

External Directors Roundtable Discussion



From left
Hiroyuki Nishi External Director
Became an External Director of the Company in September 2020 after serving as Director of Nippon Life Insurance Company, President and Chief Executive Officer of Nissay Asset Management Corporation, and President and Chief Executive Officer of Nissay Credit Guarantee Co., Ltd.

Norio Uchida External Director
Became an External Director of the Company in September 2015 after serving as Representative Director, President & CEO of TOPCON CORPORATION.

Yoshimi Nakajima External Director
Became an External Director of the Company in September 2018 after serving as Vice President of Citibank, N.A., Senior General Manager of Societe Generale Securities Services, and President and Representative Director of American Express Japan Co., Ltd.

Kozo Ishida External Director
Became an External Director of the Company in September 2016 after serving as Vice Chairman and Representative Director of HORIBA, Ltd.

Monitoring and Support from an External Perspective to Ensure Ongoing Progress of “Value-Up” to Establish the New ULVAC

Having concluded the previous mid-term management plan earlier than scheduled, ULVAC has formulated and launched a new six-year mid- to long-term management plan. As ULVAC shifts its management focus toward bold investment of management resources in the semiconductor and electronics field, responding swiftly to changes in the business environment, four external directors gathered to exchange candid views on expectations and challenges related to the Value-Up initiatives, as well as on human resources and organizational structure.

How would you analyze and evaluate the ULVAC Group's performance during the two years of the previous mid-term management plan (FY2023-FY2024) as well as its current state of the ULVAC Group?

Ishida: I view positively the growing momentum and culture of "ONE ULVAC" that has been taking shape across the ULVAC Group over the past few years. I also highly commend ULVAC for having, over the past two years, significantly strengthened its shift toward a business portfolio centered on the semiconductor and electronics field, guided by the management team's accurate long-term assessment of the business environment. On the other hand, I believe that ULVAC wasn't always able to execute its strategies with sufficient speed, particularly in advancing development in response to technological progress and in investing in growth fields.

Uchida: First, I would like to commend the significant progress made over the past two years in strengthening business unit-based management and improving the visualization of information, made possible by the dedicated efforts of the administrative divisions in responding to the proposals from us external directors. I think this progress has directly contributed to the meticulous and well-grounded design of the new mid- to long-term management plan, the "Value-Up Plan." ULVAC has defined "our goal for 2050" as the overarching management concept. To realize this vision, ULVAC established Vision 2032 and identified its materiality, and then formulated and implemented the previous mid-term management plan by backcasting from these goals. However, execution of the previous mid-term management plan began before sufficient analysis had been conducted on certain key materiality items, including innovation and

the global readiness of human resources. This may have contributed to insufficient translation of strategies into concrete initiatives and weak execution under the previous mid-term management plan.

Nakajima: With a view to future expectations, I would venture to say that there were some challenges in terms of grit and persistence, as well as in the ability to rigorously analyze when initiatives did not go as planned. As a result, this may have contributed to the management speed issues highlighted by Mr. Ishida. However, if ULVAC can make efficient course corrections, it should be well positioned to achieve its goals while adapting to various changes.

Nishi: The decision to conclude the previous mid-term management plan ahead of schedule and launch a new one is a notable case of proactive course correction. From a long-term perspective, I believe the decision was both timely and reasonable. It can also be seen as a reset of the mindset toward greater focus through business selection and concentration, as well as further business reforms. I hope ULVAC will regard this as a touchstone and press ahead with determination in its pursuit of Value-Up. As Mr. Uchida pointed out, the Administration HQ's efforts to better visualize each business unit is a significant and commendable step forward. As a result, we are now able to analyze profitability on a business unit basis, which has enabled us to clearly define the business portfolio targeted under the Value-Up Plan.

Ishida: Furthermore, regarding the analysis of materiality highlighted by Mr. Uchida, as the Value-Up Plan progresses, I would like to see this taken beyond the refinement of strategy and scenario planning, and translated into clear pathways that link to individuals achieving their goals.

Nakajima: Over time, this approach should also contribute to strengthening individual grit, ensuring fair and appropriate evaluation, and the cultivation of leadership.



Hiroyuki Nishi External Director

Could you share your views on the content of the new mid- to long-term management plan, the "Value-Up Plan," launched in FY2025?

Nishi: With a business portfolio built on selection and concentration, the plan focuses on how to improve profit margins and capital efficiency. It also does not shy away from making difficult decisions, including workforce reductions where necessary. It represents a major turning point for ULVAC. I also see it as a valuable opportunity to objectively assess ULVAC's strengths and weaknesses through the lens of such a portfolio.

While the previous mid-term management plan revealed challenges in execution and follow-through, the successful completion of the new plan will undoubtedly bring about the emergence of a "new ULVAC." Although these initiatives are still at an early stage, I believe that through the Value-Up Plan we will build a lean resilient management structure and a culture of execution and follow-through. This, in turn, will foster greater confidence within ULVAC and ultimately bring us a step closer to accomplishing Vision 2032.



Norio Uchida External Director

Ishida: Building on the previous mid-term management plan, there remains a shared commitment to advancing toward excellence centered on the semiconductor and electronics business. I welcome the planned further allocation of resources to this field and view positively the fact that the planning is more concrete and specific than under the previous plan. From the standpoint of concreteness, I am particularly interested in how the Technology Center PYEONGTAEK in South Korea, established in August 2024, will be utilized, as well as what types of investment initiatives, including M&A, will be pursued under the Value-Up Plan.

Nakajima: The further rise in ULVAC's stock price since the announcement of the Value-Up Plan on August 13, suggest that the plan has garnered a measure of positive recognition from capital market participants. Going forward, ULVAC should place renewed emphasis on the human resources and organizational capabilities required to execute each strategy. As Mr. Ishida noted, the Value-Up Plan represents a more deeply developed and concrete step forward. The next critical phase will be for everyone to take ownership of the plan, inspiring and challenging one

another other while staying attuned to external changes, and continuing to advance steadily toward Value Up without losing momentum.

Uchida: From my experience, I see two main priorities for the Value-Up Plan. First, embed structural reform as a continuous, ongoing process. With a healthy sense of urgency and ongoing reform, we can adapt to changes in the environment without delay. Secondly, strengthen technology, marketing capabilities, and human resources to ensure competitiveness in the global market. I particularly urge ULVAC to focus on developing technologies and cultivating global talent to succeed in the U.S. market, where ULVAC has historically been somewhat weak. The Value-Up Plan consists of two years of business reforms followed by four years for realizing growth. The priority, however, should clearly be placed on the growth phase. I hope the reforms will be pursued with a clear focus on growth, rather than being inward-looking.

Nishi: I believe the first two years are crucial to the success of the Value-Up Plan. If the first two years proceed successfully, I am confident this will pave the way for gratifying results in the subsequent four. I also believe the stock market will gradually recognize ULVAC's execution capabilities, and confidence that the remaining four years will be successful will inevitably be reflected in ULVAC's stock price.

Nakajima: Rather than viewing the two years for business reforms and the four years for pursuing growth effects as entirely separate, I would like ULVAC to advance both in parallel. In the first two years, ULVAC should focus on sowing seeds for new growth, breaking away from traditional approaches, and if any of them show early promise, they should be actively nurtured as much as possible.

In implementing the Value-Up Plan, the challenges each employee undertakes will be key. What is your perspective on the future of ULVAC's human resources portfolio and organizational structure?

Nakajima: This may be a somewhat blunt way of putting it, but ULVAC is undertaking the Value-Up Plan to ensure its future competitiveness. Embracing a sense of urgency in a positive way, I hope that both technological diversity and human diversity will progress, enabling ULVAC to overcome various challenges ahead and create new businesses.



Yoshimi Nakajima External Director

Nishi: Up to now, ULVAC has not always been agile in sensing or responding to change. A somewhat passive attitude has been noticeable. Earlier, Mr. Uchida mentioned that ULVAC should further cultivate the U.S. market, and I fully agree. In addition, I would like to see more proactive initiatives overall: employees taking the lead in improving their English skills and acquiring technologies relevant to

the U.S. market, while the company provides systematic support for their efforts.

Uchida: Fostering people requires painstaking effort, but it is never too late to start. I absolutely want ULVAC to dedicate itself to developing its people.

Ishida: In human resources development, ensuring mobility is also crucial. I hope ULVAC will give more thought to meticulous human resources development, such as breaking down divisional silos and providing employees with opportunities to gain diverse experiences.

ULVAC has announced its capital allocation plan for the first time. How do you view it in terms of enhancing corporate value?

Nakajima: The newly disclosed capital allocation plan explicitly incorporates M&A, which Mr. Ishida earlier highlighted as a key expectation for the future. I highly commend this as a demonstration of a healthy sense of urgency for management and a strong commitment going forward. Now, it's time for action.

Nishi: Through the formulation and disclosure of the capital allocation plan, I believe ULVAC was able to signal to investors its firm commitment to sustainable growth. The content of the disclosed capital allocation plan is certainly persuasive. Additionally, regarding future cash outflows, I believe there may be room to consider implementing incentives for executives and employees once the Value-Up Plan has been successfully completed.

As external directors, what contributions do you hope to make to ULVAC's sustainable growth going forward?

Nakajima: Having accumulated diverse experiences and skills outside ULVAC, we aim to leverage these insights to actively offer proposals and advice, helping ULVAC address its weaknesses and further reinforce its areas of strength. I also hope to create opportunities for the executive team to adopt a long-term perspective in management, helping prevent them from being caught up in short-term thinking. There will be times when I need to express critical opinions, but whenever I see something truly excellent, I will be quick to offer my support and praise to everyone, executives and employees alike.

Uchida: One of the key roles of external directors is evaluating and monitoring risks. While the executive side formulates and openly presents all kinds of ideas and initiatives, external directors offer their insights, as Ms. Nakajima mentioned, to assess risks and provide advice. In this relationship, I aim to balance a supportive stance and healthy oversight, thereby contributing to ULVAC's sustainable growth.

Nishi: In addition to what Ms. Nakajima and Mr. Uchida shared, I would like to focus on high-speed PDCA cycles in implementing the Value-Up Plan from now on. As Mr. Uchida mentioned earlier, making structural reform a continuous, ongoing process enables timely responses to changes in the environment. Similarly, keeping high-speed PDCA cycles in operation allows us to take prompt action in response to sudden environmental changes. By successfully completing the business reforms stage over the next two years, ULVAC will gain confidence in its own capabilities and earn the market's trust in its future growth.

With this mindset, I will devote all my energy to monitoring and supporting the Value-Up Plan.

Ishida: ULVAC has just launched a major strategy aimed at reshaping its business portfolio. It took ULVAC some time to reach this point. As ULVAC faces new challenges ahead, in my words—"wind the screw to prevent loosening," I will ensure careful oversight so that momentum and focus are maintained at all times. During the formulation of the new mid- to long-term management plan, I, as an external director, became more closely involved with the executive side than usual. Nonetheless, I remain fundamentally committed to the principle of "three-way satisfaction"—benefiting the company, the stakeholders, and society—and will continue to balance the emphasis among these three aspects as appropriate, contributing to ULVAC's sustainable management.



Kozo Ishida External Director