

A large, multi-colored arc that curves from the top center towards the bottom right, framing the central text. The arc is composed of several segments in shades of green, yellow, orange, and red.

# **Medium-Term Management Plan 2025 Policy and Business Strategy**

## Yamabiko's Reason for Existing



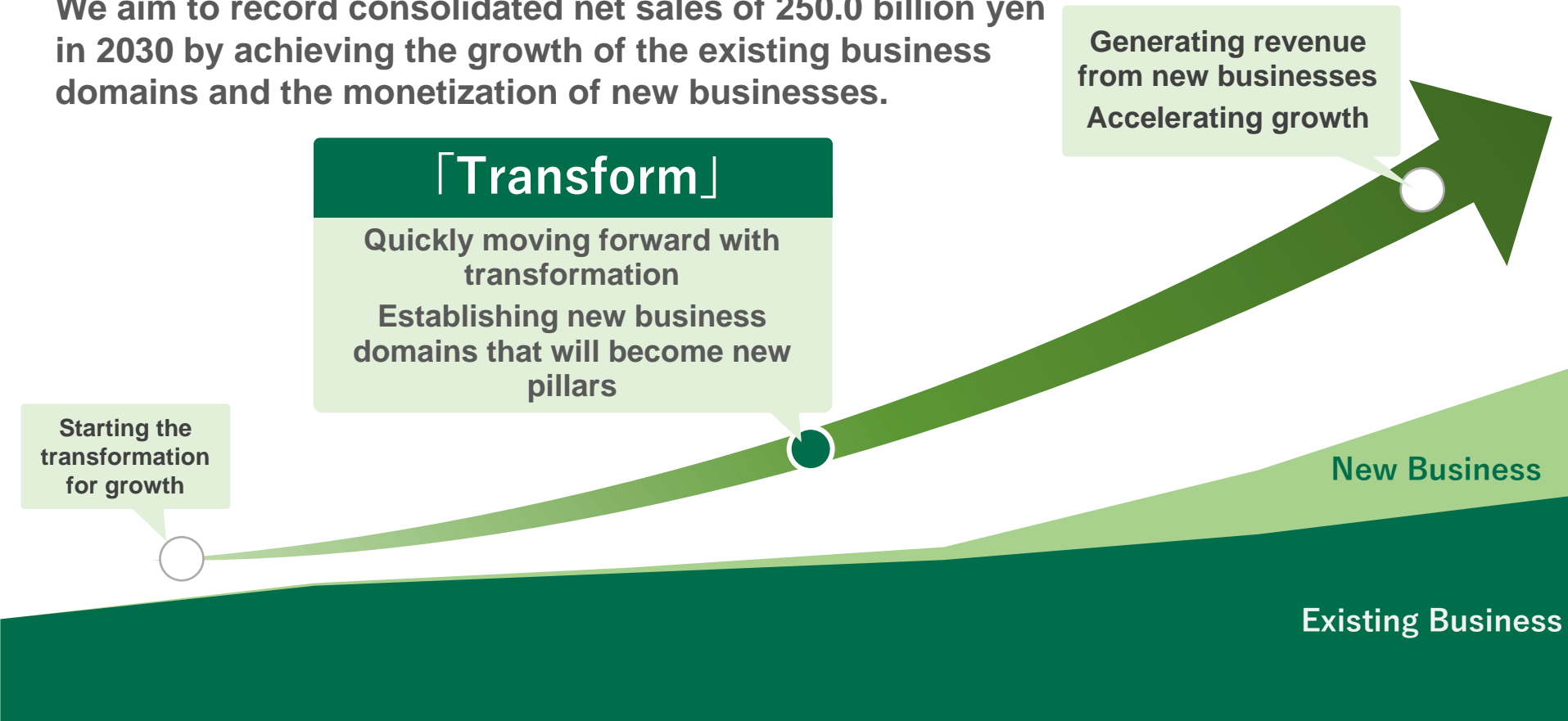
Create the bridge that bonds  
people and nature with the future

At the Yamabiko Group, we will earn trust from society and people, provide them with a positive impression, and raise their hopes with our world-leading environmental technologies, our innovative, safe, and reliable professional equipment, and our services, thus contributing to creating a bright future built on harmonious co-existence with a rich natural environment.

# Position of Medium-Term Management Plan 2025



We aim to record consolidated net sales of 250.0 billion yen in 2030 by achieving the growth of the existing business domains and the monetization of new businesses.



## Numerical Targets

	FY22/12 (Actual result)
Sales	156.1 billion yen
Operating profit ratio	5.6%
ROE	8.6%

### 〈Exchange assumptions〉

1 dollar	128 yen
1 euro	138 yen

FY25/12 (Goal)
170.0 billion yen
7 %
10%

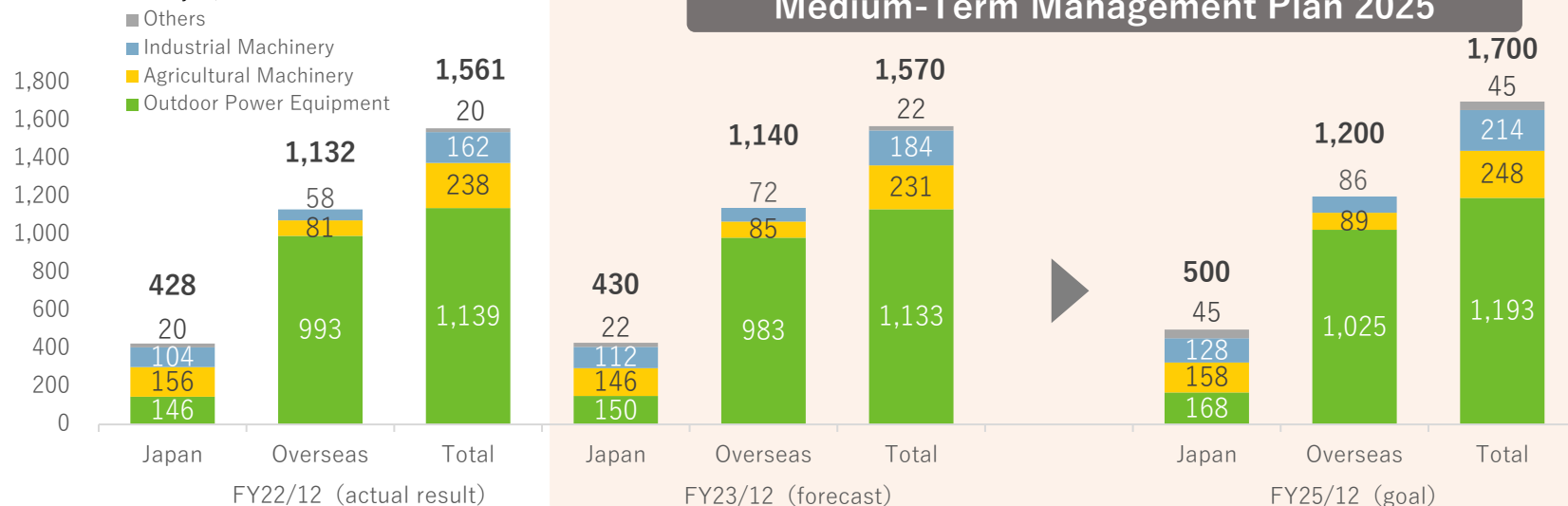
130 yen
140 yen

## Initiatives for the achievement of targets in FY2025

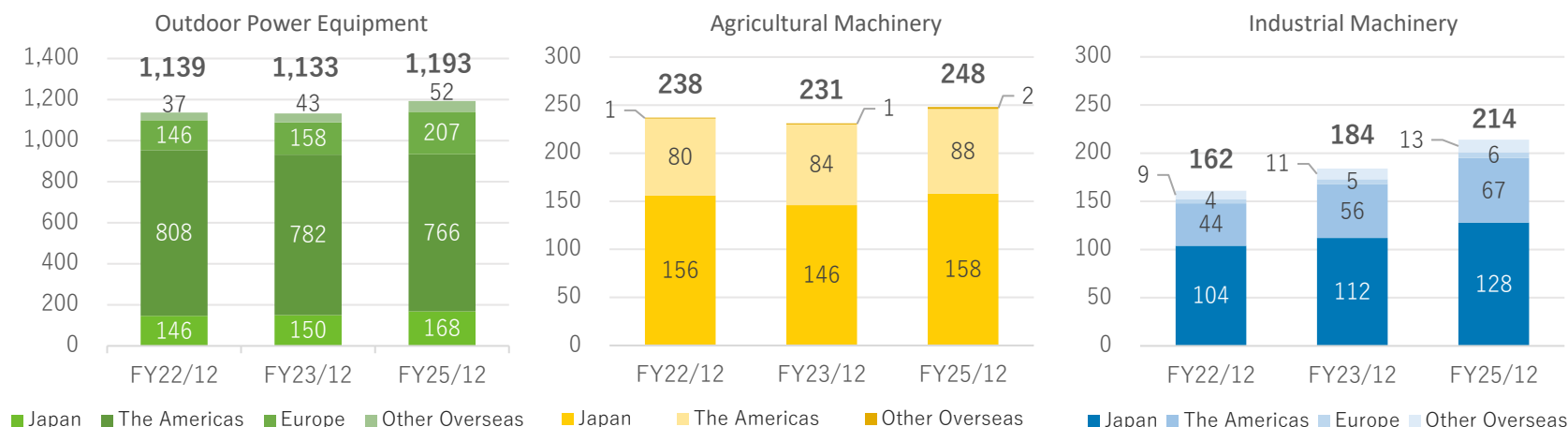
- We plan to achieve net sales of 170.0 billion yen, expecting to increase sales of outdoor power equipment in Europe and Japan and growth in industrial machinery in Japan and the Americas.
- On the profit front, we will work to improve production efficiency by strategically reallocating production bases and strive to change our distribution channels in the U.S. market using DX to improve profitability. Through these initiatives, we plan to record an operating profit ratio of 7% and an ROE of 10% in the final year of the medium-term management plan.

## Sales goal by segment/region

(Hundred millions of yen)



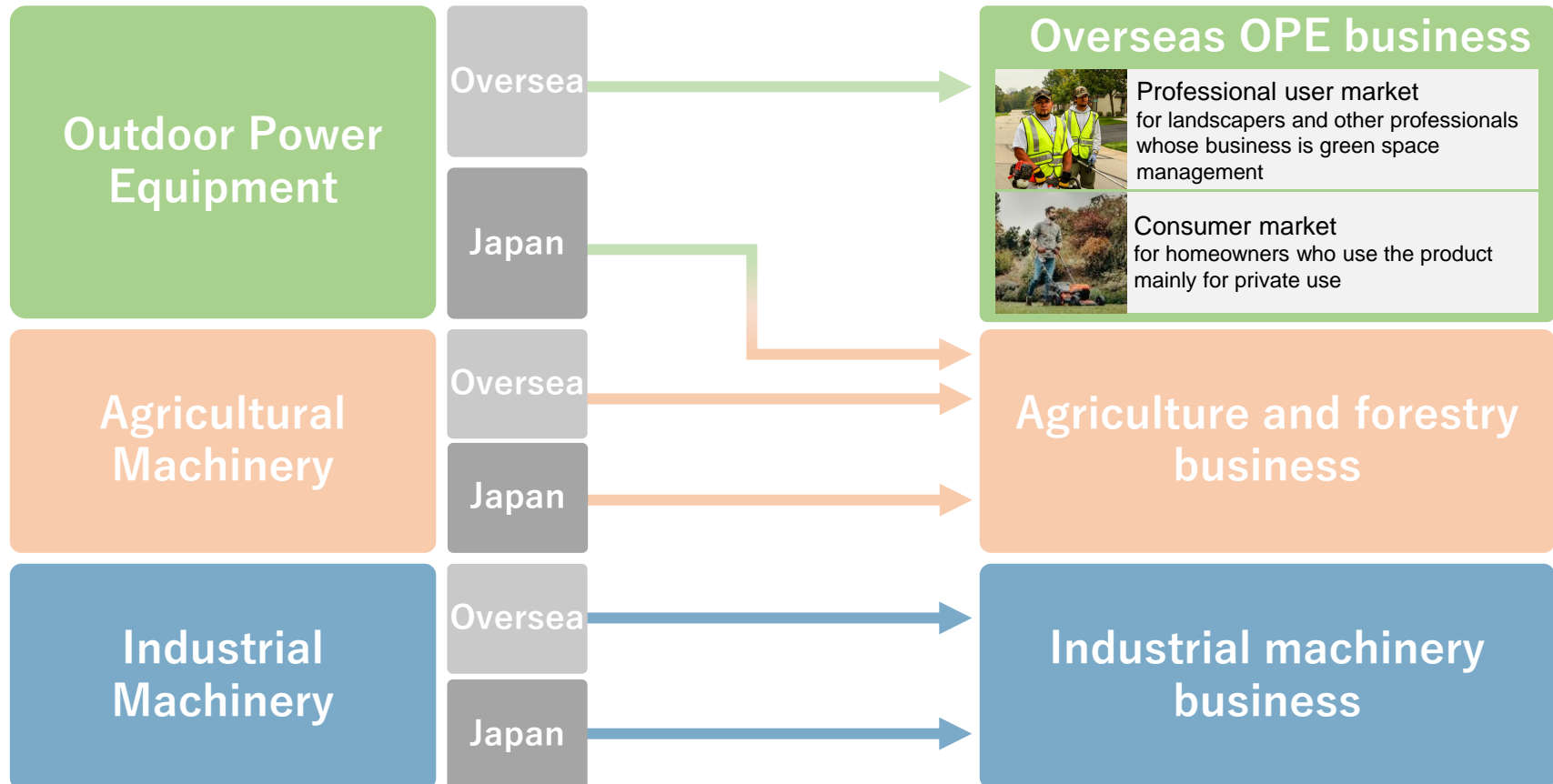
## Sales volume by segment/region



(Note) "Other" sales that are not included in the major segments were 2.0 billion yen in the fiscal year ended December 2022 and will be 2.2 billion yen and 4.5 billion yen in the fiscal year ending December 2023 and the fiscal year ending December 2025, respectively.

## Business Strategy Business Classifications

- To explain business strategies, we have classified our businesses and made clear strategies and activities by market in the major businesses.
- We have defined new markets according to buyer segments—the professional user market and the general user market—in the overseas OPE\*<sup>1</sup> business.

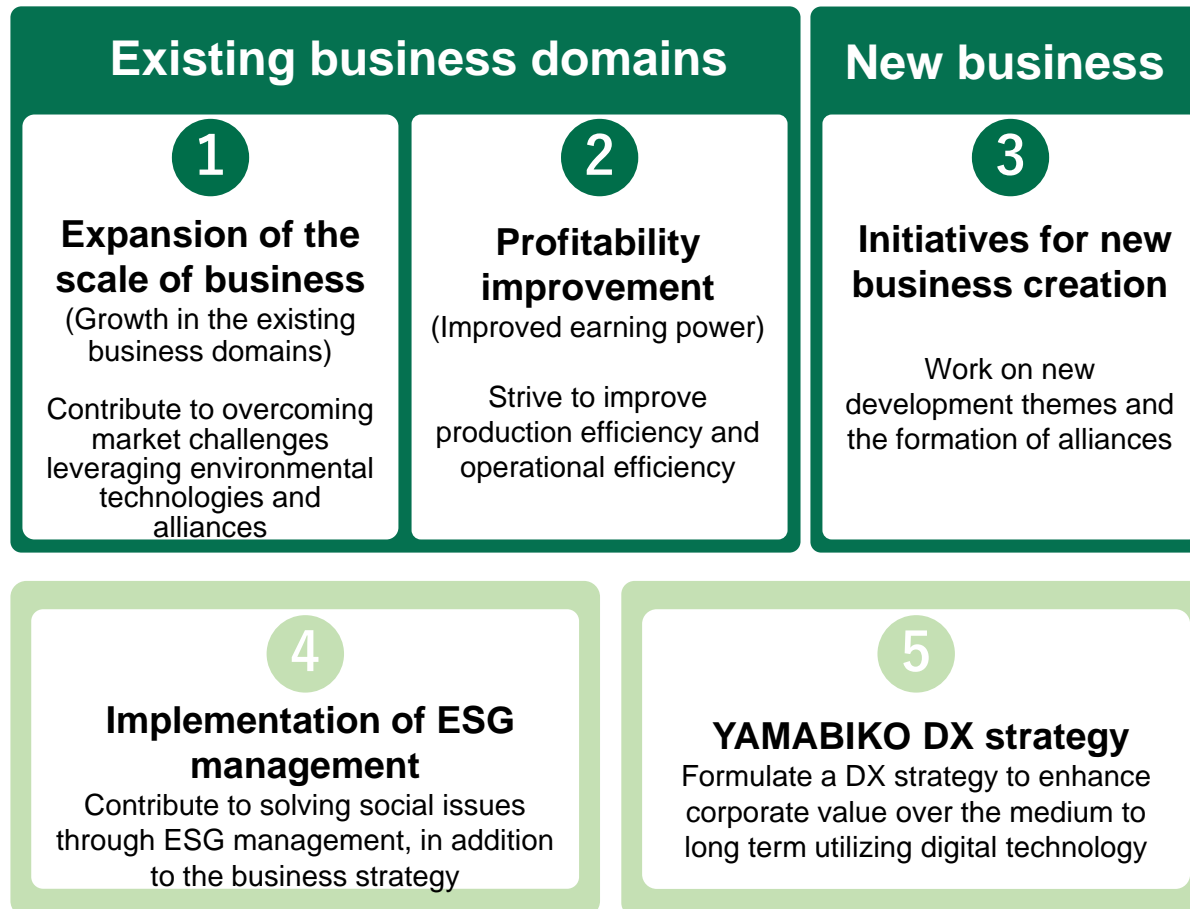


※1 OPE : Outdoor Power Equipment

※2 The segments in the consolidated financial results, annual securities reports, etc. remain unchanged.

## Business Strategy

To realize its corporate philosophy and achieve its management targets, the Company will engage in various measures based on the following business strategies.



## ① Expansion of the scale of business (Overseas OPE busines)

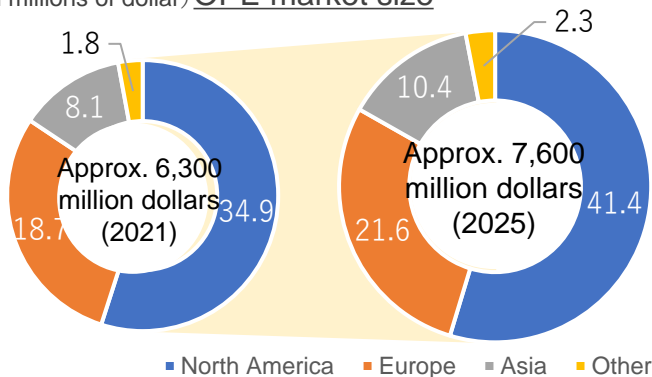
- We will expand the lineup of battery products and promote sales in response to the increasing demand for them from general users.
- We will continue to provide engine products with excellent environmental performance that help improve work efficiency to professional users whose operational needs are difficult to meet through the provision of battery products.

### Market overview (general)

#### - The OPE market is expanding. Its growth is driven by the North American market.

- The culture of taking care of lawns and gardens is developed in the United States and Canada.
- Demand for the replacement of battery products is increasing.
- The number of landscapers is increasing.
- The Asian market is expanding, reflecting increasing spending on green spaces with economic growth.

(Hundred millions of dollar) OPE market size



Type of equipment: hand-held and back-packed OPE  
Source: created by Yamabiko based on MarketsandMarkets data

### Priority measures

#### North American market / European market

- Implementing strategies according to user categories
- Professional users**
  - Expanding the lineup of engine and battery products that meet market needs
- General users**
  - Expanding the product lineup in response to increasing demand for battery products

#### Asian market

- Promoting sales of high value-added products for professional users to businesses whose purchasing power is increasing

Percentage of the  
sales volume of  
OPE battery  
products

**20%**  
(2025)

## ① Expansion of the scale of business (Agriculture and forestry business)

- Will develop products that will contribute to solving social issues related to the mature domestic market.
- Will actively collaborate with other companies to promptly launch products to meet the growing social demand for forest maintenance as a leading manufacturer in the forest industry.

### Market overview (general)

#### Agricultural market

- A decrease in the working population in the agricultural industry and the aging of the working population
  - The working population in the agricultural industry is decreasing and people who are 65 years old or older are approximately 70% of the workforce.

#### Forestry market

- Growing social demand for forest maintenance
  - Many of the trees in the artificial forests in Japan are 50 years old or older and the **CO2 absorption volume is falling**.
  - Generally, trees that are 10 to 40 years old absorb the largest volume of CO2. **Thus, maintaining forests is an urgent issue that should be addressed to mitigate climate change, particularly to maintain CO2 absorption.**

### Priority measures

#### Agricultural market

- Developing products with excellent safety, workability, and environmental technology and improving profitability
  - Radio controlled mowers
  - 56V battery electronic agricultural machinery

#### Forestry market

##### - Initiatives to meet demand for forest maintenance

- Focusing on products and services for the forestry market
  - Expanding sales of large chainsaws
  - Enhancing brand power by supporting tree felling competitions
- Business alliances with logging companies
  - Contributing to establishing potentially profitable forestry businesses in Japan by providing products and services

## ① Expansion of the scale of business (Industrial machinery business)

- With the goal of reducing environmental impact and improving work efficiency, the Company will promote electrification and hybridization, as well as the development of environmentally friendly systems that incorporate renewable energy.
- The Company will promote the development of a remote monitoring system that contributes to improving the work efficiency of field management and related services.

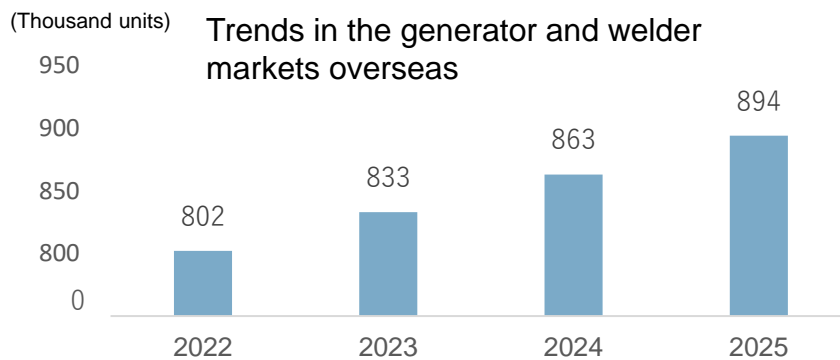
### Market overview (general)

#### Domestic market

- **The working population is decreasing and aging.**
- Demand for construction for disaster prevention, disaster mitigation, and national resilience is increasing.

#### Overseas market

- The sales volume is increasing in the generator and welder markets.
- Demand remains firm at construction sites and mining sites.
- **Demand for environmentally friendly products is increasing worldwide, particularly in Europe.**



(Note) Type of equipment: diesel generators, diesel welders  
 Region: North America, Europe, Asia, Central & South America, Australia, Africa, the Middle East  
 Created based on data from an external research organization and partially based on the Company's analysis

### Priority measures

#### Domestic market

- Reducing environmental impact and improving work efficiency
  - Developing operation management systems that will contribute to improving work efficiency in field management and related services
  - **Acquiring and providing environmental data needed at work sites**

#### North American market

- Strengthening sales and service capabilities and enhancing parts support
- Increasing production capacity to strengthen the system for supplying generators in response to increasing demand

#### European market

- Expanding sales of products whose strong point is superior environmental performance
  - Expanding sales of hybrid welding machines in Europe where environmental awareness is high

## ② Profitability improvement

**We will enhance its earnings power to ensure sustainable growth.**

### Overseas OPE business

- **We will begin reforming the distribution channels of the US subsidiary by leveraging DX to improve profitability.**
  - Of the about 6,500 dealers in the United States, we will directly deal with about 2,000 dealers.
- The Company will work to improve production efficiency by strategically reallocating production bases.
  - Reexamining OPE production bases and reorganizing them to improve production efficiency

### Domestic Agriculture and forestry business

- Improving profitability in the agricultural machinery business
- Expanding the aftermarket business
- Strengthening branding
  - Reviewing the three brand strategy
  - Enhancing brand power by supporting tree felling competitions

### Industrial machinery business

- The Company will respond to growing demand by increasing production capacity through the strategic allocation of production bases.
  - **Increasing production capacity to strengthen the system for supplying generators in response to increasing demand**

### Improving profitability to achieve business targets

Operating profit ratio

**7 %**  
**(2025)**

ROE

**10%**  
**(2025)**

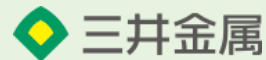
### ③ Initiatives for new business creation

**We view the GX of society as an opportunity for growth.  
We will establish development bases in the major markets.\*  
The three bases will cooperate to create new businesses.**

#### Power generation and storage systems



Hybrid power generation systems (high voltage, low voltage) being developed jointly with alliance partners



Development of eFuels (synthetic fuels) optimized for OPE engines through an alliance

**CN energy**

#### DX & IoT



Commercializing YAMABIKO LINK leveraging outdoor power equipment whose operating time can be managed and generators with remote monitoring functions



Development of robot products and the proposal of many different applications for robots through alliances

**Robots**

**In addition to working on new development themes, we actively work on joint development projects.**

We developed our research and development system last year. We reorganized our entire development organization and opened the Innovation Center at the head office.

**The Innovation Center at the head office**



**U.S. Battery R&D Center**



**YAMABIKO Europe**

\* Major markets: Japan, the United States, Europe

## ④ Implementation of ESG management

### **We will enhance our corporate value over the medium to long term through sustainable ESG management.**

The Company will contribute to solutions to social issues such as environmental problems and the shortage of workers through our business activities, while continuing to work to improve our governance system and information dissemination.

#### Environment

- Steadily implement reduction measures by setting GHG emissions reduction targets.
- Developing and selling products with low environmental impact to help reduce the environmental footprint of the market

#### Social

- Leveraging diverse human resources and continuing to invest in human capital, including human resources development and the improvement of the internal environment
- Reducing work accidents through safe and secure manufacturing
- Contributing to the development of agriculture and forestry through supporting the development of the next generation

#### Governance

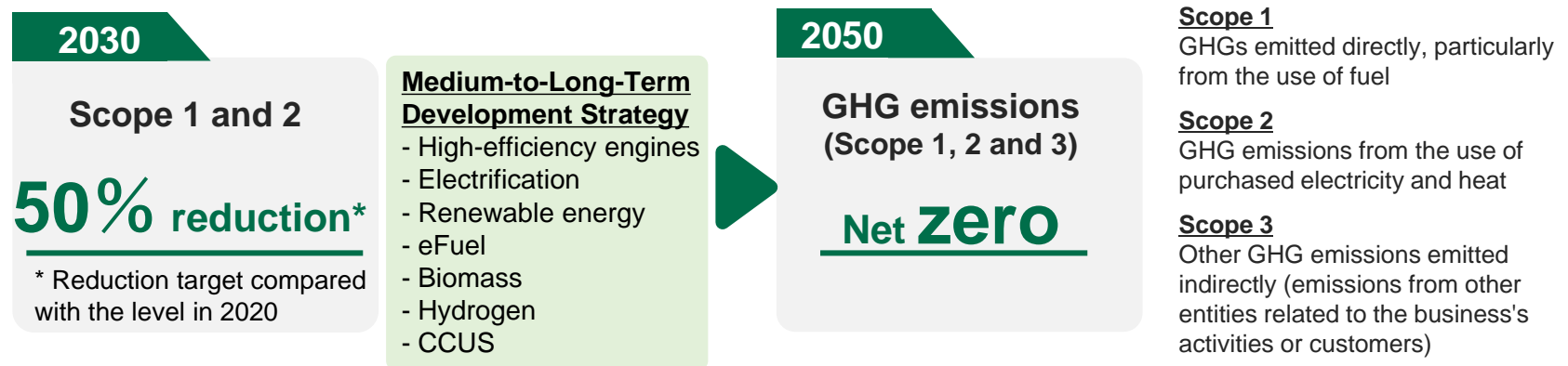
- Operating and deepening the governance system
- Enhancement of ESG information disclosure
- Improving the information security system

## ESG. Environment

### ◆ Yamabiko Group's climate change mitigation policy

- Climate change mitigation is one of our priority management issues.
- In the overseas OPE business, we will expand the lineup of engine products and battery products that will lead to high work efficiency and that conform to environmental regulations. In the agriculture and forestry business and the industrial machinery business, we will continue to develop products that reduce environmental impact and improve work efficiency.

### ◆ Setting GHG emissions reduction targets to reduce emissions



### ◆ Enhanced information dissemination (disclosure based on the TCFD recommendations, CDP score)



Supporting the TCFD recommendations, which is stated on the Company's website

URL : <https://www.yamabiko-corp.co.jp/sustainability/tcfd/>



CDP Climate Change report: score **B-**

The CDP: It gives companies and cities around the world an A to F score for their strategies to address climate change and efforts to reduce greenhouse gas emissions.

## ESG. Society

### Leveraging diverse human resources and continuing to invest in human capital, including human resources development and the improvement of the internal environment

- Develop and execute human resource strategies based on management and organizational strategies and facilitate the disclosure of related information.
- Strive to develop an environment where all employees can work energetically to maximize the capabilities of each employee and revitalize the organization, thereby enhancing its corporate value over the medium to long term.

#### Management and organizational strategies



#### 2025 Target

Percentage of women in managerial positions\*<sup>1</sup>

**9% or more**  
(2022 7.1%)

Percentage of male employees taking childcare leave\*<sup>2</sup>

**40% or more**  
(2022 21%)

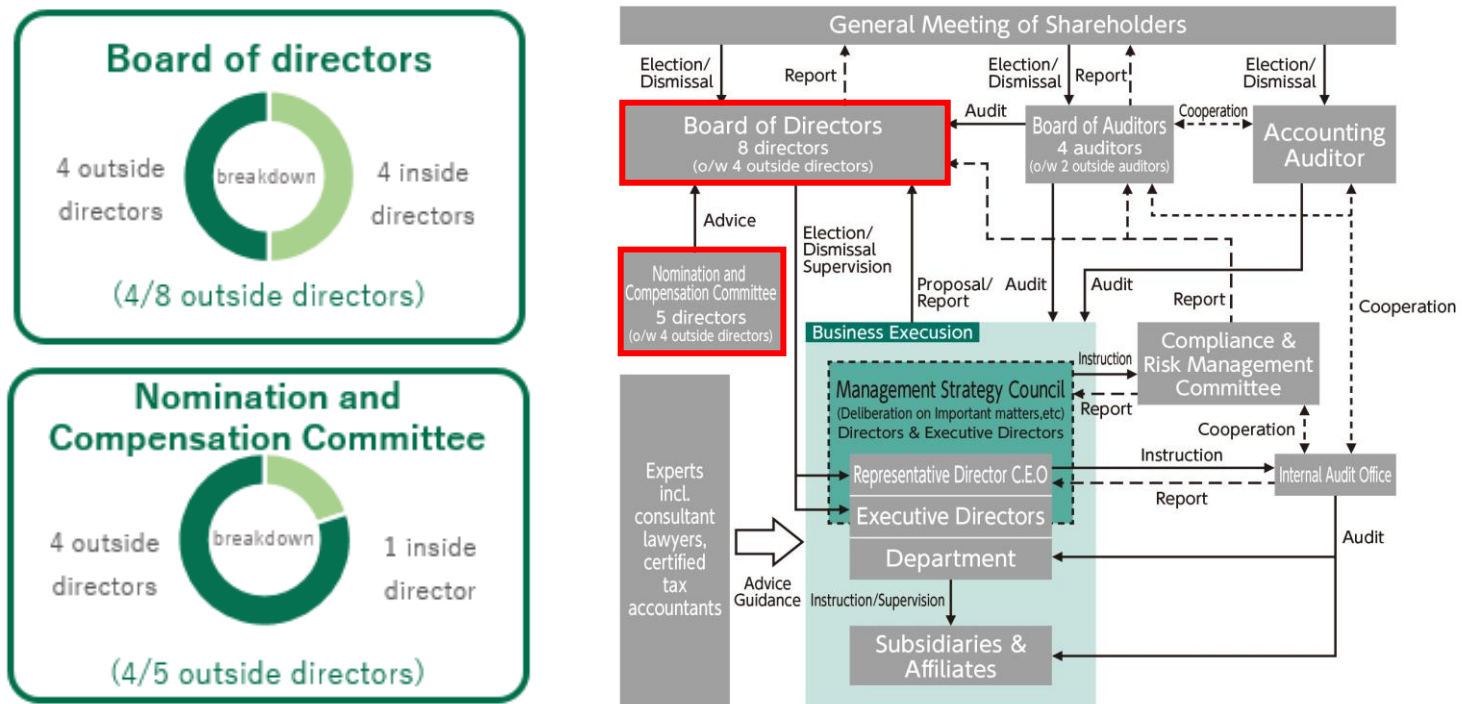
\*1 The ratio of female managers to all managers at the head office

\*2 The ratio of male employees who took two weeks or more of childcare leave

## ESG. Corporate Governance

### ◆ Operating and deepening a strong governance system that underpins the sustainable improvement of corporate value

- To respond to significant changes in the business environment, half of the directors are independent outside directors, which strengthens governance.
  - Ensuring the diversity and expertise of the directors and disclosing a skill matrix
- Independent outside directors account for a majority of the Nomination and Compensation Committee.
  - Ensuring the soundness and effectiveness of management and aiming to achieve sustainable growth and enhance corporate value over the medium to long term



(Note) The present governance system was established at the end of March 2022.

## ⑤ YAMABIKO DX strategy

We will implement the following strategies: (i) using digital technology to improve productivity in an innovative manner, reducing costs and improving efficiency (DT1), (ii) transforming existing businesses, adding value using data, and expanding earnings (DT2), (iii) creating new businesses through DT1 and DT2 with the goal of creating a new profit model (TR), and (iv) working to strategically cultivate digitally savvy employees.

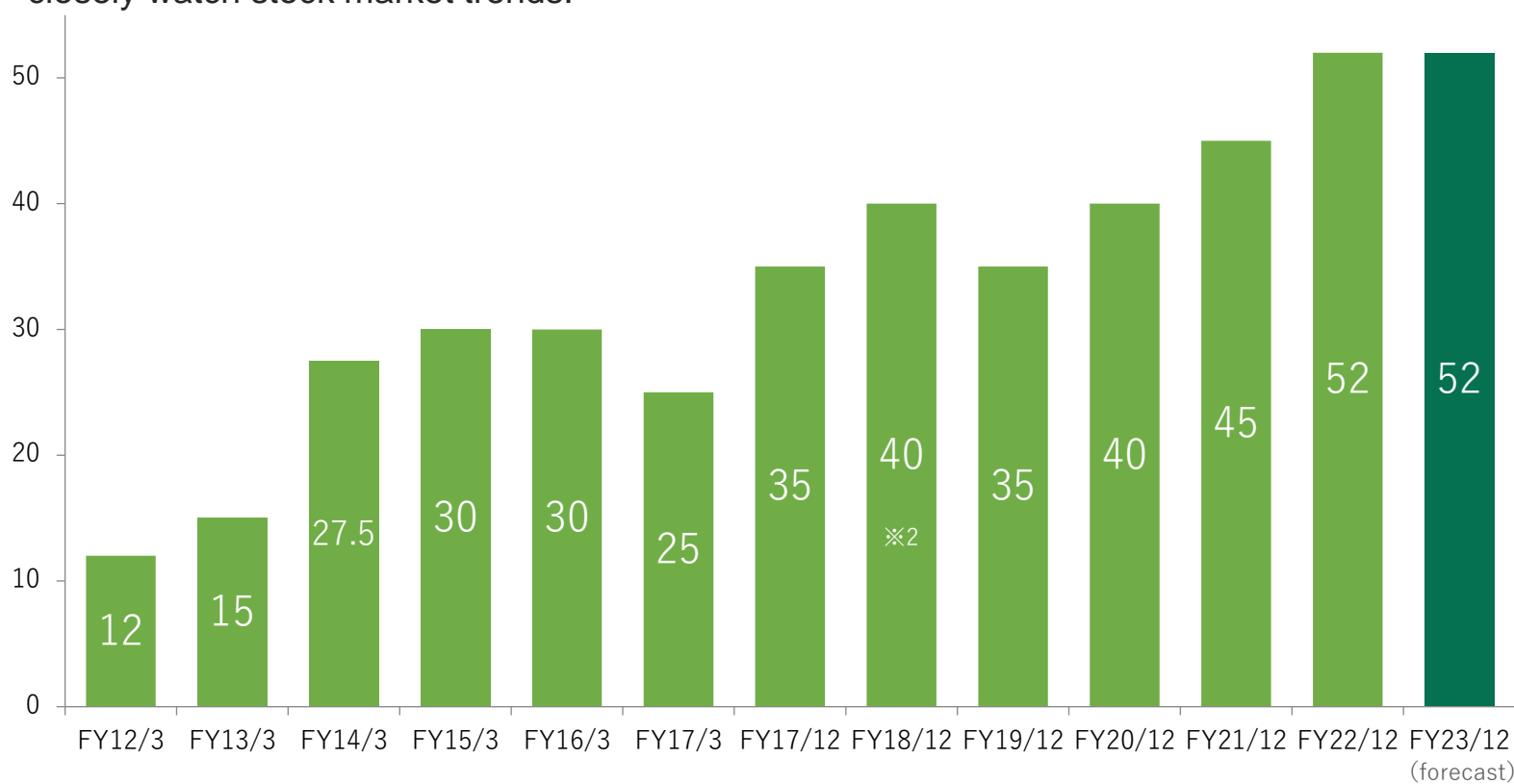
Strategy key	Initiatives	Details
DT1	Business automation	<ul style="list-style-type: none"> <li>• Process visualization/analysis, standardization of business processes</li> <li>• Use of business automation (including RPA)</li> </ul>
	Management innovation	<ul style="list-style-type: none"> <li>• Core system modifications (standardization of parts list, increasing the sophistication of cost calculations, building an information analytics platform)</li> <li>• Business data visualization, analysis support</li> </ul>
	Factory innovation	<ul style="list-style-type: none"> <li>• Optimization of operations based on collected production facility operation information, analysis of the information and feedback</li> </ul>
DT2	Sales innovation	<ul style="list-style-type: none"> <li>• Optimization of overseas sales/distribution and the building of sales channels for new products and services using portals</li> </ul>
TR	Creating new businesses	<ul style="list-style-type: none"> <li>• Expanding the service of remotely monitoring the operation of general industrial machinery that contributes to decarbonization, environmental conservation, regional disaster prevention, and addressing the issue of the decreasing working population and aging population</li> </ul>
Personnel development	Digital human resources development	<ul style="list-style-type: none"> <li>• Improving the digital literacy of all employees</li> <li>• Development of human resources who can practically use digital technology</li> </ul>

(Note) For more information, please refer to the Company's website (<https://www.yamabiko-corp.co.jp/dx-strategy/>).

## Shareholder Return Policy

### Continue to pay stable dividends based on past dividends.

- Consider a comprehensive approach to shareholder returns, taking into consideration the business environment, its business performance and financial condition, and continue to closely watch stock market trends.

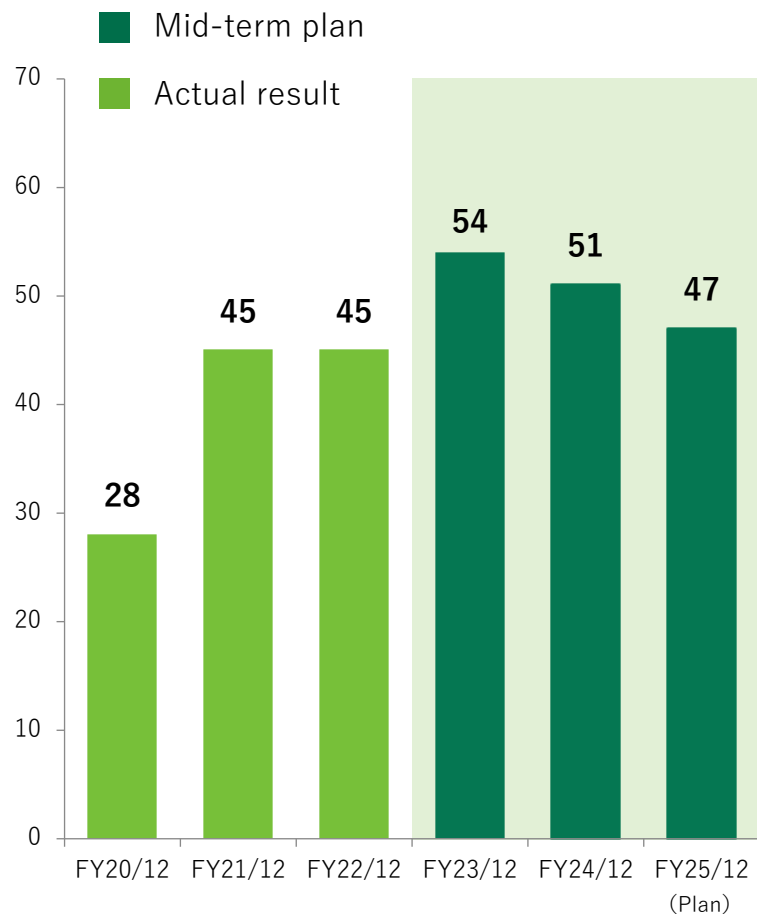


※1. The Company implemented a stock split of its common shares at a ratio of 4 shares per share on October 1, 2015. For your reference, per share data has been calculated based on the number of shares issued after the stock split.

2. The year-end dividend for the fiscal year ended December 31, 2018 includes 5 yen, for "10th anniversary commemorative dividend."

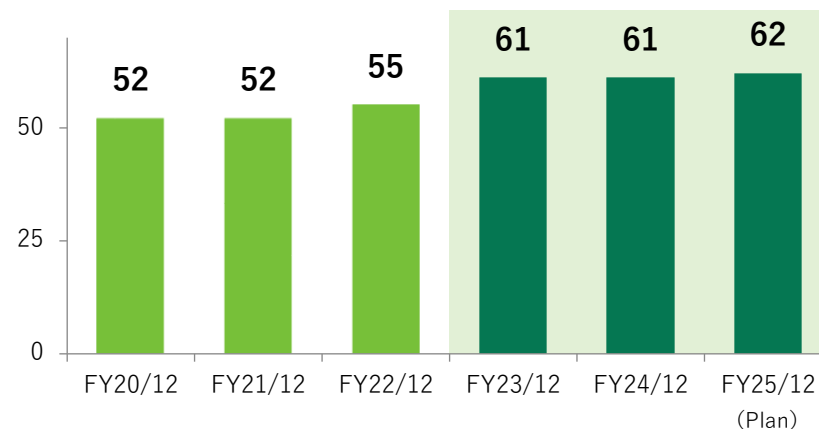
# Capital investment/R&D expenses/Depreciation

## Capital investment

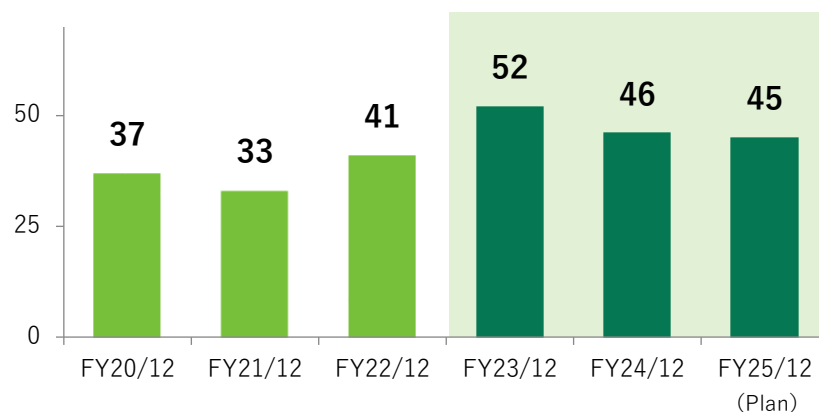


## R&D expenses

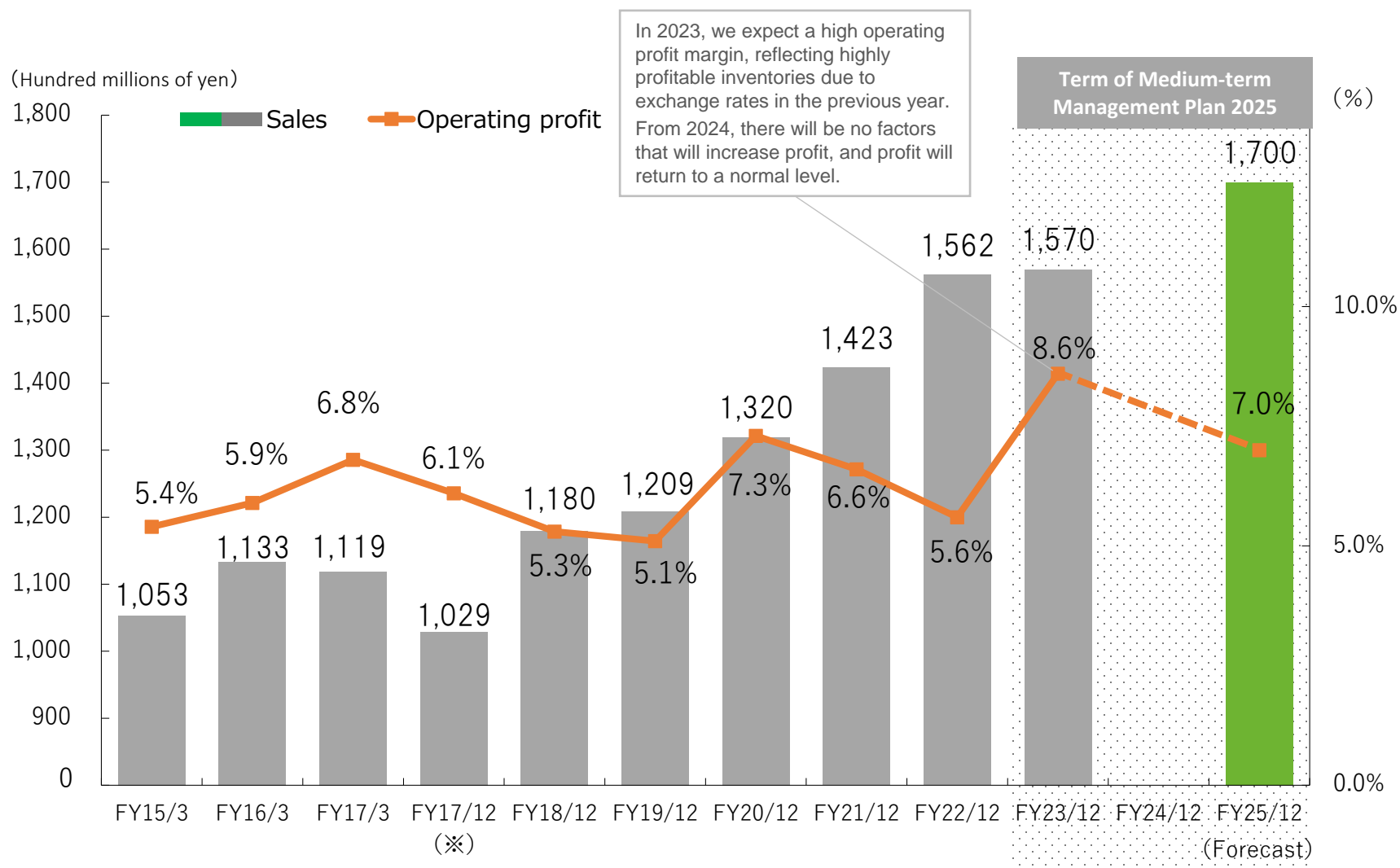
(Hundred millions of yen)



## Depreciation



# Business Performance Trends



※Year ended December 2017 is a 9-month period from April 1, 2017 to December 31, 2017 due to a change in the fiscal year-end.

This presentation has business plans which incorporate estimates made at the time of preparation.

Such plans and estimated figures of future results are established by Yamabiko Corporation in accordance with currently available facts, data, and information.

Various elements may affect actual business in the future and this presentation does not guarantee the materialization of the estimated figures in this presentation.

## YAMABIKO CORPORATION

Corporate Planning Dept.

7-2 Suehirocho 1-chome Ohme, Tokyo, Japan

e-mail: [ir6250@yamabiko-corp.co.jp](mailto:ir6250@yamabiko-corp.co.jp)