

June 3, 2022

To our shareholders:

YUASA TRADING CO., LTD.

Supplementary Explanation Regarding “Proposal 2: Election of Eight (8) Directors”
at the 143rd Ordinary General Meeting of Shareholders

YUASA TRADING CO., LTD. (the “Company”) has become aware that Institutional Shareholder Services Inc. (“ISS”) has issued a report recommending against the election of candidate for Director Mr. Hiroyuki Tamura in “Proposal 2: Election of Eight (8) Directors” at the Company’s 143rd Ordinary General Meeting of Shareholders to be held on June 24, 2022.

The Company believes that ISS’s decision differs from the Company’s knowledge, so we are providing our position below as a supplementary explanation.

The Company would like to ask our shareholders for their understanding and to vote in favor of the election of candidate for Director Mr. Hiroyuki Tamura.

1. Summary of the ISS report

ISS has stipulated the qualitative standard for the recommendation to oppose the election of Directors, who are top managers, in the event that the ratio of shares held as cross-shareholdings to consolidated net assets is 20%. As this ratio is 25.3%, which is contrary to the qualitative standard, ISS has recommended opposing the election of Mr. Hiroyuki Tamura, the Company’s Representative Director and President and top manager.

2. The Company’s position

As part of the Company’s efforts to strengthen corporate governance, as provided on page 32 of the “NOTICE OF THE 143RD ORDINARY GENERAL MEETING OF SHAREHOLDERS,” the Company has been working to reduce its cross-shareholdings. The Company evaluates the rationality of cross-shareholdings based on factors including significance and cost of capital and sells stocks for which it deems that there is no rationality in holding. In the fiscal year ended March 31, 2022, the Company sold 991,000 shares of 16 stocks, and its ratio of shares held as cross-shareholdings (excluding deemed shareholdings that are shares for the retirement benefit trust) to consolidated net assets was 6.83% as of the end of the fiscal year.

Accordingly, the Company deems that the capital policy decided by management is rational and that the election of Mr. Hiroyuki Tamura will contribute to the development of the Company and the Company’s Group.

Based on the contents of this material, the Company asks for the understanding of our shareholders regarding this proposal.

(Reference) Value of shares held by the Company for purposes other than pure investment (excluding deemed shareholdings that are shares for the retirement benefit trust) on the balance sheet

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Value of listed shares on the balance sheet	6,959	9,119	5,447
Value of unlisted shares on the balance sheet	878	878	878
(1) Total	7,836	9,997	6,325
(2) Consolidated net assets	81,028	90,242	92,605
(3) Ratio to consolidated net assets (%) ((1)÷(2))	9.67%	11.08%	6.83%

(Note) This material has been prepared separately from the reference documents for shareholders meetings prescribed by laws and regulations for the purpose of providing a supplementary explanation regarding the proposal.