase Employee Work Satisfaction” project & “Regard for the Individual” project), we will increase employee engagement and develop personnel who can solve social issues with “TSUNAGU” innovation.

Corporate Philosophy, Vision/Value, and Personnel Ideal

Corporate Philosophy

- “Honesty and Trust” “Enterprise and Innovation” “Regard for the Individual”

YUASA Vision

- “TSUNAGU” Service Integrated Shosha Group
- Achieve YUASA VISION 360

YUASA Value (Action guidelines required of employees)

- We will strive to have open **communication** with members within and outside departments with the aim of demonstrating the **total coordination skills** of the YUASA TRADING Group beyond its own territory with a **challenging spirit**.
- With an understanding of the more than 350 years of our traditions and giving thanks to our predecessors, we will create new value through relentless innovation and pass that value on to our successors.

Personnel ideal (How work should be)

- Personnel who can solve customers’ management issues

Increase Employee Work Satisfaction project

Personnel development

- Improve management skills of manager-class personnel
- Develop overseas management personnel
- Develop DX personnel, sustainability training, etc.

Personnel system reform

- Employment types (job-based, membership-based)
- Recruitment/allocation/development
- Evaluation/compensation, etc.

Regard for the Individual project

Diversity Promotion

- Embrace diversity
- Encourage experienced employees to flourish, etc.

Work style reforms

- Health and productivity management (work hours, etc.)
- Welfare benefits (parental leave, etc.), etc.

Increase employee engagement

Solve social issues with “TSUNAGU” innovation

Accelerate business transformation

Corporate Culture Reform (Environment Building)

Using the new head office as a model, the entire YUASA TRADING Group will aim for an office environment that enables us to promote our total coordination skills, challenging spirit, and communication.

Aimed-for environment building

Build an environment that enables maximization of “TSUNAGU” innovation

Total coordination skills

Environment that enables divisions and the Group to demonstrate total coordination skills

Challenge

Environment that enables the challenges of new business creation and operational reforms

Communication

Environment that enables communication with diverse employees

New head office overview

● Planned construction location

5-9 Shinbashi, Minato-ku, Tokyo

● Office concept

We will realize work style reforms by establishing office environments that will enable employees to enjoy working in comfort and with vitality and to fully demonstrate their performance.

1) Demonstrate total coordination skills

Bringing the Group companies together, we will strive to demonstrate YUASA TRADING Group’s total coordination skills and to speed up decision making.

2) Promote challenging spirit

We will consolidate functions into a single office to promote creation of innovation.

3) Promote communication

We will promote building an environment that enables employees to gather and communicate regardless of division, position, age, etc. (tactical base for sales reps, consultation room for seeking advice about concerns, problems, etc.).

● Building concept

1) Consideration for environment

We will aim to obtain Comprehensive Environmental Assessment (CASBEE, DBJ Green Building) and energy-efficiency assessment (BELS, ZEB) certification.

2) Introduce latest technology and disseminate information

We will create office spaces that bring together the latest technology and disseminate information.

3) Consideration for local community

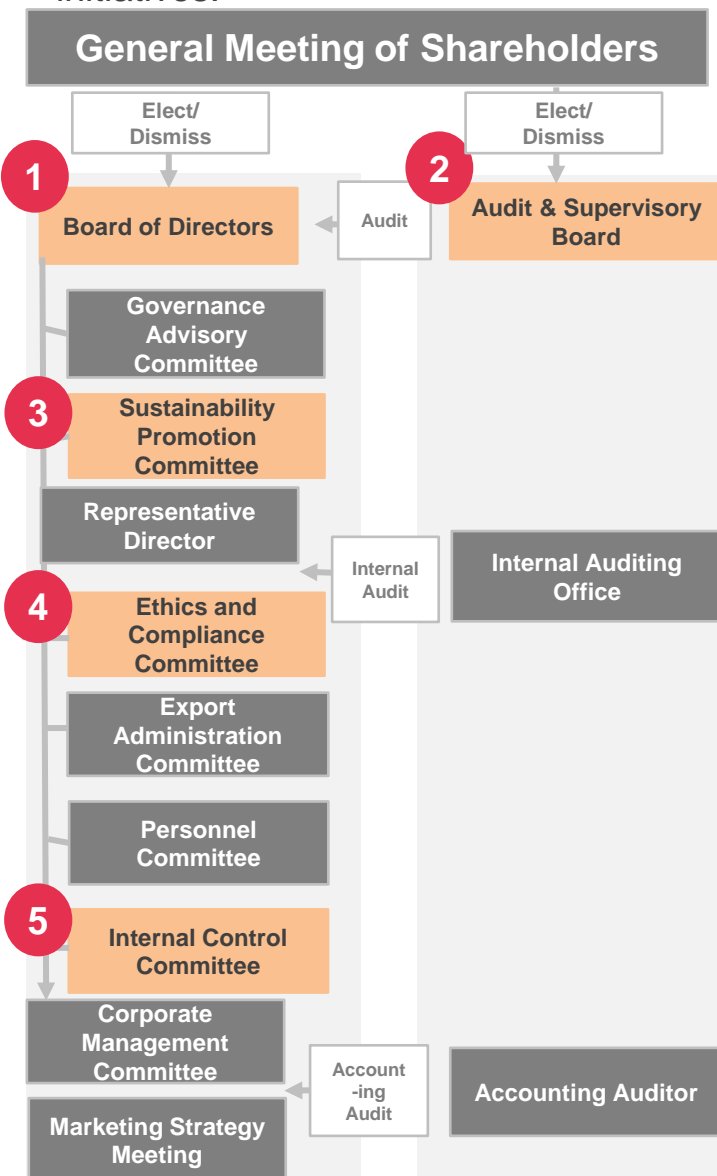
We will establish spaces where people can come to relax and mingle.

Roll out to branch offices and Group companies

We will promote building an environment that enables the entire Group to maximize “TSUNAGU” innovation by rolling out these concepts to our branch offices, business offices, and the Group companies.

Corporate Culture Reform (Strengthening of Governance)

With the aim of improving corporate quality, we will strengthen our governance, compliance, and risk management initiatives.



Initiatives to Strengthen Governance

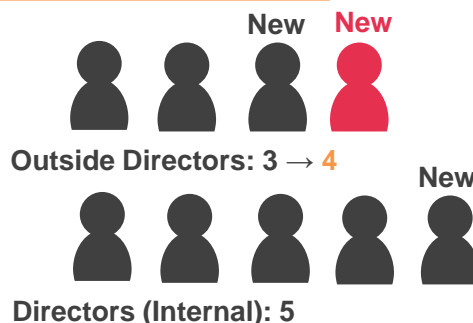


Increase number of outside directors

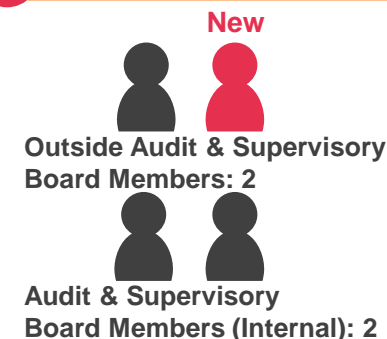
- Aim for **46% outside officers**, **15% female officers**
*To be disclosed as proposal to Annual General Meeting of Shareholders on May 26, 2023



1 Board of Directors



2 Audit & Supervisory Board



3 Strengthen responses to climate change risk

- Scenario analysis and information disclosure under TCFD framework



5 Strengthen Group governance

- Promote centralization of Group companies' accounting operations
- Strengthen control of overseas Group companies



4 Strengthen compliance structure

- Strengthen compliance structure through third parties (Ethics and Compliance Committee advisor)



Strengthen information security management

- Establish IT Policy and strengthen IT governance

DX Promotion (Overview)

With the goal of promoting business transformation, we will promote the construction of data use infrastructure, development of DX personnel, operational process reforms, and the creation of innovation.

Business Transformation DX Promotion

Creation of innovation

TOPICS



Expand services

Aim to enhance lifelong value of products by strengthening functions



To strengthen logistics functions, we are working to minimize travel distances, reduce logistics costs, and lessen environmental impact by using AI algorithms to calculate optimal vehicle dispatch.



Transformation from single-item business to integrated product-service business

Aim to co-create new business models for business partners' profitability and business growth



We will obtain data on the behavior and interests of visitors to the Grand Fair in the form of a "visitors log" and use it in post-show follow-up proposals.

Development of DX personnel



For data-driven management, we are starting education to strengthen business sensibilities and improve literacy needed for data use, **targeting all employees, including executives.**

Operational process reforms



Aim for fundamental review of core operations and greater sophistication of business administration (realize "Fit to Standard")

Construction of data use infrastructure



Construction of data analysis infrastructure

To solve issues, we are building mechanisms which the entire Group can suggest and discover solutions.



Strengthening of customer base

Visualize the relationships cultivated with customers over the Company's long history

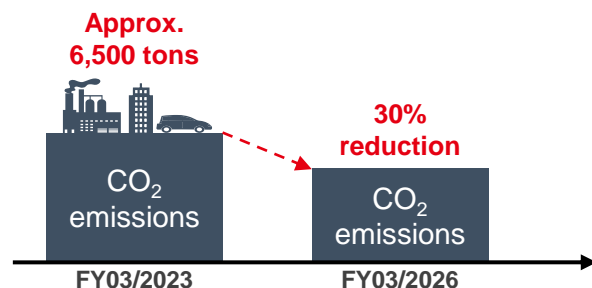
Sustainability Promotion (Carbon Neutrality)

In addition to aiming for carbon neutrality in the Group, we will accelerate the carbon neutrality promotion business.

Carbon Neutrality Promotion in Our Group

Roadmap

- We will **reduce CO₂ emissions by 30%** by March 2026 (compared with FY03/2023).



Reduce CO₂ emissions from use of electric power

- Promote energy-saving (operational improvements and equipment updating)
- Implement renewable energy
- Purchase renewable energy

Reduce gasoline use

- Switch to eco-friendly company vehicles

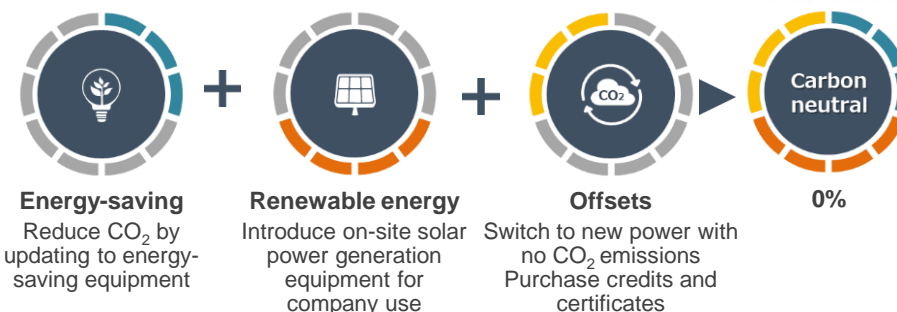
Other actions

- Utilize company-owned forests
- Utilize emission credits

Leverage our Group knowledge and insights to accelerate carbon neutrality promotion business alongside business partners

Carbon Neutrality Promotion Business

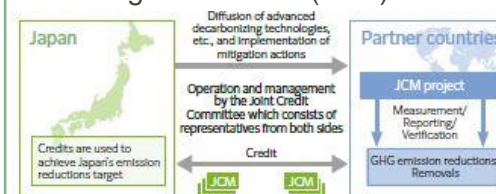
We will propose energy-saving, renewable energy, and carbon offsets as concrete means of achieving carbon neutrality.



Propose optimal combinations tailored to the customer's circumstances

Promote carbon neutrality overseas

We will promote energy-saving and carbon neutrality in overseas companies with the use of Joint Crediting Mechanism (JCM).



Carbon neutrality seminar in Thailand (January 2023)

Promotion of next-generation energies

- Synthetic fuel initiatives
- Hydrogen business initiatives

Investment Policy

We will conduct flexible growth investments (growth strategy, DX, and IT digital investments) through the promotion of face-to-face sales.

Growing Together 2023		
Target	Actual	Details
JPY4.0bn	-	-
JPY4.0bn	JPY1.9bn	<ul style="list-style-type: none"> Capital & business alliance <ul style="list-style-type: none"> connectome.design inc.
JPY5.0bn *incl. core businesses	JPY3.7bn	<ul style="list-style-type: none"> M&A <ul style="list-style-type: none"> Nakagawa Kinzoku (industrial machinery) Maruken Service (construction machinery) TSUNAGU original product development <ul style="list-style-type: none"> Processing environment solutions Home delivery boxes with V2H functions YACHIBEI BCP packages Remote pre-fabricated ICU wards, etc. Development of EC site functions <ul style="list-style-type: none"> G-Navi B to B to U operation Strengthening of logistics <ul style="list-style-type: none"> Redevelopment of Kyushu Logistics Center
JPY4.0bn	JPY0.8bn	<ul style="list-style-type: none"> IT digital investments
JPY17.0bn	JPY6.4bn	

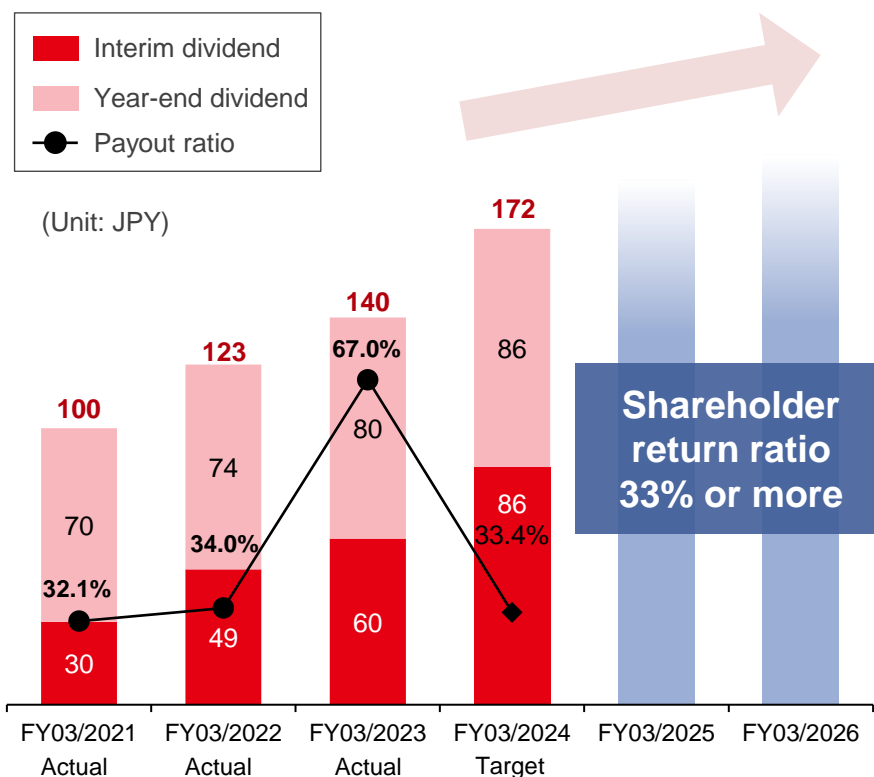
Growing Together 2026	
Target	Details
JPY6.0bn	Overseas Business
	Digital Business
JPY4.0bn	Green Business
	Resilience & Security Business
	New Distribution Business
	Long-term Care & Medical Business
	Agriculture Process Business
	Food Equipment Business
	Sharing Business
	Core businesses
JPY11.2bn	DX and IT digital investments
JPY21.2bn	Total

Shareholder Return Policy

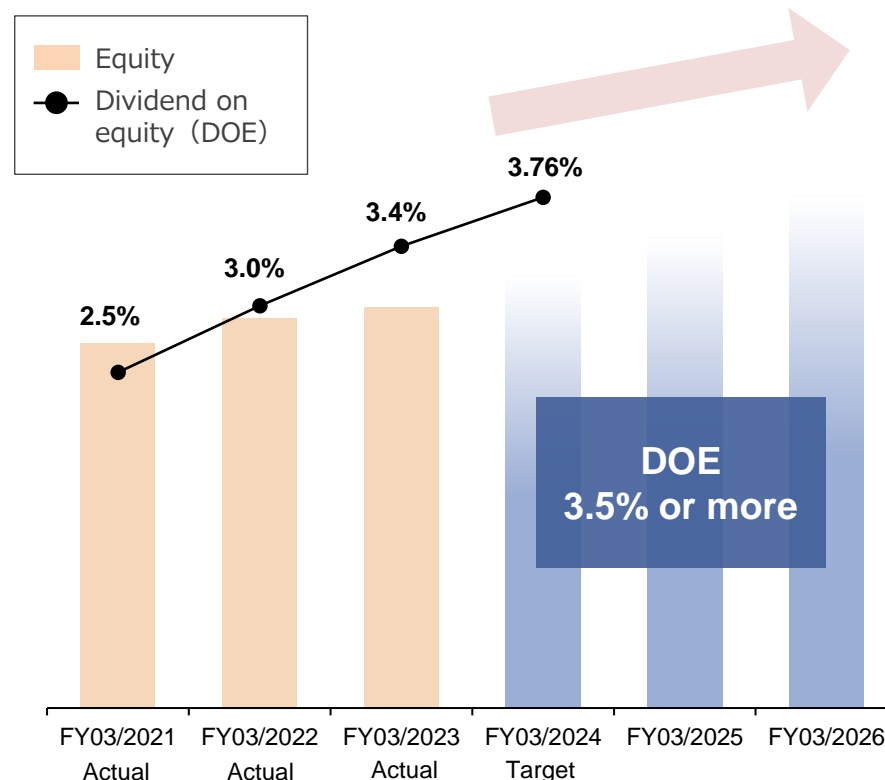
We will continue to provide stable shareholder returns by improving the shareholder return ratio (dividends and share repurchases) and dividend on equity (DOE).

- **Dividends:** With a basic policy of stable dividends, we will issue dividends based on consolidated cashflow and investment situations.
- **Share repurchases(※):** Acquired about 4 billion yen worth of treasury stock since last fiscal year, and completed the acquisition on May 12 (including 260 million yen for this fiscal year).
- **Enhancement of corporate value:** In addition to our aim to improve ROE, we will strive to improve our share price through proactive information disclosures and IR activities.

Trend in dividend per share and payout ratio



Trend in dividend on equity (DOE)



(※) Based on the resolution of the Board of Directors on May 13, 2022, we have acquired treasury stock with an upper limit of 4 billion yen (result: 3,999,696,803 yen). In addition, 1,055,882 shares of treasury stock (4.56% of the total issued shares) were canceled on May 31.

Growing Together 2026 Numeric Targets & KPI

Financial KPI

In billions of yen (rounded down)

	FY03/23 Result	FY03/2024 Target	FY03/2026 Target
Net sales (*1)	504.8	523.0	576.0
Operating profit	14.5	15.4	19.0
Ordinary profit	15.3	16.4	20.0
Ordinary profit margin	3.05%	3.1%	3.4%
Profit	10.0	10.8	13.2
Return on equity (ROE)	10.8%	11.2%	11.8%
Shareholder return ratio (*2)	67.0%	33+%	33+%
Dividend on equity (DOE)	3.4%	3.5+%	3.5+%

(*1) Net sales figures are after the application of the revenue recognition standard.

(*2) FY03/2023 result for shareholder return ratio includes JPY 3.7 billion of share repurchases.

Growing Together 2026 Numeric Targets & KPI

Non-financial KPI

	FY03/2023 Result	FY03/2024 Target	FY03/2026 Target
CO ₂ emissions (t-CO ₂) (*1)	—	5,850 t-CO₂ (10% reduction)	4,550 t-CO₂ (30% reduction)
Percentage of women in management positions	1.9%	2.0%	3.0%
Percentage of women in management track positions	4.2%	4.2%	6.0%
Percentage of women hired for management track positions	10.3%	6.5%	12.0%
Ratio of usage of childcare leave and other leave taken for childcare purposes by male employees	78.1%	80.0%	90.0%
Paid leave usage rate	62.8%	65.0%	70.0%
Average annual hours worked	1,955 hours	1,940 hours	1,920 hours
Management HR development * Number of participants in training programs (total)	84 persons	250 persons	370 persons
Digital HR development * Successful candidates for original YUASA program	—	IT Personnel: 100 (*2)	IT personnel: 600 DX personnel: 40 (*3)

(*1) KPIs set based on anticipated FY03/23 Group-wide CO₂ emissions of approx. 6,500 t-CO₂.

(*2) IT Personnel: Personnel who are able to use IT tools and digital technologies in their own work and implement digital initiatives.

(*3) DX Personnel: Personnel who use the results of data analysis and use knowledge specific to marketing and management strategy to formulate and promote new proposals

4

Consolidated earnings forecasts for the Fiscal Year Ended March 31, 2024

FY03/24 forecast

In billions of yen (rounded down)

	1Q-2Q	3Q-4Q	Full year		
	Target	Target	FY2023/03 result	Target	Change
Net sales	252.0	271.0	504.8	523.0	+3.6%
Gross profit (percentage)	5.9	9.5	14.5	15.4	+6.2%
Selling, general and administrative expenses	2.3%	3.5%	2.89%	2.9%	+0.0%
Operating income (percentage)	6.4	10.0	15.3	16.4	+7.1%
Ordinary income (percentage)	2.5%	3.6%	3.05%	3.13%	+0.1%
Profit attributable to owners of parent	6.3	5.4	10.0	11.7	+17.0%

*Figures are after the application of the new revenue recognition standards.



Service Integrated Shosha Group



YUASA TRADING CO., LTD.

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