

Yokowo
2022
Integrated Report

yokowo

100th

ANNIVERSARY

2022, Thanks for all your support.

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Editorial Policy

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

Period: Fiscal Year 2021 (April 1, 2021 - March 31, 2022)
 Some of these activities include those from before and after this period.

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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.

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



Renewing the Corporate Philosophy on our 100th Anniversary

In September 2022, we celebrated the 100th anniversary of our founding.

On our 100th anniversary, as well as reforming our corporate philosophy of Purpose, Vision, and Values, we decided upon Yokowo's first brand slogan and statement as a short message that condenses the message contained in our corporate philosophy, and that can be mainly used to clearly communicate with external parties.

The new corporate philosophy comprises three components. As well as Purpose and Vision, this adds Values which serve as action guidelines as shared values important to employees.

Corporate Philosophy

Purpose

Be a good company by employing people and technologies that work for the benefit of society today and tomorrow.

How can we contribute more to society and make Yokowo an even better company?

By listening to the diverse voices of our colleagues and looking to the world for inspiration, we will create a better company that is sincerely committed to the evolution of society and the resolution of issues, leading to a safe and secure future.

We will promote quality people and technologies and work together with our stakeholders toward the realization of a better company and a better, more sustainable society.

Vision

As an ever-evolving company, we seek to develop new ideas that challenge our people and our technologies while anticipating and addressing the changing needs of society.

With a strong desire to not only meet the demands of our customers and society but also to exceed their expectations, we have been training our people to take the initiative and evolve our technologies and processes to address the needs of today.

In the future, we will continue to evolve through the development of new technologies, the reformation of our business model and in collaboration with our partners.

We aim to be an evolving and enduring company that continues to challenge our people and technologies—developing new ideas that anticipate the ever-changing needs of society.

Formerly, Mission took priority in our corporate philosophy, however this has been changed to Purpose, as this term feels more relevant to society.

Purpose prescribes our purpose and posture towards achieving not only growth, but the attainment of a truly sustainable society as one of its members, as well as the values that will act as specific guidelines.

So that we can become a company needed over the next 100 years, using this new corporate philosophy and slogan we will not only pursue profits as is our role as a for-profit company, but also directly address a range of social issues and thus strive to continue to raise our corporate value.

Value

Respect

Respect human diversity, keep an open mind and treat others with sincerity.

Fairness Ownership Challenge Innovation

Act with fairness and transparency.

Take the initiative and be personally responsible for all your actions.

Be fearless, try new things and make the most of any situation.

Be flexible and consistently apply your skills to encourage innovative change.

Brand Slogan

Developing, Delighting

Brand Statement

What makes us happy? It's not an easy question to answer.

It may be impossible to develop solutions to the difficulties and demands of this world. Solutions that will allow all people to enjoy prosperous lives. Even so, we want to take on this challenge. We believe in the power of people and technology. We want to be a good company, connected to a vibrant society, developing new ways to delight people.

Since our founding in 1922, Yokowo has continuously refined its core technologies, developed innovative products, and consistently met the expectations of society. Through our shared passions, we have overcome many difficulties and persevered.

In the future, we will continue listening to the diverse voices of our colleagues, seeking guidance from around the world. We will work together with our stakeholders, which include our employees and their families, our customers and business partners, and local communities.

Most importantly, we will always envision a better and more prosperous future, and always be ready to take on the challenge of creating something new to achieve our goals.

Developing, Delighting

YOKOWO



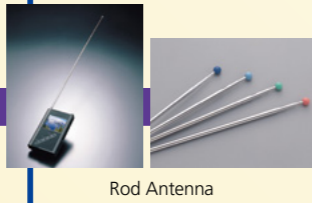
Founding - 1960s

Vehicle Communication Equipment Business 1957~



Car Antenna (Pillar Type)

Rod Antenna 1956~2003



Rod Antenna

1970s

The rod antenna for transistor radios, hit products at that time, was what propelled Yokowo Manufacturing Co., Ltd. to the forefront. Yokowo's high-quality antennas with their smooth extendibility based upon precision pipe processing technologies garnered recognition from electronics manufacturers. In this way, antenna technologies became a core business for the Company.



AM/FM Motor Antenna



Personal Communication Antenna

Sporting Goods 1959~1995



Golf Goods

Evolution and Business/Product Development

1980s

Microwave Components 1983~



Motor Operated Conner Pole



Outdoor Unit for BS



Low Noise Block Down Converter



Extension Cable A'ssy

In the midst of the leisure boom during the period of high economic growth, Yokowo took advantage of our pipe technologies to begin manufacturing and selling golf clubs and shafts. The Company has also expanded into metal bats and shafts for rackets.



Metal Bats for Softball



Metal Bats

Full-scale introduction of microwave technologies at the launch of satellite broadcast services. Since then, Yokowo has deployed microwave equipment for satellite broadcasting and VSAT, and it is now an important core technology in the Company's VCCS and CTC business, with significant contributions to supporting 5G throughout its product line-up.



Golf Shafts

Microwave Technology

Antenna Technology

Micro Precision Processing Technology

Pipe Drawing Technology

Precision Pipe Processing Technology



Spring Bar, Founder's Invention



As the founder of Yokowo Manufacturing Co., Ltd., the predecessor of YOKOWO CO., LTD., Chutarō Yokoo (1894 to 1977) refined his skills as a craftsman producing precision pipes used in pocket watch hinges. When wristwatches entered the mainstream, he invented the spring bar. This is a belt-attachment component comprising a spring inserted into an ultra-thin pipe, so it can expand at both ends. This landmark invention became widely adopted overseas, capturing the world's largest market share. This was the starting point of "technical Yokowo" that exists to this day.

Spring bar craftsmanship transformed into advanced, world-class technologies. These advanced, micro precision processing technologies bring unique, original products that only Yokowo can provide, and these are bearing fruit in diverse fields such as semiconductor inspection, connectors for electronic devices, and advanced medical equipment.

Circuit Testing Connector Business 1979~

Specifications required for probes and sockets for semiconductor testing are becoming more and more exacting, due to the miniaturization and increased performance of semiconductors. Yokowo started its circuit testing connector business in 1979, providing the world with semiconductor testing jigs developed using microwave technology, in addition to its world-class micro precision processing technologies.



Contact Probe



Interface Connector



IC Test Socket

Fine Connectors Business 1986~



SPRING CONNECTOR™



Board to Board Coaxial Connector

Everything Started with Pipes



After having finished his apprenticeship in 1922, Chutarō Yokoo decided to go out on his own and start a business, opening the *Seirinsha* bicycle shop the next year. This was destroyed on the day of opening by the Great Kanto Earthquake, but reopened just one month later.

In 1926, using the skills he had acquired over 15 years as a craftsman, he opened a precision pipe processing factory in Mukojima, Tokyo. Thus was born Yokowo Manufacturing Co., Ltd., the predecessor of YOKOWO CO., LTD.

Until now, and from now on.
Using technology, Yokowo will continue to pioneer

the next generation.

Yokowo — towards a new 100 years

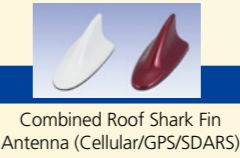
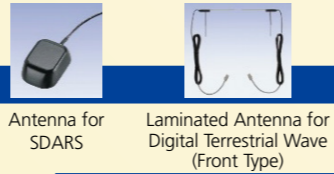
1990s

2000s

2010s

2020s

Vehicle Communication Equipment Business

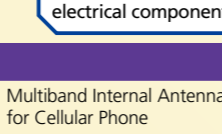
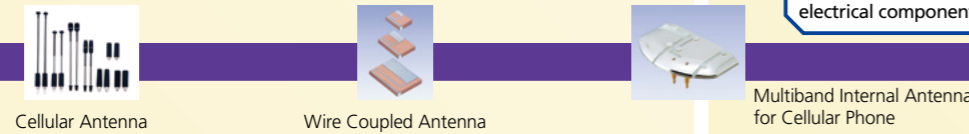


Microwave Components



These days, the communications environment continues its dramatic evolution, with 5G, IoT, etc. Yokowo will continue to leverage its world-leading technology and originality to offer the unique antennas demanded by society.

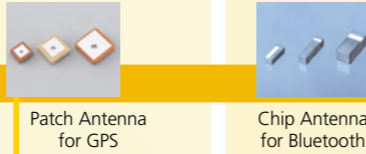
Rod Antenna



Sporting Goods



Ceramics & Electronic Devices 1996~



Yokowo's LTCC business, based upon ceramics technologies, has been in commercialization since the early 2000s. In 2019, Yokowo established a joint corporation as LTCC Materials Co., Ltd., achieving an integrated production system from materials development through to product manufacturing.



Microwave Technology

Antenna Technology

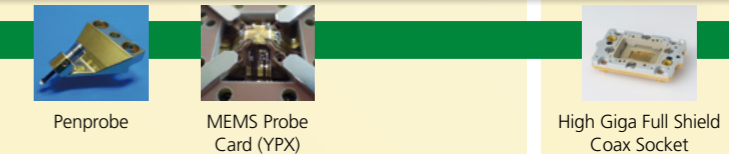
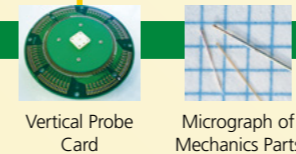
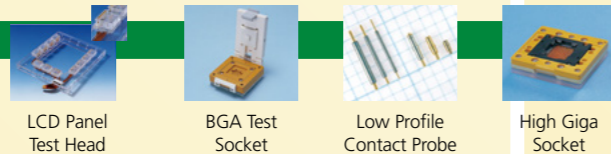
Micro Precision Processing Technology

Ceramic Technology

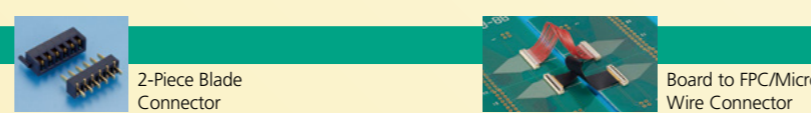
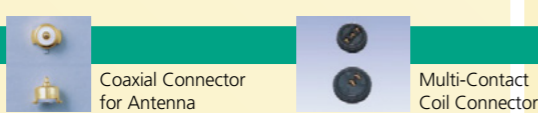
Surface Modification Material Technology

Special surface processing of materials adds value to products, including in terms of abrasion resistance, heat resistance, adhesive capabilities, and appearance. This is a promising technology that promotes product differentiation and high functionality.

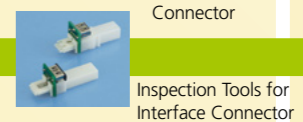
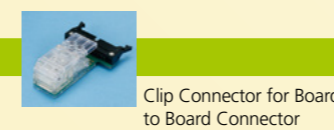
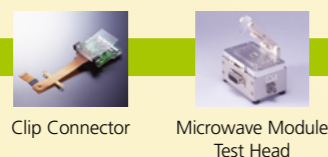
Circuit Testing Connector Business



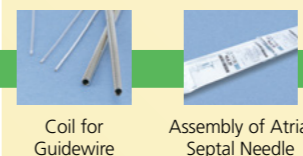
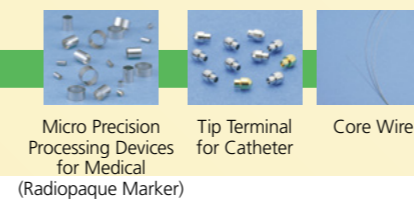
Fine Connectors Business



Test Tools for FPC/FCC, Connectors 1993~



Medical Devices Business 2006~



Yokowo has been commercializing medical devices as its fourth pillar since 2006, taking advantage of its micro precision processing technology. In 2012, Yokowo acquired ISO 13485 (medical equipment quality management system) certification, and through a startup ecosystem in collaboration with academia, industry, and government, is aiming to provide innovative medical equipment.

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

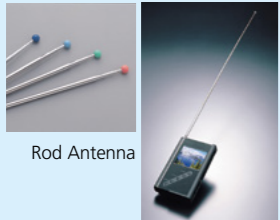
- '22 • Founded YOKOWO MFG. CO., LTD. in Sumida, Tokyo.
- Around 1930 Developed a Spring Bar for watches that, at that time, captured the largest share of the global market.



Spring Bar

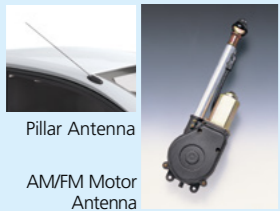
1950

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



Rod Antenna

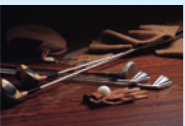
- '57 • Started Vehicle Communication Equipment business.



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.

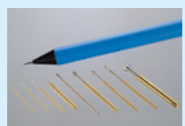
- '67 • Established YOKOWO MFG. CO., (TAIWAN) Ltd. (now YOKOWO MICRO TECH CO., LTD.)

1970

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

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

- '79 • Started Circuit Testing Connector business.



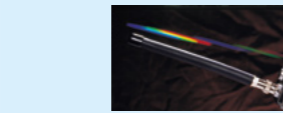
Contact Probe

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.



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



Outdoor Unit for BS

- '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

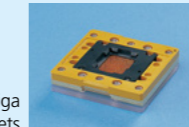
- '01 • Listed on the first section of the Tokyo Stock Exchange.

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



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

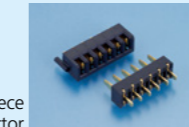
- Developed the industry's first socket for high-frequency testing.



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.

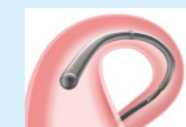
- Established YOKOWO MEMS development center.

2010

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



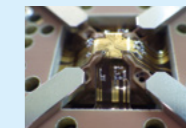
- Began OEM supply of Guide Wire for medical treatment.



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 Smart-Weld® 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.



- '21 • Headquarters relocated to JR Kanda Manseibashi Building



- '22 • Transitioned to the prime market of Tokyo Stock Exchange, in accordance with the restructuring of market segments

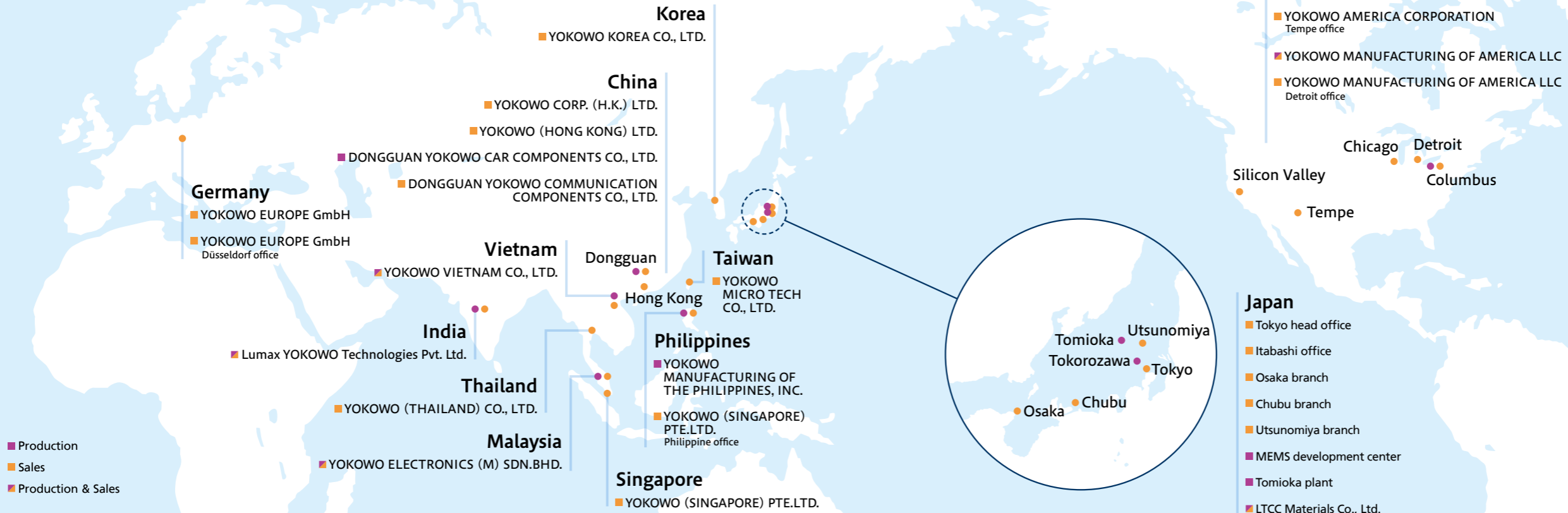
- Established YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD.

- Installed a photovoltaic power generation system at Vietnam Plant

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, Vietnam, and the Philippines. 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 five cities in the Americas, in Germany in Europe, and in nine Asian countries to provide local-based sales services closely matched to market needs around the world.



Company Profile (As of March 31, 2022)

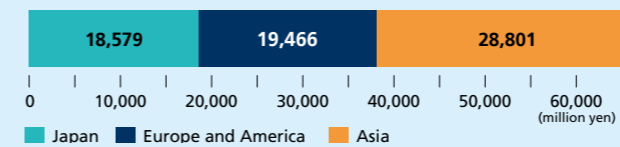
Company Name	YOKOWO CO., LTD.
Head Office Location	5-11, Takinogawa 7-Chome, Kita-ku, Tokyo 114-8515 Japan
Founded	September 1, 1922
Incorporated	June 14, 1951
Capital	¥7,819 million
Number of shares issuable	40,000,000 shares
Number of shares issued	23,849,878 shares, including 538,808 treasury stock shares
Number of shareholders	5,778

Major Shareholders (As of March 31, 2022)

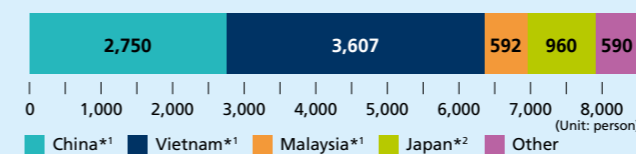
Shareholder	Number of shares held (in thousands)	Percentage of shares held
The Master Trust Bank of Japan, Ltd.	4,088	17.5
Custody Bank of Japan, Ltd.	3,279	14.0
BNP Paribas Securities Services Luxembourg/JASDEC/FIM/Luxembourg Funds/Ucits Assets	1,020	4.3
The Gunma Bank, Ltd.	990	4.2
Yokowo Business Partners Shareholders' Association	779	3.3
Mitsubishi UFJ Trust and Banking Corporation	595	2.5
JP MORGAN CHASE BANK 380684	534	2.2
The Dai-ichi Life Insurance Company, Limited	450	1.9
MUFG Bank, Ltd.	446	1.9
The Resona Bank, Limited	445	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 (FY2021)

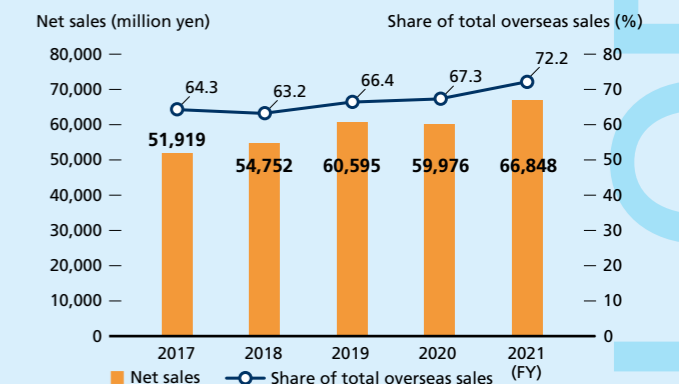


Number of Employees by Region (FY2021)



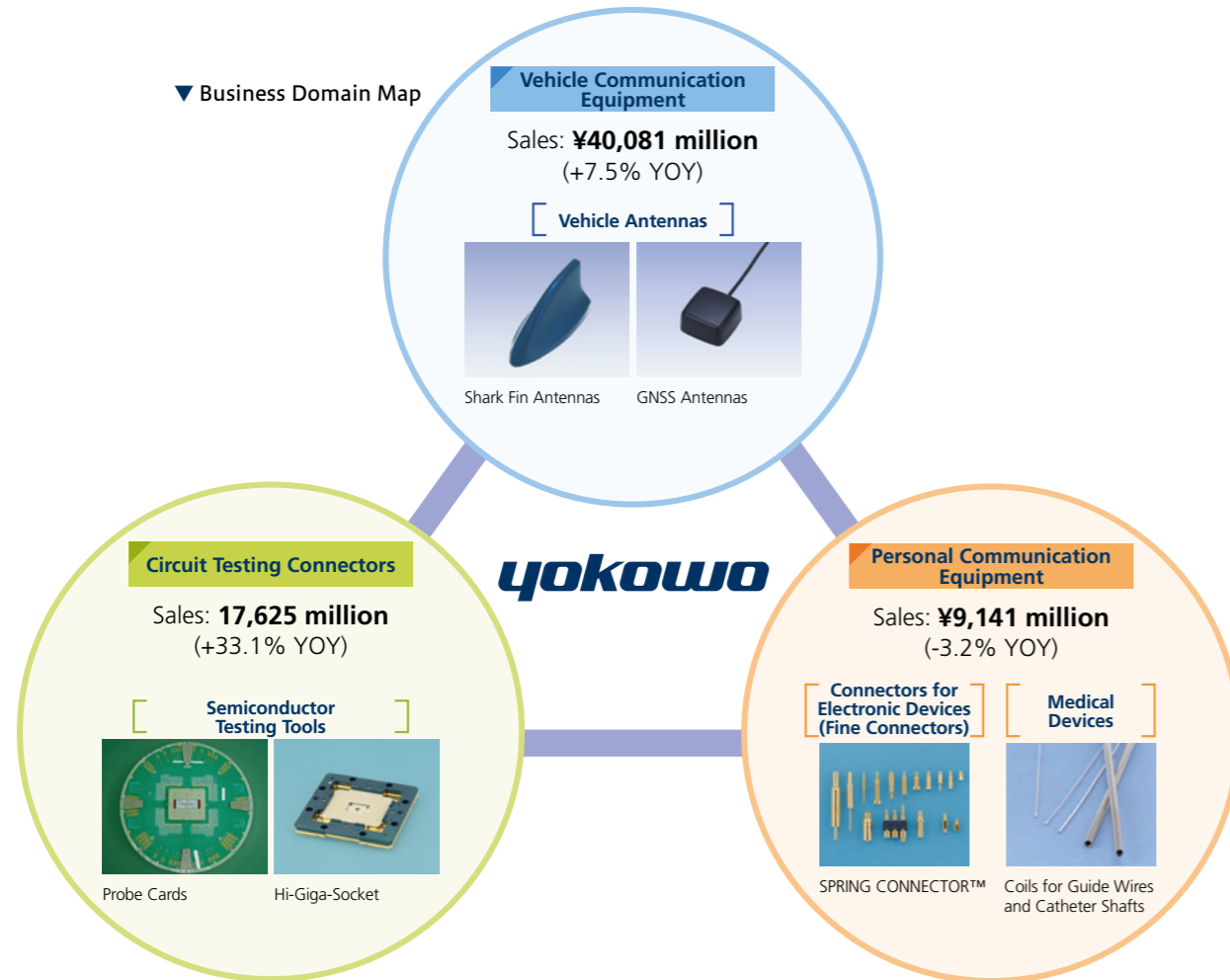
*1 Major Production Bases *2 YOKOWO CO., LTD.

Net Sales / Share of Total Overseas Sales



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 Personal 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.

Personal Communication Equipment

Fine Connector Business

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

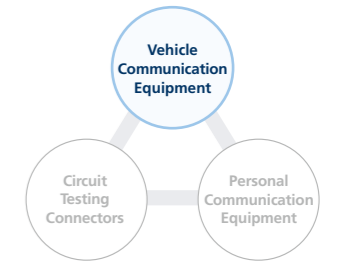
Medical Device Business

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)

FY2017	FY2018	FY2019	FY2020	FY2021
36,256	38,183	39,264	37,292	40,081



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.

Segment Review (Fiscal 2021)

In the automobile market, the main market for this segment, the global shortage of semiconductors and the delays in parts procurement and other impacts by outbreaks of COVID-19 variants persisted throughout the fiscal year, preventing a full-scale recovery in production. A breakdown by region shows that new vehicle sales increased year on year in the US and China but decreased in Europe and Japan.

In these circumstances, mainstay products for car manufacturers that are sold in Japan and overseas, such as shark fin antennas and GPS antennas, ETC antennas, and other products mainly marketed in Japan, achieved net sales substantially exceeding the levels year on year due to the reaction to the production cutbacks from the first quarter despite a decrease in orders by the production adjustments at automobile manufacturers from the second quarter.

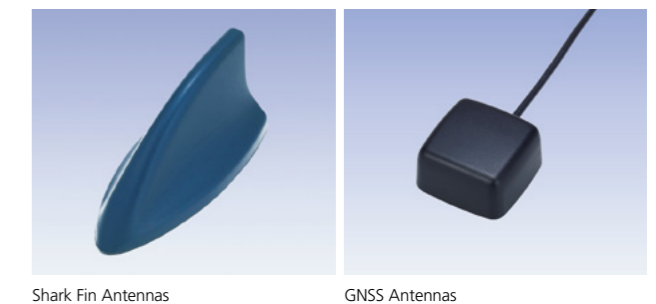
As a result, sales for this segment increased year on year, to ¥40,081 million (up 7.5% year on year). The segment reported a loss of ¥1,443 million (a gain of ¥443 million in the previous fiscal year), reflecting higher physical distribution cost attributable chiefly to a surge in ocean freight, higher labor costs at production sites in China and Vietnam associated with appreciation of the local currencies, cost increases caused by rising materials prices, and the maintenance of the production system in anticipation of a recovery in production at automobile

manufacturers.

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 in rebuilding its profit structure by stably expanding the automatic assembly lines and automatic testing systems introduced in fiscal 2019, shifting more production from its Chinese plant to its plant in Vietnam, achieving stable operation of the Philippines plant as a third production base (began operations in April 2022), and making the most of strategic alliances.

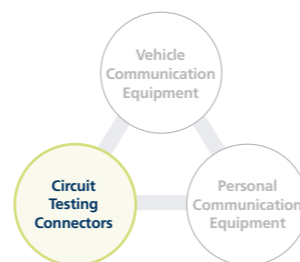


Circuit Testing Connectors Segment

▼ Circuit Testing Connectors - Consolidated Sales

(million yen)

FY2017	FY2018	FY2019	FY2020	FY2021
9,503	9,138	12,832	13,242	17,625



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. In fiscal 2021, monthly production capacity for contact probes was approximately 6.2 million units.

Segment Review (Fiscal 2021)

In the semiconductor testing market, the main market for this segment, demand related to testing remains very strong, reflecting strong demand for high-end personal computers associated with the expansion of telework and online learning and tight supply of semiconductors for electronics equipment including cloud services and smartphones.

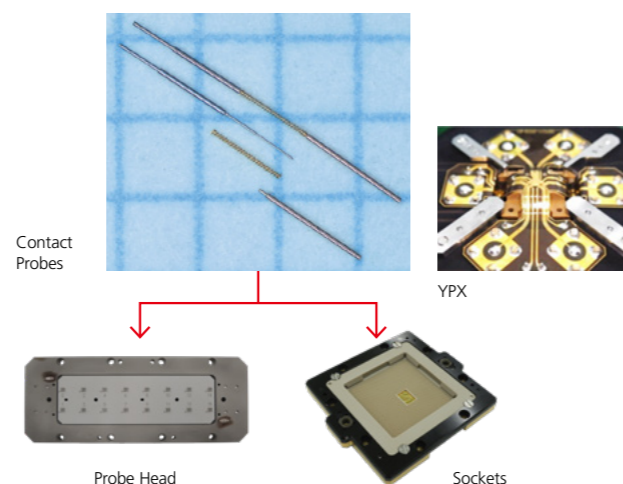
In these circumstances, sales of jigs for semiconductor back-end testing, the main product of the Group, were higher year on year, due to an increase in strong orders and launching on mass production of new products for logic semiconductor testing sockets and sockets for high-frequency testing. Sales of jigs for semiconductor front-end testing increased year on year due to a steady expansion in the turnkey business that offers one-stop solutions services including peripheral devices. Demand for MEMS probe cards (YPX) for high-frequency electronics components testing rose significantly, reflecting the penetration of 5G smartphones, and sales of the probe cards exceeded the year-ago level.

As a result, sales for this segment increased year on year, to ¥17,625 million (up 33.1% year on year). The segment reported a profit of ¥4,871 million (up 81.6% year on year) largely due to increased sales and higher profit associated with a weaker yen

as well as an increase in the ratio of products with comparatively high profit margins, despite cost increases caused by rising raw materials prices.

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 as well as establish domestic branch plants and Vietnam plant, 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.

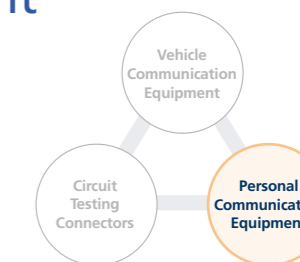


Personal Communication Equipment Segment

▼ Personal Communication Equipment - Consolidated Sales

(million yen)

FY2017	FY2018	FY2019	FY2020	FY2021
6,158	7,429	8,498	9,441	9,141



Segment Overview

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

In the Fine Connector business, Yokowo manufactures SPRING CONNECTOR™ 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 2021)

In the market for mobile communication terminals, a key market for this segment, sales of smartphones were on a downward trend. However, sales of wearable terminals are expected to grow given their diversification and greater sophistication. The POS terminal market has been growing steadily in a wide range of industries, including those engaging in logistics and manufacturing, with a view toward improvements in operational efficiency through information management. In addition, other markets including the market for industrial equipment are also expected to grow.

In these circumstances, net sales for the fine connector business, for which fine SPRING CONNECTOR™ act as core products, decreased year-on-year, reflecting a decrease in sales of products for POS terminals and products for wearable devices, such as wireless earbuds, from the second quarter on due to the global shortage of semiconductors and production adjustments at customers caused by a resurgence of COVID-19 in ASEAN.

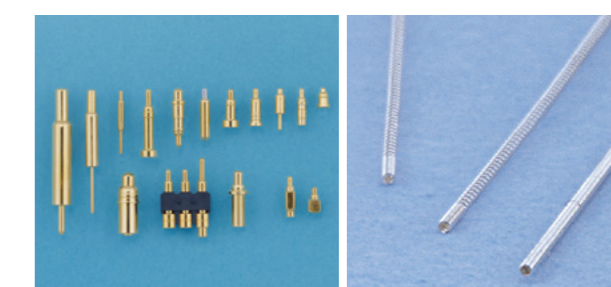
In the medical device business, which is included in the segment, sales increased year on year, reflecting sales of new unit-based devices and growth in sales to Venture Ecosystem from the second half, which offset weaker orders in the first half due to the impact of the COVID-19 pandemic.

As a result, sales for this segment decreased year on year, to ¥9,141 million (down 3.2% year on year). The segment posted a profit of ¥1,256 million (down 39.1% year on year) chiefly owing to lower profit on the back of lower sales in the fine connector business as well as a higher labor cost ratio at production sites in China mainly due to a strong yuan, and changes in the business structure.

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. Yokowo will strengthen our efforts in the venture ecosystem as a manufacturing partner that brings product ideas from venture companies in Japan to reality, and 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 CONNECTOR™

Coils for guide wires

Top Message

On this occasion of our 100th anniversary, challenge the next stage

GO BEYOND
~Challenge the Next Stage~

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



Yokowo will work towards achieving its new medium-term management plan, to ensure that it is a constantly evolving company.

The new medium-term management plan begun in fiscal year 2020 has now entered its final year. Performance and earnings forecasts, along with our vision for the future are presented below.

Celebrating the 100th anniversary of our founding

September 1 this year marked the 100th anniversary of the company's founding. We would like to extend our sincere gratitude to our customers for their patronage, our shareholders for their understanding and support, senior management and employees for their extraordinary efforts, and the families for their cooperation. It is thanks to all of you that we have been able to reach this centennial milestone.

Aspiring since our founding to remain constantly on the cutting edge, we operate in the rapidly advancing worlds of information, communication and electronic components. A specialist in antennas, fine connectors, microwave and advanced device technology, we utilize our core technologies to offer revolutionary products, principally to the automotive, semiconductor testing, mobile communication terminals and

advanced medical device markets.

As we look back over our history from our earliest days as a manufacturer of Spring Bars for watches to where we are today, our path has been one of launching new businesses and withdrawing from businesses, all the while leveraging our strengths. 1979 was a particularly significant year in which we embarked on a major restructuring of our business, transforming ourselves into an electronics company. This was the year of our "second founding." Since then, we have boldly entered new markets and introduced new technologies, while strategically retreating from markets where we no longer enjoy a competitive advantage.

This management principle, now in our very DNA, continues to this day, as we promote a multi-layered business structure by continually developing new markets and introducing new technologies in line with the evolution of our business, technology, and products.

Basic Management Policy

On this occasion of our 100th anniversary, we have set forth Purpose, Vision, and Values as our new corporate philosophy looking towards the next 100 years (see the page on p. 3). Yokowo has instituted two management policies to realize this corporate philosophy. 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 put 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.

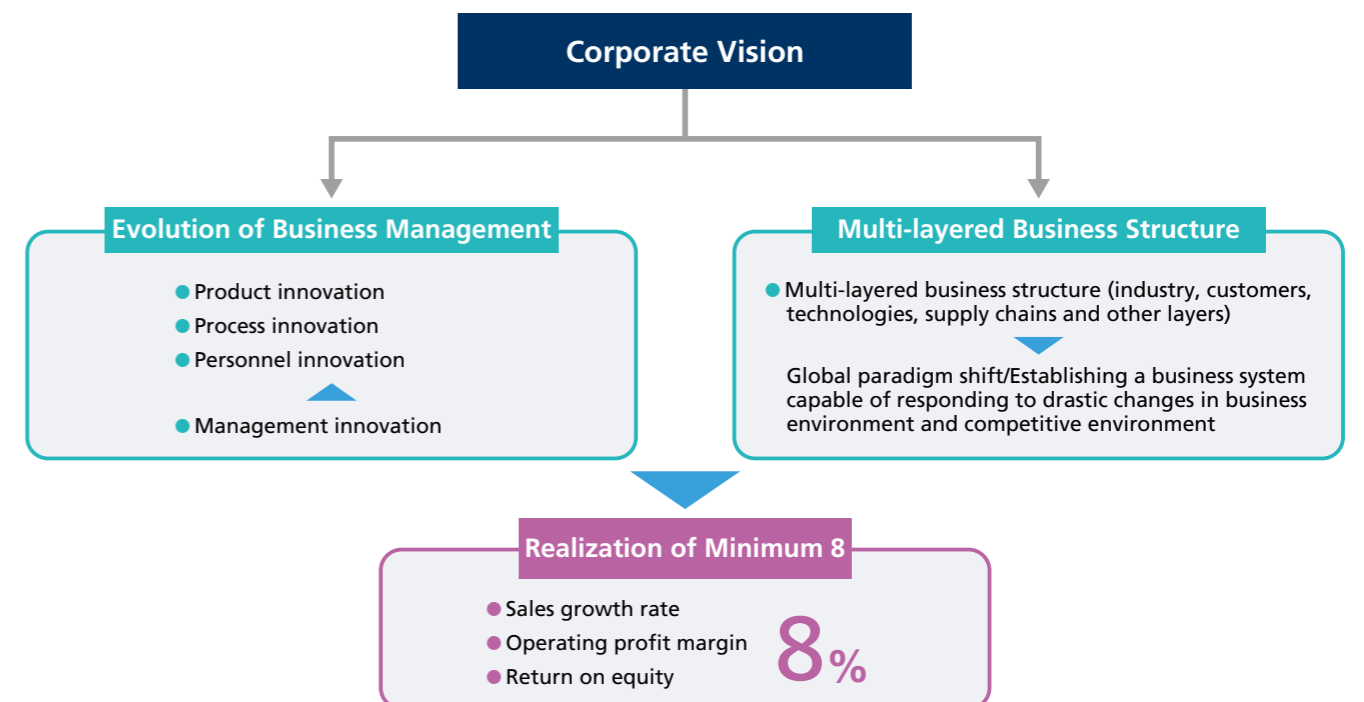
In other words, we aim to improve sustainability. As the management environment surrounding Yokowo is changing drastically, this management policy aims to establish a business system capable of responding to these changes by creating a multi-layered business structure (industry, customers, technologies, 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.

Towards Achieving a New Medium-term Management Plan

Performance in the Fiscal Year Ended March 31, 2022, Current Status and Forecasts

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.

Negative impacts included a drop in the number of orders received from customers, a reduction in the capacity utilization rate of our Company's production bases, and increased production and distribution costs due to lockdowns, semiconductor shortages, and continued high costs of raw-materials and ocean freight. On the other hand, positives included higher demand for semiconductor inspection resulting from people staying at home more and working from home along with a steady demand for testing of high-performance logic semiconductors even after this demand faded, thus providing a significant boost to the Company. Further, the foreign exchange market saw rapid depreciation in the yen towards the end of March 2022, due in part to rising interest rates in the United States.

As a result, examination of the Company's consolidated performance in the fiscal year ended March 31, 2022 shows that sales increased significantly year-on-year (by 11.5%) to 66,848 million yen. While operating income fell 9.6% year-on-year to 4,684 million yen due to worsening profits in the Vehicle Communication Equipment segment, ordinary income rose by 22.7% year-on-year to 6,529 million yen because of profits from foreign exchange rates in line with the weakening of yen, and profit attributable to owners of the parent company rose by 22.1% year-on-year to 4,663 million yen. All of these with the exception of operating profit represented record highs for the Company.

In the current fiscal year ending March 31, 2023, the COVID-19 pandemic is in general calming, but coupled with the situation in Russia and Ukraine and the deepening friction between the United States and China, rapidly rising prices in

countries around the world are causing a slowdown in the global economy. Even in Japan, the corporate goods price index rose sharply due to the weakening of yen and high resource prices, and this also began to spread to consumer prices.

Under such circumstances, each segment is expected to achieve record whole-year highs for both sales and profits as of November 2022. The Circuit Testing Connector segment has seen a dramatic increase in both sales and profits due to increased orders and the weakening of yen and is driving overall company performance, offsetting a slowdown in the Vehicle Communication Equipment and Personal Communication Equipment segments. Although a lull in the second half of the fiscal year is expected due to the impact of reduced demand in the semiconductor market, this is still expected to exceed the performance targets of the new medium-term management plan.

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

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. 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."
- A company about which local communities say, "I'm glad Yokowo is in our town. I'd be very happy for my children to join Yokowo."



- 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 all employees of the Yokowo Group, 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 satisfaction. We will contribute to local communities which we rely on to ensure that we are welcomed by these communities, and to bring satisfaction 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. Based on the above, we have the three top-priority issues: the environment, local communities and diversity and inclusion.

So that we can accelerate our efforts to address these issues, we established the SCI (Sustainability & Corporate Integrity) Promotion H.Q. in April 2022 for integrated promotion, and this engages in planning through to disclosure and dialog on performance and other factors. Additionally, the Board of Directors decided in October to establish the Sustainability Committee. This committee has me, the President, as its chair, together with a senior managing executive officer and managing executive officers as members, and we also have independent

outside directors as observers. The progress of discussions as well as decisions and conclusions are reported to the Board of Directors on a regular basis and on demand, and when approval is required (see the Sustainability Promotion System page on p. 38).

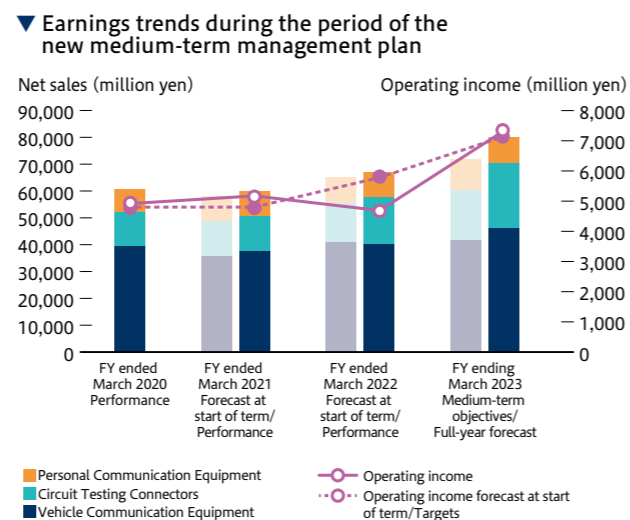
Additionally, in our efforts towards diversity and inclusion, we have collected the opinions gathered at focused round-table discussion meetings that provide a venue for a wide range of employees — including female, foreign, veteran and new employees — and these are reflected in the Company's human resources system and employee welfare measures. In parallel, we will continue to conduct employee engagement surveys and evaluations, aiming to improve the effectiveness of our measures.

The Yokowo Group will continue to enhance our governance system, a foundational, basic part of our corporate activities, in order to achieve Purpose, Vision, and Values in our actions.

Further, so that we can be a Company needed over the next 100 years, we will confront sustainability issues such as climate change through our business activities, and contribute to the sustainable development of our global society.

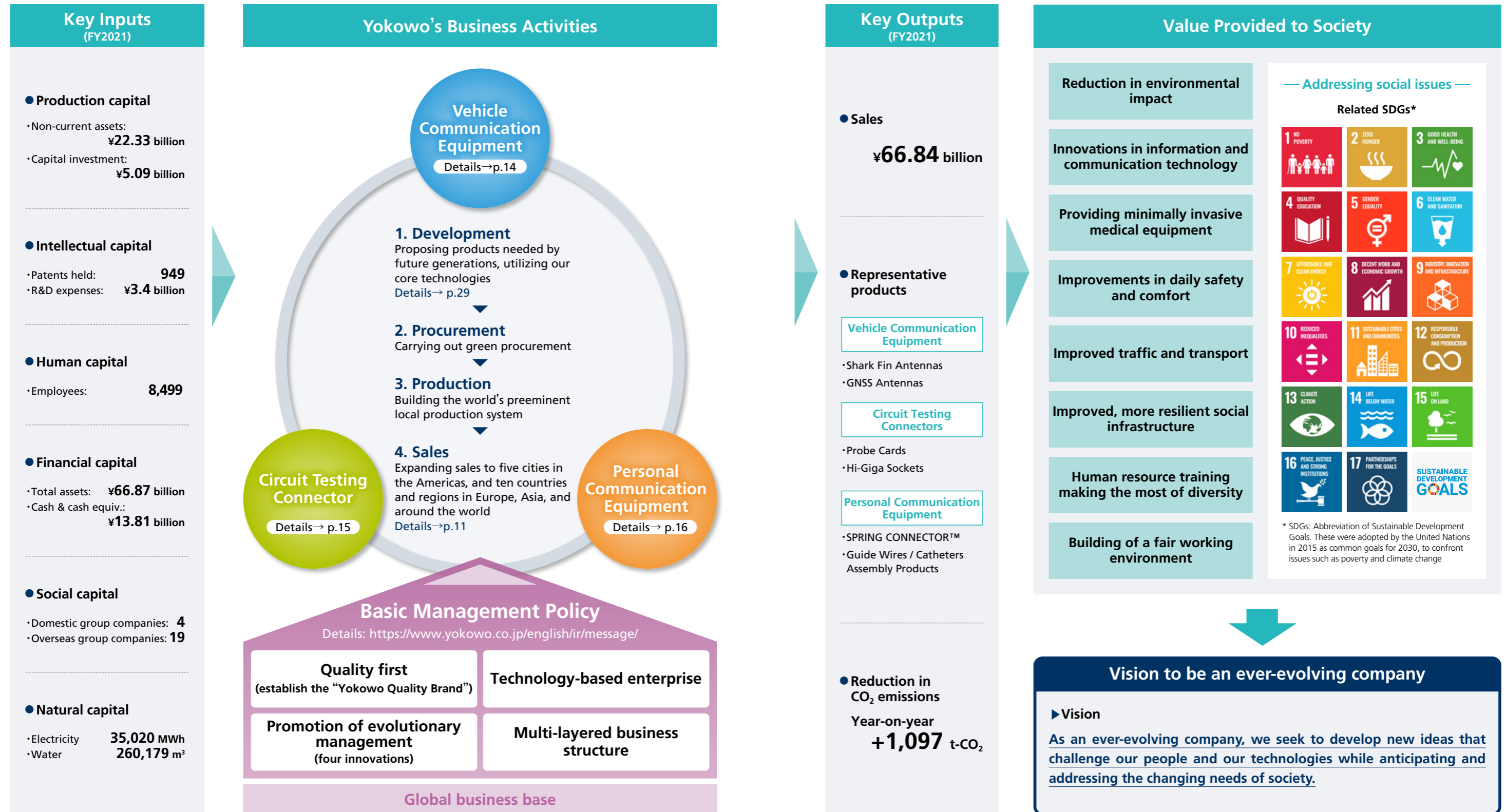
In the years to come, we look forward to the ongoing support, guidance, and encouragement of our shareholders and other stakeholders.

<Fiscal year ending March 31, 2023>		
	■ New medium-term management plan	■ Full-year forecast
Net Sales	¥ 72 billion	¥ 80 billion
Operating income	¥ 7.2 billion	¥ 7.4 billion
Ordinary income	¥ 7.0 billion	¥ 9.6 billion
Profit attributable to owners of parent	¥ 5.5 billion	¥ 6.25 billion



Yokowo's Value Creation Process

While utilizing our "six 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 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
- 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
- Work through Tomioka City and the Tomioka Chamber of Commerce & Industry to promote solutions to local issues
- Education assistance for elementary, junior high, and high schools
- Participate in Gunma Tech Planter as a regional development partner
- 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
- Improving 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

Materiality	Targets for 2030		Achievement Level by FY2021	
	Performance Indicator	Target Value		
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 devices under development (specification finalized)
		Establishment of micro precision and microwave laboratories	Established	Promoted the construction of the Micro Process R&D Center (Construction due to be completed in 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 treatment under development (prototyping 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	Promoted the adoption of photovoltaic power generating facilities at the Tomioka Plant and Vietnam Plant, which are the Company's core plants Promoted discussions into Scope 3 reduction methods
		Water use (basic units) Target for 2030	10% reduction compared to FY2020	17.6% reduction compared to FY2020
		Waste generation Target for 2030	10% reduction compared to FY2020	5.2% increase compared to FY2020
	Strengthened compliance and governance	Number of major compliance violations (annual)	0	0
Training participation rate (annual)		100%	Information security e-learning: 98% Compliance 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	Active as a naming rights partner at the Tomioka Plant Made preparations for the establishment of a Social Activity Promotion Section For more details, please see the Local Communities section (p.49)
	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	Promoted the establishment of a new business continuity planning (BCP) system in Fine Connector business in Personal Communication Equipment segment
	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)	Complying with all customer human rights status checks and 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 38.0% Female 7.2% Currently implementing roundtable discussions For more details, please see the Employees section (p.44)
		Create a workplace environment allowing all employees to play an active role regardless of age	Employment age limit 70 and above	Completed adoption of a framework that enables persons aged 65 or over to continue working as contract employees under outsourcing agreements
		Number of TISP hires	120	Number of TISP hires at the Company 61
	Achieving an appealing, rewarding work environment	Ratio of employees with disabilities	150% of legally stipulated ratio	1.51% Promoted preparations for the establishment of YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD. For more details, please see at right.
		Percentage of annual paid leave taken	90%	65.2%
		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
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 overseas long-term trainees accepted (annual)	20	0 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

Aiming for Diverse Human Resources
Measures towards employment for persons with disabilities ~ Establishing YOKOWO FUTURE-ORIENTED SUPPORT



Koichi Fukagawa
Director, Senior Managing Executive Officer
YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD.
Representative Director

Year by year, it is becoming increasingly difficult to hire high-caliber staff, and so we are promoting the hiring and training of a diverse range of human resources under our basic policy of promoting diversity and inclusion.

One of our efforts to utilize diverse human resources is to promote the employment of people with disabilities. When people with disabilities can leverage their specific characteristics and strengths to take on certain tasks within a workplace, this increases the productivity of the workplace as a whole, and leads to a sense of fulfillment and job motivation for these people. We also feel that having our employees work alongside people with disabilities will drive home the fact that we are serious about promoting diversity and inclusion.

Many of our employees with disabilities have left the company mid-career, and as a result we have failed to meet the legally mandated employment rate. Upon analysis of this low retention rate, we found the main reasons to be insufficient training in each workplace to accommodate people with disabilities, and a lack of support systems in terms of business and lifestyle for these employees.

Accordingly, we determined that it was necessary to establish a subsidiary dedicated to the employment of people with disabilities. The subsidiary would cover education on the characteristics of people with disabilities and the creation of opportunities in which they can play an active role, through to assigning public health nurses and mental health and welfare professionals to provide health and lifestyle support. Accordingly, we established YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD. in April 2022.

At present, the work undertaken by people with disabilities through YOKOWO FUTURE-ORIENTED SUPPORT includes cleaning and disinfecting the factory, parts inspections and packaging at production sites, and data entry in the design department. Management and key personnel at YOKOWO FUTURE-ORIENTED SUPPORT are veteran employees with a deep knowledge of Yokowo operations, including design and manufacturing. Therefore, the creation of work for people with disabilities is proceeding smoothly.

In the future, the company plans to expand its cleaning and disinfecting business beyond the Yokowo Group's own operations to include cleaning, disinfecting and planting business at local community centers, gymnasiums, and other sports facilities. Through such measures, it aims to become a special subsidiary well-loved by local communities, and to further improve job satisfaction and motivation of people with disabilities.

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 and enhancing our software development capabilities in order to evolve our business model from "things" to "services" — this is so that we can 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

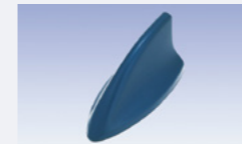
Yokowo has established a system in which the R&D department, the process technology department and the department responsible for new product development and commercialization can work together closely. By incorporating cutting-edge technologies in collaboration with other companies and universities,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



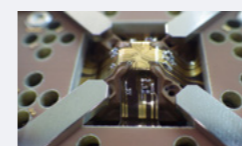
Software applications



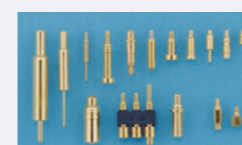
Semiconductor testing



High frequency device testing



Connectors for electronic devices



Medical devices



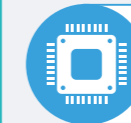
Fields for Product Roll-Out

Expanding and Strengthening



Vehicle Antennas

- Automated driving systems



Semiconductor Testing Tools

- 5G
- Turnkey



Connectors for Electronic Devices

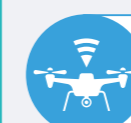
- Small, low profile, waterproof, high current



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

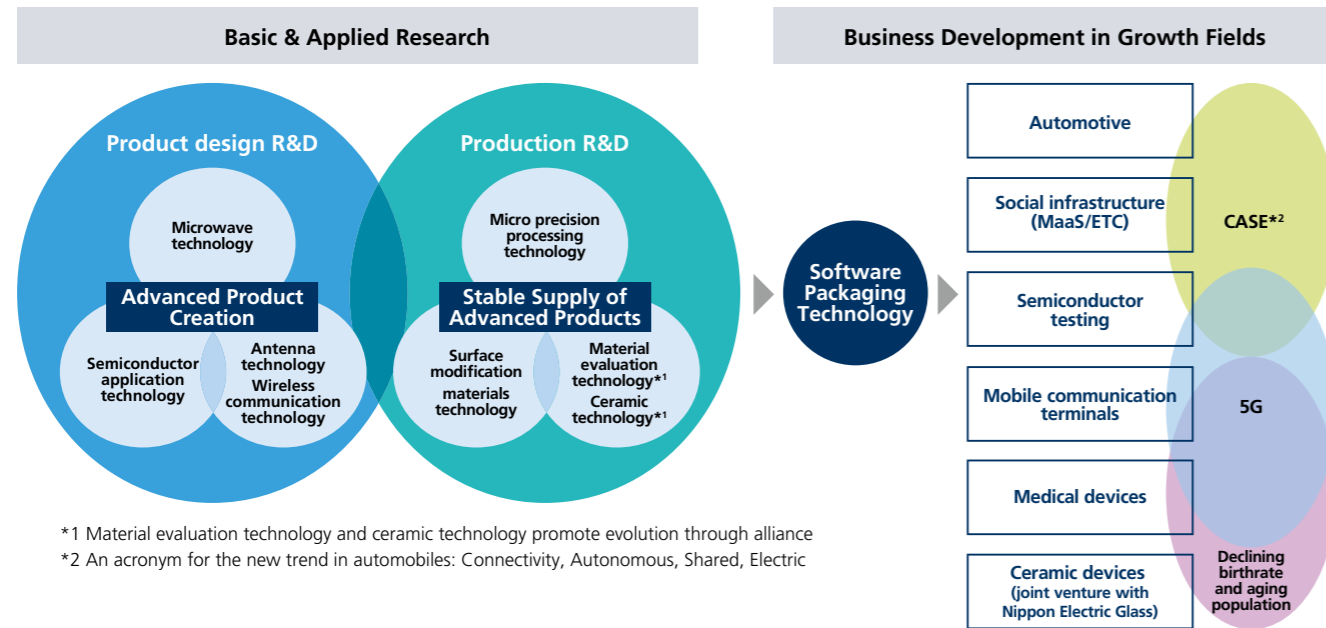
- Wet
- Dry

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

Research and Development

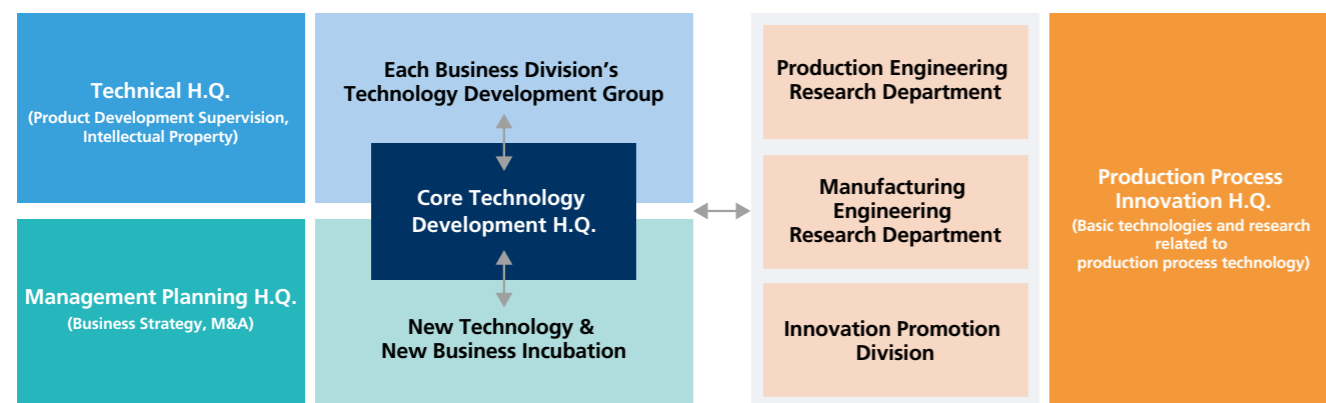
The Yokowo Group has set the five fields of micro precision processing technology, microwave technology, antenna technology, surface modification materials technology (surface processing/modification of material), and semiconductor application technology as the Company's core technologies supporting 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

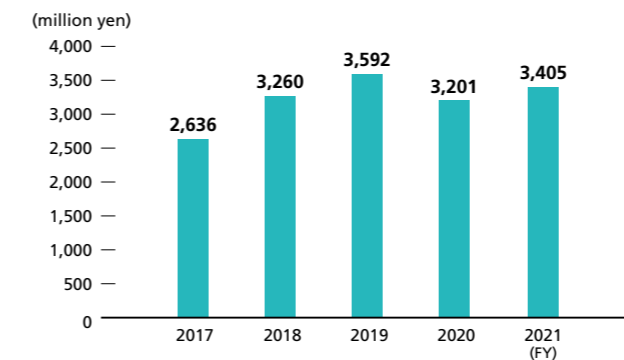


The Core Technology Development H.Q. is in charge of the research and development of technologies, such as microwave technology, micro precision processing, and MEMS technologies, needed to give our products a competitive advantage. Whereas the engineering departments in each business division are in 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.

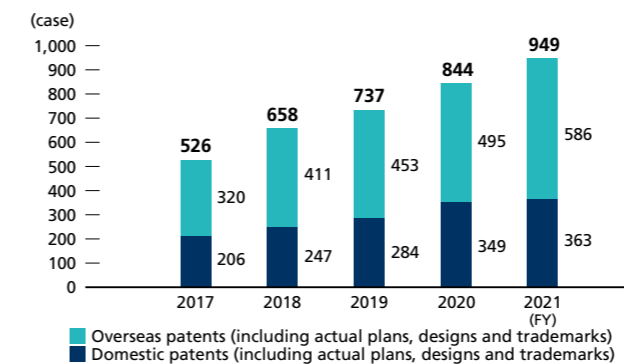
▼ R&D Expenses



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 and Beyond 5G (6G); 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)

Personal 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.

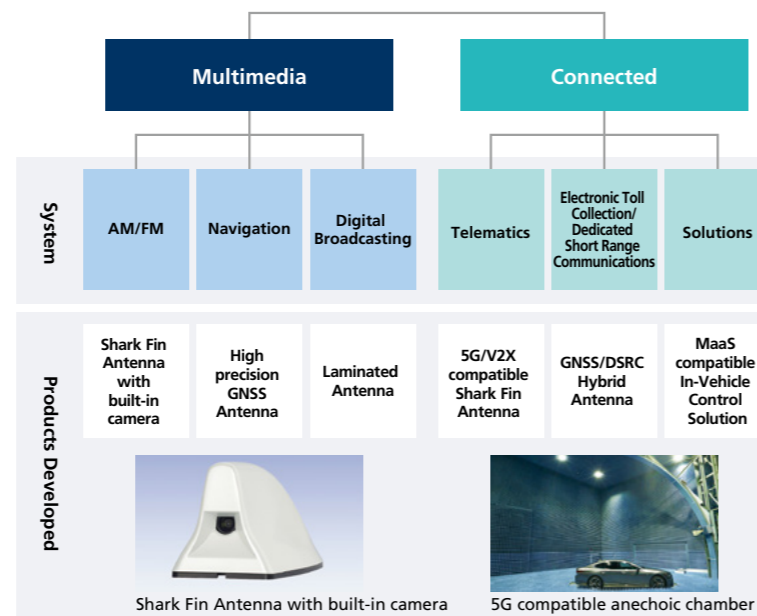
Through these unique technologies, Yokowo manufactures a whole range of innovative products such as: vehicle antennas; testing tools for semiconductors and electronic components; connectors for electronic devices; and medical devices. Yokowo continues to supply these products and more to the automotive,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

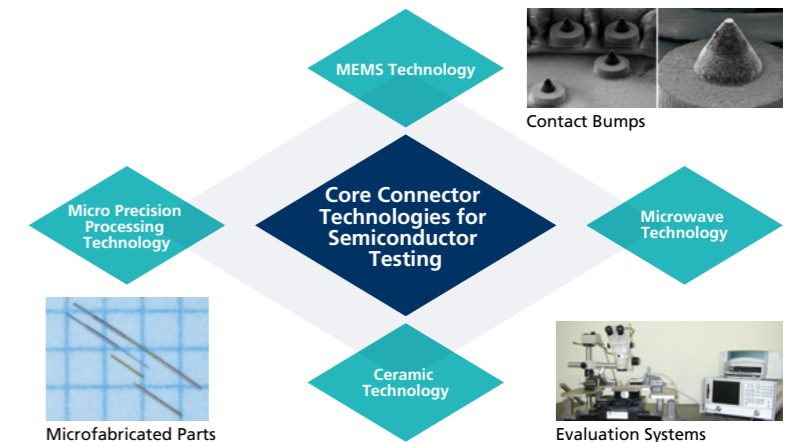
Vehicle Communication Equipment Business Domain



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.

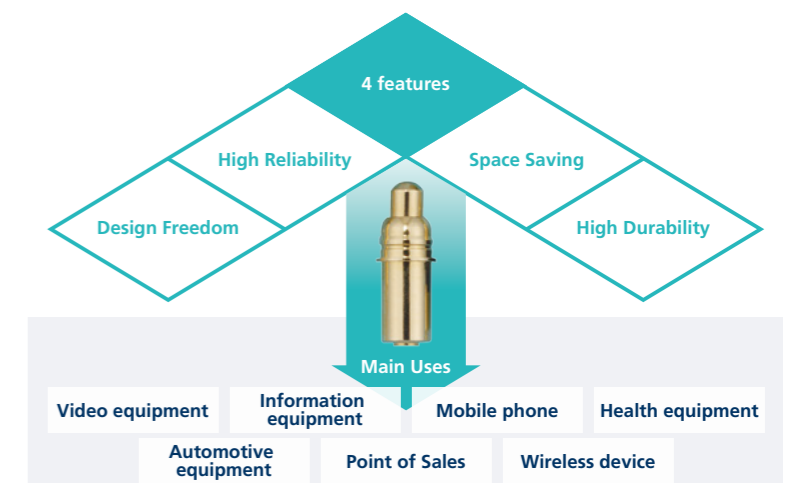
Circuit Testing Connector Business Domain



Mobile Communication Terminal Market

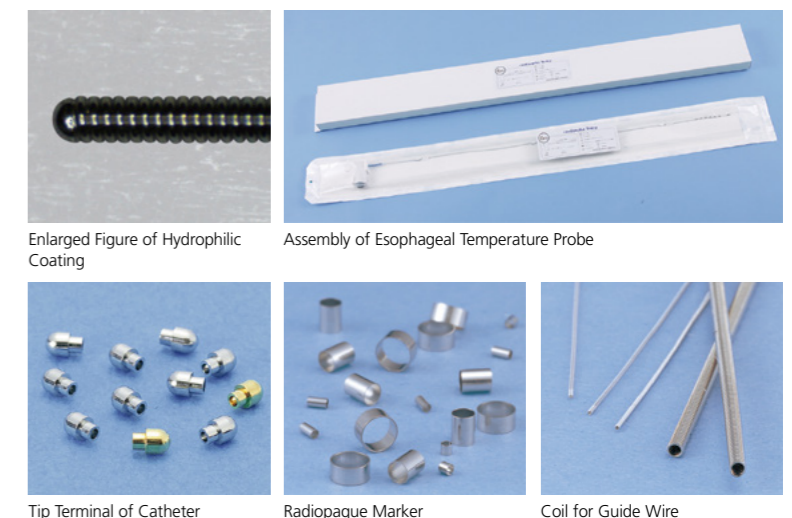
In the rapidly expanding mobile communications terminal market, there is an increasing need for detachable, low profile space-saving connectors with detachable durability and environmental worthiness becoming even more important in commercial information devices. Yokowo's proprietary SPRING CONNECTOR™ 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.

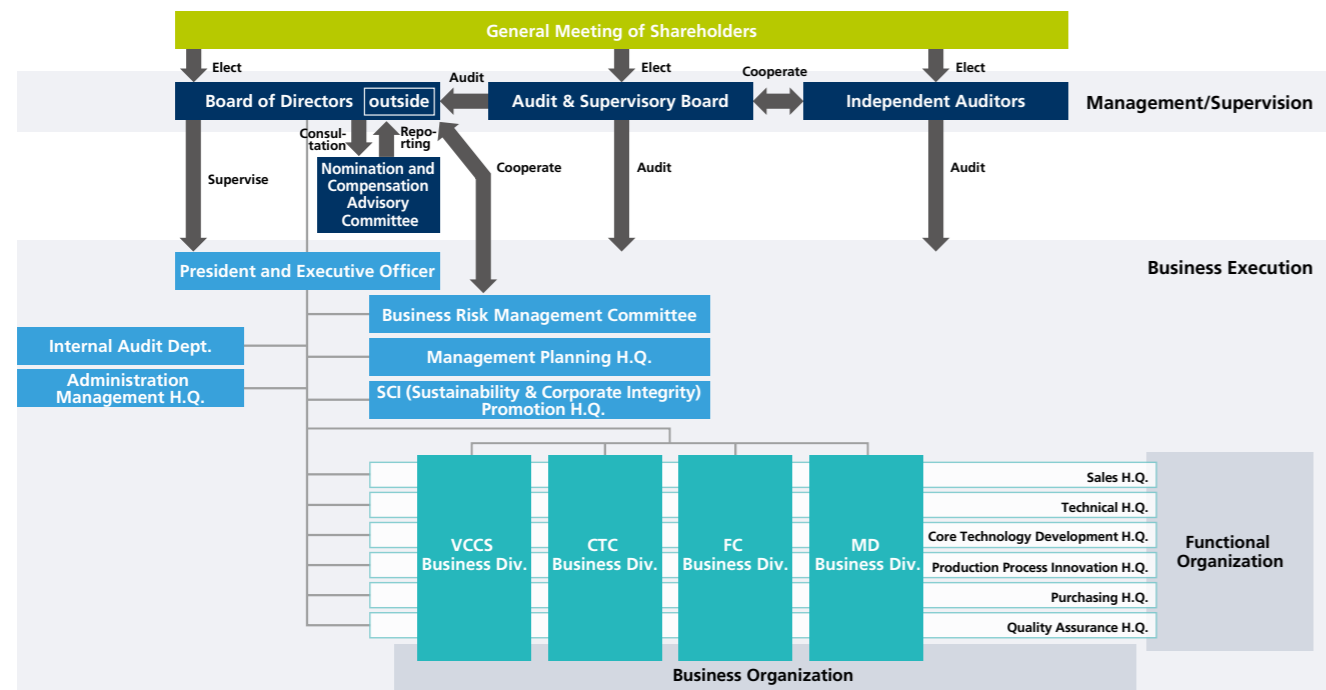
Basic Principles Concerning Corporate Governance

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, 2022)



Board of Directors

To speed up the decision-making process, the Board of Directors consists of only a limited number of directors (four internal and two 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, in order to create a system for prompt and appropriate execution of operations. In addition to four internal directors, the Company has appointed eleven

executive officers in the positions of Chief Officer, General Manager, and General Manager at Tomioka plant, etc.

Initiatives to Improve Governance

Nomination and Compensation Advisory Committee

The Company established the Nomination and Compensation Advisory Committee 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 has three members, composed of the Company's two independent outside directors Ms. Kuniko Muramatsu and Mr. Makoto Tobari, and the Representative Director, President and Executive Officer Mr. Takayuki Tokuma, with Ms. Kuniko Muramatsu serving as chairperson.

The Committee receives requests for consultation from the Board of Directors, deliberates and decides on proposals, and then 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.

A summary of the meetings held from April 2021 through September 2022 and the main agenda items is as follows.

May 2021: Deliberated and decided upon a draft proposal regarding the payment of bonuses to executive directors and executive officers for the fiscal year ended March 31, 2021.

September 2021: Discussed the direction of the Board of Directors, and the succession plan.

October 2021: Deliberated and decided upon a draft proposal regarding the direction of the Board of Directors, and the succession plan.

December 2021: Deliberated and decided upon a draft proposal regarding the executive structure (directors, auditors, executive officers) and their compensation for the fiscal year ending March 31, 2023.

February 2022: Deliberated and decided upon a draft proposal regarding the executive structure (additional) for the fiscal year ending March 31, 2023.

April 2022: Deliberated and decided upon a draft proposal regarding the payment of bonuses to executive directors and executive officers for the fiscal year ended March 31, 2022.

June 2022: Chairperson appointed under the new committee structure (Ms. Kuniko Muramatsu is reappointed).

September 2022: Discussed the direction of the Board of Directors and operational methods.

Measures to Enhance Auditing and Supervisory Functions

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

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.

This year (2022), the survey was conducted in May, and items classed as either favorable or issues/requests were as follows.

<Favorable>

- The Board of Directors has atmosphere that actively listens to the opinions of outside directors, and that emphasizes active discussions.

<Issues/requests>

- The Company should ensure more diversity in the composition of the Board of Directors in terms of gender, nationality, age, and other backgrounds.
- The Company should ensure a sufficient number of independent outside directors who are qualified to contribute to enhancing corporate value over the medium to long term.
- Agenda items have increased at Board of Directors meetings, but require more in-depth discussion.

In general, the effectiveness of the Company's Board of Directors was determined to be sufficient, but we will work to further improve effectiveness by addressing issues, including those above.

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. A request for consultation is submitted to the Nomination and Compensation Advisory Committee, and then reported to the Board of Directors, which deliberates on the matter and makes the final decision.

Executive bonuses are paid based on their extent to which internal Executive Directors' performance targets have been met to enhance their motivation for improving the Company's performance in each (consolidated) fiscal year. The three indices of consolidated sales, consolidated net sales, and profit (loss) attributable to owners of parent ("three indices") are used as performance targets.

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 the relevant three indices have been achieved in each (consolidated) fiscal year. If it is determined that executive bonuses will be paid that year, 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 (including their contributions to solving sustainability issues). The proposal for consultation is submitted to the Nomination and Compensation Advisory Committee, and then reported 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.

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. A request for consultation is submitted to the Nomination and Compensation Advisory Committee, and then reported 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).

In principle, Directors shall hold their shares and not sell them while holding their position of director.

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 of the categories 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 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 2021			
		Basic compensation	Executive bonus	Compensation in the form of shares	Total
Directors (outside)	280 (20)	165 (15)	48 (—)	— (—)	213 (15)
Auditors (outside)	40	37 (15)	— (—)	— (—)	37 (15)
Total (outside)	320	202 (31)	48 (—)	— (—)	250 (31)

Company Officers Skill Matrix

Among the various areas of expertise and 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	Technological strategy	Internationality
Takayuki Tokuma	Representative Director, President and Executive Officer	○	○		○			○
Koichi Fukagawa	Director, Senior Managing Executive Officer	○	○		○	○		
Kenji Yokoo	Director, Managing Executive Officer	○	○	○				○
Naohito Odani	Director, Managing Executive Officer			○			○	○
Kuniko Muramatsu	Outside Director	○	○			○		○
Makoto Tobar	Outside Director	○			○		○	
Kenji Kamachi	Audit & Supervisory Board Member		○	○	○			○
Toshiaki Tochigi	Outside Audit & Supervisory Board Member			○	○	○		
Hisao Tsunoda	Outside Audit & Supervisory Board Member	○	○		○			
Emi Yoneda	Outside Audit & Supervisory Board Member		○	○	○			





Directors, Auditors and Executive Officers

(As of June 28, 2022)

Board of Directors

					
Takayuki Tokuma Representative Director, President and Executive Officer	Koichi Fukagawa Director, Senior Managing Executive Officer	Kenji Yokoo Director, Managing Executive Officer	Naohito Odani Director, Managing Executive Officer	Kuniko Muramatsu Outside Director	Makoto Tobar Outside Director
Attendance rate at Board of Directors Meetings: 18/18 times (100%) Number of Company shares held: 288,178 shares	Attendance rate at Board of Directors Meetings: 18/18 times (100%) Number of Company shares held: 51,668 shares	Attendance rate at Board of Directors Meetings: 18/18 times (100%) Number of Company shares held: 90,128 shares	Attendance rate at Board of Directors Meetings: — (New appointment) Number of Company shares held: 7,600 shares	Attendance rate at Board of Directors Meetings: 17/18 times (94%) Number of Company shares held: 0 share	Attendance rate at Board of Directors Meetings: — (New appointment) Number of Company shares held: 0 share

Audit & Supervisory Board Members

			
Kenji Kamachi Audit & Supervisory Board Member	Toshiaki Tochigi Outside Audit & Supervisory Board Member	Hisao Tsunoda Outside Audit & Supervisory Board Member	Emi Yoneda Outside Audit & Supervisory Board Member
Attendance rate at Board of Directors Meetings: — (New appointment) Attendance rate at Audit & Supervisory Board Meetings: — (New appointment) Number of Company shares held: 1,251 share	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	Attendance rate at Board of Directors Meetings: — (New appointment) Attendance rate at Audit & Supervisory Board Meetings: — (New appointment) Number of Company shares held: 0 share	Attendance rate at Board of Directors Meetings: — (New appointment) Attendance rate at Audit & Supervisory Board Meetings: — (New appointment) Number of Company shares held: 0 share

Executive Officers

Takayuki Tokuma President and Executive Officer	Tsuyoshi Sakata Executive Officer cum Deputy Chief Officer, Technical H.Q. cum General Manager, VCCS Engineering Management Division	Tatsuo Tsunoda Executive Officer cum Chief Officer, Management Planning H.Q.
Koichi Fukagawa Senior Managing Executive Officer	Masaki Shimizu Executive Officer cum Chief Officer, Quality Assurance H.Q.	Tomohisa Hoshino Executive Officer cum Chief Officer, Core Technology Development H.Q.
Kenji Yokoo Managing Executive Officer	Yoshiro Furumi Executive Officer cum Chief Officer, Purchasing H.Q. cum General Manager, VCCS Manufacturing Department	Koichi Tachikawa Executive Officer cum General Manager, MD Business Division
Naohito Odani Managing Executive Officer cum General Manager, Technical H.Q.	Motoaki Matsuura Executive Officer cum General Manager, FC Business Division	Toshihisa Tagaya Executive Officer cum Chief Officer, SCI (Sustainability & Corporate Integrity) Promotion H.Q. cum General Manager, Sustainability Promotion Department cum General Manager, Corporate Secretary Department cum General Manager, Public Relations & Equity Department
Katsuhei Yanagisawa Managing Executive Officer cum General Manager, VCCS Overseas Plant	Naoki Kawata Executive Officer cum General Manager, CTC Business Division	
Mitsuaki Okazaki Managing Executive Officer cum General Manager, Tomioka Plant		

* 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>

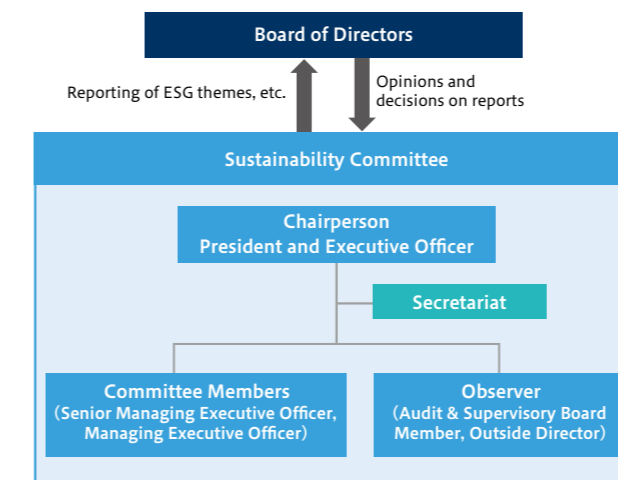
Sustainability Promotion Framework

We are conscious of our corporate social responsibility. As such, Yokowo is constantly striving to improve our corporate value as well as establish a sustainability promotion framework, and we will expand our corporate activities to both meet the expectations of all stakeholders and to earn their trust.

Establishment of Sustainability Committee

In October 2022, we decided to establish a Sustainability Committee to act as a body to comprehensively address the three materialities identified by the Group — Environment, Community, and Diversity and Inclusion. This Sustainability Committee is tasked with formulating policies aimed at achieving the goals of these materialities and issues with implementation, and with reporting and sharing information regarding the status of Group initiatives towards sustainability to the Board of Directors.

▼ Sustainability Committee Framework



Role of Sustainability Committee

- To prepare and review draft sustainability policies and materiality policies in light of factors such as the Group Corporate Philosophy structure and business environment. (Decisions are made by the Board of Directors)
- To receive reports from relevant internal organizations on materiality and ESG-related themes, and to report and assist in reporting to the Board of Directors.
- To disseminate information accumulated from the cycle of “report to Board of Directors → disseminate opinions

and suggestions from the Board of Directors to related organizations → further improve initiatives” in 2 above, along with decisions made by the Board of Directors.

Themes handled by the Sustainability Committee, and Outline

Theme	Outline
Environment	Deliberation, planning, and progress management of measures towards achieving the targets of the Group GHG emissions reduction, water resource, waste recycling, and biodiversity
Human Rights Protections	Formulation of draft policies, deliberation, and progress management for the protection of human rights in the Group’s supply chain
Local Communities	Deliberation and progress management of 2030 targets (numbers of projects contributing to local communities, etc.), and support for reviewing of action plans
Diversity and Inclusion	Deliberation and progress management of 2030 targets (increasing ratio of female leaders, number of TISP hires, etc.), and support for reviewing of action plans
Information Security	Collaboration with the Information Security Committee regarding information security activities based upon ISO 27001
Occupational Health and Safety	Collaboration with the Health and Safety Promotion Committee regarding occupational health and safety activities based upon ISO 45001
Treatment of Employees	Issues related to reforms in the personnel system (transition to a job-based personnel system, improved treatment, etc.) and the welfare system in general
Fair Trade	Issues related to status of compliance with laws, regulations, and internal rules concerning fair trade practices, and to the status of internal and external education in order to ensure thorough compliance
Risk Management	Collaboration with the Business Risk Management Committee and each ISO Division regarding progress and changes in measures to handle each risk assessment item
Business Continuity Planning (BCP)	Collaboration with each business division regarding construction of BCP and its updates

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. Additionally, to further raise awareness of compliance, along with conducting e-learning programs for managers in Japan, China, Hong Kong, Vietnam, and Malaysia, we have also equipped an internal reporting system at Yokowo and at subsidiaries in Japan and overseas. We are also using an external hotline to promptly detect and correct any violations of laws and regulations. Furthermore, under the CSR Code of Conduct, we have established and started utilization of regulations compliant with anti-bribery regulations in each country.

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

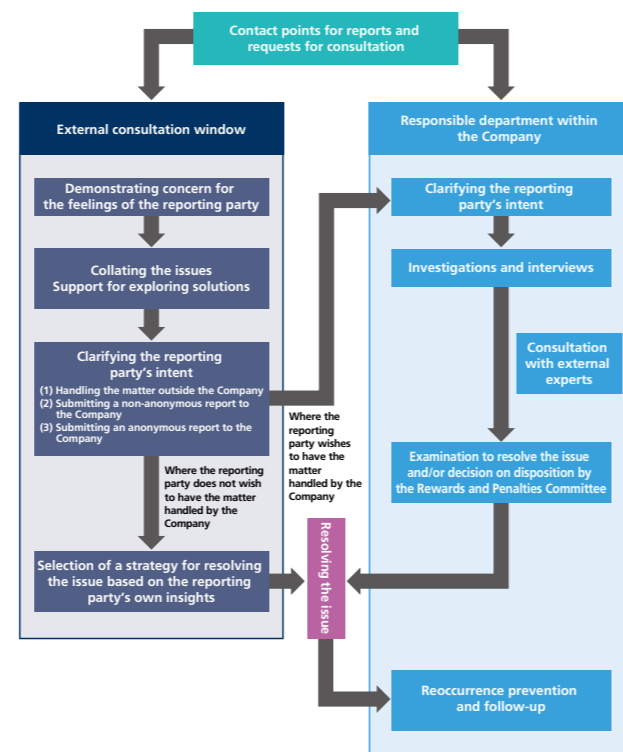
Aware of the potential impact of risk on our business activities, besides complying with relevant laws and regulations, the Yokowo Group also strives to fulfill our social responsibility and put organizational operation on a stable footing by responding appropriately to risk, through measures to continually 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. 34).

▼ Schematic diagram showing the internal whistleblowing system



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.

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
2021	German subsidiary
2021	Vietnamese 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. In addition, it is our social responsibility to promote cyber security measures not only within our group but throughout the supply chain as a whole, and as such we are working to confirm and enhance the status of security measures at our suppliers and sub-suppliers. As of April 2022, Yokowo has decided to prohibit the use of password-protected compressed files. In FY2021, there were no specific complaints regarding either violations of customer privacy, or losses of customer data.

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 to work in environmental activities. In FY2021, indicated by an external audit, the Group has taken appropriate measures such as upgrading to septic tanks with higher performance.

* 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 identified four issues that need effort—addressing climate change, management of water resources, resource recycling, and zero hazardous chemical substances usage. For these issues, Yokowo sets annual goals and activities to be achieved. 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 revisions were made to the Company's Environmental Policy and Action Guidelines.

In July 2022, the status of these efforts was disclosed through CDP.

Addressing Climate Change

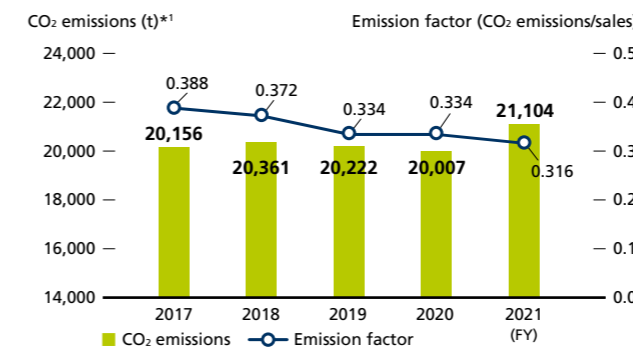
With the aim of reducing direct greenhouse gas emissions (Scope 1 and 2), Yokowo is drawing up plans for the adoption of renewable energy at our plants in Japan (in Tomioka City, Gunma Prefecture), China, Vietnam, and Malaysia, which are our Company's main sources of greenhouse gas emissions. In October 2022, we installed a photovoltaic power generation system at our Vietnam Plant using a bilateral credit system.

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

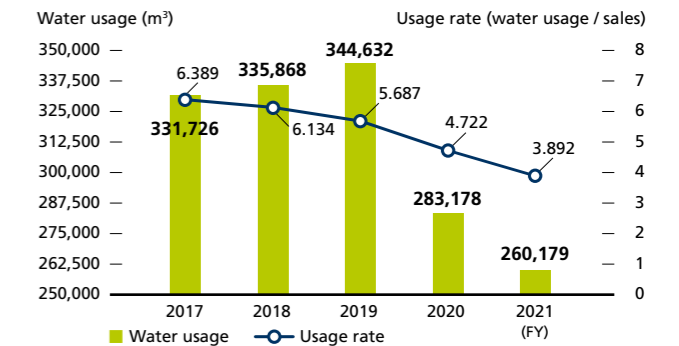
Management of Water Resources

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.

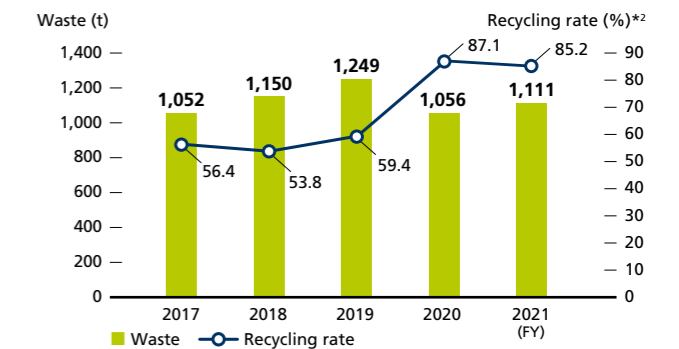
Water usage and usage rates



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



*2 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 July 2022, 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.

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)	8,499	1,322	79	7,098	
Breakdown by business segment	Vehicle Communication Equipment	6484	253	51	6180
	Circuit Testing Connectors	816	322	15	479
	Personal Communication Equipment—Fine Connectors	446	77	11	358
	Personal Communication Equipment—Medical Devices	273	272	1	0
	Other employees	480	398	1	81

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			88
	Male	Total	74
	Female	Total	14
Number of job leavers			20
	Male	Total	20
	Female	Total	0

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 65.2%.

* 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, four female employees 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, two 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.

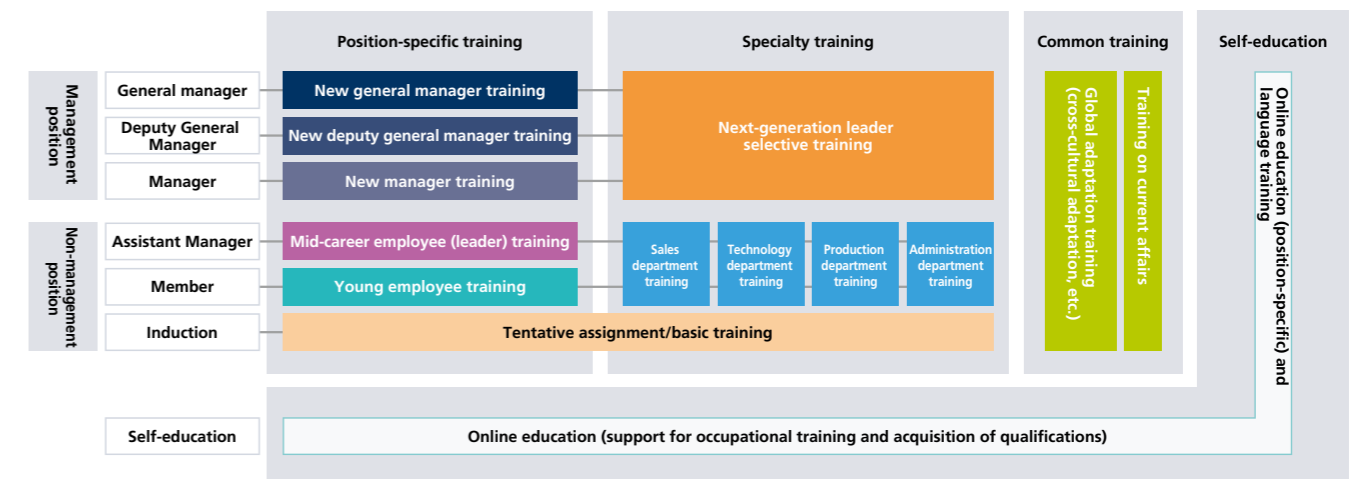
In FY2021, a list of employee opinions was made available throughout Yokowo, and necessary improvements are being made as needed. Looking forward, Yokowo will continue to hold round tables to take on board multiple opinions, aiming to better create a "good company."

▼ 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 set 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.

Human Resources Development

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.

In the future, Yokowo will create a “new training system” to better support employees’ independence in their skill and career development, and aim to become a company that can provide more specialized training opportunities to employees.

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.

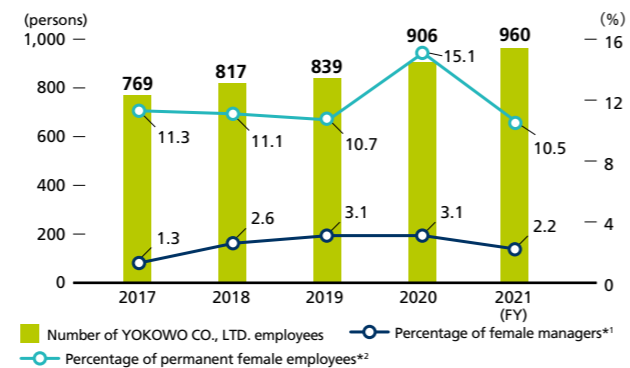
In 2021, the revised Child Care and Family Care Leave Act was enacted, requiring companies to encourage male employees to take childcare leave. However, it is necessary clarify the issues involved for this measure to become established at Yokowo. In order to clarify these issues in our organizational culture and systems, and to share the direction for improvement and reform, Yokowo is holding “roundtable meetings” (see the Employees page on p. 44) 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, Yokowo has held a roundtable meeting on women’s active participation (with female employees) as a place to discuss what aspects of

our organizational culture are hindering active participation by women, and how to make improvements. Results of this gathering of information showed that tasks such as greeting visitors have traditionally remained the role of female employees, and so we are reviewing the nature of this work and considering remedial measures, and also working to bring about a gender-neutral work style and culture.

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.

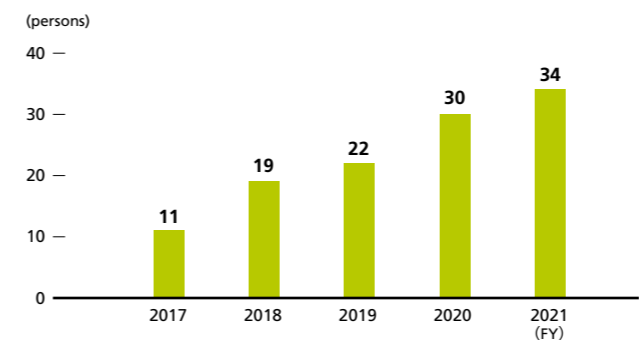
Promoting Active Participation by Senior Human Resources

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*



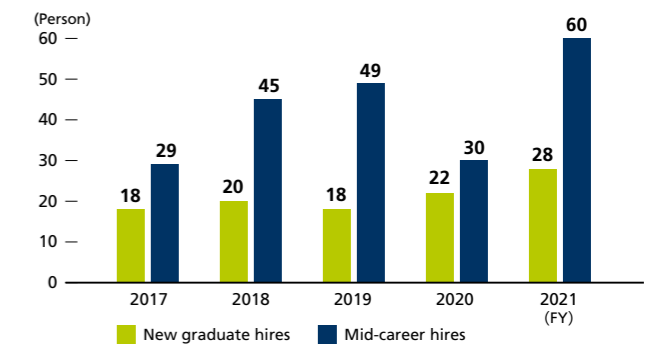
★: YOKOWO CO., LTD.

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.

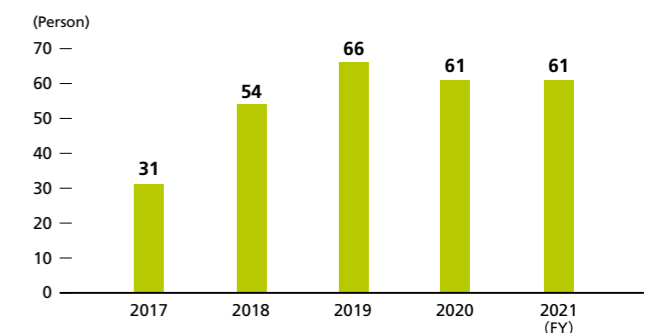
TISP Project

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 production 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.

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 (in April 2022, Environmental issues were added, and this was thus reorganized to the Occupational Health, Safety, and Environment Section). 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

	FY2019	FY2020	FY2021
Accidents with lost work days	0	2	3
Accidents without lost work days	1	4	6
Total accidents	1	6	9

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.

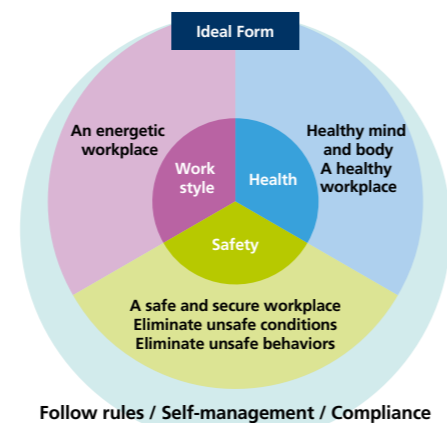
ISO 45001 Certification Status

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.



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.

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



Also, in order that we can make steady contributions to dialogue and development with local communities, In April 2022, the Social Activity Promotion Section was established within the General Affairs Department. At the same time we have formulated a policy for community social contribution activities, and have started by promoting activities in cooperation with municipal governments, mainly in Tomioka City and Gunma Prefecture.

Policy for Community Social Contribution Activities

We will listen to the voices of local residents, and implement genuine initiatives and contribute to the happiness of the community and society regarding diverse issues so that we can be recognized as a partner.

Community-based Activities

Sports Classes (Tomioka Plant)

In September 2022, Yokowo held a baseball event for the children of local residents and employees at the Yokowo Silk Stadium Tomioka, a civic baseball field in Tomioka City with which we have a naming rights agreement.

Yokowo is working together with local government on activities to increase the number of people playing sport, and to interact with the local community through sport such as Tee-ball, which is enjoyed by beginners up to early elementary school age.



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, environmental conservation activities, and PCR testing for COVID-19, and these see many employees volunteering to participate.

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



Participation in blood donation event (DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. [China])

Yokowo participated in a blood donation event at DONGGUAN YOKOWO CAR COMPONENTS CO., LTD., at the request of Dongguan City. A blood collection bus came to the plant, where 133 employees donated.



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

In January and June 2022, 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 clothing, food, and beverages, including milk.



Activities towards Achieving a Sustainable Society

Volunteer tree planting activities (YOKOWO MANUFACTURING OF THE PHILIPPINES, INC.)

Having begun operations in May 2022, YOKOWO MANUFACTURING OF THE PHILIPPINES, INC. volunteered to plant 500 saplings in cooperation with local industrial parks and authorities, aimed at protecting and preserving the environment.



Activities that Contribute to Community Development

Naming Rights Partnership Activities (Tomioka Plant)

Wishing to contribute to the development of Tomioka City, Yokowo's hometown, 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. As of August 2022, the facilities have used new sobriquets with the addition of "silk" — this is representative of Tomioka's unique nature. 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



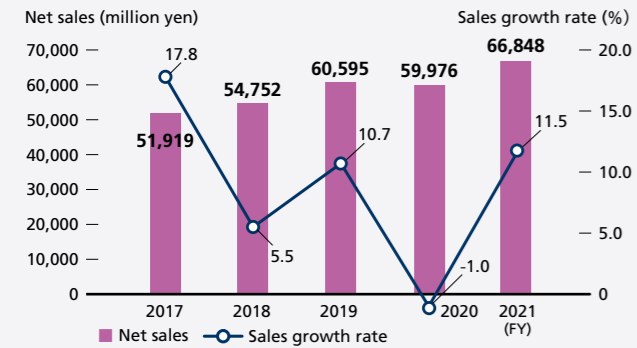
Vocational Training Activities with Universities (YOKOWO VIETNAM))

YOKOWO VIETNAM works in tandem with local universities to accept new students and graduates for internships and plant tours. The Company also engages in activities to deepen exchanges with local communities as well as to contribute to local development. These include support activities to familiarize students with Japanese language and culture.

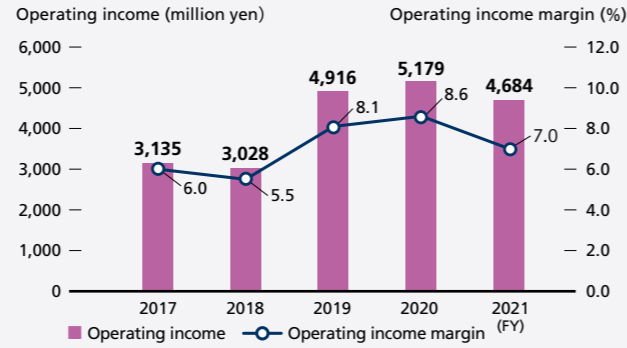


Financial Highlight

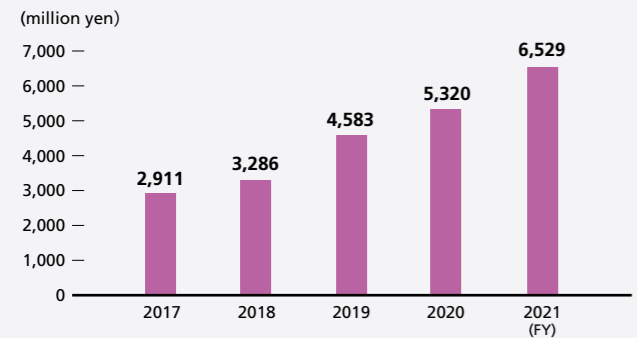
▼ Net sales



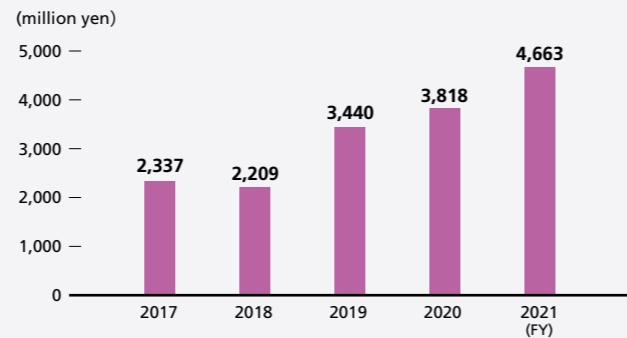
▼ Operating income



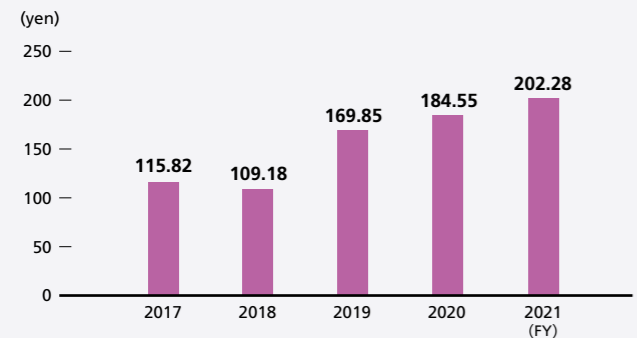
▼ Ordinary income (full year)



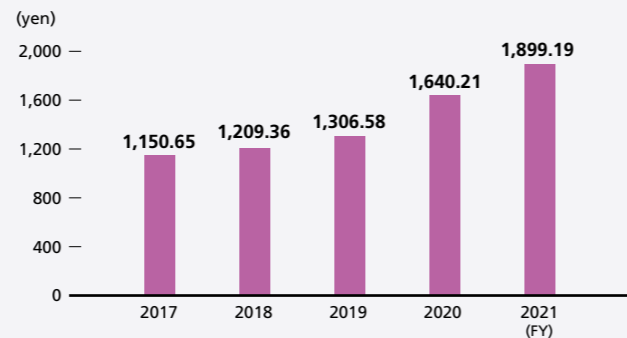
▼ Profit attributable to owners of parent



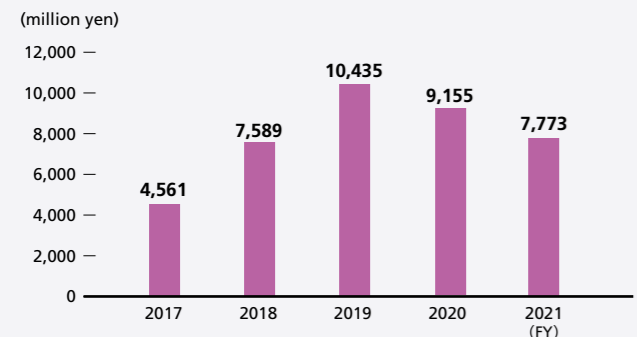
▼ Basic earnings per share



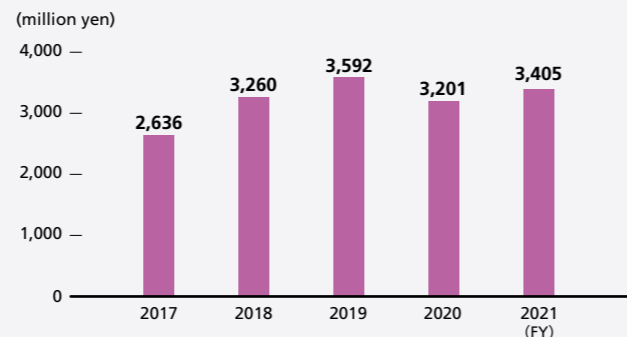
▼ Net assets per share



▼ Interest bearing debt*



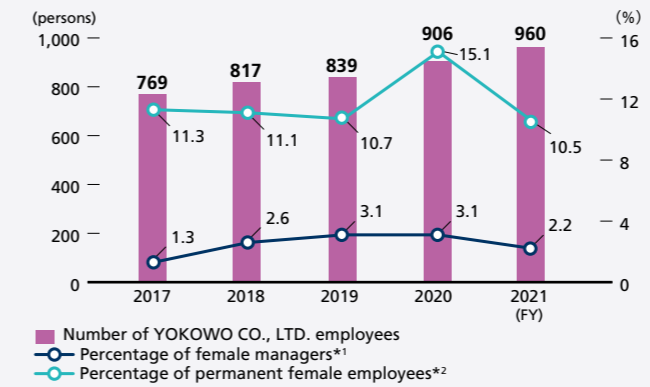
▼ Research and development expenses



* Borrowing + lease liabilities

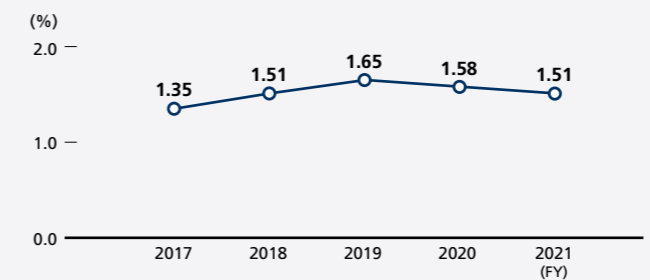
Non-financial Highlight

▼ Percentage of female employees*

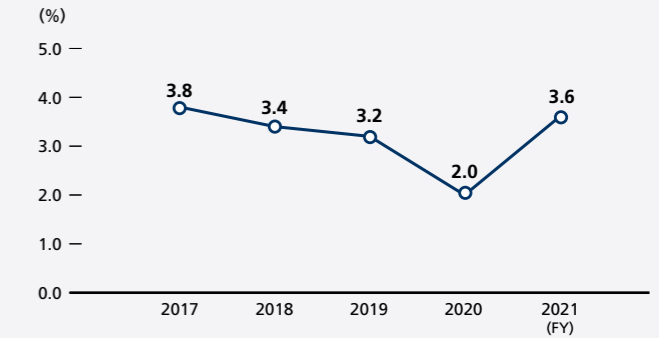


*1 Female managers at end of fiscal year ÷ executive and management positions at end of fiscal year (includes assistant managers, excludes specialists)
*2 Number of female employees at end of fiscal year ÷ number of full-time permanent employees at end of fiscal year

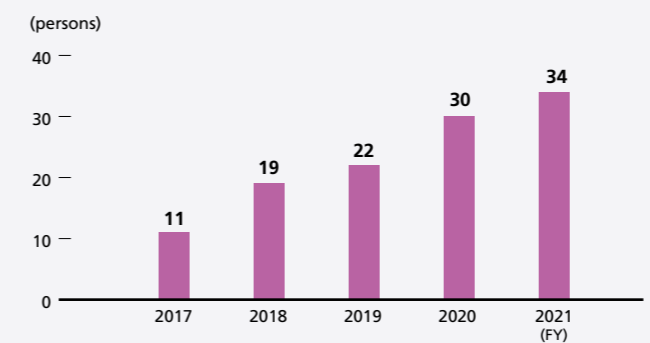
▼ Employment rate of people with disabilities*



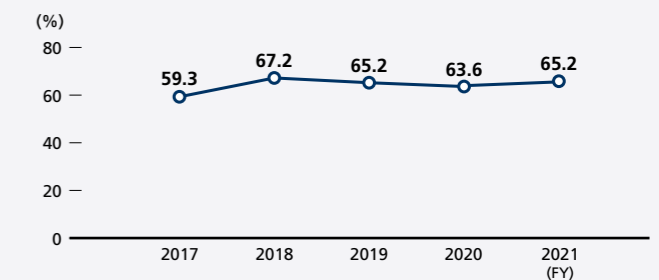
▼ Employee turnover rate*



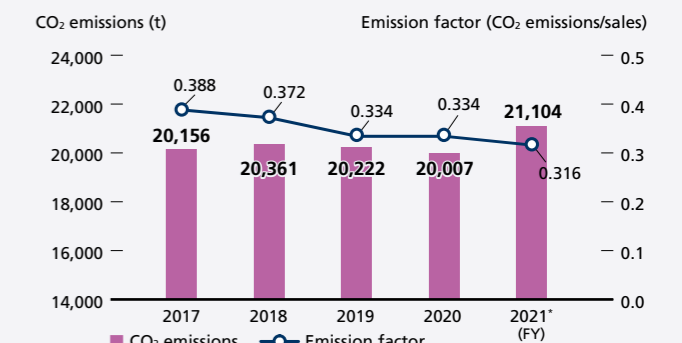
▼ Number of older employees re-employed*



▼ Uptake of paid leave*

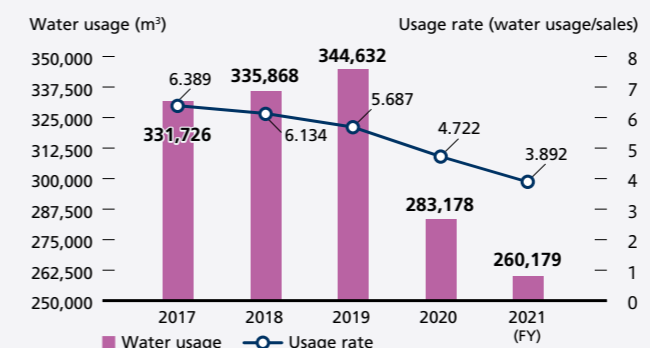


▼ CO₂ emissions and emission factor

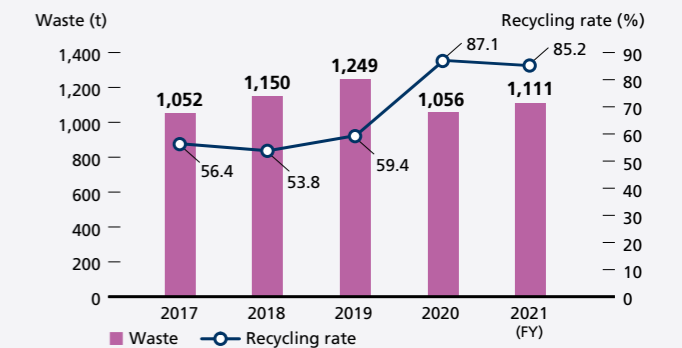


* Electricity CO₂ conversion factor is calculated using the following:
Domestic: TEPCO Energy Partner, Inc Basic Emission Factor
Overseas: IEA Official Factor

▼ 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 2021

Business Environment and Operating Results

During the consolidated fiscal year under review (April 1, 2021 to March 31, 2022), the global economy continued to be impacted by the spread of the global COVID-19 pandemic as with the previous year, but restrictions on economic activities were relaxed along with the advancements in vaccination. In Japan also, there was a sluggish recovery in personal consumption, but we saw signs of a pickup together with improvements in the global economy.

The Group's main markets — automotive, semiconductor testing, mobile communication terminals, and advanced medical equipment markets — have become more competitive in product and technology development with the widespread adoption of advanced applications including 5G that will likely dramatically change industry structure and business.

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 and full-scale growth.

In the Vehicle Communication Equipment segment, in the midst of constrained supply chains due to global shortages in semiconductors and materials coupled with disrupted logistics, the Group has worked to significantly strengthen systems in order to fulfill our responsibility to supply customers with products.

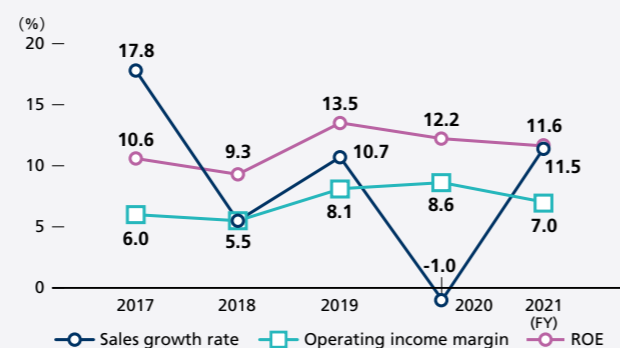
In the Circuit Testing Connector segment as well, the Group strengthened technology and manufacturing systems in order to grasp business growth opportunities arising from 5G and boosted capacity by expanding new production lines in Japan and Malaysia to respond to a sudden increase in orders. As well as strengthening the production backup system through a review of the ratio of production in Japan and Malaysia was conducted.

As a result, net sales in the consolidated fiscal year under review increased year on year due to a decrease in year-on-year sales of the Personal Communication Equipment segment, which were more than offset by increased year-on-year sales in both the Vehicle Communication Equipment and Circuit Testing Connector segments.

Operating profit was decreased year on year largely because the Personal Communication Equipment segment posted lower profit due to cost increases and changes in the business structure, and the Vehicle Communication Equipment segment showed a loss due to higher physical distribution cost, and cost increases associated with rising raw materials prices and a weaker yen, despite substantial year-on-year profit growth in the Circuit Testing Connector segment as a result of increased sales.

Ordinary profit was increased reflecting an exchange gain attributable to the weakening of the yen. Whilst operating profit fell year on year as explained above, net sales, ordinary profit and profit attributable to owners of parent all reached record highs.

▼ Minimum 8



Financial Position

(Assets)

Current assets stood at ¥44,540 million at the end of the consolidated fiscal year under review (a gain of ¥6,123 million in the end of the previous fiscal year). This was due primarily to increases of ¥2,031 million in notes and accounts receivable-trade, and ¥5,368 million in inventories. The increase in notes and accounts receivable-trade is mainly attributable to a surge of orders resulting in higher sales in the Circuit Testing Connector segment. Meanwhile, the sharp rise in inventories reflects an increase in inventories in transit caused by extension of ocean freight and air freight lead times on a global scale and hikes in production and inventory levels to maintain supply in view of longer lead times in the Vehicle Communication Equipment segment.

Non-current assets stood at ¥22,330 million at the end of the fiscal year under review (a gain of ¥3,878 million in the end of the previous fiscal year), due to an increase in property plant and equipment of ¥2,635 million and an increase in investments and other assets of ¥1,083 million. This was mainly due to vigorous investment in mass production and development in each business segment.

As a result, total assets stood at ¥66,870 million at the end of the consolidated fiscal year under review (a gain of ¥10,001 million in the end of the previous fiscal year).

(Liabilities)

Current liabilities stood at ¥20,184 million at the end of the consolidated fiscal year under review (a gain of ¥303 million from the end of the previous fiscal year) largely due to increases of ¥1,499 million in notes and accounts payable-trade, and ¥751 million in income taxes payable, which offset outflows such as a decrease of ¥3,400 million in the current portion of long-term borrowings.

The rise in notes and accounts payable-trade is chiefly attributable to increased purchases of parts and materials on expectation of significant expansion in production next fiscal year in both the Vehicle Communication Equipment and Circuit Testing Connector segments.

Non-current assets stood at ¥2,357 million at the end of the fiscal year under review (a gain of ¥1,572 million from the end of the previous fiscal year) due to an increase of ¥1,600 million in long-term loans payable.

As a result, total liabilities stood at ¥22,541 million at the end of the consolidated fiscal year under review (a gain of ¥1,875 million in the end of the previous fiscal year).

(Net Assets)

Net assets amounted to ¥44,328 million at the end of the consolidated fiscal year under review (a gain of ¥8,125 million from the end of the previous fiscal year). This primarily reflects increases of ¥1,431 million in capital stock and ¥1,431 million in capital surplus, the recording of profit attributable to owners of parent of ¥4,663 million, an increase of ¥1,789 million in foreign currency translation adjustment, a gain from depreciation of yen against US dollar and other currencies at the end of the consolidated fiscal year under review, and dividends of surplus of ¥860 million.

Cash Flows

(1) Cash and Cash Equivalents

Cash and cash equivalents came to ¥13,816 million at the end of the consolidated fiscal year under review, down ¥1,478 million year on year.

(2) Cash Flows from Operating Activities

Net cash provided by operating activities was ¥3,677 million (a decrease in net cash provided of ¥1,461 million year on year), attributable to inflows such as profit before income taxes of ¥6,459 million and depreciation of ¥3,302 million, which offset outflows such as an increase in inventories of ¥4,190 million, reflecting increased inventories in transit and hikes in production and inventory levels to maintain supply in the Vehicle Communication Equipment segment.

(3) Cash Flows from Investing Activities

Net cash used in investing activities was ¥5,967 million (an increase in net cash used of ¥1,348 million year on year), primarily due to outflows such as purchase of property, plant and equipment of ¥4,739 million, mainly attributable to the construction of a plant in the Philippines, and purchase of intangible assets of ¥530 million.

(4) Cash Flows from Financing Activities

Net cash provided by financing activities was ¥171 million (a decrease in net cash provided of ¥1,734 million year on year), chiefly owing to inflows such as proceeds from the issuance of shares of ¥2,853 million and proceeds from long-term loans payable of ¥1,600 million, versus outflows such as decrease in long-term loans payable of ¥3,400 million and payments of dividends of surplus of ¥858 million.

(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.

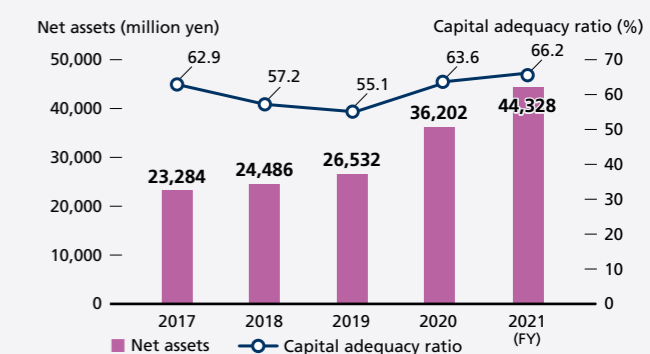
In addition, capital investment funds are expended on establishing and strengthening production systems, such as the acquisition of production equipment, and the maintenance of information systems. The Company's basic policy is to provide for the necessary funding through internal funds generated by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

In the consolidated fiscal year under review, the Group actively invested in expanding mass production facilities including research and development as well as product development, such as constructing a production plant at the Philippines subsidiary, 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 consolidated fiscal year ending March 31, 2023, the Group plans to construct plants within Japan and in Vietnam for the Circuit Testing Connector segment as well as further boost production capacity at the production subsidiary in Malaysia. To fund this capital investment, in addition to operating cash flow, the Group has refinanced long-term borrowing, 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 plans, the company issued 3 million new shares thus raising approximately ¥7.6 billion from the issuance of share acquisition rights through a third-party allotment that they resolved the issuance of in November 2020, and the exercise of these rights. However, funds have been allocated to product and parts inventories that have ballooned due to the supply chain disruptions and longer lead times for ocean freight in the Vehicle Communication Equipment segment. As a result, the Group's cash and cash equivalents stood at ¥13,816 million (a loss of ¥1,478 million in the end of the previous fiscal year).

▼ Net Assets / Capital Adequacy Ratio



Capital Investment

In the consolidated 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 consolidated fiscal year under review was ¥5,092 million, 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 ¥2,857 million. This included expansion of the Vietnamese plant to strengthen production capacity aimed at increasing work volume, strengthening of development functions at the China plant, and construction of the production plant in the Philippines.

(2) Circuit Testing Connector segment

The Group implemented total capital investment of ¥1,086 million. 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.

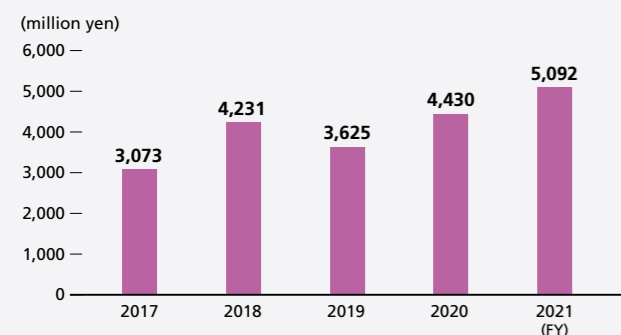
(3) Personal Communication Equipment segment

The Group implemented total capital investment of ¥659 million. The Group conducted updates and expansion at both the Chinese and Malaysian plants, including mass production facilities in the Fine Connector business. In the Medical Device business, the group also expanded mass production and other facilities at production bases in Japan.

(2. Intangible assets)

The Group implemented total capital investment of ¥489 million. This included improving and updating facilities 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 defines stable and continuous distribution of dividends with due consideration for retained earnings, 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.

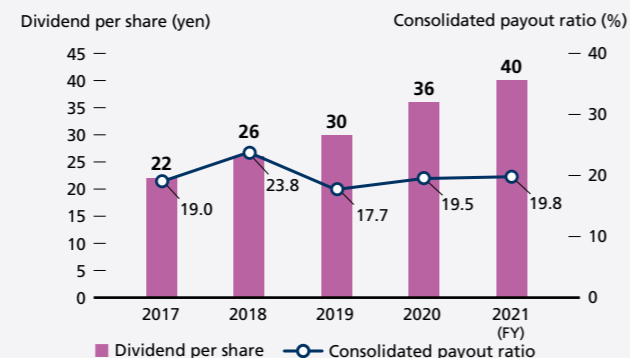
In business performance for the fiscal year under review, net sales, ordinary profit and profit attributable to owners of parent all reached record highs reflecting substantial year-on-year profit growth in the Circuit Testing Connector segment and foreign exchange gains by the weakening of the yen, although there was a loss in the Vehicle Communication Equipment segment impacted by the spread of COVID-19 pandemic.

In Yokowo's "Minimum 8" medium-term management targets (ensure at least 8% growth in sales growth rate, operating profit margin, and return on equity (ROE)), the company has achieved a sales growth rate of 11.5% and a ROE of 11.6%, both above the 8% level.

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 22 yen per share to the 84th General Meeting of Shareholders, and it was approved. With an interim dividend of 18 yen per share for the fiscal year under review already paid, the Company's annual dividend is 40 yen per share (consolidated payout ratio of 19.8%).

Furthermore, the Company's Articles of Incorporation stipulate that an interim dividend can be paid.

▼ Dividend per share



CONSOLIDATED BALANCE SHEETS

(millions of yen)

	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and deposits	15,463	13,816
Notes and accounts receivable-trade	11,026	13,057
Merchandise and finished goods	6,062	8,900
Inventories	441	742
Raw materials and supplies	3,808	6,037
Other	1,618	1,992
Allowance for doubtful accounts	(3)	(8)
Total current assets	38,417	44,540
Non-current assets		
Net property, plant and equipment		
Buildings and structures	7,546	8,085
Accumulated depreciation	(4,009)	(4,341)
Buildings and structures, net	3,537	3,744
Machinery, equipment and vehicles	13,073	14,626
Accumulated depreciation	(8,210)	(9,651)
Machinery, equipment and vehicles, net	4,862	4,975
Tools, furniture and fixtures	9,728	11,331
Accumulated depreciation	(7,236)	(8,479)
Tools, furniture and fixtures, net	2,491	2,852
Land	761	761
Leased assets	2,440	2,552
Accumulated depreciation	(1,140)	(1,310)
Leased assets, net	1,300	1,241
Construction in progress	956	2,970
Total property, plant and equipment	13,909	16,544
Intangible assets		
Leased assets	14	5
Other	988	1,156
Total intangible assets	1,003	1,162
Investments and other assets		
Investment securities	1,730	1,587
Retirement benefit asset	726	680
Deferred tax assets	344	678
Other	738	1,676
Total investments and other assets	3,539	4,623
Total non-current assets	18,451	22,330
Total assets	56,868	66,870

	(millions of yen)	
	Fiscal 2020 (As of March 31, 2021)	Fiscal 2021 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	6,491	7,991
Short-term loans payable	5,024	5,570
Current portion of long-term loans payable	3,400	-
Lease obligations	310	343
Income taxes payable	725	1,476
Provision for bonuses	673	871
Other	3,255	3,930
Total current liabilities	19,880	20,184
Non-current liabilities		
Long-term loans payable	-	1,600
Lease obligations	420	259
Deferred tax liabilities	154	123
Net defined benefit liability	202	368
Long-term accounts payable	8	6
Total non-current liabilities	785	2,357
Total liabilities	20,666	22,541
NET ASSETS		
Shareholders' equity		
Capital stock	6,387	7,819
Capital surplus	6,373	7,804
Retained earnings	22,199	25,950
Treasury stock	(633)	(634)
Total shareholders' equity	34,326	40,939
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	430
Foreign currency translation adjustment	845	2,635
Remeasurements of defined benefit plans	437	267
Total valuation and translation adjustments	1,825	3,332
Subscription rights to shares	8	-
Non-controlling interest	41	56
Total net assets	36,202	44,328
Total liabilities and net assets	56,868	66,870

CONSOLIDATED STATEMENTS OF INCOME

	(millions of yen)	
	Fiscal 2020 (From April 1, 2020 to March 31, 2021)	Fiscal 2021 (From April 1, 2021 to March 31, 2022)
Net sales	59,976	66,848
Cost of sales	47,080	53,638
Gross profit	12,895	13,209
Selling, general and administrative expenses	7,715	8,525
Operating income	5,179	4,684
Non-operating income		
Interest income	16	24
Dividend income	41	44
Capital return using equity method	-	42
Foreign exchange gains (losses)	192	1,763
Other	65	73
Total non-operating income	316	1,948
Non-operating expenses		
Interest expenses	70	51
Share of loss of entities accounted for using equity method	24	-
Commission expenses	13	16
Share acquisition rights issuance costs	26	18
Compensation expenses	30	-
Other	9	16
Total non-operating expenses	175	103
Ordinary income	5,320	6,529
Extraordinary income		
Gain on sales of non-current assets	5	2
Gain on sales of investment securities	28	2
Total extraordinary income	34	4
Extraordinary losses		
Loss on retirement of non-current assets	73	73
Loss on sales of non-current assets	0	1
Loss on sales of investment securities	-	0
Loss on valuation of investment securities	139	-
Total extraordinary losses	213	74
Profit before income taxes	5,140	6,459
Income taxes - current	1,236	2,027
Income taxes - deferred	70	(240)
Total income taxes	1,306	1,786
Profit	3,834	4,673
Profit (loss) attributable to non-controlling interests	15	9
Profit (loss) attributable to owners of parent	3,818	4,663

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions of yen)

	Fiscal 2020 (From April 1, 2020 to March 31, 2021)	Fiscal 2021 (From April 1, 2021 to March 31, 2022)
Profit	3,834	4,673
Other comprehensive income		
Valuation difference on available-for-sale securities	459	(112)
Foreign currency translation adjustment	910	1,795
Remeasurements of defined benefit plans	312	(170)
Total other comprehensive income	1,682	1,512
Comprehensive income	5,516	6,185
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,499	6,170
Comprehensive income attributable to non-controlling interests	17	14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

(millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Share acquisition rights	Noncontrolling 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

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

(millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Share acquisition rights	Noncontrolling 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	6,387	6,373	22,199	(633)	34,326	543	845	437	1,825	8	41	36,202
Cumulative effect of change in accounting policy			(51)		(51)							(51)
Balance at beginning of period, reflecting change in accounting policy	6,387	6,373	22,147	(633)	34,274	543	845	437	1,825	8	41	36,150
Changes during period												
Dividends of surplus			(860)		(860)							(860)
Issuance of new shares (exercise of share acquisition rights)	1,431	1,431			2,862							2,862
Profit (loss) attributable to owners of parent			4,663		4,663							4,663
Purchase of treasury shares				(1)	(1)							(1)
Disposal of treasury shares												
Net changes of items other than shareholders' equity						(112)	1,789	(170)	1,507	(8)	14	1,513
Total changes of items during period	1,431	1,431	3,802	(1)	6,664	(112)	1,789	(170)	1,507	(8)	14	8,177
Balance at end of period	7,819	7,804	25,950	(634)	40,939	430	2,635	267	3,332		56	44,328

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions of yen)

	Fiscal 2020 (From April 1, 2020 to March 31, 2021)	Fiscal 2021 (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	5,140	6,459
Depreciation	2,987	3,302
Increase (decrease) in allowance for doubtful accounts	(0)	4
Increase (decrease) in provision for bonuses	64	181
Increase (decrease) in net defined benefit asset and liability	(176)	(33)
Interest income and dividend income	(58)	(69)
Interest expenses	70	51
Foreign exchange losses (gains)	(328)	(320)
Share of loss (profit) of entities accounted for using equity method	24	(42)
Loss (gain) on sales of non-current assets	(5)	(0)
Loss on retirement of non-current assets	73	73
Loss (gain) on sales of investment securities	(28)	(2)
Loss (gain) on valuation of investment securities	139	-
Decrease (increase) in trade receivables	300	(612)
Decrease (increase) in inventories	(1,263)	(4,190)
Increase (decrease) in trade payables	(471)	(100)
Other	39	338
Subtotal	6,509	5,039
Interest and dividends received	58	69
Interest paid	(71)	(52)
Income taxes paid	(1,357)	(1,378)
Net cash provided by (used in) operating activities	5,139	3,677
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(3,958)	(4,739)
Proceeds from sales of property, plant and equipment	7	19
Purchase of intangible assets	(410)	(530)
Purchase of investment securities	(38)	(20)
Proceeds from sales of investment securities	46	2
Payments into time deposits	(156)	-
Proceeds from withdrawal of time deposits	-	175
Purchase of shares of subsidiaries and associates	-	(287)
Payment for outgoings for capital investments	-	(500)
Long-term loan advances	(60)	-
Other	(48)	(86)
Net cash provided by (used in) investing activities	(4,619)	(5,967)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(1,504)	300
Proceeds from long-term loans payable	-	1,600
Repayments of long-term loans payable	-	(3,400)
Proceeds from issuance of shares	4,770	2,853
Repayments of lease obligations	(747)	(322)
Dividends paid	(647)	(858)
Proceeds from exercise of employee share options	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	1,905	171
Effect of exchange rate change on cash and cash equivalents	516	640
Net increase (decrease) in cash and cash equivalents	2,942	(1,478)
Cash and cash equivalents at beginning of period	12,352	15,295
Cash and cash equivalents at end of period	15,295	13,816

Independent Practitioner's Assurance Report



Independent Assurance Statement

July 25, 2022

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 (Scope1) 0.539kt-CO₂, (Scope2) 20.6kt-CO₂ during the fiscal year 2021. 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 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.

Developing, Delighting

yokowo

YOKOWO CO., LTD.

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Inquiry form:

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