

Strategies to Maximize Value Creation

Message from the Supervisory Manager of Management Administration

Aiming for Sustainable Growth Based on Our Corporate Philosophy



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Strengthening Our Management Foundations for Sustainable Growth

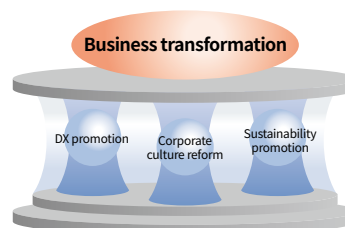
I believe that the role of management administration is to build systems and foundations for maximizing corporate value. For sustainable business development, it is essential to strengthen the management foundations for human resources, infrastructure, compliance, and governance. Each one of the three-year medium-term management plans under the 2017 YUASA VISION 360 has set strengthening our management foundations as a priority matter. The environment in which our company operates is changing greatly against a backdrop of technology development and increasing social uncertainty. I believe that adapting to these changes will support sustainable development.

The current and third Medium-term Management Plan, Growing Together 2026, represents the harvesting stage, and we will strengthen our initiatives for corporate culture reform, DX promotion, and promotion of sustainability to serve as the foundations for accelerating our business transformation.

Three Measures to Support Our Business Transformation

We set our first and foremost pillar as corporate reform. In terms of strengthened corporate governance, we added another outside director to the board from FY2023.

Three Measures to Support Our Business Transformation (Overview)



Corporate Culture Reform

We will foster a corporate culture that has normalized TSUNAGU innovation through the means of personnel reforms, environment-building, and strengthened governance.

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DX Promotion

To promote business transformation, we will build a data utilization infrastructure, develop DX talent, reform business processes, and create innovation.

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Sustainability Promotion

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

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With the aim of enhancing the Group's quality of management, we continue to strengthen governance, compliance, and risk management. In terms of personnel reforms and environment building, we are promoting projects that involve the participation of all employees, which is driven by the keywords of "Total Coordination Skills," "Challenging Spirit," and "Communication" in order to foster a corporate culture in which TSUNAGU innovation has become the norm.

For the second pillar, DX promotion, we aim to establish a competitive advantage by not only introducing systems but by also using those systems to transform our business and enhance our operations. In moving toward data-driven management, we will focus on developing DX talent cultivation across the company, including management, and strive to transform ourselves into a data-based specialized trading company.

The third pillar is the promotion of sustainability in line with our 2021 Sustainability Declaration, with a focus on harmony with the global environment, business activities for service with good products, and management that respects humanity. As the first step toward carbon neutrality for the Group, we aim to reduce CO₂ emissions by 30% by March 2026 (compared with FY2022). Leveraging our Group's efforts and knowledge, we will also accelerate our social problem-solving businesses, including promoting carbon neutrality for our business partners.

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Maximize Corporate Value

To embody one of our core corporate philosophies, Enterprise and Innovation, the YUASA TRADING Group undertakes industry-leading initiatives—for example, our goal of making the Group as whole carbon neutral by FY2030 is 20 years earlier than what the Japanese government is calling for.

From the perspective of sustainability and human capital management, we have increased the number of non-financial KPI items in the current Medium-term Management Plan. We believe that achieving these KPIs will be the result of strengthened management foundations.

By promoting both financial and non-financial KPIs, we aim to maximize the corporate value of the Group by enhancing both economic value (financial value) and social and environmental value (non-financial value), aiming to maximize the corporate value of our Group.



Investment Policy for Strengthening Growth Strategies

In terms of our cash flow allocation policy, we are investing ¥21.2 billion, or slightly over half of our total operating cash flow for the past three years, into growth areas and DX.

Additionally, in our growth strategy investment, we have established an investment framework for integrating our bases in Thailand to enhance overseas business and creating TSUNAGU innovations, allocating investments to each of the following areas: businesses promoted company-wide (Overseas, Green, Digital), businesses promoted according to area and organization (Resilience & Security, New Distribution, Sharing, Long-term Care & Medical, Food Equipment, Agriculture Processes), and core businesses.

DX IT digital investment has been allocated ¥11.2 billion for the purpose of developing the necessary infrastructure and cultivating and strengthening talent to transform the company into a data-based specialized trading company.

Investment Policy for Growing Together 2026

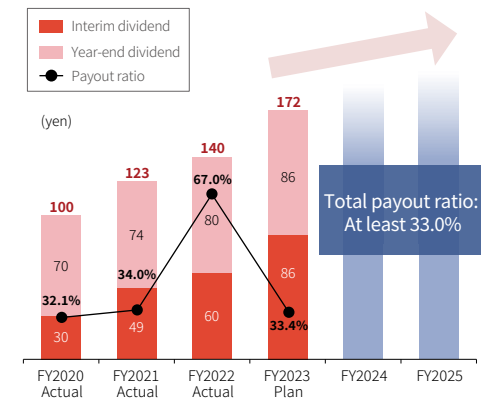
		Growing Together 2026	
Investment		Plan	Details
Growth Strategy Investment	Overseas Business	¥6.0 bn	<ul style="list-style-type: none"> M&A investment Thailand reinforcement investments Product and service development investments <ul style="list-style-type: none"> TSUNAGU innovation development Function strengthening investments <ul style="list-style-type: none"> Human resource development Strengthened sales promotion Development of logistics infrastructure
	Green Business (Eco & Energy Solution)		
	Digital Business (Robot [AI] & IoT)		
	Resilience & Security Business	¥4.0 bn	
	New Distribution Business		
	Sharing Business		
	Long-term Care & Medical Business		
Food Equipment Business	Core businesses		
Agriculture Process Business			
DX and IT digital investments	¥11.2 bn	● DX and IT digital investments	
Total		¥21.2 bn	

Total Payout Ratio to Shareholders

As to our shareholder payout policy, we have set a new KPI for a dividend on equity (DOE) of 3.5% or higher, while maintaining a shareholder payout ratio of 33% or higher based on stable dividend payments, as in the past.

We will continue to strive to enhance corporate value through proactive IR activities, appropriate information disclosure, and the provision of stable shareholder returns.

Trends in Dividend Per Share and Payout Ratio



Trend in Dividend on Equity (DOE)

