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.

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 Recording of Non-Operating Expenses (Foreign Exchange Losses) and Revision of Full-Year Consolidated Performance Forecast

In the first half (the six months ended September 30, 2024) of the fiscal year ending March 31, 2025, we recorded non-operating expenses (foreign exchange losses) due to fluctuations in foreign exchange rates.
And also, based on the announcement made today regarding the recognition of impairment loss, reversal of deferred tax assets, and recognition of loss on valuation of investments in affiliates, we have revised the full-year consolidated performance forecast for the fiscal year ending March 31, 2025 as follows.

1. Content of non-operating expenses (foreign exchange losses)

During the first six months of the consolidated accounting period, we recorded foreign exchange losses (primarily valuation losses on peso-denominated assets) of ¥1,687 million as non-operating expenses, reflecting fluctuations in foreign exchange rates.

2. Revision of performance forecast

Revision of Full-Year Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

	Net sales	Operating income	Ordinary income	Profits attributable to owners of parent	Earnings per share
Previous Forecast (A)	Millions of yen 180,000	Millions of yen 4,500	Millions of yen 2,750	Millions of yen 1,050	Yen 43.04
Revised Forecast (B)	177,000	(1,200)	(3,800)	(17,000)	(696.79)
Amount of Increase/Decrease (B - A)	(3,000)	(5,700)	(6,550)	(18,050)	
Rate of Increase/Decrease (%)	(1.7)	—	—	—	
(Reference) Previous Year Results (Year ended March 31, 2024)	181,468	4,459	4,517	(3,926)	—

3. Reason for revision

Regarding the full-year consolidated performance forecast for the fiscal year ending March 31, 2025, we anticipate an impact from the depreciation of the yen due to exchange rate conversion. However, we have experienced a significant decline in production of our major customers in key markets such as Japan, the United States, China, and Thailand, driven by major market changes. In addition, factors such as rising energy prices, increased labor costs, one-time quality improvement expenses, and production losses have contributed to a decrease in operating income, and the impact of foreign exchange losses resulting from the depreciation of certain currencies has led to a deterioration in ordinary income. Furthermore, considering today's announcement regarding the recognition of impairment loss, reversal of deferred tax assets, and recognition of loss on valuation of investments of affiliates, we anticipate recording special losses and deferred tax expense. As a result, we expect that the profits attributable to parent company shareholders will be lower than the previous forecast.

Despite the significant net loss expected for this fiscal year, we are implementing structural reforms in line with the balance sheet optimization outlined in the YSP2026 (medium-term plan) announced on May 15, 2024. These reforms aim to strengthen the earnings structure and ensure stable business operations in the future.

While we have made a significant downward revision to our profit plan, we remain committed to our dividend policy in appreciation of our shareholders' support as stated in the YSP2026 (medium-term plan). Therefore, there are no changes to the initially projected annual dividend of 31 yen for the fiscal year ending March 31, 2025.

Please note that the conversion of currencies in the financial statements of overseas subsidiaries in the full-year consolidated performance forecast is based on the following exchange rates.

1 US dollar = 151.68 yen, 1 Mexican peso = 8.32 yen, 1 Thai baht = 4.30 yen, 1 Chinese yuan = 21.03 yen・・・・・・・・・・・・・・(Note 1)
1 Brazilian real = 27.49 yen, 1 Indian rupee = 1.83 yen, 1,000 Indonesian rupiah = 9.40 yen・・・・・・・・・・・・・・・・・・・・・・・・・・(Note 2)

(Note 1) Average rates for the fiscal year ended December 31, 2024 (January 2024 - December 2024)
(Note 2) Estimated average rates for the fiscal year ending March 31, 2025 (April 2024 - March 2025)

The above forecasts are based on information available as of the date of this announcement, and actual results may differ from the projected figures due to various factors in the future.