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Y.A.C. HOLDINGS CO., LTD.
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The corporate governance of Y.A.C. HOLDINGS CO., LTD. (the “Company”) is described below.

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

1. Basic Views

Our group aim to increase corporate value and become a company trusted by society by supplying products that can contribute to society. In order to realize that we believe that it is our responsibility as a listed company to build an efficient business management system and an effective system structure, and to maintain a suitable corporate governance structure to our group.

The important items for making a corporate governance system suitable for our group are as follows.

1. One is there is an organization that constantly monitors and supervises the appropriateness and legality of the management decision-making process and the content of decisions, and moreover its effectiveness is guaranteed.
2. Another is the management decision-making body and the business execution body are clearly separated, and their responsibilities are clear.
3. The other is appropriate internal control organizations and systems are in place and functioning effectively.
4. The other is that officers and employees recognize the importance of corporate ethics and compliance and establish it as a corporate culture.
5. Last important thing is disclosing corporate management information to all stakeholders timely and appropriate manner.

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

Described based on the amendment after Jun. 2021.

[Supplementary Principle 2.4.1 Disclosure of goals and situations for ensuring diversity within the company, including promoting the active participation by women]

We are small but highly talented equipment manufacturers group with advanced technology, which is a sales point, and we value human resources who can contribute to our business regardless of gender, nationality, time of joining the company. We do not set specific numerical targets due to the nature of our business, but we will continue to improve our human resources development policy and internal environment to ensure diversity.

[Supplementary Principle 3.1.3 Disclosure on our sustainability efforts]

We have announced, "De-carbonization management" and "De-carbonization mass production new product development" as main items of future SDGs efforts in the financial results briefing materials, and other documents, and we will continue to

consider disclosures that are more specific in the future. In addition, in order to develop human resources with excellent development, design, and manufacturing technologies that will be our core sustainable growth, we will strengthen our efforts to invest in human capital and enhance the superiority of our technology in the future. We will also strive to expand intellectual property that contributes to stable management. Regarding climate change initiatives, we are planning to answer the CDP Climate Change Questionnaire (simplified version), and taking this opportunity we will further proceed to consider so that we can disclose specific goals, roadmaps, and efforts in the future.

[Supplementary Principle 4.2.2. Role and Responsibilities of the Board of Directors to make basic policies on sustainability efforts and supervision of investment in human capital and intellectual property.]

We have established the "Group SDG Initiative Policy," "Environmental Philosophy," and "Environmental Policy," and we are formulating strategic activity goals and action plans that link to management through the activities of the SDGs Management Promotion Committee and the Environmental ISO Committee. Although we will make efforts to continue to consider so that we can disclose more advanced approach policies, goals, and concrete roadmaps for sustainability necessary for our sustainable growth. In addition, we will advance the sophistication of our business portfolio strategy, with ascertaining the scale of necessary human capital and intellectual property, and allocate it effectively.

[Supplementary Principle 4.3.2]

We nominate the appropriate person determined by mutual election of each director as the Representative Director and President, who is the chief executive officer, at the Board of Directors after the general meeting of shareholders. However, we will continue to consider a certain procedure that are objective, timely, and transparent.

[Supplementary Principle 4.3.3]

In the event that it is deemed necessary for us to dismiss the Chief Executive Officer, the Board of Directors will make a decision after deliberation, but in the future, we will take further objective, timely and transparent procedure.

[Supplementary Principle 4.10.1 Appropriate involvement and advice by establishing an independent nominating committee and compensation committee]

We are a company with auditors, and have two independent outside corporate auditors and three independent outside directors and we seeks their opinions and advice from an independent standpoint regarding important matters such as nominations and remuneration at the Board of Directors. In addition, in the voluntary remuneration committee three independent outside directors are members as well too to strengthen the management and supervision function. We will continue to consider establishing a voluntary nominating committee. We believe that the independence of the members of the committee is appropriate for the current size of the company. However, in the future, as the size of the company expands, we will review the composition of outside directors and consider regarding independence.

[Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness]

The Board of Directors of the Company is composed of persons with specialized knowledge and abundant experience in the field of responsibility. In addition, at least more than one person with appropriate knowledge of finance and accounting shall be appointed to the Board of Corporate Auditors of the Company. At the moment, there are no female or foreign directors, but we will continue to consider ensuring diversity in terms of gender and internationality.

[Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans]

The Company announced its medium-term management plan on March 19, 2021. In the future, at financial results briefings, we explain the current achievement status and goals.

In addition, we will strive to review various items including cost of capital and allocation of management resources to investment as appropriate, which are highly effective, and contribute to investors who aim medium- to long-term investment.

[Supplementary Principle 5.2.1 Disclosure of basic policy and review status regarding business portfolio at the time of planning and publication of management strategy.]

The Group's business is divided into four segments (mechatronics-related, display-related, industrial machineries-related, and electronics-related), and each business segment alone or collaborates with other business segment to manufacture and sell products and provide solutions that meet the needs of our clients. However, we will consider which business to focus on allocating management resources so that we can publicize the policy and situation to stakeholders in an easy-to-understand manner.

Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1.4 Cross-Shareholdings]

The Company holds shares, to a limited extent, with a policy for the purpose of maintaining and strengthening smooth business operations and business relationships and facilitating sales activities. If there is a need for new holdings in the future, we will take measures such as considering the purpose of holding and the cost of capital. We are reviewing the shares we hold as appropriate with considering changes in the business environment. Regarding the voting rights of the shares held, we respect the management policies of the investees and exercise them by comprehensively judging whether their proposals would contribute to the sustainable growth of the Company and the improvement of corporate value over the medium to long term. If a company that holds the Company's shares as strategically held shares, (Cross-Shareholding Holders) indicates an intention to sell the shares or suggest a reduction in transactions we will not interfere with the sale of those shares. In addition, there are no cases that is Cross-Shareholding Holders who have business transactions, and there is no impact on transactions.

[Principle 1.7 Related Party Transactions]

The Company requires deliberation and resolution by the Board of Directors regarding transactions between related parties. Such resolution is made with excluding the relevant officers as special stakeholders from the quorum of the resolution.

[Supplementary principle 2.4.1 Disclosure of goals and situations for ensuring diversity within the company, including promoting the active participation of women]

It is described in the above "Reason for not implementing each principle of the Corporate Governance Code".

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

We have joined the National Printing and Binding Machinery Company Pension Fund and outsourced its pension management. Regarding the operational status, the executive officer and person in charge of the Finance Department and the person in charge of the Human resource and General Affairs Department checks and confirms the overall soundness of the fund's operation.

[Principle 3.1 Full Disclosure]

(1) The corporate philosophy and financial results presentation materials are posted on our website.

Corporate philosophy: <https://www.yac.co.jp/ja/company/vision.html>

Financial results presentation : <https://www.yac.co.jp/ja/ir/library.html>

(2) The basic concept of corporate governance is disclosed in the Corporate Governance Report and Annual Securities Report.

(3) The executives and officers compensation of the Company and its subsidiaries are "fixed compensation,"

"performance-linked compensation," and "stock compensation with transfer restrictions," and each compensation figure is determined based on the compensation guidelines by position and company size, which is decided by Board of Directors.

For "fixed compensation," the compensation amount for each individual is determined by an arbitrary compensation committee (including outside directors) entrusted by the board of directors based on the budget of each company, and the results are reported to the board of directors.

For "performance-linked compensation," the compensation committee will determine the amount of compensation for each individual according to the degree of achievement of the full-year budget for each company.

Results are reported to the board of directors.

The purpose of "Restricted Share Compensation" is to share the merits and risks of stock price fluctuations with shareholders, and to increase the willingness to contribute to the rise in stock prices and the improvement of corporate value over the medium to long term as a group. The number of shares to be granted for each individual is decided by the Compensation Committee.

(4) The policy for the appointment and dismissal of directors and corporate auditors is not stipulated in internal rules. We comprehensively judge whether they have the ability and the qualities to properly carry out the management of our company with a duty of care as a prudent manager in business execution and in order to contribute to the improvement of corporate value and the medium to long-term Company's sustainable growth.

(5) The reasons for appointing candidates for directors and candidates for outside corporate auditors are disclosed in the notice of convocation of the general meeting of shareholders.

[Supplementary Principle 3.1.3 Disclosure of our company's sustainability efforts]

It is described in the above "Reason for not implementing each principle of the Corporate Governance Code".

[Supplementary Principle 4.1.1]

The Company has established the Board of Directors Regulations, Duties Division Regulations, and Duties Authority Regulations, and stipulates matters to be resolved by the Board of Directors, matters that can be settled by each director, and matters that can be decided according to each position. Based on these, the Board of Directors decides management policies and important matters, and based on these policies, the member of the board and operating officers in charge of business execution carry out the business.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company selects independent outside directors based on the Companies Act and the standards regulated by the Tokyo Stock Exchange. Independent outside directors are appointed a person who have a high degree of independence without the risk of conflict of interest with general shareholders. All three independent outside directors of the Company have been notified to the Tokyo Stock Exchange as independent officers.

[Supplementary Principle 4.10.1 Appropriate involvement and advice by establishing an independent nominating committee and compensation committee]

It is described in the above "Reason for not implementing each principle of the Corporate Governance Code".

[Supplementary Principle 4.11.1]

The Board of Directors of the Company is composed of directors with different expertise and experience, and we have a policy of maintaining an appropriate number of members who can hold effective and efficient discussions and make swift decisions. The skill matrix is attached at the end of this report.

[Supplementary Principle 4.11.2]

The directors and corporate auditors of the Company devote sufficient time and effort to properly fulfill their respective roles and responsibilities. In addition, the status of concurrent position is posted in the notice of convocation of the general meeting of

shareholders and the annual securities report.

[Supplementary Principle 4.11.3]

The effectiveness of the entire Board of Directors of the Company is analyzed and evaluated on a regular basis and published on the Company's website.

Effectiveness evaluation: <https://www.yac.co.jp/ja/ir/news.html>

[Supplementary Principle 4.14.2]

The member of the board of the Company utilize external training and seminars such as seminars hosted by consulting companies and securities agency organizations to acquire the necessary knowledge as directors.

In addition, full-time corporate auditors participate in external training and seminars by the Japan Corporate Auditors Association, and strive to acquire the knowledge necessary for corporate auditors and promote understanding of the roles and responsibilities of corporate auditors. To the outside directors and outside corporate auditors, we provide appropriate presentation on the Company's management strategy, business content, finance, organization, etc. so that they can fulfill their roles, and provide a place to fully share information.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

We appoint a manager in charge of IR, and the Management Promotion Department is managing IR. For institutional investors, in addition to holding financial results presentation meeting, we also hold individual IRs face-to-face meetings. For shareholders, we post financial results presentation materials in Japanese and English on our website, and we also hold company briefing sessions for individual investors.

The Management Promotion Department handles dialogues (interviews) with shareholders. In addition, we reasonably judge the wishes of shareholders, the main concerns of interviews and the number of shares held by shareholders, in addition, the president and the manager in charge of IR will respond to the interview as necessary.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%) Excluded treasury stock.
MOMOTAKE CO., LTD.	1,220,000	13.36
The Master Trust Bank of Japan Ltd. (Trust account)	934,500	10.24
Mr. MOMOSE Takefumi	319,907	3.50
Custody Bank of Japan, Ltd. (Trust account)	181,200	1.98
Roman YAC stock association.	98,513	1.08
J.P. MORGAN SECURITIES PLC. FOR AND ON BEHALE OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT Standing Proxy Tokyo Branch, City Bank N.A	92,300	1.01
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	73,300	0.80
Mr. KAWAI Yasuaki	72,000	0.79

Tokai Tokyo Securities Co., Ltd.	70,800	0.78
JAPAN SECURITIES FINANCE CO.,LTD.	70,500	0.77

Name of Controlling Shareholder, if applicable (excluding Parent Company)	----
Name of Parent Company, if applicable	None.

Supplementary Explanation

- (1) Above major shareholders' status is posted as of Mar.31, 2022.
(2) The Company hold 629,389 shares as treasury stock as of Mar.31, 2022.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime.
Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more and fewer than 1,000.
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion.
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

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

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 Audit and Supervisory Board*
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*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year.
Chairperson of the Board	President

Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mr. ISHIDA Shouji	From another company											
Mr. KIFUNE Tsuneyasu	From another company											
Mr. UEKI Yukio	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.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- 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)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Mr. ISHIDA Shouji		○	Based on the provisions of the Tokyo Stock Exchange, Inc. We designate as an independent officer and delivered to that stock exchange.	He has wide range of knowledge and experience in corporate management for many years. Therefore, we judge he can give accurate advice and supervision to our overall business. He also met the requirements of an independent officer and there is no risk of conflict of interest with other general

				Shareholders. Therefore, we appointed him as independent officer.
Mr. KIFUNE Tsuneyasu		○	Based on the provisions of the Tokyo Stock Exchange, Inc. We designate as an independent officer and delivered to that stock exchange.	He has wide range of knowledge and experience in corporate management for many years. Therefore, we judge he can give accurate advice and supervision to our overall business. He also met the requirements of an independent officer and there is no risk of conflict of interest with other general shareholders Therefore, we appointed him as independent officer.
Mr. UEKI Yukio		○	Based on the provisions of the Tokyo Stock Exchange, Inc. We designate as an independent officer and delivered to that stock exchange.	He has knowledge and experience in the financial industry In addition, he has been appointed as an Audit & Supervisory Board Member in the securities company. Therefore, we judge he is a person who can use these experiences and insights for improving the soundness and transparency of the duties of Audit & Supervisory Board Members and we appointed him.

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)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	----	----	----	----	----	----	----	----
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	8	0	5	3	0	0	Inside Director

Supplementary Explanation

The Compensation Committee (Chairman: Takefumi Momose) described above is composed of directors appointed at the 49th Ordinary General Meeting of Shareholders held on June 29, 2021 and at the 50th Ordinary General Meeting of Shareholders held most recently (June 29, 2022), all directors have been reappointed (no new appointments) therefore there is no change in the members. The current members of the committee are scheduled to fulfil their function until the 51st Ordinary General Meeting of Shareholders, which is scheduled to be held in June 2023.

The executive remuneration determined by the composition of the current committee members is as follows.

- Financial year of 2021 executive compensation (performance-linked compensation)
- Financial year of 2022 executive compensation (fixed compensation and transfer-restricted stock compensation)

The composition of the above compensation committee is as follows.

- Chairman: MOMOSE Takefumi
- Committee members: ITO Toshihiko, HATAKEYAMA Osamu, OKURA Akihiro, NISHIZAKA Masanori, ISHIDA Shouji, KIFUNE Tsuneyasu, UEKI Yukio, 8 members in total

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members meet regularly with the Accounting Auditor, Grant Thornton Taiyo LLC, to exchange opinions and receive evaluation report on the status of quarterly audits, audit results, and the operational status of internal controls related to financial reporting.

Audit & Supervisory Board Members carry out highly effective audits through cooperation, with receiving reports on the results of internal audits from the Internal Audit Office, understanding situation and improvement status in the execution of internal

operations. And Audit & Supervisory Board Members order investigations to the Internal Audit Office when Audit & Supervisory Board Members judged its necessary.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Mr. TAKADA Naoki	From another company													
Mr. IIDA Tetsurou	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.)

- Person who executes business of the Company or a subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- 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)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory member	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Mr. TAKADA Naoki	○	Based on the provisions of the Tokyo Stock Exchange, Inc. We designate as an	He has working experience in financial institutions and trading companies and has a wide range of knowledge. Therefore, we judge that he can take advantage of that experience in corporate governance of our company and

		independent officer and delivered to that stock exchange.	play the audit function and role as an Audit & Supervisory Board Member.
Mr. IIDA Tetsurou	○	Based on the provisions of the Tokyo Stock Exchange, Inc. We designate as an independent officer and delivered to that stock exchange.	He has long-term experience in management of companies and has a wide range of knowledge. Therefore, we judge that he can take advantage of that experience in corporate governance of our company and play the audit function and role as an Audit & Supervisory Board Member.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

5

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme and others.

Supplementary Explanation for Applicable Items

Performance-linked remuneration is calculated according to a full-year consolidated performance and the degree of achievement of a full-year budget of each subsidiary company and paid after conclusion by the Compensation Committee. In addition, to provide members of Board of Directors with an incentive to sustainably improve the corporate value of the entire Group over the medium to long term, and to share value with shareholders. Furthermore, we introduce transfer-restricted stock-based compensation system to each member of Board of Directors, which excluding outside directors and part-time directors, of the Company and its domestic subsidiaries.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The total amount of executive compensation is disclosed in the annual securities report and business report.

We disclose officers name whose total consolidated remuneration of 100 million yen or more in the annual securities report, according to the Cabinet Office Ordinance on Disclosure of Corporate Information.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

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

We believe that the role of officers is to increase the corporate value of the Company based on the management policies and strategies of the entire Group. It is our basic policy that the remuneration of directors is an incentive, and level of remuneration is the one that appropriate for rewarding the roles and responsibilities of directors and their business performance. Specifically, it shall consist of fixed remuneration (monetary remuneration), performance-linked remuneration (monetary remuneration), and transfer-restricted stock remuneration (non-monetary remuneration, etc.). Outside directors and corporate auditors shall pay only fixed remuneration in view of their duties.

*Matters concerning fixed remuneration.

Regarding the fixed remuneration amount for each director, the Compensation Committee, which is entrusted by the Board of Directors, decide the amount with considering the position (representative director, vice president, managing director, managing director, director) within the scope of the resolution of the general meeting of shareholders. The amount is determined by adjusting the amount in consideration of the scope of work, responsibilities, business performance, from the standard remuneration.

*Matters related to performance-linked remuneration.

Performance-linked remuneration shall be paid in cash according to the achievement rate of performance indicators and operating profit in order to improve performance for each business year, after the Board of Directors decides the guidelines for performance-linked remuneration, and the voluntary Compensation Committee decides the amount to be paid for each individual according to the achievement rate at the end of the financial term.

*Details of stock compensation with transfer restrictions.

The number of shares to be granted is decided by Compensation Committee, and the results are reported at the board of directors meeting held after the end of the ordinary General Meeting of Shareholders. Generally, the grant is given at mid-August every year. However, it is not paid to newly appointed officers who took office in June of that year.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members

We do not have a dedicated such position, but the Human Resources and General Affairs Department handles it when it is necessary.

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

[Business execution]

The Company adopt a governance system through meetings such as the Board of Directors, the Board of Corporate Auditors, the Management meeting, and the Group Company Presidents' Meeting.

*· Board of Directors.

The Board of Directors of the Company shall be chaired by the Representative Director & President, and consist of five internal directors and three outside directors.

The regular Board of Directors meeting is held once a month to determine management goals and business strategies, and two full-time corporate auditors and two outside corporate auditors attend to monitor the status of execution of duties by directors.

In addition, by holding an extraordinary Board of Directors meeting as necessary, we can create a flexible management system.

Each group subsidiary holds a Board of Directors meeting once a month in principle as with the parent company.

*· Management meeting.

The management meeting shall be chaired by the Representative Director and President, and consist of five internal directors, full-time corporate auditors, and other necessary members.

The purpose is to confirm each other the status and direction of the group business, various measures and problems of the Company and group companies.

When it is necessary to make a new policy decision regarding the content of the discussion, the chairperson of the Management meeting submit a proposal to the Board of Directors.

*Group company president meeting.

Group company president meeting shall be chaired by the Representative Director & President, with five internal directors, three external directors, one full-time corporate auditor, two part time corporate auditors and presidents of group companies. And Group company president meeting is held to grasps and share the management-level information among group companies and is the organization for the purpose of making the corporate governance system a more efficient and functional organization. All group officers and necessary executives attend at this meeting once every six months to expand the scope of management information transmission.

We are thoroughly implementing "All employee management".

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with auditors which establish a Board of Directors consisting of eight directors (as of the end of September 2021), and three independent outside directors, and a Board of Corporate Auditors consisting of three corporate auditors, including two independent outside corporate auditors. We have adopted a governance system that employs a company with corporate auditors, but we believe that the current system is functioning effectively from the perspective of the scale of the entire group and the emphasis on shareholders.

We believe that it is important to have the function of objectively and neutrally monitoring management from the outside for the Board of Directors, which has the function of managing and supervising business execution. And we objectively ensure the effectiveness of the decision-making of the Board of Directors with audit by Board of corporate Auditors including 2 outside independent auditors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	In 2022, we sent a notice of convocation of the general meeting of shareholders on June 10.
Electronic Exercise of Voting Rights	Since the Ordinary General Meeting of Shareholders held in June 2020, we have adopted a mechanism for exercising voting rights using the Internet from a personal computer, smartphone or mobile phone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the Ordinary General Meeting of Shareholders held in June 2020, we have participated in the "Electronic Voting Rights Exercise Platform for Institutional Investors" of ICJ Co., Ltd.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	Since the Ordinary General Meeting of Shareholders held in June 2022, we have dispatched English version of Summary of Notice of the General Shareholders Meeting.
Other	Prior to sending the convocation notice, we make an early disclosure on the website of the Tokyo Stock Exchange and our website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We post the "IR Policy" on our website. https://www.yac.co.jp/ja/ir/policy.html	
Regular Investor Briefings held for Individual Investors	Although it is not regular, we hold briefing sessions sponsored by securities companies several times a year.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	After the announcement of the interim financial results and the final financial results, we hold a briefing session on the company profile, financial results, and medium- to long-term management direction every six months.	Held
Online Disclosure of IR Information	We have set up an "Investor Information" page on our website to post financial information such as financial statements, other legal disclosures, and voluntary disclosure information. https://www.yac.co.jp/ja/ir.html	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Management Promotion Department of the Corporate Strategy Headquarters is responsible.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Regarding environmental issues, we recognize "realization of sustainable development", "conservation of biodiversity and protection of ecosystems", and "mitigation of climate change and adaptation to climate change" as issues to cope with. And we work on these issues in our daily work based on the ISO14001 standard, which is an environmental management system.
Formulation of Policies, etc. on Provision of Information to Stakeholders	

IV. Matters Concerning the Internal Control System

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

The Company has established the following basic policy regarding the development of a system to ensure the appropriateness of operations ("Basic Policy for establishing Internal Control Systems").

1. A system which ensure the conforming with laws and regulations and the Articles of Incorporation in execution of duties by officers and employees (hereinafter referred to as "Employees") of the Company and its subsidiaries (hereinafter referred to as "the Company Group")
 - (1) In order to comply with laws, regulations and the Articles of Incorporation, and to fulfill our social responsibilities, when employees of the Group execute duties, complying with the "Corporate Ethics Code", "Compliance Code" and "Compliance Code of Conduct" are our corporate activities' basis.
 - (2) The Internal Control Promotion Committee (Compliance Subcommittee), chaired by the Representative Director, supervise over compliance efforts across the company.
 - (3) Utilize the "internal reporting system" to find out and correct any legally suspicious acts at an early stage.
 - (4) Against antisocial forces which threaten the order and safety of civil society, we work closely with external specialized agencies such as police and lawyers based on the "Code of Conduct for Compliance", take a resolute attitude and block the relationship.
2. System for storing and managing information related to the execution of directors' duties.
Regarding the handling of important information and documents (including electromagnetic records) related to the execution of directors' duties we appropriately store and manage based on the "Document Management Regulations".
3. Regulations and other systems for managing the risk of loss making.
Regarding risks that may occur in the Group, the Internal Control Promotion Committee (Risk Management Subcommittee) chaired by the Representative Director and President establishes a cross-organizational risk management system to promote sound and appropriate management and operations.
4. The system to ensure the efficient execution of directors' duties.
 - (1) Promote flexible management with supervising management by directors and sharing duties by operating officers. We have Board of Directors Meeting and President Meeting of group companies once a month, which are important meetings, and promptly consider the progress of the management plan and execute the business.
 - (2) From the viewpoint of work effectiveness and efficiency, we quickly decide and deal with by appropriate delegation of

- job authority according to the "Rules for Division of Duties" and "Rules for Duties Authority".
5. System to ensure the appropriateness of business in the corporate group consisting of our Group.
 - (1) Regarding the execution of business at our subsidiaries, we stipulate, "Affiliated company management rules" and "Affiliated company approval authority" to ensure the appropriateness of business.
 - (2) A member of the board of the Company's subsidiaries report matters related to the execution of their duties at meetings attended by the officers and employees of the Company.
 - (3) While respecting the independence of the subsidiary, we hold prior consultations on important matters and discuss them at the board of directors meeting of the subsidiary to ensure the efficiency of the execution of duties by a member of the board of the subsidiary.
 - (4) The Internal Audit Office regularly conducts internal audits of subsidiaries.
 6. Matters concerning the employee when the Audit & Supervisory Board Members request that an employee be assigned to assist its duties.

If the Audit & Supervisory Board Members request an employee to assist their duties, the necessary personnel will be assigned to the Audit & Supervisory Board Members.
 7. Matters concerning the independence of employees from the Board of Directors in the previous item.

Prior consent of the Board of Corporate Auditors shall be obtained with respect to personnel changes, personnel evaluations, and disciplinary actions of the employees of the Corporate Auditors.
 8. Matters concerning ensuring the feasibility of instructions to employees who should assist the duties of Audit & Supervisory Board Members.

The employees of the Audit & Supervisory Board Members shall follow the instructions and orders of the Audit & Supervisory Board Members.
 9. System for operating officers and employees to report to Audit & Supervisory Board Members, system for reporting to other Audit & Supervisory Board Members.
 - (1) An operating officers and employees of the Group shall report to the Audit & Supervisory Board Members, when they discover the fact that has a significant impact on the company occurs or is likely to occur, or an illegal or fraudulent act and any other matters which the Board of Corporate Auditors has determined to be reported.
 - (2) It is prohibited for a person who has reported to the Audit & Supervisory Board Members to be treated unfavorably because of the report.
 10. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively.
 - (1) Audit & Supervisory Board Members attend important meetings such as the Board of Directors meeting of the Company and the Board of Directors meetings of Group Companies, in order to understand important decision-making processes and the status of business execution.
 - (2) The company shall promptly pay the expenses necessary for executing the duties of Audit & Supervisory Board Members upon request.

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

1. Basic concept for eliminating antisocial forces.

Our basic policy is to have no relationship with antisocial forces. In addition, based on the "Code of Conduct for Compliance", we clearly state that we will take a resolute attitude and block all relationships against any unreasonable demands or actions by

antisocial forces.

2. Organizational status to eliminate antisocial forces.

¥We have established a department and a person in charge of responding to antisocial forces and have established a system to systematically respond by making cooperative relationships and collecting information with external specialized institutions such as police and corporate lawyers.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

The internal system for timely disclosure of the Company information is as follows.

1. Basic policy regarding timely disclosure of company information.

The Company recognizes that the proper disclosure of fair and highly transparent information in accordance with the laws and regulations and the rules stipulated by the Financial Instruments and Exchange Act is an important management issue, and the management itself is working on it. The "Code of Conduct for Compliance," which stipulates basic matters that officers and employees should act in their daily business, stipulates that information should be disclosed to shareholders and investors in a timely, appropriate, and proactive manner. Our code of conduct is to deepen mutual understanding and relationships of trust.

2. Internal system for timely disclosure of company information.

(1) Facts of decision made, and facts occurred.

The Company shall obtain the approval of the Board of Directors when making important external announcements, including timely disclosure of decision facts and occurrence facts. Information that should be disclosed in a timely manner is aggregated and controlled by the General Manager of the Administration Headquarters, and each department of the Management Strategy Headquarters and the Administration Headquarters, which are in charge of disclosure, cooperate and based on the Financial Instruments and Exchange Act and the timely disclosure rules of financial instruments exchanges determine the necessity of timely disclosure, confirm the legality and appropriateness of the content, and make disclosure materials.

Disclosure materials is disclosed by the Personnel and General Affairs Department after obtaining the approval of the president.

(2) Financial results information, business forecasts, revisions to dividend forecasts, etc.

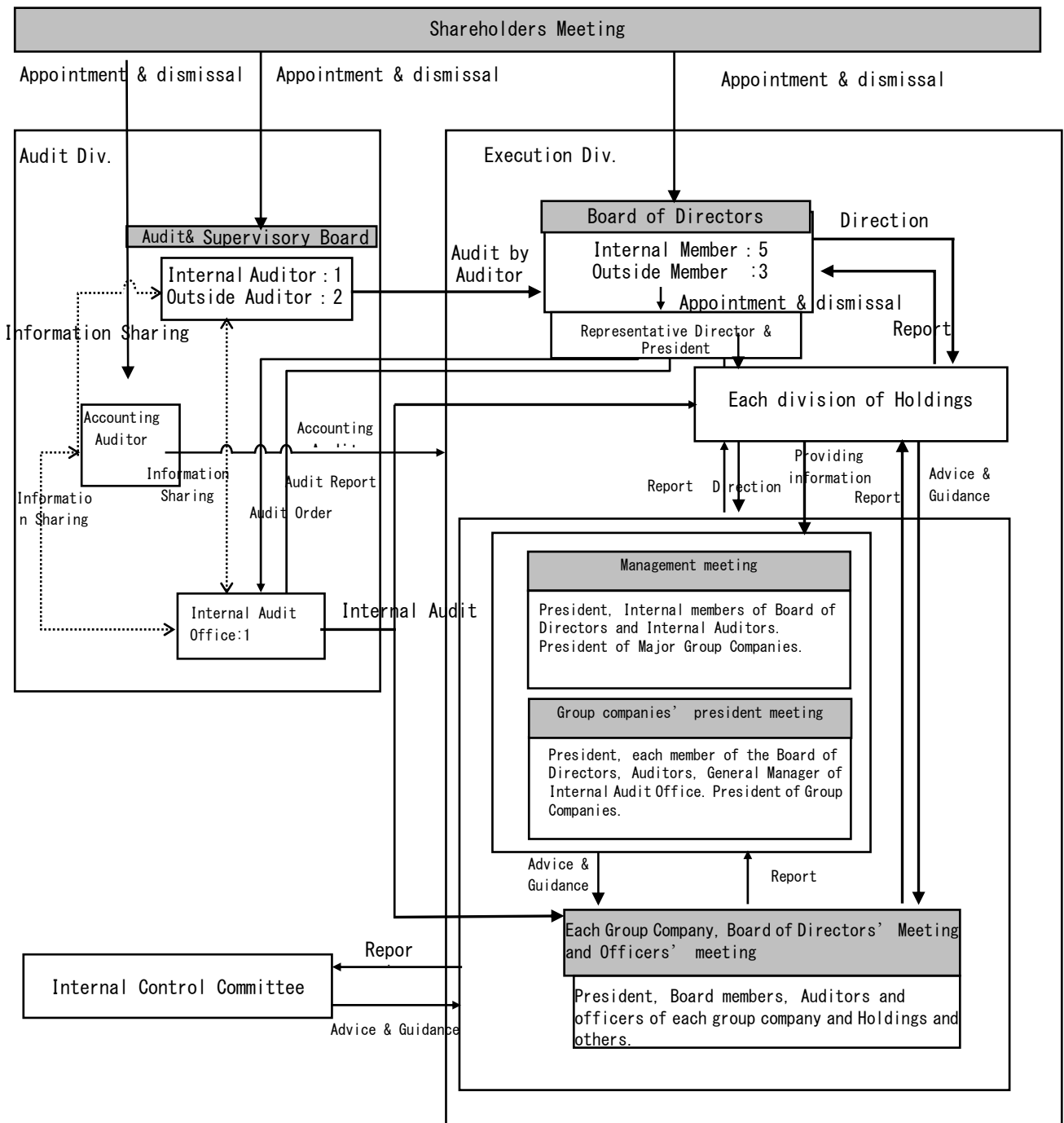
Information that should be disclosed in a timely manner regarding the financial results of the Company and its subsidiaries, as well as revisions to business results forecasts and dividend forecasts (hereinafter referred to as "financial results information, etc.") will be collected by the Administration Headquarters of the Company. Regarding financial statement information, based on the internal control audit system related to financial reporting stipulated in the Financial Instruments and Exchange Act, we are obliged to establish internal control, evaluate and properly manage reporting, and strive to ensure the appropriateness of the content. Based on the collected financial information, under the responsible officer in charge of handling information, each department such as the Corporate Strategy Headquarters and the Administration Headquarters cooperate and based on the Financial Instruments and Exchange Act and the timely disclosure rules of financial instruments exchanges determine the

necessity of timely disclosure, confirm the legality and appropriateness of the content, and make disclosure materials.

Timely Disclosure of Financial Information is disclosed by the Personnel and General Affairs Department after obtaining the approval of the Board of Directors.

END

[Company institution, Relationship diagram of internal control]



[Skill Matrix]

	Name	Management	International	IT technologies Manufacturing Development	Marketing & Sales	Finance & Accounting	Legal & Risk management	Personnel & Human resource Development
Director,	MOMOSE Takefumi	○		○	○			
Member	ITO Toshihiko	○	○	○	○			
of the	HATAKEYAMA Osamu	○				○	○	
Board	Okura Akihiro	○	○		○			
	NISSHIZAKA Masanori						○	○
Outside	ISHIDA Shouji	○		○				
Outside	KIFUNE Tsuneyasu	○			○			○
Outside	UEKI Yukio	○					○	
Auditor	TSUJI Shinji		○	○		○		
Outside	TAKADA Naoki		○			○	○	
Outside	IIDA Tetsurou	○	○	○				

< Definition of each item >

*Management: Having experience in corporate management.

(A person who has experience of Representative Director, CEO or COO or job title equivalent to them.)

*International: Having knowledge and experience regarding sales, manufacturing, and development with foreign customers or overseas markets related to the Group's business.

*IT technologies, manufacturing and development: Having knowledge and experience in manufacturing and development in the Group, other manufacturing industries, and IT industry.

*Marketing and Sales: Having knowledge and experience in sales and marketing in the Group and other manufacturing industries.

*Finance and Accounting: Having knowledge and experience in accounting and finance, settlement of accounts, dialogue with capital markets.

*Legal and Risk Management: Having knowledge of legal affairs, risk management, compliance.

* Personnel / human resources development: Having knowledge and experience in personnel management, human resource development, and recruitment and employee welfare.