



FY2024 First-Half Financial Results

Tokyo Stock Exchange Prime Market (Securities Code: 7294)

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Note:

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

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I . FY2024 First-Half Financial Summary

Financial Summary for the First Half of FY2024

FY2024 1H Results

- **Increased sales and decreased profits.** Despite an increase in sales attributed to exchange rate effects, **operating income dropped by 74.3% year on year** because of a decline in the production volumes in Japan, China, and Thailand, and the quality costs incurred in the U.S.
- Sound financial status is maintained through funding based on appropriate planning.

FY2024 Outlook

- Though the exchange rates contribute to increasing our earnings, we anticipate a decrease in **both sales and profits because of a significant decline in the production volumes of major customers.**
- Ordinary income is also expected to decline due to exchange rate loss arising from depreciation of certain foreign currencies.
- Net loss is anticipated as a result of advancing the structural reforms announced in YSP2026.

Shareholder Return

FY2024 dividend information

Interim: 15 yen (determined)

Annual: 31 yen (planned) (up 1 yen from the annual dividend of 30 yen in FY2023)

II . FY2024 First-Half Results

[First Half] FY2024 Consolidated Financial Summary (Year-on-Year)

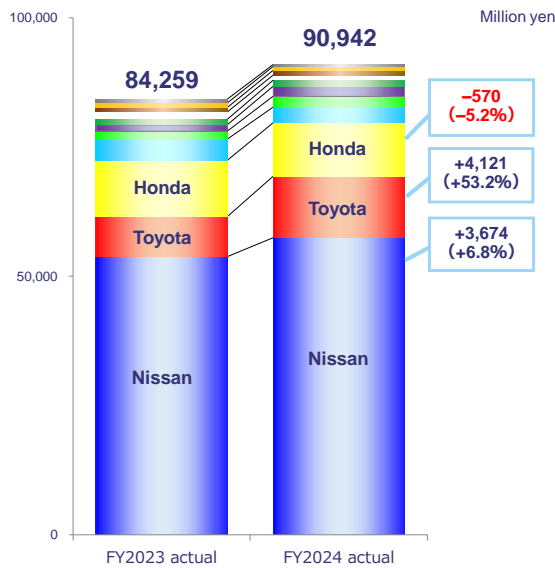
Million yen	1H FY2023	1H FY2024	Year-on-Year
Sales	84,259	90,942	+7.9%
Operating Income	470	120	(74.3)%
Ordinary Income	754	(1,958)	—
Net Income ^{*1}	58	(2,588)	—

^{*1} Net income attributable to owners of the parent

	1H FY2023 A	1H FY2024 B	Difference B-A	Percentage of Change
Net Income per Share	2.42 yen	(106.25) yen	(108.67) yen	—
Exchange Rate Applied to Consolidated Statements	134.98 yen/\$	152.36 yen/\$	17.38 yen/\$	12.9%

- ◆ Sales: The increase is attributed to exchange rate effect and depreciation of the Japanese yen offsetting the contraction of production volumes in Japan and Asia.
- ◆ Operating income: The decrease is mainly due to quality costs incurred in the U.S.
- ◆ Ordinary income: The decrease is due to impact of the exchange rate.
- ◆ Net income: The decrease is due to the decline in ordinary income among other factors.

[First Half] Consolidated Sales by Customer (1H FY2023 vs. 1H FY2024 Results)



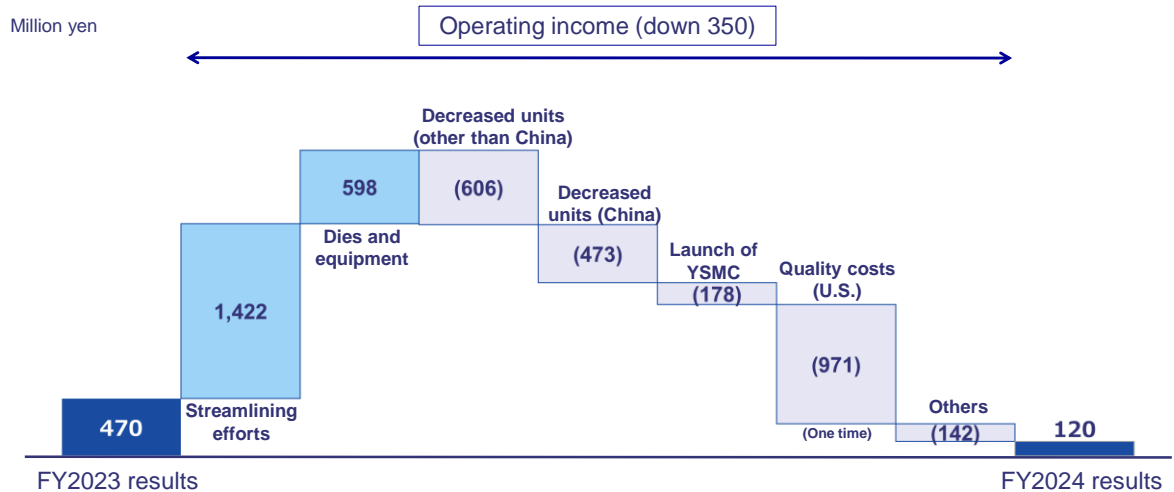
Customer	1H FY2023	Share	1H FY2024	Share
Nissan Gr.*	53,799	63.8%	57,473	63.2%
Toyota Gr.	7,741	9.2%	11,862	13.0%
Honda Gr.	10,911	12.9%	10,341	11.4%
Isuzu Gr.	4,068	4.8%	3,043	3.3%
Mazda	1,540	1.8%	2,093	2.3%
VW	1,246	1.5%	1,947	2.1%
Mercedes Benz	1,060	1.3%	1,131	1.2%
Kubota	1,429	1.7%	995	1.1%
SUBARU	880	1.0%	976	1.1%
Suzuki	843	1.0%	714	0.8%
Others	742	1.0%	367	0.5%
Total	84,259	100.00%	90,942	100.00%

* Includes sales to Renault and Mitsubishi

- ◆ Sales to more than half of our customers increased compared with the first half of FY2023.
- ◆ Growth of sales to Toyota is prominent.

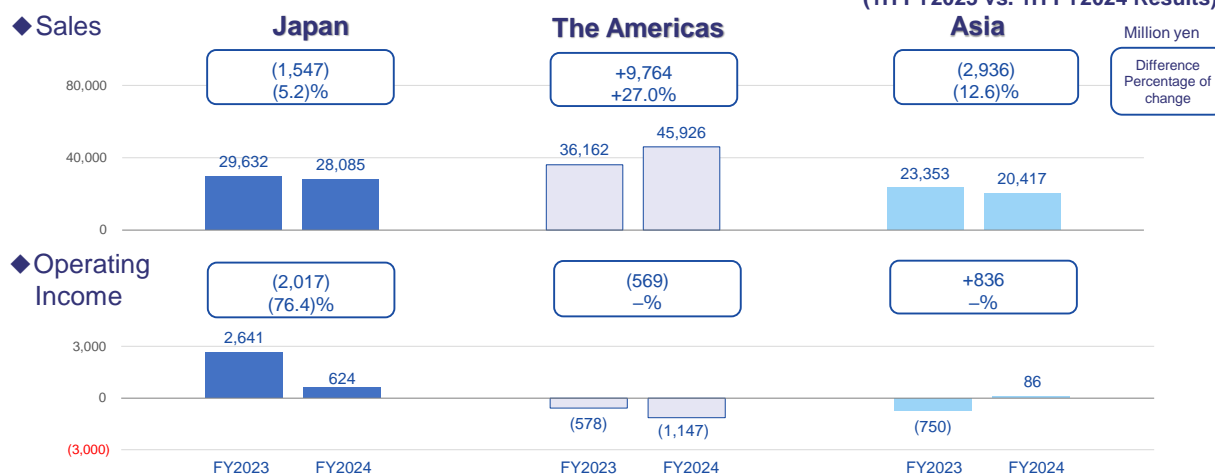
[First Half] Analysis of Impact on Consolidated Operating Income

(1H FY2023 vs. 1H FY2024 Results)



Although our streamlining efforts managed to offset the costs from the launch of YSMC, impact from the reduced number of vehicles in production led to the decrease in our operating income.

[First Half] Sales and Operating Income by Region Before Consolidation Adjustment
(1H FY2023 vs. 1H FY2024 Results)



- ◆ Japan: Both sales and profits declined due to the reduced number of vehicles produced and YSMC launch costs.
- ◆ The Americas: While business with Toyota pushed up sales, poor performance in the U.S., including the quality costs incurred, resulted in an increase in earnings and decrease in profits.
- ◆ Asia: Despite the impact of the decrease in production volumes, cost-cut measures such as reduction of depreciation costs led to an increase in profits while sales declined.

Financial Standing for the Six Months Ended September 30, 2024

(Million yen)	Mar. 31, 2024 A	Sept. 30, 2024 B	Difference (B-A)	
Net Worth	66,070	65,432	(638)	(1.0)%
Equity Ratio	46.4%	44.1%	—	—
Interest-bearing Debt	D/E ratio 0.51	0.57	4,195	12.6%
Net Interest-bearing Debt	Net D/E ratio 0.17	0.24	4,493	40.5%
Total Assets	142,257	148,364	6,107	4.3%

(Million yen)	Sept. 30, 2023 Total A	Sept. 30, 2024 Total B	Difference (B-A)	
Cash Flow from Operating Activities	5,504	(561)	(6,065)	(110.2)%
Cash Flow from Investing Activities	(3,629)	(6,031)	(2,402)	—
Cash Flow from Financing Activities	(4,167)	2,157	6,324	—

D/E ratio remains stable under appropriate fund-raising plans.

(Ref.) Consolidated Balance Sheet Summary for the Six Months Ended September 30, 2024

Million yen	Mar. 31, 2024 A	Sept. 30, 2024 B	Difference B-A	
Current Assets	75,373	79,525	4,152	Cash & bank deposit (299)
Fixed Assets	66,884	68,839	1,955	Notes & accounts receivable 3,117
Total Assets	142,257	148,364	6,107	Inventories 1,031
Current Liabilities	49,815	51,695	1,880	Other current assets 366
Fixed Liabilities	16,949	21,041	4,092	Tangible fixed assets 2,908
Total Liabilities	66,764	72,736	5,972	Investments & other assets (937)
Shareholders' Equity	58,394	55,590	(2,804)	Notes & accounts payable (115)
Other Accumulated Comprehensive Income	7,676	9,841	2,165	Electronically recorded obligations (739)
Non-controlling Interests, etc.	9,421	10,195	774	Short-term debts 66
Total Net Assets	75,493	75,628	135	Long-term debts due within one year (389)
Total Liabilities and Net Assets	142,257	148,364	6,107	Others 2,645
				Long-term debts 2,019
				Others 2,036
				Net income (2,588)
				Dividend payment (412)
				Other securities valuation difference (794)
				Currency translation adjustment 3,100

III. FY2024 Full-Year Performance Forecast

[Full Year] Consolidated Financial Forecast Summary for FY2024

Million yen	FY2023 Actual A	FY2024 Forecast B	Difference B-A	FY2024 Forecast C ^{*2}	Difference B-C
Sales	181,468	177,000	(-2.5%) (4,468)	180,000	(-1.7%) (3,000)
Operating Income	4,459	(1,200)	(5,659)	4,500	(5,700)
Ordinary Income	4,517	(3,800)	(8,317)	2,750	(6,550)
Net Income ^{*1}	(3,926)	(17,000)	(13,074)	1,050	(18,050)

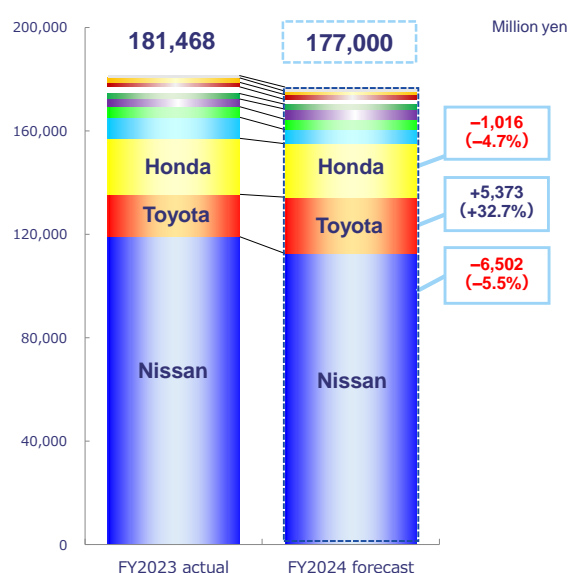
^{*1} Net income attributable to owners of the parent

^{*2} Figures estimated as of Aug. 9, 2024

	FY2023 Actual A	FY2024 Forecast B	Difference B-A	Percentage of Change
Net Income per Share	(162.07) yen	(696.79) yen	(534.72) yen	—
Exchange Rate Applied	140.66 yen/\$	151.68 yen/\$	11.02 yen/\$	7.8%

- ◆ Sales: The decrease is due to large scale production cuts at major customers despite impact of yen depreciation.
- ◆ Operating income: The drop is due to the spike in energy prices, labor costs, and quality costs incurred.
- ◆ Ordinary income: The fall is due to the exchange loss from the depreciation of certain foreign currencies.
- ◆ Net income: The decline is attributed to the recording of an impairment loss of fixed assets.

[Full-Year] Consolidated Sales by Customer (FY2023 Actual vs. FY2024 Forecast)



Customer	FY2023	Share	FY2024	Share
Nissan Gr.*	119,142	65.7%	112,640	63.6%
Toyota Gr.	16,408	9.0%	21,781	12.3%
Honda Gr.	21,628	11.9%	20,612	11.6%
Isuzu	8,181	4.5%	5,473	3.1%
Mazda	4,024	2.2%	3,986	2.3%
VW	3,040	1.7%	3,892	2.2%
Mercedes Benz	2,088	1.2%	1,943	1.1%
Kubota	2,597	1.4%	1,873	1.1%
SUBARU	1,722	0.9%	1,815	1.0%
Suzuki	1,763	1.0%	1,374	0.8%
Others	875	0.5%	1,611	0.9%
Total	181,468	100.0%	177,000	100.0%

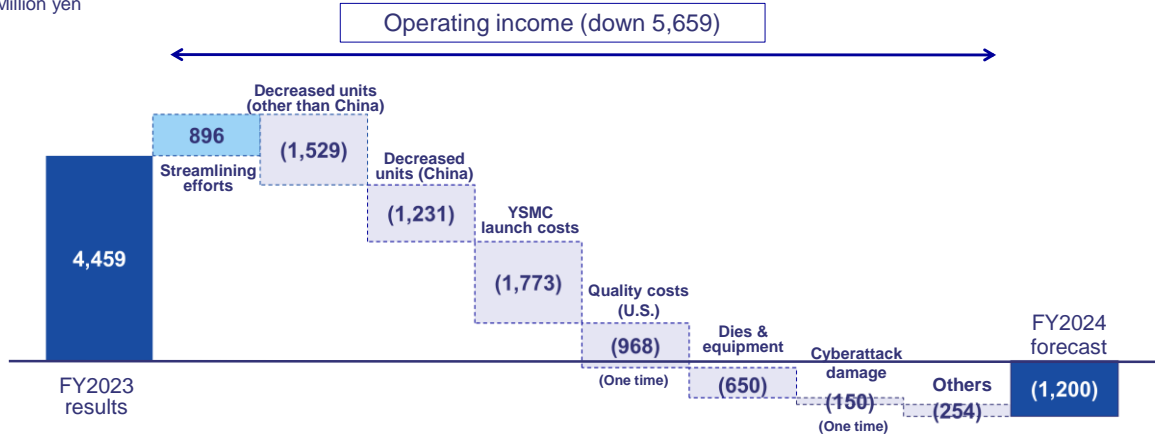
*Includes sales to Renault and Mitsubishi

Notable growth of sales to Toyota

[Full-Year] Analysis of Impact on Consolidated Operating Income

(FY2023 Actual vs. FY2024 Forecast)

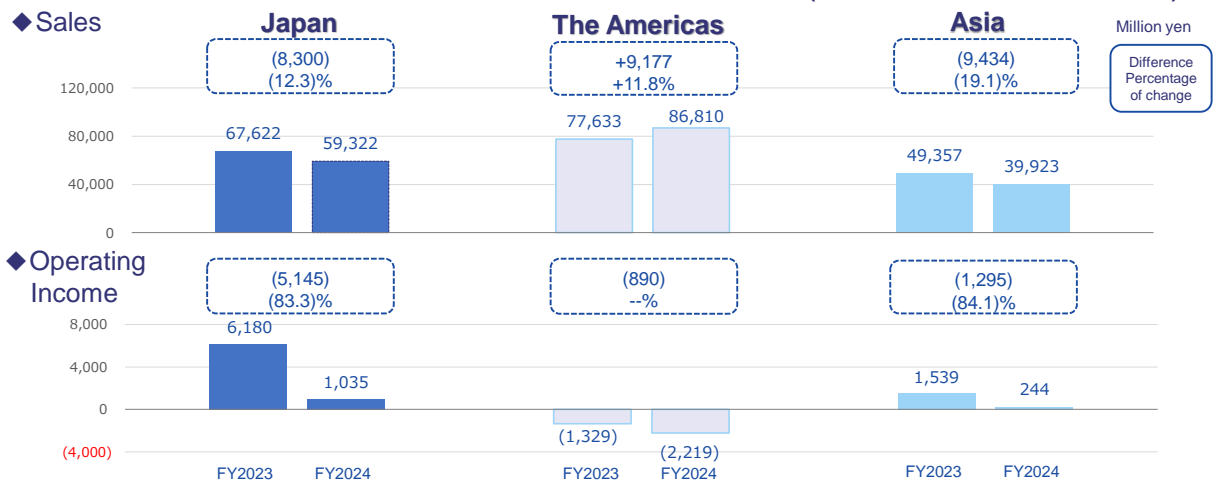
Million yen



Large scale production cuts in countries such as Japan, the U.S., China, and Thailand, and temporary expenses are the reasons for the drop in operating income.

[Full Year] Sales and Operating Income by Region Before Consolidation Adjustment

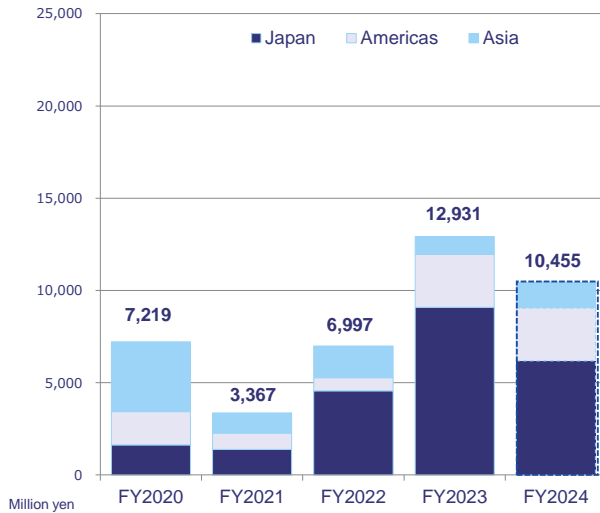
(FY2023 Actual vs. FY2024 Forecast)



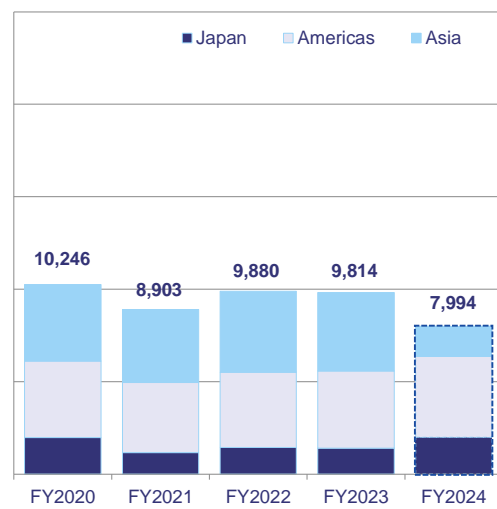
- ◆ Japan: Lower sales of dies/equipment and YSMC launch costs are expected to reduce sales and profits.
- ◆ The Americas: Sales are expected to increase but profits are to decrease because of poor performance in the U.S. along with temporary quality costs, even though sales to Toyota are growing.
- ◆ Asia: Both sales and profits are expected to decrease due to lower number of units despite streamlining efforts.

Capital Investment and Depreciation

Capital Investment by Region



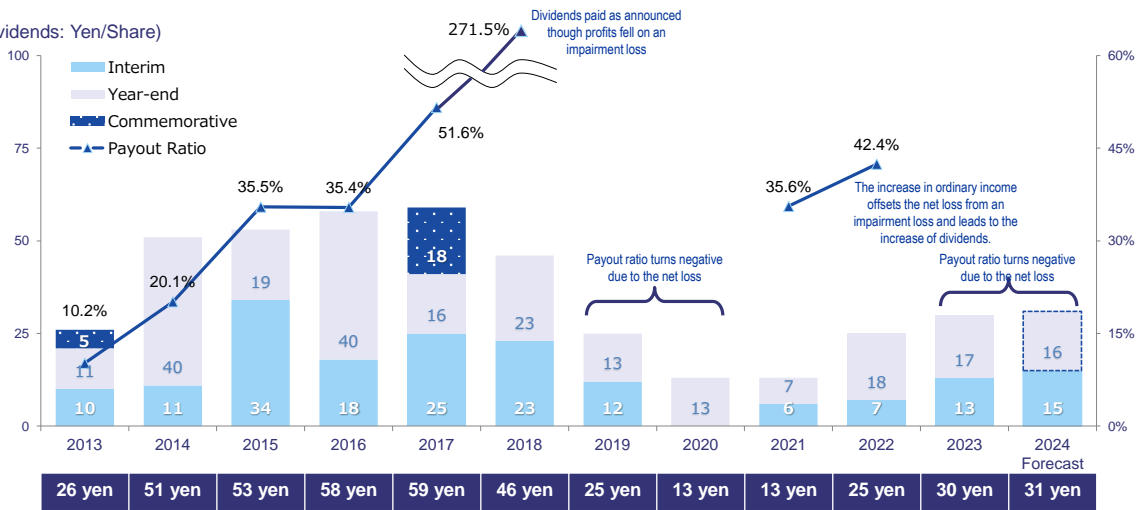
Depreciation by Region



IV. Shareholder Return

Shareholder Return

(Dividends: Yen/Share)



We strive to ensure a dividend payment of at least 31 yen per share with a payout ratio of 35% or more.

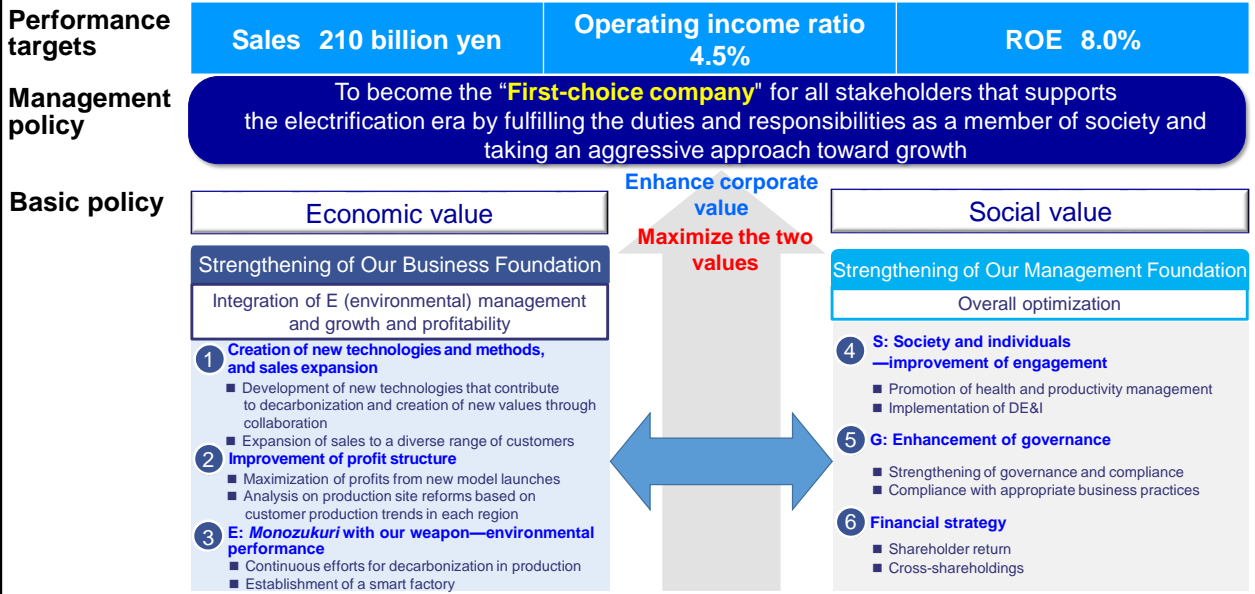
V. Pathways to Performance Improvement

Pathways to Performance Improvement

	Performance deterioration	Internal factors Environmental factors	Measures implemented	Acceleration of business strategies to achieve YSP2026 targets
The Americas	<ul style="list-style-type: none"> Quality costs in the U.S. (1H, one time) Delays in recovery of increased costs Increased new model launch costs 	<ul style="list-style-type: none"> Reduced production volumes of major customers in the U.S. (2H) Temporary production halt at Toyota USA (2H) Streamlining activities interrupted due to a cyberattack (2H) 	<ul style="list-style-type: none"> Measures completed with HQ's support Anticipating recovery of costs in FY2025 Measures for new model launch losses are shared across departments 	<p>Operating income ratio</p> <p>4.5%</p>
			<ul style="list-style-type: none"> Reduction in depreciation costs from an impairment loss on fixed assets (the U.S.) 	
	Japan	<ul style="list-style-type: none"> Increase in YSMC launch costs Reduced production volume of major customers (2H) Cyberattack damage (2H, one time) Streamlining activities interrupted due to a cyberattack (2H) 	<ul style="list-style-type: none"> Accumulated rationalization items ready for implementation YSMC transition project activities enhanced 	<p>Despite the uncertainty caused by the OEM's re-evaluation of their BEV strategy and the structural reforms of our major customer, we will accelerate the medium-term business plan while maintaining the core of our business strategies.</p>
Asia	<ul style="list-style-type: none"> Sales struggle of Japanese OEMs in the Chinese market Production halved by major customers in Thailand 	<ul style="list-style-type: none"> Recovery of systems completed Accumulated rationalization items ready for implementation 	<p>We will enhance product development with lightweight and high-rigidity technologies required for EVs.</p>	
		<ul style="list-style-type: none"> Adjustment of working days and slimmed-down workforce (China) Selling the facilities and thorough reuse, reduction, and recycling of equipment (China) Reduction in depreciation costs from an impairment loss on fixed assets (China, Thailand, others) 		<p>To strengthen our business foundation, we are committed to becoming the first-choice company of Toyota and Honda, making sales expansion efforts.</p>

VI. Topics

Overview of the New Medium-Term Business Plan “YSP2026”



Topics in the First Half of FY2024

Policies	Strategies	Topics in Progress	Page
Strengthening of Our Business Foundation	① Creation of new technologies and methods, and sales expansion	<ul style="list-style-type: none"> Expansion of mass production applications for lightweight products that contribute to CO2 emission reduction Introduction of state-of-the-art performance prediction analysis technology aimed at shortening development periods 	25
		<ul style="list-style-type: none"> Increase of a product's added value through collaboration with Nippon Steel Corporation Establishment of a solid supply system for sales expansion (realization of YSMC model factories) 	26 27
		<ul style="list-style-type: none"> Analysis of optimizing production load balance at each plant through careful monitoring of profits earned at each production site Expedited the implementation of structural reform measures by identifying signs of impairment losses on fixed assets. 	
	② Improvement of profit structure	<ul style="list-style-type: none"> New factory of YSMC: Commencement of operations using 100% green power CO2 emission reduction: Achieved a 22% reduction against the FY2024 target of 26% reduction 	28
Strengthening of Our Management Foundation	④ S: Society and individuals—improvement of engagement	<ul style="list-style-type: none"> Certified as an Excellent Enterprise for Health and Productivity Management (Large Enterprise Category) for four years straight. 	
		<ul style="list-style-type: none"> Release of Yorozu Integrated Report 2024 Issuance of Yorozu Corporation 75 Years of History 	29 29
		<ul style="list-style-type: none"> Cash flow optimization and analysis of cash management 	

Topics in 1H FY2024: ① Creation of New Technologies and Methods, and Sales Expansion

Expansion of mass production applications for lightweight products that contribute to CO2 emission reduction

Progress in lightness with ultra-high-tensile materials

Next step to take

Mass production application

980MPa material products

- Ultra-high-tensile material (thick/thin plate)
- Application to vehicles manufactured in overseas

Under advance development

Expedite lightweight development

- "Challenge" of developing 1180MPa material applicable products
- "Collaboration" of lightweight technology (fusion of 980MPa material & unique structure)

Mass production:

Started in 2024

Started in 2024

Planned to start in 2025 spring

Europe OEM

Thick plate 3.2 mm

Thin plate 1.0 to 1.6 mm

Thick plate 3.8 mm

Suspension arm

Seat frame

Suspension arm

Challenge

Go beyond the limit of steel in applying and developing 1180MPa materials

Collaboration

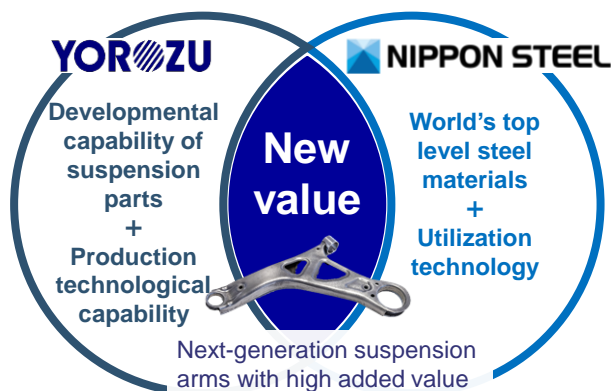
Synergistic effects of combining lightweight technologies

We commenced mass production of new products using 980MPa materials in Japan and overseas, promoting the expansion of applications for new lightweight products with higher developmental targets.

Topics in 1H FY2024: ① Creation of New Technologies and Methods, and Sales Expansion

Increase of a product's added value through collaboration with Nippon Steel Corporation

Integration of advanced "technology seeds"



Development of steel products having the same functions as aluminum products

- Similar weight
- Significant reduction in costs
- Reduced by 40% CO₂

*Calculation based on a Life Cycle Assessment (LCA)

We have completed the development of a next-generation suspension arm with high added value and have started proposing its adoption to OEMs.

Topics in 1H FY2024: ① Creation of New Technologies and Methods, and Sales Expansion

Establishment of a solid supply system for sales expansion (realization of YSMC model factory)

Operation started at YSMC in January 2024



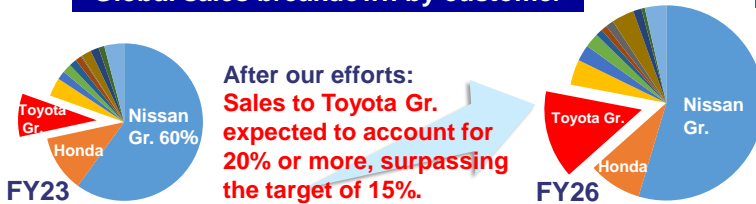
YSMC expected to achieve the target for sales to Toyota



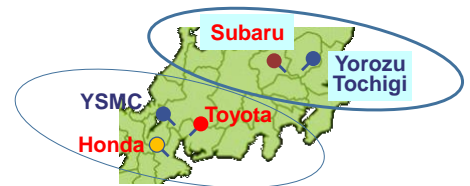
Favorable orders will likely fully utilize the factory's capacity.

Become the factory chosen by Toyota Group and Honda with strengthened production capabilities

Global sales breakdown by customer



Systems set up for Subaru's EVs at YT



Topics in 1H FY2024: ③ E: *Monozukuri* with Our Weapon—Environmental Performance

Establishment of a solid supply system for sales expansion

Achieved carbon neutrality for Scope 1 and 2 emissions (transition to 100% green power completed at YSMC)

Scope 1 Switching the heat source of coating facilities from gas to electricity



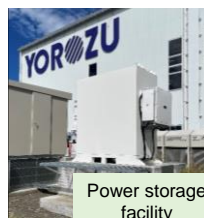
Scope 2 Installing solar panels on factory roofs and parking lots



Scope 2 + Coexistence with local communities

Installation of power storage facilities (for disaster response)

Installation of EV charging facilities (also available for local residents)



Topics in 1H FY2024: ⑤ G: Enhancement of Governance

Issuance of Yorozu Corporation 75 Years of History

Japanese: https://www.yorozu-corp.co.jp/wp-content/themes/YOROZU%201.0.3/images/about/history_all.pdf

English: https://www.yorozu-corp.co.jp/wp-content/themes/YOROZU%201.0.3/images/en/about/history_all.pdf



Issuance of Yorozu Integrated Report 2024

Japanese: <https://www.yorozu-corp.co.jp/investors/material/integrated/>

English: <https://www.yorozu-corp.co.jp/en/investors/material/integrated/>



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Yorozu aims to become
the First-Choice Company for all stakeholders.

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