

Segment Strategy

With society already changing, the YUASA TRADING Group must also adapt its business model.

We will present how the YUASA TRADING Group's businesses are targeting change, and how that relates to its current performance, initiatives, and materiality.

Core Businesses

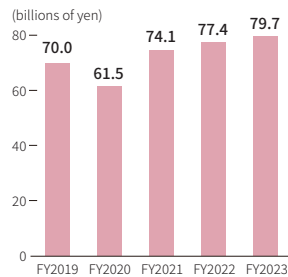
Industrial Market Headquarters

Industrial Equipment & Tools Division

With our industry-leading product lineup and consulting know-how, we promote smart factories at manufacturing sites.

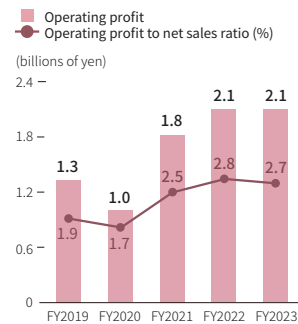


Net sales



* Net sales from FY2021 onward show figures after the application of the revenue recognition standard.

Operating profit / Operating profit to net sales ratio



Main business fields

- Sales of tools, industrial equipment and materials, control equipment, and logistics equipment

Relevant main materiality issues

- Promote Digital Business
- Support sustainable manufacturing and environment building
- Contribute to decarbonization of society through energy creation and saving know-how

Relevant main markets

- Manufacturing industries, including automobiles and semiconductor manufacturing plants
- All other manufacturing industries
- Distribution warehouses, food factories, etc.

Business environment analysis

Strengths	<ul style="list-style-type: none"> • Product lineup centered on tools, control, and logistics • Consulting capabilities based on many years of on-site know-how • E-commerce functionality (Growing Navi)
Opportunities	<ul style="list-style-type: none"> • Increased demand for carbon neutrality • Expansion of semiconductor market • Increased labor-saving investments due to declining birthrate and aging population • Increased business continuity plan (BCP) investment at factories
Risks	<ul style="list-style-type: none"> • Decline in supply capacity due to rapid decline in working population • Lower profit margins due to price competition • Entry into e-commerce from other industries

Measures in Medium-term Management Plan

Promote automation and labor saving at manufacturing sites

- Propose quality control and factory automation using robots, ICT (including local 5G), AI, etc.
- Propose high added value through AI and IoT functions in manufacturing, inspection, and logistics processes
- Propose products that can reduce power and manufacturing costs for electric vehicles (EVs) and semiconductor-related factories
- Further development and sales of original products (TSUNAGU Y-Fi, etc.)

Expand sales products by leveraging the Group's total coordination skills

- Expand sales channels for in-factory air conditioning and refrigeration equipment and industrial piping products
- Support manufacturing industries by proposing "on-site energy-saving" solutions
- Exercise TSUNAGU innovation through product development that captures market needs through data analysis

Vision and Related Initiatives

Offer integrated carbon neutral proposals

As all businesses, regardless of industry or sector, are now required to commit to carbon neutral, we are promoting our integrated carbon neutral proposals for our customers' factories, etc.

As well as our "energy creation and storage" proposals, such as solar power installations and storage cell units, we are working hard on our "energy-saving" proposals for reducing on-site electricity consumption, such as switching to LED lighting and high efficiency air-conditioning equipment in factories. We operate "ecom" (right photo), whose power-saving units have a track record of increasing energy efficiency and cutting energy consumption by reducing losses in power supply. We utilize our "environment creation" know-how and also contribute to realizing "on-site energy-saving" solutions in manufacturing fields such as factories.



Ecom are power-saving units that increase energy efficiency and reduce energy consumption.

Core Businesses

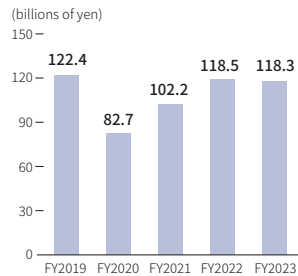
Industrial Market Headquarters

Machine Tools Division

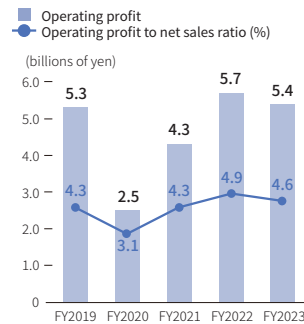
We will develop solutions that aim to solve social issues from the perspective of manufacturing support.



Net sales



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Operating profit /
Operating profit to net
sales ratio

Main business fields

- Sales of machine tools and general factory equipment

Relevant main materiality issues

- Promote Digital Business
- Support sustainable manufacturing and environment building
- Strengthen relationship with business partners (strengthen DX and logistics promotion in and outside the company)

Relevant main markets

- Automobile manufacturing (response to new energy vehicles [NEVs])
- Semiconductor manufacturing equipment
- Factory automation market
- All other manufacturing industries

Business environment analysis

Strengths	<ul style="list-style-type: none"> • Top-level machine tool sales capabilities in Japan • Strength of business partner network • Engineering capabilities through collaboration with Group companies
Opportunities	<ul style="list-style-type: none"> • Accelerated automation due to labor shortage and increased sales of DX and system products • Expansion of ultra-precision processing market due to advances in IT digital technology • Birth of new processing market with shift to EVs
Risks	<ul style="list-style-type: none"> • Market shrinkage due to population decline in Japan • Decline in supply capacity due to rapid decline in working population • Reduction of parts and changes in manufacturing methods due to shift to EVs

Measures in Medium-term Management Plan

Maintain and expand share of machine tool market

- Strengthen sales by selecting and concentrating on sales products
- Develop original products through alliances with manufacturers
- Promote expanded handling of peripheral equipment in pre- and post-processing procedures, such as parts inspection and measurement, and automation and labor-saving at manufacturing plants

Promote automation and labor saving at manufacturing sites

- Develop derivative products of Robo Combo, our original product
- Develop and build an integrated data measurement control system that uses IoT
- Promote solutions to support carbon neutrality (on-site energy-saving, energy generation, enhanced air conditioning in factories, etc.)
- Build DX solution (subscription) services for manufacturing

Vision and Related Initiatives

Original solutions that contribute to on-site personnel and labor savings

Amidst demands to address on-site personnel shortages, we are strengthening our proposals for original automated solutions that utilize the company network to contribute to labor and workload saving at construction site locations. Our “processing environment solution” connects the precision tool manufacturer Tsugami Co. Ltd with other manufacturers to provide a package of microfiltration + microfine bubble + processing machine + AE sensor by target substance, which are needed for processing brittle materials. This makes it possible to extend the lifespan of industrial tools, as well as save on labor in the processing of brittle materials, which has traditionally required a large workforce to monitor the machine. Also, “Robo Combo” (right photo) was developed in tandem with the YUASA TRADING Group’s Robot Engineering as a machine tool automated package that can be easily introduced, and we are working on developing and deploying derivative products.

Processing Environment Solution Documents Download
<https://www.yuasa.co.jp/contact/processing-download/>



“Robo Combo”, our machine tool automated package

Core Businesses

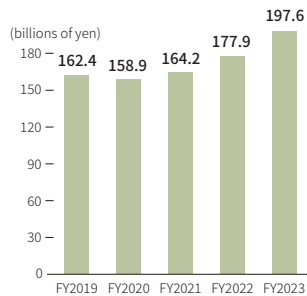
Living Environment Market Headquarters

Housing, Air & Fluidic Control Systems Division

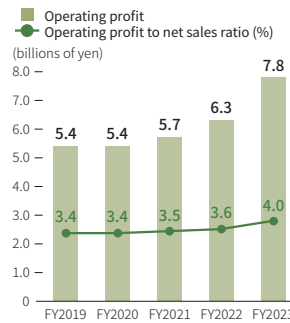
Utilizing our unique engineering functions, we provide total coordination of living and office environments.



Net sales



Operating profit / Operating profit to net sales ratio



* Net sales from FY2021 onward show figures after the application of the revenue recognition standard
* Due to organizational restructuring in FY2022, actual figures for FY2021 have been retrospectively applied

Main business fields

- Sale of tubing materials, air conditioning equipment, housing equipment, and renewable energy-related equipment

Relevant main materiality issues

- Support sustainable home building and environment building
- Strengthen relationship with business partners (strengthen logistics)
- Contribute to decarbonization of society through energy creation and saving know-how

Relevant main markets

- Piping product wholesalers and plant engineering companies
- Housing equipment stores, subcontractors and renovation contractors
- Developers, builders, construction companies, etc.

Business environment analysis

Strengths	<ul style="list-style-type: none"> ● Diverse product lineup centered on housing equipment, piping products, and air conditioning ● Ability to propose solutions by department specialized in environment and energy conservation ● Logistics capabilities
Opportunities	<ul style="list-style-type: none"> ● Expansion of renovation market ● Increased demand for carbon neutrality ● Acceleration of investment competition for achieving GX (Green Transformation) ● Increased demand in overseas markets
Risks	<ul style="list-style-type: none"> ● Decrease in demand for new housing due to population decline ● Soaring material prices ● Shortage of craftsmen due to decrease in working population ● Exchange rate fluctuations

Measures in Medium-term Management Plan

Expand functionality of existing businesses

- Strengthen and expand engineering capabilities/solution proposals
- Expand logistics functions/processing work in warehouses
- Expansion of accumulation functions
- Collaboration with Group companies

Promote Green Business

- Strengthen proposals for carbon neutrality through renewable energy and energy conservation in supply chain
- Expand sales of environmental energy products
- Establish businesses related to hydrogen energy

Vision and Related Initiatives

Address environmental issues and use functionality and technology to solve labor and workload shortages

As well as our energy-saving solutions and sales capacity in high-efficiency products, our division's strength is that we can offer solutions that take advantage of subsidies. Nowadays, companies are increasingly focused on the "quality of electricity" to achieve carbon neutrality, and the introduction of renewable energy is attracting further attention. At the YUASA TRADING Group, we combine solar power systems with a wide variety of storage batteries, for home and industrial use, to offer bespoke package solutions tailored to each site.

Moreover, we are progressing with labor and workload-saving initiatives through our air conditioner processing technology, aimed at solving personnel shortages caused by a decline in the working population since working practices in the construction industry were reformed in 2024. Normally, product processing is tailored to sites at the equipment installation stage, but we have three specialist air conditioning equipment engineers at our Kanto Distribution Center who process and tailor the products to each site before delivery.

This not only saves workforce and labor at the construction site, but also shortens the overall process. In FY2023, we provided air conditioning units with total heat exchangers and energy management systems for a new office building construction project, and achieved a 15% labor-saving compared to on-site fabrication, thus shortening the overall process.



Specialist engineer fabricating an air conditioning unit at our Kanto Distribution Center

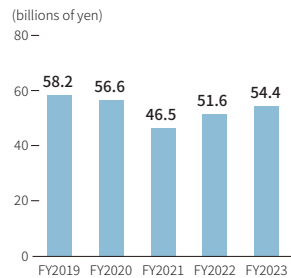
Core Businesses

Construction Market Headquarters

Building Supplies & Exterior Division

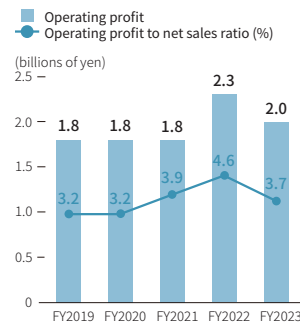
Leveraging our strength in the domestic market with our high share, we will expand our business by strengthening sales to public organizations and overseas.

Net sales



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* Due to organizational restructuring in FY2022, actual figures for FY2021 have been retrospectively applied.

Operating profit / Operating profit to net sales ratio



Main business fields

- Sale of construction materials, landscape materials/exterior, civil engineering materials, etc., design supervision and contracting for installation of external construction materials

Relevant main materiality issues

- Support sustainable environment building and town building
- Respond to climate change (realize a resilient society)
- Realize a safe and secure society through service with good products

Relevant main markets

- Exterior landscaping market
- Road, civil engineering and infrastructure construction markets
- Building hardware market

Business environment analysis

Strengths	<ul style="list-style-type: none"> • Leading exterior sales capabilities in Japan • Ability to propose solutions by department specialized in resilience • Ability to procure products from overseas
Opportunities	<ul style="list-style-type: none"> • Demand for renewal of social infrastructure • Urban redevelopment projects • Spread of transportation IoT • Increased demand for EVs and renewable energy-related products
Risks	<ul style="list-style-type: none"> • Increased procurement costs (rising prices, logistics problems in 2024, etc.) • Decreased number of housing starts due to population decline • Changes in competitive environment due to industry restructuring

Measures in Medium-term Management Plan

Strengthen sales by taking advantage of high market share

- Expansion of sales networks for public sector (railway and defense fields, redevelopment-related demand)
- Respond to demand for infrastructure renewal (measures for aging roads and bridges, accident repair, etc.)
- Demand for renovation of buildings and condominiums
- Expansion into Southeast Asia, with a focus on Thailand

High value-added proposals that connect manufacturers and products

- Propose solutions for social issues (utilization of idle land, disaster countermeasures, etc.)
- Develop SDG-related products (solar car ports, timber products, etc.)
- Product development aimed at creating livable urban spaces (installation of parklets*, etc.)

* Resting facilities that utilize road space to create spaces for bustle, relaxation, and lingering

Vision and Related Initiatives

Creating new lifestyles under the theme of “solutions to social issues”

We are expanding the products and services handled by the Building Supplies & Exterior Division into business fields closely related to daily living, such as city blocks, commercial facilities, buildings, and residences. The YUASA TRADING Group hopes to propose new lifestyles offering a sense of comfort and convenience through solutions to familiar social issues.

For example, we are focusing on combining functionality and design to develop products that can be used in factories, commercial facilities and residences, such as “solar car/motorbike ports” equipped with solar panels, or “illuminated bollards (car buffer stops)” that make nighttime sidewalks brighter.

We are also helping to plan the “Walkable” project proposed by the Ministry of Land, Infrastructure, Transport and Tourism, which aims to create pedestrian spaces where people can rest. We continue to propose new value in overall urban development by total coordination of commercial products, linking building materials with exterior manufacturers, to provide places for relaxation, create a lively atmosphere and ensure all aspects of safety.



A Proof of Concept “Walkable” simulation conducted at Shinjuku St. West Exit

Core Businesses

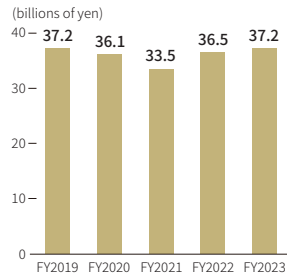
Construction Market Headquarters

Construction Machines Division

We will create new added value by connecting “goods” and “services,” and contribute to sustainable town building.

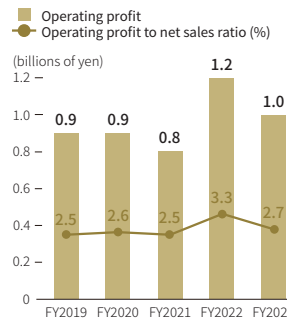


Net sales



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Operating profit / Operating profit to net sales ratio



Main business fields

- Sale, leasing and rental of construction machinery and materials, and manufacture, sale and rental of container houses

Relevant main materiality issues

- Support cyclical society (rental)
- Support sustainable environment building and town building
- Promote Digital Business

Relevant main markets

- Construction (construction, road construction, plants, etc.)
- Manufacturing (factories, construction machinery/materials manufacturers, etc.)
- Construction equipment rental
- Logistics and warehousing
- Reuse Market
- Service industry such as event companies

Business environment analysis

Strengths	<ul style="list-style-type: none"> ● Nationwide network based on rental company associations (YRA) ● Expand the (YUMAC) auction business, such as used sales, etc. ● Pre-shipment inspection function for imported products
Opportunities	<ul style="list-style-type: none"> ● Demand for infrastructure development to respond to disasters, disaster prevention, and mitigation ● Digitalization, robotics development, and use of AI at construction sites ● Improvement of working environment (reduced workload and labor saving) ● Expand efforts to visualize greenhouse gas emissions
Risks	<ul style="list-style-type: none"> ● Decline in number of new construction projects ● Manpower shortages due to a decline in the working population ● Decrease in public works

Measures in Medium-term Management Plan

Propose safety and environment solutions for the construction market

- Expand sales of construction machinery that lead to reduced workloads and labor saving at worksites
- Propose carbon neutral products and materials (electric-powered construction machinery, solar-powered container houses, etc.)
- Deepen the use of digital technologies (drones, AI/IoT, etc.)

Further expansion of sales partners and sales opportunities

- Enhance promotion of construction sales and wholesale rentals to Southeast Asia
- Expand resilience-related products into public and private sectors
- Expand reuse of second-hand construction and farm machinery, etc.

Vision and Related Initiatives

Promote “goods” and “services” offerings to support environmental measures at construction sites and reinforce our product lineup

In collaboration with Takenaka Corporation, we have developed a system to visualize CO₂ emissions.

There is a growing need to visualize CO₂ emission volumes at construction sites as a gateway to promoting carbon neutral initiatives in the construction industry. To do so, we need to control many emission sources, such as on-site energy use and the fuels that power various vehicles and machinery, but with society demanding that we address the “2024 problem” arising from tighter rules on limits to working hours at so-called construction and work sites, there are cases where personnel cannot be allocated to calculate these emissions. The advantage of this system is that it can be operated with minimal workload by combining automatic measurements using IoT devices with a centralized Cloud service control system. We are also progressing proposals to reduce CO₂ emissions through development of cutting-edge electric-powered construction machinery, such as VOLVO electric backhoes, AUSA electric forklifts, and Milwaukee Tools electric high-power tools. We will continue to propose streamlined solutions in the construction industry, from visualizing to counteracting CO₂ emissions while contributing both “goods” and “services” to environmental measures at construction works.



AUSA (Spain) tire-type forklift suitable for traveling on uneven ground

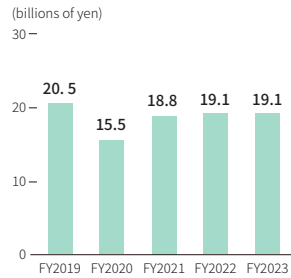
Core Businesses

Energy Division



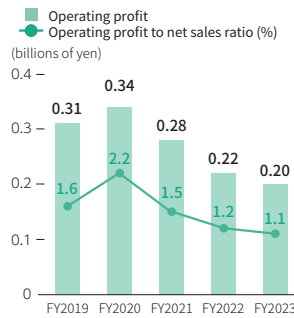
We will realize a stable supply of energy suitable for a smart and decarbonized society.

Net sales



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Operating profit / Operating profit to net sales ratio



Main business fields

- Sales of petroleum products (fuels for automobiles/marine vessels)
- Sales of products related to car care and maintenance, etc.

Relevant main materiality issues

- Realize a safe and secure society through service with good products
- Respond to climate change (realize a resilient society)
- Support cyclical society (rental and sharing)

Relevant main markets

- Gas station operation
- Car rental and used car sales markets
- Marine fuel market

Measures in Medium-term Management Plan

Enhanced service through gas stations

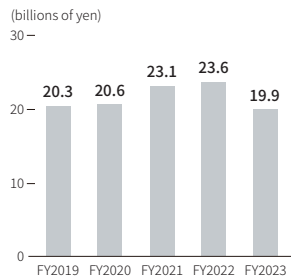
- Enhanced service maintenance
- Expanded installation of EV chargers
- Expanded services to reduce environmental impact, such as eco-vehicle inspections
- Expand the car rental business
- Regional platformization (insurance agency business, smartphone repair, etc.)

Other (Consumer Products & Lumber) Divisions



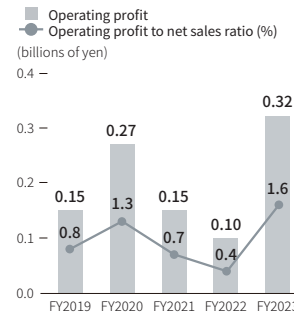
We will propose products that support a sustainable lifestyle.

Net sales



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Operating profit / Operating profit to net sales ratio



Main business fields

- Sale of consumer goods such as seasonal appliances and cooking appliances, as well as wood products

Relevant main materiality issues

- Create co-creation value – “TSUNAGU”
- Realize a safe and secure society through service with good products
- Respond to climate change (realize a resilient society)

Relevant main markets

- Consumer Products: Electronics mass merchandisers, home improvement centers, and online sales
- Lumber: Building material wholesalers, manufacturers, and forestry cooperatives

Measures in Medium-term Management Plan

Consumer Products: Increase awareness of Group company YUASA PRIMUS private brands

- Utilization of social media
- Promotion of product development based on user opinions

Lumber: Utilize Group network

- In collaboration with Group company YUASA LUMBER, expand use of lumber-based architecture and lumber products
- Total support for use of recycled wood (recycled lumber made from scraps during processing) (from collection to commercialization)