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Securities Code: 6486

Start date of measures for electronic provision: May 23, 2024

Date of sending by postal mail: June 5, 2024

To our shareholders:

Tetsuji Tsuru  
Representative Director and President  
**Eagle Industry Co., Ltd.**  
(Location of the Head Office)  
1-12-15 Shiba-Daimon, Minato-ku, Tokyo  
(Location of the Headquarters)  
14F, Shiba-Park Bldg.-B, 2-4-1, Shiba-koen, Minato-ku,  
Tokyo

## NOTICE OF THE FY2023 ORDINARY GENERAL MEETING OF SHAREHOLDERS

The FY2023 Ordinary General Meeting of Shareholders of Eagle Industry Co., Ltd. (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the shareholders meeting, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format. This information is posted on each of the websites below, so please access either of those websites to confirm the information.

The Company’s website:

Access the following website, then click “Information.”

The Company’s website:

<https://www.ekkeagle.com/en/>

TSE website (Listed Company Search):

In addition to posting items subject to measures for electronic provision on the website above, the Company also posts this information on the website of the Tokyo Stock Exchange (TSE).

Access the following TSE website, enter “Eagle Industry” in “Issue name (company name)” or the Company’s securities code “6486” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”

TSE website:

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

If attending the meeting in person, please present the voting form at the reception desk.

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or postal mail.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:15 p.m., Monday, June 24, 2024 (JST).

- 1. Date and Time:** Tuesday, June 25, 2024 at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)
- 2. Venue:** N.O. Room, AP Hamamatsucho, B1F, Shiba-Park Bldg.-B  
2-4-1, Shiba-koen, Minato-ku, Tokyo
- Please see the guide to the venue of the General Meeting of Shareholders for details. In the event that the venue is changed, notice will be provided on our website (<https://www.ekkeagle.com/jp/>) (in Japanese).

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the FY2023 (from April 1, 2023 to March 31, 2024), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the FY2023 (from April 1, 2023 to March 31, 2024)

**Items to be resolved:**

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Amendment to the Articles of Incorporation
- Proposal 3:** Election of eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Proposal 4:** Election of four (4) Directors who are Audit & Supervisory Committee Members
- Proposal 5:** Determination of the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Proposal 6:** Determination of the amount of compensation for Directors who are Audit & Supervisory Committee Members
- Proposal 7:** Amendment to the performance-linked stock compensation plan for Directors, etc.

- Shareholders who have made a request for delivery of paper-based documents by March 31, 2024 will also receive paper-based documents stating items subject to measures for electronic provision (this document). The following matters are excluded from this document under the provisions of laws and regulations and Article 14, paragraph 2 of the Articles of Incorporation of the Company.
  - Business Report
  - (1) Among Items Related to the Current Status of the Corporate Group, “main business contents,” “major sales offices and factories,” “status of employees,” and “status of major borrowers”
  - (2) Among Items Related to Company Officers, “Items related to Outside Officers”
  - (3) Items Related to Company Shares
  - (4) Items Related to Stock Acquisition Rights
  - (5) Status of the Accounting Auditor
  - (6) Structure to Ensure Appropriate Operations and Operational Status of Said Structure
    - Consolidated Financial Statements “Consolidated Statement of Shareholders’ Equity” and “Notes to Consolidated Financial Statements”
    - Non-Consolidated Financial Statements “Balance Sheets,” “Statements of Income,” “Statement of Shareholders’ Equity,” and “Notes to Non-Consolidated Financial Statements”
    - Accounting audit report on Non-Consolidated Financial Statements
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on each of the above websites.

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of surplus

The Company's basic policy regarding the distribution of profits to our shareholders is to pay stable dividends that take into account the balance between profit return and internal reserves for medium- to long-term growth.

In line with the above, we have set a DOE target of at least 3.0% for the three-year medium-term management plan, which started in FY2023, and propose payment as follows.

#### Matters related to year-end dividends

In accordance with the above basic policy, the Company proposes to pay a year-end dividend of 45 yen per share for FY2023.

As 35 yen per share was paid as an interim dividend, total dividends per share for the fiscal year will be 80 yen.

1. Type of dividend property  
Cash
2. Allocation of dividend property and total amount thereof  
45 yen per common share of the Company  
Total amount of dividends: 2,104,050,060 yen
3. Effective date of distribution of dividends of surplus  
June 26, 2024

**Proposal 2:** Amendment to the Articles of Incorporation

1. Reasons for the Proposal

- (1) In order to expedite decision-making by delegating the authority to decide about important business execution to Directors and further improve corporate governance by reinforcing the supervisory function of the Board of Directors, the Company decided on its transition to a company with Audit & Supervisory Committee. For that purpose, the Company will make amendments, including establishment of provisions regarding the Audit & Supervisory Committee Members and the Audit & Supervisory Committee, deletion of provisions regarding Corporate Auditors and the Board of Corporate Auditors, and establishment of provisions regarding delegation of decision about important business execution, which are required for the transition to a company with Audit & Supervisory Committee.
- (2) For agile capital policies and dividend policies, the Company will, as proposed, establish Article 42 (Decision-Making Body for Dividends of Surplus, etc.) and Article 43 (Record Date for Dividends of Surplus) of the Articles of Incorporation, and delete Article 6 (Acquisition of Treasury Stocks), Article 46 (Year-end Dividends), and Article 47 (Interim Dividends) of the current Articles of Incorporation, whose contents overlap, in order to make it possible to pay dividends of surplus, etc. by the resolution of the Board of Directors under the provisions of Article 459, Paragraph 1 of the Companies Act.
- (3) In line with the amendments above, the Company will make required amendments, such as changing the article numbers and ensuring consistency.

2. Content of Amendments

Details of the proposed amendments are as follows.

These amendments to the Articles of Incorporation shall become effective at the conclusion of this Meeting.

(Underlining denotes change)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter I. General Provisions</p> <p>Articles 1 to 4 (Text omitted)</p> <p style="text-align: center;">Chapter II. Shares</p> <p>Article 5 (Text omitted) <u>(Acquisition of Treasury Stocks)</u></p> <p><u>Article 6</u> <u>Pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, the Company may acquire its treasury stocks through transactions in the market, etc., by a resolution of the Board of Directors.</u></p> <p>Articles <u>7</u> to <u>8</u> (Text omitted) (Administration of Shareholders Register)</p> <p>Article <u>9</u> (1) (Text omitted) (2) The Administrator of Shareholders Register and its office for handling the business shall be designated by a resolution of the Board of Directors, and public notice thereof shall be given.  (3) (Text omitted) (Share Handling Regulations)</p> <p>Article <u>10</u> Entries or records in the Shareholders Register of the Company, purchases of shares constituting less than one unit (Tangen) of shares, other matters related to shares, procedures and such like on the exercise of rights by shareholders and the fees thereof shall be governed by the “Share Handling Regulations” established by the Board of Directors.</p> <p>Article <u>11</u> (Text omitted)</p>	<p style="text-align: center;">Chapter I. General Provisions</p> <p>Articles 1 to 4 (Not amended)</p> <p style="text-align: center;">Chapter II. Shares</p> <p>Article 5 (Not amended)  (Deleted)</p> <p>Articles <u>6</u> to <u>7</u> (Not amended) (Administration of Shareholders Register)</p> <p>Article <u>8</u> (1) (Not amended) (2) The Administrator of Shareholders Register and its office for handling the business shall be designated by a resolution of the Board of Directors <u>or a decision by Directors to whom the Board of Directors delegated the authority</u>, and public notice thereof shall be given.  (3) (Not amended) (Share Handling Regulations)</p> <p>Article <u>9</u> Entries or records in the Shareholders Register of the Company, purchases of shares constituting less than one unit (Tangen) of shares, other matters related to shares, procedures and such like on the exercise of rights by shareholders and the fees thereof shall be governed by the “Share Handling Regulations” established by the Board of Directors <u>or Directors to whom the Board of Directors delegated the authority</u>.</p> <p>Article <u>10</u> (Not amended)</p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter III. General Meeting of Shareholders Articles <u>12</u> to <u>17</u> (Text omitted)</p> <p style="text-align: center;">Chapter IV. Directors and Board of Directors Article <u>18</u> (Text omitted) (Number of Directors and Their Election) Article <u>19</u> (1) The Company shall have no more than twelve (12) Directors.  (Newly established)  (Newly established)</p> <p><del>(2) (Text omitted)</del> <del>(3) (Text omitted)</del> (Representative Director and Directors with Specific Titles) Article <u>20</u> (1) The Board of Directors shall, by its resolution, appoint the Representative Directors who shall represent the Company.  (2) The Board of Directors may, by its resolution, select from among its members one (1) Chairman, one (1) President, several Vice Presidents, several Senior Managing Directors and several Managing Directors.  (Term of Office of Directors) Article <u>21</u> (1) (Text omitted)  (Newly established)</p> <p>(2) The term of office of a Director elected to fill a vacancy or elected due to an increase in the number of Directors shall be until the expiry of the term of office of the Directors in office at the time of his/her election.  (Newly established)</p> <p>(Remuneration and Other Compensation of Directors) Article <u>22</u> The remuneration and other compensation paid to a Director shall be determined by a resolution of the General Meeting of Shareholders.</p> <p>Articles <u>23</u> to <u>24</u> (Text omitted) (Authority of the Board of Directors)</p>	<p style="text-align: center;">Chapter III. General Meeting of Shareholders Articles <u>11</u> to <u>16</u> (Not amended)</p> <p style="text-align: center;">Chapter IV. Directors and Board of Directors Article <u>17</u> (Not amended) (Number of Directors and Their Election) Article <u>18</u> (1) The Company shall have no more than twelve (12) Directors <u>(excluding Directors who are Audit &amp; Supervisory Committee Members)</u>. (2) <u>The Company shall have no more than six (6) Directors who are Audit &amp; Supervisory Committee Members (hereinafter referred to as "Audit &amp; Supervisory Committee Members")</u>. (3) <u>Audit &amp; Supervisory Committee Members and other Directors shall be elected separately by resolutions of the General Meeting of Shareholders</u>. (4) (Not amended) (5) (Not amended) (Representative Director and Directors with Specific Titles) Article <u>19</u> (1) The Board of Directors shall, by its resolution, appoint the Representative Directors who shall represent the Company <u>among Directors who are not Audit &amp; Supervisory Committee Members</u>. (2) The Board of Directors may, by its resolution, select from among its members <u>who are not Audit &amp; Supervisory Committee Members</u> one (1) Chairman, one (1) President, several Vice Presidents, several Senior Managing Directors and several Managing Directors.  (Term of Office of Directors) Article <u>20</u> (1) (Not amended) (2) <u>Notwithstanding the provisions of the preceding paragraph, the term of office of an Audit &amp; Supervisory Committee Member shall expire at the close of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two (2) years after his/her election</u>. (3) The term of office of a Director <u>who is not an Audit &amp; Supervisory Committee Member</u> elected to fill a vacancy or elected due to an increase in the number of Directors shall be until the expiry of the term of office of the Directors in office at the time of his/her election. (4) <u>The term of office of an Audit &amp; Supervisory Committee Member elected to fill a vacancy of an Audit &amp; Supervisory Committee Member who retired before the termination of office shall be until the expiry of the term of office of the retired Audit &amp; Supervisory Committee Member</u>.</p> <p>(Remuneration and Other Compensation of Directors) Article <u>21</u> The remuneration and other compensation paid to <u>Audit &amp; Supervisory Committee Members and other Directors</u> shall be determined <u>separately</u> by resolutions of the General Meeting of Shareholders.</p> <p>Articles <u>22</u> to <u>23</u> (Not amended) (Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p>Article 25</p> <p>(1) <u>The Board of Directors shall determine the business execution of the Company, in addition to matters stipulated by laws and regulations and these Articles of Incorporation.</u></p> <p>(2) <u>Matters relating to the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors.</u> (Newly established)</p> <p>(Newly established)</p>	<p><u>(Delegation of the Authority to Decide about Business Execution to Directors)</u></p> <p>Article 24 <u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate the whole or part of the authority to decide about important business execution (excluding matters stipulated in each item of Article 399-13, Paragraph 5 of the Companies Act) to Directors by a resolution of the Board of Directors.</u> <u>(Regulations of the Board of Directors)</u></p> <p>Article 25 <u>Matters relating to the Board of Directors shall be governed by the Regulations of the Board of Directors separately established by the Board of Directors, in addition to provisions of laws and regulations and these Articles of Incorporation.</u></p>
<p>Article 26 (Text omitted) (Notice of Convocation of a Meeting of the Board of Directors)</p>	<p>Article 26 (Not amended) (Notice of Convocation of a Meeting of the Board of Directors)</p>
<p>Article 27</p> <p>(1) A notice of the convocation of a meeting of the Board of Directors shall be dispatched to <u>every Director and every Corporate Auditor</u> at least four (4) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</p> <p>(2) A meeting of the Board of Directors may be convened without conforming to the convocation procedure under the preceding paragraph with the unanimous consent of all <u>Directors and Corporate Auditors.</u></p>	<p>Article 27</p> <p>(1) A notice of the convocation of a meeting of the Board of Directors shall be dispatched to <u>every Director at least</u> four (4) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</p> <p>(2) A meeting of the Board of Directors may be convened without conforming to the convocation procedure under the preceding paragraph with the unanimous consent of all <u>Directors.</u></p>
<p>Article 28 (Text omitted) (Omission of Resolution of a Meeting of the Board of Directors)</p>	<p>Article 28 (Not amended) (Omission of Resolution of a Meeting of the Board of Directors)</p>
<p>Article 29</p> <p>The Company shall deem that a proposal for resolution of the Board of Directors has been approved if all the Directors (limited to those who are eligible to participate in the vote on such matter) have given their consent thereto in writing or through electromagnetic record; <u>provided, however, that this shall not apply if any Corporate Auditor raises an objection.</u></p> <p>(Minutes of a Meeting of the Board of Directors)</p>	<p>Article 29</p> <p>The Company shall deem that a proposal for resolution of the Board of Directors has been approved if all the Directors (limited to those who are eligible to participate in the vote on such matter) have given their consent thereto in writing or through electromagnetic record.</p> <p>(Minutes of a Meeting of the Board of Directors)</p>
<p>Article 30</p> <p>The proceedings and resolutions of the Board of Directors as well as other matters stipulated by laws and regulations shall be entered or recorded in minutes of the meeting of the Board of Directors, and the chairperson and the <u>Directors and Corporate Auditors</u> present thereat shall affix their printed names and seals or electronic signatures thereto. The minutes shall be retained for ten (10) years at the Headquarters.</p>	<p>Article 30</p> <p>The proceedings and resolutions of the Board of Directors as well as other matters stipulated by laws and regulations shall be entered or recorded in minutes of the meeting of the Board of Directors, and the chairperson and the Directors present thereat shall affix their printed names and seals or electronic signatures thereto. The minutes shall be retained for ten (10) years at the Headquarters.</p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter V.  <u>Corporate Auditors and the Board of Corporate Auditors</u>  (Establishment of <u>Corporate Auditors and the Board of Corporate Auditors</u>)</p> <p>Article 31  The Company shall have <u>Corporate Auditors and a Board of Corporate Auditors.</u>  <u>(Number of Corporate Auditors and Their Election)</u></p> <p>Article 32  (1) <u>The Company shall have no more than five (5) Corporate Auditors.</u>  (2) <u>A resolution for the election of Corporate Auditors shall be made by a majority of voting rights of shareholders present at the General Meeting of Shareholders where the shareholders representing one third (1/3) or more of the total number of the voting rights of all shareholders entitled to vote thereat are present.</u>  <u>(Term of Office of Corporate Auditors)</u></p> <p>Article 33  (1) <u>The term of office of Corporate Auditors shall expire at the close of the Ordinary General Meeting of Shareholders held for the last fiscal year of the Company ending within four (4) years after their election.</u>  (2) <u>The term of office of a Corporate Auditor elected to fill a vacancy shall be until the expiry of the term of office of the retiring Corporate Auditor.</u>  <u>(Remuneration and Other Compensation of Corporate Auditors)</u></p> <p>Article 34  <u>The remuneration and other compensation of Corporate Auditors shall be determined by a resolution of a General Meeting of Shareholders.</u>  <u>(Exemption from Liability of Corporate Auditors)</u></p> <p>Article 35  (1) <u>In accordance with Article 426, Paragraph 1 of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt a Corporate Auditor (either incumbent or past) from his/her liability for damages under Article 423, Paragraph 1 of the Companies Act, within the limits stipulated by laws and regulations.</u>  (2) <u>In accordance with Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with a Corporate Auditor to limit liability for damages under Article 423, Paragraph 1 of the Companies Act; provided, however, that the maximum amount of liability of such Corporate Auditor prescribed in such agreements shall be the amount stipulated by laws and regulations.</u>  (Standing <u>Corporate Auditor(s)</u>)</p> <p>Article 36  <u>The Board of Corporate Auditors shall by its resolution, select from among its members (a) Standing <u>Corporate Auditor(s).</u></u>  <u>(Authority of the Board of Corporate Auditors)</u></p> <p>Article 37  (1) <u>The Board of Corporate Auditors shall determine matters relating to the execution of duties of Corporate Auditors in so far as this shall not prevent Corporate Auditors from exercising their authority, in addition to matters stipulated by laws and regulations and these Articles of Incorporation.</u></p>	<p style="text-align: center;">Chapter V.  <u>Audit &amp; Supervisory Committee</u>  (Establishment of <u>the Audit &amp; Supervisory Committee</u>)</p> <p>Article 31  The Company shall have <u>an Audit &amp; Supervisory Committee.</u>    (Deleted)</p>   (Deleted)   (Deleted)   (Deleted)   (Deleted)   (Deleted)   (Standing <u>Audit &amp; Supervisory Committee Member(s)</u> ) <p>Article 32  <u>The Audit &amp; Supervisory Committee shall by its resolution, select from among its members (a) Standing <u>Audit &amp; Supervisory Committee Member(s).</u></u>  (Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p>(2) <u>Matters relating to the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors.</u> (Notice of Convocation of a Meeting of the <u>Board of Corporate Auditors</u>) Article 38</p> <p>(1) A notice of the convocation of a meeting of the <u>Board of Corporate Auditors</u> shall be dispatched at least four (4) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</p> <p>(2) A meeting of the <u>Board of Corporate Auditors</u> may be convened without conforming to the convocation procedure under the preceding paragraph with the unanimous consent of all <u>Corporate Auditors</u>.</p> <p>(Method of Resolution of the <u>Board of Corporate Auditors</u>) Article 39 Unless otherwise provided for by laws and regulations, a resolution of the <u>Board of Corporate Auditors</u> shall be adopted by a majority vote of the <u>Corporate Auditors</u>.</p> <p>(Minutes of a Meeting of the <u>Board of Corporate Auditors</u>) Article 40 The proceedings and resolutions of a meeting of the <u>Board of Corporate Auditors</u> as well as other matters stipulated by laws and regulations shall be entered or recorded in the minutes of the meeting of the <u>Board of Corporate Auditors</u>, and the <u>Corporate Auditors</u> present thereat shall affix their printed names and seals or electronic signatures thereto. The minutes shall be retained for ten (10) years at the Headquarters.</p> <p style="text-align: center;">(Newly established)</p>	<p>(Notice of Convocation of a Meeting of the <u>Audit &amp; Supervisory Committee</u>) Article 33</p> <p>(1) A notice of the convocation of a meeting of the <u>Audit &amp; Supervisory Committee</u> shall be dispatched to <u>every Audit &amp; Supervisory Committee Member</u> at least four (4) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency.</p> <p>(2) A meeting of the <u>Audit &amp; Supervisory Committee</u> may be convened without conforming to the convocation procedure under the preceding paragraph with the unanimous consent of all <u>Audit &amp; Supervisory Committee Members</u>.</p> <p>(Method of Resolution of the <u>Audit &amp; Supervisory Committee</u>) Article 34 Unless otherwise provided for by laws and regulations, a resolution of the <u>Audit &amp; Supervisory Committee</u> shall be adopted by a majority vote of the <u>Audit &amp; Supervisory Committee Members present at a meeting at which a majority of the Audit &amp; Supervisory Committee Members entitled to participate in resolutions are present</u>.</p> <p>(Minutes of a Meeting of the <u>Audit &amp; Supervisory Committee</u>) Article 35 The proceedings and resolutions of a meeting of the <u>Audit &amp; Supervisory Committee</u> as well as other matters stipulated by laws and regulations shall be entered or recorded in the minutes of the meeting of the <u>Audit &amp; Supervisory Committee</u>, and the <u>Audit &amp; Supervisory Committee Members</u> present thereat shall affix their printed names and seals or electronic signatures thereto. The minutes shall be retained for ten (10) years at the Headquarters.</p> <p><u>(Regulations of the Audit &amp; Supervisory Committee)</u> Article 36 <u>Matters relating to the Audit &amp; Supervisory Committee shall be governed by the Regulations of the Audit &amp; Supervisory Committee established by the Audit &amp; Supervisory Committee, in addition to provisions of laws and regulations and these Articles of Incorporation.</u></p>
<p style="text-align: center;">Chapter VI. Independent Auditor</p> <p>Articles 41 to 43 (Text omitted) (Remuneration and Other Compensation of the Independent Auditor) Article 44 The remuneration and other compensation of the Independent Auditor shall be determined with the consent of the Representative Director(s) and the <u>Board of Corporate Auditors</u>.</p> <p style="text-align: center;">Chapter VII. Accounts</p> <p>Article 45 (Text omitted) (Year-end Dividends)</p>	<p style="text-align: center;">Chapter VI. Independent Auditor</p> <p>Articles 37 to 39 (Not amended) (Remuneration and Other Compensation of the Independent Auditor) Article 40 The remuneration and other compensation of the Independent Auditor shall be determined with the consent of the Representative Director(s) and the <u>Audit &amp; Supervisory Committee</u>.</p> <p style="text-align: center;">Chapter VII. Accounts</p> <p>Article 41 (Not amended) (Deleted)</p>



Current Articles of Incorporation	Proposed amendments
<p><u>Article 46</u>  <u>The Company shall, through a resolution of the General Meeting of Shareholders, make a distribution of cash dividends from surplus (hereinafter referred to as “year-end dividends”) to shareholders or registered pledgees entered or recorded in the Shareholders Register as at the close of business on March 31 each year.</u></p>	
<p><u>(Interim Dividends)</u></p>	(Deleted)
<p><u>Article 47</u>  <u>The Company may, through a resolution of the Board of Directors, make a distribution of surplus (hereinafter referred to as “interim dividends”) to shareholders or registered pledges entered or recorded in the Shareholders Register as at the close of business on September 30 each year pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act.</u></p>	
(Newly established)	
	(Decision-Making Body for Dividends of Surplus, etc.)
(Newly established)	
	<p><u>Article 42</u>  <u>Unless otherwise provided for by laws and regulations, matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, may be determined by a resolution of the Board of Directors.</u></p>
	<u>(Record Date of Dividends of Surplus)</u>
	<p><u>Article 43</u></p>
	<p><u>(1) The record date of year-end dividends of the Company shall be March 31 of every year.</u></p>
	<p><u>(2) The record date of interim dividends of the Company shall be September 30 of every year.</u></p>
	<p><u>(3) In addition to the preceding two items, the Company may make a distribution of surplus by determining a record date.</u></p>
<p>Article <u>48</u> (Text omitted)</p>	<p>Article <u>44</u> (Not amended)</p>
(Newly established)	<p><u>Supplementary Provisions</u></p>
(Newly established)	<p><u>(Transitional Measures for Exemption from Liability of Corporate Auditors)</u></p>
	<p><u>The Company may, by a resolution of the Board of Directors, exempt a Corporate Auditor (either incumbent or past) from his/her liability for damages arising from his/her acts prior to the close of the FY2023 Ordinary General Meeting of Shareholders under Article 423, Paragraph 1 of the Companies Act, within the limits stipulated by laws and regulations.</u></p>

**Proposal 3:** Election of eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)

If Proposal 2 “Amendment to the Articles of Incorporation” is approved as submitted, the Company will make transition to a company with Audit & Supervisory Committee, and the term of office of all the Directors (nine (9) Directors) will expire when the amendments to the Articles of Incorporation become effective. Therefore, the Company proposes the election of eight (8) Directors who will assume office after the transition to a company with Audit & Supervisory Committee (excluding Directors who are Audit & Supervisory Committee Members. The same shall apply to the remainder of this proposal). The candidates for Directors were determined by the Board of Directors based on the report from the Nomination and Compensation Committee in which independent Outside Directors have a majority. This proposal shall become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2 “Amendment to the Articles of Incorporation” become effective. The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
1	Tetsuji Tsuru (August 16, 1949) Reelection Male Board meeting attendance 14/14 meetings	<p>Apr. 1972      Joined NOK CORPORATION  June 1977      Director and Vice President, NOK Inc.  June 1979      Director, the Company  June 1981      MBA, Sloan School of Management,  Massachusetts Institute of Technology  Jan. 1982      Managing Director, the Company  Apr. 1984      Senior Managing Director, the Company  June 1985      Representative Director and Vice President, the  Company  June 1989      Representative Director and President, the  Company  June 2006      Director, NOK CORPORATION  June 2018      Representative Director, Chairman of the Board  and President, the Company (incumbent)  [Significant concurrent positions outside the Company]  Representative Director and Chairman, EagleBurgmann Japan  Co., Ltd.</p>	157,433
<p>Reasons for nomination as a candidate for Director  Tetsuji Tsuru has worked as the Company's Representative Director and President for many years and, based on his plentiful knowledge and experience from that business management activity, we have made him a candidate for Director and ask for his reelection.</p>			
2	Masaki Nakao (April 9, 1955) Reelection Male Board meeting attendance 14/14 meetings	<p>Apr. 1980      Joined the Company  June 2005      Director, the Company  June 2009      Operating Officer, the Company  Jan. 2011      Senior Operating Officer and General Manager,  Corporate Strategic Planning Office, the  Company  June 2018      Senior Managing Director and General  Manager, Corporate Strategic Planning Office,  the Company  Oct. 2020      Representative Director and Vice President and  General Manager, Corporate Strategic Planning  Office, the Company  June 2022      Representative Director and Vice President, the  Company  Feb. 2023      Representative Director, Vice President and  General Manager, Defense Business Corporate  Office, the Company (incumbent)</p>	25,200
<p>Reasons for nomination as a candidate for Director  Masaki Nakao has plentiful experience and results related to conducting the Group's overseas business and corporate planning, and we have made him a candidate for Director and ask for his reelection.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
3	Shinji Abe (January 14, 1959) Reelection Male Board meeting attendance 14/14 meetings	Apr. 1981 Oct. 2004  June 2007 June 2008 June 2009 June 2010  Apr. 2020  June 2022	Joined NOK CORPORATION Branch Manager, Anjo Branch I, Corporate Sales & Marketing Division, NOK CORPORATION Director, the Company Managing Director, the Company Senior Operating Officer, the Company Senior Managing Director and General Manager, Corporate Sales & Marketing Division, the Company Senior Managing Director and General Manager, Global Quality and Environmental Control Office (currently General Manager, Safety, Environmental and Quality Control Office), the Company Representative Director, Senior Managing Director and General Manager, Safety, Environmental and Quality Control Office, the Company (incumbent)	46,200
Reasons for nomination as a candidate for Director Shinji Abe has plentiful experience and results in business and sales activities of our Group's products. Taking advantage of his knowledge in these areas, we have made him a candidate for Director and ask for his reelection to further promote quality control and health, safety and environmental management activities at our Company.				
4	Norio Uemura (February 24, 1959) Reelection Male Board meeting attendance 14/14 meetings	Mar. 1989 June 2010 Jan. 2014 June 2014  Mar. 2016 June 2022	Joined NOK CORPORATION Operating Officer, the Company Senior Operating Officer, the Company Senior Managing Director and General Manager, Engineering Division, the Company Doctor of Engineering Representative and Senior Managing Director and General Manager, Engineering Division, the Company (incumbent)	25,400
Reasons for nomination as a candidate for Director Norio Uemura has plentiful experience and results with our Group's products and service technology and has deep insight as a Doctor of Engineering. Therefore, we have made him a candidate for Director and ask for his reelection.				
5	Masahide Shimada (March 19, 1966) Reelection Male Board meeting attendance 14/14 meetings	Apr. 1988 Apr. 2011  June 2018 June 2019 Apr. 2020 June 2022 Feb. 2023	Joined the Company Department Manager, Manufacturing Engineering Department, AI·CI Division, the Company Operating Officer and Deputy General Manager, AI·CI Division, the Company Operating Officer and General Manager, AI·CI Division, the Company Senior Operating Officer and General Manager, AI·CI Division, the Company Senior Managing Director and General Manager, AI·CI Division, the Company Senior Managing Director, General Manager, AI·CI Division and General Manager, Nuclear Power Business Corporate Office, the Company (incumbent)	16,200
Reasons for nomination as a candidate for Director Masahide Shimada has plentiful experience and results in supervising production technology and other aspects of the Company's businesses in the automotive and construction machinery industries. Therefore, we have made him a candidate for Director and ask for his reelection.				

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned	
6	Hidetaka Yamamoto (April 20, 1960) Reelection Male Board meeting attendance after assuming office as Director 10/10 meetings	Apr. 1987 Jan. 2018 Apr. 2020 Nov. 2020 Apr. 2023 June 2023	Joined the Company Operating Officer and Deputy General Manager, Corporate Sales & Marketing Division, the Company Senior Operating Officer and General Manager, Corporate Sales & Marketing Division, the Company Senior Operating Officer, General Manager, Corporate Sales & Marketing Division, and Deputy General Manager, AI·CI Division, the Company Senior Operating Officer and General Manager, Corporate Sales & Marketing Division, the Company Senior Managing Director and General Manager, Corporate Sales & Marketing Division, the Company (incumbent)	6,800
		Reasons for nomination as a candidate for Director Hidetaka Yamamoto has plentiful experience and results in the business promotion and sales activities related to the Group's products and services. Therefore, we have made him a candidate for Director and ask for his reelection to further increase sales and promote business activities.		
7	Ryota Nakazawa (March 2, 1985) New election Male Board meeting attendance -	Apr. 2007 Mar. 2017 Apr. 2021 June 2021 June 2022 Feb. 2023	Joined SANYO SHOKAI LTD. Joined the Company Deputy General Manager, Corporate Strategic Planning Office, the Company Operating Officer and General Manager, Corporate Strategic Planning Office, the Company Senior Operating Officer and General Manager, Corporate Strategic Planning Office, the Company Senior Operating Officer, General Manager, Corporate Strategic Planning Office, and Deputy General Manager, Defense Business Corporate Office, the Company (incumbent)	2,300
		Reasons for nomination as a candidate for Director Ryota Nakazawa has plentiful experience and results related to conducting the Group's overseas business and corporate planning, and we have newly nominated him as a candidate for Director.		

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
8	<p style="text-align: center;">Makoto Kikkawa (August 25, 1947) Reelection Outside Director Male</p> <p>Board meeting attendance after assuming office as Director 10/10 meetings</p>	<p>Apr. 1970      Joined The Industrial Bank of Japan, Limited</p> <p>Nov. 1998      Director and Deputy President, The Long-Term Credit Bank of Japan, Limited</p> <p>Mar. 2000      Managing Executive Officer, The Industrial Bank of Japan, Limited</p> <p>Sept. 2000      Managing Executive Officer, Mizuho Holdings, Inc.</p> <p>Apr. 2002      Senior Managing Executive Officer, Mizuho Bank, Ltd.</p> <p>June 2003      Representative Director and Vice President, Millennium Retailing, Inc.</p> <p>Apr. 2007      Executive Officer, Kyowa Hakko Kogyo Co., Ltd.</p> <p>June 2007      Executive Officer, Kyowa Hakko Kogyo Co., Ltd. and Representative Director and President, Kyowa Hakko Chemical Co., Ltd.</p> <p>Apr. 2012      Representative Director and President, KH Neochem Co., Ltd.</p> <p>June 2014      Outside Director, Sakai Heavy Industries, Ltd.</p> <p>Sept. 2014      Director and Chairman, KH Neochem Co., Ltd.</p> <p>June 2015      Outside Director and Audit and Supervisory Committee Member, Sakai Heavy Industries, Ltd.</p> <p>June 2023      Outside Director, the Company (incumbent)</p>	—
<p>Reasons for nomination as a candidate for Outside Director and overview of expected roles</p> <p>Makoto Kikkawa has abundant experience and extensive knowledge in corporate management in financial institutions and business companies. We expect him to continue providing supervision and counsel on the execution of duties by the Company's Directors and from an objective, broad and advanced perspective and so have made him a candidate for Outside Director and ask for his reelection. If elected, he will be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			

- (Notes)
1. Candidate Tetsuji Tsuru also serves as Representative Director and Chairman of EagleBurgmann Japan Co., Ltd., and the Company has a business relationship, selling and purchasing products, etc., with this company.
  2. There are no special interests between the other candidates and the Company.
  3. Makoto Kikkawa is a candidate for Outside Director.
  4. Candidate Makoto Kikkawa is currently an Outside Director of the Company and at the conclusion of this Meeting, he will have been a Director for one year.
  5. The Company has entered into a liability insurance agreement for officers, etc. with all directors as insured as set forth in Article 430-3, paragraph 1 of the Companies Act. It covers damages that may arise from insured directors being liable in relation to the execution of their duties or being subjected to claims pursuing such liability. The grounds for exemption ensure that the appropriateness of the execution of duties is not impaired, by excluding damages arising from unlawful acts on the part of the insured or actions taken while recognizing that they violate the law. If the candidates assume office, they will become insured under the agreement, and the agreement will be renewed as long as they serve as director.
  6. The following is an overview of the contents of the limited liability agreements with Outside Directors.  
The Company has concluded an agreement with Makoto Kikkawa under the provision of Article 427, paragraph 1 of the Companies Act to limit liability for damages as provided for in Article 423, paragraph 1 of the Act. The limit of liability as provided for in this agreement is the amount specified by laws and regulations. If his reelection is approved, the Company plans to renew the said agreement with him.
  7. The Company has submitted notification to the Tokyo Stock Exchange, that Makoto Kikkawa has been designated as an Independent Director according to the regulations of the aforementioned exchange. If his election is approved, the Company plans for him to continue to be an Independent Director.

**Proposal 4:** Election of four (4) Directors who are Audit & Supervisory Committee Members

If Proposal 2 “Amendment to the Articles of Incorporation” is approved as submitted, the Company will make transition to a company with Audit & Supervisory Committee. The Company, therefore, proposes the election of four (4) Directors who are Audit & Supervisory Committee Members.

The Board of Corporate Auditors has already given its consent to this proposal.

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2 “Amendment to the Articles of Incorporation” become effective.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company’s shares owned
1	Yasumitsu Iba (June 29, 1961) New election Male Board meeting attendance after assuming office as Corporate Auditors 10/10 meetings The Board of Corporate Auditors meeting attendance after assuming office as Corporate Auditors 8/8 meetings	Apr. 1985      Jointed The Long-Term Credit Bank of Japan, Limited Nov. 2000      Jointed The Industrial Bank of Japan, Limited Oct. 2007      Jointed State Street Trust and Banking Co., Ltd. July 2010      Jointed the Company Jan. 2013      General Manager, Accounting Department, Financial and Accounting Division, the Company July 2017      Deputy General Manager, Financial and Accounting Division, the Company June 2019      Operating Officer and Deputy General Manager, Financial and Accounting Division, the Company Jan. 2020      Operating Officer, the Company, Senior Managing Director, EagleBurgmann Japan Co., Ltd. Jan. 2023      Operating Officer and Deputy General Manager, Financial and Accounting Division, the Company June 2023      Standing Corporate Auditor, the Company (incumbent)	8,500
Reasons for nomination as a candidate for Director who is Audit & Supervisory Committee Member Yasumitsu Iba has abundant experience and accomplishments in financial institutions and the financial and accounting areas of the Group, and we have newly nominated him a candidate for Director who is an Audit & Supervisory Committee Member with the expectation that his deep specialization in these areas will be reflected in the auditing of the execution of duties.			

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
2	<p>Katsuhiko Shono (February 16, 1952) New election Outside Director Male Board meeting attendance after assuming office as Director 10/10 meetings</p>	<p>Mar. 1970    Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)</p> <p>July 1985    Transferred to Toronto Center, Japan External Trade Organization</p> <p>June 2002    General Manager, Traditional Crafts Industries Office, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry</p> <p>June 2005    Managing Director, The Japan Society of Industrial Machinery Manufacturers</p> <p>May 2021    Advisor, The Japan Society of Industrial Machinery Manufacturers</p> <p>May 2023    Advisor and Director, The Japan Society of Industrial Machinery Manufacturers (incumbent)</p> <p>June 2023    Outside Director, the Company (incumbent) [Significant concurrent positions outside the Company] Advisor and Director, The Japan Society of Industrial Machinery Manufacturers</p>	1,200
<p>Reasons for nomination as a candidate for Outside Director who is Audit &amp; Supervisory Committee Member and overview of expected roles</p> <p>Katsuhiko Shono is expected to provide supervision and counsel on the execution of duties by the Company's Directors from an objective, broad and advanced perspective based on his vast amount of experience in the industrial machinery field and high principles, so we have newly nominated him as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member. Also, he has not been involved in corporate management in the past other than as an Outside Officer, but we believe he can appropriately carry out the duties of an Outside Director for the reasons above. If elected, he will be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			
3	<p>Masako Sakaguchi (March 31, 1967) New election Outside Director Female Board meeting attendance after assuming office as Director 10/10 meetings</p>	<p>Apr. 1996    Registered as an attorney at law (member of the Dai-ichi Tokyo Bar Association)</p> <p>May 1999    Master in Laws (LL.M.), Northwestern University School of Law</p> <p>Jan. 2001    Registered as attorney in the State of New York</p> <p>Jan. 2009    Judicial commissioner, Tokyo Summary Court (incumbent)</p> <p>Apr. 2014    Professor, Legal Training and Research Institute, Supreme Court of Japan</p> <p>Nov. 2018    Bar Examination Committee Member (Civil law) Preliminary Bar Examination Committee Member (Civil law)</p> <p>June 2023    Outside Director, the Company (incumbent)</p>	500
<p>Reasons for nomination as a candidate for Outside Director who is Audit &amp; Supervisory Committee Member and overview of expected roles</p> <p>Masako Sakaguchi is expected to provide supervision and counsel on the execution of duties by the Company's Directors from an objective, broad and advanced perspective based on her vast amount of experience as an attorney and high principles, so we have newly nominated her as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member. Also, she has not been involved in corporate management in the past other than as an Outside Officer, but we believe she can appropriately carry out the duties of an Outside Director for the reasons above. If elected, she will be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities	Number of the Company's shares owned
4	Takashi Koike (August 6, 1956) New election Outside Director Male Board meeting attendance -	<p>Oct. 1980      Joined Koikeya Co.,Ltd.  Jul. 1981      Director, Koikeya Co.,Ltd.  Jul. 1986      Senior Managing Director, Koikeya Co.,Ltd.  Jul. 1991      Vice President and Director, Koikeya Co.,Ltd.  Mar. 1995      President and Director, Koikeya Co.,Ltd.  Nov. 1995      President and Representative Director, Frenfe Co., Ltd. (currently Koikeya Co.,Ltd.)  Sept. 2016     Chairman and CEO, Frenfe Co., Ltd. (currently Koikeya Co.,Ltd.) (incumbent)  June 2017     Part-time Director, NISSIN CISCO CO., LTD. (incumbent)</p> <p>[Significant concurrent positions outside the Company]  Chairman and Representative Director, Koikeya Co.,Ltd.  Part-time Director, NISSIN CISCO CO., LTD.</p>	-
<p>Reasons for nomination as a candidate for Outside Director who is Audit &amp; Supervisory Committee Member and overview of expected roles</p> <p>Takashi Koike has abundant experience and extensive knowledge in corporate management in business companies. We expect him to continue providing supervision and counsel on the execution of duties by the Company's Directors and from an objective, broad and advanced perspective and so have newly nominated him as a candidate for Outside Director who is an Audit &amp; Supervisory Committee Member. If elected, he will be involved in selection of candidates for officer positions and determination of officer compensation from an objective and neutral standpoint as a member of the Nomination and Compensation Committee.</p>			

- (Notes)
- There are no special interests between any of the candidates and the Company.
  - Katsuhiko Shono, Masako Sakaguchi, and Takashi Koike are candidates for Outside Director.
  - Katsuhiko Shono and Masako Sakaguchi are currently Outside Directors of the Company and at the conclusion of this Meeting, they will have been Outside Directors for one year.
  - Candidates Katsuhiko Shono and Masako Sakaguchi were elected at the FY2022 Ordinary General Meeting of Shareholders and have participated in all Board meetings held thereafter.
  - The following is an overview of the contents of the limited liability agreements with Directors.  
The Company has concluded agreements with Yasumitsu Iba, Katsuhiko Shono, and Masako Sakaguchi, who are candidates for Directors who are Audit & Supervisory Committee Members, under the provision of Article 427, paragraph 1 of the Companies Act to limit liability for damages as provided for in Article 423, paragraph 1 of the Act. The limit of liability as provided for in this agreement is the amount specified by laws and regulations. If their election is approved, the Company plans to renew a limited liability agreement with the same content with them. If the election of Takashi Koike is approved, the Company plans to conclude a limited liability agreement with the same content with him.
  - The Company has entered into a liability insurance agreement for officers, etc. with an insurance company as set forth in Article 430-3, paragraph 1 of the Companies Act. It covers damages that may arise from insured Directors and Corporate Auditors being liable in relation to the execution of their duties or being subjected to claims pursuing such liability. The grounds for exemption ensure that the appropriateness of the execution of duties is not impaired, by excluding damages arising from unlawful acts on the part of the insured or actions taken while recognizing that they violate the law. If each candidate assumes the office of Director who is Audit & Supervisory Committee Member, they will become insured under the agreement, and the agreement will be renewed as long as they serve as Audit & Supervisory Committee Members.
  - Katsuhiko Shono, Masako Sakaguchi, and Takashi Koike satisfy the criteria for Independent Director according to the regulations of the Tokyo Stock Exchange, Inc., and if their election is approved, the Company plans to register each candidate as an Independent Director.



(Reference) Areas where the Company has Particular Expectations of Directors  
 (Management Structure after the Approval of Proposal 3 and Proposal 4 (Planned))

		Corporate management	Business strategy	Business sales	Finance and accounting	Technological R&D	Internationality	ESG
Directors	Tetsuji Tsuru	○	○		○		○	
	Masaki Nakao	○	○				○	
	Shinji Abe			○				○
	Norio Uemura			○		○		
	Masahide Shimada		○				○	
	Hidetaka Yamamoto		○	○				
	Ryota Nakazawa		○				○	
	Makoto Kikkawa	○			○			
Directors who are Audit & Supervisory Committee Members	Yasumitsu Iba				○		○	
	Katsuhiko Shono		○			○		
	Masako Sakaguchi						○	○
	Takashi Koike	○	○					

(Note) The above table presents skills that the Company particularly expects from individuals, and it does not represent the entirety of each individual's knowledge and experience.

**Proposal 5:** Determination of the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)

With regard to the amount of compensation for Directors of the Company, it was approved at the 55th Ordinary General Meeting of Shareholders held on June 24, 2009 that the annual maximum amount shall be not more than 360 million yen (excluding the salaries of Directors who are also employees), and the Board of Directors determines the amount paid within that range according to the position of each Director after the consultation with the Nomination and Compensation Committee based on “Policy for Determining Officer Compensation, etc.”

If Proposal 2 “Amendment to the Articles of Incorporation” is approved as submitted, the Company will make transition to a company with Audit & Supervisory Committee. The Company will, therefore, abolish the current regulations on the compensation amount and propose the approval of the new annual amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members). The Company proposes the annual amount of not more than 550 million yen (not more than 40 million yen for Outside Directors). This compensation amount shall not include the salaries of Directors who are also employees, as previously.

If this proposal is approved, the Company plans, at a meeting of the Board of Directors to be held after the conclusion of this Meeting, to change the eligible persons from “Directors” to “Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members)” or “Directors (excluding Directors who are Audit & Supervisory Committee Members),” and from “Corporate Auditors” to “Directors who are Audit & Supervisory Committee Members” in the Policy for Determining Officer Compensation, etc. shown on the Business Report, in order to ensure consistency with the approved content.

The Company has determined that the content of this proposal is necessary and appropriate, since the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) was determined within a reasonable range taking the recent economic situation, the business scale of the Company, etc. into account comprehensively.

The content of this proposal was determined by the Board of Directors based on the report from the Nomination and Compensation Committee in which independent Outside Directors have a majority.

If Proposal 2 “Amendment to the Articles of Incorporation” and Proposal 3 “Election of eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)” are approved as submitted, there will be eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members, and including one (1) Outside Director).

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2 “Amendment to the Articles of Incorporation” become effective.

**Proposal 6:** Determination of the amount of compensation for Directors who are Audit & Supervisory Committee Members

If Proposal 2 “Amendment to the Articles of Incorporation” is approved as submitted, the Company will make transition to a company with Audit & Supervisory Committee. In line with it, the Company proposes the approval of the new annual amount of compensation for Directors who are Audit & Supervisory Committee Members. The annual amount shall be not more than 100 million yen.

The Company has determined that the content of this proposal is necessary and appropriate, since the amount of compensation for Directors who are Audit & Supervisory Committee Members was determined within a reasonable range comprehensively taking into account the recent economic situation, the business scale of the Company, the roles and responsibilities of Directors who are Audit & Supervisory Committee Members, etc. The content of this proposal was determined by the Board of Directors based on the report from the Nomination and Compensation Committee in which independent Outside Directors have a majority and a resolution at the Board of Corporate Auditors

If Proposal 2 “Amendment to the Articles of Incorporation” and Proposal 4 “Election of four (4) Directors who are Audit & Supervisory Committee Members” are approved as submitted, there will be four (4) Directors who are Audit & Supervisory Committee Members.

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2 “Amendment to the Articles of Incorporation” become effective.

**Proposal 7:** Amendment to the performance-linked stock compensation plan for Directors, etc.

1. Reason for proposal and grounds for the compensation, etc.

The Company has obtained shareholder approval at the FY2021 Ordinary General Meeting of Shareholders held on June 23, 2022, for introducing a performance-linked stock compensation plan (hereinafter referred to as “the Plan”) for the Company’s Directors (excluding Outside Directors) and Operating Officers (excluding those not residing in Japan).

If Proposal 2 “Amendment to the Articles of Incorporation” is approved as submitted, the Company will make transition to a company with Audit & Supervisory Committee. In line with the transformation to a company with Audit & Supervisory Committee, this proposal is to request approval for amendment so that the persons eligible to the Plan will be the Company’s Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and those not residing in Japan; the same applies hereinafter) and Operating Officers (excluding those not residing in Japan; hereinafter referred to as “Directors, etc.”). Excluding the amendment to the eligibility, the content shall be the same as the content approved at the FY2021 Ordinary General Meeting of Shareholders held on June 23, 2022. The Plan pays compensation for Directors, etc. separately from the maximum amount of compensation of which the Company proposes the approval in Proposal 5 “Determination of the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members).”

The purpose of the Plan is to increase awareness among Directors, etc. of contributing to improving the medium- to long-term performance of the Company and increasing corporate value while sharing common interests with our shareholders. Further, by linking the number of shares issued to the degree of achievement, etc. of performance targets in the medium-term management plan, it will increase motivation to achieve those performance targets.

If this proposal is approved, the Company plans, at a meeting of the Board of Directors to be held after the conclusion of this Meeting, to amend the Policy for Determining Officer Compensation, etc. to ensure consistency with the approved content as described in Proposal 5 “Determination of the amount of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members).” The Company has determined that this proposal is necessary and reasonable in providing remuneration and other compensation for each of Directors, etc. in line with the amended policy. In order to ensure transparency and objectivity in the process for determining compensation, the amendment to the Plan has undergone deliberation by the Nomination and Compensation Committee.

If Proposal 3 “Election of eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)” is approved as submitted, there will be seven (7) Directors eligible for the Plan. As stated above, the Plan also applies to Operating Officers (at the conclusion of this Meeting, 16 Operating Officers will be eligible for the Plan). Compensation based on the Plan includes compensation for Operating Officers, but based on the possibility of an Operating Officer being newly appointed as Director during the relevant period in question, in this proposal, the Company proposes the amount and content of total compensation based on the Plan as compensation, etc. for Directors, etc.

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation in Proposal 2 “Amendment to the Articles of Incorporation” become effective.

2. Amount, content, etc. of compensation under the Plan

(1) Overview of the Plan

The Plan is a stock compensation plan for Directors, etc. The Company will contribute an amount corresponding to the compensation for Directors, etc. to a trust, and these funds will be used to purchase shares of the Company through the trust. Shares of the Company and share exchange price at disposal of the Company (hereinafter referred to as “the Company’s shares, etc.”) are issued and paid (hereinafter referred to as “issuance, etc.”) as Officer Compensation according to position and the degree of achievement, etc. of the performance targets (details of the Plan are described in (2) below and thereafter).

1. Eligibility for issuance, etc. of the Company’s shares, etc. under this proposal	<ul style="list-style-type: none"> <li>• The Company’s Directors (excluding Directors who are Audit &amp; Supervisory Committee Members, Outside Directors and those not residing in Japan)</li> <li>• The Company’s Operating Officers (excluding those not residing in Japan)</li> </ul>
2. Impact of the Company’s shares subject to this proposal on the total number of outstanding shares	
Maximum amount to be contributed by the Company (As set forth in (2) below)	<ul style="list-style-type: none"> <li>• 300 million yen multiplied by the number of fiscal years in the relevant period</li> <li>• The current relevant period will be four fiscal years for a total of 1,200 million yen (the current relevant period is the four fiscal years from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2026)</li> </ul>
Maximum number of the Company’s shares to be issued, etc. to Directors, etc. and method of purchasing the Company’s shares, etc. (As set forth in (2) and (3) below)	<ul style="list-style-type: none"> <li>• 400,000 shares multiplied by the number of fiscal years in the relevant period</li> <li>• The current relevant period will be four fiscal years for a total of 1.6 million shares</li> <li>• The above number of shares per fiscal year (400,000 shares) accounts for approximately 0.9% of the Company’s total number of outstanding shares (as of March 31, 2024, after deduction of treasury shares)</li> <li>• The Company’s shares are to be acquired from the stock market or the Company (treasury share disposal) (the Company’s shares for the current relevant period have already been acquired from the stock market in 2022, so there has been no dilution)</li> </ul>
3. Performance achievement conditions (As set forth in (3) below)	<ul style="list-style-type: none"> <li>• Varies between 0 and 200% according to the degree of achievement, etc. of important indicators for achieving performance targets in the medium-term management plan and other indicators established by the Board of Directors (in the current relevant period, the degree of achievement of ROIC and FTSE Russell ESG score)</li> </ul>
4. Timing of issuance, etc. of the Company’s shares, etc. to Directors (As set forth in (4) below)	<ul style="list-style-type: none"> <li>• After the end of the relevant period</li> </ul>

(2) Maximum amount, etc. to be contributed by the Company

The period covered by the Plan (hereinafter referred to as “the relevant period”) shall, in principle, be the fiscal years covered by the medium-term management plan established by the Company. The Ordinary General Meeting of Shareholders held on June 23, 2022 approved that the current relevant period would be the four fiscal years from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2026, and the Company carried out the contribution of the trust funds for the said relevant period and the acquisition of shares from the stock market using the trust funds in 2022.

The maximum trust funds to be contributed by the Company in each relevant period as compensation for Directors, etc. shall be 300 million yen multiplied by the number of fiscal years in the relevant period (a total of 1,200 million yen for the four fiscal years in the current relevant period), and a trust will be established for the period corresponding to the relevant period with Directors, etc. satisfying the beneficiary requirements as beneficiaries (hereinafter referred to as “the Trust”). The Trust will purchase the Company’s shares on the stock market or the Company (treasury share disposal) using the trust funds following the instructions of the trust administrator. During the relevant period, the Company grants points

to Directors, etc. as set forth in (3) below and issues, etc. the Company's shares, etc. according to the number of points granted at the established time from the Trust.

In addition, at the maturity of the trust period, the Company may continue the Trust by changing the trust agreement and adding a trust rather than establishing a new Trust. In such a case, the fiscal years covered by the medium-term management plan established by the Company at that time shall, in principle, be the new relevant period, and the trust period of the Trust shall be extended for the same period as the new relevant period. The Company shall then make an additional contribution within the total maximum amount of trust funds to be contributed to the Trust approved at the Meeting, and the granting of points to Directors, etc. and issuance, etc. of the Company's shares, etc. shall continue for the new relevant period. However, when making the additional contribution, if there are any remaining shares of the Company (excluding shares not yet issued, etc. corresponding to points granted to Directors, etc.) or cash (hereinafter referred to as "remaining shares, etc.") in the trust assets on the last day of the previous trust period prior to extension, the total amount of the remaining shares, etc. and additional trust funds to be contributed shall be equal to or less than 300 million yen multiplied by the number of fiscal years in the relevant period. The trust period may be extended more than once in like manner thereafter.

- (3) Method of calculating the number of the Company's shares, etc. to be issued, etc. to Directors, etc. and maximum number, etc.

The number of the Company's shares, etc. to be issued, etc. to Directors, etc. is determined by the number of "share issuance points." One share of the Company shall be issued for each share issuance point, and any fractions less than a point shall be discarded. However, if a stock split or reverse stock split, etc. is carried out on the Company's shares during the trust period, the maximum number of shares of per share issuance point and the number of the Company's shares, etc. issued, etc. to Directors, etc. shall be adjusted according to the stock split or reverse stock split ratio, etc.

1. Performance-linked portion

The share issuance points of performance-linked portion for directors, etc. are calculated by multiplying the cumulative total number of points corresponding to 50% of the standard points granted in each fiscal year of the relevant period by a performance-linked coefficient after the end of the relevant period.

The performance-linked coefficient varies between 0 and 200% according to the degree of achievement, etc. of the performance targets. The indicators for degree of achievement, etc. of performance targets are the important indicators for achieving performance targets in the medium-term management plan and other indicators established by the Board of Directors. In the current relevant period, they are ROIC and the FTSE Russell ESG score.

2. Non-performance-linked portion

The share issuance points of non-performance-linked portion for directors, etc. are 50% of the cumulative standard points granted in each fiscal year of the relevant period.

For Directors, etc. who retire, die, or are assigned overseas in the middle of the fiscal year during the relevant period, the share issuance points calculated as described above shall be granted without delay, setting the performance-linked coefficient to 100%.

The maximum number of the Company's shares, etc. to be issued, etc. to Directors, etc. (number of points to be granted to Directors, etc.) during the relevant period of the Trust shall be 400,000 shares multiplied by the number of fiscal years in the relevant period (a total of 1.6 million shares in the four fiscal years of the current relevant period). The maximum number of the Company's shares, etc. to be issued, etc. to the Company's Directors, etc. is set referencing the stock price, etc. as of the introduction of the Plan based on the above maximum amount contributed by the Company.

- (4) Method and timing of issuance, etc. of the Company's shares, etc. to Directors, etc.

After the end of the relevant period, in principle, Directors, etc. who satisfy the beneficiary requirements will, after carrying out certain necessary procedures to confirm beneficiary rights, receive a number of the Company's shares corresponding to 50% of the number of share issuance points (fractions of shares less than one discarded). The Company's shares corresponding to the remaining share issuance points shall be converted into cash within the Trust and then paid in the share exchange price at disposal. If a Director, etc. satisfying the beneficiary requirements dies during the relevant period, all the Company's shares

corresponding to the number of share issuance points at that time shall be converted into cash within the Trust, and the share exchange price at disposal shall be paid in cash to the heirs of the Director, etc.

- (5) Voting rights related to the Company's shares within the Trust  
In order to ensure neutrality with respect to management, voting rights shall not be exercised on the Company's shares (the Company's shares prior to issuance, etc. to Directors, etc.) within the Trust during the trust period.
- (6) Handling of dividends for the Company's shares within the Trust  
Dividends for the Company's shares within the Trust are received by the Trust and applied to fees and expenses for the Trust. If there is ultimately a balance of dividends when the Trust is terminated after they have been applied to fees and expenses, it will be returned to the Company within the scope of the trust expense reserves, deducting the share purchase funds from the trust funds, and the Company plans to donate any amount in excess of the reserves for trust expenses to an organization that has no interests in the Company or the Directors, etc.
- (7) Other details of the Plan  
Other details of the Plan shall be determined by the Board of Directors when establishing the Trust, changing the trust agreement, and making additional contributions to the Trust.

## **Business Report**

(April 1, 2023 to March 31, 2024)

### **1. Items Related to the Current Status of the Corporate Group**

#### **(1) Business Progress and Results**

As for the environment of our Group during the fiscal year ended March 31, 2024, the United States economy was solid backed by strong domestic demand, whereas there were growing uncertainties due to global inflation and monetary-tightening policies, the sluggish Chinese economy, expanding geopolitical risks, etc.

In this business environment, impacts on our Group's business domains varied by industry.

As a result, we earned operating profit of 8,107 million yen, ordinary profit of 13,799 million yen and in profit attributable to owners of parent of 7,491 million (respectively, down 12.5%, up 12.4% and up 10.2% year on year) on net sales, which were up 6.1% to 167,042 million yen during the fiscal year ended March 31, 2024.

The following shows the results in each segment.

Starting from the fiscal year ended March 31, 2024, the Company changed the method of measuring profit or loss of each segment. Accordingly, in the following year-on-year comparisons, the figures shown for the previous fiscal year are figures that were restated based on the measurement method after the change.

Automotive and Construction Machinery Industries	Net sales in this segment were 90,468 million yen (up 6.5% year on year) as a result of continued recovery trends in the global automotive production and the up-thrust effect of foreign currency translation. Operating profit was 1,611 million yen (up 17.7% year on year).
General Machinery Industry	Net sales in this segment were 38,460 million yen (up 13.9% year on year) as a result of favorable conditions in India, the Asia-Pacific region, and Japan. Operating profit was 3,228 million yen (up 13.8% year on year).
Semiconductor Industry	Since this segment was affected by the postponement of investment due to the prolonged slowdown in the semiconductor industry, net sales were 15,080 million yen (down 9.7% year on year). As a result of increase in fixed costs as well as decrease in sales, operating loss was 753 million yen (compared with the operating profit of 1,587 million yen for the fiscal year ended March 31, 2023).
Marine Industry	Net sales in this segment were 14,984 million yen (up 10.6% year on year), and operating profit was 3,374 million yen (up 1.4% year on year), as a result of increasing demand for new shipbuilding.
Aerospace Industry	Net sales in this segment were 8,049 million yen (down 4.3% year on year), as a result of decrease in sales of satellite-related products. Operating profit was 625 million yen (up 343.8% year on year) due to the product mix.

#### **(2) Capital Expenditures and Financing**

Capital investment during the fiscal year ended March 31, 2024 amounted to 11,941 million yen, mainly for a new plant building related to the Semiconductor Industry segment and production facilities for the Automotive and Construction Machinery Industries segment.

Where appropriate, the Company used borrowings and cash on hand to meet these capital expenditures and other capital needs.

#### **(3) Acquisition or Disposal of Shares, Other Equity, or Stock Acquisition Rights of Other Companies**

The Company established a wholly-owned subsidiary Eagle Industry Niigata CO., LTD. on January 22, 2024 to strengthen our business in the Semiconductor Industry.



#### (4) Changes in Assets and Income (Loss)

	FY2020	FY2021	FY2022	FY2023 (Current fiscal year)
Net sales (Millions of yen)	130,513	140,842	157,380	167,042
Operating profit (Millions of yen)	5,802	7,560	9,264	8,107
Ordinary profit (Millions of yen)	8,447	10,811	12,277	13,799
Profit attributable to owners of parent (Millions of yen)	4,010	5,713	6,796	7,491
Earnings per share (Yen)	81.70	116.34	139.82	160.84
Total assets (Millions of yen)	176,508	180,955	193,232	209,914
Net assets (Millions of yen)	92,441	103,094	112,930	125,671

- [FY2020] The rapid deterioration of the economy resulting from the global spread of COVID-19 also caused the Company's business sales to decline. However, efforts to secure profits by controlling fixed costs and other measures resulted in an increase in profit despite decreased sales.
- [FY2021] Similar to the previous fiscal year, as COVID-19 continued to spread globally, our business also achieved increases in both sales and income thanks to the recovery trend resulting from the availability of vaccinations in major countries and various economic measures.
- [FY2022] There was a trend toward gradual recovery as a result of the normalization of economic activities, despite the impact from the re-spreading of COVID-19 infections, leading to increases in both sales and income for our business.
- [FY2023] As described in "(1) Business Progress and Results" above.

(5) Significant Parent Company and Subsidiaries, etc.

1) Relationship with Parent Company

Not applicable.

2) Significant Subsidiaries

Company name	Share capital	Investment ratio (%)	Main businesses
EagleBurgmann Japan Co., Ltd.	2,930 million yen	75.0	Manufacture, maintenance and repair of mechanical seals
Shimane Eagle Co., Ltd.	490 million yen	100.0	Manufacture of mechanical seals and special valves
Okayama Eagle Co., Ltd.	480 million yen	100.0	Manufacture of mechanical seals and special valves
Hiroshima Eagle Co., Ltd.	100 million yen	100.0	Manufacture of mechanical seals and special valves
Eagle Industry Taiwan Corporation	NT\$ 60 million	100.0	Manufacture and sale of mechanical seals and special valves
Eagle Sealing Research & Development (Wuxi) Co., Ltd.	US\$ 32 million	100.0 (100.0)	Manufacture of mechanical seals and special valves
NEK CO., LTD.	KRW 4,277 million	100.0	Manufacture and sale of mechanical seals
EKK Eagle (Thailand) Co., Ltd.	400 million Thai baht	100.0	Manufacture and sale of mechanical seals and special valves
EBI Asia Pacific Pte. Ltd.	SG\$ 38 million	75.0	Supervision of affiliates in Asia (excluding Japan, China, India and the Middle East) and Oceania
EagleBurgmann India Pvt. Ltd.	INR 29 million	50.0 (11.4)	Manufacture and sale of mechanical seals
Eagle Holding Europe B.V.	EUR 2 million	100.0	Supervision of subsidiaries and affiliates in Europe
EKK Eagle Industry Mexico S.A. de C.V.	866 million Mexican peso	100.0 (0.0)	Manufacture and sale of special valves

(Notes) 1. Figures in parentheses of the investment ratio column indicate the percentage of indirect ownership (included in the figures).

2. Including the above 12 companies, there are 41 consolidated subsidiaries and 38 equity-method affiliates.

3) Other

For the manufacture and sale of mechanical seals and other products related to the general industrial machinery industry, with the exception of the construction machinery, shipbuilding and aerospace industries, we have established a comprehensive alliance system with EagleBurgmann Germany GmbH & Co. KG (Germany).

## (6) Issues to Be Addressed (Business Environment Surrounding Our Group and Future Business Development)

In the current business environment, while there are increasing concerns about corporate management including growing geopolitical risks due to continued regional conflicts around the world and soaring resource prices caused thereby, the global economy is generally following a recovery trend. The business of our Group has been solid mainly in the General Machinery Industry and the Marine Industry, achieving net sales at a record high, and ordinary profit and profit attributable to owners of parent that exceeded the initial plan.

On the other hand, in the Automotive and Construction Machinery Industries, which are our core businesses, the shares of hybrid and electric vehicles in the global automotive production have increased, and the electrification of compressors for car air-conditioners and other automotive accessories has progressed. Due to those factors, sales of our Group's existing products are expected to decrease, and it is urgent to respond to the once-in-a-century transformation of the automotive industry. In the Semiconductor Industry, which has recently been in an expanding trend, while the most recent income has declined due to the silicon cycle, investments in foundries' production bases around the world have been continued, and the steady growth is expected in the medium to long term backed by the utilization of generative AI and the development of IoT.

The Company will identify these environmental changes and issues accurately, continue to take measures in the main items for promotion in the current medium-term management plan such as the development of new products that meet the needs of markets and customers, the reinforcement of our production capacity and the cost reduction, and work on building a business structure for the medium- to long-term growth.

The following shows main issues and initiatives by each segment.

### **Automotive and Construction Machinery Industries**

While a continuous issue is the decrease in sales of automotive products for internal combustion engines, the Company will steadily continue the development of new products and respond to new inquiries from customers, and lower the break-even point by cutting costs, etc. in order to secure appropriate profit.

### **General Machinery Industry**

Since we expect petroleum refining and petrochemical plant construction projects to remain strong mainly in India and the Asia-Pacific region, which are our main markets, we will continue the cycle of receiving orders, selling products and providing after-sales services, and build business models for stable income.

### **Semiconductor Industry**

While demand is sluggish due to inventory adjustment, etc. in the Semiconductor Industry as a whole, we will endeavor to engage in activities anticipating the recovery of the semiconductor market, including starting the operation of a new production base in Japan, which is planned in the second half of the current fiscal year, and continuing the development of new products and the expansion of sales including proposals.

### **Marine Industry**

We will endeavor to make new sales and provide solid after-sales service of our products as the number of ships in new shipbuilding is still increasing in the current fiscal year backed by increase in global physical distribution.

### **Aerospace Industry**

We will continue to develop and expand sales of products for civil aircraft, and also continue to increase sales of products in the fields where our technologies can be applied, as inquiries from customers are increasing for space development projects and defense-related fields.

## Overview of the Medium-Term Management Plan

Basic Policy: Building a Sustainable Corporate Structure - Fly Sky High!

Period: FY2023 - FY2025

Main Items for Promotion

1. Adroit response to change
2. ESG management

3. Infinite zero - “Ensuring product quality that customers can trust” and “Ensuring globally consistent quality”
4. TCD/Reducing waste by half - “Total Cost Down” and “Eliminate waste - Reduce everything by half”
5. DX promotion
6. Next generation products with proprietary technology
7. Respect for people / Human resource development

## 2. Items Related to Company Officers

### (1) Directors and Corporate Auditors

(As of March 31, 2024)

Name	Position and responsibilities	Significant concurrent positions outside the Company	Board meeting attendance
Tetsuji Tsuru	Representative Director and Chairman of the Board and President	Representative Director and Chairman, EagleBurgmann Japan Co., Ltd.	14/14 meetings
Masaki Nakao	Representative Director and Vice President and General Manager, Defense Business Corporate Office		14/14 meetings
Shinji Abe	Representative Director and Senior Managing Director and General Manager, Safety, Environmental and Quality Control Office		14/14 meetings
Norio Uemura	Representative Director and Senior Managing Director and General Manager, Engineering Division		14/14 meetings
Masahide Shimada	Senior Managing Director and General Manager, AI·CI Division and General Manager, Nuclear Power Business Corporate Office		14/14 meetings
Hidetaka Yamamoto	Senior Managing Director and General Manager, Corporate Sales & Marketing Division		10/10 meetings
Makoto Kikkawa	Director		10/10 meetings
Katsuhiko Shono	Director	Advisor and Director, The Japan Society of Industrial Machinery Manufacturers	10/10 meetings
Masako Sakaguchi	Director		10/10 meetings
Hideo Satake	Standing Corporate Auditor		14/14 meetings
Yasumitsu Iba	Standing Corporate Auditor		10/10 meetings
Nozomu Maehara	Corporate Auditor	Standing Corporate Auditor, NOK CORPORATION	14/14 meetings
Hideki Watanabe	Corporate Auditor	Standing Corporate Auditor, NOK CORPORATION	14/14 meetings
Atsushi Kajitani	Corporate Auditor	Outside Corporate Auditor, NOK CORPORATION Outside Director, DMS Inc. Specially-Appointed Professor, Shinshu-University Research Center for Social Systems	14/14 meetings

- (Notes) 1. Directors, Makoto Kikkawa, Katsuhiko Shono, and Masako Sakaguchi are Outside Directors.
2. Directors, Hidetaka Yamamoto, Makoto Kikkawa, Katsuhiko Shono and Masako Sakaguchi, and Corporate Auditor, Yasumitsu Iba were elected at the FY2022 Ordinary General Meeting of Shareholders and have participated in all Board meetings held thereafter.
3. Corporate Auditors, Nozomu Maehara, Hideki Watanabe and Atsushi Kajitani are Outside Corporate Auditors. Atsushi Kajitani is a licensed attorney-at-law.
4. Corporate Auditor, Hideki Watanabe has considerable experience and expertise in finance and accounting at NOK CORPORATION.
5. The Company has registered Directors, Makoto Kikkawa, Katsuhiko Shono and Masako Sakaguchi and Corporate Auditor, Atsushi Kajitani as Independent Directors according to the regulations of the Tokyo Stock Exchange, Inc.

## (2) Overview of the Contents of the Limited Liability Agreement

The Company has concluded agreements with each Outside Director and Corporate Auditor under the provision of Article 427, paragraph 1 of the Companies Act to limit liability for damages as provided for in Article 423, paragraph 1 of the Act. The limit of liability as provided for in this agreement is the amount specified by laws and regulations.

## (3) Overview of the Liability Insurance Policy for Officers

The Company has entered into a liability insurance agreement with an insurance company under Article 430-3, paragraph 1 of the Companies Act where all Directors and Corporate Auditors of the Company and its subsidiaries (including those who were in office during the current fiscal year) are insured persons, and all insurance premiums are borne by the Company.

As an overview of the insurance policy, the insurance company covers damages that may arise from insured persons being liable in relation to the execution of their duties or being subjected to claims pursuing such liability under the policy, and the policy is renewed on an annual basis. The same information will be updated in the next renewal.

## (4) Compensation, etc. for Directors and Corporate Auditors

### 1) Amount of compensation for the current fiscal year

Positions	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of officers covered (persons)
		Basic compensation	Performance-linked compensation, etc.		
			Short term	Mid-term	
Directors (of which Outside Directors)	326 [28]	246 [28]	16 [-]	63 [-]	12 [6]
Corporate Auditors (of which Outside Corporate Auditors)	54 [9]	54 [9]	-	-	6 [3]
Total	380 [38]	300 [38]	16 [-]	63 [-]	18 [9]

- (Notes) 1. The amount paid to Directors does not include the salaries of Directors who are also employees.
2. The amount for medium- to long-term performance-linked compensation are the amounts recorded as expenses related to the points granted during the current fiscal year in relation to the officer compensation trust.
3. The amount of compensation, etc. for Directors and Corporate Auditors includes the amount of compensation, etc. during the term of office of three Outside Directors and one Corporate Auditor who retired at the conclusion of the FY2022 Ordinary General Meeting of Shareholders held on June 27, 2023. As of March 31, 2024, there were nine Directors and five Corporate Auditors.
4. Matters related to resolutions at General Meetings of Shareholders for determining compensation, etc. for Directors and Corporate Auditors
- The FY2008 (55th) Ordinary General Meeting of Shareholders held on June 24, 2009 resolved that the total amount of compensation for Directors shall not exceed 360 million yen, and that the total amount of compensation for Corporate

Auditors shall not exceed 72 million yen. At the conclusion of this Meeting, the number of Directors will be four (4), and the number of Corporate Auditors will be four (4).

In addition to monetary compensation, at the FY2021 Ordinary General Meeting of Shareholders held on June 23, 2022, it was resolved regarding performance-linked stock compensation for Directors (excluding Outside Directors) that the upper limit of trust money contributed by the Company shall be 300 million yen per fiscal year, and the upper limit of the number of shares to be issued is 400,000 shares per fiscal year. At the conclusion of this Meeting, the number of eligible Directors will be five (5).

5. Basis for the Board of Directors determining that the individual compensation, etc. for Directors during the current fiscal year was in accordance with the policy

At the Board meeting held on May 20, 2022, the Company made a resolution on the policy for the content of compensation for individual Directors. Before the Board of Directors makes a resolution, they consult with the Nomination and Compensation Committee about the content of the resolution and receive a report. The Board of Directors also confirms that the method for determining the content of compensation, etc. and the content of the determined compensation, etc. are in harmony with the policy that was resolved by the Board of Directors, and that the report by the Nomination and Compensation Committee was respected. Therefore, it was determined that the individual compensation, etc. for Directors during the current fiscal year was in harmony with determined policy.

- 2) Matters related to performance-linked compensation

Performance-linked compensation is paid in a range between 0 and 200% according to the degree of achievement of evaluation items.

When determining short-term performance-linked compensation, it is the Company's judgment that maintaining and improving the profit level is the most appropriate indicator of corporate performance. As such, the degree of achievement of the initial operating profit plan, dividend amount, employee bonus amount and other matters impacting performance (natural disasters, extraordinary gains/losses, etc.) are considered. The Company has set a consolidated operating profit plan of 9.5 billion yen, and based on the actual operating profit of 8.107 billion yen for the current fiscal year, short-term performance-linked compensation for the current fiscal year was determined to be paid at a rate of 50% of the base value (100%) for each position.

Company stock is used for medium- to long-term performance-linked compensation (non-monetary compensation), and we utilize the officer compensation BIP (Board Incentive Plan) trust system. The relevant compensation indicators and reason for selecting those indicators are as described in "3) Policy and method of determining officer compensation, etc." Moreover, indicator results for medium- to long-term performance-linked compensation (non-monetary compensation) for the current fiscal year are undetermined since these are based on the results of the fiscal year ending March 31, 2026, which is the end of the trust period. The amount of medium- to long-term performance-linked compensation, etc. (non-monetary compensation) for the current fiscal year is granted to each eligible person based on the stock issue regulations, using the number of points obtained by subtracting the assumed stock price (average closing price of the Company's shares in regular trading on the Tokyo Stock Exchange on each day of the month preceding the month containing the start date of the target period (excluding days on which no trading takes place)) from the base amount.

- 3) Policy and method of determining officer compensation, etc.

The Company has established the policy below for determining compensation for Directors and Corporate Auditors. Director compensation is determined by the Board of Directors, and Corporate Auditor compensation, etc. is determined via through discussions with Corporate Auditor within the total amount decided at the General Meeting of Shareholders based on this policy.

The Company has established a Nomination and Compensation Committee, which is comprised of the Chairman of the Board of Directors and Outside Directors, as an advisory body to the Board of Directors in order to improve the objectiveness and transparency of the nomination and compensation of officers. The committee regularly checks on particularly important matters such as nomination of officers and compensation for Directors and provides appropriate advice to the Board of Directors.

The Company's policy for determining compensation, etc. for Directors and Corporate Auditors is provided below.

- **Method of determining policy**

The Policy on Director Compensation is determined by the Board of Directors, taking into account the advice of the Nomination and Compensation Committee. The Policy on Corporate Auditor Compensation is determined through discussions with Corporate Auditors.

- **Basic policy**

The Group seeks to grow stronger and more highly profitable by making unique and socially useful products backed by technology at a low cost around the world and providing them at reasonable prices. We believe that pursuing this policy from a medium- to long-term perspective will contribute to improving the Group's medium- to long-term corporate value and increase stakeholder satisfaction.

In carrying out this policy, we believe that it is necessary for us to promote the motivation of the management team, including the Directors of the Company, to achieve performance targets and stakeholder satisfaction from the standpoint of compensation. For that reason, we have decided to introduce new treasury stock compensation for the Company's management that varies to a certain extent according to the degree of achievement of KPIs related to the priority measures in the Group's medium-term plan. Balancing this with monetary compensation that varies according to the degree of achievement of performance targets for each fiscal year, we aim to improve corporate value and stakeholder satisfaction over the medium to long term.

- **Policy for determining amounts for individual compensation, etc. and method of calculation (excluding performance-linked compensation, etc. / non-monetary compensation, etc.)**

Considering their responsibilities in improving performance in each fiscal year and increasing corporate value over the medium to long term, Director compensation is broken down into three categories. These are base compensation (monetary), short-term performance-linked compensation (monetary) and medium- to long-term performance-linked compensation (stock), comprised of fixed compensation, expectations for short-term results and expectations for long-term results. On the other hand, Outside Directors are expected to provide objective opinions and suggestions from an outside perspective that is independent from business execution, so in light of this, they are only paid base compensation pay (monetary). In addition, compensation for Corporate Auditors is base compensation pay (monetary) only according to position as they are responsible for auditing the execution of duties for the Group as a whole. Compensation may be temporarily reduced or not paid at all in the event of a sudden worsening of performance or damage to corporate value.

The compensation system for the Company's Directors is set up in such a way that compensation differs according to the responsibilities of the position (chairman, president, vice president, senior managing director, etc.). The difference currently applied is where managing directors are 1, the chairman and president are about 1.6 when the short-term/long-term results portion is the standard amount.

- **Policy for determining performance indicators, etc. related to performance-linked compensation, etc. and the method of calculating the amount or number**

Performance-linked compensation is paid in a range between 0 and 200% according to the degree of achievement of evaluation items.

When determining short-term performance-linked compensation, it is the Company's judgment that maintaining and improving the profit level is the most appropriate indicator of corporate performance. As such, the degree of achievement of the initial operating profit plan, dividend amount, employee bonus amount and other matters impacting performance (natural disasters, extraordinary gains/losses, etc.) are considered.

The indicators of medium- to long-term performance-linked compensation are ROIC (financial indicator) and the FTSE Russell ESG score (non-financial indicator) to increase overall profitability of the Group and promote ESG management. The weight given to these items is 90% and 10%, respectively.

- **Policy for determining the content, amount, number or method of calculating non-monetary compensation, etc.**

For medium- to long-term performance-linked compensation, we utilize the officer compensation BIP (Board Incentive Plan) trust system in order to increase the motivation of Directors to contribute to improving the Group's medium- to long-term performance and increasing corporate value. This plan is a system for issuing and paying the shares of the Company and share exchange price at disposal of the Company (hereinafter referred to as "the Company's shares, etc.") in a number corresponding to points calculated according to



position/length of service and the degree of achievement, etc. of medium-term targets to eligible Directors (excluding Outside Directors) and Executive Officers following the Rules for Issuance of Shares approved by the Board of Directors.

- **Policy for determining the ratio (percentage) of each type of individual compensation, etc.**

The Company's business domain is the manufacture and sale of mechanical seals, special valves, etc. and other mechanical parts in industries that include automobiles, construction equipment, general industrial machinery, semiconductors, ships and aerospace. Considering that business performance is easily affected by trends in these industries, the percentages of short-term and medium- to long-term performance-linked compensation for Directors are 10% and 20% of total compensation, respectively.

- **Policy for determining the timing of and conditions for compensation, etc.**

Monthly base compensation pay is determined by the Board of Directors after the Ordinary General Meeting of Shareholders for one year beginning from the following month and is paid in a fixed amount on a fixed day every month. Short-term performance-linked compensation is determined by the Board of Directors based on the year-end financial results in accordance with the above-mentioned "Policy for determining performance indicators, etc. related to performance-linked compensation, etc. and the method of calculating the amount or number." It is paid by the time of the Ordinary General Meeting of Shareholders for the financial results in question. As for medium- to long-term performance-linked compensation, following the Rules for Issuance of Shares approved by the Board of Directors, a fixed number of points calculated according to position and length of service and performance-linked points designed to incentivize achievement of the medium-term management plan, etc. are granted at a certain time every year. In principle, when the medium-term management plan ends, a number of the Company's shares, etc. corresponding to the cumulative number of fixed points and a number of the shares, etc. corresponding to the cumulative number of performance-linked points multiplied by a performance-linked coefficient according to the degree of achievement of medium-term targets are issued and paid.

- **Method of determining individual compensation, etc.**

The Chairman of the Board of Directors, who is the chair of meetings of the Board of Directors, submits an executive compensation plan to the Board of Directors where the amount of compensation, etc. for individual Directors and the method of calculation thereof are determined, taking into account the advice of the Nomination and Compensation Committee.

The proposal for payment of compensation for Corporate Auditor is determined by the Board of Corporate Auditors through discussions with Corporate Auditors.

◎ The following is a description of the above report.

1. Amounts in millions of yen are rounded down to the nearest million yen.
2. Earnings per share is calculated based on the average number of outstanding shares during the period, excluding treasury stock, and is rounded to the nearest yen.
3. Percentage of change from the previous year in consolidated net sales, consolidated ordinary profit, etc. and investment ratio in important subsidiaries of the Company are rounded to the nearest first decimal place.

## Consolidated Financial Statements

(April 1, 2023 to March 31, 2024)

### Consolidated Balance Sheets

(As of March 31, 2024)

(Millions of yen)

Subject	Amount	Subject	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>115,956</b>	<b>Current liabilities</b>	<b>46,968</b>
Cash and deposits	32,536	Accounts payable - trade	9,134
Notes receivable - trade	1,622	Electronically recorded obligations - operating	2,742
Accounts receivable - trade	32,953	Short-term borrowings	2,427
Electronically recorded monetary claims - operating	6,429	Current portion of long-term borrowings	11,975
Merchandise and finished goods	12,245	Accounts payable - other	3,668
Work in process	9,003	Lease liabilities	563
Raw materials and supplies	14,522	Income taxes payable	2,316
Accounts receivable - other	4,213	Contract liabilities	383
Other	2,533	Deposits received from employees	4,345
Allowance for doubtful accounts	(102)	Provision for bonuses	2,931
<b>Non-current assets</b>	<b>93,957</b>	Provision for loss on orders received	800
<b>Property, plant and equipment</b>	<b>65,383</b>	Other	5,678
Buildings and structures	25,268	<b>Non-current liabilities</b>	<b>37,273</b>
Machinery, equipment and vehicles	21,297	Long-term borrowings	24,735
Tools, furniture and fixtures	3,445	Lease liabilities	874
Land	6,870	Retirement benefit liability	10,146
Leased assets	1,605	Provision for environmental measures	299
Construction in progress	6,895	Other	1,217
<b>Intangible assets</b>	<b>2,325</b>	<b>Total liabilities</b>	<b>84,242</b>
Goodwill	426	<b>Net assets</b>	
Other	1,899	<b>Shareholders' equity</b>	<b>94,956</b>
<b>Investments and other assets</b>	<b>26,248</b>	<b>Share capital</b>	<b>10,490</b>
Investment securities	18,257	<b>Capital surplus</b>	<b>11,819</b>
Long-term loans receivable	441	<b>Retained earnings</b>	<b>79,415</b>
Retirement benefit asset	2,806	<b>Treasury shares</b>	<b>(6,769)</b>
Deferred tax assets	3,164	<b>Accumulated other comprehensive income</b>	<b>21,805</b>
Other	1,734	<b>Valuation difference on available-for-sale securities</b>	<b>877</b>
Allowance for doubtful accounts	(156)	<b>Foreign currency translation adjustment</b>	<b>16,359</b>
		<b>Remeasurements of defined benefit plans</b>	<b>4,568</b>
		<b>Non-controlling interests</b>	<b>8,909</b>
		<b>Total net assets</b>	<b>125,671</b>
<b>Total assets</b>	<b>209,914</b>	<b>Total liabilities and net assets</b>	<b>209,914</b>

## Consolidated Statements of Income

(April 1, 2023 to March 31, 2024)

(Millions of yen)

Subject	Amount
<b>Net sales</b>	<b>167,042</b>
<b>Cost of sales</b>	<b>129,385</b>
<b>Gross profit</b>	<b>37,657</b>
<b>Selling, general and administrative expenses</b>	<b>29,549</b>
<b>Operating profit</b>	<b>8,107</b>
<b>Non-operating income</b>	<b>6,404</b>
Interest and dividend income	692
Share of profit of entities accounted for using equity method	3,317
Other	2,394
<b>Non-operating expenses</b>	<b>712</b>
Interest expenses	522
Other	189
<b>Ordinary profit</b>	<b>13,799</b>
<b>Extraordinary income</b>	<b>162</b>
Gain on sale of non-current assets	11
Gain on sale of investment securities	151
<b>Extraordinary losses</b>	<b>1,126</b>
Loss on sale of non-current assets	6
Loss on retirement of non-current assets	69
Impairment losses	1,051
<b>Profit before income taxes</b>	<b>12,835</b>
Income taxes - current	3,647
Income taxes - deferred	101
Total income taxes	3,749
<b>Profit</b>	<b>9,086</b>
Profit attributable to non-controlling interests	1,594
<b>Profit attributable to owners of parent</b>	<b>7,491</b>