



YOROZU

FY2021 Financial Results

Tsutomu Hiranaka, President & COO

This is an internal English translation of the YOROZU FY2021 Financial Report issued in the Japanese language and is provided solely for the convenience of English speaking readers. In case of discrepancy the Japanese version prevails.

YOROZU

株式会社 **ヨロズ**

Prime Market in Tokyo Stock Exchange (Securities Code: 7294)

YOROZU

- I . Financial Summary
- II . FY2021 Results
- III . FY2022 Forecast
- IV . FY2022 Activities
- V . Shareholder Return

FY2021 Results

- Delivered a **full year profit up sharply year-on-year** benefitting from Profit *Kaizen* Activities, despite of stagnant sales due to car production drop in the latter half
- Maintained financial health by making loan repayment

FY2022 Forecast

- Expects an **increase in both sales and profits year-on-year** driven by appropriate repricing and ongoing Profit *Kaizen* Activities in spite of ambiguities in strong recovery of car production due to the long-term semiconductor shortages and surge in raw material prices and logistical costs
- Keeps focusing on YSP2023 Mid-term Business Plan to accelerate achievement

Shareholder Return

- FY2021 **year-end dividend per share of JPY7.00** (annual dividend per share of JPY13.00) with the dividend payout ratio of 35.6%
- Plans to increase the annual dividend for FY2022 by JPY20.00 (around 2.5 times) year-on-year to JPY33.00 per share and expects the dividend payout ratio of 35.7%

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FY2021 Consolidated Financial Summary **YORZU**

(year on year)

Million yen	FY2020	FY2021	Year-on-Year	FY2021 Latest Forecast*2	Against Latest Forecast
Sales	118,863	127,316	+7.1%	126,000	+1.0%
Operating Income	377	2,096	+455.8%	1,260	+66.4%
Ordinary Income	1,449	2,284	+57.7%	1,240	+84.2%
Net Income*1	-6,195	876	-	650	+34.9%

*1 Net Income attributable to parent company shareholders

*2 Estimated figures as of Feb. 9, 2022

	FY2020 A	FY2021 B	Difference B-A	Percentage of Change
Net Income per Share	-259.07 yen	36.55 yen	+295.62 yen	-
Exchange Rate Applied	106.76 yen/\$	109.90 yen/\$	+3.14 yen/\$	+2.9%

- ◆ Sales: A rise in steel material prices and the impact of weak yen brought a positive effect on sales.
- ◆ Operating income: Thorough implementation of *Yosedome* (a lean word meaning the consolidation of operations or processes to pursue efficiency) in the production system and slimmed-down fixed costs posted a sharp increase in the profit.
- ◆ Ordinary income: Employment adjustment subsidy made a great contribution to the profit.
- ◆ Net income: From the deficit in the previous term, the net income turned surplus.

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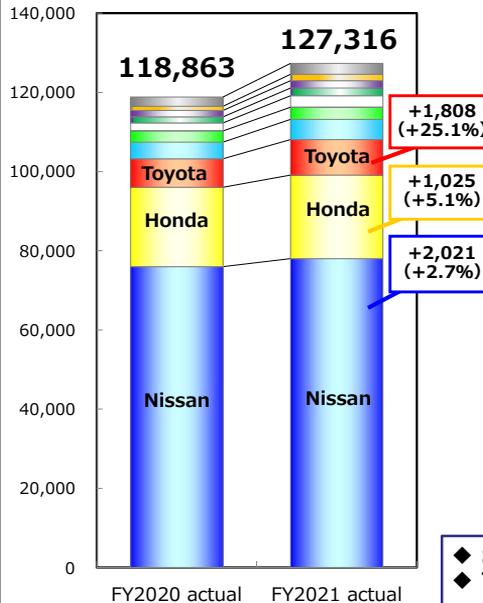
Consolidated Sales by Customer

YORZU

Million yen

(FY2020 vs. FY2021)

Million yen



Customer	FY2020	(%)	FY2021	(%)
Nissan Gr *	75,994	63.9%	78,015	61.3%
Honda Gr	20,070	16.9%	21,095	16.6%
Toyota Gr	7,191	6.0%	8,999	7.1%
Isuzu	4,188	3.5%	5,093	4.0%
Mazda	2,855	2.4%	3,060	2.4%
Kubota	2,027	1.7%	2,882	2.3%
Daimler	1,539	1.3%	1,994	1.6%
VW	1,576	1.3%	1,857	1.5%
Suzuki	1,068	0.9%	1,593	1.3%
Others	2,355	2.1%	2,728	1.9%
Total	118,863	100.0%	127,316	100.0%

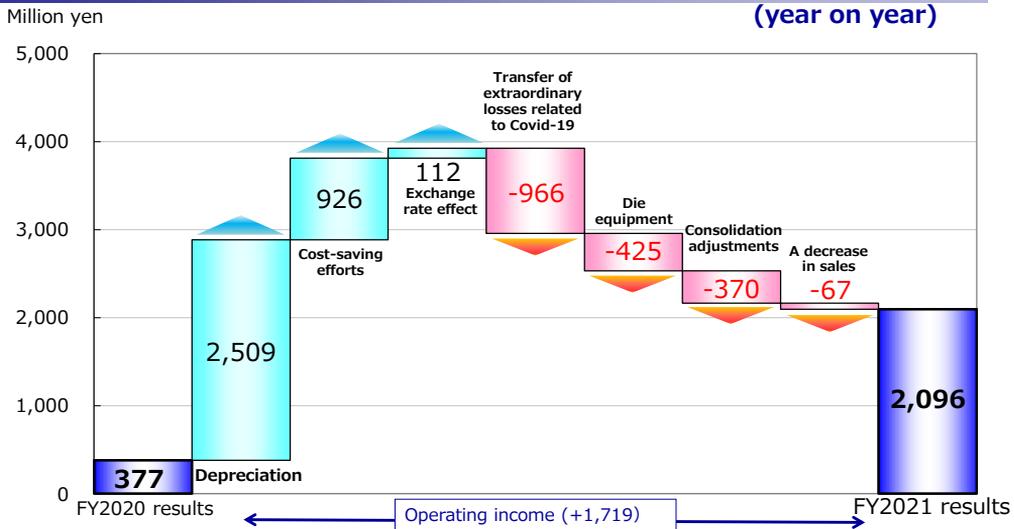
* Includes sales to Renault and Mitsubishi

- ◆ Sales to all customers increased year-on-year.
- ◆ The composition ratio of Nissan fell down as the sales to Toyota and others expanded.

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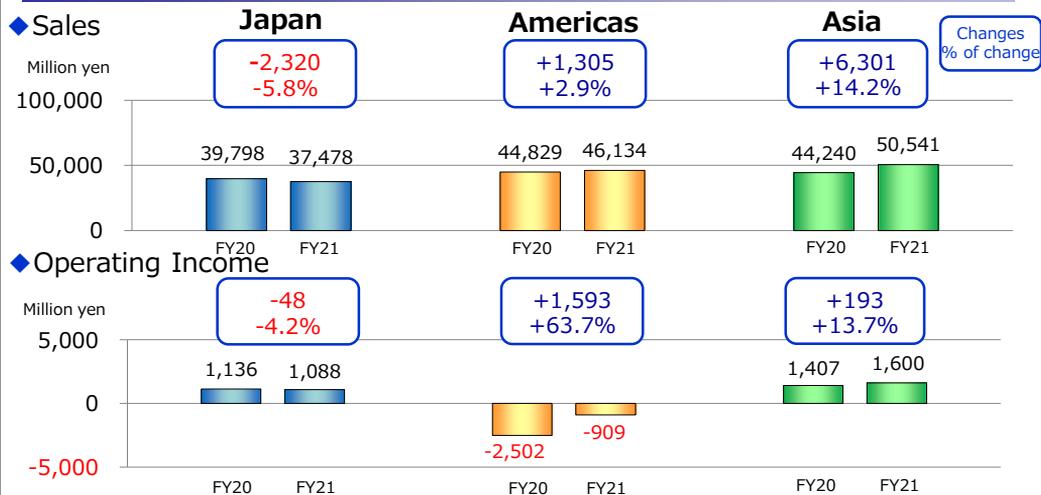
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Analysis of Impact on Consolidated Operating Income YOROZU



We experienced significant profit growth year-on-year after consistently slimming down depreciation and other fixed costs and accumulating cost-saving efforts

Sales and Operating Income by Region Before Consolidation Adjustment FY2020 vs. FY2021 YOROZU



- ◆ Japan: The declined sales of parts and tooling eroded a rise in royalty and led to a decrease in both sales and profit.
- ◆ The Americas: Foreign exchange helped overcome sluggish production and make a small rise in sales. Operating loss was also reduced thanks to cost-saving efforts.
- ◆ Asia: An increase in sales and profit was posted as vehicle production grew in Thailand and India.

Financial Standing for the year ended March 31, 2022 YOROZU

(Million Yen)	Mar. 31, 2021 A	Mar. 31, 2022 B	Year on Year (B-A)	
Net Worth	53,383	57,039	+3,656	6.8%
Equity Ratio	39.6%	42.6%	--	--
Interest-bearing Debt	0.84 44,769	0.60 34,259	-10,510	-23.5%
Net Interest-bearing Debt	0.29 15,509	0.09 5,392	-10,117	-65.2%
Total Asset	134,723	133,992	-731	-0.5%

(Million Yen)	FY2020 (Full term) A	FY2021 (Full term) B	Year on Year (B-A)	
Cash flow from Operating Activities	13,218	14,914	+1,696	12.8%
Cash flow from Investing Activities	-7,048	-4,536	+2,512	--
Cash flow from Financing Activities	3,775	-13,816	-17,591	--

The net interest-bearing debt and the net D/E ratio decreased while cash on hand was secured. FCF was positive for the second consecutive year.

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(Reference) Consolidated Balance Sheet Summary YOROZU

For the year ended March 31, 2022

Million yen	Mar. 31, 2021 A	Mar. 31, 2022 B	Difference B-A	
Current Assets	63,721	66,475	+2,754	Cash & bank deposit -393 Notes & accounts receivable +817 Inventories +2,652 Other current assets -321
Fixed Assets	71,001	67,516	-3,485	Tangible fixed assets -2,262 Investment securities -753 Deferred tax assets -18
Total Assets	134,723	133,992	-731	
Current Liabilities	39,331	44,592	+5,261	Notes and accounts payable +1,073 Electronically recorded obligations +204 Short term debts +250 Long-term debts due within 1 year -180 Others +4,012
Fixed Liabilities	29,653	19,021	-10,632	Long-term debts -10,089 Retirement benefit obligations -172
Total Liabilities	68,984	63,613	-5,371	
Shareholders' Equity	61,295	61,761	+466	Net income +876 Dividend payment -455
Other Accumulated Comprehensive Income	-7,912	-4,721	+3,191	
Non-controlling Interest, etc.	12,355	13,338	+983	Other securities Valuation difference -504 Foreign currency translation adjustment +3,628
Total Net Assets	65,738	70,378	+4,640	
Total Liabilities and Net Assets	134,723	133,992	-731	

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Consolidated Financial Forecast Summary for FY2022

Million yen	FY2021 Actual A	Sales Ratio	FY2022 Forecast B	Sales Ratio	Difference B-A	Percentage of Change
Sales	127,316	100.0%	150,000	100.0%	+22,684	+17.8%
Operating Income	2,096	1.6%	3,750	2.5%	+1,654	+78.9%
Ordinary Income	2,284	1.8%	3,600	2.4%	+1,316	+57.6%
Net Income *1	876	0.7%	2,230	1.5%	+1,354	+154.3%

*1 Net income attributable to the parent's shareholders

	FY21 Actual A	FY2022 Forecast B	Difference B-A	Percentage of Change
Net Income per Share	36.55 yen	92.48 yen	+55.93 yen	+153.0%
Exchange Rate Applied	109.90 yen/\$	120.00 yen/\$	+10.10 yen/\$	+9.2%

- ◆ Sales are expected to increase due to exchange rate difference and rise in the price of raw materials though the market is in a weak state of recovery.
- ◆ Operating income is expected to grow steadily amid slow market recovery.

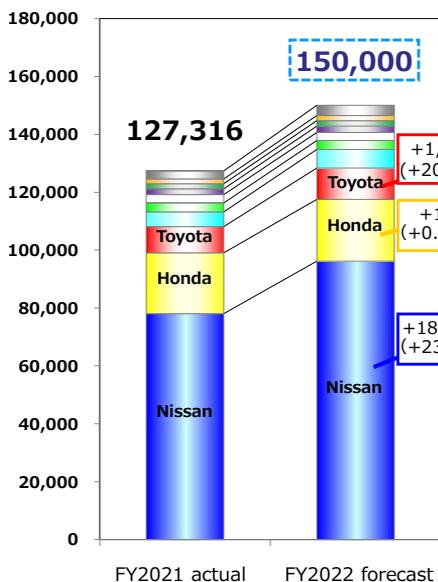
Consolidated Sales by Customer



Million yen

(FY21 Results vs. FY22 Forecast)

Million yen



Customer	FY21	(%)	FY22	(%)
Nissan Gr*	78,015	61.3%	96,216	64.1%
Honda Gr	21,095	16.6%	21,276	14.2%
Toyota Gr	8,999	7.1%	10,824	7.2%
Isuzu	5,093	4.0%	6,467	4.3%
Mazda	3,060	2.4%	3,105	2.1%
Kubota	2,882	1.3%	2,777	1.1%
VW	1,857	2.3%	2,215	1.9%
Daimler	1,994	1.5%	1,875	1.5%
Suzuki	1,593	1.6%	1,687	1.3%
Others	2,728	1.9%	3,558	2.3%
Total	127,316	100.0%	150,000	100.0%

* Includes sales to Renault and Mitsubishi

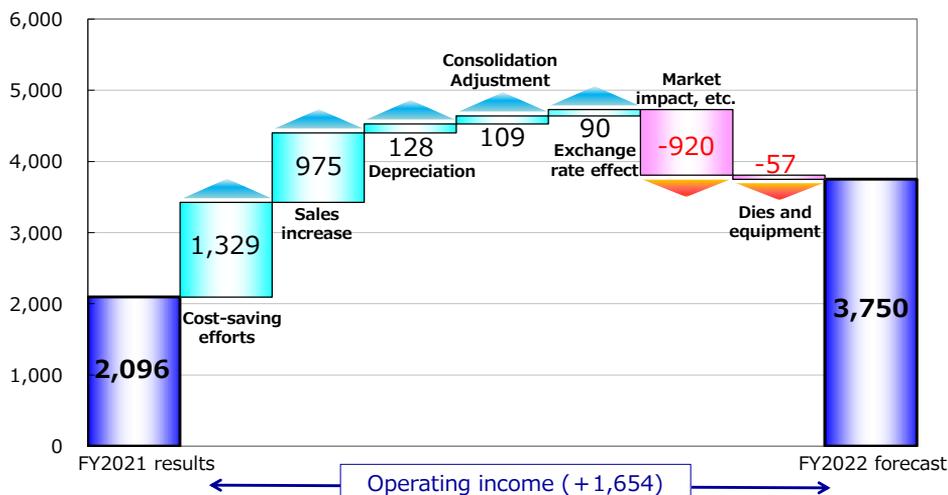
◆ Sales are expected to rise with sales to Nissan Group at the top of the list.

Analysis of Impact on Consolidated Operating Income

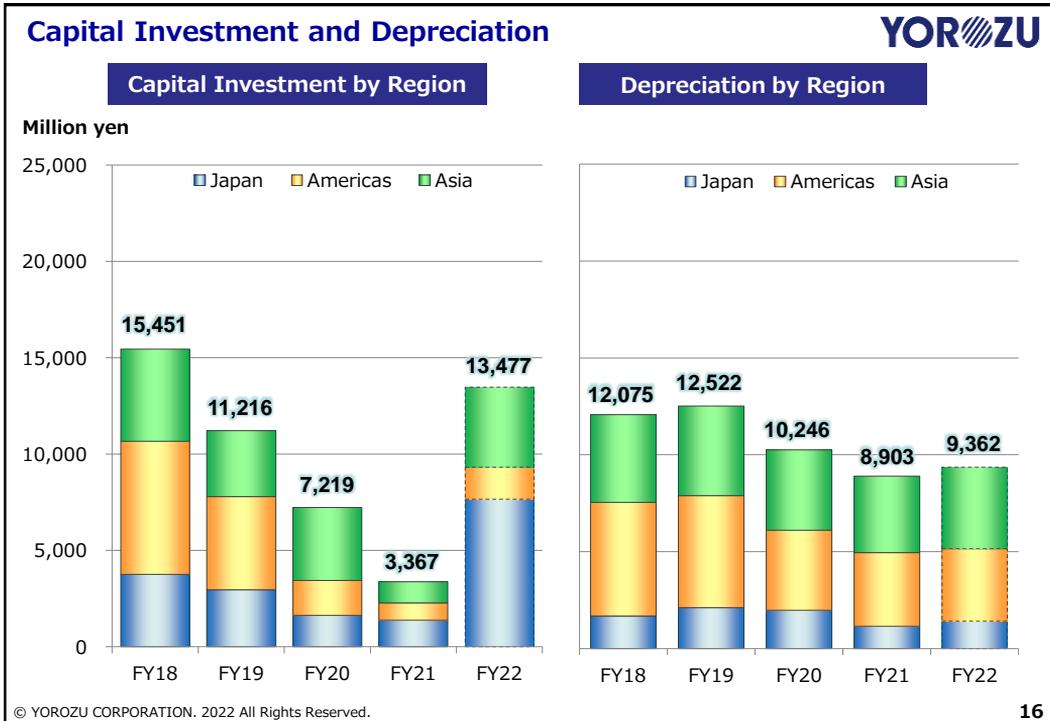
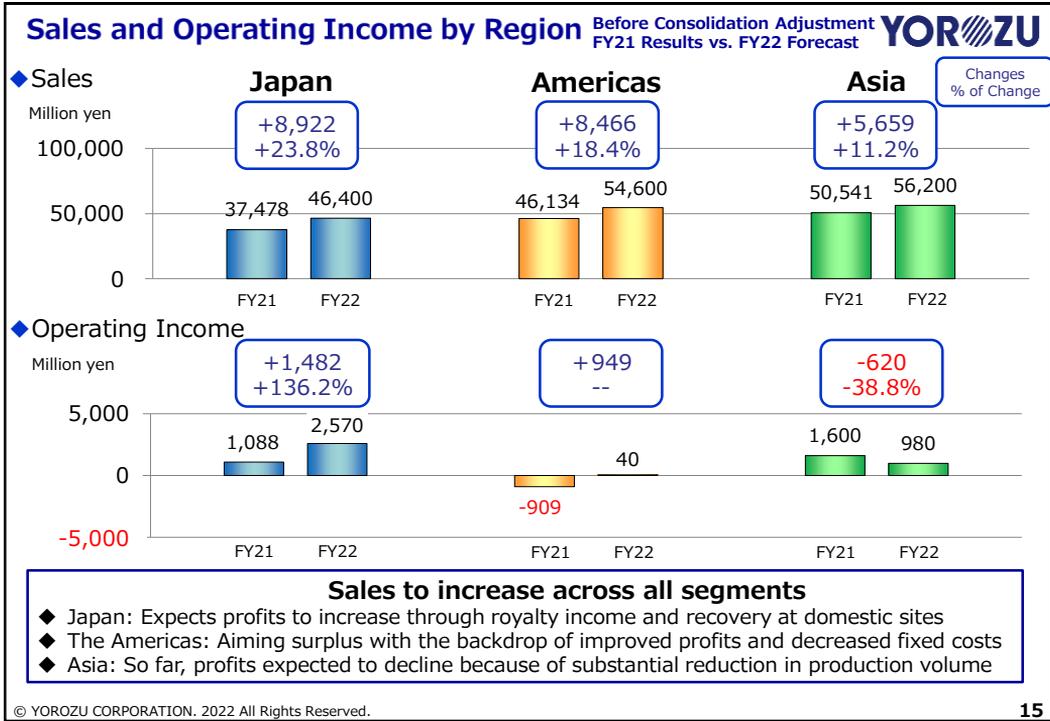


Million yen

(FY21 Results vs. FY22 Forecast)



Profit is expected to grow thanks to accumulated cost-saving efforts and sales increase despite market impact, etc. putting pressure on profits.



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Mid-term Business Plan Yorozu Sustainability Plan 2023

Consolidated Performance Goals (FY2023)

Sales 150.0 billion yen	Operating Income Ratio 5.0%	ROE 8.0%
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Management Policy

Engage in sound management that is resilient to changes

(1) ESG Management	(2) Stable Profit	(3) New Technologies/Methods
<p>Medium- to long-term sustainable growth Promotion of DX (digital transformation) aimed at changing the corporate culture</p> <ul style="list-style-type: none"> • E: Engage in earth-friendly <i>monozukuri</i> • S: Create a healthy and engaging workplace • G: Realize highly transparent governance 	<ul style="list-style-type: none"> • Shift to optimum production capacity • Recreate a strong <i>gemba</i> • Strengthen cash flow management • Build a robust corporate structure that is less affected by production volume 	<ul style="list-style-type: none"> • Develop products with high added value through weight reduction • Propose products for EVs • Engage in proactive sales expansion in 3 axes (customers, products, regions) • Expand external sales of production equipment such as dies and tooling

FY2021 Topics

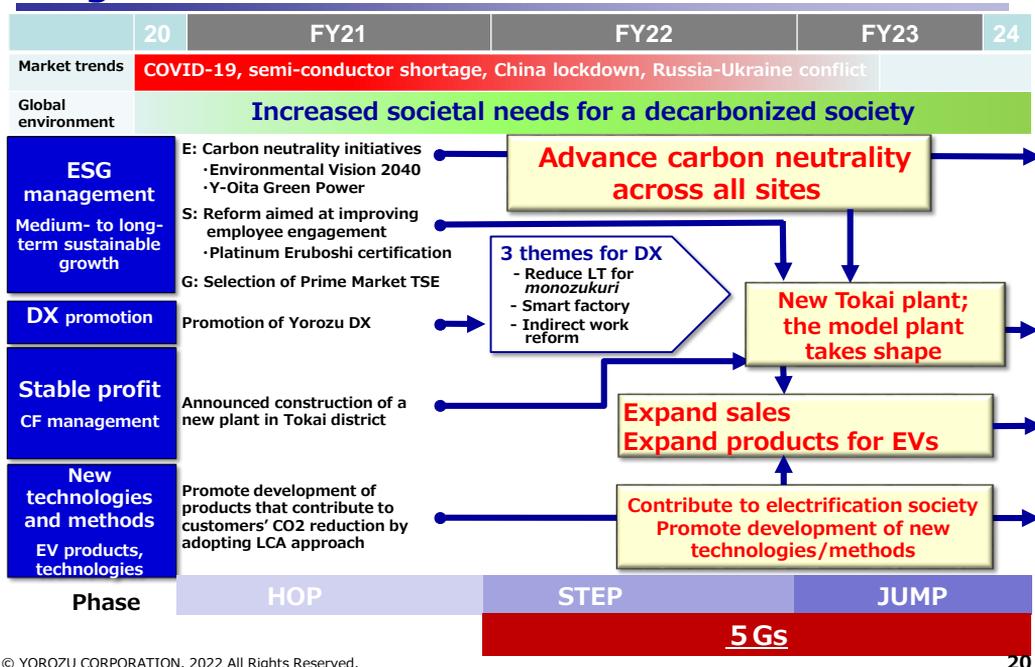


General		● Issued Yorozu Integrated Report (September)
ESG Management	Environmental	● Announced Yorozu Global Environmental Vision 2040 (August)
		● Announced endorsement of TCFD (September)
	Social	● Switched to 100% green power at Yorozu Oita (March)
		● Moved beyond work style reform to improve employee engagement
Governance	● Became the first company in Kanagawa and the first in the industry to receive Platinum Eruboshi certification (November)	
Digital Transformation	● Announced selection of Prime Market in TSE following accreditation of our compliance with the TSE listing criteria (August)	
Stable Profit	● Announced Yorozu DX initiatives (August)	
Stable Profit	● Strict adherence to <i>Yosedome</i> (consolidation of production) system to align with reduced volume	
	● Kept production running during COVID-19 crisis	
New Technologies and Methods	● Announced construction of a new plant in Tokai district and consolidation/transfer of production at Yorozu Aichi (February)	
	● Established low CO2 emission technology by means of LCA thereby contributing to society and customers	
	<ul style="list-style-type: none"> · CO2 reduction by making products lighter · CO2 reduction in manufacturing by replacing materials 	

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Progress in YSP2023

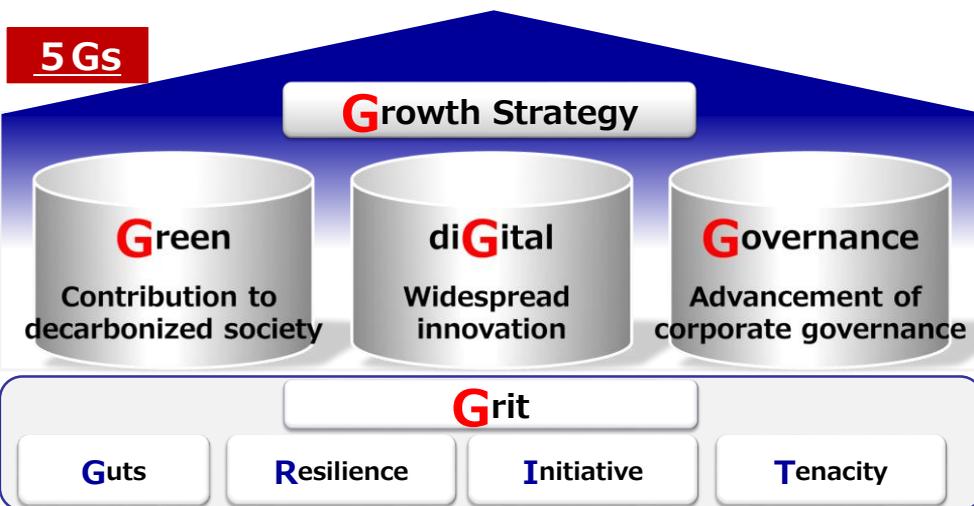


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What are the 5Gs

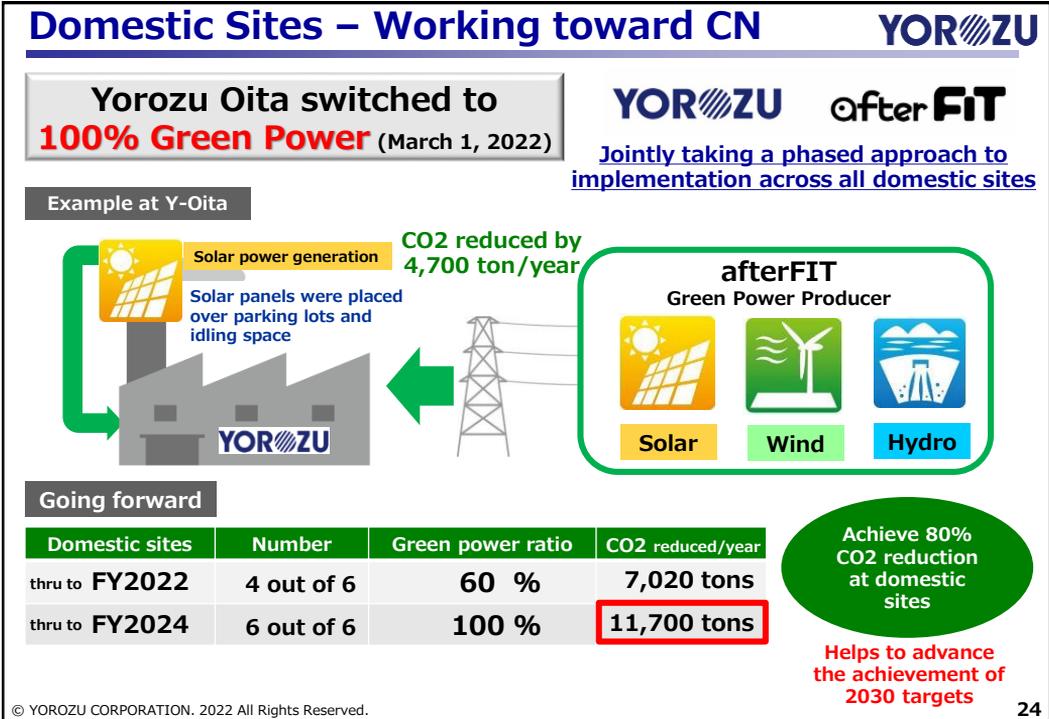
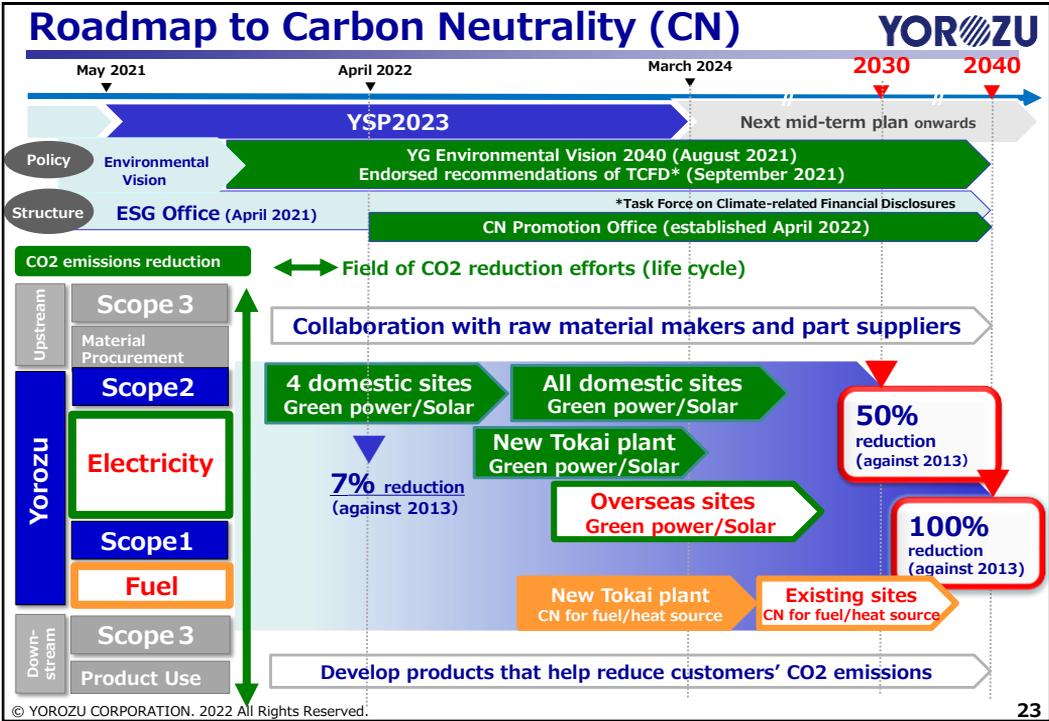
Build and pave the way for Yorozu's growth strategy to prove our strong presence in the electrification era



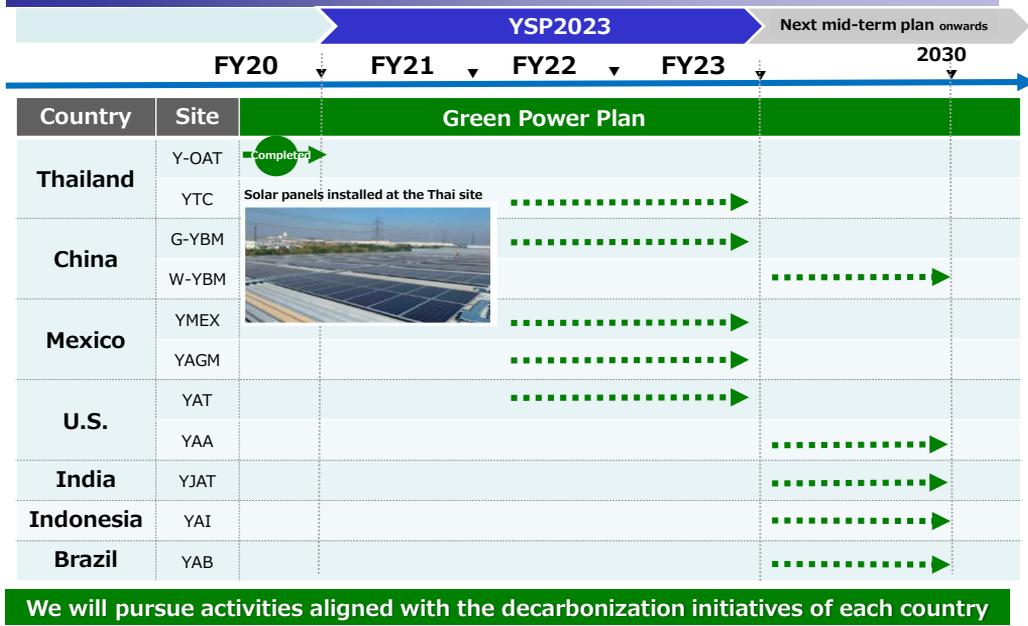
Mid-term Business Plan Yorozu Sustainability Plan 2023

Strategy for Carbon Neutrality





Overseas Sites (Adoption of Solar Power Generation) YOROZU



Mid-term Business Plan YOROZU

Yorozu Sustainability Plan 2023

New Plant in Tokai District



Construction of a New Plant in Tokai District



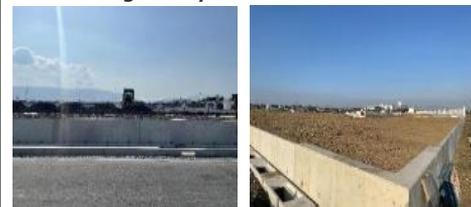
Overview of the new plant

Location: Wanouchicho, Anpachi-gun, Gifu (planned site)
 Product: Automotive suspension parts, others
 Site area: approx. 79,700 sq.m.
 Total floor area: approx. 18,400 sq.m.
 Investment amount: approx. 12.0 billion yen
 Start of construction: scheduled Nov. 2022
 Start of operation: scheduled Jan. 2024



Plan and progress

•May: Pre-construction groundwork and boring survey



Strengthen *Monozukuri* Competitiveness - New Plant YOROZU

Stay one step ahead in productivity and quality

- Moving out from small, leased property to owned property
- Increased production capacity
- Improved process layout
- Replacement of aging equipment
- Expansion of in-house stamping
- Installation of state-of-the-art ultra-thick film coating facility



Improve distribution efficiency (Cut costs and CO2 emissions)

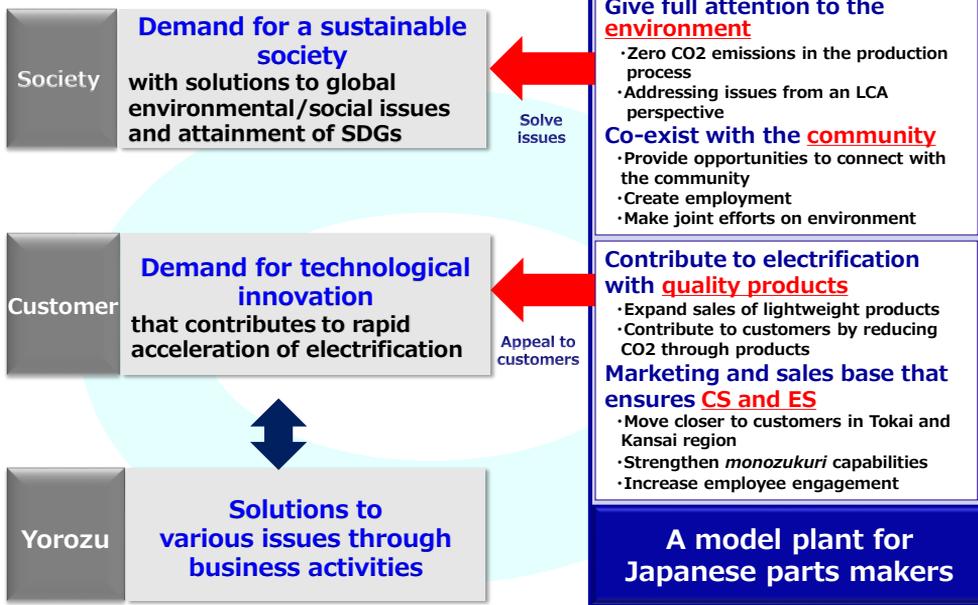


Promote DX



Scope 1, 2 Achieve CN Manufacturing in a thoroughly GREEN environment

What the New Plant Aims to Be



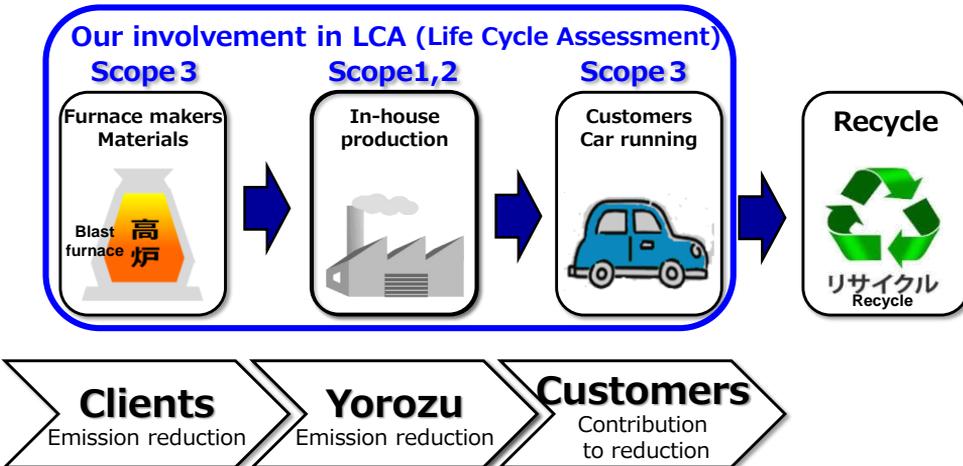
Mid-term Business Plan Yorozu Sustainability Plan 2023

New Technologies/Methods Contributing to Electrification in the Society and Sales Expansion



New Technologies/Methods Adoption of LCA YORZU

- ◆ Cut CO2 emissions in our manufacturing process and advance **product development contributable to CO2 emission reductions at customers**
- ◆ Development of products fulfilling customer preferences and environmental, functional, and pricing requirements



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New Technologies/Methods Developed Items YORZU

- Stamping & welding technologies applicable to high-tensile thin sheet materials
- Structural design and development of methods to reduce manufacturing processes by adopting iron products

Iron products contributing to engineering		
Timing	FY21	FY22
Item	Members: High-tensile steel sheet (780MPa materials)	Arms: New stamping structure
Key Development	Reduce thickness by high-tensile material Develop stamping & welding technology Apply to tough forming processes	Develop structures & methods fulfilling link functions only with a single stamped part
Market launch decisions		
Weight	-8% (26.3 kg → 24.2kg)	-11% (0.57 kg → 0.50kg)
CO2 Emissions	-310k tons	-20k tons

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*Calculated on the assumption of being adopted to vehicle models with 6 year-life and 200k units/year

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New Technologies/Methods Developed Items **YOROZU**

- Replace lightweight aluminum, a massive CO2 emitter in the raw material processing, with iron products to reduce CO2 emissions in total
- Stamping & welding technologies applicable to ultra high-tensile thin sheet materials

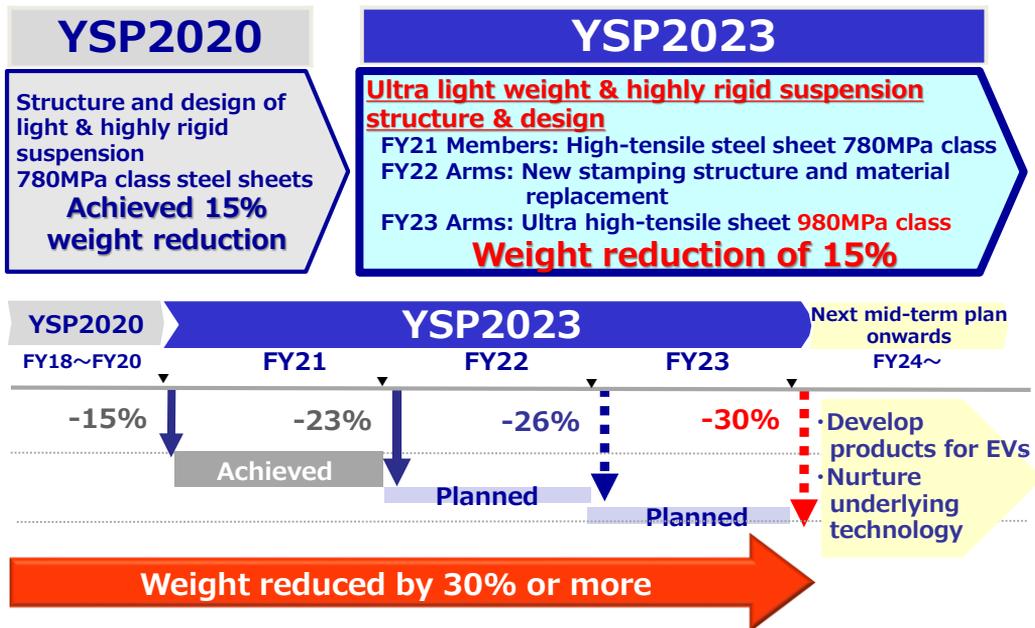
Iron products contributing to engineering			
Timing	FY22		FY23
Item	Arms adopting an alternative material (aluminum -> iron)		Arms made from ultra-high tensile steel sheets (980MPa material)
Key Development	Adopt iron, a less CO2 emitter, in the raw material processing		Develop stamping and welding technologies reducing thickness of ultra high-tensile sheet materials
	Market launch decisions		Application to tough forming (FY24 or later)
Weight	+33% (Aluminum 1.85kg → Iron 2.46kg)	-15% (9.20kg → 7.82kg)	-22% (3.51kg → 2.74kg)
CO2 Emissions	-281k tons	-407k tons	-228k tons

*Calculated on the assumption of being adopted to vehicle models with 6 year-life and 200k units/year

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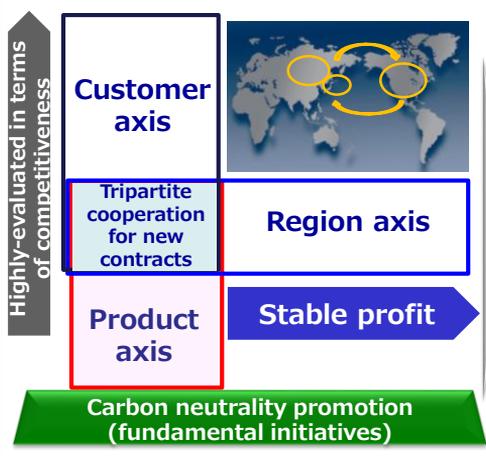
New Technologies/Methods Lightweight Target & Progress **YOROZU**



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Proactive Sales Expansion



- Contracts awarded for BEV* products:
 - Nissan ARIYA
 - Toyota bZ4X
 - Subaru SOLTERRA
- Sales expansion through strengthened *monozukuri* at the new Tokai plant
- Contracts awarded for suspension:
 - Toyota Frontlander
- Sales of BEV products is to be enhanced
- Contracts awarded for suspension:
 - Nissan Pathfinder
- Sales of BEV products is to be enhanced

Mid-term Business Plan Yorozu Sustainability Plan 2023

Advancement of Corporate Governance



Transition to TSE Prime Market

Initiatives to Strengthen Governance

➤ **Structures of the Board of Directors and Committees**



- Board of Directors
 - ① Outside directors: 4 out of 9
- Compensation & Nominating Committees
 - ① The chair is an outside director
 - ② Outside directors: 4 out of 7

➤ **Constructive Dialogue with Investors**



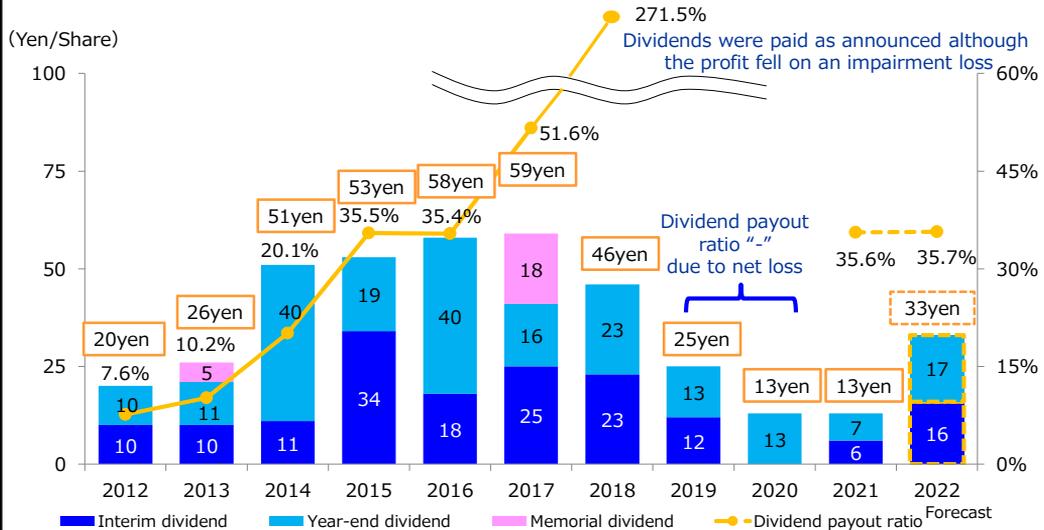
- Interview with institutional investors
- Planning a virtual shareholder meeting (participation type) - An open meeting providing opportunities for dialogue with shareholders

To explore sustainable growth and enhance mid- and long-term corporate value, we build robust governance and maintain constructive dialogue with investors.

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V. Shareholder Return



We strive to ensure sustainable shareholder returns having set the dividend payout ratio at 35% or more.

- End -

FY2021 YOROZU Financial Results
Thank you for your attention

Yorozu website
<http://www.yorozu-corp.co.jp>

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