

Message from the President

We aim to achieve growth through social contribution by providing "products and services that delight our customers" while improving our organizational structure to meet customers' needs and solve their problems.

■ We Are Committed to Growing Our Global Market Share Over the Next 50 Years.

YUSHIN celebrates its 50th anniversary in October 2023. We would like to take this opportunity to express our sincere gratitude to our customers, business partners, and all other stakeholders who have supported YUSHIN with their patronage and support.

We have pioneered the market with our unique technological capabilities and worked to increase our global market share through attentive sales, service, and quality improvement efforts. In the course of providing YUSHIN brand products to the world, we have challenged ourselves to meet the specifications and deadlines required by our customers by developing various work methods and other means.

For the next 50 years, we aim to be a company that "provides the best proposals and services around the world to satisfy and reassure our customers" in various automation equipment, centering on Cartesian coordinate robots including take-out robots, which we have cultivated in our own company. We will continue to provide new automation equipment that helps solve the demands of the times and social issues through all our employees, who are highly regarded by customers for their "diligence and sincerity," and promote the creation of a company where employees can work with a sense of fulfillment and peace of mind. We hope to move forward in the next 50 years by building a team that can create high value.

■ We Will Continue to Take on New Challenges Based on the Principle That "The Impossible Is the Starting Point for Innovation".

At present, there are a variety of issues and growth topics surrounding our company that need to be resolved, such as labor shortages in manufacturing locations, efforts to improve the working environment (business and human rights), the improvement of living standards especially in emerging countries, the rise of new industries such as electric vehicles (EVs), and climate change issues. In response to these challenges and changes in the environment, our company aims to provide unique and high value-added automation equipment centered on Cartesian coordinate robots and their after-sales services. As expressed in the words of our founder, "The Impossible is the starting point for innovation," we have boldly taken on the challenge of new technologies. In the future, we will continue to support factory automation by taking on the challenge of solving problems with an ever-increasing awareness of issues such as safety, productivity improvement, and energy conservation in the workplace.

■ We Aim to Return to a Growth Trajectory after 2025.

YUSHIN's business model is Fab-lite (minimum production facilities) Management. We recognize that strengthening our human capital is an important theme for achieving this goal. First, we have formulated a corporate identity (CI) that will serve as a compass for our employees, and we are reviewing our personnel and education systems. Human capital development is not something that can be achieved overnight. We are stepping up efforts to build an organization capable of steadily implementing human resource development from a medium- to long-term perspective. In line with our roadmap for strengthening human capital, we will strengthen our human capital investment and organizational development over the next two to three years, and after 2025, by returning to a growth trajectory through focused human capital investment, product development, and M&A effects, we will achieve our medium-term management goals of consolidated Net sales of 30 billion yen and consolidated Ordinary profit of 5 billion yen or more. We will steadily take steps toward achieving these goals.

A woman with short dark hair, wearing a light blue suit jacket and matching trousers, stands in a laboratory or industrial setting. She is smiling slightly and looking towards the camera. The background is filled with various pieces of scientific equipment, including what appears to be a large microscope or imaging system with multiple lenses and a monitor displaying a circular image. The lighting is bright and even, typical of a professional studio or corporate office environment.

Representative Director and President,
Ph.D. in Engineering
Takayo Kotani

■ Strengthening Value Creation through the Resolution of Social Issues

In August 2022, we established Sustainability Committee, which I chair, and in February 2023, we identified five materiality issues. We will work to increase YUSHIN's economic and social value by addressing these issues, while contributing to a sustainable society and environment.

For the newly identified materialities, a list of candidates was compiled from the perspective of stakeholders and the YUSHIN Group. Based on discussions by members selected from each division and management meetings, these candidates were ranked according to their level of importance, and five items of high importance were identified.

First, we have set the following materialities in "Solving social issues through business": (1) Promotion of occupational safety, (2) Productivity improvement of the customers' factory, and (3) Tackling climate change. To improve occupational safety, we will contribute to factory safety by replacing manual labor with high-safety robots to perform hazardous tasks. In addition, we will provide industrial robot safety training to our customers. For ourselves and our own supply chain, we will implement ongoing efforts through the Health and Safety Committee and Human Rights Due Diligence, including suppliers.

In addition to developing high-speed, high-precision robots to improve our customers' productivity, we are also working to strengthen our sales and service network to ensure that our customers can rely on us. If one of our robots stops due to a malfunction, it will have a significant impact on our customers' daily production volume. A well-developed service system and rapid recovery support capability are required.

With regard to responding to climate change, we will reduce CO₂ emissions generated in the production process at our customers' factories by developing energy-saving products. For example, our mainstay RC-SE and YD series take-out robots are equipped with our proprietary Smart ECO Vacuum technology (PAT.P), which cuts air consumption by up to 78%, thereby contributing to energy conservation and decarbonization at customers' factories.

■ We Aim to Strengthen Our Management Base for Sustainable Growth.

Under "Strengthening the management base for the sustainable growth of YUSHIN Group," we have set the following materialities: (1) Strengthening human capital and (2) Strengthening corporate governance. With regard to strengthening human capital, we will foster a culture in which all employees work together to develop human resources capable of sustainable growth and innovation in order to achieve numerical management targets. We have concretized a long-term roadmap, measures, and targets, and are enhancing their effectiveness through PDCA (Plan-Do-Check-Act) cycles.

With respect to strengthening corporate governance, more than one-third of the Board of Directors is composed of External Directors, and one of the three External Directors is a woman from the capital market. The Nomination and Remuneration Committee, chaired by an External Director, ensures fair and appropriate discussions from an objective standpoint. In addition, we have established and disseminated an internal reporting system, conducted various types of compliance training for employees (Subcontract Act and Act on the Protection of Personal Information), and improved data security.

In the future, we aim to increasing effectiveness, contribute to a sustainable society and environment, and increase the corporate value of the YUSHIN Group by establishing target KPIs, monitoring functions, and other related policies.

■ Review of FY2023 Results and FY2024 Outlook

In FY2023, Net sales increased 7.2% year on year to 22.3 billion yen, a record high, due to increased demand for our mainstay take-out robots as well as the large scale custom-ordered medical equipment. However, Operating profit fell 8.7% year on year to 2.6 billion yen due to rising material and sea transportation costs and increased labor costs associated with aggressive investment in human resources, despite improvements in operating efficiency and the effect of the yen's depreciation. Although we took steps to revise product prices

in response to rising raw material prices, it was a very difficult year. For FY2024, we expect Net sales to increase 2.8% year on year to 23.0 billion yen, supported by strong demand for medical products in addition to our mainstay take-out robots, although uncertainty remains in the Chinese market. In terms of profit, we expect a 9.1% year on year decline to 2.4 billion yen due to continued high material prices and continued aggressive investment in human resources. Although the trend of declining profits is expected to continue in the current fiscal year, the effects of product price revisions are expected to be felt from the second half of the fiscal year. The need for automation against the backdrop of labor shortages in the manufacturing industry is strong worldwide, and demand continues to grow faster than expected. Rapid reinforcement of supply and service systems, including expansion of production capacity, will be required.

■ Together with WEMO, We Aim to Maximize Synergies.

On May 30, 2023, we acquired 100% of the shares of WEMO AUTOMATION AB, adding a new member to the YUSHIN Group. WEMO is a take-out robot manufacturer in Värnamo, southern Sweden, founded in 1987. The company has a high market share and customer base in the Nordic countries. In addition to take-out robots, the company also manufactures automation equipment and palletizing robots. We aim to be "a trusted company that provides products and

services that delight our customers," and the addition of WEMO as a group company is a major step toward achieving our goal of delivering high-quality products with attentive service in Europe, so that our customers can use our robots with confidence and increase their productivity. For many years, WEMO has been developing its business by focusing on value-added creation, such as innovation, productivity, and ease of use. WEMO and YUSHIN's goals are aligned, and as we work together to build the future, we believe that these shared values will become our group's strength, enabling us to deliver a higher level of "peace of mind" and "progress" to our customers around the world.

■ Through the Penetration of Corporate Identity (CI) Activities, Employee Awareness Is Being Raised.

As for "employee job satisfaction," we believe it is important for employees to feel that "their daily work is useful to customers" and "our work contributes to society." Through CI activities, we engage in "activities to put ourselves in the customer's shoes and think about what will benefit the customer" and "activities to engage in communication and information sharing that transcends departmental boundaries." One of the activities proposed by CI ambassadors (employees who propose and implement CI penetration measures on their own), who were selected from young and mid-career employees, was to "deliver customers'



Town hall meeting at WEMO

At the end of May 2023, a town hall meeting was held at WEMO AUTOMATION AB. President Kotani explained to WEMO employees that the values that the YUSHIN Group holds dear and the values that WEMO has cherished are similar, and that she expects the group to grow together.

voices." By sharing information widely within the Company about what customers say in the field, we would like to make the Company a rewarding place to work, where all employees are aware of customers, think about what they can do for customers, and share their evaluations. We also believe that it is important to have a good working environment. We will always consider whether our company's organization and environment are good from the perspective of creating a comfortable workplace, and strive to make improvements.

■ We Will Strengthen Our Engagement with All Stakeholders

We will continue to develop high value-added products and strengthen our proposal capabilities to contribute to our customers' productivity improvement and provide the best services to satisfy and reassure them. Together with WEMO, we hope to expand our presence in the European market and accelerate our global expansion.

YUSHIN's business is built on cooperative relationships with our suppliers. We value the relationship of trust we have with our suppliers and will continue to work with them on issues such as our human rights policy to provide better value to society in the future.

With regard to our employees, we will work to create a "rewarding and safe work environment" where each employee can maximize his or her potential and feel happy to work for this company and with this group of people. We believe that if each and every employee can use the Company as a vessel to work for society and lead a more fulfilling life, the Company itself will become stronger.

We consider the return of profits to shareholders to be one of the most important management issues, and we aim to achieve stable and continuous

shareholder returns with a dividend payout ratio of 30% or more. We also consider it important to increase internal reserves so that we can make flexible investments and provide products and services on an ongoing basis as needed. We hope that our company-wide focus on investment in human resources, product development for the future, and the effects of M&A will bear fruit and put us on a growth trajectory, thereby improving ROE and PBR through profit growth and strengthening shareholder returns.

Based on the founder's idea of "The impossible is the starting point for innovation", we will continue to take on challenges for the next 50 years. We look forward to your continued support for YUSHIN.

