YAMAZEN

Integrated Report 2025

April 1, 2024 to March 31, 2025

YAMAZEN CORPORATION

What is Yamazen?

Purpose

Pioneering a new future, with all of you

Nobody knows what the future will hold 100 years from now–that's why Yamazen will keep finding the optimal solutions.
By connecting with the latest business *frontline* information and further refining our *problem-solving skills* and *communication skills*, we will continue solving new challenges to surpass all barriers.
Not only on everyone involved with Yamazen, but also everyone who lives beyond, we have and will continue pioneering a new future, with all of you.

Management Philosophy

Management of Fostering Personnel

To make active use of personnel, and to foster *jigyoin*

"Business relies on manpower."
Manpower is the most valuable asset to a company.
We develop human resources that the society will take pride in.

Management of Breaking Through

To challenge, innovate and create

Times are constantly changing. If we stay in the same place, we will be left behind.
We will pave new paths in response to the changes.

Management of Trust

To respond to needs and expectations and contribute to them

With mutual trust as the foundation of our business operations, we contribute to industrial progress and the realization of an affluent society.

Jigyoin who have a pioneering spirit and the ability to think while taking action

Our greatest asset is our people. We do not use the word "*jugyoin*," the standard Japanese term for staff; instead, we prefer "*jigyoin*," meaning an independent and virtuous employee.
In order to pave the way for the future by cultivating "*jigyoin*" and achieve sustainable growth and development by earning the trust of society at large, we have placed "Management of Fostering Personnel" at the top of our Management Philosophy.
We will continue to embody the corporate philosophy of our founder Takeo Yamamoto and cultivate *jigyoin* who serve as the source of our competitive advantage as we pass down these cherished values.

Our core competence is *jigyoin* who have a pioneering spirit and the ability to think while taking action.
These terms are defined as follows.
Pioneering spirit: A mindset of constantly responding to change and taking on the challenge of innovation and creation.
Thinking in action: The ability to think and act on one's own.
Jigyoin: Self-reliant human resources who share the Yamazen Group's unique philosophy, who respond promptly and flexibly to change, even as unexpected change becomes commonplace, by independently taking on challenges and putting ideas and actions into practice on site, and who are always of service to customers.

DNA Passed Down Through Generations

Jigyoin Carrying Forward Yamazen's DNA

To embody our corporate philosophy and create value through the practice of challenging themselves and thinking while taking action, we have established an HR Development System and continue to develop *jigyoin* through a variety of systems in talent management.
Through these initiatives, we have passed down the founder's corporate philosophy to over 3,000 employees across the Group.

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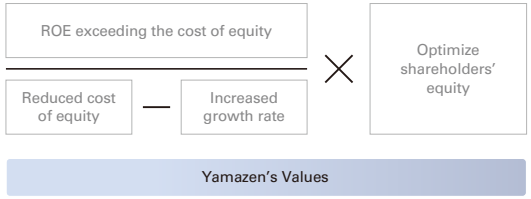
This integrated report is divided into sections that explain the Yamazen Group's ("Yamazen" or "the Company") approach to enhancing corporate value over the medium- to long-term. It summarizes how Yamazen leverages its competitive advantages to create both social and economic value from a medium- to long-term perspective.

Policy for Enhancing Corporate Value over the Medium- to Long-Term
"Corporate Value Formula"

1 Yamazen's Values

Here, we share the universal values we have held since our foundation, our core competence, and the business model that serves as our source of value creation.



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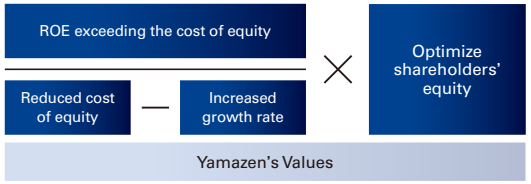

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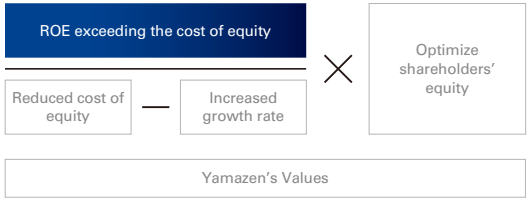

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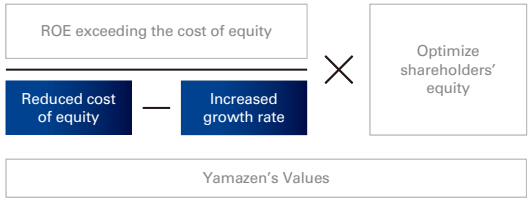

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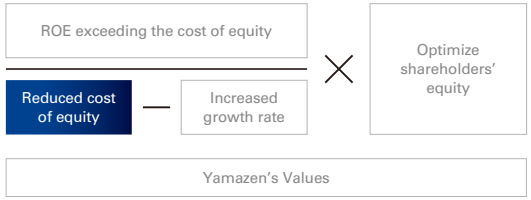

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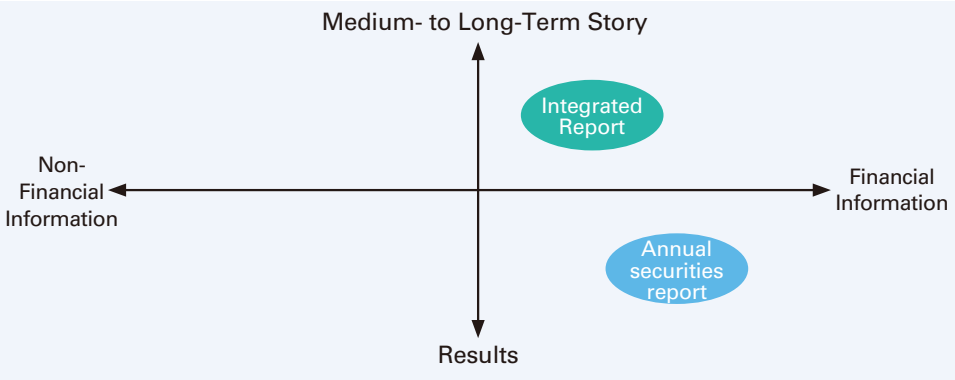


Editor's Afterword

We sometimes hear from investors that "Yamazen's business is hard to understand." We think this is because, while we are one of Japan's leading specialized machinery trading companies, the launch of our home appliances has helped the YAMAZEN brand become more widely recognized in Japan, and our business has come to encompass a wide variety of facets through our growth and expansion.

Therefore, in preparing the Integrated Report 2025, we focused on three key points. The first is to present our founding spirit, our business model, and our current business structure. The second is to explain our growth strategy under the Medium-Term Management Plan launched this fiscal year, particularly the global business that will serve as a key growth driver, through insights from our CEO. The third is to explain our initiatives for enhancing corporate value based on our "corporate value formula," breaking down each element throughout the report to provide a clear and convincing understanding.

We hope this report provides you with a clearer understanding of our Group and serves as a first step toward constructive dialogue as we strive to enhance our corporate value going forward.

Masamichi Yamazoe
Director and Executive Officer, Chief Financial Officer (CFO)

Cautionary Note Concerning Forward-Looking Statements

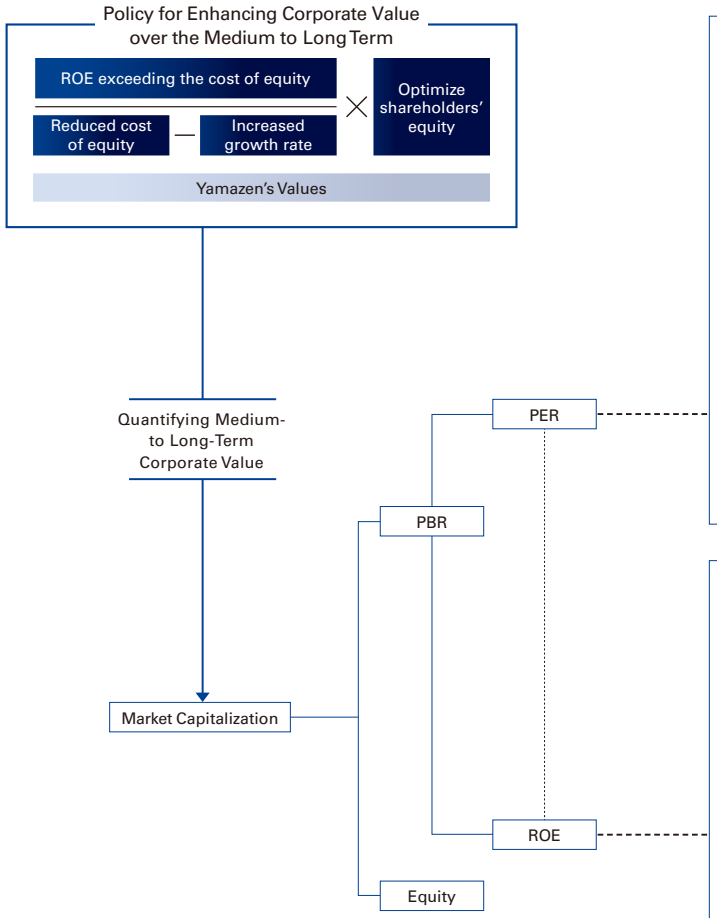
Statements about the future, including the medium-term management plan and forecasts, in this integrated report are based on the information currently available and on certain assumptions deemed reasonable by management, and are not intended as guarantees by the Company. Actual performance may differ materially from these projections due to various reasons. Factors that may impact future prospects include, but are not limited to, the economic environment in which the Company operates, competition, laws and regulations, changes in product development, and fluctuating exchange rates.

(Note) The content of this integrated report is based on results for the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025), with some information from April 2025 onward included.

Initiatives for Enhancing Medium- to Long-Term Corporate Value

Aiming to Expand Equity Spread with Financial Discipline

Yamazen has set the principle of "ROE exceeding the cost of equity / (Reduced cost of equity - Increased growth rate) × Optimize shareholders' equity" as our approach to enhancing corporate value over the medium- to long-term. We aim to expand corporate value through market capitalization growth driven by expanding equity spread with financial discipline. This approach does not involve excessive leverage but aims to enhance profitability while maintaining an equity level appropriate to business risks.



Improving PER

(1) Reducing cost of equity

While continuously monitoring the range of cost of equity estimated by CAPM, we verify the difference with investors' expected rate of return through dialogue with investors. In many cases, investors' assumptions are higher, and we view narrowing this gap as beneficial to reducing the cost of equity. Consequently, we select actions from the perspectives of management, business, financial, and IR strategies.

(2) Improving expected growth rate

We recognize that many factors are closely linked to reducing the cost of equity.
Actions under the IR strategy involve sharing with management how the Company is perceived by investors, including differences between the cost of equity as expected by investors and as recognized by the Company, and integrating this into decision-making. We aim to reduce information asymmetry and clearly communicate our business strategy, grounded in history and achievements, through a narrative approach, to convey a high probability of success.
Furthermore, synchronizing Yamazen's sustainability with societal sustainability, a key driver linking the present and future, is incorporated into our business strategy and tactics for each business sector.

Improving ROE

(1) Improving ROIC

We position improvements in after-tax profit (operating profit margin) and the efficiency of business assets (working capital turnover rate) as key drivers. For the former, we promote the expansion of "high-quality" sales and margin rate improvement by optimizing capital allocation, including non-financial capital (page 28–29). For the latter, we aim to maintain a high level of ROIC by minimizing CCC and keeping working capital at a low level.

(2) Improving Business Investment Rate

As stated in the cash allocation outlook (page 28), progress in business investment (mainly M&A) has been limited, lowering the business investment rate. However, we are committed to allocating financial and non-financial capital to growth-oriented and high capital-yielding projects.

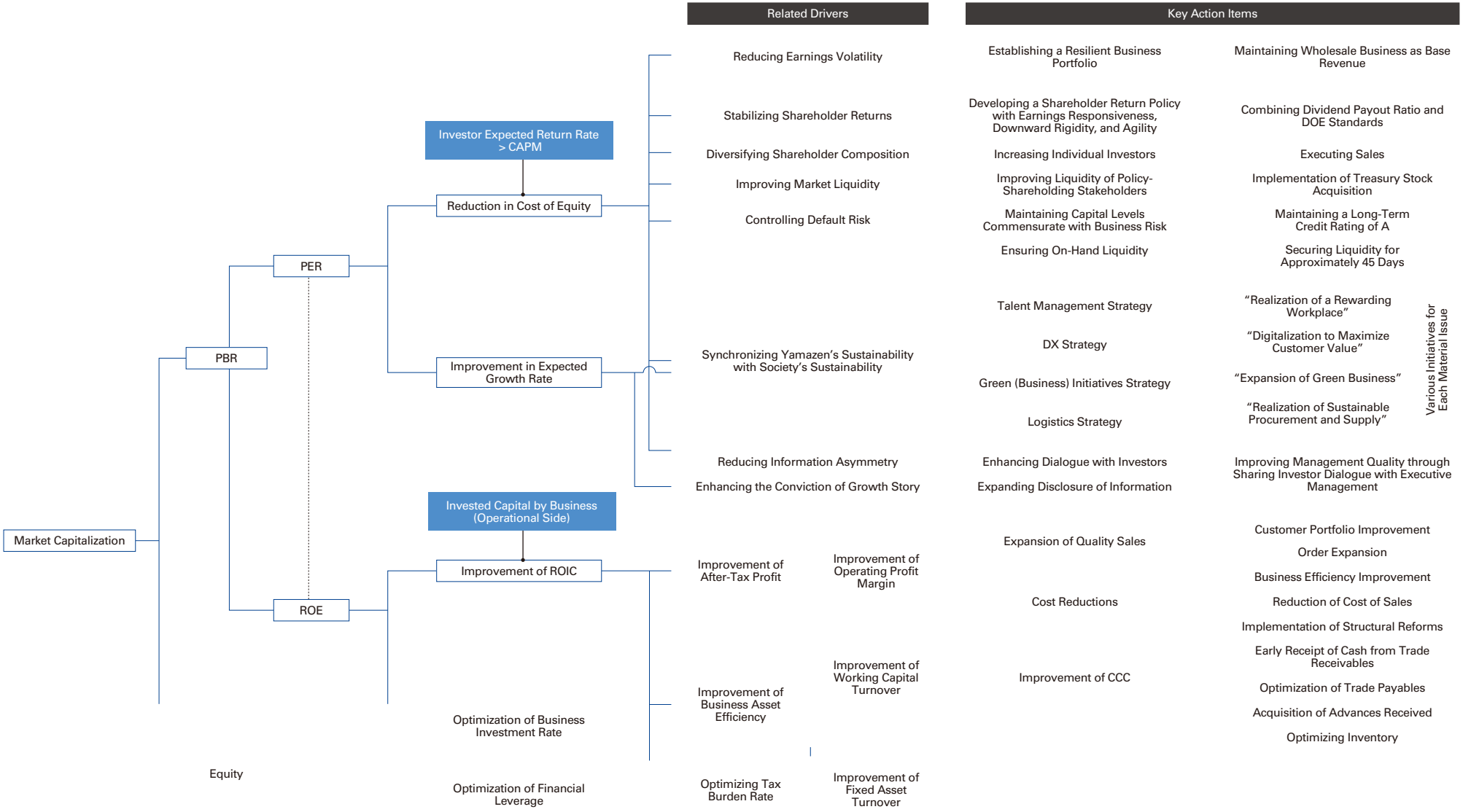
(3) Optimizing Financial Leverage

Financial leverage optimization is closely related to the progress of business investments. We pursue optimal solutions that consider each investment's scale, risk, and capital profitability.

Initiatives for Enhancing Medium- to Long-Term Corporate Value

We have identified the drivers behind indicators for improving PER and ROE and broken them down into concrete actions. This clarifies what individual employees should do, leading to medium- to long-term improvements in corporate value.

Legend: Business Strategy | Capital Policy and Financial Strategy | Business Strategy and Tactics | IR Strategy



DNA Inherited From the Founder

The beliefs and values of founder Takeo Yamamoto have passed down to today, supporting Yamazen's growth and boosting our competitive advantage.

"You don't gotta come all the way to Osaka—just send a telegram or call, and we'll gather the items an' send 'em over."

In May 1947, Takeo Yamamoto established Yamazen Tool Manufacturing & Sales Co., Ltd. He focused on hand tools, procuring a wide range of essential items and contributing to the post-war recovery of Osaka. He also handled orders from regional retailers at a time when face-to-face business was the norm. Retailers reduced time and costs and were able to focus on sales activities. His belief in "taking on all the tasks customers find inconvenient and charging a service fee for it" has been passed down to Yamazen today.

Yamazen Tool Manufacturing & Sales Co., Ltd. at its founding

Takeo Yamamoto
Founder (1921-1991)

Head office building in 1949

"People in different positions need to work together and find ways to support each other where they are lacking."

Yamamoto visited distributors across Japan to build cooperative relationships with them. In 1950, he established a cooperative organization for distributors (Yamazen Ace Group), creating significant mutual benefits such as price stability and transaction efficiency. In 1954, he also established a cooperative organization for supplier manufacturers (Yamazen Society), growing sales by working with both distributors and supplier manufacturers. Under a philosophy of mutual growth, these organizations continue to operate today and serve as the source of our strong presence in the industry.

"Follow the path of water, and you'll reach the homes where it flows—to faucets, kitchen sinks, bathrooms. Providing products that serve these needs is not just a business desire but a form of kindness."

As business grew, products carried expanded to include machine tools and industrial equipment, and when demand for waterworks materials and related tools increased due to postwar water supply and sewage infrastructure projects, we entered the residential equipment field. In 1965, we were among the first to enter overseas markets, building a broad network as a machinery trading company. Subsequently, we entered the household equipment sector in earnest, expanding our business domains and fields by developing a fabless manufacturer business and an engineering business overseas.

First Home Products Catalog

Chicago Office at Its Opening

Yamazen's Competitive Advantages

1 Strong Presence in the Industry Built Over a Long History

- Solid and continuous relationships with business partners fostered over 70 years as well as high credibility and strong presence within the industry
- A network spanning around the globe based on collaboration with countless suppliers and distributors

2 Flexible Business Operations With Low Risk

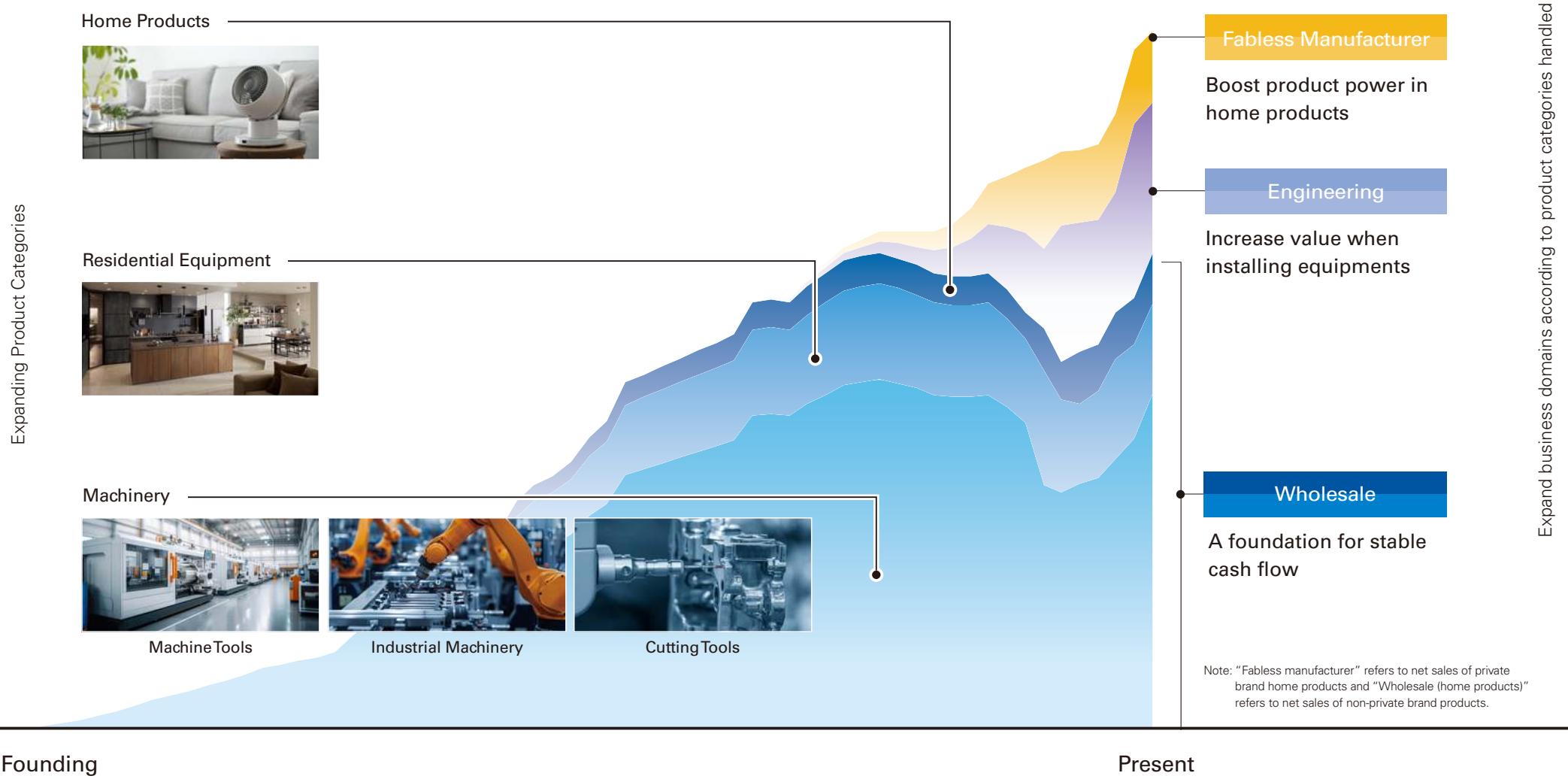
- A business model with minimal invested capital that flexibly changes or expands product categories to address diverse markets
- Efficient inventory management and waste-free operations using a thorough procurement process based on expected orders

3 Human Resources Who Embody Our Management Philosophy

- Sales force with the ability to gather information, make proposals, and negotiate tenaciously—embodying our founder's ambition

Yamazen's Business Model

Founded as a wholesale business for tools, we increased sales of production equipment such as machine tools and industrial machinery while also expanding the consumer goods we handle, such as housing equipment and home products. Ongoing transactions with numerous business partners in the wholesale business serve as our business foundation, creating a revenue base that generates stable cash flow. Furthermore, as add-ons to our existing wholesale business, we have built up sales and profits by developing an engineering business that increases the value we provide to customers and a fabless manufacturer business that boosts our product power in Home Products. Today, we have established three business models—wholesale, engineering, and fabless manufacturer.



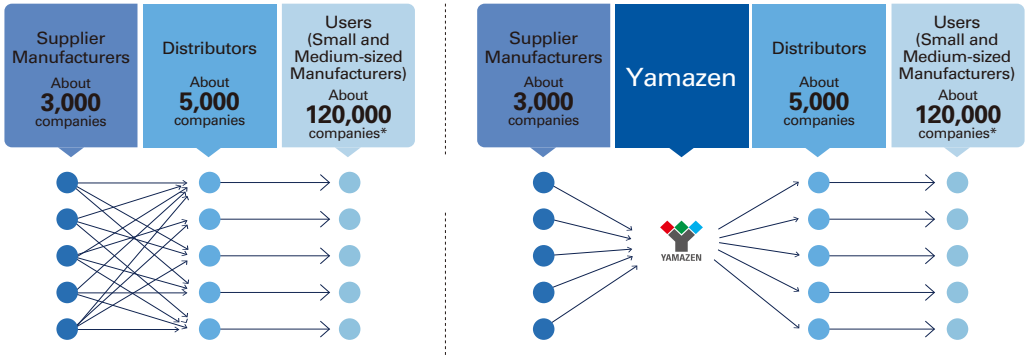
Note: "Fabless manufacturer" refers to net sales of private brand home products and "Wholesale (home products)" refers to net sales of non-private brand products.

Yamazen's Business Model

The Three Business Models and Strengths

Wholesale

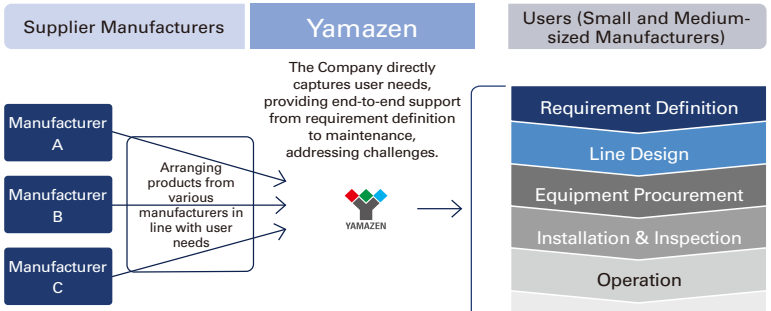
Small and medium-sized manufacturing users find it difficult to locate the right equipment out of all the different manufacturers and products, and distributors are expected to make optimal proposals. Supplier manufacturers also face challenges in understanding which distributors sell their products and in collecting outstanding debts. Yamazen acts as an intermediary between manufacturers and distributors, using our extensive product knowledge and expertise to propose products that meet user needs. This allows distributors to provide optimal products and manufacturers to consolidate sales channels to improve the efficiency of sales and collection of outstanding debts. Yamazen plays a role in resolving issues among all three parties and facilitating transactions.



* Example from the metal processing industry

Engineering

Our engineering business directly captures user needs and provides one-stop support for everything from defining requirements to production line design, production equipment procurement, installation, operation, and maintenance. We sell production equipment directly overseas without going through distributors and provide advanced engineering capabilities. We have over 330 in-house engineers across countries worldwide, and our strength lies in our flexible line design as a trading company. Leveraging these strengths, the engineering business has been positioned as a future growth area.



* Example of engineering flow in North America
Number of locations: As of the end of August 2025
Number of personnel: As of the end of August 2025

Overseas
15 countries/regions

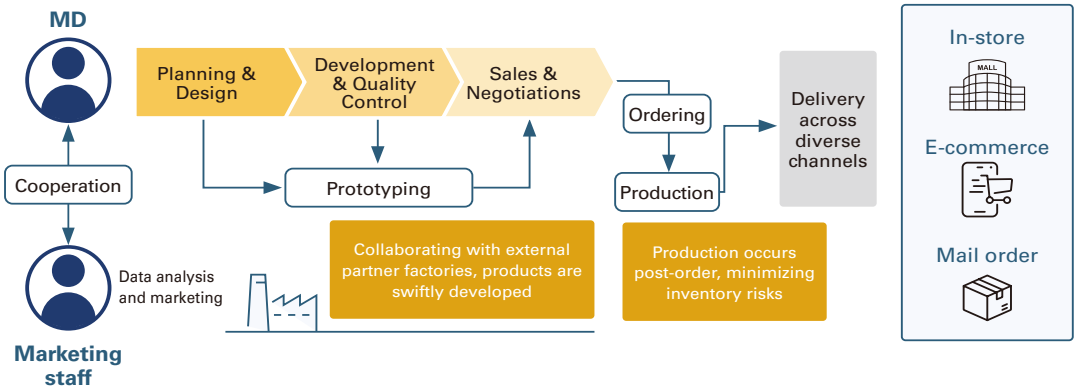
73 branch offices
(including 1 branch office for Home Products)

Overseas staff
About **1,200** people

Engineers among staff
About **330** people

Fabless Manufacturer

We produce YAMAZEN brand home products, including electric fans and electric blankets that boast top-tier sales in the industry. Product development personnel (MDs) work with marketing personnel to analyze consumer needs based on sales data, social media, and word-of-mouth information to conduct planning and development. We have established a system that enables commercialization in a short period and provide products manufactured at partner factories overseas through channels such as consumer electronics retailers, mail order, and e-commerce. Our agile development system enables us to quickly launch new products to market so that we rarely miss a business opportunity and is characterized by a high number of product launches per person.



Yamazen's Business Model

Relationship Between Business Models and Businesses Segments

Yamazen classifies businesses by product category rather than business model and has developed its engineering and fabless manufacturer businesses using wholesale as the foundation, depending on their features. Combining the knowledge and expertise of the Machine Tools Business, Industrial Solution Business, Tool & Engineering Business, Global Business, Building Materials Business, and Home Products Business, we create new value.

Production Equipment Businesses

Machine Tools Business

Wholesale | **Engineering** | Fabless Manufacturer

We work with top domestic and international manufacturers to provide machine tools and processing systems tailored to the needs of production sites, supporting Japanese manufacturing.

Major Products Handled

Machine tools (machining centers, CNC lathes, CNC grinding machines, CNC milling machines, electric discharge machines, conventional machine tools, 3D printers, etc.); metal forming machines; plate processing machines (presses, shirring machines, bending machines, laser cutting machines); injection molding machines; die-cast molding machines; CAD/CAM; machine tool accessories (industrial robots, measuring equipment, automation peripheral equipment, machine tool accessories); and more.

Industrial Solution Business

Wholesale | **Engineering** | Fabless Manufacturer

We provide total support including proposals that improve production efficiency through automation and labor-saving, environmental improvements, and use of advanced technologies.

Major Products Handled

Material handling equipment; packing/wrapping systems; automated warehousing equipment; picking/sorter systems; robot systems; CAD systems; hydraulic/pneumatic equipment; various sensors; labor-saving and automation equipment; compressors; pumps; blast equipment; painting equipment; welding equipment; power generating equipment; compact construction machines; prefab housing-related materials; multilevel parking lots; steel frame processing machines; cleaning equipment; effluent treatment equipment; dust extracting equipment; incinerators; oil mist collectors; cutting fluid cleaning systems; deodorization equipment; acoustic absorption/sound-proofing systems; aids for environmental improvement; aluminum frames; clean rooms; HVAC equipment; air-conditioning control equipment; and more.

Tool & Engineering Business

Wholesale | **Engineering** | Fabless Manufacturer

To meet a variety of needs, we handle a wide array of products necessary at production sites, from hand tools to measuring equipment.

Major Products Handled

Cutting tools; tooling; auxiliary tools; machine tool accessories; measuring equipment; grinding/diamond tools; hand/plumbing/electric tools; hydraulic/air pressure tools; welding machines; cutting machines; band sawing machines; compact machine tools; press-related tools; tool grinding machines; construction/cargo handling equipment; chemical products; office automation/office equipment; home appliances; and more.

Global Business

Wholesale | **Engineering** | Fabless Manufacturer

We support reciprocal business between Japan and the world, including assistance in overseas relocation of domestic and international companies, international procurement, trilateral transactions, total planning of production equipment, and consulting regarding international transactions.

Major Products Handled

All categories handled within production equipment businesses.

Consumer Goods Businesses

Building Materials Business

Wholesale | **Engineering** | Fabless Manufacturer

We provide comprehensive proposals for new products and systems aimed at creating societies and homes friendly to both people and the planet, such as those addressing environmental concerns, decarbonization, health, and accessibility, while also focusing on the remodeling business.

Major Products Handled

Kitchen appliances; cooking appliances; bathroom appliances; washbasin appliances; water boiling equipment; sanitary appliances; air-conditioning equipment; solar power generation equipment; storage batteries; plumbing equipment and materials; interior architectural materials; exterior architectural materials; interior materials; window frames; exterior materials; ancillary construction materials; construction materials; construction equipment; structural building frames; BCP-related equipment; and more.

Home Products Business

Wholesale | Engineering | **Fabless Manufacturer**

We combine our wholesale business for national brands with a manufacturer function that plans and develops private brand products.

Major Products Handled

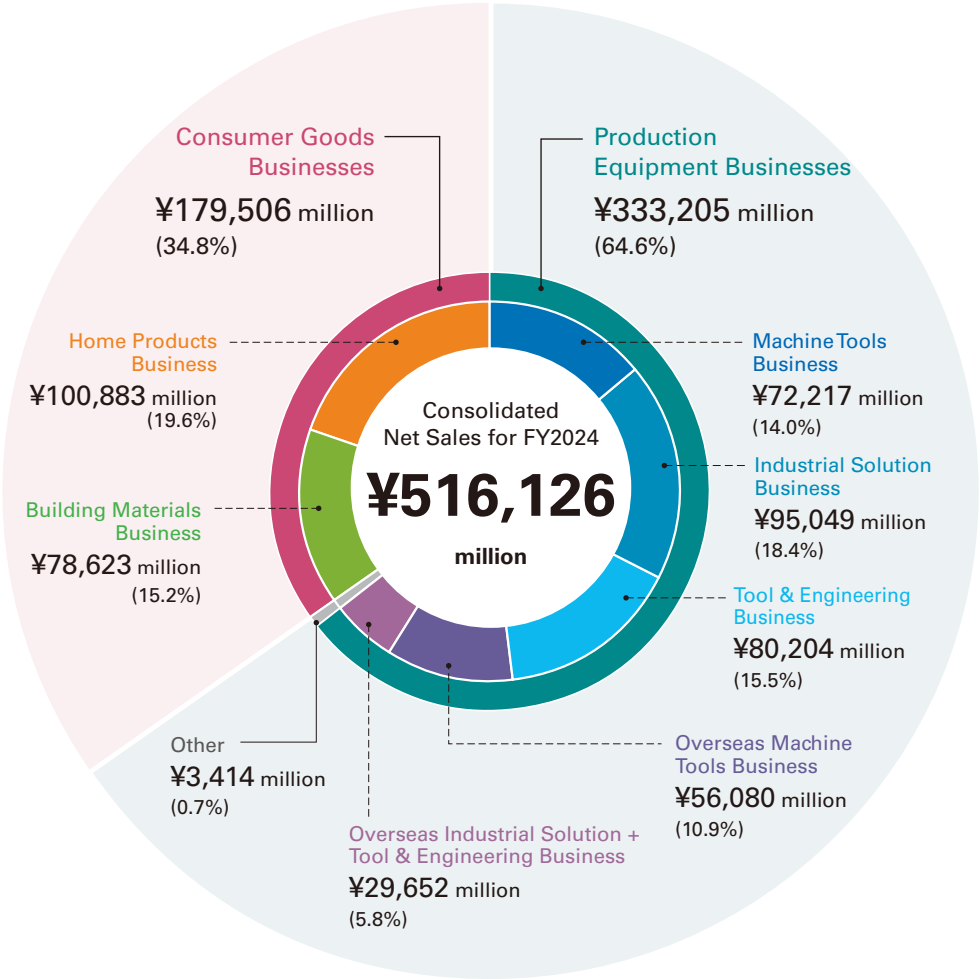
Home appliances (fans, heating equipment, cooking equipment, audio-visual equipment, household appliances, etc.); furniture; products for outdoor and leisure; kitchen utensils/daily goods; exterior items; gardening/agriculture equipment; health-related equipment; sanitary/healthcare goods; industrial tools; goods for automobiles and motorcycles; disaster preparedness goods; and more.

Yamazen's Business Model

Yamazen by the Numbers

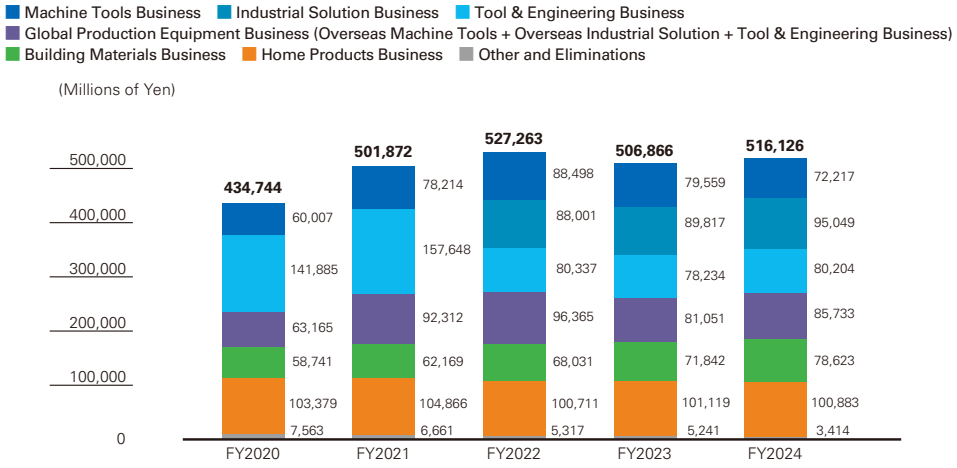
Yamazen is a unique specialty trading company that has proven itself in Japan and internationally in the fields of production equipment and consumer goods. Our reportable segments consist of Production Equipment businesses and Consumer Goods businesses, which comprise the Building Materials Business and Home Products Business. To show a well-balanced business composition, we also include sales by business for Production Equipment businesses as breakdowns.

Sales Composition by Business



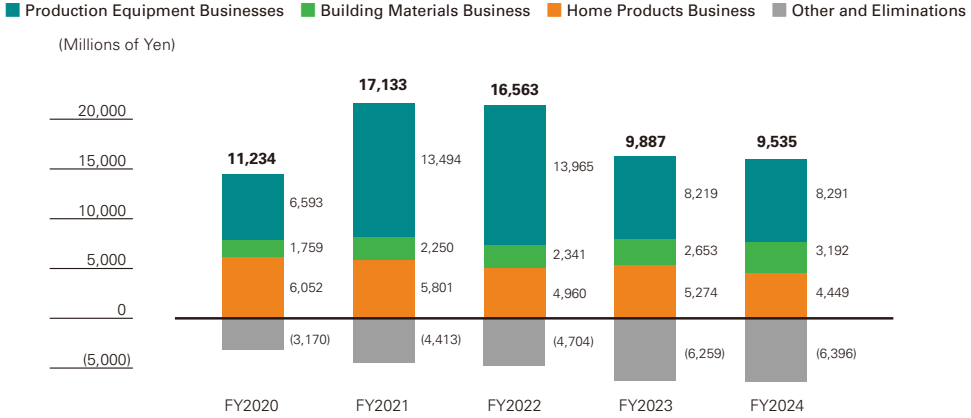
Trends in Sales by Business

* The total amount of sales includes "Other and Eliminations."



Operating Profit Trends by Reportable Segment

* The total amount of operating profit includes "Other and Eliminations."



Growth Strategy from the CEO

Achieving 120 Billion Yen in Global Sales: Relentless Commitment to Success

Armed with over 60 years of global business experience and strong engineering capabilities, we support manufacturing sites around the world swiftly and proactively.

The previous medium-term management plan CROSSINGYAMAZEN 2024 concluded in fiscal 2024. Please share your reflections on the results achieved.

In the Production Equipment over the past three years, we anticipated that the capital investment would rebound as the COVID-19 pandemic subsided, which would allow Yamazen to make a strong, rapid start. However, companies adopted a cautious stance, preferring to closely monitor economic and industrial trends following the pandemic, and both domestic and overseas capital investment remained weak. Furthermore, within the automotive industry in Japan, we observed a shift toward EVs, which led to a lower-than-anticipated level of new investment in the pre-existing internal combustion engine–related projects. In overseas markets, particularly in China, there was government-led proactive investment in EV-related projects, and although Yamazen was able to capture some demand, order volumes still fell short of expectations.

On the other hand, the Consumer Goods performed steadily. Amid growing public interest in air quality during the pandemic, our Building Materials Business saw strong sales of high-performance air conditioners, and the expansion of solar power and storage battery sales also gained traction amid soaring electricity prices, further supporting results. In the Home Products Business, the establishment of remote work across some companies created new demand for products, resulting in stable sales of home appliances and related items. We look at the changes in the manufacturing industry and lifestyle patterns during the pandemic as a disadvantage for Production Equipment, but as an advantage for Consumer Goods.

In terms of profitability, the previous medium-term management plan was positioned as a Functional Expansion Period, during which we made proactive investments in core systems and logistics infrastructure to reinforce our business foundation. However, sales growth was not sufficient to fully absorb these investments, leaving several challenges to address. While we take these results seriously, we remain firmly

committed to proactive efforts to strengthen the functions that support our business foundation and enhance the sophistication of our management with a view toward future growth.

What key challenges were identified from the review of the previous medium-term management plan?

In summarizing the previous plan, we identified four major management challenges to address moving forward.

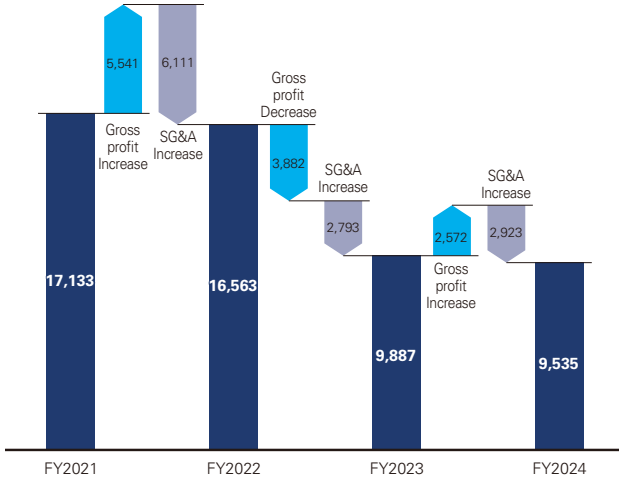
The first is designing a business portfolio resilient to economic fluctuations. Amid dramatic changes in the economy and industrial structure, sustainable growth requires strengthening competitiveness in the Production Equipment Business while pursuing growth in the relatively stable Consumer Goods Business. In Production Equipment, we will closely follow major structural changes such as those in the automotive industry—which are being described as a once-in-a-century-level shakeup—as well as shifts in other industries, to enhance our ability to adapt to change. In Consumer Goods, we will focus on Yamazen-branded products, which now account for 60% of sales in the Home Products Business. While the Yamazen brand has gained market recognition, sustaining profitability will not be easy. Expanding the Home Products Business portfolio further will require an aggressive branding strategy. In the Building Materials Business, we will continue to develop the non-residential market and expand our smart energy–related operations. Our goal is to achieve a 50:50 ratio between Production Equipment and Consumer Goods sales from the current 65:35— transforming Yamazen into a true double-wing company.

The second challenge is strategically allocating management resources in business areas with high growth and profitability. Our key focus here is the Global Business, which serves as the growth driver of our new medium-term management plan. While further enhancing the resilience of our domestic wholesale business, we will allocate management resources to the global business to accelerate growth.

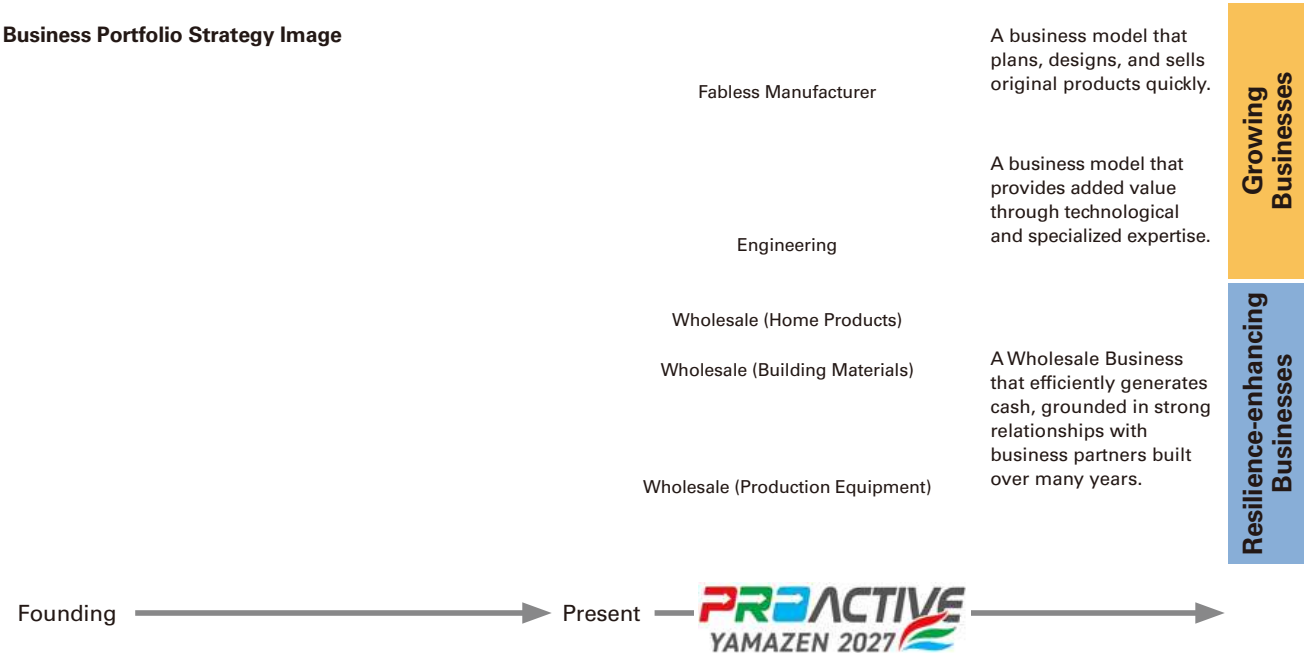
The third challenge is implementing effective initiatives to improve profitability. Japanese manufacturing is undergoing major transformation and facing many challenges—yet we view these as new business opportunities. Since our founding, the Company has advanced "three-in-one" management, valuing our partnerships with local distributors and supplier manufacturers as our most important relationships. This philosophy will never change. In this era of constant change, we will strengthen our collaboration with supplier manufacturers to propose high-value-added products, sales methods, and new user opportunities to our distributors. We also aim to make practical proposals that help distributors

Factors behind changes in operating profit during the previous Medium-Term Management Plan period

(Millions of Yen)



Business Portfolio Strategy Image



create new business pillars. We will reinforce our wholesale business by pursuing in-person, relationship-driven sales, supported by digital capabilities that enhance reliability and trust with our distributors.

There is another important form of face-to-face consultative sales unique to the Company. Our Doterai Ichi trade fair was first held in Higashi-Osaka in 1975 and is now marking its 50th year. This exhibition and sales event brings together distributors supporting local industries (as hosts), supplier manufacturers showcasing cutting-edge technologies, and the Company as the organizer, welcoming end users to experience and purchase essential machinery, equipment, and household products on-site. Doterai Ichi is held annually in over 20 locations across Japan and contributes to regional economic revitalization. Even after 50 years, the strong bond among distributors, supplier manufacturers, and Yamazen remains one of our most valuable assets.

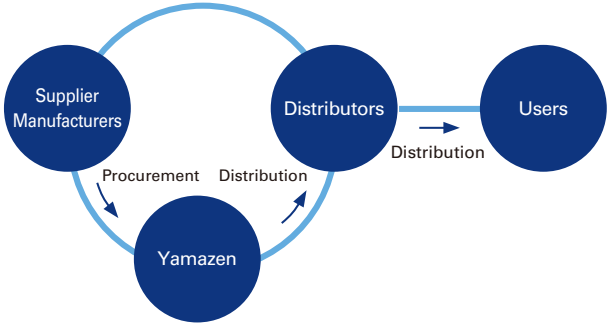
The fourth challenge is promoting business investment. Under the previous medium-term management plan, we explored various investments and received many proposals. While we seriously considered multiple M&A opportunities, ultimately decided not to proceed with any of them. Now that constant change has become the norm, we must consider business investment as a key driver of sustainable growth—and the only way to ride out major waves of transformation. In formulating the new medium-term management plan, we engaged in extensive discussions—including with outside directors—on balancing capital policy and growth strategy. As a result, we reaffirmed that shifting toward growth investment is essential. For M&A, we will target companies whose business conditions we can monitor accurately, and which can contribute swiftly to improving profitability across the Yamazen Group. We will also continue to explore untapped markets and new business domains both in Japan and overseas.

Please tell us about the new medium-term management plan, PROACTIVE YAMAZEN 2027.

The new medium-term management plan serves as a milestone toward achieving our Purpose, "Pioneering a new future, with all of you," and our Vision for 2030: "Leading worldwide manufacturing and enriched lives." It is positioned as a Value Enhancement Period. Building on the management challenges identified from the previous plan, the new plan focuses on five strategic priorities: Value enhancement, Accelerating global expansion, Upgrading sales activities, Enhancing management infrastructure, Strengthening sustainability management.

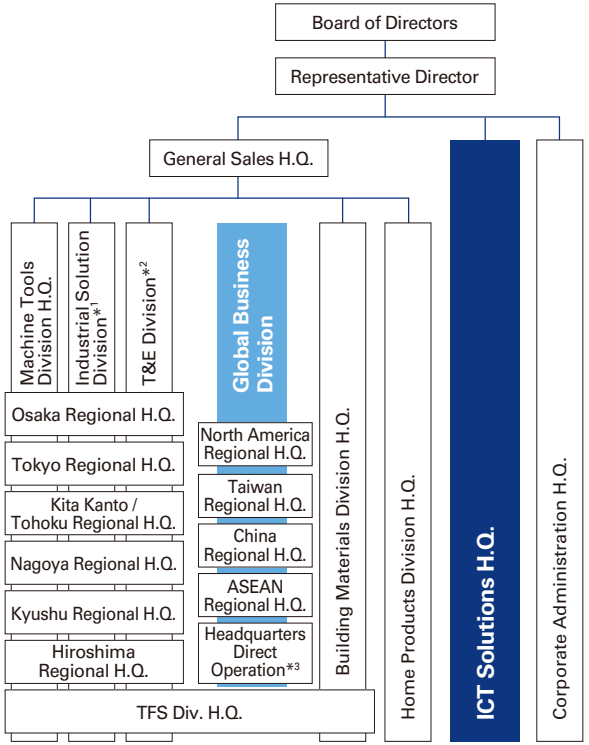
For example, for upgrading sales activities and enhancing management infrastructure, we established a new cross-functional organization, the ICT Solutions H.Q., on April 1. The Company will integrate its digital and IT strategies and make full use of its proprietary databases. This will strengthen customer contact points and allow us to deliver higher value-added solutions, contributing to our business growth. For value enhancement and

Three-in-one Management



Overview of Strategies to Achieve Our Corporate Vision for 2030

Organizational Restructuring to Achieve Strategies



*1 Industrial Solution Division H.Q. *2 Tool & Engineering Division H.Q.
*3 South Korea, Europe, India, and Turkey

accelerating global expansion, we also established a new Global Business Division on the same date to accelerate global operations as our key growth driver.

You mentioned that the Global Business is the growth driver. Could you please explain the reason in more detail?

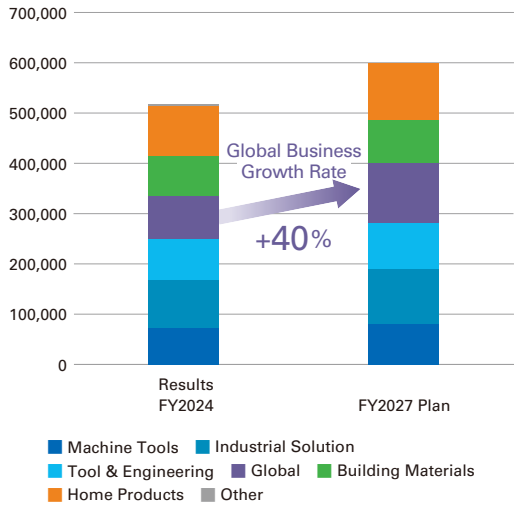
Among the five strategic priorities, accelerating global expansion lies at the core. We aim to rapidly expand our Global Business, increasing both sales and profitability to ensure a more solid trajectory for medium- to long-term growth. Now is the time to execute this strategy to carve out the next stage of growth. Global sales totaled 85.7 billion yen in the fiscal year ended March 31, 2025, and we aim to raise this to 120.0 billion yen by the final year of the medium-term management plan, the fiscal year ending March 31, 2028. Although a 40% increase is a challenging target, we intend to fully leverage our 60-plus years of experience and achievements in global business to deliver significant growth in group profitability.

I often tell our employees, "Business opportunities always exist on-site." When we look to the global market, opportunities are everywhere. The real challenge lies in how we capture them. As a specialized trading company serving the manufacturing industry, Yamazen was among the early pioneers in overseas expansion. Over more than six decades, we have faced numerous difficulties and accumulated invaluable experience. I say "invaluable" because each challenge we overcame compelled us to build new capabilities and resources that now define our strength.

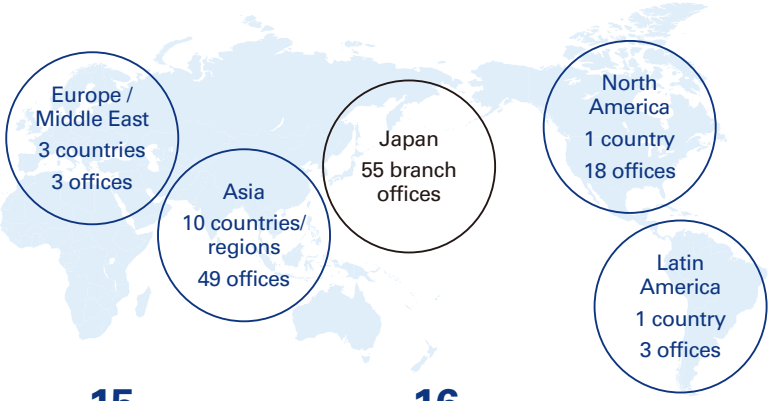
Our Global Business has four key characteristics. First, we currently have four branch offices, 16 local subsidiaries, and 73 offices deployed across 15 countries and regions overseas, with a total of 1,200 employees operating globally. Few trading companies in the manufacturing sector possess overseas operations and human resources on this scale. The second is a corporate culture where local staff and Japanese expatriates working in each country and region share clear goals and approach their respective duties with a sense of purpose. The third is our dual strengths in sales capabilities and engineering (technological capabilities). We have a system capable of addressing the broad range of technical needs typically required overseas—from designing production lines tailored to customer specifications, to equipment procurement including turnkey solutions, overseeing installation and acceptance inspections in Japan, and supporting operations from production startup through after-sales maintenance. The fourth characteristic is our established system that enables us to comply with laws and regulations while ensuring delivery deadlines, even amid increasingly complex import/export procedures, varying tax systems across countries and regions, and export controls related to security considerations.

We believe this accumulation of capabilities, expertise, and know-how in the Global Business will unlock major new business opportunities. Our strong relationships extend beyond Japanese companies operating abroad to include local enterprises and multinational corporations from Europe, the U.S., China, South Korea, Taiwan, and elsewhere. By actively leveraging Yamazen's extensive global resources and strengthening our competitive edge, we aim to enhance corporate value and implement our global business strategy—transforming Yamazen into an even more dynamic company.

Medium-Term Management Plan Sales Plan by Business



Global Network



15 overseas countries/regions **16** overseas subsidiaries
73 overseas offices (including 1 location for Home Products)

1,200 Yamazen Group employees overseas including approx. 330 engineers

* As of August 31, 2025

Could you elaborate on the specific strategies of the Global Business Division?

Previously, our three divisions—Machine Tools, Industrial Solution, Tool & Engineering—oversaw both domestic and overseas operations. However, today's rapidly changing global markets

require greater speed and focus. Recognizing this, we established a new division to oversee and integrate all global business functions, so that we can design and execute more effective strategies.

The global business strategy consists of four pillars: Localization of Management; Geographic Expansion of Target Markets; Diversification of Markets and Business Formats; and Strengthening Relationships with Suppliers. For Geographic Expansion of Target Markets, we will increase our market coverage in promising countries and regions worldwide, thereby expanding the fields where we can capture business opportunities. For example, in India—where major global manufacturers continue to build new plants—Yamazen entered the market in the mid-2000s and currently operates seven locations. We plan to increase this to eleven locations in the near future. By operating closer to customers, we can swiftly grasp on-site manufacturing needs and provide attentive, localized services. Our goal is to build a structure that makes customers everywhere say, "Yamazen is always the most reliable partner." We also plan to expand our presence in the ASEAN region. It is likely that the landscape of the ASEAN market will undergo significant changes, and we must be prepared to face certain risks. In other countries as well, political and economic factors will likely cause market growth rates to be uneven. Yamazen promotes a change-responsive business model, emphasizing flexibility and, when necessary, caution, while carefully evaluating market shifts, including country risks.

How will you develop these target markets?

We are taking a two-pronged approach. The first approach is to establish more local offices closer to customers to discover and capture new business opportunities. However, large-scale offices would require significant investment. Setting up new locations demands careful planning and considerable cost—extensive networks cannot be built overnight. Instead, we have developed our own branch expansion model, which has already been implemented in the U.S. Given the U.S. vast geography, we have placed our flagship headquarters in Chicago and established smaller Technical Support Centers (TSCs) that function in coordination with the headquarters. This model reduces expansion costs while maintaining close proximity to customers and efficient market coverage. We plan to apply and expand this U.S. model in India, where the market continues to grow.

The second approach is our cross-border strategy, which responds swiftly to ongoing shifts in global manufacturing supply chains. The trend of our users relocating production bases is accelerating worldwide, and the Trump administration has further complicated matters. We are seeing a growing number of cases where our users relocate their production bases to other countries or regions. Yamazen's strength lies in our ability to provide end-to-end support whenever required. This is because we have established sales and service networks in nearly all target regions for relocation. This is a competitive edge unique to the Company. As a valuable partner for users worldwide, we ensure close cross-border information sharing across all our global locations. With our experienced local staff, we provide sales activities, technical support, and equipment installation assistance to users in their native languages. We will advance this cross-border strategy to ensure customers think, "Let's ask Yamazen first."

Which countries and regions do you have high expectations for?

Closely monitoring U.S. trade and tariff policies, as well as the actions of companies in various countries and regions, is crucial to identifying new business opportunities. While accurately capturing structural changes in the market on a global scale, we are expanding our bases in the U.S., as well as in Vietnam and Indonesia, which have close economic ties with the U.S.

In the U.S. market, in addition to the unique base expansion model, we are strengthening automation and labor-saving initiatives at production sites. Automated production equipment that connects multiple machines without human intervention is expected to continue growing, surpassing the traditional sale of standalone machines. We intend to further enhance and advance our technologies and boldly enter diversified industries.

In Vietnam, where economic growth has been remarkable, we are expanding and opening new bases. In December of last year, we opened our third TSC in Da Nang. Vietnam stretches 1,650 kilometers from north to south, and Da Nang is located in the middle of the country, an area where the investment environment is being developed. Furthermore, by the beginning of 2026, we plan to relocate and expand our Ho Chi Minh showroom and establish a large technical center.

Indonesia, which has the world's fourth-largest population at approximately 300 million, is also a promising market. As an archipelagic nation made up of many islands, its markets are spread out. We will focus on developing new markets in sectors such as energy and healthcare on each island. We plan to relocate and expand our branch in Cikarang, a manufacturing hub, within 2026, and build a facility with an attached showroom to enhance our ability to provide comprehensive services.

In China, we have seen some Japanese companies scaling down or withdrawing, but it remains the world's largest manufacturing market. Our China branch has implemented innovative structural reforms, establishing a system that enhances productivity. Our business in China has been operating for over a quarter-century, and we have built strong relationships and trust with local business leaders through the experience and achievements we have cultivated over the years. Furthermore, the strong sales foundation nurtured through our deeply rooted local business operations is one of our key strengths. Our local

staff, well-versed in local industries in each region, swiftly capture changes in China's manufacturing sector and are expanding transactions with domestically oriented industrial companies, fueling my expectations for renewed growth.

In February of 2025, we opened a new branch in Istanbul, Republic of Turkey. At this base, we are exploring new business opportunities, and we aim to take concrete steps during this medium-term management plan period. Turkey is closely connected to Europe both geographically and industrially. In our Turkish (Middle Eastern) operations, we will not limit ourselves to machine tools and cutting tools, which are our strengths, but will take a fresh approach to developing the industrial machine tools market, increase the diversity of our product lineup, and pursue unique strategies unbound by the past. Using our expansion into Turkey as a foothold, we plan to accelerate our development into Eastern and Western Europe. The EMEA (Europe, the Middle East and Africa) market is expected to continue showing strong growth in the future. The Company regards this region as a key area for the strategic expansion of our global network, and while coordinating with our existing European bases in Germany and the Czech Republic, we are also considering entry into the Middle Eastern and North African markets.

The expansion of our European base in Germany will proceed in parallel with efforts to respond to the diversification of EU business. We will also pursue strategic partnerships with new partners and work to increase our business volume in the region. We expect to report on these developments in next year's integrated report.

We have focused on explaining our global expansion in the Production Equipment, but we also intend to actively pursue global development in the Consumer Goods. In our Home Products Business, we have already begun trial sales in the ASEAN region, and in the Building Materials Business, we have started a feasibility study.

Overall, as industrial diversification progresses globally, new markets and new products will inevitably emerge. Drawing on the experience we have built through more than 60 years of global operations, the Company will accurately assess and combine these opportunities, anticipate changes, and strategically align with them. We take pride in being the only specialized trading company capable of global expansion in both Production Equipment and Consumer Goods—a double-wing business backed by such agility.

What message would you like to deliver to our stakeholders?

At the beginning of this year, I announced our 2025 management slogan: "In this era of drastic change, we must abandon preconceived notions and boldly take action to achieve what needs to be done." Change has become the norm in manufacturing both domestically and internationally, and people's lifestyles are also undergoing significant transformation. Unless we turn these changes to our advantage and implement realistic—not idealistic—strategies, corporate growth cannot be achieved. The Yamazen Group possesses abundant management resources, including a solid track record and trust built in both Production Equipment and Consumer Goods, an extensive global network, and strong human capital. We first recognize that these are significant strengths of ours, and we believe that the time has come to fully leverage them.

Our medium-term management plan PROACTIVE YAMAZEN 2027 marks an important stage toward making our vision a reality, and its final fiscal year coincides with the 80th anniversary of our founding. To repay our stakeholders who have supported us, we will proactively and swiftly implement the strategies and initiatives outlined in this plan. We ask for your continued expectations and support.

Our 2030 Vision

Leading worldwide manufacturing and enriched lives

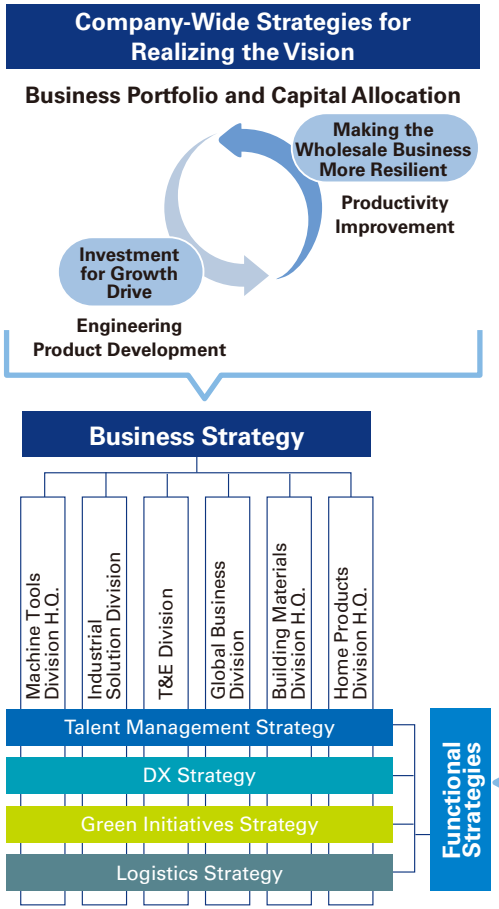
Driven by the desire to work together with suppliers, distributors, end users, retailers, consumers, and investors to create a sustainable future, we have defined our Purpose as "Pioneering a new future, with all of you." Toward 2030, we have also defined our Corporate Vision—"Leading worldwide manufacturing and enriched lives"—as the ideal form we aspire to, identified the envisioned world surrounding our customers in 2030, and specified five key material issues for the Group to address. Based on these material issues, we have developed four Company-wide (functional) strategies, which are combined with each business's individual strategies to strengthen stable earnings sources and acquire new ones, thereby enhancing our medium- to long-term earning power (cash generation capacity). To realize this vision, we have established a roadmap and have been implementing three-year medium-term management plan since 2022.

New Medium-Term Management Plan

PROACTIVE YAMAZEN 2027

Previous Medium-Term Management Plan

CROSSING YAMAZEN 2024



Yamazen and the 2030 World Outlook

01	02	03	04	05
Growing demand for decarbonization	Advances in digitalization and smart technologies	Changes in consumer behavior	Changes in the domestic and world economies	More demanding governance requirements

Material Issues Derived from Our 2030 World Outlook

Realization of a rewarding workplace	Digitalization to maximize customer value	Expanding green business	Realization of sustainable procurement and supply	Establishment of a transparent governance system

Based on the material issues, we formulated four Company-wide (functional) strategies.

Talent Management Strategy

DX Strategy

Green Initiatives Strategy

Logistics Strategy

Medium-Term Management Plan CROSSING YAMAZEN 2024 Review

The three-year medium-term management plan CROSSING YAMAZEN 2024, launched in FY2021, has served as the Functional Expansion Period, focusing on building a foundation for improving profitability. We strengthened functional strategies in talent, DX, green initiatives, and logistics, while advancing customer-focused, transformative, and digitally integrated sales strategies.

In functional strategies, we enhanced human capital by developing diverse employees, built an IT infrastructure including securing digital talent and renewing core systems, and developed more efficient logistics systems. Going forward, we recognize that the key challenge is how to fully leverage these functions to further strengthen our earning power.

On the sales front, we promoted digital enhancement at every customer contact point, including providing digitalization support services for small and medium-sized manufacturers, launching an order and procurement support site for distributors, and establishing our own e-commerce site for the Home Products Business.

Positioning

Management Indicators Results

During the previous medium-term management plan period, with the business environment remaining difficult, both sales and profit fell short of the initial plan. Sales reached a record high of 527.2 billion yen in FY2022; however, they subsequently leveled off due to factors such as declining investment sentiment amid rising geopolitical risks and changes in industrial structure. In terms of profit, while we made investments to expand functionality—such as improving logistics networks and upgrading core systems—these and their related depreciation, along with rising personnel costs, led to a decline in operating profit. Although we examined various M&A opportunities, including large-scale projects, we ultimately decided not to proceed with any of them. As a result, ROE did not reach a sufficient level, which we recognize as an urgent issue.

(Millions of yen)

	FY2022	FY2023	FY2024	Compared to final-year targets	Final-year targets (Announced at the start of the medium-term plan)
Net sales	527,263	506,866	**516,126**	**(14.0)%**	600,000
Operating profit	16,563	9,887	**9,535**	**(54.6)%**	21,000
Operating profit margin	3.1%	2.0%	**1.8%**	**(1.7)pt**	3.5%
Ordinary profit	17,280	10,435	**10,018**	**(52.3)%**	21,000
Profit	12,527	6,488	**7,845**	**(44.0)%**	14,000
Return on equity (ROE)	10.6%	5.1%	**6.1%**	**(3.9)pt**	10.0%
Basic operating cash flow*	14,427	10,626	**8,341**	**(53.7)%**	18,000
Equity ratio	42.6%	44.6%	**43.3%**	—	40 to 45%

* Basic operating cash flow is calculated by deducting changes in working capital from operating cash flow.

Functional Strategies Results and Challenges

Strategy	Goals	Results	Challenges
Talent Management Strategy	Fostering proactive employees that can take on diverse challenges, a management strategy focused on sustainable growth and development while strengthening human capital	• Implementing personnel system reforms → Integration of career-track and noncareer-track positions, leader training program for next-generation women leaders → Introducing a multi-track HR system (realizing optimal talent placement and treatment through multi-track career and position frameworks) → Introducing a new in-house expert qualification system	• Shifting to the Yamazen-style person-centric job system • Promoting the right people to the right jobs at the right treatment on a global scale • Promotion of self-sustained improvement of professional capabilities to respond to change
DX Strategy	Systematizing individual expertise in sales and product development that represents our core strengths to enhance our intellectual capital, improve productivity, and create new added value	• Building a system for promoting DX strategy and securing/training digital talent • Transforming into a data-driven company that makes decisions based on the Yamazen Data Platform • Creation of new business through marketing based on data → Launch of "Genbato," a multi-functional SaaS platform for manufacturing companies	• Strengthening of skills for effective system operation and utilization • Expansion of data science talent • Enhancement of business strategy and digital marketing support systems • Utilization of generative AI
Green Initiatives Strategy	Promoting initiatives that reduce cost of equity—reducing greenhouse gas emissions, promoting resource circulation, cutting waste, etc.—and improve business growth rate	GBP* initiatives → Introduction and external rollout of GBP App • Corporate PPA Businesses → 5.4 MW across 6 sites → Participation in the secondary market (operating rooftop solar power generation projects) 15.5 MW across 58 sites	Approaching suppliers, major users, supply chains, and industry groups to promote external rollout of GBP App • Promotion of decarbonization management among GBP participating companies and expand supplier base • Acceleration of collaboration between divisions and partners for PPA business expansion
Logistics Strategy	Enhancing logistics efficiency and service quality while establishing next-generation logistics systems that encompass joint delivery and distribution	• Introduction of company-wide integrated logistics systems in Logirise Corporation • Establishment of small-scale logistics hubs ("Depots") in Okayama, Kanazawa, Sendai, and Sapporo • Launch of Logis Osaka (following Logis Tokyo) as a large-scale logistics center • Building a framework for logistics profitability and joint transportation (including obtaining permits and hiring personnel)	• Strengthening of collaboration between business divisions and Logirise Corporation • Introduction and improvement of the Company-wide logistics system at unimplemented sites • Optimization of logistics site allocation (Home Products and Production Equipment Depots)

Sales Strategy Results

Strategy	Goals	Results
Close Customer Relationships	Working to understand the issues of our customers from their perspective, and implementing measures to resolve these issues and realize a win-win relationship	• Enhancement of digital customer channels (information portals, e-commerce sites, etc.) • Establishment of specialized departments for semiconductors and industrial machinery (clarifying growth markets) • Deployment of technical sales personnel (to strengthen specialization)
Transformation	In addition to product sales, providing total solutions for issues related to product manufacturing, engineering and green businesses	• Launch of "Genbato," a multi-functional SaaS platform for manufacturing companies • Strengthening green business initiatives that address social issues (PPA business and GBP App) • Enhancement of logistics capabilities through the introduction of a company-wide logistics system and establishment of facilities such as Logis Tokyo, Logis Osaka, and Depots
Digital Integration	Strengthening customer contact points through digital technology, providing new solutions, connecting the knowledge obtained to human resources, and creating new added value	• Improvement of customer convenience and operational efficiency through full-scale operation of B2B sites • Strengthening B2B business through operation of Yamazen Bizcom (our e-commerce site for home products) • Building a data-driven management foundation through the establishment of the Yamazen Data Platform (from data collection to storage and analysis)

* GBP: Green Ball Project. By aggregating and quantifying the estimated CO_2 reduction effects achieved when the energy-saving and energy-generating equipment handled by the Company are sold and installed in factories and households via participating distributors, we are promoting initiatives that contribute to CO_2 reduction. The GBP App has been introduced internally as an application that enables comprehensive measurement and visualization of CO_2 emissions. Furthermore, by marketing the app externally, we aim to contribute to visualizing CO_2 emissions across the entire supply chain as a trading company.

Summary of Challenges Identified in Preparing the New Medium-Term Management Plan

A Designing a business portfolio resilient to economic fluctuations

B Strategically allocating management resources in business areas with high growth and profitability

C Implementing effective initiatives to improve profitability

D Promoting business investment

Toward the Formulation of the New Medium-Term Management Plan

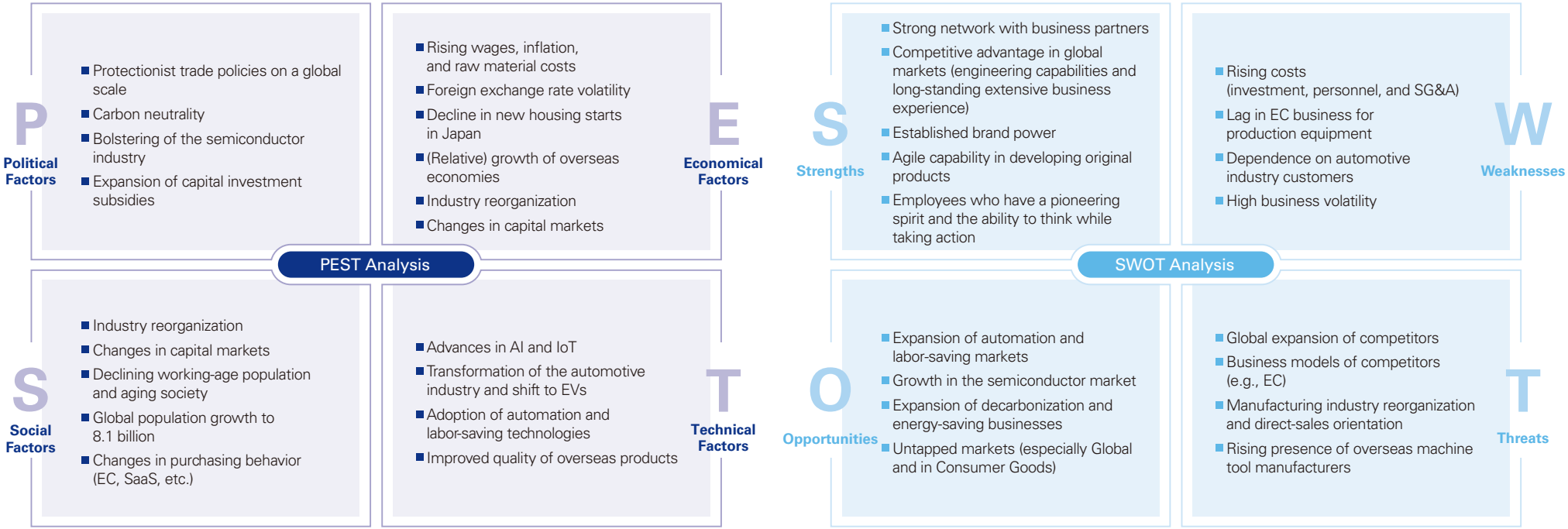
Market Environment Surrounding Yamazen

PEST Analysis

Since the formulation of our Corporate Vision for 2030, the external environment has changed significantly. In particular, notable economic changes include the end of the zero-interest-rate policy, rising prices, and growing demands for substantial wage increases in Japan. We now need strategies that further strengthen our earning capacity.

SWOT Analysis

We will leverage our strengths to turn challenges into opportunities and mitigate threats. By capitalizing on our presence as a top-class machinery trading company with bases around the world, we aim to expand our business opportunities amid these changing conditions.



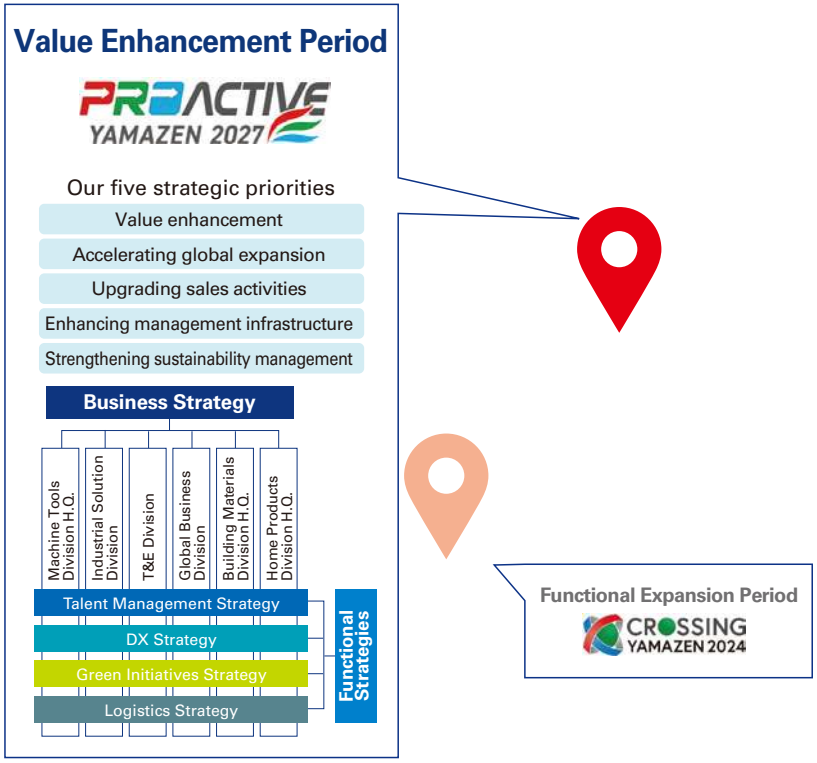
We will leverage our strong business partner network to expand into growth markets such as semiconductors and automation, while accelerating geographic expansion in global markets where we hold a competitive edge, positioning these as drivers of growth.

New Medium-Term Management Plan PROACTIVE YAMAZEN 2027

Starting in FY2025, we have launched the new medium-term management plan PROACTIVE YAMAZEN 2027. This plan represents our determination to take bold, forward-looking action in an era of rapid change and is positioned as a Value Enhancement Period. It is a period in which we will fully utilize the functions enhanced under the previous medium-term management plan and advance value enhancement unique to Yamazen.

Drawing on the issues identified in the previous plan (p.20) and the market analysis (p.21), we have formulated five strategic points we aim to achieve. Based on these points, we will promote both functional and business strategies while further strengthening our partnerships with suppliers, distributors, and end users. Through these initiatives, we aim to enhance our competitiveness within the industry, improve customer satisfaction, and fulfill our role as a company that contributes to society.

Positioning



Management Indicators Targets

In this new plan, we will reinforce our Wholesale Business while making strategic investments in growing businesses. Following the previous plan, we will continue exploring M&A opportunities; however, we have not incorporated them into our targets, which are based on organic growth. With a long-term goal of achieving an ROE of over 10% under the next medium-term management plan, we will strengthen our earning capacity and aim to achieve ROE of 8% in the final year, FY2027.

Net sales by segment

(Millions of yen)

Segment	Business	FY2024 Results	FY2025 Plan	FY2027 Plan	vs. FY2024
Production Equipment	Machine Tools	72,217	73,000	**80,000**	+10.8%
	Industrial Solution	95,049	99,000	**110,000**	+15.7%
	Tool & Engineering	80,204	82,000	**90,000**	+12.2%
	Global	85,733	90,000	**120,000**	+40.0%
Consumer Goods	Building Materials	78,623	80,000	**85,000**	+8.1%
	Home Products	100,883	104,000	**115,000**	+14.0%

Net sales/Profit

(Millions of yen)

	FY2024 Results	FY2025 Plan*	FY2027 Plan	vs. FY2024
Net sales	516,126	530,000	**600,000**	+16.3%
Operating profit	9,535	10,000	**16,000**	+67.8%
Ordinary profit	10,018	10,000	**16,000**	+59.7%
Profit attributable to owners of parent	7,845	7,150	**11,000**	+40.2%

* Revised plan announced on October 15, 2025

Management indicators

(Millions of yen)

	FY2024 Results	FY2025 Plan	FY2027 Plan	vs. FY2024
Return on equity (ROE)	6.1%	5.5%	**8.0%**	+1.9%
Basic operating cash flow	8,341	11,000	**14,000**	+67.8%
Equity ratio	43.3%	40 to 45%	**40 to 45%**	—

* Basic operating cash flow is calculated by deducting changes in working capital from operating cash flow.

Five Strategic Priorities Based on the Results and Issues of the Previous Plan and Market Analysis

Connection to issues identified during the review of the previous plan (p.20)

Organizational Restructuring for Strategy Execution

1 Value Enhancement

- Expanding engineering functions
- Accelerating original product development
- Strengthening specialist capabilities
- Improving productivity through streamlining operations

Details on page 31 onward

A B C D

2 Accelerating Global Expansion

- Promoting localization and efficiency of management
- Geographic expansion and reorganization of business areas
- Rapidly responding to market changes and diversification of business formats

Details on page 39 onward

A B C D

3 Upgrading Sales Activities

- Maximizing customer value through face-to-face sales (real channels)
- Strengthening digital channels
- Managing order contracts and inventory management with CCC in mind

Details on page 31 onward

A B C D

4 Enhancing Management Infrastructure

- Building a distribution system that can withstand the volumes looking to 2030
- Advancing information system infrastructure
- Optimizing the talent portfolio
- Developing new fields and industries

Details on page 45 onward

A B C D

5 Strengthening Sustainability Management

- Synchronizing social and economic values
- Expanding disclosure of non-financial information
- Setting appropriate KPIs and monitoring progress

Details on page 57 onward

Establishment of Global Business Division

- ✓ Streamlining the chain of command to accelerate global strategies
- ✓ Practicing portfolio management in global markets
- ✓ Providing products and technologies suited to global markets
- ✓ Localization of management

1 Value Enhancement | 2 Accelerating Global Expansion

Establishment of ICT Solutions H.Q.

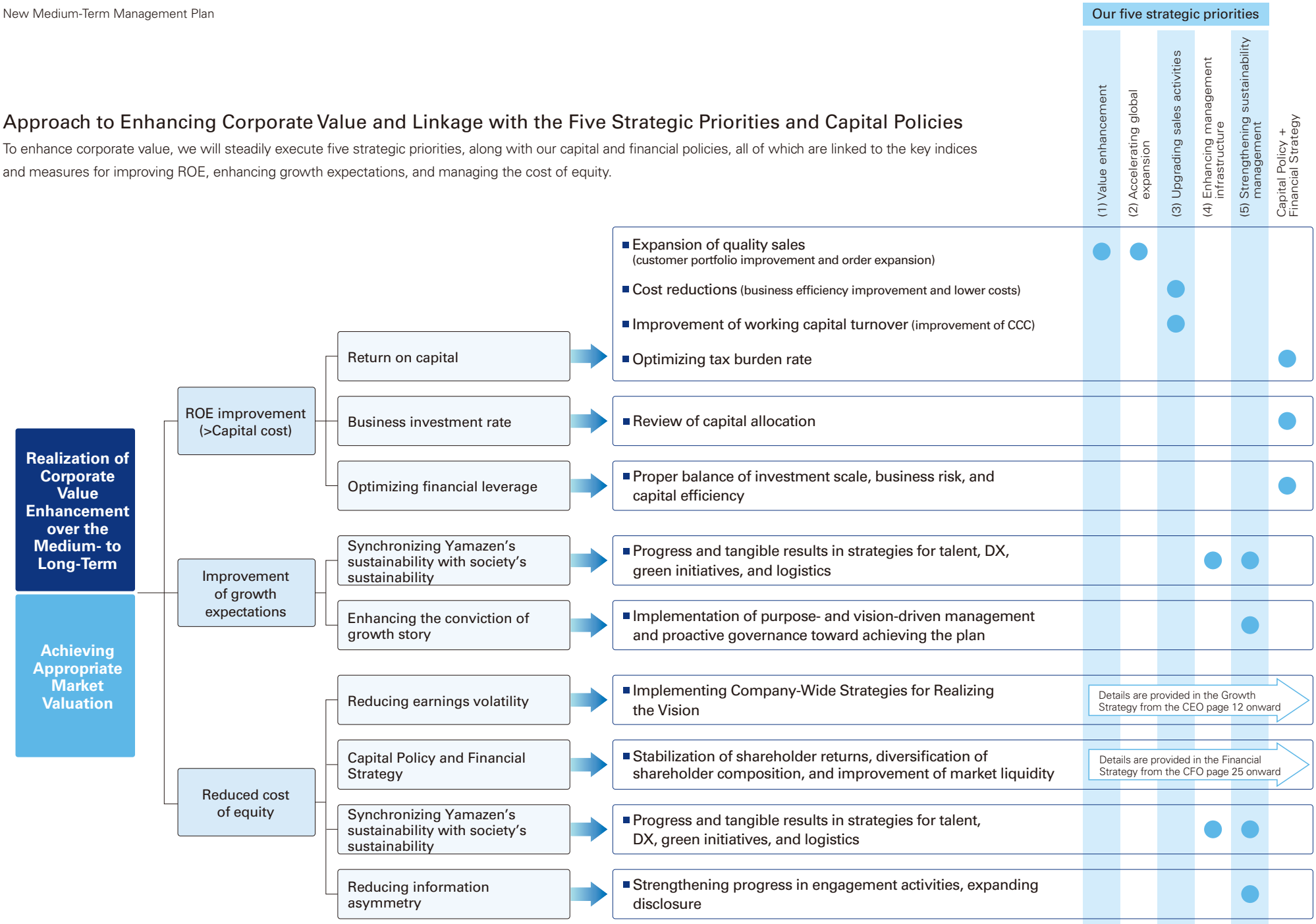
- ✓ Ensuring stable system operations through "defensive IT"
- ✓ Driving business expansion through "offensive IT"
- ✓ Maximizing returns on IT investments
- ✓ Strengthening group-wide IT governance

3 Upgrading Sales Activities | 4 Enhancing Management Infrastructure

- A Designing a business portfolio resilient to economic fluctuations
- B Strategically allocating management resources in business areas with high growth and profitability
- C Implementing effective initiatives to improve profitability
- D Promoting business investment

Approach to Enhancing Corporate Value and Linkage with the Five Strategic Priorities and Capital Policies

To enhance corporate value, we will steadily execute five strategic priorities, along with our capital and financial policies, all of which are linked to the key indices and measures for improving ROE, enhancing growth expectations, and managing the cost of equity.



Financial Strategy from the CFO

Masamichi Yamazoe

Director and
Executive Officer,
CFO

Promoting Growth Investments through an Aggressive Financial Strategy to Strengthen the Earnings Base

Review of Business Performance for FY2024

FY2024 was the final year of our previous medium-term management plan, CROSSING YAMAZEN 2024. Looking back on the year's performance, the results were unsatisfactory, particularly in terms of profitability. Although we have long been managing our business to mitigate volatility caused by economic cycles, our measures have not beensufficient. In addition, rising costs such as personnel expenses, logistics expenses, and system-related costs put pressure on profits. Our inability to complete growth investments with tangible effectiveness also had a negative impact on our consolidated performance, especially on profitability. As a result, ROE for FY2024 stood at 6.1%, significantly below our target of 10%.

On the other hand, we achieved certain progress in both organizational and business aspects. We steadily advanced initiatives such as promoting appropriate talent management strategies with a view to enhancing human capital management, creating new added value through DX, further improving logistics efficiency, and increasing our capabilities in product manufacturing and provision of total solutions that include engineering. These efforts led to tangible progress toward a more sophisticated management structure and a stronger business foundation. While there were many areas for improvement, we look back on this year as a meaningful one which we successfully enhanced our management structure in preparation for the next stage.

Medium-Term Management Plan CROSSING YAMAZEN 2024 Review

(Millions of yen)

	FY2022	FY2023	FY2024	Comparison with final-year targets	Final-year targets (Announced at the start of the medium-term plan)
Net sales	527,263	506,866	**516,126**	(14.0)%	600,000
Operating profit	16,563	9,887	**9,535**	(54.6)%	21,000
Operating profit margin	3.1%	2.0%	**1.8%**	(1.7) pt	3.5%
Return on equity (ROE)	10.6%	5.1%	**6.1%**	(3.9) pt	10.0%
Basic operating cash flow	14,427	10,627	**8,341**	(53.7)%	18,000
Equity ratio	42.6%	44.6%	**43.3%**	—	40 to 45%

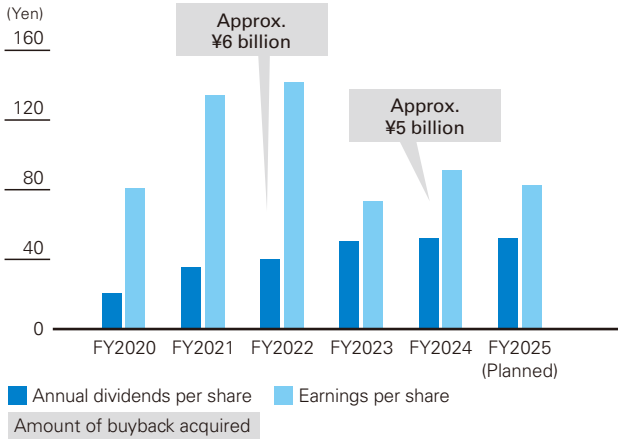
Shareholder Returns and Dialogue with Capital Markets

Despite weak business performance, our market valuation, as reflected in PBR, did not show a significant decline, indicating that market perceptions of the Company remained stable. In August 2023, we revised our shareholder return policy to set the annual dividend as the higher of a consolidated dividend payout ratio of 40% or a DOE (Dividend on Equity) of 3.5%. We believe this change was well received by shareholders and investors who favor stable dividends. We view the implementation of an appropriate capital policy that earned the trust of the market as a major step forward for our management. In December 2023, we sold a portion of company's shares held by our financial institutions, and between May and August 2024, we conducted a share buyback worth a total of 5 billion yen. We believe that stable shareholder returns, improved market liquidity of our shares, and disciplined execution of cash allocation in line with our plan contributed to reducing our cost of equity and maintaining our PER and PBR

levels. Our policy of gradually reducing cross-shareholdings, while taking into account business relationships, remains unchanged.

Over the past several years, I have personally engaged in direct dialogue with investors on numerous occasions. In these meetings, we frequently heard requests for enhanced shareholder returns and improved ROE. We also recognized that under our previous dividend policy—based on a 30% consolidated payout ratio—shareholder returns could easily become insufficient depending on the progress of investment plans or fluctuations in short-term earnings. This led to our decision to revise the dividend policy. Our equity base remains sufficiently strong, and to ensure management that is conscious of capital cost and stock price, we consider it essential to maintain an appropriate capital level while enhancing profit distribution. Going forward, I will continue to meet directly with investors and analysts to hear their views. I consider this direct engagement an essential effort to reflect investors' perspectives in our management and business operations, and to secure an appropriate market valuation.

Shareholder Returns



	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Planned
Dividend payout ratio (%)	24.9	26.2	28.4	68.5	57.4	63.5
Dividend on equity ratio (DOE) (%)	1.9	2.9	3.0	3.5	3.5	3.5
Amount of buyback acquired (Million yen)	—	5,999	—	—	4,999	—
Total shareholder return ratio (%)	24.9	75.8	28.4	68.5	120.5	63.5

Results and Remaining Challenges of the Previous Medium-Term Management Plan

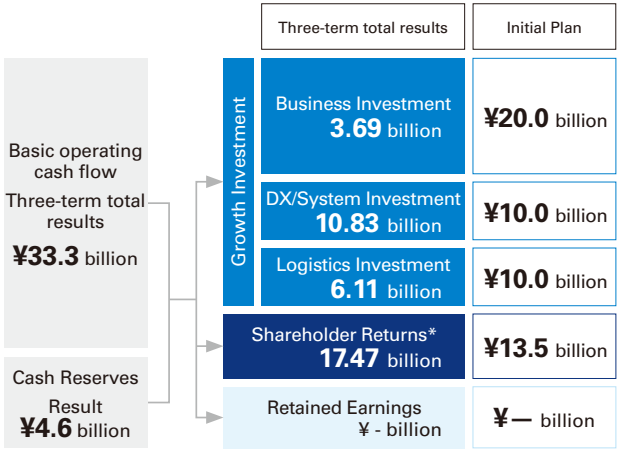
Next, I would like to discuss our investment activities and cash allocation under the previous plan. We had set an investment budget of 20 billion yen, but achieved only around 20%. Most of the 20% was expended in areas that did not allow for short-term recovery of investment funds and therefore did not contribute to business expansion or strengthened profitability. Although we examined and negotiated several M&A opportunities, we decided not to proceed with any of them. We regard M&A, including capital and business alliances, as an effective means of enhancing corporate value and will continue actively pursuing target identification, analysis, and consensus building. Meanwhile, capital investments in systems and logistics facilities progressed steadily, further solidifying our business foundation.

Looking back at our PBR over the past year, it hovered within a narrow range around 1.0x, standing at 0.96x as of September 30. Given our PER exceeding 16x and our net cash position, our business value may still be underestimated. We will improve our capital efficiency and profitability, reduce our cost of equity, and strive to raise PBR to the 1.5x–2.0x range—an essential mission of management in fulfilling our shareholders' expectations.

Yamazen has consistently worked to improve management and business efficiency while promoting a capital policy focused on capital efficiency. However, our efforts have not yet been sufficient in terms of how to allocate and monetize the cash generated across business domains and investment projects. While reducing equity (the denominator) may temporarily boost ROE, sustainable improvement requires increasing net income (the numerator). Since our sales divisions are highly sensitive to business profitability, I often remind them, "In the capital market, an ROE below 8% is regarded as negative." By raising awareness of the equity spread, we aim to further advance business management with a strong focus on capital cost.

Cash allocation under the previous Medium-Term Management Plan

Given the delay in business investments (mainly M&A), we executed buyback acquisition, allocating all cash flow generated during the period.



* Dividends, amount of buyback acquired

Financial Policy under the Medium-Term Management Plan PROACTIVE YAMAZEN 2027

Under the new medium-term management plan PROACTIVE YAMAZEN 2027 started this fiscal year, we aim to realize our 2030 Vision by concentrating management resources on five strategic priorities: "Value enhancement," "Accelerating global expansion," "Upgrading sales activities," "Enhancing management infrastructure," and "Strengthening sustainability management".

From a financial standpoint, we will swiftly eliminate the negative equity spread and restore our status as a value-creating enterprise. With a view toward achieving ROE of 10% or higher, we will pursue organic investments and shareholder returns while also promoting inorganic investments that will serve as growth drivers in the next plan. We will continue our existing shareholder return policy. We will maintain an equity level that will allow us to maintain a long-term issuer rating of A, provide stable and continuous dividends, and flexibly execute buybacks as appropriate, considering our financial position and stock price.

For the final year of the plan, we have set the following targets: net sales of 600 billion yen, operating profit of 16 billion yen, ordinary profit of 16 billion yen, profit of 11 billion yen, ROE of 8%, basic operating cash flow of 14 billion yen, and equity ratio between 40 and 45%. Amid increasing economic and social uncertainty and rapid changes in the business environment, we have adopted somewhat conservative figures, taking into account rising costs, including labor expenses.

Improving ROE and Achieving Medium- to Long-Term Profit Growth

In formulating the measures and quantitative targets of our medium-term management plan, we not only held thorough discussions among management but also exchanged opinions with business divisions to build a company-wide consensus. We examined the effectiveness of the plan from multiple perspectives, including the timing for restoring ROE to 8%, the validity of profit targets compared with past performance, and the scale of investments over the next three years. We also discussed basic policies, strategies, and objectives with outside directors and received valuable advice, particularly regarding capital policy and growth strategy. Some suggested that we should take more risks or that we were being overly cautious with M&A. We took these external perspectives and recommendations into account when refining the details of the plan. Restoring ROE to 8% is one of the management targets we must achieve. While it is possible to temporarily raise ROE through capital adjustments, we do not intend to take such short-term measures. Instead, we aim for medium- to long-term profit growth through forward-looking, strategic investments.

We will advance both organic and inorganic investments in parallel. We treat our founding wholesale business as a resilience-enhancing business, pursuing M&A opportunities while investing to enhance our service functions and expand business domains, thereby increasing our market presence. In these businesses, trends such as industry restructuring are becoming increasingly apparent. Accurately responding to these trends is essential for maintaining and expanding our current position.

In our engineering and fabless manufacturer businesses—we will actively work to strengthen our foundations. Given the contraction trend in the Japanese market, we will focus on expanding our overseas operations, where there is significant growth potential, while also accelerating growth in the Home Products sector, where untapped opportunities remain. Naturally, we are also considering M&A and capital or business alliances with companies already generating stable profits.

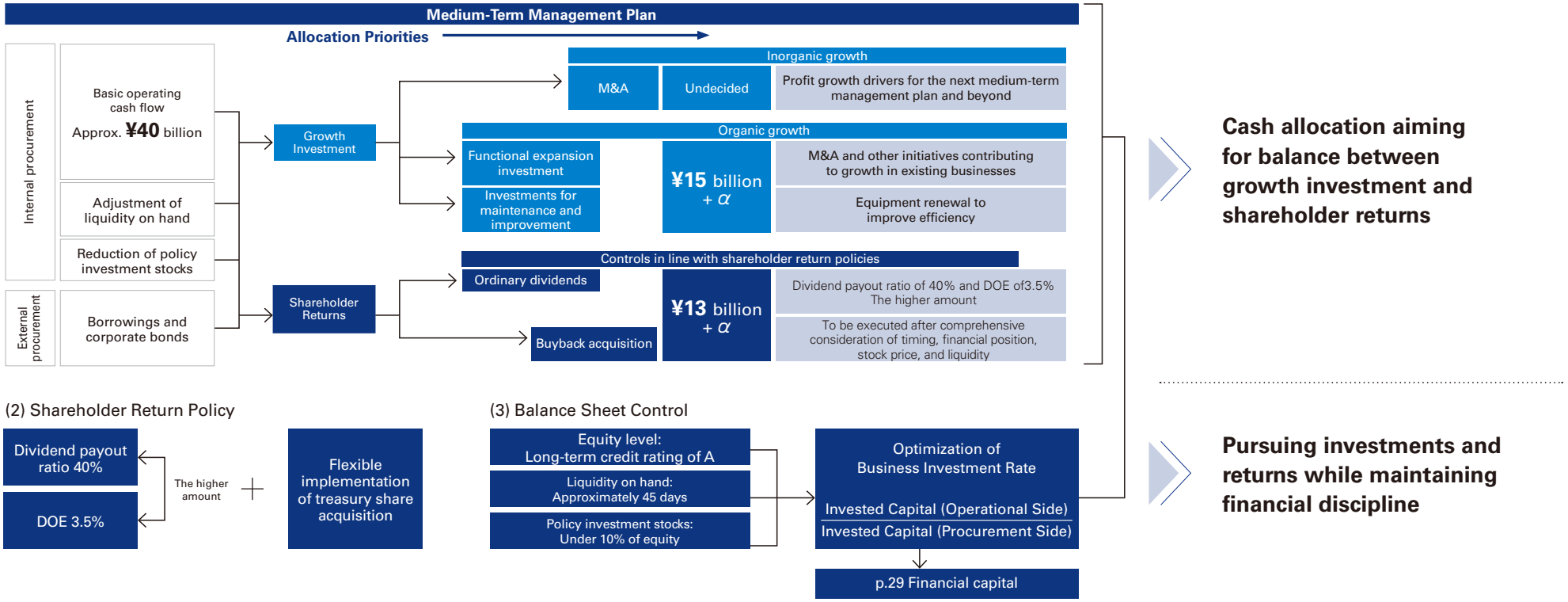
Cash Allocation for Optimizing Business Structure

From a business portfolio perspective, we aim to stabilize our earnings structure by increasing the share of the relatively low-volatility Consumer Goods Business compared to the Production Equipment Business—shifting the sales ratio from the current 65:35 to 50:50.

Of the approximately 40 billion yen in base operating cash flow expected over the next three years, we plan to allocate around 15 billion yen plus an additional amount for organic investment, and about 13 billion yen plus an additional amount for dividends and buyback acquisition. When making inorganic investments, we will consider raising funds through corporate bonds or bank borrowings as necessary, depending on the scale of investment. The success of the new medium-term management plan depends on the progress of our global business expansion. We have set a target of 40% growth in global business over three years, equivalent to a CAGR of just under 12%. While this is a high hurdle, we intend to achieve it through further expansion in regions we are already active in, entry into new regions, and deepening and broadening our product lineup. For details, please refer to the CEO Message.

Some investors have asked about the expected level of our equity ratio should growth investments not proceed as planned.

(1) Review of Cash Allocation Under the New Medium-Term Management Plan



We intend to maintain our current level of equity for two main reasons.

First, as a company engaged in repeated B2B transactions with numerous business partners, maintaining a certain level of creditworthiness is essential for smooth transactions. We are not inclined toward overly conservative financial management but aim for a long-term credit rating of A to indicate creditworthiness. By sustaining this level, we can help reduce the cost of credit assessments by our supplier manufacturers, thereby contributing to lower procurement costs.

Second, although the new medium-term management plan does not explicitly include M&A in its quantitative targets, we anticipate that some deals may be realized during the plan period. We see expanding in the Consumer Goods field as key to reducing earnings volatility and recognize the importance of executing reasonably scaled M&A in this area. While the impact on sales will be immediate upon execution, we expect profit contributions—considering goodwill amortization—to materialize in the next medium-term management plan and beyond. Given current acquisition price levels, we anticipate that M&A will generate a certain amount of goodwill. To secure a risk buffer for this, we have decided to maintain our current equity level.

p.28 Optimization of Business Investment Rate

(4) Business Portfolio and Capital Allocation

Business	Place of Value Creation	Products Handled	Feasibility	Revenue Stability	Gross Profit Margin Index	Operating Profit Share	Invested Capital							Return on Capital
							Non-Financial Capital			Financial Capital				
							Suppliers	Distributors	Personnel	Working capital	Digital	Inventory	Logistics	
Engineering	Global	Production Equipment	Share expansion	Variable	★★★ to ★★★★	25%	Mainly domestic manufacturer network	(Manufacturing company)	Under 40% (of which 60% are outside Japan) About 1,000	★★★★★	★★★	★★★	★★	★★★
	Japan				★★ to ★★★							★★		★★★
Wholesale	Global			Stable	★★	60%			Over 60% (of which 20% are outside Japan) About 1,500			★★		★★★★★
	Japan		Share maintenance		★			Domestic sales network		★★★	★★★★★	★★★★★	★★★★	★★ to ★★★★★
		Building Materials								★	★	★		★★★★★
		Home Products			★★					★★★	★★	★★★★		★★★★
Fabless Manufacturer			Share and demand expansion		★★★	15%	Mainly overseas manufacturer network	Supporters/fans	3 to 4% Around 100					

★ Gross profit indicators and return on capital: The larger the star, the higher the relative level.
Financial capital items: Scale of invested capital and other related factors.

Positioning human capital as the most important asset and aiming for optimal capital allocation

1. Non-financial capital

The key to capital allocation in Yamazen Group lies in optimal placement and investment in human capital. To ensure sustainable development of the wholesale business, we must deepen the relationships we have with our many supplier manufacturers and clients, and cultivating and appropriately placing personnel who can achieve this is crucial. Furthermore, for the sustainable development of the engineering business overseas, it is also critical to train or acquire personnel who possess technical expertise and can engage and excel in cross-cultural environments, as this significantly impacts the establishment of a competitive advantage.

2. Financial capital

Many of Yamazen Group's businesses are asset turnover-type businesses, so while expanding our market share, we have pursued improvements in the working capital turnover rate to minimize funding restrictions. As a result, working capital (WC) has been optimized, with some businesses operating with negative WC. Recently, we have actively promoted digital and logistics investments in the wholesale business, thereby reallocating human capital—transforming non-financial capital into financial capital—and advancing the acquisition of valuable human capital. Although this initiative may temporarily affect return on capital, it is intended to enhance business sustainability and increase profits through expansion of quality sales. Through these efforts, we aim to ensure medium- to long-term return on capital.

For M&A financing, we will select the most appropriate method based on external economic and financial conditions and our financial position. We maintain a solid long-term credit rating and have access to diverse financing options. We believe that relying not only on shareholders' equity but also effectively using leverage—through borrowings, bonds, and commercial paper—can enhance capital efficiency. We will pursue capital allocation tailored to each business's life stage (startup – growth – maturity – decline) and optimize the business investment rate (invested capital [operational side] / invested capital [procurement side]).

Please let me also touch on the redemption of our outstanding convertible bonds. In 2021, primarily to improve ROE, we issued 10 billion yen in euro-yen convertible bonds with warrants (Euro-Yen CB), allocating 6 billion yen for buybacks. The Euro-Yen CB matures in April 2026. Although certain conversion restrictions apply until the end of January 2026, conversions to shares may progress after the lifting of restrictions. While the risk of dilution has so far been limited, we remain fully aware of its potential impact. Although I will refrain from commenting on future capital policy at this time, our policy remains unchanged—to respond appropriately by considering stock price trends and market liquidity comprehensively.

Becoming a Market-Sensitive Company

As mentioned earlier, we have utilized the insights and perspectives gained through dialogue with institutional investors and analysts, to refine our capital and financial strategies. Upholding sound financial discipline and achieving both business growth and shareholder returns through appropriate cash allocation are key CFO responsibilities. Equally important, however, is communicating our financial and business initiatives, along with their outcomes, to foster understanding and cooperation among market participants. IR is not just about presenting financial or business strategies. What truly matters is effectively communicating Yamazen's growth story and value creation story— and remembering that our financial foundation supports those narratives.

Thanks to the efforts of our finance division, awareness of ROE and capital cost within the Company has improved. While our business divisions traditionally focused primarily on operating profit, in recent years we have seen a growing culture of cross-divisional collaboration to enhance corporate value and achieve proper market evaluation. As CFO, I have worked toward making Yamazen a market-sensitive company, and I now feel that these efforts are beginning to take root as part of our corporate culture.

Meeting the Trust and Expectations of Our Stakeholders

In the production equipment sector, most companies, including wholesalers, have a PBR below 1x. In other words, it is a small pond crowded with many players. Under these circumstances, the government and the Tokyo Stock Exchange are increasingly urging companies to manage with an awareness of capital cost and stock price, and to pursue initiatives to enhance corporate value. As activism evolves, new norms are emerging that not only accommodate but also encourage constructive engagement. In this changing environment, we will not cling to conventional management practices or past successes. Instead, we will boldly and steadfastly execute effective growth strategies to further expand corporate value.

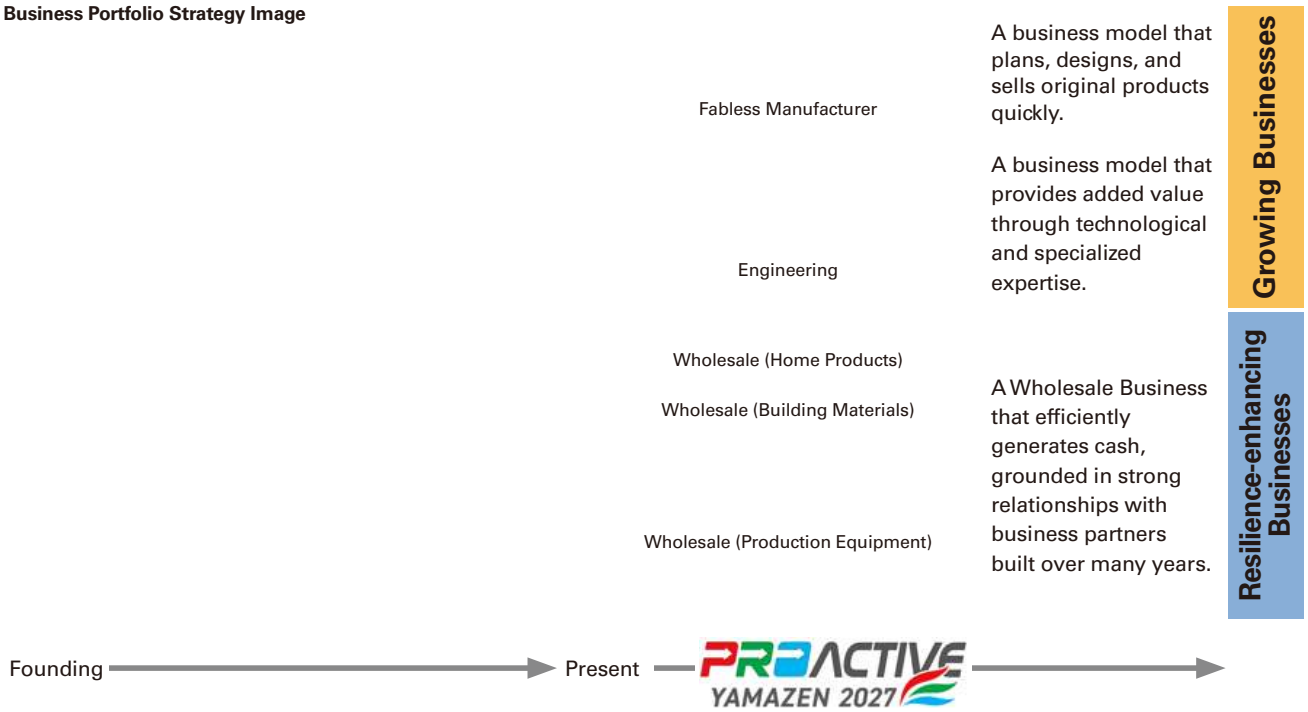
Leveraging the strong customer and human capital bases cultivated over our long history, we will continue to advance the sophistication of our management and business, paving the way to the next stage for Yamazen. That is my foremost responsibility as CFO. Although the business environment is expected to remain uncertain, we will uphold sound financial discipline, pursue capital-efficient management, and make forward-looking growth investments to return to a growth trajectory as early as possible and achieve sustainable growth thereafter. We are committed to earning and maintaining the trust and expectations of all stakeholders—including customers, shareholders and investors, business partners, and employees.

Yamazen's Business

Yamazen has grown by adding high-value-added businesses, such as the Engineering Business and Fabless Manufacturer Business to our Wholesale Business which generates stable and efficient cash flow through ongoing transactions. To achieve ROE that exceeds the cost of equity, we will position our Wholesale Business as a resilience-enhancing business that efficiently generates cash while strengthening human capital, intellectual capital, and social and relationship capital. We will then aim for continuous growth by allocating resources gained from the wholesale business across all forms of capital to areas to our growing businesses, which are areas of business with high potential for increased value creation or growth.

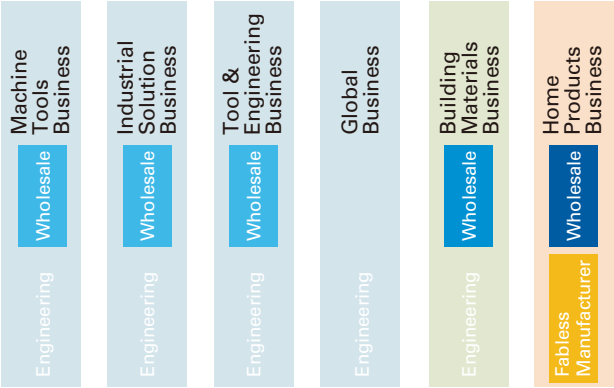
Policy for Enhancing Corporate Value over the Medium- to Long-Term
"Corporate Value Formula"

Business Portfolio Strategy Image



Relationship Between Business Models and Businesses Segments

Based on the wholesale business, we organize by product category and build on this with the Engineering Business and Fabless Manufacturer Business.



Key Points in the Medium-Term Management Plan

Of the five strategic priorities in the Plan, each business focuses on initiatives aligned with ❶ Value enhancement, ❷ Accelerating global expansion, and ❸ Upgrading sales activities, leading to growth of expansion of quality sales, cost reductions, and improved working capital turnover, thereby achieving higher ROE.

❶ Value enhancement

Create added value by expanding engineering capabilities, accelerating original product development, bolstering expertise, and boosting productivity through enhanced operational efficiency

❷ Accelerating global expansion

Promoting and optimizing localization of management, expanding and reorganizing business areas geographically, and responding swiftly to market changes and business diversification

❸ Upgrading sales activities

Maximize customer value through face-to-face sales, create stronger digital channels, and streamline through order contracts and inventory management with a focus on CCC

Domestic Production Equipment Business

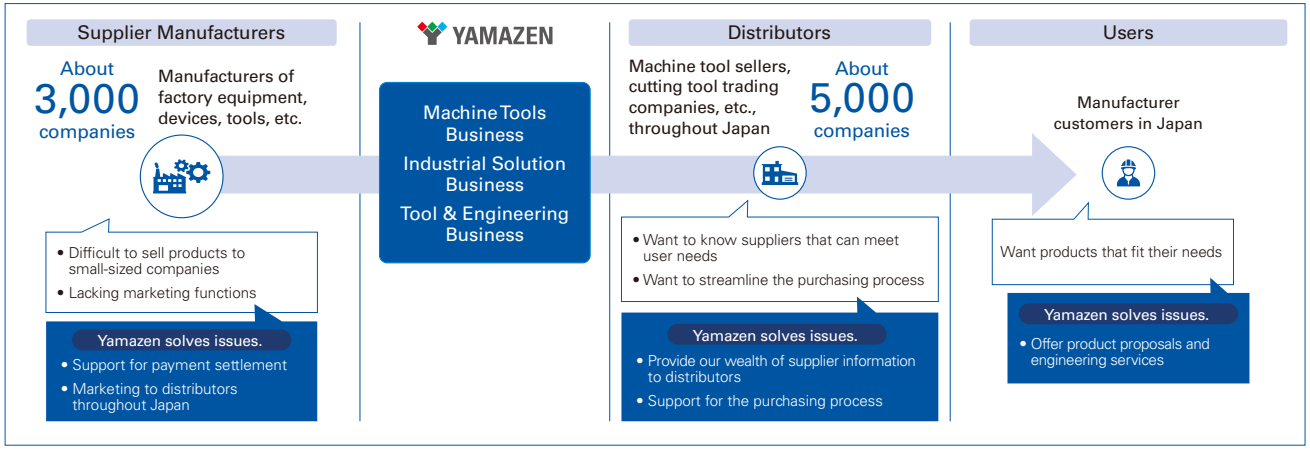
Strong collaboration between business divisions and branches to balance the wholesale business and close customer relationships as the Yamazen ideal

The Domestic Production Equipment Business delivers machine tools, material handling equipment, mechatronics, environmental equipment, cutting tools, machine tool accessories, measuring and inspection instruments, and more to a wide range of manufacturing customers. We will reinforce the engineering capabilities and expertise we have developed since the previous medium-term management plan and promote collaboration between highly specialized business divisions and branches that work closely with customers in their regions to solve customer issues and contribute to Japanese manufacturing.

Strengths	• Meticulous value-added sales that fuse expertise and regional characteristics through collaboration between business divisions and branch offices • Close relationships with leading manufacturers over many years • Solve customer issues by adding engineering capabilities rather than simply selling machines
Opportunities	• Product transformation in the automotive industry due to the shift to EVs and evolution of IoT • Need for automation and labor-saving solutions at manufacturing and logistics sites due to labor shortages • Expansion of decarbonization and energy-saving businesses • Growth in new product technologies, such as 3D printers and IoT
Threats (Risks)	• Lower value of information provided by trading companies as digitalization closes the gap between manufacturers and users • Industry restructuring that involves not only manufacturers but also distributors • Decrease in metal processing for internal combustion engine manufacturing due to a shift to EVs • Intensified competition due to the rise of price-competitive Asian manufacturers

Domestic Production Equipment Wholesale Business Flow

We procure a variety of products necessary for manufacturing from nearly 3,000 supplier manufacturers then deliver these to manufacturing customers throughout Japan through approximately 5,000 distributors nationwide.
For our supplier manufacturers, we offer efficiency through our sales network, credit support for small-scale business partners, and consolidated delivery, while for our distributors, we offer added value that would be difficult for individual companies to provide, such as information on a wide range of suppliers, streamlined ordering, and frequent deliveries.



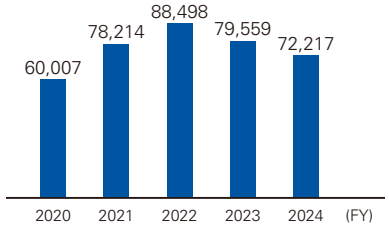
Machine Tools Business

Pioneering communication skills, product knowledge, and engineering capabilities combined in a manufacturing technology solutions-oriented trading company

We will identify latent issues faced by manufacturers and expand our business domains by providing valuable solutions to build a resilient business foundation not swayed by demand fluctuations in the machine tool industry. We will develop new markets and fields that will serve as growth industries and play a role not simply as a provider of products but as a partner that solves issues related to end users' production technologies. To achieve this, we will foster new organizations established in the previous medium-term management plan as well as our expanded pool of highly skilled talent, then reap the rewards.

Trends in Sales by Business

(Millions of yen)



Market Outlook

- In the Japanese machine tools market, despite cyclical fluctuations, medium- to long-term growth is expected as investments in semiconductor-related fields increase, driven by DX technologies such as AI and IoT.
- The EV component market will grow due to the shift to EVs, with major changes to traditional manufacturing processes and products
- The rise of Chinese and other Asian manufacturers able to compete on price will intensify competition in Japan, rendering structural reform in the machine tool industry inevitable
- Expansion of automation and labor-saving investments due to labor shortages

Basic Policy

- Switch customer portfolio to improve profitability of existing businesses
- Minimize the impact of economic conditions in the machine tool industry to reduce business volatility
- Develop the market in growth industries to break free from a business structure centered on the automotive industry
- Offering solutions to social challenges

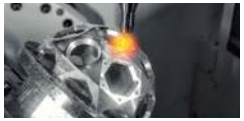
Key Initiatives

Initiative (1) Promote high-value-added proposal-based sales

To address the serious issue of labor shortages in Japan's manufacturing industry, we have established the Engineering Office to expertly handle automation and labor-saving projects. Leveraging our extensive product knowledge, we will enhance our conventional wholesale business by developing new medium- and large-scale users together with distributors.
We will also create new business opportunities through AI-powered market analysis using internal data and achieve further operational efficiency in sales efforts by creating deeper understanding of customers.

Initiative (2) Develop markets in growth industries

We will work to grow sales of products from machine tool manufacturers with world-class technological capacity combined with five-axis machining and automation in growth markets such as semiconductors, medical, and aerospace industries.
Furthermore, we will strengthen collaboration between the newly established Industrial Machinery Department and the Wholesale Business to boost sales capabilities.
We will also work to grow sales of diverse industrial machinery in addition to the metal forming and plate processing machines we have been bolstering in recent years to develop new customers.



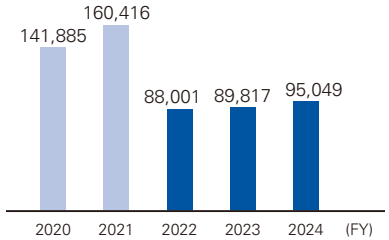
Industrial Solution Business

Solving Customer Issues with Unique Solution Proposals

Our goal is to grow new businesses by providing solutions to issues at manufacturing and distribution sites such as labor shortages, decarbonization, and DX utilization. To achieve this, we have hosted professional trade shows and original exhibits based on these themes across Japan. This has produced major results that have bolstered our business performance in material handling equipment, mechatronic equipment, and environmental equipment that improves productivity and ameliorates labor shortages. Under the medium-term management plan, we will further accelerate development and promotion of original products, an area we have been working on in order to boost profitability and obtain proprietary data; improve collaboration with our distributors, who form our robust sales network; and strive for growth together with supplier manufacturers and distributors by creating new business models.

Trends in Sales by Business

(Millions of yen)



* FY2020 and FY2021 figures are combined totals with the Tool & Engineering Business.

Market Outlook

- Strong need for automation and labor-saving solutions at manufacturing and logistics sites due to labor shortages
- Growth in the renewable energy/energy saving market due to global trends toward carbon neutrality
- Growth of DX in manufacturing sites through AI and IoT

Basic Policy

- Promote new businesses that solve user issues in collaboration with supplier manufacturers and distributors
- Boost original product development to improve profitability and develop business from the position of a manufacturer through proprietary information
- Enhance engineering capabilities to shift toward business that provides optimal value to users

Key Initiatives

Initiative (1) Promote new business proposals to distributors

We will promote business proposals to grow products from leading manufacturers in our business product categories of material handling, mechatronics, environmental equipment, and infrastructure as new pillars of business for distributors. We have already achieved steady results through factory tours, business proposal meetings, and joint sales growth efforts. Through collaboration with leading manufacturers to offer new products, new sales methods, and solutions that help solve end user issues, we will further strengthen and expand our "three-in-one" management that incorporates Yamazen, its manufacturers, and its sales agents.

Initiative (2) Boost original product development and build new business models

To develop new markets, acquire user trend information, and improve profitability, we will develop and promote original products to achieve growth and sound business. We will continue to promote product development that captures market trends, including AI-powered image inspection equipment, assistance equipment primarily in the material handling field to help reduce workload, AMRs for labor-saving in the logistics field, and equipment such as countermeasures against extreme heat to create better work environments. We will then link these to exhibitions from the position of a manufacturer. We will also build new subscription business models to boost profitability.

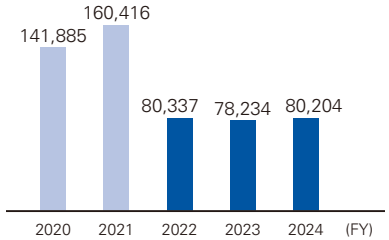
Tool & Engineering Business

Leveraging Expertise and Our Distribution Infrastructure to Solve Customer Issues

"teraido*," a website that connects supplier manufacturers with distributors, went live in October 2024, while Logis Osaka, a strategic logistics hub that incorporates the latest automated and labor-saving material handling equipment, became fully operational in January 2025 following Logis Tokyo in 2023. Under the medium-term management plan, we will improve the utilization rate for "teraido" and contribute to supply chain productivity improvements through use of the Logistics Center, our large-scale logistics hub, and our smaller regional Depots.

Trends in Sales by Business

(Millions of yen)



* FY2020 and FY2021 figures are combined totals with the Industrial Solution Business.

* An in-house e-commerce site that features over 2 million consumables and pieces of ancillary equipment needed at production sites.

Market Outlook

- Improvements in workplace environments at manufacturing sites, measures to address labor shortages, and digitalization will progress
- A modal shift to address environmental and decarbonization initiatives and solve the 2024 Logistics Issue will progress, as well as investment in transportation equipment
- Changes in purchasing methods and distribution, such as e-commerce and centralized procurement, will also accelerate
- Growth of the EV component market will lead to major changes to traditional manufacturing processes and products (metal processing will decrease)
- As the domestic market matures, distribution will concentrate among top distributors, and business succession will also accelerate

Basic Policy

- Enhance expertise to contribute to improved customer productivity and reduced costs
- Expand the Logistics Center and Depots and strengthen the logistics system through optimal placement
- Enhance the functions of "teraido" and boost utilization rates by providing services and information to build a purchasing network
- Develop and sell original products to cultivate new markets

Key Initiatives

Initiative (1) Strengthen expertise

We will maintain and increase our expertise as a distributor (sales abilities, communication skills) and improve customer service levels through use of our distribution infrastructure. Technical sales staff stationed nationwide will support distributors and contribute to improved customer productivity and reduced costs through comprehensive machine processing proposals.

Initiative (2) Create an even stronger logistics system

Through extensive inventory and logistics initiatives, we will build a distributor-friendly logistics system. In January 2025, Logis Osaka, positioned as a strategic logistics hub for western Japan, commenced full-scale operations. We are optimizing operations by introducing the latest logistics systems and material handling equipment as well as promoting efficiency through joint delivery. Moreover, our more than 100 small delivery points nationwide, called "Depots," will maintain close ties with manufacturing users in the region as they gradually expand areas for early morning deliveries, in which deliveries are made starting from the night to the early morning when delivery efficiency is high, in an effort to improve service levels.

Initiative (3) Development of new markets and products

Sales of products from supplier manufacturers, including cutting tools, auxiliary tools, measuring and inspection instruments, and work supplies, will be expanded to the transportation sector, which includes shipbuilding, aviation, and rail, as well as to the semiconductor manufacturing equipment, food, pharmaceuticals, and cosmetics industries, and to electrical and plumbing materials distributors. We will also boost development of original products aimed at these markets in addition to developing new markets.

Domestic Production Equipment Business

Doterai Ichi

Doterai Ichi

Doterai Ichi is an exhibition and sales event for which Yamazen acts as the central administrative body. It is sponsored by local distributors and held across Japan in cooperation with manufacturers. Under this framework (a collaboration between Yamazen, distributors and manufacturers), Doterai Ichi's history spans close to half a century, establishing it as a brick-and-mortar platform for revitalizing regional economies. It has been well received as an event where visitors, including end users, can purchase everything from machine tools to household appliances at special prices. In FY2024, 552 distributors and 4,091 manufacturers participated in the event.

The 50th Anniversary of Doterai Ichi in 2025

The first Doterai Ichi was held at the Nishinihon Yamazen Logistics Center located in suburban Osaka in April 1975. At that time, the exhibition and sales event was a rare opportunity to see, handle, and experience products, and became a major topic of discussion in the industry. The following year, the 76 Osaka Doterai Ichi was held at the same venue, with "Osaka" incorporated into the event name. In 2025, Doterai Ichi marks its 50th anniversary, and is underway to great success at 22 locations across Japan, with this year's theme being "Experience Real-World Solutions to On-Site Problems!"

View of 76 Osaka Doterai Ichi (held in 1976)

View of Osaka Doterai Ichi (held in 2025)

Message from a Partner

There Are the Origins of Manufacturing at Doterai Ichi That's Why People Are Willing to Come

I worked in sales at Yamazen for five years when I was young. At one Doterai Ichi event, the president of a welding material trading company I had worked with told me, "Doterai Ichi is invaluable to us. Customers come to see us on their days off and buy from us. I couldn't be more grateful." He also said he could not sleep the night before Doterai Ichi and would purify himself by pouring cold water over his body at 4 a.m. Now that I am the representative of the sponsor store, I give opening remarks at Doterai Ichi, and I sometimes tell the attendees, "Close your eyes and listen carefully. Can you hear the footsteps of the customers on their way to the venue to see you?" I believe that the reason people are willing to come from far away to buy from us is that they can discover the origins of manufacturing at Doterai Ichi. A former president of a famous university once said that Japanese manufacturing contains three types of *mono*. The first *mono* means "things with shape," or products. The second *mono* means "people," or developing talent. The third *mono* means "spirit," as in *mononoke*. I believe the spirit at Doterai Ichi is a spirit of trust. It is a place where products, people, and the spirit of trust come together. That is the very origin of manufacturing. That is why customers come to see us. It is not just about selling products. Welcoming and entertaining users is of the utmost importance. This is a venue where manufacturers, sponsor stores, and Yamazen work together toward a single goal, seeking success and growth, and where we can affirm our mutual growth. That is the heart of Doterai Ichi.

Seiichiro Uematsu
Uematsu Shokai Co., Ltd.
Representative Director,
President & CEO

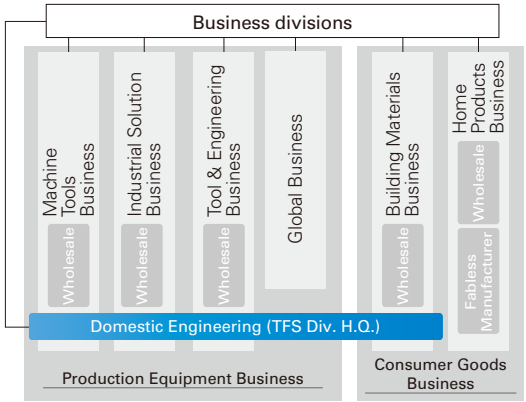
Total Factory Solutions (TFS)

Providing Comprehensive Solutions for Problems at Production Sites

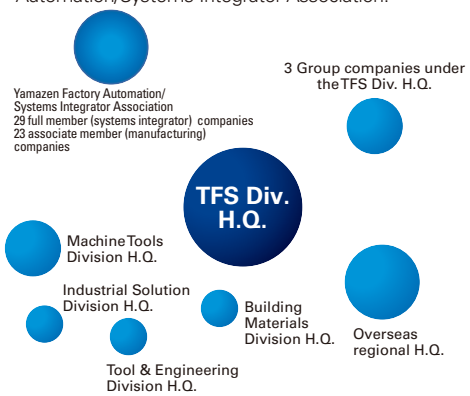
With the declining working-age population, initiatives to improve productivity are more important than ever. As society moves toward decarbonization, companies are also being held accountable for energy-saving and decarbonization efforts across the supply chain. To address these issues, five dedicated teams (the Factory Automation Department, Material Processing Department, Mechatro & Elements Department, Construction Facilities Department, and Semiconductor Solutions branches), the Engineering Support Department, Group companies, and our external network, the Yamazen Factory Automation/Systems Integrator Association, will collaborate to provide a one-stop shop for solutions.

Positioning of the TFS Div. H.Q.

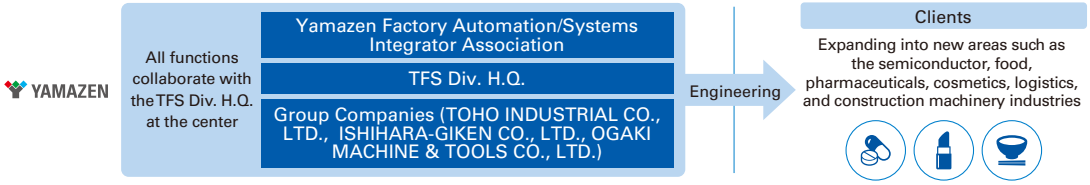
The TFS Div. H.Q. is a cross-functional organization that spans the Machine Tools, Industrial Solution, Tool & Engineering, and Building Materials Businesses.



TFS Div. H.Q. leverages the comprehensive strengths of the Yamazen Group through collaboration with branches overseas, Group companies in Japan, and the external network of the Yamazen Factory Automation/Systems Integrator Association.



Domestic Engineering Business Flow



Creating a Stronger Engineering Support Department and Utilizing Labs

We are working to create a stronger Engineering Support Department, which serves as the core of our engineering capabilities. As part of this effort, we are making full use of the new robot test lab opened in Shin-Osaka in August 2024 to improve technical capabilities and develop innovative solutions. We are especially focused on training starting this fiscal year and are developing a curriculum that can accommodate a variety of applications, including AI.

Proactive Participation in Exhibitions to Grow New Clientele

In an effort to grow new clientele to expand our business, we are proactively participating in all kinds of exhibitions. In addition to international exhibitions related to food machinery, semiconductor manufacturing, and robotics technology, we also participate in major exhibitions showcasing technologies and products related to manufacturing and are working to increase company recognition across a wide range of fields. We also exhibited helper robots at the "Robot Experience" at the Expo 2025 Osaka, Kansai, Japan, providing visitors with an opportunity to imagine how robots could contribute to daily life.

Market Outlook

- Rising need for automation and labor-saving solutions at manufacturing and logistics sites due to labor shortages
- Growth in the renewable energy/energy saving market due to global trends toward carbon neutrality
- Global growth of the semiconductor market (projected to grow to $1 trillion by 2030, 1.8 times that of the 2021 level)

Basic Policy

- Assign dedicated staff to promote automation solutions for the semiconductor, food, pharmaceuticals, cosmetics, logistics, construction machinery, electronic components, and EV industries, in addition to conventional manufacturing
- Help solve social issues among customers through proposals for renewable energy and energy saving
- Use sales through email newsletters and webinars to reinforce our order acquisition structure

Key Initiatives

Initiative (1) Development of new business fields and industries

New Fields & Industries Anticipated

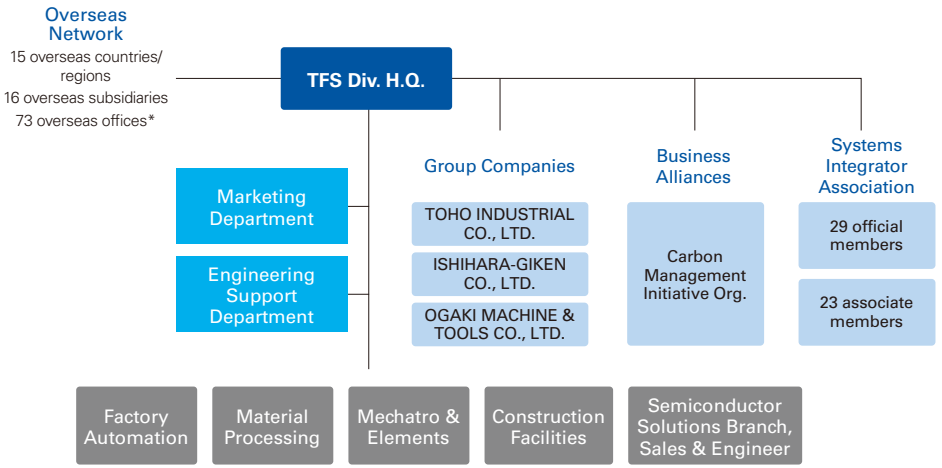
Semiconductor	Food, pharmaceuticals, cosmetics (known in Japan as the "three product industries")	Logistics
Construction machinery	Electronic components	EV industry

Initiative (2) Expand the automation and labor-saving businesses

In an effort to automate and boost productivity in the manufacturing and logistics industries, we entered into a business alliance agreement with INSOL-HIGH in April 2025 to build an industrial platform specializing in the area of humanoid robots. The greatest advantage of humanoid robots is that they can be utilized as-is in current workplaces that focus on manual labor and also offer superior practicality and versatility compared to single-function robots or automation systems. Going forward, we will further promote automation and productivity improvements in the manufacturing and logistics industries. In this way, we will work toward even stronger efforts and demonstrate higher-level engineering capabilities as a group of engineering experts.

Initiative (3) Developing and cultivating new markets (semiconductor industry, etc.)

We launched the Semiconductor Solutions Branch in April 2025 to make our full-scale foray into the semiconductor industry. We carry a wide range of products for Tier 1 and Tier 2 semiconductor equipment manufacturers, with materials and substrates to semiconductor manufacturing equipment and components, and are working to establish a structure to meet industry needs from every angle.



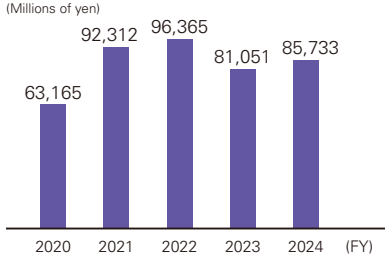
* As of the end of August 2025
Includes 1 location for Home Products

Global Business

Wherever manufacturing takes place, Yamazen is there

With change becoming the norm, we consolidated our production equipment business for overseas markets into a single business division in April 2025 in an effort to achieve dramatic growth in our global business. To seize business opportunities arising from changes in the global business environment, we will continue to update our tactics and frontline capabilities as circumstances require and swiftly promote Localization of Management, Geographic Expansion of Target Markets, Diversification of Markets and Business Formats, and Strengthening Relationships with Suppliers.

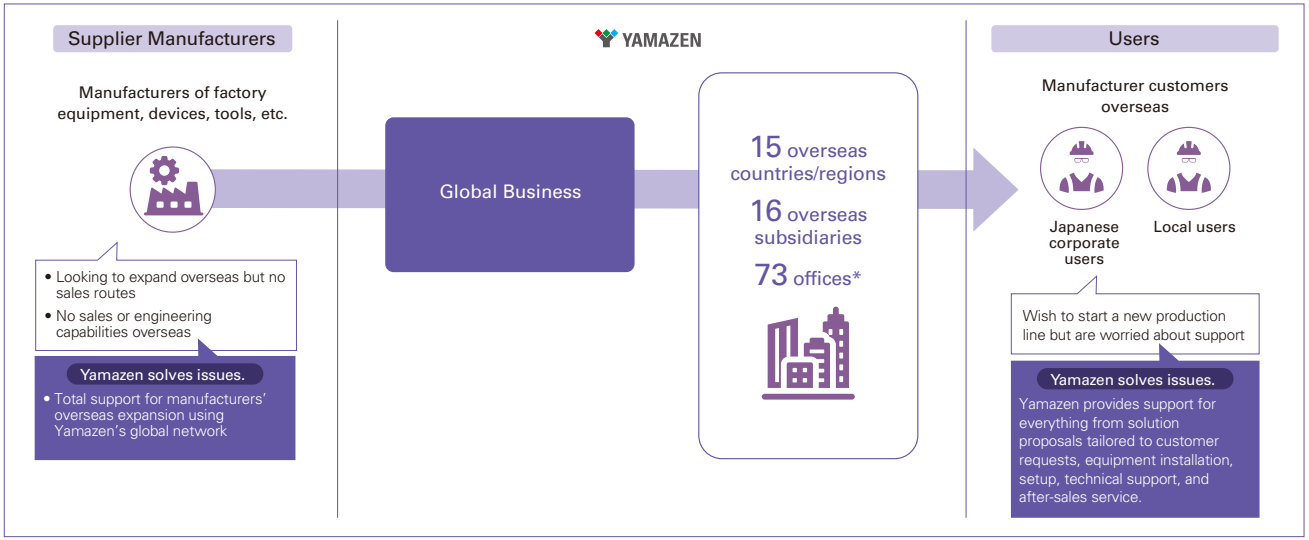
Trends in Sales by Business



Strengths	• Over 60 years of experience and know-how in overseas business • An extensive global business network consisting of 1,200 employees at 16 subsidiaries (73 offices*) in 15 countries and regions • One-stop support structure from sales to engineering and after-sales service (world-class track record) • Value propositions and sales capabilities tailored to needs
Opportunities	• Diversification and multipolarization of global manufacturing bases • Rising need for automation and labor-saving solutions due to streamlining on a global scale and chronic labor shortages in manufacturing • Changes in needs from the selling of products to the selling of services and the need for advanced on-site engineering capabilities • Capturing M&A needs arising from changes in the business environment, such as business portfolio reorganization
Threats (Risks)	• Fragmentation of global supply chains due to heightened geopolitical risks • Decline in demand for metal parts processing due to the proliferation of EVs • Decline in the relative international competitiveness and superiority of Japanese products • Increasing scope of application for digital marketing and e-commerce business models

Global Business Flow

We procure a variety of products necessary for manufacturing from nearly 3,000 supplier manufacturers and meet the diverse needs of users through our extensive global network, from sales of machinery, equipment, related devices, and maintenance parts to on-site installation and adjustment care, construction of automated lines, and after-sales service, offering value propositions that leverage our ability to consolidate related products and our engineering capabilities as a specialized trading company.
Leveraging our accumulated know-how and our extensive, constantly updated overseas network, Yamazen provides comprehensive support for overseas expansion among supplier manufacturers through our sales and engineering capabilities in a multipolarized, ever-changing market environment.



* As of the end of August 2025
Includes 1 location for Home Products

Market Outlook

- The international machine tool market will grow gradually over the medium- to long-term despite economic fluctuations
- Diversification and multipolarization of production sites due to changes in tariffs and other changes in trade systems as well as geopolitical risks
- Automation and labor-saving driven by streamlining and chronic labor shortages in manufacturing

Basic Policy

- Promote localized management and streamlining for stronger transactions with global companies
- Expand geographically and optimize business domains to adapt to global supply chain restructuring
- Develop markets and products in response to market trends and changes in market needs

What the New Global Business Division Makes Possible

- Consolidate the chain of command to expedite decision-making on investments and more
- Promote diversity in management. Develop global human resources and establish the foundation for a network that lets them thrive
- Expand market coverage with a unique deployment model
- Establish an extensive network that encompasses global manufacturing
- Collaborate with supplier manufacturers to expand products aligned with market needs

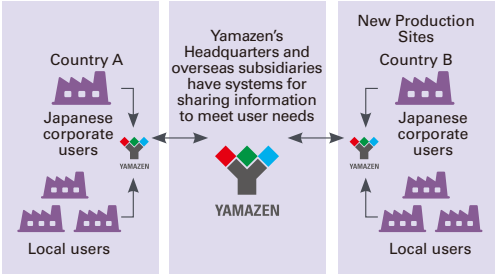
Key Initiatives

Initiative Cross-Border Strategy Combined with a Unique Deployment Model

We have consistently executed a cross-border strategy that integrates sales, technical support, and equipment installation/start-up support across markets. This strategy leverages the collaboration between major work sites across nations that have accumulated know-how in global business development of production equipment over many years as a strength while also addressing global diversification and multipolarization of production sites due to recent geopolitical risks.
We are also promoting a deployment model for our work sites that efficiently adjusts sales and service resources. Specifically, we are developing satellite offices with compact showrooms that function in collaboration with flagship bases in countries in North America, India, and other regions to promote sales efforts closely tied to the region.
Furthermore, to develop the EMEA (Europe, the Middle East and Africa) market in partnership with our existing European work sites over the long term, we opened a branch office in Istanbul, Turkey in February 2025.

Cross-Border Strategy

Image



Unique Deployment Model

Efficiently combining a network of flagship bases (with full functions including sales, showrooms, service, and engineering work) and satellite offices (with sales and compact showrooms) in each country will allow us to support customers across a wide area.

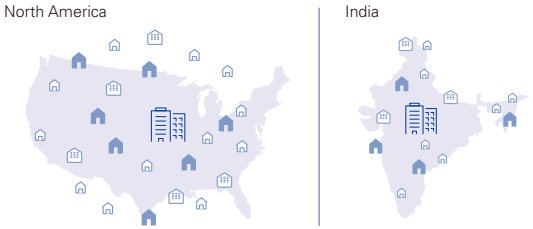


Image of deployment model

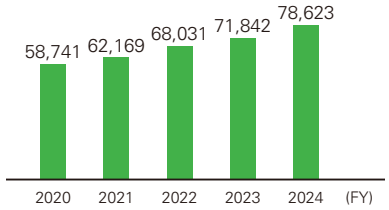
Building Materials Business

Contributing to richer lifestyles and the creation of a sustainable society

In the previous medium-term management plan, we strengthened the non-residential (offices, factories, facilities, stores, etc.) sector and built integrated functions for everything from design and consulting to construction and maintenance. While we made steady progress in cultivating new partners in the non-residential business, there is still room for improvement in construction management. Going forward, we will further strengthen our engineering and consulting capabilities and aim to provide high-value-added products and construction capabilities not only in the residential sector but in the non-residential sector as well.

Trends in Sales by Business

(Millions of yen)



Strengths

- Top-class distribution volume in Japan for housing equipment, air-conditioning equipment and smart energy equipment
- Nationwide proposal sales system through the appropriate placement of sales bases and engineers in compliance with the Construction Business Act
- Construction network covering Japan through the Yamazen Health and Safety Council, a cooperative company organization
- Specialized organization supporting the remodeling and renovation business

Opportunities

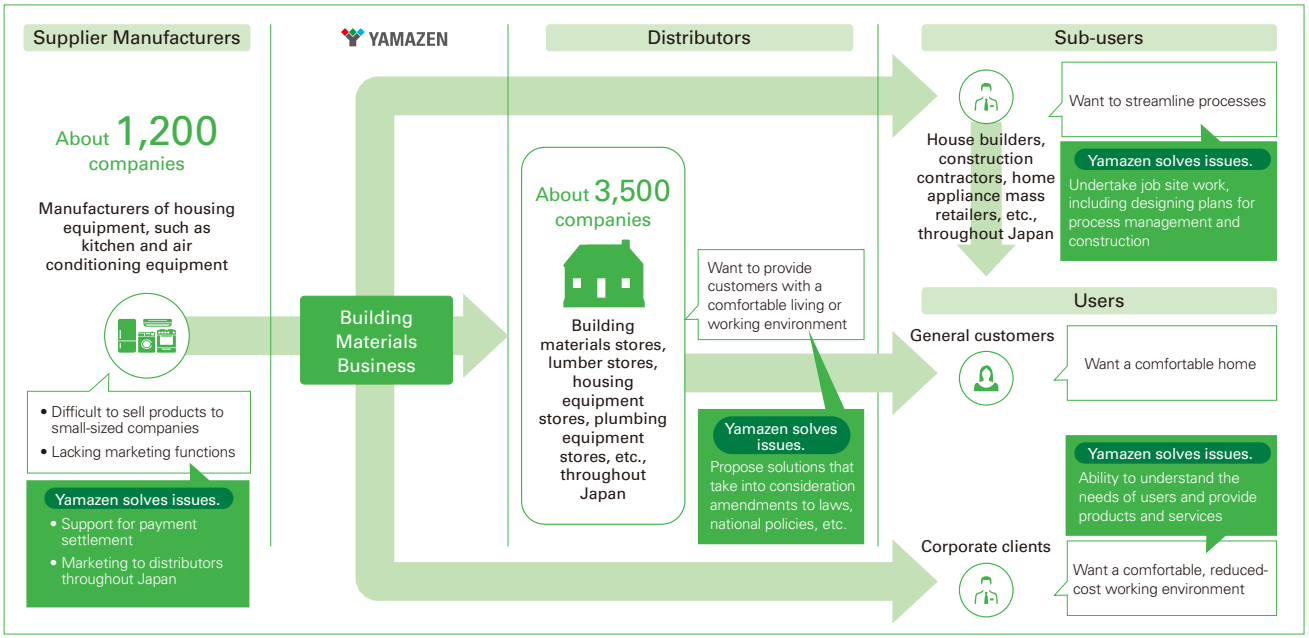
- Increase in demand for concrete initiatives on carbon neutrality
- Increased demand for air conditioning equipment due to soaring utility costs and intense heat
- Trend toward increased energy-saving standards for all kinds of equipment
- Acceleration of review of residential performance due to mandatory compliance with energy-saving standards for new homes

Threats (Risks)

- Decrease in new home construction due to the declining birthrate, aging population, and rising mortgage rates
- Postponement of investments and pressure on profits due to soaring material and labor costs
- Restrained purchasing related to housing, renovations, and durable consumer goods due to soaring consumer prices and declining wages
- Increased construction costs, more complex design and construction, and longer construction periods due to the impact of Revised Building Energy Efficiency Act and the Building Standards Act, etc.

Building Materials Business Flow

We deliver products from approximately 1,200 supplier manufacturers to general users and corporate users through distributors such as building materials stores, lumber stores, and housing equipment stores throughout Japan, as well as to sub-users such as house builders, construction contractors, and home appliance mass retailers. We offer payment settlement and sales functions to supplier manufacturers as well as solution proposals to distributors based on revisions to the law and government policies. Furthermore, we support sub-users in streamlining operations, including construction contracts based on our engineering and consulting capabilities in process management, construction planning, and more.



Market Outlook

- New housing construction projected to fall below 800,000 units in FY2025 and beyond due to the declining birthrate, aging population, and rising mortgage rates
- Growth in the renewable energy/energy saving market due to global trends toward carbon neutrality
- Revisions to the Building Energy Efficiency Act and the Building Standards Act for new housing starting April 2025 mandate compliance with energy-saving standards, accelerating the review of housing performance

Basic Policy

- Focus on subsidy proposals with products equipped with high energy-saving performance for the residential and non-residential (offices, factories, facilities, stores, etc.) sectors
- Focus on expanding the retail sector of home improvement stores and home appliance mass retailers and the e-commerce remodeling sector to strengthen the housing remodeling field
- Boost efforts to make our products standard for builders and expand the ZePlus business to increase market share amid declining new housing construction

Key Initiatives

Initiative (1) Strengthen initiatives for energy-saving and decarbonization-related products

We are promoting the sale of solar power generators combined with storage batteries, V2H (Vehicle to Home), and rapid chargers for EVs. Furthermore, we launched the Business Support Office in October 2024 to offer support to users regarding energy-saving subsidies in partnership with sales representatives. With support for subsidies as added value, we will collaborate with local governments and other entities to promote subsidies, encourage corporate capital investment, and create a new business model with an added consulting feature.

Initiative (2) Expansion of the renovation business

In housing remodeling, we have established a structure to support everything from planning to sales and construction of packaged remodeling at home appliance mass retailers and home improvement stores. Furthermore, we conduct training on sales promotion and share sales expertise. For renovations of non-residential properties such as factories and facilities, we will focus on comprehensive proposals bundled with construction for air conditioning, sanitation equipment, and new energy equipment.

Initiative (3) Promotion of ZePlus, Yamazen's original ZEH housing as a decarbonization initiative

We will strengthen our ZePlus business as an initiative for new housing, which requires high performance standards. We operate a membership organization called the Zeplus Partners Club that offers products such as materials and packaged products aimed at improving housing performance as well as services such as support for sales and design for participating construction contractors and builders. As support for building housing that goes a step beyond ZEH, we will improve service and profitability through the promotion of in-house BELS certification in addition to a wealth of proposal tools, preliminary structural and exterior envelope performance check tools, and utility cost and loan simulations.

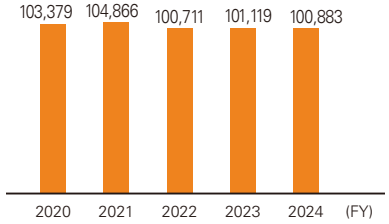
Home Products Business

Accurately identifying customer needs and offering products of value

In the previous medium-term management plan, we launched Yamazen Bizcom, our official online store, in an effort to grow the Yamazen fanbase both online and offline. In product development, we created hit products that reflect user needs through review analysis and other efforts by our marketing staff. We will continue to strengthen our product development structure and reinforce our logistics structure to support growing sales. We will also take on the challenge of international sales through cross-border e-commerce (online stores for international customers).

Trends in Sales by Business

(Millions of yen)

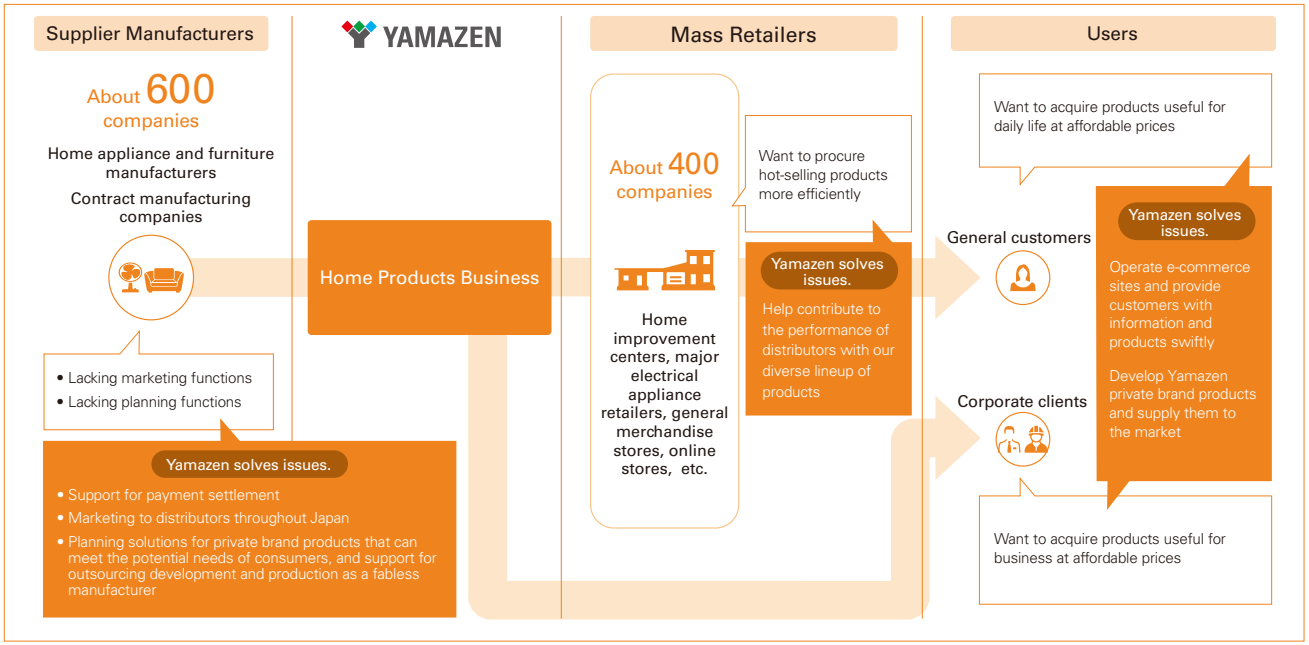


Strengths	• A line of top-class private brands in the home products category (fans, electric blankets, etc.) • The ability to make diverse placement proposals through the handling of both private brand products and national brand products • A sales structure where sales representatives have the discretion to negotiate and propose solutions for diverse sales channels • Quick market entry and a wide range of product offerings, driven by skilled MDs with sales experience who understand the needs of retailers and consumers, and a nimble product development system
Opportunities	• Expansion of the D2C market as a result of product selection and information provision through social media and apps • Expansion of opportunities for product development due to the diversification of consumer needs • Expansion of corporate e-commerce purchasing demand in response to labor shortages and business streamlining • Expansion of e-commerce purchase demand in the elderly demographic
Threats (Risks)	• Decline in consumer demand due to a shrinking population in Japan and increased interest in saving money and the sharing economy socio-economic system • Pressure on earnings due to sudden exchange rate fluctuations (depreciation of the yen), increasing resource prices and soaring logistics costs • Changes in existing consumer purchasing channels due to social media and innovation in IT • Reputational risk due to human rights and environmental issues within supply chains

Home Products Business Flow

Combining both our fabless manufacturer business and wholesale business, Yamazen delivers an extensive range of original private brand products and national brand products based on customer needs to both general consumers and corporate clients through home improvement stores, home appliance mass retailers, general merchandise stores, discount stores, and online stores (both self-operated and marketplace), helping enrich customer lives.

In recent years, we have focused on increasing brand value by developing private brand products of value that meet previously unmet needs and expanding B2B and other sales channels through our official online store.



Market Outlook

- Companies create customer fanbases through brand-building, widespread efforts aimed at maximizing lifetime value (LTV)
- Expansion of corporate e-commerce purchasing demand in response to labor shortages and business streamlining (B2B)
- Expansion of e-commerce purchase demand in the elderly demographic (B2C)

Basic Policy

- Increase touchpoints on websites to further boost gross merchandise value (GMV) as the e-commerce market expands even further
- Establish immediate delivery structures and systems nationwide to drive sales growth
- Digitalize transactions across all channels, including physical stores and e-commerce, to accurately capture user needs and consistently provide optimal products to the market

Key Initiatives

Initiative (1) Global expansion

To address shrinking consumption within Japan due to declining population and more, we will work to expand globally. We will first start by listing our products on platforms that support cross-border e-commerce (online stores for international customers), with plans to sell in Singapore and Malaysia. We will also work with Chinese suppliers to exhibit at trade shows such as the Canton Fair, one of China's largest general export trade fairs, and more.

Initiative (2) Further strengthen development of private brand products

Our marketing staff conducts review analysis, surveys, and user interviews, and the insights gained from these are then used to establish product concepts as we aim for product development tailored to user needs. To widely communicate information on new products, we engage in promotional activities including TV commercials, media announcements, and information sharing through social media. In recent years, we have also worked to raise recognition of the Yamazen brand by sponsoring television dramas and more. Through these efforts, we are building a structure tied closely to customers' lives to deliver even better products and information.

Initiative (3) Expand our e-commerce business

We will work to strengthen the Yamazen flagship shop to increase brand value. As part of this effort, we have set up a photography studio in-house to build a structure that can quickly and accurately communicate product appeal. We are also working to strengthen and expand our team of professionals who create our website. Furthermore, we are considering replacing back-office systems for processing orders and instead establishing new logistics points for product storage and delivery. These efforts will help maintain and improve service levels to ensure products ordered are delivered at the desired time and date.

Behind the scenes of the cube rice cooker commercial shoot

Stronger Management Foundation

Process for Identifying Material Issues Toward Realizing the Corporate Vision

We envisioned what the world would be like in 2030 to help us identify material issues we should address and established our Corporate Vision for 2030 of "Leading worldwide manufacturing and enriched lives." When identifying these material issues, we listened to the expectations and opinions of institutional investors, business partners, and other stakeholders on the topics they consider important for Yamazen from an ESG perspective, as well as their thoughts on how to resolve those issues through our business activities. We then held thorough, in-depth discussions inside the Company.

Step 1

Select possible material issues

Utilizing international ESG disclosure standards set by the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and others, we extracted a wide range of possible material issues in areas such as our impact on the economy, environment, and society.

Step 2

Analyze relevance to our business and prioritize each element

We conducted surveys with employees domestically and internationally on the relevance of each potential material issue to our business. After extensive discussions, we prioritized each element and then singled out proposed material issues.

Step 3

Conduct interviews with external experts and members of management

We conducted interviews with external experts, including institutional investors, business partners, representatives from banks and securities companies, and outside directors.

Step 4

Map the material issues

Based on the interviews from external experts and members of management, we prioritized high-priority items along the two axes of impact on our business and expectations from stakeholders.

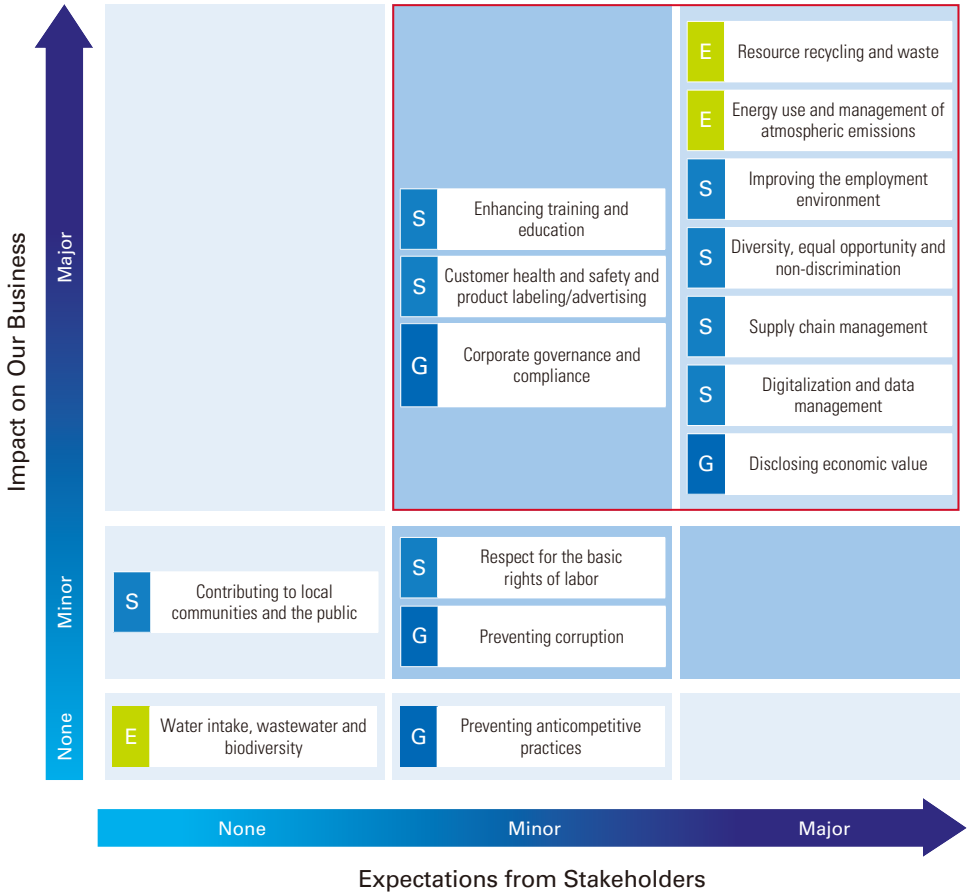
Step 5

Identify material issues

We consolidated the 10 high-priority items listed above into five highly related categories, thus identifying our material issues. For each material issue, we established goals, initiatives, and departments in charge, and created a system for promoting them.

Mapping of Material Issues

Based on the ten highest-priority items bracketed in red, we grouped related themes and identified five material issues: "Realization of a rewarding workplace," "Digitalization to maximize customer value," "Expanding green business," "Realization of sustainable procurement and supply," and "Establishment of a transparent governance system."



Company-wide Strategies Based on the Material Issues

To address the material issues derived from the outlook for 2030 and to align the sustainability of society with Yamazen's sustainability, we are implementing four Company-wide strategies: the Talent Management Strategy, DX Strategy, Green Initiatives Strategy, and Logistics Strategy. These strategies are positioned to drive growth rate improvement within Yamazen's medium- to long-term value enhancement approach while also contributing to reducing the cost of equity as part of our efforts to promote sustainability and strengthen governance.

Policy for Enhancing Corporate Value over the Medium- to Long-Term

Reduced cost of equity — **Increased growth rate**

Increased growth rate | Reduced cost of equity

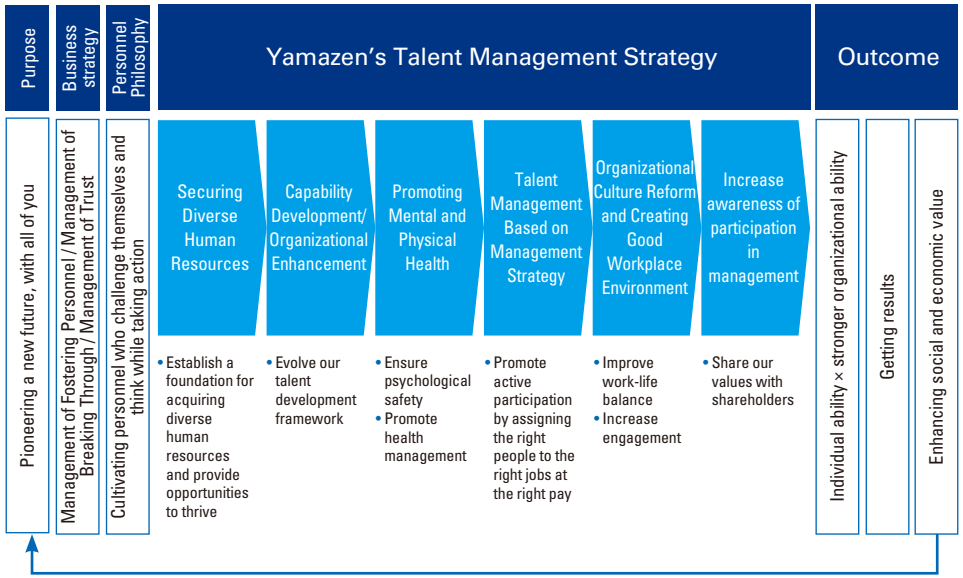
Material Issues		Company-wide Strategy			
	Realization of a rewarding workplace	**Talent Management Strategy**	We will enhance our human capital by focusing on developing the *Jigyoin* who are Yamazen's core competence, promoting diversity and inclusion, and managing human resource development.	Details on pages 47-50	**Initiatives That Contribute to Sustainability** Details on pages 57-60 / **Establishment of a transparent governance system** Details on pages 61-71
	Digitalization to maximize customer value	**DX Strategy**	By turning Yamazen's strengths in individual sales activities and product development know-how into knowledge that can be readily utilized, we will add to the intellectual capital of our organization, leading to improved productivity and the creation of new added value.	Details on pages 51-52	
	Expanding green business	**Green Initiatives Strategy**	Yamazen aims to balance environmental initiatives with business by promoting the introduction and operation of energy-saving equipment and renewable energy, and through the visualization of CO_2 emissions.	Details on pages 53-54	
	Realization of sustainable procurement and supply	**Logistics Strategy**	Yamazen will ensure sustainable procurement and supply lines by reorganizing its domestic and overseas business bases and strengthening relationships with business partners, including local suppliers.	Details on pages 55-56	

Talent Management Strategy

Basic Policy

Based on our Management Philosophy, we have established a Personnel Philosophy of "Cultivating personnel who challenge themselves and think while taking action." We have defined "creating a rewarding workplace" as a key issue and are promoting a Talent Management Strategy that is in line with this goal. We do not use the word *jugyoin*, the standard Japanese word for staff, but rather prefer *jigyoin*, meaning an independent and virtuous employee. Each worker sets aside the employee's mindset and instead adopts an entrepreneurial mindset and commits to achieving ambitious results.
As the business environment undergoes intermittent change, we are working to secure diverse talents who can respond to these changes in a nimble manner and create an environment where they can thrive. We will also continue to produce *jigyoin* through optimal talent allocation and promotion based on assigning the right people to the right jobs at the right pay. To translate individual abilities into robust organizational capacity, we will strengthen the management ability of managers to identify and utilize individual strengths. At the same time, we will raise awareness that they are participants in management so they share the same values as our shareholders and create social and economic value.

Overview of Yamazen's Talent Management Strategy



Personnel Philosophy & Talent Management Policy to Support "Management of Fostering Personnel"

To cultivate *jigyoin* with a pioneering spirit and the ability to think while taking action, our core competence, we have established a Personnel Philosophy of "Cultivating personnel who challenge themselves and think while taking action" and a talent management policy of "Employees challenging themselves. Thinking while taking action." This supports *jigyoin* in thinking for themselves and practicing autonomy in the workplace to tackle ambitious goals and overcome difficult tasks. By combining learning from workplace experience with training based on our Talent Development Framework (p.49), we will rigorously develop individual abilities and foster a corporate culture that produces *jigyoin* consistently.

Basic strategy and policy for HR system/
Evaluation system/
Target management system

Employees challenging themselves. Thinking while taking action.

Challenge	Tackle big goals and difficult tasks head on
Think and act	The ability to think and act on one's own, and the ability to act while thinking.

Autonomy

- Manage in a way to develop people who challenge themselves and think while taking action
- Recognize those who have succeeded by challenging themselves and thinking while taking action
- Recognize those who challenged themselves and thought while taking action, but did not quite succeed
- Do not recognize those who did not challenge themselves or think while taking action

STEP 2

Value Enhancement Period

PROACTIVE YAMAZEN 2027

STEP 1

Functional Expansion Period

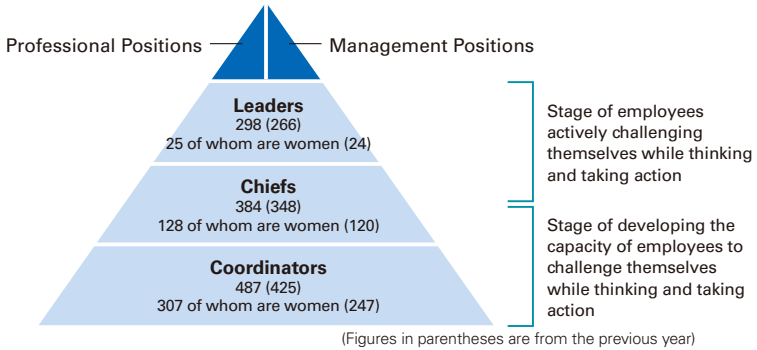
CROSSING YAMAZEN 2024

	2024–2025	2025–2027	2027–2030
	Transform the Foundation	**Operate Effectively**	**Get Results**
Key Initiatives	**Establish a foundation where diverse human resources can thrive**	**Optimal allocation and growth of diverse human resources**	**Diverse human resources thrive at work, translating to stable performance**
	• Abolition of seniority • Integrate career-track and non-career-track positions • Launch initiatives to increase the variety of roles of women in the workplace • Introduce multi-track HR system (Management positions/Professional positions) • Implement thorough management training • Open *Jigyoin* University	• Launch career option support system • Establish area-based career-track positions • Accelerate promotion of women to management positions • Introduce team system • Launch internal human resource matching system • Global Challenge Program • Introduce J-ESOP system	• A virtuous cycle emerges in the talent management process, with employees at all levels thriving • Engagement improves, with employees at all levels producing results autonomously • A talent development foundation of training, autonomous learning, and experiential learning is established, and better performance from this helps to achieve management strategy

Initiatives in the Previous Medium-Term Management Plan (STEP 1)

Initiative ❶ Introduction of Multi-Track HR System

The managers can choose between a management position (personnel specializing in management within their organization) and a professional position (personnel who create results by leveraging their specialized expertise), creating a multi-track system that allows us to assign the right people to the right jobs at the right pay based on individual strengths. Bringing out the full potential of the diverse abilities and skills possessed by individuals will help create new added value.



(Figures in parentheses are from the previous year)

Multi-Track HR System		
From management course to professional course	Cumulative Results	45
From professional course to management course	Cumulative Results	37
Number of employees in the professional course	As of the end of March 2025	110

Initiative ❷ Launch Initiatives to Increase the Variety of Roles of Women in the Workplace

We integrated career-track and non-career-track positions so that all employees can challenge themselves and think while taking action to achieve results. Leaders who will serve as the next generation of management have emerged among former non-career-track employees and are increasing annually to help cultivate core next generation talent.

Number of former non-career-track employees adjusted		
Promotions due to integration	Cumulative Results	196 (out of 502)
Average salary increase for former non-career-track employees due to promotion	Average	¥38,078

Focal Points in the New Medium-Term Management Plan (STEP 2)

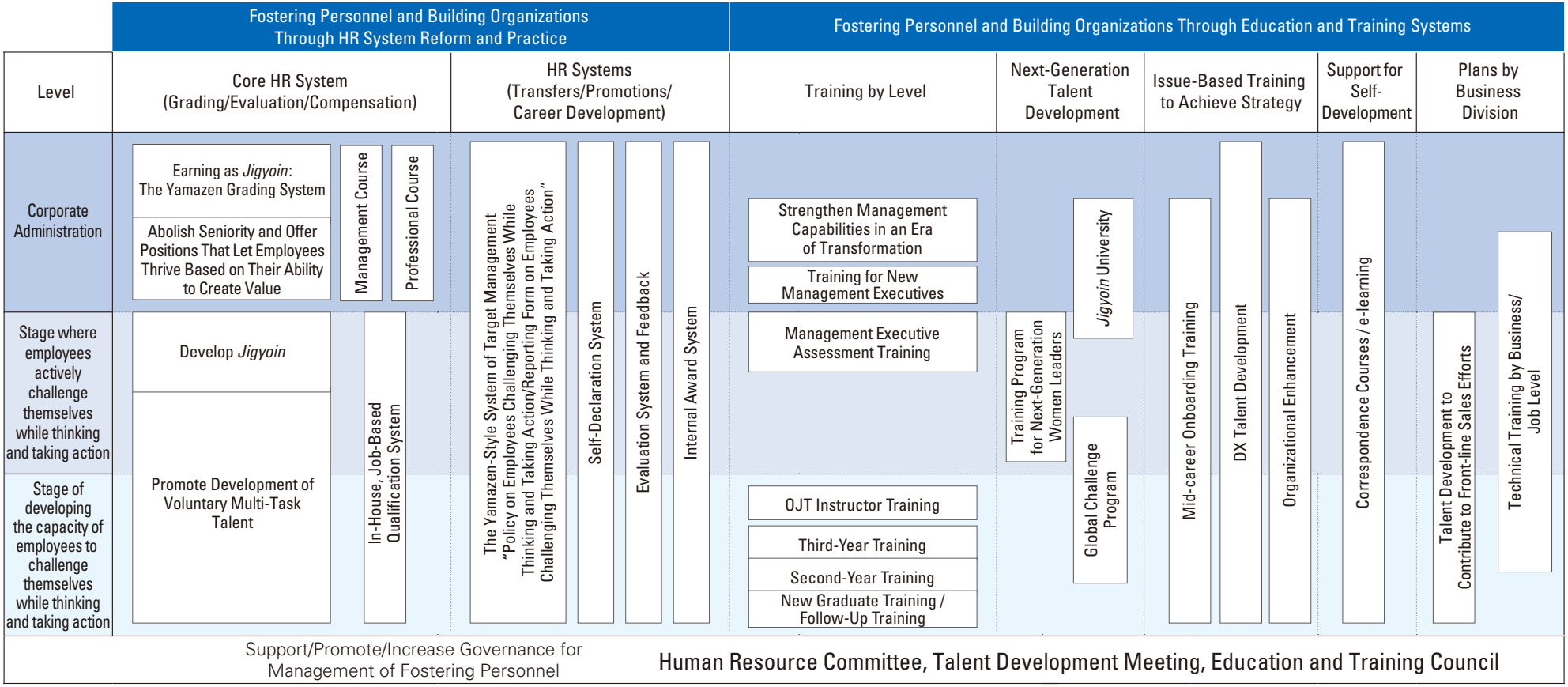
In our previous medium-term management plan, we focused on establishing a foundation where "highly capable, diverse human resources who can produce results" could thrive. In our new medium-term management plan, we will transition to STEP 2 of "Management of Fostering Personnel," focusing on the autonomous growth support stage. During this phase, we will effectively utilize the systems introduced in STEP 1 to ensure that diverse human resources are allocated appropriately and able to grow, thereby creating new added value through talent development and organizational enhancement.

Talent Development/Organizational Enhanement

Evolution of the Talent Development Framework

To respond to intermittent environmental changes and achieve our 2030 Vision, we will evolve our Talent Development Framework, which is tied to our management strategy and business strategy and based on our Purpose, from the perspectives of both reforming our personnel system and expanding our education and training programs.

Establishing a Talent Development System That Provides Opportunities



Talent Management Based on Management & Business Strategy

Launch of Career Change Criteria

For positions as managers, we have established new age limits for appointments according to job title as well as new removal criteria. By operating a multi-track personnel system with management and professional courses, we will assign the right people to the right jobs at the right pay, promote young talent based on careful assessment of their abilities and skills, drive organizational renewal, and enable sustainable growth and development.

Initiatives to Increase Awareness of Participation in Management

Introduction of the J-ESOP System

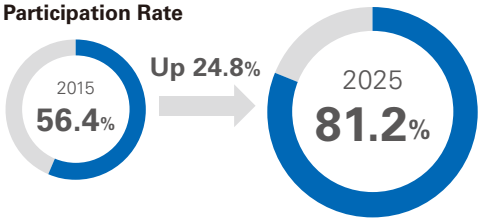
To raise awareness of contributing to medium- to long-term performance improvement and increased corporate value, we have introduced a performance-linked stock compensation system for directors and other executives.

Furthermore, to improve awareness of participation in management among employees and help them to share the same values as our shareholders, we introduced a new employee stock benefit plan (J-ESOP) for managers in April 2025. This system aims to encourage employees to take on challenges at a higher level and reward their achievements. At the same time, we anticipate that it will raise employee interest in improving stock prices and business performance, contributing to even higher work engagement.

Yamazen Employee Stock Ownership Plan

The Yamazen Employees' Investment Association, our employee stock ownership plan, is our fifth-largest shareholder as of the end of March 2025, with a 3.84% shareholding ratio. The participation rate has steadily increased in recent years, contributing significantly to raising employee awareness of participation in management. This is helping form the foundation for employees to take greater interest in company management, clarify objectives from a management perspective in their routine work, and cultivate an attitude of thinking proactively and taking initiative.

Employees' Investment Association Participation Rate



* As of April 1 each year

Diversity, Equity & Inclusion (DE&I)

Establish Area-Based Career-Track Positions

In an aging society with a declining birthrate, securing and retaining talented human resources has become a critical challenge for companies. To achieve sustainable corporate growth and development while supporting work styles that respect the diverse values held by employees, we will establish an Area-Based Career Track. This offers region-based career paths for employees who do not wish to relocate for transfers. Through this system, employees can consider long-term work styles suited to their individual circumstances, which is also expected to boost productivity. We expect that our numerous locations both in Japan and abroad will also be effective in securing talented human resources across areas.

Leader Training Program for Next-Generation Women Leaders

Since FY2023, Yamazen has conducted the Leader Training Program for Next-Generation Women Leaders, a three-year program with approximately 30 women leaders participating. In the first year, participants acquired business knowledge on career building, logical thinking, finance, strategy, leadership, and more, while the second-year program, the Management Academy, featured group work based on that knowledge. Each group identified management issues for the Company, held discussions, and presented solutions to management. This training not only enhances the skills of female employees but also serves as an opportunity for management, who participate as observers, to gain deeper understanding of the importance of promoting the variety of roles of women in the workplace. We also promote the recognition and promotion of female management candidates by informing all employees of the content of this training program on the internal intranet and internal newsletter.

Introduction of the Team System

One proposal presented to management in this training program was the introduction of a team system, and we are currently preparing to implement it within the Company. Specifically, this involves introducing a team system in departments with high numbers of employees, appointing team leaders, and delegating some management authority to them as a way of providing management experience. Team leaders are not limited to women, but the appointment of women will be encouraged. This will create a foundation for producing women leaders.

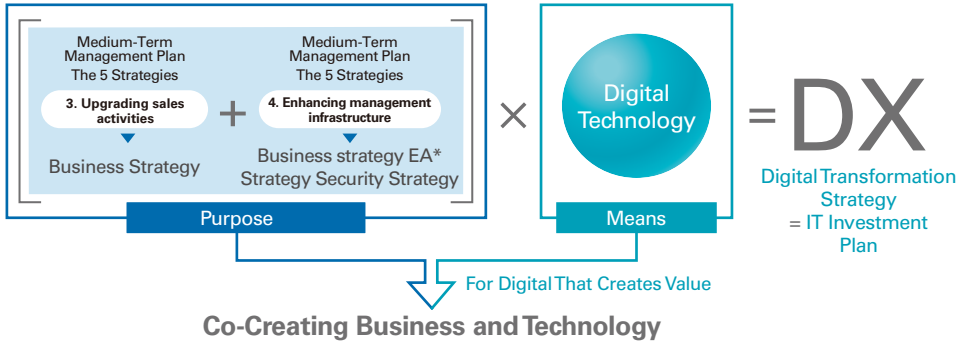
DX Strategy

Basic Policy

Yamazen views DX as innovation, and has made DX promotion a core measure. We strengthen customer contact points utilizing digital technology, provide new products and services, and then our talents who have gained knowledge and insight through this process go on to create the next source of new value. By fully utilizing digital technology, we will also revamp our business models in response to changes in the business environment with the aim of maximizing customer value.

DX Strategy (Digital Transformation Strategy): Concept and Promotion System

Based on the concept of co-creating business and technology, Yamazen's DX strategy aims to foster a culture that empowers every employee to become a driver of DX, translating to innovation throughout the organization. We will also promote initiatives that emphasize not output but rather outcomes that bring concrete value to business and society.
In April 2025, we established the ICT Solutions H.Q. as a cross-functional organization focused on formulating and executing DX strategy, optimizing business processes, and improving data quality while handling the design, construction, and operation of IT systems and database assets. We will also upgrade our IT governance system to strengthen data security and more as well as build an ICT infrastructure that creates new added value through stronger customer contact points using digital technology and new solutions.
Through these initiatives, we will achieve sustainable and valuable DX to respond flexibly to changing market environments.



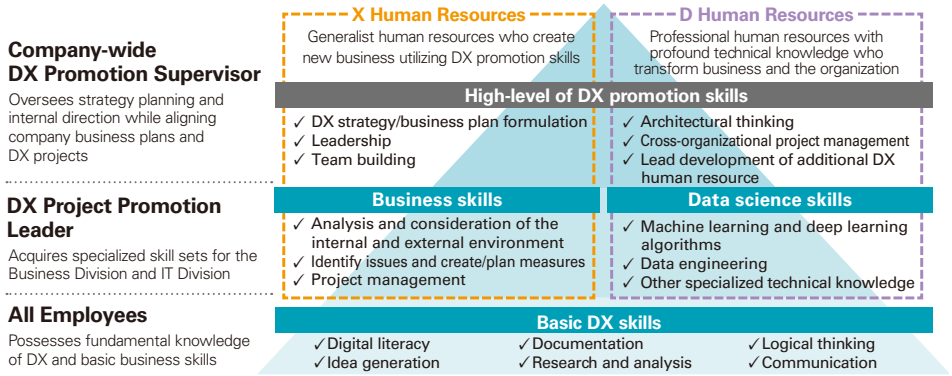
* EA/Enterprise Architecture: A design concept and blueprint for company-wide IT systems

DX Strategy (Digital Transformation Strategy) Architecture: 3 Steps

We will advance our DX Strategy in three steps, with the current medium-term management plan focused on data integration and quality improvement.

Secure and Develop Digital Human Resources

To create better balance between our ability to transform business and the organization with our ability to create new business, we will work to increase digital literacy among all employees while training in-house data scientists.



Initiatives in the New Medium-Term Management Plan

DX Strategy (Digital Transformation Strategy)

1. Improve productivity and quality of decision-making
2. Data-driven marketing—support and enhance sales capabilities, expand customer contact points (customer service)
3. Maximize operational efficiency and safety across the organization through a stronger ICT infrastructure for sustainable growth and a competitive advantage

		KSF	Tactics	Major KGI/KPI and related indices	IT infrastructure development	Continued from previous period strategy
Offensive DX	(1)	Strengthen marketing by expanding customer contact points	• Improve customer satisfaction and loyalty by utilizing customer data • Enhance e-commerce infrastructure (functions and services)	**Improve marketing ROI 150%** Increased rate of repeat, commerce sales, e-commerce user count, conversion/lead acquisition count, etc.	• Replete infrastructure for SFA/digital marketing tools/e-commerce • Promote automation and labor-saving • Consolidate sales knowledge	• Centralization of information • Standardization and consolidation of business processes • Deepening existing businesses • New business creation
	(2)	Improve internal process productivity	• Promote automation and digitalization through division of labor and standardization of indirect operations, supporting stronger customer touchpoints that lead to improved customer service and a shift to high-value-added operations	**Improve labor productivity (company-wide) 3.0 or higher** Sales per employee, work processing volume, work process review, etc.		
	(3)	Deepen existing businesses by utilizing the data analysis infrastructure	• Strengthen sales and proposal capabilities and grow results in digital marketing	**Data analysis contribution score of 100** BI tool MAU, number of reports created, report utilization rate, sales increase, literacy improvement, etc.		
	(4)	Build a communication environment for creating new businesses	• Create a community that draws out employee creativity and promotes innovation. • Improve competitive advantage and contribute to long-term growth	**Collaboration tool MAU 20% or higher** Number of innovation ideas, innovation project progress rate/completion count, etc.		
	(5)	Standardize enterprise architecture	• Clarify rules for use of IT assets across Group companies and conduct periodic reviews	**SLA compliance rate Composite SLA Score of 100** Cost reduction, user satisfaction score, EA project progress rate/completion rate, in-house development rate, etc.		
Defensive DX	(6)	Promote multi-instance architecture	• Overhaul domestic core systems • Adapt to diverse business needs and changing market environments by moving from one instance to composable, global data integration	**Data integration, data source connections 30** Number of data source connections, core system project progress rate/completion count, etc.	• Core business system overhaul • Promotion of in-house development tools • Zero trust security	• Standardization and consolidation of business processes • Centralization of information • Improve security level
	(7)	Introduce a zero-trust security model	• Implement the most effective security measures as cyberattacks grow more sophisticated	**Reduction of security incidents by 50% (compared with FY2023)** Authentication/authorization, log analysis, continuous monitoring, etc.		
	(8)	Strengthen cloud security	• As cloud usage increases, stronger security is essential to reduce risk • Conduct periodic vulnerability assessments	**Security measure implementation rate of 95% or higher** e-learning participants, targeted attack training, etc.		

Green Initiatives Strategy

Basic Policy

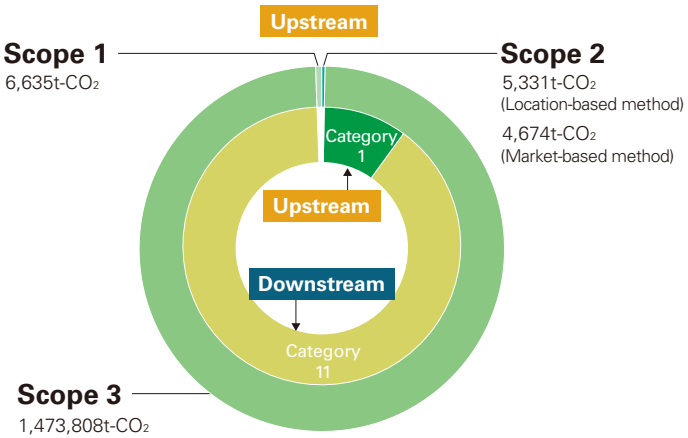
The Yamazen Group regards addressing environmental issues as one of its material issues in management, and as such, it takes the environment into consideration in all of its business activities and strives for the protection and continuous improvement of the environment. With the goal of achieving carbon neutrality by 2050, the Group is working to balance environmental activities and business operations from four viewpoints: governance; risks and opportunities; strategies and tactics; and metrics and targets.

For more on initiatives toward sustainability management, see page 58.

Impact across the supply chain

Due to the nature of Yamazen's business, we do not own production facilities, meaning our Scope 1 and 2 emissions are extremely low relative to the scale of our business. However, as we offer original products, most of our Scope 3 emissions fall within upstream Category 1: Purchased Products and downstream Category 11: Emissions from the Use of Sold Products. We consider it essential to reduce these emissions as we work toward carbon neutrality.

Breakdown of CO_2 Emissions at Yamazen (FY2024; inner circle shows Scope 3 details)



Scope 3
1,473,808t-CO_2
Of which, Category 1: (Purchased products) 146,284 t-CO_2
Category 11: (Use of sold products) 1,315,877 t-CO_2

For details, see pages 74 to 75: Non-Financial Highlights.

A Special App to Accurately Track In-House Emissions

To accurately track CO_2 emissions generated through our business activities and continuously monitor progress on emissions reductions, Yamazen has adopted and partially customized the calculation application tool Zeroboard provided by Zeroboard Inc., implementing it as GBP App. Accounts for this application are assigned to all business locations both in Japan and abroad, allowing us to centrally manage CO_2 emissions generated through business activities on a global basis.

Green Businesses Underway at Different Business Divisions

In an effort to balance carbon neutrality with environmental business, we are expanding various green business initiatives and business shifts in the business divisions for production equipment and consumer goods.

Machine Tools Business	3D Printers	New metal generation technologies to replace metal processing for the EV era
Industrial Solution Business	Decarbonization Exhibitions	Nationwide trade shows themed on carbon neutrality
Building Materials Business	ZePlus	Voluntary chain for net zero energy housing (ZEH)
Home Products Business	ELEIN	A 16-product series of battery-powered appliances that can also be charged by solar power
Logistics Planning	FSC-certified packaging materials	Agreed to eliminate petroleum-based cushioning materials and to use/preserve sustainable forests

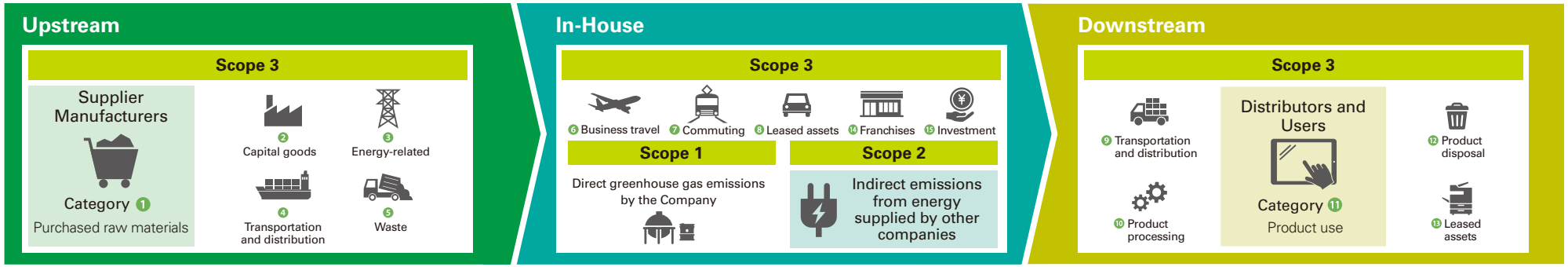
Company-wide Environmental Strategy

As part of our company-wide environmental strategy, we are working to reduce CO_2 emissions across three stages in line with the GHG Protocol.

Upstream	Offer the corporate PPA business DayZpower that supplies renewable electricity to supplier manufacturers
In-House	Encourage switching to D-Green RE100 renewable electricity at company-owned sites
Downstream	Work to reduce emissions across the supply chain through deployment of the Green Ball Project

Details on page 54

Environmental Business Engagement with the Supply Chain Based on the GHG Protocol



DayZpower Corporate PPA

DayZpower Video (Japanese only)

Crecia (Kyoto) (NIPPON PAPER CRECIA CO., LTD. Kyoto Plant)

Plant Name	Site Name	Annual Electricity Sales	Date of Operation
DayZ No. 1	Crecia (Kaisei)	500 MWh	March 2023
DayZ No. 2	Okudaya (Sakai)	110 MWh	June 2023
DayZ No. 3	Toyo Koken (Yamanashi)	130 MWh	April 2024
DayZ No. 4	Crecia (Koyo)	340 MWh	September 2024
DayZ No. 5	Crecia (Tokyo)	350 MWh	August 2024
DayZ No. 6	Crecia (Kyoto)	4,230 MWh	March 2025
DayZ No. 7	Kitagawa Ironworks (Fuchu)	510 MWh	June 2025
Annual Electricity Sales (as of July 2025)		6,170 MWh	
Average Unit Price (as of July 2025)		About 16 JPY	

To reduce Scope 3 Category 1 emissions from purchased products, we are proactively proposing and expanding as needed DayZpower, a corporate PPA that supplies renewable electricity from solar power, to supplier manufacturer factories. Annual electricity sales reached 6,170 MWh as of July 2025, generating an annual CO_2 reduction effect of 2,610 tons.

D-Green RE100 Switching Company Buildings to Renewable Electricity

Osaka Corporate Headquarters

Kyushu Regional H.Q.

Implemented Locations	CO_2 Reduction	Renewable Energy Introduction
Osaka Corporate Headquarters	Approx. 428 t-CO_2	January 1, 2022
Logis Osaka	Approx. 167 t-CO_2	November 4, 2022
Sendai Branch	Approx. 40 t-CO_2	August 19, 2023
Nagoya Regional H.Q.	Approx. 81 t-CO_2	April 8, 2024
Kyushu Regional H.Q.	Approx. 80 t-CO_2	April 1, 2025

To reduce Scope 2 emissions, we are progressively switching Company-owned buildings to renewable electricity. In FY2025, we switched the Kyushu Regional H.Q. office building to D-Green RE100, 100% renewable electricity supplied by Osaka Gas. This brings our cumulative annual CO_2 reduction to approximately 800 tons.

Green Ball Project Sales Promotions Planning for Energy-Saving Products

Green Ball Project website (Japanese only)

FY2024 results

Contribution to CO_2 reductions
40,231 t-CO_2

Total
611,098 t-CO_2

Participating companies: Cutting tool trading companies, building materials and plumbing materials trading companies, home builders, etc.
680 companies

Proponent manufacturers: Production equipment (industrial equipment, tools, etc.), housing and building materials, etc.
64 companies

To reduce Scope 3/Category 11 (product use), we have worked to promote energy-saving products through the Green Ball Project since 2008. Using a baseline comparison method, we count the cumulative difference in energy consumption between target energy-saving products and standard products as CO_2 reduction contribution. In FY2024, we worked with 64 proponent manufacturers and 680 participating distributors to reduce CO_2 across the supply chain, in effect reducing 40,231 tons of CO_2.

Logistics Strategy

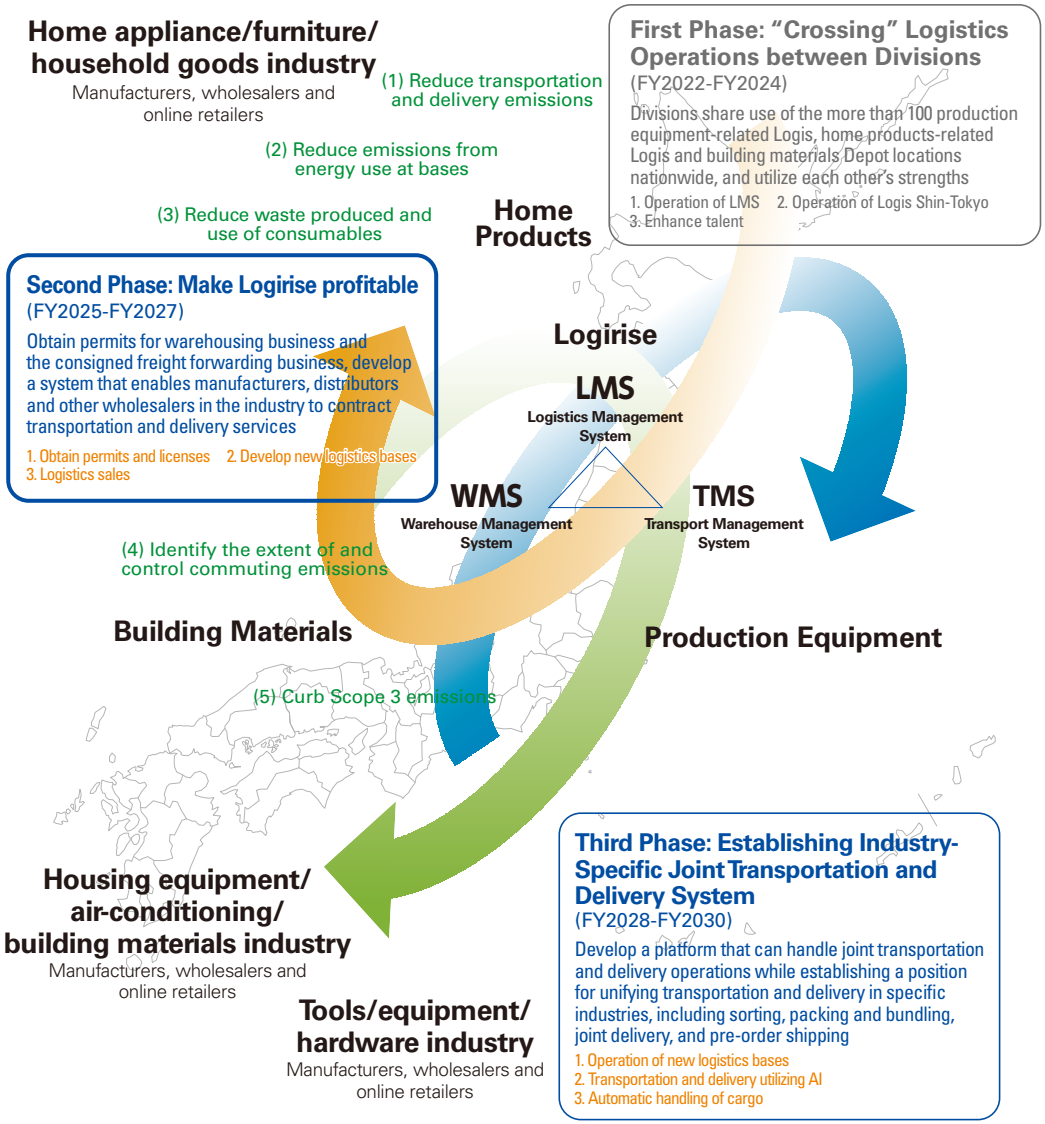
Basic Policy

The role of logistics as well as related efficiency demands are increasing dramatically, driven by rapid changes in consumption behavior, such as e-commerce and delivery services, rising fuel and labor costs, and advances in IT, notably AI. Even in the logistics operations, there is a marked trend toward automation and labor-saving in areas such as material handling and delivery instructions using IoT, from warehouse work to transportation and delivery. A strong need to build sustainable logistics networks is driving a rethinking of long-distance transportation methods due to restrictions on the working hours of drivers, the push to reduce CO_2 emissions related to warehouse work and transportation and delivery, as well as BCP measures for disasters. Based on these medium- to long-term trends, the Group has formulated a three-phase, nine-year logistics strategy by backcasting from the Corporate Vision for 2030, and is actively investing management resources in promoting this strategy.

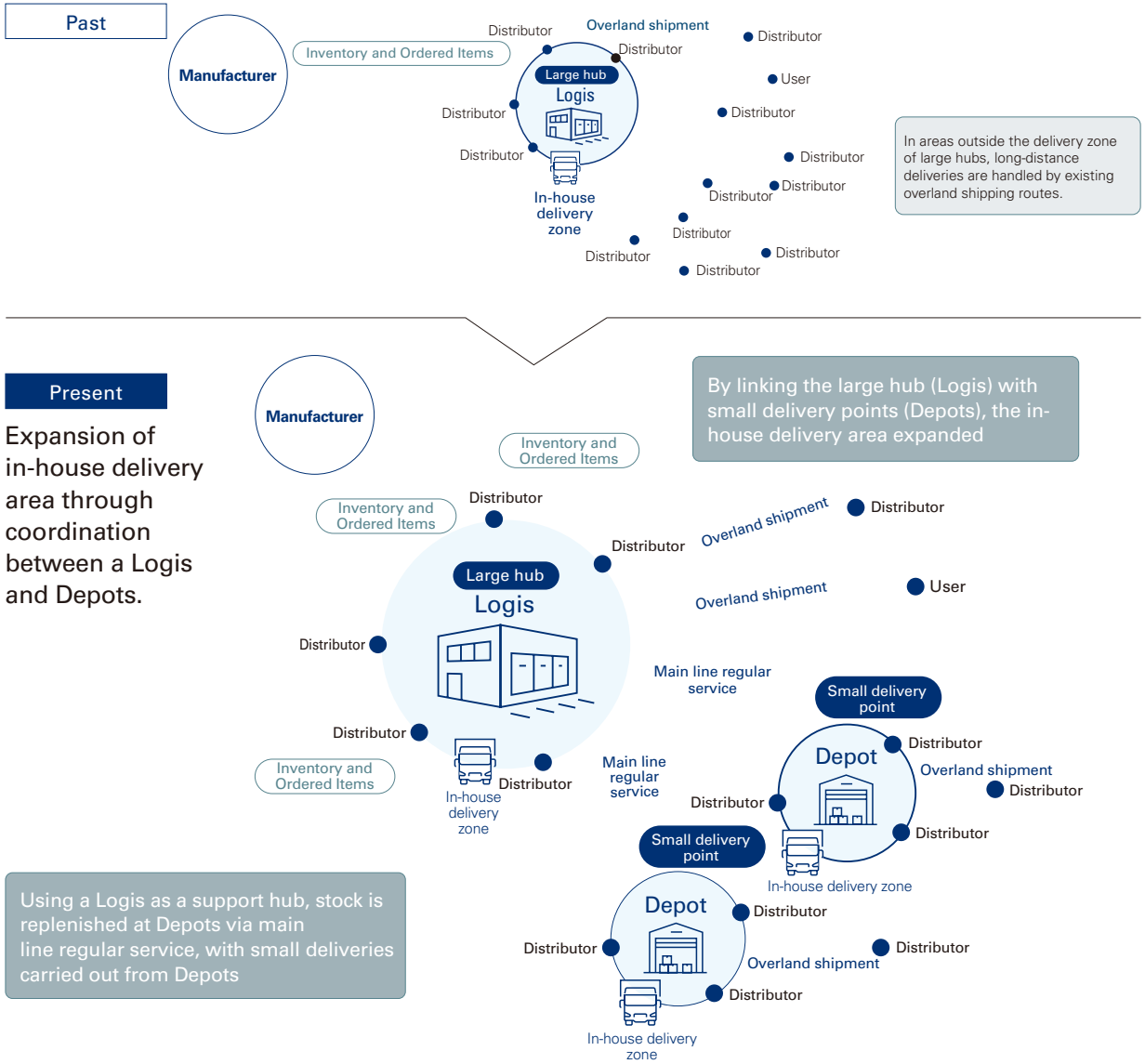
Leading Logistics Transformation Through Cross-Industry Joint Delivery

Yamazen's Vision for its logistics strategy is to become a transportation and delivery platform provider for specific industries, unifying various sectors where we hold strengths across the board.
In alignment with the previous medium-term management plan, "Logistics CROSSING" incorporated in the First Phase and "achieving profitability for Logirise" set forth in the Second Phase, the new medium-term management plan, are both positioned as preparations for Third Phase: "Establishing Industry-Specific Joint Transportation and Delivery System." We are working as a platform provider to establish a scheme by fully utilizing logistics centers such as Production Equipment Logis (our logistics bases) which primarily handles products from the Tool & Engineering Business and the Industrial Solution Business; Home Appliance Logis, which primarily handles products from the Home Products Business; and Building Materials Depot, which primarily handles products from the Building Materials Business; as well as the transportation and delivery network connecting them.
During the first phase, we introduced a new WMS at 13 bases, including Logis Kanto, Yamazen's largest warehouse, and began operations at Logis Tokyo and Logis Osaka, which are equipped with the latest material handling systems. We have also started working to make Logirise Corporation, a logistics subsidiary (company name changed from Yamazen Logistics Inc. in April 2025), profitable. In the second phase, we will promote joint distribution in each industry as we prepare to achieve the third phase.

Aiming to Become a Transportation and Delivery Platform Provider for Specific Industries



First Phase: "Crossing" Logistics operations between divisions (2022–2024)



Increasing Productivity Through Warehouse Equipment Investment

We have introduced shuttle racks at Logis Tokyo and Logis Osaka to consolidate orders. These shuttle racks have temporary storage, sorting, and sequential shipping functions, allowing products picked for individual customer to be consolidated. This has enabled us to manage labor and location issues in a three-dimensional manner for operations that achieve labor-saving and space-saving. Work flow lines have been reduced to approximately two-thirds of what they were previously, and workers now simply transfer products while standing, reducing staff from 10 to 2 employees.

Making Our Logistics Services Profitable

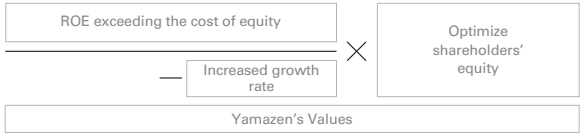
We have begun external sales for the logistics services of Logirise Corporation, our logistics subsidiary, to make effective use of Yamazen's logistics assets. This will help maximize profits for the entire Group by proactively expanding external sales. We have already begun transactions with several companies, and we will expand our customer base going forward through warehousing and handling operations as well as joint distribution, which will lead to platform construction in the third phase.

Depot Expansion

Yamazen is actively expanding its Depots, which are small delivery points with inventory. In addition to the existing Depots in Sapporo, Sendai, Kanazawa, and Okayama, we opened the Shizuoka Depot in April 2025. Expanding Depots allows us to place products closer to customers, shortening lead times. Nearly 40% of products shipped to surrounding areas now originate from Depots, and utilization is gradually growing. We will continue to establish additional Depots and increase our in-house delivery areas to achieve shorter delivery distances as well as reduce CO_2 and improve service levels.

Initiatives for Sustainable Corporate Value

Policy for Enhancing Corporate Value over the Medium- to Long-Term

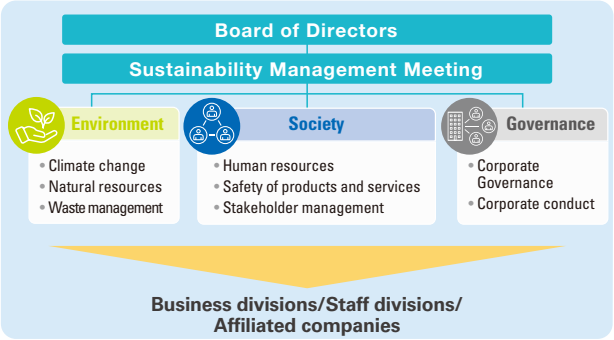


Basic Policy on Sustainability

As a member of society and a company conducting business in various regions globally, the Yamazen Group aims to be a trusted and respected entity. Through proactive efforts to achieve the SDGs based on international frameworks, we contribute to the realization of a sustainable society. We recognize the impact of our business activities on the environment and society and aim to address social issues through activities aligned with our Management Philosophy, pursuing a sustainable society and sustainable growth for the Yamazen Group.

ESG Initiative Structure

The Sustainability Management Meeting addresses Company-specific material issues and recognizes social issues from an ESG perspective for multi-stakeholders, including investors. Through our business activities, we promote responses to risks and opportunities, with business divisions, staff divisions, and affiliate companies implementing appropriate initiatives.



Toward enhanced sustainability management

To accelerate the synchronization between Yamazen's sustainability and society's sustainability, we have set targets for key ESG non-financial indicators for the period covered by the medium-term management plan (FY2027). These initiatives illustrate how each measure contributes to the sustainable growth of both society and the Company, as well as the expected financial and corporate value impact from achieving these goals.

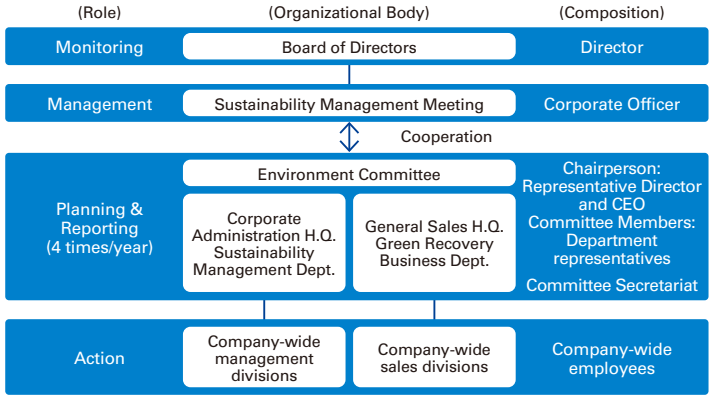
	Initiatives	Society's Sustainability	Yamazen's Sustainability	Indicators	Medium term goals*	Financial and corporate value impacts
Environment	Reduction of GHG emissions	Reducing environmental impact and contributing to decarbonization	Raising awareness of climate change Enhancing brand value	Scope 1.2 (Market-based method)	Compared with FY2020 25% reduction	Reduced cost of capital Sales growth
	Implementing green business	Reducing environmental impact and contributing to decarbonization	Expanding energy business	Total output of power generation projects (Medium-term management plan period)	80MW	Sales growth
	Enhancement of information disclosure	Reducing environmental impact Promoting ESG investment	Strengthening environmental governance Enhancing brand value	CDP score (climate change)	Maintain rating of B or higher	Reduced cost of capital Sales growth
Society	Corporate culture reform and work environment improvement	Improving productivity and innovation	Retaining key talent Enhancing corporate brand value	Positive engagement ratio (Employees survey)	60%	Sales growth Productivity improvement
	Strengthening human capital (fostering personnel) management	Improving productivity and innovation	Practicing the Management Philosophy and Purpose	*Jigyoin* ratio (Employees survey)	70%	Sales growth Productivity improvement
	Promotion of D&I	Fostering diverse values Promoting gender equality	Strengthening human capital Creating new value systems	Promoting career transfers for women to new roles	100 people (3 years total)	Sales growth Earning capacity improvement
	Promoting CSR procurement across the supply chain	Strengthening societal resilience	Reducing transaction risks Securing business stability and competitive advantage	Average CSR assessment score of suppliers	Over 80 points	Earning capacity improvement
Governance	Strengthening risk management	Enhancing reputation Avoiding penalties	Reducing management risks Enhancing brand value	Annual participation rate of employees receiving compliance training	100%	Reduced cost of equity
	Ensuring management transparency	Supporting the soundness and activation of capital markets	Creating corporate value through investment attraction and engagement with investors	Number of one-on-one investor dialogues per year	100 times	Reduced cost of equity

* Medium-Term Management Plan (FY2027) goals

Data Disclosure Based on the TCFD Recommendations

Governance

The chief operating officer responsible for climate change issues is the CEO, with the Sustainability Management Meeting as the managing body. The body was established in April 2023 and confirms policies, action plans and progress at least once per year. In addition, practical measures are carried out by the Environment Committee, which is made up of members from various departments, and meets four times per year to discuss policies and identify issues. The roles and composition of each body are shown in the diagram on the right.



Reduction Goals

FY2020 is used as the base year for the Company's emissions in accordance with the Greenhouse Gas Protocol. The targets include some items that are still being aggregated, but we aim to reduce total emissions by 50% by FY2030, and to be effectively carbon neutral by FY2050. Scope 1 emissions largely consist of gasoline consumption related to sales vehicles. We are gradually replacing hybrid vehicles with EVs. Much of our Scope 2 emissions are accounted for by electricity consumption in offices and logistics bases, and we aim to significantly reduce CO_2 emissions in the medium- to long-term by progressively switching to electricity from renewable sources and installing energy-efficient air-conditioning and lighting. Scope 3 emissions are currently being aggregated, with certain exceptions, but we aim to reduce these emissions while also considering offsets such as credits.

→ For more on our reduction initiatives, see pages 53 to 54: Green Initiatives Strategy.

→ For more on environment-related data, see pages 74 to 75: Non-Financial Highlights.

Scenario Analysis

Climate change risks

Type of Risk		Main Climate-Related Risks	Potential Impact on Business	Timeframe	Response
Transition	New regulations and policies	Carbon tax (carbon tax or emissions trading) and laws related to global warming	• Increased costs due to introduction of carbon pricing (carbon tax or emissions trading) • Increased costs associated with introduction of new policies aimed at reducing greenhouse gas emissions and strengthening of laws and regulations	Medium term Long term	• Aiming to reduce total GHG emissions by 50% by fiscal 2030 and achieve carbon neutrality by fiscal 2050 through the introduction of energy-efficient equipment and upgrades • Reduction in travel distance through optimization of delivery routes and reduce number of delivery vehicles through modal shift • Passing on product prices
Transition	Technologies	Transition to low GHG emissions technology	• Reduced sales of machining equipment due to fewer automobile parts • Decrease in sales due to insufficient proposals for decarbonization and energy-efficient products • Increased development cost of environmentally friendly products	Medium term Long term	• Enhanced awareness of technological trends and acquisition of knowledge of installed equipment • Collaboration with supplier manufacturers and new product development
Transition	Markets	Changes in customer consumption behavior	• Decreased sales from loss of customers due to delay in addressing decarbonization • Decreased sales of certain products due to customer avoidance of products derived from fossil fuels	Long term	• Steady implementation of decarbonization and energy-saving initiatives • Enhanced sales of environmentally friendly products
Transition	Reputation	Decline in stakeholder trust due to inappropriate response	• Reputational damage or loss of trust leading to reduced suppliers, lower sales, and stock price decline	Short term Medium term Long term	• Steady implementation of decarbonization and energy-saving initiatives • Timely and appropriate information disclosure in line with TCFD and other frameworks
Physical	Acute physical risks	Increased severity of weather events (storm and flood damage)	• Sales decline and cost increase due to disruptions in social, information, and transportation infrastructure • Damage to or loss of Company assets, including employees, buildings, facilities and equipment • Sales reduction due to interruption of domestic and international supply chains	Short term Medium term Long term	• Ensuring business continuity based on a business continuity plan (BCP) • BCP assessments and strengthening of response measures with supplier manufacturers • Diversification of risks by establishing multiple sales bases, suppliers and distribution bases • Risk hedging through insurance and cost pass-through
Physical	Chronic physical Risks	Changing temperatures (atmospheric, freshwater and ocean)	• Increase in energy costs and increased costs for measures to address work environments • Decline in winter product sales • Disposal of products and logistics materials	Medium term Long term	• Introduction of renewable energy facilities such as high-efficiency air conditioners for the Company's facilities • Offering high value-added products and services, and passing on costs • Reduction of product disposal rate and use of circular materials

* Short term (1–3 years), Medium term (3–10 years), Long term (10–30 years)

Climate change opportunities

Opportunity Type		Main Climate-related Opportunity Factors	Potential Impact on Business	Timeframe	Response
Transition	Resource efficiency	Use of more efficient production and distribution processes	• Cost reduction through increased transport efficiency	Short term Medium term Long term	• Achievement of optimal transport by calculating cost and distance between demand areas and logistics bases • Reduction of number of delivery vehicles through modal shifts
Transition	Energy sources	Use of supportive policy incentives and use of lower-emission sources of energy	• Use of policy incentives such as energy-saving subsidies • Green business expansion due to introduction of renewable energy	Short term Medium term Long term	• Consulting about policy incentives such as energy-saving subsidies and selling energy-saving products • Promotion of corporate PPA business
Transition	Products and services	Development/expansion of low-emission goods and services	• Increased revenue through expansion of sales opportunities for goods with low environmental impact • Increased sales of summer products	Short term Medium term	• Holding exhibitions such as the Doterai Ichi and Decarbonization Exhibitions • Expansion of products covered in the Carbon Neutral Purchasing Guidebook • New product development in collaboration with supplier manufacturers, reinforcement of PB product development • Strengthening product sales through proposals addressing environmental issues
Transition	Products and services	Development of climate adaptation, resilience and insurance risk solutions	• Increased revenues due to sales expansion of disaster response and recovery-related products	Short term Medium term	• Public relations activities with sales partners and users, and organization of theme-based exhibitions • Providing disaster prevention-related products and services, such as the one-stop BCP-related service BCP.ERS
Transition	Markets	Access to new markets	• Increased revenues through use of new technologies and expansion of product demand related to transition to a decarbonized economy, including legal revisions	Short term Medium term	• Expansion of product offerings related to decarbonization, heatstroke prevention, and environmental improvement, and strengthening of solution proposals • Expansion of the Green Ball Project and promotion of the PPA model business • Development of sales channels for new markets utilizing the manufacturing site problem-solving platform Genbato
Physical	Resilience	Increased severity of weather events (storm and flood damage)	• Increased revenues due to sales expansion of disaster response and recovery-related products	Short term Medium term Long term	• Providing ZEH-related equipment and disaster prevention products and services • Expanding product supply networks capable of responding promptly to disaster recovery demand

* Short term (1–3 years), Medium term (3–10 years), Long term (10–30 years)
Emissions records are listed in Non-Financial Highlights on pages 74 to 75.

Initiatives That Contribute to Sustainability

Environment Society Governance

Initiatives for Regional Contribution through Collaboration with Local Governments

We are working with local governments aiming for regional carbon neutrality to help reduce CO_2 emissions. We hold decarbonization seminars for staff of chambers of commerce and industry, where participants convey the importance of decarbonized management to local businesses, thereby promoting regional decarbonization. In addition, we support the dissemination of local government subsidy programs for the installation of industrial solar panels and storage batteries. By sharing user feedback with local governments and proposing improvements to subsidy content, we are helping create a foundation for more businesses to consider adopting decarbonization equipment. Furthermore, we participate in zero-carbon promotion councils and advance initiatives toward realizing a decarbonized society. These activities not only contribute to the sustainable development of local communities but also help address social issues through our business activities. We will continue to strengthen collaboration with local governments and promote social contribution initiatives.

Initiatives for Logistics Challenges

We are promoting efforts toward sustainable "green logistics." In cooperation with our group company Logirise Corporation, we have started using paper cushioning materials and are expanding their use across our nationwide locations. By switching from plastic-based materials to paper cushioning materials, we have achieved a 33% reduction in GHG CO_2 emissions and a 65% reduction in fossil fuel consumption.
We are also promoting the use of FSC®-certified (FSC® N004361) logistics materials, thereby contributing to the realization of a sustainable society.
Furthermore, by utilizing our Depots, which serve as small delivery points nationwide, we are shortening delivery distances. This initiative reduces CO_2 emissions associated with transportation and helps lower environmental impact. Through the development of an efficient logistics network, we will further strengthen our initiatives toward achieving a sustainable society.

Initiatives for Supply Chain Management

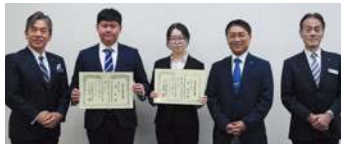
Yamazen has identified "achieving sustainable procurement and supply" as a material issue and are reinforcing sustainability management under our medium-term management plan. To enhance the social compliance of the entire supply chain and enable sustainable growth and development together with our suppliers, we are formulating the Yamazen Group CSR Procurement Guidelines.
The guidelines request that our suppliers adhere to the following: 1. Compliance with laws and respect for international norms; 2. Human rights and labor; 3. Safety and health; 4. The environment; 5. Fair trading; 6. Quality and safety; 7. Information security; and 8. Business continuity planning. We also conduct surveys and awareness-raising activities based on these guidelines for both domestic and international suppliers, aiming to build a socially responsible supply chain through mutual communication.

Initiatives for Occupational Health and Safety

As a designated construction company, Yamazen complies with the Construction Business Act and the Industrial Safety and Health Act. We established the Yamazen Health and Safety Council, primarily to provide labor safety education and guidance to our employees and construction partners. This council promotes safety education, including safety conventions, and supports initiatives such as construction ID acquisition, defect liability insurance, and work efficiency improvements through various IT technologies. Recently, we have also undertaken training for inspectors (building surveyors) in response to stricter air pollution control and asbestos prevention regulations, as well as measures for heatstroke prevention. Additionally, by establishing working groups aimed at improving construction and safety quality, we are fostering communication among members and building an environment that enhances worksite safety while working to further reduce risks.

Environment Society Governance

Initiatives for Social Contribution



We established the Takeo Yamamoto Commemorative Scholarship Fund as a public trust to support students facing financial difficulties in continuing their education.
Founded in 1992, it was created in memory of our founder Takeo Yamamoto's strong desire that as many people as possible could pursue their studies, inspired by his own limited opportunities to study. Including international students from Asia, a total of 133 students have received scholarships from the fund and are now active in a wide range of fields.
At the award ceremony held on November 26, 2024, two of the new scholarship recipients attended. Professor Atsushi Matsumoto of Osaka Metropolitan University, who serves as Chairperson of the Fund, and our Representative Director and President, Koji Kishida, offered words of encouragement to the students.
Going forward, we will continue to support a greater number of students in their studies and career advancement, contributing to society through human resource development.

Initiatives for Community Contribution through Disaster Prevention Education

Yamazen is committed to raising disaster prevention awareness and conducted a disaster prevention class at Shoin Junior High School in Kobe City, Hyogo Prefecture, using our "Disaster Prevention Bag 30." In this class, students were encouraged to consider what one item they would add to the disaster prevention bag, and deepened their understanding of disaster prevention through presentations and group discussions. They also learned practical disaster prevention skills through activities such as assembling a portable toilet and demonstrations of solidifying agents for waste. Students gained awareness such as "you don't know until you try" and recognized the importance of everyday preparedness. Additionally, our Osaka Corporate H.Q.'s Building No. 3 is registered as a tsunami evacuation building with the local government, serving as a community evacuation site. We will continue to strengthen collaboration with local communities and contribute to their safety and sustainable future through activities that nurture disaster awareness among the next generation.

Initiatives for Community Contribution through Sports

©SAN-EN NEOPHOENIX

Since 2008, Yamazen has supported the SAN-EN NEOPHOENIX, a team whose philosophy resonates with our own. Rooted in the Higashi-Mikawa region of Aichi Prefecture and the Enshu region of Shizuoka Prefecture, the team brings energy and vitality to the community. We will continue to support them this season with the hope of their further success. Guided by the team philosophy of "Wholeheartedly and Whole Effort" and our management principle "Making the San-en area a vibrant city with smiles," we are actively engaged in regional contribution activities.

The KUMAMOTO SAISHUNKAN BADMINTON TEAM, founded on the philosophy of being a "strong and beloved team," constantly strives for greatness, always playing with gratitude toward those who support them. As the official sponsor, we support them as they take flight from Kumamoto to the nation and the world, building a brighter future together.

Cooperation with Expo 2025 Osaka, Kansai, Japan

Yamazen actively cooperated with Expo 2025 Osaka, Kansai, Japan. Two of our employees were seconded to the Japan Association for the 2025 World Exposition, supporting operations from before the Expo's opening until after its conclusion, for approximately two years. We also provided our products as venue and operational equipment, contributing to the infrastructure development of the Expo. Additionally, we launched the Osaka–Kansai Expo BCP Project, focusing on traffic demand management and supply chain management during the Expo period to support smooth operations and minimize the event's impact on local communities.
Going forward, we will continue to accelerate the synchronization between society's sustainability and Yamazen's sustainability through various social contribution initiatives.

©Expo 2025

Governance

Basic approach to corporate governance

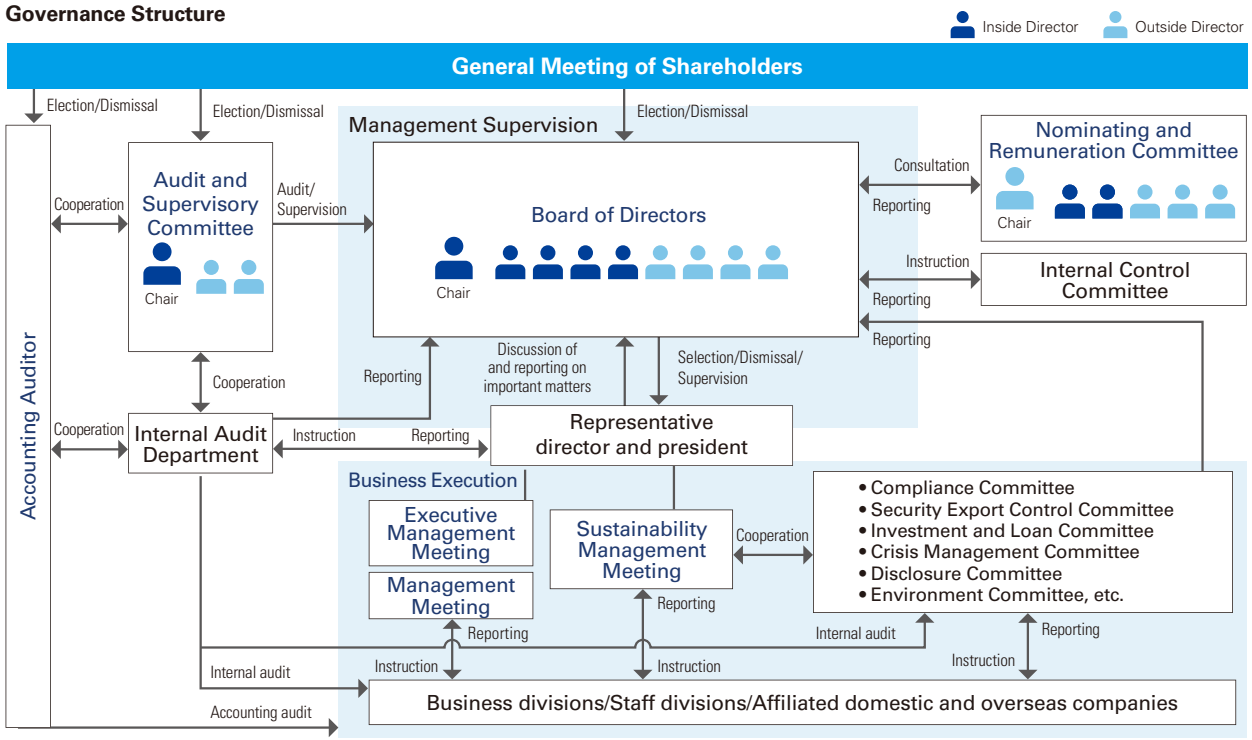
Yamazen's management places the highest importance on enhancing fairness and transparency in corporate management, as well as on maintaining and improving the corporate management structure to ensure that it is capable of appropriately responding to a changing business environment in a timely manner. Yamazen and its Group companies are determined to become a corporate entity that is trusted, supported and looked upon favorably by a broad spectrum of society. They have established the Sustainability Management Meeting and various other committees, formulated the Yamazen Group Corporate Activity Charter, and built a corporate governance structure for ensuring risk management and legal compliance as well as further gaining the trust of stakeholders, including shareholders, and for achieving sustainable growth and enhancing corporate value.

Overview of corporate governance structure

With the aim of strengthening the Board of Directors supervisory functions and speeding up the decision-making process, the Company has adopted a company with an Audit and Supervisory Committee structure. Under this structure, an Audit and Supervisory Committee consisting of three directors who are Audit and Supervisory Committee members (two of whom are outside directors) works to audit and supervise the execution of duties by the Board of Directors.

▶For further details, please refer to the Securities Report and the Corporate Governance Report.
Annual Securities Report: https://www.yamazen.co.jp/archives/001/Securities_Report_79_20250617.pdf (Japanese only)
Corporate Governance Report: https://www2.jpx.co.jp/disc/80510/140120250708509755.pdf (Japanese only)

Governance Structure



▶For details on each committee, please see the link below. https://www.yamazen.co.jp/english/sustainability/governance/corp-governance.html#sec_02

Reasons for Adopting This Governance Structure

By implementing the following measures, we have adopted a structure that balances enhanced management oversight and transparency through the Board of Directors with expanded executive authority and strengthened competitiveness, as we believe this will lead to further enhancement of corporate value.

(Strengthening the Board of Directors' Oversight Function and Ensuring Transparency)

- Enhancing the Board's supervisory function and improving transparency and objectivity in management through the appointment of four outside directors
- Strengthening auditing and oversight functions through the establishment of an Audit and Supervisory Committee, which includes two outside directors
- Enhancing audit effectiveness through collaboration among the Audit and Supervisory Committee, the Internal Audit Department, and the Accounting Auditor
- Strengthening mutual communication through regular meetings between the Audit and Supervisory Committee and the Representative Director
- Strengthening the independence and objectivity of the Board through the establishment of a Nominating and Remuneration Committee
- Providing appropriate opportunities for outside directors to fully utilize their experience
- Providing sufficient opportunities for outside directors to gain an understanding of the Company
- Providing opportunities outside of Board meetings for outside directors to effectively fulfill their supervisory roles

(Expanding Executive Authority and Enhancing Competitiveness)

- Delegating executive authority to directors in accordance with Article 399-13, Paragraph 6 of the Companies Act
- Separating supervision and execution through the introduction of a Corporate Officer system and dedicated officer system
- Clarifying the roles of executive bodies to strengthen information sharing and ensure thorough prior deliberation

Evolution of our corporate governance

Yamazen positions corporate governance as a critical management issue, balancing enhanced management oversight by the Board of Directors with expanding executive authority and strengthening competitiveness, aiming to further enhance corporate value and promote a transparent governance structure.

2002
- Introduced the Corporate Officer system

* Separation of supervision and execution

2005
- Formulated the Yamazen Group Corporate Activity Charter

2006
- Introduced the Internal Reporting System

2008
- Established the Internal Control Committee

2013
- Established the Compliance Committee

2015
- Appointed the first outside director (1 person)

2016
- Transitioned to a company with an Audit and Supervisory Committee
- Increased to two outside directors

2017
- Began evaluation of the effectiveness of the Board of Directors

2018
- Increased from two to three outside directors

2019
- Established the Executive Management Meeting

* Reorganized the separation of supervision and execution

- Introduced the performance-linked bonuses and share benefit regulations for directors and others

2020
- Increased to four outside directors
- Established the CEO Development Plan

2021
- Established the Nominating and Remuneration Committee (voluntary advisory committee)
- Formulated the Basic Policy on Sustainability

2022
- Transitioned to the Tokyo Stock Exchange Prime Market
- Established a dual reporting line structure enabling the Internal Audit Department to report directly to the Board of Directors
- Disclosed the Skill Matrix of directors
- Conformed to all principles of the revised Corporate Governance Code

2023
- Established the Sustainability Management Meeting

2024
- Revised the Basic Policy on Sustainability

Corporate governance function and roles fulfilled by outside directors

The Company has appointed four outside directors. This includes two directors who are Audit and Supervisory Committee members.

Reasons for appointment

Hirohiko Sumida Outside Director

Hirohiko Sumida possesses keen insight and abundant experience gained through his service as a representative director and president at another company, in addition to his wide-ranging knowledge of IT. His pertinent advice on matters concerning the overall management of the Company will improve the effectiveness of the decision-making process and supervisory functions of the Board of Directors, and further enhance the corporate governance of the Group.

Atsumi Eguchi Outside Director

Atsumi Eguchi has extensive knowledge and experience from working in the R&D and PR divisions at beverage and food manufacturers and has led strategic planning and sustainability activities in the corporate communications division. By providing precise advice on overall management from the perspective of corporate communication and diversity in an independent capacity on our Board of Directors, she contributes to strengthening the decision-making and supervisory functions of the Board, as well as enhancing the Group's corporate governance.

Yoshinori Tsuda Outside Director (Audit and Supervisory Committee Member)

Yoshinori Tsuda possesses expertise and a commitment to professional ethics formed as a certified public accountant, and a wealth of experience as an outside auditor at other companies. Based on this, he provides suitable advice on ensuring the appropriateness of financial statements and auditing in general.

Naoko Nakatsukasa Outside Director (Audit and Supervisory Committee Member)

Naoko Nakatsukasa possesses expertise and commitment to professional ethics cultivated as an attorney-at-law, as well as her experience and deep insight gained as an outside director (Audit and Supervisory Committee member) at other companies, she fulfills a supervisory role regarding the legality and appropriateness of business execution by the Board of Directors.

Criteria and policy regarding independence from the Company when appointing outside directors

During the selection process, a pool of candidates whose independence can be ensured is created, with reference to various standards concerning independence, such as regulations of the Tokyo Stock Exchange. After comprehensive consideration of each person's experience, expertise, character, insight and other attributes, individuals are selected based on their ability to communicate and behave appropriately in ways that enhance supervisory functions and oversight of the Company's management.

Coordination between supervisory and audit functions of outside directors and internal audits, audits by the Audit and Supervisory Committee and accounting audits, and role of internal control departments

At Audit and Supervisory Committee meetings, outside directors (who are Audit and Supervisory Committee members) receive explanations in advance regarding Board of Directors resolutions and other important matters to be reported. They also receive reports on the content of the Management Meeting and other important meetings attended by full-time Audit and Supervisory Committee members, and fulfill their supervisory and audit functions by exchanging information and opinions with accounting auditors and members of the Internal Audit Department.

In order to ensure appropriate communication and behavior, the Company has established the Corporate Planning Department as a contact point for outside directors to promote the appropriate and timely exchange of information based on a full understanding of resolutions by the Board of Directors and reports on important matters. Moreover, the Company provides detailed explanations in advance of Board of Directors resolutions and reported matters, and promotes collaboration with relevant departments, as necessary. Furthermore, the Audit and Supervisory Committee works, as necessary, with the Corporate Administration H.Q. to enhance the effectiveness of audit and supervisory functions.

Basic policy on remuneration for directors and other officers

The Company believes that further increasing corporate value is an important management issue. As such, the basic policy on remuneration for directors (excluding directors who are Audit and Supervisory Committee members; the same shall apply hereinafter) is to establish a remuneration system that promotes awareness of the need to contribute to increasing corporate value and improving business performance from both a short-term perspective and over the medium- to long-term.
Remuneration for directors consists of an appropriate combination of a set amount of fixed remuneration and performance-linked remuneration based on business results and other factors. In this way, the Company aims to secure competent personnel, generate an incentive to improve corporate value and build a remuneration system that promotes further increases in corporate value.
Performance-linked remuneration is not paid to outside directors.
Remuneration for directors is decided in accordance with the Policy on Determining Director's Remuneration and other related policies. The Board of Directors takes operating results, the scale of business and various other factors into account when determining remuneration.

Composition of remuneration for directors and other officers

Remuneration for directors consists of fixed remuneration and performance-linked remuneration. The proportions of each are set based on levels at competitors and other factors. In the event that the reference value for consolidated ordinary profit is achieved, fixed remuneration would be 60% to 70% and performance-linked remuneration would be 30% to 40% (with monetary remuneration accounting for approximately 80% and non-monetary remuneration accounting for approximately 20%).

[Fixed Remuneration]

• Regular remuneration (monetary remuneration)

The above consists of basic remuneration, representative remuneration, director remuneration, and remuneration related to duties, with reference levels for each position set out in the Internal Regulations for Directors. Regular remuneration is paid at a set time each month.

[Performance-linked Remuneration]

Performance-linked remuneration consists of bonuses (monetary remuneration), which are short-term incentives that vary based on business performance for each fiscal year and other factors, and share-based remuneration (non-monetary remuneration), which is a medium- to long-term incentive, such as shares of the Company to be paid after retirement as director.
The indicator for performance-linked remuneration is consolidated ordinary profit. It is used to evaluate the Group's earning power, and enables the measurement of the contribution of directors to overall management.

• Bonuses (monetary remuneration)

The amount of bonuses is determined on a number-of-months-payable basis according to consolidated ordinary profit as set out in the Internal Regulations for Directors. This type of remuneration is paid at a set time each year.

• Share-based remuneration (non-monetary remuneration)

Under this remuneration system, funds contributed by the Company are used to acquire shares of the Company through a trust, with shares of the Company and the monetary equivalent to shares of the Company converted at the market price, and granted through this trust to directors based on consolidated ordinary profit as set out in the Performance-linked Bonuses and Share Benefit Regulations for Directors and Other Officers.
As a rule, share-based remuneration is paid to directors upon retirement.

Total Amount of Remuneration (FY2024)

Directors and Other Officers	Total Amount of Remuneration (Millions of Yen)	Total Amount of Remuneration by Type (Millions of Yen)			Number of Recipient Directors (and Other Officers)
		Fixed Remuneration	Performance-linked Remuneration		
		Regular Remuneration (Monetary Remuneration)	Bonuses (Monetary Remuneration)	Share-based Remuneration (Non-monetary Remuneration)	
Directors (excluding Audit and Supervisory Committee members) Note: Excluding outside directors	321	252	55	13	5
Directors (Audit and Supervisory Committee members) Note: Excluding outside directors	25	25	—	—	1
Outside directors	28	28	—	—	5

Initiatives to enhance the effectiveness of the Board of Directors

Evaluation method

As a means of enhancing the effectiveness of the Board of Directors, the Company has implemented an annual questionnaire survey of the effectiveness of the Board of Directors, and conducts an analysis and evaluation of the results. In addition, priority issues are determined based on the results of the questionnaire survey, and countermeasures are formulated and implemented with the aim of improving the effectiveness of the Board of Directors. The Board of Directors plans to continue to implement self-assessments of members going forward in order to enhance its functions.

Evaluation results

A questionnaire survey on the effectiveness of the Board of Directors in FY2024 was conducted in March 2025, with collection and analysis carried out internally. The main questions were as follows:

- Functions and roles of the Board of Directors; composition and scale of the Board of Directors; operation of the Board of Directors; collaboration with auditing bodies; communication with management team; and relationships with shareholders and investors

Based on analysis of the results of the questionnaire survey and related deliberations by the Board of Directors, the effectiveness of the Board of Directors was analyzed. It was deemed to be fulfilling its roles and meeting expectations appropriately, and to be ensuring its own effectiveness.

Additionally, based on the results of the questionnaire survey, we have identified the following priority issues for future action and are formulating and implementing countermeasures.

- Enhancing discussions on succession planning
- Enhancing discussions on the role of the Nominating and Remuneration Committee
- Formulating and implementing training plans for officers

Status of measures to address issues recognized in the previous fiscal year

In response to issues recognized in previous questionnaire surveys on the effectiveness of the Board of Directors, we have implemented the following measures with the aim of improving effectiveness.

Issues Recognized	Measures
Exchange of opinions concerning medium- to long-term management strategies that will contribute to sustainable growth and the enhancement of corporate value	Three opinion exchange and reporting sessions were held during the year concerning the formulation of the new medium-term management plan
Consideration of training policies for officers	Under continuous review
Promoting dialogue with shareholders, institutional investors, and individual investors, and enhancing approaches to information disclosure	Issued integrated reports, and held one-on-one meetings between the CFO and institutional investors as appropriate

Basic approach to internal control systems and status of implementation

The Company considers internal control and compliance as important management issues, especially given today's business environment, which is underscored by increasing globalization and complexity. To achieve greater fairness and transparency in corporate management, Yamazen has established an Internal Control Committee. In addition, based on the belief that active, voluntary and ongoing CSR activities are indispensable for any corporate entity that aspires to be trusted, supported, and looked upon favorably by a broad spectrum of society, the Company has established a Compliance Committee to develop specific and effective measures to fully promote understanding of various compliance-related policies.

▶For details of the status of implementation of various measures, see the Corporate Governance Report.
Corporate website: https://www.yamazen.co.jp/english/sustainability/governance/corp-governance.html
Corporate Governance Report: https://www2.jpx.co.jp/disc/80510/140120250708509755.pdf (Japanese only)

Addressing business risks

The Group recognizes a variety of risks in addressing the material issues it has identified. Of these, the main risks that are considered to have a potentially material impact on investment decisions are shown below. The Group has established the necessary risk management systems, and conducts ongoing reviews of risks. Whether or not appropriate policies have been formulated and executed to counter these risks is evaluated by the Board of Directors. In this way, the Group works to preclude the occurrence of risks and to respond appropriately when risks emerge.

Main Risks and Countermeasures

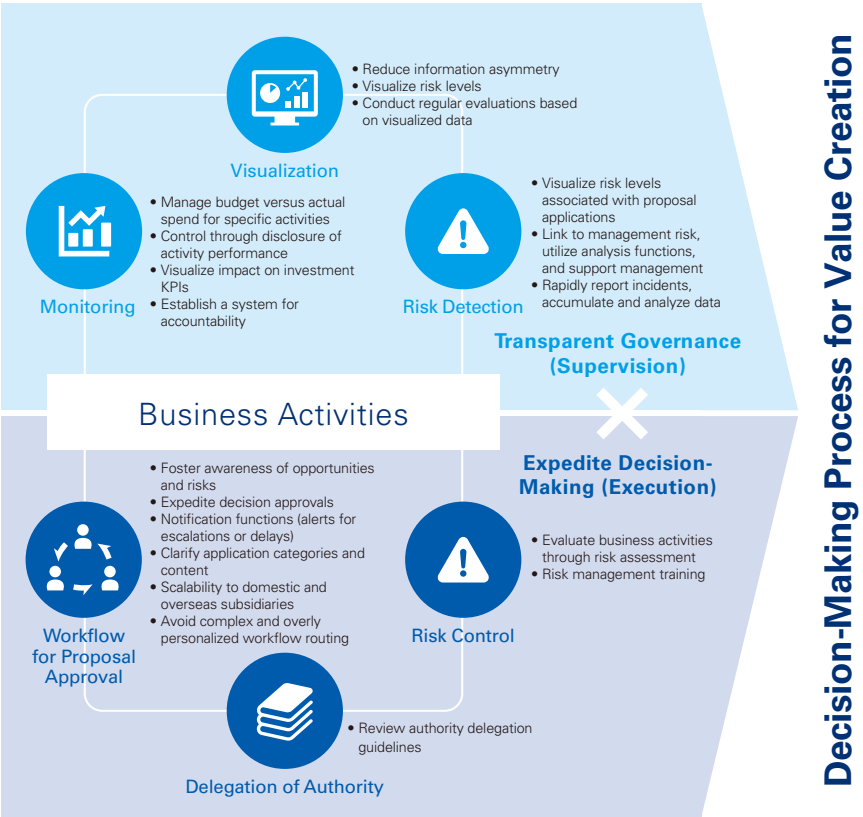
Major Risk Category		
Risk Subcategory	Risk Details	Measures to Address Risk
(1) Risks associated with business environment, etc.		
a. Changes in business conditions	• Significant changes in demand caused by trends in corporate attitudes toward capital investments and personal consumption • U.S. government tariff measures	• Diversify risks through business expansion across two distinct business domains • Pursue specialization to address diverse needs • Open up new markets by accelerating overseas expansion
b. Country risk	• Soaring procurement and distribution costs, as well as delays in supply of products, arising from the situation in Russia and Ukraine and other political/social situations	• Obtain information on country risk and devise risk mitigation measures
c. Foreign exchange rate volatility	• Major foreign exchange gains or losses caused by significant fluctuations in foreign exchange rates, and declines in sales caused by customers refraining from purchasing products handled by the Company	• Implement forward exchange contracts and other measures for import/export transactions denominated in foreign currencies
d. Risks related to management planning	• Progress delays in medium-term management plan initiatives and indicators due to various risks, including economic fluctuations, country risks, and exchange rate fluctuations	• Implement appropriate responses to each risk
(2) Risks associated with operation of the business		
a. Response to new business models	• Expected results are not realized from investment in the business	• Regular monitoring and evaluation
b. Securing and developing talent	• Difficulty in obtaining competent talent due to the declining birthrate, aging population and shrinking workforce	• Draw up and execute strategies based on talent management policy • Promote diversity, beginning with the participation of women in the workplace
c. Credit	• Lines of credit to business partners both in Japan and overseas as a result of various marketing activities • Default, etc., by business partners occurring as a result of unforeseen circumstances	• Implement credit management based on internal management regulations
d. Product liability	• Significant costs following the occurrence of major recalls or product liability issues, and impairment of corporate brand value	• Set out quality management regulations and establish the Quality Management and Product Liability Subcommittee • Take out product liability insurance • Establish the Crisis Management Committee as a framework for implementing measures in times of emergency
e. Information systems and information security risks	• Leakage, falsification or loss of personal or corporate information as a result of unauthorized access or other incidents • Loss of opportunities and social trust due to systems-related suspension of operations	• Formulate IT governance management regulations and information security basic policies • Strengthen information security and put backup systems in place • Implement regular employee education
(3) Other risks		
a. Compliance	• Punishment by regulatory authorities, impairment of corporate brand value in the event of regulatory violations • Infringement of public regulations in Japan and overseas as a result of the enactment of new regulations and other developments	• Establish the Internal Control Committee, Compliance Committee, and Security Export Control Committee in the event of regulatory violations • Formulate and follow the Yamazen Group Corporate Activity Charter
b. Share price fluctuations	• Changes in share price based on fluctuations in market price of stocks held • Impairment of the Group's pension asset value caused by stock market slump	• Review all shareholdings on a regular basis to confirm the reasonableness of maintaining or reducing holdings
c. Impairment losses on non-current assets	• Recognition of necessary impairment losses arising from trends in the economic environment and a decline in economic value	• Conduct thorough deliberation during investment decision-making and regular post-investment monitoring
d. Natural disasters, epidemics, etc.	• Damage arising from large-scale natural disasters or pandemics • Delays in product delivery due to supply chain disruptions	• Promote countermeasures such as business continuity planning (BCP) • Support the introduction of BCP throughout the supply chain (for small and medium-sized enterprises) • Implement initiatives to address change through the Crisis Management Committee and other organizations
e. Climate change risk	• Physical risks related to natural disasters • Sales opportunity losses due to strengthening of laws and regulations or supply chain regulations • Decline in social trust due to insufficient engagement with social issues	• Promote global adoption of energy saving equipment • Enter the renewable energy business by establishing the Green Recovery Business (GRB) Dept.

Initiatives for strengthening governance

Aiming to expedite decision-making and establish a transparent governance structure

In line with one of the five strategic priorities set forth in the medium-term management plan PROACTIVE YAMAZEN 2027—"Accelerated Global Expansion"—we are promoting the delegation of authority to overseas subsidiaries to ensure agile responses to diversified overseas businesses and to build a transparent governance structure. To enhance business visibility and monitoring functions, personnel from the General Sales H.Q., Corporate Administration H.Q., and ICT Solutions H.Q. have been assigned to this project.

By promoting the Localization of Management at overseas subsidiaries, we aim to further strengthen our overseas business, a key growth driver for the Company, foster human resources, enhance earning capabilities, and ultimately increase corporate value.



Thorough security trade management (risk management)

The Yamazen Group has established a Security Export Control Committee, chaired by the Representative Director, to address evolving country and geopolitical risks and ensure compliance with related regulations, facilitating important decisions regarding security trade. To address both the globalization of the supply chain and economic security, we have established specialized security trade departments at our Headquarters and overseas subsidiaries, creating a unified governance system managed through a common platform. To keep up with the increasingly complex regulations in different countries, we conduct ongoing training sessions and remote meetings, ensuring our employees stay up-to-date on knowledge and operational expertise, while also promoting a self-regulated management system led by our on-site teams.

Reduction of policy investment stocks

Our basic policy regarding investment securities held for purposes other than pure investment is to hold such shares only when the objectives—such as business alliances or maintaining and developing business relationships—are deemed appropriate.

Each year, the Board of Directors individually examines whether the purpose of holding each policy investment stock remains appropriate and whether the associated benefits and risks are commensurate with the capital cost. As a result of these examinations, we have confirmed the appropriateness of holding all such stocks. Going forward, we will continue efforts to reduce them, carefully assessing potential impacts on our relationships with business partners.

If a company issuing shares held by us expresses its intention to sell shares of the Company that it holds, we will respect that decision. However, even after such sale, if we determine that continued holding of that company's shares remains appropriate, we may continue to hold them.

		End of March 2021	End of March 2022	End of March 2023	End of March 2024	End of March 2025
Number of issues (companies)	Listed shares	43	41	40	35	33
	Unlisted shares	18	16	17	17	17
	Total	61	57	57	52	50
Balance Sheet Amount (Millions of Yen)	Listed shares	17,104	15,249	15,716	17,052	11,782
	Unlisted shares	425	384	488	399	398
	Total	17,529	15,633	16,204	17,451	12,180
Net assets ratio (%)		16.3	13.8	13.1	13.2	9.5

Board of Directors (As of June 24, 2025)

Name	Koji Kishida	Kimihisa Sasaki	Masamichi Yamazoe	Naonori Nakayama	Hirohiko Sumida	Atsumi Eguchi	Shinichi Kiyohara	Yoshinori Tsuda	Naoko Nakatsukasa
Position	Representative Director President & CEO	Representative Director Executive Vice President	Director Executive Officer CFO	Director Executive Officer	Outside Director	Outside Director	Director Full-time Audit and Supervisory Committee Member	Outside Director Audit and Supervisory Committee Member	Outside Director Audit and Supervisory Committee Member
Years in office (as of the conclusion of the General Meeting of Shareholders held in June 2025)	7 years	5 years	7 years	3 years	3 years	1 year	—[2]	9 years[3]	4 years
Number of shares held (As of the end of March 2025)	32,200 shares	27,600 shares	29,800 shares	11,100 shares	—	—	4,300 shares	—	—
FY2024 Attendance at Board meetings (Attendance rate)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	13/13 (100%)	10/10 (100%)[1]	—[2]	13/13 (100%)	13/13 (100%)
FY2024 Attendance at Audit and Supervisory Committee meetings (Attendance rate)	—	—	—	—	—	—	—[2]	13/13 (100%)	13/13 (100%)
Skills (Knowledge, Experience, Capabilities, Etc.)									
General Management	○	○	○	○	○				
Sales and Marketing	○	○		○	○	○			
Global	○		○	○	○		○		○
Finance and Accounting			○					○	
Legal and Risk Management			○				○	○	○
Personnel and Human Resource Development		○	○				○		
ESG and Sustainability	○					○			

1 Outside director Atsumi Eguchi has attended Board meetings held after her appointment on June 25, 2024.
2 Director and Full-time Audit and Supervisory Committee member Shinichi Kiyohara was appointed at the Annual General Meeting of Shareholders held on June 24, 2025.
3 Outside director and Audit and Supervisory Committee member Yoshinori Tsuda previously served as an Outside Audit & Supervisory Board Member of the Company for three years from June 2013.

Dialogue With Outside Directors

Guiding the Medium-Term Management Plan through effective growth investments and strengthened governance

Hirohiko Sumida
Outside Director

Toshimichi Takachiho
Corporate Officer and Vice President of Corporate Administration H.Q.

Atsumi Eguchi
Outside Director

Outside Director's Evaluation of Yamazen's Current Situation —The most critical challenge is improving capital efficiency

Takachiho Today, we have invited outside directors Sumida and Eguchi to join us for an open discussion on Yamazen's governance, growth strategies, and capital policy. To begin, could you both share your views on Yamazen's current situation?

Sumida Yamazen is steadily advancing initiatives aimed at maximizing corporate value through sustainable management. However, it is fair to say that improving capital efficiency remains a work in progress. From the perspective of ROE, we need to deploy our equity capital more proactively into growth investments such as product development, deeper penetration of global markets, and M&A. It is important to build a positive cycle that enhances capital efficiency, expands corporate value, and increases market capitalization.

Eguchi I was appointed as an outside director of Yamazen in June 2024. My impression of the Board of Directors is that discussions tend to focus mainly on individual investment projects and their progress, while more fundamental exchanges of views concerning the Company's vision and direction are somewhat lacking. We need to hold deeper discussions on more essential themes—such as medium- to long-term growth strategies, the enhancement of value creation processes, and management that is conscious of capital costs and share price performance. Outside directors serve as a bridge between shareholders and the Company. I intend to lead the Board's discussions while keeping in mind the perspective of enhancing both corporate and shareholder value.

Takachiho Improving capital efficiency is also positioned by the executive side as one of the key management priorities. In the new medium-term management plan PROACTIVE YAMAZEN 2027, launched in April this year, we set out a basic policy to further accelerate efforts to improve ROE and reduce cost of equity, with initiatives for sustainable corporate value enhancement and capital policy at its core. In addition to pursuing organic growth investments and enhanced shareholder returns, we plan to allocate cash more actively to inorganic investments that will serve as growth drivers beyond the plan.

Leveraging accumulated experience and foresight to expand our unique value creation process globally

Sumida Yamazen's business comprises three main areas: Wholesale; Engineering, centered on production equipment; and Fabless Manufacturer of home products within the Consumer Goods Business. Among these, the Wholesale Business provides Yamazen with stable income, but its profitability has been declining. Going forward, we must further improve operational efficiency and

labor productivity by leveraging ongoing IT and logistics investments and enhance profitability by adding these investment effects to Yamazen's core strength—its sales capabilities. At the same time, we need to focus on developing global markets with high growth potential in the Engineering Business. This includes strengthening the business promotion framework through an increase in engineers and development of new bases, while also proactively considering M&A to expand business scale. The Fabless Manufacturer Business is highly profitable, and the key for future growth will be how much we can increase the number of products under the Yamazen brand.

Eguchi It is true that Yamazen faces a number of management challenges, but at the same time, I see it as a company with high potential to address them appropriately and achieve sustainable growth. It has unmatched strength in handling both production equipment and consumer goods. Over many years, it has built up technologies, expertise, trusted customer relationships, and an extensive domestic and international network—assets that are truly invaluable. By leveraging these strengths to create solutions and expand globally, Yamazen can further enhance its corporate value.

Takachiho What matters most is how much unique added value Yamazen can generate. In our past two medium-term management plans, we positioned enhancing added value and strengthening engineering capabilities as key initiatives, but progress has not been as smooth as expected. In the Wholesale Business, manufacturers expect Yamazen to deliver sales performance, and our success is ultimately judged by revenue growth. Meanwhile, engineering capabilities—our ability to make proposals to customers on-site—are also critical. To achieve both top-line growth and profitability through value creation and further enhance corporate value, we must pursue these two goals in parallel. The new Medium-Term Management Plan's business strategies are focused on how we can achieve this.

Eguchi The new medium-term management plan identifies value enhancement and accelerating global expansion among its five strategic points. In particular, value enhancement, which includes strengthening engineering capabilities and accelerating original product development, is a crucial initiative for Yamazen's long-term growth. Simply responding to customer requests does not lead to new value creation. By leveraging accumulated experience and foresight, Yamazen can uncover latent needs arising from structural changes in industry and society—needs that customers themselves have not yet recognized—and provide optimal solutions. Expanding this process both domestically and globally represents Yamazen's distinctive approach to value creation.

Establishing a roadmap to achieve goals and monitoring the progress of strategies and initiatives

Takachiho Earlier, Director Eguchi mentioned changes in the industrial structure. Responding swiftly and accurately to such changes is one of the most important management themes. When we talk about change, we tend to focus on movements among customers in various industries or in consumer markets, but changes are taking place across political, economic, and social spheres—and within our own Company as well. Accepting these changes, recognizing the gaps between our roadmap and the current situation, and working to close those gaps—while simultaneously exploring businesses that will be needed in the next era—are all critical.

Sumida In executing the medium-term management plan, it is vital to accurately capture changes in the external environment and translate them into management and business actions. Yamazen formulated its new plan by backcasting from its envisioned state in 2030. On the frontline, the immediate pursuit of short-term numerical targets tends to take precedence, with goals 10 years down the line often deferred. Unless every employee shares the same vision and goals, and thinks about what must and can be done, we cannot expect to achieve major results. Constantly confirming where we stand in the process toward our goals and addressing management and business challenges accordingly—that, I believe, is the surest path to enhancing corporate value.

Eguchi I completely agree with Director Sumida. Achieving early performance improvement is certainly important, but for Yamazen to remain a sustainable enterprise, it must formulate and steadily implement strategies and initiatives with a five- to ten-year perspective. Every business passes through multiple phases—planting the seeds for new revenue sources, nurturing them, and eventually reaping the results. Monitoring the current progress based on the roadmap toward goal achievement is, in my view, one of the key roles of the Board of Directors.

Elevating the individual human strengths of each employee into the collective organizational strength of the company

Takachiho Listening to both of you, I was reminded once again of the importance of formulating management strategies based on a medium- to long-term perspective, and of every employee sharing a common vision and goals while striving in their daily duties. Could you share your thoughts on the specific initiatives the Company should prioritize right now to achieve Yamazen's vision for 2030?

Eguchi I believe there are three material issues that require our immediate attention. The first is enhancing Yamazen's unique value, which I mentioned earlier. The other two are sharing technology and knowledge, and improving adaptability to change. From top management to general employees, Yamazen's people possess deep expertise and diverse skills related to management and business operations. However, as long as that knowledge remains as individual tacit knowledge, it cannot contribute to strengthening the Company's overall capabilities. We need to establish a system that allows all employees to share this tacit knowledge and utilize it as explicit knowledge. Considering adaptability to change, it is crucial, particularly for management, to accurately analyze economic and social trends as well as information from the front lines and to make swift decisions based on that analysis. The world economy is in a period of historic transition, with growing geopolitical risks in Europe and the Middle East, and uncertainty surrounding U.S. tariff policies under the Trump administration. Companies are being called upon to manage their businesses in ways that respond to—or even anticipate—external environmental changes.

Takachiho For a trading company, the most important management resource is its people. It is no exaggeration to say that comprehensive communication skill—encompassing experience, knowledge, and proposal-making ability—determines the outcome of business. As Director Eguchi pointed out, unless this valuable asset is shared as a collective strength of the organization rather than remaining confined to individuals, it cannot serve as a driving force for growth. Naturally, developing talent to lead Yamazen into the next generation is essential, but equally important is creating a framework that elevates each employee's individual human strengths into the company's collective organizational strength.

Sumida One of the most memorable projects I led in my previous position was the formulation of a long-term management vision in 2020 targeting the year 2050. Of course, the Board of Directors held many discussions about the vision, but the truth is that the executives participating in those discussions will all have retired by then. Without incorporating the opinions of younger generations—those who will still be with the Company in 20 or 30 years—it would have been impossible to create a vision that all employees could genuinely relate to. So we selected employees in their 20s, 30s, and 40s from each Group company, had them discuss the Company's future, and built a new vision based on their ideas. That experience reinforced for me how important it is to align the Company's purpose with each individual's purpose. It is essential for Yamazen to communicate management's intentions as embodied in the medium-term management plan to all Group companies and divisions, in order to foster understanding and empathy among employees.

Creating revenue-generating systems through flexible thinking and outstanding creativity

Eguchi In the employee engagement survey conducted in February 2025, results showed that the sense of attachment to the Company and the willingness to contribute were somewhat lower among younger employees, which was honestly quite a shock. When we talk about strengthening human capital, the focus tends to be on how to develop people who can contribute to the Company's growth. But I think an equally important aspect of personnel strategy is to support young employees through the process of their growth via work experiences.

Takachiho Many mid-level employees in their 30s and 40s participated in the formulation process of Yamazen's Corporate Vision for 2030 announced in 2022. They discussed what the world might look like in 2030 and what we should do to remain a trusted and valued corporate group in that world. To uphold our founding principle of "Management of fostering personnel," we must preserve Yamazen's culture of unity and open communication and pass it on to the next generation.

Sumida I would like to add another important perspective on human capital. Some of our employees seem to believe that the role of a trading company is mainly to build good relationships with customers and promote the sale of products through those relationships. Of course, maintaining close relationships with customers is important, but our more significant mission is to create revenue-generating systems. There are limits to a business model that simply moves products to earn commissions. As a specialized trading company, we must apply flexible thinking and exceptional creativity to develop new business mechanisms and product lines with strong growth potential—and we must nurture the people capable of making that happen. In that sense, Yamazen's Consumer Goods Business, which

operates with dual pillars of Wholesale and Fabless Manufacturer, illustrates one promising direction for the trading business model. I believe it is a field where we should continue investing in talent.

Transforming the business portfolio to further strengthen the earnings base

Takachiho The concepts of system creation and product line development that Director Sumida mentioned are directly linked to portfolio strategy. The key questions are how to allocate talent and capital among our business domains—production equipment and consumer goods, wholesale business, engineering, and fabless manufacturer. While wholesale remains a stable source of earnings, competition is likely to intensify over the long term. To sustain growth into the future, Yamazen needs to focus resources on expanding private brands in the Home Products Business and on high-profit businesses such as Industrial Solution Business, while enhancing its global presence more than ever before.

Sumida As you said, restructuring the business portfolio is an unavoidable management challenge if we are to pursue medium- to long-term growth. General trading companies began transforming their business models in the 1990s, evolving from trading-oriented firms into investment-driven companies. Today, many of them record annual net profits of hundreds of billions to more than one trillion yen. Without this transformation, their profits would be only a fraction of that. Now is the time for Yamazen, too, to push forward with management innovation and take a bold step to the next stage.

Eguchi I am certain that our shareholders also expect Yamazen to take on the challenge of transforming its business model and establishing a stronger earnings foundation. I've heard that many opinions have been shared with the IR team, asking management to clearly present its scenario for enhancing corporate value. As an outside director representing the interests of shareholders, investors, and other stakeholders, I intend to fully support Yamazen's efforts to advance the sophistication of its business model.

Sumida Yamazen has a term: *jigyoin*, meaning "independent and virtuous employees." It expresses the ideal of employees who go beyond a simple worker's mindset and approach their duties with the perspective and spirit of a manager. I find this concept truly inspiring. To honor these employees' daily efforts, management must take the lead in pioneering the path of corporate transformation.

Becoming a corporate group that proposes new value for industry and everyday life

Takachiho President Kishida, Executive Vice President Sasaki, and the rest of the Corporate Officers share a common recognition of the need for growth investment. Transformation and taking on challenges are part of Yamazen's DNA. Communicating our medium- to long-term vision and the process toward making it a reality, both internally and externally, and uniting all employees to work toward that goal are key responsibilities of management. As one of the Corporate Officers, I am determined to lead initiatives that drive Yamazen's sustainable growth.
As we wrap up, could you share your thoughts on the mission of outside directors and your aspirations going forward?

Sumida The Yamazen Board of Directors has an open culture where all members, including outside directors, can freely express their opinions. I believe transparency and fairness in management are well ensured. During the formulation of the medium-term management plan, I also shared my candid views at the Board meetings, and we engaged in vigorous and constructive discussions. I highly value Yamazen's efforts under the new medium-term management plan PROACTIVE YAMAZEN 2027, which range from optimizing cash allocation to strengthening sustainability management—all aimed at maximizing corporate value. As an outside director, I will continue to fulfill my supervisory and advisory roles and contribute to the growth of the Yamazen Group.

Eguchi At Board meetings, the other members sincerely listen to our outspoken opinions as outside directors, and we often engage in vigorous debate. Seeing all directors, including top management, seriously contemplating Yamazen's future gives me great confidence. That said, I do feel there is room for deeper discussion on fundamental issues such as the value creation story and talent management. We could simplify individual business reports and instead devote more time to in-depth exchanges on what Yamazen should ultimately strive to be. Outside directors are tasked with driving sound management and operations from an external, expert perspective. Keeping the interests of all stakeholders in mind, I will continue to contribute to Yamazen's sustainable growth.

Takachiho As Vice President of Corporate Administration H.Q., I intend to reflect both of your valuable insights and recommendations in our business operations and execution. Yamazen aims to be a corporate group that offers new value to global industry and people's daily lives, contributing to the realization of a sustainable world. Together with our outside directors, I am fully committed to achieving the vision for 2030.

11-Year Financial Highlights

(Millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	69th term	70th term	71th term	72th term	73th term	74th term	75th term	76th term	77th term	78th term	79th term
Medium-Term Management Plan	Amazing Act 2015		ONEXT YAMAZEN 2018			CROSSING YAMAZEN 2021			CROSSING YAMAZEN 2024		
Consolidated operating results											
Net sales	435,803	447,774	447,698	497,963	526,364	472,191	434,744	501,872	527,263	506,866	**516,126**
Gross profit	56,081	57,542	57,906	63,516	69,626	63,301	62,672	72,738	78,279	74,397	**76,969**
Operating profit	13,130	13,258	13,113	15,383	17,997	12,091	11,234	17,133	16,563	9,887	**9,535**
Ordinary profit	13,330	13,503	12,931	15,152	17,859	11,895	11,209	17,093	17,280	10,435	**10,018**
Profit attributable to owners of parent	5,851	9,192	8,518	10,205	12,184	8,088	7,572	12,023	12,527	6,488	**7,845**
Consolidated cash flows											
Basic operating cash flow[1]	10,209	9,702	8,664	12,267	14,378	9,054	11,623	12,052	14,427	10,626	**8,341**
Cash flows from operating activities	12,575	10,465	8,248	8,001	9,306	13,399	13,566	7,054	7,765	11,156	**8,361**
Cash flows from investing activities	422	1,534	(213)	2,223	(965)	(1,866)	(3,911)	(2,766)	(3,297)	(927)	**(11,106)**
Cash flows from financing activities	(5,260)	(4,149)	(5,324)	(5,948)	(5,808)	(6,382)	(5,062)	967	(5,177)	(4,765)	**(10,727)**
Free cash flow	12,997	11,999	8,034	10,224	8,340	11,533	9,654	4,288	4,468	10,229	**(2,744)**
Consolidated financial position											
Total assets	200,301	208,404	219,598	246,923	245,595	230,320	245,937	282,654	288,888	294,973	**292,265**
Equity	64,962	67,274	75,435	84,368	92,770	95,056	107,155	112,741	122,928	131,508	**126,592**
Interest-bearing liabilities	267	5,784	5,671	5,521	5,119	4,974	4,768	14,681	14,162	13,618	**13,105**
Net interest-bearing liabilities[2]	(46,531)	(47,541)	(50,687)	(55,154)	(58,670)	(63,411)	(69,709)	(66,472)	(66,966)	(74,858)	**(61,735)**

1. This indicator is calculated by deducting the change in working capital, etc., from cash flows from operating activities.
2. This amount is calculated by deducting cash and cash equivalents from interest-bearing liabilities, including lease liabilities.

11-Year Financial Highlights

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	69th term	70th term	71th term	72th term	73th term	74th term	75th term	76th term	77th term	78th term	79th term
Medium-Term Management Plan	Amazing Act 2015		ONEXT YAMAZEN 2018			CROSSING YAMAZEN 2021			CROSSING YAMAZEN 2024		
Per-share information											
Net assets per share (yen)*	692.59	717.25	804.25	891.87	980.69	1,007.30	1,135.52	1,268.98	1,383.65	1,480.16	**1,481.00**
Earnings per share (yen)*	62.38	98.01	90.82	107.79	128.80	85.60	80.25	133.74	141.00	73.04	**90.63**
Dividends per share (yen)	20.00	30.00	30.00	32.50	36.00	30.00	20.00	35.00	40.00	50.00	**52.00**
Consolidated dividend payout ratio (%)	32.1	30.6	33.0	30.2	28.0	35.0	24.9	26.2	28.4	68.5	**57.4**
Dividend on equity ratio (DOE) (%)	3.1	4.3	3.9	3.8	3.8	3.0	1.9	2.9	3.0	3.5	**3.5**
Financial indicators											
Return on assets (ROA) (%)	7.0	6.6	6.0	6.5	7.3	5.0	4.7	6.5	6.0	3.6	**3.4**
Return on equity (ROE) (%)	9.7	13.9	11.9	12.8	13.8	8.6	7.5	10.9	10.6	5.1	**6.1**
Equity ratio (%)	32.4	32.3	34.4	34.2	37.8	41.3	43.6	39.9	42.6	44.6	**43.3**
Net debt-to-equity ratio (DER) (times)	(0.7)	(0.7)	(0.7)	(0.7)	(0.6)	(0.7)	(0.7)	(0.6)	(0.5)	(0.6)	**(0.5)**
Working capital (Millions of yen)	5,932	4,732	4,825	9,115	14,507	9,791	7,819	13,377	20,411	20,776	**20,390**
Quick ratio (%)	114.2	118.8	121.0	115.7	124.5	132.2	135.9	128.9	130.3	140.5	**125.5**
Days sales outstanding (DSO) (days)	80.1	79.2	81.4	77.1	76.0	79.8	79.5	70.4	68.2	71.0	**69.2**
Days inventory outstanding (DIO) (days)	19.0	20.2	20.9	23.2	25.4	26.0	25.8	26.5	33.3	35.8	**34.0**
Days payable outstanding (DPO) (days)	104.3	106.1	109.9	105.7	103.5	107.3	110.0	99.8	99.8	101.6	**98.2**
Cash conversion cycle (CCC) (days)	(5.2)	(6.7)	(7.6)	(5.4)	(2.1)	(1.5)	(4.7)	(2.9)	1.8	5.2	**5.0**

* This amount is calculated by deducting the number of treasury shares from the number of issued shares.

Non-Financial Highlights

Item	Unit		FY2021	FY2022	FY2023	FY2024	
Power consumption	kWh		11,779,372	13,705,056	13,004,572	**13,428,691**	
CO_2 emissions (Scope 1)	t-CO_2		2,411	4,862	6,548	**6,635**	Graph 1
CO_2 emissions (Scope 2) Location-based method	t-CO_2		5,181	5,433	5,198	**5,331**	Graph 1
CO_2 emissions (Scope 2) Market-based method	t-CO_2		5,493	4,960	4,640	**4,674**	Graph 1
CO_2 emissions (Scope 3) Category 1 Purchased goods	t-CO_2		129,704	144,393	148,502	**146,284**	
CO_2 emissions (Scope 3) Category 4 Upstream transportation and distribution	t-CO_2		15,907	9,616	10,582	**11,593**	
CO_2 emissions (Scope 3) Category 5 Waste generated in operations	t-CO_2		63	56	55	**54**	
CO_2 emissions (Scope 3) Category 11 Use of sold product	t-CO_2		1,423,349	1,006,777	1,381,162	**1,315,877**	
Vehicle fuel consumption	ℓ		952,166	1,885,630	2,503,866	**2,555,952**	
Amount of waste produced	t		197	184	178	**181**	
Total output of solar power generation projects (Total number of operational sites)	MW (sites)	Total	—	0.4 (1)	0.5 (2)	**20.9 (64)**	
		Primary[1]	—	0.4 (1)	0.5 (2)	**5.4 (6)**	
		Secondary[2]	—	—	—	**15.5 (58)**	
Number of Green Ball Project participants/Tons of emissions reduced	Companies		682	655	639	**680**	Graph 2
	t-CO_2		40,701	40,947	37,709	**40,231**	
Number of employees (consolidated)	People		3,157	3,215	3,276	**3,276**	Graph 3
Number of employees (non-consolidated)	People	Total	1,712	1,737	1,796	**1,842**	
		Male	1,171	1,171	1,214	**1,254**	
		Female	541	566	582	**588**	
Average years of service	Years	Total	13.8	14.0	13.7	**13.8**	
		Male	15.8	16.0	15.5	**15.4**	
		Female	9.6	9.9	10.1	**10.5**	
Percentage of women among core human resources (next-generation management)	%		3.57	4.13	7.39	**7.86**	Graph 4
Percentage of persons with disabilities	%		2.33	2.27	2.23	**2.19**	
Percentage of non-Japanese employees	%		33.9	34.4	33.8	**32.3**	Graph 3

Item	Unit		FY2021	FY2022	FY2023	FY2024	
Number of new graduates hired	People	Total	59	58	68	**79**	
		Male	39	40	45	**55**	
		Female	20	18	23	**24**	Graph 5
	%	Women employment rate	33.9	31.0	33.8	**30.4**	
Number of career-path hires	People	Total	19	51	104	**51**	
		Male	18	32	76	**43**	Graph 5
		Female	1	19	28	**8**	
Percentage of paid leave taken	%		61.0	62.0	69.9	**65.8**	
Number of employees taking parental leave	People	Total	52	55	52	**61**	
		Male	6	12	11	**19**	Graph 6
		Female	46	43	41	**42**	
Percentage of employees returning from parental leave	%		92.0	96.7	94.4	**96.4**	
Cumulative number of students assisted by the Takeo Yamamoto Scholarship Fund	People		121	125	127	**133**	
Number of directors	People	Total	10	10	10	**10**	
		Outside	4	4	4	**4**	
		Female	2	2	2	**2**	
Number of employees receiving compliance training	People		2,401	3,545	2,331	**2,324**	
Remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside directors)	Millions of yen		320	389	328	**321**	
Remuneration for directors who are Audit and Supervisory Committee members (excluding outside directors)	Millions of yen		27	25	25	**25**	
Remuneration for outside directors	Millions of yen		26	28	28	**28**	

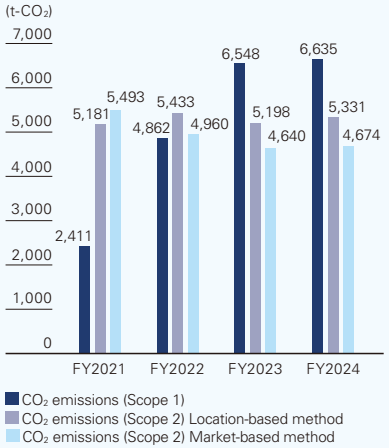
- Note that figures for each year may differ from previously disclosed information due to adjustments made for accuracy.
- See below regarding CO_2 emission calculations.
  Calculation method: Calculated in accordance with the GHG Protocol. However, Categories 1 and 11 in Scope 3 are calculated based on our private brand electrical products.
  Calculation scope: Targeted bases include YAMAZEN CORPORATION and its Group companies, totaling 24 entities based on the management control standard.
  Countries and regions covered are Japan, China, South Korea, Taiwan, Thailand, Vietnam, the Philippines, Singapore, Malaysia, Indonesia, USA, Mexico, Germany and Czech Republic.

1 Corporate PPA business under the joint brand "DayzPower," established with Daigas Energy Co., Ltd.
2 Power generation projects from low-voltage rooftop solar power plants already in operation in which the Company has invested.

Non-Financial Highlights

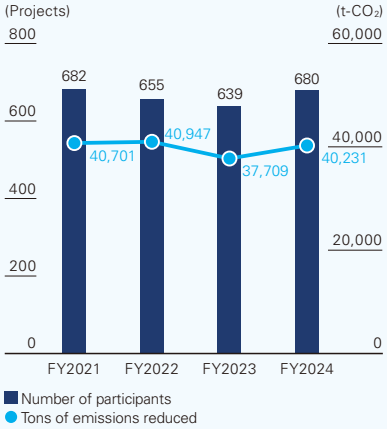
Graph 1

CO_2 emissions



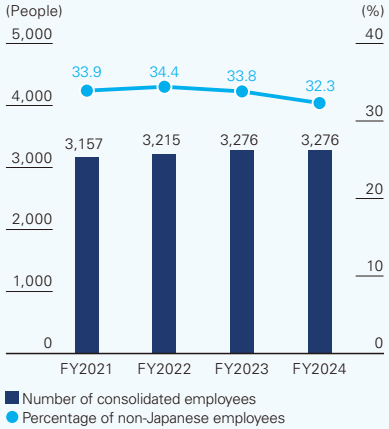
Graph 2

Number of Green Ball Project participants/Tons of CO_2 emissions reduced



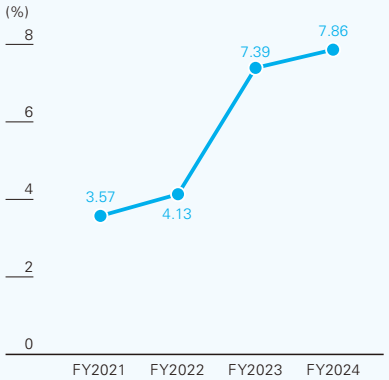
Graph 3

Number of employees (consolidated)/Percentage of non-Japanese employees



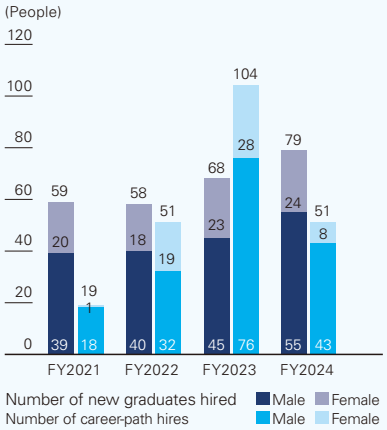
Graph 4

Percentage of women among core human resources (next-generation management)



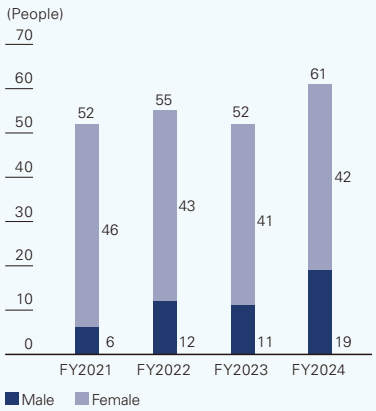
Graph 5

Number of new graduates hired/ Number of career-path hires



Graph 6

Number of employees taking parental leave



Social recognition

Achieving a "B" score in CDP Climate Change 2024 Reporting

Our Environment Committee, with representatives from each business and related divisions, analyzes risks and opportunities within each business domain and promotes the integration of these responses into specific business activities. As a result, we were rated at a "B" management level in the CDP Climate Change 2024 Reporting, recognizing our efforts to acknowledge and address our environmental risks and impacts.

Certified as a Health & Productivity Management Outstanding Organization for 2025

We announced the Yamazen Health Management Declaration and were selected for the 2025 Health & Productivity Management Outstanding Organizations Recognitions Program established by Japan's Ministry of Economy, Trade and Industry. This marks the third consecutive year of certification.

For details on health management, please see our corporate website.
https://www.yamazen.co.jp/english/sustainability/society/health.html#sec_02

Ninth consecutive year of recognition at the Japan Resilience Awards

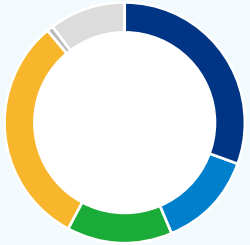
In preparation for potential disruptions to human and logistics flows during the Osaka-Kansai Expo, the Company was recognized for a project aimed at ensuring stable product and service supply by implementing business continuity measures (BCP measures) to maintain and secure its workforce during the event period. As a result, Yamazen was awarded at the Japan Resilience Awards for the ninth consecutive year. The Japan Resilience Awards is a program organized by the Association for Resilience Japan, which recognizes initiatives contributing to the creation of a resilient society for future generations.

Investor Information

Share Information (As of March 31, 2025)

Total number of shares authorized	200,000,000 shares
Total number of issued shares	95,305,435 shares
Number of shareholders	7,872 people

Distribution of Shares by Shareholder Type



- Individuals/Other ..... 29,117 thousand shares (30.57%)
- Financial institutions ..... 12,610 thousand shares (13.23%)
- Foreign corporations, etc ..... 13,415 thousand shares (14.07%)
- Other domestic corporations ..... 29,793 thousand shares (31.26%)
- Securities companies ..... 713 thousand shares (0.74%)
- Treasury shares ..... 9,657 thousand shares (10.13%)

Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,132	8.32%
Hikari Tsushin K.K.	6,442	7.52%
Yamazen Business Partners Shareholders' Association	6,350	7.41%
Tokyo Yamazen Business Partners Shareholders' Association	5,316	6.20%
Yamazen Employees' Investment Association	3,292	3.84%
FT Group Co., Ltd.	2,537	2.96%
Nagoya Yamazen Business Partners Shareholders' Association	1,983	2.31%
Custody Bank of Japan, Ltd. (Trust Account)	1,841	2.15%
Hiroshima Yamazen Business Partners Shareholders' Association	1,370	1.60%
Kyushu Yamazen Business Partners Shareholders' Association	1,114	1.30%

1. The Company owns 9,656,853 treasury shares, but these have been excluded from the list of major shareholders.
   The 9,656,853 treasury shares do not include 170,900 shares held by the Board Benefit Trust (BBT).
2. The percentage of shares held is calculated after excluding 9,656,853 treasury shares.
3. The number of shares shown omits units of less than 1,000 shares.

Other Shareholder Information

Fiscal year	From April 1 to March 31 of the following year
Record date for dividends of surplus	March 31 (September 30 for interim dividends)
Annual General Meeting of Shareholders	Late June
Number of shares per unit	100
Stock exchange	Tokyo Stock Exchange Prime Market

Notification method	Notification is provided in electronic form through publication on the corporate website. https://www.yamazen.co.jp/ (Japanese only) However, in cases when it is not possible to use electronic notification, notification shall be made in the Nihon Keizai Shimbun.
Administrator of the register of shareholders	Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo

IR Activities

▶For details of our IR activities, please see our "Report on the Progress of Dialogue with Shareholders and Investors." https://www.yamazen.co.jp/ir/dialogue.html (Japanese only)

Overview of Dialogue with Institutional Investors in FY2024	
Main persons handling dialogue with shareholders and institutional investors	CEO: Two financial results briefings (second-quarter and year-end financial results), CFO: Two informational briefings (first quarter and third quarter); One-on-one meetings (7 times during the year), Representative of IR & PR Department: One-on-one meetings (51 times during the year)
Main topics of dialogue and matters of interest to shareholders	Topics discussed included the issue of PBR falling below 1x, capital policy (approach to capital cost and shareholder return policy), the Company's business model, market environment, and business growth potential.

Feedback and opinions from shareholders and institutional investors were reported to the Board of Directors and regularly communicated to management for further discussion.

Stock Price

Corporate Data * As of August 31, 2025

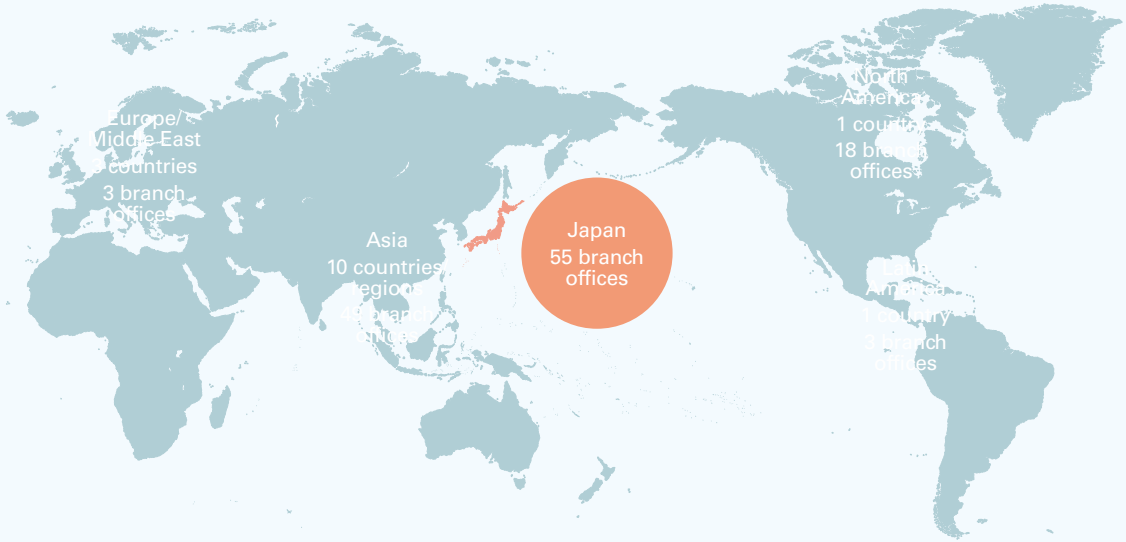
Company Overview

Name	YAMAZEN CORPORATION
Established	May 30, 1947
Share capital	7,909 million (As of March 31, 2025)
Fiscal year	From April 1 to March 31 of the following year
Stock exchange	Tokyo Stock Exchange Prime Market

Sales offices	Osaka, Tokyo, Kita Kanto/Tohoku (Saitama), Nagoya, Kyushu (Fukuoka), Hiroshima, and other locations **Domestic:** 55 locations **Overseas:** 16 local subsidiaries (73 locations)	
Headquarters	Osaka Corporate Headquarters	2-3-16 Itachibori, Nishi-ku, Osaka 550-8660
	Tokyo Corporate Headquarters	Taiyo Seimei Shinagawa Building, 2-16-2 Konan, Minato-ku, Tokyo 108-8217

Main banks	Mizuho Bank, Ltd.; Resona Bank, Limited; Sumitomo Mitsui Banking Corporation; MUFG Bank, Ltd.; Mizuho Trust & Banking Co., Ltd.
Number of employees	3,276 (consolidated; as of March 31, 2025)

Global Network



Domestic Network

(Excluding Domestic Group Companies)

Domestic Group Companies (Including Non-consolidated Subsidiaries)

- Logirise Corporation
- YAMAZEN CREATE CO., LTD.
- OGAKI MACHINE & TOOLS CO., LTD.
- TOHO INDUSTRIAL CO., LTD.
- ISHIHARA-GIKEN CO., LTD.
- TRAVEL TOPIA INC.
- NIHON BUTSURYU SHINBUN CO., LTD.

Pioneering a new future,
with all of you

YAMAZEN

YAMAZEN CORPORATION
Corporate Planning Department, IR & PR Department
2-3-16 Itachibori, Nishi-ku, Osaka 550-8660

Issued in December 2025