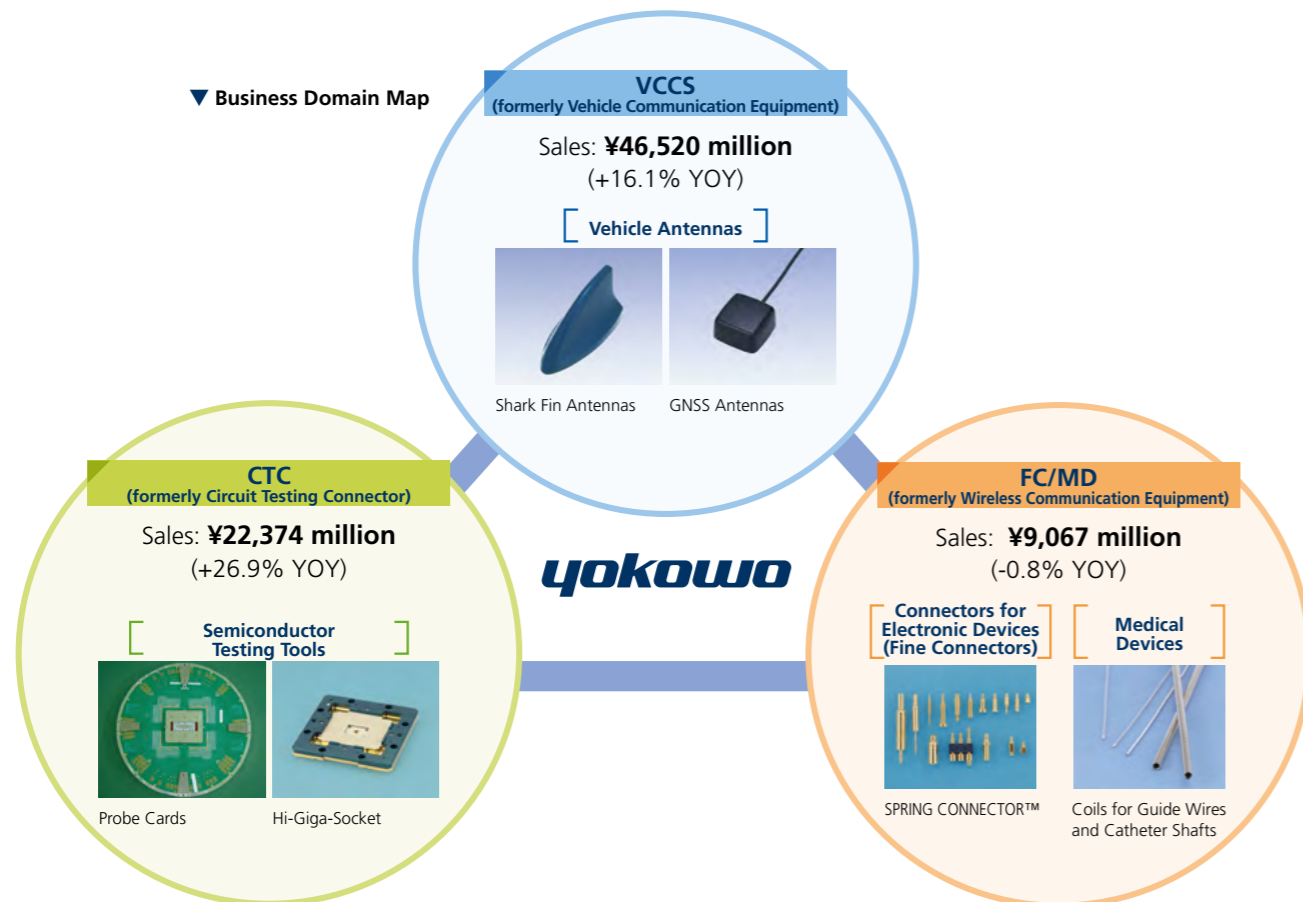


# Yokowo's Business Domain

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)

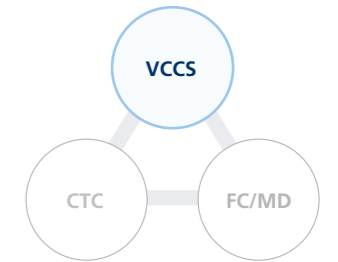
This segment comprises a Platform Business in response to new markets such as advanced driver-assistance systems (ADAS), automated driving, and connected cars, and an Advanced Device Business that promotes the development of high-speed transmission device products for the optical communication market.

# VCCS Segment

## VCCS segment - Consolidated Sales

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

(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.

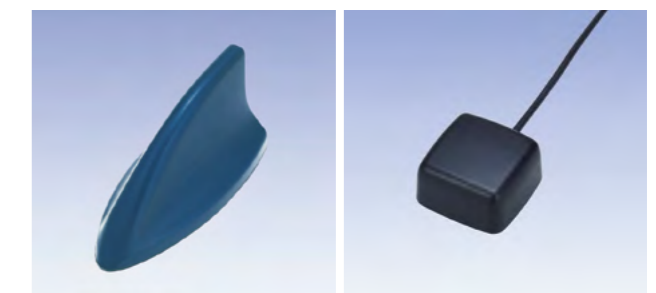
As a result, net sales in this segment grew year on year to ¥46,520 million (up 16.1% on previous year). In regard to segment profit and loss, the segment reported a loss of ¥2,094 million (a loss of ¥1,443 million in the previous year). This was as a result of cost increases resulting from ongoing higher 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

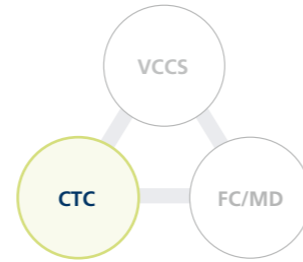
GNSS Antennas (supports multiple satellite positioning systems, including GPS, GLONASS, and Galileo, etc.)

# CTC Segment

▼ CTC Segment - Consolidated Sales

(million yen)

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



## 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.

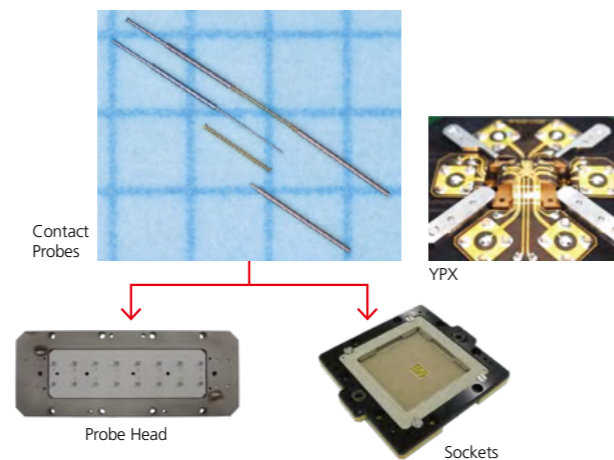
In these circumstances, sales of semiconductor back-end testing tools, the main product of the Group, increased year on year because of higher orders for logic semiconductor testing sockets and depreciation in the yen, despite a decline from the second half of the year. Sales of semiconductor front-end 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.

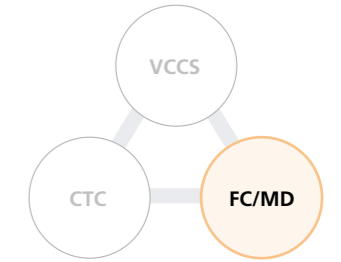


# FC/MD Segment

▼ FC/MD Segment - Consolidated Sales

(million yen)

FY2018	FY2019	FY2020	FY2021	FY2022
7,429	8,498	9,441	9,141	<b>9,067</b>



## 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.

