



Becoming a Byword for Suspensions

Yorozu has honed its expertise as an auto parts manufacturer primarily specializing in suspensions, earning the trust of automakers both domestically and internationally. Leveraging our advanced development and technological capabilities, we will integrate suspension parts and peripheral components into a unified system. We will further expand globally as a “suspension system manufacturer,” offering a fully integrated solution from performance development to mass production.



Corporate Vision

With the one and only technologies and developmental capabilities in suspensions, we deliver solutions to customers’ needs and aim to become a 100-year sustainable and evolving company.

Corporate Philosophy

- [Our Purpose]**
Our primary mission is to contribute to society by continually striving to deliver technological innovation and create products that are beneficial to people.
- [Management Stance]**
Our basic business creed is to conduct reliable management.
- [Behavioral Guidelines]**
1. Work is the foundation of life.
 2. Trust is the basis of work.
 3. Creativity in thought and action is the key to human progress.
 4. Safety, quality, and productivity are fundamental to our corporate activities.
 5. Risky endeavors are to be avoided while genuine endeavors are to be embraced.

Charter of Corporate Behavior

1. Attaining Customer Satisfaction and Developing New Technologies
2. Observance of Laws and Regulations
3. The Environment
4. Globalization
5. Disclosure
6. Respect Human Rights
7. Fair Trade
8. Commitment by Executives

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Editorial Policy

Following the release in 2024, we have published the “Yorozu Integrated Report” again this year, which serves as a communication tool to clearly convey the Group’s management policies, business strategies, financial information, and various activities aimed at realizing a sustainable society to all our stakeholders, including shareholders, investors, customers, business partners, local communities, and employees, thereby promoting the understanding of our corporate value and growth potential.

We will continue to strive to enhance the content so that stakeholders can deepen their understanding of the Group. Please visit our official website for the most recent information.

Yorozu Corporation Website
<https://www.yorozu-corp.co.jp/en/>

Period and Scope of Reporting

- Period: April 1, 2024, to March 31, 2025
- Some information outside the reported time frame is included.
- Scope: YoroZu Corporation and its Group companies

Guidelines and Entities Referenced

- The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Guidance for Integrated Corporate Disclosure and Dialogue for Collaborative Value Creation

Disclaimer

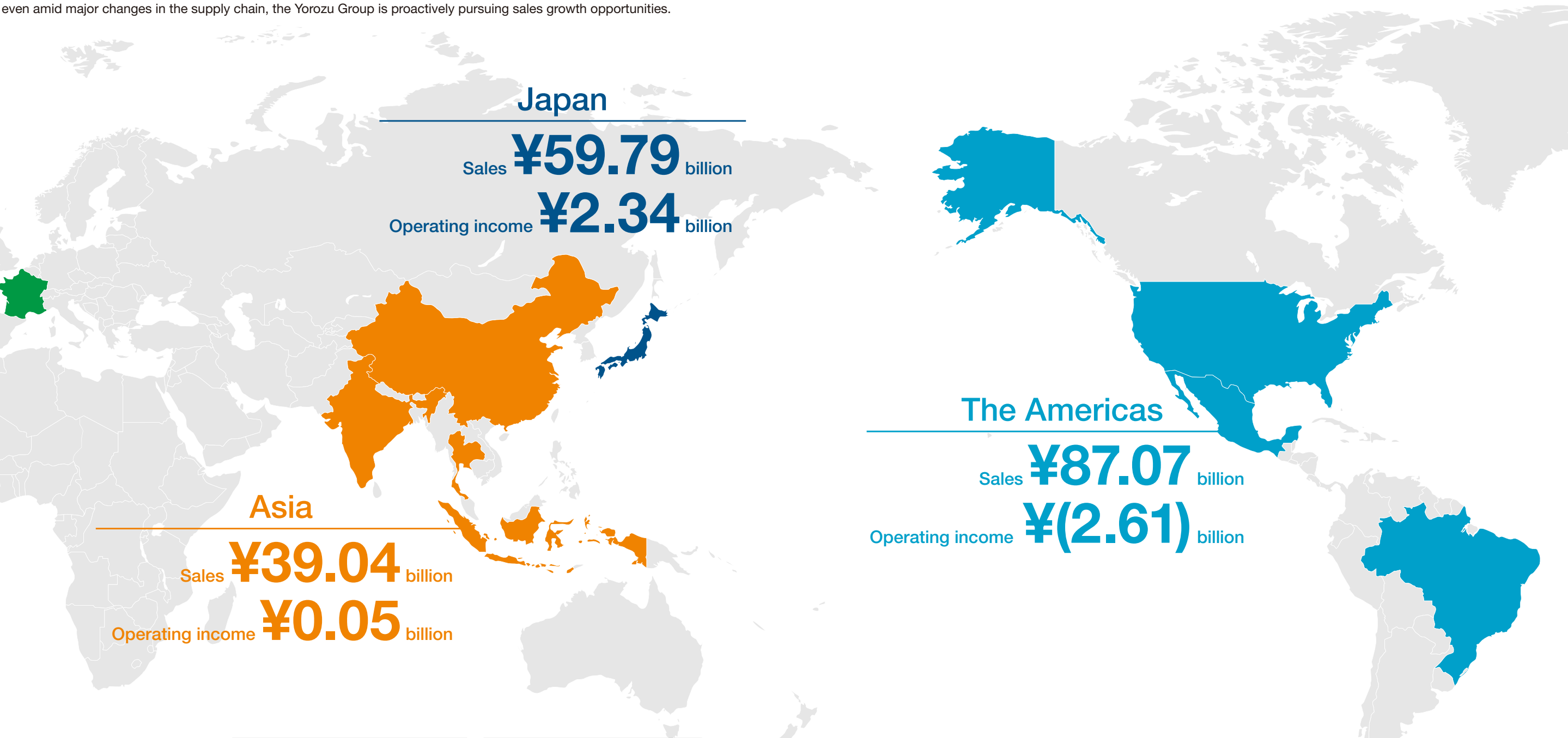
This integrated report contains forward-looking statements, including the Company’s current plans, projections, and strategies, based on information available at the time this report was created. Actual performance could differ significantly from these projections due to a variety of factors.



Collaborative Value Creation Guidance

Yorozu in Numbers

The growing need for investments stemming from the increasing adoption of autonomous driving and EVs has prompted the formation of alliances between automakers. To ensure that we maintain existing commercial rights and win new orders, even amid major changes in the supply chain, the Yorozu Group is proactively pursuing sales growth opportunities.



Sales composition by segments	Financial highlights		Non-financial highlights	
<p>Japan 32.2%</p> <p>The Americas 46.8%</p> <p>Asia 21.0%</p>	Sales	Operating income	Group companies	Ratio of women in management positions
	¥178.41 billion	¥0.29 billion	Number of companies 21	12.5%
			Number of countries 9	
	Operating income ratio	R&D expenditures	Number of employees (consolidated)	Ratio of non-Japanese employees
	0.2%	¥5.75 billion	5,848	4.4%

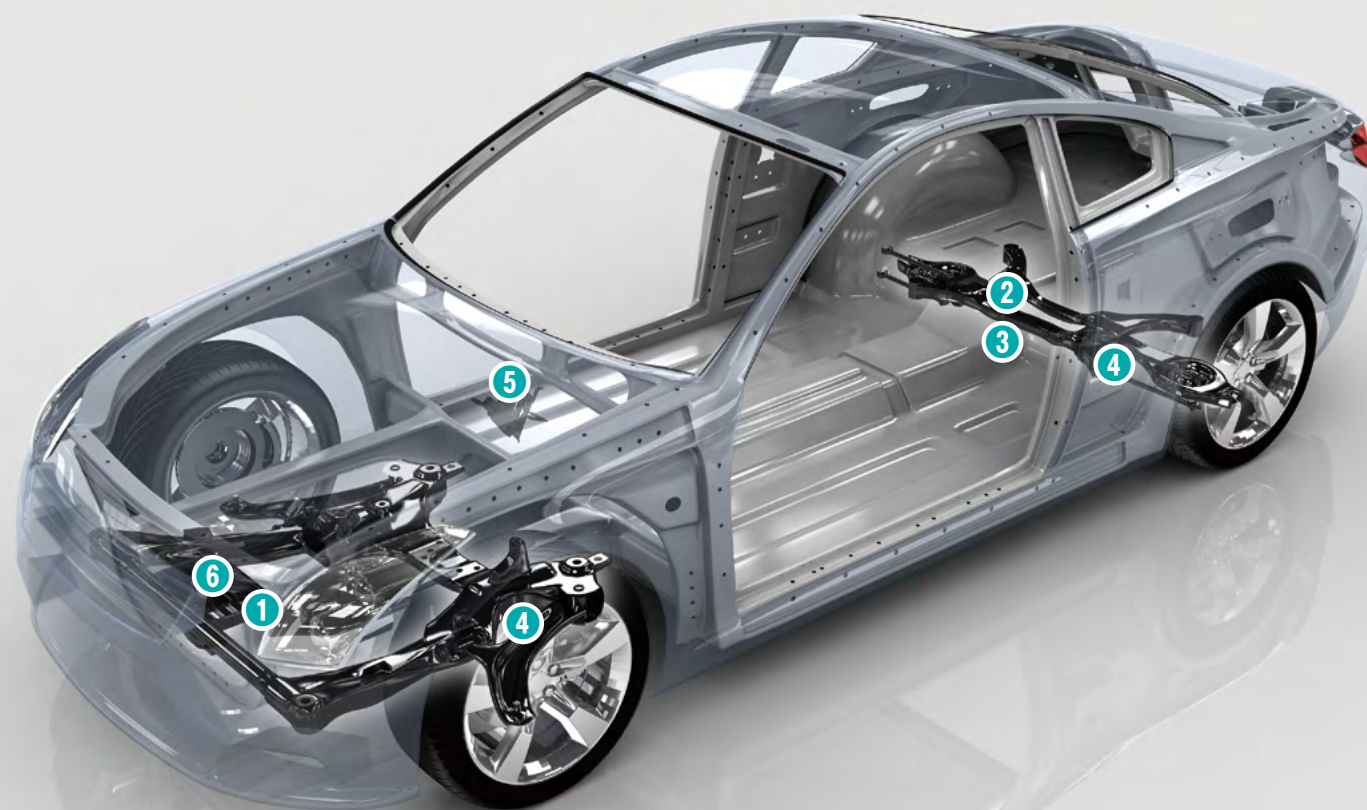
Note: Includes intersegment sales and transfers

Major customers
Nissan Motor Co., Ltd., Nissan Shatai Co., Ltd., Honda Motor Co., Ltd., Toyota Motor Corporation, Toyota Motor East Japan, Inc., Daihatsu Motor Co., Ltd., Hino Motors, Ltd., Isuzu Motors Limited, Mazda Motor Corporation, Subaru Corporation, Suzuki Motor Corporation, Mitsubishi Motors Corporation, UD Trucks Corporation, Kubota Corporation, Renault S.A.S, Volkswagen AG, Mercedes-Benz AG, Ford Motor Company, General Motors Company

(As of March 31, 2025)

Yorozu's Main Products

The key to every aspect of an evolving car—its mobility, comfort, and safety—lies in its undercarriage mechanisms. At Yorozu, we are engaged in the entire process, from development to manufacturing, of a wide range of automotive parts, with a focus on suspensions, which are the cornerstone of the undercarriage mechanisms. Even in the age of electrification, suspensions remain a vital component. However, as vehicle weight increases due to battery installation and other factors, further weight reduction is in greater demand than ever. Yorozu continues to refine its lightweight technologies, taking on the challenge of achieving even greater weight reduction and contributing to carbon neutrality.



Suspensions, known in Japanese as *kenka-souchi* (suspension system) or *ashi-mawari* (chassis), protect the vehicle body and passengers from road impacts while also having a critical influence on a car's handling and stability. As a suspension parts supplier with top-class market share in Japan, Yorozu has earned high recognition from the world's automakers for its outstanding performance in quality (Q), delivery (D), and cost (C).

① Front suspension member



This component forms the structural framework that supports the mounting points for the front suspension links, steering gearbox, engine, and other elements. It requires strength, rigidity, and impact absorption to withstand forces transmitted from the tires during driving and collisions. To meet these demands, advanced methods such as the tailored blanking method—welding and stamping steel sheets of different thicknesses—are used to optimize material thickness and ensure performance.

② Rear suspension member



This component forms the structural framework that supports the mounting points for the rear suspension links, differential gears, motor, and other elements. It requires strength and rigidity to withstand forces transmitted from the tires through the mounting points. By using high-tensile-strength materials that are difficult to form, weight reduction is achieved simultaneously.

③ Rear beam



This is the predominant configuration for the rear suspension in small- and medium-sized passenger vehicles. The twisting central crossbeam allows independent movement of the right and left trailing arms, resulting in characteristics similar to an independent suspension. Lightweight construction is achieved through advanced methods such as the full-curl method, which forms steel sheets into hollow shapes, and the tailored blanking method, which welds steel sheets of different thicknesses into a single panel and forms it through stamping.

④ Link



Positioned between the tires and the vehicle body, this is a vital safety component that determines tire alignment. It requires strength and rigidity to withstand various forces from the tires. Leveraging the Group's advanced stamping technology, we have developed an integrated link structure formed from a single steel sheet, achieving the required strength and rigidity while contributing to lightweight construction.

⑤ Brake pedal



The brake pedal is a vital safety component that enables the driver to control the vehicle's speed solely through foot operation. As a direct interface with the driver, it requires strength and rigidity to withstand foot input. The lever is available in various designs—such as thick plate, pipe, and thin-sheet welded structures—while also contributing to lightweight construction.

⑥ Oil pan



This part is located at the bottom of the engine. It retains the necessary amount of engine oil for lubricating engine components and prevents leakage to the outside. Our high-level stamping technology ensures the required flatness and sealing performance at the joint with the engine, even for large-capacity deep-drawn types.

Top Messages

Message from the President



Targeting sustainable growth by addressing diverse risks and leveraging our proprietary new technologies, new manufacturing methods, and carbon neutrality strategy amid major transformation of the automotive industry.

Tsutomu Hiranaka

Representative Director
President and COO

Looking Back on Fiscal 2024

The automotive industry is facing a once-in-a-century turning point buffeted by the waves of major transformation. The electrification of automobiles, driven by the move toward a decarbonized society, is the central trend. But even in recent months, the global situation has been changing rapidly, reflected in the tariff policies of the new United States administration, the United States-China trade conflict, and escalating tensions in the Middle East. In addition to these growing geopolitical risks, our business environment is becoming more and more uncertain. Although the automotive industry itself was on a gradual recovery trend, Japanese automakers struggled with the rise of Chinese automakers.

In this challenging business environment, we launched our new three-year medium-term business plan, YoroZu Sustainability Plan 2026 (YSP2026), in fiscal 2024. In the first year, we were strongly determined to

make a powerful start and push the plan forward. However, the Group's profits fell far short of the initial projection due to not only reduced production by key customers in China and foreign exchange impacts but also temporary cost increases that arose from internal challenges, such as cyberattacks and the need to address quality issues in the United States. Thanks to the efforts of our employees in completing the additional streamlining operations, the Group recorded consolidated net sales of ¥178,414 million in fiscal 2024 (down 1.7% year on year) with operating income of ¥298 million (down 93.3% year on year). Therefore, we managed to remain in the black at the operating level. Against this backdrop, in January 2024 operations began at YoroZu Sustainable Manufacturing Center (YSMC) Gifu Factory in Gifu Prefecture. This is our first new plant in Japan in roughly half a century and is designed to be fully electric and carbon-neutral. The plant's operations, which started from the stamping

process, is progressing as planned, with the transfer of production parts from the Aichi Factory under way. We also accounted for impairment losses ahead of schedule in the current fiscal year, based on projected production volumes of our customers. Although our business results were unsatisfactory, we significantly reduced negative factors for the future and implemented forward-looking structural reforms. These actions are necessary in the second year of YSP2026 and beyond, and we believe they will lead to tangible results.

YSP2026 Progress and Future Initiatives

Under YSP2026, we aim to become a key player in the electrification era and a company chosen by all stakeholders. To this end, we have set basic policies of strengthening our business foundation to enhance economic value and reinforcing our management foundation to enhance social value. By pursuing six key initiatives, we are working to raise overall corporate value.

To strengthen our business foundation, in fiscal 2024 we placed top priority on creating new technologies and methods and expanding sales while developing high-value-added products through collaboration with partners. As electrification accelerates, we are entering an era of major transformation that demands technological innovation at an unprecedented pace. However, sticking to developing and rolling out everything in-house from scratch would require an unreasonable amount of time and financial resources and cause us to fall behind in the race for innovation. Instead of adhering to a self-reliant approach, we therefore decided to seek collaboration with manufacturers that have specialized technologies. For example, we have worked with steel and other materials manufacturers to pursue lightweight products and collaborated with a fastener components manufacturer to develop technologies that eliminate the need for nuts, further reducing weight. Our “*Monozukuri* with our weapon—environmental performance” approach is also reflected in the establishment of YSMC Gifu Factory.

Meanwhile, in strengthening our management foundation, we achieved positive outcomes. These included receiving certification for the fifth consecutive year as an Excellent Enterprise for Health and Productivity

Management (Large Enterprise Category) under our “Society and individuals—improvement of engagement” initiatives. We also worked to improve governance by forwarding institutional investors' questions and opinions to the Board of Directors. In terms of financial strategy, we implemented measures that included optimizing cash flow and conducting share buybacks.

At the beginning of the second year, fiscal 2025, we reviewed and supplemented the basic policies of YSP2026 based on the initiatives of the first year. We did this in view of the major external changes that have occurred since the formulation of YSP2026, or are likely to occur, to thoroughly reexamine our own activities. We also incorporated our financial strategy into business foundation initiatives to make our commitment to strengthening profitability and growth clearer and stronger. In addition to stepping up technology development through collaboration, YSMC Gifu Factory is scheduled to begin full-scale operations as a model factory for automotive parts manufacturers. We also aim to reduce our dependence on specific customers by expanding our customer base through more intensive sales efforts. In particular, we are working to raise the share of sales to Toyota in consolidated net sales to 20%. We will also intensify efforts to reduce fixed costs and improve capital efficiency through further rationalization. To strengthen our management foundation, meanwhile, we have clearly defined our goal of further advancing ESG management by integrating all three elements: E (enhancement of environmental performance), S (improvement of engagement), and G (enhancement of governance). By steadily implementing each initiative, we will work to secure near-term profitability and embrace the challenge of restoring our earnings structure to achieve the goals of YSP2026. In addition to making a V-shaped recovery in profits by the final year, we will accelerate discussions on laying the future-oriented framework aimed at growth and present a clear path forward.

Views on Financial and Non-Financial Targets

In advancing YSP2026, the key factors are the way we view both financial and non-financial targets and our

approach to achieving them. In around 2021 when I became President, the Company's targets were clear, but the mechanisms for conveying them to the front lines were somewhat opaque. Starting with the executive team, therefore, we gradually extended the process to managers and now have mechanisms in place to ensure a full understanding by regular employees. Today's YSP2026 is built on that framework and enables every level of our organization to set realistic goals. YSP2026 sets three numerical financial targets—net sales, operating income ratio, and ROE—with particular emphasis on ROE. While I don't view a low equity ratio as inherently better, I see roughly 50% as an appropriate benchmark. Therefore, taking action to raise profit, the denominator of ROE, is most important. To this end, we plan to reduce cross-shareholdings while effectively using the freed-up funds for share buybacks, shareholder returns, and debt repayments, thereby creating the conditions to achieve our ROE target.

From a non-financial perspective, I regard the various awards and recognitions received for our environmental initiatives as an important indicator. In the past, the automotive industry struggled to gain recognition for their efforts to reduce environmental impact, but in recent years such perceptions have largely changed, and our own environmental initiatives are now being recognized by society. As a result, over the past year we received green contribution awards from multiple automakers. This has given us some reassurance that our ongoing efforts were not misplaced and strengthened our commitment to continue. As an individual born on this planet, I believe it is natural to value the environment, but for companies it is also a responsibility. Therefore, we will continue enhancing our activities to deliver tangible outcomes.

Embracing Major Transformation as a Trusted Parts Manufacturer

Traditionally, the automotive industry has operated under a pyramid-structure division of labor with major automakers at the top. With the advent of electrification, however, we believe this structure will undergo major changes. Electric vehicles are making advances in

modular design, making it possible to build them by combining only a few large units. In contrast, gasoline and diesel vehicles require around 30,000 parts. This shift reduces the number of components, creates a more horizontal division of labor, and lowers barriers to entry from other industries. Meanwhile, competition across the automotive sector is intensifying and has become a risk factor for the Company as well. In this context, our flagship suspension products play a critical role in driving safety and safeguarding human lives. Given its advanced technology and diverse safety-related expertise required to prevail in the automotive field, it is not feasible for entrants from other sectors to gain immediate market recognition, even if the industry shifts to a horizontal division of labor. I believe that the technologies and expertise supporting driving safety, which the Company has accumulated over more than 75 years, cannot be easily replicated. Rather, the technologies we have cultivated can deliver even greater value in the era of vehicle electrification. In electric vehicles, the move toward decarbonization and the added weight of batteries have led to increased demand for lightweight yet strong parts. Such a combination of lightness and stiffness is precisely our area of expertise. We have long pursued this technology with dedication, and with the times now aligned, it has become a source of superiority and competitiveness. By leveraging our technological foundation, we aim to become the first-choice company for all stakeholders.

Our superior technologies are also extremely valuable pieces of intellectual property. While we need to protect them as such, it is even more important to recognize them as the source of our competitive edge. Therefore, we must continue strengthening our superior technologies to demonstrate their full strength in the market without fading away. Product comparison and verification are critically important to sustaining and continually evolving our technologies. At our Yorozu Global Technical Center (YGTC) in Tochigi Prefecture, we collect products from various automakers. Through daily benchmarking against our own products, we are consistently advancing technological innovation. These activities might appear modest, but continuing them requires significant energy, cost, and patience for a company. However challenging, we remain committed



to sustaining such activities, as they are essential to our competitiveness. We believe that the competitive edge we have gained in this way has made us the company of choice for many automakers and the cornerstone of our brand strength. As a parts manufacturer, we operate a B2B business. Unlike B2C companies dealing in food or clothing, for example, we are not directly evaluated by consumers, but rather judged through our customer base, namely automakers. Our brand strength lies in our competitiveness, which has prompted many automakers to choose us. This competitiveness derives from the technological capabilities we have developed in product lightness and stiffness. From that perspective, our intellectual property truly embodies our brand strength. Through expanded sales, we will strengthen activities that allow us to be chosen by more automakers.

To All Stakeholders

As mentioned at the outset, fiscal 2024 was a very challenging year in terms of performance. This caused concern among our stakeholders. As President, I believe my role is to demonstrate through the second year of YSP2026 that the path we are taking will lead to growth and provide reassurance to all stakeholders. Accordingly, our business activity policy for fiscal 2025 is to restore

our ability to deliver steady profits while accelerating initiatives to lay the foundation for future growth. To restore profits, for example, we have launched the “Success 25V” initiative as a company-wide rationalization program involving all employees. I am currently visiting major sites around the world, engaging in open communication with employees, and working continuously to raise motivation so we can achieve a V-shaped recovery from the ground up. We will also apply ingenuity and creativity to restrain investments while strengthening cost planning and incorporating dies and equipment development into our operations, thereby reinforcing project-based profitability management. As a company generating sustainable earnings and pursuing ESG management, we will continue striving to meet the expectations of all stakeholders.

I myself will emphasize open communication with stakeholders and provide numerous opportunities to listen to their voices while enhancing our PR and IR activities to share our perspectives and deliver diverse information sincerely and thoughtfully. My motto as a manager is “being true to myself and not acting in a specific role.” This means acting like a president by setting the directions and making decisions while engaging in down-to-earth communication. I ask for your continued support as we pursue the Group's medium- to long-term sustainable growth and enhancement of corporate value.

Message from the CFO



Rigorous Management That Is Conscious of Capital Cost

Our main products are suspension parts, which are large in both size and weight. To reduce transport and inventory costs and quickly address changes in customers' production requirements, they need to be manufactured near customers' production sites to allow prompt delivery. For this reason, global production sites are operated with an integrated system covering stamping, assembly, and painting—operations that require substantial capital investments. With respect to strengthening equity capital, improving ROE, and enhancing corporate value, we fully draw on our distinctive business characteristics. We stabilize cash flow by restraining capital investments and making effective use of Group funds. We also strategically review assets, such as cross-shareholdings, and promote share buybacks to control equity capital and raise ROE.

Groundwork for V-Shaped Recovery Following Difficult Fiscal 2024 Results

Fiscal 2024 was a challenging year for the Group, characterized by unprecedentedly rapid changes in the global landscape together with prolonged uncertainty about the future. Consolidated net sales declined 1.7% year on year, to ¥178,414 million, despite benefiting from foreign exchange factors related to the yen's depreciation. This was due to lower automobile production by key customers in Japan, the Americas, and Asia amid stronger growth of EVs and hybrid vehicles. During the year, we undertook restructuring to streamline operations, which helped compensate for rising expenses stemming from high energy costs, rising labor costs due to wage increases, and other factors. However, operating income fell 93.3%, to ¥298 million, due to lower production volume, temporary quality-related expenses in the United States, reduced sales of dies and equipment, and start-up costs at YSMC Gifu Factory. We also posted an ordinary loss of ¥2,077 million, compared with ordinary income of ¥4,517 million in

fiscal 2023, due to a valuation loss on peso-denominated assets following the sharp depreciation of the Mexican peso. Net loss attributable to owners of parent was ¥13,448 million, up ¥9,522 million from the previous year, due to ¥9,145 million in impairment loss and reversal of deferred tax assets, recorded as an extraordinary loss. Although we did not meet stakeholder expectations in fiscal 2024, we steadily implemented measures to ease future business pressures, and we believe we have established the foundation for a V-shaped recovery.

Targeting Stable Profitability and Enhanced Medium- to Long-Term Corporate Value under YSP2026

As our business environment changes, we recognize that establishing a more stable earnings structure—one that is less dependent on customer production volumes—is essential for the Group to maintain competitiveness and achieve growth. Under YSP2026, we are strengthening our financial strategy with a focus on management that is conscious of capital cost. Our basic policy is to drive sustainable growth and enhance corporate value through effective allocation of management resources by improving our ability to generate cash flow and heightening capital efficiency. Under this policy, we have set three strategic pillars—improving profitability, heightening capital efficiency, and increasing shareholder returns. We are also pursuing initiatives to achieve stable and sustainable improvement in profitability with the following KPIs: Net sales of ¥210 billion, an operating income ratio of 4.5%, and ROE of 8%. In terms of net sales, we will work to improve revenue by ensuring appropriate business practices and increasing our selling prices to compensate for rising labor and energy costs, while promoting sales growth for EV-related products. On the cost side, through the Success 25V streamlining initiative launched in fiscal 2024, we have set clear targets by site and cost category while adding rationalization items and working to eliminate operational and manufacturing losses. We aim to restore and improve earnings by ensuring that these rationalization activities are properly reflected in our financial results. Due to the impairment loss and the reversal of deferred tax assets recorded in fiscal 2024, we also

reduced total assets, which we believe will improve total asset turnover and contribute to ROE improvement. Going forward, we will continue working to restrain capital investments with the aim of reducing fixed costs from fiscal 2025 onward. In addition, by making effective use of internal funds and reducing external borrowings, we expect to improve non-operating income and expenses and thereby enhance overall Group earnings.

By reducing fixed costs in this way, we have made our operations less vulnerable to production volumes and established a business foundation for stable, sustainable growth.

Meanwhile, although impairment losses recorded in fiscal 2023 and 2024 led to reduced fixed costs and an improved breakeven ratio, they also lowered our equity ratio. As mentioned at the beginning, because our business model requires significant investment to make products in proximity to our customers, it is essential to maintain an equity ratio of around 40%–50% to ensure stable operations. To quickly restore and improve the equity ratio, we need to strengthen equity through a V-shaped recovery in earnings and a reduction in total assets.

Shareholder Returns

We are striving to increase shareholder returns under a basic policy that prioritizes dividends while considering an optimal balance between capital soundness and growth investments. We will continue emphasizing stable and sustainable dividends, targeting a payout ratio of 35% or higher and a minimum annual dividend of ¥31.00 per share, while determining actual amounts based on performance and dividend levels. For fiscal 2024, we paid an annual dividend of ¥31.00 per share. For cross-shareholdings, we are currently targeting a 10% reduction by March 31, 2027, based on market value on March 31, 2024. Funds obtained from sales of cross-shareholdings will be used for share buybacks and shareholder returns.

Our aim is to strengthen our financial foundation, achieve sustainable growth, and remain a company trusted by all investors.

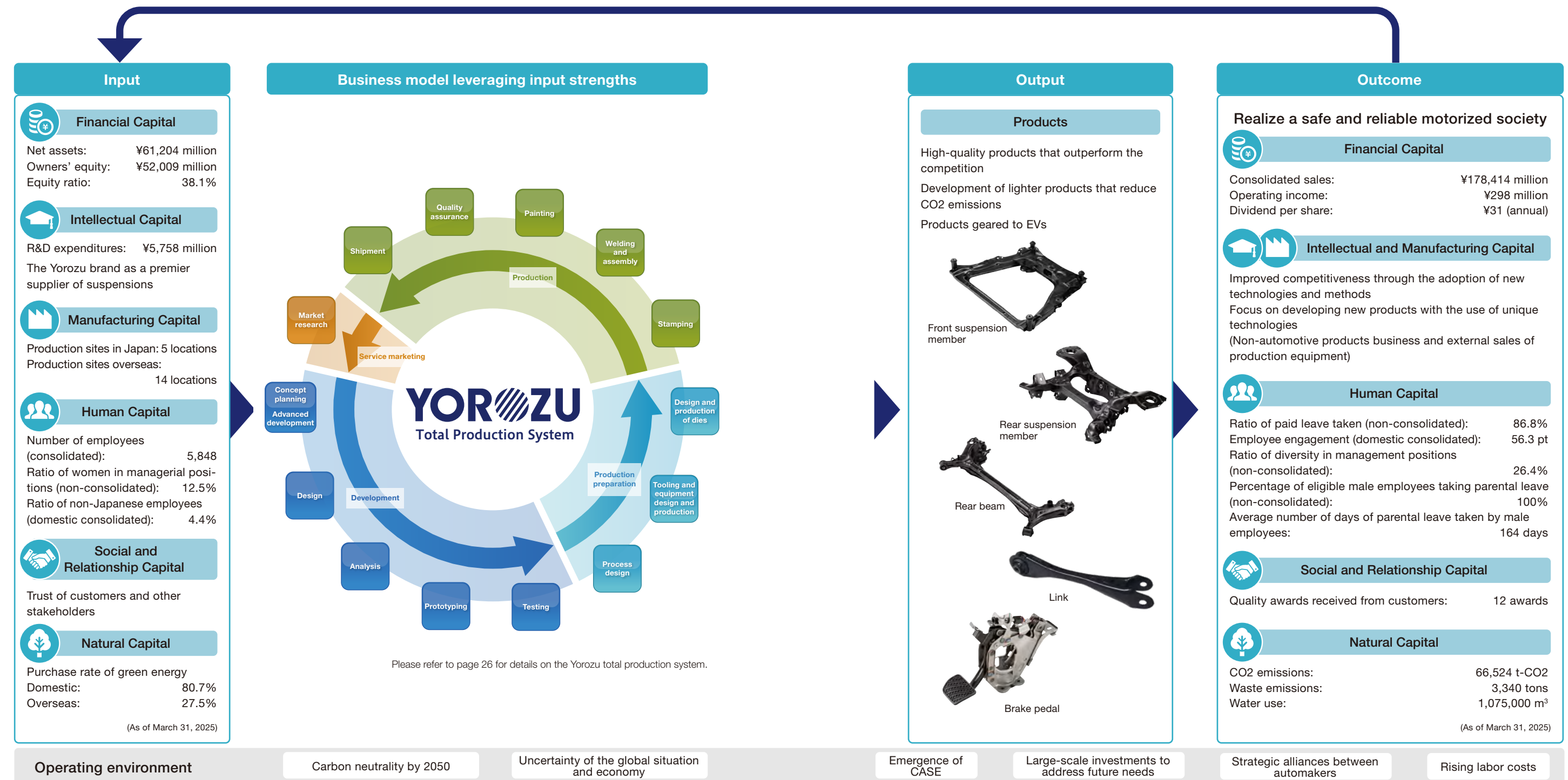
Yorozu and Its Value Creation

Value Creation Process

The Yorozu Group aims to continuously evolve as a company that delivers solutions to customers' needs on the strengths of our unique and superior technologies and developmental capabilities in suspensions. To that end, we have developed a value creation process designed to deliver value to society, and we are evolving this process by bearing in mind the needs and expectations of society.

By continuing to enhance its value creation capabilities throughout the entire process, Yorozu will strive for sustainable growth and enhance corporate value.

Realization of a
sustainable society

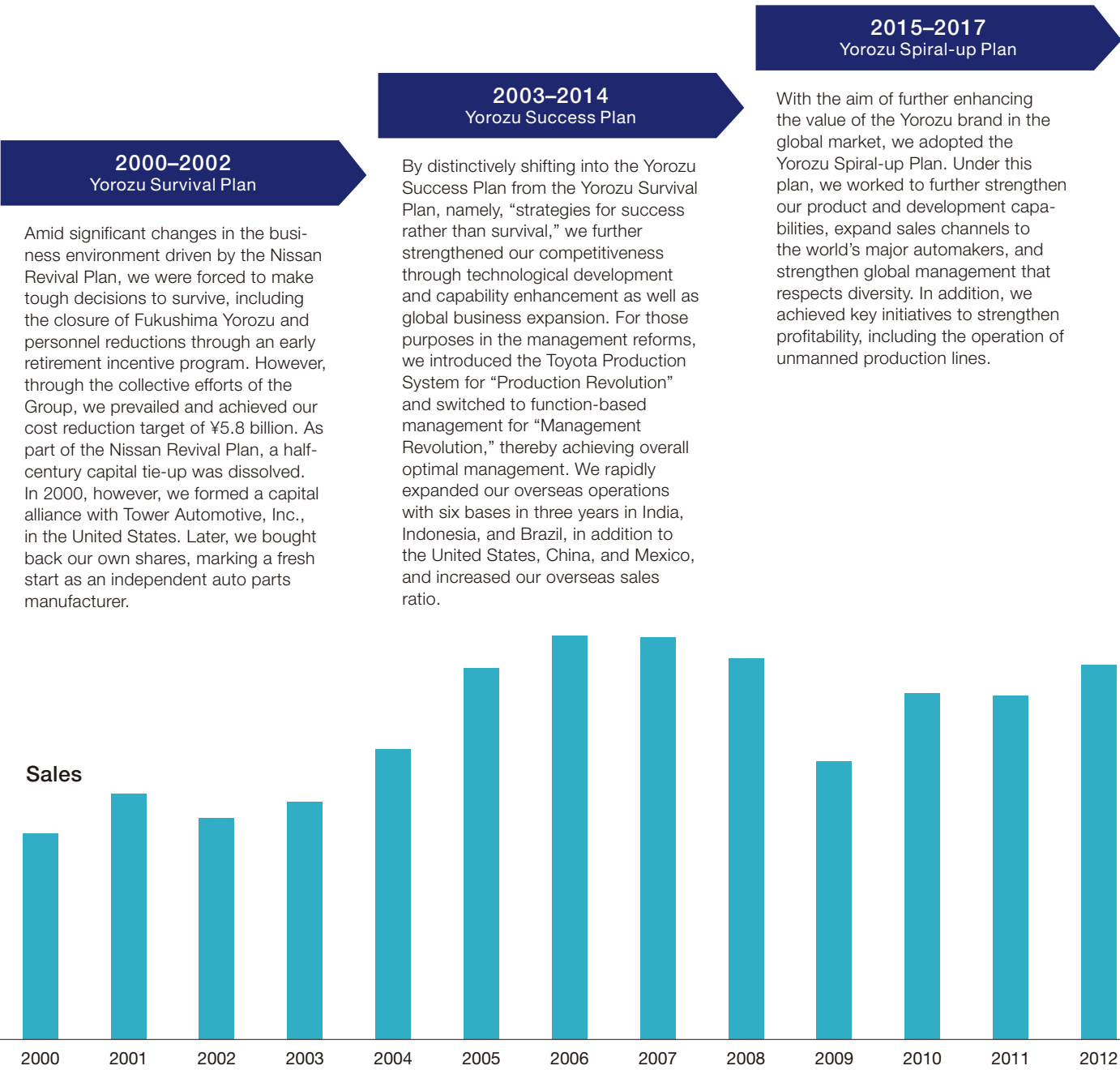


Medium- to Long-Term Vision and Roadmap

Aim to become the “first-choice company” for all stakeholders that supports the age of electrification

The Yorozu Group has been steadily advancing together with stakeholders toward the vision of developing the Yorozu brand into a premier supplier of suspensions in any age.

The automotive industry is currently in a period of profound transformation. The Group aims to become the “first-choice company” for all stakeholders that supports the age of electrification by promoting the aggressive strategies set forth in the medium-term business plan “YSP2026,” to achieve sustainable growth.



2018–2020
Yorozu Spiral-up Plan 2020

Significant changes in the business environment, including escalating United States-China trade tensions, a substantial decrease in production volumes among major customers, and the widespread impact of the COVID-19 pandemic, led to declines in consolidated sales and the operating income ratio. Despite this, we increased profitability by enhancing profit and cost management per project and reducing capital investment, enabling the establishment of a robust foundation.

2021–2023
Yorozu Sustainability Plan 2023

We were able to establish a growth strategy and set the course for our strong presence in the age of electrification by focusing on ESG management, notably, carbon neutrality initiatives for climate change mitigation, development of new technologies and methods for EVs, and global sales expansion efforts through the introduction of such products. At the same time, at our domestic production bases, we launched various initiatives for the future, including the commencement of operations at YSMC Gifu Factory, marking the first new base in half a century.

2024–2026
Yorozu Sustainability Plan 2026

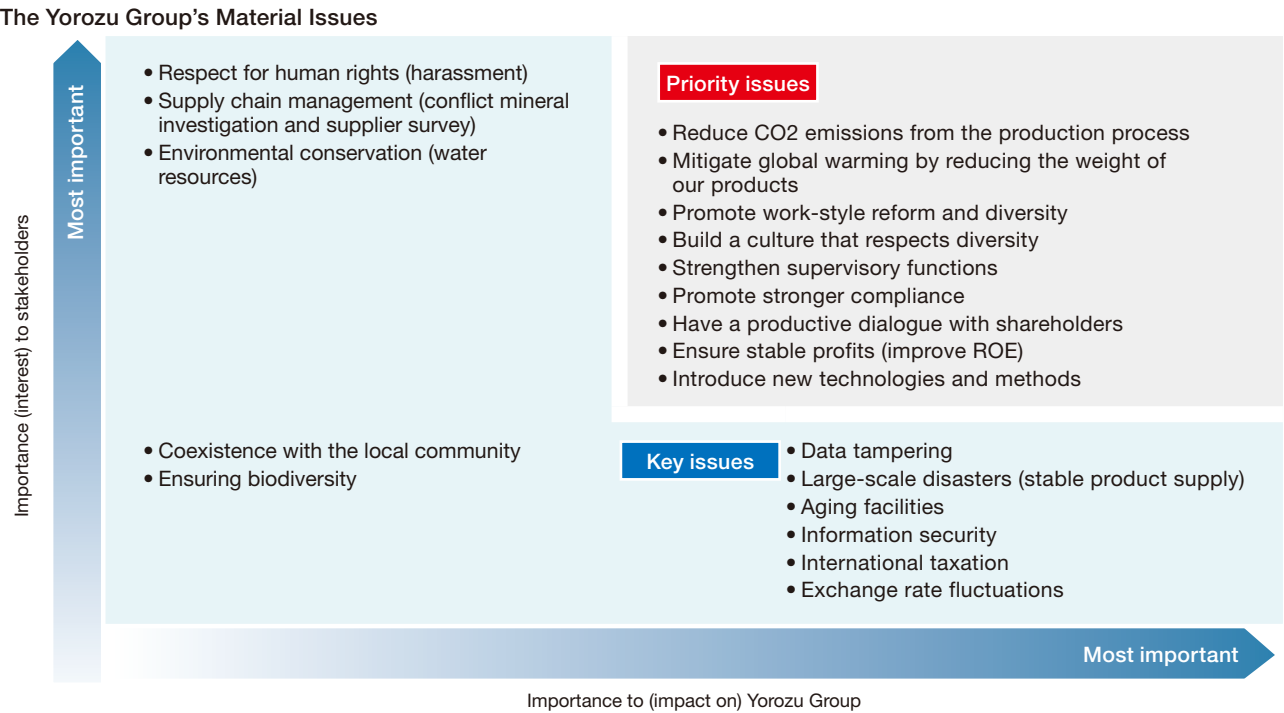
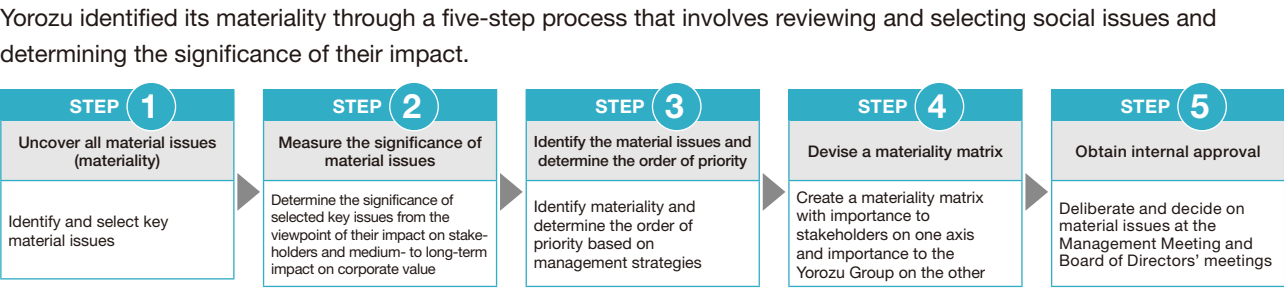
We aim to fulfill our responsibilities as a member of society, become a key supporter of the electrification era through proactive measures aimed at growth, and strive to be the “first-choice company” for all stakeholders. To achieve this, we plan to strengthen our business foundation and improve economic value by merging profitability enhancement with sustainable growth through the creation of new technologies and methods. In addition, we aim to enhance our management foundation and increase societal value through the steady promotion of ESG management. By maximizing these two values, we aspire to enhance our corporate value.

Materiality (Material Issues)

Yorozu has identified material issues (materiality) that must be addressed through its business activities. As we seek solutions to such issues, we will continue to provide value to society in a sustainable manner.

Moreover, to promote sustainability initiatives across the entire Group, we are proactively engaging in ESG management and establishing key themes related to environmental (E), social (S), and governance (G) factors.

Materiality identification process



Strategy and Performance

Overview of the Medium-Term Business Plan

As for the business environment surrounding the Group, the outlook for the global economy remains uncertain due to factors such as shifts in monetary policy in various countries and concerns about geopolitical risks.

Meanwhile, the automotive industry as a whole is experiencing a gradual recovery in production, while facing major transformations and structural changes such as the rapid growth of emerging EV manufacturers. In response to climate change, automakers are also accelerating efforts to develop vehicles aimed at achieving carbon neutrality, steadily introducing EVs into the market.

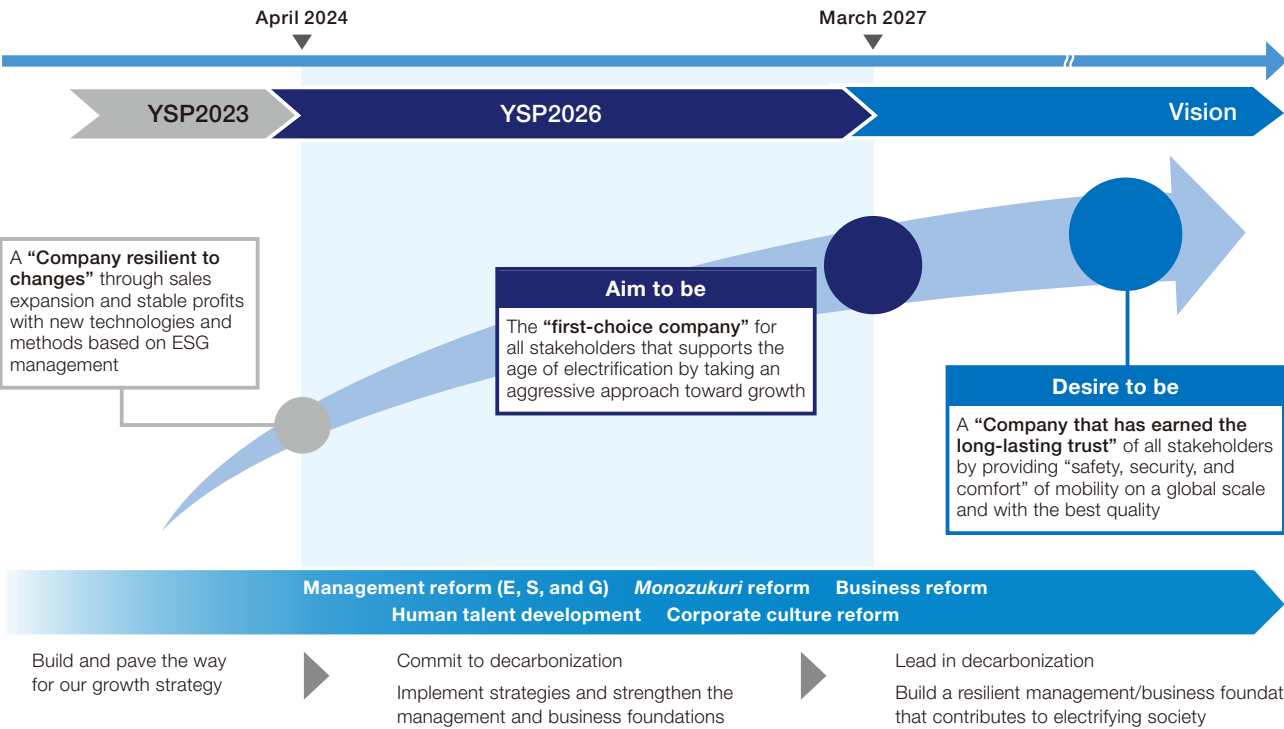
Against this backdrop, Yorozu formulated its medium-term business plan, which covers the period from fiscal 2024 to fiscal 2026, with the aim of increasing corporate value.

Thoughts embodied in the name

The new medium-term business plan, covering fiscal 2024-2026, has been named the Yorozu Sustainability Plan 2026 (YSP2026). The reason we inherited the term “Sustainability” from the previous medium-term business plan is that we believe “Sustain” precisely embodies the need for continuous initiatives to recover, explore, and reinforce the challenges left unaddressed under YSP2023.

What we aim to be

Working toward our long-term vision of becoming a company that provides the “safety, security, and comfort” of mobility on a global scale with the highest quality and earns the “long-lasting trust” of all stakeholders, under YSP2026 we aim to become the “first-choice company” for all stakeholders by supporting the age of electrification through proactive initiatives for growth.



Overview of YSP2026

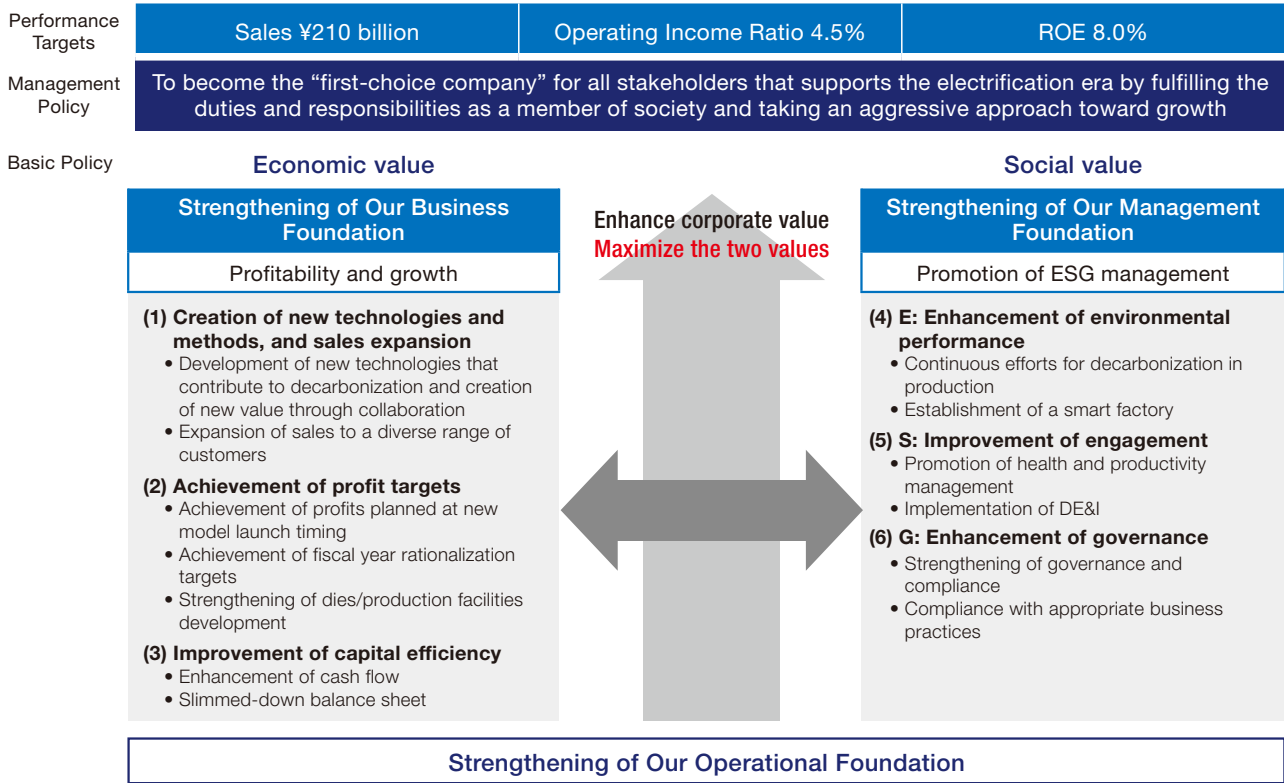
Our consolidated performance targets for fiscal 2026, the final year of YSP2026, are net sales of ¥210 billion, an operating income ratio of 4.5%, and ROE of 8.0%. Our management policy for achieving these targets is “to become the ‘first-choice company’ for all stakeholders that supports the electrification era by fulfilling the duties and responsibilities as a member of society and taking an aggressive approach toward growth.” For this, we need to enhance corporate value, and we are working to maximize economic value and social value.

In fiscal 2025, the second year of YSP2026, we will supplement the plan to address internal issues that became apparent in fiscal 2024 as well as major environmental changes expected to affect the business environment in fiscal 2025. At the same time, we will implement various initiatives to build a corporate structure that can withstand immediate environmental changes.

<Business Environment>	<Yorozu>
- Growth slows due to United States tariff policies	- Deterioration of profits
- Market division (United States/China)	- Response to changes in market structure
- Structural reform of major customers	- Weaknesses in management surfaced
	- Certain achievements in ESG management

[Supplementary Information]

- Strengthening of business foundation: Incorporation of financial strategy to clarify the enhancement of “profitability and growth”
- Strengthening of management foundation: Clarification of the goal to deepen ESG management as a qualification requirement for conducting business
- Strengthening of operational foundation has been added to establish the groundwork to support the business and management foundations



Shareholder returns

Under our shareholder return policy, we set a minimum dividend of ¥31 per share and aim for dividends with a payout ratio of 35% or more, based on stable operating cash flow, to reward the continued support of our shareholders. With respect to the acquisition of treasury stock, we will consider its implementation in a timely and flexible manner, taking into account our cash on hand, business performance, and other factors in a comprehensive manner.

Cross-shareholdings

Our policy is to hold cross-shareholdings only when deemed necessary for business operations and contributing to the enhancement of corporate value. The Board of Directors regularly reviews the necessity of such holdings, and we have been reducing the number of stocks held. Our immediate target is a 10% reduction by the end of fiscal 2026 on a market value basis at the end of March 2024. All proceeds from the sale of cross-held shares will be fully allocated to the repurchase of our own shares.

(1) Creation of New Technologies and Methods, and Sales Expansion

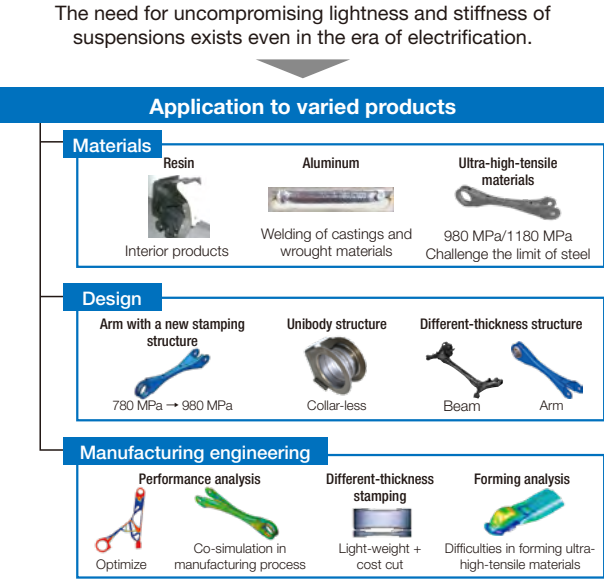
■ Development of new technologies that contribute to decarbonization and the creation of new value through collaboration

[Strategy 1] Undertake the challenge of refining our lightweighting technology and expanding the range of our products

In the age of electrification, suspension parts are increasingly required to be uncompromisingly lightweight, contributing to the reduction of CO2 emissions, while also being stiff enough to withstand the increase in vehicle weight caused by battery installation. As a suspension manufacturer, Yorozu is committed to fulfilling its social responsibilities by pursuing both “lightweighting” and “stiffness” through the integrated efforts of “materials,” “design,” and “manufacturing engineering,” creating new technologies and methods, and strongly promoting the sales of new value-added products.

In fiscal 2024, we actively expanded sales of products utilizing 980 MPa ultra-high-tensile-strength steel and succeeded in mass production across multiple global sites.

By establishing advanced forming technologies for ultra-high-tensile steel, we have built a framework that enables the production of high-precision ultra-high-tensile products not only in Japan but also at our overseas bases.



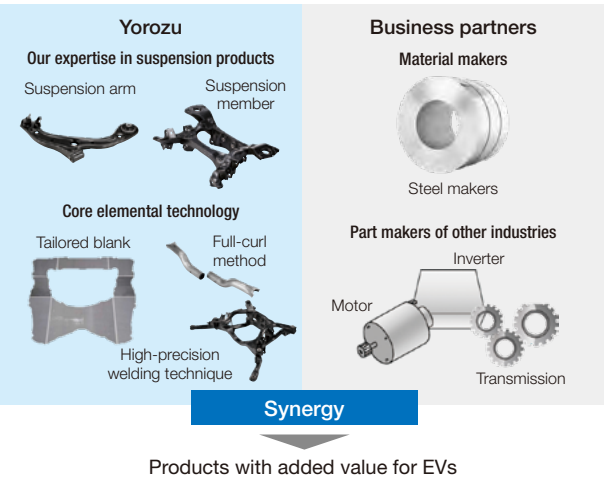
[Strategy 2] Increase a product’s added value through collaboration

We aim to contribute to the realization of a decarbonized society by enhancing the added value of our products through collaboration.

Currently, we are advancing development with the goal of generating synergies between our core element technologies and the advanced seed technologies of material manufacturers and component manufacturers from other industries.

Some of these joint development activities have already moved into the sales expansion phase with automakers, and have attracted a strong interest from a wide range of prospective customers.

Going forward, we will further accelerate our efforts to provide added value to our products and expand adoption of Yorozu’s new value in the electric vehicles of many automakers. By doing so, we aim to be recognized as “Yorozu for EVs” and contribute to the realization of a decarbonized society.

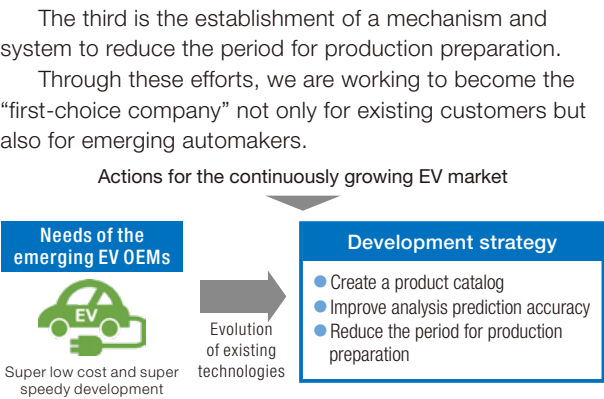


[Strategy 3] Developing innovative products for emerging EV manufacturers

For emerging EV manufacturers around the world, ultra-low cost and ultra-short development timeframe are becoming the norm. To become a supplier of choice for these automakers as well, we are taking more specific steps based on three new strategies.

The first is to create a product catalog that allows customers to choose from specifications that we have selected in advance in accordance with the requirements of the automaker.

The second is to improve analysis prediction accuracy, which reduces the need for retesting and reevaluation, enabling short-term development.



■ Expansion of sales to a diverse range of customers

► Establishing a robust supply system for sales expansion

Leveraging our strengths in developing lightweight products that contribute to decarbonization and in creating new value through collaboration, we are working to establish a robust supply system for sales expansion. As part of this effort, YSMC Gifu Factory, the Group’s first new domestic production base in about 50 years, commenced operations as scheduled in January 2024.

Toward the full-scale launch scheduled for the autumn of 2025, we are proceeding with the installation of assembly equipment for new parts as well as parts transferred from YSMC Aichi Factory.

In addition, the large-scale, industry-first all-electric painting facility delivers high efficiency and excellent corrosion resistance. Taking advantage of its scale, we have already secured new orders for large products such as battery cases for BEVs, thereby expanding the scope of parts we supply.

► Toward becoming a model plant for auto parts manufacturers

The model plant we aim to establish is one that is trusted by automakers—our customers—for its high product quality, stable delivery, and cost competitiveness, and that is chosen for parts to be used in their next-generation vehicles. In other words, it is a “first-choice plant” for our customers.

In particular, the Chubu region, where YSMC Gifu Factory is located, is home to the core plants of some of the world’s leading automakers, making competition among supporting parts manufacturers especially intense. By becoming a plant that is “chosen” by these automakers, we intend to increase orders and further develop our business.

► Existing capacity expected to reach full load on strong orders

Thanks to steady sales expansion activities, products ordered from the Toyota Group and Honda are expected to make full use of the production capacity at our existing facilities.

In addition, as a result of the recognition gained through initiatives at YSMC Gifu Factory, sales expansion to the Toyota Group has progressed, leading us to revise upward our global sales target for the Toyota Group from the initial target of 15% or more to 20% or more.



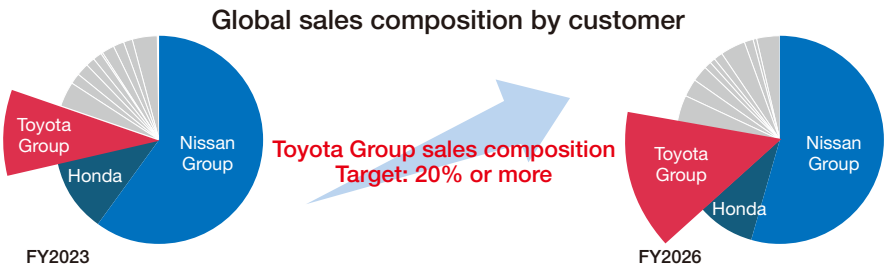
YSMC Gifu Factory panoramic view
Toward becoming a model plant for automotive parts manufacturers



Assembly equipment under installation
Transfer from YSMC Aichi Factory to be completed by October 2025



World-class painting facility
Achieving high efficiency and corrosion resistance through all-electric operations

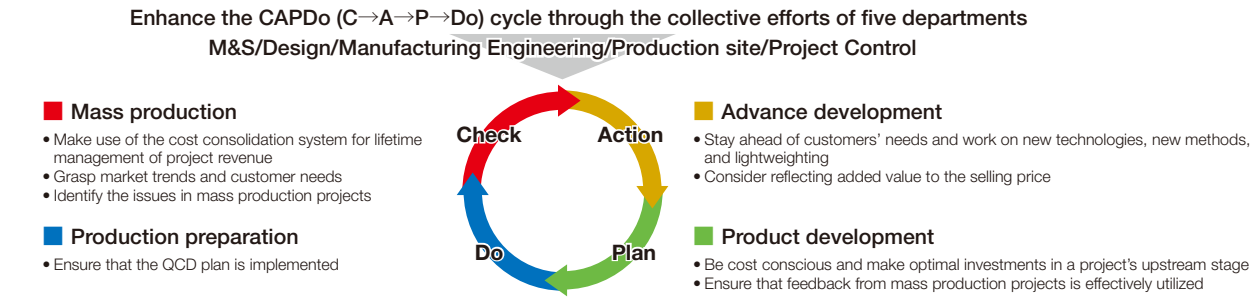


(2) Achievement of Profit Targets

Achieving profit plans at new model launch timing

[Strategy 1] Building a structure and system focused on achieving profit plans

To achieve our profit targets, it is essential to maximize product profitability from the very start of new model launches. To this end, we will strengthen and promote CAPDo activities carried out jointly by five departments—M&S, Design, Manufacturing Engineering, Production site, and Project Control—aimed at seamless and continuous improvement from current models to new models.



[Strategy 2] Achieving annual rationalization targets

Led by headquarters functions, we allocate target improvement amounts by site and by cost category for internal rationalization activities, and manage the progress by taking “visual control of the results.” In doing so, we aim to improve the break-even point to build resilience against declines in production volume.

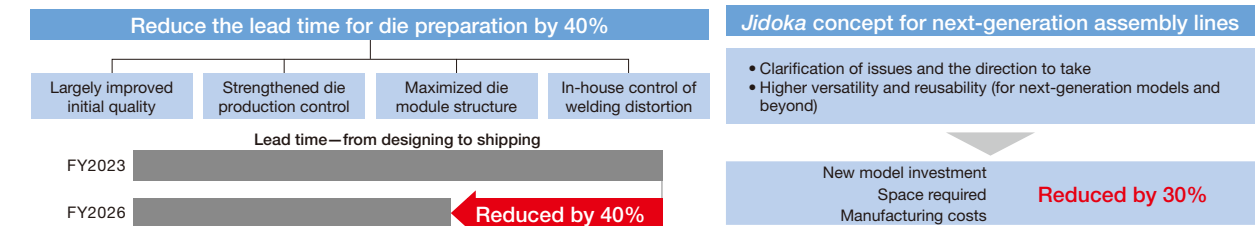
[Strategy 3] Enhancing the development of dies and equipment

Reduce the lead time for die preparation

We are promoting activities to shorten lead times from design to shipment by 40% through enhancing forming simulation technology and significantly improving initial quality.

Jidoka concept for next-generation assembly lines

We aim to improve new model investment, space efficiency, and manufacturing costs by 30% each, with maximum consideration given to versatility and reusability, with the aim of utilizing equipment for next-generation models and beyond.



(3) Improving Capital Efficiency

[Strategy 1] Strengthening cash flow

By achieving annual profit plans, we will stabilize cash management and secure the funds necessary for business operations.

While maintaining financial soundness and an appropriate level of leverage, we will allocate resources to growth investments as well as stable and sustainable returns to shareholders.

We aim to generate returns that exceed the cost of capital by effectively utilizing the capital invested in growth.

[Strategy 2] Streamlining the balance sheet

We continue to promote activities to improve total asset turnover even under external conditions where profits might be difficult to increase. Specifically, we are working to enhance the return on capital expenditures, curb working capital, reduce tangible and intangible fixed assets, and reduce cross-shareholdings.

(4) E: Environmental Initiatives

Refer to pages 38–41.

(5) S: Human Capital Strategy

Refer to pages 32–37.

(6) G: Governance

Refer to pages 42–57.

Customer Recognition

Our various initiatives have received high recognition from customers.

2025 Global Innovation Award
Nissan Motor Co., Ltd.

We received this award jointly with Nippon Steel Corporation for supplying body frame parts for the new Infiniti (overseas model) and the new Patrol (Middle East model). By adopting 980 MPa ultra-high-tensile hot-rolled steel, we contributed to decarbonization through weight reduction, demonstrating our technological capabilities.

FY2025 Monozukuri Contribution Appreciation Award
Nissan Shatai Co., Ltd.

We received this award in recognition of the collective efforts of our subsidiaries Yorozu Oita Corporation, Yorozu Engineering Corporation, and our project team. In response to last-minute design changes just before the launch of mass production for the new Patrol, we mobilized our full capabilities to deliver advanced technical solutions within a short period, thereby ensuring adherence to the production schedule. Some members were dispatched on long-term assignments of more than one year, and during the first three months after production launch, output was maintained through temporary manual operations despite reduced efficiency, until the permanent production line was established.

Excellence Appreciation Award (Sustainability Category)
Honda Motor Co., Ltd.

We were recognized for setting ambitious CO2 reduction targets toward achieving carbon neutrality by 2040, as well as for realizing 100% carbon-neutral operations without the use of fossil fuels at YSMC Gifu Factory, a subsidiary of Yorozu.

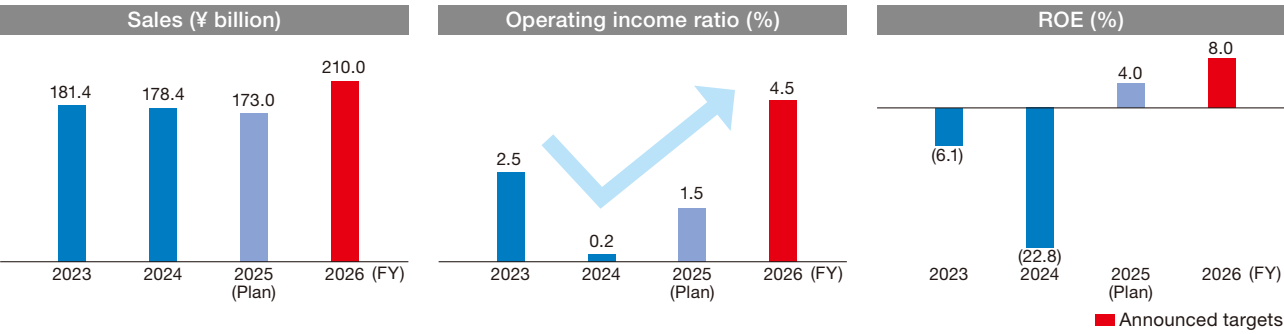
Carbon Neutral Excellence Award and Carbon Neutral Improvement Award
Mazda Motor Corporation

We were recognized for introducing solar power generation globally, implementing green power at our domestic plants, and reducing energy usage through production rationalization. Notably, we received the Carbon Neutral Improvement Award for the second consecutive year.

Activities for fiscal 2025

Fiscal 2025, the second year of YSP2026, will be a critically important year for achieving the plan’s performance targets. Our top priority will be improving the operating income ratio, which is essential for enhancing economic value, and thereby strengthening our “earning power.” With this as our most important challenge, we will mobilize all our resources to meet the expectations of all stakeholders.

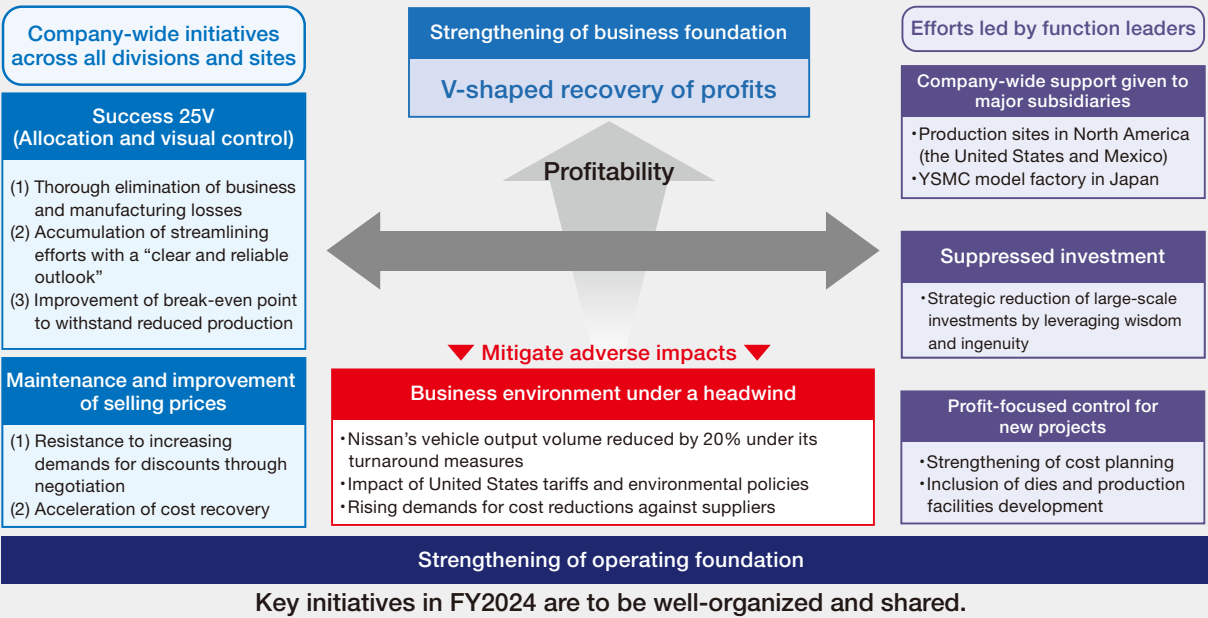
Net sales of ¥210 billion, an operating income ratio of 4.5%, and ROE of 8% are the committed targets for fiscal 2026, the final year of YSP2026. To ensure we achieve these goals, fiscal 2025 will be a year of returning to a profitable trajectory, driven by a “V-shaped recovery” toward the attainment of our targets.



V-shaped recovery in profits

Amid a challenging business environment, we are promoting company-wide rationalization activities under “Success 25V” uniting all divisions and sites toward achieving a “V-shaped recovery” in profits. Our aim is to improve the break-even point to build resilience against declining production volumes. At the same time, we will work to link these rationalization efforts to tangible internal effects by maintaining and improving selling

prices. We will also provide company-wide support to major sites facing profitability challenges, curb large-scale investments, and strengthen profitability management for new projects. Furthermore, we will organize the results and lessons learned from initiatives in fiscal 2024 and roll them out horizontally across the Group to further reinforce our operating foundation.



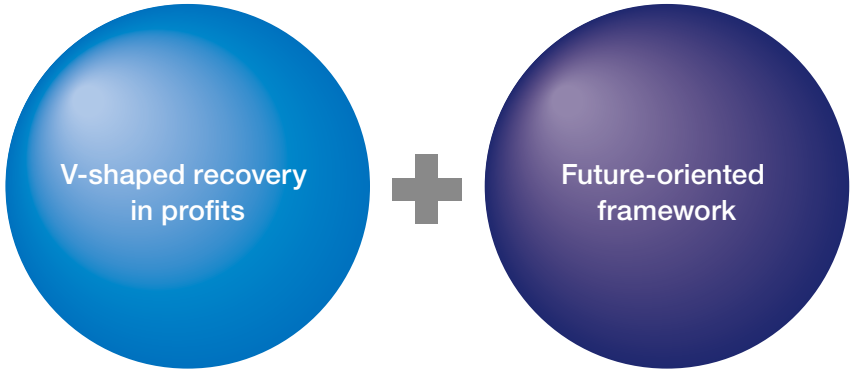
Activity policy for fiscal 2025

Our activity policy for fiscal 2025 is based on two pillars: first, giving top priority to initiatives that ensure the achievement of the YSP2026 final-year targets through a “V-shaped recovery” in profits, and second,

accelerating the consideration of a “future-oriented framework” that will lay the foundation for growth beyond YSP2026. Through these efforts, we will further strengthen our business foundation.

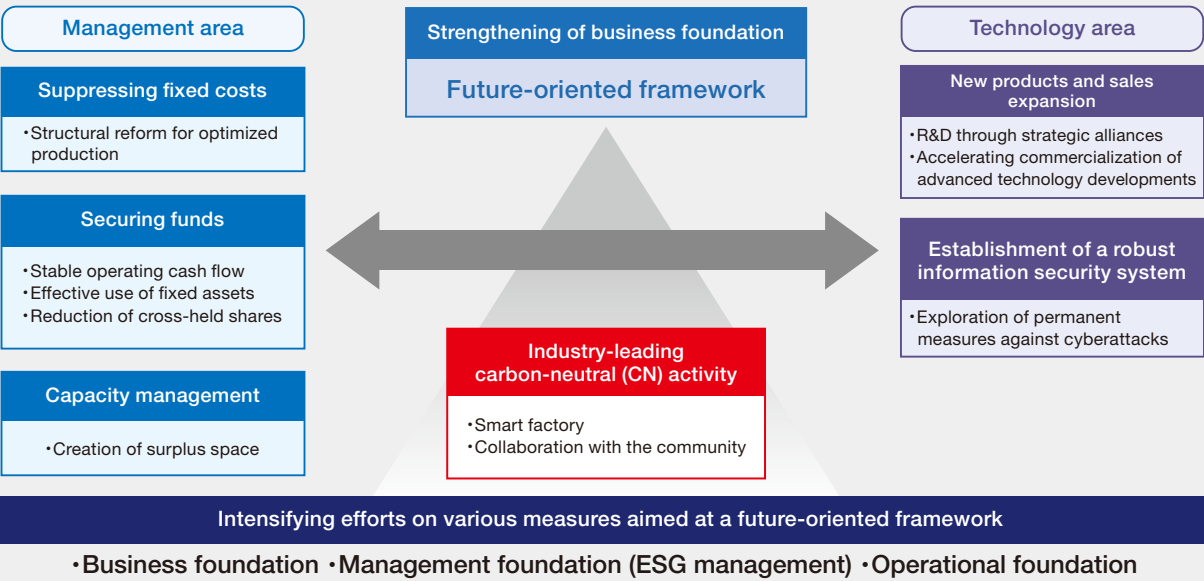
Strengthening of business foundation under YSP2026

- Stay focused on “profits” to ensure a V-shaped recovery
- Accelerate the study of a future-oriented framework aimed at growth



Future-oriented framework

In addition to implementing initiatives divided into two areas—“Management” and “Technology”—we will further strengthen initiatives for the business, management, and operational foundations, with a view to the future-oriented framework, ensuring stable profits and sustainable business growth.



Total Production System

Yorozu’s advantage in the development of component parts lies in our distinctive total production system. We independently plan and execute all processes, from market research that begins with product service marketing, through development and production preparation, to final manufacturing.

What is a total production system?

Amid various changes in the market environment surrounding us—such as carbon neutrality, electrification, and lightweighting—as well as benchmarking studies of competitors, we set targets for advanced development and design. From the vehicle conceptualization stage at automakers, we participate in joint development and seamlessly connect product design, prototyping, testing, die and tooling design and fabrication, product manufacturing, and quality assurance. This consistent flow of operations is our strength, as it enhances comprehensive competitiveness. Furthermore, the introduction of IT and DX generates dramatic advantages in terms of quality, cost, and speed. Based on relationships of trust with all stakeholders—customers, suppliers, local communities, shareholders, and employees—we promote co-creation activities. These activities are embedded in each process of the Total Production System, enabling us to develop new technologies and methods and address social challenges such as the initiatives for carbon neutrality. Through co-creation, we

aim to create new value together with stakeholders and further enhance our competitive advantage.



Service marketing

We swiftly collect market needs and trend information from automakers—our customers—as well as from a wide range of information sources, and use these insights to shape the direction of our development strategy.

In addition to conducting regular benchmarking activities with automakers, our dedicated analysis team repeatedly converts selected competitor parts into 3D data, assesses their capabilities, and performs teardown investigations, with the results compiled into a database. By utilizing reverse engineering, we design variations of similar structures, differentiate our products from those of other companies, and establish a competitive advantage.

This information serves as the foundation for the next phase, “development,” contributing to improvements in quality, performance, and customer satisfaction.



Research on competitor parts

Development

In the development phase, we carry out “concept planning and advanced development” based on the results of “market research” that investigates and analyzes market needs and trends, and continue through to “testing” that confirms and guarantees the performance of the final product.

We use the data and know-how accumulated through product design, analysis, and testing to create more competitive product specifications.

With the goals of delivering quality, performance, cost efficiency, and shorter development lead times that satisfy our customers, we also pursue the development of higher-performance products through collaboration

with material manufacturers and component manufacturers from other industries, including in technical areas that are difficult to resolve on our own.



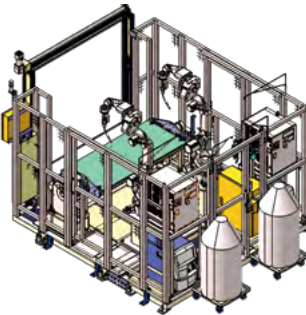
Design review meeting

Production preparation

In the production preparation phase, with a view to realizing a decarbonized society, we are focusing on establishing stamping and welding technologies suited to the needs of developing lightweight products that use thin and ultra-high-tensile steel sheets. At the same time, to maximize profitability, we are working on initiatives such as minimizing investment, saving space, reducing costs, and creating worker-friendly production lines. We constantly review our conventional approaches and strive to build new forms of *monozukuri*.

As part of these efforts, we are working on a single jig-multiple robot process, *jidoka* (automation) in product inspection processes, and auto welding quality detection.

In response to an aging workforce, labor shortages, and the need for stable quality, we are collaborating with specialized manufacturers to develop systems that do not rely on human labor—systems that our competitors have not been able to achieve—and are promoting their early adoption.



Flexible assembly-type aluminum stand
Worker-friendly production lines

Production

At our state-of-the-art YSMC Gifu Factory, we have built a system capable of handling highly challenging processes with stable quality while achieving 100% carbon neutrality, and operations began in stages in January 2024.

Two of the Group’s first and largest machines in the category of large-scale presses were installed for the stamping process at YSMC Gifu Factory—an essential step for producing lightweight products using ultra-high-tensile steel, which is in high demand. These two presses can also be linked and operated in tandem, enabling multi-process forming of large components.

In addition, by utilizing a fully electrified large-scale painting facility, an essential element for reducing CO2 emissions, and green power, operation of the painting process has become possible without generating CO2.

Preparations are under way for the start of full-scale production at YSMC Gifu Factory in the autumn of 2025.



1,200-t blanking press



2,000-t transfer press × 2
(tandem operation)

For more information on our total production system, please visit the following webpage.
<https://www.yorozu-corp.co.jp/en/technology/>



Supply Chain Management

The Group builds strong relationships with business partners and enhances information sharing and collaboration to improve efficiency across the entire supply chain.

Business continuity plan

By grasping the source and processors at each tier along the supply chain of the parts and materials for our products, the facilities that our business partners own, and the potential alternative production sites, we develop business continuity plans with higher accuracy.

Stable quality

Regular audits are conducted on suppliers' processes and quality assurance systems, along with hearings on their annual activity plans for quality improvement. These initiatives help ensure a stable supply of high-quality products from our business partners.

Reduction of CO2 emissions in transportation

By sourcing closer to our production sites, we reduce CO2 emissions generated during transportation and address various logistics challenges such as labor shortages.

Other initiatives

We also work with suppliers on a range of sustainability initiatives, including initiatives for fair trade (p.53), conflict minerals (p.53), and human rights (p.56).

R&D Strategy

To achieve a decarbonized society, not only the rapid shift to battery electric vehicles (BEVs) but also the importance of a multi-pathway approach that effectively utilizes hybrid vehicles (HEVs and PHEVs) and carbon-neutral fuels is increasingly gaining worldwide recognition. Regardless of the direction of the times, the mission of a suspension manufacturer is to continue developing components that are more affordable, lighter, and stiffer. We will actively drive the required technological innovations as opportunities to strengthen our competitiveness.

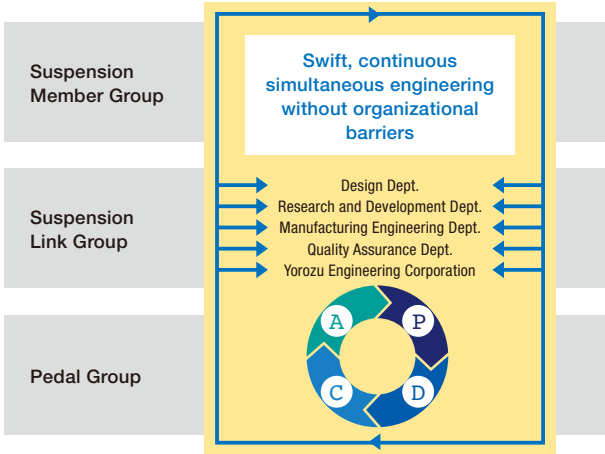
Simultaneous engineering

During the development phase, we implement simultaneous engineering by concurrently engaging in both product design and production process design. This involves iterating through optimizing performance and cost.

From the early stages of development, the design, production process design, die and jig design teams, and even the production plant, depending on the specifications, work together to examine the specifications. By doing so, we are able to receive feedback from the production and manufacturing sides at an early stage and minimize the need to go over the examining process again once the specification review has progressed.

Applying the optimal product and production parameter data obtained from this process in the production

preparation phase enables us to efficiently generate highly competitive products and boost profitability.



Intellectual Property Strategy

The role of intellectual property in business is to protect proprietary technologies, secure exclusive market positions, and sustain profitability. As part of our technology development strategy, we actively pursue the creation of patent technologies.

Patented technologies

Our strategy focuses on strengthening intellectual property through the technology to process ultra-high-tensile-strength steel that contribute to weight reduction, as well as through joint technological development with companies in other industries. We will continue to focus on new manufacturing methods and materials aimed at further weight reduction and strategically build a patent portfolio with future industry adoption in mind. This approach will clearly distinguish us from competitors and ensure a longer-lasting competitive advantage.

In addition, our intellectual property strategy in the value creation process fosters a spirit of challenge among engineers to take on advanced technologies, thereby

contributing to the development of engineers. As a result, we believe this leads to enhanced product value and helps maintain a high level of technological capability.

Weight reduction

Arm with a new stamping structure

In the past, component parts such as pipe materials were welded together. We have now succeeded in forming the product from a single sheet metal.

Conventional parts
(Three welded components)

Developed parts
(Pressed from a single steel sheet)

- Weight reduced by 11%
- CO2 emissions reduced by 2.0 kilotons*
- International patent No. WO2022/185525 A1

Estimate based on adoption for a vehicle model with a six-year life cycle and annual production of 200,000 units.

Strengthening R&D

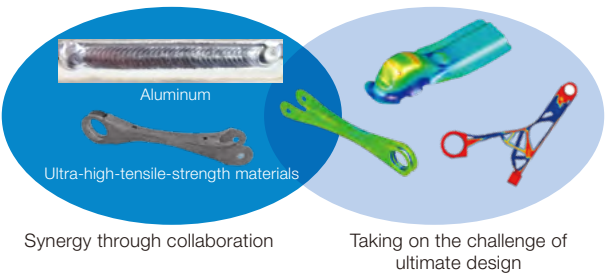
The automotive industry is undergoing unprecedented changes, often described as a once-in-a-century transformation. Among the many challenges, addressing environmental issues is unavoidable. With the "Yorozu Global Environmental Vision 2040," we are committed to achieving carbon neutrality by 2040. Looking toward 2035, automobiles are expected to evolve into broader mobility solutions, creating new forms of value. Our R&D teams continue to approach development from multiple perspectives to create products that are more affordable, lighter, and higher in rigidity.

One approach to creating new added value is collaboration. By enhancing product value through joint initiatives, we aim to contribute to a decarbonized society while also driving new value creation. Synergies are expected from combining our core suspension technologies with the expertise of material manufacturers and component suppliers from other industries.

We are also working to improve analysis accuracy by incorporating distortions and variations that inevitably

occur during manufacturing into structural simulations. This new analysis method enables evaluations closer to the actual vehicle, which has been difficult with conventional methods, and reduces the cost and man-hours required for repeated prototyping and testing.

Going forward, we will continue to leverage the strengths of a suspension manufacturer to develop new structures and manufacturing methods through collaboration, and to pursue optimization with advanced analysis technologies, contributing to the realization of a carbon-free society.



Ultra-high-tensile steel—Challenging the limits of steel

In any era, the universal need for suspensions, our core product, is “thorough weight reduction” to contribute to lowering CO2 emissions and “higher rigidity” to withstand increasing vehicle weight. To meet these demands, we have refined our lightweight technologies through thickness reduction using ultra-high-tensile steel sheets.

Mass production of components using 980 MPa steel began as planned in 2024 at both domestic and overseas sites, including suspension parts made of thick plates that are difficult to form and seat frame parts made of cold-rolled thin sheets where welding distortion is hard to control. In the spring of 2025, we have started mass production of suspension arms from thick-plate ultra-high-tensile steel for a European automaker, further expanding applications.

Looking ahead, we are taking on the challenge of developing with 1180 MPa materials and pursuing synergies by applying other lightweight technologies.



Examples of products using ultra-high-tensile steel

Enhancing the products’ added value—Introduction of collaborative cases

We believe that synergies created through collaboration can solve challenges that cannot be addressed by one company alone, leading to the creation of highly value-added products. One such initiative is the joint development of the “next-generation suspension arm” with a major steel manufacturer, which has now been completed (see Fig. 1).

By applying 980 MPa steel, we achieved significant weight reduction and corresponding CO2 emission reduction. With a view to market launch in 2027, we are actively expanding sales to domestic automakers. Building on this strong partnership, we are also working on applying 1180 MPa steel to achieve further weight reduction.

In addition, cross-industry engagement with a fastener manufacturer is in progress to develop a new fastening method for suspension parts, which are used under far harsher conditions than car interior components.

We are also collaborating with a ball joint manufacturer to optimize performance at the system level, integrating ball joints with suspension arms (see Fig. 2).

All of these initiatives represent the unrivaled “evolution of ultra-lightweight steel suspension products,” and development is ongoing with determination.



Fig. 1 Development of ultra-lightweight arm products through collaboration with a material manufacturer



Fig. 2 Creation of new added value through cross-industry collaboration

Evolution of analysis technology

By leveraging the expertise and various analysis techniques accumulated through past development efforts, we now predict design performance in the early design stage, thereby enhancing the reliability of design specifications. Thanks to highly accurate analysis

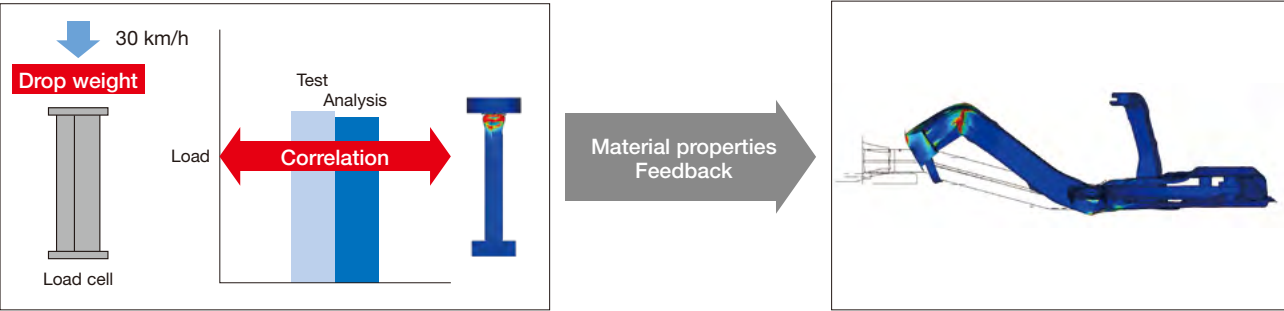
methods, we have reduced the need for repeated prototyping and testing, taking on the challenge of ultimate design and accelerating development speed.

Collision analysis

Collision analysis is conducted to predict the collision modes of automobiles at the component level. To study the correlation with an automaker’s vehicle body collision analysis, we are working to establish analysis technology that can reproduce dynamic loads.

By conducting drop-weight tests to examine the strain rate dependency of materials and establishing

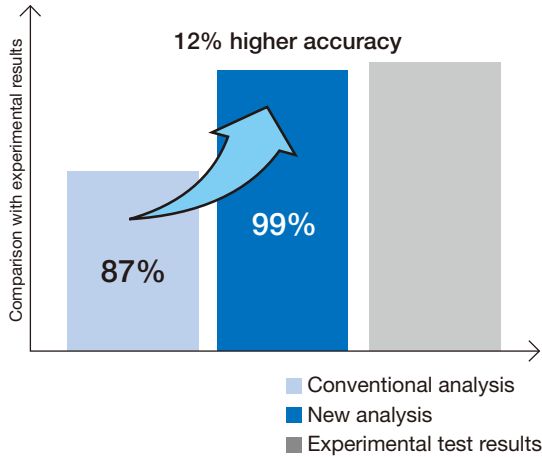
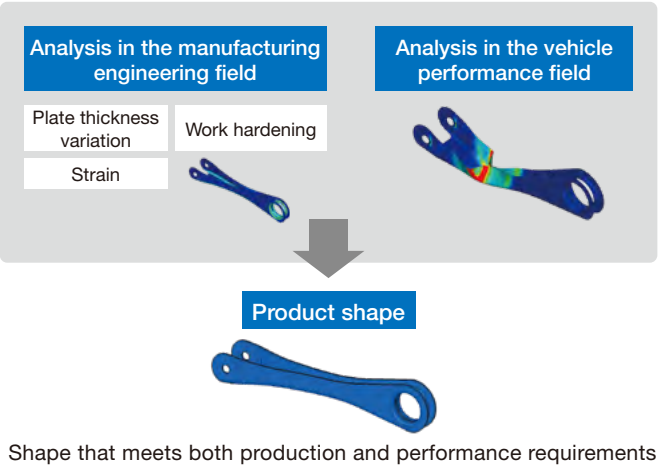
correlations, we feed the results back into a product’s crash simulations to improve accuracy. In addition, we are working with material manufacturers to verify the reliability of crash analysis for our products.



Analysis taking into account the manufacturing process

Lightweight design requires the optimal use of high-tensile and ultra-high-tensile steel. However, because of limited availability of past data, particularly for the brand-new ultra-high-tensile materials, prediction accuracy in strength analysis becomes extremely critical. While designs have traditionally relied on safety margins, we have now enhanced prediction accuracy

by incorporating analysis of various distortions and variations that occur during the manufacturing process into our simulations. This enables performance predictions closer to the actual vehicle, reducing the need for repeated prototyping and testing and thereby accelerating development speed.



Human Capital Strategy



Message from the head of HR

People as the Foundation of Enhancing Corporate Social Value

Chikara Haruta

Director and Chief Executive Vice President (CEVP)
Chairman of Management Function Group

Amid unprecedented uncertainty in the business environment, the Group is working to enhance corporate value by strengthening both our business and management foundations through the creation and expansion of new technologies and methods, the achievement of profit targets, improved capital efficiency, and ESG-driven management. Supporting all of these initiatives are our employees. Based on the belief that people are valuable assets—the true capital of a company—we use the term human capital rather than human resources, and have focused on developing dependable and honest employees through the processes of hiring, developing, and empowering talent as a manufacturer of vital safety parts. However, in today's unpredictable environment, it is essential to approach issues from multiple perspectives, adapt our thinking and actions, and respond with flexibility. For this reason, in addition to our traditional policy, we now emphasize fostering “individuals who respond with agility to change with a fine-tuned antenna and refine their thinking, actions, and sensibilities,” under the sub-theme of this year's President's Policy—“the strong and exciting desire of every one of us is what drives the company.”

To ensure that the talent we nurture can fully demonstrate their abilities, YSP2026 adds two new pillars to its initiatives: the promotion of health and productivity management and the practice of DE&I. These efforts aim to further strengthen engagement and enhance each employee's sense of fulfillment at work.

In promoting health and productivity management, we are revising evaluation systems, providing career support through the employee engagement reform, raising health awareness, encouraging healthy behaviors, preventing lifestyle-related diseases, and introducing tools such as “Pocket Therapist” to foster vibrant workplaces where employees can stay healthy and motivated even into their senior years.

With a global reach, YSP2026 also integrates Equity (E) and Inclusion (I) into Diversity (D) to form DE&I, with the aim of building an organization that anticipates the future of society and business structures. To this end, we are taking a wide range of measures to create workplaces where everyone can fully demonstrate their abilities. In addition to employee development, we place strong emphasis on diversity in recruitment, quickly securing talent with diverse experience and fresh insight to enrich our human capital.

We will continue to strive to be a company chosen and trusted by all stakeholders over the long term by hiring, developing, and empowering people who both preserve what is good and create what is new. At the same time, we will ensure that we are also a company chosen by our own employees by building an effective talent management cycle that enhances corporate value through the active contributions of our workforce.

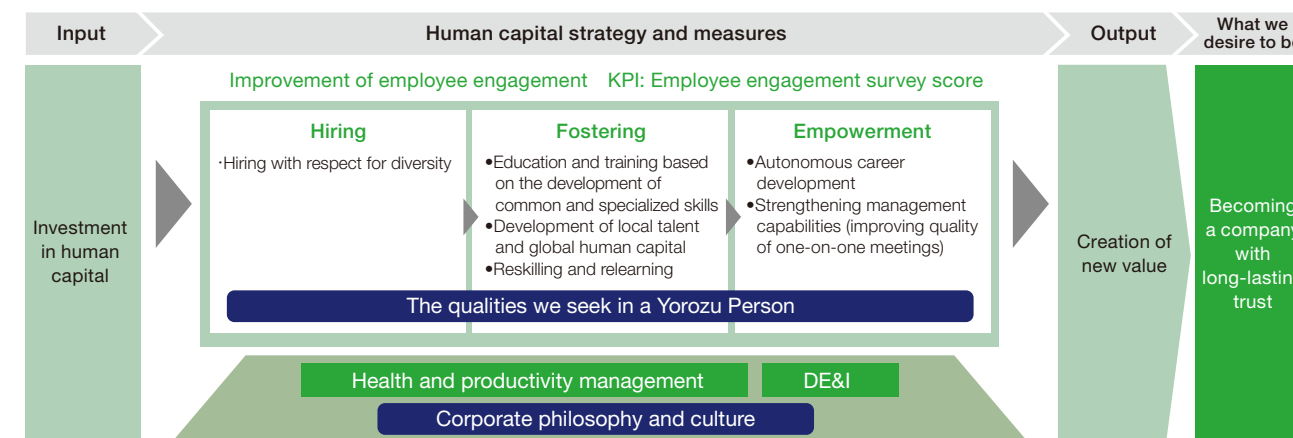
Human capital strategy

Based on our Corporate Philosophy—“Our primary mission is to contribute to society by continually striving to deliver technological innovation and create products that are beneficial to people”—the Group has honed its expertise since the founding and earned the trust of many automakers. Recognizing that securing and developing human capital to support our business is a top management priority, YSP2026 positions enhancement of engagement as one of its key measures to strengthen the management foundation. With the twin pillars of promoting health and productivity management and advancing DE&I, we are pursuing initiatives across the processes of recruitment, development, and empowerment so that employees can genuinely feel, “I want to continue working at this company. I'm happy to work here.”

We promote health and productivity management because we recognize that physical and mental well-being, work-life balance, and a sense of fulfillment at work are essential for employees to feel this way. These efforts help reduce turnover, enable the accumulation of knowledge, experience, and know-how, and ultimately lead to improved productivity.

At the same time, in today's rapidly changing business environment, highly homogeneous organizations risk being limited in their ability to recognize and solve diverse issues, which could hinder long-term growth. Moreover, in an aging society with a declining birth rate, failure to embrace diversity might make business continuity difficult. By creating an environment where diverse employees can fully demonstrate their abilities and maintain high motivation, we believe we can strengthen our business, enhance human capital value, retain and attract outstanding talent, and thereby contribute to enhanced corporate value. For this reason, we are actively promoting DE&I.

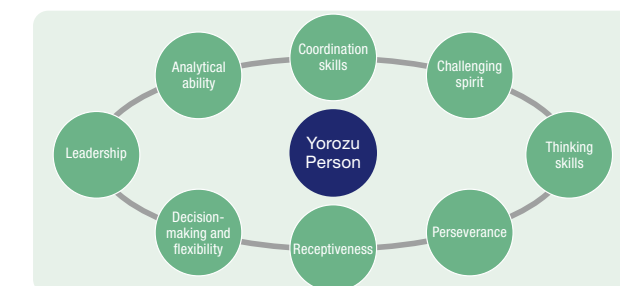
The most important element of our human capital strategy is developing individuals who can generate new value, and building a workplace where they can grow and thrive as part of the Yoroze Group. With younger generations in particular showing increasingly diverse values and stronger awareness of career autonomy, we are driving various initiatives to respond to these changes and foster the creation of new value.



Desired qualities

As a manufacturer of vital safety parts, we have traditionally focused on developing dependable and honest human capital. However, in today's highly uncertain business environment, it is essential to take a multidimensional view, apply ideas according to the situation, and respond flexibly. Therefore, in addition to our conventional policy—“individuals with a strong sense of ethics who can recognize issues, continuously practice problem-solving, and pursue learning”—we now emphasize cultivating “individuals who respond with agility to change with a fine-tuned antenna and refine their thinking, actions, and sensibilities.” Specifically, we have identified eight essential qualifications for a

Yoroze Person, which serve as crucial points in the selection process for candidates with the potential to meet these qualifications and in their trainings from a medium- to long-term perspective.



Promoting health and productivity management

The Group's health and productivity management began with the work-style reform in 2017 and was formalized with the Health and Productivity Management Declaration in October 2019, aiming to create a workplace where employees are both healthy and fulfilled in their work. As a result, Yorozu has been recognized for five consecutive years as an Excellent Enterprise for Health and Productivity Management (Large Enterprise Category) by the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, and the Nippon Kenko Kaigi. The Group's six domestic sites have also received certification for three consecutive years.

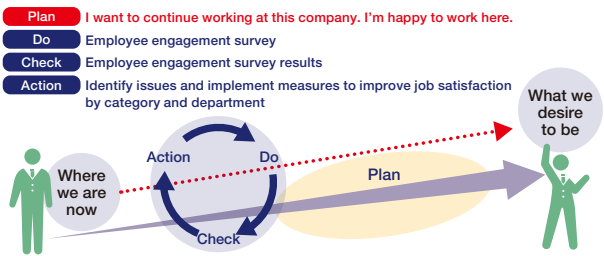
To ensure employees can lead healthy lives not only today but also into their senior years, we continue to provide health support programs. In addition, to help employees balance work and medical treatment, we introduced the Group Long-Term Disability (GLTD) program in 2022. Going forward, we will implement health initiatives that involve all employees to enhance workplace communication, build an environment where everyone can work comfortably, and create a vibrant workplace where employees truly want to continue working.



Enhancing job satisfaction and creating new value

Sustainable growth requires diverse members working together to create new value. To achieve this, each individual in the Group must pursue autonomous growth, and we believe that job satisfaction is a key driver of such growth. Since fiscal 2023, we have renewed our Employee Satisfaction Survey and introduced an Engagement Survey—a tool to measure and support employee engagement—to assess job satisfaction. The results are analyzed by category and department, and each department identifies issues and implements measures to increase job satisfaction.

In addition to these initiatives, we are fostering a culture that encourages employees to take on challenges, thereby enhancing job satisfaction and leading to the creation of new value.



HR systems and enrichment in work and life

We believe that to improve employee engagement, it is not enough to enhance the systems alone; it is also essential to provide opportunities to take on meaningful work and foster the motivation to go beyond assigned tasks. Based on this belief, all managers are assigned KPIs linked to the medium-term business plan, and these are incorporated into their evaluations. This ensures that each manager feels a clear connection between management policies and their work, thereby promoting employee engagement and enabling employees to thrive. Furthermore, in April 2024 we revised the evaluation and compensation systems for general employees,

clarifying career paths and linking performance with appropriate rewards. In addition, a growing number of Japanese companies are abolishing bonus schemes and instead reallocating those funds to monthly salaries. From fiscal 2025, the Yorozu Group in Japan has also shifted toward raising monthly base pay to provide more stable income. This change makes it easier to respond to economic fluctuations, such as a cost of living increase, and raises the overall pay level for younger employees, including starting salaries, thereby contributing to talent acquisition and retention.

Support for health promotion

As stated in YSP2026, we have positioned health and productivity management as a priority. To ensure that all employees of the Yorozu Group can not only lead healthy lives today but also in the future, we continue to introduce new initiatives each year as part of our ongoing health support programs.

Walking events using health apps

We organize unique intergroup walking events in the form of competitions across all sites. By checking individual rankings, participants expand workplace communication while engaging in healthy activities.



AI posture checkups

AI analyzes full-body photos to assess muscle balance and condition. By knowing the areas requiring attention, employees are encouraged to improve their posture in daily life. This program will be expanded as a countermeasure against age-related physical decline (frailty).

Measurement events

On the day of regular health checkups, we hold events such as vascular age measurement, grip strength measurement,

and “Veggie Check.” These enjoyable activities provide opportunities for employees to take an interest in their own bodies.



Women's health seminars

All female employees are provided with information on age-related changes in the body and the importance of regular breast and cervical cancer screenings. In addition, seminars for managers deepen their understanding of women's health issues, including symptoms that might require time off, thereby fostering a workplace where female employees feel comfortable seeking advice.

Collaboration with the Kanagawa Prefecture Iron and Steel Industry Health Insurance Association and others

We hold regular meetings and participate in smoking cessation programs organized by the Health Insurance Association and walking events organized by the National Federation of Health Insurance Societies to further promote employee health.

Raising health awareness

Our highest priority is to raise each employee's awareness of health and to promote healthy behaviors. Every month, health talks are delivered at the safety and health committees of each site, and these are shared with interested suppliers. In addition, we hold short seminars during lunch breaks—on topics such as relieving stiff shoulders or resting the eyes—so employees can easily practice methods to ease common symptoms during their workday.

We believe that maintaining employee health leads to higher engagement, enabling each individual to deliver their best performance, which in turn drives corporate growth and contributes to society.

Self-care “Pocket Therapist” App

At the initial stage, a therapist conducts a consultation based on the employee's reported symptoms. By repeating cycles of self-care and follow-up sessions, employees receive personalized support aimed at resolving concerns and recovering from discomfort. This program enables employees to seek advice from specialists rather than struggling alone. Early intervention to address mental and physical issues helps prevent serious illness. Maintaining

good health in daily life fosters motivation to work, and supporting employees in achieving this allows everyone to fully demonstrate their abilities. Looking ahead, we are considering new initiatives that combine analyses of presenteeism surveys and stress check results.



Source: BackTech Inc.

Wellness App

We have introduced a health app linked to vending machines installed at all our sites. While it might be difficult to make major lifestyle changes for the sake of health, small adjustments in daily routines can help employees build healthier habits.

This year, employees who need to improve their health checkup results are participating in a “Health Support Program” organized by a beverage company.

For more details on Yorozu's health and productivity management, please refer to the following section.
https://www.yorozu-corp.co.jp/share/uploads/2025/08/2025_health.pdf (Available only in Japanese.)

Vibrant workplace for all

We are working to create a vibrant workplace in line with our corporate vision, which is based on our Corporate Philosophy (Our Purpose), and the President’s Policy that reflects it.

To strengthen the daily communication essential for a vibrant workplace, we conduct one-on-one meetings and have introduced a system within the talent management platform that allows both supervisors and subordinates to review recorded meeting notes. These one-on-one meetings not only provide employees with an opportunity to discuss stress and issues for early resolution but also help build stronger relationships of trust through attentive listening by supervisors. In addition to evaluation meetings at the beginning and end of the term, supervisors now discuss employee goals and challenges in monthly one-on-one meetings, leading to improved growth and performance.

Looking ahead, we will build a human capital portfolio by selecting the right talent based on competencies and experience. Where talent cannot be sufficiently supplemented, we will turn to internal recruitment, reskilling, and external hiring to ensure alignment with our management needs.



Vibrant workplace for all	
Human capital portfolio	1. Abundant next-generation management talent to lead transformation 2. Stable talent acquisition, reliable transfer of skills and know-how, and appropriate generational succession 3. Fostering a culture that emphasizes self-directed learning and continuous development, building an organization that adapts to change
Employee engagement reform and practice of DE&I	4. DE&I Steering Committee chaired by the President 5. Developing new work styles by reviewing and implementing systems tailored to individual circumstances and needs 6. Appointment, recruitment, and development that respect diversity, including gender, disability, age, and LGBTQ+
Empathy with our philosophy and career development with engagement	7. Alignment of business strategy and individual career development, enabling self-fulfillment within the Yorozu Group 8. Emphasis on taking on challenges without fear of failure, solving issues as a team, and gaining a sense of growth and fulfillment through work

Development of the Yorozu Person and employee self-realization

It is essential that each employee pursues autonomous growth and bottom-up initiatives, above all, with the support of the company and supervisors. To this end, in fiscal 2023 we provided training for general managers and group managers to develop the management skills necessary to support the career development of their own team members. In fiscal 2024–2025, we are conducting training for section managers to enhance communication skills while experiencing firsthand the effectiveness of career support. In fiscal 2026, this program will be expanded to all employees, reinforcing the Group’s organizational efforts to develop self-directed talent.

In addition, we aim to introduce the Self Career Dock system by fiscal 2026. This program combines career

consulting by in-house career consultants with career training, enabling employees to reassess their careers, take ownership of their development, and proactively shape their career paths. At the same time, we seek to revitalize the organization by raising individual awareness of self-growth.

By emphasizing employee growth and engagement, we will continue to provide strong support to ensure a workplace where each person can work happily and vibrantly, contributing to the overall development of the organization.

	FY2023	FY2024	FY2025	FY2026
General managers and group managers	Career development support training	PDCA for updated career development support measures		
Section managers		Career development support training	Continuation of updated career development support measures	Introduction of Self Career Dock
General employees	Career interview, one-on-one			Autonomous career training Autonomous career building

DE&I initiatives

To promote diversity, the Group has placed particular emphasis on advancing the active participation of women. As a result of such efforts, in November 2021 we became the first company in the manufacturing industry and the first in Kanagawa Prefecture to receive Platinum Eruboshi certification. We have also been actively working to increase the percentage of male employees taking child-care leave, and in June 2023 we were granted Kurumin certification as a company that supports child-rearing.

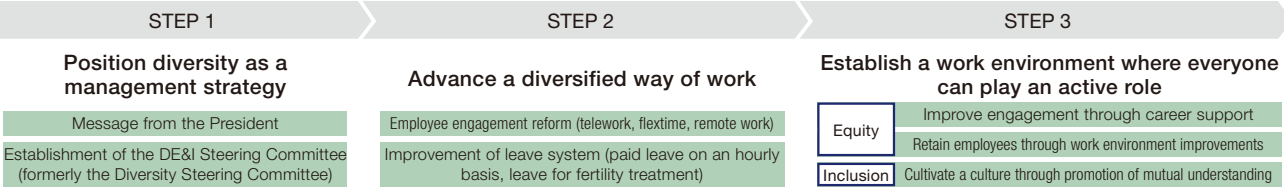
The DE&I Steering Committee, chaired by the President and established in March 2022, has set a target of achieving 30% diversity in management positions at headquarters by fiscal 2030. As of fiscal 2024, the ratio stood at 26.4%, and in April 2024, we

appointed a non-Japanese employee to a managerial position for the first time.

Since fiscal 2024, our domestic initiatives have focused on improvements in four areas: (i) the ratio of female managers; (ii) the percentage of eligible male employees taking childcare leave; (iii) the ratio of foreign-national managers; and (iv) the employment ratio of people with disabilities. In addition to these, we are working to develop local management personnel at overseas sites.

We will continue implementing initiatives to achieve further progress toward the goals of YSP2026.

Right: Platinum Eruboshi Certification
Left: FY2023 Kurumin Certification



Formulation and implementation of the DE&I action plan

To foster female managers, we develop and update annual development plans for each department and site, and nurture employees as managerial candidates based on these plans. Specifically, we identify the knowledge and skills that must be acquired, examine the experiences, roles, opportunities, and training needed to gain the skills, and provide such opportunities. In addition to acquiring specialized knowledge and skills in each department, candidates are given opportunities to serve as assistants to managers or team leaders and receive training in labor management and other areas. In fiscal 2024, two female managers were appointed in the domestic Group, and three more in fiscal 2025.

To promote the use of childcare leave among male employees, action plans are also being implemented at each department and site. These include measures such as multi-skilling and improving operational efficiency through digital transformation (DX), as well as communicating childcare leave systems and procedures through departmental meetings and one-on-one sessions. As a result of these initiatives, the childcare leave utilization rate among eligible male employees at Yorozu headquarters reached 100% in fiscal 2024.

Hiring based on medium- to long-term enhancement of corporate value

We recognize the need to strengthen organizational capabilities by hiring not only new graduates but also individuals with diverse experience and new insight. Believing that promoting diversity—including gender and nationality—leads to the creation of new value and improved corporate performance, we have advanced the recruitment of foreign-national employees. In addition to hiring international students in Japan, we have conducted direct recruitment activities in Thailand and Vietnam. As a result, 21 employees from countries including China, Sri Lanka, Malaysia, the United States,

and Vietnam are now working in our headquarters divisions. After joining, we support their retention by providing Japanese language education and through regular follow-up interviews.

We are also actively promoting mid-career recruitment. As of March 2025, mid-career hires accounted for 44.2% of managerial positions. In terms of hiring systems, in fiscal 2023 we introduced a referral program—where employees recommend candidates from their own networks—and an alumni hiring program. In fiscal 2024, nine hires were made through referrals.

Environmental Initiatives



Message from the head of environment

We will continue to make steady progress toward our Environmental Vision 2040.

Hiroshi Kume

Executive Vice President (EVP)
General Manager of ESG Office
General Manager of Carbon Neutrality Office
General Manager of Internal Auditing Office

As part of our efforts to combat global warming, the Group actively incorporates initiatives to reduce CO2 emissions. Under YSP2026, launched last fiscal year, we have raised our CO2 reduction targets in the process of striving toward carbon neutrality by 2040. Through these ambitious initiatives, we aim to enhance corporate value and continue to stretch our activities to make us a company chosen by all stakeholders. These efforts are guided by the “Roadmap to Carbon Neutrality,” spearheaded by the ESG Office and the Carbon Neutral Office, through which we are implementing a wide range of measures. Among them, the initiatives to switch to green electricity at the business sites have been industry-leading. As of September 2024, we achieved full transition to green power across all six domestic sites (excluding YSMC Aichi Factory, which is scheduled for closure). In particular, YSMC Gifu Factory has used green electricity since its start of operations and, in October 2024, installed a self-consumption solar power generation system to further

enhance its environmental value. Electricity generated by solar panels is stored in newly installed storage batteries, enabling not only the supply of renewable energy for plant operations but also the provision of power to local communities in times of emergency as part of our BCP initiatives. Furthermore, we have replaced fossil fuel-based energy sources, such as those for painting boilers and drying furnaces, with green electricity to achieve 100% carbon neutrality, positioning ourselves as a model plant for auto parts manufacturers. Leveraging this know-how, we are expanding similar initiatives to other sites as well. Through these efforts, the Group continues to raise environmental awareness and, guided by its Environmental Philosophy, “We will appreciate the bounty of nature as we pursue growth in harmony with the natural environment,” we remain committed to contributing to the realization of a sustainable society.

Environmental Philosophy

We will appreciate the bounty of nature as we pursue growth in harmony with the natural environment.

Yorozu Global Environmental Vision 2040

The YoroZu Group is fully committed to taking actions to solve environmental issues with the aim of contributing to healthy and prosperous living for all people around the world.

- Climate change: Work to become carbon neutral by 2040
- Resource recycling: Make the most effective use of our limited resources for sustainable circulation



Challenge to achieve carbon neutrality by 2040

The YoroZu Global Environmental Vision 2040, formulated in 2021 and promoted by the Group, sets the ambitious goal of becoming carbon neutral by 2040. After four years of activities, we have steadily accumulated reduction results that are aligned with our targets.

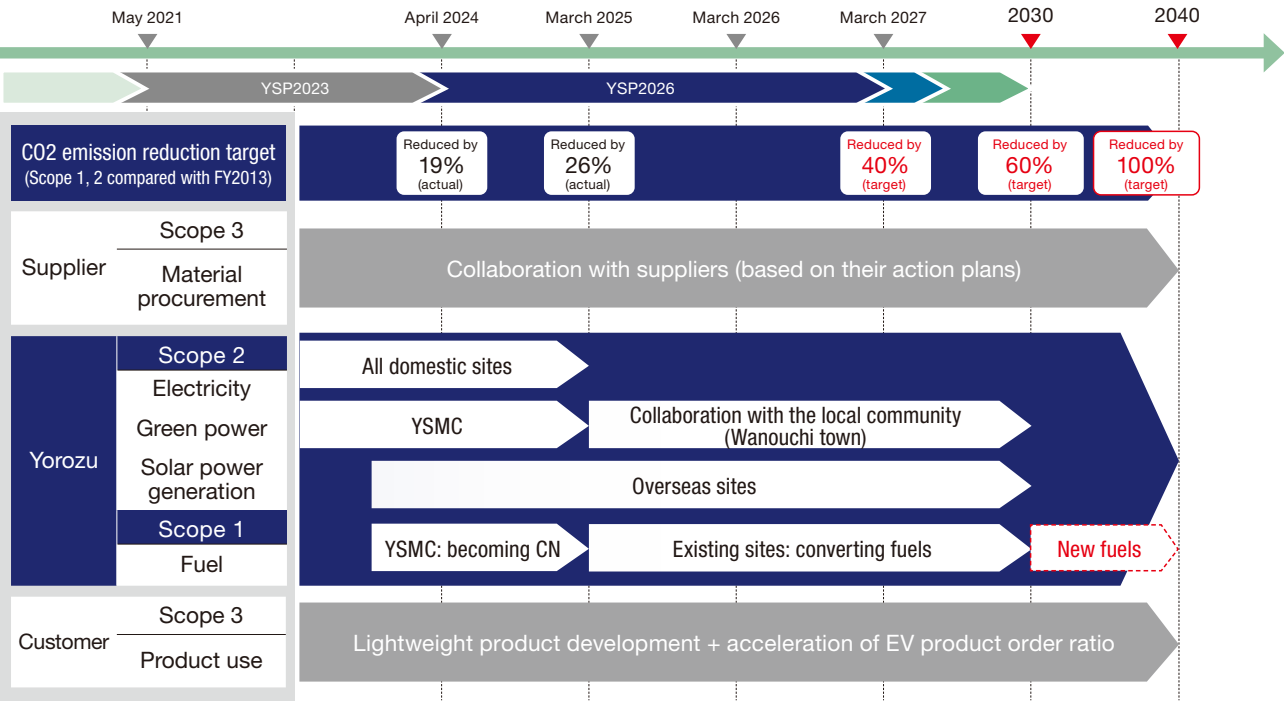
To achieve CO2 emission reductions while pursuing corporate growth, we are actively promoting company-wide initiatives centered on four key measures: (1) energy conservation; (2) adoption of renewable energy; (3) procurement of green electricity; and (4) fuel conversion.

Our initiatives to reduce CO2 emissions from electricity use (Scope 2) have produced solid results. Green electricity has been fully introduced at our domestic sites and is now being expanded to overseas locations.

In terms of solar power generation, six of our 16 global sites have already installed the systems, and further expansion is under consideration.

Regarding reductions in CO2 emissions from fuel combustion (Scope 1), the electrification of the coating process has been realized at YSMC Gifu Factory. Other existing plants are also actively pursuing electrification and considering a shift to next-generation fuels. For Scope 3, which has significant impact across the supply chain, we are engaging in dialogue and awareness-building with business partners to promote reductions. In addition, to reduce CO2 emissions during product use, we are advancing the development of lightweight products, which is also leading to an increase in orders.

Carbon-neutral targets to maintain our position as a frontrunner



Environment Month initiatives

Every June is designated as Environment Month by Japan's Ministry of the Environment. In fiscal 2024, the YoroZu Group in Japan participated in this initiative by organizing volunteer cleanup activities as part of “Zero Marine Litter Week.” This nationwide program raises awareness of the marine waste issue and promotes preventive actions, with participation from organizations across the country. In support of this initiative, the YoroZu Group conducted cleanup activities at its domestic sites. In fiscal 2025, we will expand these efforts globally and continue to engage in environmental conservation activities across the Group.



YoroZu Engineering Corporation and Shonai YoroZu Corporation participated in Zero Marine Litter activities

Carbon neutrality at YSMC Gifu Factory

YSMC Gifu Factory began operations as one of the industry’s pioneering all-electric factories. Conventional coating facilities that previously relied on fossil fuels such as kerosene and gas have been fully electrified, and with the additional adoption of green electricity, the plant has achieved carbon neutrality from the start of its operations.

To further enhance environmental value, part of the electricity used is generated by an on-site solar power system for self-consumption. A portion of this renewable energy is also stored in newly installed battery systems, enabling not only utilization during regular operations but also serving as an emergency power source. In addition, six EV charging stations have been installed, with a view to shared use with local residents, reaffirming the Company’s commitment to coexistence with the community.

Preparations have also been made for the future increase of EVs by installing EV charger piping for approximately 160 parking spaces.



Solar panels



Boiler



Power storage facility



Quick chargers

Normal chargers

Co-creation for realizing a decarbonized society and building resilient, sustainable communities through the use of electric vehicles

Beyond the plant itself, Yorozu, together with the Town of Wanouchi and Nissan, has entered into a collaboration agreement to promote decarbonization and community resilience through the use of electric vehicles. In collaboration with the local community, which is proclaiming a “Zero-Carbon City Declaration” aimed at achieving a carbon-neutral society, we will contribute to the creation of a resilient community that considers environmental aspects and fosters a sustainable society.



Signing ceremony for the agreement



Disclosure based on the TCFD Recommendations



The Group strives to disclose information in line with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). In this section, we present our scenario analysis. For details on governance, strategy, risk management, and metrics and targets, please refer to our Annual Securities Report.

https://www.yorozu-corp.co.jp/share/uploads/2025/06/2024.4Q_Annual-Report.pdf (Available only in Japanese)

Strategy: Scenario Analysis

1) Assumed environment

We have analyzed scenarios for both 1.5°C and 4°C global temperature rises in the future by considering the timing when decarbonization trends in society become clearer and when physical risks become more pronounced. Given our commitment to achieving carbon neutrality by 2040, we believe it is appropriate to focus on the latter half of the 2030s leading up to 2040 for conducting this analysis.

Scenarios (Condition in the latter half of the 2030s for the two scenarios)	Risks	Assumed environment
1.5°C	Transition risks	(Impact: High) Globally, policies and regulations aimed at achieving a decarbonized society are being strengthened and effectively implemented. As a result, companies face increased costs either through compliance measures or through payments such as carbon taxes.
	Physical risks	(Impact: Low) Physical risks are maintained at a low level and remain consistent.
4°C	Transition risks	(Impact: Low) Introduction of new policies and regulations is slow, leading to a continued increase in CO2 emissions. As a result, the manufacturing costs for companies remain largely unchanged from the current level, and transition risks are low.
	Physical risks	(Impact: High) Due to significant changes in weather conditions and the earth’s environment, large-scale disasters increase worldwide. As a result, there is a risk of substantial operational disruptions becoming a regular occurrence, not only for the Company but also in our supply chain.

2) Risk materiality assessment

	Identified risks	Business impact*	Responses and Opportunities
Transition risks (1.5°C)	Carbon pricing (policy)	Low	• Achieve carbon neutrality for Scope 1 and 2 emissions by 2040 (avoid taxation).
	Strengthening of decarbonization policies	Low	• Procure renewable energy (installation of solar power generation systems, procurement of green electricity), improve logistics efficiency, etc.
	Rapid shift to EVs (market)	Medium	• Our products are essential functional components for automobiles and remain necessary in EVs as well. By appropriately analyzing industry trends and demand, we aim to leverage our lightweighting technologies to drive sales expansion. In addition, with our global network, we are working to maximize and efficiently utilize production capacity, thereby strengthening profitability.
	Proliferation of decarbonization technologies (market)	Medium	• Carefully assessing broader market trends and continuously enhancing our development capabilities will help us mitigate risks.
Physical risks (4°C)	Investor behavior (reputation)	Small	• Mitigate risks by continuously developing corporate capabilities, such as unique product development expertise and <i>monozukuri</i> technology, over the long term.
	Temperature rise (chronic)	Medium	• Improve the work environment. • Take steps to improve employee satisfaction (ES) and become a people-friendly company.
	Extreme weather (acute)	High	• Continue to promote the concept of “local production for local consumption” and work with customers and suppliers to reduce long-distance transportation, while strengthening cooperation with the local automotive industry (both customers and suppliers). • Enhance business continuity planning (BCP) capabilities within the supply chain.

Notes:
1. Business impact levels are defined as follows: High, ¥3 billion or more; Medium, ¥300 million to less than ¥3 billion; Low, less than ¥300 million.
2. Based on the above criteria, the business impact has been reviewed since last year.

3) Results of analysis

For the items assessed as having a high or medium impact under both the 1.5°C and 4°C scenarios, we believe that appropriate risk responses—such as developing products aligned with market needs, strengthening production systems, and enhancing preparedness for large-scale natural disasters—will allow us to sufficiently mitigate these risks, while also viewing them as potential opportunities.

Governance

Roundtable with the President and Outside Directors



Chieko Ogawa

Outside Director
(Independent Officer)
(Member of the Audit &
Supervisory Committee)

Tsutomu Hiranaka

Representative Director
President and COO

Masashi Oshita

Outside Director
(Independent Officer)

As a basic policy for YSP2026, we are explicitly promoting ESG management and strengthening related initiatives. Centered on the Board of Directors, we are working to build a robust corporate governance framework while reinforcing compliance and enhancing risk management. In this section, President Tsutomu Hiranaka and Outside Directors Masashi Oshita and Chieko Ogawa held a discussion on these key ESG management themes.

Pursuing More Advanced Corporate Governance

Hiranaka To earn the trust of all stakeholders, we emphasize highly transparent corporate governance and are strengthening the structures to support it. In 2015, we transitioned to a Company with an Audit & Supervisory Committee, with a majority of outside directors, to reinforce our auditing and supervisory functions. In addition,

we established two bodies—the Nomination Committee and the Compensation Committee—both with a majority of outside directors and both chaired by outside directors, thereby further strengthening our governance framework. In June 2025, we also introduced a clear rule limiting the tenure of outside directors to 12 years. **Oshita** This is my seventh year as an outside director, and from the outset I felt that the Company's governance awareness was strong. The foundation of

governance is ensuring the effectiveness of the Board of Directors, and I believe the current high level reflects the conscious efforts of all directors in that regard.

Ogawa With respect to each agenda item, the Board of Directors engages in detailed explanations and deliberations, and I believe this has ensured a sufficient level of transparency. Now in my eighth year as an outside director, I find that with each passing year the atmosphere increasingly encourages open and in-depth exchange of views.

Hiranaka I place importance on maintaining communication both at Board meetings and in daily interactions, and I make a conscious effort to foster exchanges. At Board meetings, I also try to draw out discussions on each agenda item by ensuring that deliberations are based on proper explanations from the respective professionals. In evaluating the effectiveness of the Board of Directors, we conduct questionnaire-based surveys and interviews with directors internally and engage third-party organizations about once every three years to obtain more objective, expert assessments.

Oshita There had been times when we could not verify whether internal self-evaluations were sufficient, so incorporating third-party evaluations and gaining perspectives beyond self-assessment were significant. It was also noteworthy to clearly see how both inside and outside directors perceive the Company's strengths and weaknesses, highlighting differing viewpoints and reaffirming that perspectives vary depending on one's position.

Ogawa I believe that incorporating third-party evaluations has further strengthened the trust of both internal and external stakeholders. Since then, we have introduced some of the third party's questionnaire items into our internal effectiveness evaluations, bringing positive benefits to the overall evaluation process.

Hiranaka In the third-party evaluations, the Company's issues are clearly shown in a four-quadrant matrix, enabling us to devise more effective responses. For example, once we identified the issue of "executive education and training," we were able to expand training for management-level employees who might become executive candidates in the future. More recently, regarding digital transformation (DX) initiatives raised by outside directors, we recognized the need to further strengthen such initiatives across all internal departments, including information security policies.

Oshita With such evaluations in place, I look forward to governance that aims even higher.

Hiranaka Many challenges remain, however, particularly with respect to developing and retaining internal and outside directors, which is an important theme requiring continuous attention. In the broad-based automotive industry, governance in coordination with the supply chain is also vital, and we will accelerate efforts in this area going forward.

Evaluation on Progress of YSP2026

Hiranaka Fiscal 2024 was the first year of YSP2026, but due to a cyberattack and quality issues, we were unable to make a desired start, and our performance was weak. Nevertheless, we successfully implemented key initiatives in line with the plan, thus steadily establishing the foundation for our next stage of growth. As a manufacturing company, differentiating ourselves from competitors in our products and manufacturing processes is key to shaping our future. We cannot yet disclose many details because they relate to future car development, but we have advanced initiatives as planned in developing new technologies and manufacturing methods, along with related sales activities, thereby laying the groundwork for the future.

Ogawa It is regrettable that we did not achieve our expected results, but it was significant that the President personally took charge and successfully resolved the alarming incident of the cyberattack. Therefore, I have high hopes for a strong recovery starting in fiscal 2025.

Oshita As automobile electrification advances, reducing the weight of components is essential. Our technology supports this trend by enabling the production of parts that are light and robust. As of today, our products have been installed in quite a few battery electric vehicles (BEVs) sold in the Japanese market, as evidenced by certain results. I am excited about the potential for future growth in this field.



Financial and Non-Financial Factors
Required to Enhance Corporate Value

Hiranaka The Company is working to enhance corporate value using both financial and non-financial approaches.

On the financial side, strengthening our business foundation on the basis of profitability and growth is crucial. Because improving ROE is key to this process, we have set an ROE target of 8% under YSP2026. As a member of the automotive parts industry, our results are largely dependent on the number of vehicles produced and sold. To improve ROE amid fluctuations in production, we must make efforts to lower the break-even point, even slightly. Therefore, reducing fixed costs is a particularly important point, and streamlining the balance sheet is also key. In addition to raising ROE, we must secure ample liquidity, and under YSP2026 we are reducing cross-shareholdings and making effective use of the funds obtained from the sale of such holdings.

Oshita The automotive industry requires substantial capital investment, bears a heavy depreciation burden, and is highly sensitive to declines in factory utilization rates—all factors that significantly impact earnings. In such circumstances, we need to optimize the allocation of facilities by disposing of excess equipment and investing in new markets. As one measure to optimize our facility allocation, we established YSMC Gifu Factory. For a company of our size, this was a large-scale investment involving significant up-front costs and depreciation. Nevertheless, we took a bold step forward and expect the facility to contribute to earnings by the third year of YSP2026. Over the past two years, we implemented impairment accounting, which we believe will reduce future burdens. We have also undertaken various financial actions, which should lead to positive outcomes going forward.



Ogawa YSMC Gifu Factory required a major investment, which naturally involved risks. Still, we spent considerable time at Board meetings discussing and shaping the plan before making the decision to go forward. In addition to engaging in financial discussions with the CFO and conducting risk assessments, the Board concluded that building the factory would allow the Company to broaden its regional customer base and win new orders—benefits that would justify taking on the risk.

Hiranaka We held wide-ranging discussions over two to three years, covering everything from planning to the start of construction, to make sure the project aligned with our sales strategy.

Oshita Given our need to diversify our sales channels, building YSMC Gifu Factory was essential to reducing our dependence on specific customers. This was such a major project that we could not envision our future growth without its success. Viewing it as an integral piece of our growth strategy and determined to make it a success, we explored the issues together in depth.

Hiranaka I believe there is no such thing as risk-free management, and effective decision-making means understanding the risks and then deciding whether to proceed. YSMC Gifu Factory is our largest domestic investment in nearly half a century, and establishing it was a truly bold decision made after thorough assessment and discussions of the risks at Board meetings.

Oshita The successful launch and steady progress of such a large-scale project could only have been possible with the strong recognition of our technologies by customers who continue placing orders with us. This is because our daily efforts in ESG management on the non-financial side have built the Company's overall resilience and formed the basis of customer trust. By making our financial and non-financial activities function in tandem, we can raise corporate value even further.

Hiranaka From a non-financial perspective, promoting ESG management is critical, as noted earlier. Our commitment to environmental issues is particularly important, and we take pride in our industry-leading initiatives. We also view governance and improving employee engagement as important themes and will address them properly.

Effective Risk Management

Oshita Managing external risks is very difficult. Especially in today's dynamic global situation following the change of administration in the United States, we



continue to face difficult decisions. Policies that could shake the foundations of Japan's automotive industry have been introduced, making the business environment extremely uncertain. Practicing stable management is extremely difficult in such unpredictable times. That is why we must prepare in advance, stay flexible, quickly detect signs of change, make swift decisions, and transform ourselves. Only companies with such agility can survive.

Ogawa When problems arise, actions by top management come into play. If top management takes the lead to address the issue, a resolution can be expected, but if not, the problem could quickly escalate and cause deeper damage. In such cases, it is especially important to act with speed. In the Company's case, however, I find absolutely no issue with the decisiveness of top management.

Oshita At the same time, I feel the Company shows strong unity when issues arise.

Hiranaka I do believe the Company shows strong unity when under pressure. Building on that strength, we are now focusing on preparing in advance, before such situations arise. Although we did not get off to a smooth start in YSP2026, I believe the second year, fiscal 2025, will be critical for making a turnaround to deliver results in year three. I am therefore visiting sites worldwide and engaging with employees directly. During these visits, I share my belief that, amid headwinds like uncertainty in the United States tariff policy, it's crucial to simulate and prepare responses, not after problems arise but during the planning stage beforehand.

Ogawa I feel you are exercising leadership to ensure that the President's vision takes root within the Company. During the cyberattack, the President prepared thoroughly and took countermeasures, and the employees responded with strong unity—an attitude that left a powerful impression.

Hiranaka The cyberattack we suffered in fiscal 2024 provided many lessons for both management and employees, including in risk management. In October 2024, on the very day I left for a business trip to the United States, the Company was subjected to a ransomware attack. The moment I arrived at my hotel, I received the report and immediately issued instructions from overseas, setting up a crisis response headquarters and launching an investigation to identify the ransomware's source, infection route, and extent of damage. As the investigation progressed, we realized how malicious it was, and it took about three months to bring it under control. During that time, thanks to the dedication of our employees, as Director Ogawa mentioned, we managed to respond without halting customer production lines, which was a blessing. However, that three-month period of business stagnation had a major impact, and the costs and human resources required to recover inevitably affected our earnings.










Oshita Cybersecurity is a crucial priority across the entire automotive industry, and while companies are implementing countermeasures, incidents like this can still occur. It was a tough situation to handle at the time, but we must use the experience to raise our cybersecurity level and drive changes in employee awareness. We also need to expand our business continuity plan (BCP) to prepare for wide-ranging incidents, including natural disasters.

Ogawa When the cyberattack occurred, the Board of Directors promptly exchanged information and held in-depth deliberations on possible responses. Going forward, I expect the management team to lead the implementation of our countermeasures and, spearheaded by the Risk Compliance Committee, ensure full preparation for unforeseen events.

Oshita In the automotive parts industry, the frontline workers are deeply aware that customer production lines must not stop and actively pursue BCP initiatives at a high level. Because this mindset is rooted in our corporate culture, I believe we can become even stronger by learning from the recent cyberattack and leveraging DX to introduce new countermeasures.

Hiranaka Japan is prone to earthquakes and other natural disasters. As a member of management, I believe that incident responses and BCP initiatives, including supply chain management, must always be at the forefront of our actions, and we will continue strengthening company-wide efforts in this regard.

Directors’ Skill Matrix

Directors' Main Knowledge and Areas of Expertise										
Name/Position		Attendance	Global	Automotive Industry	Management	Governance	Finance and Accounting	Monozukuri (Manufacturing)	Sales and Marketing	Reasons for Appointment as Director
	Akihiko Shido Representative Director and Chairman (CEO)	Board of Directors meetings: 18 out of 18 meetings (100%) Nominating Committee: 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%)	●	●	●	●		●	●	He joined the Company in 1968 and has been engaged in procurement and production control, while also serving as Chairman of the Japan Auto Parts Industries Association, leveraging his extensive industry experience and expertise. By swiftly responding to automakers' strategies, he advanced overseas expansion, built the Company's current global network, and actively pursued sales and marketing to establish business relationships with all Japanese automakers. These efforts contributed to achieving annual sales of more than ¥100 billion and reinforced the Company's business foundation. Demonstrating strong leadership, he has driven reforms in production and management, establishing globally competitive group management. In addition, through his role as Chairman of the Japan Auto Parts Industries Association, he has promoted fair trade practices and showed deep insight into compliance.
	Ken Shido Director and Vice Chairman	Board of Directors meetings: 18 out of 18 meetings (100%) Nominating Committee: 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%)	●	●	●		●	●	●	Since joining the Company in 2003, he has engaged in sales and marketing, served at overseas subsidiaries in the United States and India, and gained management experience including as president of domestic subsidiaries. Through these roles, he developed strong capabilities in analyzing international market trends, foresight, adaptability, and experience in launching overseas operations and promoting growth investments. These strengths have been applied since his appointment as Representative Director of the Company in 2016, where he led the formulation and announcement of the medium-term business plan, advanced ESG and human capital management, and promoted bottom-up corporate culture reform. These initiatives form the foundation of the Company's current management. At present, he is leveraging his experience and expertise to set and clarify the Group's long-term vision and to examine measures for its realization. He is also actively contributing to the development of the industry as a whole through his activities with the Japan Auto Parts Industries Association.
	Tsutomu Hiranaka Representative Director and President (COO)	Board of Directors meetings: 18 out of 18 meetings (100%) Nominating Committee: 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%)	●	●	●		●	●	●	He joined Nissan Motor Co., Ltd., in 1982 and held key positions including General Manager of the Purchasing Department and Project Purchasing Department, gaining extensive experience in automotive manufacturing. Since his appointment as Executive Officer and General Manager of Marketing and Sales at the Company in 2012, he has leveraged his broad experience and deep understanding of global market conditions to expand sales channels through sound judgment and outstanding negotiation skills. After becoming Representative Director and President of the Company in 2021, he has demonstrated strong leadership by accurately assessing the rapidly changing environment of the automotive industry, making timely management decisions, and implementing various business reforms. In addition, he has led the Company's financial strategy and worked to ensure appropriate returns to stakeholders, thereby contributing to the Group's sustainable growth and enhancement of corporate value over the medium to long term.
	Chikara Haruta Director and Chief Executive Vice President	Board of Directors meetings: —	●	●	●	●		●		He joined the Company in 1990 and worked in the International Business Department and Marketing and Sales Department, engaging in international logistics and business expansion before being assigned to a United States subsidiary in 1998. In 2004, he became President of the United States production subsidiary, where he demonstrated strong leadership by establishing sales channels, embedding the Yorozu Production Way in the United States, and focusing on human resource development between Japan and the United States, thereby contributing to the Group's profitability. Since 2008, he has also taken on key HR roles at the head office, including restructuring executive compensation and employee remuneration, and promoting work-style reforms, all of which enhanced corporate value. As Chairman of the Management Function Group, he has overseen the Information Systems Department and promoted digital transformation (DX) while strengthening governance. In addition, as Assistant to President, he has swiftly identified and addressed management issues, contributing to profitability, growth, and enhanced corporate value through ESG-driven management.
	Masashi Oshita Director (Outside/Independent)	Board of Directors meetings: 17 out of 18 meetings (94%) Nominating Committee (Chair): 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%)	●	●	●	●				After joining the Ministry of International Trade and Industry (currently METI) in 1981, he engaged in trade negotiations on Economic Partnership Agreements (EPAs), formulation of macroeconomic and industrial policies, and legislative affairs. From 2009, he served as Director General of JETRO Paris, where he gained extensive knowledge and experience in overseas lifestyles, cultures, business environments, and organizational management. Since 2016, he has served as Vice Chairman and Executive Managing Director of the Japan Auto Parts Industries Association, contributing to the automotive industry by leveraging his deep expertise and experience he has accumulated throughout his career.
	Hiroshi Moriya Director (Outside/Independent)	Board of Directors meetings: 18 out of 18 meetings (100%) Nominating Committee: 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%)	●	●	●	●			●	He joined Nissan Motor Co., Ltd., in 1980 and held key positions including General Manager of Purchasing Planning, VP, and CVP, gaining extensive experience in manufacturing and the automotive industry with a strong record of achievements. In 2007, he joined Calsonic Kansei Corporation (current Marelli Corporation), where he served as Senior Executive Officer, Representative Director and President (CEO), and later Chairman of Marelli Europe, among other positions. Through these roles, he has made important management decisions both in Japan and overseas, formulating and executing sales and marketing strategies, while also advancing compliance and governance initiatives, which has provided him with deep expertise and insights.
	Norio Hirano Director (Full-Time Audit & Supervisory Committee Member)	Board of Directors meetings: 18 out of 18 meetings (100%)	●	●	●		●	●	●	He joined the Company in 1984 and has since been mainly engaged in accounting and taxation at the Company and overseas subsidiaries, thereby developing a high level of expertise in finance and accounting. From 2008, as president of overseas subsidiaries, he demonstrated leadership in improving manufacturing efficiency and quality, building strong trust with customers, and contributing to increased profitability and the growth of the Group's subsidiaries. Since 2016, he has been responsible for formulating medium-term business plans and promoting management reforms in the corporate strategy division, thereby contributing to the enhancement of corporate value. Most recently, as Chairman of the Accounting Function Group and Chief Financial Officer, he has promoted management with a focus on capital cost and worked toward maintaining the Company's sound financial position.
	Chiaki Tsuji Director (Outside/Independent) (Audit & Supervisory Committee Member)	Board of Directors meetings: 18 out of 18 meetings (100%) Nominating Committee: 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%) Audit & Supervisory Committee meetings: 13 out of 13 meetings (100%)	●	●		●				She registered as a lawyer with the Tokyo Bar Association in 1979 and acquired her qualification as an attorney in Germany in 1990. While building an international career in corporate legal affairs and international commercial transactions, she has also contributed to human resource development as a professor at Graduate School of Law, Yamanashi Gakuin University. She has served as outside director and outside auditor at multiple companies, and was involved as a member of a special committee during the corporate integration of Keihin Corporation (current Astemo, Ltd.), thereby gaining extensive experience in corporate acquisitions. Through these roles, she has contributed to establishing solid corporate governance and enhancing corporate value on a continuous basis.
	Chieko Ogawa Director (Outside/Independent) (Audit & Supervisory Committee Member)	Board of Directors meetings: 18 out of 18 meetings (100%) Nominating Committee (Chair): 7 out of 7 meetings (100%) Compensation Committee: 5 out of 5 meetings (100%) Attendance at Audit & Supervisory Committee meetings: 13 out of 13 meetings (100%)	●	●		●	●			She was registered as a certified public accountant (CPA) in Japan in 2005, as a CPA in Washington State, United States, in 2010, and as a tax accountant in 2014, thus possessing advanced international expertise in accounting and taxation. In addition to her experience in advisory, consulting, and auditing services related to finance and accounting, she has served since 2016 as Representative Audit Commissioner of Toda City, Saitama Prefecture, where she has audited municipal finances and administrative operations to ensure that they are conducted properly, efficiently, and effectively in accordance with the Local Autonomy Act and other relevant laws.

Reasons for Selection as an Important Element in the Skill Matrix

Global

“Global” refers to an understanding of business regions and countries, as well as international experience. To expand business globally and enhance corporate value, a deep understanding of the global market is essential. For this reason, we have identified it as an important skill required for the Board of Directors, which is responsible for making key management decisions and overseeing the Company’s operations.

Automotive Industry

To achieve the Group’s medium- to long-term and sustainable growth and enhance corporate value, it is essential to continuously provide highly competitive products in a rapidly changing market environment. This requires directors with deep knowledge and experience to develop and implement concrete measures. For this reason, we have included “Automotive Industry” in the matrix.

Management

Amid significant changes in the business environment, formulating and executing medium- to long-term sustainable growth strategies requires solid knowledge, experience, and achievements in overall management. For this reason, we have identified “Management” as an important skill.

Governance

To enhance the Group’s corporate value, it is essential to have broad legal expertise—including law-related affairs, compliance, and CSR—as well as the ability to build an effective corporate governance framework that incorporates social norms and corporate ethics, thereby linking the execution of management strategies to the Group’s sustainable growth. For this reason, we have identified “Governance” as an important element.

Finance and Accounting

To improve the Group’s financial and profit structure and ensure appropriate returns to stakeholders, it is essential to have directors with broad knowledge and experience in building robust financial strategies. For this reason, we have identified “Finance and Accounting” as an important skill.

Monozukuri (Manufacturing)

“Monozukuri” refers to knowledge and experience in development, manufacturing, procurement, and quality. In today’s rapidly changing external environment, the Group is not only working to enhance cost competitiveness and production capacity by reviewing its procurement and production systems but also striving to create new products, services, and technologies by integrating its technical expertise and know-how. For this reason, we have included “Monozukuri” as an important skill, as it represents the foundation of these initiatives.

Sales and Marketing

As market conditions change and competition intensifies, the ability to formulate and execute sales and marketing strategies based on an understanding of market and customer trends is a critical skill. For this reason, we have identified “Sales and Marketing” as an important skill, requiring directors with broad knowledge and experience in this area.

Corporate Governance

Basic stance

The Yorozu Group will fulfill its social responsibilities as a good corporate citizen through strict compliance with relevant laws and regulations. Understanding the need to enhance corporate value with fair and transparent corporate activities, thereby earning the trust of our stakeholders, the Group remains committed to

reinforcing corporate governance through its organizational design, establishment of a governance framework that includes internal control systems, and application of its Corporate Philosophy across the Group, driven by the will to take action under the Yorozu Group Charter of Corporate Behavior and the Yorozu Code of Conduct.

Our corporate governance structure

As of the 70th Ordinary General Meeting of Shareholders held on June 10, 2015, Yorozu switched from a Company with a Board of Corporate Auditors to a Company with

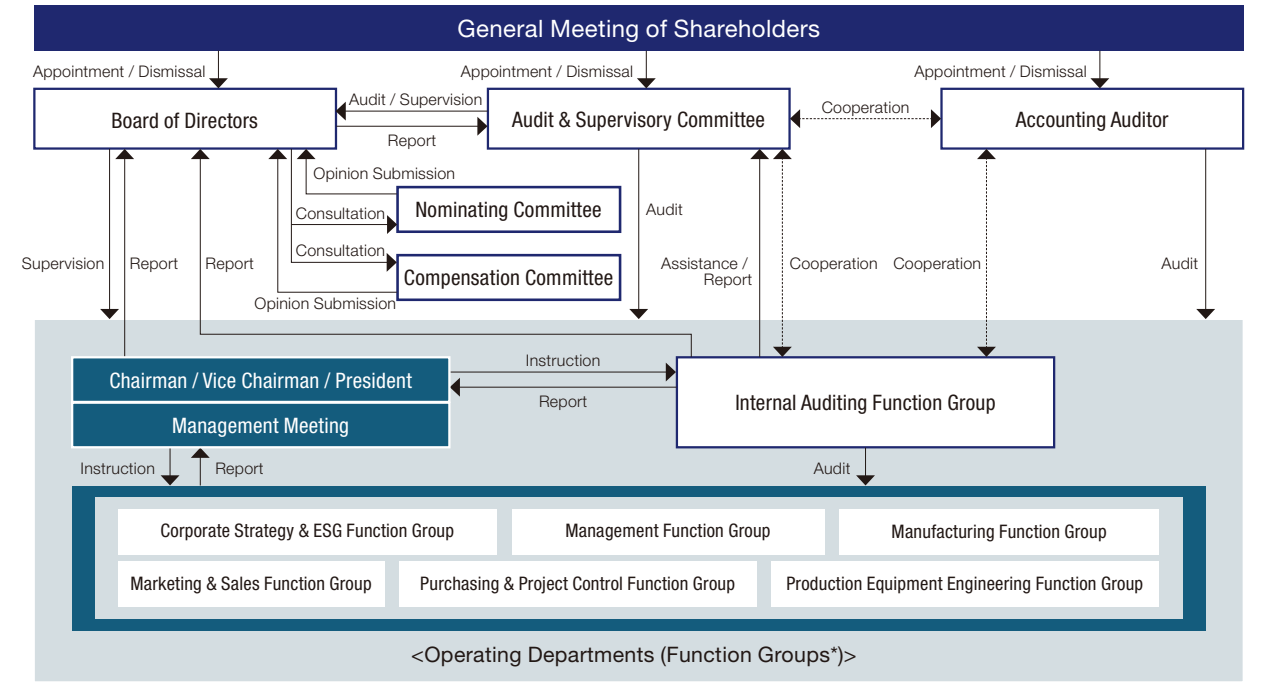
an Audit & Supervisory Committee, the majority of which consists of outside directors, thereby strengthening corporate governance and audit and supervisory functions.

Overview of Corporate Governance

Type of organizational design	Company with an Audit & Supervisory Committee
Directors who are not members of the Audit & Supervisory Committee	6 (including 2 independent outside directors), term of office 1 year
Directors who are members of the Audit & Supervisory Committee	3 (including 2 independent outside directors), term of office 2 years
Directors	9 (including 4 independent outside directors)
Ratio of independent outside directors	44.40%
Ratio of female directors	22.20%
Executive Officer System	Yes
Accounting auditor	Ernst & Young ShinNihon LLC

Committee	Inside directors	Outside directors	Chairperson
Nominating Committee	3	4	Masashi Oshita (Outside director)
Compensation Committee	3	4	Chieko Ogawa (Outside director)

Corporate Governance Structure



* A cross-functional organization consisting of seven groups (Corporate Strategy & ESG Function Group, Management Function Group, Manufacturing Function Group, Marketing & Sales Function Group, Purchasing & Project Control Function Group, Production Equipment Engineering Function Group, and Internal Auditing Function Group) to oversee each site based on the three regions (Japan, the Americas, and Asia).

Roles and activities of major organizations and meetings

1. Board of Directors Met 18 times in fiscal 2024

As a supervising body, the Board of Directors meets every three months and convenes extraordinary meetings as necessary to determine general management and internal control policies, legal matters, and other important topics in management. It also monitors the execution of duties by the directors and executive officers and the operational status of internal control.

The Board of Directors comprises nine members (including four outside directors), an appropriate size for a company with an Audit & Supervisory Committee that ensures the agility of the Board of Directors and the effectiveness of the Audit & Supervisory Committee.

In the appointment of directors, the Company seeks individuals who can leverage their advantages across multiple fields, individuals who are suitable for business management, and individuals who have international experience to ensure diversity and well-balanced knowledge, experience, abilities, and gender in the boardroom. Candidates for directors (who are not Audit & Supervisory Committee members) are determined by the Board of Directors based on the screening results of the Nominating Committee and are appointed at the General Meeting of Shareholders.

2. Audit & Supervisory Committee Met 13 times in fiscal 2024

Directors who are members of the Audit & Supervisory Committee hold regular and extraordinary meetings of the Committee; attend Board meetings, the monthly Management Meeting, and the Global Management Committee, among other important meetings; and periodically meet with representative directors.

The Committee comprises three members (including two outside directors) appointed at the General Meeting of Shareholders.

In addition, the Audit & Supervisory Committee receives appropriate and timely reports from directors, officers, the accounting auditor, auditing departments, and other relevant personnel, and necessary information is shared to improve the effectiveness and efficiency of the audits.

3. Nominating Committee and Compensation Committee Met seven and five times, respectively, in fiscal 2024

The Nominating Committee and Compensation Committee have been established, each with independent outside directors forming the majority, with the objective of advancing corporate governance through greater transparency and objectivity in the decision-making process of the Board of Directors, while ensuring opportunities for independent directors to be involved in the deliberation of the nomination and compensation of directors. Also, the

chairperson of each committee is an outside director. The Nominating Committee proposes candidates for director nomination at the General Meeting of Shareholders and discusses the process of training the candidates for key management positions. The Compensation Committee reviews the director compensation system and makes suggestions. The Company evaluates the effectiveness of both committees every year.

4. Execution of Duties

The Company has introduced an executive officer system to clarify the responsibilities and areas of authority in business execution. The Management Meeting is held monthly to ensure the Company's swift response to sudden changes in the business environment.

Furthermore, the 20 functional axes are classified into seven groups—Corporate Strategy & ESG Function Group, Management Function Group, Manufacturing

Function Group, Marketing & Sales Function Group, Purchasing & Project Control Function Group, Production Equipment Engineering Function Group, and Internal Auditing Function Group—and the sites are divided into three regions (Japan, the Americas, and Asia). Through this structure, we aim to maximize efficiency across the entire Group.

5. Internal Auditing Office

The Internal Auditing Office has been established to maintain effective internal control and supervisory functions. It conducts internal control activities in cooperation with the

Audit & Supervisory Committee and the accounting auditor in the investigation of operations and financial assets and execution of other auditing duties.

6. Accounting Auditor

To maintain close cooperation, the Company's accounting auditor, Ernst & Young ShinNihon LLC, the Audit & Supervisory Committee, and the internal audit division regularly exchange information and opinions on matters

such as annual audit plans, the status of audits, and interim reviews and audit results, and share issues and matters for improvement, in an effort to conduct efficient and effective audits.

Outside directors

Yorozu has appointed outside directors to ensure fairness and transparency while strengthening the oversight function of the Board of Directors. Currently, independent outside directors account for more than 40% of the Board. To be qualified as a candidate, professional knowledge and experience in corporate management, legal affairs, government administration, and accounting, among other fields, are required. From among candidates who excel in terms of personality and

Name	Concurrently held positions
Masashi Oshita	<div><ul style="list-style-type: none">• Vice Chairman and Executive Managing Director of Japan Auto Parts Industries Association (JAPIA)• Director of Japan Automobile Research Institute (JARI)• Director of Japan Society for the Promotion of Machine Industry• Chairperson of Japan Auto Parts Industries Corporate Pension Fund• Chairperson of Japan Auto Parts Industries Health Insurance Association</div>

general knowledge, only those who meet the Company's criteria for independence, have the approval of at least one current independent director or independent member of the Audit & Supervisory Committee, and fulfill other requirements in accordance with our Corporate Governance Guidelines can be nominated. Final candidates are selected by the Board of Directors based on recommendations of the Nominating Committee and are then elected at the General Meeting of Shareholders.

Name	Concurrently held positions
Hiroshi Moriya	<div><ul style="list-style-type: none">• Outside Director of SNT Corporation</div>
Chiaki Tsuji	<div><ul style="list-style-type: none">• Outside Director, Audit & Supervisory Committee Member of Morioku Co., Ltd.</div>
Chieko Ogawa	<div><ul style="list-style-type: none">• Representative Audit Commissioner of Toda City, Saitama• Outside Auditor of Seven Bank, Ltd.</div>

Main proposals at Board of Directors meetings in fiscal 2024

In fiscal 2024, the Company's Board of Directors met 18 times for reports on statutory matters as well as the approval of quarterly financial results, consideration of measures to enhance corporate value, deliberations on matters related to sustainability, discussions toward a

Meeting 1	Long-term strategy
Meeting 2	Development and operation of internal control systems
Meeting 3	Audit report of the Audit & Supervisory Committee
Meeting 4	Evaluation of the effectiveness of the Board of Directors
Meeting 5	Compensation for directors
Meeting 6	Policy on cross-shareholdings
Meeting 7	Consolidated financial results for the first quarter of fiscal 2024 and full-year forecast
Meeting 8	Report of the Compliance Committee (company-wide risk reduction activities)
Meeting 9	Financial report

PBR of 1, deliberations and resolutions on matters related to the nomination and compensation of executive officers, and reports on the status of activities and medium- to long-term plans in each business division.

Meeting 10	Business impact of ransomware
Meeting 11	Distribution of surplus (interim dividend)
Meeting 12	Consolidated financial results for the first half of fiscal 2024 and full-year forecast
Meeting 13	Evaluation of the effectiveness of the Board of Directors (Nominating and Compensation Committees)
Meeting 14	Full-year forecast for fiscal 2024
Meeting 15	Status of investment securities
Meeting 16	Acquisition of treasury stock
Meeting 17	Personnel changes of Executive Officers and VPs effective April 1
Meeting 18	Strengthening of governance

Evaluation of the effectiveness of the Board of Directors

For the purpose of enhancing the effectiveness of the Board of Directors, the Company provides opportunities to analyze and evaluate the effectiveness of the Board of Directors as a whole by conducting questionnaire surveys and interviews with the directors themselves once a year.

For fiscal 2022, we entrusted a third-party organization with conducting an analysis and assessment of the effectiveness of the Board of Directors. This approach was aimed at enhancing transparency and objectivity by incorporating an external perspective through a survey.

In fiscal 2024, the Board of Directors deliberated on the evaluation method, including the necessity of evaluation by a third-party organization. As a result, the Company

conducted its own survey from February 27 to March 21, 2025, focusing on (i) the composition and operation of the Board of Directors, (ii) management and business strategies, (iii) corporate ethics and risk management, (iv) performance monitoring and executives' evaluation and compensation, and (v) matters related to dialogues with shareholders and other stakeholders. The survey adopted a three-grade evaluation system for each item and included a free-comment section. To encourage candid feedback, the survey was conducted anonymously. The results were compiled by the secretariat and subsequently reviewed and discussed by the Board of Directors to verify and deliberate on its effectiveness.

Fiscal 2024 evaluation

In fiscal 2024, the Company concluded that the effectiveness of its Board of Directors was sufficiently ensured, as it received evaluations above the standards set by the Company. The summary of the evaluation is as follows:

- 1) The Board of Directors consists of a sufficient proportion of independent outside directors who can provide constructive feedback to the management as necessary and raise objections when necessary.
- 2) It was recognized that the setting of agenda items for the Board of Directors is appropriate, and that the distinction between matters to be resolved by the Board and those to be delegated to management is properly made.
- 3) The Group has been promoting various forward-looking initiatives, including carbon neutrality, with the aim of realizing a sustainable society through its business activities. It was concluded that the Board of Directors also engages in sufficient discussions and regularly monitors the progress on addressing environmental and other sustainability issues.

- 4) With regard to dialogues with shareholders and investors, the officer in charge of IR and public relations reports to the Board of Directors and the Management Meeting, ensuring that information is shared and discussed within the Company. Feedback is appropriately provided, as it is utilized in the review of management strategies and the formulation of medium- to long-term business plans.

Challenges for fiscal 2025

In fiscal 2024, although efforts were made to address the challenge of training for executives and general managers, it was not fully resolved. In fiscal 2025, we will continue to enhance training programs and review basic training for directors. In addition, as a new challenge, we will further strengthen discussions and make improvements on initiatives to enhance corporate value through the promotion of digital transformation (DX).

Director compensation system

The Company's basic policy on the directors' compensation is to adopt a compensation system that is linked to the interests of shareholders so that it functions adequately as an incentive for the sustainable improvement of corporate value. When determining the compensation of individual directors, the Company's policy is to set an appropriate level in consideration of each director's duties. In addition, the Compensation Committee evaluates and discusses compensation within the total amount of directors' compensation approved at the General Meeting of Shareholders. After that, the Board of Directors decides the content of compensation for each individual director by respecting the report of the Compensation Committee to the fullest extent.

(i) Fixed compensation

Fixed compensation for directors consists of basic compensation, bonuses as a short-term incentive, and stock compensation as a medium- to long-term incentive. Fixed compensation is evaluated by comprehensively taking into account the degree of achievement of the assigned operational plan (KPI). Outside directors and directors who are members of the Audit & Supervisory Committee are paid only basic compensation in consideration of their duties.

(ii) Performance-linked compensation

Performance-linked compensation for directors consists of monetary compensation (bonus) that reflects business performance for the fiscal year, and non-monetary compensation (stock-based compensation) that reflects performance under the medium-term business plan.

(iii) Stock-based compensation

Stock-based compensation consists of (1) the non-performance-linked portion based on basic compensation and (2) the performance-linked portion based on the degree of target achievement such as the consolidated operating income ratio in the medium-term business plan.

(iv) Compensation ratio by type

With regard to the composition of directors' compensation by type, the higher the rank is, the higher the weight of performance-linked compensation becomes, based on the compensation levels of companies in our related industries and business categories that are similar in scale which can serve as benchmarks.

For details of the executive compensation system (restricted stock compensation plan), please refer to the Notice of Convocation (p.54). [Japanese only]

https://www.yorozu-corp.co.jp/share/uploads/2025/05/soukai_2025.pdf

Director category	Total amount of compensation (¥ million)	Total amount of compensation by type (¥ million)					Number of directors covered
		Fixed compensation			Performance-linked compensation		
		Cash		Non-monetary compensation	Cash bonus	Non-monetary compensation	
		Basic compensation	Bonus				
Directors excluding Audit & Supervisory Committee members (Outside directors)	295 (14)	137 (14)	82 (—)	43 (—)	33 (—)	— (—)	6 (2)
Directors who are Audit & Supervisory Committee members (Outside directors)	34 (13)	34 (13)	— (—)	— (—)	— (—)	— (—)	3 (2)
Total	330 (28)	172 (28)	82 (—)	43 (—)	33 (—)	— (—)	9 (4)

Notes:
1. Performance-linked compensation consists of monetary compensation and restricted stock compensation.
2. Non-monetary compensation consists of restricted stock compensation.
3. The total amount of directors' compensation does not include the employee salary of directors who concurrently serve as employees.

Internal Control System

Based on the Corporate Philosophy, the Board of Directors has adopted a resolution on the basic policies on the development of internal control systems to ensure the appropriateness of business operations and enhance corporate value. The Company annually reports to the Board of Directors on the status of the development and implementation of the systems specified in the basic policies so that the policies function effectively.

In addition, the Company has positioned the Yorozu Group Charter of Corporate Behavior and the Yorozu Code of Conduct as a common code of conduct that must be observed to ensure that the execution of duties by directors, executive officers, and employees of the

Company and its subsidiaries complies with laws and the Articles of Incorporation, and that business is conducted appropriately, thereby maintaining and improving internal control systems.

<Major systems specified in the basic policies>

- Management control system
- Information management system
- (Fraud) risk management system
- An efficient business execution system through the Executive Officer System
- System to ensure the reliability of reporting
- Management system for group companies
- Internal audit system
- Audit system of the Audit & Supervisory Committee
- Internal reporting system
- Audit support system of the Audit & Supervisory Committee
- System for dealing with antisocial forces

- Compliance promotion system
- Crisis management system

Policy to Deal with Takeover

The Company’s policy on response to large-scale purchases of the Company’s shares, etc. (hereinafter, the “Policy to Deal with Takeover”), is intended to continuously and sustainably ensure the Company’s corporate value and, ultimately, the common interests of shareholders. Following consultation with and unanimous agreement by the Independent Advisory Committee established on April 1, 2015, the policy was resolved at the meeting of the Board of Directors held on May 10, 2018, and approved at the 73rd Annual General Meeting of Shareholders on June 18, 2018. Since then, the policy has been submitted for approval at the General Meeting of Shareholders every three years to continuously reflect the opinions of shareholders. From the perspective of securing and enhancing corporate value and the common interests of shareholders, the Policy to Deal with Takeover eliminates arbitrary management discretion by clearly defining the

period for providing information to large-scale purchasers, establishing an Independent Advisory Committee to ensure fairness of judgment, respecting to the maximum extent the recommendations of the committee, limiting the effective term of the policy to three years, and allowing the convening of a General Meeting of Shareholders to confirm shareholder intent. Furthermore, the activation requirements of the Policy to Deal with Takeover are restricted to specific situations, namely the “high court four types and coercive two-step transactions.” This framework ensures both the necessity and appropriateness of the policy while preventing its use as a means of management entrenchment.

Details of the Policy to Deal with Takeover are disclosed in the Notice of Convocation of the General Meeting of Shareholders and are available on the Company’s official website.

<https://www.yorozu-corp.co.jp/share/uploads/2024/06/Notice-of-Convocation-Annual-General-Meeting-2024.pdf>

Initiatives for promoting compliance

The Group promotes compliance by conducting regular training sessions and providing opportunities to learn during new employee training, thereby fostering a deeper understanding of compliance. In fiscal 2024, the participation rate for ethics and compliance training was 70.0%. To ensure strict adherence to the Antimonopoly Act (competition law), the Group has prepared the Antimonopoly Act Compliance Manual and worked to ensure that it is thoroughly understood by all employees. In fiscal 2024, we conducted a survey on awareness of the Antimonopoly Act and the Subcontract Act for employees in Japan and overseas to assess their level of understanding and provide appropriate follow-up

support. In addition, to reinforce compliance with the Act on the Protection of Personal Information and other relevant laws, we conducted surveys such as the “Personal Information Protection Law Awareness Survey” and “Compliance Survey.” Looking ahead, the Group will continue to advance practical training programs that reflect changes in the external environment in order to further promote compliance.



In-house compliance training

Initiatives to promote compliance together with business partners

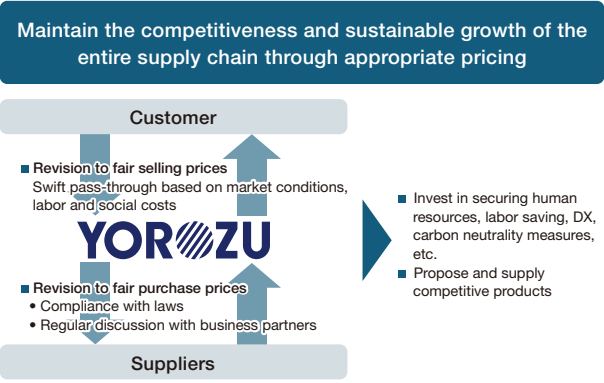
To build relationships of trust with our business partners through fair and transparent procurement activities, the Company established the Yorozu Green Procurement Guidelines in 2015, requesting the cooperation of suppliers in environmental conservation efforts. In 2022, taking into account the Yorozu Global Environmental Vision 2040 announced in fiscal 2021, these guidelines were revised and replaced by the Yorozu Sustainability Guidelines. This new framework reflects our recognition that we must carefully assess global and social changes, respond to them appropriately, and advance our business with a focus on sustainability and social credibility. We now request the cooperation of all business partners under these guidelines.

In addition to the Yorozu Procurement Policy and the Five Principles of Procurement, the Company registered with the Declaration of Partnership Building in 2021. Since then, we have proactively eliminated note transactions, improved payment conditions by moving to cash, and engaged in price negotiations and corrections to

address material and energy costs. In fiscal 2025, we will go further by working to improve payment conditions even for transactions not covered under the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, holding regular consultations with suppliers to achieve fair purchase prices. We will also encourage our customers to promptly reflect market conditions, labor costs, and social costs in their prices to ensure fair selling prices.

Based on the belief that “enhancing competitiveness across the entire supply chain and achieving sustainable growth” is essential to surviving global competition, we will continue to work together with business partners to realize fair pricing. This will enable investments in areas such as securing human resources, labor saving, DX, and carbon neutrality—issues faced by the industry as a whole—and ultimately allow us to propose and supply competitive products to our customers.

Recognizing that the understanding and cooperation of our business partners are indispensable for these efforts, we hold annual sustainability policy briefings. In April 2025, 114 participants from 76 companies attended the briefing. Following the session, we conducted a sustainability survey for business partners, and based on the results, held ESG-related information exchanges with 11 companies.



Declaration of Partnership Building

Avoidance of conflict minerals

The Group takes into consideration the impact of its procurement activities on local communities. In particular, we work together with our suppliers to avoid the use of raw materials that could give rise to social issues

such as human rights violations and environmental damage, including minerals produced in the Democratic Republic of the Congo and neighboring countries that are used as a source of funds for armed groups.

Elimination of antisocial forces

The Yorozu Code of Conduct declares that all Group directors and employees must take a resolute stance against antisocial activities and organizations, and that no benefits will ever be provided in response to unjust demands or approaches. By ensuring strict compliance with this Code of Conduct, the Group completely severs any relationship with antisocial forces. The General Affairs Department serves as the lead division, gathering relevant

information, issuing alerts, and preventing contact with such forces. In the event that any director or employee receives an unjust demand or otherwise comes into contact with antisocial forces, a system is in place for immediate reporting and consultation with the General Affairs Department. The department, in cooperation with the police and other external experts, promptly takes action to eliminate any such connection.

Information security

On October 14, 2024, the Group was subjected to a ransomware cyberattack, resulting in simultaneous loss and encryption of all or part of the data on multiple servers and some terminals within the Group. To prevent further damage, the Group immediately shut down key servers and established a Ransomware Response Headquarters headed by the President on the same day.

An external investigative firm was commissioned to conduct a forensic analysis, which revealed that the cyberattack originated from unauthorized access at the United States site due to exploitation of a vulnerability in a VPN device managing external communications with the internal network. The investigation also found that servers and terminals in Japan, the United States, and India had been accessed without authorization, raising

the possibility that some personal and confidential information might have been leaked. Accordingly, the Group reported the incident to the relevant authorities and provided individual explanations to business partners and other parties potentially affected.

Systems have already been restored, and there was no impact on production activities. However, in light of this incident, the Group has taken steps to prevent recurrence, including addressing the vulnerability in the VPN devices and strengthening global detection and monitoring systems.

The Group takes this matter seriously and will continue to make every effort to respond to the evolving risks of cyberattacks in order to safeguard its information assets.

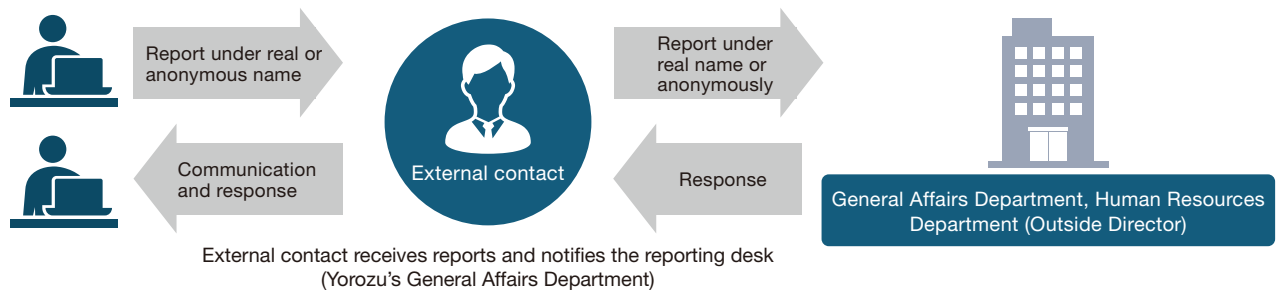
Internal reporting system

The Group has established the “Come Forward for Help Line” and the “Business Partner Reporting Desk” as internal reporting systems to ensure that important compliance-related information is promptly and accurately communicated from the actual scene to top management.

The Come Forward for Help Line was originally intended for employees of Group companies in Japan and overseas to allow them to report and consult directly with outside directors. In April 2022, an external consultation desk was established in three languages to further ensure the anonymity of whistleblowers and increase opportunities to obtain information on management risks. Regulations and rules for the protection of whistleblowers and inquirers have also been established, and employees are actively encouraged to provide information. Reports and consultations received at the external desk are shared with outside directors, and both the content and the response are reported to the Board of Directors and the Management Meeting.

In fiscal 2024, the Come Forward for Help Line received 24 inquiries, all of which were opinions, consultations, and improvement proposals. None of the inquiries involved violations of laws or regulations. Depending on the nature of the inquiry, the Company investigates and confirms the facts before responding and making improvements to the work environment.

In addition, to respond not only to employees but also to external voices such as those from business partners and workers in the supply chain, we have established a Business Partner Reporting Desk. Similar to the Come Forward for Help Line, regulations and rules have been established and implemented to ensure the anonymity of whistleblowers, share the details of reports with outside directors through the external reporting desk, and report them to the Board of Directors and the Management Meeting. In fiscal 2024, one inquiry of an opinion/consultation/improvement proposal category was received through the Business Partner Reporting Desk, and none involved violations of laws or regulations.



Business Continuity Plan (BCP)

The Group considers it a top priority to protect the lives of customers, employees, and other stakeholders, and to ensure the continuation of critical operations in order to fulfill its social responsibilities as a corporation, even in the event of unforeseen incidents such as natural disasters or accidents. To achieve a stable supply of products and services required by customers, we have designated our headquarters as the control tower in times of disaster and implemented fire and disaster prevention measures at plants essential to product supply. Furthermore, we have formulated a Business Continuity Plan (BCP). In the event that disasters or accidents prevent suppliers from manufacturing or delivering products, which could halt the Group's production and in turn cause customers' production lines to stop, the Group regularly updates the database of die and tooling assets for key components in Japan to facilitate the early identification of alternative production sites. With regard to stamping parts, we also monitor information

on alternative production sites for each press manufacturer to ensure stable product supply. In addition to these initiatives, the Group has established emergency communication systems, strengthened IT system resilience, stockpiled food and disaster supplies, and distributed pocket-sized emergency manuals. We also place strong emphasis on employee training through disaster prevention education, safety confirmation drills, and evacuation drills conducted on a regular basis.



Disaster prevention drill held at the Yokohama Head Office (YC)

Dialogue with shareholders

The Company strives to achieve the sustainable growth and enhancement of the Group's corporate value by actively providing opportunities for information disclosure through financial results presentations, IR seminars, and other events, as well as opportunities for dialogue between senior management and shareholders. Through these activities, we seek to absorb and reflect shareholder opinions and to grasp the shareholder composition.

As for dialogues with shareholders in general, the financial officer oversees the process to ensure constructive dialogue. When a shareholder requests a face-to-face meeting, executive officers, directors including outside directors, or the heads of relevant departments attend the meeting, taking into account the shareholder's main concerns, number of shares held, and other factors, to the extent that it does not hinder operations. To achieve the purpose of the meeting, the Company fully coordinates internally and responds in good faith to the maximum extent possible within the scope of not harming the common interests of shareholders and not violating laws and regulations.

Furthermore, based on the recognition that reflecting the opinions of shareholders in management is one of the Company's important responsibilities, valuable opinions and proposals received from shareholders are reported to the Board of Directors and other bodies, and appropriate responses are made after thorough consideration.

In fiscal 2024, due to the delayed financial results announcement caused by the ransomware incident, some activities were postponed to fiscal 2025. Nevertheless, the Company held dialogues with analysts and fund managers at financial results briefings, as well as with a total of nine companies, including domestic and overseas investors, analysts, investment professionals, and shareholders. Depending on investor attributes and the content of the dialogue, the Company designated appropriate representatives, including representative directors, the CFO, and executive officers, to participate. The main themes of the dialogues were recent business performance and share price, initiatives for sustainability, and information disclosure in the integrated report. In addition to receiving opinions on these topics, participants gained a deeper understanding of the Company's policies. Feedback from shareholders was shared and discussed internally through reporting to the Management Meeting and the Board of Directors and was utilized in reviewing management strategies and formulating business plans. As a result of discussions at the Board of Directors regarding enhancement of the skill matrix, it was decided to provide more detailed information, which has been disclosed in the integrated report.

Human rights initiatives

The Yorozu Group upholds various international norms related to human rights and explicitly states its commitment to respecting human rights and diversity in its CSR policy to protect the human rights of all

stakeholders. To further strengthen our initiatives, we established a new Human Rights Policy, which was approved at the Management Meeting held in June 2023.

Yorozu Group Human Rights Policy

In addressing human rights, the Group supports the UN Guiding Principles on Business and Human Rights and advances its activities in line with the OECD Due Diligence Guidance for Responsible Business Conduct and the full guide to Measures Currently Required for

Companies Regarding Business and Human Rights issued by the Ministry of Justice. This policy binds each and every person working in the Yorozu Group and is positioned as the highest-level policy on human rights in the Group's business activities.

1. Scope of Application

This policy applies to all Yorozu Group officers and employees. In addition, we ask that all business partners, including customers and suppliers, understand and support this policy.

2. Human Rights Due Diligence

To fulfill the responsibility of respecting human rights, we have established a system to undertake ongoing human rights due diligence (i.e., the process carried out to identify, prevent, and mitigate adverse impacts on human rights).

3. Correction and Remedy

If we become aware that we have caused or contributed to an adverse impact on human rights, we will work to remediate the adverse impact through appropriate means and make use of consultation desks and other effective mechanisms to ensure access to remedies.

4. Awareness Training

To ensure that both internal and external parties are familiarized with this policy, we provide all Yorozu Group officers and employees with appropriate training and will make further efforts to enhance our business partners' understanding.

5. Progress Tracking and Information Disclosure

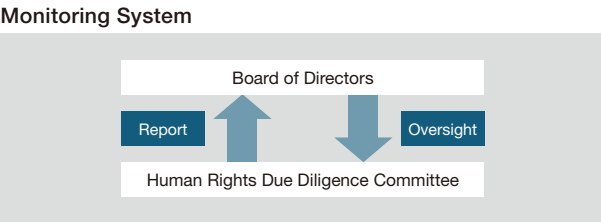
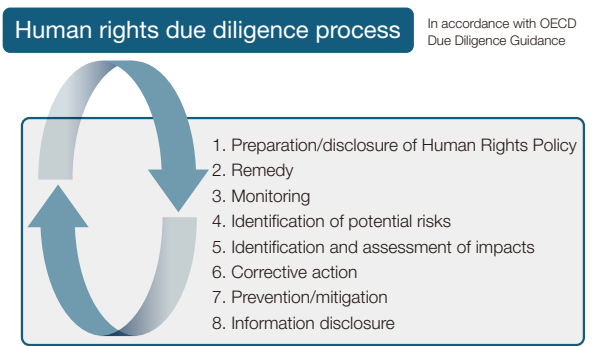
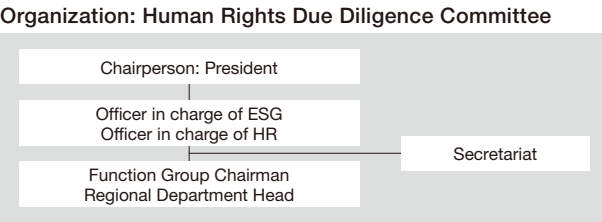
We will continuously monitor the state of compliance with the human rights policy and make improvements as necessary. Information on our human rights initiatives based on the policy and the progress will be disclosed on our official website in an appropriate matter.

6. Dialogue and Discussion with Stakeholders

We will consult with human rights experts regarding any adverse impacts on human rights and at the same time engage in ongoing dialogue and discussions with internal and external stakeholders.

Human Rights Due Diligence Committee

The Group has established the Human Rights Due Diligence Committee to build a human rights due diligence framework based on the Human Rights Policy and to promote related initiatives in a planned and reliable manner. The President serves as Chairman of the Committee, and its members include officers who serve as Function Group Chairman or Regional Department Head. The Committee promotes activities across all Group companies in Japan and overseas, and its activities are regularly reported to the Board of Directors to further advance responsible corporate behavior.



Major initiatives in fiscal 2024

(1) Discussions at the Human Rights Due Diligence Committee

In fiscal 2024, the Human Rights Due Diligence Committee met twice to reconfirm the policy and direction of its activities and to discuss matters such as the identification of potential human rights risks within the Group. It was confirmed that, under YSP2026, “all types of harassment” and “discrimination” would be designated as the top human rights risks to be addressed, and this decision was promptly communicated to all sites.

(2) Message from the President

Following the decisions made at the second meeting of the Human Rights Due Diligence Committee in fiscal 2024, President Hiranaka, the Committee Chair, issued a message to all employees.

In his message, he expressed his desire for the Company to remain a sincere organization where the right things are always done in the right way based on the expectations for the employees to behave in a manner befitting a Yorozu employee (“*rashiku*”), which implies actions reflecting the specific responsibilities associated with every job rank and position, and to avoid any sense of superiority (“*burazu*”), which means engaging with others on equal footing and being respectful and considerate of their feelings in day-to-day tasks.

(3) Pledge on the elimination of forced labor and child labor

Among the risks related to human rights that we must respect as an enterprise, the Group attaches particular significance to “forced labor” and “child labor,” which are feared to have an especially serious impact. Every year, the presidents of all sites are required to submit a pledge on the elimination of forced labor and child labor, and the status of measures taken to reduce the risk of forced labor and child labor is confirmed.

(4) Training sessions for executives and managers

The Group conducts annual training sessions for executives and managers to prevent harassment in general. We also work to prevent harassment by displaying posters at all domestic Group sites. In fiscal 2024, all applicable employees received training on themes such as “Compliance,” “Harassment prevention,” and “Health management as seen through stress checks.”

Going forward, the Group will continue its efforts, taking into account changes in the social environment, to help employees understand the importance of respecting human rights in business.



“My Declaration of Human Rights”

On May 12, 2023, Yorozu pledged its support for “My Declaration of Human Rights,” promoted by Japan’s Ministry of Justice. “My Declaration of Human Rights” is an initiative aimed at achieving a society where everyone respects human rights by declaring their commitment to

taking actions that respect human rights, whether as a company, an organization, or an individual.



Promoting the Human Rights Policy in the supply chain

Based on the Human Rights Policy formulated in June 2023, the Company is implementing human rights due diligence. Under YSP2026, in accordance with the human rights due diligence process (see flow diagram on p. 56), we will advance the process from 3. monitoring to 8. information disclosure as an initiative for the entire supply

chain. To confirm compliance with the guidelines and the status of human rights due diligence, the Company will continue to comprehensively assess suppliers’ activities relating to legal compliance, environmental considerations, respect for human rights, and occupational health and safety using the Sustainability Procurement Check Sheet.

Five-Year Summary of Financial and Non-Financial Data

Financial Data

Yorozu Corporation and its Consolidated Subsidiaries						(¥ million)
	FY2020	FY2021	FY2022	FY2023	FY2024	
Profit/Loss (fiscal years)						
Sales	118,863	127,316	160,560	181,468	178,414	
Cost of sales	106,626	113,015	143,384	162,429	161,629	
Gross margin	12,237	14,301	17,175	19,038	16,784	
SG&A expenses	11,859	12,204	14,087	14,579	16,486	
Operating income	377	2,096	3,088	4,459	298	
Non-operating income	1,715	991	687	1,263	1,220	
Non-operating expenses	643	802	782	1,205	3,596	
Ordinary income	1,449	2,284	2,992	4,517	(2,077)	
Extraordinary gains	279	194	78	59	39	
Extraordinary loss	6,011	98	183	11,921	9,305	
Net income (loss) attributable to owners of parent	(6,195)	876	1,422	(3,926)	(13,448)	
Cash flow (fiscal years)						
Cash flow from operating activities	13,218	14,914	2,924	12,531	4,742	
Cash flow from investing activities	(7,048)	(4,536)	(5,164)	(11,851)	(11,814)	
Cash flow from financing activities	3,775	(13,816)	(4,819)	(1,741)	6,758	
Financial condition (fiscal year-end)						
Cash and cash equivalents, end of period	29,259	27,146	22,287	22,287	25,289	
Net assets	65,738	70,378	77,439	75,493	61,204	
Total assets	134,723	133,992	141,511	142,257	136,601	
Per-share information						
Net income (loss) per share (¥)	(259.07)	36.55	59.00	(162.07)	(551.45)	
Net assets per share (¥)	2,229.87	2,374.88	2,635.58	2,723.52	2,140.41	

Other Financial Data

	FY2020	FY2021	FY2022	FY2023	FY2024
Operating income ratio	0.3%	1.6%	1.9%	2.5%	0.2%
Return on equity (ROE)	(11.0%)	1.6%	2.4%	(6.1%)	(22.8%)
Return on assets (ROA)	1.1%	1.7%	2.2%	3.2%	(1.5%)
Equity ratio	39.6%	42.6%	45.0%	46.4%	38.1%
Dividend payout ratio	—	35.6%	42.4%	—	—
Capital investments (¥ million)	7,219	3,367	6,997	12,931	9,793
Depreciation (¥ million)	10,246	8,903	9,880	9,814	7,653
R&D expenditures (¥ million)	5,149	5,335	7,201	7,136	5,758
R&D expenditures to sales ratio	4.3%	4.2%	4.5%	3.9%	3.2%

Non-Financial Data

Environment

			FY2020	FY2021	FY2022	FY2023	FY2024
C02 emissions (t-C02)	Domestic		2,984	3,066	3,574	3,867	3,674
	Overseas		16,728	15,267	16,291	15,715	12,993
	Total		19,712	18,333	19,865	19,581	16,667
Scope 2	Domestic		11,520	12,280	6,387	5,821	3,192
	Overseas		65,911	59,189	63,808	61,723	46,665
	Total		77,431	71,469	70,195	67,544	49,857
Scope 3	Cat. 1	Purchased goods and services	340,518	351,238	449,251	509,887	493,059
	Cat. 2	Capital goods	29,419	12,091	24,070	44,483	33,688
	Cat. 3	Fuel- and energy-related activities	5,741	5,185	5,681	5,565	4,642
	Cat. 5	Waste generated in operations	1,559	1,733	1,919	1,928	1,713
	Cat. 6	Business travel	233	209	235	223	229
	Cat. 7	Employee commuting	1,176	1,256	1,172	1,227	1,235
	Cat. 9	Downstream transportation and distribution	5,263	5,424	5,048	5,006	4,734
	Cat. 11	Use of sold products	—	4,003,488	3,896,637	3,983,518	3,715,650
	Cat. 12	End-of-life treatment of sold products	1,159	1,242	1,175	1,189	968
	Total		—	4,381,866*1	4,385,188*1	4,553,026*1	4,255,918
Waste emissions (tons)			3,326	3,150	3,653	3,816	3,340
Water use (1,000 m³)			1,086	1,057	1,157	1,102	1,075

*1 The total values are updated.

Human Capital

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	6,162	5,666	5,726	5,700	5,848
Ratio of non-Japanese employees	6.3%	5.7%	5.5%	4.0%	4.4%
Employment rate of people with disabilities*1	—	—	—	—	2.6%
Ratio of women recruited	—	—	20.8%	16.7%	24.2%
Number of mid-career hires	2	2	14	13	14
Ratio of mid-career hires among managers	—	38.8%	39.5%	44.4%	44.2%
Ratio of diversity in management positions*2	16.3%	18.8%	22.2%	27.3%	26.4%
Ratio of women in management positions	10.9%	12.4%	12.4%	13.0%	12.5%
Wage gap between men and women*3	—	—	83.7%	79.0%	70.1%
Annual total actual working hours (h)	1,692	1,831	2,046	2,088	2,123
Remote work rate	—	34.1%	36.6%	29.8%	26.9%
Ratio of paid leave taken	50.8%	66.7%	72.5%	78.7%	86.8%
Percentage of male employees taking parental leave (employees who took the leave/eligible employees)	33.3% (3/9)	71.4% (5/7)	22.2% (2/9)	57.1% (4/7)	100% (7/7)
Average number of days of parental leave taken by eligible male employees	45	136	100	148	164
Engagement survey score (pt)	—	—	—	55.5	56.3
Growth opportunity score*4 (pt)	—	—	—	56.0	56.0
Training hours	—	2,032	3,466	5,649	5,647
One-on-one meeting implementation rate	—	—	—	47.0%	63.0%
Employee turnover rate	5.7%	6.5%	6.6%	5.2%	6.8%
Number of accidents that led to lost working days	0	0	0	0	0

*1 The Yorozu Group assessment commenced in fiscal 2024.

*2 Female, senior, foreign national, disabled, etc.

*3 The reason for the discrepancy is believed to be due to the increase in recruitment of young female employees and the fact that the proportion of managerial positions or higher among all employees is lower for women compared to men. As the evaluation system does not set differences based on gender, there is no actual wage gap among employees holding equivalent managerial positions, and no system-related issues have arisen. Moving forward, it is considered important to increase the proportion of women in managerial positions to address this discrepancy.

*4 The scores for the questions concerning “growth opportunities” in the engagement survey

Corporate Information

(As of March 31, 2025)

Company Overview

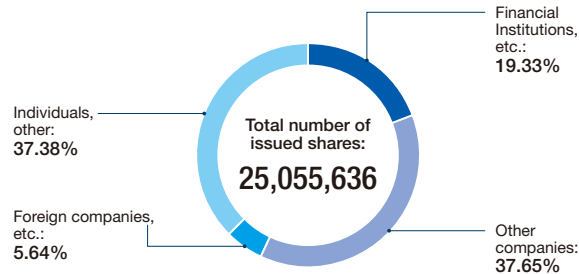
Company name: Yorozu Corporation
Address: 3-7-60 Tarumachi, Kohoku-ku, Yokohama, Kanagawa, Japan
Foundation: April 1, 1948
Capital: ¥6,200 million

Business activities: Development, design, production, and sale of auto parts, agricultural machinery parts, and manufacturing equipment
Employees (consolidated): 5,848

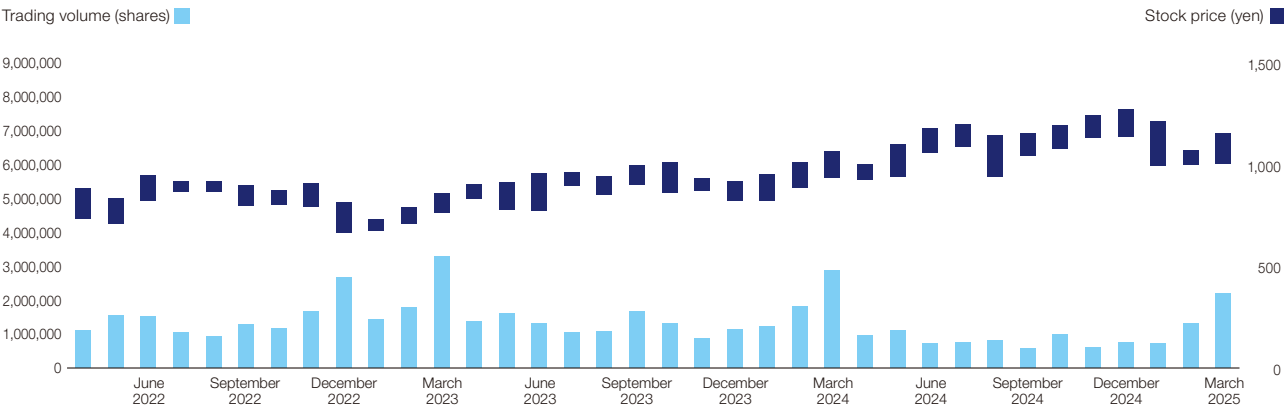
Stock Information

Stock exchange listing: Tokyo Stock Exchange Prime Market (As of March 31, 2025)
Securities code: 7294
Authorized shares: 64,000,000
Transfer agent & office: Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan
Number of shareholders: 40,377

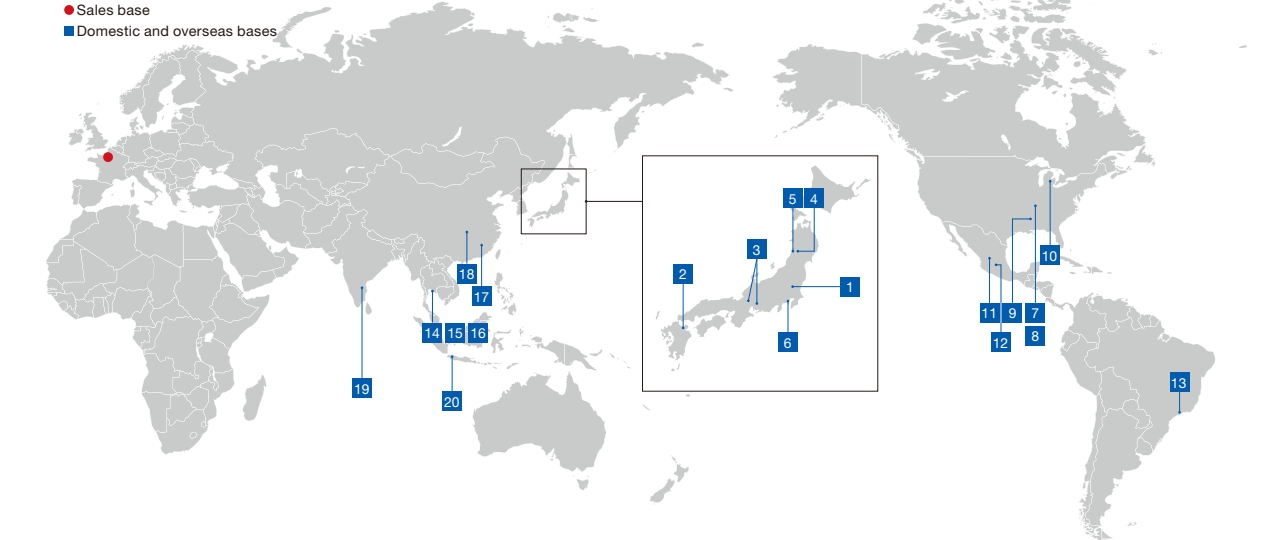
Breakdown of Shareholders by Investor Type



Stock Price Trends



Yorozu's Global Network



	Name	Location		Capital or investment amount	Main business
1	Yorozu Tochigi Corporation	Oyama, Tochigi Prefecture		100 million Japanese yen	Manufacture and sale of auto parts
2	Yorozu Oita Corporation	Nakatsu, Oita Prefecture		100 million Japanese yen	
3	Yorozu Sustainable Manufacturing Center, Inc.	Gifu Factory	Wanouchi, Anpachi, Gifu Prefecture	100 million Japanese yen	
		Aichi Factory	Nagoya, Aichi Prefecture		
4	Shonai Yorozu Corporation	Tsuruoka, Yamagata Prefecture		100 million Japanese yen	
5	Yorozu Engineering Corporation	Mikawa, Higashi-Tagawa, Yamagata Prefecture		100 million Japanese yen	Manufacture and sale of dies and equipment
6	Yorozu Service Corporation	Yokohama, Kanagawa Prefecture		10 million Japanese yen	Insurance services, temporary staffing, service contracting, etc.
7	Yorozu America Corporation	Morrison, Tennessee, U.S.A.		217 million U.S. dollars	A holding company in the U.S.A.
8	Yorozu Automotive Tennessee, Inc.	Morrison, Tennessee, U.S.A.		95 million U.S. dollars	Manufacture and sale of auto parts
9	Yorozu Automotive Alabama, Inc.	Jasper, Alabama, U.S.A.		132 million U.S. dollars	
10	Yorozu Automotive North America, Inc.	Battle Creek, Michigan, U.S.A.		20 million U.S. dollars	Leasing of plant buildings
11	Yorozu Mexicana S.A. de C.V.	San Francisco de los Romo, Aguascalientes, Mexico		1,047 million Mexican pesos	Manufacture and sale of auto parts
12	Yorozu Automotive Guanajuato de Mexico, S.A. de C.V.	Apaseo el Grande, Guanajuato, Mexico		2,565 million Mexican pesos	
13	Yorozu Automotiva do Brasil Ltda.	Resende, Rio de Janeiro, Brazil		354 million Brazilian real	
14	Yorozu (Thailand) Co., Ltd.	Rayong, Thailand		1,800 million Thai baht	
15	Y-Ogura Automotive (Thailand) Co., Ltd.	Rayong, Thailand		1,383 million Thai baht	
16	Yorozu Engineering Systems (Thailand) Co., Ltd.	Rayong, Thailand		65 million Thai baht	Manufacture and sale of dies and equipment
17	Guangzhou Yorozu Bao Mit Automotive Co., Ltd.	Guangzhou, Guangdong, China		189 million Chinese yuan	Manufacture and sale of auto parts
18	Wuhan Yorozu Bao Mit Automotive Co., Ltd.	Wuhan, Hubei, China		276 million Chinese yuan	
19	Yorozu JBM Automotive Tamil Nadu Pvt. Ltd.	Tamil Nadu, India		4,000 million Indian rupees	
20	PT. Yorozu Automotive Indonesia	Karawang, West Java, Indonesia		770 billion Indonesian rupiah	

Websites

Investor Relations

<https://www.yorozu-corp.co.jp/en/investors/>

The IR section has information about management policies, strategies for medium-term business plans, financial results, and FAQs.

Sustainability Information

<https://www.yorozu-corp.co.jp/en/sustainability/>

In addition to our efforts in governance and compliance, we introduce activities aimed at realizing a sustainable society, including safety and health measures.

Environmental Preservation

<https://www.yorozu-corp.co.jp/en/csr/eco/>

This section introduces Yorozu's environmental conservation initiatives and efforts to its stakeholders, which include its Environmental Philosophy and Vision as well as CSR activities and ISO certifications obtained by Group companies around the world.

Inquiries regarding IR information

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Tel: +81-45-543-6802