

Medium-Term Direction **Flat Organizational Structure**

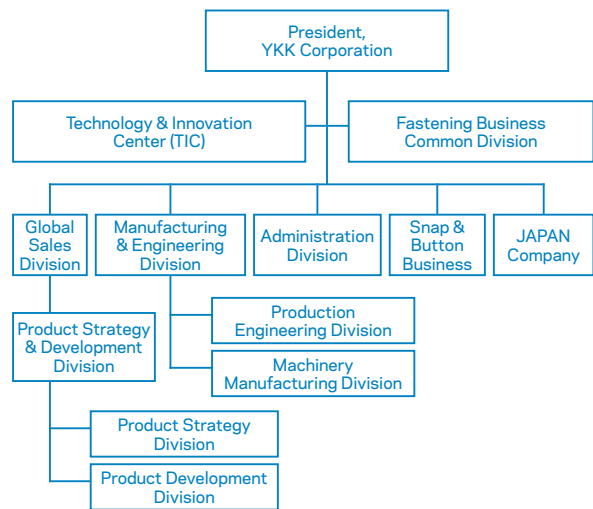
Organizational Restructuring for Immediate Response to the Drastically Changing Business Environment

YKK's Mid-term Business Policy "Sustainable growth under new normal - Responding to diverse customer needs and acquiring customers -" under the Sixth Mid-term Management Plan was formulated with the aim of achieving sustainable growth even in a business environment that will change even more drastically going forward. To ensure the sound achievement of this policy, in the first year of this policy (FY2021), we implemented a restructuring of YKK Corporation in Japan and the regional management structure overseas.

Business Management Under a Functional Structure

In FY2021, YKK reorganized and changed from a divisional structure to a flat structure with functional organizations, such as sales, manufacturing and engineering, and administration. With this, product development functions have been integrated into the Global Sales Division, and the entire company is strengthening product planning and development and working together with the Technology & Innovation Center (TIC), which is responsible for technological development from a medium- to long-term perspective, to achieve sustainable growth of the Fastening Business. As well, this organizational restructuring has shortened the distance between top management, leaders of the function departments, and the worksites, which in turn enables more timely information sharing and faster decision-making.

The Business Execution Structure of YKK Corporation (from April 1, 2021)



Maximizing organization strength to realize "One YKK"

Koichi Matsushima
 Director
 Executive Vice President,
 Global Sales Division

With the merging of product development with marketing and sales within the Global Sales Division, we worked to strengthen "product appeal & proposal capability" in response to customer needs. Our ongoing challenge is to keep these capabilities at the same level while also achieving "cost performance." Under the new structure, we can connect the voices of customers in each region more quickly at the global level, and boost customer satisfaction via "One YKK."



Boosting competitiveness with thorough manufacturing site "rationalization"

Fumio Ikeda
 Director
 Executive Vice President,
 Manufacturing &
 Engineering Division

As work progresses on productivity improvements and rationalization to boost the competitiveness of our manufacturing sites, we are looking to achieve results that exceed initial plans and solidify these results going forward. At the same time, shortening lead times and improving facilities proposal making for overseas production technology are ongoing challenges. We will clarify numerical targets and challenges, work steadily to build up results, and further enhance our technology & manufacturing capability.



Support activities of diverse human assets with a robust organizational base

Satoshi Honda
 Director
 Pension Policies
 Chief Financial Officer
 Executive Vice President,
 Administration Division

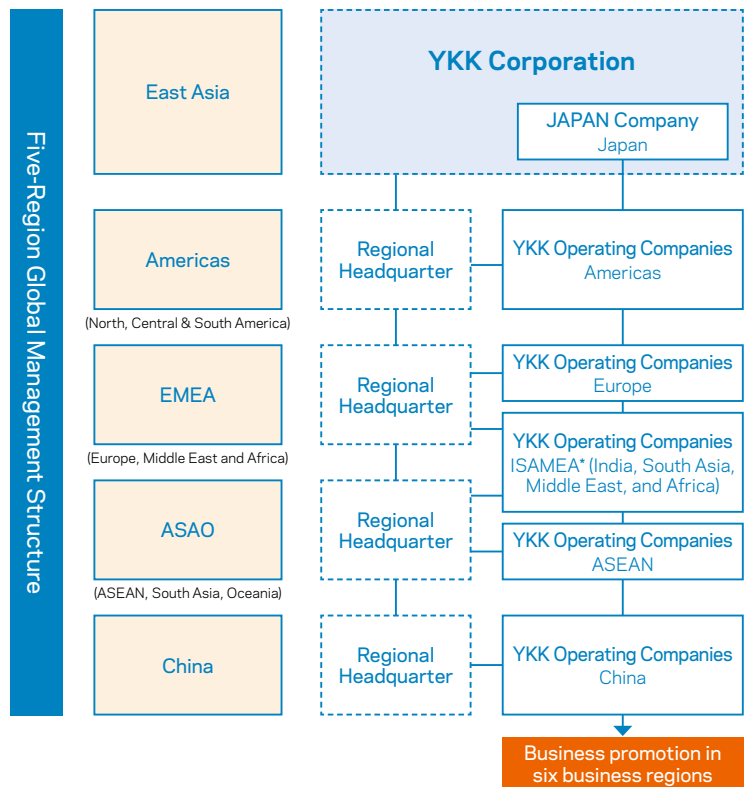
Regarding the role of the function departments that support the entire Fastening Business, we are conducting operations by linking up and communicating with overseas locations. Going forward, we will use digital technology to visualize our operations on a global level and raise the quality of our operations. At the same time, we will communicate the "Forest Management" concept that is the core of YKK around the world and transform ourselves into a robust organization in which all 27,000 of our diverse human assets can play a role.

Global Management Structures

Regarding our overseas management structure, we shifted to a Five-Region Global Management Structure (East Asia, Americas, EMEA, ASAO, and China) in FY2021. At the same time, we split the governance and business promotion organizations, and established six business regions (Japan, Americas, Europe, ISAMEA, ASEAN, and China), which are classified according to trade area or commercial distribution. Each business region will promote business under a business promotion manager (business leader) assigned therein and strengthen both the appropriate marketing methods for the region and production engineering capability. Under this new system, regional headquarters provide managerial support to the six business regions, with a focus on capital management and strengthening corporate governance.

EMEA: Europe/Middle East/Africa
ASAO: ASEAN/South Asia/Oceania
ISAMEA: India/South Asia/Middle East/Africa

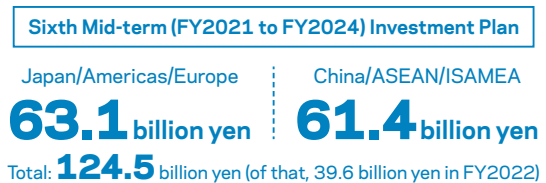
▶ Sixth Mid-term Regional Management Structure



Sixth Mid-term Management Plan: Investment plans for each region over 4 years

We are planning to invest a total of 124.5 billion yen over the four years of the Sixth Mid-term Management Plan. Of this, 63.1 billion yen will be invested in Japan, the Americas, and Europe, and 61.4 billion yen in the China/ASEAN/ISAMEA regions. While planning for proactive investment in future high-growth countries and regions, we will undertake balanced investment suited to the characteristics of each region. In FY2022, we are planning

to invest 39.6 billion yen, with a focus on sustainability and digitalization investments aimed at the future.



For medium- to long-term value creation: Technology cultivation at TIC

At the Technology & Innovation Center, in order to actualize our Sixth Mid-term Management Vision of "Technology Oriented Value Creation," we are pursuing technological development from a medium- to long-term perspective directly linked to strengthening the competitiveness of both the Fastening and AP Businesses.

In particular, in order to achieve the smart factories of the next Mid-term Management Plan, we are collaborating with the Manufacturing & Engineering Division to develop AI and digitalization technologies for manufacturing.

For example, in product inspection processes,

we are developing equipment in which AI classifies products as good or bad based on camera images, and robots automatically sort the products based on this. As well, we are developing AI systems that use vibration and imaging sensors attached to production machinery to detect wear and degradation in dies and parts and forecast replacement schedules.

