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Corporate Governance Report

Last Update: September 30, 2026

ULVAC, Inc.
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The corporate governance of ULVAC, Inc. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Under its Basic Corporate Philosophy that "the ULVAC Group aims to contribute to the development of industries and science by comprehensively utilizing its vacuum and peripheral technologies through the mutual cooperation and collaboration of the Group companies," the Company endeavors to improve its corporate governance with a view toward increasing its corporate value over the medium to long term. From the aforementioned standpoint, the Company values competitive and efficient management by ensuring strict compliance with corporate ethics as well as laws and regulations, while respecting the interests of all stakeholders related to its business activities, including not only shareholders, but also business partners, local communities, and employees.

Reasons for Non-compliance with the Principles of the Corporate Governance Code Updated

[This report is prepared based on the Corporate Governance Code (June 2021 version).]
The Company implements the principles of the Corporate Governance Code (June 2021 version).

Disclosure Based on the Principles of the Corporate Governance Code Updated

[This report is prepared based on the Corporate Governance Code (June 2021 version).]

[Principle 1.4 Cross-Shareholdings]
1. Policy on cross-shareholdings
The Company may acquire the shares of a listed business partner, insofar as such acquisition is believed to contribute to its sustainable growth and enhancement of its corporate value over the medium to long term from the viewpoint of maintaining and strengthening the business relationship with such partner.

The appropriateness of cross-shareholdings is verified from various perspectives, including the appropriateness of the holding purpose, benefits and risks of the shareholding, and the cost of capital, the results of which are reported to the Board of Directors on an annual basis. As a result, if the holding of a particular stock is determined to be less significant, the Company will consider reducing the size of its shareholding.

2. Standards for exercising the voting rights of cross-shareholdings
The Company exercises the voting rights of shares held under cross-shareholdings in an appropriate manner, based on a comprehensive evaluation regarding whether it will contribute to maintaining and strengthening the business partner's corporate governance structure and to increasing shareholder value, as well as its potential impact on the Company.

[Principle 1.7 Related Party Transactions]
In cases of so-called competitive transactions or conflict-of-interest transactions, while complying with the Companies Act, the Financial Instruments and Exchange Act, and other relevant laws and regulations, the Company shall perform procedures to obtain approval from the Board of Directors on the details of such transactions in advance pursuant to the Board of Directors Rules, and subsequently report the results of such transactions to the Board. In addition, such transactions are appropriately disclosed pursuant to relevant laws and regulations.

[Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion of Core Human Resources]
In an effort to ensure diversity in the promotion of our core human resources and related personnel management activities, we strive to implement evaluation and promotion based on individual capabilities, regardless of personal attributes. Furthermore, the selection of human resources is implemented based on the guideline according to employee composition, in an effort to promote selection and development that excludes attribute-based biases.

To advance women's active participation, the ULVAC Group as a whole had set a target to increase the ratio of women in managerial positions to at least 10% by the end of June 2026. We achieved the target in the fiscal year ended June 30, 2025, and the ratio remained at the same level for the fiscal year ended June 30, 2026. With the aim of maintaining the ratio of women in managerial positions at 10% or higher, we will continue to develop and promote diverse human resources including women.

The ULVAC Group considers it important to drive sustainable organizational growth and value creation through the development of an environment where diverse human resources can flourish. To this end, we promote the creation of an environment where employees can flourish regardless of gender at each stage of hiring, placement, development, and promotion. Furthermore, aiming to create an attractive workplace that is chosen by diverse human resources, we have been committed to developing a more employee-friendly work environment and increasing job satisfaction.

The ULVAC Group also recognizes that in promoting employees to managerial positions, it is important to comprehensively evaluate each candidate's abilities, experience, expertise, and achievements, without regard to gender, nationality, whether they are a new graduate or mid-career hire, or other attributes. We will continue to expand opportunities for the active participation of human resources with diverse perspectives and values, and seek to vitalize the organization and enhance corporate value by ensuring diversity.

Policies for human resource development and development of the internal environment to ensure diversity
The ULVAC Group comprises a large number of Group companies, which operate their businesses globally, and has a broad customer base, networks with cutting-edge research laboratories, bases for development, sales, customer support, and manufacturing bases, and supplier networks primarily across the East Asia region, including Japan, China, South Korea, and Taiwan, where the world's semiconductor manufacturers, electronic device manufacturers, and panel manufacturers are concentrated.

In order for the Company to practice and realize the aforementioned Basic Corporate Philosophy that "the ULVAC Group aims to contribute to the development of industries and science by comprehensively utilizing its vacuum and peripheral technologies, through the mutual cooperation and collaboration of the Group companies," compliance with the two principles of "Respect for Human Rights" and "Non-Discrimination and Harassment-Free Workplace" set out in its Corporate Code of Ethics, respect for individualities of its globally active employees, and embracement and utilization of diversity will serve as a major driving force.

We will strengthen the development of personnel who are capable of adapting to changes in the external environment and playing active roles globally, in order to survive in a rapidly changing business environment. In addition, we will endeavor to develop an appropriate environment, enhance relevant personnel systems, and create training opportunities with the aim of achieving a diverse, fair, inclusive, and cooperative workplace where employees can feel a sense of belonging, so that each employee can demonstrate their abilities to the fullest.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]
Considering that the management of corporate pension funds affects not only the stable asset formation of our employees, but also the financial position of the Company, the Asset Management Committee, comprised of the managers in charge of finance, accounting, corporate planning, and personnel affairs, receives reports on a quarterly basis from the external asset managers who are responsible for the management of the pension funds regarding the status of management of such funds, stewardship activities, and other matters, and regularly monitors and evaluates performance of the asset managers. Through the aforementioned

framework, we work to maximize the benefit for the employees, and to appropriately manage any conflicts of interest that may arise between the corporate pension and the Company.

[Principle 3.1 Full Disclosure]

(i) Corporate philosophy, management strategies, and management plan

Our Basic Corporate Philosophy and Management Policy are posted on our website.

Basic Corporate Philosophy: https://www.ulvac.co.jp/en/company/philosophy/index.html

Management Policy: https://www.ulvac.co.jp/en/company/policy/index.html

We formulate and implement management plans based on the Basic Corporate Philosophy and Management Policy. Management plans are disclosed in the financial results and financial results presentation materials.

(ii) Basic views and policy on corporate governance

The Company will remain committed to enhancing corporate governance, in line with the following principles.

1) We respect and secure the rights and equal treatment of shareholders.
2) We collaborate appropriately not only with shareholders, but also with various stakeholders that are related to our business activities, such as business partners, local communities, and employees, while paying due attention to their interests.
3) We disclose corporate information appropriately in a timely manner, thereby ensuring transparency.
4) We operate our Board of Directors, which is the decision-making body of critical importance, in a manner which increases our corporate value.
5) We conduct constructive dialogue with shareholders.

With a view toward increasing our corporate value over the medium to long term through sustainable growth, the Company has formulated its basic corporate governance policy based on the resolution of the Board of Directors, in line with the purpose and spirit of the Corporate Governance Code. The basic corporate governance policy is posted on the Company's website.

https://www.ulvac.co.jp/en/sustainability/corporate_governance/index.html

(iii) Policies and procedures in determining the remuneration of the senior management and directors

For matters concerning the remuneration of directors of the Company, please refer to "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" in "Director Remuneration" under "1. Organizational Composition and Operation," under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management." The remuneration of executive officers of the Company is determined based on a remuneration standard equivalent to that of internal directors.

(iv) Policies and procedures in the appointment/dismissal of the senior management and the nomination of director and auditor candidates

In nominating candidates for directors and auditors, as well as appointing executive officers, the Company assumes that all candidates possess high ethical standards and excellent character as officers. The Board of Directors shall resolve the nomination and appointment of directors, executive officers, and auditors based on the recommendations of the Nomination and Remuneration Committee, which has been established as an advisory body to the Board of Directors, and shall also obtain the prior consent of the Board of Corporate Auditors with regard to the nomination of auditors. In nominating candidates for directors and auditors, we comprehensively consider and take into account the diversity of the Board of Directors and the Board of Corporate Auditors, in addition to the viewpoint of whether individual candidates have sufficient knowledge, capability, and experience to carry out the duties in each position to be assumed. Likewise, the Board of Directors shall resolve the dismissal of directors, executive officers, and auditors, based on the recommendations of the Nomination and Remuneration Committee, and additionally subject to the prior consent of the Board of Corporate Auditors for the dismissal of auditors.

(v) Explanations on the respective appointments/dismissals and nominations when appointing/dismissing senior management and nominating candidates for directors and auditors

For the respective candidates for directors and auditors of the Company, their career summaries and the reasons for their nomination are stated in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 3.1.3 Initiatives in Pursuit of Sustainability]

We recognize that the response to sustainability-related challenges, including social and environmental issues, is important for

an increase in our corporate value over the medium to long term and sustainable growth. Therefore, we have established the Sustainability Policy under the Basic Corporate Philosophy and pursue the creation of economic, social, and environmental value by making full use of our vacuum and peripheral technologies. Furthermore, we have established a framework in which the Sustainability Promotion Committee, which is chaired by the President & Chief Executive Officer, formulates various policies concerning sustainability management, deliberates and decides issues, and verifies and evaluates the progress of initiatives, and reports to the Board of Directors in view of the importance of each issue.

The Company has signed and joined the United Nations Global Compact, whereby we observe and practice ten principles related to the protection of human rights, elimination of unfair labor, response to environmental concerns, and anti-corruption. Moreover, and in particular, as part of our medium to long term goal of reducing greenhouse gas emissions, we aim to reduce Scope 1 and 2 emissions by 50% and Scope 3 emissions by 17.5% by 2030 compared with 2023, and achieve net zero greenhouse gas emissions by 2050. We have also added "water resource conservation" to our Environmental Policy, and are working on the reduction of environmental impacts through both climate change initiatives and water resource conservation.

In addition to the above, the Company is aware that human resources and intellectual properties are also important management resources for increasing our corporate value over the medium to long term and achieving sustainable growth. With regard to human resources, with a broad perspective on the future, including the Earth, society, markets and customers, we will strengthen human resources development so that our employees can be healthy, fully demonstrate their diverse personalities and strengths, and be strong in the face of changes in the external environment and be capable of working globally. With regard to intellectual properties, we will acquire intellectual properties that contribute to our business, establish centralized control across the ULVAC Group, and utilize such properties for the purpose of formulating and implementing management strategies, while respecting the intellectual property rights of other companies to ensure avoidance of infringement.

For details regarding sustainability initiatives, including those concerning human resources and intellectual properties, please refer to the annual ULVAC VALUE REPORT and the Company's website.

ULVAC VALUE REPORT: https://www.ulvac.co.jp/en/sustainability/report/index.html
Sustainability: https://www.ulvac.co.jp/en/sustainability/index.html
Initiatives to address climate change based on the TCFD framework:
https://www.ulvac.co.jp/en/sustainability/environment/climate_change/index.html
Human resources: https://www.ulvac.co.jp/en/sustainability/human_resources/index.html
Intellectual properties: https://www.ulvac.co.jp/en/research_development/intellectual_property/index.html

[Supplementary Principle 4.1.1 Scope of the Matters Delegated to the Management]
Under the Board of Directors Rules, the Company specifies the matters to be judged and decided at the Board of Directors meetings, which are provided as such under the relevant laws and regulations or its Articles of Incorporation, or otherwise for which particularly careful deliberation is required in consideration of the nature and importance thereof.

In addition, with a view toward materializing extensive deliberations at the Board of Directors, while enhancing the flexibility of business execution, judgments and decisions on matters related to business execution other than those to be judged and decided at the Board of Directors are delegated to the Representative Director, as well as executive officers.

[Principle 4.9 Independence Standards and Qualification for Independent External Directors]
The Company requires a candidate for independent external director to retain a level of independence that meets the independence standards established by the Tokyo Stock Exchange, and to have neither an interest in the Company, nor a risk of conflicts of interest with its general shareholders, from a practical perspective. In addition, as part of criteria for appointment, we also take into account the ability of the candidate to make proactive and meaningful recommendations, and fairly point out issues regarding the management and business challenges of the Company.

[Supplementary Principle 4.10.1 Effectiveness of the Nomination Committee and the Remuneration Committee]
Please refer to the "Supplementary Explanation" in "Directors" under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

[Supplementary Principle 4.11.1 Views on the Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, as well as its Size and Diversity]
The Company gives consideration to the desirable balance and diversity between the knowledge, experience, and skills of the members of the Board of Directors, as well as appropriateness of its size, with a view toward enhancing its effectiveness through multi-faceted deliberations. Candidates for directors are deliberately selected at the Board of Directors in consideration of the

aforementioned aspects. The Company also gives consideration to optimizing the board size for speedy decision-making. The expertise and experience (skill matrix) that are particularly expected of directors and auditors are described in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 4.11.2 Concurrent Service of Directors and Auditors]
The current status of our directors and auditors who are concurrently serving as directors or auditors at other listed companies is described in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]
In an effort to enhance the functions of the Board of Directors and thus ultimately to increase our corporate value, with regard to the Board's effectiveness, we conduct an annual questionnaire-style survey that covers a self-assessment by directors and auditors as well as their proposals for improvement. In order to ensure that the responses are used appropriately to improve the functionality of the Board of Directors, the responses to such questionnaires are made directly to an external third-party organization, which accurately reports the aggregated results while ensuring anonymity of the responses. The Board of Directors carries out an analysis and evaluation of the reported results.

We determined that, as a result of the analysis and evaluation of the effectiveness of the Board of Directors in FY2025, the Board's effectiveness has been maintained. However, since there have been suggestions for enhancing deliberations on management strategies and management plans according to changes in the external environment as areas for improvement to further enhance the functionality of Board of Directors, we will continuously strive to improve the Board's effectiveness in light of such suggestions.

[Supplementary Principle 4.14.2 Training Policy for Directors and Auditors]
The Company appropriately provides its directors and auditors with opportunities for training that is deemed necessary for them to fully and appropriately fulfill the roles and responsibilities that are expected of them.

Newly appointed external directors receive explanations regarding management strategy, financial standing, management issues, and other important matters, and are given opportunities to acquire knowledge and insight through tours, etc. of business sites, as appropriate, for the purpose of obtaining a deeper understanding of the ULVAC Group. For newly appointed auditors, the Company provides training opportunities equivalent to those for newly appointed directors upon the request of the auditors. After they take office as directors and auditors, the Board of Directors provides them with opportunities to receive explanations regarding business strategies, management issues, and related matters of each business every year. The Company also provides them with financial support for trainings that are deemed necessary for them to fulfill their duties and encourages them to enhance their expertise. These training opportunities are continually reviewed and updated, as necessary.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]
We will actively promote constructive dialogue with shareholders and investors with the aim of achieving the sustainable growth of the Company and improving its corporate value over the medium to long term. Our basic IR policy shall involve timely and fair information disclosure and clear communication of accurate information.
1. General dialogue with shareholders and investors
The Public Relations & Investor Relations Division is responsible for dialogue with shareholders and investors. The division has established a framework to cooperate with the President & Chief Executive Officer, other directors (including external directors), auditors, and executive officers, as appropriate.
2. Cooperation with relevant divisions
The Company has established a framework in which other relevant divisions support the Public Relations & Investor Relations Division in conducting dialogue with shareholders as a point of contact, as appropriate.
3. Enhancement of communication
In addition to periodic financial results briefings, we actively offer opportunities for dialogue by organizing technical seminars, taking part in conferences sponsored by securities companies both in Japan and overseas as well as seminars for individual investors, and holding road shows overseas, plant tours, and personal interviews, while striving to introduce ourselves to shareholders and investors in an easy-to-understand manner, by disclosing financial results briefing materials, annual reports, fact sheets, etc. on our website. English translations of such materials are also disclosed online.
4. Feedback of opinions
Evaluations and opinions obtained through dialogue with shareholders, investors, and analysts are collected and edited on a regular basis and are reported to the Board of Directors or otherwise shared with management, depending on the importance and

nature of such opinions.
5. Management of insider information
In our dialogue with shareholders, investors, and analysts, we will not communicate any important and undisclosed insider information until it has entered the public domain. The Company has established a framework whereby insider information is managed internally in an appropriate manner.

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Details Described	Disclosure of initiatives (update)
Disclosure of Documents in English	Yes
Date of Update	September 29, 2025

Explanation for Applicable Items Updated

The Company places importance on capital efficiency, has set the quantitative targets for ROE, and is striving to improve capital profitability. The details pertaining to specific mid-to-long-term targets have been disclosed in the Mid- to Long-Term Management Plan (Value-Up Plan).
https://ir.ulvac.co.jp/en/ir.html

The Company conducts dialogue with shareholders in the quarterly financial results briefings, interviews, seminars, etc. We disclose the main contents of Q&A sessions in the financial results briefings and analyst meetings on our website.
https://ir.ulvac.co.jp/en/ir.html

2. Capital Structure

Foreign Shareholding Ratio	30% or more

Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,599,600	15.40
Custody Bank of Japan, Ltd. (Trust account, trust account 4, trust E account, pension specified money trust account, trust A account, trust B account, pension trust account)	4,939,900	10.01
BBH (LUX) FOR FIDELITY FUNDS-GLOBAL TECHNOLOGY POOL	3,689,500	7.48
Nippon Life Insurance Company	3,241,700	6.57
STATE STREET BANK AND TRUST COMPANY 505001	1,790,799	3.63
JPMorgan Securities Japan Co., Ltd.	1,354,981	2.75
STATE STREET BANK AND TRUST COMPANY 505103	875,313	1.77
THE BANK OF NEW YORK MELLON 140044	727,044	1.47
JP MORGAN CHASE BANK 385781	722,224	1.46
Mizuho Bank, Ltd.	638,800	1.29

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—

Name of Parent Company, if applicable	None

Supplementary Explanation Updated

1. The above information is as of June 30, 2026.
2. The ratios of shareholdings are calculated by deducting treasury shares (4,384 shares).
3. The Company shares of 163,800 shares held by Custody Bank of Japan, Ltd. (trust E account) as Board Benefit Trust (BBT) trust assets as well as those of 7,700 shares held by the same bank (trust account) as Employee Stock Ownership Plan trust assets are not included in treasury shares.
4. The following statements of large volume holdings (statement of changes) have been available for public inspection. Shareholders that are not registered on the shareholder registry as of the end of the current fiscal year, or those not included in the top ten shareholders are not stated in the table.
   (1) As of June 5, 2026, 4,014,100 shares were held by FIL Investments International on a joint basis with one other company, according to the statement of changes on large volume holdings that is available for public inspection.
   (2) As of February 5, 2026, 3,886,840 shares were held by Sumitomo Mitsui Trust Bank, Limited on a joint basis with two other companies, according to the statement of changes on large volume holdings that is available for public inspection.
   (3) As of July 5, 2024, 3,434,048 shares were held by Nippon Life Insurance Company on a joint basis with one other company, according to the statement of changes on large volume holdings that is available for public inspection.
   (4) As of July 6, 2026, 3,164,335 shares were held by Nomura Securities Co., Ltd. on a joint basis with one other company, according to the statement of changes on large volume holdings that is available for public inspection.
   (5) As of December 18, 2025, 3,002,856 shares were held by Wellington Management Japan Pte Ltd. on a joint basis with three other companies, according to the statement of changes on large volume holdings that is available for public inspection.
   (6) As of February 5, 2025, 2,515,955 shares were held by BlackRock Japan Co., Ltd. on a joint basis with six other companies, according to the statement of large volume holdings that is available for public inspection.
   (7) As of August 22, 2025, 1,985,900 shares were held by Taiyo Pacific Partners LP on a joint basis with one other company, according to the statement of changes on large volume holdings that is available for public inspection.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	June
Business Sector	Electrical Appliance
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which May have Material Impact on Corporate Governance Updated

Listed affiliates

As of March 31, 2026, the Company held 21.36% of the voting rights of Showa Shinku Co., Ltd. (TSE Standard Market). This company manufactures and sells vacuum deposition equipment, sputtering equipment, and other equipment primarily to

manufacturers of quartz devices, optical devices, and electronic components. We believe that there is significance in making this company an affiliate from the perspectives of increasing the corporate value of the ULVAC Group, contributing to our consolidated performance, and pursuing synergistic effects between the two companies.

The Company has dispatched to Showa Shinku one external director and one external auditor. However, the director dispatched from the Company comprises one out of nine directors of the company and does not constitute a majority, so we believe that the company's management independence is ensured. In addition, we respect the rights of the company's minority shareholders and are involved in the management of the company while taking care to avoid any conflict of interest, and we fully respect the decisions of the company's management.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with a Board of Corporate Auditors

Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors Updated	9
Election of External Directors	Elected
Number of External Directors Updated	5
Number of External Directors designated as Independent Officers Updated	5

External Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroyuki Nishi	From another company					△						
Norio Uchida	From another company											
Kozo Ishida	From another company											
Yoshimi Nakajima	From another company								○			
Isao Yamakawa	From another company											

*Categories for "Relationship with the Company"
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business of the Company or a subsidiary
b. Person who executes business or a non-executive director of a parent company
c. Person who executes business of a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
e. Major client of the Company or a person who executes business for such client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/auditor compensation from the Company
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
k. Other

External Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hiroyuki Nishi	○	Mr. Nishi served as a director of Nippon Life Insurance Company, the Company's lender, until July 2018. As of the end of June 2026, the ULVAC Group's outstanding loans payable to Nippon Life Insurance Company stood at ¥3,877 million. Transactions between Nippon Life Insurance Company and the Company include those involving insurance premiums and other charges, which, however, account for less than 1% of the Company's total net sales (actual figures for the fiscal year that ended June 30, 2026).	Mr. Nishi has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight, primarily in risk management. The Company appointed him as an external director, as it expects him to utilize his experience and insight to provide appropriate advice on the overall management of the Company and to properly supervise its management. Furthermore, the Company designated Mr. Nishi as an Independent Officer as he has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity he has been fulfilling his duty of supervision and oversight from a more transparent, fair, and neutral standpoint.
Norio Uchida	○	—	Mr. Uchida has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight, primarily in international sales activities. The Company appointed him as an external director, as it expects him to utilize his experience and insight to provide appropriate advice on the overall management of the Company and to properly supervise its management. Furthermore, the Company designated Mr. Uchida as an Independent Officer as he has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity he has been fulfilling his duty of supervision and oversight from a more transparent, fair, and neutral standpoint.
Kozo Ishida	○	—	Mr. Ishida has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight, primarily in research and development. The Company appointed him as an external director, as it expects him to utilize his experience and insight to provide appropriate advice on the overall

			management of the Company and to properly supervise its management. Furthermore, the Company designated Mr. Ishida as an Independent Officer as he has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity he has been fulfilling his duty of supervision and oversight from a more transparent, fair, and neutral standpoint.
Yoshimi Nakajima	○	Ms. Nakajima is a Specially-Appointed Professor of the Graduate School of Project Design. As of the end of June 2026, transactions between the ULVAC Group and this school include fees for participation in research projects hosted by the school, however, the transaction amount with the school in the fiscal year ended June 30, 2026 was ¥13 million, and the school is not a business partner that has a significant impact on our decision making.	Ms. Nakajima has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, she has extensive experience and broad insight, primarily in international sales activities. The Company appointed her as an external director, as it expects her to utilize her experience and insight to provide appropriate advice on the overall management of the Company and to properly supervise its management. Furthermore, the Company designated Ms. Nakajima as an Independent Officer as she has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity she has been fulfilling her duty of supervision and oversight from a more transparent, fair, and neutral standpoint.
Isao Yamakawa	○	—	Mr. Yamakawa has a solid track record as a corporate manager of other companies in Japan and overseas. In particular, he has extensive experience and broad insight, primarily in the field of semiconductor technology. The Company appointed him as an external director, as it expects him to utilize his experience and insight to provide appropriate advice on the overall management of the Company and to properly supervise its management. Furthermore, the Company designated Mr. Yamakawa as an Independent Officer as he has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity he has been fulfilling his duty of supervision and oversight from a more transparent, fair, and neutral standpoint.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson) Updated

	Committee's Name	All Members	Full-time Members	Internal Directors	External Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	External Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	External Director

Supplementary Explanation Updated

The Company established the Nomination and Remuneration Committee as an independent and voluntary advisory committee, which provides reports on critically important matters such as the nomination of senior management and directors, evaluation of their performance, succession planning, and remuneration.

The Nomination and Remuneration Committee is composed of five members comprising two internal directors and three independent external directors, and is chaired by an external director. In order to ensure its effectiveness and transparency, at least half of the committee members are independent officers. The committee held 12 meetings in FY2025.

Auditor

Establishment of Board of Corporate Auditors	Established
Number of Auditors Stipulated in Articles of Incorporation	5
Number of Auditors	4

Cooperation among Auditors, Independent Auditors and Internal Auditing Divisions

With a view toward improving audit quality and efficiency, the auditors and the independent auditor strive to work together closely in areas such as the mutual confirmation of respective annual audit plans, quarterly reporting on each other's audit results, exchanges of opinions, and mutual audit attendance, as appropriate.

In addition, the auditors and the Internal Audit Division are engaged in similar collaborative arrangements in this regard, including mutual confirmation of respective audit plans and results, as well as exchanges of opinions and exchange of information on a regular basis.

Furthermore, similar arrangements are being made between the Internal Audit Division and the independent auditor, including the mutual confirmation and reporting of respective audit plans and results, particularly with respect to internal control audits, as well as exchanges of opinions, as appropriate.

Appointment of External Auditors	Appointed
Number of External Auditors	2
Number of External Auditors designated as Independent Officers	2

External Auditors' Relationship with the Company (1)

Name	Attributes			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Isao Utsunomiya	From another company													
Soya Honda	From another company													

*Categories for "Relationship with the Company"
(Use "○" when the auditor presently falls or has recently fallen under the category; "△" when the auditor fell under the category in the past; "●" when a close relative of the auditor presently falls or has recently fallen under the category; and "▲" when a close relative of the auditor fell under the category in the past.)

a. Person who executes business of the Company or a subsidiary
b. A non-executive director or an accounting advisor of the Company or its subsidiaries
c. Person who executes business or a non-executive director of a parent company
d. An auditor of a parent company of the Company
e. Person who executes business of a fellow subsidiary
f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
g. Major client of the Company or a person who executes business for such client
h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/auditor compensation from the Company
i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
m. Other

External Auditors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Isao Utsunomiya	○	—	The Company appointed Mr. Utsunomiya as an external auditor, since he has extensive experience and expertise as a certified public tax accountant, and thus is expected to provide appropriate advice on the overall management of the Company from his professional viewpoint, and to properly supervise its overall management, as an external auditor. Furthermore, the Company designated him as an Independent Officer as, in addition to satisfying the requirements for an external auditor, he has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity he has been fulfilling his supervisory function with even greater effectiveness.
Soya Honda	○	—	The Company appointed Mr. Honda as an external auditor, since he has extensive

			experience and expertise as an attorney, and thus is expected to provide appropriate advice on the overall management of the Company from his professional viewpoint, and to properly supervise its overall management, as an external auditor. Furthermore, the Company designated him as an Independent Officer as, in addition to satisfying the requirements for an external auditor, he has retained a particularly high level of independence, posing no risk of conflicts of interest with general shareholders, in which capacity he has been fulfilling his supervisory function with even greater effectiveness.

Matters Concerning Independent Officers

Number of Independent Officers Updated	7

Other Matters Concerning Independent Officers

The Company requires an Independent Officer to retain a level of independence that meets the independence standards established by the Tokyo Stock Exchange, and to have neither an interest in the Company nor a risk of conflicts of interest with its general shareholders from a practical perspective.

In addition, we also consider, as part of the criteria for appointment, the ability of an Independent Officer to make proactive and meaningful recommendations and to fairly point out issues concerning the management and business challenges of the Company. We designate the external directors and external auditors who are considered to meet such criteria as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items Updated

Part of the remuneration of directors who concurrently serve as executive officers is based on the performance-linked remuneration system. Such performance-linked remuneration system consists of annual bonuses, which are linked to the business results for the relevant fiscal year, and stock-based remuneration through a post-delivery stock-based remuneration plan (RSU and PSU).

- Annual bonuses

The annual bonuses consist of monetary remuneration that varies between 0% and 150% of the benchmark amount based on the degree of achievement of performance metrics relating to the single-year budget targets (net sales, gross profit, operating profit, etc.), and shall be paid after the end of each fiscal year.

- Stock-based remuneration

Stock-based remuneration consists of post-delivery stock-based remuneration comprising RSUs (30%; conditional upon three fiscal years of service) and PSUs (70%; variable between 0% and 200% based on the achievement of financial metrics (50%) and relative total shareholder return (relative TSR) (50%)). The financial metrics shall be the target indicators of the medium-term management plan: net sales, operating profit, operating margin, and ROA. Relative TSR shall be based on comparison with a peer group selected by the Company.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items Updated

The annual total amount of remuneration of all directors of the Company in the Company's 122nd fiscal year (July 1, 2025 – June 30, 2026) was ¥293 million, of which the portion for external directors accounts for ¥72 million.

With regard to officers earning an annual remuneration of ¥100 million or more, the respective remunerations are disclosed in the annual securities report.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof Updated	Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

A resolution to amend the policy on determining the content of individual remuneration, etc. of directors was passed at the meeting of the Board of Directors held on August 14, 2026. The Company's basic policy is that director remuneration shall contribute to sustainable enhancement of corporate value and shareholder value over the medium to long term, and director remuneration is designed with a focus on the link to business results and stock price and the alignment of interests with shareholders. Remuneration for directors who concurrently serve as executive officers consists of base remuneration as fixed monthly remuneration, annual bonuses linked to single-year performance, and RSUs (restricted stock units) and PSUs (performance stock units). Remuneration for directors who do not concurrently serve as executive officers and for external directors consists solely of base remuneration, in recognition of their respective responsibilities.

When determining the specific remuneration for individual directors, the Nomination and Remuneration Committee, which has been established to ensure the management transparency, fairness, and appropriateness of matters related to remuneration, analyzes the level of remuneration at other companies of the same size, industry, etc. as the Company. The Committee then evaluates and verifies the aforementioned responsibilities and contributions of the respective directors from various perspectives, examines matters related to remuneration of each director to ensure that they are at an appropriate level, and submits resulting recommendations to the Board of Directors. Based on these recommendations, the amounts of remuneration, etc. of the respective directors are determined by a resolution of the Board of Directors within the total amount of directors' remuneration approved by the resolution of the General Meeting of Shareholders.

The maximum amount of aggregate remuneration for directors was set at ¥500 million per annum (including a maximum of ¥60 million for external directors) by a resolution at the 114th Ordinary General Meeting of Shareholders held on September 27, 2018. Subsequently, the maximum amount of remuneration for external directors was changed to ¥90 million by a resolution at the 117th Ordinary General Meeting of Shareholders held on September 29, 2021. In addition, the portion allocated to external directors was changed to ¥150 million per annum by a resolution at the 122nd Ordinary General Meeting of Shareholders held on September 29, 2026, while leaving the total remuneration for directors unchanged at up to ¥500 million per annum. A post-delivery stock-based remuneration plan composed of RSUs and PSUs for directors who concurrently serve as executive officers was also introduced by a resolution at the same Ordinary General Meeting of Shareholders. Accordingly, the Company will cease granting new points to the Board Benefit Trust (BBT) established by a resolution at the 112th Ordinary General Meeting of Shareholders held on September 29, 2016, after the final grant for the evaluation period ended June 2026.

The officer retirement benefits system of the Company was abolished by a resolution at the Ordinary General Meeting of Shareholders held on September 28, 2006.

Support System for External Directors and/or External Auditors

Materials for the Board of Directors meetings shall be distributed prior to the date of the meeting and a pre-meeting briefing shall be given in principle, depending on the agenda of the meeting, based on a confirmation of the intentions of each external director.

A pre-meeting briefing for external auditors shall be given at the Board of Corporate Auditors meeting prior to the Board of Directors meeting in principle.

Moreover, with a view toward further enhancing the Board's effectiveness, regular meetings are held to exchange opinions with external directors and auditors regarding necessary matters.

The Corporate Planning Division serves as a liaison office to provide support to external directors and auditors.

Statuses of Persons who have Retired as President and Chief Executive Officer, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as President and Chief Executive Officer, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as President and Chief Executive Officer, etc.	0

Other Related Matters

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

(1) The Company's management structure

The Company has adopted a company with a Board of Corporate Auditors as its management structure. Particularly important institutional structures include the Board of Directors, the Management Council, the Board of Corporate Auditors, and the Nomination and Remuneration Committee.

Firstly, the Company has a Board of Directors, which is a decision-making body for important management issues. The Board holds regular meetings once a month, as well as ad hoc meetings as necessary to ensure flexibility. The Board of Directors comprises nine members, of whom five are external directors and designated as independent external directors. By virtue of this structure, the Company is not only able to make swift and efficient judgments concerning important management issues, but is also to achieve fair, impartial, and highly transparent deliberation as well as operational supervision.

Next, with the introduction of an executive officer system, executive officers exercise executive functions, having been granted a certain degree of responsibility and authority over their designated areas, through delegation by the Board of Directors. The Company also has a Management Council that mainly comprises executive officers appointed by the Board of Directors as standing executive officers of the Management Council. The Management Council holds regular meetings once a month, as well as ad hoc meetings as necessary. By virtue of this structure, we have achieved more flexible and swifter business operations that are appropriate for a rapidly changing business environment, based on the clarification of the responsibilities and authority of each executive officer.

In addition, the Company has a Board of Corporate Auditors, which performs auditing and supervision of management decision-making and business operations. The Board of Corporate Auditors comprises four members, of whom two are external auditors. Both of the external auditors are designated as independent external auditors. We ensure full auditing and supervisory functions through close cooperation between auditors and the Internal Audit Division and the independent auditor, whose independence is ensured, as well as attendance and statement of opinions by auditors at important meetings, such as meetings of the Board of Directors and the Management Council, and regular meetings with the President & Chief Executive Officer. By

virtue of this structure, each auditor obtains sufficient information and fulfills rigorous, fair, impartial, and transparent auditing and supervisory functions.

Furthermore, the Company has a Nomination and Remuneration Committee to discuss important matters that require objective determination in particular, such as the appointment and remuneration of directors and executive officers. The Nomination and Remuneration Committee comprises five members, of whom three members are independent external directors and two members are representative directors. The committee is chaired by Ms. Yoshimi Nakajima, who is an external director. By having these kinds of advisory bodies for the Board of Directors, we have achieved fair, impartial, and highly transparent deliberations with regard to especially important management decisions and increase the effectiveness of the Board of Directors.

(2) Accounting audits

Based on an audit engagement with the Company, PricewaterhouseCoopers Japan LLC conducts accounting audits pursuant to the Companies Act and the Financial Instruments and Exchange Act. The audit firm engages in the audit work as an independent third party.

(3) Limited liability agreements

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with external directors and auditors respectively to limit their liability for damage stipulated in Article 423, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

As a company with a Board of Corporate Auditors, we believe that having both a supervisory function of the Board of Directors and an audit function of auditors in place is best for the development and enhancement of a highly effective and transparent corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company dispatches the notice before the date of the statutory deadline.
Scheduling of the General Meeting of Shareholders During Non-Peak Days	The Ordinary General Meeting of Shareholders is held in September of each year, avoiding the season in which the vast majority of Japanese companies hold their general meeting of shareholders.
Electronic Exercise of Voting Rights	Shareholders are allowed to exercise their voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Voting Rights	The Company uses the platform for the electronic exercise of voting rights for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares an English version of the Notice of the General Meeting of Shareholders, which is posted on the Company's website.
Other	In order to assist shareholders in making decisions for exercising their voting rights at the General Meeting of Shareholders, the Company discloses various types of information on its website, as appropriate, in addition to the information that is statutorily required to be disclosed.

2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by representative himself/herself
Formulation and Publication of Disclosure Policies	Posted on the Company's website. https://ir.ulvac.co.jp/en/ir/irpolicy.html	
Regular Investor Briefings held for Individual Investors	From time to time, we hold briefings for individual investors, while posting the relevant materials on our website.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We organize financial results briefings conducted by the Representative Director twice per year following the announcements of the full-year financial results and the second quarter financial results, the video footage of which is released online, while the contents of the briefings are documented in English and posted on our website. Meanwhile, an online financial results briefing is conducted by the General Manager of the Public Relations & Investor Relations Division following the announcement of each quarterly financial results, the contents of which are documented in Japanese and English and posted on our website. Furthermore, we actively hold regular meetings with analysts as well as Japanese and foreign institutional investors on both an individual and group basis, while participating in conferences both in Japan and overseas hosted by securities companies, conducting road shows overseas, and organizing plant tours and technical seminars.	Held
Posting of IR Materials on the Company's Website	For the purpose of providing IR information, we post financial results, annual securities reports, financial results	

	presentation materials, annual reports, business reports, fact sheets, timely disclosure materials, news releases, etc. on our website.
Establishment of Division and/or Placement of a Manager in Charge of IR	The Company has established the Public Relations & Investor Relations Division, staffed by dedicated personnel.
Other	IR information is posted on the Company's English website. https://ir.ulvac.co.jp/en/ir.html

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company recognizes that respect for stakeholders is a critical matter which forms the basis of its business activities. This principle is reflected in our Corporate Code of Ethics, training on which is provided throughout the Company, and distributed in the form of an associated booklet.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We have formulated our environmental philosophy and environmental policy, while posting our activities in this area on our website. At the same time, our CSR activities as a whole are described in the annual ULVAC VALUE REPORT and are posted on our website. https://www.ulvac.co.jp/en/sustainability/index.html
Formulation of Policies, etc. on Provision of Information to Stakeholders	In addition to information that is statutorily required to be disclosed under the relevant laws and regulations, we also actively disclose other information that is useful in assisting shareholders in making investment decisions, including non-financial information.
Other	—

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development Updated

The Company has adopted a resolution at the meeting of the Board of Directors for establishing a system to ensure the appropriateness of business operations, as follows.

(1) A system to ensure that directors and employees execute their duties in compliance with laws and regulations as well as the Articles of Incorporation

The Company shall, in order to ensure that its directors and employees execute their duties in compliance with laws and regulations as well as the Articles of Incorporation, while fulfilling its corporate social responsibility, establish its Corporate Code of Ethics to raise the awareness of legal compliance including the exclusion of anti-social forces, and provide education and distribute booklets thereon, thereby ensuring that the code is thoroughly understood by all. In addition, the Company shall establish the Compliance Committee, which shall perform its duties by developing compliance-related internal rules, including those for a whistleblowing system which ensures the protection of whistleblowers from disadvantageous treatment due to their acts of whistleblowing. Furthermore, the Company shall establish an Internal Audit Division whose independence is ensured, which shall assess internal controls for the purpose of the Financial Instruments and Exchange Act, while conducting audits of the effectiveness and adequacy of business operations in collaboration with auditors of the Company.

(2) Systems for storing and managing information regarding the execution of duties by directors

With respect to information related to the execution of duties by directors of the Company, the Company shall develop and enhance rules regarding information management, and adopt appropriate management methods for the preparation, inspection, storage, and disposal of the minutes of various important meetings and other documents.

(3) Rules and other frameworks for managing the risk of loss

The Company shall clearly define the operations conducted by each division and clarify the responsibilities and authority of the heads of each division. Based on this, the Company shall manage the risk of loss in the execution of its corporate activities by establishing a framework, in which the division primarily responsible for executing a particular business shall conduct a thorough discussion/examination in association with other related divisions depending on the nature and impact of the business in question, the results of which shall be reported to the director in charge in accordance with various internal rules, who shall then make a decision based on the report. In addition, a risk management framework shall be established, in which risks shall be classified into categories through the development and enhancement of internal rules of the Company regarding risk management, divisions primarily responsible for management of the respective risk categories shall be designated, and the head of each such division shall assume responsibility for managing these risks.

(4) System to ensure that directors execute their duties efficiently

Business plans shall be established to clarify the goals of the Company as a whole. On such basis, the head of each division shall formulate performance targets for his/her division, and the director in charge shall evaluate the results in accordance with various internal rules, thereby clarifying the responsibility of each division on overall corporate performance. Meanwhile, the Company shall adopt a framework in which the decision-making process is speeded up by clarifying the responsibilities and authority of the head of each division, while important matters shall be subject to consultation with the director in charge, thereby seeking flexible decision making in a prompt and discreet manner.

Auditors shall be guaranteed opportunities to attend the Company meetings on the aforementioned important matters and to obtain relevant information to ensure appropriate judgments.

(5) System to ensure the appropriateness of business operations in the corporate group comprising the Company and its subsidiaries

We place an emphasis on the maintenance and improvement of the corporate value of the ULVAC Group as a whole. With a view toward fulfilling the above, we recognize that it should be optimal for the Company to appropriately give instructions to, and engage in the management of all subsidiaries, by comprehensively taking into consideration the circumstances of each subsidiary, including the country where it is located, and type and scale of business, while respecting their individual autonomy and independence. As such, the Corporate Planning Division shall be responsible for selecting and implementing the method deemed most appropriate for managing subsidiaries.

Based on the aforementioned policy, with respect to business plans, the Company shall clarify the goals of the ULVAC Group as a whole first, followed by the formulation of a business plan at each subsidiary by taking into consideration such goals. In addition, each subsidiary shall raise compliance awareness, and establish and operate a compliance system for the purpose of maintaining and enhancing the ULVAC Group's corporate value.

In order to facilitate the reporting of each subsidiary to the Company on the execution of duties by directors or their equivalents at each subsidiary, various opportunities shall be exploited, such as important meetings at the Company attended by subsidiaries, consultation and verification in the process of formulation of business plans and report on progress in the implementation thereof, and report on important meetings held at each subsidiary.

Next, with a view toward managing the risk of loss at each subsidiary and ensuring the efficiency of the execution of duties by directors and other officers at each subsidiary, we shall endeavor to establish and operate rules and frameworks for risk management at each subsidiary. Furthermore, in addition to the establishment of these rules and frameworks, in the event of actual or potential occurrence of a serious loss, in order to enable the Company to promptly become aware of such fact, the Company shall select the method and extent deemed most appropriate for the management of the subsidiary through secondment of a director or auditor from the Company to the subsidiary, hosting/administration of important meetings attended by multiple subsidiaries, assisting in formulating business plans, evaluation of performance, and inquiries to check on discrepancies between the business plan and actual performance, and the like.

In addition, the Company shall distribute to all its subsidiaries the Corporate Code of Ethics established by the Company in an effort to raise awareness of compliance to ensure that directors and their equivalents, as well as employees at subsidiaries execute their duties in compliance with laws and regulations as well as the Articles of Incorporation, while guaranteeing the opportunity of whistleblowing to the Compliance Committee of the Company and treating the whistleblowing appropriately.

Moreover, the Company shall strive to ensure that its auditors and the Internal Audit Division are allowed to engage in audits of subsidiaries in a manner deemed most appropriate for the purpose of executing audit work in compliance with laws and regulations in order to ensure the appropriateness of the business operations of subsidiaries.

(6) Matters concerning employees who are requested by auditors to assist them in the performance of their duties, if any, and matters concerning the independence of such employees from directors and ensuring the effectiveness of instructions given by auditors to such employees

In the event that the Company's auditors request the Company to appoint employees to assist them in their duties, directors of the Company shall comply with such request, and offer cooperation as needed. Prior consent of the Board of Corporate Auditors shall be obtained regarding the transfer, personnel evaluations, or disciplinary actions of such employees.

Furthermore, auditors of the Company shall be allowed to instruct employees in the division that is deemed to be most appropriate, as needed, to carry out the necessary work for the audit, and the Company shall allow the employees who are given such instructions to carry out the work, as instructed.

(7) Systems for directors and employees to report to auditors, systems for directors, auditors and employees of subsidiaries or persons who receive reports from them to report to auditors, and systems to ensure that persons who make such reports are not treated disadvantageously on the basis of such reporting

Directors and employees of the Company shall, in the event that they become aware of actual or potential occurrence of an event that may cause a serious loss to the Company or its subsidiaries, or of the occurrence of an illegal or wrongful act by directors, their equivalents, or employees of the Company or its subsidiaries, shall report such occurrence to the auditors of the Company in accordance with the relevant laws and regulations and internal rules. If the aforementioned event or act specifically concerns the risk management system, each division in charge of risk management shall be responsible for reporting it to the auditors of the Company on a regular basis or otherwise in accordance with the relevant laws and regulations and internal rules. The Company also guarantees that the auditors of the Company shall be granted opportunities to attend the company meetings on the aforementioned important matters, obtain information, and express their opinions. Moreover, the Company guarantees that any person who has made such reports to auditors of the Company shall not be treated disadvantageously on the basis of such reporting.

(8) Matters concerning policies on the procedures for advance payment or reimbursement of expenses arising from the execution of duties by auditors, and on the treatment of other expenses or liabilities arising therefrom

If an auditor of the Company makes a request to the Company to bear expenses necessary for the performance of his/her audit duties, the Company shall promptly take actions to comply with such request, unless such expense is reasonably deemed not necessary for the performance of such audit duties by the auditor.

(9) Systems to otherwise ensure that audits by auditors are conducted effectively

The Company guarantees opportunities for auditors of the Company to attend meetings necessary for audit purpose and to obtain relevant information. On such basis, auditors shall perform audit work in cooperation with the independent auditor and the Internal Audit Division of the Company, while also obtaining insight from the external auditors of the Company.

In addition, auditors of the Company shall raise awareness regarding audits by auditors through regular exchanges of opinions with directors of the Company, while enhancing audits and developing the audit environment in an effort to materialize effective and flexible audits.

The status of operation of the aforementioned system to ensure the appropriateness of business operations during the 122nd fiscal year (July 1, 2025 – June 30, 2026) is as follows.

(1) Progress of initiatives to ensure the legitimacy of the Company's business activities

The Company has established the Corporate Code of Ethics as behavioral guidelines for its directors and employees to adhere to, followed by review and adjustments, as appropriate. We have prepared a booklet containing this Corporate Code of Ethics for distribution to the Group companies, while endeavoring to develop internal rules and frameworks in line therewith. We also provide education on the Corporate Code of Ethics together with laws and regulations that require particularly rigorous compliance, as appropriate. At the same time, we engage in raising awareness regarding how to handle anti-social forces by including this issue in the Corporate Code of Ethics, while establishing a framework for quick response in cooperation with external specialist organizations in the event that an incident of this nature arises.

Furthermore, in addition to the secretariat for the Compliance Committee as the internal point of contact for compliance-related whistleblowing, the Company has also established an external point of contact for this purpose, which is provided by a law firm. The Company engages the law firm only for the service as a point of contact for compliance-related whistleblowing, and has not entered into an advisory contract with the firm. The Company guarantees in its specific internal rules that whistleblowers are not to be treated disadvantageously due to the act of whistleblowing by itself, and the contents of whistleblowing reports shall be reported promptly to the Compliance Committee, which shall lead the relevant investigation and remedial actions, while obtaining opinions of external specialists, if necessary. This framework is also specified in the Corporate Code of Ethics.

(2) Progress in initiatives to ensure that directors of the Company execute their duties appropriately and in an efficient manner

The Board of Directors of the Company is composed of seven directors, including four external directors (as of the end of the current fiscal year), and invites the attendance of four auditors including two external auditors. The Board of Directors of the Company held a total of 16 meetings in the current fiscal year, deliberating and passing resolutions while actively exchanging opinions on each proposal. The Board of Directors engages in supervision in the form of proper analysis and evaluation of the status of business execution, in addition to decision-making concerning important business execution, thereby ensuring the effectiveness not only of its decision-making function but also of its supervisory function. Furthermore, the Board of Directors accurately records and prepares minutes of its meetings to ensure the appropriate storage and management of information. In addition, the Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors, ensuring that management adopts the opinions of external officers including independent officers.

On the other hand, the Company has adopted an executive officer system whereby the Board of Directors grants authority with respect to certain business execution to executive officers. The Management Council held a total of 22 meetings attended by the executive officers as well during the current fiscal year, thereby achieving flexible decision-making with respect to business execution.

(3) Progress of initiatives for managing the risk of loss

The Company manages risks by establishing rules and frameworks concerning risk management. Depending on the nature of possible risks, the responsibilities and authority of heads of divisions in charge of the relevant risk are clarified, and any event that arises from such risks is dealt with flexibly via a coordinated response involving concerned divisions depending on the nature, impact, and urgency of such event. In the current fiscal year, we held meetings of the Risk Management Committee, which is responsible for general risk management within the Company, in which overall risk status was reported in the presence of officers of the Company, and through discussion and review of the risk management system, endeavors to achieve more effective operation of the risk management system.

(4) Progress of initiatives to ensure the appropriateness of the Group's business operations

For the purpose of grasping the status of business execution at the Group companies, the Corporate Planning Division of the Company shall, while making a comprehensive consideration of the circumstances of each Group company, such as the country where it is located, and type and scale of business, obtain, analyze, and review information in the most appropriate method, such as holding regular meetings as well as ad hoc meetings to confirm the progress of business plans.

Meanwhile, the Corporate Code of Ethics formulated by the Company is communicated to all Group companies, and each Group company engages in activities to raise awareness of compliance through training on the Corporate Code of Ethics and establishing a relevant whistleblowing system. In addition, auditors and the Internal Audit Division of the Company conduct audits of the Group companies in compliance with the relevant laws and regulations.

(5) Progress of initiatives to ensure the effectiveness of audits by auditors

The Board of Corporate Auditors of the Company consists of four auditors, including two external auditors. The Board of Corporate Auditors held a total of 20 meetings during the current fiscal year, at which important audit-related matters including agendas for meetings of the Board of Directors were reported and discussed. Based on the discussions at meetings of the Board of Corporate Auditors and the expertise of individual auditors, auditors provide recommendations to directors of the Company as appropriate and necessary, including at meetings of the Board of Directors.

In addition, the Company secures opportunities for auditors to regularly exchange opinions with directors, the Internal Audit Division, and the independent auditor on wide-ranging matters such as compliance and the status of establishment of internal control. The Company ensures that auditors are provided with the information necessary to carry out audits, and that they attend necessary meetings from the perspective of ensuring the acquisition of such information.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Our basic policy is to stand firm against anti-social forces that threaten the order and safety of civil life, and to have no relationship whatsoever with anti-social forces.

From the aforementioned standpoint, we have established a framework for cooperating with external experts such as the police and attorneys, which allows us to exchange information on a daily basis. In addition, we have incorporated the principle to eliminate anti-social forces into the basic view of our internal control system established by the Board of Directors, while promoting activities to raise awareness of this issue among employees. As part of such activities, we have established the Corporate Code of Ethics comprising 26 articles, and organized a briefing session on the Corporate Code of Ethics, which was summarized as a booklet and distributed to respective employees, as a reminder of their duty as a member of the corporation to comply with laws and regulations.

The following are the specific details of the basic view on the elimination of anti-social forces in this Corporate Code of Ethics.

[Corporate Code of Ethics (Excerpt)]

We do not have any relationship with anti-social forces (including not only organizations, but also individuals who are members of such organizations). We do not receive any proceeds involving criminal activities under any circumstances. In particular, our executives firmly respond to such anti-social forces without fear.

V. Other

1. Adoption of Takeover Response Policies

Adoption of Takeover Response Policies	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System Updated

The Company makes disclosures appropriately in compliance with the Financial Instruments and Exchange Act and other laws and regulations relevant to the disclosure of corporate information, as well as the timely disclosure rules established by the Tokyo Stock Exchange. Material information with a significant impact on investment decisions, in particular, are disclosed appropriately on a timely basis.

From this perspective, important information and other information that has a material impact on investors' investment decisions (hereinafter, collectively referred to as "insider information") are managed appropriately according to the internal rules regarding information management procedures, as separately established. An outline of the information management procedure is as follows.

(1) Any potential insider information incident in the Company or the Group companies shall be reported promptly to the Insider Information Management Secretariat (established within the Corporate Planning Division). Collection and management of insider information shall, under the responsibility of the Information Handling Supervisor (served concurrently by the General Manager of the Corporate Planning Division), be controlled centrally by the Insider Information Management Secretariat to prevent the proliferation of insider information.

(2) The Insider Information Management Secretariat shall, upon the receipt of a report on a potential insider information incident, promptly convene the concerned divisions and verify whether the information in question requires timely disclosure. The Insider Information Management Secretariat shall immediately report the results of such verification to the Information Handling Supervisor. Information that does not require timely disclosure but is determined by the Information Handling Supervisor as information for which voluntary disclosure is recommended, may be disclosed by an appropriate disclosure method.

(3) Under the instruction of the Information Handling Supervisor, information on decisions made or financial information shall be disclosed promptly after approval or resolution by the Board of Directors, while information regarding facts that have occurred shall be disclosed promptly after approval by the Information Management Officer (served concurrently by the President & Chief Executive Officer) (through an appropriate method for disclosure, such as via TDnet of the Tokyo Stock Exchange, mailing of the relevant materials to the Tokyo Stock Exchange, and occasionally by holding a press conference, or disclosure on the Company's website).

A schematic diagram of our corporate governance system is as follows.

