



YAMAZEN

2022 Integrated Report

April 1, 2021 - March 31, 2022



Together with our stakeholders around the world,
the entire Yamazen Group is Pioneering a new

future

The Group currently operates under a four-region system that includes Japan, North America, Europe, and Asia. We have 65 offices in major industrial cities in 15 countries and regions overseas, where we provide services with a community-based sales system and advanced engineering capabilities.

The Group is committed to pioneering a new future with stakeholders around the world by constantly creating new value through our products and ideas.



Purpose

Pioneering a new future, with you all

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 “people skills”, we will continue solving new challenges to surpass all barriers.

Not only everyone involved with Yamazen, but also everyone who lives beyond, we have and will continue pioneering a new future, with you all.

Corporate Philosophy

Management of Fostering Personnel

To make active use of personnel, and to foster independent and virtuous employees

Management of Breaking Through

To challenge, innovate and create

Management of Trust

To respond to the needs and expectations of society and contribute to them



Cover: About “Pioneer”

This comes from one of Takeo Yamamoto's life lessons: “Destiny is something that you pioneer yourself.”

This spirit of pioneering—along with the capacity to think and act—are legacies of Takeo Yamamoto that are part of the company's essence. They have been passed on to our employees, and form the foundation of Yamazen's growth today.

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Editorial policy

We are issuing this Integrated Report starting with the FY2022 in order to further deepen our stakeholders' understanding of the corporate value and medium- to long-term growth potential of the Yamazen Group. In compiling the report, we referred to the Value Reporting Foundation (VRF)'s "International Integrated Reporting Framework" and "Guidance for Collaborative Value Creation."

Cautionary note concerning forward-looking statements

This Integrated Report contains forward-looking statements regarding the Company's plans, forecasts, strategies, and performance. They contain judgments made based on the information currently available. Please be aware that actual performance may differ substantially from these projections due to a variety of risks and uncertainties. Factors that may affect future prospects include, but are not limited to, the economic environment in which the Company's business operates, competitive pressure, related laws and regulations, changes regarding product development, and fluctuating exchange rates.

Note: The content of this Integrated Report is based on the results of FY2021 (April 1, 2021 to March 31, 2022). However, some information from after April 2022 is also included. Factors that may affect future prospects include, but are not limited to, the economic environment in which the Company's business operates, competitive pressure, related laws and regulations, changes regarding product development, and fluctuating exchange rates.

Our website contains a variety of information about the Yamazen Group, including "Sustainability" and "Investor Relations." Please refer to it in conjunction with this report.

<https://www.yamazen.co.jp/english/>



Pioneer

Innovation and Creativity


1947 ▶ 1954
Company Established / Building the Foundation

After World War II, when Osaka was far from revitalized and just beginning to recover, rather than cutting tools, what it needed most was hand tools like hammers and shovels. Yamazen Tool Manufacturing & Sales Co., Ltd. was established and made its full-scale start in May 1947 with the urgent aim of selling goods required for the restoration of daily life.



● When Yamazen Tool Manufacturing & Sales Co., Ltd. was established



● Main products when the company was founded

1955 ▶ 1961
Toward Listing

Based on the business philosophy of "You only have a business when you respond to the needs of customers and make them happy," the Company actively took steps to expand the range of products it offered. The Tokyo Branch was opened in 1957, followed by branches in Nagoya, Fukuoka, and Sapporo. At once, we put a national system in place.



● The new Nagoya Branch building



● The Company's booth at the 3rd Tokyo International Trade Fair

1962 ▶ 1966
Growth and Development

During our 15th year, we became the first company in the cutting tool distribution industry to be listed on the stock exchange in Japan. We continued to pursue a multi-location policy, opening sales bases not only in major regions throughout Japan, but also overseas, with branches in Chicago, London, and Bangkok.



● When the Chicago Office was opened



● PR bus advertising housing equipment

1967 ▶ 1974
Development Takes Off

The overseas network expands along with the double-digit growth of existing divisions such as machine tools, industrial equipment, tools, and residential equipment. We also entered new business markets such as real estate.



● Tokyo/Osaka Stock Exchange First Section promotion party



● Expanded Osaka Corporate H.Q.

1975 ▶ 1979
Hard Times and Rebuilding

Just as we began aggressively investing in real estate and expanding, the Company was faced with the biggest crisis since its founding, with enormous liabilities due to the oil crisis. Those were the circumstances under which the first Doterai-Ichi trade show was held in 1975. It went on to play a major role in the Company's rebuilding. Along with this, the Company's three-as-one business model of business partners, manufacturers, and Yamazen was promoted and caught on nationwide.



● First product catalogue for home appliances

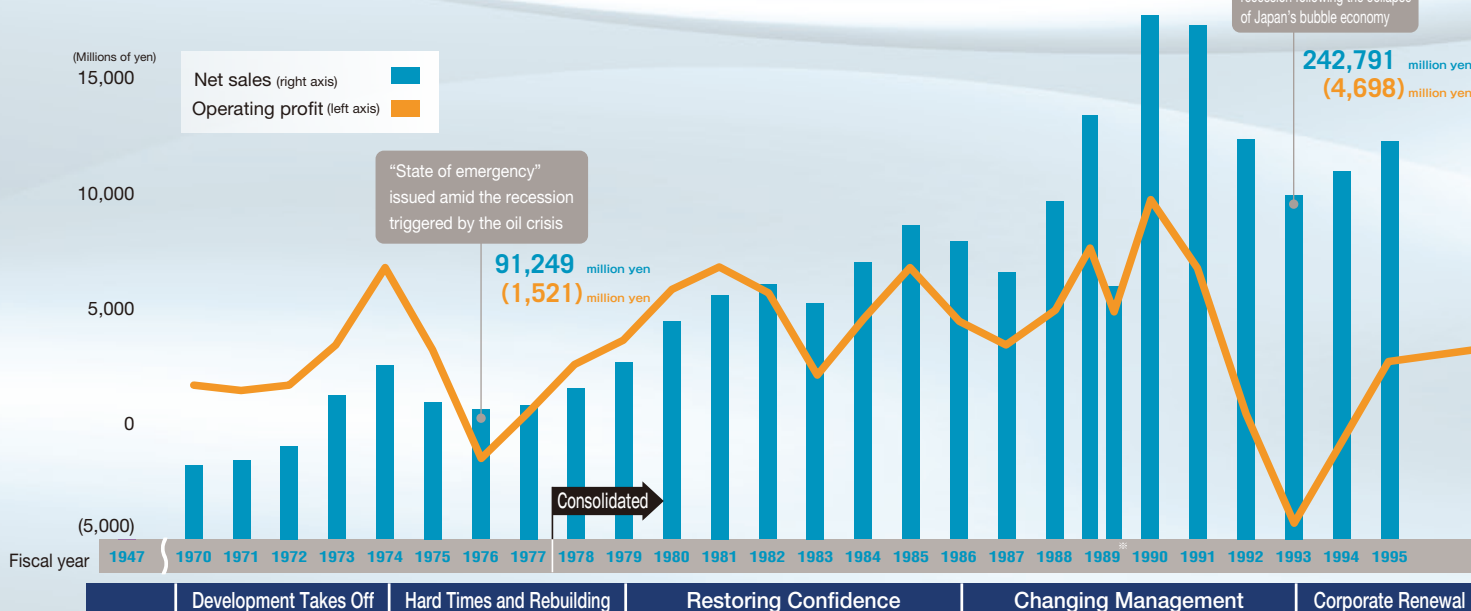


● Second Osaka Doterai-Ichi trade show

1980 ▶ 1986
Restoring Confidence

We worked to downsize over-extended areas and return to our core business, with its focus on production equipment and consumer goods. Confidence in the business was gradually restored with the generous assistance of major financial institutions and the understanding and support of suppliers and customers. Sales growth of our core products through the nationwide expansion of Doterai-Ichi trade shows contributed greatly to our rebound, and in 1986 dividend payments were made for the first time in 11 years.

(Millions of yen)

Net sales (right axis)
Operating profit (left axis)


※ The closing date of our fiscal year changed from September 20 to March 31 in FY1989. As such, there are two sets of year-end figures for that fiscal year.
(Left) September 21, 1988 to September 20, 1989
(Right) September 21, 1989 to March 31, 1990



Yamazen's 75-year history has been one of innovation and creativity, always striving to generate new products and open new markets. Since Takeo Yamamoto founded Yamazen Tool Manufacturing & Sales Co., Ltd. in May 1947, the Company has expanded its areas of business to include cutting tools, machine tools, housing equipment and materials, and home products. Moving forward, we will continue to work with innovation and creativity as a business that responds swiftly to changes in the world while aiming for sustainable growth.



1987 ▶ 1993

Changing Management

Moving towards a new stage in the business, in 1988 we launched "ZEUS PLAN," our long-term management plan. In 1991, we updated the corporate logo with the introduction of visual identity (VI) and completed the construction of a new headquarters building in Osaka. However, this period was also affected by the collapse of Japan's bubble economy.



● Singapore Office

● Completion of new headquarters building in Osaka

1994 ▶ 1996

Corporate Renewal

Through reforms such as restructuring the Production Equipment Division and the establishment of the Overseas General Sales H.Q., the Company achieved profitability in FY1995 for the first time in three years. We established a new "Management Philosophy" and the "Yamazen Employee Code of Conduct," with the entire company taking a step forward and undertaking the challenge of creating a corporate renewal period that would lead the Company into the next generation.



● New Management Philosophy handbook

● Shanghai Office

1997 ▶ 2005

Increasing Social Responsibility

The Industrial Systems Administrative Division (now the Industrial Tools & Equipment Division H.Q.) established an "Environmental Team" and entered the environmental business in earnest. In 2002, the Company obtained ISO14001 certification for all of its offices in Japan. With the aim of fulfilling our corporate social responsibilities and boosting corporate value, we established our "Environmental Policy" and the "Yamazen Group Corporate Activity Charter." These form the foundation of our ESG activities.

2006 ▶ 2021

Era of Innovation

We began to rebuild a sound financial base during this period, divesting of such negative past legacies as idle real estate and unprofitable businesses from the excessive business diversification during the high economic growth period and the bubble economy period. We also accelerated our global expansion in support of transferring domestic manufacturing overseas.



● Start of the "Green Ball Project"

2022 -

Towards a Sustainable Society

We defined our purpose as "Pioneering a new future, with you all" and created CROSSING YAMAZEN 2024, a new medium-term management plan, to help realize it.

The capital investment appetite cooled significantly in the wake of the global COVID-19 pandemic

434,744 million yen
11,234 million yen

Net sales
501,872 million yen
(Millions of yen)
500,000

Both sales and profit fell significantly due to the Global Financial Crisis that occurred the previous year

241,410 million yen
836 million yen

Operating profit
17,133 million yen



Increasing Social Responsibility

Era of Innovation

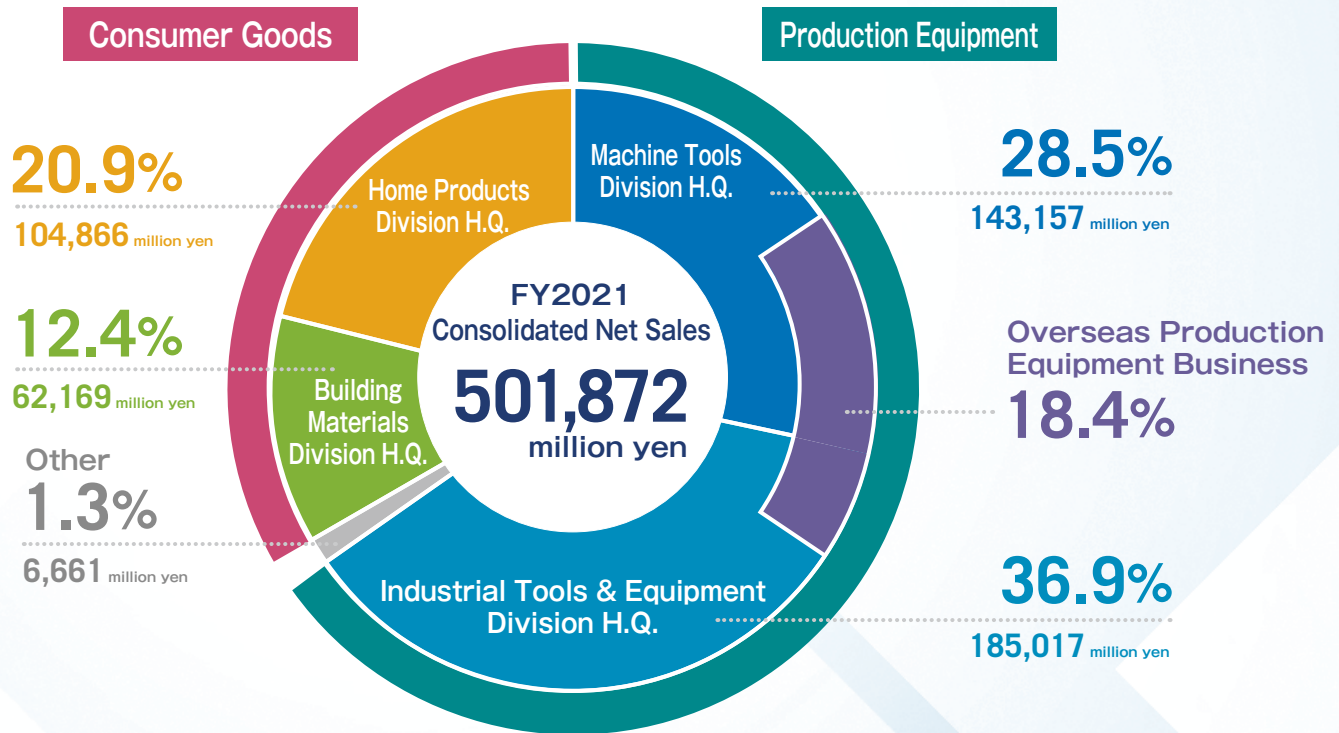
| | | | | | | | | |
|-----------|----------------------------------|-------------|------------------|-------|----------|------------------|--------------------|-----------------------|
| BT21 Plan | Medium-Term Management Plan 2003 | Vision 2002 | Change Value 100 | GVP15 | VISTA-3S | Amazing Act 2015 | ONEXT YAMAZEN 2018 | CROSSING YAMAZEN 2021 |
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Transitional Medium-Term Management Plan

Pioneer

Business Developing Through People Challenging Themselves, Thinking, and Acting

● Sales composition by division



● Yamazen Group's global network



15 countries and regions overseas

16 local companies overseas

65 overseas business locations

53 domestic business locations

118 total business locations

As of the end of June 2022

Yamazen is a unique specialty trading company that has proved itself both supporting worldwide manufacturing with “Production Equipment” that includes machine tools, cutting tools, and industrial equipment, and contributing to the richness of people’s lives with “Consumer Goods” including housing equipment and materials and home products. Combining the knowledge and expertise of our various divisions—including Machine Tools Division H.Q., Industrial Tools & Equipment Division H.Q., Building Materials Division H.Q., and Home Products Division H.Q.—we work to create new value that will drive the development of industrial society.

Production Equipment Business

Machine Tools Business



By using machine tools in production and processing systems, we respond to customer needs that change with the times, and promote high added-value, proposal-based marketing. We achieve enhancements in productivity, pursue reductions in costs, and combine peripheral equipment, services and information to provide support for manufacturing sites, both in Japan and overseas, that require a high degree of specialization.

Major products

Include machine tools (machining centers, CNC lathes, CNC grinding machines, CNC milling machines, EDMs, conventional machine tools, 3D printers), metal forming and plate processing machines (presses, shirring machines, bending machines, laser cutting machines), injection molding machines, die-casting machines, CAD/CAM, machine tool accessories (industrial robots, measuring equipment, automation peripheral equipment, machine tools accessories)

Industrial Tools & Equipment Business



We offer a broad lineup that includes consumables and incidental equipment, so as to be able to respond to the highly diversified needs of production sites. In addition, we provide total support for each stage, from the planning and operation of production sites, and the creation of environments, including production efficiency improvements involving automation and labor-saving initiatives, as well as improving the production environment and providing cutting-edge technologies, to BCP countermeasures, in relation to which we offer proposals as a producer of comprehensive systems.

Major products

Include material handling (distribution equipment), mechatronics (mechatronics equipment, robots, automation software, labor-saving equipment), aids for environmental improvement, cutting tools, auxiliary tools, work tools, electric tools, measuring equipment, fluid devices (compressors / painting equipment, pumps, blast equipment, fluid couplings, heating / cooling equipment, stirrers / mixers), industrial equipment (welding / generators, metal forming / sheet metal / steel processing machines, washing machines, safety / hygiene / security), steel frame processing machines, facility air conditioning equipment (air conditioning / HVAC equipment, clean room equipment), BCP-related services

Overseas Production Equipment Business



We support reciprocal business between Japan and the rest of the world. This includes assistance in overseas relocation of Japanese and international companies, international procurement of products, parts and materials, trilateral transactions, total planning of production equipment and systems for factories, and consulting regarding international transactions. With many years of experience and expertise in overseas markets, we aid the development of local communities and industries.

Major products

Sales and overseas application and technical services regarding machining centers, CNC lathes, CNC milling machines, EDMs, 3D printers, injection molding machines, die-casting machines, machine tool accessories, NC tooling, auxiliary tools, cutting tools, measuring instruments, measuring equipment, work tools, material handling, mechatronics equipment, and aids for environmental improvement

Consumer Goods Business

Building Materials Business

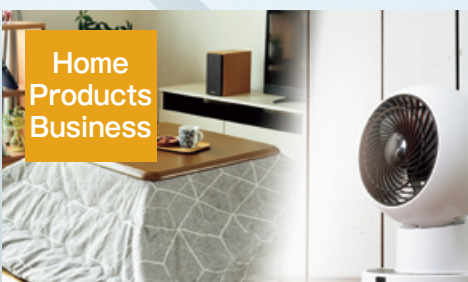


In this business we propose new products and systems that assist in the creation of housing and societies that are kind to both people and the environment, and that take into account such issues as the environment, zero-carbon societies, health, and barrier-free living. We have focused on Net-Zero Energy Houses (ZEH) and the house remodeling business, as well as on the non-housing market in recent years, providing optimal solutions to customers in our role as a high-functionality trading company.

Major products

Sales and related work and services for kitchen equipment, cooking equipment, bathroom equipment, washbasin equipment, water boiling equipment, sanitary equipment, air-conditioning and ventilation equipment, solar power generation, storage batteries, floor heating, solar thermal water heating equipment, stored-heat heating systems, plumbing equipment & materials, interior architectural materials, exterior architectural materials, nursing care equipment, interiors, window frames, exteriors, foundations, ancillary construction materials, construction materials, construction equipment, structural building frames, cutting tool-related, office equipment, home equipment, IoT equipment, and BCP-related equipment

Home Products Business



We combine the trading company functions of retail distribution and logistics with the manufacturer functions of planning and developing original products, handling a wide lineup of useful products that are familiar to us from daily life. These range from electrical appliances, interior and exterior products and leisure products, to disaster prevention goods.

Major products

Planning, development and sales of products including home appliances (fans / heating equipment / cooking / audio-visual / lighting), indoor furniture, outdoor / leisure goods, kitchen / daily necessities, exteriors, gardening / agriculture, health equipment, hygiene / healthcare, tools, car / motorcycle supplies, and supplies for disaster preparedness

Pioneer

Value Creation Process

Management resources

Pioneering business activities



Natural capital

Green business
Renewable energy



Intellectual capital

Business expertise
Product development capacity
Brand power



Human capital

Independent and virtuous employees
Diversity
Challenging, and thinking while taking action



Manufacturing capital

(Network capital)
Domestic and overseas bases
Engineering capabilities
Domestic and overseas logistics bases



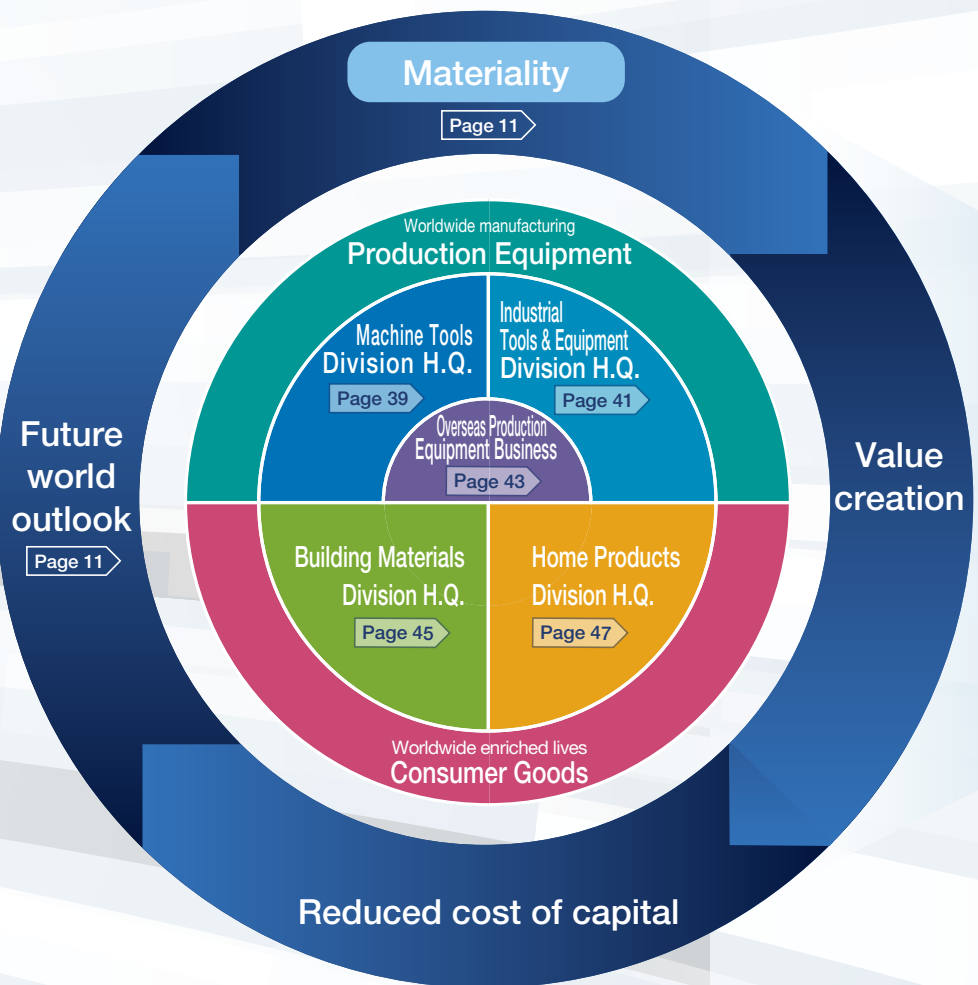
Social capital

Sales partners, suppliers,
contract manufacturers
Global network



Financial capital

Robust financial foundation
Disciplined financial management



Environment [Page 23](#)

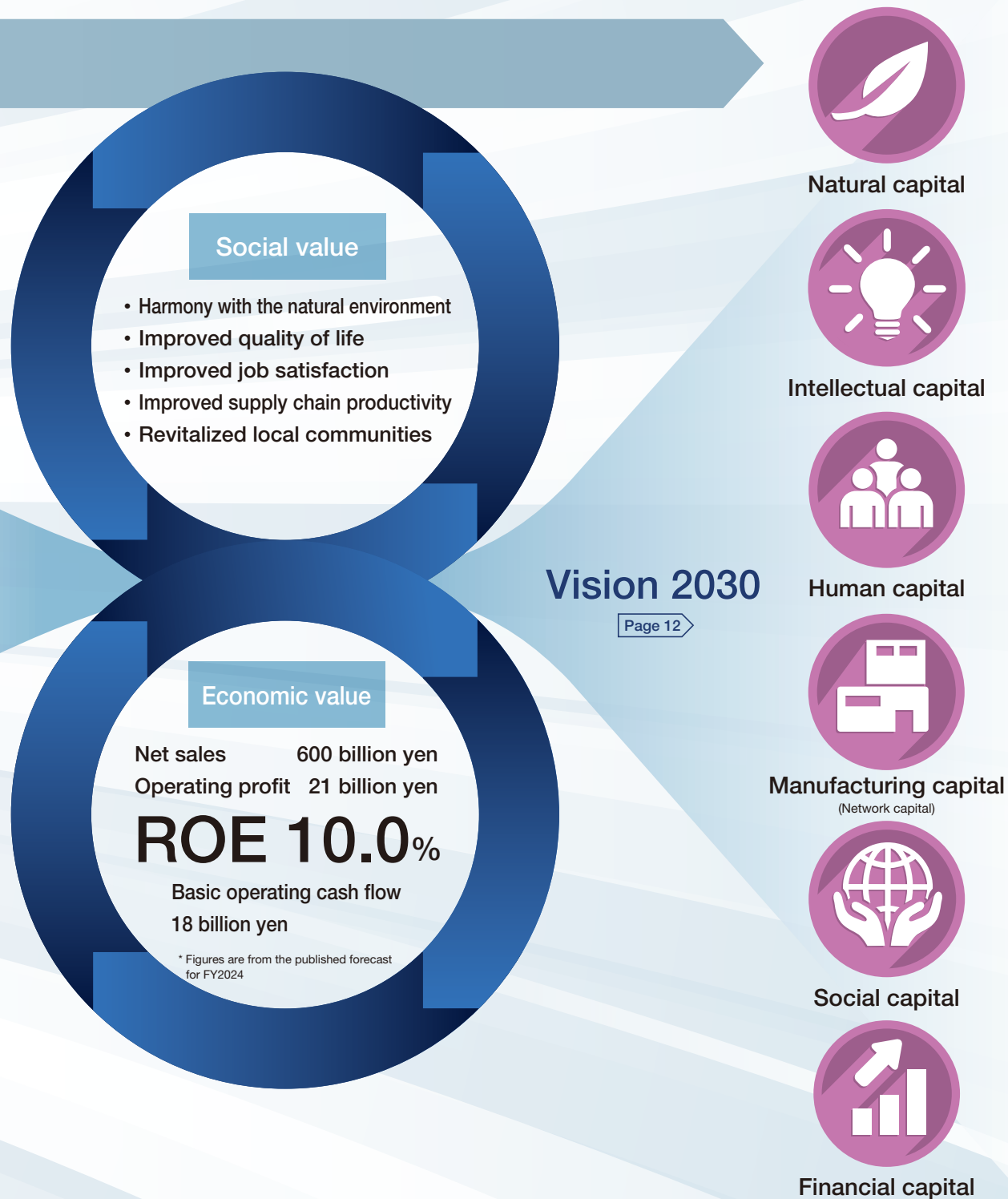
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Sustainability

Developing human resources [Page 27](#)

For sustainable growth, we allocate management resources as needed to each business area, improving social and economic value while addressing materiality and raising capital. The result is a “Value Creation Cycle,” with reinvesting as a management resource. Yamazen seeks to maximize our corporate value by steady profit growth through business expansion, providing high value-added products and services and reducing capital costs.

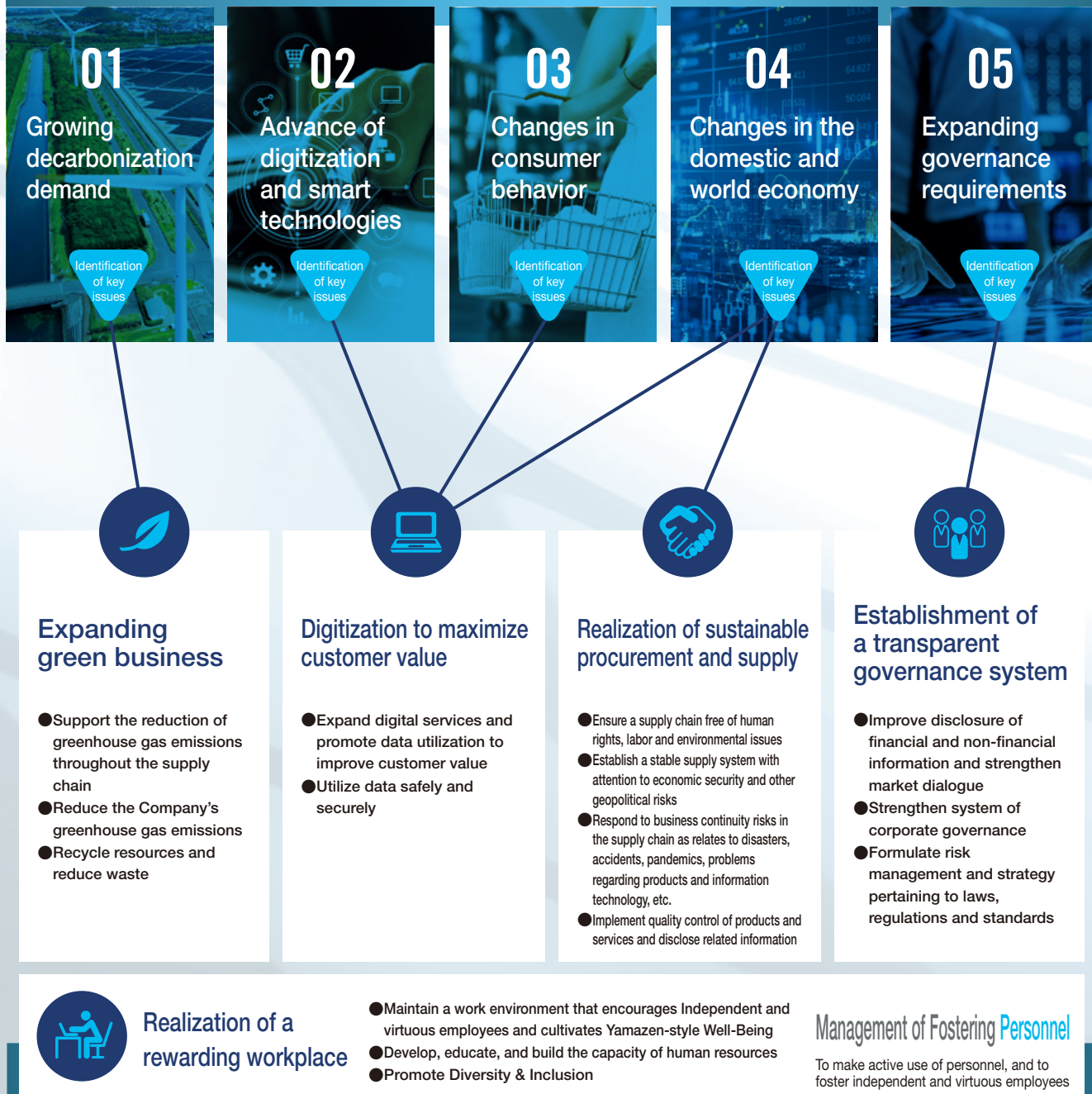


Management resource reinvestment

Pioneer

Future World Outlook, Materiality

Yamazen and the 2030 World Outlook

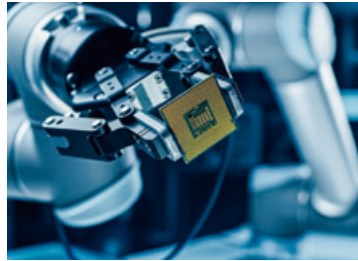


Materiality (Key Issues)

To better understand customers' needs, we imagined their worldview in the future (2030) and identified various issues that must be addressed accordingly.

Addressing them will be about delivering value to our customers—the Company's materiality.

Working on the following five materialities will allow us to realize the Company's vision for 2030.



Worldwide
manufacturing



We aim to realize our vision
through addressing materialities



Vision 2030

Leading worldwide manufacturing and enriched lives

Yamazen has continually been a contributor to society, satisfying numerous user expectations in the two domains of Production Equipment that support manufacturing, and Consumer Goods that enrich everyday living. Moving forward, we will create new value by exceeding and integrating these two boundaries to lead worldwide manufacturing and enriched lives.



Worldwide
enriched lives



Interview with CEO



We will work to strengthen our “comprehensive strength” through “CROSSING” to realize our purpose of “Pioneering a new future, with you all.”

The new medium-term management plan “CROSSING YAMAZEN 2024” (hereinafter, “New Medium-Term Management Plan”) started in FY2022 for the realization of the purpose and vision newly established in April 2022.

We asked President & CEO Yuji NAGAO about the strategic direction of Yamazen aimed at stable and sustainable growth, including “fostering personnel” which will serve as the source of corporate value that is the foundation for this.

Representative Director,
President & CEO

Yuji Nagao

Q Please tell us about the background for establishing the new purpose and vision, and the thoughts that went into these.

A In order to realize sustainable growth as a specialized trading company handling the different business domains of Production Equipment and Consumer Goods, we believe that verbalization is required to reaffirm the value of “pioneering a new future, with you all.” We had a strong desire to bring together the strengths not only within the Group but also including those of our partners who handle the supply chains with us.

The purpose and vision were established in response to an uncertain and unpredictable era, and also the strong sense of danger that there would be no business in the future simply by extending the current business as the environment surrounding the Company has been undergoing dramatic changes

such as the digital and green transition.

To transform this sense of danger into an opportunity for the next generation, as a specialized trading company focused on two business domains, we need to re-examine our presence in society and how we can utilize our strengths to

contribute to society. I would like to put this into practice through a new way of management. Furthermore, through the establishment of the vision, we would like all employees to share the same direction, be in agreement and combine their strengths.

The “pioneering” in our new purpose of “Pioneering a new future, with you all” is Yamazen’s management philosophy, and could be considered to be our DNA. “With you all” is an important phrase for our company. It indicates that employees, shareholders, partners handling the supply chains in Yamazen’s businesses and various other stakeholders are “together,” and “together” also includes the people beyond those with direct relationships inside and outside the Company. By verbalizing our purpose and vision, and continuing dialogue with a wide range of stakeholders, we aim to spread our intention to “move in the same direction and create new value together.”

Since Yamazen was founded, its basic management approach has been to aim

for sound growth and development. This is “Management of Fostering Personnel,” “Management of Breaking Through” and “Management of Trust.”

Our generation has followed in the footsteps of the founder while engaging in these items as our own approach, but considering the significant changes in the business environment surrounding the next generation, such as the large amount of information and the diversification of values, I have strongly felt the need for a unifying force for systematically maintaining the DNA that has existed since the Company was founded.

In particular, we have strived to develop and utilize “independent and virtuous employees” who think for themselves, take initiative in their work and take on challenges to create, and we strongly feel that utilizing people who independently gain skills and fully drawing out the abilities of such independent and virtuous employees is a management capability that is newly required, and that it is essential to have management that can increase the unifying force.

Q

Please provide a review of business activities and performance in FY2021.

A

The Production Equipment Business performed well due to the recovery in companies’ willingness to make capital investments in the manufacturing industry. In the Consumer Goods Business, the Building Materials Business and the Home Products Business also had strong performance, with consolidated net sales exceeding ¥500.0 billion for the first time in three years, and net sales and profit both reached the second highest levels on record.

The Production Equipment Business performed well due to the recovery in companies’ willingness to make capital investments resulting from the revitalization of the manufacturing industry associated with the resumption of economic activity inside and outside Japan due to increased COVID-19 vaccinations worldwide and the relaxation of restrictions on people’s movement.

In the Machine Tools Business in Japan, there was a marked recovery due to growth in orders for machine tools for processing parts for the automotive industry, semiconductor manufacturing equipment and construction machinery. In the Industrial Tools & Equipment Business in Japan, sales grew for cutting tools for processing semiconductor materials and components for industrial robots, and sales were also strong for environmental improvement devices, material handling equipment and automation equipment for production and logistics facilities, etc.

In the Overseas Production Equipment Business, there was capital investment, mainly by customers in the automotive, semiconductor and machinery manufacturing industries and by companies providing electronics manufacturing services (EMS), and the four overseas

regional headquarters all had strong sales of machine tools, cutting tools and accessories, mechatronics and other products.

In the Consumer Goods Business, the Building Materials Business saw strong sales of equipment for air conditioning and water and sewerage systems backed by replacement of housing equipment and expanding renovation demand, and in the non-residential sector, orders for commercial air-conditioning equipment and new energy equipment, such as for solar power and storage batteries, have increased. In the Home Products Business, although stay-at-home demand ran its course, sales through e-commerce sites, television shopping channels, etc. were robust, and sales of private-brand products also grew.

In terms of the general trend, stay-at-home demand during the COVID-19 pandemic was apparent in FY2020, and the Home Products Business achieved net sales of over ¥100.0 billion for two consecutive fiscal years, providing stable support of business performance. This is considered to be the result of our product development capabilities, which are based on a consumer perspective developed over a long period, being well regarded in general, and we would like to continue to further strengthen this grounded product development in future.

Interview with CEO

Furthermore, the employees in our expansive network of locations in Japan and abroad have worked hard based on the belief of “protecting the business and working for the customer.” In particular, there were many locations overseas where it was difficult to work at the office due to lockdowns, and although other companies brought personnel back to Japan, Yamazen staff independently devoted themselves to dealing with customers in all overseas locations.

As a result, although we fell slightly short of record performance, we reached consolidated net sales of over ¥500.0 billion for the first time in three years, and both net sales and profit were at the second highest levels on record. Although it was a difficult business environment, I again felt the ability of our business sites to transform risks into opportunities.

Consolidated statements of income

| (Millions of yen) | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | YoY Change | Announced Target (Revised on February 9, 2022) | Change from Target |
|--|----------------------------------|----------------------------------|------------|--|--------------------|
| Net sales | 434,744 | 501,872 | — | 500,000 | 0.4% |
| Gross profit | 62,672 | 72,738 | — | — | — |
| (Gross profit margin) | [14.4%] | [14.5%] | — | — | — |
| Selling, general and administrative expenses | 51,438 | 55,604 | — | — | — |
| Operating profit | 11,234 | 17,133 | — | 16,000 | 7.1% |
| (Operating profit margin) | [2.6%] | [3.4%] | — | [3.2%] | — |
| Non-operating profit or loss | (24) | (39) | — | — | — |
| Ordinary profit | 11,209 | 17,093 | — | 16,000 | 6.8% |
| Extraordinary profit or loss | 84 | 754 | — | — | — |
| Profit attributable to owners of parent | 7,572 | 12,023 | — | 11,000 | 9.3% |

Net sales by business

| (Millions of yen, %) | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | YoY Change |
|--|----------------------------------|----------------------------------|------------|
| Machine Tools Division H.Q. | 103,629 | 143,157 | — |
| Industrial Tools & Equipment Division H.Q. | 161,430 | 185,017 | — |
| Production Equipment Business Total | 265,059 | 328,174 | — |
| Building Materials Division H.Q. | 58,741 | 62,169 | — |
| Home Products Division H.Q. | 103,379 | 104,866 | — |
| Consumer Goods Business Total | 162,121 | 167,036 | — |
| Other Divisions | 7,563 | 6,661 | — |
| Total | 434,744 | 501,872 | — |

* “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of FY2021, and the figures for FY2021 are figures after applying the accounting standard. For this reason, the year-on-year change is not shown.

Q What are your thoughts on initiatives to be strengthened and accelerated by the New Medium-Term Management Plan, and on the growth of the next generation?

A “CROSSING” is a management strategy that uncovers the overall value created while division headquarters deepen their mutual understanding, cooperate and inspire each other. In addition to breaking away from the fixed ideas of one’s own department, we aim to exhibit comprehensive strength with a view to company-wide and overall optimization, in addition to being thoroughly customer-oriented as we strive to combine the manpower and digital technology that are Yamazen’s strengths.

“CROSSING” refers to a management strategy that involves the crossing of people, products, services, information, etc. across the boundaries of production equipment and consumer goods to thoroughly engage our customers in order to produce a variety of innovations and exhibit our comprehensive strength. It means using the know-how and experience matching the characteristics of products and markets in each division headquarters, as well as their respective customers and users, as management resources shared across the entire company to enhance the non-financial capital that is Yamazen’s unique strength. Although “CROSSING” was mentioned as a slogan in the previous medium-term management plan, the New Medium-Term Management Plan was entitled “CROSSING YAMAZEN 2024” to further entrench this concept to exhibit our comprehensive strength. The New Medium-Term Management Plan is centered

on the three business strategies of “close customer relationship strategy,” “transformation strategy” and “digital integration strategy,” and is made up of a “talent management strategy” as a management foundation strategy for supporting these.

The basis of this company-wide strategy is the belief that it is good to break away from traditional fixed ideas and transform ourselves to provide new value to customers and users, and at the same time, aspire to contribute to society by growing together with business partners who are moving in the same direction. In FY2021, I encouraged the approach of a “new reality” in the sales field during the COVID-19 pandemic. “New reality” is a term I coined, and it refers to a complex sales method that involves responding to customers in person and producing results quickly in order to provide advanced proposals and conduct

sales activities based on information obtained from sales activities while using IT to communicate organized information more widely and more efficiently.

I believe "live information" required for conducting business can only be obtained from the workplace. For our business as a specialized trading company, the most important thing is to actually visit business locations in the field, grasp the true information and unique, recent information, share the information, and respond sensitively to changes in the markets.

The form the Yamazen Group should take as a business that responds to change involves being committed to being customer-oriented and exhibiting comprehensive strength to continue evolving as an organization providing solutions to the issues facing our customers. In that respect, the merging of the manpower and IT that are Yamazen's strengths serves as the source of differentiation of the Yamazen Group, and this is perceived to be an initiative that should be strengthened more quickly going forward.

Direction and concept of the New Medium-term Management Plan



Seeking new value created by CROSSING values.

Overview of PURPOSE / VISION / STRATEGY / TACTICS



Interview with CEO

Q Based on the New Medium-Term Management Plan, what are the assumptions about the business environment and the key points of the financial results forecast for FY2022?

A While there are some causes for concern such as depreciation of core systems and rising logistics and purchasing costs, we will execute specific tactics aimed at the realization of the figures in the plan in accordance with our business strategy. Furthermore, with regard to fostering personnel, which is the source of corporate value, we aim to produce personnel who take on challenges without fear of failure, and we will work on reforming our personnel system to that end.

We have set net sales of ¥530.0 billion, operating profit of ¥16.0 billion, and profit attributable to owners of parent of ¥11.0 billion in FY2022 as quantitative targets in the New Medium-Term Management Plan “CROSSING YAMAZEN 2024.” In FY2022, we will execute specific tactics aimed at the realization of the figures in the plan in accordance with our business strategy. As the assumptions for this, we have considered depreciation of core systems, which is expected to have a significant impact, rising logistics costs, purchasing prices and personnel expenses, and rising operating expenses with a view to the resumption of face-to-face sales activities in this age of living with COVID-19.

For growth investments, we plan to accelerate investments aimed at the realization of digital, green and global strategies. In particular, the green strategy is expected to generate a considerable amount of environmental business globally as the trend of decarbonization accelerates worldwide. Yamazen newly established the Green Recovery Business Department in April 2021, and is accelerating initiatives related to ESG and carbon neutrality across all division headquarters.

In addition, we will gain trust by embracing the challenge of innovation and creation, meeting expectations and contributing to society. The very first step the Yamazen Group’s management takes to achieve this is fostering personnel. As this is the source of corporate value and leads to “strength” as non-financial capital, we will actively work to strengthen human capital.

Yamazen has a management philosophy of having independent and virtuous employees instead of just typical employees, and this means that they think for themselves, take initiative in their work and take on challenges to create. We also have a philosophy of thinking while taking action rather than just taking action. This involves thinking for themselves, then acting. “Employees taking on challenges and thinking while taking action” is a vital factor in the Yamazen Group’s fostering of personnel. We must produce

personnel who take on challenges without fear of failure. It is my belief that the Company cannot grow without the growth of individual employees, and we will actively implement the HR system reforms, and improve skill training and knowledge training necessary for achieving this.

In addition, as I mentioned earlier, it is necessary to maintain Yamazen’s DNA, and to systematically develop management personnel for creating the unifying force to fully draw out the abilities of independent and virtuous employees. In FY2022, with me serving as the university president, we launched the Independent and Virtuous Employee University to develop and train the next generation of management personnel. As a management executive, I would like to commit everything to the development and creation of human resources who will be responsible for the next generation.

Through such company-wide strategies, we will provide opportunities and situations for personnel to pioneer based on personal skills, and develop personnel who think while taking action toward self-realization. We will also strive to realize systems and foster a culture that enables people to form their career paths and pioneer their own lives without any gender bias.

Targets announced in the New Medium-term Management Plan “CROSSING YAMAZEN 2024”

| (Millions of yen) | Fiscal year ended March 31, 2022 | Fiscal year ending March 31, 2023 | Fiscal year ending March 31, 2025 (final year of plan) |
|--|-------------------------------------|--------------------------------------|--|
| Net sales | 501,872 | 530,000 | 600,000 |
| Operating profit | 17,133 | 16,000 | 21,000 |
| Operating profit margin | 3.4% | 3.0% | 3.5% |
| Ordinary profit | 17,093 | 16,000 | 21,000 |
| Profit attributable to owners of parent | 12,023 | 11,000 | 14,000 |

Q

Please provide a message for stakeholders.

A

We aim to increase customer value by concentrating on the customer's perspective and the market's perspective and focusing on our role as a "useful company." To realize this, we will embrace the challenge of creating new value with upstream and downstream stakeholders in the distribution channels by fully utilizing our raison d'être as a trading company. Furthermore, we will use the publication of our first integrated report as an opportunity to strengthen dialogue with capital markets.

This marks the first time the Yamazen Group has published an integrated report. The process of establishing our purpose and vision ahead of this was an opportunity for us to re-examine what our potential is as we aim to fulfill our raison d'être for society and enhance corporate value aimed at sustainable growth.

During that process, we realized how coordination aiming in the same direction as the stakeholders who handle the supply chains with us increases the breadth of our social contributions. For example, by bringing system integrators, who are handling the manufacturing processes in order to automate production lines, into the Group and gathering their know-how, we are able to increase the efficiency of users' business sites "together." As another example, the provision of renewable energy and the promotion of increased sales of energy-saving equipment with upstream and downstream market partners contributes to maintaining the global environment "together." Because we are a trading company positioned midstream, I feel that we can make many proposals to resolve issues facing society. In this respect, the three years covered by the New Medium-Term Management Plan are a very important period for us to specifically provide the benefit of our comprehensive strength. Through this first integrated report, I would like the Yamazen Group to strengthen how we convey information on non-financial capital in particular, and engage in sincere dialogue with capital markets about how the Group can be useful for and contribute to society and the people living in it. In addition to providing deeper understanding of the Yamazen Group to a wide range of stakeholders, we will strive to provide an understanding of the current conditions of the Group's initiatives to be useful for society,

such as coordination with upstream and downstream markets, the development of personnel who support the creation of new businesses, and the direction of sustainable growth.

A strong point of the Group is its comprehensive strength of flexibly providing the value desired by customers by concentrating on the customer's perspective and the market's perspective, and thereby focusing on our role as a "useful company." We consider this thorough process and results to be the source of corporate value. We will strengthen the new initiative of dialogue with capital markets, and embrace the challenge of creating new value with our stakeholders in order to realize our purpose of "pioneering a new future, with you all."





Interview with CFO

We will strive to enhance corporate value from the perspective of our stakeholders.

Director and Executive Officer; CFO; CIO; President of Corporate Administration H.Q.

Masamichi YAMAZOE

Thorough Enhancement of Financial Capital

During the land and real estate boom caused by the “Plan for Remodeling the Japanese Archipelago” in the 1970s, Yamazen conducted a full-fledged entry into areas related to construction and real estate, but faced a management crisis from 1975 due to the construction recession brought about by the oil shock in 1973. When I joined the Company in the early 1980s, “eliminate accumulated losses and restore dividends” was a catchphrase within the Company.

Although we withdrew from the real estate business after that, the processing of real estate assets and non-performing loans within the Company continued, and we focused solely on pursuing profit and enhancing financial capital, including thorough collection of trade receivables by the sales team during that period. The liquidation of assets was completed immediately before the global financial crisis in 2008. Due to the impact of the financial crisis, revenue decreased significantly with consolidated net sales decreasing by 25.9% year on year to ¥241.4 billion in FY2009, but profit attributable to owners of parent was over ¥400 million, and the equity ratio was 30.9%, enabling us to overcome this major financial crisis with an improved financial position.

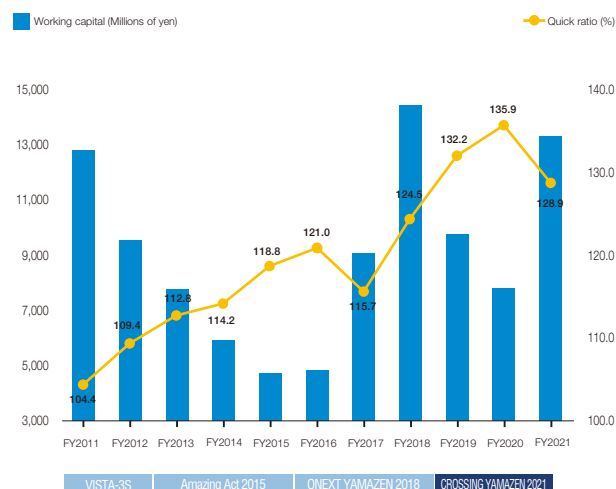
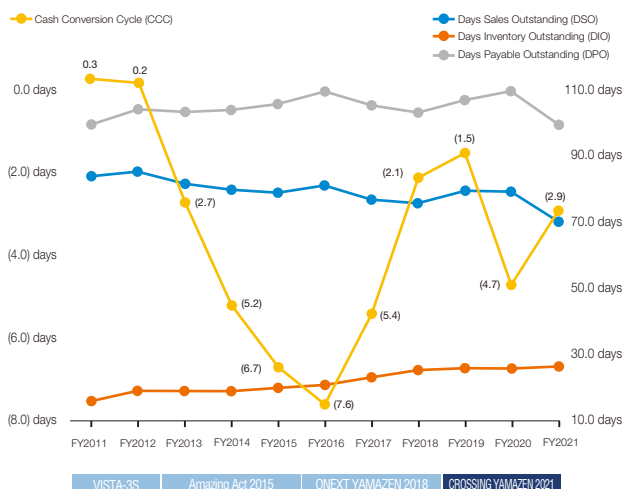
Yamazen celebrated its 75th anniversary in May 2022, and as a result of such continuous efforts, we have been able to maintain a certain level of stability in terms of finance and cash flow in recent years. Employees working as one to strengthen our financial base, including in periods of difficult management

conditions, has led to being trusted by our customers and business partners, and I am grateful that this has led to being supported by many shareholders.

Such non-financial capital that does not appear on the balance sheets is the source of our added value, and this has created profit and led to the accumulation of financial capital, bringing us to where we are today.

Even looking at the past few years when business was expanding, the cash conversion cycle (hereinafter, “CCC”) remained negative, and our analysis indicates that we have the ability to generate considerable positive cash with the current business portfolio. In particular, the Machine Tools Business (Production Equipment Business), which basically operates under a business model in which it does not carry inventory, and the Building Materials Business (Consumer Goods Business) contribute to maintaining a sound CCC. During several years from FY2014 when the Machine Tools Business accounted for a relatively high share of sales, CCC was significantly negative, but growth thereafter in the Home Products Business (Consumer Goods Business) has resulted in this being at a lower level, albeit in the negative range. The characteristics of the key business models by segment are explained in the following section.

We are working to further strengthen our financial base through a balanced approach utilizing a business model with a relatively low profit margin but without business assets, and a business model with a high profit margin but requiring selling expenses, and through launching new business models such as fee-based businesses.



Key Business Models by Segment

● Production Equipment Business

In the Japanese market, a wholesale business model through business partners that conduct business in each region nationwide is most common. Mainly, there are many types of product models handled by the Industrial Tools & Equipment Division Headquarters, and the lineup of popular products has been expanded to enable prompt delivery to users, but a unique characteristic of Yamazen is that we have comparatively little inventory due to appropriate inventory control. Furthermore, another strength of our company is uncovering latent and difficult-to-identify customer needs, selecting products and manufacturers, and providing optimal logistics. In this way, we have a business model that emphasizes turnover of invested capital through the optimization of inventory. Meanwhile, in overseas markets, we conduct direct sales to users. For these users, we use a business model that covers an extensive range from sales to installation and service of products from manufacturers we do business with. We are engaged in realizing a more profitable model and generating long-term cash flow by amply assigning human resources with engineering skills to increase the loyalty of users. At present, exports of products from Japanese manufacturers account for the majority of business, but the technical level of local manufacturers overseas is rising, and we would like to strengthen sales of overseas products utilizing our network and earn steady profits.

● Consumer Goods Business

The Building Materials Business and the Home Products Business have the same roots, but their business structures are completely different. The Building Materials Business sells to builders, developers and housing

manufacturers using a wholesale business model of providing building materials and equipment primarily for individuals' homes. Although it is a business that sells the products of so-called national-brand manufacturers, our strength is timely delivery from distribution centers nationwide according to the schedules of construction sites. It uses an efficient business model that does not involve carrying inventory and requires very little working capital. The Home Products Business has had a wholesale business model since it was launched, as well as aspects of a fabless manufacturer that outsources the development and manufacture of private-brand products (hereinafter, "PB products"). The percentage of PB products is rising year by year, and PB products now account for 60% of net sales of the business. The profit margin of the business is higher than in other businesses, but it is a business characterized by high logistics expenses and sales promotion expenses related to e-commerce, in addition to requiring considerable inventory. Accordingly, there is a relatively large amount of invested capital, and cash flow is affected by seasonal factors and sales trends.

Consolidated Financial Results for FY2021

In addition to the COVID-19 pandemic, the impact of the increasing seriousness of the Ukraine situation and other factors has led to shortages of raw materials, disruptions in logistics, etc., resulting in continued uncertainty. However, net sales and operating profit both reached the second highest levels on record in FY2021, following only FY2018.

With respect to stability of our external credit fundamentals, which we emphasize as a trading company, we have maintained our target issuer credit rating of A (A- from R&I and A from JCR in FY2021) by increasing retained earnings.

In terms of cash flow, the COVID-19 pandemic has also had an impact, and with the

exception of core systems, etc., we were unable to carry out business investment and M&A as planned in the previous medium-term management plan and the cash balance was higher than anticipated. However, because we plan to shift the investment budget to carry out investment in the new medium-term management plan “CROSSING YAMAZEN 2024” (hereinafter, “New Medium-Term Management Plan”) that started in FY2022, the cash balance is expected to return to the anticipated level in the period covered by the New Medium-Term Management Plan.

“CROSSING YAMAZEN 2024”

● Approach to new management indicators

In order to enhance financial capital, we have continued our financial policy of generating cash by minimizing working capital and increasing turnover, and allocating it to the repayment of financial liabilities. As a result, we have emphasized ROA, total asset turnover, cash flow margin, etc. as financial indicators. Even after the repayment of interest-bearing debt other than lease liabilities in FY2014, we have endeavored to enhance financial capital, and our analysis indicates that financial capital has been maintained at a level that does not cause significant damage. Now that equity has been accumulated based on a sound approach, we are considering the need for management that is conscious of equity spread, and have

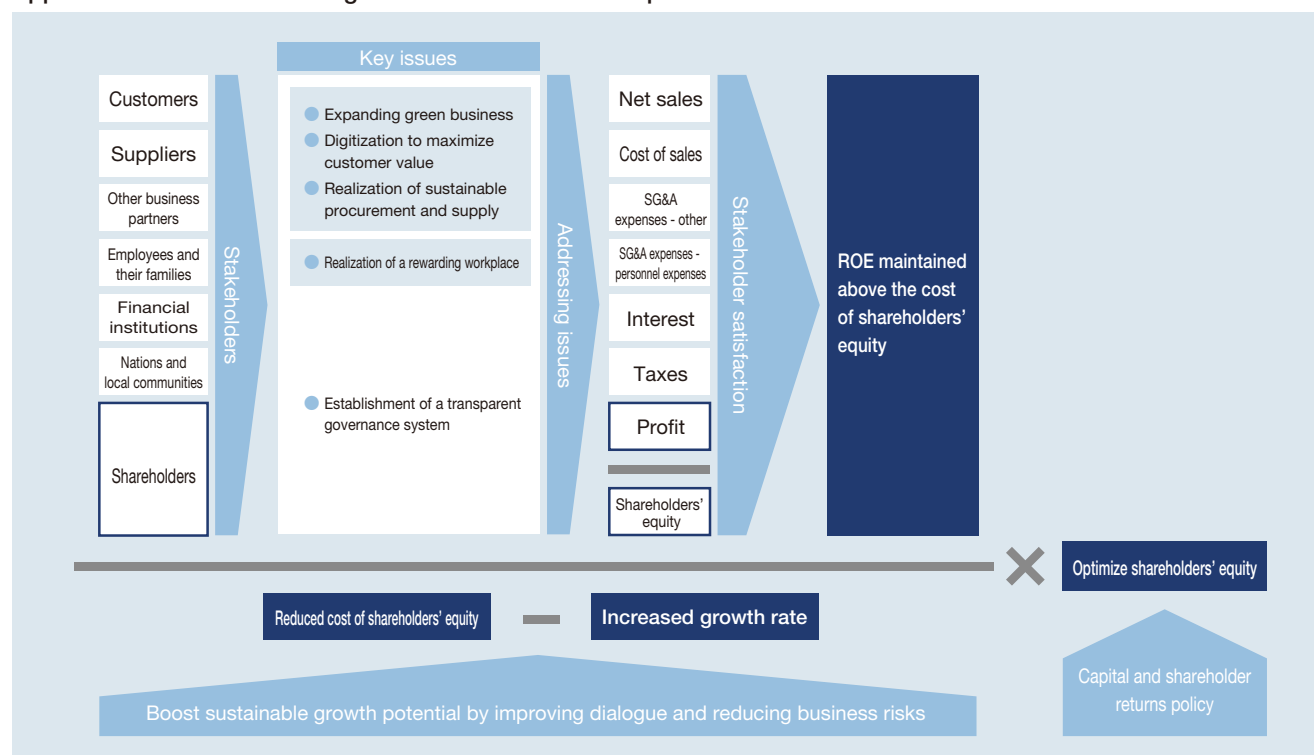
added “ROE maintained above the cost of shareholders’ equity” as a new indicator in the New Medium-Term Management Plan. At present, Yamazen’s shareholders’ equity cost is estimated to be just over 7%, and ROE of around 10% is required when the lower limit of the equity spread is 2% (ROE was 10.9% in FY2021).

To improve medium- to long-term ROE, through measures to address the materiality (key issues) identified in the process of formulating the New Medium-Term Management Plan, we will endeavor to achieve sustainable growth through the further enhancement of profitability and reduction of business risks, and the reduction of the cost of shareholders’ equity by promoting active dialogue with capital markets.

From FY2022, we have confirmed that there will be an increase in depreciation burden related to core system upgrades and logistics investment. In addition, because we will implement business investment based on our digital strategy, and although the increase in the depreciation burden will not remain temporary, we have positioned it as fuel for sustainable growth in profit.

As has been the case in the past, we do not intend to use excessive financial leverage in management. Considering the current condition of the Company’s business and the relationships we have built up with stakeholders, maintaining financial soundness is viewed as being extremely important. We would like to implement flexible financial measures while giving due consideration to maintaining and improving the level of our issuer credit rating.

Approach to medium- and long-term enhancement of corporate value



Overview of targets announced for new management indicators

| Indicator (Millions of yen) | FY2021 (76th term performance) | FY2022 (first year of plan) | FY2024 (final year of plan) |
|--------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Return on equity (ROE) | 10.9% | 9.0% | 10.0% |
| Basic operating cash flow | 12,052 | 14,000 | 18,000 |
| Equity ratio | 39.9% | 40% - 45% | |

● Overview of growth investment budget and investment policy

The breakdown of the growth investment budget in the New Medium-Term Management Plan is ¥10.0 billion for IT investment, ¥10.0 billion for investment in logistics, facilities, etc. and ¥20.0 billion for business investment.

With regard to DX and system investment, core systems covering the Production Equipment Business in Japan were upgraded as the first step, and they began operating in August 2022. Following this, the second step and investment in core systems in overseas locations will be necessary, and we will make enhancements related to DX, infrastructure and security for items that are directly linked to strengthening sales capabilities.

With regard to logistics, facilities, etc., Yamazen's logistics tend to have reduced productivity due to individualized optimization as a result of the diverse products handled by each division headquarters and having differing logistics volume, distribution frequency and required storage and transportation functions. We will continue investment for strengthening the logistics management system (LMS) that controls these upstream portions and establishing logistics sites by function.

With regard to business investment, we have carried over the content that we were unable to implement during the previous medium-term management plan into the New Medium-Term Management Plan. When formulating the New Medium-Term Management Plan, we held repeated discussions on the need for business investment for future value creation in division headquarters, and although there is a possibility of some amount of additional investment, we will promote business investment within the scope of liquidity on hand and free cash flow during the period that are available for investment.

To Our Stakeholders

● Shareholder return policy and capital policy

Yamazen's basic policy is to establish a stable financial base, improve profitability, and return profits taking the profit level into consideration, based on the continuation of stable dividends to shareholders with a dividend payout ratio of around 30%. Internal reserves are allocated to effective investment



leading to continuous business development while further enhancing shareholders' equity.

In FY2021, we executed a new capital policy by issuing recapitalization convertible bonds combining funding, which avoids dilution as much as possible, with the purchase of treasury stock. Under the New Medium-Term Management Plan, we recognize that an urgent issue is the overall enhancement of corporate value while maintaining our shareholder return policy as we conduct business investment based on a growth strategy aiming to create new value.

● Publication of the integrated report

In recent years, the natural and social environments surrounding our business have changed significantly, and the speed of the change is accelerating. A high level of governance is required to achieve stable and continuous growth, and we recognize that there is a growing need for accountability to stakeholders. With the transition to the Prime Market in April 2022, Yamazen has come to publish an integrated report. With this publication, we have found that it is important to frankly convey our views on the financial and non-financial capital that Yamazen has accumulated through ups and downs, the current state of its financial strategy based on this, and the direction for the future.

How are we taking on the challenge to create value with our stakeholders, including measures that are currently being implemented, such as DX and new business investment? To provide a deeper understanding of Yamazen, we would like to strengthen communication of information, including information regarding financial and non-financial capital, and create media that conveys "pioneering a new future, with you all," our stakeholders.

Upon reaching our 75th anniversary, we would like to actively engage in initiatives to further enhance corporate value in line with the perspective of our stakeholders. Please continue to support the Yamazen Group.

The Company's environmental activities started with registration of ISO14001 certification when the COP3 "Kyoto Protocol" of 1997 was ratified. In addition to the Company's own energy saving and decarbonization activities, we started the "Eco-BRAND Campaign" in 2005, which is the predecessor of the "Green Ball Project," and quickly focused on the effect of energy-saving equipment on reducing emissions, working to promote the sales of environmentally friendly equipment. In 2021, we established the Green Recovery Business Department (hereinafter, "GRB Dept.") under the General Sales H.Q. as a dedicated department engaging in new decarbonization business, and it has led companywide carbon neutrality promotion activities including all business divisions.

Disclosure Methods Related to Climate Change Risks

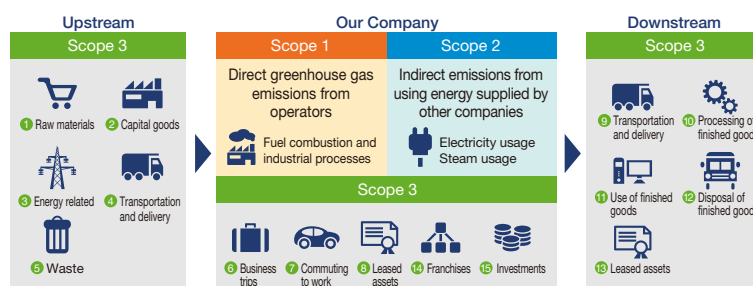
Method of disclosure of emissions calculation

Environmental initiatives began in FY2000 with activities to obtain and maintain ISO certification. However, in addition to energy saving activities in the Company as a measure to address increasingly severe global warming, we have made the transition to decarbonization activities throughout the entire value chain, and changed course toward activities in accordance with the Greenhouse Gas Protocol in support of TCFD since FY2022.



Numerical indicators are in accordance with the Greenhouse Gas Protocol

Due to the nature of being a trading company, the Company's Scope 1 and 2 emissions could be considered to be relatively low for the size of the business. We recognize that it is our social responsibility to utilize our characteristics as a distribution trading company to promote decarbonization of the entire supply chain involving suppliers and buyers.



Introduction of a dedicated app as a tool for counting emissions

We have introduced a SaaS-type decarbonization calculation application as a "GBP App" for ascertaining the Company's Scope 1, Scope 2 and Scope 3 emissions by category. This is a partially customized version of the cloud service provided by Zeroboard, Inc., and enables determination of the total volume by having key locations and group companies worldwide input data, and the visualization of progress of decarbonization using monthly and yearly comparisons. Along with this, we also aim to strengthen activities through collaboration by providing it to the Company's supply chain for a charge or at no charge.

(See Green Ball Project on page 24)



Governance System

The chief operating officer responsible for climate change issues is the Chief Executive Officer (CEO). The managing body is the Executive Committee, and confirms policies, directions and progress once per year. In addition, practical operation is carried out by the Environmental Committee chaired by a Director and Executive Officer. It holds meetings four times per year, making discussion of the content of policies and identifying issues with members selected from each department. The CSR Promotion Office in the Corporate Administration H.Q. serves as the secretariat, and the GRB Dept. serves as the driver in the General Sales H.Q., with each providing specific directions on practical administration to the departments under them, and requiring them to report on progress. We have established a system for the Board of Directors to monitor the direction and whether activities are carried out appropriately once per year. In this way, the entire company works as one to address climate change issues while applying the PDCA cycle.

| Role | Decision-making body | Decision-maker | Meetings |
|------------|--|--|---------------------|
| Monitoring | Board of Directors | Representative Director, President & CEO | Once per year |
| | Executive Committee | Representative Director, Executive Officer | Once per year |
| Managing | Environmental Committee | Director and Executive Officer | Four times per year |
| | (Secretariat) | | |
| Working | CSR Promotion Office | GRB Dept. | |
| | Corporate Administration H.Q. Each divisions | General Sales H.Q. Each business division Affiliates | Year-round |



Recognition of Risks and Opportunities

| Internal/ External | Risk | Opportunities (positive factors) | Risks (negative factors) |
|-------------------------|------------|---|---|
| Internal environment | Transition | <ul style="list-style-type: none"> Increased sale of summer products (air-conditioning, fans, etc.) Expansion of opportunities to sell products reducing environmental impact Penetration and expansion of the Green Ball Project | <ul style="list-style-type: none"> Reduction of sales of winter products (kotatsu, heaters, etc.) Increase of development costs for products reducing environmental impact Increased energy and logistics costs |
| | Physical | <ul style="list-style-type: none"> Increase in sales of products supporting BCP.ERS Expansion of BCP.ERS demand Expansion of sales of products related to disaster prevention | <ul style="list-style-type: none"> Ensuring the safety of employees, company buildings and various facilities Measures to address domestic and overseas supply chains (product procurement) Establishment of a robust product supply system (information and logistics networks) |
| External environment | Transition | <ul style="list-style-type: none"> Growing momentum for procurement of renewable energy and demand related to energy saving Diversification of renewable energy procurement such as PPA model business Growing momentum of energy saving renovations and decarbonization | <ul style="list-style-type: none"> Introduction of carbon pricing (carbon tax) Heightened social needs for curbing emissions Criticism of products with large environmental impact |
| | Physical | <ul style="list-style-type: none"> Expansion of demand for measures against climate disasters (BCP) Occurrence of demand for emergency disaster restoration and demand for relief | <ul style="list-style-type: none"> Interruption or suspension of social infrastructure (electric power, water, etc.) Interruption or suspension of transportation infrastructure (railways, highways) Interruption or suspension of information infrastructure (broadcasting, communication, etc.) |

As transition risk associated with climate change, we have analyzed internal and external risks and opportunities based on the IEA's scenarios of the average temperature rising by 1.5°C and 4.0°C. Due to a lack of resources, we are currently working hard to aggregate the financial impact of these risks and opportunities. Meanwhile, as physical risks, we similarly analyze the internal and external risks and opportunities based on the

IPCC report. We anticipate the scale and frequency of natural disasters such as typhoons, floods, droughts and water shortages, and sequentially take steps to address them, such as naturally securing the lives and livelihoods of employees, securing and decentralizing electricity and data communication infrastructure, securing product purchasing supply chains, and building multiple delivery systems by decentralizing logistics sites.

Strategic Map

In order to minimize recognized risks and turn them into opportunities, we are actively engaged in carbon neutrality (CN) from the three perspectives of “development business,” “sales promotional planning” and “branding.” As a distribution trading company, we emphasize how we conduct business in a way that we collaborate with suppliers and buyers. As we implement our Green Growth Strategy, we are engaged in (1) PPA model business as a “development business” and (2) Green Ball Project as a “sales promotional planning activity.”



(1) PPA model business



In October 2021, we joined a PPA model business through a business alliance with Daigas Energy Co., Ltd., which is an operating company in the Daigas Group. The main targets are supplier manufacturers of the Company and factory users, and we aim to use the Company's technology and funding to support procurement of renewable energy and decarbonization by business partners, at the same time as contributing to the reduction of supply chain emissions that fall within the Company's own Scope 3.



(2) Sales promotional planning activity



The Green Ball Project that has been running since 2008 focuses on the effect of environmentally friendly products reducing emissions (baseline comparison method, program-type reduction activity), and has counted the cumulative contribution to reduction in emissions using the Company's proprietary calculation method (GBP Protocol). As a distribution trading company, by expanding the use of products with low environmental impact, we contribute to curbing emissions in “C11: Use of finished goods,” for which the total amount is difficult to ascertain.

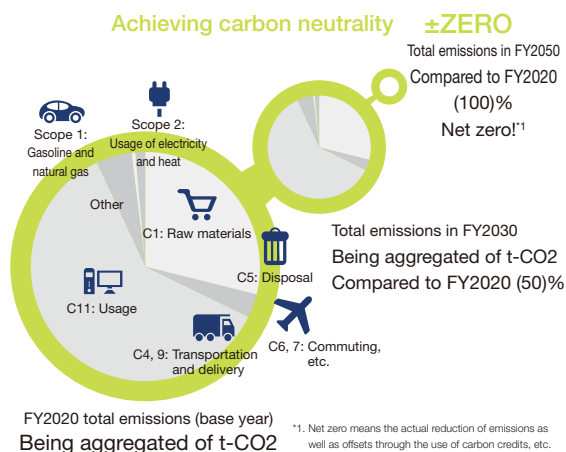
(See Unique Engagement on page 25)



Carbon Neutral Roadmap

50% reduction of CO2 emissions in FY2030, aiming to achieve carbon neutrality in FY2050!

Due to resources, FY2020 is used as the base year for determining the Company's emissions. The figures include some currently being aggregated, but we aim to reduce the total amount by 50% by FY2030 and be effectively carbon neutral by FY2050. Much of the Company's Scope 1 is accounted for by gasoline consumption such as sales vehicles. We will sequentially replace existing hybrid vehicles with EVs. Furthermore, much of Scope 2 is accounted for by electricity consumption in offices and logistics facilities, and we aim to significantly reduce CO2 emissions in the medium- to long-term by switching to electricity from renewable energy and introducing energy-saving air-conditioning and lighting. Due to a lack of resources, Scope 3 is currently being aggregated, but we aim to halve these emissions by FY2030 and reduce them to net zero by FY2050.



| Category | Emission source | Unit | Base year | Elapsed year | Interim target | Final target |
|---------------------|------------------------------------|-------|------------------|------------------|----------------|--------------|
| | | | FY2020 | FY2021 | FY2030 | FY2050 |
| Scope 1 | Gasoline, gas | t-CO2 | 2,819 | 2,411 | 1,200 | 0 |
| KPI | Gasoline consumption | ℓ | 942,030 | 799,979 | 400,000 | 0 |
| KPI | Hybrid vehicle implementation rate | % | 87.0 | 88.0 | 50% EVs | 100% EVs |
| Scope 2 | Electricity and heat use | t-CO2 | 5,182 | 5,181 | 2,000 | 0 |
| KPI | Power consumption | MWh | 11,349 | 11,779 | 11,000 | 10,000 |
| Scope 3 | All categories | t-CO2 | Being aggregated | Being aggregated | 50% | ±0% |
| KPI | Emissions arising from logistics | t-CO2 | 14,100 | 15,907 | 50% | ±0% |
| KPI | Emissions arising from waste | t | 171 | 197 | 50% | ±0% |
| KPI | GBP reduction effect | t-CO2 | 34,319 | 40,701 | 50% | ±0% |
| Total CO2 emissions | | | Being aggregated | Being aggregated | 50% | ±0% |

^{*} Countries covered: Japan, China, South Korea, Taiwan, Thailand, Vietnam, Philippines, Singapore, Malaysia, Indonesia, India, USA, Mexico, Germany, Czech. ^{*} Calculation method: In accordance with the Greenhouse Gas Protocol, Scope 1 and Scope 2 are actual emissions, and Scope 3 is currently being aggregated centered on categories (hereinafter, "C-") C1: Raw materials, C5: Disposal, C6 and 7: Commuting, etc., C4 and 9: Transportation, and C11: Use. However, C1: raw materials and C11: use only include original Company-branded products, and we are considering calculation using emission factors for each product for some time. We have set KPIs to achieve these, and also manage their progress.

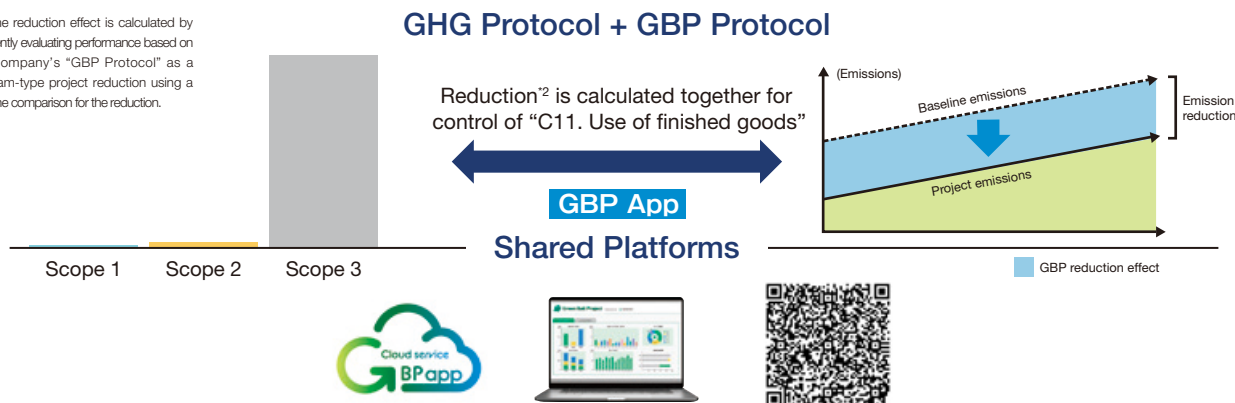
Unique Engagement (Collaboration) Initiatives in Environmental Activities – YAMAZEN's WAY

Start of provision of "GBP App" to companies participating in Green Ball Project at no charge!

As a distribution trading company, we aim to balance decarbonization activities and economic activities through engagement (collaboration) with the supply chain!

It is assumed that Category 11: Use of finished goods in Scope 3 accounts for much of the Company's emissions. In order to reduce emissions in this category, which are difficult to identify and aggregate, we believe it is our responsibility as a distribution trading company to sell and promote energy-saving equipment with low environmental impact. We began the aforementioned Green Ball Project in 2008, and have endeavored to spread environmentally friendly products with supporting manufacturers, participating business partners and users. The "GBP App" mentioned above is being provided from FY2022 to companies participating in the project, and we will support determination of the total amount of emissions using the Greenhouse Gas Protocol and visualization of the contribution to reduction using the GBP Protocol.

^{*2} The reduction effect is calculated by stringently evaluating performance based on the Company's "GBP Protocol" as a program-type project reduction using a baseline comparison for the reduction.



We provide the Green Ball Project Application (GBP App), the Company's dedicated app for visualization of internal emissions and progress management of reductions, to companies participating in the Green Ball Project at no charge, supporting the visualization of emissions and the visualization of reduction effects in the downstream supply chain.

While it is a matter of course to curb and reduce emissions within the Company, in addition, we aim to produce further effects by vigorously focusing on the sale of environmentally friendly products to curb emissions in Scope 3 "Category 11: Use of finished goods," that are the greatest source of emissions as a distribution trading company.

Environment TOPICS

01

Major domestic sites gradually switching to electricity from renewable energy Plans for nationwide rollout starting with sites under control of Osaka Corporate H.Q.

In order to reduce the Company's Scope 2 emissions (indirect emissions from energy), we switched the power of Buildings 1, 2 and 3 of the Osaka Corporate H.Q. to "D-Green RE100" electricity from renewable energy from Osaka Gas Co., Ltd. in July 1, 2022, and did the same in the Logis Osaka (Daito-shi) on November 4. This is expected to reduce annual emissions by 595t-CO₂. This electricity satisfies the requirements of "RE100" because the electricity from renewable energy is supplied with non-fossil certification with tracking information. In this way, the Company is proceeding to switch the major sites it owns (Nagoya, Kyushu, Hiroshima, etc.) to electricity from renewable energy.



RE 100

02

"DayZpower" PPA model introduced in major supplying manufacturer Supporting decarbonization of suppliers

"DayZpower," which is a joint brand of the Company and Daigas Energy Co., Ltd., introduced a 439KW solar power facility at the Kaisei Mill (Ashigara, Kanagawa) of Nippon Paper Creca Co., Ltd., a mid-sized company in the Nippon Paper Group, which is also a supplier of the Company, and concluded a PPA agreement for the supply of electricity from renewable energy for 20 years. This is expected to have the effect of reducing annual emissions by 197t-CO₂. (Scheduled to go online in March 2023)
Supporting the introduction of renewable energy for suppliers contributes to the reduction of CO₂ through supply chain collaboration including the Company.



03

Biodiversity initiatives also begun Supporting "The Nature Conservation Society of Japan," contributing to preservation of ecosystems

We support "The Nature Conservation Society of Japan"

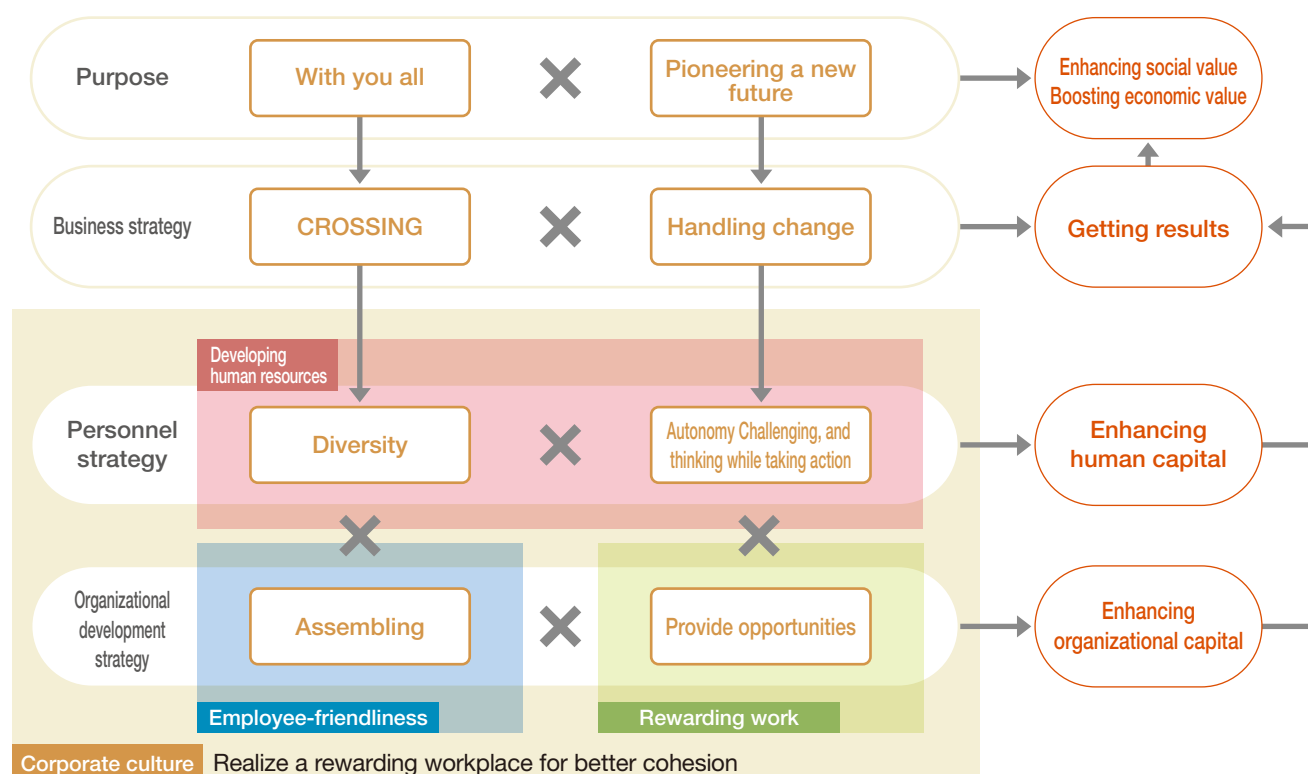
The Company has made donations to "The Nature Conservation Society of Japan" since 2020, and will contribute to the preservation of precious ecosystems by raising awareness for a variety of nature protection issues and supporting beach cleaning activities, etc. In FY2022, we plan ongoing activities in Yakushima and Amami Oshima, which are natural World Heritage sites.



* Independent and virtuous employees refer to self-reliant human resources with the unique philosophy of the Group, who autonomously challenge themselves and think while taking action in the workplace as unexpected changes become normalized in order to respond to change with agility and flexibility, and always serve the customer.

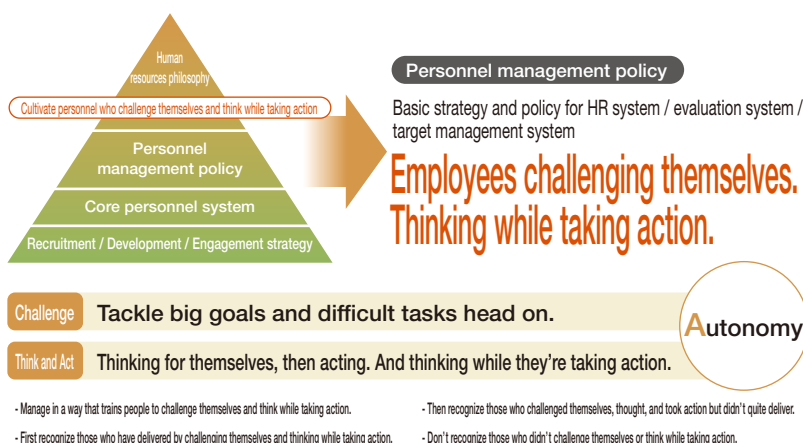
“Autonomous flexibility to change” is required for the Company to achieve sustained growth and development in a society undergoing significant changes. Developing diverse human resources as independent and virtuous employees and bringing together their ability to autonomously challenge themselves and think while taking action enables the enhancement of corporate value starting with human resources. The Company believes that it is because they are independent and virtuous employees rather than just employees means that people alone are the greatest management resource creating new added value by autonomously and agilely responding to change.

Constant Approach to Human Resource Strategy and Organizational Development Strategy



Human Resources Philosophy and Personnel Management Policy Supporting “Management of Fostering Personnel 2030”

The buds of change are always in the front line that is in contact with society. To respond to such diverse buds, we must generate new added value, serve customers and create inspiration. To achieve this, we newly presented a human resources philosophy and a personnel management policy that encourage challenging oneself and thinking while taking action rather than results, and thought it is necessary to change minds, change behavior and foster a new culture. In light of this, under the human resources philosophy of “Cultivate personnel who challenge themselves and think while taking action,” last year, we altered the personnel management policy from “Emphasis on roles and results” to “Employees challenging themselves. Thinking while taking action.”



Pioneering a
new future,

with
you all

Assembly of Diverse Knowledge and Experience: Diversity & Inclusion

In order to continue creating innovation that speedily responds to change and provides inspiration to customers, we will thoroughly increase diversity and assemble its strengths.

For Assembling Diverse Human Resources and Their Strengths

Continuing to create new value by assembling diverse knowledge and experience is necessary to continue creating results in the coming era. To achieve this, it is necessary to establish a base for assembling the strengths of human resources backed by a high level of specialized skills. For this reason, the Company has significantly reformed the HR system for strongly promoting

diversity and inclusion.

Under the new medium-term management plan entitled “CROSSING YAMAZEN 2024” (hereinafter “New Medium-Term Management Plan”), we will establish a worker-friendly environment in which a variety of employees with “specialized knowledge and experience” can work together, in order to promote diversity.



CROSSING YAMAZEN 2024

Priority Measures “With You All”

Stimulation of Diverse Human Resources

To connect “diversity of knowledge and experience” to value creation as a management strategy, we implemented major reforms of the HR system this spring aimed at rewards and training by thoroughly emphasizing specialized skills, and established the foundation for this.

| | Measure | Times held | Participants |
|-------------------------|-----------------------------|------------|--------------|
| Management personnel | Round table meeting | 35 | 693 in total |
| Former clerical workers | Round table meeting | 12 | 65 |
| Former clerical workers | Career development training | 3 | 222 |

Trust in Management / Unifying Abilities

Trust in management and unifying abilities are vital for diverse independent and virtuous employees to vibrantly exhibit their skills in the workplace. In order to increase this through reform of the HR system, we implement management education in parallel.

| Education type | Times held | Education type | Times held |
|---|------------|--------------------------------|------------|
| Leadership training | 13 | Lecture on fostering personnel | 12 |
| Conference on “Employees challenging themselves. Thinking while taking action.” | 6 | Evaluator training | 6 |
| Conference on new HR system | 31 | | |

Professional Positions and Human Resources

In reforms of the HR system, we adopted a multi-path HR system for management personnel. This is the cornerstone of Yamazen-style job types, and we must continue enhancing value that can be provided to customers through more advanced specialization to respond to changes in diversifying customer needs.

Number of people in
professional positions

70

Deep Pool of Core Human Resources (Emerging Leader Management Personnel)

Core human resources with an advanced combination of human skills and conceptual skills under the functional grade system and technical skills under the qualification system are the strong foundation supporting the sustained growth and development of the Company, and we will thoroughly hone them as the essence of the succession plan in an era of intense change.



Pioneering a new future,

with you all

Training independent and virtuous employees and encouraging them to challenge themselves and think while taking action

There is value that can only be provided by Yamazen. Unprecedented value that is useful for customers in an era of intense change is created by individuals who challenge themselves and think while taking action, and the organization that encourages this. For this reason, we train independent and virtuous employees who provide inspiration to society based on Yamazen's Thinking and Taking Action philosophy.

Providing a Place for Employees to Challenge Themselves and Think While Taking Action to Train independent and virtuous employees

For a company to achieve sustained growth and development, each individual must handle change by autonomously continuing to update their own skills. Only then can they challenge themselves and think while taking action in each workplace based on agile decisions and judgment in an era of intense change. To achieve this, it is necessary for

- independent and virtuous employees to resonate with the purpose and have their own strong motivation, and
- the organization to provide opportunities and places leading to the enhancement of skills.

These all being implemented by independent and virtuous employees and the organization will enable reform into an organization able to handle change with both creativity and efficiency.

To this end, under the New Medium-Term Management Plan, we will promote organization management reform for autonomous leadership thinking while taking action to ensure employees challenge themselves and think while taking action in the workplace, elicit the desire to grow more and seek to enhance rewarding work that matches this desire.



CROSSING YAMAZEN 2024

Priority Measures "Pioneering a New Future"

Development of independent and virtuous employees

In order to measure the effect of the independent and virtuous employee development measures and to set issues, we conduct a proprietary engagement survey called the "Independent and Virtuous Employee Awareness Survey." We develop highly skilled independent and virtuous employees through specific measures for verifying hypothesis and resolving issues.

Intensive Encouragement of Embracing Challenges and Thinking

The most significant benefit of embracing challenges and thinking is when it leads to improvements in customer value. It is the quantity and quality of the challenging spirit and action taking of independent and virtuous employees who respond to changes on the front lines of the workplace that are the seeds for innovation. In order to encourage this, we have made a self-declaration of "challenge and action targets" in the "Challenge and Action Declaration Form," which is our proprietary target management system.

In order to "pioneer a new future, with you all": "mental and physical health management" that supports fostering of personnel X ease of work X job satisfaction

In order to play an active role in our workplace through demonstrating initiative in embracing challenges and taking actions, it is necessary to have both good physical and mental health. Towards the acquisition of certification in the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large Company Section), we have published the Yamazen Health Management Declaration, and have applied for certification. Through the promotion of efforts that will make specific contributions to improved physical and mental health within the Company, we will improve productivity through improvements in the performance of each individual employee, which will lead to an increase in corporate value.

Yamazen Health Management Declaration

Yamazen's most value assets are its personnel. At the very beginning of our management philosophy, we mention "management of fostering personnel" as well as our philosophy of "to make active use of personnel, and to foster independent and virtuous employees." Based on this philosophy, we recognize that the promotion of employee health is important for the happiness of employees and their families, which will lead to each and every employee working enthusiastically, and "creating a rewarding workplace," and are addressing this matter as an important management issue.

The Company perceives DX to be innovation, and is proceeding with a digital integration strategy (DX strategy) for creating new added value by strengthening contact points with customers utilizing digital technology, providing new products and new services, and connecting the knowledge obtained from there to real human resources. “Integration” means the organic combination of technology, organization and culture for bringing about innovation (DX) (creating solutions).

Embracing Change

In the VUCA* era, the Company has called for being a business that responds to change.

The business environment is steadily undergoing changes including macro, industry and negotiation details, such as Society 5.0, the metaverse, XaaS and CASE. In particular, social innovation brought about by digital technology is breaking down barriers in all industries since the COVID-19 pandemic, and the advantage and permanence of existing products and services built up to date are being shaken.

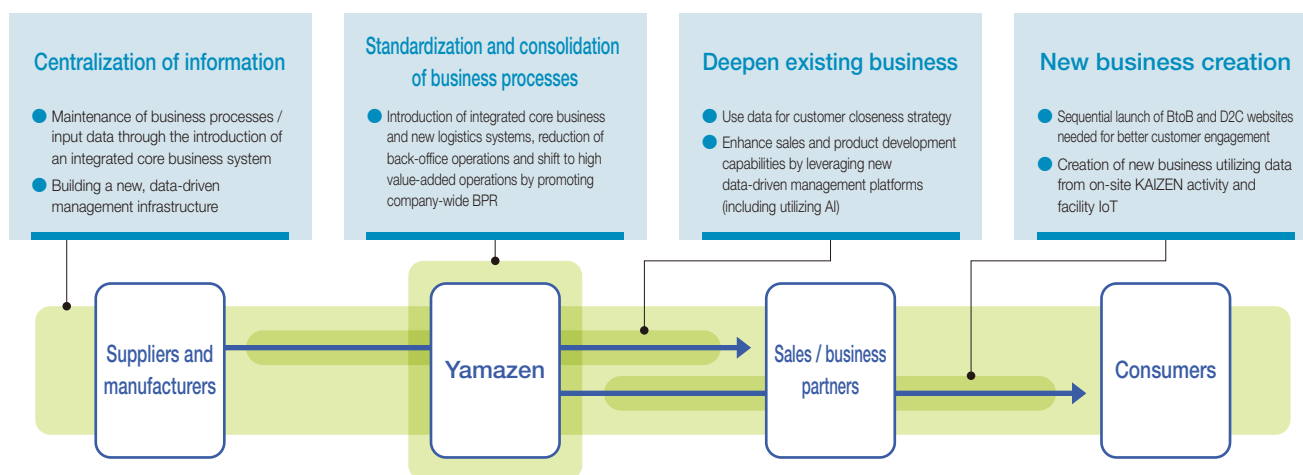
Sensitively watching constantly changing trends and selecting the move to make in the flow of the industry and the conditions surrounding business, considering what to use as a strength, how to use it and how to change, and utilizing digital technology to embrace challenges, in other words, reforming business models means “handling change,” and the Company’s DX strategy involves experimenting and thinking while taking action for this.

* VUCA: An acronym of the first letters of Volatility, Uncertainty, Complexity, and Ambiguity. It refers to a situation in which the way to proceed is unclear, and it is difficult to predict the future.

Basic Policy and Implementation Measures

Naturally, in order to respond to changes, we must be aware of the signs and content of the changes.

Our DX strategy towards the achievement of this promotes measures that are centered on the “utilization of data” for each point in the value chain.



1 Transformation into a Data-Driven Company That Makes Decisions Based on Data

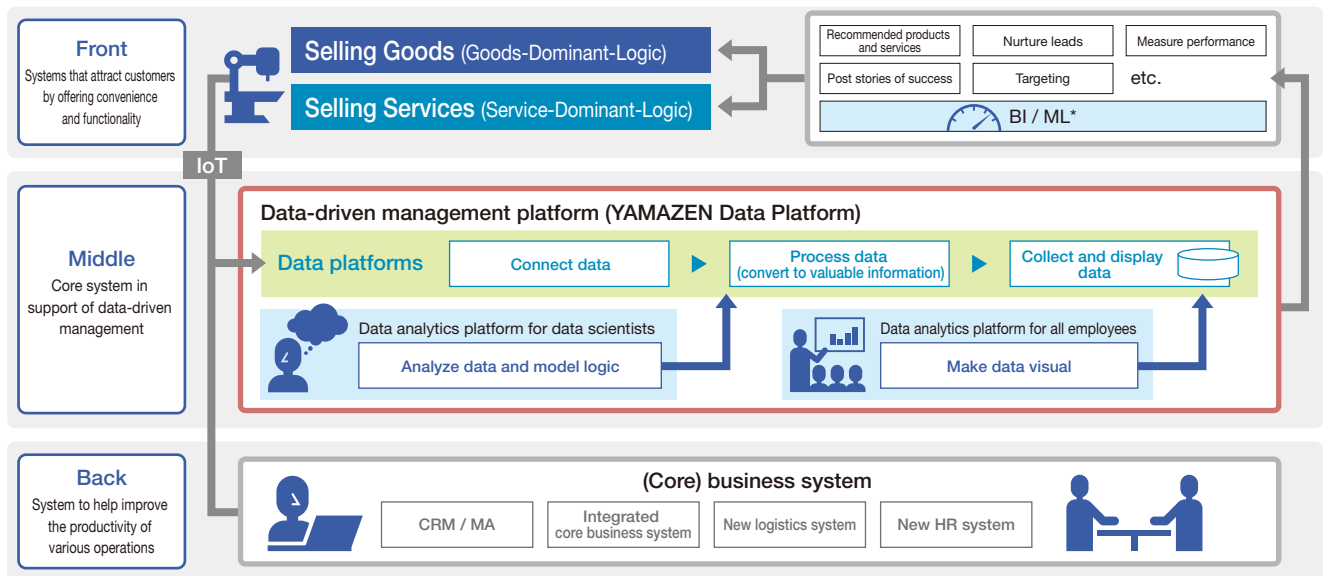
Specifically, we are promoting the following measures (development) in order to realize improvements in productivity and in the quality of decision making through the “centralization of information” and the “standardization and consolidation of business processes.”

1 Maintenance of business processes / input data through the introduction of an integrated core business system

We will renovate the core systems that underpin our growth strategy with the objective of improving productivity and increasing profitability.

2 Building a new, data-driven management infrastructure

We will build a data platform in order to arm ourselves with information, will contribute to business management through the visualization of management information such as profits by segment, and will realize the provision of useful information to people in charge of sales.



* BI/ML: Business Intelligence/Machine Learning

3 Reduction of indirect operations and shift to high added value work through the company-wide promotion of BPR

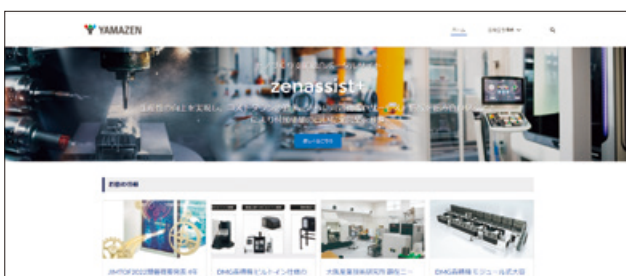
We will proceed with the reviewing of existing processes, with a focus on indirect operations, will promote the reduction of man-hours through the use of RPA (Robotic Process Automation) and API (Application Programming Interface), and will aim to improve productivity.

2 Creation of New Business through Marketing Based on Data

Specifically, we are promoting the following measures (development) in order to create a mechanism that will contribute to the further strengthening of our sales capabilities, as well as to promote the “deepening of existing business” and “new business creation” through strengthening contact points with customers.

1 Utilize data for close customer relationship strategy

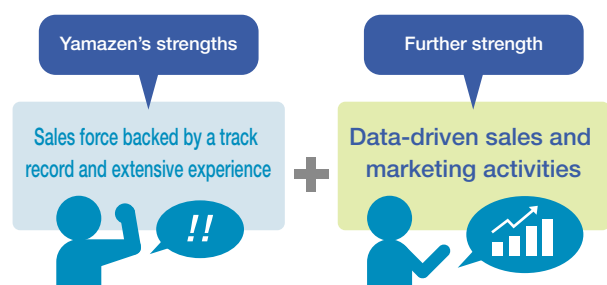
We will realize a win-win relationship by utilizing data such as the information obtained directly from customers and sales information to ascertain the needs in the business situations directly faced by customers, from the perspective of customers, and present solutions.



Machine Tools Division Headquarters' portal website "zenassist+."
Contains the latest information on manufacturers and the products handled by the Machine Tools Division Headquarters, as well as subsidy information, etc.

2 Enhance sales and product development capabilities by utilizing new data-driven management platforms (including AI)

We will analyze customer requirements to improve responsiveness, such as using AI to provide a fast response to customer requests, from the information accumulated in the sales support system and core systems.



3 Sequential launch of BtoB and D2C websites needed for better customer closeness

We will develop products for enterprise and professional customers, as well as for consumers, and will actively expand the sale of such products. We will use search and purchase history as well as review data for product development, and in addition, will reduce lost opportunities through the optimization of inventory.



"Yamazzen Bizcom," an e-commerce website for enterprises and sole traders operated by the Home Products Division Headquarters

4 Creation of new business utilizing data from on-site KAIZEN activity and facility IoT

We will improve productivity through the visualization, etc., of on-site KAIZEN activities at small to medium sized manufacturers, and will realize a manufacturing support ecosystem.

Organization and Human Resource Development / Governance

In order to ensure the success of DX, we believe that it will be essential to promote steady digitalization (governance), as well as to create a human resources and management (digital native) environment that will allow for the generation of ideas which will lead to breakthroughs. As the word "digital native" suggests, it is our intent for digital technology to be used natively as standard practice. Specifically, we aim to stay up to speed with the changes in the world, with respect to our affinity, approach and ideas for digitalization.

1 Establishment of DX Strategy Methodology

1 Compliance with the Digital Governance Code (DX certification)

For the steady development on what should be done in order to improve corporate value, we have redefined our business strategy and investment management process from the point of view of "digital governance," and have undergone an objective evaluation (DX certification). We aim to brush up on this further through its expansion and permeation across the Company.



2 Promotion of PoC and agile development

Through trial and error, we will work towards the establishment of an agile way of doing things (methodology) that will allow us to take on new challenges.

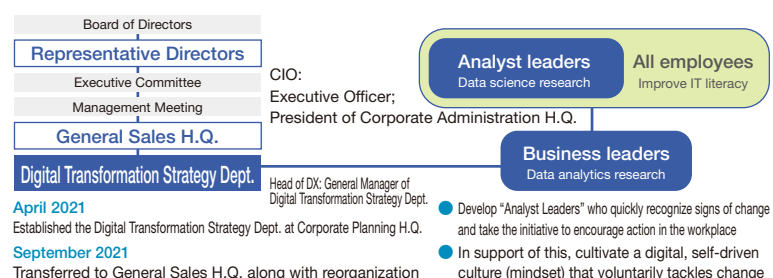
2 Systems towards Promotion of DX Strategy, Securing and Training of Digital Human Resources

1 Formation of a dedicated organization

On April 1, 2021, we established the "Digital Transformation Strategy Dept." at the Corporate Planning Headquarters (now the General Sales Headquarters) as a functional organization that integrates business and IT systems.

2 Bottoming up of data utilization skills

Beginning with the "Digital Transformation Strategy Dept.," we will start to develop DX human resources, including "business leaders" who will take charge of actual DX promotion, as well as "analyst leaders (citizen data scientists)" who will nimbly respond to signs of change, take the initiative in encouraging action being taken on-site.



3 Collaboration with external organizations and establishment of an organization

In regard to the (collaborative) robot business, which offers an alternative to a labor force, an area in which demand across society is increasing, we have constructed an ecosystem "Yamazzen FA / Sler Association" with robot manufacturers and group of companies having control programs / AI, and are developing automation and labor saving solutions for our sales network (customers).



The "General Meeting of Yamazzen FA / Sler Association" was held in June 2022. Approximately 40 full member and associate member companies participated.

For the Yamazen Group, which is a specialized trading company that develops wide ranging businesses in both production equipment and consumer goods, the further development and expansion of logistics functions is an incredibly important management issue that concerns the foundation of management and business. We will increase the efficiency of logistics through cross-divisional logistics crossing and logistics DX initiatives, and at the same time, will also focus on reducing environmental impact, and will pursue the establishment of a next generation logistics system.

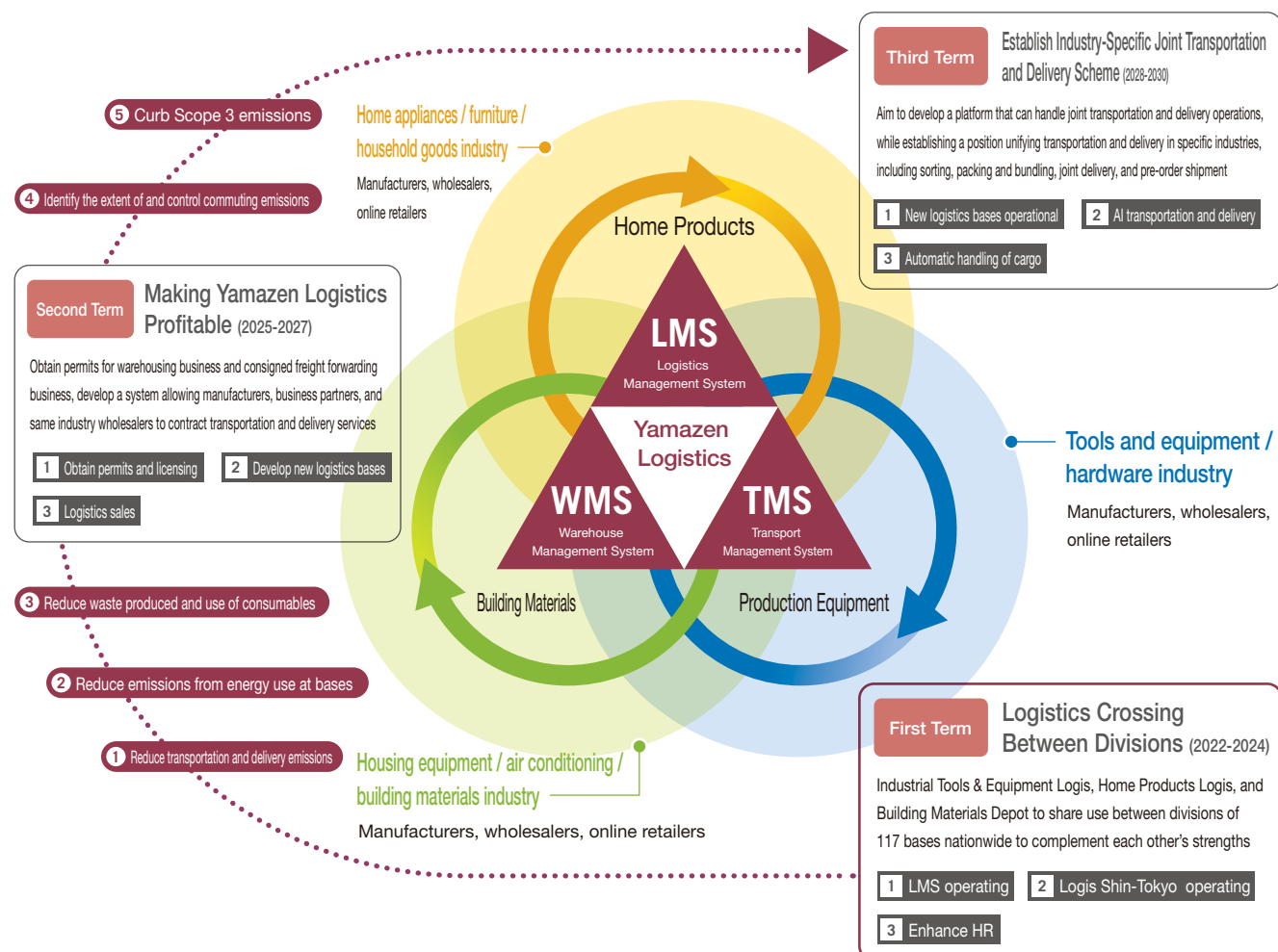
Improved Efficiency of Logistics Business and Contribution to Sustainability

In recent years in Japan, under the background of demand for supply chain optimization in corporate management and concerns about labor shortages due to restrictions on working hours for drivers (2024 issue), the construction of a sustainable logistics network has emerged as an industry-wide challenge. In addition, contributing to the sustainability of the economy and society, such as the Sustainable Development Goals (SDGs),

the Task Force on Climate-related Financial Disclosure (TCFD), and the achievement of carbon neutrality by 2050, have become areas of strong demand in the logistics world.

Based on such medium- to long-term trends, the Group has formulated a three-term, nine-year logistics strategy in the form of backcasting from the vision for 2030, and is currently actively investing management resources in such efforts.

Aiming to become a transportation and delivery platform business for specific industries



Realization of Logistics Crossing and Making Logistics Profitable

In the first term with a goal of 2024, we will focus on the three initiatives of cross-divisional logistics crossing, logistics DX, and the reduction of environmental impact.

In regard to logistics crossing, we will promote the cross-divisional use in relation to 117 bases by business division, with a focus on building material depots, which we have across Japan, and in addition, will prepare the installation of import container devanning warehouses. In terms of delivery, we will expand the delivery routes of the Production Equipment Business, and will strengthen last mile delivery and the assisted home delivery network across business divisions. In addition, we will promote the introduction of state of the art material handling equipment, and will aim at also crossing into the business side of promoting sales through labor saving, the expansion of volume handled, the verification of automation, and the establishment of showrooms. Furthermore, we will endeavor to create new value in logistics through various measures such as for strengthening the supply chain with suppliers and customers, including acting as logistics agent for trading partners.

In relation to logistics DX, we have adopted the policy of focusing our efforts on the optimization of

logistics and the conversion of transportation and delivery to AI through the introduction of a logistics management system (LMS). In terms of measures to reduce environmental impact, we are accelerating efforts to contribute to the conservation of the environment through promoting efforts for railway transportation between bases, the achievement of carbon neutrality through the expansion of combined freight, and for the "RE100" international environmental initiative.

In the second term, which will end in 2027, we will pursue the achievement of profit at YAMAZEN LOGISTICS CO., LTD. While investing management resources in the development of a transportation and delivery management system (TMS), we plan to work on the construction of new systems that will allow us to receive orders from external companies for inventory management, cargo handling, as well as transportation and delivery arrangement services.

Then in the third term, which extends to the goal of 2030, we aim to evolve into a platform for joint inventory management and joint transportation and delivery which specializes in the production equipment industry, building materials industry, and home products industry.

Challenging towards a Logistics Revolution That Extends beyond the Boundaries of Companies and Industries

For the Yamazen Group, it is no exaggeration to see that the increased sophistication of logistics functions is the key to sustained growth and improved corporate value. Moving forward, we will focus on improving the efficiency of logistics processes through the making of full use of AI and ICT, and will work on a logistics revolution that takes into account market trends, including modal shifts, container round use, as well as joint transportation and delivery that go beyond the boundaries of companies and industries.

We are aiming to further strengthen the logistics system through allocating logistics investment in the new medium-term management plan to construction of logistics bases, the recruitment of logistics personnel, health and safety management, as well as the establishment of systems such as a logistics management system (LMS) and a warehouse management system (WMS), and the introduction of a logistics forecasting system (SCM).

TOPIC 1

Establishment of "Logis Shin-Tokyo," our 12th logistics base in Japan

In July 2021, we established "Logis Shin-Tokyo" in Kitamoto-shi, Saitama, our 12th logistics base in Japan. Conveniently located within an approximately 40 kilometer distance from the city, it will become a strategic distribution base that will deliver the products handled by our Industrial Tools & Equipment Division Headquarters to eastern Japan. In addition to a logistics management system (LMS) and warehouse management system (WMS), we will introduce state of the art material handling equipment and systems and aim to improve the productivity of warehouse logistics and to realize efficient and timely product delivery. "Logis Shin-Tokyo" also plays the role of model base for "green logistics," an area in which the Company is strengthening its efforts.

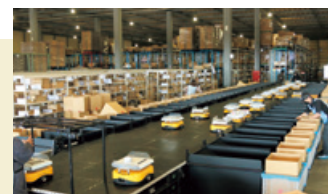


* Scheduled to enter into full-scale operation in January 2023.

TOPIC 2

Introduction of the "t-Sort" robot sorter at Logis Kanto

In November 2021, "Logis Kanto," our largest logistics base in Japan, commenced RaaS operation of the next generation robot sorter "t-Sort." In recent years, under the background of chronic labor shortages, the Japanese logistics industry has faced strong demand for initiatives towards the automation and improved efficiency of logistics work. The introduction of "t-Sort" on this occasion was intended to respond to such social issues, and in addition to further improving work efficiency and realizing a significant reduction in sorting errors, shipping errors are now approaching zero. The Company is not only using "t-Sort" to improve internal operations, but is also providing cutting edge technology to suppliers and customers for the making of proposals for automation and labor savings in logistics.

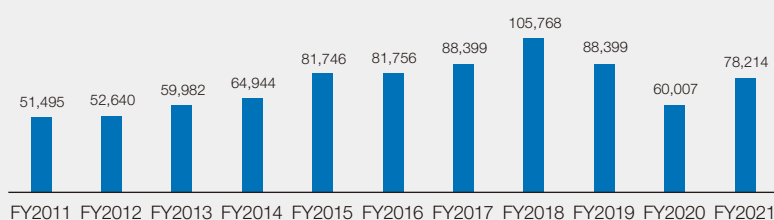


YAMAZEN

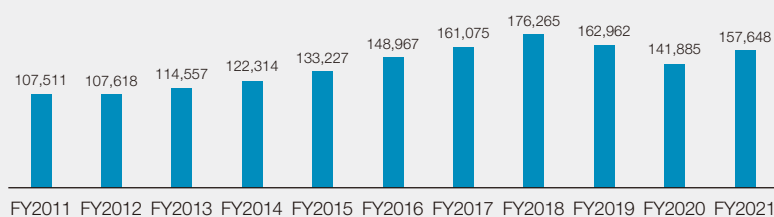
At a Glance

(Millions of yen)

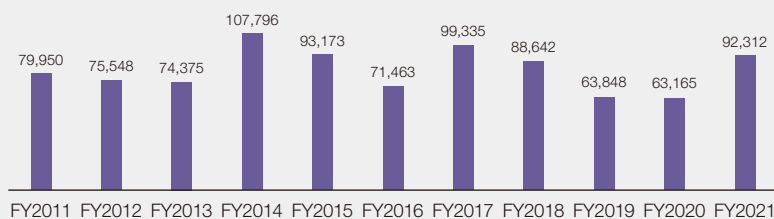
Machine Tools Business



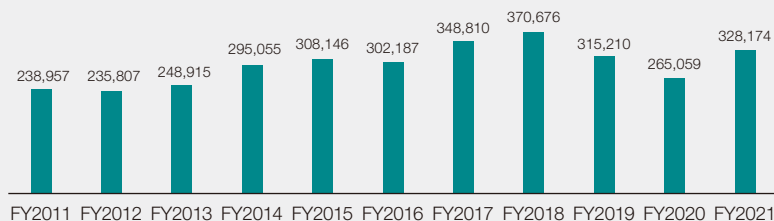
Industrial Tools & Equipment Business



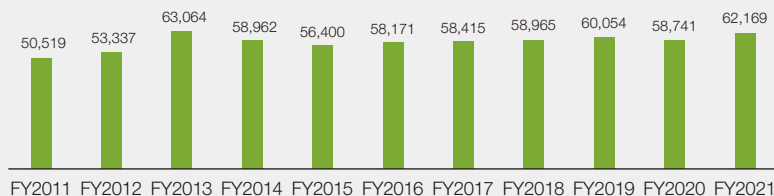
Overseas Production Equipment Business



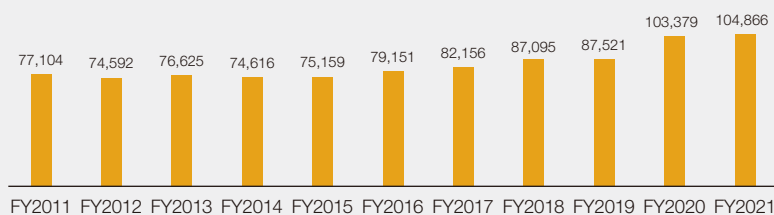
Production Equipment Business



Building Materials Business



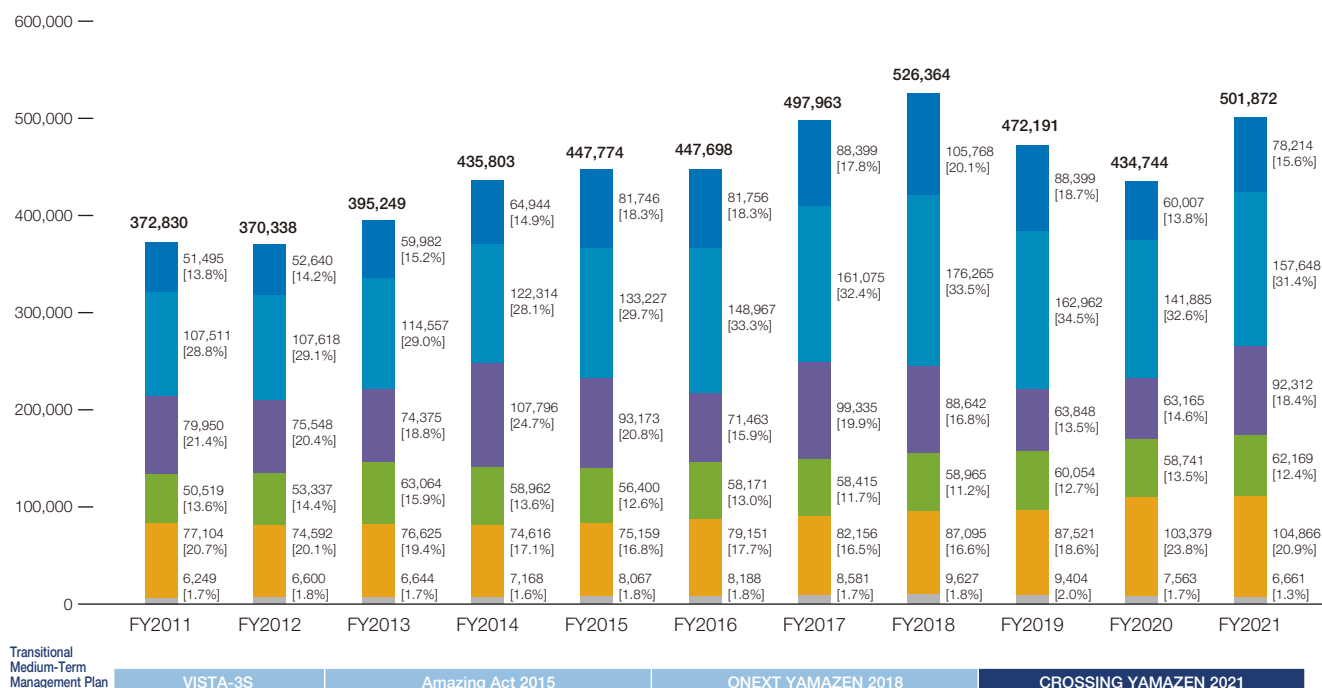
Home Products Business



Trends in Net Sales by Business

Machine Tools Business Industrial Tools & Equipment Business Overseas Production Equipment Business
Building Materials Business Home Products Business Others, as well as adjustments and eliminations (Millions of yen)

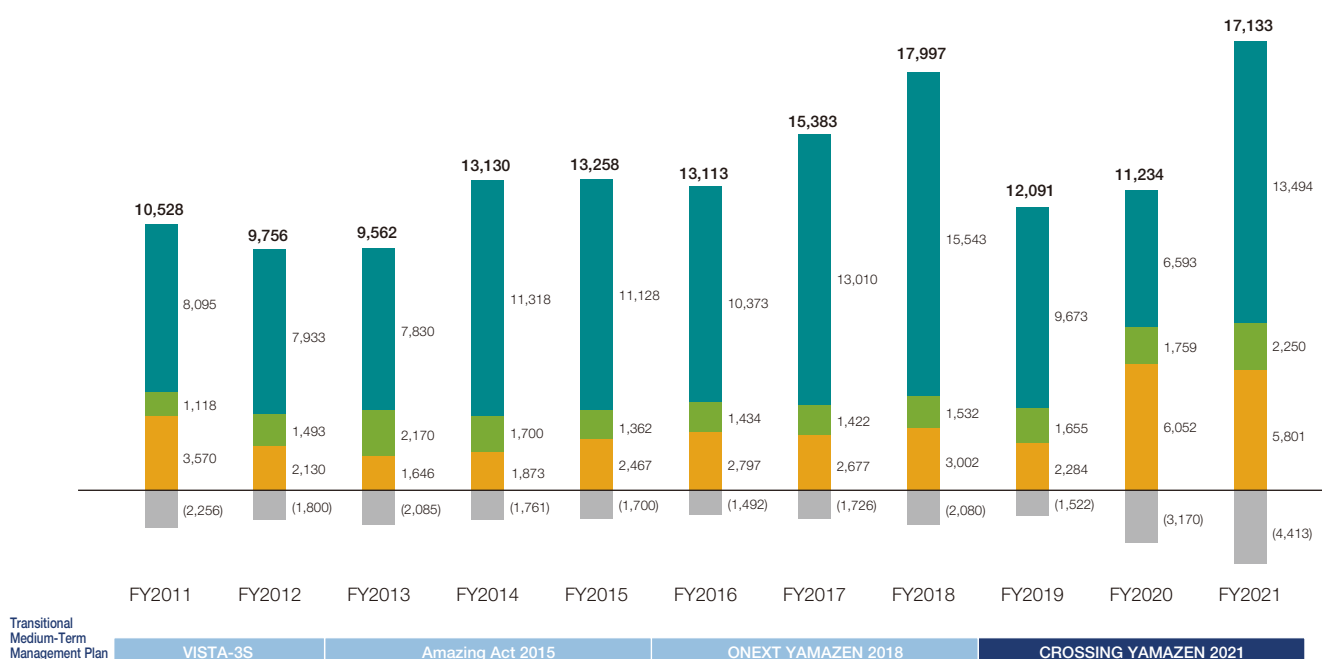
* The total amount of net sales includes "Others, as well as adjustments and eliminations."



Trends in Operating Profit by Segment

Production Equipment Business Building Materials Business Home Products Business Others, as well as adjustments and eliminations (Millions of yen)

* The total amount of operating profit includes "Others, as well as adjustments and eliminations."





Interview with President of General Sales H.Q.

Based on our corporate philosophy of “pioneering,” we will engage in efforts to acquire new revenue sources while thoroughly strengthening our earning capabilities.

Representative Director, Executive Officer; President of General Sales H.Q.
Kimihisa SASAKI

Values That Will Not Change and Values That Should Be Changed

Based on our new purpose and vision, we have started our new medium-term management plan “CROSSING YAMAZEN 2024” (hereinafter, “New Medium-Term Management Plan”), which was formulated by backcasting from our 2030 vision. We believe that the realization of this will require both values that will not change as well as values that should be changed.

One unchanging value of the Company is our corporate philosophy of “pioneering,” which has been handed down successively from our founder. The Company, in addition to gradually expanding the range of products it sells from tools, which were sold at the time of its founding, to machine tools, housing equipment and general consumer goods, has expanded its sales area for production equipment around the world, not just within Japan.

In addition, without overlooking any changes with respect to our customers and markets, we have cultivated businesses and markets while constantly responding to changes, including the development of original products, entering into the environmental business, and launching e-commerce websites. Through these activities, employees have fully honed their “individual ability” to think for themselves and act as “independent and virtuous employees.” We believe that this corporate philosophy, which has been handed down from our past leaders, is a core competence that must be passed on forever, including to the employees who will join the Company in the future.

On the other hand, what should be changed are the values accompanying our typical

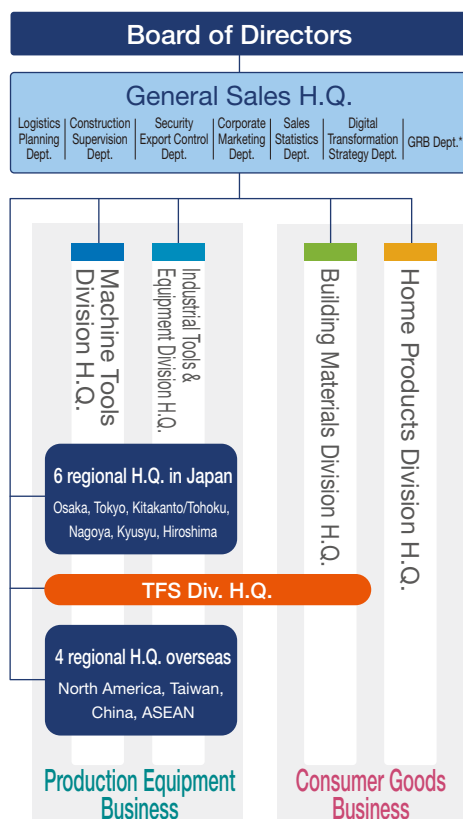
business of purchasing products and selling them to generate profit. In order for the General Sales Headquarters to improve corporate value, it is essential that we strengthen profitability. In order to strengthen profitability, we must reform our earnings structure. While continuing our commitment to the usual product selling business, in addition to product sales, it will be necessary to provide the high added value services required by customers and the market, in other words, to offer both products and services. Although we have only recently started initiatives such as our entry into the Power Purchase Agreement (PPA) business, the strengthening of engineering skills for automation and labor savings, as well as the launch of a service sales platform business, we would like to change our values in order to produce new value to realize the 2030 vision.

Towards the Realization of “CROSSING YAMAZEN 2024”

The essence of “CROSSING” is to improve our “comprehensive strength.” We are aiming to create new value that cannot be provided by an individual division headquarters alone through CROSSING between division headquarters and affiliated companies. We believe that there are three important concepts and actions for this, namely always thinking from the customer’s perspective, thinking about the optimal solutions for the needs of our customers, and furthermore, thinking about company-wide optimization rather than individualized optimization. The operating results of the Company based on management accounting are recorded by division headquarters and department. However, if we continue to follow this approach, it will

result in priority being given to profit for one's own department only, and we will not be able to achieve CROSSING in the truest sense of the word. By thinking within a broader framework that considers division headquarters rather than one's own department, and the entire company rather than the division headquarters, we will deepen partnerships with other departments, other division headquarters, and Group companies, enabling us to demonstrate the "comprehensive strength" that cannot be realized by individual departments alone. Therefore, we plan to examine the incentive system and other mechanisms that would promote company-wide optimization. The "Total Factory Solutions Division Headquarters" (hereinafter, "TFS Div. H.Q.") is a regional headquarters that symbolizes CROSSING. At our company, a regional headquarters is the organization in charge of a given area, however, the TFS Div. H.Q. is the sole one that is organized by function and expertise. Each section has been staffed with persons with expertise in machinery, mechanical engineering, and home construction. We form dynamic teams that meet the needs of customers, and use our comprehensive strength to make optimal proposals.

Organization of the General Sales H.Q.



* Green Recovery Business Dept.

Three Business Strategies Towards the Realization of Our Corporate Vision

As company-wide business strategies aimed at realizing the corporate vision, we have the "close customer relationship strategy," "transformation strategy," and "digital integration strategy."

The "close customer relationship strategy" aims to extensively investigate customer needs and increase sales by strengthening direct contact points with customers and increasing our levels of expertise. This is to ensure the thorough encouragement of sales personnel to engage in a paradigm shift from product-out to market-in thinking. Because we have a tendency to make proposals for what we want to sell and for what manufacturers want us to sell, this measure is based on the sense of urgency that we will not be able to survive unless we accurately ascertain diversifying customer needs and continue to make proposals to solve them. We will clarify the targets by industry, and will strategically carry out proposal activities while honing our expertise. Overseas, we will promote localization through the training of local employees, and will expand the scope of our business by targeting not only Japanese companies, but also local companies.

The "transformation strategy" aims to increase profits based on a new earnings structure through major transformations from our current business structure. Rather than simply purchasing and selling products, this involves transforming to a system that strengthens the development of original products, engineering services, green businesses, etc., and which allows for the provision of total solutions. Furthermore, instead of simply extending existing businesses, we will also launch businesses with new earnings structures, such as businesses using recurring billing.

The "digital integration strategy" aims to differentiate ourselves from the competition, and to provide added value to customers, through real individual strengths, which are the established strengths of the Company, and the provision of digital services that make use of these strengths. We aim to analyze the transaction data obtained through product sales websites and service sales websites such as "Yamazen Bizcom," which was launched in May 2022 for the Home Products Division Headquarters, as well as "next-generation B2B websites," etc., designed for the Industrial Tools & Equipment Division Headquarters, use the analysis results in the development of new products, and improve the efficiency and sophistication of marketing through the use of the knowledge obtained from the data. At the same time, we will also promote the improved productivity of business processes through upgrading our integrated core systems and the introduction of AI / RPA / EDI, as well as the strengthening of personnel management through the introduction of a new human resources system.

To Our Stakeholders

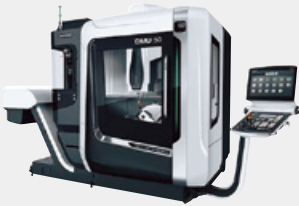
We are aware that the role of the General Sales Headquarters is to thoroughly strengthen our earnings capabilities. By fully implementing the three business strategies at sites, we will strengthen our stable sources of profit for the future, and in addition, will obtain new sources of profit, which will contribute to improved corporate value. The Company has a large number of employees who are enthusiastic about the corporate philosophy of "pioneering." By supporting such employees through the General Sales Headquarters, we aim to be a company where there is an outpouring of various ideas from the workplaces.

We will realize the strengthening and expansion of the Yamazen ecosystem*, and will aim to become a division headquarters that is useful to customers.



Executive Officer, President of
Machine Tools Division H.Q.

Katsuhiko
NAMARI



* Ecosystem: Refers to the business ecosystem of groups that share the same interests as the Yamazen Machine Tools Division Headquarters. An integrated group of users, manufacturers, business partners, system integrators, etc.

Strengths

- Sales capabilities that can identify and solve customer issues
- The ability to attract customers to exhibitions, seminars, etc., and a network of personal contacts
- A sales system that provides courteous and flexible services, and responds to customer needs
- Various types of data and business know-how obtained from business operations over a long period of time

Opportunities

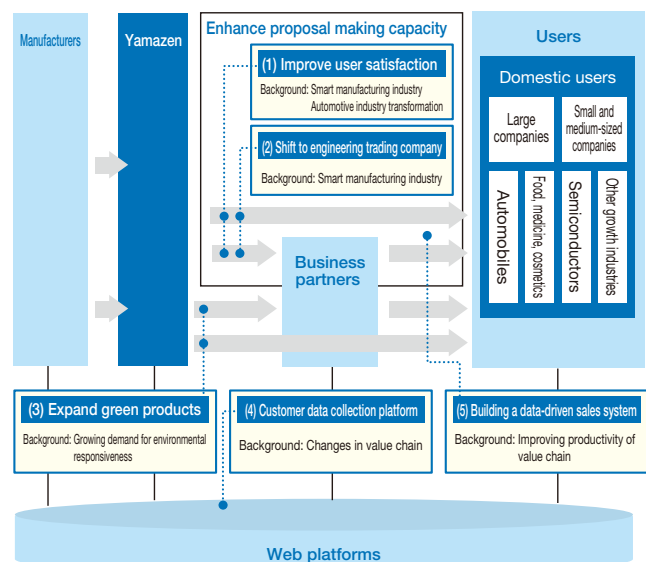
- Expansion of the market for electrification-related parts, such as batteries, motors, and inverters, due to the shift to electric vehicles (EVs)
- Growth in new product technologies, such as 3D printers and IoT
- Increase in demand for energy-saving replacements in response to climate change
- Strong need for automation due to labor shortages

Risks

- Decrease in metal processing related to internal combustion engine manufacturing due to the shift to electric vehicles (EVs)
- Changes in the balance of power due to the restructuring of manufacturers
- Intensified competition due to the rise of price-competitive Asian manufacturers, particularly those from China
- Postponement of active capital investment due to long delivery time frames for machinery, high raw material prices, labor shortages, and other uncertainties

Vision for 2030

In order to accelerate and expand the business of the ecosystem, we will shift to a business model that directly incorporates user needs, such as for improved productivity, automation, responses to climate change, etc. (1), and will aim to resolve issues through advanced proposal capabilities that make use of our engineering skills (2, 3). In conjunction with this, we will establish a data infrastructure that enables us to anticipate user needs (4), and through the accumulation of success and failure patterns, we will aim to realize data-driven sales activities that can provide proposals with the appropriate content and timing (5).



| Main Policy | Major Measures | Qualitative Objectives |
|--|---|--|
| Close customer relationship strategy Grow together with users, manufacturers, and business partners to pioneer new value centered on the improvement of user satisfaction. Our company will lead the growth of the entire ecosystem by providing high value added solutions for customer issues. | Improve user satisfaction | <ul style="list-style-type: none"> Enhancement of the content of solutions for user issues Support of business partners for creating user proposals |
| | Shift to engineering trading company | <ul style="list-style-type: none"> Proposal of complex machine tool layouts that are suited to customer needs Proposal of systems that enable the synchronization of machine tools |
| Transformation strategy Aim to break away from low added value sales of the usual product sales, and shift to high added value sales that combine products and services into sets that solve customer issues. | Expand green product lineup | <ul style="list-style-type: none"> Expansion of lineup of green products that realize decarbonization for customers Increased orders for green products |
| | Customer data collection platform | <ul style="list-style-type: none"> Strengthening of “zenassist+” content Strengthening of internal data infrastructure |
| Digital integration strategy Utilize internal digital data and customer operation data from new services to improve internal efficiency as well as to improve productivity across our customers’ value chains. | Build a data-driven sales system | <ul style="list-style-type: none"> Strengthening the foundation for the sharing of sales knowledge Optimization of behavior management |

Growth Strategy Towards 2030

At present, we are encountering dramatic changes in the market environment, including the slowing growth of the automobile internal combustion engine parts market, the rapid expansion of the electric vehicle (EV) parts market, sudden changes in semiconductor supply and demand, as well as the response to ESGs. In order to realize the growth and expansion of the entire ecosystem that the Company is aiming for, we will enhance the platform for providing information to users, while strengthening our existing sales channels, in order to improve customer satisfaction. Specifically, we will maximize satisfaction by expanding the scope of information provided on our comprehensive manufacturing support

portal website “zenassist+,” as well as at exhibitions, seminars, etc.

In our shift to an engineering trading company, we will increase sales of packages that include software for synchronizing multiple devices, and will provide support for user automation. In order to realize this, we aim to raise the level of our in-house technology, and to strengthen our partnerships with system integrators. As we increase the number of green products, we will enhance our lineup of machines with a high level of energy savings in order to support users’ ESG initiatives. To achieve this, we aim to build a data-driven sales system that makes use of information from SAP and SFA business negotiations, as well as customer data. Furthermore, in addition to our typical machine tool sales, we will launch new services that make use of our network, and will develop them as new pillars of business.

TOPIC



In May 2021, we entered into a sales collaboration agreement with the aluminum cutting firm HILLTOP Corporation. HILLTOP Corporation is a company that has strengths in the provision of a wide variety of aluminum machined parts with a short delivery time, and has developed “COMlogiQ,” a service for external sales of systems that automatically generate machining programs, which is their area of expertise. This service can significantly reduce the time spent on machining programs for machining users, and can contribute to the improved efficiency and productivity of production sites. In this way, we will continue to develop products and manufacturers that directly solve user issues, and will realize a Yamazen that is even more useful to our customers. (The image on the left is a “COMlogiQ”-compatible, 5-axis machine of Brother Industries, Ltd.)

We solve customer issues utilizing our excellent engineering skills, solid distribution base, and unique product appeal.



Director and Executive Officer;
President of Industrial Tools &
Equipment Division H.Q.

Kenji
GOSHI



Strengths

- Close relationships with leading manufacturers across a wide range of product fields
- The ability to broadly identify the needs of small and medium-sized enterprises and local users through our network of cutting tool wholesalers
- A real platform function that matches the needs of users and manufacturers (Doterai-ichi and other exhibitions)
- A network of various construction companies and system integrators

Opportunities

- Strong need for automation due to labor shortages
- Global trends towards carbon neutrality
- Increased demands for the utilization of digital technologies such as EC, EDI, and traceability management
- Expansion of markets related to semiconductor manufacturing equipment due to strong demand for semiconductors

Risks

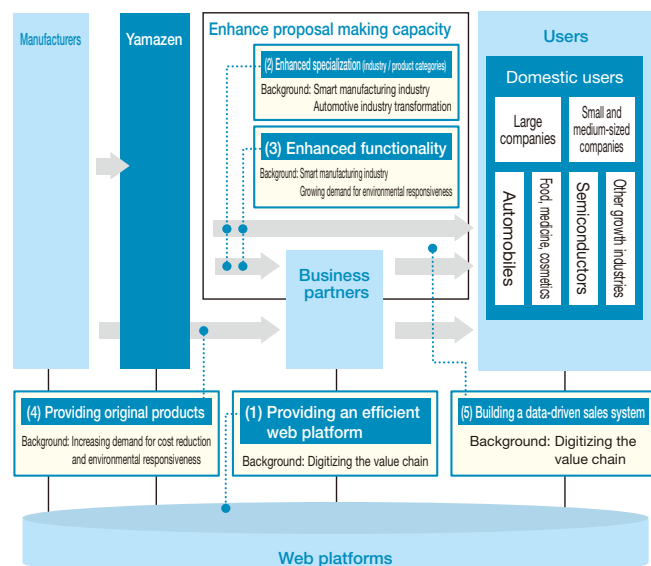
- As digitalization leads to a reduced distance between manufacturers and users, the value of providing information as a trading company decreases
- Emergence of e-commerce platforms that enter the trading area of cutting tool wholesalers
- Decrease in metal processing related to internal combustion engine manufacturing due to the shift to electric vehicles (EVs)
- Shortage of successors and other business succession issues for small and medium-sized enterprises

Vision for 2030

For wholesale and product sales, we aim to improve efficiency through the online platform (1), and to improve the productivity of value chains.

With regard to the conversion of the manufacturing industry to smart manufacturing and the incorporation of decarbonization in that industry, we aim to strengthen our expertise (2) and functions (3) in accordance with user needs, and in addition, provide original products in response to the growing needs for cost reductions and the environment (4).

In conjunction with this, we will establish a data infrastructure that enables us to anticipate needs, accumulate success and failure patterns, and aim to realize data-driven sales activities that can provide proposals with the appropriate content and timing based on data (5).



| Main Policy | Major Measures | Qualitative Objectives |
|--|---|---|
| Close customer relationship strategy Realize win-win relationships by using our business partners to understand the needs directly faced by users, and presenting measures to resolve issues. | Next-generation B2B catalog website | <ul style="list-style-type: none"> Expand our distribution inventory and product database, create an online catalog, and build a website in the next fiscal year in order to increase online (including EDI) order amounts (rates) as soon as possible. |
| | Strengthen expertise | <ul style="list-style-type: none"> Strengthen our expertise in solutions. Strengthen specialist education and assign specialist human resources. |
| Transformation strategy Ensure that the Company possesses a total solutions function, in addition to product sales, for the issues directly faced by business partners and users, such as those related to engineering and green businesses. | Strengthen functions | <ul style="list-style-type: none"> Strengthen engineering functions, such as construction, processing, system integration, and maintenance. Establish the visualization and operations related to CO2 reductions at medium-sized manufacturers, and propose and execute reduction plans. |
| | Strengthen product development | <ul style="list-style-type: none"> Provide private-brand products and exclusive products that will contribute to the addition of user functions and the reduction of costs, as well as provide new added value. |
| Digital integration strategy Realize improved productivity across the relevant value chains through the digitalization of our own services through the new website, as well as the digitalization of business partner operations. | Build a data-driven sales system | <ul style="list-style-type: none"> Build a system that makes use of digital data, without relying on individuals for knowledge regarding users and products, to realize optimal proposals. |
| | Consolidate standard and non-standard operations | <ul style="list-style-type: none"> Promote the specialization and automation of business systems, and the redistribution of human resources. |

Growth Strategy Towards 2030

In order to provide solutions that solve the issues facing small to medium-sized manufacturers, namely the conversion of manufacturing sites to smart manufacturing sites, the need for a response to decarbonization, and the digitalization of value chains, we will strengthen our distribution base by updating our next-generation B2B catalog website during FY2023, and will realize improved convenience for business partners and users, as well as improved productivity through digitalization.

To respond to user needs, which are becoming increasingly sophisticated, we will work to strengthen our specialization and functions by recruiting external human resources in

the cutting and measuring fields, forming specialist teams through professional training, and strengthening partnerships with construction companies and system integrators.

We will develop and provide package solutions that include the equipment and know-how required for system upgrades by users. These packaged products facilitate initial introduction, and we make proposals that resolve the issues faced by each user.

As specific examples, we provide "EYEBE GENESIS," an AI-based image inspection device that enables the automation of visual inspections through the use of new technology that AI can build with just a small amount of information and at a significant cost reduction, as well as hold "Decarbonization Solutions Exhibitions" across Japan for exhibiting packages that support decarbonization management for small to medium-sized manufacturers.

TOPIC



In September 2022, we launched the AI-based image inspection device "EYEBE GENESIS." Equipped with the latest third-generation AI, it facilitates decisions that are difficult with conventional algorithms, and through the addition of a learning function, it has specifications that allow users to configure various settings and to improve the capabilities without the support of engineers. Regarding the price, through our ingenuity in the equipment configuration, we have realized a significant cost reduction compared to conventional products on the market. In the future, it is expected that image-based solutions will be used in various situations in society, and in the manufacturing industry, growth of "image × automation" products will become a major trend due to the increasing needs for automation and labor savings on a global level. By also proposing integration functions for peripheral equipment, including the Company's robots, we will be able to provide optimal factory solutions for users.

Through “Made with YAMAZEN,” we will accelerate worldwide manufacturing that has been supported by Made in Japan.



Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business)

Koji KISHIDA

15

countries and regions overseas

16

local companies overseas

65

overseas business locations



As of June 30, 2022

Strengths

- Strategy of overseas bases with showroom functions
- Experience and know-how accumulated in the overseas business that has been cultivated over more than 60 years
- Abundant service capabilities through site-trained engineers
- Superior technical proposals and sales capabilities that can handle the applications required by users

Opportunities

- Bold challenges in new fields that are not bound by existing markets, including entry into the booming semiconductor industry
- Entry into the automation and labor-saving business, which is increasing due to chronic labor shortages
- Changes in needs from the selling of products to the selling of services, and the need for advanced engineering functions
- M&A regarding overseas business partners where there are reports of succession issues

Risks

- Growth of overseas local business partners that make use of their geographical advantage and financial strength
- Decrease in metal processing that arises due to changes in the automobile market caused by the shift to electric vehicles (EVs)
- Decline in the value and competitive advantage of Made in Japan due to improving quality of overseas manufacturers
- Disruptions of supply chains and other disadvantages arising from sudden fluctuations in exchange rates

Vision for 2030

The Overseas Production Equipment Business will establish the Company's position as the world's largest "total solutions provider" technology trading company that has "user-oriented sales" and "advanced engineering functions" with our global network. You can see that no matter the topic, Yamazen is involved in manufacturing around the world.

Specifically, we are aiming for "YAMAZEN everywhere in the world" through the aggressive development of sales in Europe, which is expected to see growth in the decarbonization business, and in emerging regions such as Africa and the Middle East, which are gaining prominence as we enter a new era.

In addition, we will build a "Global to Global" system that will allow us to provide product groups and technical services branded with the name of a Japanese manufacturer to users in many countries around the world. Our company will take the lead in supply chain management that can provide guidance amid this wave of increasing global uncertainty, and through "Made with YAMAZEN," we will further strengthen worldwide manufacturing that has been supported by Made in Japan.

In addition, we will continue to provide added value to users through the thorough strengthening and deepening of the engineering skills that are required for automation and labor savings. In addition, by continuing to search for new business areas, we will lead worldwide manufacturing with "YAMAZEN, no matter what the product or service."

| Main Policy | Major Measures | Qualitative Objectives |
|--|---|---|
| Close customer relationship strategy Build specialist systems for key industries, have an in-depth understanding of customer needs, and utilize digital data to provide optimal proposals and products. | Promote localization of management | <ul style="list-style-type: none"> • Localization of sales / engineering / management / information business functions in Taiwan, Shanghai, Shenzhen, Thailand, India, and the United States • Expansion of the training system, and establishment of fair labor and remuneration systems • Enhancement of local export management systems for security exports |
| Transformation strategy Provide total solutions that resolve a wide range of issues through engineering (services) and products (goods), etc., offering automation and energy savings from upstream to downstream. | Conduct geographic expansion and restructuring of target markets | <ul style="list-style-type: none"> • [Expansion]: Development of new areas based on potential for the future (Europe also functions as a base for the collection of front-line information) • [Restructuring]: Review of the locations of bases (profitability / productivity) • Review of the positioning of the Chinese market from the perspective of the expansion strategy • Establishment of a global marketing team and related operations |
| Digital integration strategy Identify "customers who should make purchases, products that should be sold, and the appropriate timing" from customer behavior history, external information, etc., and realize improved productivity through the use of digitalization. | Diversify markets and business types | <ul style="list-style-type: none"> • Development of markets related to electric vehicles (EVs), medical care, aircraft, semiconductors, electronics, and the 3Cs (computer-related equipment, communication (mobile phones), and consumer electronics) at existing bases • Development of products in line with diversification (metal-forming machines, die-casting machines, molding machines, etc.) |
| | Further enhance cooperation with manufacturers | <ul style="list-style-type: none"> • As a measure for global manufacturers, the realization of strengthened solidarity with manufacturers through the establishment of an overseas manufacturer advisory board • Holding of a manufacturer / Yamazen joint overseas strategy meeting |

Growth Strategy Towards 2030

We will promote the further improvement of our position as the world's largest technology and trading company for production equipment business. Yamazen will further advance the business experience that it accumulated overseas over many years, and will continue its presence in the center of the market in each country and region around the world. Our overseas local subsidiaries and Japanese headquarters will work together to realize "ONE YAMAZEN."

In order to achieve this, we will firstly establish a global marketing team at the headquarters, which will allow us to share both inside and outside Japan our approach to

new markets, something that has previously been led by overseas local subsidiaries. In other words, we will match the needs and seeds in each region around the world, and will continue to provide new added value to users through the allocation of the optimal resources to the optimal location, and in the optimal form (products and services). The execution of this with a sense of speed will absolutely require the promotion of localization in a manner suitable for each country and region.

In addition, we will actively approach the semiconductor manufacturing market in our search for new business areas. We will make this a new pillar of our business in the near future. We will actively procure from outside the Company the resources that are necessary due to changes in the market but are not held by our company, and will create new value by partnering with suppliers.

VOICE YAMAZEN SPIRIT for Me

The interesting aspect and strength of Yamazen can be traced to the fact that it is not an owner-driven company. We do not depend on an owner, but rather our employees themselves always aim to be number one based on their own intentions. Without becoming caught up in past accomplishments we are always focused on growing our company for the future. This in itself is the character of our company, and can be said to be the YAMAZEN SPIRIT. I am proud to continue to be a part of this organization. We consider manufacturers and users, who are our customers, to be our important partners. Gaining the trust of such partners is the source of our business. Since we are a multinational company, we have an abundance of cultural diversity. The unique stimulation and ideas that arise from this are incredibly important in the modern age, where the globalization of business has become commonplace. It can be said that possessing a large number of bases around the world means we have a precise compass. Yamazen's strength comes from the ability to move forward while identifying various indicators that help guide our path in this chaotic era that is full of uncertainties for tomorrow.



James Hansen

COO & Executive Vice President, North America
Regional Headquarters, YAMAZEN, INC.

We contribute to the realization of enriching lifestyles and a sustainable society.



Executive Officer; President of Building Materials Division H.Q.

Kazuhiko
TORIGOE



Strengths

- National-level proposal sales system through the placement of sales bases and engineers in compliance with the Construction Business Act
- Top-class distribution levels in Japan for housing equipment, air-conditioning equipment, and smart energy equipment
- Construction network through the Yamazen Health and Safety Council, which is led by our company
- Organizational sales capabilities through builders covering wide areas, a business promotion team that specializes in mass retailers, and line sales

Opportunities

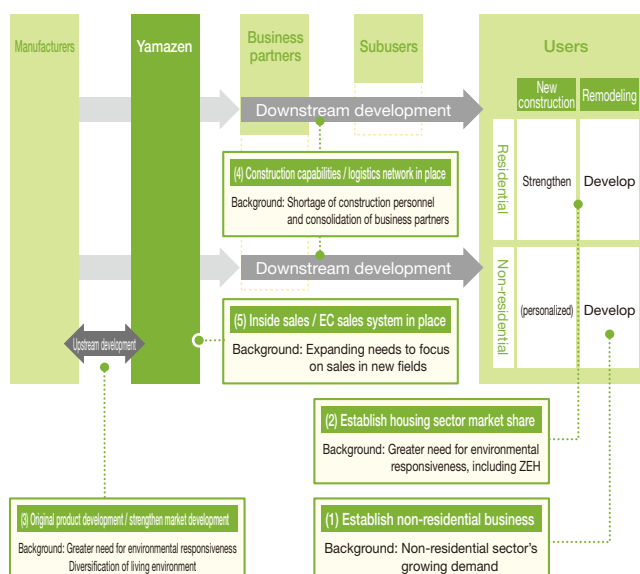
- All companies have started specific initiatives towards becoming carbon neutral
- Increased demand for replacements with energy-saving equipment owing to soaring electricity costs
- Acceleration of the review of residential performance due to the mandating of energy-saving standards for new homes
- Changes in the competitive environment due to the review of various trading partners caused by supply shortages

Risks

- Decrease in new home construction due to the declining birthrate and aging population
- Difficulties in product supply and soaring material prices due to infectious diseases, geopolitical risks, and depreciation of the yen
- Postponement of active capital investment due to uncertainties such as in relation to the COVID-19 pandemic, high raw material prices and labor shortages
- Restrained purchasing related to housing, renovations, and durable consumer goods due to soaring consumer prices and declining real wages

Vision for 2030

In addition to expanding the non-housing business and renovation business (1), for which market growth is expected, we will develop our business domains upstream and downstream (2, 3, 4) in conjunction with the reorganization of industry players due to the decrease in new housing construction. In addition, we will prepare internal systems and e-commerce functions (5) for the expansion of sales into new areas. By strengthening and supplementing engineering functions such as design and estimates, construction management, various applications, and after-sales maintenance, we aim to be a leading company that can make optimal proposals that combine the sale of both products and services.



| Main Policy | Major Measures | Qualitative Objectives |
|---|---|--|
| <p>Close customer relationship strategy</p> <p>Secure resources for the core sales business through the establishment of a sales support system, and strengthen relationships with customers with a focus on priority areas.</p> | <p>Strategy by segment: Classify all customers into segments, and use data to propose sales strategies and to make proposals with high added value</p> <p>Strengthen the sales support system: Strengthen the sales support system through the enhancement of in-sales construction monitoring and cost estimation capabilities</p> | <ul style="list-style-type: none"> • All customers are categorized into segments, and optimal proposal activities are performed for each segment through data analysis • Construction of a system that allows our sales staff to dedicate themselves to sales activities |
| <p>Transformation strategy</p> <p>Build a system that, through the strengthening of engineering functions and the development of original products and services, will allow us to make optimal proposals that combine products and services.</p> | <p>Enhance the total support function: Enhance the total support function, including planning and design, cost estimates, construction management, various applications, after-sales maintenance, etc.</p> <p>Create added value services: Through internal crossing, we will discover new business combinations to produce services with added value that can be differentiated from the competition</p> | <ul style="list-style-type: none"> • Able to be of further use to our stakeholders through the enhancement of engineering functions • Establishment of a development system, and provision of products and services with high added value |
| <p>Digital integration strategy</p> <p>Conduct efficient sales activities based on the use of past sales results as well as thinking and action history data. Connect “awareness” to new business through data analysis.</p> | <p>Strengthen information communication abilities: Strengthen our ability to communicate information, such as promoting the use of grants and subsidies, how to respond to legal amendments, etc.</p> <p>Implement PDCA through the use of data: Identify points from the huge volume of data that will lead to productivity improvements and increased profitability, and implement the PDCA cycle</p> | <ul style="list-style-type: none"> • Possession of proposal skills that allow for a prompt response and that produce a high level of customer satisfaction • The next steps become clear, enabling us to provide services and proposals ahead of our competitors |

Growth Strategy Towards 2030

Amid calls for carbon neutrality, large companies have established specialized departments and are conducting in-house awareness-raising activities, however, we have heard that small to medium-sized enterprises are not well versed in the specific responses that should be taken. The division headquarters, by refining the “energy-saving proposal skills” that have been cultivated up to now and promoting the “Green Ball Project” with suppliers and customers, will support the visualization of global warming prevention activities. In the housing sector, we will create proposals that

provide a high level of heat insulation, energy savings, energy creation and storage, design, etc. with an optimal cost balance, and with a focus on the strengthening of the “ZePlus” business that makes proposals a step ahead of ZEH with an eye towards the mandating of compliance with energy-saving standards in 2025. In the non-residential sector, we are focusing on supporting multiple efficiency improvements for air, water, and heat through the use of grants, subsidies, and tax incentives, with a focus on energy-saving proposals through the updating of air-conditioning equipment, which is our specialty. In addition, we make use of the flexible ideas of our younger employees to develop original products and services, with the goal of achieving sustainable growth together with our suppliers and customers.

TOPIC



We launched the Smart Energy Promotion Dept. in April 2022 with the objective of providing a total support service for “self-consumption solar power generation.” As both large companies and small to medium-sized enterprises are searching for specific measures towards achieving carbon neutrality, it is a specialist team that proposes optimal plans that meet the wishes of each company. As energy prices continue to increase at a fast rate, by installing storage batteries as a mechanism that is able to both reduce electricity costs and contribute to the environment, the number of customers positioned as the Company’s targets of new value creation, such as use as a disaster prevention base in the region, has also increased. Large-scale projects require complex meetings covering topics such as the use of subsidies and discussions with electric power companies, however, we will promote proposals that lead to the maximization of customer satisfaction from a professional perspective.

We provide value and reasonably priced products to all customers, both B2C and B2B!

Director, Executive Officer;
President of Home Products
Division H.Q.

Naonori
NAKAYAMA



Strengths

- Diverse sales channels, such as mass retailers, home centers, mail order, and e-commerce (own websites and marketplace websites)
- Ability to make diverse proposals through the handling of both private-brand products and national-brand products
- Agile product development system that meets the needs of consumers
- Inventory stock and logistics system that can provide same-day shipping (winner of the Rakuten Asuraku Award in 2017, 2020, and 2021)

Opportunities

- Expansion of new consumption behavior of Generation Z
- Expansion of opportunities for product development due to the diversification of consumer needs
- Expansion of demand for corporate e-commerce purchase demand in response to labor shortages and business streamlining
- Expansion of e-commerce purchase demand in the elderly demographic

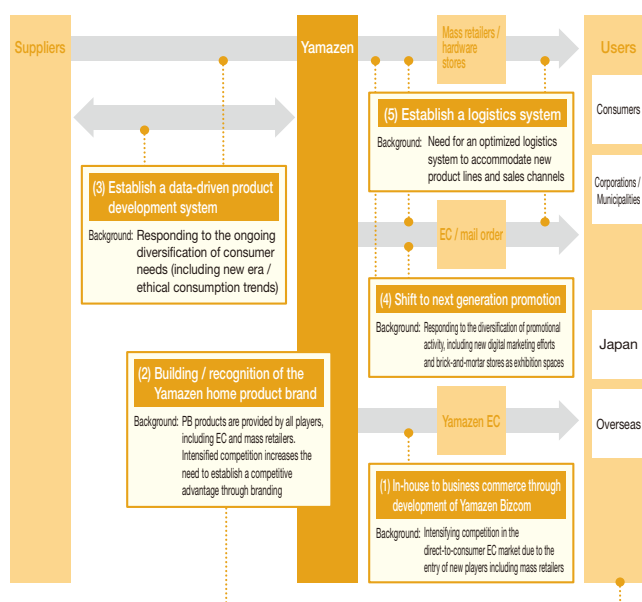
Risks

- Decline in consumption due to a shrinking domestic population and increased interest in saving and the sharing economy
- Pressure on earnings due to sudden exchange rate fluctuations (depreciation of the yen), increasing resource prices, and soaring logistics costs
- Changes from existing consumer purchasing channels due to technological innovation
- Reputational risk due to human rights and environmental issues within supply chains

Vision for 2030

In the e-commerce market, which is seeing intensified competition, we will build solid in-house commerce (1). In addition, through Yamazen's original PB products, we provide the values of "making life more convenient and enriching" and "reasonable prices for such good products" to consumers (2), engage in product development and the expansion of promotions that capture the needs of markets (3, 4), and enhance a logistics system that supports an increase in product sales (5). In (2) in particular, the current level of recognition of the Yamazen brand is around 70%*, however, through promotional activities in the future, we aim to increase our level of recognition to 95% in 2030, and at the same time, to further spread the awareness that "YAMAZEN products are of good value."

* According to research by NOVASELL INC.



| Main Policy | Major Measures | Qualitative Objectives |
|---|---|---|
| Close customer relationship strategy Sales channels Maximize LTV* by building medium- to long-term customer contact points, with a focus on the Company's e-commerce websites of new channels. | Develop new channels and our e-commerce website "Yamazen Bizcom": Focus on expanding the website | <ul style="list-style-type: none"> • The Company's e-commerce website "Yamazen Bizcom" operates as one of the pillars of our business |
| Transformation strategy Logistics To significantly expand sales, complete an immediate delivery structure and system through efficient logistics throughout Japan. | Develop new customers (small and medium-sized enterprises, educational corporations, etc.): Recruit dedicated staff, and develop new customers | <ul style="list-style-type: none"> • Sales to small to medium-sized enterprises as well as to educational corporations |
| Digital integration strategy Product development Accurately understand the needs of customers and consumers, and continue to provide optimal products to markets, through digitalization of all transactions across channels. | Introduce logistics systems, and warehouse expansion / systems: Invest in logistics functions and systems that can handle the sales (quantities) expected for 10 years from now | <ul style="list-style-type: none"> • Strengthening of our logistics sites, material handling, etc., and construction of efficient logistics structures / systems |
| | Establish the Marketing Office: Recruit marketing personnel to use internal and external data | <ul style="list-style-type: none"> • Shift to marketing, product development, sales promotion activities, etc. that utilize data |
| | Brand building: Convey internally and externally the value provided by the Home Products Division Headquarters | <ul style="list-style-type: none"> • Examination of building Yamazen original brands |

* LTV (Life Time Value) indicates the profit that can be earned from a customer over the course of a lifetime.

Growth Strategy Towards 2030

We aim to further improve Yamazen's original PB products. We plan to place a person in charge of home appliances overseas in order to improve quality and to increase the speed of development. In addition, we established the Marketing Office this fiscal year and will promote product development and sales promotion activities that make use of data. Furthermore, through the use of social media and the updating of product websites, we aim to improve services for consumers and to increase brand recognition.

In order to acquire corporate demand (B2B), we launched our e-commerce website "Yamazen Bizcom" in May 2022. Our targets are mainly small to medium-sized enterprises and educational corporations, and we are increasing our direct contact points with customers. In particular, we hope to contribute to cost reductions and productivity improvements of small to medium-sized enterprises, etc. We are also focusing on product development for B2B. In addition, we are rebuilding our logistics system. In order to achieve this, we are proceeding with the introduction of the Company's WMS (Warehouse Management System) at all logistics sites, a review of the placement and size of our sites, and automation of material handling.

TOPIC

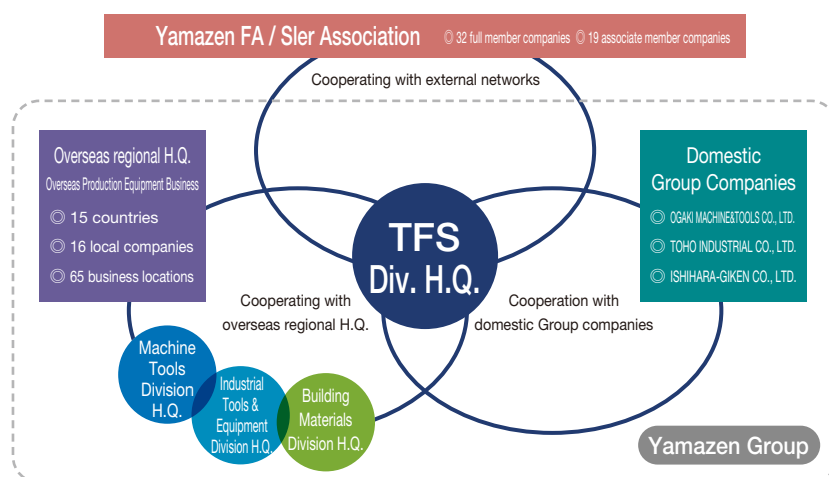


Over the past few years, we have focused on the development of Yamazen original PB products, with cooking appliances being a product category that we have strengthened. The "reduced smoke meat grill" that we launched in July 2020 has been very well received due to its function of reducing smoke by around 70%, meeting the needs of consumers wishing to enjoy their "time at home" during the COVID-19 pandemic. We have also released the second and third editions of the "reduced smoke meat grill," and in addition to being featured in television commercials, these products have been covered by various media outlets, leading to them becoming products that have contributed to the improvement of the YAMAZEN brand. In the future as well, in order to continue the development of products that make "life more convenient and enriching," we newly established the Marketing Office in April 2022, and are strengthening product development from a more consumer-oriented perspective, through the utilization of data.

Case 1: TFS Div. H.Q.

Proposal of total solutions for production sites

The Total Factory Solutions Division Headquarters (hereinafter, “TFS Div. H.Q.”), as a symbolic organization of CROSSING, partners with domestic group companies such as domestic business divisions as well as overseas headquarters, and proposes total solutions for production sites, including in relation to automation. In addition, we have launched the “Yamazen FA / Sler Association,” an external network that is focused on external Sler, propose systems that are suited for a variety of uses, and endeavor to resolve our customers’ “problems.” In order to strengthen our approach to the three product industry (food, medicine, and cosmetics) and the logistics industry as our fields of particular focus, we have put together a dedicated team and are cultivating new customers.



TOPIC

Establishing the “LABO” to further enhance various services associated with growing demand for robot systems, from proposals to support

Yamazen has established an Engineering Support Dept. with the objective of providing more specialized support to the sales organization. The main duties of the department will be to provide (1) a robotics service, (2) support for the deployment of FA facilities and associated parts and materials, (3) quality management, and (4) an information dissemination service. This team of highly experienced technical staff will work to resolve the various “problems” faced by those at manufacturing sites. The “LABO” is equipped with the latest collaborative robots from various manufacturers, and is not only a space for conducting pre-deployment tests, investigating feasibility, creating proposals, enabling inspections, and providing demonstrations, but is also a venue for enabling users to experience the operation of the actual equipment and a school for instructing operators. In addition, as an engineering organization it is actively engaged in technical



In the “LABO,” highly experienced technical staff conduct pre-deployment testing and feasibility studies

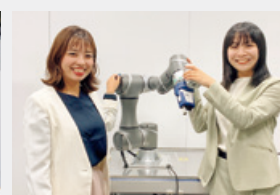
development, including that of peripheral equipment. Going forward, we will build even more closely integrated solutions, and promote automation and labor-saving measures in a wide range of industries.

Exhibiting at “FOOMA Japan 2022” (international food exhibition)

The Company exhibited at “FOOMA Japan 2022” (hereinafter, “FOOMA”), which was held at Tokyo Big Sight for four days between June 7 (Tuesday) and June 10 (Friday), 2022. Since exhibiting for the first time at FOOMA 2021, we have received many requests from the food industry for the automation of “boxing-up” processes. At this year’s exhibition, we strengthened our lineup of products for “picking, packing, and palletizing,” including mobile robot packagers, fully automated weighing and packaging equipment, fully automated box-forming equipment, AI external inspection devices, and palletizers. The TFS Div. H.Q. responded to customers concerned about automation and labor-saving issues at food industry production sites by proposing systems, from packaging to boxing-up to transportation, including collaborative robot systems designed with safety in mind, and automated lines that can be implemented even where space is limited.



AI external inspection device and “TECHMAN” collaborative robot exhibited at “FOOMA JAPAN 2022” (left) / Female sales staff responsible for collaborative robot sales (right)



Case 2: Doterai Ichi

A real platform for the revitalization of the regional economy

“Doterai Ichi,” an exhibition and sales event for which the Company acts as secretary. The event is sponsored by local business partners, and is held with the cooperation of manufacturers. This exhibition and sales event, which is held with the “trinity” of business partners, manufacturers, and Yamazen, has a history extending across 40 years or more, and has permeating as a real platform for the revitalization of the local economy. It has been well received by visitors as an event at which they can purchase everything from machine tools to household appliances at special prices. Due to the impact of COVID-19, a hold was placed on in person events, however the first in person event in three years was held in 2022. 5,902 business partners and 42,546 manufacturers have participated since FY2009.

History of Doterai Ichi

April 1975 - The first “Doterai Ichi” was held at the Nishinohon Yamazen Logistics Center located in Higashiosaka-shi. At that time, the exhibition and sale event was a rare opportunity to “see, touch, and confirm,” 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 the name of “Osaka” incorporated into the event name, and orders to a value of ¥1.0 billion were received. In October of that year, the “Autumn Osaka Doterai Ichi” event was held at the Osaka Trade Fair Center (known at the time as Asashiohashi). This “Osaka Doterai Ichi” triggered “Doterai Ichi” to spread across Japan.



1976

View of the “76 Osaka Doterai Ichi,” which was held in 1976



2022

View of the “Osaka Doterai Ichi,” which was held in 2022

VOICE

Doterai Ichi is a space for networking with business partners and educating employees

Masamitsu ISHIZAWA, Senior Managing Executive Officer, NITTO KOHKI CO., LTD.



It is no exaggeration to say that the Company itself has grown alongside the Doterai Ichi. I think we have exhibited at every event since its inception. Its appeal lies in the fact that it is a large tradeshow attended by many users, so one can expect attendance to generate results. We exhibited a variety of products, including couplers and pumps, but work tools for use in factories had the highest order rates of all our products. These are items that are difficult to understand without actually seeing, touching, and operating for yourself, and you could say that it is precisely “because this is Doterai Ichi that such products sell.” For business partners, it is kind of a “seasonal event,” so to speak, so much so that they build it into their annual schedules. As we get closer

to the event, we receive many requests from business partners. This is a time when I really feel the close ties between ourselves and the business partners. In addition, the Doterai Ichi contains all the elements for marketing activity PDCA. Through the tripartite structure, which fosters a sense of solidarity and relationships of trust between the business partners, the manufacturers and Yamazen, we refine our ideas of how we can make Doterai Ichi a success, work together with business partners on marketing activities aimed at users, and join our strength to achieve our goals. Furthermore, we also listen to the opinions of users, which leads to improvements in our products. To put it another way, it is both a space to educate employees in marketing activities, and an important space for gathering hints for product development.

I also believe that Doterai Ichi helps revitalize local economies and industries by supporting regional manufacturing through the sale of products to users. Going forward, we at NITTO KOHKI will work in the same spirit as business partners and Yamazen to ensure that this is a trade show at which users always find new value.

Directors (as of June 29, 2022)



Representative Director /
President / CEO

Yuji NAGAO

Apr. 1977 Joined the Company
Apr. 2011 Vice President; Vice President of Housing Equipment & Materials Division H.Q.
Apr. 2012 Vice President; Vice President of Building Materials Division H.Q. and General Manager in charge of Higashi Nippon Region
Apr. 2013 Senior Vice President; President of Building Materials Division H.Q. and General Manager in charge of Nishi Nippon Region
Apr. 2014 Senior Vice President; President of Building Materials Division H.Q.
Jun. 2014 Director and Senior Vice President
Apr. 2015 Managing Director and Senior Vice President
Apr. 2016 Director and Executive Officer; President of Production Equipment
Apr. 2017 Representative Director, President & CEO (to present)



Representative Director / Executive
Officer / President of General Sales H.Q.

Kimihisa SASAKI

Apr. 1980 Joined the Company
Apr. 2013 Vice President; Vice President of Osaka Regional H.Q.
Apr. 2015 Senior Vice President
Apr. 2016 Corporate Officer
Apr. 2017 Executive Officer; President of Osaka Regional H.Q.
Jun. 2017 Director and Executive Officer
Apr. 2018 Director and Executive Officer; President of Osaka Regional H.Q.
Jun. 2019 Resigned as Director Executive Officer
Apr. 2020 Executive Officer; President of General Sales H.Q. (to present)
Jun. 2020 Director
Apr. 2021 Representative Director (to present)



Director / Executive Officer / CIO / CFO /
President of Corporate Administration H.Q.

Masamichi YAMAZOE

Apr. 1982 Joined the Company
Apr. 2015 Vice President; General Manager of Legal & Credit Department of Administration H.Q.
Apr. 2016 Corporate Officer; General Manager of International Administration Department of Administration H.Q.
Apr. 2017 Corporate Officer; Vice President of Administration H.Q. and General Manager of International Administration Department
Nov. 2017 Corporate Officer; President of Administration H.Q.
Apr. 2018 Executive Officer; CFO
Jun. 2018 Director and Executive Officer
Apr. 2020 Director and Executive Officer; CIO, President of Corporate Planning H.Q. and CFO, President of Administration H.Q.
Oct. 2021 Director and Executive Officer; President of Corporate Administration H.Q. (to present)



Director / Executive Officer / President of
Industrial Tools & Equipment Division H.Q.

Kenji GOSHI

Apr. 1982 Joined the Company
Apr. 2013 Vice President; General Manager of Planning Department, Marketing Administrative Division of Industrial Tools & Equipment Division H.Q.
Apr. 2014 Vice President; Vice President of Industrial Tools & Equipment Division H.Q., President of Marketing Administrative Division and General Manager of Planning Department
Apr. 2016 Corporate Officer; Vice President of Industrial Tools & Equipment Division H.Q. (in charge of Japan), General Manager of Strategy Administrative Division of Production Equipment and General Manager of Business Promotion Department
Apr. 2017 Executive Officer; CIO, President of Corporate Planning H.Q. and General Manager of Strategy Administrative Division of Production Equipment
Jun. 2017 Director and Executive Officer
Apr. 2018 Director and Executive Officer; President of Corporate Planning H.Q.
Apr. 2020 Director and Executive Officer; President of Industrial Tools & Equipment Division H.Q. (to present)



Director / Executive Officer / Vice
President of General Sales H.Q.

Koji KISHIDA

Apr. 1983 Joined the Company
Apr. 2016 Corporate Officer; Vice President of Machine Tools Division H.Q. (in charge of overseas business), General Manager of International Department and President of YAMAZEN (KOREA) LTD.
Oct. 2016 Corporate Officer; Vice President of Machine Tools Division H.Q. (in charge of overseas business) and President of YAMAZEN (KOREA) LTD.
Apr. 2018 Executive Officer; President of Production Equipment Business H.Q.
Jun. 2018 Director and Executive Officer
Apr. 2020 Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business) and General Manager of the International Department, Machine Tools Division H.Q.
Apr. 2021 Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business); President of Total Factory Solutions Division H.Q. and General Manager of the International Department, Machine Tools Division H.Q.
Oct. 2021 Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business)
Apr. 2022 Director and Executive Officer; Vice President of General Sales H.Q. (in charge of overseas business) (to present)



Director / Executive Officer / President
of Home Products Division H.Q.

Naonori NAKAYAMA

Apr. 1987 Joined the Company
Apr. 2015 Vice President; General Manager of Sales Division, Home Products Division H.Q.
Apr. 2016 Corporate Officer; Vice President of Home Products Division H.Q. and General Manager of Sales Division
Oct. 2017 Corporate Officer; Vice President of Home Products Division H.Q. (in charge of sales) and General Manager of Sales Division 2
Apr. 2018 Corporate Officer; President of Home Products Division H.Q.
Apr. 2021 Executive Officer; President of Home Products Division H.Q.
Apr. 2022 Executive Officer; President of Home Products Division H.Q. (to present)
Jun. 2022 Director (to present)

Skill Matrix

| Position in the Company | Name | 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 |
| Representative Director, President & CEO | Yuji NAGAO | ○ | ○ | ○ | | | ○ | ○ |
| Representative Director | Kimihisa SASAKI | ○ | ○ | | | | ○ | |
| Director | Masamichi YAMAZOE | ○ | | ○ | ○ | ○ | ○ | |
| Director | Kenji GOSHI | ○ | ○ | | | | | ○ |
| Director | Koji KISHIDA | ○ | ○ | ○ | | | | |
| Director | Naonori NAKAYAMA | ○ | ○ | ○ | | | | |

* The skill matrix does not represent all of the knowledge of each Director.



Outside Director

Atsuko SUZUKI

Apr. 1986 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)
Apr. 2008 Director and Manager of the CSR Office (resigned in December 2014)
Apr. 2010 Outside Director and Auditor, Nara Women's University (resigned in December 2012)
Jan. 2015 Joined Asahi Breweries, Ltd.
Apr. 2015 Manager of the Social Environment Department
Oct. 2015 Manager of the Sustainability Promotion Section, Olympic/Paralympic Promotion Headquarters (concurrently held)
Apr. 2017 Director and General Manager of the CSR Division of Asahi Group Holdings, Ltd.
May 2019 Resigned from Asahi Breweries, Ltd.
Jun. 2020 Outside Director of the Company (to present)



Outside Director

Hirohiko SUMIDA

Feb. 1991 Joined Mitsubishi Corporation
Jan. 2003 General Manager of Strategic IT Planning and Solution Business Unit, Living Essentials Group
Apr. 2008 CIO of Living Essentials Group
Feb. 2011 Joined Toyo Kohan Co., Ltd.
Apr. 2011 Executive Officer, Chief and General Manager of President's office
Apr. 2012 Executive Officer, Chief of Strategic Planning Division and General Manager of Business Development Department
Jun. 2012 Director
Apr. 2013 Director and Executive Officer, Chief of Strategic Planning Division
Jun. 2014 Representative Director and President
Jun. 2014 Corporate Officer of Toyo Seikan Group Holdings, Ltd.
Jun. 2018 Director, Toyo Kohan Co., Ltd. (resigned in March 2022)
Jun. 2018 Executive Vice President and Director, Toyo Seikan Group Holdings, Ltd. (resigned in June 2022)
Jun. 2022 Outside Director of the Company (to present)



Director (Full-time Audit and Supervisory Committee Member)

Satoshi MURAI

Apr. 1981 Joined the Company
Apr. 2014 Vice President; General Manager of Tokyo Administration Department of Administration H.Q.
Apr. 2017 Corporate Officer; Vice President of Administration H.Q. (stationed in Tokyo) and General Manager of Tokyo Administration Department
Oct. 2017 Corporate Officer; Vice President of Administration H.Q. and General Manager of Human Resources Department
Apr. 2019 Corporate Officer; Vice President of Administration H.Q.
Jun. 2019 Director (Audit and Supervisory Committee Member) (to present)



Outside Director (Audit and Supervisory Committee Member)

Yoshinori TSUDA

Apr. 1995 Joined Chuo Audit Corporation (Renamed to Misuzu Audit Corporation in September 2006)
Apr. 1998 Registered as Certified Public Accountant
Jul. 2007 Resigned from Misuzu Audit Corporation
Aug. 2007 Representative Director and Partner of ASUKA Consulting INC. (to present)
Representative of Yoshinori TSUDA CPA Office (to present)
Jun. 2013 Outside Audit & Supervisory Board Member of the Company
Jun. 2016 Outside Director (Audit and Supervisory Committee Member) (to present)



Outside Director (Audit and Supervisory Committee Member)

Naoko NAKATSUKASA

Apr. 1994 Graduated from the Supreme Court Legal Training and Research Institute
Registered with Osaka Bar Association
Joined Chuo Sogo Law Office, P.C. (currently Chuo Sogo Law Office, P.C.) (to present)
Apr. 2006 Registered as attorney in the state of New York
Apr. 2008 Part-time lecturer at the Graduate School of Law / Faculty of Law, Kyoto University
Jun. 2021 Outside Director (Audit and Supervisory Committee Member) (to present)

| Position in the Company | Name | 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 |
| Outside Director | Atsuko SUZUKI | | | ○ | | | | ○ |
| Outside Director | Hirohiko SUMIDA | ○ | ○ | ○ | | | | |
| Director Full-time Audit and Supervisory Committee Member | Satoshi MURAI | | | ○ | ○ | | ○ | |
| Outside Director Audit and Supervisory Committee Member | Yoshinori TSUDA | | | | ○ | ○ | | |
| Outside Director Audit and Supervisory Committee Member | Naoko NAKATSUKASA | | | ○ | | ○ | | |

Basic Approach to Corporate Governance

The Company recognizes that improving the fairness and transparency of management, and maintaining and enhancing a business management structure that is able to respond precisely and promptly to changes in the business environment, is the most important issue that it faces. With the aim of establishing a business entity that is widely trusted and supported by society, and for which society has great expectations, the Company and Group companies have set up various committees to promote CSR (Corporate Social Responsibility) activities. In addition, it has stipulated the "Yamazen Group Corporate Activity Charter," and is building a corporate governance system that not only performs crisis management and ensures compliance with laws and regulations but that is also capable of meeting the trust placed in it by society. (As of June 29, 2022)

▶ For further details, please refer to the Securities Report and the Corporate Governance Report.

| **Securities Report** | <https://www.yamazen.co.jp/archives/001/202206/ce0b70a37b9ad5ef7a41cd4f46840a481d40c47664f5a4c219741032437b6b96.pdf> (only in Japanese)

| **Corporate Governance Report** | <https://www2.jpx.co.jp/disc/80510/140120220531565402.pdf> (only in Japanese)

Overview of Corporate Governance System

With the aim of strengthening Board of Directors functions for supervising management and of speeding up decision-making, the Company has adopted a company with an Audit and Supervisory Committee, whereby an Audit and Supervisory Committee consisting of three Directors who are Audit and Supervisory Committee Members (including two who are Outside Directors) works to audit and supervise the execution of duties by the Board of Directors.

[Board of Directors]

The Board of Directors meets on a monthly basis in order to make decisions on important management matters, and supervise the execution of business. In order to ensure the effectiveness of the Board of Directors supervisory function, as a rule, independent outside Directors make up one-third of the Directors of the Company. The number of Directors in the Securities Report submitted on June 29, 2022 (including Directors who are Audit and Supervisory Committee Members) was 11, of which four were outside Directors, with two of these four being Audit & Supervisory Committee Members.

Furthermore, pursuant to the provisions of item 6, Paragraph 13 of Article 399 of the Companies Act, the Board of Directors has delegated certain important matters of business execution to the Representative Director and President, conditional on a decision being obtained from an Executive Committee composed of the all Representative Directors and Corporate Officers. With the aim of enhancing deliberations of highly important items by the Board of Directors and strengthening its supervisory functions, in other matters the Company seeks to speed up decision-making by the Representative Director and President. Comprehensive reports on matters determined by the Executive Committee are submitted to the Board of Directors, thus ensuring that outside Directors and Audit and Supervisory Committee Members exercise their audit and functions.

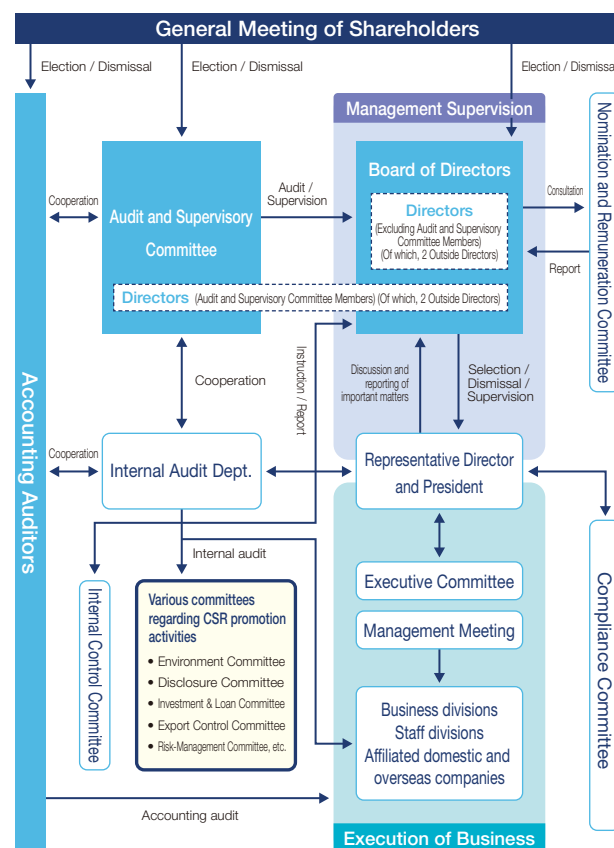
[Audit and Supervisory Committee]

Through attendance at the monthly meetings of the Board of Directors and its own audit activities, the Audit and Supervisory Committee audits and supervises the legality of execution of duties by Directors, as well as the reasonableness and appropriateness of its decision-making and management judgments.

[Nominating and Remuneration Committee]

The Nominating and Remuneration Committee deliberates on matters related to the nominating and remuneration of Directors and others, and submits reports to the Board of Directors. The

Chart of governance structure



Committee consists of at least three Directors, selected by a resolution of the Board of Directors, of whom a majority are independent outside Directors. The chairperson of the Committee is selected by a resolution of the Committee from among those Committee members who are independent outside Directors. Note that this is not a legally mandated Committee.

[Accounting Auditor]

The Company has appointed Deloitte Touche Tohmatsu LLC to perform accounting auditor audits pursuant to the provisions of the Companies Act, audits of the financial statements pursuant to the provisions of the Financial Instruments and Exchange Act, audits of the internal control system, and quarterly review services.

[System for the Execution of Business]

By separating roles and responsibilities into supervision of management (monitoring) and execution of business (management) in order to enhance the flexibility of management, the Company has introduced a Corporate Officer system. With the aim of strengthening "earnings capabilities" and "productivity," the Company has also introduced a full-time officer structure as its unique system for senior management.

(Overview of Corporate Officer and Full-time Officer Structure)

Corporate Officers: managers nominated by the Board of Directors and tasked with executing the core business of the Company, who serve for a period of one year. They

mainly execute the core business for which they are responsible, but as members of the Executive Committee they have a responsibility for the overall management of the Company that transcends the duties of which they are in charge.

Full-time Officers: managers nominated by the Executive Committee as individuals with a high level of insight or expertise in specific geographical areas or specialist fields, who serve for a period of one year. Together with the Corporate Officers, they form the Management Meeting, and have responsibility for executing the duties of which they are in charge. As of June 29, 2022, the number of Corporate Officers was 12 (including six serving concurrently as Directors), and the number of Full-time Officers was 19.

[Executive Committee]

In accordance with the management policy and management objectives, etc. of the Company, this body deliberates and determines basic and important matters relating to the execution of the Company's business, and is attended by the Representative Directors and Corporate Officers.

[Management Meeting]

This is held on a monthly basis as a body for the submission of reports related to execution of business, exchanging information, and other activities, and is attended by Representative Directors, Corporate Officers, Full-time Officers, and Full-time Audit and Supervisory Committee Members.

Basic Policy on Remuneration For Directors and Other Officers

Based on the Company having designated further increases in corporate value as an important management issue, and its belief that further improvements in corporate value should be sought, the Company's basic policy on remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply), is to maintain a remuneration structure that raises awareness of the need to contribute to increases in corporate value and improve corporate performance not only from a short-term perspective but over the medium to long-term.

Remuneration, etc. for Directors consists of an appropriate combination of a set amount of "fixed remuneration" of fixed amount, and "performance-linked remuneration" in which the amounts paid vary in accordance with performance 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 works to increase corporate value further.

"Performance-linked remuneration" is not paid to outside Directors.

Remuneration, etc. for Directors of the Company is decided in accordance with the Policy on Determining Director's Remuneration, etc. and associated procedures, with the Board of Directors taking into account corporate performance, the scale of the business and various other factors during the process of determining the amounts involved.

Composition of Remuneration for Directors and Other Officers

Remuneration, etc. for Directors consists of a "fixed amount" of fixed amount and "performance-linked remuneration" in which the amounts paid vary in accordance with performance and other

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

[Fixed Remuneration]

"Regular remuneration (monetary remuneration)" consists of "basic remuneration," "representative remuneration," "director remuneration," and "remuneration for duties," with reference levels for each position set out in the Internal Regulations for Directors. Regular remuneration is paid at a set time every month.

[Performance-linked remuneration]

The Company's performance-linked remuneration consists of "bonuses (monetary remuneration)," which is short-term incentive remuneration that varies in accordance with corporate performance for each fiscal year and other factors, and "share-based remuneration (non-monetary remuneration)," which is medium to long-term incentive remuneration, such as shares, etc. of the Company paid after retirement from the position of Director.

The indicator used for performance-linked remuneration is "consolidated ordinary profit," which is used to evaluate the Group earnings power, and enables the contributions of Directors of the Company to the overall management to be measured.

• Bonuses (monetary remuneration)

The amount paid is determined on a number-of-months-payable basis in accordance with "consolidated ordinary profit, etc." set out in the Internal Regulations for Directors. This

remuneration is paid at a time every year.

• Share-based remuneration (non-monetary remuneration)

Under this remuneration system, funds provided by the Company are used to acquire shares of the Company through a trust, with shares of the Company, and money equivalent to shares of the

Company converted at the market price, granted through this trust to Directors in accordance with performance-linked bonuses for Directors and other officers and "consolidated ordinary profit, etc." set out in the Share Benefit Regulations for Directors and other officers.

As a rule, Directors shall receive the Company's shares, etc. upon retirement.

FY2021 Total amount of remuneration, etc.

| Directors and other officers category | Total amount of remuneration, etc. (millions of yen) | Total amount of remuneration, etc. by type (millions of yen) | | | Number of eligible 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 and outside Directors. | 320 | 227 | 93 | — | 6 |
| Directors (Audit and Supervisory Committee Members) * Excluding outside Directors. | 27 | 18 | 8 | — | 1 |
| Outside Director | 26 | 26 | — | — | 5 |

Notes:

- As a result of performance in the fiscal year under review, performance-linked share-based remuneration did not occur and thus no amount is recorded above for share-based remuneration.
- In accordance with a resolution of the Board of Directors passed at a meeting held on November 10, 2021, a Nominating and Remuneration Committee was established as a non-legally mandatory advisory body. Bonuses in the fiscal year under review were determined after being reviewed by this committee.

Corporate Governance Functions and Roles Fulfilled by Outside Directors

The Company has appointed four outside Directors. These include two Directors who are Audit and Supervisory Committee Members.

Reason for appointment

| | |
|--------------------------|---|
| Atsuko SUZUKI | Atsuko SUZUKI possesses abundant experience and broad insight into strategic CSR/ESG development aimed at bolstering a company's social standing, namely in the form of past experience promoting diversity, formulating CSR policy and promoting ESG strategy at other companies. Her active advice at meetings of the Board of Directors offers an independent perspective separate from management involved in execution of business, helping to tie CSR activities into the Company's business operations, and further enhancing the corporate governance of the Group. |
| Hirohiko SUMIDA | Hirohiko SUMIDA possesses keen insight and abundant experience gained through his service as a representative director and president at another company, in addition to which he has wide-ranging insights into IT. The Company judges that his pertinent advice on matters concerning the overall management of the Company will improve the effectiveness of the decision-making and supervisory functions of the Board of Directors, and further enhance the corporate governance of the Group. |
| Yoshinori TSUDA | Yoshinori TSUDA possesses expertise and 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 | Naoko NAKATSUKASA possesses expertise and professional ethics form as an attorney-at-law and a wealth of experience as an outside director and outside auditor at other companies. Based on this, she provides valuable advice and appropriate audits and supervision in deliberations on proposals at meetings of the Board of Directors. |

Details of criteria and policy relating to 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 regulations concerning independence, such as the regulations, etc. 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 speak and act appropriately in ways that enhance functions for the supervision and oversight of the Company's management.

Cooperation between supervision or audits by outside Directors and internal audits, audits by the Audit and Supervisory Committee and accounting audits, and relationship with internal control departments

Outside Directors who are Audit and Supervisory Committee Members receive advance explanations, at the Audit and Supervisory Committee, of Board of Directors resolutions and important matters reported to the Board of Directors, as well as receiving reports on the content of the Management Meeting and other important meetings attended by Full-time Audit and Supervisory Committee Members, and conduct audit and supervisory functions by exchanging information and opinions with Accounting Auditors and the Internal Audit Department.

In order to ensure correct statements and behavior, the Company has also designated the Corporate Planning Department as the contact point for the appropriate and timely exchange of information, which is carried out after outside Directors have fully understood resolutions by the Board of Directors and reports of important matters. Moreover, the Company provides detailed explanations in advance of Board of Directors resolutions and reported matters, as well as enabling cooperation with relevant departments, as necessary. Furthermore, the Audit and Supervisory Committee cooperates as appropriate with the Corporate Administration H.Q. to enhance the effectiveness of audit and supervisory functions.

Initiatives to Enhance the Effectiveness of the Board of Directors

Overview of initiatives

- As a means of enhancing the effectiveness of the Board of Directors, since 2017 the Company has implemented an annual questionnaire survey of the effectiveness of the Board of Directors, conducting analysis and evaluation of the results.
- In addition, issues to be given priority are determined based on the issues derived from 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 of the Company plans to continue these self-assessments going forward in order to enhance its functioning.
- The main process is implemented as follows.

Implementation process



Evaluation of the effectiveness of the Board of Directors for FY2021

- The questionnaire survey on the effectiveness of the Board of Directors for FY2021 was implemented in March 2022 by an external agency so as to improve the transparency of the evaluation. 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 / cooperation with audit bodies / relationship with outside Directors / relationship with shareholders and investors

- Based on analysis of the results of the questionnaire survey and related deliberations by the Board of Directors, the Board of Directors was analyzed and assessed to be fulfilling its roles and meeting expectations appropriately, and to be ensuring its own effectiveness.
- Moreover, based on the results of the questionnaire survey, the following issues were recognized as issues to be given priority going forward
 - Approach to shareholders (including institutional and individual investors) and dissemination of information
 - Formulation and execution of training plans for Directors and other officers
 - Formulation and implementation of plans for meetings to exchange opinions with outside Directors

Status of measures implemented to address issues recognized in the past

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

| Issue recognized | Measures implemented to address issue |
|--|--|
| Appropriate discussions on the nominating and remuneration of Directors | Established the Nominating and Remuneration Committee |
| Discussions from a medium to long-term perspective on the medium to long-term vision, sustainability and other matters | Created more opportunities to share information, such as by implementing regular meetings to exchange opinions |
| Formulation and implementation of training plans for Directors and other officers | Implementation of web-based training for Directors and other officers |
| Appropriateness of items for resolution by the Board of Directors (ensuring sufficient time for discussion) | <ul style="list-style-type: none"> • Board of Directors Regulations reviewed and revised • Annual schedule for Board of Directors drawn up • Revision of method for reporting to Board of Directors |

Basic Approach to Internal Control Systems and Status of Implementation

The Company accepts that, in an increasingly global and diversified business environment, internal control and compliance are important management issues, to which end it has set up an “Internal Control Committee.” It also believes that in order to establish a “business entity that is widely trusted and supported by society, and for which society has great expectations,” it is essential that the Company engage proactively and consistently in CSR initiatives. With the aim of rolling out specific and effective activities for thoroughly instilling this policy within the Group, it has set up a Compliance Committee.

▶ For details of the status of implementation, see the Corporate Governance Report on the corporate website.

| **Corporate website** | <https://www.yamazen.co.jp/english/ir/governance.html>

| **Corporate Governance Report** | <https://www2.jpex.co.jp/disc/80510/140120220531565402.pdf> (only in Japanese)

Addressing Business Risk

The Group operates Production Equipment Business and Consumer Goods Business both in Japan and overseas, and faces a variety of risks. Of these, the main risks that are considered to have a potentially material impact on investment decisions are the following. The Group has put in place required risk management systems, and reviews risks continuously. The issue of whether appropriate policies have been formulated and executed to counter these risks is evaluated by the Board of Directors etc., and in this way it works to avoid the occurrence of risks and to respond appropriately to emerging risks.

Important risks and their countermeasures

| Major risk category | | |
|---|---|--|
| Risk subcategory | Risk details | Measures to address risk |
| (1) Risks associated with business environment, etc. | | |
| a. Changes in business conditions | <ul style="list-style-type: none"> Significant changes in demand caused by trends in corporate attitudes to capital investment and personal consumption | <ul style="list-style-type: none"> Pursue specialization to address diverse needs Open up new markets by accelerating overseas expansion |
| b. Country risk | <ul style="list-style-type: none"> Soaring procurement and distribution costs, as well as delays in supply of product, arising from the situation in Russia and Ukraine and other political/social conditions | <ul style="list-style-type: none"> Obtain appropriate information on country risk |
| c. Foreign exchange rate volatility | <ul style="list-style-type: none"> Major foreign exchange gains or losses caused by significant fluctuations in foreign exchange rates, and declines in sales caused by customers holding back from purchasing products handled by the Company | <ul style="list-style-type: none"> Implement forward exchange contracts and other measures for import/export transactions denominated in foreign currencies |
| (2) Risks associated with operation of the business | | |
| a. Response to new business models | <ul style="list-style-type: none"> Expected results are not obtained from investment in the business | <ul style="list-style-type: none"> Implement measures based on business investment framework |
| b. Securing and developing human resources | <ul style="list-style-type: none"> Difficulty in obtaining competent personnel due to the declining birthrate, aging of the population, and the shrinking of the workforce | <ul style="list-style-type: none"> Draw up and execute strategies based on personnel management policy Promote diversity, beginning with participation of women in the workplace |
| c. Credit | <ul style="list-style-type: none"> Lines of credit to business partners both in Japan and overseas as a result of a variety of marketing activities Default, etc. by business partners occurring as a result of unforeseen circumstances | <ul style="list-style-type: none"> Implement credit management based on internal management regulations |
| d. Product liability, etc. | <ul style="list-style-type: none"> Significant costs following the occurrence of major recalls or product liabilities, and impairment of corporate brand value | <ul style="list-style-type: none"> Set out quality management regulations and establish Quality Management and Product Liability Committee Take out product liability insurance Establish Crisis Management Committee as a structure for use in times of emergency |
| e. Information systems and information security risks | <ul style="list-style-type: none"> Leakage, falsification or loss of personal or corporate information as a result of unauthorized access or other incidents Opportunity losses and loss of social trust caused by systems-related suspension of operations | <ul style="list-style-type: none"> Formulation of information systems management regulations and information security regulations Strengthen information security, put backup systems in place Implement regular employee education |
| (3) Other risks | | |
| a. Compliance | <ul style="list-style-type: none"> Punishment by regulatory authorities, impairment of corporate brand value, and loss of social trust in the event of violations of official regulations Infringement of official regulations in Japan and overseas caused by the enactment of new official regulations and other developments | <ul style="list-style-type: none"> Establish Internal Control Committee and Compliance Committee Formulate and abide by Yamazen Group Corporate Activity Charter |
| b. Share price fluctuations | <ul style="list-style-type: none"> Changes in share price based on fluctuations in market price of stocks held Impairment of Group's pension asset value caused by stock market slump | <ul style="list-style-type: none"> Review all shareholdings on a regular basis to confirm the reasonableness of maintaining or reducing holdings |
| c. Impairment losses on non-current assets | <ul style="list-style-type: none"> Recognition of necessary impairment losses arising from trends in the economic environment and a decline in economic value | <ul style="list-style-type: none"> Implement measures based on capital investment framework |
| d. Natural disasters, epidemics, etc. | <ul style="list-style-type: none"> Damage arising from large-scale natural disasters or pandemics Delays in product delivery caused by supply chain interruptions Suspension of major trade shows due to the spread of COVID-19 | <ul style="list-style-type: none"> Promote countermeasures such as business continuity planning (BCP) Support the introduction of BCP throughout the supply chain (for small and medium-sized enterprises) Use the Crisis Management Committee, etc. to implement initiatives to address change |
| e. Climate change risk | <ul style="list-style-type: none"> Physical risks caused by natural disasters Sales opportunity losses caused by strengthening of laws and regulations or supply chain regulations Decline in social trust caused by insufficient engagement with social issues | <ul style="list-style-type: none"> Promote global diffusion of energy saving equipment Enter the renewable energy business by establishing the Green Recovery Business (GRB) Dept. |

TOPIC

Initiatives to thoroughly instill compliance

The Company conducts a variety of compliance-related educational activities. "Compliance leaders" have been selected from each division headquarters, regional headquarters, and group company, and in FY2022 an in-house lawyer implemented training for these individuals. Based on this, after reflecting on the content of their own training, compliance leaders are themselves implementing compliance training for all group employees, including those overseas. To ensure that the training is not just a formality, employees are required to think about and engage in it themselves.

Building a corporate governance system that considers a wide range of stakeholders

Independent outside Director
Atsuko SUZUKI



Anticipating the Possibilities Presented by a “Manufacturing Trading Company” That Is Useful to Many

I assumed office as an independent outside Director of Yamazen in June 2020. Due partly to my previous career at a manufacturer, even before I assumed office I had been painfully aware that there is added value in the process of delivering a product to the customer that is difficult for the manufacturer alone to realize. This is precisely why I was interested in Yamazen, which is a trading company that can provide added value, and the idea of a trading company with strengths in manufacturing was very attractive to me. After I assumed office, two points left a strong impression. The first was that, as a specialized trading company with particular expertise in the manufacturing domain, Yamazen has an extraordinarily wide range of stakeholders, from multinational companies that exemplify the global economy to small and medium-sized enterprises with close ties to specific regions. The second was Yamazen’s thoroughly customer-oriented approach. This customer-oriented approach has been built into the front line of the business to the point that it has become systemic, with a focus on creating added value by being useful to the customer. This is a great example of “dedication to our customers.”

I believe that there are so many areas in which we can incorporate this value of “being useful” based on flexible thinking, such as leveraging relationships with a wide range of stakeholders in order to take on the challenge of building new value chains, or promoting new investments in DX and green businesses. That is where I feel the tremendous potential of the Yamazen Group.

High Marks for the Process of Formulating the Purpose and Vision

In April 2022, Yamazen established its purpose and vision. My sense is that these were carefully drawn up, and I also give high marks to the process of consideration that created them. That is because many of those responsible for the next generation were closely involved in that process.

I feel that those responsible for the next generation should not only work to

turn management ideas into reality, but to engage seriously with management about a view of the world that is focused on their own era, about the gap that exists between such issues and the current situation, and about what can be done to close it. I believe that the incorporation of specific strategies and initiatives led to tremendous value being generated by the process itself. Now we are heading into the stage of putting this initiative into practice, and what I want to see at any rate is highly effective engagement.

Strengthening the External Governance System for Capital Markets, etc. as an Urgent Issue

There are a number of stages of development in a government system, and based on its thoroughly customer-oriented approach, Yamazen has put in place an appropriate system of internal governance that is centered on governance with respect to customers in particular. On the other hand, I think it is fair to say that the Company has only just begun the process of building a system of governance to address external factors, such as capital markets.

There was a time when the mainstream approach was that customer value equaled corporate value, but this is an era in which sustainable growth cannot be expected if a company is unable to build appropriate relationships with many stakeholders, including society, the global environment, employees, and shareholders. Solid engagement with capital markets is also an important element of this.

Going forward, it will be even more important to enter into dialogue with capital markets about Yamazen’s intangible strengths, such as its investment strategy, its strategy for new businesses, and its promotion of fostering personnel. That is because these are the wellspring of Yamazen’s earnings capabilities, and the foundation for sustainable growth.

As a first step towards building an external governance system, I think the publishing of the Company’s first integrated report, with a focus on the things that we wanted capital markets to know and understand about Yamazen, had special significance. I expect this to lead to new dialogues with many stakeholders, beginning with capital markets.

Most Recent 11 Years of Financial Data

| | FY2011 66th | FY2012 67th | FY2013 68th | FY2014 69th |
|--|----------------|----------------|------------------|----------------|
| Medium-Term Management Plan | VISTA - 3S | | Amazing Act 2015 | |
| Consolidated operating results (by fiscal year) | | | | |
| Net sales | 372,830 | 370,338 | 395,249 | 435,803 |
| Gross profit | 47,571 | 47,031 | 50,208 | 56,081 |
| Operating profit | 10,528 | 9,756 | 9,562 | 13,130 |
| Ordinary profit | 11,155 | 10,351 | 9,838 | 13,330 |
| Profit attributable to owners of parent | 4,933 | 6,249 | 5,515 | 5,851 |
| Consolidated cash flows (by fiscal year) | | | | |
| Basic operating cash flow*1 | 8,666 | 6,152 | 7,569 | 10,209 |
| Cash flows from operating activities | 5,005 | 10,027 | 9,677 | 12,575 |
| Cash flows from investing activities | 283 | 143 | (373) | 422 |
| Cash flows from financing activities | (5,355) | (5,005) | (3,995) | (5,260) |
| Free cash flow | 5,288 | 10,171 | 9,304 | 12,997 |
| Consolidated financial position (as of the end of the fiscal year) | | | | |
| Total assets | 157,560 | 160,178 | 179,088 | 200,301 |
| Equity | 43,467 | 51,393 | 55,785 | 64,962 |
| Interest-bearing liabilities | 5,609 | 3,450 | 2,516 | 267 |
| Net interest-bearing liabilities*2 | (18,748) | (27,324) | (34,593) | (46,531) |
| Per-share information | | | | |
| Net assets per share (yen)*3 | 463.43 | 547.93 | 594.75 | 692.59 |
| Earnings per share (yen)*3 | 52.60 | 66.63 | 58.80 | 62.38 |
| Dividends per share (yen) | 15.00 | 15.00 | 15.00 | 20.00 |
| Consolidated dividend payout ratio (%) | 28.5 | 22.5 | 25.5 | 32.1 |
| Financial indicators | | | | |
| Return on assets (ROA, %) | 7.4 | 6.5 | 5.8 | 7.0 |
| Return on equity (ROE, %) | 11.9 | 13.2 | 10.3 | 9.7 |
| Equity ratio (%) | 27.6 | 32.1 | 31.2 | 32.4 |
| Net debt-to-equity ratio (DER, ×) | (0.4) | (0.5) | (0.6) | (0.7) |

*1 This indicator is calculated by deducting the change in working capital, etc. from cash flows from operating activities

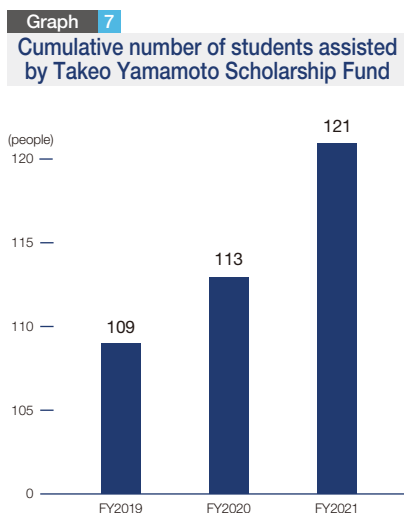
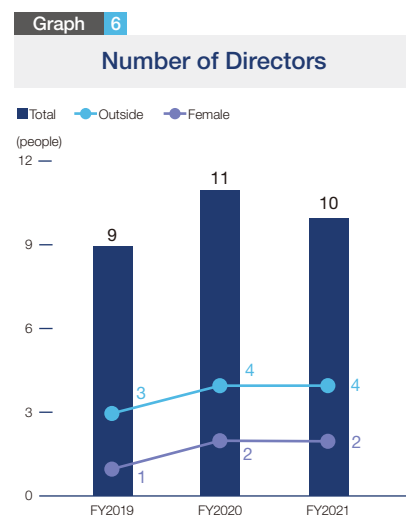
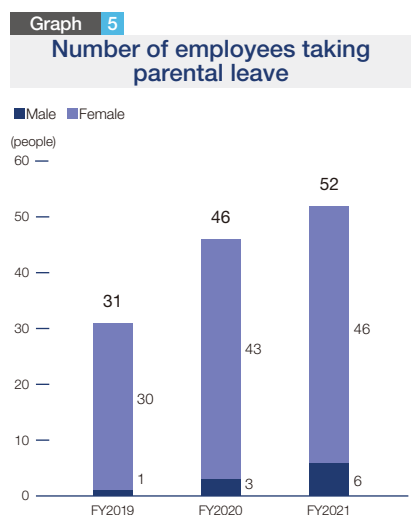
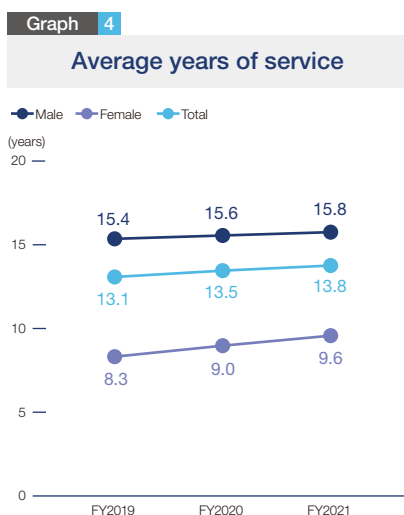
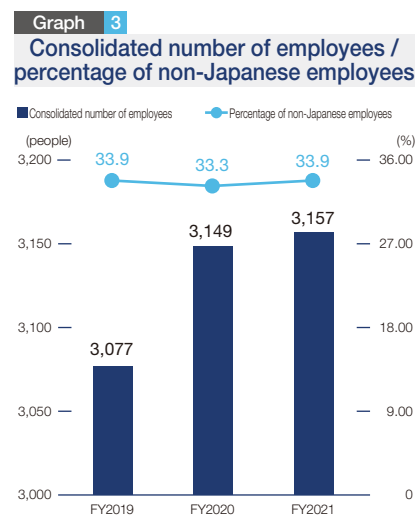
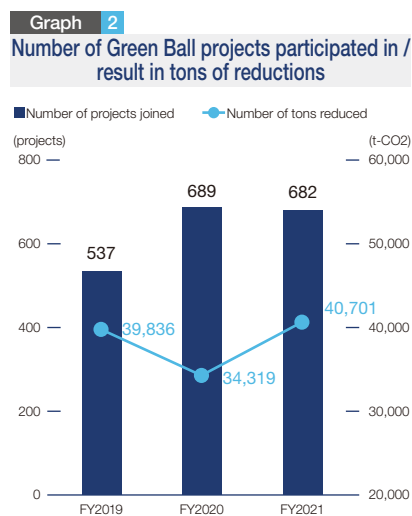
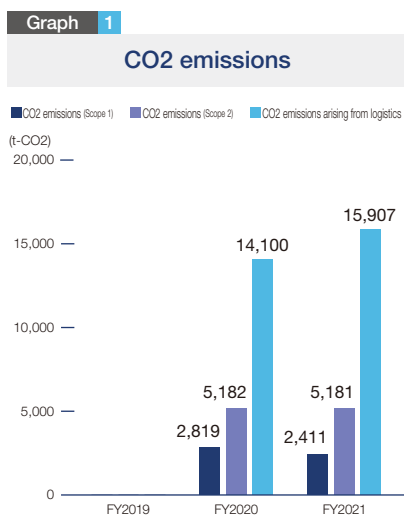
*2 This amount is calculated by deducting cash and cash equivalents from interest-bearing liabilities, including lease liabilities

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

(Millions of yen)

| FY2015 70th | FY2016 71st | FY2017 72nd | FY2018 73rd | FY2019 74th | FY2020 75th | FY2021 76th |
|----------------|--------------------|----------------|----------------|-----------------------|----------------|----------------|
| | ONEXT YAMAZEN 2018 | | | CROSSING YAMAZEN 2021 | | |
| 447,774 | 447,698 | 497,963 | 526,364 | 472,191 | 434,744 | 501,872 |
| 57,542 | 57,906 | 63,516 | 69,626 | 63,301 | 62,672 | 72,738 |
| 13,258 | 13,113 | 15,383 | 17,997 | 12,091 | 11,234 | 17,133 |
| 13,503 | 12,931 | 15,152 | 17,859 | 11,895 | 11,209 | 17,093 |
| 9,192 | 8,518 | 10,205 | 12,184 | 8,088 | 7,572 | 12,023 |
| 9,702 | 8,664 | 12,267 | 14,378 | 9,054 | 11,623 | 12,052 |
| 10,465 | 8,248 | 8,001 | 9,306 | 13,399 | 13,566 | 7,054 |
| 1,534 | (213) | 2,223 | (965) | (1,866) | (3,911) | (2,766) |
| (4,149) | (5,324) | (5,948) | (5,808) | (6,382) | (5,062) | 967 |
| 11,999 | 8,034 | 10,224 | 8,340 | 11,533 | 9,654 | 4,288 |
| 208,404 | 219,598 | 246,923 | 245,595 | 230,320 | 245,937 | 282,654 |
| 67,274 | 75,435 | 84,368 | 92,770 | 95,056 | 107,155 | 112,741 |
| 5,784 | 5,671 | 5,521 | 5,119 | 4,974 | 4,768 | 14,681 |
| (47,541) | (50,687) | (55,154) | (58,670) | (63,411) | (69,709) | (66,472) |
| 717.25 | 804.25 | 891.87 | 980.69 | 1,007.30 | 1,135.52 | 1,268.98 |
| 98.01 | 90.82 | 107.79 | 128.80 | 85.60 | 80.25 | 133.74 |
| 30.00 | 30.00 | 32.50 | 36.00 | 30.00 | 20.00 | 35.00 |
| 30.6 | 33.0 | 30.2 | 28.0 | 35.1 | 24.9 | 26.2 |
| 6.6 | 6.0 | 6.5 | 7.3 | 5.0 | 4.7 | 6.5 |
| 13.9 | 11.9 | 12.8 | 13.8 | 8.6 | 7.5 | 10.9 |
| 32.3 | 34.4 | 34.2 | 37.8 | 41.3 | 43.6 | 39.9 |
| (0.7) | (0.7) | (0.7) | (0.6) | (0.7) | (0.7) | (0.6) |

| Item | Unit | FY2019 | FY2020 | FY2021 | |
|--|-----------------|------------------|------------|------------|---------|
| CO2 emissions (Scope 1) | t-CO2 | – | 2,819 | 2,411 | Graph 1 |
| Hybrid vehicle implementation rate | % | 83.0 | 87.0 | 88.0 | |
| CO2 emissions (Scope 2) | t-CO2 | – | 5,182 | 5,181 | Graph 1 |
| Power consumption | kWh | – | 11,349,175 | 11,779,372 | |
| CO2 emissions arising from logistics | t-CO2 | – | 14,100 | 15,907 | Graph 1 |
| Amount of waste produced | t | 213 | 171 | 197 | |
| Number of Green Ball projects participated in | projects | 537 | 689 | 682 | Graph 2 |
| Amount of emissions reduced by Green Ball projects | t-CO2 | 39,836 | 34,319 | 40,701 | |
| Number of employees (consolidated) | people | 3,077 | 3,149 | 3,157 | Graph 3 |
| Percentage of non-Japanese employees | % | 33.9 | 33.3 | 33.9 | |
| Number of employees (non-consolidated) | people | Total | 1,711 | 1,736 | 1,712 |
| | | Male | 1,167 | 1,182 | 1,171 |
| | | Female | 544 | 554 | 541 |
| Average years of service | years | Total | 13.1 | 13.5 | 13.8 |
| | | Male | 15.4 | 15.6 | 15.8 |
| | | Female | 8.3 | 9.0 | 9.6 |
| Percentage of women in bulk of core human resources (next-generation management) | % | 1.19 | 3.20 | 3.57 | |
| Percentage of persons with disabilities | % | 2.0 | 2.2 | 2.3 | |
| Number of new graduates hired | people | Total | 106 | 91 | 59 |
| | | Male | 56 | 51 | 39 |
| | | Female | 50 | 40 | 20 |
| Career-path hires | people | Total | 32 | 15 | 19 |
| | | Male | 24 | 12 | 18 |
| | | Female | 8 | 3 | 1 |
| Percentage of paid leave taken | % | 60.7 | 59.7 | 61.0 | |
| Number of employees taking parental leave | people | Total | 31 | 46 | 52 |
| | | Male | 1 | 3 | 6 |
| | | Female | 30 | 43 | 46 |
| Percentage returning from parental leave | % | 97.0 | 100.0 | 92.0 | |
| Cumulative number of students assisted by Takeo Yamamoto Scholarship Fund | people | 109 | 113 | 121 | Graph 7 |
| Number of Directors | people | Total | 9 | 11 | 10 |
| | | of which Outside | 3 | 4 | 4 |
| | | of which females | 1 | 2 | 2 |
| Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) | millions of yen | 306 | 313 | 320 | |
| Remuneration for Directors who are Audit and Supervisory Committee Members (excluding Outside Directors) | millions of yen | 24 | 24 | 27 | |
| Remuneration for Outside Directors | millions of yen | 19 | 23 | 26 | |
| Number of employees receiving compliance training | people | 424 | 2,631 | 2,401 | |



TOPIC Takeo Yamamoto Commemorative Scholarship Fund

"I used my frustration at not being able to study enough, even though I wanted to, as wings for the business. I want to encourage as many people as possible to study." This fund, which carries on the wishes of the founder, Takeo Yamamoto, was established in 1992. A cumulative total of 121 students have received scholarships from the fund, including those from Asia studying abroad, and are actively involved in various fields.

Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 63,734 | 70,401 |
| Notes and accounts receivable - trade | 86,607 | — |
| Notes receivable - trade | — | 14,897 |
| Accounts receivable - trade | — | 78,794 |
| Electronically recorded monetary claims - operating | 11,259 | 15,903 |
| Securities | 12,000 | 12,000 |
| Merchandise and finished goods | 25,425 | 36,819 |
| Other | 3,837 | 7,530 |
| Allowance for doubtful accounts | (388) | (411) |
| Total current assets | 202,475 | 235,935 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 8,211 | 7,809 |
| Accumulated depreciation | (4,128) | (3,962) |
| Buildings and structures, net | 4,082 | 3,847 |
| Machinery, equipment and vehicles | 497 | 590 |
| Accumulated depreciation | (425) | (473) |
| Machinery, equipment and vehicles, net | 71 | 116 |
| Tools, furniture and fixtures | 3,056 | 2,811 |
| Accumulated depreciation | (2,057) | (1,940) |
| Tools, furniture and fixtures, net | 999 | 870 |
| Land | 3,717 | 3,696 |
| Leased assets | 5,398 | 5,599 |
| Accumulated depreciation | (1,919) | (2,243) |
| Leased assets, net | 3,478 | 3,355 |
| Other | 749 | 977 |
| Total property, plant and equipment | 13,098 | 12,864 |
| Intangible assets | 8,449 | 11,024 |
| Investments and other assets | | |
| Investment securities | 18,052 | 16,336 |
| Distressed receivables | 78 | 72 |
| Retirement benefit asset | 1,977 | 4,460 |
| Deferred tax assets | 326 | 335 |
| Other | 1,639 | 1,715 |
| Allowance for doubtful accounts | (161) | (132) |
| Total investments and other assets | 21,913 | 22,788 |
| Total non-current assets | 43,462 | 46,676 |
| Deferred assets | | |
| Bond issuance costs | — | 42 |
| Total deferred assets | — | 42 |
| Total assets | 245,937 | 282,654 |

| | As of March 31, 2021 | As of March 31, 2022 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 60,614 | 69,118 |
| Electronically recorded obligations - operating | 51,531 | 56,771 |
| Short-term borrowings | 29 | 29 |
| Lease liabilities | 423 | 539 |
| Income taxes payable | 2,436 | 2,828 |
| Contract liabilities | — | 9,592 |
| Provision for bonuses | 2,780 | 3,495 |
| Provision for voluntary recall of goods | 32 | 32 |
| Other | 9,901 | 6,525 |
| Total current liabilities | 127,749 | 148,933 |
| Non-current liabilities | | |
| Convertible-bond-type bonds with share acquisition rights | — | 10,040 |
| Long-term borrowings | 135 | 106 |
| Lease liabilities | 4,179 | 3,965 |
| Deferred tax liabilities | 4,140 | 4,209 |
| Retirement benefit liability | 252 | 266 |
| Other | 1,849 | 1,764 |
| Total non-current liabilities | 10,558 | 20,353 |
| Total liabilities | 138,307 | 169,286 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 7,909 | 7,909 |
| Capital surplus | 7,561 | 7,561 |
| Retained earnings | 82,887 | 92,545 |
| Treasury shares | (957) | (6,957) |
| Total shareholders' equity | 97,400 | 101,058 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,891 | 7,922 |
| Deferred gains or losses on hedges | 87 | 199 |
| Foreign currency translation adjustment | 1,551 | 3,725 |
| Remeasurements of defined benefit plans | (774) | (165) |
| Total accumulated other comprehensive income | 9,755 | 11,682 |
| Non-controlling interests | 474 | 626 |
| Total net assets | 107,630 | 113,367 |
| Total liabilities and net assets | 245,937 | 282,654 |

Consolidated Statements of Income

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 434,744 | 501,872 |
| Cost of sales | 372,071 | 429,133 |
| Gross profit | 62,672 | 72,738 |
| Selling, general and administrative expenses | 51,438 | 55,604 |
| Operating profit | 11,234 | 17,133 |
| Non-operating income | | |
| Interest income | 1,352 | 61 |
| Dividend income | 205 | 309 |
| Subsidy income | 178 | 80 |
| Other | 107 | 113 |
| Total non-operating income | 1,843 | 564 |
| Non-operating expenses | | |
| Interest expenses | 1,774 | 277 |
| Foreign exchange losses | 65 | 288 |
| Other | 27 | 37 |
| Total non-operating expenses | 1,867 | 604 |
| Ordinary profit | 11,209 | 17,093 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 131 |
| Gain on sale of investment securities | 106 | 627 |
| Total extraordinary income | 106 | 758 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | — |
| Loss on retirement of non-current assets | 1 | 0 |
| Loss on valuation of investment securities | — | 3 |
| Loss on liquidation of subsidiaries | 20 | — |
| Other | — | 0 |
| Total extraordinary losses | 21 | 4 |
| Profit before income taxes | 11,294 | 17,847 |
| Income taxes - current | 3,590 | 5,307 |
| Income taxes - deferred | 48 | 422 |
| Total income taxes | 3,639 | 5,730 |
| Profit | 7,654 | 12,117 |
| Profit attributable to non-controlling interests | 81 | 93 |
| Profit attributable to owners of parent | 7,572 | 12,023 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Profit | 7,654 | 12,117 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,443 | (968) |
| Deferred gains or losses on hedges | 18 | 112 |
| Foreign currency translation adjustment | 1,230 | 2,232 |
| Remeasurements of defined benefit plans, net of tax | 1,182 | 609 |
| Total other comprehensive income | 6,875 | 1,985 |
| Comprehensive income | 14,530 | 14,102 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 14,438 | 13,950 |
| Comprehensive income attributable to non-controlling interests | 92 | 152 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 11,294 | 17,847 |
| Depreciation | 2,054 | 2,028 |
| Retirement benefit expenses | 620 | 344 |
| Increase (decrease) in allowance for doubtful accounts | (148) | (3) |
| Increase (decrease) in other provisions | 338 | 646 |
| Increase (decrease) in retirement benefit liability | (371) | 18 |
| Decrease (increase) in retirement benefit asset | 9 | (1,971) |
| Interest and dividend income | (1,557) | (370) |
| Interest expenses | 1,774 | 277 |
| Foreign exchange losses (gains) | 17 | (110) |
| Loss (gain) on sale of investment securities | (106) | (627) |
| Loss (gain) on valuation of investment securities | – | 3 |
| Loss on retirement of property, plant and equipment and intangible assets | 1 | 0 |
| Loss (gain) on sale of property, plant and equipment and intangible assets | (0) | (131) |
| Decrease (increase) in trade receivables | 2,125 | (10,555) |
| Decrease (increase) in inventories | 2,302 | (10,538) |
| Increase (decrease) in trade payables | (2,869) | 12,680 |
| Other, net | 184 | 2,348 |
| Subtotal | 15,670 | 11,889 |
| Income taxes paid | (2,104) | (4,834) |
| Net cash provided by (used in) operating activities | 13,566 | 7,054 |
| Cash flows from investing activities | | |
| Payments into time deposits | (193) | (42) |
| Proceeds from withdrawal of time deposits | 329 | 56 |
| Purchase of securities | (1,000) | (1,000) |
| Proceeds from redemption of securities | – | 1,000 |
| Purchase of investment securities | (139) | (234) |
| Proceeds from sale and redemption of investment securities | 165 | 1,149 |
| Loan advances | (9) | (7) |
| Proceeds from collection of loans receivable | 19 | 15 |
| Payments of other investments | (92) | (402) |
| Proceeds from collection of other investments | 55 | 44 |
| Purchase of property, plant and equipment and intangible assets | (4,599) | (4,178) |
| Proceeds from sale of property, plant and equipment and intangible assets | 0 | 456 |
| Interest and dividends received | 1,553 | 374 |
| Net cash provided by (used in) investing activities | (3,911) | (2,766) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (178) | – |
| Repayments of lease liabilities | (438) | (457) |
| Repayments of long-term borrowings | (29) | (29) |
| Proceeds from issuance of convertible-bond-type bonds with share acquisition rights | – | 9,997 |
| Dividends paid | (2,268) | (1,841) |
| Interest paid | (1,771) | (271) |
| Purchase of treasury shares | (0) | (6,006) |
| Other, net | (375) | (423) |
| Net cash provided by (used in) financing activities | (5,062) | 967 |
| Effect of exchange rate change on cash and cash equivalents | 926 | 1,418 |
| Net increase (decrease) in cash and cash equivalents | 5,518 | 6,675 |
| Cash and cash equivalents at beginning of period | 68,385 | 74,478 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 573 | – |
| Cash and cash equivalents at end of period | 74,478 | 81,153 |

Organization

As of October 31, 2022



List of Overseas Offices

As of June 30, 2022

North American Regional Headquarters

YAMAZEN, INC.

(Chicago/United States)

Chicago (Head Office), Milwaukee, Indianapolis, Cleveland, Cincinnati, Detroit, Hartford, Knoxville, Los Angeles, Atlanta, Dallas, Phoenix, Fort Myers, Philadelphia

PLUSTECH INC.

(Chicago/United States)

YAMAZEN MEXICANA S.A. DE C.V.

(Silao/Mexico)

Silao (Head Office), San Luis Potosi

Taiwan Regional Headquarters

YAMAZEN CO., LTD.

(Taipei/Taiwan)

Taipei (Head Office), Taichung, Chungli

SOUZEN TRADING (SHENZHEN) CO., LTD.

(Shenzhen/China)

Shenzhen (Head Office), Kunshan

China Regional Headquarters

YAMAZEN SHANGHAI TRADING CO., LTD.

(Shanghai/China)

Shanghai (Head Office), Hangzhou, Ningbo, Wuxi, Wuhu, Chongqing, Chengdu, Xi'an, Guilin, Dalian, Shenyang, Changchun, Tianjin, Qingdao

YAMAZEN (SHENZHEN) TRADING CO., LTD.

(Shenzhen/China)

Shenzhen (Head Office), Guangzhou, Wuhan, Dongguan

ASEAN Regional Headquarters

YAMAZEN (THAILAND) CO., LTD.

(Bangkok/Thailand)

Bangkok (Head Office), Pinthong, Korat, Yangon [Myanmar]

YAMAZEN MACHINERY & TOOLS INDIA PRIVATE LTD.

(Delhi/India)

Gurugram (Head Office), Chennai, Pune, Bengaluru, Ahmedabad, Coimbatore

YAMAZEN VIET NAM CO., LTD.

(Ho Chi Minh/Vietnam)

Ho Chi Minh (Head Office), Hanoi, Hai Phong

YAMAZEN MACHINERY & TOOLS PHILIPPINES INC.

(Laguna/Philippines)

YAMAZEN (SINGAPORE) PTE. LTD.

(Singapore)

YAMAZEN (MALAYSIA) SDN. BHD.

(Kuala Lumpur/Malaysia)

Kuala Lumpur (Head Office), Penang, Johor Bahru

PT. YAMAZEN INDONESIA

(Jakarta/Indonesia)

Jakarta (Head Office), Cikarang

Directly under the jurisdiction of the Head Office

YAMAZEN (KOREA) LIMITED

(Seoul/South Korea)

Seoul (Head Office), Busan

YAMAZEN EUROPE GmbH

(Stuttgart/Germany)

Stuttgart (Head Office), Prague [Czech Republic]

Overseas Network

(As of June 30, 2022)



Domestic Group Companies (including non-consolidated subsidiaries, as of October 31, 2022)

YAMAZEN LOGISTICS CO., LTD.

ヤマゼンロジスティクス株式会社

Established in 1993 as a spin-off from the Company's Merchandise Management Dept./Logistics Div., and began trading in April 1994. Leveraging the logistics strategy know-how that it has accumulated over the years, and with logistics systems that can respond to a variety of needs, it will forge ahead as a "best logistics partner that is always of use to its customers."



Head Office 2-3-16 Itachibori, Nishi-ku, Osaka 550-8660, Japan

YAMAZEN CREATE CO., LTD.

ヤマゼンクリエイイト株式会社

Launched by spinning out the Company's lifestyle goods business and sales promotion business in 1992 as an independent operation. In 2012, this merged with another Yamazen Group company, Yamazen Sogo Service Co., Ltd., to add a comprehensive building management, insurance, and leasing business, and has formed an extremely unusual corporate foundation.



Head Office Nikken building F4, 2-1-9 Itachibori, Nishi-ku, Osaka 550-0012, Japan

OGAKI MACHINE&TOOLS CO., LTD.

大垣機工株式会社

Established in 1946. Became a member of the Group in 2005. While it handles a wide variety of merchandise as a trading company specializing in machines and tools, unusually for a cutting tool trading company it also maintains an in-house service function.



Head Office 1-25 Kanda-cho, Ogaki City, Gifu 503-8513, Japan

TOHO INDUSTRIAL CO., LTD.

東邦工業株式会社 TOHO INDUSTRIAL CO., LTD.

Established in 1959. Became a member of the Group in 2017. Toho Industrial has an extensive track record and a high-level expertise in energy-saving technology, which it uses to help resolve technical issues related to customers production lines and facilities.



Head Office 6861-9 Moriyo, Imuro, Asa-cho, Asakita-ku, Hiroshima 731-1142, Japan

ISHIHARA-GIKEN CO., LTD.

ISHIHARA GIKEN

Established in 1977. Became a member of the Group in 2019. An engineering company involved in factory automation systems such as conveyor machinery and automatic lines. It is engaged in everything from design to manufacturing and installation.



Head Office 2500-4 Moro, Kanuma City, Tochigi 322-0026, Japan

TRAVEL TOPIA INC.

株式会社 トラベルトピア

Established in 1974. Became a member of the Group in 1991. A company that always places great importance on seeing things from the traveler's point of view, and pays great attention to the "ingredients" and "production" of the travel experience. In addition to arranging inspections, training, invitations and other events, Travel Topia's strengths include company trips that motivate employees, and as a travel agency specialized in the manufacturing industry it seeks to resolve customers' issues through the power of travel.



Head Office Nikken building F7, 2-1-9 Itachibori, Nishi-ku, Osaka 550-0012, Japan

PROCUEbyNET CORPORATION

PROCUEbyNET 株式会社プロキュービネット

Established as a joint venture with NICHIDEN Corporation in 2006. Operates the PROCUEbyNET e-commerce site that provides MRO (supplies) merchandise for factories.



Head Office 2-3-16 Itachibori, Nishi-ku, Osaka 550-8660, Japan

NIHON BUTSURYU SHINBUN CO., LTD.

日本物流新聞社

In 1955 it launched the "Kikai Kigu Shinbun (Machinery and Appliances Newspaper)" in tabloid format. Established as Nihon Kikai Kigu Shinbun Co., Ltd. in 1968. In 1971 the name was changed to the current name. With a focus on its two specialist newspapers of "Monozukuri (manufacturing)" and "Jutaku & Kurashi Bunya (housing & living field)," covering the production equipment and consumer goods industries respectively, it has contributed to the industrial sector for more than half a century by delivering information fresh from the front line.



Head Office Nikken building F7, 2-1-9 Itachibori, Nishi-ku, Osaka 550-0012, Japan

Company Overview

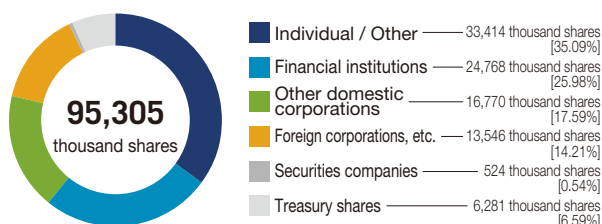
| | | | | | |
|---------------------------------------|--|-----------------------------|---|----------------------------|---|
| Name | YAMAZEN CORPORATION | Sales offices | Osaka, Tokyo, Kita Kanto / Tohoku (Saitama), Nagoya, Kyushu (Fukuoka), Hiroshima, others Domestic: 53 locations Overseas: 16 local subsidiaries (65 locations) | Main banks | Mizuho Bank, Ltd., Resona Bank, Limited, Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Trust & Banking Co., Ltd. |
| Established | May 30, 1947 | Headquarter location | 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 | Number of employees | 3,157 (consolidated, as of March 31, 2022) |
| Share capital | ¥7,909 million (as of March 31, 2022) | | | | |
| Fiscal year | From April 1 to March 31 of the following year | | | | |
| Stock exchange on which listed | Tokyo Stock Exchange Prime Market | | | | |

Status of Shares

(as of March 31, 2022)

| | |
|-----------------------------------|--------------------|
| Total number of shares authorized | 200,000,000 shares |
| Total number of issued shares | 95,305,435 shares |
| Number of shareholders | 5,062 |

Distribution of shares by type of owner



Major shareholders

| Shareholder name | Number of shares held (thousand shares) | Percentage of shares held (%) |
|---|---|-------------------------------|
| The Master Trust Bank of Japan, Ltd. (Account in Trust) | 11,318 | 12.71 |
| Yamazen Business Partners Shareholders' Association | 8,993 | 10.10 |
| Tokyo Yamazen Business Partners Shareholders' Association | 6,078 | 6.82 |
| Yamazen Employees' Investment Association | 3,208 | 3.60 |
| Custody Bank of Japan, Ltd. (Account in Trust) | 2,555 | 2.87 |
| Nagoya Yamazen Business Partners Shareholders' Association | 2,297 | 2.58 |
| Mizuho Bank, Ltd. | 2,290 | 2.57 |
| Resona Bank, Limited. | 2,146 | 2.41 |
| Hiroshima Yamazen Business Partners Shareholders' Association | 1,556 | 1.74 |
| Kyushu Yamazen Business Partners Shareholders' Association | 1,400 | 1.57 |

Notes:

- The Company owns 6,281,874 treasury shares, but these have been excluded from the list of major shareholders. The 6,281,874 treasury shares do not include 180,000 shares held by the Board Benefit Trust (BBT).
- The percentage of shares held is calculated after excluding 6,281,874 treasury shares.
- The number of shares shown omits units of less than 1,000 shares.

Shareholder Notes

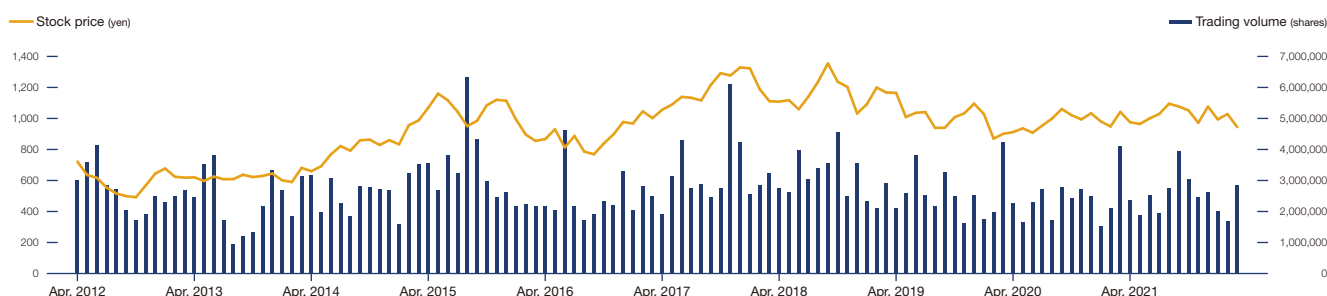
| | |
|---|--|
| Fiscal year | From April 1 to March 31 of the following year |
| Record date for dividends of surplus | March 31 (for interim dividends, September 30) |
| Annual General Meeting of Shareholders | Late June |
| Number of shares per unit | 100 |
| Stock exchange on which listed | Tokyo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

Notification method

In electronic form, through publication on the corporate website at <https://www.yamazen.co.jp/>. (only in Japanese)
(However, in cases where it becomes impossible to use electronic notification, notification shall be made through the pages of the Nihon Keizai Shimbun.)

| | |
|--|---|
| Administrator of the register of shareholders | Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo |
|--|---|

Share Price Over Time





YAMAZEN CORPORATION
2-3-16 Itachibori, Nishi-ku, Osaka



This Integrated Report contains forward-looking statements regarding financial conditions and business performance. Description of the forward-looking statements and their underlying assumptions involve uncertainties and certain risks due to factors including changes in the business environment.