

# Financial Results Briefing for FY2024

—Progress of Medium-Term Management Plan, Financial Highlights,  
Overview of Plan for the Next Fiscal Year & Initiatives to Improve PBR—



## SALA Corporation

Thursday, January 16, 2025



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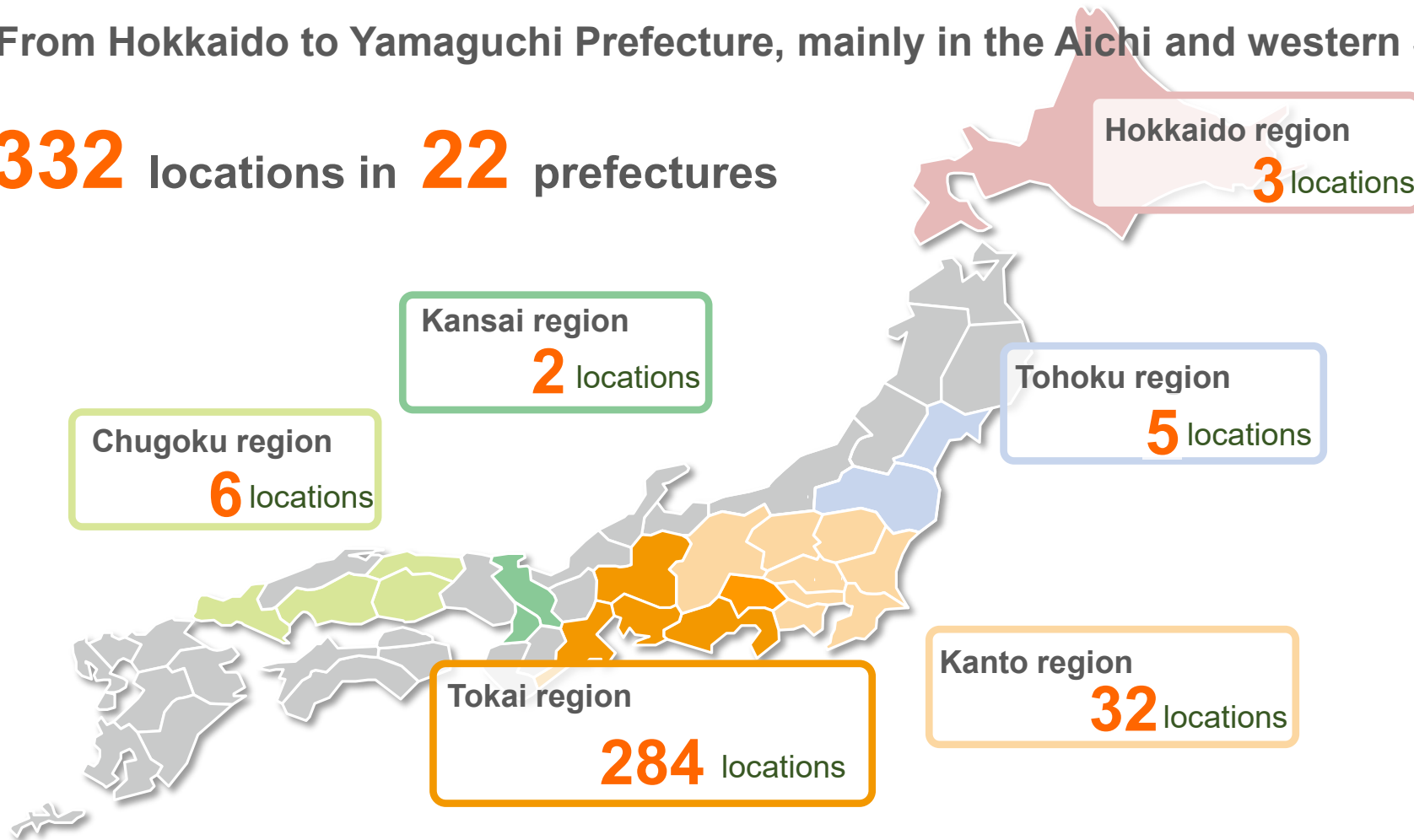
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# **1. SALA Overview and Progress of Medium-Term Management Plan, Financial Highlights & Overview of Plan for the Next Fiscal Year**

# SALA Overview (1) Business Areas


From Hokkaido to Yamaguchi Prefecture, mainly in the Aichi and western Shizuoka areas

**332** locations in **22** prefectures



(As of February 1, 2024)

Established  
 **1909**

Number of employees  
 **Approx. 5,000**

Number of customers  
 **540,000**

Net sales  
 **¥240.4 billion**



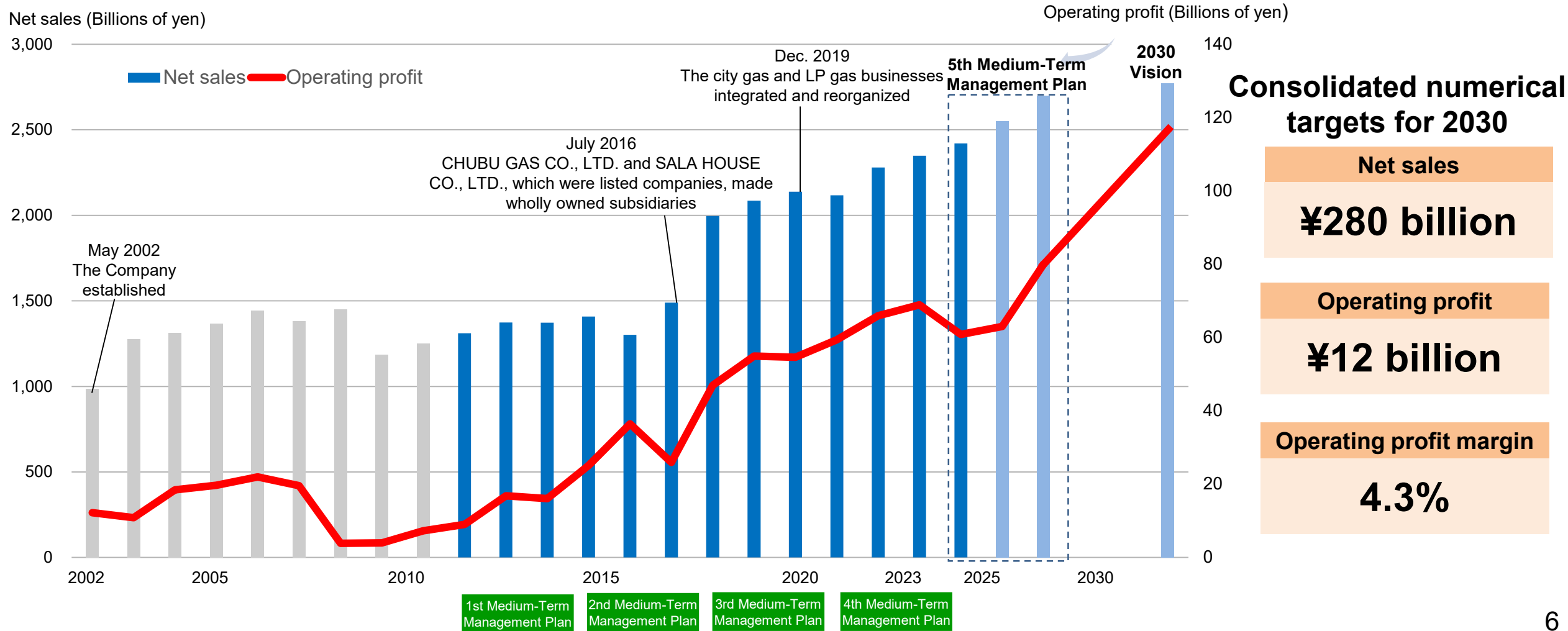
# SALA Overview (2) Business Development

Starting with the energy business, we commit to realizing quality living, business support, and attractive community development through diverse services.



# SALA Overview (3) Business Performance Trends & 2030 Vision Numerical Plan

To date, we have achieved steady growth through integration and reorganization and the realization of synergies.  
 Going forward, we will accelerate business transformation and growth investment by backcasting from the vision.



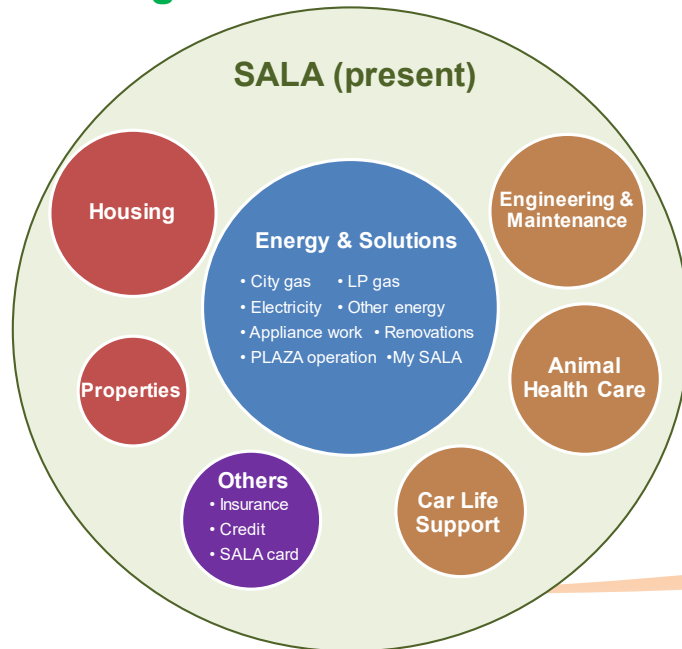
# SALA Overview (4) Positioning of the 5th Medium-Term Management Plan for 2030 Vision

## Achieve dramatic growth in the housing and business support businesses through comprehensive business development to establish “SALA in Life” in 2030

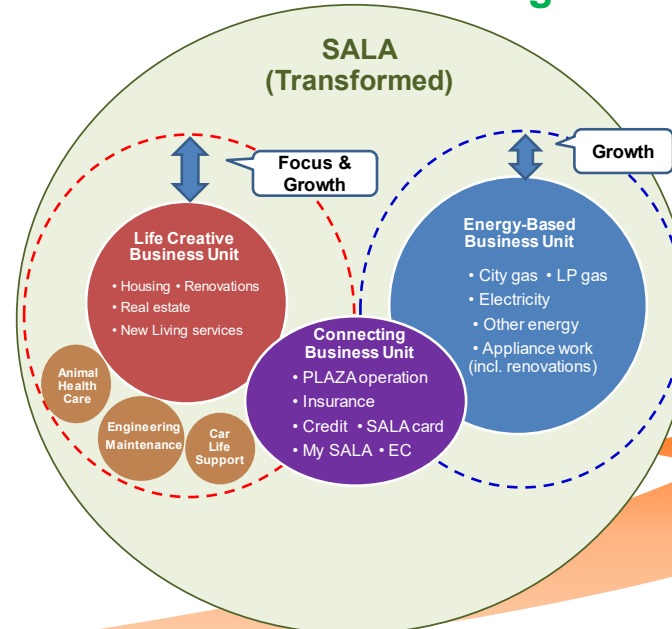
[New framework for growth in the 5th Medium-Term Management Plan]

- ✓Development of new services and businesses
- ✓Growth beyond traditional boundaries of housing and real estate segments
- ✓In BtoB, growth through solution services that transcend segment boundaries

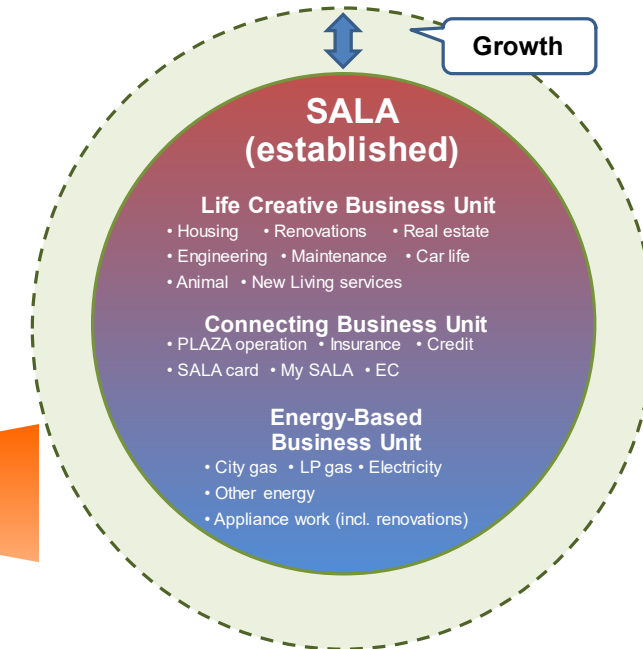
### Aggregate of Segments



### Redefinition of the housing business



### 2030 Establishment of SALA in Life



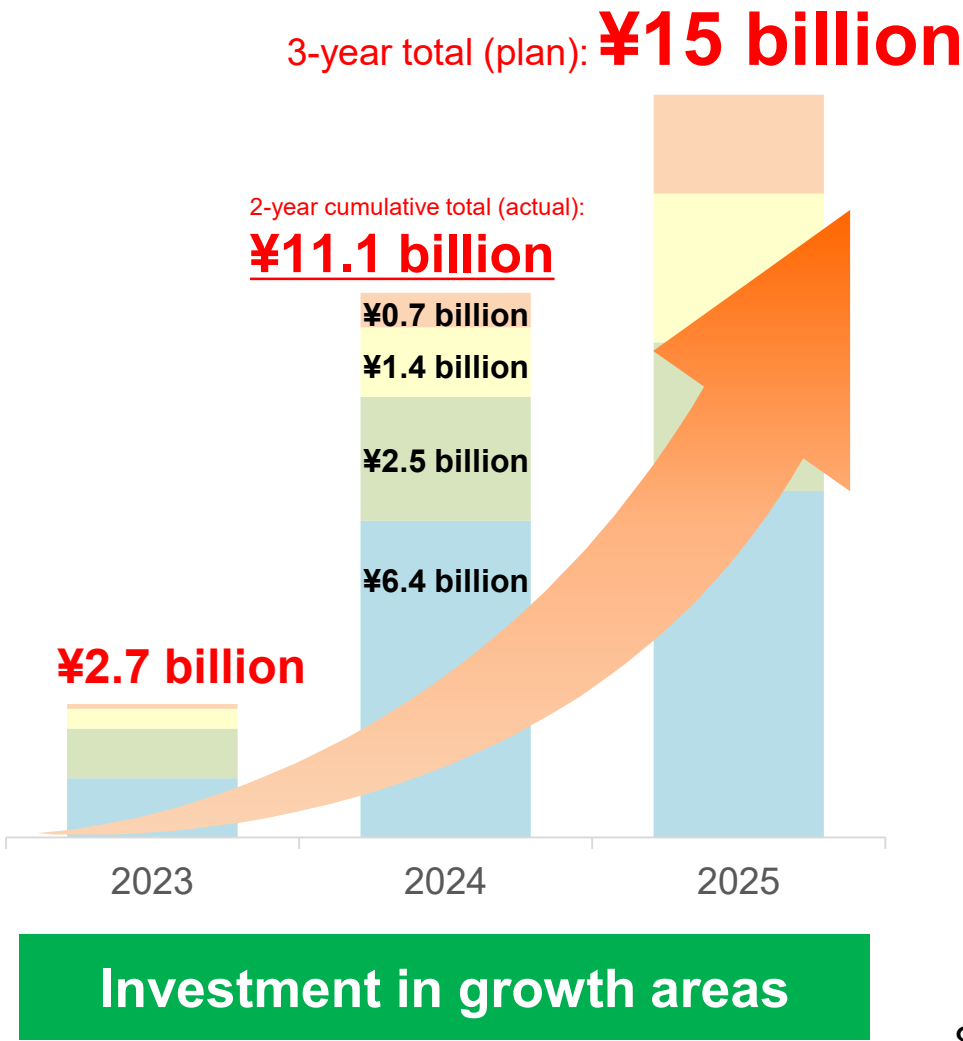
Investment in growth areas

3-year total: **¥15 billion**

# Progress of the 5th Medium-Term Management Plan (1) Proactive Growth Investment

**Transform business and create new value to realize the 2030 Vision**  
**To achieve this, actively implement growth investments.**

Realization of carbon neutrality & investment in new fields	<p><b>Implement initiatives to create new services and businesses through collaboration among segments and operating companies</b></p> <ul style="list-style-type: none"> <li>• Expansion into the electric power business (grid storage stations &amp; solar power generation equipment)</li> <li>• Capital investment for energy conservation and carbon neutrality</li> <li>• New store openings    • New business launches</li> </ul>
DX investment	<p><b>Provide customer experiences that exceed their expectations by fundamentally reforming business processes through Digital Transformation (DX)</b></p> <ul style="list-style-type: none"> <li>• Building of Group core systems    • Sales management</li> <li>• Accounting system    • Logistics system    • Operational efficiency improvement</li> </ul>
Human capital investment	<p><b>Introduce work styles and systems that enable diverse individuals to get motivated and take on challenges autonomously to thrive.</b></p> <ul style="list-style-type: none"> <li>• Personnel system reform &amp; extension of retirement age</li> <li>• Base pay increase</li> <li>• Enhancement of human resource development opportunities</li> </ul>
Business capital alliance, M&A investment, etc.	<p><b>Take on the challenge of creating new value through co-creation within and outside the Group.</b></p> <ul style="list-style-type: none"> <li>• Business succession    • Capital business alliance</li> <li>• Capital contribution to venture capital funds and start-ups</li> </ul>

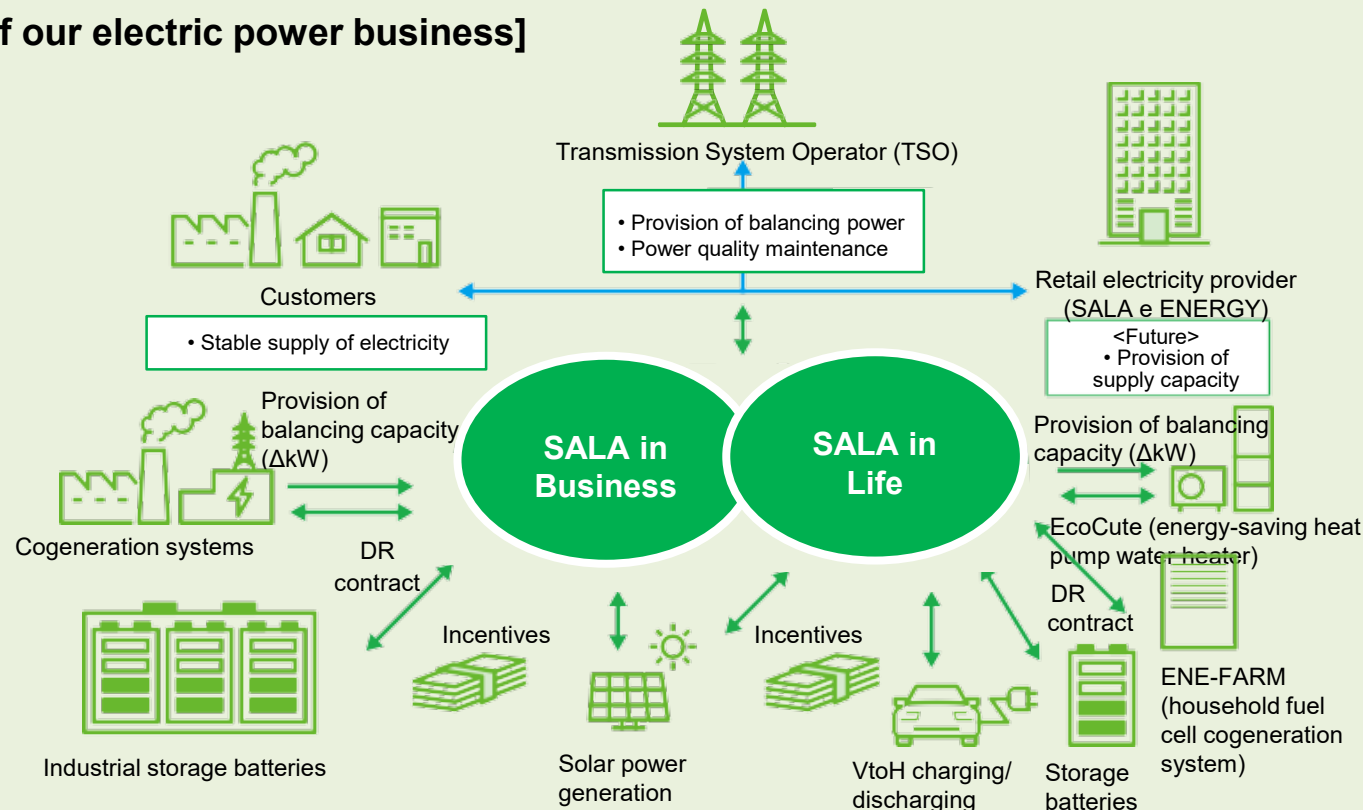




**Expand the electric power business to support local communities and customers in achieving carbon neutrality by entering into the grid storage battery business to promote the broader use of renewable energy.**

- Respond to the needs of local communities and customers for carbon neutrality by contributing to the promotion of the introduction of renewable energy in the region
- Aim to create new profit-earning opportunities through transactions in the electricity balancing market, etc., while also working to improve the efficiency and stability of the power grid

## [Image of our electric power business]



### Expansion into business services

In addition to promoting and updating the sales of storage batteries and cogeneration systems, DR services make it possible to pay DR incentives to customers. (monetization through the provision of balancing capacity)

### Expansion into living services

In addition to expanding green renovations, we differentiate ourselves from competitors by providing new value through environmental value.

To provide optimal housing services from the customer's perspective, we will implement developmental structural reforms, starting with making a renovations operating company a consolidated subsidiary.

- Rebuild the business model for pre-owned homes, including renovations and various real estate services, by taking the opportunity of YASUE CORPORATION (Securities code: 1439) becoming a consolidated subsidiary
- Provide an optimal one-stop housing service from the customer's standpoint through collaboration among segments and operating companies

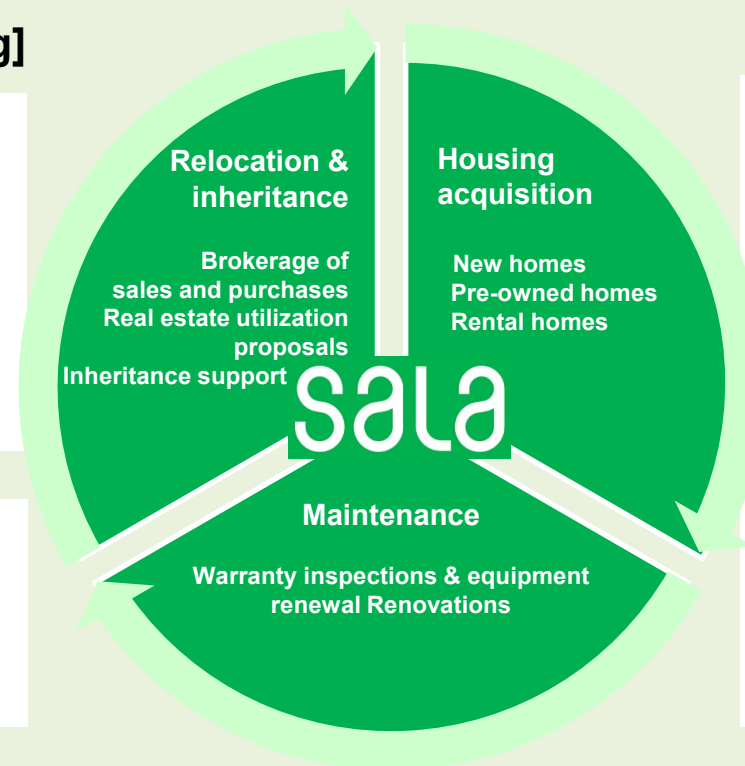
## [Realizing a one-stop service for housing]



Started offering a reverse mortgage service "Yutorian" in November 2024



サラーのリフォーム



Started offering "SINKA KIWAMI," which features the highest level of thermal insulation in Japan, in January 2025

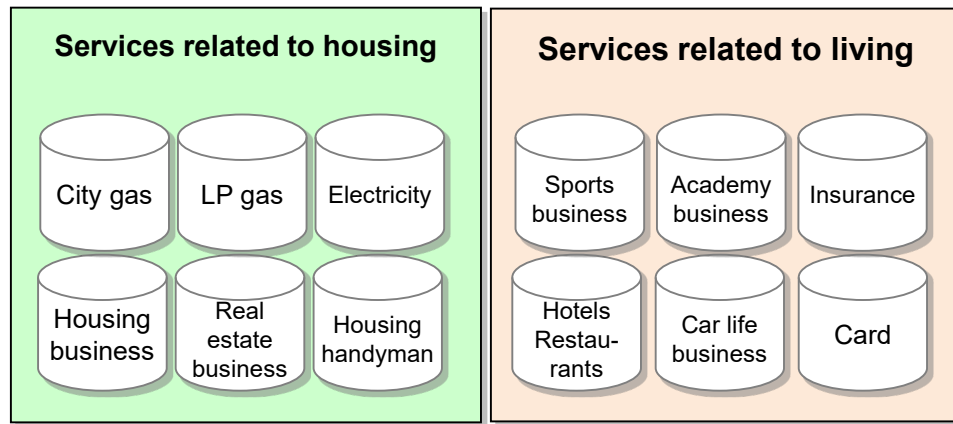
# Progress of the 5th Medium-Term Management Plan (4) DX Investment to Improve Customer Service

## Digital infrastructure for providing One-to-One services to begin operation from this fiscal year Comprehensive proposals tailored to customers' diverse housing and living styles

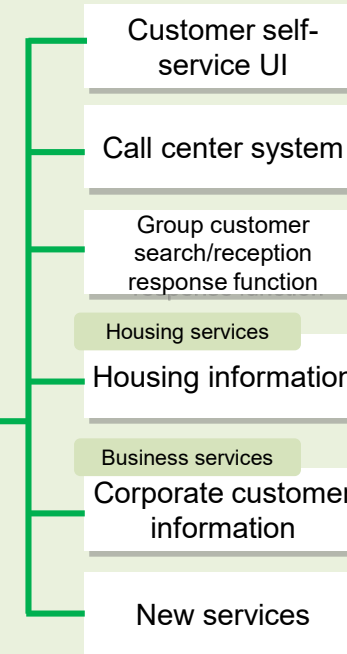
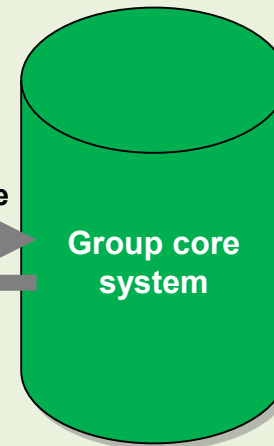
- A new system that effectively links and integrates customer information accumulated by each Group company to realize comprehensive proposals tailored to customers' housing and living needs is scheduled to begin operation in 2025
- In addition, we will develop new services and businesses to improve customers' quality of life through collaboration and co-creation within and outside the Group

sala

Transactions with 540,000 customers



Data linkage



Proposals tailored to customers' housing and living needs

Providing **high-quality and integrated services** at each company and channel

# FY2024 Financial Highlights

- Net sales decreased due to a decline in revenue in the Energy & Solutions business.
- As for profit, operating profit increased due to a significant improvement in revenue/expenditure in the Housing business.

Net sales	FY2024 ¥240.4 billion	Year-on-Year ¥(1.5) billion [(0.6)%]
Operating profit	FY2024 ¥6.3 billion	Year-on-Year Plus ¥200 million [+3.7%]
Profit attributable to owners of parent	FY2024 ¥5.2 billion	Year-on-Year ¥(800) million [(13.9)%]

\* Main reason for decrease was the absence of the ¥2.3 billion gain on revision of retirement benefit plans recorded under extraordinary income in the previous fiscal year.

# FY2025 Plan

- We plan to increase net sales in all segments.
- As for profit, we plan to increase operating profit through increased profits in all segments except for the Engineering & Maintenance segment.

Net sales	FY2025 plan <b>¥254.0 billion</b>	YoY change <b>Plus ¥13.5 billion [+5.6%]</b>
Operating profit	FY2025 plan <b>¥7.0 billion</b>	YoY change <b>Plus ¥600 million [+11.0%]</b>
Profit attributable to owners of parent	FY2025 plan <b>¥5.0 billion</b>	YoY change <b>¥(200) million [(4.8)%]</b>

\* Main reason for the decrease was the absence of the ¥1.0 billion gain on valuation of derivatives recorded under non-operating income in the previous fiscal year.

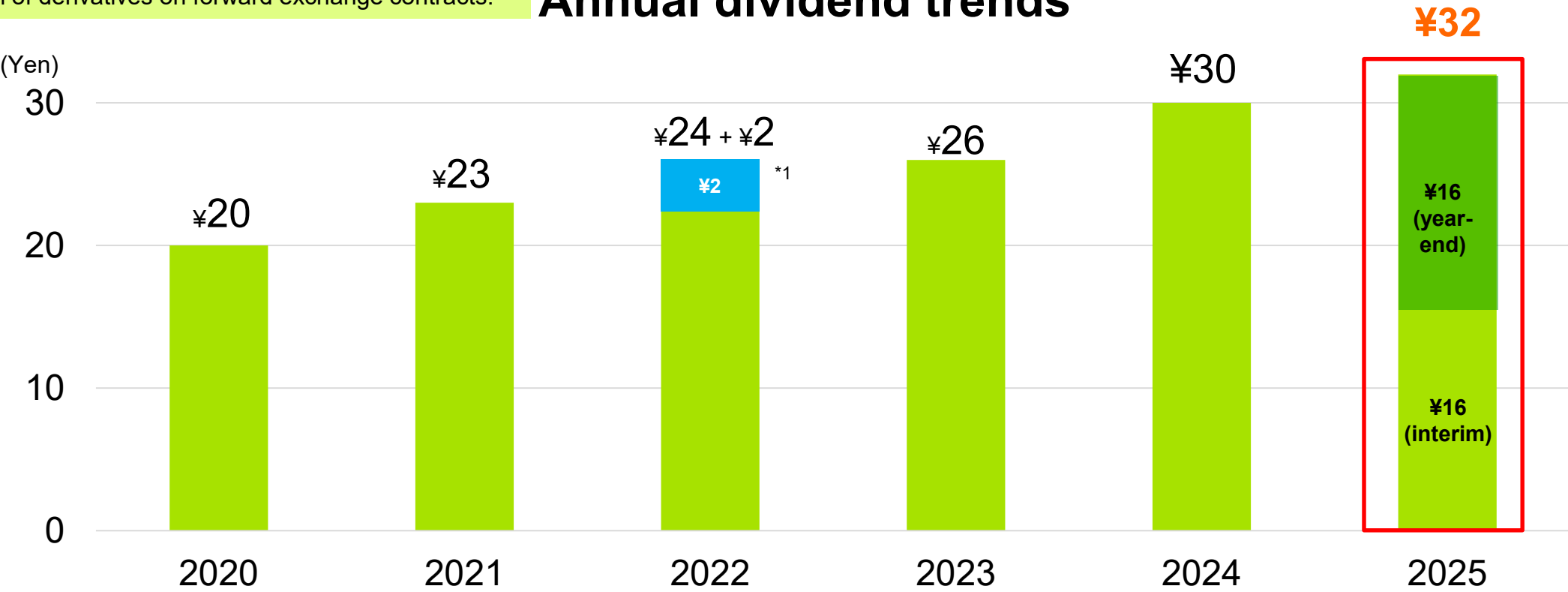


# Dividends

The dividend for FY2024 was ¥30, as planned.  
 The dividend for FY2025 is planned to be ¥32, an increase of ¥2.

**Basic dividend policy**  
 The dividend will be maintained above the previous fiscal year's level, and the consolidated payout ratio will be 40% or more, excluding the effects of loss (gain) on the valuation of derivatives on forward exchange contracts.

## Annual dividend trends



\*1 Includes a commemorative dividend of ¥2 for the 20th anniversary of the Company's establishment

## **2. Financial Overview by Segment & Plan for the Next Fiscal Year**

# FY2024 Net Sales & Operating Profit by Segment

(Millions of yen)	Net sales		Operating profit	
	FY2024 actual	YoY change	FY2024 actual	YoY change
Energy & Solutions	119,502	(7,615)	2,966	(23)
Engineering & Maintenance	32,727	2,080	2,643	(15)
Housing	35,626	1,446	747	+604
Car Life Support	17,111	(1,043)	64	+44
Animal Health Care	25,523	400	138	(175)
Properties	8,131	3,125	405	(6)
Other & Adjustment	1,876	44	(656)	(203)
Unallocated amounts	240,498	(1,561)	6,308	224

# (Reference) FY2024 Financial Results - Financial Data (1)

## Consolidated statement of income

(Millions of yen)	FY2024 actual	YoY change	% change	FY2024 plan
Net sales	240,498	(1,561)	(0.6)%	255,000
Operating profit	6,308	224	3.7%	6,300
Ordinary profit	8,193	322	4.1%	8,000
Profit attributable to owners of parent	5,249	(849)	(13.9)%	5,400
Basic earnings per share (yen)	81.90	(13.56)	—	84.44

\* The figures reflect the changes to the forecasts announced in July.

# (Reference) FY2024 Financial Results - Financial Data (2)

## Consolidated balance sheet

(Millions of yen)	FY2024	YoY change	Main reasons for the change
Assets	202,281	13,013	<p><b>Main causes for the increase:</b> cash and deposits of ¥3,429 million, retirement benefit asset of ¥3,358 million, notes and accounts receivable - trade, and contract assets of ¥3,146 million, property, plant and equipment of ¥2,303 million, intangible assets of ¥1,753 million, and investment securities ¥1,476 million.</p> <p><b>Main causes for the decrease:</b> work in process of ¥2,981 million</p>
Liabilities	116,662	6,041	<p><b>Main causes for the increase:</b> long-term borrowings (including current portion) of ¥4,359 million, other under current liabilities of ¥3,292 million, and income taxes payable of ¥1,235 million</p> <p><b>Main causes for the decrease:</b> short-term borrowings of ¥2,588 million</p>
Net assets	85,618	6,972	<p><b>Main causes for the increase:</b> retained earnings of ¥3,532 million (increased by ¥5,249 million due to recording of profit attributable to owners of parent and decreased by ¥1,716 million due to payment of dividends), and remeasurements of defined benefit plans of ¥2,520 million</p>
Equity-to-asset ratio (%)	41.5	0.7	–



# (Reference) FY2024 Financial Results - Financial Data (3)

## Consolidated statement of cash flows

(Millions of yen)	FY2024	YoY change	Main causes for the change
Cash flows from operating activities	14,243	8,480	<p><b>Main causes for the increase:</b> profit before income taxes of ¥7,724 million, depreciation of ¥6,516 million, decrease in inventories of ¥3,934 million, increase in retirement benefit liability of ¥3,642 million</p> <p><b>Main causes for the decrease:</b> increase in retirement benefit asset of ¥3,358 million, increase in trade receivables of ¥2,848 million, and income taxes paid of ¥1,134 million</p>
Cash flows from investing activities	(10,334)	(4,713)	<p><b>Main causes for the increase:</b> proceeds from collection of loans receivable of ¥830 million, proceeds from sale of property, plant and equipment of ¥425 million</p> <p><b>Main causes for the decrease:</b> purchase of property, plant and equipment of ¥9,876 million, and purchase of intangible assets of ¥1,576 million</p>
Cash flows from financing activities	(431)	934	<p><b>Main causes for the increase:</b> proceeds from long-term borrowings of ¥11,859 million</p> <p><b>Main causes for the decrease:</b> repayments of long-term borrowings of ¥7,887 million, net decrease in short-term borrowings of ¥2,588 million, and dividends paid of ¥1,711 million</p>

# FY2024 Net Sales & Operating Profit by Segment - Plan

(Millions of yen)	Net sales			Operating profit		
	FY2024 actual	FY2025 plan	Difference	FY2024 actual	FY2025 plan	Difference
Energy & Solutions	119,502	124,000	4,498	2,966	3,500	534
Engineering & Maintenance	32,727	34,000	1,273	2,643	2,100	(543)
Housing	35,626	37,000	1,374	747	850	103
Car Life Support	17,111	21,000	3,889	64	300	236
Animal Health Care	25,523	28,000	2,477	138	300	162
Properties	8,131	8,200	69	405	450	45
Other & Adjustment	1,876	1,800	(76)	(656)	(500)	156
Unallocated amounts	240,498	254,000	+ 13,502	6,308	7,000	+ 692

# Overview by Segment (1)

## Energy & Solutions

City gas, LP gas, electricity, petroleum products, high-pressure gas, logistics services, and renovations

### Numerical Plan

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales	127,117	119,502	124,000	+4,498
Operating profit	2,989	2,966	3,500	+534

### Financial Overview

- Net sales decreased 6.0% YoY due to a downward adjustment of unit selling prices as the surge in energy and raw material prices somewhat stabilized compared to the previous year.
- Despite efforts to contain expenses, operating profit decreased slightly due to lower sales volumes for both city gas and LP gas, as well as the impact of the soaring prices of raw materials for biomass power plants, etc.

### FY2025 Plan

- Promote business support to provide a solution for customers' quality living and business issues, such as the response to carbon neutrality. Aim to expand living and business services and customer base by proposing equipment and devices that create, save, and store energy.
- In the electric power business, continue efforts to improve profitability in the retail sector and expand the power storage business by constructing the Higashimikawa Storage Station, our second such plant after the one in Hamamatsu.
- Increase operational efficiency by restructuring our next-generation core system, improving service quality, and expanding profitability by linking customer data within the Group.

### Key Indicators

	2023 actual	2024 actual	2025 plan	Difference
Number of customers (Thousands)	534	539	546	+7.0
Net sales of renovations (Billions of yen)	9.5	10.5	11.0	+0.5
Profit from business services (Billions of yen)	1.57	1.56	1.84	+0.28

# Overview by Segment (2)

## Engineering & Maintenance

Urban infrastructure development (roads, construction, port and harbor civil engineering, etc.), equipment work and maintenance, and system development

### Numerical Plan

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales	30,646	32,727	34,000	+1,273
Operating profit	2,659	2,643	2,100	(543)

### Key Indicators

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales of equipment work department	5,376	5,140	5,370	+230
Net sales of civil engineering department	11,914	11,742	12,531	+789
Net sales of construction department	6,553	7,862	7,100	(762)
Net sales of maintenance department	6,017	6,724	6,400	(324)

### Financial Overview

- Net sales increased 6.8% YoY due to an increase in completed projects in the construction department and robust performance by the maintenance department.
- Operating profit remained high despite falling 0.6% YoY due to a decline in the profit margin of completed projects in the civil engineering department, resulting from a decrease in completed projects and lower gross margin.

### FY2025 Plan

- Aim to secure orders steadily through stable public investment and contribute to achieving carbon neutrality in our customers' business activities by proposing facilities and infrastructure that promote decarbonization through energy conservation, energy creation, and carbon offsetting, as well as suggesting ZEB conversion.
- Continue to reform business processes to create a stable revenue base and improve productivity by enhancing employee training and promoting the use of IT and digital technologies.

# Overview by Segment (3)

## Housing

Custom-built houses and lot houses, renovations, and construction materials

### Numerical Plan

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
<b>Net sales</b>	<b>34,180</b>	<b>35,626</b>	<b>37,000</b>	<b>+1,374</b>
<b>Operating profit</b>	<b>142</b>	<b>747</b>	<b>850</b>	<b>+103</b>

### Key Indicators

	2023 actual	2024 actual	2025 plan	Difference
<b>Number of newly built single-family houses delivered*</b>	<b>381</b>	<b>427</b>	<b>473</b>	<b>+46</b>
<b>ZEH ratio (Custom-built houses)</b>	<b>36%</b>	<b>37%</b>	<b>50%</b>	<b>+13%</b>
<b>Housing components and materials processing and sales department; Number of new customers acquired</b>	<b>110</b>	<b>142</b>	<b>140</b>	<b>(2)</b>

### Financial Overview

- In the housing sales department, orders for the SINKA series that commenced sales in the previous year grew, and the number of custom-built houses sold increased. On the other hand, in the housing components and materials processing and sales department, orders from clients decreased due to the impact of a decrease in the number of new housing starts in the Tobu (eastern) area of Aichi Prefecture and Seibu (western) area of Shizuoka Prefecture.
- As a result, net sales increased 4.2% YoY, and operating profit rose 423.4% YoY.

### FY2025 Plan

- The housing sales department launched the new product, “SINKA KIWAMI,” which satisfies the requirements for the highest grade 7 of thermal insulation performance, in January 2025. With this complete product lineup of the new series, the department aims to increase orders for custom-built houses that excel in energy efficiency and comfort.
- In addition to expanding its business in the new construction market, the housing components and materials processing and sales department will take on new challenges in new areas, such as developing the renovation and non-housing markets and strengthening its handling of carbon-neutral related materials.

\* Combined total from SALA HOUSE CO., LTD., Taiyo-co. Inc, and Miyashita Koumuten Co., Ltd.



# Overview by Segment (4)

## Car Life Support

Sales and maintenance of imported cars (Volkswagen, Audi)

### Numerical Plan

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales	18,154	17,111	21,000	+3,889
Operating profit	19	64	300	+236

### Key Indicators

	2023 actual	2024 actual	2025 plan	Difference
Number of new cars sold	1,565	1,353	2,210	+857
Number of used cars sold	1,915	1,806	1,958	+152

### Financial Overview

- The number of new cars sold fell for both Volkswagen and Audi due to the impact of a decline in the number of new vehicles received in Japan. Net sales decreased 5.7% YoY as the weak new car sales led to a decline in trade-in vehicles, resulting in fewer used cars sold.
- Despite the decrease in sales volume, operating profit increased 221.3% YoY due to cost reductions through the in-house development of ancillary services and expense containment.

### FY2025 Plan

- Improve business operations by strengthening cooperation among the new and used car sales departments and service department, and aim to utilize customer information to increase customer satisfaction.
- Focus on non-vehicle sales by strengthening insurance and finance business initiatives and expanding ancillary services such as vehicle coating and installation of electric equipment.
- Promote the proactive sales of electric vehicles (EVs) and the carbon neutrality of our dealerships through Group-wide cooperation.

# Overview by Segment (5)

## Animal Health Care

Veterinary medical products and therapeutic food

### Numerical Plan

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales	25,122	25,523	28,000	+2,477
Operating profit	313	138	300	+162

### Key Indicators

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales of livestock farming department	13,081	12,922	14,106	+1,184
Net sales of pet-related department	11,777	11,805	13,550	+1,745

### Financial Overview

- Net sales increased 1.6% YoY as the pet-related department posted strong performance due to expanded transactions with new customers, despite the livestock farming department reporting a decline in sales of veterinary medical products due to the impact of persistently high feed prices.
- Despite increased net sales, operating profit decreased 55.9% YoY due to lower gross profit margin due to higher purchase prices of veterinary medical products, etc.

### FY2025 Plan

- We aim to transform ourselves into an efficient business structure and strengthen our organizational sales ability in line with the consolidation of warehouse operations through the separation of sales and delivery operations.
- In the Hokkaido and East Japan areas, the livestock farming and pet-related departments will focus on developing new customers. In the Central and West Japan areas, the pet-related department aims to expand its market share and increase revenue and profit by focusing on cultivating low-share customers.

# Overview by Segment (6)

## Properties

Real estate lease/sale and purchase/brokerage, community development business, hotels, restaurants, and sports clubs

### Numerical Plan

(Millions of yen)

	2023 actual	2024 actual	2025 plan	Difference
Net sales	5,005	8,131	8,200	+69
Operating profit	411	405	450	+45

### Key Indicators

	2023 actual	2024 actual	2025 plan	Difference
Number of real estate information collected*	1,343	1,056	1,000	(56)

\* Counted only for the sale and purchase brokerage department

### Financial Overview

- Net sales for the real estate properties department increased 62.5% YoY due to the commencement of the delivery of apartments in a condominium apartment building that was completed in April 2024, as well as the steady performance of the hospitality department.
- Despite the revenue from condominium apartment sales, operating profit decreased 1.5% YoY due to the sluggish commission income from real estate brokerage and rental properties.

### FY2025 Plan

- The real estate properties department will improve profitability by strengthening corporate transactions, expanding customers' asset management and investment business, and promoting the pre-owned housing business through Group-wide cooperation.
- The hospitality department will work to increase the number of new customers by strengthening product planning capabilities and employee training and providing high-quality products and services, as well as focus on promoting repeat customer use by carrying out marketing measures that utilize data.

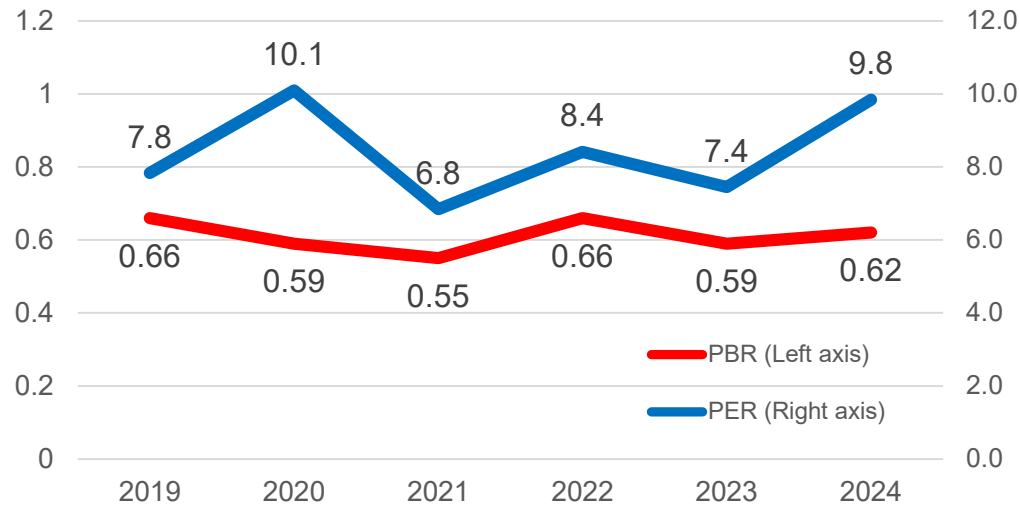
### **3. Status of Initiatives on Management That Is Conscious of Cost of Capital and Share Price**

# Towards Improving PBR

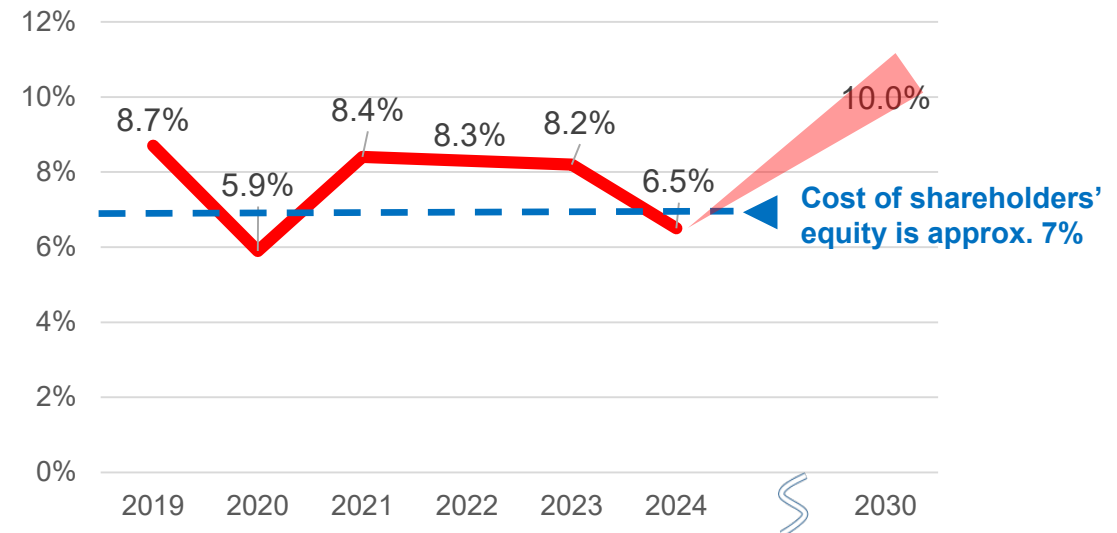
**We recognize that ROE is at a level equivalent to the cost of shareholders' equity on a CAPM basis**  
**Aiming for an ROE of 10% or more by 2030, which exceeds the cost of shareholders' equity, by increasing capital efficiency**

## PBR & PER trends

\* PBR and PER are as of the end of the fiscal year



## ROE trends & cost of shareholders' equity



## Policies and initiatives to improve PBR

- Formulated a capital allocation policy for the period from 2024 to 2030 (July 2024)
- Set a target of achieving an ROE of 10% or more by 2030 through a combination of growth investment and financial strategy (July 2024)
- Plan to announce the growth investment plan for the next Medium-Term Management Plan period in January 2026
- Strengthen shareholder returns and eliminate factors for share price undervaluation through dialogue with capital markets and enhanced IR



# Capital Allocation Policy (2024-2030)

Accelerate investment in further growth using operating CF generated as a source of funds.  
At the same time, aim to improve capital profitability by strengthening shareholder returns and controlling the equity-to-asset ratio

Cash-in	Cash-out	Current progress (updated)
<div>Depreciation (¥50 billion)</div>	<div>Growth investment (¥50 billion)</div> <ul style="list-style-type: none"> <li>Growth investment to achieve significant growth in the electric power business and housing and living services</li> <li>Growth investment in new businesses linked to the 2030 Vision and the Medium-Term Management Plan</li> <li>M&amp;A and active use of alliances with venture companies</li> <li>Human capital investment, DX investment</li> </ul> <div>[KPI] ROE of 10% or more (2030)</div>	<div>Investment amount (2024-present)</div> <div>Investment in GX and new fields</div> <div> <div>DX investment</div> <div>Human capital investment</div> <div>Business capital alliance and M&amp;A investment</div> </div> <div> <div>¥5.2 billion</div> <div>¥1.5 billion</div> <div>¥1.1 billion</div> <div>¥4.6 billion</div> </div> <div>Total</div> <div>¥12.4 billion</div>
<div>Operating profit after tax (¥50 billion)</div>	<div>Maintenance and renewal investment (¥25 billion)</div> <ul style="list-style-type: none"> <li>Continuous investment in strengthening the foundations of existing business areas, etc.</li> </ul>	<div>Approx. ¥4.0 billion, including ¥2.5 billion for acquisition of gas pipes</div>
	<div>Shareholder returns (¥25 billion)</div> <ul style="list-style-type: none"> <li>Review of dividend policy (July 2024)</li> <li>Flexible purchase of treasury shares</li> </ul> <div>[KPI] Equity-to-asset ratio of 40-50%</div>	<div>Annual dividend of ¥30 for FY2024 (¥4 increase YoY)</div>

# Strengthening Shareholder Returns - Revised the Dividend Policy in July 2024

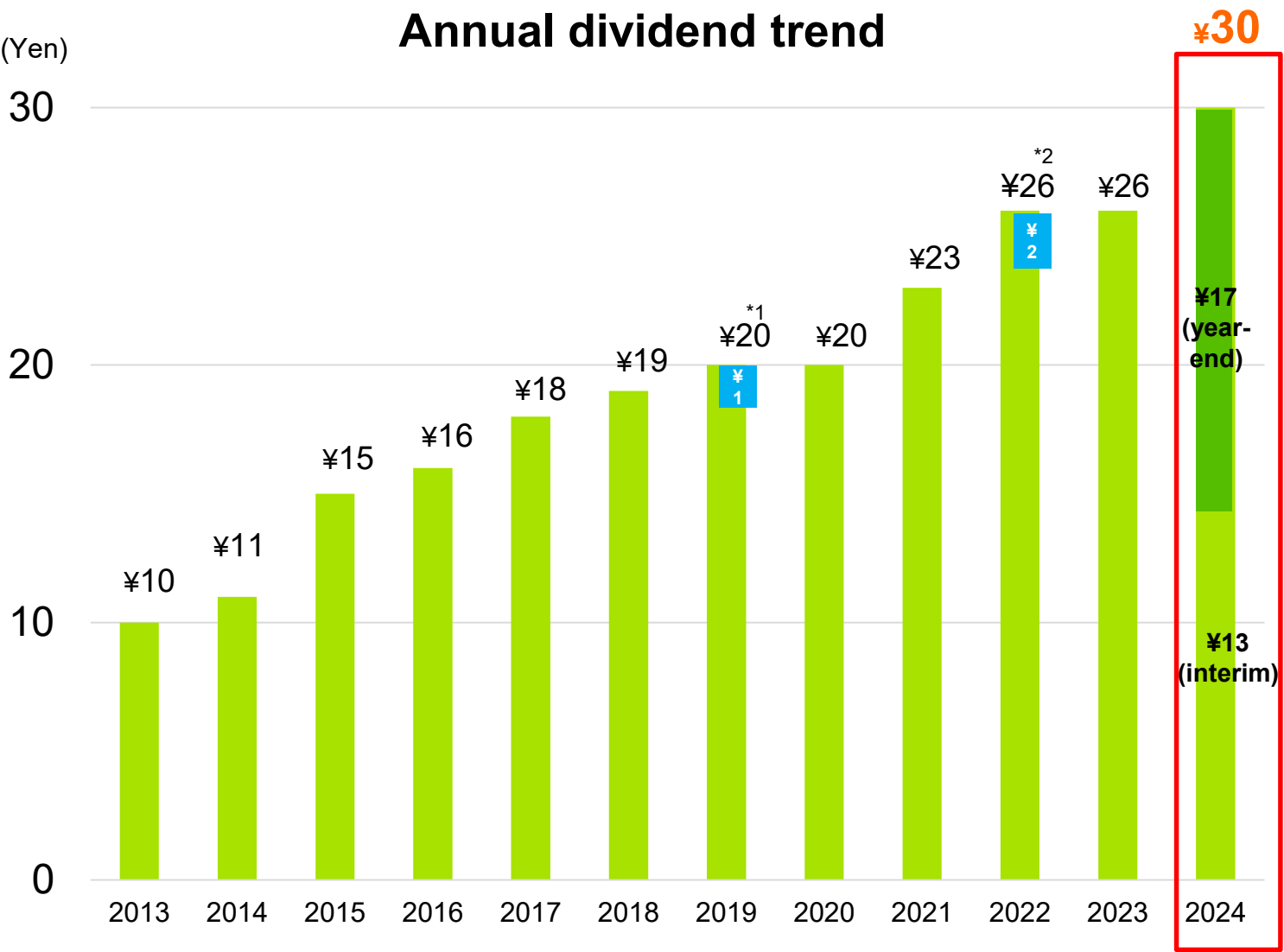
The annual dividend for FY2024 was ¥30, including an interim dividend of ¥13 (¥4 increase YoY).

## Dividend policy

The dividend will be maintained above the level of the previous fiscal year, and the consolidated payout ratio will be 40% or more, excluding the effects of loss (gain) on valuation of derivatives on forward exchange contracts. In addition, the purchase of treasury shares will be flexibly implemented considering the market environment and capital efficiency.

**Dividend yield** (As of the end of November 2024)

**3.7%**



\*1 Includes a commemorative dividend of ¥1 for the 110th anniversary of the SALA Group's establishment  
 \*2 Includes a commemorative dividend of ¥2 for the 20th anniversary of the Company's establishment

# Enhancing Dialogue with Capital Markets and IR Activities

Topic	Announced in July 2024	Current progress (updated)
Enhancement of disclosure information	<ul style="list-style-type: none"> <li>• Early disclosure of Integrated Report with enhanced ESG information</li> <li>• Disclosure of securities reports prior to the general shareholder meetings</li> <li>• Enhancement of English website and English disclosures (timely disclosure information, financial results presentation materials, etc.)</li> <li>• Regular publication of analyst reports to enhance information provision for institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated Report 2025 is scheduled to be released at the end of April 2025</li> <li>• The securities report will be released prior to the general shareholder meetings (February 2025)</li> <li>• The English website was renewed in November 2024 Simultaneous, timely disclosure in Japanese and English began in January 2025</li> <li>• The analyst report is scheduled to be published at the end of March 2025</li> </ul>
Enhancement of financial results briefings and investor meetings	<ul style="list-style-type: none"> <li>• Financial results briefings for individual and institutional investors (January and July)</li> <li>• Enhancement of constructive dialogue (individual meetings) with institutional investors</li> <li>• Provision of feedback to the Board of Directors on opinions obtained through dialogue with investors</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results briefings for individual and institutional investors (January and July)</li> <li>• Enhancement of constructive dialogue (individual meetings) with institutional investors (increased from 4 times in 2023 to 13 times in 2024)</li> <li>• Provision of feedback to the Board of Directors on opinions obtained through dialogue with investors</li> </ul>

# Introduction of Performance-Linked Share-Based Remuneration System for Directors

**Introduce a performance-linked Share Delivery Trust as an incentive to raise corporate value over the medium to long term from the same perspective as investors and to strive for higher performance.**

- As financial indicators, use consolidated operating profit and consolidated ROE, which are KPIs of the 5th Medium-Term Management Plan.
- As an ESG indicator, use CO<sub>2</sub> emissions reduction through our business activities.
- The ratio of performance-linked share-based remuneration is designed to be 0.75 times the fixed share-based remuneration when the performance target is met.

	KPI	Weight	Payment rate
Financial indicators	Consolidated operating profit	40%	0-200% Base amount paid when the performance target is met
	Consolidated ROE (Return on Equity)	40%	0-200% Base amount paid when the performance target is met
ESG indicator	CO <sub>2</sub> emissions reduction	20%	0 or 100%

- Introduction schedule: Resolve at the General Shareholder Meeting in February 2025
- Applicable period: Start from FY2025

## **4. Reference Materials**

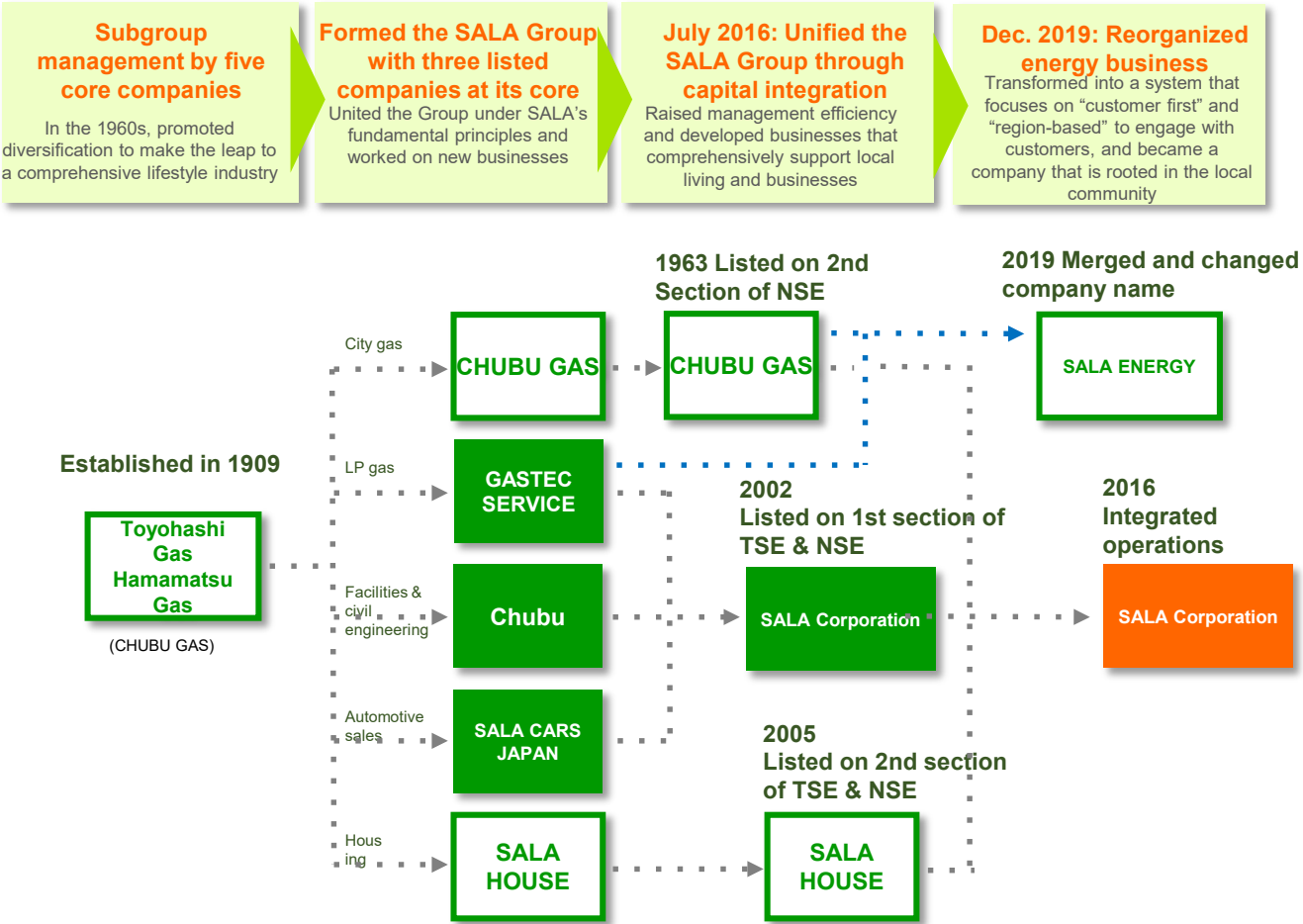
# SALA Group Overview (1) Corporate Overview

## Corporate Overview

(As of November 30, 2024)

Corporate name	SALA Corporation	
Establishment	May 1, 2002	
Head office location	Sala Tower, 1-55, Ekimae-odori, Toyohashi-shi	
Share capital	8,025 million yen	
Listed stock exchanges	Tokyo Stock Exchange Nagoya Stock Exchange	Prime Market Premier Market
Directors	<div>President and Representative Director, Group Representative and CEO Managing Director Director Director Director Outside Director Outside Director Director (Full-Time Audit and Supervisory Committee Member) Outside Director (Audit and Supervisory Committee Member) Outside Director (Audit and Supervisory Committee Member)</div> <div>Goro Kamino Takayuki Watarai Takahisa Kurebayashi Keitaro Suzuki Sachiko Otsuji Yoshio Ichiryu Kazutaka Okubo Hiroki Takekawa Naomi Muramatsu Tetsuo Agata</div>	
Number of employees	Approx. 5,000 (consolidated)	

## History



# SALA Group Overview (2) Corporate Governance Structure

(As of November 30, 2024)

- **Transitioned to a Company with an Audit and Supervisory Committee (February 2020)**

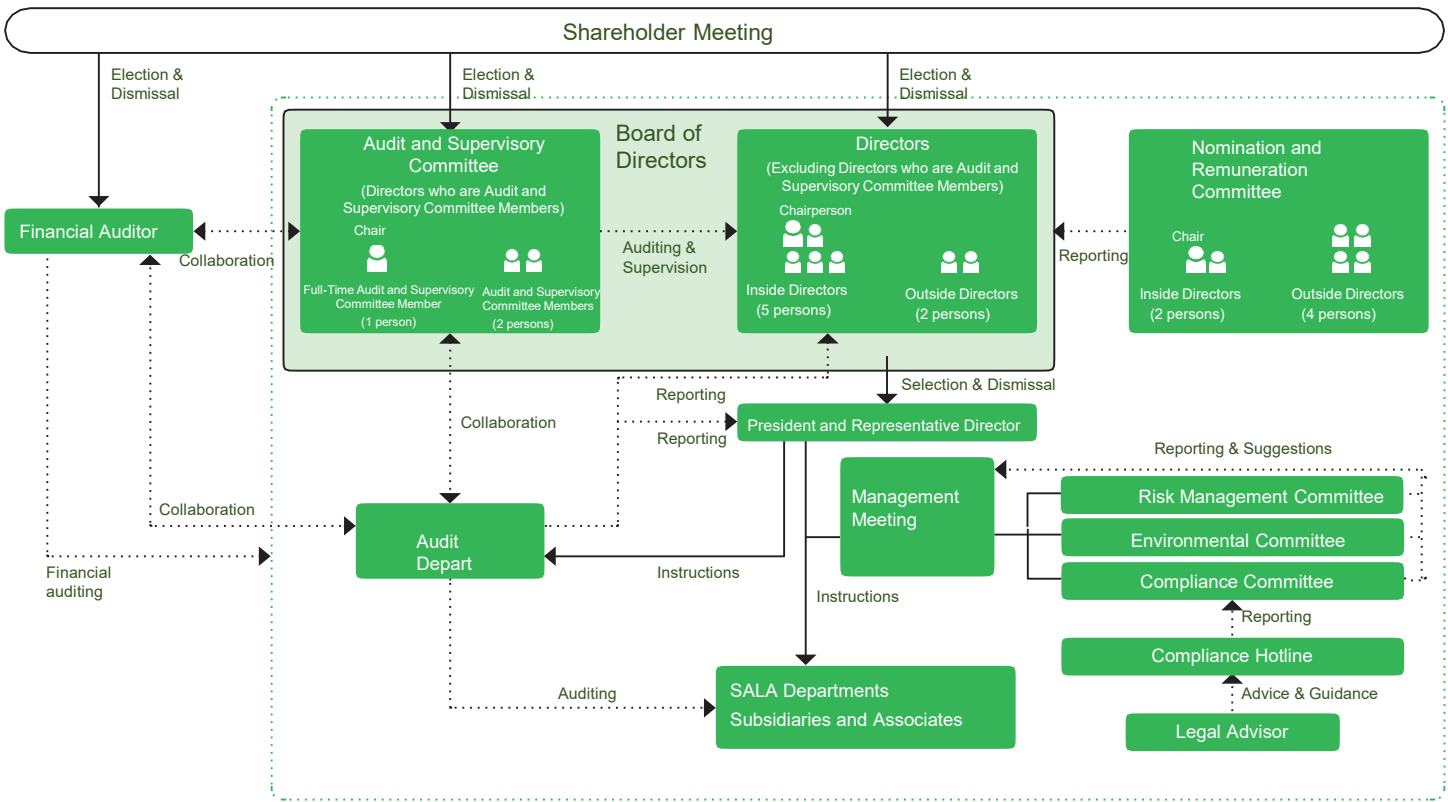
The Group changed its institutional design in February 2020 to strengthen the supervisory function of the Board of Directors over the person who executes the business and to enhance discussions on management issues

- **Reviewed the operation of the Board of Directors (same as above)**

The Group clarified the relationship between the Board of Directors and the Management Meeting and delegated some of the important business execution decisions to the Management Meeting to strengthen the functions of the Board of Directors

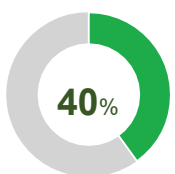
- **Established the Nomination and Remuneration Committee (same as above)**

The Group established the committee to increase the transparency and objectivity of the nomination and remuneration decision-making process and has held its meetings at least twice a year

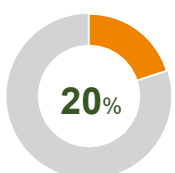


Total 10 persons

Ratio of Outside Directors

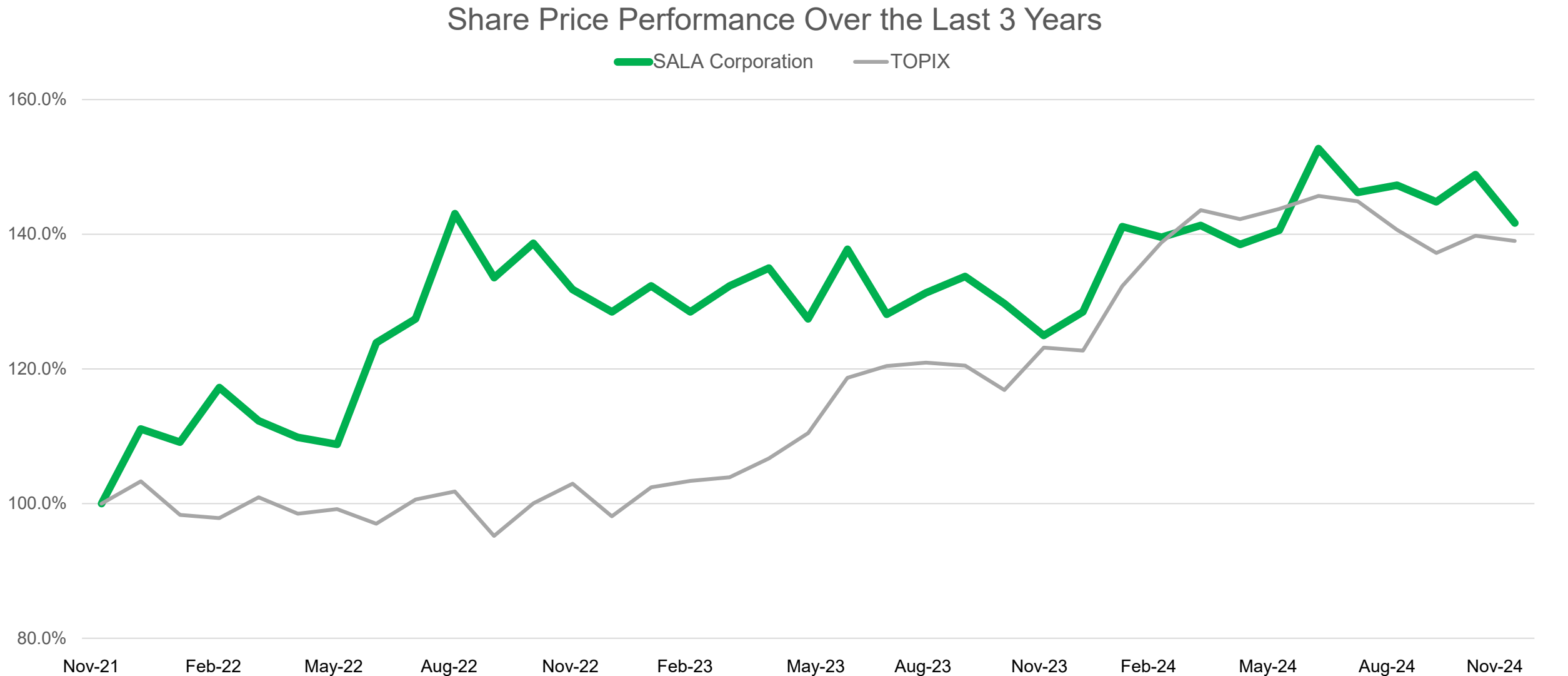


Ratio of Female Directors





# SALA Group Overview (3) Share Price Performance



\* The share price for November 2021 is set at 100. The data reflects the closing price on November 30, 2024.

# SALA Group Overview (4) Financial Data for Past Quarters

(Millions of yen)	FY2022					FY2023					FY2024				
	1Q	2Q	3Q	4Q	Full-year	1Q	1Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Net sales	58,455	59,821	54,744	61,827	234,848	64,154	61,821	55,314	60,768	242,059	59,166	59,730	57,528	64,072	240,498
Cost of sales	43,081	43,905	42,408	47,855	177,251	48,704	46,990	43,475	47,059	186,229	44,291	44,531	44,701	49,748	183,273
Gross profit	15,374	15,915	12,335	13,971	57,596	15,450	14,831	11,839	13,708	55,829	14,874	15,199	12,826	14,324	57,225
(Ratio to net sales)	26.3%	26.6%	22.5%	22.6%	24.5%	24.1%	24.0%	21.4%	22.6%	23.1%	25.1%	25.4%	22.3%	22.4%	23.8%
Selling, general and administrative expenses	12,352	12,693	12,657	13,002	50,705	12,445	12,813	12,520	11,966	49,745	12,333	12,851	13,088	12,642	50,916
Personnel expenses	6,119	6,356	6,238	6,302	25,015	6,057	6,246	6,263	6,179	24,747	5,958	6,384	6,486	5,975	24,805
Promotion expenses	478	585	553	649	2,267	551	636	539	(26)	1,701	459	466	530	461	1,916
Advertising expenses	231	163	235	186	817	204	175	215	250	846	232	163	354	230	981
Rent expenses	1,354	1,301	1,319	1,322	5,298	1,342	1,297	1,309	1,300	5,249	1,277	1,270	1,257	1,284	5,089
Depreciation	1,321	1,335	1,484	1,386	5,527	1,296	1,327	1,309	1,355	5,289	1,287	1,337	1,381	1,394	5,400
Taxes and dues	349	393	297	341	1,381	284	416	281	357	1,339	280	401	286	331	1,300
Other	2,498	2,557	2,528	2,813	10,397	2,707	2,713	2,601	2,548	10,571	2,836	2,827	2,792	2,965	11,421
Operating profit	3,021	3,222	(321)	968	6,891	3,004	2,017	(680)	1,742	6,083	2,541	2,347	(262)	1,681	6,308
(Ratio to net sales)	5.2%	5.4%	(0.6)%	1.6%	2.9%	4.7%	3.3%	(1.2)%	2.9%	2.5%	4.3%	3.9%	(0.5)%	2.6%	2.6%
Non-operating income	420	514	1,036	84	2,055	233	536	826	453	2,049	443	972	(13)	816	2,218
Non-operating expenses	221	(73)	79	118	345	344	(233)	90	61	262	84	92	61	94	333
Ordinary profit	3,220	3,810	635	934	8,601	2,892	2,787	55	2,133	7,870	2,900	3,226	(337)	2,403	8,193
(Ratio to net sales)	5.5%	6.4%	1.2%	1.5%	3.7%	4.5%	4.5%	0.1%	3.5%	3.3%	4.9%	5.4%	(0.6)%	3.8%	3.4%
Extraordinary income	45	39	92	263	441	9	2,403	79	19	2,511	39	23	36	12	111
Extraordinary losses	4	28	40	548	621	26	875	25	78	1,005	40	41	76	422	580
Profit before income taxes	3,261	3,822	688	649	8,422	2,875	4,316	110	2,074	9,376	2,899	3,208	(377)	1,993	7,724
Income taxes	956	1,218	124	358	2,658	887	1,472	(83)	849	3,126	910	823	(98)	681	2,317
Profit attributable to non-controlling interests	62	45	14	(40)	81	36	46	38	29	151	51	17	45	42	157
Profit attributable to owners of parent	2,243	2,557	549	331	5,682	1,951	2,796	155	1,195	6,099	1,937	2,367	(324)	1,269	5,249
(Ratio to net sales)	3.8%	4.3%	1.0%	0.5%	2.4%	3.0%	4.5%	0.3%	2.0%	2.5%	3.3%	4.0%	(0.6)%	2.0%	2.2%

# SALA Group Overview (5) Financial Data for Past Quarters - Net Sales & Operating Profit by Segment

(Millions of yen)	FY2022					FY2023					FY2024				
	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Net sales	58,455	59,821	54,744	61,827	234,848	64,154	61,821	55,314	60,768	242,059	59,166	59,730	57,528	64,072	240,498
Energy & Solutions	30,824	28,898	26,938	29,972	116,634	39,127	32,210	28,253	27,526	127,117	33,682	30,643	27,280	27,894	119,502
Engineering & Maintenance	7,234	8,515	6,376	8,058	30,184	7,014	7,984	7,085	8,562	30,646	6,828	7,930	7,361	10,607	32,727
Housing	8,843	9,665	8,881	10,819	38,209	6,367	8,500	7,787	11,524	34,180	7,239	8,271	8,668	11,446	35,626
Car Life Support	3,718	3,807	4,516	4,922	16,964	4,298	4,527	4,566	4,762	18,154	3,718	4,311	4,044	5,037	17,111
Animal Health Care	6,351	7,161	6,211	6,265	25,989	5,850	7,038	6,136	6,096	25,122	6,183	6,884	6,292	6,162	25,523
Properties	891	1,173	1,431	1,232	4,728	1,028	1,103	1,058	1,814	5,005	1,024	1,239	3,487	2,380	8,131
Other & Adjustment	592	600	388	555	2,136	468	455	425	481	1,831	489	449	393	544	1,876
Operating profit	3,021	3,222	(321)	968	6,891	3,004	2,017	(680)	1,742	6,083	2,541	2,347	(262)	1,681	6,308
Energy & Solutions	2,627	1,892	(586)	62	3,996	2,855	1,201	(1,034)	(32)	2,989	2,415	1,583	(591)	(440)	2,966
Engineering & Maintenance	412	997	266	517	2,192	565	818	610	664	2,659	625	690	505	821	2,643
Housing	39	171	63	294	568	(342)	(57)	(97)	640	142	(190)	9	89	838	747
Car Life Support	9	(3)	17	218	241	(86)	(47)	(53)	207	19	(191)	(46)	(31)	334	64
Animal Health Care	199	315	66	88	669	109	168	(11)	47	313	22	148	(71)	39	138
Properties	(136)	(52)	(62)	(167)	(418)	(43)	25	(3)	434	411	(13)	20	44	353	405
Other & Adjustment	(129)	(98)	(86)	(44)	(358)	(53)	(90)	(88)	(220)	(453)	(126)	(58)	(207)	(265)	(656)

SALA Group Overview (6) Various Indicators

	FY2020	FY2021	FY2022	FY2023	FY2024
EPS [Basic earnings per share] (yen)	55.86	83.13	89.12	95.46	81.90
BPS [Net assets per share] (yen)	961.01	1,027.98	1,128.69	1,206.92	1,308.63
DPS [Dividend per share] (yen)	20.0	23.0	26.0	26.0	30.0
Ratio of operating profit to net sales	2.8%	2.9%	2.9%	2.5%	2.6%
ROE [Return on equity]	5.9%	8.4%	8.3%	8.2%	6.5%
Dividend payout ratio	35.8%	27.7%	29.2%	27.2%	36.6%
Total asset turnover (times)	1.1	1.2	1.2	1.3	1.2
Equity-to-asset ratio	32.1%	34.9%	38.2%	40.8%	41.5%

**(Caution concerning forward-looking statements)**

The forward-looking statements, including numerical plans, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ significantly due to various unforeseen factors.

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