

Message from the President

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Supporting outdoor work to help shape the future

Corporate Philosophy and Organizational Culture Rooted in Workplaces Driving Value Creation

“Create the bridge that bonds people and nature with the future”—this is the Yamabiko corporate philosophy that describes the essence of the value we provide to society. From agriculture, forestry, and greenery management to construction, civil engineering, and even disaster preparedness, we supply the innovative tools and services that support safe and comfortable work, and thereby the maintenance and development of communities and social infrastructure. This is how Yamabiko contributes to a more enriched society and a sustainable future.

Yamabiko's products and services are used by essential workers, professionals who do their job while getting sweaty brows. This is why we prioritize four things—safety, ease of use, productivity, and affordability—to make our tools accessible to all. Rather than providing tools that boast high performance, but come with high price tags, we want to supply tools that have real value for how they assist at actual workplaces. Our approach toward product development is founded on this business policy, and an expression of the significant beliefs that have guided us throughout the years. These beliefs inspire us to start our efforts with the issues faced by customers and then seek to resolve these issues through a process of trial and error at actual workplaces. This ongoing process is what forged our unique competitive edge. At the core of this competitive edge is our outdoor power equipment driven by compact engines featuring superior environmental performance and durability together with the high power needed of work tools; industrial machinery supporting workplaces with unique technologies; and our integrated production system underpinning the economic viability of our products. KIORITZ CORPORATION, one of our predecessors, had engineers who took part in developing aircraft engines during war times among its founding members. The engineering DNA they brought with them lives on with us today in our technologies for designing compact, lightweight, and high-speed rotators. Meanwhile, Shindaiwa Corporation, our other predecessor, endowed us with a high prowess for power generation and electricity control technologies, which is still supporting the reliability of our industrial machinery. Moreover, the production

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technologies we have fostered over the course of our long history are what allow us to deliver the high quality and cost competitiveness that win the support of professional users. As you can tell, Yamabiko is a company that turns its ear to the voices at workplaces and joins hands with professionals to develop its products and services.

The Growing Outdoor Power Equipment Market

Yamabiko's primary target is the outdoor power equipment market. In Japan, this is sometimes viewed as a maturing market. On a global scale, however, there can be no denying that it is steadily expanding.

This is exemplified by how terms differ by country when referring to this market. In Japan, it is generally spoken of in terms of compact outdoor equipment, a field where Yamabiko's products have earned a strong reputation for use in Japan's hilly and mountainous regions. Overseas, meanwhile, the term "outdoor power equipment" is used to refer to the full range of tools utilized for management of greenery in urban spaces. The Japanese market may be struggling due to a decline in agricultural workers and an overall aging population, but the global market remains a growth market with a scale measured in trillions of yen. The largest markets for outdoor power equipment are North America followed by Europe and the growing market of Asia. We are developing our operations in growing and transforming domestic and global markets with the goal of capitalizing on the growth therein. Robotic lawn mowers, which have been enjoying favorable performance centered on the United States and Europe, are also classified as outdoor power equipment. We are rapidly seeking to improve the affordability of such products out of recognition for the demand for autonomous operation technologies in the domestic agricultural and forestry market, which is increasingly in need of labor-saving solutions.

Yamabiko also offers industrial equipment. In the past, our industrial equipment business has been focused domestically with its mainstay generators and welding machines. Recently, we have been using our operations in the North American market as a foothold for accelerating the global expansion of these operations. As one facet of these

efforts, we unified all industrial machinery and outdoor power equipment offerings under the ECHO brand in the North American market in 2025. The aim of this move was to create synergies with sales of tools for outdoor work. We have already commenced transactions with multiple major rental companies, putting us in a phase in which the expansion of the scale of our operations is our top priority. Accordingly, we will focus on supplying industrial equipment needed for the numerous outdoor and indoor construction and civil works projects seen in the United States while coordinating with partners to propose systems with high environmental performance.

Guided by our unchanging policy of targeting safety, ease of use, productivity, and affordability to make our tools accessible to all, we continue to provide the equipment and services that support outdoor work in the domestic and global markets. These ongoing efforts and the results they create are how we exercise our corporate philosophy of "create the bridge that bonds people and nature with the future" and fulfill our purpose of striving to sustain a healthy environment today and for the future for people all over the world.

Positioning Market Changes and Social Issues as Business Opportunities

The market is changing. This change can be seen in both the workforce as well as in the form of climate change. We believe that addressing the social issues arising from these changes will create significant opportunities for the Yamabiko Group.

Regarding changes in the workforce, the operating environment in the United States began showing changes of unprecedented speed and scale in 2025. Even amid this turbulence, however, we have seen continued growth in greenery management and urban infrastructure markets. At the same time, labor conditions at outdoor workplaces are resulting in difficulties in recruiting workers and thereby increasing personnel costs. The domestic agriculture and forestry market is maintaining a consistent scale, but is also facing a serious issue in the aging of workers. Recognizing the threat of how this issue could impact Japan's self-sufficiency in terms of food, the public and private

sectors have been teaming up to promote labor efficiency and automation in this market. While the conditions and circumstances vary by market, anticipation for the labor-saving and automation benefits of outdoor power equipment presents significant global opportunities for Yamabiko; Japan in particular is expected to see a massive transformation of outdoor workplaces at some point in the near future given that its workforce is projected to decline by 20% by 2040.

Yamabiko is currently in the middle of numerous upfront development projects, but this will not change the fact that our competitiveness will always hinge on the safety, ease of use, productivity, and



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affordability we provide workplaces. Creating new value is of fundamental importance, and we cannot expect to win out against global competition with just our traditional approaches toward manufacturing. Supporting outdoor workplaces will require us to do more than offer amazing products; we will also need to provide the services that customers need. In other words, Yamabiko must create value by combining products and services. This is the approach we need to take toward development if we want to heighten our earnings power. Through proposals that add value by combining services with labor-saving and automation products, we will help resolve the issues associated with changes in the workforce.

Turning to climate change, we cannot deny that this issue will continue to be a matter of great concern for the Group going forward, even amid changes in the trends of discussions among the global community. On this front, we have concluded the verification process for products designed to use plant-based fuels as an alternative to fossil fuels. We are now moving forward with verification testing of exclusively hydrogen combustion technologies in products. We are also focused on the cultivation of energy management system operations for achieving reliable power supplies while reducing environmental impacts. In this manner, we are applying the technological foundations of our existing industrial machinery businesses to new growth fields. At the same time, we are steadily moving forward with the development of products that are both environmentally and worker friendly. Examples of such products include labor-saving and automation system proposals for addressing shortages in essential workers.

Fossil fuel continues to be the primary fuel used in even developed nations, and the pace at which non-fossil fuels are being adopted varies by country and region and sometimes by even government administration. Against this backdrop, Yamabiko will continue to promote sustainable and eco-friendly operations to ensure that it is able to propose the tools in demand in each market in accordance with their respective phase in this transition.

Global Growth Driven by the Three-Pillar Structure

Yamabiko is tailoring its growth strategies based on the specific market characteristics seen in the regions it serves. In the Americas, the primary pillar of our operations, we are generating reliable earnings centered on our mainstay outdoor power equipment business. These earnings are supporting our efforts in other regions and underpin the global growth of the entire Group. With this solid operating foundation, we will accelerate the development of operations in Europe, as well as in Asia with operations based out of Japan.

In Europe, competition differs from that seen in North America due to differences in environmental regulations and market structures. Still, this market continues to present significant growth opportunities. This recognition will shape our efforts under Medium-Term Management Plan 2028, which will include the introduction of products as well as investments for strengthening sales channels, enhancing distributor functions, and building training and back-office systems. Moreover, insight amassed in the North American market will serve as the foundation for our efforts to develop a sales model optimized for the European market.

Meanwhile, our operations in Asia will be developed by broadening the scope of businesses that were previously fine-tuned for the Japanese market. We thereby aim to grow our Asian operations as a third pillar of business to stand alongside those in the Americas and Europe. The Japanese market continues to face issues related to responding to labor shortages and other operating environment changes. We will therefore be looking to transition to a comprehensive value proposition, beginning with the Japanese market, that includes

new products as well as proposals and services that address customers' issues. The expertise honed in Japan through this process will then be applied to the rapidly growing Asian market. This approach will make for a global growth strategy centered on the Americas, Europe, and Japan and other parts of Asia.

There are currently some areas of operation that are struggling in terms of capital efficiency or other factors. Domestic agricultural machinery would be one such area. However, we will not simply take the approach of downsizing or discontinuing operations. This is because the customer contact points created through the agriculture industry will be crucial to promoting the social adoption of our labor-saving solutions and service models going forward, making them an important strategic foundation. Accordingly, we will seek to address social issues related to improving Japan's self-sufficiency for food while heightening our capital efficiency by transitioning to a new service-based business model.

Transformation of Human Resources and Organizational Culture Supporting Growth Strategies

Our ability to steadily advance our growth strategies is supported by the people and by our organizational culture focused on creating value.

Transitioning from a product-based value proposition to one centered on services and crafting a new business model will require organizational capabilities that allow us to incorporate our strategies into concrete and ongoing action at frontline organizations. It will be the Company's leaders who drive these efforts. By leaders I am referring not only to senior management but also to division representatives. Such leaders will need to show the way through their words and their actions and spread understanding to the front lines. Only then will the organization be able to take action. We are currently in the process of implementing transformative measures to heighten this propensity for action among all work categories and ranks. The cultivation of future managers, in particular, is being treated as an important management priority.



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Regarding human resource development, our focus goes beyond mere skill acquisition to emphasize practical skill development tied to business strategies. Through training and appointment practices with clear goals, we aim to help our people gain and utilize the necessary capabilities while placing them in the roles best matched to their individual aptitudes. We will not rely purely on our own internal resources to achieve our goals. Rather, we will take a flexible approach, which could utilize external talent or partners with whom we have increasingly coordinated in recent years. This approach can be seen in the capital and business alliances we have been forming in the industrial machinery business. By cultivating a mutually beneficial business ecosystem together with external partners and combining our respective technologies and insight, we look to achieve a speed of innovation that would be impossible for us to realize alone.

Investment in digital technologies will be imperative to accelerating innovation. Since I first took on the role of president, I have continued to advocate the idea that human resource development and IT form the backbone of corporate management. I thus chose to launch digital transformation initiatives at Yamabiko, which resulted in our receiving Digital Transformation Certification in 2023. Even having made this much progress, management remains vigilant to ensure that we do not fall behind the technological trends related to the rapid evolution of AI, security measures, or other matters.

Our business is supported by the independent action of each and every one of our employees. Through this business, we seek to cater to the needs of professionals engaged in outdoor work and contribute to the sustainable development of people, nature, and society. It is crucial for our employees to constantly remind themselves of this fundamental value proposition so they can think about the value we can provide customers and act accordingly. Frontline organizations should take the ideas born out of connections with customers and use them to generate value by coordinating development, production, and sales functions. Management, meanwhile, must work to direct such action to keep everyone on the same path based on a medium- to long-term perspective. If we can do this, I am sure we can build the foundations we need to continue to create value and grow as a corporation.

Commitment to Ongoing Growth

The operating environment is currently plagued with uncertainty, and navigating this uncertainty will require organizational capabilities for accurately accessing change and responding swiftly and flexibly.

As president, I have endeavored to make decisions after thorough consideration to ensure that we can effectively seize opportunities. When making decisions, I always refer to three criteria: whether an action is just, whether it will maximize the total happiness of Group employees and other associates, and whether is the natural choice to make. Improvements to corporate value should not be seen as in opposition to the happiness of employees. Rather, we must view them as two wheels on the same axle; only by spinning together in speed and direction can we continue to move forward.

The outdoor work market served by Yamabiko is an important field supporting social infrastructure. We can therefore expect consistent demand in this field going forward. In this field, I want Yamabiko to be a company that drives change, rather than just waiting for change to occur. By evolving both the products and services that comprise our value proposition, we have the potential to rapidly transform outdoor workplaces across the world. To ensure that such continuous effort will result in the exercise of our corporate philosophy of “create the bridge that bonds people and nature with the future,” everyone at the Yamabiko Group around the world will unite to pursue ongoing growth through consistent hard work.

Each year, Yamabiko puts forth a new slogan. Our slogan for 2026 is “Drive Change.” I hope you will look forward to the future initiatives and growth of Yamabiko.

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