

Strategies to Maximize Value Creation

In a volatile economic climate, simply providing products or services is no longer enough to ensure a company's permanent growth.

We also need a strategy geared toward generating and maximizing new value for clients and markets.

In our long-term vision YUASA VISION 360 and the medium-term management plan "Growing Together 2026," the YUASA TRADING Group utilizes our know-how and strengths cultivated through TSUNAGU innovation, linking products and services in the fields of manufacturing, home building, environment building and town building, for sustainable growth through new value creation.

Overview of the Medium-term Management Plan “Growing Together 2026”

Medium-term Management Plan “Growing Together 2026”

Basic Policy

In the fields of manufacturing, home building, environment building and town building, we will work with our business partners to solve social issues through TSUNAGU innovation to create new markets and increase corporate value, and expand domestically and internationally.

Recognition of Issues

Ongoing Issues from the Previous Medium-term Management Plan

- Improving the profitability of existing businesses
- Further promoting growth strategies
- Identifying things that should be changed and things that should not be changed, and implement measures accordingly
- Strengthening Group-wide initiatives for “Total Coordination Skills,” “Challenging Spirit” and “Communication”
- Building a system that can accumulate and utilize data for strategic planning and cultivation of DX talent
- Promoting sustainability management

Business Transformation to a “Market-Out” Approach

- Improve profitability by promoting “TSUNAGU” solution proposals that solve social issues
- Create new markets and promote growth strategies
- Market creation and deployment through existing trading networks
- Strengthen the management foundation, reform the corporate culture, and promote sustainability to realize transformation

Priority Measures

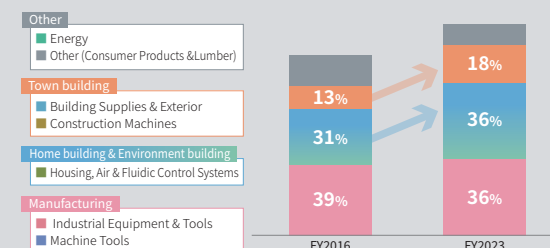
Business Transformation	Toward a Highly Profitable Business Model Through “TSUNAGU” innovation, we will work together with our business partners to solve social issues and form highly profitable businesses.
	Deployment of Growth Strategy For the fiscal year ending March 31, 2026, we will increase the share of sales in growth strategy areas to approximately 48%.
	Domestic and Overseas Market Expansion We will expand new and growing markets created through “TSUNAGU” innovation by further developing our network of business partners both in Japan and overseas.
Strengthening Management Foundations	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.
	DX Promotion To promote business transformation, we will build a data utilization infrastructure, foster DX talent cultivation, reform business processes, and create innovation.
	Sustainability Promotion In line with our Sustainability Declaration, we will contribute to a sustainable society both in terms of our Group and our businesses.

Strengthening Our Business Portfolio through Our Long-term YUASA VISION 360

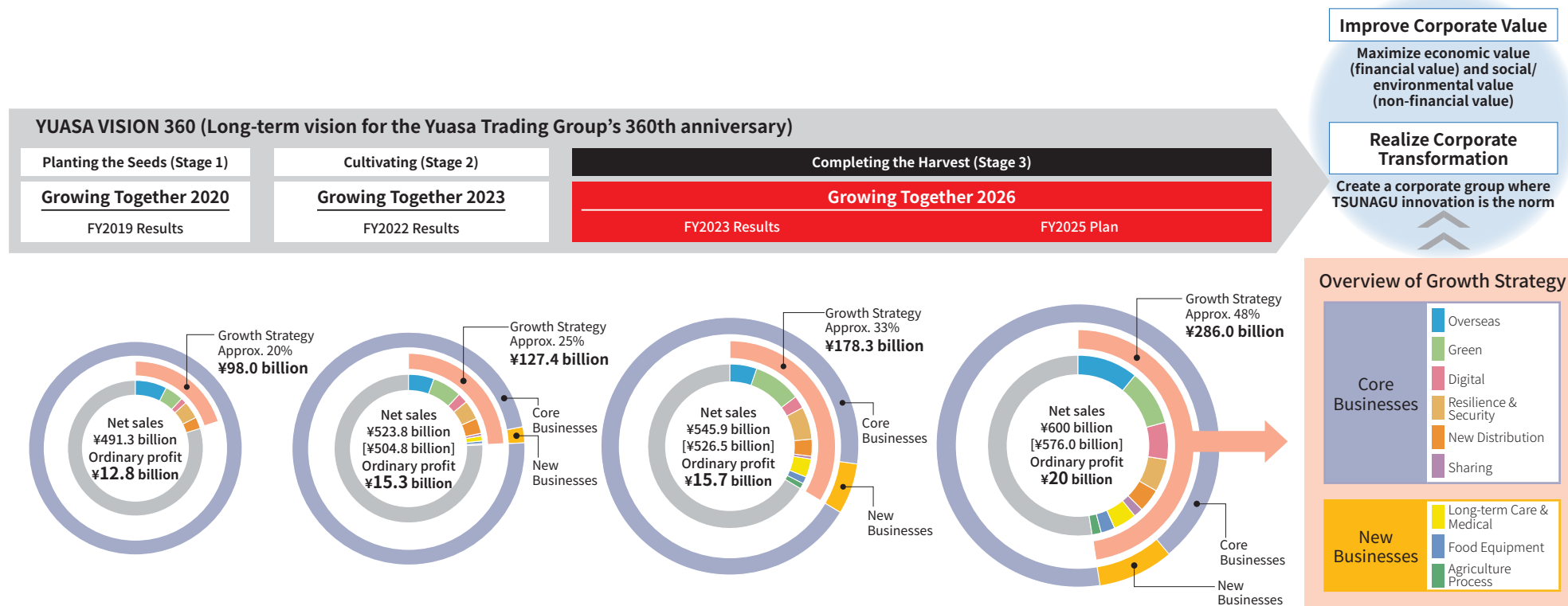
One major change in our long-term YUASA VISION 360, for the 9 years since 2017 ending in 2026 on the 360th anniversary of our founding, is to strengthen our business portfolio.

Up till now, the Group has placed great weight on manufacturing, with performance affected by trends in machinery orders and other factors. However, our growth strategies have helped us expand each of the home building, environment building, and town building segments, leading to a strengthened business portfolio that demonstrates our collective strength as a Group. Through promotion of our growth strategy, we will continue to transform our business model to make it less susceptible to trends in specific segments, countries, regions, and the economy.

Trends by Business Field (2017 to 2024)



Overview of the Medium-term Management Plan “Growing Together 2026”



Financial KPIs

Item	FY2023 Results	FY2025 Plan
Net sales*1	¥526.5 billion	¥576.0 billion
Operating profit	¥14.7 billion	¥19.0 billion
Ordinary profit	¥15.7 billion	¥20 billion
Ordinary profit to net sales ratio	2.99%	3.4%
Adjusted net income before tax	¥11.8 billion	¥13.2 billion
Return on equity (ROE)	12.0%	11.8%
Total payout ratio	34.9%	At least 33%
Dividend on equity (DOE)	4.1%	At least 3.5%

*1 Net sales after revenue recognition.

Non-financial KPIs*2

Item	FY2023 Results	FY2025 Plan
CO ₂ emissions (Scope 1 & 2)	6,335 t-CO ₂	30% reduction (compared with FY2022)
Percentage of female managers	2.0%	3.0%
Percentage of female employees in comprehensive work position	4.0%	6.0%
Percentage of employed females in comprehensive work position	6.5%	12.0%
Percentage of male employee taking childcare leave and leave for the purpose of childcare	72.5%	100.0%
Percentage of taking paid leave	67.8%	70.0%
Average hours of labor	1,934 hours	1,920 hours
Managerial talent cultivation (number of training program participants: total)	280 persons	370 persons
Digital talent cultivation (successful candidates from our original program)	IT talent*3: 109 persons	IT talent: 600 persons DX talent*4: 40 persons

*2 Of the non-financial KPIs, all indicators except CO₂ emissions are for YUASA TRADING (non-consolidated).

*3 Personnel who can utilize IT tools and digital technologies in their own work and carry out digital measures.

*4 Personnel who utilize the results of data analysis and formulate and promote new plans based on specialized knowledge of marketing and management strategies.

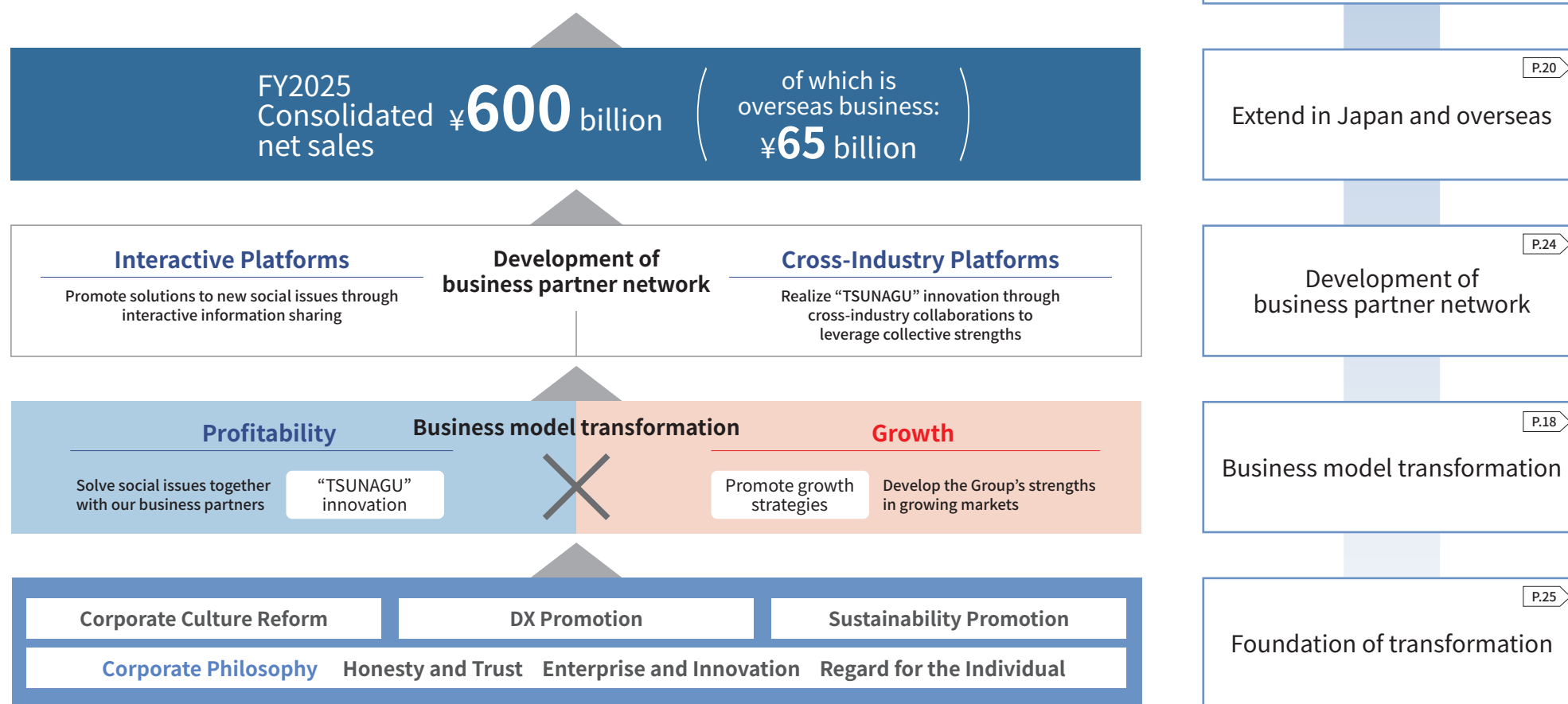
* Net sales figures in brackets are after revenue recognition.

Overview of Business Transformation

The Group will expand existing business and implement growth strategies domestically and internationally by transforming business models and developing existing business partner networks.

Conceptual Image of Business Transformation

Achieve Growing Together 2026



Messages from the Headquarters General Managers

Business strategy for realizing business transformation

Industrial Market Headquarters

(Industrial Equipment & Tools
Division and Machine Tools Division)

Mamoru Hamayasu

Managing Director
Chief General Manager of Industrial
Market Headquarters



As Is

The Industrial Market Headquarters contributes to manufacturing in Japan and around the world through sales of machine tools and factory equipment, implements, mechanical equipment and materials, control and logistics equipment.

While the fiscal year ending March 2024 saw us progress our efforts to expand into new markets related to semiconductors in robotics, it was a tough year domestically with a downturn in machine tool orders and overall market segmentation seeing an increase in sales but lower profit compared with the same period last year.

To Be

In our natural role as a machinery trading company, YUASA will leverage the Group's collective strengths to drive on-site digital transformation (DX) including IoT and local 5G for addressing labor shortages, and energy-saving proposals.

In particular, as awareness of carbon neutral permeates not only large corporations but also small to medium sized companies and factories too, we will promote our "solutions to social issues" with unique products that contribute to high-efficiency and long-life machinery, as well as to saving energy.

Living Environment Market Headquarters

(Housing, Air & Fluidic Control Systems
Division and Consumer Products Division)

Maresuke Takeo

Director
Chief General Manager of Living
Environment Market Headquarters



The Living Environment Market Headquarters offers capital improvements through sales of equipment covering a wide range of markets from general housing to building installations and plant equipment, such as housing equipment, plumbing products, air conditioning equipment, and other core products.

In the fiscal year ending March 31, 2024, both sales and profit increased due to our efforts in proposing systems with green energy subsidies aimed at becoming carbon neutral, amidst a backdrop of soaring electricity and other energy prices.

We will continue to propose equipment improvement solutions involving subsidies in energy creation, green energy, high efficiency machinery etc. to promote carbon neutrality among our business partners. In addition, we'll further expand our engineering functions, such as air conditioning refurbishments and automatic valve assembly, to save on and reduce labor through shorter work periods and improved operations, to solve worker shortage problems caused by reformed work practices in the construction industry.

Construction Market Headquarters

(Building Supplies & Exterior Division,
Construction Machines Division,
Energy Division, and Lumber Division)

Takaomi Omura

Director
Chief General Manager of
Construction Market Headquarters



Construction Market Headquarters comprises the Building Supplies & Exterior Division which provides building materials, landscape and civil engineering materials, and the Construction Machines Division, which provides industrial rental materials and small-scale construction equipment.

Amid major changes in the construction sites led by the "2024 problem", the segment as a whole had increased revenue but lower profits compared with the same period last year as we were significantly affected by prolonged construction works and reduced new construction projects due to labor shortages and dramatic cost increases.

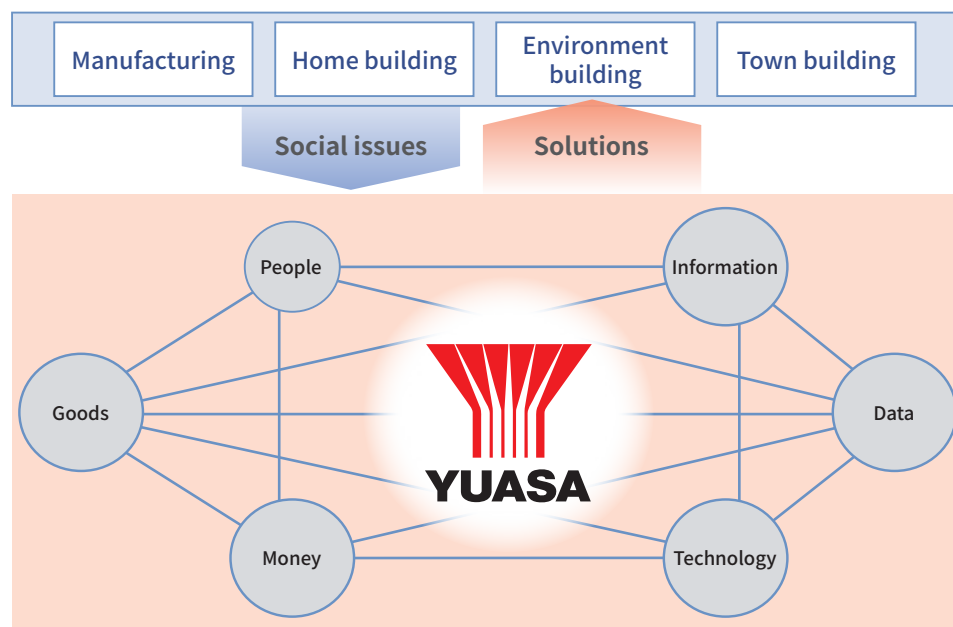
As well as strengthening our existing business, we will also uncover new fields where we can utilize this headquarters' functions and networks under the theme of "solving social issues", and enhance business stability by building a diversified market. The head office will create its own unique value with development proposals across divisions and group companies to strengthen resilience areas such as BCP and medical support in natural disasters, to improve work environments through the pursuit of on-site comfort, and to create spaces for livable towns and cities.

Improving Profitability and Growth

Toward a Highly Profitable Business Model

We are creating a high value-added business model that accurately grasps market needs with a market-out approach and also connects information, data, and technologies in addition to the conventional aspects of people, goods, and money. We aim to improve profitability by positioning this market-out business model as TSUNAGU innovation and promoting it throughout the Group.

TSUNAGU Innovation Model

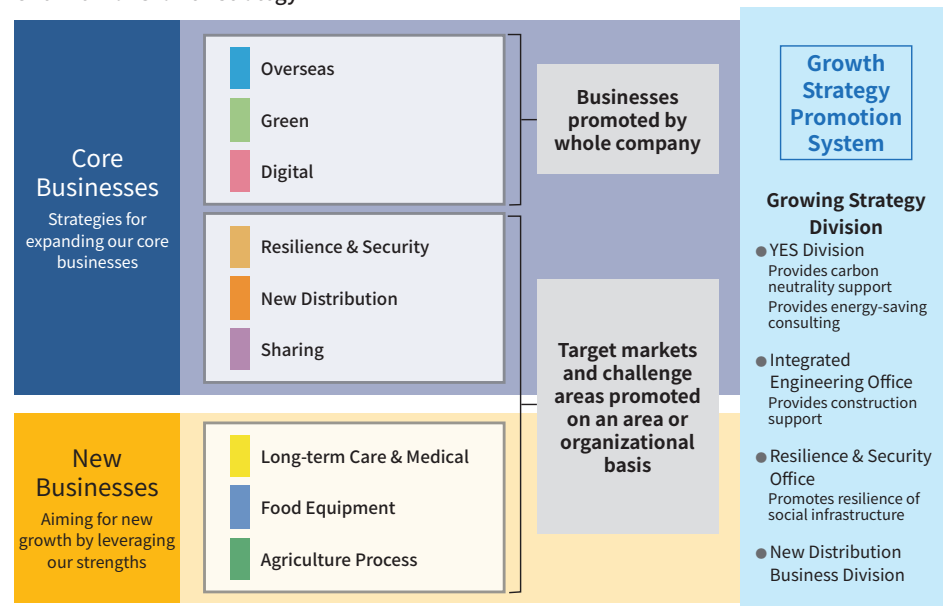


- By connecting (TSUNAGU) various things such as people, goods, money, information, data, and technology, solve social issues and expand both “single item business” and “integrated product-service” businesses
- Establish a business model with a market-out approach
- Maximize synergies among divisions and group companies to create new value
- Take on the challenge of subscription and sharing services

Accelerate Growth through Expansion of Core Businesses and Expansion into New Markets

Our growth strategy aims to further increase company-wide sales leveraging the strengths the YUASA TRADING Group has cultivated in existing businesses. The strategy comprises six businesses where we will seek to further increase the sales of core businesses and three businesses where we will expand our strengths into new markets. Moreover, we will work to promote business with a greater awareness of speed by dividing these businesses into “businesses promoted by whole company” and “target markets and challenge areas promoted on an area or organizational basis.” Led by the Growing Strategy Division, which engages in promotion of the growth strategy across divisions, we will work to solve social issues in the market through TSUNAGU innovation, demonstrating the total coordination skills of the YUASA TRADING Group.

Overview of Growth Strategy



Growth Strategy

Promoting Growth Strategy

Under Growing Together 2026, we will implement measures in each business with a target to increase the ratio of growth strategy areas in net sales to approximately 48% by FY2025.

Achievements for the fiscal year ending March, 2024 and plans for the fiscal year ending March, 2026

9 Growth Strategies

Overseas	We will laterally develop our product procurement and engineering functionality in Japan, while targeting South Asia with Thailand positioned as a model location to demonstrate our integration capability.	P.20
Green	Provides customers with support for carbon neutrality through one-stop solutions.	P.31
Digital	We will utilize cutting-edge AI/IoT and robotics technology to propose automated, labor and workload saving solutions across the entire business domain.	P.21
Resilience & Security	We will promote safe and secure manufacturing, living and urban development while highlighting disaster preparedness, disaster relief and business continuity.	P.31
New Distribution	We will expand our original EC site "Growing Navi" for B2B transactions.	
Sharing	We offer a wide-ranging product lineup aligned with market needs for construction sites, various events, and the rental business.	
Long-term Care & Medical	We will mobilize the YUASA TRADING Group's collective strength to propose equipment sales for nursing care homes and facilities, infection-reducing portable cabins, etc.	
Food Equipment	With "food safety" as our keyword, we will help to realize Smart Food Factories through a complete package of machinery and equipment suitable for supply chains.	P.23
Agriculture Process	We will develop robots, machines and pioneering products geared towards smart farming, and offer "Profitable Agriculture" for the next generation.	



Businesses promoted by whole company

Target markets and challenge areas promoted on an area or organizational basis

Projects to expand core businesses: **¥235.0 billion**

New businesses: **¥51.0 billion**

Total

FY2023 Results	¥28.1 billion	¥50.0 billion	¥13.0 billion	¥34.4 billion	¥17.4 billion	¥1.9 billion	¥19.1 billion	¥6.3 billion	¥7.7 billion	¥178.3 billion
FY2025 Plan	¥65.0 billion	¥60.0 billion	¥40.0 billion	¥35.0 billion	¥25.0 billion	¥10.0 billion	¥25.0 billion	¥16.0 billion	¥10.0 billion	¥286.0 billion

Feature

1

Strengthening Overseas Strategy for South Asia

Brings products and solutions developed in Japan to overseas markets and provides new value.

Strengthened Expansion Targeting Thailand and India

In promoting our overseas strategy, we will focus efforts on Thailand, which has high market potential as an industrial cluster in the Southeast Asia region, and India, which is expected to see significant growth as its population increases. We'll progress with establishing new overseas promotions, strengthening and integrating base functions and reinforcing our local capital network.

Preparations for the First Overseas Grand Fair

We will hold the YUASA Grand Fair in THAILAND over 3 days from February 5 to February 7, 2025. The venue is BITEC (Bangkok International Trade and Exhibition Center), which is a general exhibition hall within the city of Bangkok, and it will be the first time we have held a Grand Fair overseas.

Exhibitions by industry or product are common in Thailand and other countries, and holding an all-in-one multiple sector exhibition, like the Grand Fair, is a groundbreaking initiative.



The venue, Bangkok International Trade and Exhibition Center (BITEC)

The YUASA Grand Fair in THAILAND is an opportunity to strengthen the appeal of the YUASA TRADING Group's solutions for social issues overseas through exhibits featuring a variety of solutions in all business fields: manufacturing, home building, environment building, and town building. We plan to use it as an example of best practice for expanding into India and other countries, and establish new overseas promotions in our company.

We are already preparing to maximize results in the local market, such as by posting transit advertising and reinforcing our CM/SNS media promotions to attract more customers.

Integrated Bases in Thailand and India



New company premises in Thailand to be completed in 2024

We are strengthening our base functions to leverage our collective strengths and expand business. A new office building (see photo above), which will integrate the bases of two subsidiaries, is scheduled to be completed in the Baan Na district in southern Thailand by the end of 2024. In addition to serving as an office, the entire building functions as a showroom where visitors can see the various solutions handled by the company first-hand.

We plan to increase the number of our sites in India

from the current two (Gurgaon and Bengaluru) to four to strengthen the local sales structure.

Strengthening the Local Capital Network



At HENKO Group Singapore Head Office

In April 2024, we acquired the shares of HENKO Group, a machine tool sales corporation with six companies and seven sites in three countries (Malaysia, Singapore, and Thailand), to make it a member of the YUASA TRADING Group.

Until now, our overseas business has mainly been sales to local subsidiaries of Japanese companies, and the range of products we handle has been limited. In the future, the company will use its extensive network in South Asia to develop a variety of products and services not only in manufacturing but also in home building, environment building and town building, thereby strengthening its overseas business.

In addition, we will continue to invest in growth, including strengthening our local capital network through M&A in order to reinforce our overseas business. In selecting investment targets, we will consider as standard whether they meet the objectives of our growth strategy, such as synergies with our local sites and network expansion in our focus regions.

Feature

2

Developing a Revolutionary Automated Freight Picking System

We solve various logistics issues using “TSUNAGU” solutions, created with our partners.



Tomoharu Kobayashi

YUASA TRADING CO., LTD.
Logistics Strategy Section,
Corporate Planning Dept.

Mr. Tomonori Nishimura

Phoxter Co., Ltd.
Director
Head of Transport Solutions Division

Mr. Yuto Yokota

PLUS Logistics Corp.
Logistics Operations Division

Our logistics facilities serve as product storage and delivery bases, where major issues are labor and manpower-saving for warehousing and picking operations (taking products off the shelves in accordance with shipping orders), which are particularly labor- and time-intensive, and securing storage space in response to increased distribution volumes and variety of products.

The “Twin Pick” automatic transfer system for picking is a unique system that simultaneously controls two different types of robots, a “high-level shelf container automatic transfer robot” and a “low-level shelf automatic transfer robot,” for which we have obtained a utility model patent. With our ATS (automated transportation system), that does not require conveyor line assembly, we achieve a significant improvement in storage efficiency through narrow space compatibility, labor savings, and effective use of ceiling height. Here we held discussions with Phoxter Co., Ltd., the developers of the Twin Pick, Plus Logistics Corp., and YUASA TRADING CO., LTD., who talked about the development process and future logistics possibilities.

Simultaneous control of two high-and low-level types of robots



Carton box transportation robot



Retractable-type robot

“Twin Pick” Presentation Video

<https://www.youtube.com/watch?v=033N7ut70TY>



*1 Abbreviation of Third-Party Logistics A form of logistics in which logistics operations, such as warehouse inventory management and transportation, are outsourced to companies with specialized know-how.

Innovative “Two-type Robotic Simultaneous Operation”

■ **Kobayashi (YUASA TRADING):** At the company, we own seven distribution warehouses around the country, including Kanto Distribution Center (Kashiwa City, Chiba) where Twin Pick has been introduced. Although our warehouse workers do the actual product picking, we anticipate future difficulties in securing personnel. To combat this, we decided to consult with Plus Logistics, which operates our warehouses as a 3PL*¹, to see what kind of automated solutions it would be possible to introduce.

■ **Mr. Yokota (Plus Logistics):** When we were approached, we were totally in the dark regarding this. Although automated transport options, such as robotic arms, etc. exist, we needed to find something suitable for the wide range of products, from large to small with complicated commercial materials, that are handled at YUASA TRADING warehouses. That’s when I saw Phoxter’s booth at the International Logistics Expo and had a chat with them.

■ **Mr. Nishimura (Phoxter):** While each robot has its own characteristics, benefits and disadvantages, we had never considered combining their operational features. However, we thought that combining two robots would best suit YUASA TRADING’s operational needs, and so I first came up with a rough proposal.

■ **Mr. Yokota (Plus Logistics):** On seeing such a unique solution, I thought it would be perfect for YUASA TRADING warehouses, so we hashed out details and proposed the current format.

■ **Mr. Nishimura (Phoxter):** However, as it’s hard for the manufacturer to devise a system that combines both robots’ best features, our engineers write the programs that run things behind the scenes. I think there will be more ideas in the future for linking multiple robots, but I can’t see them in operation anywhere else at the moment, because as far as I know, this is the first example of combining a low-level shelf automatic transfer robot with a high-level shelf container automatic transfer robot at a GTP*².

Feature 2 Developing a Revolutionary Automated Freight Picking System

■ **Kobayashi (YUASA TRADING):** It's been just over one year since this project got underway, but the materials stored at warehouses tend to change over the course of a year. They provided us with a solution that can deal with numerous changes.

■ **Mr. Nishimura (Phoxter):** Material handling machines have often been installed to make warehouse distribution more efficient, but this makes future expansion or downsizing difficult. The advantage of this way is that we can start small yet have the flexibility to add robots and shelves later, or split them between different areas of the warehouse.

*2 An abbreviation of Goods to Person. A more efficient method of picking where a transport robot brings products to the worker, eliminating the need for them to walk to find the product.

Building Automation While Keeping the Warehouse in Operation

■ **Mr. Yokota (Plus Logistics):** The premise of this project was to keep the warehouse running. Since we were to continue operations while installing the robots, first we considered the final layout and then step by step, we set up and scheduled the construction work accordingly.

■ **Mr. Nishimura (Phoxter):** In most cases, new robots are usually installed at the time of a new warehouse construction or relocation. However, many clients don't want to stop production or incur excess fixed expenses by renting another warehouse, so I think it's really important to have the know-how to install them in this way without pausing warehouse operations.

■ **Kobayashi (YUASA TRADING):** The operation was possible because we treated it like a jigsaw puzzle, moving products alternately, dismantling empty shelves and bringing suitable products to those shelves.

A Logistics Future Transformed by Automated Systems

■ **Mr. Nishimura (Phoxter):** As warehouse distribution up till now has been run by humans, they had to be sited where people could gather easily. If the introduction of robots means warehouses only need a small number of people to operate, then I think we'll see a diversity of locations as part of logistics strategy.

■ **Kobayashi (YUASA TRADING):** With robots' introduction, we'll see advancements in logistics DX, so to speak, which analyzes and streamlines tasks based on data such as "what products move seasonally", "how much can picking times be shortened based on time/location from receiving to shipping".

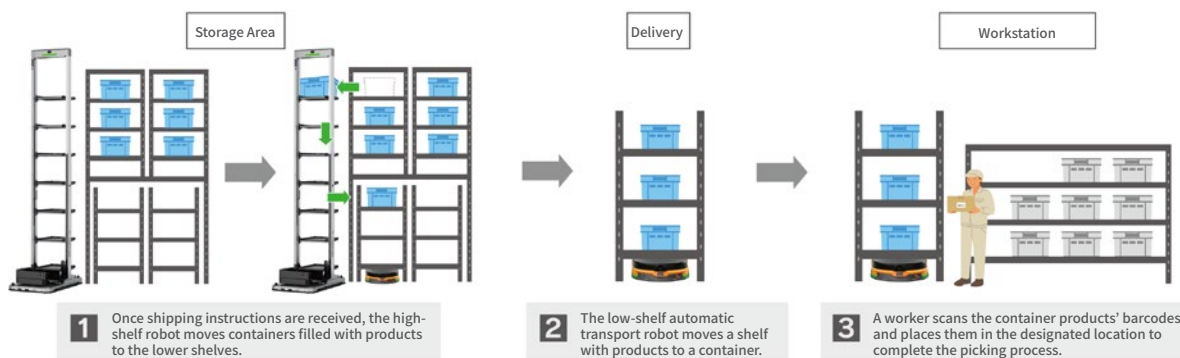
■ **Mr. Nishimura (Phoxter):** This time, workers at YUASA TRADING and Plus Logistics reviewed everything from the high-level software to create the system from scratch, which I think is very advanced.

■ **Kobayashi (YUASA TRADING):** Whatever facilities we introduce in the future, we'll need to customize each product as a "one of a kind" for each customer. Plus Logistics has that know-how, and Phoxter has the know-how and technology for customizing and engineering. I very much want all three companies to work together and contribute to society through our proposals to rationalize logistics for our customers.

How "Twin Pick" Works

The high-shelf container robot links with the low-shelf robot to deliver product-filled shipping containers to workstations, while following the system's shipping instructions.

First case example in Japan / Acquisition of a UMP (Utility Model Patent)



Effectiveness of the "Twin Pick" Method

Example of a distribution warehouse handling 50,000 items in a 1,500m² space.

Products inspected on arrival, and immediately placed in storage	Shorter loading times (1 pallet from 40 minutes to 10 minutes ^{*3}) Resource savings with no need for paper labels
Installation of High-Shelf Container Transport Robots	Greatly improved storage efficiency (Can store to a max height of 8 m)
Delivery of products from High-shelf Container Robots to Low-shelf Transport Robots	No need for large-scale line assemblies (1/3 of the cost of conventional automated warehouses)
Order picking in one place	Decrease in workers' average walking From 30000 steps to 1000 steps (per person per day) Large-scale labor and training cost reductions

*3 Example of pallet containing cutting tools and other small instruments

Feature

3

Expanding into New Markets (Long-term Care & Medical/Food Equipment/Agriculture Process)

We aim to develop the core business strengths we have cultivated in growth markets and turn them into new primary sources of revenue for the future.

Outcomes from Promotion of Our New Business Strategy

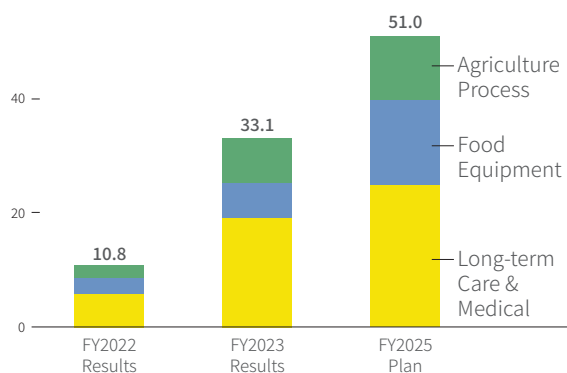
As part of our growth strategy, we aim to develop and expand the core business strengths we have cultivated to date in “Long-term Care & Medical,” “Food Equipment,” and “Agriculture Process” into new markets, and position them as our New Business Strategies.

These industry sectors are indispensable to peoples’ lives and are not easily affected by economic trends, so we believe that this strategy will contribute to the stability of the Group’s business. In the fiscal year ending March 31, 2026, we are targeting sales of 51.0 billion yen, equivalent to nearly 10% of our company-wide sales target (576.0 billion yen), from these three strategies combined.

The actual amount for the fiscal year ended March 31, 2024 was 33.1 billion yen, more than tripling from the 10.8 billion yen recorded in the fiscal year ended March 31, 2023. We aim to make this a new primary source of revenue for our group by developing new products and services through “TSUNAGU” innovation, and by proposing personnel, labor-saving, and carbon-neutral solutions for nursing care and medical facilities, food factories, and agricultural facilities.

Progress in Our New Business Strategy Sectors

(billions of yen)
60 —



Topics Status of Our Main Initiatives

Long-term Care & Medical: Solutions to on the ground social issues

In addition to providing one-stop carbon neutral support ranging from energy-saving assessments to the installation of high-efficiency air conditioning and LED lighting, we are also promoting the installation of equipment and devices for use in nursing care and medical facilities, such as care home beds and clean partitions.



Installation of LED lighting in medical facilities

Food Equipment: Manpower reduction and ensuring food safety through the use of AI and robots

In the food sector, we are promoting the use of AI and robots to address labor shortages, as well as initiatives to ensure food safety.

We’ve developed the “F[ai]ND OUT” series by linking the AI technology of the Group’s connectome design (equity affiliate) to automate quality inspections that previously relied on the human eye. We’ve already deployed foreign matter inspection devices for beverages and liquid seasonings, and visual inspection devices that can be automated to learn how to check for broken or cracked solid products, such as rice crackers. We displayed our unique solutions at FOOMA JAPAN, one of the world’s largest food manufacturing trade exhibitions, and received many trade inquiries.



“F[ai]ND OUT EX” visual inspection device

Agriculture Process: Creating value through our labor-saving and efficiencies proposals and company networks

We offer manpower reduction, labor-saving and efficiency solutions for agricultural sites to address the decline in farmers and steep rises in feed prices.

We are developing and providing products and services that meet the needs of farmers, such as harvest transportation systems that use “AgileX” four-wheeled Unmanned Ground Vehicles (UGV), strong on rough terrain, and the Appenki for the dairy industry that contributes to self-sufficiency in feedstuffs and helps reduce procurement costs. In addition, utilizing our distribution network of used construction equipment, we regularly hold auctions of domestically produced used farming equipment at our five company-owned Japan-wide locations and via the Internet.

We will continue to work to solve social issues in the agricultural sector by leveraging the Group’s strengths to create added value.

Business Partner Network Development

Platforms for a market-out approach

Business Partner Network

Work to solve social issues with one of the industry's largest networks of business partners

Integrated network



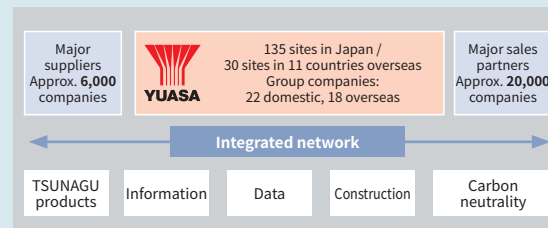
“Grand Fair” Promotion Event Held in Thailand and at Five Locations across Japan



With a 45-year history, our “Grand Fair” is the Group’s largest promotional event for leveraging our integrated network. “Grand Fair” are held annually in five regions (Kanto, Kansai, Chubu, Tohoku, and Kyushu). These events serve not only as a venue to secure sales but also to create new business opportunities. In 2023 they were held from July to September, and received around 54,000 visitors.

Interactive Platforms

Create new business by capturing market needs and sharing information and know-how with customers



Contribute to factories energy-saving with automatic coolant pump control systems

Green control for coolant pump (GCCP)



Improve efficiency and longevity in brittle materials processing, such as glass, by means of microfiltration in environmental optimization

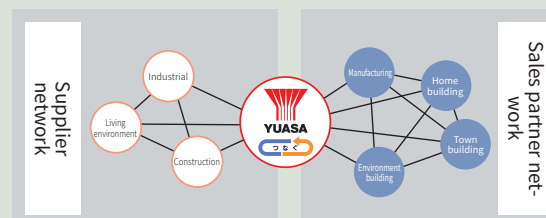
Processing environment solution



P.54

Cross-Industry Platforms

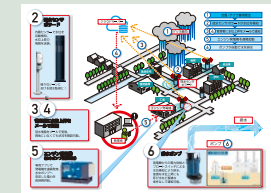
New innovation to address social issues in the market through a network that transcends industry boundaries



Packaged resilience solutions, from water pollution detection to activation of drainage systems

TSUNAGU BCP Packages

P.31



Well-designed gatepost equipped with a home delivery box, and a V2H that allows EV power usage at home

V2H (Vehicle to Home) Gatepost with attached home delivery box



Message from the Supervisory Manager of Management Administration

Aiming to be a Responsive and Passionate Group to Maximize Corporate Value



Kenichi Tanaka

Representative Director,
Senior Managing Director
Supervisory Manager of Management
Administration

Implementing “Defensive” Management Based on our Corporate Philosophy

I was appointed to serve as Supervisory Manager of Management Administration in April 2024.

I am committed to working for maximization of both financial and non-financial value not only through sustainability promotion and strengthening of governance but also the implementation of human resources strategy [P.32](#) and growth investment. I look forward to working with you.

I believe that Honesty and Trust, Enterprise and Innovation, and Regard for the Individual, which make up the Company's Corporate Philosophy, are also the essential elements for Management Administration. Our initiatives on strengthening governance to fulfill the trust of all stakeholders, leading our industry in sustainability promotion with an enterprising approach, and human resources strategy that aims to improve work satisfaction for all employees all originate in the Corporate Philosophy. We will work to maximize corporate value based on the Corporate Philosophy, which expresses the shared values of the YUASA TRADING Group.

Strengthening Governance as a Corporate Responsibility

In light of the attention being focused on corporate governance systems in recent years, initiatives to strengthen governance,

such as improving the effectiveness of internal audits and the importance of compliance management, have become essential for corporate management, which is based on trust.

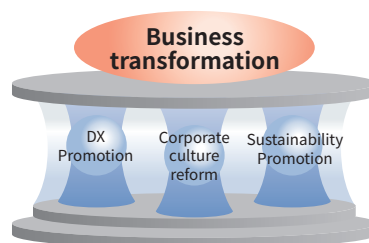
The source of our competitiveness is the extensive network of business partners we have built in our 358 years of business since being founded in 1666. However, establishing and continuously strengthening a governance system that realizes not only compliance but also correct corporate management is needed to live up to that trust and carry it into the future.

I say “continuously” here because the trust built up over a long period of time can be instantly destroyed by just a single incident of misconduct. In the past, we have, in fact, experienced a case of fraudulent transactions involving huge sums of money, which had a major impact on the company's management. For the employees around at the time, including myself, this incident made us fully aware of the utmost importance of strengthening governance. It convinced us that developing a robust governance system is crucial not just to prevent misconduct, but also to make it possible to stop even the smallest problems that could lead to misconduct before they get any bigger.

Aiming to be a Responsive and Passionate Group

I have constantly told the team members working with me that we should be a responsive (*uteba hibiku*) and passionate group. The Japanese phrase *uteba hibiku* originates from the swordsmiths who were wholesale customers for charcoal,

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.

[P.32](#)

DX Promotion

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

[P.27](#)

Sustainability Promotion

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

[P.11](#)

Message from the Supervisory Manager of Management Administration

which was the company's original business. It also conveys how important it is for each individual to take ownership of their daily work and the challenges they face, and act independently.

Just as each and every employee in the sales departments represents the company in business negotiations, it is important for each and every employee in Management Administration, which includes human resources and finance, to do their own work with an awareness that it leads to the enhancement of corporate value. To this end, I believe it is essential to foster a corporate culture in which employees regard company-related matters as their own business and act in accordance with this awareness to truly become a responsive and passionate group. We will continue to strengthen Management Administration as the foundation for enhancing corporate value so that we can inherit the trust built up by our predecessors and the lessons left to us in continuing to develop it further.



Sustainability Promotion Initiatives

In 2021, the YUASA TRADING Group announced 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. We aim to reduce CO₂ emissions by 30% by March 2026 (compared with FY2022). Leveraging the YUASA TRADING Group's efforts and knowledge, we will also work on our social problem-solving businesses, including promoting carbon neutrality for our business partners.

Long-Term Investment Policy

The policy of the YUASA TRADING Group is to allocate 21.2 billion yen, equivalent to slightly more than around half of cumulative operating cash flow during the period of the Medium-Term Management Plan (2024 to 2026), to growth strategy investments (including core businesses) and DX and IT digital investments to realize future business growth.

We will implement growth strategy investments with the purpose of contributing to the expansion of core businesses and the implementation of business strategy, such as M&A, particularly the expansion of overseas business, and human resources development, as well as the development of products and services through TSUNAGU innovation, and strengthening promotion and logistics. Additionally, DX and IT digital investments will be utilized to introduce and build the necessary systems in line with our company-wide DX promotion policy, including the development of data infrastructure.

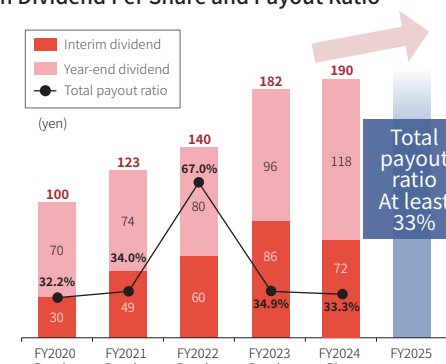
Investment Policy for Growing Together 2026

		Growing Together 2026	
Investment		Plan	Details
Growth Strategy Investment	Overseas Business	¥6.0 bn	<ul style="list-style-type: none">● M&A investment● Strengthened investment in South Asia (Thailand and India)
	Green Business		
	Digital Business		
	Resilience & Security Business	¥4.0 bn	<ul style="list-style-type: none">● 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
	New Distribution Business		
	Sharing Business		
	Long-term Care & Medical Business		
	Food Equipment Business		
	Agriculture Process Business		
Core Businesses			
DX and IT digital investments	¥11.2 bn	<ul style="list-style-type: none">● Development of data utilization infrastructure, etc.	
Total	¥21.2 bn		

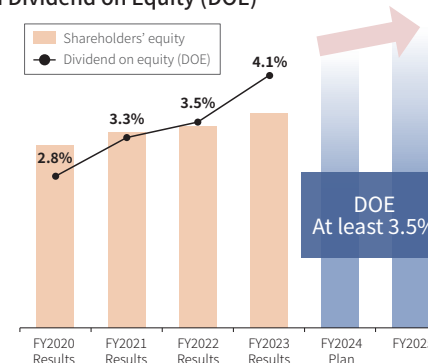
Total Payout Ratio to Shareholders

Last year, we set maintaining both a total payout ratio of over 33% and a dividend on equity (DOE) of over 3.5% as our shareholder return policy, and we will strive to return improvements in profitability to shareholders appropriately while providing stable dividends. Going forward, we will continue working to reduce capital costs and improve corporate value by further strengthening our public relations and investor relations activities and appropriately disclosing information.

Trends in Dividend Per Share and Payout Ratio



Trend in Dividend on Equity (DOE)



* Total payout ratio results for FY2022 and FY2023 include purchases of treasury stock.

DX Promotion

We will further promote our Market-Out business agreements by strengthening our foundations and expanding on our strengths through DX



Kaoru Hirose

Senior Executive Officer,
Chief Digital Officer,
ESG Promotion Officer

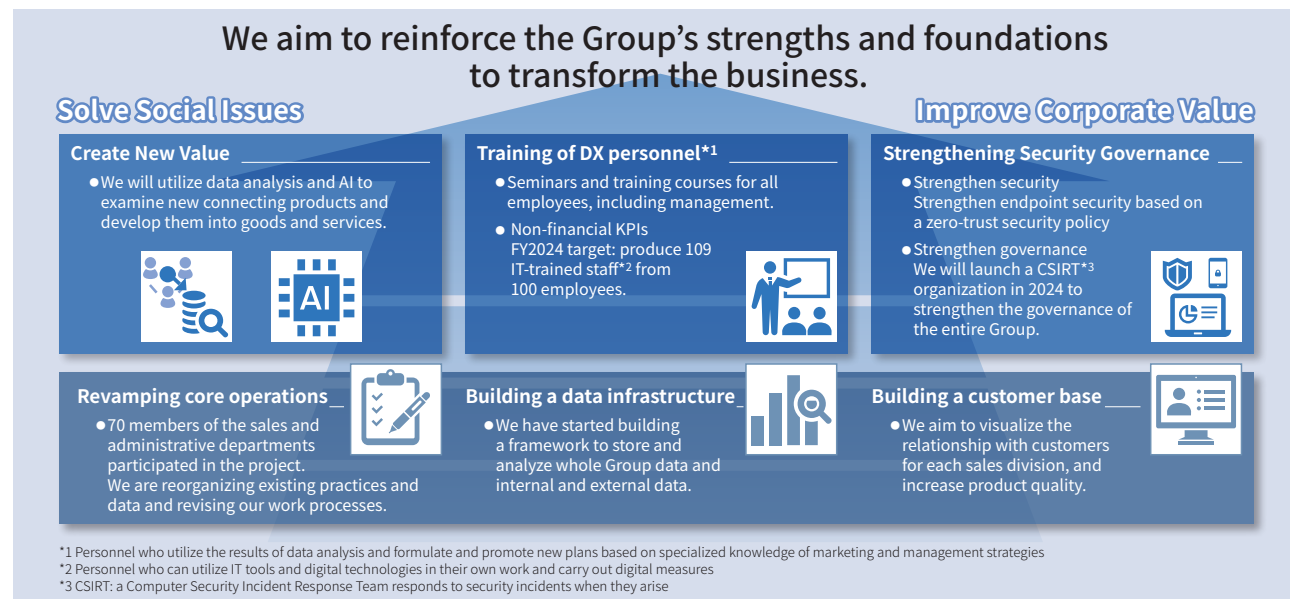
Solving Social Issues and Enhancing Corporate Value by DX Promotion

Our DX Department is taking a lead role in building an infrastructure that centrally manages the various data held by our network to create new value from that data, as we work toward our transformation to an out-marketplace business model, which is the goal of our medium-term management plan.

The nature of a trading company business means that we already have a system in place to gather various internal and external data through our sales activities and communication with our trading partners. However, such data used to be managed by each respective department or group company, which caused challenges in its use across the entire group. We are currently building a system to centrally manage, store, and analyze this data, to help us further promote Market-Out business agreements that anticipate market needs and solve social issues through product and service strategies, and sales activities that utilize the data.

In addition, we will conduct DX human resource training for all employees, including management, to enhance data handling and promote initiatives to strengthen security governance, as we aim to increase our corporate value both actively and passively.

Outline of DX Promotion at the YUASA TRADING Group



Progress of Our Main Initiatives

The following is the current status of the main DX promotion initiatives targeted in our mid-term management plan.

Strengthening Foundations

[Revamping core operations]

We are investigating current practices in our management of client information, providing estimates, etc. and organizing the necessary data to establish an infrastructure.

[Development of a data infrastructure]

We are testing the introduction of a new core system in one department, to formulate rules for its inspection and practical application across the entire group.

Reinforcing Our Advantage

[DX staff training]

As of the end of March, 2024, the number of IT personnel currently stands at 109, in relation to our non-financial KPI to produce 100 IT-trained staff.

Moreover, we plan to make DX IT digital investments worth a total of 11.2 billion yen over three years from 2024 to 2026 with the aim of developing and updating core systems, and as of March 2024, we had invested 4.99 billion yen. We will continue to promote both DX hardware and software solutions while proactively making the required investments.

Environment

We will contribute to realizing a sustainable society both in our Group and in our business based on harmony with the global environment.

Approach to the Environment

Code of Conduct (excerpt)

The YUASA TRADING Group strives to meet the social needs of diverse consumers while providing safe and useful products and services, giving adequate consideration to product liability, resource and energy-saving, and environmental problems and conservation. We also give due consideration to social responsibility in our handling of products and services.

Environmental Policy

All people who work at the YUASA TRADING Group take positive and independent action and contribute widely to society based on the Environmental Policy to realize sustainable development which aims for harmony between the sound maintenance of the environment and economic growth.

Environmental Policy & Environmental Management
<https://www.yuasa.co.jp/en/sustainability/environment/management/>



Governance

We have assigned sustainability promotion officers in all business sectors and sites, including Group companies, to monitor climate change indicators, manage targets and risk, for Group-wide management. The full-time IR & sustainability promotion officer, established within the General Affairs Department and serving as secretariat, reports the progress of these activities to the Sustainability Promotion Committee.

Strategy

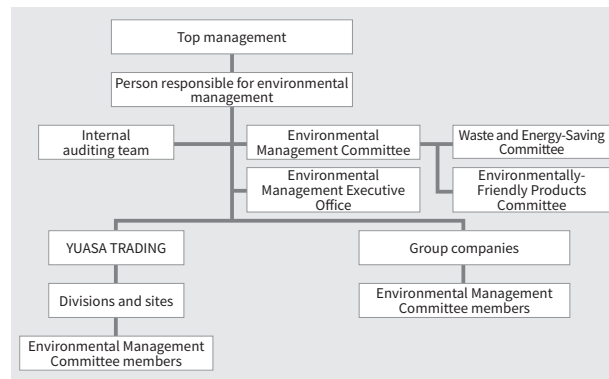
In compliance with our environmental policy, the Group utilizes ISO 14001 multi-certification, an international standard for environmental management, to reduce the environmental impact of our organizational activities, products, and services, and improve our environmental performance.

Environmental Management Promotion System

To promote environmental management, the Group has built an “Environmental Management Promotion System” and is working on a PDCA cycle (Plan, Do, Check, Review) based on our environmental policy.

The Environmental Management Committee has appointed someone to manage the promotion of environmental management for the entire Group. The general managers of each of our sales divisions, business administration divisions, and representatives of group companies work with environmental management committee members within their respective organizations to implement and maintain environmental management.

Environmental Management Promotion Organizational Chart



Risks and Opportunities of Climate Change

As a “TSUNAGU” Service Integrated Shosha Group focused on the four key areas of manufacturing, home building, environment building, and town building, we handle a diverse range of products and services, and as a result the impacts of climate change and the related changes in the business environment present us with both risks and opportunities.

We held discussions with business sector representatives and administrative department sustainability promotion officers to manage risks and opportunities from climate change. We are also working to seize business opportunities during the transition period that arise from changes in government policies, regulations and the market environment, with the aim of realizing sustainable growth, while we manage transformation and risk with regard to those business and field that are affected.

Risks and Opportunities of Climate Change

Categories		Main content
Transition risks	Policy and legal	<ul style="list-style-type: none"> ● Cost increases caused by government regulations, such as introduction of carbon tax ● Cost increases due to strengthening of environmental regulations for products
	Technology	<ul style="list-style-type: none"> ● Decrease in demand for existing products due to low carbon technology
	Market and reputation	<ul style="list-style-type: none"> ● Cost increases due to soaring prices of raw materials, etc. and rising energy prices due to decarbonization ● Decline in external reputation and lower supply chain competitiveness due to delays in taking action and inadequate information disclosure
Physical risks	Acute	<ul style="list-style-type: none"> ● Disruption of Group sites and the supply chain due to large-scale natural disasters
	Chronic	<ul style="list-style-type: none"> ● Stagnation of production activities due to water and power shortages
Opportunities	Products and services	<ul style="list-style-type: none"> ● Expansion in demand for products with high energy efficiency ● Expansion in demand for products related to resilience ● Expansion in demand for products related to resource recycling
	Market	<ul style="list-style-type: none"> ● Expansion in demand for renewable energy ● Increased demand for switching to energy-saving products and high-efficiency devices due to rising energy prices ● Drive for GX (Green Transformation) propelled by the government

Environment

Strengthening Initiatives to Seize Opportunities

In 2009, the Group established a dedicated energy-saving consulting team. In addition to providing support for the introduction of energy-saving equipment and renewable energy at suppliers' manufacturing plants, the team promoted proposal and sale of energy-saving and decarbonization-related products to reduce CO₂ emissions during product use by buyers and their customers. At present, we are strengthening initiatives related to energy saving and decarbonization for overseas markets. To contribute to reducing environmental impact right around the world, we are holding seminars on carbon neutrality and promoting energy-saving proposals utilizing the Joint Crediting Mechanism (JCM).

We are also developing the Resilience & Security Business to address the physical risks of climate change, which include intensifying natural disasters. Besides working to promote products and services that lead to the resilience of social infrastructure based on the keywords of disaster prevention and mitigation and BCP, we are developing new solutions to tackle social issues, such as increasingly severe natural disasters and infectious diseases.

Risk Management

Our business consists primarily of dealings with large, small, and medium-sized companies across a diverse range of industries in Japan. The risks associated with climate change are wide-ranging, from changes in legislation and policies, customer demand, to changes in economic and social conditions.

Each of our business sectors evaluates and responds to changes in regulatory and market conditions with respect to risks involving the company.

We also evaluate physical risks at the Group's Japanese sites and manage them based on compliance with our internal business continuity plan (BCP).

Indicators and Targets

Besides aiming to make the Group as a whole carbon neutral by FY2030, we will also be striving to reduce the environmental burden throughout the supply chain. As the first step toward making the Group carbon neutral, we are aiming for a 30% reduction in CO₂ emissions compared with the fiscal year ended March 31, 2023, by the fiscal year ending March 31, 2026, the final year of the Medium-term Management Plan.

Starting from 2022, we have been calculating CO₂ emissions for each Group company, both domestic and overseas, and we have begun implementing various measures aimed at reducing emissions. Furthermore, in order to drive a reduction in overall emissions in the entire supply chain through our business, we have also been calculating Scope 3 emissions.

YUASA TRADING Group's CO₂ emissions (FY2023)

Unit: t-CO₂

Scope 1&2	Non-consolidated*1	Group companies*1	Total
Scope1	995	3,094	4,090
Scope2	813	1,431	2,244
Scope 1&2	1,808	4,526	6,335

*1 Non-consolidated includes YUASA TRADING CO., LTD. only. The Group companies include subsidiaries and associates (except for those companies not accounted for using the equity method)

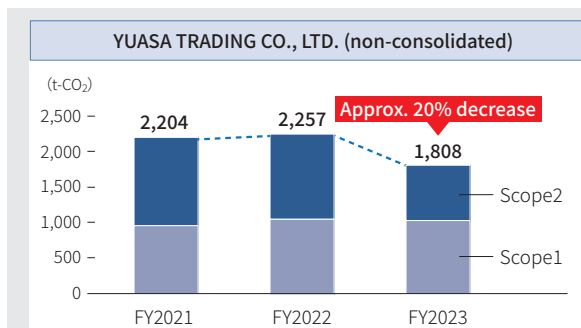
Unit: t-CO₂

Scope 3	YUASA TRADING CO., LTD. (non-consolidated)
Distribution-related emissions*2	523
Data center-related emissions*3	107

*2 Calculated based on the power and fuel consumption of the main warehouses to which the company outsources distribution operations

*3 Calculated based on the power consumption at data centers to which the company outsources operations

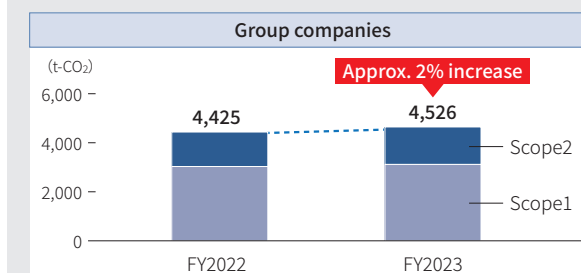
Shifts in the Group's CO₂ emissions



Main reasons for increase/decrease

Scope 1: Promote sequential switchover to eco-cars at the timing of lease renewal

Scope 2: Switch to energy derived from substantially renewable sources (main site: Head Office)



Main reasons for increase/decrease

Scope 1: Increase in activity due to lifting of lockdowns following relaxation of the restrictions combatting COVID (mainly at overseas Group companies)

How CO₂ emission volumes are calculated

The YES-net integrated energy control system is used at all the Group sites to calculate the volume of CO₂ emissions. Sustainability promotion officers assigned to each business sector and site, including group companies, input energy consumption volumes into "YES-net" for efficient collection, aggregation, and centralized control.

Environment

Topics

In-house Initiatives

Case Study 1 Installation of Solar Power Equipment for Private Consumption

To realize the Group's plan for carbon neutrality, we installed solar power generation equipment on the roof of the Chubu Branch Office building, and in the materials roof storage space on the premises of FUJI QUALITY HOUSE, a Group company.

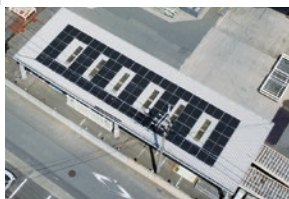
To realize future carbon neutrality and promote energy generation and saving, we will actively contribute to reducing the environmental burden of our business activities on the supply chain.

Overview of Solar Power Equipment for Private Consumption

	Chubu Branch Office	FUJI QUALITY HOUSE
Start Date of Collaboration	April 2024	
Number of Panels	92 panels (425W/panel, totaling 39.10kW)	45 panels (440W/panel, totaling 19.80kW)
Amount of power generated annually (estimated)	44,779 kWh	21,363 kWh
Amount of reduction in annual CO ₂ emissions (estimated)	20.2 t-CO ₂	10.7 t-CO ₂



YUASA TRADING Chubu Branch Office (Nagoya, Aichi Prefecture) building



Materials space on the premises of FUJI QUALITY HOUSE (Isesaki, Gunma Prefecture)

Case Study 2 Management of Company-owned Forests and Domestic Timber Use and Application - Initiatives for Biodiversity

Our Group company, YUASA LUMBER, owns approximately 100 hectares of forest in Hokkaido, and in May 2024, planted 1,600 clean larch* trees for the purpose of forest conservation.

Forests have multifaceted functions such as land conservation, watershed protection, prevention of global warming, preservation of biodiversity, and supply of forest resources such as timber, and these "ecosystem services" provide tremendous benefits to human society. In addition to creating an environment for ecosystem services, tree planting and afforestation can contribute to the development of the forestry industry more broadly, with issues of domestic timber supply, employment, and the realization of a decarbonized society.

We will continue to promote business activities that consider forests and biodiversity and contribute to the realization of a sustainable society where nature and humans can coexist in local communities.

In addition to tree planting, the company also conducts appropriate tree thinning in accordance with its forest management plan. To utilize unused material such as thinned lumber and branches left from thinning of Company-owned forests that cannot be used for lumber and other purposes, we began selling wooden coasters made of Sakhalin Fir from Hokkaido as a carbon offset product and offered them as a novelty item for the Zero Carbon Challenge Cup 2024. Moreover, we made upcycled pencils out of scrap wood from the coaster manufacturing process and donated them to orphanages and other facilities. By purchasing and using this product, you can contribute to forest conservation activities in Eastern Hokkaido. We plan to continue selling novelties such as fans, bookmarks, and file cases made from tree-thinned material.

In this way, we will actively engage in activities symbiotic with the environment in order to realize a sustainable local renewable cycle of "plant, grow, harvest, and use."

* A species developed in Hokkaido by crossing Japanese and Dahurian Larch. Characteristically, it is not easily damaged by field mice and deer, and grows quickly due to its excellent carbon-fixing capacity.



Company-owned forest in Hokkaido



YUASA LUMBER employees planting trees



Pencil made of Sakhalin Fir mill ends from Eastern Hokkaido

Environment

Topics

Business Initiatives

Case Study 1 Support for Carbon Neutrality Through One-Stop Solutions

At the Group, we have a specialized energy-saving consulting team called YES (YUASA Environment Solution) to support our business partners in their efforts to achieve carbon neutrality. We provide one-stop services ranging from energy analysis using our own integrated energy management system “YES-net” to action plans such as subsidized equipment upgrades and the introduction of renewable and livestock energy.

One-stop solutions to achieve carbon neutrality



We are promoting initiatives abroad that utilize the JCM (Joint Crediting Mechanism)*¹, and in FY2023 we provided support for a JCM eco-lease project. The group company YUASA SHOJI MEXICO.S.A.DE C.V. will deliver and install 869 solar panels (approximately 500 kW capacity) on the roof of a local factory, which is expected to reduce annual CO₂ emissions by approximately 392 tons, or more than 30% of the factory's electricity consumption.

“Delivery of Solar Power Generation System to Japanese Company in Mexico” Press Release
<https://www.yuasa.co.jp/cms/wp-content/uploads/2023/09/1728af4873fd3d1448da775e0c9f46411.pdf>



*1 This system quantitatively evaluates Japan's contribution to GHG reductions and absorption through the diffusion and implementation of excellent decarbonization technologies in developing countries, etc., and uses the results to achieve Japan's emission reduction targets.

Case Study 2 Resilience and Security Business Working on the Keywords of “Disaster Prevention and Mitigation, and BCP”

“TSUNAGU BCP Package” Remote Activation Drainage System

“TSUNAGU BCP Package” is a system that remotely monitors river conditions using cameras and water level sensors installed on poles, notifies managers when water levels rise due to torrential rain or typhoons, and enables automatic drainage by remotely activating a power unit and drainage pump via an application.

Temporary drainage pumps for flood control have been installed throughout Japan, but people need to be on-site to check river conditions and activate generators, which can be dangerous when the water level rises. We realize safe living for local residents while guarding the lives of drainage facility managers.

We have discussed conducting demonstrations with one municipality since 2023. We are working to confirm the linkage of each device and develop a control panel, interface, and application for implementation.

“Japan Resilience Awards” Press Release

“TSUNAGU BCP Package,” a remotely activated drainage system, won the Excellence Award at the 10th Japan Resilience Awards

<https://www.yuasa.co.jp/cms/wp-content/uploads/2024/04/20240424%E3%80%8ANews-Release%E3%80%8BJapan-Resilience-Award-.pdf>



Medical Containers that Enable Telemedicine

We provide mobile medical containers that are sturdy and easy to transport to reduce medical quarantine zones on remote islands and in remote areas with poor transport public transport links. They can be used in examination rooms, ultrasound laboratories, inpatient wards and ICUs, etc. Furthermore, satellite communication systems enable telemedicine from any location.

Most recently, four medical units facilities were installed to aid reconstruction efforts in Noto Peninsula [P.38](#), and in February 2024, we conducted a telemedicine demonstration in the town of Shin-Kamigoto.

The main feature of these medical containers is that their location and use can be switched between emergency and ordinary times (see figure below). For example, in normal times, the facility can be used for remote health checkups, etc. In an emergency, the container can be transported to the disaster area and used as a hospitalization facility, rest area for medical personnel, etc.

In the future, the company will continue to specialize in disaster medical care and work on creating new added value to provide an ‘environment tailored for medical settings’ with mobile medical containers, while at the same time providing comfort at the scene of an emergency under the theme of ‘providing a therapeutic space’.

Assembling Mobile-ready Medical Containers



Flat-pack medical containers allow for reduced assembly times while increasing transport convenience. In Shin-Kamigoto Town, five containers were assembled and fine-tuned by three people in just one day. The Group's on-site capabilities means we can provide a one-stop transportation, installation, removal, and construction service.

Human Resources Strategy (Corporate Culture Reform)

Message from the Personnel Department General Manager

Accelerate increased corporate value with compatible company and employee growth



Yukinaga Onozato

Executive Officer,
General Manager of Personnel Department

Basic Approach to Human Resources Strategy

The YUASA TRADING Group regards employees as human assets equivalent to capital, and considers such capital as indispensable to increasing our corporate value. We hope to provide opportunities for each employee to increase their skills through their contributions to the company, and by working to create an organization and environment in which employees can grow, thereby continually increasing our corporate value.

I feel that our human resources strategy plays an important role in YUASA Group's business of solving the market's social issues through TSUNAGU innovation.

It is PEOPLE who understand social issues and needs, and it is also PEOPLE who can solve them through TSUNAGU innovation. We believe that we can achieve our management strategy goals by empowering employees to reach their full potential, and making TSUNAGU innovation the norm.

To that end, I believe that it's important for employees to continually grow with the company, as this growth will accelerate increased corporate value and, most importantly, help to create a virtuous cycle.

YUASA TRADING Group Desired Talent Profile

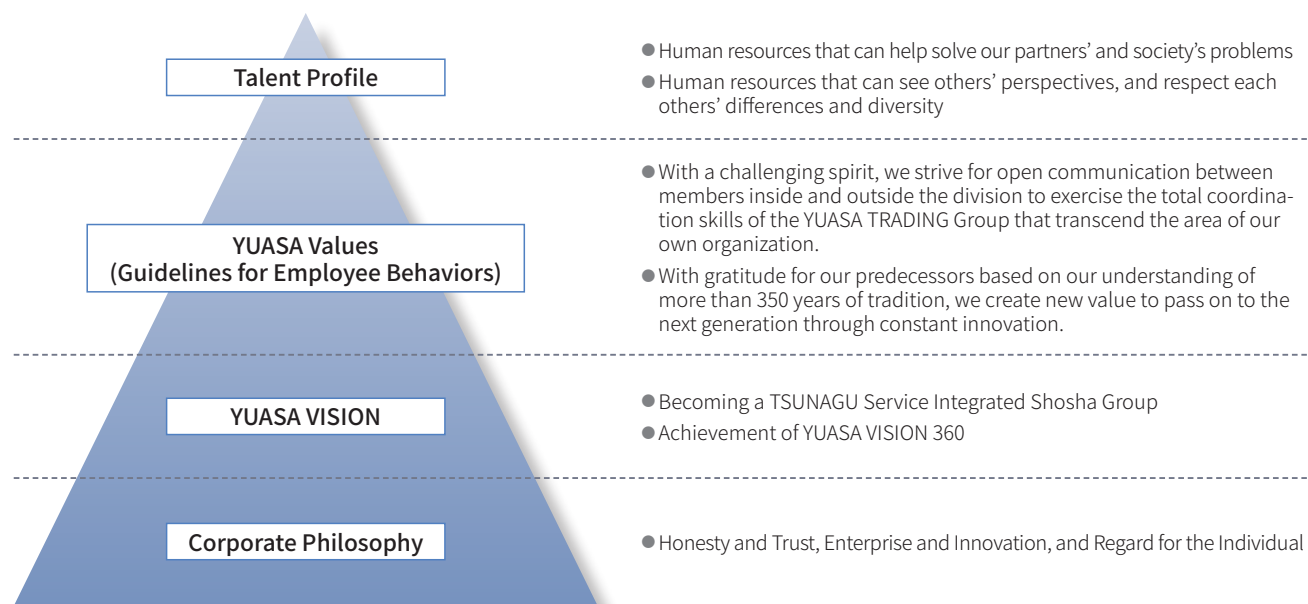
At YUASA, we desire human resources that “can help solve our partners’ and society’s problems”, and who “can see others’ perspectives, and respect differences and diversity”, while conforming to our Corporate Philosophy, YUASA Vision and YUASA Values (guidelines for employee behaviors).

The current medium-term management plan aims to solve social issues through TSUNAGU innovation while transforming the business into a market-out model. We recognize that a

culture in which everyone can speak up and in which everyone respects each other is essential for engendering innovation, and we believe this is very important from the perspective of demonstrating our collective strength.

We are currently reforming our corporate culture [P.34](#), and I believe that we must create a culture in which TSUNAGU innovation becomes the norm, so that we can accelerate our business's transformation (see diagram below).

Corporate Philosophy, Vision, Values, and Talent Profile



Human Resources Strategy

Message from the Personnel Department General Manager

Addressing Priority Issues: “YUASA PRIDE Project”

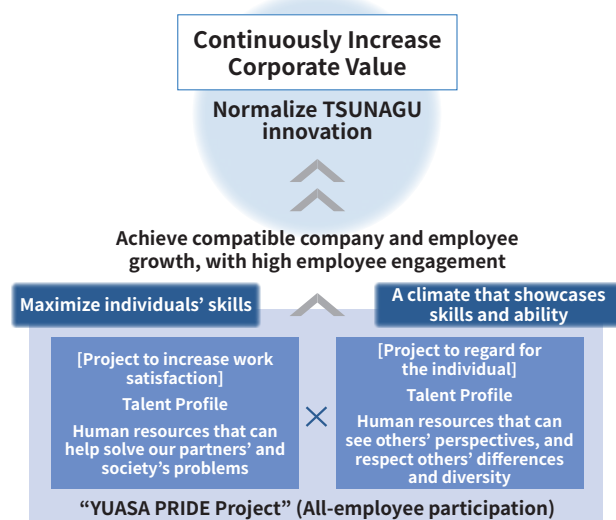
We aim to achieve compatible company and employee growth, as well as high employee engagement. To that end, I believe that one of the YUASA TRADING Group's priority issues is to improve employee work satisfaction and ease of work.

We therefore conduct employee awareness surveys on a regular basis. Analysis of results shows that there is high correlation between employee engagement and motivation to work for the company. “Work satisfaction” is linked to personal growth through one's job, especially management experience or increasing one's skills.

For employees to increase their skills and generate innovation, we need to foster a corporate culture in which employees from diverse backgrounds, including gender, age, nationality, disabilities, and various lifestyles and values all respect one another.

The YUASA PRIDE Project (see bottom-left diagram) is an

Overview of YUASA PRIDE Project



all-employee participatory project, launched in March, 2023 specifically to address this priority issue.

In FY2023, we held workshops (totaling 88) for both the “Project to Increase Job Motivation” and the “People Respect Project” in which all employees participated. From FY2024 onwards, we will give specific consideration to the aforementioned “Talent Profile” based on the comments and requests recorded in these workshops, and incorporate them into our personnel hiring systems. We will then consider specific measures to achieve DE&I (Diversity, Equity & Inclusion) tailored to the YUASA TRADING Group, for a corporate culture in which everyone feels comfortable and can express their opinion at work.

What the Workshop Revealed

Although it was the first time we'd held an all-employee participatory workshop, each employee conveyed opinions that showed their sense of involvement in the company. As General Manager of Personnel, I felt heartened by the variety of opinions expressed. I felt that employees generally identified with the talent profile presented, and that they are anticipating changes by the company.

Also, the workshops offered employees the chance to communicate with each other, and many found them worthwhile from that standpoint. I hope to build on the momentum and respond to employee opinions conveyed at the workshops by changing the company culture.

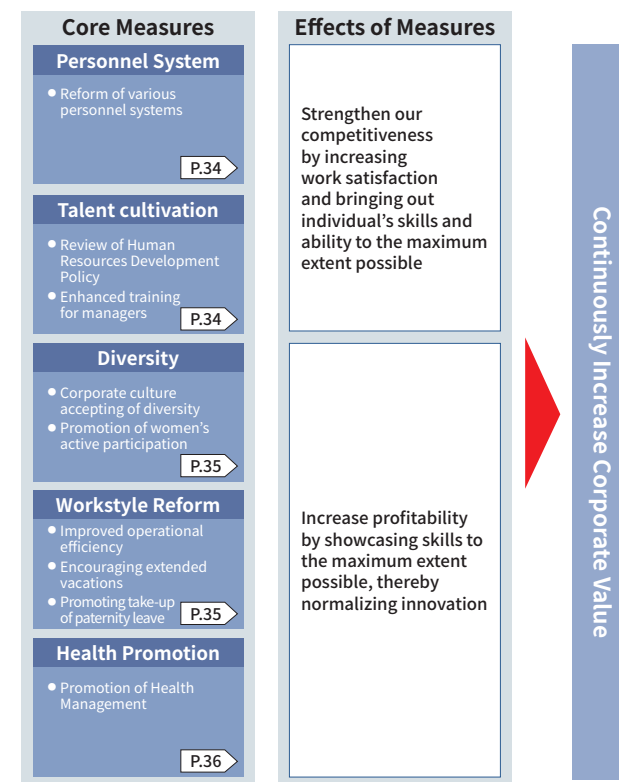
Leading to Continuously Increasing Corporate Value

While I think that increasing employee engagement will help create an easy working environment, a comfortable workplace is not enough on its own. Without employees' personal growth, there is no work satisfaction, and we can't expect both the company and employees to grow.

We will create personnel who want to upskill, and connect it to the company's growth. I would like to generate this kind of positive cycle. We offer an environment where you can

challenge yourself. I would like you to take advantage of this, and increase your skills to the highest possible level.

With employees, we will drive reform of hiring systems, diversity promotion and reform of working practices to improve job satisfaction and ease of working at the YUASA TRADING Group, which will lead to continuously increasing corporate value.



Note: Diversity, equity, and inclusion are the foundation for innovation and sustainable growth
(Reference: https://www.keidanren.or.jp/journal/monthly/2023/03_JOINnovator.html)

Human Resources Strategy

Reforming Corporate Culture to Strengthen Human Resource Capabilities

Code of Conduct (excerpt)

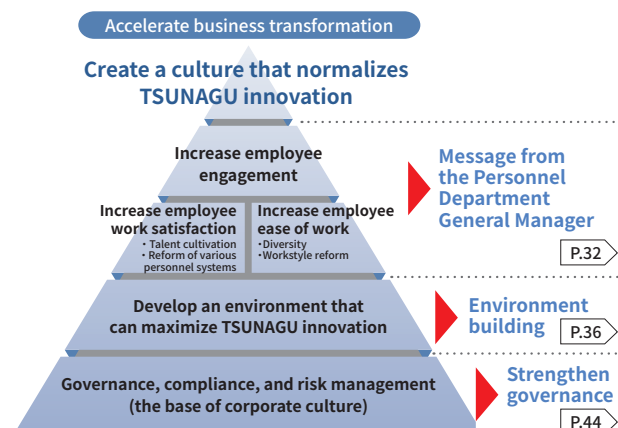
The YUASA TRADING Group will create prosperity and comfort for the people working at the Group and ensure a safe environment with ease of employee work in addition to realizing a corporate culture that gives maximum respect to personality and individuality and enables employees to exercise free and open-minded creativity.

Objective of the Corporate Culture Reform

By assembling a talent profile based on our corporate philosophy, work satisfaction and comfort will increase and innovation will be normalized, leading to an increase in the company's competitiveness.

We will promote reform of the personnel system, environment creation and strengthened governance aiming for TSUNAGU innovation, which is one of the goals in our medium-term management plan.

Overview of Corporate Culture Reform



Personnel System

Basic Philosophy

The YUASA TRADING Group will cultivate its talent profile, while it aims for a personnel system in which those employees can play an active part.

Through the YUASA PRIDE Project, we will also consider “revision of the seniority system,” “performance-based systems that are appropriate for YUASA TRADING,” and “realizing diversity” and make necessary reforms to our various personnel systems.

Create an Aspirational Culture, “Challenge Evaluation System”

[Points for Contributions from Other Departments]

This is a system which adds points in HR evaluations based on the results of contributions from other departments for the purpose of fostering a corporate culture with active cross-departmental and Group-wide contributions.

[Challenge Career Points]

This is a system that adds points in HR evaluations for employees who have selected their own career in order to foster a culture of taking on challenges in new areas.

Challenge Career System

Internal FA system	System for employees to submit requests for voluntary transfers across headquarters
Internal recruiting system	A system in which the company publishes open positions, and employees who want to be assigned apply for them
Career pass system	A system in which the company transfers high achievers across headquarters
Overseas assignment system	A system for employees to request an overseas transfer

[New Business Proposal Points]

Employees who have made a new business proposal receive points on their HR evaluations to provide motivation for new business proposals from employees.

Number of Proposals in the New Business Proposal System

FY2021	51
FY2022	57
FY2023	60

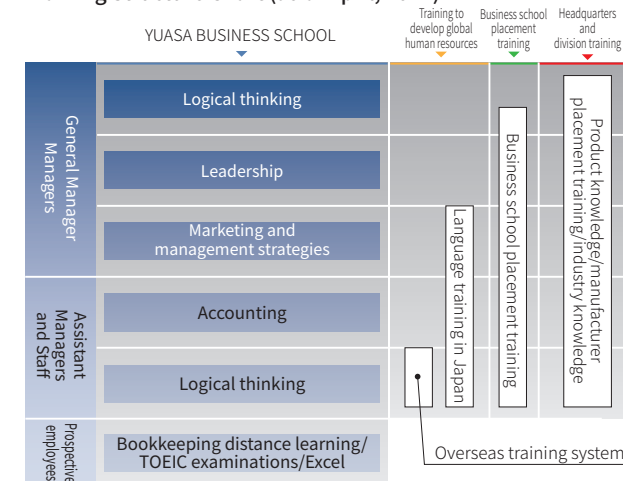
Note: Applications are open to all Group employees in the categories of “new business,” “new function,” and “new product” and “new market.”

Talent Cultivation

We are currently designing a training structure to cultivate our desired talent profile.

Specifically, we will systematize management skills training through active use of business schools and support for acquiring qualifications, specialized skills training through headquarters training and support for acquisition of industry qualifications, digital skills training such as DX training, and global human resources development training such as overseas trainee programs and language training.

Training Structure Chart (as of April, 2024)



Specific Initiatives

- Enhancement of management skills
We provided management skills training using business schools for all managers. This will be expanded to include mid-level and general employees.
- Cultivation of global human talent
- Cultivation of digital transformation (DX) human talent P.27

Human Resources Strategy

Diversity

Basic Philosophy

Based on a spirit of “Regard for the Individual” the YUASA TRADING Group has respect for the individuality and rights of employees, and we have continued to engage in business activities while putting value on entrepreneurship and innovative ideas.

Henceforth, employees with more diverse backgrounds than ever before in terms of gender, age, nationality, disability, and various lifestyles and values will foster an environment of respect for each other's values and cooperation.

We will also seek to enhance corporate value by encouraging a transformation in the mindset and behavior of each and every employee, creating an employee-friendly environment, promoting diversity management throughout the YUASA TRADING Group and generating innovation.

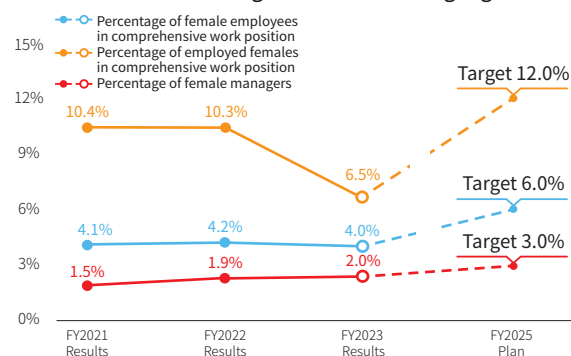
YUASA TRADING Group Diversity Policy
<https://www.yuasa.co.jp/en/sustainability/society/diversity/>



Indicators and Targets

[Diversity]

KPI for Medium-term Management Plan “Growing Together 2026”^{*1}



^{*1} Indicators for YUASA TRADING (non-consolidated)

Specific Initiatives

[Career Track Transfer System]

In order to promote women's empowerment, we are promoting a job transfer system to change from general employment to career-track positions.

	FY2022 Results	FY2023 Results	FY2024 Plan
Special service positions (in transfer trial period ^{*2})	7	8	3
Comprehensive work position transfers	2	0	6

^{*2} There is a two-year trial period for a career track transfer from general office work positions to comprehensive work positions (position = special service position)

Topics

Towards an understanding of unconscious bias

In YUASA PRIDE Project's People Respect Project, we exchanged views with employees about how to understand and correctly address “unconscious bias.”

Subject: YUASA TRADING CO., LTD. (non-consolidated)

[Workstyle Reform]

KPI for Medium-term Management Plan “Growing Together 2026”^{*3}

	FY2022 Results	FY2023 Results	FY2025 Plan
Percentage of male employee taking childcare leave and leave for the purpose of childcare	78.1%	72.5%	100%
Percentage of taking paid leave	62.8%	67.8%	70%
Average hours of labor	1,955 hours	1,934 hours	1,920 hours

Initiatives to Support Raising the Next Generation^{*3}

	FY2022	FY2023
Employees working shortened hours	46	56

^{*3} Indicators for YUASA TRADING (non-consolidated)

Voice

Changed Values through Raising Children

I took six months of childcare leave from October 2023 to April 2024 to care for my triplets born in May 2023. I obtained this leave after considering the timeframe for a premature child to be discharged from hospital and actual childcare to begin, the daycare enrolment stage and the workload my department would handle. Although I hadn't underestimated childcare, I decided to take leave just before my children were born. This was because I worried about whether I could successfully return to work after 6 months away, and whether I'd be able to handle childcare properly. However, I made the decision after thinking about the limited time we have in life to raise children, how precious it was, and how a short spell away from work could bring a fresh perspective and new sense of values to my role.

When I took leave, I put so much into raising my children that I didn't have time for anything else. Each day whizzed by as the reality of childcare dawned on me, and I wondered why I couldn't stop my children from crying, or why I wasn't good at nursing them to sleep. However, I understood how invaluable an experience it is to raise children by yourself, and how hard and important it is to have a support circle around you.

After returning to work, I found it difficult to rediscover my rhythm each day, and I've leaned on others for support to perform in both my job and raise my children. Having experienced the difficulty of childcare while spending precious time with my children, I want to create an environment where work and childcare are compatible.



A male employee who took childcare leave

Human Resources Strategy

Health and Productivity Management

Basic Philosophy

In health and productivity management, maintaining and promoting the safety and mental and physical health of employees is very important for each and every employee to maximize his or her individual skills. We have made a commitment to health and productivity management in order to realize the sustainable enhancement of corporate value.

Health Management Declaration

<https://www.yuasa.co.jp/sustainability/society/health-management/>



Promotion System

The Supervisory Manager of Management Administration (Representative and Senior Managing Director) is the chief executive for employee health management, and reports on the status of measures and initiatives promoted jointly by the Personnel Department and the health insurance association at important management meetings.

Specific Initiatives

[Use of the Wellness Promotion Center (WPC)]

We have full-time nurses employed to support staff with maintaining their mental and physical health and well-being.

[Recognized as the “2024 Certified Health & Productivity Management Outstanding Organization”]

Continuing from last year, YUASA TRADING was recognized for the sixth time as a “Certified Health & Productivity Management Outstanding Organization” in a system that awards major companies who execute excellent health and productivity management. This is awarded by the Ministry of Economy, Trade and Industry of Japan to promote the spread of health and productivity management.



Health and Productivity Initiatives (FY2023)*

Regular health checkup rate	100%
Stress check rate	99.4%

* Indicators for YUASA TRADING (non-consolidated)

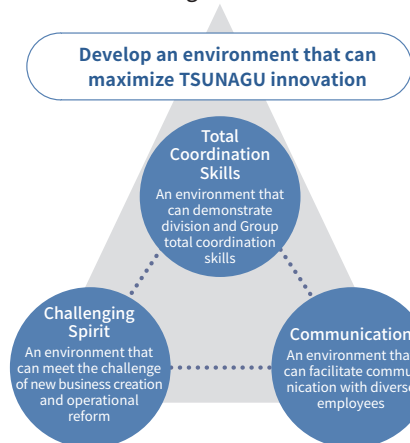
Development of the Working Environment

Objective of Working Environment Development

We aim for a Group-wide office environment with the ability to promote “Total Coordination Skills,” “Challenging Spirit,” and “Communication.”

We believe the “workplace environment” is as important as system reform in order to increase employee “work satisfaction” and “ease of work.” We will accelerate business transformation by developing an environment where communication is possible across divisions, the Group, job title, age, etc. to create innovation. We will also maximize individual performance to realize workplace reform.

Development of the Working Environment We Are Aiming For



Topics New Headquarters Project

We are currently progressing with the planning stage after acquiring the land earmarked for construction of our new headquarters.

At the same time, we have started a project for employees to debate our planned ways of working for the new headquarters construction project.

Topics Tohoku Branch of YUASA TRADING CO., LTD

YUASA TRADING Tohoku Branch Office moved location in February, 2024.

Based on the “City of Trees” concept, the relocated branch features a lot of wood-grained office furniture that we expect to give off warmth and improve concentration.

The office will provide project and innovation spaces for exchanging ideas, etc. and will be a place for more open and frank discussion between colleagues. Also, we’ve situated group companies on the same floor for an environment that helps display our collective strength, to further increase productivity hereon in.



Innovation Space



Office interiors feature a lot of greenery. The office building also promotes SDGs, such as for the global environment.

Respect for Human Rights

Sustainable Procurement

Basic Philosophy

Based on the mindset of “service with good products” that has been passed down from the founding of the Group, we conduct fair, honest, and reliable commercial transactions. In order to promote management that values sustainability, including harmony with the global environment, in partnership with diverse stakeholders, we have established the YUASA TRADING Group Transaction Policy. Under the policy, we pay due attention to human rights, labor practices, environmental conservation, quality, safety, and security in the supply chain, and carry out regular checks.

YUASA TRADING Group Transaction Policy

<https://www.yuasa.co.jp/en/sustainability/society/supply-chain/>



Specific Initiatives

[Increasing Supply Chain Engagement]

The YUASA TRADING Group thinks it is important for everyone across the supply chain to understand its trading policy. We will continue to emphasize the importance of dialogue with our supply chain partners to increase engagement across the supply chain and promote sustainability.

Firstly, since FY2024, we have asked our trading partners to fill in questionnaires as one of the “periodic checks” contained in our trading policy.

Aim of the Questionnaire

- To request an understanding and practical application of YUASA's trading policy
- To check initiatives aimed at addressing environmental risk, human rights risk, etc.

After conducting the survey, we will strive to increase engagement while collaborating with our trading partners as necessary.

Respect for Human Rights

Compliance with Human Rights Policy

Respect for human rights is one of the important elements of the YUASA TRADING Group's business activities. Based on the YUASA TRADING Group Human Rights Policy, all officers and employees of the Group companies practice the policy throughout our business activities. In terms of specific initiatives, besides the implementation of human rights due diligence, we also engage in dialogue with stakeholders and will continue to strengthen our measures aimed at respect for human rights.

YUASA TRADING Group Human Rights Policy

<https://www.yuasa.co.jp/en/sustainability/society/human-rights/>



Topics

Labor Practices

In accordance with its trading policy, the YUASA TRADING Group will strive to comply with international norms on human rights, including the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), and the ILO Declaration on Fundamental Principles and Rights in the workplace.

In accordance with ILO promotion of efforts to “eliminate discrimination in employment and occupation”, we apply a unified compensation system (equal pay for the same work) on the same salary scale, and promote labor practices, such as a safe and healthy work environment and appropriate management of working hours.

YUASA Labor Union, comprising YUASA employees, works on an equal footing with YUASA TRADING, based on fair understanding and trust, to promote the corporation's sound development and improve employees' working conditions and environment.

Specific Initiatives

[Human Rights Due Diligence]

The YUASA TRADING Group business covers a wide range of fields, including manufacturing, wholesale, construction, maintenance services, energy, etc.

In accordance with our human rights and trading policies, we will analyze and verify a business's likely human rights risk and process through dialogue with all supply chain members, then take steps to prevent or redress this by creating a framework to reduce and stop human rights risk from occurring.

* We are currently considering precise details regarding our human rights due diligence (such as implementation structure, flow, etc.). Once established, we will publish it on our website and in this report, etc.

[Measures to Prevent Human Rights Risk]

1. Training courses on general compliance and harassment prevention

Training is conducted under the guidance of the Ethics and Compliance Committee to prevent apparent and potential negative effects.

- Overall number of trainees in FY2023: 536 employees (see [P.50](#) for course details)

2. Addition of human rights clause to the Continuous Buying and Selling Basic Agreement

Since April 2023, we have added clauses related to human rights, such as environmental protection and occupational safety, to the basic agreement (company format) that is exchanged with new trading partners. Not only the YUASA TRADING Group, but also all the YUASA TRADING Group business partners, are working to reduce human rights risk.

3. Implementing Respect for Human Rights projects

We implemented the all-employee participatory “Respect for Human Rights project” at YUASA TRADING in January 2024 so that all employees can gain an understanding of unconscious bias and a common awareness of how to deal with it.

Corporate Social Responsibility (CSR)

Supporting Young Athletes' Futures

As part of our CSR activities supporting young athletes' futures, we sponsor two female professional golfers, Minami Hiruta and Hikari Tanabe, who both won their first professional championships in 2023, and Ryo Kurinaga, a professional caddy who is mainly active on the professional Japan Golf Tour.

We've sponsored Ms. Hiruta since 2017 and had an affiliation agreement with her since 2019. The challenge-filled playing style that is part of our corporate culture bore fruit in August 2023, when she won her first professional victory in the Japan Ladies Golf Tour competition "CAT Ladies 2023." Ms. Tanabe has played in 23 matches during the 2023 season. Mr. Kurinaga has worked hard caddying for 11 players, 6 on the men's tour and 27 on the women's tour, giving their best efforts.

By supporting sports activities through sponsorship of athletes, we not only contribute to society, but also work to foster teamwork and promote health by strengthening communication and relationships with our business partners and encouraging employees to actively participate in sports activities.



Minami Hiruta, Professional Golfer



Hikari Tanabe, Professional Golfer



Ryo Kurinaga, Professional Golf Caddy

Supporting Reconstruction with Medical Container Houses

As part of reconstruction assistance after the January 2024 Noto Peninsula Earthquake, medical container house of YUASA MACROS, our Group company, was installed at a medical facility in Wajima, Ishikawa Prefecture.

We installed 4 medical container houses, which were fitted with barrier-free temporary toilet rooms, service counters, ramps, etc. at clinics in Wajima City. Medical Container Houses and other facilities are also being installed at various medical institutions in Ishikawa Prefecture.

The Group will continue to provide support to the best of our ability for the earliest possible recovery of the disaster-affected areas.



Medical Container House



Inside of a Medical Container House

Topics YUASA MACROS Disaster Prevention Depots

Group Company YUASA MACROS offers a one-stop transportation, installation, removal and construction service, providing unit houses and ancillary equipment for the construction and event markets, as well as aid for disaster-affected areas similar to Noto, in line with customers' requests.

It also manufactures and sells disaster stockpile depots, which are ideal for resilience. They have been the focus of much attention lately, and are now being adopted throughout Japan.

YUASA MACROS CO., LTD. Website
<https://yuasamacros.co.jp/>



An "MF Series" Disaster-Prevention Stockpile Depot

Environmental Conservation Activities in Malaysia

Since April 2020* and in collaboration with the Japan-Malaysia Association, we've been implementing the YUASA TRADING Forest Project, an environmental conservation initiative in the Mulbok Protected Wetlands in Kudah, Malaysia that aims to maintain the country's forests and biodiversity through the regeneration of the mangroves. In FY2023, we planted and raised 5,000 seedlings.

Also as part of the project, in February 2024, we donated schooling support materials for elementary school pupils in the area of activity. In this case, we donated stationery (notebooks, pens, etc.) needed for schooling, because the action area is in a region where many children come from low-income families receiving government subsidies.

We will continue implementing the YUASA TRADING Forest Project until March 2030. In the future, the Group employees will participate in tree-planting and environmental education programs, and work on initiatives with students from the local University of Science Malaysia (USM) and local people to maintain and preserve the country's environment.

* Actual activities began in FY2022 due to the impact of the COVID pandemic.



Students from University of Science Malaysia and local people planting saplings



Presentation of Schooling Support Materials

Outside Directors Round-table Discussion

We held discussions on expectations for future growth and corporate governance at the YUASA TRADING Group.



Shinzo Maeda
Outside Director

Yoshiro Hirai
Outside Director

Miki Mitsunari
Outside Director

How Can We Connect Our Cultivated Networks?

Maeda: Of course, I think it's important to have an overseas strategy for achieving the aims in our medium-term management plan "Growing Together 2026."

At present, overseas billings account for only about 5% (¥28.1 billion in the fiscal year ended March 31, 2023) of total company turnover (¥526.5 billion in the fiscal year ended March 31, 2023), but as this percentage increases further, the way people inside and outside the company view our business will change. In order to increase the presence of our overseas business and foster a sense of YUASA's global expansion, I feel that further growth in our performance is essential.

The key to achieving ¥65 billion in overseas turnover for the fiscal year ending March 31, 2026 is to expand our strengths overseas, such as the YUASA way of doing business with its corporate philosophy of "integrity and trust", for example, making high value-added proposals face to face, which aim for mutual benefit with our suppliers and sales partners. These strengths are on full display at the Grand Fair, and I hope that the success of the Thailand Grand Fair scheduled for February 2025 will be the starting point for new overseas promotions, including expansion to other regions, such as India.

Hirai: I was blown away by the Grand Fair. There are many expos in the world, but not so many that can generate such concrete business. I feel that the energy generated by connecting our network of approximately 6,000 major suppliers and 20,000 major sales partners is one of YUASA's greatest strengths.

The key is how to make the most of this network, and how to create new ways of connecting and completely new connections, among the infinite number of possible combinations. I think that's why people are so important. I believe that the challenge for YUASA in the future lies in the ability of each individual to think and act independently, and how the company and organization can create the climate and environment for this to happen.

Mitsunari: To accelerate the creation of these connections, you are also promoting DX, including maintenance of a database of clients, so we would very much like to see this happen.

The "Shosha" business model is unique to Japan and includes trading of goods, as well as a wide range of other business models, such as procurement, related services, and investment. I believe that sales are not YUASA's only strength; we are also able to make high value-added proposals that connect all kinds of solutions, including plant formation and after-sales support. I hope that you will continue to promote an open culture proposing cross-functional solutions and the creation of a framework that includes DX.

As We Approach the 360th Anniversary of the Company's Founding, Let's Look to a Future Where We All Embody the "YUASA Brand"

Hirai: Following on from the importance of people and developing human resources, I think it's important to increase personnel who think and act independently, so they enjoy doing a job that allows them to think for themselves.

Workers are often left to their own devices, when actually they are not sure what to do. Alternatively, they think that work is something they are "given", so to speak, where a boss or senior colleague tells them to do their utmost to meet a client's demands. While that is important, it is also a "challenge" to think and try things by yourself, rather than just passively taking on a job where you've already been told what form it should take. I think you only get that job satisfaction when you've accomplished a task like that for yourself.

To continue 400 to 500 years on from our 360th anniversary in 2026, as a company, I think we need to increase personnel who can learn from our history to always think and take on new challenges, and create an environment that produces that kind of people.

Mitsunari: When I talked with people on-site, I felt that YUASA has a vibrant working culture, with people fully engaged with and valuing the "YUASA brand" cultivated over the company's history.

Maeda: I believe that a brand personifies absolute trust and reassurance. The YUASA brand, which we've cultivated over many years, is felt not only by our customers but also by the employees who work at YUASA. To take Mr. Hirai's point about developing human resources, I feel this is the foundation on which a strong brand is built.

Outside Directors Round-table Discussion

Mitsunari: During our long history, the company has transformed itself continuously to meet the needs of the times. In recent years, women's working patterns have become more diverse as lifestyles change. I hope that you will progress with systemic changes, including construction of a new facility, to enhance our ability to offer quality solutions and promote commercialization, while leveraging YUASA's strengths. I also anticipate an increase in women employees taking on leadership roles.

Hirai: In terms of human resources and with increased employment mobility, I think we also need to consider how to promote YUASA as a place to work from a branding perspective. Simply retaining staff is not enough, it's also about offering opportunities, about how they can use them in their career, and whether they see a long-term future working for the company.

As a specialized trading company of composite materials, owning various business segments, there is a lot of collaboration and communication across divisions. One of our strengths is having an environment where you can think out of the box, and create various combinations and business models. "I can develop my career so much if I join YUASA!" If people think like that, they'll work here long-term and this will be part of the YUASA Brand. It would be great if that's how things go.

A Corporate Culture That Fosters Challenge Is Only Possible with a Strong Governance Structure

Maeda: As Chairman of the Governance Advisory Committee, I am responsible for reviewing and making recommendations regarding the management of Board of Directors meetings and governance structures. Governance styles vary between companies, and the fact that YUASA has been able to manage its business successfully despite various challenges to date is evidence that our corporate governance is functioning well.

Governance also plays the role of a "brake" in corporate

management, but trust in the brake is what allows for speed and peace of mind. In terms of management, a strong governance structure is a prerequisite for stepping on the gas pedal to take on brave challenges and boldly promote business, and I feel that the balance is now firmly in place.

Hirai: Before each Board of Directors or Governance Advisory Committee meeting, we, the outside directors, are given a briefing on the items on the agenda, which I think is well organized and convincing.

Mitsunari: As Mr. Hirai said, my impression is that Board of Directors meetings are formal, or rather, agenda items are proposed in a well-organized manner.

I have been a director of YUASA for less than a year, but when I previously worked on projects with people on-site, I felt that company discussions were animated and frank. Now, we have the chance to exchange ideas and communicate outside of board meetings. This has allowed us to better understand the business and strategic direction of the company, for which I am very grateful.

Maeda: In that context, there was an opportunity for free discussion among the outside directors when formulating the current medium-term management plan. I hope that we'll have opportunities to actively communicate like this in the future.

Hirai: I think it is important to have opportunities to discuss medium- to long-term themes, such as medium-term management plans and human resource strategies, like the free discussions just mentioned by Mr. Maeda. This links to what governance means in its broadest sense.

Maeda: Regarding human resources, the Governance Advisory Committee also discusses nominations and compensation. With the recent trend of extending workers' retirement age, a hot topic these days, there are many themes to be discussed in human resource strategies, such as the retirement age for executives. With our current sound business performance, I would like to continue to deepen the discussion as we prepare for the future.

Message

Message from the Newly Appointed Outside Directors

I am very grateful to be appointed to the valuable role of Outside Director. I will work with those reappointed to perform my role to the utmost of my ability.

I have had a relationship with YUASA TRADING through my specialization in labor law support. Through my communication with those involved in practical operations, I've noticed the speed in which YUASA has adopted changes. I think that the company could weave a history of nearly 360 years because it understood and continues to understand the importance of change for keeping up with the times. I believe that open discussion is possible because we embody the corporate philosophy of "enterprise and creativity" and have a culture of approaching new things quickly and flexibly.

With major changes recently in the quality and governance systems required of listed companies, we outside directors are expected to play a role and contribute to increasing both financial and non-financial aspects of corporate value. I am committed to helping through active communication at Board of Director and Governance Advisory Committee meetings, etc.



Yukiko Machida
Outside Director