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Securities code: 7220

June 5, 2024

To our shareholders:

Hiroshi Otsuka
Representative Director and President
Musashi Seimitsu Industry Co., Ltd.
39-5 Daizen, Ueta-cho, Toyohashi-shi, Aichi

NOTICE OF CONVOCATION OF THE 97TH ANNUAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 97th Annual Meeting of Shareholders of Musashi Seimitsu Industry Co., Ltd. (the “Company”). The Securities Report is scheduled to be released on June 21 (Fri.) prior to the Meeting of Shareholders, so please refer to it as well.

In convening this Annual Meeting of Shareholders, for the information contained in the Reference Documents for the Annual Meeting of Shareholders (items for which the measures for providing information in electronic format are to be taken), we have taken measures for providing information in electronic format, and the information is provided online on the following websites.

<Musashi Seimitsu Industry Co., Ltd. Website>

https://www.musashi.co.jp/ir/library/shareholder_materials/

<Tokyo Stock Exchange Website>

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(Access the Tokyo Stock Exchange Website, enter and search for the “issue name (company name)” “Musashi Seimitsu Industry” or the Company’s security code “7220” in “Code,” and select “Basic information” and then “Documents for public inspection/PR information” to view the information provided.)

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet, etc.

Please review the Reference Documents for the Annual Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Wednesday, June 26, 2024.

Meeting Details

1. Date and Time: Thursday, June 27, 2024 at 10:00 a.m. (Reception will open at 9:00 a.m.; Japan Standard Time)

2. Venue: Conference Room of the Company’s Head Office
39-5 Daizen, Ueta-cho, Toyohashi-shi, Aichi

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements, as well as the audit reports of the Financial Auditor and the Audit and Supervisory Committee for Consolidated Financial Statements, for the 97th fiscal term (from April 1, 2023 to March 31, 2024)
2. Non-consolidated Financial Statements for the 97th fiscal term (from April 1, 2023 to March 31, 2024)

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Eight (8) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal 3:** Election of One (1) Director Serving as Audit and Supervisory Committee Members

Information for Our Shareholders

Please make use of our shuttle bus service(scheduled to depart at 9:15 a.m.) from the West Exit of the Toyohashi Station of the JR Tokaido Shinkansen, JR Tokaido Main Line.
We will not be providing souvenirs to shareholders attending in person.

- If any changes have been made to the items for which the measures for providing information in electronic format are to be taken, such changes will be posted on the Company's website and the TSE website.
- The Company will provide notification on its website if it makes substantial operational changes with respect to the Annual Meeting of Shareholders due to developments going forward.

The Company's website: (<https://www.musashi.co.jp>)

Instructions for Exercising Voting Rights, etc.

Voting right at the annual meeting of shareholders is an important right of shareholders. Please exercise your voting rights.

There are three methods exercising your voting rights.

1. Exercising Voting Rights in writing

Complete the enclosed Voting Rights Exercise Form by indicating your approval or disapproval of the proposals and return it early.

Votes to be received by:

Thursday, June 26, 2024 at 5:00 p.m.

2. Exercising Voting Rights via the Internet

Access the voting rights exercise website from a PC or a smartphone. If you are using a smartphone, you can exercise your voting rights directly with the QR code. Please see the next page for details.

Votes to be given by:

Thursday, June 26, 2024 at 5:00 p.m.

3. Attending the Annual Meeting of Shareholders

Present the Voting Rights Exercise Form to the receptionist at the meeting.

Date and Time:

Friday, June 27, 2024 at 10:00 a.m.

Venue:

Conference Room of the Company's Head Office
39-5 Daizen, Ueta-cho, Toyohashi-shi, Aichi

Handling of Multiple Exercises of Voting Rights

- 1) If you exercise your voting rights twice, in writing and via the Internet, we will treat those via the Internet as valid.
 - 2) If you exercise your voting rights more than once via the Internet, we will treat the last vote as valid.
- * The costs incurred for accessing the site for exercising voting rights (such as Internet connection fees) will be borne by the shareholders.
 - * Depending on the Internet use environment of the shareholders, it may not be available.
 - * QR code is a registered trademark of DENSO WAVE Inc.

Exercising Voting Rights via the Internet

Voting by a smartphone

1. By scanning the QR code located on the bottom right of the Voting Rights Exercise Form, you can simply exercise your voting rights.
2. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

Note: If you need to change your votes after exercising your voting rights, please log in the Website for Exercising Voting Rights for a PC by using your Login ID and Password provided on the Voting Rights Exercise Form and exercise your voting rights again.

* Please note that it is not possible to complete this procedure via some mobile phones (feature phones, etc.).

Voting by a PC

1. Please access the Website, <https://www.net-vote.com/> for Exercising Voting Rights.
2. You see the Top screen.
3. Then at the Login Screen, please enter the Login ID and Password provided on the Voting Rights Exercise Form, and choose the “Login” button.

Information for electronic voting platform

Institutional investors who have already applied to use of the electronic voting platform operated by ICJ Inc., may also use this platform to exercise their voting rights, in addition to internet platforms listed above.

Inquiries for System, etc.

IR Japan Inc., Transfer Agency Services Department

Helpline: 0120-975-960

Reception: 9:00 a.m. - 5:00 p.m. (excluding Saturdays, Sundays and public holidays)

Reference Documents for the Annual Meeting of Shareholders

Proposal 1: Appropriation of Surplus

Alongside the enhancement of corporate value through business growth, we recognize the return of profits to all shareholders to be a key management issue. Our basic policy on returning profits to shareholders is to secure enough capital for medium- and long-term business growth and make every effort to ensure a sound financial position while continuing to pay stable dividends in line with earnings growth.

In light of this basic policy, for the appropriation of surplus for the 97th fiscal term, the Company proposes the following.

Matters relating to year-end dividends

Type of dividend property

Cash

Dividend amount to be allocated

Per share of common stock: ¥ 25

Total dividends: ¥ 1,637,153,025

Effective date of dividends of surplus

June 28, 2024

Proposal 2: Election of Eight (8) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of eight (8) Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same is applied throughout this proposal) shall expire upon the conclusion of this Annual Meeting of Shareholders.

Therefore, the Company proposes the election eight (8) Directors.

As for this proposal, the Audit and Supervisory Committee has judged that all the candidates for Director are qualified.

The candidates for Director are as follows:

| No. | Name (Date of birth) | Career summary, positions and areas of responsibility in the Company, and significant concurrent positions | Number of the Company's shares held |
|-----|--|---|--|
| 1 | Hiroshi Otsuka (Jul. 6, 1965) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 8/8 Number of years since appointment as a director 23 years (at the conclusion of this meeting) | <p>Jul. 1993 Entered the Company</p> <p>Apr. 1997 President and Director of TAP Manufacturing Ltd. (currently Musashi Auto Parts UK Ltd.)</p> <p>Feb. 2000 President and Director of Musashi Hungary Manufacturing, Ltd.</p> <p>Jun. 2001 Director of the Company</p> <p>May 2002 Senior General Manager of Sales Division of the Company</p> <p>Jun. 2004 Managing Director of the Company</p> <p>Jun. 2005 Senior General Manager of Sales and Management Divisions of the Company</p> <p>Jun. 2005 Senior Managing Director of the Company</p> <p>May 2006 Representative Director and President of the Company (present post)</p> <p>Apr. 2015 President Executive Officer of the Company</p> <p>Apr. 2019 Chief Executive Officer of the Company(present post)</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Hiroshi Otsuka, who was appointed Representative Director and President in May 2006, has supervised the entire group with a wealth of experience and broad insight. Holding future vision for the group, he has shown strong leadership through developing policy and long-term strategy and furthermore implementing innovative strategies such as creation of a new business utilizing AI technology. Given his long-term excellent management performance, we determined him a right person to enhance corporate value and nominated him as a candidate for Director.</p> | 1,493,200 |

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| 2 | <p>Tracey Sivill (Dec. 2, 1963)</p> <p>Reappointment</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 8/8</p> <p>Number of years since appointment as a director 7 years (at the conclusion of this meeting)</p> | Dec. 1997 | Entered Musashi Auto Parts Canada Inc. | 0 |
| | | Oct. 2013 | Executive Officer (present post), Compliance Officer and Senior Manager of Accounting, Purchasing, IT, HR, Production Control of Musashi Auto Parts Canada Inc. | |
| | | Nov. 2013 | Director of Musashi Auto Parts Canada Inc. (present post) | |
| | | Apr. 2015 | Executive Office of the Company | |
| | | Apr. 2016 | In charge of Global IT Strategy of the Company (present post) | |
| | | Apr. 2017 | Senior Executive Officer of the Company | |
| | | Apr. 2017 | Head of Finance and Accounting Division of the Company | |
| | | June. 2017 | Director of the Company | |
| | | Apr. 2018 | Managing Executive Officer of the Company | |
| | | Apr. 2018 | CFO of Group of the Company(present post) | |
| | | Apr. 2022 | Senior Managing Executive Officer of the Company(present post) | |
| | | Apr. 2022 | Representative Director of the Company(present post) | |
| | | Apr. 2024 | CHO of Group of the Company(present post) | |
| | | Reasons for nomination as a candidate for Director | | |
| <p>Ms. Tracey Sivill has extensive experience and insight in finance and accounting and IT divisions. She has been responsible for the finance and accounting, IT and human resources divisions in the Group company, and has a track record of promoting efficiency of the Group's management and operations. The Company has determined, in view of her superior management ability cultivated through ample experience in overseas subsidiary, that she is necessary to improve the future corporate value of the Group, and nominated her once again as a candidate for its Director.</p> | | | | |

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| 3 | <p>Kenji Morisaki (Nov. 21, 1966)</p> <p>Reappointment</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 8/8</p> <p>Number of years since appointment as a director 2 years (at the conclusion of this meeting)</p> | Apr. 1985 | Entered the Kyushu Musashi Seimitsu Co., Ltd. | 23,700 |
| | | Apr. 2001 | Musashi Auto Parts Co.,Ltd. | |
| | | Apr. 2007 | Senior Administrator of overseas operation Dept. of Kyushu Musashi Seimitsu Co., Ltd. | |
| | | Jan. 2009 | Senior Administrator of improvement project of Kyushu Musashi Seimitsu Co., Ltd. | |
| | | Apr. 2009 | Manager of Manufacturing Dept. II of Kyushu Musashi Seimitsu Co., Ltd. | |
| | | Apr. 2012 | Vice President of Musashi Auto Parts India Pvt. Ltd. | |
| | | Apr. 2016 | Entered the Company Executive Officer and Head of Production and Machinery & Tools | |
| | | Apr. 2017 | Risk Management Officer of the Company (present post) | |
| | | Apr. 2018 | Senior Executive Officer of the Company | |
| | | Apr. 2018 | CEO of Japan region of the Company y(present post) | |
| | | Apr. 2018 | Head of Manufacturing technology | |
| | | Jun. 2020 | Managing Executive Officer of the Company | |
| | | Apr. 2022 | Senior Managing Executive Officer of the Company(present post) | |
| | | Apr. 2022 | CEO of Manufacturing of the Company | |
| | | Apr. 2022 | Director of the Company (present post) | |
| | | Apr. 2024 | Representative Director of the Company(present post) | |
| | | Apr. 2024 | COO of Group of the Company(present post) | |
| Reasons for nomination as a candidate for Director | | | | |
| <p>Mr. Kenji Morisaki has extensive experience and insight particularly in the Company's manufacturing realm. He also has a track record of promoting efficiency of the Group's management and operations, in part by taking responsibility for production divisions and the Japanese region. The Company has determined, in view of his superior management ability cultivated through his extensive experience in the realm of manufacturing, that he is necessary to improve the future corporate value of the Group, and nominated him once again as a candidate for its Director.</p> | | | | |

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| 4 | <p>Yoshie Munakata (Jun. 20, 1958)</p> <p>Reappointment</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 7/8</p> <p>Number of years since appointment as a director 6 years (at the conclusion of this meeting)</p> | <p>Apr. 1981 Entered Dai Nippon Printing Co., Ltd.</p> <p>Dec. 1983 Entered Intel Japan K.K. (currently Intel K.K.)</p> <p>Feb. 1999 Manager, Communication Product Business Headquarters of Intel K.K.</p> <p>Apr. 2001 Executive secretary in charge of corporate planning/government relation of Intel K.K.</p> <p>Apr. 2002 Manager, Business Development Headquarters of Intel K.K.</p> <p>Apr. 2009 Director and executive deputy president of Intel K.K.</p> <p>Apr. 2016 Advisor of Intel K.K.</p> <p>Oct. 2016 Established B.Grove Inc., Representative Director of B.Grove Inc., (present post)</p> <p>Jun. 2017 Outside Director of SoftBank Technology Corp.(currently SB Technology Corp.) (present post)</p> <p>Jun. 2018 Outside Director of the Company (present post)</p> <p>Nov 2022 Chairman of the Board of Directors of the Company (present post)</p> <p>(Significant concurrent positions) Representative Director of B.Grove Inc., Outside Director of SB Technology Corp.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Yoshie Munakata has extensive experience cultivated in the management at a global company in the data telecommunications technology industry. Based on such experience and knowledge, he has led the Board of Directors as the Chairperson of the Board of Directors of the Company and has also provided appropriate advice on the Company's management as an Outside Director.</p> | 16,000 |
| 5 | <p>Goro Kamino (Aug. 29, 1960)</p> <p>Reappointment</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 8/8</p> <p>Number of years since appointment as a director 12 years (at the conclusion of this meeting)</p> | <p>Aug. 2000 Representative Director and President of Gastec Service, Inc. (currently Sala Energy Co., Ltd.)</p> <p>May 2002 Representative Director and President of Sala Corporation</p> <p>Mar. 2012 Representative Director and President of Chubu Gas Co., Ltd. (currently Sala Energy Co., Ltd.)</p> <p>Jun. 2012 Outside Director of the Company (present post)</p> <p>Feb. 2018 Chairman and Representative Director of Gastec Service, Inc. (currently Sala Energy Co., Ltd.)</p> <p>Feb. 2018 Chairman and Representative Director of Chubu Gas Co., Ltd. (currently Sala Energy Co., Ltd.) (present post)</p> <p>Feb. 2020 Representative Director, President and Group CEO of Sala Corporation (present post)</p> <p>(Significant concurrent positions) Representative Director and President of Sala Corporation Chairman and Representative Director of Sala Energy Co., Ltd.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Goro Kamino has provided appropriate advice on the Company's management as its Outside Director based on his extensive experience and a high level of knowledge as a corporate manager of listed companies. The Company believes that he will continue to supervise the Company's management based on his experience and knowledge, and requests his election as Outside Director.</p> | 40,900 |

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| 6 | <p>Hari N. Nair (Jan. 1, 1960)</p> <p>Reappointment</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 8/8</p> <p>Number of years since appointment as a director 7 years (at the conclusion of this meeting)</p> | <p>Aug. 1985 Entered General Motors Corporation</p> <p>Mar. 1987 Entered Tenneco Automotive. (currently Tenneco Inc.)</p> <p>Aug. 1997 Same as above Vice President and Managing Director, Asia</p> <p>Aug. 1999 Same as above Vice President, Managing Director, South America and Asia</p> <p>Apr. 2000 Same as above Senior Vice President, Managing Director, International</p> <p>May. 2001 Same as above Executive Vice President, Managing Director, Europe</p> <p>Jun. 2005 Same as above Executive Vice President, Managing Director, Europe, South America and India</p> <p>Apr. 2009 Same as above Appointed to Board of Directors</p> <p>May. 2010 Same as above Chief Operating Officer</p> <p>Jul. 2013 Outside Director of Owens-Illinois Inc. (currently O-I GLASS Inc.) (present post)</p> <p>Jun. 2017 Outside Director of the Company (present post)</p> <p>Dec. 2017 Outside Director of Delphi Technologies PLC</p> <p>Feb. 2018 Chairman of the Board of Sintercom India. (present post)</p> <p>Jul. 2019 Outside Director of REE Automotive LTD</p> <p>Nov 2022 Outside Director of Tenneco Inc. (present post)</p> <p>(Significant concurrent positions) Outside Directors of O-I GLASS Inc., Chairman of the Board of Sintercom India., Outside Director of Tenneco Inc.</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Hari Nair has provided appropriate advice on the Company's management as its Outside Director based on his extensive experience and a high level of knowledge of an overseas auto part manufacturer. The Company believes that he will continue to supervise the Company's management based on his experience and knowledge, and requests his election as Outside Director.</p> | 0 |
| 7 | <p>Keisuke Tomimatsu (May 2, 1974)</p> <p>Reappointment</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 8/8</p> <p>Number of years since appointment as a director 9 years (at the conclusion of this meeting)</p> | <p>Apr. 1997 Entered SBC Warburg Japan Ltd. (currently UBS Securities Japan Co., Ltd.)</p> <p>Dec. 2001 Entered UBS Securities Japan Co., Ltd.</p> <p>Mar. 2006 General Manager/Executive Director, Financial Products Equities Dept. of UBS Securities Japan Co., Ltd.</p> <p>Aug. 2008 Managing Director, Equities Dept. of Credit Suisse Securities (Japan) limited.</p> <p>Nov. 2009 Executive Director, Equities Dept. of Morgan Stanley Japan Securities (currently Morgan Stanley MUFG Securities Co., Ltd.)</p> <p>Jun. 2013 Audit & Supervisory Board Member of the Company</p> <p>Jun. 2014 Outside Director of IR Japan Inc.</p> <p>Feb. 2015 Outside Director of IR Japan Holdings, Ltd.</p> <p>Jun. 2015 Outside Director serving as an Audit and Supervisory Committee Member of the Company</p> <p>Jun. 2017 Outside Director of the Company (present post)</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Keisuke Tomimatsu has extensive experience at various companies such as securities industry and AI industry as well as considerable financial and accounting knowledge. Based on such experience and knowledge, he has provided appropriate advice on the Company's management. The Company believes that he will supervise the Company's management based on his experience and knowledge, and requests his election as Outside Director.</p> | 109,500 |

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| 8 | Emi Onozuka (May 28, 1974) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 8/8 | Apr. 1998 | Entered Morgan Bank. (currently JP Morgan Bank) | 6,100 |
| | | Feb. 2000 | Entered Goldman Sachs Asset Management Co., Ltd. | |
| | | Apr. 2011 | Same as above COO of Asia Pacific management Division (traditional assets) | |
| | | Sep. 2016 | Same as above chief of the stewardship promotion | |
| Number of years since appointment as a director 2 years (at the conclusion of this meeting) | | Apr. 2017 | Same as above manager of the stewardship promotion | |
| | | Apr. 2020 | Entered Japan Catalyst, Inc. | |
| | | May. 2020 | Same as above Executive Vice President COO | |
| | | May. 2022 | Director, President and CEO of Eminent Group Inc. (present post) | |
| | | May. 2022 | Representative Director of Future Creation Initiative through Science and Finance(present post) | |
| | | Jun. 2022 | Director of the Company (present post) | |
| | | (Significant concurrent positions) Director, President and CEO of Eminent Group Inc., Representative Director of general Incorporated Association Initiative for Creating the Future through Science and Finance | | |
| | | Reasons for nomination as a candidate for Director Ms. Emi Onozuka has extensive experience over more than 20 years in a variety of positions at investment management firms and in the management of investment advisory firms as well as global knowledge and experience, including expertise in ESG. Based on such experience and knowledge. The Company believes that she will supervise the Company's management based on her experience and knowledge, and requests her election once again as Outside Director. | | |

- Notes:
1. There are no special interests between the Company and the candidates.
 2. Mr. Yoshie Munakata, Mr. Goro Kamino, Mr. Hari N. Nair, Mr. Keisuke Tomimatsu, and Ms. Emi Onozuka are candidates for Outside Director.
 3. The Company, with respect to liability under Article 423, paragraph 1 of the Companies Act, entered into an agreement with Mr. Yoshie Munakata, Mr. Goro Kamino, Mr. Hari N. Nair, Mr. Keisuke Tomimatsu, and Ms. Emi Onozuka limiting the total amount of the liability to the amount stipulated in Article 425, paragraph 1 of the same Act. Should their election be approved, the Company plans to continue the aforementioned agreements limiting liability.
 4. The Company has entered into a liability insurance contract with an insurance company for directors and officers, etc., as stipulated in Article 430-3, Paragraph 1 of the Companies Act, covering the insured persons including directors of the Company. The insurance policy will cover damages arising from the assumption of responsibility by the directors and officers, etc. for the performance of their duties or from the receipt of claims related to the pursuit of such responsibility. If each candidate is elected and assumes office as a director, he or she will be insured under the relevant insurance policy. The said insurance policy is scheduled to be renewed with the same contents at the next renewal.
 5. The Company registered Mr. Yoshie Munakata, Mr. Goro Kamino, Mr. Hari N. Nair, Mr. Keisuke Tomimatsu, and Ms. Emi Onozuka as independent officers with the Tokyo Stock Exchange and the Nagoya Stock Exchange, pursuant to the guidelines thereof. Should their election be approved, the Company would continue his service as Independent Officer. Although the Company has transactions etc. with Sala Corporation and Sala Energy Co., Ltd. in which Mr. Goro Kamino serves concurrently. However, the average annual transaction amount of the last three fiscal years relating thereto accounts for less than 2% of the average sales of both the Company and them over that period, and the annual transaction amount relating thereto accounts for less than 1% of sales of both the Company and them, we believe that there would be no conflicts of interest with general shareholders.

Proposal 3: Election of One (1) Director Serving as Audit and Supervisory Committee Members

The terms of office of One (1) of the three (3) Directors serving as Audit and Supervisory Committee Members shall expire upon the conclusion of this Annual Meeting of Shareholders (Mr. Kazutaka Okubo). Therefore, considering the composition of the Board of Directors as a whole, we request the election of One (1) Director serving as Audit and Supervisory Committee Members. This proposal has been submitted with prior consent by the Audit and Supervisory Committee.

The candidates for Director serving as Audit and Supervisory Committee Members are as follows:

| No. | Name (Date of birth) | Career summary, positions and areas of responsibility in the Company, and significant concurrent positions | Number of the Company's shares held |
|-----|---|---|---|
| 1 | <p>Kazutaka Okubo (March 22, 1973)</p> <p>Reappointment</p> <p>Number of years since appointment as a director 4 years (at the conclusion of this meeting)</p> <p>Number of Board of Directors' meetings attended during the fiscal year under review 8/8</p> <p>Number of Audit and Supervisory Committee attended during the fiscal year under review 10/10</p> | <p>Nov. 1995 Entered Century Audit Corporation (currently Ernst & Young ShinNihon LLC)</p> <p>Apr. 1999 Registered as certified public accountant</p> <p>Oct. 2003 Director of ShinNihon Integrity Assurance Inc. (currently Ernst & Young Sustainability Co., Ltd.)</p> <p>Feb. 2005 Managing Director of ShinNihon Integrity Assurance Inc. (currently Ernst & Young Sustainability Co., Ltd.)</p> <p>Jun. 2006 Partner of Ernst & Young ShinNihon LLC</p> <p>Jul. 2012 Senior Partner of Ernst & Young ShinNihon LLC</p> <p>Feb. 2016 Senior Managing Director and General Manager of ERM Division of Ernst & Young ShinNihon LLC</p> <p>Jun. 2019 President and Representative Director of Okubo Associates Inc. (present post)</p> <p>Jun. 2019 Outside Audit & Supervisory Board Member of SEGA SAMMY HOLDINGS INC.</p> <p>Jun. 2019 Outside Director of Sun Frontier Fudousan Co., Ltd. (present post)</p> <p>Sep. 2019 Outside Audit & Supervisory Board Member of BrainPad Inc.</p> <p>Dec. 2019 Outside Director of LIFULL Co., Ltd. (present post)</p> <p>Feb. 2020 Outside Director of Sala Corporation(present post)</p> <p>Jun. 2020 Outside Director of The Shoko Chukin Bank Ltd. (present post)</p> <p>Jun. 2020 Outside Director Serving as Audit and Supervisory Committee Members of the Company (present post)</p> <p>Nov.2020 President and Representative Director of SS Dnaform Inc.(present post)</p> <p>Sep. 2021 Outside Director Serving as Audit and Supervisory Committee Members of BrainPad Inc. (present post)</p> <p>Jun. 2022 Outside Director Serving as Audit and Supervisory Committee Members of SEGA SAMMY HOLDINGS INC. (present post)</p> <p>(Significant concurrent positions) President and Representative Director of Okubo Associates Inc., President and Representative Director of SS Dnaform Inc., Outside Director of SEGA SAMMY HOLDINGS INC., Outside Director of Sun Frontier Fudousan Co., Ltd., Outside Director of BrainPad Inc., Outside Director of LIFULL Co., Ltd., Outside Director of Sala Corporation, Outside Director of The Shoko Chukin Bank Ltd.,</p> | 2,700 |

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| | | <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Kazutaka Okubo has extensive financial and accounting knowledge gained from his audit experience as a certified public accountant. He is also familiar with governance and finance and has an abundance of insight and experience in the fields of compliance and CSR, having served particularly as a member on various expert panels in the public sector. The Company believes that he is capable of performing the functions of supervision and audit drawing on such extensive experience and his high level of specialized knowledge, and requests his election as Outside Director.</p> | |
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Notes:

1. There are no special interests between the Company and the candidate.
2. Mr. Kazutaka Okubo is a candidate for Outside Directors serving as Audit and Supervisory Committee Members.
3. Mr. Kazutaka Okubo is currently an Outside Director serving as an Audit and Supervisory Committee Member of the Company and his term of office will be 4 years at the conclusion of this Annual Meeting of Shareholders.
4. The Company, with respect to liability under Article 423, paragraph 1 of the Companies Act, entered into an agreement with Mr. Kazutaka Okubo limiting the total amount of the liability to the amount stipulated in Article 425, paragraph 1 of the same Act. Should his election be approved, the Company plans to continue the aforementioned agreements limiting liability.
5. The Company has entered into a liability insurance contract with an insurance company for directors and officers, etc., as stipulated in Article 430-3, Paragraph 1 of the Companies Act, covering the insured persons including directors of the Company. The insurance policy will cover damages arising from the assumption of responsibility by the directors and officers, etc. for the performance of their duties or from the receipt of claims related to the pursuit of such responsibility. If each candidate is elected and assumes office as a director, he or she will be insured under the relevant insurance policy. The said insurance policy is scheduled to be renewed with the same contents at the next renewal.
6. The Company registered Mr. Kazutaka Okubo as independent officers with the Tokyo Stock Exchange and the Nagoya Stock Exchange, pursuant to the guidelines thereof. Should his election be approved, the Company would continue his service as Independent Officer. Although the Company has transactions etc. with SS Dnaform Inc. in which Mr. Kazutaka Okubo serves concurrently. However, the average annual transaction amount of the last three fiscal years relating thereto accounts for less than 2% of the average sales of both the Company and them over that period, and the annual transaction amount relating thereto accounts for less than 1% of sales of both the Company and them, we believe that there would be no conflicts of interest with general shareholders.

(Reference1) Composition of the Board of Directors [Scheduled to be effective on June 27, 2024]

The abilities of the Directors of the Company are listed below.

| Directors | | Areas in charge | Corporate management | Manufacturing and engineering R&D | Sales and marketing | IT and DX | Financial affairs and financing | Legal and risk management | ESG and sustainability | Global experience |
|-------------------|-------------------|--|----------------------|-----------------------------------|---------------------|-----------|---------------------------------|---------------------------|------------------------|-------------------|
| Hiroshi Otsuka | | | ● | | ● | | | | ● | ● |
| Tracey Sivill | | | ● | | | ● | ● | | ● | ● |
| Kenji Morisaki | | | ● | ● | | | | ● | | ● |
| Yoshie Munakata | Outside Director. | | ● | ● | ● | ● | | | | ● |
| Goro Kamino | Outside Director. | | ● | | ● | | ● | | | |
| Hari N. Nair | Outside Director. | | ● | ● | ● | | | | | ● |
| Keisuke Tomimatsu | Outside Director. | | | | | ● | ● | | | ● |
| Emi Onoduka | Outside Director. | | ● | | | | ● | | ● | ● |
| Michi Miyasawa | | Audit and Supervisory Committee Member | | | | | | ● | ● | |
| Makiko Yamamoto | Outside Director | Audit and Supervisory Committee Member | | | | | | ● | ● | ● |
| Kazutaka Okubo | Outside Director | Audit and Supervisory Committee Member | ● | | | ● | ● | ● | ● | |

(Reference 2) Independence criteria for Outside Officers

If the Outside Officers of the Company are judged to have fulfilled the requirements set out below, the Board of Directors deems them to be sufficiently independent of the Company.

1. They are not currently an executive, etc. <Note 1> of the Group, nor have they in the past been an executive, etc. or an Audit & Supervisory Board Member of the Group (excluding Outside Audit & Supervisory Board Members).

Also, none of their close relations, etc. <Note 2> shall have been executives, etc. of the Group within the past three years.

2. They shall not come under any of the following categories currently, or within the past three years.

1) Executives, etc. of other companies affiliated to the Company, or of other affiliated company groups

2) Executives, etc. of major shareholders of the Company <Note 3>

3) Executives, etc. of companies in which the Company is a major shareholder

4) Executives, etc. of major business partners of the Company <Note 4>, or executives, etc. of companies that consider the Company a major business partner

5) Individuals who execute duties for organizations that have received substantial <Note 5> donations or aid from the Group

6) Executives, etc. of companies that have conducted mutual exchanges with the Group of Directors, Audit & Supervisory Board Members, or Executive Officers

7) Executives, etc. of the Group's major lenders

8) Certified Public Accountants (or Tax Accountants) who are Financial Auditors to the Group, or audit corporations (or tax accountant corporations) that are Financial Auditors to the Group, or partners, or others who are directly in charge of the Company in terms of being Financial Auditors to the Group

9) Individuals who have received substantial monies or other financial profits, excluding Directors' remuneration, from the Group

10) Individuals who are partners, etc. of specialist advisory firms, such as legal firms, that consider the Group a major business partner, but do not belong to categories 8) or 9) above, who are directly in charge of the Company.

3. None of their close relations currently fall under categories 2-1 to 2-10.

<Notes >

1. Executives, etc.: Directors (excluding Outside Directors), Executives, Executive Officers

2. Close relations: Spouse, or other relative within the second degree of kinship, or family member who is living in the same household with the person

3. Major shareholder: A company, etc. holding shares with 10% or more of total voting rights

4. Major business partner: A company to which 2% or more of annual consolidated net sales of the Company were paid on average in the past three fiscal years

5. Substantial: Cases in which the amounts involved have exceeded 10 million yen annually on average over the previous three fiscal years

(Attached materials)

Business Report

(April 1, 2023 to March 31, 2024)

1. Overview of the Group

(1) Business results for the fiscal year ended March 31, 2024

1) Progress and results of business

In the fiscal year under review (April 1, 2023 to March 31, 2024), the global economy continued to show signs of a recovery overall, despite regional disparities in economic growth and the impacts of monetary policy. In the eurozone, skyrocketing energy prices and persistently high inflation were causes for concern, prompting central banks throughout Europe to raise policy interest rates. The economy as a whole was impacted by the sluggish performance of the manufacturing industry in particular. In China, despite heightened expectations for an economic turnaround, the pace of that recovery was slow and instability in the real estate sector and a pullback in exports stymied economic growth. Meanwhile, in the United States, higher interest rates fueled by monetary tightening stoked fears of a slowdown in economic growth, but the economy continued to expand over the course of the fiscal year and sustained growth was recorded amid a robust labor market.

In the automotive industry, even though supply chain disruptions, higher raw material costs, and other risks did materialize, the transition to electric vehicles (EVs) continued at a constant pace despite indications of a slowdown of late. Signs of diversification in the market also emerged in the shape of changes in the uptake of plugin hybrids (PHEVs) and the EV strategies of automakers. In general, however, the industry remains shrouded in uncertainty due to such factors as inflation, geopolitical risks, and supply chain issues.

In these circumstances, the Group has established an automobile business structure that is resilient to changes in market demand by pursuing a growth strategy for power trains used in internal combustion engines (ICEs), battery electric vehicles (BEVs), and hybrid electric vehicles (HEVs). Particularly in the area of linkage & suspension, orders were brisk for high load-bearing, low-friction ball joints for four-wheel EVs with a heavier body weight. Also, in the power train field too, we have focused our efforts on products with higher specification requirements and secured new orders from Honda Motor Co., Ltd. for gear boxes used in e-axles for fuel cell electric vehicles (FCEVs) based on the Honda CR-V. We have also been working hard to transform our operations with the use of digital technology, the results of which are emerging in the form of speed and profitability improvements.

In new business fields, we are promoting business development to solve social issues in four fields: e-Mobility, Energy Solution, Smart Industry, and Plant Biotechnology. In the e-Mobility business, we are aiming to lead the shift to EVs in two-wheel vehicles by partnering with local companies particularly in India, Africa, and Asia to promote open innovation, develop the small e-Mobility market through the provision of e-axle units, power braking units, battery management systems, and others, and build our business. In the Plant Biotechnology business, we are engaging in business utilizing the power of plants grown in the rich soil of the Higashi Mikawa region, in Aichi Prefecture, where our head office is located. In November 2023, we developed our first product, “Hagane no Kanzo KReTA,” an amino acid supplement, and commenced sales. We aim to further expand this business, which aims to contribute to improved quality of life for people around the world through joint research with Nara Institute of Science and Technology.

In the above environment, the Company’s consolidated net sales increased 16.1% year on year to 349,917 million yen during the fiscal year under review.

In terms of profit, operating profit increased 139.3% year on year to 18,374 million yen and ordinary profit increased 121.3% year on year to 15,560 million yen, while profit attributable to owners of parent increased 225.1% to 7,921 million yen.

2) Segment Overview

In Japan, net sales increased 17.1% year on year to 42,354 million yen and segment profit surged 481.1% to 4,853 million yen. This owed to improvements driven by DX and other measures against a backdrop of stable production following the recovery from reduced production caused by semiconductor shortages and the like. In the Americas, net sales increased 37.6% year on year to 101,552 million yen and segment profit rose 144.9% to 5,778 million yen. This was mainly attributable to stable production activities at customers in the wake of the recovery in semiconductor shortages, as well as the impact of yen depreciation and the reflection of sky-high material costs in selling prices. In Asia, net sales increased 5.9% year on year to 76,082 million yen and segment profit dipped 0.6% to 6,575 million yen. This was mainly due to lower sales of parts for export-bound motorcycles, even despite the impact of the weak yen and the reflection of sky-high material costs in selling prices. In China, net sales rose 5.1% year on year to 33,873 million yen and segment profit grew 6.3% to 919 million yen. Despite lackluster sales of Japanese cars, demand increased for PHEVs and ICEs after the subsidies for EV purchases came to an end, while the rollout of new models also had an impact. In Europe, net sales increased 9.8% year on year to 96,054 million yen and segment profit came to 145 million yen (versus a loss of 3,401 million yen in the previous fiscal year). Even though the automotive market as a whole was weighed down by ongoing price hikes and other factors, we continued to steadily implement improvement measures and the like, while the weak yen and the reflection of sky-high material costs in selling prices also had an impact.

3) Group sales by product

(Unit: million yen)

| Item | The 96th fiscal year ended March 31, 2023 | | The 97th fiscal year ended March 31, 2024 | | Increase / Decrease | |
|---------------------|---|-----------------------|---|-----------------------|---------------------|------------------|
| | Amount | Composition ratio (%) | Amount | Composition ratio (%) | Amount | Year on Year (%) |
| PT Business | 195,256 | 64.8 | 232,036 | 66.3 | 36,779 | 18.8 |
| L&S Business | 26,551 | 8.8 | 31,259 | 8.9 | 4,708 | 17.7 |
| Motorcycle Business | 79,692 | 26.4 | 86,621 | 24.8 | 6,929 | 8.7 |
| Total | 301,500 | 100.0 | 349,917 | 100.0 | 48,417 | 16.1 |

Note: Figures are presented with amounts less than one million yen truncated.

4) Status of capital investment

During the fiscal year under review, the Group implemented capital investments totaling 13,671 million yen, for such purposes as manufacturing newly ordered products and responding to increases in output by customers.

5) Status of fund procurement

In the fiscal year under review, procurements of funds from financial institutions were conducted for routine purposes only, and there were no fund procurements made by means of capital increases or issuance of corporate bonds.

6) Initiatives toward achieving sustainability

Providing continuous value to society and fulfilling our corporate social responsibility toward the realization of a sustainable society is considered a significant matter for the Musashi Group's medium- to long-term growth.

The Group has drawn up its Our Purpose commitment of “we contribute to enriched Harmony between our lives and Earth, using our Passion for technology and Wisdom for innovation.” We will accordingly contribute to sustainable growth and the realization of a sustainable society by engaging

in business activities underpinned by the Musashi Philosophy.

(2) Issues to be addressed

(1) Management philosophy and policy

The Group operates its business based on the Musashi Philosophy, which consists of Our Origin, Our Purpose, and Our Way. We will inherit the DNA of taking on challenges that we have cultivated over our long history and realize our long-term vision of “Go Far Beyond! ~Break barriers and go on adventures!~”

(2) Priority issues to be addressed

In the automotive industry, the spread of BEVs (electric vehicles), which had been advancing mainly in the Chinese and European markets, has reached a lull, and demand for PHEVs (plug-in hybrid electric vehicles), HEVs (hybrid electric vehicles), etc. is expanding, leading to a change in the EV strategies of finished car manufacturers. In this business environment, we will strive to maximize our “earning power” by providing competitive products in all areas, including ICE (internal combustion engine vehicles), PHEV/HEV, and BEV.

In new business areas, we will accelerate the 1 → 10 (business realization and expansion) phase, and we will promote the “buds” we have nurtured so far to lead to “results = business expansion.”

As a representative example, in the Energy Solution business, we will provide new energy storage solutions for the expansion of data centers in line with the rapid spread of generative AI. The Company’s hybrid supercapacitors are key devices that will provide solutions for reducing power consumption and preventing momentary power outages and blackouts in the era of generative AI. The Company has designated the next Medium-term Management Plan as “Three Years toward Victory,” positioning it as the second stage of “Go Far Beyond! Break barriers and go on adventures” Musashi 100th Year Vision, where we will work on the transformation of our businesses, systems, and people.

Priority issues to be addressed are as follows.

1) Maximize “earning power” by strengthening global operations and improving the management structure

In order to secure the resources that will lead to future growth, we will maximize the use of existing infrastructure and create a production structure that enables efficient operations. Specifically, we will use digital technology to establish a system to monitor production status, etc., and based on the data obtained, the management and engineering divisions will collaborate to execute a high-speed PDCA cycle to strengthen the production structure and quality.

We will improve profitability by globally deploying this method that has been successful in the Japanese market.

2) Transform to a business structure that leads the EV era

We will build a business structure that is resilient to change and can respond to any demand, whether for ICE, PHEV/HEV, or BEV.

We will provide high value-added products that will be chosen by customers by making differential assemblies more compact, improving the precision and noise reduction of reduction gears and shafts, and reducing the weight and friction of linkage and suspension parts. We have also started offering gearbox units, which are modular parts with higher added value.

3) Accelerate the 1 → 10 phase in new business

In order to achieve our purpose (Company Mission) “We contribute to enriched Harmony between our lives and Earth, using our Passion for technology and Wisdom for innovation,” we will promote the following businesses.

- e-Mobility business: In collaboration with a start-up companies, we will begin selling EV scooters equipped with our proprietary e-Axle in India and Africa. In the future, we will expand the e-Axle business for small mobility vehicles in emerging countries.

- Energy Solution business: We will work on business expansion with hybrid supercapacitors as the core. We will promote business development in new markets, such as next-generation data centers and power systems for railway operators.
- Smart Industry business: We are developing automation solutions for manufacturing sites, centering on AI visual inspection systems and automated guided vehicles. We are expanding business by adding the S-CART business, which was taken over through transfer last year.
- Plant Biotechnology business: Through research and development using cutting-edge biotechnology, we will provide health care products that harness the functional properties of plants.

4) Realize sustainability through business activities

Our business activities are based on the Musashi Philosophy, and we are committed to achieving sustainable growth and a sustainable society by contributing to solving social issues through our business activities, with the aim of realizing Musashi's 100th Year Vision, "Go far beyond!"

(3) Status of Group assets and income

(million yen, except for per share amounts)

| Item | The 94rd fiscal year ended March 31, 2021 | The 95th fiscal year ended March 31, 2022 | The 96th fiscal year ended March 31, 2023 | The 97th fiscal year ended March 31, 2024 |
|---|---|---|---|---|
| Net sales | 204,714 | 241,896 | 301,500 | 349,917 |
| Operating income | 7,507 | 8,413 | 7,677 | 18,374 |
| Ordinary income | 8,277 | 9,435 | 7,030 | 15,560 |
| Profit attributable to owners of parent | 7,378 | 5,429 | 2,436 | 7,921 |
| Earnings per share | ¥ 113.14 | ¥ 83.20 | ¥ 37.32 | ¥ 121.21 |
| Total assets | 226,066 | 259,960 | 269,278 | 290,339 |
| Net assets | 95,914 | 112,269 | 114,432 | 125,391 |

Notes: 1 Net sales, operating income, ordinary income, profit attributable to owners of parent, total assets, and net assets are presented with amounts less than one million yen truncated.

(4) Status of parent company and major subsidiaries

1) Status of the parent company

No items to report.

2) Matters concerning to transactions with the parent company, etc.

With regard to transactions with Honda Motor Co., Ltd., a company defined as "other affiliate" of the Company, prices are determined similarly to ordinary transactions through negotiations based on market values. In addition, the Company's Board of Directors deems that decisions pertaining to the business operation and management of the Company are made by its independent managerial determination, securing its independence, and therefore the interest of the Company is not impeded in transactions with the parent company, etc.

3) Status of major subsidiaries

| Company name | Location | Capital (million) | The Company's ownership ratio (%) | Principal business |
|---|-----------|----------------------|---|--|
| Kyushu Musashi Seimitsu Co., Ltd. | Kumamoto | JPY 100 | 100.0 | Manufacturing of motorcycle and general-purpose engine parts |
| Musashi Casting Co., Ltd. | Kyoto | JPY 45 | 100.0 | Manufacturing of ductile cast iron material |
| Musashi Energy Solutions Co., Ltd. | Yamanashi | JPY 300 | 80.0 | Development, manufacturing and sales of equipment related to lithium ion capacitors and energy storage devices |
| Musashi Auto Parts Michigan Inc. | USA | USD 40 | 89.5 | Manufacturing of automobile parts |
| Musashi Auto Parts Canada Inc. | Canada | CAD 20 | 100.0 | Manufacturing of automobile parts |
| Musashi Auto Parts Mexico, S.A. de C.V. | Mexico | USD 12.3 | 100.0 | Manufacturing of automobile parts |
| Musashi do Brasil Ltda. | Brazil | BRL 105.1 | 74.9 | Manufacturing of motorcycle and general-purpose engine parts |
| Musashi da Amazonia Ltda. | Brazil | BRL 109 | 100.0 | Manufacturing of motorcycle and general-purpose engine parts |
| Musashi Auto Parts Co., Ltd. | Thailand | THB 200 | 82.3 | Manufacturing of motorcycle and general-purpose engine parts |
| P.T. Musashi Auto Parts Indonesia | Indonesia | USD 14 | 80.0 | Manufacturing of motorcycle and general-purpose engine parts |
| Musashi Auto Parts India Pvt. Ltd. | India | INR 10,100 | 100.0 | Manufacturing of motorcycle and general-purpose engine parts |
| Musashi Auto Parts Vietnam Co., Ltd. | Vietnam | USD 19 | 100.0 | Manufacturing of motorcycle and general-purpose engine parts |
| Musashi Auto Parts (Zhongshan) Co., Ltd. | China | USD 94.76 | (100.0) | Manufacturing of automobile parts |
| Musashi Auto Parts (Nantong) Co., Ltd. | China | USD 30 | (100.0) | Manufacturing of automobile parts |
| Musashi Seimitsu Investment (Zhongshan) Co., Ltd. | China | USD 30 | 100.0 | Regional Headquarters in China |
| Musashi Auto Parts (Tianjin) Co., Ltd. | China | USD 20 | (100.0) | Manufacturing of automobile parts |
| Musashi Bockenau GmbH & Co.KG | Germany | EUR 15 | (100.0) | Manufacturing of automobile parts |
| Musashi Bad Sobernheim GmbH&Co.KG | Germany | EUR 0.001 | (100.0) | Manufacturing of automobile parts |
| Musashi Luechow GmbH | Germany | EUR 1. | (100.0) | Manufacturing of automobile parts |
| Musashi Hann. Muenden Holding GmbH | Germany | EUR 6.6 | (100.0) | Manufacturing of automobile parts |
| Musashi Hungary Fuzesabony Kft. | Hungary | EUR 0.065 | (100.0) | Manufacturing of automobile parts |
| Musashi Spain Villalba S.L | Spain | EUR 8.7 | (100.0) | Manufacturing of automobile parts |
| Musashi Holdings Europe GmbH | Germany | EUR 320 | 100.0 | Holding shares of subsidiaries conducting manufacturing and sales businesses relating to automobile parts |
| Musashi Hungary Manufacturing, Ltd. | Hungary | EUR 20.1 | 100.0 | Manufacturing of automobile parts |
| Musashi AI Ltd. | Aichi | JPY 4.5 | 51.0 | Manufacture and sale of AI visual inspection machines, etc. |

| Company name | Location | Capital (million) | The Company's ownership ratio (%) | Principal business |
|-------------------------------|----------|----------------------|---|---|
| Musashi AI North America Inc. | Canada | CAD 8.2 | 80.8 | Manufacture and sale of AI visual inspection machines, etc. |

Note: The figures shown in parentheses show the ownership ratio when including ownership by subsidiaries.

(5) Principal business (As of March 31, 2024)

The principal business of the Group consists of the manufacturing and sales of automobile power train parts, suspension parts, steering parts and transmission parts, among others, of which the main products are listed below.

| | |
|------------|--|
| PT | Planetary gear assemblies, differential gear assemblies, bevel gears, ring gears, camshafts, balance shafts, Reduction gears, transmission gears, Reduction gear units |
| L&S | Suspension arm assemblies, suspension ball joints, steering ball joints, various connection joints |
| Motorcycle | Motorcycle transmission gear assemblies, motorcycle camshafts, motorcycle kickstarter parts, other motorcycle power train parts and general-purpose engine parts |

(6) Principal business locations and plants (As of March 31, 2024)

1) Musashi Seimitsu Industry Co., Ltd.

| | |
|----------------------------|---------|
| Head Office and Ueta Plant | (Aichi) |
| Akemi Plant #1 | (Aichi) |
| Akemi Plant #2 | (Aichi) |
| Horai Plant | (Aichi) |
| Suzuka Plant | (Mie) |

2) Principal subsidiaries

For the information on the major subsidiaries and their location, etc., please refer to “(4) Status of parent company and major subsidiaries 3) Status of major subsidiaries.”

(7) Status of employees (As of March 31, 2024)

1) Employees of the Group

| Number of employees | Change from previous fiscal year-end |
|---------------------|--------------------------------------|
| 12,830(3,933) | 127(574) |

Note: Number of employees means the number of full-time employees currently at work only, and the average number of part-time and temporary employees for the year is indicated in parentheses.

2) Employees of the Company

| Number of employees | Change from previous fiscal year-end | Average age | Average years of service |
|---------------------|--------------------------------------|----------------|--------------------------|
| 1,118(124) | Δ1(33) | 41.6 years old | 16.8 Years |

Note: Number of employees means the number of full-time employees currently at work only, and the average number of part-time and temporary employees for the year is indicated in parentheses.

(8) Status of major lenders (As of March 31, 2024)

| Lender | Balance of borrowings (million yen) |
|-------------------------------------|-------------------------------------|
| Mizuho Bank, Ltd. | 34,827 |
| Sumitomo Mitsui Banking Corporation | 32,794 |
| The Bank of Mitsubishi UFJ, Ltd. | 25,198 |
| Sumitomo Mitsui Trust Bank | 3,000 |
| The Aichi Bank, Ltd. | 2,050 |

Note: The balance of borrowings is the sum total by lender group.

2. Status of the Company

(1) Status of shares (As of March 31, 2024)

| | |
|---|-------------|
| 1) Total Number of Shares Authorized to be Issued | 140,000,000 |
| 2) Total Number of Issued Shares | 65,517,161 |
| 3) Number of Shareholders | 11,283 |
| 4) Major Shareholders (Top 10) | |

| Shareholder name | Number of shares (thousand shares) | Ownership ratio (%) |
|---|---------------------------------------|------------------------|
| Honda Motor Co., Ltd. | 16,364 | 24.9 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 7,552 | 11.5 |
| Custody Bank of Japan, Ltd. (Trust Account) | 4,530 | 6.9 |
| Joint Stock Company Otsuka Holdings | 2,603 | 3.9 |
| GOVERNMENT OF NORWAY | 1,799 | 2.7 |
| Hiroshi Otsuka | 1,493 | 2.2 |
| Juniper | 1,100 | 1.6 |
| JPMorgan Securities Japan Co., Ltd. | 999 | 1.5 |
| NORTHERN TRUST CO.(AVFC) RE TAMESI DE METROPOLITAN BOROUGH COUNCIL AS THE ADMINISTERING AUTHORITY OF THE GREATER MANCHESTER | 958 | 1.4 |
| General Incorporated Association Keiokairai Trust Account Masayo Otsuka | 871 | 1.3 |

Notes: 1. Shares less than one thousand have been truncated.
2. Ownership ratio is calculated excluding treasury shares (31,040shares).

5) Status of shares granted to the Company's officers during the fiscal year under review as consideration for the execution of duties

| | Number of Shares (shares) | Number of recipients |
|---|---------------------------|----------------------|
| Directors (excluding Outside Directors and Audit and Supervisory Committee Members) | 16,500 | 2 |
| Outside Directors (excluding Audit and Supervisory Committee Members) | 8,800 | 4 |
| Directors serving as Audit and Supervisory Committee Member | - | - |

Notes: Details on the Company's share-based remuneration are presented under section "2.(3)2 Remuneration for Directors" on the Business Report.

(2) Status of Corporate Officers

1) Status of the Directors (As of March 31, 2024)

| Position | Name | Areas of responsibility in the Company and significant concurrent positions |
|---|-------------------|---|
| Representative Director and President | Hiroshi Otsuka | CEO |
| Representative Director | Tracey Sivill | CFO In charge of Global IT strategy Director of Musashi Auto Parts Canada Inc. |
| Director | Kenji Morisaki | CMO (Chief Manufacturing Officer) CEO of Japan region Chief Risk Management Officer |
| Director | Yoshie Munakata | Representative Director of B.Grove Inc. Outside Director of SB Technology Corp |
| Director | Goro Kamino | Representative Director and President of Sala Corporation and Group CEO Chairman and Representative Director of Sala Energy Co., Ltd. |
| Director | Hari N. Nair | Outside Director of O-I GLASS Inc. Chairman of the Board of Sintercom India. Outside Director of Tenneco Inc. |
| Director | Keisuke Tomimatsu | |
| Director | Emi Onozuka | Director, President and CEO of Eminent Group Inc., Representative Director of general Incorporated Association Initiative for Creating the Future through Science and Finance |
| Director (Full-time Audit and Supervisory Committee Member) | Michi Miyasawa | |
| Director (Audit and Supervisory Committee Member) | Makiko Yamamoto | Attorney at law (TMI Partners Legal Professional Corporation) Outside Director of SIGMAXYZ Holdings Inc. Outside Audit & Supervisory Board Member of SUSMED, Inc |
| Director (Audit and Supervisory Committee Member) | Kazutaka Okubo | Certified public accountant President and Representative Director of Okubo Associates Inc. President and Representative Director of SS Dnaform Inc. Outside Director of SEGA SAMMY HOLDINGS INC. Outside Director of Sun Frontier Fudousan Co., Ltd., Outside Director of BrainPad Inc. Outside Director of LIFULL Co., Ltd. Outside Director of Sala Corporation Outside Director of The Shoko Chukin Bank Ltd., |

- Notes:
1. Directors Yoshie Munakata Goro Kamino, Hari N. Nair, Keisuke Tomimatsu, Emi Onozuka and Directors (Audit and Supervisory Committee Members) Makiko Yamamoto and Kazutaka Okubo are Outside Directors.
 2. Director (Audit and Supervisory Committee Member) Makiko Yamamoto is qualified as a lawyer with high level of specialized knowledge in corporate legal affairs and compliance.
 3. Director (Audit and Supervisory Committee Member) Kazutaka Okubo is a certified public accountant and has a high level of expertise in finance and accounting.
 4. To strengthen the auditing and supervisory functions of the Audit and Supervisory Committee, the company has designated Ms. Michi Miyazawa as Audit and Supervisory Committee Member (full-time) so that information gathering from the Director (excluding Audit and Supervisory Committee Member), information sharing through attendance of important in-house meetings and sufficient cooperation with the internal audit section will be allowed.
 5. The Company designated Messrs. Yoshie Munakata, Goro Kamino, Hari N. Nair, Keisuke Tomimatsu, Emi Onozuka, Ms. Makiko Yamamoto and Mr. Kazutaka Okubo as Independent Officers pursuant to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and registered them as such.

(Ref.) The Company has adopted the executive officer system. The executive officers as of April 1, 2024 are as follows.

| Position | Name | Areas of responsibility in the Company and significant concurrent position |
|-----------------------------------|------------------|---|
| President and Executive Officer | Hiroshi Otsuka | CEO |
| Senior Managing Executive Officer | Tracey Sivill | CFO(Chief Financial Officer) CHO(Chief Human resource Officer) In charge of Global IT strategy |
| Senior Managing Executive Officer | Kenji Morisaki | COO Risk Management Officer |
| Senior Managing Executive Officer | Takayuki Miyata | CEO of Europe Region President and Director of Musashi Holdings Europe GmbH President and Director of Musashi Europe GmbH |
| Senior Managing Executive Officer | Haruhisa Otsuka | CEO of North and South America region In charge of Smart Industry business |
| Managing Executive Officer | Koji Horibe | CQO (Chief Quality Officer) |
| Managing Executive Officer | Takeshi Isaku | CIO (Chief Innovation Officer) |
| Managing Executive Officer | Toshihisa Otsuka | CPO (Chief Purchasing Officer) |
| Managing Executive Officer | Masaru Maeda | CXO (Chief Sustainable Transformation Officer) In charge of Human resource of Japan Region Compliance Officer |

2) Remuneration for Directors

A. Policy on determining officer remuneration

The Company adopted its decision-making policy for determining content of remuneration for individual Directors.

In addition, the Board of Directors confirmed that decision-making method for determining the content of remuneration for individual Directors and the determined content of such remuneration are in alignment with the aforementioned decision-making policy, and that the findings reported by the Remuneration Committee have been duly regarded, and deems that the remuneration for individual Directors for the fiscal year under review is in line with the aforementioned decision-making policy.

The Content of the decision-making policy for the content of remuneration for individual Directors is as follows.

i. Basic policy

As a matter of basic policy, when it comes to remuneration for the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members; same shall apply hereafter), the Company shall enlist a remuneration structure that links such remuneration to shareholder interests so that such remuneration will adequately serve as incentive for the recipient to persistently increase corporate value, and furthermore the Company shall set standards that appropriately factor in respective duties when making decisions on remuneration for individual Directors. Specifically, remuneration for Directors is to consist of base remuneration serving as fixed remuneration, performance-linked remuneration, and share-based remuneration. Meanwhile, the Company shall pay base remuneration and share-based remuneration to its Outside Directors who undertake supervisory functions, upon having taken into account respective duties.

ii. Policy on determining individual amounts of base remuneration (monetary remuneration; including policies on determining dates and conditions for granting remuneration)

Base remuneration for Directors of the Company is to take the form of fixed remuneration on a monthly basis, the amount of which is to be determined upon having comprehensively placed consideration on positions and roles of respective officers, taking into account peer-company remuneration levels and other such factors.

iii. Policy on determining content of performance-linked remuneration, non-monetary remuneration, and other benefits, as well as determining methods for calculating amounts and quantities thereof (including policies on determining dates and conditions for granting remuneration)

The Company shall pay performance-linked remuneration at certain times every year in the form of bonuses and cash remuneration of amounts calculated per assessment of the Company's financial results and based on levels of achievement both of the Company's performance targets and its strategic benchmarks from a medium- to long-term perspective. The following benchmark constituents are calculated based on coefficients determined by the Board of Directors.

| Assessment viewpoint | Reasons for selection | Assessment weighting | Assessment item |
|----------------------|---|----------------------|-----------------------------|
| Financial benchmarks | To achieve a link with annual performance targets | 20% | Net Sales |
| | | 20% | Gross profit |
| | | 30% | EBITA |
| Strategic benchmarks | To achieve a link with medium- to | 10% | Net sales of new businesses |

| | | | |
|--|---|-----|------------------------------------|
| | long-term strategic benchmarks and greater social value | 10% | Percentage of products for EVs |
| | | 10% | Level of ESG benchmark achievement |

With respect to the restricted share-based remuneration, as a general rule and pursuant to a meeting of the Company's Board of Directors, the Company shall grant an amount of monetary remuneration claims, commensurate to position and responsibilities, for the allotment of restricted shares to the eligible Directors every fiscal year, and require that they provide the same to the Company as property contributed in kind. In turn, the Company shall issue or dispose of its common shares, which will be held by them. The total number of the common shares of the Company to be accordingly issued or disposed is to be no more than 200,000 shares per year (however, in cases where the total number of issued shares of the Company increases or decreases due to a share consolidation, a share split, a gratis allotment of shares, etc., this upper limit and the number of shares delivered to the eligible Directors shall be reasonably adjusted according to the ratio thereof).

The amount to be paid in per share shall be determined by the Board of Directors within a range not specially advantageous to the eligible Directors subscribing the Company's common shares based on factors such as the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before the day on which each resolution of the Board of Directors is made (if there is no closing price on such date, the closing price of the closest preceding trading day).

When it comes time for the issuance or disposal of the common shares of the Company, the Company and the eligible Directors shall enter into an agreement on allotment of the restricted shares, encompassing content stipulating that the eligible Directors may not transfer, determine as security, reserve an offer as security or otherwise dispose of the common shares of the Company for a period of three years from the date on which the common shares of the Company were delivered.

Such agreement is intended to ensure that the restricted share-based remuneration appropriately serves as incentive to the Directors by containing provisions to the effect that the Company may automatically acquire the allotted shares without contribution prior to expiration of the transfer restriction period on the grounds that a Director did not fulfill his or her duties as expected of a Director of the Company, under scenarios that include situations where an eligible Director: has retired from the position of director without just cause; has violated laws and regulations, or has otherwise engaged in improper conduct, or; has engaged in competing business.

In cases such as where an eligible Director is a non-resident of Japan, the Company shall pay such eligible Director monetary remuneration of an amount linked to the Company's share price or other such benchmark in lieu of remuneration provided for the sake of granting restricted shares.

iv. Policy on determining proportional mix of monetary remuneration amounts, performance-linked remuneration amounts, and non-monetary remuneration amounts, relative to amounts of remuneration for individual Directors

To ensure that the remuneration structure serves as an incentive appropriate to the Directors, the proportional mix of Director remuneration components by type is to be determined based on assumptions regarding basic standards with respect to proportions of remuneration components presented in the table below. The Remuneration Committee shall consider such matters on the basis of remuneration level benchmarks with respect to corporations that belong to related industries and categories of business and are similar to the Company in terms of their scale of operations.

The Board of Directors (the Representative Director and President entrusted with authority per section v, below) shall duly regard findings of the Remuneration Committee and accordingly

determine the content of remuneration for individual Directors such that is within a range with respect to the proportional mix of remuneration by remuneration type as indicated by such findings.

| | Base remuneration | Performance-linked remuneration, etc. | Non-monetary remuneration, etc. |
|--------------------------|-------------------|---------------------------------------|---------------------------------|
| Representative Directors | 50~55% | 25~30% | 15~25% |
| Directors | 60~70% | 25~30% | 10~15% |
| Outside Directors | 60~70% | - | 30~40% |

v. Matters related to content of remuneration for individual Directors

With respect to amounts of remuneration for individual Directors, the Remuneration Committee shall assess Directors who engage in business affairs in terms of factors such as the appropriate execution of their duties, which is to involve comparing the Company's financial results with those of peer companies while taking into account the business environment. Meanwhile, the Representative Director and President shall be entrusted with decisions regarding specific amounts of remuneration for individual Directors, basing such decisions on findings of such assessment.

B. Total amount of remuneration of Directors for the fiscal year under review

| Classification | Amount paid (million yen) | Total amount of remuneration, etc. by type | | | Number of payees |
|--|---------------------------|--|---------------------------------------|---------------------------------|------------------|
| | | Base remuneration | Performance-linked remuneration, etc. | Non-monetary remuneration, etc. | |
| Directors (excluding Directors serving as Audit and Supervisory Committee Members) | 278 | 155 | 27 | 96 | 8 |
| (Outside Director of the above) | (80) | (41) | (-) | (39) | (5) |
| Directors (Audit and Supervisory Committee Members) | 35 | 35 | - | - | 3 |
| (Outside Director of the above) | (20) | (20) | (-) | (-) | (2) |
| Total | 313 | 190 | 27 | 96 | 11 |
| (Outside Officers of the above) | (100) | (61) | (-) | (39) | (7) |

- Notes: 1. The maximum amount of remuneration of Directors (excluding Directors serving as Audit and Supervisory Committee Members) was determined as 400 million yen per year (of which, 80 million yen or less for Outside Directors; provided, however, that this excludes the portion of employee salaries for Directors who serve concurrently as employees) by resolution at the 88th Annual Meeting of Shareholders held on June 23, 2015. The number of Directors (excluding Directors serving as Audit & Supervisory Board Members) as of the close of this Annual Meeting of Shareholders is six (6) (including one Outside Director). And apart from this, for the Company's Directors (excluding Directors serving as Audit and Supervisory Committee Members), it was approved at the 90th Annual Meeting of Shareholders held on June 23, 2017, a resolution was adopted that the monetary remuneration to grant shares with transfer restrictions and monetary remuneration in an amount linked to the aforementioned share price, etc. shall be not more than 250 million yen per year (of which not more than 40 million yen per year shall be for Outside Directors; however, this excludes the portion of employee salaries of Directors serving concurrently as employees). The number of Directors (excluding Directors serving as Audit & Supervisory Board Members) as of the close of this Annual Meeting of Shareholders is nine (9) (including three (3) Outside Directors).
2. The maximum amount of remuneration of Directors (Audit and Supervisory Committee Members) was determined as 80 million yen per year by resolution at the 88th Annual Meeting of Shareholders held on June 23, 2015. The number of Directors (Audit and Supervisory Board Members) as of the close of this Annual Meeting of Shareholders is four (4).
3. The total amount of remuneration of Directors does not include the portion of employee salaries for Directors who serve concurrently as employees.

4. The total amount of remuneration paid includes the provision for Directors' bonuses for the fiscal year under review.
5. The Company enlists certain performance indicators linked to financial results in the form of financial indicators in order to help ensure linkage with annual performance targets, such that include net sales, operating profit, ROE, ROA, and EBITDA against the budget at the beginning of the fiscal year. Actual results in this regard are as follows: net sales of 301.5 billion yen, operating profit of 7.6 billion yen, and EBITDA of 26.5 billion yen.
In addition, the Company uses strategic indicators in order to ensure linkage with efforts to enhance corporate value over the mid-to-long term. To this end, it enlists the degree of achievement of net sales from new businesses, electric vehicle product ratio, and ESG indicators (ratio of CO2 emission reduction over FY2018) relative to targets set at the beginning of the period. The degree of achievement relative to targets set for FY2022 are as follows: net sales from new businesses of 40%, electric vehicle product ratio of 80%, and as an ESG indicator, a 10% actual reduction compared to the 7% target reduction (compared to FY2018) due to energy-saving measures, introduction of renewable energy, and production volume impact.
7. The non-monetary remuneration consists of shares of the Company, allotted subject to the conditions set forth under section "A. Policy on determining officer remuneration." The status of shares granted during the fiscal year under review is presented under section "2.(1)5) Status of shares granted to the Company's officers during the fiscal year under review as consideration for the execution of duties."
8. The Board of Directors has entrusted Representative Director Hiroshi Otsuka with decisions on amounts of remuneration for individual Directors. He has been entrusted with this authority because the Company deems that the Representative Director is qualified for the task of assessing Directors who engage in business affairs in terms of factors such as the appropriate execution of their duties while also placing consideration on the Company's overall financial results and other performance indicators. In making decisions regarding content entrusted to him, the Remuneration Committee shall assess Directors who engage in business affairs in terms of factors such as the appropriate execution of their duties, which is to involve comparing the Company's financial results with those of peer companies while taking into account the business environment.

3) Matters regarding Outside Officers

A. Main activities during the fiscal year under review and overview of duties involving roles expected of Outside Directors

- * Mr. Yoshie Munakata, Director, attended 7 out of the 8 Board of Directors Meetings held during the fiscal year under review and has utilized his abundant experience of company management and the deep insights cultivated over many years in the industry to actively contribute to the deliberation of resolutions by the Board of Directors.
- * Mr. Goro Kamino, Director, attended 8 out of the 8 Board of Directors Meetings held during the fiscal year under review at which he actively provided comments necessary for the deliberation of agenda items of the Board of Director Meetings thereat based on his broad experience and extensive knowledge in corporate management.
- * Mr. Hari N. Nair, Director, attended 8 out of the 8 Board of Directors Meetings held during the fiscal year under review and has utilized his abundant experience of company management and the deep insights cultivated over many years in the industry to actively contribute as required to the deliberation of resolutions by the Board of Directors.
- * Mr. Keisuke Tomimatsu, Director, attended 8 out of the 8 Board of Directors Meetings held during the fiscal year under review and has utilized his abundant experience of the securities industry and his wide-ranging knowledge of the economy to actively contribute as required to the deliberation of resolutions by the Board of Directors.
- * Ms. Emi Onozuka, Director, attended 8 out of the 8 Board of Directors Meetings held during the fiscal year under review and based on her abundant experience and deep insights cultivated over 20 years in a variety of positions at investment management firms and as the COO of an investment advisory firm, she appropriately fulfilled her role in ensuring the validity and suitability of decision-making by actively contributing as required to the deliberation of resolutions by the Board of Directors.
- * Ms. Makiko Yamamoto, Director (Audit and Supervisory Committee Member) attended 8 out of the 8 Board of Directors Meetings held during the fiscal year under review where she raised questions and provided advice whenever appropriate from a professional perspective as a lawyer. Also, she has attended 10 out of 10 meetings of the Audit and Supervisory Committee held during the fiscal year under review and has voiced his opinions on audit methods and on other matters related to the duties of the Audit and Supervisory Committee.

- * Mr. Kazutaka Okubo, Director (Audit and Supervisory Committee Member) attended 8 of the 8 Board of Directors Meeting held during the fiscal year under review where he raised questions and provided advice whenever appropriate from a professional perspective as a certified public accountant. Also, she has attended 10 out of 10 meetings of Audit and Supervisory Committee held during the fiscal year under review and has voiced his opinions on audit methods and on other matters related to the duties of the Audit and Supervisory Committee.

B. Status of significant concurrent positions at other companies, etc. and relationship between such companies with the Company

- * Mr. Goro Kamino, Director, also serves as Representative Director and President of Sala Corporation and Group CEO and as Representative Director and Sala Energy Co., Ltd. The Company has transactions etc. with Sala Corporation and Sala Energy Co., Ltd. However, the average annual transaction amount of the last three fiscal years relating thereto accounts for less than 2% of the average sales of both the Company and them over that period, and the annual transaction amount relating thereto accounts for less than 1% of sales of both the Company and them.
- * Mr. Kazutaka Okubo, Director (Audit and Supervisory Committee Member), also serves as Representative Director and President of SS Dnaform Inc. The Company has transactions etc. with SS Dnaform Inc. However, the average annual transaction amount of the last three fiscal years relating thereto accounts for less than 2% of the average sales of both the Company and SS Dnaform Inc over that period, and the annual transaction amount relating thereto accounts for less than 1% of sales of both the Company and SS Dnaform Inc.

Note: There are no special interests between the other directors and the Company.

4) Overview of limited liability agreements

- * The Company and the Outside Directors entered into limited liability agreements that limit the amount of liability under Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of liability for damages under these agreements is the amount stipulated in Article 425, paragraph 1 of the same Act.

5) Overview of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, listing as insured parties the Company's Directors (including Outside Directors), as well as Directors and Audit and Supervisory Board Members of the Company's subsidiaries (excluding Musashi Europe GmbH and its subsidiaries). The insurance policy provides coverage for officers, etc. for damages arising upon having incurred liability regarding their execution of duties or otherwise arising upon having become subject to a claim in pursuit of such liability.

(3) Policy on Determination of Dividends from Surplus, etc.

Alongside the enhancement of corporate value through business growth, we recognize the return of profits to all shareholders to be a key management issue. Our basic policy on returning profits to shareholders is to secure enough capital for medium- and long-term business growth and make every effort to ensure a sound financial position while continuing to pay stable dividends in line with earnings growth.

With regard to the dividend payout ratio, we will target a level of 30%.

(4) Financial Auditor

1) Name: KPMG AZSA LLC

Notes: The Company's Financial Auditor Ernst & Young ShinNihon LLC retired following the completion of its term at the conclusion of 96th Annual Meeting of Shareholders.

2) Amount of remuneration, etc.

| | Amount paid (million yen) |
|--|------------------------------|
| Remuneration, etc. of the Financial Auditor for the fiscal year under review | 87.0 |
| Total economic benefits, including money, that should be paid to the Financial Auditor by the Company and its subsidiaries | 87.0 |

- Notes:
1. Subsidiaries of the Company are audited by audit corporations other than the Financial Auditor of the Company.
 2. In the audit agreement between the Company and the Financial Auditor, a distinction is not made between the remuneration for auditing based on the Companies Act and that for auditing based on the Financial Instruments and Exchange Act, nor is such distinction effectively possible. Therefore, the amount of the remuneration, etc. of the Financial Auditor for the fiscal year under review includes the amount of remuneration, etc. for auditing based on the Financial Instruments and Exchange Act.
 3. The Audit and Supervisory Committee gives consent regarding the remuneration etc. of the Financial Auditor pursuant to Article 399, paragraph 1 of the Companies Act, after it has obtained necessary materials and received reports from the Directors, relevant departments within the Company and the Financial Auditor, confirmed the performance of financial audits etc. by the Financial Auditor and reviewed the details of the audit plan of the Financial Auditor and the calculation basis for the estimated amount of remuneration etc. for the fiscal year under review.

3) Description of non-auditing services

The Company requested the Financial Auditor to provide advice on international accounting standards as services other than the services under Article 2, paragraph 1 of the Certificated Public Accountants Act (non-auditing services), and paid consideration for such services.

(5) Systems to ensure properness of operations and overview of operational status of the systems

● Basic policy relating to the establishment of the internal control system

Below is an overview of decisions regarding systems for ensuring that the execution of duties by Directors comply with laws and regulations and the Articles of Incorporation, and other systems for ensuring proper operations.

- 1) Systems for ensuring that the execution of duties by Directors and employees comply with laws and regulations and the Articles of Incorporation, and any other systems for ensuring proper operations
 - * Appoint an Officer in charge of promoting compliance and establish a systematic framework.
 - * Establish a committee to deliberate matters regarding business ethics and compliance.
 - * Articulate "Our Compliance" as a code of conduct which must be adhered to by all employees of the Group when dealing with customers and society and take thorough efforts to promote awareness of that.
 - * To respond to issues with corporate ethics, we are working to build a whistle-blowing system.
- 2) Systems for the preservation and management of information relating to the execution of duties by Directors
 - * Establish an information management framework for the proper storage and management of documents relating to the execution of duties by Directors and other information based on the document management rules.
- 3) Rules and other systems for loss risk management and other systems
 - * Appoint an Officer in charge of promoting risk management and establish a systematic risk management framework.
 - * Establish "Crisis Management Regulations" and have each section work to prevent and implement measures to address risk in business activities. In addition, manage and address crises at the Company-wide level, including those entailing large-scale disasters and epidemics of infectious disease.
 - * Regarding the Group's risk management, strengthening the risk management system is conducted through discussion by the Company's officers.

- 4) Systems to ensure efficiency of the execution of duties by Directors
 - * Establish a framework centered on the Chief Officer system for monitoring the global execution of duties by the Board of Directors.
 - * Make rapid and optimal business decisions and carry out operations efficiently and effectively with respect to regional business and execution functions, tailoring response to suit each region and workplace.
 - * Management meetings deliberate important managerial matters within the scope of authority delegated by the Board of Directors.
 - * Establish Corporate Strategy Committee for the extraction and handle issues for sharing group policies and realizing business plans, as well as enhancing the optimality and efficiency of business execution as a corporate group.
- 5) Systems to ensure the properness of operation of the Company and the corporate group constituted by the parent and subsidiaries
 - * Formulate “Regulations on Control of Affiliate Companies” for the proper execution of tasks by all constituent companies of the Group, manage thereof according to such regulations, and receive reports from all constituent companies of the Group.
 - * To establish an effective Group management system, we are organizing a Musashi Global Policy and working to improve the Group’s corporate governance.
 - * All constituent companies of the Group conduct periodical self-assessment based on checklists.
 - * The Internal Audit Office, an independent internal audit section of the Company, conducts audits on the status of the business execution of all sections and works to enhance internal auditing in each region and at subsidiaries and associates.
 - * The Internal Audit Office informs the audited departments and audited companies about the results of internal audits, requests plans for measures to improve its observations and periodically confirms the status of progress on the improvement measures in addition to reporting to the Board of Directors as appropriate.
- 6) Matters concerning Directors and employees requested by Audit and Supervisory Committee to assist its duties, and matters regarding the independence of the Directors and employees from other Directors (excluding Directors serving as Audit and Supervisory Committee Members (hereinafter referred to as “Audit and Supervisory Committee Members”))
 - * Provide assistance in the duties of Audit and Supervisory Committee in the internal audit section to contribute to the formation of an efficient and effective audit framework and deepen collaboration with such Audit and Supervisory Committee while ensuring the independence of the internal audit section.
- 7) System for reporting from Directors (excluding Audit and Supervisory Committee Members) and employees to Audit and Supervisory Committee, and other systems for reporting to Audit and Supervisory Committee
 - * Periodical reports are made to Audit and Supervisory Committee on the status of the business of the Company and subsidiaries, etc. as well as the status of preparation and operation of internal control system covering areas such as compliance and risk management. Also, other factors that may potentially have significant influence on the Company have to be reported.
 - * Audit and Supervisory Committee Members have no obligation to report information obtained from Directors (excluding Audit and Supervisory Committee Members) or employees to the third parties, and may request Directors (excluding Audit and Supervisory Committee Members) to disclose reasons for the transfer, evaluation and disciplinary action, etc. of such employees who made reports.
- 8) Other systems to ensure that auditing by Audit and Supervisory Committee is conducted effectively
 - * Form an audit framework and establish audit environment to increase the effectiveness of audits. Audit & Supervisory Committee conduct audits on the Company and subsidiaries, etc. in close collaboration with the Internal Audit Office, the internal audit section, and Audit & Supervisory Committee Members attend management meetings and other important meetings.

- * When an Audit and Supervisory Committee Member requests prepayment or reimbursement of expenses that arise in relation to the execution of duties or repayment of obligations incurred, the Company shall comply, except in cases where it can be proved that the expenses, etc. did not arise in relation to the execution of duties of the Audit and Supervisory Committee Member.
- Status of operation of the internal control system
 - Major operational status of the systems to ensure the adequacy of operations for the fiscal year under review is as follows:
 - 1) Systems for ensuring that the execution of duties by Directors and employees comply with laws and regulations and the Articles of Incorporation, and any other systems for ensuring proper operations
 - * The Company has appointed a compliance officer who promotes initiatives relating to compliance and has established an Internal Control Committee, deliberating business ethics and compliance.
 - * The Company has implemented compliance training for all employees based on the “Our Compliance” code of conduct, and seeks to further enhance corporate ethics.
 - * The Company has handled proposals regarding compliance concerns at the Musashi compliance hotline, the in-house reporting hotline. In addition to this hotline, there are also contact points set up with external lawyers and with the Audit and Supervisory Committee, improving the effectiveness of the system by creating an environment in which it is easier to disclose information. In addition, in order to enhance the effectiveness of the Group’s whistleblowing system, we are reorganizing the system and strengthening its operation.
 - 2) System for the preservation and management of information relating to the execution of duties by Directors
 - * The Company has preserved and managed information by prescribing matters relating to management and preservation period of documents in the document management rules.
 - * The company has been properly managing information regarding the execution of duties of Directors. This has involved specifying the preservation period under the document management rules and indicating the degree of confidentiality under the Confidentiality Management Regulations.
 - * The Company has been promoting appropriate management of business-related information by periodically reviewing rules concerning management and confidentiality of internal documents.
 - 3) Rules concerning loss risk management and other systems
 - * The Company has appointed a risk management officer who promotes initiatives concerning risk management. It has established a BCP Committee where it has deliberated business continuity risks and its countermeasures and developed the Business Continuity Plan (BCP).
 - * The Company has continuously conducted BCP drills for a large-scale earthquake with an assumption of the maximum risk.
 - * In accordance with the Crisis Management Regulations, the operational and business continuity risks are evaluated at the head office and Group companies, risks are identified and analyzed by the Group, and the Group’s risk management is discussed at the Sustainability Strategy Committee, which is attended by Directors.
 - 4) Systems to ensure efficiency of execution of duties by Directors
 - * The Board of Directors have allocated duties of Directors and appointed executive officers, efficiently operating the duties. In addition, the management strategy and medium- to long-term management plans for the Group as a whole are actively deliberated with the aim of enhancing corporate value.
 - * As a company with an Audit and Supervisory Committee, the Company has delegated parts of the executions of important operations resolved at the Board of Directors Meeting to management meetings in accordance with the provisions of the Articles of Incorporation, making efficient and flexible management decisions.
 - * Execution of operations is performed with flexibility under the clear accountability of the executive officers.
 - * In order to share these policies with all Group companies and to achieve the aims of the business plan, in addition to holding Corporate Strategy Committee to discuss issues and so on, the Company seeks to optimize the execution of duties and to improve efficiency for the Group as a

- whole, primarily through broadening the global platform, by means of redesigning the core systems.
- 5) Systems to ensure the adequacy of the business of the Company and the corporate group constituted by the parent company and subsidiaries
 - * The Board of Directors has set out the basic policy relating to the establishment of the internal control system and is supervising the establishment and the operational status of the system of the Group.
 - * The Company has formulated the “Regulations on Control of Affiliate Companies,” which stipulates matters to be reported from companies of the Group to the Head Office, and is managing companies of the Group.
 - * The Company is working to ensure that the shared rules (global policies) drawn up to contribute to the efficient management, and the unified administration of the Group as a whole, take root.
 - * Each companies of the Group periodically conduct self-assessment regarding laws and regulations complied and risks considered in business operations by using checklists. Based on the assessment results, the Internal Control Committee has deliberated issues which need to be taken as a Group.
 - * The Internal Audit Office belonging to the internal audit section of the Company periodically audits each section of the Company and companies of the Group.
 - 6) Matters concerning a Director and employee who is to assist the duties of the Audit and Supervisory Committee and matters concerning the independence of such Director and employee from other Directors (excluding Directors serving as Audit and Supervisory Committee Members (hereinafter, the “Audit and Supervisory Committee Members”))
 - * The Internal Audit Office independent from the business execution section assists the Audit and Supervisory Committee, thereby fortifying the auditing function. As the Internal Audit Office is an office independent from other business execution sections, when assisting the duties of the Audit and Supervisory Committee, the Internal Audit Office follows the instructions of the Audit and Supervisory Committee.
 - 7) System of reporting from Directors (excluding Audit and Supervisory Committee Members) and employees to the Audit and Supervisory Committee, and other systems reporting to the Audit and Supervisory Committee
 - * The internal audit section, internal control section and other business sections periodically report to the Audit and Supervisory Committee so that the Committee may obtain information necessary for auditing.
 - 8) Other systems to ensure that auditing by the Audit and Supervisory Committee is conducted effectively
 - * In addition to the periodical audits conducted by the Audit and Supervisory Committee, the Company has developed an environment to enhance the efficacy of audits by working to understand the status surrounding the Company, as well as collaborating with the Internal Audit Office and providing opportunities for the Audit and Supervisory Committee Members to share information among them.
 - * The Audit and Supervisory Committee Members have attended management meetings and other important meetings, thus understanding the status of the operational execution. Furthermore, the Audit and Supervisory Committee Members have actively stated their opinions at the Board of Directors Meetings from the standpoint of audit and supervision, thereby strengthening the supervisory function.
 - * The Audit and Supervisory Committee Members have conducted audit by collaborating with the Internal Audit Office and being present in audits conducted by the Office.

Consolidated Balance Sheet

(As of March 31, 2024)

(Unit: million yen)

| Account title | Amount | Account title | Amount |
|--|----------------|--|----------------|
| Assets | 290,339 | Liabilities | 164,947 |
| Current assets | 141,808 | Current liabilities | 107,025 |
| Cash and bank deposits | 26,698 | Notes and accounts payable – trade | 24,309 |
| Notes and accounts receivable – trade | 49,428 | Short-term loans payable | 49,587 |
| Merchandise and finished goods | 13,039 | Current portion of long-term loans payable | 8,154 |
| Work in process | 10,804 | Current portion of bonds | 4,525 |
| Raw materials and supplies | 31,587 | Accounts payable – other | 9,746 |
| Others | 10,766 | Income taxes payable | 1,435 |
| Allowance for doubtful accounts | △516 | Provision for bonuses | 2,759 |
| Non-current assets | 148,530 | Provision for directors' bonuses | 27 |
| Property, plant and equipment | 116,056 | Provision for product warranties | 74 |
| Buildings and structures | 27,430 | Allowance for loss on guarantees | 200 |
| Machinery, equipment and vehicles | 65,709 | Allowance for loss on litigation | 315 |
| Tools, furniture and fixtures | 4,381 | Others | 6,159 |
| Land | 9,730 | Non-current liabilities | 57,921 |
| Construction in progress | 8,804 | Long-term loans payable | 41,625 |
| Intangible assets | 4,239 | Deferred tax liabilities | 6,257 |
| Goodwill | 674 | Liabilities on employees' retirement benefits | 7,780 |
| Customer relationship assets | 2,047 | Others | 2,258 |
| Software | 888 | Net assets | 125,391 |
| Software in progress | 12 | Shareholders' equity | 94,243 |
| Others | 615 | Capital stock | 5,602 |
| Investments and other assets | 28,234 | Retained earnings | 88,650 |
| Investment securities | 16,574 | Treasury shares | △8 |
| Investments in capital | 1,758 | Accumulated other comprehensive income | 21,532 |
| Long-term loans receivable | 524 | Valuation difference on available-for-sale securities | 5,608 |
| Assets on employees' retirement benefits | 557 | Foreign currency translation adjustment | 15,616 |
| Deferred tax assets | 3,996 | Remeasurements of defined benefit plan | 307 |
| Others | 4,955 | Non-controlling interests | 9,615 |
| Allowance for doubtful accounts | △133 | | |
| Total assets | 290,339 | Total liabilities and net assets | 290,339 |

Note: Figures are presented with amounts less than one million yen truncated.

Consolidated Statement of Income
(April 1, 2023 - March 31, 2024)

(Unit: million yen)

| Account title | Amount |
|---|----------------|
| Net sales | 349,917 |
| Cost of sales | 299,204 |
| Gross profit | 50,713 |
| Selling, general and administrative expenses | 32,339 |
| Operating income | 18,374 |
| Non-operating income | 1,507 |
| Interest income | 464 |
| Dividend income | 400 |
| Gain on valuation of investment securities | 0 |
| Foreign exchange gains | 49 |
| Subsidy income | 53 |
| Compensation received | 81 |
| Others | 456 |
| Non-operating expenses | 4,321 |
| Interest expenses | 2,808 |
| Loss on valuation of investment securities | 92 |
| Share of loss of entities accounted for using equity method | 394 |
| Provision for allowance for doubtful accounts | 391 |
| Others | 634 |
| Ordinary income | 15,560 |
| Extraordinary income | 1,171 |
| Gain on sales of non-current assets | 99 |
| Gain on sales of investment securities | 362 |
| insurance income | 297 |
| Gain on reversal of impairment loss | 412 |
| Extraordinary losses | 3,018 |
| Loss on sales of non-current assets | 27 |
| Loss on retirement of non-current assets | 60 |
| Impairment loss | 647 |
| Loss on sales of investment securities | 115 |
| Loss on valuation of investment securities | 1,851 |
| Provision for loss on litigation | 315 |
| Profit before income taxes | 13,714 |
| Income taxes – current | 5,705 |
| Income taxes – deferred | △303 |
| Profit | 8,311 |
| Profit attributable to non-controlling interests | 390 |
| Profit attributable to owners of parent | 7,921 |

Note: Figures are presented with amounts less than one million yen truncated.

Consolidated Statement of Changes in Net Assets

(April 1, 2023 - March 31, 2024)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at April 1, 2023 | 5,458 | 3,158 | 86,897 | △8 | 95,505 |
| Changes of items during period | | | | | |
| Share issuance | 143 | 143 | | | 287 |
| Dividends of surplus | | | △1,633 | | △1,663 |
| Profit attributable to owners of parent | | | 7,921 | | 7,921 |
| Purchase of shares of consolidated subsidiaries | | △7,836 | | | △7,836 |
| Transfer from retained earnings to capital surplus | | 4,534 | △4,534 | | - |
| Net changes of items other than shareholders' equity | | | | | - |
| Total changes of items during period | 143 | △3,158 | 1,753 | - | △1,261 |
| Balance at March 31, 2024 | 5,602 | - | 88,650 | △8 | 94,243 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|--|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plan | Total accumulated other comprehensive income | | |
| Balance at April 1, 2023 | 2,945 | 0 | 3,979 | 304 | 7,230 | 11,697 | 114,432 |
| Changes of items during period | | | | | | | |
| Share issuance | | | | | | | 287 |
| Dividends of surplus | | | | | | | △1,633 |
| Profit attributable to owners of parent | | | | | | | 7,921 |
| Purchase of shares of consolidated subsidiaries | | | | | | | △7,836 |
| Transfer from retained earnings to capital surplus | | | | | | | - |
| Net changes of items other than shareholders' equity | 2,663 | △0 | 11,636 | 3 | 14,302 | △2,081 | 12,220 |
| Total changes of items during period | 2,663 | △0 | 11,636 | 3 | 14,302 | △2,081 | 10,959 |
| Balance at March 31, 2024 | 5,608 | - | 15,616 | 307 | 21,532 | 9,615 | 125,391 |

Note: Figures are presented with amounts less than one million yen truncated.

Notes to Consolidated Financial Statements

1. Notes relating to the assumptions of the going concern
No items to report
2. Significant matters that serve as the basis for the preparation of consolidated financial statements
 - (1) Matters relating to the scope of consolidation
 - 1) Status of consolidated subsidiaries
 - i) Number of consolidated subsidiaries:
35
 - ii) Names of consolidated subsidiaries:
Kyushu Musashi Seimitsu Co., Ltd.
Musashi Casting Co., Ltd..
Musashi Energy Solutions Co., Ltd.
Musashi Auto Parts Michigan Inc.
Musashi Auto Parts Canada Inc.
Musashi Auto Parts Mexico, S.A. de C.V.
Musashi do Brasil Ltda.
Musashi da Amazonia Ltda.
Musashi Auto Parts Co., Ltd.
P.T. Musashi Auto Parts Indonesia
Musashi Auto Parts India Pvt. Ltd.
Musashi Auto Parts Vietnam Co., Ltd.
Musashi Auto Parts (Zhongshan) Co., Ltd.
Musashi Auto Parts (Nantong) Co., Ltd.
Musashi Seimitsu Investment (Zhongshan) Co., Ltd.
Musashi Auto Parts (Tianjin) Co., Ltd
Musashi Bockenau GmbH & Co.KG
Musashi Bad Sobernheim GmbH & Co.KG
Musashi Luechow GmbH
Musashi Hann. Muenden Holding GmbH
Musashi Hungary Fuzesabony Kft.
Musashi Spain Villalba S.L.
Musashi Holdings Europe GmbH
Musashi Hungary Manufacturing, Ltd.
Musashi AI Ltd.,
Musashi AI North America Inc.
 - 2) Status of non-consolidated subsidiaries:
 - i) Names of principal non-consolidated subsidiaries:
Musashi Auto Parts UK Ltd.
 - ii) Reason for exclusion from the scope of consolidation
Non-consolidated subsidiaries are excluded from the scope of consolidation because their respective total assets, net sales, profit or loss, and retained earnings do not have a material effect on the consolidated financial statements.
 - (2) Matters concerning application of equity method
 - 1) Status of non-consolidated subsidiaries and associates for which the equity method is applied
 - i) Number of non-consolidated subsidiaries and associates for which the equity method is applied: 2

ii) Name of principle subsidiaries, etc.;
Waphyto Inc. 634 AI Ltd

2) Status of non-consolidated subsidiaries and associates for which the equity method is not applied

i) Names of principal companies, etc.:

Musashi Auto Parts UK Ltd.

ii) Reason for not applying equity method

Since non-consolidated subsidiaries and associates for which the equity method is not applied have an immaterial effect based on profit and loss (amount proportional to the ownership), retained earnings (amount proportional to the ownership) and others even if they are not accounted for by the equity method, and they also do not have a material effect on overall operations, they are excluded from the scope of the equity method.

(3) Items relating to the fiscal years, etc. of consolidated subsidiaries

The account closing date of the 7 consolidated subsidiaries of the Company is December 31. These 7 companies carry out settlement by provisional settlement on the consolidated settlement date.

(4) Matters regarding accounting policies

1) Valuation basis and method for significant assets

i) Securities

Available-for-sale securities

* Securities other than shares, etc. without market value

Market value method based on the market price as of the accounts settlement date (the full amount of the valuation difference is charged to net assets using the direct transfer to capital method, with the disposal cost determined by the moving average method)

* Shares without market value

Stated at cost using the moving average method

ii) Derivatives

Market value method

iii) Inventories

The Company and consolidated subsidiaries mainly state inventories at cost using the moving average method (figures on the balance sheet are adjusted by writing down the book value where the profitability declines), however, some overseas consolidated subsidiaries use the lower of cost or market method by the first-in first-out method or weighted average method.

2) Depreciation methods for material depreciable assets

i) Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method. Please note that the main useful lives are as follows.

Buildings and structures 20 to 50 years

Machinery, equipment
and vehicles 5 to 20 years

ii) Intangible assets (excluding leased assets)

The straight-line method is applied. However, for software for internal use, the straight-line method is applied based on the expected usable period within the Group (mainly 5 years).

Furthermore, straight-line method is applied for customer relationship assets based on the expected

usable period (5 to 11 years).

iii) Leased assets

Leased assets related to ownership transfer finance lease transactions

We use the same depreciation method applied to our own non-current assets.

Leased assets in non-ownership-transfer finance lease transactions

Depreciation is calculated on the straight-line method over the lease term as the useful life with no residual value.

iv) Right-of-use assets

For some of our overseas consolidated subsidiaries, we prepare financial statements in accordance with International Financial Reporting Standards, and we applied International Financial Reporting Standards No. 16 “Leases” (hereinafter referred to as “IFRS 16”). According to IFRS 16, all lessees of a lease are required to be recorded as assets and liabilities on the balance sheet. As for the depreciation method of right-of-use assets recorded as assets, we adopted a method of using the period of the lease period or the useful life of the asset, whichever is shorter, with the residual value being calculated as zero.

3) Accounting policy for significant provisions

i) Allowance for doubtful accounts

To provide for losses due to bad debt, the Group reserves an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios and on highly doubtful receivables and other specified debt based on the recoverability from individual receivables.

ii) Provision for bonuses

To provide for the future payment of employee bonuses, the Company and some consolidated subsidiaries report the anticipated amount of bonus payments.

iii) Provision for directors' bonuses

To provide for the future payment of directors' bonuses, the Company and some consolidated subsidiaries report the anticipated amount of bonus payments.

iv) Provision for product warranties

To provide for product warranty expenses, the Group reports the anticipated amount of warranty expenses.

v) Allowance for loss on guarantees

In order to prepare for losses on guarantees, we take into account the financial position, etc. of the guaranteed party on an individual basis and record the estimated amount of loss to be borne. expenses.

vi) Allowance for loss on litigation

In order to prepare for contingent losses that may arise from litigation cases in the future, we have recorded reasonably calculated estimated losses.

4) Accounting policy for revenue and expenses

The Group recognizes revenue based on the following five step approach.

Step 1: Identify contract(s) with customer

Step 2: Identify the performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract(s)

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group primarily manufactures and sells automotive parts. Since the performance obligation is mainly identified as the delivery of the finished product to the customer, and control over the product is transferred to the customer at the time of delivery of the product, it is thus judged that the performance obligation is satisfied. We recognize revenue at the time of the delivery of the product. Consideration for these performance obligations is collected within approximately three months after

the fulfillment of the performance obligations in accordance with separately stipulated payment terms, and does not include material financial elements. Revenue is measured by deducting discounts, etc., from the consideration promised in the contract with the customer.

5) Accounting policy for translating significant assets or liabilities denominated in foreign currencies into Japanese currency

Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss. Please note that assets and liabilities of overseas subsidiaries and others are converted into yen based on the spot exchange rate on the day of consolidated closing date, and revenue and expenses are converted into yen by using the average exchange rate during the fiscal year, while the difference arising from the conversion is shown as foreign currency translation adjustment and non-controlling interests.

6) Hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is used for derivative transactions satisfying hedge accounting requirements. However, appropriation accounting is applied to forward foreign exchange contracts and currency swap transactions that satisfy requirements for appropriation accounting, and special treatment is applied to the interest-rate swap transactions that meet the requirements for special treatment.

ii) Hedging instruments and hedged items

| | |
|---------------------|---|
| Hedging instruments | Forward foreign exchange contracts, currency swap transactions, and interest-rate swap transactions |
| Hedged items | Foreign currency denominated borrowings and foreign currency denominated trade receivables and payables |

iii) Hedging policy

To avoid foreign exchange fluctuation risk for receivables and payables denominated in foreign currencies, the Group uses forward foreign exchange contracts and currency swap transactions. To avoid interest-rate fluctuation risk for borrowings, the Group uses interest-rate swap transactions. It is our policy that these derivative transactions are carried out in accordance with its internal rules which stipulate authorization and limitation amount of transactions, and used to avoid foreign currency exchange and interest-rate fluctuation risks, and no speculative transactions are allowed.

iv) Hedge effectiveness evaluation method

The effectiveness of hedges is evaluated by comparing the cumulative cash flow fluctuations of hedged items or market fluctuations with cumulative cash flow fluctuations of the hedging method or market fluctuations based on the changes of both.

Please note that this assessment is omitted for interest-rate swaps subject to special treatment.

7) Other significant matters that serve as the basis for the preparation of consolidated financial statements

i) Accounting treatment for retirement benefits

A. The attribution of benefits to periods of service

For the calculation of projected benefit obligation, the Group adopts the plan's benefit formula for the attribution of benefits to the end the fiscal year under review.

B. Accounting method of actuarial gains and losses and past service costs

Past service costs are amortized using the straight-line method over a certain period (mainly, 14 years), which is within the average remaining service period of the employees, when they are recognized.

Actuarial gains and losses will be amortized over a certain period (mainly, 14 years), which is within the average remaining service period of the employees, using the straight-line method, from the following fiscal year when the actuarial gains and losses is recognized.

ii) Method and period for amortization of goodwill

Straight-line method is applied for a period of 5 to 15 years.

iii) Application of the Group Totalization System

The Company and certain consolidated subsidiaries apply the group totalization system.

3. Notes relating to accounting estimates

Reasonable amounts for the accounting estimates have been calculated based on information available when preparing the consolidated financial statements. Accordingly, within the amounts based on accounting estimates and recorded in the consolidated financial statements for the fiscal year under review, the following items pose risk of significantly affecting the consolidated financial statements for the subsequent fiscal year.

(1) Impairment of non-current assets

1) Amounts ascribed to Musashi Auto Parts (Tianjin) Co., Ltd non-current assets recorded in the consolidated financial statements for the fiscal year under review

| | Fiscal year ended March 31, 2024 (million yen) |
|-------------------------------|--|
| Property, plant and equipment | 5,751 |
| Intangible assets. | 139 |

2) Information that contributes to understanding on the content of accounting estimates

i) Calculation method

The Company performs impairment testing with respect to non-current assets of its overseas subsidiaries when an asset group in its possession shows signs of impairment upon having evaluated whether or not there is an indication of impairment based on the International Financial Reporting Standards with respect to any such non-current asset. The Company reduces the book value to the recoverable amount upon consequently determining the necessity of recognizing an impairment loss after performing impairment testing, and accordingly recognizes that amount of decrease as an impairment loss. The recoverable amount is calculated as the value in use of property, plant and equipment, which is the discounted present value of future cash flows during the expected period of the estimated remaining life of use.

In the fiscal year under review, we identified signs of impairment loss on the non-current assets of Musashi Auto Parts (Tianjin) Co., Ltd, due to a decline in operating income/loss resulting from an increase in the price of goods purchased from overseas and the cost of responding to an increase in equipment load, but we did not recognize an impairment loss because the value in use of the asset group exceeded its book value.

ii) Major assumptions

Future cash flows, which are used to calculate the value in use, are calculated based on future business plans. The future business plans factor in net sales as a major assumption. In addition, in estimating the discount rate used to measure the value in use, to select the calculation method and input data, a high level of expertise in evaluation is required.

iii) Effects on consolidated financial statements for the next fiscal year

If there is a change in the conditions on which the estimate was based or in the assumptions used due to a significant change in the business environment in the following fiscal year, an impairment loss may be recognized.

(2) Valuation of shares without market value

1) Amounts ascribed to shares that do not have a market value recorded in the consolidated financial statements for the fiscal year under review

Investment securities: 5,505 million yen

2) Information that contributes to understanding the content of accounting estimates

i) Calculation method

The Company records shares that do not have a market value at their acquisition cost on the balance sheet, and reviews the possibility of recognizing impairment if such shares become subject to significant decrease in actual value. The Company invests in start-up companies, and may acquire shares at a price considerably higher than the net assets per share of the investee companies, reflecting

the excess earnings power, etc. of the investee companies.

If the substantive value, which reflects the excess earnings power, etc., has declined significantly, an impairment loss will be recognized.

ii) Major assumptions

The future business plans of the investees factor in the main assumptions of future net sales and progress in research and development, which are used to calculate the substantive value of shares without market prices.

iii) Effects on consolidated financial statements for the next fiscal year

The Company may recognize impairment loss with respect to shares that do not have a market value under scenarios where the actual value has decreased significantly amid situations where sales results and R&D outcomes of the investee lag behind plans prevailing at the time investment was made.

4. Notes to the consolidated balance sheet

(1) Amount of accumulated depreciation for property, plant and equipment

286,746 million yen

Accumulated depreciation includes accumulated impairment loss.

5. Notes to the Consolidated Statement of Income

The gain on reversal of impairment loss is based on IFRS in relation to machinery and equipment recorded at an overseas consolidated subsidiary.

6. Notes to the consolidated statement of changes in net assets

(1) Matters concerning total number of issued shares

(thousand shares)

| Types of shares | April 1, 2023 | Increase | Decrease | March 31, 2024 |
|-----------------|---------------|----------|----------|----------------|
| Common shares | 65,333 | 184 | – | 65,517 |

Note: The breakdown of the increase in the number of common shares is as follows:

- Increase due to the insurance of new shares as share-based remuneration with transfer restrictions: 35 thousand shares
- Increase due to issuance of new shares as a restricted stock incentive: 149 thousand shares

(2) Matters concerning number of treasury shares

(shares)

| Types of shares | April 1, 2023 | Increase | Decrease | March 31, 2024 |
|-----------------|---------------|----------|----------|----------------|
| Common shares | 30,955 | 85 | – | 31,040 |

Note: The breakdown of the increase in the number of common shares is as follows:

- Increase due to expiration of restricted stock incentive: 85 shares

(3) Matters concerning dividends of surplus

1) Paid amount of dividends

i) Matters concerning dividends resolved at the 96th Annual Meeting of Shareholders held on June 23, 2023

| | |
|-----------------------|-----------------|
| * Total dividends | 653 million yen |
| * Dividends per share | 10 yen |
| * Record date | March 31, 2023 |
| * Effective date | June 26, 2023 |

ii) Matters concerning dividends resolved at the Board of Directors Meeting held on November 8, 2023

| | |
|-----------------------|-----------------|
| * Total dividends | 980 million yen |
| * Dividends per share | 15 yen |

* Record date September 30, 2023
 * Effective date November 30, 2023

2) Of the dividends whose record date belongs to the fiscal year under review, dividends whose effective date falls in the next fiscal year

The following shall be presented at the 97th Annual Meeting of Shareholders to be held on June 27, 2024

* Total dividends 1,637 million yen
 * Dividends per share 25 yen
 * Record date March 31, 2024
 * Effective date June 28, 2024
 * Source of dividends Retained earnings

7. Notes concerning financial instruments

(1) Matters concerning the conditions of financial instruments

The Group procures necessary capital through loans from banks and other financial institutions and through bond issuances. Temporary surplus funds are managed only as short-term deposits. Credit risk of customers in terms of notes and accounts receivable – trade are mitigated according to the Sales Management Rules. Investment securities are mainly shares, and we quarterly monitor the market prices of listed stock.

Borrowings are used as working capital and capital investment funds. Forward foreign exchange contracts and currency swap contracts are used against the exchange fluctuation risk for foreign-denominated borrowings, and interest rate swap contracts are used against interest rate fluctuation risk. Please note that derivative transactions are conducted only in the scope of actual demand according to internal rules.

(2) Matters concerning fair values, etc. of financial instruments

Amounts on the consolidated balance sheet, fair values and their differences at March 31, 2024 are as follows.

| (Unit: million yen) | | | |
|-----------------------------------|-----------------------------------|------------|------------|
| | Consolidated balance sheet amount | Fair value | Difference |
| (1) Investment securities(*2) | 11,069 | 11,069 | - |
| Total assets | 11,069 | 11,069 | - |
| (2) Long-term loans payable (*4) | 49,780 | 49,804 | 24 |
| Total liabilities | 49,780 | 49,804 | 24 |
| (10) Derivative transactions (*5) | 1,302 | 1,302 | — |

(*1) Notes have been omitted for “cash and bank deposits,” “notes and accounts receivable – trade,” “notes and accounts payable – trade,” “short-term loans payable,” “accounts payable – other,” “accrued expenses,” and “income taxes payable,” because the fair values approach the book values given their short-term settlement.

(*2) Shares that do not have a market value, etc. are not included in “(1) Investment securities.” Book values of the financial instruments on the consolidated balance sheet are as follows.

| Category | Fiscal year ended March 31, 2024 (million yen) |
|----------------------------------|--|
| Unlisted equity securities, etc. | 5,505 |

(*3) Among investments in capital recorded on the consolidated balance sheet at the end of the fiscal year under review, investments in partnerships, etc., in which an amount equivalent to equity is recorded as a net amount, are not subject to market value disclosure in accordance with the treatment stipulated in paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). In addition, the total amount recorded on the consolidated balance sheet of the relevant financial instruments as of the end of the fiscal year under review was 1,688 million yen.

(*4) Includes current portion of long-term loans.

(*5) Net claims and obligations derived from derivative transactions are indicated in net amounts.

(3) Matters regarding the breakdown of financial instruments by each fair value level

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and materiality of the inputs used in the fair value measurement.

Level 1 fair value: Fair value is calculated using the market price of the asset or liability that forms in an active market and is subject to such fair value measurement, among those observable inputs subject to fair value measurement

Level 2 fair value: Fair value is calculated using inputs subject to fair value measurement other than Level 1 inputs, among those observable inputs subject to fair value measurement

Level 3 fair value: Fair value is categorized at the level with the lowest priority in the fair value measurement among the levels to which the respective inputs belong, in cases that involve using multiple inputs that have a material effect on the fair value measurement calculated using unobservable inputs subject to fair value measurement

(4) Financial instruments recorded in the consolidated balance sheet at fair value

| Category | Fair value (million yen) | | | |
|------------------------------------|--------------------------|--------|--------|--------|
| | Level1 | Level2 | Level3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Shares | 9,090 | | | 9,090 |
| Convertible bonds | | | 1,979 | 1,979 |
| Derivative transactions | | | | |
| Interest rate and currency-related | | 1,302 | | 1,302 |
| Total assets | 9,090 | 1,302 | 1,979 | 12,371 |

(5) Financial instruments other than financial instruments recorded in the consolidated balance sheet at fair value

| Category | Fair value (million yen) | | | |
|-------------------------|--------------------------|--------|--------|--------|
| | Level1 | Level2 | Level3 | Total |
| Long-term loans payable | | 49,804 | | 49,804 |
| Total liabilities | | 49,804 | | 49,804 |

Note: Explanation of the valuation methods and inputs used in fair value measurement

Investment securities

Listed shares are valued using market price. Listed shares are categorized as Level 1 fair value because they are traded on active markets.

Convertible bonds with stock acquisition rights are calculated using valuation techniques such as the discounted cash flow method, and are classified as the Level 3 fair value.

Derivative transactions

Derivative transactions are categorized as Level 2 fair value, calculated based on factors that include quoted price obtained from financial institutions because they involve over-the-counter transactions and are subject to availability of published market prices.

Long-term loans payable

Long-term loans payable is categorized as Level 2 fair value, the fair value of which is calculated at the present value equal to the total of capital and interests discounted by an interest rate reflecting the remaining terms adjusted for credit risk.

Please note that, for loans requiring interest rate renewals at certain periods, their fair value is roughly equal to book value, and therefore they are determined by the relevant book value.

Note 2: The note has been omitted due to the lack of significance of the information on the Level 3 fair value of the financial assets and liabilities, which are recorded on the consolidated balance sheet at the fair value.

8. Notes concerning revenue recognition

(1) Information on disaggregation of revenue arising from contracts with customers

(Unit: million yen)

| | Japan | America | Asia | China | Europe | Total |
|---|--------|---------|--------|--------|--------|---------|
| Honda Motor Co., Ltd. and its subsidiaries and associates | 23,609 | 79,016 | 53,944 | 15,090 | - | 171,661 |
| Global Customer | 18,744 | 22,536 | 22,138 | 18,782 | 96,054 | 178,255 |
| Revenue from contracts with customers | 42,354 | 101,552 | 76,082 | 33,873 | 96,054 | 349,917 |
| Other revenues | - | - | - | - | - | - |
| Net sales to external customers | 42,354 | 101,552 | 76,082 | 33,873 | 96,054 | 349,917 |

(2) Basic information for understanding revenue

Basic information for understanding revenue is stated in “2. Significant matters that serve as the basis for the preparation of consolidated financial statements, (4) Matters regarding accounting policies, 4) Accounting policy for revenue and expenses.”

(3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the fiscal year under review in the following fiscal year and thereafter

1) Balance of contract assets and contract liabilities, etc.

No items to report.

2) Transaction price allocated to remaining performance obligations

Since the Group does not have any significant transactions with an expected contract period of more than one year on an individual basis, we omit the description of information on remaining performance obligations.

Please note that there is no significant amount of consideration arising from a contract with a customer that is not included in the transaction price.

9. Per share information

(1) Net assets per share: 1,767.95yen

(2) Earnings per share: 121.24yen

10. Notes concerning business combinations

(Transfer of business)

Transfer through the sale of trust beneficiary rights

(1) Outline of the business combination

With an effective date of June 30, 2023, the Company has acquired the unmanned guided vehicle business from NIDEC DRIVE TECHNOLOGY CORPORATION through the sale of trust beneficiary rights for the purpose of expanding and enhancing the Group’s self-driving vehicle business.

(2) Period of earnings results of the acquired businesses included in consolidated financial statements

From July 1, 2023 to March 31, 2024

(3) Matters related to the calculation of acquisition costs, etc.

The acquisition cost of the acquired business was 1,148 million yen, and all consideration was in cash.

(4) Details and amounts of major acquisition-related expenses

The information is omitted because the amount is not material.

(5) Matters related to the allocation of acquisition costs

1) Amount of goodwill recognized: 793 million yen

2) Method and period for amortization

Amortization will be recorded evenly over the period during which the effects of excess earnings power are recognized. The amortization period is 5 years.

(6) The amount of assets received and liabilities assumed on the date of the business transfer and the main breakdown thereof

Current assets: 148 million yen

Non-current assets: 71 million yen

Total assets: 220 million yen

Current liabilities: - million yen

Non-current liabilities: - million yen

Total liabilities: - million yen

(7) Amount allocated to intangible assets other than goodwill, breakdown by type, and amortization period

Technology-related assets: 134 million yen, 5-year straight-line amortization

(Transactions under common control, etc.)

Acquisition of additional shares of a subsidiary

1. Outline of the transaction

(1) Name of the integrated company and the details of its business

Name of the integrated company: Musashi Holdings Europe GmbH

Description of business: Holding the shares of a subsidiary engaged in the manufacture and sale of automotive parts, etc. in the European region

(2) Date of business combination

March 28, 2024

(3) Legal form of business combination

Acquisition of shares of a subsidiary from non-controlling shareholders without a change in the scope of consolidation

(4) Name of the company after combination

No change.

(5) Other matters related to the outline of the transaction

The voting rights ratio of the additionally acquired shares is 19.99%. The additional acquisition was made by making Musashi Holdings Europe GmbH a wholly owned subsidiary, thereby aiming to maximize the value of the Group based on its existing businesses and collaboration with the Group.

2. Summary of accounting procedures implemented

In accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the business combination is treated as a transaction with non-controlling shareholders among transactions under common control.

3. Matters concerning the acquisition of additional shares of a subsidiary

Acquisition consideration: Cash EUR 63.6 million

Acquisition cost: EUR 63.6 million

Acquisition cost and breakdown of each type of consideration

4. Matters related to changes in the Company’s equity in transactions with non-controlling shareholders

(1) Major factors of fluctuations in capital surplus

Acquisition of additional shares of a subsidiary

(2) Amount of capital surplus reduced by transactions with non-controlling shareholders

7,836 million yen

11. Notes concerning significant subsequent events

No items to report.

Non-consolidated Balance Sheet

(As of March 31, 2024)

(Unit: million yen)

| Account title | Amount | Account title | Amount |
|---|----------------|--|----------------|
| Assets | 143,449 | Liabilities | 91,895 |
| Current assets | 25,233 | Current liabilities | 49,134 |
| Cash and bank deposits | 566 | Electronically recorded obligations – operating | 3,228 |
| Accounts receivable – trade | 12,516 | Accounts payable – trade | 4,917 |
| Finished goods | 1,960 | Short-term loans payable | 16,797 |
| Work in process | 1,542 | Current portion of long-term loans payable | 18,285 |
| Raw materials and supplies | 990 | Lease obligations | 31 |
| Short-term loans receivable | 7,488 | Accounts payable – other | 474 |
| Current portion of long-term loans receivable | 4 | Accrued expenses | 2,802 |
| Prepaid expenses | 256 | Income taxes payable | 354 |
| Accounts receivable – other | 1,311 | Deposits received | 447 |
| Others | 1,053 | Provision for bonuses | 1,050 |
| Allowance for doubtful accounts | △2,458 | Provision for directors' bonuses | 27 |
| Non-current assets | 118,216 | Provision for product warranties | 13 |
| Property, plant and equipment | 9,439 | Allowance for loss on guarantees | 200 |
| Buildings | 2,270 | Notes payable – facilities | 365 |
| Structures | 137 | Others | 139 |
| Machinery and equipment | 4,045 | Non-current liabilities | 42,761 |
| Vehicles | 47 | Long-term loans payable | 41,050 |
| Tools, furniture and fixtures | 420 | Lease obligations | 48 |
| Land | 2,491 | Deferred tax liabilities | 1,528 |
| Construction in progress | 27 | Long-term accounts payable – other | 71 |
| Intangible assets | 1,133 | Asset retirement obligations | 63 |
| Goodwill | 647 | Net assets | 51,554 |
| Technology-related assets | 114 | Shareholders' equity | 46,234 |
| Software | 321 | Capital stock | 5,602 |
| Software in progress | 12 | Capital surplus | 5,343 |
| Others | 11 | Legal capital surplus | 5,343 |
| Investments and other assets | 107,642 | Retained earnings | 35,298 |
| Investment securities | 6,923 | Legal retained earnings | 306 |
| Shares of subsidiaries and associates | 68,048 | Other retained earnings | 34,991 |
| Investments in capital | 1,699 | General reserve | 23,500 |
| Long-term loans receivable from subsidiaries and associates | 13,855 | Retained earnings brought forward | 11,491 |
| Investments in capital of subsidiaries and associates | 19,237 | Treasury shares | △8 |
| Long-term prepaid expenses | 139 | Valuation and translation adjustments | 5,319 |
| Others | 109 | Valuation difference on available-for-sale securities | 5,319 |
| Allowance for doubtful accounts | △2,371 | | |
| Total assets | 143,449 | Total liabilities and net assets | 143,449 |

Note: Figures are presented with amounts less than one million yen truncated.

Non-consolidated Statement of Income
(April 1, 2023 - March 31, 2024)

(Unit: million yen)

| Account title | Amount |
|--|---------------|
| Net sales | 59,779 |
| Cost of sales | 44,654 |
| Gross profit | 15,125 |
| Selling, general and administrative expenses | 9,467 |
| Operating income | 5,657 |
| Non-operating income | 8,715 |
| Interest income | 462 |
| Dividend income | 6,577 |
| Foreign exchange gains | 790 |
| Others | 885 |
| Non-operating expenses | 2,549 |
| Interest expenses | 583 |
| Loss on valuation of investment securities | 196 |
| Provision for doubtful accounts | 1,427 |
| Taxes and dues | 326 |
| Others | 15 |
| Ordinary income | 11,823 |
| Extraordinary income | 362 |
| Gain on sales of investment securities | 362 |
| Extraordinary loss | 1,973 |
| Loss on retirement of non-current assets | 6 |
| Loss on valuation of investment securities | 1,851 |
| Loss on sales of investment securities | 115 |
| Profit before income taxes | 10,212 |
| Income taxes – current | 1,774 |
| Income taxes – deferred | 74 |
| Profit | 8,363 |

Note: Figures are presented with amounts less than one million yen truncated.

Non-consolidated Statement of Changes in Net Assets
(April 1, 2023 - March 31, 2024)

(Unit: million yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Legal retained earnings | Other retained earnings | | Total retained earnings | | |
| | | | | General reserve | Retained earnings brought forward | | | |
| Balance at April 1, 2023 | 5,458 | 5,168 | 306 | 23,500 | 4,761 | 28,567 | △8 | 39,217 |
| Changes of items during period | | | | | | | | - |
| Share issuance | 143 | 143 | | | | | | 287 |
| Dividends of surplus | | | | | △1,633 | △1,633 | | △1,633 |
| Profit | | | | | 8,363 | 8,363 | | 8,363 |
| Purchase of treasury shares | | | | | | | | - |
| Net changes of items other than shareholders' equity | | | | | | | | - |
| Total changes of items during period | 143 | 143 | - | - | 6,730 | 6,730 | | 7,017 |
| Balance at March 31, 2024 | 5,602 | 5,343 | 306 | 23,500 | 11,491 | 35,298 | △8 | 46,234 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at April 1, 2023 | 2,812 | 2,812 | 42,029 |
| Changes of items during period | | | - |
| Share issuance | | | 287 |
| Dividends of surplus | | | △1633 |
| Profit | | | 8,363 |
| Purchase of treasury shares | | | - |
| Net changes of items other than shareholders' equity | 2,506 | 2,506 | 2,506 |
| Total changes of items during period | 2,506 | 2,506 | 9,524 |
| Balance at March 31, 2024 | 5,319 | 5,319 | 51,554 |

Note: Figures are presented with amounts less than one million yen truncated.

Notes to Non-consolidated Financial Statements

1. Notes relating to the assumptions of the going concern
No items to report
2. Matters pertaining to significant accounting policies
 - (1) Valuation basis and method for securities
 - 1) Shares of subsidiaries and associates
Stated at cost using the moving average method
 - 2) Available-for-sale securities
 - * Securities with market value
Market value method based on the market price as of the accounts settlement date (the full amount of the valuation difference is charged to net assets using the direct transfer to capital method, with the disposal cost determined by the moving average method)
 - * Securities without market value
Stated at cost using the moving average method
 - (2) Valuation basis and method for derivative transactions
Market value method
 - (3) Valuation basis and method for inventories
 - 1) Finished goods, work in process and raw materials
Cost using the moving average method (figures on the balance sheet are adjusted by writing down the book value where the profitability declines)
However, machinery purchased for sale and in-house manufactured machinery are recorded at cost using the individual method
 - 2) Supplies of metal molds
Stated at cost using the individual method
 - 3) Other supplies
Stated at cost using the final purchase cost method
 - (4) Depreciation method for non-current assets
 - 1) Property, plant and equipment (excluding leased assets)
Straight-line method
Please note that the main useful lives are as follows.

| | |
|-------------------------|----------------|
| Buildings | 31 to 47 years |
| Machinery and equipment | 9 years |
 - 2) Intangible assets (excluding leased assets)
 - i) Software for internal use
The straight-line method is applied based on the expected usable period within the Company (5 years).
 - ii) Other intangible assets
Straight-line method
 - 3) Leased assets
Leased assets in non-ownership-transfer finance lease transactions
Depreciation is calculated on the straight-line method over the lease term as the useful life with no residual value.
 - (5) Accounting policy for provisions
 - 1) Allowance for doubtful accounts
To provide for losses due to bad debt, the Company reserves an estimated bad debt allowance on ordinary receivables based on historical bad debt ratios and on highly doubtful receivables and other specified debt based on the recoverability from individual receivables.
 - 2) Provision for bonuses
To provide for the future payment of employee bonuses, the Company reports the anticipated amount of bonus payments.

- 3) Provision for directors' bonuses
To provide for the future payment of directors' bonuses, the Company reports the anticipated amount of bonus payments.
- 4) Provision for product warranties
To provide for product warranty expenses, the Company reports the anticipated amount of warranty expenses.
- 5) Allowance for loss on guarantees
In order to prepare for losses on guarantees, we take into account the financial position, etc. of the guaranteed party on an individual basis and record the estimated amount of loss to be borne.
- (6) Accounting policy for revenue and expenses
The Group recognizes revenue based on the following five step approach.
Step 1: Identify contract(s) with customer
Step 2: Identify the performance obligations in the contract(s)
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract(s)
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation
The Group primarily manufactures and sells automotive parts. Since the performance obligation is mainly identified as the delivery of the finished product to the customer, and control over the product is transferred to the customer at the time of delivery of the product, it is thus judged that the performance obligation is satisfied. We recognize revenue at the time of the delivery of the product. Consideration for these performance obligations is collected within approximately three months after the fulfillment of the performance obligations in accordance with separately stipulated payment terms, and does not include material financial elements. Revenue is measured by deducting discounts, etc., from the consideration promised in the contract with the customer.
- (7) Accounting policy for translating assets or liabilities denominated in a foreign currencies into Japanese currency
Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate on the closing date and the translation adjustment is treated as a profit or loss.
- (8) Hedge accounting method
- 1) Hedge accounting method
Deferred hedge accounting is used for derivative transactions satisfying hedge accounting requirements. However, appropriation accounting is applied to forward foreign exchange contracts and currency swap transactions that satisfy requirements for appropriation accounting, and special treatment is applied to the interest-rate swap transactions that meet the requirements for special treatment.
- 2) Hedging instruments and hedged items
- | | |
|---------------------|---|
| Hedging instruments | Forward foreign exchange contracts, currency swap transactions and interest-rate swap transactions |
| Hedged items | Foreign currency denominated borrowings and foreign currency denominated trade receivables and payables |
- 3) Hedging policy
To avoid foreign exchange fluctuation risk for receivables and payables denominated in foreign currencies, the Company uses forward foreign exchange contracts and currency swap transactions. To avoid interest-rate fluctuation risk for borrowings, the Company uses interest-rate swap transactions. It is our policy that these derivative transactions are carried out in accordance with its internal rules which stipulate authorization and limitation amount of transactions, and used to avoid foreign currency exchange and interest-rate fluctuation risks, and no speculative transactions are allowed.
- 4) Hedge effectiveness evaluation method
The effectiveness of hedges is evaluated by comparing the cumulative cash flow fluctuations of hedged items or market fluctuations with cumulative cash flow fluctuations of the hedging method or market fluctuations based on the changes of both.

Please note that this assessment is omitted for interest-rate swaps subject to special treatment.

(9) Other significant matters that serve as the basis for the preparation of financial statements

1) Method and period for amortization of goodwill

Straight-line method is applied for a period of 5 years.

3. Notes relating to significant accounting estimates

(1) Valuation of shares without market value

1) Amount recorded in the consolidated financial statements for the fiscal year under review

Investment securities: 4,886 million yen, Shares of subsidiaries and affiliates: 59,643 million yen,

2) Information that contributes to understanding on the content of accounting estimates

The information is the same as the content of “4. Notes relating to accounting estimates, (2) Valuation of shares without market value, 2) Information that contributes to understanding the content of accounting estimates” in the notes to the consolidated financial statements.

4. Notes to the non-consolidated balance sheet

(1) Claims and obligations with respect to subsidiaries and associates

| | |
|------------------------|--------------------|
| Short-term cash credit | 17,980 million yen |
| Long-term cash credit | 13,855 million yen |
| Short-term cash debt | 13,588 million yen |
| Long-term cash debt | 200 million yen |

(2) Amount of accumulated depreciation for property, plant and equipment

42,447 million yen

(3) Contingent liabilities

Guarantee obligations

The following guarantees are made with respect to loans from financial institutions of subsidiaries and associates

(Unit: million yen)

| Company name | Guarantee balance |
|---|-------------------|
| Musashi Europe GmbH | 28,893 |
| Musashi Hungary Manufacturing, Ltd. | 3,240 |
| Musashi Auto Parts Mexico, S.A. de C.V. | 105 |
| Musashi da Amazonia Ltda. | 16 |
| Total | 32,256 |

5. Notes to the non-consolidated statement of income

Transactions with subsidiaries and associates

| | |
|--|--------------------|
| Net sales | 45,740 million yen |
| Purchases | 18,928 million yen |
| Transactions other than operational transactions | 8,070 million yen |

6. Notes to the non-consolidated statement of changes in net assets
Matters concerning number of treasury shares

| | | | | (shares) |
|-----------------|---------------|----------|----------|----------------|
| Types of shares | April 1, 2023 | Increase | Decrease | March 31, 2024 |
| Common shares | 30,955 | 85 | – | 31,040 |

Notes: The breakdown of the increase in the number of common shares is as follows:

- Increase due to expiration of restricted stock incentive: 85 shares

7. Notes concerning tax effect accounting

(1) Breakdown of major causes for the occurrence of deferred tax assets and deferred tax liabilities
(Unit: million yen)

Deferred tax assets

| | |
|--|--------|
| Payable for enterprise tax refund | 76 |
| Provision for bonuses | 315 |
| Provision for directors' bonuses | 8 |
| Accrued social security premiums | 53 |
| Inventories, etc. | 206 |
| Over depreciation | 143 |
| Directors' retirement benefits payable | 21 |
| Allowance for loss on guarantees | 60 |
| Loss on valuation of investment securities | 643 |
| Loss on sales of shares of subsidiaries and associates | 5,981 |
| Allowance for doubtful accounts | 1,452 |
| Shares of subsidiaries acquisition costs | 28 |
| Others | 57 |
| Subtotal deferred tax assets | 9,047 |
| Valuation allowance | △8,187 |
| Total deferred tax assets | 859 |

Deferred tax liabilities

| | |
|---|--------|
| Valuation difference on available-for-sale securities | △2,282 |
| Others | △105 |
| Total deferred tax liabilities | △2,388 |

Net deferred tax assets (liabilities) △1,528

(2) Accounting treatment of corporate and local income taxes and related tax effect accounting

The Company applies the group tax sharing system. Accordingly, the accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

8. Notes concerning transactions with related parties

(1) Parent company and principal corporate shareholder

| Category | Company name | Ownership percentage of voting rights (%) | Relationship | Transaction details | Transaction amounts (million yen) (Note 2) | Account item | Fiscal year-end balance (million yen) (Note 2) |
|-----------------|-----------------------|---|--------------------------------|----------------------------|--|-----------------------------|--|
| Other affiliate | Honda Motor Co., Ltd. | 25.0 | Sale of the Company's products | Sales of products (Note 1) | 22,115 | Accounts receivable – trade | 2,434 |

Conditions of transactions and policy for determining the conditions of transactions

- Notes:
1. Sale prices are determined by drafting estimates taking into consideration market values based on economic rationality and the Company's production technologies, etc. which are submitted for negotiation.
 2. Consumption taxes are excluded from transaction amounts, but included in balances at fiscal year-end.

(2) Subsidiaries

| Category | Company name | Ownership percentage of voting rights (%) | Relationship | Transaction details | Transaction amounts (million yen) | Account item | Fiscal year-end balance (million yen) |
|------------|---|---|---|------------------------------|-----------------------------------|--|---------------------------------------|
| Subsidiary | Kyushu Musashi Seimitsu Co., Ltd. | 100.0 | Product purchasing and Secondment of officers | Product purchasing (Note 1) | 11,336 | Accounts payable – trade | 2,161 |
| Subsidiary | Musashi Energy Solutions Co., Ltd. | 80.0 | Capital lending and secondment of officers | Capital lending | 4,168 | Short-term loans receivable (Note 4) | 4,168 |
| | | | | Capital recovery | 3,178 | | |
| Subsidiary | Musashi Auto Parts Michigan Inc. | 89.5 | Capital lending | Receipt of interest (Note 3) | 17 | - | - |
| | | | | Capital lending | 2,271 | Short-term loans receivable | 2,221 |
| Subsidiary | Musashi Auto Parts Mexico, S.A. de C.V. | 100.0 | Sales of products and Capital lending | Receipt of interest (Note 3) | 142 | | |
| | | | | Capital lending | 3,406 | Long-term loans receivable | 3,406 |
| | | | | Sales of products (Note 1) | 5,977 | Accounts receivable – trade | 2,276 |
| Subsidiary | Musashi Auto Parts Co., Ltd. | 82.3 | Capital borrowing | Capital lending | 6,000 | Current portion of long-term loans payable | 6,000 |
| | | | | Payment of interest (Note3) | 23 | - | - |

| Category | Company name | Ownership percentage of voting rights (%) | Relationship | Transaction details | Transaction amounts (million yen) | Account item | Fiscal year-end balance (million yen) |
|------------|---------------------------------------|---|--|--|-----------------------------------|--|---------------------------------------|
| Subsidiary | P.T. Musashi Auto Parts Indonesia | 80.0 | Capital borrowing | Capital borrowing | 4,385 | Current portion of long-term loans payable | 4,385 |
| | | | | Payment of interest (Note3) | 192 | - | - |
| Subsidiary | Musashi Europe GmbH. | 100.0 | Capital lending Debt guarantees and Secondment of officers | Underwriting of debt guarantees (Note 2) | 28,893 | - | - |
| | | | | Guarantee commissions income (Note 2) | 815 | Accounts receivable – other | 62 |
| | | | | Capital lending (Note 2) | 7,397 | Long-term loans receivable (Note 3) | 7,397 |
| | | | | Receipt of interest (Note 3) | 150 | Accrued interest | 77 |
| Subsidiary | Musashi Hungary Manufacturing , Ltd., | 100.0 | Debt guarantees | Underwriting of debt guarantees (Note 2) | 3,240 | - | - |

Conditions of transactions and policy for determining the conditions of transactions

- Notes:
- Prices and other transaction requirements are determined based on basic agreements with subsidiaries and taking into account market conditions.
 - Debt guarantees are underwritten by each company for loans from financial institution, no guarantee commissions are received. However, guarantee commissions are received from Musashi Europe GmbH.
 - Interest rate in capital lending and borrowing is reasonably determined in consideration of market interest rate.
 - A total of 2,014 million yen of allowance for doubtful accounts was carried forward in the current fiscal year for loans to Musashi Energy Solutions Co.
 - Consumption taxes are excluded from transaction amounts, but included in balances at fiscal year-end.

9. Notes concerning revenue recognition

The information is the same as the content of “8. Notes concerning revenue recognition” in the notes to the consolidated financial statements.

10. Per share information

- Net assets per share: 787.26yen
- Earnings per share: 128.01yen

11. Significant subsequent events

No items to report.

Independent Auditor's Report

May 17, 2024

To the Board of Directors of Musashi Seimitsu Industry Co., Ltd.

KPMG AZSA LLC

Tokyo Office

Hajime Nagata
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Masahiro Morita
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Maki Kawaguchi
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Audit Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of Musashi Seimitsu Industry Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other contents

The other contents included are the Business Report and supplementary statements. Management is responsible for the preparation and presentation of the other contents. In addition, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for establishing a process for the reporting of the other contents, and monitoring the directors' execution of duties in the operations.

We have not included the other contents in the auditor's opinion in respect to the consolidated financial statements, nor will express our opinion in respect to the other contents.

Our responsibility in auditing the consolidated financial statements is to read through the other contents, and examine whether there are any significant discrepancies between the other contents read and the consolidated financial statements or knowledge obtained in the course of carrying out the audit, as well as pay attention to

whether there are any signs of significant errors in the other contents other than such significant discrepancies. If we deem, based on the work carried out, that the other contents contain significant errors, we are required to report such facts.

In relation to the other contents, it is not an item that we must report on.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- * In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.

- * Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.

- * Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- * Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.

- * Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the

direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and Where measures have been taken to remove disincentives or safeguards have been applied to reduce disincentives to an acceptable level.

Conflicts of Interest

We or engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Independent Auditor's Report

May 17, 2024

To the Board of Directors of Musashi Seimitsu Industry Co., Ltd.

KPMG AZSA LLC

Tokyo Office

Hajime Nagata
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Masahiro Morita
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Maki Kawaguchi
Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant

Audit Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to non-consolidated financial statements and the supplementary schedules (hereinafter referred to as "Financial Statements, etc.") of Musashi Seimitsu Industry Co., Ltd. (the "Company") applicable to the Company's 97th fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the Financial Statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations, applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other contents

The other contents included are the Business Report and supplementary statements. Management is responsible for the preparation and presentation of the other contents. In addition, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for establishing a process for the reporting of the other contents, and monitoring the directors' execution of duties in the operations. We have not included the other contents in the auditor's opinion in respect to the consolidated financial statements, nor will express our opinion in respect to the other contents.

Our responsibility in auditing the non-consolidated financial statements is to read through the other contents, and examine whether there are any significant discrepancies between the other contents read and the non-consolidated financial statements or knowledge obtained in the course of carrying out the audit, as well as pay

attention to whether there are any signs of significant errors in the other contents other than such significant discrepancies.

If we deem, based on the work carried out, that the other contents contain significant errors, we are required to report such facts.

In relation to the other contents, it is not an item that we must report on.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, etc. with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the Financial Statements, etc. is not expressing an opinion on the effectiveness of the Group's internal control.

* Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.

Conclude on the appropriateness of management's use of the going concern basis for preparing the Financial Statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

* Evaluate whether the presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly represent the underlying transactions and accounting events.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and Where measures have been taken to remove disincentives or safeguards have been applied to reduce disincentives to an acceptable level.

Conflicts of Interest

We or engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Audit Report

The Audit and Supervisory Committee has conducted audit on the performance of duties of the Directors during the 97th fiscal year from April 1, 2023 to March 31, 2024, and hereby reports the methods and results of audit as follows:

1. Auditing Methods and Contents

The Audit and Supervisory Committee regularly received reports from Directors and employees on the contents of regulation of the Board of Directors relating to the matters set forth in the Article 399-13, paragraph 1, item 1 (b) and (c) of the Companies Act and the status of the establishment and operation of the system (internal control system) established in accordance with the resolution, demanded explanations, as the occasion demanded, and expressed its opinions. The audit was conducted by the following methods.

- 1) In accordance with the Audit and Supervisory Committee's auditing standards, auditing policies, share of assignment, and other matters stipulated by the Audit and Supervisory Committee, we cooperated with the Internal Auditing Department and other departments for internal control; attended important meetings utilizing online meeting tools, etc.; received reports of execution of duties from Directors and employees; demanded explanations, as the occasion demanded; inspected important documents; and investigated the activities and assets of the head office and of other principal places of business.
As for the subsidiaries, we communicated and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of the subsidiaries, and received reports on their business operations as the occasion demanded.
- 2) We monitored and verified whether or not the Financial Auditor had maintained their independent positions and had conducted appropriate audits and received reports on activities of execution of duty from the financial auditor and received explanation as the occasion demanded. Also, we received notice that the "system to assure that duty is executed appropriately" (the matters listed in the items of Article 131 of the Corporate Accounting Rules) has been maintained in accordance with the "Quality Control Standards for Audits" (the Business Accounting Council) from the Financial Auditor and demanded explanation as the occasion demanded.

Based on the above methods, we examined the business report and accompanying financial schedule for the relevant fiscal year, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statements of changes in equity and notes to non-consolidated financial statements) and accompanying financial schedule as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statements of changes in equity and the notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit on the business report

- 1) The business report and accompanying schedule are found to accurately present the status of the Company in conformity with the laws and regulations and Articles of Incorporation.
- 2) In connection with the performance by the Directors of their duties, no dishonest act or significant fact of a violation of laws, regulations, or the Articles of Incorporation is found to exist.
- 3) The contents of the resolutions of the Board of Directors regarding the internal control systems are found to be proper. Also, the descriptions in the business report and execution of duty by the

Directors regarding the relevant internal control system are found to accurately present the matters to be stated therein and have nothing to be pointed out including the internal control system regarding financial reporting.

(2) Results of audit on the consolidated financial statements

The methods and results of the audit made by the Financial Auditor, KPMG AZSA LLC, an incorporated auditing firm, are found to be proper.

(3) Results of audit on the non-consolidated financial statements and accompanying financial schedule

The methods and results of the audit made by the Financial Auditor, KPMG AZSA LLC, an incorporated auditing firm, are found to be proper.

May 20, 2024

Audit and Supervisory Committee of

Musashi Seimitsu Industry Co., Ltd.

Michi Miyasawa

(Seal)

Audit and Supervisory Committee Member (Full-time)

Makiko Yamamoto

(Seal)

Audit and Supervisory Committee Member

Kazutaka Okubo

(Seal)

Audit and Supervisory Committee Member

Note: Audit and Supervisory Committee Members Makiko Yamamoto and Kazutaka Okubo are outside directors provided in Article 2, item 15 and Article 331, paragraph 6 of the Companies Act.