



**YOROZU**

# 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.

**YOROZU** 株式会社 **ヨロズ**

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

**Contents** **YOROZU**

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

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## Financial Summary

### 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 **YOR**

(Year-on-Year)

| Million yen             | FY2021  | FY2022  | Year-on-Year | FY2022 Latest Forecast*2 | Against Latest Forecast |
|-------------------------|---------|---------|--------------|--------------------------|-------------------------|
| <b>Sales</b>            | 127,316 | 160,560 | 26.1%        | 160,000                  | 0.4%                    |
| <b>Operating Income</b> | 2,096   | 3,088   | 47.3%        | 2,500                    | 23.5%                   |
| <b>Ordinary Income</b>  | 2,284   | 2,992   | 31.0%        | 2,400                    | 24.7%                   |
| <b>Net Income*1</b>     | 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 |
|------------------------------|---------------|---------------|----------------|----------------------|
| <b>Net Income per Share</b>  | 36.55 yen     | 59.00 yen     | 22.45 yen      | 61.4%                |
| <b>Exchange Rate Applied</b> | 109.90 yen/\$ | 131.62 yen/\$ | 21.72 yen/\$   | 19.8%                |

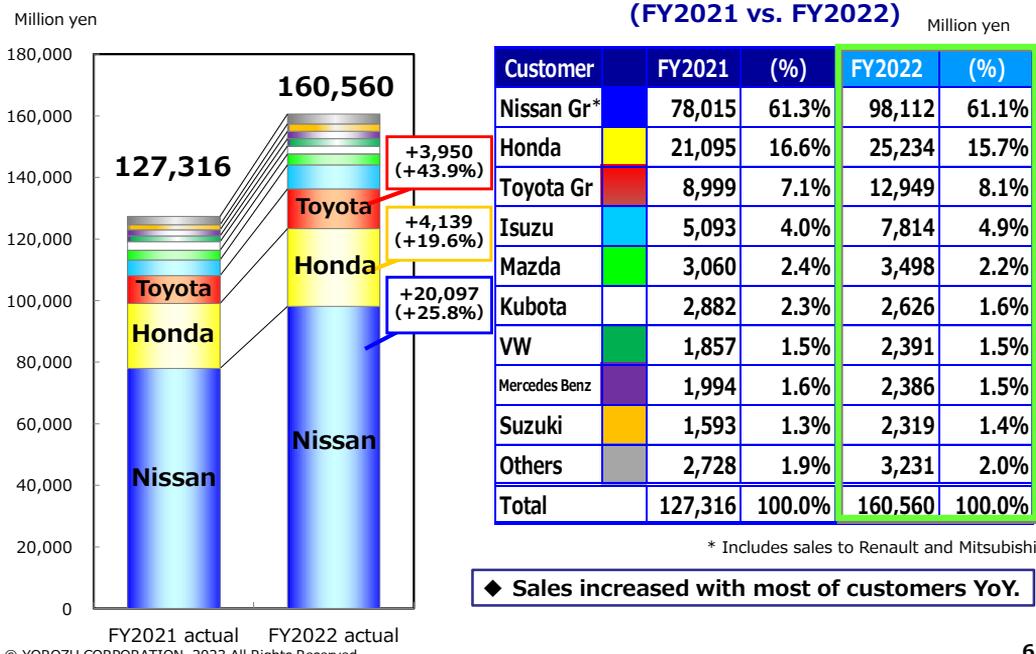
- ◆ Sales: Increased as steel prices rose and exchange rate fluctuated with weak yen
- ◆ Operating income: Increased by streamlining efforts and recovery of partial energy costs
- ◆ Ordinary income: Increased as operating income was raised
- ◆ Net income: Increased as ordinary income was raised and tax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

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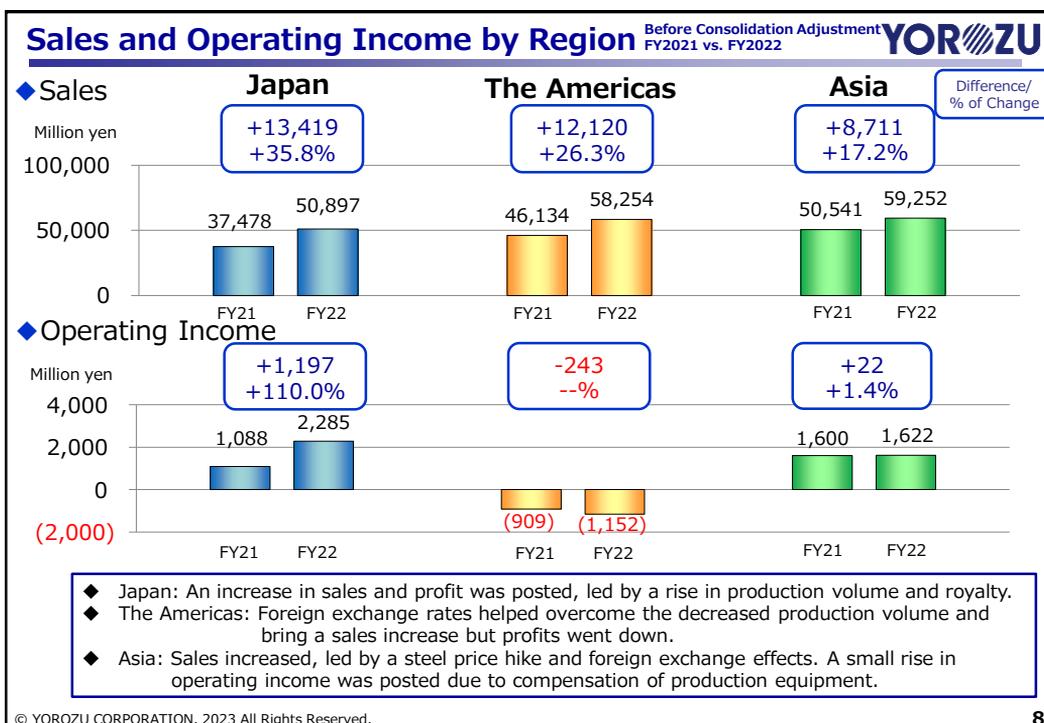
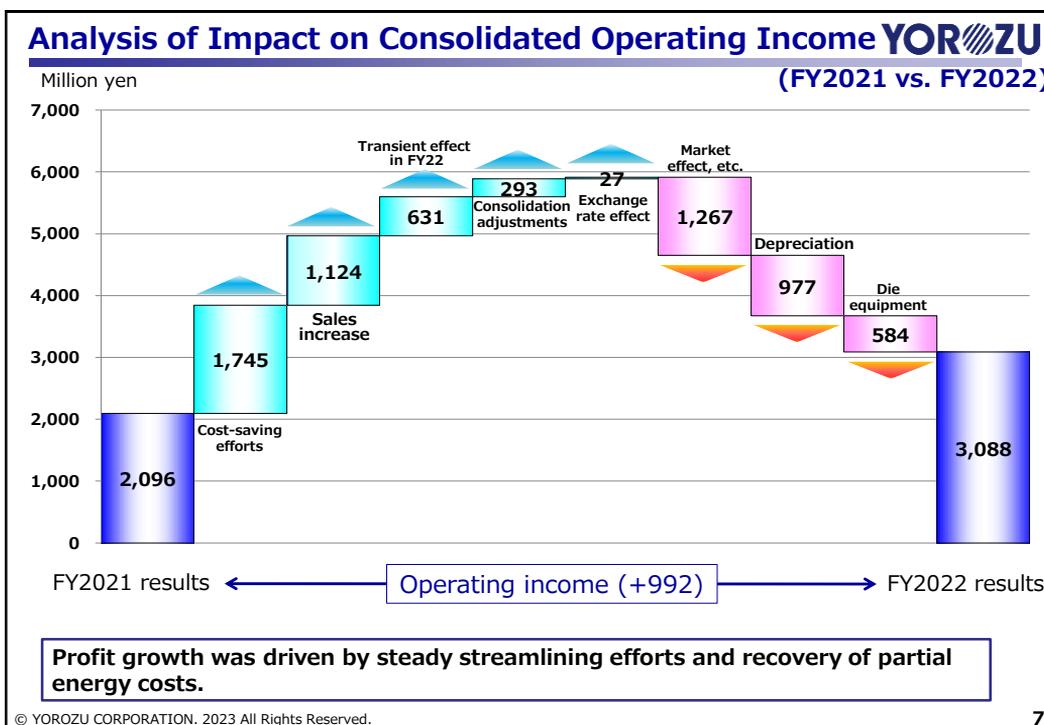
## Consolidated Sales by Customer **YOR**

(FY2021 vs. FY2022)



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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     | <b>D/E ratio</b><br>0.60 34,259    | <b>0.52</b> 32,835 | (1,424)          | (4.2)% |
| Net Interest-bearing Debt | <b>NET D/E ratio</b><br>0.09 5,392 | <b>0.14</b> 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

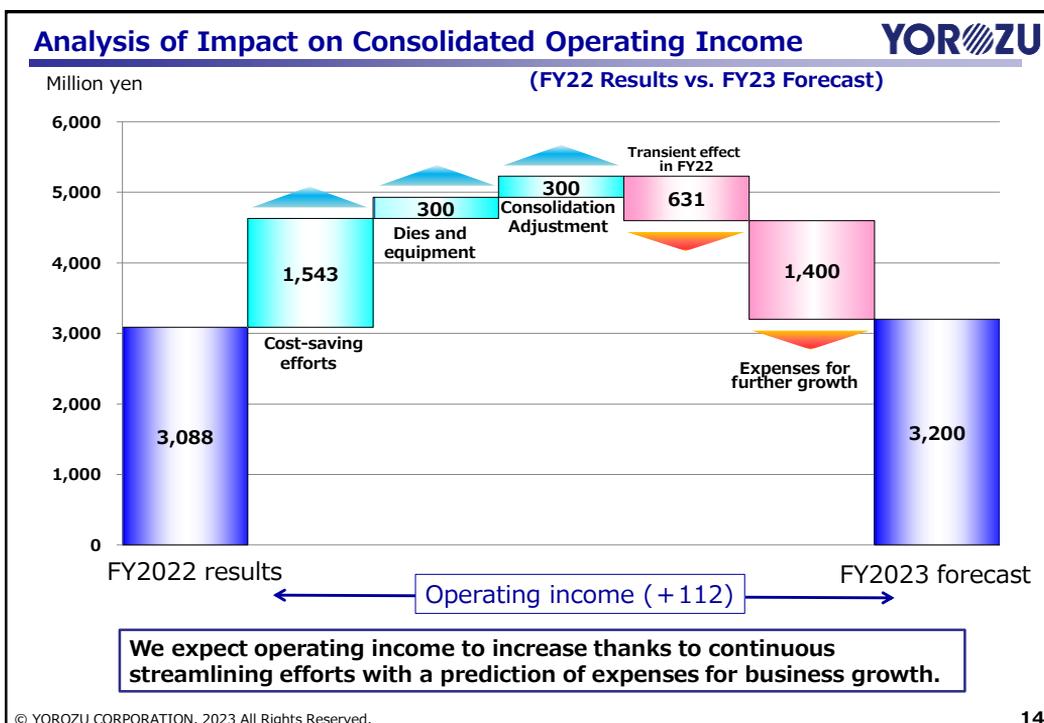
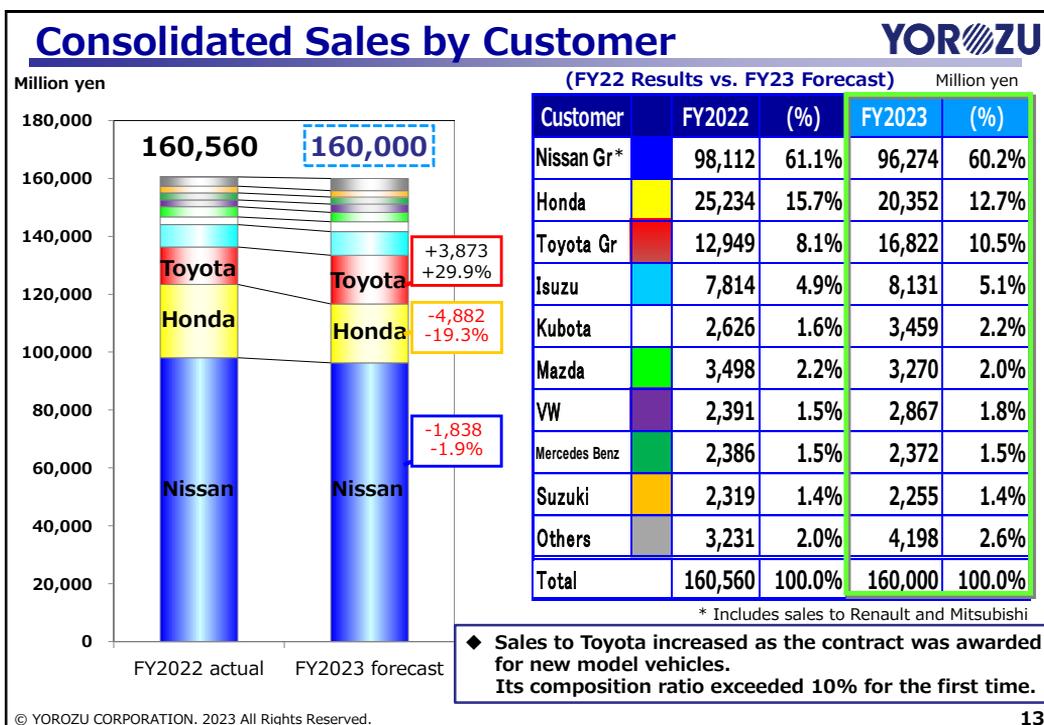
**YOROZU**

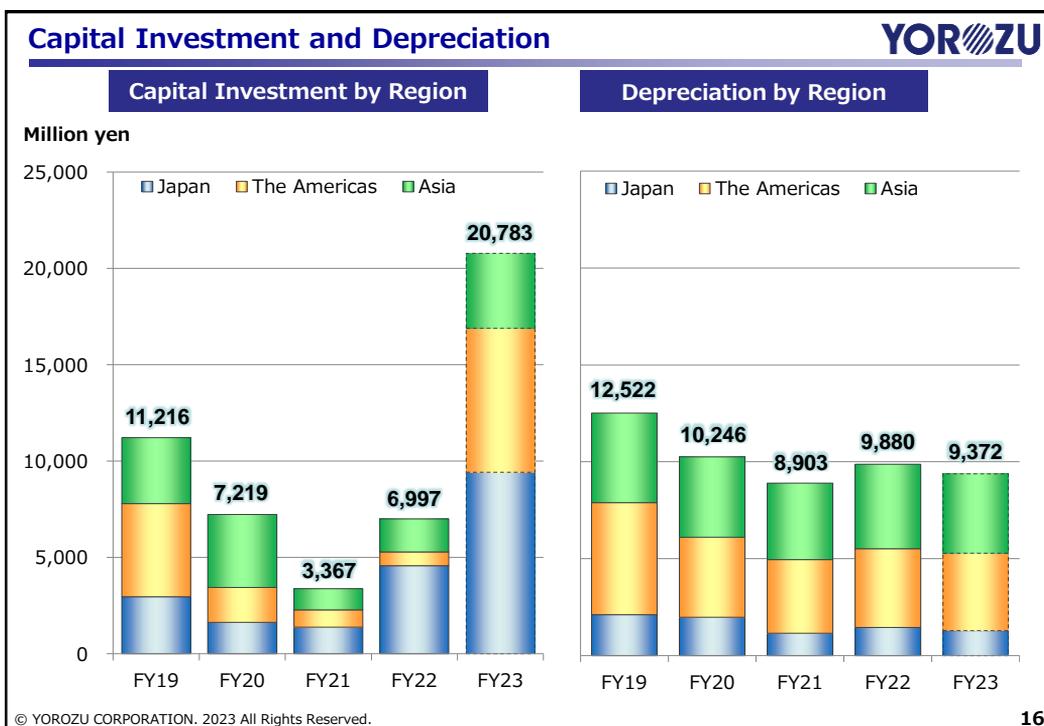
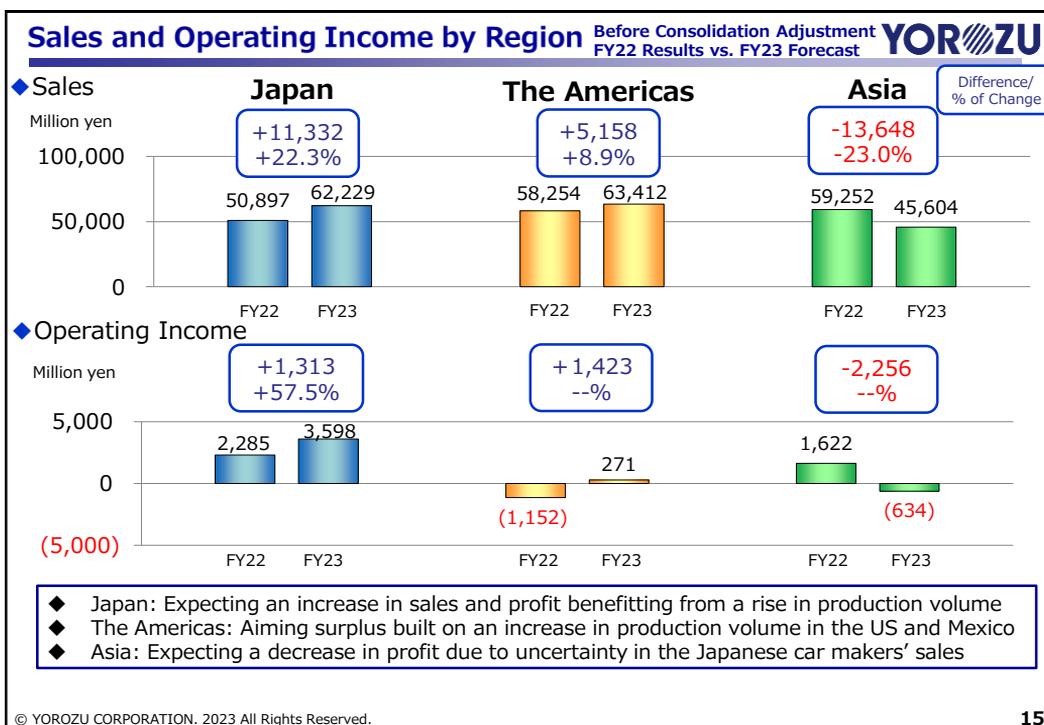
| Million yen              | FY2022 Actual A | Sales Ratio | FY2023 Forecast B | Sales Ratio | Difference B-A | Percentage of Change |
|--------------------------|-----------------|-------------|-------------------|-------------|----------------|----------------------|
| Sales                    | 160,560         | 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 <sup>*1</sup> | 1,422           | 0.9%        | 1,500             | 0.9%        | 78             | 5.5%                 |

<sup>\*1</sup> 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.



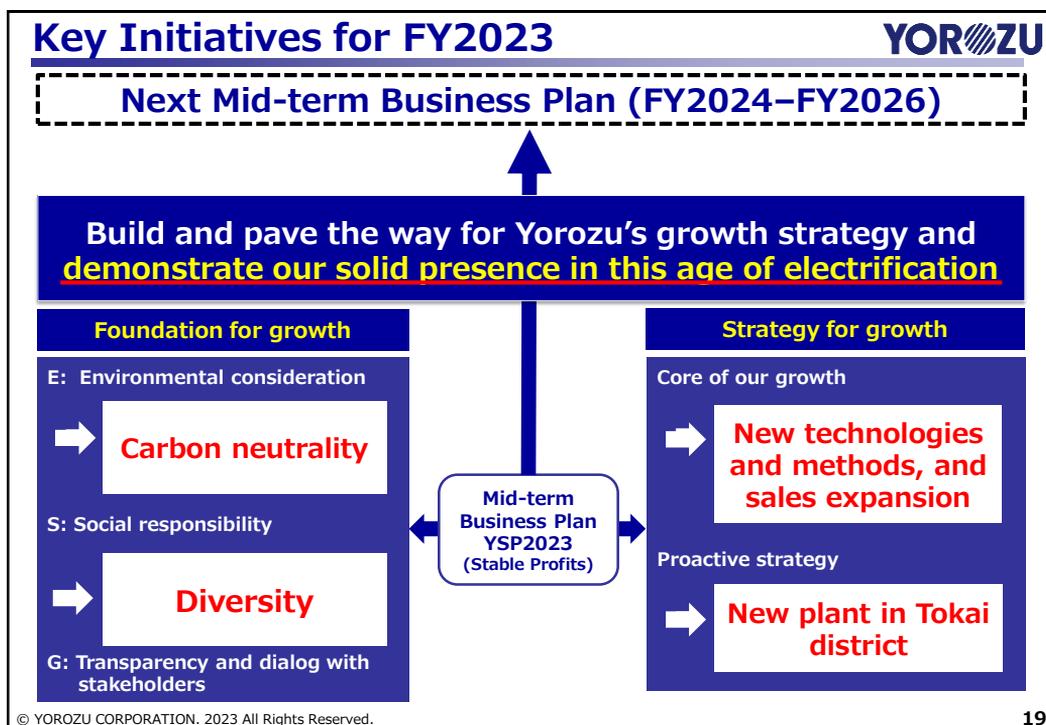


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| Topics in FY2022             |  | YOROZU   |
|------------------------------|--|--|
| Policy                       | Topics in FY2022   |  |
| General                      | <ul style="list-style-type: none"> <li>● Issued YoroZu Integrated Report (August)</li> </ul>   |  |
| ESG Management               | Environmental  | <ul style="list-style-type: none"> <li>● Switched to 100% green power at YoroZu Oita (March), Yokohama-HQ (July), Shonai YoroZu &amp; YoroZu Engineering (November)</li> <li>● Received Kanagawa Renewable Energy User Certificate (September)</li> <li>● Revised YoroZu Green Procurement Guidelines (June)</li> <li>● Disseminated YoroZu Sustainability Guidelines 1<sup>st</sup> edition to suppliers (August)</li> <li>● Developed carbon neutrality strategies of the new Tokai Plant</li> </ul> |
|                              | Social   | <ul style="list-style-type: none"> <li>● Advanced Workstyle Reform to Employee Engagement Reform</li> <li>● Promoted co-coexistence with the local community</li> </ul>  |
|                              | Governance   | <ul style="list-style-type: none"> <li>● Organized an online general shareholders meeting (June)</li> <li>● Established a supplier hotline operated by a third-party service provider (October)</li> </ul>   |
|                              | DX   | <ul style="list-style-type: none"> <li>● Promoted digital transformation (DX) in manufacturing</li> </ul>  |
| Stable Profits               | <ul style="list-style-type: none"> <li>● Strengthened efforts to ensure stable profits</li> <li>● Expanded the application of unique technologies that flexibly adapt to changes in production</li> </ul>                |  |
| New Technologies and Methods | <ul style="list-style-type: none"> <li>● Through LCA approach, established CO2 reduction technology that contributes to society and customers</li> <li>● Expanded sales based on customer/product/region axes</li> </ul> |  |

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## Development of New Technologies/Methods YOROZU

### The Direction We are Heading

- **Strengthen our capabilities to propose steel products that contribute to the reduction of CO2 emissions**
  - ARM with a new stamping structure
  - Material replaced ARM
  - New burring design structure
  - Multi-material structure
- **Lighter weight products using ultra high-tensile strength materials (980 MPa class)**
- **Meet the requirements for the quietness of EVs**

**YSP2020** (FY2018-FY2020)      **YSP2023** (FY2021-FY2023)

FY2021: -15% (Achieved)    FY2022: -23% (Achieved)    FY2023: -26% (Achieved)    FY2024: -30% (Planned)

Weight reduced by 30% or more

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## Development of New Technologies/Methods – Examples YOROZU

### Patented Technology ARM with new stamping structure

(Weight cut by 11%, CO2 reduced\* by 2.0K tons)

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

Toyota Prius (HEV/PHEV)

Rear lower arm

Lexus RX (HEV/PHEV)

Rear lower arm

### Patented Technology Material replaced ARM

(CO2 reduced\* by 28.1K tons)

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

Nissan Serena (e-POWER)

Front lower arm

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## Development of New Technologies/Methods – Examples YOROZU

**Patented Technology**

### ARM with new stamping structure

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

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**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

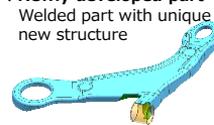
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**Key point**      **Steel products with rigidity equal to aluminum**

◆ **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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## Development of New Technologies/Methods YOROZU

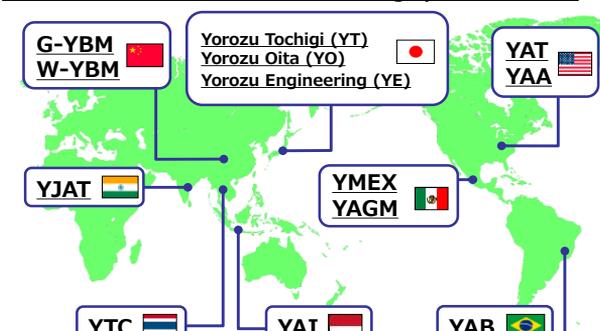
### Weight reduced by using (980 MPa class) ultra high-tensile materials

**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<br><span style="background-color: #e0e0e0; padding: 2px;">Market launch scheduled</span> |
| Weight                                     | Reduced by 15%<br>(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 YOROZU

### Responding to a higher level of quietness required of EVs

**Internal combustion vehicles** → **EVs**  
(Heavier vehicle weight)

**Engine**



**Fuel tank**

**Muffler**

**Motor**



**Battery**

**Controller**

**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 YOROZU

### 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**

↓

◆ 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

**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)

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## Contribution to Electrification of Society, Sales Expansion **YOROZU**

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 **YOROZU**



**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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**YOROZU**

**Yorozu Sustainability Plan 2023** Mid-term Business Plan

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## Promotion of Carbon Neutrality

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**YOROZU**

May 2021      April 2022      March 2023      March 2024      2030      2040

YSP2023      Next mid-term plan onwards

|   |  |   |   |                |                 |                  |     |      |
|---|--|---|---|----------------|-----------------|------------------|-----|------|
| Accumulated reduction<br>Scope 1 and 2 vs. 2013 |  | Actual  | Plan  | 7%             | 12%             | 15%              | 50% | 100% |
| Supplier  | Scope 3<br>Material Procurement                                    | Collaborate with raw material makers and part suppliers |   |                |                 |                  |     |      |
|   | Scope 2<br>Electricity<br>Green power<br>Solar power<br>generation | 4 domestic sites  | 6 domestic sites (all)  |                | New Tokai plant |                  |     |      |
| Yorozu  | Scope 1<br>Fuel<br>CN* heat source                                 | New Tokai plant   |   | Overseas sites |                 | **Existing sites |     |      |
|   | Customer   | Scope 3<br>Product Use                                  | Promote development of products that help reduce customers' CO2 emissions |                |                 |                  |     |      |

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## Working Toward Carbon Neutrality



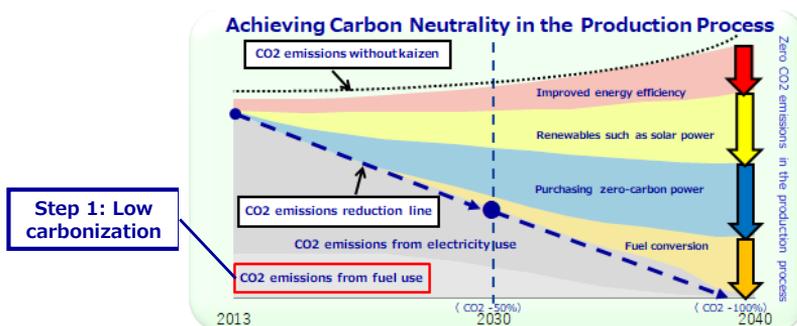
### Scope 1: Low carbonization of boilers at the existing sites

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]



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## Yorozu Sustainability Plan 2023

Mid-term Business Plan



# Diversity

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# Diversity: Business and Human Rights YOROZU

## Human Rights Due Diligence

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

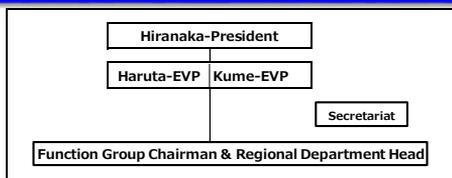
### ◆ Due Diligence Process



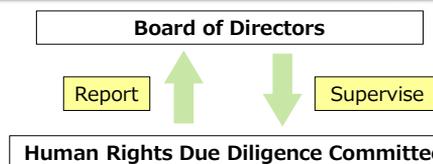
\*Compliant with OECD Due Diligence Guidance

### ◆ Organization

#### Human Rights Due Diligence Committee



### ◆ Monitoring System



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# Diversity: Hiring, Development & Empowerment YOROZU

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

### Launching Talent Management System



- 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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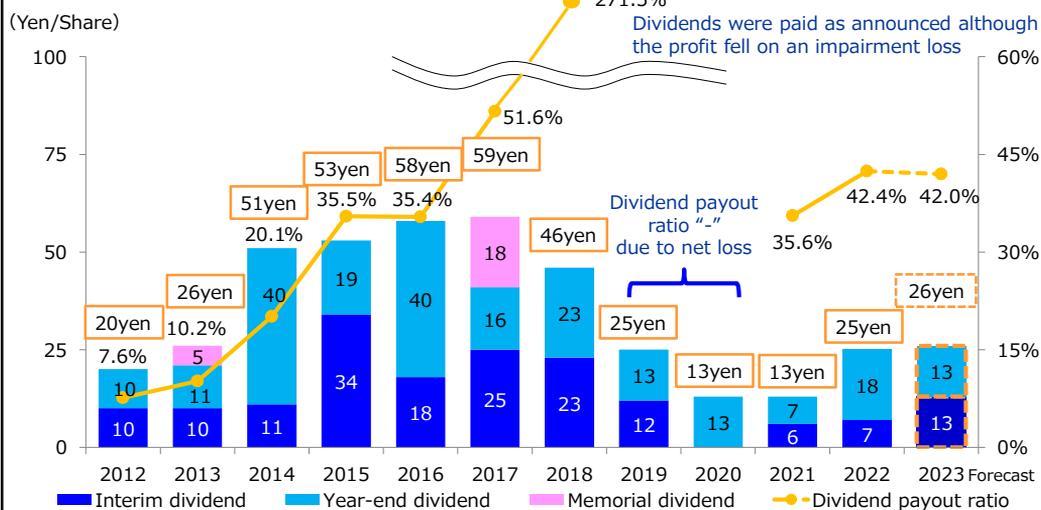
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# Shareholder Return



**Our shareholder return policy rests on dividend payment. We strive to ensure sustainable shareholder returns with the dividend payout ratio at 35% or more.**

**– End –**

FY2022 **YOROZU** Financial Results  
Thank you for your attention

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

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