



YOROZU

FY2022 First Half Financial Results

Tsutomu Hiranaka, President & COO

Yorozu Corporation

This is an internal English translation of the YOROZU FY2022 First Half 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**

Tokyo Stock Exchange Prime Market (Securities Code: 7294)

© YOROZU CORPORATION. 2022 All Rights Reserved.

1

Contents

YOROZU

- I . FY2022 Second Quarter Financial Summary
- II . FY2022 First Half Results
- III . FY2022 Annual Forecast
- IV . Progress of FY2022 Approaches
- V . Shareholder Return

© YOROZU CORPORATION. 2022 All Rights Reserved.

2

FY2022 Second Quarter Financial Summary

YOROZU

1H Results

[Year-on-year] **Increase in both sales and profits**
Sales +19.8% Operating income +95.7%

FY2022 Outlook

[Year-on-year] **Increase in sales and decrease in profits**
Sales +30.4% Operating income -14.1%

[Difference from latest forecast] **Revised downward**
Sales +10.7% Operating income -52.0%

Investment set in YSP2023 is made as planned

Shareholder Return

Interim dividend (actual): 7 yen (increased by 1 yen year-on-year)

Final dividend (forecast): 7 yen

[Interim] +1 yen (YoY) -9 yen (difference from forecast)
[Final] - (YoY) -10 yen (difference from forecast)

© YOROZU CORPORATION. 2022 All Rights Reserved.

3

Contents

YOROZU

I . FY2022 Second Quarter Financial Summary

II . FY2022 First Half Results

III . FY2022 Annual Forecast

IV . Progress of FY2022 Approaches

V . Shareholder Return

© YOROZU CORPORATION. 2022 All Rights Reserved.

4

Consolidated Financial Summary for 1H FY2022 (Year-on-Year) YOROZU

Million yen	1H FY21	1H FY22	Year-on-Year	Latest Forecast for 1H FY2022*2	Against Latest Forecast
Sales	60,049	71,966	+19.8%	71,200	+1.1%
Operating Income	277	542	+95.7%	600	-9.7%
Ordinary Income	307	779	+153.3%	560	+39.1%
Net Income *1	-129	314	—	380	-17.4%

*1 Net income attributable to parent company shareholders *2 Estimated figures as of August 4, 2022

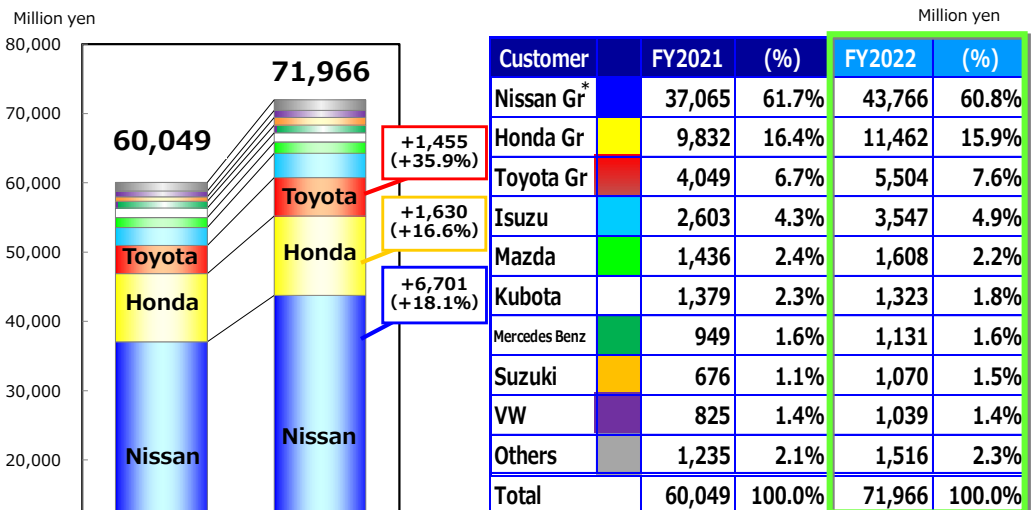
	1H FY2021 A	1H FY2022 B	Difference B-A	% of Change
Net Income per Share	-5.41 yen	13.07 yen	+18.48 yen	—
Exchange Rate Applied to Consolidated Statements	107.82 yen/\$	123.20 yen/\$	+15.38 yen/\$	+14.3%

- ◆ Sales: Increased as steel prices rose and exchange rate fluctuated with weak yen
- ◆ Operating income: Increased by *yosedome* production and slimmed fixed costs
- ◆ Ordinary income: Resulted in further surplus due to exchange rate fluctuations
- ◆ Net income: Shifted to surplus from the net loss in the previous term

© YOROZU CORPORATION. 2022 All Rights Reserved.

5

Consolidated Sales by Customer (1H FY21 vs. 1H FY22) YOROZU



- ◆ Sales increased with most of customers YoY.
- ◆ The composition ratio of Nissan fell down as the sales to Toyota and others expanded.

(Actual) 1H FY2021 1H FY2022
© YOROZU CORPORATION. 2022 All Rights Reserved.

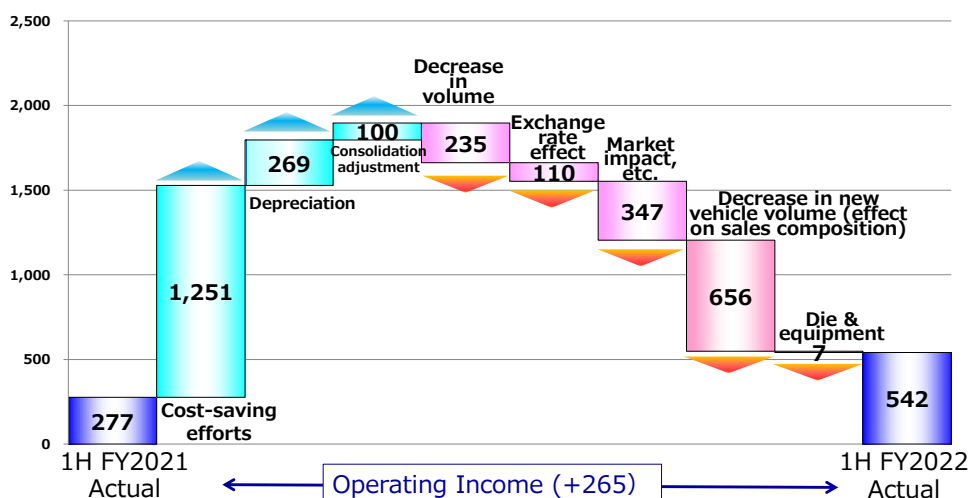
6

Analysis of Impact on Consolidated Operating Income

YOROZU

Million yen

(1H FY21 vs. 1H FY22)



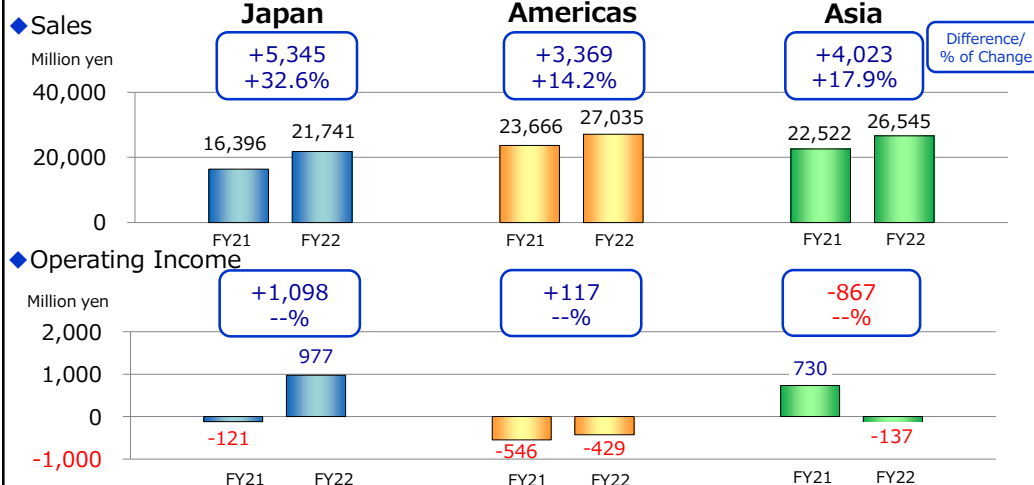
Despite a global price hike and decrease in new vehicle volume in China, profit has grown in 1H of FY2022 after consistent efforts on reducing depreciation and other fixed costs and cost effective measures

© YOROZU CORPORATION. 2022 All Rights Reserved.

7

Sales and Operating Income by Region (Before Consolidation Adjustment, 1H FY21 vs. 1H FY22)

YOROZU



- ◆ Japan: A rise in part & die sales and royalty fees brought increase in both sales and profits.
- ◆ Americas: Exchange rates helped overcome output falls and raised sales. Operating loss shrunk thanks to cost-saving efforts.
- ◆ Asia: Market recovery and weak yen pushed up sales but cost savers failed to absorb decrease in new vehicle volume and profit dropped.

© YOROZU CORPORATION. 2022 All Rights Reserved.

8

Financial Standing for the First Half of FY2022 **YOROZU**

(Million yen)	Mar. 31, 2022 A	Sep. 30, 2022 B	Difference (B-A)	
Net Worth	57,039	63,119	+6,080	+10.7%
Equity Ratio	42.6%	43.1%	--	--
<small>D/E Ratio</small> Interest-bearing Debt	0.60 34,259	0.52 32,823	-1,436	-4.2%
<small>NET D/E Ratio</small> Net Interest-bearing Debt	0.09 5,392	0.03 1,767	-3,625	-67.2%
Total Assets	133,992	146,443	+12,451	+9.3%
(Million yen)	1H FY2021 A (Accumulated)	1H FY2022 B (Accumulated)	Difference (B-A)	
Cash Flow from Operating Activities	10,669	5,122	-5,547	-52.0%
Cash Flow from Investing Activities	-3,902	-814	3,088	--
Cash Flow from Financing Activities	-7,188	-5,233	1,955	--

The net interest-bearing debt and net D/E ratio decreased while cash reserves were kept. FCF was positive.

© YOROZU CORPORATION. 2022 All Rights Reserved.

9

(Reference) Consolidated Balance Sheet Summary 1H FY2022 **YOROZU**

Million yen	Mar. 2022 A	Sep. 2022 B	Diff. B-A	
Current Assets	66,475	75,737	+9,262	Cash & bank deposit +2,190 Notes & accounts receivable +1,718 Inventories +3,527 Other current assets +1,892
Fixed Assets	67,516	70,705	+3,189	Tangible fixed assets +3,092
Total Assets	133,992	146,443	+12,451	
Current Liabilities	44,592	51,295	+6,703	Notes and accounts payable +1,026 Electronically recorded obligations +735 Short-term debts +650 Other +3,662
Fixed Liabilities	19,021	17,674	-1,347	Long-term debts -1,897 Retirement benefit obligations +752
Total Liabilities	63,613	68,969	+5,356	
Shareholders' Equity	61,761	62,022	+261	Net income +314 Dividend payment -168
Accumulated Other Comprehensive Income	-4,721	1,096	+5,817	Valuation difference on available-for-sale securities -211 Foreign currency translation adjustment +6,663
Non-controlling Interests, etc.	13,338	14,353	+1,015	
Total Net Assets	70,378	77,473	+7,095	
Total Liabilities and Net Assets	133,992	146,443	+12,451	

© YOROZU CORPORATION. 2022 All Rights Reserved.

10

Contents

YOROZU

I . FY2022 Second Quarter Financial Summary

II . FY2022 First Half Results

III . FY2022 Annual Forecast

IV . Progress of FY2022 Approaches

V . Shareholder Return

FY2022 Consolidated Financial Forecast Summary

YOROZU

Million yen	FY2021 Actual A	FY2022 Forecast B	Difference (Year-on-Year) B-A	FY2022 Forecast*2 C	Difference B-C
Sales	127,316	166,000	(+30.4%) +38,684	150,000	16,000
Operating Income	2,096	1,800	(-14.1%) -296	3,750	-1,950
Ordinary Income	2,284	1,800	(-21.2%) -484	3,600	-1,800
Net Income *1	876	940	(+7.3%) +64	2,230	-1,290

*1 Net income attributable to the parent's shareholders

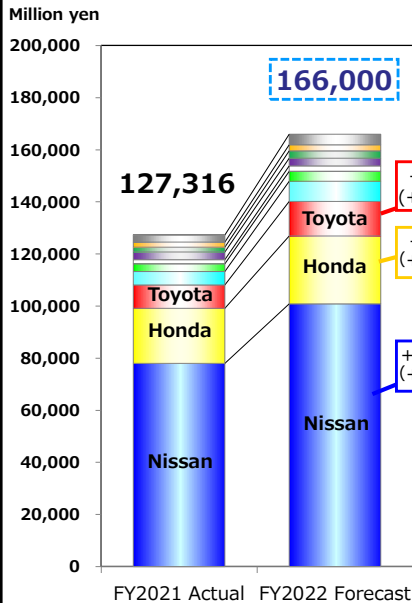
*2 Estimated figures disclosed on Aug. 4, 2022

	FY2021 Actual A	FY2022 Forecast B	Difference B-A	% of Changes
Net Income per Share	36.55 yen	38.99 yen	+ 2.44 yen	+6.7%
Exchange Rate Applied to Consolidated Statements	109.90 yen/\$	133.00 yen/\$	+23.10 yen/\$	+21.0%

- ◆ Sales: Expected to increase due to exchange rate effect and raw material price rise
- ◆ Operating income: Expected to decrease because of global price hikes and decrease in new vehicle volume

Consolidated Sales by Customer (FY21 Results vs. FY22 Forecast)

YOROZU



Customer	FY2021	(%)	FY2022	(%)
Nissan Gr*	78,015	61.3%	100,906	60.8%
Honda Gr	21,095	16.6%	26,045	15.7%
Toyota Gr	8,999	7.1%	13,256	8.0%
Isuzu	5,093	4.0%	7,640	4.6%
Mazda	3,060	2.4%	3,863	2.3%
Kubota	2,882	2.3%	2,864	1.7%
VW	1,857	1.5%	2,862	1.7%
Mercedes Benz	1,994	1.6%	2,346	1.4%
Suzuki	1,593	1.3%	2,154	1.3%
Other	2,728	1.9%	4,064	2.5%
Total	127,316	100.0%	166,000	100.0%

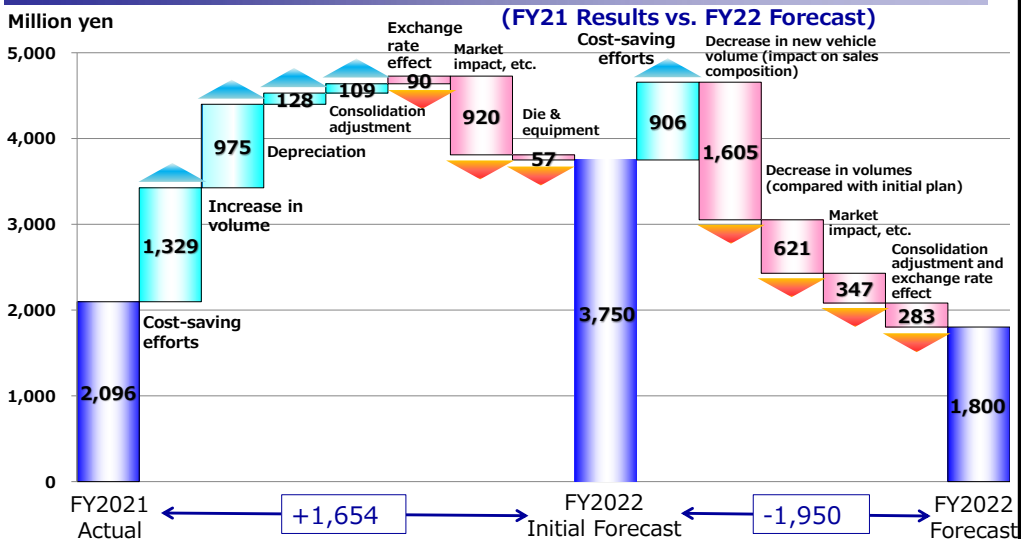
* Includes sales to Renault and Mitsubishi

◆ Sales are expected to increase led by businesses with Nissan.

© YOROZU CORPORATION. 2022 All Rights Reserved.

13

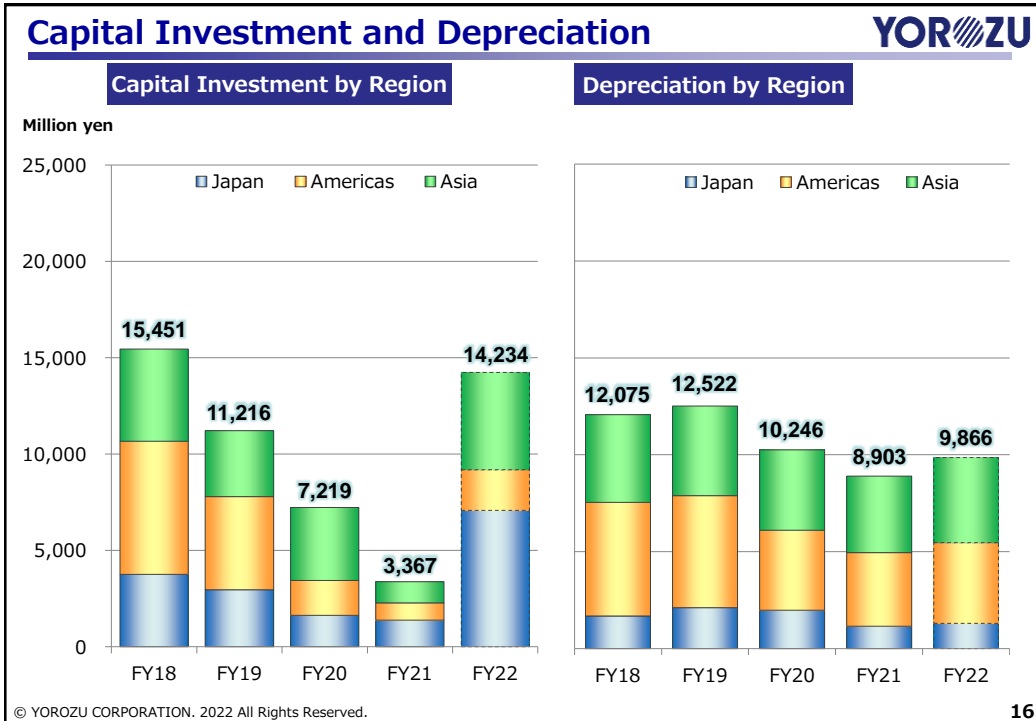
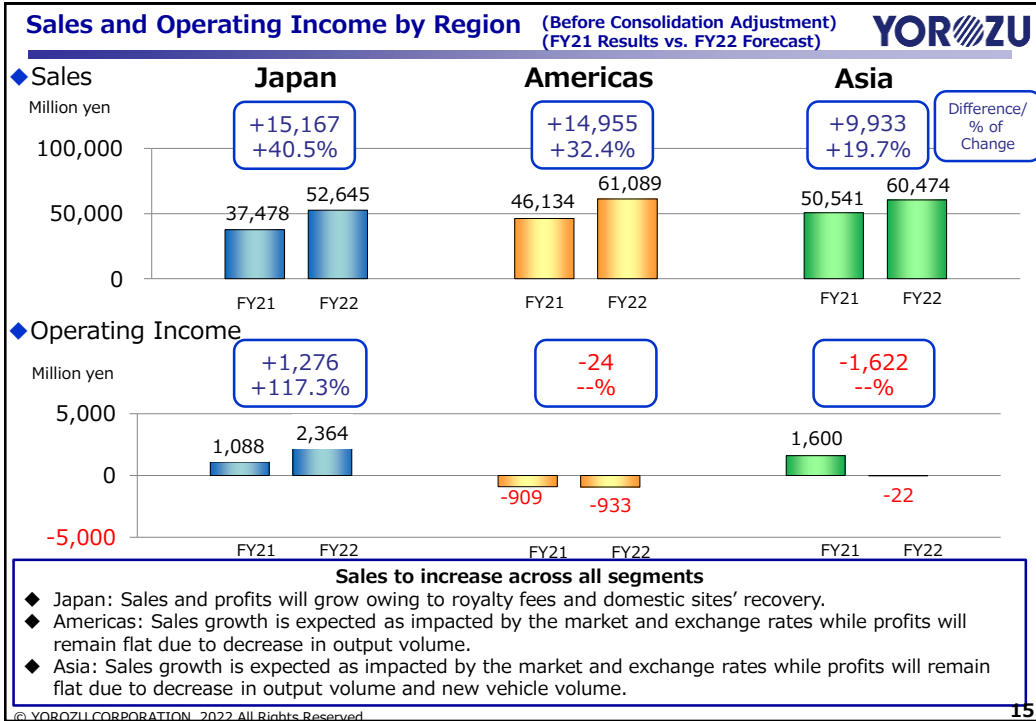
Analysis of Impact on Consolidated Operating Income (FY21 Results vs. FY22 Forecast)



A profit rise YoY in the initial forecast referring to cost-saving effect and increase in sales is not likely to be achieved due to decrease in new vehicle volume and market impact.

© YOROZU CORPORATION. 2022 All Rights Reserved.

14



Contents

YOROZU

I . FY2022 Second Quarter Financial Summary

II . FY2022 First Half Results

III . FY2022 Annual Forecast

IV . Progress of FY2022 Approaches

V . Shareholder Return

Yorozu Sustainability Plan 2023 Mid-term Business Plan

YOROZU

YSP2023

Work on the three key pillars with the aim of engaging in sound management that is resilient to changes

Acceleration Measures

Defined the 5Gs as our growth strategy

Yorozu Sustainability Plan 2023 Mid-term Business Plan

YOROZU

Consolidated Performance Goals (FY2023)

Sales 150.0 billion yen (FY2021 actual 127.3 bil. yen)	Operating Income Ratio 5.0% (FY2021 actual 1.6%)	ROE 8.0% (FY2021 actual 1.6%)
---	---	---

Management Policy

Engage in sound management that is resilient to changes

(1) ESG Management	(2) Stable Profits	(3) New Technologies/Methods
<ul style="list-style-type: none"> Medium- to long-term sustainable growth Promotion of DX (digital transformation) aimed at changing the corporate culture E: Engage in earth-friendly manufacturing 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

© YOROZU CORPORATION. 2022 All Rights Reserved.

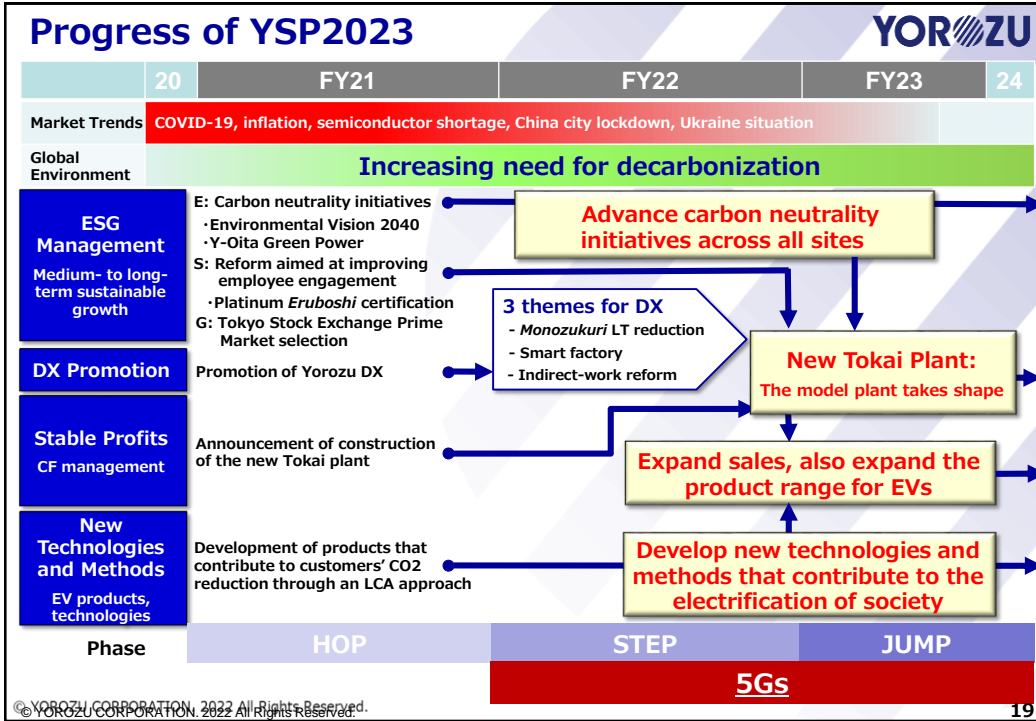
What are the 5Gs

YOROZU

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



© YOROZU CORPORATION. 2022 All Rights Reserved.



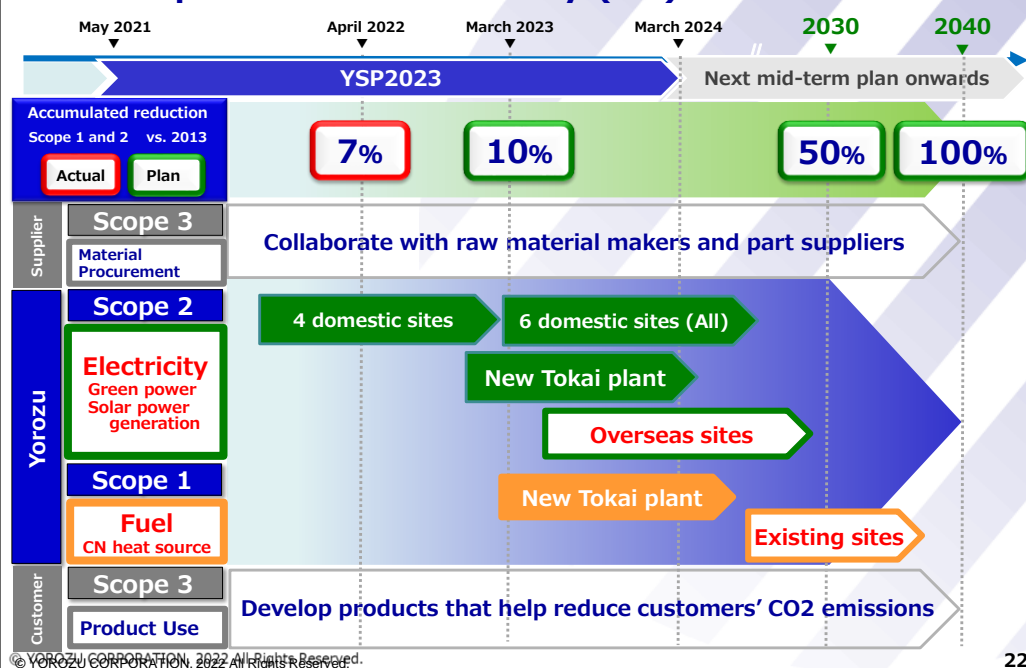
Topics in the First Half of FY2022			YOROZU
Policy	Topics in the First Half of FY2022	Chapter	
General	<ul style="list-style-type: none"> Issued Yorozu Integrated Report (August) 		
ESG Management	<div>Environmental</div> <ul style="list-style-type: none"> Switched to green power at Yokohama-HQ (July), Shonai-Y and Y-Engineering (November) following Y-Oita (March) Received Kanagawa Renewable Energy User Certificate (September) Revised Yorozu Green Procurement Guidelines (June) Disseminated Yorozu Sustainability Guidelines (1st edition) to suppliers (August) Developed carbon neutrality strategies of the new Tokai plant 	Promotion of CN	New Plant in Tokai
	<div>Social</div> <ul style="list-style-type: none"> Advanced the Workstyle Reform to Employee Engagement Reform Promoted co-existence with the local community 		
	<div>Governance</div> <ul style="list-style-type: none"> Organized online general shareholders meeting (June) Launched a third-party hotline service for suppliers (October) 		
	<div>DX</div> <ul style="list-style-type: none"> Promoted DX at the production floor 		
	<div>Stable Profits</div> <ul style="list-style-type: none"> Strengthened efforts to ensure stable profits Applied technologies to flexibly adapt to changes in production 	Stable Profits	
	<div>New Technologies and Methods</div> <ul style="list-style-type: none"> Established CO2 reduction technology that contributes to society and customers Expanded sales based on customer/product/regional axes 	New Technologies and Methods	Sales Expansion

© YOROZU CORPORATION, 2022 All Rights Reserved.

20

Promotion of Carbon Neutrality

Roadmap to Carbon Neutrality (CN)



Domestic Sites – Working toward CN

YORZU

Scope 2

Completed switch to 100% green power at 4 domestic sites

Timing	March	July	November
Site	Yorozu Oita Certificate 	Yokohama HQ Certificate  	Yorozu Engineering Shonai Yorozu Certificate  

Shift to green power – achieved and planned

Domestic sites	Number of sites	Green power ratio	CO2 reduced/year
thru to FY2022	4 out of 6	60%	7,020 tons
thru to FY2024	6 out of 6	100%	11,700 tons

48% CO2 reduction has been achieved so far at domestic sites as of FY2022

© YORZU CORPORATION, 2022 All Rights Reserved.

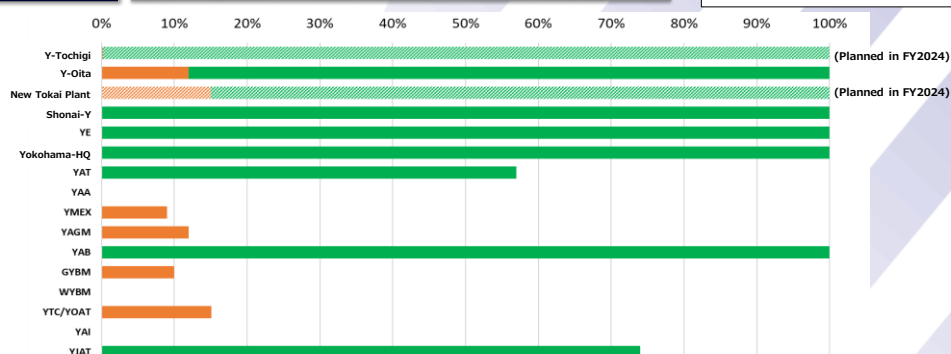
23

Global Sites – Working toward CN

YORZU

Scope 2

Global sites Progress in CN



Plans for adoption of renewable energy (by 2023)

Item	Number of sites	Ratio	CO2 reduced/year
Solar power generation	6 out of 17	4.3%	4,100 tons
Green power	7 out of 17	26%	25,000 tons

Expected to achieve **24%** CO2 reduction at global sites by FY2023

© YORZU CORPORATION, 2022 All Rights Reserved.

24

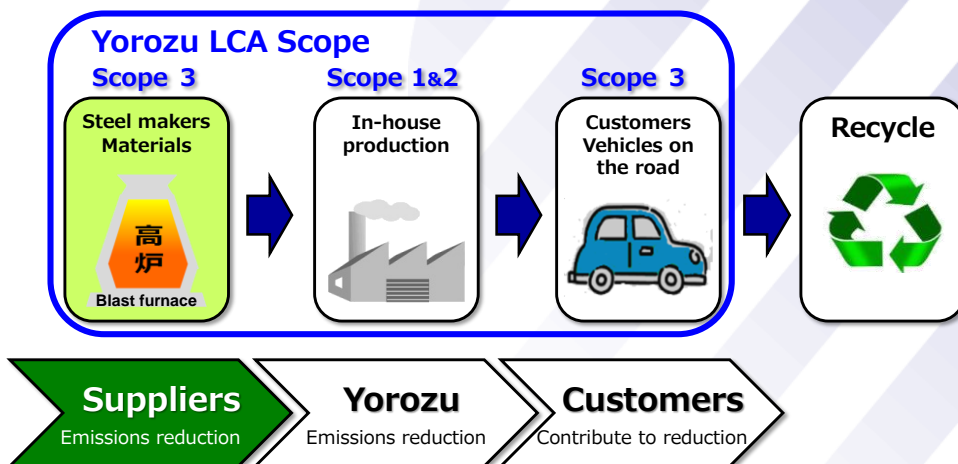
Working with Suppliers toward CN

YOROZU

Scope 3

Work jointly with suppliers to achieve CN

◆ Life Cycle Assessment (LCA)



© YOROZU CORPORATION 2022 All Rights Reserved.

25

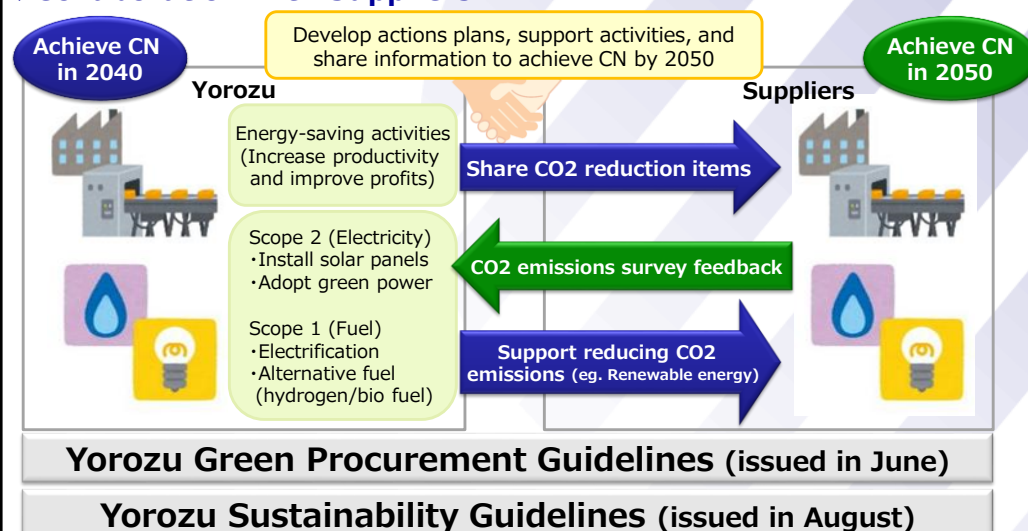
Working with Suppliers toward CN

YOROZU

Scope 3

Work jointly with suppliers to achieve CN

◆ Collaboration with Suppliers



© YOROZU CORPORATION 2022 All Rights Reserved.

26

New Plant in Tokai Region

Construction of the New Plant in Tokai Region

Overview

Location: Wanouchi-cho, Anpachi-gun, Gifu
 Product: automotive suspension parts, others
 Site area: approx. 79,700 sq.m.
 Total floor area: approx. 18,400 sq.m.
 Investment: approx. 12.0 billion yen
 Start of construction: November 2022
 Start of operation: scheduled January 2024

<Exterior design>



Proximity to customers and suppliers in the Chubu Region and westward



Aim to become a model plant for Japanese parts makers

Give full attention to the **environment**

- Zero CO2 emissions in the production process
- Address issues from an LCA perspective

Co-exist with the **community**

- Provide opportunities to connect with the local community
- Create employment opportunities
- Make joint efforts on environment

Contribute to electrification with **quality products**

- Expand sales of lightweight products
- Contribute to customers through low CO2 products

Establish a sales base that ensures **CS and ES**

- Move closer to customers in Tokai and Kansai regions
- Strengthen *monozukuri* capabilities
- Increase employee engagement

Latest Topics on the New Tokai Plant

YOROZU

Moving successfully toward operation of the new plant



© YOROZU CORPORATION. 2022 All Rights Reserved.

29

The New Tokai Plant – Approach to CN

YOROZU

Scope 1&2
Achieve CN

The plant will fully operate on green power from the start

Scope 2

Large-scale installation of solar panels at the plant site



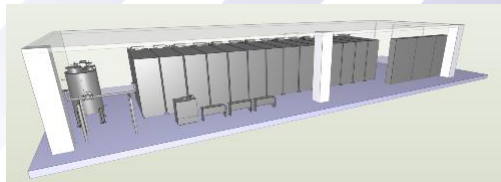
Scope 2

+ Co-exist with the community

On-site EV charging station
(available for residents in the neighborhood)

Scope 1

Shift from gas to electricity as heat source for painting facilities



© YOROZU CORPORATION. 2022 All Rights Reserved.

30

Stable Profits

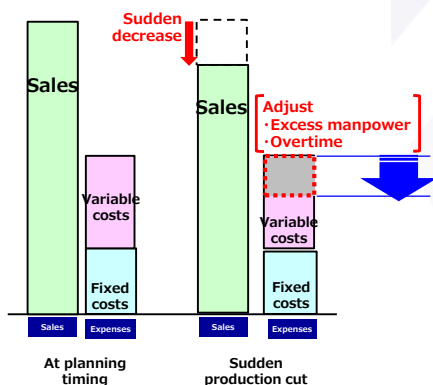
Stable Profits

Build a Robust Corporate Infrastructure that is Less Affected by Production Volume

We are committed to ensuring stable profits

Cut costs arising from sudden reduction in production volume

Example of temporary production adjustment in a month



Efforts for maximum recovery

- Consolidate production, and set non-operating days
- Reduce and adjust overtime
- Perform additional cost-saving activities
- Cut costs and expenses

Example of our operating schedule

Week	Mon	Tue	Wed	Thu	Fri
● operating					
Customer	●	●	●	●	●
Yorozu	●	●	●	×	×

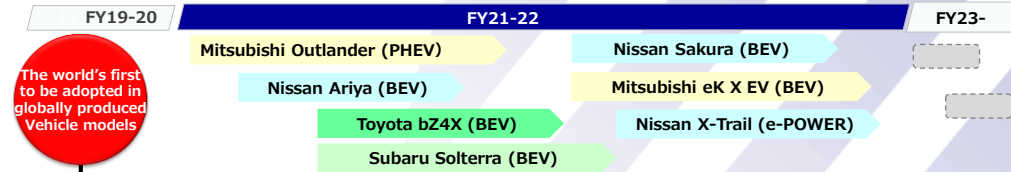
Yosedome production

Stable Profits

Build a Robust Corporate Infrastructure
that is Less Affected by Production Volume

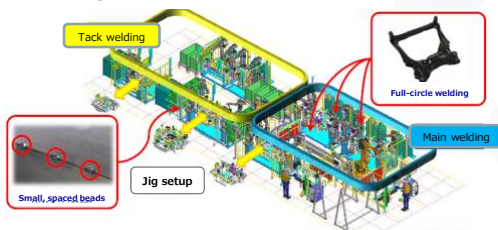
YOROZU

Wide application of our unique technology
to flexibly adapt to fluctuation in production



2020 NISSAN Global Innovation Award

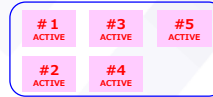
Innovation in *monozukuri*: complete tack welding and main welding lines



[Key Points]

By installing the preliminary tack welding line, the main welding line can be automated (in welding cells) giving more flexibility to production volume.

Example of adjusting the volume processed in the main welding line



© YOROZU CORPORATION 2022 All Rights Reserved.

33

Yorozu Sustainability Plan 2023

Mid-term Business Plan

YOROZU

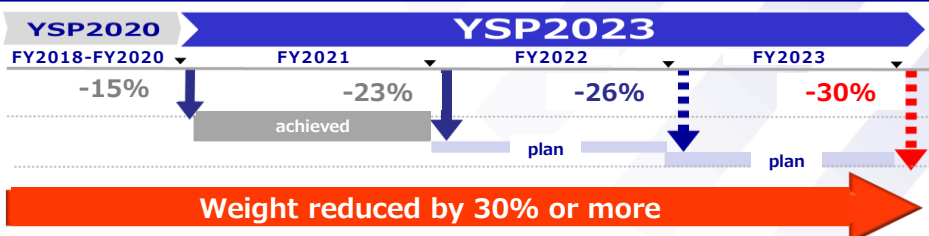
New Technologies and Methods
that Contribute to Electrification
of Society, and Sales Expansion

© YOROZU CORPORATION 2022 All Rights Reserved.

34

The direction we are heading

- **Constructive proposals for steel products to help reduce CO2**
 - ARMs with a new stamping structure
 - Newly designed burring structure
 - Use of alternative materials
 - Structure combining different materials
- **Lighter products using high tensile strength materials (980MPa)**
- **Solution to noise/vibration performance requirements in EVs**



© YOROZU CORPORATION. 2022 All Rights Reserved.

35

■ Decarbonization Patent Technologies

Technological Contribution with Steel Products

Timing	FY2022	
Item	ARMs with a new stamping structure	ARMs using alternative material (aluminum → steel)
Key Concepts of Development	Structure and method satisfying link functions with a simple stamping part	Adoption of steel to take advantage of low-emissions steelmaking
	Market launch formally decided	
Weight	Reduced by 11% (0.57 kg → 0.50kg)	Increased by 33% (Aluminum 1.85kg → Steel 2.46kg)
CO2 Emissions	Reduced by 20,000 tons	Reduced by 281,000 tons
	Granted patents for both ARMs in 1H FY22 We are now promoting sales with patented technologies	

© YOROZU CORPORATION. 2022 All Rights Reserved. Note: Calculated on a six-year lifecycle and 200,000 units/year by model.

36

Proactive Sales Expansion

YOROZU

Customer axis
Stable customer base

Product axis
Products for EVs

Region axis
Mainly in Japan,
China and US

Expanding sales of products for EVs



Nissan Ariya
(BEV)



Nissan Sakura
(BEV)



Nissan X-Trail
(e-POWER)



Mitsubishi eK X EV
(BEV)



Toyota bZ4X
(BEV)



Subaru Solterra
(BEV)



© YOROZU CORPORATION. 2022 All Rights Reserved.

37

Proactive Sales Expansion

YOROZU

Customer axis
Stable customer base

Product axis
Products for EVs

Region axis
Mainly in Japan,
China and US

Expanding sales of products for EVs



Nissan Ariya
(BEV)



Venucia e30
(BEV)



Dacia Spring
(BEV)



Dongfeng EV EX1
PRO SUV (BEV)



GAC Honda
e:NP1 (BEV)



Dongfeng Honda
e:NS1 (BEV)



GAC Toyota
bZ4X (BEV)



© YOROZU CORPORATION. 2022 All Rights Reserved.

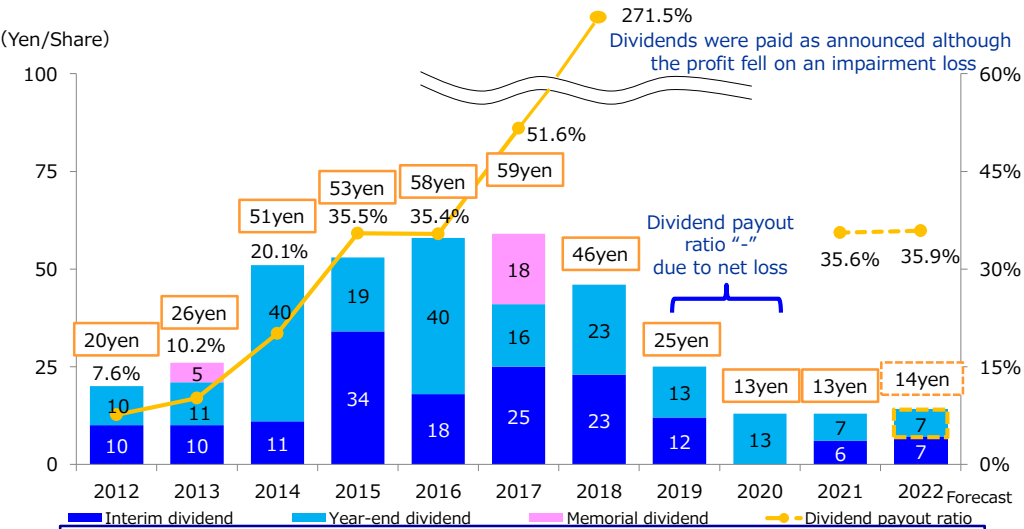
38

Contents

- I . FY2022 Second Quarter Financial Summary
- II . FY2022 First Half Results
- III . FY2022 Annual Forecast
- IV . Progress of FY2022 Approaches

V . Shareholder Return

V . Shareholder Return



Our shareholder return policy rests on dividend payment.
We strive for dividend sustainability with the dividend payment ratio of 35% or more.

– End –

FY2022 First Half **YOROZU** Financial Results

Thank you for your attention

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

Disclaimer and Copyright

The financial forecasts, future forecasts, strategies and other statements in this material are established based on judgments made within reasonable forecasts, according to the information available to the company at the time this material was prepared. However, there are risks and uncertainties in these forecasts, which could be caused by any special circumstances and situations that cannot be foreseen. Therefore, actual results may differ substantially from these forecasts.

Our company is fully committed to disclosing all information that we believe important to investors. However, investors are requested to refrain from making decisions based solely on these forecasts and statements contained within this material.

It is strictly prohibited to reproduce any part of this material in any form, including photocopying or forwarding, for any purpose without the prior consent of the company.

- Contact Us

Yorozu Corporation

Person responsible: Norio HIRANO, Member of the Board (EVP & CFO)

Contact personnel: Manabu OZAWA, Manager, Accounting Dept.

TEL 045-543-6802