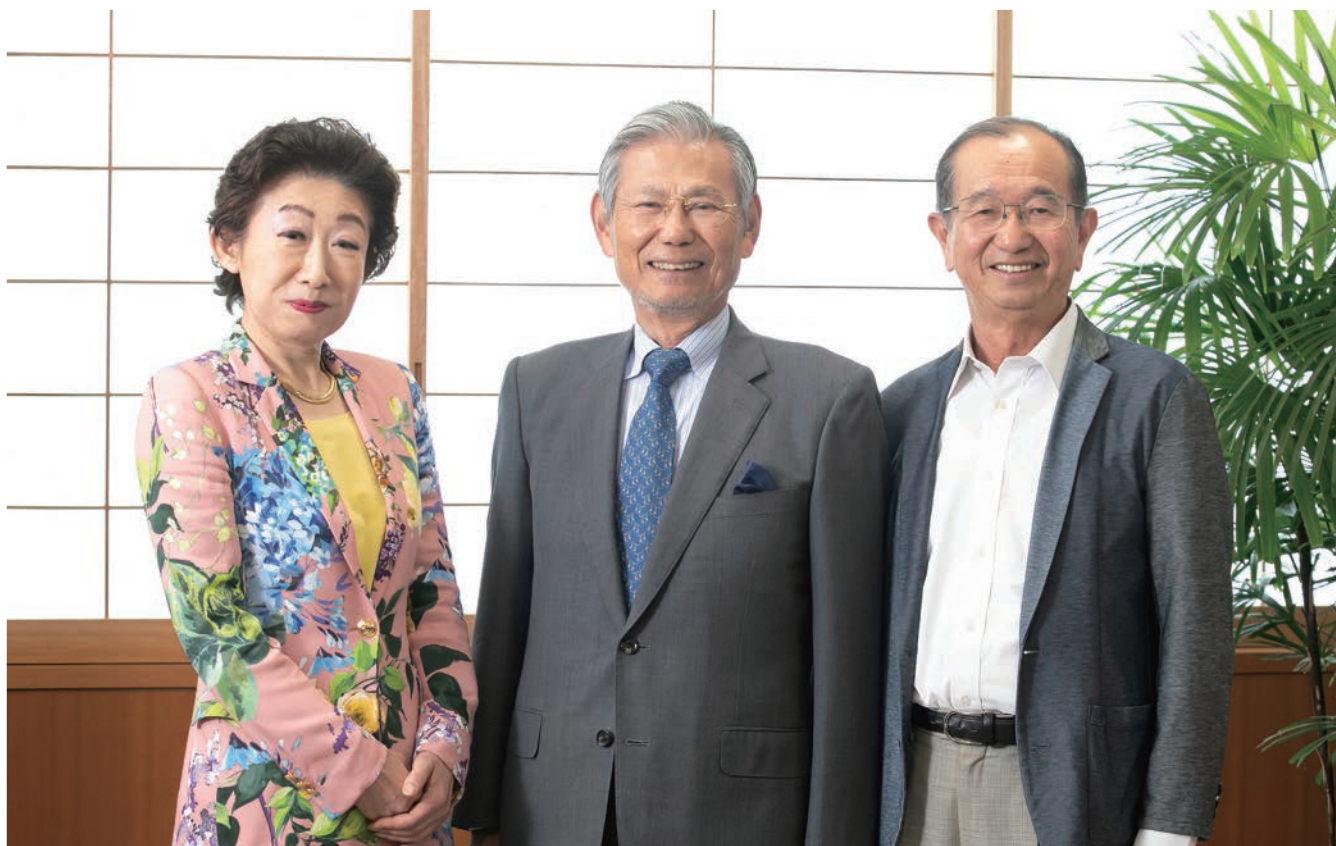


External Directors Tripartite Talks



Strengthen Internal Structure and Human Capital and Move to the Next Stage of Growth

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Three External Directors exchanged opinions on recent changes and initiatives at YUSHIN and future challenges for sustainable growth.

Changes Following the Transition to the New Structure

Nakayama: It has been more than two years since Takayo Kotani, Representative Director and President, took office. Today, from the perspective of an External Director, I would like to discuss the changes that have taken place in the Company during this time and the issues that need to be addressed for the future.

The major changes that have been visible to the outside world over the past two years are the opening of the showroom in February 2023 and the M&A in May 2023. Less visible changes include the CI penetration project, which was started immediately after the president took office, and the establishment of Basic Sustainability Policy, which was announced in February 2023. In these projects, young employees are taking the initiative and actively working across departments, which is having a positive effect on human resource development.

One of the original outstanding features of our company is that it is a comfortable place for women to work, partly because the former president was also a woman. For example, employees can adjust their working hours for childcare and other reasons, and of course, there are small ingenuity everywhere in employee health management and the livability of the offices, washrooms, and cafeteria. Today, the number of women in management-level positions is increasing, and in terms of diversity and inclusion, we are ahead of the time.

Each department has always worked to create positive systems and frameworks. Looking back over the past two years, how do you both see the Company?

Nishiguchi: The president is young and has been involved in product development as a member of the development team. Compared to the previous president, who was a founding member, she has the advantage of being familiar to younger employees and easy to talk to. She also has the ability to see things logically and decide on a direction quickly. She will play a leading role in future reforms. As an engineer, she is expected to challenge new technologies and products for the future. The Company should not get caught up in precedents, but rather take a broad view of what the Company can do and aim higher along with its current strengths. I also see good cooperation among the management team in the discussions at the board meetings. I hope she will instill this culture in all employees.

Matsuhisa: Indeed, since the president is an engineer, employees in the development and engineering departments must feel secure in the knowledge that the president understands what they are doing and how they are doing it. In addition, the level of cooperation between departments, which has been a management policy for several years, seems to have improved. Another recent initiative is that administrative staff now dress more freely,

which I think is a good thing.

Nakayama: The showroom is a wonderful facility that contains not only our technology but also our charm. I want to make the most of it. We have conducted M&A. It seems that the Company has placed importance on the fact that there is an affinity in the philosophy of the products and technology. This is a very important perspective for expanding sales in Europe in the future.

Nishiguchi: I believe that the M&A of WEMO AUTOMATION AB is a good strategy from a long-term perspective. I expect that we will analyze our past efforts, formulate our next strategy, and more than adequately link this M&A to the growth of our company. To achieve this, we need to remove barriers between departments, promote organizational coordination and work with a sense of speed on what we need to do next.

Matsuhisa: I suggested at the Board of Directors that showrooms can be used in a variety of ways, including social and community contributions, recruitment activities, and shareholder relations, in addition to sales activities that allow customers to see our products.

For example, we could hold a plastics seminar and invite speakers from the industry and academic societies to talk about upcoming industry trends and new technologies. Since Kyoto has a geographical advantage, if we combine the seminar with sightseeing, it is possible that many people will attend the seminar. As for recruitment, the first step is to make students aware of the name YUSHIN. One way to do this would be to sponsor an idea contest for robot applications and a new robot hand mechanism contest. Holding robotics classes for elementary school students would also be a social contribution. Another idea is to do this in cooperation with outside organizations such as academic societies. There would be realistic sensation to do these things in the showroom.

External Directors' Perspective on YUSHIN's Challenges

Nakayama: Due to the nature of our business, even if a customer asks for something new today, we cannot produce a product immediately. We have to think about our strategy over a period of several years. On the other hand, if we are complacent, we might miss something. How do we think about that?

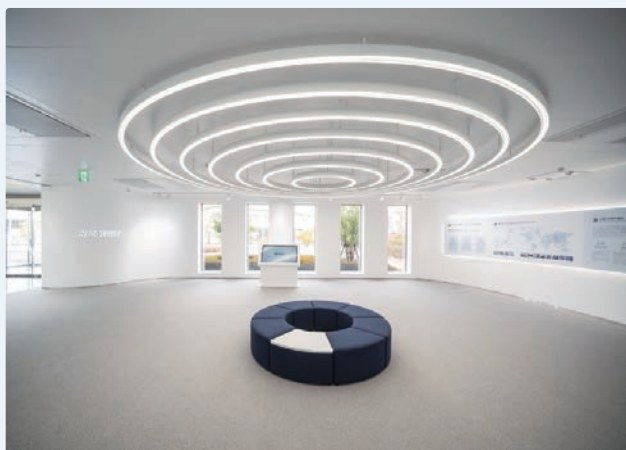
Nishiguchi: It is important to separate what should be considered long-term from what should be considered short-term. Sales and production are short-term tasks, but technological development is often done from a long-term perspective. On the other hand, even in sales, if you are thinking about sales methods that are different from the current ones, or about developing new customers, that is from a long-term perspective. If we do that, we can create a whole new market that we never thought of before.

Matsuhisa: We need to think in terms of creating our own market by demonstrating a challenging spirit, rather than thinking in terms of "good things sell themselves". In this regard, hiring and compensation are also urgent issues. We need to further strengthen our efforts to invest in human capital and actively recruit and train talented people.

Nakayama: In terms of long-term technology development, how should we conduct joint research with universities and other companies?

Matsuhisa: We have been conducting joint research with universities on a variety of topics. It is important to strengthen our development team to actively promote this. We have also recently started an internship program. I hope we can improve such a system and build a good team.


Nakayama: In recent years, with the change in top management and many major events involving the entire company, we have been able to promote active discussion and exchange of opinions among all Directors at our Board



Showroom Opening

We have opened a showroom at the Technical Center near the headquarters to enable our customers and other stakeholders to experience our corporate attitude and comprehensive technological capabilities through the display of our products.

By communicating with customers while seeing our products in action, we will be able to make suggestions that better meet customer needs.



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of Directors meetings. We recognize that management must be mindful of the cost of capital and the share price, but we believe that long-term sustainable management is more important than anything else in our business, which is subject to long cycles of boom and bust. I hope to address the current issues by implementing our business plan and strategy and explaining them to investors in a concrete and detailed manner, with the goal of achieving tangible results on a three-year cycle.

It does not appear that our company has been sufficiently appreciated by investors in the stock market for several years. There may be various reasons for this, such as size, volume, and shareholder composition, but I believe that the Company's reputation in the stock market will be

enhanced if the Company clearly presents its medium- to long-term business plan and future image of the Company, such as "what the Company will do by when, how much, and when". I have experience as an analyst, so I am giving my opinion that our company should promote a dialogue with investors about our aggressive strategy, such as the M&A we have done this year. With our new group company in Europe, our reputation in the market will also change if we successfully explain how we are going to pursue our European market expansion strategy, how much of the market we expect in the coming years, and what we need to do to achieve this goal.