Nabtesco
Value Report 2025

FY Ended December 31, 2025

Nabtesco

The Nabtesco Way

Corporate Philosophy

The Nabtesco Group, with our unique motion control technology, will provide safety, comfort and a sense of security in daily lives as well as any form of transportation.

The Principles We Value

See the people. See the planet.
What will we do for people, society, and our planet?
We think deeply. We identify needs and challenges.
We deliver results with speed and accuracy.
Doing our best, one thing at a time,
we exceed the expectations of the world.

Create together.
We celebrate our diversity. We treat each other fairly.
We all have a voice here. Crossing boundaries, we amplify each other's strengths. If we come together, the endeavors impossible for one will be achieved.
To build something nonexistent together—that is what drives us.

Stay curious. Explore further.
Staying curious about all things and uncovering the heart of the matter. That is what moves us forward.
To truly understand, we must see the places and things firsthand.
With flexibility, we embrace the experience and ideas of others.
Improving and innovating, we find the best solution.

Improve ourselves. Advance society.
We are each specialists in our own fields.
We won't stop honing our unique skills. We won't stop aiming higher.
Our personal growth leads our company to sustainable growth.
This, in turn, brings progress to society. Our ambitions are high.
There is always a better version of ourselves.

Enjoy the challenge.
Not fearing failure, we daringly challenge.
Changing the future begins from will and passion.
Proposing breakthrough ideas with a global mindset is essential.
All of us are innovation leaders who open up new possibilities.

Be open, fair, and honest.
The trust with our stakeholders is cultivated through our self-awareness and actions. We are transparent.
We believe in doing the right thing. We stay true to our values.
Open, fair, and honest. These are the ideals every one of us holds to.

Contents

2 Key Highlights

Profile of Nabtesco
3 At a Glance
4 Evolution of Nabtesco's Technologies

CEO Message
5 To Our Stakeholders

Strategy for Realizing Value Creation
11 Medium-Term Management Plan
13 Case Study: Initiatives for Technological Advancement Aimed at Creating Next-Generation Value
17 Measures to Improve Financial Performance

Business Strategy
19 Nabtesco's Businesses
20 Business Overview

Enhancing Our Management Foundation
23 Management Materiality
24 Countermeasures for Climate Change
26 Enhancing Human Capital Management
30 Enhancing Corporate Governance

Data Section
34 Board Members
36 Financial Data
37 Disclosure Policy /Third-Party Assurance
38 Corporate Profile /Validity Statement

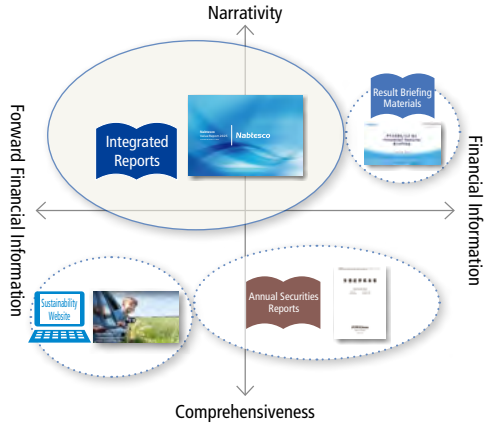
PDF Operation Guide Back cover

Editorial Policy and Disclosure System

The Integrated Report, "Nabtesco Value Report," is compiled with an awareness of integrated thinking, aiming to enable our stakeholders to understand our value creation story while addressing their opinions and questions transparently and sincerely, and presenting our authentic position and future growth potential.

This content has been thoughtfully structured to highlight the most essential items for both first-time and returning readers, offering a clear and seamless reading experience from beginning to end.

Integrated Disclosure Matrix of the Nabtesco Group



Web The Nabtesco Value Report contains summarized information with an emphasis on readability. Meanwhile, each section on the website discloses the latest information along with more detailed initiatives and data. We encourage you to refer to both this report and our website for comprehensive information.

Investor Relations
- Annual Securities Reports
- Result Briefing Materials
- Financial Statements

https://www.nabtesco.com/en/about/ir/

Sustainability
- Management Materiality (Identification process, indicators, goals and more)
- ESG information/ESG data book

https://www.nabtesco.com/en/about/sustainability/

Nabtesco Value Report 2025 —Reviving Potential, Evolving Excellence, and the Value We Create Beyond—

Nabtesco aspires to be “Leaders in Innovation for the Future” as guided by its long-term vision, *Innovation in Action Vision 2030*. To achieve sustainable growth in corporate value, the Company is advancing initiatives to review its business portfolio, invest in growth, and strengthen its management foundation. This guide highlights the pages of Nabtesco Value Report 2025 that we particularly encourage you to read. Please use this guide as a table of contents.

Cover Story



To Our Stakeholders

From Our Origins to the Future
How Nabtesco increases its value through “Reviving Potential” and “Evolving Excellence”

— CEO Kazumasa Kimura on Resolve and Value Creation

Special Interview

Why return to our origins now?
How Nabtesco is learning from setbacks and returning to a growth trajectory

P5- CEO Message



Feature 1 | Technology

P4 Evolution of Nabtesco’s Technologies

P13- Case Study: Initiatives for Technological Advancement Aimed at Creating Next-Generation Value

What components will be required in the age of physical AI?
Components supporting the evolution of robots



Feature 2 | Strategy & Business Portfolio

P11- Medium-Term Management Plan

Deepening motion control for future growth and the path to achieving a 10% ROIC

P17- Measures to Improve Financial Performance

P19 Nabtesco’s Businesses

Feature 3 | Management Materiality

P23 Management Materiality



Human Capital Roundtable
How shifting to role-based talent management is creating a positive cycle of challenge and growth

P26- Enhancing Human Capital Management



Outside directors on growth strategy and governance
Governance is not about defense, but a mechanism for value creation
Key issues highlighted through dialogue with investors

P30- Enhancing Corporate Governance

P34- Board Members / Financial Data

Component Solutions (CMP)

Contributing to automation and labor-saving in manufacturing
- Precision Reduction Gears

Transport Solutions (TRS)

Contributing to enhanced safety, security, and comfort in the transportation of people and goods through control technologies cultivated over many years
- Railroad Vehicle Equipment
- Aircraft Equipment
- Marine Vessel Equipment
- Commercial Vehicle Equipment

Accessibility Solutions (ACB)

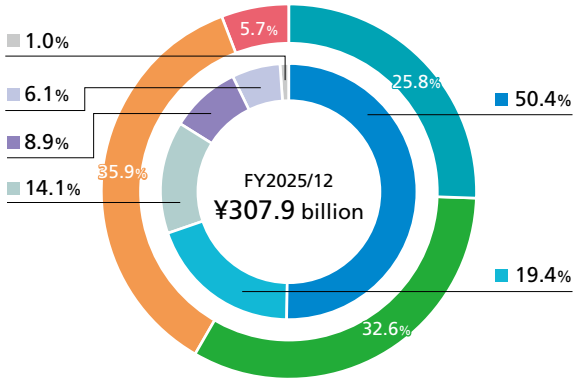
Contributing to the realization of a barrier-free society
- Automatic Doors for buildings and platform screen doors
- Welfare equipment

Manufacturing Solutions (MFR)

Contributing to labor-saving needs in packaging operations for processed food and other necessities
- Packaging Machines

P20 Business Overview

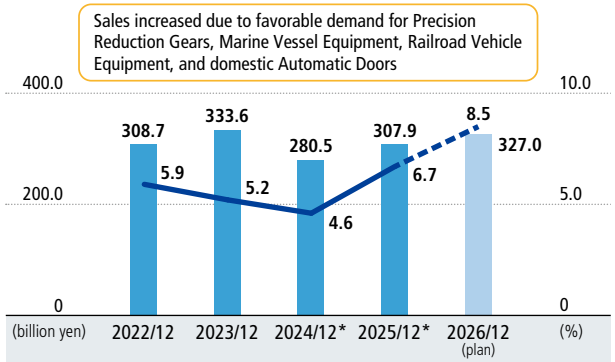
Sales



Sales by business segment (outer ring)
- CMP
- ACB
- TRS
- MFR

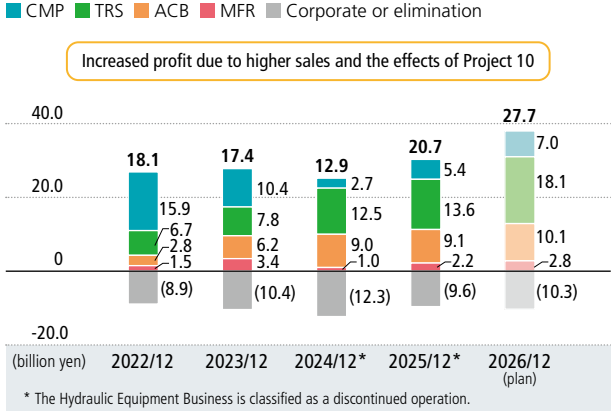
Sales by geographic segment (inner ring)
- Japan
- North America
- Europe
- Rest of Asia
- China
- Other regions

Sales/Operating profit margin



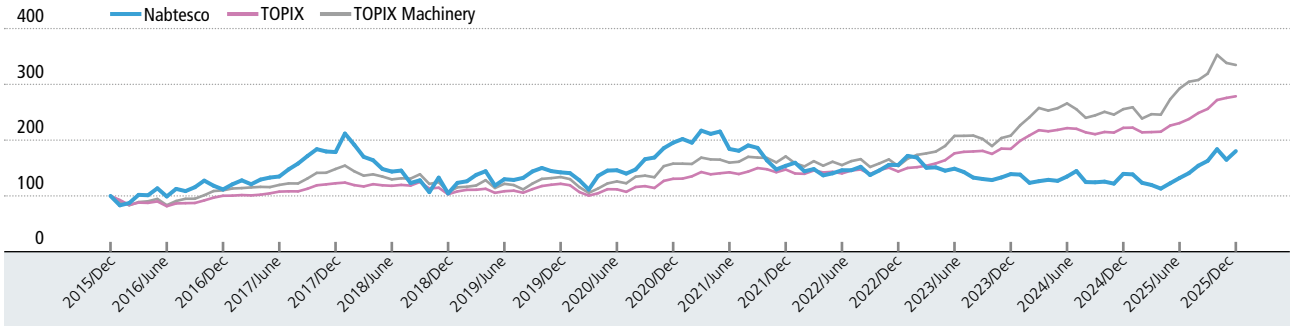
* The Hydraulic Equipment Business is classified as a discontinued operation.

Operating profit (by business segment)



* The Hydraulic Equipment Business is classified as a discontinued operation.

Total Shareholder Return (TSR) over the past 10 years



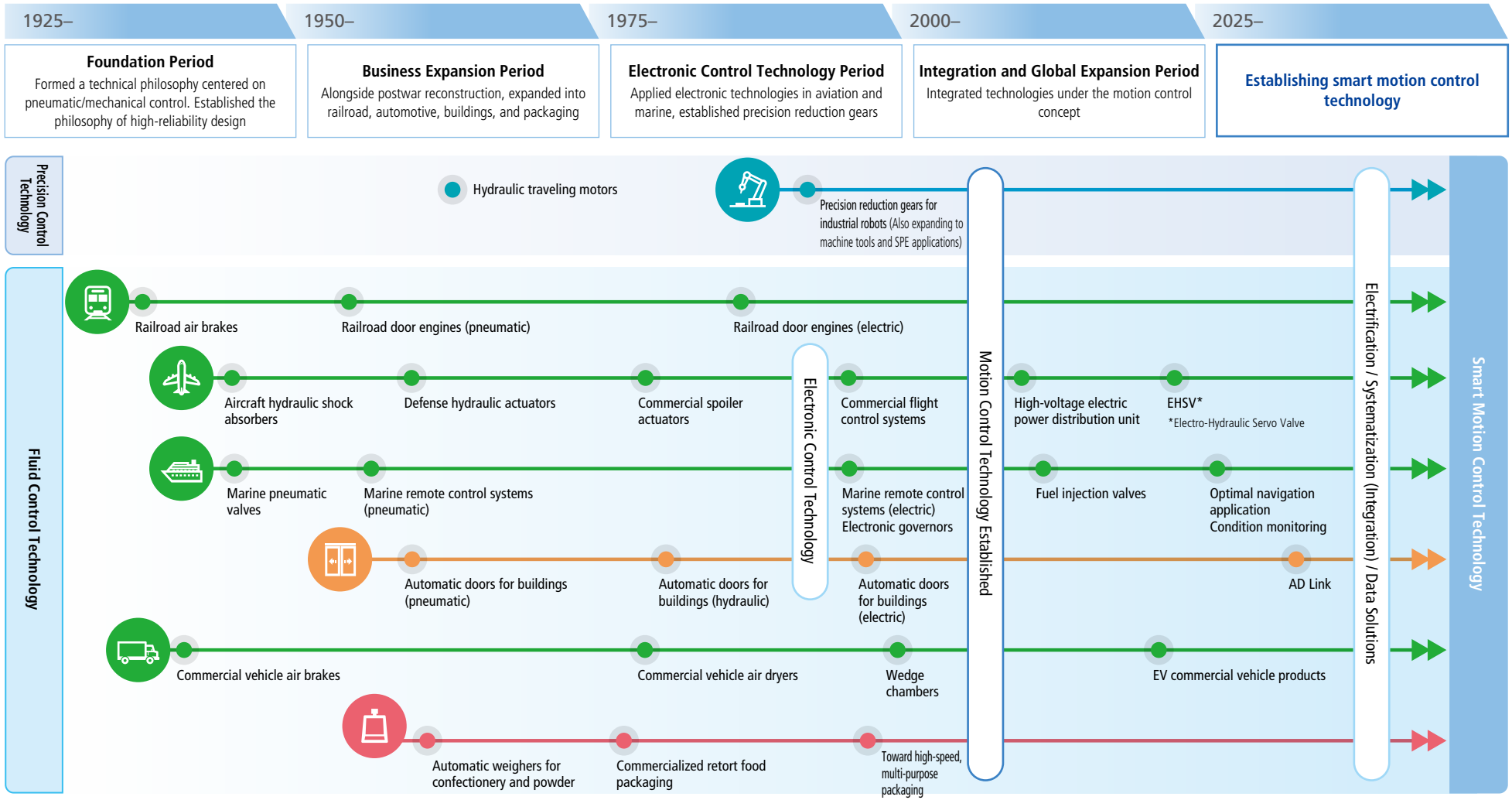
Return on Investment (ROI) as of December 31, 2025

	Past one year	Past three years		Past five years		Past 10 years	
	Annualized return	Cumulative return	Annualized return	Cumulative return	Annualized return	Cumulative return	Annualized return
Nabtesco	36.3%	18.5%	5.8%	(8.3%)	(1.7%)	80.3%	6.1%
TOPIX	25.5%	93.8%	24.7%	113.2%	16.3%	178.6%	10.8%
TOPIX Machinery	31.0%	118.2%	29.7%	112.0%	16.2%	234.7%	12.8%

(Note 1) TSR: Represents the total return on investment for shareholders, encompassing both capital gains and dividends.
(Note 2) The above graphs illustrate ROI as of December 31, 2025, for investments made on December 31, 2015. The investment outcomes for Nabtesco shares are calculated based on the stock prices supplemented by dividends (assuming dividends are not reinvested), with the initial investment amount on December 31, 2015, set at 100. Similarly, TOPIX and TOPIX Machinery data are indexed using comparable methodology, including dividends.
(Note 3) The table above presents the cumulative and annualized returns on investments as of December 31, 2025 (including dividends) for each year from December 2024 to December 2015 (10 years prior).
(Note 4) Annualized return figures represent the average rate of return over one year, and the annualized return on investments for the period is calculated using the geometric mean.
(Source) Prepared by the Nabtesco Group based on the Tokyo Stock Exchange's monthly closing stock prices and other data.

Supporting the safety and reliability of social infrastructure and industry through the evolution of motion control technologies

By sincerely addressing the high standards and requirements of our customers over many years, Nabtesco has cultivated a wide range of technologies. Following the Company's founding, these technologies were integrated and established as Nabtesco's unique motion control technologies, enabling our businesses and technologies to evolve together. Going forward, we will continue incorporating technologies suited to changing times while further refining our motion control technologies to establish smart motion control technology, create new value in response to social needs, and continue enhancing corporate value sustainably.



From Our Origins to the Future —— How Nabtesco increases its value through “Reviving Potential” and “Evolving Excellence”

By pursuing profitability improvement and business transformation at the same time, we are turning “Reviving Potential” into tangible results. Returning to our roots, Nabtesco is accelerating its journey toward the realization of its long-term vision.

Kazumasa Kimura
Representative Director, President and Chief Executive Officer (CEO)



Returning to our origins for further growth

We are now at a critically important juncture in realizing our long-term vision for 2030, "Leaders in Innovation for the Future." Our current Medium-Term Management Plan (MTMP)[*1] is not simply a numerical plan. Rather, it was formulated as the management team came together to sharpen our long-term vision while I personally revisited the path Nabtesco should pursue.

Under the previous MTMP, we experienced a significant decline in business performance and were unable to achieve our profitability targets. It is true that we were confronted with market turbulence far beyond what had been anticipated when the plan was formulated. Nevertheless, as the person ultimately responsible for management, I took those results very seriously and confronted some fundamental questions head-on: Why were we unable to achieve the results we had envisioned? Where does the true source of Nabtesco's value lie? And what kind of value should we deliver to society as a company?

Through these discussions, I came to a firm conviction. I became convinced that our corporate philosophy itself already represents a clear sense of purpose—"With our unique motion control technology, we provide safety, comfort, and a sense of security in daily lives as well as any form of transportation." Through motion control technology, we have long delivered safety, comfort, and peace of mind to society. This value is timeless; it does not change with the times. It was by returning once again to this origin that we formulated our current MTMP, which identifies "Reviving Potential" and "Evolving Excellence" as its two priorities.

Staying focused on profitability while driving evolution

In our current MTMP, I deliberately chose to pursue two objectives at the same time: improving profitability—Reviving Potential—and advancing toward smart motion control (SMC)—Evolving Excellence. I did so because I believe these are the two essential pillars for becoming "Leaders in Innovation for the Future," as envisioned in our long-term vision.

On the profitability front, through Project 10, we had aimed to restore our operating margin to the 10% level by 2026. For 2025, our original plan called for an operating margin of 5.4%, but the actual result came in at 6.8%, exceeding the plan. For 2026, we are forecasting 8.5%. While this does not yet reach the level we originally committed to, we expect the margin to improve to 9.7% in the second half of 2026. This reflects the results of our company-wide efforts to improve profitability, and together with the deepening of our portfolio management, I believe we are steadily regaining our earning power.

While achieving short-term targets is important, we must also continue making strategic growth investments with a medium- to long-term perspective. By doing so, we will press ahead toward the realization of our long-term vision for 2030.

Smart motion control as the strategic core of value creation —Building a resilient management foundation to continue supporting society

Over the course of our long history, including that of Nabtesco's predecessor companies, we have refined our motion control technology by responding to customer expectations and continuously enhancing our technical capabilities. By evolving this technology into smart motion control through electrification, systematization (integration), and data solutions, we can provide solutions to social challenges and create new value.

Our businesses operate in fields such as transportation, industry, and social infrastructure, and none of them is particularly large on its own. Even so, I take great pride in the fact that we support many areas of society that simply cannot be allowed to stop. In this context, one of our management materialities—building a resilient corporate foundation—is a critical priority for ensuring that Nabtesco can continue to support social infrastructure in a stable and sustainable manner. By operating across multiple markets and business domains, we can build a resilient business structure capable of absorbing volatility in individual markets. I believe the optimal portfolio is one in which our three core segments each generate

*1
Medium-Term Management Plan
P11

Value Creation Story

Philosophy

With our unique motion control technology, we will provide safety, comfort and a sense of security in daily lives as well as in any form of transportation.

Long-Term Vision

Our Aim for 2030

- Creating new value with our unique technology and intelligence
- Enriching lifestyles and the environment worldwide
- "Moving your heart" by providing safety and security

Management Materiality

- Measures to improve our financial performance
- Measures to enhance our management foundation
- Specific measures to achieve the long-term targets

P23 Management Materiality

Medium-Term Management Plan

- **"Reviving Potential"** Reviving our profitability by executing Project 10
- **"Evolving Excellence"** Evolving our technology from "motion control" to "smart motion control" to provide new value that meets the needs of society

P11 Medium-Term Management Plan

OUTCOME

OUTPUT

Toward smart motion control

Continuous enhancement of the management foundation

INPUT

Assessment of the external environment

Politics	• Acceleration of decarbonization • Expansion of sustainability-related regulations • Need to comply with stricter product safety standards and environmental regulations
Economics	• Global economic growth projected at around 3% per year • Slowing economic growth in China and expansion in other emerging economies • Exchange rate fluctuations driven by interest rate differentials between Japan and other countries, global economic trends, and geopolitical risks
Society	• Rising demand for automation and the evolution and spread of service robots in response to aging populations, dwindling birthrates, and labor shortages, particularly in developed countries • Increasing demand for products bundled with services
Technology	• Integration of AI into machinery (fusion of AI with machines/robots) • Expansion of IoT (remote operation and condition monitoring, etc.) • Advances in power electronics technology

*The external environment assessment is based on research conducted during the formulation of the MTMP.

Value Created: Smart Motion Control

	Value for the Nabtesco Group	Impact on external stakeholders
Relationship capital ▸ Relations of trust with customers ▸ Relations of trust with shareholders ▸ Relations of trust with suppliers ▸ Relations of trust with local communities	• Strong customer base supported by top-class market shares • Trust in the management and strong ESG ratings • Responsible supply chain management • Enhanced recognition through corporate citizenship activities	• Addressing social challenges through our business activities • Strengthening partnerships with stakeholders • Enhancing supply chain resilience • Contributing to the resolution of social challenges in the fields of environment, education and welfare
Financial capital	• Robust balance sheet supporting steady growth investments	• Capital efficiency and stable shareholder returns that meet shareholders' expectations
Manufacturing capital	• Advancing smart manufacturing	• Providing safety, comfort, and a sense of security while contributing to climate change mitigation and biodiversity
Intellectual capital	• Acquisition of smart motion control technologies • Building sustainable growth capabilities through the acquisition and enhancement of core value	• Open innovation through co-creation
Organizational capital	• Highly ethical corporate culture based on a global compliance system	• Management transparency through the continuous enhancement of Board effectiveness
Human capital	• Optimization of human capital to become "Leaders in Innovation for the Future"	• Respect for diverse talent and expertise

Value Creation Process

Component Solutions (CMP) | **Transport Solutions (TRS)** | **Accessibility Solutions (ACB)** | **Manufacturing Solutions (MFR)**

Innovation creation activities

Activities for sustainable growth
Steady execution of the MTMP

Management resources supporting value creation

- Relationship capital
- Manufacturing capital
- Financial capital
- Intellectual capital
- Organizational capital
- Human capital

earnings on a balanced basis.

In 2025, we transferred our hydraulic equipment business[*2] through an absorption-type company split, and in January 2026, we sold a 70% equity stake in the business to Comer Industries S.p.A. of Italy ("Comer"). The hydraulic equipment business is an important business that played a key role in the establishment of Nabtesco and is backed by an excellent product portfolio. At the same time, however, we had come to feel that there were limits to achieving renewed growth on our own, given the changing competitive environment caused by the slowdown in the Chinese market and the slower-than-expected progress of our business development in Europe and the United States. In this context, Comer, with whom we have collaborated since 2017, has a deep understanding of our business and strong marketing capabilities. This convinced us that partnering with Comer would be the best way to unlock the full potential of the hydraulic equipment business, ultimately leading to our decision.



At the same time, there are businesses that can still achieve further growth within the Nabtesco framework. In the Transport Solutions (TRS) segment[*3], we have moved into a phase of investing in the development of next-generation products and technologies and expanding production capacity to respond to current demand, while benefiting from favorable market conditions. In railroad vehicle equipment, meanwhile, we aim to improve profitability and further concentrate resources on priority areas through the sale of our European subsidiary.

In the Component Solutions (CMP) segment[*3], we are seeking to capture growth opportunities through the launch of new products and by expanding sales into applications beyond industrial robots. In the Accessibility Solutions (ACB) segment[*3], we aim to improve profitability by withdrawing from our overseas platform door projects that include installation work.

Moving away from a business structure that has historically been overly reliant on a single business, we aim to create a portfolio in which each segment contributes profit on a balanced basis. By maintaining a disciplined approach to focus and selection, securing stable earnings through an MRO[*4]-based revenue foundation, and expanding sales in growth markets, we will evolve into a strong and resilient corporate structure optimized from a company-wide perspective, leading to higher corporate value.

Our role in the age of physical AI

In recent years, physical AI[*5] has attracted growing attention. I view this trend as an opportunity for market expansion. As a component manufacturer, Nabtesco is well positioned to create value by supporting the real-world deployment of new technologies. One such initiative was the launch announcement, made at the end of 2025, of compact precision reduction gears.

Nabtesco holds a dominant position in precision reduction gears for

*2
Web
Company split of the Hydraulic Equipment Business

*3
Business Overview
P20

*4
MRO: Maintenance, Repair and Overhaul
(After-sales services)

*5
Case Study: Initiatives for Technological Advancement Aimed at Creating Next-Generation Value
P13





Following the launch of the RVmini®, we have also developed the Monocrank® series for use in humanoid robots and other applications.

medium- and large-sized industrial robots with a payload capacity of 20 kilograms or more. In the market for robots with a payload of less than 20 kilograms, however, our products had been adopted only for certain axes where our strengths could be fully leveraged. Going forward, the introduction of physical AI will make robots easier to use on production floors, where advanced expertise has traditionally been required, and demand for automation and labor-saving through robotics will expand across a wide range of industries. For this reason, having products for the market for robots with a payload capacity of less than 20 kilograms is an important part of our growth strategy. We therefore launched the RVmini® and also announced the development of the Monocrank® series.

We have also seen progress in the use of AI in the field of marine vessel equipment. Autonomous navigation and optimal control systems incorporating AI are now entering the implementation stage, and the consortium in which we participate has also been steadily building a track record. I believe that each of these steady advances will further strengthen both our technological value and our value to society.

Human capital—People as the foundation of value creation

I have never wavered in my belief that, for any company, the ultimate source of value creation lies in its people.

Making "Reviving Potential" a tangible reality through Project 10 and advancing from motion control to smart motion control as part of "Evolving Excellence"—these are important milestones toward realizing our long-term vision for 2030: to become "Leaders in Innovation for the Future."

And the foundation for carrying out this transformation is the people who work together at Nabtesco—and our investment in them. At Nabtesco, we are advancing human capital management[*6] through three major initiatives.

The first is embedding The Nabtesco Way[*7] throughout the Group. Nabtesco is, in a sense, an "old yet new" company, created in 2003 through the management integration of Teijin Seiki, founded in 1944, and NABCO, founded in 1925. In order to strengthen the respective strengths of both companies while integrating their different corporate cultures, we formulated The Nabtesco Way in 2012, clearly setting out our behavioral guidelines and commitments, and have steadily embedded it throughout the organization. In 2023, while leaving our corporate philosophy unchanged, we revised our expression of "Nabtesco as a company that takes on challenges" into a clearer and more accessible form, reflecting changes in the business environment and enabling the diverse talent across the Group to better understand, empathize with, and act on it with even greater motivation. I believe that truly internalizing and embodying The Nabtesco Way is directly linked to enhancing corporate value.

Second is the optimization of our talent portfolio. Since FY2024, we have been advancing reform of our personnel system[*8] by introducing role-based standards, and are now focused on embedding the new system throughout the organization. What matters most is not simply creating the system, but how it is operated and how people are developed through it. By considering which skills should be reinforced in each business and where greater efficiency should be pursued, we are gaining greater visibility into our talent, assigning people to the right positions,

*6
Enhancing Human Capital Management
P28

*7
The Nabtesco Way
P1

*8
Human Capital Roundtable
P26

and promoting job rotation so that employees can build their careers. In doing so, we are creating an environment in which each individual can grow autonomously and fully demonstrate their capabilities. In addition, with the HR function playing an active role, we are also developing succession plans for each business division as we work toward resilient business operations.

Third is the enhancement of engagement. To realize our ambition of becoming "Leaders in Innovation for the Future," it is essential to nurture, at the workplace level, the seeds of "Innovation in Action." To do so, we must proactively create opportunities for direct dialogue in which challenges and solutions can be shared, and foster a mindset that not only meets customer expectations but exceeds them. In addition to the town hall meetings that other members of management and I hold with employees, we are deepening mutual understanding and strengthening engagement through one-on-one meetings with both supervisors and colleagues—and through small-group engagement workshops. In this way, we will build the future of the company together.



Town hall meeting

Responsibility for governance and capital efficiency

The Board of Directors also plays a major role in discussions that will drive Nabtesco's further growth, including new businesses, M&A, and portfolio optimization.



In the past, one of the Board's primary roles was to deliberate and approve important matters brought forward by the executive side. Today, however, it is evolving[*9] into a forum that devotes more time to medium- to long-term strategy and enables open, constructive discussion. I believe that **governance is not merely a matter of "defense," but rather a mechanism for enhancing corporate value.**

At present, our Board consists of four internal directors and five outside directors, three of whom are women[*10]. Each member brings a different background and area of expertise, and I believe the Board has a highly balanced skills matrix. We have also received strong evaluations regarding the effectiveness of the Board of Directors[*11].

Looking ahead, one of our key challenges is to shift from the traditional style of a management board toward one with a stronger monitoring function, while also improving the quality of management itself by allocating more time to discussions on medium- to long-term strategy. We are also conscious of the need to make the Board's processes as visible as possible to stakeholders so that the effectiveness of the Board does not remain a black box.

With regard to shareholder returns, under our current MTMP we have adopted dividend on equity (DOE) as a key indicator and shifted to a policy that places greater emphasis on stable dividends. Balancing the allocation of resources to growth investment with shareholder returns is also a key management responsibility. With a strong focus on capital efficiency, **I will continue striving to achieve sustainable enhancement of corporate value.**

*9 Outside directors on growth strategy and governance
P30

*10 Board Members
P34

*11 Enhancing Corporate Governance
P32

Aiming for further growth through three initiatives to realize our long-term vision

Based on its corporate philosophy, the Nabtesco Group has formulated a three-year medium-term management plan starting in 2025, in pursuit of its long-term vision for 2030, announced in February 2021.

Basic Policy of the Medium-Term Management Plan (MTMP)



"Reviving Potential" and "Evolving Excellence"
"Reviving Potential": Reviving our profitability by executing Project 10
"Evolving Excellence": Evolving our motion control technologies into smart motion control to create new value in response to social needs

Medium- to long-term management strategy

With the goal of becoming a "Leaders in Innovation for the Future," our long-term vision for 2030, the new plan aims to revive profitability through Project 10 (Reviving Potential), and to enhance the value of its products and services by advancing Smart Motion Control (Evolving Excellence).

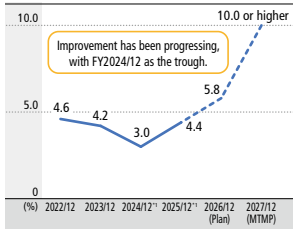
1. Enhancing earning power and profitability through Project 10
Expanding profits through business growth, cost reductions, and fixed cost control

2. Smart Motion Control
Creating new value in addressing social issues related to our business domains by evolving our core strength in component technologies from "motion control" to "smart motion control" (electrification / systematization (integration) / data solutions)

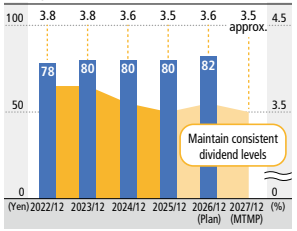
3. Build a resilient corporate foundation
Optimizing portfolio balance based on our target direction (smart motion control) and profitability (ROIC)

Management targets and progress of MTMP

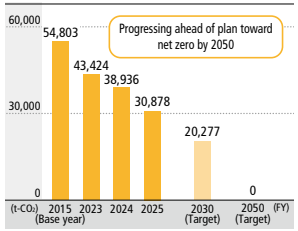
● ROIC
10% or higher in FY2027



● Dividend on equity (DOE) ratio
Stable dividends targeting approximately **3.5%**, along with flexible share buybacks



● CO_2 emissions (Scope1+2)
50% reduction by FY2027
(Baseline year: fiscal 2015/aligned with the SBT*2 1.5-degree Celsius target)



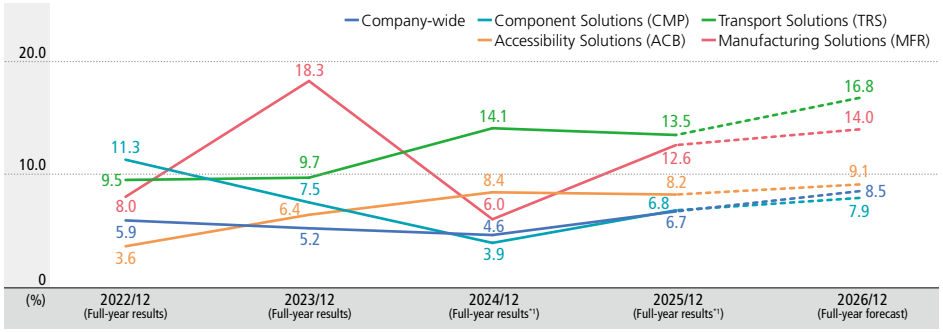
*1 The Hydraulic Equipment Business is classified as a discontinued operation.

*2 Science Based Targets – corporate GHG reduction targets aligned with the level required by the Paris Agreement

1. Enhancing earning power and profitability through Project 10

Since the launch of Project 10 in 2024, focusing on improving profitability in existing businesses, optimizing fixed costs, and contributing to new businesses, operating profit margins have steadily improved. Through the implementation of profit margin improvement measures in the CMP and ACB segments, we aim to achieve an operating profit margin of 10% or higher in 2027, one year later than originally planned.

● Company-wide and segment operating profit margin trends



*1 The Hydraulic Equipment Business is classified as a discontinued operation.

Measures to further improve profit margins

CMP Segment
- Expanding sales in the FA field (semiconductor manufacturing equipment, logistics, etc.)
- Improving productivity

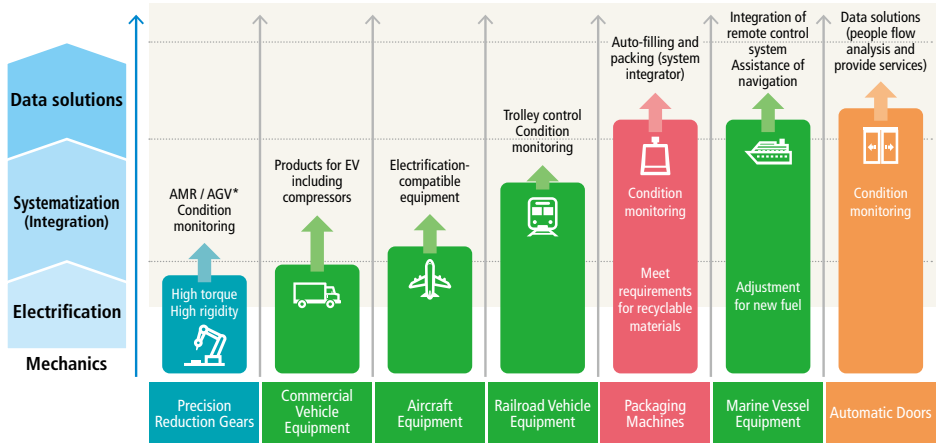
ACB Segment
- Reviewing the overseas platform door business
- Strengthening MRO

2. Smart Motion Control

Smart motion control refers to the evolution of our core technologies from "passive components" to "active systems." While the target areas differ depending on the needs of each business market, we aim to create greater value by advancing electrification, integration, and data solutions across our businesses.

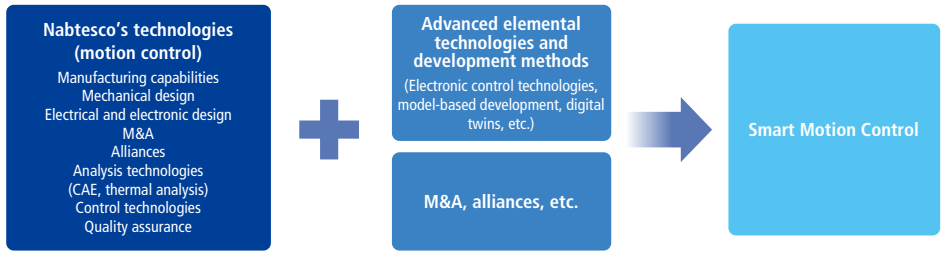
● Nabtesco's vision for Smart Motion Control (SMC)

Each business unit is at a different stage of its SMC initiatives, evolving by leveraging its strengths to meet needs such as automation, labor-saving, and greater operational efficiency.



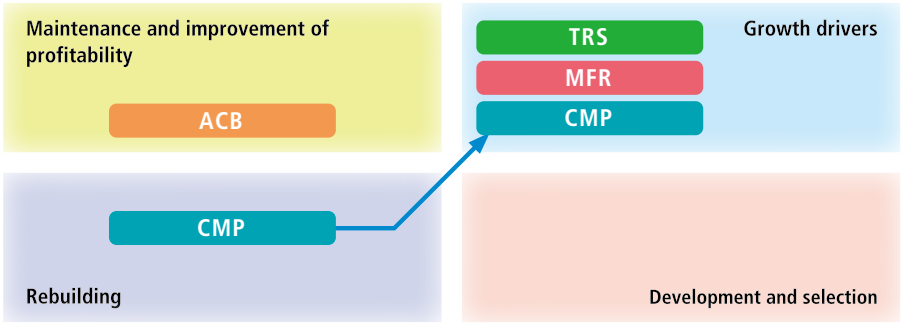
*AMR: Autonomous Mobile Robot / AGV: Automatic Guided Vehicle

We aim to realize smart motion control by strengthening collaboration across the Company, creating synergies, developing DX talent, and leveraging M&A and alliances (co-creation with external partners).



3. Build a resilient corporate foundation

● Building a portfolio that secures stable earnings based on MRO and expands sales and profit in growth markets



2025 results: Downsize the portfolio (selection)

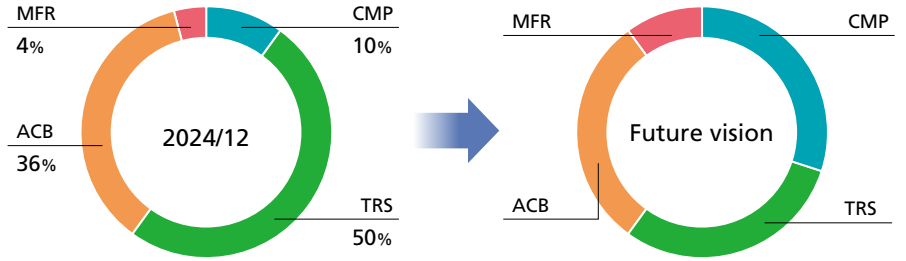
- Company split of hydraulic equipment business and transfer of shares to the best owner
- Sale of a European subsidiary engaged in railroad vehicle doors systems
- Withdrawal from the overseas platform door business, including installation work

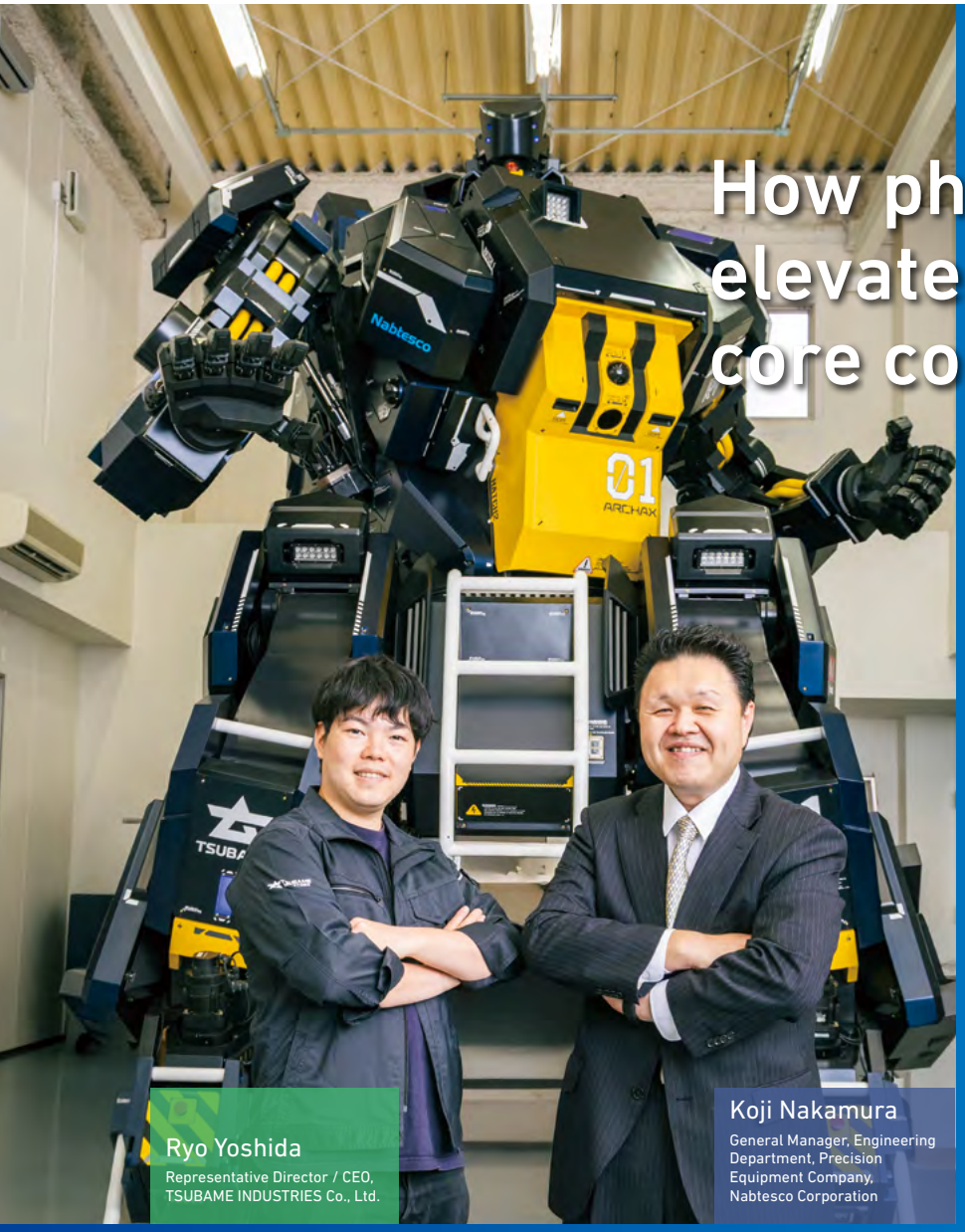
Actions for 2026: Strengthening existing portfolios (Concentration)

- Accelerating CMP growth through the introduction of new products
- Aircraft equipment: Advancing development investment and expanding the product lineup
- Marine vessel equipment: Securing growth opportunities by increasing production capacity and expanding R&D investment

Transformation of profit structure

Aiming to secure balanced earnings across CMP, TRS, and ACB





Ryo Yoshida
Representative Director / CEO, TSUBAME INDUSTRIES Co., Ltd.

Koji Nakamura
General Manager, Engineering Department, Precision Equipment Company, Nabtesco Corporation

How physical AI elevates the role of core components

As physical AI is expected to accelerate the adoption of robots across a wide range of applications, requirements for components—precision reduction gears that function as robot joints—are becoming increasingly diverse. Ryo Yoshida, Representative Director and CEO of TSUBAME INDUSTRIES Co., Ltd., which has entered into a technical support agreement with Nabtesco for the ride-on robot ARCHAX, and Koji Nakamura, General Manager of the Engineering Department at Nabtesco's Precision Equipment Company, discussed the evolving role of components in the new era of physical AI and the future coexistence between robots and humans.

Components powering robots built with cutting-edge technology

Nakamura: The joints of ARCHAX, the large, manned robot developed by TSUBAME INDUSTRIES, incorporate our components. What were the key benefits that led to this decision?

Yoshida: ARCHAX embodies our aspiration not only to pursue the passion for creation through cutting-edge technology, but also to develop a compelling robot that attracts attention as a venture business. When selecting components, we prioritized high rigidity and minimal backlash—areas in which Nabtesco products have a strong track record. From a supply chain perspective, Nabtesco's ability to provide customized solutions, together with its high reliability, were decisive. Through the technical support agreement, we were also able to establish a framework for jointly developing technologically innovative products.

Nakamura: We also appreciate having this opportunity to present our components—precision reduction gears, which typically remain behind the scenes—in a way that is easier to understand.

Yoshida: At TSUBAME INDUSTRIES, we are developing various kinds of robots using physical AI, and we also expect this collaborative project to accelerate broader applications.

Nakamura: While our company specializes in components for moving large objects, we are currently working to expand our lineup of more compact products so that they can be applied to a wide variety of robots, including humanoids. Through this collaboration, we have also established a framework that enables us to promptly propose new products for practical application.



Nakamura

From the standpoint of component development, one important theme is how to adapt to the learning capabilities of physical AI.

Robot development and component requirements in the age of physical AI

Yoshida: TSUBAME INDUSTRIES develops prototype robots designed to play active roles in future society, supporting automobile manufacturers, electronics companies, and other industries. Currently, the use of physical AI has advanced significantly in robot development. One example is quadruped robots, whose development process incorporates physical AI. Through simulations in virtual environments, large numbers of quadruped robots with individual differences are made to move and trained to learn locomotion. Through repeated generational replacement over tens of thousands of generations, the robots evolve toward more effective movement patterns, refining their ability to walk. The resulting robot designs are then transferred to the real world through the Sim2Real* process, where physical prototypes are built.

*Sim2Real: Short for "Simulation to Reality," Sim2Real refers to the process of transferring AI models or control policies trained in virtual environments to real-world physical systems, such as robots and autonomous vehicles.

Nakamura: With the evolution of physical AI, the requirements placed on hardware, including components, are also changing.

Yoshida: In the real world, gaps inevitably arise between virtual environments and reality due to factors such as noise and friction, which can prevent AI-derived performance from being fully realized. In this sense, hardware can become a bottleneck. While software can help compensate for these limitations, there are clear boundaries. Today, improvements in hardware performance directly enhance the overall performance of robots. In the past, robotics focused on whether the same motion could be reproduced accurately and consistently. However, in the age of physical AI, there is a growing preference for hardware that can be more readily improved through prediction and simulation.

Nakamura: Focusing on components, as robots increasingly learn on their own, reduction gears must deliver the durability and precision required to withstand this learning process. In theory, as a result of that learning, if there were 100 robots of the same model with perfectly uniform hardware, all 100 could operate smoothly and achieve the same results. In reality, however, variations in hardware make final adjustments unavoidable. This is why minimizing individual variation is so critical. With this in mind, we are pursuing structurally robust and highly precise manufacturing in component development, aiming to deliver products with even greater precision, rigidity, and durability—capable of accurately reproducing the outcomes of AI-driven learning.

● The evolution of Nabtesco components



Yoshida: One of the learning methods used in physical AI is imitation learning.

For example, in the development of welding robots, robots that followed preprogrammed paths used to be the norm. In recent years, however, movements of skilled workers have been captured as data, enabling robots to perform more flexible tasks by learning from that data.

More specifically, when a skilled operator controls a robot—either remotely or directly—data is collected on the relationship between the robot's state (such as position, speed, force, and sensor information) and the operator's input. Based on this data, policies that determine what actions should be taken in a given state are learned using neural networks and other techniques.

Furthermore, the accuracy of this learning can be improved by combining it with simulation and additional data collection, enabling control that reflects the unique movement patterns and decision-making tendencies of skilled operators. However, fully reproducing human-level skill still requires massive amounts of data, as well as adaptation to real-world environments through processes such as Sim2Real.

Nakamura: From the standpoint of component development, a key challenge is how to adapt to the various learning capabilities of physical AI. If we draw an analogy with the human body, AI functions like the brain, while physical hardware corresponds to bones and muscles.



Small-size reduction gears: the new RVmini® and Monocrank® series under development

In humans, the brain does not simply issue one-way commands. Instead, sensory information from the body is fed back to the brain, processed, and then reflected again in movement—forming a continuous two-way loop. Similarly, robots cannot function optimally unless they can monitor their own condition through feedback. For this reason, we are advancing component development with a strong emphasis on sensing capabilities.

More specifically, imagine that one robot among many begins to exhibit symptoms such as an "aching elbow," "aching shoulder," or "aching leg." Waiting until its movement visibly deteriorates before taking action would be too late. Ideally, the robot itself should be able to signal that it is approaching a fault condition, enabling timely intervention. We therefore believe that components with preventive self-diagnostic capabilities will become increasingly important, and we are actively working to develop such technologies.

Yoshida: Because robots can be repaired or have parts replaced on a component-by-component basis, they offer the advantage of being easier to design with failure in mind. Taking advantage of this characteristic, physical AI in recent years has increasingly focused on learning not only normal states, but also degraded and abnormal conditions.

For example, different failure modes can be modeled in advance—such as whether movement gradually becomes sluggish as joint wear progresses, or whether slipping and backlash increase—and control policies can then be trained to account for these states.

Robot reliability is therefore not only about "preventing failure," but also about ensuring that "how it fails" is predictable and manifests as consistent behavior. Compared with sudden, unanticipated failures, maintenance and operation become much easier when the progression of degradation and the conditions under which it occurs are well understood.

From this perspective, robots equipped with self-diagnostic functions and state estimation capabilities contribute not only to more stable control, but also to more advanced safety design.

Expanding the range of applications for diverse robots through physical AI

Yoshida: In industrial robotics, the introduction of control functions that leverage physical AI is expected to enhance responsiveness to high-mix, low-volume production by enabling learning-based adaptability. It may also expand the scope of robot applications, particularly in environments that require flexible responses, such as handling objects with variations, thereby broadening the range of situations in which robots can be deployed.

Nakamura: In industrial robotics, reducing idle time is a key factor in improving productivity. I believe that physical AI can also enable robots to think autonomously and prepare for the next task without delay.

Yoshida: As robots become capable of handling an increasing number of tasks, downtime can be used more efficiently, leading to significant changes in manufacturing environments.

Nakamura: As productivity in industrial robotics continues to improve, components are also expected to deliver higher levels of performance. For example, longer operating hours lead to more intensive use, making enhancements in durability essential. We have been continuously improving our products for more than 30 years, and steady, day-to-day advancements in fundamental elements such as gears and bearings remain critical and must be sustained over the long term. In addition, from a maintenance perspective, we are working to establish mechanisms that prevent failures before they occur by further enhancing self-diagnostic capabilities.

Yoshida

As various types of robots come to coexist with humans, the possibilities for creating a more comfortable and livable society will continue to expand. We hope to contribute to making that a reality.



Yoshida: Recently, development of humanoid robots using physical AI has been progressing. The advantages of the humanoid form are, first, that training data can be drawn endlessly from humans, and second, that such robots can more easily operate in living environments designed for people. As these technologies continue to advance, humanoid robots are expected to play increasingly broader roles in society.

Nakamura: Humanoids will likely be built around multitasking, performing a wide range of labor-intensive tasks such as cooking, caregiving, and cleaning. If the necessary environment is in place, they could become as widespread as smartphones.

Yoshida: In the application of physical AI, semi-humanoid robots that operate autonomously in spaces or time periods that do not overlap with people—and carry out household tasks—may also emerge. To broaden the range of applications for such robots, they will also need functions such as automatically detecting the presence of people and stopping accordingly.

Toward a future in which humans and robots coexist

Yoshida: Industrial robots, humanoids, and collaborative robots—when a wide range of robots coexist with humans, more possibilities emerge for creating a more comfortable and livable society expands significantly. We hope to contribute to making that a reality.

Nakamura: Physical AI is highly compatible with robotics, but it may also enable equipment such as construction machinery to perform work in complex terrain and challenging environments in a way that allows anyone to operate it effectively. Its versatility is one of its key strengths, and we will continue evolving our components so they can be utilized in these areas as well.

At the same time, the increase in energy consumption associated with the evolution of robotics is a major issue. Physical AI also requires enormous amounts of electricity in data centers. Improving energy efficiency is therefore another essential area of focus for components. For example, if 120 units of energy are currently required to perform 100 units of work, we are continuously working to reduce that additional 20 as much as possible, including through initiatives such as developing more efficient lubricants.

Yoshida: From the perspective of human–robot coexistence, humanoid development—which currently tends to place greater emphasis on technological advancement than on safety—must also begin giving due consideration to functional safety so that robots can operate safely in human environments. I believe that enhancing functionality, including functional safety, is an area where Japanese technology excels, and we will strive to lead the world in this field.

Nakamura: As the working-age population declines, particularly in developed countries, robots will become increasingly important in future society. We hope to continue refining our capabilities in the global competitive environment and, in doing so, contribute to a society in which people for generations to come can live comfortably.

Yoshida: As an end user, I find Nabtesco's products, which continue to improve in performance while maintaining a similar appearance, to be nothing short of magical. I deeply appreciate that unwavering commitment to technology and look forward to further high-quality development.





Deepening motion control for future growth and the path to achieving a 10% ROIC

By striking a balance between "offensive" strategies—such as proactive investment in growth sectors and M&A—and "defensive" measures—such as maintaining financial soundness and capital efficiency—we will support the achievement of our Medium-Term Management Plan from a financial and capital perspective and contribute to enhancing corporate value.

Hiroshi Usui
Representative Director
Managing Executive Officer
Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication

FY2025 results and FY2026 forecast

In FY2025, the first year of our Medium-Term Management Plan, net sales reached ¥307.9 billion, representing a year-on-year increase of 10%, while operating profit rose 60% to ¥20.7 billion from the previous year. The operating margin improved significantly to 6.7%, and we believe this reflects the initial impact of Project 10.

This growth was driven not only by a recovery in the business environment but also by the results of our portfolio management initiatives. The Component Solutions (CMP) segment, which had faced challenges in recent years, has begun to recover on the back of actual demand as inventory levels for industrial robots normalize.

The Transport Solutions (TRS) segment, which experienced a severe downturn during the COVID-19 pandemic due to restricted mobility, has fully recovered to pre-pandemic levels. In addition, defense-related demand in the aircraft market has expanded, contributing to strong performance. The expansion of the MRO[*1] business within TRS has further supported profitability.

The Accessibility Solutions (ACB) segment, primarily driven by automatic door systems for buildings in Japan, also performed solidly

Although the global situation continues to grow increasingly uncertain, we expect favorable business trends in both CMP and TRS to continue into FY2026.

Although our FY2026 forecast operating margin of 8.5% falls slightly short of the 10% target set under Project 10, we remain firmly committed to achieving this milestone in FY2027. FY2026 will be a year of laying the groundwork to achieve that goal.

*1 MRO: Maintenance, Repair and Overhaul (after-sales services)

Progress, achievements, and key challenges in the Medium-Term Management Plan

We define our priorities under the Medium-Term Management Plan through the dual lenses of "Reviving Potential," and "Evolving Excellence," and have identified three key challenges. The first is improving profitability. In this area, including the optimization of head office expenses, we are seeing steady progress and encouraging results.

Reflecting on the underperformance during the previous Medium-Term Management Plan, we recognize that we had become overly reliant on the precision reduction gear business within CMP. To address this, our second challenge is to build a resilient corporate foundation. This requires growth in both TRS and ACB. While we still have some way to go, both businesses are steadily growing. If profitability in CMP also improves, we believe our three segments will function as three pillars of the Company.

We are also working to increase the share of MRO revenue, which contributes to greater earnings stability. MRO is expected to reach 30% of sales in FY2026, reflecting its growing contribution.

The third challenge, under "Evolving Excellence," is to enhance added value by advancing motion control into smart motion control. To achieve this, we are strengthening initiatives in electrification, data utilization, and systems integration.

Given the diversity of our businesses, our organizations have at times operated independently. As a result, when individual companies seek to create new value through initiatives such as new product development, there are often technologies that are lacking or unavailable within the organization. We define these as "bridge technologies." To fill such gaps, we seek to leverage Nabtesco's assets across organizational boundaries, including our corporate technology function, CVC[*2], and Nabtesco Technology Venture in Europe.

It inevitably takes time for seeds to grow into a harvest. While the impact on sales may be a little delayed, I can feel that these efforts are steadily beginning to bear fruit.

*2 CVC: Corporate Venture Capital

Approach to business portfolio management

We evaluate our business portfolio by plotting each business and unit along two axes: ROIC and revenue growth. By promoting the visualization of each business,

we are able to clarify issues and build an optimal portfolio that supports stable earnings and profit expansion.

Our objective is not to pursue drastic portfolio restructuring, but rather to identify how each business can grow and, in turn, enhance overall corporate value.

In FY2025, we spun off the hydraulic equipment business and, in January 2026, transferred a 70% stake to Comer Industries S.p.A. This decision reflects our strategic judgment that expanding into European and North American markets is essential for the business's future growth, particularly as growth in the Chinese market has plateaued amid rising competition from local players. Similarly, within TRS, we decided to divest a European railroad door subsidiary, further advancing the selective management of our business portfolio. In FY2026, we have entered a phase focused on how to grow the remaining portfolio.

Furthermore, regarding the hurdle rate—which forms the foundation of ROIC-based management—we previously applied a uniform rate across the board. However, we are now exploring a management approach that takes business characteristics into account, such as setting higher hurdle rates for businesses with high volatility.

As for our 10% ROIC target, management recognizes that the cost of capital is also increasing as government bond yields rise, and we are discussing how best to meet investor expectations.

We also believe it is important for the finance function to communicate capital cost considerations and investor feedback to each company.

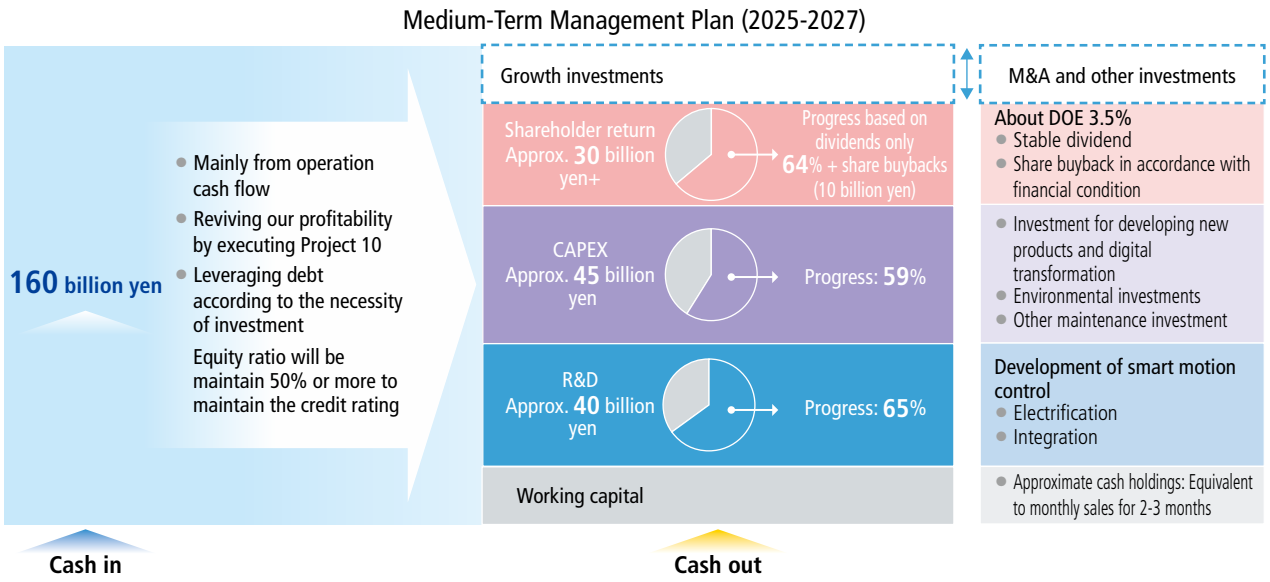
Cash allocation

In cash allocation, we place strong emphasis on balancing growth investment and shareholder returns. As large-scale capital investments—primarily in facilities—were largely completed under the previous plan, going forward we will prioritize investments that directly enhance profitability and lay the groundwork for future growth.

Regarding shareholder returns, we have shifted from a payout ratio target of 35% to a focus on stable dividends, setting a DOE target of 3.5%.

We also maintain flexibility in executing share buybacks. In order to maintain an appropriate capital structure and avoid accumulating excess capital, we have explicitly stated that returning excess cash to shareholders is one option when cash flow exceeds business plan assumptions.

● Cash allocation plan and progress





Message to shareholders and investors

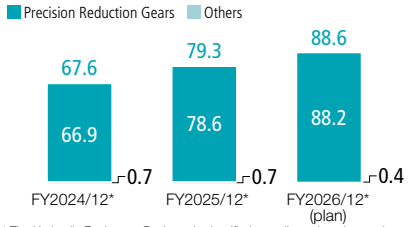
Our business portfolio may at times be perceived as a conglomerate when viewed solely through the lens of end products. However, when viewed through the lens of motion control, all of our businesses share a common foundation—a single thread that runs through every business.

By further strengthening this axis and evolving toward smart motion control with higher added value, we believe we can address the factors underlying the so-called conglomerate discount and have our corporate value properly recognized by the market.

High market shares both in Japan and overseas form the basis for Nabtesco's earnings

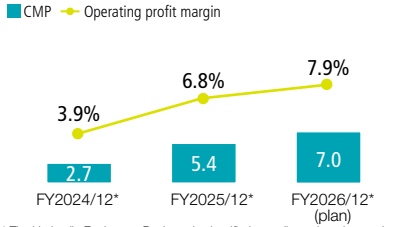
Component Solutions (CMP)

Net sales (¥ billion)



* The Hydraulic Equipment Business is classified as a discontinued operation.

Operating profit (¥ billion)



* The Hydraulic Equipment Business is classified as a discontinued operation.

Performance summary

In 2025, sales increased mainly due to growing demand for industrial robots associated with EV-related capital investment in China.

In 2026, sales are expected to increase due to rising demand for Precision Reduction Gears for industrial robots accompanying the recovery in automobile-related capital investment, as well as expanded sales in the general industries (Non-robot usage.)

Main products and shares

● **Precision Reduction Gears**
Joints of medium- to large-sized industrial robots



Precision reduction gear RV™

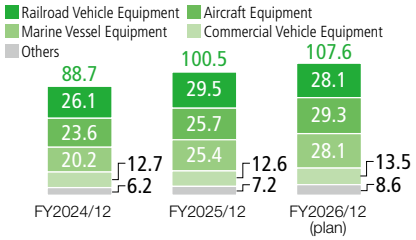
No.1

Approx. 60% global market share

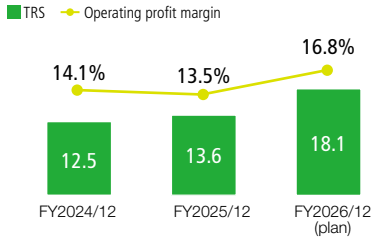
*Estimated by Nabtesco

Transport Solutions (TRS)

Net sales (¥ billion)



Operating profit (¥ billion)



Performance summary

In 2025, sales increased due to expanding end demand in the railroad, aircraft, and marine vessel businesses, although profits declined due to the recording of losses related to a European subsidiary.

In 2026, sales are expected to increase mainly in Aircraft Equipment due to higher defense spending and growing demand for commercial aircraft. Marine Vessel Equipment is also expected to achieve higher sales driven by continued strong demand for both new shipbuilding and MRO.*

*MRO: Maintenance, Repair and Overhaul (after-sale services)

Main products and shares

● **Marine Vessel Equipment**
2-stroke main engine control systems



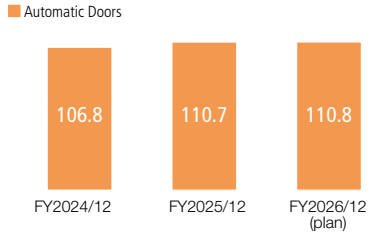
Main engine remote control system (M-800- VII)

Approx. 40% global market share
(Approx. 45% domestic market share)

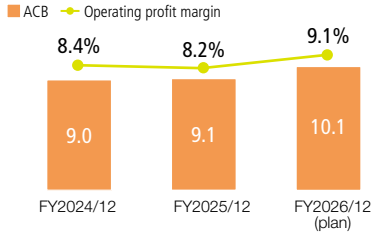
*Estimated by Nabtesco

Accessibility Solutions (ACB)

Net sales (¥ billion)



Operating profit (¥ billion)



Performance summary

In 2025, sales increased due to growing demand for automatic doors for buildings both in Japan and overseas.

In 2026, sales are expected to remain at the same level as the previous fiscal year due to a temporary slowdown in redevelopment projects that had driven domestic demand, as well as lower sales of platform doors.

Main products and shares

● **Automatic Doors**
Automatic doors



Automatic doors for buildings

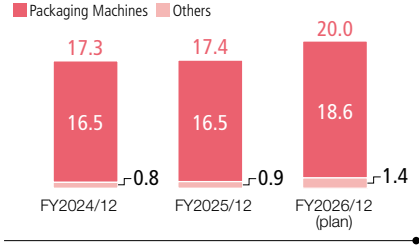
No.1

Automatic doors for buildings:
Approx. 60% domestic market share

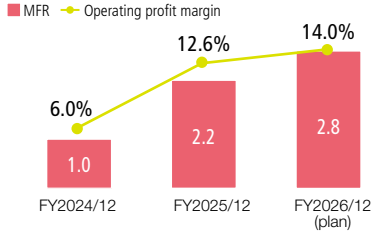
*Estimated by Nabtesco

Manufacturing Solutions (MFR)

Net sales (¥ billion)



Operating profit (¥ billion)



Performance summary

In 2025, sales remained at the same level as the previous fiscal year due to sluggish overseas demand affected by U.S. tariffs.

In 2026, sales are expected to increase as capital investment related to food products continues in Japan and overseas demand recovers.

Main products and shares

● **Packaging Machines**
Packaging machines for retort pouch foods



Super high-speed automatic filler/sealer

No.1

Approx. 85% domestic market share

*Estimated by Nabtesco

Web For the market shares of our major businesses, please refer to the Our Business section.
https://www.nabtesco.com/en/products/

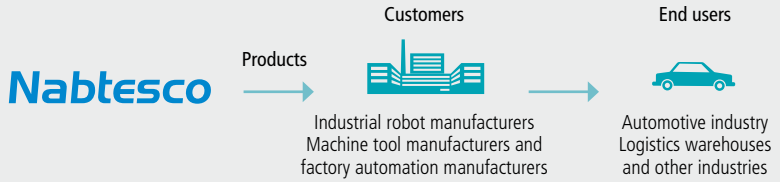
Web For detailed financial results, please refer to the financial results briefing materials and annual securities reports.
https://www.nabtesco.com/en/about/ir/library/settlement/

Supporting social infrastructure through proprietary motion control technologies

Component Solutions (CMP)

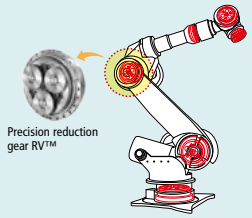
Features of business model

- A capital-intensive equipment manufacturing business centered on mass-produced components
- Profitability is highly sensitive to fluctuations in production and sales volumes driven by changes in demand
- Products are highly durable—often outlasting the service life of the host equipment—resulting in relatively limited demand for maintenance and replacement



Precision Reduction Gear Business

Precision Equipment Company



Features

- Production bases: Japan/China
- Main markets: Japan/Asia/Europe and North America
- Key factors influencing performance
  Capital investment trends in the manufacturing sector, particularly in the automotive industry
  Increasing demand for automation and labor-saving solutions driven by a shrinking workforce, rising labor costs, and the need to ensure stable quality

Competitive advantages

- Precision Reduction Gear RV™ offers high precision, high rigidity, and high durability, while also being compact and lightweight.
- Its unique mechanism delivers low vibration and highly precise motion, improving controllability even in large robots
- Advanced manufacturing capabilities that enable the stable, high-volume supply of high-quality products tailored to individual customer requirements

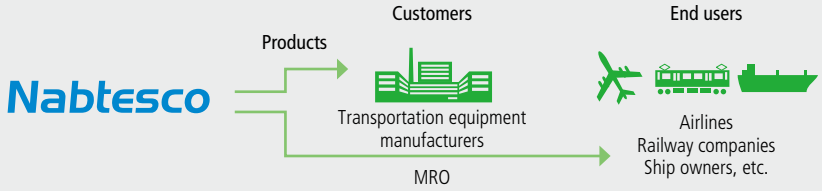
Growth strategy

In the market for medium- to large-sized industrial robots, we will continue to develop and manufacture world-class precision reduction gears that meet the demanding requirements of robot manufacturers in terms of high precision, high density, and long service life, thereby maintaining our current market share. At the same time, as the advancement of physical AI accelerates the adoption of small industrial and collaborative robots across a wider range of industries, we will introduce new products for the small-robot market, where further growth is expected, and pursue additional expansion opportunities To respond flexibly to increasing demand for precision reduction gears, we will enhance production efficiency and improve profitability by raising the level of automation across our manufacturing processes.

Transport Solutions (TRS)

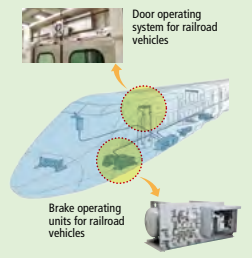
Features of business model

- In addition to sales to original equipment manufacturers (OEMs), we provide after-sales services, including MRO
- Even during economic downturns, stable earnings can be expected through demand for maintenance, repair and replacement
- By anticipating advances in host equipment, we deliver forward-looking solutions



Railroad Vehicle Equipment Business

Railroad Products Company



Features

- Production bases: Japan / China
- Key markets: Japan / Asia / Europe
- Key factors influencing performance
  Demand for new railroad vehicles (Japan / Asia)
  Fluctuations in passenger demand
  Number of Official Development Assistance (ODA) projects

Competitive advantages

- Extensive track record in supplying brake control systems and door systems for railroad vehicles in both Japan and overseas markets
- Contributing not only to the traditionally high standards of safety, but also to energy efficiency through the lightweight design of equipment
- Strong product development capabilities that meet customer needs, underpinned by high reliability and durability
- Optimized procurement, production, and MRO through the effective utilization of manufacturing bases in Japan and China

Growth strategy

In the Japanese market, we will provide proposals tailored to customer needs and designed to facilitate the standardization of equipment. In the MRO domain, we will continue initiatives to commercialize remote monitoring systems for product operations, contributing to reduced maintenance workloads through functions such as replacing routine inspections and enabling failure prediction, while also minimizing the risk of train service disruptions. In overseas markets, we will pursue new business opportunities by leveraging products compliant with European standards, which serve as the global benchmark. In addition, building on projects for Indonesia's state-owned railroad operator, we aim to further expand our presence across the Asian market.

Web Nabtesco Value Report 2024, P44 SWOT Analysis of the Business https://www.nabtesco.com/cms/wp-content/uploads/value_report_2024_en.pdf#page=23

Web Our Business https://www.nabtesco.com/en/products/

Transport Solutions (TRS)

Aircraft Equipment Business

Aerospace Company



Features

- Production bases: Japan / United States
- Key markets: Japan / North America / Other regions
- Key factors influencing performance
  Variations in the defense budget in Japan
  Production rates at aircraft manufacturers
  Fluctuations in air passenger and cargo transport demand
  Environmental regulations in the aviation industry

Competitive advantages

- Advanced technological expertise and know-how cultivated over many years in equipment for both defense and commercial aircraft
- A robust supply chain and production system that balances high quality, high reliability, and high productivity to meet growing demand
- Strong capabilities to handle global projects, including joint development with overseas customers and partners
- Proprietary after-sales services provided by an OEM*, including technical support for airlines globally

*OEM: Original Equipment Manufacturer

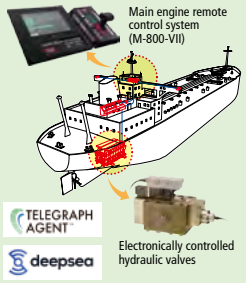
Growth strategy

We will steadily respond to growing demand through continuous improvements in Quality, Cost, Delivery and Safety (QCDS) driven by productivity enhancements and supply chain restructuring, while ensuring a stable supply of products and services, including MRO, and improving operational efficiency.

Furthermore, with the goal of participating in next-generation aircraft programs, we are advancing the development of core technologies that contribute to aircraft downsizing and weight reduction. In doing so, we aim to contribute to the realization of a sustainable society at the equipment level, while also creating business opportunities in transportation systems that will open up new frontiers in air and space mobility.

Marine Vessel Equipment Business

Marine Control Systems Company



Features

- Production bases: Japan / China / South Korea
- Main markets: Japan / China / South Korea / Others
- Key factors influencing performance
  Conditions in the new shipbuilding and shipping markets
  Shipyard construction capacity
  Technological innovation, including autonomous navigation

Competitive advantages

- Based on long-established technological expertise, we optimize main engine remote control systems to meet customer requirements, offering excellent expandability that enables seamless integration with onboard equipment
- Hydraulic valves for main engines are offered under two licenses from Everllence and J-ENG, enabling us to provide optimal solutions tailored to next-generation engine types, including alternative-fuel vessels
- A global service network and 24/7 maintenance and support system help ensure the safe operation of vessels worldwide, regardless of route

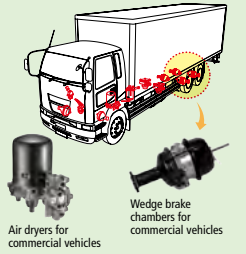
Growth strategy

We will respond to growing demand for environmentally friendly equipment and labor-saving solutions by steadily capturing demand for both new shipbuilding and MRO. Centered on expanding sales of our new vessel speed and engine output control system, TELEGRAPH AGENT™, we will offer integrated solutions that combine DeepSea Technologies' optimal route selection and condition monitoring solutions. Through these initiatives, we will help address key social challenges, including reducing crew workload, lowering fuel consumption, and reducing greenhouse gas emissions.

Going forward, we will continue to pursue technological innovation aimed at smarter and more decarbonized vessels, thereby contributing to the sound development of the shipbuilding and marine industries.

Commercial Vehicle Equipment Business

Nabtesco Automotive Corporation



Features

- Production bases: Japan / Thailand
- Key markets: Japan / Asia / Other regions
- Key Factors Influencing Performance
  Economic conditions in end markets
  Environmental regulations
  Technological shifts, including electrification (EVs)

Competitive advantages

- Air brake chamber and air dryer products contribute significantly to safe and reliable brake control while extending the service life of brake systems
- To respond flexibly and quickly respond to customer needs for high-mix, low-volume production, specialists in each process design and manufacture much of the production equipment in-house
- A global production network that ensures required local quality standards while strengthening price competitiveness

Growth strategy

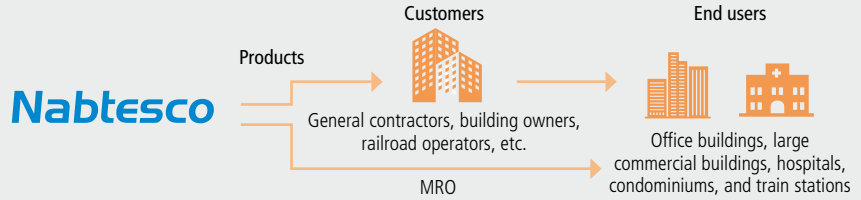
Aligned with the industry trends of environmental performance and safety in the automotive and commercial vehicle sectors, we will advance the development of products that support electrification and autonomous driving, thereby expanding our product lineup to meet a wide range of market and customer needs. In addition to improving existing products, we will enhance our brand recognition in the Chinese market, where the development and adoption of EV commercial vehicles are progressing rapidly. We will also differentiate ourselves by introducing unique products not offered by competitors. Furthermore, through factory automation, improvements in production efficiency, and continuous enhancement of QCDS, we will pursue further growth.

Web Our Business https://www.nabtesco.com/en/products/

Accessibility Solutions (ACB)

Features of business model

- Pursuit of earnings growth through the expansion of sales and service networks and the optimization of the entire value chain—from manufacturing and sales to after-sales services
- A high proportion of after-sales service (MRO), enabling stable earnings through maintenance, repair and replacement demand even during economic downturns



Automatic Door Business

Accessibility Innovations Company



Automatic doors for buildings and industrial facilities



Wide-opening platform doors

Features

- Production bases: Japan / Europe and North America / China
- Key markets: Japan / Europe and North America / Asia
- Key factors influencing performance
  Urban redevelopment projects
  Infrastructure development trends in each country
  Regulations such as barrier-free legislation

Competitive advantages

- High-performance, energy-efficient automatic doors for buildings, enabled by advanced sensors and sophisticated door control technologies
- A wide-ranging product lineup for railway platform screen doors, including full-height models, movable platform gates, and lightweight models
- A nationwide network of over 100 locations across Japan, providing comprehensive services—from sales and installation to MRO—capable of responding promptly to customer needs

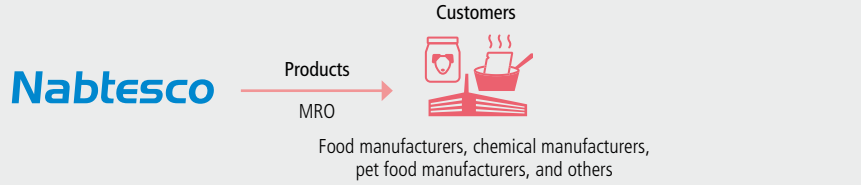
Growth strategy

In the automatic door business for buildings, we will achieve stable growth by steadily capturing demand from urban redevelopment projects in Japan while strengthening MRO services. In addition, we will drive further growth by reinforcing our sales structure in the Asian market. In the platform screen door business, we will improve profitability by introducing products tailored to domestic demand and strengthening our selective order-taking approach in overseas markets. Furthermore, building on our core automatic door products, we will expand MRO services through condition monitoring utilizing big data and IoT, and establish new businesses such as advertising businesses integrated with digital signage.

Manufacturing Solutions (MFR)

Features of business model

- The company offers after-sales services (MRO), enabling stable revenue even during economic downturns through demand for maintenance, repair and replacement
- The company differentiates itself by quickly identifying customer needs and providing customized solutions through the delivery of finished products



Packaging Machine Business

PACRAFT Co., Ltd.



Super high-speed automatic filler/sealer



Auto loader

Features

- Production bases: Japan / China / North America
- Key markets: Japan / Asia / North America / Europe
- Key factors influencing performance
  Capital investment demand across various countries
  Demand for factory automation and labor-saving solutions
  Environmental regulations related to packaging materials

Competitive advantages

- Extensive expertise in filling and sealing with a wide variety of products into pouches, with particular strengths in high-speed, high-productivity filling and packaging systems for retort foods containing wet ingredients, including liquids
- Custom-made, comprehensive line systems designed to solve specific challenges at our customers' production sites

Growth strategy

In response to increasingly diverse and sophisticated customer needs, we will expand our value chain by offering systems covering both upstream and downstream packaging processes, thereby delivering comprehensive, value-added solutions. We will also differentiate ourselves by enabling the use of new environmentally friendly packaging materials, including recycled materials. In overseas markets, we will drive sales growth by launching competitively priced new models. In the MRO business, we will advance the systemization of condition monitoring and maintenance based on data analytics, thereby expanding and improving the efficiency of MRO operations and further enhancing profitability.

Web Our Business https://www.nabtesco.com/en/products/

Long-term value creation through the swift and appropriate review of management materiality

The Nabtesco Group positions management materiality as a key management challenge for achieving our Long-term Vision and promotes measures to support the sustainable growth of both society and our Group. In light of changes in the business environment and societal requirements, we will swiftly and appropriately review our management materiality and further enhance our management foundation to create value for our stakeholders.

Our management materiality is comprised of three pillars: "Measures to improve our financial performance," "Measures to enhance our management foundation," and "Specific measures to achieve the long-term targets." Through financial and non-financial measures, we will strive to achieve economic value, environmental value, and social value from a long-term perspective, thereby creating value for our stakeholders.

Management Materiality

Measures to improve our financial performance

Promote ROIC management

P17 Measures to improve our financial performance

Measures to enhance our management foundation

ESG category	Environment (E)	Society (S)		Governance (G)	
Management materiality items	Countermeasures for climate change	Pursue safety, comfort, and a sense of security	Promote human capital management	Enhance corporate governance	Build a resilient corporate foundation
Desired direction/ sub-materiality	• Strengthen efforts toward decarbonization • Strengthen decarbonization initiatives involving the supply chain	• Ensure labor safety • Ensure the safety of products and services	• Create an organizational culture that fosters innovation • Align business strategy and human resources strategy	• Ensure transparency of management • Promote compliance	• Ensure business continuity • Build a resilient supply chain
Activity results in FY2025 (extracts)	• Reduced CO_2 emissions in line with medium- to long-term targets (43.6% reduction* compared to FY2015) • Conducted supplier briefings (including individual explanations on data collection methods, etc.)	• Implemented Group-wide labor safety training • Implemented product safety reviews and employee product safety training for newly developed items	• Held town hall meetings with the CEO to facilitate dialogue with management • Implemented measures to revitalize the Job Challenge Program • Implemented measures to promote understanding and ensure proper implementation of the personnel system	• Implemented various measures based on the Board of Directors effectiveness assessment (to enhance discussions on key issues, etc.) • Conducted compliance training and liaison meetings with relevant locations, including overseas	• Corrected security vulnerabilities by verifying compliance with security guidelines across all locations • Conducted Group-wide security training • Integrated Group development meetings with Group-wide intellectual property strategy discussions to restructure into a unified strategic execution framework • Achieved supplier resilience certification (10 suppliers as planned)
Activity targets for FY2026 (extracts)	• Reduce CO_2 emissions in line with medium- to long-term targets (46% reduction compared to FY2015) • Promote the development of environmentally conscious products • Improve the accuracy of Scope 3 emissions calculation data	• Initiatives to achieve zero workplace accidents and zero major incidents • Implement product safety reviews and employee training programs aimed at enhancing product safety	• Implement internal communication initiatives • Implement engagement enhancement initiatives through dialogue, evaluation, and recognition • Promote role-based organizational and talent management to execute business strategy	• Continue evaluating the effectiveness of the Board based on analyses, including self-assessments by each executive • Conduct training and enhance collaboration with relevant locations to strengthen compliance	• Promote information security measures to strengthen cybersecurity • Enhance support and monitoring to raise awareness of business continuity management • Discuss Group technology development strategies and intellectual property strategies to promote smart motion control at Group development meetings • Support suppliers in obtaining resilience certification
Detailed information	Web Combating Climate Change P24 Mitigation of Climate Change	Web Management of Occupational Health and Safety	Web Enhance Human Capital Management P26 Enhancing Human Capital Management	Web Corporate Governance P32 Enhancing Corporate Governance	Web Build a Robust Supply Chain Web Intellectual Property Strategy

Specific measures to achieve the long-term targets

Meet social challenges through smart motion control

P12 Medium-Term Management Plan

Drive innovation manufacturing through digital transformation

Web Digital Transformation

Enhance global management

* The figures for CO_2 emission reductions in FY2025 and FY2026 are based on aggregated data available at the time of disclosure.

Web Management Materiality Identification Process and Regular Reviews / Our Sustainability Governance Structure https://www.nabtesco.com/en/about/sustainability/s-001/s-002/

Mitigation of Climate Change

Disclosure Based on TCFD Recommendations

The Nabtesco Group supports the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). Accordingly, we are committed to disclosing relevant information in line with the TCFD recommendations, including our progress on climate change-related measures.

◆ Governance

Nabtesco Corporation's Board of Directors determines and oversees our strategies, basic policies and the execution of important operations by sharing information through reports on key issues. Regarding climate change, a director responsible for environment and safety reports on progress toward CO_2 emission reduction targets and the status of major environmental facility investments.

Under the guidance and supervision of the Board of Directors, the President and CEO establishes the Nabtesco Group Environmental Philosophy, Environmental Action Guidelines and long-term targets. During Management Committee meetings (comprising the CEO, directors, and executive officers in charge), the director responsible for environment and safety reports the status of CO_2 emissions at internal companies and major Group companies. If there is a discrepancy between actual results and targets, we identify causes and take appropriate measures. If any item under discussion or report is deemed to affect our business, the CEO determines suitable measures and reflects them in our business strategies.

As a facilitating body under the direct control of the CEO that is involved in Environment, Safety and Health (ESH) management, Nabtesco has established the ESH Committee with jurisdiction over the entire Nabtesco Group. The CEO appoints the chairperson and members of the ESH Committee from among our officers, including members of the Board of Directors. The chairperson collects important information on the environment, safety, and health, including climate change-related risks and opportunities, from the internal companies and Group companies. For verification, the chairperson also conducts site visits and holds company-wide energy conservation meetings and the implementation of ESH audits. The ESH Committee uses the results of these monitoring efforts to evaluate the materiality of identified issues and deliberate measures for any issues deemed to be important.

◆ Strategy (Risks and opportunities)

We analyze the potential impact of climate change on our business activities based on multiple scenarios developed by external parties. When deliberations by the ESH Committee identify climate-related issues (both risks and opportunities) that are expected to have a significant impact on our business, they are reflected in our business strategies based on decisions made by the CEO.

The Nabtesco Group identifies "Countermeasures for climate change" as one of its materiality issues, which are positioned as important challenges for achieving our long-term goals. The Management Materiality Committee, which manages progress, collaborates with the ESH Committee and other relevant committees to regularly evaluate these issues. Activities are discussed and decided upon by the Management Committee and reported to the Board of Directors.

In the future, we anticipate various risks due to market and customer demands, including rising carbon prices, higher operating costs associated with the purchase of electricity from renewable sources, elevated capital expenditures for the introduction of renewable energy generation facilities, and rising R&D costs for the development of energy-saving products. Additionally, we foresee physical risks such as business interruptions caused by damage to infrastructure or unstable power supply resulting from wind and flood disasters.

However, we also foresee new business opportunities arising from the enactment of new laws and regulations, including energy-efficiency labeling mandates. Furthermore, growing public awareness of climate change is expected to increase demand for longer product lifespans that contribute to reducing CO_2 emissions, thereby expanding opportunities for our MRO* business.

Going forward, Nabtesco will intensify efforts to identify environmental risks and opportunities and implement measures to address these, including the promotion of energy conservation activities.

*MRO: Maintenance, Repair and Overhaul (after-sales services)

◆ Initiatives for transition to a carbon-free society

The Nabtesco Group has set medium-and long-term targets (SBT: Science Based Targets) for reducing CO_2 emissions based on scientific evidence in order to realize a carbon-free society. To achieve these targets, we have established measures to reduce CO_2 emissions through energy conservation, energy creation and renewable energy procurement in the short, medium and long terms, while formulating a plan to gradually reduce CO_2 emissions.

Under the Medium-Term Management Plan (2025-2027), we have allocated approximately 11 billion yen for environmental investments. Furthermore, under this plan, we are promoting energy conservation and creation through environmental facilities, aiming to achieve zero CO_2 emissions (carbon-free) by 2050.

Beyond reducing CO_2 emissions in our own operations, we have implemented various systems and initiatives throughout our value chain. Globally, we promote energy conservation activities and install highly efficient facilities at each production site. We also utilize the latest environmental technologies for constructing and renovating factory buildings. Furthermore, we engage in various energy generation initiatives, including solar power generation, and also procure renewable energy (through certificate purchases), while monitoring progress.

Moreover, we have introduced a certification system for energy-saving products to encourage the development of decarbonization-related products and services. We also established an Energy Conservation Activity Award System to incentivize decarbonization efforts in production processes.

Web Combating Climate Change
https://www.nabtesco.com/en/about/sustainability/s-016/

Mitigation of Climate Change

● Results of risk assessment (Reference scenarios: IEA450/IEA NZE 2050/RCP2.6/RCP8.5)

● : Risks ● : Opportunities

Type		Climate change-related risk item	Impact assessment	Business risk/Opportunity (Short-term)	(Medium-term)	(Medium- to long-term)	(Long-term)	Measures taken by Nabtesco
Transition risk	Regulatory	Higher carbon tax rate	Large			• Increase in energy & procurement costs • Differentiation by low-carbon products • Better evaluation due to appropriate information disclosure		• Promote the use of renewable energy • Introduce carbon pricing • Promote efficient replacement with substitute materials
		Regulation (energy conservation & low carbon)	Large	• Increase in energy conservation cost • Larger sales of products with higher fuel efficiency	• Increase in development cost to deal with regulations (Example: TRS and MFR segments) • Increase in demand for products that comply with the regulations (Example: TRS and MFR segments)		• Decrease in demand for old models due to new regulations (Example: TRS segment) • Increase in demand for more efficient new models (Example: TRS segment)	• Operate the energy-saving product certification system • Follow the guidelines on capital investment and energy conservation • Expand the lineup of products with higher fuel efficiency • Develop products for which new types of fuels can be used
		Policies	Large		• Increase in cost to deal with laws and regulations			• Invest in the development of technologies and products • Strategically disclose climate change-related information
	Technology	Replacement with low-carbon products	Medium		• Increase in cost to acquire new element technology • Entry into a new market by the development of new element technology		• Increase in cost due to the diversification of needs	• Make technological investments, develop products and form partnerships with other companies in line with the regulatory and development trends • Develop new mobility products
	Market	Changes in consumption behavior	Large		• Lagging behind competitors in development activities • Need for electrification (Example: CMP segment)	• Higher competitiveness based on technologies superior to those of competitors		
		Market uncertainties	Large		• Increase in cost due to increased need to reduce CO_2 emissions • Increase in demand due to modal shift and electrification (Example: TRS segment)	• Increase in the operational cost due to RE100 measures • Better evaluation due to appropriate information disclosure		• Promote the use of renewable energy
	Reputation	Criticism against the industry	Medium		• Negative reputation due to a delay in environmental measures • Increase in sales of environmentally friendly products • Better brand image due to the implementation of environmental measures			• Promote the use of renewable energy • Strategically disclose climate change-related information

Type		Climate change-related risk item	Impact assessment	Business risk/Opportunity (Short-term)	(Medium-term)	(Medium- to long-term)	(Long-term)	Measures taken by Nabtesco
Physical risk	Acute	Frequent occurrence of typhoons	Large	• Damage to infrastructure, suspension of operations • Increase in need to increase the resilience of power infrastructure (Example: CMFS equipment for wind turbines)				• Foster BCP • Procure components from multiple suppliers • Increase the resilience of the electricity system • Optimize the on-site assignment of employees • Use weather forecast services and take emergency measures
		Heavy rain/ drought events	Large	• Damage to infrastructure, suspension of operations • Increase in need to establish water resource infrastructure (Example: CMP segment) • Increase in demand for construction machinery for reconstruction activities (Example: CMP segment)				
	Chronic	Changes in precipitation patterns	Large				• Suspension of operations due to floods • Increase in the need to establish water resource infrastructure (Example: CMP segment)	• Examine measures against storms and floods with suppliers • Increase resilience of the electricity system • Review the location of bases • Reuse water and review the water circulation system • Use weather forecast services and take emergency measures
		Rise in average temperatures	Large				• Increase in air-conditioning and capital investment costs • Increase in electricity costs due to lower power generation efficiency • Increase in the need for higher efficiency at plants (Example: CMP segment)	

* As for impact, we classified the size into "Large," "Medium" and "Small" based on the frequency of occurrence and financial impact.
Frequency of occurrence: Occurs frequently/Has occurred/May occur/May not occur/Will never occur
Financial impact: Serious (¥5 billion or more)/Large (¥2.5 billion to ¥5 billion)/Medium (¥500 million to ¥2.5 billion)/Minor (¥100 million to ¥500 million)/Very minor (Less than ¥100 million)

Additionally, we support our suppliers in setting voluntary targets for reducing CO_2 emissions.

◆ Risk management

The ESH Committee collects information about climate change-related risks and opportunities from each internal company and Group company. The Committee evaluates their impact on the Group's business activities and the likelihood of occurrence, and discusses measures to address issues deemed to have a significant impact. For risks, regardless of their financial impact, measures are formulated first for risks with a high likelihood of occurrence, and the ESH Committee discusses these measures. The Committee also evaluates issues related to water resources and biodiversity conservation, waste, chemical substances, and the safety and health of employees.

◆ Indicators and targets

The Nabtesco Group has established long-term greenhouse gas (GHG) emissions targets, aiming to reduce the CO_2 emissions of the entire Group by 63% by FY2030 and by 100% by FY2050 (baseline year: FY2015). These long-term targets are aligned with the 1.5°C target certified by the SBT initiative. We reduced our emissions by 43.6% as of the end of FY2025 and have thus been making steady progress to attain the targets.

Since a significant portion of GHG emissions in our supply chain comes from purchased goods and services (category 1 of Scope 3 emissions), it is essential for our suppliers to actively reduce their emissions. To address this, we began a survey of our main suppliers (top suppliers constituting 70% of our annual procurement) to assess whether they have set voluntary targets for GHG reduction, while also providing support for target setting. As a result, the number of suppliers working to reduce GHG emissions has increased. In FY2025, we also began supporting suppliers in calculating Scope 3 emissions.

Web Conservation of Water Resources and Biodiversity
https://www.nabtesco.com/en/about/sustainability/s-017/

Human Capital Roundtable

How shifting to role-based talent management is creating a positive cycle of challenge and growth

We are promoting human capital management aimed at enhancing corporate value through the integrated efforts of three layers: "company and top management," "organizations and managers," and "individuals." As part of this initiative, we are shifting to role-based talent management, introducing new HR systems for managers in 2024 and for non-managerial employees in 2025, and rolling them out across the Company. Here, we explore the changes these efforts have brought to the workplace.



Sakiko Honda
Executive Officer
General Manager, Human Resources Department

Keizo Ohata
Manager, Planning Department, Railroad Products Company

Hiromoto Ishii
General Manager, Software Engineering Department, Technology and R&D Division

Diverse careers and role-based standards supporting individual growth and roles

Honda: Mr. Ishii joined the Company through mid-career hiring, while Mr. Ohata has built his career here since joining as a new graduate. While the shift to a role-based personnel system now forms part of the framework supporting career development, you are both also in positions where, as managers, you are involved in operating the system itself.

Ishii: I have consistently built my career in software development since my previous employer, and I am now working in the Technology and R&D Division at headquarters functions to strengthen software development capabilities across the Group and develop the talent that underpins them, with the aim of realizing Smart Motion Control (SMC), a core pillar of achieving our long-term vision.

Ohata: After joining the Company, I was given opportunities to work in a variety of departments within the Railroad Products Company, including the Production Control Section, the BPR Development Department, and the Planning Department. I am currently engaged in corporate planning in the Planning Department, including M&A projects.

Honda: Under the role-based personnel system, Mr. Ohata, you assumed a managerial role at a relatively fast pace, in your early thirties. How did you view that opportunity, and how did it affect your mindset?

Ohata: To be honest, I was surprised by the timing. As I worked earnestly to address the challenges before me and continued taking on new ones in each organization I belonged to, I was fortunate in the themes I worked on, the environment, and the people around me. As a result, I believe I was given the opportunity to take on the role of a manager.

Honda: Meanwhile, Mr. Ishii, as part of the organizational restructuring aimed at establishing SMC and realizing the Medium-Term Management Plan, your organization was elevated from a section to a department, and your own role expanded to department head, placing you in a position to lead the entire department.

Ishii: Until now, I have supported and led software development through individual projects across the various companies, but becoming a department-level organization has significantly changed our mission. We are now working on initiatives directly linked to Company-wide strategy, such as raising software development capabilities across the Group and accelerating the development of technical talent. These are all ambitious initiatives, and as head of the department, I am working toward their realization by envisioning the ideal state from the perspective of overall optimization, while accurately grasping on-the-ground realities together with our managers and working closely with the companies to address challenges.

How managerial challenges create opportunities for growth for both people and organizations

Honda: It is very encouraging to see proactive individuals like both of you thriving as you take on new challenges. In recent years, a company's competitiveness has increasingly been determined by how quickly and steadily it can execute its business strategy. Against this backdrop, agile talent management to realize business strategy has become even more important, and role-based standards are functioning as a mechanism to support this effort (see Figure 1 on page 28). Through these initiatives, we



hope to generate innovation and transform the Company and propel it to the next stage. At the same time, we also recognize that various views on the new system are emerging from the workplace. How have you perceived these reactions?

Ohata: While I find my role as a manager rewarding, I also recognize the challenges that come with responsibility for performance evaluation and talent development. In some cases, there may be a tendency for employees to feel that meeting the expectations of their current role is enough, which can make it more difficult for them to take on new challenges. Another issue is how to appropriately recognize roles that support day-to-day operations, especially when greater attention tends to be paid to roles associated with creating new value. No system is ever perfect, and we will continue working closely with the Human Resources Department to identify the best approach for our company as we gain experience operating the system.

Ishii: I agree. At the same time, I believe that improving the effectiveness of the system will require greater clarity around roles. To support the realization of SMC, our Company-wide strategy, we are currently working with the Human Resources Department to develop a framework for managing the skills of our technical talent. By defining the technical capabilities needed to support the Company's medium- to long-term growth and visualizing the gaps between those capabilities and our current state, we aim to use this framework to assign roles and responsibilities that support individual growth, while also encouraging more self-directed reskilling.

Honda: I believe the points you have raised are all important initiatives for aligning management strategy with talent strategy through the effective application of role-based standards. From the Human Resources Department's perspective, we will support innovation by monitoring progress on major KPIs and initiatives, visualizing the impact of human capital investment, and creating a framework in which these issues can be discussed at the executive level.

Building the future of organizations and talent through addressing challenges

Honda: The Company has grown together with its stakeholders by meeting customer expectations and earning their trust as a reliable partner. Building on these strengths, we are now at a pivotal stage of transformation as we pursue our ambition of becoming "Leaders in Innovation for the Future" and move toward the next phase of growth. From the perspectives of organization and talent, how do you think the Company should evolve going forward?

Ohata: In the Railroad Products Company, managers have often taken on significant hands-on responsibilities in addition to their managerial roles. While this has been a rational approach for a company accountable for delivering results each fiscal year, it may also have contributed to an increasing tendency for managers to remain deeply involved in day-to-day operations and for work to become overly dependent on individuals, leaving organizational management and medium- to long-term initiatives insufficiently addressed. Going forward, I believe it will be important to move toward a structure in which each person can focus on their own role through clearer role definitions and appropriate assignments, while also systematically developing global talent with a view to expanding our business globally.





Ishii: From the perspective of the technology division, we believe it is essential not only to respond to customer needs, but also to build the organizational capabilities needed to deliver value with an eye to the future. To this end, we will advance the development of software talent and the enhancement of our development infrastructure in an integrated manner. In addition, software development is an area where AI can be applied very effectively, and by leveraging AI to improve operational efficiency, we aim to create an environment in which engineers can focus on high-value-added work such as product planning and upstream technology development. Through these efforts, we hope to enhance each engineer's sense of growth and fulfillment in their work.

Honda: Today's discussion has given us valuable insights into how the Company can advance to its next stage of growth. From a management perspective, we believe it is important to clarify the value of human capital and, through appropriate investment and a supportive environment, foster a workplace where employees can feel engaged, motivated, and inspired. We also believe it is essential for our people to work across organizational boundaries as One Nabtesco to deliver value to society that exceeds expectations. Through these efforts, we aim to evolve into a company that every employee can be proud to be part of, thereby enhancing our brand value.

Feature on Human Capital Management

Advancing human capital management by aligning strategy and talent through role-based standards

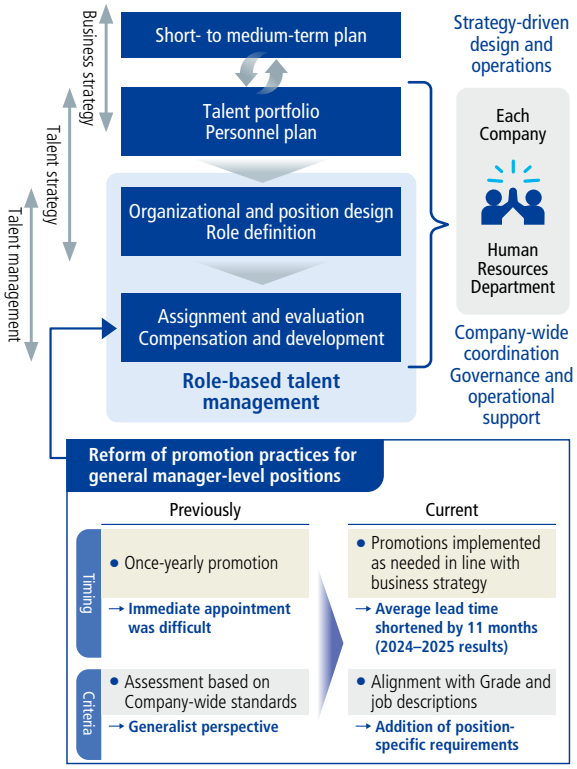
To realize our vision for human capital management, we are advancing a shift to role-based talent management by aligning our business and talent strategies through organizational and position design.

Since introducing a role-based personnel system in 2024, the Human Resources Department has been involved from the initial stages of organizational and position design and, in collaboration with each company, has promoted the design and implementation of organizations and positions based on strategy. In this process, the Human Resources Department ensures Company-wide consistency while maintaining an appropriate overall balance and enabling operations tailored to each company's business requirements.

While personnel planning had traditionally been led by each company, there was room for a clearer understanding of talent requirements at the planning stage. In response, we have expanded the conventional headcount-based approach by incorporating a roles perspective, shifting to a framework that defines the talent required in both quantitative and qualitative terms. We also reviewed our promotion practices. Rather than applying uniform Company-wide promotion rates by grade, we adopted a more agile approach under which each department ensures that the roles required to execute business strategy are filled in line with each company's personnel plan.

Through these initiatives, we are strengthening alignment between each company's strategy, organization, and talent, while promoting role-based talent management that enables the flexible reassessment of organizational structures and roles in response to changes in the business environment, thereby supporting the achievement of business goals.

● Figure 1: Role-based talent management driven jointly by business and HR

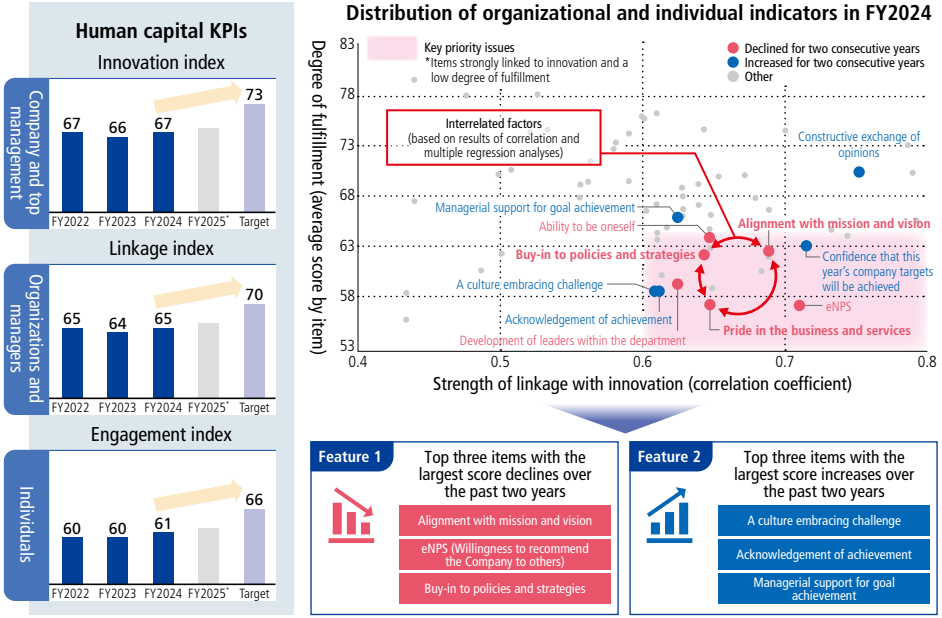


Progress in human capital KPIs: Results and ongoing challenges

To clarify the progress of our human capital management, the results of our initiatives, and our areas of particular focus, we have established a mechanism for identifying key priority issues from the components of our human capital KPIs, linking them to specific measures, and monitoring their progress.

For FY2024, all of our human capital KPIs—the Innovation Index, Linkage Index, and Engagement Index—improved. However, a detailed analysis of year-on-year trends in the engagement score and organizational diagnosis indicators revealed that alongside areas showing improvement, certain items have continued to decline over time.

For the items showing a declining trend, correlation and multiple regression analyses confirmed that these were not isolated issues, but rather had structural interrelationships that influence one another. We therefore view them not as separate challenges but as a series of interconnected issues, and we are addressing them through a coordinated set of initiatives.



*Human capital KPIs for FY2025 will be disclosed on our website after the survey results have been finalized.

Web Please refer to The Optimization of Human Capital Management for key priority issues
https://www.nabtesco.com/en/about/sustainability/s-004/s-005/

Feature on Human Capital Management

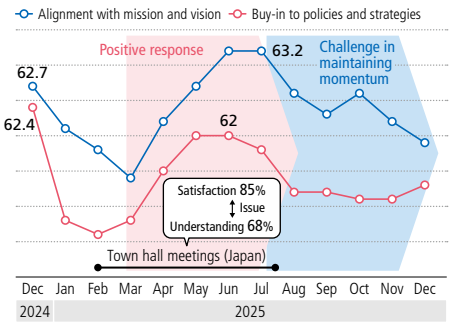
Feature 1: Strengthening communication and dialogue to deepen Company-wide understanding of our corporate philosophy and strategy

Key priority issues: Alignment with mission and vision | eNPS (Willingness to recommend the Company to others) | Buy-in to policies and strategies

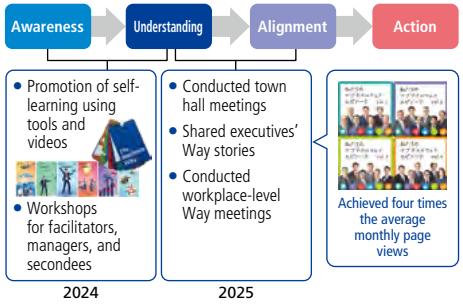
As noted above, our human capital KPI analysis shows continued declines in items related to our corporate philosophy and strategy, and we recognize it as a key challenge to ensure that the Company's direction is understood and embraced by every employee.

In response, we are promoting global activities to embed The Nabtesco Way while also expanding opportunities for direct dialogue between management and employees. In FY2025, under the theme of "From Understanding to Alignment," we revamped our earnings briefings for employees and launched CEO-led town hall meetings at 14 locations in Japan and overseas. A participant survey showed a high satisfaction rate of 85% for the dialogue opportunities themselves, but understanding of the Company's current situation and medium- to long-term policies remained at 68%, revealing the need not only to provide opportunities for dialogue but also to deepen understanding of management and business strategies. Among the key priority issues, the scores for "Alignment with mission and vision" and "Buy-in to policies and strategies" rose during the period in which the town hall meetings were held, but returned to the levels seen at the beginning of the fiscal year by year-end, reaffirming the importance of continuous, two-way communication.

Based on these results, in FY2026 we will work to improve the quality of discussion by designing dialogue around themes of employee interest and introducing small-group formats, while also expanding the scope of participation to achieve more interactive communication and accelerate Company-wide understanding of our philosophy and strategy.



Activities to Embed The Nabtesco Way



Dialogue themes



Web The Nabtesco Way https://www.nabtesco.com/en/about/company/philosophy/

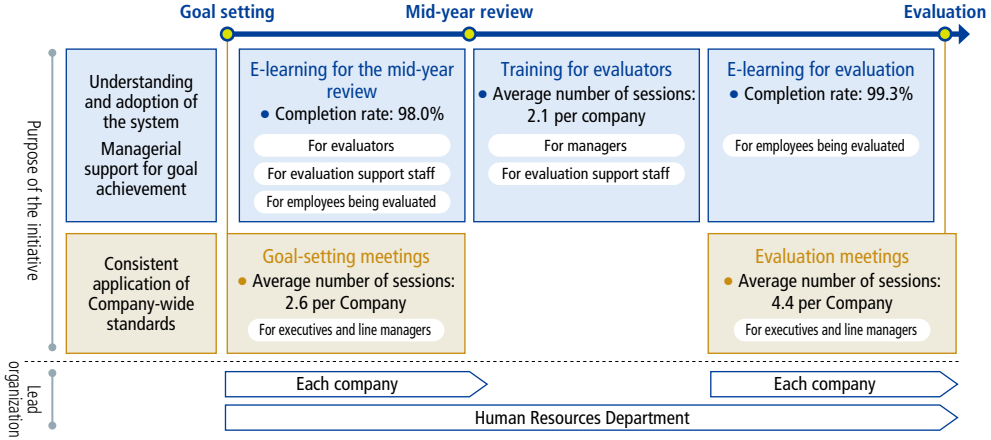
Feature 2: Thorough goal setting and evaluation based on expected roles

Key priority issues: A culture embracing challenge | Acknowledgement of achievement | Managerial support for goal achievement

Looking back at the survey items related to our human capital KPIs, "A culture embracing challenge," "Acknowledgement of achievement," and "Managerial support for goal achievement" all improved for two consecutive years. We believe these changes reflect early signs that the role-based personnel system introduced in FY2024 has begun to encourage each employee's proactive commitment to their role and support dialogue and a willingness to take on challenges within the organization. In FY2025, we expanded this personnel system Company-wide and have been advancing the introduction of a mechanism that incorporates challenge itself into evaluation, from the perspective of supporting the long-term vision of creating new value and encouraging employees to take on challenges. In FY2025, the first year of Company-wide rollout, we focused on deepening understanding of the system and unifying operational standards, while working to establish evaluation practices. In addition to aligning perspectives through organization-level evaluation and goal-setting meetings, we have continued training for both evaluators and those being evaluated to ensure the consistent application of the system based on expected roles.

We regard evaluation practices as a core process supporting the effectiveness of our role-based personnel system and as a foundation for talent development that encourages each employee to take on challenges and fulfill their role proactively. Going forward, we will continue the necessary investments in human capital and strengthen our organizational and talent base through both our systems and their implementation, thereby supporting the execution of our business strategy.

● Measures to promote and embed goal setting and evaluation



*As the number of sessions differs by company, the figures shown represent the average number of sessions per company.

Outside directors on growth strategy and governance

In April, we held a small meeting between institutional investors and our outside directors.
The following Q&A provides insights into the Board of Directors as seen through dialogue with investors.

Q. From what perspectives have outside directors provided oversight and advice in formulating the Medium-Term Management Plan that began in 2025?



Naoki Hidaka
Outside Director
(Independent)

A. The central discussion point has been whether our current strengths are structured in a way that can translate into future growth. While the Company possesses strong technological capabilities and market share, we have also shared the recognition that dependence on a limited number of major customers could ultimately constrain growth and pose structural risks. Against this backdrop, we repeatedly discussed the need to move beyond simply fulfilling customer specifications and to shift toward a solutions- and integration-oriented business model under the concept of Smart Motion Control (SMC). In addition, as market conditions deteriorated in the Component Solutions (CMP) segment, we recognized the need to rebuild our earnings base with a strong sense of urgency and have supported structural reforms aimed at restoring profitability and reinforcing the business foundation.

Q. What measures has the Board of Directors taken to ensure that it serves not merely as a body for formal resolutions, but also as a forum for substantive discussions on medium- to long-term issues?



Naoko Mizukoshi
Outside Director
(Independent)

A. We have consciously worked to transform the way Board meetings are conducted. In addition to holding meetings at manufacturing sites and conducting on-site visits, we have enhanced the quality of discussions through advance briefings on key agenda items and thematic discussion sessions. Dialogue among outside directors and outside Audit & Supervisory Board members has also increased, helping to clarify key issues and build shared understanding. Moreover, a culture is taking root in which the Board engages in continuous discussions of themes that require a longer time horizon, such as business portfolio management and the development of global talent.

Q. How are outside directors involved in reviewing the business portfolio and improving ROE?



Seiichiro Shirahata
Outside Director
(Independent)

A. Reviewing the business portfolio is not simply a matter of "cutting" or "divesting" businesses. What is key is whether synergies can be created through the reallocation of human resources and organizational restructuring. While we place importance on indicators such as EVA, we do not rely on them mechanically. Rather, we carefully assess whether each decision is likely to contribute to improving capital efficiency over the long-term. Given that ROE has yet to reach a sufficient level, further strategic actions are required. We believe that the core of these efforts lies not only in cost reduction or restructuring, but also in advancing human capital management, including talent development.

Q. How do you assess the pace of business model transformation?



Naoki Hidaka
Outside Director
(Independent)

A. Transitioning from a strong component manufacturer is by no means as straightforward as it may sound. Long-cultivated strengths can create a tendency to revert to past approaches unless change is pursued with clear intent. On the other hand, we have already taken steps into higher value-added areas, including new businesses and MRO.* From this perspective, the decision to further strengthen areas where we already have competitive advantages is a rational near-term approach. At the same time, we recognize that the next Medium-Term Management Plan will require us to take one step further and present a more ambitious vision for the Company's next phase of growth.

*MRO: Maintenance, Repair and Overhaul (after-sales services)

Outside directors on growth strategy and governance

Q. What factors contributed to the delay in responding to inflation and passing on price increases, and how do you intend to rebuild from here?



Seiichiro Shirahata
Outside Director
(Independent)

A. We believe the delay stemmed from the view that performance would recover naturally once market conditions improved. Following a series of rigorous discussions at the Board level during 2023–2024, we conducted a thorough analysis of Nabtesco's underlying structural weaknesses. This led to the launch of Project 10, which has enabled the Company to take a more proactive and forward-looking approach to improving profitability.



Naoki Hidaka
Outside Director
(Independent)

A. It is true that in the niche markets where we hold a leading position, both suppliers and customers are limited in number. In particular, in the precision reduction gear business, excess inventories on the customer side made price negotiations especially difficult. That said, we have continued to negotiate persistently while maintaining our customer relationships, and we believe we are gradually gaining understanding.

Q. What do you emphasize in the development and selection of next-generation management talent?



Mari Iizuka
Outside Director
(Independent)

A. At the Nomination Committee, we place emphasis on how each individual is likely to make decisions in the future. We ask candidates to articulate their vision and, through discussion, assess whether they genuinely believe in and understand their vision. While rotational assignments are utilized, what ultimately matters more is the perspective and worldview they bring.

At the same time, strengthening the next layer of management, including department heads, remains an ongoing challenge. We continue to explore how best to leverage talent across the organization and build a deeper management bench.

A culture of discussing the human capital portfolio at the Board level is gradually taking root, and we also recognize that ROIC-based management is increasingly permeating the mid-level management layer. The shift in key management indicators from ROE to ROIC under the previous medium-term plan was intended to make the concept easier to embed throughout the organization, including at the operational level. While steady progress has been made, it is not yet fully internalized by all employees. We therefore believe that further action, including internal education initiatives, is needed.

Q. How do you approach cash allocation?



Naoki Hidaka
Outside Director
(Independent)

A. We are at an important juncture in determining how to allocate cash to support our long-term growth strategy. With improving profitability, we are also seeing greater financial flexibility, which is strengthening the foundation for more strategic decision-making. Looking ahead, it will be important not only to invest for growth, but also to enhance our focus on capital efficiency, including the appropriate use of leverage and shareholder returns.



Naoko Mizukoshi
Outside Director
(Independent)

A. Our approach to managing investment risk has also evolved.
We have shared the recognition that decision-making can become overly optimistic when business performance is strong. In particular, with respect to M&A, we have strengthened our commitment to conducting thorough post-investment reviews, regardless of the outcome.
We have also emphasized to the executive team that PMI should not be approached passively, but should be driven proactively to create value.

Ensuring Management Transparency

Measures for Enhancing Corporate Governance

Nabtesco is committed to enhancing its corporate governance based on the Corporate Governance Basic Policy, which indicates the Company's basic approach to, framework for, and measures for corporate governance. Through the implementation of The Nabtesco Way, we are committed to increasing our corporate value over the medium- to long-term and earning even greater trust from stakeholders.

Specifically, to further enhance the independence and objectivity of the Board of Directors as a supervisory body, since March 2025 we have appointed five independent outside directors (55.6%) out of a total of nine directors. In addition, we have established the Nominating and Remuneration Committees as advisory bodies to the Board of Directors, with a majority of members being independent outside directors. The chairpersons of both committees are independent outside directors.

Evaluation of the Effectiveness of the Board of Directors

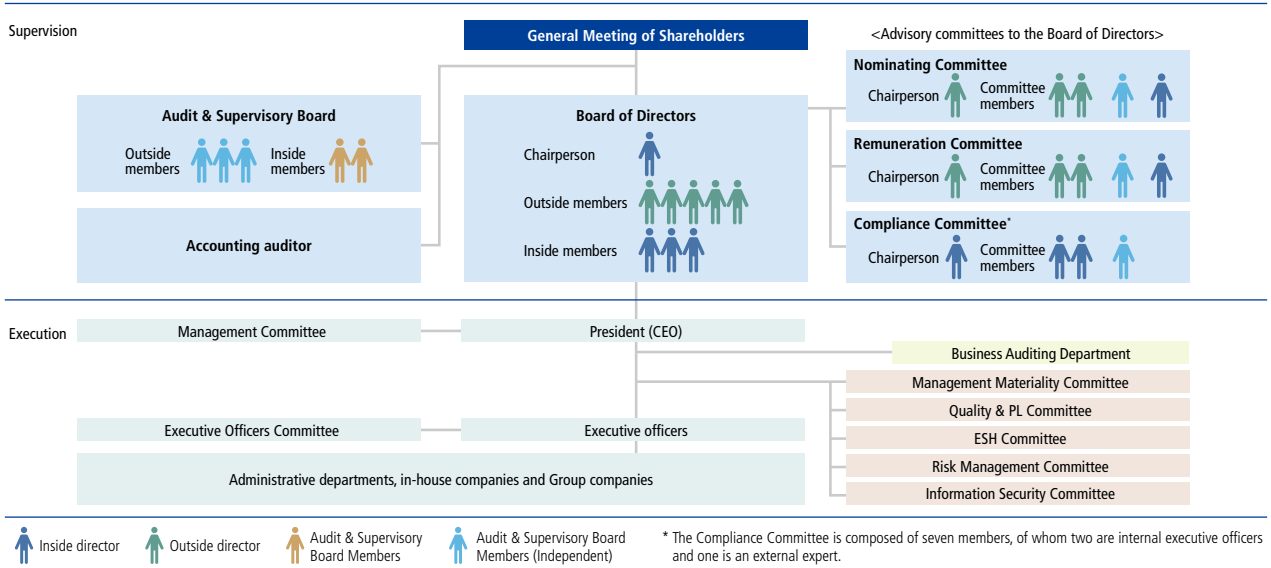
Nabtesco conducts a yearly analysis and evaluation of the effectiveness of the Board of Directors based on the self-evaluations of the directors to improve the Board's functions. Also, in FY2025, we conducted an anonymous self-evaluation questionnaire survey of all directors and Audit & Supervisory Board members. Based on the aggregation and analysis of the survey results by external lawyers, the Board of Directors discussed and evaluated its effectiveness.

Based on the results, directors believe that the number of members and the structure of the Board were appropriate, and that open and constructive discussions took place in FY2025, as in the previous fiscal year. Since the addition of one independent outside director in FY2022 and the reduction of one internal director in FY2025, the Board has maintained a structure in which a majority of its members are independent outside directors, enabling discussions conducted with a greater sense of constructive tension. Furthermore, the appointment of a director with a technology background in 2025 has further diversified the perspectives in boardroom discussions. Taking these factors into account, we recognize that the Board of Directors remains effective.

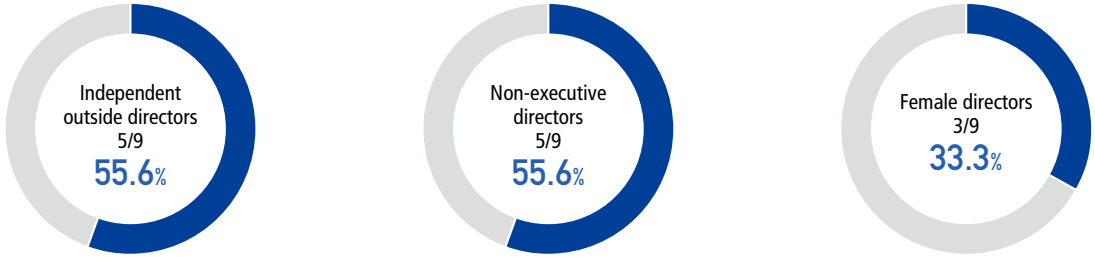
In FY2025, in addition to the management issues currently facing the Company, the Board of Directors allocated more time than in the previous fiscal year to discussions on important management issues aimed at realizing the long-term vision, including the Medium-Term Management Plan, business portfolio, business and global strategies, and the ideal structure of the Company's governance framework. The Board also continued to deepen discussions on these matters. We will continue to enhance discussions aimed at increasing corporate value over the medium- to long-term.

Web Corporate Governance
https://www.nabtesco.com/en/about/company/policy/governance/

Corporate governance system (As of March 26, 2026)



Independence and diversity of the Board of Directors (As of March 26, 2026)



Ensuring Management Transparency

● Measures to enhance the effectiveness of the Board of Directors

	Evaluation results for FY2024	Outline of the self-evaluation questionnaire survey	Evaluation results for FY2025
Evaluation	■ The effectiveness continued to be ensured	• Discussions on medium- to long-term management and growth strategies are increasing. • Continued discussion is necessary to ensure these strategies lead to sustainable growth.	■ The effectiveness continued to be ensured
Structure	■ The number of members and the composition continued to be appropriate. • More than 50% were independent outside directors • Female director ratio (20%)		■ The number of members and the composition continued to be appropriate. • More than 50% were independent outside directors • Female director ratio (22.2%)
Challenges	■ Enhancement of opportunities for discussions on management and growth strategies ■ Enhancement of opportunities for directors to gather information	**Measures implemented in FY2025** ■ Enhance opportunities for free discussion on management and growth strategies ■ Major themes related to management strategy • Business portfolio • Human capital strategy and intellectual property strategy • Global strategies • Examination of M&A projects • Ideal governance structure • Innovation strategy	■ Continuation of opportunities for discussions on management and growth strategies ■ Enhancement of opportunities for directors to gather information (preliminary deliberations on important matters, Board meetings held at plants) ■ Opinion exchange meetings between the Audit & Supervisory Board and outside directors

Compensation System for Directors

◆ **Nabtesco's approach to indicators for performance-linked compensation**

The basic indicators for performance-linked compensation paid to directors (excluding outside directors) are Return on Invested Capital (ROIC) and profit (attributable to owners of the parent), which reflect the collective efforts of all employees and are key indicators linked to the improvement of Return on Equity (ROE). This approach encourages all directors to consider capital costs and the payout ratio, promoting management practices that prioritize the sustainable growth of the Group.

Furthermore, directors overseeing business units have additional indicators aimed at incentivizing medium- to long-term performance improvement. These include R&D indicators to encourage the creation of intellectual property and environmental indicators linked to reductions in CO_2 emissions, in addition to management indicators such as the degree of ROIC improvement.

Moreover, net sales and operating profit are adopted as indicators to measure the degree of achievement of the Medium-Term Management Plan. These metrics reflect the collective business activities of all directors and employees, aiming to promote activities aligned toward common goals. However, if there are impacts from events not caused by the Company's management decisions, the above indicators may be subject to adjustment.

● Composition of compensation

Position	Fixed compensation	Performance-linked compensation		
	Basic compensation	Short-term performance-linked compensation	Tenure grant-type stock compensation	Retirement grant-type stock compensation
Chairman of the Board / President	25%	35%	25%	15%
Director	25%	35%	25%	15%

This table presents a model based on median values for each position and assumes a 100% achievement rate for targets used to determine performance-linked compensation.

● Actual performance of principal indicators related to performance-linked compensation

ROIC	Net sales	Operating profit	Net profit
3.4%	¥323,384 million	¥14,788 million	¥10,119 million

The performance-linked compensation for the current fiscal year is calculated based on the financial results for the fiscal year ended December 31, 2024.

Web FY2025/12 Annual Securities Report, P85 Compensation of Directors and Audit & Supervisory Board Members
https://www.nabtesco.com/cms/wp-content/uploads/Annual-Security-Report-FY2025_e.pdf#page=88

Web FY2025/12 Annual Securities Report, P87 Status of shareholding
https://www.nabtesco.com/cms/wp-content/uploads/Annual-Security-Report-FY2025_e.pdf#page=90

Treatment/Reduction of Cross-shareholdings

Nabtesco adheres to a policy of disposing of cross-holdings of shares that have lost their significance as of the end of the most recent fiscal year. In line with this basic policy, the Board of Directors conducts annual examinations based on certain criteria to determine whether the purpose of holding each stock remains appropriate and whether the benefits and risks associated with holding the shares are commensurate with the cost of capital, and reviews whether to continue holding each stock and the number of shares to retain. At the Board meeting held on February 27, 2026, the directors confirmed the appropriateness of maintaining cross-holdings of shares issued by five companies (as of the end of FY2025). This decision followed an examination of the significance and economic rationality for each stock. Meanwhile, in light of changes in the environment surrounding cross-shareholdings, including the revision of Japan's Corporate Governance Code in June 2018, the Board also confirmed its policy of further reducing the balance of cross-shareholdings as much as possible going forward.

Skills of Directors and Audit & Supervisory Board Members

Nabtesco defines the necessary skill requirements for the Board of Directors and the Audit & Supervisory Board based on management materiality, and identifies the skills possessed by each Board member. To effectively respond to a volatile business environment and execute management strategies across diverse businesses, we aim to maintain a diverse Board composition.

Management materiality P23	Field of specialization						
	Corporate management	Global	Legal, personnel & labor affairs and risk management	Financial accounting	Manufacturing and technology	Sales and marketing	Digital transformation (DX)
Promote ROIC management	●			●	●		
Meet social challenges through smart motion control	●				●	●	●
Drive innovation manufacturing through digital transformation	●				●		●
Enhance global management	●	●	●	●	●	●	●
Countermeasures for climate change	●		●		●		●
Enhance corporate governance	●	●	●	●			
Pursue safety, comfort, and a sense of security	●		●		●		●
Promote human capital management	●		●				●
Build a resilient corporate foundation	●	●	●	●	●		●

Board of Directors (as of March 26, 2026)



Kazumasa Kimura

Representative Director
President
Chief Executive Officer
(Aug. 17, 1961)
Attendance at Board meetings in FY2025: 18/18
Term of service: 7 yrs

Fields of specialization

- Extensive experience across a wide range of operations, particularly deep expertise in manufacturing.
- Appropriately exercises leadership and oversight responsibilities as CEO.
- Contributes to strengthening governance as a member of the Nominating Committee and the Remuneration Committee.



Seiji Takahashi

Representative Director
Managing Executive Officer
General Administration, Human Resources and Legal & Compliance
(Feb. 12, 1966)
Attendance at Board meetings in FY2025: 18/18
Term of service: 3 yrs

Fields of specialization

- Extensive experience in the human resources field and deep expertise in this area.
- Has served as president of the Accessibility Innovations Company and currently fulfills responsibilities overseeing administrative departments as a management executive.



Hiroshi Usui

Representative Director
Managing Executive Officer
Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication
(Apr. 22, 1965)
Attendance at Board meetings in FY2025: 14/14
Term of service: 1 yr

Fields of specialization

- Extensive experience in the aerospace field and deep expertise in this area.
- Has served as president of a U.S. subsidiary and Vice President of the Aerospace Company, and currently fulfills responsibilities overseeing administrative departments as a management executive.



Michihito Suzuki

New Director

Director
Managing Executive Officer
President, Railroad Products Company of Nabtesco Corporation
(Nov. 4, 1962)
Attendance at Board meetings in FY2025:
No attendance at Board meetings in FY2025
Term of service: –

Fields of specialization

- Extensive experience and deep expertise in the railroad business field.
- Has served as president of an Italian subsidiary and currently fulfills responsibilities as president of the Railroad Products Company.

Reasons for appointment

Web Career summaries and reasons for appointment of directors and Audit & Supervisory Board members
https://www.nabtesco.com/en/about/company/management/

Web Executive Officers
https://www.nabtesco.com/en/about/company/management/#executiveOfficers

Skills of Directors and Audit & Supervisory Board Members

Board of Directors (as of March 26, 2026)

Mari Iizuka
Independent



Outside Director
(Mar. 29, 1959)
Attendance at Board meetings in FY2025: 17/18
Term of service: 6 yrs

Fields of specialization

Reasons for appointment
- Deep expertise in the fields of global management talent and international management strategy.
- In addition to appropriately supervising management as an outside director, contributes to strengthening governance as chairperson of the Nominating Committee and member of the Remuneration Committee.

Naoko Mizukoshi
Independent



Outside Director
(Sep. 23, 1967)
Attendance at Board meetings in FY2025: 18/18
Term of service: 6 yrs

Fields of specialization

Reasons for appointment
- As an attorney, possesses deep expertise in legal affairs and compliance, and has also served as an outside officer of other business companies.
- In addition to appropriately supervising management as an outside director, contributes to strengthening governance as chairperson of the Remuneration Committee and member of the Nominating Committee.

Naoki Hidaka
Independent



Outside Director
(May 16, 1953)
Attendance at Board meetings in FY2025: 18/18
Term of service: 5 yrs

Fields of specialization

Reasons for appointment
- Possesses deep expertise based on diverse operational experience in the transportation equipment and construction machinery industries, as well as experience as a corporate executive at a major general trading company.
- In addition to appropriately supervising management as an outside director, contributes to strengthening governance as a member of the Nominating Committee.

Seiichiro Shirahata
Independent



Outside Director
(Mar. 3, 1961)
Attendance at Board meetings in FY2025: 17/18
Term of service: 3 yrs

Fields of specialization

Reasons for appointment
- Possesses deep expertise based on diverse operational experience, including overseas assignments as an engineer, leadership in the transition to a holding company structure and business company segmentation, and experience as a corporate executive.
- Since 2026, has contributed to strengthening governance as a member of the Remuneration Committee.

Shinako Matsuyama
Independent
New Director



Outside Director
(Apr. 19, 1964)
New Director
Attendance at Board meetings in FY2025:
No attendance at Board meetings in FY2025
Term of service: –

Fields of specialization

Reasons for appointment
- Possesses extensive experience and expertise in promoting the utilization of digital technologies (IT/AI) and formulating DX strategies.
- Appointed in anticipation of providing supervision and advice utilizing expertise in IT, DX, and generative AI to support achievement of the Company's long-term vision toward 2030.

Audit & Supervisory Board Members (as of March 26, 2026)

Koji Nakano



Audit & Supervisory Board member
(Jan. 2, 1962)
Attendance at Board meetings in FY2025: 18/18
Term of service: 3 yrs

Fields of specialization

Reasons for appointment
- Has extensive experience primarily in finance, accounting, and corporate planning over many years, and possesses deep expertise in finance and accounting as well as management experience at a Chinese subsidiary.
- Appropriately supervises management as an Audit & Supervisory Board member.

Yasuhito Nakagawa



Audit & Supervisory Board member
(May 10, 1963)
Attendance at Board meetings in FY2025: 18/18
Term of service: 2 yrs

Fields of specialization

Reasons for appointment
- Has served as plant manager and chairperson of the ESH Committee, and possesses expertise and experience in manufacturing, particularly in production engineering and production management, as well as in environmental management and occupational health and safety.
- Also engaged in corporate management as President of Nabtesco (China) Precision Equipment Co., Ltd.
- Appropriately supervises management as an Audit & Supervisory Board member.

Tetsuro Hirai
Independent



Audit & Supervisory Board member (Independent)
(Dec. 19, 1955)
Attendance at Board meetings in FY2025: 18/18
Term of service: 7 yrs

Fields of specialization

Reasons for appointment
- Possesses extensive experience in manufacturing, high-level expertise and capabilities in global planning, cost management, production management, and production engineering, as well as experience as a corporate executive.
- Appropriately supervises management as an outside Audit & Supervisory Board member.

Masatoshi Hitomi
Independent



Audit & Supervisory Board member (Independent)
(Nov. 9, 1957)
Attendance at Board meetings in FY2025: 18/18
Term of service: 2 yrs

Fields of specialization

Reasons for appointment
- Has many years of experience in accounting and administrative operations both in Japan and overseas, possesses deep expertise in finance and accounting, and also has experience as a corporate executive.
- Appropriately supervises management as an outside Audit & Supervisory Board member.

Yasuhiro Tanabe
Independent



Audit & Supervisory Board member (Independent)
(Nov. 7, 1960)
Attendance at Board meetings in FY2025: 18/18
Term of service: 2 yrs

Fields of specialization

Reasons for appointment
- Possesses advanced professional knowledge cultivated through many years of experience as a public prosecutor, as well as deep expertise in legal matters and extensive insight and capabilities related to overall organizational management.
- Appropriately supervises management as an outside Audit & Supervisory Board member.

*As of March 26, 2026, the average term of office of Board members, including both Board of Directors and Audit & Supervisory Board members, is approximately 3.4 years.

Major Financial Indicators

(¥ Million)

	2016/12[*1]	2017/12	2018/12	2019/12	2020/12	2021/12	2022/12	2023/12	2024/12[*2]	2025/12[*2]
Net sales	244,968	282,422	294,626	289,808	279,358	299,802	308,691	333,631	280,458	307,912
Cost of sales	175,508	201,982	215,043	212,105	206,166	217,759	232,007	250,970	198,697	214,131
Selling, general and administrative expenses	44,294	51,285	53,184	51,998	50,655	52,520	59,620	66,861	67,749	71,964
Operating profit	25,982	29,468	21,889	25,320	28,533	30,017	18,097	17,376	12,933	20,726
Profit before tax	26,779	34,907	29,962	27,979	33,718	101,966	15,763	25,629	13,788	21,656
Income taxes expense	7,843	8,338	6,997	8,028	10,206	34,073	4,376	9,199	3,552	5,933
Non-controlling interests	330	1,423	1,935	2,020	3,008	3,075	1,923	1,876	1,577	1,930
Net profit attributable to owners of the parent	18,606	25,146	21,029	17,931	20,505	64,818	9,464	14,554	10,119	15,695
At year-end										
Current assets	143,792	165,695	179,124	179,154	183,110	288,900	295,524	220,847	229,083	256,426
Property, plant and equipment	63,155	70,700	80,573	87,083	89,522	89,020	96,082	107,527	114,340	101,683
Total assets	256,973	301,557	328,568	344,558	351,723	481,718	459,293	422,065	445,544	463,991
Current liabilities	74,876	96,934	112,558	109,614	113,662	191,315	172,577	119,491	117,111	134,955
Interest-bearing debt	16,949	27,720	45,310	43,936	39,866	17,587	20,309	21,572	31,884	44,985
Equity	155,904	177,002	189,255	199,133	211,641	254,995	263,228	275,894	287,278	288,834
Equity attributable to owners of the parent	147,929	167,537	178,702	187,398	198,031	239,910	248,696	260,470	270,093	271,932
Cash flows										
Cash flows from operating activities	27,730	23,071	24,165	38,433	34,203	36,340	7,717	11,177	26,650	32,824
Cash flows from investing activities	(14,989)	(20,186)	(21,823)	(20,086)	(10,710)	67,147	13,231	(46,295)	(28,733)	(15,725)
Cash flows from financing activities	(4,808)	(950)	8,396	(13,365)	(17,497)	(57,960)	(13,456)	(13,482)	(4,137)	(13,559)
Per share of common stock (¥)										
Basic earnings per share	150.64	203.85	169.65	144.50	165.18	534.67	78.87	121.25	84.25	131.56
Equity attributable to owners of the parent per share	1,193.79	1,355.72	1,438.64	1,508.53	1,594.10	1,999.10	2,071.87	2,169.52	2,248.31	2,320.45
Cash dividends per share	50.00	72.00	73.00	73.00	75.00	77.00	78.00	80.00	80.00	80.00
Major management indicators (%)										
Operating profit margin	10.6	10.4	7.4	8.7	10.2	10.0	5.9	5.2	4.6	6.7
Return on invested capital (ROIC)	–	–	8.0	7.6	8.2	8.1	4.6	4.2	3.0	4.4
Return on equity (ROE)	13.0	15.9	12.1	9.8	10.6	29.6	3.9	5.7	3.8	5.8
Payout ratio	35.1	35.3	43.0	50.5	45.4	14.4	98.9	66.0	95.0	60.8
Equity ratio	57.6	55.6	54.4	54.4	56.3	49.8	54.1	61.7	60.6	58.6

*1 Adopted IFRS from the fiscal year ended December 31, 2017. Figures for the fiscal year ended December 31, 2016 have been restated in IFRS terms.
*2 The Hydraulic Equipment Business is classified as a discontinued operation from the fiscal year ended December 31, 2025. The figures for the fiscal year ended December 31, 2024 have been restated accordingly.

Web FY2025/12 Annual Securities Report, P90 Consolidated financial statements https://www.nabtesco.com/cms/wp-content/uploads/Annual-Security-Report-FY2025_e.pdf#page=93

Disclosure Policy

Boundary of the report
Nabtesco Corporation and its consolidated subsidiaries
This report covers activities conducted by Nabtesco Corporation and its consolidated subsidiaries. However, please note that a portion of the nonfinancial data pertains exclusively to Nabtesco Corporation.

Period covered
January 1, 2025 to December 31, 2025
In recognition of the importance of providing up-to-date information, certain activities conducted after this period are also included in this report.

Date of publication
June 2026 (Published annually)

Performance data
The Nabtesco Group has applied the International Financial Reporting Standards (IFRS) to its accounting since FY2017. To facilitate comparison with FY2017 results, FY2016 results have also been recalculated in accordance with IFRS.

The Hydraulic Equipment Business is classified as a discontinued operation from the fiscal year ended December 31, 2025. The figures for the fiscal year ended December 31, 2024 have been restated accordingly.

Note regarding forecasts
Forecasts provided in this report regarding numerical figures and future measures are based on currently available information, as well as judgments and assumptions deemed reasonable by Nabtesco. Actual results may significantly differ from these forecasts due to various critical factors, including economic conditions in the Company's major markets in and outside Japan, and fluctuations in the foreign exchange market.

Guidelines referenced
- International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)*
- Sustainability Accounting Standards Board (SASB)* Standards
- WICI Intangible Reporting Framework published by the World Intellectual Capital/Assets Initiative (WICI)
- GRI Standards by the Global Reporting Initiative (GRI)
- The Guidelines on Disclosure and Governance of Strategies for Investment and Utilization of Intellectual Property and Intangible Assets (Ver. 2.0)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, Ministry of Economy, Trade and Industry of Japan

知財・無形資産 ガバナンスガイドライン

Environment Social Governance
価値協創ガイダンス

*Currently known as International Sustainability Standards Board (ISSB)

Participation in external initiatives and external evaluation
The Nabtesco Group announced its support for the following initiatives. Additionally, our long-term greenhouse gas emissions reduction targets have been officially approved by the SBT Initiative, aligning with its 1.5 degrees Celsius scenario.

WE SUPPORT UN GLOBAL COMPACT

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

JAPAN CLIMATE INITIATIVE

Japan Platform for Migrant Workers towards Responsible and Inclusive Society
Member

Web Support Initiatives
https://www.nabtesco.com/en/about/sustainability/s-024/

Third-Party Assurance

To enhance the credibility of non-financial disclosures, the Nabtesco Group has obtained assurances from LRQA Limited, an independent third-party organization, for the performance indicators related to the environment and society listed below. These indicators are disclosed in this report and on our website.

Independent assurance on environmental and social data for CY2025
- Energy consumption (including the breakdown of energy type)
- GHG emissions data (Scope 1, Scope 2 [Market-based and location-based], Scope 1 and 2 [Market-based] year-on-year emissions change between calendar years 2024 and 2025 and Scope 3 attributed to categories 1, 2, 3, 4, 5, 6, 7, 11, 12)
- Water withdrawal and water discharge
- Waste generated and landfilled, and hazardous waste generated
- Chemical substances controlled under the PRTR scheme and VOC emissions
- Percentage of the Company's main suppliers with GHG emission reduction targets
- Occupational accident rate
- Occupation disease rate

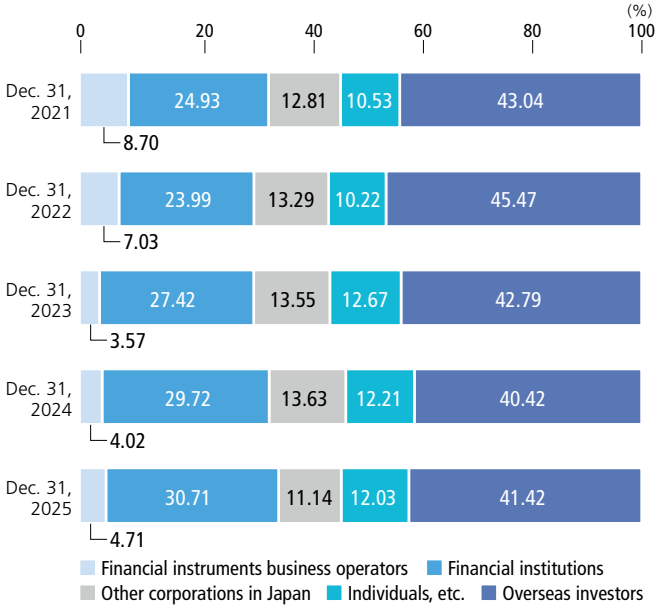
Independent assurance on GHG emissions and electricity consumption for CY2025
- Verifying conformance with the Company's reporting methodologies for the selected dataset
- Evaluating the accuracy and reliability of data for the selected indicators listed below:
  - Scope 1 GHG emissions and Scope 2 GHG emissions (Location-based and Market-based, Scope 1 and 2 [Market-based] year-on-year emissions change between CY2024 and 2025)
  - Scope 3 GHG emissions attributed to categories 1, 2, 3, 4, 5, 6, 7, 11, 12
  - Electricity consumption

Web Independent Assurance on Environmental and Social Data for CY2025 https://www.nabtesco.com/cms/wp-content/uploads/AS_Nabtesco2025_EnvSoc_EN.pdf
Independent Assurance on GHG Emissions and Electricity Consumption for CY2025 https://www.nabtesco.com/cms/wp-content/uploads/AS_Nabtesco2025_CO2_EN.pdf

Corporate Profile (as of December 31, 2025)

Company Name	Nabtesco Corporation
Security Code	6268
SEDOL Code	6687571
Established	September 29, 2003
Address	7-9, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo 102-0093, Japan
TEL	+81-3-5213-1133
Capital	¥10.0 billion
Number of Issued Shares	118,064,699
Minimum Trading Unit	100 All of our issued shares are common stock with a minimum trading unit of 100 shares.
Employees	Non-consolidated 2,186 Consolidated 8,472
Consolidated Subsidiaries in Japan	15 (excl. 2 equity method affiliates)
Consolidated Subsidiaries outside Japan	51 (excl. 3 equity method affiliates)

● Breakdown of shareholding by investor type



Web FY2025/12 Annual Securities Report, P53 Status of Shares
https://www.nabtesco.com/cms/wp-content/uploads/Annual-Security-Report-FY2025_e.pdf#page=56

Web Management Structure
https://www.nabtesco.com/en/about/company/overview/organization/

Validity Statement



Hiroshi Usui
Representative Director
Managing Executive Officer
Corporate Planning, Accounting & Finance, Information Systems and Corporate Communication

On the Publication of Nabtesco Value Report 2025 for FY2025/12

Since 2016, the Nabtesco Group has published the Nabtesco Value Report as its integrated report to help stakeholders, including shareholders and investors, gain a deeper understanding of our initiatives to enhance corporate value over the medium to long term.

In this year's report, we provide an integrated overview that organically links the progress of our Medium-Term Management Plan in its second year, our business portfolio strategy, financial performance and initiatives to improve capital efficiency, the strengthening of our management foundation—including technology, human capital, and governance—and our sustainability initiatives addressing environmental and social challenges.

As a new feature of this year's edition, we also explore the potential impact of physical AI on our business from both the CEO's perspective and a technical perspective, explaining how we intend to meet the expectations of our investors.

In addition, we summarize the key takeaways from the first small-group meeting between institutional investors and outside directors held by the Company, enabling readers to gain insight into the role that outside directors play on our Board of Directors.

At Nabtesco, we regard disclosure not merely as a matter of accountability, but as an ongoing process to refine management through dialogue with stakeholders. In this report, we address not only our achievements but also the challenges we face, demonstrating our sincere commitment to engaging with the questions and expectations of investors.

As the executive officer responsible for overseeing the preparation of this report, I hereby affirm that the production process has been conducted appropriately and that the contents are accurate. I would also like to express my sincere gratitude to all stakeholders who have taken the time to read this report, as well as to everyone, both inside and outside the Company, who contributed to its preparation.

We will continue to place the highest priority on dialogue with our stakeholders and strive to further enhance the quality and depth of our disclosures.

Nabtesco
moving it. stopping it.

Nabtesco Value Report 2025 **PDF** Operation Guide

In the PDF version of this report, various link functions have been implemented to enhance readability for all users. For instructions on how to use jump functions or return to the previously viewed page, please refer to the following.

Use of tab key

Clicking will allow you to navigate to the first page of each chapter.

Return to the last opened page

This feature is only available when downloaded

- Examples of links

Navigate to the relevant page

Contents

2 Key Highlights

Profile of Nabtesco
3 At a Glance
4 Evolution of Nabtesco's Technologies

P17 Measures to Improve Financial Performance

Link to the PDF or website of the relevant media

Web Our Business https://www.nabtesco.com/en/products/

Web Combating Climate Change

Web Management of Occupational Health and Safety

Web Corporate Governance