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(Securities code: 6268)  
March 4, 2025

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 22<sup>nd</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially notified that the 22<sup>nd</sup> 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 22<sup>nd</sup> 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: Wednesday, March 26, 2025 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 22<sup>nd</sup> Fiscal Year (from January 1, 2024 to December 31, 2024) 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 22<sup>nd</sup> Fiscal Year (from January 1, 2024 to December 31, 2024)Proposals to be resolved:  
Proposal No. 1: Distribution of Surplus  
Proposal No. 2: Election of Nine 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, 2024 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: 4,825,657,400 yen
3. Effective date for distribution of surplus  
March 27, 2025

Based on the above, the annual dividend for the fiscal year ended December 31, 2024 including the interim dividend of 40 yen per share, will be 80 yen per share (for a consolidated payout ratio of 95.0%).

(Reference) Annual dividend per share / Consolidated payout ratio

	Annual dividend per share (Yen)	Consolidated payout ratio
FY2020	75	45.4%
FY2021	77	14.4%
FY2022	78	98.9%
FY2023	80	66.0%
FY2024	80	95.0%

### Proposal No. 2: Election of Nine 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 nine 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 Company	Term of office	Attendance at the Board of Directors meetings
1	Kazumasa Kimura	Male 63 years old Re-elected	Representative Director President Chief Executive Officer	6 years	100% (15 meetings /15 meetings)
2	Seiji Takahashi	Male 59 years old Re-elected	Director Managing Executive Officer, General Administration, Human Resources and Legal & Compliance	2 years	100% (15 meetings /15meetings)
3	Kiyoshi Ando	Male 61 years old Re-elected	Director Executive Officer, Component Solutions Segment, President, Power Control Company	1 year	100% (11 meetings /11 meetings)
4	Hiroshi Usui	Male 59 years old New candidate	Executive Officer, Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication	-	-
5	Mari Iizuka	Female 65 years old Re-elected Outside Independent	Outside Director	5 years	100% (15 meetings /15 meetings)
6	Naoko Mizukoshi	Female 57 years old Re-elected Outside Independent	Outside Director	5 years	100% (15 meetings /15 meetings)
7	Naoki Hidaka	Male 71 years old Re-elected Outside Independent	Outside Director	4 years	100% (15 meetings /15 meetings)
8	Toshiya Takahata	Male 61 years old Re-elected Outside Independent	Outside Director	3 years	100% (15 meetings /15 meetings)
9	Seiichiro Shirahata	Male 64 years old Re-elected Outside Independent	Outside Director	2 years	100% (15 meetings /15 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. Kiyoshi Ando assumed office as Director on March 26, 2024, the number of the Board of Directors meetings to be attended on and after that day was 11.
- 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 2025, 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.

#### (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.

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
1	<p>Male Re-elected</p> <p>Kazumasa Kimura (Aug. 17, 1961, 63 years old)</p>	<p>Jun. 2011 General Manager, Manufacturing Department, Tsu Plant, Precision Equipment Company of the Company</p> <p>Jun. 2012 General Manager, Manufacturing Department, Tarui Plant, Power Control Company of the Company</p> <p>Apr. 2015 Representative Director and Vice President of Hyst Corporation (merged into Nabtesco Corporation in Apr. 2016)</p> <p>Mar. 2016 General Manager, Production Management Department, Power Control Company of the Company</p> <p>Mar. 2017 Executive Officer and President, Power Control Company of the Company</p> <p>Jan. 2019 Executive Officer, Corporate Planning, Accounting &amp; Finance, Information System and Corporate Communication of the Company</p> <p>Mar. 2019 Director of the Company</p> <p>Jan. 2021 Managing Executive Officer, Component Solution Segment, Senior General Manager, Technology and R&amp;D Division, and in charge of Production Innovation of the Company</p> <p>Jan. 2022 Assistant to Chief Executive Officer of the Company</p> <p>Mar. 2022 Representative Director (to present), President (to present), and Chief Executive Officer of the Company (to present)</p>
<p>Term of office: 6 years</p> <p>Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p>Number of shares of the Company held: 7,494 shares</p> <p>Reasons for nomination as a candidate for Director: Mr. Kazumasa Kimura has diverse operational experience spanning all aspects of the Company's businesses and extensive insight concerning production in particular. As a manager, he has fulfilled his duties as President and Chief Executive Officer (CEO) and also served as Representative Director, appropriately leading and supervising management. In addition, he has contributed to the strengthening of governance as a member of the Nominating Committee and a member of the Remuneration Committee. He has therefore been determined to be a person necessary to realize the Company's long-term vision toward 2030 and medium- to long-term 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>Male Re-elected</p> <p>Seiji Takahashi (Feb. 12, 1966, 59 years old)</p>	<p>Jun. 2010 General Manager, Human Resources Department of the Company</p> <p>Jul. 2015 General Manager, Human Resources Department of the Company and President of Nabtesco Link Co., Ltd.</p> <p>Aug. 2017 General Manager, Human Resources Department, Business Transformation Division of the Company and President of Nabtesco Link Co., Ltd.</p> <p>Mar. 2018 Executive Officer of the Company</p> <p>Jan. 2021 Vice President, Accessibility Innovations Company, and in charge of Business Management of the Company</p> <p>Jan. 2022 Vice President, Accessibility Innovations Company of the Company</p> <p>Jan. 2023 Managing Executive Officer (to present), President, Accessibility Innovations Company of the Company</p> <p>Mar. 2023 Director of the Company (to present)</p> <p>Jan. 2025 General Administration, Human Resources and Legal &amp; Compliance of the Company (to present)</p>
<p>Term of office: 2 years</p> <p>Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p>Number of shares of the Company held: 3,909 shares</p> <p>Reasons for nomination as a candidate for Director: Mr. Seiji Takahashi has broad operational experience and extensive insight into the area of human resources. As a manager, he has fulfilled his responsibilities as President of the Accessibility Innovations Company and Executive Officer of Corporate Headquarters, and as Director, he has effectively fulfilled its roles and duties. He has therefore been determined to be a person necessary to realize the Company's long-term vision toward 2030 and medium- to long-term 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
3	<p data-bbox="220 528 363 595">Male Re-elected</p> <p data-bbox="268 611 453 707">Kiyoshi Ando (Jan. 10, 1964, 61 years old)</p>	<p data-bbox="512 188 1374 248">Apr. 2008 General Manager, Development Department, Precision Equipment Company of the Company</p> <p data-bbox="512 248 1265 282">Jun. 2015 Executive Officer of the Company (to present)</p> <p data-bbox="512 282 1473 342">Feb. 2017 Technology and R&amp;D Division, in charge of European business of the Company</p> <p data-bbox="512 342 1433 439">Apr. 2017 Technology and R&amp;D Division, in charge of European business, and General Manager, Advanced Mobility System Division of the Company</p> <p data-bbox="512 439 1458 566">May 2017 Technology and R&amp;D Division, in charge of European business, and General Manager of Advanced Mobility System Division of the Company and President of Nabtesco Europe GmbH</p> <p data-bbox="512 566 1433 663">May 2018 Technology and R&amp;D Division, in charge of European business, and General Manager, Advanced Mobility System Division of the Company</p> <p data-bbox="512 663 1385 759">Jul. 2018 Deputy Senior General Manager, Technology and R&amp;D Division, in charge of Innovation, and General Manager, Advanced Mobility System Division of the Company</p> <p data-bbox="512 759 1374 819">Jan. 2019 Deputy Senior General Manager, Technology and R&amp;D Division, in charge of Innovation of the Company</p> <p data-bbox="512 819 1374 880">Jan. 2020 Deputy Senior General Manager, Technology and R&amp;D Division of the Company</p> <p data-bbox="512 880 1378 940">Jan. 2021 President, Power Control Company of the Company (to present)</p> <p data-bbox="512 940 1142 974">Mar. 2024 Director of the Company (to present)</p> <p data-bbox="512 974 1278 1034">Jan. 2025 Component Solutions Segment of the Company (to present)</p>
<p data-bbox="220 1048 504 1081">Term of office: 1 year</p> <p data-bbox="220 1099 1270 1133">Attendance at the Board of Directors meetings: 100%(11 meetings / 11 meetings)</p> <p data-bbox="220 1151 916 1184">Number of shares of the Company held: 8,388 shares</p> <p data-bbox="220 1202 887 1236">Reasons for nomination as a candidate for Director:</p> <p data-bbox="228 1236 1473 1296">Mr. Kiyoshi Ando has broad operational experience and extensive insight primarily into the area of technology.</p> <p data-bbox="228 1296 1473 1357">As a manager, he has fulfilled his responsibilities as President of a European subsidiary and the Power Control Company, and as Director, he has effectively fulfilled its roles and duties.</p> <p data-bbox="228 1357 1473 1449">He has therefore been determined to be a person necessary to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value, and the Company requests the continued 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="220 304 288 338">Male</p> <p data-bbox="220 338 416 371">New candidate</p> <p data-bbox="256 389 456 483">Hiroshi Usui (Apr. 22, 1965, 59 years old)</p>	<p data-bbox="507 188 1374 248">Dec. 2009 General Manager, Engineering Department, Aerospace Company of the Company</p> <p data-bbox="507 248 1461 309">Apr. 2013 General Manager, Planning Department, Aerospace Company of the Company</p> <p data-bbox="507 309 1142 342">Mar. 2017 President of Nabtesco Aerospace Inc.</p> <p data-bbox="507 342 1254 376">Jan. 2020 Executive officer of the Company (to present)</p> <p data-bbox="507 376 1461 436">General Manager, Planning Department, Aerospace Company of the Company</p> <p data-bbox="507 436 1461 497">Jan. 2023 Vice President, Aerospace Company, and Plant Manager, Gifu Plant of the Company</p> <p data-bbox="507 497 1430 593">Jan. 2025 Corporate Planning, Accounting &amp; Finance, Information Systems and Corporate Communication of the Company (to present)</p>
4	<p data-bbox="220 607 432 640">Term of office: -</p> <p data-bbox="220 658 855 692">Attendance at the Board of Directors meetings: -</p> <p data-bbox="220 710 919 743">Number of shares of the Company held: 2,308 shares</p> <p data-bbox="220 761 887 795">Reasons for nomination as a candidate for Director:</p> <p data-bbox="228 795 1469 855">Mr. Hiroshi Usui has broad operational experience and extensive insight into the area of aerospace in particular.</p> <p data-bbox="228 855 1469 952">As a manager, he has fulfilled his responsibilities as President of a U.S. subsidiary and Vice President of the Aerospace Company and currently fulfills his responsibilities as Executive Officer of Corporate Headquarters.</p> <p data-bbox="228 952 1469 1039">He has therefore been determined to be a person necessary to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value, and the Company requests the new appointment of Mr. Hiroshi Usui as Director.</p>	

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
5	<p data-bbox="217 293 384 421">Female Re-elected Outside Independent</p> <p data-bbox="256 443 459 539">Mari Iizuka (Mar. 29, 1959, 65 years old)</p>	<p data-bbox="515 185 1469 566">Apr. 1982 Joined Henkel Hokusui Corporation (current Henkel Japan Ltd.) Aug. 1987 Joined The World Bank Jul. 1992 Assistant Professor of Asian Institute of Management Graduate School of Business Apr. 2005 Assistant Professor of Ritsumeikan Asia Pacific University Graduate School of Management Apr. 2007 Associate Professor of Ritsumeikan Asia Pacific University Graduate School of Management Apr. 2008 Professor of Ritsumeikan Asia Pacific University Graduate School of Management Apr. 2010 Professor of Doshisha Business School (to present) Mar. 2020 Director of the Company (to present)</p> <p data-bbox="515 589 1023 645">Significant positions concurrently held: Professor of Doshisha Business School</p> <p data-bbox="217 656 515 678">Term of office: 5 years</p> <p data-bbox="217 701 1273 723">Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p data-bbox="217 757 890 779">Number of shares of the Company held: 382 shares</p> <p data-bbox="217 801 1469 1211">Reasons for nomination as a candidate for Outside Director and overview of expected role: Ms. Mari Iizuka has a high level of expertise in the fields of global management human resources and international management strategies. In addition, she has participated in activities for promoting collaboration and cooperation between industry and academia, and has extensive insight based on such experience. For the Company, she has appropriately supervised management as an Outside Director since March 2020 and has also contributed to the strengthening of governance as chairman of the Nominating Committee and as a member of the Remuneration Committee. Although Ms. Mari Iizuka has not been involved in corporate management except as an Outside Director of the Company, the Company expects her to provide supervision and advice utilizing her insight to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value; therefore, the Company requests the continued appointment of Ms. Mari Iizuka as 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
6	<p>Female Re-elected Outside Independent</p> <p>Naoko Mizukoshi (Sep. 23, 1967, 57 years old)</p>	<p>Apr. 1995 Registered at Osaka Bar Association Joined Miyazaki Law Firm</p> <p>Apr. 1998 Registered at Yokohama Bar Association (current Kanagawa Bar Association) Joined Nomura Research Institute, Ltd.</p> <p>Sep. 1999 Registered at Dai-ni Tokyo Bar Association Joined Autodesk Co., Ltd.</p> <p>Sep. 2002 Registered at the State of California Bar Joined Microsoft Co., Ltd. (current Microsoft Japan, Co., Ltd.)</p> <p>Nov. 2006 Joined TMI Associates</p> <p>Jan. 2008 Partner of TMI Associates</p> <p>Mar. 2010 Partner of Endeavour Law Office</p> <p>Jun. 2018 External Director of TIS Inc. (to present)</p> <p>Dec. 2018 Partner of Leftright Law &amp; IP (to present)</p> <p>Mar. 2020 Director of the Company (to present)</p> <p>Significant positions concurrently held: Partner of Leftright Law &amp; IP External Director of TIS Inc.</p>
<p>Term of office: 5 years</p> <p>Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p>Number of shares of the Company held: 458 shares</p> <p>Reasons for nomination as a candidate for Outside Director and overview of expected role: Ms. Naoko Mizukoshi has a high level of expertise as an attorney-at-law. In addition, she has held various posts including outside officers of other business entities and posts in public offices, including being a member of Unfair Competition Prevention Subcommittee, Intellectual Property Committee, Industrial Structure Council, Ministry of Economy, Trade and Industry and has extensive insight based on such experience. For the Company, she has appropriately supervised management as an Outside Director since March 2020 and also contributed to the strengthening of governance as chairman of the Remuneration Committee and as a member of the Nominating Committee. Although Ms. Naoko Mizukoshi has not been involved in corporate management except as an Outside Director of the Company, the Company expects her to provide supervision and advice utilizing her insight to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value; therefore, the Company requests the continued appointment of Ms. Naoko Mizukoshi as 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
7	<p>Male Re-elected Outside Independent</p> <p>Naoki Hidaka (May 16, 1953, 71 years old)</p>	<p>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 &amp; Construction Systems Business Unit of SUMITOMO CORPORATION Apr. 2015 Representative Director, Executive Vice President, Executive Officer, and General Manager, Transportation &amp; 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 the Company (to present) Jun. 2022 Outside Director of TOPCON CORPORATION (to present)</p> <p>Significant positions concurrently held: Outside Director of BROTHER INDUSTRIES, LTD. Outside Director of TOPCON CORPORATION</p>
<p>Term of office: 4 years</p> <p>Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p>Number of shares of the Company held: 1,143 shares</p> <p>Reasons for nomination as a candidate for Outside Director and overview of expected role: Mr. Naoki Hidaka has diverse operational experience in overseas businesses as well as the business of transportation and construction systems, which are the Company's business domain, and also has extensive insight based on his experience as a corporate manager. For the Company, he has appropriately supervised management as an Outside Director of the Company since March 2021 and also contributed to the strengthening of governance as a member of the Nominating Committee. The Company therefore expects him to provide supervision and advice utilizing his knowledge to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value, and requests the continued appointment of Mr. Naoki Hidaka as Outside Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
8	<p>Male Re-elected Outside Independent</p> <p>Toshiya Takahata (Nov. 19, 1963, 61 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 the Company (to present)</p>
<p>Term of office: 3 years</p> <p>Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p>Number of shares of the Company held: 535 shares</p> <p>Reasons for nomination as a candidate for Outside Director and overview of expected role: Mr. Toshiya Takahata has diverse operational experience in operations related to intellectual property, digital transformation, corporate planning, and sustainability, and also has extensive insight based on his experience as a corporate manager. For the Company, he has appropriately supervised management as an Outside Director since March 2022 and also contributed to the strengthening of governance as a member of the Remuneration Committee. The Company therefore expects him to provide supervision and advice utilizing his knowledge to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value, and requests the continued appointment of Mr. Toshiya Takahata as Outside Director.</p>		

No.	Name (Date of birth)	Career summary, position, assignment and significant positions concurrently held
9	<p>Male</p> <p>Re-elected Outside Independent</p> <p>Seiichiro Shirahata (Mar. 3, 1961, 64 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 the Company (to present)</p> <p>Jun. 2024 Outside Director of LINTEC Corporation (to present)</p> <p>Significant positions concurrently held: Outside Director of LINTEC Corporation</p>
<p>Term of office: 2 years</p> <p>Attendance at the Board of Directors meetings: 100%(15 meetings / 15 meetings)</p> <p>Number of shares of the Company held: 342 shares</p> <p>Reasons for nomination as a candidate for Outside Director and overview of expected role: Mr. Seiichiro Shirahata has experience in long-term overseas assignment as an engineer as well as diverse operational experience as a person responsible for the transition into a holding company and the spin-off of business segments, and also has extensive insight based on his experience as a corporate manager. For the Company, he has appropriately supervised management as an Outside Director since March 2023. The Company therefore expects him to provide supervision and advice utilizing his knowledge to realize the Company's long-term vision toward 2030 and medium- to long-term improvement in corporate value, and requests the continued appointment of Mr. Seiichiro Shirahata as Outside Director.</p>		

(Reference) Officer Composition after Election

If Proposal No. 2, "Election of Nine Directors," is 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 63 years old		●			●	●		
	Seiji Takahashi Male 59 years old		●		●				
	Kiyoshi Ando Male 61 years old		●	●			●		●
	Hiroshi Usui Male 59 years old		●	●		●	●	●	
	Mari Iizuka Female 65 years old Outside Independent	●	●	●	●	●			
	Naoko Mizukoshi Female 57 years old Outside Independent	●		●	●				
	Naoki Hidaka Male 71 years old Outside Independent	●	●	●				●	
	Toshiya Takahata Male 61 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) Initiatives to Improve Corporate Governance

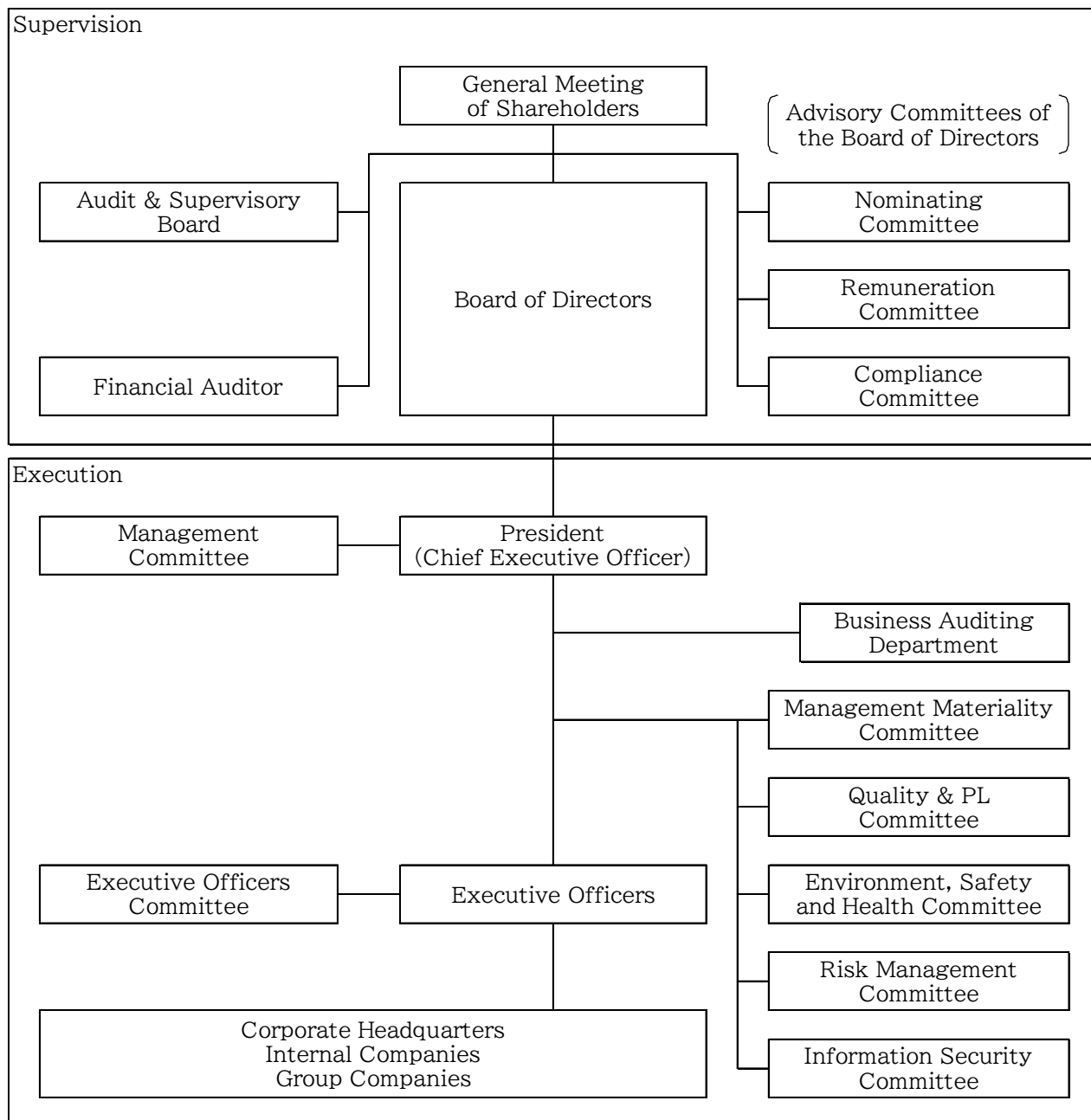
The Company implements each principle of the Corporate Governance Code published by the Tokyo Stock Exchange and has established the “Nabtesco Corporate Governance Basic Policy” based on the resolution of the Board of Directors to set out the basic approach, framework and policy with regard to corporate 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 (55.6% of the total) Independent Outside Directors out of a total of 9 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	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. 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.
Nominating Committee	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. 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).
Remuneration Committee	As a consultative body of the Board of Directors, deliberates the remuneration, etc. of management personnel and reports to the Board of Directors. 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).
Compliance Committee	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. The Compliance Committee comprises members including Independent Outside Directors / Audit & Supervisory Board Members (Independent) and external experts.
Audit & Supervisory Board Members (Audit & Supervisory Board)	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. The Board comprises no more than five Audit & Supervisory Board Members, the majority of whom shall be Audit & Supervisory Board Members (Independent).
Executive Officers (Committee)	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.
Management Committee	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.
Business Auditing Department	Conducts internal business audits of Corporate Headquarters, internal Companies and Group companies.

- End -

# Business Report (from January 1, 2024 to December 31, 2024)

## 1. Overview of Consolidated Business Activities

### (1) Developments and results of business activities

During FY2024 under review, showed favorable demand for automatic door and the effects of exchange rates, as well as strong demand in aircraft equipment and marine vessels equipment. Meanwhile, in precision reduction gears, a global decline in automotive related capital expenditures and demand for construction machinery in hydraulic equipment declined. As a result, the Group's consolidated net sales came to ¥323,384 million.

Operating income was ¥14,788 million due to the decrease in sales in component solutions business, despite the increase in operating income resulting from the increase in sales in transport solutions and accessibility solutions businesses. Income before taxes was ¥15,747 million and net income attributable to owners of the parent was ¥10,119 million.

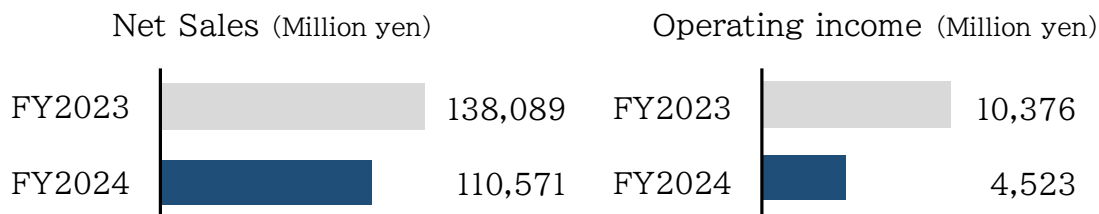
Net sales ¥323.4 billion (Down 3.1% year on year)	Operating income ¥14.8 billion (Down 14.9% year on year)
Profit before taxes ¥15.7 billion (Down 38.6% year on year)	Profit attributable to owners of the parent ¥10.1 billion (Down 30.5% year on year)

### (2) Segment information

	Net sales (Million yen)	Operating income (Million yen)
Component Solutions	110,571	4,523
Transport Solutions	88,727	12,502
Accessibility Solutions	106,771	9,003
Others	17,315	1,043
Corporate or elimination	—	(12,282)
Total	323,384	14,788

Operating results by segment were as follows.

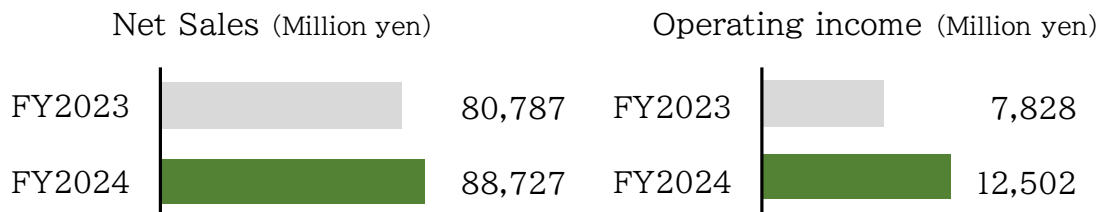
[Component Solutions] Net sales composition 34.2%



Sales of precision reduction gears decreased year-on-year due to a slow recovery in EV related capital investment as well as prolonged inventory adjustment of industrial robots.

Sales of hydraulic equipment decreased year-on-year due to continued sluggish demand in the U.S. and European markets, despite an increase in demand for Southeast Asia

[Transport Solutions] Net sales composition 27.4%



Sales of railroad vehicle equipment increased year-on-year due to solid demand for new railroad vehicles in Japan and MRO (Maintenance, Repair, Overhaul) demand in overseas.

Sales of aircraft equipment increased year-on-year due to growth in demand resulting from increased defense-related expenditures and favorable demand for MRO in commercial aircraft.

Sales of commercial vehicle equipment decreased year-on-year due to weak demand from Southeast Asian and domestic markets.

Sales of marine vessel equipment increased year-on-year due to strong demand for new vessels and MRO, as well as a result of consolidation of Deep Sea as a subsidiary.

[Accessibility Solutions] Net sales composition 33.0%

Net Sales (Million yen)		Operating income (Million yen)	
FY2023	96,275	FY2023	6,167
FY2024	106,771	FY2024	9,003

Sales of the automatic doors business increased year-on-year due to favorable demand of automatic doors for building and platform doors both in domestic and overseas, as well as foreign exchange effects.

[Others] Net sales composition 5.4%

Net Sales (Million yen)		Operating income (Million yen)	
FY2023	18,480	FY2023	3,385
FY2024	17,315	FY2024	1,043

Sales of packaging machines decreased year-on-year due to the postponement of capital expenditures and the impact of delays in the timing of product deliveries both domestically and overseas, despite the strong performance of MRO.

In the fiscal year under review, the company recorded an impairment loss of ¥656 million on goodwill related to Engilico, a consolidated subsidiary in Europe.

### (3) Issues to be addressed

#### <Basic policy on corporate management>

Based on its corporate philosophy, the Nabtesco Group has formulated a new three year medium-term management plan starting in 2025 to realize our long-term vision for 2030, which was announced in February 2021.

#### [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 New Medium-Term Management Plan]

“Reviving Potential, Evolving Excellence.”  
 Reviving Potential; Reviving our profitability by executing Project 10  
 Evolving Excellence; Evolving our technology from “motion control” to “smart motion control” to provide new value that meets the needs of society

#### <Management Targets>

The Nabtesco Group has set the targets for the new medium-term management plan for 2025 to 2027 as follows.

[The targets for the medium-term management plan]  
 ROIC: 10% or over  
 Return to shareholders: Maintain about DOE 3.5% with stable dividend and share buyback in accordance of financial condition  
 Environmental Target: Reduce CO<sub>2</sub> Emissions by 50% in 2027 (Baseline year: FY 2015/aligned with the SBT 1.5 degree Celsius target)

#### <Medium- to Long-term Management Strategies>

Nabtesco is reviving profitability by executing Project 10 (Reviving Potential) and evolving our technology toward smart motion control (Evolving Excellence) to deliver the value of our products and services, ultimately achieving our long-term vision of becoming a “leaders in innovation for the future.”

- 1) Regain earning power and profitability by executing Project 10  
Enhance profits through business growth, cost reduction, and optimization of fixed costs.
- 2) Smart Motion Control  
Our core competence in component technology is evolving from “motion control” to “smart motion control,” including electrification, integration and data solutions. This will create new value to address societal challenges in our business fields
- 3) Build a resilient corporate foundation  
Optimize our portfolio based on our vision (smart motion control) and profitability (ROIC)

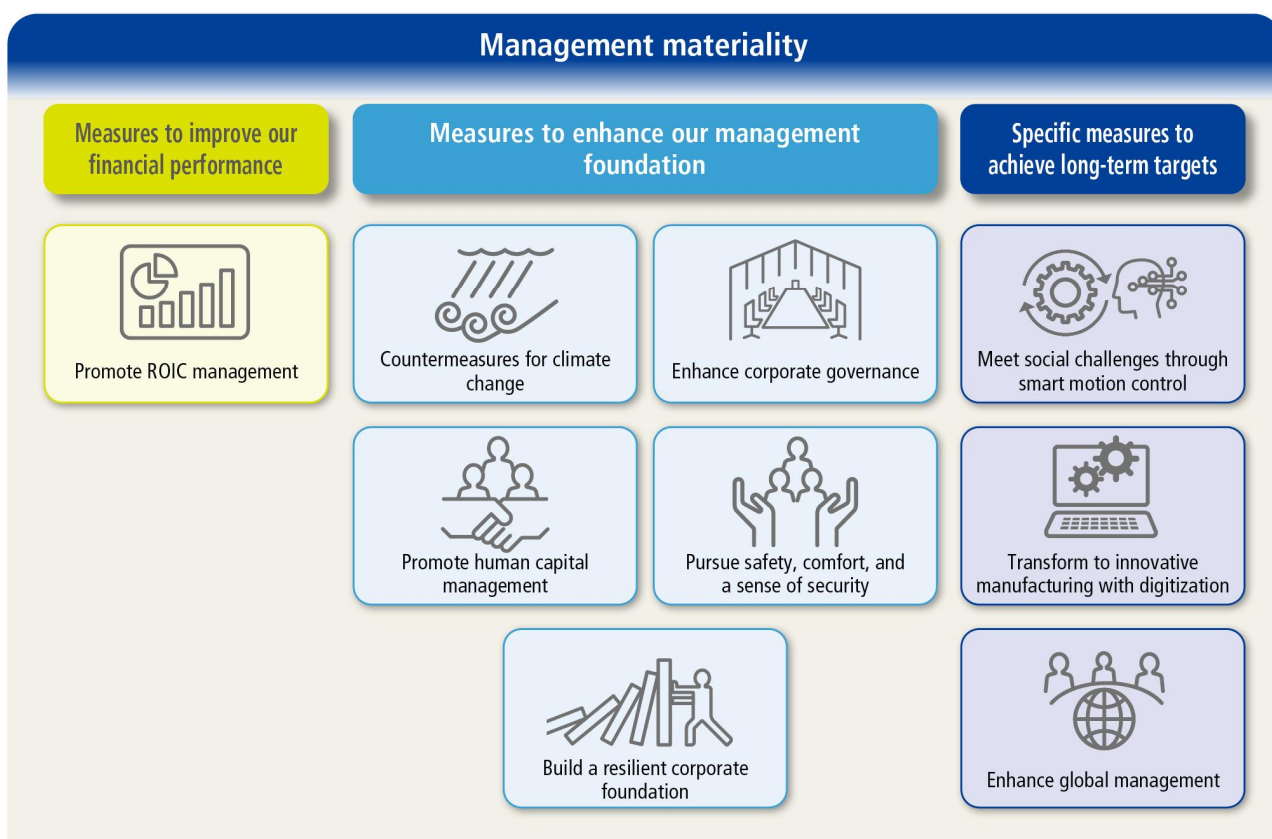
(Reference)Revision of Management Materiality

The Nabtesco Group regards management materiality as the top priority for management. Management materiality consists of three pillars, and we will aim to achieve a balance between economic, environmental, and social value from a long-term perspective by adopting both financial and non-financial measures. We will implement action while reviewing management materiality quickly and appropriately in consideration of changes in business environments and social demands in order to further strengthen our business foundation and create value for all stakeholders.

The Group finds social problems from social issues that should be solved through business strategies and from highly relevant ESG themes, etc., then analyzes materiality in terms of how they affect the Group itself and how they affect stakeholders, and then identifies management materiality. Its adequacy is determined at a meeting of the Board of Directors after exchanges of opinions with external experts and deliberations at the Management Materiality Committee and management meetings.

In FY 2024, we first examined the adequacy and materiality of our recognition of issues and then incorporated the aspects of “improving profitability called for in the new Medium-term Management Plan and concretizing innovation areas” and “double materiality with social demand.”

■ Management materiality



Also view the following:

<Value creation story and management materiality>

<https://www.nabtesco.com/en/about/sustainability/s-001/s-002/>

(4) Financial highlights

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Net sales (Million yen)	279,358	299,802	308,691	333,631	323,384
Operating income (Million yen)	28,533	30,017	18,097	17,376	14,788
Operating margin	10.2%	10.0%	5.9%	5.2%	4.6%
Profit attributable to owners of the parent (Million yen)	20,505	64,818	9,464	14,554	10,119
Total basic earnings per share (Yen)	165.18	534.67	78.87	121.25	84.25
Total equities (Million yen)	211,641	254,995	263,228	275,894	287,278
Equities attributable to owners of the parent per share (Yen)	1,594.10	1,999.10	2,071.87	2,169.52	2,248.31
Total assets (Million yen)	351,723	481,718	459,293	422,065	445,544
Return on invested capital (ROIC)	8.2%	8.1%	4.6%	4.2%	3.4%
Return on equity (ROE)	10.6%	29.6%	3.9%	5.7%	3.8%
Return on assets (ROA)	5.9%	15.6%	2.0%	3.3%	2.3%

(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 2024 was ¥12,051 million.

(6) Capital investment

The total amount of capital investment by the Group in FY 2024 was ¥20,125 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. Effective March 26, 2024, the Company raised funds with a total long-term borrowing of ¥10,000 million through syndication.

As a result of these, interest-bearing debt at the end of FY 2024 was ¥31,884 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
Nabtesco R&D Center	Kyoto, Kyoto
Tsu Plant	Tsu, Mie
Hamamatsu Plant	Hamamatsu, Shizuoka
Tarui Plant	Tarui-cho, Fuwa-gun, Gifu
Kobe Plant	Kobe, Hyogo
Gifu Plant	Tarui-cho, Fuwa-gun, Gifu
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
8,227	+69

(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.	5,971
UBS AG	3,858
MUFG Bank, Ltd.	3,842
Sumitomo Mitsui Banking Corporation	2,874



## 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 422,664 treasury shares)
- (3) Number of shareholders 25,710

	Number of shares held (thousand shares)	Shareholding ratio (%)
Financial institutions	35,942	29.69
Financial instruments business operators	4,868	4.02
Other domestic legal entities	16,485	13.62
Foreign legal entities	48,890	40.38
Individuals & others	14,456	11.94
Own shares	423	0.35

- (4) Major shareholders (Top 10)

	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,322	15.19
Custody Bank of Japan, Ltd. (Trust Account)	11,652	9.58
Central Japan Railway Company	5,171	4.29
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	5,168	4.28
FANUC CORPORATION	3,760	3.12
BNYM AS AGT/CLTS NON TREATY JASDEC	3,310	2.74
Harmonic Drive Systems Inc.	3,265	2.71
BBH (LUX) FOR FIDELITY FUNDS-GLOBAL TECHNOLOGY POOL	2,947	2.44
STATE STREET BANK WEST CLIENT - TREATY 505234	2,276	1.89
STATE STREET BANK AND TRUST COMPANY 505001	1,921	1.59

(Note) The shareholding ratio is calculated after deducting the number of treasury shares (422,664 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 33,908	1

(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: 28

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

2,800 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. 8 Subscription Right to Shares as Stock-based Compensation (FY2015)	¥1	From August 21, 2015 to August 20, 2040	Director	1	10
No. 9 Subscription Right to Shares as Stock-based Compensation (FY2016)	¥1	From May 21, 2016 to May 20, 2041	Director	1	18

(Notes)

1) Subscription rights to shares issued based on the long-term performance-linked stock compensation-type stock option compensation (as resolved at the 6<sup>th</sup> 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, 2024	As of January 1, 2025
Representative Director	Kazumasa Kimura	President and Chief Executive Officer (CEO)	
Representative Director	Atsushi Habe	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	-
Director	Seiji Takahashi	Managing Executive Officer; President, Accessibility Innovations Company	Managing Executive Officer; General Administration, Human Resources and Legal & Compliance
Director	Kiyoshi Ando	Executive Officer, President, Power Control Company	Executive Officer, Component Solutions Segment, President, Power Control 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	Outside Director of LINTEC Corporation	
Audit & Supervisory Board Member	Koji Nakano		
Audit & Supervisory Board Member	Yasuhito Nakagawa		
Audit & Supervisory Board Member (Independent)	Tetsuro Hirai		
Audit & Supervisory Board Member (Independent)	Masatoshi Hitomi	Outside Director of JAI A/S	
Audit & Supervisory Board Member (Independent)	Yasuhiro Tanabe	Attorney-at-law of Tokyo Fuji Law Office Special Advisor, National Institute of Advanced Industrial Science and Technology	

(Notes)

- 1) The Company has changed the Directors' duties on January 1, 2025. Therefore, the status of the assignment of the Directors as of January 1, 2025 is presented along with the status as of December 31, 2024.
- 2) Mr. Kiyoshi Ando was newly elected and assumed office as Director at the 21<sup>st</sup> Annual General Meeting of Shareholders held on March 26, 2024.
- 3) Messrs. Yasuhito Nakagawa, Masatoshi Hitomi and Yasuhiro Tanabe were newly elected and assumed office as Audit & Supervisory Board Member at the 21<sup>st</sup> Annual General Meeting of Shareholders held on March 26, 2024.
- 4) Ms. Mari Iizuka, Ms. Naoko Mizukoshi, Mr. Naoki Hidaka, Mr. Toshiya Takahata, and Mr. Seiichiro Shirahata are Outside Directors.
- 5) Messrs. Tetsuro Hirai, Masatoshi Hitomi and Yasuhiro Tanabe 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. Masatoshi Hitomi, Audit & Supervisory Board Member, has a considerable length of experience in corporate finance and accounting sectors and broad insight into the fields of finance and accounting.
- 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. Tetsuro Hirai, Masatoshi Hitomi and Yasuhiro Tanabe as independent directors/auditors under the provisions set forth by the Tokyo Stock Exchange.
- 10) Mr. Masatoshi Hitomi, Audit & Supervisory Board Member, retired from Outside Director of JAI A/S on January 7, 2025.

(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. Tetsuro Hirai, Masatoshi Hitomi and Yasuhiro Tanabe.

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]

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

\* 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 (three years) (coefficient: 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 are vested at the end of each year's term and given 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 CO<sub>2</sub> 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
4.2%	333,631 million yen	17,376 million yen	14,554 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, 2023.

■ 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	4
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]	241 [53]	171 [53]	35 —	— —	35 —	11 [5]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]	80 [26]	80 [26]	— —	— —	— —	8 [5]
Total	321	251	35	—	35	19

(Notes)

- 1) The “Number of Directors and Audit & Supervisory Board Members” for Directors includes one Director and three Audit Supervisory Board Member (including two Audit & Supervisory Board Members (Independent)) 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 21<sup>st</sup> Annual General Meeting of Shareholders (March 26, 2024) is set at 400 million yen per year for Directors (of which 70 million yen is for Outside Directors). The number of Directors at the conclusion of the 21<sup>st</sup> Annual General Meeting of Shareholders was ten (including five Outside Directors).
- 5) The upper limit on compensation as resolved at the 14<sup>th</sup> 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 14<sup>th</sup> Annual General Meeting of Shareholders was five (including three Audit & Supervisory Board Members (Independent)).
- 6) 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 14<sup>th</sup> 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 14<sup>th</sup> Annual General Meeting of Shareholders (March 28, 2017). The number of Directors at the conclusion of the 14<sup>th</sup> 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	100%	—	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	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 digital transformation. 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
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.
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.
Audit & Supervisory Board Member	Masatoshi Hitomi	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	Yasuhiro Tanabe	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.

(Notes)

- 1) The number of Board of Directors meetings and number of Audit & Supervisory Board meetings held in the fiscal year were 15 and 13, respectively.
- 2) Since Messrs. Masatoshi Hitomi and Yasuhiro Tanabe assumed office as Audit & Supervisory Board Members on March 26, 2024, the number of Board of Directors meetings / Audit & Supervisory Board Members meetings to be attended on and after that day were 11 and 10, respectively



## 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	122	—
Subsidiaries	16	—
Total	138	—

(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 three times 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) At our in-house companies, and domestic and overseas subsidiaries, the head of each organization is assigned as a Risk Management Officer. 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, supporting 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 three times 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 13 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

Fifteen 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 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) | The 22 <sup>nd</sup> Fiscal Year<br>(As of December 31, 2024) |
|---------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Assets)</b>                                   |                                                                              |                                                               |
| <b>Current assets</b>                             | <b>220,847</b>                                                               | <b>229,083</b>                                                |
| Cash and cash equivalents                         | 77,835                                                                       | 74,476                                                        |
| Trade receivables                                 | 79,196                                                                       | 88,932                                                        |
| Contract assets                                   | 3,554                                                                        | 3,212                                                         |
| Other receivables                                 | 1,682                                                                        | 1,361                                                         |
| Inventories                                       | 50,969                                                                       | 53,387                                                        |
| Other financial assets                            | 616                                                                          | 698                                                           |
| Other current assets                              | 6,995                                                                        | 7,016                                                         |
| <b>Non-current assets</b>                         | <b>201,218</b>                                                               | <b>216,461</b>                                                |
| Property, plant and equipment                     | 107,527                                                                      | 114,340                                                       |
| Intangible assets                                 | 11,624                                                                       | 12,955                                                        |
| Right-of-use assets                               | 8,908                                                                        | 12,122                                                        |
| Goodwill                                          | 25,750                                                                       | 26,259                                                        |
| Investment property                               | 10,394                                                                       | 9,309                                                         |
| Investments accounted for using the equity method | 21,139                                                                       | 21,000                                                        |
| Other financial assets                            | 12,550                                                                       | 14,648                                                        |
| Deferred tax assets                               | 2,313                                                                        | 2,364                                                         |
| Other non-current assets                          | 1,013                                                                        | 3,464                                                         |
| <b>Total assets</b>                               | <b>422,065</b>                                                               | <b>445,544</b>                                                |



(Million yen)

| Description                                        | (Reference)<br>The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) | The 22 <sup>nd</sup> Fiscal Year<br>(As of December 31, 2024) |
|----------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Liabilities)</b>                               |                                                                              |                                                               |
| <b>Current liabilities</b>                         | <b>119,491</b>                                                               | <b>117,111</b>                                                |
| Operating payables                                 | 50,783                                                                       | 51,178                                                        |
| Contract liabilities                               | 8,053                                                                        | 11,463                                                        |
| Borrowings                                         | 21,400                                                                       | 21,817                                                        |
| Other payables                                     | 23,392                                                                       | 16,030                                                        |
| Income taxes payable                               | 3,018                                                                        | 2,461                                                         |
| Provisions                                         | 2,720                                                                        | 2,233                                                         |
| Lease liabilities                                  | 2,799                                                                        | 3,319                                                         |
| Other financial liabilities                        | –                                                                            | 28                                                            |
| Other current liabilities                          | 7,327                                                                        | 8,582                                                         |
| <b>Non-current liabilities</b>                     | <b>26,679</b>                                                                | <b>41,156</b>                                                 |
| Borrowings                                         | 173                                                                          | 10,067                                                        |
| Lease liabilities                                  | 8,060                                                                        | 10,634                                                        |
| Liabilities concerning retirement benefit          | 8,736                                                                        | 8,144                                                         |
| Deferred tax liabilities                           | 7,045                                                                        | 6,799                                                         |
| Other financial liabilities                        | 516                                                                          | 670                                                           |
| Other non-current liabilities                      | 2,149                                                                        | 4,844                                                         |
| <b>Total liabilities</b>                           | <b>146,171</b>                                                               | <b>158,267</b>                                                |
| <b>(Equity)</b>                                    |                                                                              |                                                               |
| <b>Equity attributable to owners of the parent</b> | <b>260,470</b>                                                               | <b>270,093</b>                                                |
| Capital stock                                      | 10,000                                                                       | 10,000                                                        |
| Share premium                                      | 15,139                                                                       | 14,998                                                        |
| Retained earnings                                  | 220,495                                                                      | 223,333                                                       |
| Treasury shares                                    | (3,943)                                                                      | (3,638)                                                       |
| Other components of equity                         | 18,778                                                                       | 25,400                                                        |
| <b>Non-controlling interests</b>                   | <b>15,424</b>                                                                | <b>17,185</b>                                                 |
| <b>Total equity</b>                                | <b>275,894</b>                                                               | <b>287,278</b>                                                |
| <b>Total liabilities and equity</b>                | <b>422,065</b>                                                               | <b>445,544</b>                                                |

## Consolidated Statement of Income

(Million yen)

| Description                                  | (Reference)<br>The 21 <sup>st</sup> Fiscal Year<br>(From January 1, 2023<br>to December 31, 2023) | The 22 <sup>nd</sup> Fiscal Year<br>(From January 1, 2024<br>to December 31, 2024) |
|----------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Net sales</b>                             | <b>333,631</b>                                                                                    | <b>323,384</b>                                                                     |
| <b>Cost of sales</b>                         | <b>(250,970)</b>                                                                                  | <b>(236,255)</b>                                                                   |
| <b>Gross profit</b>                          | <b>82,661</b>                                                                                     | <b>87,129</b>                                                                      |
| Other income                                 | 6,517                                                                                             | 1,196                                                                              |
| Selling, general and administrative expenses | (66,861)                                                                                          | (71,167)                                                                           |
| Other expenses                               | (4,941)                                                                                           | (2,370)                                                                            |
| <b>Operating income</b>                      | <b>17,376</b>                                                                                     | <b>14,788</b>                                                                      |
| Financial income                             | 5,202                                                                                             | 1,140                                                                              |
| Financial costs                              | (1,090)                                                                                           | (918)                                                                              |
| Equity in earnings of affiliates             | 4,141                                                                                             | 737                                                                                |
| <b>Income before tax</b>                     | <b>25,629</b>                                                                                     | <b>15,747</b>                                                                      |
| Income tax expense                           | (9,199)                                                                                           | (4,051)                                                                            |
| <b>Net income</b>                            | <b>16,430</b>                                                                                     | <b>11,696</b>                                                                      |
| <b>Net income attributable to</b>            |                                                                                                   |                                                                                    |
| Owners of the parent                         | 14,554                                                                                            | 10,119                                                                             |
| Non-controlling interests                    | 1,876                                                                                             | 1,577                                                                              |
| <b>Net income</b>                            | <b>16,430</b>                                                                                     | <b>11,696</b>                                                                      |

Consolidated Statement of Changes in Equity  
(From January 1, 2024 to December 31, 2024)

(Million yen)

|                                                                                          | Equity attributable to owners of the parent |               |                   |                 |
|------------------------------------------------------------------------------------------|---------------------------------------------|---------------|-------------------|-----------------|
|                                                                                          | Capital stock                               | Share premium | Retained earnings | Treasury shares |
| Balance as of January 1, 2024                                                            | 10,000                                      | 15,139        | 220,495           | (3,943)         |
| Net income                                                                               |                                             |               | 10,119            |                 |
| Other comprehensive income                                                               |                                             |               |                   |                 |
| Total comprehensive income                                                               |                                             |               | 10,119            |                 |
| Acquisitions, sales, etc. of treasury shares                                             |                                             |               | (34)              | 304             |
| Dividends                                                                                |                                             |               | (9,651)           |                 |
| Increase (decrease) in non-controlling interests due to capital increase of subsidiaries |                                             |               |                   |                 |
| Transfer from other components of equity to retained earnings                            |                                             |               | 2,404             |                 |
| Share-based compensation transactions                                                    |                                             | (142)         |                   |                 |
| Total transactions with owners, etc.                                                     | —                                           | (142)         | (7,281)           | 304             |
| Balance as of December 31, 2024                                                          | 10,000                                      | 14,998        | 223,333           | (3,638)         |

|                                                                                          | 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, 2024                                                            | 15,133                                      | 3,646                                            | —                                                       | 18,778  | 260,470                                           | 15,424                    | 275,894      |
| Net income                                                                               |                                             |                                                  |                                                         | —       | 10,119                                            | 1,577                     | 11,696       |
| Other comprehensive income                                                               | 5,521                                       | 1,213                                            | 2,293                                                   | 9,026   | 9,026                                             | 1,247                     | 10,273       |
| Total comprehensive income                                                               | 5,521                                       | 1,213                                            | 2,293                                                   | 9,026   | 19,145                                            | 2,824                     | 21,969       |
| Acquisitions, sales, etc. of treasury shares                                             |                                             |                                                  |                                                         | —       | 270                                               |                           | 270          |
| Dividends                                                                                |                                             |                                                  |                                                         | —       | (9,651)                                           | (1,249)                   | (10,900)     |
| Increase (decrease) in non-controlling interests due to capital increase of subsidiaries |                                             |                                                  |                                                         | —       | —                                                 | 185                       | 185          |
| Transfer from other components of equity to retained earnings                            |                                             | (112)                                            | (2,293)                                                 | (2,404) | —                                                 | —                         | —            |
| Share-based compensation transactions                                                    |                                             |                                                  |                                                         | —       | (142)                                             |                           | (142)        |
| Total transactions with owners, etc.                                                     | —                                           | (112)                                            | 2,293                                                   | (2,404) | (9,522)                                           | (1,063)                   | (10,586)     |
| Balance as of December 31, 2024                                                          | 20,653                                      | 4,747                                            | —                                                       | 25,400  | 270,093                                           | 17,185                    | 287,278      |

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheet

(Million yen)

| Description                                                 | (Reference)<br>The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) | The 22 <sup>nd</sup> Fiscal Year<br>(As of December 31, 2024) |
|-------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Assets)</b>                                             |                                                                              |                                                               |
| <b>Current assets</b>                                       | <b>115,899</b>                                                               | <b>108,575</b>                                                |
| Cash and time deposits                                      | 24,708                                                                       | 26,656                                                        |
| Notes receivable                                            | 3,516                                                                        | 3,414                                                         |
| Trade accounts receivable                                   | 48,368                                                                       | 49,533                                                        |
| Marketable securities                                       | 8,999                                                                        | —                                                             |
| Goods and products                                          | 3,955                                                                        | 3,504                                                         |
| Products in progress                                        | 6,375                                                                        | 7,316                                                         |
| Raw materials and stored goods                              | 8,378                                                                        | 9,000                                                         |
| Other accounts receivable                                   | 5,080                                                                        | 3,880                                                         |
| Advances paid                                               | 5,053                                                                        | 3,869                                                         |
| Other current assets                                        | 1,466                                                                        | 1,403                                                         |
| <b>Fixed assets</b>                                         | <b>159,641</b>                                                               | <b>165,820</b>                                                |
| <b>Tangible fixed assets</b>                                | <b>84,258</b>                                                                | <b>90,307</b>                                                 |
| Buildings                                                   | 20,375                                                                       | 34,972                                                        |
| Structures                                                  | 1,074                                                                        | 1,894                                                         |
| Machinery and equipment                                     | 20,779                                                                       | 24,797                                                        |
| Vehicles and transport equipment                            | 173                                                                          | 286                                                           |
| Tools, apparatus and furniture                              | 2,859                                                                        | 2,979                                                         |
| Land                                                        | 13,970                                                                       | 12,939                                                        |
| Construction in progress                                    | 25,028                                                                       | 12,439                                                        |
| <b>Intangible fixed assets</b>                              | <b>4,226</b>                                                                 | <b>4,147</b>                                                  |
| Software                                                    | 3,441                                                                        | 3,461                                                         |
| Other intangible fixed assets                               | 785                                                                          | 686                                                           |
| <b>Investments and other assets</b>                         | <b>71,157</b>                                                                | <b>71,366</b>                                                 |
| Investments in securities                                   | 4,247                                                                        | 5,194                                                         |
| Shares of subsidiaries and associates                       | 38,946                                                                       | 39,505                                                        |
| Investments in capital of subsidiaries and associates       | 16,091                                                                       | 16,762                                                        |
| Long-term loans receivable from subsidiaries and associates | 8,150                                                                        | 6,634                                                         |
| Long-term prepaid expenses                                  | 199                                                                          | 115                                                           |
| Deferred tax assets                                         | 2,194                                                                        | 1,796                                                         |
| Other investments and other assets                          | 1,340                                                                        | 1,368                                                         |
| Allowance for doubtful accounts                             | (11)                                                                         | (8)                                                           |
| <b>Total assets</b>                                         | <b>275,540</b>                                                               | <b>274,395</b>                                                |

(Million yen)

| Description                                  | (Reference)<br>The 21 <sup>st</sup> Fiscal Year<br>(As of December 31, 2023) | The 22 <sup>nd</sup> Fiscal Year<br>(As of December 31, 2024) |
|----------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>(Liabilities)</b>                         |                                                                              |                                                               |
| <b>Current liabilities</b>                   | <b>91,951</b>                                                                | <b>81,987</b>                                                 |
| Trade accounts payable                       | 9,355                                                                        | 9,637                                                         |
| Electronically recorded obligations - trade  | 33,125                                                                       | 31,955                                                        |
| Short-term loans payable                     | 11,300                                                                       | 11,300                                                        |
| Other accounts payable                       | 17,397                                                                       | 9,054                                                         |
| Income taxes payable                         | 656                                                                          | 346                                                           |
| Accrued expenses                             | 2,266                                                                        | 2,836                                                         |
| Contract liabilities                         | 211                                                                          | 248                                                           |
| Deposits received                            | 17,111                                                                       | 15,910                                                        |
| Allowance for product warranty               | 529                                                                          | 672                                                           |
| Provision for loss on order received         | 0                                                                            | —                                                             |
| Other current liabilities                    | 1                                                                            | 28                                                            |
| <b>Long-term liabilities</b>                 | <b>8,771</b>                                                                 | <b>18,578</b>                                                 |
| Long-term loans payable                      | —                                                                            | 10,000                                                        |
| Provision for retirement bonus               | 6,714                                                                        | 6,472                                                         |
| Other long-term liabilities                  | 2,057                                                                        | 2,106                                                         |
| <b>Total liabilities</b>                     | <b>100,722</b>                                                               | <b>100,564</b>                                                |
| <b>(Net assets)</b>                          |                                                                              |                                                               |
| <b>Shareholders' equity</b>                  | <b>173,560</b>                                                               | <b>171,760</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>141,229</b>                                                               | <b>139,124</b>                                                |
| Legal earned surplus                         | 1,077                                                                        | 1,077                                                         |
| Other earned surplus                         | 140,152                                                                      | 138,048                                                       |
| Reserve for advanced depreciation of assets  | 188                                                                          | 167                                                           |
| Earned surplus brought forward               | 139,964                                                                      | 137,881                                                       |
| <b>Treasury stock</b>                        | <b>(3,943)</b>                                                               | <b>(3,638)</b>                                                |
| <b>Valuation and translation adjustments</b> | <b>1,214</b>                                                                 | <b>2,054</b>                                                  |
| Valuation difference on other securities     | 1,214                                                                        | 2,054                                                         |
| <b>Subscription rights to shares</b>         | <b>44</b>                                                                    | <b>16</b>                                                     |
| <b>Total net assets</b>                      | <b>174,818</b>                                                               | <b>173,831</b>                                                |
| <b>Total liabilities and net assets</b>      | <b>275,540</b>                                                               | <b>274,395</b>                                                |

## Non-consolidated Statement of Income

(Million yen)

| Description                                           | (Reference)<br>The 21 <sup>st</sup> Fiscal Year<br>(From January 1, 2023<br>to December 31, 2023) | The 22 <sup>nd</sup> Fiscal Year<br>(From January 1, 2024<br>to December 31, 2024) |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Net sales</b>                                      | <b>176,334</b>                                                                                    | <b>155,923</b>                                                                     |
| <b>Cost of sales</b>                                  | <b>149,878</b>                                                                                    | <b>133,447</b>                                                                     |
| <b>Gross profit</b>                                   | <b>26,457</b>                                                                                     | <b>22,476</b>                                                                      |
| Selling, general and administrative expenses          | 23,362                                                                                            | 24,730                                                                             |
| <b>Operating income (loss)</b>                        | <b>3,095</b>                                                                                      | <b>(2,253)</b>                                                                     |
| <b>Non-operating income</b>                           | <b>9,314</b>                                                                                      | <b>9,502</b>                                                                       |
| Interest income                                       | 291                                                                                               | 288                                                                                |
| Dividend income                                       | 7,218                                                                                             | 8,287                                                                              |
| Foreign exchange gains                                | 1,284                                                                                             | 670                                                                                |
| Rent income                                           | 143                                                                                               | 112                                                                                |
| Income from partnerships                              | 162                                                                                               | –                                                                                  |
| Other non-operating income                            | 216                                                                                               | 145                                                                                |
| <b>Non-operating expenses</b>                         | <b>757</b>                                                                                        | <b>827</b>                                                                         |
| Interest expenses                                     | 109                                                                                               | 174                                                                                |
| Loss on partnerships                                  | –                                                                                                 | 380                                                                                |
| Loss on valuation of derivatives                      | 522                                                                                               | 152                                                                                |
| Rent property expenses                                | 54                                                                                                | 22                                                                                 |
| Other non-operating expenses                          | 71                                                                                                | 99                                                                                 |
| <b>Ordinary income</b>                                | <b>11,653</b>                                                                                     | <b>6,422</b>                                                                       |
| <b>Extraordinary gains</b>                            | <b>6,129</b>                                                                                      | <b>2,999</b>                                                                       |
| Gain on sales of fixed assets                         | 269                                                                                               | 9                                                                                  |
| Gain on sale of investment securities                 | –                                                                                                 | 113                                                                                |
| Insurance claim income                                | –                                                                                                 | 118                                                                                |
| Subsidy income                                        | –                                                                                                 | 2,759                                                                              |
| Gain on sale of shares of subsidiaries and associates | 1,630                                                                                             | –                                                                                  |
| Gain on valuation of derivatives                      | 4,230                                                                                             | –                                                                                  |
| <b>Extraordinary losses</b>                           | <b>322</b>                                                                                        | <b>1,247</b>                                                                       |
| Loss on sales and retirement of non-current assets    | 322                                                                                               | 272                                                                                |
| Impairment losses                                     | –                                                                                                 | 976                                                                                |
| <b>Income before income taxes and adjustments</b>     | <b>17,459</b>                                                                                     | <b>8,173</b>                                                                       |
| Income taxes - current                                | 2,487                                                                                             | 566                                                                                |
| Income taxes - deferred                               | 279                                                                                               | 26                                                                                 |
| <b>Net income</b>                                     | <b>14,694</b>                                                                                     | <b>7,581</b>                                                                       |

Non-consolidated Statement of Changes in Equity  
(From January 1, 2024 to December 31, 2024)

(Million yen)

|                                                         | Shareholders' equity |                       |                       |
|---------------------------------------------------------|----------------------|-----------------------|-----------------------|
|                                                         | Capital stock        | Capital stock         |                       |
|                                                         |                      | Legal capital surplus | Total capital surplus |
| Balance as of January 1, 2024                           | 10,000               | 26,274                | 26,274                |
| Changes of items during the period                      |                      |                       |                       |
| Dividends from surplus                                  |                      |                       | —                     |
| Reversal of reserve for advanced depreciation 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, 2024                         | 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, 2024                           | 1,077                | 188                                         | 139,964                        | 141,229              | (3,943) | 173,560        |                            |
| Changes of items during the period                      |                      |                                             |                                |                      |         |                |                            |
| Dividends from surplus                                  |                      |                                             | (9,651)                        | (9,651)              |         | (9,651)        |                            |
| Reversal of reserve for advanced depreciation of assets |                      | (21)                                        | 21                             | —                    |         | —              |                            |
| Net income                                              |                      |                                             | 7,581                          | 7,581                |         | 7,581          |                            |
| Purchase of treasury stock                              |                      |                                             |                                | —                    | (2)     | (2)            |                            |
| Disposal of treasury stock                              |                      |                                             | (34)                           | (34)                 | 307     | 272            |                            |
| Net changes of items other than shareholders' equity    |                      |                                             |                                | —                    |         | —              |                            |
| Total changes of items during the period                | —                    | (21)                                        | (2,083)                        | (2,104)              | 304     | (1,800)        |                            |
| Balance as of December 31, 2024                         | 1,077                | 167                                         | 137,881                        | 139,124              | (3,638) | 171,760        |                            |



(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, 2024                           | 1,214                                    | 1,214                                       | 44                            | 174,818          |
| Changes of items during the period                      |                                          |                                             |                               |                  |
| Dividends from surplus                                  |                                          | —                                           |                               | (9,651)          |
| Reversal of reserve for advanced depreciation of assets |                                          | —                                           |                               | —                |
| Net income                                              |                                          | —                                           |                               | 7,581            |
| Purchase of treasury stock                              |                                          | —                                           |                               | (2)              |
| Disposal of treasury stock                              |                                          | —                                           |                               | 272              |
| Net changes of items other than shareholders' equity    | 840                                      | 840                                         | (28)                          | 812              |
| Total changes of items during the period                | 840                                      | 840                                         | (28)                          | (987)            |
| Balance as of December 31, 2024                         | 2,054                                    | 2,054                                       | 16                            | 173,831          |