

## Message from the President

# We aim to be an indispensable presence in society by implementing management based on the CYCLE OF GOODNESS®.

YKK's purpose as a company is to co-exist and co-prosper with our customers, the natural environment, and all other stakeholders, and to contribute to the creation of a sustainable society. As we celebrate the 90<sup>th</sup> year since our founding, we will continue to promote business activities with an eye toward the future.

### Toward The "Right Time, Right Material, and Right Amount" Era

The past three years of the 6<sup>th</sup> Mid-term Management Plan, which began in FY2021, have been marked by the spread of COVID-19 and Russia's invasion of Ukraine, as well as by other major developments in disease and global affairs.

Amidst those circumstances, we thought that the traditional business model of mass-producing goods and disposing of those that did not sell would be eliminated, and I feel that this is exactly what is happening. The entire garment industry is in the midst of a business model transformation. There is an increasing demand to produce things that are necessary, when people need them, in exact quantities—in other words, the right time, the right material, and the right amount—not just in the garment industry, but for all consumer goods.

We will need various kinds of wisdom and effort to make that a reality. While I think we have been very successful at strengthening the cost competitiveness of YKK's core products, which we have been focusing on for many years, it is also important for us to be capable of responding to diverse customer requests in a timely manner, providing services related to delivery dates, and offering a wide range of product variations and proposals. We still have room to exert greater effort to make our customers happy, and I feel that our business can grow on a global scale if we focus firmly on this area.

The YKK philosophy, the CYCLE OF GOODNESS, is our ideology for co-existence and co-prosperity with our customers and all other stakeholders. We will make

the motto of "better products at a lower cost and greater speed, more sustainably" a reality, and we aim to remain a socially good company that will be needed in the future.

### YKK's Strength as a Group of Small and Medium-Sized Companies

Due in part to sluggish market conditions, Fastening Business results for FY2023 showed a 0.3% year-on-year decrease in net sales to 379.3 billion yen and a 23.8% year-on-year decrease in operating income to 33.3 billion yen, resulting in decreased sales and income. However, I believe we need to look at performance not only in terms of current figures, but also over the medium-to long-term. Looking at the products in stores, I feel that in some countries and regions, more people are choosing YKK® products compared to before. I am convinced that the efforts we have been making so far are moving in the right direction and will surely bear fruit in the future.

In addition, under the current Mid-term Management Plan, we have implemented organizational restructuring since FY2021. Our shift from a system organized by business divisions to a flat structure, in which we arrange organizations by function, has helped raise internal awareness of the need to work under "One YKK." In addition, in FY2023, we relocated some functions of the Global Sales Headquarters to Vietnam. Today, most of YKK's sales are overseas. The move has allowed us to be closer to our customers, and to directly and swiftly identify changes in requirements and market trends. The number of visits to customers has increased significantly, and the



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information we gain from these visits can be immediately used to make management decisions, among other benefits. I feel that the move is having the desired effect.

This flexibility in changing organizational structures and strategies in response to changing times is also due to the fact that YKK is an aggregation of more than 60 operating companies that are small and medium-sized, with the management of each company entrusted to its respective top management personnel. Our founder Tadao Yoshida emphasized the importance of “having the spirit of a small to medium-sized company.” He left behind the message that “all employees are co-managers, workers, and colleagues in the same position.” The idea is that the president and employees should be equal, and that the president is not perched atop a pyramid, but a tree that stands shoulder to shoulder with the employees. This attitude remains firmly with us today. All of us share the unchanging YKK philosophy of the CYCLE OF GOODNESS®, and constantly use it as the basis for our decisions. For this reason, we can make changes in a flexible manner, which is what gives YKK its strength.

### Toward Digital Promotion, Manufacturing Reform, and Engagement Improvement

We will develop various measures in anticipation of FY2024, the final year of the 6<sup>th</sup> Mid-term Management Plan, and the next Mid-term Management Plan.

First, we would like to focus on digital promotion. In order to provide better value to a wide range of customers and employees, we have expanded the existing Digital Operation Planning Department and established a new Digital Business Development Department in FY2024. We will also promote manufacturing innovations to strengthen our production system based on the philosophy of integrated production by consolidating

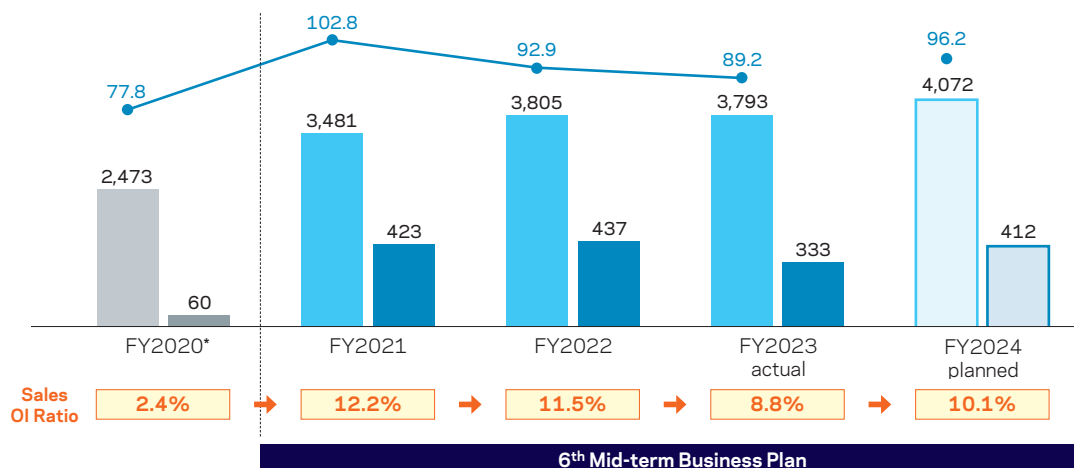
our product development and product strategy, as well as the projects for non-stop/unmanned lines and cost competitiveness initiatives that we have been pursuing, into the Machinery and Production Line Development Committee. By utilizing external general-purpose equipment and technology, in addition to our proprietary technology and equipment, we will increase our speed and cost competitiveness and take on the challenge of new technological innovations. We also intend to devote our efforts to brand strategy on a global scale. The Global Brand Strategy Department, newly established in FY2024, will play a central role in developing a variety of future projects.

I also believe that improving employee engagement is key to implementing these measures and enhancing their effectiveness. For a company, its “people” are everything. They are the greatest and most valuable assets that a company can have. They should not only be satisfied with their work, but also like the company and want to work with their colleagues, which motivates them to make customers happy and do their best for the sake of the company, thereby enhancing the quality of their work. I believe that this leads to improved performance of the entire company.

Although I am now in charge of YKK as a whole, I always want to treat employees in the field from the same perspective as when I was a manager of an overseas operating company. One such initiative is holding round-table meetings where I listen to the opinions of employees in a small-group setting. In the words of our founder Tadao Yoshida, “Employees, create benefits for others while developing yourselves,” and I hope to pass this attitude on to the next generation.

### Fastening Business 6<sup>th</sup> Mid-term Business Plan (FY2021-24) Progress

■ Net sales (100 million yen) ■ Operating income (100 million yen) — Zipper units sold (100 million)



\* After adjustment for reorganization

## Key Points of Business Execution Under the New Normal

Promoting sustainability	<ul style="list-style-type: none"> <li>• Launching initiatives toward climate neutrality, developing eco-friendly products</li> </ul>
Strengthening cost competitiveness	<ul style="list-style-type: none"> <li>• Strengthening exhaustive cost competitiveness of core products</li> </ul>
Promoting digitalization	<ul style="list-style-type: none"> <li>• Solving customers' problems and reforming employees' ways of working</li> </ul>

### Achieving Sustainability

We felt that the CYCLE OF GOONESS®, the corporate philosophy of our founder Tadao Yoshida, which we have cherished up to this point, was highly compatible with the concept of sustainability. That is why we declared in 2020, in the midst of an uncertain future due to the COVID-19 pandemic, that we would “place sustainability at the center of management” as a sign of returning to our roots. We see sustainability as a universal mission which transcends commercial objectives and aims to pass on a better society to the next generation.

In order to achieve that mission, we must ensure that the natural elements of climate, soil, and water are in place, and we need to protect the abundant environment and pass it on. We have been developing various initiatives at YKK under the Sustainability Vision 2050. Among other initiatives, YKK was chosen for the “A List”—the highest rating—in the 2023 Climate Change survey conducted by the global environmental disclosure organization, the Carbon Disclosure Project (CDP). I believe that we must not only maintain these activities in the future, but also continually improve them. As a step in this direction, we have newly revised the Vision and enhanced its perspective on biodiversity. Last year, the YKK Center Park Furusato-no-Mori (Hometown Forest) located within the Kurobe Manufacturing Center was certified by the Ministry of the Environment as a “Nature Coexistence Site,” which is connected to the idea of “Factory in a Forest” that Tadao Yoshida envisioned decades ago as coexisting with the natural environment. I would like us to carry on this philosophy and conduct our corporate activities in such a way that wherever we go in the world, local residents will be glad to have invited YKK to their region.

### Implementing the CYCLE OF GOODNESS® as we head toward our 100th anniversary

“A zipper might be just one part, but it still matters.” I would like to examine the meaning behind YKK’s new tagline, “Little Parts. Big Difference.”

A zipper is a very simple product, consisting of three main parts. However, to create a strong zipper that opens and closes smoothly, various high-quality metal, fiber, and

plastic materials must be combined in a well-balanced manner. I want our employees to be aware of their role in creating those “Big Differences,” even in little products, which can contribute to the quality improvement of secondary products and the business development of our customers, and to feel happy and proud to work for YKK.

Ten years from now, in 2034, our company will finally celebrate its 100th anniversary. Now is the time to pursue and practice our Management Principles, based on the CYCLE OF GOODNESS®, in all countries and regions where we do business. We will continue to work as one to become an indispensable presence for society, co-existing in harmony with customers, local communities, the natural environment, and all other stakeholders.

