




FY2022 Financial Results

Tsutomu Hiranaka, President & COO

This is an internal English translation of the YOROZU FY2022 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.



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



Contents

- I . Financial Summary
- II . FY2022 Results
- III . FY2023 Forecast
- IV . FY2023 Initiatives
- V . Shareholder Return

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Financial Summary

YOROZU

FY2022 Results

- Full-year profits increased by 1.5 times year-on-year benefitting from profit *kaizen* measures in the second half.
- Financial health was maintained by adequately-planned fund raising.

FY2023 Forecast

- Main customers' output volume will be on par with the preceding year as seen in the market trend.
- Profits will increase year-on-year, driven by streamlining efforts despite cost rises in new Tokai plant and electrification.
- The company keeps focusing on YSP2023 Mid-term Business Plan and will launch further growth initiative.

Shareholder Return

- FY2022 year-end dividend per share: JPY18.00
FY2022 annual dividend per share: JPY25.00
(FY2021 annual dividend per share: JPY13.00)
FY2022 dividend payout ratio: 42.4%
- FY2023 annual dividend per share: JPY26.00 (plan)
FY2023 dividend payout ratio: 42.0% (forecast)

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FY2022 Consolidated Financial Summary **YOROZU**

(Year-on-Year)

Million yen	FY2021	FY2022	Year-on-Year	FY2022 Latest Forecast*2	Against Latest Forecast
Sales	127,316	160,560	26.1%	160,000	0.4%
Operating Income	2,096	3,088	47.3%	2,500	23.5%
Ordinary Income	2,284	2,992	31.0%	2,400	24.7%
Net Income*1	876	1,422	62.3%	950	49.7%

*1 Net Income attributable to parent company shareholders

*2 Estimated figures as of Mar.22, 2023

	FY2021 A	FY2022 B	Difference B-A	Percentage of Change
Net Income per Share	36.55 yen	59.00 yen	22.45 yen	61.4%
Exchange Rate Applied	109.90 yen/\$	131.62 yen/\$	21.72 yen/\$	19.8%

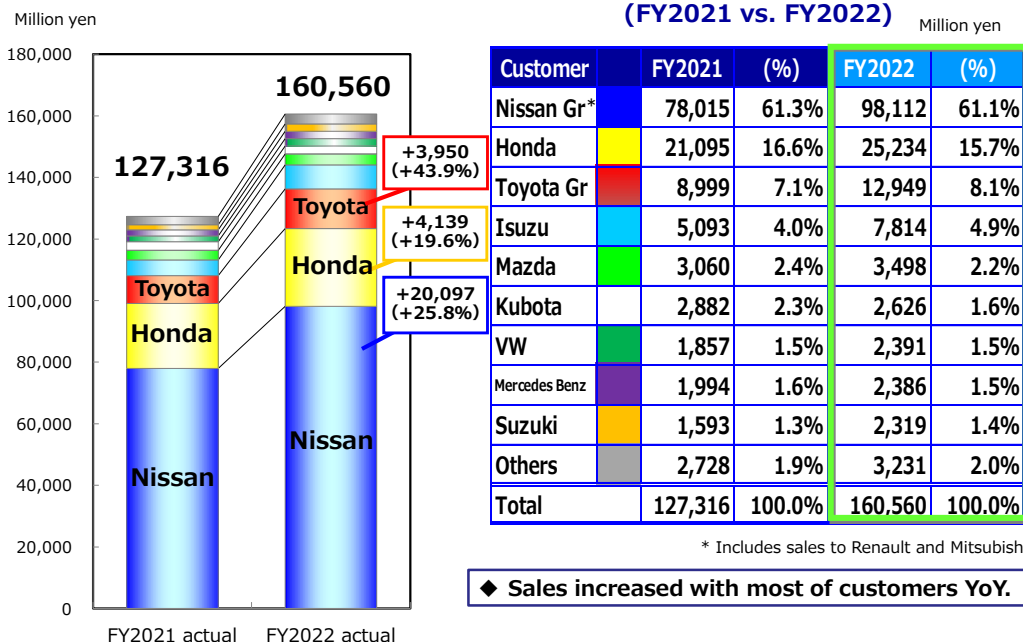
- ◆ **Sales:** Increased as steel prices rose and exchange rate fluctuated with weak yen
- ◆ **Operating income:** Increased by streamlining efforts and recovery of partial energy costs
- ◆ **Ordinary income:** Increased as operating income was raised
- ◆ **Net income:** Increased as ordinary income was raised and tax burden was reduced

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Consolidated Sales by Customer **YOROZU**

(FY2021 vs. FY2022)

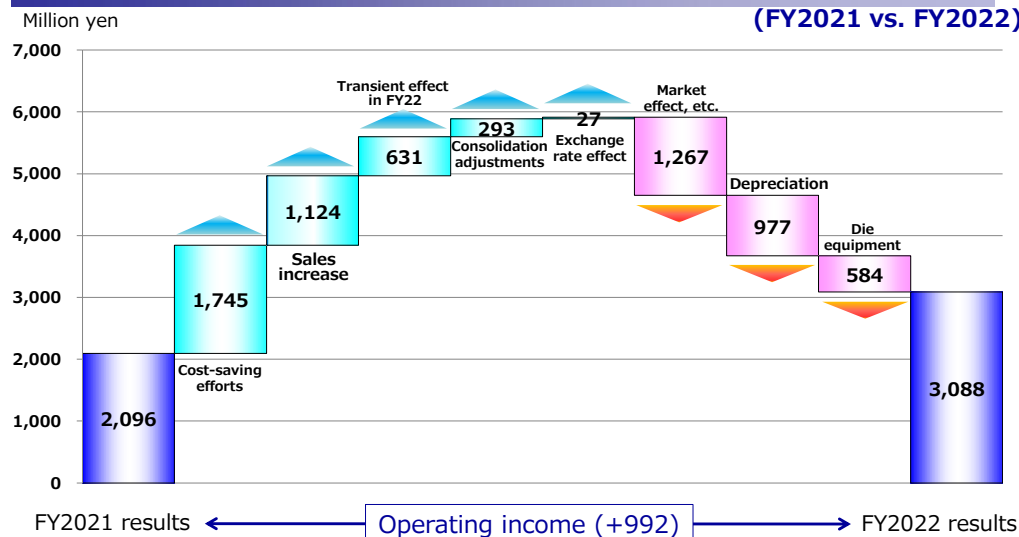


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Analysis of Impact on Consolidated Operating Income YOROZU

(FY2021 vs. FY2022)



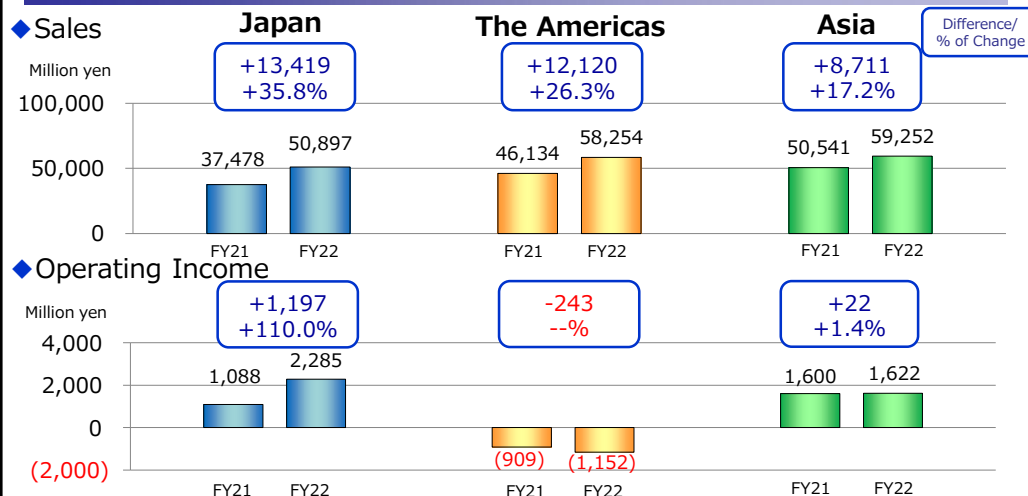
Profit growth was driven by steady streamlining efforts and recovery of partial energy costs.

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Sales and Operating Income by Region YOROZU

Before Consolidation Adjustment FY2021 vs. FY2022



- ◆ Japan: An increase in sales and profit was posted, led by a rise in production volume and royalty.
- ◆ The Americas: Foreign exchange rates helped overcome the decreased production volume and bring a sales increase but profits went down.
- ◆ Asia: Sales increased, led by a steel price hike and foreign exchange effects. A small rise in operating income was posted due to compensation of production equipment.

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Financial Standing for the year ended March 31, 2023 YOROZU

(Million yen)	Mar. 31, 2022 A	Mar. 31, 2023 B	Difference (B-A)	
Net Worth	57,039	63,630	6,591	11.6%
Equity Ratio	42.6%	45.0%	--	--
Interest-bearing Debt	0.60 34,259	0.52 32,835	(1,424)	(4.2)%
Net Interest-bearing Debt	0.09 5,392	0.14 9,217	3,825	70.9%
Total Assets	133,992	141,511	7,519	5.6%
(Million yen)	FY2021 Full Term A	FY2022 Full Term B	Difference (B-A)	
Cash Flow from Operating Activities	14,914	2,924	(11,990)	(80.4)%
Cash Flow from Investing Activities	(4,536)	(5,164)	(628)	--
Cash Flow from Financing Activities	(13,816)	(4,819)	8,997	--
D/E ratio remains stable based on the properly-planned fund raising.				

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(Reference) Consolidated Balance Sheet Summary YOROZU

For the year ended March 31, 2023

Million yen	Mar. 31, 2022 A	Mar. 31, 2023 B	Difference B-A
Current Assets	66,475	72,582	6,107
Fixed Assets	67,516	68,928	1,412
Total Assets	133,992	141,511	7,519
Current Liabilities	44,592	44,393	(199)
Fixed Liabilities	19,021	19,677	656
Total Liabilities	63,613	64,071	458
Shareholders' Equity	61,761	62,961	1,200
Other Accumulated Comprehensive Income	(4,721)	668	5,389
Non-controlling Interest, etc.	13,338	13,809	471
Total Net Assets	70,378	77,439	7,061
Total Liabilities and Net Assets	133,992	141,511	7,519

Cash & bank deposit	(5,249)
Notes & accounts receivable	4,925
Inventories	4,972
Other current assets	660
Tangible fixed assets	1,731
Deferred tax assets	(278)
Notes and accounts payable	(864)
Electronically recorded obligations	1,643
Short-term debts	1,915
Long-term debts due within 1 year	(3,931)
Accrued expenses	1,034
Long-term debts	1,284
Retirement benefit obligations	(318)
Net income	1,422
Dividend payment	(337)
Other securities valuation difference	269
Foreign currency translation adjustment	4,940

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Consolidated Financial Forecast Summary for FY2023

YOROZU

Million yen	FY2022 Actual A	Sales Ratio	FY2023 Forecast B	Sales Ratio	Difference B-A	Percentage of Change
Sales	160,560	100.0%	160,000	100.0%	(560)	(0.3)%
Operating Income	3,088	1.9%	3,200	2.0%	112	3.6%
Ordinary Income	2,992	1.9%	2,700	1.7%	(292)	(9.8)%
Net Income ^{*1}	1,422	0.9%	1,500	0.9%	78	5.5%

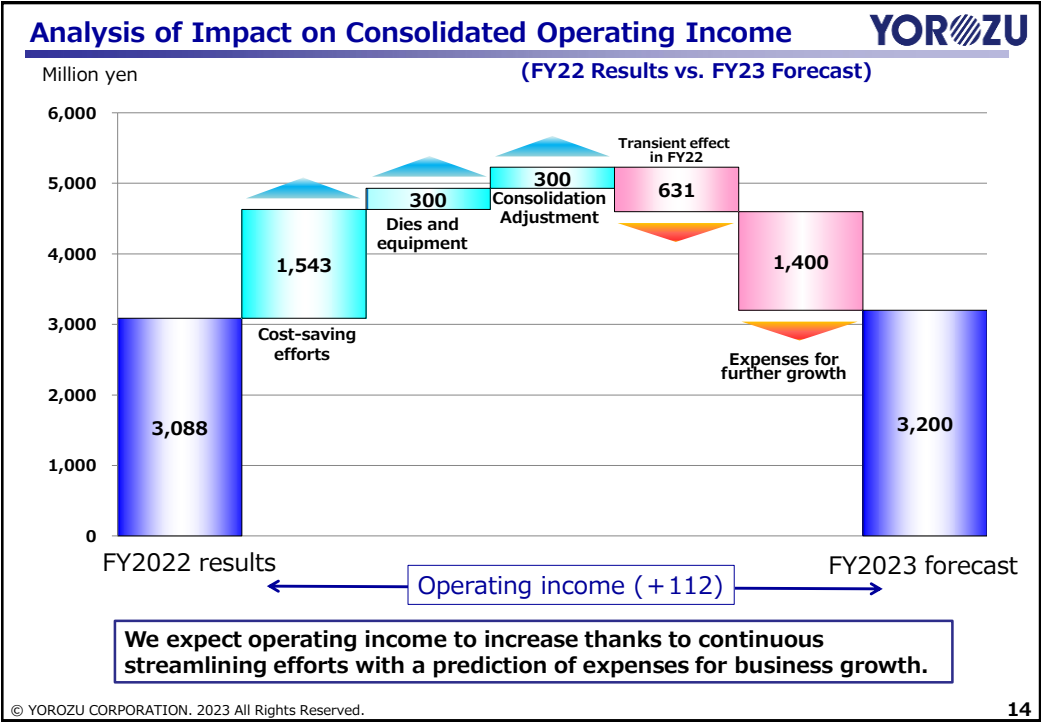
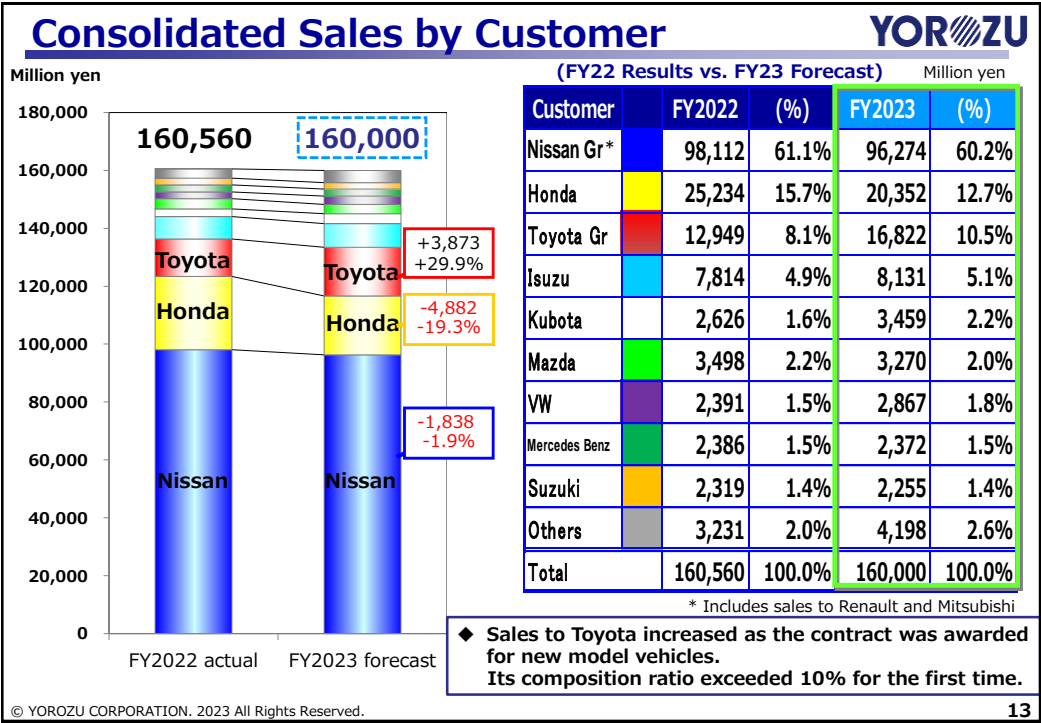
^{*1} Net income attributable to the parent's shareholders

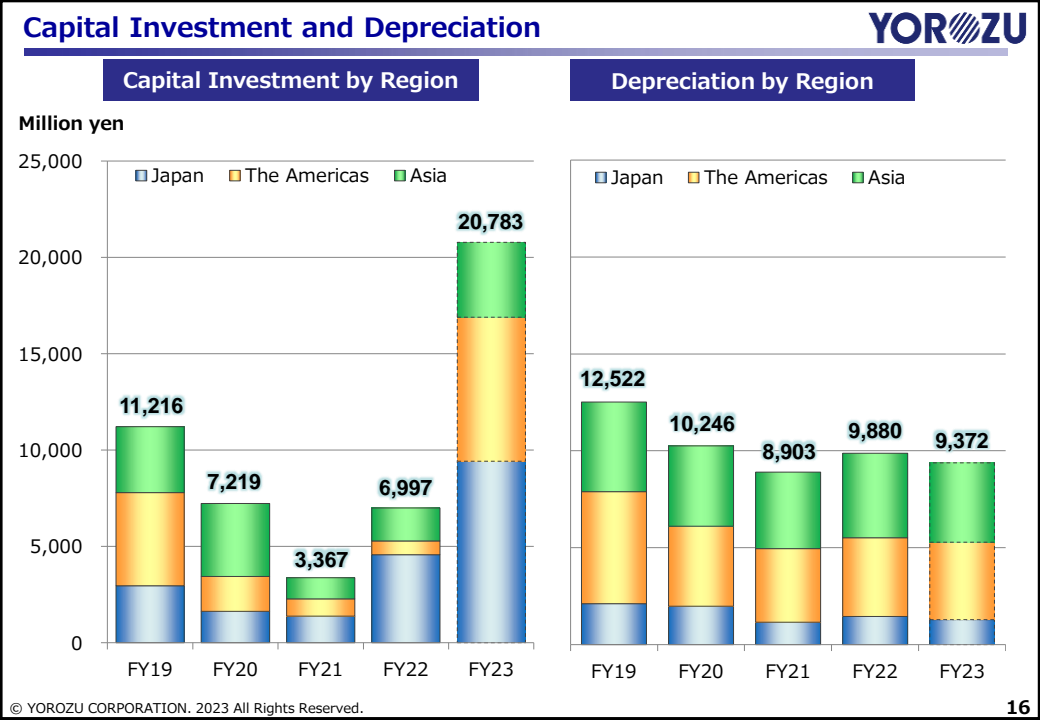
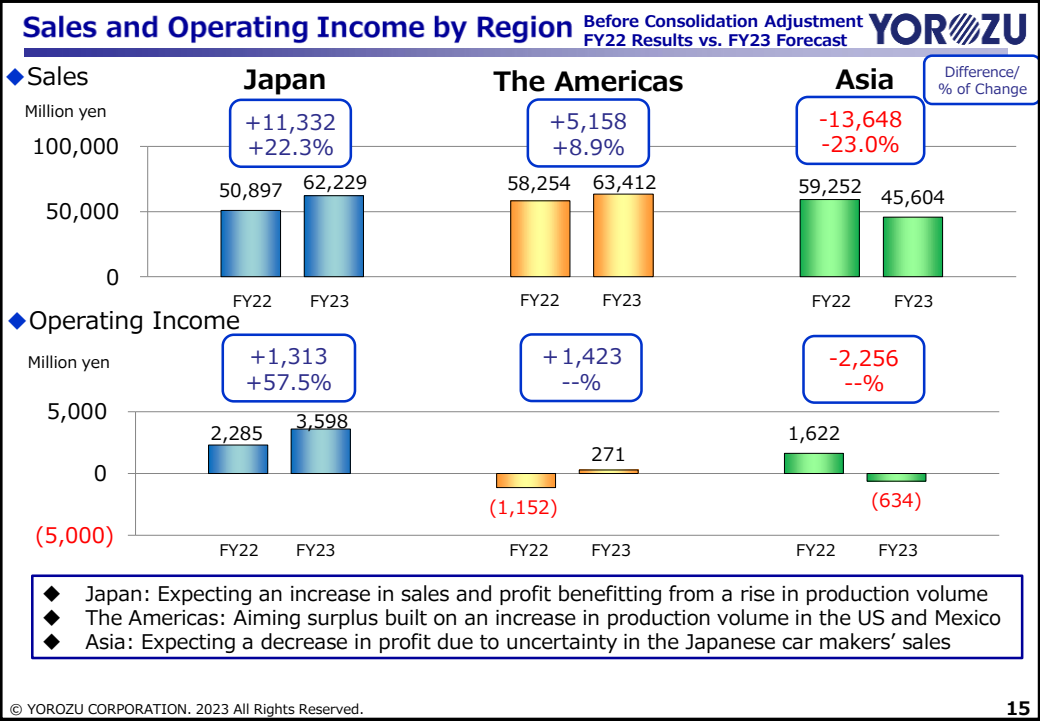
	FY2022 Actual A	FY2023 Forecast B	Difference B-A	Percentage of Change
Net Income per Share	59.00 yen	61.91 yen	2.91 yen	4.9%
Exchange Rate Applied	131.62 yen/\$	130.00 yen/\$	(1.62) yen/\$	(1.2)%

- ◆ Sales are expected to be on par with the previous term despite possible market recovery.
- ◆ Thanks to streamlining efforts, operating income is expected to increase year-on-year even with expenses for business growth.

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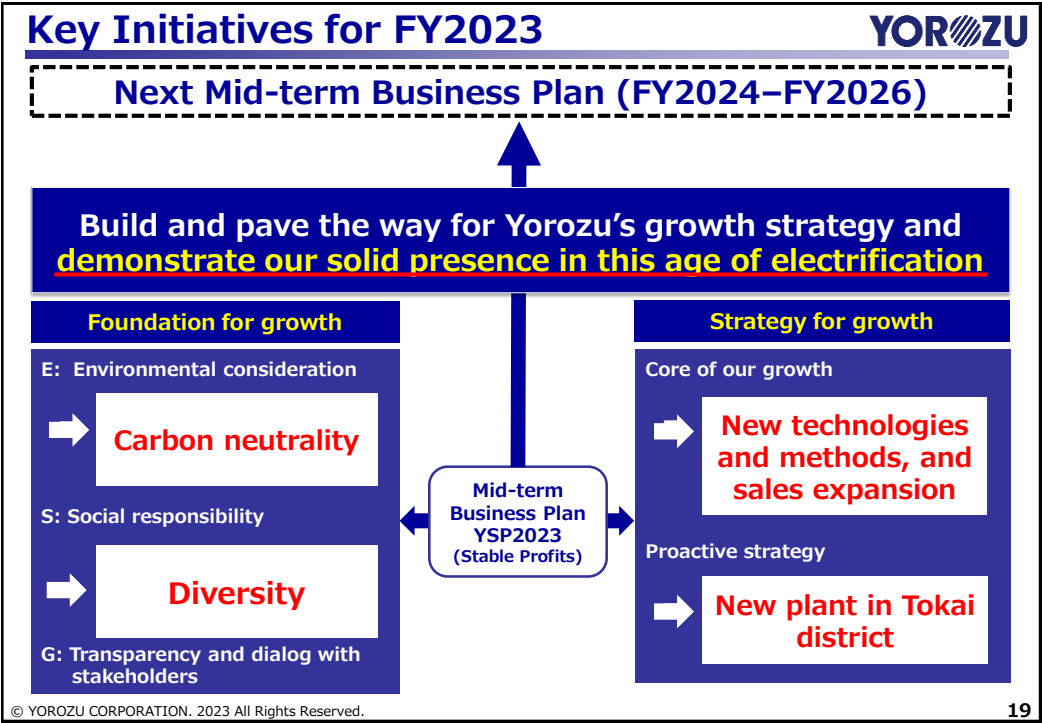
Topics in FY2022

YOROZU

Policy		Topics in FY2022
General		<ul style="list-style-type: none"> ● Issued YoroZu Integrated Report (August)
ESG Management	Environmental	<ul style="list-style-type: none"> ● Switched to 100% green power at YoroZu Oita (March), Yokohama-HQ (July), Shonai YoroZu & YoroZu Engineering (November) ● 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
	Social	<ul style="list-style-type: none"> ● Advanced Workstyle Reform to Employee Engagement Reform ● Promoted co-existence with the local community
	Governance	<ul style="list-style-type: none"> ● Organized an online general shareholders meeting (June) ● Established a supplier hotline operated by a third-party service provider (October)
	DX	<ul style="list-style-type: none"> ● Promoted digital transformation (DX) in manufacturing
Stable Profits		<ul style="list-style-type: none"> ● Strengthened efforts to ensure stable profits ● Expanded the application of unique technologies that flexibly adapt to changes in production
New Technologies and Methods		<ul style="list-style-type: none"> ● Through LCA approach, established CO2 reduction technology that contributes to society and customers ● Expanded sales based on customer/product/region axes

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Yorozu Sustainability Plan 2023

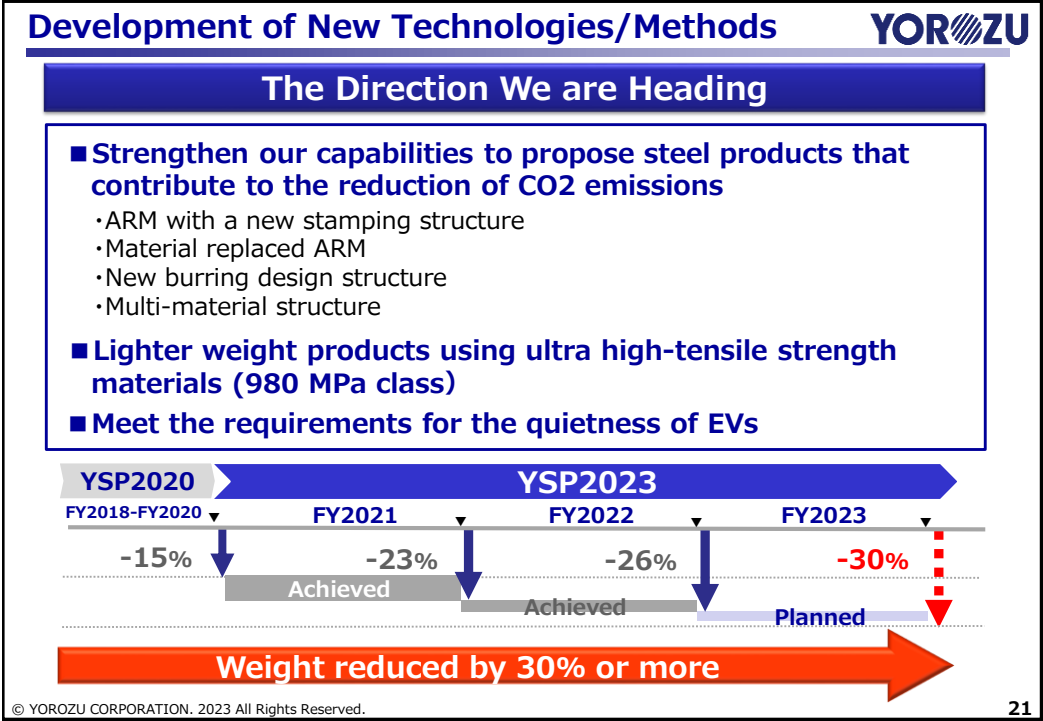
Mid-term Business Plan

YOROZU

New Technologies/Methods and Sales Expansion

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Development of New Technologies/Methods – Examples

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Patented Technology

ARM with new stamping structure


(Weight cut by 11%, CO2 reduced* by 2.0K tons)
Int'l patent number WO2022/185525 A1

Key point

Weight reduction

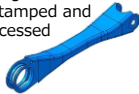
◆Conventional part

Three separate parts are welded



◆Newly developed part

A single sheet metal is stamped and processed



Succeeded in forming the product from a single sheet metal, which used to be made by welding component parts such as pipe materials

Patented Technology

Material replaced ARM

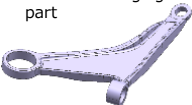
(CO2 reduced* by 28.1K tons)
Int'l patent number WO2022/070248 A1

Key point

Steel products with rigidity equal to aluminum

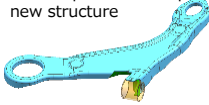
◆Conventional part

Aluminum forging part



◆Newly developed part

Welded part with unique new structure



By replacing aluminum parts with steel, rigidity has increased while reducing CO2 emissions in the steel making process

These technologies will be applied to additional models.
Further sales expansion activities are in progress.

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*Estimate based on model life of 6 years, 200K units/year

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Development of New Technologies/Methods

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Weight reduced by using (980 MPa class) ultra high-tensile materials

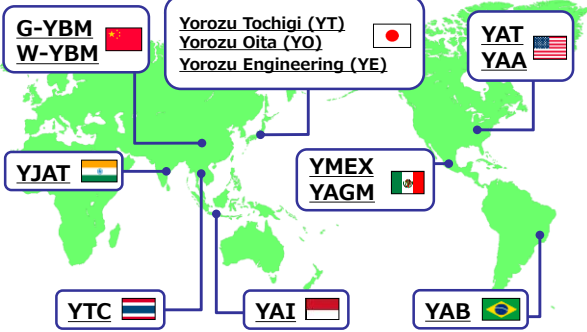
Our strength

◆Application expanded to include mid-/large-size vehicles through our **well-established technology in thick sheet metal processing**

◆Our global production sites are equipped with large stamping presses capable of meeting the production requirements

➡Market launch scheduled in FY2023

Production sites with 1000t - 3500t large press machines



Technical contribution with steel products

Timing	FY2023
Item	ARM made of ultra high-tensile steel sheet (980 MPa class)
Point of development	Development in the technology of press-forming and welding ultra high-strength materials enabling the use of thinner steel sheets Market launch scheduled
Weight	Reduced by 15% (from 9.20 kg to 7.82 kg)
CO2 emissions*	Reduced by 40.7K tons

*Estimate based on model life of 6 years, 200K units/year

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Development of New Technologies/Methods

Responding to a higher level of quietness required of EVs

Internal combustion engine vehicles

Engine

Fuel tank

Muffler

Motor

Battery

Controller

EVs
(Heavier vehicle weight)

Functions required of parts

Lighter in weight

Improved quietness

Sound and vibration specific to EVs and issues to be solved

- Tire noise
- Wind noise
- High-pitch squealing
- Micro vibration, etc. while driving

We are on the path to establishing technologies that ensure the precise control of sound and vibration by working extensively on the development of elemental technology.

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Development of New Technologies/Methods

New approach as we look beyond YSP2023

Changes in the global automotive environment

Demand for new cars
(mainly ICE, HEVs and shift to EVs)

Up to around 2030

→

Less demand for new cars
(EVs to account for half of total demand)

By around 2040

- The ratio of EVs will increase as we move toward a carbon-free society.
- Car "owning" shifts to car "sharing" as MaaS gains momentum.

Build a collaboration system encompassing joint development projects based on self-developed technology

Opportunities

- Higher level of technical requirements for EVs (weight, noise, vibration)
- Increase of parts related to electrification of vehicles

Threats

- Decline in car production volume
- Structural shift in the industry (vertical ⇒ horizontal)

◆ Step up the technology of applying ultra high-tensile materials (980 MPa)

◆ Develop new items for automotive parts

◆ Develop new items from new materials

◆ Go into non-automotive parts business

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Contribution to Electrification of Society, Sales Expansion

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Customer axis

Stable customer base

Product axis

Products for EVs

Region axis

Mainly Japan, China and the U.S.

Strengthen marketing of products for EVs



Nissan Ariya

(BEV)



Nissan Sakura

(BEV)



Nissan X-Trail

(e-POWER)



Nissan Serena

(e-POWER)



Mitsubishi eK X EV

(BEV)



Mitsubishi Delica Mini

(HEV)




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Contribution to Electrification of Society, Sales Expansion

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Toyota bZ4X

(BEV)




Toyota Prius

(HEV/PHEV)




Lexus RZ

(BEV)




Lexus RX

(HEV/PHEV)




Subaru Solterra


(BEV)



Mazda CX-60


(PHEV)






Honda Accord

(HEV)



Lexus RX

(HEV/PHEV)




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Contribution to Electrification of Society, Sales Expansion


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Nissan Ariya
(BEV)




Venucia e30
(BEV)




Dacia Spring
(BEV)




GAC Honda e:NP1
(BEV)




Dongfeng Honda e:NS1
(BEV)



Dongfeng EV EX1
PRO SUV (BEV)



GAC Toyota bZ4X
(BEV)



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Contribution to Electrification of Society, Sales Expansion

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The new Tokai plant will play a key role in our sales activities

We are committed to working on the four initiatives to ensure the **Group's competitive edge** in the sales expansion activities.

Vision of the new plant (the four initiatives)

Give full attention to the **environment**

Co-exist with the **community**


Contribute to electrification with **quality products**


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


EVs with Yorozu Aichi products

Toyota bZ4X

Subaru Solterra







2021

2024

2027 onwards

Fiscal Year

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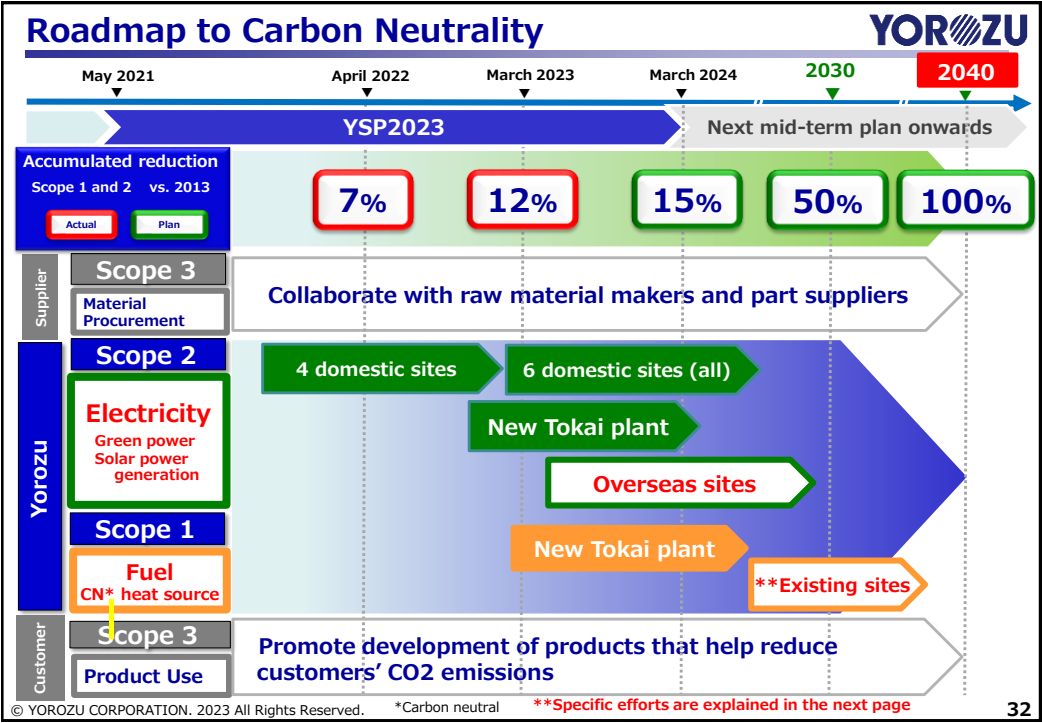
Yorozu Sustainability Plan 2023

Mid-term Business Plan

Promotion of Carbon Neutrality

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Working Toward Carbon Neutrality

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Scope 1: Low carbonization of boilers at the existing sites

Scope 1
Fuel
CN* heat
source

◆New Tokai plant (100% carbon neutral)
Gas is replaced with green power as the heat source for painting facilities

◆Existing sites (domestic)
Step 1: Shift to LNG as a low carbon solution

*Carbon neutral

[Reducing CO2 emissions from the use of fuel]

Achieving Carbon Neutrality in the Production Process

CO2 emissions without kaizen

Improved energy efficiency

Renewables such as solar power

Purchasing zero-carbon power

Fuel conversion

CO2 emissions reduction line

CO2 emissions from electricity use

CO2 emissions from fuel use

Zero CO2 emissions in the production process

2013

(CO2 -55%)
2030

(CO2 -100%)
2040

Step 1: Low carbonization

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Yorozu Sustainability Plan 2023

Mid-term Business Plan

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Diversity

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Diversity: Business and Human Rights

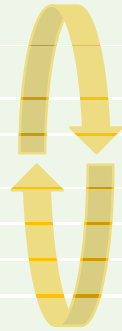
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Human Rights Due Diligence

Objective

To fulfill social responsibility to avoid or mitigate adverse impacts on human rights

◆ Due Diligence Process



- ① Prepare and disseminate human rights policies
- ② Identify the company's potential risk
- ③ Take relief measures
- ④ Identify and evaluate impacts
- ⑤ Take corrective action
- ⑥ Prevent and mitigate
- ⑦ Track and observe
- ⑧ Disclose information

*Compliant with OECD Due Diligence Guidance

◆ Organization

Human Rights Due Diligence Committee

Hiranaka-President

Haruta-EVP

Kume-EVP

Secretariat

Function Group Chairman & Regional Department Head

◆ Monitoring System

Board of Directors

Report

Supervise

Human Rights Due Diligence Committee

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Diversity: Hiring, Development & Empowerment

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	FY22	FY23
Women's Advancement	<ul style="list-style-type: none">•Platinum Eruboshi certification (continuing)•Women interview•Training for women executive candidates•Career development training for non-managers	<ul style="list-style-type: none">•Platinum Eruboshi certification (continuing)•Career development training (engineering)
Men's Parental Leave	<ul style="list-style-type: none">•Manager training for understanding promotion•Creation of working environment	<ul style="list-style-type: none">•Application for Kurumin certification (April)•Interview with applicants

Launching Talent Management System

Empowerment

Engagement


Training

Hiring

- Employee profile
- Evaluation record
- One-on-one meeting record
- Training record
- Employee satisfaction survey record

➡ Increase human capital value in adherence with Management Strategy

We will make ceaseless efforts to create a better workplace so that every employee **wants to continue working at YoroZu** and **feels proud to be a part of it.**



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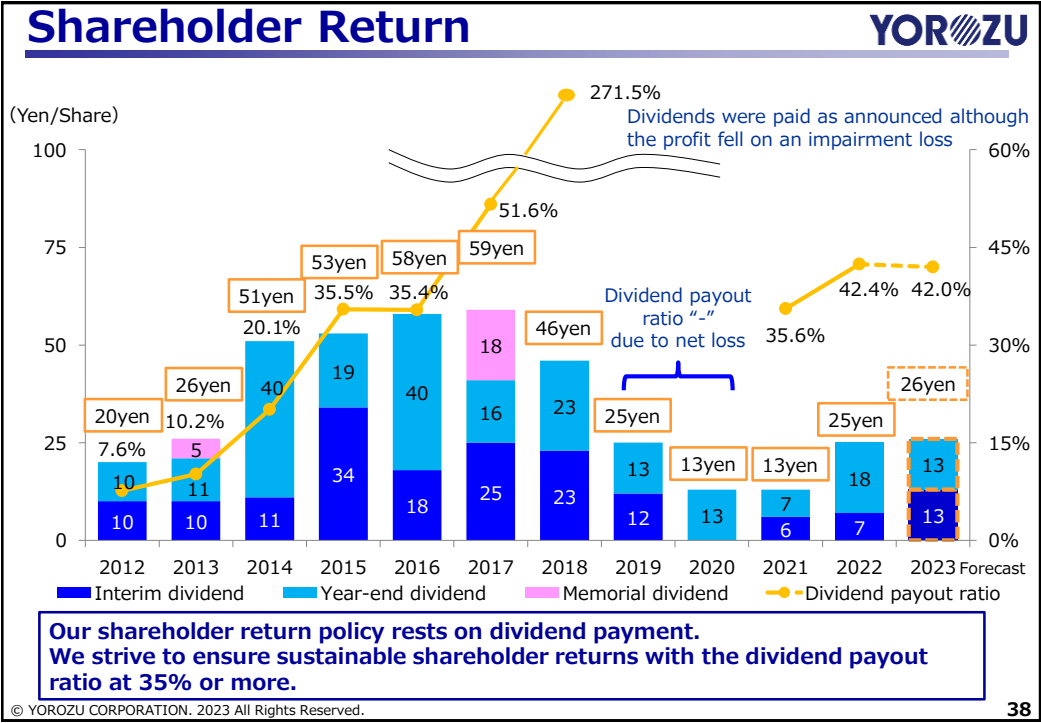
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<https://www.yorozu-corp.co.jp/en/>

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