



President Hiroshi Kubo

YAMABIKO CORPORATION(6250)



Company Information

Market	TSE 1st Section
Industry	Machinery (Manufacturing)
President	Hiroshi Kubo
HQ Address	1-7-2, Suehiro-cho, Ome-shi, Tokyo, Japan
Year-end	End of December
Homepage	https://www.yamabiko-corp.co.jp/english/

Stock Information

Share Price	Shares Outstanding	Total market cap	ROE Act.	Trading Unit	
¥1,262	44,108,428 shares	¥55,664 million	11.4%	100shres	
DPS Est.	Dividend yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
¥35.00	2.8%	¥115.67	10.9x	¥1,441.32	0.9x

* The share price is the closing price on March 19. The numbers are taken from the brief financial report of the FY12/20.

Earnings Trend

Fiscal Year	Sales	Operating Income	Ordinary Income	Net Income	EPS	DPS
December 2017 Act.	102,948	6,283	6,823	4,930	119.33	35.00
December 2018 Act.	118,049	6,290	5,957	4,188	101.39	40.00
December 2019 Act.	120,922	6,203	5,917	4,164	100.46	35.00
December 2020 Act.	131,972	9,643	9,402	6,635	159.90	40.00
December 2021 Est.	128,000	6,700	6,700	4,800	115.67	35.00

*Unit: Million yen or yen. Net income is profit attributable to owners of the parent. Hereinafter the same shall apply. FY December 2017 was a 9-month one.

The DPS of 40 yen for FY December 2018 includes the 5yen dividend for commemorating the company's 10th anniversary.

This report introduces YAMABIKO CORPORATION's earnings results for Fiscal Year ended December 2020 and other financial details.

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Key Points

- In the term ended in December 2020, the company witnessed record-high sales and profit. Sales increased 9.1% year on year to 131.9 billion yen. Domestic sales grew 5.8%. Sales of outdoor power equipment rose sharply, thanks to the demand from household customers and new products. Pest control equipment sales picked up on the back of the government's economic measures. Overseas sales increased 11.2% year on year, mainly due to the growth of the demand for outdoor power equipment in the Americas. Operating income increased 55.5% year on year to 9.6 billion yen.
- Sales for the term ending in December 2021 are expected to decrease 3% year on year to 128 billion yen, and operating income is projected to decline 30.5% year on year to 6.7 billion yen. Domestic sales are expected to decline due to a pullback for agricultural machinery for government's economic policy and generators for the residential area service station development project, which grew sharply in the previous year thanks to said government's economic policy. Overseas, the company anticipates a rebound from the decline in demand for outdoor power equipment in Europe and industrial machinery in North America. Although the cost-to-sales ratio is expected to improve due to better productivity, it sees profits declining due to drags from lower sales volume and development investments in Japan and overseas. The company plans to pay an annual dividend of 35 yen per share, down 5 yen per share from the previous year. The estimated payout ratio is 30.3%.
- On January 1, 2021, Mr. Hiroshi Kubo, Director and Senior Executive Officer, was appointed as President and Executive Officer, and President Yoshiaki Nagao was appointed as Chairman and Executive Officer. Eyes will be on aggressive initiatives to be carried out under the new management team. Of the capital investments outlined in the medium-term management plan, the company only spent 2.8 billion yen in the previous term, significantly lower than the plan of 5 billion yen. As such, the company plans to upwardly revise the estimates for the current term, and steadily carry out the plan. In addition, the YAMABIKO R&D Headquarters will be reorganized into a cross-departmental organization that transcends segment barriers. It is to be positioned as a unit that will generate seeds for future profits. From both short-term and medium/long-term perspectives, the company is poised to step on the accelerator to further strengthen its development capability, which is the source of its competitive advantage.
- Focus will also be on the amendment to the Articles of Incorporation scheduled for March. Such amendments, which will pave the way for directors, including outside directors who are independent of business execution, to become Chairperson of the Board of Directors, are still rare across the TSE First Section. The company aims to growth with an appropriate sense of urgency, while ensuring management transparency and strengthening its management base. While sales and profits are expected to decline this fiscal year, our attention will be on how the company's aggressive measures, including digital transformation (DX) led by the new president Hiroshi Kubo, will lead to profits.

1. Company Overview

YAMABIKO CORPORATION develops, manufactures and sells outdoor power equipment (e.g., trimmers, chain saws etc.), agricultural machinery (e.g., pest control equipment, sloop mower), industrial machinery (e.g., generators, welders etc.) in Japan and overseas. The overseas sales occupy about 60% of their total sales. In terms of manufacturing and selling outdoor power equipment, the company not only has the top share in Japan but also a large share in the US. Its strength is owning unique production technology, a variety of product line-ups, and an excellent technical support system.

1-1 Corporate history

YAMABIKO CORPORATION started as a joint holding company established in December 2008 through a merger between KIORITZ CORPORATION (listed in the first section of the Tokyo, Osaka and Nagoya Stock Exchanges), which dealt with agricultural machinery in Japan and outdoor power equipment overseas, and Shindaiwa Corporation (listed in the second section of the Tokyo Stock Exchange), which dealt with outdoor power equipment and industrial machinery globally. In October 2009, YAMABIKO CORPORATION established its current business entity by merging both KIORITZ and Shindaiwa.

KIORITZ CORPORATION was established in 1947 in Tokyo and originally called KIORITZ AGRICULTURAL EQUIPMENT CORPORATION. It has been a leading company in both agricultural equipment business through which they developed “Japan’s first speed sprayers” and outdoor power equipment business through which they developed “Japan’s first motorized backpack trimmers” and “the world’s first handheld power blowers”. Furthermore, since its establishment, it has been focusing on self-development of engines for outdoor power equipment. The accumulative number of engines produced in 2008, before the merger, was about 40 million.

Shindaiwa Corporation was established in 1952 in Hiroshima and was originally called Asamoto Precision Manufacturer. It not only developed “Japan’s first electric chain saws” for the outdoor power equipment business, but also manufactured and sold engine generators and engine welders for the industrial machinery business. Its strength was high technological development capabilities, as can be seen in the development of the world’s first mixed fuel 4-cycle engine.

In the late 1990s, with growing concern about global warming caused by greenhouse effect gas, and as engine’s emission gas control became stricter in the Western countries, especially in the US, research and development expenses increased to comply with the new regulations. In the 2000s, the medium and small-sized companies that could not afford these expenses went through rapid industry restructuring on a global scale in the outdoor power equipment industry.

Moreover, the business environment became further uncertain due to a flood of cheaper products from newly emerging countries and diversification of customers’ needs.

Under these circumstances, the two companies concluded a business and capital alliance agreement in May 2007 on the premise of future business integration in order to strengthen the vitality to survive and win the intensifying competition.

In December 2008, YAMABIKO CORPORATION was established as a joint holding company to achieve better efficiency and expansion for all its businesses including development, manufacturing, logistics, sales and management. In October 2009, YAMABIKO CORPORATION conducted an absorption-type merger of KIORITZ and Shindaiwa and became the current business entity.

The company name “YAMABIKO” derives from the mountain god, “Yamabiko”. Its corporate philosophy is to “create the bridge that bonds people and nature with the future”. This expresses the company’s willingness to contribute to the conservation and improvement of the nature and environment.

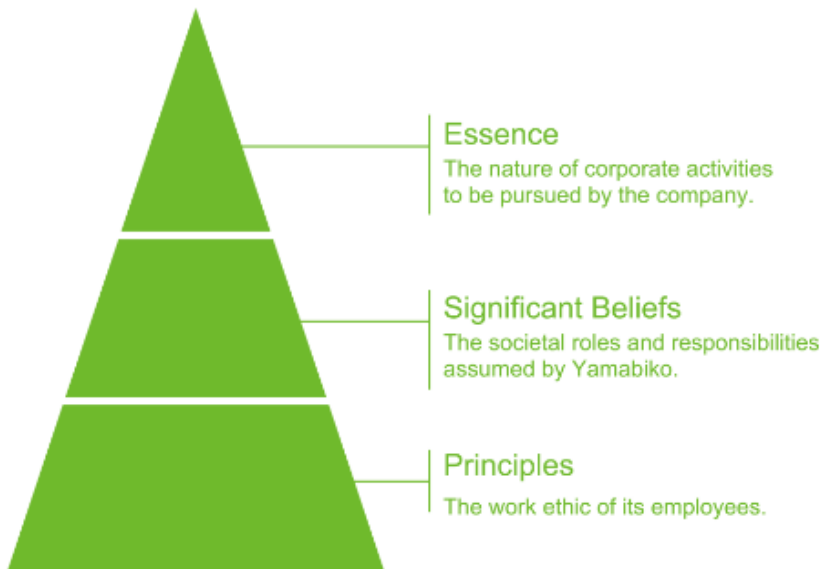
1-2 Corporate philosophy, etc.

YAMABIKO Group’s corporate philosophy is formed from three elements: “Essence”, “Purpose of Existence” and “Code of Conduct”.

“Essence”, which incorporates both “Purpose of Existence” and “Code of Conduct”, expresses in a single word what YAMABIKO Group aims to be as a company, and the essence of its corporate activities.

“Purpose of Existence” sets out the role and responsibilities of YAMABIKO Group in society and makes a commitment to this.

“Code of Conduct” defines the attitude of each YAMABIKO Group employee in relation to their work.



(From the Company’s website)

<Essence>

*Create the bridge that bonds people and nature with the future.

<Significant Beliefs>

- *Offer the best products and service in the world.
- *Support people and companies committed to sustaining nature and the environment.
- *Lead the industry through the creation of new markets and customers, ultimately resulting in growth for tomorrow.
- *Provide a sense of fulfillment for all persons affiliated with YAMABIKO CORPORATION.

<Principles>

- *Observe change and anticipate the future.
- *Combine fact with theory.
- *Break the status quo through innovation and creativity.
- *Think and act with the spirit and vitality of a globally competitive company.
- *Conduct oneself with sincerity and grace.

In addition, the company established 14 detailed measures that augment the Code of Conduct to facilitate the implementation of business activities in accordance with the corporate philosophy.

1-3 Market environment

Although no detailed statistics about the outdoor power equipment market is available, it is known that the largest market is in North America including the US, followed by Europe. In Japan, about 1 million outdoor power equipment/tools are sold per year. The indicators that may impact the company’s trend in the earnings include “number of housing start”, “commodity (grain) price”, and “crude oil price” for the overseas market and “rice price” for the Japanese market.

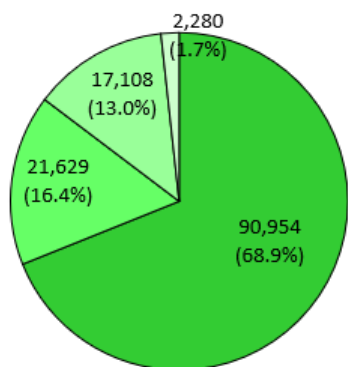
The company recognizes that there are two global manufacturers of outdoor power equipment in Europe (Germany and Sweden).

1-4 Business contents

1. Segment

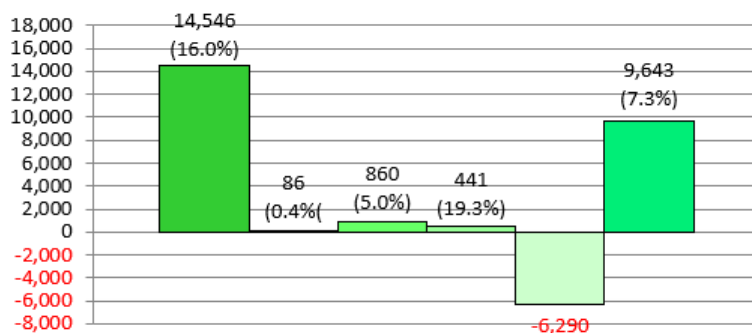
YAMABIKO Group operates businesses in three sectors: Outdoor power equipment, Agricultural machinery and Industrial machinery. These three segments are reported.

Composition of sales
(FY Dec. 2020, Unit: Million yen)



- Outdoor power equipment
- Agricultural machinery
- Industrial machinery
- Others

Composition of operating income
(FY Dec. 2020, Unit: Million yen)



- Outdoor power equipment
- Agricultural machinery
- Industrial machinery
- Others
- Adjustment
- Operating income

* The number in parenthesis represents the segment profit rate against segment sales

(Developed by us based on YAMABIKO CORPORATION’s financial report.)

“Outdoor power equipment business”

YAMABIKO CORPORATION manufactures and sells handheld or backpack-style forestry and landscape maintenance machinery powered by small internal combustion engines. The main products include chain saws, trimmers, power blowers, hedge trimmers, etc. In Nov. 2014, the company acquired “Belrobotics SA,” a Belgian venture company, which develops, manufactures, and sells robotic mowers for professional use. (In Jan. 2017, Belrobotics SA was renamed “Yamabiko Europe SA” for the purpose of enhancing sales in Europe.)

Based on the accumulated experiences and know-how and excellent development capabilities that meet the customers’ needs, YAMABIKO CORPORATION continues to produce high performance, highly durable and high-quality engines.

<Chain saws>



<Trimmers>



<Power blowers>



(Gasoline engine system)

The engines for outdoor power equipment such as chain saws and trimmers are mainly 2-stroke gasoline engines. As described later, the company’s excellent capability to develop engines is one of their most important features/strengths.

Brief information concerning the company’s engines is provided below because knowing the gasoline engine system and characteristics of each engine type helps to understand the business of the company,

Basically, a gasoline engine generates power by moving the piston down with the combustion of gasoline through the following 4 steps.

Step	Overview
1. Intake	The air-fuel mixture is sucked in a cylinder.
2. Compression	The air-fuel mixture in the cylinder is compressed as the piston moves up.
3. Expansion	When the air-fuel mixture is compressed the most, a spark will be generated to ignite. Expansion from burning pushes the piston down.
4. Exhaust	The burned gas is discharged outside.

Reciprocating motion of the piston is converted into revolution by a crankshaft. The rotating motion turns the rotating shaft of axle of a car or revolving shaft of chain saws.

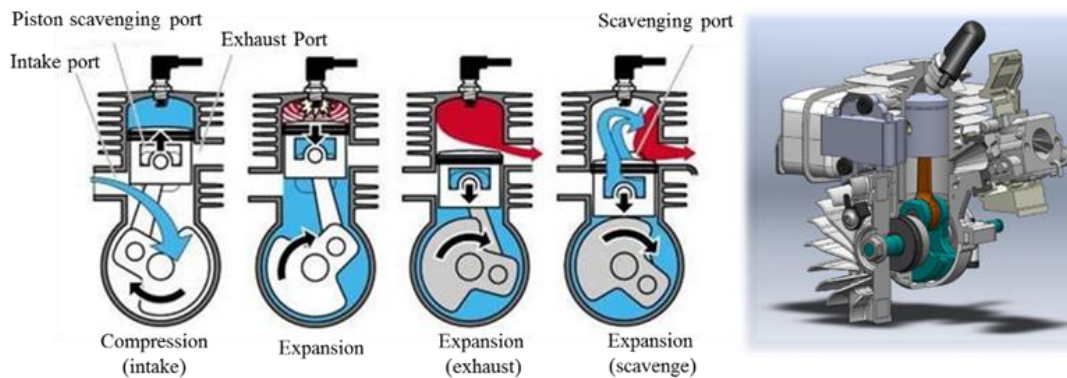
The gasoline engine is largely categorized in two types (2-stroke engine and 4-stroke engine), depending on the number of reciprocating motions by piston to complete “1 cycle” of the 4 steps.

“2-stroke engine”

One power cycle is completed by 2-stroke. In other words, a power is generated by “1 piston reciprocating motion, 1 crankshaft revolution”.

First stroke (piston moving up): “Intake” and “compression” of air-fuel mixture occurs.

Second stroke (piston moving down): Piston moves down due to the “expansion” of air-fuel mixture and “exhaust” occurs later.



“4-stroke engine”

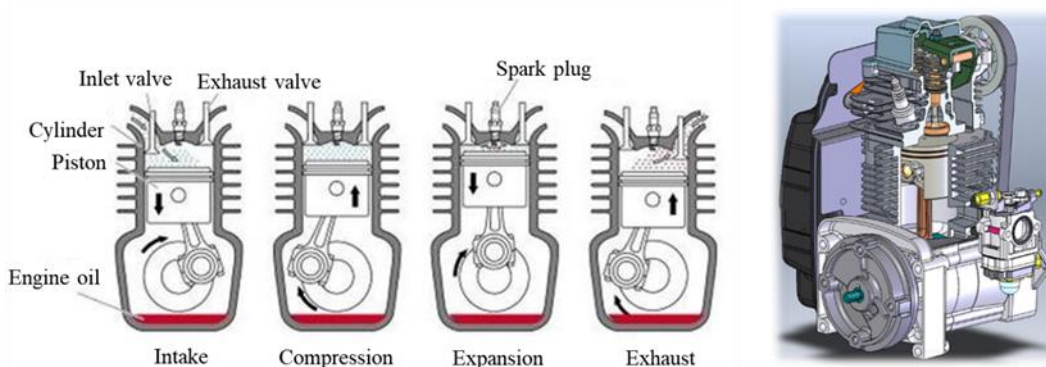
One power cycle is completed by 4-stroke. A power is generated by “2 piston reciprocating motions, 2 crankshaft revolutions”.

First stroke (piston moving down): “Intake” of air-fuel mixture occurs.

Second stroke (piston moving up): “Compression” of air-fuel mixture occurs.

Third stroke (piston moving down): Piston rapidly moves down as a result of “expansion”.

Fourth stroke (piston moving up): Combusted gas is “exhausted”.



The advantage of the 4-stroke engine is the easy control of intake and exhaust. However, its structure is complicated compared to a 2-stroke engine, because the intake/exhaust valves of a 4-stroke engine are installed at the cylinder head, while intake and exhaust of a 2-stroke engine occur at the port that is located on the body of the cylinder. Because of this structure, the weight of a 4-stroke engine is heavier than a 2-stroke engine.

On the other hand, a 2-stroke engine has a larger ratio of burning engine oil and fuel in order to make smooth piston motion and blow-by of air-fuel mixture. This means it releases more harmful substances in the exhaust gas as compared with a 4-stroke engine. However, because of its simple structure and smaller number of parts, the 2-stroke engine can be smaller and lighter. The overhaul is also easier for the same reasons. Therefore, a 2-stroke engine is the most appropriate engine for outdoor power equipment.

“Agricultural machinery business”

YAMABIKO CORPORATION manufactures and sells pest control equipment for Japan and agricultural harvesting equipment for North America.

Its major products include pest control equipment (speed sprayers, mounted equipment for cropland pest control, power sprayers), sloop mower, soy and potato harvesters, etc.

YAMABIKO CORPORATION’s technological strengths in this business segment are KIORITZ’s blowing, spraying, and pumping technology as well as technology to create small and light equipment. These technological capabilities have been built up over many years at KIORITZ.

<Mounted equipment for cropland pest control>



<Speed sprayers>



<Sloop mowers>



“Industrial machinery business”

YAMABIKO CORPORATION manufactures and sells equipment for construction, civil engineering and iron works.

Its major products include generators, welders, lighting equipment, cutting machines and high-pressure washers.

Technological strengths in this business segment are established by the R&D knowledge accumulated since YAMABIKO CORPORATION started business as Shindaiwa, and such strengths can be found in alternator designing capability enhanced by their efforts for alternative current motor development, as well as technologies for electronic control and noise prevention.

BRIDGE REPORT



<Generators>



<Welders>



“Accessories and parts”

The company manufactures and sells accessories and the parts for after purchasing service for various machines and equipment. The profitability in this segment is the highest among all segments.

<Maintenance kit>



<Nylon trimmer line>



<Fuel/Oil>



2. Brand

YAMABIKO CORPORATION was established based on the integration of two companies. The products of both companies are well recognized both in Japan and overseas for many years. Therefore, YAMABIKO CORPORATION maintains the brand names as KIORITZ, Shindaiwa, and ECHO.

YAMABIKO CORPORATION is proactively investing in marketing activities as well as exploring new sales routes to enhance its brand values.



Domestic brand that sells outdoor power equipment and agricultural machinery.



Global brand that sells outdoor power equipment and industrial machinery.



Global brand that sells outdoor power equipment and agricultural machinery.

3. Development structure

Each business segment is working on development with a focus on the following priority issues.

Business	Priority issues for development
Outdoor power equipment	*To comply with exhaust gas regulations at the global level *To comply with fuel permeability regulations in North America *To comply with noise and vibration regulations in Europe *To create smaller and lighter equipment with low noise, low fuel consumption and high durability *To enhance safety
Agricultural machinery	*To achieve reduction of drift, proper quantity of spraying, high performance, and easy operation
Industrial machinery	*To create smaller and lighter machinery with low noise, high performance, high function, and low fuel consumption

The exhaust gas regulations are expected to be further tightened in the future. Therefore, addressing them is of paramount importance. In addition, the company is conducting research on control technology in the field of electronic control.

4. Production structure

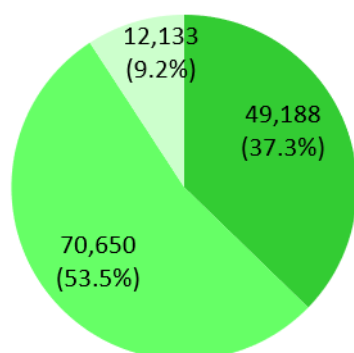
The company has 3 plants (Yokosuka, Morioka, and Hiroshima) and 4 production related subsidiaries in Japan and a total of 10 production related subsidiaries in the USA, Belgium, China and Vietnam.

5. Sales route and sales methods

The company supplies its products in over 90 countries for about 28,000 stores.

More than 60% of the sales are from overseas sales.

Sales by region
(FY Dec. 2020, Unit: Million yen)



■ Japan ■ Americas ■ Other overseas

<Domestic market>

Seven sales subsidiaries, which were separated mainly by region, were merged into YAMABIKO JAPAN CO., LTD. in April 2017, with the aim of allocating management resources in a more efficient manner, strengthening sales capabilities, and improving customer services through a unified management system and integral operation of business assets.

YAMABIKO JAPAN CO., LTD sells the products to distributors, ZEN-NOH (National Federation of Agricultural Cooperative Associations), home centers, and construction machinery rental companies, etc. Through them, the products are supplied to the end users including farmers/foresters, companies in the construction, civil engineering and iron industries and landscapers.

The company presents their products in exhibitions in collaboration with dealers and distributors and facilitates sales through demonstration and test drive.

Furthermore, the company accompanies dealers to visit end users to understand their needs and utilize the information for product development.

<North American market>

ECHO Incorporated Group, one of the company's subsidiaries, sells the products to The Home Depot (*) and other distributors, through which the products are supplied to the end users such as landscapers, homeowners, farmers/foresters, and companies in the construction/civil engineering industry.

*The Home Depot: The Home Depot, Inc. is the world's largest home center and construction products and services. It was established in 1978. Sales in 2019 were US\$110.2 billion and net income was US\$11.2 billion. It has over 2,291 stores in the US, Canada and Mexico. It is listed on the New York Stock Exchange. (Excerpted from the company's website)

The Home Depot classifies their products into GOOD, BETTER and BEST in accordance with the quality. It is only YAMABIKO CORPORATION that supplies the high-quality BEST products to The Home Depot. This is one of the proofs that the company's products are highly reputed in the North American market.

In the Central and South American market, ECHO Incorporated, one of the company's subsidiaries, sells the products to the distributors of each country, and made their products supplied to the end users through dealers.

Yamabiko Europe SA in Europe and ECHO MACHINERY (SHENZHEN) Co., Ltd. in China, both of which are subsidiaries of Yamabiko, sell products to distributors in their respective countries

Asia and other areas, YAMABIKO CORPORATION sells the products to the distributors in each country.

The overseas dealers display the products by brand, and salesperson conducts person-to-person sales while understanding the needs of the end users.

The home center also displays the products by type and price. The end users purchase the products based on the needs, budget and image they have from advertisement, etc.

1-5 Characteristics and strengths

① Unique production and technological capabilities and vertically integrated production

The most important characteristics and strengths of the company are the “unique production and technological capabilities and vertically integrated production capabilities”.

Their mainstay 2-stroke engines that are mounted to the outdoor power equipment are manufactured by an integrated production system solely by the company from development, procurement of aluminum, molding, parts production, processing to assembly, which is said to be unique anywhere in the world. The power sources for the products of agricultural machinery and industrial machinery are also engines, but they are mostly procured externally.

The company have solved various issues with their unique technologies including iron plating and electric discharge processing. This results in the quality improvement and production capacity improvement of the company.

Specifically, the company has established the following technologies.

<Example 1: Iron plating>

Plating is a surface covering method in which the surface of a metal is covered by a thin layer of another metal. For engine production, inside of the cylinder should be plated to avoid abrasion caused by dispute with a piston.

The conventional method is to use chrome plating from durability and cost perspectives. However, chrome plating gives negative impact on the environment. Its production efficiency is also low. Therefore, there was an increasing demand for different materials for plating.

The company has been working on “iron plating” since 1978 to reduce environmental load.

Initially, they could produce only hundreds per day. However, as a result of enhanced productivity, enhanced plating precision, and reduction of environmental load, the company now has the iron plating technology that does not require finish processing. Their technology has drastically smaller environmental load. Furthermore, their daily production capacity increased significantly, reaching thousands.

The company holds 5 patents related to iron plating.

<Example 2: Electric discharge processing>

As described above, a 2-stroke engine requires a smaller number of parts and has a simpler structure as compared to a 4-stroke engine. Therefore, it is most suitable for the “handheld” and “backpack-style” outdoor power equipment. However, it releases some fuel mixed gas. In order to respond to the increasingly strict exhaust gas regulations globally, the company was faced with a challenge to control the flow of the fuel mixed gas for efficient burning.

In order to achieve it, the company explored the production methods to modify the internal shape of the cylinder (by installing a wall between the fuel mixed gas passage and internal shape of the cylinder).

A “wall” can be created by die-casting (*), but it requires a horizontal hole to lead the fuel mixed gas to a combustion chamber. With die-casting, it was impossible to create a horizontal hole. It was also difficult to carry out machining due to small space in the chamber. The company came up with the idea of using “electric discharge processing (*)” to create a form while taking advantage of die-casting.

Although electric discharge processing enabled to create complicated forms, it was costly due to long processing time and high electrode consumption. The company conducted research on processing conditions for a large volume production and developed designs of special electrode form. As a result, it succeeded in producing a large volume of products, by shortening processing time, saving personnel, lowering the cost of electrode and enhancing efficiency.

Having obtained three patents related to electrode processing, the company has established the unique technology that cannot be imitated by other companies.

(*) Die-casting

Die-casting is one of the metal mold casting methods. By injecting melted metal in a metallic mold, a large amount of casting with high precision can be produced within a short period of time. It enables to create a thin product at low cost.

(*) Electric discharge processing

Electric discharge processing is a machine processing method to remove a part of the surface of a non-processed workpiece through repeated electrode discharge at short cycles between electrode and the non-processed workpiece. It enables to cut out complicated outline on extremely hard steel.

With “advanced capabilities for creation” such as the above-mentioned technologies, the Company not only complies with exhaust gas regulations but also responds to various needs including weight reduction, enhancing durability and cost reduction. It succeeded in developing and mass-producing “a light weight and highly durable 2-stroke engine that meets the exhaust gas regulations”.

While many companies in the world are forced to leave the industry because they cannot address these issues, YAMABIKO CORPORATION continues to make further development as a leading manufacturer.

②Unique research and development capabilities for each business segment

The company’s capability to address environmental issues is high. The company possesses one of the highest number of US Environmental Protection Agency (EPA)-accredited engines in the world.

Furthermore, not only for outdoor power equipment, the company also has unique research and development capabilities for the agricultural machinery and industrial machinery. Based on the technological capacities that have been accumulated by KIORITZ and Shindaiwa for many years, the company is further brushing up the capabilities.

③Extensive product lineup and expansion of sales network and domestic services network

The company has an extensive lineup of products that meet various needs of the customers in each of the three business segments. It also currently supplies the products to about 28,000 stores in more than 90 countries across the world.

As a result of merging KIORITZ and Shindaiwa, YAMABIKO CORPORATION’s product lineup and sales network were further expanded.

With the aim of improving the satisfaction level of diversifying users, the company established “Yamabiko Service Shop” inside Japan in 2013, and is operating service systems for maintenance, repair a failure, etc., which are not offered by competitors, throughout Japan. The number of affiliated shops is 342 as of Mar.2020.

④Excellent technical support system

The company also provides excellent technical support in order to enhance credibility of the products and strengthen the relationships with distributors and dealers.

In addition to offering about 40 service schools annually both in Japan and abroad, in 2018, the company started to provide a new e-learning course using its originally developed teaching materials targeted at overseas distributors in an attempt to enhance their repair skills and deepen their understanding of the mechanism of the engines.

Furthermore, the European subsidiaries of the company recently organize road show-style education and training sessions for nurturing trainers at distributors, and lecture classes designed for distributors’ salespersons, endeavoring to further fortify its service capabilities.

⑤High product share

By demonstrating the above-mentioned characteristics and strengths (1-5-1) to (1-5-4) in an integrated manner, the company is becoming highly competitive at a global level. For the outdoor power equipment business, the company has the top market share (more than 30%) in Japan and is ranked high in North America, the largest market.

1-6 Return on Equity (ROE) Analysis

	FY 3/12	FY 3/13	FY 3/14	FY 3/15	FY 3/16	FY 3/17	FY 12/17	FY 12/18	FY 12/19	FY 12/20
ROE (%)	7.9	8.7	14.5	12.4	10.4	5.1	9.9	7.9	7.6	11.4
Net income margin [%]	2.27	2.72	4.48	4.67	4.15	2.12	4.79	3.55	3.44	5.03
Total asset turnover [times]	1.14	1.13	1.28	1.18	1.21	1.20	1.05	1.18	1.18	1.23
Leverage [times]	3.04	2.85	2.52	2.26	2.08	2.00	1.98	1.91	1.84	1.81

ROE rose to 11.4% in the previous fiscal year, thanks to margin improvement owing to sales growth.

2. Fiscal Year ended December 2020 Earnings Results

2-1 Consolidated Business Results

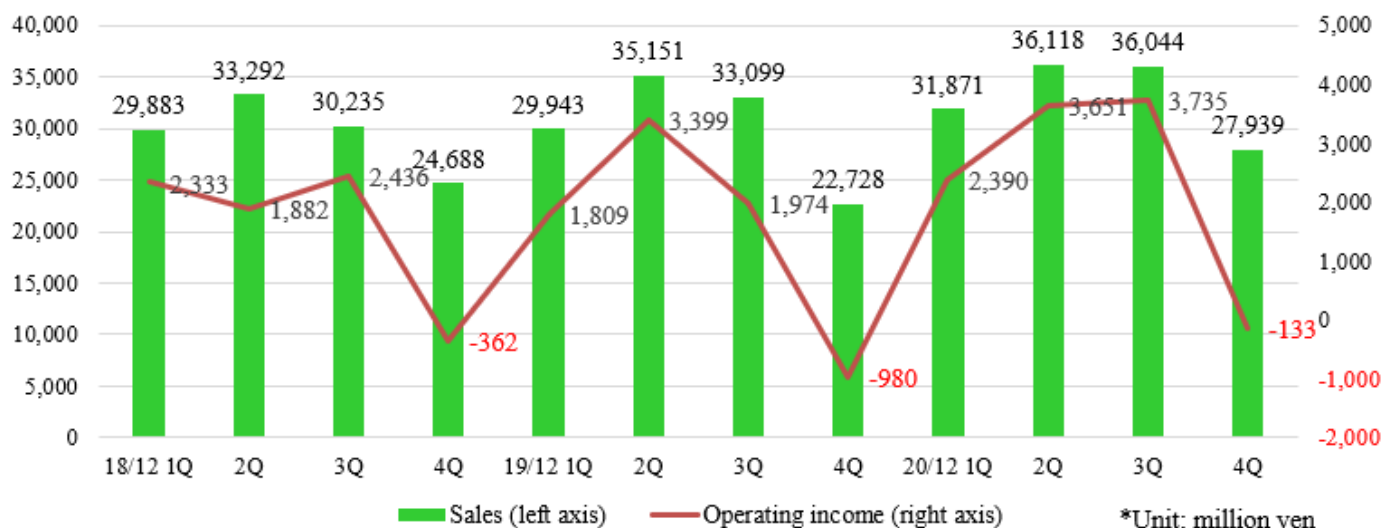
	FY 12/19	Ratio to sales	FY 12/20	Ratio to sales	YoY	Compared to Estimates
Sales	120,922	100.0%	131,972	100.0%	+9.1%	+2.3%
Domestic	46,473	38.4%	49,188	37.3%	+5.8%	-
Oversea	74,449	61.6%	82,783	62.7%	+11.2%	-
Americas	61,787	51.1%	70,650	53.5%	+14.3%	-
Others Overseas	12,662	10.5%	12,133	9.2%	-4.2%	-
Gross Profit	33,994	28.1%	37,640	28.5%	+10.7%	+1.5%
SG&A	27,791	23.0%	27,997	21.2%	+0.7%	-1.4%
Operating Income	6,203	5.1%	9,643	7.3%	+55.5%	+10.8%
Ordinary Income	5,917	4.9%	9,402	7.1%	+58.9%	+10.6%
Net Income	4,164	3.4%	6,635	5.0%	+59.3%	+16.4%

*Unit: million yen. Net income means profit attributable to owners of parent.

Sales and profit increased, resulting in record-high sales and profit and exceeded forecasts.

Sales increased 9.1% year on year to 131.9 billion yen. Domestic sales grew 5.8%. Sales of outdoor power equipment rose sharply, thanks to the demand from housebound customers and new products. Pest control equipment sales picked up on the back of the government's economic measures. Overseas sales increased 11.2% year on year, mainly due to the growth of the demand for outdoor power equipment in the Americas. Operating income increased 55.5% year on year to 9.6 billion yen. Record-high sales and profit.

Quarterly transition of sales and operating income



2-2 Trends by Segment and region

	FY 12/ 19	Ratio to sales	FY 12/20	Ratio to sales	YoY
Outdoor Power Equipment	79,840	66.0%	90,954	68.9%	+13.9%
Agricultural Machinery	20,390	16.9%	21,629	16.4%	+6.1%
Industrial Machinery	18,681	15.4%	17,108	13.0%	-8.4%
Others	2,011	1.7%	2,280	1.7%	+13.4%
Sales	120,922	100.0%	131,972	100.0%	+9.1%
Outdoor Power Equipment	10,769	13.5%	14,546	16.0%	+35.1%
Agricultural Machinery	-144	-	86	0.4%	—
Industrial Machinery	1,397	7.5%	860	5.0%	-38.4%
Others	350	17.4%	441	19.3%	+25.8%
Adjusted Amount	-6,169	-	-6,290	-	—
Operating Income	6,203	5.1%	9,643	7.3%	+55.5%

*Unit: million yen. The composition ratio for operating income means the ratio of operating income to sales.

◎ Outdoor power equipment

	FY 12/20	YoY
Sales	90,954	+13.9%
Japan	15,087	+10.8%
Overseas	75,866	+14.6%

*Unit: million yen

(Japan)

Domestic sales increased 10.8% year on year to 15,087 million yen. In addition to mainstay trimmers, for which the company launched new products that are lighter and easier to operate, sales of chainsaws, accessories, and spare parts grew. Sales to home improvement retailers were strong in particular.

(Overseas)

Demand for gardening in the U.S. has boosted sales significantly. While there remains political and economic instability in Latin America, the market is recovering due to the increase in time spent at home. Sales have been flat in Western Europe, as in Russia, where sales have been sluggish due to prolonged restrictions on sales activities due to the spread of COVID-19. Sales declined in other regions such as Asia and Oceania. Overall, sales rose sharply, up 14.6% year on year.

BRIDGE REPORT



◎Agricultural machinery

	FY 12/20	YoY
Sales	21,629	+6.1%
Japan	16,476	+5.6%
Overseas	5,153	+7.7%

*Unit: million yen

(Japan)

Lawn mowers, mowers, and elevating work platforms, which are seeing growing demand, continued to perform well. In the fourth quarter (October-December), sales of pest control equipment such as mounted equipment for cropland pest control and large sprayers also picked up, backed by the government's economic measures. As a result, sales increased 5.6% year on year to 16,476 million yen.

(Overseas)

Sales grew 7.7% year on year to 5,153 million yen. In North America, potato-related products performed well, and rising grain prices toward the end of the fiscal year worked as a tailwind.

◎Industrial machinery

	FY 12/20	YoY
Sales	17,108	-8.4%
Japan	15,343	+0.6%
Overseas	1,764	-48.6%

*Unit: million yen

(Japan)

While a decline in sales of welders and lighting equipment due to delays with construction work, etc., the company's mainstay generators are steadily capturing infrastructure development demand, covering a decline in sales of welders and lighting equipment. Sales came to 15,343 million yen, largely in line with year-earlier levels.

(Overseas)

Sales dropped 48.6% year on year to 1,764 million yen due partly to the impact from the economic downturn and stalled sales activities caused by the COVID-19 pandemic.

◎Others

	FY 12/20	YoY
Sales	2,280	+13.4%
Japan	2,280	+13.9%
Overseas	0	-98.9%

*Unit: million yen

Sales rose, mainly thanks to growth for maintenance services. Sales increased 13.4% year on year to 2,280 million yen.

BRIDGE REPORT



2-3 Financial standing and cash flows

◎Main Balance Sheet

	End of December 2019	End of December 2020		End of December 2019	End of December 2020
Current Assets	71,270	77,796	Current Liabilities	33,852	33,117
Cash	6,262	13,243	Payables	20,922	21,849
Receivables	25,693	27,294	ST Loans Payable	5,550	3,330
Inventories	37,334	35,141	Noncurrent Liabilities	12,706	14,221
Noncurrent Assets	31,575	29,355	LT Loans Payable	9,837	11,374
Tangible Assets	24,208	22,635	Total Liabilities	46,559	47,338
Intangible Assets	668	428	Net Assets	56,285	59,814
Investment, Others	6,697	6,291	Shareholders' Equity	54,771	59,951
Total Assets	102,845	107,152	Total Liabilities and Net Assets	102,845	107,152

*Unit: million yen. Trade payables include electronically recorded accounts payable.

Current assets increased 6.5 billion yen from the end of the previous term due to an increase in cash and deposits, a decrease in inventories, and an increase in accounts receivable. Fixed assets decreased 2.2 billion yen.

Total assets grew 4.3 billion yen to 107.1 billion yen.

Liabilities rose 700 million yen to 47.3 billion yen due to an increase in accounts payable, trade payables, and a decrease in borrowings. Net assets increased 3.5 billion yen to 59.8 billion yen due to an increase in retained earnings and a decrease in foreign currency translation adjustments.

As a result, capital-to-asset ratio rose 1.1 points from the end of the previous term to 55.8%.

Due to the increase in sales and profit, D/E ratio (Debt Equity Ratio) decreased from 85.0% to 79.0%.

◎Cash Flow

	FY 12/ 19	FY 12/ 20	Increase/Decrease
Operating Cash Flow	7,654	11,883	+4,229
Investing Cash Flow	-3,083	-2,724	+359
Free Cash Flow	4,571	9,159	+4,588
Financing Cash Flow	-2,889	-2,127	+762
Term End Cash and Equivalents	6,262	13,243	+6,981

*Unit: million yen

The surplus of operating CF (cash flow) and free CF expanded.

2-4 Topics

Partial amendment to the Articles of Incorporation

On February 12, 2021, the company announced a partial amendment to the Articles of Incorporation, enabling outside directors independent of the company to also become Chairperson of the Board of Directors. It is intended to enhance the supervisory function of the Board or Directors.

As stated in the priority measures for this term (which will be detailed later), the company recognizes strengthening its management base as an important issue. This amendment to the Articles of Incorporation is one step toward realizing this objective.

(The company plans to discuss this at the general meeting of shareholders scheduled for March 30, 2021).

3. Fiscal Year ending December 2021 Earnings Forecasts

3-1 Earnings forecasts

	FY 12/ 20	Ratio to sales	FY 12/ 21 Est.	Ratio to sales	YoY
Sales	131,972	100.0%	128,000	100.0%	-3.0%
Gross Profit	37,640	28.5%	36,300	28.4%	-3.6%
SG&A	27,997	21.2%	29,600	23.1%	+5.7%
Operating Income	9,643	7.3%	6,700	5.2%	-30.5%
Ordinary Income	9,402	7.1%	6,700	5.2%	-28.7%
Net Income	6,635	5.0%	4,800	3.8%	-27.7%

*Unit: Million yen. The forecast was those released by the company.

*Exchange assumptions

	FY 12/20	FY 12/21 Est.
1 dollar	¥107	¥105
1 euro	¥122	¥120

*The dollar is based on a rate assumed by YAMABIKO CORPORATION

Forecast decrease in both sales and profit

Sales for the term ending in December 2021 are expected to decrease 3% year on year to 128 billion yen, and operating income is projected to decline 30.5% year on year to 6.7 billion yen. Domestic sales are expected to decline due to a pullback for agricultural machinery for the government's economic policy and generators for the residential area service station development project, which grew sharply in the previous year thanks to said government's economic policy. Overseas, the company anticipates a rebound from the decline in demand for outdoor power equipment in Europe and industrial machinery in North America. Although the cost-to-sales ratio is expected to improve due to better productivity, it sees profits declining due to drags from lower sales volume and development investments in Japan and overseas. The company plans to pay an annual dividend of 35 yen per share, down 5 yen per share from the previous year. The estimated payout ratio is 30.3%.

(2) Priority measures for the current term

The company will focus on the following five measures.

1. Reorganization of the development organizations

Until now, the company's development functions have been separated by its three segments: outdoor power equipment, agricultural machinery, and industrial machinery. The company will add three cross-divisional organizations to this, as well as a new development organization "Engineering Research Center" to create a new matrix organization. By doing so, the company aims to enhance its development support system and improve development efficiency.

- Three cross-divisional organizations:

"Department of Products Planning & Strategy": A one-stop organization that plans and executes the company's product strategy.

"Engineering Support Department": Responsible for promoting technology standards and the unification of parts list, etc.

"Department of Regulatory Compliance & Intellectual Property": Provides regulatory information, such as compliance, and intellectual property (IP) information.

- New development organization: "Engineering Research Center"

This organization is to be newly established this April, in charge of new development with emphasis on profitability that goes beyond the boundaries of the company's business segments.

2. Strengthening of the management base. The company aims to promote globalization so that it can respond flexibly and promptly to changes in the market.

- Aim to speed up decision-making by reducing the number of executive officers from 21 to 16.
- Promoting globalization by appointing the president of an overseas subsidiary as an executive officer.
- Improve the supervisory function of the board of directors. (*refer to the topics mentioned above)
- Make revisions to the current HR system, which tends to be based on seniority, so that it will be more performance-based.

3. Enhancement of the IT infrastructure and digital transformation (DX)

The company established a new "Digital Strategy Office." It is a strategic planning unit that is independent of the existing Data Processing Department. President Hiroshi Kubo is also in charge of the Digital Strategy Office, and views DX promotion as a policy of major importance. The company is currently moving forward with forming projects for each of the four themes, with the aim of optimizing networks and designing projects based on its digital strategy and generating benefits from them.

Enhancement of the IT infrastructure and DX



Enhancement of the IT infrastructure

- Establish Digital Strategy Office
- Optimize mission critical systems and networks
- Develop projects based on digital strategies

Promotion of DX



(Source: the company)

4. Expansion of sales and improvement of profitability. The company plans to generate sales and profits through the following measures.

- "Professional machinery strategy"

The company will work to promote itself as a brand for professionals through the introduction of the "X Series" products geared toward professionals.

- "Enhancement of product lineup"

The company will continue to introduce engine models that have a low environmental impact, which are its core products. At the same time, from the perspective of local production for local consumption, it plans to set up a development center for high-performance battery products developed in-house in the U.S., and develop them through Japan-U.S. collaboration while boosting added value (in terms of brand, services, backup systems, etc.).

- "Strengthening of sales strategies "

It will continue to develop promotions with Home Depot and form partnerships with new dealers.

- "Cost reduction"

Shorten manufacturing lead times and reduce inventory.

- "Review of production bases"

Suzhou Yamabiko Agricultural Machinery CO., Ltd, which was the firm's assembly base last year, will be liquidated and consolidated into Echo Machinery Co., Ltd.

- "Enhancement of service capabilities"

Promote sales of remote services utilizing IoT and of highly profitable parts and accessories.

5. Sustainable management of the Yamabiko Group

The company believes that it will contribute to solving environmental and social problems through its business activities. It aims to help achieve the UN's Sustainable Development Goals (SDGs) by further instilling and deepening its corporate philosophy of "connecting people, nature and the future."

Sustainable management of the Yamabiko Group



- Our business activities themselves provide solutions to challenges for the natural and social environments.

 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>All Segment Practicing safe and secure manufacturing</p>
 <p>13 CLIMATE ACTION</p>	<p>OPE Contributing to conservation of the environment through our unique technological capabilities</p>
 <p>15 LIFE ON LAND</p>	<p>Agricultural Machinery Promoting sustainable agriculture</p>
 <p>2 ZERO HUNGER</p>	<p>Industrial Machinery Supporting those engaged in urban development</p>



We aim to enhance our corporate value by making our corporate philosophy to "create the bridge that bonds people and nature with the future" even more deeply engrained and contributing to the attainment of the 17 sustainable development goals (SDGs).

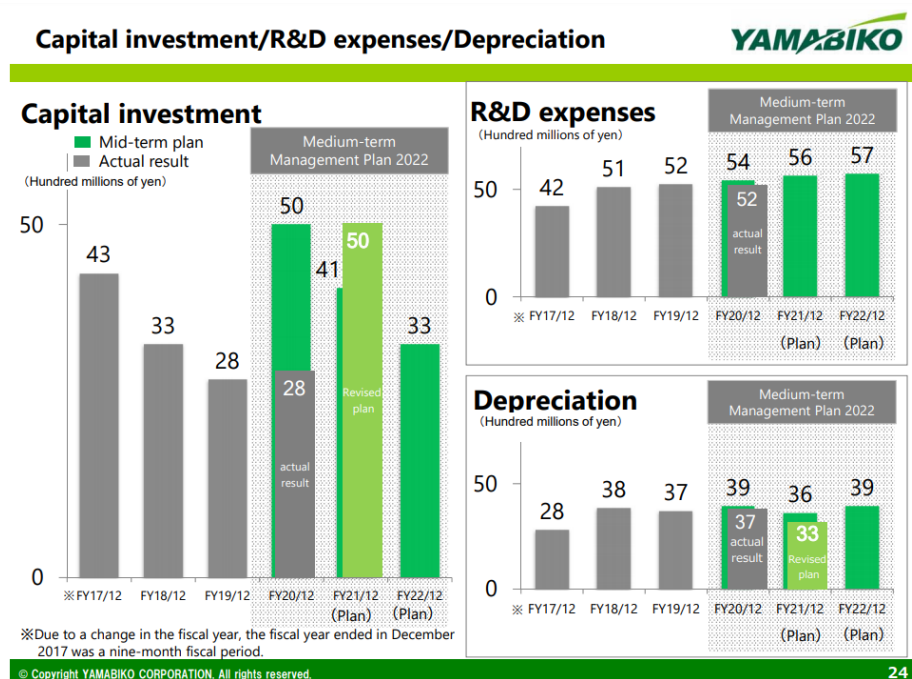


(Source: the company)

4. Progress of the Medium-term Management Plan 2022

In the previous fiscal year, capital investment amount was 2.8 billion yen, significantly lower than the plan of 5 billion yen due to COVID-19. From this term onward, the company intends to implement capital investment in accordance with its plan.

R&D and depreciation costs were largely in line with its projections. No other changes have been made. This term, the company will continue to work toward achieving its targets.



(Source: the company)

5. Conclusions

On January 1, 2021, Mr. Hiroshi Kubo, Director and Senior Executive Officer, was appointed as President and Executive Officer, and President Yoshiaki Nagao was appointed as Chairman and Executive Officer. Eyes will be on aggressive initiatives to be carried out under the new management team. Of the capital investments outlined in the medium-term management plan, the company only spent 2.8 billion yen in the previous term, significantly lower than the plan of 5 billion yen. As such, the company plans to upwardly revise the estimates for the current term, and steadily carry out the plan. In addition, the YAMABIKO R&D Headquarters will be reorganized into a cross-departmental organization that transcends segment barriers. It is to be positioned as a unit that will generate seeds for future profits. From both short-term and medium/long-term perspectives, the company is poised to step on the accelerator to further strengthen its development capability, which is the source of its competitive advantage.

<Reference1: Outline and key initiatives of the 2022 Medium-term Management Plan>

(1) Policies and Key initiatives set in the Mid-term Management Plan 2022

① Basic policy

The basic policy set in the previous Mid-term Management Plan will be continued.

We will contribute to the development of society with our strong management foundation and sustainable growth, giving happiness to everyone connected to Yamabiko.

We will enhance our corporate value by creating innovative products and expanding manufacturing, sales, and services globally, while also adapting to the diverse set of values of everyone connected to Yamabiko.

② Goals and strategies in each segment

As to the major market environment, the demand for engine products is expected to remain strong in the professional market for outdoor power equipment where long-lasting products that can tolerate heavy loads are demanded, the company will shift to the professional market further.

As for agricultural machinery and industrial machinery, the Japanese agricultural and construction industries are seeing the shortage of manpower and the aging of workers, so labor-saving and energy-saving products are in demand.

◎Outdoor power equipment business

The priority measures are (1) to develop engine products ahead of the strict environmental regulations, (2) to monetize the robot business, and (3) to augment the lineup of DC products.

* Efforts to each region

Market	Target Sales	Policy
North America	61.7 billion yen (+16.7%)	Expansion of product sales for professionals and expansion of digital marketing activities To maximize sales through various measures
Europe	9.8 billion yen (+19.2%)	
Japan	14.5 billion yen (+6.5%)	To engage in expansion of product sales based on the large market share and utilizing the robust sales network

*The parenthesis represents the growth rate from the term ended Dec. 2019.

(North America)

The company will enhance marketing strategies targeted at professionals, strive to grow sustainably, expand its presence in the market of engine products, and aim to expand its market share, which has been increasing steadily.

As priority measures, the company will augment the lineup of “X Series,” which is a highly functional product lineup for professionals and continue to enhance digital marketing activities. The company will strive to enhance its brand recognition, by diffusing professionals’ comments on the latest products via social media, optimizing marketing activities for each generation, and posting ads in baseball (MiLB) and football (MSL), which attract users.

At the Home Depot, which is the primary sales route, the company will concentrate on the sale of flagship products, expand sales area, and continue effective expansion of product sales for a limited period of time.

In addition, the company will put energy into the cultivation of the U.S. market for robot products.

(Europe)

The company will promote the sales of products –conforming to the needs of the market and enhance its brand recognition level.

As priority measures, the company will promote the sales of “X Series,” which is the lineup for professionals, and augment the lineups of battery products and engine products that comply with regulations on emissions, promote the sales of robot products, cultivate the relative market, and enhance the market recognition through digital marketing activities, etc.

In order to enhance the performance of robot products further, the company will reorganize Quimesis S.R.L. into an equity-method affiliate (capital contribution ratio: 24.9%) and proceed with software development.

(Japan)

As priority measures, the company will launch top handle chain saws as a new DC product, continue effective campaigns, promote the launch of labor-saving, efficient products (robotic mowers), and enhance the sales via home centers.

◎Agricultural machinery business

Market	Target Sales	Policy
Japan	16.2 billion yen (+4.0%)	To actualize monetization and adapt to smart agriculture

*The parenthesis represents the growth rate from the term ended December 2019.

In detail, the company will reduce production costs and enhance profitability through close collaboration between the development, manufacturing, and sales department, and expand sales routes, continue effective sales campaigns, and adapt to smart agriculture, etc.

◎Industrial machinery business

Market	Target Sales	Measures
Japan	13.7 billion yen (-9.9%)	To expand shares in Japanese and North American markets and enhance profitability, in a compatible way.
Overseas	5.4 billion yen (+59.7%)	To launch new products and enhance production efficiency

*The parenthesis represents the growth rate from the term ended December 2019.

(Japan)

As there is the initiative of investment in infrastructure for preventing and mitigating natural disasters and promoting national resilience, the company will continue effective sales campaigns and enhance the sale to rental companies, so as to meet the increased demand adequately.

(Overseas)

The company will build a market on a full scale targeting at wide-area rental companies in North America, promote sales of welders targeted at resource markets in Russia, and build new sales networks in Asia and Africa.

③ Key initiatives

◎Total cost reduction and product quality improvement

The company will keep improving production efficiency for further cost reduction.

The company will aim to establish a new production system for shortening manufacturing lead time and reducing inventory of products and also improve quality control continuously for actualizing “absolute quality.”

◎Strengthening of service capabilities

The company will strive to enhance its service capabilities, which would lead to the improvement in profitability.

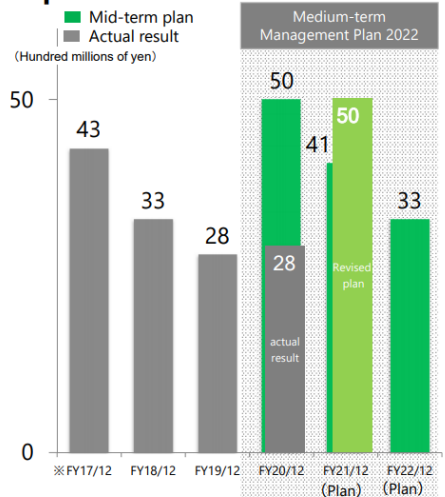
The company will concentrate on the augmentation and expansion of sales of highly profitable service parts and accessories, the augmentation promotion of service materials for each product, the strengthening of training systems, the reduction of total logistics costs, the decrease of inventory, etc.

(3) Capital investment, R&D costs, and depreciation

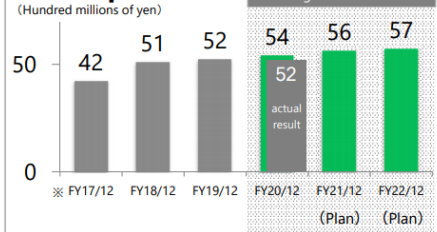
Capital investment/R&D expenses/Depreciation



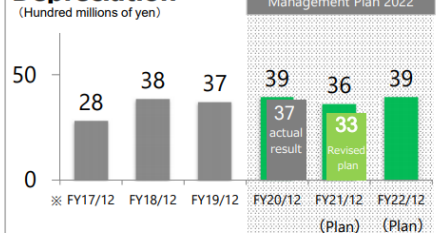
Capital investment



R&D expenses



Depreciation



※ Due to a change in the fiscal year, the fiscal year ended in December 2017 was a nine-month fiscal period.

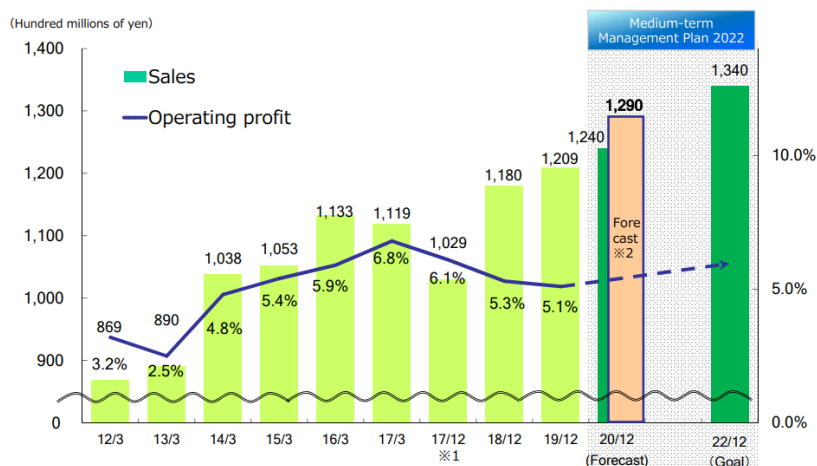
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(Source: the company)

Capital investment is estimated to be 13.3 billion yen, exceeding the total amount in the previous Mid-term Management Plan: 10.4 billion yen. (revised at the end of December 2020) While in cost control, the company will invest in R&D as planned.

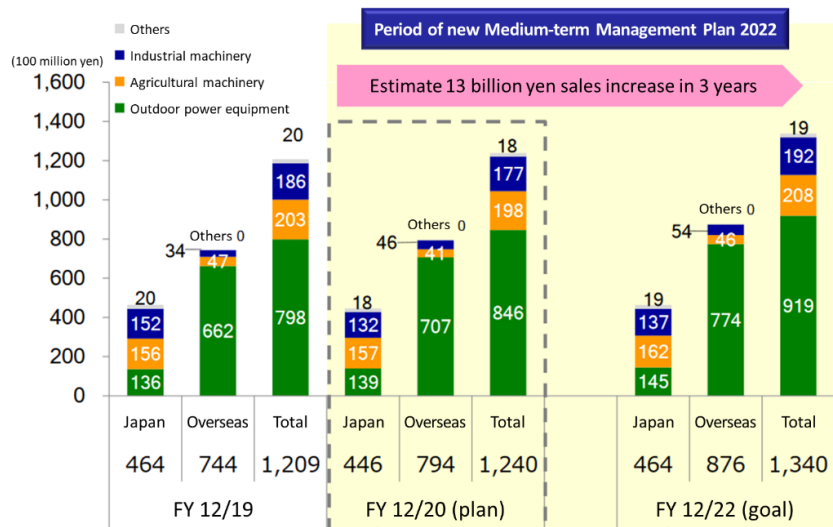
(4) Numerical goals

The company aims to achieve “sales of 134 billion yen and an operating income of 8 billion yen” in the term ending December 2022. While monitoring the situation of COVID-19, the company will make continuous efforts.



※ 1. Due to a change in the fiscal year, the fiscal year ended in December 2017 was a nine-month fiscal period.
 ※ 2. November 11 revision of earnings forecast.

(Source: the company)



(Source: the company)

<Reference2: Concerning Corporate Governance>

*Composition of the organizational structure, directors and auditors

Organizational structure	Company with an auditor
Directors	7 (including 2 outside director)
Auditors	4 (including 2 outside auditors)

◎Corporate Governance Report

Last update date: April 1, 2021

<Basic policy>

YAMABIKO CORPORATION (“the company”) actively promotes various measures to enhance the corporate value of the entire Group, including an optimization strategy and supervision function at the Group level, as well as the allocation of resources in order to achieve the Group’s global management strategy and growth.

To realize these objectives, the company implements sound and highly transparent Group management in order to deliver value to all of its stakeholders, including regional companies, shareholders, customers and employees. We do this by building a robust corporate culture based on our Corporate Philosophy and Code of Conduct, while enhancing and strengthening a system of corporate governance focused on Group compliance and risk management.

Our board of directors is composed of 7 directors, including 2 outside ones, and makes important decisions regarding our group’s management policy and strategy, and the guidance and supervision for business administration of group companies. In the board of directors, directors monitor and oversee the work of other directors and report their own performance regularly at their meetings. In order to put resolutions of the board of directors into action accurately and swiftly, the management strategy council deliberates them to a sufficient degree.

Our company adopted the auditor system, organizing the board of auditors with a total of 4 auditors, composed of 2 corporate auditors and 2 outside ones.

Auditors participate in the meetings of the board of directors, the management strategy council, and operating officers, and other important in-house meetings, to audit the business execution of directors, and secure the effectiveness of audit in cooperation with accounting auditor and the internal audit section, in accordance with the regulations for the board of auditors and the standards for auditors’ audit.

<Reasons for Non-Compliance with the Principles of the Corporate Governance Code (Excerpts)>

Principle	Reasons for not following the principle
【Supplementary principle 4-11-1. View on the structure of the Board of Directors, etc.】	It is considered that the Board of Directors has human resources with a good balance of knowledge, experience, and abilities, but we will continue to systematically train human resources to ensure diversity, including that of gender.

<Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
[Principle 1-4 the strategically held shares]	<p>(1) Policy Regarding Strategic Shareholding Our company conducts business in landscaping, agriculture, construction and civil engineering, and a variety of other fields inside and outside Japan. Therefore, it is required for our company to cooperate with a number of firms involved in each of our businesses. We will strategically hold shares when we have judged that doing so will contribute to improving our corporate value in the medium- and long-term. Meanwhile, when we have determined that the significance of strategically holding shares is not sufficient, we will have dialogue with a relevant company, and then sell or reduce all or part of the strategically held shares by comprehensively taking into account various factors, such as the impact on the market.</p> <p>Each year, regarding the strategically held shares of each listed company, our Board of Directors carefully verifies a multitude of matters, including the purposes of strategically holding the shares, such as maintenance and strengthening of partnerships, and economic rationality, and then determines whether or not our company will continue holding the shares and reviews the number of shares to hold strategically.</p> <p>Since the adoption of the Corporate Governance Code in 2015, our company has reduced the number of corporations in which we hold shares from 25 to 17 after verifying them.</p> <p>(2) Criteria for Exercising a Voting Right in Regard to Strategic Shareholding Our company properly exercises our voting rights on the strategically held shares after making comprehensive judgment by taking into consideration not only business performance, but also whether or not strategically holding shares will contribute to properly strengthening the corporate governance framework and improving shareholder value, and the impact on our company. Furthermore, we hold dialogue with a relevant company as necessary regarding the contents of a proposal.</p>
[Supplementary principle 4-11-3 Evaluation of the effectiveness of the Board of Directors]	Our company evaluates the effectiveness of the Board of Directors as a whole every year in order to improve the Board's operation. In FY 2020, we conducted an analysis and evaluation of the directors and corporate auditors through individual questionnaires, and confirmed that the Board of Directors is effectively fulfilling its roles and responsibilities as a whole. Meanwhile, as some issues were recognized in terms of structure and management of the Board, we discussed measures the Board should take to address them going forward. We will continue to make efforts to further enhance the Board's effectiveness.
[Principle 5-1 Policies Regarding Constructive Dialogue with Shareholders]	<p>Our company implements the following measures as policies for maintaining a framework and making efforts to promote constructive dialogue with shareholders and investors.</p> <p>(1) In order to promote the understanding of our company and contribute to</p>

the sustainable improvement of corporate value by disclosing company information fairly and in a timely manner, IR personnel (including corporate planning officers) actively engage in dialogue with shareholders and investors.

(2) With the corporate planning department at the helm, other relevant internal departments that assist in dialogue with investors, such as the general affairs, accounting, and sales departments, conduct their duties while actively collaborating with one another to create constructive dialogue, for example, by producing and reviewing materials to be disclosed and sharing necessary information.

(3) As a means of dialogue other than individual meeting with shareholders and investors, we regularly hold briefings for financial highlights and plant tours for institutional investors, and distribute booklets summarizing our company's topics and business performance to shareholders. Furthermore, we use feedback and requests from shareholders and investors to improve the content of our website. We plan to improve our news releases page in the future.

(4) For information sharing, we give the thoughts of shareholders understood in dialogue to directors and relevant departments as feedback via the distribution of reviews and reports in a meeting body.

(5) Our company has set up the Insider Trading Management Regulation to prevent insider trading and thoroughly manage information on insider trading such as promoting the understanding and awareness within our company by posting articles on insider trading at new employee training program and in our company's internal bulletin.

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