ULVAC

(Translation)

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Name of the Company:	ULVAC, Inc.
Name of the Representative:	Setsuo Iwashita Representative Director,Chairman (Code No.6728; TSE Prime Market)
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Notice Concerning Revision of Executive Remuneration System
(Introduction of a Post-Vesting Stock Remuneration Plan using RSUs/PSUs)

ULVAC, Inc. (the "Company") hereby announces that its Board of Directors, at a meeting held on August 14, 2026, resolved to revise the executive remuneration system as described below (the "Revision") and to submit a proposal for the introduction of a post-vesting stock remuneration plan (the "Plan") for directors who concurrently serve as executive officers, excluding external directors (the "Eligible Directors"), to the Company's 122nd Ordinary General Meeting of Shareholders scheduled to be held on September 29, 2026 (the "General Meeting").

The Revision was approved following deliberation and recommendation by the Nomination and Remuneration Committee, which is chaired by an independent external director and composed of a majority of independent external directors, and is subject to approval of the relevant proposal at the General Meeting. If the proposal is approved, the Company also plans to introduce a stock remuneration plan substantially similar to the Plan for executive officers who do not concurrently serve as directors, subject to a resolution of the Board of Directors.

1. Background and Purpose of the Revision

The Company's basic policy is to position executive Remuneration as a means of contributing to the sustainable enhancement of mid- to long-term corporate value (long-term shareholder value) and to establish a Remuneration system that is closely linked to corporate performance and share price performance.

Under the mid-to long-term management plan ("Value-Up Plan"), which commenced in the fiscal year ended June 30, 2026, the Company intends to launch a new management structure on September 29, 2026, aimed at achieving steady execution of the plan and realizing discontinuous growth. The Revision is designed to establish a Remuneration framework that strengthens management's commitment to achieving these objectives and enhancing shareholder value.

The Company's existing stock Remuneration plan (Board Benefit Trust) has functioned effectively in aligning the interests of executives and shareholders through executive share ownership. However, the Company has determined that further enhancement is needed in order to strengthen the linkage between remuneration and shareholder value by incorporating performance indicators directly linked to shareholder returns, including relative TSR, shifting from annual to mid- to long-term performance evaluation, increasing awareness of stock price performance during tenure, and maintaining a stable proportion of stock-based remuneration.

Accordingly, the Company has decided to redesign its stock remuneration system.

Under the Revision, executive remuneration will consist of three components: base salary, annual bonus, and stock-based remuneration. The current Board Benefit Trust plan will be replaced with a post-vesting stock remuneration plan consisting of Restricted Stock Units (RSUs) and Performance Share Units (PSUs), which provide a stronger linkage to both performance and stock price. PSU vesting will be linked to financial performance indicators under the mid-term management plan and relative TSR. The timing of share delivery will be changed from the time of retirement to the time when the awards vest during the recipient's term of office. In addition, the Company will establish malus and clawback provisions, as well as a shareholding policy, to further strengthen remuneration governance.

2. Overview of the Plan

Name	Post-Vesting Stock Remuneration Plan (RSU: Restricted Stock Unit / PSU: Performance Share Unit)
Eligible Directors	Directors concurrently serving as executive officers (excluding external directors; two directors if the director election proposal is approved at the General Meeting). External directors, directors not serving as executive officers, and corporate auditors are excluded.
Grant of Units	Units will be granted for each fiscal year, and following vesting, shares of the Company's common stock will be delivered based on the number of vested units. One unit corresponds to one common share. No voting rights or dividends accrue prior to vesting.
Delivery Method	Shares are delivered either through (i) a no-contribution issuance/disposal of shares under Article 202-2 of the Companies Act or (ii) an in-kind contribution of monetary compensation claims, as determined by a Board resolution.
Compensation Limit	Up to ¥300 million per fiscal year, separate from the existing cash compensation limit of ¥500 million per year. PSU grants covering multiple fiscal years will be allocated proportionately to each applicable fiscal year.
Share Limit	Up to 80,000 shares per fiscal year (approximately 0.16% of the total issued shares excluding treasury shares). Subject to adjustment in the event of stock splits, consolidations, or similar corporate actions.
RSU	Equivalent to 30% of annual base salary. Granted annually and vested after three fiscal years of continuous service from the grant date. At least 50% of vested units will be delivered in shares; the remainder (up to 50%) may be paid in cash to cover tax obligations.
PSU	Equivalent to 70% of annual base salary. In principle, granted in a lump sum at the beginning of a mid-term management plan covering three fiscal years. Vested units are determined based on performance achievement levels ranging from 0% to 200%. The share/cash settlement ratio is the same as that of RSUs.
PSU Performance Metrics	50% financial metrics (selected from revenue, operating income, operating margin, ROA, and other financial targets under the mid-term management plan) and 50% relative TSR measured against a peer group selected by the Company. Specific metrics, target levels, and weightings will be determined by the Board following recommendation by the Nomination and Remuneration Committee.

Special Treatment for the Initial Grant	Since the current mid-term management plan began in the fiscal year ended June 30, 2026, the initial PSU grant is expected to cover two fiscal years. Financial performance evaluation will be based on results for the fiscal years ending June 30, 2027 and June 30, 2028, while relative TSR will be measured over the three fiscal years ending June 30, 2029. Vesting will be subject to continued service through September 30, 2029.
Mid-Year Appointment / Changes in Position	Newly appointed Eligible Directors will receive a prorated number of units based on position and service period. If a director's position changes, granted units may be adjusted accordingly, including additional grants upon promotion, subject to approval by the Board following consultation with the Nomination and Compensation Committee and within the compensation and share delivery limits.
Retirement / Corporate Reorganization	In the event of retirement for legitimate reasons, awards will generally vest on a prorated basis according to the period of service, although the Board may reduce or forfeit awards. Upon death, cash equivalent will be paid to heirs. Awards will generally lapse in cases of voluntary resignation. In connection with organizational restructurings, cash may be paid under Board-determined conditions where an eligible director loses his or her position for legitimate reasons and no replacement equity award is provided.
Malus and Clawback	In the event of serious misconduct, legal or internal policy violations, material restatement of financial statements, violations of non-compete or confidentiality obligations, or similar circumstances, the Company may cancel unvested units (malus) or require repayment of delivered shares or paid cash (clawback), before or after vesting, based on recommendations from the Nomination and Compensation Committee. Clawback may apply to awards vested during the fiscal year in which the issue is identified and the preceding three fiscal years.
Shareholding Requirement	Eligible Directors shall retain a specified number of shares received under the Plan during their tenure in accordance with the Company's stock ownership policy.

3. Suspension of New Point Grants Under the Existing Board Benefit Trust

The current Board Benefit Trust plan was originally introduced following approval at the Company’s 112th Ordinary General Meeting of Shareholders held on September 29, 2016, and was subsequently amended following approval at the 121st Ordinary General Meeting of Shareholders held on September 26, 2025, including the removal of the cap on trust contributions by the Company.

Subject to approval of the introduction of the Plan at the General Meeting, the Company will discontinue granting new benefit points under the existing Board Benefit Trust after the points scheduled to be granted on September 30, 2026, based on performance for the fiscal year ended June 30, 2026.

Benefits related to points already granted will continue to be provided in accordance with the applicable regulations, generally upon the participant’s retirement. The trust will remain in operation until all outstanding benefits associated with previously granted points have been settled.