Value Creation Process

Yokowo's value creation process lies in accurately capturing societal and market changes and continuously developing a cycle of business creation and evolution based on its strengths in technology, through collaboration with leading customers across various industries. Through these efforts, we earnestly confront the evolution of society and the resolution of its challenges, striving to achieve a sustainable "good society."

Developing, Delighting

As an ever-evolving company, we seek to develop new ideas.
Be a good company by employing people and technologies that work for the benefit of society today and tomorrow.

Evolution of Business Management Multi-layered Business Structure
Management Emphasizing Human Capital

External Environment Changes / Social Issues

Input (Fiscal Year Ended March 31, 2025)

Intangibles

Organizational capital
- Evolving business model
- DNA for new market development
- Courage to pull back
- Venture spirit

Human capital
- Professional team
- Unique cutting-edge technology
- Open-minded ingenuity
- Keen market and technology insight

Relationship capital
- Relationships with leading customers
- Turning true desires into tangible value
- Information alignment
- Agility

Intellectual capital	Patents held*:	1,067
	R&D expenses:	5.01 billion yen
Production capital	Domestic production bases:	4 locations
	Overseas production bases:	7 locations
	Non-current assets:	28.72 billion yen
	Capital expenditures:	3.97 billion yen
Financial capital	Total assets:	76.27 billion yen
	Cash flow:	17.12 billion yen
Natural capital	Electricity usage:	33,678MWh
	Renewable energy input:	8,115MWh
	Water usage:	304,400m³

* Including domestic and overseas applications and rights-registered items for patents, utility models, designs, and trademarks.

Yokowo's Business Model

Yokowo's Strengths
Business Creation and Growth Cycle that continually adapts to change

Multi-layered business through market development and technological innovation

Yokowo has expanded its business in a multi-layered manner while repeatedly developing new markets and adopting new technologies. It is this cumulative series of challenges that fuels the creation of an ever-evolving company.

Cooperation with leading customers

DNA of new market development

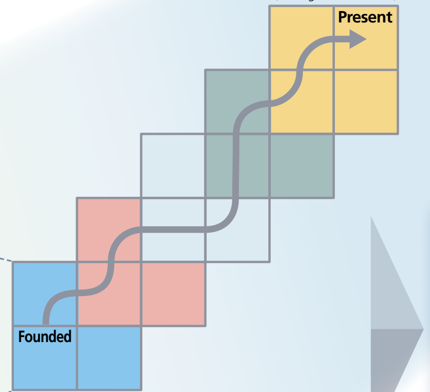
Market	Technology: Existing	Technology: New
New	3.Development of New Markets Expanding existing technologies into new markets	4.Diversification
Existing	1.Market Penetration	2.Introduction of New Technologies Introducing new technologies into existing markets

Continuous introduction of new technologies

- Microwave Technology
- Surface Modification Materials Technology
- Precision Pipe Processing Technology
- Antenna Technology
- Micro Precision Processing Technology

Current five segments
- VCCS (Vehicle Communication Comfort & Safety) Segment
- CTC (Circuit Testing Connector) Segment
- FC (Fine Connector) Segment
- MD (Medical Device) Segment
- Incubation Center

5 Business Divisions
(Strategic Business Unit)



- Cooperate with customers leading industry evolution, and address high process requirements (cost, delivery time, and quality) and technical requirements (new design and new technology) for each business.
- Continuously anticipate industry trends and strategically withdraw from markets where profitability and growth have declined.

Business model evolution
M&As/Alliances
New technology acquisition

Materialities

Output

Net Sales
82.88 billion yen

Vehicle antennas
(shark fin antennas)

Antennas for IoT applications
(MINO antennas)

MEMS probe cards
(YPX-K)

High-speed transmission connectors

Medical devices
(stents)

Outcome

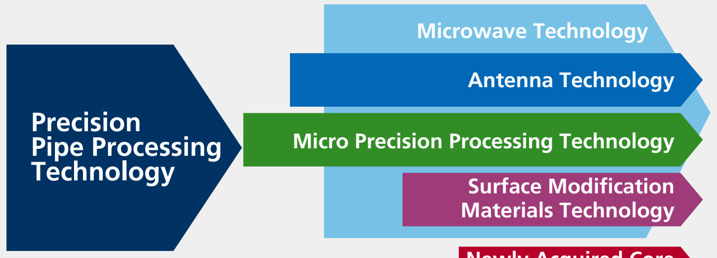
Good sustainable company		Good sustainable society
Remain an indispensable partner	Drivers	New joy
	Use services	
Remain sincere	Reliable testing	
	Dependable connections	Safety and Security
Minimum 10 Materiality KPIs	Linking lives	

Sustainability

Product Evolution and Future Vision

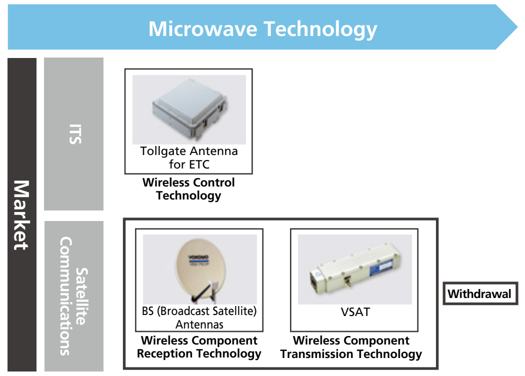
Starting with Yokowo's founding product—the spring bar— we have steadily expanded our business domains step by step. Here, we outline the path of expansion into various markets, highlighting the technological evolutions introduced at each stage, framed around our current business segments.

Building on this foundation of technologies and expertise, we also present our vision for the products Yokowo aims to develop in the future, along with the strategic direction for making that vision a reality.



Yokowo's products are built on the accumulation of advanced technologies cultivated over many years, and are supported by the systems that have been maintained and passed down to preserve this expertise. This foundation is not merely a stockpile of technologies; it represents a dynamic capacity for technological evolution—the ability to respond flexibly to changing market needs and customer challenges—which serves as the basis for our new endeavors.

Such a technological foundation is the very essence of Yokowo's competitive advantage and the cornerstone of our sustainable growth. By embracing change and continuously evolving on the strength of our accumulated expertise, our technological framework forms the core of Yokowo's value creation.



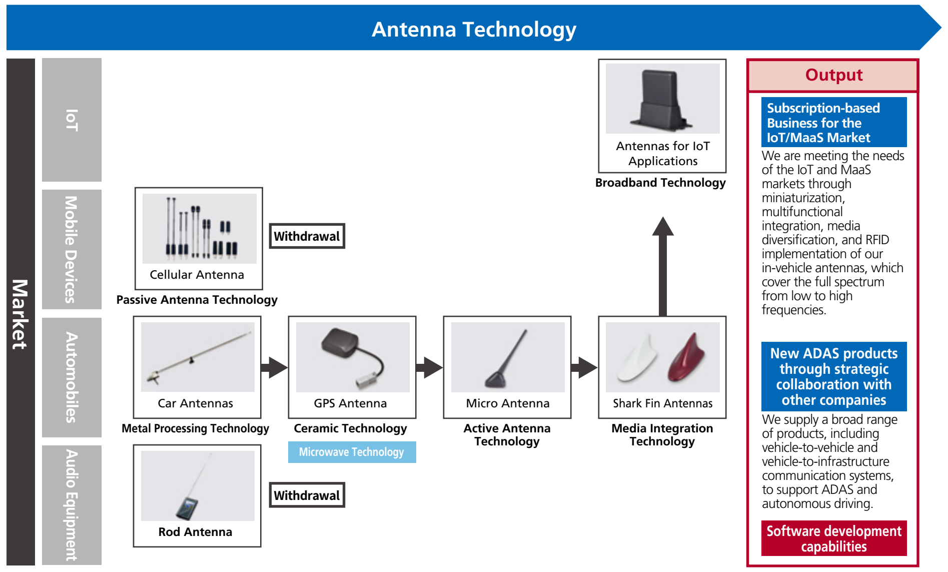
Foundations of high-frequency digital communications

In the fields of microwave wireless communication systems and sensors, our capabilities extend beyond key components to encompass signal processing and software as well. Furthermore, in social infrastructure systems such as Intelligent Transport Systems (ITS), we provide comprehensive solutions ranging from product supply to ongoing maintenance.

VCCS (Vehicle Communication Comfort & Safety) / Incubation Center

The automotive industry is undergoing a once-in-a-century transformation, driven by technological innovations such as CASE (Connected, Autonomous, Shared, and Electric). These advances are rapidly and profoundly reshaping both the role of the automobile and the very concept of mobility.

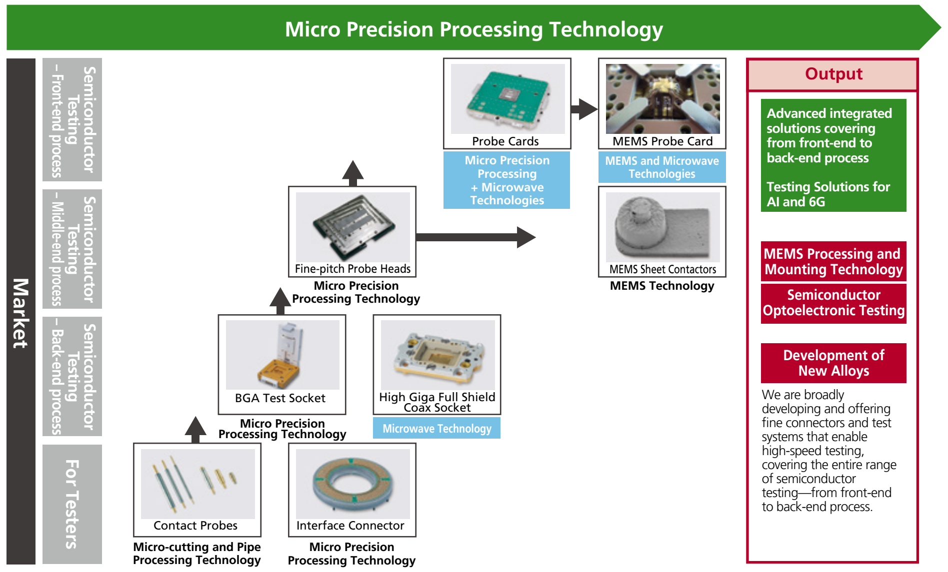
In response, we not only address the fundamental needs of in-vehicle antennas—miniaturization, multifunctional integration, low-profile design, and smart functionality—but also leverage our long-cultivated expertise in antenna and microwave technologies, together with advanced modularization techniques, to develop and propose antenna systems that support next-generation vehicle communications. Through these efforts, we contribute to the realization of safe and comfortable mobility services.



CTC (Circuit Testing Connector)

In the era of AI, IoT, and 6G, technologies demand faster, more digitalized, downsized, and portable information transmission. At the same time, the electronic components that enable them are rapidly advancing toward higher performance, greater density, and higher levels of integration.

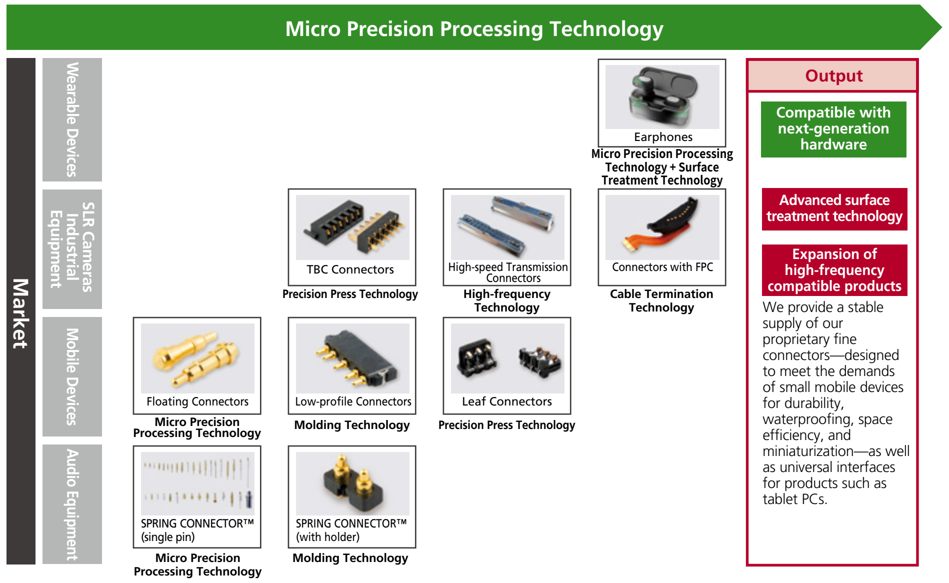
Recognizing that circuit test connectors must meet the dual requirements of ultra-fine connectivity and high-speed connectivity with superior signal quality, we leverage our long-cultivated expertise in micro-precision processing and microwave technologies, together with MEMS technology, to develop and supply fine circuit testing connectors on a global scale.



FC (Fine Connector)

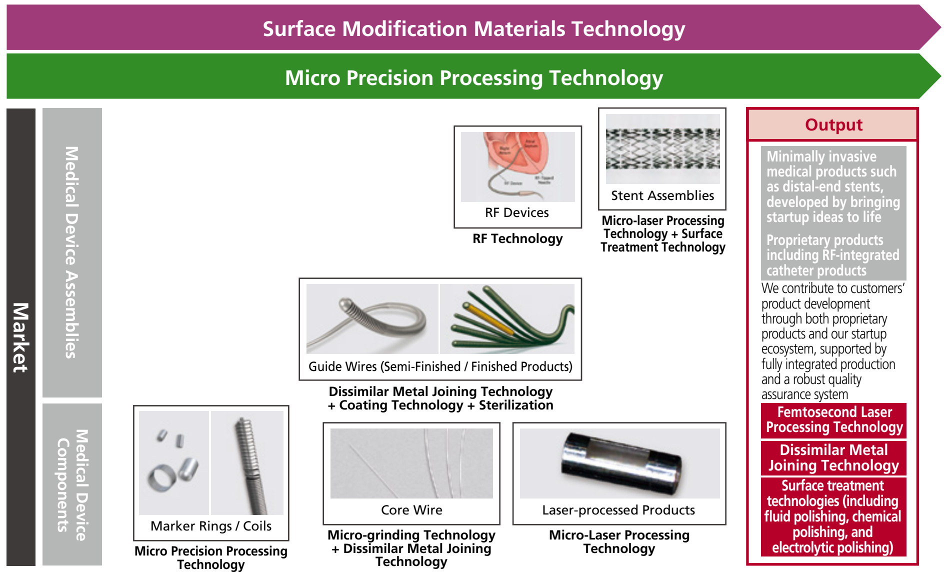
As electronic devices continue to become smaller, more personalized, and increasingly IoT-enabled, the market for mobile communication terminals is expanding rapidly, and the demand for connectors is diversifying. It is essential to accurately capture these fast-changing market needs and create differentiated products.

As a manufacturer of precision SPRING CONNECTOR™, we are advancing our elemental technologies and expanding into new fields. Under one of the world's largest supply networks, we are committed to delivering high-quality, high-performance products reliably and at scale.



MD (Medical Device)

In the field of minimally invasive medical devices, we leverage advanced core technologies to provide an integrated framework that covers everything from the design and development to the manufacturing of OEM guide wires and catheters. Building on our proprietary expertise in micro precision processing, coating, and assembly technologies, we have in-house facilities and production lines that enable us to complete the entire process—from design, evaluation, and refinement through to manufacturing—while providing comprehensive services that span from components to finished products. In addition, through our "startup ecosystem," we combine cutting-edge therapeutic concepts and rare-disease treatment ideas from startups with Yokowo's manufacturing expertise, accelerating the development of innovative products.



Medium-Term Management Plan

Laying the Groundwork for Agile Management that Adapts to Changes in the Business Environment and Drives Sustainable Growth

—Towards Deepening the Medium-Term Management Plan and Establishing ROIC-based Management—

Agile Medium-Term Management Plan through Rolling Approach

Yokowo announced the "New Medium-Term Management Plan 2024-2028" in May 2024, setting the management goal of the "realization of Minimum 10 and consolidated net sales of ¥100 billion or more." Each of the major markets of the Yokowo Group—automotive, semiconductor testing, mobile device, and medical device—has entered a major era of transformation capable of changing industry structures and business models, and we believe there are significant opportunities by leveraging our existing technologies as strengths and actively acquiring new competitiveness. In order to respond to changes in this type of business environment, we have adopted a rolling Medium-Term Management Plan that is reviewed annually, and we are working toward achieving our management targets with an agile system tailored to the product life cycles and market characteristics of each business segment.

Business Targets: Trend for Minimum 10

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2028 Targets
Operating profit margin	8.6%	7.0%	6.1%	2.1%	5.1%	10% or more
Operating profit growth rate	5.4%	-9.6%	1.2%	-65.9%	161.2%	10% or more
ROE	12.2%	11.6%	6.9%	3.1%	4.4%	10% or more
ROIC	—	—	5.8%*	1.8%	4.1%	10% or more
Consolidated net sales	¥60.0 billion	¥66.8 billion	¥78.0 billion	¥76.9 billion	¥82.9 billion	¥100.0 billion or more

* ROIC included from FY2023. FY2022 serves as reference values.

Basic Idea of Company-wide Growth Strategy

Under the New Medium-Term Management Plan, we are advancing the basic management policies of the "evolution of business management" and a "multi-layered business structure," and are rolling out a company-wide growth strategy aimed at the "realization of Minimum 10" and "reaching ¥100 billion in consolidated net sales." We have identified important points for driving progress and structured the fundamental growth strategy around each segment. Furthermore, to achieve our business targets and become an ever-evolving company, we are clarifying the core technologies we will acquire and drawing a roadmap—encompassing technology, M&A, and alliances—that will lead to product and business evolution, and are actively working to transform our business model.

Company-Wide Growth Strategy

1. Strengthening growth and revenue base in key markets
2. Acquiring new core competencies, and expanding business domains through partnerships with other companies
3. Integrating ROIC-based management
4. Human capital management = management centered on human resources, and sustainability initiatives

Important Points

Rollout of multi-layered customer structure (customer mix) measures
- Intensifying close ties by keeping pace with changes of leading customers across industries
- Cultivating new promising customers through strengthened domain expansion initiatives

Promotion of product innovation that can contribute to reshaping customer business models and industry and market structure
- Participating in innovative application projects
- Developing strategic products capable of transforming industry structures
- Conducting M&A/alliances and proactively investing in co-creative companies to provide missing technology, talent, and equipment

Basic Growth Strategy for Each Segment

VCCS (Vehicle Communication Comfort & Safety)
Further strengthening of revenue structure
- Thoroughly reforming the cost structure through standardization and commonization
- Expanding business into new application areas such as EV transition and ADAS adoption

CTC (Circuit Testing Connector)
Evolution toward becoming an all-in-one test solution vendor
- Strengthening hardware supply capabilities to meet new test needs
- Evolving into an all-in-one test solution vendor that leverages both internal and external technologies

FC (Fine Connector)
Strengthening of core competencies that rivals cannot keep pace with, while generating customer value
- Raising the competitiveness of core SPRING CONNECTOR™ products through the intensive development of materials, component processing, and surface modification
- Expanding business through market introduction of value-added products that are minimal, lightweight, and low-cost

MD (Medical Device)
Advancement to a higher stage with the development of innovative medical devices and the launch of internally designed products
- Releasing internally designed products following medical devices manufacturing and sales approval
- Accelerating contributions to humanity and society by expanding the medical ecosystem in advanced medical fields

Incubation Center
New business creation and business model innovation
- Seeking and cooperating with partners who own technology that fulfills customer requirements
- Offering products and solutions that forge new markets, thereby accelerating the Yokowo Group's business model transformation

Business Model Transformation Initiatives

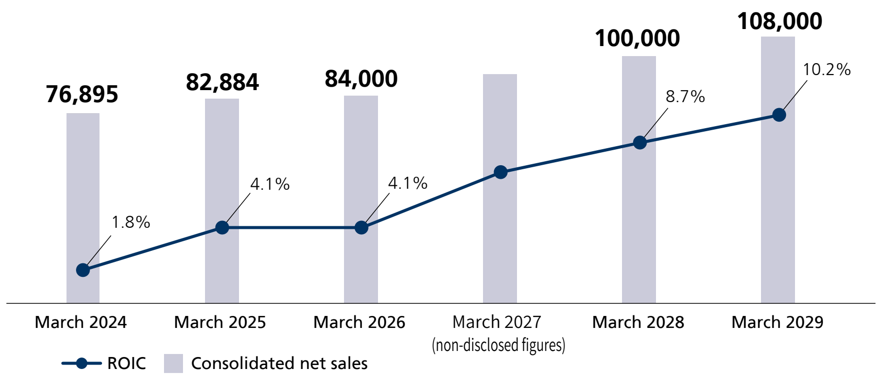
The Yokowo Group is advancing business model transformation by combining hardware-based products with software and services. Behind this lies megatrends such as global warming and a shrinking workforce. To reduce environmental impact and grow our business with limited human resources, we believe it is essential to move from a product-centric revenue model to a composite model that incorporates services and solutions. Our focus is on bolstering our ability to offer optimal solutions for customer challenges, including deploying subscription-based services like key-access systems and broadening field application engineer (FAE) support coverage. Being a later entrant in healthcare, we are driven to push into cutting-edge fields, contributing to solving the societal challenge of making once-impossible treatments a reality. These efforts go beyond ordinary business expansion; by revolutionizing our revenue model, they turn our Purpose into action toward a sustainable, improved society.

In order to enact this business model transformation, we are defining a technology roadmap that lays out the core technologies we will acquire from existing ones and leverages them to drive product and business growth. Accelerating this transformation means, in addition to our internal tech staff and resources, drawing on outside knowledge and partnerships to deliver higher results and reinforce the value-creation chain. We will push M&A and alliance activities forward in every business area.

Improving Profitability and Capital Efficiency through ROIC-based Management

In fiscal 2024, building on the push from fiscal 2022 for widespread ROIC-based management, we clarified the duties and targets of the four primary businesses and the Incubation Center, driving deeper management practices centered around each business's ROIC as an indicator. ROIC moved beyond a plain management indicator to a pivotal idea that makes each business's earning power visible, boosting capital efficiency and prompting a transition to a profit-focused model.

Trend in ROIC and Consolidated Net Sales (millions of yen)



Human Capital Management = Management Centered on Human Resources, and Sustainability

We have established a Human Resources H.Q. that integrates the Human Resource Development Center, which serves as the command hub for enhancing all employees' job performance and solidifying the competitive edge of high-performance human resources, with the Personnel Department, treating the expansion of human capital as a long- and medium-term priority. By promoting management centered on human resources and leveraging employees' abilities and skills for organizational growth, we aim to improve long-term and medium-term corporate value. In addition, as part of our sustainability initiatives, we are reviewing our materialities and working to establish materiality management within the Sustainability Committee. We aim to further improve external assessments such as EcoVadis and CDP by embedding sustainability throughout the company.

Medium- to Long-Term Structural Transformation and Future Outlook

In response to changes in the external environment, such as increasing uncertainty in the global economy and heightened geopolitical risks, we are advancing a resilient procurement strategy and price pass-through measures, including supply chain adjustments and currency fluctuations.

Starting in fiscal 2025, we will embark on a substantial change toward a fresh 100-year vision, with the goal of establishing ourselves as a global leader. Our goal is to adopt a dual-pronged management approach that evolves our current strengths and explores new business opportunities, simultaneously responding to market developments like the shift toward software-defined vehicles (SDVs) in the automotive industry and structural changes in the semiconductor industry.

Financial Strategy

Pursuing Capital Efficiency through Steady Execution and Daily Improvement

—Basic Stance of Yokowo's Financial Strategy—

Yokowo, a manufacturer with top-tier technology spread across the globe, endorses a capital-efficient management ethos and sets its KPIs around financial metrics such as return on invested capital (ROIC) and return on equity (ROE). In addition, we are deploying a financial strategy that simultaneously achieves cost reduction and productivity improvement through active utilization of AI and automation technologies, while also optimizing the business portfolio and diversifying risk. We are also working to enhance financial management by ensuring investment budget transparency and establishing a Business Risk Management Committee, among other measures.

Financial Target Achievement Status and Outcomes for Fiscal Year Ended March 31, 2025

- **Profitability remains a challenge, as operating profit and ROIC failed to meet financial targets**
- **Promoted productivity improvement through manufacturing cost structure reform**
- **Ensured business stability through time-based diversification of the business portfolio**

The financial targets for the fiscal year ended March 31, 2025 were set at an operating profit of 4.55 billion yen and an ROIC of 4.9%, but the actual results were 4.2 billion yen and 4.1%, respectively, with an ROE of 4.4%. Compared with the fiscal year ended March 31, 2024, while both operating profit and net income have improved, we still see persistent challenges in our ability to generate revenue. Taking this into account, we see the continued enhancement of profitability as a key managerial issue.

As a concrete step toward meeting our financial targets, we concentrated on restructuring manufacturing costs. We are promoting automation of manufacturing lines and AI integration as part of our manpower reduction measures, and aiming for efficiency in 100-person increments. At each production base in China, Vietnam, and the Philippines, we have worked on optimizing the production layout, shifting to bases with cost advantages, and reviewing procurement and logistics costs. Indirect departments are implementing IT solutions such as Copilot and RPA, which are already in use in some areas, and fully rolling them out starting in fiscal 2025.

All four of our businesses—VCCS: Vehicle Communication Comfort & Safety, CTC: Circuit Testing Connector, FC: Fine Connector, and MD: Medical Device—have many promising future themes, but the timeframes for achieving outcomes varies. CTC and FC tend to show results relatively quickly, whereas VCCS has a longer development lead time, and MD requires an extended medium-to-long-term perspective.

Consequently, there are timing discrepancies in the profit contribution of each business. As a result, we can compensate for market and customer fluctuations with other businesses, ensuring company-wide business stability through a multi-layered business structure.

Financial Targets for Fiscal Year Ending March 31, 2026, and Widespread Adoption of ROIC-based Management

- **In the fiscal year ending March 31, 2026, prioritizing profit preservation as primary focus and pursuing a restrained investment approach**
- **Investment strategy focuses on four areas, and investment of 3 billion yen is underway for AI and automation-related equipment**
- **Establishing a ROIC-focused, transparent financial strategy and investment management system that leverages third-party assessments**

In the fiscal year ending March 31, 2026, we are prioritizing profit generation and are proceeding with investments rather conservatively. The reasoning is that in fiscal 2025 and beyond, investment initiatives that align with our growth themes will grow, demanding timely and appropriate allocation of resources.

The main focus of investment consists of four areas: (1) expanding sales, (2) minimizing costs, (3) strengthening security, and (4) research and development. Particularly, capital expenditures aimed at AI and automation are progressing at a scale of 3 billion yen. We are committing to a stronger focus on automation starting from product and process design.

As part of our strategy, we increased awareness of ROIC and capital efficiency based on the fiscal 2022 financial strategy, and strengthened transparency through external disclosure. Furthermore, from fiscal 2024 onward, the allocation plan for investment budgets has been further enhanced, and IT investments and projects exceeding a certain amount are being carried out under the management of the Business Risk Management Committee. This enables us to carefully select investments that support growth by leveraging third-party assessments.

We believe it is important to steadily tackle each immediate task amidst the recent instability of the external environment. While our profit and Medium-Term Management Plans consider multiple scenarios, we remain firmly anchored to the final targets and are advancing their execution with a strong resolve.

We are currently examining which ESG-centered financial investment techniques remain effective, and our policy is to scrutinize future cost effectiveness carefully. We will select appropriate measures, products, and methods, and consider implementing them in a manner that aligns with Yokowo's business.

Capital Policy

As a capital allocation policy, we allocate about 5 billion yen (including personnel costs) to R&D investment, and we maintain an operating cash flow in the range of 6 to 10 billion yen. Investments in non-current assets are basically limited to existing depreciation costs, and for investments in new markets, new products, and strategic investments (inorganic/M&A, etc.), we utilize the free cash flow within the cumulative Medium-Term Management Plan. While strategic investments are primarily decided on an individual basis, the fundamental principle of the allocation policy remains consistent.

As of March 2025, the capital adequacy ratio is 68%, total borrowings are about 9.5 billion yen, cash and cash equivalents are approximately 17 billion yen, and net cash is 7.5 billion yen. This underscores are healthy finances and ample capacity for shareholder returns and growth investments. However, from the standpoint of capital cost management, we are seeking further operational efficiency, and we see this as a future challenge.

Shareholder Returns

Our goal for shareholder returns is a stable growth dividend, guided by a baseline dividend on equity ratio (DOE) of 2.2%. We have no major changes planned for fiscal 2025, and we will continue our policy of providing investors with reassurance even amid market volatility.

Balancing Capital Costs and ROIC

We manage operations by balancing capital costs and ROIC, taking into account the characteristics of each business portfolio. For volatile profit businesses such as CTC, we seek to maximize profitability when a reliable income can be anticipated, while also building a sturdy revenue foundation with stable businesses like VCCS. This strategy allows us to optimize capital efficiency across the company.

In addition, by maintaining sufficient equity, we are able to sustain a flexible structure that can respond to sudden changes in the external environment, allowing us to continue sound financial management and stay focused on our core business.

From 2025 onward, we intend to pursue stable and sound growth, grounded in our current financial strategy. No special secret is involved; rather, building a steady record of daily improvement and dependable execution toward our goal of optimal capital efficiency forms the core of our financial strategy.