



YUASA

YUASA TRADING CO., LTD.

**YUASA
INTEGRATED
REPORT**



YUASA INTEGRATED REPORT

2023



Service Integrated Shosha Group

つながる。ひろがる。響き合う。

Connect

Spread

Resonate

The YUASA TRADING Group is taking on the challenge of solving social issues by connecting (TSUNAGU) various things and experiences.

Under the Medium-term Management Plan “Growing Together 2026” which started in April 2023, we aim to be a corporate Group where TSUNAGU innovation is normalized. We have created a new slogan and icon to convey this with all of our stakeholders.

The “connections” that the Group cherishes will be “spread” across all stakeholders, and those feelings will “resonate” and bring about the future.

This is the intention we hope to portray.



つながる。ひろがる。響き合う。

複雑で予測不能な現代、私たちユアサ商事グループは
モノやコト・いろんなチカラを「つなぐ」ことで
イノベーションをおこし、社会の課題を解決していきます。
その先にある「GOODなミライ」へ。



ユアサ商事株式会社

For the Publication of the Integrated Report

The purpose of this Integrated Report is to convey to all stakeholders, including shareholders and investors, how to increase corporate value in the future while leveraging the unique strengths of the YUASA TRADING Group, with a story in an easy-to-understand manner.

Integrated Report 2023 focuses on the vision we aim to achieve in our Medium-term Management Plan, “Growing Together 2026,” which started in April 2023, and conveys the medium-to long-term growth story of the Group in terms of both financial and non-financial information. Going forward, in order to strengthen our communication, we will continue to disclose information as an indispensable and important tool for dialog with stakeholders.

Published in November 2023

Haruo Sanoki

Representative Director, Senior Managing Director
Supervisory Manager of Management Administration

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Reference Guidelines

- IFRS Foundation “Integrated Reporting Framework” and “SASB Standards”
- Ministry of Economy, Trade and Industry “Guidance for Collaborative Value Creation 2.0”
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Global Reporting Initiative (GRI) “Sustainability Reporting Standards”



Scope of Items Reported

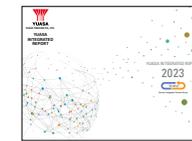
In principle, the results include YUASA TRADING and 35 Group companies (30 of which are consolidated subsidiaries) as of March 31, 2023 (April 1, 2022 – March 31, 2023).

* Some organizational structures and measures include information for FY2023.

* The amounts and ratios shown in this Integrated Report differ from the figures shown in previous reports due to changes in the rounding method.

Positioning of Integrated Report 2023

Integration of financial and non-financial information



Financial information

YUASA REPORT (business report)
Summary of Consolidated Financial Results
Fact Book

Non-financial information

Company Profile
Corporate Governance Report
ESG Data

YUASA TRADING Website
<https://www.yuasa.co.jp/en/>



Precautions on Forward-looking Statements

In the statements of this Integrated Report, statements other than historical facts are forward-looking statements that reflect the YUASA TRADING Group’s plans and expectations. Please note that actual results and performance may vary from these statements as a result of various risks, uncertainties and other factors.

Starting Point for Creation of New Value

Corporate Philosophy and Our History

Our journey from our founding to our expansion of sales bases

Corporate Philosophy

Honesty and Trust	Enterprise and Innovation	Regard for the Individual
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Corporate Philosophy
<https://www.yuasa.co.jp/en/corporate/philosophy/>



1666

Founded

Shokuro Yuasa, our founder, launched a charcoal trading business in Kyoto



Shokuro Yuasa, our founder

1674

Expanded to Edo (Tokyo)

Opened an Edo outlet in Hongoku-cho, Nihonbashi after years of hardship peddling wares from Kyoto



Premises of a Sumiya (a charcoal dealer), from which YUASA TRADING evolved, located in what was formerly the Toriabura-cho neighborhood of the Nihonbashi district of Edo (Tokyo), which is now the Odenma-cho neighborhood of Nihonbashi, and is where YUASA TRADING's head office used to be located.

Origins of innovation: switch from charcoal trading to wholesale of metal implements five years after founding

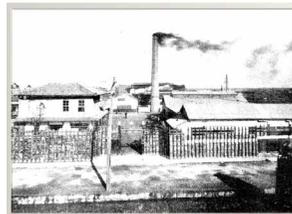
Shokuro Yuasa, our founder, launched a charcoal trading business dealing with swordsmiths in Kyoto. When the Sengoku Period (an era of civil war in Japan) ended and Kyoto thrived as a city of commerce, Shokuro Yuasa spotted the potential for metal implements such as scissors and knives, and switched from charcoal trading to being a wholesaler of metal implements in 1671, just five years after founding his business.

Our founder's decision to look to the future was YUASA TRADING's first innovation and forms the foundation for the transformation that continues today.

1919

Established

After developing business bases (Tokyo, Osaka, and Kyoto prefectures), a factory (Yuasa Iron Works) and expanding overseas (Wuhan in China), established Yuasa Shichizaemon Shoten in 1919 and proceeded to modernize



Yuasa Iron Works (Sakai in Osaka Prefecture) established in 1909 to produce Western hardware in Japan

1961

Steps to open multiple outlets

Established branch in Nagoya, starting steps to open multiple outlets, in addition to full-scale expansion overseas with establishment of representative offices in Canada and the United States

1972

Established sales base in Japan

Opened Naha sales office in Okinawa Prefecture, completing a domestic network extending from Hokkaido to Okinawa. New company building in Odenma-cho, Nihonbashi in Tokyo completed in 1975



Former head office building in Odenma-cho, Nihonbashi (until 2014)

Former head office site lasted for 288 years

The site of YUASA TRADING's former head office in Odenma-cho, Nihonbashi had been owned since the third generation of the family in 1726. Despite being destroyed several times in the great fires of Edo, the business quickly recovered due to the immense trust and support of its business partners. In the Great Kanto Earthquake of September 1, 1923, the company building and the warehouse were completely destroyed by fire, but a temporary store was completed on September 24 with the assistance of business partners, which is said to have made a strong impression on the victims of the disaster.

Starting Point for Creation of New Value

Corporate Philosophy and Our History

2023

Current Status of
YUASA TRADING Group
FY2022 Results

Net sales **¥523.875 billion**
[¥504.806 billion]

Ordinary profit **¥15.382 billion**

ROE **10.8%**

Total payout ratio **67.0%** (includes share buybacks)

2026

(360th anniversary of the company's founding)

YUASA VISION 360 (Long-term Vision)
FY2025 Plan

¥600 billion
[¥576 billion]

¥20 billion

11.8%

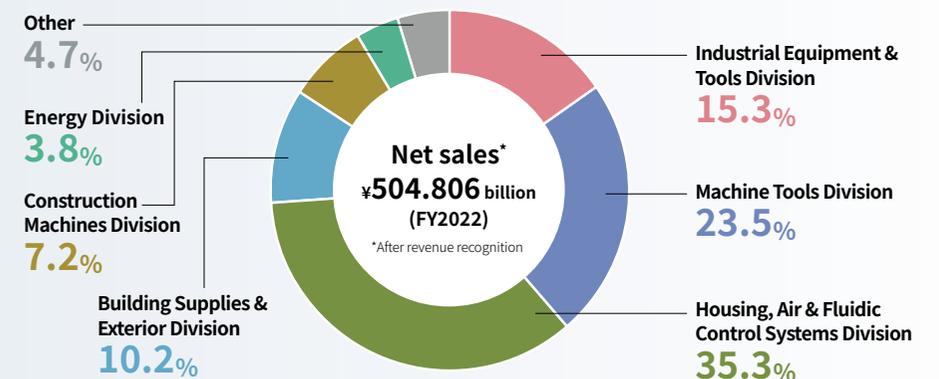
At least 33.0%

* Net sales figures in brackets are after revenue recognition.

YUASA TRADING Group Network (as of March 31, 2023)

Domestic	Overseas	
31 sites	23 sites	in 10 countries
Group companies in Japan		23 companies
Group companies overseas		12 companies

Share of Total Sales Held by Each Segment



Starting Point for Creation of New Value

Message from the President

Completing YUASA VISION 360, Which Has Our Corporate Philosophies as the Starting Point



Hiroyuki Tamura

Representative Director,
President & CEO

The Three Corporate Philosophies That Connect Our History to the Future

The YUASA TRADING Group has implemented three-year, Medium-term Management Plans since 2017. These plans, entitled Growing Together, are part of our long-term vision, YUASA VISION 360 that extends to 2026, the 360th anniversary of our founding. The third Medium-term Management Plan, Growing Together 2026, was launched in 2023 and represents the harvesting (reaping) stage of YUASA VISION 360.

Discussion for this third Medium-term Management Plan began with the idea of putting our three long-standing corporate philosophies of Honesty and Trust, Enterprise and Innovation, and Regard for the Individual at the center of the plan. Looking at all three mid-term management plans together and sorting out the Group's strengths and challenges, the more I think about it, the more I am convinced that these three philosophies must remain as they are.

Through the Honesty and Trust that we have cultivated over the years, the Group has built a strong integrated network of some 6,000 major suppliers and 20,000 major sales partners. In addition, the philosophy of Enterprise and Innovation is necessary for the promotion of TSUNAGU innovation, which is the basis of our latest Medium-term Management Plan (see the figure on the right). Previously, we took product out or market in approaches, with the manufacturing side playing the leading role, but the Group is now promoting a business transformation to a market out approach, in which the market serves in the leading role. To achieve this transformation, it is essential that we be enterprising in catching wind of what consumers and society need as soon as possible and be innovative in developing products and services in cooperation with manufacturers based on that information.

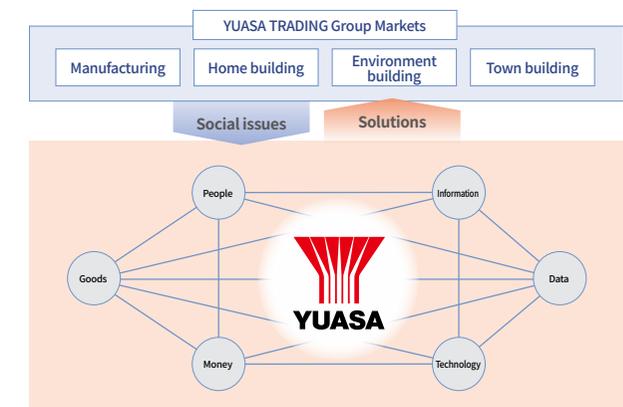
Regard for the Individual must also be a pillar for our

Group.

Recent changes in the social environment have diversified means of communication, with telecommuting and online conferencing becoming prevalent. We believe that strong human ties and networks are the source of our competitiveness. While flexibly employing the latest technologies, we intend to develop our business by placing importance on face-to-face communication with our business partners. I believe that communication connecting people and thoughts eventually leads to respect for the individual and contributes to enhanced customer satisfaction and employee prosperity.

These three core philosophies have shaped our history to date and represent the Group's strengths, and I have reaffirmed my determination that it is my responsibility to pass them into the future.

TSUNAGU Innovation Model P.16



- 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"
- Establish a business model with a market out approach

Starting Point for Creation of New Value

Message from the President

Recap of Growing Together 2023

Facing Challenges and Aiming for Further Growth

For the previous Medium-term Management Plan, Growing Together 2023, targets of ¥545.0 billion* for consolidated net sales and ¥16.4 billion for consolidated ordinary profit were set, but these targets were revised downward to ¥510.0 billion* and ¥14.5 billion due to the COVID-19 pandemic. Although both net sales and net profit exceeded the revised targets for FY2022 (April 1, 2022-March 31, 2023), they fell short of the original targets for net sales, ordinary profit, and growth investments.

In terms of growth strategies, the Eco & Energy Solution Business (currently Green Business) showed particular growth. In recent years, carbon neutrality has become a major theme globally; our Group was an early pioneer in tackling this issue and has implemented carbon neutrality into our various business models. In Japan, we are already achieving significant results with a carbon-neutral proposal using our original energy visualization system (YES-net) and a composite proposal that encompasses solar power generation, storage batteries, and Vehicle-to-Home (V2H). [P.35](#) In overseas, we have held seminars on carbon neutrality under the Joint Crediting Mechanism (JCM), a bilateral carbon credit system for reducing greenhouse gases in developing countries. These seminars were held in Thailand, Vietnam, Indonesia, the Philippines, Mexico, and Malaysia, to great success. We intend to continue to actively expand our domestically cultivated expertise in environmental solutions to overseas markets.

Our Robot (AI) & IoT Business (currently Digital Business) is performing well. The population decline in Japan due to an aged population with fewer children is expected to cause ongoing labor shortages in various industries such as the upcoming 2024 truck driver shortage for the logistics industry. In the industrial field, the Group is developing

automation and labor-saving businesses that utilize AI, IoT, and other technologies. In the future, we intend to take these automation and labor-saving solutions from the manufacturing field and expand and deploy them in the areas of home building and town building.

On the other hand, our biggest challenge is our Overseas Business. As I will explain in more detail later, I believe that our Overseas Business has great growth potential depending on how we think about turning challenges into strengths. We would like to expand our Overseas Business by demonstrating our total coordination skills similar to those of our businesses in Japan, instead of developing specific divisions as we have done in the past.

Business Transformation in Growing Together 2026

Initiatives to Enhance Profitability and Growth Potential

For Growing Together 2026, we are promoting the TSUNAGU innovation model to solve social issues by connecting people, goods, money, information, data, and technology, expanding the Group's strengths into growth markets under the business banners of Overseas, Green, and Digital. The quantitative targets for FY2025 are consolidated net sales of ¥600 billion* and consolidated ordinary profit of ¥20 billion.

To achieve these targets, we are engaged in a business transformation, are developing our existing business partner network, and are expanding our business domains both domestically and internationally.

Two major pillars of the Group's business transformation efforts are improving profitability and growth.

For profitability, we are developing new products with new and novel products through TSUNAGU innovation to solve social issues faced by our business partners as well as



increase the Group's profitability. We have introduced more than 20 TSUNAGU solutions to the world since the previous Medium-term Management Plan. We were able to achieve this because of the Growing Strategy Division, which was established in April 2020 to promote growth businesses across sales divisions. The Group's strength of leveraging total coordination skills has led to the creation of new, novel value-added solutions. Some of these solutions are patent-pending, which is unusual for a trading company.

With respect to how to accelerate this, I believe that the ideal situation is for our Group's sales representatives to take the lead in identifying market trends and work together with the Growing Strategy Division to create TSUNAGU innovations. Such efforts have been gradually coming to fruition since the second half of the previous Medium-term Management Plan, and we hope to add many examples into the future. We have also changed our thinking about recruiting. In the past, we hired mostly experienced salespeople, but we are now hiring people with different kinds of occupational backgrounds to join us. Because the needs of the market are diversifying, so is the content of our work. We would therefore like to have people with a variety of backgrounds join our company to share their wisdom and promote TSUNAGU innovation by absorbing new needs from

*Before revenue recognition

Starting Point for Creation of New Value

Message from the President

the frontlines.

Next, with regard to growth potential, we will promote nine growth strategies by dividing them into three segments to be promoted across the company and six target markets and challenge areas to be promoted by specific business areas/organizations (see figure on the right). [P.17, 31](#)

The original growth strategies were promoted by all divisions in order to gather a wide range of information and explore business opportunities. Because a certain level of information was gathered in the first two Medium-term Management Plans, Growing Together 2020 and Growing Together 2023, the three years of the final Medium-term Management Plan, Growing Together 2026, have been divided into two categories, areas to focus on across the entire company (the same as in the past) and leading organizations or areas that will spearhead business efforts.



Our growth strategy is to expand our core businesses but also to spin new products and services cultivated in our core businesses into new markets. In FY2025, we plan to achieve significant growth, with total sales of ¥286 billion, or approximately 48% of total sales, coming from our growth strategies.

Development of Interactive and Cross-Industry Platforms

In terms of market development, we will develop new and growing markets created through TSUNAGU innovation using an interactive and cross-industry platform. This will be done both domestically and internationally.

Specifically, having understood market needs, we will communicate those needs to our suppliers and work with them to plan and develop products and services, and provide them to the market (interactive platform).

When it is difficult for a single supplier to create a product on its own, we will create new added value by connecting the technologies and skills of different suppliers in different industries (cross-industry platform) and supply it to our sales partners. Organic linking of these technologies will support the invigoration of our Group network and help expand our business both domestically and internationally. [P.18](#)

To date, some of the Group's overseas offices have carried on their operation within the business scope of the specific divisions. For example, if the Machine Tools Division has offices in Thailand or Indonesia, these offices would only sell machine tools. Looking to the future, we will locate multiple divisions in our local subsidiary in Thailand to demonstrate our total coordination skills there as a "mini-YUASA." Furthermore, we will expand such efforts horizontally to other countries such as India.

Our overseas markets have great potential, but at the same time, we face fierce competition from foreign-affiliated and locally capitalized companies. I hope that our young employees in particular will be aware of this situation and choose to step in and boldly take on the challenge.

Starting Point for Creation of New Value

Message from the President

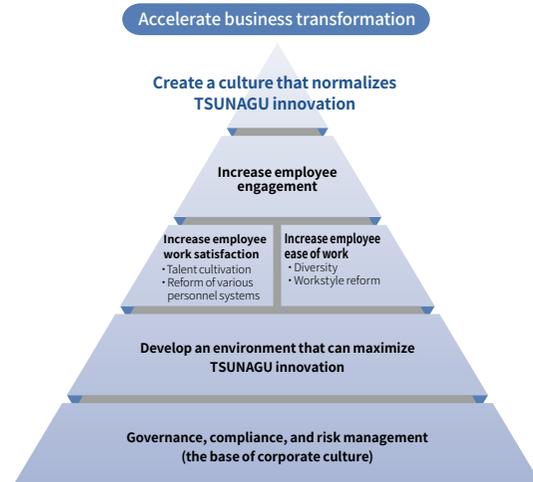
Three Measures to Support Our Business Transformation

Foster a Corporate Culture in Which TSUNAGU Innovation Has Become the Norm

Growing Together 2026 sets out three pillars that will support our business transformation: Corporate Culture Reform, DX Promotion, and Sustainability Promotion.

Management, including myself, in this rapidly changing world feel a strong sense of urgency about how we can connect the history of the company to the future. Conversely, certain parts of the company are reluctant to accept change because of previous successes—I believe this must be changed. I have therefore positioned Corporate Culture Reform first and foremost in the new Medium-term Management Plan.

Overall Picture of Corporate Culture Reform P.44



As a concrete measure toward reforming corporate culture, we have been holding roundtable meetings around Japan with employees to ensure they all clearly understand the new Medium-term Management Plan. At these meetings, I personally explain how the company is changing and why it must do so.

Another measure is YUASA PRIDE, a project for personnel reforms from March 2023 in which all employees are participating. We have also decided to construct a new headquarters as a measure to create an environment that facilitates changes under the banner keywords of “Total Coordination Skills,” “Challenging Spirit,” and “Communication.” By bringing together all the Group companies scattered throughout the Tokyo metropolitan area into one location, we intend to further enhance our total coordination skills by stimulating communication among Group employees.

Strengthening Our Management Foundations through the Promotion of DX and Sustainability

In terms of promoting digital transformation (DX), we are building a data utilization infrastructure to address the issue of data siloing that has been present within the Group. In order for all employees to understand the importance of building data and the critical importance of that data to the Group in the future, we will conduct DX training for all employees, including myself and other management-level staff.

For the promotion of sustainability, we have poured all of our beliefs into our October 2021 Sustainability Declaration. We are also working on action plans according to the materiality (key issues) in each of our businesses. In terms of diversity promotion, a female Outside Audit & Supervisory Board member was appointed in June 2023, bringing the number of female directors to two. We also intend to improve corporate governance by utilizing diverse perspectives, including those of corporate executives and those with management experience.

To Our Stakeholders

Maximizing Corporate Value

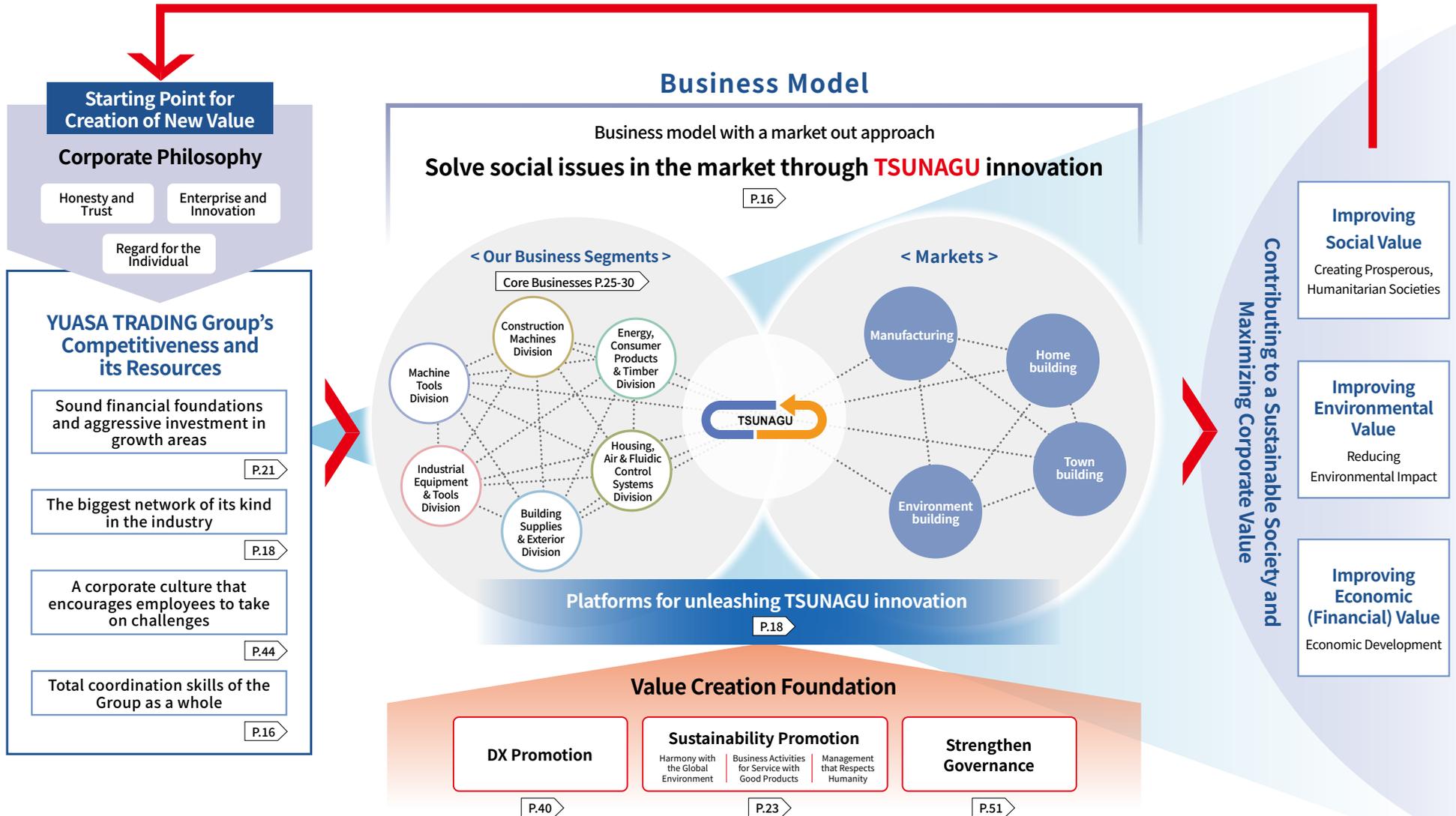
The Group has positioned the stable return of profits to shareholders as one of its most important management policies, and we are continuing to aim for a total payout ratio of 33% or higher. In FY2022, the total payout ratio to shareholders return was a high, at 67.0%, partly due to a buyback of treasury shares. Moreover, from FY2023, we have set a dividend on equity (DOE) of at least 3.5% as a new indicator.

We will continue to maximize corporate value by proactively disclosing information and conducting IR activities to further improve our stock price, as well as aggressively invest in our growth strategy, DX, and other business areas. We look forward to your continued support.

Starting Point for Creation of New 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.



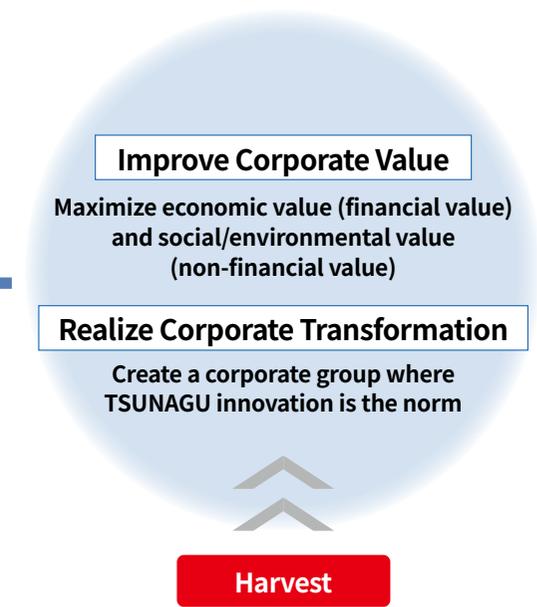
Strategies to Maximize Value Creation

Long-term Vision and Medium-term Management Plan

Positioning of Long-term Vision and Medium-term Management Plan

The YUASA TRADING is celebrating its 360th anniversary in 2026, and in 2017, the Group established the YUASA VISION 360, and summarized our efforts to enhance corporate value and achieve a corporate transformation in our three-year medium-term management plan, “Growing Together.” Growing Together 2026, which began in April 2023, represents the harvest stage for the achievement of YUASA VISION 360.

By promoting business models that aim to resolve social issues in manufacturing, home building, environment building, and town building, and becoming a company in which TSUNAGU innovation is normalized, we aim to improve corporate value both in terms of social and environmental value.



Growing Together 2026

2023 3rd Stage
(April 2023 - March 2026)

Aim to improve corporate value by proposing businesses

< Core Measures >

- Business transformation **P.15**
 - Improving profitability through TSUNAGU innovation
 - Developing our strengths in growing markets
 - Developing our business partner network
- Strengthening management foundations **P.21**
 - Corporate culture reform, DX promotion, Sustainability promotion
 - Strengthening Group Governance

2020 2nd Stage
(April 2020 - March 2023)

Cultivation

Growing Together 2023

Build a sustainable management foundation based on “Total Coordination Skills,” “Challenging Spirit” and “Communication”

< Core Measures Implemented >

- Rolled out TSUNAGU solutions to solve social issues
- Launched full-scale operation of carbon-neutrality promotion business in environmental area
- Established cross-departmental organization (Growing Strategy Division) to demonstrate total coordination skills
- Launched project for promotion of DX
- Started initiatives for announcing and realizing Sustainability Declaration

2021 From October 2021 **Sustainability Declaration** **P.23**

2017 1st Stage
(April 2017 - March 2020)

Foundation building

Growing Together 2020

Corporate culture reform to discover growth areas and exercise total coordination skills

< Core Measures Implemented >

- Strengthened sales to local companies in overseas business
- Concluded capital and business alliance with connectome.design inc. (AI consultant)
- Strengthened interdepartmental cooperation by implementing a regional block system
- Fostered a corporate culture of challenge (implemented internal FA system, internal recruitment system, and challenging project system)

YUASA VISION 360 Where the Group should be in March 2026

Corporate Philosophy Honesty and Trust, Enterprise and Innovation, and Regard for the Individual

Strategies to Maximize Value Creation

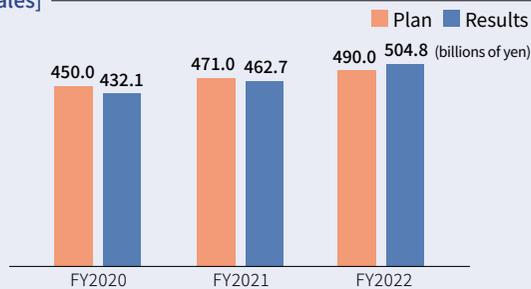
Long-term Vision and Medium-term Management Plan

Review of the Medium-term Management Plan

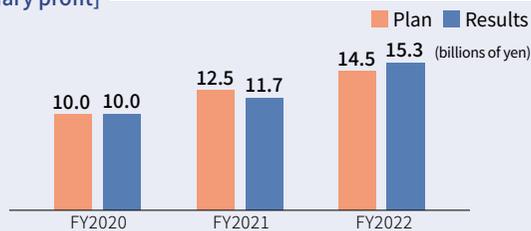
2nd Stage

Growing Together 2023

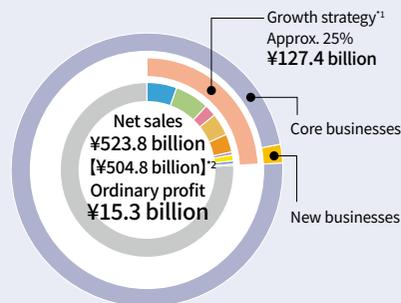
[Net sales]



[Ordinary profit]



■ FY2022



¹ The breakdown inside the graph corresponds to the color coding of the growth strategies on P.12.

² Net sales figures in brackets are after revenue recognition.

Growing Together 2023 Summary

Main Initiatives

In Growing Together 2023, the second stage of YUASA VISION 360, we aim to evolve into a “TSUNAGU” Service Integrated Shosha Group with a basic policy of strengthening our growth strategy, core business strategy, and management foundation. Specifically, we regard the resolution of social issues as a growth business, and focus on the development and commercialization of new products and services in collaboration with our own companies and other companies, and have put forward various plans for climate change measures, automation, labor saving, and the like. Based on our Sustainability Declaration, we are promoting carbon neutrality for the entire Group and also stepping up efforts to help build a sustainable society such as our domestic forest maintenance activities in Japan, which have been certified under the J-Credit Scheme.

Results

Net sales for FY2022 were ¥504.8 billion, an increase of approximately 9% over the previous year. Operating income, ordinary profit, and net income all increased, marking FY2022 as a record high. From April 2020 to March 2023, business activities overseas were largely restricted due to the impact of COVID-19. The percentage of growth strategy fields increased to around 25%, contributing to the expansion of business performance.

Ongoing Topics

The final stage of the YUASA VISION 360 is the Growing Together 2026 Medium-term Management Plan, which continues to address the following matters.

- 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 developing DX talent
- Promoting sustainability management

Strategies to Maximize Value Creation

Long-term Vision and Medium-term Management Plan

Review of the Medium-term Management Plan

Overview of Growth Strategy

The overall growth strategy set out in the plan was not achieved, but growth of about 20% for FY2019 was achieved, serving as a driver of growth for the performance of the entire Group.

(All amounts are units of billion yen)

Growth Strategy	FY2019 Results	FY2022 Plan	FY2022 Results	Growth from FY2019	Summary
Overseas Business	36.4	74.0	29.8	-18.1%	<ul style="list-style-type: none"> ● Sales and investment activities were restricted due to impact of COVID-19 ● Launched new business expansion with focus on making Thailand local subsidiary an integrated entity
Eco & Energy Solution Business (currently Green Business)	21.9	28.0	34.0	+55.3%	<ul style="list-style-type: none"> ● Carbon-neutrality proposals through use of YES-net ● Promoted sales that combined solar power generation, storage batteries, and V2H ● Promoted JCM (Joint Crediting Mechanism) proposals
Robot (AI) & IoT Business (currently Digital Business)	6.5	17.0	11.7	+80.0%	<ul style="list-style-type: none"> ● Promoted AI solutions with connectome.design inc. ● Developed original robot products such as “Robo Combo” robot system
Resilience & Security Business	20.8	33.0	21.5	+3.4%	<ul style="list-style-type: none"> ● Promoted development of TSUNAGU solution products (e.g., aluminum privacy fence YACHIBEI®, bollard with flooding sensor “KIZUKI MIRAI”)
New Distribution Business	12.7	19.0	17.7	+39.4%	<ul style="list-style-type: none"> ● Expanded e-commerce transactions on Growing Navi site ● Enhanced products posted on Growing Navi site
Long-term Care & Medical Business	5.2	8.0	5.8	+11.5%	<ul style="list-style-type: none"> ● Promoted proposals for measures to combat infectious disease targeting long-term care and medical facilities ● Rolled out remote pre-fabricated ICU wards for developing countries
Food Equipment Business	-	8.0	2.9	-	<ul style="list-style-type: none"> ● Concentrated efforts on original products through FOOMA (Food Processing Technology EXPO), etc., but fell short of plan ● Original product development (device for detecting contaminants in beverages, rewritable laser system, etc.)
Agriculture Process Business	1.9	5.0	2.1	+10.5%	<ul style="list-style-type: none"> ● Promoted proposals for original animal feed mixing machine (Appenki) ● Promoted development of transportation system for harvesting work ● Promoted proposals for UV-B fluorescent lamps for immuno-stimulation of crops
Sharing Business	-	5.0	1.9	-	<ul style="list-style-type: none"> ● No progress in event rental business due to impact of COVID-19 ● Launched agricultural equipment and operator sharing business ● Launched online rental business “Kariru Net”
Growth Strategy—Total	105.4	197.0	127.4	+20.9%	

Strategies to Maximize Value Creation

Long-term Vision and Medium-term Management Plan

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

Priority Measures

Business Transformation	Toward a Highly Profitable Business Model P.16 Through TSUNAGU innovation, we will work together with our business partners to solve social issues and form highly profitable businesses.
	Deployment of Growth Strategy P.31 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 P.18 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 P.44 We will foster a corporate culture that has normalized TSUNAGU innovation through the means of personnel reforms, environment building, and strengthened governance.
	DX Promotion P.40 To promote business transformation, we will build a data utilization infrastructure, develop DX talent, reform operational processes, and create innovation.
	Sustainability Promotion P.23 In line with our Sustainability Declaration, we will contribute to a sustainable society both in terms of our Group and our businesses.

Recognition of Issues

Ongoing Issues from the Previous Medium-term Management Plan	Business Transformation to a Market Out Approach
<ul style="list-style-type: none"> 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 developing DX talent Promoting sustainability management 	<ul style="list-style-type: none"> Improving profitability by promoting TSUNAGU solution proposals that solve social issues Creating new markets and promoting growth strategies Market creation and deployment through existing trading networks Strengthening the management foundation, reforming the corporate culture, and promoting sustainability to realize transformation

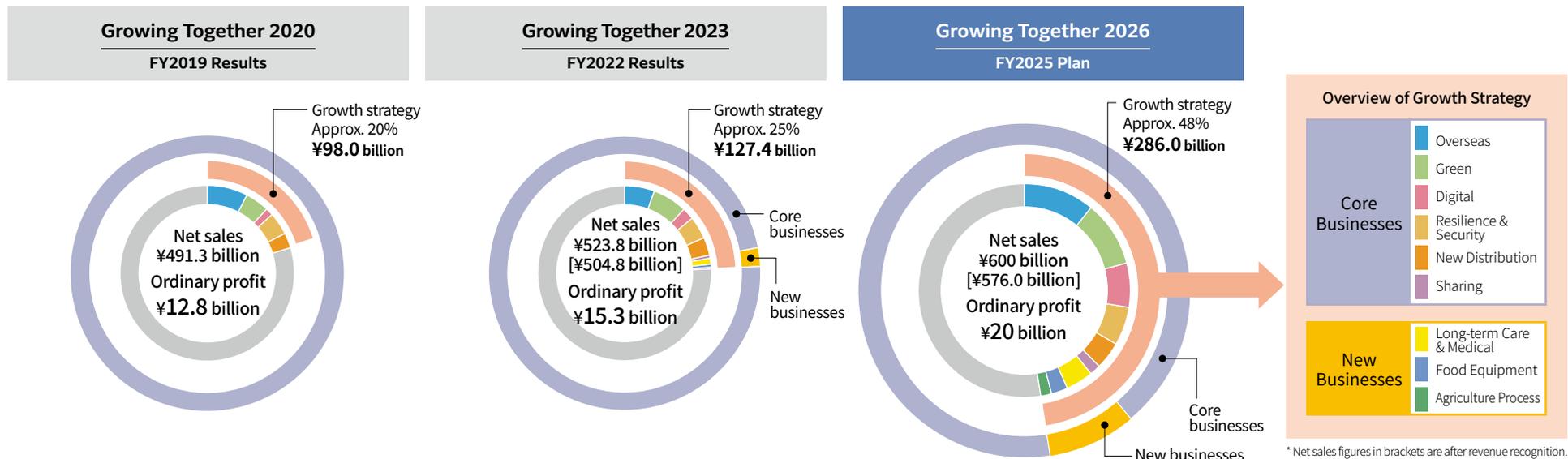
Strategies to Maximize Value Creation

Long-term Vision and Medium-term Management Plan

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

Scale of YUASA VISION 360 and Transitioning Our Growth Strategy

For the third stage of YUASA VISION 360, we aim to achieve consolidated net sales of ¥600 billion and consolidated ordinary profit of ¥20 billion.



Financial KPIs

Item	FY2022 Results	FY2025 Plan
Net sales* ¹	504.8	576.0
Operating profit	14.5	19.0
Ordinary profit	15.3	20.0
Ordinary profit to net sales ratio	3.0%	3.4%
Adjusted net income before tax	10.0	13.2
Return on equity (ROE)	10.8%	11.8%
Total payout ratio* ²	67.0%	At least 33%
Dividend on equity (DOE)	3.4%	At least 3.5%

*¹ Net sales after revenue recognition.

*² Total payout ratio results for FY2022 include ¥3.7 billion used for purchase of treasury shares.

Non-financial KPIs*³

Item	FY2022 Results	FY2025 Plan
CO ₂ emissions (Scope 1&2)	6,682t-CO ₂	30% reduction (compared with FY2022)
Percentage of female managers	1.9%	3.0%
Percentage of female employees in comprehensive work position	4.2%	6.0%
Percentage of employed females in comprehensive work position	10.3%	12.0%
Percentage of male employee taking childcare leave and leave for the purpose of childcare	78.1%	90.0%
Percentage of taking paid leave	62.8%	70.0%
Average hours of labor	1,955 hours	1,920 hours
Managerial talent cultivation (number of training program participants: total)	84 persons	370 persons
Digital talent cultivation (successful candidates from our original program)	-	IT talent* ⁴ : 600 persons DX talent* ⁵ : 40 persons

*³ Of the non-financial KPIs, all indicators except CO₂ emissions are for YUASA TRADING (non-consolidated).

*⁴ Personnel who can utilize IT tools and digital technologies in their own work and carry out digital measures.

*⁵ Personnel who utilize the results of data analysis and formulate and promote new plans based on specialized knowledge of marketing and management strategies.

Strategies to Maximize Value Creation

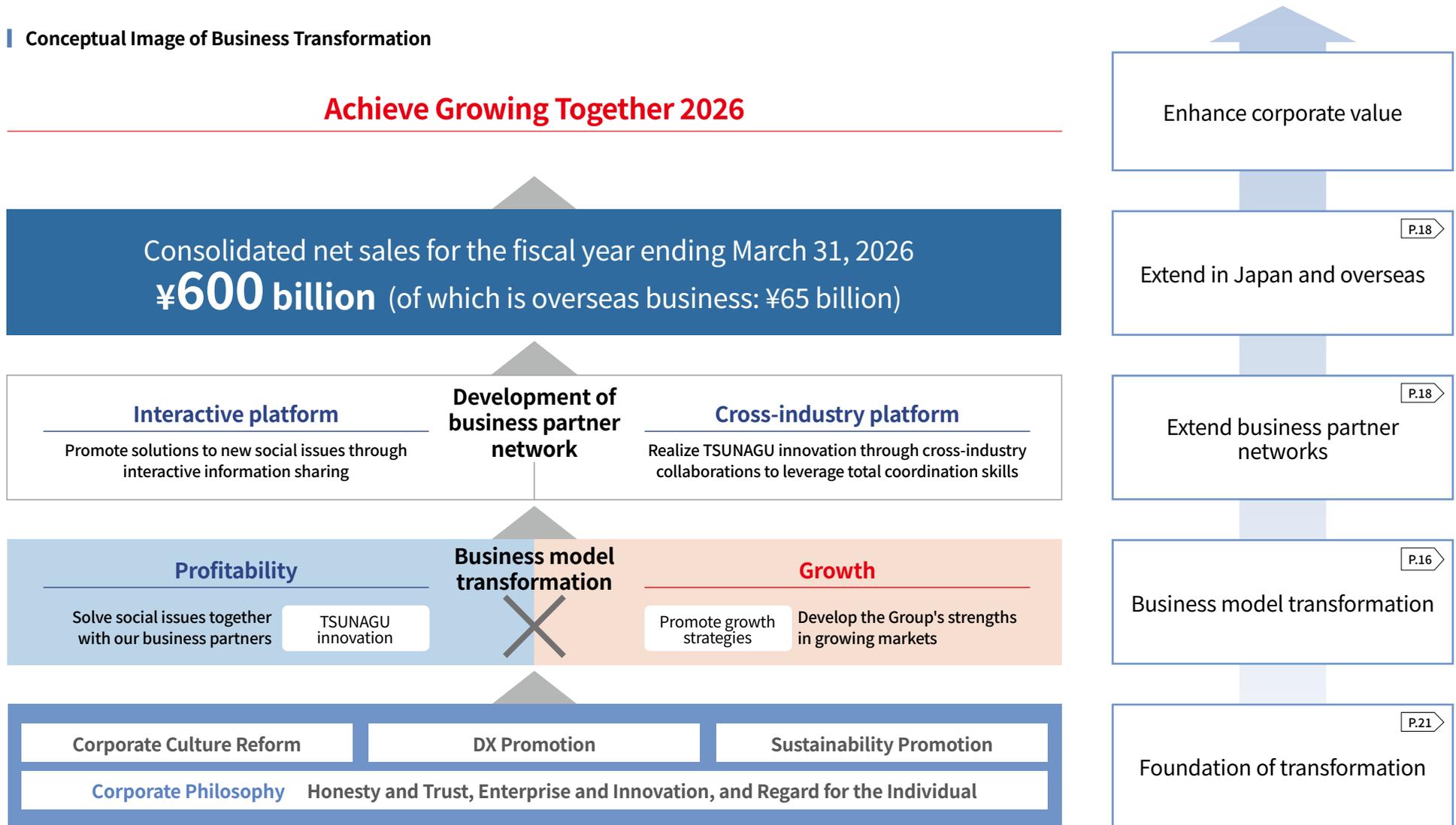
Business Transformation

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



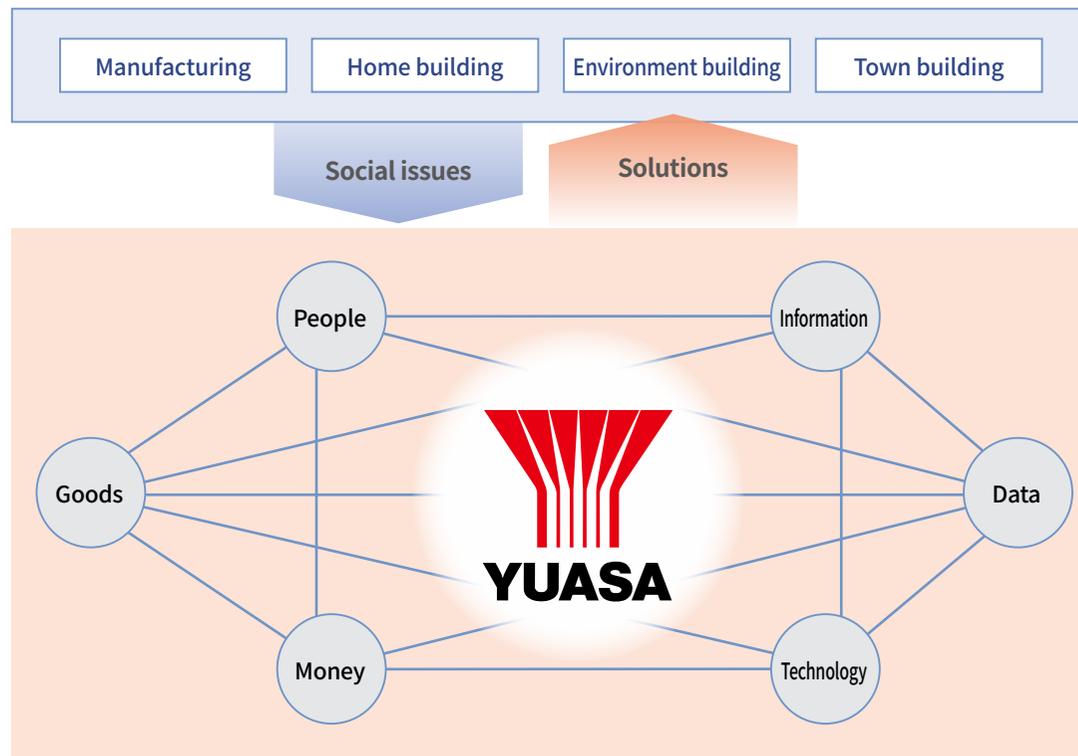
Strategies to Maximize Value Creation

Business Transformation

Business Model Transformation: Shift to More Profitable Business Model

We are creating a high valued-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 Business 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

Topics

Examples of TSUNAGU solutions

The KIZUKI MIRAI Bollard with flood sensor can be delivered quickly to locations with frequent flood damage



冠水検知通信システム
KIZUKI MIRAI ボラード
キヅキミライ ボラード

The KIZUKI MIRAI Bollard at Izu-Kogen in Ito City, Shizuoka Prefecture (installed August 2022)

The KIZUKI MIRAI Bollard serves as a countermeasure against flood damage from typhoons and torrential rains. Installed beside roads and other familiar places in low-lying areas, these bollards can quickly detect flooding.

This product was developed in cooperation with exterior manufacturer Sunpole Co., Ltd. (Hiroshima Prefecture) and OYO Corporation, a geological survey company headquartered in Tokyo. As Japan experiences frequent natural disasters, flood damage is a pressing issue that requires countermeasures. However, the high number of rivers throughout the country makes developing a monitoring system a burden in terms of time and costs.

To solve this issue, it is possible to build a wide-area and precise flood monitoring network by installing flood sensors on bollards, which are already well established as part of the infrastructure in Japan.

Strategies to Maximize Value Creation

Business Transformation

Business Transformation: Develop into a Growth Strategy

Promoting Growth Strategy

This growth strategy consists of projects to expand core businesses and developing new businesses for growth in new markets, aiming to achieve sales of ¥286 billion, or approximately 48% of total sales, by FY2025.

We will promote our growth strategy by deploying the strengths we have cultivated in our core businesses and aggressively investing.

Positioning of Growth Strategy and Core Businesses



Sales Targets by Growth Strategy for FY 2025



Businesses promoted by whole company **Target markets and challenge areas promoted on an area or organizational basis**

Projects to expand core businesses: ¥235 billion

New businesses: ¥51 billion

Growth strategy total: ¥286 billion for FY2025

Strategies to Maximize Value Creation

Business Transformation

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 at five locations across Japan

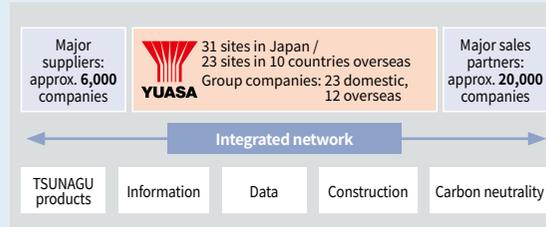


With a 45-year history, our “Grand Fair” is the Group’s largest promotional event for leveraging our integrated network. Grand Fairs are held annually in five regions (Kanto, Kansai, Chubu, Tohoku, and Kyushu). These events serve not only as a venue to secure sales but also to create new business opportunities. In 2023 Grand Fairs are scheduled from July to September, with an expected 50,000 visitors.

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 Grand Fairs are scheduled from July to September, with an expected 50,000 visitors.

Interactive Platforms

Create new business by capturing market needs and sharing information and knowhow with customers



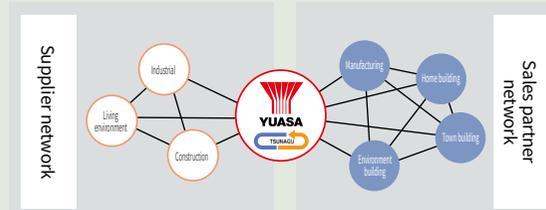
Solution for utilization of idle facilities development and deployment of the Garage Golf system

Garage Golf combines the products, technologies, and ideas of YUASA TRADING and manufacturers to address the phenomenon of idle/unused facilities through the enjoyment of simulated golf.



Cross-Industry Platforms

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



Development and deployment of gateposts with V2H device and delivery boxes P.35



Strategies to Maximize Value Creation

Interview with Outside Directors

We spoke with the YUASA TRADING Group outside directors about the Growing Together 2026 Medium-term Management Plan.



Investing in business resources cultivated in our core businesses and applying them overseas as well as TSUNAGU innovation

Shinzo Maeda
Outside Director

I believe this plan is well-anchored in changes to social conditions and the market environment. A good point about the plan is the aggressive investment of business resources into our core businesses and leveraging our strengths to expand areas of business growth. Among these growth strategies, the one that most draws my attention is overseas business development, which I believe is very important.

Japan's future population decline will create a tendency toward shrinking markets. As such, it will be very important to build a strong and stable presence in overseas markets. We will make the "mini-YUASA" we have established in Thailand succeed as a way of demonstrating the total coordination skills of the Group. I believe this initiative will determine the success or failure of our future overseas expansion. The key to overseas success will be the people; those engaged in management and sales overseas need to understand the YUASA TRADING Group corporate philosophy and management strategies. I believe the "Grand Fair" exhibition in Japan is a unique business development method, and I would very much like to see business development in Thailand lead to a successful Grand Fair there. If the percentage of overseas sales can exceed 30%, then employee awareness will change and a culture of thinking about business from a global perspective will be created. As is true in Japan, global expansion is not possible without diversity. It is necessary to consider cultures, religions, legal systems and the like when developing our business overseas.

The promotion of TSUNAGU innovation is also a strategy that demonstrates the strength of a well-developed business partner network for our core businesses. However, the axis of assessment for the products and solutions developed by companies has shifted in recent years. Simply contributing to the sales and profits of certain customers is not enough; customers have started to select products and solutions in line from various perspectives such as product background and processes, degree of social contribution and consideration for the environment. Through the TSUNAGU innovation, I hope the Group continues providing value to society, which makes us the reason to be chosen by people.



Measures to increase the value we provide and expand the markets we supply

Kyosuke Kimura
Outside Director

Taking into account the current and future business environment, it can be assessed that the measures taken by the YUASA TRADING Group to improve its corporate value are comprehensive. Of these various measures, the most commendable is that the Group is increasing the value it provides and expanding the markets it supplies.

I believe that many stakeholders were under the impression that we are an industrial machinery trading company focused on the domestic market. As such, it would be difficult for stakeholders to fully assess the existing value and growth potential of the Group. No matter how stable the operating cash flow is, the image of business development in a limited market would seem somewhat unattractive.

Today, we are gradually breaking away from such pre-conception. I feel that our stakeholders have come to recognize the value that results from the connecting (TSUNAGU) that leverages the Group's network-building over more than 350 years of doing business. The Medium-term Management Plan calls for a business transformation from a product out to a market out approach, and the promotion of TSUNAGU innovation and growth strategies; I believe this approach will increase the value provided by the YUASA TRADING Group and expand markets that demand such value.

This promotion of TSUNAGU innovation is a continuation from the previous Medium-term Management Plan, and I hope to see it further accelerated. It doesn't matter how niche an innovation is—if stakeholders recognize that we are deeply involved in such matters, and if they understand the value we provide and the breadth of the market, then I believe that profitability will follow.

Also, it is human resources that drive these changes. I believe that if YUASA TRADING Group employees hone their sense of integrated product-services and effectively utilize the intellectual property that has been created, it will lead to an increase in corporate value. In promoting overseas strategies, it will be necessary to instill the corporate philosophy and Medium-term Management Plan among locally hired human resources. I hope the Group will continue to place importance on investing in human resources.

Strategies to Maximize Value Creation

Interview with Outside Directors

Having welcomed two new outside directors, we spoke with them about the Group's Medium-term Management Plan, Growing Together 2026.



Strengthening human resources development and environment building that leverages our business partner network

Yoshiro Hirai

Outside Director

Newly appointed

It is my great pleasure to join the Board of Directors.

For more than 350 years, the YUASA TRADING Group has been in tune with changes in the world, but in recent years the pace of change has rapidly accelerated. While it is of course important to preserve good and necessary traditions, I believe it is also essential to be able to respond quickly and flexibly to drastic changes. I hope to contribute to a strong foundation that can support pioneering for a new future and an environment in which employees can work with vigor and vitality.

In terms of the Medium-term Management Plan and recognizing the issues to be addressed to improve corporate value, I believe that the YUASA TRADING Group's focus on a business transformation from a product out to a market out approach is appropriate in light of the times and changes in the market. I believe the Group's greatest asset and strength is its network of business partners. How we choose to leverage this extensive network will be vital, but it is none other than employees who can make this a success. To this end, the question then becomes how actively employees can approach their own work—it is important to not just passively do one's work but to also take an interest in it.

Creating new value by associating various events is much more difficult than one might imagine. Making connections among unlimited possibilities and solving the issues of business partners and the market will require an even greater ability to imagine and implement than before. The key here is to develop human resources and build an environment that allows them to flourish. To do all of this, it is therefore vital to reform the corporate culture, including the fostering of human resources.

YUASA values include having a "Challenging Spirit," and I believe it is important for management-level and higher employees to first change their own behaviors. If upper levels set a good example of a challenging spirit in action, that attitude will spread throughout the company.



Sustainability and competitiveness through enhanced risk management

Miki Mitsunari

Outside Director

Newly appointed

I am very pleased and humbled to be appointed to the Board of Directors.

I have been associated with the YUASA TRADING Group since its Sustainability Declaration announcement in October 2021, and I find it to be a very dynamic organization. With a diverse range of business partners, products, and services, there are many areas with growth potential. I believe that in order to create new innovation, it is important to have a vibrant and enjoyable workplace. In the future, I will fully support the moves toward being a company that is not only carbon neutral but also one where employees find it a joy to work, where business partners are happy, and where innovation happens.

In terms of the Medium-term Management Plan, I think that an overall good balance has been achieved with the strategy of further expanding existing business and working in new fields that are less susceptible to economic circumstances. Without solid profits generated from existing businesses, we cannot invest in new solutions. Moreover, enhancing profitability with TSUNAGU innovation requires abilities and knowledge to coordinate both sides of the TSUNAGU equation. For this reason, I can greatly appreciate the measures everyone is taking to improve the internal environment so employees can demonstrate their total coordination skills. In the future, I hope to see the employees working on these efforts set goals and have a sense of accomplishment when they achieve those goals, and I look forward to a corporate culture in which employees can feel even more fulfilled in their work.

From the perspective of sustainability promotion, it has become very important to further enhance risk management infrastructure to ensure transaction security. In particular, there is a need to increase transparency throughout the value chain. Since the Group will handle a great amount of data, I would like to see the YUASA TRADING Group improve its competitiveness by properly and appropriately disclosing business transaction information through means such as digital transformation (DX).

Strategies to Maximize Value Creation

Message from the Supervisory Manager of Management Administration

Aiming for Sustainable Growth Based on Our Corporate Philosophy



Haruo Sanoki

Representative Director, Senior Managing Director
Supervisory Manager of Management Administration

Strengthening Our Management Foundations for Sustainable Growth

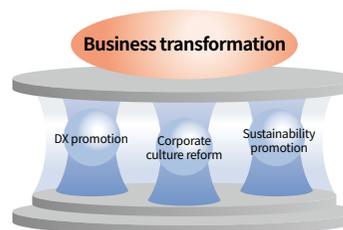
I believe that the role of management administration is to build systems and foundations for maximizing corporate value. For sustainable business development, it is essential to strengthen the management foundations for human resources, infrastructure, compliance, and governance. Each one of the three-year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

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

Three Measures to Support Our Business Transformation

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

Three Measures to Support Our Business Transformation (Overview)



Corporate Culture Reform

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

P.44

DX Promotion

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

P.40

Sustainability Promotion

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

P.23

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

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

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

Strategies to Maximize Value Creation

Message from the Supervisory Manager of Management Administration

Maximize Corporate Value

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

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

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



Investment Policy for Strengthening Growth Strategies

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

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

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

Investment Policy for Growing Together 2026

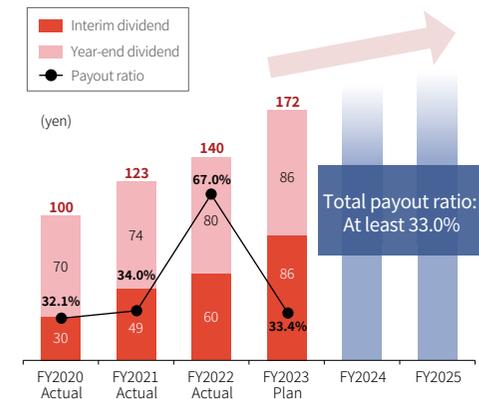
		Growing Together 2026	
Investment		Plan	Details
Growth Strategy Investment	Overseas Business	¥6.0 bn	<ul style="list-style-type: none"> M&A investment Thailand reinforcement investments Product and service development investments <ul style="list-style-type: none"> TSUNAGU innovation development Function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

Total Payout Ratio to Shareholders

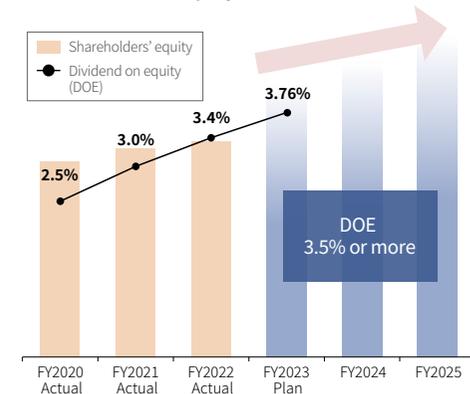
As to our shareholder payout policy, we have set a new KPI for a dividend on equity (DOE) of 3.5% or higher, while maintaining a shareholder payout ratio of 33% or higher based on stable dividend payments, as in the past.

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

Trends in Dividend Per Share and Payout Ratio



Trend in Dividend on Equity (DOE)



Strategies to Maximize Value Creation

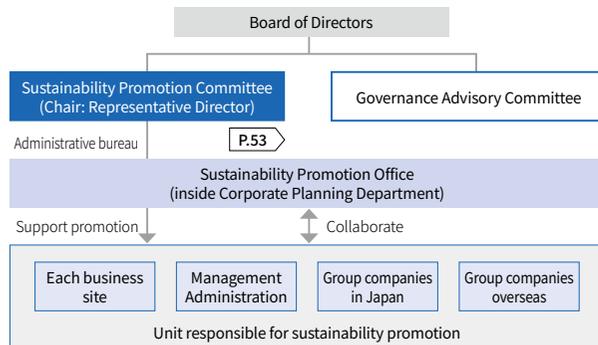
Promoting Sustainability Management

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

Governance

The YUASA TRADING Group has established the Sustainability Promotion Committee in order to promote management that contributes to sustainability. The committee 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



Strategy

Based on our corporate philosophy of “Honesty and Trust,” “Enterprise and Innovation” and “Regard for the Individual,” we published our Sustainability Declaration in October 2021 to further evolve the management foundation which has been passed down for over 350 years. We will continue to actively contribute to the further development of prosperous, humanitarian societies and creation of sustainable societies through our corporate activities by valuing mutually beneficial, symbiotic relationships in all countries and regions of the world, with a focus on maintaining harmony with the global environment.

Risk Management

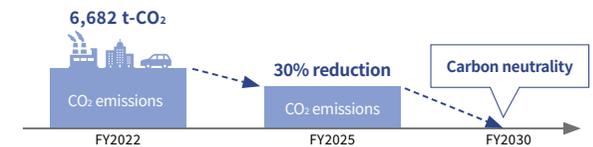
With regard to overall risk management for sustainability, including climate change, the Risk Management Supervisory Manager, each of the committees (Ethics and Compliance Committee, Internal Control Committee, Environmental and Resilience Committee, etc.), and the Sustainability Promotion Committee 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.

Sustainability Declaration and Materiality

Sustainability Declaration	Harmony with the Global Environment	Business Activities for Service with Good Products	Management that Respects Humanity
Materiality	Respond to climate change (realize a resilient society)	Realize a safe and secure society through service with good products	Promote health management and comfortable working environments for the 400th anniversary of the founding of the company
	Contribute to decarbonization of society through energy creation and saving know-how	Support sustainable manufacturing, home building, environment building, and town building	Promote diversity (women, foreign nationals, experienced mid-career hires)
	Support cyclical society (rental and sharing)	Create co-creation value – “TSUNAGU”	Enhance education and training (strengthen human resource capabilities)
	Lower environmental impact through company activities	Promote Digital Business	
			Strengthen relationship with business partners (strengthen DX and logistics promotion in and outside the company)

Main Initiatives in Growing Together 2026

- We will reduce CO₂ emissions 30% by March 2026 (compared with FY2022)
 *Target for Scope 1 and 2 emissions of the Group



- Initiatives to reduce Scope 3 CO₂ emissions
- Promotion of businesses that solve social issues (e.g., carbon-neutral promotion business, Resilience & Security business)
- Inform stakeholders of our transaction policy and human rights policy
- Promotion of corporate culture reform projects (YUASA PRIDE project, office environment building)

Business Strategy for Realizing Business Transformation

Core Businesses

Messages from the Headquarters General Managers

Business Overview for FY2022 and Vision

Industrial Market Headquarters

(Industrial Equipment & Tools Division and Machine Tools Division)

Mamoru Hamayasu

Director,
Chief General Manager of Industrial Market Headquarters



Aiming to Realize Factory Automation Based on “Digital” and “Green”

The Industrial Market Headquarters contributes to “monozukuri” in Japan and around the world by selling machine tools and general factory equipment and delivering cutting-edge technology for tools, industrial equipment and machinery, control equipment, and logistics equipment to manufacturing sites in Japan, China, the rest of Asia, and North America.

In FY2022, we achieved sales and profit growth. This was the result of focusing our efforts on sales of products related to automation and rationalization of production sites to help realize factory automation and updating of obsolete equipment making use of various subsidies, in addition to sales of high-precision processing machinery in order to improve competitiveness.

Looking at the domestic and overseas markets, sales of multi-task machines are increasing in Japan as the decline in the working age population becomes a significant problem and demands for labor saving and automation grow. In overseas, there have been negative factors such as surging prices of raw materials due to trade friction between the United States and China and component shortages. However, the increase in large-scale projects for production equipment was greater than the impact from these negative factors.

We will continue to support “monozukuri” in Japan and around the world through our global network that extends worldwide, our know-how in trading we have accumulated to date, and our support system that collaborates in Japan and overseas. In order to support factory automation, we will also provide one-stop proposals for equipment that produces high returns on investment across an entire production line, in addition to driving the carbon neutrality of our business partners through energy-creating and energy-saving products.

Living Environment Market Headquarters

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

Kenichi Tanaka

Senior Managing Director,
Chief General Manager of Living Environment Market Headquarters



Strengthening Functions Leveraging Total Coordination Skills of YUASA TRADING

The Living Environment Market Headquarters provides proposals for improving equipment across a wide range of sectors, including housing equipment, piping products, building air conditioning, and factory utility equipment.

In FY2022, we achieved sales and profit growth despite anticipated delays in deliveries of some products such as water heaters as a result of the global shortage of components. This was the result of working on sales of non-housing products and providing proposals for systems aimed at realizing carbon neutrality.

In the housing sector, amid an anticipated decline in demand for new-build housing due to the low birthrate and aging population, we will continue contributing to the realization of better living by expanding sales of high-functionality, high value-added products. In addition, we will target the renovation market, which is predicted to remain robust, with solutions that leverage the total coordination skills of YUASA TRADING. We will also provide proposals for improving equipment utilizing energy-saving, highly efficient products for buildings in the non-residential sector where carbon neutrality is being called for recently.

Furthermore, in order to strengthen our engineering functions, we will put in place a system that can offer an integrated service from proposal and cost estimate through construction and maintenance across Japan by increasing the number of our construction partners all around the country to build a nationwide construction system, as well as leveraging the strengths of Group companies that specialize in construction.

Construction Market Headquarters

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

Takaomi Omura

Director,
Chief General Manager of Construction Market Headquarters



Aiming to Create New Value by Connecting Different Business Domains

The Construction Market Headquarters consists of the Building Supplies & Exterior Division, which provides integrated support for building materials, landscaping and exterior materials, and civil engineering materials from cost estimates through to construction, the Construction Machines Division, which offers suggestions on cutting-edge industrial rental products and small construction machines for road paving and civil engineering work, the Energy Division, and the Timber Division.

The headquarters aim to identify changing market needs and flexibly offer new lifestyles. In particular, we are the only building materials wholesaler with a nationwide sales network, which is one of our strengths together with the large number of products we handle. In FY2022, we captured steady demand and achieved sales and profit growth despite some remaining delivery delays and other impacts from surging material and energy prices and the semiconductor shortage.

Under the Medium-term Management Plan, we will further expand our construction and road materials sales and construction sales. We will also aim to create new value by expanding into the Thai market and uncovering demand for machine rental and maintenance, in addition to connecting the different business domains of the Group such as sales of timber and the energy business.

Moreover, to prepare for frequent disasters, we will contribute to sustainable urban development thereby creating the future through promotions of businesses that solve social issues such as expanding maintenance of aging infrastructure as well as disaster prevention/mitigation and BCP products, labor-saving solutions for workload and labor saving at construction sites, and product proposals related to the SDGs.

Business Strategy for Realizing Business Transformation

Core Businesses

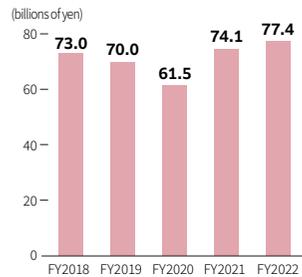
Industrial Market Headquarters

Industrial Equipment & Tools Division



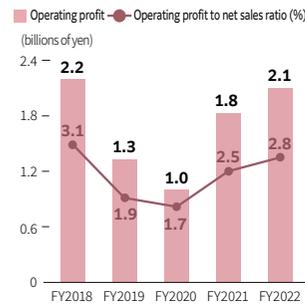
With our industry-leading product lineup and consulting know-how, we promote smart factories at manufacturing sites.

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

- Automobile manufacturing
- Manufacturing industries, including IT and semiconductor manufacturing equipment
- Food manufacturing
- All other manufacturing industries

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 industry by proposing solutions for carbon neutrality
- Exercise TSUNAGU innovation through product development that captures market needs through data analysis

Vision and Related Initiatives

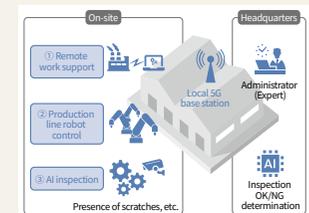
Accurately grasp changes in needs and provide digital solutions to the entire manufacturing line

We are focusing on proposing next-generation network "local 5G* solutions" to solve the problems on productive improvements at manufacturing sites and labor shortages caused by population decline.

By constructing a large-capacity, high-security 5G system unique to the field and connecting a variety of ICT devices, we will provide one-stop solutions for the realization of factory automation, such as remote work support by skilled workers, remote management and control of equipment, predictive maintenance combined with high-performance AI, and visual inspection.

In addition, in response to changes in the industrial structure, including efforts to reduce CO₂ and the spread of EVs, we will accurately grasp the needs of the market and contribute to solving problems at manufacturing sites through the development and proposal of products and systems that lead to the provision of environmentally-friendly solutions and the reduction of manufacturing costs.

* A fifth-generation mobile communication system that can be built by various users such as local companies and local governments "on their own premises," "with their own investment," and "exclusively for their own company."



Key local 5G use cases that are often consulted by manufacturing customers

Business Strategy for Realizing Business Transformation

Core Businesses

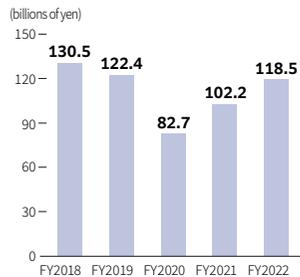
Industrial Market Headquarters

Machine Tools Division

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

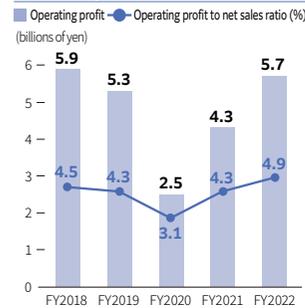


Net sales



* 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 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
- Expand handling of peripheral equipment in the pre- and post-processing processes such as parts inspection and measurement

Promote automation and labor saving at manufacturing sites

- Develop derivative products of Robo Combo, our original product
- Develop solutions equipped with automatic setting of processing conditions and preventive maintenance functions using AI
- Promote sales of energy-saving and energy-generating equipment, improvement of factory environments (air conditioning and dust collection), and reduction of power consumption (visualization of electricity)
- Build DX solution (subscription) services for manufacturing

Vision and Related Initiatives

Total proposals that can only be made by our Group, which handles all machines, tools, and peripheral equipment

In order to improve the processing environment at manufacturing sites, we have developed a system that can stably process parts of materials such as ceramics and silicon (brittle materials) required in the semiconductor field by connecting the microfibrillation equipment "Bub Power 2," precision filtration equipment, and high-precision AE sensors with machine tools. Our goal is to contribute to customers' carbon neutrality efforts by maximizing the performance of machine tools, stabilizing machining quality, and reducing machine maintenance and consumable purchase costs. In addition, we will solve problems in the manufacturing industry with a total proposal from our company that handles all machines, tools, and peripheral equipment, such as AI-based processing fluid degradation management and verification to optimize processing conditions with sensing technology.



"Bub Power 2" and microfibrillation equipment



Prolongs the life of processing and cleaning fluids

Processing environment solution introduction video
<https://youtu.be/l8oe1XIQ8AQ>



Business Strategy for Realizing Business Transformation

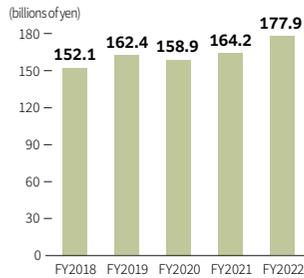
Core Businesses

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 and subcontractors
- 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 ● 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

Measures in Medium-term Management Plan

Expand functionality of existing businesses

- Strengthen and expand engineering capabilities/solution sales
- 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

We support the creation of sustainable “home building” and “environment building” by proposing solutions

Our strength lies in our energy-saving proposals and our ability to sell high-efficiency products. In order to promote carbon neutrality, we propose upgrading various facilities such as homes, office buildings, hospitals, and schools to high-efficiency equipment using energy-saving subsidies.

We have also launched the Renous Project to support companies working to maintain and improve the asset value of both residential and non-residential buildings in response to social issues such as the increasing vacancy rate, which has become increasingly serious in recent years. This project not only provides products but also provides study sessions, technical training, and business improvement proposals for suppliers wishing to enter the renewal market. We are also promoting the use of digital technology, including an app utilizing MR* technology and a construction management system. Going forward, we will continue to offer energy-saving proposals, new product development, and material processing proposals utilizing the Group’s total coordination skills in the renewal market, which is expected to continue to be strong.

* MR: Abbreviation for mixed reality, which is a technology that combines the real world with virtual reality.



Skill development app utilizing MR technology

Business Strategy for Realizing Business Transformation

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



* 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.

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

Category	Key Points
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

In addition to creating new lifestyles, we will become a business entity that specializes in products that solve social and environmental issues

In recent years, lifestyles have been changing due to various factors such as the spread of diverse work styles and the use of information technology. As one of the initiatives to respond to such diversifying needs, the Group is proposing new ways to utilize spaces and products. For example, "Garage Golf" [\[P.18\]](#), which developed a new use for garages, is one of them. Going forward, we will leverage our leading exterior sales capabilities in Japan to strengthen our expansion not only in the domestic market but also overseas. In Thailand and other countries, the spread of the exterior seen in Japanese houses is still underway, so we will create an exterior culture similar to that of Japan and develop new markets overseas.

In addition, we will work to further expand sales of resilience and security measures and products and services that solve social issues. SAI-GATE (pictured to the right), which can automate the management of vehicles entering and leaving factories, warehouses, construction sites, etc. using AI image recognition, will not only strengthen security, but also contribute to solving the coming problem in the logistics industry in 2024, as our original labor-saving solution.



SAI-GATE, an authentication system that authenticates license plates with a camera and automatically opens gates

Business Strategy for Realizing Business Transformation

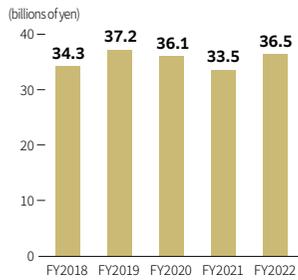
Core Businesses

Construction Market Headquarters Construction Machines Division

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

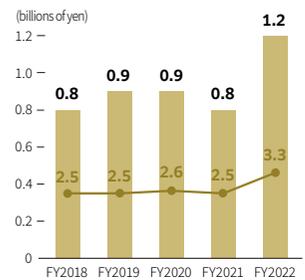


Net sales



* 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

- 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
- Service industry such as event companies

Business environment analysis

Category	Details
Strengths	<ul style="list-style-type: none"> ● Nationwide network based on rental company associations (YRA) ● Used construction machine sales (YUMAC) business ● 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 ● IoT, ICT and AI utilization 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"> ● Delays in delivery of construction equipment due to shortage of semiconductors ● Demand fluctuations due to decrease in working population ● Entry of overseas construction equipment manufacturers ● Decrease in public works

Measures in Medium-term Management Plan

Promote sale of high value-added products

- Expand sales of construction machinery and tools that lead to reduced workload and labor saving at worksites
- Propose products that contribute to CO₂ reduction (electric work vehicles, etc.)
- Propose solutions to visualize greenhouse gas emissions
- Develop on-site safety products

Further expansion of sales partners and sales opportunities

- Propose IoT, ICT, and AI utilization solutions
- Expand sales network to rental companies
- Propose productivity improvement solutions using subsidies

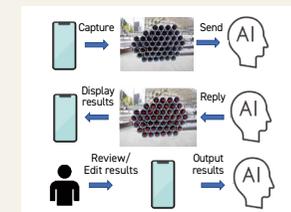
Vision and Related Initiatives

By utilizing our procurement and sales network, we will promote “Integrated Product-Service” through product development and the development of new markets

Our ability to develop products and procure products that meet various social needs are our major strengths. For example, in the area of resilience measures, we developed our original flood prevention package called “TSUNAGU BCP Package” to address disaster prevention and mitigation. In terms of environmental measures, we have developed a system that can visualize CO₂ emissions from heavy construction machinery and equipment, and provide it to construction sites. We are also working to develop labor-saving solutions for workload using digital technologies, such as a quantity management system for temporary materials using AI-based image recognition (pictured to the right), to improve the working environment at construction sites.

In addition, we have concluded an exclusive agency agreement with Spanish construction equipment manufacturer AUSA in Japan. AUSA’s four-wheel-drive tire-type forklift has excellent maneuverability and mobility, contributing to improved productivity in rough terrain work in the civil engineering and agricultural fields.

Going forward, we will continue to work to solve new social issues by connecting (TSUNAGU) our various solution networks.



Automatic material counting system that utilizes AI-based image recognition technology

Business Strategy for Realizing Business Transformation

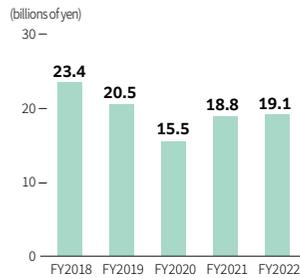
Core Businesses

Energy Division

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

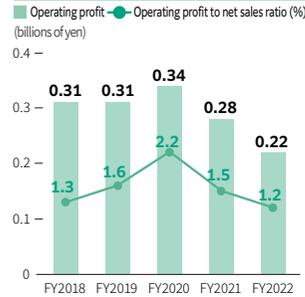


Net sales



* 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

- Sale of petroleum products

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

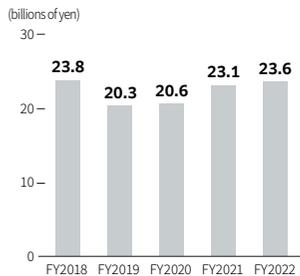
- Enhanced car maintenance
- Expanded installation of EV chargers
- Expanded services to reduce environmental impact, such as eco-vehicle inspections
- Provision of car leasing
- Regional platformization (insurance agency business, smartphone repair, etc.)

Other (Consumer Products & Timber) Divisions

We will propose products that support a sustainable lifestyle.

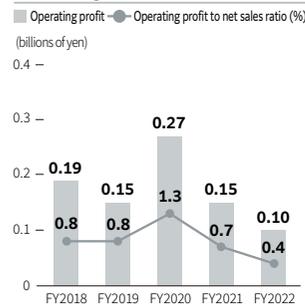


Net sales



* 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

- 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
- Timber: Building material wholesalers and building material manufacturers

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

Timber: Utilize Group network

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

Business Strategy for Realizing Business Transformation

Growth Strategy

Growth Strategy

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.”

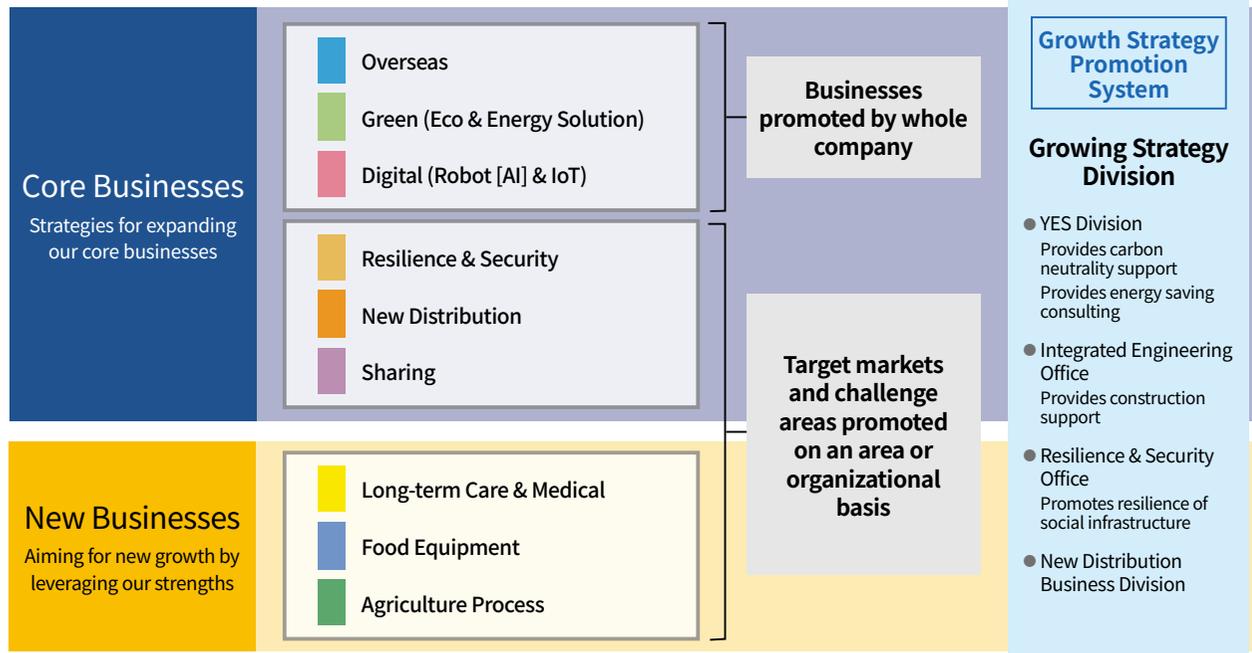
Led by the Growing Strategy Division, which engages in promotion of the growth strategy across divisions, we will work to solve social issues in the market through TSUNAGU innovation, demonstrating the total coordination skills of the YUASA TRADING Group.

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.



Yutaka Mihara
Executive Officer,
General Manager of Growing Strategy
Division

Overview of Growth Strategy



Promotion of Business Based on a Market Out Approach to be Growth Strategy Driver

The Growing Strategy Division was launched in 2020 as the organization to drive horizontal promotion of growth strategy, including at Group companies. The Growing Strategy Division is made up of the YES (YUASA Environment Solution) Division, a dedicated energy saving consulting team, the New Distribution Business Division, which creates future businesses, the Integrated Engineering Office, a technical group with many personnel with construction-related qualifications, and the Resilience & Security Office, which promotes the resilience of social infrastructure.

The Growing Strategy Division with its specialized knowledge, works across the Group making it possible to provide new solutions in the nine growth strategy areas expected to grow as businesses that solve social issues. In addition, another major roles of the Growing Strategy Division is nurturing the many new business proposals from employees every year into businesses.

We will continue striving to further expand business and solve social issues by proposing solutions that are possible only by YUASA TRADING Group.

Business Strategy for Realizing Business Transformation

Growth Strategy

Overseas Business

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



Issues to Be Addressed by the Group

Further growth in demand is expected for industry, urban development, and infrastructure in emerging countries, but environmentally conscious development as a social issue also needs to be addressed.

Demonstrating the Group's Strengths

We will expand our overseas business by leveraging the procurement capabilities the YUASA TRADING Group has cultivated for the manufacturing, home building, environment building, and town building to provide total support.

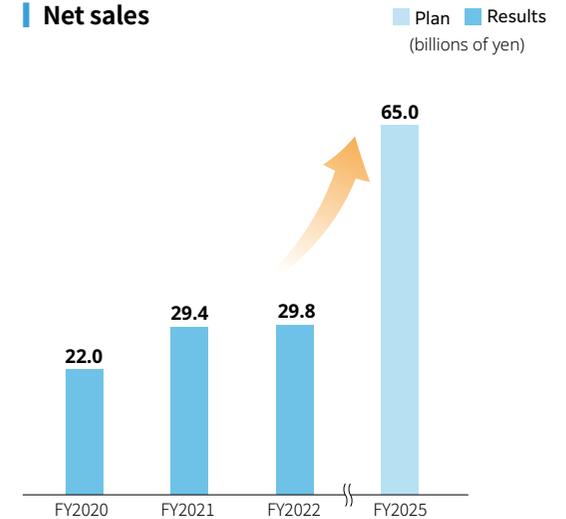
We will also contribute to the formation of a sustainable society by promoting businesses that solve social issues such as carbon neutrality, automation and reduced workloads, and resilience and security.

Medium-term Management Plan Strategy to Accelerate Growth

Under “Growing Together 2026,” we have positioned Thailand to be a priority target for the Group and will strengthen our investments and initiatives there.

In recent years, Thailand has been industrializing at a rapid pace, increasing its presence as an important manufacturing base for ASEAN. The Group has already established two local subsidiaries in the industrial and housing environment fields and we will newly enter the construction fields (in the area of construction materials and construction machinery), integrating all of them to become a “mini-YUASA” similar to YUASA TRADING in Japan by strengthening its functions as a comprehensive base. This “mini-YUASA” model will also be horizontally deployed in India to promote overseas business development by leveraging our total coordination skills.

Net sales



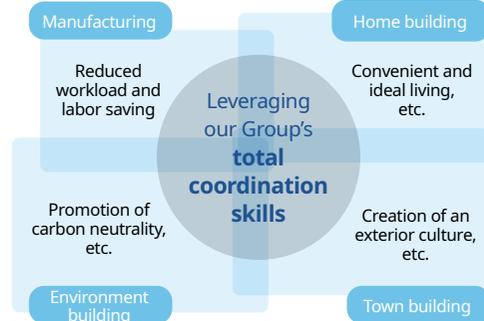
Topics

Thailand mini-YUASA project and our first overseas Grand Fair

The focus in Thailand will be to develop a “mini-YUASA” with trading company functions in multiple fields, similar to those of YUASA in Japan. As part of this effort, preparations are underway to consolidate the bases of the two existing local subsidiaries to establish a new office aimed at enhancing future functionality. This new office will also serve as a showroom for our products and will be a space where we can propose convenient and comfortable lifestyles and a place where people can experience solutions for solving social issues.

We also plan to hold our first overseas “Grand Fair,” which is our largest promotional event, at the Bangkok International Trade and Exhibition Center (BITEC) in Thailand in 2025. This will be our first time holding the Grand Fair overseas, and we are making preparations for the success of this event as the first step in establishing our overseas promotions.

Business Development Image



Bangkok International Trade and Exhibition Center (BITEC), where the Grand Fair will take place



Business Strategy for Realizing Business Transformation

Growth Strategy

Green Business

Provides customers with support for carbon neutrality through one-stop solutions.



Issues to Be Addressed by the Group

For climate change issues such as global warming, there is a growing need to reduce CO₂ emissions throughout the entire supply chain, including overseas. There is also a growing need for carbon neutral initiatives for our suppliers involved in manufacturing, home building, environment building, and town building.

Demonstrating the Group's Strengths

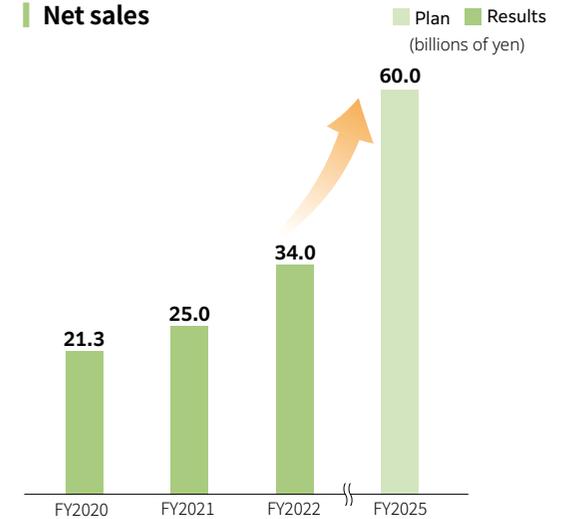
We have a dedicated energy conservation consulting arm called YES (YUASA Environment Solution) to support our business partners in their efforts to be carbon neutral, providing advanced proposals based on our years of expertise providing environmental solutions.

Medium-term Management Plan Strategy to Accelerate Growth

We will leverage the advantages of having a broad network to hold briefings on the introduction of energy-saving equipment and to communicate information about subsidies, and utilize the YES consulting functions to support business partners nationwide that are aiming for carbon neutrality. In addition, we will further promote our current CO₂ emissions visualization solution business for customers in the construction industry by utilizing IT technologies such as cloud computing and IoT.

We will contribute to solving social issues in terms of both goods and services by developing and discovering environmentally friendly, high value-added commercial materials and creating new solutions by connecting supplier manufacturers with superior technologies.

Net sales



Topics Carbon-neutral proposals for all industries and sectors and the subsidy utilization

All industries and sectors are now seeking to achieve carbon neutrality, and the Group makes cross-divisional and cross-departmental proposals for this purpose. In addition to proposals for the products in which each division excels, such as high-efficiency manufacturing equipment, we also specialize in implementing air conditioning and renewable energy equipment for all industries in support of carbon neutrality regardless of industry or sector. We also provide support for equipment installation via subsidies, having a solid record of accomplishment for adopting and introducing such equipment throughout Japan. We aim to further expand our Green Business activities with our years of expertise in this area.

One-stop Solutions Using Subsidies

In addition to our rich selection of products and engineering functions, we support our business partners in energy conservation and carbon neutral efforts by providing one-stop solutions that cover the proposal and selection of the most appropriate subsidies, through to open call applications for those subsidies.



Case Study



Through the Industrial Equipment & Tools Division, we proposed and installed a photovoltaic power generation system on the rooftop of a nursing home. We are promoting carbon neutrality among our business partners regardless of division.

A 178.2 kW photovoltaic power generation system was installed using a subsidy from the Ministry of the Environment. The subsidy covered approximately 20% of the installation cost, thus supporting the introduction of renewable energy with a low initial cost.

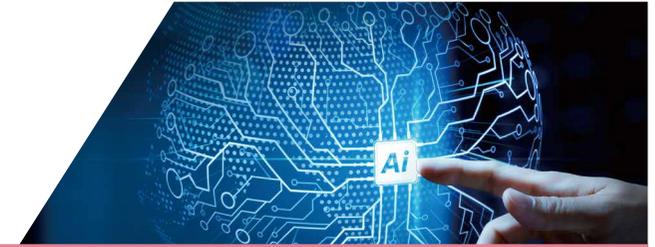


Business Strategy for Realizing Business Transformation

Growth Strategy

Digital Business

Provides support to solve workplace issues through the promotion of robotics AI, and IoT.



Issues to Be Addressed by the Group

Working population decline due to demographic changes is an issue common to Japan and other developed countries, especially in terms of manufacturing and construction, which requires improved productivity more than ever before.

Demonstrating the Group's Strengths

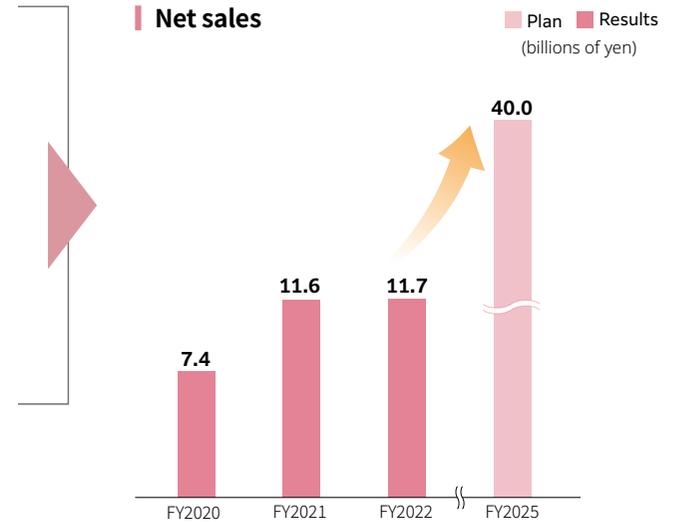
We aim to solve social issues and achieve sustainable development by leveraging our strength of having an AI consulting company (connectome.design inc.) in the Group for introducing digital technologies such as robots, AI, and IoT, and by utilizing our extensive business partner network of 6,000 major suppliers and 20,000 major sales partners in order to achieve sustainable development.

Medium-term Management Plan Strategy to Accelerate Growth

We will strengthen our development of high value-added products and services by promoting reduced workload and labor saving that will help eliminate labor shortages at construction and manufacturing sites.

Under the banner of “enhanced productivity through digital technologies,” we are also developing and providing new solutions that are both operationally efficient and precise, such as an AI contamination inspection device for beverages and an autonomous robot that can sense wet concrete surfaces at construction sites. Such efforts for TSUNAGU connections throughout the Group for all our products and networks will expand proposals and sales opportunities.

Net sales



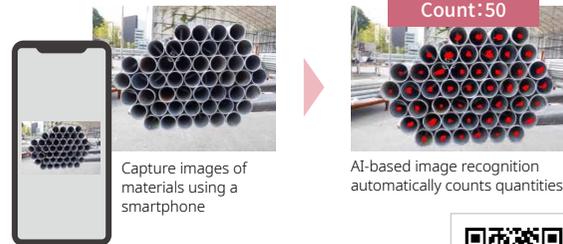
Topics

AI-based image recognition for a scaffolding parts counting and management system

Social Issues and Market Needs

For scaffolding rental companies and at construction sites, workers manually sort and count parts by hand, which is time-consuming and labor-intensive; this results in a low turnover rate for rentals as well as losses due to miscounting.

This counting system uses AI-based image recognition technology to automatic quantities. Automating visual checks using this system significantly reduces workloads, contributing to onsite labor and staffing savings.



Video introducing image recognition quantity management system for scaffolding parts
<https://youtu.be/g3EfiURqO1s>



YUASA TRADING's Role

The counting management system was developed together with connectome.design, an AI solutions provider. YUASA TRADING was involved in the development of this solution to help solve issues faced by our customers such as construction sites and rental material companies and is one of the examples of TSUNAGU innovation that addresses the needs of our business partners.

Future Developments

By further deepening image recognition training, we will increase the number of recognizable patterns and support labor-saving and improvements in efficiency using a quantity control system applicable in various situations, including the 2024 logistics industry problem.

Business Strategy for Realizing Business Transformation

Growth Strategy

Special Feature: Green Business Initiatives



We seek mechanisms that lead to solutions for social issues through new product development and market development.



Development of Gatepost with V2H Equipment and Delivery Box

A V2H* system enables electricity stored in electric vehicles (EVs) to be effectively utilized in the home. V2H equipment has many advantages including a short charging time as well as allowing savings on electricity charges and large capacity storage. However, the equipment gives an artificial feel when installed as is on the exterior of a home. Therefore, incorporating V2H equipment into gateposts (with integrated mail box, home delivery box, and nameplate light) with a wood grain design allowed it to blend in with the surroundings.

This product makes a significant contribution to carbon neutrality on two fronts: reducing redeliveries with a home delivery box and storing/utilizing solar energy through the V2H equipment. We explored how Gatepost with V2H Equipment and Delivery Box was developed in an interview with the three companies involved in the development: NICHICON CORPORATION, TAKASHO CO., LTD., and YUASA TRADING CO., LTD.



We value the uniqueness created by adding innovation.

(Iwasaki, YUASA TRADING)

Developing a Market Driven by Rising Environmental Awareness

■ **Iwasaki (YUASA TRADING):** The Smart Energy Division, which I belong to, originally handled solar power generation and storage batteries. NICHICON was the first company in the world to develop and mass produce V2H equipment. The development of this particular product began when we asked them whether we could expand the equipment into new markets.

■ **Ishikawa (NICHICON):** Our development of stand-alone V2H equipment was triggered by electricity supply shortages due to the Great East Japan Earthquake in 2011. There were planned power outages, and as it was around the time when EVs were starting to appear, automobile manufacturers asked us whether the electricity from EVs could be used elsewhere, which led us to develop V2H equipment. In 2012, we produced and launched the world's first commercially-available product. At present, there is daily media coverage of topics related to



Mr. Hiroshi Suzuki

Group Leader,
Product Design Group 3
TAKASHO CO., LTD.

Mr. Hideaki Ishikawa

Manager, Sales Section of Charging System Sales Department,
Tokyo Sales Office
NICHICON CORPORATION

Takeru Iwasaki

Smart Energy Division
YUASA TRADING CO., LTD.

*V2H: An acronym of Vehicle to Home

Business Strategy for Realizing Business Transformation

Growth Strategy

Special Feature: Green Business Initiatives



It was truly an idea we would never have thought of.

(Ishikawa, NICHICON)

the environment and energy, such as solar power generation, storage batteries, and EVs. Environmental awareness is definitely rising, and I think that products combined with various devices such as gateposts with home delivery boxes and integrated V2H equipment will also draw more attention.

However, we had never thought about this kind of composite product until we heard from YUASA TRADING. We had never worked with a manufacturer like TAKASHO before, so the

creation of this product owes to the connections made by YUASA TRADING. It was truly an idea we would never have thought of.

New Products From Encounters with Different Industries

■ **Iwasaki (YUASA TRADING):** TAKASHO had a longstanding relationship with the Building Material Supplies Division of YUASA TRADING. Functional products such as solar power generation and storage batteries give a rather artificial feel when installed in front of a home. We consulted with TAKASHO to see if we could create a design with more warmth.

■ **Suzuki (TAKASHO):** Our company originally began in landscaping, handling products such as bamboo fences, so our motto is creating gardens, exteriors, and products that help people spend time in the garden. Functional products such as V2H equipment were outside the scope of our expertise, but we have a decorative building material range (Ever Art Board) that comes in 88 colors to meet the needs of customers as much as possible. I think we managed to help the V2H equipment for this product blend into the exterior by carefully selecting the colors to be used from this range and matching the design to create harmony with greenery.

■ **Ishikawa (NICHICON):** We are complete amateurs in relation to design. This collaboration with TAKASHO made me aware of the importance of design.

TSUNAGU Perspective Translated into High Value Added

■ **Iwasaki (YUASA TRADING):** I think that other factors behind the creation of this new product are the increase in contactless deliveries due to logistics issues and the COVID-19 pandemic, as well as an increase in demand for the remodeling of areas due to spending more time at home, including working from home. TAKASHO initially had a gatepost with a home delivery box as a product, so we thought it would be functional if we integrated all of these aspects.

We experienced success in making our ideas into reality by collaborating with two highly specialized manufacturers. Looking at the flow of goods only, the connections we made consist of simply introducing products manufactured by manufacturers to others. However, we are always conscious of the TSUNAGU perspective, including people, goods, and technology, which is the YUASA TRADING value added, and we value the uniqueness created by adding one more innovation to our value added.

I hope we managed to help make a design in harmony with greenery.

(Suzuki, TAKASHO)



Contributing to Social Issues through Gateposts with Home Delivery Boxes and Integrated V2H Equipment

Social Issues to be Addressed	YUASA TRADING's TSUNAGU Innovation	Value Provided to Society
<ul style="list-style-type: none"> Responding to climate change and the associated structural changes in energy demand and supply (proliferation of EVs) Preparing for natural disasters such as earthquakes to increase social resilience 	<ul style="list-style-type: none"> Product development connecting a power storage manufacturer (NICHICON) with an exterior products manufacturer (TAKASHO) Coordination of design and sale as a package based on the TSUNAGU perspective 	<ul style="list-style-type: none"> A practical exterior that leads to utilization of the electricity stored in EVs and promotion of decarbonization The ability to ensure electricity for personal use in a disaster

Business Strategy for Realizing Business Transformation

Growth Strategy

Resilience & Security Business

Connects security technology and BCP know-how to maintain safety and security while continuing business.



Issues to Be Addressed by the Group

Business continuity is becoming an issue in terms of new social challenges such as more severe natural disasters and COVID-19.

Demonstrating the Group's Strengths

To cope with increasingly severe natural disasters, the Group has been proposing combined products and functions. Using the expertise we have cultivated over the years and under the lead of the cross-company Resilience & Security Office, we can make proposals aimed at realizing a safe and secure society.

Medium-term Management Plan Strategy to Accelerate Growth

We will work to solve societal issues from the key perspectives of disaster prevention, disaster mitigation and business continuity plans (BCP).

- Further expand disaster stockpile warehouses
- Develop/deploy earthquake and flood countermeasures with TSUNAGU innovation
- Further expand sales of security commodities

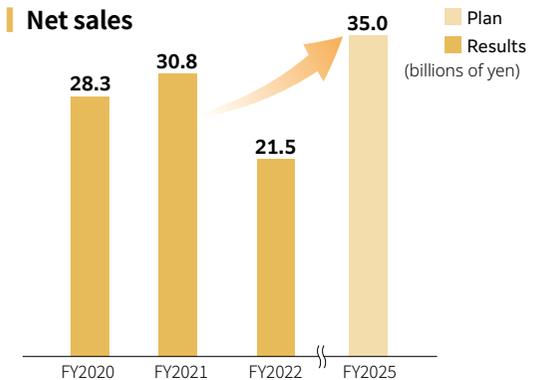
Awards

RISK SAVER, our supply chain visualization system, received the Award for Excellence at the 9th Japan Resilience Awards, sponsored by the Association for Resilience Japan.



P.43

Net sales



New Distribution Business

Expanding our electronic trading business (Growing Navi) together with business partners.



Issues to Be Addressed by the Group

The e-commerce market is growing annually as the digitalization of business continues to evolve, factories and construction companies are increasingly going online for quicker procurement of materials and parts.

Demonstrating the Group's Strengths

Since the late 1980s, we have been developing a VAN* system linked to our suppliers to automate inventory searches and ordering. That knowledge has been utilized in our current Growing Navi site. We have also expanded our logistics functions to enhance the convenience of online purchasing.

* VAN: Value-added network

Medium-term Management Plan Strategy to Accelerate Growth

We are aiming to expand our e-commerce business by connecting our information platforms with business partners.

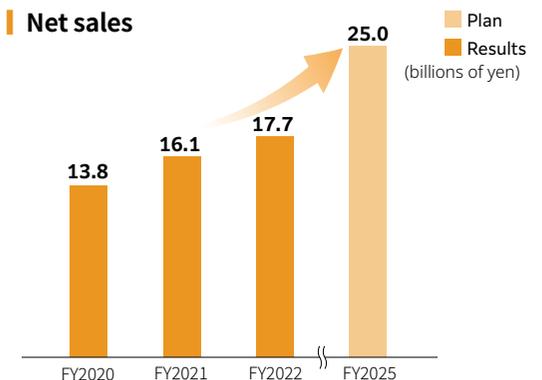
- Enhanced functionality of the Growing Navi site



Growing Navi
<https://www.growingnavi.com/>



Net sales



Business Strategy for Realizing Business Transformation

Growth Strategy

Sharing Business

Aims to carry out sustainable economic activities in response to various market needs.



Issues to Be Addressed by the Group

With an increasing number of consumers that are concerned with the global environment, social contribution and other sustainability matters, there has been a shift from ownership to sharing in various areas.

Demonstrating the Group's Strengths

We promote the effective use of rental assets by maximizing the functions of our Group company, YUASA MACROS CO., LTD., which has one of the industry's largest networks and an abundant product lineup. YUASA MACROS business activities include unit house rentals and event production and management.

Medium-term Management Plan Strategy to Accelerate Growth

We offer a wide-ranging product lineup aligned with market needs for construction sites, various events, and the rental business.

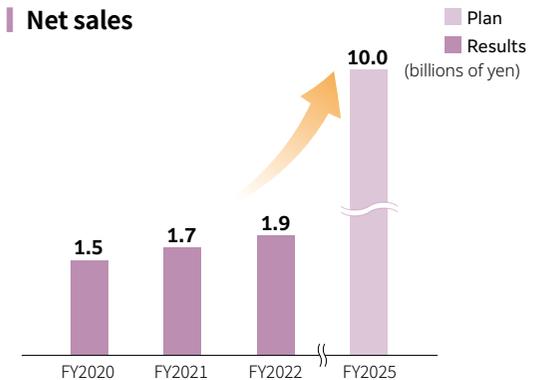
- Propose new space concepts for the event market
- Expand the rental business in terms of areas and scale
- Expand areas for targeting "Kariru Net," an online business for industry and daily life

"Kariru Net," an online rental business for industry and daily life

"Kariru Net"
<https://www.karirunet.com/>



Net sales



Long-term Care & Medical Business

New Businesses

Proposes both hard and soft solutions for comfortable living in an aging society.



Issues to Be Addressed by the Group

The long-term care and medical sectors are faced with various social issues such as an aging society, labor shortages, and disruption of services from infectious disease. The recent rise in electricity prices has also taken a toll.

Demonstrating the Group's Strengths

Making use of our experience with service robots and digital technologies and utilizing the expertise we have developed for carbon neutrality in our existing businesses, we are taking on the challenge of addressing social issues in terms of increased productivity and labor savings, energy conservation, and renewable energy.

Medium-term Management Plan Strategy to Accelerate Growth

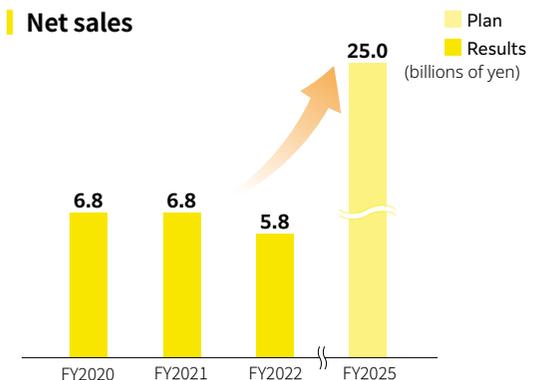
We combine the total coordination skills of the Group to provide support for long-term care and medical facilities.

- Update equipment using subsidies and provide one-stop solutions for implementing renewable energy
- Pioneer new products for the long-term care and medical sectors
- Promote implementation of projects to install remote, pre-fabricated ICU wards

Fuji Quality House (container house) delivered and set up as a ward in 2022 (Republic of Palau)



Net sales



Business Strategy for Realizing Business Transformation

Growth Strategy

Food Equipment Business New Businesses

Promotes complete proposals for optimal facilities and equipment at food factories.



Issues to Be Addressed by the Group

The food manufacturing process has many steps that require human labor, so a major issue for the industry has been slow progress in improving the efficiency because of a lack of human resources as well as production losses, etc.

Demonstrating the Group's Strengths

YUASA TRADING has a specialized team that handles food machinery. The team solves on-site issues by developing and proposing devices to realize smart food factories that are safe and productive, with few losses.

Medium-term Management Plan Strategy to Accelerate Growth

We will strive to further expand sales by leveraging our total coordination skills that address not only machinery and equipment for food factories, but also utilities and air conditioning equipment.

- Develop original equipment through TSUNAGU innovation such as the use of AI technology
- Propose custom products according to on-site demands
- Expand sales of sanitation and safety equipment

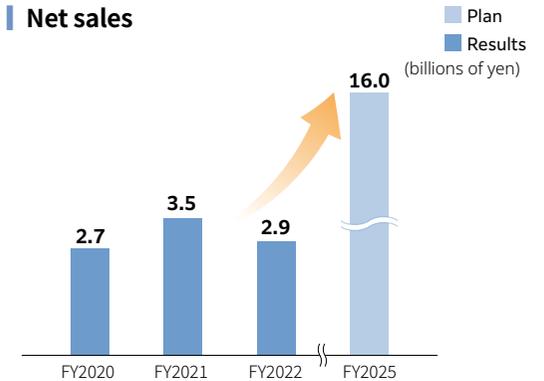


AI contaminant inspection device for beverages
FaiND OUT 2 (AI-based contamination inspection device)

Video introduction for FaiND OUT 2
<https://youtu.be/bzAe25HOoj0>



Net sales



Agriculture Process Business New Businesses

Solves problems for producers and proposes next-generation profitable agriculture.



Issues to Be Addressed by the Group

The agricultural sector has been faced with the problem of a reduced working population due to aging. Moreover, sudden price jumps for production resources is exerting pressure on many farming operations.

Demonstrating the Group's Strengths

We have developed many examples of original agricultural-related equipment by leveraging our strong network of suppliers in a wide variety of fields. We also handle a wide variety of agricultural equipment, so we can also put forward proposals that meet our customers' needs.

Medium-term Management Plan Strategy to Accelerate Growth

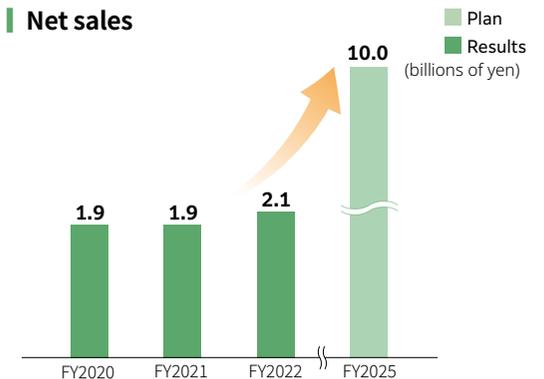
We propose next-generation profitable agriculture that aims to reduce farmer burdens and realize efficient agriculture.

- Develop and propose robots and machinery that support smart agriculture
- Expand the use of used agricultural machinery auctions by leveraging our expertise in used construction machinery
- Expand the use of TSUNAGU solution commodities

We are developing Appenki, our original machine that can stably mix feed for dairy farming using domestically available raw materials rather than using the current standard of imported feed. Appenki is small enough that even small-scale dairy farmers can easily use it in their operations.



Net sales



Value Creation Foundation

DX Promotion

The shift from Single Item Business to Integrated Product-Service.
 We aim to realize a sales strategy with a market out approach utilizing data.



Kaoru Hirose

Senior Executive Officer, Chief Digital Officer,
 ESG Promotion Officer

Importance of DX Promotion and its Place in Business Model Transformation

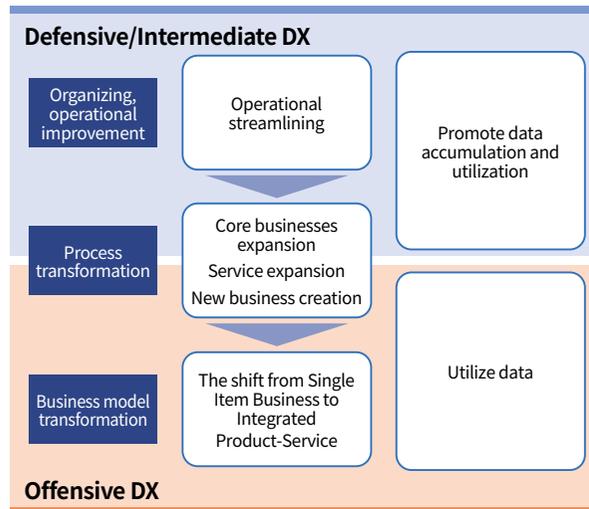
We believe DX promotion is vital for the business model transformation the YUASA TRADING Group is aiming to realize in the shift from single item business to integrated product-service.

Integrated product-service business means that we aggregate and analyze customer and market issues, needs, information, and data to provide TSUNAGU solutions, which combine products, services, and technology, and solve social issues.

In addition, there is an urgent need to reduce operating costs using IT technologies in the core businesses. We would also like to implement measures that can provide useful information using data analysis to YUASA Yamazumi Shareholding Association and YUASA TANKYOKAI.

Due to the nature of its business as a trading company, YUASA TRADING already has in place mechanisms for collecting information from manufacturers and markets. Utilizing DX, we hope to convert this information and YUASA TRADING's unique information into data and anticipate rapidly-changing market needs to realize a sales strategy with a market out approach that solves social issues through new mechanisms and solutions.

Overview of Our DX Promotion



Current Issues and Development

The current issue within the Group is that information is dispersed and master data management is not in place. This decentralization of information is because there are too many different, independent systems.

With the renewal of the core system scheduled for May 2025, we will aim to centralize management of information and strengthen the Group's management foundations.

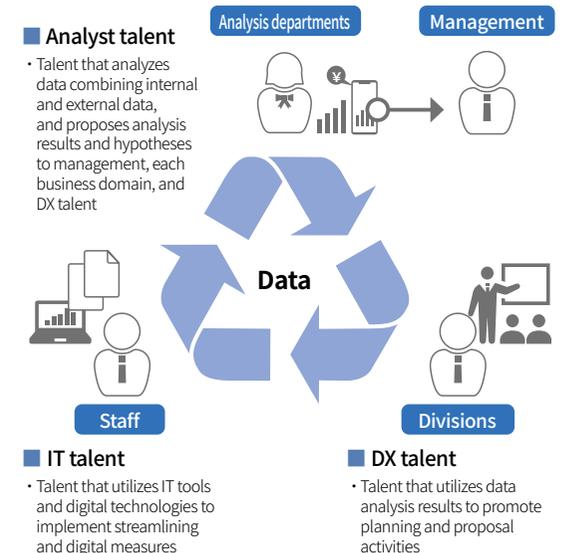
With regards to master data management, which will become more important with the renewal of the core system, we will assign specialist personnel as well as addressing operational aspects.

In addition, we launched training for all employees in FY2023 to develop digital talent in parallel with strengthening digital governance.

Digital Talent Cultivation

To promote DX, we provide grade-specific training for all employees to develop digital talent in addition to support for Growing Together 2026 (the Medium-term Management Plan), we are enhancing corporate value through the creation of a new business model.

The Future After Digital Talent Cultivation



We have positioned FY2023 as our digital “dawn” in order to realize a digital “age of stability” from FY2026 onward. We are aiming to produce 100 talented IT personnel, in addition to providing IT basic training for the acquisition of basic IT knowledge, and training for DX and analyst talent.

Value Creation Foundation

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

<https://www.yuasa.co.jp/en/sustainability/environment/management/>



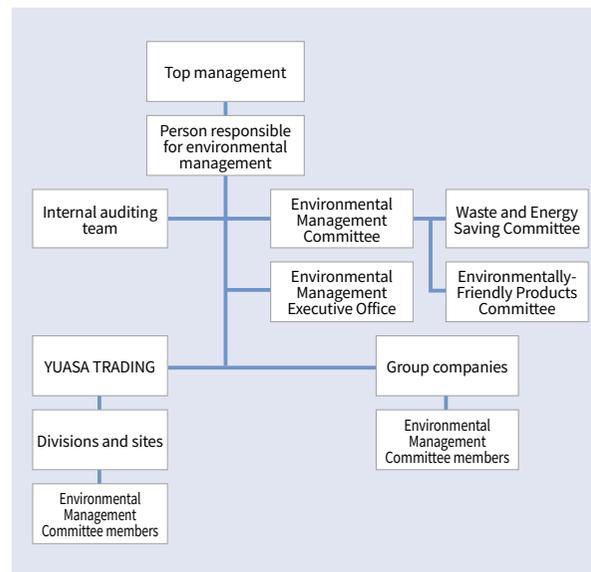
which consist of managing environmental hazards such as reducing power consumption, waste emissions, and vehicle fuel consumption, as well as managing environmental benefits, such as selling environmentally-friendly, energy-saving products. Led by the President, the Group makes concerted efforts to promote its business activities as “environmentally-friendly YUASA.”

Environmental Management

<https://www.yuasa.co.jp/csr/environment/activity1.html>



Environmental Management Promotion System



Environmental Management Promotion System

Environmental Management

Based on the YUASA TRADING Group Environmental Policy, we are working to reduce the environmental burden of our organizational activities, products, and services to improve Group-wide environmental performance using ISO 14001 to implement continuous improvement activities based on the Plan-Do-Check-Act (PDCA) cycle.

The Group’s environmental activities focus on two areas,

Topics

Environmental Conservation Activities in Malaysia

In Malaysia, where our trading relationships in machine tools and timber span over 50 years, we are implementing environmental conservation activities in partnership with the Japan Malaysia Association with the aim of regenerating and protecting the country’s tropical rainforests. In FY2022, we planted about 1,000 mangrove trees grown from seedlings and maintained the planted trees.



Students from Universiti Sains Malaysia and local people planting trees

We also implemented an environmental education program for students in the surrounding area to learn about the need for conservation of mangrove forests. In FY2022, we held a painting competition for elementary school students of all grades at the activity site to draw the mangrove forest ecosystem making use of TSUNAGU, the slogan of the YUASA TRADING Group.



Some of the paintings and outstanding students from each grade

Value Creation Foundation

Environment

Disclosure Based on TCFD Recommendations

The YUASA TRADING Group declared support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in March 2022, and we have calculated CO₂ emissions and identified risks and opportunities. In June 2023, we decided to disclose information based on TCFD following approval by the Board of Directors.

Governance and Risk Management

Viewing risks, opportunities, and impacts relating to climate change as important issues to do with business strategy and sustainability, the Board of Directors deliberates on these issues and decides on related strategies, etc. In October 2021, we established the Sustainability Promotion Committee chaired by the Representative Director in order to discuss about important sustainability issues, including climate change, and inquire and provide advice to the Board of Directors.

The Sustainability Promotion Committee evaluates risk management for sustainability overall, including climate change, and reports on the status of risk management to the Board of Directors as necessary in cooperation with the person who has overall responsibility for risk management. [P.23](#)

Strategy

As a 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.

< Risks and Opportunities of Climate Change >

In FY2022, we identified the risks and opportunities of climate change considered to be important. We are conducting discussions with representatives from business divisions and staff in charge of promoting sustainability in administrative departments. With regard to those businesses and fields that will be affected, besides making appropriate changes and

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

implementing risk management, we are also working proactively to exploit 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.

< 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.

Indicators and Targets

Besides aiming to make the YUASA TRADING 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 FY2022, 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 (FY2022)

Unit: t-CO₂

Scope 1&2	Non-consolidated ¹	Group companies ¹	Total
Scope 1	1,025	3,020	4,045
Scope 2	1,232	1,405	2,637
Scope 1&2	2,257	4,425	6,682

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	500
Data center-related emissions ³	139

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.

Value Creation Foundation

Environment

Initiatives to Achieve Carbon Neutrality

Holding Overseas Seminars on Carbon Neutrality

As a global trend toward achieving carbon neutrality, reductions in CO₂ emissions are required throughout the supply chain, including outside Japan. Besides Thailand and Vietnam, where we have been promoting energy-saving projects for some time, we also held seminars in Indonesia, Mexico, the Philippines, and Malaysia, where we conduct business, to gain the understanding of methods for reducing CO₂ emissions, including utilization of the Joint Crediting Mechanism (JCM), an international framework for achieving reductions.

The YUASA TRADING Group has been striving to improve the global environment by conducting initiatives that utilize the JCM system, which contributes to the reduction of greenhouse gases in developing countries. In addition to using the seminars as an opportunity for promoting the overseas expansion of our environmentally-friendly businesses more strongly, we will contribute to both economic development and environmental conservation in the partner developing countries through our JCM project structuring services.



A seminar on carbon neutrality in Thailand



Seminars already held in six countries (Thailand, Indonesia, the Philippines, Vietnam, Malaysia, and Mexico)

Diagram Outlining the JCM System (Joint Crediting Mechanism)



Obtaining Certification under the J-Credit System (YUASA LUMBER CO., LTD.)

Our Group company, YUASA LUMBER CO., LTD., owns approximately 100 hectares of forests in Hokkaido and has managed renewable forest resources in cooperation with local people. Appropriate maintenance (tree thinning and planting) encourages the growth of forests and increases absorption of the CO₂ in the atmosphere. YUASA LUMBER has developed a “forest management activity project” to quantitatively evaluate CO₂ absorption in its past and future maintenance, and it has received certification under the Japanese government’s J-Credit System* for the tree thinning and planting practiced in some of the forests it owns. In FY2022, emission reductions are expected to be approximately 100 tons, and total absorption is expected to be approximately 2,800 tons by FY2037.

Going forward, YUASA LUMBER will collaborate with local government, universities, research organizations, and other groups in efforts to utilize the unused timber created by tree thinning, including the thin timber from tree thinning that cannot be used for lumber manufacturing and branches.

* Reductions of CO₂ and other emissions through the introduction of energy-saving equipment and use of renewable energy or absorption of CO₂, etc. through appropriate forest management



The company-owned forest in Hokkaido that tree thinning was conducted for forest restoration

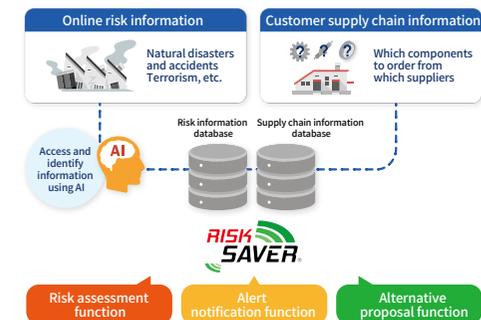
Initiatives to Increase Resilience

Developing “RISK SAVER” Supply Chain Risk Visualization System

Over the past few years, supply chain risks have occurred in quick succession, including unforeseen natural disasters, the spread of infectious disease, shortages of semiconductors, and human rights problems. In order to identify these risks and achieve a rapid response when they occur, our Group company YUASA SYSTEM SOLUTIONS Co., Ltd. and JX PRESS CORPORATION jointly developed “RISK SAVER,” a supply chain risk visualization system.

RISK SAVER is Japan’s first system with the ability to identify supply chain risks in real time. The system automatically picks up on supply chain risks by using AI to monitor online risk information, such as information on natural disasters disseminated through social media and news reports, and links it to a company’s own supply chain information. It instantly displays information that includes the kind of work assigned to a supplier affected by a disaster and specific alternative production sites.

This enables preparation for calmly continuing production even in a highly-charged disaster situation, providing support for promotion of sustainable procurement.



RISK SAVER introductory video
<https://www.youtube.com/watch?v=nRaWpkaKS2c>



Value Creation Foundation

Society

In order to contribute to a sustainable society, we will promote reform of corporate culture centered on management that regard for the individual and build a culture that normalizes innovation.

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.

Overview of the Corporate Culture Reform

Regarding its employees as human resources (human talent), the equivalent of capital, The YUASA TRADING Group pursues entrepreneurial spirit and revolutionary ideas and focuses on shaping the workplace environment based on the organization and rules founded on concepts of mutual trust and a mindset of collaboration.

In order to promote the “Total Coordination Skills,” “Challenging Spirit,” and “Communication,” which are the keywords, there are now various systems already in place out of which new solutions for social issues are created.

We have launched the YUASA PRIDE Project, an all-employee participation-based personnel reform project with the commitment of top management and led by the Human Resources Department to attain further evolution over the three years to FY2025, which is the harvest stage for the achievement of YUASA VISION 360.

We will increase employee work satisfaction and ease of employee work through this project.



YUASA PRIDE Project workshop

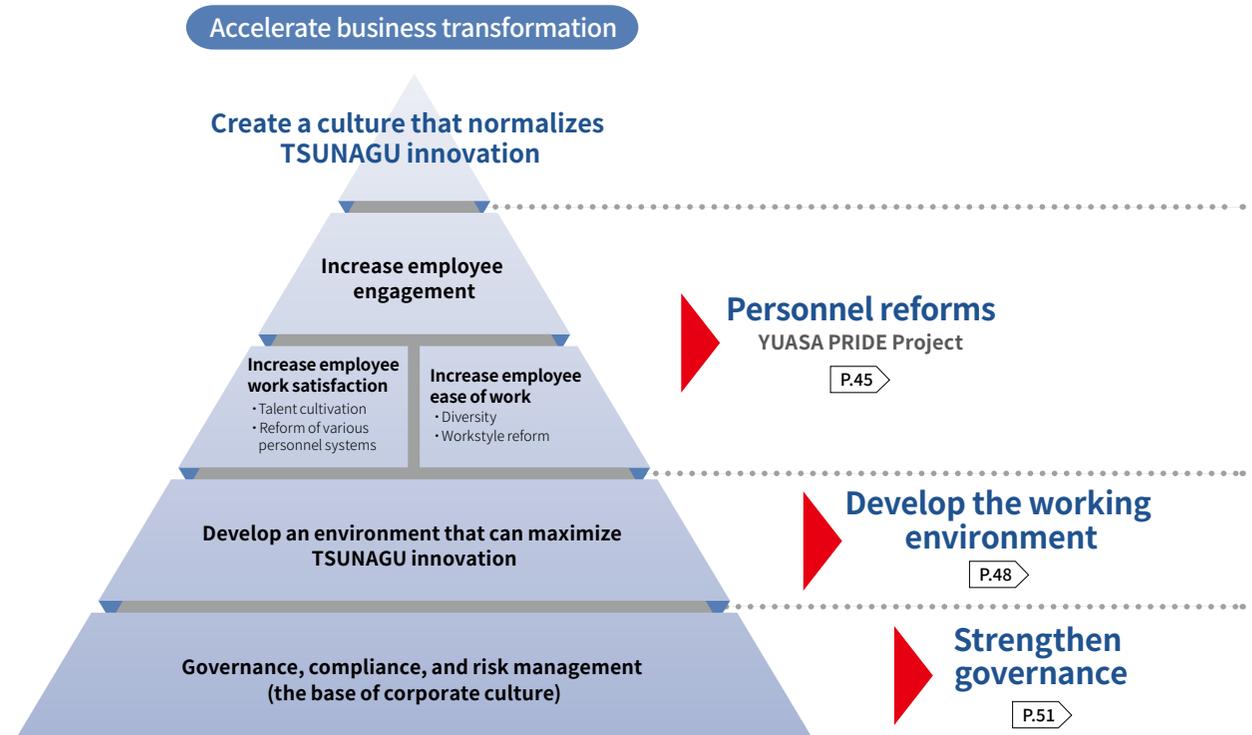
Objective of Corporate Culture Reform

We will foster a culture which normalizes TSUNAGU innovation through personnel reforms, developing the working environment, and strengthening governance.

Connection to the Medium-term Management Plan

By normalizing TSUNAGU innovation, we will accelerate business transformation with the aim of solving social issues.

Overall Picture of Corporate Culture Reform



Value Creation Foundation

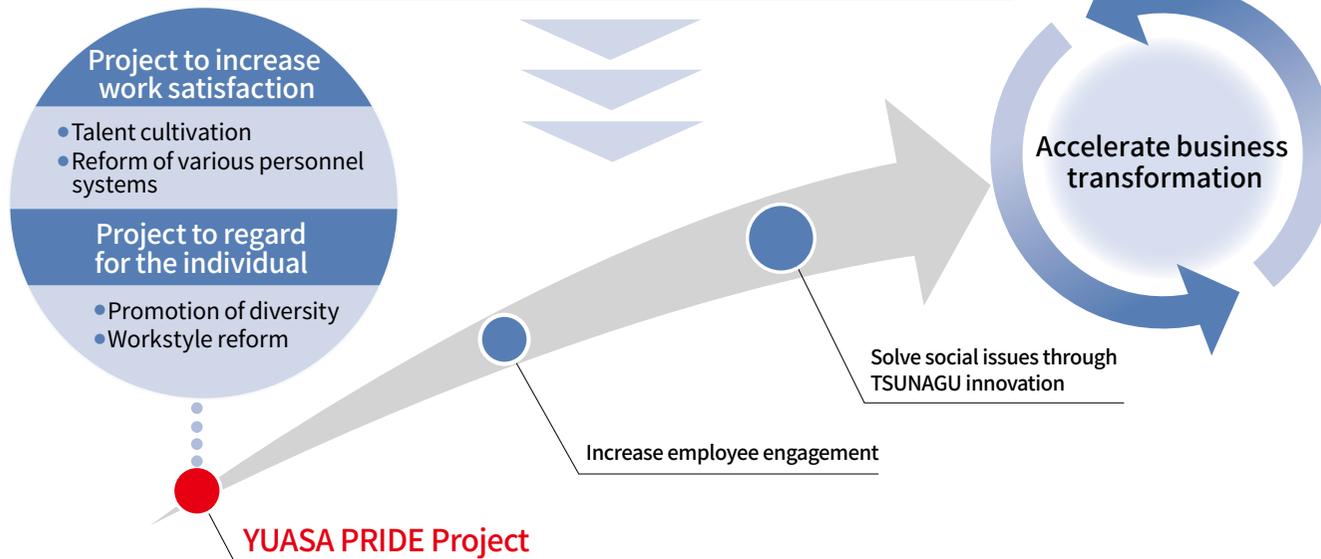
Society

Personnel Reforms “YUASA PRIDE Project”

Objective of Personnel Reforms

In order to accelerate business transformation, we will increase employee engagement and strive to develop human talent with the ability to solve social issues through TSUNAGU innovation. As one of the initiatives for achieving this, we have launched the “YUASA PRIDE Project,” an all-employee participation-based personnel reform project to improve employee work satisfaction and ease of work. Under the project, we will consider new personnel systems and promote talent cultivation.

Overall Picture of Personnel Reform



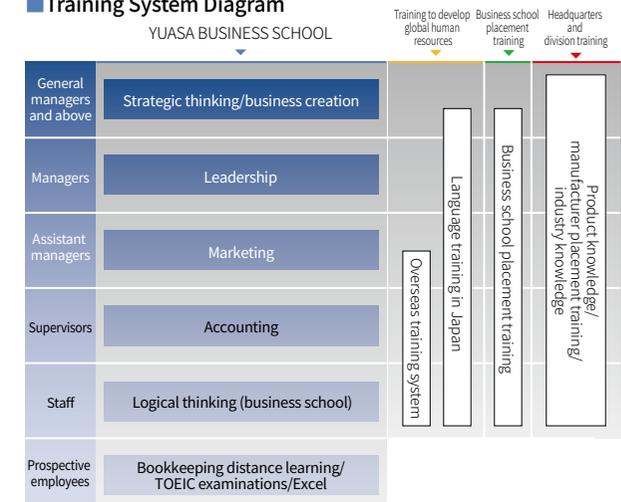
Talent Cultivation

Basic Philosophy

The Group considers the training of management human resources to be an important part of talent cultivation. Based on this, we will revise our training system with management beings defined as “organizational management,” “business creation,” and “solving the management issues of business partners.”

More specifically, we will offer management skills training, including business school and support for obtaining qualifications, professional skills training, including headquarters training and support for obtaining industry qualifications, digital skills training, including digital transformation (DX) training, and global skills training, including an overseas training system and language training.

Training System Diagram



< Cultivation of Human Talent to Be Strengthened from April 2023 Onward >

- Enhancement of management skills
First, we will provide management skills training using business schools for all managers, which will be extended to mid-level and general employees.
- Cultivation of global human talent
- Cultivation of digital transformation (DX) human talent

Value Creation Foundation

Society

Personnel System

Basic Philosophy

The Group aims to develop a personnel system that can demonstrate the “Total Coordination Skills,” “Challenging Spirit,” and “Communication,” which are the keywords. Moreover, we consider the training of management human resources to be an important part of human talent cultivation.

To this end, we have launched the all-employee participation-based YUASA PRIDE Project, and we will establish a variety of personnel systems through the project.

Through the 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.

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.

Incentive points called “Thanks Point” are added not only for employees who have made contributions to other departments but also to employees who have requested incentive points for their cooperation.

Points for Contributions from Other Departments

Mastery points	Points are added for internally announcing (registering) areas of expertise
Success points	Points are added for success based on cross-departmental cooperation
Incentive points	Points are added for cross-departmental 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.

Applications are open to all Group employees in the categories of “new business,” “new function,” and “new product” and “new market.” Employees whose proposals advance to the final selection are given the opportunity to present their proposals to the company’s board members.

Number of Proposals in the New Business Proposal System

FY2019	60
FY2020	70
FY2021	51
FY2022	57

Approximately half of the 57 proposals in FY2022 were in the “new business” category. Some of these proposals are being considered for concrete commercialization.



Presentations for the new business proposal system

Topics

Holding round table meetings with the President

Since 2017, we have been holding round table meetings with the President for face-to-face, direct communication by the President with the employees at each site, including the Group companies, with the aim of deepening mutual understanding and fostering an open corporate culture through direct dialogue with representatives. In FY2023, round table meetings are planned for all sites and all Group companies in Japan.

The round table meetings with the President, which enable the President and employees to act toward the same purpose through direct dialogue, are positioned as an important initiative for stimulating communication, which is one of the Group’s keywords, and we will continue to hold them in the future.



A round table meeting with the President with the employees at the Group company, NAKAGAWA KINZOKU CO., LTD.

< YUASA Labor Union >

YUASA TRADING and the YUASA Labor Union stand on an equal footing with each other and have entered into a labor agreement based on impartial understanding and trust. The aim is to promote sound corporate development and improvement of the working conditions and environment of employees.

Value Creation Foundation

Society

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, and implementing diversity management throughout the Group.

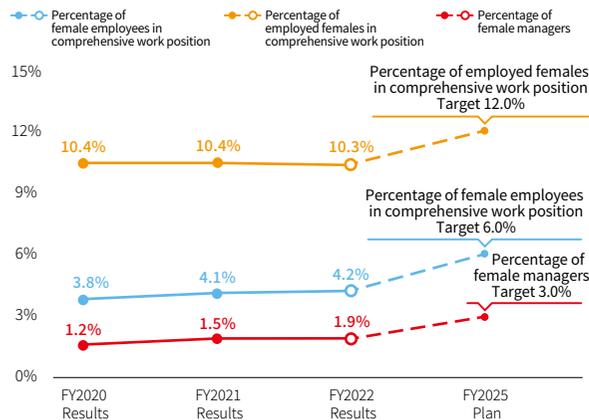
YUASA TRADING Group Diversity Policy
<https://www.yuasa.co.jp/en/sustainability/society/diversity/>



Indicators and Targets

< Diversity >

KPI for Medium-term Management Plan “Growing Together 2026”*



< Workstyle Reform >

KPI for Medium-term Management Plan “Growing Together 2026”*

	FY2021 Results	FY2022 Results	FY2025 Plan
Percentage of male employee taking childcare leave and leave for the purpose of childcare	34.3%	78.1%	90%
Percentage of taking paid leave	56.2%	62.8%	70%
Average hours of labor	1,977 hours	1,955 hours	1,920 hours

Initiatives to Support Raising the Next Generation*

	FY2021	FY2022
Employees working shortened hours	35	46
Female employees balancing work and raising of children (female employees with pre-elementary school aged children)	81	90

Specific Initiatives

< Career Track Transfer System >

In order to promote women’s empowerment, we have implemented a system for employees to transfer their career track from general office work positions to comprehensive work positions.

Trend*

	FY2021 Results	FY2022 Results	FY2023 Plan
Special service positions (in transfer trial period*1)	3	7	8
Comprehensive work position transfers	1	2	0 ²

*1 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).
 *2 Five employees are scheduled to transfer to comprehensive work positions in April 2024.

We held training for employees who are transferring from general office work positions to comprehensive work positions.

Held in January 2023
 Training for employees transferring to comprehensive work positions



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/corporate/health_management.html



Promotion System

The Supervisory Manager of Management Administration (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.

< Recognized as the “2023 Certified Health & Productivity Management Outstanding Organization” >

Continuing from last year, YUASA TRADING was recognized for the fifth 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.



Major Initiative: Expansion of the Wellness Promotion Center (WPC)

The number of interview rooms have been increased, and a full-time public health nurse was employed in November 2022.

Health and Productivity Initiatives (FY2022)*

Regular health checkup rate	100%
Stress check rate	100%

*Indicators for YUASA TRADING (non-consolidated)

Value Creation Foundation

Society

Development of the Working Environment

Objective of Working Environment Development

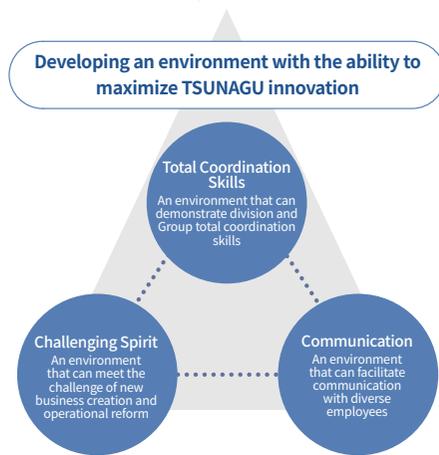
We aim for a Group-wide office environment with the ability to promote “Total Coordination Skills,” “Challenging Spirit,” and “Communication.”

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 with open communication regardless of division, Group, job title, age, and other factors to create innovation.

We will also maximize individual performance to realize workstyle reform.

Development of the Working Environment We Are Aiming For



Topics New head office building

We will build a new head office building as a base that will consolidate the YUASA TRADING Group sites in the Tokyo metropolitan area, which are currently dispersed across several locations, to be able to create vigorous communication and challenging spirit and demonstrate total coordination skills.

Topics

Occupational safety - disaster countermeasures to keep employees safe

The YUASA TRADING Group puts employee safety first and has introduced systems for storing stockpiles and confirming safety at each site and the Group company as countermeasures in the event of an emergency.

At the head office and Kanto branch of YUASA TRADING, we store a stockpile equivalent to three days' worth of supplies for all employees working at the offices in line with ordinance of the Tokyo Metropolitan Government as a measure to deal with stranded commuters in the event of a disaster. As storage space is limited inside the offices, besides the stockpile store room, we also utilize dead space effectively to secure and disperse storage areas, such as above and below wardrobes, in business meeting spaces, and under the seating in break rooms.

A safety confirmation system that can confirm the safety of employees as quickly as possible has been introduced at all Group companies in Japan, and we run regular drills.

Moreover, from the perspective of managing various risks in a disaster, we have distributed the Group's original “Disaster Prevention Handbook” to all employees, in addition to commencing development of the “Disaster Initial Response Manual” in FY2022. The manual compiling the safety countermeasures to be prepared in advanced and what to do in terms of initial actions in the event of a disaster will be distributed to all employees during FY2023.



Stockpile storage (Left: Under seating in a break room; Right: In empty space in wardrobes)

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/>



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/>



Value Creation Foundation

List of Officers (as of June 23, 2023)



1 Hiroyuki Tamura

Representative Director, President & CEO
In charge of Overseas Business Development

- Apr. 1982 Joined the Company
- Apr. 1997 Managing Director of YUASA MECHATRONICS (M) SDN. BHD.
- Mar. 2000 President of YUASA WARWICK MACHINERY LTD.
- Oct. 2002 Managing Director of YUASA SHOJI EUROPE B.V.
- Apr. 2007 General Manager of Factory Solution Division of the Company
- Apr. 2009 Executive Officer, General Manager of Factory Solution Division of the Company
- Jun. 2010 Director, Executive Officer, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company
- Jun. 2013 Managing Director, Executive Officer, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company
- Apr. 2014 Managing Director, Executive Officer, Chief General Manager of Industrial Market Headquarters, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company
- Apr. 2016 Senior Managing Director, Executive Officer, Chief General Manager of Industrial Market Headquarters and in charge of Overseas Business Development of the Company
- Apr. 2017 Representative Director, President & CEO of the Company
- Apr. 2021 Representative Director, President & CEO and in charge of Overseas Business Development of the Company (incumbent)

Reason for election

Mr. Hiroyuki Tamura has full knowledge of the industrial equipment and tools and machine tools areas due to his serving in such capacities as Director, Executive Officer, Chief General Manager of the Industrial Market Headquarters and also has abundant experience and achievements in overseas business as a representative of some of the Company's overseas subsidiaries and a Director in charge of Overseas Business Development.

Moreover, having demonstrated outstanding management skills since taking the position of Representative Director, President & COO of the Company in April 2017, the Company decided it would be appropriate to have him contributing to the growth of the Company and the Group going forward.

2 Haruo Sanoki

Representative Director, Senior Managing Director
Supervisory Manager of Management Administration

- Apr. 1978 Joined the Company
- Apr. 2007 Vice Assistant General Manager of Machinery Engineering Division of the Company
- Apr. 2011 Executive Officer, General Manager of Machinery Engineering Division of the Company
- Jun. 2013 Director, Executive Officer, General Manager of Machinery Engineering Division of the Company
- Apr. 2015 Director, Executive Officer, Vice Supervisory Manager of Management Administration, General Manager of General Affairs Department of the Company
- Apr. 2017 Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairperson of Export Administration Department, Ethics and Compliance Committee, Internal Control Committee of the Company
- Apr. 2018 Senior Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairperson of Export Administration Department, Ethics and Compliance Committee, Internal Control Committee of the Company
- Jun. 2019 Representative Director, Senior Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairperson of Export Administration Department, Ethics and Compliance Committee and Internal Control Committee of the Company (incumbent)

Reason for election

Mr. Haruo Sanoki has full knowledge of the machine tools area due to his being a Director, Executive Officer, General Manager of the Machinery Engineering Division and having served as a Representative Director, Senior Managing Director, Executive Officer, Supervisory Manager of the Management Administration. He has worked on strengthening the management foundation and governance at both the Company and the Group and has abundant experience and achievements.

3 Kenichi Tanaka

Senior Managing Director
Supervisory Manager of Sales Division
Chief General Manager of Living Environment Market Headquarters

- Apr. 1982 Joined the Company
- Oct. 2007 General Manager of Plant Business Department of the Company
- Apr. 2008 Vice Assistant General Manager of Building Facility Division of the Company
- Apr. 2010 Executive Officer, General Manager of Building Facility Division of the Company
- Apr. 2011 Executive Officer, General Manager of Living Environment Division (Eastern Area) of the Company
- Jun. 2014 Director, Executive Officer, General Manager of Living Environment Division (Eastern Area) of the Company
- Apr. 2017 Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters, General Manager of Living Environment Division (Eastern Area) of the Company
- Jun. 2017 Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters, General Manager of Living Environment Division (Eastern Area) of the Company
- Apr. 2018 Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters of the Company
- Apr. 2019 Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters of the Company
- Jun. 2019 Senior Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters of the Company
- Apr. 2020 Senior Managing Director, Executive Officer, Supervisory Manager of Sales Division and Chief General Manager of Living Environment Market Headquarters of the Company (incumbent)

Reason for election

Mr. Kenichi Tanaka has full knowledge of the housing, air and fluidic control systems area due to his serving in such capacities as Managing Director, Executive Officer, General Manager of the Living Environment Division (Eastern Area) and as Senior Managing Director, Executive Officer, Chief General Manager of the Living Environment Market Headquarters, and has abundant experience and achievements.

4 Mamoru Hamayasu

Director
Chief General Manager of Industrial Market Headquarters

- Apr. 1984 Joined the Company
- Apr. 2011 Vice Assistant General Manager of Factory Solution Division of the Company
- Apr. 2012 President and General Sales Manager of YUASA TRADING (SHANGHAI) CO., LTD.
- Apr. 2014 Supervisory Manager of East Asia Area of the Company, and Chairperson and President of YUASA TRADING (SHANGHAI) CO., LTD.
- Apr. 2015 Executive Officer, Supervisory Manager of East Asia Area of the Company, and Chairperson and President of YUASA TRADING (SHANGHAI) CO., LTD.
- Dec. 2016 Executive Officer of the Company, and Representative Director, President of YUASA TECHNICAL ENGINEERING CO., LTD. (currently YUASA NEOTECH CO., LTD.)
- Apr. 2021 Executive Officer of the Company, and Representative Director, President of YUASA NEOTECH CO., LTD.
- Jun. 2021 Senior Executive Officer of the Company, and Representative Director, President of YUASA NEOTECH CO., LTD.
- Apr. 2022 Senior Executive Officer, Chief General Manager of Industrial Market Headquarters of the Company
- Jun. 2022 Director, Executive Officer, Chief General Manager of Industrial Market Headquarters of the Company (incumbent)

Reason for election

Mr. Mamoru Hamayasu has full knowledge of the industrial equipment and tools and machine tools areas due to his serving in such capacities as Executive Officer and Senior Executive Officer of the Company, including as a representative of the Company's overseas subsidiary and Representative Director, President of YUASA NEOTECH CO., LTD., a subsidiary of the Company, and has abundant experience and achievements.

Value Creation Foundation

List of Officers (as of June 23, 2023)

5 Takaomi Omura | Director
Chief General Manager of Construction Market Headquarters

Oct. 1993 Joined Macros Co., Ltd. (currently YUASA MACROS CO., LTD.)
 Apr. 2002 General Manager of the Administration Department of Macros Co., Ltd.
 Apr. 2012 Director, General Manager of Administration Department of YUASA MACROS CO., LTD.
 Apr. 2015 Representative Director, President of YUASA MACROS CO., LTD.
 Apr. 2018 Executive Officer, General Manager of Construction Materials Division of the Company
 Apr. 2023 Senior Executive Officer, Chief General Manager of Construction Market Headquarters of the Company
 Jun. 2023 Director, Executive Officer, Chief General Manager of Construction Market Headquarters of the Company (incumbent)

Reason for election

Mr. Takaomi Omura has full knowledge of the construction materials and building exterior areas due to his serving in such capacities as Executive Officer, General Manager of the Construction Materials Division, having served as Representative Director, President of YUASA MACROS CO., LTD., a Company subsidiary, and has abundant experience and achievements.

6 Shinzo Maeda | Outside Director

Apr. 1970 Joined Shiseido Company, Limited
 Jun. 2003 Director, Corporate Officer, General Manager of Corporate Planning Department of Shiseido Company, Limited
 Jun. 2005 Representative Director, President and CEO of Shiseido Company, Limited
 Apr. 2011 Representative Director, Chairperson of Shiseido Company, Limited
 Apr. 2013 Representative Director, Chairperson, President and CEO of Shiseido Company, Limited
 Apr. 2014 Representative Director, Chairperson of Shiseido Company, Limited
 Jun. 2014 Counselor of Shiseido Company, Limited (retired June 2020)
 Jun. 2015 Outside Director of the Company (incumbent)
 Sep. 2015 Outside Director of TOSHIBA CORPORATION (retired in June 2018)
 Jun. 2021 Outside Director of S.T. CORPORATION (incumbent)

Reason for election

Mr. Shinzo Maeda has worked in various public offices, in addition to having been the Representative Director, Chairperson of Shiseido Company, Limited, and has abundant experience and high principles as a global business executive and intellectual. Due to these qualities, the Company decided that he can be expected to give direction and advice from an independent and objective viewpoint as an Outside Director.

7 Kyosuke Kimura | Outside Director

Apr. 1979 Joined Kimura Shindai Industry Co., Ltd. (currently PARAMOUNT BED CO., LTD.)
 Aug. 1979 Member of the Board, Kimura Shindai Industry Co., Ltd.
 Oct. 1982 Member of the Board, Kimura Kosan Co., Ltd. (currently PARAMOUNT BED HOLDINGS CO., LTD.)
 Sep. 1987 Senior Managing Director, PARAMOUNT BED CO., LTD.
 Apr. 1991 Senior Executive Director, PARAMOUNT BED CO., LTD.
 Apr. 1997 Executive Vice President, PARAMOUNT BED CO., LTD.
 Apr. 2009 President and Chief Executive Officer, PARAMOUNT BED CO., LTD.
 Feb. 2011 President and Chief Executive Officer, PARAMOUNT BED HOLDINGS CO., LTD.
 Apr. 2020 Chairperson, PARAMOUNT BED HOLDINGS CO., LTD. (incumbent)
 Chairperson, PARAMOUNT BED CO., LTD. (incumbent)
 Jun. 2021 Outside Director of the Company (incumbent)

Reason for election

Mr. Kyosuke Kimura has been engaged in the management of PARAMOUNT BED HOLDINGS CO., LTD. and PARAMOUNT BED CO., LTD. for many years, and has a wealth of experience and a high level of insight as a business executive. Due to these qualities, the Company decided that he can be expected to take on a supervisory and advisory function from an independent and objective standpoint as an Outside Director.

8 Yoshiro Hirai | Outside Director

Apr. 1984 Joined the former ITOKI Co., Ltd.
 Jul. 2009 General Manager, Human Resources Department of ITOKI CORPORATION
 May 2012 General Manager, Marketing Strategy Department Group of ITOKI CORPORATION
 Jan. 2013 Executive Officer and General Manager, Marketing Strategy Department Group of ITOKI CORPORATION
 Jan. 2015 Executive Officer of ITOKI CORPORATION
 Mar. 2015 President of ITOKI CORPORATION
 Mar. 2022 Special Advisor of ITOKI CORPORATION (retired in March 2023)
 Jan. 2023 Representative Director, President of OpenWorking Inc. (incumbent)
 Jun. 2023 Outside Director of the Company (incumbent)

Reason for election

Mr. Yoshiro Hirai has been engaged in the management of ITOKI CORPORATION for many years, and has a wealth of experience and a high level of insight as a business executive. Due to these qualities, the Company decided that he can be expected to take on a supervisory and advisory function from an independent and objective standpoint as an Outside Director.

9 Miki Mitsunari | Outside Director

Apr. 1994 Joined TOKYU LAND CORPORATION
 Feb. 2001 Joined Fuji Sogo Research Institute (currently Mizuho Research & Technologies, Ltd.)
 Sep. 2011 President of FINEV, Inc. (incumbent)
 Mar. 2020 Outside Director of Funai Soken Holdings Inc. (retired in March 2023)
 Jun. 2020 Director of Japan Accreditation Board (part time) (incumbent)
 Jun. 2020 Board Director of YAMADA HOLDINGS CO., LTD. (incumbent)
 Jun. 2022 Board Director of Solasto Corporation (incumbent)
 Jun. 2023 Outside Director of the Company (incumbent)

Reason for election

Ms. Miki Mitsunari has been engaged in consulting work for the SDGs and corporate ESG for many years, has a high level of insight as director of a public institution and has been engaged in management of her own consulting company. Due to these qualities, the Company decided that she can be expected to take on a supervisory and advisory function from an independent and objective standpoint as an Outside Director.

10 Yoshiyuki Furumoto | Audit & Supervisory Board Member

Apr. 1982 Joined the Company
 Jun. 2011 General Manager of Credit Department of the Company
 Jun. 2016 Executive Officer and General Manager of Credit Department of the Company
 Apr. 2018 Executive Officer and Special Assistant to the President & CEO of the Company
 Jun. 2018 Full-time Audit & Supervisory Board Member of the Company (incumbent)

Reason for election

Mr. Yoshiyuki Furumoto has many years of experience related to management administration as the Company's General Manager of Credit Department and a solid track record as a Full-time Audit & Supervisory Board Member of the Company. The Company has decided that he possesses sufficient knowledge of finance and accounting matters.

11 Takeshi Maeda | Audit & Supervisory Board Member

Apr. 1984 Joined the Company
 Apr. 2007 Assistant Deputy General Manager of Finance Department of the Company
 Apr. 2012 Vice Branch Manager of Kansai Branch Office of the Company
 Apr. 2014 General Manager of Affiliated Companies' Strategy Department of the Company
 Apr. 2016 General Manager of Finance Department of the Company
 Apr. 2020 Vice Branch Manager of Kansai Branch Office and General Manager of Osaka Administration of the Company
 Apr. 2022 Audit & Supervisory Board Members Office of the Company
 Jun. 2022 Full-time Audit & Supervisory Board Member of the Company (incumbent)

Reason for election

Mr. Takeshi Maeda has many years of experience and a solid track record related to finance and management administration in the Finance Department and management administration departments of the Company. The Company has decided that he possesses sufficient knowledge of finance and accounting matters.

12 Mitsuhiro Honda | Outside Audit & Supervisory Board Member

Apr. 1984 Joined the National Tax Agency
 Jul. 2010 General Manager, General Affairs Department, Takamatsu Tax Bureau
 Jul. 2012 Professor, University of Tsukuba Graduate School of Business Sciences (incumbent)
 May 2013 International Tax Advisor, TOMA Consultants Group Co., Ltd. (incumbent)
 Apr. 2014 Part-time Instructor, Waseda University Graduate School (retired in March 2021)
 Mar. 2016 Outside Audit & Supervisory Board Member, Roland DG (incumbent)
 Apr. 2016 Professor, Graduate School of Global Business, Meiji University and Lecturer (retired in March 2022)
 Apr. 2017 Research Grant Selection Committee Member, The Institute of Tax Research and Literature (incumbent)
 Aug. 2017 Member of the United Nations Committee of Experts on International Cooperation in Tax Matters (retired in June 2021)
 Jun. 2018 Outside Audit & Supervisory Board Member of the Company (incumbent)
 Sep. 2021 Outside Director of YOKOREI Co., Ltd. (incumbent)

Reason for election

Mr. Mitsuhiro Honda has expert knowledge of tax matters due to his many years working for the National Tax Agency and as a university professor, and has experience as an Outside Audit & Supervisory Board Member of Roland DG and an Outside Director of YOKOREI Co., Ltd. The Company has decided that he possesses considerable knowledge of tax and accounting matters.

13 Chinami Kajo | Outside Audit & Supervisory Board Member

Apr. 1986 Registered as an Attorney at Law (Daini Tokyo Bar Association)
 Apr. 2004 Court Adjudicator of Tokyo District Court (until March 2006)
 Apr. 2006 Court Adjudicator of Tokyo Family Court (until March 2016)
 Apr. 2006 Established Athena Law Office
 Partner of Athena Law Office (incumbent)
 Apr. 2016 Vice Chairman of Daini Tokyo Bar Association (until March 2017)
 Apr. 2016 Director of Japan Federation of Bar Associations (until March 2017)
 Jun. 2023 Outside Audit & Supervisory Board Member of the Company (incumbent)

Reason for election

Ms. Chinami Kajo is expected to strengthen the auditing structure of the Company by utilizing her expert knowledge and experience as a lawyer.

Value Creation Foundation

Corporate Governance

Basic Approach to Corporate Governance

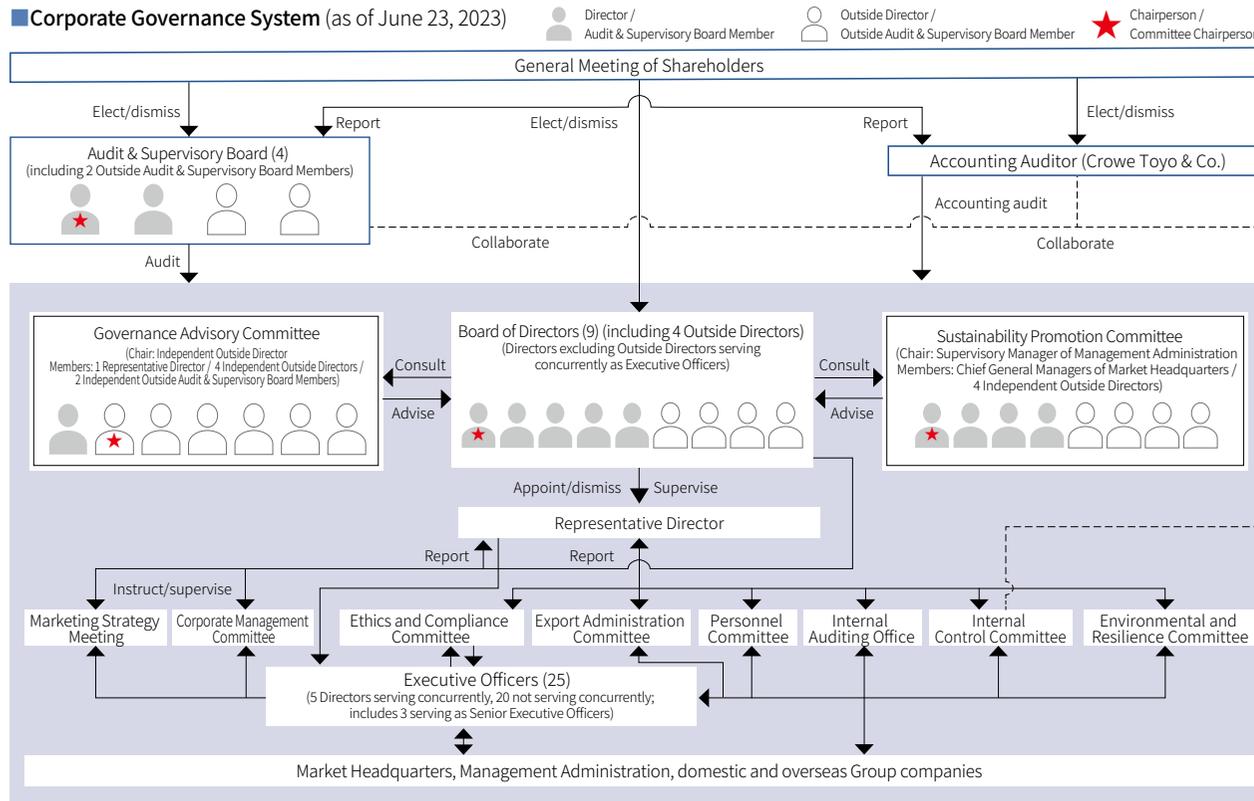
As a social entity, YUASA TRADING Group aims to maximize corporate value, return profits to society, and continue to operate in the long term by maintaining and expanding a multi-faceted and positive relationship between management (Directors) who are entrusted by many shareholders and various stakeholders, including shareholders who delegated responsibility to management, employees, suppliers, sales partners, and financial institutions.

The Group is a large conglomerate comprised of 37 affiliated companies*, including 30 consolidated subsidiaries and one equity method affiliate. However, centered on YUASA TRADING, the Group maintains close cooperation and strives for disciplined company management that improves the value of the overall corporate group based on the policies of our governance system.

* As of June 30, 2023

The company implemented an Executive Officer system in order to strengthen the function of the Board of Directors as a decision-making body and an organization that oversees business execution. In addition to aiming to optimize the number of Directors, the company elected four Outside Directors as we strengthen the execution structure by accelerating business execution and clarifying responsibilities.

On the other hand, the Audit & Supervisory Board that serves as the supervising body is comprised of a total of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. Each Audit & Supervisory Board Member attends important meetings, such as the Board of Directors meetings, and conducts strict audits on the business execution of Directors from an independent perspective as they contribute to the strengthening and enhancement of the governance system.



Timeline of Corporate Governance Strengthening Efforts

- FY2022**
 - Continued reducing cross-shareholdings
 - Reviewed of agenda items to be discussed by the Board of Directors (strengthened the monitoring function of the Board of Directors)
- FY2021**
 - Continued reducing strategic shareholdings
 - Determined remuneration for individual Directors at the Board of Directors (canceled re-entrustment to the Representative Directors)
 - Strengthened the monitoring function of the Board of Directors
 - Increased the number of Outside Directors (Outside Directors account for over one third of all Directors)
- FY2020**
 - Reduced strategic shareholdings
 - Strengthened the monitoring function of the Board of Directors
- FY2019**
 - Elected a female Independent Outside Director
 - Established Governance Advisory Committee centered on Independent Outside Officers
 - Eliminated advisor system
- FY2018**
 - Introduced performance-linked share awards
- FY2017**
 - Elected one substitute Outside Director
- FY2015**
 - Elected two Independent Outside Directors
- FY2013**
 - Elected one Independent Outside Director

Value Creation Foundation

Corporate Governance

Evaluating the Operation and Effectiveness of the Board of Directors

Operation of the Board of Directors

Chaired by Hiroyuki Tamura, Representative Director and President, the Board of Directors is the body making decisions related to important business execution and monitoring business execution of Directors. The company holds the Board of Directors meetings once a month, in principle, as well as other extraordinary meetings as necessary. Directors with expertise in internal operations and Outside Directors with extensive experience and insight in corporate management supervise and provide advice from an objective standpoint on important management decisions in a specialized and wide-ranging business environment, fulfilling their responsibilities such as flexible decision-making and supervision.

In order to further strengthen corporate governance and ensure management transparency, the company designated four Outside Directors and two Outside Audit & Supervisory Board Members as Independent Officers.

In addition, the four Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) attend the Board of Directors meetings, where they express their opinions as appropriate and survey the execution of their roles as Directors.

Term of Office, Attendance at Board of Directors Meetings, and Number of Company Shares Held

	Term of Office as a Director	Number of Board of Directors Meetings Attended (FY2022)	Number of Company Shares Held (as of May 31, 2023)
Hiroyuki Tamura	13 years	15/15	8,400 shares
Haruo Sanoki	10 years	15/15	7,500 shares
Kenichi Tanaka	9 years	15/15	6,700 shares
Naomi Nakayama*	4 years	15/15	—
Mamoru Hamayasu	1 year	11/11	1,900 shares
Takaomi Omura	—	Newly appointed	500 shares
Shinzo Maeda	8 years	15/15	—
Keiko Toya*	4 years	15/15	—
Kyosuke Kimura	2 years	15/15	—
Yoshiro Hirai	—	Newly appointed	—
Miki Mitsunari	—	Newly appointed	—

* Term of office ended at the conclusion of the General Meeting of Shareholders held in June 2023.

Term of Office, and Attendance at Audit & Supervisory Board Meetings

	Term of Office as an Audit & Supervisory Board Member	Number of Audit & Supervisory Board Meetings Attended (FY2022)
Yoshiyuki Furumoto	5 years	16/16
Takeshi Maeda	1 year	11/11
Susumu Tsuruta*	12 years	16/16
Mitsuhiro Honda	5 years	16/16
Chinami Kajo	—	Newly appointed

* Term of office ended at the conclusion of the General Meeting of Shareholders held in June 2023.

Initiatives to Improve the Effectiveness of the Board of Directors

In addition to the Directors and Audit & Supervisory Board Members doing a self-evaluation of their execution of duties, we use a questionnaire about the effectiveness of the Board of Directors to evaluate the aptness of operational methods, procedures, and deliberation standards. These results are reported to the Board of Directors in order to improve the operation of the Board of Directors.

For evaluating the effectiveness of the Board of Directors, all Directors and Audit & Supervisory Board Members fill out a questionnaire (self-evaluation) and discuss the results every year.

In addition to sharing an awareness of our current status, it is necessary to continuously improve the effectiveness of the Board of Directors through an extraction of issues. In light of the report on the findings of analysis and evaluation of the operation of the Board of Directors based on the results of the questionnaire, we review the Board of Directors deliberation standards and aim to make improvements to create more nimble Board of Directors operations.

Implementation Overview of “Questionnaire on the Effectiveness of the Board of Directors”

Evaluation Method

- Written questionnaire (5-point scale and free response)

Evaluation Items

- Operation and agenda of Board of Directors meetings (12 items in total)

Results of FY2021 Effectiveness Evaluation

- For many items, the average score in the 5-point evaluation exceeded 3.5, and we do not think there are any major problems with the effectiveness and operation of the current Board of Directors.
- An overview of the questionnaire results was reported to the Board of Directors, and based on the hearing results, measures to further improve the effectiveness are being considered and implemented.

FY2022 Initiatives Based on Evaluation Results

- Based on the results of this evaluation and discussions on the roles and supervisory functions of the Board of Directors based on the principle of “separation of management and execution,” the Board of Directors revised the Board of Directors deliberation standards as part of building a flexible business execution system by transferring authority to the executive side.

Value Creation Foundation

Corporate Governance

Evaluating the Operation and Effectiveness of the Board of Directors

Audit & Supervisory Board

The Audit & Supervisory Board of the company is chaired by full-time Audit & Supervisory Board Member Yoshiyuki Furumoto and is comprised of two full-time Audit & Supervisory Board Members and two part-time Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members). Based on the auditing policies and plans established in the Audit & Supervisory Board, Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings, view important decision-making documents, visit each business site, and survey subsidiaries in order to conduct audits related to execution of duties of Directors and internal controls.

Comment

Message from new Audit & Supervisory Board Member



Chinami Kajo

Outside Audit & Supervisory Board Members

I am deeply honored to be appointed as an Audit & Supervisory Board Member, and I feel the weight and purpose of the mission given to me.

I feel it is very important to “use one’s imagination” as an approach toward work. It is possible to move forward by trying to change positions with and understand other people. I will fulfill my responsibilities as an Audit & Supervisory Board Member from a neutral standpoint outside the company, utilizing the experience I have cultivated in my previous roles. I would be grateful if I could contribute in any way to the sustainable growth and governance of the YUASA TRADING Group.

Governance Advisory Committee

The company has established the Governance Advisory Committee chaired by an independent Outside Director as an optional advisory body beneath the Board of Directors with members that mainly consist of independent officers for the purpose of strengthening governance. The Governance Advisory Committee is composed of all the independent Outside Directors and independent Outside Audit & Supervisory Board Members as well as one Representative Director. The committee deliberates on the following matters and reports to the Board of Directors.

- (1) Matters related to appointment and dismissal of Directors
- (2) Matters related to remuneration of Directors
- (3) Matters related to analysis and evaluation on the effectiveness of the overall Board of Directors and other proposals related to governance

This committee meeting was held six times in the fiscal year ended March 31, 2023 and reported to the Board of Directors on the following matters.

Key Considerations

- Determination of individual basic remuneration and bonuses for Directors
- Election of nine Directors; election of one Audit & Supervisory Board Member; election of one substitute Audit & Supervisory Board Member at the 144th Ordinary General Meeting of Shareholders
- Conclusion of Directors and Officers Liability Insurance
- Changes to the Board of Directors resolution/deliberation standards

Composition of the Governance Advisory Committee (as of June 23, 2023)

Independent Outside Director	Shinzo Maeda (Committee Chairperson)
Independent Outside Director	Kyosuke Kimura
Independent Outside Director	Yoshiro Hirai
Independent Outside Director	Miki Mitsunari
Independent Outside Audit & Supervisory Board Member	Mitsuhiro Honda
Independent Outside Audit & Supervisory Board Member	Chinami Kajo
Representative Director, Senior Managing Director	Haruo Sanoki

Sustainability Promotion Committee

The Sustainability Promotion Committee sets targets related to sustainability, monitors progress, and evaluates achievements. The committee will aim to meet twice a year and submit reports and recommendations to the Board of Directors on sustainability issues and progress.

- (1) Identification of key sustainability issues for the Group from a medium- to long-term perspective, study for resolution of issues, and design of future vision
- (2) Establishment, revision, and abolition of basic policy, rules, and procedures, etc. for the implementation of the aforementioned
- (3) Matter the Sustainability Promotion Committee deems necessary related to the Group’s sustainability management
- (4) Matters for consultation from the Board of Directors

Composition of the Sustainability Promotion Committee (as of June 23, 2023)

Supervisory Manager of Management Administration	Haruo Sanoki (Committee Chairperson)
Chief General Manager of Living Environment Market Headquarters	Kenichi Tanaka
Chief General Manager of Industrial Market Headquarters	Mamoru Hamayasu
Chief General Manager of Construction Market Headquarters	Takaomi Omura
Independent Outside Director	Shinzo Maeda
Independent Outside Director	Kyosuke Kimura
Independent Outside Director	Yoshiro Hirai
Independent Outside Director	Miki Mitsunari

Scope of Delegation to Management

Matters to be decided by the Board of Directors, Corporate Management Committee, approvals, etc., are determined by resolutions of the Board of Directors, approvals of the Corporate Management Committee, and approval by approval requests, with a detailed and specific division of authority and responsibility depending on the degree of importance. In addition, the company has clarified the authority, division of duties, etc. of business execution officers and general managers through internal rules, and a system has been established to constantly review them.

Value Creation Foundation

Corporate Governance

Initiatives to Ensure the Effectiveness of Governance

■ Skill Matrix for Directors

Name	Position and main responsibility in the company	Corporate management	Marketing	Organization and personnel development	Finance and accounting	Legal affairs & risk management	Global operations
Hiroyuki Tamura	Representative Director, President & CEO In charge of Overseas Business Development						
Haruo Sanoki	Representative Director, Senior Managing Director Supervisory Manager of Management Administration						
Kenichi Tanaka	Senior Managing Director Supervisory Manager of Sales Division Chief General Manager of Living Environment Market Headquarters						
Mamoru Hamayasu	Director Chief General Manager of Industrial Market Headquarters						
Takaomi Omura	Director Chief General Manager of Construction Market Headquarters						
Shinzo Maeda	Outside Director						
Kyosuke Kimura	Outside Director						
Yoshiro Hirai	Outside Director						
Miki Mitsunari	Outside Director						

* The above table lists up to four fields in which Director's expertise is particularly expected, based on the past experience of each candidate for Director. It is not an exhaustive list of all the expertise and experience the Director possesses.

■ Qualifications and Criteria for Determining the Independence of Independent Outside Directors

With the objective of increasing objectivity in management decision-making and further improving the soundness and transparency of management, when appointing Outside Directors, in addition to the requirements under the Companies Act, the company uses the factors for determining (independence criteria) when there is a risk of conflict of interest with general shareholders in the Guidelines Concerning Listing Control, etc. of the Tokyo Stock Exchange as the criteria for determining the independence of Independent Outside Directors.

Furthermore, when selecting candidates for Independent Outside Directors, the criteria for selection is based on their ability to provide advice on management policies and improving management based on their own knowledge, from the perspective of promoting the company's sustainable growth and increasing its corporate value over the medium to long term, and to supervise management through the appointment and dismissal of senior management and other important decisions of the Board of Directors.

■ Provision of Training for Directors and Audit & Supervisory Board Members

The company continuously provides the necessary opportunities, facilitation, and financial support, including holding seminars by outside instructors, for all the Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, to acquire the business, accounting, finance, legal affairs, and organizational knowledge required to fulfill their roles and responsibilities. Newly appointed officers also strive to acquire knowledge of corporate law by attending outside seminars.

■ Support for Outside Directors

Members of the Secretariat provide the Outside Directors with an explanation of the agenda for the meeting of the Board of Directors before the date when the meeting is held each month. The full-time Audit & Supervisory Board Member, who participates in the Corporate Management Committee meetings and other key meetings, also provides the Outside Audit & Supervisory Board Members with an explanation of the agenda for the meeting of the Board of Directors before the meeting is held each month. In principle, the meeting of the Audit & Supervisory Board is also held on the day of the meeting of the Board of Directors to discuss the agenda again. The company has assigned one member of staff to the Audit & Supervisory Board and works to strengthen the auditing system to make it more effective.

■ Reasons for the Election or Nomination of Individual Candidates for Director

The reasons for the election of all the Directors and Audit & Supervisory Board Members are described in the reference documents for the General Meeting of Shareholders. In addition, the areas of expertise that the company particularly expects the candidates for Directors to have are listed in the form of a skill matrix. In appointing Outside Directors and Outside Audit & Supervisory Board Members, the scale of transactions between the company, the Group companies, and the companies where the candidates hold concurrent positions is listed to provide shareholders with information on the determination of independence.

■ Strengthening Group Governance

In order to strengthen control over domestic consolidated subsidiaries, YUASA BUSINESS SUPPORT CO., LTD. has been entrusted with their accounting processing. In addition, we have introduced an overseas business monitor for the purpose of strengthening financial monitoring, and have prepared a management book specializing in overseas consolidated subsidiaries.

Value Creation Foundation

Corporate Governance

Remuneration for Directors and Other Officers

Total Amount of Remuneration, Total Amount of Remuneration by Type, and Number of Recipient Directors and Other Officers (results for fiscal year ended March 31, 2023)

Categories	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of recipient directors (and other officers)
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Director	252	142	68	41	6
Audit & Supervisory Board Member	48	48	-	-	3
Outside Director	38	38	-	-	3
Outside Audit & Supervisory Board Member	19	19	-	-	2
Total	358	248	68	41	14

*1 The limits of remuneration for Directors and Audit & Supervisory Members are set as below based on a resolution of the 139th Ordinary General Meeting of Shareholders held on June 22, 2018. In addition, the portion of this remuneration that is for the Outside Directors is set as shown in parentheses based on a resolution of the 142nd Ordinary General Meeting of Shareholders held on June 24, 2021.

(1) Directors

A maximum of ¥380 million per year (of which not more than ¥50 million is for Outside Directors). Separately, a maximum amount of money funding for the performance-linked share awards system in the applicable period comprising three fiscal years is a total of ¥540 million. However, the total for the system is a maximum of ¥360 million for the two fiscal years of FY2019 and FY2020. Further, the company abolished the remuneration of share acquisition rights as it implemented the performance-linked share awards system.

As of the conclusion of the 139th Ordinary General Meeting of Shareholders, the number of Directors is 10, and as of the conclusion of the 142nd Ordinary General Meeting of Shareholders, the number of Outside Directors is three.

(2) Audit & Supervisory Board Members

A maximum of ¥80 million per year. The company has abolished the remuneration of share acquisition rights. As of the conclusion of the Ordinary General Meeting of Shareholders, the number of Audit & Supervisory Board Members is four (two of whom are Outside Audit & Supervisory Board Members).

*2 The bonus above is the maximum provision for performance-linked remuneration for Directors (excluding Outside Directors) for the five Directors (excluding Outside Directors) for this fiscal year.

*3 The remuneration sum for Directors (excluding Outside Directors) does not include the ¥39 million (including bonuses) in employee wages for Directors who serve concurrently as employees.

*4 The content of non-monetary remuneration is the performance-linked remuneration described in "Concept of remuneration (1) Remuneration for Directors (b) Performance-linked remuneration."

Concept of Remuneration

(1) Remuneration for Directors

Remuneration for Directors (excluding Outside Directors) is comprised of basic remuneration and performance-linked remuneration (bonuses/shares). Outside Directors only receive basic remuneration.

(a) Basic remuneration

Monetary remuneration paid as a fixed sum depending on the position

(b) Performance-linked remuneration

Performance-linked remuneration is comprised of bonuses and performance-linked share awards.

- Bonuses are monetary remuneration that fluctuate in amount based on consolidated results and individual results of the previous fiscal year.
- Performance-linked share awards are comprised of a "fixed portion" that provides points for each fiscal year and a "performance-linked portion" that provides points based on the achievement level of performance targets at the final fiscal year of the Medium-term Management Plan. This remuneration is paid upon retirement (one point = one share). Further, since 50% is paid as shares of the company and 50% is used to pay income taxes, etc., the latter is paid as monetary value equivalent to the realized shares.

(2) Remuneration for Audit & Supervisory Members

Remuneration for Audit & Supervisory Members is paid only as a fixed monetary amount as basic remuneration as separately established for full-time and part-time members through deliberations of all Audit & Supervisory Members in order to reflect the independent nature, based on the remuneration system and standard corresponding to their duties and responsibilities.

Performance Indicators

This remuneration system aims to provide incentives to improve medium- to long-term company results and corporate value and share interests with shareholders. The following indicators were used for evaluations in the Medium-term Management Plan "Growing Together 2023" that ended in FY2022.

Evaluation indicator (standard)	Evaluation weight	Performance linked factor
Consolidated net sales (¥545.0 billion)*	1/3	0-2.0
Consolidated ordinary profit (¥16.4 billion)	1/3	0-2.0
Profit attributable to owners of parent (¥11.5 billion)	1/3	0-2.0

* Before revenue recognition

Relationship Between Evaluation Indicators and Performance-linked Factors

(method of determining performance-linked share awards amount)

Consolidated net sales	Consolidated ordinary profit	Profit attributable to owners of parent	Performance linked factor
¥599.5 billion or more	¥21.4 billion or more	¥15.0 billion or more	2.0 (upper limit)
¥545.0 billion	¥16.4 billion	¥11.5 billion	1.0
¥490.5 billion or less	¥11.5 billion or less	¥8.1 billion or less	0 (lower limit)

Performance indicators	FY2022 results	Evaluation weight	Performance linked factor (actual values)
Consolidated net sales (before revenue recognition)	¥523.8 billion	1/3	0.6
Consolidated ordinary profit	¥15.3 billion	1/3	0.7
Profit attributable to owners of parent	¥10 billion	1/3	0.5

* The performance-linked coefficient for performance-linked compensation for the fiscal year ended March 31, 2023, the final year of the Medium-term Management Plan "Growing Together 2023," was 0.6 based on the actual values of the performance evaluation indicators.

Value Creation Foundation

Corporate Governance

Dialogue with Stakeholders

Basic Philosophy

In order to achieve the sustainable growth of the company and increase its corporate value over the medium to long term, the company promotes constructive dialogue with shareholders, clearly explains its management policies in an easy-to-understand manner, and strives to gain the understanding of shareholders.

(1) Appointment of a Member of Management or a Director to Oversee Overall Dialogue

The Director in charge of Management Administration oversees overall dialogue with shareholders, and through various initiatives, such as earnings briefings by the Representative Director, President & CEO, the company strives to proactively engage in constructive dialogue with stakeholders.

(2) How Departments Work Together to Support Dialogue

Each department in the Management Administration Division actively collaborates with each other to share IR information and knowledge, examine the direction of IR, and prepare disclosure materials.

(3) Enhancement of Investor Briefings and IR Activities

As a means of dialogue other than individual interviews, in principle, financial results briefings for analysts and institutional investors are held twice a year on a regular basis.

In addition, we are actively engaged in IR activities such as setting up opportunities for small meetings with institutional investors as appropriate.

(4) Feedback of Shareholder Opinions to the Company

Opinions, etc. obtained through dialogue with shareholders are summarized as appropriate and fed back to the management team and relevant departments in an effort to disseminate and share information.

(5) Insider Information Management during Dialogue

Rules for the management of insider information (Insider Trading Prevention Rules, and Information Security Policy Rules) have been established and are managed.

In addition, the Management Administration Division, which serves as the point of contact, is fully aware of insider information and fair disclosure rules when communicating with shareholders, and responds accordingly.

Toward an Open General Meeting of Shareholders

From the perspective of ensuring sufficient time for shareholders and institutional investors to consider proposals, the company strives to accelerate the delivery of convocation notices for the Ordinary General Meeting of Shareholders and distributes them on-demand for the purpose of disclosing information to as many stakeholders as possible.

The 144th Ordinary General Meeting of Shareholders
<https://webcast.net-ir.ne.jp/80742306/index.html>



Dialogue with Institutional Investors and Analysts

The company disseminates information to shareholders and investors around the world by holding financial results briefings online, providing video explanations (financial results for each fiscal year, medium-term management plans, etc.) through the company's website, and publishing factbooks and other materials.

In addition, individual IR meetings are held from time to time on a wide range of topics, such as the progress of management targets and priority strategies, shareholder return policies, and initiatives to promote sustainability and achieve non-financial KPIs, with importance attached to them as opportunities to receive valuable opinions and impressions from the market and external parties regardless of the ownership status of the company's shareholders.

In FY2022, a total of 18 IR meetings were held with institutional investors and analysts in Japan and overseas.

Measures to Instill Evaluations from the Capital Market within the Company

The feedback obtained through communication with investors is shared with management and related internal departments, and is used as valuable input in considering future management policies and elements to be disclosed.

Recently, in light of the growing needs of investors and capital markets, we have established a new KPI from FY2023 to “maintain a DOE (dividend on equity) of 3.5% or higher” as an indicator to show a stable dividend policy, and have decided to disclose the status of our efforts to achieve this.

Value Creation Foundation

Corporate Governance

Ethics and Compliance

The YUASA TRADING Group has enacted a management philosophy, ethics policy, and code of conduct. The Representative Director and President is prioritizing the execution of these policies. By repeatedly expressing this mindset to Directors and employees, the hope is that laws and regulations and compliance to corporate ethics become a foundation for all company activities.

Ethics and Compliance System

We have established an Ethics and Compliance Committee that is under the direct control of the Representative Director and President. The chair of this committee is selected by the Representative Director and President from among the Directors. The Ethics and Compliance Committee utilizes in-house training to boost its effectiveness and monitors the

compliance status along with the Internal Auditing Office. It has formed an ethics and compliance system that spans across the YUASA TRADING Group.

Ethics and Compliance Hotline

A permanent hotline has been established to directly report and advise with the Ethics and Compliance Committee if Directors or employees of the company violate or may have violated laws and regulations, the Articles of Incorporation, or other regulations. This system also ensures that persons who issue such reports will not receive disadvantageous treatment for this reason.

With the revision of Japan's Whistleblower Protection Act in June 2022, the company revised its internal reporting rules, limited the internal hotline for reporting and advice to the Ethics and Compliance Committee Secretariat, the Audit

& Supervisory Board Members and the external hotline to the lawyers in charge at the advising law firm, and strengthened compliance with the obligation to protect confidentiality. At the same time, the company expanded the scope of those who are able to seek advice so that former officers and employees can also use the hotline up to one year after their resignation.

After receiving an inquiry or report, the Ethics and Compliance Committee will investigate the incident, enact measures to prevent it from occurring again, and will report important cases to the Board of Directors through the Representative Director and President.

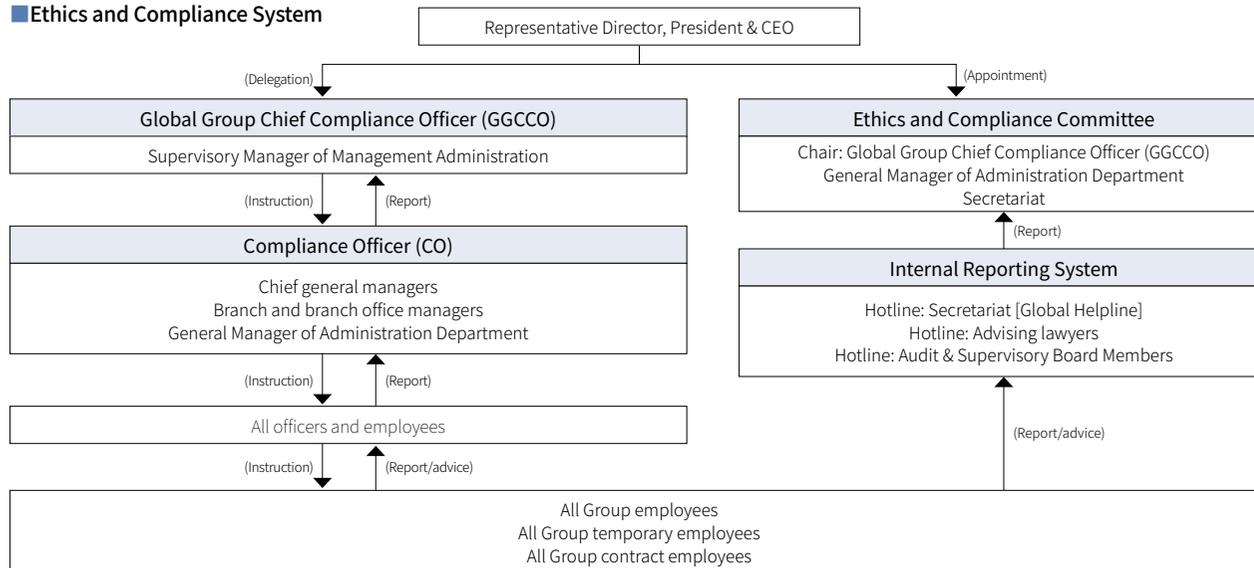
Response Against Anti-social Forces

The code of conduct declares the severance of any relationship with anti-social forces. Furthermore, the company is standardizing the management of information through manuals and in-house training in order to eliminate and eradicate anti-social forces. External approaches are managed in the Ethics and Compliance Committee. The company also participates in the Tokyo Metropolitan Police Organized Crime Prevention Association (Tokubouren) and strives to gather information and preempt transactions with anti-social forces.

Compliance Education and Training

The company implements grade-specific (new employees, employees hired mid-career, newly appointed site managers, newly appointed line managers, etc.) education and training on compliance in general, and e-learning education on preventing harassment for all Group employees (implemented August – end of October 2022). In addition, through follow-up training for young employees (two to three years after joining the company) with practical experience, we strive to continuously instill awareness of legal compliance from a frontline perspective.

Ethics and Compliance System



Value Creation Foundation

Corporate Governance

Risk Management

Risk Management System

The YUASA TRADING Group has appointed the Director in charge of the Management Administration as the Risk Management Supervisory Manager and has established a system to swiftly and appropriately transmit information and respond to emergencies for each expected risk. The Risk Management Supervisory Manager reports on the status of risk management to the Board of Directors as necessary and works to establish a business continuity management system to minimize business disruption and impact in the event that a risk materializes.

Overview of Operational Status

The Risk Management Supervisory Manager implements comprehensive and cross-sectional risk management and works to strengthen business continuity capabilities after appropriately identifying and assessing the risks associated with business activities. Specifically, the Group classifies and evaluates risks based on management strategies and operational processes, identifies key risks that may have a significant impact on the Group's financial position, operating results, and cash flow conditions, and ascertains the degree of impact of those risks.

Environmental and Resilience Committee

We formulate environmental policies aimed at maintaining and improving the global environment through our business activities, and formulate a business continuity plan (BCP) in anticipation of situations that may cause significant damage, such as large-scale disasters and the outbreak of new viruses.

Specifically, through ISO and BCP activities, we share information on environmental laws and regulations, formulate and develop disaster prevention plans, respond to disasters, and conduct drills.

Export Administration Committee

In order to improve compliance related to overseas transactions and exports in particular, the Export Administration Committee established the Safe Export Management Guidelines as internal standards related to compliance of export laws and regulations. This committee is responsible for raising awareness and monitoring activities.

Key Risks Assumed

Main risks recognized with the potential to have a material impact on financial position, operating results, and cash flow

Risk item	Overview	Countermeasures to mitigate risk
1. Economic fluctuation risk	Risk in the event of unforeseen changes in the economic trends in industrial equipment- and construction-related investments	We are focusing on the expansion of new areas and new markets outside Japan
2. Share price fluctuation risk	Risk in the event of changes in share prices	We are reviewing our shareholdings as appropriate in accordance with our "Securities Investment Guidelines."
3. Interest rate fluctuation risk	Risk in the event of changes in the interest rate for interest-bearing debt with variable interest rates	In some cases, we may convert interest-bearing debt from variable interest rates to fixed interest rates, etc.
4. Credit risk	Risk in the event of credit extended to business partners inside and outside Japan involving credit losses	We are implementing credit management in accordance with internal management regulations.
5. Exchange rate fluctuation risk	Risk in the event of changes in the exchange rate in import and export transactions	We are executing exchange forward contracts for import and export transactions in foreign currencies.
6. Compliance risk	Risk in the event of major changes in or application of unexpected interpretations of relevant laws and regulations, including laws and regulations related to business activities	In addition to establishing an ethics policy and code of conduct, we have established an Ethics and Compliance Committee, which is under the direct control of the Representative Director, to ensure thorough compliance and provide guidance throughout the Group.
7. Risk related to information systems and information security	Risks such as leaks of confidential corporate information or personal information due to unexpected unauthorized external access or invasion by a computer virus, as well as non-operation of information systems due to damage to system equipment or issues with communication lines from a natural disaster or an accident	In order to promote information sharing and business efficiency, we have constructed and operated an information system, and in order to ensure the safety of information system operations, we have established information security operating rules and are thoroughly tackling crisis management responses.
8. Product liability risk	Risk in the event of product defects that lead to a large-scale recall or product liability compensation	We are engaged in the manufacture and sale of household appliances, and we take every precaution to ensure the quality of these products, as well as carrying product liability insurance.
9. Country risk	Risk that it will be difficult to collect receivables or investments and loans due to policy changes or changes in the political and economic environment of counterparty countries overseas	We are responding carefully based on various information regarding the country risks that can be anticipated, and making efforts to manage and hedge risks, such as carrying trade insurance.
10. Natural disaster risk, etc.	Risk of shutdown of business site functions, damage to equipment, and interruptions in the supply of power and other services in the event of a natural disaster, such as an earthquake or large-scale flooding, or an unexpected outbreak of an infectious disease, such as a new virus	In order to continue our business activities, we have formulated a business continuity plan (BCP), introduced a safety confirmation system, prepared a disaster countermeasure manual, and implemented earthquake resistance countermeasures, and are conducting disaster drills, etc.
11. Climate change risk	Risk of stronger legal regulations and regulations on provision of products associated with climate change	Through all of our business activities, the Group is working to solve social issues by promoting an environmental business that sells and disseminates equipment and systems that contribute to the global environment both domestically and overseas, with the aim of achieving sustainable development that aims for a balance between maintaining a sound global environment and achieving economic growth.

Internal Control Committee

We have established internal controls for the entire Group, internal controls for the settlement of accounts, financial reporting processes and operational processes, and internal controls for overall IT and operational processes. In order to ensure the reliability of financial reporting, we identify risks that may lead to false statements, and take effective measures to reduce the occurrence of such risks for matters of high importance.

Data

Key Financial Data

Securities Report

<https://www.yuasa.co.jp/ir/library/asr.html>

Financial Data

(fiscal year)

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021*	FY2022
Net sales	millions of yen	400,252	442,213	441,723	442,042	446,335	461,749	493,627	491,348	432,185	462,725	504,806
Operating profit	millions of yen	7,310	9,518	9,815	10,357	10,923	11,402	12,517	11,871	8,983	11,880	14,599
Ordinary profit	millions of yen	7,827	9,782	10,353	11,039	11,704	12,149	13,437	12,804	10,011	11,744	15,382
Profit attributable to owners of parent	millions of yen	5,276	5,483	7,494	7,190	7,777	8,261	9,038	8,950	6,930	8,058	10,079
Total assets	millions of yen	196,740	205,669	204,897	202,891	216,984	235,022	247,747	237,071	237,487	259,413	271,218
Interest-bearing debt	millions of yen	32,357	22,296	11,935	4,972	3,117	3,138	3,048	4,290	4,472	3,709	3,691
Net debt to equity ratio	times	0.09	(0.10)	(0.37)	(0.45)	(0.47)	(0.46)	(0.44)	(0.49)	(0.42)	(0.54)	(0.51)
Net cash provided by (used in) operating activities	millions of yen	5,729	9,407	12,476	9,114	11,908	6,645	4,387	12,970	5,982	10,213	8,338
Net cash provided by (used in) investing activities	millions of yen	(3,329)	(880)	3,550	(589)	(3,652)	(1,355)	(873)	(2,843)	(3,509)	4,776	(2,845)
Net cash provided by (used in) financing activities	millions of yen	(4,323)	(11,782)	(11,810)	(8,982)	(5,501)	(2,418)	(3,182)	(3,509)	(3,713)	(3,553)	(6,890)
EPS (basic earnings per share)	yen	24.21	250.78	340.82	326.27	352.45	373.22	408.27	403.55	313.03	364.54	466.23
BPS (net assets per share)	yen	172.81	2,010.64	2,369.99	2,573.88	2,910.02	3,236.29	3,464.20	3,635.18	4,057.16	4,160.75	4,483.99
Dividend per share	yen	6	6	—	100	95	110	140	150	100	123	140
ROA (return on assets)	%	4.0	4.9	5.0	5.4	5.6	5.4	5.6	5.3	4.2	4.7	5.8
ROE (return on equity)	%	20.8	13.4	15.6	13.2	12.9	12.2	12.2	11.4	8.1	8.9	10.8
Equity ratio	%	19.1	21.4	25.5	28.0	29.6	30.5	30.9	34.0	37.7	35.5	34.9
Total payout ratio	%	24.8	23.9	24.9	30.6	27.0	29.5	34.3	37.2	31.9	33.7	67.0

*Net sales from FY2021 onward show figures after the application of the Revenue Recognition Accounting Standard.

Data

Non-financial Data

Scope: [Non-consolidated] YUASA TRADING CO., LTD.
[Group companies] Subsidiaries and affiliates
(excluding affiliates accounted for by the equity method)

ESG Data

<https://www.yuasa.co.jp/en/sustainability/esg/>



Environment (consolidated)

CO ₂ emissions (Scope 1 & 2)		Unit	FY2020	FY2021	FY2022
[Non-consolidated]	Scope 1	t-CO ₂	899	943	1,025
	Scope 2	t-CO ₂	1,054	1,261	1,232
	Scope 1&2	t-CO ₂	1,953	2,204	2,257
[Group companies]	Scope 1	t-CO ₂	—	—	3,020
	Scope 2	t-CO ₂	—	—	1,405
	Scope 1&2	t-CO ₂	—	—	4,425
[Non-consolidated + Group companies]	Scope 1&2	t-CO ₂	—	—	6,682

CO ₂ emissions (Scope 3 ^{*1,2})		Unit	FY2020	FY2021	FY2022
[Non-consolidated]	Emissions related to logistics and data centers	t-CO ₂	735	688	639

*1 Due to boundary changes, CO₂ emissions from Scope 1 and 2 related to logistics and data centers, which were included in the figures disclosed in FY2020 and FY2021, are disclosed as Scope 3 (the above Scope 3 figures are CO₂ emissions from logistics and data centers only).

*2 For other Scope 3 emissions, we are currently calculating emissions from manufacturing products we handle, fuel and energy activities not included in Scope 1 and 2, and emissions related to our employees commuting to work.

Society (non-consolidated)

	Unit	FY2020	FY2021	FY2022
Number of employees ^{*3} (figures in parentheses are consolidated)	persons	1,079 (2,487)	1,074 (2,489)	1,103 (2,533)
(Male)	persons	644	644	660
(Female)	persons	435	430	443
Number of employees in comprehensive work position	persons	781	786	795
(Male)	persons	751	754	762
(Female)	persons	30	32	33
Percentage of female employees in comprehensive work position	%	3.8	4.1	4.2
Percentage of female employees in management position	%	1.2	1.5	1.9
New graduate employees (total)	persons	75	59	57
(Male)	persons	43	44	35
(Female)	persons	32	15	22
New graduate employees in comprehensive work position (total)	persons	48	48	39
(Male)	persons	43	43	35
(Female)	persons	5	5	4
Percentage of new graduate female employees in comprehensive work position	%	10.4	10.4	10.3
New graduate general office work employees (total)	persons	27	10	18
Percentage of permanent employees who are mid-career recruits	%	28.3	28.4	29.9
Number of employees with disabilities	persons	16	19	20

	Unit	FY2020	FY2021	FY2022
Full-time employees: Average annual income ^{*4}	thousands of yen	—	—	7,950
(Male)	thousands of yen	—	—	9,479
(Female)	thousands of yen	—	—	5,315
Full-time employees: Percentage of average annual income received by females ^{*4,5}	%	—	—	56.1
Contract and part-time employees: Percentage of average annual income received by females ^{*4}	%	—	—	53.9
All employees: Percentage of average annual income received by females ^{*4}	%	—	—	55.4
Average age ^{*3}	years old	38.0	38.4	38.7
(Male)	years old	39.3	39.4	39.7
(Female)	years old	36.0	37.0	37.2
Average length of service ^{*3}	years	12.3	12.8	12.8
(Male)	years	13.4	13.5	13.5
(Female)	years	10.8	11.8	11.8
Percentage of return to work after childcare leave	%	90.0	100.0	100.0
Percentage of male employee taking childcare leave and leave for the purpose of childcare	%	50.0	34.3	78.1
Employees working shortened hours	persons	31	35	46
Percentage of taking paid leave ^{*3}	%	52.1	56.2	62.8
Average hours of labor ^{*3}	hours	2,013	1,977	1,955
Average time of office arrival (non-management employees) ^{*3}	time	8:26	8:26	8:28
Average time of leaving office (non-management employees) ^{*3}	time	18:25	18:29	18:27
Average time spent in office (excluding breaks) (non-management employees) ^{*3}	hours	8:58	9:02	8:58
Percentage of health checkups ^{*3}	%	100.0	100.0	100.0
Stress check rate ^{*3}	%	100.0	100.0	100.0
Number of fatalities ^{*3}	persons	0	0	0
Number of fatal incidents ^{*3}	cases	0	0	0
Number of negligent incidents of injury or death ^{*3}	cases	0	0	0
Number of occupational injuries ^{*3}	persons	1	0	0

*3: Excludes seconded employees.

*4: Excludes overseas seconded employees.

*5: There is no wage difference between men and women who have the same role grade age and evaluation in the same job duties.

Governance

	Unit	FY2020	FY2021	FY2022
Number of Directors (including Outside Directors)	persons	10	8	8
(Male)	persons	9	7	7
(Female)	persons	1	1	1
Percentage of female Directors (including Outside Directors)	%	10.0	12.5	12.5

Data

Share Information (as of March 31, 2023)

Total number of authorized shares
40,000,000 shares

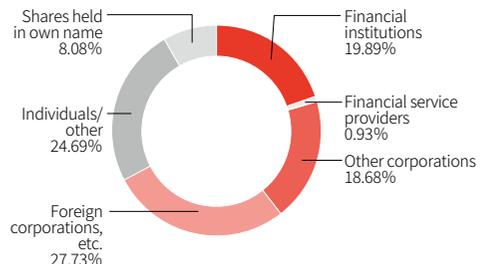
Total number of issued shares
23,155,882 shares
(including treasury share of 1,870,205 shares)

*1 At the meeting of the Board of Directors held at May 12, 2023, the company resolved to cancel treasury shares in order to further improve capital efficiency and share value by reducing the total number of issued shares, and the cancellation was completed in May 31, 2023. As a result, the total number of issued shares of the company after the cancellation became 22,100,000 shares.

Number of shareholders 7,412

*2 The number of shares constituting one unit is 100 shares.

Shareholder ratio



Major shareholders (top 10)

Shareholder name	Number of shares (thousand shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd.	2,591	12.17
BNYM AS AGT/CLTS 10PERCENT	951	4.46
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	900	4.22
Yuasa Tankyo Shareholding Association	899	4.22
Custody Bank of Japan, Ltd.	840	3.95
HIKARI TSUSHIN, INC.	708	3.32
West YUASA Yamazumi Shareholding Association	688	3.23
East YUASA Yamazumi Shareholding Association	627	2.94
Yuasa Trading Employee Shareholding Association	528	2.48
Sumitomo Mitsui Banking Corporation	494	2.32

*3 The number of shares shown in the above list are rounded down to the nearest thousand shares.

*4 The ratio of shareholding is calculated by deducting treasury stock and rounded down to the second decimal place.

*5 The company holds 1,870,000 shares as treasury share, which is not included in the above table.

Further, the company shares (171,000 shares) held by the Board Incentive Plan is not included in treasury shares.

*6 Of the trust bank holding listed above, the number of shares related to trust operations of trust banks is as follows.

The Master Trust Bank of Japan, Ltd.	2,591
Custody Bank of Japan, Ltd.	840

(thousand shares)

Trends of stock price and volume



Company Profile (as of March 31, 2023)

Company name YUASA TRADING CO., LTD.

Headquarters 7, Kanda-Mitoshirocho, Chiyoda-ku, Tokyo

Founded March 1666

Established June 25, 1919

Share capital ¥20,644 million

Number of employees 2,533 (consolidated)
1,103 (non-consolidated)

Stock exchange listing Prime Market of Tokyo Stock Exchange

Security code 8074

Fiscal year April 1 – March 31 of the following year (fiscal year ends in March)

Main financial institutions

[Banking]

Sumitomo Mitsui Banking Corporation

[Life insurance]

SUMITOMO LIFE INSURANCE COMPANY

[General insurance]

Mitsui Sumitomo Insurance Company, Limited

[Securities]

Nomura Securities Co., Ltd.



YUASA

YUASA TRADING CO., LTD.

YUASA INTEGRATED REPORT 2023

YUASA TRADING CO., LTD.

7, Kanda-Mitoshirocho, Chiyoda-ku, Tokyo 101-8580