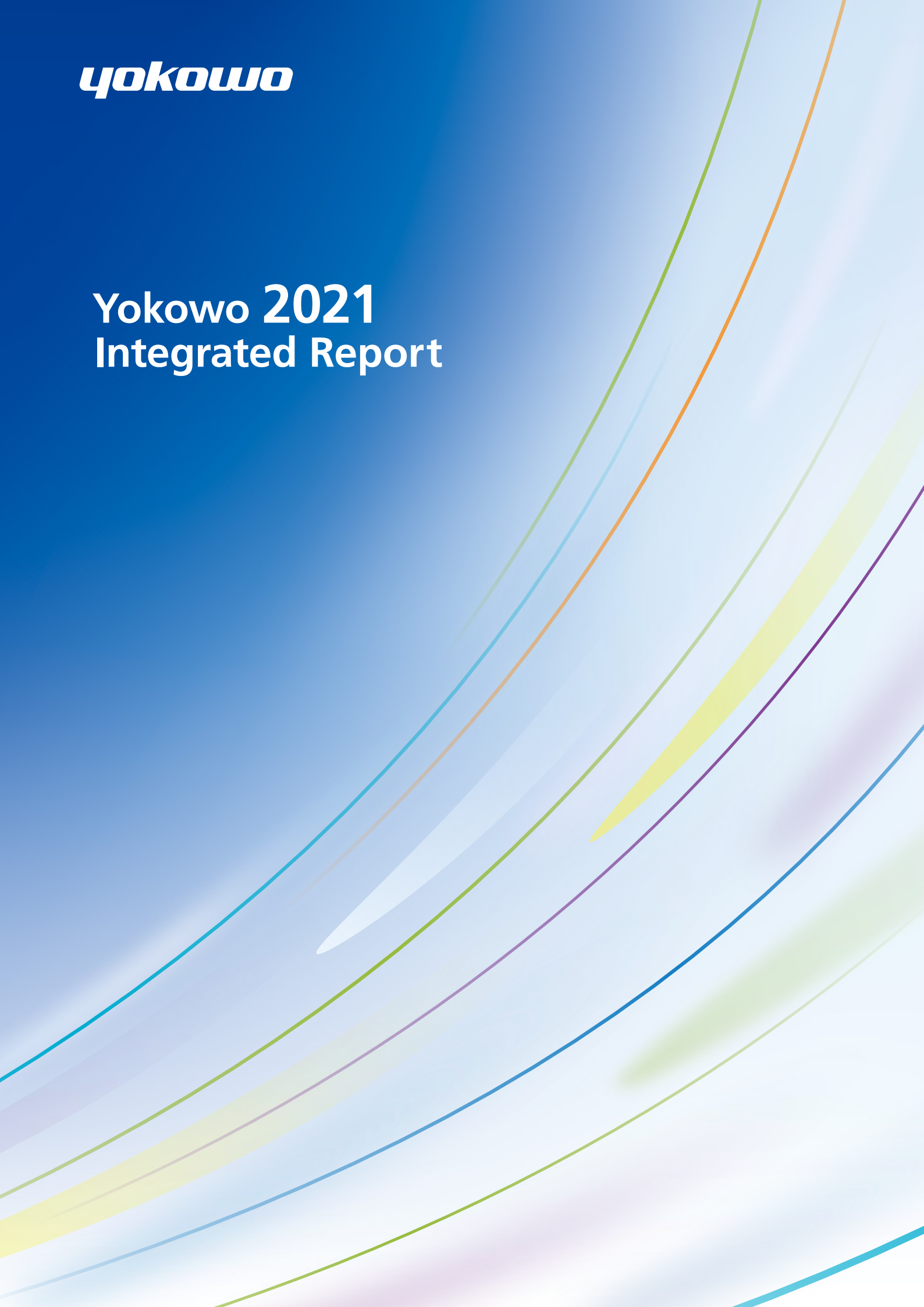


yokowo

Yokowo 2021 Integrated Report



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Yokowo 2021 Integrated Report

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Editorial Policy

Covered Organization: YOKOWO CO., LTD.
4 Domestic Group Companies
18 Overseas Group Companies

Period: Fiscal Year 2020 (April 1, 2020 - March 31, 2021)

Published: December 3, 2021

Publishing Cycle: Annually

Information Disclosure:

The Yokowo Group discloses information accurately, promptly and proactively in order to build long-term relationships of trust with its shareholders, investors and other stakeholders.

Forward-looking Statements:

Certain statements in this report such as "plan," "forecast" and "strategy" constitute forward-looking statements and are based upon reasonable assumptions given the information available at the time of publication. Please note that due to various factors, actual results may differ significantly from those anticipated in such statements.

Department Responsible for the Report:

Public Relations & Equity Department,
Administration Management H.Q.

Tel: +81-3-3916-3111 (main number)

Inquiry Form:

<https://www.yokowo.co.jp/english/inquiry/>

Corporate Philosophy

Yokowo's corporate vision is to be "a sustainably evolving company that accumulates technology to contribute to society and meet the trust of customers, and challenges the creation of markets as a whole. Yokowo is a company united in commitment to discovering and creating new markets."

Corporate Mission

To realize a sustainable society, Yokowo will contribute to the evolution of society by responding to the needs of leading companies that are promoting business structural innovation and providing high-quality products based on our core technologies.

The corporate vision and mission were redefined in August 2009, one year after the collapse of Lehman Brothers, as a part of the "Make the Future of Yokowo" project.

Amid the chaos of a global paradigm shift, employees and the management team brainstormed and distilled views of what Yokowo and all of us at Yokowo should do and wish to be in the future based on opinions collected from all employees.

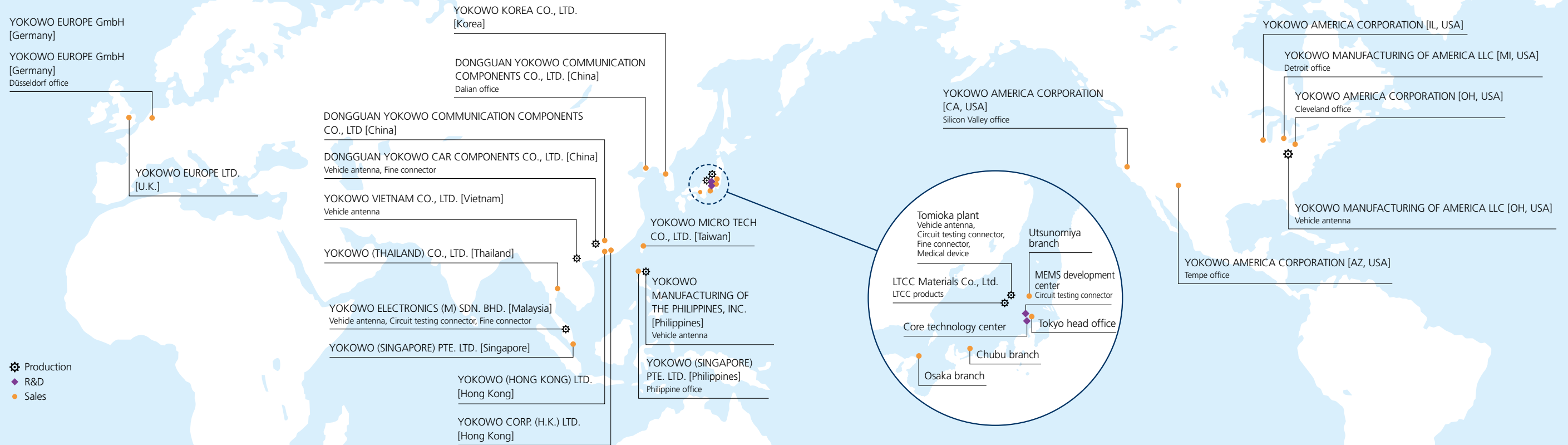
We believe that the reason for Yokowo's existence is our steady contribution to the evolution of society, based on unwavering commitment even amid a drastically changing environment, through the improvement of our technologies and quality and our response to the needs of our world-class customers.



YOKOWO GLOBAL NETWORK

Since establishing its Taiwan Plant in 1967, the Yokowo Group has been actively shifting production bases to overseas locations so that it can build an optimal global production system. It currently operates mass production plants primarily in Malaysia, China, and Vietnam. Overseas production now accounts for more than 80% of Yokowo's total production.

In terms of sales, Yokowo has opened overseas offices in countries and regions worldwide with offices in six cities in the Americas, the U.K. and Germany in Europe, and eight Asian countries to provide local-based sales services closely matched to market needs around the world.



Company Profile (As of March 31, 2021)

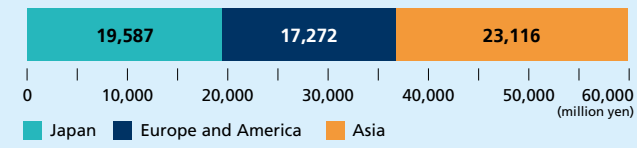
Company Name	YOKOWO CO., LTD.
Head Office Location	5-11, Takinogawa 7-Chome, Kita-ku, Tokyo 114-8515 Japan
Founded	September 1, 1922
Incorporated	June 14, 1951
Capital	¥6,387 million*
Number of shares issuable	40,000,000 shares
Number of shares issued	22,579,878 shares, including 538,426 treasury stock shares
Number of shareholders	6,653

Major Shareholders (As of March 31, 2021)

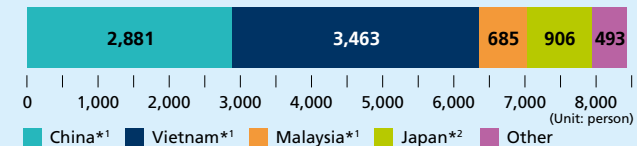
Shareholder	Number of shares held (in thousands)	Percentage of shares held
Custody Bank of Japan, Ltd.	4,397	19.9
The Master Trust Bank of Japan, Ltd.	2,100	9.5
The Gunma Bank, Ltd.	990	4.4
BNP Paribas Securities Services Luxembourg/JASDEC/FIM/Luxembourg Funds/Ucits Assets	990	4.4
Yokowo Business Partners Shareholders' Association	756	3.4
Mitsubishi UFJ Trust and Banking Corporation	595	2.7
The Dai-ichi Life Insurance Company, Limited	450	2.0
MUFG Bank, Ltd.	446	2.0
The Resona Bank, Limited	445	2.0
Employee Stock Ownership Association	437	1.9

* The Company holds 538 thousands of its treasury stocks, but not counted as a major shareholder.
 * The number of shares is rounded to the nearest thousand.
 * Percentage of shares held is calculated without 538 thousands of treasury stocks and is rounded to the nearest third decimal with numbers of less than one-hundredth of one percent omitted.

Net Sales by Region (FY2020)

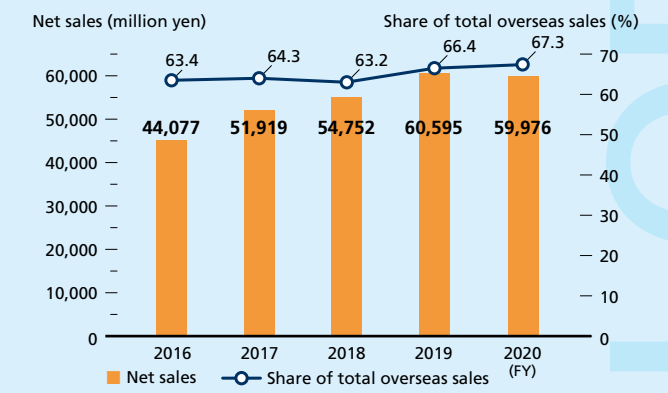


Number of Employees by Region (FY2020)



*1 Major Production Bases *2 YOKOWO CO., LTD.

Net Sales / Share of Total Overseas Sales



Value Creation – Our Track Record

Yokowo started with precision metal pipe processing developed by its founder, Chutarō Yokoo, at the time when he was a craftsman in the industry. From these beginnings, Yokowo introduced various new technologies centered on micro precision processing, expanding the business to a wide range of fields.

With Tomioka Town within Kanra District, Gunma Prefecture (now Tomioka City), where the founder was born and raised, as the center of development and production, Yokowo is developing and providing cutting-edge products for the global market while expanding its bases overseas.

1920

- '22 ● Founded YOKOWO MFG. CO., LTD. in Sumida, Tokyo.

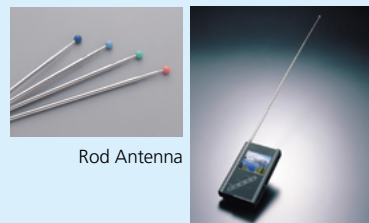
● Around 1930
Developed a Spring Bar for watches that, at that time, captured the largest share of the global market.



Spring Bar

1950

- '51 ● Incorporated.
- '56 ● Started Rod Antenna business. (withdrew in 2003)



Rod Antenna

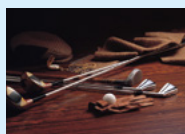
- '57 ● Started Vehicle Communication Equipment business.



Pillar Antenna

AM/FM Motor Antenna

- '59 ● Started Sporting Goods business. (withdrew in 1995)



Golf Goods

1960

- '61 ● Established Tomioka plant in Kanohara, Tomioka.



Tomioka Plant

- '62 ● Listed on the second section of the Tokyo Stock Exchange.

- '67 ● Established YOKOWO MFG. CO., (TAIWAN) Ltd. (now YOKOWO MICRO TECH CO., LTD.)

1970

- '73 ● Established YOKOWO (HONG KONG) LTD.

- '78 ● Established YOKOWO (SINGAPORE) PTE. LTD.

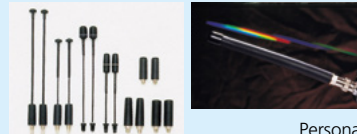
- '79 ● Started Circuit Testing Connector business.



Contact Probe

1980

- '83 ● Started Personal Communication Antenna business. (withdrew in 2014)



Cellular Phone Antenna

Personal Communication Antenna

- Started Microwave Component business. (transferred to the Vehicle Communication Equipment business in 2002)



Microwave Components

- '84 ● Established YOKOWO AMERICA CORPORATION in Chicago, U.S.A.

- '86 ● Started Fine Connector business.



Spring Connector

- '87 ● Established YOKOWO ELECTRONICS (M) SDN. BHD. in Malaysia.



Outdoor Unit for BS

- Began OEM supply of various satellite broadcast reception devices in tandem with NHK's launch of satellite broadcast services.



- '89 ● Completed new head office in Tokyo.



1990

- '90 ● Changed company name to YOKOWO CO., LTD.

- '92 ● Developed a small-sized ceramic patch GPS Antenna.



GPS Antenna

- '94 ● Established DONGGUAN YOKOWO ELECTRONICS CO., LTD. in China. (merged with DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. in 2017)



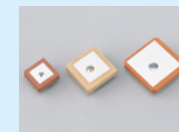
- '95 ● Established DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. in China.

- '96 ● Developed the world's first Micro Antenna for automotive AM/FM radio.



Micro Antenna

- Started Microwave Ceramics business.



Ceramic Antenna

- '97 ● Developed a BGA Test Socket to make a full entry into the semiconductor inspection market.



BGA Test Socket

- '99 ● Established DONGGUAN YOKOWO COMMUNICATION COMPONENTS CO., LTD. in China.

- Established YOKOWO Europe Ltd. in London, U.K.

2000

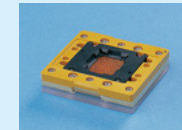
- '01 ● Listed on the first section of the Tokyo Stock Exchange.

- '02 ● Established YOKOWO MANUFACTURING OF AMERICA LLC in Hilliard, Ohio, U.S.A.



- Established YOKOWO KOREA CO., LTD. in Korea.

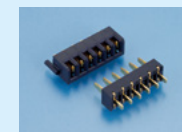
- Developed the industry's first socket for high-frequency testing.



Hi-Giga Sockets

- '05 ● Established YOKOWO CORP. (H.K.) LTD. in Hong Kong.

- Developed a 2 Piece connector to make a full entry into the rugged handheld device market.



2 Piece Connector

- '06 ● Started Medical Device business.



Components for Medical Devices (Tip Terminal of Catheter)

- '07 ● Established YOKOWO Advanced Device Center. (reorganized into a joint corporation in 2019)



YOKOWO Advanced Device Center

- '08 ● Took over probe card business from Genesis Technology Inc.

- Established YOKOWO MEMS development center.

2010

- '11 ● Established YOKOWO VIETNAM CO., LTD. in Vietnam.



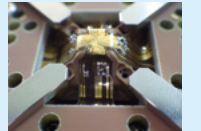
- Began OEM supply of Guide Wire for medical treatment.



Guide Wire for Medical Treatment

- '12 ● Acquired ISO 13485 certificate.

- '13 ● Commercialized the YPX probe card series for the testing of high frequency devices using MEMS technology.



YPX Series

- '14 ● Acquired ISO 27001 certificate.

- '16 ● Acquired OHSAS 18001 certificate. (Transferred to ISO 45001 in 2020)

- '18 ● Established Advanced Measurement Technology Center in Tomioka plant.



AMT Center

- '19 ● Registered the SmartWeld® trademark for its original technology for bonding different metallic materials.

- Established a joint corporation as LTCC Materials Co., Ltd.

2020

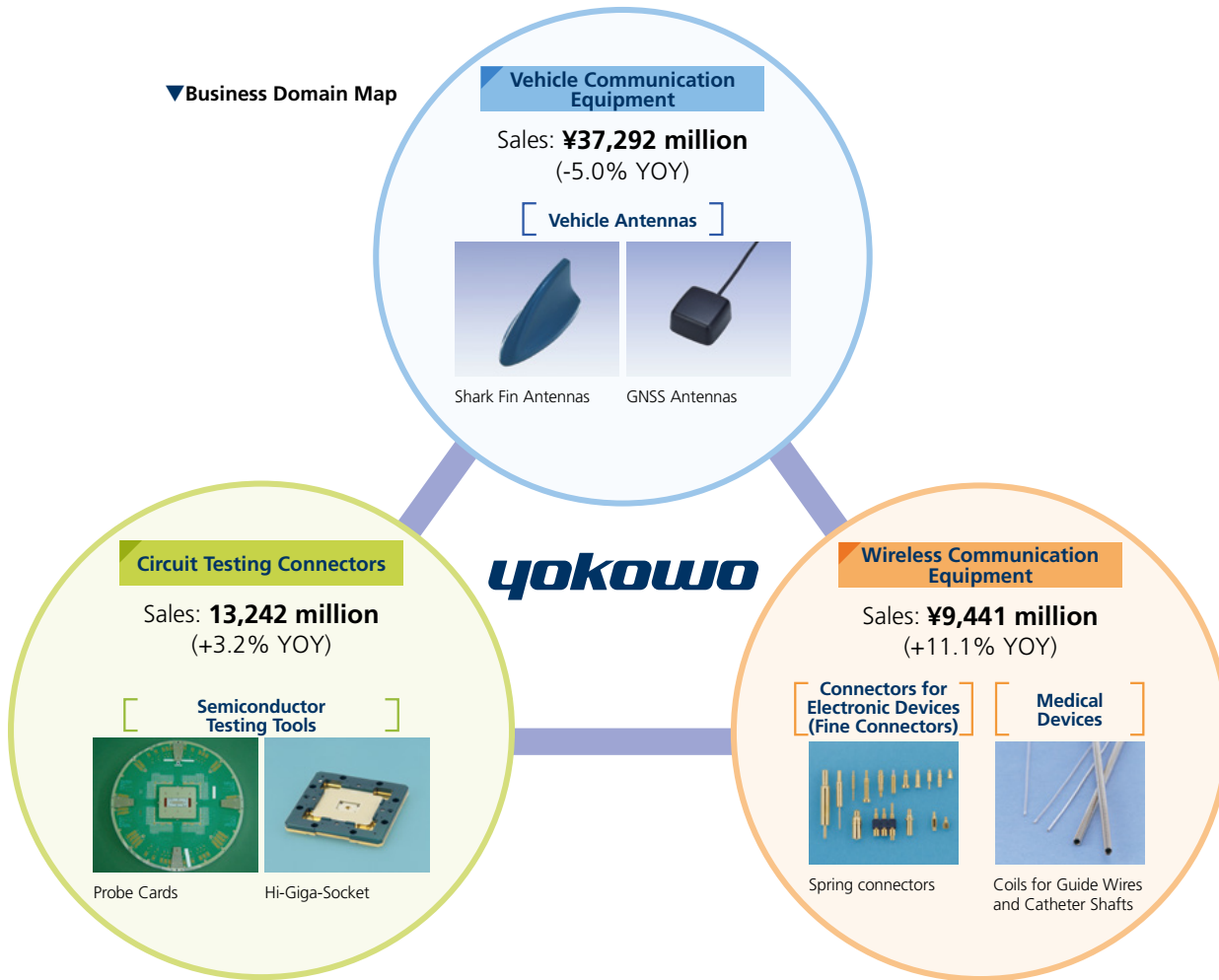
- '20 ● Established YOKOWO EUROPE GmbH in Germany.

- Established Lumax Yokowo Technologies Private Limited in India.

- Established YOKOWO MANUFACTURING OF THE PHILIPPINES, INC. in Philippines.

Yokowo's Business Domain

The Yokowo Group has implemented and refined a number of technologies such as antenna and microwave technologies, while further deepening the technologies in micro precision processing. The Company's business domain has continually expanded from antennas, connectors and advanced devices, branching out today into three segments: Vehicle Communication Equipment, Circuit Testing Connector, and Wireless Communication Equipment.



Vehicle Communication Equipment

Yokowo manufactures antennas for cars (vehicle antennas), such as the Shark Fin antenna, mainly for the automotive market.

By continuing to develop and propose antenna systems to the customers that support next-generation vehicle communication which meet the basic needs required for smaller, multi-use, lower profile and smart vehicle antennas, Yokowo is helping to create safe and comfortable mobility services.

Circuit Testing Connector

Yokowo manufactures probe cards for front-end testing and sockets for back-end testing mainly for the semiconductor and electronic component testing market.

By making full use of its micro precision processing and microwave technologies, the Company provides solutions for all processes in the area of testing for electronic devices, such as semiconductors and electronic components, so as to meet the demands for smaller size and greater speeds.

Wireless Communication Equipment

Fine Connector Business

Yokowo is globally developing and providing minute spring connectors that meet the needs for miniaturization and space saving in various electronic devices, mainly for the mobile communications terminal market.

Medical Device Business

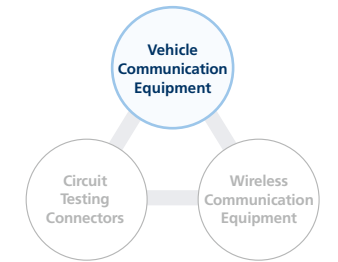
Yokowo provides a complete service from the design to the development and manufacturing of OEM guide wires, catheters and other micro precision parts and assembly products, mainly for the minimally invasive medical equipment market.

Vehicle Communication Equipment Segment

Vehicle Communication Equipment - Consolidated Sales

(million yen)

FY2016	FY2017	FY2018	FY2019	FY2020
32,029	36,256	38,183	39,264	37,292



Segment Overview

In this segment, Yokowo manufactures vehicle antennas, including Shark Fin and GPS antennas for all areas from low to high frequency, mainly in China and Vietnam with over 90% of production taking place overseas. Regarding sales, we mainly provide our vehicle antennas to Japanese automobile manufacturers, not only in Japan but also globally in the United States and ASEAN markets. Overseas sales account for over 60% of all sales in this segment.

As a leading company of antenna systems that support next-generation vehicle communications, Yokowo will continue to strengthen its core technologies including antennas, and promote drastic reforms to its profit structure to continue to generate long-term profits.

profit and loss, we not only recorded a loss in the first quarter but also had a surge in ocean freight charges and an increase in logistics costs attributable to the increased use of air shipments due to parts procurement difficulties and production delays, as well as a temporary decrease in inventory valuation in the second half of the fiscal year. Despite this, from the second quarter onward, factors such as an increase in the proportion of product sales with relatively high profit margins, a decrease in manufacturing costs resulting from cost management initiatives, and higher yields from manufacturing processes led to a significant improvement in profit. As a result, we recorded a profit of 433 million yen (compared to a profit of 30 million yen in the previous fiscal year).

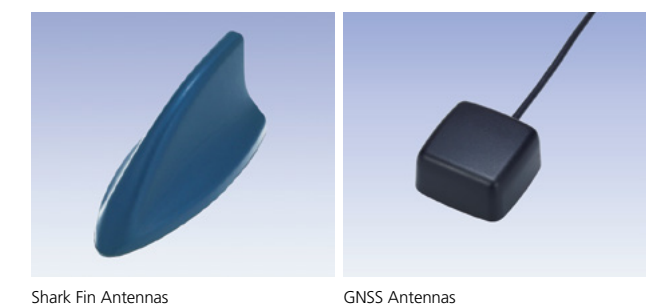
Segment Review (Fiscal 2020)

In the automotive market, this segment's main market, automobile manufacturers were forced to reduce production in the first quarter due to the spread of the COVID-19 pandemic. In the second quarter onward, although the scale of this reduction shrank as demand began to recover, the overall automotive industry was impacted by global semiconductor and resin material shortages, so both production and sales declined year on year. By region, new vehicle sales in the Chinese market improved greatly from the previous fiscal year. However, in the United States, ASEAN, and Japanese markets, there was a year on year decrease due to a fall in demand and the shrinking and suspension of production in the first half of the fiscal year. Under these circumstances, from the second quarter onward, sales of antennas for automobile manufacturers in Japan and overseas, such as Yokowo's mainstay Shark Fin and GPS antennas, and sales of products mainly for the domestic market, such as the ETC antenna, surpassed levels for the same period of the previous fiscal year due to the recovery of production by automobile manufacturers. However, this was not enough to offset the decline in sales during the first quarter and overall sales decreased year on year. As a result, net sales in this segment decreased from the previous fiscal year to 37,292 million yen (down 5.0% on previous year). In regard to segment

Segment Policy

Looking ahead, Yokowo will continue to promote further business expansion and a more layered business model by gaining a full market presence in mobility service fields, such as MaaS. The Company will do so while working on the development of more advanced strategic products with higher levels of added value in new fields such as ADAS, automated driving, and connected cars.

In addition to investment to increase capacity at its production bases, Yokowo will forge ahead rebuilding its profit structure by moving more production from its Chinese plant to its plant in Vietnam. The Company will also overhaul its profit profile by establishing a plant in the Philippines as a third production base (due to begin operations in April 2022), and by making the most of strategic alliances while seeking steady expansion of its automatic assembly lines and automatic testing systems brought in this fiscal year.

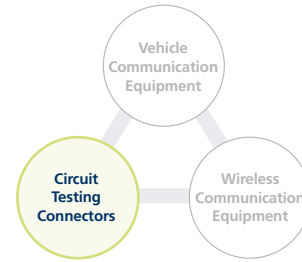


Circuit Testing Connectors Segment

▼Circuit Testing Connectors - Consolidated Sales

(million yen)

FY2016	FY2017	FY2018	FY2019	FY2020
6,883	9,503	9,138	12,832	13,242



Segment Overview

In this segment, Yokowo manufactures contact probes making full use of its micro precision processing technology, and also manufactures probe cards for front-end testing and sockets for back-end testing in semiconductor manufacturing processes, which both use contact probes. Yokowo has production bases in Japan and Malaysia with overseas production accounting for over 60% in this segment. Products are supplied worldwide, mainly to semiconductor manufacturers and foundries, with over 80% of sales going overseas.

In recent years, Yokowo has expanded its product lineup in cutting-edge fields, such as testing sockets for testing 5G devices that use microwave technology, and probe cards for the testing of high-frequency electronic components (YPX) that make use of MEMS technology. As of March 2021, monthly production capacity for contact probes was approximately 5.8 million units.

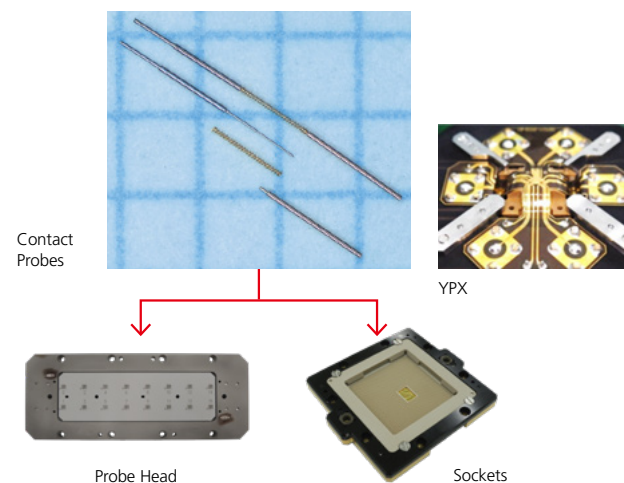
Segment Review (Fiscal 2020)

In the semiconductor testing market, this segment's main market, the COVID-19 pandemic drove an increase in demand for personal computers due to an increase in people working remotely and an increase in demand for servers accompanying a sudden rise in internet use as people refrained or were restricted from going out. Also, although there was a temporary decline in demand related to 5G as investment stalled, this recovered from the second half of the fiscal year onward. Under these circumstances, sales of the Group's mainstay semiconductor back-end testing tools remained level with the previous fiscal year. This was mainly due to sales from major customers declining across the board from the second quarter onward as a result of the COVID-19 pandemic and trade friction between the United States and China, despite an increase in orders in the first quarter. Sales of semiconductor front-end testing tools rose significantly compared to the previous year as overall sales grew against the backdrop of a global increase in sales of 5G smartphones in the turnkey business, which provides a one-stop service solution to include peripheral equipment. As a result, net

sales in this segment grew year on year to 13,242 million yen (up 3.2% on previous year). In terms of profit and loss for the segment, profit decreased to 2,682 million yen (down 14.4% on previous year), due to factors such as an increase in fixed expenses accompanying the enhancement of production systems in anticipation of recovery and increase in orders, as well as an increase in fixed expenses for back-office departments following increased sales.

Segment Policy

Going forward, Yokowo's policy is to steadily capture the increase in demand for semiconductor testing in fields such as 5G, IoT, in-vehicle, and AI. To this end, Yokowo will strongly promote the strengthening of full-scale systems to; develop and launch strategic products that target the market for high-frequency and high speed signal testing related to 5G communications, invest in capacity increases at domestic and Malaysian plants, invest in improved efficiency and streamlining such as by building automatic assembly lines and introducing automatic testing systems, and expand its turnkey business in the area of semiconductor front-end testing. Yokowo will also strive to build a more profitable business structure and maintain stable business operations.

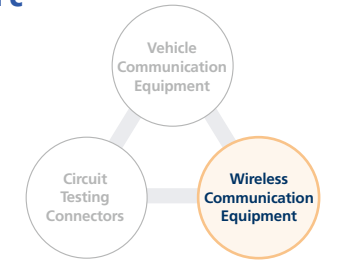


Wireless Communication Equipment Segment

▼Wireless Communication Equipment - Consolidated Sales

(million yen)

FY2016	FY2017	FY2018	FY2019	FY2020
5,164	6,158	7,429	8,498	9,441



Segment Overview

This segment consists of two businesses; Fine Connectors and Medical Devices.

In the Fine Connector business, Yokowo manufactures spring connectors which allow for easy attachment and detachment to electronic devices. These connectors are manufactured in Japan, Malaysia, and China, with over 80% being produced overseas. Yokowo supplies a wide range of electronic device manufacturers in Japan and overseas, with over 80% of sales going outside Japan.

In the Medical Device business, in addition to micro precision parts such as OEM guide wires and catheters, Yokowo designs, develops, and manufactures assembly products at its Tomioka plant in Japan. Yokowo mainly supplies domestic medical device manufacturers, with approximately 10% of sales going overseas.

Segment Review (Fiscal 2020)

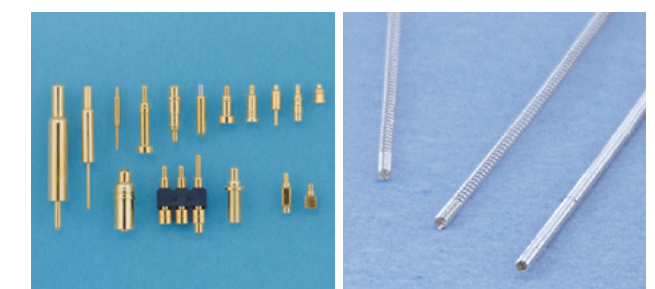
Although sales of smartphones have been declining in the mobile communications terminal market, this segment's main market, future growth is expected on the back of more diversification and functionality with wearable devices. Moreover, the point of sales (POS) market continues to grow steadily from the perspective of improved operational efficiency through information management in a wide range of industries, including logistics and manufacturing. Growth is also expected in other markets such as industrial equipment. Under these circumstances, with fine spring connectors as the business' core product in the Fine Connector business, net sales increased year on year as sales of POS terminals remained strong and orders increased for other products, such as mobile terminals for use in educational facilities. In the Medical Device business, which is also included in this segment, sales remained roughly level with the previous year. The impact of the COVID-19 pandemic led to a decrease in orders for parts, but sales of new products sold as complete units were strong. As a result, net sales in this segment increased from the previous fiscal year to 9,441 million yen (up 11.1% on previous year). In terms of profit and loss,

profit increased to 2,062 million yen (up 17.5% on previous year) due to factors such as increased revenue from the Fine Connector business.

Segment Policy

In the Fine Connector business, Yokowo plans to continue working to expand its business and carry on with the multi-layer structuring of its products, markets, and customers. The Company will do this by accelerating the introduction of custom-type connectors such as high-performance, high-speed, large-capacity connectors that meet the product needs of a differentiated market, and by expanding its standard product lineup to capture new demand.

In the Medical Device business, Yokowo aims to further grow the business by increasing the production capacity of micro precision parts with the installation of cutting-edge production equipment and by expanding sales of guide wire and catheter assembly products in Japan and overseas. The Company will also promote a multi-layered structure to the supply chain in anticipation of business expansion in the cutting-edge medical field which is seeing worldwide expansion particularly in the United States.



Spring Connectors

Coils for guide wires

Top Message

Challenge the next stage by promoting the new medium-term management plan

GO BEYOND
~Challenge the Next Stage~

Takayuki Tokuma

Representative Director,
President and Executive Officer
YOKOWO CO., LTD.



Yokowo will drive forward with its new medium-term management plan, to ensure that it is a constantly evolving company.

The new medium-term management plan began in fiscal year 2020. An outline of the new medium-term management plan and the success stories for the next stage Yokowo will take from here are described below.

Basic Management Policy

Yokowo has instituted two management policies to realize its corporate vision. One is the sustainable evolution of business management and the other is a multi-layered business structure.

The sustainable evolution of business management is constant evolution and moving forward as Yokowo has advocated in the slogan it has out forward since its inception, "Constantly on the cutting edge." The measures for realizing the sustainable evolution of business management are product innovation (including business model, product and business structure innovation), process innovation (the innovation of business processes) and personnel innovation (human resources innovation).

In other words, these measures aim to substantially change

the business structure, including products, technology and markets, and business operating process through the optimal placement of business sites and the proactive introduction of new production processes, processing technologies and IT. The diversity of the human resources who operate the above will expand to ensure the development of highly professional teams.

In line with management innovation (the innovation of corporate management and business operations), substantial changes will be made to how the elements and systems involved in the above three innovation measures and these measures themselves are managed, in order to accelerate the evolution of business management.

The other management policy of the multi-layered business structure aims to enhance the stability of our corporate management and our companywide earnings structure. In other words, we aim to improve sustainability.

As the management environment surrounding Yokowo is

changing drastically, this management policy aims to establish a business system capable of responding to these changes by creating a multi-layered business structure (industry, customers, technologies, supply chains and other layers).

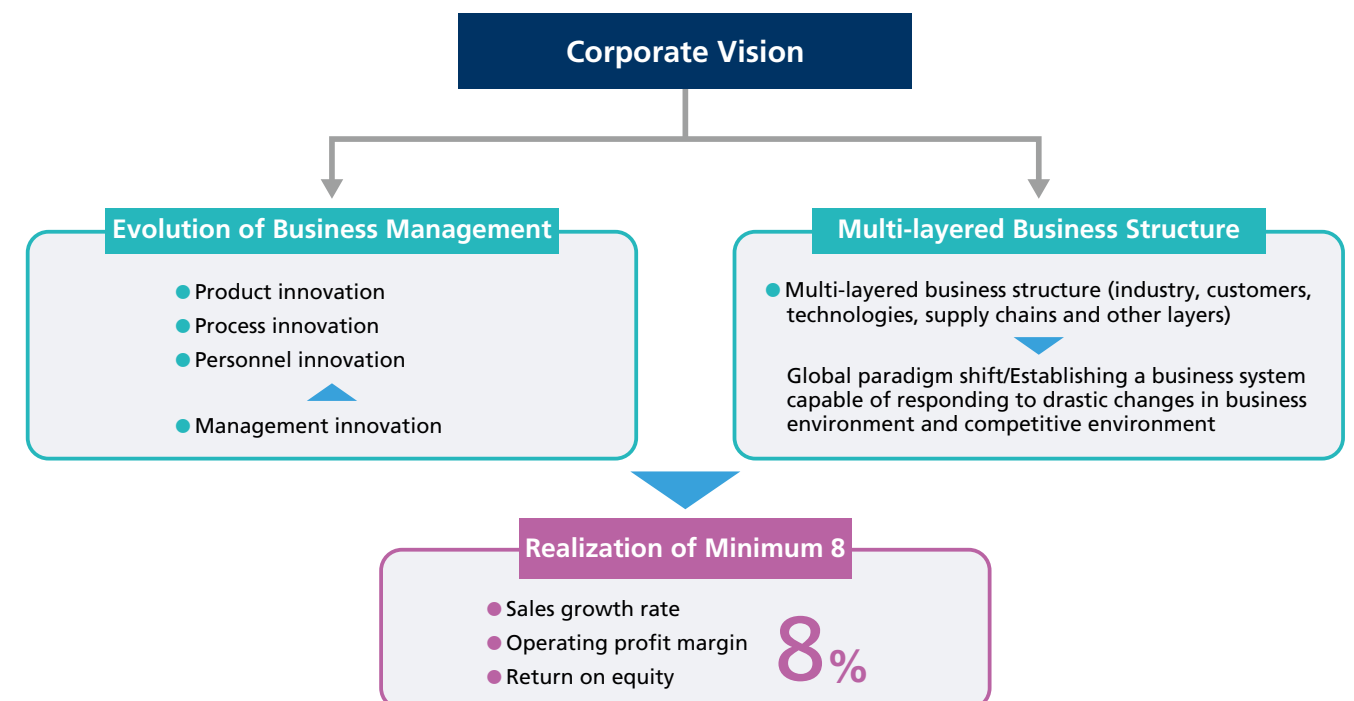
By promoting the sustainable evolution of business management and a multi-layered business structure, we hope to achieve Minimum 8 (secure at least 8% in sales growth rate, operating profit margin, and return on equity) in a consistent and stable way.

The New Medium-term Management Plan and the Current State of Operational Performance Under the Impact of the COVID-19 Pandemic

In November 2020, Yokowo announced its new medium-term management plan, around six months later than originally anticipated. The new plan covers the three-year period from the 83rd fiscal term (the fiscal year ended March 31, 2021) to the 85th fiscal term (the fiscal year ending March 31, 2023). As far as possible, the spread of the COVID-19 pandemic was taken into account when formulating the plan.

New Medium-term Management Plan

With the 100th anniversary of our founding coming up in September 2022, the title of the new medium-term management plan is "Go Beyond: Challenge the Next Stage," to evoke our belief that our goal is to transcend the present situation and advance to the next stage. The outline of the plan is as follows.



- Promote management innovation company-wide**
 - Realize business operations that are directly linked to the needs of our customers
 - Strengthen our capabilities to manage manufacturing proficiencies and integrate responsibilities for business income and expenditures and the authorities for achieving the income and expenditure plans
 - Realize the visualization of profit performance by product and improve capital efficiency
 - Product innovation that transforms the risks of changes in industries and markets into opportunities for business**
 - Revitalize our business structure through sustained effort to develop new markets and introduce new technologies and through strategic withdrawals from unprofitable businesses
 - Strengthen systems that support product innovation**
 - Intellectual property strategy
 - Establish elemental technologies
 - Strengthen cooperation between the business division's technologies and research and development (including external networks)
 - Evolve process innovation to meet customer expectations**
 - Develop product innovation based on the new 5S* principle using AI and other advanced technologies in all business processes
- * Simple, Slim, Small, Short and Smooth

By steadily promoting the corporate priorities, we aim to ensure the achievement of the medium-term basic managerial objectives and consolidated performance objectives.

Medium-term Basic Managerial Objectives
Stable realization of Minimum 8

Consolidated Performance Objectives
in the New Medium-term Management Plan
(Fiscal year ending March 31, 2023)

Consolidated net sales: ¥ 72 billion
Operating income: ¥ 7.2 billion (operating margin: 10%)
Ordinary income: ¥ 7 billion
Profit attributable to owners of parent: ¥ 5 billion

Moreover, we are determined to drive forward initiatives in the following three areas as measures to be enacted over a period longer than the period of the medium-term management plan.

1. Basic research

Centering on micro precision processing technology and microwave technology, the core strengths of the Yokowo Group, we will work to invest in and enhance the system for basic research, a key driver of long-term growth.

2. Digital transformation (DX)

By improving productivity and efficiency at each site for development, procurement, production and marketing, we will promptly provide value to customers. Moreover, we aim to continue to improve the speed of management decision-making and our responsiveness to change by reinforcing real-time cooperation between these sites and the headquarters.

3. The SDGs

We will work on the three top-priority issues of the environment, local communities and diversity and inclusion, which have been extracted through a materiality identification process and aim to achieve KPIs set for each measure (see p.19 to p.22, “Yokowo’s Materiality”).

By steadily and vigorously pushing ahead toward these goals, we will establish resilient strength that does not waver during upheaval and that enables appropriate and prompt responses to successive and drastic changes. We will strive to collaborate with our stakeholders in our efforts to create new value.

Performance in the Fiscal Year Ended March 31, 2021 and Current Situation

The main markets for the Yokowo Group include the automotive, semiconductor testing, mobile communications device and advanced medical equipment markets. These markets are experiencing a dramatic transformation due to the widespread adoption of CASE*, MaaS, 5G, AI and IoT technologies, and this presents major business opportunities for Yokowo. However, the spread of the global COVID-19 pandemic has had a major impact on our Company.

Specific examples of the negative impact of COVID-19 include a reduction in the capacity utilization rate of our Company’s production bases due to lockdowns and restrictions on movement, etc., a substantial fall in the volume of orders received from customers due to semiconductor shortages, and increased freight charges and longer shipping times for marine transport. On the other hand, the dramatic transformation in lifestyles caused by the pandemic has also had some more positive impacts, such as the global increase in demand for semiconductors resulting from people staying at home more and working from home, and the shift away from using public transportation towards using private cars, etc. As a result, examination of the Company’s performance in the fiscal year ended March 31, 2021 shows that sales fell only very slightly year-on-year (by 1.0%) to 59,976 million yen, while operating profit rose 5.3% year-on-year to 5,179 million yen, ordinary income rose by 16.1% year-on-year to 5,320 million yen, and profit attributable to owners of the parent company rose by 11.0% year-on-year to 3,818 million yen. All of these profit indicators represented record highs for the Company.

* CASE: An acronym for the new trend in automobiles: Connectivity, Autonomous, Shared, Electric

Performance Forecast for the Fiscal Year Ending March 31, 2022

In the fiscal year ending March 31, 2022, the scale of the impacts of the COVID-19 pandemic outlined above has expanded. In particular, the spread of COVID-19 variants in the Asia region has become a severe problem, with an impact on the production operations not only of Yokowo but also of our customers and suppliers that has been more pronounced than in the previous fiscal year, and the outlook for the future is becoming even more uncertain. Although the Yokowo Group is expected to see an increase in whole-year sales year-on-year, a fall in profits will be unavoidable due to the significant decline in order volume, the rising cost of raw materials and the increase in logistics costs. As of November 2021, it appeared unlikely that this fiscal year would see record earnings. At the same time, however, end-user demand remains strong in Yokowo’s main markets, which include the automotive and semiconductor markets. We believe that, if the pandemic is brought under control and economic activity gets back to normal, then performance could improve

again in the fiscal year ending March 31, 2023, partly as a result of a rebound effect. We will continue working towards achieving the performance targets set in the new medium-term management plan for the fiscal year ending March 31 2023.

My Desire to “Make Yokowo a Good Company”

Since being appointed as President in 2007, I have constantly conveyed my desire to make Yokowo a good company to our employees in and outside Japan. As I wrote in the section about materiality, I think that a better company is:

- A company about which customers say, “It was good that we have conducted business with Yokowo. We will expand our business relationship with Yokowo.”
- A company about which contractors say, “It was good that we performed business operations for Yokowo. We will work harder to contribute more,” and about which people in the local community say, “It is good that we have Yokowo in our town. We are happy to have our children work there.”
- And most importantly, a company where the employees of the Yokowo Group think, “I am very satisfied with to be working for this company. I will work harder to make it an even better company.”

I think that a company such as that is truly a good company.

To make Yokowo a good company, we should ensure that the officers and employees of the Yokowo Group in and outside Japan, regardless of nationality, gender and other differences, are content and fulfilled in their work, and have a foundation of reliability and trust.

Through the evolution of our technology, we will continue to offer quality products and services to improve customer satisfactions. We will contribute to local communities which we rely on to ensure that we are welcomed by them and to bring satisfactions to our neighbors. As a resident of this world, we will contribute to solving climate change and other issues to preserve the natural environment that sustains lives of people around the world, including our stakeholders. Based on the above, we have the three top-priority issues: the environment, local communities and diversity and inclusion.

Recently, we have introduced new measures to address these issues, and have begun implementation of new initiatives. For example, with regard to the environment, at a meeting of the Board of Directors held in October 2021 it was decided that Yokowo would express its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see p.41, “Environment”). In regard to diversity and inclusion, besides the Tomioka International Specialist Park (TISP) project



that was launched several years ago, and which has already begun to produce results, we have also organized round-table discussion meetings that provide a venue for a wide range of employees – including female, foreign, veteran and new employees – to engage in free discussion and exchange of views; the ideas raised during these meetings are reflected in the Company’s human resources system and employee welfare measures (see p.34 “Employees”).

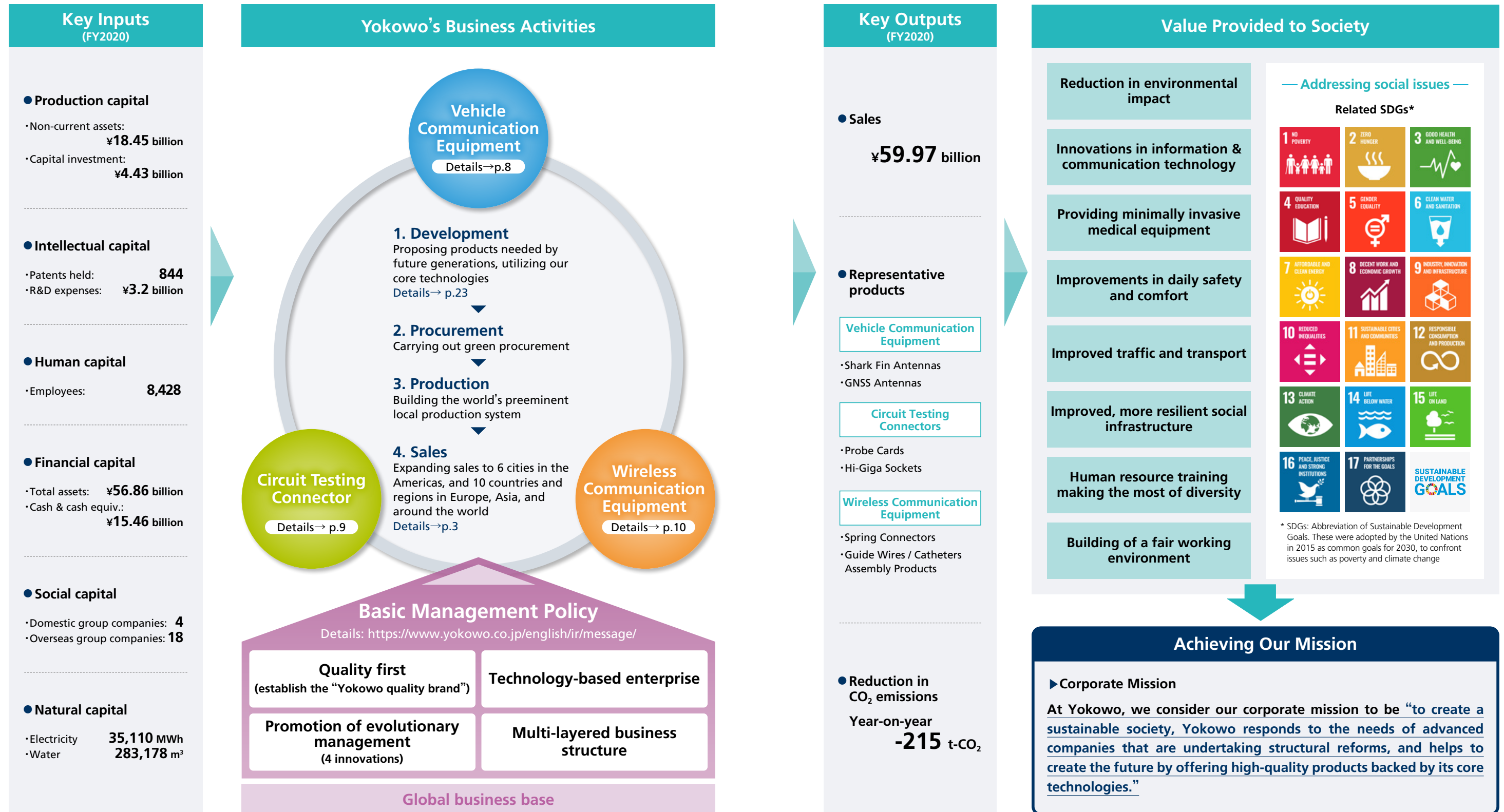
One mission of the Yokowo Group is to operate our business and make a profit as a group engaging in commercial businesses. We recognize that now, it is not simply the volume of profits generated from our growth potential and the profitability of our business that is strongly demanded, but also the quality of the profits that should reflect equal, fair and proper business operations, and together, the results of a business operated in this way should lead to social contribution.

While working to achieve the new medium-term management plan and the long-term measures, we hope to become a good company for our shareholders and investors by increasing both the volume and quality of profits, expanding profit distribution and by improving our quality and dignity as a company.

We offer our appreciation to all of our stakeholders and look forward to your continued understanding and support in the future.

Yokowo's Value Creation Process

While utilizing our "6 types of capital," the Yokowo Group provides value to society through a multi-layered combination of our core competencies (micro-precision processing, microwaves (high frequency), and advanced devices). Looking forward, our aim is to achieve a sustainable society through our business activities that are based upon the four pillars of our basic management policies, and to strive to continue to create value unique to Yokowo.



Yokowo's Manufacturing

The Yokowo Group actively incorporates cutting-edge technologies while reaching greater heights with its core technologies, such as micro precision processing technology, antenna technology, and microwave technology, providing a wide variety of original products for the world's leading companies.

Furthermore, Yokowo is promoting innovation each and every day in the production process to achieve high levels in terms of quality, cost, delivery and safety (QCDS).

Cutting-Edge Research and Development

Basic Research

Microwave Technology

Amid the development of automated driving and 5th generation mobile communications systems (5G), microwave technology is becoming increasingly more important in the fields of vehicle communication and semiconductors. Yokowo is progressing with the establishment of the world's highest-level microwave technology in terms of both wireless communication and semiconductor testing.

Process Development

Micro Precision Process

In addition to the world's highest-level micro precision processing technology, Yokowo is strengthening its competitiveness in precision plating and MEMS processing.

Production Process

All major elemental technologies are developed within Yokowo's production engineering department, which also promotes AI applications in production and quality control.

Design Process

Yokowo is establishing an integrated system from design to maintenance that utilizes multiple uses of 3D computer-assisted design information.

Commercialization Research

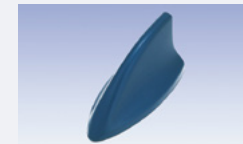
Yokowo has established a system in which the R&D department, the process technology department and the department responsible for new product development and commercialization can work together closely. By incorporating cutting-edge technologies in collaboration with other companies and universities, Yokowo is also promoting product evolution and a multi-layered business structure.

Applied Research

- System proposals related to building social platforms that utilize wireless technology and software development capabilities
- Development of high-speed optical communication devices and connectors, and automatic testing technology for wireless antennas incorporated in semiconductor devices essential for the evolution in automated driving and 5G
- Turnkey system proposals for semiconductor testing tools

Multi-Layer Building Products

Vehicle antennas



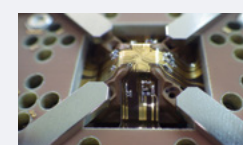
Software applications



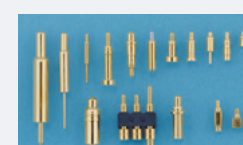
Semiconductor testing



High frequency device testing



Connectors for electronic devices



Medical devices



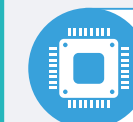
Fields for Product Roll-Out

Expanding and Strengthening



Vehicle Antennas

- Automated driving systems



Semiconductor Testing Tools

- 5G
- Turnkey



Connectors for Electronic Devices

- Small, low profile, waterproof, high current



Medical Devices

- Precision parts
- Assembly products

Strategic Development



Social Platforms

- Car sharing
- Drones



High Frequency Device Testing

- Amps
- Filters



Optical Communications

- Connectors
- Photoelectric conversion



Precision Plating

- Wet
- Dry

The world's number one manufacturer for high-frequency, wireless applications, and precision parts

Yokowo's Materiality

In 2020, Yokowo identified our materiality as a Group. This clearly states the contribution to society made through our business activities, and incorporates the desire of our management to "make Yokowo a good company." Through the promotion of innovation and reforms to business models, we are both sustainably growing our business, and contributing to the environment, society, and diversity.

"Make Yokowo a good company" — Three Wills

- 1 Be a company that customers and their customers feel comfortable working with
- 2 Be a company that society (including local communities) and its business partners feel comfortable interacting with
- 3 Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there.

Process to Identify Materiality

Specific processes are as follows:

- 1 List themes considered by the Company or its stakeholders to be important based on management policies, medium-term management plans, specific materiality by SASB industry, etc.
- 2 Refine themes and set targets through workshops with General Managers of business divisions and Chief Officers of business strategy divisions.
- 3 After reviews by the Board of Directors including outside directors and outside Audit & Supervisory Board Members, approval of items and KPIs.
- 4 Organize the relationship with CSR issues, and clearly detail the specified results in the integrated report and on the website.

Three Priority Issues (Materiality)

From the candidate issues that were extracted and analyzed using the process outlined above, we identified the following three priority issues:

- The environment
- Local communities
- Diversity and inclusion

① Be a company that customers and their customers feel comfortable working with

● Establishing the "Yokowo Quality Brand" focusing on the highest quality, and on zero hazardous chemical substances

- High quality, high productivity, and reduced environmental impact resulting from reforms in production processes through the New 5S (Simple, Slim, Small, Short, Smooth) Concept, and through AI
- Enhancing a research and development system that promotes more in-depth and advanced world-class micro precision processing and microwave (high frequency) technologies, as well as reducing our environmental impact through the development of ultra-compact, energy-saving products
- Utilizing our antenna and software technologies to break into the field of MaaS
- Promoting the F0 Conference and other quality improvement activities
- Integrated management of technologies using PLM, and improvements to quality pre-verification functions using digital twins
- Reducing environmental impact through our business activities
 - Promotion of recycled materials in plastic molding, and reductions in waste
 - Moving to plastic-free packaging and transport pallets, and conversion to biodegradable plastics
 - Recycling of cutting oils, etc. (joint research with universities and technical colleges)
 - Establishment and operation of Green Procurement Guidelines

● Contributions to treatment of illnesses and rare diseases

- Development of innovative medical devices through the use of our world-class micro precision processing and microwave (high frequency) technologies
- Industry-academia open innovation (Gunma University, University of Tsukuba, Tokai University, Kobe City Medical Center General Hospital, UCLA, etc.)
- Construction of an ecosystem with universities, hospitals, and startup businesses (startup ecosystem)

● Promoting measures in response to climate change

- Formulating and promoting concrete measures in response to climate change in order to realize carbon neutrality by 2050.
- Responding to climate change
 - Formulating concrete measures that conform to the recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD)
 - Disclosure using the Carbon Disclosure Project (CDP) framework
- Water resource management (reductions in water usage, improved wastewater treatment)
- Resource recycling (reductions in waste quantities, promotion of zero emissions)

● Strengthened compliance and governance

② Be a company that society (including local communities) and its business partners feel comfortable interacting with

● Dialog with local communities and contributions to their development

- Employment of local residents
- Donations to local governments, and sponsorship of local events
- Donations to Tomioka City in Gunma Prefecture and Kita City in Tokyo to support medical facilities to treat COVID-19
- Entering into a naming rights partnership agreement with Tomioka City
- Trash cleanup activities around the Tomioka plant
- Tomioka City Educational Fund, Tomioka World Heritage Exhibition Maintenance and Management
- Agreement on Gunma University Industry-academia Collaboration
- Donations to the Rotary Yoneyama Memorial Foundation and Disaster Relief Funds through the Tomioka Rotary Club
- Through the Tomioka Chamber of Commerce & Industry, work in collaboration with the municipal government to promote solutions to local issues
- Education assistance for elementary, junior high, and high schools
- Contribution to local revitalization through expanded hiring of foreign staff in the Tomioka area (utilizing TISP)
- Promoting activities to provide support for SMEs and for the cultivation of young people who will play important roles in the future, as a sponsoring member of the Certified Management Support NPO Club, a Specified Non-profit Corporation registered with Tokyo Metropolitan Government

● Fulfilling social responsibility throughout the supply chain

- Fair and equitable selection, and compliance with the Subcontracting Law
- Building relationships as an equal partner
- Building a checking system to eliminate unethically mined resources, etc. (conflict minerals monitoring system)
- Multi-layered production bases (Vehicle Communication Equipment segment: establishment of a third production base)
- Construction of a fault-tolerant supply network (duplicated lines and networking)
- Strengthened support system with Tier 2 and Tier 3 suppliers

● Establishment of a global BCP system, and constant testing to improve its effectiveness

- Building of a human rights check system in cooperation with local governments and NPOs to eliminate child labor and unethically mined resources, etc.

- Strengthened risk management (establishment of Business Risk Management Committee, disclosure of major risks)
- Achieving fair market competition (setting of Group rules, and monitoring of compliance)
- Avoidance of corruption, bribery, and anti-competitive behavior

③ Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there.

● Promotion and development of workforce diversity and inclusion

- Promotion of the TISP (Tomioka International Specialist Park) concept
 - Employing around 100 specialists from overseas and establishing business management processes in which collaboration with overseas staff is considered normal will stimulate business activities that make the most of this diversity, and through improved living environments we will contribute to regional interaction and revitalization.
- Expansion and development of women's careers
 - Revising and promoting the action plan in accordance with the Revision of the Act on Promotion of Women's Participation and Advancement in the Workplace, and expanding and reinforcing this throughout the PDCA cycle
 - Revising and promoting the action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and expanding and reinforcing this throughout the PDCA cycle
 - Improving work-life balance by establishing on-site company nurseries
- Creating a workplace environment allowing all employees to play an active role regardless of age
- Establishing a special subsidiary to provide employment for persons with disabilities and expand their opportunities for participation

● Achieving an appealing, rewarding work environment

- Improving work-life balance by establishing a teleworking system
- Improving work-life balance by encouraging employees to take annual paid leave
- Improve employee satisfaction by expanded support for illness prevention and treatment
- Establishment of awards system, including for social contributions
- Get-together Interactive meetings (product technologies, production technologies, QC)
- Establishment of global employee promotion and HR treatment system
- Establishment of an Advanced Technical Research and Development Center to provide an appealing working environment for technical personnel
- Offering advanced technical training opportunities (AI and other graduate education, business school, external research organizations)

● Expanding long-term training and apprenticeship programs in Japan for employees in locations overseas thus improving their abilities, and establishing a human resources system with global applicability



More advanced

business activities and social contribution

GO BEYOND~Challenge the Next Stage~

▼Materiality targets and progress status

Targets for 2030				
Materiality	Performance Indicator	Target Value	Achievement Level by FY2020	
① Be a company that customers and their customers feel comfortable working with	Establish Yokowo as a quality brand by using the highest quality, and by a move to zero hazardous chemical substances	Number of innovative medical devices created backed up by IP (annual)	5	2 Under development (specifications finalized)
		Establishment of micro precision and microwave laboratories	Established	Planning for the establishment of the new Micro Process R&D Center (construction of which is scheduled to begin in February 2022, and be completed in late 2022)
	Contributions to treatment of illnesses and rare diseases	Number of treatments provided to the field of rare diseases with low patient numbers and without established treatment methods (annual)	3	1 Under development (prototype stage)
	Response to climate change Formulating concrete strategies that conform to TCFD recommendations Disclosure using the CDP framework Planning and progress management by the Board of Directors	GHG emissions Compared to FY2014 Target for 2030	Scope 1 and 2 35% reduction	Commencement of preparations for the adoption of photovoltaic power generating facilities at the Tomioka Plant and Vietnam Plant, which are the Company's core plants Commencement of discussion of concrete measures for reducing Scope 3 emissions
		Water use (basic units) Target for 2030	10% reduction compared to FY2020	17.0% reduction compared to the previous fiscal year
		Amount of waste generated Target for 2030	10% reduction compared to FY2020	15.5% reduction compared to the previous fiscal year
	Strengthened compliance and governance	Number of major compliance violations (annual)	0	0
Training participation rate (annual)		100%	Information security e-learning: 98% Harassment prevention e-learning: 98%	
② Be a company that society (including local communities) and its business partners feel comfortable interacting with	Dialog with local communities and contributions to their development	Number of community service projects undertaken (annual)	10	Yokowo is implementing activities as a naming rights partner at the Tomioka Plant. For more details, please see the Local Communities section (p.40).
	Fulfilling social responsibility throughout the supply chain	Violations of the Subcontracting Law	0	0
	Establishment of a global BCP system, and constant testing to improve its effectiveness	BCP strategy-based best mix of overseas and domestic production	BCP certification	In the Fine Connector business in the Wireless Communication Equipment segment, we are proceeding with the establishment of a new business continuity planning (BCP) system
	Concern for human rights Building of a check system in cooperation with local governments and NPOs to eliminate child labor and unethically mined resources, etc.	In-house checks, and actively contributing to the promotion of fair labor practices through collaboration with NPOs in each country	NPO cooperation activities 5 (annual)	We comply with all of our customers' human rights status check requirements, and we are exploring possibilities for collaboration with NPOs to strengthen our own internal checking function
③ Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there	Promotion and development of workforce diversity and inclusion	Ratio of female leaders (overall ratio of female employees who are section heads or higher)	Comparable with levels for males	Male 43.7% Female 11.5% We are currently implementing roundtable discussions to address this issue. For more details, please see the Employees section (p.34).
		Create a workplace environment allowing all employees to play an active role regardless of age	Employment age limit 70 and above	We have adopted a framework that enables persons aged 65 or over to continue working as contract employees under outsourcing agreements
	Achieving an appealing, rewarding work environment	Number of TISP hires	120	Number of TISP hires at the Company 61 For more details, see the Diversity section (p.36).
		Ratio of employees with disabilities	150% of legally stipulated ratio	1.52% We are currently preparing to establish a special subsidiary for the employment of people with disabilities. For more details, please see the Diversity section (p.35).
		Percentage of annual paid leave taken	90%	63.6%
	Expanding long-term training and apprenticeship programs in Japan for employees in locations overseas thus improving their abilities, and strengthening the business mindset of Japanese employees through interaction with these employees	Number of on-site company nurseries established (including contracted service provision)	3	Preparations are underway as part of the Tomioka Plant renewal plan. We are also planning to introduce a childcare and nursing care plan as part of the new personnel system.
		Number of workplace accidents (annual)	0	6
	Number of overseas long-term trainees accepted (annual)	20	0 In FY2020, although recruitment at overseas facilities went ahead as normal, the acceptance of overseas long-term trainees in Japan was put on hold because of the spread of the COVID-19 pandemic.	

VOICE

Contributions to treatment of illnesses and rare diseases —Status of progress made in building a startup ecosystem



Hiroshi Igahara
Executive Officer cum General Manager,
MD Business Division

Established in 2006, Yokowo's Medical Device (MD) business is a relatively young business. Since being appointed General Manager of the MD Business Division in 2017, I have tried to develop the business in line with the vision of "getting every individual employee to experience for themselves the satisfaction of playing a part in contributing to society through business." However, it has also been brought home to me just how difficult it is for a single company to achieve this on its own.

Around this time, it just so happened that I made the acquaintance of Mr. Kazuya Shobayashi, the Chairman of Biomedical Solutions, Inc. We shared our views regarding the issues affecting the healthcare sector in Japan, such as the fact that cultivation of medical device startups has been slow to develop, and we discussed ways of addressing these issues, during which discussion I was able to draw on my own experience in areas such as venture capital investment and M&A implementation.

In 2018, at a meeting of the Council on Promoting Development of Next-Generation Medical Devices organized by Japan's Cabinet Secretariat, Mr. Shobayashi proposed the development of a startup ecosystem as a framework for the development of medical devices in Japan. Yokowo gave its wholehearted support for this proposal, and decided that we would serve as a manufacturing partner for the realization of revolutionary new product ideas developed by startups. With Mr. Shobayashi and various universities and startup firms proceeding with the development of relevant concepts, a large number of product ideas have been generated, with a focus on revolutionary development projects, many of which relate to the treatment of intractable diseases. In 2021, we began collaboration with four medical device startups (all of which Yokowo has invested in), and we have also launched the Japan Medical Start-up Incubation Program (JMIP) foundation to provide further support in the area of basic research.

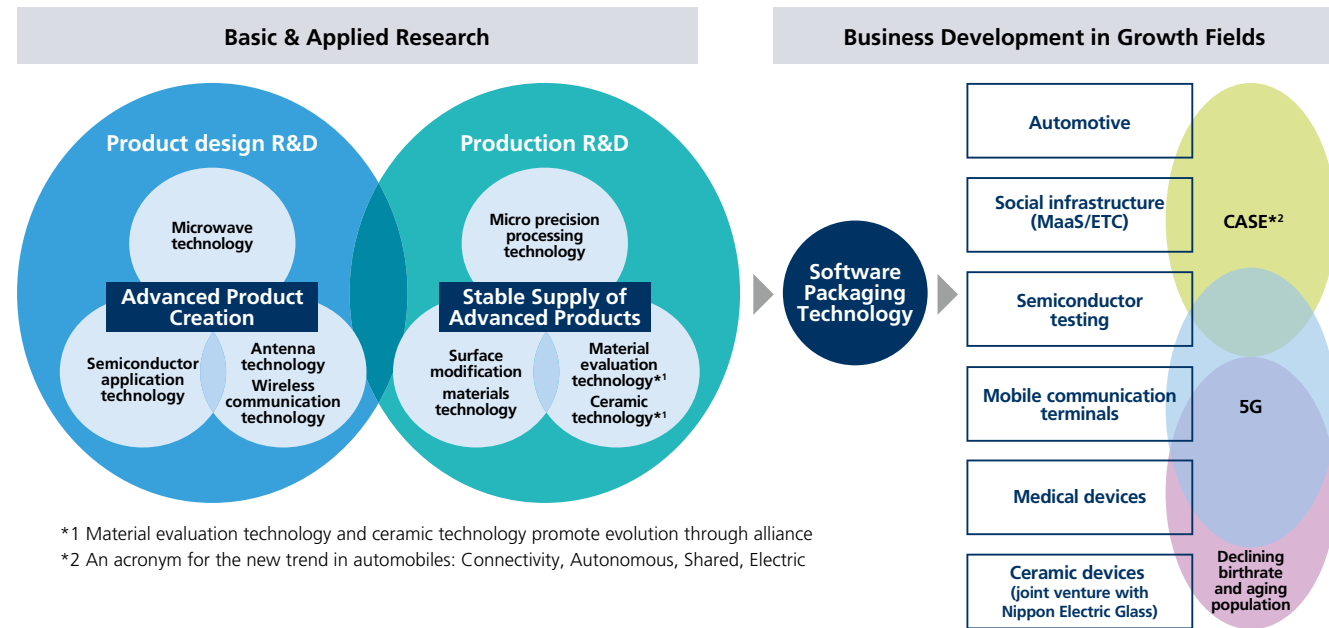
This initiative has been positioned as an important future strategy for Yokowo's MD business. One of our outside directors commented that "the concept of the startup ecosystem itself embodies the core meaning of the SDGs," and MD Business Division staff have been unanimous in saying that they have been able to experience for themselves the making of a contribution to society even greater than that normally made through our business activities, and have felt a real sense of achievement. I believe that this is an initiative that will make it possible to realize both a better company and a better society.

Going forward, as the head of the MD Business Division, I hope that I will be able to make a contribution towards the success of the startup ecosystem, while collaborating with many people who are involved in the healthcare sector.

Research and Development

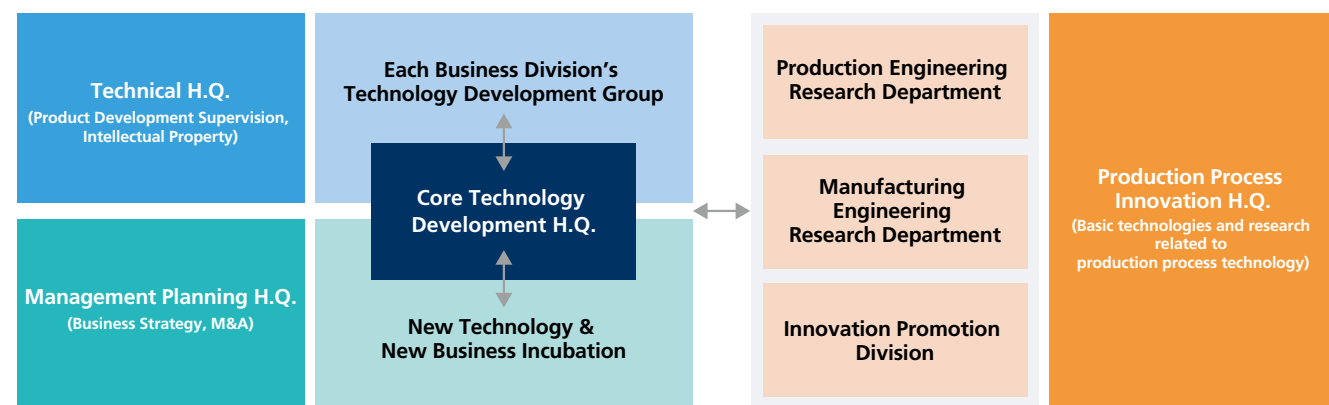
The Yokowo Group has set the five fields of micro precision processing technology, microwave technology, antenna technology, surface modification materials technology (surface processing/modification of material), and semiconductor application technology as the Company's core technologies supporting its competitiveness in the marketplace. Through greater sophistication and wider use of all its technologies, Yokowo is building a multi-layered business structure to create innovative, high-tech products.

Research and Development Policy



Product design R&D and production R&D are essential and inseparable elements of Yokowo's research and development. With the two running in sync Yokowo is able to create advanced products at the cutting edge, providing a stable supply to the Company's customers.

Research and Development System

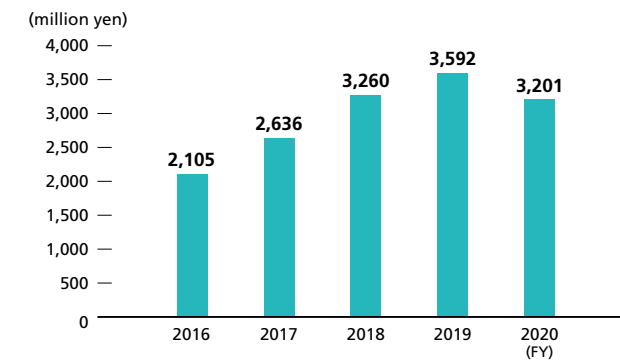


The Core Technology Development H.Q. is in charge of the research and development of technologies, such as microwave technology, micro precision processing, and MEMS technologies, needed to give our products a competitive advantage. Whereas the engineering departments in each business division are in charge of developing applications for new products with the Technical H.Q. overseeing the whole product development process. Likewise, the Production Process Innovation H.Q. is in charge of research related to the production of products, and the Management Planning H.Q. is in charge of new technology and new business incubation.

R&D Investment

Based on the Yokowo Group's company-wide growth strategy, the R&D department, the business division's technology department, and local development centers work together to promote research and development centered on the Company's core technologies. In particular, Yokowo is focusing on the research and development of new technologies and new products with an emphasis on developing products with a higher degree of technological integration and increased added value.

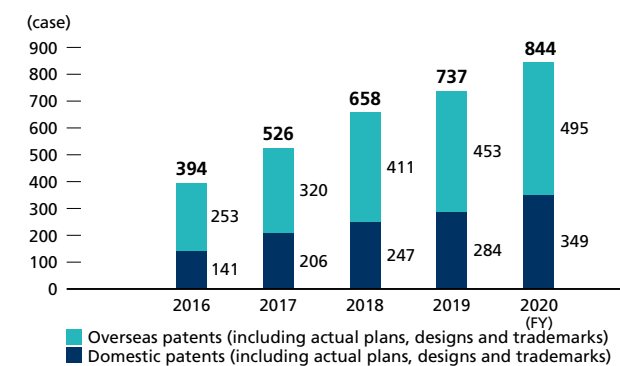
▼ R&D Expenses



Intellectual Property Rights

With its sights set squarely on target business fields and business development for intellectual property, Yokowo is strengthening the foundations of its intellectual property, the cornerstone of its business strategy, by steadily increasing the number of patents it holds in Japan and overseas and by making use of licensing agreements, etc.

▼ Patents held



Main R&D Themes

Over the medium to long term, Yokowo's main markets, namely the automotive, semiconductor testing, mobile communication terminals, and medical device markets, are expected to grow in size due to: advances in new eco-friendly vehicles such as plug-in hybrids and electric vehicles as well as advanced driver-assistance systems (ADAS) and automated driving; the actualization of new semiconductor demand for next-generation high-speed, large-capacity communications typified by 5G; the rise of next-generation products such as wearable devices; and the spread of minimally invasive treatment and advances in genetic testing technology.

The main R&D themes for each segment related to the above markets are as follows:

Vehicle Communication Equipment

- Antenna system for V2X essential for ADAS and automated driving
- Technology development for communication systems, equipment and devices for the CASE era

Circuit Testing Connector

- Development of test sockets for high-current, high-speed and high-frequency devices
- Research and development aimed at improving performance, durability, and functionality, e.g. probe surface modification technology
- Development of probe cards that keep pace with the semiconductor device technology roadmaps (narrower pitch, more pins, and higher frequencies)

Vehicle Communication Equipment

Fine Connector Business

- Development of high rated connectors
- Development of optical connectors for high-speed optical communication

Medical Device Business

- Joint development of new minimally invasive medical equipment and testing systems with universities and medical institutions in Japan and the United States that utilize micro precision processing technology and microwave technology

Product Technology

The Yokowo Group develops a whole range of innovative products based on its unique technological capabilities built up over many years, supplying electronic, electrical and automotive manufacturers around the world.

Innovative Product Development through the Fusion of Yokowo's Technologies



By combining Yokowo's production engineering for increased production efficiency with its core technologies of micro precision processing technology, microwave technology, antenna technology, and surface modification materials technology, the Company is able to develop products with innovation and creativity. Amassing technical expertise with greater sophistication, Yokowo remains committed to the fundamental research and development of new core technologies.

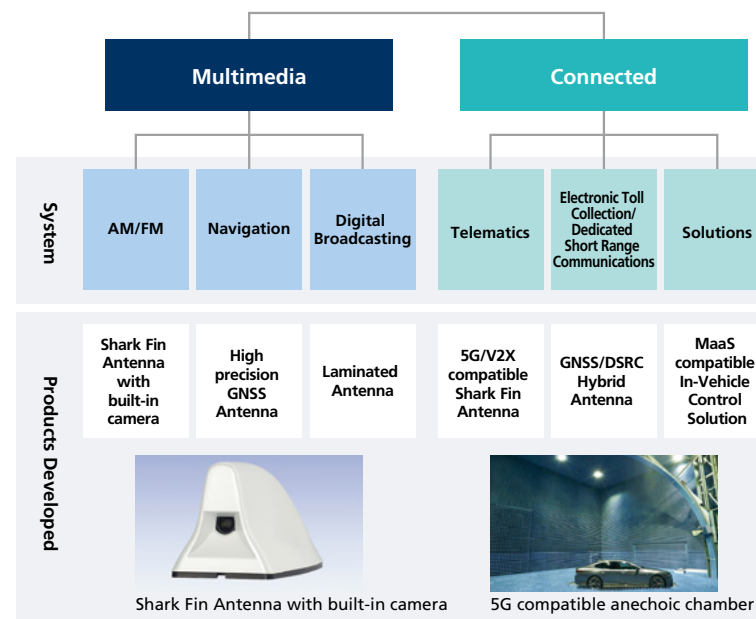
Through these unique technologies, Yokowo manufactures a whole range of innovative products such as: vehicle antennas; testing tools for semiconductors and electronic components; connectors for electronic devices; and medical devices. Yokowo continues to supply these products and more to the automotive, semiconductor testing, mobile communication terminals and medical device markets.

Automotive Market

To meet the needs required for smaller, multi-use, lower profile, smart vehicle antennas, Yokowo is developing antenna systems that support next-generation vehicle communication by making full use of modular technologies as well as the antenna and microwave technologies Yokowo has built up over many years.

Along with Yokowo's state-of-the-art facilities, including an electromagnetic field simulator and an anechoic chamber for measuring millimeter-wave frequencies (up to 40GHz) in 5G communications, Yokowo makes full use of its world-leading technological prowess to manufacture innovative, industry-leading products.

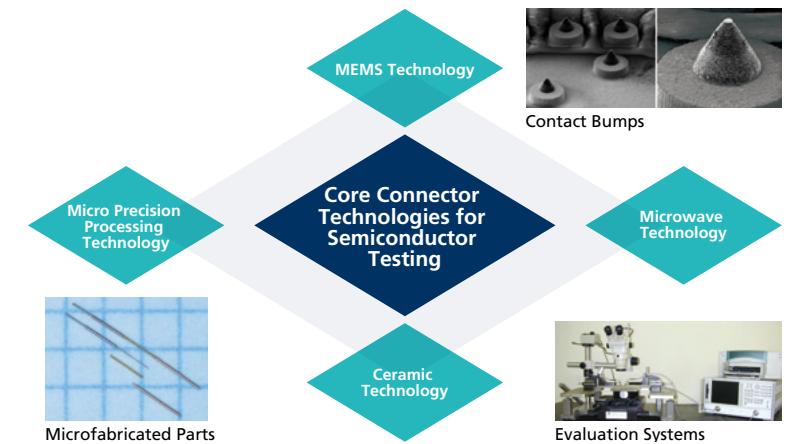
Vehicle Communication Equipment Business Domain



Semiconductor Testing Market

More than ever before semiconductors and electronic components are required to have faster speeds, higher frequencies, and better integration, with similar expectations also for the testing process. By making full use of MEMS technology, in addition to Yokowo's micro precision processing and microwave technologies developed over many years, Yokowo develops and supplies products globally in all areas of high-speed, high-frequency as well as front- and back-end testing processes.

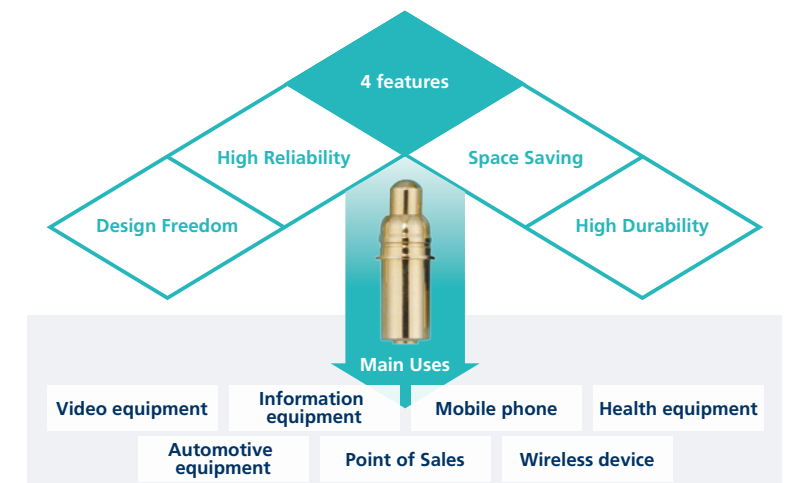
Circuit Testing Connector Business Domain



Mobile Communication Terminal Market

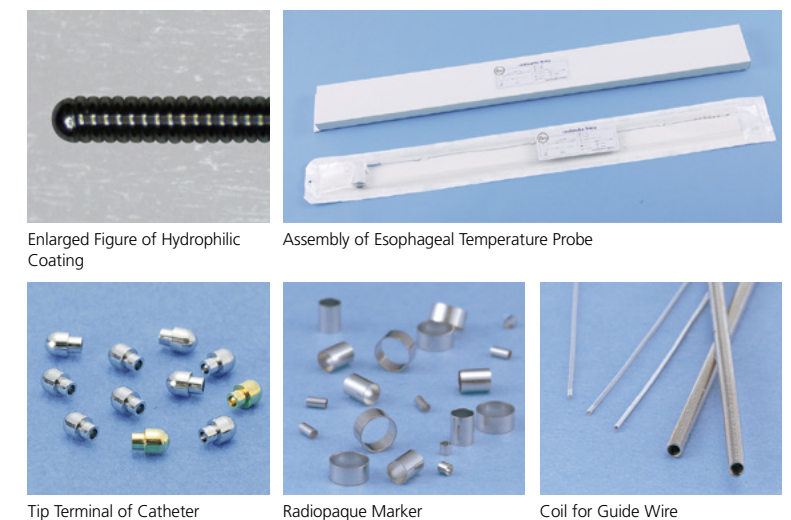
In the rapidly expanding mobile communications terminal market, there is an increasing need for detachable, low profile space-saving connectors with detachable durability and environmental worthiness becoming even more important in commercial information devices. Yokowo's proprietary spring connectors accurately capture these market needs, becoming used more widely in a variety of applications.

Features and Main Uses of the Spring Connector



Medical Device Market

Yokowo is making full use of technologies such as micro precision processing, coating, assembly, as well as product design and evaluation to develop such products as OEM guide wires, catheters and other items in the field of minimally invasive medical equipment. Yokowo possesses its own equipment and manufacturing lines to provide a complete service from product processing and finished product assembly to hydrophilic coating, packaging and sterilization. In the assembly process, various connections methods can be selected depending on the product's use.



Corporate Governance

The Yokowo Group aims to achieve its management goals by ensuring management efficiency, transparency and compliance through the continuous strengthening of its corporate governance, positioned as one of the Group's important management challenges.

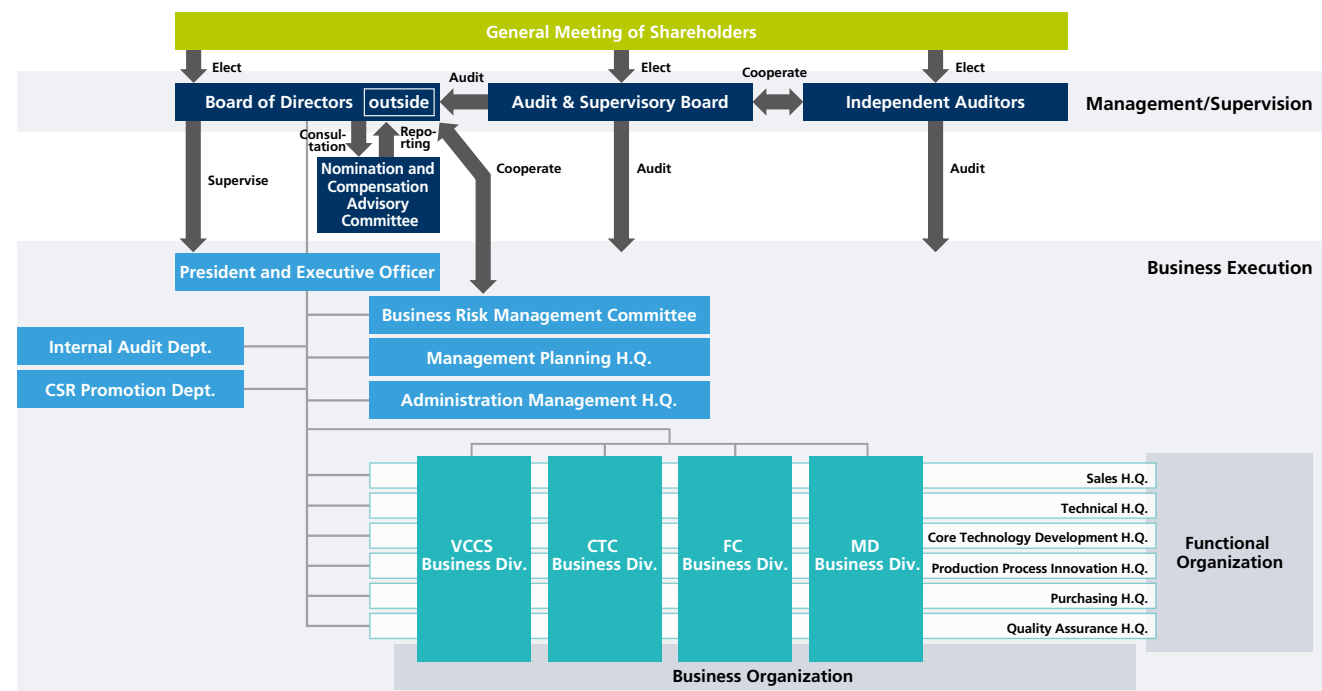
Basic Principles Concerning Corporate Governance

Recognizing that Yokowo exists today through the support of its various stakeholders, the Group positions strengthening corporate governance as one of its important management challenges. As well as building smooth relations with its stakeholders, the Group aims to maximize corporate value through further enhancing its corporate governance.

Corporate Governance System

Yokowo is a company with auditors and has a system of corporate governance consisting of: a Board of Directors responsible for management strategy and supervisory functions, an Executive Officer system that fulfills business execution, and an Audit & Supervisory Board that performs management audit functions.

▼ Corporate Governance System (As of October 1, 2021)



Board of Directors

To speed up the decision-making process, the Board of Directors consists of only a limited number of directors (3 internal and 2 outside directors). The Company has appointed two independent outside directors (with a high level of independence) to further strengthen the management supervisory function, and these include a female outside director.

Audit & Supervisory Board

In addition to one full-time internal Audit & Supervisory Board Member with sufficient knowledge in finance and accounting, the Company has appointed two highly independent outside Audit & Supervisory Board Members to further strengthen the management audit function.

Executive Officers

By adopting the Executive Officer system, the strategic decision-making and operational supervisory functions are clearly separate from the executive function, creating a system for prompt and appropriate execution of operations. In addition to three internal directors, the Company has appointed 10 executive officers in the positions of Chief Officer, General Manager, and General Manager at Tomioka plant, etc.

Initiatives to Improve Governance

Establishment of the Nomination and Compensation Advisory Committee

In February 2021, the Nomination and Compensation Advisory Committee was established as an advisory body for the Board of Directors, with the aim of enhancing the transparency of the decision-making process for matters relating to corporate governance, such as directors' nomination and compensation. The Committee is composed of the Company's two independent outside directors and its representative director, with Ms. Kuniko Muramatsu, an independent outside director, serving as chairperson. The Committee receives requests for consultation from the Board of Directors, and deliberates and decides on proposals and submits reports to the Board of Directors. The rules governing the operation of the Board of Directors specify that, in its decision-making, the Board must respect the content of the reports received from the Committee to the utmost possible extent.

Measures to Enhance the Auditing Function

As well as sharing information and exchanging ideas in advance of the Board of Directors' agenda, the Company's outside directors share, to a necessary extent, matters of deliberation and reports from the Audit & Supervisory Board.

Full-time internal auditors ensure compliance and appropriateness by attending important monthly meetings to regularly monitor how business is conducted.

Business Risk Management Committee

Furthermore, the Company has established the Business Risk Management Committee as an organization under the direct control of the President. Its aim is to strengthen the Company's competitiveness and ability to manage risk, such as by forming alliances through joint ventures, mergers and acquisitions to further advance business, and by verifying the profitability of large-scale investments. In addition to regular reports to the Board of Directors, the Committee conducts activities in close cooperation with the outside directors.

Analysis and Evaluation of the Effectiveness of the Board of Directors

Since 2016 Yokowo has been conducting self-evaluation surveys and, when necessary, interviews with all its directors and auditors, collecting the results and analyzing them.

Based on the surveys and interviews conducted in June

2021, the effectiveness of the Company's Board of Directors was deemed to be, on the whole, sufficient. Nonetheless, Yokowo will systematically work on improvements and measures on all issues and demands to further improve the effectiveness of the Board of Directors.

Director and Executive Officer Compensation

Policy on Determining Director and Executive Officer Compensation

With regards to compensation for the directors of the Company, an upper limit for the total compensation in each fiscal year is set by resolution at the General Meeting of Shareholders. Compensation for individual directors is then determined by a process whereby the Nomination and Compensation Advisory Committee receives a request for consultation from the Board of Directors, and then deliberates and decides on proposals regarding the amount to be paid to individual directors before reporting to the Board of Directors, which then makes the final decision, while respecting the reports received from the Committee to the utmost possible extent.

In the same way, with regards to compensation for the auditors, an upper limit for the total compensation in each fiscal year is set by resolution at the General Meeting of Shareholders. Individual compensation is then determined within the bounds of the upper limit through consultation with auditors.

Compensation for Directors

Compensation for the Company's directors consists of fixed monthly compensation, a monetary executive bonus, and a share bonus in the form of stock options, etc.

Based on guidelines that take into account individuals' roles and responsibilities, the Representative Director, President and Executive Officer draws up a proposal regarding the amount of fixed compensation after taking into consideration the business results of the previous fiscal year, the management plan of the current fiscal year, and the roles of each director, etc., submits a request for consultation to the Nomination and Compensation Advisory Committee, and then reports to the Board of Directors, which deliberates on the matter and makes the final decision.

Executive bonuses are paid to internal directors who are executive directors, to enhance their motivation for improving the Company's performance in each (consolidated) fiscal year, and are based on the extent to which performance targets have been met. Consolidated operating profit, which best represents the Yokowo Group's earning ability, is used as the performance target.

Regarding the question of whether executive bonuses are paid, and the total amount paid, the Representative Director,

President and Executive Officer draws up a proposal based on the extent to which consolidated operating profit targets have been met in each (consolidated) fiscal year. If it is determined that executive bonuses will be paid that year, then the Representative Director, President and Executive Officer draws up a proposal regarding the amount to be paid to each individual based on the roles and results of each individual executive director, submits a request for consultation to the Nomination and Compensation Advisory Committee, and then reports to the Board of Directors, which deliberates on the matter and makes the final decision.

With the aim of sharing value with shareholders while providing increased incentive to build corporate value over the medium to long term and enhance shareholder value, stock options are granted to executive directors. However, the decision as to whether to grant stock options, and the period, is determined after comparing the impact of the necessary expenses on performance with the anticipated incentive effect. With regard to the amount of stock options granted to each individual executive director, the Representative Director, President and Executive Officer draws up a proposal regarding the amount of stock options to be granted to each individual executive director based on the roles and results of each individual executive director, within the upper limit (in terms of the value of shares or number of shares) set by the Shareholders Meeting, submits a request for consultation to the Nomination and Compensation Advisory Committee, and then reports to the Board of Directors, which deliberates on the matter and makes the final decision.

As a general rule, internal directors are obliged to contribute a certain amount or more of their basic compensation to the Executive Shareholders' Association every month as stipulated by internal rules. Yokowo shares accumulated by the Executive Shareholders' Association shall be transferred under the name of the individual executive directors every six months (in late September and late March). Directors shall, in principle, while in their position of director, hold their shares and not sell them.

Regarding the ratio of executive directors' overall compensation to be held by each category of compensation, this shall be determined based on the roles and responsibilities of

each executive director and on trends in compensation at other companies with a similar scale of operation to Yokowo. In the case where stock options are granted up to the specified upper limit, the target ratios for each category of compensation are: basic compensation: 60%; performance-linked compensation: 20%; compensation in the form of shares: 20%.

Compensation for Auditors

Compensation for auditors is limited to basic compensation, which comprises monthly compensation in monetary terms.

The amount of basic compensation is determined by discussion among the auditors at the Audit & Supervisory Board meeting held immediately after the General Meeting of Shareholders, taking into consideration the roles and responsibilities of each auditor and based on guidelines stipulated in advance.

In the event of bonuses to auditors, these are paid after approval at the General Meeting of Shareholders.

▼ Compensation Figures (million yen)

	Upper Limit (annual)	Fiscal 2020			Total
		Basic compensation	Executive bonus	Compensation in the form of shares	
Directors (outside)	280 (20)	132 (12)	41 (—)	— (—)	173 (12)
Auditors	40	30	—	—	30
Total	320	162	41	—	203

Company Officers Skill Matrix

Of the various areas of specialist experience and areas of experience possessed by each current Director and Member of the Audit & Supervisory Board, up to three items are listed for which there are particularly strong expectations regarding that individual's ability to utilize these items effectively in the performance of their duties. The table below thus does not show the entirety of the specialist experience and experience of each individual.

▼ Company Officers Skill Matrix

Name	Position	Specialist Expertise and Experience				
		Corporate management	ESG and sustainability	Legal affairs and risk management	Finance and M&A	Human resources and labor affairs
Takayuki Tokuma	Representative Director, President and Executive Officer	○	○		○	
Kouchi Fukagawa	Director, Senior Managing Executive Officer	○			○	○
Kenji Yokoo	Director, Managing Executive Officer	○	○	○		
Kuniko Muramatsu	Outside Director	○	○			○
Hajime Shioiri	Outside Director	○			○	○
Yasushi Mashimo	Audit & Supervisory Board Member		○	○	○	
Tooru Furuta	Outside Audit & Supervisory Board Member	○		○		○
Toshiaki Tochigi	Outside Audit & Supervisory Board Member			○	○	○

Directors, Auditors and Executive Officers

(As of June 25, 2021)

Board of Directors



Takayuki Tokuma
Representative Director, President and Executive Officer

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Number of Company shares held: 286,942 shares



Kouchi Fukagawa
Director, Senior Managing Executive Officer

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Number of Company shares held: 50,828 shares



Kenji Yokoo
Director, Managing Executive Officer

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Number of Company shares held: 89,005 shares



Kuniko Muramatsu
Outside Director

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Number of Company shares held: 0 share



Hajime Shioiri
Outside Director

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Number of Company shares held: 0 share

Audit & Supervisory Board Members



Yasushi Mashimo
Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)
Number of Company shares held: 31,603 shares



Tooru Furuta
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 17/18 times (94%)
Attendance rate at Audit & Supervisory Board Meetings: 16/17 times (94%)
Number of Company shares held: 0 share



Toshiaki Tochigi
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 18/18 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)
Number of Company shares held: 0 share

Executive Officers

President and Executive Officer
Takayuki Tokuma

Senior Managing Executive Officer
Kouchi Fukagawa

Managing Executive Officer cum General Manager, VCCS Business Division
Kenji Yokoo

Managing Executive Officer cum General Manager, VCCS Overseas Plant
Katsuhei Yanagisawa

Managing Executive Officer cum General Manager, Tomioka Plant
Mitsuaki Okazaki

Executive Officer cum Chief Officer, Production Process Innovation H.Q.
Shinji Kusano

Executive Officer cum Deputy Chief Officer, Technical H.Q. cum General Manager, VCCS Engineering Management Division
Tsuyoshi Sakata

Executive Officer cum General Manager, MD Business Division
Hiroshi Igahara

Executive Officer cum Chief Officer, Quality Assurance H.Q.
Masaki Shimizu

Executive Officer cum Chief Officer, Technical H.Q.
Naohito Odani

Executive Officer cum Chief Officer, Purchasing H.Q. cum General Manager, VCCS Manufacturing Department
Yoshiro Furumi

Executive Officer cum General Manager, FC Business Division
Motoaki Matsuura

Executive Officer cum General Manager, CTC Business Division
Naoki Kawata

* For details regarding the reasons for appointment of individual Directors and Audit & Supervisory Board Members, please visit our official corporate website. <https://www.yokowo.co.jp/english/company/csr/governance.html>

Compliance and Risk Management

In accordance with the CSR Code of Conduct, the Yokowo Group will comply with laws and regulations in good faith and engage in fair corporate activities on a daily basis, and will also fulfill the social responsibilities of a corporation by responding appropriately to risks through our Risk Management System and efforts to continuously improve our risk management performance.

Approaches to Compliance

The Yokowo Group will contribute to the development of a sustainable society by engaging in activities that impact on the economy, the environment, and society in a transparent and highly ethical manner in order to earn the trust of stakeholders with the constant aim of enhancing corporate value.

Initiatives to Improve Compliance

To ensure compliance, the Yokowo Group works to firmly establish the CSR Code of Conduct, which sets out the actions to be taken by the Group's officers and employees, and distributes it as a leaflet in Japanese, English, or Chinese that can be carried around easily, to make all officers and employees familiar with its content. We also endeavor to detect and correct any violations of laws and regulations, the Articles of Incorporation, or related rules through the establishment of a whistleblowing system under the Compliance Rules and the use of an external hotline.

Furthermore, the Internal Audit Department audits business processes in each department at Yokowo and at subsidiaries in Japan and overseas, providing guidance on detecting and preventing misconduct and improving processes.

In FY2021, there are no compliance violations.

Approaches to Risk Management

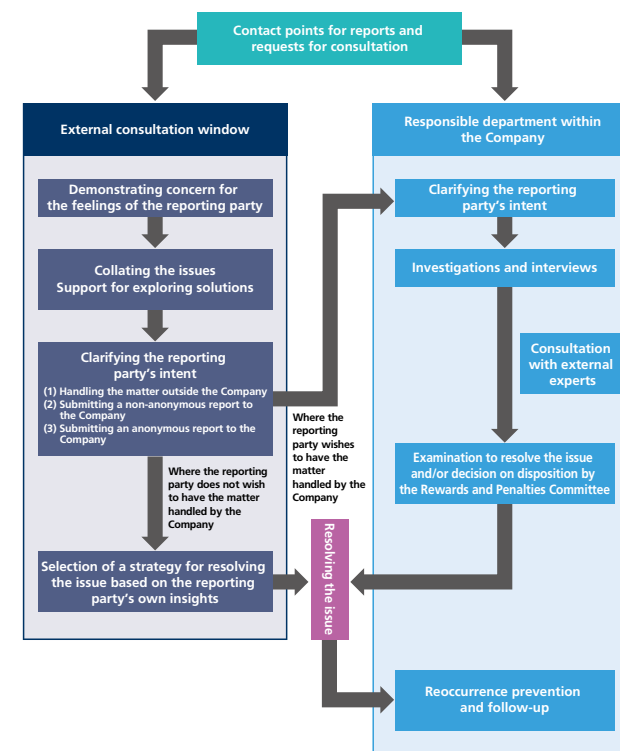
Aware of the potential impact of risk on our business activities, besides complying with relevant laws and regulations, the Yokowo Group also strives to fulfill our social responsibility and put organizational operation on a stable footing by responding appropriately to risk, through measures to continually improve our risk management systems and risk management performance.

Initiatives to Improve Risk Management

The Yokowo Group has established and maintains the Risk Management System (RMS), which conducts identification, analysis, planning, implementation, evaluation, improvement, and review for diversifying loss risks in order to ensure more stable and smoother business activities. Under the Risk Management Rules, we have established risk management policies and risk management guidelines, and we are striving to continually enhance the RMS.

We are also working to identify risks at an early stage, share and analyze them and to formulate and implement countermeasures, with the establishment of the Business Risk Management Committee (see the Corporate Governance page on p. 28).

▼ Schematic diagram showing the internal whistleblowing system



The Yokowo Group's measures in response to the COVID-19 pandemic

Giving first priority to employees' health and the safety of local communities

In responding to the COVID-19 pandemic, the Yokowo Group has followed the instructions given by the Japanese government, and has implemented infection prevention measures that prioritize the health and safety of Group employees and their family members, customers, suppliers, local residents, and others.

Since as early as late March 2020, Yokowo has been implementing teleworking at its two facilities (Tokyo head office, and Utsunomiya branch) in the Tokyo metropolitan region, where the infection was spreading rapidly. Currently, around 80% of employees at the Tokyo head office are working from home, which exceeds the 70% target set by the Japanese government.

Aware of our responsibility to deliver products to customers, we ensure that our employees engaged in product manufacturing at our Tomioka plant take thorough infection prevention measures that do not disrupt production, so that we can continue to supply both products and services. At the plant's development, design, procurement, quality assurance and management departments, a shift system has been adopted whereby employees are divided into two groups, spending alternate weeks working at home and coming in to the plant to work. In this way, even if an employee gets infected with COVID-19, the plant can continue its operation.

Yokowo has arranged the working environment for teleworking by investing in IT equipment to ensure security and a seamless network environment for telecommuting equivalent to that in the office. We have also built a permanent teleworking system, for example by providing lump-sum payments to help employees prepare for working from home, along with teleworking allowances, and by signing contracts for shared office operation.

Additionally, in FY2020, we donated 10 million yen each to the local government authorities in Kita-ku, Tokyo, where Yokowo's head office is located, and in Tomioka City, Gunma Prefecture, where the Company's main manufacturing facility is located.



Internal measures in response to the COVID-19 pandemic

- In July 2021, workplace vaccination was conducted for Yokowo Group employees working at the Tomioka plant, and their family members
- From 2021 onwards, workplace vaccination has been conducted at the China plants, the Malaysia plant, and the Vietnam plant
- Teleworking has been implemented at overseas sales locations, including those in Taiwan and the U.S.A.
- Health management has been performed using daily temperature checks, and monitoring employees' movements
- Automated temperature checking stations have been installed, along with the provision of alcohol-based sanitizer
- Entry to production facilities by personnel from other departments has been restricted
- Yokowo has ensured thorough implementation of the policy of avoiding the Three C's (closed spaces, crowded places, and close-contact settings) in the Tomioka plant's cafeteria, with measures that include a four-shift system for meals, eating in silence, and sanitization after eating.
- Overseas business travel has been prohibited (except where absolutely necessary), and the use of public transport for domestic business travel has also been prohibited
- PCR tests have been implemented in the workplace, in collaboration with GME, a company based in Takasaki City, Gunma Prefecture
- New IT infrastructure has been adopted to ensure smooth implementation of teleworking
- The teleworking system has been put in a permanent footing
- Shared offices have been used



An automated temperature checking station located at the entrance to the Tomioka plant

Employees

The Yokowo Group aims to promote and advance diversity and inclusion among our employees and strives to create a rewarding and attractive workplace environment with the aim to “Be a company where employees feel comfortable being employed, and which ensures that employees’ families are happy for them to work there.”

Basic Data on Employees

▼Number of Employees

	Yokowo total	Japan	Europe and the U.S.	Asia	
Total employees (persons)	8,428	1,209	81	7,138	
Breakdown by business segment	Vehicle Communication Equipment	6,373	246	55	6,072
	Circuit Testing Connectors	835	265	15	555
	Wireless Communication Equipment—Fine Connectors	503	71	9	423
	Wireless Communication Equipment—Medical Devices	248	247	1	0
	Other employees	469	380	1	88

Composition of Employees

The main production bases in each segment are China and Vietnam for the Vehicle Communication Equipment segment, Malaysia and Japan for the Circuit Testing Connectors segment, Malaysia and China for the Fine Connector business in the Personal Communication Equipment segment, and Japan for the Medical Device business in the Personal Communication Equipment segment. Our production bases are concentrated in Asia. In particular, there are a large number of employees in China and Vietnam, which are production bases for the Vehicle Communication Equipment segment.

▼Recruitment and Turnover

			YOKOWO CO., LTD.
New recruitment			82
	Male	Total	53
	Female	Total	29
Number of job leavers			34
	Male	Total	24
	Female	Total	10

Work-Life Balance

Percentage of annual paid leave taken

We promote the use of annual paid leave aiming for an annual paid leave utilization rate* of 70%, which is the target for FY2020. In FY2020, the annual paid leave utilization rate was 63.6%.

* Number of annual paid leave days taken ÷ number of annual paid leave days newly granted each fiscal year

Use of childcare leave

Yokowo has established a childcare leave system to support employees in balancing work with childcare. In FY2020, one female employee took childcare leave.

Use of nursing care leave

Yokowo has established a nursing care leave system to support employees in balancing work with nursing care. In FY2020, no employees took nursing care leave.

Other work-life balance measures

- Hourly paid leave
- Special COVID-19 vaccination leave

Holding Roundtable Meetings to Further Improve the Workplace Environment

Yokowo is holding roundtable meetings to clarify issues in our organizational culture and systems, to build and strengthen specific improvement measures and systems, and to share them among employees in order to realize a rewarding and attractive workplace environment.

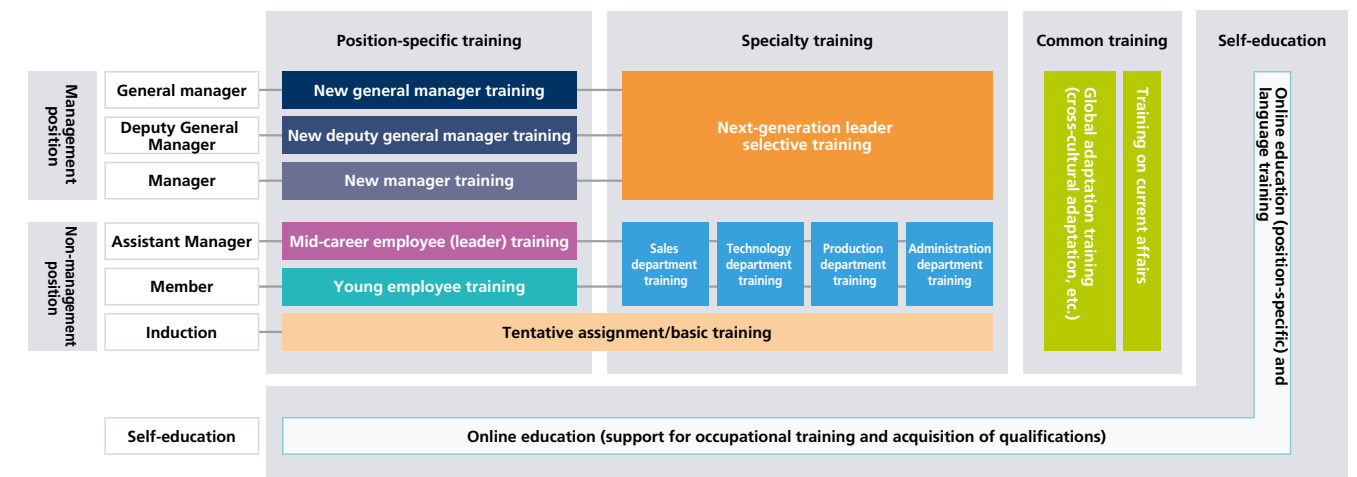
The roundtable meetings are held with employees divided according to eight attributes to stimulate discussion within each attribute and ensure the identification of areas for improvement in the current situation at Yokowo. We intend to use the identified areas when we revise the personnel system and other systems in the future.

▼Roundtable Meeting Attributes

1	Female	6	Specialists (employees with specific qualifications)
2	Non-Japanese	7	Production line employees and supervisors
3	Young employees in their first three years at the Company	8	Veteran employees aged 55 and older
4	Mid-career employees in their 30s	9	Roundtable suggestion box*
5	Employees raising children		

* We have established the “Roundtable suggestion box” on the Company intranet as an opportunity to enable employees with opinions to speak out freely. The opinions we collect will be used to initiate new roundtable meetings depending on the content.

▼Conceptual Diagram of Training System



Performance Evaluation

At the beginning of each fiscal year, every employee prepares a job description in consultation with their superiors which includes their duties and goals, and carries out their duties. Superiors evaluate employee performance every six months and hold interviews to provide feedback on the results to employees.

Development of Human Resources

We have established an “integrated human resource development system starting with new employees” in order to cultivate “globally-minded human resources” who will support the full-scale globalization of our business and to actively promote the strengthening of management at all levels. In addition to training that is common to all employees, we provide diverse position-specific and specialty training to encourage employee growth.

Diversity

Through the promotion of diversity and inclusion, the Yokowo Group is promoting the recruitment and development of human resources without regard to nationality, gender, or age, with the aim of becoming Team Yokowo, a “sustainably evolving company.”

Approaches to Diversity

The Yokowo Group hires and trains diverse human resources, irrespective of nationality, gender, or age, and strives to create an employee-friendly workplace where there is respect for individuality and fair and equitable treatment to enable each and every employee to achieve their full potential.

Concrete Measures Relating to Diversity

The Yokowo Group treats “diversity and inclusion” as one of our management strategies. We are striving to become a company where employees with the diverse values of global Yokowo are able to come together and work together on a global basis to achieve their full potential. In terms of diversity, we are steadily promoting measures based on the TISP Project to expand the field of activities of non-Japanese employees. However, there are still many issues to be addressed in increasing the ratio of female leaders and the ratio of employees with disabilities.

In 2021, the revised Child Care and Family Care Leave Act was enacted, requiring companies to encourage male employees to take childcare leave. However, it is necessary clarify the issues involved for this measure to become established at Yokowo.

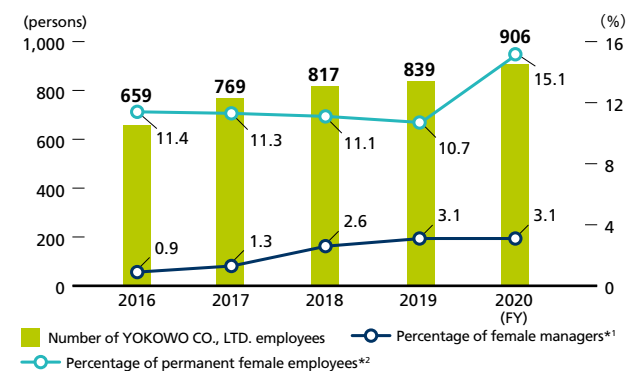
In order to clarify these issues in our organizational culture and systems, and to share the direction for improvement and reform, one of our concrete measures is the “roundtable meetings” (see the Employees page on p. 34), where the employees concerned can frankly exchange opinions and reflect them in changes to the human resources system and in management.

Promoting Active Participation by Women

Due to the fact that Yokowo is a manufacturing company, the number of permanent female employees hired is small, and the ratio of female leaders is currently lower than that of male employees due to the small pool of female employees. However, our goal is to increase the ratio of female leaders to at least the same as that of male leaders. To achieve this goal, we have started to appoint women as outside directors and promoting them to management positions. At the same time, we have held a roundtable meeting on women’s active participation (led by a

female employee) to discuss what aspects of our organizational culture are hindering active participation by women and how to improve the culture as well as formulating an improvement plan.

Percentage of female employees*



*1 Female managers at end of fiscal year ÷ executive and management positions at end of fiscal year (includes assistant managers, excludes specialists)
 *2 Number of female employees at end of fiscal year ÷ number of full-time permanent employees at end of fiscal year
 ★: YOKOWO CO., LTD.

Employment of People with Disabilities

Yokowo is a manufacturing company focusing on micro-precision processing. As such, we have not made progress on hiring people with disabilities, and we have not met the legally mandated employment rate. Nevertheless, from the perspective of the SDGs, we have set a goal to at least double the employment rate of people with disabilities compared to the legally mandated rate. In order to achieve this goal, we determined the need to develop both tangible and intangible company-wide infrastructure and development of jobs that would enable people with disabilities to play active roles, and set up the “Project Team for Establishing a Special Subsidiary.” The immediate goal is to establish a special subsidiary in FY2022 and build a system that will stably meet the legally mandated employment rate for people with disabilities.

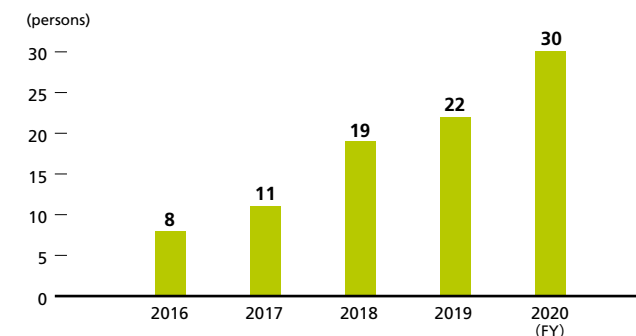
Promoting Active Participation by Senior Human Resources

In addition to the existing system of re-employment (re-employment after transfer to an affiliated company), we established a new system to extend employment after retirement at the age of 60 as permanent employees at our Head Office in 2020 in order to promote the active participation by senior human resources. This is subject to approval by the Personnel Committee if the Company deems it necessary and the employee agrees to do so for the purpose of transferring technology to younger employees or utilizing proprietary technology and know-how.

This system also allows those who are 65 years old or older to continue to playing an active role under an outsourcing contract or consultant contract if the Company deems it necessary and agrees with the individual.

Furthermore, we hold roundtable meetings for senior human resources to further improve the system while incorporating the opinions of the people concerned.

Number of older employees re-employed*



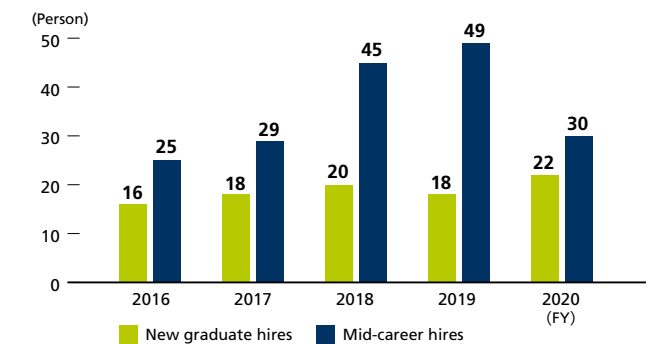
★: YOKOWO CO., LTD.

Strengthened Mid-career Hiring

The Yokowo Group corporate vision incorporates the message that “as Team Yokowo, by creating new products that incorporate cutting-edge advancements based upon the Group’s proprietary technology, we want to be a company that while evolving, achieves persistent growth.”

The Yokowo Group in principle enhances our workforce by hiring new graduates, however recent years have seen an increase in the ratio of mid-career hires supported by strong business performance. We are bringing together all employees who sympathize with this message, regardless of new graduate or mid-career hires, irrespective of gender, age, or nationality.

Changes in new graduate hires and mid-career hires*



★: YOKOWO CO., LTD.

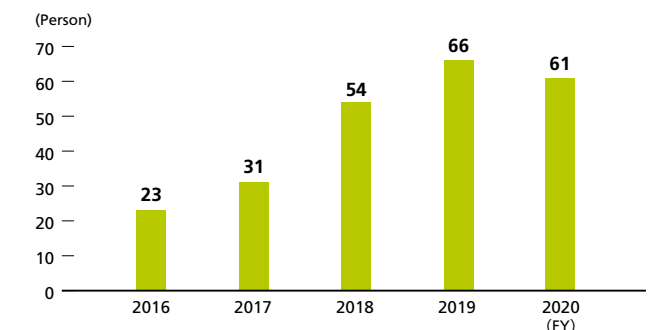
TISP Project

At the Yokowo Group, we are promoting the “TISP (Tomioka International Specialist Park) Project” as a central part of our diversity and inclusion initiatives.

This project brings together specialists from around the world (in product design, production engineering, elemental technologies, quality assurance, production control, etc.) to our main plant—the Tomioka plant (Gunma Prefecture). Hiring criteria place no particular requirements as regards Japanese conversational ability, and have a focus on expertise for midcareer hires, and potential for new graduates. Looking forward, we aim to bring together 120 foreign specialists centered around the Tomioka plant.

With this project, we are actively recruiting foreign employees living in Japan, and those living overseas. In particular at our main manufacturing bases in China, Vietnam, and Malaysia, we have in place a multi-year training program in Japan for new graduate hires who have graduated from local universities in those countries. For these trainees, we create an individualized CDP (Career Development Plan) with which we provide systematic human resource training, and many of the trainees who have completed their training in Japan return to work in their own countries.

Changes in TISP human resources*



★: YOKOWO CO., LTD.

Information Security

In our current networked era, we are seeing increasing worldwide demand for strengthened information security. The Yokowo Group constantly recognizes the importance of all the information assets and we promote information security activities globally to meet these requirements.

Approaches to Information Security

The Yokowo Group aims to ensure that it always recognizes the importance of all information assets handled thereby, including information provided by its customers and business partners, in order that the Group may continue to be a trusted member of society. To this end, the Group has stipulated and implemented its Information Security Policy in order to prevent all improper disclosure, divulgence, and unauthorized use of such information assets.

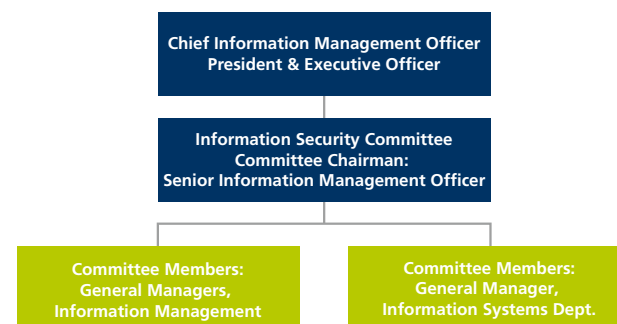
Information Security Policy (Overview)

1. Compliance
2. Framework
3. Management of Information Assets
4. Training
5. Preventing and Responding to Incidents

Enacted: April 1, 2013

* The full text of the Information Security Policy can be viewed on the Yokowo website.
<https://www.yokowo.co.jp/english/company/csr/security.html>

Information Security Management Framework



Enhancement of Information Security

Under the Group's Information Security Policy, Yokowo recognizes the management of information security as one of the most important issues in business management. In order to manage the information assets appropriately, it has

constructed an information security management system (ISMS), and is working together with the entire Group to advance its information security activities.

In December 2014, Yokowo head office and its three domestic group companies acquired ISO 27001, the International Organization for Standardization (ISO)'s information security management system standard. Yokowo is also promoting the acquisition of this standard at its major sites.

Information Security Education

The Group considers the basis for information security to be for each employee to have a high level of awareness with regard to information management, and works to keep all officers and employees (including temporary staff) well informed regarding laws and regulations as well as corporate policy and rules, etc. governing information security.

Furthermore, Yokowo implements various activities in order to increase awareness of information management, such as carrying out yearly e-learning sessions on information security, and issuing all employees with an Information Security Handbook that details practices which should be followed during the course of everyday duties.

ISO 27001 Certification Status

2014	YOKOWO CO., LTD., 3 Japanese subsidiaries
2016	Chinese subsidiaries (3 locations)
2017	Malaysia subsidiary

Protection of Confidential Information

Under its Information Security Policy, the Group has established confidentiality rules for the protection of confidential information, and disseminated these to the Group and all suppliers, etc. engaged in Yokowo's business. Through compliance with these rules, Yokowo handles and protects, both strictly and appropriately, all information assets possessed by Yokowo, and information disclosed to it by its customers.

Procurement

The Yokowo Group strives to engage in fair and equitable transactions with suppliers, and we are focused on building equal partner relationships. We are working to transform our system away from a passive procurement function towards more dynamic procurement.

Approach to Procurement

Besides striving to ensure fair and equitable transactions with our suppliers, the Yokowo Group also aims to realize a procurement function to purchase high-quality, reasonably-priced items from all over the world at the right time and in the right quantities, while promoting proactive procurement activities that contribute towards the Company's profitability. We not only comply with all relevant laws and regulations, such as the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, but also strive to fulfill our social responsibility within the supply chain in order to build multi-layered production bases and a reliable supply network when undertaking day-to-day purchasing activities.

Policies

Yokowo's Purchasing H.Q. conducts its operations in accordance with the following basic policies: **Cost Reduction, BCP Strategies, and Strengthening Procurement Capability.**

Date of formulation: April 1, 2020

Details of the basic policies

Cost Reduction	<ul style="list-style-type: none"> ■ Striving to reduce costs ■ Ensuring that costs are set early ■ Thorough implementation of the principle of Sangenshugi—the Three Actuals (the actual place, the actual part, and the actual situation)
BCP Strategies	<ul style="list-style-type: none"> ■ Stable procurement ■ Supplier quality enhancement ■ Fair and equitable selection of suppliers
Strengthening Procurement Capability	<ul style="list-style-type: none"> ■ Training and developing human resources ■ Compliance with relevant laws, ordinances, and specifications ■ Consideration for the environment and for society

Measures Relating to Procurement

Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act)

- Having employees attend external seminars
- Implementation of internal education
- Responding to Japan Fair Trade Commission (JFTC) questionnaire surveys
- Checks performed in day-to-day operations (with rigorous verification of negotiations, unit price setting, acceptance inspection, and payment)

Elimination of child labor, use of prohibited chemical substances, and use of conflict minerals

- The requirement to eliminate child labor, use of prohibited chemical substances, and use of conflict minerals is clearly stipulated in the Code of Conduct for Business Transactions (and Agreement), which was compiled as an annex when Yokowo revised its master agreements pursuant to the revision of Japan's Civil Code.
- Surveys of the substances contained in mass-produced products are being implemented at all Yokowo Group plants
- When launching production of a new model, suppliers are required to provide data on the substances contained at the time of the first sample inspection
- The prohibition on conflict minerals applies to materials that have cobalt, cassiterite, tungsten or gold as a raw material

Implementing Green Procurement

The Yokowo Group holds presentations for our suppliers on chemical substances contained in products, and we implement environmental assessment that includes constituent analysis of the items that suppliers deliver. In addition, the master agreement that we sign with suppliers includes provisions relating to not using harmful chemical substances, our procurement activities prioritize purchasing items that have a smaller environmental footprint, and product verification is performed in collaboration with our Quality Assurance H.Q.

Occupational Health & Safety: OH & S

The Yokowo Group positions the management of health and safety of its employees as well as stakeholders in the Group's activities as the top priority issue for its management, and will pursue a workplace where they are able to work without undue concern by always securing their safety, and that will strive to promote their mental and physical health.

Approaches to Occupational Health and Safety

The Yokowo Group positions proper management of the safety, peace of mind, and health of employees and other stakeholders as a number one priority. In order to safeguard every individual employee—each of whom is vital to the Group's business continuity and growth—we have formulated the Occupational Health and Safety Policy, and we promote occupational health and safety activities on the basis of this policy.

* Please see our website for more details on the Occupational Health and Safety Policy of the Yokowo Group.
<https://www.yokowo.co.jp/english/company/csr/safety.html>

Occupational Health and Safety Framework

Yokowo's Health and Safety Promotion Committee meets on a monthly basis. The Committee is headed by senior management and consisting of the OH&S managers and promoters of each department, who play a central role in practical health and safety activities. The Committee strives to realize continued improvement of OH&S activities by sharing the progress made in individual departments' OH&S action plans, the results of monthly OH&S inspections, and details of occupational accidents and the remedial measures taken. In addition, the Committee holds monthly meetings to provide a venue for talks between its members, both from labor and management, with the participation of occupational physicians, etc., as required by law. The Risk Assessment Committee evaluates remedial measures when responding to unexpected occupational accidents. It discusses and confirms whether the measures proposed by the department where the accident occurred are effective from an objective viewpoint, and whether there are any oversights in preventing reoccurrence.

In April 2021, the Occupational Health & Safety Section was established within the General Affairs Department. This new department aims to further expand measures that contribute towards OH&S, with a particular focus on promoting the activities of the various committees.

Occupational Health and Safety Management Framework



Occurrence of Occupational Accidents Over the Past Three Years

	FY2018	FY2019	FY2020
Accidents with lost work days	1	0	2
Accidents without lost work days	4	1	4
Total accidents	5	1	6

To Realize a Continued Improvement of Occupational Health and Safety

Yokowo has constructed an occupational health and safety management system (OHSMS), and is working to advance its OH&S efforts as the entire Group under the OH&S Policy. YOKOWO CO., LTD., including the following subsidiaries, has acquired "ISO 45001" certification, the international standard for occupational health and safety management systems.

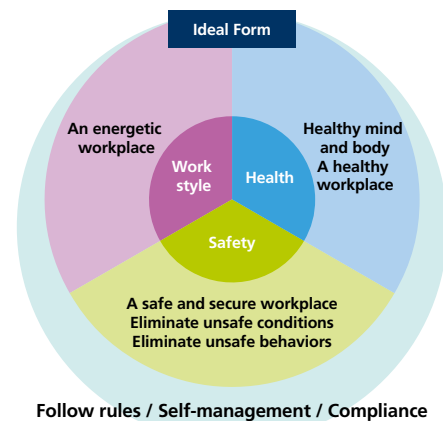
ISO 45001 Certification Status

2020	YOKOWO CO., LTD., domestic subsidiaries (3 companies)
	Chinese subsidiaries (2 locations)

* OHSAS 18001 certification was obtained in 2016 in Japan and in 2017 in China, however this was transferred to ISO 45001 certification in August 2020.

The Key Pillars of the Promotion of Occupational Health and Safety Activities

The Yokowo Group has designated safety, health and work-style as the three key pillars of the annual plan for promotion of occupational health and safety. Based on these three key pillars, each department carries out occupational health and safety activities systematically after setting its own targets and performing risk assessment.



Local Communities

Operating in a range of locales both within Japan and overseas, the Yokowo Group values our relationships with local communities, and is promoting multifaceted social action programs. As a company rooted in local communities, we will contribute to their development, and towards achieving a sustainable society.

On Contributing to Local Communities

As a member of local communities, the Yokowo Group is promoting a range of social action programs. Our aim is to develop alongside local communities, through activities that support their development, and initiatives that contribute to solving societal issues.

Three Areas of Activities



Community-based Activities

YUKA Volunteer Team (DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. [China])

In 2016, DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. formed the YUKA Volunteer Team, which promotes activities to support the elderly and people with disabilities in the community.

These activities include holding volunteer events as well as environmental conservation activities, and these see many employees volunteering to participate.

Employees who have participated in volunteer activities (2016 to present) **155**



Support for an Orphanage (YOKOWO VIETNAM CO., LTD.)

In April 2021, in collaboration with other like-minded Japanese companies located in the same industrial park, YOKOWO VIETNAM provided a local orphanage with material support such as food and beverage items, including milk, and clothing.



Activities towards Achieving a Sustainable Society

Donations of Masks and Sanitizer (YOKOWO ELECTRONICS (MALAYSIA) Sdn Bhd)

In 2020, YOKOWO ELECTRONICS (MALAYSIA) donated COVID-19 infection control supplies such as masks and sanitizer to the local police.

Activities that Contribute to Community Development

Naming Rights Partnership Activities (Tomioka Plant)

Wishing to contribute to the development of Tomioka City, where it is located, the Tomioka Plant participated in the open bidding for the naming rights for three local sports facilities and was chosen as a partner enterprise by Tomioka City. Tomioka Plant will encourage its employees and their family members to use these facilities, which will improve their health and foster the building of closer connections through sports, while at the same time this will also support the joint development of both the local community and Yokowo.

The naming rights agreement covers the three-year period between February 2021 and March 2024. Total cost of naming rights: **4.5** million yen



Environment

The Yokowo Group recognizes that conducting business activities in harmony with the global environment is an essential responsibility for a corporation. The Yokowo Group continues to implement a range of Group-wide environmental preservation activities and address climate change based upon defined environmental policies in order that we can pass on our irreplaceable global environment to future generations.

Approaches to the Environment

Environmental Policy

Today, when Japan and the rest of the world are starting to make a serious effort to realize carbon neutrality by 2050, Yokowo is also responding to the demands of our stakeholders and society by formulating more concrete measures to address climate change, and working actively to implement them. Reflecting this stance, we support the recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD), and we are implementing specific initiatives to achieve the target of reducing greenhouse gas emissions from our plants (Scope 1 and 2) by 35% by FY2030, compared to FY2014, and promote specific climate-related information disclosure.

Yokowo is also committed to helping to create a rich natural environment. We seek to do this through our environmental management system and through activities designed to achieve continuous improvements in environmental performance. As part of our commitment, we take into consideration the environmental impact of our business activities and comply with all relevant environmental laws, regulations, and guidelines, as well as with each customer's specific guidelines.

Action Guidelines

1. Yokowo supports the TCFD recommendations, and besides formulating and implementing concrete measures to achieve the target of reducing greenhouse gas emissions at our plants (Scope 1 and 2) by 35% by FY2030, compared to FY2014, we will also be disclosing details of the measures taken, through the Carbon Disclosure Project (CDP) framework.
2. Yokowo will continuously and actively promote energy saving, resource conservation, and recycling to contribute to the protection of the global environment.
3. In respect of chemical substances which are harmful to both the environment and human body, Yokowo will prevent environmental pollution by implementing preventive measures and action plan, which include those for the case of abnormal and emergency operation, and will minimize the use of hazardous chemical substances.
4. Yokowo will comply with all relevant environmental laws, regulations, and each customer's specific requirements, and intend to enhance our environmental management by our original internal standards.
5. Yokowo will set objectives and goals for our environmental activities and also improve our environmental management system continuously by periodically reviewing the objectives and goals.
6. Through in-house education and publicity, Yokowo will promote all the employees' recognition of involvement in environmental preservation and will make these activities take root as daily duties.
7. Yokowo ensures that all the employees including those of affiliated companies are fully aware of the environmental policies, and will disclose them to the public on request.
8. Yokowo will contribute to the development of a sustainable society by considering the impact on biodiversity in all its business activities.

Enacted: June 1, 2005 Revised: October 15, 2021

Environmental Management Systems

ISO 14001 Certification

Since its individual production bases received ISO 14001 certification starting in 1998, the Yokowo Group has continued with its work in environmental activities. There were no infringements of environmental regulations in FY2020.

* Please see our website for more details on the status of ISO14001 Certification Acquisitions.
<https://www.yokowo.co.jp/english/company/csr/environment.html>

Issues and Results of Activities

The Yokowo Group reviewed its Medium-Term Environmental Plan in 2014 and identified four issues that need attention—addressing climate change, management of water resources, resource recycling, and working towards zero hazardous chemical substances. For this, Yokowo sets goals and activities to be achieved each year.

At a meeting of the Board of Directors held in October 2021, it was decided that Yokowo would express its support for the recommendations of the TCFD and disclose details of the measures taken by the Company through the CDP, with the Board of Directors supervising this directly. Subsequently, revisions were made to the Company's Environmental Policy and Action Guidelines.

Addressing Climate Change

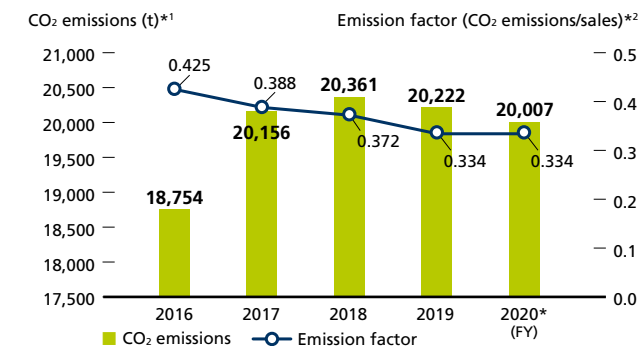
With the aim of reducing direct greenhouse gas emissions (Scope 1 and 2), we are drawing up plans for the adoption of renewable energy at our plants in Japan (in Tomioka City, Gunma Prefecture), China, Vietnam and Malaysia, which are our Company's main sources of greenhouse gas emissions. In 2021, we are working to give more concrete shape to our plans for adopting renewable energy at our Vietnam Plant and Tomioka Plant, which are our most important production facilities.

Regarding the reduction of Scope 3 greenhouse gas emissions, as most of the employees at the Tomioka Plant currently commute to work by car, we are implementing a plan to persuade a local railway company to establish a station near the plant, so that employees will be able to commute to work by train, and we are also planning to establish charging points for electric vehicles at the plant. Through the implementation of these concrete strategies, we are aiming, initially, to secure a "B" evaluation from the CDP. We will be steadily disclosing details of the implementation status of these concrete measures through the CDP platform, and also on our Company website.

As of 2020, the Yokowo Group had implemented a variety of activities directed towards meeting the goal of a year-on-year 1% reduction in the greenhouse gas (GHG) emission factor.

We are currently still in the process of collecting data regarding greenhouse gas emissions in 2014—the base year for determining greenhouse gas emissions reduction—and will disclose this information once the calculations have been completed.

CO₂ emissions and emission factor



*1 Electricity CO₂ conversion factor is calculated using the following:
 Domestic: TEPCO Energy Partner, Inc Basic Emission Factor
 Overseas: IEA Official Factor

*2 Up until FY2019, consolidated sales were aggregated using internal exchange rates. However, starting from FY2020, Yokowo has switched over to aggregating consolidated sales based on real exchange rates, and data for FY2019 and previous years have been retroactively adjusted.

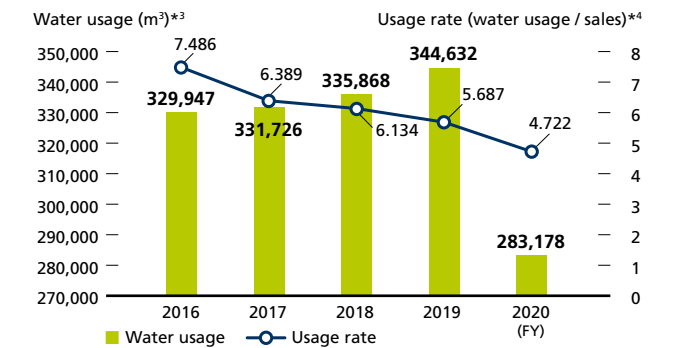
Management of Water Resources

Of the water used within the Yokowo Group, the majority is for domestic-type uses; because of the characteristics of our products, hardly any water is used in the production processes. We are working to achieve our goal of a year-on-year 1% reduction in water consumption, measured by per unit of sales.

Additionally, we are monitoring the quality of plant wastewater using our internal standards, which are more rigorous than legal requirements. At the Tomioka plant, we are recovering

all hazardous chemical substances in discharge from our galvanization processes, and have achieved zero emissions into public waterways.

Water usage and usage rates



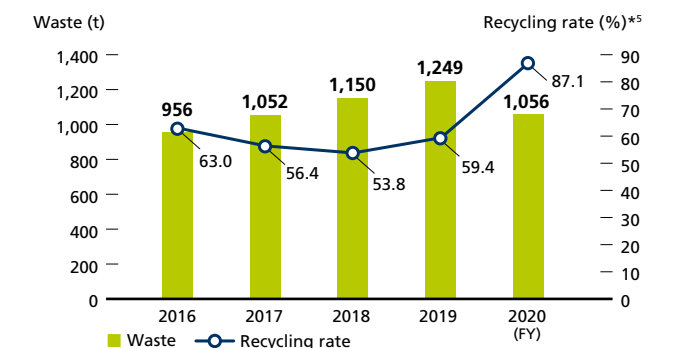
*3 As the aggregation method has been reviewed, data for FY2019 and previous years have been retroactively adjusted.

*4 As the per unit indicator has been reviewed from water usage per employee to water usage per unit of sales, data for FY2019 and previous years have been retroactively adjusted.

Resource Recycling

The Yokowo Group's main products are electronic components, and the main types of waste that we generate are metal and plastic waste, and waste cutting oil, that are generated during the production processes. With regard to these main types of waste, we are working to conserve resources. As well as promoting a reduction in the quantities of waste generated by our business activities, we have also set a recycling rate of at least 80% as a target. The inclusion of Yokowo Vietnam in the data aggregation from FY2020 onwards has led to a substantial increase in the recycling rate.

Quantity of waste and recycling rate



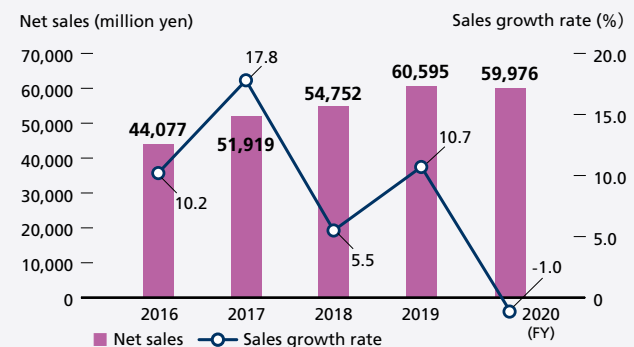
*5 The recycling rate is the share of waste handed over to recycling firms. We are experimenting with the use of recycled plastic in plastic molding processes. We are also working on the development of original recycling technology for cutting oil, in collaboration with a local vocational college.

Topics

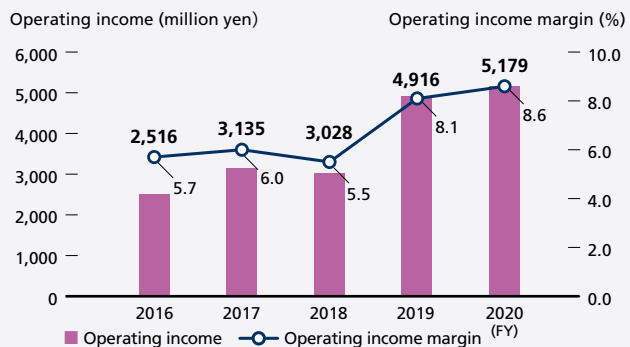
In September 2021, we received third-party certification (scope 1 and 2) for greenhouse gas emissions. In the future, we will expand the scope of monitoring of our greenhouse gas emissions, and ensure this information is disclosed to the public.

Financial Highlight

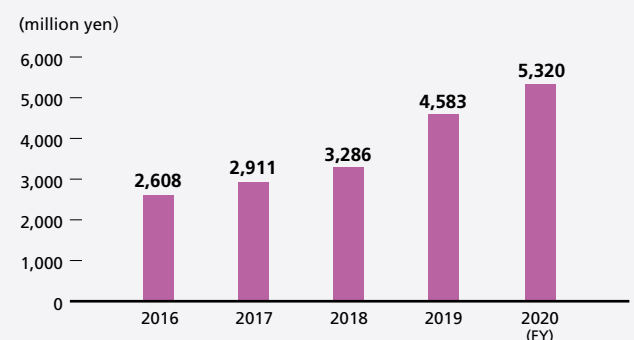
▼ Net sales



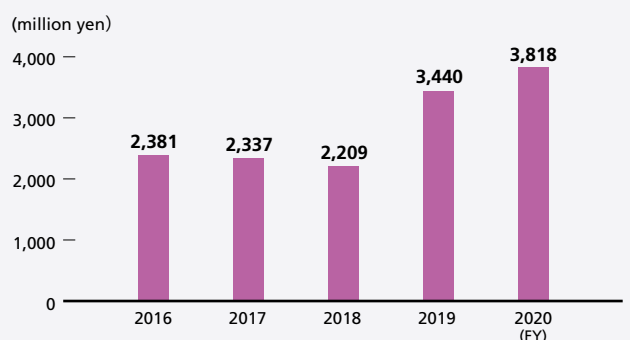
▼ Operating income



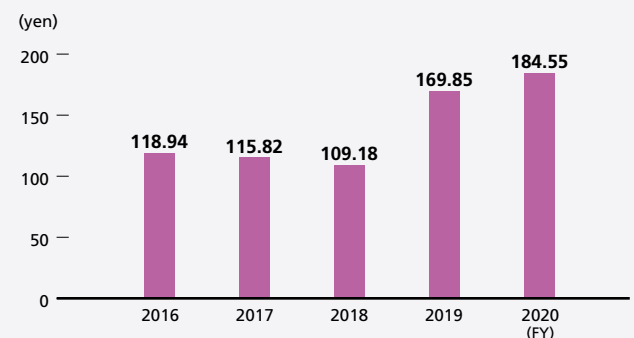
▼ Ordinary income (full year)



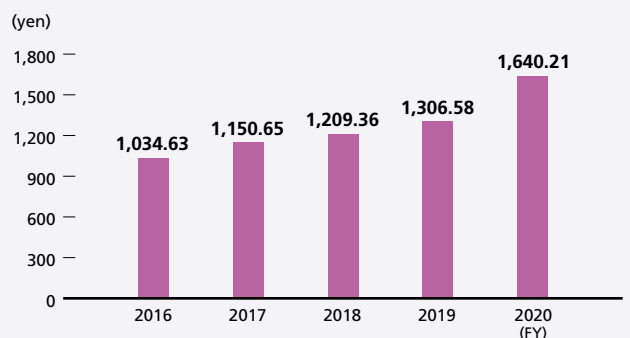
▼ Profit attributable to owners of parent



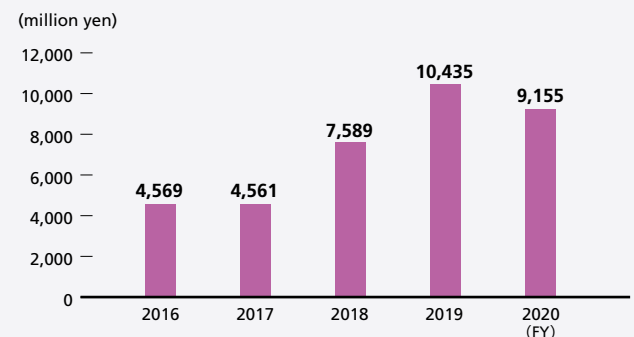
▼ Basic earnings per share



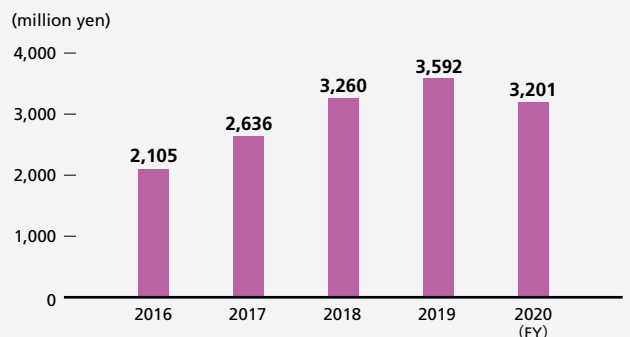
▼ Net assets per share



▼ Interest bearing debt*



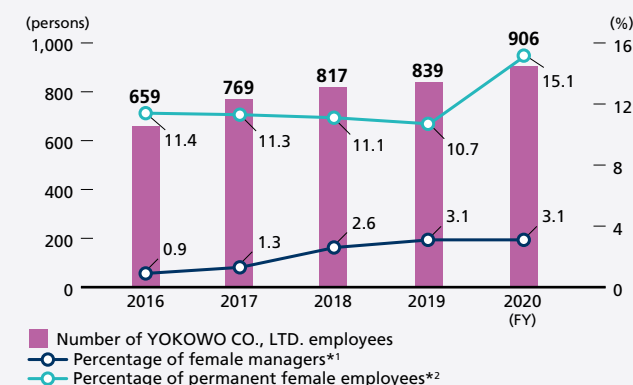
▼ Research and development expenses



* Borrowing + lease liabilities

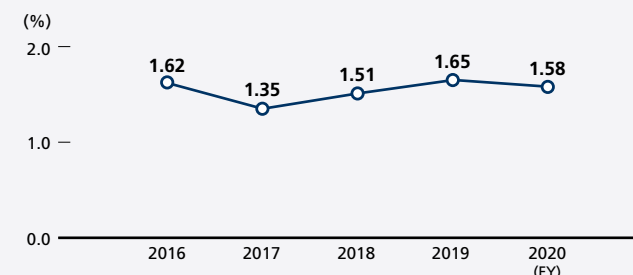
Non-financial Highlight

▼ Percentage of female employees*

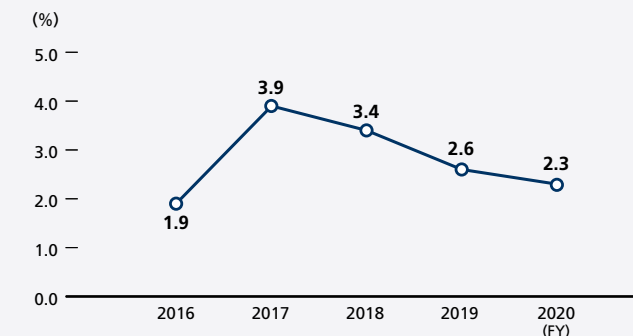


*1 Female managers at end of fiscal year ÷ executive and management positions at end of fiscal year (includes assistant managers, excludes specialists)
*2 Number of female employees at end of fiscal year ÷ number of full-time permanent employees at end of fiscal year

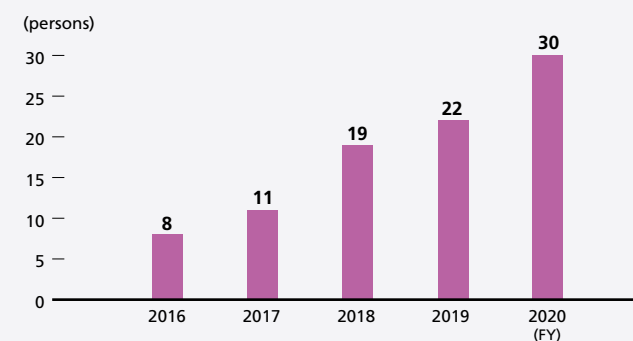
▼ Employment rate of people with disabilities*



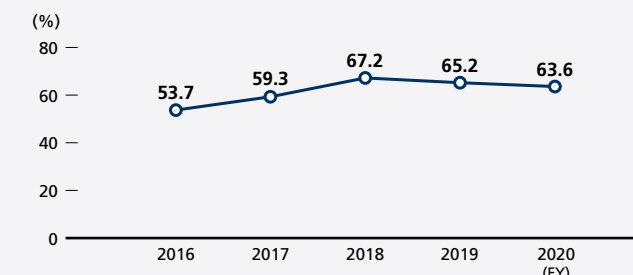
▼ Employee turnover rate*



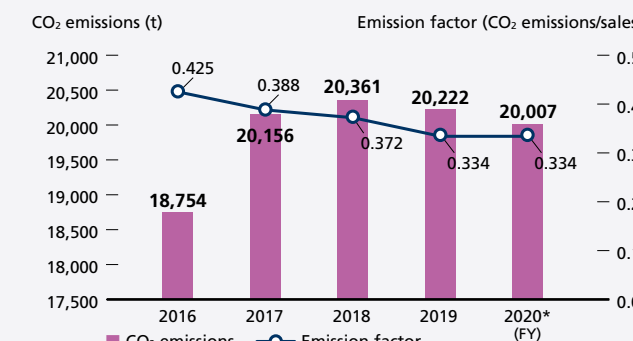
▼ Number of older employees re-employed*



▼ Uptake of paid leave*

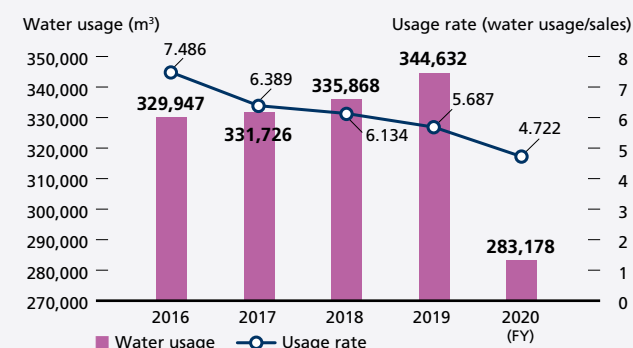


▼ CO₂ emissions and emission factor

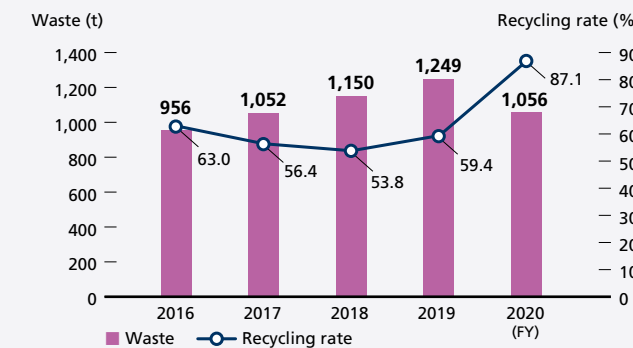


* Electricity CO₂ conversion factor is calculated using the following:
Domestic: TEPCO Energy Partner, Inc Basic Emission Factor
Overseas: IEA Official Factor

▼ Water usage and usage rates



▼ Quantity of waste and recycling rate



★: YOKOWO CO., LTD.

Financial Information

Analysis of Operating Results and Financial Position in Fiscal 2020

Business Environment and Operating Results

During the fiscal year under review (April 1, 2020 to March 31, 2021), the global economy slowed sharply owing to the large reduction in economic activity as a result of the global COVID-19 pandemic in addition to the intensification of trade friction between the U.S. and China among other factors.

In Japan also, the outlook is extremely uncertain due to the reissuance of the state of emergency declaration and the expectation that it will take some time to achieve immunity in the population due to delays in the vaccine rollout.

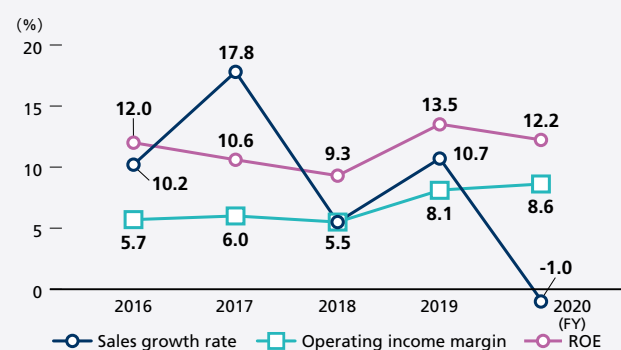
Market structure in the Group's core markets, automotive, semiconductor testing, and mobile communication terminals, has continued to change rapidly with the full-scale roll out of 5G (5th generation mobile communications systems) products and services and intensifying competition in the development of products and technologies aimed at expanding use of advanced applications such as CASE, MaaS, IoT, and AI.

In these circumstances, the Group continued working to advance the four forms of innovation (innovation in products, processes, personnel, and management) specified in the Basic Management Policy to achieve high-quality, full-scale growth. In the Vehicle Communication Equipment segment, the Group identified rebuilding the profit structure as the top priority issue and worked to radically reform the fixed cost structure by significantly strengthening business management systems and improving cost awareness at production bases. In the Circuit Testing Connector segment, the Group strengthened technology and manufacturing systems in order to grasp business growth opportunities arising from 5G and boosted capacity by expanding new production lines in Japan and Malaysia in addition to working to strengthen the production backup system through a review of the ratio of production in Japan and Malaysia. The Group also formulated the new medium-term management plan covering the period from fiscal 2020 until the 85th business term (fiscal 2022) which looks toward breaking through the limits of existing technologies and businesses and acquiring new growth potential through new technologies and new businesses. To provide a source of funds for the plan, the meeting of the Board of Directors held in November 2020 resolved to issue stock acquisition rights by way of a third-party allotment, which were allocated in December 2020, and raised 4,770 million yen by the end of the fiscal year under review. As a result of these efforts, although net sales fell slightly year on year, with the Vehicle Communication Equipment segment impacted by the COVID-19 pandemic, operating income, ordinary income, and profit attributable to owners of parent all continued to reach record highs year on year, mainly due to the return to profit from the second quarter onward due to improved profitability.

▼ Operating Results in Fiscal 2020

	(million yen)	
Net sales	59,976	(-1.0% YOY)
Operating income	5,179	(+5.3% YOY)
Ordinary income	5,320	(+16.1% YOY)
Profit attributable to owners of parent	3,818	(+11.0% YOY)

▼ Minimum 8



Financial Position

(Assets)

Current assets stood at 38,417 million yen as of March 31, 2021, up 5,154 million yen from the end of the previous fiscal year. The increase in current assets was mainly due to the increase in cash and deposits of 3,110 million yen, increase in notes and accounts receivable – trade of 251 million yen, and increase in inventories of 1,630 million yen. The increase in cash and deposits was due to the issuance of stock acquisition rights through a third-party allotment and the receipt of proceeds from the exercise of such rights, which offset a decrease due to the adjustment of liquidity on hand (partial repayment of short-term loans payable), which had been maintained at an extremely high level through both short-term loans payable and cash. The large increase in inventories as of March 31, 2021 was due to the rebound from the low level of inventories in both finished products and parts and materials at the end of the previous fiscal year, which resulted from a large decline in capacity utilization at the China plant due to the spread of COVID-19. There was also an increase in inventories of finished goods, including those for loading and unloading, as marine transportation slowed due to delays in port operations caused by an increase in the number of people with COVID-19.

Non-current assets stood at 18,451 million yen, up 3,579 million yen from the end of the previous fiscal year. The increase in noncurrent assets was mainly due to the increase in property plant and equipment of 2,612 million yen. This was due to vigorous investment in mass production and development in each business segment.

As a result, total assets stood at 56,868 million yen as of March 31, 2021, up 8,734 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities stood at 19,880 million yen as of March 31, 2021, up 2,300 million yen from the end of the previous fiscal year. The increase in current liabilities was mainly due to the decrease in short-term loans payable of 1,464 million yen and the increase in current portion of long-term loans payable of 3,400 million yen.

Non-current liabilities stood at 785 million yen, down 3,236 million yen from the end of the previous fiscal year. The decrease in non-current liabilities was mainly due to the decrease in long-term loans payable of 3,400 million yen.

As a result, total liabilities stood at 20,666 million yen as of March 31, 2021, down 936 million yen from the end of the previous fiscal year.

(Net Assets)

Net assets stood at 36,202 million yen as of March 31, 2021, up 9,670 million yen from the end of the previous fiscal year. This was mainly due to increases in capital stock and capital surplus of 2,391 million yen and 2,391 million yen, respectively, due to the issuance of stock acquisition rights through third-party allotment and payment for the exercise of such rights, profit attributable to owners of parent of 3,818 million yen, increase in valuation difference on available-for-sale securities of 459 million yen due to increase in stock prices of investment securities held, increase in foreign currency translation adjustment of 909 million yen due to the depreciation of the Japanese yen against the U.S. dollar and other currencies as of the end the fiscal year under review compared to the previous fiscal year, and dividends of surplus of 649 million yen.

Cash Flows

(1) Cash and Cash Equivalents

Cash and cash equivalents stood at 15,295 million yen in the fiscal year under review, up 2,942 million yen from the previous fiscal year.

(2) Net Cash Provided by Operating Activities

Net cash provided by operating activities stood at 5,139 million yen, down 1,350 million yen from the previous fiscal year. The main factors for increase included profit before income taxes of 5,140 million yen and depreciation of 2,987 million yen while the main factors for decrease included an increase in inventories of 1,263 million yen.

(3) Net Cash Used in Investing Activities

Net cash used in investing activities stood at 4,619 million yen, up 1,336 million yen from the previous fiscal year. The main factors for increase included purchase of property, plant and equipment of 3,958 million yen and purchase of intangible assets of 410 million yen.

(4) Net Cash Provided by Financing Activities

Net cash provided by financing activities stood at 1,905 million yen, down 237 million yen from the previous fiscal year. The main factors for decrease included decrease in short-term loans payable of 1,504 million yen and repayments of lease obligations of 747 million yen while the main factors for increase included proceeds from issuance of common shares of 4,770 million yen.

(5) Information on Liquidity and Capital Resources

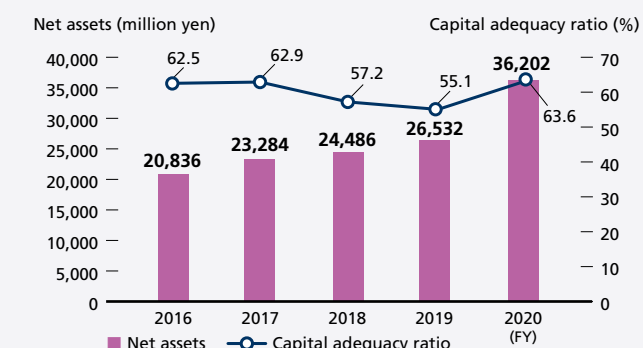
The Company's working capital is mainly spent on procurement of raw materials and parts used in the manufacture of products and is also similarly expended on goods and services recorded in manufacturing expenses and selling, general and administrative expenses.

In addition, capital investment funds are expended on establishing and strengthening production systems, such as the acquisition of production equipment, and the maintenance of information systems. The Company's basic policy is to provide for the necessary funding through internal funds generated by the recorded profit and depreciation.

In the fiscal year under review, the Group actively invested in research and development and product development, and expansion of mass production facilities, including the fourth phase of expansion work and expansion of production facilities at the production subsidiary in Vietnam and the expansion of processing facilities at the production subsidiary in Malaysia.

In and after the fiscal year ending March 31, 2022, the Group plans to construct a plant and install production equipment at the production subsidiary in the Philippines and further boost capacity at the production subsidiary in Malaysia. To fund this capital investment, in addition to operating cash flow, the Group has refinanced short-term loans, but has reduced the amount through partial repayment. On the other hand, under the new Medium-Term Management Plan, in order to break through the limitations of existing businesses and technologies and acquire new growth potential from a medium- to long-term perspective, the Group plans to invest in basic research to further deepen its core technologies and in capital investment to enter new fields, such as the construction of new MEMS probe card production lines. To raise funds for these purposes, it was resolved in November 2020 to issue stock acquisition rights through a third-party allotment, and the exercise of these rights has been proceeding since December 2020. As a result, the Group's cash and cash equivalents stood at 15,295 million yen as of March 31, 2021, up 2,942 million yen from the end of the previous fiscal year.

▼ Net Assets / Capital Adequacy Ratio



Capital Investment

In the fiscal year under review, the Group continued to make capital investment, primarily in the expansion of production facilities. Investment in intangible assets is included in addition to investment in property, plant and equipment.

Total capital investment in the fiscal year under review was 4,430 million yen, and an overview of capital investment is as follows.

(1. Property, plant and equipment)

(1) Vehicle Communication Equipment segment

The Group implemented total capital investment of 1,945 million yen. This included expansion of the Vietnamese plant to expand capacity aimed at increasing work volume in parallel with strengthening of development functions at the China plant, in addition to construction work on the plant in the Philippines.

(2) Circuit Testing Connector segment

The Group implemented total capital investment of 1,726 million yen. This included expansion of mass production facilities and image measuring equipment and more at production bases in Japan and the Malaysian plant to accommodate order growth and shorter delivery times for semiconductor test tools.

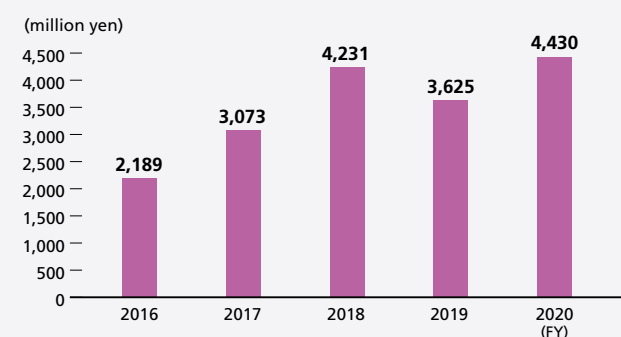
(3) Personal Communication Equipment segment

The Group implemented total capital investment of 365 million yen. The Group conducted updates and expansion at both the Chinese and Malaysian plants, including mass production facilities in the Fine Connector business. We also expanded mass production and other facilities at production bases in Japan in the Medical Device business.

(2. Intangible assets)

The Group implemented total capital investment of 394 million yen. This included improving and updating the environment for core information systems and strengthening and renewing CAD systems in order to realize Group-wide business streamlining.

▼ Capital expenditures



Basic Policy for Dividends

The Company views the strengthening of returns to shareholders as an important task for management. The basic policy for dividends in each fiscal year lies in stable and continuous distribution of dividends taking retained earnings into consideration for the purposes of investments in production facilities in growing business fields, development of technology in new businesses, and in tapping new markets.

The Company's basic policy for dividends from surplus is to pay a dividend twice a year: an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for the interim dividend and the General Meeting of Shareholders for the year-end dividend.

In business performance for the fiscal year under review, although consolidated net sales declined slightly from the previous fiscal year due to the impact of the COVID-19 pandemic, consolidated operating income, consolidated ordinary income, and profit attributable to owners of parent all reached record highs, due to the improvement in profitability in the Vehicle Communication Equipment segment among other factors.

Meanwhile, in the next fiscal year, because the risk of a resurgence of COVID-19 is expected to continue to a certain extent despite progress on vaccination and supply and demand and competitive environment trends in the Company's core markets are extremely uncertain, we consider it essential to put more emphasis on financial stability in business operations. In addition, while the market overall is uncertain, inquiries in growth sectors such as 5G are increasing year by year, and there is still high demand for funds for investment in product development and capital investment.

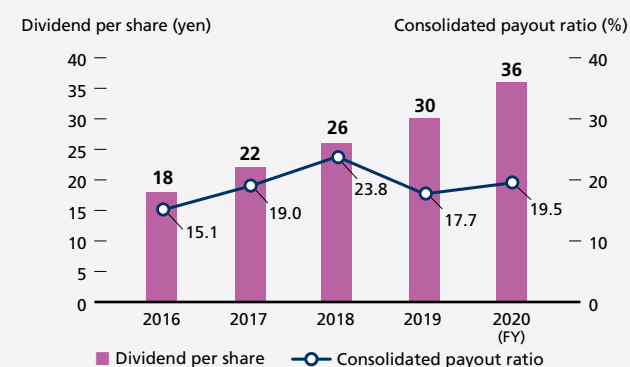
Based on the circumstances outlined above, and comprehensively taking into account the return of record high profit to shareholders, demand for funds in the next fiscal year onward and the securing of financial stability, the Company submitted the proposal for a year-end dividend for the fiscal year under review of 20 yen per share to the 83rd General Meeting of Shareholders, and it was approved.

With an interim dividend of 16 yen per share for the fiscal year under review already paid, the Company's annual dividend is 36 yen per share (consolidated payout ratio of 19.5%).

With respect to the dividend for the next fiscal year, the Company expects to pay an annual dividend of 36 yen per share (interim dividend of 18 yen and year-end dividend of 18 yen with a consolidated payout ratio of 20.6%).

The Company's Articles of Incorporation stipulate that an interim dividend can be paid.

▼ Dividend per share



CONSOLIDATED BALANCE SHEETS

(millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and deposits	12,352	15,463
Notes and accounts receivable-trade	10,774	11,026
Merchandise and finished goods	4,662	6,062
Inventories	402	441
Raw materials and supplies	3,616	3,808
Other	1,456	1,618
Allowance for doubtful accounts	(3)	(3)
Total current assets	33,262	38,417
Non-current assets		
Net property, plant and equipment		
Buildings and structures	6,568	7,546
Accumulated depreciation	(3,657)	(4,009)
Buildings and structures, net	2,911	3,537
Machinery, equipment and vehicles	11,306	13,073
Accumulated depreciation	(7,117)	(8,210)
Machinery, equipment and vehicles, net	4,189	4,862
Tools, furniture and fixtures	8,390	9,728
Accumulated depreciation	(6,171)	(7,236)
Tools, furniture and fixtures, net	2,219	2,491
Land	761	761
Leased assets	1,730	2,440
Accumulated depreciation	(1,105)	(1,140)
Leased assets, net	625	1,300
Construction in progress	590	956
Total property, plant and equipment	11,296	13,909
Intangible assets		
Leased assets	26	14
Other	874	988
Total intangible assets	900	1,003
Investments and other assets		
Investment securities	1,188	1,730
Retirement benefit asset	81	726
Deferred tax assets	737	344
Other	667	738
Total investments and other assets	2,675	3,539
Total non-current assets	14,872	18,451
Total assets	48,134	56,868

	(millions of yen)	
	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	6,428	6,491
Short-term loans payable	6,489	5,024
Current portion of long-term loans payable	-	3,400
Lease obligations	253	310
Income taxes payable	770	725
Provision for bonuses	600	673
Other	3,038	3,255
Total current liabilities	17,580	19,880
Non-current liabilities		
Long-term loans payable	3,400	-
Lease obligations	292	420
Deferred tax liabilities	135	154
Net defined benefit liability	183	202
Long-term accounts payable	10	8
Total non-current liabilities	4,021	785
Total liabilities	21,602	20,666
NET ASSETS		
Shareholders' equity		
Capital stock	3,996	6,387
Capital surplus	3,981	6,373
Retained earnings	19,045	22,199
Treasury stock	(664)	(633)
Total shareholders' equity	26,359	34,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84	543
Foreign currency translation adjustment	(64)	845
Remeasurements of defined benefit plans	124	437
Total valuation and translation adjustments	144	1,825
Subscription rights to shares	3	8
Non-controlling interest	24	41
Total net assets	26,532	36,202
Total liabilities and net assets	48,134	56,868

CONSOLIDATED STATEMENTS OF INCOME

	(millions of yen)	
	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Net sales	60,595	59,976
Total cost of sales	47,527	47,080
Gross profit	13,067	12,895
Selling, general and administrative expenses	8,150	7,715
Operating income	4,916	5,179
Non-operating income		
Interest income	28	16
Dividend income	39	41
Foreign exchange gains (losses)	-	192
Rental income	17	14
Other	43	50
Total non-operating income	128	316
Non-operating expenses		
Interest expenses	104	70
Share of loss of entities accounted for using equity method	24	24
Commission expenses	7	13
Share acquisition rights issuance costs	-	26
Compensation expenses	-	30
Foreign exchange losses	214	-
Other	111	9
Total non-operating expenses	462	175
Ordinary income	4,583	5,320
Extraordinary income		
Gain on sales of non-current assets	1	5
Gain on sales of investment securities	93	28
Total extraordinary income	95	34
Extraordinary losses		
Loss on retirement of non-current assets	47	73
Loss on sales of non-current assets	0	0
Loss on valuation of investment securities	-	139
Product warranty expenses	14	-
Total extraordinary losses	62	213
Profit before income taxes	4,616	5,140
Income taxes - current	1,164	1,236
Income taxes - deferred	(8)	70
Total income taxes	1,156	1,306
Profit	3,460	3,834
Profit (loss) attributable to non-controlling interests	19	15
Profit (loss) attributable to owners of parent	3,440	3,818

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions of yen)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Profit	3,460	3,834
Other comprehensive income		
Valuation difference on available-for-sale securities	(271)	459
Foreign currency translation adjustment	(590)	910
Remeasurements of defined benefit plans	(10)	312
Total other comprehensive income	(872)	1,682
Comprehensive income	2,587	5,516
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,568	5,499
Comprehensive income attributable to non-controlling interests	19	17

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Fiscal 2019 (From April 1, 2019 to March 31, 2020)

(millions of yen)

	Shareholders' equity						Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Deposit for subscriptions of treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments			
Balance at beginning of period	3,996	3,981	16,197	(719)	0	23,456	355	525	135	1,017	7	5	24,486
Changes during period													
Dividends of surplus			(566)			(566)							(566)
Profit (loss) attributable to owners of parent			3,440			3,440							3,440
Purchase of treasury shares				(1)		(1)							(1)
Disposal of treasury shares			(26)	57	(0)	30							30
Net changes of items other than shareholders' equity							(271)	(590)	(10)	(872)	(3)	19	(857)
Total changes of items during period	–	–	2,847	55	(0)	2,902	(271)	(590)	(10)	(872)	(3)	19	2,045
Balance at end of period	3,996	3,981	19,045	(664)	–	26,359	84	(64)	124	144	3	24	26,532

Fiscal 2020 (From April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity						Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments				
Balance at beginning of period	3,996	3,981	19,045	(664)	26,359	84	(64)	124	144	3	24	26,532	
Changes during period													
Dividends of surplus			(649)		(649)								(649)
Issuance of new shares (exercise of share acquisition rights)	2,391	2,391			4,782								4,782
Profit (loss) attributable to owners of parent			3,818		3,818								3,818
Purchase of treasury shares				(1)	(1)								(1)
Disposal of treasury shares			(14)	31	17								17
Net changes of items other than shareholders' equity						459	909	312	1,681	5	17	1,703	
Total changes of items during period	2,391	2,391	3,154	30	7,967	459	909	312	1,681	5	17	9,670	
Balance at end of period	6,387	6,373	22,199	(633)	34,326	543	845	437	1,825	8	41	36,202	

CONSOLIDATED STATEMENT OF CASH FLOWS

	(millions of yen)	
	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	4,616	5,140
Depreciation	2,706	2,987
Increase (decrease) in allowance for doubtful accounts	(1)	(0)
Increase (decrease) in provision for bonuses	64	64
Increase (decrease) in provision for product warranties	(364)	-
Increase (decrease) in net defined benefit asset and liability	(71)	(176)
Interest income and dividend income	(67)	(58)
Interest expenses	104	70
Foreign exchange losses (gains)	75	(328)
Share of loss (profit) of entities accounted for using equity method	24	24
Loss (gain) on sales of non-current assets	(1)	(5)
Loss on retirement of non-current assets	47	73
Loss (gain) on sales of investment securities	(93)	(28)
Loss (gain) on valuation of investment securities	-	139
Decrease (increase) in trade receivables	488	300
Decrease (increase) in inventories	(868)	(1,263)
Increase (decrease) in trade payables	750	(471)
Other	(133)	39
Subtotal	7,277	6,509
Interest and dividends received	67	58
Interest paid	(111)	(71)
Income taxes paid	(742)	(1,357)
Net cash provided by (used in) operating activities	6,490	5,139
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(3,066)	(3,958)
Proceeds from sales of property, plant and equipment	2	7
Purchase of intangible assets	(475)	(410)
Purchase of investment securities	-	(38)
Proceeds from sales of investment securities	142	46
Payments into time deposits	-	(156)
Purchase of shares of subsidiaries and associates	(99)	-
Long-term loan advances	-	(60)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	201	-
Other	10	(48)
Net cash provided by (used in) investing activities	(3,282)	(4,619)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	2,995	(1,504)
Proceeds from issuance of shares	-	4,770
Repayments of lease obligations	(312)	(747)
Dividends paid	(564)	(647)
Proceeds from exercise of employee share options	27	15
Purchase of treasury shares	(1)	(1)
Proceeds from issuance of exercise of share acquisition rights	-	20
Net cash provided by (used in) financing activities	2,143	1,905
Effect of exchange rate change on cash and cash equivalents	(188)	516
Net increase (decrease) in cash and cash equivalents	5,162	2,942
Cash and cash equivalents at beginning of period	7,189	12,352
Cash and cash equivalents at end of period	12,352	15,295

Independent Practitioner's Assurance Report



Independent Assurance Statement

September 23, 2021

To President Takayuki Tokuma
YOKOWO CO., LTD.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by YOKOWO CO., LTD. ("the Company") to provide limited assurance on the Company's CO₂ emissions (Scope 1,2) were 20,007 t-CO₂ during the fiscal year 2020. The purpose of this process is to express our conclusion on whether the CO₂ emissions are calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO₂ emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

Our assurance engagement has been planned and performed in accordance with International Standard on Assurance Engagement 3000 (ISAE3000) and 3410 (ISAE3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel in order to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO₂ emissions were calculated in accordance with the Company's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO₂ emissions are not calculated, in all material respects, in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

yokowo

YOKOWO CO., LTD.

JR Kanda Manseibashi Bldg. 14F, 1-25, Kandasuda-cho, Chiyoda-ku,
Tokyo 101-0041, Japan

Inquiry form:

<https://www.yokowo.co.jp/english/inquiry/>

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2022, Thanks for all your support.