

SATOSHOJI

FINANCIAL RESULTS PRESENTATION MATERIAL

For the Fiscal Year
Ended March 31, 2025

SATO SHOJI CORPORATION

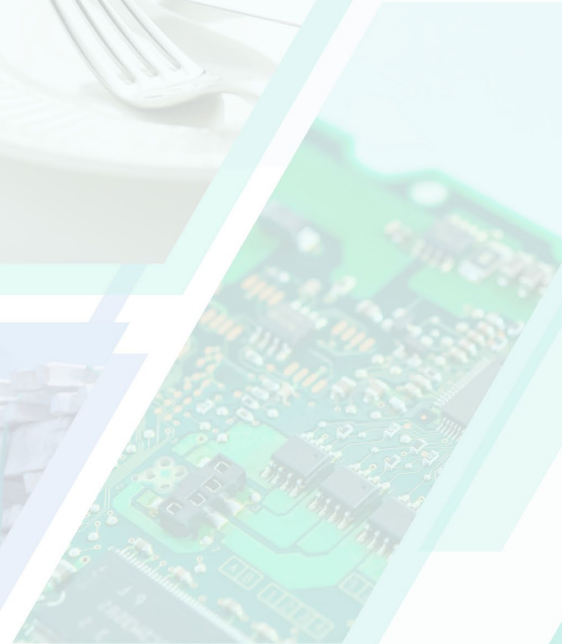
TSE Prime Market Code No. 8065



1. About Sato Shoji Group	03
2. 2025/3 Consolidated Results	16
3. 2026/3 Consolidated Forecasts	21
4. The 3rd Medium-term Management Plan Initiatives	24
5. Action to Implement Management that is Conscious of Cost of Capital and Stock Price	30

SATOSHOJI

1. About Sato Shoji Group



1. About Sato Shoji Group

Company Profile

SATOSHOJI

Company name	SATO SHOJI CORPORATION
Founded	February 24, 1930
Established	February 5, 1949
Capital	1,321,368,450 yen
Representative Directors	President Tetsuo Nozawa Senior Managing Executive Officer Masami Urano
Employees	Consolidated: 1,055 Non-Consolidated: 653
Services and products	Sales in Japan and import/export of Iron & Steel, Non-ferrous Metals, Electronic materials, Machinery, Industrial tools, Lifestyle goods, Precious metals & Jewelry, Material of construction, and Environment-related goods
Branch locations	Tokyo Head Quarters and 41 branches in Japan, including Hokkaido, Akita, Niigata, Fukushima, Tochigi, Saitama, Kanagawa, Shizuoka, Aichi, Nagano, Osaka, Hiroshima, Okayama, Fukuoka, and Kumamoto
Overseas affiliates	21 overseas locations in China, Hong Kong, Thailand, Vietnam, Korea, Indonesia, India, Singapore, Taiwan, Cambodia, and Malaysia
Banks	Resona Bank, Limited Tokyo-Chuo Branch Joyo Bank, Ltd. Shinjuku Branch Sumitomo Mitsui Banking Corporation Nihonbashi Higashi Branch MUFG Bank, Ltd. Yaesu-dori Branch Mizuho Bank, Ltd. Tokyo Corporate Banking Dept.
Stock listing	Tokyo Stock Exchange Prime Market



1. About Sato Shoji Group

Company Profile

SATOSHOJI

Domestic Bases

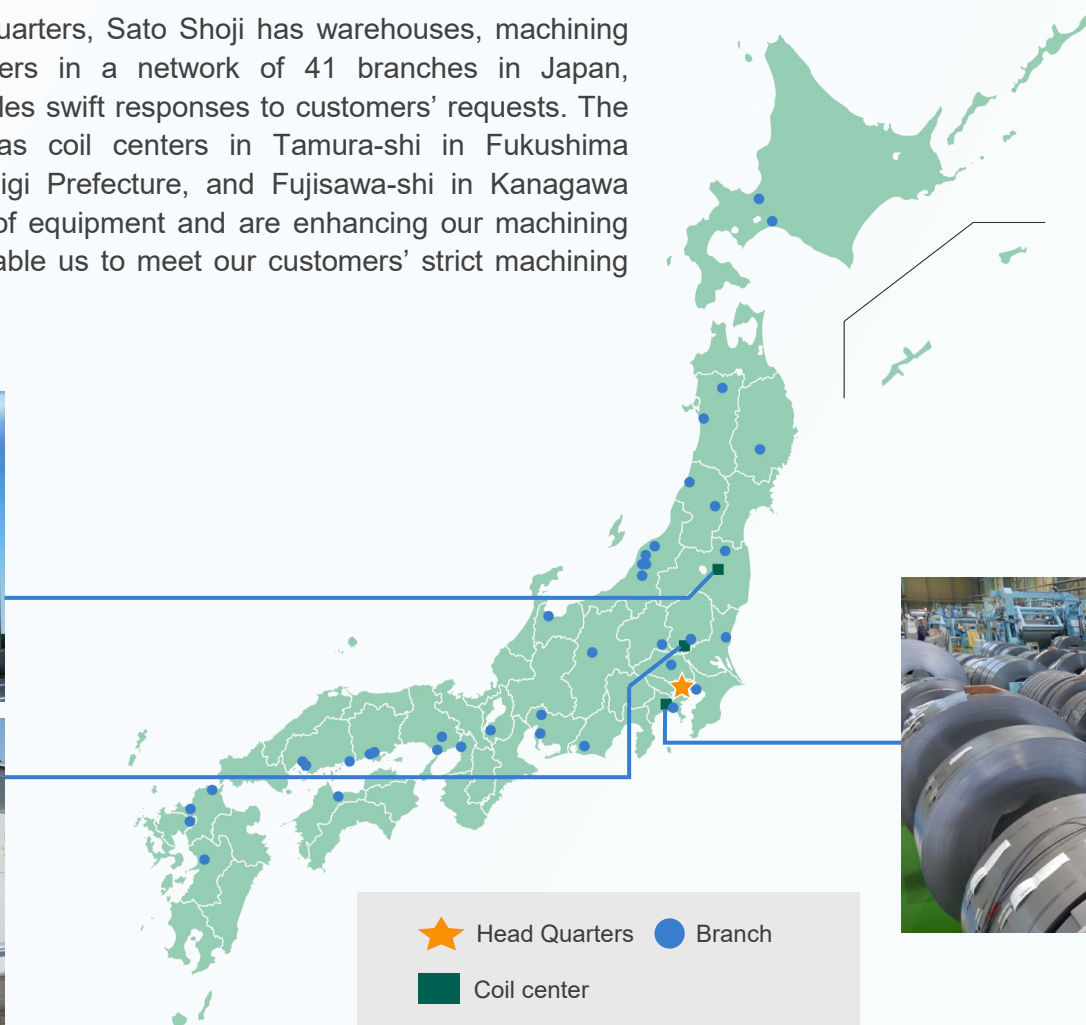
Centered on its Tokyo Head Quarters, Sato Shoji has warehouses, machining facilities, and distribution centers in a network of 41 branches in Japan, establishing a system that enables swift responses to customers' requests. The Iron and Steel Department has coil centers in Tamura-shi in Fukushima Prefecture, Tochigi-shi in Tochigi Prefecture, and Fujisawa-shi in Kanagawa Prefecture. We have a variety of equipment and are enhancing our machining and distribution functions to enable us to meet our customers' strict machining accuracy requirements.

41 branches in Japan

Koriyama Coil Center
Tamura, Fukushima



Tochigi Coil Center
Tochigi, Tochigi



Kanagawa Coil Center
Fujisawa, Kanagawa

1. About Sato Shoji Group

Company Profile

SATOSHOJI

Domestic Affiliates

The Sato Shoji Group has 11 subsidiaries and affiliated companies with 14 locations in Japan. They include companies from a variety of industries, with a focus on the Iron & Steel business. Making effective use of our network of domestic bases and these subsidiaries and affiliated companies spanning the whole of Japan, we will strive to improve sales efficiency and promote the further expansion of our business fields.

1 Consolidated subsidiary
NK TECH NIIGATA K.K.
Iron & Steel product manufacturing

2 Consolidated subsidiary
NIHON YOSHOKKI CO., LTD.
Metal sundries manufacturing

3 Consolidated subsidiary
SATO CHEMIGLASS CORPORATION
Tsukuba Techno Center



4 SEKINE KOZAI K.K.
Steel stock sales

5 SATO GENETEC CORPORATION
Operation/management of car parking and bicycle parking lots; Nonlife insurance agent

6 Equity method affiliate
INOUE MATERIAL Co., LTD.
Mineral & Metal material sales

7 Consolidated subsidiary
FUJI JIDOSHA KOGYO CO., LTD.
Atsugi Factory



8 Consolidated subsidiary
FUJI JIDOSHA KOGYO CO., LTD.
Automotive components manufacturing

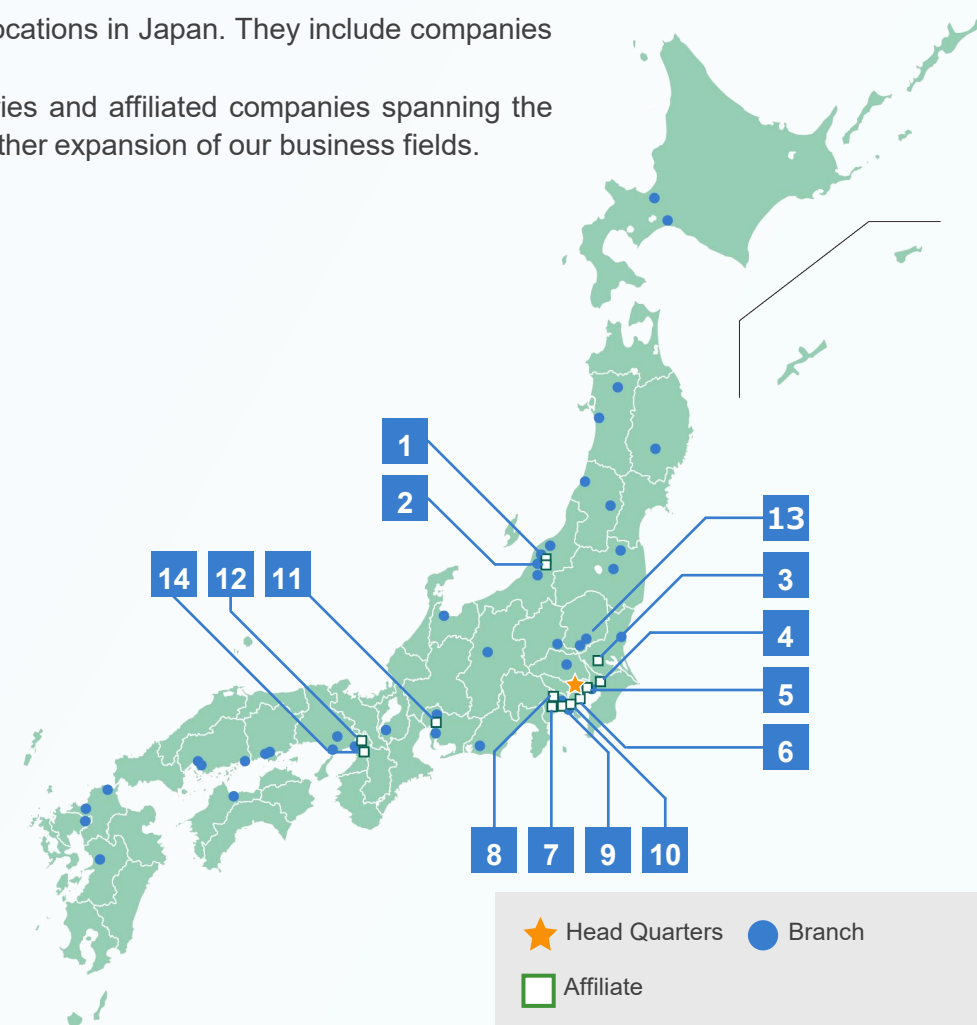
9 SHONAN KAKOU K.K.
Steel stock processing

10 Consolidated subsidiary
DAITO KOGYO CO., LTD.
Steel stock processing and sales

11 Consolidated subsidiary
METAL ACT CO., LTD.
Iron & Steel sales

12 Consolidated subsidiary
HANSHIN SPECIAL STEEL CO., LTD.
Iron & Steel sales

14 Consolidated subsidiary
SATO CHEMIGLASS CORPORATION
Processing and sales of glass materials and synthetic resin products



1. About Sato Shoji Group

Company Profile

SATOSHOJI

Overseas Bases

Our first step overseas was the establishment of SATO SHOJI HONG KONG CO., LTD. in 2004. Since then, the Sato Shoji Group has established business bases in 21 locations in 11 countries and regions. United as one, the Group will work together to strengthen and expand our overseas business, with a particular focus on the Asian region.

21 overseas locations

● Consolidated subsidiary ● Equity method affiliate

Overseas Sales Companies

- | | |
|--|--|
| A SATO SHOJI HONG KONG CO., LTD. ●
Electronic materials sales | I SATO-SHOJI (VIETNAM) CO., LTD. ●
Non-ferrous Metals and Iron & Steel sales |
| B SATO SHOJI SHANGHAI CO., LTD. ●
Iron & Steel, Non-ferrous Metals and Electronic materials sales | J HANOI BRANCH
Iron & Steel and Non-ferrous Metals sales |
| C CHANGZHOU BRANCH
Iron & Steel and Non-ferrous Metals sales; Steel material warehouses | K SATO-SHOJI (CAMBODIA) CO., LTD.
Non-ferrous Metals sales |
| D SATO CHEMICAL GLASS (SUZHOU) CO., LTD.
Synthetic resins and Glass products sales | L SATO SHOJI ASIA PACIFIC PTE. LTD. ●
Electronic materials sales |
| E SATO SHOJI (GUANGZHOU) CO., LTD. ●
Electronic materials and Iron & Steel sales | M PT. SATO-SHOJI INDONESIA ●
Iron & Steel and Non-ferrous Metals sales |
| F SATO SHOJI KOREA CO., LTD.
Electronic materials and Iron & Steel sales | N SATO-SHOJI INDIA PRIVATE LIMITED
Iron & Steel and Non-ferrous Metals sales |
| G SATO-SHOJI (THAILAND) CO., LTD. ●
Iron & Steel, Electronic materials, and Non-ferrous Metals sales | O PS DEVICE & MATERIAL INC.
Electronic materials sales |
| H SATO TECHNO SERVICE (THAILAND) CO., LTD.
Machining tools sales; Machinery repair services | P SATO SHOJI MALAYSIA SDN. BHD.
Electronic materials sales |

Joint Venture Manufacturing Companies

- | | |
|--|--|
| Q SOGABE (SUZHOU) GEAR REDUCER CO., LTD.
Manufacturing of Gear reducers | T THAI KJK CO., LTD.
Manufacturing of Automotive components |
| R UCHIDA-SATO TECH (THAILAND) CO., LTD.
Manufacturing of Die holders for forging | U POLYHOSE SATO SHOJI METAL WORKS PRIVATE LIMITED
Steel stock processing and Can fabrication |
| S YUASA SATO (THAILAND) CO., LTD. ●
Manufacturing of Crankshafts | |



SATO-SHOJI (THAILAND)
Electronics Dept. warehouse

Services and Products

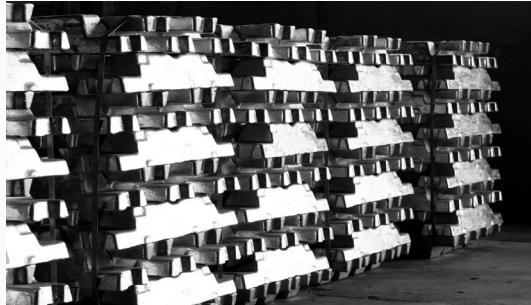
Iron and Steel Dept.

“Iron and Steel” will retain a leading role throughout the 21st century



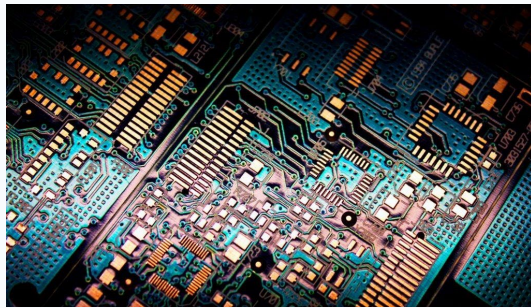
Non-ferrous Metals Dept.

Proactive development from raw ore into new materials and onto leading-edge high-tech fields



Electronics Dept.

Providing a bridge between innovative technologies and products for our age



Machinery and Tools Dept.

Factory automation advisory services to reinforce manufacturing operations



Life Sales Dept.

We offer a lifestyle based on design



Business Development Dept.

Solutions to environmental problems



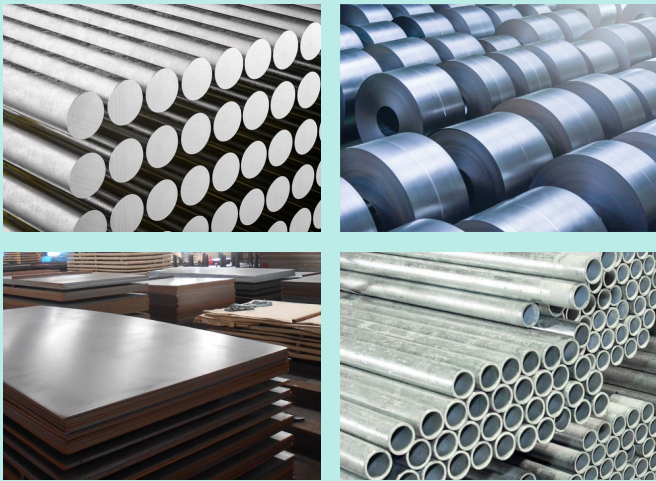
1. About Sato Shoji Group

Iron and Steel Dept.

SATOSHOJI

Strengths	Diverse product lineup	We provide a wide variety of iron and steel products, including normal steel, specialty steel, and construction materials, both in Japan and overseas.
	Robust supply chain both in Japan and overseas	We respond swiftly to the needs of customers both in Japan and overseas with our optimized logistics network and advanced inventory management.
	Strong support for specific industries	We offer services specialized in industries with a high degree of expertise, such as the automotive, construction, and industrial machinery fields.
	Overseas development	We are expanding overseas to meet customer needs and explore new markets, and respond to various needs in local markets.

- Blast furnace manufacturers
- Electric furnace manufacturers



SATOSHOJI



Commercial vehicles



Agricultural machinery



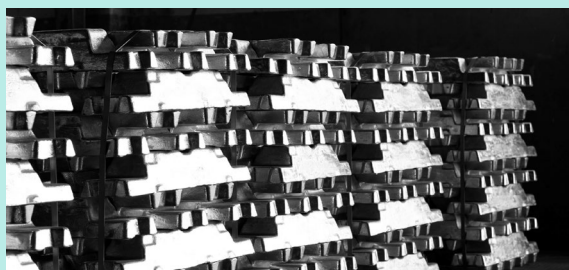
Construction machinery



Construction industry

Strengths	Broad procurement sources in Japan and overseas	We seek out procurement sources in Japan and overseas on a daily basis.
	Just-in-time logistics responses	We have depot functions utilizing partner companies in Japan, Thailand, Vietnam, Indonesia, and India.
	Cooperation with overseas partners	We work with overseas partners even in countries where we do not have our own Non-ferrous Metals Department sales staff stationed.

- Domestic suppliers
- Overseas suppliers



SATOSHOJI

Material and parts supply
Depot functions



Primary
metalworking
manufacturers

Secondary
metalworking
manufacturers

- Automotive manufacturers
- Commercial vehicle manufacturers
- Tier 1 manufacturers
- Tier 2 manufacturers



Goods handled

- ① Non-ferrous metal business
Aluminum ingots and alloy
- ② Non-ferrous metal raw materials business
Metallic silicon
- ③ Non-ferrous material business
Aluminum rolling/Extruded material/Super alloys
- ④ Processed parts business
- ⑤ Non-ferrous die-casting peripheral equipment business

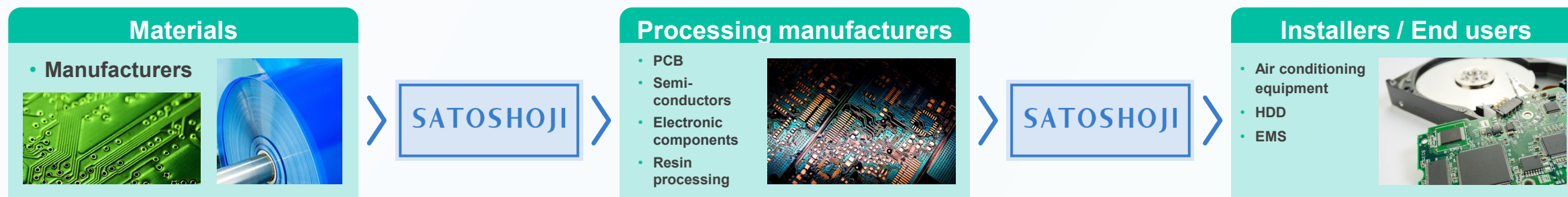
Partner metalworking manufacturers

Casting, pressing, cutting, assembly, etc.

- ◆ We build commercial distribution including exports to and imports from domestic/overseas suppliers and trilateral trade, responding to regulatory requirements of destination countries and customers needs.
- ◆ In addition to material supply, we are able to supply finished products and assemblies in cooperation with partner companies in Japan and overseas.

Strengths	Aggressive overseas expansion	Overseas sales accounts for about 70% of Electronics Department sales. We capture further growth opportunities by establishing new overseas bases and expanding sales in overseas markets.
	Offering diverse goods	We handle a wide variety of materials from Japan and overseas, stocking them in warehouses in Japan and overseas. We procure goods globally to meet customers' needs.
	Proposal of new products	We make proposals about robots, mainly to the printed circuit board industry, to solve issues related to automatization and labor-saving.

Proposal of materials and products using our network



- We offer one-stop services that leverage warehouse functions and infrastructure in individual locations, focusing mainly on Asia. We also help our customers to reduce their logistics costs.



Machinery and Tools Dept.

Strengths

Diverse product lineup

We handle diverse products from more than 250 companies in Japan and overseas, such as machining tools, forging machines, robots, and cutting tools, to meet a wide range of needs.

One-stop solutions

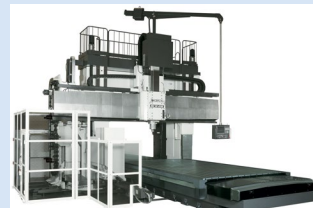
We offer one-stop solutions from proposals to logistics, installation, and after-sales service.

Suppliers

- Domestic machinery manufacturers
- Overseas machinery manufacturers



FA equipment/
Automation robots



Machining tools

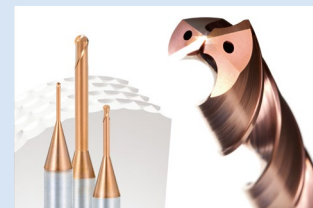


Forging machines

Key products handled



Surface treatment
apparatus/
Die-casting machines



Cutting tools

Customers (manufacturers)

- Commercial vehicles
- Automobiles
- Automotive components
- Construction machinery
- Agricultural machinery
- Industrial machinery
- Shipbuilding



Strengths

We handle a diverse range of products, with a focus on houseware.

We develop products by understanding consumers' needs and wants, and use a market-oriented sales strategy to bring products that consumers are seeking to market.

Our integrated system covers planning, development, production, and sales of original brands.

We develop products in collaboration with industrial designers.

Suppliers

- Own factory
- Manufacturers/partner factories in Japan and overseas



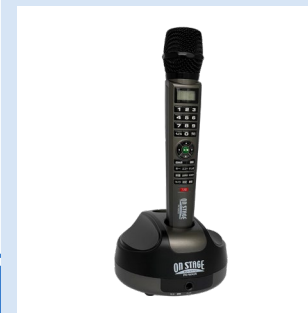
Food-service supplies for commercial use

Silverware / Kitchen utensils



Houseware

Kitchenware
Dinnerware
Directly managed stores



Home appliances

Cooking, beauty, entertainment appliances, electric scooters

Brands we handle

Martian, D&S, KEVNHAUN, ON STAGE, Sori Yanagi, DANSK, Segway-Ninebot

OEM development

Customers

- **Trading companies / Wholesalers**
- **Distance selling**
e-commerce
Catalog selling
TV shopping
- **Retailers**
Lifestyle shops
GMS / Food supermarkets
Appliance stores
Owned shops
- **Food service**
Hotel chains
Restaurant chains
Ocean cruise liners
- **Overseas Distributors**



Strengths

We handle a wide range of environmentally conscious products of manufacturers that have their own technologies. We propose improvements for the global environment and working environments.

We have fully established work management systems in compliance with laws and regulations. Our employees qualified as operation and management engineers manage the entire process from proposal to installment.

Suppliers

- Environmentally conscious product manufacturers



SATOSHOJI



Building and roof renovation/repair



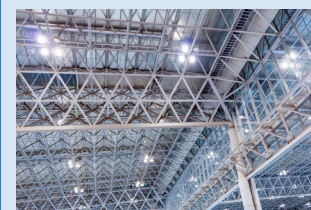
Overhead cranes

Partnering with industry-leading crane manufacturer

Key products handled



Cooling equipment



LED lighting

Commercialization by joint development with major Japanese manufacturers

Customers

Mainly customers of the Iron and Steel Dept.

- Commercial vehicle manufacturers
- Construction machinery manufacturers
- Fabricators
- General contractors, etc.
(Installation in factories, offices, etc.)



Sato Shoji's Strengths

Independent steel trading company

From its unique position and competitive strengths as an independent steel trading company that links users and manufacturers directly, Sato Shoji leverages its flexible and wide-ranging procurement capabilities and quick responsiveness to offer high added value to customers.

Customer-oriented service provision

Each department offers flexible services in response to customers needs, providing support to a wide range of customers.

Diversified business portfolio

A key characteristic of Sato Shoji is its diverse divisions, namely the Iron and Steel, Non-ferrous Metals, Electronics, Machinery and Tools, Life Sales, and Business Development departments, which work for different industries and customer segments. This diversification helps avoid reliance on a single market and diffuses risks.

Domestic and overseas network with about 60 locations

With 41 locations in Japan and 21 locations overseas, we place importance on a regionally focused approach. In particular, we are expanding our business in the rapidly growing Asian region and enhancing our competitiveness amid the progress of globalization.

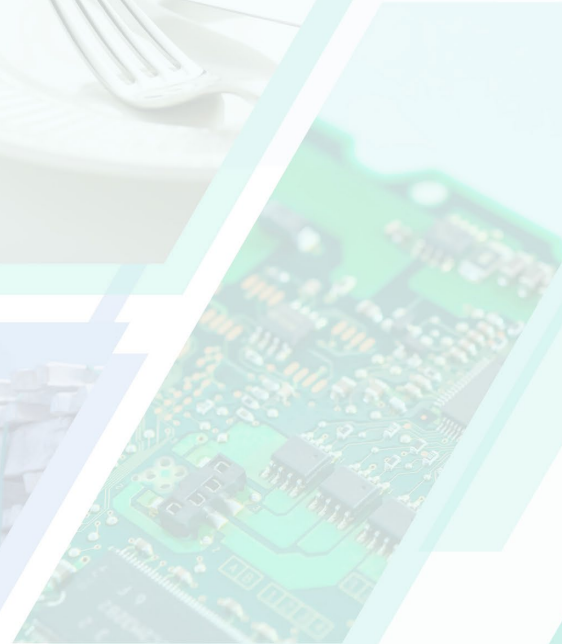
Reliability as a partner

Our diversified business operations, including Iron and Steel, Non-ferrous Metals, Electronics, Machinery and Tools, and Life Sales, have enabled Sato Shoji to be more than just a supplier of goods for corporate customers and become their comprehensive business partner.

SATOSHOJI

SATOSHOJI

2. 2025/3 Consolidated Results



Summary of Financial Results

(Millions of yen; %)

	2024/3		2025/3		Year-on-year change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
Net sales	273,975	100%	284,552	100%	10,577	3.9%
Gross profit	20,849	7.6%	22,771	8.0%	1,922	9.2%
Selling, general and administrative expenses	14,370	5.2%	15,954	5.6%	1,584	11.0%
Operating profit	6,479	2.4%	6,817	2.4%	338	5.2%
Ordinary profit	7,293	2.7%	7,191	2.5%	(102)	(1.4%)
Profit before income taxes	8,851	3.2%	8,402	3.0%	(449)	(5.1%)
Profit attributable to owners of parent	6,478	2.4%	6,015	2.1%	(463)	(7.1%)
Earnings per share (yen)	306.89	—	285.90	—	—	—

● Key Points of Consolidated Financial Results

Net sales

In the Steel and Non-Ferrous Metals Divisions, sales to key customers in the commercial vehicle and construction machinery industries were sluggish, leading to a year-on-year decline in operating profit.

The Electronics Division saw steady growth in sales of laminated boards for printed circuit boards, as well as strong exports of materials for LCDs and semiconductors and robust sales of components.

The Life Sales Division achieved higher sales and profits due to strong overseas sales of its own proposed products. As a result of mutual complementarity among these divisions, both net sales and operating profit reached record highs.

Ordinary profit

In the fiscal year ended March 2024, a one-time dividend income of approximately 200 million yen was recorded due to the corporate reorganization of an unlisted company.

In the fiscal year ended March 2025, non-operating income and expenses were minimally affected by special or one-time factors. Although ordinary profit decreased by 102 million yen year-on-year, it would show an increase if these special factors are considered.

Profit

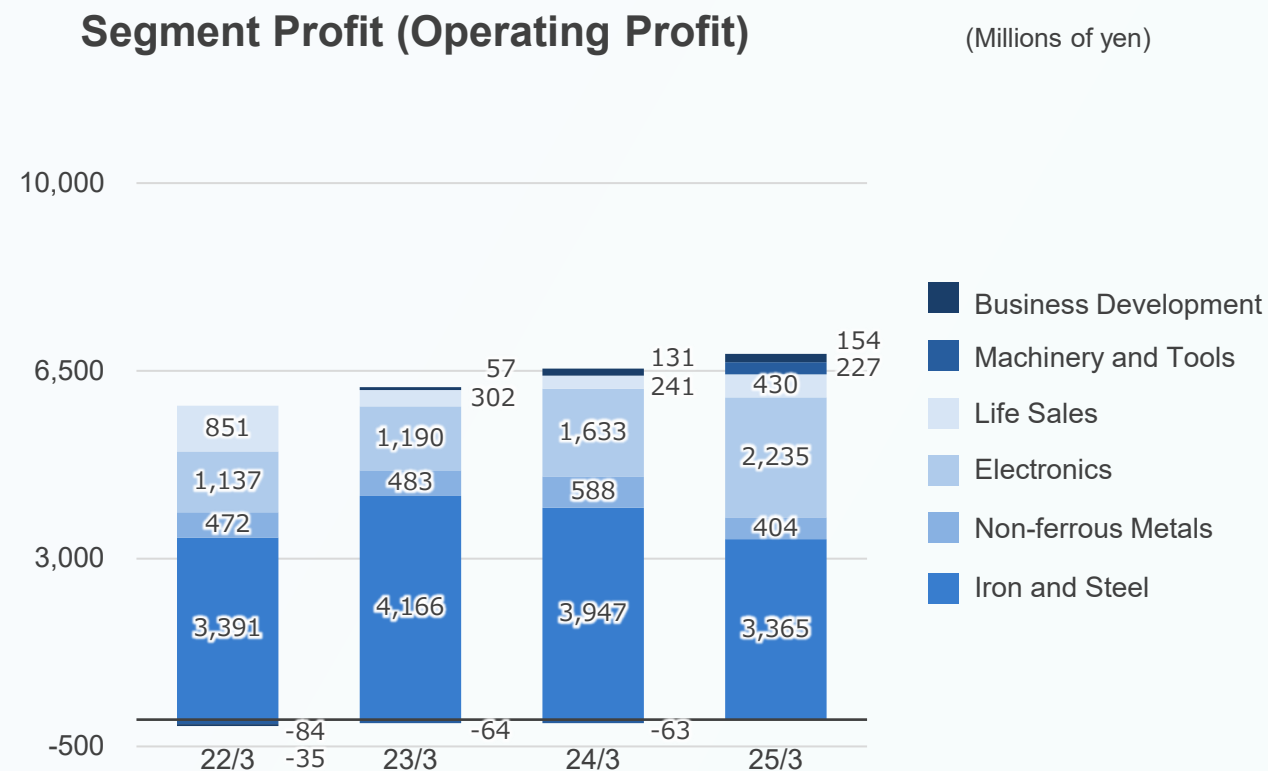
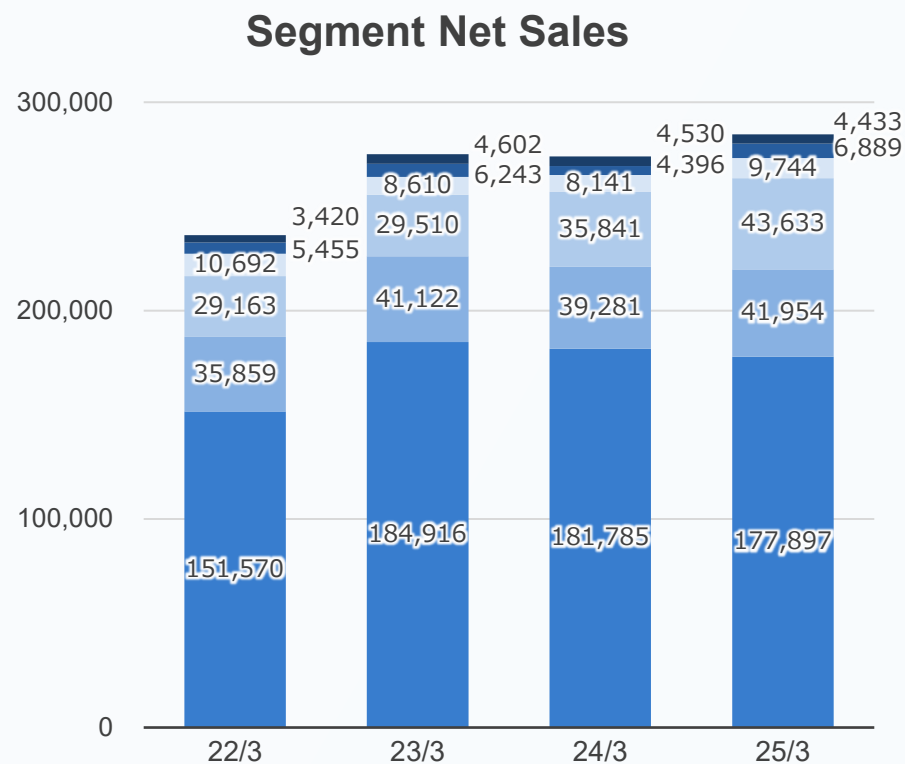
Decrease in Extraordinary Income (275 million yen):

- Gain on Sale of Fixed Assets: +475 million yen
- Gain on Sale of Investment Securities: △750 million yen

Increase in Extraordinary Losses (73 million yen):

- Impairment Loss: +61 million yen
- Loss on Sale of Subsidiary Shares: +68 million yen

Net Sales and Profit by Segment



Key Points

Steel Business: Sales to major clients in the commercial vehicle and construction machinery industries were sluggish. Compared to the same period of the previous year, net sales decreased by 3,887 million yen, and operating profit declined by 582 million yen.

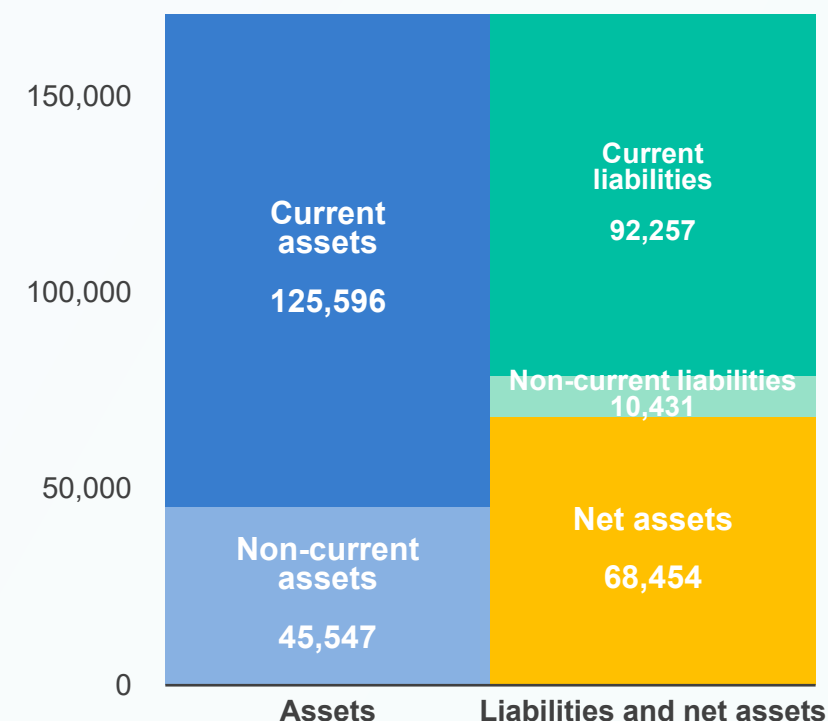
Electronics Business: In addition to strong sales of the mainstay product, laminated boards for printed circuit boards, exports of materials for LCDs and semiconductors were robust. Compared to the same period of the previous year, net sales increased by 7,792 million yen, and operating profit rose by 602 million yen.

Balance Sheet

(Millions of yen)

	2024/3	2025/3	YoY change
Current assets	128,267	125,596	△2,671
Cash and deposits	3,175	3,912	737
Notes and accounts receivable – trade			
Electronic recorded monetary claims-operating	91,413	85,195	△6,218
Other assets	33,679	36,489	2,810
Non-current assets	44,602	45,547	945
Property, plant and equipment	21,661	24,587	2,926
Intangible assets	186	208	22
Investments and other assets	22,755	20,751	△2,004
Total assets	172,870	171,143	△1,727
Total liabilities	107,667	102,688	△4,979
Current liabilities	92,128	92,257	129
Non-current liabilities	15,538	10,431	△5,107
Total net assets	65,202	68,454	3,252
Total liabilities and net assets	172,870	171,143	△1,727
Equity ratio	37.5%	39.8%	2.3pt

(Millions of yen)

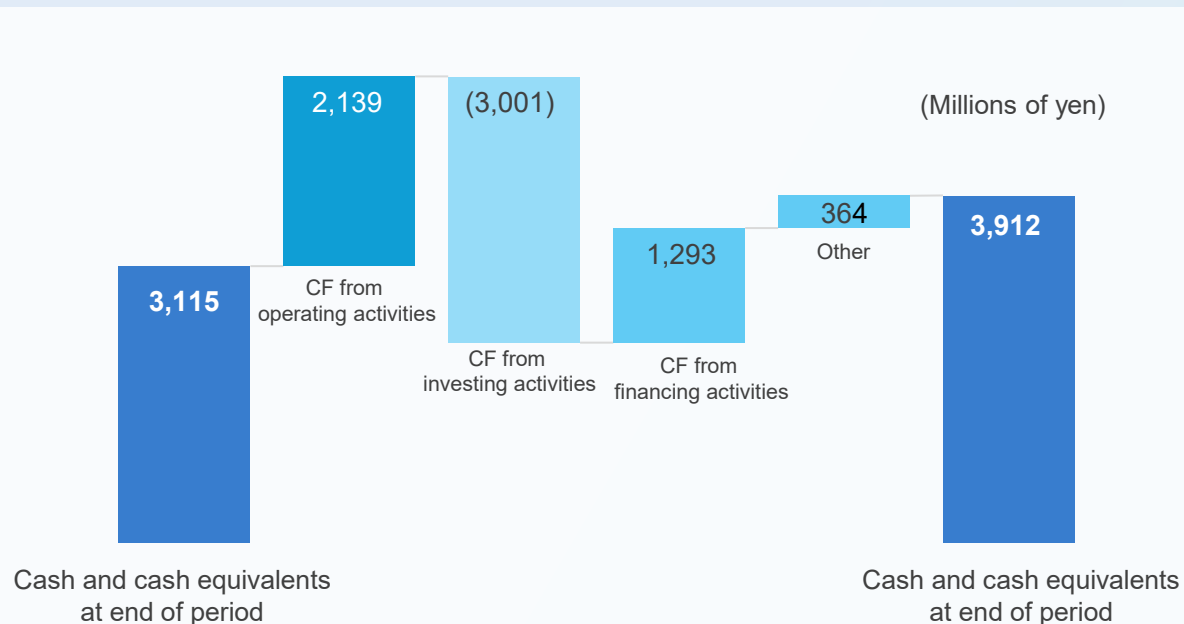


Key Points

Tangible Fixed Assets: The main reason for the increase was the land and buildings of the new Shiga Branch, amounting to 2,515 million yen.

Investments and Other Assets: The main reason for the decrease was due to the sale of shares and the mark-to-market valuation of shares.

Non-Current Liabilities: The main reason for the decrease was a reduction in long-term borrowings by 4,516 million yen (however, short-term borrowings increased by 7,896 million yen).



Key Points

Operating cash flow was positive at 2,139 million yen, but **cash flow from investing activities** was negative at 3,141 million yen due to investments, including those for the new Shiga Branch.

Cash flow from financing activities was 1,293 million yen, and other cash flows were 364 million yen, resulting in an ending balance of 3,912 million yen.

(Millions of yen)

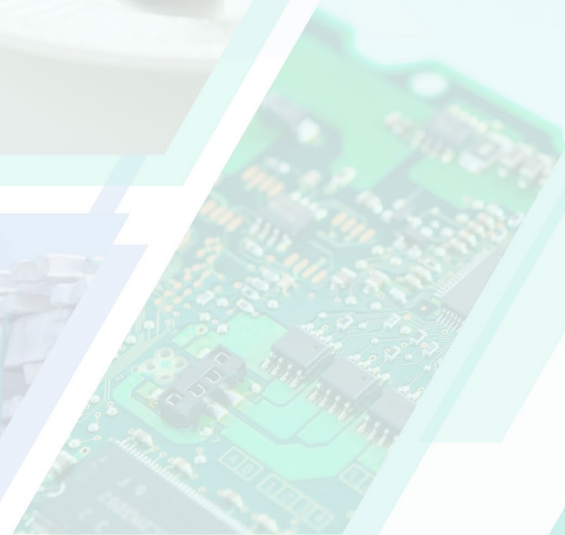
	2024/3	2025/3	Change
Cash flows from operating activities	8,229	2,139	(6,090)
Cash flows from investing activities	(2,727)	(3,001)	(274)
Cash flows from financing activities	(5,788)	1,293	7,081
Others	115	364	249
Depreciation	1,051	1,151	100
Increase(Decrease) in borrowings	(4,161)	3,000	7,161
Dividends paid	(1,475)	(1,583)	(108)

Breakdown of Cash Flows from Investing Activities

Purchase of property, plant and equipment	(4,864)	(4,303)	561
Sale of investment securities	1,877	1,266	(611)
Other	260	36	(224)

SATOSHOJI

3. 2026/3 Consolidated Forecasts



Results Forecasts for the Fiscal Year Ending March 31, 2026

(Millions of yen; %)

	2025/3		2026/3 (Forecast)		YoY change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
Net sales	284,552	100%	290,000	100%	5,448	1.9%
Operating profit	6,817	2.4%	6,800	2.3%	(17)	(0.3%)
Ordinary profit	7,191	2.5%	7,200	2.5%	9	0.1%
Profit attributable to owners of parent	6,015	2.1%	5,600	1.9%	(415)	(6.9%)
Earnings per share (yen)	285.90	—	266.14	—	—	—

● Future Outlook

Regarding the future outlook, although the economy is expected to continue its gradual recovery due to improvements in employment and income conditions, numerous concerns persist, including rising energy prices, fluctuations in interest rates and exchange rates, tariff policies under the Trump administration, and geopolitical risks. As a result, the outlook remains uncertain.

Under such circumstances, our group will continue to focus on addressing key challenges to achieve sustainable growth in response to the diversifying environment, guided by the vision of "Three SINKA" set forth in our Third Medium-Term Management Plan.

For the consolidated earnings forecast for the next fiscal year, we anticipate net sales of 290 billion yen, operating profit of 6.8 billion yen, ordinary profit of 7.2 billion yen, and net profit attributable to owners of the parent of 5.6 billion yen.

The forecast for net income is expected to decrease by 415 million yen year-on-year, mainly due to a gain on the sale of fixed assets of 478 million yen recorded in the previous fiscal year.

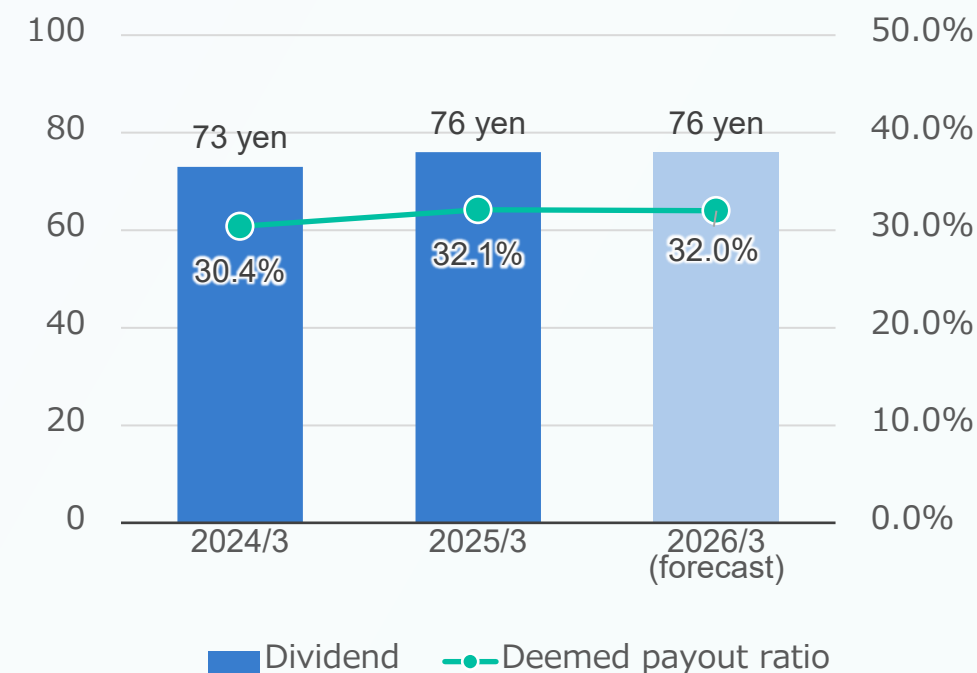
Dividend Forecast

Dividend Policy

- Dividend of at least 30% of consolidated deemed profit* and a minimum annual dividend of 76 yen per share
- Dividends of surplus will be paid twice a year in principle: interim and year-end

(Millions of yen)

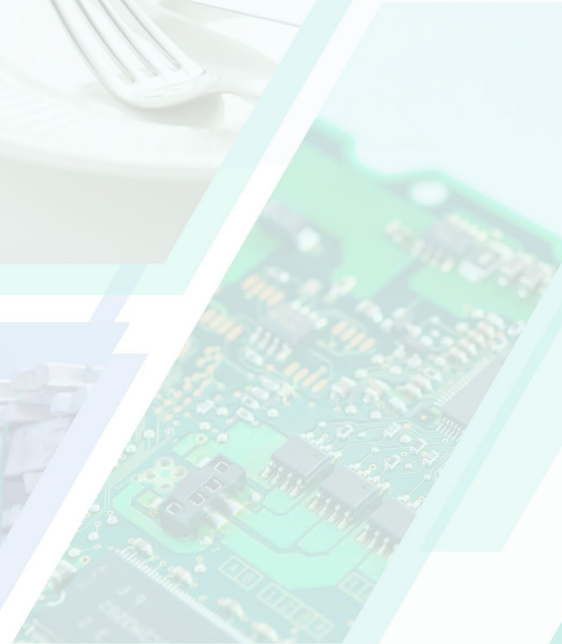
		2024/3 Results	2025/3 Results	2026/3 (Forecast)
Dividend per share		73 yen	76 yen	76 yen
Amount of dividends	a	1,538	1,599	1,599
Payout ratio		23.8%	26.6%	28.6%
Consolidated profit		6,478	6,015	5,600
Consolidated deemed profit	b	5,059	4,989	4,995
Deemed payout ratio (a/b)		30.4%	32.1%	32.0%



* Consolidated deemed profit: Consolidated ordinary profit x (1 – Effective tax rate)

SATOSHOJI

4. The 3rd. Medium-term Management Plan Initiatives



Basic Policy of the Third Medium-term Management Plan

Medium-term Management Plan (FY2023 – FY2025)

Sato Shoji Group's Management Philosophy

To make wide-reaching contributions to society
through distribution and services

Third Medium-term Management Plan's Vision

With “Three SINKA,”

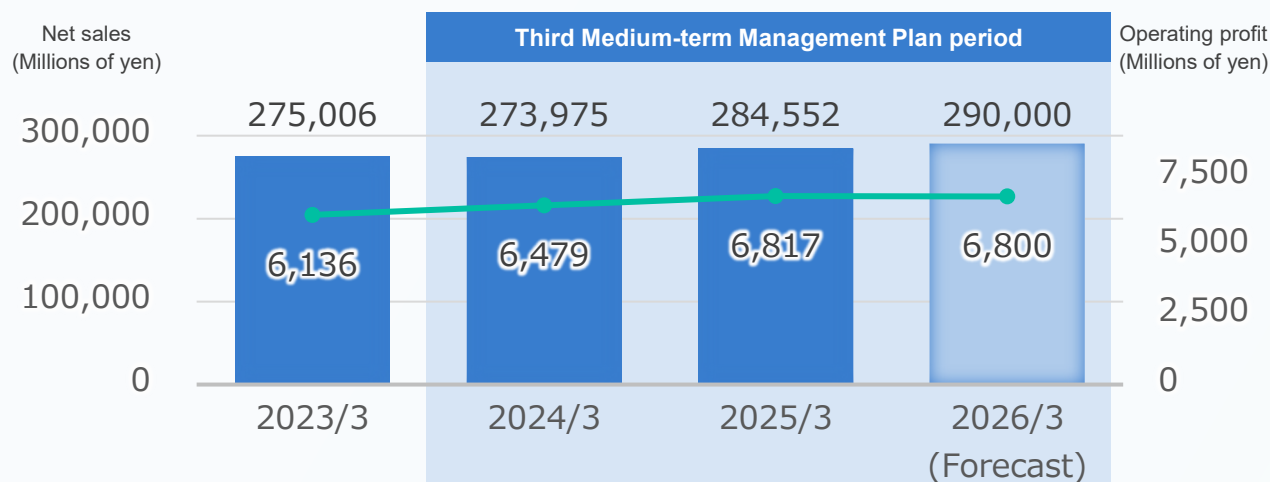
SINKA *Evolution* **SINKA** *Deepening* **SINKA** *New challenge*

we will respond to the diversifying environment and realize sustainable growth.

4. The 3rd Medium-term Management Plan Initiatives

Major KPIs

			Third Medium-term Management Plan Period			YoY (Growth Rate)	Plan Final Year Target	Rate of Progress Against Target	
Strategy	Each indicator	2023/3	2024/3	2025/3	2026/3 (Forecast)			2024/3	2025/3
Performance targets	Net sales	275.0 billion yen	273.9 billion yen	284.5 billion yen	290.0 billion yen	3.9%	290.0 billion yen	94.5%	98.1%
	Operating profit	6.1 billion yen	6.4 billion yen	6.8 billion yen	6.8 billion yen	5.2%	6.8 billion yen	95.3%	100.3%
ROIC target	ROIC	5.2%	5.5%	5.3%	—	—	5.0% or more	—	—
Overseas development	Overseas sales	45.9 billion yen	46.8 billion yen	59.2 billion yen	—	26.4%	58.0 billion yen	80.9%	102.2%
	Overseas sales ratio	16.7%	17.1%	20.8%	—	—	20% or more	—	—



<Performance Targets>

For the fiscal year ending March 2025, consolidated net sales increased by 3.9% year-on-year, while operating profit rose by 5.2%. The progress rate toward the final year of the medium-term plan was 98.1% for net sales and 100.3% for operating profit.

<ROIC>

ROIC for the fiscal year ending March 2025 was 5.3%, maintaining a level above the final year target of 5.0%.

<Overseas Sales, etc.>

Overseas sales for the fiscal year ending March 2025 reached 59.2 billion yen, with an overseas sales ratio of 20.8%, both achieving the final year targets.

Progress of Capital Policies

1 Medium- to Long-term Growth Investments

3-Year Total Investment Target **13.0 billion yen or more**

The cumulative total amount invested over the two years of FY2024/3 and FY2025/3 was **9.8 billion yen**.

The **rate of progress to date** against the 3-year total investment target of **13.0 billion yen or more** is **74.7%**.

(Millions of yen)

(Millions of yen)

Investment Category	3-Year Total Investment (Target)	Investment Category	Details of Investment	Existing Investments 2nd Year of Plan (Results)	Already Invested Amount 2-Year Total (Results)	Third Medium-term Management Plan Period		
						2024/3 (1st Year of Plan)	2025/3 (2nd Year of Plan)	2026/3 (3rd Year of Plan)
Sites/facilities	9,000	Sites/facilities*1	Section 2, Iron and Steel Dept. Land for new Urayasu warehouse, etc.	91	2,758			
			FUJI JIDOSHA KOGYO CO., LTD. Atsugi Factory construction, etc.	872	1,990			
			Land, buildings, and other facilities of the new Shiga Branch warehouse	2,719	2,719			
			Other investments	212	764			
			Subtotal	3,894	8,231			
IT investment	1,000	IT investment	Consideration of replacement of core system, etc.	809	1,089			
M&A investments, etc.	3,000	M&A investments, etc.	Contribution / investment & financing, etc.*2	45	485			
ESG investment	200	ESG investment	Solar power generation, etc.	23	57			
Total	13,200	Total		4,771	9,862			

Rate of progress to date against 3-year cumulative investment target

74.7%

*1. For "sites/facilities," only actual amounts of key projects for which timely disclosure has been made are presented separately.

*2. For "M&A investments, etc.," actual amounts on a contract basis are presented.

Progress of Capital Policies

● Use of and investment in human capital

Progress from activities in 2025/3, the 2nd year of the Plan

Strengthening of human resources development

● Enhancement of training by job type/generation

2025/3 results

Education/training costs **10 million yen** **YoY change +66%**

2026/3 plans

Education/training costs **12 million yen** **YoY change +20%**

● Strengthening of overseas trainee program

2025/3 results

0 persons posted to Thailand/Indonesia **31 million yen**
Equivalent to 2 persons for whole year

2026/3 plans

Increase postings to Thailand by 0 persons from April 2025 **31 million yen**
Equivalent to 2 persons for whole year

Further improvement of working environment

● Establish working environment to accommodate flexible work styles

Persons newly taking childcare leave

9 persons
+3 persons YoY

(Male: 0 Female: 0)

With advances in attendance system, encourage work from home

● Raising awareness of employee health and safety

Company subsidies paid to employees

Comprehensive medical checkup subsidy

131 persons
5.6 million yen

Vaccine subsidy

112 persons
0.4 million yen

Enrollment in occupational injury insurance for factory accidents

3.6 million yen

Improvement of the workplace environment during the summer

24.8 million yen

Strengthening of security measures

2.6 million yen

Utilization of diverse talent

● Promote new-graduate and mid-career recruitment activities across entire group in Japan and overseas

2025/3

New graduate career-track recruits **14 persons**
+2 persons YoY

Mid-career career-track recruits

4 persons
+3 persons YoY

Strengthen recruitment system with establishment of new-graduate recruitment team

● Implement curriculum aimed at promoting active participation of female managers

Development of female leaders (supervisory positions)

3 women

Number of employees who switched from general track to regional career track as manager candidates

1 woman

Promotion of Activities Toward Decarbonization (Carbon Neutrality)

The status of initiatives conducted during 2024/3, the first year of the Plan, is as follows.
We will continue to promote concrete actions, indicating them with numbers.

Key Themes		Specific Initiatives	Progress of Initiatives															
Transition to a low-carbon society	Promote renewable energy, e.g. solar power generation	Install more solar power generation systems 	Establishment of new solar power generation systems <table><tr><td>2024/5</td><td>Result</td><td>Okayama Steel Stock Center</td><td>23 million yen</td></tr><tr><td>2024/4</td><td>Result</td><td>New Shiaga Branch Warehouse</td><td>23 million yen</td></tr><tr><td>2025/8</td><td>Plan</td><td>New Urayasu Warehouse</td><td>22 million yen</td></tr></table>				2024/5	Result	Okayama Steel Stock Center	23 million yen	2024/4	Result	New Shiaga Branch Warehouse	23 million yen	2025/8	Plan	New Urayasu Warehouse	22 million yen
	2024/5	Result	Okayama Steel Stock Center	23 million yen														
2024/4	Result	New Shiaga Branch Warehouse	23 million yen															
2025/8	Plan	New Urayasu Warehouse	22 million yen															
	Promote sales of environmentally conscious products	- Build sales framework for products related to solar power generation systems - Expand sales of LED lightbulbs / OS cool method 	FY2024 Results <table><tr><td>LED lightbulbs</td><td>463 million yen(+11%)</td></tr><tr><td>Solar equipment</td><td>52 million yen(+57%)</td></tr><tr><td>OS cooling, etc.</td><td>367 million yen(-15%)</td></tr><tr><td>Total</td><td>882 million yen(-0.1%)</td></tr></table>				LED lightbulbs	463 million yen(+11%)	Solar equipment	52 million yen(+57%)	OS cooling, etc.	367 million yen(-15%)	Total	882 million yen(-0.1%)				
LED lightbulbs	463 million yen(+11%)																	
Solar equipment	52 million yen(+57%)																	
OS cooling, etc.	367 million yen(-15%)																	
Total	882 million yen(-0.1%)																	
Reduce energy consumption by all companies in the Group		Targets set in the Third Medium-term Management Plan period Reduce by 40% from FY2010 Reduce by 10% from FY2022  	FY2024 Results <table><tr><td>Compared with FY2010</td><td>Down 52%</td></tr><tr><td>Compared with FY2022</td><td>Down 6%</td></tr></table>				Compared with FY2010	Down 52%	Compared with FY2022	Down 6%								
Compared with FY2010	Down 52%																	
Compared with FY2022	Down 6%																	

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



Analysis of Current Situation (Progress)

	Analysis of current situation (March 31, 2024)	Response to improvement
Cost of capital: WACC (Weighted average cost of capital)	5.2%	Promotion and achievement of the Third Medium-term Management Plan (FY2023 – FY2025)
ROIC	5.3%	
ROE	9.0%	
Stock price	1,485 yen	
PBR	0.45	

ROIC achieved the target of **5%** set in the Third Medium-Term Management Plan and slightly exceeded the cost of capital (WACC) of **5.2%**. However, the **PBR remains low at 0.45 times**.



The evaluation of our medium- to long-term growth investments and capital policy cannot be considered sufficient. However, we will strive to enhance our capital policy, including dividend policy, and strengthen IR activities to improve the PBR.

Initiatives to Enhance Corporate Value

Enhance corporate value through promotion and achievement of the Third Medium-term Management Plan (FY2023 – FY2025)

Steadily achieve performance targets

Consolidated
net sales

290.0 billion yen

Consolidated
operating profit

6.8 billion yen

ROIC

5% or more

Promote strengthening of capital policies including shareholder returns

Growth
investment

Promote aggressive investment activities of **13.0 billion yen or more** while replacing assets, etc.

Human
capital

Promote “**strengthening of human resources development,**” “**further improvement of working environment,**” and “**utilization of diverse talent.**”

April 2024: Recruitment team established

Employees: Further promote the improvement of conditions and working environment, and health support

Dividend
policy

A continuous and stable dividend of **at least 30%** of consolidated deemed profit, with a minimum annual dividend of **76 yen** per share (FY2025)

Disclaimer

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