

## Message from the President

# “TSUNAGU” Innovation to Improve YUASA’s Total Coordination Skills

## ▶ The foundation of 360 years of Growth and Prosperity Grounded in Innovation

In 2026, the YUASA TRADING Group (“the Group”) will be marking 360 years since its founding. The Company started business as a charcoal merchant. In its fifth year, it switched from hardware to wholesaling cutting tools and later shifted to selling tools and machinery and entered the residential environment and construction sectors. Throughout its history, the Company has demonstrated its ability to sensitively accommodate industry development and social turning points, skillfully innovating with an eye to the future.

I have often said that uncertainty is always present in the business environment. There is even more uncertainty today, and black swan events—rare occurrences beyond normal expectations—can occur. But however unpredictable the times may be, social issues will always be with us. I believe that expectations that enterprises will address these issues and contribute to society are stronger than ever today.

Just as human beings can grow by solving problems, taking on challenges leads to innovation by enterprises and society. Over its nearly 360 years of providing tangible goods to the market and to our customers, I believe that we can create new value to address our customers’ and the market’s problems or needs. Our role is not just to address known issues but also to propose solutions for problems anticipated in the future. That is the approach behind the market-out thinking outlined in our YUASA VISION 360 adopted in 2017 and why we need “TSUNAGU” innovation (connecting for innovation) to achieve that.

## ▶ Addressing Social Issues: A Pillar of Growth

Our YUASA VISION 360 states that addressing social issues will support the Company’s growth and that we will transform our business.

As the working-age population declines and natural disasters become increasingly severe, our starting point is the market-out approach—What products and services can we offer to meet market needs? —which has helped us create unparalleled new value by connecting the technologies and data of the manufacturers and sales partners we work with. Despite changes in the market environment for manufacturing and the effects of the COVID-19 pandemic, the Group has recorded four consecutive years of higher sales and higher profits since 2022. I believe that we have achieved these results thanks to YUASA VISION 360.

**Hiroyuki Tamura**Representative Director,  
President & CEO

## Message from the President

### Following the Success of the Grand Fair in Thailand, We Are Accelerating Overseas Expansion by Leveraging Our Collective Strength

The objective of our overseas strategy, one of the Group-wide undertakings in our “Growing Together 2026” Medium-term Management Plan, is to boost the proportion of overseas sales, currently around 5%, to over 10%. Our business has been focused on the Japanese market for a long time, but I believe there is even greater potential for expanding the Group’s capabilities in overseas markets.

When Japanese manufacturers began operating abroad in the 1990s, the Company also broadened its overseas sales channels to supply mainly machine tools. In those days, I myself was part of our overseas sales team and I later helped set up a local subsidiary, where I served as president.

At the time, our approach was to respond to existing needs. In other words, we supplied Japanese companies’ local production facilities with tangible goods, the industrial sector accounting for a large part of our business. But social issues in various parts of the world require approaches tailored to the specific country or region. The overseas strategy in our Medium-term Management Plan considers how we can apply our total coordination skills, not just in the industrial sector but also in the residential environment and the construction sectors, to address potential issues faced by those countries or regions.

The Yuasa Grand Fair in THAILAND, which took place in February 2025 in Bangkok, symbolizes this approach.

Begun in 1978, the Grand Fair, bringing together our customers and



The Yuasa Grand Fair in THAILAND

our sales partners, is our most important promotional event. It includes theme zones, exhibitions of ideas for addressing social issues, and many booths set up by manufacturers in the industrial, residential environment, and construction sectors. Exhibitions segmented by industry or product are common in Thailand, and holding an all-in-one multiple sector exhibition like the Grand Fair was a groundbreaking initiative.

Thailand, which has become significantly industrialized, offers strong growth potential. As its economy grows, demand for improving the residential environment and developing social infrastructure is growing. We chose Thailand as the venue for our first overseas Grand Fair because it is a country where we can speed up our overseas strategy for maximizing the integrated skills of the Group.

This being the first time we had held an overseas Grand Fair, we did our best to attract exhibitors and carry out promotional activities. The event drew 6,000 visitors, exceeding our target of 5,000, and 2,600 business meetings took place at the Fair. The event enabled us to reach out to new customers and build a foothold that will allow us to expand further in the Thai market. It was a success for us, for our sales partners, and for the 206 manufacturers who exhibited.

The Grand Fair helped boost sales and also provided an opportunity to expose our employees to an international environment.

We sent 41 individuals, from fairly new employees to middle managers, recruited among volunteers, to run the Grand Fair and attend to visitors. Speaking to local attendees was a useful learning experience; one participant said he had learned that there is a great deal of interest in Thailand in social issues such as energy efficiency and flood-mitigation measures. We hope to encourage employees to build on this experience to develop new businesses and further enhance the Group’s overseas strategy.

In addition to inviting visitors to the Grand Fair through our local subsidiary and our sales partner networks, we promoted the event through social media, transit ads, TV commercials and other media to reach out to people unfamiliar with us and our Grand Fair. We applied what we learned to attract visitors to our fairs in Japan too, and we will continue working to enhance the Grand Fair’s value by connecting information, technology, and data, along with people, goods, and capital.



The completion ceremony of our Thai subsidiary’s new company premises

In addition to the Grand Fair, we are taking other steps to strengthen our overseas operations. During FY2024, we opened branch offices in Pune and Chennai in India, our third and fourth branches in that country, and in Da Nang in Vietnam, our third branch there. The new office building for our Thai subsidiary incorporates many products handled by the Group, from vertical parking garages, for which we expect local demand to grow, to various types of carports, facial recognition systems for controlling access to premises, and more. The entire building functions as a showroom where visitors can see the various solutions handled by the Company first-hand. We will continue developing overseas promotion initiatives showcasing our integrated skills.

## Message from the President

### Our New Company Name of YUASA CO., LTD, Embodies Our Determination to Create Value Through “TSUNAGU” Innovation

On April 1, 2026, we will be changing our name to YUASA CO., LTD. The Company, which started as a charcoal merchant over 350 years ago, has adopted new names over the years to reflect the different business fields it entered as industry developed. This time, the change is intended to reflect our overseas strategy of pursuing global growth and our determination to create value beyond trading house functions, offering products and services developed through “TSUNAGU” innovation.



“TSUNAGU” innovation establishes connections far and wide with people, goods, capital, information, technology, and data inside and outside the Company to create new added value.

To get an idea of future social issues so that needs can be assessed, all of us must connect to innovate and create new markets, products, and services using the Group’s resources and those of our business partners.

I always tell employees to “look at the market, not the product.” If they go to a factory, they will see machine tools as well as chain blocks and ventilation systems. There are valves and pipes under floors and outdoors, and probably carports and fences around the property, so it’s

clear that even a single factory can be a connecting point with countless markets. Looking at markets from a broader perspective can show not only the products and services we handle but also reveal possible connections or suggest ideas for product proposals, which we can act on in new ways. To ensure sustainable growth, it’s essential for us to become a corporate group capable of always creating value by building on connections that go beyond industry segments or manufacturers.

Broader opportunities for handling products and services in other industrial segments can also expand our business portfolio [P.15]. Until now, our earnings have come principally from the manufacturing sector. But branching out into the residential building products, residential environment, and urban infrastructure sectors can protect our business portfolio from economic trends or risks in specific markets. Our revenue comes from our employees’ hard work, but we are also recording stronger sales thanks to adopting a more market-oriented perspective and utilizing our total coordination skills to sell everything from ventilation equipment to carports to factories.



### Changing Our Corporate Culture to Value the Spirit of Challenge

“TSUNAGU” innovation is built on the talents of all our employees. To make the most of their capabilities, the Group has been an early adopter of various human resources policies, such as employees voluntarily requesting transfers across headquarters or an overseas posting, career-track switching and other programs. These options take employees’ wishes into account as much as possible, to enable them to challenge themselves and further develop their careers.

But while more employees are taking advantage of these changes, take-up among younger staff, who may find it difficult to express their wishes in front of older colleagues or managers, is lower. Meanwhile, some older colleagues or managers may find it hard to adapt to these new initiatives or be hesitant to change established ways of doing things. Our Medium-term Management Plan focuses on revamping our corporate culture by nudging employees to be less reluctant to offer opinions, without waiting until they have gained more confidence. By encouraging natural, open communication regardless of years or service, position, nationality or gender, we aim to transform the organization into one where everyone can maximize their performance. The Yuasa Pride Project [P.32], an all-employee participatory project, is a series of workshops where employees in various job positions have lively discussions aimed at creating an organization where everyone feels empowered to work proactively. We will utilize the results of these discussions to work out the most desirable human resources system for the Company.

The Company must change itself, too. For example, in 2024, we reevaluated the role of our monthly marketing strategy meetings. We changed the focus of this gathering from mainly reporting performance to inviting discussions on identifying issues and ideas for boosting performance, and doing so by involving other divisions and offices and welcoming questions and discussion from Group companies. This way, participants can learn more about other departments or companies, which creates a foundation for Group-wide “TSUNAGU” innovation. Lively discussion also helps break down the walls between divisions and helps encourage personnel in different divisions and companies within the Group to talk to each other.



## Message from the President

### ▶ Becoming a Data-driven Trading House by Bolstering DX Investment and Hiring IT Specialists

Under our Medium-term Management Plan running from FYE March 2024 to FYE March 2026, we have planned to allocate ¥21.2 billion, over half of the operating cashflow we expect to earn over this three-year period to our growth strategy. Of that amount, ¥11.2 billion is being invested in promoting digital transformation (DX), IT, and digital technologies [\[P.25\]](#).

We are focusing in particular on integrating management of our Group network's data, which we will utilize to build a base for core business operations and data applications and create new value. For example, up to now, keeping records of customer proposals made by our sales staff and results obtained has depended on the individuals directly involved. Digitalization will facilitate sharing that information as knowledge across the Company so that other departments or colleagues can handle the work, and we will set up a system for systematizing the data as an analytical tool to utilize for future proposals. In particular, personnel shortages and the tendency for information about needs or issues to remain with the individuals directly concerned make it difficult to apply the market-out approach. By visualizing the information obtained through sales personnel and talking with customers, we will create a data-driven trading company utilizing the market-out approach to foresee needs and address social issues.

We will actively hire IT human resources, increasing intake of IT specialists trained in data security and computer science, to enhance the Group's ability to utilize data from both system and human resources perspectives.

### ▶ Sustainability Initiatives: Environment, Society, Governance

As part of our sustainability initiatives, we aim to achieve carbon neutrality across the Group by FY2030, and are currently implementing measures toward this end [\[P.28\]](#). We aim to achieve a 30% reduction in CO<sub>2</sub> emissions by FYE March 2026 (vs. FYE March 2023), in part by installing solar panels to generate renewable energy at our Chubu Branch Office, at Group company Fuji Quality House, and at our Thai subsidiary's new office building.



Solar panels on the roof of our Thai subsidiary's new office building for producing renewable energy

Our Group's corporate philosophy calls for "Regard for the Individual." As part of the global supply chain, we take initiatives to prevent or reduce negative effects on human rights [\[P.37\]](#). We are also modifying our personnel system and work environment to keep pace with changing times, transform our hiring systems and take steps to improve employees' job satisfaction.

We continue to strengthen governance by enhancing the functions of the Board of Directors and ensuring its independence [\[P.43\]](#). Our ordinary

general meeting of shareholders in June 2025 approved the appointment of nine directors, including four independent outside directors, all of whom are highly experienced and bring diverse perspectives to their positions. We also installed an audit and supervisory board consisting of four members, including one newly appointed auditor and two independent outside auditors, in accordance with our structure as a company with a board of auditors, to oversee our management and operations. We will work to improve corporate quality by continuing to solidify our governance structure.

### ▶ Sustainable Growth for Achieving Consistent Shareholder Returns

Paying out consistent shareholder returns is one of the Group's key management policies.

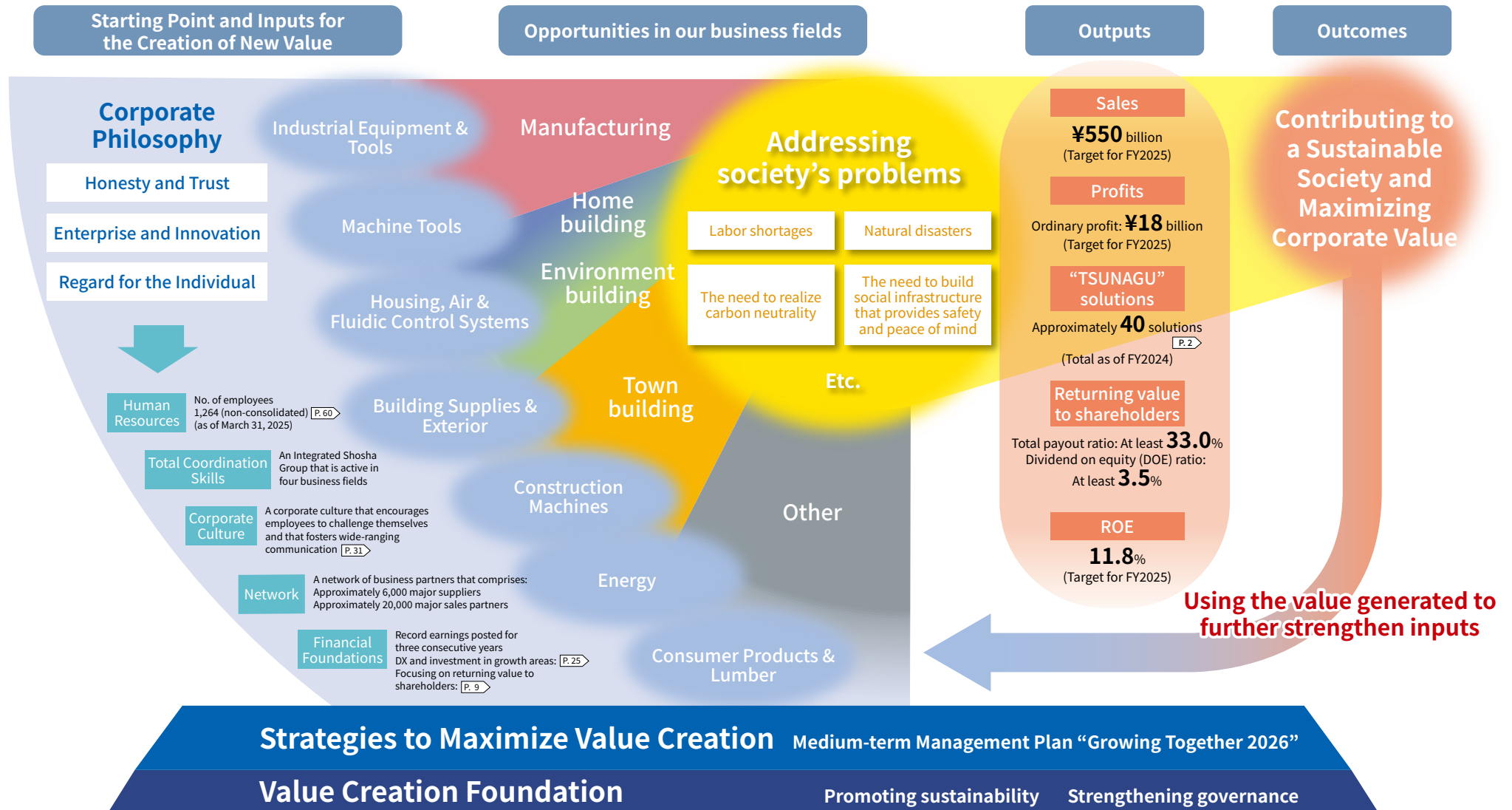
During our "Growing Together 2026" Medium-term Management Plan (FYE March 2024 to FYE March 2026), we will provide returns in line with targets of at least 33% for the total payout ratio and at least 3.5% for the dividend on equity (DOE). For FYE March 2026, we plan to pay an interim dividend of ¥76 per share and a year-end dividend of ¥114 per share, for a total of ¥190 per share.

We will continue managing the Company in accordance with the strategies outlined in this message and do our best to achieve the numeric targets for FYE March 2026: consolidated net sales of ¥550 billion and consolidated ordinary profit of ¥18 billion. We will continue seeking to maximize both financial and non-financial corporate value. We will steadily make changes to our business, essential for achieving those targets, by promoting corporate culture reform, digital transformation, and sustainability initiatives. As we look to the future after our 360th anniversary, we will continue laying the foundations for the Group's sustainable growth.

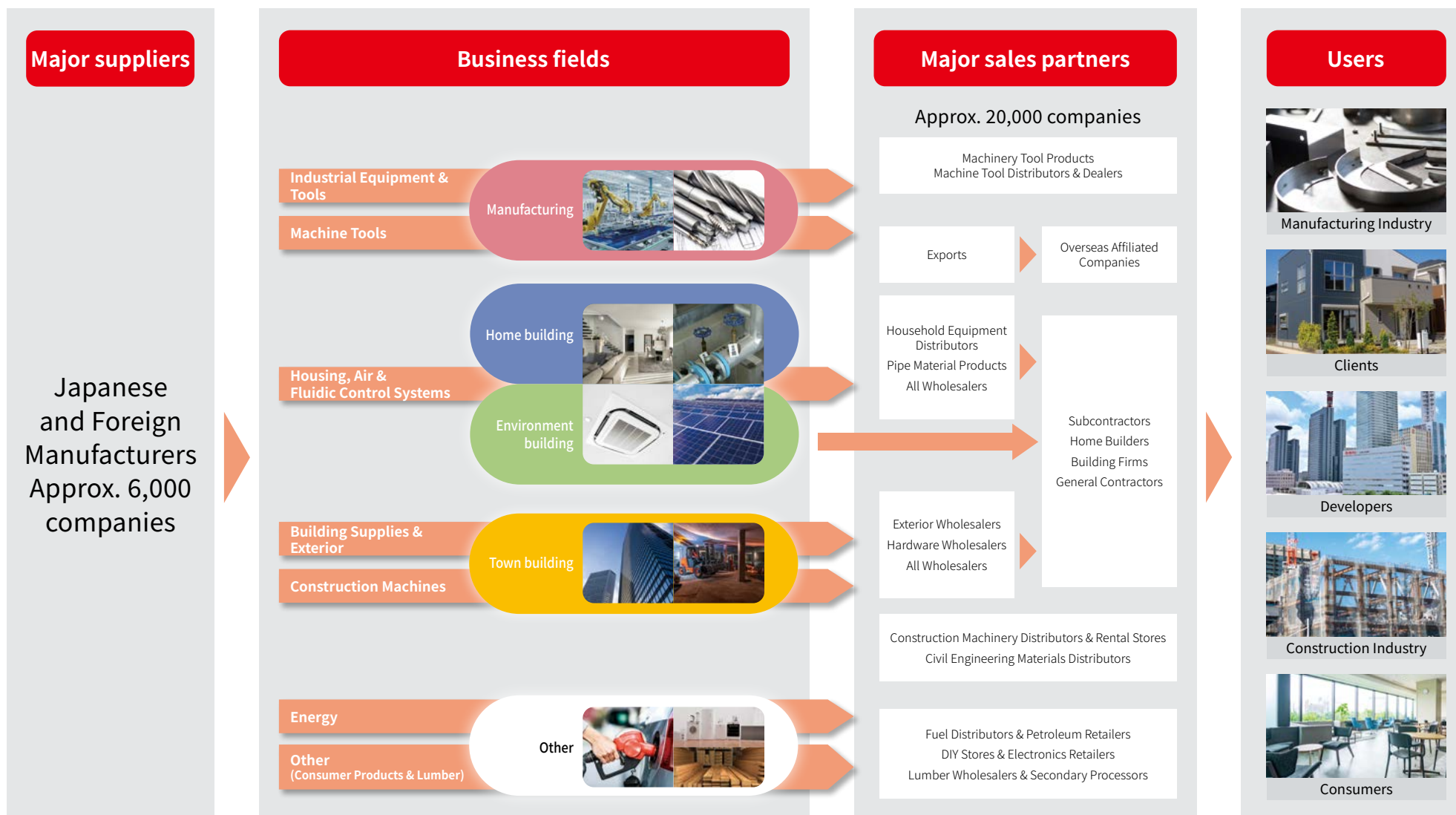
We are grateful for our stakeholders' strong support, thanks to which the Group has been able to continue its business. Fully conscious of the weight of our history and our stakeholders' expectations, we will continue working to enhance corporate value.

# Value Creation Process

We are aiming to improve corporate value both in terms of economic (financial) value and social and environmental value through “TSUNAGU” innovation.

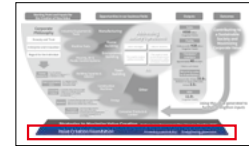


# YUASA TRADING Group's Main Business Fields



# Promoting Sustainability Management and Materiality

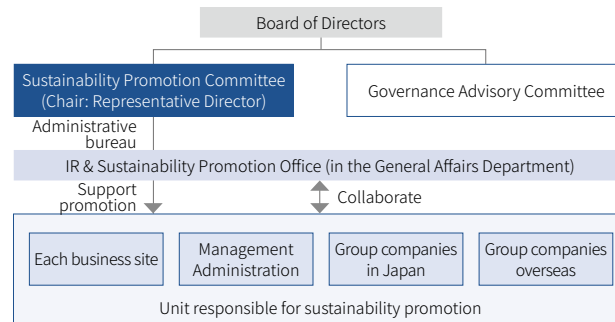
We will actively contribute to the establishment of a sustainable society through our business activities



## Governance

The Group has established the Sustainability Promotion Committee chaired by the Representative Director. The committee, which is composed of internal and external directors, deliberates on the overall risks, opportunities, and impacts of sustainability, including climate change, periodically reviews the policy for countermeasures to reduce risks, and advises the Board of Directors. The Board of Directors discusses these issues as important matters related to business strategy and sustainability, and determines policy.

### Sustainability Management Promotion System



## Risk Management

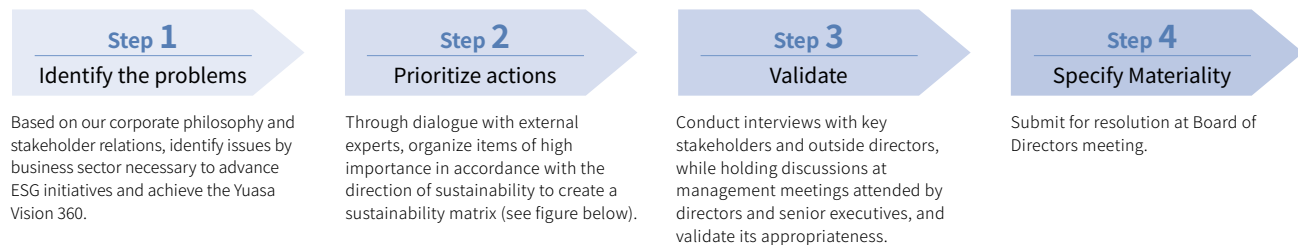
With regard to overall risk management for sustainability, including climate change, the Risk Management Supervisory Manager, each of the committees (Ethics and Compliance Committee, Internal Control Committee, Environmental and Resilience Committee, etc.), and the Sustainability Promotion Committee collaborate to identify, assess, and manage risks. We also manage risks across the Group based on relevant internal rules and notices, including the identification of various risks in the Group's business activities, collection of information, planning of preventive measures, and the provision of training.

## Strategy (Materiality)

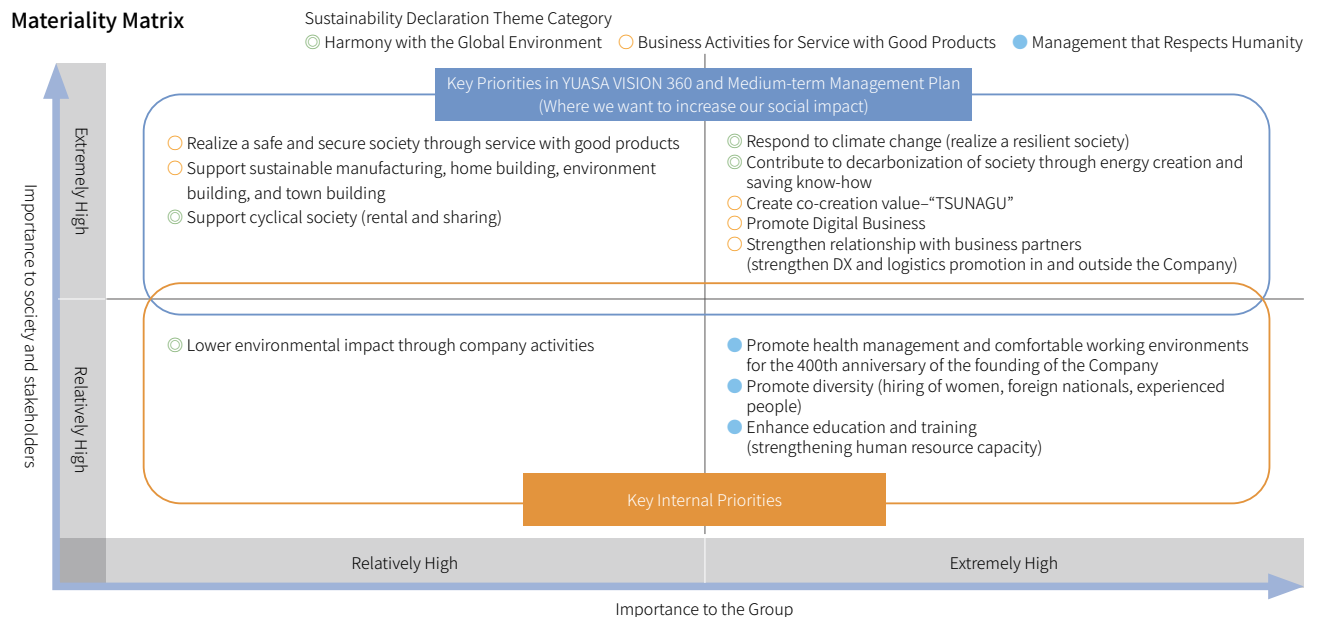
### Specific Materiality Process

Sustainability as a solution to society's problems is a goal of YUASA VISION 360, and we have formed a team with outside experts who have identified the following steps.

We will continue to revise them as appropriate in response to changes in the external and internal environment.


















### Materiality Matrix



## Promoting Sustainability Management and Materiality

### Strategy (Risks & Opportunities), Indicators and Targets

Sustainability Declaration	Risks and Opportunities	Materiality	Relevant Main Initiatives	Non-financial KPIs
Harmony with the Global Environment	<b>Risks</b> <ul style="list-style-type: none"> <li>Cost increases due to soaring prices of raw materials, etc. and rising energy prices due to decarbonization</li> <li>Disruption of the supply chain and the Group due to large-scale natural disasters</li> <li>Decline in external reputation and loss of competitiveness in the supply chain due to delays responding to climate change and inadequate communication</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Increased demand for green commercial products associated with decarbonization</li> <li>Improve long-term competitiveness by responding agilely to market needs, such as climate-resilient products, and products related to recycling of resources</li> </ul>	 Respond to climate change (realize a resilient society)	<ul style="list-style-type: none"> <li>One-stop solutions for decarbonization <a href="#">P. 29</a></li> <li>Realizing carbon neutrality within the Group (Target: scopes 1, 2) <a href="#">P. 28</a></li> <li>YUASA's upcycling solutions <a href="#">P. 30</a></li> </ul> 	<b>Environment</b> The Group's CO <sub>2</sub> emissions (Scopes 1, 2) <b>Target for FY2025</b> 30% reduction (compared with the fiscal year ended March 31, 2023) <b>Target for FY2030</b> Carbon neutrality
		 Contribute to decarbonization of society through energy creation and saving know-how		
		 Support cyclical society (rental and sharing)		
		 Lower environmental impact through company activities		
Business Activities for Service with Good Products	<b>Risks</b> <ul style="list-style-type: none"> <li>Manpower shortages causing reduced production capacity due to a decline in the working population</li> <li>Decline in competitiveness due to an inadequate response to digital technology</li> <li>Decline in credit worthiness due to product and service quality issues</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Create new business opportunities by promoting business solutions to social problems</li> <li>Obtain customer satisfaction through high value-added products and services, such as integration of existing products with AI technology</li> <li>Create business opportunities and secure revenue base by building strong relationships with trading partners</li> </ul>	 Realize a safe and secure society through service with good products	<ul style="list-style-type: none"> <li>Promoting digital business —Developing AI-enabled external inspection devices <a href="#">P. 20</a></li> <li>Promoting DX <a href="#">P. 26</a></li> <li>Holding Grand Fairs both in and outside Japan <a href="#">P. 22</a></li> <li>Transaction Policy compliance and responding to human rights issues <a href="#">P. 37</a></li> </ul> 	<b>Talent cultivation</b> (Subject: YUASA TRADING CO., LTD; non-consolidated) <b>Target for FY2025</b> Digital talent cultivation (successful candidates from our original program) IT talent: 600 people DX talent: 40 people
		 Support sustainable manufacturing, home building, environment building, and town building		
		 Create co-creation value—"TSUNAGU"		
		 Promote Digital Business		
		 Strengthen relationship with business partners (strengthen DX and logistics promotion in and outside the Company)		
Management that Respects Humanity	<b>Risks</b> <ul style="list-style-type: none"> <li>Decline in company's reputation due to human rights issues or unsuitable working conditions</li> <li>Decreased productivity, loss of talented personnel, and lack of psychological safety due to employees' overall poor health and difficulty working</li> <li>Homogenized thinking, decreased innovation due to lack of diversity</li> </ul> <b>Opportunities</b> <ul style="list-style-type: none"> <li>Increase productivity, secure talented personnel and ensure psychological safety by maintaining employees' overall health and making their working life easier</li> <li>Diversify thinking by making us a richly diverse organization</li> <li>Increase productivity, create innovation, and enhance competitiveness by improving employees' skills and abilities</li> </ul>	 Promote health management and comfortable working environments for the 400th anniversary of the founding of the Company	<ul style="list-style-type: none"> <li>Human talent strategy (corporate culture reform) —YUASA PRIDE Project <a href="#">P. 32</a></li> <li>Diversity <a href="#">P. 35</a></li> <li>Health management <a href="#">P. 36</a></li> <li>Development of the working environment</li> </ul> 	<b>Diversity</b> (Subject: YUASA TRADING CO., LTD; non-consolidated) <b>Target for FY2025</b> Percentage of female managers: 3.0% Percentage of female employees in comprehensive work position: 6.0% Percentage of female new hires in comprehensive work position: 12.0% Percentage of male employees taking childcare leave and leave for the purpose of childcare: 100.0% Paid leave usage rate: 70.0% Average hours worked annually: 1,920 hours Managerial talent cultivation: total 370 (number of training program participants)
		 Promote diversity (hiring of women, foreign nationals, experienced people)		
		 Enhance education and training (strengthening human resource capacity)		