

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities code: 7220

June 4, 2026

Dear 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 99th Annual Meeting of Shareholders

You are cordially invited to attend the 99th Annual Meeting of Shareholders of Musashi Seimitsu Industry Co., Ltd. (the “Company”). The Securities Report is scheduled to be released on June 22 (Mon.) 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 Thursday, June 25, 2026.

Meeting Details

- 1. Date and Time:** Friday, June 26, 2026 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 99th fiscal term (from April 1, 2025 to March 31, 2026)
 2. Non-consolidated Financial Statements for the 99th fiscal term (from April 1, 2025 to March 31, 2026)

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
- Proposal 4:** Election of One (1) Substitute Director Serving as Audit and Supervisory Committee Member
- Proposal 5:** Determination of Remuneration for Granting Restricted Shares to Directors Serving as Audit and Supervisory Committee Members

Information for Our Shareholders

- Please use our shuttle bus service (departing at 9:15 a.m. and 9:30 a.m.) from the West Exit of the Toyohashi Station served by JR Tokaido Shinkansen and JR Tokaido Main Line.
 - Souvenirs will be provided to shareholders who attend in person. (Each attending shareholder will receive one souvenir, regardless of the number of voting rights held.)
 - We will be exhibiting our products at the venue of this Annual Meeting of Shareholders. This will be a rare opportunity for you to see our latest product lineup.
 - Please contact the inquiries by Friday, June 19, 2026, for preparation purposes, if you are shareholders who require assistance with support, guidance, etc., at the venue.
- <Inquiries>
Secretary of Annual Meeting of Shareholders, Musashi Seimitsu Industry Co., Ltd.
Tel: 0532-25-8111 (Main)

- 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 25, 2026 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 25, 2026 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 26, 2026 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 99th 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: ¥ 15

Total dividends: ¥ 983,113,065

Effective date of dividends of surplus

June 29, 2026

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 9/9 Number of years since appointment as a director 25 years (at the conclusion of this meeting)	Jul. 1993 Entered the Company Apr.1997 President and Director of TAP Manufacturing Ltd. (currently Musashi Auto Parts UK Ltd.) Feb. 2000 President and Director of Musashi Hungary Manufacturing, Ltd. Jun. 2001 Director of the Company May. 2002 Senior General Manager of Sales Division of the Company Jun. 2004 Managing Director of the Company Jun. 2005 Senior General Manager of Sales and Management Divisions of the Company Jun. 2005 Senior Managing Director of the Company May 2006 Representative Director and President of the Company (present post) Apr. 2015 President Executive Officer of the Company Apr. 2019 Chief Executive Officer of the Company(present post)	Reasons for nomination as a candidate for Director 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.	1,514,300

2	Tracey Sivill (Dec. 2, 1963) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 9/9 Number of years since appointment as a director 9 years (at the conclusion of this meeting)	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	
		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	
		Apr. 2022	Representative Director of the Company	
		Apr. 2024	CHO of Group of the Company(present post)	
		Apr. 2025	Representative Director and Vice President of the Company (present post)	
		Reasons for nomination as a candidate for Director		
		Ms. Tracey Sivill has extensive experience and insight in finance and accounting and IT divisions. She has been responsible for the finance and accounting, 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.		

3	Kenji Morisaki (Nov. 21, 1966) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 9/9 Number of years since appointment as a director 4 years (at the conclusion of this meeting)	Apr. 1985	Entered the Kyushu Musashi Seimitsu Co., Ltd.	26,700
		Apr. 2001	Musashi Auto Parts 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	
		Jun. 2020	Managing Executive Officer of the Company	
		Apr. 2022	Senior Managing Executive Officer of the Company	
		Apr. 2022	CEO of Manufacturing of the Company	
		Jun. 2022	Director of the Company	
		Apr. 2024	Representative Director of the Company	
		Apr. 2024	COO of Group of the Company (present post)	
		Apr. 2025	Representative Director and Vice President of the Company (present post)	
		Dec. 2025	CEO of Japan region of the Company (present post)	
Reasons for nomination as a candidate for Director				
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.				

4	Yoshie Munakata (Jun. 20, 1958) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 9/9 Number of years since appointment as a director 8 years (at the conclusion of this meeting)	Apr. 1981	Entered Dai Nippon Printing Co., Ltd.	19,500
		Dec. 1983	Entered Intel Japan K.K. (currently Intel K.K.)	
		Feb. 1999	Manager, Communication Product Business Headquarters of Intel K.K.	
		Apr. 2001	Executive secretary in charge of corporate planning/government relation of Intel K.K.	
		Apr. 2002	Manager, Business Development Headquarters of Intel K.K.	
		Apr. 2009	Director and executive deputy president of Intel K.K.	
		Apr. 2016	Advisor of Intel K.K.	
		Oct. 2016	Established B.Grove Inc., Representative Director of B.Grove Inc., (present post)	
		Jun. 2017	Outside Director of SoftBank Technology Corp.(currently SB Technology Corp.)	
		Jun. 2018	Outside Director of the Company (present post)	
		Nov. 2022	Chairman of the Board of Directors of the Company (present post)	
		(Significant concurrent positions) Representative Director of B.Grove Inc.		
		Reasons for nomination as a candidate for Director 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.		

5	Goro Kamino (Aug. 29, 1960) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 9/9	Aug. 2000	Representative Director and President of Gastec Service, Inc. (currently Sala Energy Co., Ltd.)	45,500
		May.2002	Representative Director and President of Sala Corporation	
		Mar. 2012	Representative Director and President of Chubu Gas Co., Ltd. (currently Sala Energy Co., Ltd.)	
		Jun. 2012	Outside Director of the Company (present post)	
		Feb. 2018	Chairman and Representative Director of Gastec Service, Inc. (currently Sala Energy Co., Ltd.)	
		Feb. 2018	Chairman and Representative Director of Chubu Gas Co., Ltd. (currently Sala Energy Co., Ltd.) (present post)	
		Feb. 2020	Representative Director, President and Group CEO of Sala Corporation (present post)	
	Number of years since appointment as a director 14 years (at the conclusion of this meeting)	(Significant concurrent positions) Representative Director and President of Sala Corporation Chairman and Representative Director of Sala Energy Co., Ltd.		
		Reasons for nomination as a candidate for Director		
		Mr. Goro Kamino has extensive experience and a high level of knowledge gained from leading business restructuring and governance reforms as a corporate manager of listed companies, as well as a deep understanding of local economies and communities. He has provided appropriate advice on the Company's management as its Outside Director based on our business foundation. 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.		

6	Hari N. Nair (Jan. 1, 1960) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 9/9 Number of years since appointment as a director 9 years (at the conclusion of this meeting)	Aug. 1985 Entered General Motors Corporation Mar. 1987 Entered Tenneco Automotive. (currently Tenneco Inc.) Aug. 1997 Same as above Vice President and Managing Director, Asia Aug. 1999 Same as above Vice President, Managing Director, South America and Asia Apr. 2000 Same as above Senior Vice President, Managing Director, International May. 2001 Same as above Executive Vice President, Managing Director, Europe Jun. 2005 Same as above Executive Vice President, Managing Director, Europe, South America and India Apr. 2009 Same as above Appointed to Board of Directors May. 2010 Same as above Chief Operating Officer Jul. 2013 Outside Director of Owens-Illinois Inc. (currently O-I GLASS Inc.) (present post) Jun. 2017 Outside Director of the Company (present post) Dec. 2017 Outside Director of Delphi Technologies PLC Feb. 2018 Chairman of the Board of Sintercom India. (present post) Jul. 2019 Outside Director of REE Automotive LTD Nov. 2022 Outside Director of Tenneco Inc. (present post)	0
		(Significant concurrent positions)	
		Outside Directors of O-I GLASS Inc., Chairman of the Board of Sintercom India., Outside Director of Tenneco Inc.	
		Reasons for nomination as a candidate for Director	
		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 based on 35 years of combined corporate Board experience with several public companies across multiple regions and his previous senior management roles in Overseas Automotive parts Companies, including as COO and interim CEO. 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.	

7	Keisuke Tomimatsu (May 2, 1974) Reappointment Number of Board of Directors' meetings attended during the fiscal year under review 9/9 Number of years since appointment as a director 11 years (at the conclusion of this meeting)	Apr. 1997	Entered SBC Warburg Japan Ltd. (currently UBS Securities Japan Co., Ltd.)	115,100
		Dec. 2001	Entered UBS Securities Japan Co., Ltd.	
		Mar. 2006	General Manager/Executive Director, Financial Products Equities Dept. of UBS Securities Japan Co., Ltd.	
		Aug. 2008	Managing Director, Equities Dept. of Credit Suisse Securities (Japan) limited.	
		Nov. 2009	Executive Director, Equities Dept. of Morgan Stanley Japan Securities (currently Morgan Stanley MUFG Securities Co., Ltd.)	
		Jun. 2013	Audit & Supervisory Board Member of the Company	
		Jun. 2014	Outside Director of IR Japan Inc.	
		Feb. 2015	Outside Director of IR Japan Holdings, Ltd.	
		Jun. 2015	Outside Director serving as an Audit and Supervisory Committee Member of the Company	
		Jun. 2017	Outside Director of the Company (present post)	
Reasons for nomination as a candidate for Director				
Mr. Keisuke Tomimatsu has extensive experience at various companies in the global securities and AI industries, considerable financial and accounting knowledge, and a deep understanding of the Company's business and management challenges cultivated through his previous professional experience. Incorporating perspectives from the capital markets and investors, he has provided appropriate advice on the Company's management as its Outside Director. The Company believes that he will continue to supervise the Company's management based on his experience and knowledge, and therefore requests his election as Outside Director.				

8	Emi Onozuka (May 28, 1974)	Apr. 1998	Entered Morgan Bank. (currently JP Morgan Bank)	10,600
		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	
	Reappointment	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)	
	Number of Board of Directors' meetings attended during the fiscal year under review 9/9	May. 2022	Representative Director of Future Creation Initiative through Science and Finance(present post)	
		Jun. 2022	Director of the Company (present post)	
		Jun. 2023	Outside Director of Daiwa Asset Management Co.Ltd. (present post)	
		Jun. 2024	Outside Director of PRONEXUS INC. (present post)	
	Number of years since appointment as a director 4 years (at the conclusion of this meeting)	(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, Outside Director of Daiwa Asset Management Co.Ltd., Outside Director of PRONEXUS INC.		
		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) Directors 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	Kazutaka Okubo (March 22, 1973) Reappointment Number of years since appointment as a director 6 years (at the conclusion of this meeting) Number of Board of Directors' meetings attended during the fiscal year under review 9/9 Number of Audit and Supervisory Committee attended during the fiscal year under review 12/12	Nov. 1995 Entered Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Apr. 1999 Registered as certified public accountant Oct. 2003 Director of ShinNihon Integrity Assurance Inc. (currently Ernst & Young Sustainability Co., Ltd.) Feb. 2005 Managing Director of ShinNihon Integrity Assurance Inc. (currently Ernst & Young Sustainability Co., Ltd.) Jun. 2006 Partner of Ernst & Young ShinNihon LLC Jul. 2012 Senior Partner of Ernst & Young ShinNihon LLC Feb. 2016 Senior Managing Director and General Manager of ERM Division of Ernst & Young ShinNihon LLC Jun. 2019 President and Representative Director of Okubo Associates Inc. (present post) Jun. 2019 Outside Audit & Supervisory Board Member of SEGA SAMMY HOLDINGS INC. Jun. 2019 Outside Director of Sun Frontier Fudousan Co., Ltd. (present post) Sep. 2019 Outside Audit & Supervisory Board Member of BrainPad Inc. Dec. 2019 Outside Director of LIFULL Co., Ltd. (present post) Feb. 2020 Outside Director of Sala Corporation(present post) Jun. 2020 Outside Director of The Shoko Chukin Bank Ltd. (present post) Jun. 2020 Outside Director Serving as Audit and Supervisory Committee Members of the Company (present post) Sep. 2021 Outside Director Serving as Audit and Supervisory Committee Members of BrainPad Inc. Jun. 2022 Outside Director Serving as Audit and Supervisory Committee Members of SEGA SAMMY HOLDINGS INC. (present post) (Significant concurrent positions) President and Representative Director of Okubo Associates Inc., Outside Director of SEGA SAMMY HOLDINGS INC., Outside Director of Sun Frontier Fudousan Co., Ltd., Outside Director of LIFULL Co., Ltd., Outside Director of Sala Corporation, Outside Director of The Shoko Chukin Bank Ltd.,	3,700

		Reasons for nomination as a candidate for Director	
		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.	

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 6 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.

(Reference1) Composition of the Board of Directors [Scheduled to be effective on June 26, 2026]

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.		●				●		●	●
Makiko Yamamoto	Outside Director	Audit and Supervisory Committee Member						●	●	●
Kazutaka Okubo	Outside Director	Audit and Supervisory Committee Member	●			●	●	●	●	
Takashi Watanabe	Outside Director	Audit and Supervisory Committee Member	●		●				●	

Definition of skills

Skills	Reason for selection of the skill
Corporate management	In order to enhance sustainable corporate value, it is essential to have "steering management" that drives the transformation from existing businesses to new areas. In line with this, advanced decision-making and supervisory capabilities are required to optimize the business portfolio and enhance the effectiveness of governance.
Manufacturing and engineering R&D	The Company has been strong in advanced manufacturing technologies such as precision forging, but responding to electrification and CASE in the automotive industry has become an urgent need. For sustainable growth, skills and experience in manufacturing, technology, and research and development that enable us to lead the creation of innovative technologies are essential.
Sales and marketing	In order to capture the changes in market structure and the transformation into new areas brought about by the electrification of the automotive industry, as well as to acquire new customers and propose added value to existing customers, experience and expertise in sales and marketing are necessary.
IT and DX	For business transformation and enhancing competitiveness through the use of digital and generative AI technologies, such as realizing smart factories and promoting data-driven management, IT and DX skills are essential.
Financial affairs and financing	To promote an optimal capital policy that balances strategic investment in growth areas with shareholder returns, and to improve capital efficiency, solid knowledge and experience in finance and accounting are necessary.
Legal and risk management	This skill is necessary in order to effectively address management risks, such as geopolitical risks, while also complying with the laws and regulations of various countries and establishing compliance systems for global business operations.
ESG and sustainability	This skill is necessary in order to oversee effective initiatives that place ESG issues demanded by investors and society, such as addressing carbon neutrality, promoting human capital management, and respecting human rights throughout the supply chain, at the core of management.
Global experience	In order to strengthen governance at overseas bases and promote business strategies tailored to each region's market characteristics, the members of the Board of Directors with extensive international experience are essential.

(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

Proposal 4: Election of One (1) Substitute Director Serving as Audit and Supervisory Committee Member

In preparation for a shortage in the number of Directors serving as Audit and Supervisory Committee Members as stipulated by laws and regulations, we request the election of one (1) Director as a substitute for all Directors serving as Audit and Supervisory Committee Members, in advance.

This proposal has been submitted with prior consent by the Audit and Supervisory Committee.
The candidate for substitute Director serving as Audit and Supervisory Committee Member is 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	Atsushi Okamoto (May 2, 1986)	Feb. 2014 Entered Ernst & Young ShinNihon LLC (currently Ernst & Young ShinNihon LLC) Feb. 2018 Entered PwC Advisory LLC May. 2018 Registered as a Certified Public Accountant Mar. 2019 Entered H.I.S International Tours (NY) Inc. General Manager of Accounting and Finance Dept. of H.I.S International Tours (NY) Inc. Mar. 2022 Representative Director of Okamoto & Partners (present post) May. 2022 Representative of Okamoto Certified Public Accountant and Tax Accountant Office (present post) (Significant concurrent positions) Representative Director of Okamoto & Partners, Representative of Okamoto Certified Public Accountant and Tax Accountant Office Reasons for nomination as a candidate for Director Mr. Atsushi Okamoto has experience and knowledge in finance and accounting from his experience as a certified public accountant, certified tax accountant, and as general manager of the accounting and finance department of a company. The Company believes that he is capable of performing the functions of supervision and audit based on such experience and his high level of specialized expertise, and requests his election as substitute Outside Director serving as an Audit and Supervisory Committee Member.	0

Note:

1. Mr. Atsushi Okamoto is a candidate for substitute Director serving as an Audit and Supervisory Committee Member.
2. Should the election of Mr. Atsushi Okamoto be approved and he assume the position of Director serving as an Audit and Supervisory Committee Member, the Company, with respect to liability under Article 423, paragraph 1 of the Companies Act, plans to enter into an agreement with him limiting the total amount of the liability to the amount stipulated in Article 425, paragraph 1 of the same Act.
3. Should the election of Mr. Atsushi Okamoto be approved and he assume the position of Director serving as an Audit and Supervisory Committee Member, the Company plans to register him as an independent officer with the Tokyo Stock Exchange and the Nagoya Stock Exchange, pursuant to the guidelines thereof

Proposal 5: Determination of Remuneration for Granting Restricted Shares to Directors Serving as Audit and Supervisory Committee Members

The maximum amount of remuneration for Directors serving as Audit and Supervisory Committee Members (hereinafter referred to as the “Eligible Directors”) was approved as 80 million yen per year at the Company’s 88th Annual Meeting of Shareholders held on June 23, 2015.

The Company hereby requests approval for the payment of remuneration for granting restricted shares to the Eligible Directors separately from the above remuneration framework, for the purpose of providing the Eligible Directors with an incentive to enhance the corporate value of the Group[A1.1] and further promoting value sharing with shareholders. 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, taking into consideration the above purpose.

For an overview of such remuneration, please refer to “(Overview of Remuneration for Granting Restricted Shares)” below.

The total amount of monetary remuneration to be paid to the Eligible Directors for the granting of restricted shares and the above monetary remuneration linked to the Company’s share price or other such benchmark under this proposal shall be no more than 20 million yen per year, which the Company considers reasonable in light of the above purpose. The specific timing and allocation of such remuneration to the Eligible Directors shall be determined through consultation among the Eligible Directors following deliberation by the Nomination and Remuneration Committee.

The number of Eligible Directors is currently three.

Note

(Overview of Remuneration for Granting Restricted Shares)

- In the case of granting restricted shares

As a general rule, every fiscal year, based on consultation among the Eligible Directors, the Company shall grant monetary remuneration claims to the Eligible Directors for the allotment of restricted shares, and require that they provide the same monetary remuneration claims 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 of shall be no more than 20,000 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, and a gratis allotment of shares, etc., this upper limit and the number of shares to be 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 preceding 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). In addition, upon the issuance or disposal of the common shares of the Company pursuant thereto, the Company and the Eligible Directors shall enter into an agreement on allotment of restricted shares (hereinafter referred to as the “Allotment Agreement”), the outline of which shall include the following provisions.

(1) The Eligible Directors shall not transfer, create a security interest on, reserve an offer as security, or otherwise dispose of (hereinafter referred to as the “Transfer Restriction”) the common shares of the Company allotted under the Allotment Agreement (hereinafter referred to as the “Allotted Shares”) for a period of three years from the date on which the common shares of the Company are delivered pursuant to this system (hereinafter referred to as the “Transfer Restriction Period”).

(2) In the event that an Eligible Director resigns or retires from the position of Director or Executive Officer of the Company or Director of a subsidiary prior to the expiration of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares without contribution, unless the Board of Directors of the Company recognizes that there is a justifiable reason therefor.

(3) Notwithstanding the provisions of (1) above, the Company shall lift the Transfer Restriction on all of the Allotted Shares at the time of expiration of the Transfer Restriction Period, on the condition that the Eligible Director has continuously held the position of Director or Executive Officer of the Company or Director of a subsidiary of the Company throughout the Transfer Restriction Period. Provided, however, that in the event that such Director resigns or retires from any of the positions set forth in (2) above prior to the expiration of the Transfer Restriction Period for a justifiable reason recognized by the Board of Directors of the Company as set forth in (2) above, the number of Allotted Shares with respect to which the Transfer Restriction is lifted and the timing of lifting the Transfer Restriction shall be reasonably adjusted as necessary.

(4) The Company shall automatically acquire without contribution any of the Allotted Shares for which the Transfer Restriction has not been lifted pursuant to the provisions of (3) above at the time of expiration of the Transfer Restriction Period.

(5) Notwithstanding the provisions of (1) above, if matters concerning a merger agreement in which the Company becomes the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other organizational restructuring, etc., are approved at a Meeting of Shareholders of the Company (provided, however, that in cases where approval by the Company's Meeting of Shareholders is not required for such organizational restructuring, etc., such approval shall be given by the Company's Board of Directors), the Company shall, by resolution of its Board of Directors, lift the Transfer Restriction prior to the effective date of such organizational restructuring, etc., with respect to a number of Allotted Shares reasonably determined based on the period from the commencement date of the Transfer Restriction Period to the date of approval of such organizational restructuring, etc.

(6) In the cases specified in paragraph (5) above, the Company, as a matter of course, shall automatically acquire without contribution any Allotted Shares for which the Transfer Restriction has not yet been lifted as of the time immediately following the lifting of the Transfer Restriction pursuant to the provisions of paragraph (5) above.

- In the case of paying monetary remuneration linked to the Company's share price or other such benchmark

Based on the terms of the restricted share allotment agreement described above (in the case of granting restricted shares), the Company and the Eligible Directors shall enter into an agreement, the outline of which shall include the following provisions.

(1) The Company shall pay monetary remuneration in an amount linked to the Company's share price or other such benchmark to the Eligible Directors after the expiration of a three-year period from the date on which the Company's common shares are delivered as described above (in the case of granting restricted shares), on the condition that the Eligible Directors have continuously held the position of Director or Executive Officer of the Company or Director of a subsidiary of the Company throughout such period. Provided, however, that if an Eligible Director resigns or retires from any of the positions set forth above prior to the expiration of such period for a justifiable reason recognized by the Board of Directors of the Company, the amount and timing of payment shall be reasonably adjusted as necessary.

(2) In the event that an Eligible Director resigns or retires from any of the positions set forth in (1) above prior to the expiration of such period, no monetary remuneration shall be paid unless the Board of Directors of the Company recognizes that there is a justifiable reason therefor.

(Attached materials)

Business Report

(April 1, 2025 to March 31, 2026)

1. Overview of the Group

(1) Business results for the fiscal year ended March 31, 2025

1) Progress and results of business

[The economic environment for the fiscal year ended March 31, 2026]

In the fiscal year under review (April 1, 2025 to March 31, 2026), the global economy continued to recover moderately, although some regions showed signs of weakness. At the same time, the impact of U.S. tariff policies became increasingly evident, particularly in the automotive industry. By region, the U.S. economy expanded moderately, supported by a resilient labor market and steady personal consumption. In Europe, the prolonged slump in the manufacturing sector, centered on Germany, caused the economic recovery to level off. In China, while government stimulus measures provided some level of support, prolonged adjustments in the real estate market resulted in a moderate slowdown. In Asia, India maintained an expansionary trend backed by solid domestic demand, continuing to drive the regional economy. Against the backdrop of these international developments and fluctuations in financial markets, the global economy has transitioned into a multipolarized phase characterized by divergent trends across regions, ushering in a new era marked by heightened uncertainty.

[Automotive industry trends]

In the automotive industry, the reassessment of global EV strategies continued. In major markets including China and Europe, growth in demand for battery electric vehicles (BEVs) fell short of initial expectations. In Europe, growth slowed amid a review of subsidy policies, while in North America, there was a shift back from BEVs to hybrid electric vehicles (HEVs), highlighting a clear trend toward multipolarization across regions. On the other hand, demand for HEVs remained solid worldwide. Against this market backdrop, automakers are advancing powertrain portfolio strategies encompassing a diverse range of options, including BEVs, HEVs, and plug-in hybrid electric vehicles (PHEVs). Moreover, advances in software-defined vehicles (SDVs) have further highlighted the trend toward the value of the automobile itself being redefined from hardware-centric to software-centric. It was also a year in which the need to adapt quickly to change became acutely apparent, including in response to geopolitical risks and temporary production adjustments in the supply chain.

[Group initiatives and results]

To adapt to this rapidly changing business environment, the Group has been working vigorously to strengthen its management foundation and transform its business portfolio.

■ **Strengthening of the management foundation**

In October 2025, the Group opened its Tokyo office to serve as a core hub for strategic planning and global expansion, thereby putting in place a framework to further develop its existing businesses and accelerate growth in new business areas.

■ **Mobility business**

<Establishment of an optimal portfolio for the four-wheeled vehicle business>

In the four-wheeled vehicle business, orders remained solid for Differentials, key products for which the Group holds a top global market share, as well as components used in BEVs and HEVs. As customers restructure their production and supply systems, demand for shifting to local production has been increasing, leading to a growing number of inquiries directed at the Company.

<Growth and a shift to electrification in the two-wheeled vehicle business>

In the two-wheeled vehicle business, sales were strong for transmission assemblies, for which the Group holds a top global market share, as well as components for internal combustion engine (ICE) vehicles, with the Indian market showing particularly significant growth. In India, the range of vehicle models equipped with the Group's e-Axle (EV drive unit) expanded. In addition, initiatives to promote the adoption of two-wheeler EVs in Kenya and Ethiopia were selected for the Ministry of Economy, Trade and Industry's "Global South Future-Oriented Co-Creation Project," and collaboration began with a startup in Bangladesh, accelerating business expansion in emerging markets.

<Execution of optimal strategies tailored to regional characteristics>

In the Chinese market, orders received from local finished vehicle manufacturers increased, establishing a foundation for medium- to long-term growth. In the European market, in light of the challenging market environment, the Group decided to implement structural reforms centered on optimizing production capacity and reorganizing our bases. The Group will work to transform its business structure to ensure stable profit generation.

■ Energy Solution business

In response to the rapidly expanding demand for AI data centers driven by the explosive growth of generative AI, the Group is strengthening its supply capabilities for hybrid supercapacitors (HSCs), which feature high input/output capacity and a long service life. In addition to expanding capacity at the Hokuto Plant in Yamanashi Prefecture, the Group is constructing a new plant in Minami-Alps City and is steadily making preparations for the commencement of operations. To accelerate business development in North America, the Group opened the Austin R&D Center in Texas, USA, in December 2025.

In the above environment, the Company's consolidated net sales increased 0.0% year on year to 347,200 million yen during the fiscal year under review. In terms of profit, consolidated operating profit increased 4.1% year on year to 20,538 million yen and consolidated ordinary profit increased 12.5% year on year to 20,230 million yen, while profit attributable to owners of parent decreased 83.8% year on year to 1,264 million yen due to the recording of structural reform expenses and other factors.

2) Segment Overview

In Japan, net sales increased 4.1% year on year to 41,541 million yen and segment profit decreased 19.8% to 3,517 million yen. This was mainly due to increased upfront investment costs for the Energy Solution business, despite solid sales. In the Americas, net sales increased 6.2% year on year to 111,006 million yen and segment profit decreased 6.6% to 5,911 million yen. This was mainly due to temporary production adjustments caused by semiconductor shortages at customers, despite continued strong business performance since the previous year. In Asia, net sales decreased 1.5% year on year to 80,657 million yen and segment profit increased 4.7% to 9,592 million yen. This was mainly because, while sales for two-wheeled vehicles remained solid, sales for four-wheeled vehicles failed to gain momentum. In China, net sales decreased 7.8% year on year to 29,074 million yen and segment profit increased 103.2% to 1,103 million yen. This was mainly due to rigorous cost management, despite continued lackluster sales of Japanese-brand vehicles. In Europe, net sales decreased 4.9% year on year to 84,920 million yen and segment profit amounted to 290 million yen (versus a segment loss of 740 million yen in the previous fiscal year). This was mainly due to continued improvement measures, including cost management, despite the weak overall automotive market.

3) Group sales by product

(Unit: million yen)

Item	The 98 th fiscal year ended March 31, 2025		The 99 th fiscal year ended March 31, 2026		Increase/ Decrease	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Year on Year (%)
PT Business	221,082	63.7	217,083	62.5	△3,999	△1.8
L&S Business	32,154	9.3	31,676	9.1	△468	△1.5
Motorcycle Business	93,959	27.0	98,440	28.4	4,481	4.8
Total	347,196	100.0	347,200	100.0	4	0.0

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 27,700 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 defined 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.

We have also launched an ESG Policy/Data page on our corporate website. We will continue to strive to disclose ESG information in the future so that you can see the latest status and results of our efforts.

(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

The business environment surrounding the Company has entered a new phase where uncertainty has become the norm. The global economy has transitioned into a multipolarized phase characterized by divergent trends across regions, requiring companies to respond flexibly to change and demonstrate the vision and execution capabilities to forge their own path forward. In terms of hardware, major finished vehicle manufacturers are beginning to reevaluate their EV strategies. In terms of software, the advancement of software-defined vehicles (SDVs) is beginning to redefine the very value of automobiles. At the same time, the dramatic evolution of generative AI is compelling companies to pursue new business opportunities and transform the very nature of work. To adapt flexibly to these changes in the business environment, the Company will address the following priority issues from the perspective of "selection and concentration."

1. Mobility business: Establishment of a resilient and flexible business structure

To respond promptly to a rapidly changing market environment, we will maximize the use of our unique technological capabilities and global production infrastructure to implement a diverse product portfolio strategy.

[Establishment of an optimized portfolio for the four-wheeled vehicle business]

Powertrain (PT) business

We will establish a stable revenue base across all powertrain domains (ICE, HEV, and BEV) with refined development capabilities and technological expertise.

Linkage & suspension (L&S) business

We will drive next-generation growth by increasing orders received for high-performance ball joints and other components capable of supporting the heavy vehicle weight of BEVs.

[Growth and a shift to electrification in the two-wheeled vehicle business]

In the two-wheeled vehicle markets of Southeast Asia and India, we will achieve further business growth by leveraging the production infrastructure and design and machining technologies we have cultivated over many years.

We will accelerate the production and sales expansion of EV drive units (e-Axles) in India and Africa to firmly capture the trend toward electrification.

[Execution of optimal strategies tailored to regional characteristics]

We will promote local production for local consumption initiatives tailored to regional needs, such as expanding HEV production capacity in North America, strengthening sales efforts with domestic manufacturers in China, and accelerating the growth of the e-Mobility business in India.

In the European market, in light of the challenging market environment, we are implementing structural reforms centered on optimizing production capacity and reorganizing our bases. We aim to transform our business structure into one capable of generating stable profits.

2. Energy Solutions business: Creation of a new growth pillar to support AI data centers

With the explosive growth of generative AI, global electricity demand and the need for stability are rapidly expanding. We have identified this field as our next growth pillar.

[Rising demand for hybrid supercapacitors (HSC)]

· Our HSCs are highly regarded for their high input/output capacity and long service life, which are well-suited to the complex and massive electrical loads unique to AI data centers. Tighter regulations aimed at stabilizing electricity supply are also acting as a tailwind.

[Expansion of supply system]

To meet the full-scale increase in demand expected from 2027 onward, we will expand capabilities at the Hokuto Plant and construct a new plant in Minami-Alps City to strengthen our supply system at an early stage.

3. Strengthening organizational capabilities: Marketing enhancement and business transformation based on AI

To succeed in these uncertain times, we will fundamentally strengthen our organizational capabilities by focusing on both “people” and “processes.”

[Shift to a product strategy driven by market changes and customer needs]

We will shift our product strategy from a “product-out” approach centered on our own technologies and products to a “market-driven” approach centered on market changes and customer needs. We will refine the three key elements of proposal capabilities, cost, and speed to build the competitiveness needed to remain successful in a rapidly changing global market.

[Reforming of business processes with AI and digital technology]

We will promote the automation of business processes and the integration of engineering chains to achieve faster and higher-quality decision-making while creating an environment where employees can focus on more creative tasks.

[Fostering of an organizational culture that encourages taking on challenges autonomously]

We will foster a culture in which diverse talent can thrive and take on challenges autonomously. We aim to become a globally recognized “Great Place to Work” through continuous improvement of the workplace environment.

(3) Status of Group assets and income

(million yen, except for per share amounts)

Item	The 96 th fiscal Year ended March 31, 2023	The 97 th fiscal Year ended March 31, 2024	The 98 th fiscal Year ended March 31, 2025	The 99 th fiscal Year ended March 31, 2026
Net sales	301,500	349,917	347,196	347,200
Operating income	7,677	18,374	19,720	20,538
Ordinary income	7,030	15,560	17,981	20,230
Profit attributable to owners of parent	2,436	7,921	7,782	1,264
Earnings per share	¥ 37.32	¥ 121.24	¥ 118.80	¥ 19.29
Total assets	269,278	290,339	285,126	301,614
Net assets	114,432	125,391	123,969	131,252

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

Furthermore, to supplement the supervisory function of the Board of Directors, the Company has established a Nomination and Remuneration Committee and a Governance Committee, both of which have a majority of outside directors.

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	100.0	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 94.76	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

Company name	Location	Capital (million)	The Company's ownership ratio (%)	Principal business
Musashi Hungary Manufacturing, Ltd.	Hungary	EUR 20.1	100.0	Manufacturing of automobile parts
Musashi AI Ltd.	Aichi	JPY 4.0	51.0	Manufacture and sale of AI visual inspection machines, etc.
Musashi AI North America Inc.	Canada	CAD 8.2	80.8	Manufacture and sale of AI visual inspection machines, etc.
Musashi WIRED Co., Ltd	Niigata	JPY 40.0	60.0	Various development, prototyping, and mass production contract manufacturing utilizing laser processing technology.
Musashi Energy Solutions North America, Inc	USA	USD 0.1	100.0	Development, manufacturing and sales of equipment related to lithium ion capacitors and energy storage devices

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

(5) Principal business (As of March 31, 2026)

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, 2026)**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, 2026)**1) Employees of the Group**

Number of employees	Change from previous fiscal year-end
12,227(3,928)	△193(△102)

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
1,111(142)	18(0)	42.3 years old	17.2 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, 2026)

Lender	Balance of borrowings (million yen)
Sumitomo Mitsui Banking Corporation	34,592
Mizuho Bank, Ltd.	28,816
The Bank of Mitsubishi UFJ, Ltd.	11,384
The Aichi Bank, Ltd.	9,150
Development Bank of Japan Inc.	8,000

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, 2026)

1) Total Number of Shares Authorized to be Issued	140,000,000
2) Total Number of Issued Shares	65,581,861
3) Number of Shareholders	7,705
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)	4,979	7.5
Custody Bank of Japan, Ltd. (Trust Account)	4,349	6.6
Joint Stock Company Otsuka Holdings	2,603	3.9
MISAKI ENGAGEMENT MASTER FUND	2,555	3.8
STATE STREET BANK AND TRUST COMPANY 505001	2,441	3.7
Hiroshi Otsuka	1,513	2.3
BNP PARIBUS LUXEMBOURG/2S/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	1,450	2.2
CGML PB CLIENT ACCOUNT/COLLATERAL	1,446	2.2
STATE STREET BANK AND TRUST COMPANY 505301	1,233	1.8

- Notes:
1. Shares less than one thousand have been truncated.
 2. Ownership ratio is calculated excluding treasury shares (35,825shares).

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)	10,100	2
Outside Directors (excluding Audit and Supervisory Committee Members)	5,600	4
Directors serving as Audit and Supervisory Committee Member	-	-

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

(2) 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%.

3 Status of Corporate Governance

(1) Overview of corporate governance

1) Basic concept on corporate governance

Based on the Musashi Philosophy, which is composed of Our Origin, Our Purpose, and Our Way, the Company positions the enhancement of corporate governance as its highest management priority in advancing its business activities.

Based on the basic concept on corporate governance, we have established the “Basic Policy for Musashi Corporate Governance” to achieve sustainable growth and enhance medium- to long-term corporate value.

2) Overview of corporate governance structure, etc.

The Company has adopted the institutional design of a company with an Audit and Supervisory Committee in order to strengthen the auditing and supervisory functions over the execution of duties by directors and to enhance the effectiveness of internal controls. In addition, outside directors, including those serving as Audit and Supervisory Committee members, participate in decision-making at the Board of Directors, thereby improving the transparency and soundness of management. Furthermore, to supplement the supervisory function of the Board of Directors, the Company has established a Nomination and Remuneration Committee and a Governance Committee, both of which have a majority of outside directors.

Meanwhile, by delegating authority over certain matters resolved by the Board of Directors to the Management Committee and other internal bodies, the Company can accelerate decision-making and business execution, thereby enhancing the agility of management decisions.

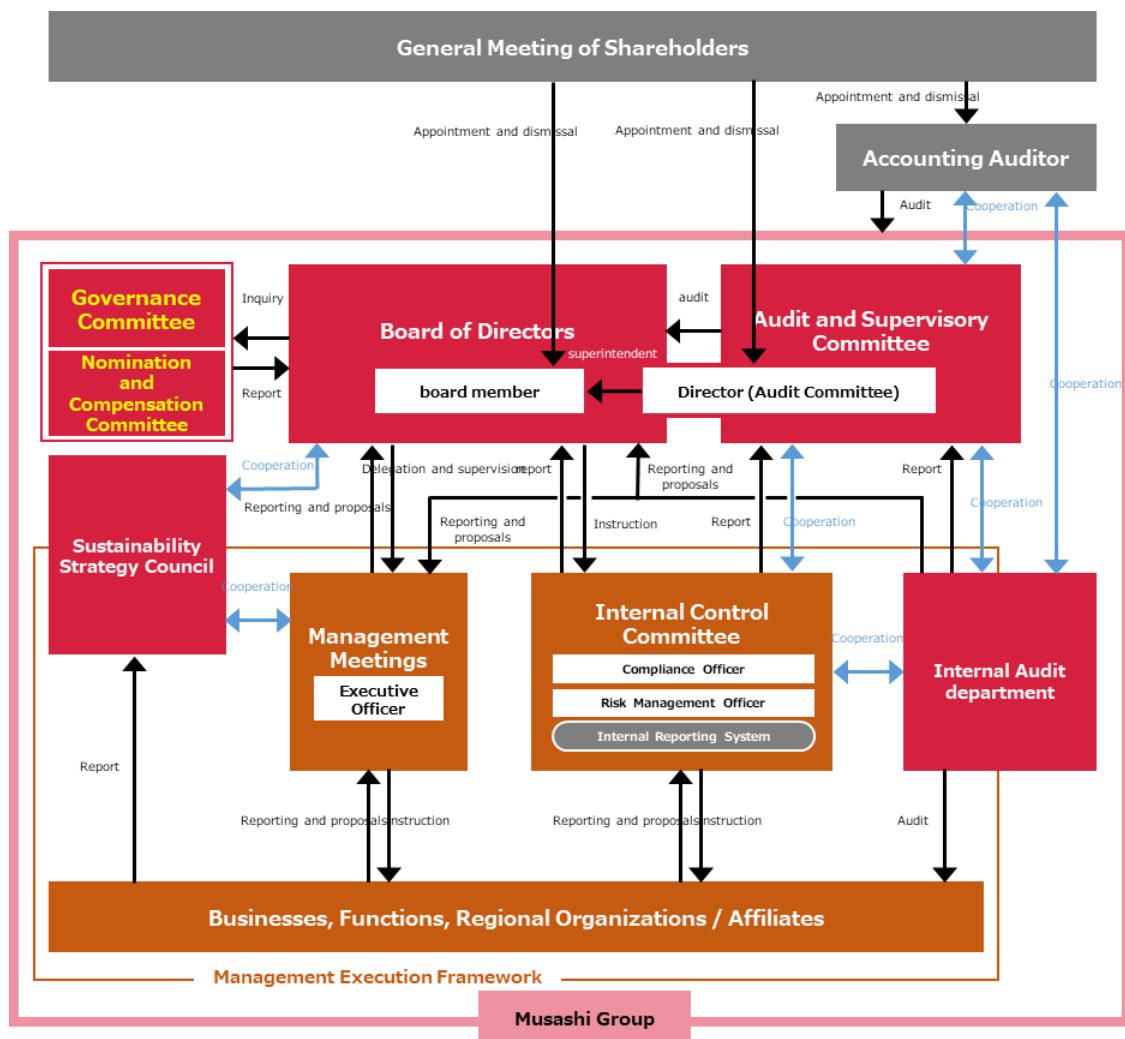
3) Efforts to strengthen the governance structure

Governance Committee

The Company is committed to strengthening its corporate governance structure. At the same time, the pace of change in the business environment is faster than ever before, and we believe that more sophisticated management decision-making is crucial for expanding new businesses. Furthermore, to lead the review of the Basic Policy for Musashi Corporate Governance and initiatives to enhance the effectiveness of the Board of Directors, and to ensure the continuous enhancement of corporate governance, the Company has established a Governance Committee as an advisory and recommending body to the Board of Directors. The Committee performs the following functions. The Committee will perform the following functions:

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

(Reference) Our corporate governance structure is shown below.



(2) Status of Corporate Officers

1) Status of the Directors (As of March 31, 2026)

Position	Name	Areas of responsibility in the Company and significant concurrent positions
President and Representative Director	Hiroshi Otsuka	CEO (Chief Executive Officer), CESO (Chief Energy Solution Business Officer)
Vice President and Representative Director	Tracey Sivill	CFO (Chief Financial Officer), CHO (Chief Human resource Officer), In charge of Global IT strategy
Vice President and Representative Director	Kenji Morisaki	COO (Chief Operation Officer), Regional CEO Japan, Chief Risk Management Officer
Director	Yoshie Munakata	Chair of the Board of Directors, Representative Director of B.Grove Inc.
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, Outside Director of Daiwa Asset Management Co.Ltd., Outside Director of PRONEXUS INC.
Director (Audit and Supervisory Committee Member)	Makiko Yamamoto	Attorney at law (TMI Partners Legal Professional Corporation) TMI Associates London LLP Managing Partner Outside Director of SUSMED, Inc (Audit and Supervisory Committee Members)
Director (Audit and Supervisory Committee Member)	Kazutaka Okubo	Certified public accountant President and Representative Director of Okubo Associates Inc. Outside Director of SEGA SAMMY HOLDINGS INC. Outside Director of Sun Frontier Fudousan Co., Ltd., Outside Director of LIFULL Co., Ltd. Outside Director of Sala Corporation Outside Director of The Shoko Chukin Bank Ltd.,
Director (Audit and Supervisory Committee Member)	Takashi Watanabe	Outside Director of CL Holdings Inc., Outside Director of CARTA HOLDINGS, INC., President and Representative Director of Freedom One Corporation, Outside Director of CREEK & RIVER Co., Ltd.

- Notes:
- Directors Yoshie Munakata Goro Kamino, Hari N. Nair, Keisuke Tomimatsu, Emi Onozuka and Directors (Audit and Supervisory Committee Members) Makiko Yamamoto, Kazutaka Okubo and Takashi Watanabe are Outside Directors.
 - 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.
 - Director (Audit and Supervisory Committee Member) Kazutaka Okubo is a certified public accountant and has a high level of expertise in finance and accounting.
 - The Company has established a secretariat for the Audit and Supervisory Committee to ensure sufficient information gathering from Directors (excluding those serving as Audit and Supervisory Committee Members) and from important in-house meetings, and close coordination with the internal audit section, thereby strengthening the auditing and supervisory functions of the Audit and Supervisory Committee. For this reason, the Company has not appointed a full-time Audit and Supervisory Committee Member.
 - The Company designated Messrs. Yoshie Munakata, Goro Kamino, Hari N. Nair, Keisuke Tomimatsu, Emi Onozuka, Makiko Yamamoto, Kazutaka Okubo and Takashi Watanabe as Independent Officers pursuant to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and registered them as such.
 - Director serving as Audit and Supervisory Committee Member Michi Miyasawa retired upon the expiration of her term of office at the conclusion of the 98th Annual Meeting of Shareholders held on June 26, 2025.

(Ref.) The Company has adopted the executive officer system. The executive officers as of April 1, 2026 are as follows.

Position	Name	Areas of responsibility in the Company and significant concurrent position
President and Representative Director	Hiroshi Otsuka	CEO (Chief Executive Officer),
Vice President and Representative Director	Tracey Sivill	CFO (Chief Financial Officer) CHO (Chief Human resource Officer)
Vice President and Representative Director	Kenji Morisaki	COO (Chief Operation Officer), Regional CEO Japan, Risk Management Officer
Vice President and Executive Officers	Haruhisa Otsuka	CESO (Chief Energy Solution Business Officer)
Executive Officers	Matthew Barron	Regional CEO America
Executive Officers	Takayuki Miyata	Regional CEO Europe
Executive Officers	Hideki Suzuta	Regional Deputy CEO Europe , Regional COO Europe
Executive Officers	Yoshinori Mizuhuchi	Regional CEO Asia, Regional CEO China
Executive Officers	Naoya Nishimura	Regional CEO India & Africa
Executive Officers	Hideaki Asakura	Managing Director of Kyushu Musashi Seimitsu Co., Ltd.
Executive Officers	Yoichi Sugiura	Deputy CEO (Deputy Chief Energy Solution Business Officer), MD of Musashi Energy Solutions Co., Ltd
Executive Officers	Masaru Maeda	CEMO (Chief e-Mobility Business Officer) , CRO (Chief R&D Officer), Compliance Officer
Executive Officers	Takeshi Isaku	CIO : Chief Innovation Officer In Charge of Public Relations
Executive Officers	Satomi Ishikawa	CMO (Chief Marketing Officer), In Charge of Corporate Planning
Executive Officers	Motohiro Ouchi	CSO (Chief Sales Officer)
Executive Officers	Toshihisa Otsuka	CPO (Chief Purchasing Officer)
Executive Officers	Koji Horibe	CQO (Chief Quality Officer)
Executive Officers	Hiroki Matsuda	Deputy CFO (Deputy Chief Financial Officer)
Executive Officers	Naresh Vohra	CITO (Chief IT Officer)
Executive Officers	Masaya Ito	CAO (Chief Audit 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 at Board of Directors Meetings.

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	30%	Gross profit
		30%	EBITA
		10%	ROIC
Strategic benchmarks	To achieve a link with medium- to long-term strategic benchmarks and greater social value	10%	Transformation benchmarks
		10%	Orders received 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, create a security interest on, 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 Nomination and Compensation 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 Nomination and Compensation 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)	361	189	67	103	8
(Outside Director of the above)	(95)	(44)	(15)	(36)	(5)
Directors (Audit and Supervisory Committee Members)	31	31	-	-	4
(Outside Director of the above)	(26)	(26)	(-)	(-)	(3)
Total	392	221	67	103	12
(Outside Officers of the above)	(122)	(70)	(15)	(36)	(8)

- 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, adopting the degree of achievement of operating profit, EBITDA, and ROIC against the budget at the beginning of the fiscal year. In addition, the Company uses strategic indicators in order to ensure linkage with efforts to enhance corporate value over the medium to long term. To this end, it adopts the degree of achievement of a transformation indicator, orders received for EVs, and ESG indicators (E: CO2 emissions, S: safety, G: ratios of women and non-Japanese employees, etc.) relative to targets set at the beginning of the period. Actual results for FY2025 were as follows: operating profit of 20.5 billion yen, EBITDA of 38.8 billion yen, and for the ESG indicator, an actual CO2 emissions reduction of 16.1% against the 20% target reduction (due to energy-saving measures, introduction of renewable energy, and production volume impact). From FY2025, for reasons related to sales policies and competitive strategy, the actual figures for ROIC, the transformation indicator, and orders received for EVs will not be disclosed. While the actual figures for these metrics are not disclosed externally, the Company has confirmed that the Nomination and Remuneration Committees have determined the specific amounts of performance-linked remuneration, etc., based on these actual figures.
 6. 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."
 7. The Board of Directors has entrusted Representative Director and President (CEO) 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.
 8. The total amount of remuneration above includes the amount paid to Directors (Audit and Supervisory Committee Members) who retired during the fiscal year under review.

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 9 out of the 9 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 9 out of the 9 Board of Directors Meetings held during the fiscal year under review. Based on his extensive experience and high level of knowledge gained from leading business restructuring and governance reforms as a corporate manager of listed companies, as well as his deep understanding of local economies and communities, he appropriately fulfilled his 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 based on the Company's business foundation.

- * Mr. Hari N. Nair, Director, attended 9 out of the 9 Board of Directors Meetings held during the fiscal year under review and in addition to his experience of more than 35 years as a Director at listed companies in various regions, he has served in key executive posts, including Chief Operating Officer (COO) and provisional CEO of an overseas auto part manufacturer. He has utilized his abundant experience and deep cultivated insights to actively contribute as required to the deliberation of resolutions by the Board of Directors.

- * Mr. Keisuke Tomimatsu, Director, attended 9 out of the 9 Board of Directors Meetings held during the fiscal year under review. Based on his extensive experience in the securities and AI industries, considerable financial and accounting knowledge, and deep understanding of the Company's business and management challenges cultivated through his previous professional experience, he appropriately fulfilled his 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 from the perspectives of the capital markets and investors.

- * Ms. Emi Onozuka, Director, attended 9 out of the 9 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 9 out of the 9 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 12 out of 12 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 9 of the 9 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 12 out of 12 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.

- * Mr. Takashi Watanabe, Director (Audit and Supervisory Committee Member), attended 7 of the 7 Board of Directors Meetings held during the fiscal year under review. Based on his extensive experience in corporate management over many years and highly specialized expertise, he appropriately fulfilled his role in ensuring the validity and suitability of decision-making by the Board of Directors by raising questions and offering advice as necessary. Also, he attended 9 out of

9 meetings of the Audit and Supervisory Committee held during the fiscal year under review and voiced his opinions on audit methods and other matters related to the duties of the Audit and Supervisory Committee Members.

Note: The above reflects attendance records since assuming office on June 26, 2025.

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.

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) Financial Auditor

- 1) Name: KPMG AZSA LLC
- 2) Amount of remuneration, etc.

	Amount paid (million yen)
Remuneration, etc. of the Financial Auditor for the fiscal year under review	97.0
Total economic benefits, including money, that should be paid to the Financial Auditor by the Company and its subsidiaries	97.0

- 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) Policy Regarding Dismissal or Non-Re-Employment of Financial Auditor

In the case that the financial auditor is recognized to have committed a serious legal infraction, sharply lowered the quality of its audit services, or otherwise shown grounds for determining it is inappropriate for employment as a financial auditor, the Company's Audit Committee shall dismiss the financial auditor in accordance with procedures stipulated in the Companies Act, or decide on proposals concerning the dismissal or non re-employment of the financial auditor to be submitted to the general meetings of shareholders.

(4) Systems necessary to ensure proper operations and overview of operational status of the systems

● Basic policy concerning the establishment of internal control system

The board of directors has resolved the following basic policy regarding the systems to ensure that the execution of duties by directors complies with applicable laws and regulations and the Articles of Incorporation, as well as other systems designed to ensure the appropriateness and soundness of the Company's business operations.

- 1) Systems to ensure that the duties of directors and employees are executed in compliance with laws and regulations and the Articles of Incorporation, and other systems to ensure proper operations
 - The Company shall appoint an executive officer responsible for promoting compliance and shall establish a framework for systematic initiatives.
 - The Company shall establish a committee to deliberate on matters related to corporate ethics and compliance.
 - The Company shall formulate and disseminate "Our Compliance" as a shared code of conduct to be observed by each employee of the Group in their dealings with customers and society.
 - The Company shall establish an internal reporting (whistleblowing) system to address issues related to corporate ethics.

- 2) Systems for the storage and management of information concerning the execution of duties of directors
 - The Company shall develop a framework for information management by appropriately retaining and managing documents and other information related to the execution of duties by directors in accordance with the document management regulations.
- 3) Regulations and other systems concerning risk management
 - The Company shall appoint an executive officer responsible for promoting risk management and develop a risk management framework for systematic initiatives.
 - The Company shall establish "Crisis Management Regulations," under which each department shall endeavor to prevent and mitigate risks arising from business activities, and the Company shall manage company-wide crises and responses thereto, including large-scale disasters, the outbreak of infectious diseases, and cyberattacks.
 - With respect to risk management across the Group, the Company shall strengthen its risk management framework through discussions among its officers.
- 4) Systems to ensure the efficient execution of duties by directors.
 - The Company shall develop a framework under which the Board of Directors supervises global business execution based on a Chief Officer structure.
 - In regional business operations and various executive functions, the Company shall ensure prompt and optimal management decision-making tailored to each region and operational site, while achieving efficient and effective business operations.
 - The Management Committee shall deliberate on important management matters within the scope of authority delegated by the Board of Directors.
 - The Company shall establish a Management Strategy Committee to share the Group policies, identify issues for achieving management plans and discuss appropriate responses thereto, thereby enhancing the optimality and efficiency of business execution across the Group.
- 5) Systems to ensure the appropriateness of operations within the corporate group consisting of the Company and its parent company and subsidiaries
 - The Company shall establish regulations for the management of affiliated companies in order to ensure the proper execution of operations by each Group company, manage each Group company in accordance with such regulations, and receive reports from each Group company.
 - The Company shall establish the "Musashi Global Policy" to build an effective management structure for the Group and enhance corporate governance across the Group.
 - Each Group company shall conduct periodic self-assessments based on checklists.

- The Internal Audit Office, an independent internal audit section of the Company, and the global auditors stationed in each region conduct audits on the status of the business execution of each section of the Company and each Group company, and works to enhance the quality of these internal audits.
 - The Corporate Audit Department shall report the results of internal audits to the audited departments and companies, request the formulation of improvement measures for identified issues, periodically monitor the progress of such measures, and report the status to the Board of Directors as appropriate.
- 6) Matters concerning directors and employees who assist the duties of the Audit and Supervisory Committee, and matters concerning the independence of such directors and employees from other directors (excluding directors who are members of the Audit and Supervisory Committee (the "Audit and Supervisory Committee Members"))
- The Company shall have the internal audit department assist with the duties of the Audit and Supervisory Committee, and shall, while ensuring the independence of the internal audit department, deepen coordination with the Audit and Supervisory Committee and contribute to the establishment of an efficient and effective audit framework.
- 7) Systems for reporting by directors (excluding Audit and Supervisory Committee Members) and employees to the Audit and Supervisory Committee, and other systems for reporting to the Audit and Supervisory Committee
- The Company shall provide for periodic reporting to the Audit and Supervisory Committee on the status of business operations of the Company and its subsidiaries, as well as the development and operation of internal control systems, including compliance and risk management, and shall report any matters that may have a significant impact on the Company.
 - Audit and Supervisory Committee Members shall have no obligation to disclose to third parties any information obtained from directors (excluding Audit and Supervisory Committee Members) or employees and may request such directors to disclose the reasons for any personnel changes, performance evaluations, or disciplinary actions concerning the employees who have made such reports.
- 8) Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee
- The Audit and Supervisory Committee and the Corporate Audit Department, as the internal audit function, shall work closely together to conduct audits of the Company and its subsidiaries, and Audit and Supervisory Committee Members shall attend management meetings and other important meetings.
 - The Company shall respond to any request by Audit and Supervisory Committee Members for advance payment of expenses or reimbursement of expenses incurred, or for the settlement of liabilities incurred, in connection with the execution of their duties, unless it can be demonstrated that such expenses or liabilities were not incurred in connection with the execution of their duties.

- Operational status of internal control system

The principal matters regarding the operation of the systems for ensuring the appropriateness of operations during the fiscal year under review are as follows.

- 1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of operations
 - The Company has appointed a Compliance Officer to promote compliance initiatives and established an Internal Control Committee to deliberate on matters related to corporate ethics and compliance.
 - The Company conducts compliance training based on the code of conduct "Our Compliance" for all employees, thereby enhancing corporate ethics.
 - The Company operates the Musashi Corporate Ethics Reporting Desk, an internal whistleblowing contact point, to receive reports on issues related to corporate ethics and compliance. In addition to internal contact points, the Company has established an external contact point with outside legal counsel and a contact point with the Audit and Supervisory Committee Members, thereby creating an environment that facilitates reporting and enhancing the effectiveness of the system. Furthermore, to enhance the effectiveness of the whistle-blowing system in the Group, the Company works to redevelop the system of each Group company and strengthen its operation, and monitors the status of each company.
- 2) Systems for the storage and management of information related to the execution of duties by directors
 - The Company has established rules concerning document management, including document retention periods, and appropriately retains and manages information in accordance with such rules.
 - With respect to information related to the execution of duties by directors, the Company also sets retention periods in accordance with the document management rules and ensures proper management, including the designation of confidentiality classifications in accordance with the confidentiality management rules.
 - The Company periodically reviews its rules on document management and confidentiality of internal documents and promotes the appropriate management of business-related information.
- 3) Systems for risk management
 - The Company has appointed a Risk Management Officer to promote risk management initiatives and established a BCM Committee to deliberate on business continuity risks and countermeasures and has developed business continuity plans (BCPs).
 - The Company continuously conducts BCP drills in preparation for large-scale earthquakes, which are identified as the most significant risk.

- In accordance with the Crisis Management Regulations, the Company and its Group companies assess operational risks and business continuity risks, identify and analyze risks across the Group, and discuss risk management matters at the Sustainability Strategy Committee attended by directors.
- 4) Systems to ensure the efficient execution of duties by directors
- The Board of Directors determines the allocation of duties of directors and appoints executive officers, thereby ensuring the efficient operation of business. It also actively discusses Group-wide management strategies and medium- to long-term management plans, thereby enhancing corporate value.
 - As a company with an Audit and Supervisory Committee, the Company, in accordance with the Articles of Incorporation, delegates a part of important business execution to the Management Committee by resolution of the Board of Directors, thereby enabling efficient and agile decision-making in management
 - Business execution is carried out in a timely manner under the clear execution responsibility of executive officers.
 - The Company shares policies with each Group company and holds a Corporate Strategy Committee to discuss issues and other matters necessary for achieving business plans. In addition, the Company is enhancing its global platform, centered on the renewal of its core systems. Furthermore, by promoting data utilization and improving visibility, the Company is accelerating management decision-making in order to optimize and streamline business execution across the Group.
- 5) Systems to ensure the appropriateness of operations within the corporate group, including the Company, its parent company, and subsidiaries
- The Board of Directors establishes basic policies for the development of internal control systems and supervises the establishment and operational status of the Group's framework.
 - The Company has established regulations for the management of affiliated companies, which set forth matters to be reported from Group companies to the head office, and manages Group companies in accordance with such regulations.
 - 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, and strives to enhance operational efficiency and governance through regular policy reviews.
 - Each Group company conducts periodic self-assessments using checklists regarding compliance with applicable laws and regulations and risks that should be addressed in their operations, and issues identified from such assessments are deliberated by the Internal Control Committee as matters to be addressed across the Group.
 - The Internal Audit Office, an independent internal audit section of the Company, and the global auditors stationed in each region periodically audit each section of the Company and each Group company.

- 6) Matters concerning directors and employees who assist the duties of the Audit and Supervisory Committee, and matters concerning the independence of such directors and employees from other directors (excluding directors who are members of the Audit and Supervisory Committee (the "Audit and Supervisory Committee Members"))
- The Corporate Audit Department, which is independent from operational divisions, assists the Audit and Supervisory Committee and strengthens the audit function. The Corporate Audit Department is organizationally independent from other operational divisions and, in performing its duties to assist the Audit and Supervisory Committee, operates under the direction of the Audit and Supervisory Committee.
- 7) Systems for reporting by directors (excluding Audit and Supervisory Committee Members) and employees to the Audit and Supervisory Committee, and other systems for reporting to the Audit and Supervisory Committee
- In order to enable the Audit and Supervisory Committee to obtain information necessary for its audits, the internal audit function, the internal control function, and other operational divisions regularly report to the Audit and Supervisory Committee. In addition, the Internal Audit Office and global internal auditors practice dual reporting with the Representative Director, such as by promptly reporting audit results and the status of implementation of audit improvement recommendations to the Audit and Supervisory Committee.
- 8) Other systems to ensure the effectiveness of audits by the Audit and Supervisory Committee
- In addition to conducting regular audits, the Audit and Supervisory Committee endeavors to understand the circumstances surrounding the Company and develops an environment to enhance the effectiveness of audits, including through coordination with the Corporate Audit Department and opportunities for information sharing among Audit and Supervisory Committee Members.
 - Audit and Supervisory Committee Members attend management meetings and other important meetings to monitor the status of business execution. In addition, at meetings of the Board of Directors, they actively express opinions from a supervisory and audit perspective, thereby strengthening the Board's supervisory functions.
 - Audit and Supervisory Committee Members conduct audits in cooperation with the Corporate Audit Department, including by attending audits conducted by the Corporate Audit Department.

Consolidated Balance Sheet

(As of March 31, 2026)

(Unit: million yen)

Account title	Amount	Account title	Amount
Assets	301,614	Liabilities	170,361
Current assets	150,052	Current liabilities	117,857
Cash and bank deposits	32,651	Notes and accounts payable – trade	20,892
Notes and accounts receivable – trade	50,204	Short-term loans payable	45,206
Merchandise and finished goods	13,066	Current portion of long-term loans payable	16,734
Work in process	12,543	Accounts payable – other	6,339
Raw materials and supplies	31,931	Accrued expenses	10,307
Others	11,162	Income taxes payable	2,511
Allowance for doubtful accounts	△1,506	Provision for bonuses	3,565
Non-current assets	151,561	Provision for directors' bonuses	51
Property, plant and equipment	128,947	Provision for product warranties	22
Buildings and structures	29,046	Allowance for loss on guarantees	200
Machinery, equipment and vehicles	60,751	Allowance for loss on litigation	662
Tools, furniture and fixtures	4,204	Provision for business restructuring	6,108
Land	10,234	Others	5,252
Construction in progress	24,710	Non-current liabilities	52,504
Intangible assets	2,988	Long-term loans payable	36,796
Goodwill	586	Deferred tax liabilities	3,929
Customer relationship assets	1,189	Liabilities on employees' retirement benefits	8,451
Software	761	Others	3,327
Software in progress	15	Net assets	131,252
Others	435	Shareholders' equity	96,897
Investments and other assets	19,626	Capital stock	5,675
Investment securities	9,798	Capital surplus	73
Investments in capital	1,648	Retained earnings	91,156
Long-term loans receivable	124	Treasury shares	△8
Deferred tax assets	5,192	Accumulated other comprehensive income	25,132
Others	2,863	Valuation difference on available-for-sale securities	3,017
		Foreign currency translation adjustment	21,644
		Remeasurements of defined benefit plan	470
		Non-controlling interests	9,223
Total assets	301,614	Total liabilities and net assets	301,614

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

Consolidated Statement of Income
(April 1, 2025 - March 31, 2026)

(Unit: million yen)

Account title	Amount
Net sales	347,200
Cost of sales	291,749
Gross profit	55,451
Selling, general and administrative expenses	34,913
Operating income	20,538
Non-operating income	3,423
Interest income	571
Dividend income	400
Gain on valuation of investment securities	7
Gain on sale of investment securities	3
Foreign exchange gains	1,910
Subsidy income	4
Compensation received	82
Others	443
Non-operating expenses	3,730
Interest expenses	2,187
Loss on valuation of investment securities	70
Share of loss of entities accounted for using equity method	239
Provision for allowance for doubtful accounts	875
Others	358
Ordinary income	20,230
Extraordinary income	100
Gain on sales of non-current assets	74
Gain on termination of retirement benefit plan	25
Extraordinary losses	11,057
Loss on sales of non-current assets	4
Loss on retirement of non-current assets	141
Loss on valuation of investment securities	3,111
Provision for loss on litigation	459
Business restructuring costs	7,340
Profit before income taxes	9,273
Income taxes – current	8,187
Income taxes – deferred	△1,260
Profit	2,346
Profit attributable to non-controlling interests	1,082
Profit attributable to owners of parent	1,264

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

Consolidated Statement of Changes in Net Assets

(April 1, 2025 - March 31, 2026)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2025	5,639	37	93,157	△8	98,826
Changes of items during period					
Share issuance	35	35			71
Dividends of surplus			△3,276		△3,276
Profit attributable to owners of parent			1,264		1,264
Changes due to changes in the fiscal year end of consolidated subsidiaries			11		11
Net changes of items other than shareholders' equity					—
Total changes of items during period	35	35	△2,000	—	△1,929
Balance at March 31, 2026	5,675	73	91,156	△8	96,897

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plan	Total accumulated other comprehensive income		
Balance at April 1, 2025	3,221	12,350	362	15,935	9,208	123,969
Changes of items during period						
Share issuance						71
Dividends of surplus						△3,276
Profit attributable to owners of parent						1,264
Changes due to changes in the fiscal year end of consolidated subsidiaries						11
Net changes of items other than shareholders' equity	△204	9,294	107	9,197	15	9,212
Total changes of items during period	△204	9,294	107	9,197	15	7,283
Balance at March 31, 2026	3,017	21,644	470	25,132	9,223	131,252

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:

37

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.
Musashi WIRED Co., Ltd
Musashi Energy Solutions North America, Inc

(iii) Change in the scope of consolidation

Effective from the fiscal year under review, Musashi Energy Solutions North America, Inc., a newly established company, has been included in the scope of consolidation.

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: 3

ii) Name of principle subsidiaries, etc.;

Waphyto Inc. , 634 AI Ltd, Musashi Delta e-Axle India Private Limited

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.

Musashi WIRED Co., Ltd., a consolidated subsidiary whose fiscal year-end was previously February 28, had been using the non-consolidated financial statements as of that date and making necessary adjustments for significant transactions occurring between that date and the consolidated fiscal year-end. However, effective from the fiscal year under review, the company has changed its fiscal year-end to March 31. Consequently, the profit and loss of this consolidated subsidiary for the period from March 1, 2025, to March 31, 2025, has been adjusted as a change in retained earnings. The impact of this change on the consolidated financial statements is immaterial.

(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) Provision for structural reform

To prepare for losses arising from structural reforms, the estimated amount of such losses has been recorded.

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 in Japan 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 (Zhongshan) Co., Ltd. non-current assets recorded in the consolidated financial statements for the fiscal year under review.

	Fiscal year ended March 31, 2026 (million yen)
Property, plant and equipment	9,048
Intangible assets.	0

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

i) Calculation method

Non-current assets of overseas subsidiaries are evaluated for whether or not there is any indication showing that non-current assets may be impaired based on the International Financial Reporting Standards. If there is any indication of impairment, impairment testing is performed. 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, indications of impairment were identified on non-current assets at Musashi Auto Parts (Zhongshan) Co., Ltd. due to a decline in operating income or loss as a result of a decrease in orders received from customers in line with a change in the Chinese automobile market. However, as the recoverable amount calculated based on the value in use exceeded the book value, no impairment loss was recognized.

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 major assumptions such as future net sales of products.

Assumptions for future net sales of products are based on unofficial information from customers and premised on increasing volume of sales to Chinese customers. However, since the expected increase in the sales volume of products in the Chinese automobile market whose environment changes rapidly involves uncertainty, judgment on these assumptions significantly affects the estimate of future cash flows.

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 share that do not have a market value recorded in the consolidated financial statement for the fiscal year under review

Investment securities: 3,523 million yen

2) Information that contribute 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. Among these shares, as for shares that the Company acquired at a price considerably higher than the net assets per share of the investee companies in anticipation of their excess earnings power, such as investment in start-up companies, if the excess earnings power, etc. has been impaired and the substantive value has declined significantly, an impairment loss will be recognized.

ii) Major assumptions

Examination of whether or not excess earnings power, etc. has been impaired requires understanding of the market environment to which the investee belongs and the status of product development, etc. as well as judgment on the possibility of achieving the investee's business plans. The business plans factor in important assumptions such as an increase in net sales of the investee, and the achievement of the business plans involves high uncertainty. In addition, judgment of whether or not the excess earnings power, etc. for the shares has been impaired requires analysis of factors in the case where the business plans differ from actual results, and accordingly involves significant judgment.

iii) Impact on the consolidated financial statements for the following consolidated fiscal year

For shares without a market price, we believe that the amount of impairment loss recognized in the event of a significant decline in intrinsic value due to a deterioration in excess earning power, etc., is likely to be significant.

4. Notes to the consolidated balance sheet

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

328,257 million yen

Accumulated depreciation includes accumulated impairment loss.

(2) Provision for structural reform

The consolidated fiscal year under review

Early retirement lump-sum payments, legal fees associated with structural reforms in the European segment, and other items have been recorded as provisions based on the expected amounts.

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

(1) (Application of "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc.")

The Group has applied Paragraph 7 of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules, etc." (ASBJ PITF No. 46, March 22, 2024) and has not recognized corporate income taxes related to the international minimum tax for the fiscal year under review.

(2) Provision for structural reform

Provisions and expenses based on the expected amounts of early retirement lump-sum payments, legal fees associated with structural reforms in the European segment, and other items.

6. Notes to the Consolidated Statement of Changes in Shareholders' Equity

(1) Matters concerning total number of issued shares

(thousand shares)

Types of shares	April 1, 2025	Increase	Decrease	March 31, 2026
Common shares	65,556	25	—	65,581

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: 25 thousand shares

(2) Matters concerning number of treasury shares

(shares)

Types of shares	April 1, 2025	Increase	Decrease	March 31, 2026
Common shares	35,825	5,165	—	40,990

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

- Increase due to expiration of restricted stock incentive: 5,165 shares

(3) Matters concerning dividends of surplus

1) Paid amount of dividends

- i) Matters concerning dividends resolved at the 98th Annual Meeting of Shareholders held on June 26, 2025

* Total dividends	1,638 million yen
* Dividends per share	25 yen
* Record date	March 31, 2025
* Effective date	June 27, 2025

- ii) Matters concerning dividends based on the resolution of the Board of Directors held on November 10, 2025

* Total dividends	1,638 million yen
* Dividends per share	25 yen
* Record date	September 30, 2025
* Effective date	November 28, 2025

- 2) Dividends whose record date falls within the current consolidated fiscal year but whose effective date falls in the following fiscal year

The following matters will be proposed as follows at the 99th Annual Meeting of Shareholders to be held on June 26, 2026.

* Total dividends	983million yen
* Dividends per share	15 yen
* Record date	March 31, 2026
* Effective date	June 29, 2026
* 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, 2026 are as follows.

(Unit: million yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities(*2)	6,274	6,274	—
Total assets	6,274	6,274	—
(2) Long-term loans payable (*4)	53,530	52,593	△937
Total liabilities	53,530	52,593	△937

(*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, 2026 (million yen)
Unlisted equity securities, etc.	3,523

(*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 1,583 million yen.

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

(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 calculated using unobservable inputs subject to fair value measurement

(1) 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	6,234	-	-	6,234
Convertible bonds	-	-	40	40
Total assets	6,234	-	40	6,274

(2) 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		52,593		52,593
Total liabilities		52,593		52,593

Note1: 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.

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	23,094	88,278	55,869	8,833	16	176,092
Global Customer	18,446	222,650	24,787	20,240	84,904	171,030
Revenue from contracts with customers	41,541	110,928	80,657	29,074	84,920	347,122
Other revenues	—	78	—	—	—	78
Net sales to external customers	41,541	111,006	80,657	29,074	84,920	347,200

Note: Other income consists of lease income based on Corporate Accounting Standard No. 13, "Accounting Standard for Lease Transactions."

(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: 1,861.88yen

(2) Earnings per share: 19.29yen

10. Notes concerning significant subsequent events

No items to report.

Non-consolidated Balance Sheet

(As of March 31, 2026)

(Unit: million yen)

Account title	Amount	Account title	Amount
Assets	149,831	Liabilities	87,097
Current assets	39,246	Current liabilities	57,234
Cash and bank deposits	1,856	Electronically recorded obligations – operating	1,267
Accounts receivable – trade	10,481	Accounts payable – trade	4,811
Finished goods	1,130	Short-term loans payable	29,511
Work in process	1,676	Current portion of long-term loans payable	16,150
Raw materials and supplies	1,444	Lease obligations	38
Short-term loans receivable	25,750	Accounts payable – other	102
Current portion of long-term loans receivable	1,804	Accrued expenses	2,665
Prepaid expenses	296	Income taxes payable	673
Accounts receivable – other	1,198	Deposits received	240
Others	643	Provision for bonuses	1,291
Allowance for doubtful accounts	△7,036	Provision for directors’ bonuses	51
Non-current assets	110,584	Provision for product warranties	1
Property, plant and equipment	11,741	Allowance for loss on guarantees	200
Buildings	3,242	Notes payable – facilities	110
Structures	111	Others	117
Machinery and equipment	4,757	Non-current liabilities	29,862
Vehicles	55	Long-term loans payable	29,000
Tools, furniture and fixtures	483	Long-term loans payable from affiliates	300
Land	2,995	Lease obligations	71
Construction in progress	95	Deferred tax liabilities	338
Intangible assets	643	Long-term accounts payable – other	71
Goodwill	357	Asset retirement obligations	80
Technology-related assets	60	Net assets	62,734
Software	217	Shareholders’ equity	59,932
Others	7	Capital stock	5,675
Investments and other assets	98,200	Capital surplus	5,416
Investment securities	2,152	Legal capital surplus	5,416
Shares of subsidiaries and associates	65,629	Retained earnings	48,849
Investments in capital	1,593	Legal retained earnings	306
Long-term loans receivable from subsidiaries and associates	12,560	Other retained earnings	48,542
Investments in capital of subsidiaries and associates	18,439	General reserve	23,500
Long-term prepaid expenses	124	Retained earnings brought forward	25,042
Others	94	Treasury shares	△8
Allowance for doubtful accounts	△2,394	Valuation and translation adjustments	2,801
		Valuation difference on available-for-sale securities	2,801
Total assets	149,831	Total liabilities and net assets	149,831

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

Non-consolidated Statement of Income

(April 1, 2025 - March 31, 2026)

(Unit: million yen)

Account title	Amount
Net sales	58,677
Cost of sales	44,319
Gross profit	14,358
Selling, general and administrative expenses	9,331
Operating income	5,027
Non-operating income	17,321
Interest income	690
Dividend income	14,330
Foreign exchange gains	1,413
Gain on valuation of investment securities	7
Gain on sale of investment securities	3
Others	875
Non-operating expenses	4,731
Interest expenses	715
Loss on valuation of investment securities	97
Provision for doubtful accounts	3,710
Taxes and dues	140
Others	67
Ordinary income	17,616
Extraordinary income	1
Gain on sales of non-current assets	1
Extraordinary loss	3,941
Loss on retirement of non-current assets	16
Loss on valuation of investment securities	3,924
Profit before income taxes	13,676
Income taxes – current	3,234
Income taxes – deferred	△30
Profit	10,473

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

Non-consolidated Statement of Changes in Net Assets

(April 1, 2025 - March 31, 2026)

(Unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings				Treasur y 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, 2025	5,639	5,380	306	23,500	17,846	41,652	△8	52,664
Changes of items during period								—
Share issuance	35	35						71
Dividends of surplus					△3,276	△3,276		△3,276
Profit					10,473	10,473		10,473
Net changes of items other than shareholders' equity								—
Total changes of items during period	35	35	—	—	7,196	7,196	—	7,268
Balance at March 31, 2026	5,675	5,416	306	23,500	25,042	48,849	△8	59,932

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2025	3,054	3,054	55,718
Changes of items during period			—
Share issuance			71
Dividends of surplus			△3,276
Profit			10,473
Net changes of items other than shareholders' equity	△252	△252	△252
Total changes of items during period	△252	△252	7,015
Balance at March 31, 2026	2,801	2801	62,734

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) Basis for conversion of assets and liabilities denominated in foreign currencies into Japanese currency

Foreign currency-denominated assets and liabilities are converted to yen at the spot exchange rate on the closing date and the translation adjustment is treated as a profit or loss.

(7) 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.

(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: 2,090 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	36,500 million yen
Long-term cash credit	12,585 million yen
Short-term cash debt	15,997 million yen
Long-term cash debt	300 million yen

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

44,041 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	31,551
Musashi Energy Solutions Co., Ltd.	3,000
Musashi Auto Parts (Zhongshan) Co., Ltd.	261
Musashi da Amazonia Ltda.	20
Total	34,832

5. Notes to the non-consolidated statement of income

Transactions with subsidiaries and associates

Net sales	45,980 million yen
Purchases	19,047 million yen
Transactions other than operational transactions	15,788 million yen (shares)

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

Matters concerning number of treasury shares

Types of shares	April 1, 2025	Increase	Decrease	March 31, 2026
Common shares	35,825	5,165	—	40,990

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

- Increase due to expiration of restricted stock incentive: 5,165 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	86
Provision for bonuses	339
Provision for directors' bonuses	16
Accrued social security premiums	67
Inventories, etc.	245
Over depreciation	158
Directors' retirement benefits payable	22
Allowance for loss on guarantees	61
Loss on valuation of investment securities	2,135
Loss on sales of shares of subsidiaries and associates	6,540
Allowance for doubtful accounts	2,919
Shares of subsidiaries acquisition costs	29
Others	93
Subtotal deferred tax assets	12,777
Valuation allowance	△11,720
Total deferred tax assets	1,056
Deferred tax liabilities	
Valuation difference on available-for-sale securities	△1,256
Others	△139
Total deferred tax liabilities	△1,395
Net deferred tax assets (liabilities)	△338

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

The Company and certain consolidated subsidiaries in Japan 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)	21,931	Accounts receivable – trade	2,607

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)	11,504	Accounts payable – trade	2,599
Subsidiary	Musashi Energy Solutions Co., Ltd.	100.0	Capital lending and secondment of officers	Underwriting of debt guarantees (Note 2)	3,000	—	—
				Capital lending Capital recovery	12,836 2,100	Short-term loans receivable (Note 4)	16,095
				Receipt of interest (Note 3)	39	Accrued interest	—
				Provision for doubtful accounts	584	Allowance for doubtful accounts	3,263-
Subsidiary	Musashi da Amazonia Ltda.	100.0	Capital lending	Capital lending Capital recovery	3,117 1,402	Short-term loans receivable	1,765
				Receipt of interest (Note 3)	25	Accrued interest	22
Subsidiary	Musashi Auto Parts Co., Ltd.	82.3	Capital borrowing	Capital borrowing Repayment of capital	10,164 —	Short-term loans payable	10,248
				Payment of interest (Note 3)	2	Accrued interest payable	2
Subsidiary	Musashi Auto Parts India Pvt. Ltd.	100.0	Capital lending	Sales of products (Note 1)	1,906 —	Long-term loans receivable	1,906
				Receipt of interest (Note 3)	5	Accrued interest payable	5
Subsidiary	P.T. Musashi Auto Parts Indonesia	80.0	Capital borrowing	Capital borrowing Repayment of capital	— —	Short-term loans payable	1,660
				Receipt of interest (Note 3)	22	Accrued interest payable	—
Subsidiary	Musashi Auto Parts Mexico, S.A. de C.V.	100	Sales of products and	Sales of products (Note 1)	6,187	Accounts receivable - trade	1,291

Category	Company name	Ownership percentage of voting rights (%)	Relationship	Transaction details	Transaction amounts (million yen)	Account item	Fiscal year-end balance (million yen)
			Capital lending	Capital lending Capital recovery	— —	Short-term loans receivable	3,300
				Receipt of interest (Note 3)	81	Accrued interest payable	—
Subsidiary	Musashi Europe GmbH.	100.0	Capital lending Debt guarantees and Secondment of officers	Underwriting of debt guarantees (Note 2)	31,551	—	—
				Guarantee commissions income (Note 2)	732	Accounts receivable-other	110
				Capital lending Capital recovery	— —	Long-term loans receivable	8,003
				Receipt of interest (Note 3)	240	Accrued interest	100-
Subsidiary	Musashi Energy Solutions North America, Inc	100.0	Capital lending	Capital lending Capital recovery	2,966 —	Short-term loans receivable	3,198
				Receipt of interest (Note 3)	74	Accrued interest	68

Conditions of transactions and policy for determining the conditions of transactions

- Notes:
1. Prices and other transaction requirements are determined based on basic agreements with subsidiaries and taking into account market conditions.
 2. 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.
 3. Interest rate in capital lending and borrowing is reasonably determined in consideration of market interest rate.
 4. 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

- (1) Net assets per share: 957.18yen
- (2) Earnings per share: 159.81yen

11. Significant subsequent events

No items to report.

Independent Auditor's Report

May 18, 2026

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, 2025 to March 31, 2026.

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, 2025, 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.

* Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection 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 18, 2026

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 98th fiscal year from April 1, 2025 to March 31, 2026.

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, 2025, 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 99th fiscal year from April 1, 2025 to March 31, 2026, 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 19, 2026

Audit and Supervisory Committee of
Musashi Seimitsu Industry Co., Ltd.

Kazutaka Okubo (Seal)

Audit and Supervisory Committee Member (Full-time)

Makiko Yamamoto (Seal)

Audit and Supervisory Committee Member

Takashi Watanabe (Seal)

Audit and Supervisory Committee Member

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