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Stock Exchange Code: 6407

(June 10, 2026)

Electronic provision measures commencement date: June 3, 2026

To Shareholders with Voting Rights:

Katsuhito Okuoka
President and Chief Executive Officer
CKD Corporation
250, Ouji 2-chome, Komaki, Aichi, Japan

**NOTICE OF
THE 106TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

The 106th Annual General Meeting of Shareholders of CKD Corporation (the “Company”) will be held for the purposes described below. In convening the General Meeting of Shareholders, the Company has taken measures for electronic provision. Matters subject to the measures for electronic provision are posted on the following website on the Internet under the Notice of the 106th Annual General Meeting of Shareholders.

The Company’s website:<https://www.ckd.co.jp/en/ir/holdersinfo/meeting/>

In addition to the above, the information is also posted on the following website on the Internet:

Tokyo Stock Exchange (T.S.E.) website:

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

- To view the information, please access the T.S.E. website, input the issue name (company name) or securities code, click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

The Portal of Shareholders’ Meeting (Sumitomo Mitsui Trust Bank, Limited):

<https://www.soukai-portal.net>

- Please scan the Q.R. code on the enclosed Voting Rights Exercise Form or access the URL above and enter your I.D. and initial password on the Voting Rights Exercise Form.

* Each website may be temporarily inaccessible due to periodic maintenance, etc.

If you cannot view it, please refer to other websites or try again later.

If you cannot attend the meeting, you can exercise your voting rights by mailing the Voting Rights Exercise Form or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders contained in the matters subject to the measures for electronic provision and exercise your voting rights by 5:00 p.m. (Japan time) on Thursday, June 25, 2026, in accordance with the following procedures.

1. Date and Time: Friday, June 26, 2026, at 10:00 a.m. Japan time

2. Place: “Rose Room”
5th floor, ANA Crowne Plaza Hotel Grand Court Nagoya
1-1-1 Kanayama-Cho, Naka-ku, Nagoya, Aichi, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business report, Consolidated Financial Statements for the Company’s 106th Fiscal Year (April 1, 2025 – March 31, 2026), and the results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 106th Fiscal Year (April 1, 2025 – March 31, 2026)

Proposals to be resolved:

- Proposal 1:** Partial Amendment to the Articles of Incorporation
- Proposal 2:** Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 3:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
- Proposal 4:** Determination of Amount of Remuneration, etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 5:** Determination of Amount of Remuneration, etc. for Directors Who Are Audit and Supervisory Committee Members
- Proposal 6:** Determination of Remuneration for Granting Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and External Directors)

- We ask for your understanding that we will be in light clothing in consideration of the environment. Shareholders are also kindly requested to attend the meeting in light clothing.
- Should the matters subject to the measures for electronic provision require revisions, the revised versions will be posted on the respective websites where the matters are posted.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendment to the Articles of Incorporation

1. Reasons for changes

The Company shall transition from a company with an Audit & Supervisory Board to a Company with an Audit and Supervisory Committee with the aim of strengthening the supervisory function of the Board of Directors and further enhancing corporate governance through the strengthening of the monitoring system by including Audit and Supervisory Committee Members, who are in charge of auditing the execution of duties by Directors, among members of the Board of Directors; and realizing the speeding up of the decision-making of management and work on further improvement of corporate value by making it possible to delegate decisions on the execution of important business operations from the Board of Directors to Directors. Accordingly, the amendments necessary for the transition to a Company with an Audit and Supervisory Committee will be made, including the establishment of new provisions regarding Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, and the deletion of provisions regarding Audit & Supervisory Board Members and the Audit & Supervisory Board.

2. Details of amendment

The details of amendment are as follows.

The amendments to the Articles of Incorporation under this proposal shall take effect at the conclusion of this Annual General Meeting of Shareholders.

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed Changes
<p data-bbox="285 253 679 282">CHAPTER I GENERAL PROVISIONS</p> <p data-bbox="164 320 395 349">Article 1 - 3 <Omitted></p> <p data-bbox="164 383 308 412">(Organization)</p> <p data-bbox="164 416 252 445">Article 4</p> <p data-bbox="201 450 799 510">The Company shall have the general meeting of shareholders, directors, and the other organizations as follows:</p> <p data-bbox="193 515 592 642">(1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditors</p> <p data-bbox="164 696 363 725">Article 5 <Omitted></p> <p data-bbox="177 763 786 857">CHAPTER II SHARES, CHAPTER III GENERAL MEETING OF SHAREHOLDERS <Omitted></p> <p data-bbox="177 898 786 927">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p data-bbox="164 965 384 994">(Number of Directors)</p> <p data-bbox="164 999 268 1028">Article 18</p> <p data-bbox="201 1032 762 1061">The Company shall have no more than ten (10) Directors.</p> <p data-bbox="379 1128 587 1158"><Newly established></p> <p data-bbox="164 1211 368 1240">(Method of Election)</p> <p data-bbox="164 1245 268 1274">Article 19</p> <p data-bbox="164 1279 587 1339">(1) <Omitted> <Newly established></p> <p data-bbox="164 1447 320 1476">(2) <Omitted></p> <p data-bbox="164 1514 328 1543">(Term of Office)</p> <p data-bbox="164 1547 268 1576">Article 20</p> <p data-bbox="209 1581 783 1704">The term of office of Directors shall expire upon the conclusion of the ordinary general meeting of shareholders in respect of the last business year ending within one (1) year after their assumption of office.</p> <p data-bbox="379 1742 587 1771"><Newly established></p>	<p data-bbox="951 253 1345 282">CHAPTER I GENERAL PROVISIONS</p> <p data-bbox="826 320 1086 349">Article 1 - 3 <Unchanged></p> <p data-bbox="826 383 970 412">(Organization)</p> <p data-bbox="826 416 914 445">Article 4</p> <p data-bbox="863 450 1469 510">The Company shall have the general meeting of shareholders, directors, and the other organizations as follows:</p> <p data-bbox="855 515 1225 642">(1) Board of Directors (2) <u>Audit and Supervisory Committee</u> <Deleted> (3) Accounting Auditors</p> <p data-bbox="826 696 1058 725">Article 5 <Unchanged></p> <p data-bbox="839 763 1453 857">CHAPTER II SHARES, CHAPTER III GENERAL MEETING OF SHAREHOLDERS <Unchanged></p> <p data-bbox="839 898 1453 927">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p data-bbox="826 965 1046 994">(Number of Directors)</p> <p data-bbox="826 999 930 1028">Article 18</p> <p data-bbox="826 1032 1469 1173">(1) The Company shall have no more than ten (10) Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u>. (2) <u>The Company shall have no more than four (4) Directors who are Audit and Supervisory Committee Members.</u></p> <p data-bbox="826 1211 1034 1240">(Method of Election)</p> <p data-bbox="826 1245 930 1274">Article 19</p> <p data-bbox="826 1279 1437 1476">(1) <Unchanged> (2) <u>The election of Directors under the preceding paragraph shall be conducted separately for Directors who are Audit and Supervisory Committee Members and for other Directors.</u> (3) <Unchanged></p> <p data-bbox="826 1514 991 1543">(Term of Office)</p> <p data-bbox="826 1547 930 1576">Article 20</p> <p data-bbox="826 1581 1469 1901">(1) The term of office of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall expire upon the conclusion of the ordinary general meeting of shareholders in respect of the last business year ending within one (1) year after their assumption of office. (2) <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire upon the conclusion of the ordinary general meeting of shareholders in respect of the last business year ending within two (2) years after their assumption of office.</u></p>

Current Articles of Incorporation	Proposed Changes
<p style="text-align: center;"><Newly established></p> <p style="text-align: center;"><Newly established></p> <p>(Representative Directors) Article 21</p> <p>(1) The Board of Directors shall, by its resolution, appoint the Representative Directors.</p> <p>(2) <u>Representative Directors shall conduct business of the Company according to the resolutions of the Board of Directors.</u></p> <p>(Executive Directors) Article 22</p> <p>The Board of Directors may, by its resolution, appoint one each of Chairperson of the Board of Directors and President-Director, and a certain number of Executive Vice President-Directors, Executive Managing Directors and Managing Directors.</p> <p>(Remunerations) Article 23</p> <p>The remunerations, bonus and other property benefit to be received as compensation for the performance of the duty (<u>hereinafter "remunerations"</u>) by Directors from the Company shall be determined by a resolution of a general meeting of shareholders.</p> <p>(Adviser) <u>Article 24</u></p> <p><u>The Board of Directors may, by its resolution appoint a certain number of Advisers.</u></p> <p>(Convocation of the Meeting of the Board of Directors) Article 25</p> <p>(1) <Omitted></p> <p>(2) The notice of a meeting of the preceding paragraph shall be dispatched to each Director <u>and Audit & Supervisory Board Member</u> three (3) days in advance to the date for such meeting, provided, however, that in case of urgency, such period may be shortened.</p>	<p>(3) <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected as a substitute for a Director who is an Audit and Supervisory Committee Member that retired before the expiration of his/her term of office shall be the same as the remaining term of office of the retired Director who is an Audit and Supervisory Committee Member.</u></p> <p>(4) <u>The period during which the resolution for the election of a substitute Director who is an Audit and Supervisory Committee Member elected pursuant to Article 329, Paragraph 3 of the Companies Act remains effective shall be until the opening of the ordinary general meeting of shareholders in respect of the last business year ending within two (2) years after his/her assumption of office.</u></p> <p>(Representative Directors) Article 21</p> <p>The Board of Directors shall, by its resolution, appoint the Representative Directors <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p style="text-align: center;"><Deleted></p> <p>(Executive Directors) Article 22</p> <p>The Board of Directors may, by its resolution, appoint one each of Chairperson of the Board of Directors and President-Director, and a certain number of Executive Vice President-Directors, Executive Managing Directors and Managing Directors <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p>(Remunerations) Article 23</p> <p>The remunerations, bonus and other property benefit to be received as compensation for the performance of the duty by Directors from the Company shall be determined <u>separately for Directors who are Audit and Supervisory Committee Members and for other Directors</u> by a resolution of a general meeting of shareholders.</p> <p style="text-align: center;"><Deleted></p> <p>(Convocation of the Meeting of the Board of Directors) Article 24</p> <p>(1) <Unchanged></p> <p>(2) The notice of a meeting of the preceding paragraph shall be dispatched to each Director three (3) days in advance to the date for such meeting, provided, however, that in case of urgency, such period may be shortened.</p>

Current Articles of Incorporation	Proposed Changes
<p style="text-align: center;"><Newly established></p> <p>Article 26 - 27 <Omitted></p> <p>(Exemption from Liabilities of Directors) Article 28</p> <p>(1) <Omitted></p> <p>(2) The Company may enter into an agreement with <u>external directors</u> which limits liability for damages stipulated in Article 423, Paragraph 1 of Companies Act in accordance with the provisions of Article 427, Paragraph 1 of Companies Act; provided, however, that the limitation of liability under such agreement shall be limited to the extent permitted by law.</p> <p style="text-align: center;"><u>CHAPTER V AUDITORS AND BOARD OF AUDITORS</u></p> <p>(Number of Audit & Supervisory Board Members) <u>Article 29</u></p> <p>(1) <u>The Company shall have no more than four (4) Audit & Supervisory Board Members.</u></p> <p>(2) <u>Effect of the resolution to appoint substitute Auditors shall be valid until the opening of the ordinary general meeting of shareholders in respect of the last business year ending within four (4) years after such resolution has been adopted.</u></p> <p>(Method of Election) <u>Article 30</u></p> <p><u>The Audit & Supervisory Board Members shall be elected at the general meeting of shareholders by a majority of voting rights of one third (1/3) or more of exercised voting rights of all of the shareholders who are entitled to exercise the voting right.</u></p> <p>(Term of Office) <u>Article 31</u></p> <p><u>The term of office of Audit & Supervisory Board Members shall expire upon the conclusion of the ordinary general meeting of shareholders in respect of the last business year ending within four (4) years after their assumption of office.</u></p> <p>(Full-time Audit & Supervisory Board Members) <u>Article 32</u></p> <p><u>The Audit & Supervisory Board shall, by its resolution, elect the full time Audit & Supervisory Board Members.</u></p>	<p><u>(Delegation of Decisions on Important Business Execution)</u> <u>Article 25</u></p> <p><u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate all or part of the decisions on important business execution (excluding the matters described in each item of Paragraph 5 of the same Article) to Directors.</u></p> <p>Article 26 - 27 <Unchanged></p> <p>(Exemption from Liabilities of Directors) Article 28</p> <p>(1) <Unchanged></p> <p>(2) The Company may enter into an agreement with <u>Directors (excluding those who are executive directors, etc.)</u> which limits liability for damages stipulated in Article 423, Paragraph 1 of Companies Act in accordance with the provisions of Article 427, Paragraph 1 of Companies Act; provided, however, that the limitation of liability under such agreement shall be limited to the extent permitted by law.</p> <p style="text-align: right;"><Deleted></p> <p style="text-align: right;"><Deleted></p> <p style="text-align: right;"><Deleted></p> <p style="text-align: right;"><Deleted></p> <p style="text-align: right;"><Deleted></p>

Current Articles of Incorporation	Proposed Changes
<p><u>(Remunerations)</u> <u>Article 33</u> <u>The remunerations for the Audit & Supervisory Board Members shall be determined by a resolution of a general meeting of shareholders.</u></p>	<p><Deleted></p>
<p><u>(Convocation of the Meeting of the Audit & Supervisory Board)</u> <u>Article 34</u> <u>The notice of a meeting of the Audit & Supervisory Board shall be dispatched to each Audit & Supervisory Board Member three days in advance to the date for such meeting, provided, however, that in case of urgency, such period may be shortened.</u></p>	<p><Deleted></p>
<p><u>(Rules and Regulations of the Audit & Supervisory Board)</u> <u>Article 35</u> <u>All the matters related to the Audit & Supervisory Board shall, in addition to by laws or ordinances or by the Articles of Incorporation, be in accordance with the Rules and Regulations of the Audit & Supervisory Board stipulated by the Audit & Supervisory Board.</u></p>	<p><Deleted></p>
<p><u>(Exemption from Liabilities of Audit & Supervisory Board Members)</u> <u>Article 36</u> (1) <u>The Company may, by a resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including a person who was an Audit & Supervisory Board Member) from their liabilities for damages stipulated in Article 423, Paragraph 1 of Companies Act to the extent permitted by the provisions of Article 426, Paragraph 1 of Companies Act.</u> (2) <u>The Company may enter into an agreement with Audit & Supervisory Board Members which limits liability for damages stipulated in Article 423, Paragraph 1 of Companies Act in accordance with the provisions of Article 427, Paragraph 1 of Companies Act; provided, however, that the limitation of liability under such agreement shall be limited to the extent permitted by law.</u></p> <p style="text-align: center;"><Newly established></p> <p style="text-align: center;"><Newly established></p>	<p><Deleted></p>
	<p style="text-align: center;"><u>CHAPTER V AUDIT AND SUPERVISORY COMMITTEE</u></p> <p><u>(Full-time Audit and Supervisory Committee Members)</u> <u>Article 29</u> <u>The Audit and Supervisory Committee may, by its resolution, elect the full-time Audit and Supervisory Committee Members.</u></p>

Current Articles of Incorporation	Proposed Changes
<p data-bbox="379 219 587 246"><Newly established></p> <p data-bbox="379 517 587 544"><Newly established></p> <p data-bbox="328 835 636 862">CHAPTER VI ACCOUNTING</p> <p data-bbox="165 902 416 929">Article <u>37</u> - <u>40</u> <Omitted></p> <p data-bbox="379 969 587 996"><Newly established></p> <p data-bbox="379 1001 587 1028"><Newly established></p>	<p data-bbox="831 219 1398 277"><u>(Convocation of the Meeting of the Audit and Supervisory Committee)</u></p> <p data-bbox="831 282 927 309"><u>Article 30</u></p> <p data-bbox="874 313 1461 477"><u>The notice of a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee Member three (3) days in advance to the date for such meeting, provided, however, that in case of urgency, such period may be shortened.</u></p> <p data-bbox="831 517 1461 544"><u>(Rules and Regulations of the Audit and Supervisory Committee)</u></p> <p data-bbox="831 548 927 575"><u>Article 31</u></p> <p data-bbox="874 580 1461 772"><u>All the matters related to the Audit and Supervisory Committee shall, in addition to by laws or ordinances or by the Articles of Incorporation, be in accordance with the Rules and Regulations of the Audit and Supervisory Committee stipulated by the Audit and Supervisory Committee.</u></p> <p data-bbox="995 835 1302 862">CHAPTER VI ACCOUNTING</p> <p data-bbox="831 902 1114 929">Article <u>32</u> - <u>35</u> <Unchanged></p> <p data-bbox="831 969 1469 1055"><u>Supplementary Provisions</u> <u>(Transitional Measures Concerning Exemption from Liabilities of Audit & Supervisory Board Members)</u></p> <p data-bbox="831 1059 1469 1288"><u>The Company may, by a resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including a person who was an Audit & Supervisory Board Member) from their liabilities for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the extent permitted by law with respect to acts performed prior to the conclusion of the 106th Annual General Meeting of Shareholders.</u></p>

Proposal 2: Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

If Proposal 1: “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will become a Company with an Audit and Supervisory Committee, and all six (6) Directors will retire from their positions when the amendments to the Articles of Incorporation take effect, due to the expiration of the terms of office. Accordingly, we propose to elect six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) after the transition to a Company with an Audit and Supervisory Committee.

This proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal 1. “Partial Amendment to the Articles of Incorporation” take effect.

The candidates for Director are as follows:

No.	Name	Position and Responsibilities in the Company	Status of attendance at Board of Directors meetings
1	Kazunori Kajimoto (Re-election)	Director Chairperson of the Board of Directors	100% (12/12)
2	Katsuhito Okuoka (Re-election)	President and Chief Executive Officer (CEO)	100% (12/12)
3	Yoshiyuki Amano (Re-election)	Director and Executive Officer In charge of Administration	100% (12/12)
4	Stefan Sacré (Re-election) (External Director candidate) (Independent Director candidate)	Director	100% (12/12)
5	Hiroko Shimada (Re-election) (External Director candidate) (Independent Director candidate)	Director	100% (12/12)
6	Shuhei Ishikawa (New election) (External Director candidate) (Independent Director candidate)	–	–

No.	Name (Date of birth)	Experience, positions, and responsibilities		Number of shares of the Company held
1	<p>Kazunori Kajimoto (November 22, 1956)</p> <p>Re-election</p> <p>Years in office as Director: 22 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p>	<p>April 1980</p> <p>June 2004</p> <p>June 2005</p> <p>June 2008</p> <p>June 2021</p> <p>June 2024</p>	<p>Joined the Company</p> <p>Director & Executive Officer General Manager, Sales and Marketing Division</p> <p>Director & Managing Executive Officer General Manager, Sales and Marketing Division</p> <p>President</p> <p>Representative Director Chairperson of the Board of Directors and Chief Executive Officer (CEO)</p> <p>Director Chairperson of the Board of Directors (to present)</p> <p>Reason for selection as a candidate for Director Mr. Kazunori Kajimoto has long experience in overseeing sales divisions and abundant experience and broad insight as a corporate executive. Therefore, we propose his re-election as Director because he will contribute to our management by utilizing the above.</p>	103,321
2	<p>Katsuhito Okuoka (August 23, 1967)</p> <p>Re-election</p> <p>Years in office as Director: 10 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p>	<p>April 1991</p> <p>June 2016</p> <p>June 2018</p> <p>June 2019</p> <p>June 2020</p> <p>June 2021</p> <p>June 2022</p> <p>June 2024</p>	<p>Joined the Company</p> <p>Director & Executive Officer In charge of Quality and Safety General Manager, Components Business Division</p> <p>Director & Managing Executive Officer In charge of Quality Management General Manager, Components Business Division</p> <p>Representative Director and Senior Managing Executive Officer In charge of Quality and Environment General Manager, Components Business Division</p> <p>Representative Director and Senior Managing Executive Officer In charge of Administration General Manager, Corporate Planning Department</p> <p>President and Executive Officer Chief Operating Officer (COO)</p> <p>President and Chief Operating Officer (COO)</p> <p>President and Chief Executive Officer (CEO) (to present)</p> <p>Reason for selection as a candidate for Director Mr. Katsuhito Okuoka has long experience in overseeing production divisions, as well as abundant experience and broad insight as a manager. Therefore, we propose his re-election as Director because he will contribute to our management by utilizing the above.</p>	49,193

No.	Name (Date of birth)	Experience, positions, and responsibilities	Number of shares of the Company held
3	<p>Yoshiyuki Amano (April 3, 1963)</p> <p>Re-election</p> <p>Years in office as Director: 2 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p>	<p>April 1987 Joined Nippon Telegraph and Telephone Corporation</p> <p>July 2010 Senior Vice President General Manager, Network Business Department General Manager, Data Center Business Department, NTT PC Communications Incorporated</p> <p>July 2015 Senior Vice President (CTO) Senior Vice President, Service Creation Division Senior Vice President, Technology and Operations Development Division, NTT PC Communications Incorporated</p> <p>July 2018 Executive Counselor, Corporate Planning Department, the Company</p> <p>July 2019 General Manager, Information Resource Management Department</p> <p>June 2020 Executive Officer General Manager, Information Resource Management Department</p> <p>June 2024 General Manager, Business Advancement Center Director and Executive Officer In charge of Administration (to present)</p> <p>Reason for selection as a candidate for Director Mr. Yoshiyuki Amano has long experience in overseeing mainly the departments for technology development and service improvement and abundant experience and broad insight as a manager. Therefore, we propose his re-election as Director because he will contribute to our management by utilizing the above.</p>	6,262
4	<p>Stefan Sacré (March 9, 1963)</p> <p>Re-election External Director candidate Independent Director candidate</p> <p>Years in office as Director: 5 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p>	<p>May 1991 Received Ph. D (Engineering) from the Technical University of Berlin</p> <p>August 1998 Representative Director, SICK Optic-Electronic K.K. (Japan)</p> <p>January 2006 President, Bosch Rexroth Corporation (Japan)</p> <p>January 2011 CEO, EagleBurgmann Germany GmbH & Co. KG</p> <p>January 2017 President and Representative Director, Carl ZEISS Co., Ltd. (Japan) President and Representative Director, Carl Zeiss Meditec Co., Ltd. (Japan)</p> <p>June 2021 External Director, the Company (to present)</p> <p>July 2022 Director, 4a Plus Co., Ltd.</p> <p>May 2024 Senior Advisor, Carl ZEISS Co., Ltd. (Japan)</p> <p>April 2025 CEO, 4a Plus Co., Ltd. (to present)</p> <p>Reason for selection as a candidate for External Director and overview of the expected role Mr. Stefan Sacré appropriately performs his duties as an External Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has high academic knowledge as a Doctor of Engineering and abundant experience as a manager in the manufacturing sector in Japan and overseas and he can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose his re-election as Director.</p>	0

No.	Name (Date of birth)	Experience, positions, and responsibilities	Number of shares of the Company held
5	<p>Hiroko Shimada (February 13, 1964)</p> <p>Re-election External Director candidate Independent Director candidate</p> <p>Years in office as Director: 3 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p>	<p>April 1986 Joined National Personnel Authority</p> <p>June 1990 Long-term overseas researcher in the United Kingdom (University of Oxford)</p> <p>April 2000 First Secretary, The Permanent Mission of Japan in Geneva, Ministry of Foreign Affairs of Japan</p> <p>April 2017 First Deputy Director General, Remuneration Bureau, National Personnel Authority</p> <p>April 2018 Deputy Director General, Human Resources Bureau, National Personnel Authority</p> <p>April 2019 Professor, School of Government, Kyoto University (to present)</p> <p>March 2023 External Director, SPACE CO., LTD. (to present)</p> <p>June 2023 External Director, the Company (to present)</p> <p>Reason for selection as a candidate for External Director and overview of the expected role Ms. Hiroko Shimada appropriately performs her duties as an External Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, although she has never been involved in corporate management other than having served as an External Director, she has abundant domestic and international experience in human resources policies, laws and regulations, mainly in recruitment and development, diversity, work style reform, and labor- related matters at the National Personnel Authority and the Ministry of Foreign Affairs of Japan. For that reason, she can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad perspectives. We, therefore, propose her re-election as Director.</p>	0
6	<p>Shuhei Ishikawa (December 10, 1959)</p> <p>New election External Director candidate Independent Director candidate</p>	<p>March 1984 Joined NGK INSULATORS, LTD. (currently, NGK Corporation)</p> <p>June 2010 Vice President General Manager, New Metals Division, Electronics Business Group, NGK INSULATORS, LTD. (currently, NGK Corporation)</p> <p>June 2015 Senior Vice President Group Executive, Electronics Business Group, NGK INSULATORS, LTD. (currently, NGK Corporation)</p> <p>June 2019 Director and Senior Vice President Group Executive, Electronics Business Group, NGK INSULATORS, LTD. (currently, NGK Corporation)</p> <p>June 2022 Senior Vice President Group Executive, Energy & Industry Business Group, NGK INSULATORS, LTD. (currently, NGK Corporation)</p> <p>June 2024 Advisor, NGK INSULATORS, LTD. (currently, NGK Corporation) (to present)</p> <p>June 2025 External Director, FUJIMI INCORPORATED (to present)</p> <p>Reason for selection as a candidate for External Director and overview of the expected role Mr. Shuhei Ishikawa has been responsible for the management of businesses in metals, electronic components, semiconductors, insulators, energy solutions, and industrial processes, and has abundant experience in corporate strategy planning and marketing. He can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose his election as Director.</p>	0

(Notes)

1. Special interests between the candidates for Directors and the Company
 - (1) Mr. Shuhei Ishikawa serves as Advisor of NGK Corporation and External Director of FUJIMI INCORPORATED. The Company and NGK Corporation have a business transaction relationship in selling manufactured goods, etc. However, the percentage of the amount of such transaction is insignificant, at less than 1% of the consolidated net sales of the Company and NGK Corporation. The Company and FUJIMI INCORPORATED also have a business transaction relationship in selling manufactured goods, etc. However, the percentage of the amount of such transaction is insignificant, at less than 1% of the consolidated net sales of the Company and FUJIMI INCORPORATED.
 - (2) There are no special interests between the other candidates and the Company.
2. Mr. Stefan Sacré, Ms. Hiroko Shimada, and Mr. Shuhei Ishikawa are candidates for External Directors.
3. The Company has taken out a directors and officers liability insurance policy with an insurance company for Directors of the Company as the insureds. The policy is designed to cover damages resulting from the insured officers bearing liability with respect to the execution of their duties or being subject to claims related to the pursuit of such liability. However, there are specific exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. If each candidate is appointed Director, he or she will be insured under the above-mentioned insurance policy. Note that the Company bears the entire cost of insurance premiums. When the insurance policy next comes up for renewal, the Company plans to renew it with the same terms.
4. The Company entered into an indemnification agreement with each Director, which provides that the Company will indemnify the Director against the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Item 2 of the same Paragraph, to the extent provided for by law. Subject to the approval of the re-election of each person, the Company intends to continue the agreements with each person. In addition, subject to the approval of the election of Mr. Shuhei Ishikawa, the Company intends to conclude a similar indemnification agreement with him.
5. Remarks in relation to the candidates for External Directors are stated below.
 - (1) The Company entered into an agreement with Mr. Stefan Sacré and Ms. Hiroko Shimada to limit their liabilities pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum extent stipulated by Article 425, Paragraph 1 of the Companies Act. Subject to the approval of their re-election, the Company intends to continue the agreements with them. In addition, subject to the approval of the election of Mr. Shuhei Ishikawa, the Company intends to conclude a similar liability limitation agreement with him.
 - (2) Mr. Stefan Sacré, Ms. Hiroko Shimada, and Mr. Shuhei Ishikawa are candidates for independent officers as stipulated by financial instruments exchanges.

Proposal 3: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members

If Proposal 1: “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will become a Company with an Audit and Supervisory Committee. Therefore, we propose to elect four (4) Directors who are Audit and Supervisory Committee Members.

This proposal has already been approved by the Audit & Supervisory Board.

This proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal 1: “Partial Amendment to the Articles of Incorporation” take effect.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

No.	Name	Position and Responsibilities in the Company	Status of attendance at Board of Directors meetings	Status of attendance at Audit & Supervisory Board meetings
1	Junichi Yamada (New election)	General Manager, General Affairs Department	–	–
2	Shuzo Hashimoto (New election) (External Director candidate) (Independent Director candidate)	Audit & Supervisory Board Member	100% (12/12)	100% (12/12)
3	Kenichi Hosomi (New election) (External Director candidate) (Independent Director candidate)	–	–	–
4	Sakie Kondo (New election) (External Director candidate) (Independent Director candidate)	–	–	–

No.	Name (Date of birth)	Experience, positions, and responsibilities	Number of shares of the Company held
1	<p>Junichi Yamada (November 2, 1968)</p> <p>New election</p>	<p>April 1991 Joined the Company August 2010 Head of M-CKD PRECISION SDN.BHD. August 2014 Secretary Office Manager, General Affairs Department, the Company April 2021 General Manager, General Affairs Department (to present)</p> <p>Reason for selection as a candidate for Director who is an Audit and Supervisory Committee Member Mr. Junichi Yamada has long experience in overseeing the sales divisions and divisions for staff workers' affairs and abundant overseas experience and broad insight. We, therefore, propose his election as Director who is an Audit and Supervisory Committee Member because he will contribute to our management and supervision by utilizing the above.</p>	11,119
2	<p>Shuzo Hashimoto (April 5, 1956)</p> <p>New election External Director candidate Independent Director candidate</p> <p>Years in office as Audit & Supervisory Board Member: 6 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p> <p>Status of attendance at Audit & Supervisory Board meetings 100% (12/12)</p>	<p>April 1987 Registered as an Attorney-at-Law Joined Oguri Law Office April 1992 Established Hashimoto Law Firm Director (to present) April 2004 Vice Chairman, Nagoya Bar Association (currently, Aichi Bar Association) June 2020 External Audit & Supervisory Board Member, the Company (to present)</p> <p>Reason for selection as a candidate for External Director who is an Audit and Supervisory Committee Member and overview of the expected role Although Mr. Shuzo Hashimoto has never been involved in corporate management other than having served as an External Audit & Supervisory Board Member, he has abundant experience and professional expertise as an attorney-at-law. He can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose his election as an External Director who is an Audit and Supervisory Committee Member.</p>	0

No.	Name (Date of birth)	Experience, positions, and responsibilities	Number of shares of the Company held
3	<p data-bbox="263 810 470 869">Kenichi Hosomi (February 21, 1963)</p> <p data-bbox="263 907 470 1057">New election External Director candidate Independent Director candidate</p>	<p data-bbox="513 273 1289 331">April 1985 Joined The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)</p> <p data-bbox="513 336 1289 394">April 2001 Group Head, Sales Dept-I, Americas Division (New York), Sumitomo Mitsui Banking Corporation</p> <p data-bbox="513 398 1289 483">April 2009 General Manager, Corporate Banking Dept.- I, Europe, Middle East and Africa Division, Sumitomo Mitsui Banking Corporation</p> <p data-bbox="513 488 1289 604">April 2014 Executive Officer General Manager, Planning Dept., Europe, Middle East and Africa Division, Sumitomo Mitsui Banking Corporation</p> <p data-bbox="513 609 1289 757">April 2016 Managing Executive Officer General Manager, Planning Dept., International Banking Unit, Sumitomo Mitsui Banking Corporation General Manager, Global Business Planning Dept., Sumitomo Mitsui Financial Group, Inc.</p> <p data-bbox="513 761 1289 945">April 2019 Senior Managing Executive Officer Deputy Head of International Business Unit, Sumitomo Mitsui Banking Corporation Senior Managing Executive Officer Deputy Head of International Business Unit, Sumitomo Mitsui Financial Group, Inc.</p> <p data-bbox="513 949 1289 1008">May 2020 Deputy President, Representative Executive Officer, The Tokyo Star Bank, Limited</p> <p data-bbox="513 1012 1289 1070">April 2021 Senior Advisor, Sumitomo Mitsui Banking Corporation</p> <p data-bbox="513 1075 1289 1133">June 2022 Senior Executive Managing Director CFO, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development</p> <p data-bbox="513 1137 1289 1285">June 2023 Representative Director Senior Executive Managing Director CFO, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (to present)</p> <p data-bbox="513 1290 1289 1572">Reason for selection as a candidate for External Director who is an Audit and Supervisory Committee Member and overview of the expected role Mr. Kenichi Hosomi has led international divisions at financial institutions, primarily in Europe and the United States, and has abundant experience in organizational globalization, corporate planning, and operations. He can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose his election as an External Director who is an Audit and Supervisory Committee Member.</p>	0

No.	Name (Date of birth)	Experience, positions, and responsibilities	Number of shares of the Company held
4	Sakie Kondo (February 13, 1976) New election External Director candidate Independent Director candidate	<p>October 2000 Joined Itoh Audit Firm April 2004 Registered as a certified public accountant August 2007 Joined Azsa Audit Corporation (currently, KPMG AZSA LLC) June 2011 Joined Sakae Audit Corporation August 2016 Director, Audit and Supervisory Committee Member, IK Co., Ltd. April 2023 Joined Sakae Audit Corporation (to present)</p> <p>Reason for selection as a candidate for External Director who is an Audit and Supervisory Committee Member and overview of the expected role Although Ms. Sakie Kondo has never been involved in corporate management other than having served as an External Director, she has professional knowledge in finance and accounting as a certified public accountant. In addition, based on her experience as a Director and Audit and Supervisory Committee Member, she has abundant knowledge of risk management and internal control systems, etc. She can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose her election as an External Director who is an Audit and Supervisory Committee Member.</p>	0

(Notes)

1. There are no special interests between each candidate and the Company.
2. Mr. Shuzo Hashimoto, Mr. Kenichi Hosomi, and Ms. Sakie Kondo are candidates for External Directors who are Audit and Supervisory Committee Members.
3. Mr. Shuzo Hashimoto is currently an Audit & Supervisory Board Member of the Company, and his term of office will have been six (6) years as of the conclusion of this General Meeting of Shareholders.
4. The Company has taken out a directors and officers liability insurance policy with an insurance company for Directors of the Company as the insureds. The policy is designed to cover damages resulting from the insured officers bearing liability with respect to the execution of their duties or being subject to claims related to the pursuit of such liability. However, there are specific exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. If each candidate is appointed Director who is an Audit and Supervisory Committee Member, he or she will be insured under the above-mentioned insurance policy. Note that the Company bears the entire cost of insurance premiums. When the insurance policy next comes up for renewal, the Company plans to renew it with the same terms.
5. The Company entered into an indemnification agreement with each Director, which provides that the Company will indemnify the Director against the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Item 2 of the same Paragraph, to the extent provided for by law. Subject to the approval of the election of each candidate, the Company intends to conclude the agreements with each candidate.
6. The Company entered into an agreement with Mr. Shuzo Hashimoto to limit his liabilities pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum extent stipulated by Article 425, Paragraph 1 of the Companies Act. Subject to the approval of his election, the Company intends to conclude the agreement with him. Subject to the approval of the election of Mr. Junichi Yamada, Mr. Kenichi Hosomi, and Ms. Sakie Kondo, the Company intends to conclude a similar liability limitation agreement with each person.
7. Mr. Shuzo Hashimoto, Mr. Kenichi Hosomi, and Ms. Sakie Kondo are candidates for independent officers as stipulated by financial instruments exchanges.

(Reference)

Criteria for independence of External Officers of the Company

The Company deems an external officer or a candidate for the external officer to be independent of the Company if there is no risk of generating conflicts of interest with general shareholders of the Company. “No risk of generating conflicts of interest with general shareholders of the Company” refers to the case where an external officer or a candidate for the external officer is deemed not to fall under any of the following items.

- (1) A person for which the Company and/or its affiliate (collectively, the “Group”) is a major business partner
- (2) A major shareholder (Note 1) of the Company or a person executing the operations (“Executing Person”) thereof (Note 2)
- (3) A person in which the Group holds 10% or more of the total voting rights directly or indirectly, or an Executing Person thereof
- (4) A major business partner (Note 3) of the Group or an Executing Person thereof
- (5) A person who belongs to an audit corporation which is an Accounting Auditor of the Company or its consolidated subsidiary
- (6) A consultant, an attorney, a certified public accountant, or a person providing other professional services who has received a large amount of money or other properties (Note 4) from the Group other than as compensation for being an officer (if the recipient of such properties is a corporation, partnership or any other organization, such as a consulting firm, law office, and accounting office, this item applies to any person belonging to such organizations)
- (7) A person who has received a large number of donations (Note 5) from the Group (if the recipient of such donations is a corporation, partnership, or an organization, this item applies to an Executing Person of such organization)
- (8) An Executing Person of a company that elects an Executing Person of the Group as its officer
- (9) A person that falls under any of the above items 2 to 8 in the past three (3) years
- (10) If a person that falls under any of the above items 1 to 8 is a person in an important position (Note 6), a spouse, or a relative within the second degree of kinship thereof
- (11) Other than the items set forth above, a person who is at risk of generating conflicts of interest with general shareholders and is reasonably deemed to be in a situation where he/she is unable to perform duties as an independent external officer

(Notes)

1. “A major shareholder” refers to a shareholder who holds 10% or more of voting rights under the name of itself or another person at the end of the most recent fiscal year of the Company.
2. “Executing Person” refers to an executive director, executive officer, operating officer, and a person equivalent to that, as well as an employee of a corporation or an organization. A non-executive director shall also be included in the above in case of judging the independence of an External Director who is an Audit and Supervisory Committee Member.
3. As to “a major business partner,” the significance of such transaction for the Group and the major business partner shall be assessed using an appropriate index, and an outline of the result thereof shall be disclosed so that the Company may practically determine the degree of risk of generating conflicts of interest.
A major business partner refers to a person who makes a payment to the Company that accounts for 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
4. As to “a large amount of money and other properties,” the significance of such money and properties for the Group and the recipient shall be assessed using an appropriate index, and an outline of the result thereof shall be disclosed.
5. As to “a large number of donations,” the significance of such donation for the Group and the recipient shall be assessed using an appropriate index, and an outline of the result thereof shall be disclosed.
6. “A person in an important position” refers to an executive director, executive officer, operating officer, or an employee in an upper management position such as a department manager or higher.

(Reference) Composition of Officers (after June 26, 2026)

Each Company Director elected by the approval for the proposal has the following expertise and experience.

No.	Attribution	Name	Job title	Gender	Age	Years in office	Significant concurrent positions		Committee belongs to
							The number of companies	Of which, the number of listed companies	Nomination & Remuneration Advisory Committee
1	Internal	Kazunori Kajimoto	Chairperson of the Board of Directors	Male	69	22			●
2	Internal	Katsuhito Okuoka	President and Chief Executive Officer (CEO)	Male	58	10			
3	Internal	Yoshiyuki Amano	Director Executive Officer	Male	63	2			
4	External (Independent)	Stefan Sacré	Director	Male	63	5	1		● (Chairperson)
5	External (Independent)	Hiroko Shimada	Director	Female	62	3	2	1	●
6	External (Independent)	Shuhei Ishikawa	Director	Male	66	(New election)	2	2	

No.	Attribution	Name	Job title	Gender	Age	Years in office	Significant concurrent positions		Committee belongs to
							The number of companies	Of which, the number of listed companies	Nomination & Remuneration Advisory Committee
1	Internal	Junichi Yamada	Director who is an Audit and Supervisory Committee Member	Male	57	(New election)			
2	External (Independent)	Shuzo Hashimoto	Director who is an Audit and Supervisory Committee Member	Male	70	6	1		●
3	External (Independent)	Kenichi Hosomi	Director who is an Audit and Supervisory Committee Member	Male	63	(New election)	1		
4	External (Independent)	Sakie Kondo	Director who is an Audit and Supervisory Committee Member	Female	50	(New election)	1		

No.	Name	Corporate management	Manufacturing, technology, research and development	Quality and safety	Sales and marketing	Finance and accounting	Legal affairs and risk management	DX and IT	Sustainability and environment	International experience
1	Kazunori Kajimoto	•		•	•	•			•	•
2	Katsuhito Okuoka	•	•	•		•	•	•	•	
3	Yoshiyuki Amano	•	•	•		•	•	•		
4	Stefan Sacré	•	•	•	•			•		•
5	Hiroko Shimada						•		•	•
6	Shuhei Ishikawa	•	•	•	•					•

No.	Name	Corporate management	Manufacturing, technology, research and development	Quality and safety	Sales and marketing	Finance and accounting	Legal affairs and risk management	DX and IT	Sustainability and environment	International experience
1	Junichi Yamada	•			•		•		•	•
2	Shuzo Hashimoto						•			
3	Kenichi Hosomi	•			•	•	•	•	•	•
4	Sakie Kondo					•	•			

Corporate management	Experience and knowledge of corporate management and business operation, which are necessary to fulfill medium-to-long-term business goals, cultivate a healthy global environment and a prosperous future: the Company's Purpose, and grow together with society sustainably	Finance and accounting	Experience and knowledge of finance and accounting, which are necessary to disclose financial information, raise finance properly and aim to increase the Company's corporate value that satisfies both investing in growth and returning profits to shareholders based on the sound financial standing
Manufacturing, technology, research and development	Experience and knowledge of manufacturing, technology, research and development, which are necessary to engage in R&D of automation and fluid control technologies and manufacture products that contribute to solving challenges faced by society	Legal affairs and risk management	Experience and knowledge of legal affairs and risk management, which are necessary to develop a foundation for sustainable corporate value enhancement by establishing a governance system, improving compliance, and thoroughly managing risks
Quality and safety	Experience and knowledge of quality and safety, which are necessary to deliver high-quality and safe products to society and create a work environment that gives due consideration to occupational safety and health within the organization	DX and IT	Experience and knowledge of DX and IT, which are necessary to promote the creation of new value, such as improving operational efficiency and optimizing business processes by utilizing newly introduced core systems and integrating digital technologies and data
Sales and marketing	Experience and knowledge of sales and marketing, which are necessary to develop marketing activities that satisfy customers, strengthen sales capabilities and respond to customers' needs to become the company of choice	Sustainability and environment	Experience and knowledge of sustainability and environment to actively promote sustainability and environmental initiatives to realize a sustainable society, which are essential for the Company's medium-to-long-term development as a company that contributes to society
		International experience	Experience and knowledge of overseas businesses, management, culture, etc., which are necessary to accelerate globalization and fulfill management strategies for expanding overseas markets

Proposal 4: Determination of Amount of Remuneration, etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of remuneration, etc. for Directors approved at the 87th Annual General Meeting of Shareholders held on June 28, 2007, was up to 600 million yen per year. However, if Proposal 1: “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, in consideration of recent economic conditions and other relevant factors, the Company requests approval to set the amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this proposal) following the transition to a Company with an Audit and Supervisory Committee up to 600 million yen per year (of which up to 60 million yen per year shall be allocated to External Directors), and to have the specific amounts payable to each Director and the timing of payment determined by a resolution of the Board of Directors.

An outline of the policy on determining the amount of individual remuneration, etc., for Directors is as described in the Business Report. However, at a meeting of the Board of Directors to be held after the conclusion of this Annual General Meeting of Shareholders, the Company plans to revise part of the policy, such as references to “Directors” to “Directors (excluding Directors who are Audit and Supervisory Committee Members).” There will be no substantive change to the policy. The Company considers that the amount of remuneration, etc. pertaining to this proposal is reasonable and consistent with the policy after such revision. Remuneration, etc. does not include the portion of salary payable to Directors who concurrently serve as employees.

The Company currently has six (6) Directors (including three (3) External Directors). If Proposal 1: “Partial Amendment to the Articles of Incorporation” and Proposal 2: “Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as originally proposed, the number of Directors will be six (6) (including three (3) External Directors).

This proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal 1: “Partial Amendment to the Articles of Incorporation” take effect.

Proposal 5: Determination of Amount of Remuneration, etc. for Directors Who Are Audit and Supervisory Committee Members

If Proposal 1: “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, in consideration of recent economic conditions and other relevant factors, the Company requests approval to set the amount of remuneration, etc. for Directors who are Audit and Supervisory Committee Members following the transition to a Company with an Audit and Supervisory Committee up to 80 million yen per year. The Company considers that the amount of remuneration, etc. pertaining to this proposal is reasonable in light of the responsibilities of Directors who are Audit and Supervisory Committee Members.

If Proposal 1: “Partial Amendment to the Articles of Incorporation,” and Proposal 3: “Election of Four (4) Directors Who Are Audit and Supervisory Committee Members” are approved as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be four (4).

This proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal 1: “Partial Amendment to the Articles of Incorporation” take effect.

Proposal 6: Determination of Remuneration for Granting Restricted Stock to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and External Directors)

At the 98th Annual General Meeting of Shareholders held on June 22, 2018, the Company obtained approval to provide remuneration for granting restricted stock to the Company's Directors (excluding External Directors), in order to further promote the sharing of the interests with Directors and shareholders as well as providing Directors of the Company with the incentive to sustainably improve the Company's corporate value, with the total amount of monetary remuneration claims set at up to 120 million yen per year. However, if Proposal 1: "Partial Amendment to the Articles of Incorporation" is approved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company requests approval to newly provide remuneration for granting restricted stock to Directors (excluding Directors who are Audit and Supervisory Committee Members and External Directors; hereinafter referred to as the "Eligible Directors") separately from the remuneration framework under Proposal 4. Remuneration for granting restricted stock does not include the portion of salary payable to Directors who concurrently serve as employees.

The total amount of monetary remuneration provided for granting restricted stock to Eligible Directors pursuant to this proposal shall be up to 120 million yen per year, which is considered to be reasonable in light of the aforementioned purpose. The specific allocation to each Eligible Director shall be determined by a resolution of the Board of Directors.

If Proposal 1: "Partial Amendment to the Articles of Incorporation" and Proposal 2: "Election of Six (6) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)" are approved as originally proposed, the number of Eligible Directors will be Three (3).

The Eligible Directors shall, based on the resolution of the Board of Directors of the Company, make in-kind contributions of all monetary remuneration claims generated according to this Proposal and shall, in return, receive the Company's common shares to be issued or disposed of by the Company. The total number of the Company's common shares to be issued or disposed of in this manner shall not exceed 48 thousand shares per year (however, in the event of, on or after the date of approval of this proposal, a stock split (including allotment of the Company's common shares without contribution), a reverse stock split, or any other circumstance in which the total number of the Company's common shares to be issued or disposed of as restricted stock needs to be adjusted, the total number shall be reasonably adjusted). The amount to be paid per share shall be determined by the Board of Directors to the extent not especially advantageous to the Eligible Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution of each Board of Directors meeting (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

In addition, for the purpose of issuing or disposing of the Company's common shares, a restricted stock allotment agreement outlined below and including the following details (hereinafter referred to as the "Allotment Agreement") shall be concluded between the Company and each Eligible Director.

The contents of this proposal were determined by the Board of Directors based on a report from the voluntary Nomination & Remuneration Advisory Committee, a majority of whose members are independent officers, and in consideration of the policy on determining the remuneration for Directors established by the Board of Directors. The Company considers the contents of this proposal to be appropriate.

This proposal will take effect on the condition that the amendments to the Articles of Incorporation in Proposal 1: "Partial Amendment to the Articles of Incorporation" take effect.

- (1) The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Company's common shares allotted under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") during a time period set out by the Board of Directors of the Company (hereinafter referred to as the "Transfer Restriction Period") (this restriction shall be hereinafter referred to as the "Transfer Restriction").
- (2) If an Eligible Director loses his or her position as Director of the Company or other positions appointed by the Board of Directors prior to the expiry of the Transfer Restriction Period, the Company shall rightfully acquire the Allotted Shares free of charge, unless such retirement is due to expiry of the term of office, retirement, or other justifiable reasons.
- (3) Notwithstanding the provision in (1) above, the Company shall remove the Transfer Restriction with respect to all of the Allotted Shares at the expiry of the Transfer Restriction Period on the condition that the Eligible Director has served as Director or other positions appointed by the Board of Directors of the Company continuously during the Transfer Restriction Period; provided, however, that the number of the

Allotted Shares subjected to the removal of the Transfer Restriction and the timing of such removal shall be reasonably adjusted as appropriate in the event that the Eligible Director loses his or her position as specified in (2) above prior to the expiry of the Transfer Restriction Period due to expiry of the term of office, retirement, or other justifiable reasons.

- (4) At the expiry of the Transfer Restriction Period, the Company will rightfully acquire free of charge the Allotted Shares for which the Transfer Restriction is not removed pursuant to the provision in (3) above.
- (5) Notwithstanding the provision in (1) above, if a merger agreement to make the Company a non-surviving party of a merger, or a share exchange agreement or a share transfer plan to make the Company a wholly-owned subsidiary of another party, or any other form of organizational restructuring, etc. is approved at the General Meeting of Shareholders (or by the Board of Directors of the Company if such organizational restructuring, etc. does not require the approval of the General Meeting of Shareholders of the Company) during the Transfer Restriction Period, the Company, prior to the effective date of such organizational restructuring, etc., shall remove, based on the resolution of the Board of Directors of the Company, the Transfer Restriction of the Allotted Shares in the number reasonably determined based on the time period from the date of the beginning of the Transfer Restriction Period to the date of the approval of such organizational restructuring, etc.
- (6) In the case of (5) above, as of the time immediately after the removal of the Transfer Restriction as provided for in (5) above, the Company will rightfully acquire free of charge the Allotted Shares for which the Transfer Restriction is not removed.
- (7) The Allotment Agreement shall prescribe matters to be determined by the Board of Directors, including the methods of declaring intention and sending notification under the Allotment Agreement and procedures to revise the Allotment Agreement.

Business Report

(April 1, 2025 – March 31, 2026)

1. Current Status of the Corporate Group

(1) Business progress and results

General overview

During the consolidated fiscal year under review, the global economy remained uncertain due to ongoing concerns over the impact of expanding geopolitical risks and various countries' policy developments on economic activity.

In Japan, in the semiconductor-related market, growing demand for generative AI-related products drove capital investment from the second half of the fiscal year. In the rechargeable battery market, while capital investment in facilities for BEVs remained cautious due to the slowdown in global EV demand, there were some signs of recovery in investment for HEV applications. In the pharmaceutical market, while a certain level of capital investment continued against the backdrop of persistent supply shortages, large-scale investments aimed at ensuring a stable supply of generic pharmaceuticals were largely completed.

In the overseas economy, in China, capital investment in the production of semiconductors and semiconductor manufacturing equipment domestically, as well as in equipment related to rechargeable batteries, remained strong. In other regions, capital investment in the semiconductor-related market also continued, driven by demand for generative AI-related products.

Under such circumstances, in results of the consolidated fiscal year, the CKD Group recorded 157,886 million yen in net sales, up 1.4% year on year, 19,640 million yen in operating profit, up 3.3% year on year, 19,867 million yen in ordinary profit, up 3.6% year on year, and 13,578 million yen in profit attributable to owners of parent, up 0.4% year on year.

Net sales by segment

Segment	Amount	Change YoY	Composition ratio
Automatic Machinery	19,373 million yen	Down 23.5%	12.3%
Components	138,513 million yen	Up 6.3%	87.7%
Total	157,886 million yen	Up 1.4%	100.0%

Overview by segment

<Automatic Machinery>

Main products

- Automatic packaging systems (pharmaceutical, food, and medical equipment)
- Image processing inspection systems
- Lithium-ion battery manufacturing systems
- 3D solder paste inspection machines

Overview of the fiscal year under review

In the pharmaceutical market, while a certain level of capital investment continued against the backdrop of persistent supply shortages, sales of pharmaceutical packaging machines declined due to the completion of large-scale investments in generic pharmaceuticals.

In addition, sales of lithium-ion battery manufacturing systems declined due to Japanese automobile manufacturers adopting a cautious approach towards capital investment in facilities for BEVs. On the other hand, profit margin improved due to continued efforts to increase productivity and strong sales in the packaging service business, primarily maintenance and modification of packaging machines.

As a result, net sales were 19,373 million yen (down 23.5% year on year), and segment profit was 4,879 million yen (down 11.1% year on year).

<Components>

Main products

- Fluid control components
- Drive components
- Pneumatic control components
- Pneumatic-related components

Overview of the fiscal year under review

In Japan, in the semiconductor-related market, growing demand for generative AI drove capital investment from the second half of the fiscal year, leading to a substantial increase in sales of semiconductor manufacturing equipment. Meanwhile, sales in the automotive-related market declined due to restrained investment by automakers. In the rechargeable battery market, overall sales declined as a result of postponed investment plans for BEVs, despite a slight increase in sales due to rising investment in HEVs and infrastructure.

Overseas, in China, sales in the rechargeable battery market, in addition to semiconductor-related components, remained robust. In other regions, sales also remained steady, driven by demand fueled by strong capital investment in the semiconductor-related market.

As a result, net sales were 138,513 million yen (up 6.3% year on year), and segment profit was 19,822 million yen (up 8.8% year on year) due to increased sales.

(2) Status of capital investment

Capital expenditures during the fiscal year under review were 169 million yen in the Automatic Machinery segment, 2,380 million yen in the Components segment, and 276 million yen in the Company-wide segment, totaling 2,826 million yen as a result of installation of equipment at the Malaysia Plant, as well as updates to machinery and metal molds.

(3) Status of financing

To ensure stable and flexible financing, the Company has entered into syndicated commitment line contracts with three correspondent financial institutions, and on May 1, 2025, it reduced the maximum limit from the previous 20,000 million yen to 10,000 million yen. As of the end of the fiscal year under review, there were no outstanding borrowings based on these contracts.

(4) Issues to be addressed

The environment surrounding us is becoming increasingly complex, with rising uncertainty in the global economy as well as social issues such as labor shortages and responses to climate change. Furthermore, against the backdrop of the transition to a data-driven society accompanying advances in information and communication technology and the evolution of AI, technological innovation in semiconductors is becoming increasingly important. On the other hand, the semiconductor market is highly susceptible to the effects of supply-demand conditions and price fluctuations, and the impact on the Company's performance is growing. In this environment, the Company recognizes that, in addition to accelerating automation and labor savings at manufacturing sites, it is increasingly important to adapt to growth areas such as climate change response, AI and digital technologies, and semiconductor technological innovation. In addition, it is necessary to shift to a high-value-added business model through the expansion of the service business and other measures in order to improve profitability.

<Initiatives for medium- to long-term growth>

Fiscal 2026 marks the starting year of our new 10-Year Vision and the sixth medium-term management plan.

Starting from our Purpose, "We will continue to explore and co-create automation technologies to cultivate a healthy global environment and a prosperous future," we have positioned the three strengths we have refined up until now of "Smart Automation Technology", "Innovative Fusion" and "Co-Creation", as our core advantages and will make maximum use of these strengths.

[New 10-Year Vision]

Starting from our Purpose, we have formulated the new 10-Year Vision "CKD VISION 2035" that leverages our strengths. As our future state, we have set forth the two pillars of Technology & Solution and Human & Sustainability. By integrating diverse technologies and co-creating with our partners, we solve our customers' challenges and build a resilient business that can flexibly adapt to change. The source of this is our human resources, and we aim to enhance our corporate value by creating an

environment that enables both job satisfaction and growth for our employees and deliver value for industry, everyday life, and the environment, and aim to contribute to a sustainable society.

[Sixth Medium-Term Management Plan]

Under the slogan “All CKD Together 2028,” we have established the following four growth policies and will bring together the full strength of the entire Company to achieve growth as one.

[1] Promotion of human capital management and strengthening management foundations

We will enhance the overall capabilities of the organization as a whole through the promotion of human capital management aligned with business plan and the strengthening of the management foundation. We will also value our employees, create an environment in which they can achieve both job satisfaction and growth, and maximize the capabilities of our human resources, who are the source of value creation.

In strengthening the management foundation, we will promote DX and AX and enhance global security. We will also strive to ensure management transparency and soundness and aim to operate a highly effective Board of Directors. Furthermore, we will establish regional management functions and advance the building of a strong global governance structure overseas.

[2] Strengthening R&D capabilities

We will promote the integration of diverse technologies to create synergies that transcend the barriers between business units and departments, while strengthening research and development (R&D) that starts from customer and social issues, and will continue to provide high-value-added products and services. We will also accelerate new value creation through co-creation with partners and open innovation, while steadily addressing environmental issues, thereby providing sustainable value to our customers and society.

[3] Concentrate management resources on global growth areas

In regions, markets, and industries that are growing globally, we will identify areas where market growth potential intersects with the Company’s strengths, promote selection and focus, and make the most of limited management resources. Based on the above, we will focus management resources on fields where the Company’s strengths can be leveraged and work to solve issues through an integrated production and sales approach, thereby achieving sustainable growth.

[4] Transition to a high-value-added business model

We will steadily transition to a high-value-added business model in which value circulates by strengthening recurring businesses such as proposing problem-solving units and systems, as well as service, maintenance, and subscription models, beyond single-product sales, and aim to secure stable revenue.

[Financial target]

We aim for net sales of 190 billion yen or more, an operating profit margin of 13.7% or higher, and ROE of 10% or higher. In terms of capital policy, we will strengthen investments in human capital, R&D, and productivity improvement for further growth, strive to continue stable shareholder returns, and aim to enhance corporate value.

(5) Status of assets and income**[1] Status of assets and income of the Group**

Item	103rd Fiscal Year (April 1, 2022 – March 31, 2023)	104th Fiscal Year (April 1, 2023 – March 31, 2024)	105th Fiscal Year (April 1, 2024 – March 31, 2025)	106th Fiscal Year (April 1, 2025 – March 31, 2026)
Net sales (Million yen)	159,457	134,425	155,634	157,886
Ordinary profit (Million yen)	21,181	13,048	19,167	19,867
Profit attributable to owners of the parent (Million yen)	14,788	8,338	13,520	13,578
Basic earnings per share (Yen)	221.76	124.94	202.48	203.23
Total assets (Million yen)	185,626	208,285	210,867	226,721
Net assets (Million yen)	119,730	129,098	136,521	153,538
Net assets per share (Yen)	1,794.44	1,933.58	2,043.69	2,297.27

(Note) Basic earnings per share is calculated based on the average number of shares issued during the period. Net assets per share is calculated based on the total number of shares issued at the end of the period. The total number of issued shares does not include treasury shares.

[2] Status of Company assets and income

Item	103rd Fiscal Year (April 1, 2022 – March 31, 2023)	104th Fiscal Year (April 1, 2023 – March 31, 2024)	105th Fiscal Year (April 1, 2024 – March 31, 2025)	106th Fiscal Year (April 1, 2025 – March 31, 2026)
Net sales (Million yen)	128,137	106,849	123,867	123,873
Ordinary profit (Million yen)	16,771	12,125	15,255	17,429
Net income (Million yen)	11,945	8,640	11,125	12,804
Basic earnings per share (yen)	179.12	129.47	166.61	191.65
Total assets (Million yen)	151,093	169,875	171,609	179,180
Net assets (Million yen)	99,701	105,723	110,659	121,188
Net assets per share (Yen)	1,494.24	1,583.48	1,656.55	1,813.26

(Note) Basic earnings per share is calculated based on the average number of shares issued during the period. Net assets per share is calculated based on the total number of shares issued at the end of the period. The total number of issued shares does not include treasury shares.

(6) Major offices, plants, and other facilities

	Name	location
CKD Corporation	Headquarters/Komaki Plant	Komaki-shi, Aichi
	Kasugai Plant	Kasugai-shi, Aichi
	Inuyama Plant	Fuso-cho, Niwa-gun, Aichi
	Yokkaichi Plant	Yokkaichi-shi, Mie
	Tohoku Plant	Ohira-mura, Kurokawa-gun, Miyagi
	Hokuriku Plant	Komatsu-shi, Ishikawa
	Tokyo Sales Office	Minato-ku, Tokyo
	Osaka Sales Office	Osaka-shi, Osaka
	Nagoya Sales Office	Nagoya-shi, Aichi
Domestic subsidiaries	CKD SHIKOKU SEIKOU CORPORATION	Sukumo-shi, Kochi
	CKD GLOBAL SERVICE CORPORATION	Komaki-shi, Aichi
	CKD FIELD ENGINEERING CORPORATION	Komaki-shi, Aichi
	CKD NIKKI DENSO CO., LTD.	Kawasaki-shi, Kanagawa
Overseas subsidiaries	CKD (SHANGHAI) CORPORATION	China
	CKD (CHINA) CORPORATION	China
	CKD KOREA CORPORATION	Korea
	TAIWAN CKD CORPORATION	Taiwan
	M-CKD PRECISION SDN. BHD.	Malaysia
	CKD MALAYSIA SDN. BHD.	Malaysia
	CKD THAI CO. LTD.	Thailand
	CKD SINGAPORE PTE. LTD.	Singapore
	PT CKD TRADING INDONESIA	Indonesia
	PT CKD MANUFACTURING INDONESIA	Indonesia
	CKD VIETNAM ENGINEERING CO., LTD.	Vietnam
	CKD INDIA PVT. LTD.	India
	CKD USA CORP.	U.S.A
	CKD MEXICO, S. DE R.L. DE C.V.	Mexico
	CKD EUROPE B.V.	The Netherlands
CKD ITALIA S.R.L.	Italy	

(7) Status of employees**[1] Status of employees of the Group**

Business segment	Number of employees	Changes from the end of the previous fiscal year
Automatic Machinery	489	Decrease of 1
Components	4,136	Increase of 183
Company-wide (common)	201	Increase of 3
Total	4,826	Increase of 185

[2] Status of Company employees

Number of employees	Changes from the end of the previous fiscal year	Average age	Average years of service
2,389	Decrease of 3	41.5	16.7

(Note) The number of employees does not include 384 employees hired on a contract or part-time basis.

(8) Status of principal subsidiaries

Company name	Paid-in capital	Investment ratio	Principal business
	Million yen	%	
CKD (CHINA) CORPORATION	5,773	100.0	Manufacturing and sale of automatic machinery products and manufacturing of component products
CKD (SHANGHAI) CORPORATION	531	100.0	Sale of component products

(9) Principal lenders of the Company and amount of borrowings

Lender	Borrowings outstanding
	Million yen
Sumitomo Mitsui Banking Corporation	11,519
Sumitomo Mitsui Trust Bank, Limited	9,000
MUFG Bank, Ltd.	5,900

(Note) The outstanding balance of borrowings from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, and MUFG Bank, Ltd. includes a portion the balance of 20,000 million yen of the loan with a syndicate of eight financial firms led by Sumitomo Mitsui Banking Corporation.

2. Matters Regarding Shares

(1) Status of shares

[1] Total number of authorized shares	233,000,000 shares
[2] Total number of issued shares	66,835,011 shares (excluding 1,074,438 treasury shares)
[3] Number of shareholders at the end of the fiscal year under review	9,870 persons

(2) Major shareholders (top 10 shareholders)

Shareholder name	Number of shares held	Shareholding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,689	14.50
Custody Bank of Japan, Ltd. (Trust Account)	5,667	8.48
CKD Shareholding Association	2,605	3.90
SUMITOMO LIFE INSURANCE COMPANY	1,914	2.86
CKD Cooperative Companies Investment Association	1,801	2.70
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,534	2.30
The Dai-ichi Life Insurance Company, Limited	1,400	2.09
Sumitomo Mitsui Banking Corporation	1,281	1.92
STATE STREET BANK AND TRUST COMPANY 505001	1,191	1.78
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	1,010	1.51

(Note) The Company holds 1,074,438 treasury shares but is excluded from the major shareholders above. Shareholding ratios are calculated excluding treasury shares.

(3) Status of shares granted to officers of the Company during the fiscal year under review as consideration for the execution of duties

	Class and number of shares	Number of officers granted shares
Directors (excluding External Directors)	Common shares of the Company 16,978 shares	3

3. Matters Regarding Officers of the Company

(1) Status of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and significant concurrent positions
Chairperson of the Board of Directors	Kazunori Kajimoto	Chairperson of the Board of Directors
Representative Director, President	Katsuhito Okuoka	Chief Executive Officer (CEO)
Director	Yoshiyuki Amano	Executive Officer In charge of Administration
Director	Stefan Sacré	CEO, 4a Plus Co., Ltd.
Director	Koichi Hayashi	Certified public accountant Representative Director, Attax Co., Ltd. External Director and Audit & Supervisory Committee Member, Plaza Holdings Co., Ltd.
Director	Hiroko Shimada	Professor, School of Government, Kyoto University External Director, SPACE CO., LTD.
Standing Audit & Supervisory Board Member	Toshiaki Sugiura	
Audit & Supervisory Board Member	Shuzo Hashimoto	Attorney-at-Law Representative Attorney-at-Law, Hashimoto Law Firm
Audit & Supervisory Board Member	Kiyoshi Miura	External Director, PAL GROUP Holdings CO., LTD. Adviser, SAERA Pharmacies, Inc.
Audit & Supervisory Board Member	Tsuyoshi Takeuchi	Certified public accountant Representative Director, PM Business Solutions Inc. Principal, Takeuchi Tsuyoshi Certified Public Accountant Office External Auditor, Chugai Ro Co., Ltd.

- (Notes) 1. Directors Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada are External Directors.
2. Audit & Supervisory Board Members Mr. Shuzo Hashimoto, Mr. Kiyoshi Miura, and Mr. Tsuyoshi Takeuchi are External Audit & Supervisory Board Members.
3. External Directors Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada, as well as External Audit & Supervisory Board Members Mr. Shuzo Hashimoto, Mr. Kiyoshi Miura, and Mr. Tsuyoshi Takeuchi are independent officers as stipulated by financial instruments exchanges.
4. External Audit & Supervisory Board Member Mr. Shuzo Hashimoto is qualified as an attorney-at-law and has considerable knowledge of corporate legal affairs.
5. External Audit & Supervisory Board Member Mr. Kiyoshi Miura has many years of experience working for financial institutions and considerable knowledge of finance and accounting.
6. External Audit & Supervisory Board Member Mr. Tsuyoshi Takeuchi is qualified as a certified public accountant and has considerable knowledge of finance and accounting.
7. The Company has taken out a directors and officers liability insurance policy with an insurance company, with the Directors and Audit & Supervisory Board Members of the Company as the insureds. This policy covers damages incurred as a result of the insured officers, etc., assuming liability in connection with the execution of their duties, or from claims made in pursuit of such liability. However, certain exclusions apply, including damages arising from acts committed with the knowledge that such acts were in violation of laws and regulations. The full amount of the insurance premiums for this policy is borne by the Company.
8. The Company entered into an indemnification agreement with each Director and each Audit & Supervisory Board Member listed in the above “(1) Status of Directors and Audit & Supervisory Board Members,” which provides that the Company will indemnify them against the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Item 2 of the same Paragraph, to the extent provided for

by law.

9. In accordance with the provisions of Article 28, Paragraph 2 and Article 36, Paragraph 2 of the Company's Articles of Incorporation, as well as the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with External Directors Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada, and with Audit & Supervisory Board Members Mr. Toshiaki Sugiura, Mr. Shuzo Hashimoto, Mr. Kiyoshi Miura, and Mr. Tsuyoshi Takeuchi, to limit their liabilities for damages. The limit of liabilities under each agreement is the minimum amount prescribed by laws and regulations. The above-mentioned liability limitations apply only when the duties giving rise to such liabilities were executed bona fide and without gross negligence.

(2) Amount of remuneration, etc., for Directors and Audit & Supervisory Board Members

[1] Matters regarding policy on determining remuneration

Policy on determining the remuneration for Directors

1. Basic Policy

- (i) Design the system to motivate Directors to contribute to the enhancement of corporate value
- (ii) Ensure the appropriateness of the method for determining the remuneration and distribution
- (iii) Design the system to allow Directors to share their interests with shareholders through stock ownership

2. Determination process and details

Remuneration for Directors consists of basic remuneration, performance-linked remuneration, and stock remuneration. At the same time, External Directors, who are responsible for the oversight function, are paid only basic remuneration in light of their role.

In addition, the ratio of Directors' remuneration by type is designed so that the higher a person's position, the more significant the proportion of performance-linked remuneration. The Board of Directors determines the amount of remuneration for officers based on consultation of the Nomination & Remuneration Advisory Committee, which is chaired by an independent officer and the majority of which members are external officers, within the range approved by the General Meeting of Shareholders. The Board of Directors also determines the determination policy based on consultation with the Nomination & Remuneration Advisory Committee. In fiscal 2024, a third-party organization with extensive experience and expertise participated in deliberations of the Nomination & Remuneration Advisory Committee, and the Company revised its remuneration policy and framework, which has been in operation since fiscal 2025.

Type of remuneration (composition ratio)	Remuneration details
Basic remuneration (about 30 to 70%) (Note)	<ul style="list-style-type: none"> • The amount is fixed by position according to responsibilities determined upon careful consideration while referring to employees' salaries and remuneration levels at other companies.
Performance-linked remuneration (about 20 to 40%) (Note)	<ul style="list-style-type: none"> • The performance-linked remuneration is paid in cash in an amount reflecting the results of the performance indicator in the previous fiscal year to raise awareness on improving performance each fiscal year. • The target performance indicator and its amount are consulted with the Nomination & Remuneration Advisory Committee as necessary in accordance with environmental changes and are reviewed based on its recommendations. • Officers other than those with titles are eligible for bonuses, to be paid at a specific time each year in an amount obtained reflecting the degree of targets achieved for each individual.
Restricted stock remuneration (about 5 to 20%) (Note)	<ul style="list-style-type: none"> • Restricted stock remuneration consists of restricted stock intended to raise further motivation to sustainably improve corporate value and shareholder value over the medium-to-long-term within the range approved at the General Meeting of Shareholders. • The number of shares to be granted to Directors is resolved by the Board of Directors. • The restrictions on shares are lifted when the Director retires.

(Note) If there is a pronounced decline in performance, performance-linked remuneration and stock remuneration may fall below the stated range. Therefore, basic remuneration may surpass the stated range.

The amount of remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board within the range approved at the General Meeting of Shareholders.

[2] The total amount of remuneration, etc., by officer category, the total amount of remuneration, etc., by type, and number of eligible officers

(Million yen)

Category	Total amount of remuneration, etc.	Total amount of remuneration by type			Number of eligible officers (Persons)
		Basic remuneration	Performance-linked remuneration	Restricted stock remuneration	
Directors	193	88	69	35	6
Audit & Supervisory Board Members	46	46	0	0	4
Total	239	134	69	35	10

- (Notes) 1. Of the amount paid above, the total remuneration for three External Directors and three External Audit & Supervisory Board Members is 56 million yen.
2. There are six Directors (including three External Directors) and four Audit & Supervisory Board Members (including three External Audit & Supervisory Board Members) at the end of the fiscal year under review.
3. The retirement benefit plan was abolished at the conclusion of the 87th Annual General Meeting of Shareholders held on June 28, 2007.
4. The amount of remuneration, etc., for Directors does not include the portion of employee's salary payable to Directors who concurrently serve as employees.

(a) Matters regarding performance-linked remuneration

For performance-linked remuneration in fiscal 2025, the achievement rates for each performance indicator—consolidated net sales, operating profit, operating margin, ROE, initiatives related to the environment, the ratio of female managers, and the ratio of non-Japanese Directors at overseas subsidiaries, all of which are linked to the Medium-Term Management Plan for fiscal 2024—ranged from 51% to 100%.

(b) Matters regarding stock remuneration

In fiscal 2025, 16,978 shares were granted as restricted stock remuneration to three Directors (excluding External Directors).

(c) Reasons why the Board of Directors judged that the contents of individual remuneration, etc., for Directors, conform to the policy

The Nomination & Remuneration Advisory Committee examines proposals for remuneration from various perspectives, including the consistency with the determination policy. Therefore, the Board of Directors basically respects the Committee's recommendations regarding determining the contents of individual remuneration, etc., for Directors, and thus judged that the contents conform to the determining policy.

(d) Date and details of resolution at the General Meeting of Shareholders regarding remuneration for officers

	Type of remuneration	Limit of annual remuneration	Date of resolution at the General Meeting of Shareholders	Number of officers at the time of the resolution
Directors	Basic remuneration Performance-linked remuneration	Up to 600 million yen	The 87th Annual General Meeting of Shareholders (June 28, 2007)	8 Directors (including 2 External Directors)
	Stock remuneration	Up to 120 million yen	The 98th Annual General Meeting of Shareholders (June 22, 2018)	4 Directors (excluding 3 External Directors)
Audit & Supervisory Board Members	Basic remuneration	Up to 80 million yen	The 87th Annual General Meeting of Shareholders (June 28, 2007)	4 Audit & Supervisory Board Members (including 3 External Audit & Supervisory Board Members)

- (e) Matters regarding the delegation of the determination of the amount of individual remuneration, etc., for Directors

Regarding the amount of individual remuneration for Directors, the Company calculates the amount of remuneration based on the computation criteria deliberated by the Nomination & Remuneration Advisory Committee chaired by an independent officer. The Committee assesses the adequacy of the calculated amount. The Board of Directors decided that individual remuneration shall be determined based on recommendations of the Nomination & Remuneration Advisory Committee.

- (f) The Nomination & Remuneration Advisory Committee

The Nomination & Remuneration Advisory Committee was established in April 2018 to ensure transparency and objectivity of the procedures for determining remuneration for Directors and further enhancing the corporate governance structure. An independent external officer chairs the Committee. In fiscal 2024, a third-party organization with extensive experience and expertise participated in deliberations of the Nomination & Remuneration Advisory Committee, and the Company revised its remuneration policy and framework, which has been in operation since fiscal 2025.

Composition of the Committee Members	The majority are independent officers.
Frequency of meeting	The Committee meets approximately 4 times a year but met 6 times in fiscal 2025.
Major deliberations pertaining to remuneration	<ul style="list-style-type: none"> • Policy regarding remuneration for Directors • Selection of evaluation indicators for calculating remuneration • Discussion of specific details of the remuneration structure • Consideration of and decision on amounts of individual remuneration • Decision on amounts of restricted stock remuneration

(3) State of external officers

[1] Relationships between the Company and the entities, etc., at which its external officers hold concurrent material positions

Director Mr. Stefan Sacré concurrently serves as a CEO at 4a Plus Co., Ltd. The Company has no special relationships with 4a Plus Co., Ltd.

Director Mr. Koichi Hayashi concurrently serves as a Representative Director of Attax Co., Ltd. and as an External Director and Audit & Supervisory Committee Member, Plaza Holdings Co., Ltd., respectively. There are no special relationships between the Company and both companies.

Director Ms. Hiroko Shimada concurrently serves as a Professor of School of Government of Kyoto University and as an External Director of SPACE CO., LTD. There are no special relationships between the Company and the university and the company.

Audit & Supervisory Board Member Mr. Shuzo Hashimoto concurrently serves as the Representative Attorney-at-Law of Hashimoto Law Firm. The Company has no special relationships with the firm.

Audit & Supervisory Board Member Mr. Kiyoshi Miura concurrently serves as an External Director of PAL GROUP Holdings CO., LTD. and an Adviser of SAERA Pharmacies, Inc. There are no special relationships between the Company and both companies.

Audit & Supervisory Board Member Mr. Tsuyoshi Takeuchi concurrently serves as the Representative Director of PM Business Solutions Inc., Principal of Takeuchi Tsuyoshi Certified Public Accountant Office and an External Auditor of Chugai Ro Co., Ltd. There are no special relationships between the Company and PM Business Solutions Inc. and Takeuchi Tsuyoshi Certified Public Accountant Office. The Company has a business transaction relationship in selling manufactured goods, etc. with Chugai Ro Co., Ltd. However, the percentage of such transactions is insignificant, at less than 1% of the consolidated net sales of each of the Company and the company.

[2] Status of main activities of external officers

Position	Name	Status of attendance		Status of main activities
		Board of Directors meetings	Audit & Supervisory Board meetings	
External Director	Stefan Sacré	100% 12/12	* 3	Mainly from a professional perspective as a Doctor of Engineering and from the worldwide perspective of an overseas corporate manager, Mr. Stefan Sacré actively participates in vigorous deliberations at the Board of Directors meetings. He also offers advice and opinions necessary to ensure the appropriateness of the decision-making. In addition, he attends the Audit & Supervisory Board meetings as an observer as needed.
External Director	Koichi Hayashi	100% 12/12	* 3	Mainly from a professional perspective as a certified public accountant and from the viewpoint of an experienced corporate executive, Mr. Koichi Hayashi actively participates in vigorous deliberations at the Board of Directors meetings. He also offers advice and opinions necessary to ensure the appropriateness of the decision-making. In addition, he attends the Audit & Supervisory Board meetings as an observer as needed.
External Director	Hiroko Shimada	100% 12/12	* 3	Mainly from a viewpoint related to human resources policies, laws and regulations, primarily in recruitment and development, diversity, work style reform, and labor-related matters, utilizing insights gained from serving at National Personnel Authority and the Ministry of Foreign Affairs of Japan, Ms. Hiroko Shimada actively participates in vigorous deliberations at the Board of Directors meetings. She also offers advice and opinions necessary to ensure the appropriateness of the decision-making. In addition, she attends the Audit & Supervisory Board meetings as an observer as needed.

(Notes) “*” denotes the number of meetings attended as an observer.

Position	Name	Status of attendance		Status of main activities
		Board of Directors meetings	Audit & Supervisory Board meetings	
External Audit & Supervisory Board Member	Shuzo Hashimoto	100% 12/12	100% 12/12	Mainly from a professional perspective as an attorney-at-law, Mr. Shuzo Hashimoto offers advice and opinions necessary to ensure the appropriateness of the decision-making. Furthermore, he promotes strengthening the auditing system as an Audit & Supervisory Board Member, based on his extensive knowledge and objective standpoint.
External Audit & Supervisory Board Member	Kiyoshi Miura	100% 12/12	100% 12/12	Mainly from a professional perspective on the financial industry and from the viewpoint of an experienced corporate executive, Mr. Kiyoshi Miura offers advice and opinions necessary to ensure the appropriateness of the decision-making. Furthermore, he promotes strengthening the auditing system as an Audit & Supervisory Board Member, based on his extensive knowledge and objective standpoint.
External Audit & Supervisory Board Member	Tsuyoshi Takeuchi	100% 12/12	100% 12/12	Mainly from a professional perspective as a certified public accountant and based on his abundant overseas experience, Mr. Tsuyoshi Takeuchi offers advice and opinions necessary to ensure the appropriateness of the decision-making. Furthermore, he promotes the strengthening of the auditing system as an Audit & Supervisory Board Member, based on his extensive knowledge and objective standpoint.

4. Matters Regarding the Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc., for the Accounting Auditor for the fiscal year under review

	Amount paid
[1] Remuneration, etc., payable to the Accounting Auditor for the fiscal year under review	53 million yen
[2] The total amount of money and other property benefits payable by the Company and its subsidiaries	53 million yen

- (Notes) 1. In light of the Practical Guidelines for Collaboration with Accounting Auditors, published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has confirmed the performance records of auditing time by auditing item and level in the past fiscal years' auditing plan, changes in remuneration amounts paid, and the status of duties executed by the Accounting Auditor, and then has examined the reasonableness of the audit plan, the auditing time, and the amount of remuneration for the fiscal year under review. As a result of the confirmation and examination, the Audit & Supervisory Board has given consent on remuneration, etc., for the Accounting Auditor as prescribed in Article 399, Paragraph 1 of the Companies Act.
2. The audit agreement concluded between the Company and the Accounting Auditor does not clearly distinguish the amount of remuneration, etc., for audits by the accounting auditor under the Companies Act from that for audits under the Financial Instruments and Exchange Act. Also, it is practically impossible to separate these remunerations. Therefore, the amount of remuneration, etc., shown in [1] above is the total amount of these remunerations.
3. The Company's overseas subsidiaries are audited by audit corporations other than the Accounting Auditor of the Company.

(3) Description of non-audit duties

Not applicable.

(4) Policy for determination of dismissal or refusal of re-election of the Accounting Auditor

The Audit & Supervisory Board shall dismiss the Accounting Auditor with the consent of all Audit & Supervisory Board Members in the case when the Audit & Supervisory Board determines that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, the Audit & Supervisory Board shall report such fact and the reason for dismissal to the first General Meeting of Shareholders called after the dismissal. In addition, in cases when it is deemed to be difficult for the Accounting Auditor to execute its duties appropriately or judged to be reasonable to replace the Accounting Auditor with another firm, the Audit & Supervisory Board shall determine the contents of a proposal to be submitted to the General Meeting of Shareholders for resolution regarding the dismissal or refusal of re-election of the Accounting Auditor.

5. Systems to Ensure the Appropriateness of Operations

The Company’s systems to ensure the appropriateness of operations, and the status of such systems’ operations are as follows.

<p>1. Compliance system (Article 362, Paragraph 4, Item 6 of the Companies Act; Article 100, Paragraph 1, Item 4 of the Regulation for Enforcement of the Companies Act)</p>	<p>[Basic policy]</p> <ol style="list-style-type: none"> 1) The Company shall establish the Code of Conduct to fulfill its corporate social responsibility and establish rules and regulations regarding related laws and regulations to ensure compliance. 2) The Company shall not have any relationship with antisocial forces, and will take a firm stand against them as an organization. 3) The Company shall establish a reporting contact point and implement a system to prevent and correct violations of laws and regulations.
	<p>[Overview of the status of operation]</p> <ol style="list-style-type: none"> 1) The Company has established the Compliance Committee as an organization to promote the enhancement of business ethic awareness of employees and the Company’s value and is conducting activities. 2) The Company clearly states its basic policy on antisocial forces in the Code of Conduct. In addition, this policy is made known to employees working at the Group through initiatives such as internal training. 3) The Company has established a reporting contact point as a whistle-blowing mechanism for employees, working in the Group. In addition to the internal reporting contact point, by setting up an external reporting contact point using independent attorney-at-law, the Company ensures the anonymity of the reporter and the confidentiality of reporting, giving consideration to the protection of the reporter and endeavoring to ensure the early detection and correction of any compliance violations.

<p>2. Risk management system (Article 100, Paragraph 1, Item 2 of the Regulation for Enforcement of the Companies Act)</p>	<p>[Basic policy] The Company identifies various risks ancillary to business activities, such as geopolitical risk, information security risk, and natural disaster risk, to ensure business continuity and raise the corporate value, and based upon the proper assessment of such risks, undertakes efficient and effective management activities.</p>
	<p>[Overview of the status of operation] The Risk Management Committee has been established as an organization under the direct control of the Board of Directors. It reports the progress and results of its activities to the Board of Directors regularly to promote risk management. In addition, a Risk Management Office has been established under the Risk Management Committee, and a monitoring system by the Internal Control Audit Office has also been put in place to further strengthen the risk management system. Specifically, the Risk Management Office supports risks identified, analyzed, evaluated, and monitored in each operating division. In addition, the Risk Management Office monitors the progress of efforts by the Operating Division to address key risks, encourages improvements as necessary, and regularly reports to the Risk Management Committee. For overseas subsidiaries, the Overseas Administration Division works in collaboration with the Risk Management Office to provide support. The Internal Control Audit Office conducts audits, provides advice, and coordinates with the Operating Division, the Risk Management Office, and the Overseas Administration Division to ensure their proper function.</p>

<p>3. Efficient execution of duties (Article 100, Paragraph 1, Item 3 of the Regulation for Enforcement of the Companies Act)</p>	<p>[Content of the basic policy]</p> <ol style="list-style-type: none"> 1) In principle, the Board of Directors convenes once a month, and the Board of Corporate Officers, composed mainly of Corporate officers, is convened as needed to facilitate swift management decision-making. 2) The Company holds business reporting meetings with directors and division heads in attendance on management issues at each business division, and shares information through reports on the analysis of the business environment and business planning progress, and reflects such information in management decisions. 3) With the introduction of the Executive Officer System, the Board of Directors will separate the functions previously held by the Board of Directors, such as managerial decision-making, supervision, and business execution. As a result, the Board of Directors makes accurate and prompt decisions by reducing the number of Directors. Regarding business execution, the Company will execute business flexibly by delegating authority to executive officers and clarifying responsibility.
	<p>[Overview of the system operations status]</p> <ol style="list-style-type: none"> 1) The Board of Directors' regulations clearly define the matters to be resolved and reported by the Board of Directors, and the Board of Directors held its meetings 12 times in the fiscal year under review, discussed issues, and formulated management plans. 2) Important matters related to business execution are discussed at the Board of Corporate Officers and the Business Reporting Meeting just before reaching the Board of Directors meetings, and discussions are held to determine whether there are potential risks. Through these discussions, we are working to ensure the appropriateness and efficiency of business execution by directors. 3) Executive officers perform their duties under the supervision of the Board of Directors within the scope of their authority and responsibilities.

<p>4. System for the retention and management of information (Article 100, Paragraph 1, Item 1 of the Regulation for Enforcement of the Companies Act)</p>	<p>[Basic policy] Information concerning the execution of duties by Directors, including documents for obtaining management approval and minutes of various meetings, shall be stored and managed appropriately in accordance with laws and regulations and internal rules to ensure that the execution of duties by Directors is conducted appropriately.</p>
	<p>[Overview of the status of operation] Documents concerning the execution of duties by Directors, including documents for obtaining management approval and minutes of the Board of Directors meetings, are stored and managed appropriately in accordance with the document control regulations and other relevant internal rules.</p>

<p>5. Group management system (Article 100, Paragraph 1, Item 5 of the Regulation for Enforcement of the Companies Act)</p>	<p>[Basic policy]</p> <ol style="list-style-type: none"> 1) In addition to establishing approval rules for the execution of operations, the Company shall establish a system to ensure that essential management matters of subsidiaries shall be approved in advance by the Company or reported to the Company in accordance with internal regulations. 2) The scope of the Code of Conduct and the risk management system shall include subsidiaries to ensure that the operations of the Group as a whole are appropriate. 3) The Company shall ensure that the Group is fully aware of the Company's Purpose and ensure the appropriateness of its operations. In addition, the Company shall establish Subsidiary Management Regulations both in and outside of Japan to promote efficiency in the management of its subsidiaries. 4) In addition to establishing the Code of Conduct applicable to the Group as a whole, the Company shall adequately understand the actual conditions of its subsidiaries and provide necessary advice and guidance to ensure compliance thoroughly. 5) To ensure the reliability of financial reporting, the Company shall establish, maintain, and operate internal control regulations applicable to the entire Group.
	<p>[Overview of the status of operation]</p> <ol style="list-style-type: none"> 1) The Management Regulations stipulate matters for which prior approval and reporting are required for subsidiaries. 2) The Company extends its Code of Conduct and risk management initiatives to its subsidiaries to ensure the appropriateness of operations. 3) The Company extends the dissemination of its Purpose and the Subsidiary Management Regulations to its subsidiaries, to promote more efficient management at subsidiaries. 4) The audit departments undertake timely audits, and the departments in charge provide guidance and support to enable appropriate business operations. In addition, overseas operation specialists have been established within audit departments to strengthen group governance. Furthermore, the management status and other information are reported monthly to the Company's Board of Directors. 5) The Company develops and operates internal controls for financial reporting in accordance with the Financial Instruments and Exchange Act. The effectiveness of these controls is regularly assessed, and appropriate measures are taken as necessary.

<p>6. System of Audits by Audit & Supervisory Board Members (Article 100, Paragraph 3 of the Regulation for Enforcement of the Companies Act)</p>	<p>[Basic policy]</p> <ol style="list-style-type: none"> 1) Whenever necessary, the Company shall appoint employees to assist the Audit & Supervisory Board Members in their duties and authorize those employees to conduct investigations at the direction of the Audit & Supervisory Board Members. In such cases, Directors and Audit & Supervisory Board Members shall discuss the personnel matters in advance. 2) Directors and employees of the Company and its subsidiaries shall provide necessary reports and information upon request of Audit & Supervisory Board Members in accordance with laws and regulations, and provisions stipulated by the Audit & Supervisory Board. No disadvantageous treatment shall be given to any employee for reporting or providing information to Audit & Supervisory Board Members. 3) Opportunities for Audit & Supervisory Board Members, the Accounting Auditor, and the Internal Control & Audit Office to exchange information shall be secured. In addition, Audit & Supervisory Board Members may consult with external experts in law, accounting, etc., as necessary, and the Company shall bear the cost of such consultations.
	<p>[Overview of the status of operation]</p> <ol style="list-style-type: none"> 1) Two dedicated employees have been appointed to assist the Audit & Supervisory Board Members in their duties. 2) Audit & Supervisory Board Members periodically exchange opinions with the Representative Director, other Directors, Executive Officers, etc., and participate in Board of Directors meetings and other important committees. In addition, at key meetings including the Board of Directors meetings and the Audit & Supervisory Board meetings, Audit & Supervisory Board Members receive reports on business execution from Directors, Corporate Officers, and Executive Officers, and check important material documents concerning the execution of duties, as necessary. 3) In the fiscal year under review, the Company held 12 meetings of the Audit & Supervisory Board, which consists of four Audit & Supervisory Board Members, including three External Audit & Supervisory Board Members. During these meetings, Audit & Supervisory Board Members conducted discussions with the Accounting Auditor on three occasions. In addition, the Audit & Supervisory Board also held 12 three-way audit meetings with the Accounting Auditor and audit departments to exchange audit information.

6. Basic Policy Regarding Control of the Company

(1) Details of the basic policy

As a listed company that allows free trading of its shares, the Company believes that the decision as to whether or not to sell shares in response to a large-scale purchase by a specific party (defined in (3) below) should ultimately be left to the shareholders who hold the Company's shares. However, in the management of the Company, its know-how and extensive experience accumulated over many years in fields such as automation and fluid control technologies, as well as relationships of trust built with its customers, business partners, employees, and other stakeholders in Japan and overseas, are indispensable. Without sufficient information on these matters, shareholders would be unable to make an appropriate assessment of the Company's future corporate value, and, by extension, the common interests of its shareholders. Furthermore, upon receiving a takeover proposal from an outside large-scale purchaser, the Company believes it is not necessarily easy to make a prompt and appropriate assessment of the impact such a large-scale purchase would have on the Company's corporate value and the common interests of shareholders. This is due to the need for a comprehensive understanding of various elements that constitute the Company's values, such as its tangible and intangible management resources, the potential effects of future-oriented measures, and the synergies that could be realized through the organic combination of both business fields.

(2) Effective use of assets, formation of appropriate corporate groups, and other efforts to contribute to the realization of the basic policy

Since its founding, the Company has consistently researched and developed automation and fluid control technologies to achieve high-quality, high-efficiency automation. In addition, the Company has developed automatic machinery and component products that consider resource and energy conservation, thereby contributing to automation and productivity improvement in all industries.

As a result, with regard to the automatic machinery, the Company holds the top share of the domestic market for automatic pharmaceutical packaging systems with high safety and environmental performance, and the Company also boasts a high market share for lithium-ion battery manufacturing systems and 3D solder paste inspection machines for electronic substrates. In the area of components products, the Company also maintains a top-class product lineup in Japan for fluid control components used in semiconductor manufacturing processes. In addition to building a broad sales network in Japan and overseas, the Company strives to improve customer satisfaction by establishing close relationships with its customers, building a world-class quality assurance system, and developing environmentally friendly products.

In addition, to fulfill its corporate social responsibility, the Company is deepening communication with its stakeholders by further promoting environmental conservation activities, contributing to society, and supporting its employees' voluntary activities. The Company also enhances its internal control system by establishing various internal rules and regulations, including the Code of Conduct.

(3) Efforts to prevent decisions on the Company's financial and business policies from being controlled by inappropriate persons in light of the basic policy

In light of changes in the business environment surrounding the Company, the dissemination of regulations concerning large-scale purchases under the Financial Instruments and Exchange Act, and other factors, the Company carefully considered the handling of its large-scale purchase rules. As a result, the Company abolished the large-scale purchase rules at the conclusion of the 99th Annual General Meeting of Shareholders on June 21, 2019.

Regardless of the existence of large-scale purchase rules, the Company will continue to make group-wide efforts to secure and enhance its medium-to-long-term corporate value and, by extension, the common interests of its shareholders. Even after the termination of the large-scale purchase rules, the Company will continue to request that any party intending to conduct a large-scale purchase provide the necessary and sufficient information to enable shareholders to appropriately determine the proposal. In addition, the Company will disclose the opinions, etc., of its Board of Directors and strive to ensure shareholders have adequate time and information for consideration. Within the bounds permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, the Company will take appropriate measures as necessary.

7. Policy on Determining Dividends of Surplus, etc.

The Company aims to enhance corporate value through growth investments in human capital, R&D, and the strengthening of its business foundation, while taking into account the balance with capital efficiency and aiming for a payout ratio of 40% as a guideline, and will strive to realize stable shareholder returns.

Based on this policy, the Company has decided by resolution of the Board of Directors on May 15, 2026, to pay a year-end dividend of 49 yen per share with a payment date of June 11, 2026. As a result, the annual dividend for the fiscal year under review will be 81 yen per share, including the interim dividend of 32 yen per share paid in December 2025.

8. Matters Regarding Cross-shareholdings

(1) Policy and approach to reducing cross-shareholdings

In principle, the Company does not hold cross-shareholdings, except in cases where the Company judges that it will contribute to enhancing its corporate value from the perspective of business strategies, business alliances with business partners, and the maintenance and strengthening of business relationships. If the significance of the shares held by the Company has diminished, the Company will sell them in a phased manner, taking into account the circumstances of the company concerned.

(2) Verifying the appropriateness of holding shares

Suppose the Company determines that it is necessary to hold shares. In that case, the Board of Directors examines the objectives and rationale for holding the shares by examining the market value evaluation, ROE, dividend yield, etc., of each stock every year, the need for business strategies, business alliances, and the maintenance and strengthening of business relationships.

(3) Criteria for exercising voting rights

With respect to exercising voting rights for shares held by the Company, the Company will exercise its voting rights by considering whether or not the exercise of voting rights will lead to an increase in the corporate value of the issuing company and shareholder value, for example, by opposing any proposal in the event where the financial health of the issuing company is adversely affected or if an illegal act occurs.

(4) Response when a company holding the Company's shares expresses an intent to sell, etc.

If a company holding shares of the Company indicates its intention to sell the shares, the Company will not prevent such sale.

Figures presented in the Business Report are rounded down to the stated unit.

Consolidated Financial Statements

Consolidated Balance Sheets

(As of March 31, 2026)

(Million yen)

Description	As of March 31, 2026	As of March 31, 2025 (Reference)
(Assets)		
Current assets	144,435	131,473
Cash and deposits	42,839	35,333
Notes receivable - trade	3,469	3,489
Accounts receivable - trade	30,162	22,220
Contract assets	462	4,910
Electronically recorded monetary claims - operating	12,163	14,157
Trade accounts receivable	169	207
Merchandise and finished goods	10,793	10,959
Work in process	5,094	3,987
Raw materials and supplies	36,609	34,390
Other	2,706	1,851
Allowance for doubtful accounts	(35)	(35)
Non-current assets	82,286	79,393
Property, plant, and equipment	59,719	62,558
Buildings and structures	32,787	34,325
Machinery, equipment, and vehicles	12,781	13,247
Tools, furniture, and fixtures	1,923	2,020
Land	9,778	9,660
Leased assets	2,132	2,195
Construction in progress	315	1,109
Intangible assets	1,258	1,461
Investments and other assets	21,307	15,372
Investment securities	12,079	8,599
Retirement benefit asset	7,130	4,868
Deferred tax assets	503	396
Other	1,634	1,548
Allowance for doubtful accounts	(40)	(39)
Total assets	226,721	210,867

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

(Million yen)

Description	As of March 31, 2026	As of March 31, 2025 (Reference)
(Liabilities)		
Current liabilities	42,129	39,983
Notes and accounts payable - trade	9,775	12,010
Electronically recorded obligations - operating	4,636	3,307
Short-term borrowings	5,136	5,513
Current portion of long-term borrowings	6,134	1,138
Lease obligations	461	427
Accrued expenses	4,454	4,252
Income taxes payable	3,715	4,335
Provision for bonuses	620	413
Provision for product warranties	644	597
Provision for loss on orders received	4	4
Other	6,545	7,981
Non-current liabilities	31,054	34,362
Long-term borrowings	22,290	28,137
Lease obligations	581	586
Deferred tax liabilities	5,143	2,942
Provision for environmental measures	2	2
Retirement benefit liability	618	579
Asset retirement obligations	289	286
Other	2,128	1,826
Total liabilities	73,183	74,345
(Net assets)		
Shareholders' equity	133,318	124,564
Share capital	11,016	11,016
Capital surplus	16,791	16,695
Retained earnings	106,268	97,633
Treasury shares	(757)	(780)
Accumulated other comprehensive income	20,219	11,956
Valuation difference on available-for-sale securities	6,040	3,490
Foreign currency translation adjustment	11,355	7,023
Remeasurements of defined benefit plans	2,824	1,442
Total net assets	153,538	136,521
Total liabilities and net assets	226,721	210,867

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statements of Income

(April 1, 2025 - March 31, 2026)

(Million yen)

Description	For the fiscal year ended March 31, 2026	For the fiscal year ended March 31, 2025 (Reference)
Net sales	157,886	155,634
Cost of sales	111,041	110,434
Gross profit	46,845	45,199
Selling, general and administrative expenses	27,204	26,180
Operating profit	19,640	19,018
Non-operating income	968	1,035
Interest income	131	123
Dividend income	269	281
Foreign exchange gains	35	-
Gain on the valuation of derivatives	31	59
Subsidy income	103	101
Other	396	470
Non-operating expenses	742	886
Interest expenses	505	560
Foreign exchange losses	-	76
Loss on retirement of non-current assets	117	26
Other	118	222
Ordinary profit	19,867	19,167
Extraordinary income	1,404	1,856
Gain on sale of investment securities	940	296
Gain on termination of retirement benefit plan	32	122
Subsidy income	431	1,437
Extraordinary losses	773	1,436
Impairment losses	342	-
Loss on tax purpose reduction entry of non-current assets	430	1,436
Other	-	0
Profit before income taxes	20,498	19,588
Income taxes - current	6,669	6,001
Income taxes - deferred	250	66
Profit	13,578	13,520
Profit attributable to owners of the parent	13,578	13,520

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statements of Changes in Net Assets

(April 1, 2025 – March 31, 2026)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of a period	11,016	16,695	97,633	(780)	124,564
Changes during period					
Dividends of surplus			(4,943)		(4,943)
Profit attributable to owners of the parent			13,578		13,578
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		95		24	119
Net changes in items other than shareholders' equity					
Total changes during the period	–	95	8,634	23	8,753
Balance at the end of period	11,016	16,791	106,268	(757)	133,318

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of a period	3,490	7,023	1,442	11,956	136,521
Changes during period					
Dividends of surplus					(4,943)
Profit attributable to owners of the parent					13,578
Purchase of treasury shares					(1)
Disposal of treasury shares					119
Net changes in items other than shareholders' equity	2,549	4,332	1,381	8,263	8,263
Total changes during the period	2,549	4,332	1,381	8,263	17,016
Balance at the end of period	6,040	11,355	2,824	20,219	153,538

(Note) Amounts of less than one million yen are rounded down.

Notes to Consolidated Financial Statements

(Notes regarding material items that form the basis for the preparation of the consolidated financial statements)

1. Scope of consolidation

Consolidated subsidiaries: 21 companies

The names of companies:

(4 Japanese companies)

CKD Shikoku Seiko Corporation
CKD Global Service Corporation
CKD Field Engineering Corporation
CKD NIKKI DENSO CO., LTD.

(17 overseas companies)

CKD (SHANGHAI) CORPORATION
CKD (CHINA) CORPORATION
CKD KOREA CORPORATION
TAIWAN CKD CORPORATION
M-CKD PRECISION SDN. BHD.
CKD MALAYSIA SDN. BHD.
CKD THAI CO. LTD.
CKD SINGAPORE PTE. LTD.
PT CKD TRADING INDONESIA
PT CKD MANUFACTURING INDONESIA
CKD VIETNAM ENGINEERING CO., LTD.
CKD INDIA PVT. LTD.
CKD USA CORP.
CKD ILLINOIS LLC
CKD MEXICO, S. DE R.L. DE C.V.
CKD EUROPE B.V.
CKD ITALIA S.R.L.

2. Application of equity method

Not applicable.

3. Fiscal year of consolidated subsidiaries

Out of our consolidated subsidiaries, the fiscal year-ends on December 31 for CKD (SHANGHAI) CORPORATION, CKD (CHINA) CORPORATION, and CKD MEXICO, S. DE R.L. DE C.V., and we provisionally close their accounts on the consolidated closing date (March 31).

4. Accounting policies

(1) Basis and method of evaluation of significant assets

[1] Marketable Securities

Available-for-sale securities

Excluding shares, etc., without market prices:

At fair value as of the account closing date (changes in fair value are accounted for under the direct addition to the net assets method, and the moving average method is used to calculate the sale value.)

Shares, etc., without market prices:

At cost, as determined by the moving average method

[2] Derivatives

At fair value

[3] Inventories

a. Merchandise and finished goods	Automatic Machineries finished goods	Carried at cost using the individual method (values on the balance sheets are subject to the book value reduction method based on decreased profitability)
	Components, merchandise, and finished goods	Mainly carried at cost using the periodic average method (values on the balance sheets are subject to the book value reduction method based on decreased profitability)
b. Work in process	Automatic Machineries work in process	Carried at cost using the individual method (values on the balance sheets are subject to the book value reduction method based on decreased profitability)
	Components work in process	Mainly carried at cost using the periodic average method (values on the balance sheets are subject to the book value reduction method based on decreased profitability)
c. Raw materials and supplies	Raw materials	Mainly carried at cost using the periodic average method (values on the balance sheets are subject to the book value reduction method based on decreased profitability)
	Supplies	Mainly carried at cost using the last purchase price method (values on the balance sheets are subject to the book value reduction method based on decreased profitability)

(2) Depreciation methods for material depreciable assets

[1] Property, plant, and equipment (excluding lease assets)

For the Company and domestic consolidated subsidiaries, depreciation is mainly calculated by the declining-balance method (however, the straight-line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016), and for overseas consolidated subsidiaries, depreciation is mainly calculated by the straight-line method based on the accounting standards of respective countries.

Useful lives of property, plant, and equipment are as follows:

Buildings and structures: 3-50 years

Machinery, equipment, and vehicles: 3-17 years

[2] Intangible assets (excluding lease assets)

Calculated by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

[3] Lease assets

The method employed is to take the asset's useful life as the lease term and depreciate the residual value to zero.

(3) Accounting for material reserves and allowances

[1] Allowance for doubtful accounts

Provisions for normal accounts in good standing are calculated using historical default ratios to prepare for the possible losses on doubtful accounts. Provisions for specific doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.

[2] Provision for bonuses

A provision for bonuses is made based on an estimated amount of payment for the consolidated fiscal year under review to cover bonus payments to employees.

[3] Provision for product warranties

A provision for a reasonably projectable amount of expenses to be incurred in the future is made to prepare for claims regarding products delivered to customers.

[4] Provision for losses on orders received

A provision for the estimated losses at the end of the current consolidated fiscal year is made to

prepare for losses related to future order contracts.

[5] Provision for environmental measures

A provision for a reasonably projectable amount of expenses is made to prepare for expenses related to waste management and removal of harmful substances obligated under laws and regulations.

(4) Accounting treatment of retirement benefits

[1] Method of attributing expected benefit to periods

In calculating retirement benefit obligations, expected benefits are attributed to periods on a payment calculation basis.

[2] Accounting method of actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition and allocated proportionately from the consolidated fiscal year following the respective consolidated fiscal year of recognition.

[3] Adoption of a simplified method for small-scale companies

The simplified method of payment, which assumes benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, is applied to some consolidated subsidiaries in calculating liabilities regarding the payment of retirement benefits and retirement benefit expenses.

(5) Accounting method of material revenues and expenses

The Group applies the following five-step procedure for revenue recognition.

Step 1: Identify the contract with a customer.

Step 2: Identify performance obligations under the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

Step 5: Recognize revenue when performance obligations are fulfilled or as they are fulfilled.

The Group's main businesses include the manufacture, sale, construction, maintenance, etc., of automatic machinery products and various components.

Regarding the timing of revenue recognition, the specific situation in each segment is described below.

(Automatic Machinery)

For automatic machinery products, in cases when the performance of an obligation under a contract with a customer results in an asset that cannot be converted to another use, and the Group has gained the right to payment for completed work, the Group estimates the percentage of performance obligations fulfilled and recognizes revenue over a period of time as performance obligations are fulfilled. The percentage of performance obligations fulfilled is calculated based on the ratio of the actual cost incurred to the estimated total cost required to fulfill the relevant performance obligation. For other contracts, revenue is recognized when the customer receives, inspects, and accepts the product.

However, in the case of parts sales for maintenance within Japan, where there is a normal period between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Considerations for fulfilling performance obligations are generally received within one year after the performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

(Components)

The Group deems performance obligations fulfilled when the customer gains control of the relevant products through delivery. Revenue is therefore recognized at the time of delivery. However, in the case of sales transactions within Japan, where there is a normal period of time between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Net sales are measured as the consideration promised in the contract with the customer after deducting incentives and discounts associated with the sales. Revenue is estimated based on past trends and other known factors at the time of sale and recognized to the extent that a material reversal is highly unlikely.

In the case of paid receipt transactions that correspond to repurchase agreements, only a net amount equivalent to processing costs is recognized as revenue.

Considerations for fulfilling performance obligations are generally received within one year after the performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

(6) Foreign currency translation of material assets and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates in effect at each fiscal year-end date. The resulting foreign exchange gains or losses are recognized as income or expenses.

Assets and liabilities of the foreign consolidated subsidiaries are translated at the current exchange rates in effect at each fiscal year-end date, and revenue and expense accounts are translated at the average rate of exchange in effect during the year. Accordingly, the amounts of translation adjustments are included in the foreign currency translation adjustments under net assets.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over 10 years.

(Notes regarding changes in presentation method)

Consolidated Statements of Income

In the previous consolidated fiscal year, "Subsidy income" (101 million yen in the previous consolidated fiscal year), was included in "Other" under "Non-operating income," and "Loss on retirement of non-current assets" (26 million yen in the previous consolidated fiscal year), was included in "Other" under "Non-operating expenses." However, due to their increased materiality, they are presented separately from the current consolidated fiscal year.

(Notes regarding accounting estimates)

Valuation of inventories in the Components segment of the Company and CKD (CHINA) CORPORATION

- (1) The amount recorded on consolidated financial statements for the consolidated fiscal year under review
(Million yen)

Account	The amount recorded on consolidated financial statements for the consolidated fiscal year under review (before write-downs)	Amount of write-downs in the consolidated fiscal year under review	The amount recorded on consolidated financial statements for the consolidated fiscal year under review
Merchandise and finished goods	6,834	(560)	6,273
Work in process	818	–	818
Raw materials and supplies	34,251	(2,031)	32,219
Total	41,903	(2,592)	39,311

(Note) The Company and CKD (CHINA) CORPORATION have adopted the reversal method for inventory write-downs. The difference between the beginning and end-of-period balances impacted operating profit by (100) million yen in the current consolidated fiscal year.

- (2) Information on the content of significant accounting estimates for identified issues

Inventories in the Components segment of the Company and CKD (CHINA) CORPORATION primarily consist of a wide variety of component parts. Given the diversity and variations of products manufactured, certain levels of inventory for key components are held to respond to fluctuations in order volume and short delivery deadlines. Inventory write-downs in the Components segment of the Company and CKD (CHINA) CORPORATION are calculated using a combination of methods: comparisons with market net selling prices, automated calculation through a system that applies write-down rates based on retention periods, etc., and a calculation method for inventories with declining turnover based on past shipment records, environmental transformation, and an assessment of sales outlooks.

These sales outlooks in this assumption are estimated based on conditions in the semiconductor, automobile, and machine tool markets, industries in which key customers operate, and the associated investment plans of these customers.

Should a deterioration in market conditions of the semiconductor, automobile, and machine tool markets require a revision to the assumptions used in these estimates, a material write-down of inventory judged to have no sales prospects may be recognized in the following consolidated fiscal year.

(Notes regarding Consolidated Balance Sheets)

1. Allowances directly deducted from assets

Inventories likely to incur losses are shown by offsetting the correspondent provision for loss on orders received of 65 million yen (including provision for loss on orders received regarding merchandise and finished goods of 35 million yen and those regarding work in process of 29 million yen.)

2. Accumulated depreciation on property, plant, and equipment 89,984 million yen

(Notes regarding Consolidated Statements of Income)

1. Impairment losses

In the consolidated fiscal year under review, the Group recognized impairment losses on the following asset groups.

Location	Use	Type	Amount (million yen)
CKD EUROPE B.V. (Noord-Holland, The Netherlands)	Business assets	Leased assets, others	140
CKD ITALIA S.R.L. (Toscana, Italy)	Business assets	Leased assets, others	103
	–	Goodwill	99

The Group conducts grouping for business assets principally by business and business unit based on management accounting classifications, and grouping for goodwill on a company-by-company basis.

The performance of consolidated subsidiaries CKD EUROPE B.V. and CKD ITALIA S.R.L. has been trending below the initial business plan, and future cash flows are no longer expected to recover the carrying amount of the relevant assets. Accordingly, the carrying amount was reduced to the recoverable amount, with the amount of such reduction recognized as an impairment loss.

The recoverable amount of the relevant asset groups is measured based on value in use. However, as no future cash flows are expected, the recoverable amount has been assessed as zero.

(Notes regarding Consolidated Statements of Changes in Net Assets)

1. Class and the total number of issued shares at the end of the consolidated fiscal year
Common shares 67,909,449 shares

2. Matters regarding dividends

(1) Dividends paid

Resolution	Class of shares	The total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 13, 2025	Common shares	2,805	42	March 31, 2025	June 5, 2025
Board of Directors meeting held on November 14, 2025	Common shares	2,138	32	September 30, 2025	December 8, 2025
Total	–	4,943	–	–	–

(2) Among dividends whose record date falls under this consolidated fiscal year, those whose effective date falls under the subsequent period

Resolution	Class of shares	The total amount of dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on May 15, 2026	Common shares	3,274	Retained earnings	49	March 31, 2026	June 11, 2026

(Notes regarding financial instruments)

1. Matters regarding the status of financial instruments

The Group procures necessary funds through borrowings from financial institutions. These borrowings are used for operating capital (mostly short-term) and capital expenditure (long-term).

Regarding fund management, the Group manages the funds in highly secure financial assets, such as deposits.

Derivatives are limited to within the range of actual demand in accordance with internal management regulations.

As for customer credit risk pertaining to notes and accounts receivable - trade and electronically recorded monetary claims - operating, efforts are made to reduce the risk pursuant to the credit management guidelines.

Investment securities are mostly shares, and the fair values of listed shares are understood each quarter.

2. Matters regarding fair values, etc., of financial instruments

The carrying amounts on the consolidated balance sheets, fair values, and differences between them as of the end of the consolidated fiscal year are as follows. Please note that items deemed immaterial have been omitted.

(Million yen)

	Carrying amount on the consolidated balance sheets (*1)	Fair value (*1)	Difference
(1) Investment securities			
Available-for-sale securities (*3)	11,116	11,116	–
(2) Long-term borrowings (including the current portion of long-term borrowings)	(28,425)	(27,506)	918
(3) Derivative transactions	(13)	(13)	–

(*1) Items recorded as liabilities are shown in parentheses.

(*2) Notes have been omitted for “Cash and deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Electronically recorded monetary claims - operating,” “Trade accounts receivable,” “Notes and accounts payable - trade,” “Electronically recorded obligations - operating,” “Short-term borrowings,” and “Income taxes payable,” as these are settled over a short period, and carrying amount is approximately the same as fair value.

(*3) Shares, etc., without market prices are not included in “(1) Investment securities Available-for-sale securities.” The carrying amount of these financial instruments on the consolidated balance sheets is as follows.

Class	Carrying amount on the consolidated balance sheets (Million yen)
Unlisted shares	962

3. Matters regarding breakdown, etc., of financial instruments for appropriate categories of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair values: Fair values calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair values: Fair values calculated using significant unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheets at fair value

(Million yen)

Class	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	10,951	–	–	10,951
Bonds	–	165	–	165
Derivative transactions	–	(13)	–	(13)

(2) Financial instruments apart from those carried on the consolidated balance sheets at fair value

(Million yen)

Class	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (including the current portion of long-term borrowings)	–	(27,506)	–	(27,506)

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Investment securities

The fair value of listed shares and bonds is calculated using market prices. The fair value of listed shares is classed as Level 1 fair value because these assets are traded in active markets. However, the fair value of bonds held by the Company is classified as Level 2 fair value, as market trading of these assets is infrequent, and they are not considered to have a market price in an active market.

Derivative transactions

The fair value of interest rates and currency swaps, and foreign exchange contracts is classified as Level 2 fair value because it is calculated with the discounted present value method using observable inputs such as exchange rates.

Long-term borrowings

The fair value of long-term borrowings is classified as Level 2 fair value because it is calculated using the discounted present value method based on an interest rate taking into account the sum of principal and interest amounts, the remaining time before payment is due, and the credit risk.

(Notes regarding revenue recognition)

1. Breakdown of revenue from contracts with customers

Consolidated fiscal year under review (April 1, 2025 to March 31, 2026)

(Million yen)

	Reporting segment			Other	Total
	Automatic Machinery	Components	Subtotal		
Packaging machines	13,766	–	13,766	–	13,766
Industrial machinery	5,606	–	5,606	–	5,606
Fluid control components	–	76,397	76,397	–	76,397
Pneumatic components	–	62,115	62,115	–	62,115
Revenue from contracts with customers	19,373	138,513	157,886	–	157,886
Other revenue	–	–	–	–	–
Net sales to external customers	19,373	138,513	157,886	–	157,886

(Million yen)

	Reporting segment			Other	Total
	Automatic Machinery	Components	Subtotal		
Japan	17,224	83,756	100,981	–	100,981
China	148	25,332	25,481	–	25,481
Asia (Other)	1,095	21,802	22,898	–	22,898
Other	904	7,621	8,525	–	8,525
Revenue from contracts with customers	19,373	138,513	157,886	–	157,886
Other revenue	–	–	–	–	–
Net sales to external customers	19,373	138,513	157,886	–	157,886

2. The information fundamental to an understanding of revenue

Presented in “(Notes regarding material items that form the basis for the preparation of the consolidated financial statements) 4. Accounting policies (5) Accounting method of material revenues and expenses.”

3. Information to enable an understanding of revenue for the current fiscal year and the next fiscal year onward

(1) Balance of contract assets and contract liabilities

The beginning and ending balances of claims arising from contracts with customers, contract assets, and contract liabilities of the Company and its consolidated subsidiaries in the consolidated fiscal year under review are as follows.

(Million yen)

	The Consolidated fiscal year under review	
	Balance at the beginning of a period	Balance at the end of period
Claims arising from contracts with customers	39,868	45,794
Contract assets	4,910	462
Contract liabilities	2,042	2,701

The contract assets are mainly consideration for construction contracts, etc., with customers that have fulfilled the performance obligation at the fiscal year-end date but have yet to be billed.

The contract assets are reclassified to claims arising from contracts with customers mainly upon transfer of control of promised goods or services to customers.

The consideration for the construction contracts, etc., is billed and received upon transfer of control of promised goods or services to customers in accordance with the payment terms determined in the respective contract.

The contract liabilities are mainly related to advances received from customers based on the payment terms and are reversed upon recognition of revenue.

The contract liabilities are included in "Other" under current liabilities in the consolidated balance sheets.

Revenue recognized in the consolidated fiscal year under review included in the contract liability balance at the beginning of the period was 1,381 million yen.

The revenue recognized in the consolidated fiscal year under review from performance obligations fulfilled (or partially fulfilled) in previous periods is also immaterial.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the expected periods for revenue recognition are as follows.

Please note that the Company and its consolidated subsidiaries have applied the practical expedient in disclosing the transaction price allocated to remaining performance obligations and therefore do not include contracts with an original expected duration of one year or less in the disclosure.

(Million yen)

	Amount
Within one year	7,034
Over one year and within two years	4,649
Over two years and within three years	97
Total	11,782

(Notes regarding per-share information)

1. Net assets per share 2,297.27 yen
2. Basic earnings per share 203.23 yen

(Notes regarding subsequent material events)

Not applicable.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(As of March 31, 2026)

(Million yen)

Description	As of March 31, 2026	As of March 31, 2025 (Reference)
(Assets)		
Current assets	101,259	95,334
Cash and deposits	25,576	18,935
Notes receivable - trade	10	81
Accounts receivable - trade	24,149	18,729
Contract assets	462	4,910
Electronically recorded monetary claims - operating	11,288	13,252
Merchandise and finished goods	6,844	7,785
Work in process	4,569	3,509
Raw materials and supplies	25,852	25,136
Prepaid expenses	521	424
Other	2,166	2,567
Allowance for doubtful accounts	(182)	-
Non-current assets	77,920	76,275
Property, plant, and equipment	40,372	43,623
Buildings	22,755	24,563
Structures	907	986
Machinery and equipment	8,245	9,344
Vehicles	6	5
Tools, furniture, and fixtures	928	904
Land	7,320	7,320
Leased assets	37	26
Construction in progress	170	473
Intangible assets	1,104	1,195
Software	828	1,098
Other	276	97
Investments and other assets	36,443	31,455
Investment securities	12,078	8,597
Shares of subsidiaries and associates	13,206	12,268
Investments in the capital of subsidiaries and associates	6,472	6,809
Long-term loans receivable from subsidiaries and associates	600	-
Prepaid pension costs	3,007	2,752
Other	1,105	1,052
Allowance for doubtful accounts	(26)	(26)
Total assets	179,180	171,609

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

(Million yen)

Description	As of March 31, 2026	As of March 31, 2025 (Reference)
(Liabilities)		
Current liabilities	34,753	33,901
Notes payable - trade	–	56
Electronically recorded obligations - operating	4,088	2,824
Accounts payable - trade	8,055	5,417
Short-term borrowings	4,919	4,820
Current portion of long-term borrowings	5,040	100
Lease obligations	10	6
Accounts payable - other	2,300	2,113
Accrued expenses	3,795	3,698
Income taxes payable	2,701	3,659
Advances received	2,463	1,933
Deposits received	191	170
Unearned revenue	6	0
Provision for product warranties	637	585
Provision for loss on orders received	4	4
Other	538	8,510
Non-current liabilities	23,237	27,048
Long-term borrowings	20,330	25,370
Lease obligations	30	22
Deferred tax liabilities	1,525	240
Provision for environmental measures	2	2
Other	1,349	1,412
Total liabilities	57,991	60,949
(Net assets)		
Shareholders' equity	115,148	107,169
Share capital	11,016	11,016
Capital surplus	16,782	16,686
Legal capital surplus	11,797	11,797
Other capital surpluses	4,984	4,889
Retained earnings	88,107	80,246
Legally retained earnings	1,286	1,286
Other retained earnings	86,820	78,959
General reserve	51,500	51,500
Retained earnings brought forward	35,320	27,459
Treasury shares	(757)	(780)
Valuation and translation adjustments	6,040	3,490
Valuation difference on available-for-sale securities	6,040	3,490
Total net assets	121,188	110,659
Total liabilities and net assets	179,180	171,609

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statements of Income

(April 1, 2025 - March 31, 2026)

(Million yen)

Description	For the fiscal year ended March 31, 2026	For the fiscal year ended March 31, 2025 (Reference)
Net sales	123,873	123,867
Cost of sales	91,974	92,462
Gross profit	31,899	31,404
Selling, general and administrative expenses	17,428	16,839
Operating profit	14,470	14,565
Non-operating income	3,462	1,478
Interest and dividend income	2,789	985
Other	672	492
Non-operating expenses	502	787
Interest expenses	305	300
Loss on retirement of non-current assets	105	21
Other	92	466
Ordinary profit	17,429	15,255
Extraordinary income	1,404	1,856
Gain on sale of investment securities	940	296
Gain on termination of retirement benefit plans	32	122
Subsidy income	431	1,437
Extraordinary losses	977	1,436
Loss on tax purpose reduction entry of non-current assets	430	1,436
Loss on valuation of shares of subsidiaries and associates	209	-
Loss on valuation of investments in capital of subsidiaries and associates	336	-
Other	-	0
Profit before income taxes	17,856	15,676
Income taxes - current	4,937	4,727
Income taxes - deferred	114	(176)
Profit	12,804	11,125

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statements of Changes in Net Assets

(April 1, 2025 – March 31, 2026)

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Legally retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surpluses	Total capital surplus		Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward				
Balance at the beginning of a period	11,016	11,797	4,889	16,686	1,286	51,500	27,459	80,246	(780)	107,169
Changes during period										
Dividends of surplus							(4,943)	(4,943)		(4,943)
Net income							12,804	12,804		12,804
Purchase of treasury shares									(1)	(1)
Disposal of treasury shares			95	95					24	119
Net changes in items other than shareholders' equity										
Total changes during the period	–	–	95	95	–	–	7,860	7,860	23	7,979
Balance at the end of period	11,016	11,797	4,984	16,782	1,286	51,500	35,320	88,107	(757)	115,148

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of a period	3,490	3,490	110,659
Changes during period			
Dividends of surplus			(4,943)
Net income			12,804
Purchase of treasury shares			(1)
Disposal of treasury shares			119
Net changes in items other than shareholders' equity	2,549	2,549	2,549
Total changes during the period	2,549	2,549	10,529
Balance at the end of period	6,040	6,040	121,188

(Note) Amounts of less than one million yen are rounded down.

Notes to Non-consolidated Financial Statements

(Notes regarding significant accounting policies)

1. Basis and method of evaluation of marketable securities

(1) Shares of subsidiaries

At cost, as determined by the moving average method

(2) Available-for-sale securities

Excluding shares, etc., without market prices:

At fair value as of the account closing date (changes in fair value are accounted for under the direct addition to the net assets method, and the moving average method is used to calculate the sale value.)

Shares, etc., without market prices:

At cost, as determined by the moving average method

2. Basis and method of evaluation of derivatives, etc.

Derivatives

At fair value

3. Basis and method of evaluation of inventories

(1) Merchandise and finished goods	Automatic Machineries finished goods	Carried at cost using the individual method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
	Components, merchandise, and finished goods	Carried at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
(2) Work in process	Automatic Machineries work in process	Carried at cost using the individual method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
	Components work in process	Carried at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
(3) Raw materials and supplies	Raw materials	Carried at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
	Supplies	Carried at cost using the last purchase price method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)

4. Depreciation methods for non-current assets

(1) Property, plant, and equipment (excluding lease assets)

Calculated by the declining-balance method. However, the straight-line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Useful lives of property, plant, and equipment are as follows:

Buildings: 3-50 years

Machinery and equipment: 3-17 years

(2) Intangible assets (excluding lease assets)

Calculated by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

(3) Lease assets

Calculated by the straight-line method over the lease term, which is deemed the useful life, with a residual value of zero.

5. Accounting for reserves and allowances

(1) Allowance for doubtful accounts

Provisions for normal accounts in good standing are calculated using historical default ratios to prepare for the possible losses on doubtful accounts. Provisions for specific doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.

(2) Provision for retirement benefits

A provision for retirement benefits is made based on the estimated retirement benefit obligations and pension assets as of the end of the current fiscal year to prepare for retirement benefits of employees.

[1] Method of attributing expected benefit to periods

In calculating retirement benefit obligations, expected benefits are attributed to periods on a payment calculation basis.

[2] Accounting method of actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

If the pension assets exceeded the estimated amount of retirement benefit obligations (excluding unrecognized actuarial gains and losses and unrecognized past service costs), the excess amount is shown in investment and other assets as prepaid pension costs.

[3] Provision for product warranties

A provision for a reasonably projectable amount of expenses to be incurred in the future is made to prepare for claims regarding products delivered to customers.

[4] Provision for losses on orders received

A provision for the estimated losses at the end of the current fiscal year is made to prepare for losses related to future order contracts.

[5] Provision for environmental measures

To prepare for expenses related to waste management and removal of harmful substances obligated under laws and regulations, a provision for a reasonably projectable amount of expenses is made.

6. Accounting method of material revenues and expenses

The Company applies the following five-step procedure for revenue recognition.

Step 1: Identify the contract with a customer.

Step 2: Identify performance obligations under the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

Step 5: Recognize revenue when performance obligations are fulfilled or as they are fulfilled.

The Company's main businesses include the manufacture, sale, construction, maintenance, etc., of automatic machinery products and various components.

Regarding the timing of revenue recognition, the specific situation in each segment is described below.

(Automatic Machinery)

For automatic machinery products, in cases when the performance of an obligation under a contract with a customer results in an asset that cannot be converted to another customer or to another use, and the Group has gained the right to payment for completed work, the Group estimates the percentage of performance obligations fulfilled and recognizes revenue over a period of time as performance obligations are fulfilled. The percentage of performance obligations fulfilled is calculated based on the ratio of the actual cost incurred to the estimated total cost required to fulfill the relevant performance obligation. For other contracts, revenue is recognized when the customer receives, inspects, and accepts the product.

However, in the case of parts sales for maintenance within Japan, where there is a normal period between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Considerations for fulfilling performance obligations are generally received within one year after the

performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

(Components)

The Group deems performance obligations fulfilled when the customer gains control of the relevant products through delivery. Revenue is therefore recognized at the time of delivery. However, in the case of sales transactions within Japan, where there is a normal period of time between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Net sales are measured as the consideration promised in the contract with the customer after deducting incentives and discounts associated with the sales. Revenue is estimated based on past trends and other known factors at the time of sale and recognized to the extent that a material reversal is highly unlikely.

In the case of paid receipt transactions that correspond to repurchase agreements, only a net amount equivalent to processing costs is recognized as revenue.

Considerations for fulfilling performance obligations are generally received within one year after the performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

7. Foreign currency translation of assets and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates in effect at each fiscal year-end date. The resulting foreign exchange gains or losses are recognized as income or expenses.

8. Other material items that form the basis for preparing the non-consolidated financial statements

Accounting treatment of retirement benefits

The accounting treatment for unrecognized actuarial gains and losses in retirement benefits and unrecognized past service costs is different from the accounting treatment for those used in the consolidated financial statements.

(Notes regarding changes in presentation method)

Non-consolidated Statements of Income

In the previous fiscal year, "Loss on retirement of non-current assets" (21 million yen in the previous fiscal year) was included in "Other" under "Non-operating expenses." However, due to its increased materiality, it is presented separately from the current fiscal year.

In the previous fiscal year, "Foreign exchange losses" under "Non-operating expenses" was presented separately. However, as this item is no longer considered material, it is included in "Other" from the current fiscal year.

(Notes regarding accounting estimates)

Valuation of inventories in the Company's Components segment

(1) The amount recorded on non-consolidated financial statements for the fiscal year under review

(Million yen)

Account	The amount recorded on non-consolidated financial statements for the fiscal year under review (before write-downs)	Amount of write-downs in the fiscal year under review	The amount recorded on non-consolidated financial statements for the fiscal year under review
Merchandise and finished goods	6,266	(513)	5,752
Work in process	818	–	818
Raw materials and supplies	27,628	(1,791)	25,836
Total	34,712	(2,305)	32,407

(Note) The Company has adopted the reversal method of inventory write-downs. The difference between the beginning and end-of-period balances impacted operating profit by (31) million yen in the current fiscal year.

(2) Information concerning the content of significant accounting estimates for identified issues

Inventories in the Components segment of the Company primarily consist of a wide variety of component parts. Given the diversity and variations of products manufactured, certain levels of inventory for key components are held to respond to fluctuations in order volume and short delivery deadlines. Inventory write-downs in the Components segment of the Company are calculated using a combination of methods: comparisons with market net selling prices, automated calculation through a system that applies write-down rates based on retention periods, etc., and a calculation method for inventories with declining turnover based on past shipment records, environmental transformation, and an assessment of sales outlooks.

These sales outlooks in this assumption are estimated based on conditions in the semiconductor, automobile, and machine tool markets, industries in which key customers operate, and the associated investment plans of these customers.

Should a deterioration in market conditions of the semiconductor, automobile, and machine tool markets require a revision to the assumptions used in these estimates, a material write-down of inventory judged to have no sales prospects in may be recognized in the following fiscal year.

(Notes regarding Non-consolidated Balance Sheets)

- | | |
|---|--------------------|
| 1. Short-term monetary claims to affiliates | 7,576 million yen |
| 2. Short-term monetary obligations affiliates | 1,341 million yen |
| 3. Accumulated depreciation on property, plant, and equipment | 67,028 million yen |
| 4. Contingent liabilities | |

The Company guarantees debts or makes commitments of guarantee against borrowing obligations of other companies from financial institutions.

CKD (CHINA) CORPORATION	2,040 million yen
CKD THAI CO. LTD.	1,015 million yen
M-CKD PRECISION SDN. BHD.	217 million yen
Total	3,273 million yen

5. Allowances directly deducted from assets

Inventories likely to incur losses are shown by offsetting the correspondent provision for loss on orders received of 65 million yen (including provision for loss on orders received regarding merchandise and finished goods of 35 million yen and those regarding work in process of 29 million yen.)

(Notes regarding Non-consolidated Statements of Income)

Amount of transactions with associates	
Net sales	28,664 million yen
Purchase of goods	9,488 million yen
Other cost of sales	603 million yen
Selling, general and administrative expenses	255 million yen
Amount of transactions other than operating transactions	2,749 million yen

(Notes regarding Non-consolidated Statements of Changes in Net Assets)

Class and number of treasury shares as of the end of the current fiscal year

	The number of shares as of the beginning of the current fiscal year (thousand shares)	Increase in the number of shares for the current fiscal year (thousand shares)	Decrease in the number of shares for the current fiscal year (thousand shares)	The number of shares as of the end of the current fiscal year (thousand shares)
Common shares (Notes) 1, 2	1,108	0	34	1,074
Total	1,108	0	34	1,074

- (Notes) 1. The increase of 0 thousand shares in treasury shares of common shares is due to the purchase of 0 thousand shares of shares less than one trading unit and the forfeiture of rights to 0 thousand shares of restricted stock remuneration.
2. The decrease of 34 thousand shares in treasury shares of common shares is due to the sale of 0 thousand shares of shares less than one trading unit and restricted stock remuneration of 34 thousand shares.

(Notes regarding tax effect accounting)

Breakdown of main causes for deferred tax assets and deferred tax liabilities

Deferred tax assets	
Inventories	853 million yen
Accounts payable - bonuses	824 million yen
Amount of contribution of securities to retirement benefit trust	496 million yen
Provision for product warranties	200 million yen
Accrued enterprise tax	179 million yen
Software	145 million yen
Accrued social insurance contributions	119 million yen
Shares of subsidiaries	114 million yen
Investments in the capital of subsidiaries	106 million yen
Other	766 million yen
Subtotal deferred tax assets	3,806 million yen
Valuation allowance	(1,359) million yen
Total deferred tax assets	2,447 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(2,770) million yen
Prepaid pension costs	(947) million yen
Gain on the contribution of securities to retirement benefit trust	(226) million yen
Other	(28) million yen
Total deferred tax liabilities	(3,973) million yen
Deferred tax liabilities, net	(1,525) million yen

(Notes regarding transactions with related parties)**(1) Subsidiaries and associates, etc.**

(Million yen)

Category	Name of company	Voting rights, etc., ownership (owned) ratio	Relationship with related party	Transaction content	Transaction amount	Account item	Ending balance
Subsidiary	CKD Global Service Corporation	Direct 100%	Business outsourcing/ Concurrent officers	Factoring services (Note) 1	47,874	Trade accounts payable	169
Subsidiary	CKD NIKKI DENSO CO., LTD.	Direct 100%	Manufacturing and sale of equipment products / Financial assistance	Loan of funds (Note) 2 Collection of funds (Note) 2 Receipt of interest (Note) 2	1,350 1,950 9	Current portion of long-term loans receivable from subsidiaries and associates (Note) 5 Long-term loans receivable from subsidiaries and associates	300 600
Subsidiary	CKD (CHINA) CORPORATION	Direct 100%	Provision and purchase of automatic machinery and equipment products/ Concurrent officers	Debt guarantees (Note) 3 Receipt of guarantee commission (Note) 3	2,040 2	Accrued interest from subsidiaries and associates (Note) 5	0
Subsidiary	CKD USA CORP.	Direct 100%	Manufacturing and sale of equipment products/ Concurrent officers	Sale of equipment products (Note) 4	3,601	Accounts receivable - trade	2,842

Transaction terms and policy for determining transaction terms

- (Notes) 1. With regard to trade accounts payable, the Company, its suppliers, and CKD Global Service Corporation have executed a basic agreement and are settling by factoring.
2. Loan of funds to CKD NIKKI DENSO CO., LTD. is determined after taking market rates into account.
3. The debt guarantees provided to CKD (CHINA) CORPORATION guarantee the loans taken out by each company with financial institutions. The Company receives a guarantee commission calculated based on the amount guaranteed.
4. Transaction prices and other transaction terms with CKD USA CORPORATION are determined by price negotiations based on the Company's submission of preferred prices after taking actual market conditions into account.
5. Accrued interest from subsidiaries and associates is included in and presented as other current assets.

(2) Officers and individual major shareholders, etc.

(Million yen)

Category	Name of company	Voting rights, etc., ownership (owned) ratio	Relationship with related party	Transaction content	Transaction amount	Account item	Ending balance
Officer	Kazunori Kajimoto	Owned directly 0.2%	Chairperson of the Board of Directors	In-kind contribution of monetary remuneration claims (Note)	17	-	-
Officer	Katsuhito Okuoka	Owned directly 0.1%	President and Chief Executive Officer	In-kind contribution of monetary remuneration claims (Note)	17	-	-

Transaction terms and policy for determining transaction terms

(Note) Transactions are in-kind contribution of monetary remuneration claims associated mainly with restricted stock remuneration.

(Notes regarding revenue recognition)

Information fundamental to understanding revenue

As presented in the Notes to Consolidated Financial Statements.

(Notes regarding per-share information)

1. Net assets per share 1,813.26 yen
2. Basic earnings per share 191.65 yen

(Notes regarding subsequent material events)

Not applicable.

Amounts less than one million yen are rounded down, except for “Notes regarding per share information.”