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(Securities code: 6268)
March 4, 2024

To Shareholders with Voting Rights:

Kazumasa Kimura
Representative Director and President
Nabtesco Corporation
7-9, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE 21ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially notified that the 21st Annual General Meeting of Shareholders of Nabtesco Corporation (the “Company”) will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken electronic provision measures for the information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters subject to the electronic provision measures), and the Notice of Convocation of the 21st Annual General Meeting of Shareholders has been posted on the Company’s website on the Internet. Please visit our website below to confirm the details.

The Company’s website

<https://www.nabtesco.com/about/ir/stock/shareholders-meeting/>

The matters subject to the electronic provision measures are also posted on the Tokyo Stock Exchange (TSE) website in addition to the above website. Please access the TSE website (Listed Company Search), enter or search for the issue name (Nabtesco) or securities code (6268), and select “Basic Information” and “Documents for Public Inspection/PR Information” for confirmation.

TSE website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

1. Date and Time: Tuesday, March 26, 2024 at 10:00 a.m. (JST)
(Reception begins at 9:00 a.m. (JST))
2. Venue: Cosmos Hall, 3F Toshi Center Hotel Tokyo,
located at 4-1, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo, Japan

3. Meeting Agenda:

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 21st Fiscal Year (from January 1, 2023 to December 31, 2023) and results of audits by the Financial Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 21st Fiscal Year (from January 1, 2023 to December 31, 2023)

Proposals to be resolved:

- Proposal No. 1: Distribution of Surplus
- Proposal No. 2: Election of Ten Directors
- Proposal No. 3: Election of Three Audit & Supervisory Board Members
- Proposal No. 4: Revision of Compensation for Directors

4. Exercising Voting Rights If You Are Not Attending the Meeting

If you are not attending the meeting, you may exercise your voting rights in writing or via the Internet. Please read the Reference Documents for the General Meeting of Shareholders, and cast your vote by 5:30 p.m. on Monday, March 25, 2024 (JST) by (1) indicating your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it, or (2) visiting the Company's designated voting rights exercise website (<https://www.web54.net>).

Notes:

- 1) The following items are not stated in the matters subject to electronic provision measures to be issued to shareholders who have requested issuance of the said document in accordance with provisions of laws and regulations as well as Article 16, Paragraph 2 of the Company's Articles of Incorporation. Please note that the Audit & Supervisory Board Members and the Financial Auditor have audited the documents that are subject to audit, including the following items:
 - (1) "Financial highlights," "Principal offices," "Employees," "Principal lenders," "Stock Information," "Subscription Rights to Shares," "Outside Directors and Audit & Supervisory Board Members (Independent)," "Financial Auditor," and "The Systems to Ensure the Appropriateness of the Business and the Operational Status" of the Business Report;
 - (2) "Consolidated Statement of Financial Position," "Consolidated Statement of Income," "Consolidated Statement of Changes in Equity," and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements;
 - (3) "Non-consolidated Balance Sheet," "Non-consolidated Statement of Income," "Non-consolidated Statement of Changes in Equity," and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements;
 - (4) Financial Auditor's Report to Consolidated Financial Statements;
 - (5) Financial Auditor's Report to Non-consolidated Financial Statements; and
 - (6) Audit & Supervisory Board's Report.
- 2) If any revisions are made to the matters subject to the electronic provision measures, a notice to that effect and the matters before and after the revisions will be posted on the above Company's website and the TSE's website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

The Company's basic policy is to appropriately distribute its corporate earnings to maintain stable dividends and an appropriate balance between strategic investment for supporting business growth, securing of a sound financial position and return of profits to shareholders, based on the business performance of the Company and the entire Nabtesco Group.

Also, as a dividend policy during the period of the current Medium-term Management Plan, the Company sets its target consolidated payout ratio at 35% or higher, aiming to continuously increase the amount of dividend per share, without an upper limit.

Based on this basic policy, the Company hereby proposes its year-end dividends for the fiscal year ended December 31, 2023 as follows:

Matters concerning year-end dividends

1. Type of assets to be paid as dividends
Cash
2. Matters concerning allotment of property dividends to shareholders and the total amount
Dividend per share of common stock: 40 yen
Total amount of dividends: 4,825,137,160 yen
3. Effective date for distribution of surplus
March 27, 2024

Based on the above, the annual dividend for the fiscal year ended December 31, 2023 including the interim dividend of 40 yen per share, will be 80 yen per share (for a consolidated payout ratio of 66.0%).

(Reference) Annual dividend per share / Consolidated payout ratio

	Annual dividend per share (Yen)	Consolidated payout ratio
FY2019	73	50.5%
FY2020	75	45.4%
FY2021	77	14.4%
FY2022	78	98.9%
FY2023	80	66.0%

Proposal No. 2: Election of Ten Directors

The terms of office of all ten Directors (including five Outside Directors) will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of ten Directors (including five Outside Directors) is proposed.

Each candidate for Director was chosen by the Board of Directors upon receipt of reports from the Nominating Committee, which acts as an advisory body to the Board of Directors.

Please refer to "Policy and Procedure of the Election of Directors and Audit & Supervisory Board Members" and "Criteria for the Impartiality of Outside Directors / Audit & Supervisory Board Members" for the policy and procedure of the election of Directors, and the criteria for the independence of Outside Directors.

The candidates for Directors are as follows:

No.	Name		Current position and assignment at the Group	Term of office	Attendance at the Board of Directors meetings
1	Kazumasa Kimura	Male 62 years old Re-elected	Representative Director President Chief Executive Officer	5 years	100% (16 meetings /16 meetings)
2	Atsushi Habe	Male 64 years old Re-elected	Representative Director Senior Managing Executive Officer, Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication	3 years	100% (16 meetings /16 meetings)
3	Toshiya Fujiwara	Male 64 years old Re-elected	Director Managing Executive Officer, Component Solution Segment, President, Precision Equipment Company, and in charge of Production Innovation	2 years	100% (16 meetings /16 meetings)
4	Seiji Takahashi	Male 58 years old Re-elected	Director Managing Executive Officer, President, Accessibility Innovations Company	1 year	100% (12 meetings /12 meetings)
5	Kiyoshi Ando	Male 60 years old New candidate	Executive Officer, President, Power Control Company	-	-
6	Mari Iizuka	Female 64 years old Re-elected Outside Independent	Outside Director	4 years	94% (15 meetings /16 meetings)
7	Naoko Mizukoshi	Female 56 years old Re-elected Outside Independent	Outside Director	4 years	100% (16 meetings /16 meetings)
8	Naoki Hidaka	Male 70 years old Re-elected Outside Independent	Outside Director	3 years	100% (16 meetings /16 meetings)
9	Toshiya Takahata	Male 60 years old Re-elected Outside Independent	Outside Director	2 years	94% (15 meetings /16 meetings)
10	Seiichiro Shirahata	Male 63 years old Re-elected Outside Independent	Outside Director	1 year	100% (12 meetings /12 meetings)

Re-elected: Candidate for Director to be re-elected,
Outside: Candidate for Outside Director

New candidate: Candidate for Director to be newly elected
Independent: Candidate for Independent Director

Notes:

- 1) The term of office and the age of each candidate for Director under this Proposal refer to those at the time of completion of this Annual General Meeting of Shareholders.
- 2) There are no interests between the Company and the director candidates
- 3) Since Mr. Seiji Takahashi and Mr. Seiichiro Shirahata assumed office as Director on March 23, 2023, the number of the Board of Directors meetings to be attended on and after that day was 12.
- 4) Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata, and Mr. Seiichiro Shirahata are candidates for

Outside Director. Each candidate for Outside Director satisfies the conditions defined by the Company in the “Criteria for the Impartiality of Outside Directors / Audit & Supervisory Board Members.” The Company has already filed Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata, and Mr. Seiichiro Shirahata as independent directors under the provisions set forth by the Tokyo Stock Exchange.

- 5) Article 27 of the Company’s Articles of Incorporation permits the Company to conclude an agreement limiting the liability of Outside Directors for damages in order to allow them to fully perform the roles expected of them. Accordingly, the Company has concluded a liability limitation agreement with Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata and Mr. Seiichiro Shirahata and plans to retain the agreement, if their re-election is approved. The agreement limits liability for damages, as set forth in Article 423, Paragraph 1 of the Companies Act, to ¥10 million or the amount set forth by laws and regulations, whichever is higher.
- 6) The Company has a Directors and Officers liability insurance contract (management risk protection insurance contract) in effect, as stipulated in Article 430-3 of the Companies Act. Going forward, in September 2024, the Company plans to renew the said contract, which covers the liability of the insured for legal dispute fees and compensation for damages, etc. arising from company lawsuits, third-party lawsuits, shareholder’s derivative suits, etc. Other details of the contract are stated in the Business Report. The candidates will be covered by the said contract if they are reelected or elected.

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
1	<p data-bbox="217 461 363 521">Male Re-elected</p> <p data-bbox="236 546 480 645">Kazumasa Kimura (Aug. 17, 1961, 62 years old)</p>	<p data-bbox="512 197 1401 257">Jun. 2011 General Manager, Manufacturing Department, Tsu Plant, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="512 264 1422 324">Jun. 2012 General Manager, Manufacturing Department, Tarui Plant, Power Control Company of Nabtesco Corporation</p> <p data-bbox="512 331 1461 392">Apr. 2015 Representative Director and Vice President of Hyst Corporation (merged into Nabtesco Corporation in Apr. 2016)</p> <p data-bbox="512 398 1390 459">Mar. 2016 General Manager, Production Management Department, Power Control Company of Nabtesco Corporation</p> <p data-bbox="512 465 1445 526">Mar. 2017 Executive Officer and President, Power Control Company of Nabtesco Corporation</p> <p data-bbox="512 533 1471 631">Jan. 2019 Executive Officer, Corporate Planning, Accounting & Finance, Information System and Corporate Communication of Nabtesco Corporation</p> <p data-bbox="512 638 1091 676">Mar. 2019 Director of Nabtesco Corporation</p> <p data-bbox="512 683 1445 781">Jan. 2021 Managing Executive Officer, Component Solution Segment, Senior General Manager, Technology and R&D Division, and in charge of Production Innovation of Nabtesco Corporation</p> <p data-bbox="512 788 1458 826">Jan. 2022 Assistant to Chief Executive Officer of Nabtesco Corporation</p> <p data-bbox="512 833 1445 916">Mar. 2022 Representative Director (to present), President (to present), and Chief Executive Officer of Nabtesco Corporation (to present)</p>
<p data-bbox="217 925 517 949">Term of office: 5 years</p> <p data-bbox="217 976 1278 1001">Attendance at the Board of Directors meetings: 100%(16 meetings / 16 meetings)</p> <p data-bbox="217 1028 908 1052">Number of shares of the Company held: 6,115 shares</p> <p data-bbox="217 1079 887 1104">Reasons for nomination as a candidate for Director:</p> <p data-bbox="228 1115 1474 1417">Mr. Kazumasa Kimura has been engaged in the management of the Company as Director since March 2019, and has effectively fulfilled its roles and duties. He possesses diverse operational experience spanning all aspects of the Company's businesses. He also has served as Representative Director since March 2022, appropriately leading and supervising management, and has fulfilled his duties as President, a position bearing the highest responsibilities for business execution. In addition, he has broad management experience at the Company and extensive insight concerning production in particular. He has therefore been determined to be an appropriate person to realize sustainable improvement in corporate value, and the Company requests the continued appointment of Mr. Kazumasa Kimura as Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
2	<p data-bbox="217 528 363 591">Male Re-elected</p> <p data-bbox="256 611 459 703">Atsushi Habe (Nov. 27, 1959, 64 years old)</p>	<p data-bbox="509 188 1476 248">Sep. 2006 General Manager, International Sales Department, Aerospace Company of Nabtesco Corporation</p> <p data-bbox="509 253 1476 313">Jun. 2011 General Manager, Planning Department, Aerospace Company of Nabtesco Corporation</p> <p data-bbox="509 318 1476 378">Nov. 2012 General Manager, Planning Department, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 383 1476 443">Feb. 2016 General Manager, Sales Department, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 448 1476 508">Oct. 2016 General Manager, Sales Promotion Department, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 512 1214 539">Mar. 2017 Executive Officer of Nabtesco Corporation</p> <p data-bbox="509 544 1476 636">Mar. 2018 Vice President and General Manager, Sales Promotion Department, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 640 1362 701">Jan. 2019 President, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 705 1353 732">Jan. 2020 Managing Executive Officer of Nabtesco Corporation</p> <p data-bbox="509 736 1476 828">Jan. 2021 Corporate Planning, Accounting & Finance, Information Systems, Business Transformation and Corporate Communication of Nabtesco Corporation</p> <p data-bbox="509 833 1091 860">Mar. 2021 Director of Nabtesco Corporation</p> <p data-bbox="509 864 1476 956">Jan. 2023 Managing Executive Officer, Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication of Nabtesco Corporation (to present)</p> <p data-bbox="509 960 1476 987">Mar. 2023 Representative Director of Nabtesco Corporation (to present)</p> <p data-bbox="509 992 1476 1048">Jan. 2024 Senior Managing Executive Officer of Nabtesco Corporation (to present)</p>
<p data-bbox="217 1048 517 1081">Term of office: 3 years</p> <p data-bbox="217 1099 1278 1133">Attendance at the Board of Directors meetings: 100%(16 meetings / 16 meetings)</p> <p data-bbox="217 1151 916 1184">Number of shares of the Company held: 9,784 shares</p> <p data-bbox="217 1202 887 1236">Reasons for nomination as a candidate for Director:</p> <p data-bbox="229 1240 1476 1529">Mr. Atsushi Habe has been engaged in the management of the Company as Director since March 2021, and has effectively fulfilled its roles and duties. He possesses diverse operational experience in company businesses and corporate divisions, and currently fulfills his responsibilities supervising corporate divisions. He also has served as Representative Director since March 2023, appropriately leading and supervising management. In addition, he has broad management experience and extensive insight obtained at the Company. He has therefore been determined to be an appropriate person to realize sustainable improvement in corporate value, and the Company requests the continued appointment of Mr. Atsushi Habe as Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
3	<p>Male Re-elected</p> <p>Toshiya Fujiwara (Mar. 3, 1960, 64 years old)</p>	<p>Jul. 2013 General Manager, Manufacturing Department, Tsu Plant, Precision Equipment Company of Nabtesco Corporation</p> <p>Mar. 2017 Plant Manager, Tsu Plant and General Manager, General Administration Department, Precision Equipment Company of Nabtesco Corporation</p> <p>Jan. 2019 Executive Officer of Nabtesco Corporation</p> <p>Jan. 2020 Responsible for production, Plant Manager, Tsu Plant and General Manager, General Administration Department, Precision Equipment Company, Project Leader, Hamamatsu Plant construction project of Nabtesco Corporation</p> <p>Jan. 2021 President, Precision Equipment Company of Nabtesco Corporation</p> <p>Jan. 2022 Managing Executive Officer (to present), Component Solution Segment, President, Precision Equipment Company, and in charge of Production Innovation of Nabtesco Corporation</p> <p>Mar. 2022 Director (to present), Managing Executive Officer, Component Solution Segment, President, Precision Equipment Company, and in charge of Production Innovation and Hamamatsu Plant Construction Project of Nabtesco Corporation</p> <p>Jan. 2024 Managing Executive Officer, Component Solution Segment, President, Precision Equipment Company, and in charge of Production Innovation of Nabtesco Corporation (to present)</p>
<p>Term of office: 2 years</p> <p>Attendance at the Board of Directors meetings: 100%(16 meetings / 16 meetings)</p> <p>Number of shares of the Company held: 2,561 shares</p> <p>Reasons for nomination as a candidate for Director: Mr. Toshiya Fujiwara has been engaged in the management of the Company as Director since March 2022, and has effectively fulfilled its roles and duties. He currently fulfills his responsibilities as Managing Executive Officer, Component Solution Segment, President, Precision Equipment Company, and in charge of Production Innovation. In addition, he has broad experience and extensive insight at the Company, primarily regarding production. He has therefore been determined to be an appropriate person to realize sustainable improvement in corporate value, and the Company requests the continued appointment of Mr. Toshiya Fujiwara as Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
4	<p>Male Re-elected</p> <p>Seiji Takahashi (Feb. 12, 1966, 58 years old)</p>	<p>Jun. 2010 General Manager, Human Resources Department of Nabtesco Corporation</p> <p>Jul. 2015 General Manager, Human Resources Department of Nabtesco Corporation and President of Nabtesco Link Co., Ltd.</p> <p>Aug. 2017 General Manager, Human Resources Department, Business Transformation Division of Nabtesco Corporation and President of Nabtesco Link Co., Ltd.</p> <p>Mar. 2018 Executive Officer of Nabtesco Corporation</p> <p>Jan. 2021 Vice President, Accessibility Innovations Company, and in charge of Business Management of Nabtesco Corporation</p> <p>Jan. 2022 Vice President, Accessibility Innovations Company of Nabtesco Corporation</p> <p>Jan. 2023 Managing Executive Officer (to present), President, Accessibility Innovations Company of Nabtesco Corporation (to present)</p> <p>Mar. 2023 Director of Nabtesco Corporation (to present)</p>
<p>Term of office: 1 year</p> <p>Attendance at the Board of Directors meetings: 100%(12 meetings / 12 meetings)</p> <p>Number of shares of the Company held: 3,680 shares</p> <p>Reasons for nomination as a candidate for Director: Mr. Seiji Takahashi has been engaged in management of the Company as Director since March 2023, and has effectively fulfilled its roles and duties. He currently fulfills his responsibilities as President of the Accessibility Innovations Company. In addition, he has broad experience and extensive insight into human resources divisions at the Company. He has therefore been determined to be an appropriate person to realize sustainable improvement in corporate value, and the Company requests the continued appointment of Mr. Seiji Takahashi as Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
5	<p>Male New candidate</p> <p>Kiyoshi Ando (Jan. 10, 1964, 60 years old)</p>	<p>Apr. 2008 General Manager, Development Department, Precision Equipment Company of Nabtesco Corporation</p> <p>Jun. 2015 Executive Officer of Nabtesco Corporation (to present)</p> <p>Feb. 2017 Technology and R&D Division, in charge of European business of Nabtesco Corporation</p> <p>Apr. 2017 Technology and R&D Division, in charge of European business, and General Manager, Advanced Mobility System Division of Nabtesco Corporation</p> <p>May 2017 Technology and R&D Division, in charge of European business, and General Manager of Advanced Mobility System Division of Nabtesco Corporation and President of Nabtesco Europe GmbH</p> <p>May 2018 Technology and R&D Division, in charge of European business, and General Manager, Advanced Mobility System Division of Nabtesco Corporation</p> <p>Jul. 2018 Deputy Senior General Manager, Technology and R&D Division, in charge of Innovation, and General Manager, Advanced Mobility System Division of Nabtesco Corporation</p> <p>Jan. 2019 Deputy Senior General Manager, Technology and R&D Division, in charge of Innovation of Nabtesco Corporation</p> <p>Jan. 2020 Deputy Senior General Manager, Technology and R&D Division of Nabtesco Corporation</p> <p>Jan. 2021 President, Power Control Company of Nabtesco Corporation (to present)</p>
<p>Term of office: -</p> <p>Attendance at the Board of Directors meetings: -</p> <p>Number of shares of the Company held: 8,341 shares</p> <p>Reasons for nomination as a candidate for Director: Mr. Kiyoshi Ando has fulfilled his responsibilities as President of the Power Control Company since January 2021. In addition, he has been engaged in the management and supervision of the Group's European business as President of Nabtesco Europe GmbH and also has broad experience and extensive insight primarily into the area of technology at the Company. He has therefore been determined to be an appropriate person to realize sustainable improvement in corporate value, and the Company requests the new appointment of Mr. Kiyoshi Ando as Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
	<p data-bbox="217 297 384 421">Female Re-elected Outside Independent</p> <p data-bbox="256 443 459 539">Mari Iizuka (Mar. 29, 1959, 64 years old)</p>	<p data-bbox="515 185 1461 215">Apr. 1982 Joined Henkel Hokusui Corporation (current Henkel Japan Ltd.)</p> <p data-bbox="515 215 954 244">Aug. 1987 Joined The World Bank</p> <p data-bbox="515 244 1461 309">Jul. 1992 Assistant Professor of Asian Institute of Management Graduate School of Business</p> <p data-bbox="515 309 1461 374">Apr. 2005 Assistant Professor of Ritsumeikan Asia Pacific University Graduate School of Management</p> <p data-bbox="515 374 1461 439">Apr. 2007 Associate Professor of Ritsumeikan Asia Pacific University Graduate School of Management</p> <p data-bbox="515 439 1461 504">Apr. 2008 Professor of Ritsumeikan Asia Pacific University Graduate School of Management</p> <p data-bbox="515 504 1321 533">Apr. 2010 Professor of Doshisha Business School (to present)</p> <p data-bbox="515 533 1251 562">Mar. 2020 Director of Nabtesco Corporation (to present)</p> <p data-bbox="515 584 1023 649">Significant positions concurrently held: Professor of Doshisha Business School</p>
6		<p data-bbox="217 651 515 680">Term of office: 4 years</p> <p data-bbox="217 703 1262 732">Attendance at the Board of Directors meetings: 94%(15 meetings / 16 meetings)</p> <p data-bbox="217 754 879 784">Number of shares of the Company held: 151 shares</p> <p data-bbox="217 806 1461 1149">Reasons for nomination as a candidate for Outside Director and overview of expected role: Although Ms. Mari Iizuka has not been involved in corporate management except as an Outside Director of the Company, she has a high level of expertise in the fields of global management human resources and international management strategies as a Professor at Doshisha Business School. She also held various posts including Chair of Japan Global Compact Academic Network, which was established for collaboration between business and academia for the achievement of Sustainable Development Goals (SDGs), and as an Outside Director of the Company from March 2020, she has appropriately supervised management. Based on her experience and insight, the Company requests the continued appointment of Ms. Mari Iizuka as Outside Director, as we expect her to provide supervision and advice utilizing her insight, which is her role if she is elected as an Outside Director.</p>

(Note) There are no transactions between The Doshisha, where Ms. Mari Iizuka serves as Professor, and the Company, and there are no donations to the organization from the Company.

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
7	<p data-bbox="217 360 384 488">Female Re-elected Outside Independent</p> <p data-bbox="244 510 472 600">Naoko Mizukoshi (Sep. 23, 1967, 56 years old)</p>	<p data-bbox="515 185 1134 248">Apr. 1995 Registered at Osaka Bar Association Joined Miyazaki Law Firm</p> <p data-bbox="515 248 1469 342">Apr. 1998 Registered at Yokohama Bar Association (current Kanagawa Bar Association) Joined Nomura Research Institute, Ltd.</p> <p data-bbox="515 342 1219 405">Sep. 1999 Registered at Dai-ni Tokyo Bar Association Joined Autodesk Co., Ltd.</p> <p data-bbox="515 405 1449 468">Sep. 2002 Registered at the State of California Bar Joined Microsoft Co., Ltd. (current Microsoft Japan, Co., Ltd.)</p> <p data-bbox="515 468 948 499">Nov. 2006 Joined TMI Associates</p> <p data-bbox="515 499 995 530">Jan. 2008 Partner of TMI Associates</p> <p data-bbox="515 530 1086 562">Mar. 2010 Partner of Endeavour Law Office</p> <p data-bbox="515 562 1182 593">Jun. 2018 External Director of TIS Inc. (to present)</p> <p data-bbox="515 593 1198 624">Dec. 2018 Partner of Leftright Law & IP (to present)</p> <p data-bbox="515 624 1251 656">Mar. 2020 Director of Nabtesco Corporation (to present)</p> <p data-bbox="515 678 1018 775">Significant positions concurrently held: External Director of TIS Inc. Partner of Leftright Law & IP</p>
<p data-bbox="217 779 517 810">Term of office: 4 years</p> <p data-bbox="217 831 1273 862">Attendance at the Board of Directors meetings: 100%(16 meetings / 16 meetings)</p> <p data-bbox="217 882 884 913">Number of shares of the Company held: 182 shares</p> <p data-bbox="217 934 1469 1245">Reasons for nomination as a candidate for Outside Director and overview of expected role: Although Ms. Naoko Mizukoshi has not been involved in corporate management except as an outside director, she has a high level of expertise as an attorney-at-law. She also held various posts including outside officers of other business entities and posts in public offices including a member of Unfair Competition Prevention Subcommittee, Intellectual Property Committee, Industrial Structure Council, Ministry of Economy, Trade and Industry. As an Outside Director of the Company since March 2020, she has appropriately supervised management. Based on her experience and insight, the Company requests the continued appointment of Ms. Naoko Mizukoshi as Outside Director, as we expect her to provide supervision and advice utilizing her insight, which is her role if she is elected as an Outside Director.</p>		

(Notes)

- 1) There are no transactions between Endeavour Law Office, where Ms. Naoko Mizukoshi served as Partner; and Leftright Law & IP, where she serves as Partner, and the Group.
- 2) Name of Ms. Naoko Mizukoshi recorded in the family register is Naoko Suzuki.

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
8	<p data-bbox="217 456 384 584">Male Re-elected Outside Independent</p> <p data-bbox="264 607 456 696">Naoki Hidaka (May 16, 1953, 70 years old)</p>	<p data-bbox="515 188 1477 857"> Apr. 1976 Joined SUMITOMO CORPORATION Apr. 2001 General Manager, Chicago Branch, Sumitomo Corporation of U.S.A. Apr. 2007 Executive Officer, General Manager of Metal Products for Automotive Industry Division of SUMITOMO CORPORATION Apr. 2009 Managing Executive Officer, Head of Chubu Block of SUMITOMO CORPORATION Apr. 2012 Senior Managing Executive Officer, Head of Kansai Block of SUMITOMO CORPORATION Jun. 2013 Representative Director, Senior Managing Executive Officer, and General Manager, Transportation & Construction Systems Business Unit of SUMITOMO CORPORATION Apr. 2015 Representative Director, Executive Vice President, Executive Officer, and General Manager, Transportation & Construction Systems Business Unit of SUMITOMO CORPORATION Jun. 2018 Special Adviser of SUMITOMO CORPORATION Jun. 2019 Adviser of SUMITOMO CORPORATION (retired in March 2020) Jun. 2020 Outside Director of BROTHER INDUSTRIES, LTD. (to present) Mar. 2021 Director of Nabtesco Corporation (to present) Jun. 2022 Outside Director of TOPCON CORPORATION (to present) </p> <p data-bbox="515 880 1169 969"> Significant positions concurrently held: Outside Director of BROTHER INDUSTRIES, LTD. Outside Director of TOPCON CORPORATION </p>
<p data-bbox="217 976 520 1003">Term of office: 3 years</p> <p data-bbox="217 1021 1278 1048">Attendance at the Board of Directors meetings: 100%(16 meetings / 16 meetings)</p> <p data-bbox="217 1070 892 1097">Number of shares of the Company held: 455 shares</p> <p data-bbox="217 1120 1477 1438"> Reasons for nomination as a candidate for Outside Director and overview of expected role: Mr. Naoki Hidaka has been engaged in the overseas businesses of SUMITOMO CORPORATION. After serving as General Manager of the Transportation & Construction Systems Business Unit, which operates in the same business domain as the Company, he served as Representative Director of SUMITOMO CORPORATION, and has broad experience and extensive knowledge and insight as a corporate manager. As an Outside Director of the Company from March 2021, he has appropriately supervised management. Based on his experience and insight, the Company requests the continued appointment of Mr. Naoki Hidaka as Outside Director, as we expect him to provide supervision and advice utilizing his knowledge, which is his role if he is elected as an Outside Director. </p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
9	<p>Male Re-elected Outside Independent</p> <p>Toshiya Takahata (Nov. 19, 1963, 60 years old)</p>	<p>Apr. 1986 Joined Seiko Epson Corporation</p> <p>Apr. 2012 Deputy Chief Operating Officer, Printer Operations Division of Seiko Epson Corporation</p> <p>Jun. 2014 Executive Officer of Seiko Epson Corporation</p> <p>Jun. 2015 General Administrative Manager, Intellectual Property Division of Seiko Epson Corporation</p> <p>Jun. 2016 Executive Officer of Seiko Epson Corporation (retired in March 2021)</p> <p>Oct. 2018 General Administrative Manager, Corporate Planning Division of Seiko Epson Corporation</p> <p>Apr. 2019 General Administrative Manager, DX Division of the Seiko Epson Corporation</p> <p>Jun. 2019 Director of Seiko Epson Corporation (retired in June 2021)</p> <p>Apr. 2020 General Administrative Manager, Corporate Strategy Division, General Administrative Manager, Sustainability Promotion Office of Seiko Epson Corporation</p> <p>Mar. 2022 Director of Nabtesco Corporation (to present)</p>
<p>Term of office: 2 years</p> <p>Attendance at the Board of Directors meetings: 94%(15 meetings / 16 meetings)</p> <p>Number of shares of the Company held: 212 shares</p> <p>Reasons for nomination as a candidate for Outside Director and overview of expected role: Mr. Toshiya Takahata has been engaged in operations related to intellectual property, digital transformation, corporate planning, and sustainability at Seiko Epson Corporation. He has also served as a Director of Seiko Epson Corporation, and has broad experience and extensive knowledge and insight as a corporate manager. As an Outside Director of the Company from March 2022, he has appropriately supervised management. Based on his experience and insight, the Company requests the continued appointment of Mr. Toshiya Takahata as Outside Director, as we expect him to provide supervision and advice utilizing his insight, which is his role if he is elected as an Outside Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
10	<p>Male Re-elected Outside Independent</p> <p>Seiichiro Shirahata (Mar. 3, 1961, 63 years old)</p>	<p>Apr. 1983 Joined Nippon Paint Co., Ltd. (current Nippon Paint Holdings Co., Ltd.)</p> <p>Apr. 2009 Division Director, Surface Treatment of Nippon Paint Co., Ltd.</p> <p>Apr. 2013 Executive Officer of Nippon Paint Co., Ltd.</p> <p>Apr. 2015 Senior Executive Officer of Nippon Paint Holdings Co., Ltd. President, Representative Director of the Board of Nippon Paint Surf Chemicals Co., Ltd.</p> <p>Jan. 2018 Vice President of Nippon Paint Holdings Co., Ltd. President, Representative Director of the Board of Nippon Paint Marine Coatings Co., Ltd.</p> <p>Mar. 2018 Vice President, Director of the Board of Nippon Paint Holdings Co., Ltd.</p> <p>Mar. 2020 Vice President of Nippon Paint Holdings Co., Ltd.</p> <p>Jan. 2022 Adviser of Nippon Paint Holdings Co., Ltd. (retired in December 2022)</p> <p>Mar. 2023 Director of Nabtesco Corporation (to present)</p>
<p>Term of office: 1 year Attendance at the Board of Directors meetings: 100%(12 meetings / 12 meetings) Number of shares of the Company held: 0 shares</p> <p>Reasons for nomination as a candidate for Outside Director and overview of expected role: Mr. Seiichiro Shirahata possesses diverse operational experience, including a long-term overseas assignment as an engineer at Nippon Paint Co., Ltd. (current Nippon Paint Holdings Co., Ltd.), and he was also responsible for the said company's transition into a holding company and the spin-off of its business segments. He has also served as Director and Senior Executive Officer of Nippon Paint Holdings Co., Ltd., and has broad experience and extensive knowledge and insight as a corporate manager. As an Outside Director of the Company from March 2023, he has appropriately supervised management. Based on his experience and insight, the Company requests the continued appointment of Mr. Seiichiro Shirahata as Outside Director, as we expect him to provide supervision and advice utilizing his insight, which is his role if he is elected as an Outside Director.</p>		

(Note) Mr. Seiichiro Shirahata is to assume office as Outside Director of LINTEC Corporation as of June 20, 2024.

Proposal No. 3: Election of Three Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Member Mr. Isao Shimizu and Audit & Supervisory Board Member (Independent) Mr. Zenzo Sasaki and Mr. Takemi Nagasaka will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the election of three Audit & Supervisory Board Members (including two Audit & Supervisory Board Members (Independent)) is proposed.

Each candidate for Audit & Supervisory Board Member was chosen by the Board of Directors upon receipt of reports from the Nominating Committee, which acts as an advisory body to the Board of Directors. In addition, the Audit & Supervisory Board has already approved this Proposal.

Please refer to “Policy and Procedure of the Election of Directors and Audit & Supervisory Board Members” and “Criteria for the Impartiality of Outside Directors / Audit & Supervisory Board Members” for the policy and procedure of the election of Audit & Supervisory Board Members, and the criteria for the independence of Audit & Supervisory Board Members (Independent).

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name	Current position at the Company	Term of office	Attendance at the Board of Directors meetings	Attendance at the Audit & Supervisory Board meetings
1	Yasuhito Nakagawa <u>Male</u> 60 years old New candidate	Executive Officer, General Manager, Production Innovation Division	—	—	—
2	Masatoshi Hitomi <u>Male</u> 66 years old New candidate Outside Independent	—	—	—	—
3	Yasuhiro Tanabe <u>Male</u> 63 years old New candidate Outside Independent	—	—	—	—

New candidate: Candidate for Audit & Supervisory Board Member to be newly elected

Outside: Candidate for Audit & Supervisory Board Member (Independent)

Independent: Candidate for independent auditor

Notes:

- 1) The term of office and the age of each candidate for Audit & Supervisory Board Member under this Proposal refer to those at the time of completion of this Annual General Meeting of Shareholders.
- 2) There are no interests between the Company and the candidates for Audit & Supervisory Board Members.
- 3) Mr. Masatoshi Hitomi and Mr. Yasuhiro Tanabe are candidates for Audit & Supervisory Board Member (Independent). Each candidate for Audit & Supervisory Board Member (Independent) satisfies the conditions defined by the Company in the “Criteria for the Impartiality of Outside Directors / Audit & Supervisory Board Members.” The Company plans to file Mr. Masatoshi Hitomi and Mr. Yasuhiro Tanabe as Audit & Supervisory Board Members (Independent) under the provisions set forth by the Tokyo Stock Exchange, if this proposal is approved.
- 4) Article 36 of the Company’s Articles of Incorporation permits the Company to conclude an agreement limiting the liability of Audit & Supervisory Board Members (Independent) for damages in order to allow them to fully perform the roles expected of them. Accordingly, the Company plans to conclude a liability limitation agreement with Mr. Masatoshi Hitomi and Mr. Yasuhiro Tanabe, if this proposal is approved.
The agreement limits liability for damages, as set forth in Article 423, Paragraph 1 of the Companies Act, to ¥10 million or the amount set forth by laws and regulations, whichever is higher.
- 5) The Company has a Directors and Officers liability insurance contract (management risk protection insurance contract) in effect, as stipulated in Article 430-3 of the Companies Act. Going forward, in September 2024, the Company plans to renew the said contract, which covers the liability of the insured for legal dispute fees and compensation for damages, etc. arising from company lawsuits, third-party lawsuits, shareholder’s derivative suits, etc. Other details of the contract are stated in the Business Report. The candidates will be covered by the said contract if they are elected.

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
	<p data-bbox="215 286 288 315">Male</p> <p data-bbox="215 322 411 351">New candidate</p> <p data-bbox="225 371 497 465">Yasuhito Nakagawa (May 10, 1963, 60 years old)</p>	<p data-bbox="509 188 1471 248">Jun. 2009 General Manager, Manufacturing Department, Tsu Plant, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 253 1471 313">Jun. 2011 Plant Manager, Tsu Plant, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 318 1471 378">Jul. 2013 Senior Manager, Assistant to General Manager, Production Innovation Division of Nabtesco Corporation</p> <p data-bbox="509 383 1471 443">May 2014 Senior Manager, assistant to President, Precision Equipment Company of Nabtesco Corporation</p> <p data-bbox="509 448 1471 477">Jan. 2016 President, Nabtesco (China) Precision Equipment Co., Ltd.</p> <p data-bbox="509 481 1471 564">Jan. 2020 Executive Officer (to present) and General Manager, Production Innovation Division (to present) of Nabtesco Corporation</p>
1	<p data-bbox="215 575 432 604">Term of office: -</p> <p data-bbox="215 622 852 651">Attendance at the Board of Directors meetings: -</p> <p data-bbox="215 672 963 701">Attendance at the Audit & Supervisory Board meetings: -</p> <p data-bbox="215 721 911 750">Number of shares of the Company held: 1,956 shares</p> <p data-bbox="215 770 1246 799">Reasons for nomination as a candidate for Audit & Supervisory Board Member:</p> <p data-bbox="225 804 1477 1084">Mr. Yasuhito Nakagawa served as General Manager, Manufacturing Department, Tsu Plant, Precision Equipment Company and Plant Manager of the Plant and currently serves as General Manager, Production Innovation Division. He also chaired the Group's Environment, Safety & Health Committee. He thus has expertise and experience in production, particularly production technology and production management, as well as in environment, safety and health. In addition, he was engaged in management at Nabtesco (China) Precision Equipment Co., Ltd. The Company has determined that his experience and high level of insight qualify him for the duties of Audit & Supervisory Board Member, and requests the new appointment of Mr. Yasuhito Nakagawa as Audit & Supervisory Board Member.</p>	

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
2	<p>Male New candidate Outside Independent</p> <p>Masatoshi Hitomi (Nov. 9, 1957, 66 years old)</p>	<p>Apr. 1981 Joined Sony Corporation (current Sony Group Corporation)</p> <p>Mar. 2003 General Manager, Production Planning Department, Microsystems Network Company of Sony Corporation</p> <p>Feb. 2006 Representative Director and CFO of S-LCD Corporation (current Samsung Display)</p> <p>Apr. 2009 Director, General Manager, Planning Management Department of Sony Energy Devices Corporation</p> <p>Sep. 2010 EVP & CFO of Sony Electronics Inc.</p> <p>Feb. 2015 The Audit Committee Aide of Sony Corporation</p> <p>Jul. 2016 General Manager, Administration Department of Soliton Systems K.K.</p> <p>Mar. 2017 Director, General Manager, Administration Department of Soliton Systems K.K. (retired in March 2020)</p> <p>Jan. 2020 Outside Director of JAI A/S (to present)</p> <p>Significant positions concurrently held Outside Director of JAI A/S</p>
<p>Term of office: -</p> <p>Attendance at the Board of Directors meetings: -</p> <p>Attendance at the Audit & Supervisory Board meetings: -</p> <p>Number of shares of the Company held: 1,000 shares</p> <p>Reasons for nomination as a candidate for Audit & Supervisory Board Member (Independent): Mr. Masatoshi Hitomi has been engaged in accounting and administration in Japan and abroad for many years, and possesses broad insight into finance and accounting as well as experience in management. In addition, at Sony Corporation (current Sony Group Corporation), he was engaged in auditing by the Audit Committee. The Company requests the new appointment of Mr. Masatoshi Hitomi as Audit & Supervisory Board Member (Independent), so that we may seek his fair decisions based on the above, and objectiveness and neutrality toward management to strengthen our corporate governance.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
3	<p>Male New candidate Outside Independent</p> <p>Yasuhiro Tanabe (Nov. 7, 1960, 63 years old)</p>	<p>Apr. 1987 Appointed Public Prosecutor May 2010 Deputy General Manager, Special Trial Department of Tokyo District Public Prosecutors Office Dec. 2010 Deputy Superintending Prosecutor of Sendai District Public Prosecutors Office Jul. 2012 General Manager, Special Trial Department of Tokyo District Public Prosecutors Office Apr. 2013 General Manager, Criminal Affairs Department of Tokyo District Public Prosecutors Office Jan. 2014 General Manager, Criminal Affairs Department of Tokyo High Public Prosecutors Office Nov. 2014 Chief Prosecutor of Naha District Public Prosecutors Office Dec. 2015 Deputy Superintending Prosecutor of Osaka District Public Prosecutors Office Jun. 2017 Deputy Superintending Prosecutor of Osaka High Public Prosecutors Office Nov. 2019 Chief Prosecutor of Osaka District Public Prosecutors Office Apr. 2021 Superintending Prosecutor of Sapporo High Public Prosecutors Office Jun. 2022 Superintending Prosecutor of Fukuoka High Public Prosecutors Office (retired in July 2023) Oct. 2023 Special Advisor, National Institute of Advanced Industrial Science and Technology (to present) Nov. 2023 Registered at Dai-ni Tokyo Bar Association Dec. 2023 Joined Tokyo Fuji Law Office (to present)</p> <p>Significant positions concurrently held Attorney-at-law of Tokyo Fuji Law Office Special Advisor, National Institute of Advanced Industrial Science and Technology</p>
<p>Term of office: - Attendance at the Board of Directors meetings: - Attendance at the Audit & Supervisory Board meetings: - Number of shares of the Company held: 0 shares</p> <p>Reasons for nomination as a candidate for Audit & Supervisory Board Member (Independent): Although Mr. Yasuhiro Tanabe has not been directly involved in corporate management, he served as a prosecutor for many years and has a high level of knowledge about laws and regulations. He also has a high level of expertise and insight into organizational management in general. The Company requests the new appointment of Mr. Yasuhiro Tanabe as Audit & Supervisory Board Member (Independent), so that we may seek his fair decisions based on the above, and objectiveness and neutrality toward management to strengthen our corporate governance.</p>		

(Reference) Officer Composition after Election

If Proposal No. 2, "Election of Ten Directors," and Proposal No. 3, "Election of Three Audit & Supervisory Board Members," are approved as proposed, the Board of Directors and Audit & Supervisory Board after the conclusion of this General Meeting of Shareholders will consist of the following members.

	Name	Level of independence	Field of specialization						
			Corporate management	Global	Legal, personnel & labor affairs and risk management	Financial accounting	Manufacturing and technology	Sales and marketing	DX
Directors	Kazumasa Kimura Male 62 years old		●			●	●		
	Atsushi Habe Male 64 years old		●	●		●		●	
	Toshiya Fujiwara Male 64 years old		●				●		
	Seiji Takahashi Male 58 years old		●		●				
	Kiyoshi Ando Male 60 years old		●	●			●		
	Mari Iizuka Female 64 years old Outside Independent	●		●	●	●			
	Naoko Mizukoshi Female 56 years old Outside Independent	●		●	●				
	Naoki Hidaka Male 70 years old Outside Independent	●	●	●				●	
	Toshiya Takahata Male 60 years old Outside Independent	●	●				●		●
	Seiichiro Shirahata Male 63 years old Outside Independent	●	●	●			●		
Audit & Supervisory Board Members	Koji Nakano Male 62 years old		●			●			
	Yasuhito Nakagawa Male 60 years old		●	●			●		
	Tetsuro Hirai Male 68 years old Outside Independent	●	●				●		
	Masatoshi Hitomi Male 66 years old Outside Independent	●	●	●		●			
	Yasuhiro Tanabe Male 63 years old Outside Independent	●				●			

(Reference)Policy and Procedure of the Election of Directors and Audit & Supervisory Board Members

The Company has established the Nominating Committee as a consultative body of the Board of Directors to deliberate the nomination of candidates for Director, Audit & Supervisory Board Member, President (CEO) and Representative Director positions, as well as a President (CEO) succession plan and other matters and report to the Board of Directors.

The Nominating Committee shall comprise five or fewer members, including one internal Director and three or more Independent Outside Directors/Audit & Supervisory Board Members (Independent).

[Directors]

- The number of the Board of Directors of the Company shall be no more than ten, of whom at least one-third shall be Independent Outside Directors.
- With the aim of maximizing the functions of Directors in order to fulfill the roles and responsibilities of the Board of Directors, the Company shall have the Board comprised of highly diverse members in terms of business backgrounds, areas of expertise, gender, international experience, age and shall elect candidates from both inside and outside of the Company, who have excellent character, insight, capabilities, superior expertise and ethics as well as ample experience as Directors.

[Audit & Supervisory Board Members]

- The Audit & Supervisory Board comprises no more than five Audit & Supervisory Board Members, the majority of whom shall be Audit & Supervisory Board Members (Independent).
- With the aim of maximizing the functions of Audit & Supervisory Board Members to fulfill the roles and responsibilities of the Audit & Supervisory Board, the Company shall elect candidates from both inside and outside of the company, who have excellent character, insight, capabilities, financial, accounting and legal knowledge necessary for audit, superior expertise and ethics as well as ample experience; one or more of whom shall have a sufficient degree of knowledge and experience in the fields of finance and accounting.

(Reference)Criteria for the Impartiality of Outside Directors / Audit & Supervisory Board Members

The Company considers an Outside Director/Audit & Supervisory Board Member to be impartial if all of the following requirements are met in addition to the criteria for Independent Directors/Auditors set by the Tokyo Stock Exchange.

- 1) The Outside Director/Audit & Supervisory Board Member is not a current major shareholder* of the Company or an executive of such shareholder;
 - * Person who directly or indirectly holds more than 5% of all voting rights or a person who is listed among the top 10 shareholders in the most recent shareholder registry
- 2) The Outside Director/Audit & Supervisory Board Member is not an executive of a major lender* of the Group;
 - * A financial institution group (person who belongs to the consolidated group to which the Group's direct lender belongs) from which the Group borrows funds, and from which the Group's total amount of borrowing exceeds 2% of the Group's consolidated total assets as of the end of the previous fiscal year
- 3) The Outside Director/Audit & Supervisory Board Member is not a major business partner of the Group (defined by a yearly transaction amount that exceeds 1% of consolidated net sales) or its executive;
- 4) The Outside Director/Audit & Supervisory Board Member is not a person for whom the Group is a major business partner (defined by a yearly transaction amount that exceeds 1% of the counterparty's consolidated net sales) or its executive;
- 5) The Outside Director/Audit & Supervisory Board Member is not a consultant, accounting professional, or legal professional who receives a large amount of remuneration (more than ¥6 million yearly) from the Group other than officers' remuneration (including a case where an organization such as a corporation or an association to which the Outside Officer belongs receives remuneration);
- 6) The Outside Director/Audit & Supervisory Board Member is not an executive of an organization such as a corporation or an association that receives a large amount of donations (more than ¥6 million yearly) from the Group;
- 7) The Outside Director/Audit & Supervisory Board Member is not a spouse or a relative within the second degree of consanguinity of the Group's executive; and
- 8) The Outside Director/Audit & Supervisory Board Member does not fall under any of the above-mentioned items from (1) through (6) for the past three years.
- 9) The Outside Director/Audit & Supervisory Board Member holds his/her office as an outside officer of Nabtesco for a period not exceeding eight years in total.

(Reference)Initiatives to Improve Corporate Governance

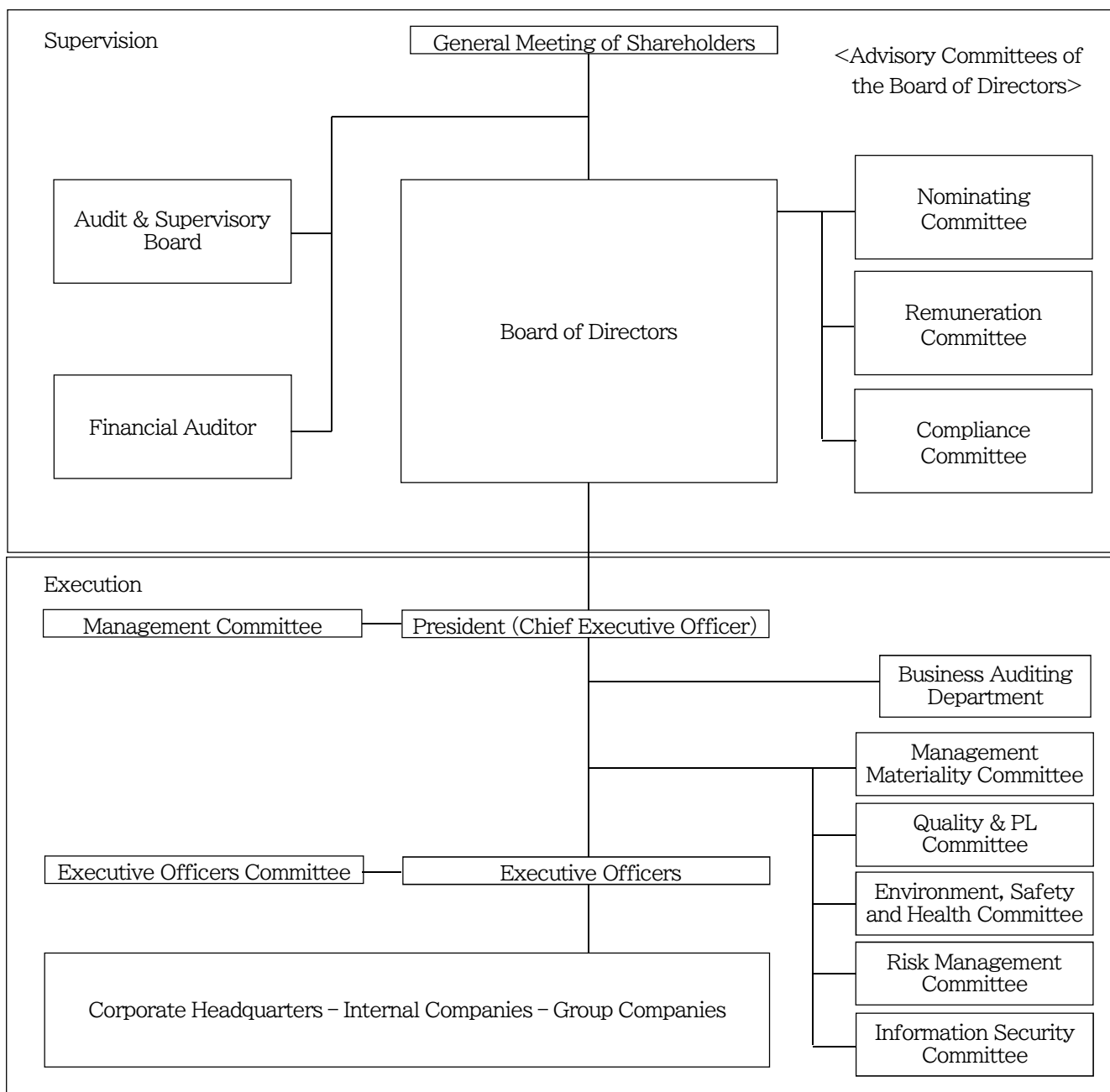
The Company implements each principle of the Corporate Governance Code published by the Tokyo Stock Exchange and has established the “Nabtesco Corporate Governance Basic Policy” based on the resolution of the Board of Directors to set out the basic approach, framework and policy with regard to corporate governance (posted in full on the following website:

<https://www.nabtesco.com/about/company/policy/governance/concept/>).

Based on this “Nabtesco Corporate Governance Basic Policy,” the Company is working to improve its corporate governance with the aim of realizing its sustainable growth, enhancing its medium- to long-term corporate value and earning the greater trust of its stakeholders.

Specifically, in order to strengthen supervision from an independent and objective perspective, the Company has been working to increase the number of Independent Outside Directors. If Proposal No. 2 is approved at this General Meeting of Shareholders, there will be five (50% of the total) Independent Outside Directors out of a total of 10 Directors. Furthermore, the Company has established the Nominating Committee and the Remuneration Committee as consultative bodies of the Board of Directors, the majority of which comprise Independent Outside Directors/Audit & Supervisory Board Members (Independent). In addition, measures to enhance the corporate governance system are put in place annually including the assessment of the effectiveness of the Board of Directors and training for Directors and Audit & Supervisory Board Members.

(Reference)Corporate Governance System



(Reference) Organizations of the Company

Organization	Roles and responsibilities
Board of Directors	<p>Formulates the Group's basic policies and strategies, makes decisions about the execution of important business matters and supervises the way business is carried out.</p> <p>The number of the members of the Board of Directors shall be no more than ten, of whom at least one-third shall be Independent Outside Directors.</p>
Nominating Committee	<p>As a consultative body of the Board of Directors, deliberates the nomination of candidates for Director, Audit & Supervisory Board Member, the President (CEO) and Representative Director positions, as well as a President (CEO) succession plan and other matters and reports to the Board of Directors.</p> <p>The Nominating Committee comprises no more than five members, including one internal Director and three or more Independent Outside Directors/Audit & Supervisory Board Members (Independent).</p>
Remuneration Committee	<p>As a consultative body of the Board of Directors, deliberates the remuneration, etc. of management personnel and reports to the Board of Directors.</p> <p>The Remuneration Committee comprises no more than five members, including one Internal Director and three or more Independent Outside Directors/Audit & Supervisory Board Members (Independent).</p>
Compliance Committee	<p>As a consultative body of the Board of Directors, deliberates the formulation and revision of the Nabtesco Group Code of Ethics and important matters concerning the Group's compliance system and reports to the Board of Directors.</p> <p>The Compliance Committee comprises members including Independent Outside Directors / Audit & Supervisory Board Members (Independent) and external experts.</p>
Audit & Supervisory Board Members (Audit & Supervisory Board)	<p>Audit the execution of Directors' duties and prepare audit reports, while also working to reinforce audit functions by establishing the Group Audit & Supervisory Board with members including Audit & Supervisory Board Members of Group companies as a way to strengthen the management of the Group.</p> <p>The Board comprises no more than five Audit & Supervisory Board Members, the majority of whom shall be Audit & Supervisory Board Members (Independent).</p>
Executive Officers (Committee)	<p>The Executive Officer system has been adopted to concentrate on the execution of business under the policies, strategies and supervision of the Board of Directors.</p>
Management Committee	<p>Mainly composed of the President (CEO), Presidents of Companies, Executive Officers of Corporate Headquarters and Senior General Managers to deliberate important matters concerning the Group's business execution and to report on the performance and execution of business based on the policies determined by the Board of Directors.</p>
Business Auditing Department	<p>Conducts internal business audits of Corporate Headquarters, internal Companies and Group companies.</p>

Proposal No. 4: Revision of Compensation for Directors

The total amount of compensation for Directors has been “400 million yen or less (including 50 million yen or less for Outside Directors) per year,” as approved at the 14th Annual General Meeting of Shareholders held on March 28, 2017. The Company hereby proposes revising this to “400 million yen or less (including 70 million yen or less for Outside Directors) per year,” thereby increasing the amount of the compensation for Outside Directors only and leaving the total amount of the compensation for Directors as it is.

The Company proposes this revision to ensure that the level of compensation is effective in securing talent for Outside Directors, considering the greater role that Outside Directors are expected to play as the Company works to take its corporate governance to a higher level, as well as the level of compensation at major Japanese peer companies, recent economic conditions, and other factors, and deems this revision to be appropriate.

If Proposal No. 2 is approved and passed as proposed, the Board of Directors will comprise ten Directors (including five Outside Directors).

- End -

Business Report (from January 1, 2023 to December 31, 2023)

1. Overview of Consolidated Business Activities

(1) Developments and results of business activities

In FY 2023, consolidated net sales amounted to ¥333,631 million, due to a recovery in demand for aircraft equipment for commercial aircraft and the Ministry of Defense and strong demand for marine vessel equipment for new shipbuilding and for maintenance, repair, and overhaul (MRO) to respond to environmental regulations, as well as to solid demand in Japan for building doors and favorable foreign exchange rate effects in overseas markets in the automatic doors business. Regarding operating income, the Transport Solutions segment posted higher operating income due to increased sales, but in the Component Solution segment, operating income decreased due to the effect of a decrease in demand in the second half of the fiscal year under review, substantial rises in personnel expenses and electricity prices, delays in passing rising costs onto customers through price increases, and other factors. In addition, there was impact from an impairment loss on goodwill related to Gilgen Door Systems AG (hereinafter “Gilgen”) and an impairment loss on non-current assets related to OVALO GmbH (hereinafter “OVALO”) recorded in the fourth quarter of the fiscal year under review, while a gain on the swap of land and buildings was recorded. As a result, operating income was ¥17,376 million. Moreover, the recognition of a gain on valuation, etc. due to the completion of the sale of shares of Harmonic Drive Systems Inc. contributed to profit before taxes of ¥25,629 million and profit attributable to owners of the parent of ¥14,554 million.

Net sales ¥333.6 billion (Up 8.1% year on year)	Operating income ¥17.4 billion (Down 4.0% year on year)
Profit before taxes ¥25.6 billion (Up 62.6% year on year)	Profit attributable to owners of the parent ¥14.6 billion (Up 53.8% year on year)

(2) Segment information

	Net sales (Million yen)	Operating income (Million yen)
Component Solutions	138,089	10,376
Transport Solutions	80,787	7,828
Accessibility Solutions	96,275	6,167
Others	18,480	3,385
Corporate or elimination	—	(10,380)
Total	333,631	17,376

Operating results by segment were as follows.

[Component Solutions] Net sales composition 41.4%

The amount of orders received for component solutions was ¥112,690 million, down 23.3% year on year. Net sales were ¥138,089 million, down 1.8% and operating income was ¥10,376 million, down 34.8%.

Sales of precision reduction gears were at the same level as in the previous fiscal year. This was because robust demand continued for use in industrial robots, primarily those related to EVs, in the first half of the fiscal year under review, but into the second half, capital investment related to EVs and automation facilities significantly decreased.

Sales of hydraulic equipment for use in construction machinery decreased year on year, due to a further decline in demand in the Chinese market, although demand remained solid in Japan and the U.S. and European markets.

	FY2022	FY2023
Net sales (Million yen)	140,629	138,089
Operating income (Million yen)	15,919	10,376

[Transport Solutions] Net sales composition 24.2%

The amount of orders received for transport solutions was ¥100,323 million, up 27.8% year on year. Net sales were ¥80,787 million, up 13.9% and operating income was ¥7,828 million, up 16.6%.

In the railroad vehicle equipment business, sales decreased year on year, as investment in new vehicles continued to be held back in the domestic market, despite strong MRO sales.

In the aircraft equipment business, sales significantly increased year on year, due to a brisk

recovery in demand for items for commercial aircraft as well as an increase in demand for items for the Ministry of Defense.

In the commercial vehicle equipment business, sales increased year on year, due to a recovery in production by customers in Japan.

In the marine vessel equipment business, sales significantly increased year on year, as demand for new shipbuilding was robust, driven by strong shipbuilding and shipping markets in Japan and overseas, and demand for MRO related to responses to environmental regulations also remained strong.

In the fiscal year under review, the Company recorded ¥1,761 million in impairment loss on fixed assets related to OVALO.

	FY2022	FY2023
Net sales (Million yen)	70,950	80,787
Operating income (Million yen)	6,714	7,828

[Accessibility Solutions] Net sales composition 28.9%

The amount of orders received for accessibility solutions was ¥101,313 million, up 16.7% year on year. Net sales were ¥96,275 million, up 22.5% and operating income was ¥6,167 million, up 117.9%.

In the automatic doors business, net sales increased year on year, as demand for doors for buildings remained solid in Japan, while overseas the acquisition of a sales company in France and the foreign exchange rate effect had a positive impact.

In the fiscal year under review, the Company recorded a gain on the swap of land and buildings at a consolidated subsidiary in Japan of ¥4,243 million and an impairment loss on goodwill related to Gilgen of ¥4,392 million.

	FY2022	FY2023
Net sales (Million yen)	78,561	96,275
Operating income (Million yen)	2,830	6,167

[Others] Net sales composition 5.5%

The amount of orders received for others was ¥18,454 million, up 5.4% year on year. Net sales were ¥18,480 million, down 0.4% and operating income was ¥3,385 million, up 128.1%.

In the packaging machinery business, sales increased year on year, as demand recovered and the shortage of electronic components was largely resolved.

	FY2022	FY2023
Net sales (Million yen)	18,551	18,480
Operating income (Million yen)	1,484	3,385

(3) Issues to be addressed

<Basic policy on corporate management>

The Nabtesco Group, toward the realization of the long-term vision for FY 2030, which it announced in February 2021, has formulated its medium-term management plan for the three years from FY 2022, based on the Company's Corporate Philosophy.

[Corporate Philosophy]

The Nabtesco Group, with our unique motion control technology, will provide safety, comfort and a sense of security in daily lives as well as any form of transportation.

[Long-term Vision]

Leaders in Innovation for the Future

[Basic policy of the Medium-term Management Plan]

Under the following policy, we will execute strategies to achieve our vision for FY 2024.

TIME FOR CHALLENGE
-Change Yourself, Change the World-

<Management indicator targets>

We have set the following targets for the Medium-term Management Plan spanning the three fiscal years from FY 2022 to FY 2024.

[Medium-term Management Plan Targets]

ROIC: 10% or over
Payout ratio: 35% or over

Focus on solving ESG-related issues

CO₂ emissions reduction: Down 25%

(Baseline year: FY 2015/aligned with the SBT 1.5 degree Celsius target)

<The Company's Medium- to Long-term Management Strategies>

In this medium-term management plan, we will promote three challenges: "Challenge of fostering reforms," "Challenge of fostering creativity," and "Challenge of fostering globalization" to achieve the status of "Leaders in Innovation for the Future," the goal of our Long-term Vision for 2030.

1) Challenge of fostering reforms

■ Enjoy the Challenge

-Change the corporate culture to encourage challenges with admiring failures-

- "Change ourselves": Redefine our current action guidelines
- "Change the company": Implement innovation system/tools

■ Innovation for "New Motion Control"

-Create and provide new value by DX, electrification and systematization-

- Create new "tangible goods" by electrification and system integration
- Create new "intangible things" by IoT and data solution
- Attain highly efficient and environmentally friendly manufacturing by automation and DX

2) Challenge of fostering creativity

■ Intelligent Imagination & Execution

-Create and build new business models by promoting external collaboration-

- Promote open innovation with our core value
- Create new businesses by utilizing CVC and M&A
- Expand to new business areas by accelerating each business segment collaboration

3) Challenge of fostering globalization

■ Global Value Network

-Rebuild global management systems-

- Enforce overseas regional headquarters (Marketing, R&D, MRO and Shared services)
- Establish a global HR system and secure and train up local leaders
- Strengthen marketing activity for undeveloped region
- Rebuild global supply chain

<Issues for the Company to address>

The Company will steadily implement the Medium-term Management Plan to achieve its Management materiality (material management issues), and engage in resolving the following issues.

- Raise motivation to "change" among all corporate officers and employees, and values that thrive on "challenges"
- Enhance employee engagement through work style reforms to achieve an optimal work-life balance
- Create new value through products and services that realize the needs of the future
- Achieve a reduction in environmental burden and smart production utilizing digital technologies
- Rebuild global management systems, and secure and develop leaders
- Construct a resilient global value network
- Strengthen governance and enhance risk management capabilities

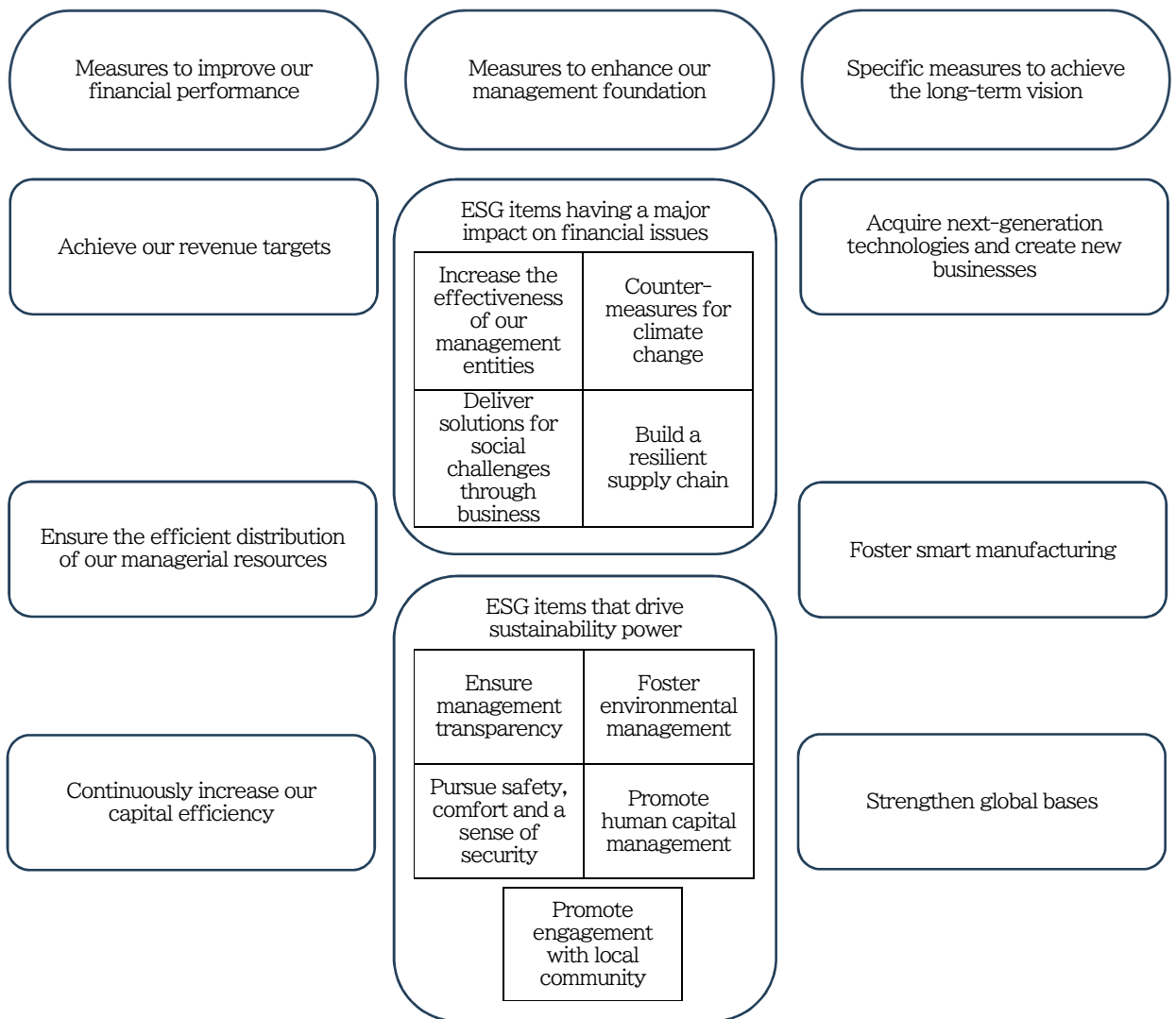
(Reference) Established the Management Materiality Committee

The Nabtesco Group has transformed the former “CSR Committee” into the “Management Materiality Committee” as part of its efforts to strengthen sustainability governance.

We have identified the Management materiality as long-term issues to realize our Long-term Vision. Positioning the Management materiality as the most important issue, the Management Materiality Committee develops an action plan and manages the progress thereof, while also regularly reviewing these material issues and reporting to the Board of Directors the results of reviews as well as details of efforts made based on the action plan. With a system in place in which the Board of Directors discusses the results of reviews and makes resolutions, we endeavor to improve the effectiveness of sustainability governance across the entire Group.

Going forward, we will continue to strive to promote the Group’s sustainability efforts and to enhance our corporate value.

■ Management materiality



(Reference) External ESG Assessment

The Nabtesco Group proactively discloses information to ensure that our stakeholders understand our activities in line with our Management materiality. In recognition of these efforts, the Company has been included in ESG indices in Japan and abroad, and has been highly evaluated by various sustainability assessment organizations.

■ Selected as a component of DJSI World, an ESG stock index, for the eighth consecutive year

The Dow Jones Sustainability Indices (DJSI) were jointly developed by the U.S.-based S&P Dow Jones Indices and RobecoSAM, a Swiss company that specializes in the investigation of sustainability investments. It evaluates highly sustainable companies by quantifying the companies' performance based on three elements: "economy," "environment," and "society."

In FY 2023, a survey was conducted of approximately 3,500 major global companies, and 321 companies (including 38 Japanese companies) were selected as a component of the "DJSI World." Of these, three Japanese companies, including the Company, were selected in the Machinery and Electrical Equipment sector, where the Company is categorized.

■ Earned a top 10% score in the S&P Global Corporate Sustainability Assessment of the Sustainability Yearbook 2024 by S&P Global Inc. for the second consecutive year.

The Company achieved a top 10% score in the S&P Global Corporate Sustainability Assessment 2023 of the Sustainability Yearbook 2024, a sustainability rating provided by S&P Global Inc. of the U.S. We have received this recognition for the second consecutive year.

S&P Global Inc. evaluates companies around the world for their economic, environmental, and social efforts every year. The Company was ranked the fifth in the world (scoring 74 out of 100) in the machinery and electrical equipment sector.

■ Awarded the highest rating from CDP in the field of Climate Change for the eighth consecutive year.

The Company was named by CDP, an international NGO addressing environmental issues, as an A-List company, the highest rating, in the field of Climate Change. We have received this recognition for the eighth consecutive year.

In FY 2024, the final year of the Medium-term Management Plan period, we will accelerate our efforts to achieve the targets of focusing on solving ESG-related issues and reducing CO₂ emissions by 25% from the FY 2015 level.

(4) Financial highlights

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Net sales (Million yen)	289,808	279,358	299,802	308,691	333,631
Operating income (Million yen)	25,320	28,533	30,017	18,097	17,376
Operating margin	8.7%	10.2%	10.0%	5.9%	5.2%
Profit attributable to owners of the parent (Million yen)	17,931	20,505	64,818	9,464	14,554
Total basic earnings per share (Yen)	144.50	165.18	534.67	78.87	121.25
Total equities (Million yen)	199,133	211,641	254,995	263,228	275,894
Equities attributable to owners of the parent per share (Yen)	1,508.53	1,594.10	1,999.10	2,071.87	2,169.52
Total assets (Million yen)	344,558	351,723	481,718	459,293	422,065
Return on invested capital (ROIC)	7.6%	8.2%	8.1%	4.6%	4.2%
Return on equity (ROE)	9.8%	10.6%	29.6%	3.9%	5.7%
Return on assets (ROA)	5.3%	5.9%	15.6%	2.0%	3.3%

(Notes)

- 1) The Group has voluntarily adopted the International Financial Reporting Standards (IFRS). Under J-GAAP, the following IFRS-based terms are equivalent to the following: “profit attributable to owners of the parent” to “net income attributable to owners of the parent,” “total basic earnings per share” to “net income per share,” “total equities” to “net assets,” “equities attributable to owners of the parent per share” to “net assets per share,” “total assets” to “total assets,” “return on equity (ROE)” to “return on shareholders’ equity (ROE)” and “return on assets (ROA)” to “return on assets (ROA).”
- 2) Total basic earnings per share is calculated based on the average number of shares outstanding during the fiscal year. The average number of shares outstanding during the fiscal year is calculated after deducting the number of treasury shares from the total number of shares issued.

(5) Research and development activities

The amount used for research and development activities by the Group in FY 2023 was ¥10,999 million.

(6) Capital investment

The total amount of capital investment by the Group in FY 2023 was ¥29,673 million. The Group promoted capital investment mainly for increasing its production capacity in component solutions to increase production.

(7) Financing

The Group procured necessary funds by using its own capital and loans from financial institutions. Interest-bearing debt at the end of FY 2023 was ¥21,572 million.

(8) Major subsidiaries

1) Major subsidiaries

Corporate name	Capital stock	Equity ratio of the Company (%)	Main business	Location of head office
NABCO DOOR Ltd.	¥848 million	100.0	Sales, installation, and after sales service of automatic door systems, etc.	Osaka, Osaka
Nabtesco Automotive Corporation	¥450 million	100.0	Manufacturing and sales of commercial vehicle equipment	Chiyoda-ku, Tokyo
Nabtesco Service Co., Ltd.	¥300 million	100.0	Sales, installation, and after sales service of transport equipment	Shinagawa-ku, Tokyo
NABCO SYSTEMS Co., Ltd.	¥300 million	85.9	Sales, installation, and after sales service of automatic door systems, etc.	Chiyoda-ku, Tokyo
PACRAFT Co., Ltd.	¥245 million	100.0	Manufacturing and sales of various types of integrated packaging systems	Minato-ku, Tokyo
Nabtesco (China) Precision Equipment Co., Ltd.	US\$50,000 thousand	67.0	Manufacturing and sales of precision reduction gears	Jiangsu, China

Corporate name	Capital stock	Equity ratio of the Company (%)	Main business	Location of head office
Jiangsu Nabtesco KTK Railroad Products Co., Ltd.	¥1,800 million	50.0	Manufacturing and sales of brake systems and door operating systems for railroad vehicles	Jiangsu, China
Shanghai Nabtesco Hydraulic Co., Ltd.	US\$14,500 thousand	55.0	Manufacturing, sales and after sales service of hydraulic equipment	Shanghai, China
Shanghai Nabtesco Hydraulic Equipment Trading Co., Ltd.	¥100 million	67.0	Sales of hydraulic equipment	Shanghai, China
Nabtesco Aerospace, Inc.	US\$1,000 thousand	100.0 [100.0]	Manufacture, sales and after sales service of aircraft equipment	WA, U.S.A.
NABCO Entrances, Inc.	US\$0.3 thousand	100.0 [100.0]	Manufacturing and sales of automatic doors	WI, U.S.A.
Gilgen Door Systems AG	CHF2,001 thousand	100.0	Manufacturing, sales, and after sales service of automatic doors for buildings and platform doors for railways	Bern, Switzerland
Nabtesco Precision Europe GmbH	EUR51 thousand	100.0 [100.0]	Sales of precision reduction gears	Düsseldorf, Germany
Nabtesco Power Control (Thailand) Co., Ltd.	THB700,000 thousand	70.0	Manufacturing and sales of hydraulic equipment	Chonburi, Thailand

(Note) Figures in brackets under "Equity ratio of the Company" indicate indirect investment ratios.

2) Specified wholly owned subsidiaries at the closing date of the fiscal year
Not applicable

(9) Principal offices

Office name	Location
Head Office	Chiyoda-ku, Tokyo
Nagoya Office	Nagoya, Aichi
Nabtesco R&D Center	Kyoto, Kyoto
Tarui Plant	Tarui-cho, Fuwa-gun, Gifu
Gifu Plant	Tarui-cho, Fuwa-gun, Gifu
Tsu Plant	Tsu, Mie
Kobe Plant	Kobe, Hyogo
Seishin Plant	Kobe, Hyogo
Konan Plant	Kobe, Hyogo

(Note) The office names and locations of head offices of major subsidiaries are stated in "(8) Major subsidiaries" above.

(10) Employees

Number of employees	Year-on-year change
8,158	+230

(Note) The number of employees includes only full-time employees. The number of temporary employees is omitted since it is less than 10% of the total.

(11) Principle lenders

Lender	Outstanding loans payable (million yen)
Mizuho Bank, Ltd.	5,028
MUFG Bank, Ltd.	3,880
Sumitomo Mitsui Banking Corporation	2,846

2. Stock Information

- (1) Total number of shares authorized to be issued 400,000,000 shares
- (2) Total number of shares issued 121,064,099 shares
(including 435,670 treasury shares)
- (3) Number of shareholders 27,354

	Number of shares held (thousand shares)	Shareholding ratio
Financial institutions	33,167	27.40%
Financial instruments business operators	4,313	3.56%
Other domestic legal entities	16,384	13.53%
Foreign legal entities	51,769	42.76%
Individuals & others	14,995	12.39%
Own shares	436	0.36%

- (4) Major shareholders (Top 10)

	Number of shares held (thousand shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,404	15.26%
Custody Bank of Japan, Ltd. (Trust Account)	8,961	7.43%
Central Japan Railway Company	5,171	4.29%
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4,247	3.52%
FANUC CORPORATION	3,760	3.12%
Harmonic Drive Systems Inc.	3,265	2.71%
BBH (LUX) FOR FIDELITY FUNDS - GLOBAL TECHNOLOGY POOL	2,947	2.44%
CREDIT SUISSE (LUXEMBOURG) S.A. / CUSTOMER ASSETS, FUNDS UCITS	2,109	1.75%
STATE STREET BANK WEST CLIENT - TREATY 505234	2,104	1.74%
THE BANK OF NEW YORK MELLON 140042	2,078	1.72%

(Note) The shareholding ratio is calculated after deducting the number of treasury shares (435,670 shares).

- (5) Status of shares delivered to Directors and Audit & Supervisory Board Members as consideration for the performance of duties during the fiscal year

	Number of shares granted (shares)	Number of persons
Directors (excluding Outside Directors)	Common stock 2,628	5

(Note) The quantity shown above was delivered based on the Board Benefit Trust (BBT) system, a stock compensation plan for Directors (excluding Outside Directors) and Executive Officers of the Company.

3. Subscription Rights to Shares

(1) Subscription rights to shares (subscription rights to shares as stock compensation-type stock options) delivered as consideration for the performance of duties and held by Directors of the Company as of the closing date of the fiscal year

1) Number of subscription rights to shares: 138

2) Type and number of shares to be issued upon exercise:

13,800 shares of common stock (100 shares per subscription right to shares)

3) Details of subscription rights to shares:

Order	Exercise price	Exercise period	Classification	Number of persons holding subscription rights to shares	Number of subscription rights to shares held
No. 3 Subscription Right to Shares as Stock-based Compensation (FY2011)	¥1	From August 20, 2011 to August 19, 2036	Director	1	23
No. 4 Subscription Right to Shares as Stock-based Compensation (FY2012)	¥1	From August 21, 2012 to August 20, 2037	Director	1	24
No. 5 Subscription Right to Shares as Stock-based Compensation (FY2013)	¥1	From August 21, 2013 to August 20, 2038	Director	1	23
No. 6 Subscription Right to Shares as Stock-based Compensation (FY2014)	¥1	From August 21, 2014 to August 20, 2039	Director	1	20
No. 8 Subscription Right to Shares as Stock-based Compensation (FY2015)	¥1	From August 21, 2015 to August 20, 2040	Director	1	17
No. 9 Subscription Right to Shares as Stock-based Compensation (FY2016)	¥1	From May 21, 2016 to May 20, 2041	Director	1	31

(Notes)

1) Subscription rights to shares issued based on the long-term performance-linked stock compensation-type stock option compensation (as resolved at the 6th Annual General Meeting of Shareholders held on June 24, 2009) (hereinafter "Long-term performance-linked stock compensation-type stock options").

2) No subscription rights to shares were granted to Outside Directors or Audit & Supervisory Board Members.

4) Conditions for the exercise of subscription rights to shares

i) The holder of subscription rights to shares of the long-term performance-linked stock compensation-type stock options shall exercise the subscription rights to shares not later than ten (10) calendar days beginning from the day following the date of loss of all of positions as Director or Executive Officer of the Company (if the tenth date falls on a holiday, then the next business day will be the last day).

ii) The holder of subscription rights to shares shall collectively exercise all of the subscription rights to shares allotted.

iii) If the holder of subscription rights to shares passes away, the rights of the holder may be succeeded by a single direct legal successor of the holder.

iv) Other conditions for the exercise of subscription rights to shares shall be set forth in the Subscription Rights to Shares Allotment Agreement to be concluded between the Company and the holder of subscription rights to shares, by resolution at the Board of Directors meeting for the issuance of the subscription rights to shares.

(2) Subscription rights to shares granted during the fiscal year

Not applicable

4. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

Position	Name	Assignment and significant positions concurrently held	
		As of December 31, 2023	As of January 1, 2024
Director and Chairman of the Board	Katsuhiko Teramoto	Outside Director of TOPCON CORPORATION	
Representative Director	Kazumasa Kimura	President and Chief Executive Officer (CEO)	
Representative Director	Atsushi Habe	Managing Executive Officer, Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication	Senior Managing Executive Officer, Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication
Director	Toshiya Fujiwara	Managing Executive Officer, Component Solution Segment; President, Precision Equipment Company; in charge of Production Innovation and establishment of Hamamatsu Plant	Managing Executive Officer, Component Solution Segment; President, Precision Equipment Company; in charge of Production Innovation
Director	Seiji Takahashi	Managing Executive Officer; President, Accessibility Innovations Company	
Director	Mari Iizuka	Professor of Doshisha Business School	
Director	Naoko Mizukoshi	Partner of Leftright Law & IP External Director of TIS Inc.	
Director	Naoki Hidaka	Outside Director of BROTHER INDUSTRIES, LTD. Outside Director of TOPCON CORPORATION	
Director	Toshiya Takahata		
Director	Seiichiro Shirahata		
Audit & Supervisory Board Member	Isao Shimizu		
Audit & Supervisory Board Member	Koji Nakano		
Audit & Supervisory Board Member (Independent)	Zenzo Sasaki	Attorney-at-law (Harumi-kyowa Law Offices)	
Audit & Supervisory Board Member (Independent)	Takemi Nagasaka	Outside Audit & Supervisory Board Member of DAIO PAPER CORPORATION	
Audit & Supervisory Board Member (Independent)	Tetsuro Hirai		

(Notes)

- 1) The Company has changed the Directors' duties on January 1, 2024. Therefore, the status of the assignment of the Directors as of January 1, 2024 is presented along with the status as of December 31, 2023.
- 2) Messrs. Seiji Takahashi and Seiichiro Shirahata were newly elected and assumed office as Director at the 20th Annual General Meeting of Shareholders held on March 23, 2023.
- 3) Mr. Koji Nakano was newly elected and assumed office as Audit & Supervisory Board Member at the 20th Annual General Meeting of Shareholders held on March 23, 2023.
- 4) Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata, and Mr. Seiichiro Shirahata are Outside Directors.
- 5) Messrs. Zenzo Sasaki, Takemi Nagasaka, and Tetsuro Hirai are Audit & Supervisory Board Members (Independent).
- 6) There is no special relationship between the Company and any of the companies at which Outside Directors and Audit & Supervisory Board Members (Independent) of the Company concurrently hold managerial positions including that of officer.
- 7) Mr. Koji Nakano, Audit & Supervisory Board Member, has a considerable length of experience in the Company's Accounting & Finance sector and broad insight into the fields of finance and accounting.
- 8) Mr. Takemi Nagasaka, Audit & Supervisory Board Member, is a certified public accountant who additionally has a considerable length of experience in corporate finance and accounting sectors and broad insight into the fields of finance and accounting. Since December 2020, Mr. Nagasaka has served as Outside Director of SOLIZE Corporation, which was newly listed on the Tokyo Stock Exchange on February 7, 2024.
- 9) The Company designates Outside Directors Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata, and Mr. Seiichiro Shirahata, and Audit & Supervisory Board Members (Independent) Messrs. Zenzo Sasaki,

Takemi Nagasaka, and Tetsuro Hirai, as independent directors/auditors under the provisions set forth by the Tokyo Stock Exchange.

- 10) Outside Director Mr. Seiichiro Shirahata is to assume office as Outside Director of LINTEC Corporation as of June 20, 2024.

(2) Outline of limited liability agreement

As the Company stipulates in the Articles of Incorporation provisions to enable the conclusion of limited liability agreements with Outside Directors and Audit & Supervisory Board Members (Independent), a limited liability agreement has been concluded with Outside Directors Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata, and Mr. Seiichiro Shirahata, and Audit & Supervisory Board Members (Independent) Messrs. Zenzo Sasaki, Takemi Nagasaka, and Tetsuro Hirai.

The details of the agreement are as follows.

- Liability for damages under the agreement will be limited to 10 million yen or the amount set forth by laws and regulations, whichever is higher.
- The limitation of liability mentioned above applies only if the Outside Director or Audit & Supervisory Board Member (Independent) acts in good faith and without gross negligence when performing their duties.

(3) Matters concerning Directors and Officers liability insurance contract

The Company has a Directors and Officers liability insurance contract (management risk protection insurance contract) in effect, as stipulated in Article 430-3 of the Companies Act, covering all Directors, Audit & Supervisory Board Members and Executive Officers of the Company and all its subsidiaries.

An overview of the said contract is as follows.

- The contract covers the liability of the insured for legal dispute fees and compensation for damages, etc. arising from company lawsuits, third-party lawsuits, shareholder's derivative suits, etc.
- Damages, etc. arising from criminal acts, etc. by the insured are not covered as a measure to prevent the impairment of the appropriateness of execution of duties by the insured.
- The Company is fully responsible for insurance fees under the said contract.

(4) Total amount of compensation paid to Directors and Audit & Supervisory Board Members

1) Policy on determination of compensation for individual Directors and Audit & Supervisory Board Members

■ Basic policy on compensation system

- The system shall ensure that shareholders and management share common interests by strengthening the link between compensation and the Company's performance and share value.
- The system shall function as an incentive to improve the medium- to long-term performance of the Group.
- The process of determining the compensation system shall be highly objective and transparent.

■ Structure of the compensation system

- 1) Compensation to Directors is composed of monthly compensation, comprising fixed basic compensation and short-term performance-linked compensation, and the Board Benefit Trust (BBT), which is stock compensation based on the degree of achievement of the Medium-term Management Plan as well as share value.
- 2) Basic compensation is fixed compensation according to the position of each Director, and is paid as monthly compensation.
- 3) The amount of performance-linked compensation (monthly compensation) to be paid is determined according to the following formula, based on the degree of achievement of annual results.

[Short-term performance-linked compensation]

$$\text{Short-term performance-linked compensation} = \text{Standard payment amount by position} \times \frac{\text{Performance evaluation coefficient}}{\text{Performance evaluation coefficient}}$$

* Performance evaluation coefficient: Determined by a matrix table using ROIC and profit (attributable to owners of the parent) for the previous fiscal year within a certain threshold as indicators (coefficient: 0.00 - 4.00)

For Directors in charge of internal companies, short-term performance-linked compensation is adjusted based on factors including the net sales growth rate, degree of improvement of operating income, degree of ROIC improvement, R&D indicators, and environmental indicators of the

relevant companies.

- 4) Stock compensation is paid using the Board Benefit Trust (BBT) mechanism, and the amount of payment is determined according to the following formula, based on the degree of achievement of the Medium-term Management Plan.

[Tenure grant-type stock compensation]

$$\text{Tenure grant-type stock compensation} = \text{Share grant points by position} \times \text{Performance evaluation coefficient} \times \text{Medium-term Management Plan achievement coefficient}$$

* Performance evaluation coefficient: Determined by a matrix table using ROIC and profit (attributable to owners of the parent) for the previous fiscal year within a certain threshold as indicators (coefficient: 0.00 – 4.00)

* Medium-term Management Plan achievement coefficient: Set based on the degree of achievement of the net sales and operating income stated in the Medium-term Management Plan (0 – 0.5)

Grant points will be vested on the day of the Annual General Meeting of Shareholders relating to the final fiscal year ending within three years from the awarding of points.

[Retirement grant-type stock compensation]

$$\text{Retirement grant-type stock compensation} = \text{Share grant points by position}$$

Grant points will be vested on the day that the Director retires.

- 5) The composition of Directors' compensation emphasizes the link with performance and shareholder value.

Position	Fixed compensation	Performance-linked compensations		
	Basic compensation	Short-term performance-linked compensation	Tenure grant-type stock compensation	Retirement grant-type stock compensation
Chairman of the Board / President	25%	35%	25%	15%
Director	25%	35%	25%	15%

* The above table shows model compositions, where the figures are the median by position with the target achievement rate for performance-linked compensation set at 100%.

- 6) Compensation, etc., for Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation, with no performance-linked compensation, as these officers are in a position independent from business execution.
- 7) As a result of having to revise the financial results of past fiscal years due to inappropriate accounting, etc., the Company has set compensation regulations so as to demand the return of all or part of performance-linked compensation in the event of material revisions in the performance of past fiscal years which was the basis of the calculation of performance-linked compensation, or in the event that the Company incurs material loss due to an officer's wrongful or illegal act.

■ Nabtesco's approach to indicators for performance-linked compensation

The basic indicators for performance-linked compensation paid to Directors (excluding Outside Directors) are ROIC and profit (attributable to owners of the parent), which reflect the fruits of all employee activity and are principal indicators linked to the improvement of ROE. In this way, the Company encourages all Directors to take note of capital costs and payout ratio, and promotes management that is mindful of the sustainable growth of the Group. Furthermore, indicators for Directors in charge of businesses have the added functions of incentivizing them to improve performance in the medium to long term by including R&D indicators to encourage the creation of intellectual property and environmental indicators showing how much CO₂ emission was reduced, in addition to management indicators such as the degree of ROIC improvement.

Furthermore, net sales and operating income are adopted as indicators for the degree of achievement of the Medium-term Management Plan, as they reflect the business activities of all Directors and employees, with the aim of aligning all business activities in one direction. However, in case of impacts from events not triggered by the Company's management decisions, the above indicators may be adjusted.

[Actual performance of principal indicators related to performance-linked compensation]

ROIC	Net sales	Operating income	Profit
4.6%	308,691 million yen	18,097 million yen	9,464 million yen

Performance-linked compensation for the fiscal year under review is calculated based on the figures

in the financial results as of December 31, 2022.

■ Method, etc. for determining compensation

The Board of Directors determines the policy regarding compensation, etc., of Directors, compensation system, level, and amount paid to each Director, based on the deliberations and reporting of the Compensation Committee, which is composed of one internal Director and four Independent Outside Directors / Audit & Supervisory Board Members (Independent).

Compensation, etc. of Audit & Supervisory Board Members is decided upon consultation with Audit & Supervisory Board Members.

The activities of the Committee, etc. during the fiscal year under review that deliberated and determined compensation, etc. of Directors are as follows.

[Number of meetings of the Committee, etc. (January 2023 to December 2023)]

Committee, etc.	Number of meetings
Remuneration Committee	2
Board of Directors	2

2) Total amount of compensation by managerial position, total amount of compensation by type of compensation, and number of recipients

Directors / Audit & Supervisory Board Members	Total amount of compensation (million yen)	Types of compensation (million yen)				Number of Directors and Audit & Supervisory Board Members
		Fixed compensation	Performance-linked compensation		Board Benefit Trust (BBT)	
			Monthly compensation	Tenure grant		
Directors [Outside Directors]	319 [49]	176 [49]	41 —	9 —	93 —	12 [6]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]	78 [24]	78 [24]	— —	— —	— —	6 [3]
Total	396	253	41	9	93	18

(Notes)

- 1) The “Number of Directors and Audit & Supervisory Board Members” for Directors includes two Directors (including one Outside Director) and one Audit Supervisory Board Member who retired during the fiscal year under review.
- 2) Monthly compensation consists of basic compensation and short-term performance-linked compensation paid out in total on a monthly fixed basis.
- 3) The Board Benefit Trust (BBT) amount is the amount expensed during the fiscal year under review according to J-GAAP, based on the number of share grant points awarded or expected to be awarded during the fiscal year under review.
- 4) The upper limit on compensation as resolved at the 14th Annual General Meeting of Shareholders (March 28, 2017) is set at 400 million yen per year for Directors (of which 50 million yen is for Outside Directors). The number of Directors at the conclusion of the 14th Annual General Meeting of Shareholders was ten (including three Outside Directors). The upper limit on compensation as resolved at the 14th Annual General Meeting of Shareholders (March 28, 2017) is set at 90 million yen for Audit & Supervisory Board Members. The number of Audit & Supervisory Board Members at the conclusion of the 14th Annual General Meeting of Shareholders was five (including three Audit & Supervisory Board Members (Independent)).
- 5) In addition to the compensation amounts stated above, the Company has introduced a Board Benefit Trust (BBT) system for Directors (excluding Outside Directors) as resolved at the 14th Annual General Meeting of Shareholders (March 28, 2017). Based on the Regulations for Provision of Shares to Officers established under this system, the Company is making contributions to the Trust, with upper limits of 450 million yen (for three business years) for the tenure grant, and 420 million yen (for three business years) for the retirement grant, respectively. With regard to this system, upper limits for share grants were set at 56,000 points for the tenure grant (for a single fiscal year) and 51,000 points for the retirement grant (for a single fiscal year) separately from the upper limits on compensation stated in 4. above at the 14th Annual General Meeting of Shareholders (March 28, 2017). The number of Directors at the conclusion of the 14th Annual General Meeting of Shareholders was ten (including three Outside Directors).

3) Reason why the Board of Directors has deemed the details of compensation for individual Directors for the fiscal year under review to be in accordance with the policy on the determination of compensation

The Remuneration Committee deliberated on the details of compensation for individual Directors for the fiscal year under review, based on the perspectives described in “Structure of the compensation system” and “Nabtesco’s approach to indicators for performance-linked compensation” above. The Remuneration Committee then made recommendations based on these deliberations to the Board of Directors, which determined the amount of compensation for individual Directors with due respect for the recommendation. The Board of Directors therefore

considers that the details of compensation for individual Directors for the fiscal year under review are in accordance with the policy on the determination of compensation for individual officers.

(5) Outside Directors and Audit & Supervisory Board Members (Independent)

1) Relation between an entity, for which the Company's officers hold significant concurrent positions, and the Company

As stated in "(1) Directors and Audit & Supervisory Board Members," there is no special relationship between the Company and any of the companies at which Outside Directors and Audit & Supervisory Board Members (Independent) of the Company concurrently hold managerial positions including that of officer.

2) Main activities during the fiscal year

Directors/ Audit & Supervisory Board Members	Name	Attendance rate at the Board of Directors meetings	Attendance rate at the Audit & Supervisory Board meetings	Main Activities
Director	Mari Iizuka	94%	—	She proactively posed questions and expressed opinions, and otherwise provided supervision and advice on the Company's management, based mainly on her deep expertise in the fields of global management human resources and international management strategies. Thus, she fulfilled the role expected of an Outside Director.
Director	Naoko Mizukoshi	100%	—	She proactively posed questions and expressed opinions, and otherwise provided supervision and advice on the Company's management, based mainly on her rich experience and deep insight as an attorney-at-law. Thus, she fulfilled the role expected of an Outside Director.
Director	Naoki Hidaka	100%	—	He proactively posed questions and expressed opinions, and otherwise provided supervision and advice on the Company's management, based mainly on his rich experience and deep insight into global business. Thus, he fulfilled the role expected of an Outside Director.
Director	Toshiya Takahata	94%	—	He proactively posed questions and expressed opinions, and otherwise provided supervision and advice on the Company's management, based mainly on his rich experience and deep insight into digital transformation. Thus, he fulfilled the role expected of an Outside Director.
Director	Seiichiro Shirahata	100%	—	He proactively posed questions and expressed opinions, and otherwise provided supervision and advice on the Company's management, based mainly on his rich experience and deep insight into corporate management. Thus, he fulfilled the role expected of an Outside Director.

Directors/ Audit & Supervisory Board Members	Name	Attendance rate at the Board of Directors meetings	Attendance rate at the Audit & Supervisory Board meetings	Main Activities
Audit & Supervisory Board Member	Zenzo Sasaki	100%	100%	He posed questions and expressed opinions in an appropriate manner, and otherwise made proactive statements based mainly on his rich experience and deep insight as an attorney-at-law.
Audit & Supervisory Board Member	Takemi Nagasaka	100%	100%	He posed questions and expressed opinions in an appropriate manner, and otherwise made proactive statements based mainly on his rich experience and deep insight into accounting and finance.
Audit & Supervisory Board Member	Tetsuro Hirai	100%	100%	He posed questions and expressed opinions in an appropriate manner, and otherwise made proactive statements based mainly on his rich experience and deep insight into manufacturing.

(Notes)

- 1) The number of Board of Directors meetings and number of Audit & Supervisory Board meetings held in the fiscal year were 16 and 13, respectively.
- 2) Since Mr. Seiichiro Shirahata assumed office as an Outside Director on March 23, 2023, the number of Board of Directors meetings to be attended on and after that day was 12.

5. Financial Auditor

- (1) Name of the Financial Auditor
KPMG AZSA LLC

- (2) Remuneration paid or payable to the Financial Auditor

Category	Remuneration paid for works concerning audit certification (million yen)	Remuneration paid for non-auditing works
The Company	126	—
Subsidiaries	16	—
Total	142	—

(Notes)

- 1) The audit agreement between the Company and the Financial Auditor does not separate remuneration concerning the audit under the Companies Act from remuneration concerning the audit under the Financial Instruments and Exchange Act, and such separation would be impossible to manage in practical terms. Accordingly, the amount described above represents the total amount of these remunerations.
 - 2) The Audit & Supervisory Board checked and reviewed whether the details of the audit results and audit plans for the previous fiscal year, the performance of duties for the accounting audit, and the basis for calculating the estimated remuneration were appropriate, based on the “Practical Guidance for Cooperation with Financial Auditor” announced by the Japan Audit & Supervisory Board Members Association. As a result, the Audit & Supervisory Board agreed on the remuneration paid to the Financial Auditor pursuant to Article 399, Paragraph 1 of the Companies Act.
 - 3) From among major subsidiaries of the Company, Gilgen Door Systems AG, Nabtesco Precision Europe GmbH, Nabtesco Aerospace, Inc., NABCO Entrances, Inc., Shanghai Nabtesco Hydraulic Co., Ltd., Shanghai Nabtesco Hydraulic Equipment Trading Co., Ltd., Jiangsu Nabtesco KTK Railroad Products Co., Ltd., Nabtesco Power Control (Thailand) Co., Ltd., and Nabtesco (China) Precision Equipment Co., Ltd. are audited by audit corporations other than the Financial Auditor of the Company.
- (3) Policy for determining the dismissal or non-reappointment of the Financial Auditor

If the Audit & Supervisory Board recognizes any problems with the performance of duties by the Financial Auditor or otherwise judges it to be necessary, the Audit & Supervisory Board will propose the dismissal or non-reappointment of the Financial Auditor as an agenda item at the general meeting of shareholders.

In addition, if the Financial Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Financial Auditor subject to the unanimous approval of the Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the fact of dismissal of the Financial Auditor and the reasons thereof at the first general meeting of shareholders convened after the dismissal.

6. The Systems to Ensure the Appropriateness of the Business and the Operational Status

- (1) The System to Ensure the Appropriateness of the Business

Details of the matters resolved at the Board of Directors regarding the system to ensure the appropriateness of the business of the Company (Basic Policy on Establishment of Internal Control System) are as follows.

The Basic Policy on Establishment of Internal Control System for the Nabtesco Group shall be stipulated as follows.

The Chief Executive Officer shall be the top executive responsible for the promotion of internal control.

The Board of Directors shall examine the maintenance of internal control systems on a continual basis in line with changes in the business environment and social needs, revisions to laws and regulations, risk diversification and other factors, and shall conduct a review yearly and whenever else necessary.

- 1) The System to ensure that Directors, Executive Officers and employees perform their duties in compliance with laws and the Articles of Incorporation
 - i) Directors, Executive Officers and employees shall comply with the Nabtesco Way and the Nabtesco Group Code of Ethics as the basis of appropriate and fair business activities, shall behave in accordance with social norms/ethics as members of society, and shall endeavor to establish and maintain a sound corporate culture.
 - ii) (The Board of) Directors and Executive Officers shall make proper decisions on important management matters stipulated in laws and regulations, the Articles of

Incorporation, the Board of Directors' rules, the Responsibility and Authority Regulations, etc.

- iii) Executive Directors and Executive Officers shall perform their respectively delegated duties in accordance with proper decisions by the Board of Directors, and shall report on the execution of their duties to the Board of Directors. Should a Director or an Executive Officer have any doubts on whether the execution of the duties by himself/herself or other Directors/Executive Officers are in compliance with laws and regulations and the Articles of Incorporation, the Director or the Executive Officer shall report these doubts to the Board of Directors and Audit & Supervisory Board Members (or the Audit & Supervisory Board).
 - iv) Directors, Executive Officers and employees shall ensure the rationality, adequacy and legality of their decisions by actively and thoroughly hearing the expert opinions of expert staff members of the Head Office and/or outside experts during decision-making and performance of duties.
 - v) The Board of Directors shall make use of the multifaceted and impartial advice provided by Outside Directors and Audit & Supervisory Board Members (Independent) to make appropriate decisions.
 - vi) In order to promote the compliance of the Group, the Compliance Committee shall be set up as an advisory body of the Board of Directors. The Committee shall deliberate important matters, etc. concerning compliance and report to the Board of Directors.
 - vii) To assist the Chief Executive Officer in promoting compliance, organizations responsible for promoting compliance shall be set up to review compliance systems in accordance with social conditions, revision of laws, etc., and to provide training on compliance to Directors, Executive Officers and employees.
 - viii) Directors, Executive Officers and employees shall be obliged to report any misconduct within the Group, and a corporate ethics hotline shall be established and operated as one of the methods to achieve this. The person who used this corporate ethics hotline will not be treated unfavorably on the grounds of having made such reports.
 - ix) To ensure the adequacy of financial reports, an internal control system over financial reports and a system to evaluate its validity shall be developed and operated.
- 2) The System for storing and managing information on the performance of duties by Directors and Executive Officers
- i) Directors and Executive Officers shall properly prepare, store and manage the following information (in written form or on electromagnetic record; the same applies hereinafter) on the performance of their duties in keeping with their respective duties and in accordance with laws and company regulations.
 - (a) Minutes of general shareholders' meetings and related documentation
 - (b) Minutes of Board of Directors' meetings and related documentation
 - (c) Records of the proceedings at other important meetings hosted by Directors or Executive Officers (e.g., Management Committee meetings) and related documentation
 - (d) Notices of decisions made by Directors or Executive Officers, and appended documentation
 - (e) Other important documentation related to Directors' and Executive Officers' performance of their duties
 - ii) The parties responsible for the preparation, storage and management of the information set forth in (i) above shall be the chairmen of the respective meetings or a separately assigned Director, decisionmaker, or the Director or the Executive Officer responsible for performing the duties in question.
 - iii) Efforts shall be made to establish and continually strengthen and improve adequate security for electromagnetic records to combat the risks of unauthorized disclosure posed by the increasing sophistication of information technology.
- 3) The Regulations and other systems for managing the risk of loss.
- i) The system shall be developed so that a scheme shall be put in place to ensure that profits and losses, asset efficiency, quality issues, accidents, and other matters concerning the execution of operations are reported to the Board of Directors in a

- suitable and timely fashion, and to ensure that Directors and employees who became aware of matters that could have a seriously adverse impact on Nabtesco and its Group report these promptly and precisely to (the Board of) Directors, and efforts shall be made to discover risks early so as to minimize losses.
- ii) To manage various risks and prevent losses with regard to business activities of Nabtesco and its Group, the Risk Management Committee, Quality & PL Committee, Environment, Safety and Health Committee, Information Security Committee, etc. shall be established as cross-group organizations, and the rules for business continuity plan at the time of a critical accident and disaster, the rules for information security, and other relevant company regulations shall be established.
 - iii) Risk management shall be conducted while ensuring rationality, adequacy and legality of decision-making through deliberation on the performance of important matters concerning the execution of operations by the Board of Directors and Management Committee and compliance with, and thoroughgoing implementation of, the Responsibility and Authority Regulations.
 - iv) Reporting requirements in the event of accidents, disasters or critical quality problems and other events that may have serious adverse effects on the Group's business performance, financial condition and credibility shall be set forth within company regulations, and steps shall be taken to ensure that information is promptly and suitably conveyed and that contingency measures are implemented during emergencies in accordance with these regulations.
 - v) Expert members of the Head Office, particularly in the Business Auditing Department, shall conduct cross-organizational audits of operational risk management, and shall offer necessary and appropriate advice with regard to operational improvements.
- 4) The System to ensure that Directors and Executive Officers perform their duties efficiently
- i) The necessary organizations shall be formed to ensure that Directors and Executive Officers perform their duties efficiently, and the respective responsibilities of these organizations shall be stipulated. Responsibility for operations shall be divided among Executive Directors and Executive Officers in accordance with the Board of Directors' resolutions, and Executive Directors and Executive Officers shall perform their duties in keeping with these divisions of responsibility.
 - ii) A company shall be established as a strategic business unit. Each company shall perform operations in accordance with the Responsibility and Authority Regulations and report on the same.
 - iii) Efforts shall be made to ensure the suitability and efficiency of decision-making by the Board of Directors with regard to the performance of operations to be submitted for consideration to the Board of Directors by having the Management Committee conduct preliminary examinations to clarify the points of issue before passing the matter on to the Board of Directors.
- 5) The System to ensure the suitability of operations by the Company and the Group
- i) All principles and policies for internal control shall be applied to the whole Nabtesco Group, and efforts shall be made to disseminate and standardize these throughout the Group as a whole.
 - ii) Group Companies Management Regulations shall be established to stipulate management classifications and management items for subsidiaries, and the Responsibility and Authority Regulations shall be set up, taking into account the scale and importance (impact on the Group) of subsidiaries as well as their autonomy. Furthermore, a system shall be developed so that subsidiaries shall report their important matters with regard to the performance of operations to the Company.
 - iii) Efforts shall be made to improve the suitability and efficiency of business operations at subsidiaries as well as to make qualitative improvements to financial reports by adopting a fully-consolidated basis and appropriately reflecting the performance of all subsidiaries into the consolidated performance of the company and by conducting performance assessment of the management of companies on a consolidated basis.
 - iv) Efforts shall be made to dispatch its personnel as Directors and Audit & Supervisory Board Members to subsidiaries from the Company to ensure more suitable decision-

- making and performance of operations and to homogenize and improve audits of subsidiaries through the Group Audit & Supervisory Board.
- v) Internal audits of subsidiaries shall be performed by our Business Auditing Department. Advice regarding improvements shall be provided as necessary and appropriate as part of these audits.
 - vi) Efforts shall be made to thoroughly communicate the Nabtesco Group Code of Ethics to subsidiaries and to develop and strengthen compliance systems at subsidiaries by means of training on compliance and information sharing.
- 6) Items on employees to support Audit & Supervisory Board Member (“support personnel”), when Audit & Supervisory Board Members requested to assign employees to support Audit & Supervisory Board Members
- i) Should Audit & Supervisory Board Members (or Audit & Supervisory Board) request that support personnel be assigned, the appropriate personnel shall be promptly secured after preliminary discussions with Audit & Supervisory Board Member (or Audit & Supervisory Board).
 - ii) To ensure the independence of support personnel from Directors, reassignments and evaluations of these support personnel shall be made only after prior consultation with Audit & Supervisory Board Member (or Audit & Supervisory Board).
 - iii) Support personnel shall be subject to the instructions and orders of Audit & Supervisory Board Member (or Audit & Supervisory Board) in engaging in such support tasks.
- 7) The System enabling Directors, Executive Officers and employees to report to Audit & Supervisory Board Member; other systems for reporting to Audit & Supervisory Board Member
- i) Directors aware of matters that could have a seriously adverse impact on the Company and its Group shall immediately report these to Audit & Supervisory Board Member (or Audit & Supervisory Board).
 - ii) Directors, Executive Officers and employees shall respond promptly and appropriately to requests by Audit & Supervisory Board Member for reports on the Company’s business or for cooperation in investigating the status of the Company’s operations and assets.
 - iii) With the aim of enhancing cooperation between Audit & Supervisory Board Members and the Business Auditing Department, consultations and exchange of information and views concerning audits shall be carried out through the Audit Council, etc. Furthermore, the Group Audit & Supervisory Board shall conduct consultations and report and exchange views with Audit & Supervisory Board Members and Audit & Supervisory Board Members of subsidiaries with regard to audits.
 - iv) The departments associated with internal control shall periodically report on the development and operation status of the internal control system (including reports from Directors and employees, etc. of subsidiaries to the relevant departments) to Audit & Supervisory Board Members.
 - v) Information on “Audit & Supervisory Board Member’s Hotline” established by Audit & Supervisory Board shall be noticed to Directors, Executive Officers and employees.
 - vi) The person who reported the relevant matter to an Audit & Supervisory Board Member (including those who reported the same to “Audit & Supervisory Board Member’s Hotline”) will not be treated unfavorably on the grounds of having made such reports.
- 8) The Systems to ensure that audits by Audit & Supervisory Board Members are carried out effectively
- i) A certain amount of the budget shall be set yearly for paying expenses, etc., with respect to the performance of duties of the Audit & Supervisory Board Members. In the event that an Audit & Supervisory Board Member requests from the Company advance payment of expenses associated with the performance of their duties, the Company shall account for such expenses, etc., immediately according to laws and regulations, regardless of whether or not the expenses requested are within the budget.
 - ii) Audit & Supervisory Board Members shall be permitted to attend Management Committee meetings and all other important meetings and to view all management information, to enable themselves to implement audits and check the decision-making

process on the important matters in the performance of operations, based on the information equivalent to information available to Directors.

- iii) Audit & Supervisory Board Members may hold regular meetings to exchange views with Chief Executive Officer and the Representative Directors.
- iv) Audit & Supervisory Board Members may request Executive Officers and other important employees to report on the performance of duties.
- v) A system shall be ensured to enable Audit & Supervisory Board Members to exchange views with the financial auditor and the Accounting & Finance Department regularly and confirm the adequacy of financial reports.

(2) The Outline of the Operational Status of the Systems to Ensure the Appropriateness of the Business

Following is an outline of the operational status of the systems to ensure the appropriateness of the business for the current fiscal year.

1) Compliance system

- i) The Company strives to communicate the importance of compliance and ensure its thorough implementation within the Group, based on the Nabtesco Group Code of Ethics that was established by a resolution of the Company's Board of Directors.
- ii) The Company assigns a Chief Compliance Officer and a Compliance Officer at our in-house companies, Corporate Headquarters, and domestic and overseas subsidiaries. In addition, the Compliance Committee, an advisory body of the Board of Directors, met twice during the fiscal year under review to deliberate important matters concerning compliance. Furthermore, Compliance Liaison Meetings were held in Japan and all overseas areas (China, Asia, North America, Europe) where the Company operates with the aim to disseminate compliance-related measures throughout the Group.
- iii) The Company continuously provides various training and awareness activities on compliance for officers and employees of the Group both in Japan and overseas.
- iv) In order to raise employees' awareness of compliance, the Company sets October as the corporate ethics month, and delivers a video message on compliance from the Company's Chief Executive Officer to officers and employees of the Group in Japan and overseas. The Company also conducted compliance awareness surveys among employees of the Group in Japan and all of the other areas in which it operates (China, Asia, North America, Europe).
- v) The Company has established, for the Company as well as its domestic and overseas subsidiaries, points of contact of a whistleblower system both inside and outside the Company and appropriately operates the hotline, and ensures that employees are aware of the hotline, with the main aim of preventing and discovering violations of laws and regulations and misconduct at an early stage. We also ensure that employees are aware of the Audit & Supervisory Board Member Hotline established by the Audit & Supervisory Board.

2) Risk management system

- i) For the purpose of grasping and managing various risks in connection with business activities of the Group and limiting losses incurred to a minimum when they occur, we are endeavoring to strengthen the Group's risk management system by formulating internal regulations, including risk management regulations.
- ii) The Company has established cross-company organizations such as the Risk Management Committee, the Quality & PL Committee, the Environment, Safety and Health Committee and the Information Security Committee, and deliberates measures concerning material risks. During the fiscal year under review, the Risk Management Committee met three times. Risk assessment of the Company and its domestic and overseas subsidiaries was implemented, and the Committee identified significant risks that must be addressed on a Group-wide basis. The identified risks are mitigated by formulating and implementing countermeasures at the supervising Corporate Headquarters, and the relevant companies and subsidiaries. Furthermore, the Quality & PL Committee met once, the Environment, Safety and Health Committee met twice,

and the Information Security Committee met twice during the fiscal year.

- iii) The Group is promoting the development and enhancement of an effective BCP (business continuity plan at the time of a critical accident and disaster), and 12 of its main business bases have acquired the certification for organizations contributing to national resilience (Resilience Certification).

(Note) Resilience Certification is a system established in February 2016 by the National Resilience Promotion Office, Cabinet Secretariat of Japan, based on the Guidelines for the Certification for Organizations Contributing to National Resilience. Under the system, the Association for Resilience Japan certifies various organizations including companies, local governments, schools, and hospitals that support the objectives of national resilience with a concept of building a country resilient to disasters or critical events and are actively engaged in initiatives toward business continuity, as an Organization Contributing to National Resilience.

- iv) Expert staff members of the Head Office mainly from within the Business Auditing Department conduct internal audits to give appropriate guidance toward operational improvement, etc.

3) Execution of duties by Directors

Sixteen meetings of the Board of Directors of the Company were held in the fiscal year under review to deliberate and determine important matters relating to the execution of business operations and to supervise the execution of duties by Directors and Executive Officers. The minutes of the Board of Directors meetings and other important documents and materials relating to the execution of duties by Directors are appropriately prepared, stored, and managed.

4) Execution of duties by Audit & Supervisory Board Members

Thirteen meetings of the Audit & Supervisory Board were held in the fiscal year under review to report, discuss and resolve important matters relating to audits. In addition, the Audit & Supervisory Board Members attend the Board of Directors meetings, the Management Committee meetings, the Executive Officers Committee meetings and other important conferences, and hold meetings to exchange opinions with Representative Directors, meetings to exchange opinions with the Financial Auditor, the Audit Council meetings with the Business Auditing Department, and meetings of the Group Audit & Supervisory Board attended by Audit & Supervisory Board Members of the Company's subsidiaries, and thereby rigorously monitor the execution of duties by Directors, Executive Officers, and employees. Moreover, to ensure the effectiveness of the audits by the Audit & Supervisory Board Members, the Company grants the Audit & Supervisory Board Members the right to access all of the management information databases and assigns two support personnel to the Audit & Supervisory Board Members at their request. In addition, the Audit & Supervisory Board Member Hotline, an internal reporting system with Audit & Supervisory Board Members serving as a point of contact, was established and is being appropriately operated.

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(Note) In the amount, ratios and other figures stated in the Business Report, all fractions are rounded off to the nearest units, unless otherwise noted.

# Consolidated Financial Statements

## Consolidated Statement of Financial Position

(Million yen)

| Description                                       | (Reference)<br>The 20 <sup>th</sup> Fiscal Year<br>(As of December 31, 2022) | The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) |
|---------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Assets)</b>                                   |                                                                              |                                                               |
| <b>Current assets</b>                             | <b>295,524</b>                                                               | <b>220,847</b>                                                |
| Cash and cash equivalents                         | 124,413                                                                      | 77,835                                                        |
| Trade receivables                                 | 77,227                                                                       | 79,196                                                        |
| Contract assets                                   | 2,165                                                                        | 3,554                                                         |
| Other receivables                                 | 1,301                                                                        | 1,682                                                         |
| Inventories                                       | 49,210                                                                       | 50,969                                                        |
| Other financial assets                            | 1,733                                                                        | 616                                                           |
| Other current assets                              | 5,445                                                                        | 6,995                                                         |
| Total                                             | 261,494                                                                      | 220,847                                                       |
| Assets held for sale                              | 34,030                                                                       | —                                                             |
| <b>Non-current assets</b>                         | <b>163,768</b>                                                               | <b>201,218</b>                                                |
| Property, plant and equipment                     | 96,082                                                                       | 107,527                                                       |
| Intangible assets                                 | 6,373                                                                        | 11,624                                                        |
| Right-of-use assets                               | 10,129                                                                       | 8,908                                                         |
| Goodwill                                          | 17,899                                                                       | 25,750                                                        |
| Investment property                               | 2,066                                                                        | 10,394                                                        |
| Investments accounted for using the equity method | 17,729                                                                       | 21,139                                                        |
| Other financial assets                            | 10,041                                                                       | 12,550                                                        |
| Deferred tax assets                               | 2,281                                                                        | 2,313                                                         |
| Other non-current assets                          | 1,168                                                                        | 1,013                                                         |
| <b>Total assets</b>                               | <b>459,293</b>                                                               | <b>422,065</b>                                                |

(Million yen)

| Description                                        | (Reference)<br>The 20 <sup>th</sup> Fiscal Year<br>(As of December 31, 2022) | The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) |
|----------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Liabilities)</b>                               |                                                                              |                                                               |
| <b>Current liabilities</b>                         | <b>172,577</b>                                                               | <b>119,491</b>                                                |
| Operating payables                                 | 56,119                                                                       | 50,783                                                        |
| Contract liabilities                               | 7,652                                                                        | 8,053                                                         |
| Borrowings                                         | 19,943                                                                       | 21,400                                                        |
| Other payables                                     | 19,250                                                                       | 23,392                                                        |
| Income taxes payable                               | 11,734                                                                       | 3,018                                                         |
| Provisions                                         | 1,678                                                                        | 2,720                                                         |
| Lease liabilities                                  | 2,640                                                                        | 2,799                                                         |
| Other financial liabilities                        | 47,267                                                                       | –                                                             |
| Other current liabilities                          | 6,292                                                                        | 7,327                                                         |
| <b>Non-current liabilities</b>                     | <b>23,488</b>                                                                | <b>26,679</b>                                                 |
| Borrowings                                         | 366                                                                          | 173                                                           |
| Lease liabilities                                  | 8,403                                                                        | 8,060                                                         |
| Liabilities concerning retirement benefit          | 8,472                                                                        | 8,736                                                         |
| Deferred tax liabilities                           | 4,054                                                                        | 7,045                                                         |
| Other financial liabilities                        | –                                                                            | 516                                                           |
| Other non-current liabilities                      | 2,193                                                                        | 2,149                                                         |
| <b>Total liabilities</b>                           | <b>196,064</b>                                                               | <b>146,171</b>                                                |
| <b>(Equity)</b>                                    |                                                                              |                                                               |
| <b>Equity attributable to owners of the parent</b> | <b>248,696</b>                                                               | <b>260,470</b>                                                |
| Capital stock                                      | 10,000                                                                       | 10,000                                                        |
| Share premium                                      | 15,048                                                                       | 15,139                                                        |
| Retained earnings                                  | 215,670                                                                      | 220,495                                                       |
| Treasury shares                                    | (4,646)                                                                      | (3,943)                                                       |
| Other components of equity                         | 12,624                                                                       | 18,778                                                        |
| <b>Non-controlling interests</b>                   | <b>14,532</b>                                                                | <b>15,424</b>                                                 |
| <b>Total equity</b>                                | <b>263,228</b>                                                               | <b>275,894</b>                                                |
| <b>Total liabilities and equity</b>                | <b>459,293</b>                                                               | <b>422,065</b>                                                |



## Consolidated Statement of Income

(Million yen)

| Description                                  | (Reference)<br>The 20 <sup>th</sup> Fiscal Year<br>(From January 1, 2022<br>to December 31, 2022) | The 21 <sup>st</sup> Fiscal Year<br>(From January 1, 2023<br>to December 31, 2023) |
|----------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Net sales</b>                             | <b>308,691</b>                                                                                    | <b>333,631</b>                                                                     |
| <b>Cost of sales</b>                         | <b>(232,007)</b>                                                                                  | <b>(250,970)</b>                                                                   |
| <b>Gross profit</b>                          | <b>76,684</b>                                                                                     | <b>82,661</b>                                                                      |
| Other income                                 | 1,373                                                                                             | 6,517                                                                              |
| Selling, general and administrative expenses | (59,620)                                                                                          | (66,861)                                                                           |
| Other expenses                               | (340)                                                                                             | (4,941)                                                                            |
| <b>Operating income</b>                      | <b>18,097</b>                                                                                     | <b>17,376</b>                                                                      |
| Financial income                             | 708                                                                                               | 5,202                                                                              |
| Financial costs                              | (5,828)                                                                                           | (1,090)                                                                            |
| Equity in earnings of affiliates             | 2,787                                                                                             | 4,141                                                                              |
| <b>Profit before tax</b>                     | <b>15,763</b>                                                                                     | <b>25,629</b>                                                                      |
| Income tax expense                           | (4,376)                                                                                           | (9,199)                                                                            |
| <b>Net income</b>                            | <b>11,387</b>                                                                                     | <b>16,430</b>                                                                      |
| <b>Net income attributable to</b>            |                                                                                                   |                                                                                    |
| Owners of the parent                         | 9,464                                                                                             | 14,554                                                                             |
| Non-controlling interests                    | 1,923                                                                                             | 1,876                                                                              |
| <b>Net income</b>                            | <b>11,387</b>                                                                                     | <b>16,430</b>                                                                      |

## Consolidated Statement of Changes in Equity

(From January 1, 2023 to December 31, 2023)

(Million yen)

|                                                               | Equity attributable to owners of the parent |               |                   |                 |
|---------------------------------------------------------------|---------------------------------------------|---------------|-------------------|-----------------|
|                                                               | Capital stock                               | Share premium | Retained earnings | Treasury shares |
| Balance as of January 1, 2023                                 | 10,000                                      | 15,048        | 215,670           | (4,646)         |
| Net income                                                    |                                             |               | 14,554            |                 |
| Other comprehensive income                                    |                                             |               |                   |                 |
| Total comprehensive income                                    |                                             |               | 14,554            |                 |
| Acquisitions, sales, etc. of treasury shares                  |                                             |               | (579)             | 704             |
| Dividends                                                     |                                             |               | (9,506)           |                 |
| Transfer from other components of equity to retained earnings |                                             |               | 356               |                 |
| Share-based compensation transactions                         |                                             | 91            |                   |                 |
| Total transactions with owners, etc.                          | –                                           | 91            | (9,729)           | 704             |
| Balance as of December 31, 2023                               | 10,000                                      | 15,139        | 220,495           | (3,943)         |

|                                                               | Equity attributable to owners of the parent |                                                  |                                                         |        | Total equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---------------------------------------------------------------|---------------------------------------------|--------------------------------------------------|---------------------------------------------------------|--------|---------------------------------------------------|---------------------------|--------------|
|                                                               | Other components of equity                  |                                                  |                                                         |        |                                                   |                           |              |
|                                                               | Exchange differences on foreign operations  | Valuation difference due to change in fair value | Remeasurements of net defined benefit liability (asset) | Total  |                                                   |                           |              |
| Balance as of January 1, 2023                                 | 9,361                                       | 3,263                                            | –                                                       | 12,624 | 248,696                                           | 14,532                    | 263,228      |
| Net income                                                    |                                             |                                                  |                                                         |        | 14,554                                            | 1,876                     | 16,430       |
| Other comprehensive income                                    | 5,771                                       | 911                                              | (173)                                                   | 6,510  | 6,510                                             | 579                       | 7,089        |
| Total comprehensive income                                    | 5,771                                       | 911                                              | (173)                                                   | 6,510  | 21,064                                            | 2,455                     | 23,519       |
| Acquisitions, sales, etc. of treasury shares                  |                                             |                                                  |                                                         |        | 125                                               |                           | 125          |
| Dividends                                                     |                                             |                                                  |                                                         |        | (9,506)                                           | (1,563)                   | (11,069)     |
| Transfer from other components of equity to retained earnings |                                             | (529)                                            | 173                                                     | (356)  | –                                                 |                           | –            |
| Share-based compensation transactions                         |                                             |                                                  |                                                         |        | 91                                                |                           | 91           |
| Total transactions with owners, etc.                          | –                                           | (529)                                            | 173                                                     | (356)  | (9,290)                                           | (1,563)                   | (10,854)     |
| Balance as of December 31, 2023                               | 15,133                                      | 3,646                                            | –                                                       | 18,778 | 260,470                                           | 15,424                    | 275,894      |

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheet

(Million yen)

| Description                                                 | (Reference)<br>The 20 <sup>th</sup> Fiscal Year<br>(As of December 31, 2022) | The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) |
|-------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Assets)</b>                                             |                                                                              |                                                               |
| <b>Current assets</b>                                       | <b>159,308</b>                                                               | <b>115,899</b>                                                |
| Cash and time deposits                                      | 46,298                                                                       | 24,708                                                        |
| Notes receivable                                            | 2,681                                                                        | 3,516                                                         |
| Trade accounts receivable                                   | 49,229                                                                       | 48,368                                                        |
| Marketable securities                                       | 32,998                                                                       | 8,999                                                         |
| Goods and products                                          | 2,826                                                                        | 3,955                                                         |
| Products in progress                                        | 6,231                                                                        | 6,375                                                         |
| Raw materials and stored goods                              | 8,231                                                                        | 8,378                                                         |
| Other accounts receivable                                   | 3,443                                                                        | 5,080                                                         |
| Advances paid                                               | 5,309                                                                        | 5,053                                                         |
| Other current assets                                        | 2,115                                                                        | 1,466                                                         |
| Allowance for doubtful accounts                             | (52)                                                                         | —                                                             |
| <b>Fixed assets</b>                                         | <b>133,265</b>                                                               | <b>159,641</b>                                                |
| <b>Tangible fixed assets</b>                                | <b>68,283</b>                                                                | <b>84,258</b>                                                 |
| Buildings                                                   | 19,981                                                                       | 20,375                                                        |
| Structures                                                  | 871                                                                          | 1,074                                                         |
| Machinery and equipment                                     | 21,704                                                                       | 20,779                                                        |
| Vehicles and transport equipment                            | 171                                                                          | 173                                                           |
| Tools, apparatus and furniture                              | 2,715                                                                        | 2,859                                                         |
| Land                                                        | 14,343                                                                       | 13,970                                                        |
| Construction in progress                                    | 8,499                                                                        | 25,028                                                        |
| <b>Intangible fixed assets</b>                              | <b>3,663</b>                                                                 | <b>4,226</b>                                                  |
| Software                                                    | 3,117                                                                        | 3,441                                                         |
| Goodwill                                                    | 89                                                                           | —                                                             |
| Other intangible fixed assets                               | 458                                                                          | 785                                                           |
| <b>Investments and other assets</b>                         | <b>61,319</b>                                                                | <b>71,157</b>                                                 |
| Investments in securities                                   | 3,714                                                                        | 4,247                                                         |
| Shares of subsidiaries and associates                       | 30,748                                                                       | 38,946                                                        |
| Investments in capital of subsidiaries and associates       | 15,403                                                                       | 16,091                                                        |
| Long-term loans receivable from subsidiaries and associates | 7,828                                                                        | 8,150                                                         |
| Long-term prepaid expenses                                  | 243                                                                          | 199                                                           |
| Deferred tax assets                                         | 2,607                                                                        | 2,194                                                         |
| Other investments and other assets                          | 788                                                                          | 1,340                                                         |
| Allowance for doubtful accounts                             | (12)                                                                         | (11)                                                          |
| <b>Total assets</b>                                         | <b>292,573</b>                                                               | <b>275,540</b>                                                |

(Million yen)

| Description                                   | (Reference)<br>The 20 <sup>th</sup> Fiscal Year<br>(As of December 31, 2022) | The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) |
|-----------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Liabilities)</b>                          |                                                                              |                                                               |
| <b>Current liabilities</b>                    | <b>115,231</b>                                                               | <b>91,951</b>                                                 |
| Trade accounts payable                        | 10,958                                                                       | 9,355                                                         |
| Electronically recorded obligations - trade   | 36,384                                                                       | 33,125                                                        |
| Short-term loans payable                      | 9,300                                                                        | 11,300                                                        |
| Current portion of long-term borrowings       | 2,654                                                                        | —                                                             |
| Other accounts payable                        | 12,665                                                                       | 17,397                                                        |
| Income taxes payable                          | 9,697                                                                        | 656                                                           |
| Accrued expenses                              | 2,508                                                                        | 2,266                                                         |
| Contract liabilities                          | 231                                                                          | 211                                                           |
| Deposits received                             | 16,271                                                                       | 17,111                                                        |
| Allowance for product warranty                | 510                                                                          | 529                                                           |
| Provision for loss on order received          | —                                                                            | 0                                                             |
| Provision for loss on compensation for damage | 72                                                                           | —                                                             |
| Derivatives liabilities                       | 13,981                                                                       | —                                                             |
| Other current liabilities                     | 0                                                                            | 1                                                             |
| <b>Long-term liabilities</b>                  | <b>8,122</b>                                                                 | <b>8,771</b>                                                  |
| Provision for retirement bonus                | 6,769                                                                        | 6,714                                                         |
| Other long-term liabilities                   | 1,353                                                                        | 2,057                                                         |
| <b>Total liabilities</b>                      | <b>123,353</b>                                                               | <b>100,722</b>                                                |
| <b>(Net assets)</b>                           |                                                                              |                                                               |
| <b>Shareholders' equity</b>                   | <b>168,247</b>                                                               | <b>173,560</b>                                                |
| <b>Capital stock</b>                          | <b>10,000</b>                                                                | <b>10,000</b>                                                 |
| <b>Capital surplus</b>                        | <b>26,274</b>                                                                | <b>26,274</b>                                                 |
| Legal capital surplus                         | 26,274                                                                       | 26,274                                                        |
| <b>Earned surplus</b>                         | <b>136,620</b>                                                               | <b>141,229</b>                                                |
| Legal earned surplus                          | 1,077                                                                        | 1,077                                                         |
| Other earned surplus                          | 135,543                                                                      | 140,152                                                       |
| Reserve for advanced depreciation of assets   | 190                                                                          | 188                                                           |
| Earned surplus brought forward                | 135,353                                                                      | 139,964                                                       |
| <b>Treasury stock</b>                         | <b>(4,646)</b>                                                               | <b>(3,943)</b>                                                |
| <b>Valuation and translation adjustments</b>  | <b>912</b>                                                                   | <b>1,214</b>                                                  |
| Valuation difference on other securities      | 912                                                                          | 1,214                                                         |
| <b>Subscription rights to shares</b>          | <b>61</b>                                                                    | <b>44</b>                                                     |
| <b>Total net assets</b>                       | <b>169,220</b>                                                               | <b>174,818</b>                                                |
| <b>Total liabilities and net assets</b>       | <b>292,573</b>                                                               | <b>275,540</b>                                                |

## Non-consolidated Statement of Income

(Million yen)

| Description                                           | (Reference)<br>The 20 <sup>th</sup> Fiscal Year<br>(From January 1, 2022<br>to December 31, 2022) | The 21 <sup>st</sup> Fiscal Year<br>(From January 1, 2023<br>to December 31, 2023) |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Net sales</b>                                      | <b>167,511</b>                                                                                    | <b>176,334</b>                                                                     |
| <b>Cost of sales</b>                                  | <b>140,308</b>                                                                                    | <b>149,878</b>                                                                     |
| <b>Gross profit</b>                                   | <b>27,203</b>                                                                                     | <b>26,457</b>                                                                      |
| Selling, general and administrative expenses          | 22,108                                                                                            | 23,362                                                                             |
| <b>Operating income</b>                               | <b>5,095</b>                                                                                      | <b>3,095</b>                                                                       |
| <b>Non-operating income</b>                           | <b>14,821</b>                                                                                     | <b>9,314</b>                                                                       |
| Interest income                                       | 49                                                                                                | 291                                                                                |
| Dividend income                                       | 14,068                                                                                            | 7,218                                                                              |
| Foreign exchange gains                                | 371                                                                                               | 1,284                                                                              |
| Rent income                                           | 183                                                                                               | 143                                                                                |
| Income from partnerships                              | –                                                                                                 | 162                                                                                |
| Other non-operating income                            | 151                                                                                               | 216                                                                                |
| <b>Non-operating expenses</b>                         | <b>311</b>                                                                                        | <b>757</b>                                                                         |
| Interest expenses                                     | 35                                                                                                | 109                                                                                |
| Loss on partnerships                                  | 128                                                                                               | –                                                                                  |
| Loss on valuation of derivatives                      | –                                                                                                 | 522                                                                                |
| Rent property expenses                                | 93                                                                                                | 54                                                                                 |
| Other non-operating expenses                          | 55                                                                                                | 71                                                                                 |
| <b>Ordinary income</b>                                | <b>19,606</b>                                                                                     | <b>11,653</b>                                                                      |
| <b>Extraordinary gains</b>                            | <b>46,192</b>                                                                                     | <b>6,129</b>                                                                       |
| Gain on sales of fixed assets                         | 138                                                                                               | 269                                                                                |
| Gain on sale of investment securities                 | 45,723                                                                                            | –                                                                                  |
| Gain on sale of shares of subsidiaries and associates | –                                                                                                 | 1,630                                                                              |
| Gain on liquidation of subsidiaries and associates    | 26                                                                                                | –                                                                                  |
| Subsidy income                                        | 305                                                                                               | –                                                                                  |
| Gain on valuation of derivatives                      | –                                                                                                 | 4,230                                                                              |
| <b>Extraordinary losses</b>                           | <b>17,146</b>                                                                                     | <b>322</b>                                                                         |
| Loss on sales and retirement of non-current assets    | 130                                                                                               | 322                                                                                |
| Loss on valuation of derivatives                      | 17,016                                                                                            | –                                                                                  |
| <b>Income before income taxes and adjustments</b>     | <b>48,651</b>                                                                                     | <b>17,459</b>                                                                      |
| Income taxes - current                                | 10,755                                                                                            | 2,487                                                                              |
| Income taxes - deferred                               | 140                                                                                               | 279                                                                                |
| <b>Net income</b>                                     | <b>37,756</b>                                                                                     | <b>14,694</b>                                                                      |

## Non-consolidated Statement of Changes in Equity

(From January 1, 2023 to December 31, 2023)

(Million yen)

|                                                      | Shareholders' equity |                       |                       |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|
|                                                      | Capital stock        | Capital stock         |                       |
|                                                      |                      | Legal capital surplus | Total capital surplus |
| Balance as of January 1, 2023                        | 10,000               | 26,274                | 26,274                |
| Changes of items during the period                   |                      |                       |                       |
| Dividends from surplus                               |                      |                       | —                     |
| Reversal of reserve for reduction entry of assets    |                      |                       | —                     |
| Net income                                           |                      |                       | —                     |
| Purchase of treasury stock                           |                      |                       | —                     |
| Disposal of treasury stock                           |                      |                       | —                     |
| Net changes of items other than shareholders' equity |                      |                       | —                     |
| Total changes of items during the period             | —                    | —                     | —                     |
| Balance as of December 31, 2023                      | 10,000               | 26,274                | 26,274                |

|                                                      | Shareholders' equity |                                             |                                |                      |         |                |                            |
|------------------------------------------------------|----------------------|---------------------------------------------|--------------------------------|----------------------|---------|----------------|----------------------------|
|                                                      | Earned surplus       |                                             |                                |                      |         | Treasury stock | Total shareholders' equity |
|                                                      | Legal earned surplus | Other earned surplus                        |                                | Total earned surplus |         |                |                            |
|                                                      |                      | Reserve for advanced depreciation of assets | Earned surplus brought forward |                      |         |                |                            |
| Balance as of January 1, 2023                        | 1,077                | 190                                         | 135,353                        | 136,620              | (4,646) | 168,247        |                            |
| Changes of items during the period                   |                      |                                             |                                |                      |         |                |                            |
| Dividends from surplus                               |                      |                                             | (9,506)                        | (9,506)              |         | (9,506)        |                            |
| Reversal of reserve for reduction entry of assets    |                      | (2)                                         | 2                              | —                    |         | —              |                            |
| Net income                                           |                      |                                             | 14,694                         | 14,694               |         | 14,694         |                            |
| Purchase of treasury stock                           |                      |                                             |                                | —                    | (789)   | (789)          |                            |
| Disposal of treasury stock                           |                      |                                             | (579)                          | (579)                | 1,492   | 913            |                            |
| Net changes of items other than shareholders' equity |                      |                                             |                                | —                    |         | —              |                            |
| Total changes of items during the period             | —                    | (2)                                         | 4,611                          | 4,609                | 704     | 5,312          |                            |
| Balance as of December 31, 2023                      | 1,077                | 188                                         | 139,964                        | 141,229              | (3,943) | 173,560        |                            |

(Million yen)

|                                                      | Valuation and translation adjustments    |                                             | Subscription rights to shares | Total net assets |
|------------------------------------------------------|------------------------------------------|---------------------------------------------|-------------------------------|------------------|
|                                                      | Valuation difference on other securities | Total valuation and translation adjustments |                               |                  |
| Balance as of January 1, 2023                        | 912                                      | 912                                         | 61                            | 169,220          |
| Changes of items during the period                   |                                          |                                             |                               |                  |
| Dividends from surplus                               |                                          | —                                           |                               | (9,506)          |
| Reversal of reserve for reduction entry of assets    |                                          | —                                           |                               | —                |
| Net income                                           |                                          | —                                           |                               | 14,694           |
| Purchase of treasury stock                           |                                          | —                                           |                               | (789)            |
| Disposal of treasury stock                           |                                          | —                                           |                               | 913              |
| Net changes of items other than shareholders' equity | 301                                      | 301                                         | (16)                          | 285              |
| Total changes of items during the period             | 301                                      | 301                                         | (16)                          | 5,597            |
| Balance as of December 31, 2023                      | 1,214                                    | 1,214                                       | 44                            | 174,818          |