

FY2018 Financial Results

Ken Shido, President & COO

This is an internal English translation of the YOROZU 2018 Financial Report issued in the Japanese language and is provided solely for the convenience of English speaking readers. In case of discrepancy the Japanese version prevails.

YOROZU

株式会社 ヨロズ

The first section of the Tokyo Stock Exchange (securities code: 7294)

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Agenda

- I . FY2018 Financial Results
- II . FY2019 Annual Forecast
- III . Recent Activities
- IV . Redistribution of Profits to Shareholders

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I . FY2018 Financial Results

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FY2018 Consolidated Financial Statement Summary (Year on Year)

Millions of Yen

| | FY2017 | FY2018 | Year on Year | FY18 Forecast Updated after 3Q Results *2 | Difference from Forecast |
|------------------|---------|---------|--------------|---|-----------------------------|
| Sales | 171,536 | 169,111 | -1.4% | 169,000 | +0.1% |
| Operating Income | 6,029 | 5,290 | -12.3% | 5,600 | -5.5% |
| Ordinary Income | 5,648 | 5,222 | -7.5% | 5,400 | -3.3% |
| Net Profit *1 | 2,717 | 402 | -85.2% | 2,800 | -85.6% |

| | FY2017 A | FY2018 B | Difference B-A | Rate of Change |
|---|----------------|----------------|-------------------|----------------|
| Net Profit per Share | 114.31 yen | 16.94 yen | -97.37 yen | -85.2% |
| Rate Applied to Consolidated Statement | 112.16 yen/ \$ | 110.44 yen/ \$ | -1.72 yen/ \$ | -1.5% |

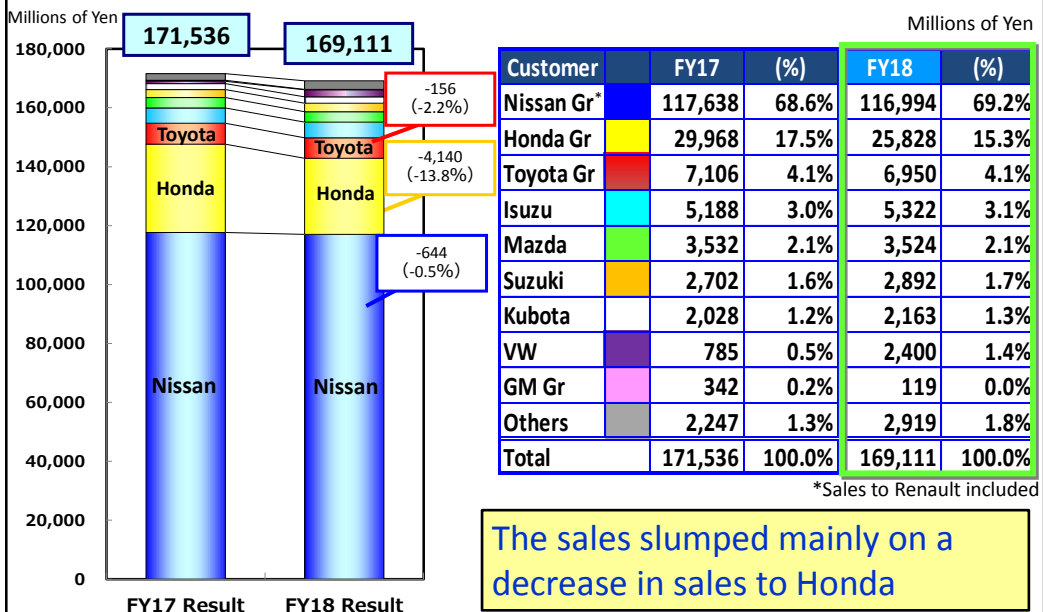
*1 Net profit attributed to shareholders of the parent company

*2 Forecast disclosed on Feb. 8, 2019

Sales: Despite of China's favorable outcome, the sales declined as main customers' output dropped in Japan and US.
Operating income: Output falls in Japan and US and depreciation burdens in Mexico erased recovery in Tennessee.
Ordinary income: The profit fall was cushioned by Alabama setup fee savings and foreign currency benefits.
Net profit: Impairment of fixed assets attributed to significant output cuts of major Indian customers led to a net profit decline.

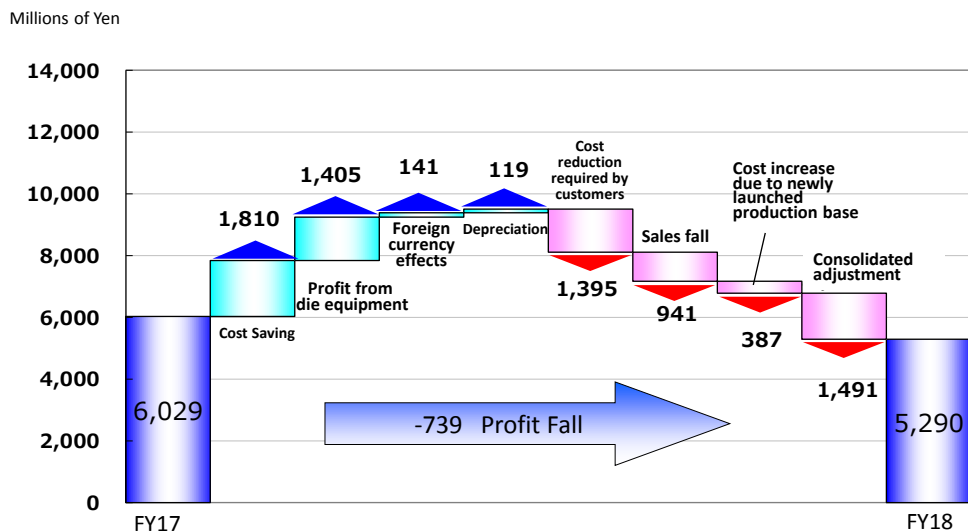
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Consolidated Sales by Customer (FY17 to FY18 Results) YOROZU



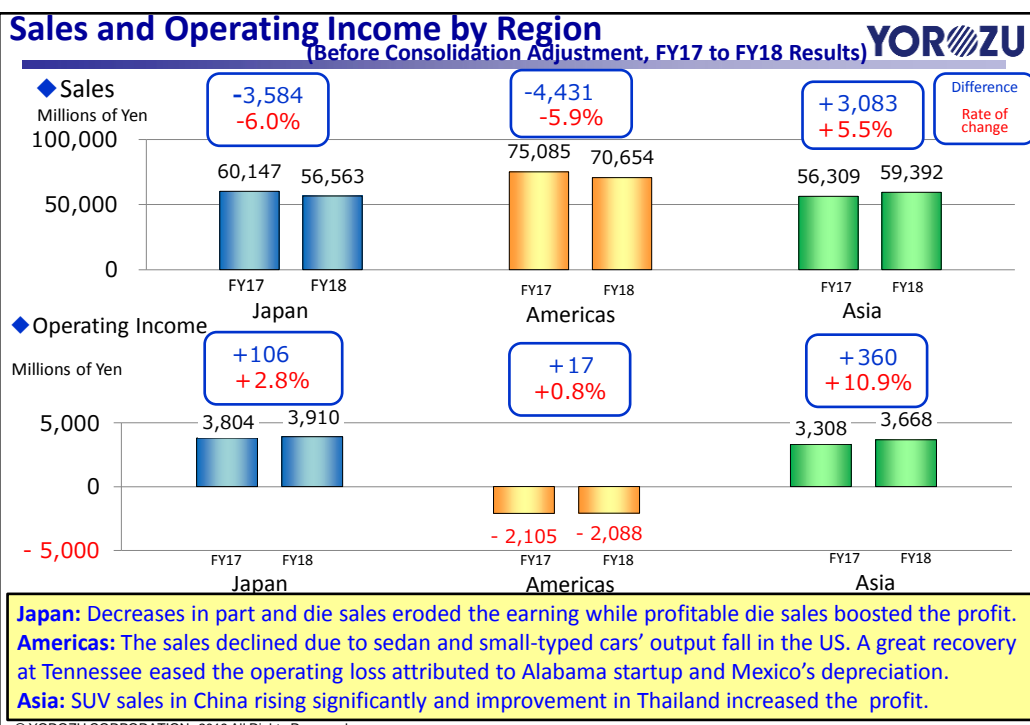
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Analysis of Consolidated Operating Income (FY17 to FY18 Results) YOROZU



Despite cost saving effects including improvement in Tennessee and profits from dies, the decrease in part sales and Alabama set up costs caused profit fall.

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Summary of Consolidated Balance Sheet for the Year Ended March 31, 2019 **YOROZU**

Millions of Yen

| | Mar. 31, 2018 A | Mar. 31, 2019 B | Difference B-A |
|---|--------------------|--------------------|-------------------|
| Current Assets | 69,590 | 67,422 | -2,168 |
| Fixed Assets | 105,493 | 100,675 | -4,818 |
| Total Assets | 175,083 | 168,097 | -6,986 |
| Current Liabilities | 45,632 | 40,273 | -5,359 |
| Fixed Liabilities | 32,435 | 35,513 | +3,078 |
| Total Liabilities | 78,068 | 75,787 | -2,281 |
| Shareholders' Equity | 82,845 | 81,888 | -957 |
| Accumulated Other Comprehensive Income | -2,992 | -6,235 | -3,243 |
| Non-controlling Interest, etc. | 17,162 | 16,657 | -505 |
| Net Assets | 97,015 | 92,310 | -4,705 |
| Total Liabilities and Net Assets | 175,083 | 168,097 | -6,986 |

| | |
|---|---------------|
| Current deposit | +4,087 |
| Notes/trade accounts receivable | -2,445 |
| Inventory asset | -2,331 |
| Others | -1,708 |
| Fixed tangible assets | -4,213 |
| Investment securities | -1,747 |
| Deferred tax assets | +1,267 |
| Notes/accounts payable | -4,864 |
| Short term debts | -2,251 |
| Long term debts planned to be repaid in a year | +762 |
| Income taxes payable | +986 |
| Long term debts | +1,146 |
| Lease debt | +2,158 |
| Net profit | +402 |
| Dividend payment | -1,354 |
| Valuation difference on available-for-sale securities | -1,213 |
| Foreign currency translation adjustment | -2,156 |

Strong yen effects and impairment in India led to a significant decrease in the fixed assets.

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Summary of Consolidated Financial Forecast for FY2019 YOROZU

◆ Profit and Loss (Year on Year)

Millions of Yen

| | FY2018 Result A | Sales Ratio | FY2019 Forecast B | Sales Ratio | Difference B-A | Rate of Change |
|------------------|--------------------|-------------|----------------------|-------------|-------------------|-------------------|
| Sales | 169,111 | 100.0% | 165,000 | 100.0% | -4,111 | -2.4% |
| Operating Income | 5,290 | 3.1% | 3,500 | 2.1% | -1,790 | -33.8% |
| Ordinary Income | 5,222 | 3.1% | 2,950 | 1.8% | -2,272 | -43.5% |
| Net Profit *1 | 402 | 0.2% | 1,650 | 1.0% | + 1,248 | +309.7% |

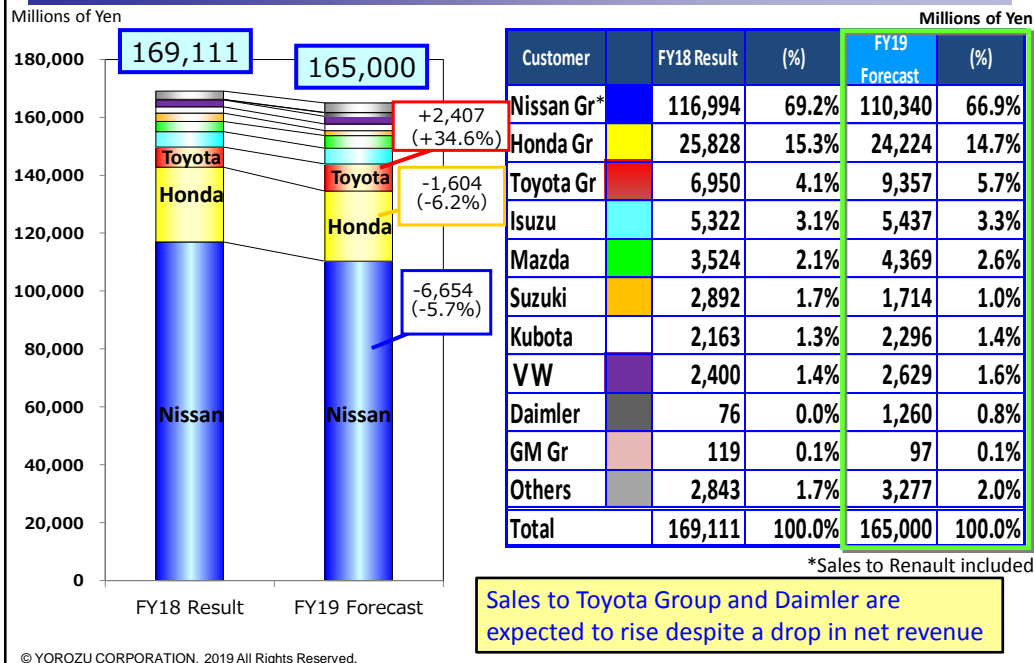
| | FY2018 Result A | FY2019 Forecast B | Difference B-A | Rate of Change |
|--|--------------------|----------------------|-------------------|----------------|
| Net Profit per Share | 16.94 yen | 69.42 yen | + 52.48 yen | + 309.7% |
| Exchange Rate Applied to Consolidated Statements | 110.44 yen/ \$ | 108.00 yen / \$ | 2.44 yen/ \$ | -2.2% |

*1 Net profit attributed to shareholders of the parent company

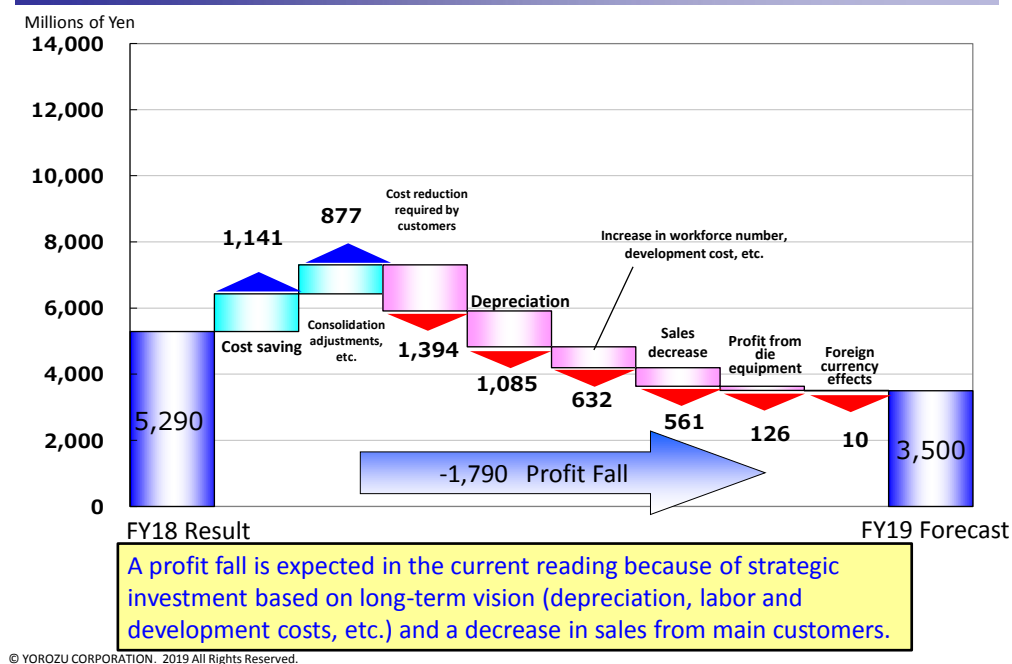
Sales: A sales drop is expected due to output fall of major customers in US and China.
Operating income: Further drop is expected as improvement in US is not enough to cover China and US's output fall.

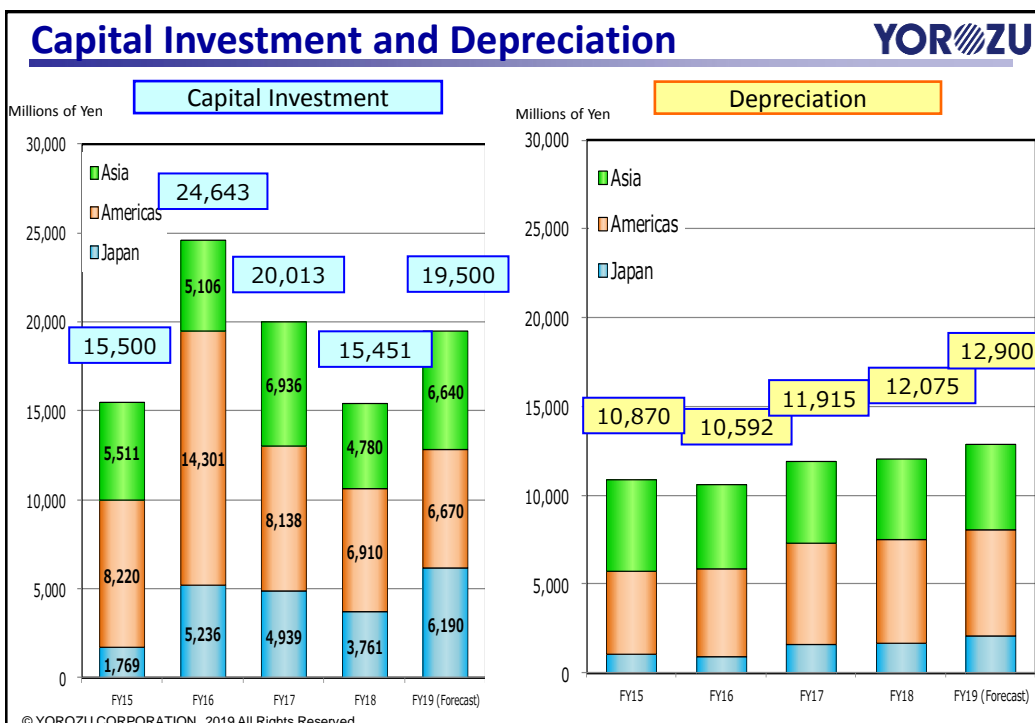
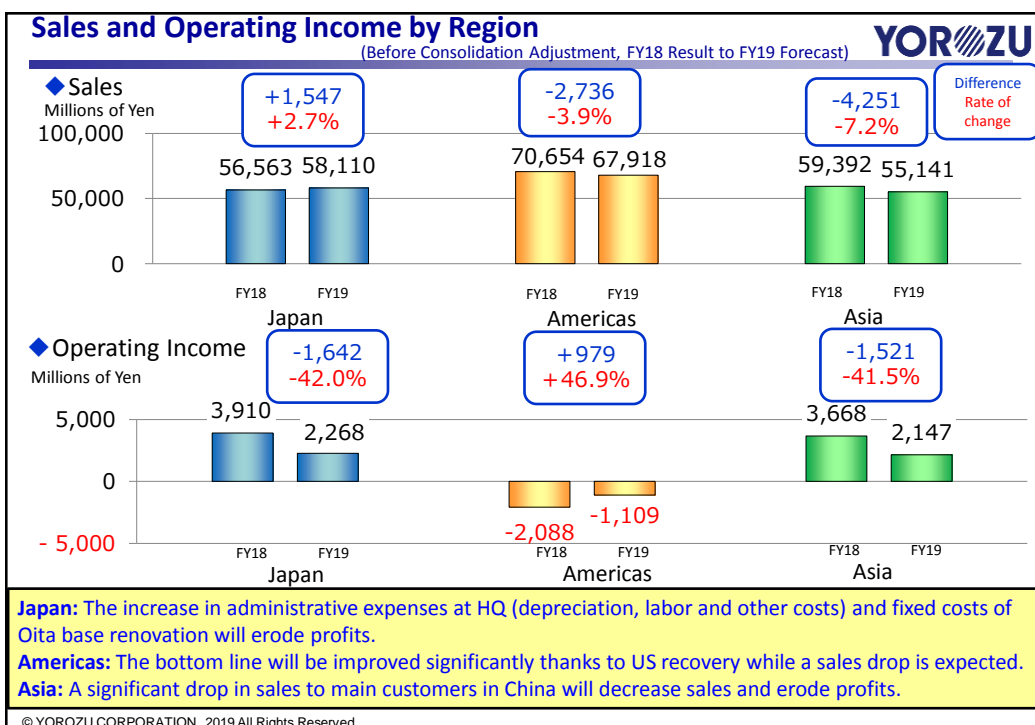
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Consolidated Sales by Customer (FY18 Result to FY19 Forecast) YORZU



Analysis of Consolidated Operating Income (FY18 Result to FY19 Forecast) YORZU





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Key Strategies

(1) Improvement in Profitability

- Company management based on free cash flow
- More effective project profit control
- Innovative *Monozukuri*

(2) Further Progress in Product Competitiveness and Development Capability

- More competitive suspension parts
- Taking advantage of specific technologies to develop new products
- Effective sales promotion along three axes (Customer, Product and Area)

(3) Enhancement of Corporate Capabilities

- Human resources development
- Organizational review
- ESG management

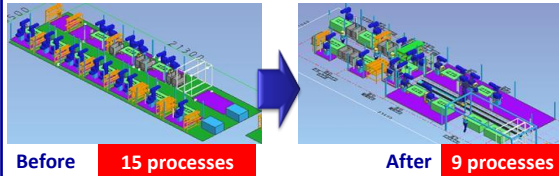
Monozukuri Innovation~Reduce capital investment~ YOROZU

Make an all-out effort in simultaneous engineering

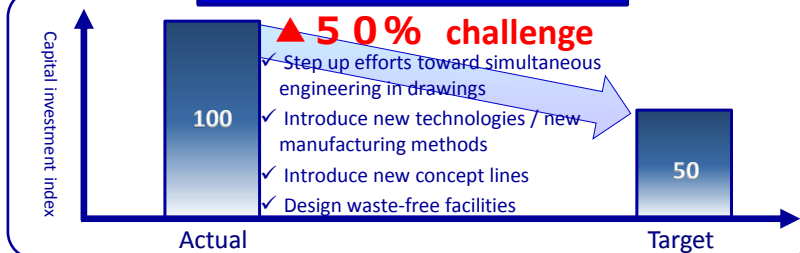
Component parts reduction,
parts integration, etc.

**Better yield
with Arc-tailored blanks**

Assembly line process reduction image



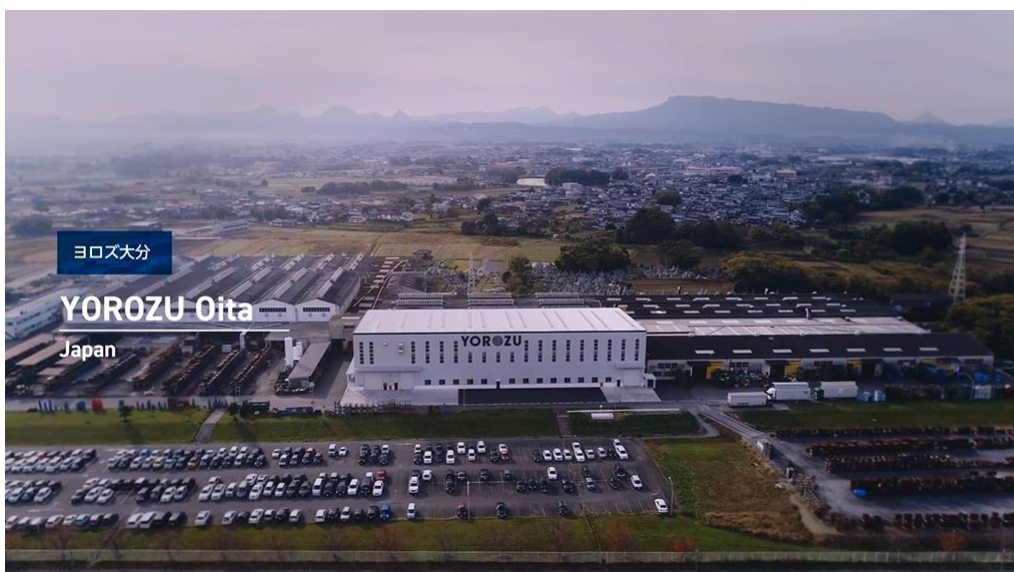
Reduce capital investment



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Innovative Monozukuri

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Innovative Monozukuri~Reduction of CAPEX~YOROZU

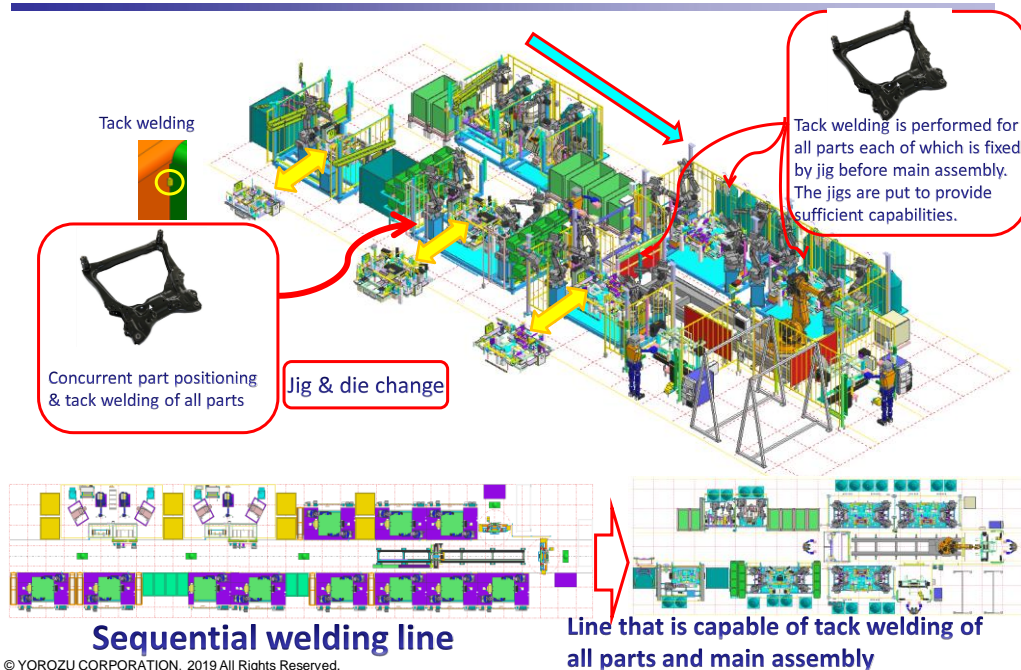
Newest Jidoka Line Concept



- ✓ Flexible line that is capable of demand fluctuation control
- ✓ Jig sharing between prototyping and flow production
- ✓ Further CAPEX reduction with high versatility

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Innovative Monozukuri~Reduction of CAPEX~YOROZU



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Showcased at Automotive World 2019

YOROZU



Rear Suspension Beam
Proposal of lightweight and cost cut

Battery Case
Proposal of methods for less number of parts

Front Suspension Member
Proposal of lightweight and cost cut

Rear Suspension Member
New Proposal



YOROZU welcomed over 600 visitors within three days from January 16.

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Further Progress in Product Competitiveness and Development Capability **YOROZU**



The exhibition took place February 26 and 27 gathering 670 participants



RADIUS ROD
Length changeability from single die



UPPER LINK
Burring helps reduce number of parts for B/J assembly



LINK
Link made by sheet metal curling

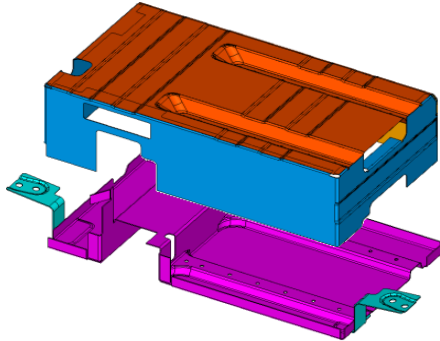
Exhibited our products at Toyota HQ

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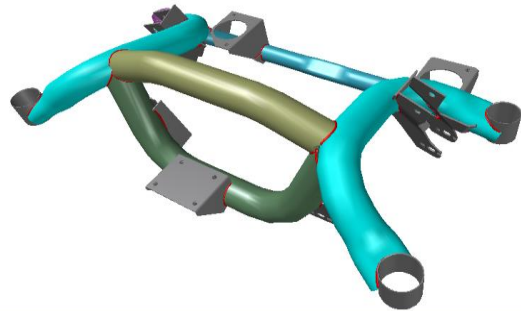
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Development of Future Products

YORZU



Battery Case
 Number of parts: from 21 to 7
 Weight cut by 17%



EV Rear Member
 Hardness and rigidity:
 Improved by 5%
 Weld length: Reduced by 32%

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Further Progress in Product Competitiveness & Development Capability **YORZU**

Development with light-weight technology

ALTIMA (old model)
 【SOP】
 US: June, 2012

New ALTIMA
 【SOP】
 US: August, 2018

Front SUSPENSION MEMBER for ALTIMA in North America

| Item | Old Model | | New Model | |
|-------------------------|--------------|---|------------------|--|
| Main Material | 540MPa class |  | 540MPa class |  |
| General Plate Thickness | 1.8mm | | 1.6mm | |
| Number of Major Parts | 29 | | 17 | |
| Weight | 32.1kg | | 25.6kg -20.2% | |

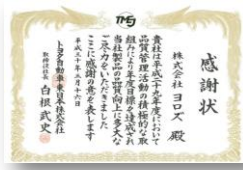
Offering simplified structure and thinner sheets cuts off the weight significantly in North American specifications

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Numerous Quality Awards and Honors (FY2018) **YOROZU**



Finalist to Quality Award from
Nissan North America (Mexico)



Appreciation Award for Quality Activities
from Toyota Motor East Japan (Japan)



Quality and Delivery
Excellence Award from
Honda Brasil (Brazil)



Quality Award from
Nissan Mexico (Mexico)



Finalist to Thai Regional Quality Award
from Nissan Motor (Thailand)
(Thailand)



Excellence in Quality Award
from Hino Motors USA (US)



Certificate of Achievement for
Quality from Isuzu Motors (Japan)

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Car Models Incorporating Our Products **YOROZU**

Americas

Nissan ALTIMA

FR SUSP MEMBER
RR SUSP MEMBER
RR SUSP LWR LINK RR
RR SUSP LWR LINK FR
BRAKE PEDAL

Daimler A-class Sedan

RR CRADLE

Daimler GLE

RR CAMBER ARM RH/LH

Asia

Daimler A-class Sedan

RR CRADLE

Japan

Nissan DAYZ

Mitsubishi eK Wagon

FR SUSP MEMBER

RR SUSP BEAM

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Enhance Corporate Capabilities

YOROZU

Recognized as “*Eruboshi*” Employer

under the Act on Promotion of Women’s Participation and Advancement in the Workplace

**On December 3, 2018,
Yorozu received the highest-level *Eruboshi** Certification.**

**Eruboshi* implies “L Star” (“L” stands for Lady, Labour and Laudable.)

Certificate of Recognition



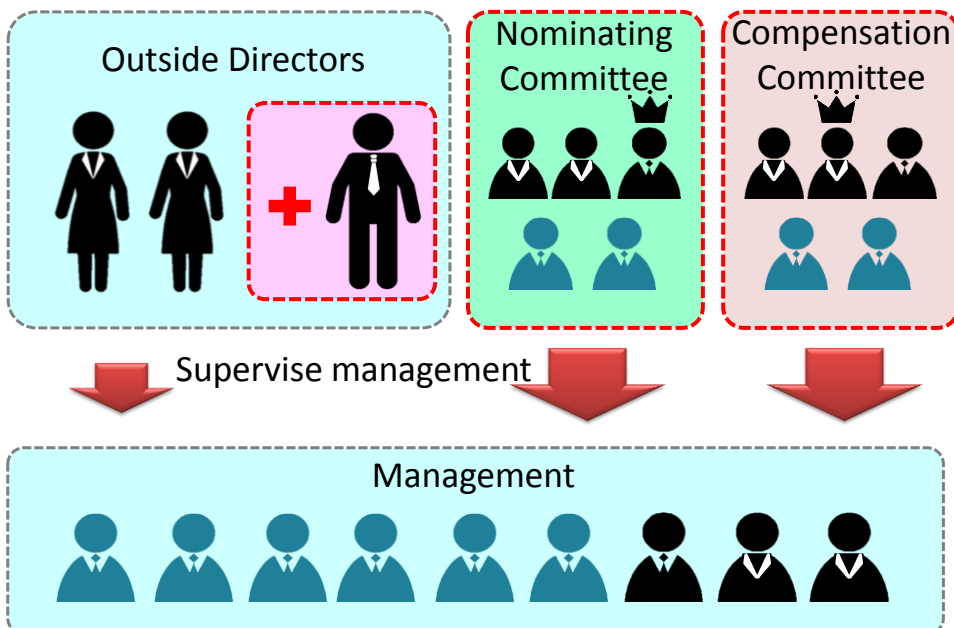
Eruboshi Certification Mark



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Strengthen Supervisory Function

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I . FY2018 Financial Results

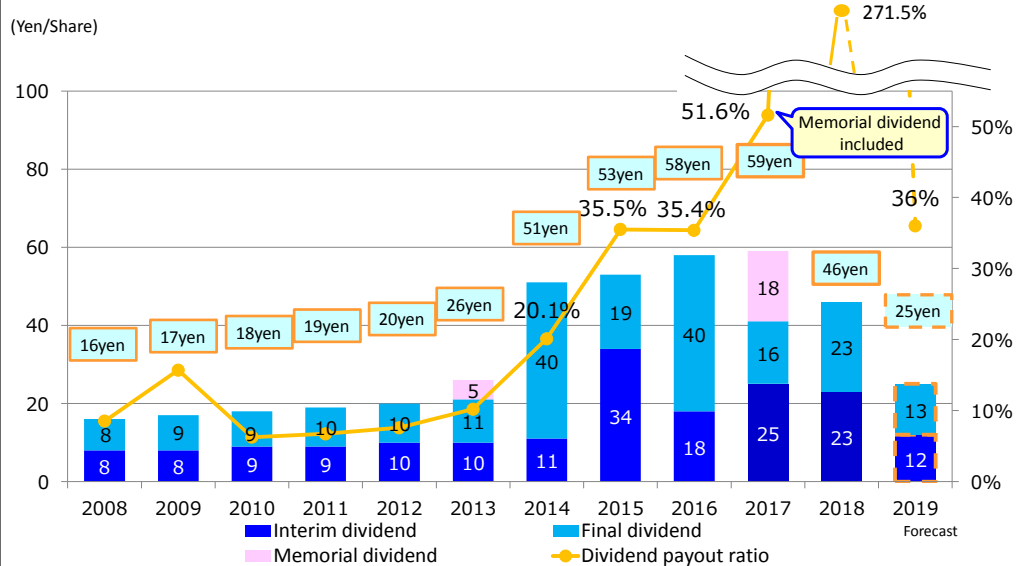
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Financial Strategy: Extension of Shareholders Benefit Program YOROZU



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FY2018 Financial Results

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