

# Realizing a sustainable society through “TSUNAGU” value creation

Representative Director, President & CEO

**Hiroyuki Tamura**



## 1. Direction the Company's Group seeks

### Contribute to society through manufacturing, home building, environment building, and town building

Since our founding, the Company had held a corporate philosophy based on three elements, “Honesty and Trust,” “Enterprise and Innovation” and “Regard for the Individual.” “Honesty and Trust” and “Regard for the Individual” are part of a core philosophy that sustains our business and company organization. “Enterprise and Innovation” is meant to consistently develop and operate businesses based on the needs of society and the times. In other terms, we have maintained our business over 350 years based on a corporate philosophy of making “change” a constant part of our company.

Resolving social issues through business is a role that the society and stakeholders demand of us. I am proud to say that the history of YUASA TRADING is one that faced social issues in Japan and the world head on. I believe that our societal value lies in creating new value by connecting (“TSUNAGU”) people with people, people with manufacturing, and people with information/technology.

In the field of manufacturing, we have operated hubs in countries in Southeast Asia since Japanese companies

began to enter foreign markets in the 1990s. By connecting the manufacturing sites in Japan and the world, we have contributed to manufacturing across the world.

In the field of home building, we have expanded our lineup of solar power generation systems and high performance energy-saving housing equipment. We proposed environmentally-friendly, pleasant home building by connecting these products and systems.

In the field of environment building, we established the YES (YUASA Environment Solution) Division, a specialized department for Eco & Energy Solutions in 2009, pioneering this area in the industry. We have supported the ESG management of our clients by connecting the know-how we gained from environmental consulting for hundreds of companies.

In the field of town building, we started a resilience business from 2014 with “disaster prevention, disaster mitigation, and BCP” as our keywords. We generated new solutions that contribute to safe and secure town-building by connecting the technology of affiliated manufacturing companies.

We will continue to take efforts to resolve social issues through business with “TSUNAGU” value creation.

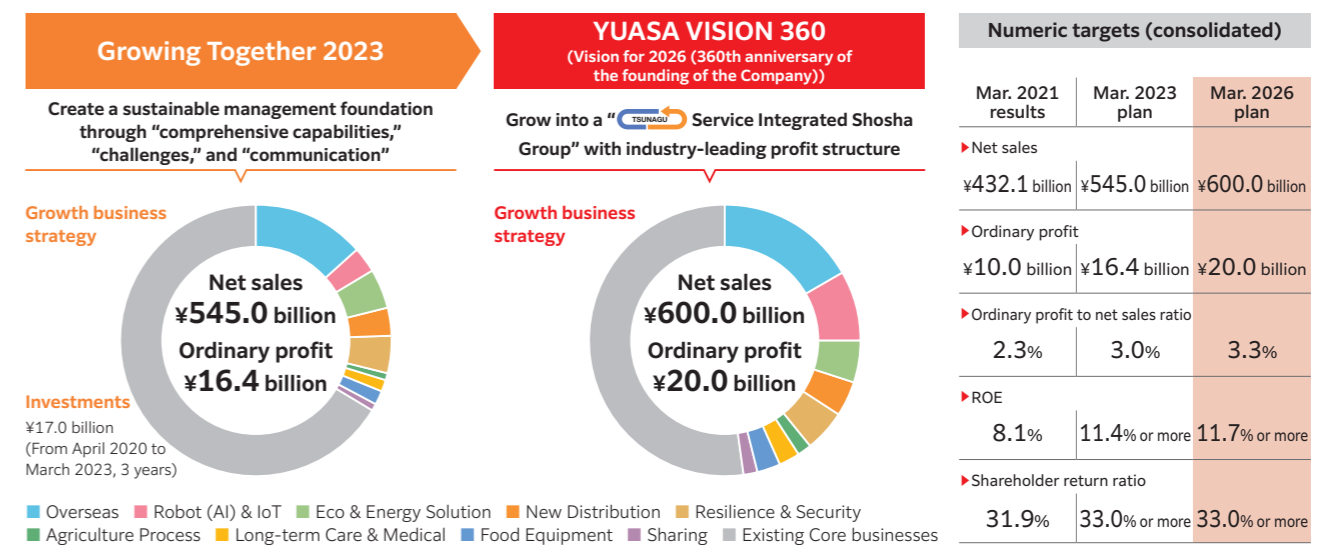
## 2. Progress of Mid-term Management Plan “Growing Together 2023”

### YUASA VISION 360

We established “YUASA VISION 360” as our 2026 vision for the 360th anniversary of the founding of the Company. This plan established numeric targets of consolidated net sales of ¥600.0 billion, ordinary profit of ¥20.0 billion, ordinary profit to net sales ratio of 3.3%, ROE of at least 11.7%, and shareholder return ratio of at least 33.0% for the fiscal year ending March 31, 2026. It also aims for the group to grow into a “TSUNAGU Service Integrated Shosha Group” with an industry leading profit structure.

In April 2020, we announced the Mid-term Management Plan “Growing Together 2023,” which ends in the fiscal year ending March 31, 2023, as the second stage of “YUASA VISION 360.”

The quantitative targets of the Mid-term Management Plan are as follows: The pie chart on the right shows the goals for 2026. The pie chart of the left shows the goals for Growing Together 2023. By strengthening the Existing Core businesses and increasing the ratio of the nine Growth businesses, we aim for future consolidated net sales of ¥600.0 billion and ordinary profit of ¥20.0 billion.



### Status of progress of the Growth business

In the Overseas Business, we are focused on strengthening our transactions with local capital companies. We have positioned Thailand as our highest priority, where we will establish a Construction Division in addition to the Industrial Division and Living Environment Division that are already in place. Our aim is to grow this as the central Southeast Asia site.

In the Robot (AI) & IoT Business, we developed the add-on robot system “Robo Combo” for users who are considering introducing robots. We have started selling this product this fiscal year. By connecting robot and tool manufacturers with ROBOT ENGINEERING CO., LTD., the systems integrator of the Company's Group, we are able to realize automation of production facilities at low costs and in a short time.

In the Eco & Energy Solution Business, we promote the total support of the ESG management of companies. We

recently provided support for Kanazu Murata Manufacturing Co., Ltd. from the Murata Manufacturing Group to create a factory wholly powered by renewable energy. In addition to providing equipment such as solar power generation modules, power conditioners, and carports, we conducted the prime construction work of the project, assisted customers in achieving carbon neutrality, and reduced the burden on customers for power supply networks that are part of the social infrastructure.



Kanazu Murata Manufacturing Co., Ltd. (Fukui Prefecture), where the Company supported efforts to create a factory wholly powered by renewable energy

In the Resilience & Security Business, we promoted development of original projects that address social issues based on themes of disaster prevention, disaster mitigation, and BCP. We developed aluminum privacy fence Yachibei® used for improving concrete walls in a joint product with our business partners. This product is being adopted more and more as it uses the pillars and foundation of the existing concrete wall while reducing costs, shrinking construction time, and constraining the emission of industrial waste.

In the Long-term Care & Medical Business, our group subsidiary FUJI QUALITY HOUSE CO., LTD. developed the container house, Infection Reduction House, which was developed as a simple examination room for COVID-19 or for receiving outpatients who contracted the virus. This product has been used in a wide array of COVID-19 immunization venues and hospital facilities nationwide. Medical container houses have gained attention from overseas developing nations. In the future, we will expand this business overseas.

In the Agriculture Process Business, we have been successful in promoting proposals for fluorescent lighting that invigorates the immune capabilities of strawberries with UV-B (ultraviolet rays).

In the Food Equipment Business, we exercised engineering functions on the theme of “food safety” and made total proposals for the automated production line for food product factories.

In the Sharing Business, we started a driver and agriculture machine sharing service to be used through agriculture corporations.

### 3. Build foundation for growth

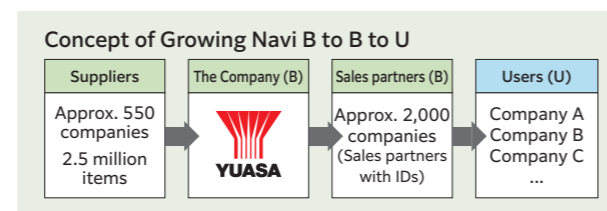
#### DX (digital transformation) promotion project begins

In the Mid-term Management Plan “Growing Together 2023,” we are promoting a digital transformation across the Group as a means of strengthening our management foundation. We aim to convert all of the knowledge and know-how the Company’s Group has amassed into data as well as concentrate data from business partners and the general market. By applying AI to this data, we will develop new services and products that address social issues as we realize a transformation From “Single Item

#### Core business - Strengthen functions of trade business

In the Core businesses, we strove to strengthen IT/logistics functions in the trade business to “deliver needed products at the needed times.”

In the e-commerce site “Growing Navi” the Company operates, we started operating a B-to-B-to-U (User) system that connects the Company, sales partners, and users from this fiscal year. We are promoting the use of this system as a digital sales tool in the COVID-19 era for sales partners who are limited in visiting their users.



For logistics functions required for e-commerce, we are focused on processing logistics to shrink delivery times. In our Kanto Distribution Center (Kashiwa City, Chiba Prefecture), we manufacture and assemble automatic valves and chain slings. From this fiscal year, this center began providing services for air conditioning renovation work and cleaning of oil from products before shipping. We will support these efforts to further shrink delivery times.

Business” to “Integrated Product-Service.”

In September 2021, we selected 23 DX promotion members in-house and began specific initiatives. In the future, management will take the lead and strive to establish a competitive advantage utilizing data and digital technology.

#### Sustainability Declaration

The Company’s Group announced the “Sustainability Declaration” based on our corporate philosophy in

October 2021 in order to further advance the management foundation we have passed down over more than 350 years.

We aim to be carbon neutral\* across the entire YUASA TRADING Group by the fiscal year 2030 to achieve “harmony with the global environment.” We also aim to realize a sustainable society through “business activities for Service with good products” and “management that respects humanity.” To realize our Sustainability Declaration, we established the Sustainability Promotion Committee, chaired by the Representative Director, and the Sustainability Promotion Office in the Corporate Planning Department, as our promote structure. We will develop an action plan and execute upon it.

Recognizing climate change as an important management issue, the Company’s Group plans to declare support for the TCFD (Task Force on Climate-Related Financial Disclosures). We are taking a proactive approach to information disclosure on how climate change affects our Group business activities based on the recommendations of the TCFD.

\* Scope of businesses subject to carbon neutrality: [Scope 1] Direct CO<sub>2</sub> emissions from YUASA TRADING and group companies, [Scope 2] Indirect CO<sub>2</sub> emissions corresponding to generation of energy used by each company

#### Initiatives to strengthen corporate governance

We are conducting initiatives to strengthen governance and risk management based on the application of the Revised Version of Japan’s Corporate Governance Code. We elected three Outside Directors at the 142nd Ordinary General Meeting of Shareholders held in June



2021 in order to increase the transparency of corporate governance, raising the percentage of Independent Outside Directors in the Board of Directors. We are also selling shares based on guidelines for holding standards in order to reduce the strategic shareholdings on an ongoing basis. In addition, we are executing initiatives to improve the effectiveness and transparency of the Board of Directors, such as disclosing the skill matrix of Director candidates and changing the decision-making process for individual Director remuneration.

### 4. Sustainable development

#### Fostering a culture based on the keywords “challenge,” “comprehensive capabilities,” and “communication”

My greatest mission is to build a management foundation that can survive periods of extreme change. I think that the key factors for achieving this are “comprehensive capabilities,” “challenges,” and “communication.” Firmly positioning these elements within our Group corporate culture is the key to shaping the YUASA TRADING Group that will continue into the future and reach the 400th anniversary of the founding of the Company. I will take the lead in promoting this transformation in our corporate culture and focus on building a foundation for sustainable development.

We aim to maintain at least a 33.0% shareholder return ratio, including ongoing and stable dividends, in order for shareholders and investors to hold our shares for a long time. While balancing business investments and return to shareholders, we will maintain financial health as we aim to increase share value by investing profits generated through business activities in growth businesses and new businesses.

We truly appreciate your continued support.