



YUASA TRADING CO., LTD.

Financial Results Briefing for the 2Q of the Fiscal Year Ending March 31, 2024

November 21th, 2023

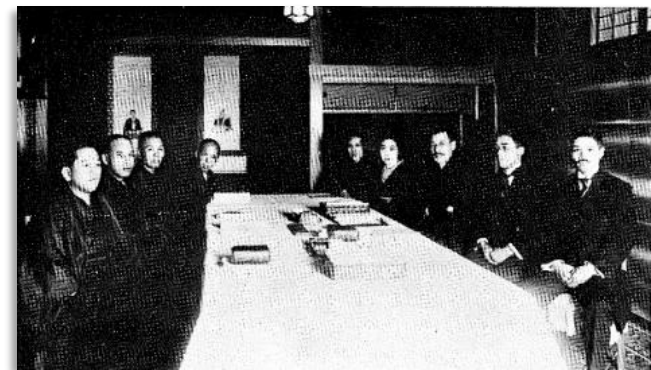
Hiroyuki Tamura, President and CEO

History of YUASA

Year	History
1666	Founded in Kyoto by Shokuro Yuasa as a charcoal shop
1671	Closed the charcoal shop and opened a knives wholesale store
1674	Opened an outlet in Edo (Tokyo)
1816	Opened an outlet in Osaka
1909	For the purpose of domestic production of Western metal products, established YUASA IRON WORKS in Sakai City, Osaka Prefecture.
1919	Established YUASA SHICHAEMON SHOTEN CO., LTD.
1940	Changed company name to YUASA HARDWARE CO., LTD.
1978	Changed company name to YUASA TREADING (湯浅商事) CO., LTD.
1992	Current company name changed to "YUASA TRADING (ユアサ商事) CO., LTD."
2016	Reached the 350th anniversary since the foundation of the company
2019	Celebrated the 100th anniversary since the establishment of the company



Charcoal shop (YUASA TRADING's name) was located in Edo, Nihonbashi, Tori-Aburacho (currently Nihonbashi Odenmachi, former head office location)



Company establishment commemorative meeting (1919)

Our Business Model

Suppliers

About 6,000

Okuma
Makino
FANUC
DMG Mori Seiki
DAIFUKU
KITO
Tungaloy
DAIKIN INDUSTRIES
Panasonic
TOTO
LIXIL
Cleanup
Rinnai
NORITZ
KITZ
EBARA
Inaba Seisakusho
Sekisui Jushi
TACHIKAWA
SHIKOKU KASEI
Kubota
Yanmar
HOKUETSU-
INDUSTRIES

and more.

Business Field

Manufacturing



Home Building Environment Building



Town Building



Other



Customers

About 20,000

Machine tool dealers
Dealers

Exporters

Overseas
subsidiaries

Housing equipment
stores
Pipe material stores
Various wholesalers

Subcontractors

House makers

Construction
shops

Contractors

Exterior wholesalers
Hardware
wholesalers
Various wholesalers

Construction machinery stores
/ Rental stores
Civil engineering material stores

Fuel wholesalers / Oil retailers
Home centers
/ Home appliance mass retailers
Timber wholesalers
/ Secondary processing manufacturers

Users



Manufacturing
industry



Building owners



Developers



Construction
industry



General
consumers

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**Summary of the Financial Results
for the 2Q of the Fiscal Year Ending March 31, 2024
and Earnings Forecast for the Fiscal Year
Ending March 31, 2024**

Results and Forecast

Sales and profits increased year-on-year; full-year net income forecast revised upwards

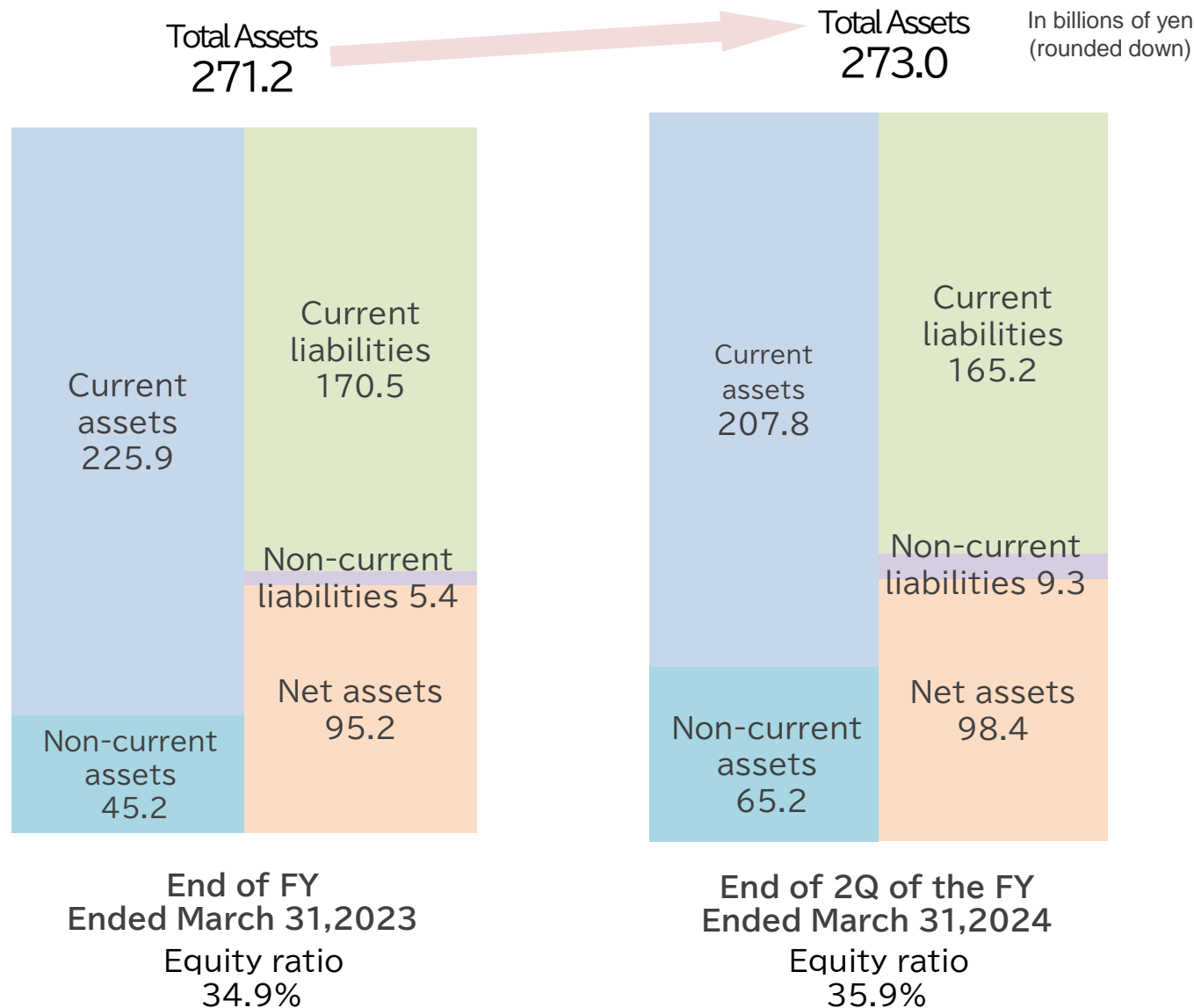
	Results			Forecast		
	3/2023 2Q	3/2024 2Q	Change	3/2024 2Q	Comparison with plan	3/2024 full-year
Net sales	234.0	246.2	+5.2%	252.0	▲2.3%	523.0
Gross profit (percentage)	24.2 (10.37%)	26.5 (10.78%)	+9.4% (+0.41P)			
Selling, general and administrative expenses	19.1	20.6	+7.8%			
Operating income (percentage)	5.1 (2.19%)	5.9 (2.40%)	+15.3% (+0.21P)	5.9 (2.34%)	+0 +0.3%	15.4
Ordinary income (percentage)	5.6 (2.43%)	6.4 (2.60%)	+12.7% (+0.17P)	6.4 (2.54%)	+0 +0.1%	16.4
Attributable to owners of parent Profit	3.6	6.4	+77.4%	6.3	+3.2%	<u>12.4</u>

In billions of yen (rounded down)

Sales and Operating Income by Segment

		Sales		Operating Income		In billions of yen (rounded down)
		3/2023 2Q	3/2024 2Q	3/2023 2Q	3/2024 2Q	Main Factors of Change
Manufacturing	Machine Tools	37.0	38.6 (+4.4%)	0.9	1.0 (+12.2%)	Energy-saving equipment is performing well. Factory utilization rate declines in the semiconductor industry.
	Industrial Equipment & Tools	52.8	57.7 (+9.2%)	2.2	2.4 (+9.9%)	Domestic: Steady capital investment in the automobile industry including EVs. Overseas: Economic growth in the Chinese market is slowing down.
Home-Building Environment-Building	Housing, Air & Fluidic Control Systems	81.5	86.7 (+6.3%)	2.3	2.8 (+22.3%)	Sales of housing equipment for remodeling are strong. Sales of ventilation and air conditioning equipment are strong. Increased demand for renewable energy-related products.
Town-Building	Building Suppliers & Exterior	23.3	25.1 (+7.5%)	0.9	0.8 (▲4.6%)	Exteriors for redevelopment projects are performing well. Public investment remains steady, including for natural disaster countermeasures.
	Construction Machines	17.1	18.1 (+5.3%)	0.4	0.4 (+0.9%)	Public works such as disaster prevention and mitigation works are performing well. Construction delays due to soaring material prices, etc.
Others	Energy	9.5	9.5 (▲0.3%)	0.1	0 (▲33.7%)	Crude oil prices continue to soar, impacting prices and demand for petroleum products such as gasoline and diesel oil.
	Other	12.3	10.3 (▲16.8%)	0	0.1 (+511.8%)	Consumer goods: Seasonal home appliance sales increase due to intense heat. Lumber: Low demand for imported materials and domestic materials for housing.

Consolidated Balance Sheet



<Main factors of change>

Current assets	△18.1
Cash and deposits	△13.0
Trade receivables	△9.4
Non-current assets	+20.0
Land	+30.4
※For the purpose of constructing a new office building	
Current liabilities	△5.2
Payables	△5.1
Non-current liabilities	+3.8
Long-term borrowings	+3.4
Net assets	+3.2
Retained earnings	+2.1
Remeasurements of defined benefit plans	△2.3

Consolidated Cash Flows

Through purchase of land, etc., cash flow $\triangle 13.0$ bn yen

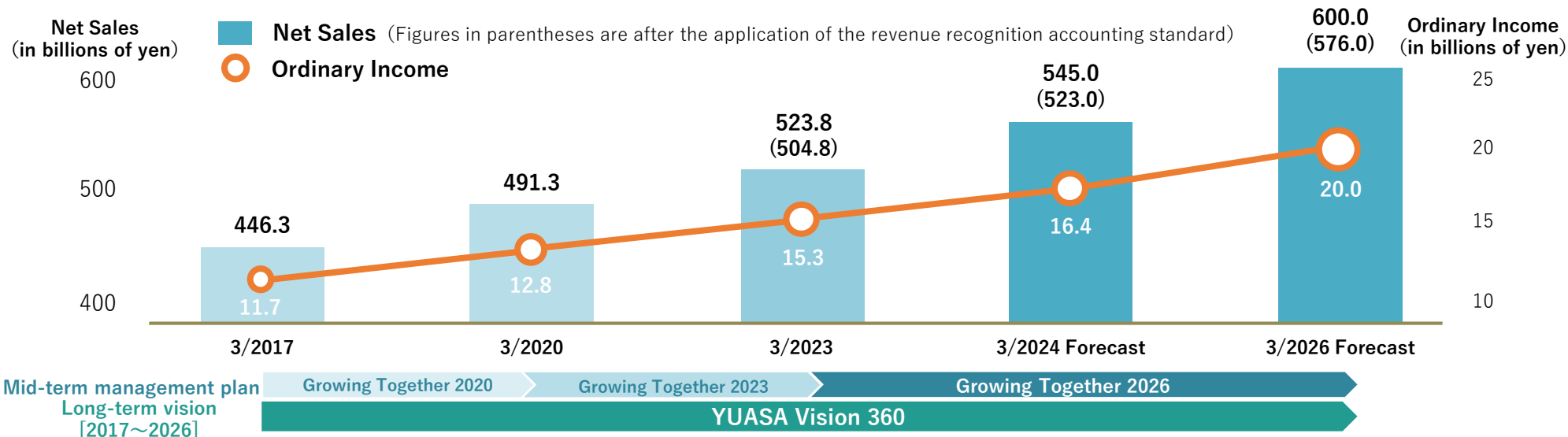
Title	3/2023 2Q	3/2024 2Q	Main factors of change
Net cash provided by (\triangle used in) operating activities	1.6	15.7	Gain on return of retirement benefit trust : +7.4 Decrease in trade receivables : +9.6 Profit before income taxes : +9.6 Decrease in trade payables : $\triangle 5.3$
Net cash provided by (\triangle used in) investing activities	$\triangle 0.3$	$\triangle 31.1$	Proceeds from sale of property, plant and equipment : $\triangle 29.8$
Net cash provided by (\triangle used in) financing activities	$\triangle 3.3$	2.0	Long-term borrowings : +5.0 Dividends paid : $\triangle 1.7$ Purchase of treasury shares : $\triangle 0.5$
Net increase (\triangle decrease) in cash and cash equivalents	$\triangle 1.7$	$\triangle 13.0$	
Cash and cash equivalents at the <u>beginning of period</u>	53.5	52.3	
Cash and cash equivalents at the <u>end of period</u>	51.8	39.3	

In billions of yen (rounded down)

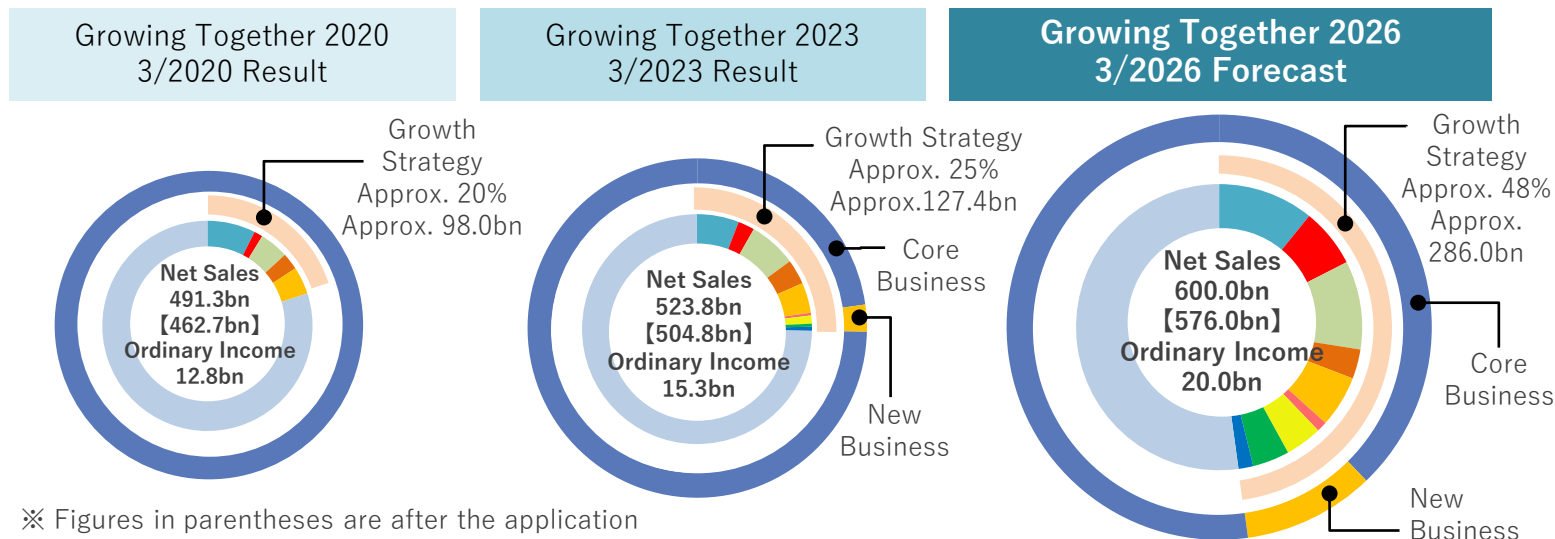
Progress on the Medium-Term Management Plan “Growing Together 2026”

Numeric Targets for Growing Together 2026

Net Sales and Ordinary Income



Changes in business scale and growth strategy



Growth strategies to expand business



※ Figures in parentheses are after the application of the revenue recognition accounting standard.

Priority Initiatives of Growing Together 2026

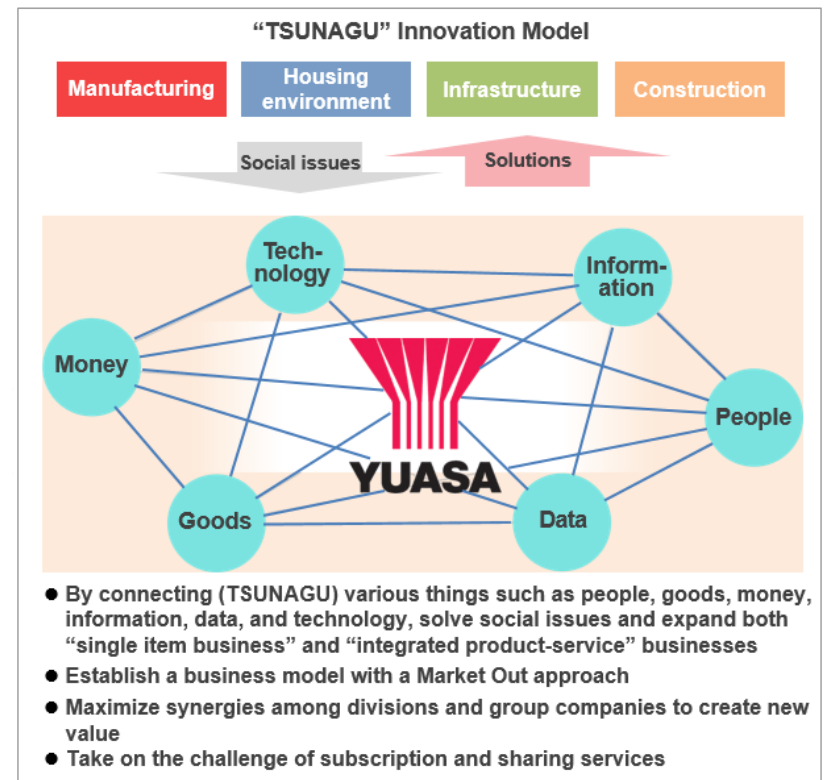
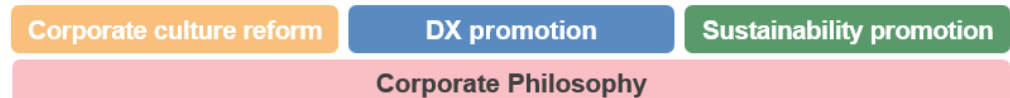
- By connecting (TSUNAGU) various things, creating new values and **enhancing profitability**.
- By expanding into fields and markets where our strengths can be utilized, **improving in growth potential**.
- By cross-industry collaboration and DX promotion, **extending business partner networks**.

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.

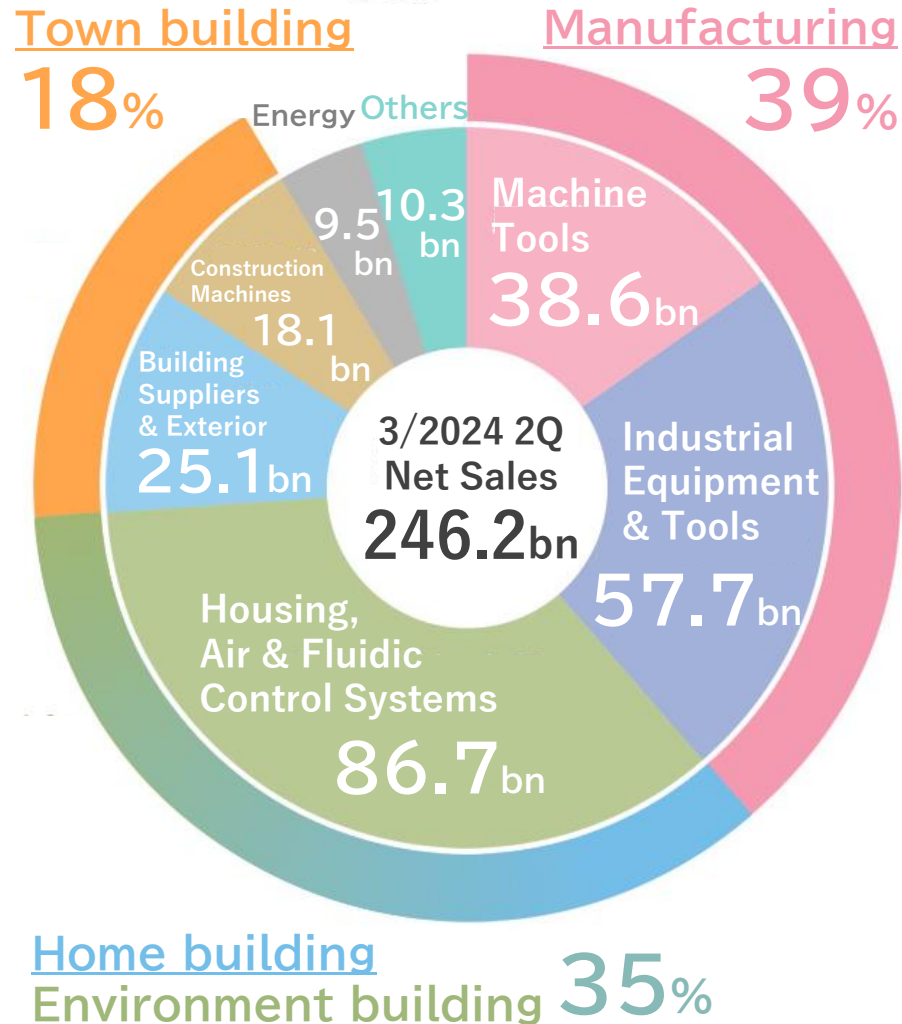
Extend and expand existing business partner networks



Our Business Fields and Segments



Composition ratio of business fields and segments



Targets of Growth Strategies

Expansion of core business and demonstrate our strengths in **new business**.

Interrelationship between growth strategy and core business



Targets of growth strategies(3/2026)



Strategies for expanding our core businesses

Aiming for new growth by leveraging our strengths

Total

3/2023 Result

3/2026 Forecast

29.8	34.0	11.7	21.5	17.7	1.9	5.8	2.9	2.1	127.4
<u>65.0</u>	<u>60.0</u>	<u>40.0</u>	<u>35.0</u>	<u>25.0</u>	<u>10.0</u>	<u>25.0</u>	<u>16.0</u>	<u>10.0</u>	<u>286.0</u>

In billions of yen (rounded down)

Expanding Core Businesses by Promoting Growth Strategies

Manufacturing

3/2024 2Q sales **96.3bn**

Machine Tools

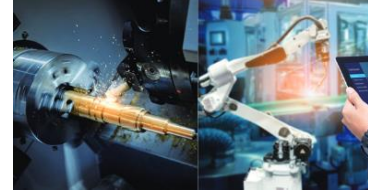
3/2024 2Q sales **38.6bn**
(YoY +4.4%)



Sales of tools, industrial equipment and materials, control equipment, and logistics equipment

Industrial Equipment & Tools

3/2024 2Q sales **57.7bn**
(YoY +9.2%)



Sales of machine tools and general factory equipment

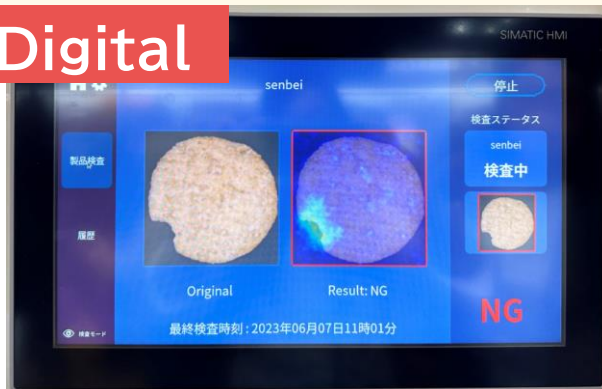
Strategy for growth

Visual inspection using artificial intelligence(AI)

F[ai]ND OUT EX

No defective product data required due to good product learning.

Digital



Energy-saving control software for machine tools

GCCP

(Green control for coolant pump)

Power consumption reduction effect of up to 41% (at the time of verification)

Green



Expanding Core Businesses by Promoting Growth Strategies

Home building / Environment building

3/2024 2Q sales 86.7bn

Housing, Air & Fluidic Control Systems



3/2024 2Q sales **86.7bn**
(YoY +6.3%)

Sales of housing equipment (system kitchens, unit baths, toilets, etc.), air conditioning equipment (air conditioners, etc.), pipe materials (valves, pumps, etc.), and renewable energy-related equipment (solar power, storage batteries, etc.)

Strategy for growth

Gatepost with V2H Equipment and Delivery Box

EV storage batteries can be used for home use.

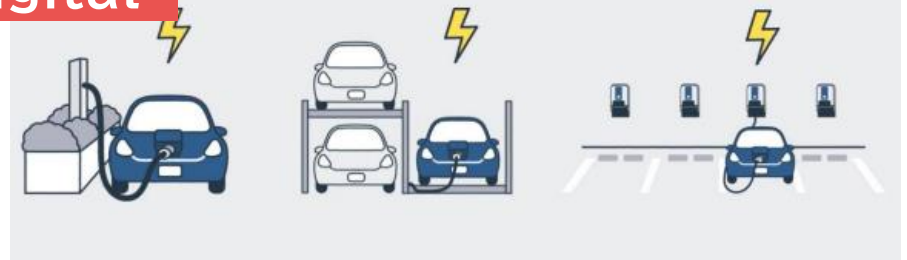
Green



EV charger management system 「Your Stand」

Centralize the reservation and management of shared EV chargers in condominiums, etc.

Digital



Expanding Core Businesses by Promoting Growth Strategies

Town building

3/2024 2Q sales **43.2bn**

Building Suppliers & Exterior

3/2024 2Q sales **25.1bn**
(YoY +7.5%)



Sale of construction materials, landscape materials/exterior, civil engineering materials, etc.,

Construction Machines

3/2024 2Q sales **18.1bn**
(YoY +5.3%)



Sale, leasing and rental of construction machinery and materials.

Strategy for growth

Reduce workload and labor saving at worksites
AI-based Quantity Counting System

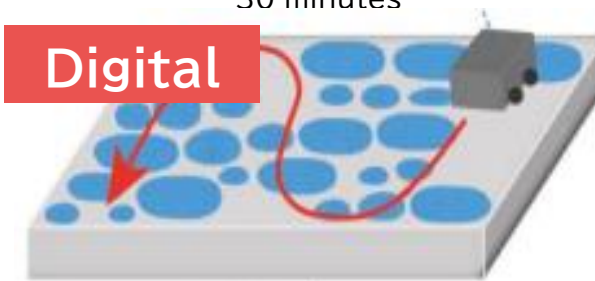
Solving the 2024 problem

Digital



No need for manned supervision during watering curing
Concrete wetness management system
Self-propelled robot equipped with AI camera can recognize 1,000m2 in about 30 minutes

Digital



Flood damage measures
"TSUNAGU" BCP Package

Centralized management from water damage detection to pump operation

Resilience & Security



New Businesses

Long term care & medical

3/26 Forecast
25.0bn

Projects to install remote, pre-fabricated ICU wards.

Support for ward design and installation of house and air conditioning equipment



Energy saving support in medical facilities

Updating equipment such as air conditioning and lighting at medical facilities using the subsidy system



Food Equipment

3/26 Forecast
16.0bn

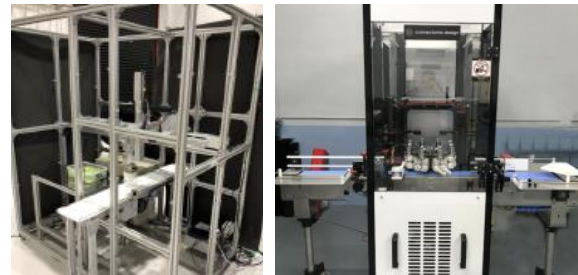
One-stop support for the introduction of robotics in food factories

One-stop support for designing and selecting equipment for use in noodle factories, including the use of robots.



Reduce workload and labor saving at manufacturing sites

Automate manual and visual work such as automatic picking system and foreign object inspection with high precision.



Agriculture Process

3/26 Forecast
10.0bn

Original "Appen-Ki"

Supporting stable feed procurement and improving self-sufficiency rates



Smart agriculture support

Promoting the development and handling of products that lead to labor-saving and labor-saving on-site



Extend Business Partner Networks:Japan

Extend our business partner networks



Integrated Network

Major suppliers
Approx. **6,000**
companies

Major sales partners
Approx. **20,000**
companies



This is the largest promotion that takes advantage of the three-way network of our group, and is held every year at five locations nationwide (Kanto, Tohoku, Chubu, Kansai, and Kyushu).

Promoting sustainability at exhibitions

● Eliminate plastic holders and bottles to reduce CO2 emissions.



● Reducing waste by digitizing guide maps Etc.



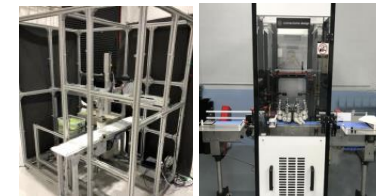
Total sales **180.24bn**
(YoY 119.1%)

Visitors **54,436**
(YoY 166.9%)

Developing new networks

With the aim of developing new networks in areas such as digital, nursing/medical care, and agriculture, we will promote our company and its products and services through exhibitions and other events.

【 Exhibiting record 】
FOOMA JAPAN 2023



農業 WEEK
スマート農業 EXPO



【 Exhibiting schedule 】



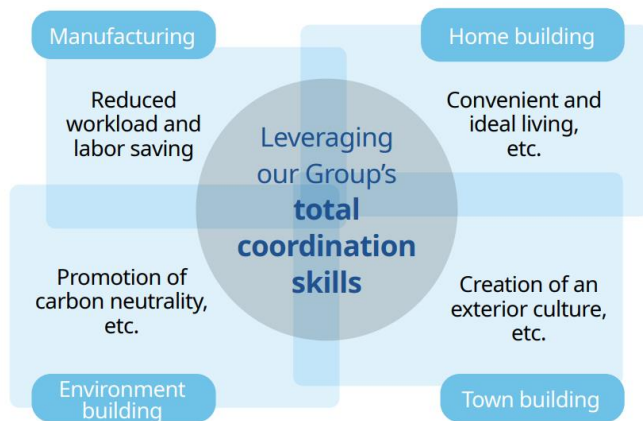
11/29~12/2
iREX2023
At TOKYO BIGSIGHT



Extend Business Partner Networks:Overseas

Overseas:Targeting the Thai market

3/2026 Forecast 65.0bn



- Leverage our company's strengths by leveraging the same total coordination skills in Japan, where multiple departments work together, starting with departmental development centered on the industrial field.
- Speed up decision-making with an organizational structure similar to that in Japan.
- Staff in charge of sales, management, and construction will be placed at local bases to strengthen functions from sales to after-sales.

Strengthening base functions

Construction of new Thai company building with showroom function (scheduled for 2024)



Holding Thailand Grand Fair

Establishing new overseas promotions (To beheld in February 2025)



Venue: Bangkok International Trade and Exhibition Center (BITEC)

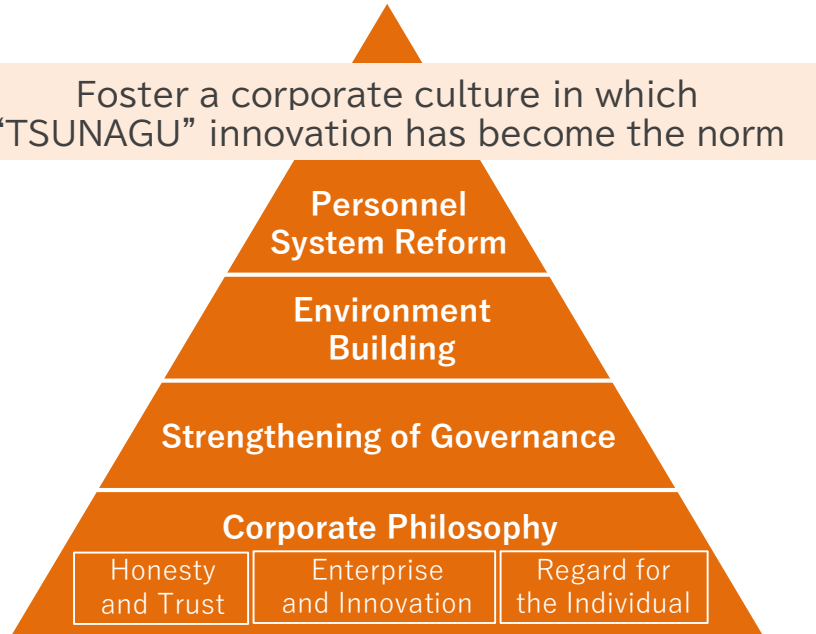


Horizontal deployment of success stories from Thailand and India

Corporate Culture Reform

Corporate Culture Reform

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



TOPICS

Holding round table meetings with the president

President is continuing to engage in dialogue with employees to ensure that the medium-term management plan is instilled in them and that "TSUNAGU" innovation becomes the norm.

Number of meetings held (in FY2023)

34



Personnel System Reform

In the YUASA PRIDE project, we are discussing how to improve job satisfaction and ease of work.



- Number of workshop participants (number of times) : **1,086 (43)**
- Number of participants in management human resources training : **169**

Environment Building

●Creating an environment that promotes total coordination skill and communication

In the "Integrated Base Construction Project" for the construction of a new headquarters, we are working to create an environment that promotes collective strength and communication through cross-group discussions and surveys targeting all employees, and we are also improving the office environment of each base. We are expanding this.

Strengthening of Governance

●Increase in the number of outside directors and female officers (from June 2023)

- Outside directors : 3 (42%) → **4 (46%)**
- Female officers : 1 (8%) → **2 (15%)**

Promotion of DX & Sustainability

DX Promotion

We have invested a total of 12 billion yen and are promoting initiatives to transform into a "data-equipped trading company."

Group DX portal site 「YOUR-SITE」



■ **Step 1 (10/2023~)**
Thorough and speedy management communication

■ **Step 2 (10/2024~)**
Group company information & sharing of knowledge and experience

Digital talent cultivation

■ Analyst talent

Talents who propose hypotheses to management based on data analysis

■ IT Talent

Improving business efficiency and implementing digital measures

Target **600**



■ DX Talent

Promote planning and proposals using data

Target **40**

Sustainability Promotion

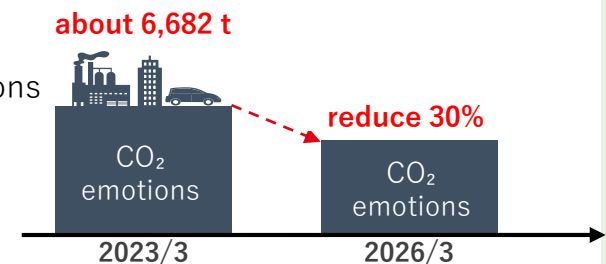
In addition to aiming for carbon neutrality in the Group, we will accelerate the carbon neutrality promotion business.

In our group

■ Target in 3/2026

Reduce CO₂ emissions by **30%** (compared with 2023/3)

- By using “YES-net”, visualization of CO₂ emissions at all locations
- Equipment updating & use of electric power
- Switch to eco-friendly company vehicles



In our business

■ Received order for solar power generation system using Joint Credit Mechanism (JCM)

- 【Place】 United Mexican States Aguascalientes State
- 【User】 Japanese auto parts factory
- 【Capacity】 0.5MW 【CO₂ reduction】 392 t

■ Our group's company-owned forest receives J-Credit certification.

Promote forest growth through proper maintenance and maximize CO₂ absorption effect

- 【Place】 Kushiro, Hokkaido (owned by YUASA LUMBER)
- 【CO₂ reduction】 FY2023 : 100t

Cumulative total up to 2038 : 2,800 t (Schedule)

Growing Together 2026 Numeric Targets & KPI

Financial KPI

In billions of yen (rounded down)

	3/2023 Result	3/2024 Target	3/2026 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	<u>12.4</u>	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) 3/2023 and 3/2024 results for shareholder return ratio includes JPY 3.9 billion of share repurchases.

Growing Together 2026 Numeric Targets & KPI

Non-financial KPI

	3/2023 Result	3/2024 Target	3/2026 Target
CO ₂ emissions (t-CO ₂) (*1)	—	10% reduction from 3/2023	30% reduction from 3/2023
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 talents: 100 (*2)	IT talents: 600 DX talents: 40 (*3)

(*1) The Group companies include subsidiaries and associates (except for those companies not accounted for using the equity method).

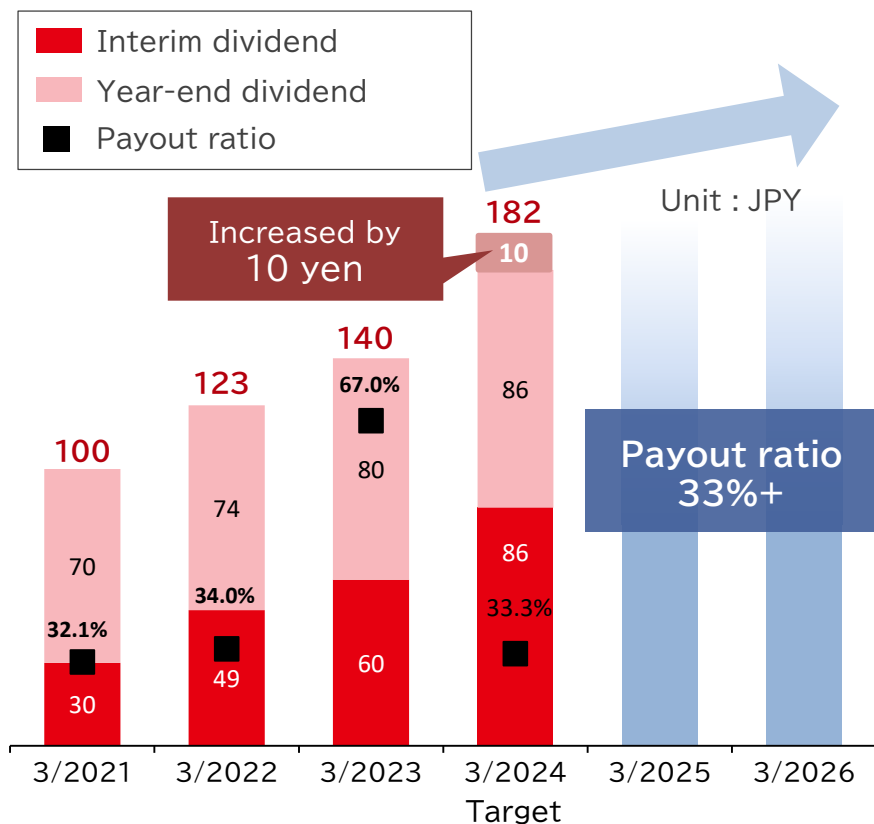
(*2) IT Personnel: Personnel who are able to use IT tools and digital technologies in their own work and implement digital initiatives.

(*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

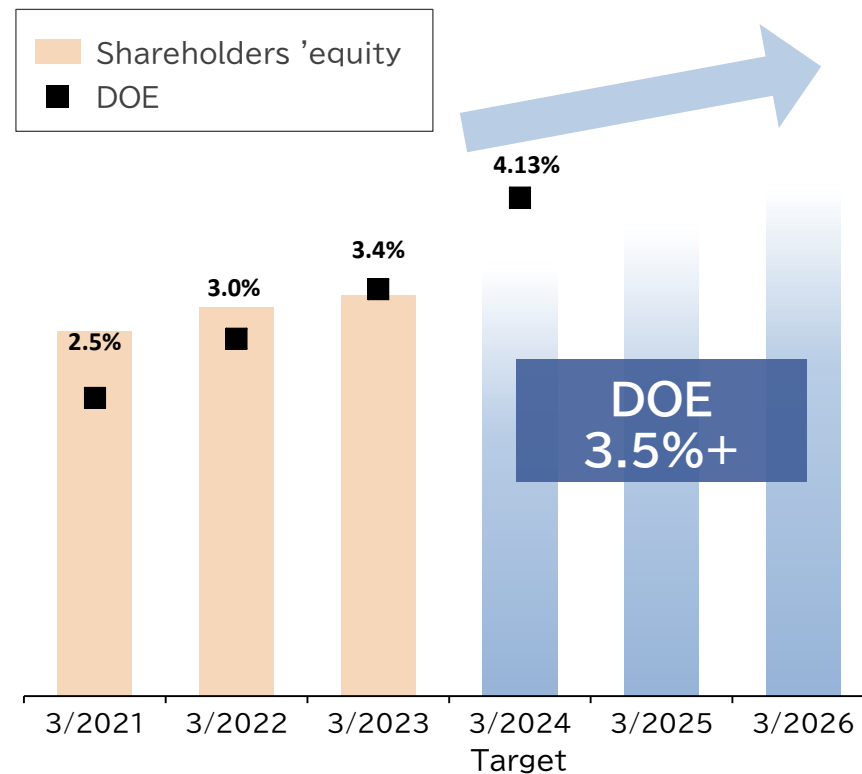
Shareholder Return Policy

Return Policy

Trend in dividend per share and payout ratio



Trend in dividend on equity (DOE)



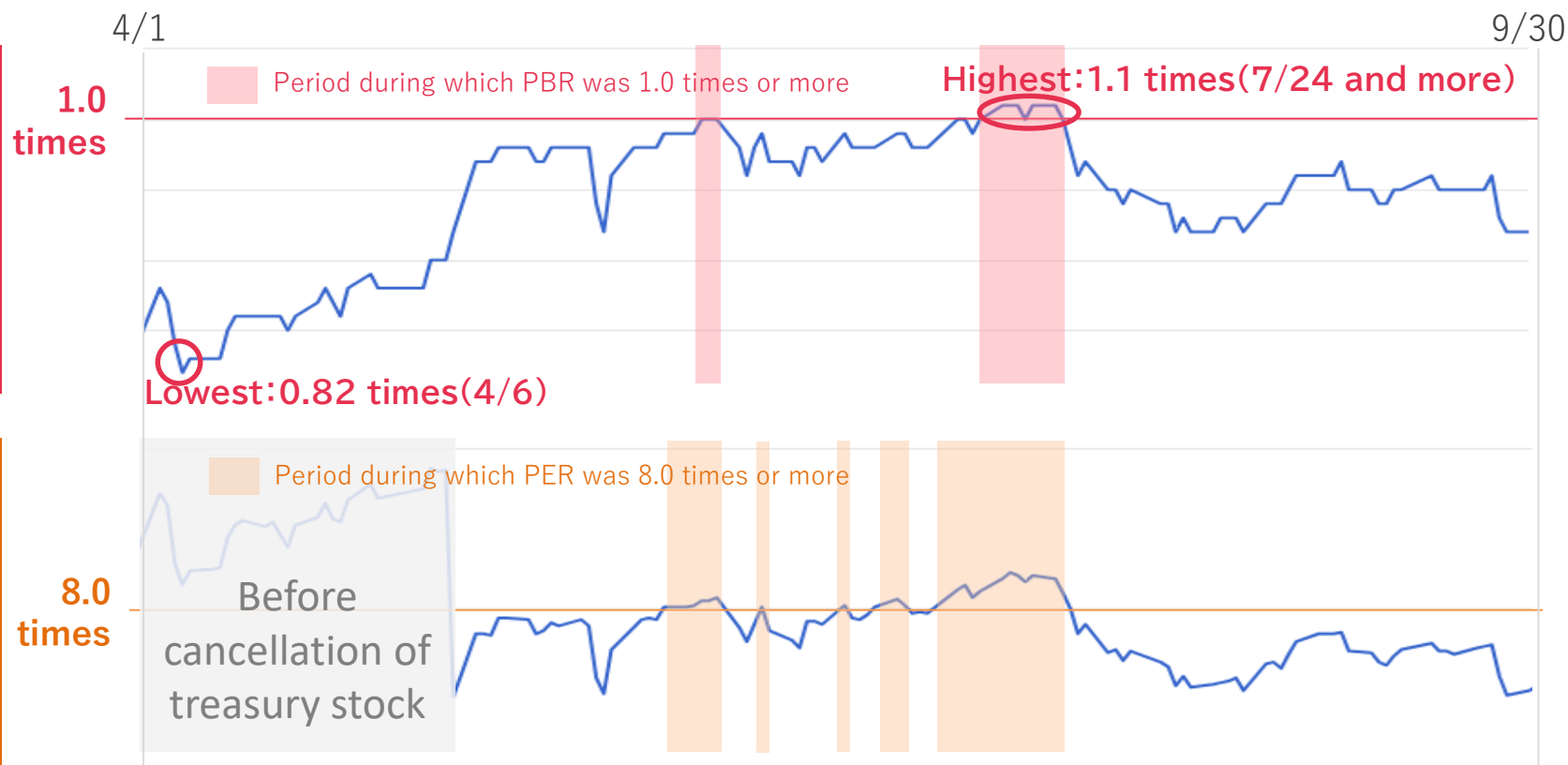
※3/2023 and 3/2024 results for shareholder return ratio includes JPY 3.9 billion of share repurchases.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Recognition of current situation

PBR : In the first half, it was **0.82** (4/6) to **1.1** times (7/24)
Considering the current profit level and capital structure, securing a PER of 8 times or more is a guideline for PBR of 1.0 times or more.

PBR
Price/book ratio



PER
Price earning ratio

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Strengthening of governance and investing in human capital **P.21**

Promotion of sustainability **P.22**

Shareholder returns **P.26**

IR activities

Growth investment

Public relations and information dissemination

Recent initiatives

Strengthening IR activities

Strengthen IR by increasing opportunities to communicate our business and growth strategies

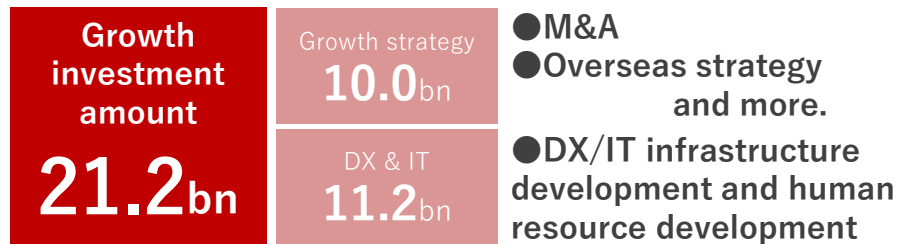


【 Media appearance 】
 10/25 (Wed.) NIKKEI CNBC
 「Asking the top (トップに聞く)」
 11/01 (Wed.) Radio NIKKEI
 「Interview with top management about strengths and human resources strategies (経営トップに聞く！強みと人材戦略)」

Strengthening growth investment

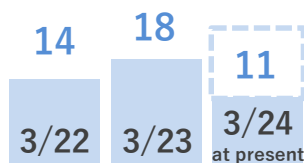
Strengthen investment for growth strategy and DX promotion

【Investment plan (total up to 3/2026)】



Public relations and information dissemination

Strengthen information dissemination by expanding public relations system

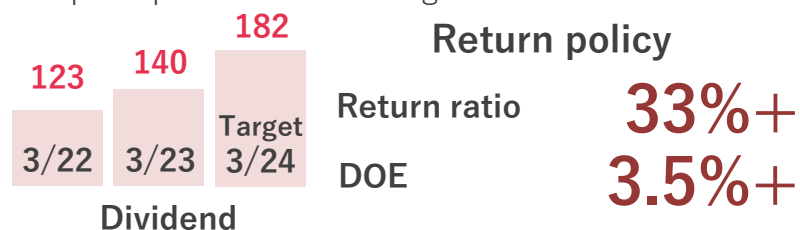


As of October 2023, 11 news releases have already been released.

Corporate site renewal (10/31)

Strengthening shareholder returns

Continue to provide stable dividends with the principle of return through dividends





YUASA TRADING CO., LTD.

Forecasts and forward-looking statements in this document are based on information available as of the date of this document's release and on certain assumptions and expectations. Accordingly, actual results may differ materially due to various risks and uncertainties, such as economic trends, market price conditions, and changes in various systems, and the Company assumes no responsibility for any losses resulting from the use of this information. In addition, the Company assumes no obligation to revise the forecasts and forward-looking statements contained in this document.