

Message from the President

A reliable growth trajectory, driven by consistent management policies and a flexible response to change.

We are committed to being an ever-evolving company through management that embraces transformation and leads us into the future.

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



Driving sustainable growth through evolution of business management and multi-layered business structure

We have instituted the Evolution of Business Management and a Multi-layered Business Structure as our basic management policies.

Evolution of Business Management reflects our long-standing aspiration to always be pioneers of our era—an ongoing commitment to advancing forward and continuously evolving. To bring this vision to life, we pursue four pillars of innovation:

- **Product Innovation: Transforming business models, products, and organizational structures**
- **Process Innovation: Reinventing business processes**
- **Personnel Innovation: Advancing human capital**

In other words, these initiatives aim to transform our business model—including products, technologies, and markets—while also reshaping our operational processes through optimal site placement, improvements in production workflows, advancements in processing technologies, and proactive integration of IT. At the same time, we are expanding the diversity of the talent driving these changes and elevating

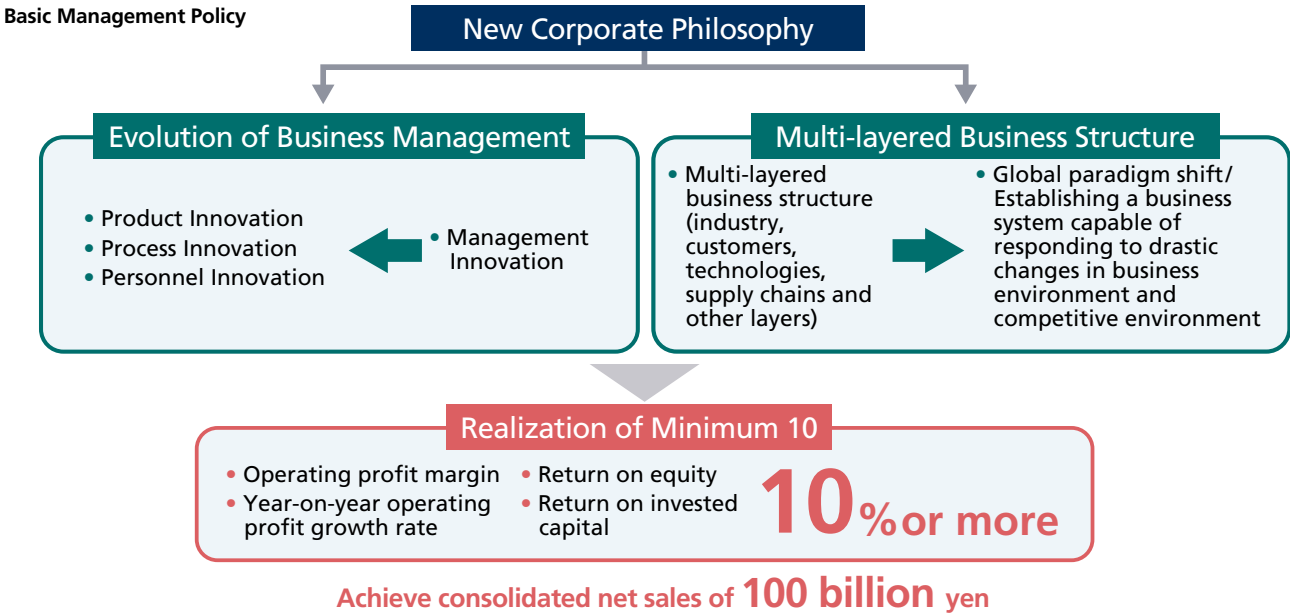
our workforce into a more advanced and professional collective.

Management Innovation, which focuses on transforming corporate management and business operations, seeks to accelerate the realization of Evolution of Business Management by fundamentally rethinking the elements, structures, and even the management of the three innovation initiatives outlined above.

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 short, to improve sustainability.

While the business environment surrounding Yokowo continues to evolve at an unprecedented pace, we are working to build a resilient business foundation capable of adapting flexibly to these changes, by structuring our operations across multiple layers—including industries, customers, technologies, and supply chains.

By advancing both Evolution of Business Management and Multi-layered Business Structure in tandem, we are striving to achieve our medium-term management target, “Minimum 10”—securing at least 10% in year on year operating profit growth rate, return on equity (ROE), and return on invested capital (ROIC).



Promoting our corporate philosophy and building a stronger brand

Since the renewal of our Corporate Philosophy in 2022—marking Yokowo’s 100th anniversary—I have observed a growing sense of alignment among our employees with its elements: Purpose, Vision, and Values (see p.01). I personally resonate with and frequently refer to our five core Values. The fact that Respect and Fairness are listed first reflects the essence of Yokowo’s current corporate culture. The ever-evolving spirit of Respecting each individual’s unique qualities—doing the right thing with Fairness, taking Ownership of every task, embracing change positively to take on new Challenges, and pursuing Innovation through flexible thinking and adaptability is, I believe, what drives the growth of our entire organization.

While these values and attitudes that Yokowo cherishes have taken firm root within the organization, I have also recognized a challenge: their unique characteristics may not yet be clearly or memorably communicated to our stakeholders.

To more clearly communicate our brand’s stance visually, we introduced a new Visual Identity (VI). The upward-sloping “FUTURE LINE” symbolizes Yokowo’s spirit of boldly embracing change and continuously taking on new challenges in a new era. Its color scheme combines INNOVATION RED, representing our drive for innovation, with TRADITIONAL BLUE, which reflects the technologies and traditions we have valued since our founding.

I am confident that this new VI will serve as a powerful visual expression of Yokowo’s direction and corporate stance.



Yokowo’s strength: Business Creation and Growth Cycle

Yokowo has built a history spanning over 100 years since its founding. However, we have not simply continued with the same products or businesses throughout that time. Our strength lies in the core technologies we have developed and accumulated on our own, and in our persistent and bold approach to embracing change. By continuously pioneering new markets and adopting new technologies, we have achieved steady growth while *evolving* constantly over the past century.

Recognizing that businesses inevitably change with the times—and may even disappear—we have continuously taken on the challenge of creating new businesses. It is this ongoing commitment that has enabled us to endure and remain ever present. Even in areas where the business environment has deteriorated, we have made strategic withdrawals and continued to move forward with a positive spirit of evolution. This is something we take great pride in.

Even when we strategically withdraw from certain businesses, the technologies we have cultivated over the years remain within the company—preserved and repurposed as a foundation for future challenges. This inheritance of technology is, in my view, the very embodiment of Yokowo’s ever-evolving spirit and the source of our competitive advantage.

Performance in the fiscal year ended March 31, 2025, current status and forecast

In the fiscal year ended March 31, 2025, we felt a clear sense of returning to a growth trajectory. Net sales reached 82.884 billion yen, a 7.8% increase year-on-year, and operating profit recovered to 4.226 billion yen, marking a 161.2% increase compared to the previous year. Our core VCCS segment remained stable, while both the CTC and FC/MD segments showed significant improvement. Although we achieved a certain level of recovery from the temporary downturn experienced in the fiscal year ended March 31, 2024, we are not satisfied with the results.

Significant changes continue to unfold across each of our Group’s key markets: automotive, semiconductor testing, mobile devices, and medical equipment. Beyond shifts in leading industry players, we are seeing transformations in business models and intensifying competition in product and technology development.

In this environment, Yokowo’s current strength lies in our ability to reach areas with clear growth potential by advancing initiatives such as multi-layered customer mix, and driving product innovation that contributes to the evolution of customer business models and industry/market structures.

In **the Vehicle Communication Comfort & Safety (VCCS) segment**, the most critical themes shaping the future of the automotive industry are Advanced Driver Assistance Systems (ADAS), autonomous driving technologies, and Software-Defined Vehicles (SDVs). Our ability to penetrate these domains will be key going forward. Encouragingly, we have already secured layout positions (designated suppliers) with major automakers, and early-stage development is progressing smoothly. Additionally, the successful expansion of existing products in the rapidly growing Indian market is providing strong momentum for the overall growth of our business.



In **the Circuit Testing Connector (CTC) segment**, the rising demand for GPU testing—driven by the rapid processing needs of generative AI technologies such as ChatGPT—has become a key growth driver. We have already secured new orders for newly prioritized in-process testing that have emerged alongside the expansion of these technologies, and business operations are now underway. Looking ahead, we aim to provide solutions across all areas. To that end, we are advancing the evolution of our probe products and pursuing new product development for GPUs through strategic alliances in MEMS technology. Our business with major customers who have become leading players in the GPU market is also progressing steadily, and we will continue to strengthen these relationships going forward.

In **the Fine Connector (FC) segment**, capturing market needs is critical. In fiscal 2024, we secured new business with major companies in areas such as home gaming consoles and computer peripherals. To achieve clear differentiation from competitors, we aim to expand sales volume and drive revenue growth. For example, we are advancing the development of specialized

products, including the world’s smallest SPRING CONNECTOR™ (SPC), focused on miniaturization and weight reduction, as well as low-cost SPCs designed for high-volume markets like smartphones.

In **the Medical Device (MD) segment**, our growth strategy is built on two pillars: participating in the venture ecosystem for advanced medical devices, and developing proprietary products in the generic and improved medical device space. In particular, we are actively working to enter the U.S. market with our in-house designed products.

New Business Development through the Incubation Center and Acquisition of System Engineers

The entire Yokowo Group is actively pursuing a transformation of our business model—from selling products to delivering value through services, data, and subscriptions. This shift is being driven mainly by our Incubation Center. To support this transformation, it is essential to acquire talent with expertise in system technologies, including software and digital hardware. In June 2025, we inherited part of the business of KOHA Co., Ltd. through a corporate spin-off, bringing a large number of software engineers into our organization. By integrating Yokowo’s core technologies with software capabilities, we aim to turn seeds of innovation into viable businesses and expand them further.

Progress in Embedding ROIC-Based Management

In fiscal 2024, we set out to fully embed ROIC-based management across the organization. By establishing ROIC targets not only at the company-wide level but also for each individual business unit, we have seen a noticeable shift in mindset—each business division is now more strongly focused on building businesses with higher profitability and capital efficiency. As a result, we can now feel structural reforms taking root and progressing autonomously.

Toward the next 100 years as an ever-evolving company

At Yokowo, we believe that the continued advancement of human capital management is paramount in addressing sustainability challenges. Just as technological capital is essential, so too is human capital. To ensure its ongoing growth and evolution, we integrated our Human Resource Development Center with the Personnel Department, launching the Human Resources H.Q. in fiscal 2025. This new H.Q. is dedicated to enhancing human capital by leveraging employees’ skills and capabilities improvement to drive organizational growth and contribute to medium to long-term corporate value.

These initiatives reflect my ongoing desire to build a “good company”—a vision I have consistently shared with all employees across the Group. This aspiration has remained unchanged since I assumed the role of President in 2007. To me, a good company is one that earns the trust and pride of

every stakeholder. It is a company that customers feel glad to do business with—saying, “We’re happy to work with Yokowo and want to expand our partnership.” It is a company that business partners and local communities appreciate—saying, “We are proud to work with Yokowo. We want to contribute to Yokowo even more,” or “We are glad Yokowo is part of our town; we would love for our children to join the company.” Most importantly, it is a company where every employee of the Yokowo Group feels, “I am glad to work here. I want to do my best to make it an even better company.”

I firmly believe that a company where such sentiments are shared is one that can sustainably create value for society—a truly good company. Our corporate vision of an “ever-evolving company” reflects a strong commitment to continuing to evolve together.

Under this guiding philosophy, the Yokowo Group formulates and executes its management strategies, business operations, and organizational development in an integrated manner. I am confident that this approach serves as the driving force behind building a solid foundation for sustainable growth over the next 100 years. As we move forward on this journey of evolution, we remain committed to engaging sincerely with all stakeholders—including our shareholders—through open dialogue and meaningful relationships, with the aim of earning long-term trust.

We will continue to generate new value and contribute to the realization of a sustainable and better society. We sincerely ask for your continued understanding and support.

Business Creation and Growth Cycle

