

Top Message

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

GO BEYOND
~Challenge the Next Stage~

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

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

Celebrating the 100th anniversary of our founding

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

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

advanced medical device markets.

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

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

Basic Management Policy

On this occasion of our 100th anniversary, we have set forth Purpose, Vision, and Values as our new corporate philosophy looking towards the next 100 years (see the page on p. 3). Yokowo has instituted two management policies to realize this corporate philosophy. One is the sustainable evolution of business management, and the other is a multi-layered business structure.

The sustainable evolution of business management is constant evolution and moving forward as Yokowo has advocated in the slogan it has put forward since its inception, "Constantly on the cutting edge." The measures for realizing the sustainable evolution of business management are product innovation (including business model, product and business structure innovation), process innovation (the innovation of business processes) and personnel innovation (human resources innovation). In other words, these measures aim to substantially change the business structure, including products, technology and markets, and business operating process through the optimal placement of business sites and the proactive introduction of new production processes, processing technologies and IT. The diversity of the human resources who operate the above will expand to ensure the development of highly professional teams.

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

themselves are managed, in order to accelerate the evolution of business management. The other management policy of the multi-layered business structure aims to enhance the stability of our corporate management and our companywide earnings structure.

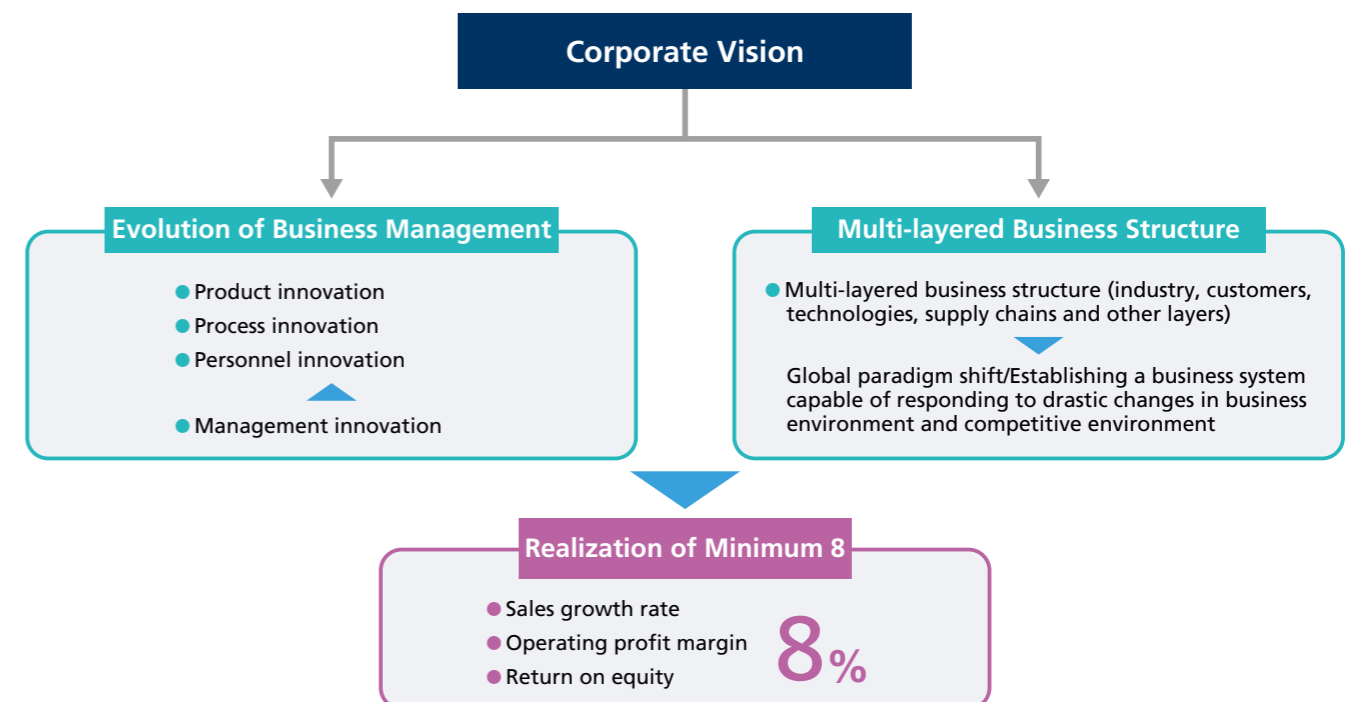
In other words, we aim to improve sustainability. As the management environment surrounding Yokowo is changing drastically, this management policy aims to establish a business system capable of responding to these changes by creating a multi-layered business structure (industry, customers, technologies,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

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

Towards Achieving a New Medium-term Management Plan

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

The main markets for the Yokowo Group include the automotive, semiconductor testing, mobile communications device and advanced medical equipment markets. These markets are experiencing a dramatic transformation due to



the widespread adoption of CASE*, MaaS, 5G, AI and IoT technologies, and this presents major business opportunities for Yokowo.

However, the spread of the global COVID-19 pandemic has had a major impact on our Company.

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

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

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

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

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

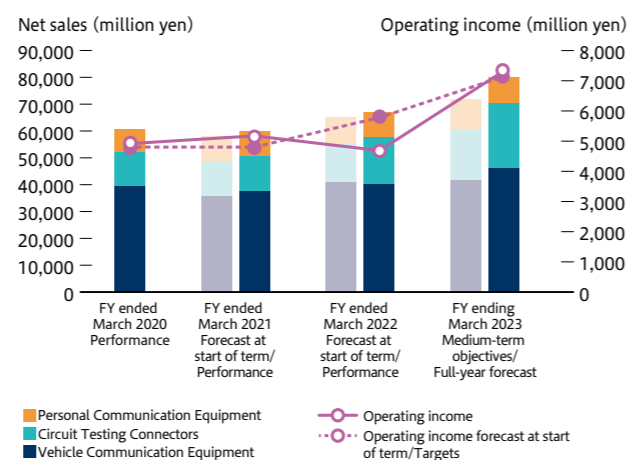
* CASE: An acronym for the new trend in automobiles: Connectivity, Autonomous, Shared, Electric

My Desire to "Make Yokowo a Good Company"

Since being appointed as President in 2007, I have constantly conveyed my desire to make Yokowo a good company to our employees. I think that a better company is:

- A company about which customers say, "It was good that we have conducted business with Yokowo. We will expand our business relationship with Yokowo."
- A company about which contractors say, "It was good that we performed business operations for Yokowo. We will work harder to contribute more."
- A company about which local communities say, "I'm glad Yokowo is in our town. I'd be very happy for my children to join Yokowo."

▼ Earnings trends during the period of the new medium-term management plan



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



- And most importantly, a company where the employees of the Yokowo Group think, "I am very satisfied with to be working for this company. I will work harder to make it an even better company."
- I think that a company such as that is truly a good company.

To make Yokowo a good company, we should ensure that all employees of the Yokowo Group, regardless of nationality, gender and other differences, are content and fulfilled in their work, and have a foundation of reliability and trust. Through the evolution of our technology, we will continue to offer quality products and services to improve customer satisfaction. We will contribute to local communities which we rely on to ensure that we are welcomed by these communities, and to bring satisfaction to our neighbors. As a resident of this world, we will contribute to solving climate change and other issues to preserve the natural environment that sustains lives of people around the world. Based on the above, we have the three top-priority issues: the environment, local communities and diversity and inclusion.

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

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

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

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

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

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