



FY2023 Financial Results

Tokyo Stock Exchange Prime Market (Securities Code: 7294)

Tsutomu Hiranaka
President & COO

Note:

This is an internal English translation of the Report originally issued in Japanese, created for the convenience of English-speaking readers. In case of any discrepancies, the Japanese version will take precedence.

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(Explained in the new medium-term business plan)

I . Financial Summary



Financial Summary

FY2023 Results

- **Both sales and profits increased and the increase in operating income was 1.4 times YoY**, thanks to a rise in sales and streamlining efforts.
- **Net income fell short due to an impairment loss of 11.8 billion yen** related to Chinese market.
- Our financial standing remains stable, supported by properly-planned fundraising strategies.

FY2024 Forecast

- Under the current market trend, **consistent production volume at major customers YoY** is expected.
- Streamlining efforts will contribute to **consistent operating income YoY** despite of YSMC* launch costs.
- As **we embark on the first year of the new medium-term business plan**, we are determined to achieve targets.

* YSMC stands for Yorozu Sustainable Manufacturing Center.

Shareholder Return

- Dividend per share paid at **the end of FY2023: 17 yen** (+2 yen from the previous announcement)
- **Annual Dividend per share** paid in FY2023: **30 yen** (+5 yen from FY2022)
- **Annual Dividend per share** planned in FY2024: **31 yen** with a dividend payout ratio of 72.0%

II . FY2023 Results

FY2023 Consolidated Financial Summary (Year-on-Year)

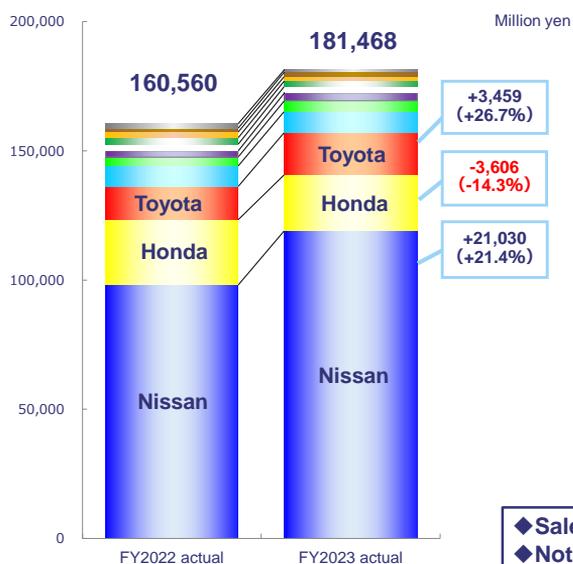
Million yen	FY2022	FY2023	Year-on-Year	FY2023 Latest Forecast ^{*2}	Against Latest Forecast
Sales	160,560	181,468	+13.0%	181,000	+0.3%
Operating Income	3,088	4,459	+44.4%	3,200	+39.3%
Ordinary Income	2,992	4,517	+51.0%	3,200	+41.2%
Net Income ^{*1}	1,422	(3,926)	--	(6,500)	--

^{*1} Net income attributable to parent company shareholders ^{*2} Estimated figures as of March 22, 2024

	FY2022 A	FY2023 B	Difference B-A	Percentage of Change
Net Income per Share	59.00 yen	(162.07) yen	(221.07) yen	--
Exchange Rate Applied	131.62 yen/\$	140.66 yen/\$	+9.04 yen/\$	+6.9%

- ◆ Sales increased attributed to positive impact of higher steel prices and weakening of yen, in addition to market recovery.
- ◆ Operating income witnessed growth thanks to the recovery in production volume in Japan and the Americas as well as suppressed fixed costs.
- ◆ Ordinary income increased as a result of the rise in operating income.
- ◆ Net income experienced a decline due to an impairment loss incurred by consolidated subsidiaries.

Consolidated Sales by Customer (FY2022 vs. FY2023)

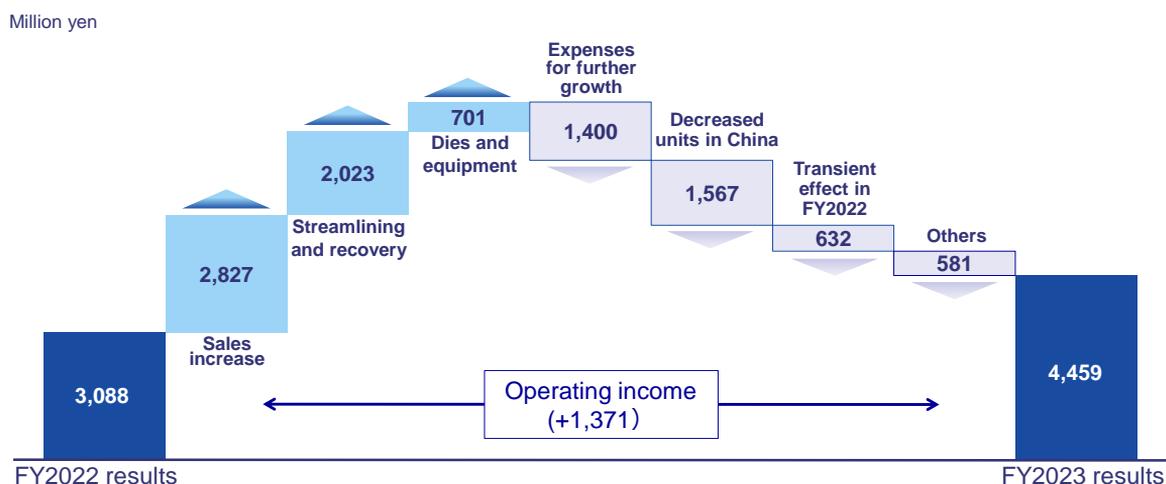


Customer	FY2022	(%)	FY2023	(%)
Nissan Gr. *	98,112	61.1%	119,142	65.7%
Honda Gr.	25,234	15.7%	21,628	11.9%
Toyota Gr.	12,949	8.1%	16,408	9.0%
Isuzu Gr.	7,814	4.9%	8,181	4.5%
Mazda	3,498	2.2%	4,024	2.2%
VW	2,391	1.5%	3,040	1.7%
Kubota	2,626	1.6%	2,597	1.4%
Mercedes Benz	2,386	1.5%	2,088	1.2%
Suzuki	2,319	1.4%	1,763	1.0%
Subaru	1,418	0.9%	1,722	0.9%
Others	1,813	1.1%	875	0.5%
Total	160,560	100.00%	181,468	100.00%

* Includes sales to Renault and Mitsubishi

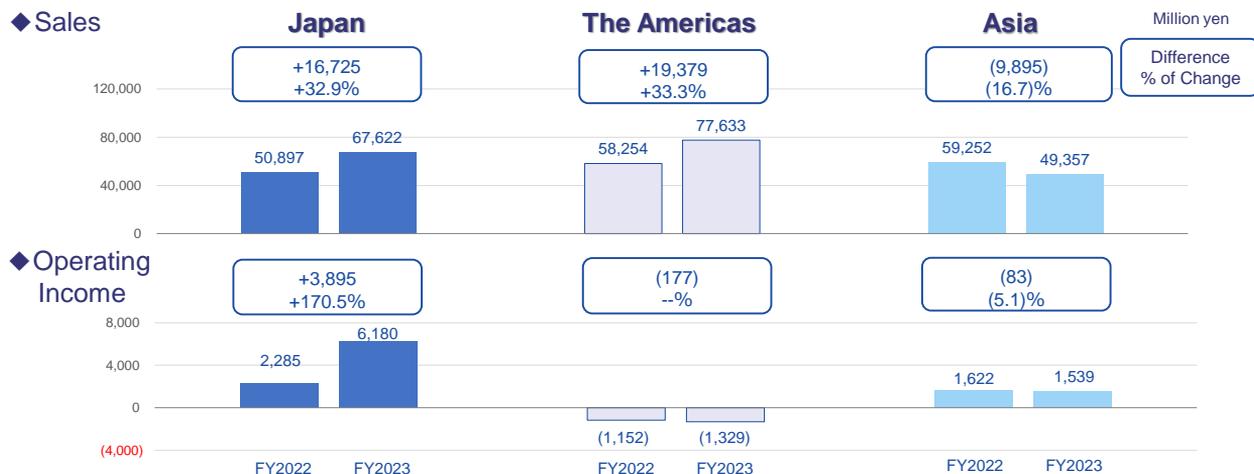
- ◆ Sales from numerous customers showed a YoY increase.
- ◆ Notable growth was observed from Nissan & Toyota.

Analysis of Impact on Consolidated Operating Income (FY2022 vs. FY2023)



Operating income has seen an increase, benefiting from a rise in sales, steady accumulation of streamlining efforts, and recovery of energy costs, etc.

Sales and Operating Income by Region Before Consolidation Adjustment (FY2022 vs. FY2023)



- ◆ Japan: Sales and profits increased, driven by the rise in production in core business and dies & equipment, alongside effective cost recovery offsetting the hike in costs.
- ◆ The Americas: A rise in production and favorable FX rates increased sales while profits dropped due to new model launch costs.
- ◆ Asia: We faced challenges with a decline in both sales and profits due to a decrease in production volume.

Financial Standing for the Year Ended March 31, 2024

(Million yen)		Mar. 31, 2023 A	Mar. 31, 2024 B	Difference (B-A)			
Net Worth		63,630	66,070	2,440	3.8%		
Equity Ratio		45.0%	46.4%	--	--		
Interest-bearing Debt	D/E ratio	0.52	0.51	32,835	33,389	554	1.7%
Net Interest-bearing Debt	Net D/E ratio	0.14	0.17	9,217	11,102	1,885	20.5%
Total Assets		141,511	142,257	746	0.5%		

(Million yen)		FY2022 Full Term A	FY2023 Full Term B	Difference (B-A)	
Cash Flow from Operating Activities		2,924	12,531	9,607	328.6%
Cash Flow from Investing Activities		(5,164)	(11,851)	(6,687)	--
Cash Flow from Financing Activities		(4,819)	(1,741)	3,078	--

D/E ratio remains stable based on the properly-planned fund raising.

(Reference) Consolidated Balance Sheet Summary for the Year Ended March 31, 2024

Million yen	Mar. 31, 2023 A	Mar. 31, 2024 B	Difference B-A		
Current Assets	72,582	75,373	2,791	Cash & bank deposit	(1,330)
Fixed Assets	68,928	66,884	(2,044)	Notes & accounts receivable	4,583
Total Assets	141,511	142,257	746	Inventories	(1,555)
Current Liabilities	44,393	49,815	5,422	Other current assets	771
Fixed Liabilities	19,677	16,949	(2,728)	Tangible fixed assets	(4,515)
Total Liabilities	64,071	66,764	2,693	Investments and other assets	2,448
Shareholders' Equity	62,961	58,394	(4,567)	Notes and accounts payable	647
Other Accumulated Comprehensive Income	668	7,676	7,008	Electronically recorded obligations	404
Non-controlling Interest, etc.	13,809	9,421	(4,388)	Short-term debts	7,621
Total Net Assets	77,439	75,493	(1,946)	Long-term debts due within 1 year	(2,875)
Total Liabilities and Net Assets	141,511	142,257	746	Others	(604)
				Long-term debts	(3,599)
				Others	923
				Net income	(3,926)
				Dividend payment	(749)
				Other securities valuation difference	1,658
				Foreign currency translation adjustment	5,161

III. FY2024 Forecast



Consolidated Financial Forecast Summary for FY2024

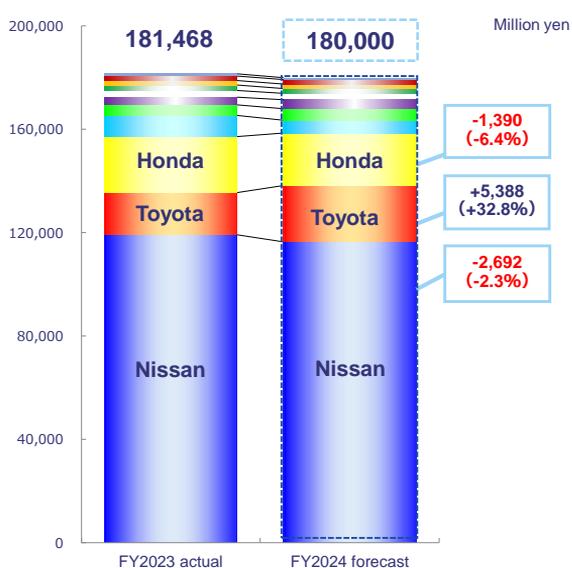
Million yen	FY2023 Actual A	Sales Ratio	FY2024 Forecast B	Sales Ratio	Difference B-A	Percentage of Change
Sales	181,468	100.0%	180,000	100.0%	(1,468)	(0.8)%
Operating Income	4,459	2.5%	4,500	2.5%	+41	+0.9%
Ordinary Income	4,517	2.5%	2,750	1.5%	(1,767)	(39.1)%
Net Income**	(3,926)	--	1,050	0.6%	+4,976	--

** Net income attributable to the parent's shareholders

	FY2023 Actual A	FY2024 Forecast B	Difference B-A	Percentage of Change
Net Income per Share	(162.07) yen	43.04 yen	+205.11 yen	---
Exchange Rate Applied	140.66 yen/\$	140.00 yen/\$	(0.66) yen/\$	(0.5)%

- ◆ Sales will remain stable YoY, given the non-transparent market environment.
- ◆ Operating income will remain at the same level YoY despite YSMC launch costs.

Consolidated Sales by Customer (FY2023 Results vs. FY2024 Forecast)



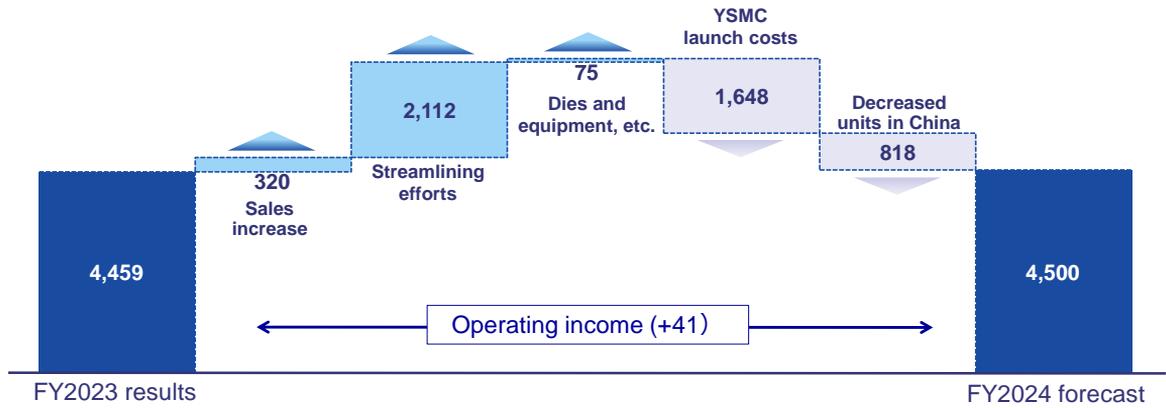
Customer	FY2023	(%)	FY2024	(%)
Nissan Gr.*	119,142	65.7%	116,450	64.7%
Toyota Gr.	16,408	9.0%	21,796	12.1%
Honda Gr.	21,628	11.9%	20,238	11.2%
Isuzu	8,181	4.5%	5,010	2.8%
Mazda	4,024	2.2%	4,410	2.5%
VW	3,040	1.7%	3,559	2.0%
Kubota	2,597	1.4%	2,430	1.4%
Mercedes Benz	2,088	1.2%	1,915	1.1%
Suzuki	1,763	1.0%	1,715	0.9%
Subaru	1,722	0.9%	1,641	0.9%
Others	875	0.5%	836	0.4%
Total	181,468	100.00%	180,000	100.00%

*Includes sales to Renault and Mitsubishi

Notable growth is expected in sales to Toyota.

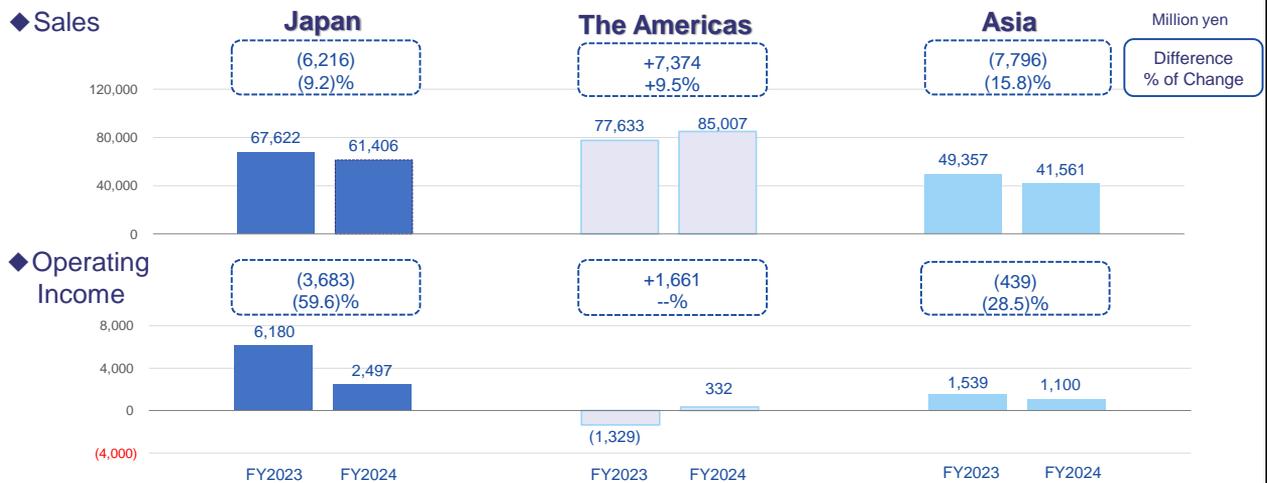
Analysis of Impact on Consolidated Operating Income (FY2023 Results vs. FY2024 Forecast)

Million yen



Operating income will remain stable YoY with steady accumulation of streamlining efforts and recovery of energy costs, etc.

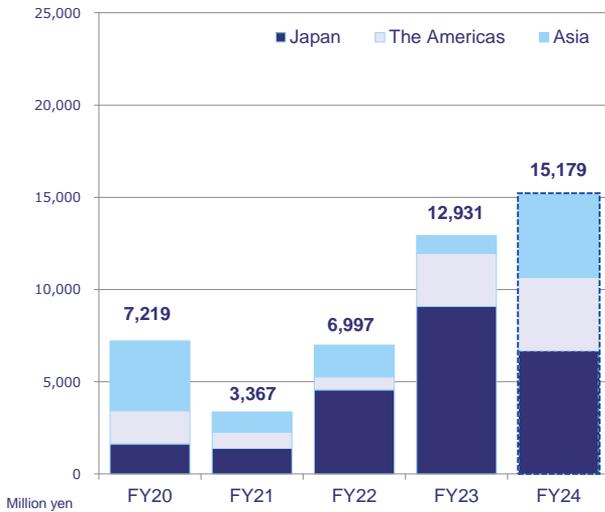
Sales and Operating Income by Region Before Consolidation Adjustment (FY2023 Results vs. FY2024 Forecast)



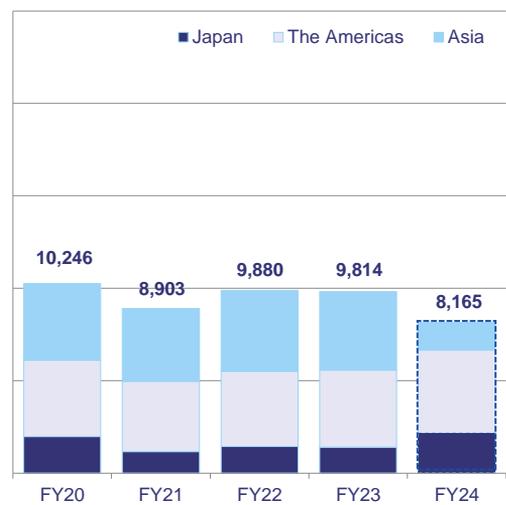
- ◆ Japan: A decline in both sales and profits is expected due to a drop in sales of dies & equipment and YSMC launch costs.
- ◆ The Americas: A rise in both sales and profits is expected thanks to an increase in production volume.
- ◆ Asia: A decline in both sales and profits is expected due to a decrease in production volume.

Capital Investment and Depreciation

Capital Investment by Region



Depreciation by Region



IV. New Medium-Term Business Plan

Becoming the “Company of preferred choice” for all stakeholders

Agenda

1. Review of the Previous Medium-Term Business Plan
YSP2023—[Yoro](#)zu [Sustainability Plan 2023](#)
2. New Medium-Term Business Plan
YSP2026—[Yoro](#)zu [Sustainability Plan 2026](#)
 - 1) What We Aim to Be and Management Policy
 - 2) Performance Targets
 - 3) Basic Policy and Key Strategies

1. Review of the Previous Medium-Term Business Plan

YSP2023

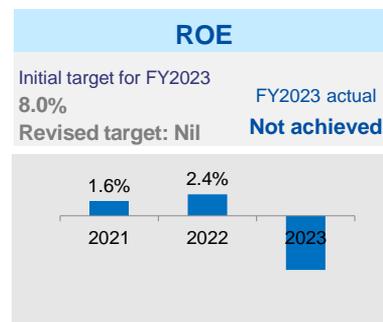
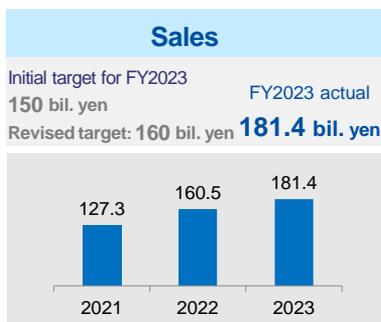


Financial Summary

【Overview】

Despite our efforts on resilient management, external factors prevented us from meeting the targets for operating income ratio and return on equity (ROE).

- Sales successfully surpassed the target.
- Operating income ratio fell short due to significant increase in material, resource, and energy costs.
- Similarly, ROE was impacted by a net loss resulting from an impairment loss on fixed assets.



Summary of the Strategies (Results)

We successfully **built and paved the way for our growth strategy** by prioritizing ESG management, specifically focusing on **CN initiatives** related to climate change measures, **adopting new technologies and methods for EVs**, and **strengthening our global sales expansion**.

Basic Policy		Review and Analysis	Rating
ESG Management	E: Environmental	● Surpassed the targets outlined in CN roadmap with proactive disclosure practices	Good
	S: Social	● Enhanced employee engagement, acquired Platinum Eruboshi, Kurumin, and Health & Productivity Management Outstanding Organization certificates	Good
	G: Governance	● Overcame challenges to meet the listing standards for TSE Prime Market	Fair
	DX promotion	● Implemented individual improvement consistently	Fair
	Stable profits	● Increased investments in new model launches ● Significant divergence occurred between customers' required volume and our production capacity in the Chinese market	Fair
	New technologies and methods	● Developed innovative lightweight techs with patented products for sales growth ● Commenced "collaboration" in development	Good
	Sales expansion	● Construction completed and operation started at YSMC* ● Received orders for EV parts from a diverse range of customers	Good

* YSMC stands for Yorozu Sustainable Manufacturing Center.

Summary of the Strategies (Issues)

Basic Policy		Rating	Issues pending from YSP2023	Category of pending actions	In relation to the New Medium-Term Plan
ESG Management	E: Environmental	Good	Fall behind the position as the frontrunner in comparison	Strengthen	Maintain our “advantages” and support business activities
	S: Social	Good	Lack of group-wide measures	Go in-depth	Develop individuals and the organization with a vision for future social and business structure
	G: Governance	Fair	Delay in strengthening financial strategies	Go in-depth	Respond to demand from stakeholders
	DX promotion	Fair	Delay with Horizontal-DX (H-DX)	Recover	Recover through application to YSMC (model factory)
	Stable profits	Fair	Delay in responding to market and business changes	Go in-depth	Manage the plants with structural reform in mind
	New technologies and methods	Good	Difficulties in creating unique technologies and new products	Strengthen	Dare to challenge the possibility of expanding technologies rather than sticking to in-house products and development
	Sales expansion	Good	No significant changes in customer composition	Strengthen	Strengthen business foundation through sales to a diverse range of customers

2. New Medium-Term Business Plan

YSP2026—Yorozu Sustainability Plan 2026

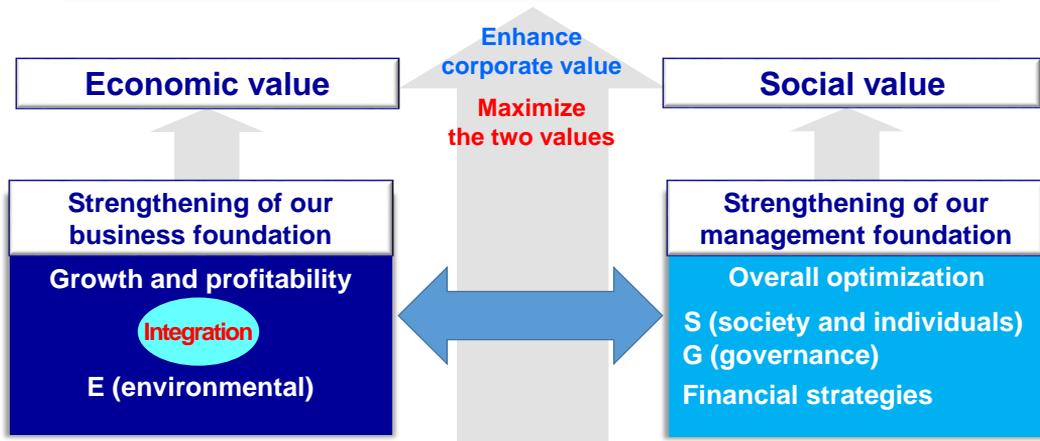
1) What We Aim to Be and Our Management Policy

What We Aim to Be

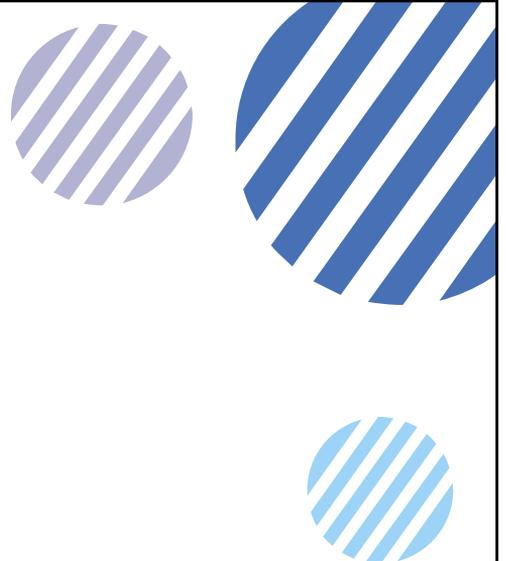


Management Policy

To become the **"Company of preferred choice"** 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



2) Performance Targets



Performance Targets

	Metrics	FY2023 Results	FY2026 Targets
Growth	Sales	181.4 billion yen	210.0 billion yen
Profitability	Operating income ratio	2.5%	4.5%
Efficiency	ROE	—	8.0%
Prerequisite	Exchange rate (USD/JPY)	140.66 yen	140.00 yen

3) Basic Policy and Key Strategies

Basic Policy

—To become the “Company of preferred choice” for all stakeholders—

Economic value

Strengthening of Our Business Foundation

Integration of E (environmental) management and “growth and profitability”

- 1 Creation of new technologies and methods, and sales expansion**
 - Development of new technologies that contribute to decarbonization and creation of new values through collaboration
 - Expansion of sales to a diverse range of customers
- 2 Improvement of profit structure**
 - Maximization of profits from new model launches
 - Analysis on production site reforms based on customer production trends in each region
- 3 E: *Monozukuri* with our weapon —environmental performance**
 - Continuous efforts for decarbonization in production
 - Establishment of a smart factory

Social value

Strengthening of Our Management Foundation

Overall optimization

- 4 S: Society and individuals —improvement of engagement**
 - Promotion of health and productivity management
 - Implementation of DE&I
- 5 G: Enhancement of governance**
 - Strengthening of governance and compliance
 - Compliance with appropriate business practices
- 6 Financial strategy**
 - Shareholder return
 - Cross-shareholdings

Strengthening of Our Business Foundation

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

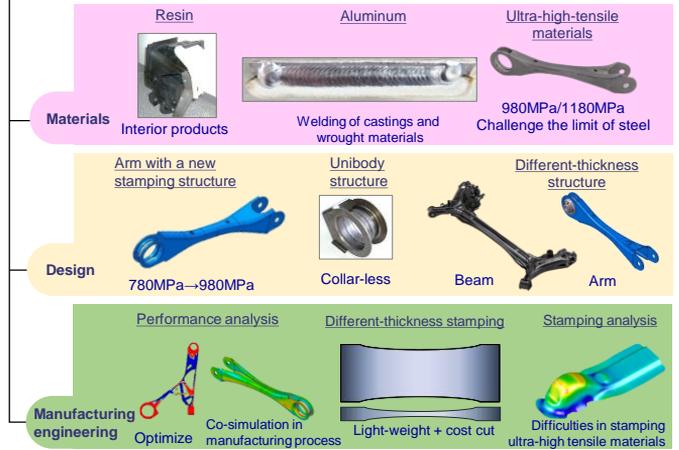
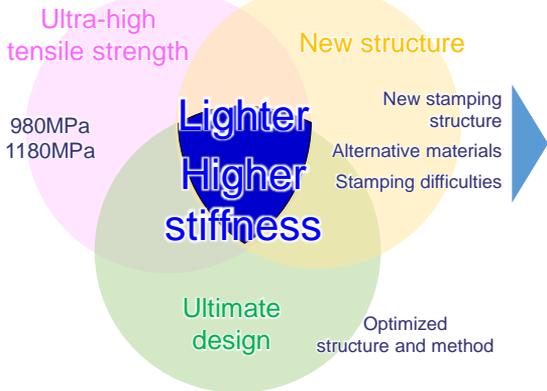
- Development of new technologies that contribute to decarbonization and creation of new values through collaboration
- Expansion of sales to a diverse range of customers

Development of New Technologies That Contribute to Decarbonization and Creation of New Values Through Collaboration

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

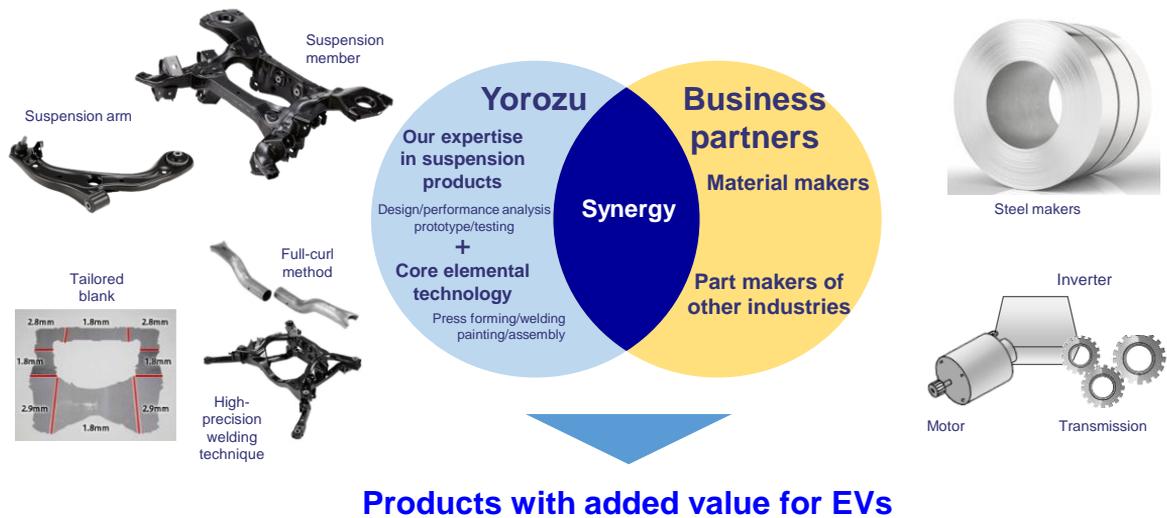
The need for uncompromising **lightness and stiffness** of suspensions exists even in the era of electrification

Application to varied products



Development of New Technologies That Contribute to Decarbonization and Creation of New Values Through Collaboration

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



(Topics)

Ultra-light weight LOWER ARM jointly developed with Mazda Motor Corporation joins car race



May 24 - 26
ENEOS Super Taikyu Series 2024
Empowered by BRIDGESTONE
FUJI SUPER TEC 24-hour Endurance Race Round 2



MAZDA SPIRIT RACING
MAZDA3 Bio concept

Durable vehicle that runs on 100% next generation biodiesel fuel made from hydrotreated used vegetable oil (HVO)



Lighter & higher stiffness

23% lighter
(compared to current product)

Ultra-high tensile strength

Hot-rolled 980MPa thin sheet materials used

New structure

Stamping difficulties



New type of High-Argon welding adopted

- Greater weld strength
- Higher resistance to corrosion

Successful application to Lower Arm

Collaboration

Ultimate design

Development of New Technologies That Contribute to Decarbonization and Creation of New Values Through Collaboration

[Strategy 3] Develop innovative products for the emerging OEMs of EVs

Actions for the continuously growing EV market



Needs of the emerging EV OEMs

Super low cost and super speedy development

Evolution of the existing technologies

[Development strategy]

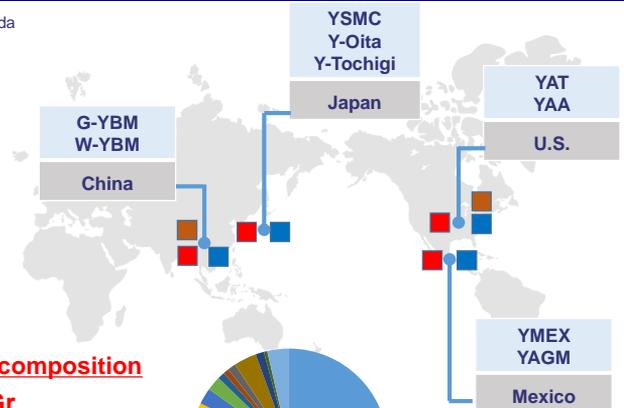
- Create a product catalog
- Improve analysis prediction accuracy
- Reduce the period for production preparation

Expansion of Sales to a Diverse Range of Customers

【Strategy 1】 Expand sales of EV products for major customers

■ Nissan, Mitsubishi, Renault (Nissan Gr.) ■ Toyota (Toyota Gr.) ■ Honda

Customer	Sales expansion policy
Nissan/Mitsubishi	Deepen partnership with customer
Toyota	Establish a solid supply system to expand sales of EV products
Honda	Participate in next generation vehicle projects with new technologies/methods
Nissan & Honda	Explore new opportunities through collaboration with customers (TBD)



Expansion of Sales to a Diverse Range of Customers

【Strategy 2】 Venture into new business areas

“Establish the foundation” for future growth
by addressing new business areas beyond the automotive sector

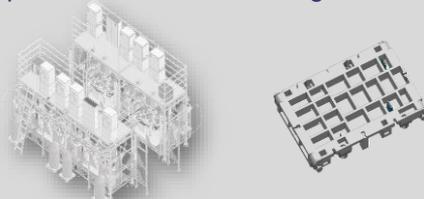
Non-automotive products

Make products for construction machinery using over 20 mm thick sheet materials (Stamping/welding)



External sales of production equipment

Develop new businesses by enhancing our competitiveness and technologies



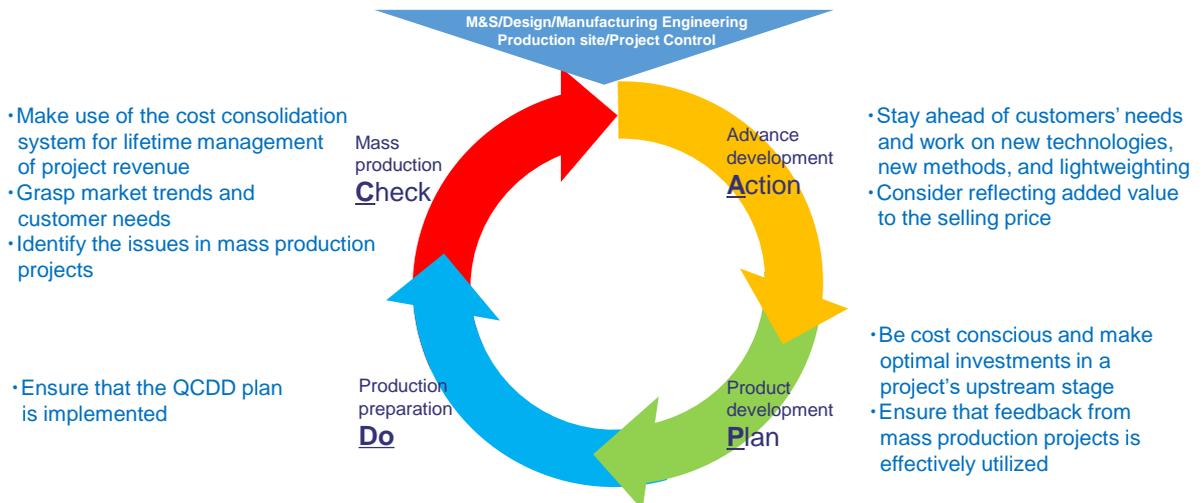
(2) Improvement of Profit Structure

- Maximization of profits from new model launches
- Analysis on production site reforms based on customer production trends in each region

Maximization of Profits from New Model Launches

【Strategy 1】 Establish an organizational structure focused on maximizing profits

Enhance CAPDo (C→A→P→Do) cycle through the collective efforts of five departments



Maximization of Profits from New Model Launches

【Strategy 2】 Enhance the development of dies and equipment

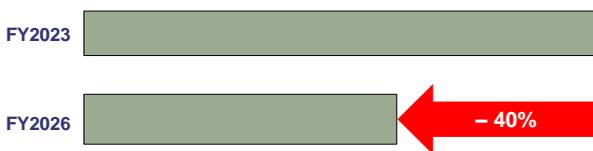
Reduce the lead time for die preparation by 40%

- Largely improved initial quality
- Strengthened die production control
- Maximized die module structure
- In-house control of welding distortion

Jidoka concept for next generation assembly lines

- Clarification of issues and the direction to take
- Higher versatility and reusability (for next generation models and beyond)

Lead time—from designing to shipping

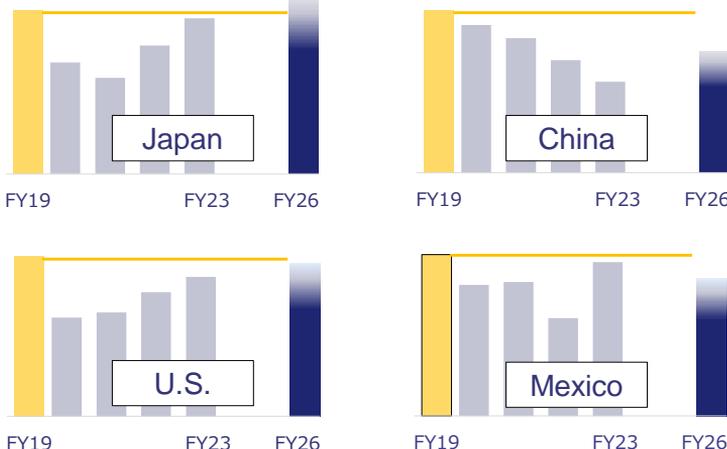


30% reduction in
 New model investment
 Space required
 Manufacturing costs

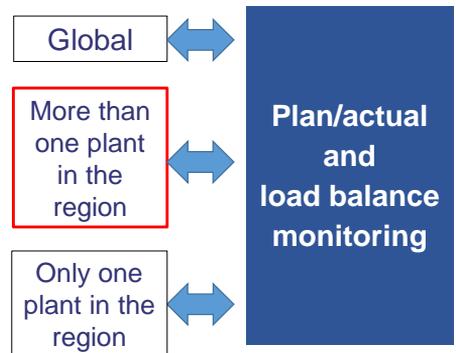
Analysis on Production Site Reforms Based on Customer Production Trends in Each Region

【Strategy】 Rebuild future strategies through careful monitoring of profits earned at each production site

Production load in regions with multiple plants
 (compared with FY2019)



Consider optimization in regions where multiple plants are located

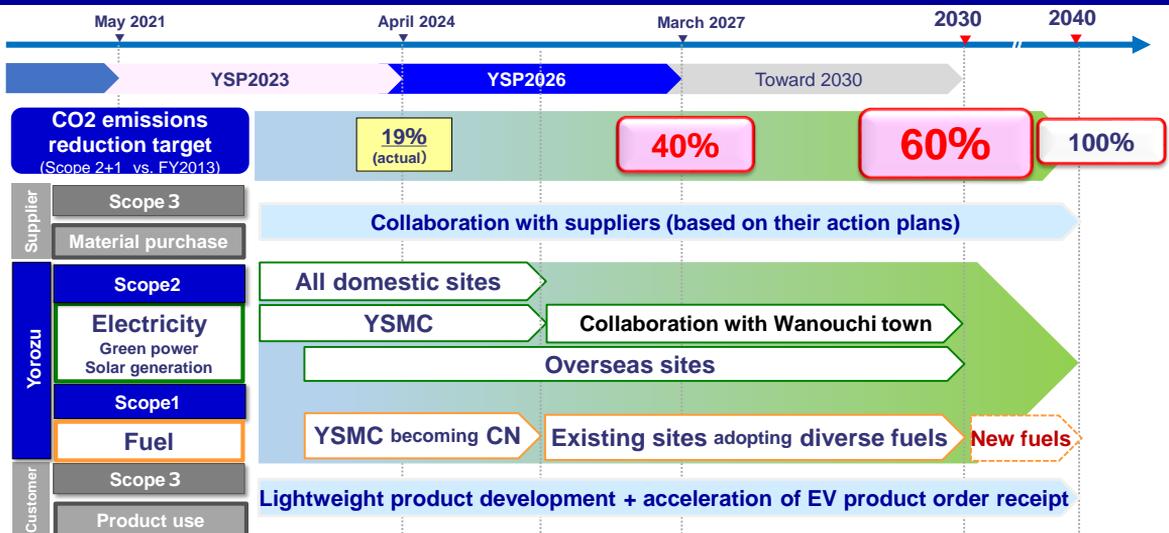


(3) E: *Monozukuri* with Our Weapon —Environmental Performance

- Continuous efforts for decarbonization in production
- Establishment of a smart factory

Continuous Efforts for Decarbonization in Production

【Strategy 1】 Accelerate CN targets to maintain our position as the frontrunner



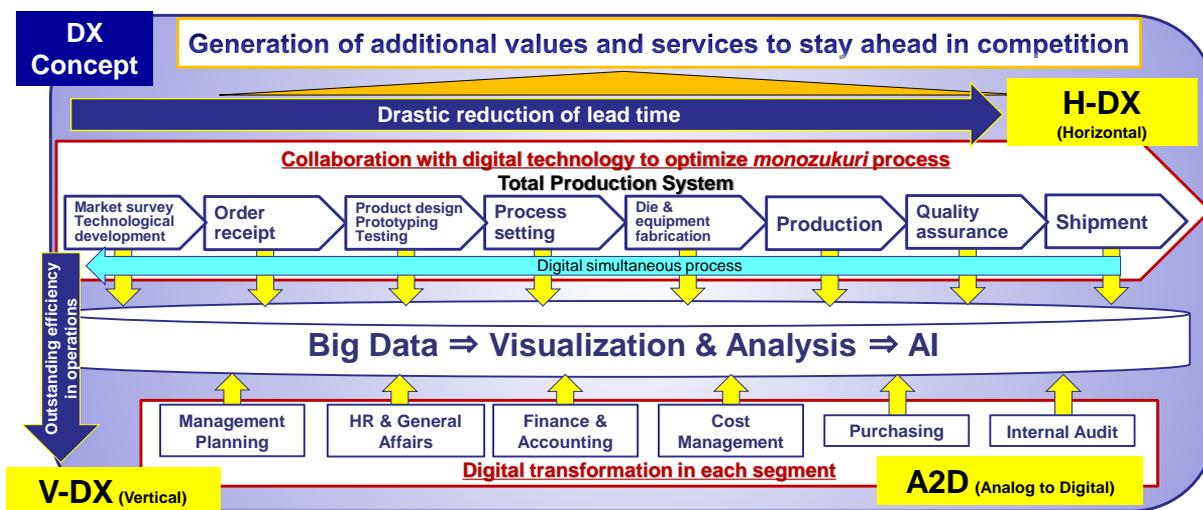
Continuous Efforts for Decarbonization in Production

【Strategy 2】 Promote decarbonization in Scope 2 (electricity) and Scope 1 (fuels)

Reduction		YSP2023 (Actual)	YSP2026 (Target)	Toward 2030 (Target)
Global	Scope 2+1	19%	40%	60%
	Scope2 (Electricity)	19%	39%	57%
	Scope1 (Fuels)	-	1%	3%
Japan	Scope2	63%	100%	←
The Americas	Scope2	21%	36%	72%
Asia	Scope2	9%	32%	46%
Policy		Promotion mainly in Japan		Shift to overseas

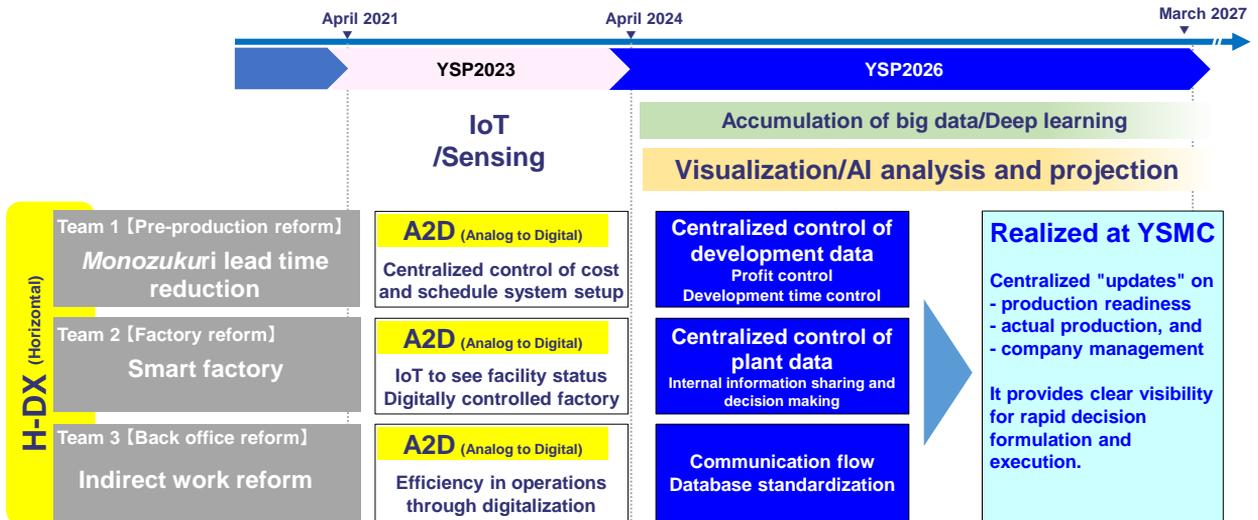
Establishment of a Smart Factory

【Strategy】 Realization of a model factory at YSMC



Establishment of a Smart Factory

[Strategy] Realization of a model factory at YSMC



Strengthening of Our Business Foundation

(4) S: Society and Individuals

—Improvement of Engagement

- Promotion of health and productivity management
- Implementation of DE&I

Improvement of engagement

Company of choice, where everyone feels
"I want to continue working at this company" and "I'm happy to work here"



Promotion of Health and Productivity Management

【Strategy】 Create a healthy and engaging workplace



Fostering a healthy and engaging workplace that
empowers every member of Yorozu Group



Implementation of DE&I

【Strategy】 Establish a work environment where everyone can fully demonstrate their potential

Yorozu's DE&I

STEP
1

Building a diversity strategy



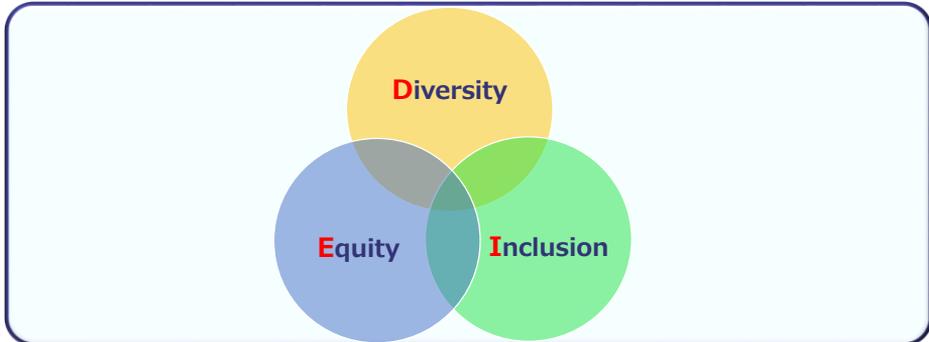
STEP
2

Advancing a diversified way of work



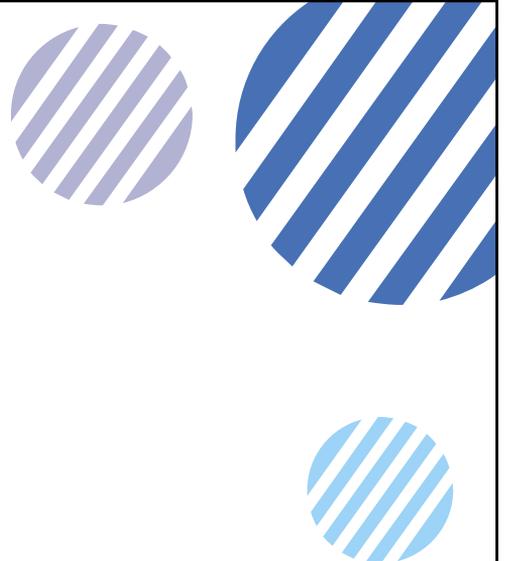
Improvement in the rate of male employees taking childcare leave

STEP
3



(5) G: Enhancement of Governance

- Strengthening of governance and compliance
- Compliance with appropriate business practices



Strengthening of Governance and Compliance

CSR Activity

Board of Directors

(Outside Directors,
Nominating and Compensation Committee)

Report ↑ ↓ Supervise

Departments

① Governance

- Effectiveness of the BOD
- Communication with shareholders

Risk, Compliance, Human Rights DD Committee, etc.

② Compliance

- Basic Policy on Internal Control (Design and operational effectiveness of the system)
- Human rights due diligence
- Appropriate business practices

③ Risk management

- Top eight risks

Strengthening of Governance and Compliance

[Strategy] Ensure effectiveness of the BOD and foster better communication with shareholders

Enhance effectiveness of the BOD

1

Proactive involvement of Outside Directors

2

Evaluation of the BOD from an outsider's perspective and formulation of plans aimed at enhancing effectiveness

3

Composition of the BOD based on the growth strategy

Communication with shareholders

1

Enhancement of IR and SR

2

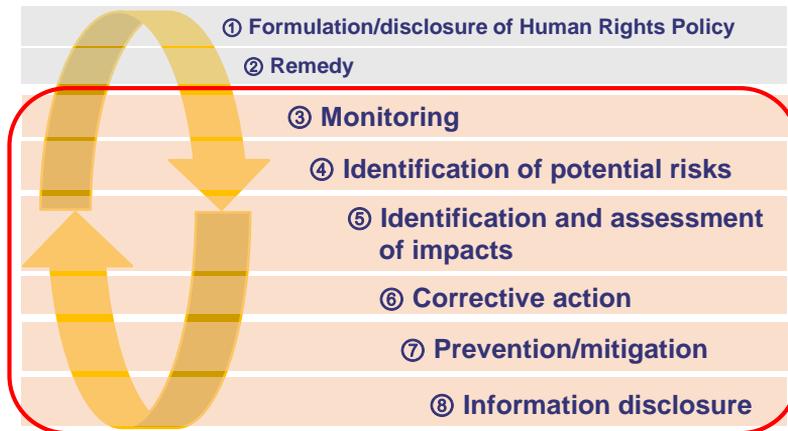
Resuming the plant tour for shareholders

Strengthening of Governance and Compliance

【Strategy】 Promote human rights due diligence

Human rights due diligence process

*Compliant with OECD Due Diligence Guidance



To be addressed not only in our own company but also in the entire supply chain

Compliance with Appropriate Business Practices

【Strategy】 Ensure fair pricing practices

Maintain competitiveness and ensure sustainable growth of the entire supply chain through fair pricing



- Invest in securing talent and the measures for *shojinka* (manpower saving), DX, and carbon neutrality
- Propose and supply competitive products

(6) Financial Strategy

- Shareholder return
- Cross-shareholdings

Basic Idea and Key Strategies

We strive to drive sustainable growth and enhance our corporate value through effective allocation of our management resources by improving our ability to generate cash flow and heightening capital efficiency.



YSP2026 Targets		
Higher profitability	Operating income ratio	4.5%
Higher capital efficiency	ROE	8.0%
Shareholder return	Dividend payout ratio	35% or above

Shareholder Return

【Strategy】 Return policy in appreciation of shareholders' support

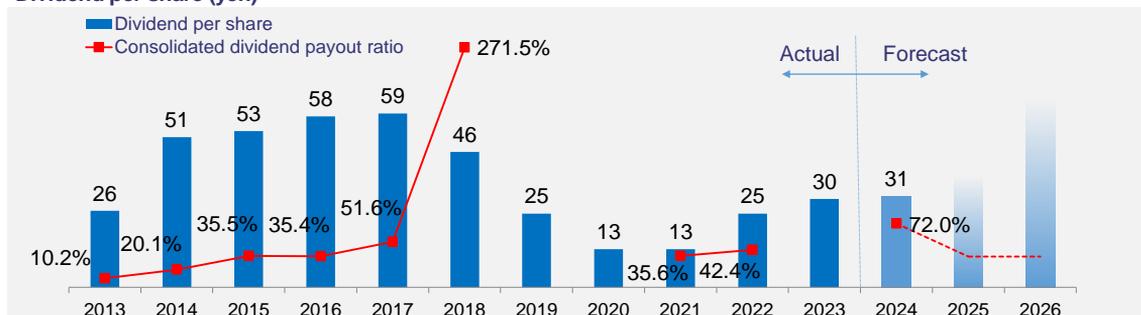
- **Dividend policy**

To maintain a dividend per share of at least 31 yen, aiming for a dividend payout ratio of 35% or higher

- **Share repurchases**

To buy back our own shares agilely and appropriately, considering other investment targets, the level of cash on hand and bank deposit, business performance, etc.

Dividend per share (yen)



Cross-Shareholdings

【Strategy】 Set a reduction target for cross-held shares

- **Cross-shareholding policy**

- We will hold the shares only for the purpose of strengthening the ties with our suppliers and only if it is considered necessary for the operation of our business and is expected to contribute to enhancing our corporate value.
- The significance of cross-shareholding will be comprehensively assessed from the perspectives of feasibility, profitability, and holding risks. Should any of such shares lose its significance as cross-held shares, we will consider disposing of such shares.

- **Reduction target**

Quantitative value

Reduce by 10% within the current medium-term plan

(based on market value as of the end of March 2024)

Funds acquired through selling of the cross-held shares will be appropriated to buy back our own shares.

—To become the “Company of preferred choice” for all stakeholders—

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YOROZU

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