



**GO
FAR
BEYOND**

Musashi Integrated Report 2025

Musashi Seimitsu Industry Co., Ltd.



CONTENTS

Cover: Key Visual
 “The Quickening of Light
 —The Acceleration of Light,
 The Stirrings of Light”

Under the corporate policy “Go Far Beyond! Stage 2,” Musashi held a generative-AI art competition open to all global employees. The aim was to foster talent for the AI era and promote the use of generative-AI in business operations.

The competition attracted over 40 entries from global locations, with voting conducted across a broad spectrum from management to junior staff. The winning design, “The Quickening of Light—Acceleration of Light The Pulse of Light,” captures Musashi’s powerful, forward driving momentum with a speed born of boundary-breaking ideas in unpredictable times. Dynamic lines in red, blue, yellow, and purple symbolize Musashi’s various businesses. They are overlapping and merging to form a single world visualizing the challenge to create new value beyond the confines of an automotive parts manufacturer.



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Editorial Policy

This integrated report presents to shareholders, investors, and all stakeholders, alongside annual performance, Musashi Seimitsu Industry’s commitment to achieving growth through “Decision” and “Challenge.” Our aim is to clearly convey Musashi’s current state. We hope this will facilitate a deeper dialogue, enabling understanding of our long-term growth strategy based on the Musashi Philosophy and the Musashi 100th Year Vision, alongside our diverse initiatives for sustainable value enhancement.
 Scope: Musashi Seimitsu Industry Co., Ltd. and Group Companies Period Covered: 1 April 2024 to 31 March 2025 (including some initiatives commenced prior to this period and recent activities)



Musashi DNA

1

What has underpinned
Musashi's Growth?
What is its DNA?

For 87 years, we have consistently pursued
new challenges without fear of transformation.
Behind our sustained, reliable growth lies the unwavering
Musashi Philosophy.



Musashi Seimitsu Industry's DNA is shaped by Musashi Philosophy

Musashi Philosophy consists of three elements: “Our Origin,” “Our Purpose” and “Our Way.” These three elements together form the Musashi Philosophy, and no single element should be considered in isolation from the other two.



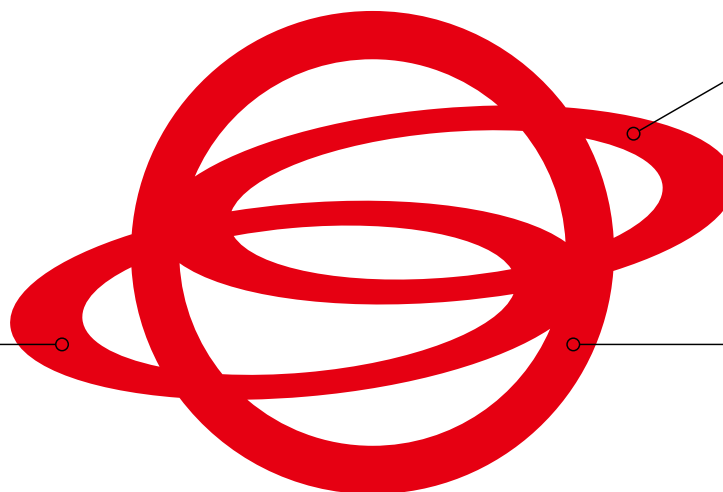


OUR PURPOSE

The three circles that make up the corporate mark, and the mark as a whole, express “our mission to society and our reason to exist.”

PASSION

Our passion for monozukuri and the use of technology allows us to overcome new challenges.



WISDOM

We innovate through the use of our acquired and enhanced “Wisdom.”

HARMONY

We contribute to a sustainable and enriched world by achieving “Harmony” between our lives and Earth.

PASSION × WISDOM × HARMONY
ENRICHED EARTH

Driven by
Purpose

We contribute to enriched **Harmony** between our lives and Earth,
using our **Passion** for technology and **Wisdom** for innovation.



OUR ORIGIN

Our founder, Yoshiharu Otsuka said the following as the origin of Musashi:

“We have seen the rise and fall of many companies throughout history. There are very few groups united by the spirit of Simplicity, Sturdiness and Consistent Sincerity that no longer exist. We must never forget this fact.”



Consistent Sincerity

Simple and Sturdy

OUR WAY

The values each of us hold in our hearts. Moving into the future with Exploration and Exploitation of knowledge.

01 Customer first

- Recognize all stakeholders as “customers”
- Understand their true needs and expectations

02 Integrity

- Act with integrity; do the right thing
- Work with passion

03 Be unique, be creative

- Seek originality
- Create with ingenuity

04 Try first, learn fast

- Challenge yourself
- Learn from practice

05 One Musashi

- Respect individuality and diversity
- Build the best team by leveraging the strengths of others

06 Leadership and ownership

- Act Proactively
- Lead the solution

07 Smile and thanks

- Remember to smile
- Be grateful



Musashi in Figures

We present Musashi's current position, the strengths that generate value, and initiatives for future growth through key figures.

*Figures are for fiscal year 2024

Musashi Today

Sales: Approx. ¥**347.1** billion

Approx. **2.15** times

The expansion of the EV (electric vehicle) market has intensified global development competition, and within this environment, the trend toward outsourcing by automakers is also growing. The increase in new entrants and new development projects is creating new opportunities for our company to enter the market.

Number of employees: **16,450**

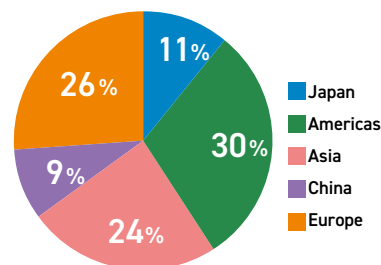
Overseas ratio: **Approx. 86%**

We foster an environment where diverse talents can grow and thrive, regardless of nationality, age, or gender.

Overseas sales ratio

Approx. **89%**

A key feature is that we have a business portfolio distributed across various regions worldwide.



Regional Sales Breakdown (FY2024 Consolidated)

Global production and sales locations

FY2024: **37** locations worldwide
FY2007: 21 locations worldwide

We meet the needs of our global customers through our production system spanning 14 countries and 37 locations worldwide.

Investment for Future Growth

Hybrid SuperCapacitor plant production capacity to be increased by autumn 2026

Annual production capacity of **6.5** million cells

We are constructing a new Hybrid SuperCapacitor plant in Minami-Alps City, Yamanashi Prefecture. We will establish an annual production capacity of 6.5 million cells by the middle of fiscal year 2026.

Development expenditure

In our research and development activities, we are focusing on the development of original products and technologies, as well as electrified products, with a view to the accelerating shift toward an electrified society.

¥**5.4** billion

Number of value creation events held: **13**

Cumulative number of participants: **192**

We consider the creation of technology-based innovation to be a key challenge and are actively engaged in developing innovation talent to realize this.

Strengths That Create Value

xEV ratio of new orders

Approx. **64%**

The gears used in our core products, differential assemblies and reduction mechanisms, also play a vital role in EVs, with demand expected to grow further.

Proportion of local employees among overseas base managers

Approx. **55%**

We are strengthening initiatives to cultivate true global leaders capable of exercising leadership with an overview of the entire region/group.

Number of global circles for business improvement activities

MM Circles (QC Activities)

497 circles **3,973** people

At each global location, teams learn the process of business improvement through small group activities and continuously implement "workplace environment improvements" and "business process improvements."

Total number of participants in philosophy training to promote the philosophy and vision

1,220
(including group companies)

To cultivate "talent who understand and practice the Musashi Philosophy" and "challengers pursuing our vision," we conduct foundational philosophy training for all employees.



The history of Musashi Seimitsu Industry is one of accumulated decisions and challenges

Reading and riding the times

Musashi has been sensitive to the trends of the times since its establishment. Our founder, Yoshiharu Otsuka, founded Otsuka Kikai Seisakusho, the predecessor of Musashi Seimitsu Industry, in April 1938 by becoming independent from Nakajima Aircraft Company that was growing rapidly. Then, the Company received orders for critical parts of engines, of which high precision is required, and produced high business performance steadily.

After the war, the Company undertook manufacturing of parts for the sewing machine industry, which had grown rapidly due to the shortage of clothing, and contributed to solving issues faced by the industrial world. As a new business that could take advantage of its technology, the Company focused on motorcycles, whose demand was growing due to the consumption boom during the period of high economic growth, and this was the beginning of our current mainstay business.

It is not only products that the Company has developed in response to the times. Musashi has provided in-house training opportunities for the good of its employees and has been working to raise awareness in accordance with business phases. President Yoshiharu Otsuka established a youth school for young employees, where they could learn social common sense and receive general education in the early years of the Company's existence. During Musashi's transition period, he opened a vocational training center to create a mass production system. In addition, around 1970, when the number of employees had begun to increase and the age range had broadened, he began to implement job-class-specific awareness reform of employees, from new recruits to

managers and have them take technical skill tests. This initiative has led to the current training structure that is focused on autonomous and job-class-specific training programs.

The magnitude of change is the magnitude of opportunity

Musashi's entry into the motorcycle market was the catalyst for beginning to take the next leap forward. The Company continued to refine its technologies together with its customers.

Later, Musashi entered the automotive market, but had to survive the cost competition that intensified due to trade liberalization. Although we were outpaced in the cost competition for drive gears, we believed that our integrated production system was advantageous. Therefore, we aggressively introduced state-of-the-art machinery and completed the foundation of an integrated production system while facing unprecedented problems and finding our way through the process. This production line later helped Musashi expand both in Japan and overseas.

Even after growing into a mid-sized company with growth in sales mainly from automotive parts, the Company went through several periods when the automotive industry was shaken. However, Musashi has turned these times into opportunities.

It was the oil crisis in 1973 that prompted us to take the first step toward becoming a global company. While cost cutting was required, we thought that overseas expansion was necessary for achieving further growth. Musashi's high quality and passion for quality led to a contract for ball joints with a leading U.S. automaker, which deepened its confidence. At present ball joints are one of Musashi's mainstay products. We later

Foundation period

- 1938 — Entry into the aircraft industry
- 1947 — Entry into the sewing machine industry
- 1956 — Production of parts for motorcycles begins
- 1961 — Establishment of an integrated manufacturing system

Entry into the motorcycle and automotive industries

- 1963 — Company name changed to Musashi Seimitsu Industry
- 1967 — Entry into the automotive market

Overseas expansion with parts for automobiles

- 1978 — Concluded a ball joint export contract with Ford Motor Company

An integrated manufacturing system established overseas

- 1987 — Entry into Thailand
- 1993 — Completion of a structure with four regional bases (Japan, U.S.A., U.K., and Thailand)
To the global automotive market

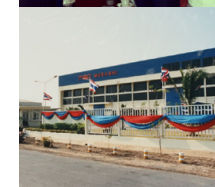
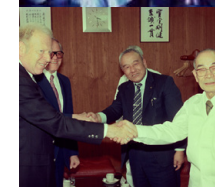
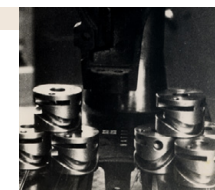
Development of new Musashi brand products

- 2011 — Development of a Differential as a global strategic product

Establishment of a globally competitive system and initiatives for new businesses

- 2016 — Acquisition of HAY Holdings

Becoming an essential company that supports society with technologies





continued to expand into Southeast Asia, as well as Europe, North America, and Latin America.

The enhancement of our overseas bases will improve our ability to recover from economic risks and natural disasters and reinforce the foundation for the next steps. Although we faced a crisis of survival when Lehman Brothers collapsed in 2008, we proceeded with measures to reduce total costs while anticipating new demand in emerging countries.

Musashi 100th Year Vision
“Go Far Beyond!”
“Break Barriers and Go on Adventures!”

The spirit of taking on challenges has been in the DNA of Musashi, and the Company has been evolving along with the changing times since its founding.

The social environment is constantly changing, and companies are now being asked not only about the growth of their business itself but also about their social value. At the same time, the automotive industry is also facing a time of transformation, with the growth of the EV market leading to significant structural changes.

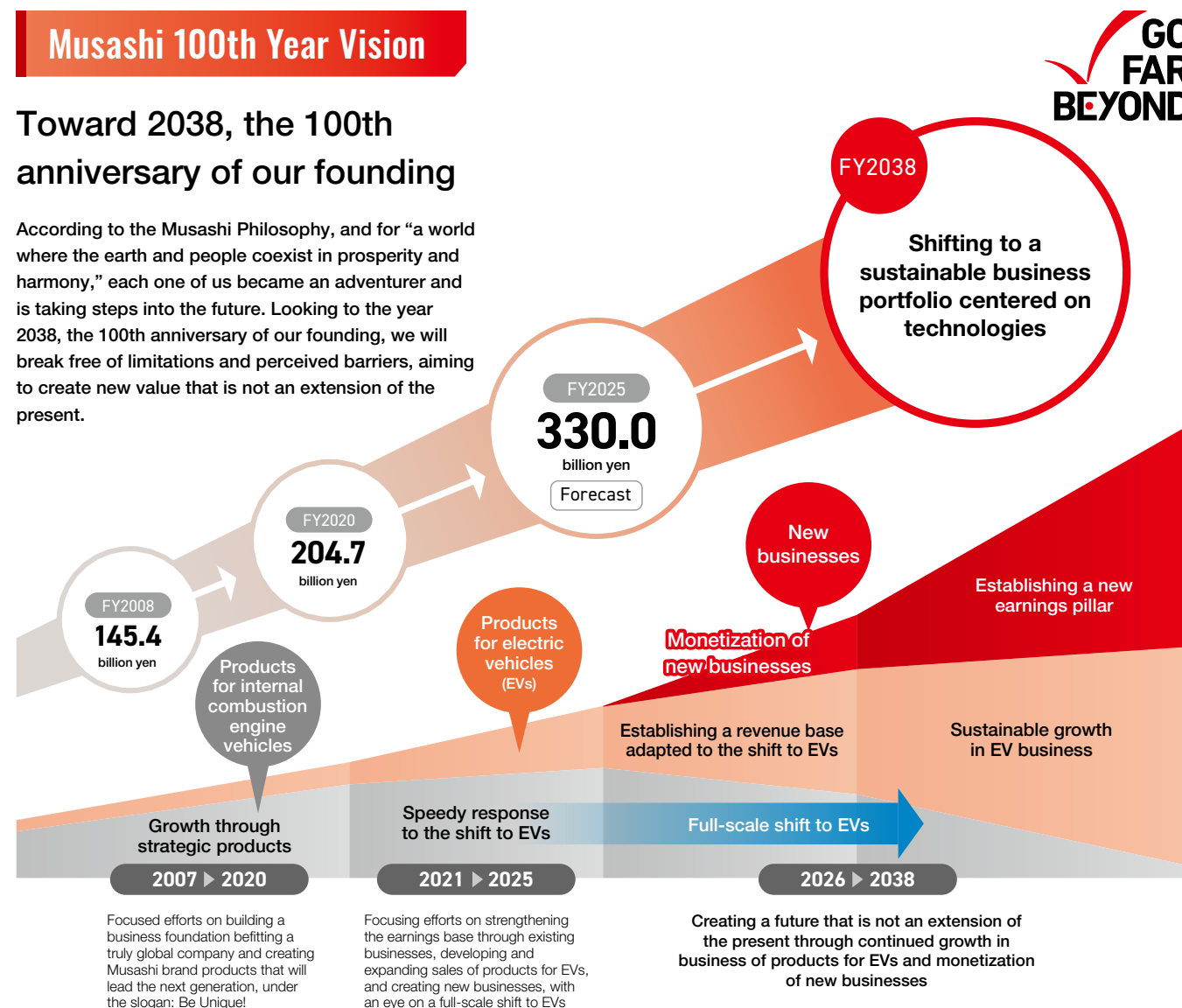
We view these changes in the business environment as new opportunities for growth. Currently, as we head toward 2038, our 100th anniversary, we have established the Musashi 100th Year Vision: “Go Far Beyond!, Break Barriers and Go on Adventures!” We are tackling new challenges in both our core businesses and new ventures. In this rapidly changing society, what is essential for growth is an attitude that embraces new challenges without clinging to the past.

By transcending limitations and conventional wisdom to create new value beyond the extension of the present, we aim to break free from the confines of being merely an “automotive parts manufacturer.” We strive to become an “Essential Company” that delivers the value society expects through technology.

Musashi 100th Year Vision

Toward 2038, the 100th anniversary of our founding

According to the Musashi Philosophy, and for “a world where the earth and people coexist in prosperity and harmony,” each one of us became an adventurer and is taking steps into the future. Looking to the year 2038, the 100th anniversary of our founding, we will break free of limitations and perceived barriers, aiming to create new value that is not an extension of the present.





The Foundation of
Our Activities Is
the Musashi Philosophy

Creating New Value amid
the Changes of Our Times,
Built on 87 Years of History
Since Our Founding

Hiroshi Otsuka

President (CEO) and
Representative Director





In a period of global upheaval, turning change into an opportunity for further growth

The world is currently facing unprecedented change. Various factors are intricately intertwined—U.S.-China trade friction, the Trump administration's tariff policies, the Ukraine conflict, the rise of the Global South—ushering in a period of great upheaval. The automotive industry is also in the midst of a once-in-a-century transformation, and the impact of geopolitical risks and changes in demand for electric vehicles (EVs) is spreading widely from global corporations to region-focused manufacturers.

To forge a path into the future in this highly uncertain era, it is crucial to carefully assess risks and continuously explore the opportunities that lie behind them. We aim for further growth through taking on challenges by firmly capturing the new business opportunities that emerge.

A history of portfolio transformation guided by the Musashi Philosophy

Musashi has undergone business transformations alongside changes in the times. Our founder, Yoshiharu Otsuka, honed his skills as a technician and foresaw the era of aircraft, joining Nakajima Aircraft Company, a prestigious aircraft manufacturer. As Japan's aircraft industry experienced significant development, the founder chose independence, relying on the technology and experience he had cultivated, and established Otsuka Kikai Seisakusho (now Musashi Seimitsu Industry).

After the end of World War II, the founder returned to his hometown of Toyohashi City in Aichi Prefecture. Focusing on the post-war era when food, clothing, and shelter were in short supply, he entered the sewing machine industry. He developed and manufactured the “balance cam,” which moves thread up and down to smoothly operate sewing machines. The high quality was recognized, and the Company grew to capture a 65% national market share. However, the founder, who had always looked ahead to capture the future, felt uneasy about the future of the sewing machine industry and searched for new businesses where he could leverage the technology he had cultivated. Around that time, he also met Soichiro Honda, and believing in the future of motorcycles, the founder made the decision to direct all of the Company's management resources toward the motorcycle industry. While there must have been anxiety and opposition to this bold business transformation, the decision resulted in Musashi achieving dramatic growth. Without this challenge, we might still be a small plant producing sewing machine parts.



Subsequently, we expanded our business from two-wheel parts to four-wheel parts, and through the construction of an integrated production system that achieved both low cost and high quality, we overcame challenges such as the oil crisis and continued to grow. Later, we shifted toward globalization, expanding to the United States in 1978, and achieving entry into Asia in the late 1980s. From the 1990s through the 2000s, we further accelerated globalization by expanding into the U.K., Canada, Brazil, Hungary, India, China, and other countries.

Musashi currently has 37 production bases in 14 countries worldwide as a global manufacturer, and has built a system capable of competing with the world's mega-suppliers. The path Musashi has traveled is a history of challenges. We take pride in being a company that has continuously grown while taking on challenges, using changes in the times as a springboard. This year marks our 87th anniversary since our founding, and the spirit of

“Simple and Sturdy, Consistent Sincerity” left by our founder remains our company's foundation. The “Musashi Philosophy,” which consists of a trinity combining our mission to society (Our Purpose) and the guiding principles for realizing it (Our Way), serves as the foundation for all of our company's activities.

Because Musashi possesses this corporate culture, we believe we can achieve further growth through taking on challenges amid the changes in the times ahead. Currently, as a rallying cry toward 2038 when we will celebrate our 100th anniversary, we will have established the Musashi 100th Year Vision: “Go Far Beyond! Break Barriers and Go on Adventures!” We are taking on new challenges in both our core businesses and new businesses.

[Musashi Philosophy](#)

[Musashi 100th Year Vision](#)



The strengths of technology and integrated production system cultivated over our long history

In the automotive industry, the dynamics of the EV market are changing, and regional characteristics are beginning to emerge. In China, the EV ratio has risen to nearly 50%, and local manufacturers' advances are becoming prominent, while Japanese manufacturers are struggling. In Europe, the review of EV subsidy policies has slowed the growth of the automobile market. In the United States, the share of hybrid vehicles is increasing, and various manufacturers are reconsidering their EV strategies. Under these circumstances, there is a strong trend toward deploying multiple models adapted to regional characteristics. In response to this business environment, our company has strengthened our business foundation for Battery Electric Vehicles (BEVs) that run solely on batteries, hybrid vehicles, and internal combustion engine vehicles. Having diverse strategic options that can flexibly respond to changes in automotive mechanisms is one of our major strengths.

In our core business, we will continue to refine our manufacturing skills and break through. In particular, we take pride in our world-class technology related to gears. To manufacture a single gear requires many complex processes, and especially for EV gears, it is necessary to meet strict requirements such as compact size, light weight, quietness, and high strength. Musashi has built and globally deployed an integrated production system that covers all processes from material procurement to forging, cutting, heat treatment, finishing, and assembly, as well as peripheral technologies including dies and cutting tools. Additionally, we are actively introducing cutting-edge digital tools to pursue production efficiency and improve development speed.

The technology and integrated production system strengths we have cultivated over our long history are the source of our competitiveness and are important assets. We believe that receiving many inquiries from a wide range of customers around the world is proof of recognition of Musashi's technology and quality.

Core Business

Pursuing the value of manufacturing and taking on challenges in new businesses

While pursuing the value of manufacturing in our core business, we are also actively taking on challenges in new growth areas without being bound by existing frameworks. Having a strong core business is also one of Musashi's strengths, as it allows us to utilize

the management resources generated from it to take on challenges in new businesses.

Currently, we are working on new businesses in four areas: E-Mobility, Energy Solutions, Smart Industry, and Plant Bio. Among these, in the E-Mobility business, we have developed a compact EV drive unit in-house and are working on the popularization of compact e-mobility in emerging markets such as India, Africa, and Southeast Asia. We are also considering business expansion in areas such as batteries for compact EVs and data businesses. In the Smart Industry sector, we are deploying plant automation solutions utilizing AI technology. We are automating areas that have traditionally relied heavily on human sensitivity and labor, such as appearance inspection and transportation between production lines, and under the philosophy of "more humanized work for human beings," we will continue to provide technology widely to manufacturing sites around the world.

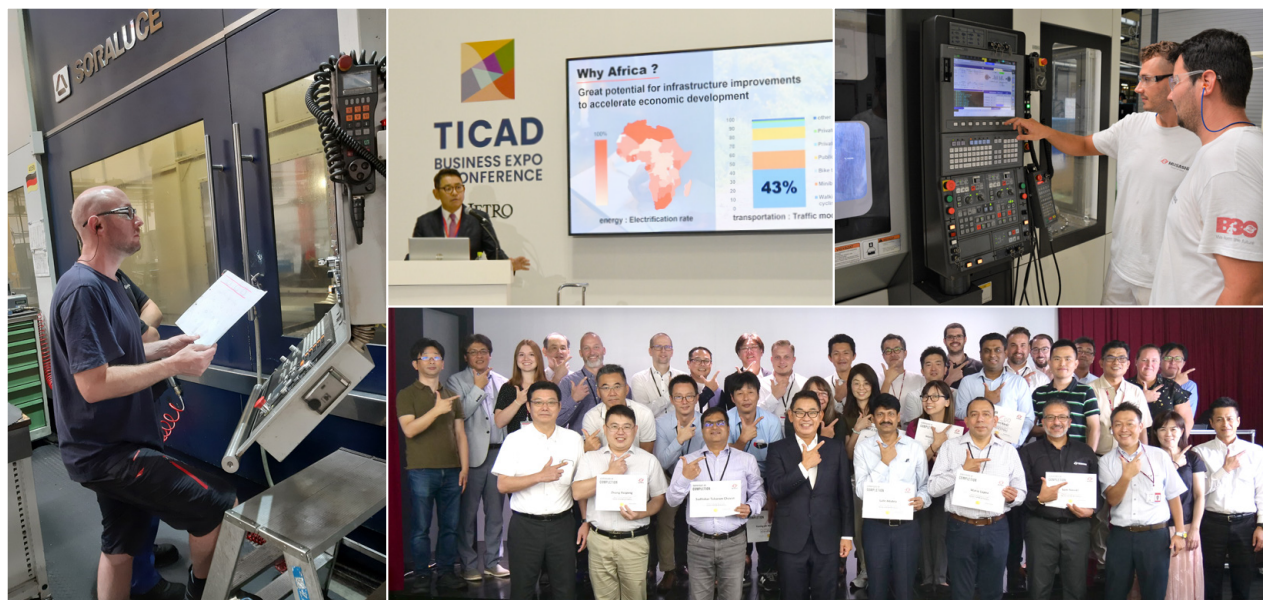
Among our new businesses, we have particularly high expectations for the groundbreaking energy storage device, the "Hybrid SuperCapacitor (HSC)." With the spread of generative-AI, demand has emerged on a scale exceeding expectations. The Energy Solutions business, with HSC at its core, is Musashi's next growth driver, aiming to resolve social issues such as stable energy

supply and resource conservation. While the energy storage capacity of HSCs is about one-tenth that of lithium-ion batteries, the output is more than 10 times greater. It can supply large amounts of power in a short time and demonstrates its strengths in settings where backup during power outages is needed, among other applications.

In recent years, with the evolution of AI technology, the construction of new AI data centers is accelerating worldwide. At AI data centers, high-performance GPUs momentarily consume large amounts of electricity, which has become a challenge. HSCs can contribute to supplying peak power and stabilizing electricity, and with the expansion of AI data centers, the market is expected to expand globally. In terms of HSC production, we have completed the installation of capacity expansion equipment to increase the production capacity of the existing Hokuto Plant (Yamanashi Prefecture) from 200,000 cells per year to 1.5 million cells. Moreover, we are advancing the construction of a new plant in Minami Alps City, Yamanashi Prefecture, with an annual capacity of 5 million cells, aiming to establish a production system of 6.5 million cells per year by the fall of 2026.

HSC Feature

e-Mobility



Fiscal 2024 was challenging but profits grew; fiscal 2025 has high expectations for India

Fiscal 2024 was a year of challenges amid continued global supply chain disruptions and geopolitical risks. In the fiscal year ending March 2025, despite decreased revenue, we achieved solid profit growth, demonstrating the strength of Musashi's business foundation and our ability to respond to change.

On the other hand, clear contrasts emerged in each region. China experienced a harsh environment with Japanese automakers struggling due to the difficulties faced by Japanese automotive manufacturers. Similarly, the European market also saw harsh results as the automobile market significantly cooled. In these regions, we are advancing structural reforms and working to build an appropriate system matched to the volume of work.

In contrast, the Americas performed very well. In addition to the strong performance of major customers, the growth of high-value-added products for large vehicles expanded, and this profit expansion in the United States supported our performance globally. Additionally, in Asia, the two-wheeler business progressed steadily and contributed to overall growth as a stable earnings base.

Regarding the outlook for the fiscal year ending March 2026, in the automotive parts sector, which is our core business, we aim to increase profits by monitoring changes in the market environment, such as U.S. tariff issues, and implementing measures flexibly in each region. In China, while steadily advancing structural reforms, we will connect to future growth by expanding orders from local automobile manufacturers. In Europe, although the harsh market environment continues, we will create a foothold for recovery here as well through further structural reforms.



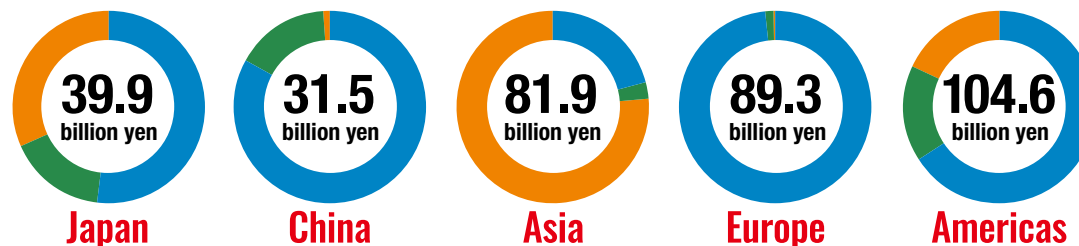
Attending Nvidia GTC 2024



Hybrid SuperCapacitor Innovation Forum held in December 2024

Net sales **347.1 billion yen** Operating profit **19.7 billion yen**

FY2024 net sales ■ PT business ■ L&S business ■ Two-wheeler business



The region we have the highest expectations for is India. It is currently a region where significant growth is expected in the global automotive market, and our company has been making strategic investments over several years. In this market where demand is rapidly expanding, we will actively implement measures aimed at business expansion.

Strengthening governance to enhance management transparency and fairness

In terms of governance (corporate governance), we have been strengthening initiatives to enhance the transparency and fairness of management. At the Board of Directors, chaired by an outside director, professionals with diverse backgrounds and high levels of expertise gather to engage in active and constructive discussions.

The main topics discussed by the Board of Directors cover a wide range of issues, including business strategy such as EV response and new businesses, restructuring of the business portfolio with an eye to the future, capital allocation and human resource strategy, and dialogue with shareholders and investors in the capital markets. Outside directors also actively participate in communication with investors, striving to promote highly transparent management.

Regarding information disclosure, we will continue to practice fair and open management, aiming to eliminate information asymmetry.

Governance

Inheriting the Musashi Philosophy and taking on challenges to create new value

The world has changed with the emergence of new technologies. Musashi has also achieved growth by using changes in the times as a significant source of nourishment. It is important to pass on our history, along with the Musashi Philosophy, to the next generation. Building on our 87 years of history since our founding, we will take on the challenge of creating new value by breaking existing frameworks. We will thoroughly utilize cutting-edge technology and continue to take on challenges toward new growth.



Hybrid SuperCapacitor

2

What is the next growth driver?

Achieving both core business enhancement and new venture exploration through ambidextrous management.
Among new ventures, the Hybrid SuperCapacitor holds promise as a key growth pillar.



[Feature]

Why are Hybrid SuperCapacitors becoming a next-generation core business?

Part 01

HSC demand significantly expanded by AI data centers

The energy storage device known as the Hybrid SuperCapacitor (HSC) is attracting significant attention from cutting-edge technology companies worldwide.

Since December 2022, when US-based OpenAI unveiled ChatGPT—an interactive generative-AI application leveraging large language models (LLMs)—the number of data centers being constructed has surged dramatically. According to the Ministry of Internal Affairs and Communications' White Paper on Information and Communications, the number of data centers in the United States is projected to reach a staggering 5,426 by 2025*.

Data centers require energy solutions that maintain stable power supply without interruption as critical infrastructure, even during sudden surges in electricity demand. Our Hybrid SuperCapacitors (HSC) are the products that enable this, offering overwhelming advantages over other energy storage devices.

While HSCs have previously been employed in applications such as trams, fuel cell vehicles, machine tools, and lifting equipment, their market scale remained limited. However, the situation has changed dramatically due to the surge in new demand from AI data centers.

*Source: "Number of Data Centers by Country/Region" (Ministry of Internal Affairs and Communications)

HSC's notable advantages: rapid charge/discharge, high output, safety

HSCs are highly valued in AI data centers due to their unique performance characteristics. They enable rapid charging and discharging while delivering high output. Their high level of safety makes them the optimal solution for the rapid power fluctuations inherent in AI processing.

For example, the GPUs (graphics processing units) from NVIDIA used in AI data centers handle computational tasks for generative-AI. These GPUs consume enormous amounts of power instantaneously during AI training and inference processes.

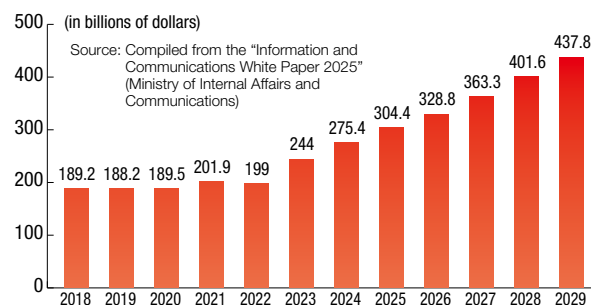
However, when operations such as learning and inference cease, and data is being exchanged between the GPU or CPU and memory, power consumption drops sharply. Such fluctuations in power demand place excessive strain on the power infrastructure. This could threaten the stable supply of electricity. In the United States, the rapid proliferation of AI data centers has caused strain on the power grid, with reports of deteriorating power quality affecting households near data centers.

Musashi's proprietary technology "HSC Peak Power Technology"

In contrast, solutions utilizing HSCs enable peak power leveling within the server itself by integrating HSC-equipped shelf units (boards) into AI servers. The capacitor's rapid charge/discharge characteristics also allow it to handle sudden power fluctuations occurring at the server level. This dramatically stabilizes power supply from the grid to the chip.

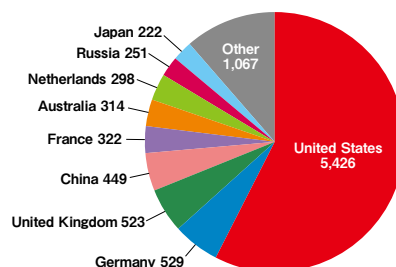
While our company has primarily focused on transactions with

Trends and forecasts for the data center market by country (sales revenue)



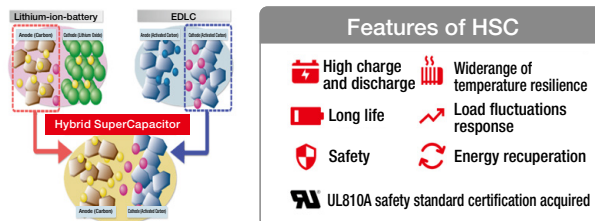
Number of data centers by country/region

Source: Compiled from the "Information and Communications White Paper 2025" (Ministry of Internal Affairs and Communications)



Core Technology

Hybrid SuperCapacitor



the automotive industry, including major automakers, global IT platform companies operating data centers for generative-AI are now showing significant interest in HSCs. We are increasingly aware of the growing expectations for our HSC technology and the peak power solutions leveraging HSCs that we have cultivated over the years.

Part 02

The history of capacitor development and Musashi's technology in action

Capacitor research and development has a long history. Musashi's journey to achieving mass production:

Capacitor's 34-year history began with mobile memory backup

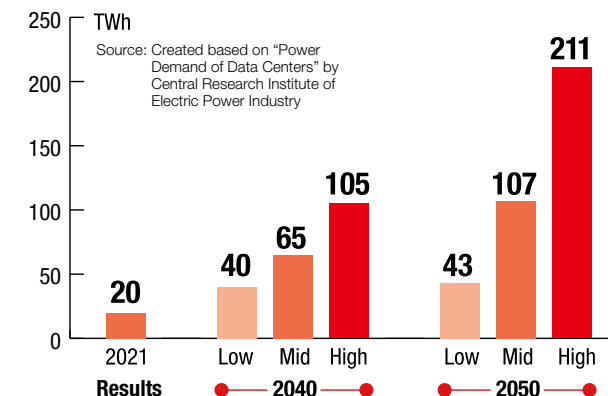
The history of capacitors, the core technology of HSCs, dates back to 1991. Born around the same time as lithium-ion batteries, this device was initially used primarily to back up mobile phone memory. It played a crucial role in providing backup for those critical seconds needed to instantly write data to memory or other storage devices when power suddenly dropped.

However, the market surrounding lithium-ion batteries and capacitors



Capacitor used for mobile phone memory backup

Power demand for data centers



subsequently underwent significant changes. While lithium-ion batteries grew substantially, driving the mobile revolution, capacitors struggled to expand their market. The primary reason for this divergence was that cheaper, more common capacitors became widespread in mobile devices, limiting the applications for capacitors.

In the early 2000s, fueled by expectations for hybrid automotive applications, numerous major corporations entered capacitor device R&D. Yet, the market failed to expand as anticipated. Following the 2008 Lehman Shock, companies began withdrawing en masse, with most exiting by around 2015.

The perseverance of engineers and the decision of the development and manufacturing company

Amid these adverse conditions, Musashi Energy Solutions (formerly JM Energy), which had been responsible for HSC research, development, and manufacturing as part of the Musashi Group, continued its operations. The Company employed numerous highly skilled engineers with extensive experience in research and development aimed at the practical application of capacitors.

The very existence of this group of engineers is the source of the competitiveness that has enabled our company to become a global leader in HSCs today.

Under conditions where demand for HSCs was limited, Musashi Energy Solutions faced a persistently challenging business

environment. However, seeking out and refining cutting-edge technology to create new value for society is also part of Musashi's DNA, cultivated through its history of "resolve" and "challenge." Management repeatedly deliberated with in-house engineers, driven by the conviction that "this high-potential technology must not be left untapped." They committed to research, development, and commercialization. As a result, they encountered the vast market for data centers serving generative AI and are now poised for a period of dramatic growth. Former Musashi Energy Solutions President Koshi Takahashi reflects, "We were able to continue R&D and sustain the business even during difficult times thanks to CEO Otsuka's strong will."

As a result, Musashi's mass production technology in the automotive industry has been integrated with the fruits of years of accumulated R&D. Combining design capabilities with expertise in rationalizing and streamlining manufacturing processes has enabled the mass production of competitive products.

HSC core technology: ensuring safety and long life

Musashi's HSCs are a unique energy storage device that combines the electrode structures of lithium-ion batteries and electric double-layer capacitors. They use activated carbon for the cathode material and graphite for the anode material, achieving mass production through specialized core technologies. Particularly crucial are the pre-doping technology, which pre-incorporates lithium ions into the anode, and the electrode processing technology. These two technologies enable both rapid charging/discharging and consistent storage capacity, achieving high performance unmatched by competitors.

As lithium-ion battery fires become a societal issue in various regions, HSC's high safety is also beginning to gain attention as a competitive advantage. Because it does not use metal oxides in the electrodes, it does not undergo thermal runaway reactions during abnormal conditions. It has also passed the product safety standard "UL certification" by Underwriters Laboratories (UL), the U.S. safety certification agency known for its rigorous combustion testing.

In terms of durability after repeated charge-discharge cycles, HSCs have demonstrated performance significantly surpassing competing products like lithium-ion batteries. This makes it the optimal device for applications requiring long-term stable operation, such as data centers.

Elevators, fuel cells... A history of expanding applications

Even before the growing demand for AI data centers, HSCs were gradually being tested for use in various fields. In uninterruptible power supplies (UPSs) used in semiconductor factories, they play a critical role by instantly supplying power during voltage sags or power outages, preventing major losses from production line stoppages.

For example, in elevator energy-saving systems, HSC technology forms the core of the system. It powers the motor during ascent and regenerates (reuses) and stores gravitational energy as electricity during descent, achieving substantial energy savings. Also, research and development is advancing for applications in the mobility sector. In collaboration with Mitsubishi Electric Corporation, joint research is underway on next-generation



HSCs, featuring high input/output, long lifespan, high safety, and wide temperature characteristics, are used in various applications such as unmanned transport vehicles, robots, streetcars, and fuel cell vehicles.

energy storage modules for railway vehicles to achieve carbon neutrality in the railway industry. Additionally, in the stationary fuel cell generator developed by Yota Group's Yota Energy Solutions Co., Ltd., HSCs support the instantaneous high output required during fuel cell startup, ensuring stable operation of the power generation system.

History of Musashi Energy Solutions

Founded

- 2007 Established JM Energy Co., Ltd
- 2008 Completion of Hokuto Plant
The world's first mass production of HSC was initiated at this plant

2007

2008 Global Financial Crisis

- 2012 Adopted for instantaneous voltage dip compensation devices
- 2015 Adopted for overhead wire-free trams in Europe

2011

2011 Large-scale natural disasters (Japan and Thailand)

- 2016 Adopted for fuel cell forklift trucks
- 2016 Adopted for vertical conveyors

2016

2016 The Fourth Industrial Revolution CASE

Growth period

- 2020 Become part of the Musashi Group
- 2023 Adopted for Toyota Energy Solutions' fuel cell generators
- 2023 Hybrid SuperCapacitor received UL certification

2020

2020 The COVID-19 shock

Expansion period

- 2024 Mitsubishi Electric and Musashi Energy Solutions sign partnership and co-development contract
- 2024 In partnership with Flex
- 2025 ESS400 energy storage system receives UL1973 listing

2024

Part
03

What is the future envisioned by Musashi's Energy Solutions business?

Expanding possibilities for utilization and further rapid growth in demand.

The roadmap for the Energy Solutions (ES) business, responding with expanded production capacity.

New Minami-Alps Plant —significant increase in production capacity

Musashi is currently focusing particularly on promoting HSCs in the fields of DX (Digital Transformation) and GX (Green Transformation). In DX, we are developing solutions for AI data centers, and in GX, we are developing solutions for large mobile objects such as ships, trains, and construction machinery.

To meet this rapidly expanding demand, we have decided to significantly strengthen our production system. In addition to increasing the production capacity of our existing Hokuto Plant (Hokuto City, Yamanashi Prefecture), which is one of the world's largest HSC mass production plants, we are currently constructing a new Minami-Alps Plant (Minami-Alps City, Yamanashi Prefecture). Construction of this new plant began on April 1, 2025, and operations are scheduled to start approximately September 2026. This will expand HSC production capacity to an annual scale of 6.5 million cells (Hokuto Plant: 1.5 million + New Minami-Alps Plant: 5 million cells). To meet robust demand, we are also considering bringing forward the start of operations.

HSCs are also expected to be utilized in “range extender” type

EVs. This system extends the range of battery-powered EVs by incorporating a small engine or fuel cell that generates electricity when power runs low. HSCs play a role in supporting the instantaneous high output required when the generator starts. Their use is also being considered in range-extender hybrid vehicles, and they have a proven track record as boost power sources in luxury sports cars like Lamborghini and racing cars. Technical expertise is also advancing in these new fields.

Additionally, HSC performance delivers significant value in the efficient utilization of renewable energy. Renewable energy sources like solar and wind power face the challenge of significant fluctuations in power generation due to weather conditions. The HSC's instantaneous charging and discharging capability plays a crucial role in absorbing these power fluctuations and ensuring a stable power supply.

A concrete application of this technology is the regional microgrid project in Toyohashi City, Aichi Prefecture, developed in collaboration with the local government. Our company has introduced a Factory Energy Management System (FEMS) at our headquarters plant, combining solar panels with HSCs. During normal operations, this system uses renewable energy to power the plant. In the event of a large-scale disaster causing a power outage, the electricity stored for the plant is supplied to nearby evacuation facilities and residences, contributing to strengthening the region's disaster resilience.

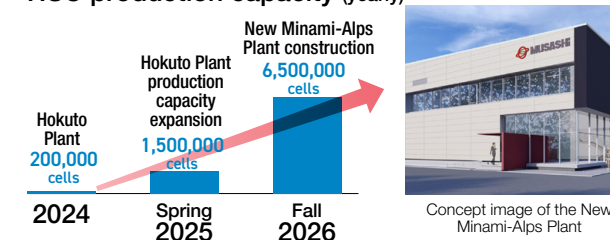
This project, the first of its kind in Japan for a regional microgrid initiative by a manufacturing company, began full-scale operation in 2024. HSCs supports the realization of a sustainable society where companies and communities unite, leading to the creation of new value through local production and consumption of energy.

The new Musashi realized by HSC technology

To achieve growth beyond the existing automotive industry framework, our company has adopted the Musashi 100th Year Vision: “Go Far Beyond! Break the Frame and Embark on an Adventure!” Central to this vision is our Energy Solutions business, anchored by HSCs. In meetings with financial capital market stakeholders, such as institutional investors and analysts, we increasingly receive questions about our Energy Solutions business, reflecting the high expectations from the market. Musashi's most critical competitive advantage lies not only in its patented technologies but also in its organizational capability to establish mass production systems.

While many companies possess excellent technology yet

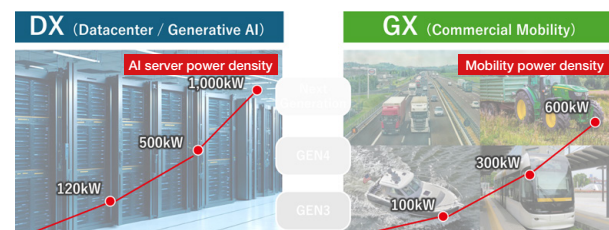
HSC production capacity (yearly)



stumble in mass production, we have elevated our energy storage device technology—developed through years of R&D—by infusing it with manufacturing know-how cultivated in the automotive industry. This has enabled us to reach a level where we can stably supply competitive products. In terms of comprehensive business strength, we take pride in being unmatched.

The HSC business is charting a new growth trajectory, fueled by the fusion of Musashi's corporate culture with the relentless dedication of engineers who, for over 30 years, held the vision: “One day, we will bring capacitors to the world.” While inheriting the corporate culture built by our predecessors, we continue to drive innovation to become the core of our business. This is precisely Musashi's new growth driver: the Energy Solutions business.

Core product: evolution of value proposition



In the railway industry, development is advancing toward improving the efficiency of conversion equipment and reducing vehicle weight. Energy regeneration systems utilizing HSCs, which contribute to the effective use of energy, are attracting attention.





Business Model

3

Why is Musashi's business model so strong?

While honing its core business through the masterful use of technology, Musashi's strength lies in the fusion of this "on-site capability" and "transformation capability," which transforms changing times into opportunities for growth.

Value Creation Process

Musashi builds upon its corporate DNA inherited since its founding, deploying a dual-pronged business model that leverages both the technological capabilities in its core businesses and new ventures. Utilizing its cultivated strengths, it has repeatedly undertaken “challenges” and made “decisions” in each era, realizing unique value creation.

INPUT

Human Capital

- Percentage of employees working at overseas locations: **86%**
- Practical Philosophy Training (BEYONDER Training)
Total participants: **1,220** (including group companies)
- Innovation creation events
Number held: **13**
Cumulative participants: **192**

Manufacturing Capital

- Local production system at **37** locations in **14** countries worldwide
- Percentage of locally hired site managers: **Approx. 55%**
- Capital investment: **¥17.5 billion** (approx. 5% of sales)

Social Capital

- Open innovation CVC investment cases
Total: **17 companies** (cumulative)
- Open innovation event hosted: **24 events** (FY2024)
- Investor dialogues:
Approx. **200 annually**

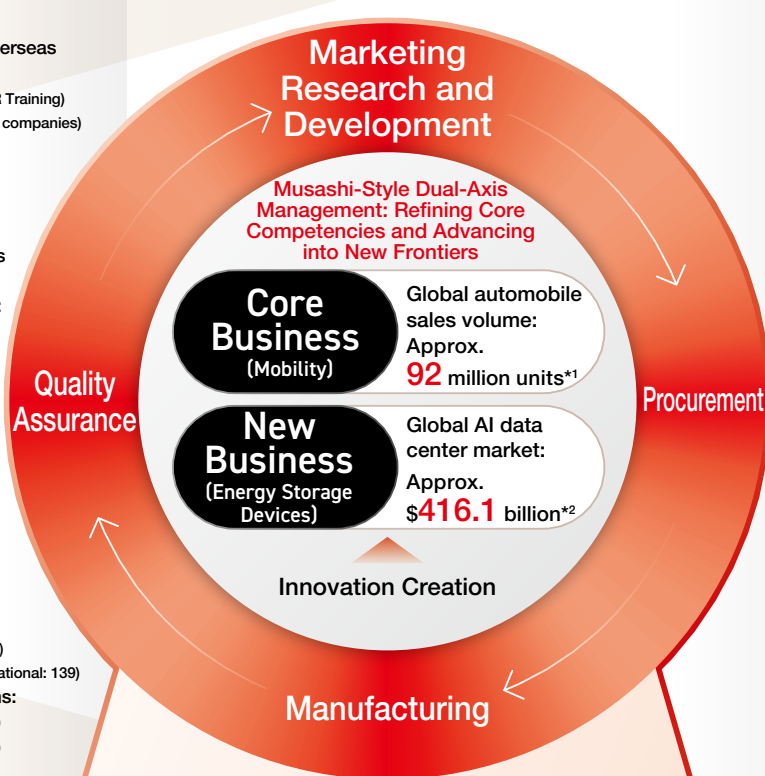
Intellectual Capital

- [Patents & Utility Models]
Registered: **126** (Domestic: 52, Overseas: 74)
Pending: **160** (Domestic: 21, Overseas/International: 139)
- AI visual inspection machine installations: **30 companies, 90 units** (cumulative)
- R&D expenditure: **¥5.4 billion** (FY2024)

External Environment

Major transformation in the automotive industry
Tariff policy
Global geopolitical risks
Market competition and changes in player structure
Exchange rates, inflation, and rising material costs
Semiconductor supply concerns
Climate change and environmental regulations
Sustainability demands

BUSINESS MODEL



Musashi's Strengths ▶ P.21

Global on-site capabilities

Portfolio transformation

Foundation for Value Creation

- Musashi Philosophy ▶ P.4-6 (Our Purpose, Our Origin, Our Way)
- Governance ▶ P.35
- Sustainability ▶ P.31, 32

OUTPUT

Core Business

Mobility ▶ P.29

Four-Wheeled Vehicle Components
(Gears, Shafts, Suspension Components)



Two-Wheeled Vehicle Components
(Gears, Shafts)



New Business

Energy Solutions
Hybrid SuperCapacitors
(Cells, Modules)

▶ P.15



e-Mobility
EV Drive Unit e-Axle

▶ P.30



Constantly Evolving Musashi's New Businesses

Smart Industry

AI Visual Inspection System
Autonomous Moving Robot (S-CART)



Plant Bio

Healthcare Products



OUTCOME

Evolving into an “Essential Company” that supports society through technology

Economic Value

Core Business

- Creating “added value and profit” through proprietary technology and digital utilization (Digital technology/Maximizing revenue through high-speed PDCA)

New Business

- Diversifying and strengthening the business portfolio through new ventures (HSC/e-mobility)

Social Value

Core Business

- Sustainable regional development through local talent development and technology transfer

New Business

- Enhancing regional disaster resilience through microgrid promotion

Environmental Value

Core Business

- Pursuit of manufacturing technologies that reduce environmental impact

New Business

- Contributing to an energy-saving society through improved energy efficiency

Unique Long-Term Value

- Inheriting and developing a “culture of continuous challenge”
- Corporate DNA that transforms crises into growth

*1 Source: “Domestic and International Situation Surrounding Automobiles and the Direction of Automotive Policy” (Ministry of Economy, Trade and Industry)

*2 Source: “Information and Communications White Paper 2025” (Ministry of Internal Affairs and Communications)



Our Strengths

Musashi's major strengths lie in its globally proven operational capabilities, built over more than 85 years of history, and its portfolio transformation capabilities, which have enabled business growth through various eras of change.

Global on-site capabilities

01 Integrated production system from forging to assembly

We have established an integrated production line where each process—from forging to machining, heat treatment, finishing, and assembly—is organically linked. This in-house integrated production enables improvement activities from a holistic optimization perspective that maximizes our strengths, delivering high quality and low cost to satisfy our global customers.

02 Production and sales network across 37 locations in 14 countries

Our speedy, single-company integrated business model—covering everything from forging to assembly—is the source of Musashi's competitiveness as a global supplier succeeding in the market. The technology and know-how cultivated over more than 85 years of manufacturing history since our founding are shared globally across 37 locations in 14 countries, driving further improvements and refining our core competencies.

03 Evolution of manufacturing through digital transformation (DX)

We are advancing the evolution of manufacturing through DX. On the production floor, we are improving production efficiency and promoting paperless operations through the introduction of tablet devices, while simultaneously building our own in-house developed operational management system. We are also actively introducing AI and digital tools into manufacturing management and quality assurance processes, leading to enhanced production efficiency and quality improvement.

Portfolio transformation

01 The DNA of “Decision” and “Challenge” that enabled growth through diverse era shifts

Born as a plant producing aircraft parts, Musashi's journey—from the postwar sewing machine industry to the automotive sector—has been a history of “Decision” and “Challenge” in response to repeated, abrupt era shifts. The experience of achieving business growth while overcoming countless crises has become ingrained as culture and passed down as DNA.

02 Diverse strategic options to flexibly address automotive mechanical changes

We have built diverse strategic options capable of flexibly addressing the mechanical structures of EVs, hybrid vehicles, and internal combustion engine (ICE) vehicles. As EV market trends shift within the automotive industry and multi-path strategies tailored to region and application become mainstream, Musashi can leverage its strengths across any mechanical structure.

03 Breaking the mold of an automotive parts manufacturer to achieve new growth

As the automotive industry enters a period of major transformation, we have been working to break the mold of an automotive parts manufacturer and create new businesses to achieve further growth. We are accelerating business development in the Energy Solutions business, which is poised for significant leaps forward, as well as in the e-Mobility, Smart Industry, and Plant Bio business areas.

CHANGE

Strengths and Value
Provided in the Value Chain

This section explains Musashi's strengths within the value chain, the value generated from them, and the challenges to be addressed going forward.

Marketing
Research &
Development

Procurement

Manufacturing

Quality
Assurance



Leveraging advanced development systems and utilizing digital technology to swiftly materialize increasingly sophisticated customer needs.

Utilizing a global procurement network to select optimal suppliers for everything from materials to components. Building a supplier network that ensures stable supply and cost reduction.

We establish integrated production lines where each process is organically linked. We also advance manufacturing through the digital transformation (DX) of production sites.

To consistently provide products that satisfy customer needs, we promote quality assurance activities based on “management and standards that prevent defects” and “management and standards that prevent leakage.”

Speedy R&D System

Marketing
Research and Development

The advancement of electrification has significantly shortened automotive development cycles. Simultaneously, demands on suppliers are diversifying, encompassing high quality, low cost, and environmental responsiveness. Musashi is actively introducing advanced development test equipment to establish a speedy R&D system for proprietary products. We are building an in-house system capable of consistently handling everything from product design to functional assurance. Our proprietary 3D design technology for differential gears and fundamental design/applied analysis leveraging CAE analysis technology are highly regarded by customers. These techniques tangibly deliver compactness, light weight, high strength, and low friction.



Advanced testing equipment
(Three-Wheel Dynamometer)

Support Technologies

Manufacturing

Underpinning Integrated Production, we differentiate ourselves from competitors by in-house development of support technologies underpinning our integrated production system. For example, we handle everything from design to manufacturing of the dies supporting our precision forging technology in-house. This significantly reduces the complex and intricate machining processes previously required, leading to improved precision and longer service life, as well as shorter production lead times. Moreover, we reuse cutting tools used in various machining processes through regrinding, achieving both cost reduction and reduced environmental impact. We also manufacture our own production equipment. Introducing production equipment packed with our unique know-how into our production lines contributes to manufacturing efficiency and cost reduction.



Assembling production equipment at the
Koki Plant

A Culture of Improvement
Enabling Daily Evolution

Quality Assurance

Behind the daily evolution achieved throughout our over 85-year manufacturing history lies Musashi's cultivated culture of improvement. With flexible thinking unconstrained by existing methods, we hone our core competencies and share the results globally to achieve sustainable growth. We also focus on quality assurance utilizing data and technology. We monitor product status using equipment data and have introduced systems for digital management of product quality. Rather than relying on inspections or human judgment, we aim to evolve toward a system that can predict and anticipate defects before they occur by leveraging data.



Indonesia BANDREK TEAM
Circle World Convention 2024 winner

Capital Supporting Growth

Musashi strategically combines the diverse and unique capital cultivated since its founding to demonstrate its strengths globally.

Manufacturing Capital



Global production and sales structure
37 locations

across **14 countries** worldwide

Ratio of locally hired site managers:
Approx. **55%**

Why is this important?

Our globally integrated production system, spanning 37 sites across 14 countries, is the foundation of our competitiveness. This system enables us to respond swiftly and flexibly to regional needs, such as the rapidly growing Indian market. It also establishes a robust supply chain, maximizes production efficiency, and secures our global advantage.

Capital Strengthening Initiatives

Centered on precision forging technologies cultivated for more than 85 years, we operate an integrated production system globally. We are also advancing automation on production floors, implementing our proprietary AI-based visual inspection systems and automated transport equipment into manufacturing sites. By leveraging digital technologies, we are evolving manufacturing processes while achieving high quality, low cost, and short lead times, thereby strengthening our global competitiveness.

Human Capital



Number of employees: **16,450**
(as of March 2025)

Overseas ratio: Approx. **86%**

Practical Philosophy Training
(BEYONDER Training)
Total participants: **1,220**
(including group companies)

Why is this important?

A diverse talent portfolio, with approximately 86% of employees being foreign nationals, is the driving force behind innovation. The diverse perspectives and expertise of our global team, united under the Musashi Philosophy, enable us to respond flexibly to major changes in the business environment, such as electrification, and create new value.

Capital Strengthening Initiatives

We aim to develop "autonomous professional talent" and have established a training system that supports employees in proactively shaping their careers. We foster an entrepreneurial spirit through our internal incubation program, and by promoting locally-led management, the ratio of non-Japanese top management has exceeded 55%. We will develop human resources who will drive sustainable growth by enhancing our organization's capacity for transformation and adaptability to the environment.

Social Capital



Open innovation
CVC investment cases: Total
17 companies (cumulative)

Open innovation events held:
24 (FY2024)

Number of investor engagements:
Approx. **200** annually

Why is this important?

Long-term trust-based relationships with major global customers form a stable business foundation. Through co-creation with external partners via industry academia collaboration and open innovation, we accelerate business expansion into new domains. We also pursue the creation of business synergies through investments in and collaboration with start-ups.

Capital Strengthening Initiatives

Through operating Incubation Lab MUSASHI Innovation Lab CLUE and hosting various events, we are expanding our circle of co-creation with startups and local communities. In addition, through proactive IR activities prioritizing dialogue with domestic and international investors, we are building new partnerships. We are deepening engagement with diverse external stakeholders to expand our circle of value.

Intellectual Capital



[Patents and Utility Models]

Pending registration: **126**
(Domestic 52, Overseas 74)

Applications pending: **160**
(Domestic: 21, Overseas/International: 139)

Research and development
expenditure: **¥5.4 billion**
(FY2024)

Why is this important?

The abundant technology and know-how cultivated for more than 85 years of manufacturing, along with intellectual property such as patents, form the source of our competitive advantage. These support the high added value of our products and act as barriers to entry that prevent imitation. Amid a rapidly changing business environment, they form the foundation for adapting to change and achieving sustainable growth.

Capital Strengthening Initiatives

We are deepening our 3D design technology and CAE analysis expertise in differential mechanisms, cultivated through our core business, to drive the development of compact, lightweight, and high-strength products. Centered around our research and development hub, the Musashi Global Center, we are also focusing on creating next-generation technologies such as e-Axles and HSCs for two- and three-wheeled vehicles, and plant automation utilizing AI.



Growth Strategy

4

How can we maximize our earning power?

While deepening our core businesses to enhance profitability, we are investing capital in two growth engines: e-Mobility and Energy Solutions. We are also actively advancing human resource investment, the source that strengthens these “earning capabilities.”



It is my mission to enhance Musashi's strengths of "Engineering" and "Resilience" from both financial and human resource perspectives

Navigating the once-in-a-century transformation with our DNA of change

It has been nearly 30 years since I first encountered Musashi Seimitsu Industry (hereinafter, Musashi). In 1997, when a Canadian plant was being established, I came across a job advertisement in the local newspaper and applied out of interest. To be honest, I didn't know much about Musashi, and when Haruhisa (Hal) Otsuka, the CEO of the Americas region, asked me in the interview, "What kind of work would you like to do?" I found myself asking back, "...What kind of work is available?" At the same time, I remember being excited about the opportunity to broaden my skills across various fields which would be starting with the new plant launch. This feeling has remained unchanged since I joined to the present day. After the Canadian plant launch, I became involved in global projects from 2016 and was appointed CFO in 2018. Reflecting on my journey at Musashi, I am filled with profound gratitude, pride, and a deep sense of connection to this remarkable company.

Musashi is a very unique company. In addition to our strengths of "Engineering" centered on technology and "Resilience" (flexible strength to respond to changes in the external environment), we have a "DNA of change" that supports these two pillars. Our history of transforming our business from aircraft parts to sewing machines and then to automotive parts has cultivated our ability to respond to rapid changes in the external environment. And this is precisely the driving force that enables us to navigate through this era when the automotive industry is said to be undergoing a once-in-a-

century transformation.

Emphasizing ROIC with a focus on improving capital efficiency

Investors pay attention to fundamentals such as sales, profits, growth rates, capital structure of shareholders' equity and interest-bearing debt, allocation between growth investments and shareholder returns, and ROIC (Return on Invested Capital) and ROA, which indicate capital efficiency.

As CFO, engaging in dialogue with investors and working to sustainably enhance corporate value over the medium to long term, the indicator I place the most emphasis on in financial strategy is ROIC, which represents capital efficiency. Both Musashi's core businesses and the Energy Solutions business, which is expected to grow rapidly in the future, are highly capital-intensive businesses. Growth requires cash, and when invested appropriately, the results appear in ROIC. In other words, ROIC is the most important indicator for confirming whether invested funds are generating the expected returns and whether they are generating returns that exceed the cost of capital.

However, the characteristics of each business are completely different. Since it is challenging to establish ROIC targets uniformly, targets vary across different product lines, business types, and regions of operation. Nevertheless, for any business, we are committed to "achieving reliable returns" that exceed the cost of capital.

In financial strategy, three perspectives are essential: short-term, medium-term, and long-term. We have emphasized not only the

three-year medium-term plan that is updated annually, but also a longer-term perspective. In particular, we are taking a longer-term outlook for the Indian EV market, where further growth and expansion can be anticipated, as well as for the Energy Solutions business centered on Hybrid SuperCapacitors (HSCs).

Investors are paying great attention to non-financial elements such as corporate governance and GX (Green Transformation). As CFO, I strongly recognize that perspectives such as whether outside directors are effective and whether governance is effective, and whether environmental considerations are being made, are also important elements in creating corporate value.

"E-Mobility Business" and "Energy Solutions Business" Drive Growth

Musashi currently has two major pillars driving growth. One is the E-Mobility business. While the transition from gasoline vehicles to EVs appears to be progressing, it is necessary to carefully assess the speed and direction. Three years ago, it was thought that "all newly sold vehicles would be EVs in five years," but in reality, significant differences are emerging, with trends showing strong preferences for hybrid vehicles in some regions. While EV growth is being seen in Europe, it is not progressing at the rapid pace initially expected. China's EV market continues to show favorable growth, but under current policies in the United States, momentum in the EV market cannot be expected for the time being. In such circumstances, the fact that the hybrid vehicle market will grow over a longer period works to Musashi's advantage, as we supply components such as drive units required for both hybrid vehicles and EVs to automotive manufacturers. India and the African region that India supports, are the growth markets we are focusing on.

The second major pillar is the Energy Solutions business, with particular focus on the HSC business. We are concentrating management resources and have deployed a specialized team in Japan and North America,



Tracey Sivill

Vice President and Representative Director, CFO, CHO

one of our key markets. Since acquiring JM Energy in 2020, Musashi Energy Solutions has been steadily strengthening the Hybrid SuperCapacitor (HSC) business, driven by the firm belief that this technology will play a vital role in the future of energy management.

That foresight is now being realized with the adoption by key OEMs. Demand from the AI data center market has accelerated rapidly, particularly in North America, underscoring the importance of HSC technology in ensuring stable, reliable power delivery in high-demand



environments. This growth clearly reflects the vision and resilience of Musashi's engineers, as well as our company's DNA of embracing change.

While HSCs will continue to require capital investment over the next several years, they are positioned to become a strong driver of cash generation and will contribute significantly to improving ROIC.

Achieving rapid management decisions through information sharing

To enhance "Resilience" to the rapidly changing external environment, such as determining investment timing, a robust system infrastructure is essential. Musashi began introducing SAP, a fully integrated Enterprise Resource Planning (ERP) system, about 10 years ago, and has now established a system where data from all sites is accumulated and can be immediately visualized on both financial and gemba (shop floor) dashboards.

Information sharing through standardized systems provides a foundation for management to make accurate judgments on whether to "respond quickly" or "remain cautious" when unexpected situations occur. Furthermore, unified operations help ensure supply chain health, minimize risks, and are also effective from a governance perspective.

Recruiting excellent human resources globally who resonate with our corporate DNA

In addition to my role as CFO, I also oversee global HR (Human Resources) as CHO. I have been involved in human resources for a long time throughout my career. Currently, Musashi employs 16,000 people worldwide. I believe that crossing borders between headquarters and regional bases, recruiting truly excellent talent, assigning them to appropriate business divisions, and creating teams where they can maximize their abilities will lead to further enhancement of Musashi's resilience. In recruiting diverse human resources, I feel that

my background and being from Canada is a great strength. Canada has a large number of immigrants and is a highly multicultural nation, characterized by a diverse society where various cultures are blended. Making this diversity a "natural value" rooted in Musashi is my role.

We will continue to invest capital in recruiting excellent engineering talent, which is the source of "Engineering," the foundation of Musashi's growth. With the rising needs of markets requiring new technologies, such as data centers, recruiting human resources to handle new businesses has become an urgent issue. Furthermore, we are also promoting the development of successors not only for the engineering teams that are Musashi's strength, but also for back-office functions such as sales, human resources, and finance that support those teams.

What drives the recruitment of excellent human resources with diverse backgrounds and skills is in Musashi's "corporate DNA." Interestingly, many of the people we recruit do not place a strong emphasis on financial incentives during interviews. While compensation commensurate with results is of course important, most people are attracted to and apply because of Musashi's philosophy, including our founding spirit and mission. To break out of the shell of being an "automotive parts manufacturer" and acquire excellent top talent, it is essential to actively communicate our unique corporate DNA that continues to take on the challenge of change. For this purpose, self-marketing becomes important.

Rebuilding resilience, achieving reduced revenue with increased profit in FY2024

The FY2024 (fiscal year ending March 2025) results showed decreased sales but increased operating profit. This is the result of rebuilding and strengthening resilience within the organization. While some impact from COVID-19 remained, the experience of streamlining business operations during the pandemic period was leveraged. Through continuous efforts by management teams at each plant to improve cost structures, operating profit increased even as sales declined. The weak yen also worked positively in consolidated results, and overall, management teams at each region and plant managed this transformational period very well while facing many daily challenges.

It can be said that FY2025 is off to a good start. Despite global turmoil, there has been no major disruption in sales trends. The concern is consumer reactions when tariff-driven cost increases materialize in earnest. This point is changing daily, and we will continue to observe it carefully.

Allocating growth investment to the Energy Solutions business

Regarding growth investment, we are discussing when, in which businesses, and how much capital to invest, including deliberations from the Board of Directors. Since there are always multiple options, it is essential to make decisions at the appropriate time. Among the options, the

Energy Solutions business, centered on HSCs, is the largest growth driver within Musashi, and we plan to continue investing capital allocation, we place importance not only on growth investment but also on shareholder returns. Regarding the dividend payout ratio, we plan to maintain the current 30%. The philosophy I rely on in making decisions as CFO is that "good company management that produces results will also satisfy investors." It is crucial to establish effective management structures and plans, and execute them consistently and reliably. While investors have various judgment indicators for evaluating companies in both financial and non-financial aspects, it is important that we remain focused on the businesses we should concentrate on. Announced plans should not be changed frequently.

Musashi has a stable equity ratio and high financial soundness. For sustainable medium- to long-term growth, we have a well-balanced portfolio of existing businesses that generate stable profits and new businesses that create new cash. We also possess excellent technologies with the potential to become new growth drivers for Musashi. We will fully leverage this growth potential and promote management that enables all stakeholders to have confidence in Musashi's value and future prospects.

(Billion yen)

4th Quarter accumulated	FY2023 (12 months)	FY2024 (12 months)	vs. Previous year	
			Change	Ratio
Net sales	349.9	347.1	(2.8)	(0.8%)
Operating profit (Operating profit ratio)	18.3 (5.3%)	19.7 (5.7%)	+1.4	+7.3%
Ordinary profit (Ordinary profit ratio)	15.5 (4.4%)	17.9 (5.2%)	+2.4	+15.6%
Net income (Net income ratio)	7.9 (2.3%)	7.7 (2.2%)	(0.2)	(1.7%)



Human Resources Strategy

Musashi Seimitsu Industry employs over 16,000 people globally. In a rapidly changing business environment, the key to sustainable corporate growth and value creation lies in the power of our people. To foster operational capabilities on the global stage, respond to rapid business portfolio transformation, and further strengthen our marketing capabilities, we are promoting systems that enable all employees to grow and take on challenges.

ESG Policy / Data

Basic human resource development concept

Musashi has set a vision for 2038: “Go Far Beyond!” To meet this vision in accordance with the Musashi Philosophy, for “a world where the earth and people coexist in prosperity and harmony,” each one of us has become an adventurer and will create a path forward into the future.

To build an organization that flexibly adapts to changing times and business environments

while continuously generating innovation, we promote the development of “self-driven professionals” who autonomously pursue transformation and strive for self-improvement. To achieve this, we implement a talent strategy centered on three pillars: “Philosophy,” “Innovation,” and “DX.”

Philosophy training

In various business situations—such as when facing difficult decisions or challenging new ventures—the Musashi Philosophy and corporate DNA serve as shared values connecting our 16,000 employees worldwide, functioning as a core reference point. Therefore, Musashi prioritizes understanding and practicing the Philosophy, implementing a three-stage Philosophy Program.

“BEYONDER Training” for all employees promotes understanding and commitment through interactive programs. The “Go BEYONDER Training” for managers cultivates top runners by planning and proposing transformation themes. Also, for global leaders, we conduct “Go Far BEYONDER Training” cultivates evangelists for the philosophy. Through these trainings, the philosophy—serving as the axis for value judgments and

business advancement—permeates the Company, fostering a challenging mindset and unity. By gathering diverse talents who resonate with the philosophy, the corporate culture itself becomes the source of long-term business growth.

Innovation talent development

Technology-driven innovation is central to Musashi’s business growth. Centered around the innovation hub “CLUE,” we create extraordinary spaces (Place), bring together diverse people (People), and implement design thinking and practical workshops (Process), establishing an environment where internal and external talent converge. We actively promote new business creation through diverse programs like the “Higashi Mikawa Innovators Gate,” and we also pursue collaborations with domestic and international startups through industry-academia-government partnerships and CVC (Corporate Venture Capital) activities.

In addition, we define the three elements essential for innovation as “Technology,” “Solutions,” and “Market,” placing significant emphasis on cultivating marketing talent. For young managers, we have introduced a transformational leadership development program that includes marketing. We have also established an educational framework to foster a marketing perspective among engineers.

DX talent development

Positioning DX as a common language across the Company, we offer a structured education program covering “IT Literacy,” “Tool Utilization,”



Deep integration of philosophy

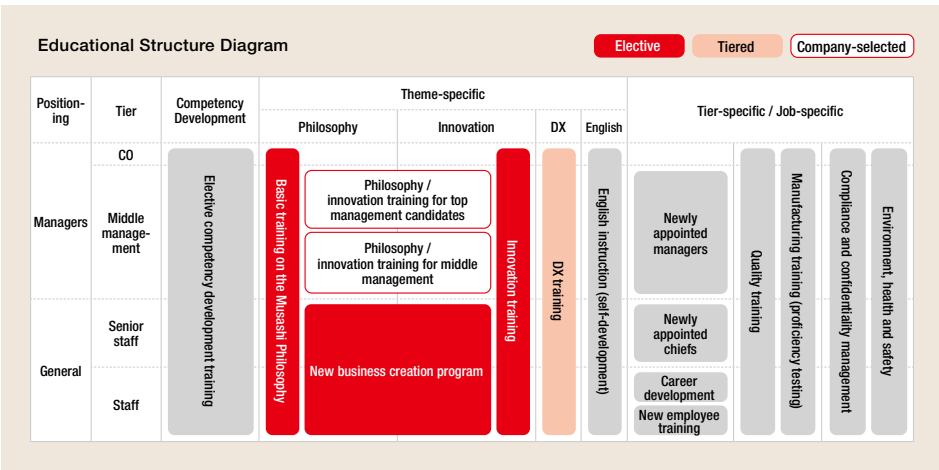


Innovation creation



Digital talent driving DX

“Data Analysis,” and “AI/Generative AI Programming.” While emphasizing practical application in the field—such as IoT, AI, and low-code development—we also promote the adoption of the latest digital technologies and the in-house development of systems. As of 2024, with the goal of cultivating “DX Top Runners,” 1,012 employees enrolled and 767 completed the program. By actively learning and challenging themselves to solve problems and create new businesses, employees are steadily fostering a transformation mindset, improving operational efficiency, and strengthening competitiveness across Musashi.



Scene from the philosophy foundation training (BEYONDER Training)



Through Continuous Innovation, Musashi Evolves and Delivers New Value

01 Core Business

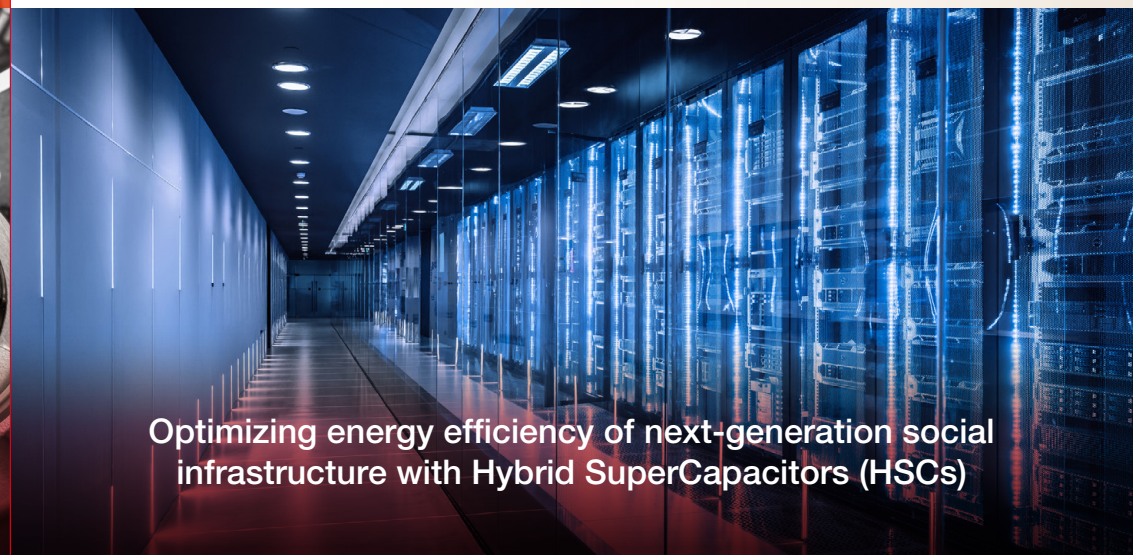
P29



Deploying high-quality lower-cost products globally through integrated production systems from forging to assembling

02 Energy Solutions Business

P15



Optimizing energy efficiency of next-generation social infrastructure with Hybrid SuperCapacitors (HSCs)

03 e-Mobility Business

P30



Make a “Clear Blue Sky” by promotion of e-Mobility

04 Smart Industry Business

Industry



Streamlining and optimizing manufacturing sites with leading-edge AI technology

05 Plant Bio Business

Plant Bio



Contributing to an enriched global society through plants and biotechnology in East Mikawa

Core Business (Mobility)

The gears used in our flagship products, differential assemblies and reduction mechanisms, also play a vital role in EVs, with demand expected to grow. Our long-established expertise and know-how as a specialist manufacturer of gears for mobility applications represent a significant competitive advantage in the era of electrification. We are also developing reduction gear units for EVs that combine differential assemblies and reduction gears. Centered on key devices for the EV era, we aim for further growth.

TOPIC

New orders for Chinese automobile manufacturers are expanding

Our group is actively pursuing global sales expansion across a broad customer base to achieve further business growth. Within the Chinese market, we have secured new orders from local vehicle manufacturers, including BYD. Specifically for BYD, which is significantly increasing its global EV sales volume, orders are rapidly expanding as we meet customer demands for high quality.



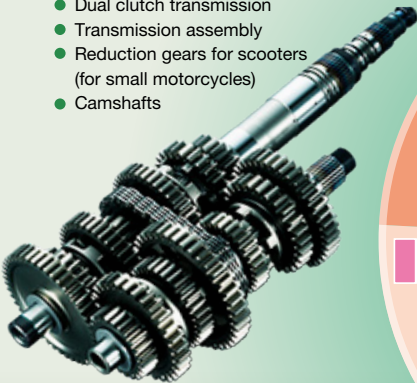
◀Rear suspension pillow ball joint applied to BYD's Qin Plus (EV)

No.1 in global market share*
Two-Wheeler Business

Transmission gears, camshafts and other drive parts for motorcycles, general-purpose engines, and ATVs are manufactured and supplied to customers throughout the world. Utilizing the accumulated design and machining technology for the world-share No.1 production volume, we are promoting the development of new products for small-size motorcycles for the new developing countries. Technology developed in Japan is applied in large-size premium models actively for the local procurement to meet customer needs in the world.

Product Examples

- Cover assemblies
- Dual clutch transmission
- Transmission assembly
- Reduction gears for scooters (for small motorcycles)
- Camshafts



PT Business

Musashi develops and manufactures camshafts which control the timing of opening and closing intake/exhaust valves of an engine; transmission gears and planetary assembly which convert and transmit engine revolutions to optimal driving revolutions; and differential assembly which receive engine torque on the input shaft and allocate it to 2 output shafts (on right/ left wheels) with an applicable difference in revolutions.

Product Examples

- Differential assembly
- Planetary assembly
- Cast camshaft
- Transmission gear

No.1 in global market share*

*Checked by our company

L&S Business

L&S business covers ball joints, important security parts requiring high reliability, which are used in the joint between the tire and the vehicle. The ball joint works as a joint while steering or tire movement according to dents and bumps on the road and contributes to smooth steering and comfort driving.

Product Examples

- Suspension arm assembly
- Suspension ball joints
- Steering ball joints





e-Mobility Business

Reducing emissions of greenhouse gases, including CO₂, is a global challenge. Particularly in emerging nations where two-wheelers are indispensable for daily transportation, environmental issues caused by two-wheeler exhaust and global warming due to CO₂ emissions are becoming increasingly severe, heightening expectations for the spread of e-Mobility.

Leveraging our unparalleled technical expertise and know-how cultivated in motorcycle transmissions, we have applied this to develop the original EV drive unit “e-Axle” for two-wheeled EVs. By advancing integrated technology development encompassing the Power Control Unit (PCU) that controls the e-Axle and the battery serving as the power source, we aim to become a key player in the

two-wheeled EV sector. Currently, we are expanding global sales with a strategic focus on the Indian, African, and ASEAN regions. Below, we introduce specific initiatives in India and Africa.

INDIA Initiatives in India

India: A dual role as market and production base

India, the world's largest two-wheeler market, has set a government target to electrify 80% of its two-wheelers by 2030. Under this government initiative, the electrification of two-wheelers is accelerating ahead of four-wheelers, driving increased demand for local production of electric two-wheelers.

Aiming to develop and expand our line-up of high-performance e-Axles that are even more compact, lightweight, and quiet, we commenced mass production of e-Axles for two-wheeler EVs at our joint venture, Musashi Delta e-Axle India Private Limited (Bangalore, India), in June 2024. In July 2025, to establish a more comprehensive e-mobility development framework, we opened the Musashi Technology Excellence Centre (M-TEC) at the Atria University Campus in Bangalore, India.



Left: Musashi Technology Excellence Centre (M-TEC) opening ceremony
Right: Two-wheeler EV “Perfetto” equipped with Musashi’s EV drive unit



AFRICA Initiatives in Africa

Full-scale collaboration with local African EV start-ups

The African market holds significant potential. With global concern for environmental issues growing, the likelihood is increasing that a new two-wheeled EV market will emerge without passing through the step of electrification from internal combustion engines.

Musashi is currently working to promote e-mobility in Kenya and Ethiopia through collaboration with local EV start-ups. At TICAD9 (The 9th Tokyo International Conference on African Development), held in Yokohama in August 2025, Musashi showcased its efforts to contribute to the environment, economy and society in Africa through its e-mobility business and its aim for sustainable expansion. The Company received positive feedback as a green tech company that solves social issues.



Left: EV battery exchange station developed by ARC Ride, a Kenyan EV start-up in which Musashi has invested and collaborates with.
Right: Former Japanese Prime Minister Mr. Shigeru Ishiba visiting the Musashi booth at the 9th Tokyo International Conference on African Development (TICAD) held in August 2025.



We are working
toward the complete
realization of
a sustainable global society

Musashi's sustainability

As an "Essential Company" supporting society through technology, we aim to achieve carbon neutrality across our entire value chain by 2050. Driven by our "Go Far Beyond!" vision, we will break existing boundaries and continue challenging ourselves to realize a sustainable and prosperous global society. This will be achieved through two key pillars: strengthening our core businesses by seizing electrification opportunities, and creating new businesses that contribute to solving social issues.

A sustainable future created with passion and wisdom

Musashi Seimitsu Industry contributes to sustainable growth and the realization of a sustainable society through business development centered on the "Musashi Philosophy." As stated in "Our Purpose," our mission is to combine our "passion" for technology with the "wisdom" to generate innovation, thereby contributing to the realization of a prosperous global society where people and the environment live in "harmony."

To further develop our business, we have identified key issues that we need to fulfil by ascertaining and comparing the expectations, demands, and social issues that our stakeholders have identified with "Our Vision" and "Our Purpose." We address such issues by creating new value through the development of core businesses and through the creation and expansion of new businesses. In other words, our approach to sustainability is to contribute to solving social issues through our business activities.

[Sustainability](#)

Communication with stakeholders



Material issues

Materiality

P32

SDG targets that are highly compatible with our activities



Quality Policy

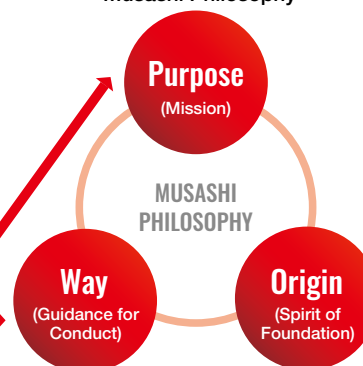
Environmental Policy

Health and Productivity Management Declaration

Basic Policy for Musashi Corporate Governance

Basic Policy for Compliance Our compliance

Musashi Philosophy



Musashi 100th Year Vision

GO FAR BEYOND
Break Barriers and Go on Adventures!

Becoming an Essential Company that Supports Society with Technologies

Business direction

Developing core businesses

Becoming a key device supplier in the electrification era by honing our monozukuri skills

Creating new businesses

Creating new value to help resolve social issues through open innovation



Musashi's Materiality to Achieve Our Purpose/Vision

Materiality identification

We review materiality from time to time in response to changes in the business and social environment.

Based on the "Musashi Philosophy," we analyze what Musashi can do, which areas we should focus on, and what responsibilities we should fulfill as a company, and identify material issues in management. The identification of materiality is conducted in terms of both Musashi's value proposition for solving social issues and what the Company should focus on to fulfill its social responsibilities, and incorporates international guidelines and standards such as the SDGs and SASB (ESG disclosure standards), as well as opinions obtained through dialogues with stakeholders.

By selecting priority themes based on the expectations and demands of society and taking into consideration the characteristics of our business, including the value chain, we will deepen common understanding with our stakeholders and effectively promote sustainability initiatives.

STEP 01	Problem extraction	After organizing and evaluating past activities, identify issues for Musashi with reference to SDGs and ESG trends (including MSCI, FTSE, SASB, etc.) agreed upon by the international community
STEP 02	Analysis of stakeholder expectations	Analyze issues for stakeholders with reference to the themes ESG investors are focusing on and the expectations and requests of local communities and customers
STEP 03	Prioritization of issues	Discussions and prioritization are held at the Sustainability Strategy Meeting from the two perspectives of "importance to stakeholders" and "importance to the Musashi Group."
STEP 04	Management decision-making	After the Management Committee discusses the materiality proposal identified in STEP 3, the Board of Directors also considers the proposal and makes a decision.

	Key issue	Musashi's initiatives	SDG themes that are sustainability ideas
Solving social issues through business	Climate change & energy management	Musashi GX (promotion of green strategy) We aim to achieve carbon neutrality in our business activities*1 (Green Operation 100) by 2038, the 100th anniversary of our founding, and in the entire value chain by 2050. We will formulate and implement green strategies for all of our business activities to convert energy conservation, increased use of renewable energy, and other initiatives into value.	    
	Promotion of electrification	Establish strong core businesses and create new businesses We will work to expand our core businesses and improve profitability by seizing the opportunities presented by electrification, pursuing optimal manufacturing from the perspective of QCD+E (Quality, Cost, Delivery + Environment), as well as preparing new technologies for the future and creating new businesses through open innovation. We aim to grow as a key device supplier in the age of electrification by strengthening the competitiveness and expanding the lineup of products for electrified vehicles by leveraging our specialty technologies, as well as by continuously enhancing the earning power of existing products. In the area of new businesses, we are working to create businesses that can contribute to solving social issues.	
	Efficient use of resources		
	Supply chain management		
	Quality and safety of products and services	Building a robust quality system By establishing a system to evaluate and guarantee product quality throughout the process from development to mass production, we maintain a production and supply system that our customers can rely on.	   
	Highly efficient business processes/ data utilization	Musashi DX realization We will make business processes more efficient by standardizing, automating, and optimizing operations through the use of digital technology, and we will also take on the challenge of creating new value through the utilization of data accumulated in digitalized processes. We are building a corporate culture based on digital technology, which will serve as the foundation for growth in the new era.	 
Strengthening management foundation	Human resource development	Embodying the Musashi Philosophy, challenging vision To put the 100-year vision of Musashi into practice on a global scale, we aim to develop highly skilled professional human resources who will lead the future and autonomous human resources who will create value through new ways of working. With regard to the Musashi Philosophy, which is the cornerstone of all our activities, we are creating an environment and corporate culture in which each individual can enhance his/her abilities, demonstrate his/her capabilities, and play an active role by concretizing the expected behaviors by job level, developing educational programs to put them into practice, and introducing a personnel evaluation system mechanism linked to them.	 
	Health/occupational health and safety		
	Diversity	Strengthen risk management mechanisms We have established a corporate governance system to appropriately address social issues surrounding sustainability with the aim of becoming a company that is needed by society. Through appropriate information disclosure and dialogue with society, we will strengthen our governance, compliance, and risk management mechanisms to achieve sustainable growth and enhance corporate value in the future.	 
	Compliance		
	Governance		

*1 Scope 1 & Scope 2 of GHG Protocol



Through constructive dialogue with the CEO,
CFO, and outside directors, we support
long-term growth centered on
“technological capabilities”

Regarding engagement between investors and
Musashi Seimitsu Industry, we spoke
with representatives from institutional investors:

Mr. Kei Okamura

Neuberger Berman Japan Equities
Portfolio Manager / Managing Director



“Only Musashi can make it.” Unparalleled technical capabilities provide confidence in our investment

As long-term investment specialists, we have been investing in Musashi Seimitsu Industry for many years. Throughout our long-standing relationship, what we have consistently valued is Musashi Seimitsu Industry’s outstanding “technical capabilities.” Particularly in forging technology, which has a long history and forms the foundation of automotive components, Musashi Seimitsu Industry represents one of the leading companies pursuing the highest standards. Complex and robust core components used in differential mechanisms such as differential assemblies, and reduction mechanisms such as high-precision gears and shafts—all essential for the basic vehicle functions of “go,” “turn,” and “stop”—are so advanced that many automotive-related manufacturers acknowledge that “only Musashi can make them.”

The automotive industry is now facing a period of great transformation toward electrification and intelligence. While most existing component manufacturers are struggling amid these turbulent changes, Musashi Seimitsu Industry maintains high growth potential. EVs face challenges such as heavier vehicle weight than gasoline vehicles and the need for gears that can withstand high torque. Musashi Seimitsu Industry is one of the few companies capable of supplying components that address these

challenges. Rather, amid the upheaval of EV conversion, the Company possesses the technical capabilities to firmly grasp the requirements and needs of OEM customers, realize them to improve business performance, and differentiate itself from rival companies. There is significant room for growth in the EV market as well. We also value that the Company maintains transactions with major EV manufacturers such as BYD in China, where EV adoption is most advanced globally, and can maintain market share not only in major markets like North America, Japan, and Europe, but also in China Musashi.

Passion for pursuing technical excellence is the greatest strength

Musashi Seimitsu Industry’s greatest strength is its relentless passion for pursuing technical capabilities. The corporate culture, rich in the spirit of challenge and unafraid of risk, is something extremely valuable that other companies do not possess. It was this attitude that gave birth to the “Energy Solutions” and “E-Mobility” businesses, among other new businesses, which have now expanded and grown to a stage where they can support the management foundation of the next generation. Such passion and challenging attitude can be said to be a great value of Musashi Seimitsu Industry.

This earnest attitude is also reflected in the high quality of actions generated through dialogue and engagement with investors like us. We have been investing in Musashi Seimitsu Industry since before the term “engagement” became commonplace, and have made various proposals to this day. In 2022, we submitted a comprehensive engagement document of approximately 80 pages to Musashi Seimitsu Industry. We presented our original scoring evaluations and specific improvement proposals across four areas: “capital policy,” “management strategy,” “governance,” and “sustainability.” In just 2-3 years since then, the engagement challenges we pointed out have been steadily improved. These include enhancing the effectiveness and diversity of the Board of Directors, and significantly expanding disclosure information. For example, regarding diversity improvement, the Company has appointed directors with the expertise (skill set) necessary for long-term growth, without being constrained by gender. The volume of information in disclosure materials has increased dramatically compared to several years ago, with much more information disclosed in both Japanese and English.

What impressed us most through our dialogue in fiscal 2024 was management’s proactive attitude toward engagement. President Hiroshi Otsuka has actively attended not only financial results briefings but also small meetings. In addition, other directors including outside directors and executive officers are extremely proactive in engaging with investors.

What I particularly value is the attitude of actively seeking opinions at every meeting, asking “What do you think as an investor?” and “Do you have any suggestions?” I feel this is an expression of the attitude to elevate the place of dialogue with investors from mere information transmission to a place of two-way dialogue. Companies with which we can have such constructive dialogue are presumed to be “able to make management decisions after listening to diverse opinions at the Board of Directors,” which gives us investors a sense of security and trust.

A “big year” when technologies supporting the AI revolution blossomed

2024 was a breakthrough year for Musashi Seimitsu Industry. The Energy Solutions business has blossomed in earnest, with demand rapidly expanding in the AI data center market. We also received detailed explanations regarding technical descriptions of the Energy Solutions business that we had been requesting, as well as plans regarding growth investments.

In December 2024, the “Hybrid SuperCapacitor Innovation Forum” was held in Tokyo, where an explanatory session was conducted with external experts, moderated by President Otsuka



himself. We could feel Musashi Seimitsu Industry's determination to make information disclosure and engagement with investors "concrete."

Prior to this, during the Yamanashi plant tour in July 2024, we were able to confirm the reality of the Energy Solutions business on-site. It was truly a full-day course including a plant tour, business briefing, and Q&A session. Very few companies devote this much time for investors, and we once again strongly felt Musashi Seimitsu Industry's attitude of valuing investors.

Enhancing explanations of medium- to long-term vision depicting the Company's state 3-5 years ahead

Hybrid SuperCapacitor (HSC) technology will not only become indispensable for data centers supporting the evolution of AI going forward, but is also expected to expand into various applications such as the mobility field in the future. However, operating high-growth new businesses and the core automotive business with different growth rates "under one roof" is extremely challenging and requires thoughtful management decisions. Appropriate capital allocation and strategic management decisions will become increasingly essential.

As a future challenge, further clarification of the medium- to long-term vision is paramount. We investors are not looking at the current state but at the future 3 to 5 years ahead. This is because we backcast from the vision the Company sets forth to determine whether the current stock price is appropriate. Therefore, enriching information disclosure regarding the future vision becomes indispensable.

Particularly for Musashi Seimitsu Industry, we expect disclosure of a specific roadmap for improving Return on Assets (ROA). It is important to show the path of how capital efficiency will be improved while balancing investment in new businesses with improving the profitability of existing businesses.

In terms of governance, disclosure of a "succession plan" is also an important issue. While President Otsuka possesses great leadership and charisma, the formulation and disclosure of a succession plan in preparation for any contingency becomes an important agenda for the Governance Committee. Additionally, some outside directors have served for extended periods, and it may become important to consider the appointment of personnel with fresh perspectives. This is particularly important because managing businesses like the Energy Solutions business that needs to grow amid the world's rapid pace of technological innovation requires diverse perspectives from appropriate personnel (directors).

As a partner working together toward value enhancement

Going forward, we will continue to support Musashi Seimitsu Industry's sustainable growth as long-term investors. While there are companies further ahead in terms of information disclosure standards, Musashi Seimitsu Industry's true capabilities are not yet fully recognized by overseas investors. This is one factor suppressing the stock price, and we recognize that the stock is still undervalued. Looking at the current stock price and Price-to-Earnings Ratio (PER), it is at a level less than half compared to the valuation of AI data centers and AI-related companies. Going forward, we strongly expect the Company to actively hold investor briefing sessions in Europe and the United States to raise awareness overseas.

Musashi Seimitsu Industry is now in an extremely important position as a company possessing advanced and indispensable technologies supporting the AI revolution. The future potential of HSC technology is immeasurable, and accurate and swift decisions are required to maximize its value. Regarding shareholder returns, while increases in dividends are welcome, we believe the focus should now be on investment in new businesses such as HSCs. We would like the Company to present capital allocation in detail and execute growth investments and dividends in accordance with it.

We do not want to be mere investors, but rather "partners working together" toward the value enhancement of Musashi Seimitsu Industry. Toward the realization of the medium- to long-term vision, we will continue constructive dialogue from an investor's standpoint and provide maximum support.



FEEDBACK from Musashi

Aiming for Further Enhancement of Corporate Value Through Dialogue with the Capital Markets

We are committed to achieving sustainable business growth and enhancing medium- to long-term corporate value through constructive dialogue with our shareholders and investors. We regard management with an emphasis on cost of capital and stock price as a priority issue, and are promoting the creation of innovation, development of competitive products, improvement of production process efficiency, and thorough financial discipline. Through these efforts, we aim to further improve capital efficiency indicators such as ROA, ROE, and ROIC.

Regarding IR activities, since last fiscal year we have consolidated the IR function within the Corporate Planning Department to strengthen collaboration with management's strategy. We have established a system to swiftly reflect the voices of investors in management decisions, while organically linking IR, PR, and SR to enhance the

quality and quantity of information dissemination. Through active information disclosure and two-way dialogue, we are deepening dialogue with the capital markets.

In our dialogue with shareholders and investors, we have received feedback regarding the clarification of our medium- to long-term vision, specific roadmaps for improving capital efficiency, and the evolution of our governance structure. We take these comments seriously and recognize further enhancement of information disclosure as an important challenge. Going forward, we will further strengthen two-way communication and listen carefully to the voices of the capital markets. While enhancing our competitive advantage with technology at its core and accelerating our efforts toward corporate transformation, we aim to achieve sustainable enhancement of corporate value by communicating our achievements appropriately and in a timely manner.



Governance

5

What underpins Musashi's
challenge?

Diverse perspectives and vigorous discussions exchanged at board meetings.
The oversight and counsel of outside directors drive solutions
to management challenges, establishing a governance framework
that bolsters Musashi's bold endeavors.

Outside Director Message 01

Breaking through the status quo requires a sense of crisis and determination promoting organizational transformation through active discussion

Mr. Yoshie Munakata

Outside Director,
Chairperson of the Board of Directors



My role as an outside director and Musashi Seimitsu Industry's strengths

I have been involved in management at a global technology company for many years, accumulating practical experience in business strategy and organizational management both domestically and internationally. Even after retirement, I remain engaged in management support as an advisor to AI startup companies. Leveraging my extensive experience and multifaceted perspective, my expected role as an outside director is to provide insights as an external business leader that Musashi Seimitsu Industry does not possess internally, and to offer advice and supervision from the perspectives of business strategy and management methods.

Our company has the strength of having been responsible for manufacturing parts for major domestic automakers over many years. The excellent responsiveness in manufacturing technology, quality, and cost management, and the ability to steadily generate profits even in challenging business environments such as tariff issues, are highly commendable. The strengths cultivated through monozukuri are a "necessary condition" for developing new businesses and represent our unwavering assets.

However, this alone is not a sufficient condition. What is essential for future growth is the ability to create markets ourselves—namely, "market creation capabilities."

What transformation requires: marketing capabilities and mindset

In new businesses, it is essential to discuss both "monozukuri" and "profit-generating mechanisms (business model creation)" as two wheels of a cart. However, in the current situation, I feel that internal discussions tend to be biased toward "monozukuri," and the business model perspective of "how to generate profits" is not sufficiently shared.

For example, in new business areas such as HSC, two-wheel EVs, and plant biotechnology, simply developing excellent products is insufficient. Marketing capabilities are required to

break into markets and create demand. As an outside director, I will provide supervision and advice on strengthening market creation capabilities, demand creation capabilities, and marketing capabilities, including the utilization of externally recruited personnel in addition to internal human resources, to address the greatest challenge in Musashi Seimitsu Industry's evolution from a contract manufacturing model to a "market-creating company."

From a "parasitic mentality" dependent on clients to a "paranoid mentality" obsessed with market creation. This is not merely a difference in words but a fundamental shift in mindset related to the core of management. While capital investments and business decisions always involve risks, it is essential to have an attitude of making swift and bold decisions based on medium- to long-term business strategies while monitoring market trends, rather than fearing those risks.

To avoid risks that could lead to management misjudgments, establishing the concept of "Musashi One Voice," which enables management including outside directors and all employees to share values and direction, is an urgent issue.

Eliminating information asymmetry and enhancing governance effectiveness

A major strength of our company's governance structure is that outside directors actively voice opinions from diverse perspectives at Board of Directors meetings and strategy meetings, providing supervision and advice on management issues.

In governance, it is important to eliminate "information asymmetry." Without sufficient information sharing between the executive side and outside directors, the quality of management decisions is compromised. By carefully setting agendas and organizing discussion points, and sharing necessary information in advance, we aim to realize efficient and effective discussions and enhance the quality of decision-making.

With the diversification of partners and expansion of new customers, business models have become more complex compared to traditional contract manufacturing. That is precisely why it is essential to establish a structure for providing appropriate supervision and advice after multifaceted examination and discussion of all options—capital investment, M&A, alliances, etc.—and identifying risks.

Determination and resolve toward evolution into a "market-creating company"

Based on the strength of monozukuri capabilities cultivated in existing businesses, breaking into markets with new businesses and leading Musashi Seimitsu Industry to a new stage—this is the mission entrusted to me.

As Chairperson of the Board of Directors, I will facilitate to maximize the knowledge of directors, and through one-on-one meetings, opinion exchanges among outside directors, sharing of concerns, and collaboration with the Governance Committee, I will leverage the strengths of existing businesses while supporting new challenges.

Without being bound by the framework of existing businesses, I am determined to devote all efforts to the grand challenge of "creating a new trillion-yen company from Japan" with a long-term perspective. I will play my part in ensuring that Musashi Seimitsu Industry evolves as a "market-creating company" and becomes an enterprise we can be proud of for the next generation.

Outside Director Message 02

Supporting transformation into a “market-creating company” through management oversight and active dialogue with investors

Ms. Emi Onozuka
Outside Director

Providing feedback to the board of directors on expectations from overseas investors

I was appointed as an Outside Director of Musashi Seimitsu Industry in 2022. My initial interest in the Company originated from writing my master's thesis on Musashi while studying Management of Technology (MOT) at the Graduate School of Tokyo University of Science. Since my appointment, through dialogue with management and site visits, I have felt firsthand the pride in technology and the strong leadership of top management toward transformation, and have been moved by the sincerity and enthusiasm of all employees.

Through my career of over 25 years in financial institutions, including experience at an investment advisory firm and an asset management company, I have cultivated expertise in sustainable management and capital markets. I strive to contribute as a liaison between the Board of Directors and capital markets by leveraging these external perspectives to strengthen the Board's governance functions.

As an Outside Director, I have been involved primarily along two axes: “management oversight” and “promotion of dialogue with investors.” In particular, the pre-shareholder meeting disclosure of the Securities Report was realized after I raised its importance from the perspectives of governance consistency and transparency during Board discussions. At the time, this was an advanced initiative practiced by only about 1% of all listed companies, and this stance was highly appreciated by institutional investors.

In IR activities, in addition to advising on a project to review the overall design, I personally attended individual meetings with overseas institutional investors. Through SR meetings including the Board Chairperson and Advisory Committee Chairperson, I have understood investors' expectations and evaluation criteria, and have spoken about the importance of related topics at Board meetings. Additionally, as a capital market professional, I have been

working to raise awareness and understanding of the Company's initiatives with regulatory authorities and overseas governance organizations. The tangible results over the past 18 months or so include increased trading volume (improved liquidity) of our shares, partly due to attention on new businesses, and growing interest in our Company from various domestic and international investors.

Supporting business model transformation

The Company has grown with a business model centered on contract manufacturing for major OEMs but is now transforming into a market-creating company, starting with new businesses in the energy solutions field such as Hybrid SuperCapacitors (HSCs). I view this change as “layered development” that expands into the next growth layer based on the technological capabilities and human capital cultivated in existing businesses.

In SR meetings, various expectations and questions have been raised, such as “profitability of new businesses,” “growth timeline,” and “strengthening marketing functions.” Through these dialogues with investors, I strongly feel that the Company is stepping into the “next layer,” and that clearly communicating this

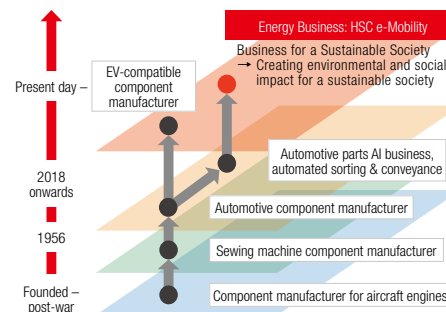
process and vision both internally and externally is the key to determining future growth.

Intent behind establishing the governance committee

During periods of corporate transformation, side effects such as “reform fatigue” and “excessive orientation toward short-term results” tend to occur. To prevent this, the Company established a new “Governance Committee” with a majority of Outside Directors in FY2025. I have previously contributed as Chairperson of the Compensation Committee to creating mechanisms that reflect both financial and non-financial results in executive compensation. Meanwhile, in the Governance Committee, we are starting activities from defining Board effectiveness while coordinating issues recognized through dialogue with institutional investors and their resolution priorities. In addition, I would like to discuss the “Corporate Secretary function” to support the Board Chairperson. These mechanisms are intended to provide institutional support so that management can focus on strategic execution with swift action from a medium- to long-term perspective.

The decision not to publish the Integrated Report in FY2024 reflected management's intention to pause and reconstruct the IR strategy and equity story. Rather than viewing this as a step backward, I see it as a preparatory period for organizing and re-editing the growth story based on integrated thinking. I believe such background and thought processes behind management decisions should be actively disclosed and communicated both internally and externally going forward. I strongly expect that the new technologies the Company is working on will not only produce business results but also respond to social demands for addressing environmental issues, and become the driving force for medium- to long-term growth that contributes to corporate value, including internal cultural reform and further utilization of human capital.

Observation: Cumulative Development Found in Musashi Seimitsu Industry Co., Ltd. and Others (Updated as of 2025)



When the evolution of corporate value is organized as “cumulative development” (or “layered/stratified development”), our company is currently in the Fourth Phase of Cumulative Development since its founding. Source: “Connecting Corporate Sustainability and Sustainable Finance,” Kinzai Institute for Financial Affairs, Inc., 2023.



List of Directors (As of June 26, 2025)



Inside

Hiroshi Otsuka

President and Representative Director

(Born in 1965)
Number of years since appointment as a director: **24 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Since May 2006, Mr. Otsuka has been supervising the businesses of Musashi Seimitsu Industry (hereinafter, the "Company") and the Musashi Group (hereinafter, the "Group") as the representative director and president of the Company. In addition to expanding existing businesses, he has demonstrated strong leadership by driving the creation of new businesses and various reforms, such as the formulation of a new vision, policy, and long-term strategies by looking ahead to the future of the Group.



Inside

Tracey Sivill

Vice President and Representative Director

(Born in 1963)
Number of years since appointment as a director: **8 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Ms. Sivill has the experience of working as a responsible person in the accounting and IT divisions of the Company and Group companies. At present, she serves as the Chief Financial Officer of the Group. She is responsible for achievements impacting the management and improvement of business efficiency of the Group.



Inside

Kenji Morisaki

Vice President and Representative Director

(Born in 1966)
Number of years since appointment as a director: **3 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Mr. Morisaki has extensive experience and knowledge, particularly in the area of the Company's manufacturing, and is responsible for the manufacturing division and Japan region. He is responsible for achievements impacting the management and improvement of business efficiency of the Group.



Outside

Yoshie Munakata

Director (Outside), Chair of the Board of Directors

(Born in 1958)
Number of years since appointment as a director: **7 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Mr. Munakata has extensive experience and a high level of insight cultivated through the management of a global company in the information and telecommunication technology industry. He supervises the management of the Company from the perspective of a corporate manager of companies engaged in businesses that are different from those of the Company.



Outside

Goro Kamino

Director (Outside)

(Born in 1960)
Number of years since appointment as a director: **13 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Having worked as a corporate manager of listed companies for many years, Mr. Kamino has extensive experience and a high level of knowledge in corporate management. He supervises the management of the Company from the perspective of a corporate manager of companies engaged in businesses that are different from those of the Company.



Outside

Hari N. Nair

Director (Outside)

(Born in 1960)
Number of years since appointment as a director: **13 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Mr. Nair has a wealth of experience and a high level of knowledge in corporate management which he has obtained through his experiences serving in key management positions, including as the Chief Operating Officer (COO) of an overseas automotive parts manufacturer. He supervises the Company's management from the viewpoint of an overseas corporate manager.



Outside

Keisuke Tomimatsu

Director (Outside)

(Born in 1974)
Number of years since appointment as a director: **10 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Mr. Tomimatsu has extensive experience and knowledge in the securities industry and the AI industry as well as a high level of knowledge in finance and accounting. He supervises the management of the Company from the perspective of an investor.



Outside

Emi Onozuka

Director (Outside)

(Born in 1974)
Number of years since appointment as a director: **3 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Ms. Onozuka possesses global knowledge and experience cultivated at asset management and investment firms. She supervises the management of the Company from the perspective of an investor.



Outside

Makiko Yamamoto

Outside Director, Audit & Supervisory Committee Member

(Born in 1971)
Number of years since appointment as a director: **6 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Qualified as a lawyer, Ms. Yamamoto has experience and specialized knowledge cultivated mainly through involvement in projects regarding corporate legal affairs at a law firm in Japan and an international law firm. She audits and supervises the Company's management from the viewpoint of a legal expert.



Outside

Kazutaka Okubo

Outside Director, Audit & Supervisory Committee Member

(Born in 1973)
Number of years since appointment as a director: **5 years**
Number of Board of Directors' meetings attended: **9/9** (FY2024)

Mr. Okubo has a wealth of insight into finance and accounting gained from his experience as a certified public accountant and a high level of expertise acquired while serving as a member of various expert panels for public offices. He audits and supervises the management of the Company from the perspective of a specialist in governance and finance.



Outside

Takashi Watanabe

Outside Director, Audit & Supervisory Committee Member












(Born in 1964)
Number of years since appointment as a director: —
Number of Board of Directors' meetings attended: —

Mr. Takashi Watanabe has been engaged in management at listed companies for many years and has a wealth of experience and a wide range of knowledge, including experience in improving the organizational climate and business performance of a company, launching new businesses and services, and developing human resources over a long period of time.



Skill Matrix

To achieve sustainable growth and enhance corporate value, we clearly define the skills required of directors based on our strategy and ensure balanced deployment while also prioritizing diversity.

	Corporate management	Manufacturing and engineering R&D	Sales and marketing	IT/DX	Finance and accounting	Legal affairs and risk management	ESG and sustainability	Global experience
 Hiroshi Otsuka President and Representative Director	●		●				●	●
 Tracey Sivill Vice President and Representative Director	●			●	●		●	●
 Kenji Morisaki Vice President and Representative Director	●	●				●		●
 Yoshie Munakata Director (Outside), Chair of the Board of Directors	●	●	●	●				●
 Goro Kamino Director (Outside)	●		●		●			
 Hari N. Nair Director (Outside)	●	●	●		●			●
 Keisuke Tomimatsu Director (Outside)				●	●			●
 Emi Onozuka Director (Outside)	●				●		●	●
 Makiko Yamamoto Outside Director, Audit & Supervisory Committee Member						●	●	●
 Kazutaka Okubo Outside Director, Audit & Supervisory Committee Member	●			●	●	●	●	
 Takashi Watanabe Outside Director, Audit & Supervisory Committee Member	●		●				●	

Corporate Governance

Basic concept

Based on the Musashi Philosophy which is composed of Our Origin, Our Purpose and Our Way, Musashi Seimitsu Industry (hereinafter, the "Company") positions the enhancement of corporate governance as the highest management priority in the corporate activities of the Musashi Group.

Basic Policy for Musashi Corporate Governance

The Company has established the Basic Policy for Musashi Corporate Governance to achieve sustainable growth and the medium- to long-term improvement of corporate value in accordance with its basic view on corporate governance.

Changes in corporate governance

The Company has proactively enhanced its corporate governance, positioning it as a top management priority.

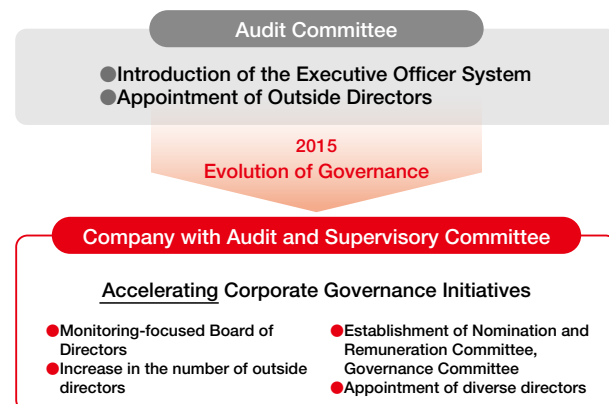
When it was a company with a Board of Auditors, the Company introduced an executive officer system to improve the efficiency of the operations of its business and appointed outside directors to enhance auditing and supervisory functions.

In 2015, the structure of a company with an Audit and Supervisory Committee was introduced as a new institutional design for companies. Judging that a company with an Audit and Supervisory Committee was an appropriate form for the corporate governance it aims to achieve, the Company transitioned to being a company with an Audit and Supervisory Committee in the fiscal year when it was introduced.

As a result of this transition, the Company continued with its separation of the execution and supervision of management. The authority of the Board of Directors was delegated to the Management Committee chaired by the CEO, to improve the management efficiency. At the same time, the Nomination Committee and Remuneration Committee were set up as advisory committees to the Board of Directors, thus enhancing the supervising functions of the Board of Directors.

In addition, the composition of the Board of Directors is reviewed every year, even following its transition to a company with an Audit and Supervisory Committee, and diverse human resources have been promoted to director positions. In addition to people with experience in other industries, women and non-Japanese nationals have been promoted to director positions. As a result, the Board of Directors consists of directors of both genders with diverse career backgrounds and nationalities.

Evolution of Governance



Changes in the Board of Directors

	2015	2018	2025
Inside directors	6 (Number of female director: 0)	5 (Including 1 female director)	3 (Including 1 female director)
Outside directors	4 (Including 1 female director)	6 (Including 1 female director)	8 (Including 2 female directors)
Percentage of women	10%	18%	27%
Percentage of foreign nationals	0%	18%	18%

Corporate governance system

The Company has adopted the institutional design of a company with an Audit and Supervisory Committee as it works to enhance the function of its auditing and supervising directors in their execution of business and improve the effectiveness of internal control. In addition, the Company involves its outside directors, including those serving concurrently as members of the Audit and Supervisory Committee, in the decision-making of the Board of Directors, thus improving the soundness and transparency of management. Further, the Company has established the Nomination Committee and Remuneration Committee, with outside directors constituting the majority of each of these committees, to supplement the supervisory functions of the Board of Directors.

Meanwhile, authority over some matters to be resolved by the Board of Directors is delegated to the Management Committee and other committees, thus enabling prompt decision-making and the execution of business and increasing the agility of business decisions.

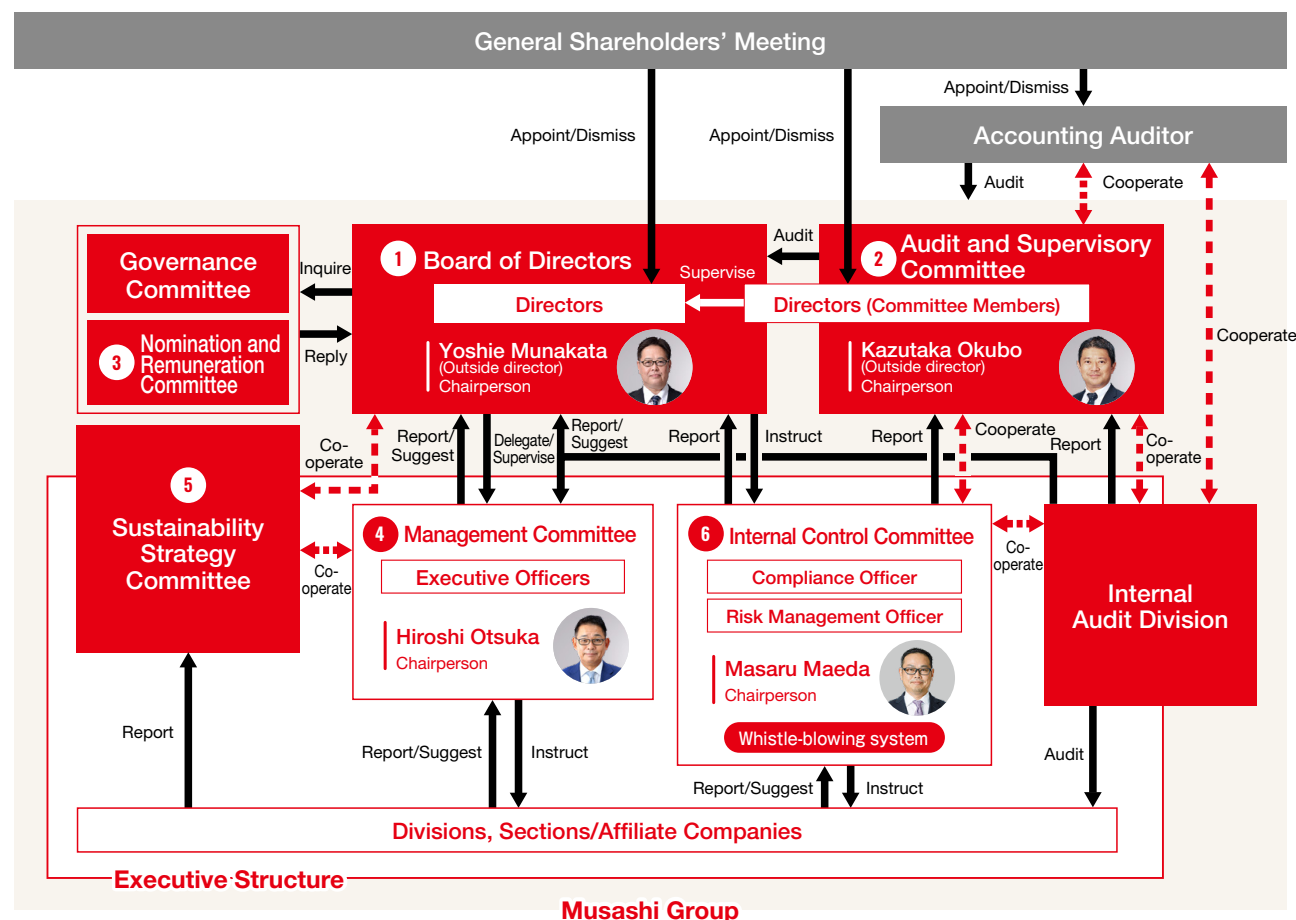
Initiatives to strengthen the governance framework

The Company is endeavoring to strengthen its corporate governance framework. However, the pace of change in the business environment is faster than ever before, and we believe that enhancing the sophistication of management decisions is crucial, particularly for expanding new businesses. To lead initiatives such as reviewing the Basic Policy on Corporate Governance and improving the effectiveness of the Board of Directors, thereby ensuring the continuous enhancement of corporate governance, we have established a Governance Committee. This committee, where outside directors constitute a majority, serves as an advisory body to the Board of Directors, providing advice and recommendations.

Governance Committee

The primary functions of the Governance Committee are as follows.

- 1 Oversight of the corporate governance framework
- 2 Ensuring the effectiveness of the Board of Directors
- 3 Oversight of risk management and compliance
- 4 Maintaining relationships with shareholders and stakeholders





1 Board of Directors

Number of meetings held in FY2024 | 9

The Company's Board of Directors consists of 11 directors, and three of them serve concurrently as members of the Audit and Supervisory Committee. It is chaired by the outside director.

Authority over some of the matters to be resolved by the Board of Directors is delegated to the Management Committee and other committees, permitting the Board of Directors to dedicate itself to resolutions regarding important matters faced by the Company, such as the formulation of basic management policies, management strategies, and management plans and the supervision of the directors' execution of their duties. Further, seven of its members are outside directors, constituting the majority. This structure permits the Board of Directors to fully demonstrate its function of supervising the execution of business from a neutral, objective standpoint.

Key matters discussed during the 2024 fiscal year included fundamental and important matters concerning the management of our group, such as management policies, management plans, and significant personnel, organizational, internal control, and internal audit systems. It also covered important matters related to business execution, such as investment and financing projects of significant quantitative importance.

2 Audit and Supervisory Committee

Number of meetings held in FY2024 | 11

The Audit and Supervisory Committee currently comprises three independent outside directors. The chair is held by an outside director.

To enhance the Audit and Supervisory Committee's audit and supervisory functions, an Audit and Supervisory Committee Secretariat

has been established. The Audit and Supervisory Committee receives regular reports from directors (excluding Audit and Supervisory Committee members) and others regarding the business status of the Company and its subsidiaries, the establishment and operation of internal control systems, etc. It utilizes information obtained through attendance at important meetings to audit the execution of duties by directors.

In addition, Audit and Supervisory Committee members participate in decision-making at Board of Directors meetings, thereby strengthening the Board's supervisory function.

3 Nomination and Remuneration Committee

Number of meetings held in FY2024 | 2
Nomination Committee | 2
Remuneration Committee | 2

The Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors. Its purpose is to enhance transparency and objectivity in the selection of director candidates and the determination of remuneration, thereby strengthening the Board's oversight.

Regarding the selection and succession planning of directors, candidates for directors (excluding Audit Committee members) are determined by resolution of the Board of Directors following deliberation by the Nomination and Remuneration Committee. Candidates for Audit Committee members are determined by resolution of the Board of Directors with the consent of the Audit Committee.

Moreover, the Committee designs development programs for potential successors to key officers, including the Chief Executive Officer (CEO), and supports candidates' capability development through regular assessments.

Regarding deliberations on remuneration, the committee reviews matters pertaining to the establishment and revision of evaluation systems, such as the executive compensation

system, as well as deliberates on evaluation results and the appropriateness of each remuneration component. Decisions on the content of directors' remuneration and other matters are made by the Board of Directors following prior consideration by the Nomination and Remuneration Committee.

4 Management Committee

Number of meetings held in FY2024 | 34

The Management Committee deliberates and makes decisions on policies regarding the execution of business and the implementation of specific matters regarding businesses, aiming to make decisions on important matters in the execution of business that are delegated to it by the Board of Directors.

The Management Committee consists of at least three executive officers including the chairperson (Chief Executive Officer).

The Management Committee also deliberates in advance on matters to be resolved by the Board of Directors.

5 Sustainability Strategy Meeting

Number of meetings held in FY2024 | 2

The Sustainability Strategy Committee discusses and determines the direction, goals, and metrics for achieving corporate sustainability, based on policies and strategies resolved by the Board of Directors. In addition, with a view to enhancing medium- to long-term corporate value, it broadly discusses important themes such as talent development and utilization, rebranding, and digital transformation (DX).

The Sustainability Strategy Committee comprises directors and CxOs, chaired by the Chief Executive Officer (CEO).

During the 2024 fiscal year meetings, multifaceted discussions were held concerning the Company's sustainable growth, including business strategies for existing and new

ventures, the development and utilization of human capital, and the enhancement of corporate value.

6 Internal Control Committee

Number of meetings held in FY2024 | 8

Internal Control Committee

The Internal Control Committee deliberates on matters related to internal control from all over the world, aiming to ensure efficient, effective business management, compliance with laws related to business management, and appropriate financial reporting.

This committee consists of five executive officers including the Chief Compliance Officer, who serves as the chairperson. Members of the Audit and Supervisory Committee also attend its meeting as necessary.

The Internal Control Committee receives reports from relevant departments, committees, and subsidiaries concerning the status of development and operations regarding regulations, etc., in accordance with the basic policy for the development of an internal control system.

In addition, departments and subsidiaries examine themselves regarding internal control every year to clarify their issues, in their efforts to continually improve internal control.

Internal Information Management Committee

The Internal Information Management Committee meets when financial results are announced and when an array of corporate information is disclosed to manage internal information. It prevents the leakage of internal information and deliberates on the accuracy and appropriateness of disclosures.

The Internal Information Management Committee consists of people responsible for handling information and members of the Management Committee. Its chairperson is appointed by the president.



Assessing board effectiveness

Each year, each director conducts a self-evaluation, and the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole, using the results of the self-evaluation as a reference, and shares the results. In addition, a round-table discussion was held by outside directors to evaluate the board from objective and multifaceted perspectives.

We confirmed that the diversity of the Board of Directors' members, appropriate proceedings and opportunities for comments are ensured, and that discussions on the Group's overall management strategy and improvement of corporate value are sufficiently conducted.

In addition, in order to improve the effectiveness of the Board of Directors, the Company is working to further enhance its human capital management initiatives, which focus on continuous verification of company-wide risks from various perspectives and human resource development. We also provide directors with the information and knowledge necessary for them to properly fulfill their roles and responsibilities. Directors are provided with information on management and organizational operations, and training on the Group's management issues, relevant laws and regulations, and corporate governance is provided on an ongoing basis.

Remuneration for officers

The Company determines the remuneration of each officer in accordance with the Policy for Decisions on Directors' and Executive Officers' Remuneration stipulated in the Basic Policy for Musashi Corporate Governance, and the Policy for Decisions Regarding the Details of Individual Remuneration, etc. of Directors resolved by the Board of Directors.

The remuneration consists of basic salary which is fixed compensation for the execution of duties that is paid every month, performance-linked bonuses that are linked to business performance for the fiscal year, and restricted stock compensation that is aimed at sharing profits with shareholders and paid as an incentive for improving the Company's medium- to long-term corporate value.

The remuneration of outside directors consists of the basic salary and restricted stock compensation, reflecting their roles and independence. The remuneration of directors serving concurrently as Audit and Supervisory Committee members includes only a basic salary, reflecting their roles.

Decisions regarding remuneration are deliberated by the Remuneration Committee, which consists mainly of outside directors, before resolution by the Board of Directors, to increase

the transparency and objectiveness of decisions regarding remuneration.

Under the Policy for Decisions Regarding the Details of the Individual Remuneration, etc. of Directors, performance-linked remuneration is closely linked to the degree of achievement of

target values for each fiscal year and initiatives for improving medium- to long-term corporate value. This is outlined as follows. See the Company's securities report for details. (Only in Japanese)

[Securities Report](#)

Policy for determining compensation, etc.

01

The basic policy on the remuneration of the Company's directors (excluding those serving concurrently as Audit and Supervisory Committee members; the same applies hereinafter) is to link the remuneration system to shareholder profit so that it is able to fully function as an incentive to improve corporate value sustainably, and to appropriately set the remuneration of the individual directors in light of the duties of each director.

02

The basic remuneration of the Company's directors is monthly fixed compensation, and the amount of remuneration for the individual directors is determined in accordance with the position and responsibilities of each director while comprehensively considering of the remuneration provided by other companies and other factors.

03

Performance-linked remuneration is paid at a certain time every year as a cash bonus the amount of which is calculated based on the degree of achievement of the Company's annual performance targets and strategic indicators based on a medium- to long-term perspective. The composition of the indicators used is as follows. Calculations are made based on coefficients determined by the Board of Directors.

Non-monetary compensation is awarded as restricted stock compensation. As restricted stock compensation, in principle the Company grants monetary compensation claims in order to allot restricted stock to eligible directors based on their positions and responsibilities each fiscal year in accordance with a resolution of the Company's Board of Directors. By having the monetary compensation claims contributed in kind to the Company as investment assets, the Company's common stock shall be issued or disposed of, and held. The total amount of the Company's common stock issued or disposed of in this manner shall not exceed 200,000 shares per year.

Perspectives for evaluation	Items	Allocation
Financial indicators	Operating profit	30%
	EBITDA	30%
	ROIC	10%
Strategic indicators	Transformation indicators	10%
	EV order backlog	10%
	Achievement of ESG indicators	10%

04

The ratio of each type of director's remuneration is considered by the Remuneration Committee based on the level of remuneration using the benchmark of other companies with the same scale of business as the Company or companies which belong to relevant industries or business categories while the composition of remuneration determined under this policy is regarded as the basic level, so that the remuneration system will function as an appropriate incentive.

05

Regarding the remuneration of individual directors, the Remuneration Committee evaluates the appropriateness of the executive directors' execution of their duties, such as by comparing the Company's business performance with other companies, while considering the Company's business environment. Based on the results of the evaluation, decisions on the specific amounts of remuneration for individual directors are left to the representative director and president.

Establishing a global internal audit framework

Guided by our motto, "Advancing together through audit," we conduct audits that foster shared growth and connect to the future.

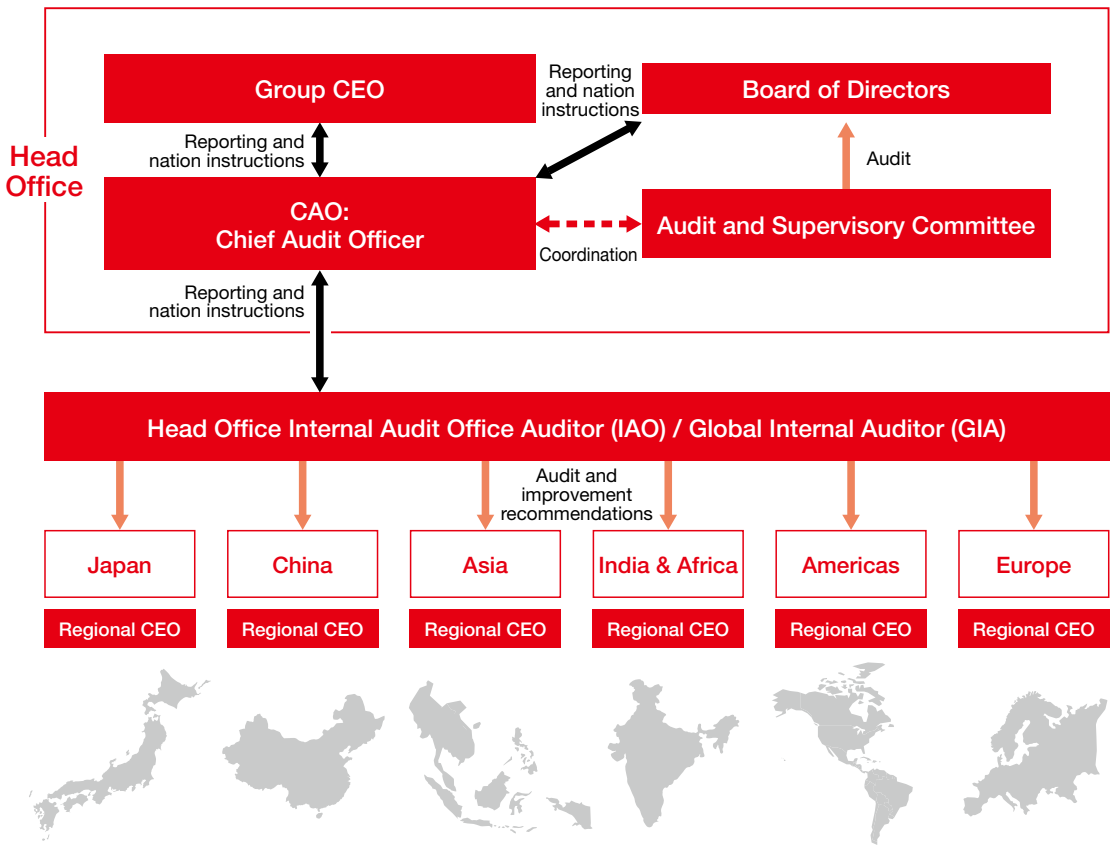
Within our Group, the Head Office Business Audit Department traditionally conducted audits of subsidiaries and Head Office departments. However, in line with the globalization of our business and the advancement of local management, from fiscal year 2020 we deployed Global Internal Auditors (GIA) to

each region to strengthen regional audit capabilities.

GIAs possess specialized expertise, such as the CIA (Certified Internal Auditor) qualification and other expertise, driving audits that support locally grounded risk identification and the realization of headquarters strategy.

GIAs report directly to the Chief Audit Officer (CAO), thereby ensuring their independence. We will continue to standardize global audit methodologies and enhance regional audit frameworks, striving for continuous improvement.

Global internal audit framework



Assurance functions and consulting functions

Audit Policy	The core of our global internal audit is risk-based auditing. We aim to deliver effective audits that meet the expectations of management and operational teams, emphasizing both an overview of the entire risk landscape and the identification and in-depth examination of key issues.
Initiatives	<ul style="list-style-type: none">● Global Internal Auditors (GIAs) and auditors from the Head Office Business Audit Office (IAO: Internal Audit Office)● Mutually complementary activities through collaboration with other assurance functions● Consulting activities, including conducting regional workshops on internal control and audit tools
Key Audit Theme (FY2025)	<ul style="list-style-type: none">● ELC (Enterprise Level Control)● Establishment and operation of MGP (Musashi Global Policy: Global Operational Standards)● Supply chain (Procurement, Quality, Inventory, Scrap)● Cyber security● Health and safety domain

Corporate governance enhancement measures

To further strengthen corporate governance, our company positions the internal audit department as an independent organization reporting directly to the President. Since December 2021, it has reported directly to the Board of Directors, contributing to the early detection and resolution of management issues through constructive discussions centered on outside directors. In addition to regular reporting to the Audit and Supervisory Committee and the statutory auditor, it also submits recommendations based on audit findings and opinions regarding business plans to the Management Committee, the highest decision-making body for the executive departments. This enables internal audit to function as a vital support for management decisions, contributing to the sound operation of the entire organization. In fiscal year 2024, a total of 10 such reports were submitted. In addition to reporting to the Head Office CEO and CFO, we participate in regional management meetings via the Global Internal Auditor (GIA), contributing to the sharing of global challenges and improving the quality of decision-making.

	Reporting Frequency	Reporting and Discussion Content
Board of Directors	Half-yearly	Audit Plan and Progress
Management Meeting	Half-yearly	Audit Results, Findings and Compliance/ Governance Concerns
Audit and Supervisory Committee	Quarterly	Audit Methods, Regulations, etc. Proposals
Statutory Auditor	Quarterly	



Risk Management

Risk management system

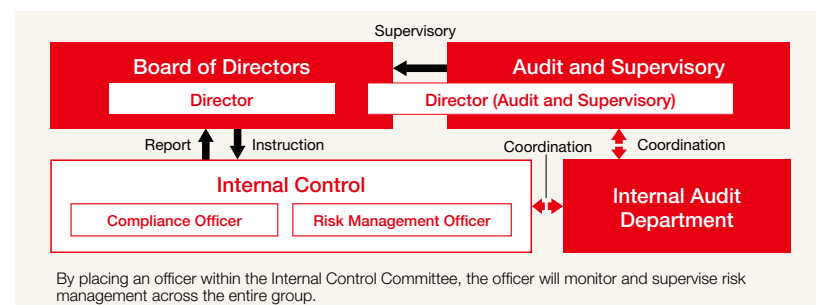
We appoint a Risk Management Officer from among management our directors and executive officers. This post oversees executing risk management. We are thus constructing a system for systematic risk management activities.

Risk management at ordinary times includes measures by each section for risk reduction/moderation and preparation of procedures in case of risk.

We regularly perform a self-check on the state of management in an ongoing effort to enhance management.

Crisis response and business continuity

We have prepared rules on actions to be taken by organizations and employees at the time of a crisis. Domestically, we have adopted a business continuity plan that treats a large-scale earthquake as the greatest risk to business continuity. We operate a system that can quantitatively evaluate the level of countermeasures in relation to these details, and we periodically implement countermeasures to deal with issues that have become apparent, as well as training and drills. In addition, starting in FY2022 we defined "Risk 110 Items" in business continuity. We have begun operating a system that enables all sites including Group companies to evaluate issues based on the same criteria, in an effort to improve the identification of risks and our ability to respond to them.



Basic Policy of BCP

- 1 Prioritize the safety of human life
- 2 Comply with laws and agreements
- 3 Respond to customer needs and assure stakeholders' profits

Together with the above basic policy, cooperate with local communities and support the recovery and restoration of our partners necessary for product supply.

Cyber Security Measures

Initiatives to address cyber security also reflect the demands of society, and we believe they contribute not only to Musashi but also to the development of society as a whole. Based on the ISO 27001 standard and JAMA/JAPIA guidelines, we have issued our own

security guidelines and are working to enhance the level of cyber security countermeasures group-wide while implementing efficient inspections. We regularly perform a self-check on the state of management in an ongoing effort to enhance management.

People



We periodically conduct phishing email drills to raise the security awareness of employees. The information security awareness of each employee is vital to protecting information. We share the latest trends and case studies on security, and engage in awareness-raising activities to provide knowledge about security threats and recommend initial actions to be taken when a threat materializes.

System



We have installed a Security Operation Center (SOC) and built a monitoring system that operates around the clock. We have also developed multilayered intrusion prevention and countermeasure systems and are prepared to deal with information leakage such as social engineering and other forms of human error, as well as cyber attacks coming from outside the Group.

Plan

- Collect information and identify risks
- Formulate basic policies
- Targets and implementation plans

Do

- Roll out and implement measures
- Operation and monitoring
- Awareness-raising activities

Action

- Propose and implement solutions/ Review policies and processes
- Reflect in operation and systems

Check

- Check the effects of measures
- Audit operation
- Identify issues





Compliance

Basic concept of the compliance system

Each employee should think about society and take actions independently in performing their day-to-day duties. We believe that this is fundamental to our group fulfilling corporate social responsibility, including corporate ethics and compliance, while operating businesses worldwide. To ensure our respect for cultures and customs in various countries and regions and further develop our global business, we have stipulated common behavioral rules to be followed by each employee in our group in interactions with customers and society under the name of the Musashi Compliance Guidelines.

It is translated from Japanese and English, defined as the basic languages, into languages in different regions and countries. We disseminate it to all officers and employees in our group companies on different occasions of education and training.

Respect for human rights and prevention of harassment

We believe that creating a workplace which is comfortable for every employee is important for the sustainable growth of the Company. Respect for the diversity of individuals and the prohibition of harassment are stipulated in the Musashi Compliance Guidelines, which lay out our basic policies on compliance. We ensure that these rules take root and are understood by our employees through annual compliance training. We are committed to developing an environment in which employees can demonstrate their individual qualities and take on a variety of new challenges.

Musashi Compliance Guidelines

1

We will act with decency and according to society's expectations.

2

We will build positive relationships with our local communities and with wider society.

3

We will conduct fair and sound business transactions.

4

We will respect the human rights and diversity of every individual.

5

We will ensure high standards of health and safety, while keeping a well-ordered working environment.

6

We will treat the information held by the Company appropriately.

Compliance training materials



▲Video materials



▲Confirmation tests

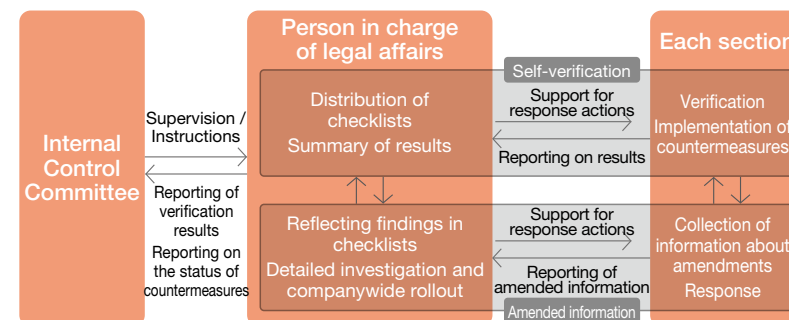
Management structure for compliance

We appoint a Compliance Officer from among our directors and executive officers. This post is in charge of implementing compliance activities. The Internal Control Committee conducts systematic actions including deliberations on corporate ethics and compliance.

We conduct an annual self-check on the status of compliance with the use of a checklist. We exchange opinions with the relevant departments to identify matters with high risks and to prevent these risks from materializing.

We have an organization in charge of securing information on revisions to laws and ordinances related to our businesses. In the event of any such revision, it swiftly distributes the information to the whole company.

Compliance system diagram



Internal reporting desk development status

Musashi has established the “Musashi Corporate Ethics Suggestion Desk” (colloquially referred to as the “Open Door”) as an internal reporting desk to accept proposals related to corporate ethics and compliance. We employ protections to safeguard the privacy of the people who have submitted proposals and to ensure they are not subjected to disadvantageous treatment for having done so, and we also field anonymous suggestions. There are three desks through which suggestions are fielded: the internal reporting desk, the Audit and Supervisory Committee desk and outside legal consultation desk. These desks were set up in an effort to make it easier for employees to offer suggestions and to improve the effectiveness of our response.

Open Door

Legal violations, improper conduct, harassment, etc. Accepting compliance consultations at 3 consultation desks.

Open Door reception desk

- 1 Musashi suggestion desk (internal reporting desk)
- 2 Musashi suggestion desk (Audit and Supervisory Committee desk)
- 3 Outside legal consultation desk



11-Year Financial and Non-Financial Data Summary

(Millions of yen)		(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial data	Net sales		158,209	164,397	180,522	237,910	255,934	236,355	204,714	241,896	301,500	349,917	347,196
	By region	Japan	31,156	27,717	27,221	28,778	33,699	35,316	32,543	34,277	36,172	42,354	39,913
		Americas	49,662	56,261	49,251	52,111	55,922	55,924	45,296	51,352	73,779	101,552	104,566
		Asia	71,333	73,772	69,779	63,703	64,955	61,678	44,262	56,322	71,847	76,082	81,903
		China	-	-	-	20,652	23,597	22,003	29,987	33,160	32,244	33,873	31,539
		Europe	6,055	6,645	34,269	72,665	77,759	61,433	52,624	66,783	87,456	96,054	89,274
	By customer	HONDA	-	-	-	125,858	128,525	122,905	105,355	120,244	141,435	171,661	174,931
		Global customer	-	-	-	112,052	127,409	113,450	99,359	121,651	160,065	178,255	172,265
	Operating profit		11,588	13,398	11,166	15,767	14,107	7,285	7,507	8,413	7,677	18,374	19,720
	Profit attributable to owners of parent		6,379	6,809	6,315	10,351	9,885	(6,902)	7,378	5,429	2,436	7,921	7,782
	Return on equity (ROE)		9.57	9.81	9.10	13.40	11.33	-	9.42	5.85	2.40	7.25	6.75
	Capital investment		16,324	9,295	13,303	12,792	16,276	17,368	12,469	19,273	13,016	13,670	17,393
	Depreciation		12,021	13,291	14,779	18,564	18,178	17,742	15,941	16,686	18,630	19,569	18,710
	R&D cost		1,880	2,373	2,910	3,489	3,587	4,369	4,353	5,439	6,435	5,875	5,392
	Cash dividends paid		1,497	1,559	1,622	2,060	2,695	2,053	2,284	2,935	1,959	2,617	3,276
	Net income per share (yen)		204.51 ^{*1}	218.29 ^{*1}	202.47 ^{*1}	331.69 ^{*1}	155.55 ^{*1}	(105.95) ^{*1}	113.14 ^{*1}	83.20 ^{*1}	37.32 ^{*1}	121.24 ^{*1}	118.80
	Dividend per share (yen)		48.0	50.0	52.0	66.0	42.0	31.5	35.0	45.0	30.0	40.00	50.00
	Dividend payout ratio		23.5	22.9	25.7	20.0	27.0	-	30.9	54.1	80.4	33.0	42.1
	Total payout ratio		23.5	22.9	25.7	20.0	27.0	-	13.7	54.1	80.4	33.0	42.1
	Dividend on equity (DOE)		2.1%	2.3%	2.3%	2.5%	3.0%	2.9%	2.7%	2.9%	1.9%	2.4%	2.8%
	Total shareholder return (TSR) ^{*2}		137.5%	123.9%	156.2%	184.0%	155.3%	78.0%	184.1%	119.4%	114.1%	124.4%	317.3%
	Share price at end of fiscal year (yen)		2,542	2,234	2,846	3,595	1,500	834	1,889	1,512	1,867	1,685	2,446
	Dividend yield		1.9	2.2	1.8	1.8	2.8	3.8	1.9	3.0	1.6	2.4	2.0
	Price earnings ratio (PER)		12.43	10.23	14.06	10.84	9.64	-	16.70	18.17	50.03	13.90	20.59
	Price book-value ratio (PBR)		1.10	1.04	1.24	1.35	1.07	0.76	1.45	0.98	1.19	0.95	1.40
	Cash flows from operating activities (A)		17,570	22,968	19,445	26,813	26,714	26,359	18,259	5,805	19,409	31,642	31,918
	Cash flows from investing activities (B)		(20,295)	(10,211)	(41,236)	(14,336)	(19,847)	(18,673)	(12,198)	(20,131)	(17,931)	(15,994)	(16,096)
	Free cash flows (A+B)		(2,725)	12,757	(21,791)	12,477	6,867	7,686	6,061	(14,326)	1,478	15,648	15,822
	Equity attributable to owners of parent (shareholder equity)		72,029	66,821	71,582	83,055	91,509	71,435	85,141	100,587	102,735	115,776	114,761
	Total assets		169,539	155,152	248,482	247,778	244,450	207,333	226,066	259,960	269,278	290,339	285,126
	Ratio of equity attributable to owners of parent		42.49	43.07	28.81	33.52	37.43	34.45	37.66	38.69	38.15	39.88	40.25

*1 A 2-for-1 stock split was conducted on 1 October 2018. Figures stated in the relevant annual report.

*2 The total amount of cumulative dividends per share over the past five years is added to the share price at the end of each fiscal year, and this total is then divided by the share price at the end of the fiscal year five years prior.



	(Millions of yen)	(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Non-financial data	CO ₂ emissions (tons)		21,645	19,947	27,011	27,353	403,530	376,348	328,602	345,693	362,058	371,801	353,916
	CO ₂ emissions per unit (CO ₂ tons/million yen)		-	-	-	-	1.58	1.59	1.61	1.43	1.20	1.06	1.03
	Renewable energy ratio (electric power) (%)		-	-	-	-	0.7%	2.0%	2.5%	2.6%	6.9%	7.5%	16.0%
	Water consumption (m ³)		94,340	91,410	98,313	102,764	1,585,470 ^{*4}	1,912,981	1,939,067	1,766,488	2,040,730	1,515,282	1,418,925
	Water consumption per unit (m ³ /million yen)		-	-	-	-	6.19 ^{*4}	8.09 ^{*4}	9.47 ^{*4}	7.30 ^{*4}	6.77	4.33	4.09
	Waste emissions (tons)		1,506	1,329	1,480	1,539	111,041 ^{*4}	107,967 ^{*4}	105,286 ^{*4}	107,095	127,547	112,644	114,782
	Recycling rate (%)		-	-	-	-	80%	80%	81%	79%	78%	80%	79%
	Number of employees		13,375	12,427	15,351	16,385	16,839	16,114	15,120	15,807	16,316	16,763	16,450
	Number of overseas employees		11,397	10,556	13,357	14,341	14,692	13,946	12,912	13,650	14,140	14,481	14,223
	Number of employees (non-consolidated)		1,178	1,195	1,220	1,234	1,219	1,221	1,237	1,227	1,210	1,242	1,235
	Percentage of female employees (non-consolidated)		4.7%	4.6%	4.9%	5.4%	6.1%	6.5%	6.5%	7.87%	8.28%	8.2%	8.03%
	Number of women in management positions (non-consolidated)		2	2	2	2	3	2	2	3	4	5	5
	Percentage of women in management positions (non-consolidated)		1.6%	1.5%	1.4%	1.4%	2.2%	1.5%	1.4%	1.99%	2.68%	3.18%	3.18%
	Percentage of heads of overseas bases who are local employees		6%	11%	16%	16%	44%	53%	47%	47%	47%	47%	55%
	Male childcare leave acquisition rate (non-consolidated)		-	-	-	-	-	5.5%	6.4%	15.0%	38.3%	39.0%	42.0%

*3 Base unit is per unit of sales

*4 Global data (90% coverage)



Company Outline As of March 31, 2025

Company name	Musashi Seimitsu Industry Co., Ltd.
Incorporated	January 1944 (founded in April 1938)
Business activities	Manufacturing of transportation equipment
Share capital	5,639 million yen
Employees (consolidated)	16,450
Total number of authorized shares	140,000 thousand shares
Total number of issued shares	65,556 thousand shares
Number of shareholders	7,287
Stock exchange listing	Tokyo and Nagoya
Stock code	7220
Fiscal year	From April 1 to March 31 each year
Ordinary General Meeting of Shareholders	June each year
Record date	March 31
Record dates	Year-end dividends: March 31 Interim dividends: September 30
Trading unit	100 shares

Major Group Companies

Kyushu Musashi Seimitsu Co., Ltd.	Musashi Auto Parts (Nantong) Co., Ltd.
Musashi Casting Co., Ltd.	Musashi Seimitsu Investment (Zhongshan) Co., Ltd.
Musashi Energy Solutions Co., Ltd.	Musashi Auto Parts (Tianjin) Co., Ltd.
Musashi Auto Parts Michigan Inc.	Musashi Bockenau GmbH & Co.KG
Musashi Auto Parts Canada Inc.	Musashi Bad Sobernheim GmbH & Co.KG
Musashi Auto Parts Mexico, S.A. de C.V.	Musashi Luechow GmbH
Musashi do Brasil Ltda.	Musashi Hann. Muenden Holding GmbH
Musashi da Amazonia Ltda.	Musashi Hungary Fuzesabony Kft.
Musashi Auto Parts Co., Ltd.	Musashi Spain Villalba S.L.
P.T. Musashi Auto Parts Indonesia	Musashi Europe GmbH
Musashi Auto Parts India Pvt. Ltd.	Musashi Hungary Manufacturing, Ltd.
Musashi Auto Parts Vietnam Co., Ltd.	Musashi AI Co., Ltd.
Musashi Auto Parts (Zhongshan) Co., Ltd.	Musashi AI North America

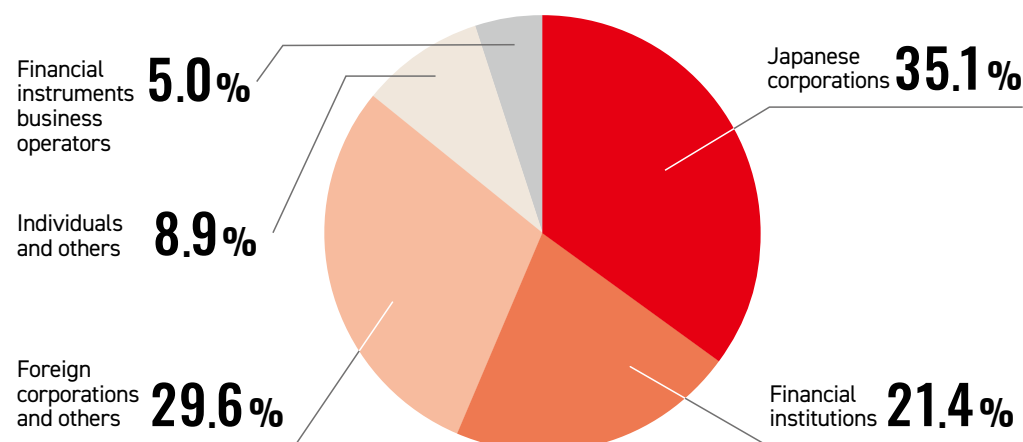
Status of Shares As of March 31, 2025

Major shareholders (Top 10)

Shareholder name	Number of shares (in thousands)	Ownership ratio (%)
Honda Motor Co., Ltd.	16,364	24.9
The Master Trust Bank of Japan, Ltd. (trust account)	8,047	12.2
Custody Bank of Japan, Ltd. (trust account)	3,974	6.0
Joint Stock Company Otsuka Holdings	2,603	3.9
MSIP CLIENT SECURITIES	1,659	2.5
Hiroshi Otsuka	1,505	2.2
Nomura Securities Co., Ltd.	1,304	1.9
JUNIPER	1,247	1.9
Nomura Securities Co., Ltd. Transfer Account	1,176	1.7
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1,105	1.6

(Note) 1. The number of shares is rounded down to the nearest thousand.
2. The shareholding ratio is calculated after deducting treasury stock (35,825 shares).

Distribution of shareholders by type



(Note) Figures are rounded down to the nearest hundredth.