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Securities Code: 6486

Start date of measures for electronic provision: May 25, 2023

Date of sending by postal mail: June 7, 2023

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 FY2022 ORDINARY GENERAL MEETING OF SHAREHOLDERS

The FY2022 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 or QR code, 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 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 26, 2023 (JST).

If exercising voting rights via the Internet:

Please access the Company’s designated voting rights website (<https://evote.tr.mufg.jp/>) (in Japanese), use the “Voting Rights Exercise Code” and “Password” provided on the voting exercise form sent together with the Convocation Notice, and fill in your approval or disapproval of the proposals by the above exercise deadline according to the instructions on the screen.

If exercising voting rights by postal mail:

Please indicate your approval or disapproval of the proposals on the voting exercise form and return it by postal mail to reach us no later than the above exercise deadline.

- 1. Date and Time:** Tuesday, June 27, 2023 at 10:00 a.m. (JST) (Reception will open at 9:00 a.m.)
- 2. Venue:** Room A, AP Hamamatsucho, B1F, Shiba-Park Bldg.-B  
2-4-1, Shiba-koen, Minato-ku, Tokyo
- Please note that the venue is different from that of the previous year. 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 FY2022 (from April 1, 2022 to March 31, 2023), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the FY2022 (from April 1, 2022 to March 31, 2023)

**Items to be resolved:**

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Amendment to the Articles of Incorporation
- Proposal 3:** Election of nine (9) Directors
- Proposal 4:** Election of two (2) Audit & Supervisory Board Members

- Note that, for this general meeting of shareholders, paper-based documents stating items for which measures for providing information in electronic format are to be taken, excluding the below items, will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents. 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 the websites listed on page 1 of this document.
  - 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 attending the meeting in person, please present the voting form at the reception desk.

## 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 2.5% for the new medium-term management plan, which begins in the current fiscal year, 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 FY2022.

As 25 yen per share was paid as an interim dividend, total dividends per share for the fiscal year will be 70 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: 2,239,100,775 yen
3. Effective date of distribution of dividends of surplus  
June 28, 2023

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

1. Reasons for the Proposal

To partially change the business purpose in light of the further expansion of business contents of the Company.

2. Content of Amendments

Details of the proposed amendments are as follows:

(Underlining denotes change)

Current Articles of Incorporation	Proposed amendments
<p>(Purpose)</p> <p>Article 2</p> <p>The purpose of the Company is to engage in the following businesses.</p> <ol style="list-style-type: none"> <li>1. Manufacture and sale of sealing equipment and sealing equipment related products</li> <li>2. Manufacture and sale of marine equipment products</li> <li>3. Manufacture and sale of valves, couplings, insulating materials and pipes, and power transmission devices</li> <li>4. Manufacture and sale of bearings</li> <li>5. Manufacture and sale of hydraulic and pneumatic equipment and related parts</li> <li>6. Manufacture and sale of carbon, ceramic, alloy, and synthetic resin products</li> <li>7. Manufacture, processing, and sale of optoelectronic products such as semiconductors and light emitting/receiving elements, electronic equipment/devices, and related products</li> <li>8. Undertaking installation work and incidental work related to the products and related products in the preceding items (Newly established)</li> </ol> <p><u>9.</u> All work incidental to the preceding items</p>	<p>(Purpose)</p> <p>Article 2</p> <p>The purpose of the Company is to engage in the following businesses.</p> <ol style="list-style-type: none"> <li>1. Manufacture and sale of sealing equipment and sealing equipment related products</li> <li>2. Manufacture and sale of marine equipment products</li> <li>3. Manufacture and sale of valves, couplings, insulating materials and pipes, and power transmission devices</li> <li>4. Manufacture and sale of bearings</li> <li>5. Manufacture and sale of hydraulic and pneumatic equipment and related parts</li> <li>6. Manufacture and sale of carbon, ceramic, alloy, and synthetic resin products</li> <li>7. Manufacture, processing, and sale of optoelectronic products such as semiconductors and light emitting/receiving elements, electronic equipment/devices, and related products</li> <li>8. Undertaking installation work and incidental work related to the products and related products in the preceding items</li> <li><u>9. Storage and warehousing of the products and related products in the preceding items</u></li> </ol> <p><u>10.</u> All work incidental to the preceding items</p>

**Proposal 3:** Election of nine (9) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Meeting.

Therefore, the Company proposes the election of nine (9) Directors, increasing the number of Directors by one (1) in order to further strengthen the management structure.

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 12/13 meetings	Apr. 1972	Joined NOK CORPORATION	151,100
		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.		
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.				
2	Masaki Nakao (April 9, 1955) Reelection Male Board meeting attendance 13/13 meetings	Apr. 1980	Joined the Company	22,400
		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)			
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.				

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 13/13 meetings	Apr. 1981	Joined NOK CORPORATION	42,900
		Oct. 2004	Branch Manager, Anjo Branch I, Corporate Sales & Marketing Division, NOK CORPORATION	
		June 2007	Director, the Company	
		June 2008	Managing Director, the Company	
		June 2009	Senior Operating Officer, the Company	
		June 2010	Senior Managing Director and General Manager, Corporate Sales & Marketing Division, the Company	
		Apr. 2020	Senior Managing Director and General Manager, Global Quality and Environmental Control Office (currently General Manager, Safety, Environmental and Quality Control Office), the Company	
		June 2022	Representative Director, Senior Managing Director and General Manager, Safety, Environmental and Quality Control Office, the Company (incumbent)	
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 12/13 meetings	Mar. 1989	Joined NOK CORPORATION	22,700
		June 2010	Operating Officer, the Company	
		Jan. 2014	Senior Operating Officer, the Company	
		June 2014	Senior Managing Director and General Manager, Engineering Division, the Company	
		Mar. 2016	Doctor of Engineering	
		June 2022	Representative and Senior Managing Director and General Manager, Engineering Division, the Company (incumbent)	
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 after assuming office as Director 9/9 meetings	Apr. 1988	Joined the Company	14,300
		Apr. 2011	Department Manager, Manufacturing Engineering Department, AI·CI Division, the Company	
		June 2018	Operating Officer and Deputy General Manager, AI·CI Division, the Company	
		June 2019	Operating Officer and General Manager, AI·CI Division, the Company	
		Apr. 2020	Senior Operating Officer and General Manager, AI·CI Division, the Company	
		June 2022	Senior Managing Director and General Manager, AI·CI Division, the Company	
		Feb. 2023	Senior Managing Director, General Manager, AI·CI Division and General Manager, Nuclear Power Business Corporate Office, the Company (incumbent)	
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) New election Male Board meeting attendance —	Apr. 1987	Joined the Company	5,000
		Jan. 2018	Operating Officer and Deputy General Manager, Corporate Sales & Marketing Division, the Company	
		Apr. 2020	Senior Operating Officer and General Manager, Corporate Sales & Marketing Division, the Company	
		Nov. 2020	Senior Operating Officer, General Manager, Corporate Sales & Marketing Division, and Deputy General Manager, AI·CI Division, the Company	
		Apr. 2023	Senior Operating Officer and General Manager, Corporate Sales & Marketing Division, the Company (incumbent)	
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 newly nominated him a candidate for Director to further increase sales and promote business activities.				
7	Makoto Kikkawa (August 25, 1947) New election Outside Director Male Board meeting attendance —	Apr. 1970	Joined The Industrial Bank of Japan, Limited	—
		Nov. 1998	Director and Deputy President, The Long-Term Credit Bank of Japan, Limited	
		Mar. 2000	Managing Executive Officer, The Industrial Bank of Japan, Limited	
		Sept. 2000	Managing Executive Officer, Mizuho Holdings, Inc.	
		Apr. 2002	Senior Managing Executive Officer, Mizuho Bank, Ltd.	
		June 2003	Representative Director and Vice President, Millennium Retailing, Inc.	
		Apr. 2007	Executive Officer, Kyowa Hakko Kogyo Co., Ltd.	
		June 2007	Executive Officer, Kyowa Hakko Kogyo Co., Ltd. and Representative Director and President, Kyowa Hakko Chemical Co., Ltd.	
		Apr. 2012	Representative Director and President, KH Neochem Co., Ltd.	
		June 2014	Outside Director, Sakai Heavy Industries, Ltd.	
		Sept. 2014	Director and Chairman, KH Neochem Co., Ltd.	
		June 2015	Outside Director and Audit and Supervisory Committee Member, Sakai Heavy Industries, Ltd. (incumbent)	
		[Significant concurrent positions outside the Company] Outside Director and Audit and Supervisory Committee Member, Sakai Heavy Industries, Ltd. * He is scheduled to retire from said company upon the conclusion of the Annual General Meeting of Shareholders planned to be held in June 2023.		
Reasons for nomination as a candidate for Outside Director and overview of expected roles 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 newly nominated him as a candidate for Outside Director. 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.				

No.	Name (Date of birth)	Career summary, position and responsibilities		Number of the Company's shares owned
8	Katsuhiko Shono (February 16, 1952) New election Outside Director Male Board meeting attendance —	Mar. 1970      Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) July 1985      Transferred to Toronto Center, Japan External Trade Organization June 2002      General Manager, Traditional Crafts Industries Office, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry June 2005      Managing Director, The Japan Society of Industrial Machinery Manufacturers May 2021      Advisor, The Japan Society of Industrial Machinery Manufacturers May 2023      Advisor and Director, The Japan Society of Industrial Machinery Manufacturers (incumbent) [Significant concurrent positions outside the Company] Advisor and Director, The Japan Society of Industrial Machinery Manufacturers	—	—
Reasons for nomination as a candidate for Outside Director and overview of expected roles 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. Also, he has not been involved in corporate management in the past so we believe he can appropriately carry out the duties of an Outside Director. 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.				
9	Masako Sakaguchi (March 31, 1967) New election Outside Director Female Board meeting attendance —	Apr. 1996      Registered as an attorney at law (member of the Dai-ichi Tokyo Bar Association) May 1999      Master in Laws (LL.M.), Northwestern University School of Law Jan. 2001      Registered as attorney in the State of New York Jan. 2009      Judicial commissioner, Tokyo Summary Court (incumbent) Apr. 2014      Professor, Legal Training and Research Institute, Supreme Court of Japan Nov. 2018      Bar Examination Committee Member (Civil law) Preliminary Bar Examination Committee Member (Civil law)	500	500
Reasons for nomination as a candidate for Outside Director and overview of expected roles 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. Also, she has not been involved in corporate management in the past so we believe she can appropriately carry out the duties of an Outside Director. 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.				

- (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. Candidate Masahide Shimada was elected at the FY2021 Ordinary General Meeting of Shareholders and has participated in all Board meetings held thereafter.
  4. Makoto Kikkawa, Katsuhiko Shono, and Masako Sakaguchi are candidates for Outside Director.



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.  
If the election of Makoto Kikkawa, Katsuhiko Shono, and Masako Sakaguchi is approved, the Company will conclude an agreement with each candidate 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.
7. Makoto Kikkawa, Katsuhiko Shono, and Masako Sakaguchi 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.

**Proposal 4:** Election of two (2) Audit & Supervisory Board Members

The terms of office of current Audit & Supervisory Board Members, Hiroyasu Hayashi and Nozomu Maehara, will expire at the conclusion of this Meeting. Therefore, the Company proposes the election of two (2) Audit & Supervisory Board Members. The Audit & Supervisory Board has already given its consent to this proposal.

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

Candidate	Name (Date of birth)	Career summary and position		Number of the Company's shares owned			
1	Yasumitsu Iba (June 29, 1961) New election Male Board meeting attendance - meetings Audit & Supervisory Board meeting attendance - meetings	Apr. 1985	Joined The Long-Term Credit Bank of Japan, Limited	4,700			
		Nov. 2000	Joined The Industrial Bank of Japan, Limited				
		Oct. 2007	Joined State Street Trust and Banking Co., Ltd.				
		July 2010	Joined 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 (incumbent)				
Reasons for nomination as a candidate for Audit & Supervisory Board 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 Audit & Supervisory Board Member with the expectation that his deep specialization in these areas will be reflected in the auditing of the execution of duties.							
2	Nozomu Maehara (February 19, 1959) Reelection Outside Director Male Board meeting attendance 13/13 meetings Audit & Supervisory Board meeting attendance 13/13 meetings	Apr. 1982	Joined NOK CORPORATION	2,000			
		Apr. 2003	General Manager, Sales Management Dept. Corporate Sales & Marketing Division, NOK CORPORATION				
		July 2010	Vice Division Manager, Plastics and Urethane Business Division, NOK CORPORATION				
		Apr. 2016	Deputy General Manager, Corporate Business Promotion Division, NOK CORPORATION				
		June 2019	Outside Audit & Supervisory Board Member, the Company (incumbent)				
		June 2020	Standing Corporate Auditor, NOK CORPORATION (incumbent)				
		[Significant concurrent positions outside the Company] Standing Corporate Auditor, NOK CORPORATION					
		Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member Based on Nozomu Maehara's experience from many years of work related to sales and business management at NOK CORPORATION, an important trade partner of the Company, and to have his plentiful knowledge and experience in areas very much related to the Company's business reflected in the Company's audit, we have made him a candidate for Outside Audit & Supervisory Board Member and ask for his reelection.					

- (Notes)
- There are no special interests between any of the candidates and the Company.
  - Nozomu Maehara is a candidate for Outside Audit & Supervisory Board Member.
  - Nozomu Maehara is currently an Outside Audit & Supervisory Board Member of the Company and at the conclusion of this Meeting, he will have been an Audit & Supervisory Board Member for four years.
  - Nozomu Maehara is concurrently a Standing Auditor of NOK CORPORATION, and the Company has a business relationship, selling and purchasing products, etc., with this company.

5. The following is an overview of the contents of the limited liability agreement with the Audit & Supervisory Board Members.  
If the election of Yasumitsu Iba is approved as an Audit & Supervisory Board Member, the Company will conclude an agreement with him 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 the reelection of Nozomu Maehara is approved, the Company plans to renew a limited liability agreement with the same content with him.
6. The Company has entered into a liability insurance agreement for officers, etc. as set forth in Article 430-3, Paragraph 1 of the Companies Act. It covers damages that may arise from insured Audit & Supervisory Board Members 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 Audit & Supervisory Board Member, they will become insured under the agreement, and the agreement will be renewed as long as they serve as Audit & Supervisory Board Members.

(Reference) Areas where the Company has Particular Expectations of Directors and Audit & Supervisory Board Members

(Management Structure after the Approval of Proposal 3 and Proposal 4 (Planned))

		Corporate manage- ment	Business strategy	Business sales	Finance and accounting	Techno- logical R&D	Inter- nationality	ESG
Directors	Tetsuji Tsuru	○	○		○		○	
	Masaki Nakao	○	○				○	
	Shinji Abe			○				○
	Norio Uemura			○		○		
	Masahide Shimada		○				○	
	Hidetaka Yamamoto		○	○				
	Makoto Kikkawa	○			○			
	Katsuhiko Shono		○			○		
	Masako Sakaguchi						○	○
Audit & Supervisory Board Members	Hideo Satake		○				○	
	Yasumitsu Iba				○		○	
	Nozomu Maehara			○				○
	Hideki Watanabe				○		○	
	Atsushi Kajitani	○				○		

(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.

## **Business Report**

(April 1, 2022 to March 31, 2023)

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

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

The economic environment of our Group during the fiscal year ended March 31, 2023 showed 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. On the other hand, supply chain disruptions caused by the shortage of semiconductors and other industrial materials, soaring energy resource prices due to the protracted conflict between Russia and Ukraine and inflationary pressures with accompanying monetary-tightening policies mainly in the U.S. and Europe have contributed toward an economic downturn. As a result, the outlook remains uncertain.

In this operating environment, both sales and income increased, and our business remained solid with the exception of the Automotive and Construction Machinery Industries segment, which were impacted significantly by difficulties in procuring parts.

As a result of such efforts, we earned operating profit of 9,264 million yen, ordinary profit of 12,277 million yen and in profit attributable to owners of parent of 6,796 million (respectively, up 22.5%, 13.6% and 19.0% year on year) on net sales, which were up 11.7% to 157,380 million yen during the fiscal year ended March 31, 2023.

The following shows the results in each segment.

Automotive and Construction Machinery Industries	While this segment was affected by the global semiconductor shortage, the weak yen pushed net sales up in this segment to 84,949 million yen (up 4.1% year on year), but operating profit decreased to 379 million yen (down 81.3% year on year) as profitability deteriorated due to soaring raw material prices and higher electricity costs.
General Machinery Industry	As a result of the recovery in customer operations overseas, this segment posted net sales of 33,761 million yen (up 16.7% year on year) and operating profit of 3,619 million yen (up 47.7% year on year).
Semiconductor Industry	While this segment was affected by the postponement of investment caused by the slowdown in the semiconductor industry, particularly with memory, expansion with new sales led to net sales of 16,702 million yen (up 37.0% year on year) and operating profit of 1,842 million yen (up 174.3% year on year) in this segment.
Marine Industry	Net sales in this segment were 13,553 million yen (up 16.2% year on year) as a result of continued favorable conditions in the new shipbuilding market and an increase in demand for repair parts in Europe. Operating profit was 3,326 million yen (up 39.6% year on year).
Aerospace Industry	Net sales in this segment were 8,413 million yen (up 30.2% year on year), and operating profit was 91 million yen (up 481.8% year on year), mainly as a result of increased sales to the aircraft industry.

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

Capital investment during the fiscal year ended March 31, 2023 amounted to 10.2 billion 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) Succession of Rights and Obligations Related to the Business of Other Corporations, etc. as a Result of an Absorption-Type Merger

The Company merged with Eagle Engineering Aerospace Co., Ltd. on January 1, 2023.

(4) Changes in Assets and Income (Loss)

	FY2019	FY2020	FY2021	FY2022 (Current fiscal year)
Net sales (Millions of yen)	142,106	130,513	140,842	157,380
Operating profit (Millions of yen)	5,772	5,802	7,560	9,264
Ordinary profit (Millions of yen)	6,766	8,447	10,811	12,277
Profit attributable to owners of parent (Millions of yen)	2,907	4,010	5,713	6,796
Earnings per share (Yen)	59.24	81.70	116.34	139.82
Total assets (Millions of yen)	166,800	176,508	180,955	193,232
Net assets (Millions of yen)	82,019	92,441	103,094	112,930

- [FY2019] Amid concerns of a deteriorating economy as a result of trade friction between the U.S. and China, the U.K.'s withdrawal from the EU, and geopolitical risks in the Middle East and East Asia, along with a marked slowdown in the Japanese economy caused by the consumption tax hike, both sales and profits declined due to the global spread of COVID-19 since the fourth quarter.
- [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] 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 39 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 we saw repeated expansion and contraction of COVID-19 infection rates, the global economies generally followed a recovery trend. Moreover, businesses of the Group have solid prospects regarding production and sales, which is reflective of growth in the various markets. On the other hand, in the automotive industry, which is the main market of the Group, global automobile production trends remain uncertain due to prolonged supply shortages of semiconductors used in vehicles and expanding geopolitical risks. The shift from vehicles with conventional internal combustion engine to EVs is also accelerating for achieving carbon neutrality as a measure against climate change, and the Group's segments are entering a period of transformation.

Based on these circumstances, we started formulating a new three-year medium-term management plan that begins from FY2023.

### 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

Target Management Figures for the Final Year

Net sales: 200 billion yen, operating profit: 14.5 billion yen (operating margin: 7%)

In the medium-term management plan, we will conduct initiatives for each of the Main Items for Promotion in order to respond to market changes. At the same time, we will also mainly focus on the semiconductor industry business as a future growth driver and work to build a business portfolio that will bring stable earnings. We will also continue to develop "next generation products with proprietary technology that contribute to environmental preservation and energy efficiency" for next-general mobility and energy markets, which we have been engaged in up until now. By making proposals to each market, we aim to achieve medium- to long-term growth for our Group while aiming to achieve the targets of this plan.

The following shows main initiatives by each segment.

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

We will continue to mass-produce and increase sales of products for the expanding EV market and develop new products while also lowering the break-even point through further cost reductions and reviewing appropriate sales prices to ensure earnings.

### **General Machinery Industry**

In India and the Asia-Pacific region, which is the main market of this segment, we expect petroleum refining and petrochemical plant construction projects to remain strong and that our Group products and services will also grow as a result of increased energy demand caused by economic growth and population increase. Efforts to develop next-generation energy and reduce labor and CO2 emissions are ongoing at various plant facilities. Therefore, we will also continue to propose product technologies and services in these markets.



**Semiconductor Industry**

Since demand for semiconductors is expected to grow as the amount of data communication continues to increase due to the practical application of 5G, IoT and AI, the Company will continue to focus on expanding production and sales to makers of semiconductor manufacturing equipment, along with development of new products based on our product lineup.

**Marine Industry**

While we expect after-sales services to decrease temporarily in the current fiscal year, we will endeavor to make new sales and provide solid after-sales service of our products as new shipbuilding is increasing. We will also continue to strive to develop environmentally-friendly products such as water-lubricated sealing devices for medium and large vessels.

**Aerospace Industry**

Since the civil aircraft market, which was negatively impacted by COVID-19, is recovering, and there are active space development projects in both the public and private sectors, the Company will increase sales of products in fields where our technologies can be applied by closely monitoring the development status of each company and market trends.

## 2. Items Related to Company Officers

### (1) Directors and Audit & Supervisory Board Members

(As of March 31, 2023)

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.	12/13 meetings
Masaki Nakao	Representative Director and Vice President and General Manager, Defense Business Corporate Office		13/13 meetings
Shinji Abe	Representative Director and Senior Managing Director and General Manager, Safety, Environmental and Quality Control Office		13/13 meetings
Norio Uemura	Representative Director and Senior Managing Director and General Manager, Engineering Division		12/13 meetings
Masahide Shimada	Senior Managing Director and General Manager, AI·CI Division and General Manager, Nuclear Power Business Corporate Office		9/9 meetings
Kensaku Hogen	Director	Outside Director, NOK CORPORATION	13/13 meetings
Makoto Fujioka	Director	Outside Director, NOK CORPORATION Outside Director, Nippon Paper Industries Co., Ltd.	13/13 meetings
Naoki Shimada	Director	CEO, P&E Directions, Inc. Outside Director, SUGITA ACE CO.,LTD External Director, RENOVA, Inc. Outside Director, Japan Business Systems, Inc. Outside Director, NOK CORPORATION	9/9 meetings
Hiroyasu Hayashi	Standing Audit & Supervisory Board Member		13/13 meetings
Hideo Satake	Standing Audit & Supervisory Board Member		13/13 meetings
Nozomu Maehara	Audit & Supervisory Board Member	Standing Auditor, NOK CORPORATION	13/13 meetings
Hideki Watanabe	Audit & Supervisory Board Member	Standing Auditor, NOK CORPORATION	13/13 meetings
Atsushi Kajitani	Audit & Supervisory Board Member	External Auditor, NOK CORPORATION Outside Director, DMS Inc.	13/13 meetings

Name	Position and responsibilities	Significant concurrent positions outside the Company	Board meeting attendance
		Specially-Appointed Professor, Shinshu-University Research Center for Social Systems	

- (Notes) 1. Directors, Kensaku Hogen, Makoto Fujioka and Naoki Shimada are Outside Directors.
2. Directors, Masahide Shimada and Naoki Shimada were elected at the FY2021 Ordinary General Meeting of Shareholders and participated in all Board meetings held after their election.
3. Audit & Supervisory Board Members, Nozomu Maehara, Hideki Watanabe and Atsushi Kajitani are Outside Audit & Supervisory Board Members. Audit & Supervisory Board Member, Atsushi Kajitani is a licensed attorney-at-law.
4. Audit & Supervisory Board Member, Hideki Watanabe has considerable experience and expertise in finance and accounting at NOK CORPORATION.
5. The Company has registered Directors, Kensaku Hogen, Makoto Fujioka and Naoki Shimada and Audit & Supervisory Board Member, 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 Audit & Supervisory Board Member 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members

### 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)	297 [20]	211 [20]	27 [-]	58 [-]	8 [3]
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	52 [8]	52 [8]	—	—	5 [3]
Total	349 [29]	263 [29]	27 [-]	58 [-]	13 [6]

- (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. Matters related to resolutions at General Meetings of Shareholders for determining compensation, etc. for Directors and Audit & Supervisory Board Members

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 Audit & Supervisory Board Members shall not exceed 72 million yen. At the conclusion of this Meeting, the number of Directors will be four (4), and the number of Audit & Supervisory Board Members 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).

4. 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 7.8 billion yen, and based on the actual operating profit of 9.264 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 100% 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 Audit & Supervisory Board Members. Director compensation is determined by the Board of Directors, and Audit & Supervisory Board Member compensation, etc. is determined via through discussions with Audit & Supervisory Board Members 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 Audit & Supervisory Board Members is provided below.

- **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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members is determined by the Audit & Supervisory Board through discussions with Audit & Supervisory Board Members.

◎ 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, 2022 to March 31, 2023)

### Consolidated Balance Sheets

(As of March 31, 2023)

(Millions of yen)

Subject	Amount	Subject	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>107,712</b>	<b>Current liabilities</b>	<b>44,457</b>
Cash and deposits	30,581	Accounts payable - trade	9,655
Notes receivable - trade	1,565	Electronically recorded obligations - operating	2,590
Accounts receivable - trade	30,977	Short-term borrowings	2,148
Electronically recorded monetary claims - operating	5,073	Current portion of long-term borrowings	11,475
Merchandise and finished goods	11,606	Accounts payable - other	3,063
Work in process	8,298	Lease liabilities	484
Raw materials and supplies	12,961	Income taxes payable	1,855
Accounts receivable - other	3,745	Contract liabilities	595
Other	3,008	Deposits received from employees	4,230
Allowance for doubtful accounts	(105)	Provision for bonuses	2,818
<b>Non-current assets</b>	<b>85,519</b>	Provision for loss on orders received	646
<b>Property, plant and equipment</b>	<b>60,879</b>	Other provisions	9
Buildings and structures	25,015	Other	4,884
Machinery, equipment and vehicles	21,322	<b>Non-current liabilities</b>	<b>35,844</b>
Tools, furniture and fixtures	3,543	Long-term borrowings	20,508
Land	6,522	Lease liabilities	850
Leased assets	1,603	Retirement benefit liability	13,120
Construction in progress	2,871	Provision for environmental measures	300
<b>Intangible assets</b>	<b>2,727</b>	Negative goodwill	45
Goodwill	829	Other	1,019
Other	1,898	<b>Total liabilities</b>	<b>80,302</b>
<b>Investments and other assets</b>	<b>21,913</b>	<b>Net assets</b>	
Investment securities	14,733	<b>Shareholders' equity</b>	<b>96,249</b>
Long-term loans receivable	475	<b>Share capital</b>	<b>10,490</b>
Deferred tax assets	5,294	<b>Capital surplus</b>	<b>11,819</b>
Other	1,518	<b>Retained earnings</b>	<b>75,824</b>
Allowance for doubtful accounts	(109)	<b>Treasury shares</b>	<b>(1,884)</b>
		<b>Accumulated other comprehensive income</b>	<b>8,170</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>518</b>
		<b>Foreign currency translation adjustment</b>	<b>7,310</b>
		<b>Remeasurements of defined benefit plans</b>	<b>340</b>
		<b>Non-controlling interests</b>	<b>8,510</b>
		<b>Total net assets</b>	<b>112,930</b>
<b>Total assets</b>	<b>193,232</b>	<b>Total liabilities and net assets</b>	<b>193,232</b>

## Consolidated Statements of Income

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Subject	Amount
<b>Net sales</b>	<b>157,380</b>
<b>Cost of sales</b>	<b>119,893</b>
<b>Gross profit</b>	<b>37,487</b>
<b>Selling, general and administrative expenses</b>	<b>28,222</b>
<b>Operating profit</b>	<b>9,264</b>
<b>Non-operating income</b>	<b>4,293</b>
Interest and dividend income	398
Share of profit of entities accounted for using equity method	1,881
Other	2,013
<b>Non-operating expenses</b>	<b>1,280</b>
Interest expenses	415
Other	864
<b>Ordinary profit</b>	<b>12,277</b>
<b>Extraordinary income</b>	<b>216</b>
Gain on sale of non-current assets	42
Gain on sale of investment securities	173
<b>Extraordinary losses</b>	<b>275</b>
Loss on sale of non-current assets	10
Loss on retirement of non-current assets	101
Impairment losses	163
<b>Profit before income taxes</b>	<b>12,218</b>
Income taxes - current	3,710
Income taxes - deferred	(142)
Total income taxes	3,567
<b>Profit</b>	<b>8,650</b>
Profit attributable to non-controlling interests	1,853
<b>Profit attributable to owners of parent</b>	<b>6,796</b>