NOTE: This document is originally written in Japanese and in case of any differences or discrepancies between the Japanese and English versions, the Japanese original version shall prevail.

YOROZU

MEMBERSHIP

January 17, 2025

Yorozu Corporation
Representative: Tsutomu Hiranaka, President & COO
Securities Code: 7294 (TSE Prime Market)
Contact: Norio Hirano, Executive Vice President & CFO
Address: 3-7-60 Tarumachi, Kohoku-ku, Yokohama, Kanagawa 222-8560, Japan
Telephone: 045-543-6802

Notice Regarding Recognition of Impairment Loss, Reversal of Deferred Tax Assets, and Recognition of Loss on Valuation of Investments in Affiliates

Based on the resolution of the Board of Directors on January 17, 2025, Yorozu Corporation (the "Company") hereby announces that for the fiscal year ending March 31, 2025, the Company expects to recognize impairment losses and reverse deferred tax assets (on a consolidated basis), as well as to recognize losses on valuation of investments in affiliates (on an individual basis) as detailed below.

1. **Recognition of Impairment Losses and Reversal of Deferred Tax Assets (Consolidated), and Recognition of Loss on Valuation of Investments in Affiliates, etc. (Non-Consolidated)**

As a result of evaluating the impact on the business environment due to major changes in the Chinese automotive market, a significant decline in the global production of major customers, and the production trends for the fiscal year ending March 31, 2026 and beyond, we recognized signs of impairment of fixed assets in December 2024. After examining the future recoverability of fixed assets, mainly in the Americas and Asia segments, we expect to record a total impairment loss of approximately ¥14.0 billion as a special loss in the fiscal year ending March 31, 2025. Additionally, after comprehensively considering the future performance outlook and examining the recoverability of deferred tax assets, we expect to reverse the said assets amounting to approximately ¥1.9 billion.
As a result, although we will incur a significant net loss for this fiscal year, we plan to accelerate the structural reform measures for strengthening our earnings structure set forth in YSP2026 (the Medium-Term Business Plan) announced on May 15, 2024, in order to optimize our balance sheet in line with the business environment and ensure stable business operations from the next fiscal year onward.
Furthermore, on a non-consolidated basis, we expect to record a special loss of approximately ¥8.4 billion, including a loss on valuation of investments in affiliates related to overseas subsidiaries. However, since this loss on valuation of investments in affiliates, etc. will be eliminated in the consolidated financial statements, it will not affect our consolidated performance.

2. **Impact on the Company's Full-Year Consolidated Results**

Regarding the full-year consolidated performance forecast, taking into account the aforementioned impairment losses and reversal of deferred tax assets, we have announced the "Notice Regarding Recording of Non-Operating Expenses (Foreign Exchange Losses) and Revision of Full-Year Consolidated Performance Forecast" today.