



## Notice Concerning Announcement of New Medium-Term Business Plan (Summary)

Yorozu Corporation

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The Company has formulated the new medium-term business plan—Yorozu Sustainability Plan 2026 (YSP2026), which covers the period from FY2024 to FY2026.

In an environment with unpredictable economic and market conditions, the Yorozu Group, striving for survival, worked on the previous medium-term business plan—Yorozu Sustainability Plan 2023 (YSP2023)—toward the final goal of building and paving the way for a growth strategy to demonstrate its strong presence in the age of electrification. With YSP2026, the Company aims to enhance its corporate value and become the preferred choice of all stakeholders by putting greater efforts and delving deeper into the specific initiatives built on the growth strategy and thriving as an organization that supports the electrification era.

The plan's outline is as follows.

### 1. Performance Targets

	FY2023 Result (March 31, 2024)	FY2026 Target (March 31, 2027)
Consolidated sales	¥181.4 billion	¥210.0 billion
Consolidated operating income rate	2.5%	4.5%
ROE	— (*)	8.0%

\*Due to the net loss from the impact of impairment loss

### 2. Management Policy

To become the “preferred choice” of all stakeholders as an organization that supports the electrification era by fulfilling the duties and responsibilities as a member of society and taking an aggressive approach toward growth

### 3. Basic Policy

- We consider the environmental (E) aspect of ESG management as our strength, and together with our efforts in growth and profitability, we will solidify our business foundation and increase economic value.
- We consider the social (S) and governance (G) aspects of ESG management as the core pillars, and through overall optimization taking financial strategies into account, we will strengthen our management foundation and increase social value.
- We aim to enhance our corporate value through improvements and maximization of the above two values.

## **4. Key Initiatives**

### **[Strengthening of Our Business Foundation]**

#### **1) Creation of new technologies and methods, and sales expansion**

To meet the needs of the electrification era, we will strive to generate new technologies and manufacturing methods from all perspectives, and by expanding sales of our products to varied customers, we will establish a stable business foundation.

- Development of new technologies that contribute to decarbonization and creation of new values through collaboration
  - Undertake the challenge of refining our lightweighting technology and expanding the range of products
  - Increase a product's added value through collaboration
  - Develop innovative products for the emerging OEMs of EVs
- Expansion of sales to a diverse range of customers
  - Expand sales of EV products for major customers
  - Venture into new business areas

#### **2) Improvement of profit structure**

We will create a mechanism aimed at maximizing the profits generated from the launch of products for new vehicle models and strengthening our competitiveness in in-house produced dies and equipment. Additionally, we will conduct a detailed analysis of customer production in each global region and closely monitor the impact on the profitability of our production sites to rebuild the future strategies.

- Maximization of profits from new model launches
  - Establish an organizational structure focused on maximizing profits
  - Enhance the development of dies and equipment
- Analysis on production site reforms based on customer production trends in each region
  - Rebuild future strategies through careful monitoring of profits earned at each production site

#### **3) E: *Monozukuri* with our weapon—environmental performance**

In our commitment to achieve carbon neutrality, we will aggressively aim for decarbonized production. We set our targets beyond the global benchmarks for Scope 2 (electricity) and Scope 1 (fuels) in order to maintain our leading position as the frontrunner. At the same time, the Yorozu Sustainable Manufacturing Center (YSMC), which started its operation in January 2024 in Japan, aims to become a leading model of a smart factory.

- Continuous efforts for decarbonization in production
  - Accelerate carbon neutrality targets to maintain our position as the frontrunner
  - Promote decarbonization in Scope 2 (electricity) and Scope 1 (fuels)
- Establishment of a smart factory
  - A model factory materialized at YSMC

### **[Strengthening of Management Foundation]**

#### **4) S: Society and individuals—improvement of engagement**

To increase the level of engagement of all team members, we are committed to globally enhancing our efforts in two key aspects: promotion of health and productivity management, and implementation of diversity, equity, and inclusion (DE&I).

■ Promotion of health and productivity management

- Create a healthy and engaging workplace

■ Implementation of DE&I

- Establish a work environment where everyone can fully demonstrate their potential

**5) G: Enhancement of governance**

As we earnestly address the growing societal expectations for human rights respect and appropriate business practices, we are dedicated to enhancing our governance, including further effectiveness of the Board of Directors.

■ Strengthening of governance compliance

- Ensure the effectiveness of the Board of Directors and foster better communication with shareholders
- Promote human rights due diligence

■ Compliance with appropriate business practices

- Ensure fair pricing practices

**6) Financial strategy**

Our aim is to drive sustainable growth and enhance our corporate value. We will accomplish this by improving our ability to generate cash flow and heightening capital efficiency, achieved through the effective allocation of our management resources.

■ Shareholder return

In appreciation of our shareholders' support, we are committed to delivering stable and sustainable shareholder returns.

- Maintain a dividend per share of at least 31 yen
- Aim for a dividend payout ratio of 35% or higher
- Agilely implement share repurchases considering business performance and dividend levels

■ Cross-shareholdings

We will undertake to further reduce the number of cross-held shares by setting quantitative targets.

- Reduce by 10% within the current medium-term plan period (based on the market value as of the end of March 2024)
- Appropriate the total amount of funds acquired through sales of cross-held shares to buy back own shares

Note:

1. The contents presented in this document such as performance targets and key initiatives are based on the data reasonably available to the Company. However, it does not guarantee complete achievement of these goals as actual results may vary considerably due to changes in various factors.
2. 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.