

Yokowo's Value Creation

Production Capital

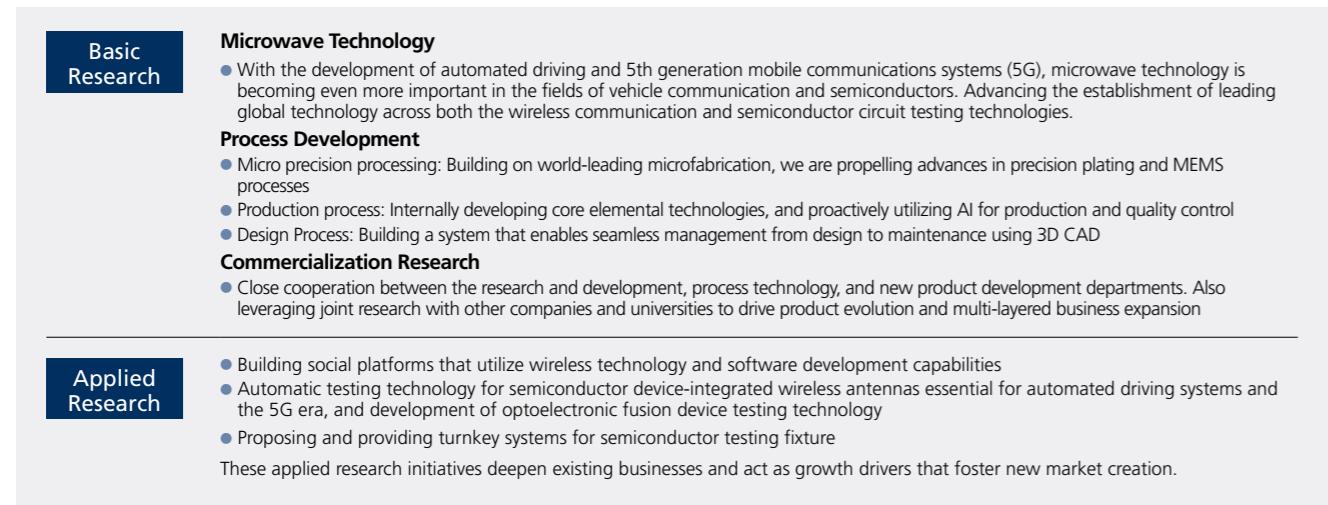
“Yokowo’s Manufacturing” Deepening Core Technology and Integrating Cutting-Edge Technology

Yokowo continuously refines core technologies such as micro precision processing, antenna technology, and microwave technology, while actively adopting cutting-edge technologies. With these cornerstones in place, we supply an extensive, creative product line to top global corporations.

The reason for the outstanding feedback is the “QCDS” approach, which is an innovative production process that consistently satisfies quality, cost, delivery, and service. Currently, we are intensifying our focus on strengthening software development capabilities to support a business model that is evolving from products to value.

Research and Development System

Yokowo’s manufacturing is supported by both basic research and applied research.



Research and Development System

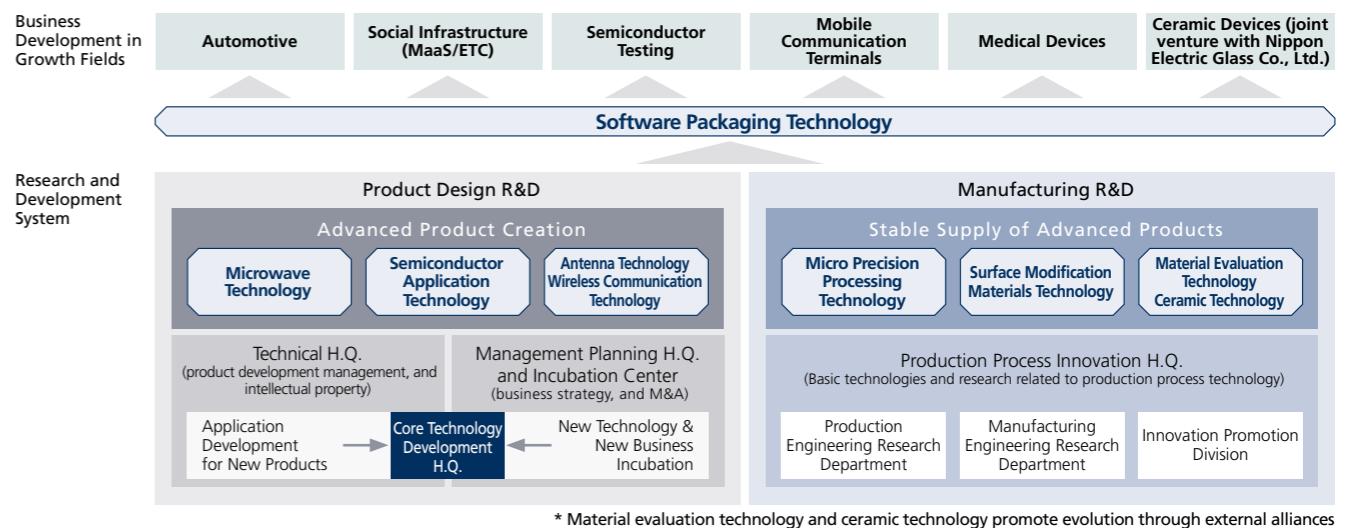
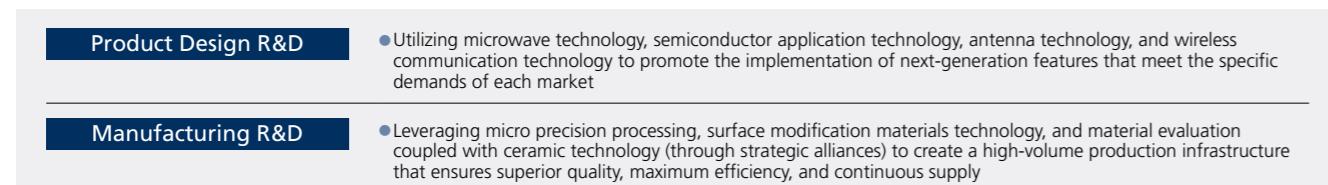
Deepening and Integration of the Five Core Technologies Underpinning Business Competitiveness

Yokowo has defined five core technologies, advancing business multi-layering and advanced product creation through the deepening and integration of its technologies. By integrating and developing these core technologies within the company, we achieve the creation of high value-added products tailored to each market need.



Two-Layer Structure of Research and Development — Integration of Design and Production

Product design R&D and manufacturing R&D comprise essential and inseparable elements of Yokowo’s research and development system. By integrating design and production into a unified development system, we strive to balance product performance with productivity, aiming to maximize customer value.



Integrated Development System That Flexibly Adapts to Change

Yokowo’s research and development is managed in an integrated manner through a three-in-one collaboration among the Technical H.Q., the Management Planning H.Q. and Incubation Center, and the Core Technology Development H.Q. By integrating research, design, business strategy, and IP strategy, we achieve flexible and rapid development.

Even within production process technology, the Production Engineering Department, Manufacturing Engineering Research Department, and Innovation Promotion Division work together. The Production Process Innovation H.Q. continually revamps foundational technology development, manufacturing line enhancement, and manufacturing method optimization, thereby strengthening flexible new line creation and increasing our competitive advantage.

New Material Development and Human Resource Network Expansion via Industry-Academia Collaboration

We are also strengthening the human resources that support advanced technology development. We are setting up a hybrid talent pipeline that combines in-house hiring of immediately deployable staff, M&A-driven acquisition of software experts, and university-backed PhD program support to foster next-generation high-caliber individuals.

For example, in developing new alloys for the CTC and FC businesses, a joint three-way collaboration with universities and material manufacturers has produced low-resistance materials that can withstand the high-temperature, low-temperature, high-current, and high-frequency environments of semiconductor devices. This resolved dissolution and melting issues, and we also secured a joint patent. This served as a catalyst for vigorous people exchanges with universities and led to a significant uptick in recruitment from research bases. Additionally, we promote the development of junior engineers through monthly research discussions and internal lectures in each field. We are also building networks with junior professors and creating a space for intellectual stimulation and knowledge accumulation.

Intellectual Property Strategy — Moving From Defense to Offense

Our intellectual property strategy that maximizes the use of research findings as intellectual property is also evolving. We are now actively filing patents for manufacturing techniques and designs that were previously kept confidential. By multi-layering intellectual property, we strengthen product protection and bargaining power, and joint applications with universities and customers have also increased.

Towards Establishing Integrated Design Capability for Achieving Overall Optimization

Yokowo’s envisioned future for its research and development goes beyond simply enhancing individual parts or elements; it aims to establish an integrated design capability that enables holistic optimization by functional units. In other words, we aim to build a system architecture that can identify the optimal solution by comprehensively considering the configuration, performance, cost, and productivity of the entire product system. A central component of this approach is the development of system architects. A systems architect is someone who combines deep expertise across multiple technical domains with a broad perspective, outlines the overall design direction for product development, and appropriately guides each engineering and production department.

In addition, there is a development roadmap structured in a four-layered hierarchy of business, product, technology, and process that is organized at the development site, and by visualizing each layer, technology development and business strategy are tightly synchronized, consistently aligning Yokowo’s growth scenario and technical evolution direction. At development sites, we can decisively determine what to prioritize and when to deploy each technology, thus enhancing development speed and quality.

Yokowo will further sustainable business evolution and enhance competitive advantage by fortifying continuous integrated design strength covering everything from grassroots research and development to applied use, from design to production, and spanning intellectual property and human resources development.

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Human Capital Management

Aiming for the Maximization of Human Capital through Talent Development and System Strengthening

Yokowo considers people to be the most important capital for sustainably improving corporate value and focuses on human capital management to unlock their potential. Especially in a rapidly changing business environment, each employee must possess flexible thinking and high expertise, and be able to create new value in response to environmental change. This foundation supports the overall competitive advantage of the organization. To create a supportive structure, following the establishment of the Human Resource Development Center in 2023, we founded the Human Resources H.Q. in April 2025 and built a system that can provide total support and management of human resources.

Human Resource-Driven Leadership to Be an Ever-Evolving Company

In our New Medium-Term Management Plan 2024-2028, we have positioned the “Evolution of Business Management: Personnel Innovation” as one of our basic management policies. To realize that, we are developing a “People Vision” and are shifting our management toward strengthening human capital management—i.e., strengthening human resources—which had been highlighted as an issue in our business structure. In order to concretize this fundamental way of thinking, Yokowo has been working on clarifying the image of human resources based on our corporate philosophy, reconstructing the human resource development system, reforming the organizational culture, and establishing a company-wide human resource management structure. These initiatives, rolled out in concert, have slowly established the base for human capital management. In fiscal 2025, the Personnel Department, Human Resource Development Center, and Global Support Department were merged to establish the new Human Resources H.Q. This has set in motion a thorough shift towards human capital-focused management. Moving forward, under this new system, we will promote the training and utilization of human resources aimed at even greater growth and value creation.

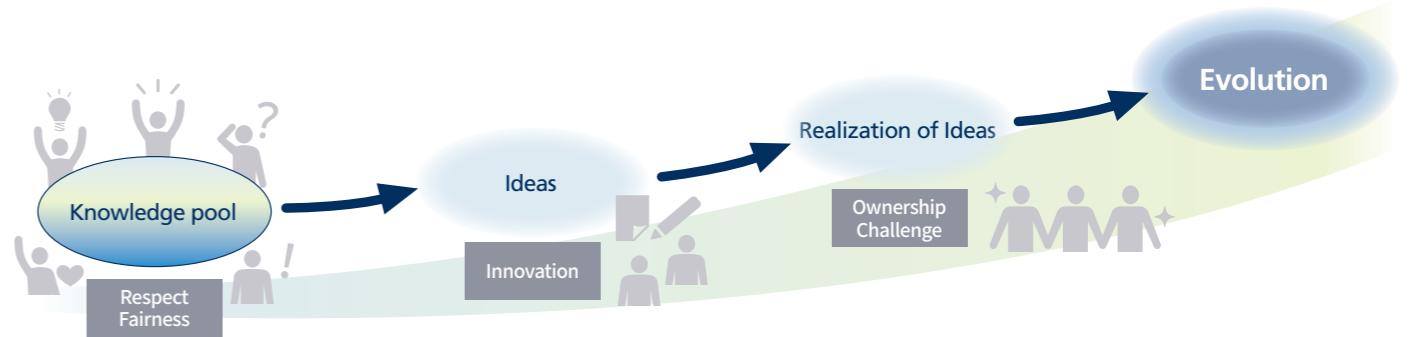
| | | |
|-------------------------|---|---|
| Corporate Philosophy | Vision | <ul style="list-style-type: none"> As an ever-evolving company, we seek to develop new ideas that challenge our people and our technologies while anticipating and addressing the changing needs of society |
| Basic Management Policy | Evolution of Business Management Personnel Innovation | <ul style="list-style-type: none"> Identify the technical and knowledge framework required for product innovation and process innovation that drive competitive advantage, and build a knowledge ecosystem combining employee education, human resource acquisition, and external partner collaboration for personnel innovation—treating it as a core management challenge |
| People Vision | Define the ideal person and organizational culture that Yokowo seeks, starting from its corporate philosophy | <ul style="list-style-type: none"> Yokowo's ideal candidate is someone who gathers collective knowledge, creates the “new,” and keeps pushing boundaries Yokowo's ideal organizational culture is one that supports evolution <p>We are committed to cultivating people and culture that support the evolution of business management, aiming to be an ever-evolving company</p> |

Yokowo's Ideal Human Resources and Corporate Culture

Yokowo's ideal candidate embodies both a fearless, challenge-driven mindset and a proactive drive to spot issues and act decisively toward solutions. When defining this ideal, we based our approach on the questions “What constitutes evolution?” and “What kind of organization supports evolution?” and have had successive internal discussions about them. This revealed the importance of securing psychological safety founded on the values of respect and fairness. This creates an environment called a knowledge pool, where employees can freely speak and share insights. We regard the ideal person as one who creates innovation, i.e., new value, from that knowledge pool, who holds an ownership mindset toward realizing that new value, and who continuously engages in challenges. We believe such individuals will lead the next generation.

Yokowo positions on-the-ground competence and agility in change as a common organizational culture, and fosters behavioral change in every employee through position-specific training and hands-on practice. We are also working to build an environment where challenges and learning circulate, by energizing workplace dialogue, fostering a culture of mutual feedback, and sharing proactive learning behaviors from the leadership team.

Institutionalizing such a culture is indispensable for maximizing the effectiveness of human resource development measures, and we believe that the qualitative shifts in both people and the organization form the foundation for sustained corporate growth.

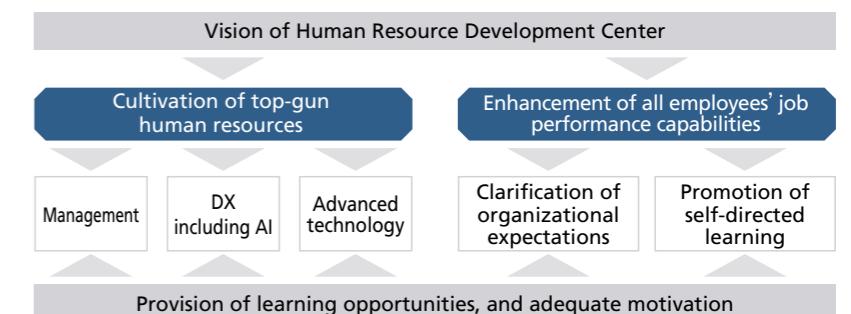


Human Resource Development Center Serves as Central Pillar of Company-Wide Human Resource Development

When Yokowo began seriously advancing human capital management, the key focus was setting up the core functions responsible for company-wide human resource development. In a symbolic move, we set up the Human Resource Development Center in 2023 to act as a command hub.

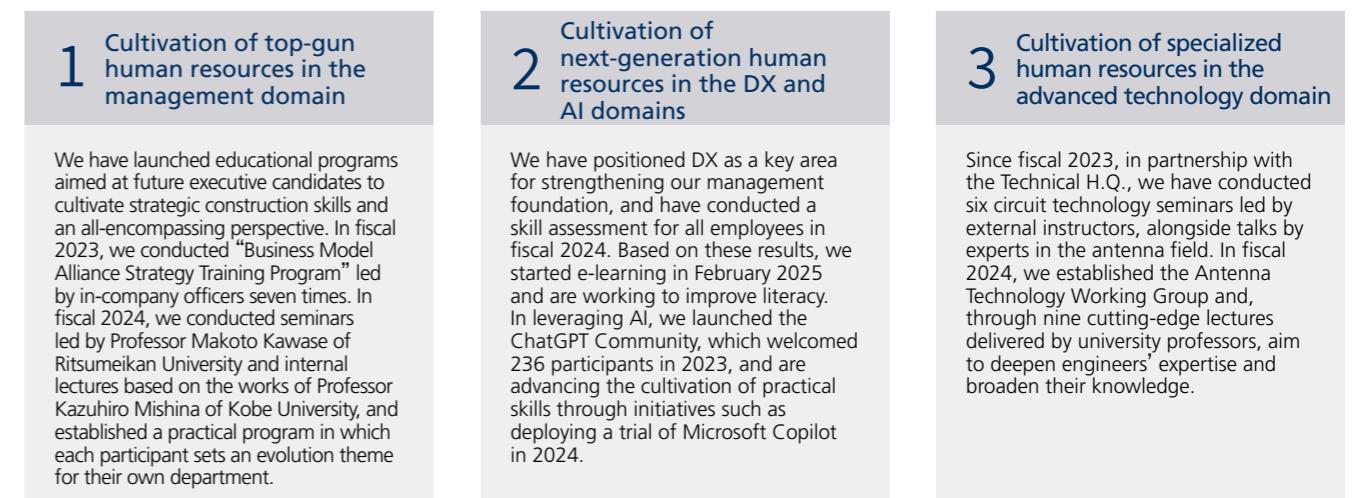
The Center takes on a role that goes beyond the scope of training operations, crafting a medium-term personnel development plan aligned with Yokowo's long-term corporate strategy, and implementing this plan cross-functionally in collaboration with each department. This system, directly linking the policy of human resource development with business strategy, is an important step toward the advanced enhancement of human capital that contributes to increasing corporate value.

At its core are two pillars: cultivating top-gun human resources that drive Yokowo's competitive advantage, and strengthening organizational capabilities through elevating every employee's job performance. We consistently roll out initiatives across the company that support each employee's proactive challenges and ongoing learning, linking human capital to our sustainable growth and value creation.



Cultivation of Top-gun Human Resources — Strengthening Highly Specialized Human Resources that Lead Evolution

At Yokowo, we are cultivating top-gun human resources—individuals with high expertise and execution capabilities that directly drive business evolution—across three strategic areas.



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Enhancement of All Employees' Job Performance Capabilities — Initiatives to Strengthen Overall Organization Competitiveness

While cultivating top-gun human resources, we also are focusing on elevating the skills of all employees to improve the overall performance of the organization.

1 Creation of a training system based on a skill map

Starting in fiscal 2023, each department has devised personalized training programs grounded in a skill map detailing the competencies they seek in employees. We are working to develop human resources in line with these targets.

2 Establishment of an environment that supports self-directed learning

We are committed to offering a broad array of learning opportunities to meet employees' self-motivated desire to learn. Starting in fiscal 2023, we introduced Udemy Business—designed to support both business and IT across Japan—at our domestic bases, and in fiscal 2024 we began rolling it out to overseas bases. In addition to other measures, we have implemented e-learning and a subsidy program to assist with English learning costs. Such measures foster employees' self-driven development and aid in establishing autonomous career development.

Establishment of the Human Resources H.Q. and Future Plans

In 2025, Yokowo further accelerated its human capital management by merging the Personnel Department, Human Resource Development Center, and Global Support Department into a newly created Human Resources H.Q. We organize recruiting, development, assessment, and compensation activities within a single, cohesive HR framework, thereby creating a structure that improves employee engagement and targets total optimization.

Achieving Personnel Functions That Support Management and Business

At Yokowo, we believe that personnel departments should be directly integrated with both the management team and business activities. To achieve this, we have assigned Human Resource Business Partners (HRBPs) who collaborate with business divisions to design and implement personnel measures. By regularly engaging in dialogue with management, they will accurately understand organizational challenges and business needs, and focus on developing and executing personnel measures that stem from those insights.

Constructing an Interrelated Cycle of Recruitment, Development, Assessment, and Compensation

We aim to build a system that develops the human resources we hire and enhances motivation through accurate evaluation and rewards, ensuring that this series of processes operates not as isolated optimizations but in a fully integrated and cyclical manner. We also conduct regular engagement surveys to visualize both the achievements and the challenges. We plan and implement strategies based on survey findings, and through evaluating and redesigning them, we aim to enhance the overall quality of personnel measures and advance the entire personnel agenda.

Enhancing Global Personnel Functionality, and Group Cooperation

With future global expansion in mind, Yokowo is moving forward with harmonizing the global perspective of its head office and the local expertise of its overseas bases. We are moving forward with a framework that aligns shared values and adaptable operations, enabling each of the Group's personnel departments to cooperate and maximize synergies. We view the evolution of the global HR functionality, which balances respect for the diversity of each country and location while executing consistent human resource utilization, as one of our key future challenges.

By implementing these measures, the Human Resources H.Q. will make it a central tenet that "individual growth underpins corporate growth" within management, thereby maximizing the inherent potential of both people and the organization. Moving forward, the H.Q. is expected to lead human capital management at Yokowo, tying together sustainable business growth with the elevation of human capital in an integrated manner.



Materialities

Guided by our Purpose—"Be a good company by employing people and technologies that work for the benefit of society today and tomorrow"—we aspire to build both a good company and a good society. In this spirit, we identify materialities by addressing the challenges facing the global community.

Approach to Materiality

Amid rapid changes in the external environment and increasing uncertainty surrounding business management, we reviewed our materiality in fiscal 2024 as part of addressing sustainability initiatives, one of the structural challenges identified in our Medium-Term Management Plan.

In this review, we organized issues from two perspectives: the impact society has on us and the impact we have on society. Among financial and non-financial issues, we chose to focus specifically on non-financial areas. Through our materiality initiatives, we are committed both to enhancing corporate value and helping resolve the pressing challenges of building a sustainable society.

Process to Identify Materialities

Step 1 Identify and organize ESG issues

We first consolidated the issues raised by each stakeholder group to create a long list of 136 items. We then organized these items by integrating similar themes and assessing their relevance to our business. Based on stakeholder perspectives, we conducted a prioritization process and identified 21 priority issues.

Stakeholders Considered

- Customers
- Financial institutions and institutional investors
- Employees
- Questions from ESG rating organizations (FTSE, CDP, RBA, EcoVadis, etc)
- Non-profit organizations (JICA, WEF, and Free The Children Japan)

Step 2 Prioritize the issues

To prioritize the issues identified in Step 1, we conducted a survey of all executives and employees, including temporary staff, at our Group companies in Japan, as well as senior management at our overseas locations. Based on both risks and opportunities, we created a materiality map from two perspectives: importance to stakeholders and importance to our business.

For details of the materiality map, please refer to our corporate website.
<https://www.yokowo.co.jp/english/sustainability/management.html>

Step 3 Select possible materiality

Since some of the issues in financial and other areas, such as technology, were already being addressed under our New Medium-Term Management Plan, we excluded financial issues from the materiality map created in Step 2 and redefined five priority areas. At the Executive Meeting, we selected the proposed materiality items and established draft KPIs and targets for fiscal 2030.

Step 4 Discuss and approve materiality

The five priority areas, thirteen materialities and KPIs, and the fiscal 2030 targets were deliberated and approved by the Board of Directors. The identified materialities, KPIs, and fiscal 2030 targets will be revised as necessary to reflect changes in the external environment and business, as well as the progress of activities.

*See the next page for details, as well as KPIs and fiscal 2030 targets.
For details of the GRI content index related to materiality, please refer to our corporate website.
<https://www.yokowo.co.jp/english/sustainability/gri.html>

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Materialities and KPIs (FY2030 Targets)

| Key Areas | Materialities | Our Goal | KPIs (FY2030 Targets) | | FY2024 Results | FY2025 Targets | Related SDGs | |
|------------------------|---|--|---|---|--|--|--|--|
| | | | Evaluation Index | Target Value | | | | |
| Human Capital | Based on our Purpose, we consider that the continuous development of people, or human capital, which is as important an asset as technology, is a critical factor in creating sustainable corporate value for the realization of a sustainable society. | When people with diverse personalities and differences engage with one another and respect one another, a wealth of ideas emerges and new value is created. Through this process, we will foster an organizational culture that supports both individual growth and the sustainable evolution of the Yokowo Group. | Number of TISP*1 hires/employees | 120 or more (cumulative) | 87 | 100 |     | |
| | | | Percentage of employees with disabilities | 3.45% (1.5 times higher than the statutory percentage of 2.3% in FY2023) | 2.8% | 2.8% | | |
| | | | Percentage of female managerial staff*2 | 10% or more (Yokowo, non-consolidated) | 5.6% | 10% | | |
| | | | Increase employee engagement | Aim to achieve 20% increase from the 2022 score of 46%*3 as soon as possible and to maintain that level | 53% | 56% | | |
| | Global workforce development | | Communication equipment sector: number of qualified persons | 60 | 31 | 45 | | |
| | | | Connectors sector: number of product or process inventors | 72 | 48 | 53 | | |
| | | | Medical sector: number of persons with competence in the three roles*4 in medical business manufacturers and distributors, as well as FDA and MDR-compliant individuals | 20 | 5 | 7 | | |
| | | | Employee mastery level of DX literacy standards*5 | 20% or more of employees above standard | 6% | 14.9% (results as of July) | | |
| Human Rights | In light of the recent changes in the external environment regarding human rights, we will strengthen our commitment to respect human rights in order to achieve our Purpose. | We respect the dignity and rights of all people. We continuously assess the impact of our business activities on human rights and, should any adverse impact arise, we will take appropriate corrective and remedial action. Through ongoing dialogue with stakeholders, we are committed to responsible practices that uphold human rights across our entire value chain, including our supply chain. We also strive to cultivate a corporate culture that universally respects human rights for all stakeholders, including local communities in which we operate. | Participation rate in human rights training at all Group sites | 100% | 1.5% | 100% |     | |
| | | | Risk assessment of human rights due diligence at all Yokowo Group sites | B or higher (according to Yokowo's unique metric) | 50% (10 out of 20 sites) | 100% | | |
| | Rights of those who work with us | | Percentage of due diligence conducted on Yokowo Group's major suppliers (top 80% of total purchases) | 100% | 100% (Sites in Japan) | Implementation of human rights due diligence (SAQ) for suppliers at China sites*6 | | |
| | | | Rate of lost-worktime injuries | 0.23, or a 30% improvement from the base year (FY2023) rate of lost-worktime injuries | 0.305 | 0.301 | | |
| Stakeholder Engagement | Customer satisfaction | By delivering safe, high-quality products and services that exceed customer expectations, we strive to be a trusted partner, achieving both enhanced customer satisfaction and the advancement of society. | Scores in our customer satisfaction surveys | Maintain a score above the base year (FY2023) score (VCCS:83.9, CTC:82.3, FC:87.5, MD:68) each year | VCCS:83.2, CTC:~, FC:80.6, MD:84 | Customer satisfaction surveys for key customers across all business divisions and their quantification |     | |
| | Two-way communication with business partners | We provide our business partners with fair and equitable opportunities to participate. We evaluate them comprehensively—based on quality, price, delivery, service, technological capabilities, CSR, and other factors—with transparency, thereby building long-term relationships of trust. In addition, we promote CSR activities to uphold corporate ethics and legal compliance, while fostering partnerships that enhance value for all parties. | Conduct supplier briefings and sustainability briefings to raise the level of CSR procurement | Once a year or more | 30 companies at once (suppliers located in Japan) | Supplier coverage rate: 59% or more of Group purchasing volume | | |
| | Dialogue and interaction with local communities | To help address local challenges, we engage in dialogue and interaction with local communities through initiatives such as nurturing the next generation, protecting the environment, and supporting traditional culture, sports, and the arts. By leveraging our Group's technologies and expertise, we work to build strong, trust-based relationships with local communities. | Community service activities | 70 activities per year | 55 activities | 60 or more | | |
| | Dialogue with shareholders and investors | To foster long-term trust with our shareholders and investors, we are committed to accurate and timely information disclosure through financial results briefings, individual meetings, and enhanced IR materials. Through constructive dialogue with shareholders and investors, we aim to achieve sustainable growth and enhance corporate value over the medium to long term. | Conduct financial results briefings, small meetings, etc. | 5 times per year | 3 times | 4 times | | |
| | | | Individual IR (total of Japan and overseas) | 200 per year | 154 | 160 | | |
| Global Environment | As a Group, we will promote the preservation of the global environment and climate change response to ensure that future generations inherit an irreplaceable healthy global environment. | To address the growing risks of natural disasters and business disruptions caused by climate change, we are working to reduce greenhouse gas emissions with the goal of achieving carbon neutrality by 2050. | GHG emission reduction from FY2014 level | 35% reduction | 14.7% increase | FY2024 GHG absolute emissions 4.2% or more reduction |     | |
| | | | Specific water consumption compared to FY2020 | 10% reduction | 22.2% reduction | 5% or more reduction | | |
| | Transition to a circular society and management and reduction of hazardous substances | | Waste recycling rate | 25% or more reduction | Currently formulating a definition of recycled plastics | Organizing definition requirements for recycled materials | | |
| | | | Waste recycling rate | 80% or more on a global basis | 71% | Maintain 80% or higher | | |
| | | | Reduction in use of PRTR substances (Group in Japan) | Curbing the use of PRTR substances through active consideration of alternative substances | 25% reduction compared to FY2023 | Clarification of substances targeted for reduction and listing of alternative materials | | |
| Governance | We will improve our governance system, which is the foundation of all corporate activities, to realize our Purpose, Vision and Values through our actions. | Corporate governance | Board effectiveness assessment | 4.5 or higher on a 5-point scale | 4.55 | 4.55 or more |    | |
| | | | Board diversity | Optimize the composition of the Board of Directors to improve its effectiveness and corporate value*7 | Percentage of independent outside directors: 43% Percentage of women: 14% | Enhancement of board diversity (e.g., percentage of independent outside directors / female representation) | | |
| | | Compliance | Compliance training participation rate (all Yokowo Group sites) | 100% | 98%*8 | 90% | | |
| | | Risk management | Awareness of the whistleblower system (all Yokowo Group sites) | 100% | 45.3% (Sites in Japan) | 90% of domestic sites 70% of overseas sites | | |
| | | | Identification of critical risks based on risk assessment and confirmation of progress in implementing measures | Once a year or more | Once | Once | | |
| | | | Number of incidents based on internal security incident severity determination | 0 cases of score 40 or higher*9 | 0 | 0 | | |

*1 TISP: Tomioka International Specialist Park *2 Percentage of female managers out of the total number of managers at Yokowo (non-consolidated) *3 Score of engagement survey by Qualtrics the DX literacy standard defined by METI as DX skills that all employees should possess. *6 Suppliers that have agreed to the Business Partner Code of Conduct *7 Optimization will be examined importance according to Yokowo's original index.

*4 Three roles: General Manufacturing and Marketing Director, Quality Business Operation Director in Japan, and Safety Management Director *5 KPI is the ratio of employees who have mastered every year with a focus on women/foreign nationality/independence *8 Employees within the Group who are eligible for e-learning programs *9 Goal to achieve and maintain zero incidents of high