August 21, 2026

To: YKK Corporation

Investigation Report Summary

YKK Corporation Special Investigation Committee
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1. Overview of the Investigation

Following an initial investigation conducted by YKK Corporation, it was discovered that Executive A and several other senior executives of YKK AP Inc. were suspected of submitting improper expense claims in violation of company rules for meals and drinks at restaurants and similar establishments. Accordingly, YKK Corporation established the YKK Corporation Special Investigation Committee on May 22, 2026.

This investigation covered YKK AP Inc. and its subsidiaries for the period from April 1, 2021 to April 30, 2026. The investigation primarily examined improper expense claims made by senior executives and others in relation to meals and drinks at restaurants and similar establishments (1,597 cases), golf, gifts, and related matters.

2. Investigation Methods

The Committee conducted its investigation through methods including a review of relevant materials, interviews with 44 individuals conducted over 91 sessions, digital forensic analysis, a questionnaire survey, and the establishment of an information-reporting channel. The questionnaire survey was distributed to a total of 228 individuals: 186 directors, auditors, executive officers, and other officers of YKK AP Inc. as of June 2, 2026, and 42 directors and auditors of YKK AP Inc.'s domestic and overseas group companies as of June 15, 2026. Please note that this investigation is subject to certain limitations.

3. Investigation Findings

As a result of the investigation, the Committee identified numerous improper expense claims made by multiple senior executives and others in connection with meals and drinks at restaurants and similar establishments. Specifically, the Committee found: (i) expense claims in which costs for internal meals and similar expenses were added to expenses for actual client entertainment; and (ii) expense claims that were, in fact, for internal meals and similar expenses but were falsely represented as client entertainment. For the investigation period described above, the Committee identified a total of 402 improper expense claims, amounting to approximately JPY 133 million.

The Committee also found improper expense claims relating to golf that were falsely represented as client entertainment, as well as improper expense claims relating to gifts that were falsely represented as being for clients, among other matters.

4. Root Cause Analysis

(1) Existence of an environment that enabled the improper expense claims

At YKK AP Inc., it appears that expense fraud using methods similar to those involved in the improper expense claims at issue had been carried out for many years. The existence of this environment is considered to have led to the occurrence of the improper expense claims in this matter and to have further contributed to their expansion and delayed detection.

(2) Lack of compliance awareness among those who voluntarily engaged in improper expense claims

A lack of compliance awareness among those who voluntarily engaged in improper expense claims was one of the root causes that led to the occurrence and expansion of the misconduct.

(3) The perceived absolute authority of certain officers and the existence of a top-down culture and a culture of deference to superiors' unspoken intentions

Against the backdrop of the unquestioned authority of certain officers, a psychologically subordinate relationship appears to have existed in which others felt compelled to follow their

instructions. In addition, there appears to have been a top-down culture and a culture of deference to superiors' unspoken intentions, in which communication tended to be based on reading the unspoken intentions of higher-ranking officers.

(4) Dysfunction of self-corrective mechanisms

The organization's internal self-corrective mechanisms for checking management were dysfunctional. Factors contributing to this included the existence of the environment for improper expense claims described above and organizational characteristics such as a top-down culture and a culture of deference to superiors' unspoken intentions.

(5) Internal control issues

In the improper expense claims at issue, some approvers were themselves involved in the misconduct. In addition, for expense applications or claims involving certain officers, the perceived absolute authority of those officers created a structure in which the applications were effectively required to be approved. Moreover, the accounting department and other so-called second-line functions did not conduct monitoring that examined the actual substance of the transactions, and the monitoring framework cannot be said to have functioned effectively.

(6) Governance issues

Although the Committee was unable to complete its examination of governance-related matters due to time constraints, it found, at minimum, that multiple officers were respectively perpetrators of, or participants in, the improper expense claims at issue. As a result, mutual checks among directors structurally failed to function. It also cannot be denied that the state of group governance and internal governance at YKK AP Inc. may have been indirect factors contributing to the occurrence of the improper expense claims and the delay in their detection.

5. Recommendations for Preventing Recurrence

The following recommendations are based primarily on a broad perspective aimed at ensuring the effectiveness of operational measures, including reforming the corporate culture and establishing effective checks on management.

(1) Improvement of corporate culture

To correct harmful practices and cultural norms, it is essential to implement initiatives to improve the corporate culture.

(2) Checks on top management and senior executives

A. Approval process for expenses involving senior executives

Expenses involving directors or executive officers should be handled differently from the conventional approval route, and appropriate checks should be made effective.

B. Monitoring by outside directors

It is necessary to establish and implement a process under which the status of expenses involving directors and executive officers, as well as the implementation status of recurrence-prevention measures, are reported to the Board of Directors for review and monitoring.

C. Audit by Audit & Supervisory Board Members

A monitoring framework should be established under which Audit & Supervisory Board Members regularly receive reports on expenses involving directors and executive officers, as well as high-value expenses, and, as needed, can directly confirm supporting documents, whether clients were present, and the business necessity of the expenses.

(3) Review of the approach to entertainment and business hospitality

The business necessity and reasonableness of high-cost entertainment conducted at restaurants and similar establishments should be fundamentally reexamined.

(4) Establishment of conditions that enable ex post verification

If suspicions of misconduct arise, it would be useful to establish systems that prevent the loss of data on company-issued smartphones and PCs so that ex post verification can be conducted based on objective evidence, and to make clear that data deletion constitutes serious misconduct.