

YOKOWO Integrated Report 2023

Developing, Delighting

yokowo

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Yokowo 2023 Integrated Report

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Editorial Policy

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

Period: Fiscal Year 2022 (April 1, 2022 - March 31, 2023)
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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Inquiry Form:
<https://www.yokowo.co.jp/english/inquiry/>

Corporate Philosophy

Purpose

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

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.

Values

- Respect** Respect human diversity, keep an open mind and treat others with sincerity.
- Fairness** Act with fairness and transparency.
- Ownership** Take the initiative and be personally responsible for all your actions.
- Challenge** Be fearless, try new things and make the most of any situation.
- Innovation** Be flexible and consistently apply your skills to encourage innovative change.

Brand Slogan

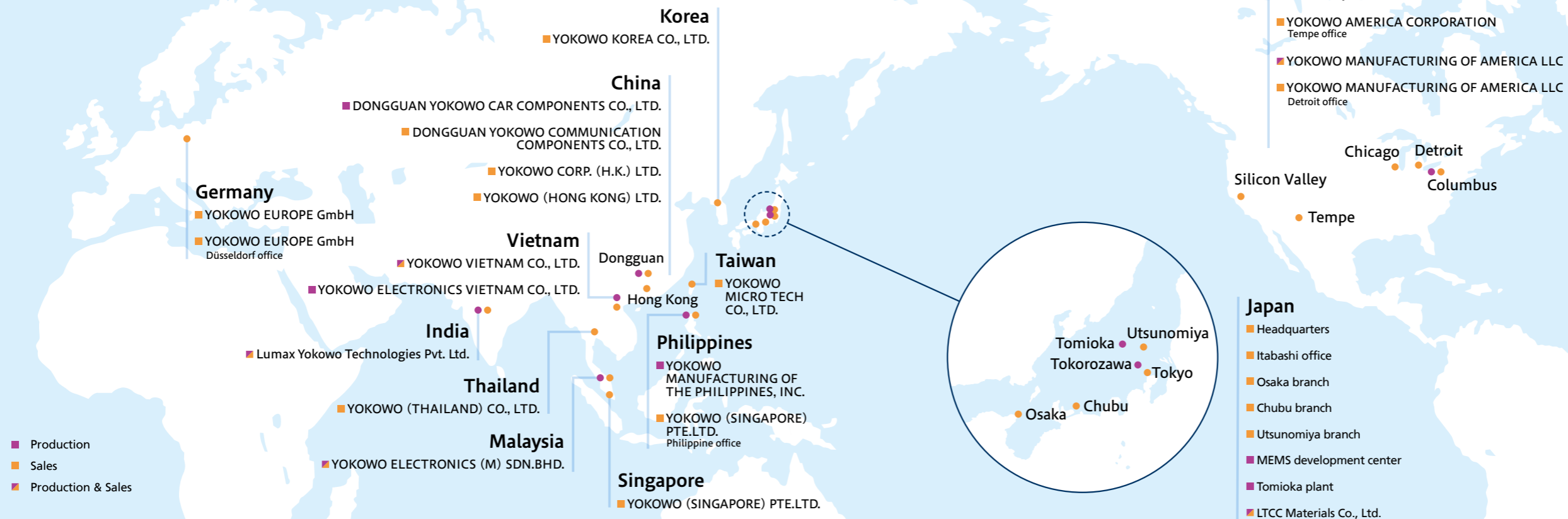
Developing, Delighting



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, 2023)

Company Name	YOKOWO CO., LTD.
Head Office Location	JR Kanda Manseibashi Bldg. 14F, 1-25, Kandasuda-cho, Chiyoda-ku, Tokyo 101-0041, 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	6,425

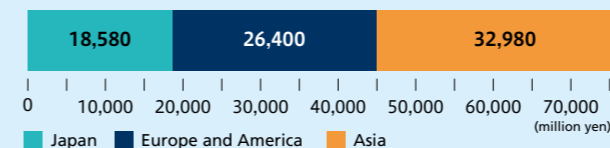
Major Shareholders (As of March 31, 2023)

Shareholder	Number of shares held (in thousands)	Percentage of shares held
The Master Trust Bank of Japan, Ltd.	3,820	16.3
Custody Bank of Japan, Ltd.	2,362	10.1
The Gunma Bank, Ltd.	990	4.2
Yokowo Business Partners Shareholders' Association	799	3.4
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/ JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	790	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
Company's Stock Investment	447	1.9
MUFG Bank, Ltd.	446	1.9

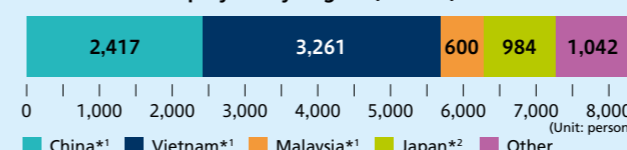
* The head office location was changed by a resolution of the general meeting of shareholders in June 2023.

* 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 (FY2022)

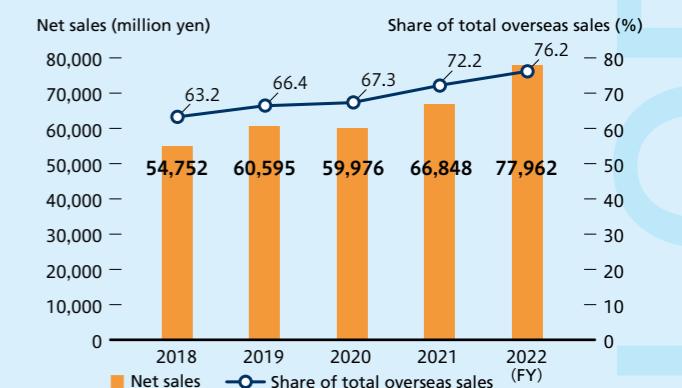


Number of Employees by Region (FY2022)



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

Net Sales / Share of Total Overseas Sales



since 1922

History of its Technical

Evolution and Business/Product Development

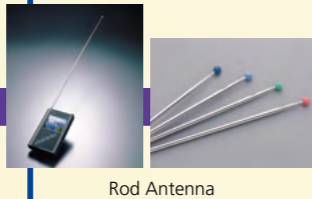
Founding - 1960s

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.

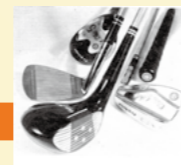


AM/FM Motor Antenna



Personal Communication Antenna

Sporting Goods 1959~1995



Golf clubs and shafts



Metal Bats for Softball



Extension Cable A'ssy

1980s

Microwave Components 1983~



Motor Operated Conner Pole



Outdoor Unit for BS

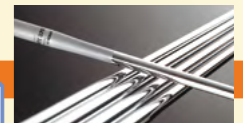


Low Noise Block Down Converter

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



Golf Shafts Promate

Microwave Technology

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.

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., Chutaro 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 elds such as semiconductor inspection, connectors for electronic devices, and advanced medical equipment.

Everything Started with Pipes



After having finished his apprenticeship in 1922, Chutaro 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.

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 Connector Business 1986~



SPRING CONNECTOR™



Board to Board Coaxial Connector

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

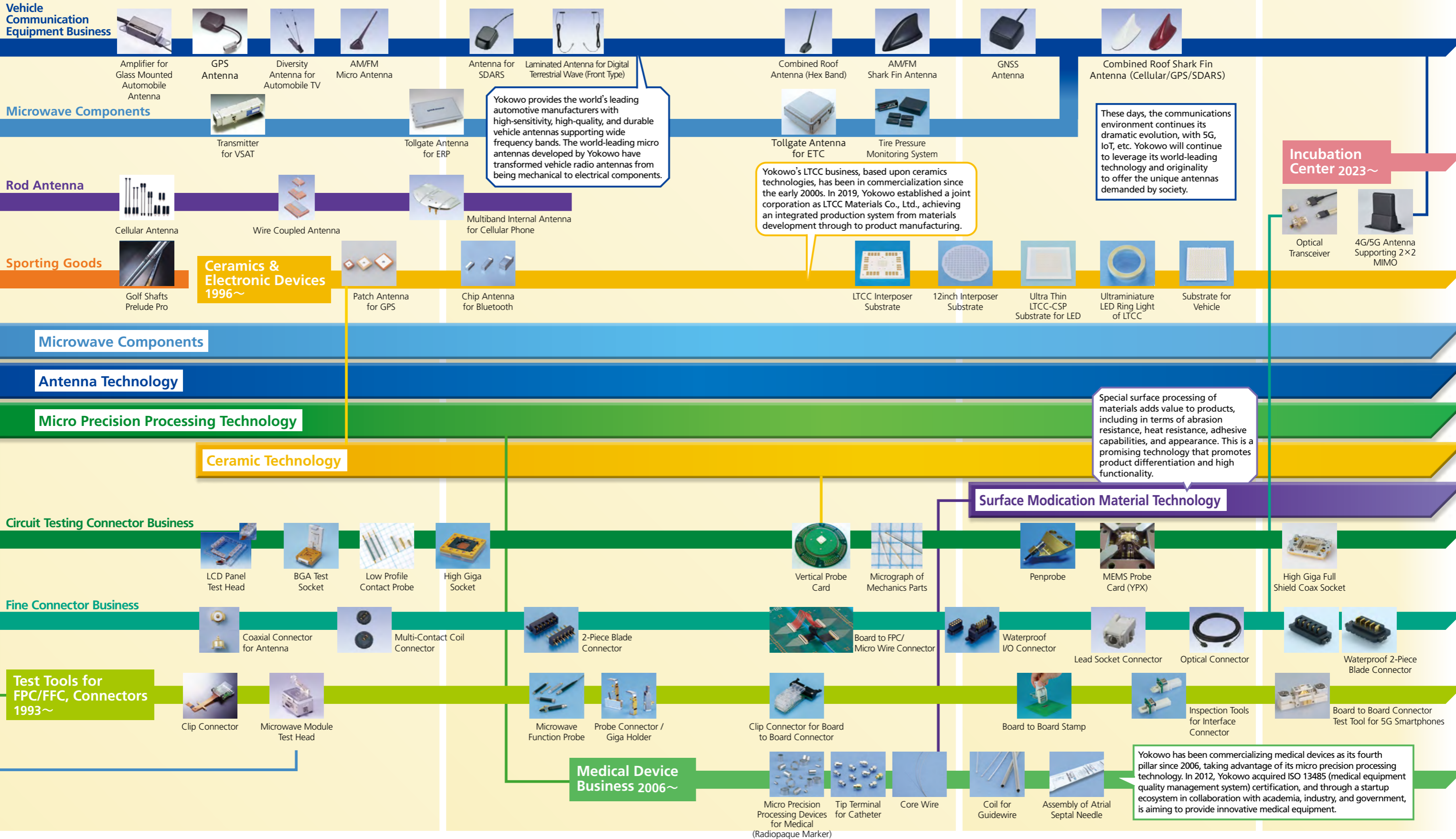
the next generation. **Yokowo — towards a new 100 years**

1990s

2000s

2010s

2020s



Value Creation – Our Track Record

Yokowo started with precision metal pipe processing developed by its founder, Chutaro 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

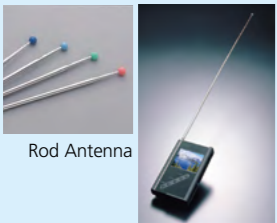
- '22 • Founded YOKOWO MFG. CO., LTD. in Sumida, Tokyo.
- Around 1930 Developed a Spring Bar for watches that, at that time, captured the largest share of the global market.



Spring Bar

1950

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



Rod Antenna

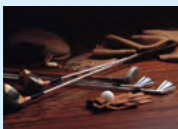
- '57 • Started Vehicle Communication Equipment business.



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.

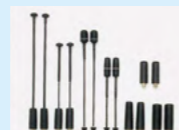
- '79 • Started Circuit Testing Connector business.



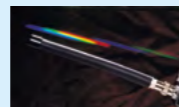
Contact Probe

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)



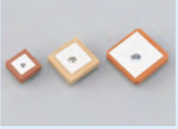
- '95 • Established DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. in China.

- '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.

- '99 • Established YOKOWO MEMS development center.

2000

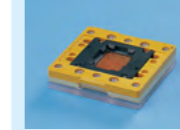
- '01 • Listed on the first section of the Tokyo Stock Exchange.

- '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 Blade Connector

- '06 • Started Medical Device business.



Components for Medical Devices (Tip Terminal of Catheter)

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



YOKOWO Advanced Device Center

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

- Established YOKOWO MEMS development center.

2010

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



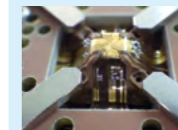
- Began OEM supply of Guide Wire for medical treatment.



Guide Wire for Medical Treatment

- '12 • Acquired ISO 13485 certificate.

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



YPX Series

- '14 • Acquired ISO 27001 certificate.

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

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



AMT Center

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

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

2020

- '20 • Established YOKOWO EUROPE GmbH in Germany.

- Established Lumax Yokowo Technologies Private Limited in India.

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



- '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.

- Established YOKOWO ELECTRONICS VIETNAM CO., LTD. in Vietnam.



- '23 • Established the Micro Process R&D Center (MP Center) in the Tomioka Plant.

Top Message

More than a century after our founding, remaining relevant for the next 100 years

GO BEYOND
~Challenge the Next Stage~

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



Yokowo will work towards achieving its new “Minimum 10” medium-term management index, to ensure that it is a constantly evolving company.

Constantly evolving, advancing to the next level. Performance and earnings forecasts, along with our vision for the future are presented below.

Basic Management Policy

In 2022, on the occasion of our 100th anniversary, we set forth Purpose, Vision, and Values as our new corporate philosophy looking towards the next 100 years (see p.2). To this end, Yokowo has instituted two management policies—the sustainable evolution of business management, and a multi-layered business structure.

As per our slogan of “Constantly on the cutting edge” put forward since our founding, sustainable evolution of business management refers to constant evolution and progress. 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, technologies, and markets and business operating process through the optimal placement

of business sites and the active introduction of 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 these three innovation measures, as well as how 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 tenacious business system capable of responding flexibly to these changes in the business environment by creating a multi-layered business

structure (industry, customers, technologies, supply chains, and other layers).

By promoting this sustainable evolution of business management and a multi-layered business structure, we hope to achieve our “Minimum 10” medium-term management index (secure at least 10% in operating profit growth rate, operating profit margin, return on equity (ROE), and return on invested capital (ROIC)).

For the fiscal year ending March 31, 2024, areas of particular focus are human capital management and capital cost management. In human capital management, we are methodically implementing initiatives to respect human rights, such as the establishment of the Yokowo Group Human Rights Policy (see p.47), and under the leadership of the newly established Human Resources Development Center, we are working to both develop superlative human resources, and raise their operational abilities and skill levels. In capital cost management, in the medium term we hope to achieve a ROIC of 10% after calculating the Group’s cost of capital with reference to competitors and comparable companies. We have moved from a profit-and-loss bias toward a focus on capital efficiency, and are concentrating efforts on maximizing returns with methods such as the so-called reverse ROIC tree.

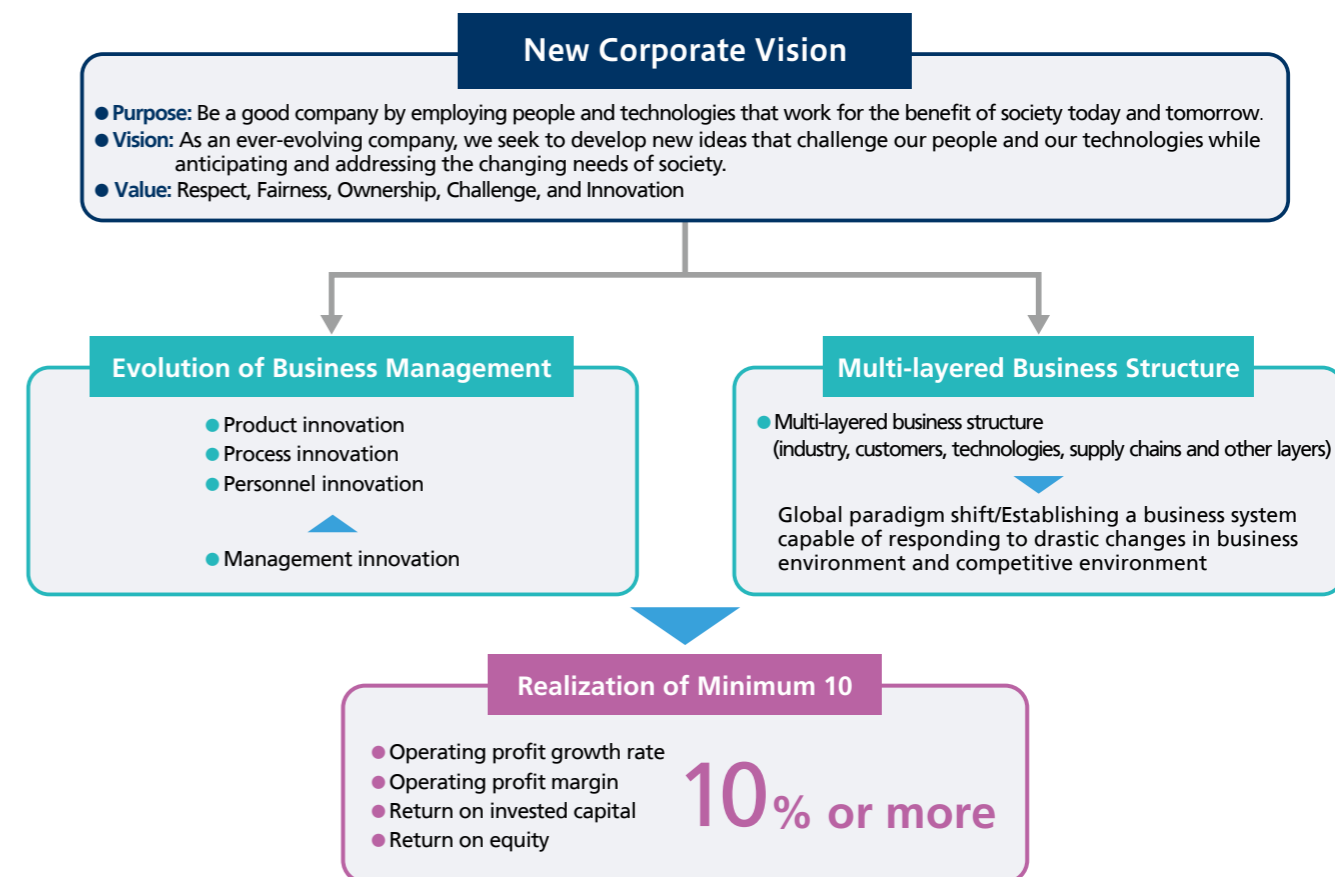
Recent Operating Results and Forecasts

Performance in the Fiscal Year Ended March 31, 2023, Current Status and Forecasts

The fiscal year ended March 31, 2023 saw a general slowing in new COVID-19 infections, however the global economy has still not fully recovered from its impact. In particular, the automotive and other industries which depend on complex global supply chains have needed a long time to normalize their procurement and logistics operations.

In addition to the situation in Russia and Ukraine and the deepening friction between the United States and China, rapidly rising prices in countries around the world have caused a slowdown in the global economy. The semiconductor industry saw booming demand from stay-at-home and teleworking demand during the COVID-19 infections, however this slowed sharply in the second half of the fiscal year due to the economic downturn.

Under these circumstances, the Yokowo Group’s consolidated net sales reached a record high of 77,962 million yen (up 16.6% from the previous year) thanks to steady growth in overseas sales, due in part to the continued significant depreciation of the yen. The Wireless Communication Equipment segment saw sales decline slightly from the previous fiscal year, however



both the Vehicle Communication Equipment and Circuit Testing Connector segments recorded record highs. Operating profit increased 1.2% year-on-year to 4,739 million yen, a significant drop from the target of 7,200 million yen in the medium-term management plan. This was due to the Circuit Testing Connector segment posting remarkable profits in the first half, but seeing a sharp drop in the second half due to reduced demand in semiconductor testing, and the Vehicle Communication Equipment segment posting a large operating loss.

In the current fiscal year ending March 31, 2024, the 101st year since our founding, we are continuing to face an adverse business environment. As of November 2023, we are projecting a very difficult situation with consolidated net sales at 75 billion yen (down 3.8% from the previous year) and operating profit at 200 million yen (down 95.8% from the previous year). The VCCS (platform business split off from Vehicle Communication Equipment in the previous fiscal year) segment returned to operational profitability because of fluctuations in orders, normalization of ocean freight rates, and business structure reforms, however the CTC (until last fiscal year, Circuit Testing Connector) segment is expected to see a halving in sales due to the ongoing recession in semiconductors, making an operating loss unavoidable. Sluggish sales in the Fine Connector (FC) business meant that the FC/MD (advanced devices business split off from Wireless Communication Equipment in the previous fiscal year) segment is also expected to post an operating loss.

Reaffirming our original corporate DNA, and having this guide our actions

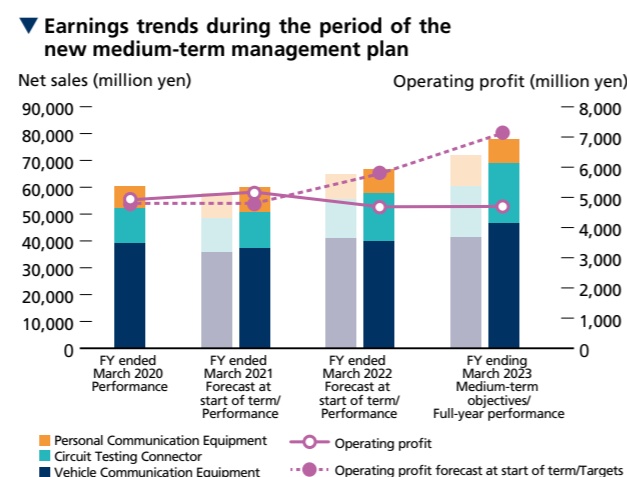
While we may be facing difficult times, I am not in myself pessimistic. Rather, I feel this is a good opportunity to reaffirm the corporate DNA that we have inherited since the company's establishment, and by using this in our activities, further embed

<Fiscal year ending March 31, 2023>		
	■ New medium-term management plan	■ Full-year performance
Net Sales	¥ 72 billion	¥ 77.9 billion
Operating profit	¥ 7.2 billion	¥ 4.7 billion
Ordinary profit	¥ 7.0 billion	¥ 5.6 billion
Profit attributable to owners of parent	¥ 5.0 billion	¥ 3.1 billion

it into our culture. Our corporate DNA comprises a spirit of challenge in leveraging our strengths to boldly explore new fields and markets, along with a flexibility to strategically withdraw from businesses that no longer appear to present prospects for profitability and growth and to consistently develop new businesses, combined with the tenacity and determination to underpin these. When looking back at our company's history, the most serious periods were the business crunch at the end of the 1970s, and the Global Financial Crisis (GFC) following the collapse of the Lehman Brothers in 2008. The former resulted in us carrying out a major transformation—within the company we referred to this as our second founding. We started our CTC and FC businesses at this time, and these became driving forces behind a major transformation of our business structure. After the GFC, incoming orders dropped to 70% of previous levels. As well as making drastic cuts to our fixed cost structure that had previously ballooned due to our expansion policy, we enhanced the stability of our business operations and performance through multi-layered business structure measures. These were achieved by creating new sales and rebuilding our earnings structure with the three innovation measures that make up sustainable evolution of business management.

Demand for semiconductors and semiconductor testing is currently declining, but it is expected to return to growth in the near future, given that more advanced and higher numbers of semiconductors will be used in CASE*1 / MaaS*2 / AI / 5G / IoT, for cutting-edge applications, which are seeing further developments. Until that point, we will prove our worth by tenaciously enduring and taking the next bold steps, thus ensuring we seize the opportunities for recovery and advancement.

*1 Acronym for Connectivity / Autonomous / Shared / Electric, new trends in automobiles.
*2 Mobility as a Service



So we can achieve sustainability with our stakeholders

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 officers and employees of the Yokowo Group both within Japan and overseas, 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 them, 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 the lives of people around the world, including of our stakeholders. Based on the above, we have the three top-priority

issues: the environment, local communities and diversity and inclusion.

Confronting sustainability issues is a part of our business operations, and we must continue these without interruption. Accordingly, we are focusing on our succession plan. We are working on a succession plan that covers not only top management but also officers and general managers, and we believe that this will lead to our company becoming sustainable, and thus bring about the realization of our goal—becoming an ever-evolving company.

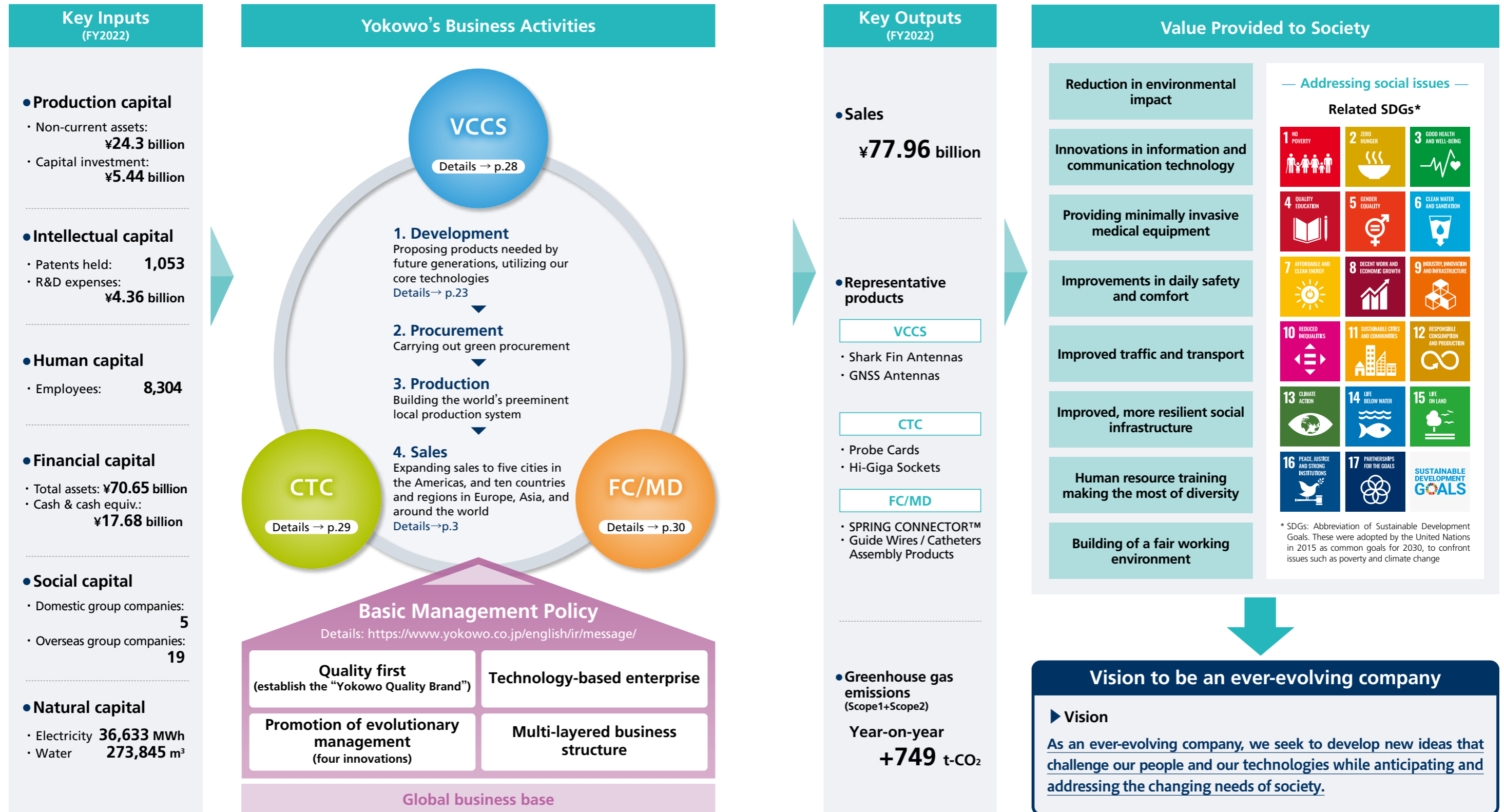
The Yokowo Group will continue to enhance our governance system, a foundational, basic part of our corporate activities, in order to achieve Purpose, Vision, and Values in our actions.

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.

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 management's will and 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 from 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:

- 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 (zero defects) 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)
- **Contribution to the conservation of biodiversity**
 - 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 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 Nonprofit 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 product sites (VCCS segment: Stabilization 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 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 and their families 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 staffs is considered normal will stimulate business activities that make the most of this diversity, and through improved living environments we will contribute to regional interaction and revitalization.
 - Expansion and development of women's careers
 - Revising and promoting the action plan in accordance with the Revision of the Act on Promotion of Women's Participation and Advancement in the Workplace, and expanding and reinforcing this throughout the PDCA cycle
 - Revising and promoting the action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and expanding and reinforcing this throughout the PDCA cycle
 - Improving work-life balance by establishing on-site company nurseries
 - Creating a workplace environment allowing all employees to play an active role regardless of age
 - Establishing a special subsidiary to provide employment for persons with disabilities and expand their opportunities for participation
- **Achieving an appealing, rewarding work environment**
 - Improving work-life balance by establishing a teleworking system
 - Improving work-life balance by encouraging employees to take annual paid leave
 - Improve employee satisfaction by expanded support for injury and illness prevention and treatment
 - Establishment of awards system, including for social contributions
 - Get-together Interactive meetings (product technologies, production technologies, QC)
 - Establishment of a 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)
 - Reform of the human resources system with a focus on career development support and enhanced engagement
- **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 FY2022	
	Performance Indicator	Target Value		
① Be a company that 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	Establishment of Micro Process R&D Center (new R&D building)
	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	Introduced photovoltaic power generating facilities at the Tomioka Plant and Vietnam Plant, which are the Company's core plants Started Scope 3 calculations, and promoted consideration of specific reduction measures
		Water use (basic units) Target for 2030	10% reduction compared to FY2020	25.6% reduction compared to FY2020
		Waste generation Target for 2030	10% reduction compared to FY2020	42.0% 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: 92% Compliance e-learning: 98% Anti-bribery e-learning: 86%	
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	Promoted activities in local communities. For more details, please see the Local Communities section (p.50)
	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 the Fine Connector business in the FC/MD segment
		Concern for human rig 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)
③ Be a company where employees and their families feel comfortable being employed	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 39.0% Female 8.3% 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	Adopted a framework that enables persons aged 65 or over to continue working as contract employees under outsourcing or consulting agreements
	Number of TISP hires	120	Number of TISP hires at the Company 72	
	Ratio of employees with disabilities	150% of legally stipulated ratio (2.3%)	1.5% Obtained certification as a special-purpose subsidiary of YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD. in March 2023	
	Achieving an appealing, rewarding work environment	Percentage of annual paid leave taken	90%	71.5%
		Number of on-site company nurseries established	3	Preparations are underway as part of the Tomioka Plant renewal plan. We are also introducing a GLTD system. We are also planning to introduce a childcare plan.
		Number of workplace accidents (annual)	0	2
	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 nominating (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.

Topics

Initiatives for Employees — Reforming Human Resources System toward the Next Century

Here at The Yokowo Group, we celebrated the 100th anniversary since our founding in September 2022, while at the same time we are embarking on the next 100 years' journey.

As one part of our idea to "Be a good company" (see the p.17 "Yokowo's Materiality"), the Yokowo Group has as our objective to "Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there."

In order that employees can feel good about the company, we feel that as well as their achievements being recognized and them being satisfied financially, their job satisfaction and sense of growth along with how they are achieving self-fulfillment are also important factors.

On the other hand, this rapidly changing and uncertain future means that existing frameworks are no longer as immediately applicable, and that the creation of new value is constantly required. And it is our people who will create this value. This is achieved by each one of our diverse human resources enhancing their own abilities, and combining them together.

This growth and self-realization of our employees is the source of this creation of new value, and an asset to the company. Looking forward, we will promote a human resources system that can support active employee growth, and that maximizes these abilities while achieving self-realization for diverse human resources. At the same time, we will sublimate this into a system that promotes the provision of opportunities that can lead to the creation of new value (For specific efforts, see the p.43 "Employees").

External Engagement Initiatives — Toward External Assessment Responses in ESG Management

As well as disclosing details of the measures taken to confront climate change through the Carbon Disclosure Project (CDP) framework, an external evaluation organization, the Group is aiming for a "B" rating, together with aiming to improve its rating with other ESG evaluation organizations. As one part of our efforts in fiscal 2022, as well as publishing the Integrated Report, we also expanded the content on our website and published a collection of ESG data*. In addition to starting Scope 3 calculations for greenhouse gas emissions, we will disclose detailed DEI (Diversity, Equity, and Inclusion) data and update this as needed.

We were able through these initiatives to obtain an FTSE Russel ESG rating of 3.2 (2.5 in previous year). We still have progress to make, but we are steadily moving toward better evaluations.

The Group will strive to keep enhancing our corporate value as an evolving, enduring company that continues to create something new for our customers. At the same time, we will proactively confront new social issues on a global level, and looking forward contribute to bringing about a sustainable society.

*Refer to our corporate website for details regarding ESG data collection. <https://www.yokowo.co.jp/english/company/csr/esgdata.html>

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 3D computer-assisted design information.

Commercialization Research

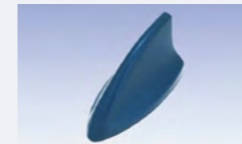
Yokowo has established a system in which the R&D department, the process technology department and the department responsible for new product development and commercialization can work together closely. By incorporating cutting-edge technologies in collaboration with other companies and universities,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



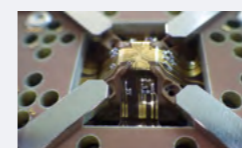
Software applications



Semiconductor testing



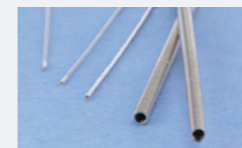
High frequency device testing



Connectors for electronic devices



Medical devices

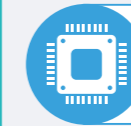


Fields for Product Roll-Out

Expanding and Strengthening



Vehicle Antennas
● Automated driving systems



Semiconductor Testing Tools
● 5G ● Turnkey

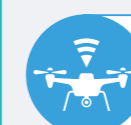


Connectors for Electronic Devices
● Small, low profile, waterproof, high current



Medical Devices
● Precision parts
● Assembly products

Strategic Development



Social Platforms
● Car sharing ● Drones



High Frequency Device Testing
● Amps ● Filters



Optical Communications
● Connectors
● Photoelectric conversion



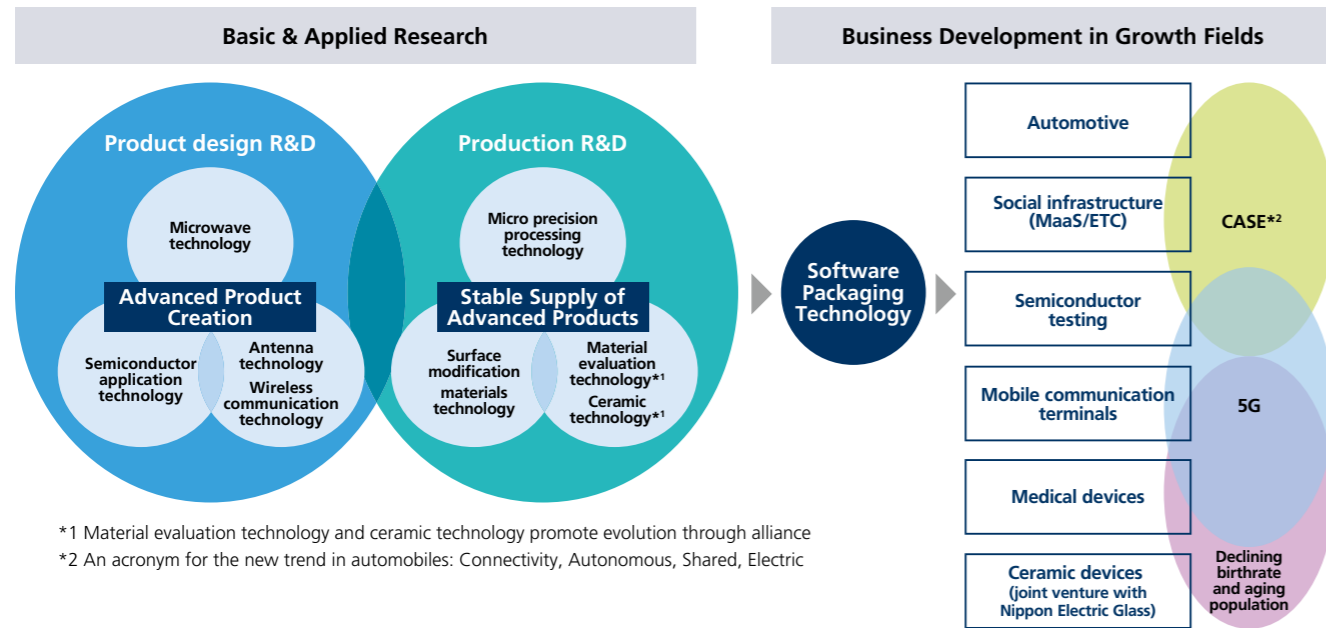
Precision Plating
● Wet ● Dry

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

Research and Development

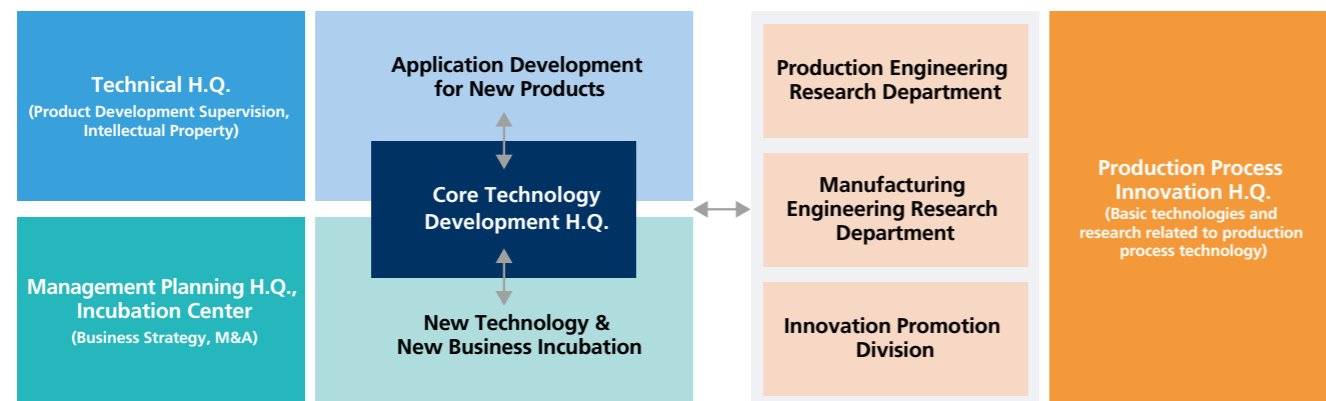
The Yokowo Group has set the five fields of micro precision processing technology, microwave technology, antenna technology, surface modification materials technology (surface processing/modification of material), and semiconductor application technology as the Company's core technologies supporting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

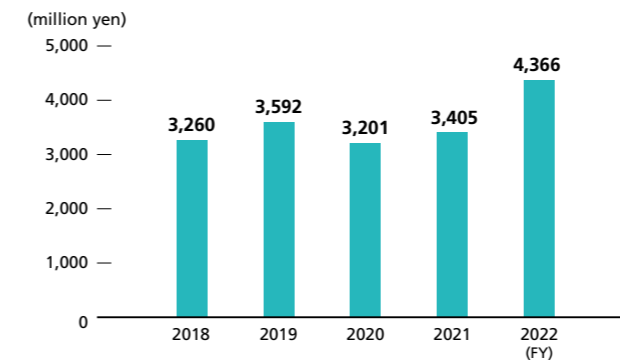


Development of applications for new products is conducted by engineering departments in each business division, with the Technical H.Q. overseeing the whole product development process along with technology development. The Management Planning H.Q. and Incubation Center are in charge of new technology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

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.

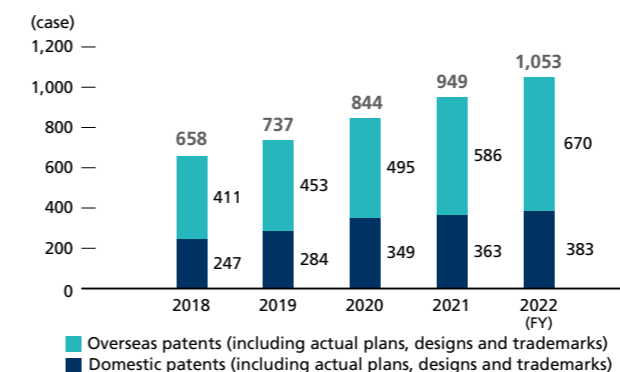
▼ R&D Expenses



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

Main objectives over the medium to long term include: the expansion of the MaaS (Mobility as a Service) business model that combines a hardware vehicle with software services including the integration of payment for multiple modes of transportation in line with the concentration of investment in CASE (Connectivity/Autonomous/Shared/Electric) next-generation technologies and development in CASE. Other objectives include 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:

VCCS

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

CTC

- 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

FC/MD

【Fine Connector (FC) Business】

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

【Medical Device (MD) 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.

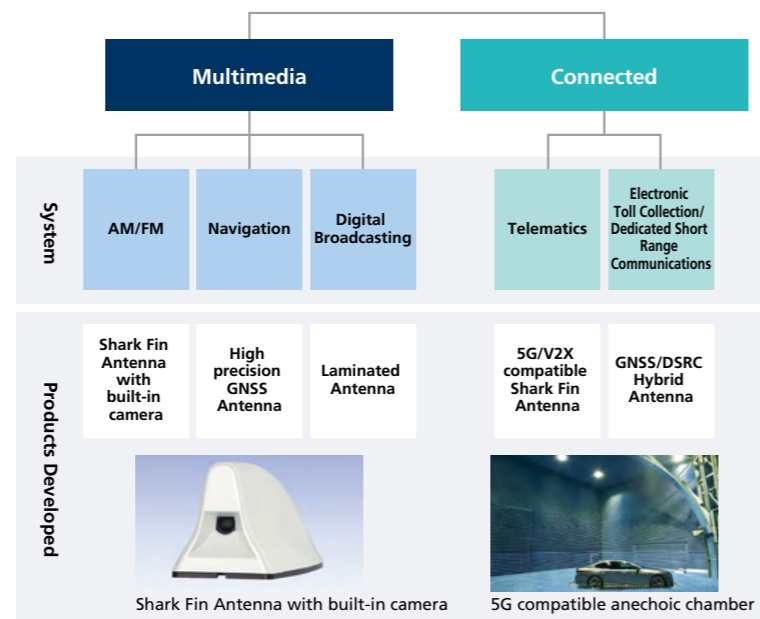
Through these unique technologies, Yokowo manufactures a whole range of innovative products such as: vehicle antennas; testing tools for semiconductors and electronic components; connectors for electronic devices; and medical devices. Yokowo continues to supply these products and more to the automotive,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

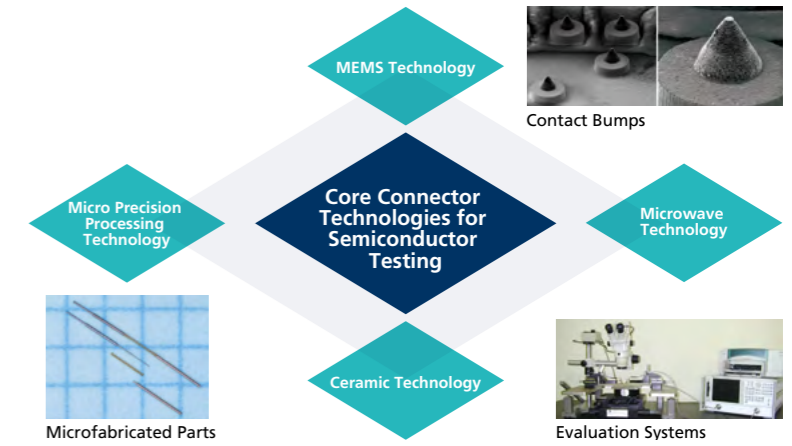
▼ VCCS Segment Business Domain



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.

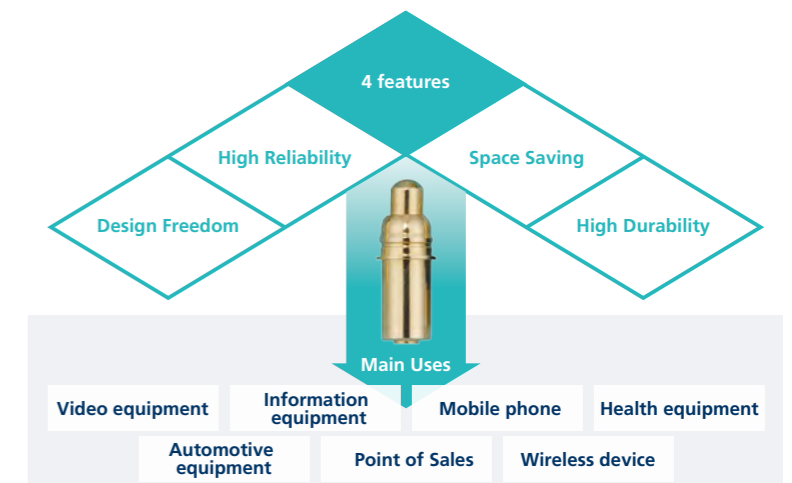
▼ CTC Segment Business Domain



Mobile Communication Terminal Market

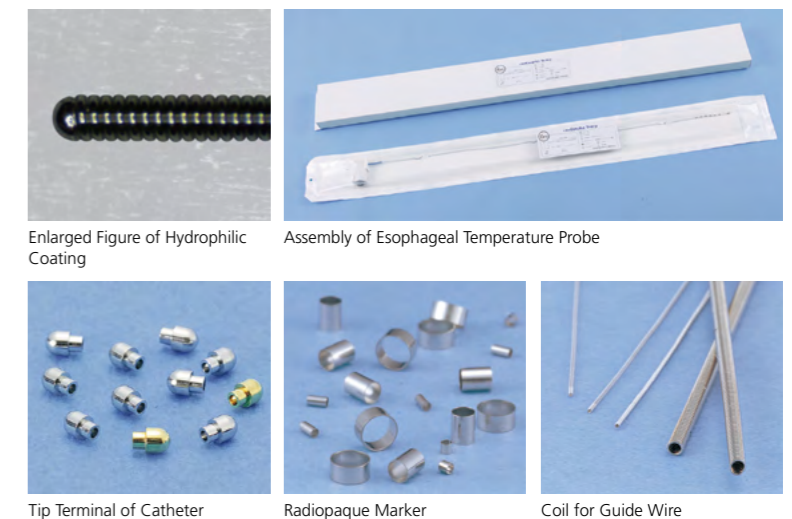
In the rapidly expanding mobile communications terminal market, there is an increasing need for detachable, low profile space-saving connectors with detachable durability and environmental worthiness becoming even more important in commercial information devices. Yokowo's proprietary SPRING CONNECTOR™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

▼ Features and Main Uses of the SPRING CONNECTOR™



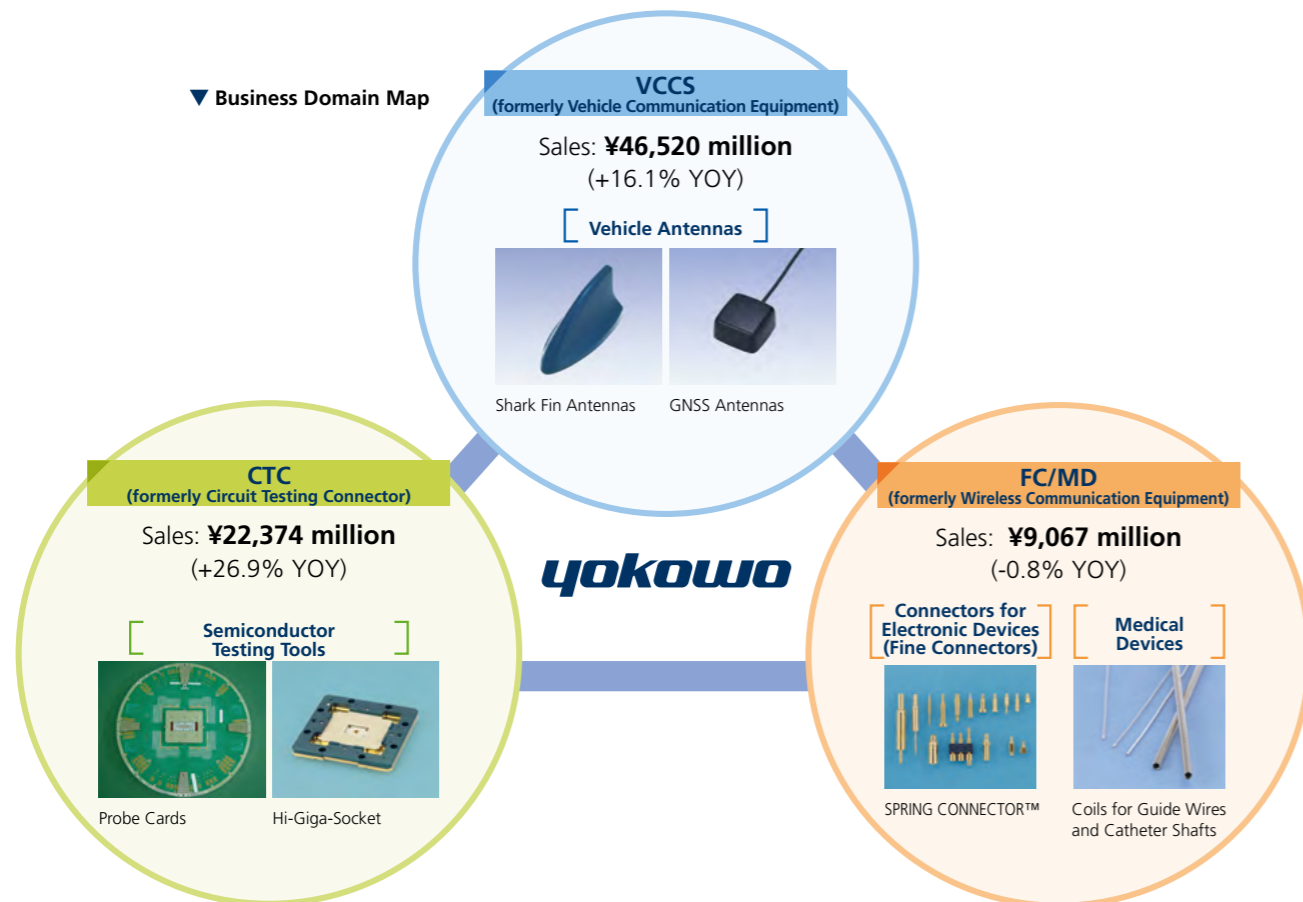
Medical Device Market

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.



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. We are branching out today into three segments: VCCS (formerly Vehicle Communication Equipment), CTC (formerly Circuit Testing Connector), and FC/MD (formerly Personal Communication Equipment), and as of FY2023, have added an Incubation Center segment focusing around the promotion of new businesses.



VCCS (Vehicle Communication Comfort & Safety)

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.

CTC (Circuit Testing Connector)

Yokowo manufactures probe cards for front-end testing and sockets for backend 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.

FC/MD (Fine Connector/Medical Device)

〈Fine Connector (FC) 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 (MD) 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.

Incubation Center (Segment added in FY2023)

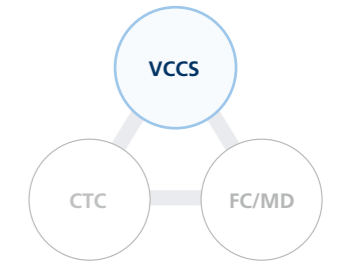
This segment comprises a Platform Business in response to new markets such as advanced driver-assistance systems (ADAS), automated driving, and connected cars, and an Advanced Device Business that promotes the development of high-speed transmission device products for the optical communication market.

VCCS Segment

VCCS segment - Consolidated Sales

FY2018	FY2019	FY2020	FY2021	FY2022
38,183	39,264	37,292	40,081	46,520

(million yen)



Segment Overview

In the VCCS (Vehicle Communication Comfort & Safety) segment, Yokowo manufactures vehicle antennas, including Shark Fin and GPS antennas for all areas from low to high frequency, mainly in China, Vietnam, and the Philippines 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 70% 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 2022)

In the automobile market, the main market for this segment, the global shortage of semiconductors and the delays in parts procurement and other impacts persisted in part, but from the second quarter onward, the semiconductor shortage gradually eased, with sales trending upward. A breakdown by region shows that new vehicle sales decreased year on year in China, but increased in the US, ASEAN, and Japan markets.

In these circumstances, overseas sales of antennas for automobile manufacturers such as Yokowo's mainstay Shark Fin and GPS antenna products increased year on year due to the weaker yen and the rebound in automobile production from the second quarter onward.

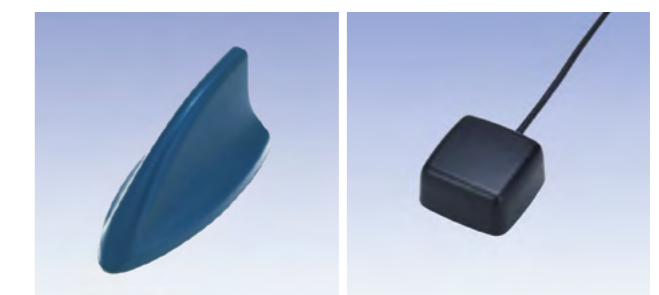
As a result, net sales in this segment grew year on year to ¥46,520 million (up 16.1% on previous year). In regard to segment profit and loss, the segment reported a loss of ¥2,094 million (a loss of ¥1,443 million in the previous year). This was as a result of cost increases resulting from ongoing higher raw material prices and ocean freight rates, in addition to higher raw material and labor costs at production sites in China and Vietnam resulting from currency appreciation, and a one-time inventory write-down resulting from the application of the lower-of-cost-or-market method in the fourth quarter, in spite of a partial recovery from cost increases.

Segment Policy

Looking ahead, Yokowo will continue to approach new markets including the rapidly expanding Indian market, using this as an opportunity to take advantage of major shifts in the business environment—these include the development of new business fields such as CASE*, rapid growth in EVs, and reductions in greenhouse gas emissions. While working on the development of more advanced strategic products with higher levels of added value, Yokowo will work toward stable profitability as a business through comprehensive and thorough reforms in everything from product costs to business structure.

In addition to carefully selecting investment projects aimed at improving capital efficiency, Yokowo will forge ahead in rebuilding its profit strategy and creating a multilayered development and production system by stably expanding labor-saving, automatic assembly lines, moving more production from its Chinese plant to its plant in Vietnam, rapidly achieving full production at the Philippines plant as a third production base (began operations in April 2022), and making the most of strategic alliances.

*CASE: Connectivity / Autonomous / Shared / Electric, new trends in automobiles.



Shark Fin Antennas

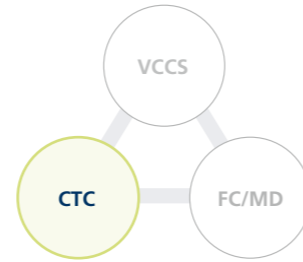
GNSS Antennas (supports multiple satellite positioning systems, including GPS, GLONASS, and Galileo, etc.)

CTC Segment

▼ CTC Segment - Consolidated Sales

(million yen)

FY2018	FY2019	FY2020	FY2021	FY2022
9,138	12,832	13,242	17,625	22,374



Segment Overview

In the CTC (Circuit Testing Connector) 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, both of which use contact probes. Yokowo has production bases in Japan, Malaysia, and Vietnam 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.

Segment Review (Fiscal 2022)

In the semiconductor testing market, the main market for this segment, there was strong demand the first half of the year due to firm demand in servers and automobiles combined with expanded supply capacity from semiconductor manufacturers in order to eliminate semiconductor shortages, but this slowed sharply from the second half onward due to declining demand in PCs and smartphones.

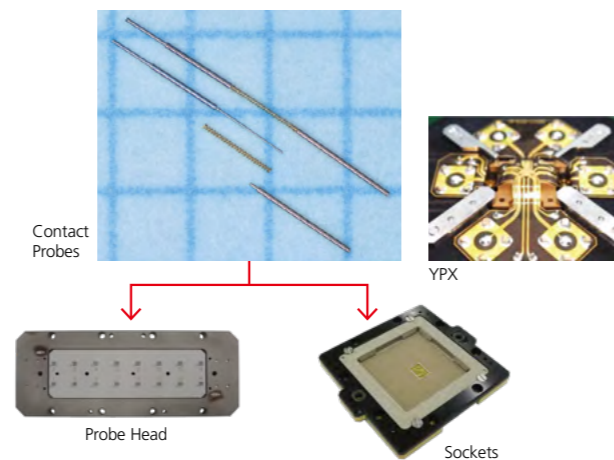
In these circumstances, sales of semiconductor back-end testing tools, the main product of the Group, increased year on year because of higher orders for logic semiconductor testing sockets and depreciation in the yen, despite a decline from the second half of the year. Sales of semiconductor front-end testing tools increased year on year due to the launch of new models in the turnkey business that offers one-stop solutions services including peripheral devices, and sales of MEMS probe cards (YPX) for high-frequency electronics components testing also exceeded the previous year on the back of increased orders.

As a result, net sales in this segment grew year on year to ¥22,374 million (up 26.9% on previous year). In regard to segment profit and loss, the segment reported a profit of ¥6,169 million (up 26.6% on previous year) due to increased profits

from higher net sales and the impact of the weaker yen in the first half of the year, despite a deterioration in profits due to a sharp drop in orders in the fourth quarter.

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 achieve stable operation at domestic branch plants and the Vietnam plant established in the second half of fiscal 2022, and invest in improved efficiency and streamlining such as by building automatic assembly lines and introducing automatic testing systems. Further, as well as promoting fundamental structural maintenance toward expanding our turnkey business in the area of semiconductor front-end testing and strengthening our production and business continuity planning (BCP) systems in anticipation of a recovery of demand in the semiconductor testing market, Yokowo will also strive to build a more profitable business structure and maintain stable business operations.

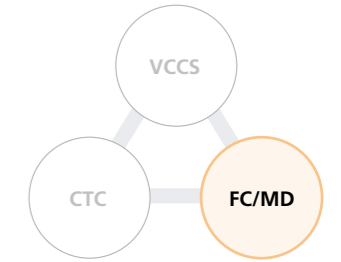


FC/MD Segment

▼ FC/MD Segment - Consolidated Sales

(million yen)

FY2018	FY2019	FY2020	FY2021	FY2022
7,429	8,498	9,441	9,141	9,067



Segment Overview

This segment consists of two businesses; FC (Fine Connector) and MD (Medical Device).

In the FC 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 MD 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 2022)

In the market for mobile communication terminals, a main market for this segment, sales of smartphones were sluggish due to the impact of the global shortage of semiconductors and of a business downturn. 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, however demand is softening due to the global economic slowdown.

In these circumstances, net sales for the FC business, for which fine SPRING CONNECTOR™ act as core products decreased year on year due to lower sales in wearable devices such as wireless earbuds because of customers production adjustments, along with a decrease in orders for POS terminals.

In the MD business, which is included in the segment, sales increased year on year, reflecting sales of products to major customers.

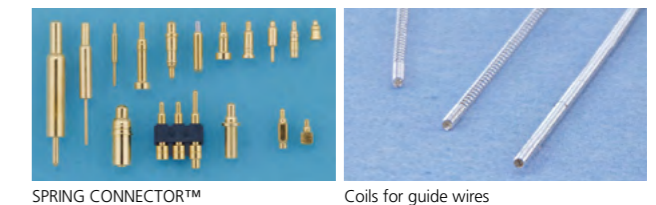
As a result, net sales in this segment decreased year on year to ¥9,067 million (down 0.8% on the previous year). In regard to segment profit and loss, in addition to a drop in profits from reduced income in the FC business, an increase in the labor-

cost ratio at production bases in China caused in part by the appreciation of the Chinese yuan together with changes in the business composition meant that profit decreased to ¥664 million (down 47.1% on previous year).

Segment Policy

In the FC business, Yokowo aims to establish a competitive advantage by honing our core competencies, and to evolve into a connectors solution provider by creating new customer value through leveraging our unique strengths as a company. The Group will redefine the wide variety of markets, and provide an advanced user experience (UX) by using product planning and sales strategies tailored to our target markets.

In the MD 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, and by shifting over to a global quality control system covering the entire product life-cycle. 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 as a planning product development and development-type OEM supplier in the advanced medical field, will achieve active business expansion.



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

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

1. 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)
2. 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.
3. 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 resources, waste recycling, and biodiversity, and monitoring of chemical substance management status in accordance with laws and regulations in each country
Human Rights Protections	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 ISO27001
Occupational Health and Safety	Collaboration with the Health and Safety Promotion Committee regarding occupational health and safety activities based upon ISO45001
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

Stakeholder Engagement

At the Yokowo Group, our purpose is based upon a commitment to make Yokowo a good company by employing people and technologies that work for the benefit of society today and tomorrow. We are also communicating with all our stakeholders including our customers, local communities, business partners, employees and their families, shareholders, and investors to envision a better and more prosperous future, and we aim to become an evolving, enduring company that continues to create something new.

Stakeholder	Concepts and Vision	Main Methods and Opportunities	Department Responsible
Customers	The Yokowo Group has as our objective to “Be a company that customers and their customers feel comfortable working with.” To achieve this, as well as establishing the “Yokowo Quality Brand” focusing on the highest quality and on zero hazardous chemical substances, Yokowo is making proposals from the planning stage keeping in mind the development of products that meet customer needs, always striving to understand their requests, and working to build long-term relationships of trust with customers.	<ul style="list-style-type: none"> ● Daily sales activities ● Product exhibitions ● Website 	Sales H.Q. Each Business Division
Local Communities	The Yokowo Group has as our objective to “Be a company that local communities feel comfortable interacting with,” and to this end, we feel it important to promote dialogue with local communities, as well as to contribute to their development. Our aim is to build relationships of trust with members of local communities while helping them understand our business and initiatives through activities that support their development, and initiatives that contribute to solving societal issues.	<ul style="list-style-type: none"> ● Dialogue with local governments, local residents, NPOs, and others in the areas where our plants and offices are located ● Participation in, and sponsorship of community events ● Community volunteer activities by employees ● Cooperation with, and support for local educational institutions 	General Affairs Department
Business Partners	The Yokowo Group has as our objective to “Be a company that our business partners feel comfortable interacting with,” and to this end we ensure fair and equitable transactions with our suppliers. We are focused on building relationships with business partners as an equal partner, abide by all relevant laws and regulations, and are building trust relationships based around social ethics. We are also promoting corporate activities that take into consideration human rights and the environment.	<ul style="list-style-type: none"> ● Daily purchasing activities ● Presentations on chemical substances contained in products ● Environmental assessment that includes constituent analysis of supplied items ● Questionnaires for customers, and visits ● Measures towards quality improvements 	Purchasing H.Q. Quality Assurance H.Q.
Employees and their families	The Yokowo Group has as our objective to “Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there.” To this end, we are striving to respect individuality, engage in fair and equitable treatment, and create an appealing, rewarding work environment under our basic policy of promoting DEI*. Aimed at fostering a culture in which each and every employee can feel content in their day-to-day work and continue to grow, we are working on a range of environmental improvements and initiatives.	<ul style="list-style-type: none"> ● Implement employee engagement ● Employee training (training by position, education in philosophy, etc.) ● Holding of employee exchange meetings (product engineering, production engineering, QC) ● Internal portal site, in-house newsletters ● Internal reporting system and hotline 	Personnel Department Public Relations & Equity Department Each Engineering Department
Shareholders and Investors	The Yokowo Group discloses information accurately, promptly, and proactively in order to build long-term relationships of trust with its shareholders and investors and other stakeholders. The Group is also conducting active, constructive dialogues with shareholders and investors in order to achieve continuous growth and to improve corporate value over the medium to long term.	<ul style="list-style-type: none"> ● Shareholder meetings ● Financial results briefings for securities analysts and investors ● Meetings with Japanese and overseas securities analysts and investors ● Website (IR, investor relations) 	Public Relations & Equity Department

*DEI: Diversity, Equity, and Inclusion

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.

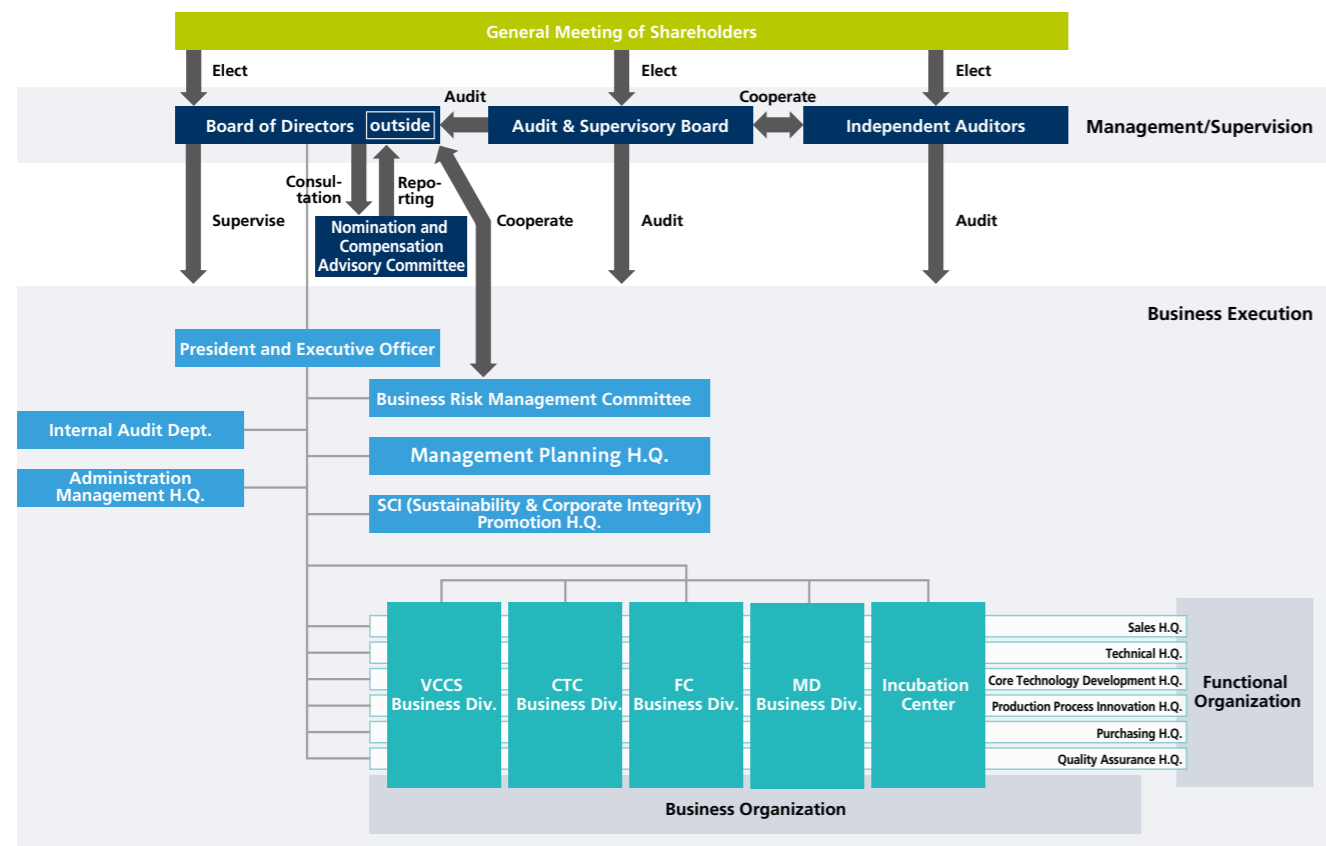
Corporate Governance System

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.

Board of Directors

To speed up the decision-making process, the Board of Directors consists of only a limited number of directors (a total of seven—four internal and three outside directors) (as of end June 2023). The Company has appointed three independent outside directors (with a high level of independence) to further strengthen the management supervisory function, and these include a female outside director.

▼ Corporate Governance System (As of April 1, 2023)



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 three highly independent outside Audit & Supervisory Board Members to further strengthen the management audit function, and these include a female outside Audit & Supervisory Board Members.

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 Tobar, 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 2022 through August 2023 and the main agenda items are as follows.

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 reappointed).

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

January 2023: Deliberated and decided upon a draft proposal regarding the executive structure (directors, auditors, and executive officers) and the establishment of the Yokowo Scholarship Foundation for the fiscal year ending March 31, 2024.

February 2023: Conducted interviews with candidates for outside directors.

April 2023: Deliberated and decided upon draft proposals regarding the payment of bonuses to executive directors and executive officers for the fiscal year ended March 31, 2023, and regarding compensation for the fiscal year ending March 31, 2024. Drew up succession plan and deliberated on developing human resources.

August 2023: Deliberated and decided upon draft proposals regarding changes to the executive officer system, and deliberated the succession plan.

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. For the fiscal year ended March 31 2023, we conducted site audits of three domestic subsidiaries, and of seven overseas subsidiaries in the United States, Vietnam, and Malaysia, and audits based on unique management environments of local facilities and on country-specific risks.

Business Risk Management Committee

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.

This was conducted seven times in the fiscal year ended March 31 2023, to verify the profitability of large-scale investment projects such as automation facilities, and to conduct follow-up on alliance projects.

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 (2023), 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.

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 gaining approval at the General Meeting of Shareholders.

▼ Compensation Figures (FY2022)

	Total amount of remuneration by type			Total	Upper Limit (annual)
	Basic compensation	Executive bonus	Compensation in the form of shares		
Directors (outside)	194 (18)	14 (—)	— (—)	209 (18)	280 (40)
Auditors (outside)	42 (21)	— (—)	— (—)	42 (21)	60
Total (outside)	237 (39)	14 (—)	— (—)	252 (39)	

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 four 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 Tobari	Outside Director	○	○		○		○	
Byeongwoo Kang	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, 2023)

Board of Directors



Takayuki Tokuma
Representative Director, President and Executive Officer

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Number of Company shares held: 290,038 shares



Koichi Fukagawa
Director, Senior Managing Executive Officer

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Number of Company shares held: 52,948 shares



Kenji Yokoo
Director, Managing Executive Officer

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Number of Company shares held: 91,869 shares



Naohito Odani
Director, Managing Executive Officer

Attendance rate at Board of Directors Meetings: 12/13 times (92%)
Number of Company shares held: 8,841 shares

Audit & Supervisory Board Members



Kenji Kamachi
Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 13/13 times (100%)
Number of Company shares held: 2,383 shares



Toshiaki Tochigi
Outside Audit & Supervisory Board Member

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



Kuniko Muramatsu
Outside Director

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



Makoto Tobar
Outside Director

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Number of Company shares held: 0 shares



Byeongwoo Kang
Outside Director

Attendance rate at Board of Directors Meetings: – (New appointment)
Number of Company shares held: 0 shares



Hisao Tsunoda
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 13/13 times (100%)
Number of Company shares held: 0 shares



Emi Yoneda
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 13/13 times (100%)
Number of Company shares held: 0 shares

Executive Officers

President and Executive Officer
Takayuki Tokuma

Senior Managing Executive Officer
Koichi Fukagawa

Managing Executive Officer cum General Manager, Incubation Center
Kenji Yokoo

Managing Executive Officer cum General Manager, Technical H.Q.
Naohito Odani

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

Managing Executive Officer cum General Manager, Tomioka Plant
Mitsuaki Okazaki

Executive Officer cum Deputy General Manager, Technical H.Q., cum General Manager, VCCS Engineering Management Division cum General Manager, Human Resource Development Center
Tsuyoshi Sakata

Executive Officer cum General Manager, Advanced Devices Business Promotion Division, Incubation Center
Motoaki Matsuura

Executive Officer cum General Manager, CTC Business Division
Naoki Kawata

Executive Officer cum Chief Officer, Management Planning H.Q.
Tatsuo Tsunoda

Executive Officer cum Chief Officer, Core Technology Development H.Q.
Tomohisa Hoshino

Executive Officer cum General Manager, MD Business Division
Koichi Tachikawa

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
Toshihisa Tagaya

Executive Officer cum General Manager, VCCS Business Division
Syunichi Nagaoka

Executive Officer cum Chief Officer, Production Process Innovation H.Q.
Takeshi Akao

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

Compliance and Risk Management

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

Approaches to Compliance

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

Initiatives to Improve Compliance

To ensure compliance, the Yokowo Group works to firmly establish the CSR Code of Conduct (available in Japanese, English, and Chinese), which sets out the actions to be taken by the Group's officers and employees. We are working in order that they are fully aware of this Code, and that this is well established.

Furthermore, in April 2023 we established the Yokowo Group Human Rights Policy, and in August of the same year revised the CSR Code of Conduct in accordance with the Responsible Business Alliance (RBA) code of conduct.

Additionally, to further raise awareness of compliance, we are conducting compliance-related e-learning programs for officers and employees at our Group and at subsidiaries in Japan, and are also conducting e-learning for overseas subsidiaries as well on the prevention of global bribery and corruption. We have also put in place a whistleblowing system as well as 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. The Internal Audit Department also 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 FY2022, there were no compliance violations.

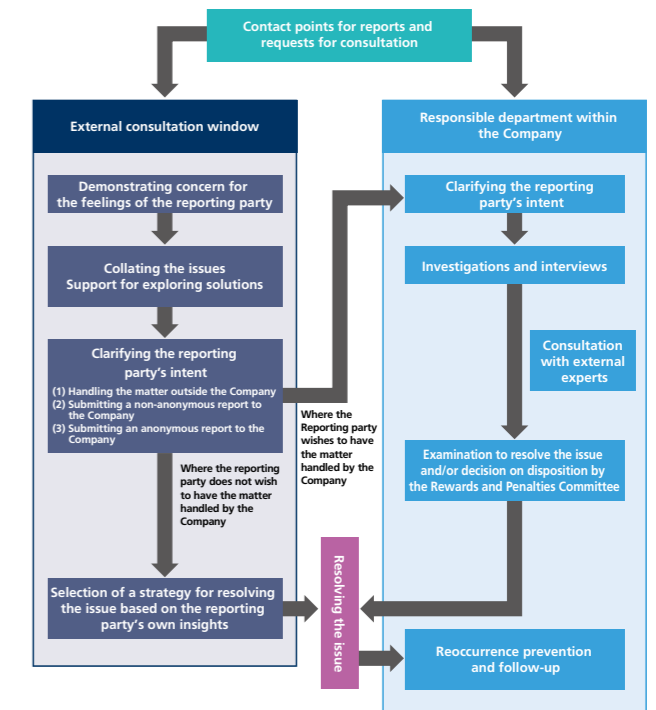
Approaches to Risk Management

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 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 Group policy and rules, etc. governing information security.

Furthermore, Yokowo implements various activities in order to increase awareness of information management, such as carrying out multiple 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 and Vietnamese subsidiaries

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, the Group 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 FY2022, 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 Task Force on Climate-related Financial Disclosures (TCFD), and we are implementing specific initiatives to achieve the target of reducing greenhouse gas emissions from our plants (Scope 1 and 2) by 35% by FY2030, compared to FY2014, and promote specific climate-related information disclosure.

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

Action Guidelines

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

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

Environmental Management Systems

ISO 14001 Certification

Since its individual production bases received ISO 14001 certification starting in 1998, the Yokowo Group has continued with its work in environmental activities. Furthermore, the Environmental Management Committee at each plant has been central in setting objectives and targets, and in promoting initiatives in all workplaces aimed at achieving these.

* 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, Yokowo decided to express its support for the recommendations of the TCFD, made revisions to the Action Guidelines, and disclosed the status of these efforts through CDP.

Targets

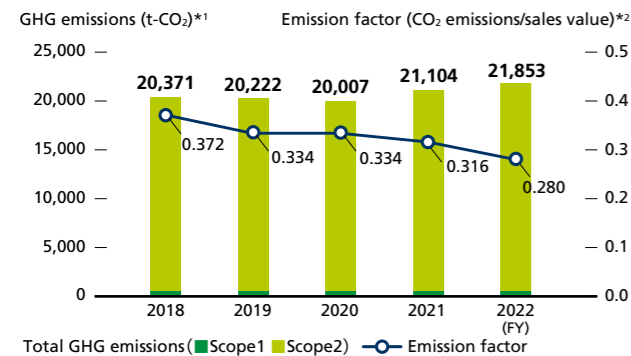
Responses to climate change	Reduce greenhouse gas (GHG) emissions (Scope 1 and 2) by 35% by FY2030 compared to FY2014, aimed at realizing carbon neutrality by 2050
Water resource management	Reduce water consumption by 1% from the previous year
Waste reduction & recycling	Reduce waste emissions from business activities, and achieve a recycling rate of 80% or above
Chemical substance management & pollution prevention	Promote zero hazardous chemical substances usage for those chemicals that have a harmful effect on the environment and human health

Addressing Climate Change

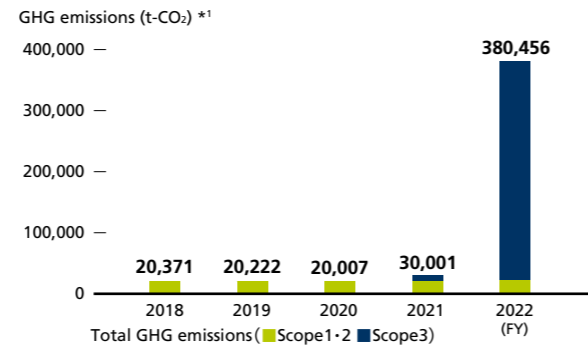
With the aim of reducing direct greenhouse gas emissions (Scope 1 and 2), Yokowo is implementing plans for the adoption of renewable energy at our plants in Japan (in Tomioka City, Gunma Prefecture), China, Vietnam, and Malaysia, which are our Company's main sources of greenhouse gas emissions. In October 2022, we installed a photovoltaic power generation system at our Vietnam Plant using a bilateral credit system, and in June 2023, we installed the second solar panel system at our new Micro Process R&D Center at our main plant—the Tomioka plant (Gunma Prefecture). Furthermore, as another initiative, we have introduced solar-powered electric vehicle charging facilities at the Tomioka Plant for the use company cars as well as commuters' and visitors' cars, and are implementing a plan to switch to commuting by train, by attracting the placement of a railway station.

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, however we revised these targets in 2021.

GHG emissions and emission factor



GHG emissions (including Scope 3*)



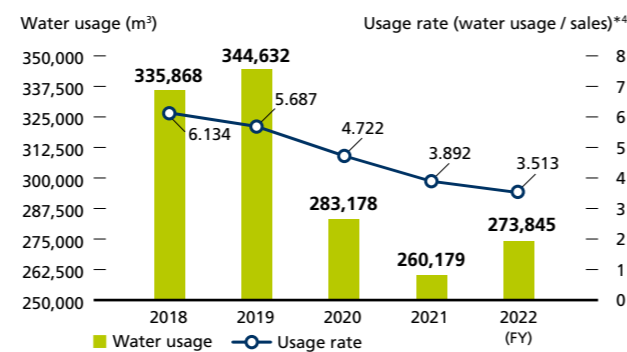
*1 Electricity CO₂ conversion factor is calculated using the following:
 Domestic: TEPCO Energy Partner, Inc Basic Emission Factor
 Overseas: Until 2021, IEA Official Factor, 2022 uses the market coefficient
 *2 Emission factor: GHG emissions per million yen of sales
 *3 From FY2022, we started detailed Scope3 calculations.

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

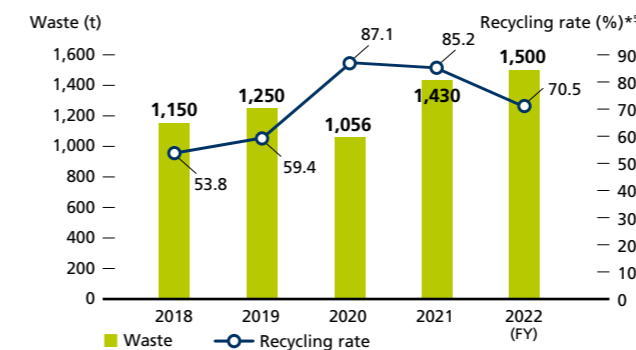


*4 Emission factor: Water usage per million yen of sales

Waste reduction & 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 an increase in the recycling rate.

Quantity of waste and recycling rate



*5 The recycling rate is the share of waste handed over to recycling rms. 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.

Chemical substance management & pollution prevention

In the Yokowo Group, the Environmental Action Guidelines include compliance with relevant environmental laws and regulations, as well as with each customer's specific guidelines. Based on the above, we have established chemical substance management standards (below: "Standards"), are clarifying management targets for products manufactured and sold by the Group as well as for chemical substances contained in products, parts, and materials, and are ensuring that these are well known within the Group and by business partners, and working to improve environmental quality. The Standards specify management methods for chemical substances right from receipt of raw materials and parts through to shipment.

We also place an emphasis on sharing information with suppliers regarding the constituent components used in our products. As well as conducting rigorous checks of these using ICP analyzers and fluorescent X-ray spectrometer, we provide products that meet the changing chemical substance regulatory requirements of worldwide automobile and electronics manufacturers.

Through these initiatives, we are establishing preventive measures and response plans, including those for abnormal or emergency situations. Additionally, we are preventing environmental pollution, and promoting zero hazardous chemical substances usage for those chemicals that have a harmful effect on the environment and human health.

Handling of chemical substances contained in products

The Group is taking the following actions as regards chemical substances contained in its products.

Support for REACH regulations*

In order to comply with the obligation to communicate information regarding substances of very high concern (SVHC)*⁷ and the content of regulations regarding restricted substances, the Group obtains and manages information concerning chemical substances obtained through our suppliers.

*6 European Union (EU) regulations on the registration, evaluation, authorization and restriction of chemicals
 *7 Chemical substances stipulated as requiring authorization and registration under the REACH regulations

Compliance with RoHS directives**

We check for RoHS compliance of all delivered parts and materials, and are establishing an internal inspection system.

**8 Directives relating to restrictions on usage of hazardous substances in electrical and electronic equipment



Measurement of components (energy dispersive fluorescent X-ray spectrometer)

Topics

In July 2023, we received third-party certification (scope 1 and 2) for greenhouse gas emissions. In the future, we will further expand coverage of our understanding GHG emissions, including Scope 3 emissions, and strive to further enhance information disclosure.

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)*1	8,304	1,504	79	6,721	
Breakdown by business segment	VCCS	6,087	264	53	5,770
	CTC	961	406	14	541
	FC	406	78	10	318
	MD	300	299	1	0
	Other employees	550	457	1	92

*1 Includes temporary staff

Composition of Employees

The main production bases in each segment are China, Vietnam, and the Philippines for the VCCS segment, Malaysia, Vietnam, and Japan for the CTC segment, Malaysia and China for the Fine Connector business in the FC/MD segment, and Japan for the Medical Device business in that same 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 VCCS segment.

▼ Recruitment and Turnover

	YOKOWO CO., LTD.
Total number of new recruitments	79
Male	63
Female	16
Total number of job leavers	26
Male	21
Female	5

▼ Average age and years of service

	YOKOWO CO., LTD.
Average age	40.7
Male	40.5
Female	41.9
Average years of service	11.7
Male	11.3
Female	15.2

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*2 of 70%, which is the target for FY2022. In FY2022, the annual paid leave utilization rate was 71.5%.

*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 FY2022, 23.1% of male, and 100% of female employees took childcare leave.

Use of nursing care leave

The Group has established a nursing care leave system to support employees in balancing work with nursing care. In FY2022, no employees took nursing care leave.

Other work-life balance measures

- Hourly paid leave
- Special COVID-19 vaccination leave
- Long service incentive system (newly established in FY2023)

Further reforms to human resources system to encourage proactive employee growth

In 1998, given external factors such as Japan’s aging society and declining birthrate as well as advancing globalization, we reformed our personnel system, replacing the former job qualification system with a role-based pay system for managers, and a job-grade system for general employees. Since the introduction of this system, we have continued its operation in order that each employee can transform themselves into a specialist by using a dynamic, competitive system that rewards work value, role responsibility, and results in line with changing employee roles in the midst of a changing business environment. Also, as a global specialist company with a highly competitive human resources structure, our aim is to have our employees achieve self-fulfillment through their own efforts. To achieve the above, we are using the SAP SuccessFactors talent management system introduced in 2022.

Engagement

Yokowo conducted its first engagement survey in FY2022. In addition to understanding the degree of congruence between our direction (Purpose, Vision, and Values) indicated in our corporate philosophy and individual employees’ directions (diverse self-actualization), this has as its objective understanding areas for improvement in the workplace environment, so that the Group can achieve sustainable growth.

We will improve workplace environments in each department as indicated through these results, then review and construct internal mechanisms. Looking forward, we will promote employee engagement in order that every employee has trust in the company and in our organization, and that they are motivated to work toward both personal and corporate growth.

Performance Evaluation

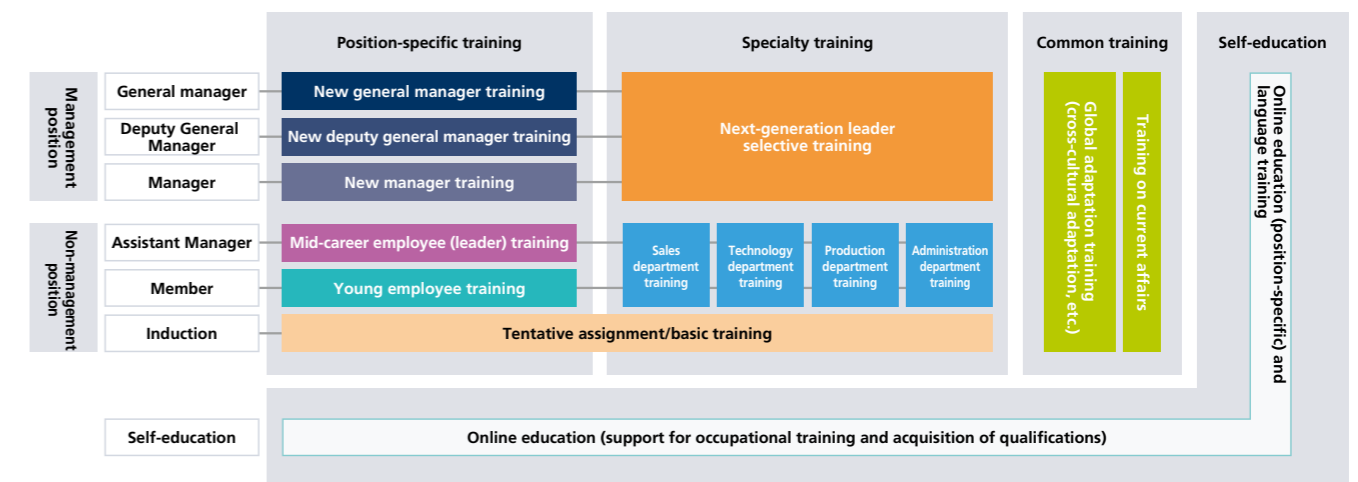
At the beginning of each fiscal year, every employee prepares a job description in consultation with their superiors which includes their duties and goals, and carries out their duties. Superiors evaluate employee performance every six months and hold interviews to provide feedback on the results to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

Furthermore, in FY2023 we established the new Human Resource Development Center. As well as having an oversight position to raise the job performance of all officers and employees, and to establish a competitive advantage in the ability of top-level talent to implement advanced technologies, this is responsible for building an education system covering management and business operations. We are currently compiling human resources development plans for each department, and moving forward with the development of specific training plans.

▼ Conceptual Diagram of Training System



Diversity

Through the promotion of DEI (Diversity, Equity, 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 Law was enacted, requiring companies to encourage male employees to take childcare leave. The ratio of male employees taking this in FY2021 was 5.3% and in FY2022 23.1%, showing a definite uptake, but we feel there is more progress to be made.

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” where the employees concerned can frankly exchange opinions, and so that diverse personnel are able to work comfortably, we are putting in place initiatives such as making head office buildings and the “Micro Process R&D Center” research and development facility at the Tomioka plant barrier-free, and installing a prayer room.

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. So that we can reach this goal, we have started appointing women as outside directors and into management positions. We are also taking steps to identify gender-based wage gaps, and to reform the system to eliminate any disparities.

▼ Male-female wage gap

	Percentage wage difference (%)
Executives	84.1
Supervisors (SV)*1	94.5
Creative (C)*2	85.2
Technical (T)*3	112.4
Routine (R)*4	(No corresponding male employees)

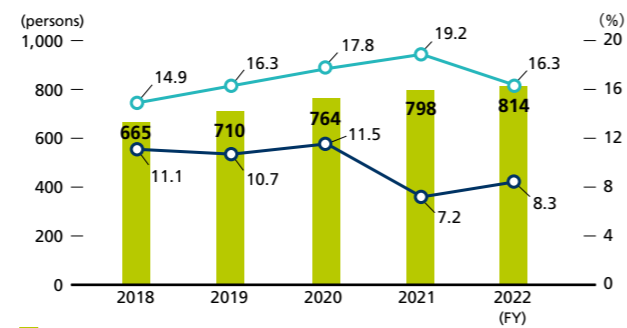
*1 Business management: Role that leads a team of a particular size, that manages overall promotion of the business, and that uses their high levels of specialist knowledge and know-how to create high added value

*2 Creative work: Role that performs creative work in order to acquire new business opportunities

*3 Vocational work: Role that performs specialized work of a defined type

*4 Basic work: Role that performs routine operations with fixed procedures and methods

▼ Percentage of female employees*



*5 Number of Yokowo Co., Ltd. employees: Does not include temporary staff
*6 Overall ratio of female employees who are section heads or higher (excludes specialists)
*7 Ratio of female employees out of all employees

★: 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.”

Yokowo Future-Oriented Support was established in FY2022, and certified as a special subsidiary in March 2023. By introducing public health nurses and holding supporter training courses for employees, we are ensuring that not only can people with

disabilities work without undue concern, but that employees can further deepen their knowledge.

Promoting Active Participation by Senior Human Resources

In addition to the existing system of re-employment (reemployment 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*

(FY)	2018	2019	2020	2021	2022
(persons)	19	22	30	34	38

★: 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*

(FY)	2018	2019	2020	2021	2022
New graduate hires	20	18	22	28	22
Mid-career hires	45	49	30	60	57

★: YOKOWO CO., LTD.

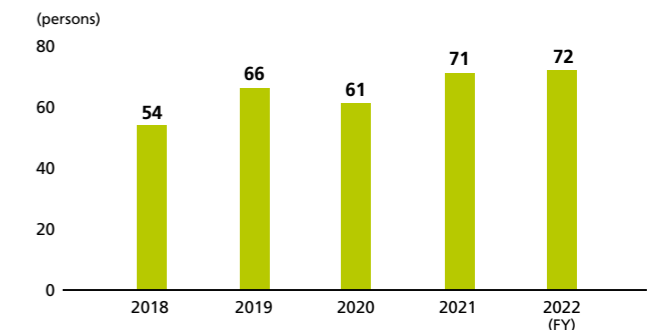
TISP Project

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.

Introduction of secondary job system

In FY2022, we established a new secondary job system to help employees achieve a variety of work styles, as one way to support their autonomous career development. We will continue to look for ways to enhance the system itself, with the aim of supporting employees in further bettering themselves.

Human Rights

In the future, the Yokowo Group will continue listening to the diverse voices of our colleagues, seeking guidance from around the world. We will work together with all stakeholders who support our business activities, including the families supporting our employees, our customers and business partners, and local communities, and we will also always envision a better and more prosperous future, and aim to be an evolving, enduring company that continues to create something new.

Concepts around Human Rights

In order to achieve our purpose, the Yokowo Group will strive to respect human rights by placing respect—having a high regard for diverse ranges of individuality and treating all individuals with sincerity—at the top of our sense of values at all stages throughout the value chain.

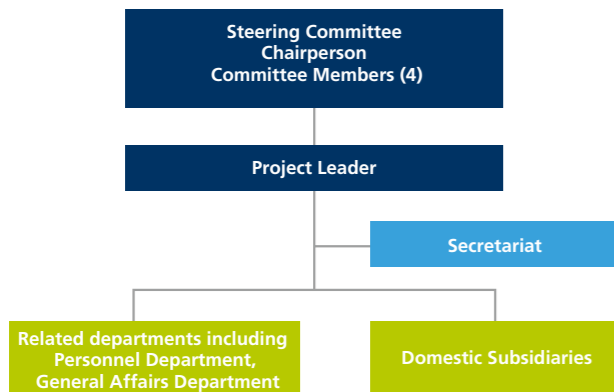
Human Rights Policy

So that we can realize respect for human rights, one of the important themes in sustainability, the Yokowo Group formulated the Yokowo Group Human Rights Policy on April, 2023. This policy illustrates our commitment and responsibility to respect the human rights of all stakeholders engaged with our business activities, based around the Yokowo Group’s purpose.

The Human Rights, Labor, and Ethics Management Committee is responsible for this policy’s operation under the supervision of the Board of Directors.

* Refer to our corporate website for details regarding our Human Rights Policy. <https://www.yokowo.co.jp/english/company/csr/humanright.html>

▼ Human Rights, Labor, and Ethics Management Committee structure



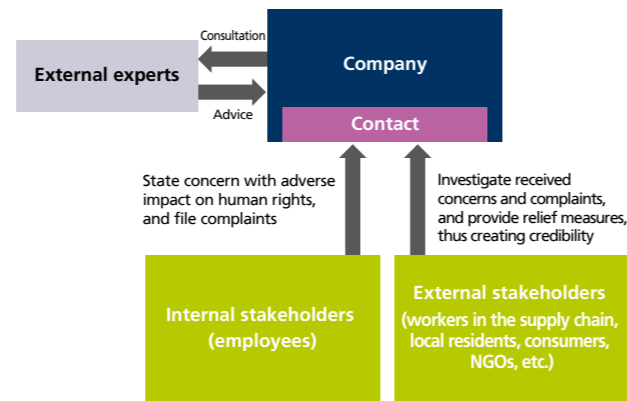
Performing Human Rights Due Diligence

Based upon the United Nation’s Guiding Principles on Business and Human Rights, the Yokowo Group has put in place a system to identify, prevent, and mitigate adverse impacts on human rights through our business activities, to evaluate the effectiveness of our efforts, and to both explain and disclose information on how we have addressed concerns.

Complaint Handling Mechanisms

The Yokowo Group has in place a contact point for consultation and reporting that can be used anonymously. If necessary, this consults with external experts in order to resolve issues and take measures to prevent recurrence. We have put in place a complaint handling mechanism to identify and address in a timely manner human rights concerns raised by stakeholders.

▼ Complaint handling mechanism structure



Human Rights Education

In May 2023, the Group conducted training into “Responding to human rights, and sustainable corporate growth” for directors, executive officers, and the Human Rights, Labor, and Ethics Management Committee. In September of the same year, we conducted training for management on the Yokowo Human Rights Policy, promoting its spread and understanding within the company.

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.

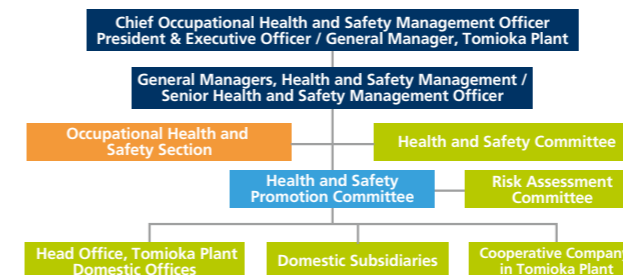
* Please see our website for more details on the Occupational Health and Safety Policy of the Yokowo Group. <https://www.yokowo.co.jp/english/company/csr/safety.html>

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

▼ Occupational Health and Safety Management Framework



▼ Occurrence of Occupational Accidents Over the Past Three Years

	FY2020	FY2021	FY2022	Coverage
Frequency of occupational accidents*1	0.59	2.20	1.02	Non-consolidated
No. of serious occupational accidents*2	0	0	0	Consolidated (Japan)
No. of occupational accidents (accidents with lost work days)	2	3	2	Consolidated (Japan)

*1 Frequency of occupational accidents: Number of occupational accidents leading to injury or death per million working hours, indicating the frequency of accidents.

*2 No. of serious occupational accidents: Number of serious occupational accidents resulting in permanent disability or death.

To Realize Improvements in 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 workstyle 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 provide required goods for corporate activities in the required time, at the required quality, in the required location and at the required price, while promoting proactive procurement activities that contribute towards the Company's sales and maximizing 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 multilayered production bases and a reliable supply network when undertaking day-to-day purchasing activities.

Details of the Business Policies

Cost Reduction	<ul style="list-style-type: none"> Striving to reduce costs (principle cost) Ensuring that costs are set early (DFC) Thorough implementation of the principle of Sangenshugi—the Three Actuals (the actual place, the actual part, and the actual situation)
Enhanced BCP	<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"> Developing human resources and continuity of operations Compliance with relevant laws, ordinances, and specifications Consideration for the environment and for society

Basic Policies

Vision (future aspirations)	Aim to be a Purchasing H.Q. that can achieve proactive purchasing activities. "Transformation from a passive to an active Purchasing H.Q."
Mission (tasks to perform)	Provide required goods for corporate activities in the required time, at the required quality, in the required location and at the required price, and contribute towards the Company's sales and maximizing profitability.
Policies (business policies)	Use Cost Reductions, Enhanced BCP, and Strengthening Procurement Capabilities as basic policies to work as a Purchasing Professional.

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 and inspections performed in day-to-day operations (negotiations, unit price setting, acceptance inspection, and payment)

- 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

Elimination of child labor, 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

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. Focused around activities grounded in the community, activities towards achieving a sustainable society, and activities that contribute to community development, our aim is to develop alongside local communities through 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.

Activities in Local Communities

Sports Classes

In February and August 2023, Yokowo held a sports event inviting children from basketball teams at Tomioka City elementary schools to the Yokowo Silk Arena Tomioka, a civic gymnasium in Tomioka City with which we have a naming rights agreement.

As well as having coaches and staff from the Gunma Crane Thunders professional basketball team participate as instructors, NPOs from Tomioka City and students from local high schools also offered their help as volunteers.

The Yokowo Group is working together with local government on activities to interact with the local community through sport, and to increase the number of people playing sport.



Tomioka Donto Festival

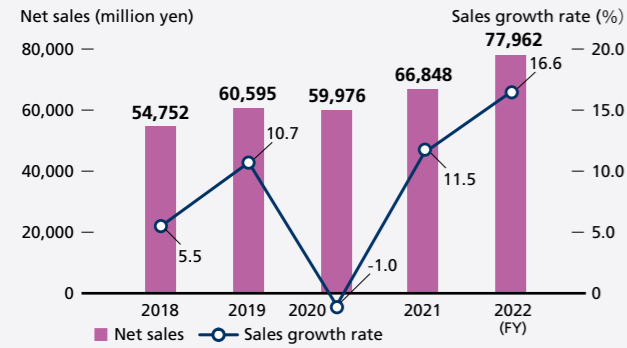
Every two years, the Tomioka Plant participates in the Tomioka Donto Festival, a two-day festival characteristic of the region held in the center of Tomioka City.

Many employees participated in the last festival held in October 2022, enhancing exchanges with local residents through the "Odori Nagashi," a 40-minute dance procession through the streets of Tomioka City.

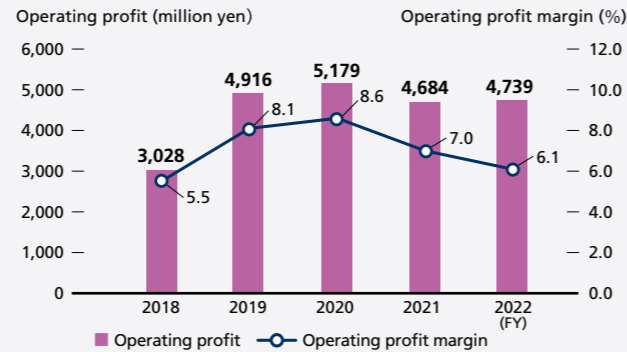


Financial Highlight

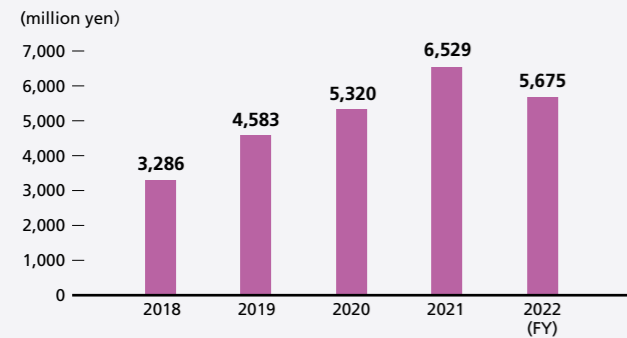
▼ Net sales



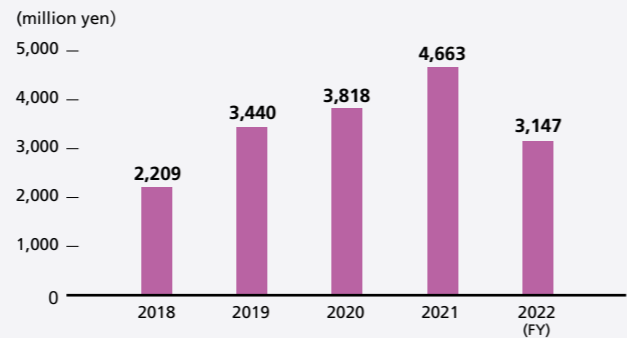
▼ Operating profit



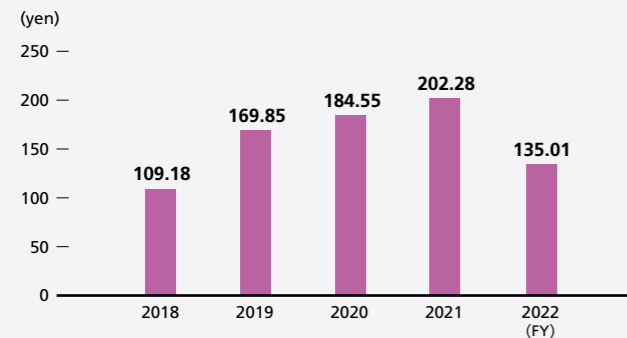
▼ Ordinary profit



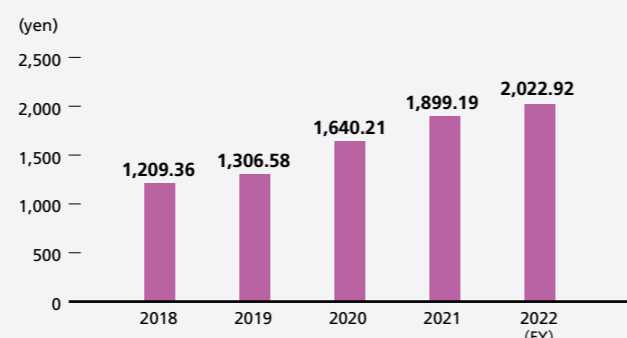
▼ Profit attributable to owners of parent



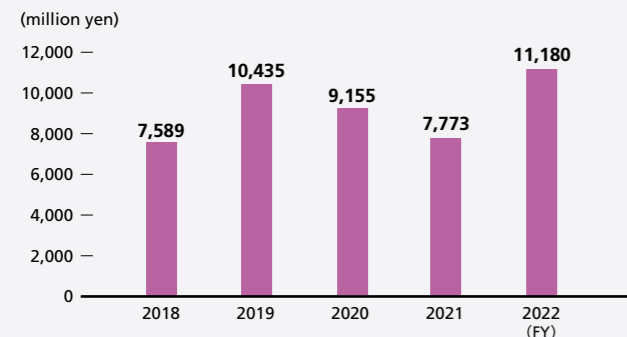
▼ Basic earnings per share



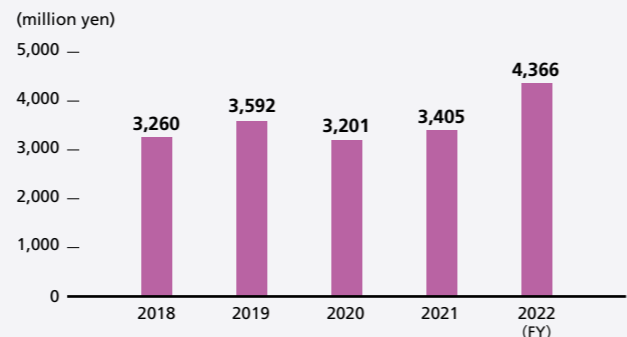
▼ Net assets per share



▼ Interest bearing debt*



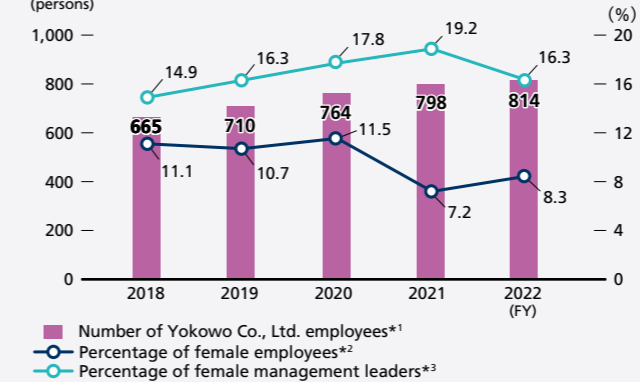
▼ Research and development expenses



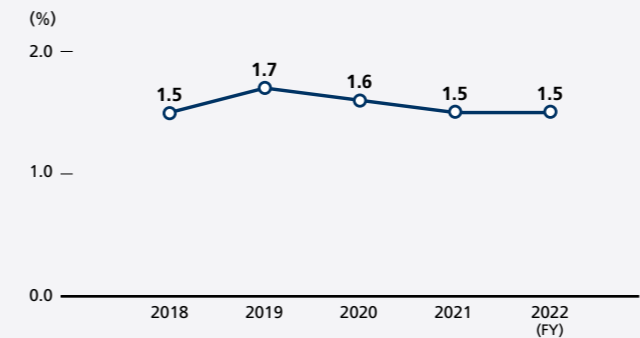
* Borrowing + lease liabilities

Non-financial Highlight

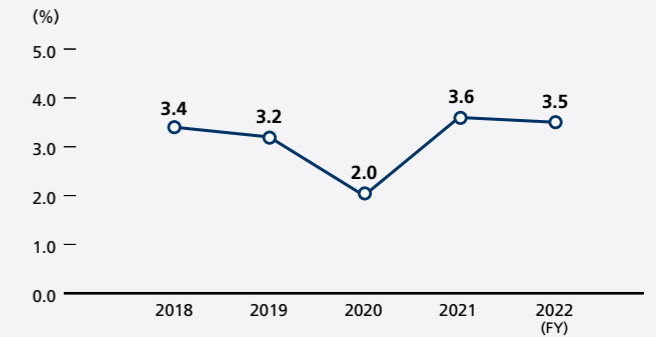
▼ Percentage of female employees*



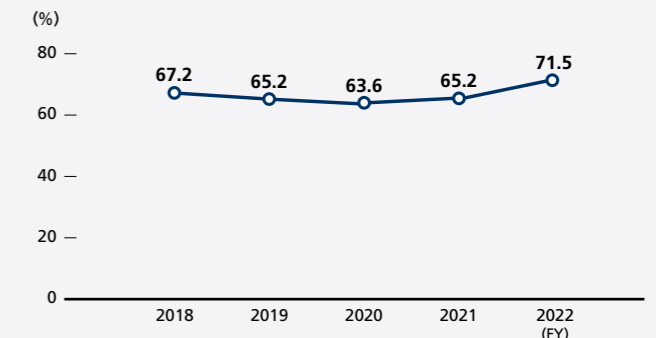
▼ Employment rate of people with disabilities*



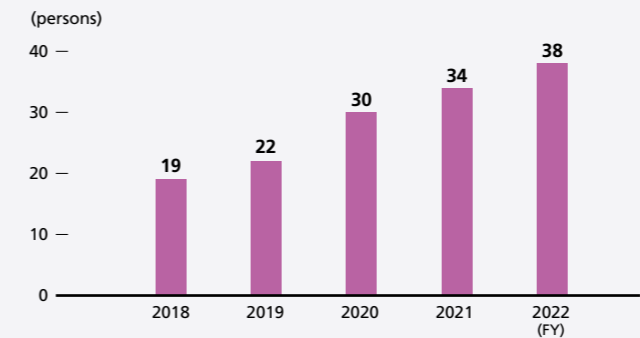
▼ Employee turnover rate*



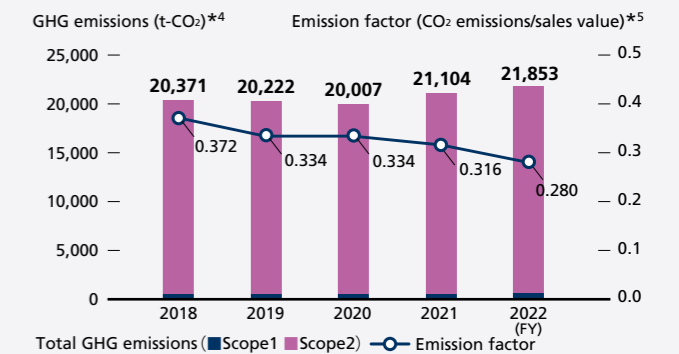
▼ Uptake of paid leave*



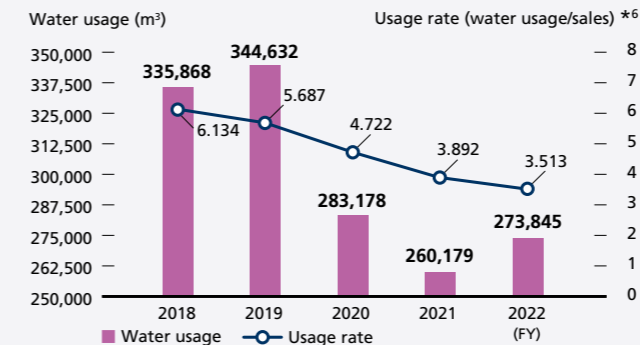
▼ Number of older employees re-employed*



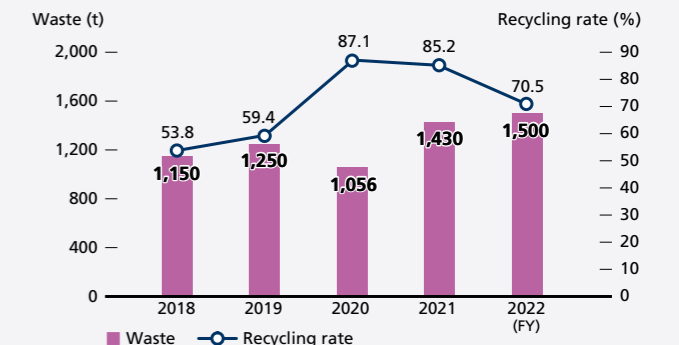
▼ GHG emissions and emission factor



▼ Water usage and usage rates



▼ Quantity of waste and recycling rate



★: YOKOWO CO., LTD.
 *1 Number of Yokowo Co., Ltd. employees: Does not include temporary staff *2 Ratio of female employees out of all employees
 *3 Overall ratio of female employees who are section heads or higher (excludes specialists)
 *4 Electricity CO₂ conversion factor is calculated using the following: Domestic: TEPCO Energy Partner, Inc Basic Emission Factor
 Overseas: Until 2021, IEA Official Factor, 2022 uses the market coefficient
 *5 Emission factor: GHG emissions per million yen of sales *6 Emission factor: Water usage per million yen of sales

Financial Information

Analysis of Operating Results and Financial Position in Fiscal 2022

Business Environment and Operating Results

During the fiscal year under review (April 1, 2022 to March 31, 2023), the global economy trended toward recovery as the COVID-19 pandemic eased, however global inflation continues despite hikes in policy rates in major countries, and in combination with the longer shortage of semiconductors, supply chains continued to be disrupted and stagnant.

Market structure in the Group's core markets — automotive, semiconductor testing, mobile communication terminals, and advanced medical equipment markets — has intensified with both the widespread adoption of advanced applications that could dramatically change industry structures and business models with 5G mobile communication systems at the forefront, and competition in product and technology development.

In these circumstances, the Group continued working to advance the four forms of innovation (innovation in products, processes, personnel, and management) specified in the Basic Management Policy to achieve high-quality, full-scale growth. In the VCCS segment, costs at overseas production bases ballooned due to the rapid, ongoing depreciation of the yen, however the Group has been negotiating to revise sales prices in response to higher raw material prices, and is working to rebuild its earnings structure. In the CTC segment, as well as strengthening technology and manufacturing systems in order to grasp business growth opportunities arising from 5G, the Group has continued with establishing production sites in Japan and Vietnam targeting a future increase in orders.

As a result, while the FC/MD segment saw a year-on-year decline in consolidated net sales, both the VCCS and CTC segments saw year-on-year increases in sales, resulting in increased sales overall. In operating profit and loss, while the FC/MD segment saw a year-on-year decrease in sales and a decrease in profits due to changes in business structure, and the VCCS segment posted a loss due to dramatically higher distribution costs and higher costs resulting from higher raw material prices and the low yen, the CTC segment saw a significant year-on-year increase in profits due to higher sales, resulting in increased profits. While ordinary profit and losses recorded gains from foreign exchange, recording of equity losses due to worsening business performance of investees resulted in decreased profits. Profit attributable to owners of the parent company decreased due to an impairment loss on non-current assets in the VCCS segment.

▼ Minimum 8



Financial Position

(Assets)

Although there were a decrease in notes and accounts receivable-trade of ¥707 million and a decrease in inventories of ¥1,399 million, current assets stood at ¥46,355 million at the end of the fiscal year under review (a gain of ¥1,815 million from the end of the previous fiscal year) due to an increase in cash and cash equivalents of ¥3,870 million. The decrease in notes and accounts receivable-trade is primarily as a result of decreased sales due to a decrease in orders received in the CTC segment in the fourth quarter. Further, the large decrease in inventories is due to a decrease in shipping inventories resulting from a normalization of lead times in ocean and air logistics in the VCCS segment.

Non-current assets stood at ¥24,300 million at the end of the fiscal year under review (a gain of ¥1,970 million from the end of the previous fiscal year) due to an increase in property plant and equipment of ¥1,532 million and an increase in investments and other assets of ¥390 million. This was due to vigorous investment in mass production and development in each business segment.

As a result, total assets stood at ¥70,656 million at the end of the fiscal year under review (a gain of ¥3,786 million from the end of the previous fiscal year).

(Liabilities)

Current liabilities stood at ¥17,890 million at the end of the fiscal year under review (a decrease of ¥2,294 million from the end of the previous fiscal year). This was as a result of a decrease in trade payables of ¥1,507 million and of income taxes payable of ¥961 million, in spite of an increase in short-term loans payable of ¥233 million. The decrease in trade payables is primarily because of decreased purchasing of parts based on forecasts of a decrease in orders in the next fiscal year in the CTC segment.

Non-current liabilities stood at ¥5,541 million at the end of the fiscal year under review (a gain of ¥3,184 million from the end of the previous fiscal year) due to an increase in long-term loans payable of ¥3,000 million and an increase in lease assets of ¥168 million.

As a result, total liabilities stood at ¥23,431 million at the end of the fiscal year under review (a gain of ¥890 million from the end of the previous fiscal year).

(Net Assets)

Net assets stood at ¥47,224 million at the end of the fiscal year under review (a gain of ¥2,896 million from the end of the previous fiscal year). This was mainly due to an increase in foreign currency translation adjustment of ¥871 million, profit attributable to owners of parent company of ¥3,147 million, and dividends of surplus of ¥1,095 million.

Cash Flows

(1) Cash and Cash Equivalents

Cash and cash equivalents stood at ¥17,687 million in the fiscal year under review (a gain of ¥3,870 million from the previous fiscal year).

(2) Net Cash Provided by Operating Activities

Net cash provided by operating activities stood at ¥7,312 million (a gain of ¥3,635 million from the previous fiscal year) with the main factors for increase including profit before income taxes of ¥4,433 million and depreciation of ¥3,833 million, and the main factors for decrease including a decrease in trade payables of ¥2,652 million because of decreased purchasing of parts based on forecasts of a decrease in orders in the next fiscal year in the CTC segment.

(3) Net Cash Used in Investing Activities

Net cash used in investing activities stood at ¥5,857 million (a decrease of ¥110 million from the previous fiscal year). The main factors for decrease included purchase of property, plant and equipment, including construction of the MP Center (new R&D building), of ¥4,645 million, and purchase of intangible assets of ¥591 million.

(4) Net Cash Provided by Financing Activities

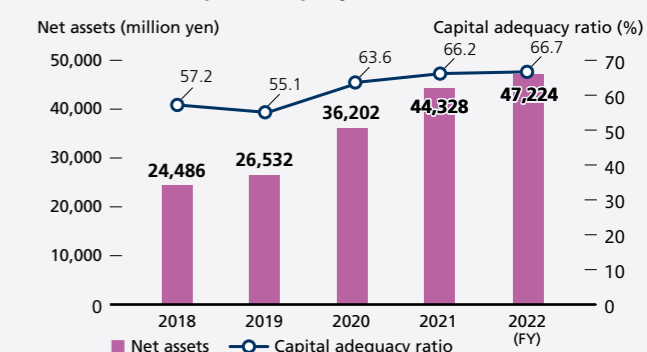
Net cash provided by financing activities stood at ¥1,531 million (a gain of ¥1,360 million from the previous fiscal year). Main factors for increase included proceeds from long-term loans payable of ¥3,000 million, whereas the main factors for decrease included payment of dividends of ¥1,093 million.

(5) Information on Liquidity and Capital Resources

The Group'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, selling, and 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 on maintaining information systems. The Company's basic policy is to provide for the funding necessary for these through internal funds generated by the recorded profit and depreciation. In the fiscal year under review, the Group actively invested in expanding mass production facilities including research and development as well as product development, construction of a plant at the production subsidiary in the Philippines, expansion of

production facilities at the production subsidiary in Vietnam, and the expansion of processing facilities at the production subsidiary in Malaysia. In and after the fiscal year ended March 31, 2023, the Group plans to construct plants within Japan and in Vietnam for the CTC segment as well as further boost capacity at the production subsidiary in Malaysia. To fund this capital investment, in addition to operating cash flow, the Group has refinanced long-term loans, but has reduced the amount through partial repayment. On the other hand, under the new medium-term management plan, in order to break through the limitations of existing businesses and technologies and acquire new growth potential from a medium- to long-term perspective, the Group plans to invest in basic research to further deepen its core technologies and in capital investment to enter new fields, such as the construction of new MEMS probe card production lines. To raise funds for these purposes, the company issued 3 million new shares thus raising approximately ¥7.6 billion from the issuance of stock acquisition rights through a third-party allotment that they resolved to issue in November 2020, and the exercise of these rights. However, funds have been allocated to product and parts inventories that have ballooned due to supply chain disruptions and longer lead times for ocean freight in the VCCS segment, and as a result, the Group's cash and cash equivalents stood at ¥17,687 million at the end of the fiscal year under review, up ¥3,870 million from the end of the previous fiscal year.

▼ Net Assets / Capital Adequacy Ratio



Capital Investment

In the fiscal year under review, the Group continued to make capital investments, primarily in the expansion of production facilities.

Investment in intangible assets is included in addition to investment in property, plant and equipment.

Total capital investment in the fiscal year under review was ¥5,448 million, and an overview of capital investment is as follows.

(1. Property, plant and equipment)

(1) VCCS

The Group implemented total capital investment of ¥2,377 million. This included expansion of capacity at the Vietnamese plant aimed at increasing work volume in parallel with the strengthening of development functions at the China plant, along with completion of construction work at the Philippines plant.

(2) CTC

The Group implemented total capital investment of ¥2,043 million. This included expansion of mass production facilities and of image measurement equipment at production sites in Japan to accommodate order growth and shorter delivery times for semiconductor test tools in the first half of the fiscal year.

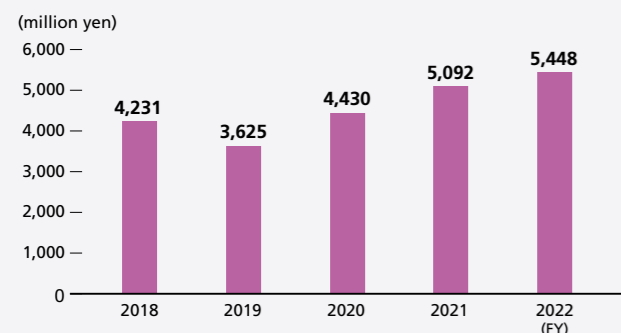
(3) FC/MD

The Group implemented total capital investment of ¥384 million, carrying out updates and expansion at the Chinese plant, including mass production facilities in the Fine Connector business.

(2. Intangible assets)

The Group implemented total capital investment of ¥643 million. This included improving and updating the environment for core information systems in order to realize Group-wide business streamlining, introducing a human resources management system, and enhancing and updating CAD systems.

▼ 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.

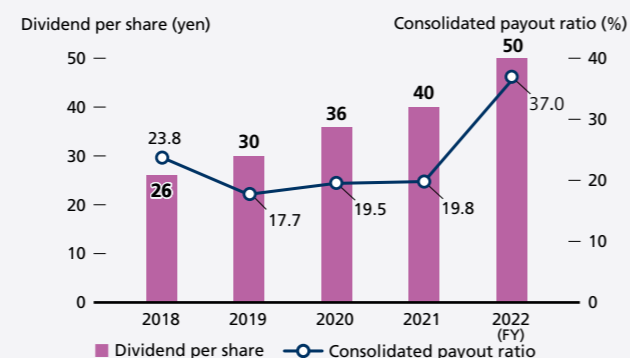
The decision-making bodies for dividends are the Board of Directors for the interim dividend and the General Meeting of Shareholders for the year-end dividend.

In business performance for the fiscal year under review, sales in the FC/MD segment were sluggish, but there was an increase in sales in both the VCCS and CTC segments due to the significantly weaker yen, resulting in record-high consolidated net sales. In terms of profit, full-year consolidated net sales remained at a level only slightly above the previous year. Reasons for this were continued losses in the VCCS segment and decreased profits in the FC/MD segment, coupled with the CTC segment, which had performed very well in the first half of the fiscal year, but experienced a sharp drop from the second half of the fiscal year on the back of reduced demand from customers and the industry as a whole. Additionally, consolidated ordinary profit and profit attributable to owners of the parent company dropped over the same period in the previous fiscal year. Reasons included recording of equity losses due to worsening business performance of investees, and an impairment loss on non-current assets in the VCCS segment. As a result, in the Group's "Minimum 8" medium-term management targets (ensure 8% growth in sales growth rate, minimum operating profit margin, and return on equity (ROE)), we achieved the growth in sales growth rate of 8%, but failed to meet the minimum operating profit margin (6.1%) and ROE (6.9%).

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 yearend dividend for the fiscal year under review of 25 yen per share to the 85th General Meeting of Shareholders, and it was approved. With an interim dividend of 25 yen per share for the fiscal year under review already paid, the Company's annual dividend is 50 yen per share (consolidated payout ratio of 37.0%).

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 2021 (As of March 31,2022)	Fiscal 2022 (As of March 31,2023)
ASSETS		
Current assets		
Cash and deposits	13,816	17,687
Notes and accounts receivable-trade	13,057	12,350
Merchandise and finished goods	8,900	7,781
Inventories	742	427
Raw materials and supplies	6,037	6,073
Other	1,992	2,040
Allowance for doubtful accounts	(8)	(4)
Total current assets	44,540	46,355
Non-current assets		
Net property, plant and equipment		
Buildings and structures	8,085	10,433
Accumulated depreciation	(4,341)	(5,176)
Buildings and structures, net	3,744	5,256
Machinery, equipment and vehicles	14,626	16,482
Accumulated depreciation	(9,651)	(10,988)
Machinery, equipment and vehicles, net	4,975	5,493
Tools, furniture and fixtures	11,331	12,485
Accumulated depreciation	(8,479)	(9,708)
Tools, furniture and fixtures, net	2,852	2,776
Land	761	761
Leased assets	1,820	1,790
Accumulated depreciation	(1,012)	(1,070)
Leased assets, net	808	720
Right-of-use assets	433	702
Construction in progress	2,970	2,366
Total property, plant and equipment	16,544	18,077
Intangible assets		
Leased assets	5	—
Other	1,156	1,210
Total intangible assets	1,162	1,210
Investments and other assets		
Investment securities	1,587	1,979
Retirement benefit asset	680	466
Deferred tax assets	678	901
Other	1,676	1,666
Total investments and other assets	4,623	5,013
Total non-current assets	22,330	24,300
Total assets	66,870	70,656

(millions of yen)

	Fiscal 2021 (As of March 31,2022)	Fiscal 2022 (As of March 31,2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	7,991	6,483
Short-term loans payable	5,570	5,804
Lease obligations	343	348
Income taxes payable	1,476	515
Provision for bonuses	871	956
Other	3,930	3,781
Total current liabilities	20,184	17,890
Non-current liabilities		
Long-term loans payable	1,600	4,600
Lease obligations	259	427
Deferred tax liabilities	123	105
Net defined benefit liability	368	402
Long-term accounts payable	6	6
Total non-current liabilities	2,357	5,541
Total liabilities	22,541	23,431
NET ASSETS		
Shareholders' equity		
Capital stock	7,819	7,819
Capital surplus	7,804	7,804
Retained earnings	25,950	28,001
Treasury stock	-634	-634
Total shareholders' equity	40,939	42,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	430	645
Foreign currency translation adjustment	2,635	3,506
Remeasurements of defined benefit plans	267	13
Total valuation and translation adjustments	3,332	4,165
Non-controlling interest	56	68
Total net assets	44,328	47,224
Total liabilities and net assets	66,870	70,656

CONSOLIDATED STATEMENTS OF INCOME

(millions of yen)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Net sales	66,848	77,962
Cost of sales	53,638	63,067
Gross profit	13,209	14,894
Selling, general and administrative expenses	8,525	10,155
Operating profit	4,684	4,739
Non-operating profit		
Interest income	24	63
Dividend income	44	61
Capital return using equity method	42	-
Foreign exchange gains (losses)	1,763	1,519
Other	73	164
Total non-operating profit	1,948	1,808
Non-operating expenses		
Interest expenses	51	112
Share of loss of entities accounted for using equity method	-	688
Commission expenses	16	28
Share acquisition rights issuance costs	18	-
Other	16	42
Total non-operating expenses	103	873
Ordinary profit	6,529	5,675
Extraordinary profit		
Gains on liquidation of subsidiaries	-	10
Gain on sales of non-current assets	2	6
Gain on sales of investment securities	2	22
Total extraordinary profit	4	40
Extraordinary losses		
Loss on retirement of non-current assets	73	41
Loss on sales of non-current assets	1	2
Loss on sales of investment securities	0	-
Business restructuring expenses	-	220
Compensation payments	-	153
Impairment losses	-	863
Total extraordinary losses	74	1,281
Profit before income taxes	6,459	4,433
Income taxes - current	2,027	1,490
Income taxes - deferred	(240)	(209)
Total income taxes	1,786	1,280
Profit	4,673	3,153
Profit (loss) attributable to non-controlling interests	9	6
Profit (loss) attributable to owners of parent	4,663	3,147

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(millions of yen)	
	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Profit	4,673	3,153
Other comprehensive income		
Valuation difference on available-for-sale securities	(112)	214
Foreign currency translation adjustment	1,795	877
Remeasurements of defined benefit plans	(170)	(253)
Total other comprehensive income	1,512	838
Comprehensive income	6,185	3,992
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,170	3,979
Comprehensive income attributable to non-controlling interests	14	12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(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						(112)	1,789	(170)	1,507	(8)	14	1,513
Net changes of items other than shareholders' equity	1,431	1,431	3,802	(1)	6,664	(112)	1,789	(170)	1,507	(8)	14	8,177
Total changes of items during period	7,819	7,804	25,950	(634)	40,939	430	2,635	267	3,332	-	56	44,328

(millions of yen)												
	Shareholders' equity					Accumulated other comprehensive income				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	7,819	7,804	25,950	(634)	40,939	430	2,635	267	3,332	56		44,328
Changes during period												
Dividends of surplus			(1,095)		(1,095)							(1,095)
Profit (loss) attributable to owners of parent			3,147		3,147							3,147
Purchase of treasury shares				(0)	(0)							(0)
Net changes of items other than shareholders' equity						214	871	(253)	832	12		844
Total changes of items during period	-	-	2,051	(0)	2,051	214	871	(253)	832	12		2,896
Balance at end of period	7,819	7,804	28,001	(634)	42,990	645	3,506	13	4,165	68		47,224

CONSOLIDATED STATEMENT OF CASH FLOWS

	(millions of yen)	
	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	6,459	4,433
Depreciation	3,302	3,833
Impairment losses	–	863
Increase (decrease) in allowance for doubtful accounts	4	(3)
Increase (decrease) in provision for bonuses	181	79
Increase (decrease) in net defined benefit asset and liability	(33)	(119)
Interest income and dividend income	(69)	(124)
Interest expenses	51	112
Foreign exchange losses (gains)	(320)	(663)
Share of loss (profit) of entities accounted for using equity method	(42)	688
Loss (gain) on sales of non-current assets	(0)	(4)
Loss on retirement of non-current assets	73	41
Loss (gain) on sales of investment securities	(2)	(22)
Loss (gain) on valuation of investment securities	(612)	1,538
Decrease (increase) in trade receivables	(4,190)	2,263
Increase (decrease) in trade payables	(100)	(2,652)
Other	338	(468)
Subtotal	5,039	9,795
Interest and dividends received	69	124
Interest paid	(52)	(105)
Income taxes paid	(1,378)	(2,501)
Net cash provided by (used in) operating activities	3,677	7,312
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,739)	(4,645)
Proceeds from sales of property, plant and equipment	19	71
Purchase of intangible assets	(530)	(591)
Purchase of investment securities	(20)	(105)
Payments for short-term loans receivable	–	(80)
Proceeds from sales of investment securities	2	32
Proceeds from withdrawal of time deposits	175	–
Purchase of shares of subsidiaries and associates	(287)	(525)
Payment for outgoing for capital investments	(500)	–
Long-term loan advances	–	(70)
Proceeds from long-term loans receivable	–	10
Other	(86)	45
Net cash provided by (used in) investing activities	(5,967)	(5,857)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	300	–
Proceeds from long-term loans payable	1,600	3,000
Repayments of long-term loans payable	(3,400)	–
Proceeds from issuance of shares	2,853	–
Repayments of lease obligations	(322)	(374)
Proceeds from exercise of employee share options	(858)	(1,093)
Proceeds from issuance of exercise of share acquisition rights	(1)	(0)
Net cash provided by (used in) financing activities	171	1,531
Effect of exchange rate change on cash and cash equivalents	640	882
Net increase (decrease) in cash and cash equivalents	(1,478)	3,870
Cash and cash equivalents at beginning of period	15,295	13,816
Cash and cash equivalents at end of period	13,816	17,687

Independent Practitioner's Assurance Report



Independent Assurance Statement

July 7, 2023

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) 0.578 kt-CO₂, (Scope2) 21.3 kt-CO₂ for the fiscal year 2022. 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.

yokowo

YOKOWO CO., LTD.

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Tokyo 101-0041, Japan

Inquiry form:

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