

INTEGRATED REPORT 2024

SEIKA CORPORATION

Corporate Philosophy

Our philosophy is to **Contribute to Society Through the Expansion of Business.**
No matter how society changes,
the Group is committed to conducting business
that rewards all stakeholders and
being a **Valuable Business** that contributes to the realization of an affluent society.

Corporate motto

1. Being trustworthy is a priceless asset.
2. To always have a high appreciation of the significance of existence is the basis of the business activities of a trading company.
3. Fast and accurate information activities and effective responses win everything.
4. To make decisions and handle things using objective consideration and pursue necessity and rationality without being influenced by intuition.
5. To be driven by a pioneering spirit, be challenged, and be proud to overcome all difficulties, barriers, and turbulent times.

Our purpose

**supporting the sustainable generation of energy
and industrial activities in harmony with the global
environment.**

Group Policy

Strive for excellence and foster a sustainable society with corporate integrity.

Code of Conduct

Comply with laws and act with ethical standards to gain the trust of society.

Group Mission

Create a fulfilling society together.

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Editorial policy

This report is created to help stakeholders, including investors and shareholders, understand the Company's medium to long-term growth potential and corporate value enhancement, through non-financial information including initiatives related to environment, society, and governance, in addition to financial information such as management performance and strategies. For the publication of this report, we referred to the International <IR> Framework of the International Integrated Reporting Council (IIRC, now part of the IFRS Foundation), and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

Reporting period

The report covers information related to business activities for fiscal year 2023 (April 1, 2023, to March 31, 2024). However, some content includes information from the past and after April 1, 2024.

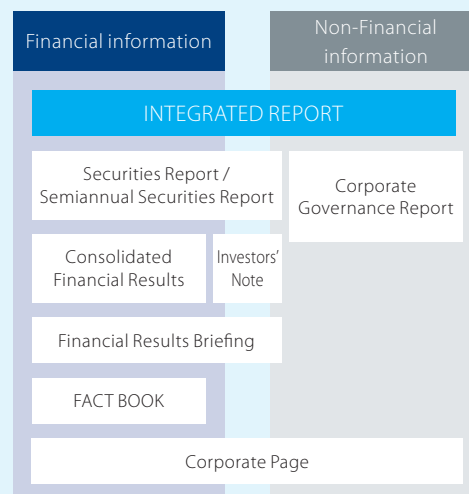
Scope of report

The report includes Seika Corporation, and its Group companies. For matters that have a different reporting scope, the applicable scope is clearly indicated.

Notes on forward-looking statements

The forward-looking statements in this report, including earnings forecasts, are based on the Company's judgment at the time of booklet creation. Actual results may vary in the future, and the Company will not be responsible for any damage incurred as a result of the use of the information in this report by investors.

Tool Map



At a Glance

Year of establishment



1947

Annual number of trading companies



1,926

consolidated data

No. of business locations in Japan and overseas



137

(As of September 30, 2024)

Number of employees



Japan

800

Overseas

240

Transaction value



205.38
billion yen

(+16.9% year-on-year)

Net sales



86.78
billion yen

(-7.0% year-on-year)

Operating profit



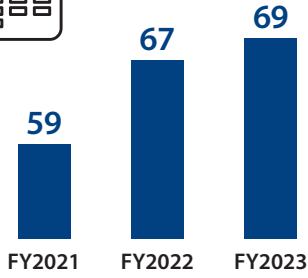
5.58
billion yen

(+20.3% year-on-year)

ROE

11.6%

Paid leave utilization rate (%)



Childcare leave rate



No. of new hires



Turnover rate of new graduate hires within 3 years



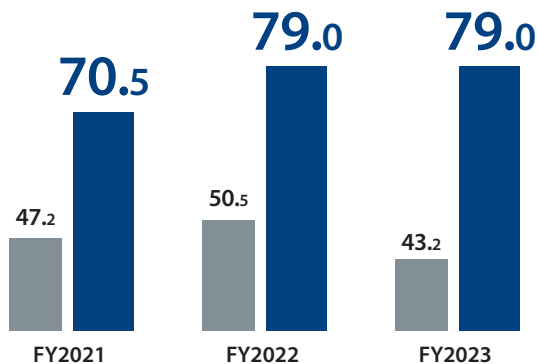
0%

Overall staff turnover rate

3.47%

Employee satisfaction (%)

■ The Company
■ Industry average



The History of Our Value Creation

As a general trading company in machinery, Seika Corporation has supported the energy sector and other industries by developing businesses that precisely meet the demands of each time period. We will draw on both tradition and innovation as we take on new challenges, offering new value that contributes to the realization of a sustainable society.

The beginning

Seika Corporation was founded in 1947 in Moji, one of Japan's three major trading ports at the time, in the wake of the dissolution of conglomerates after World War II. The business began with coal car sales in the Kyushu region. Anticipating power shortages due to the excessive use of power generation equipment during the war, we ventured into the power energy industry as well. With power as our core business since our founding, we have earned a high degree of trust by quickly establishing offices and steadily accumulating a solid business track record. This has led to our current designation as a primary distributor for the thermal power generation business and the start of a nuclear power generation-related equipment agent business.



The coal car that laid the foundation at the inception of Seika Corporation

Hardship

In 1954, seven years after our founding and shortly after the establishment of the current Mitsubishi Corporation, Mitsubishi Shipbuilding Co., Ltd. announced its policy to make Mitsubishi Corporation its exclusive distributor. The decision came as a shock to us, since the majority of our activities up to that point had been the sale of products from Mitsubishi Shipbuilding, the predecessor of Mitsubishi Heavy Industries, Ltd. However, we escaped the danger of being stripped of our commercial rights, partly due to Mitsubishi Heavy Industries recognizing our past performance and Mitsubishi Corporation approving us as a secondary agent. The robust relationships of trust we have built up since then have by now become unshakeable.



A 6,000 kW back-pressure turbine displayed at the entrance to the Mitsubishi Heavy Industries Nagasaki Shipyard & Machinery Works

Transaction value (million yen)
250,000

200,000

150,000

100,000

50,000

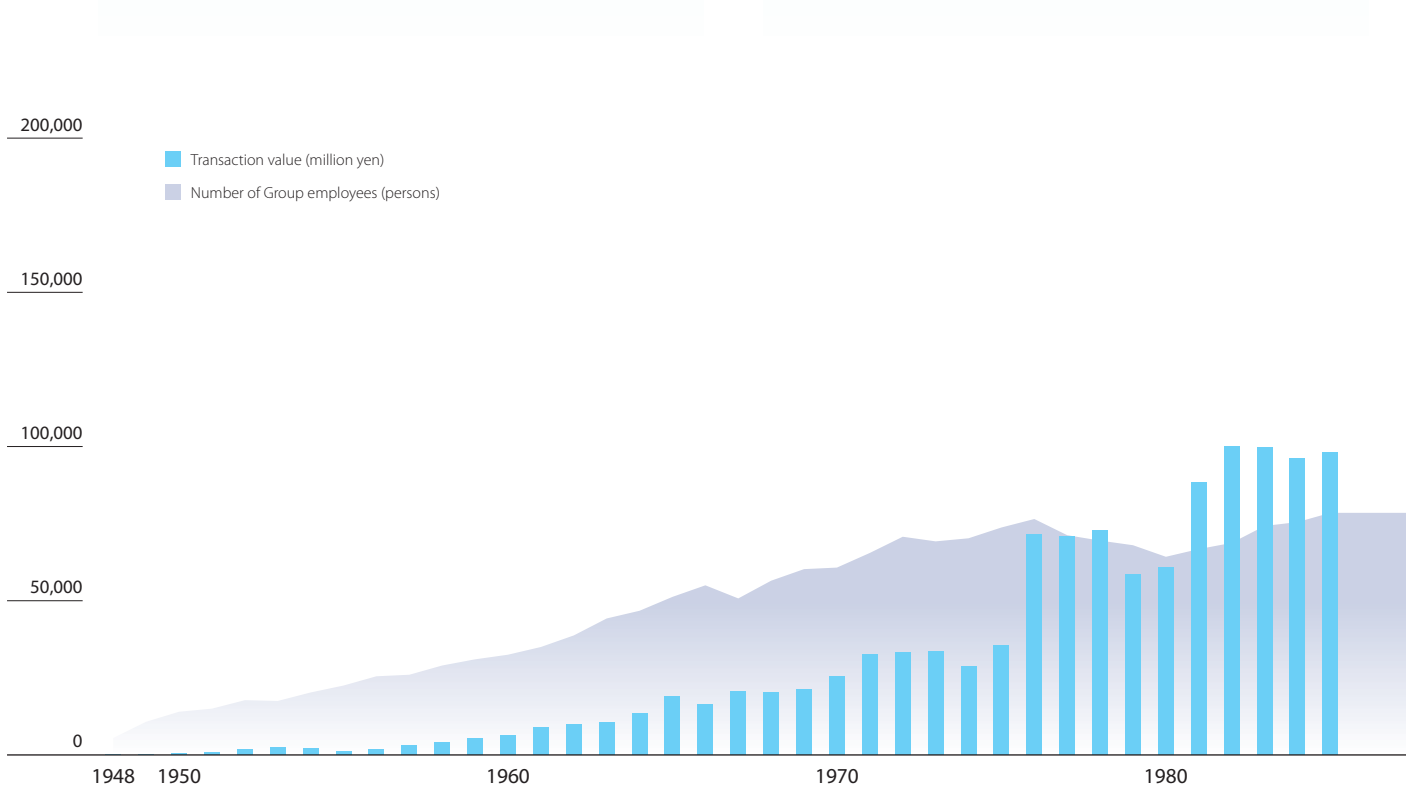
1948 1950

1960

1970

1980

■ Transaction value (million yen)
■ Number of Group employees (persons)



Breaking new ground

Although we found ourselves in a harsh economic environment following the burst of the economic bubble, we maintained our performance by aggressively and efficiently conducting sales activities in segments that were resistant to downturns, such as electric power, shipbuilding, petroleum refining, and environment-related industries. Furthermore, the Company expanded its business domain in many areas, proactively venturing into overseas markets, developing new products, and acquiring subsidiaries with the potential for significant synergies, thereby strengthening the foundation of its business and laying the groundwork for a long-term, stable growth strategy that continues to this day.



In terms of expanding into overseas markets, spandex (polyurethane elastic fibers) held the key to success in the Chinese business at the time

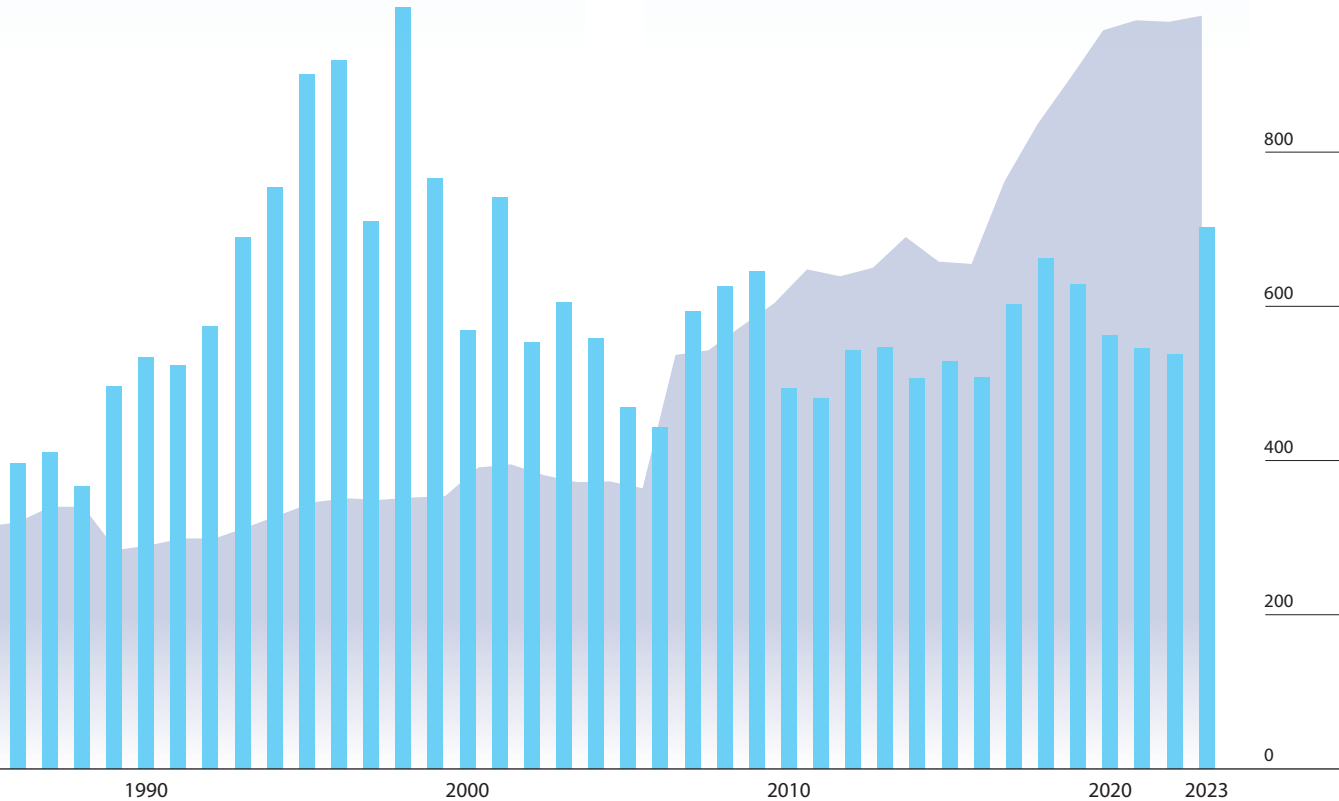
The present

Through developing markets and deepening existing businesses, the Company has grown into a Group company with 137 business locations both in Japan and overseas. From 2023, the nuclear power generation facilities business has been added to our core businesses, with business volume steadily expanding. While responding flexibly as a trading company in changing times, we aim to continue to improve our corporate value in a sustainable manner by further strengthening existing businesses, adapting to changes in sales styles and the business environment, and promoting complementary M&A and other initiatives so that we may step up and become a "dignified, first-class company."



Ohi Nuclear Power Station of the Kansai Electric Power Company in the area of our nuclear power generation facilities agency business

Number of employees (persons)
1,000



The Value Creation Process

1 INPUT

(Fiscal Year Ended March 31, 2024)

human resources

Number of employees
consolidated 1,040
non-consolidated 346
 Per capita training cost
135,000yen

➡ Human resources strategy P. 41

Financial capital

Net assets
43,180 million yen
 Shareholder's equity
34,345 million yen
 PBR
1.06x

➡ Financial strategy P. 19

Intellectual capital

Broad knowledge of products and the industry
 Risk management
 Expertise on commercial rights and sourcing new commercial products

Manufacturing capital

No. of Group companies in Japan and overseas
29
 Locations
137

(As of September 30,2024)

Social and relational capital

No. of business partners
1,926
 Building relationships of trust with stakeholders

Strengths of Seika Corporation

Robust network of customers and suppliers

Credibility as an agent for Mitsubishi Heavy Industries

Stable profitability based on social infrastructure

external factors

Rising interest in the global environment

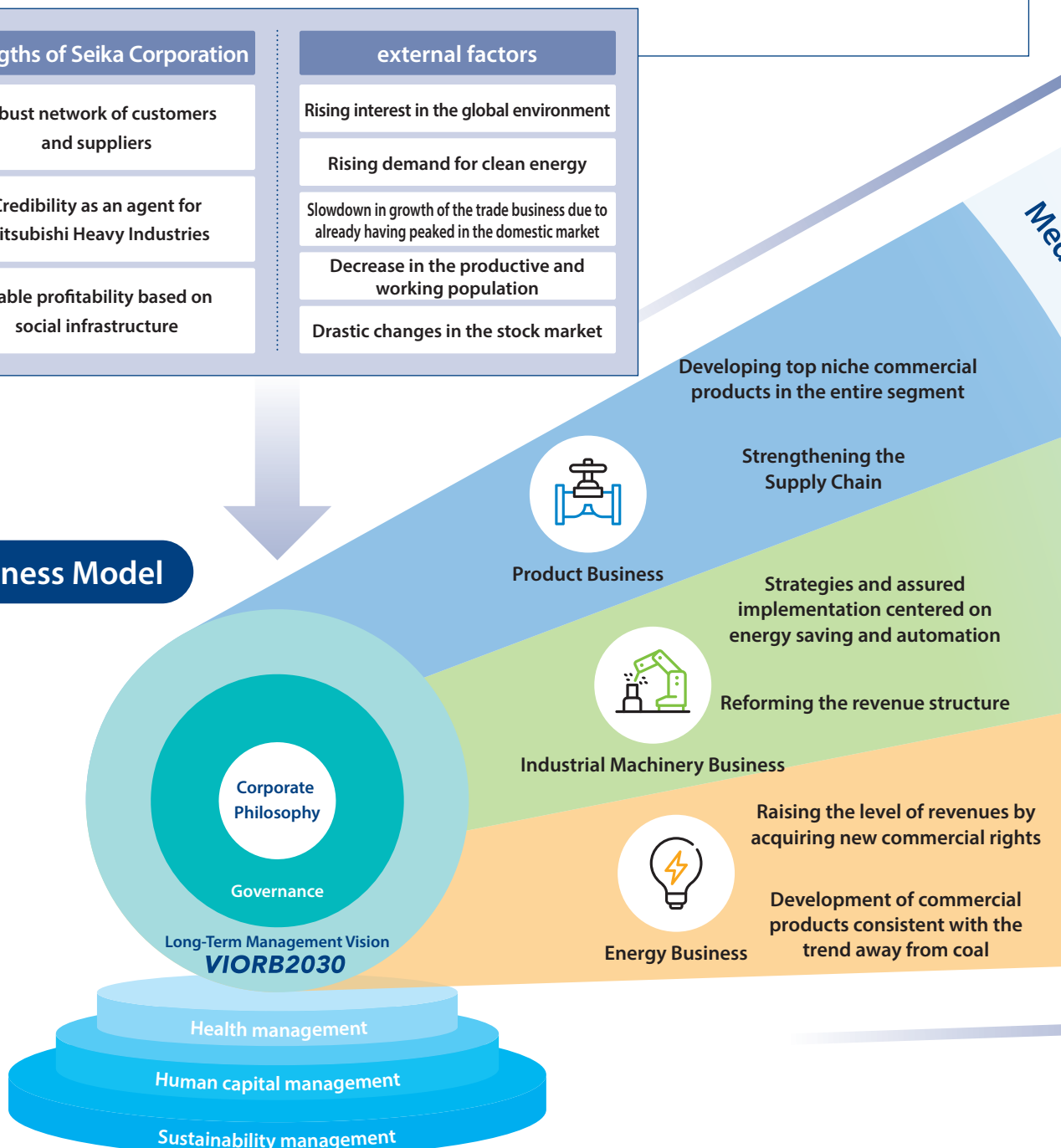
Rising demand for clean energy

Slowdown in growth of the trade business due to already having peaked in the domestic market

Decrease in the productive and working population

Drastic changes in the stock market

2 Business Model



Creation of new revenue sources and business innovation

Realizing our Long-Term Management Vision VIORB 2030

Our purpose

Supporting the sustainable generation of energy and industrial activities in harmony with the global environment

3 Value provided

Society and customers

Products and services for sustainable growth

Carbon-neutral society

Revitalizing local society

Shareholders, companies, employees

Optimizing shareholder value


Improving job fulfillment

Improving reputation

 Contributing to the global environment for the next generation

 Contributing to sustainable growth of industry

Achieving materiality

 P.38

 Prosperous coexistence with Shareholders

 Practicing transparent governance

Medium-Term Management Plan "VIORB2030 Phase 1"

Strengthening business resilience and solidifying revenue structure

Top Message



Continue to be a dignified, first-class company with a corporate body full of brilliant, dynamic talent and organizations

Akihiko Sakurai

Representative Director
President and CEO



Formulating our purpose and Long-Term Management Vision “VIORB 2030”

Achieving business growth while creating a sustainable society, and being recognized as a valuable presence in society

When I took the helm as President in 2018, the Company’s performance had long stagnated, with an operating profit level of slightly more than 2 billion yen. At the same time, the global movement toward a decarbonized, recycling-oriented society was gathering momentum, and environmental considerations were becoming a prerequisite for capital investment, an important market for our Group.

Since our establishment, we have contributed to the fulfillment of a thriving society and supported the development of a wide range of industries as a general machinery trading company based on our corporate philosophy, “Contribute to Society Through the Expansion of Business.” I am proud of these achievements that we attained as a Company. However, many years have already passed since the establishment of our Company, and the role demanded of us by society has changed significantly. In order to continue to embody our corporate philosophy and fulfill our social mission, we believe it is necessary to once again clarify our vision and our path to growth to our stakeholders and respond to their expectations for the future. This is what led us to formulate our Long-Term Management Vision “VIORB 2030” in April 2022, aimed at 2030. In addition to showing our purpose of “supporting the sustainable generation of energy and industrial activities in harmony with the global environment” to the world, it is a proclamation of our goal to create a sustainable society through the implementation of our purpose. In other words, it is a declaration of our resolve.

Two years have passed since we launched the growth strategy based on our Long-Term Management Vision. Given that the results are already apparent in the Company’s business performance, I feel that the formulation of our purpose and Long-Term Management Vision has been extremely effective in terms of motivating and engaging our employees, as it has made the Company’s position and future direction with regard to the environment more concrete.

Progress of our Medium-Term Management Plan “VIORB2030 Phase 1”

Achieving the profit targets for the final fiscal year of the Medium-Term Management Plan ahead of schedule in the fiscal year ended March 2024, the first year of the Plan

“VIORB 2030” was designed to achieve the Company vision in two steps (Phase 1 from FY2023–FY2026 and Phase 2 from FY2027–FY2030), thereby drawing a roadmap to reach the goals of FY2030 by way of two four-year Medium-Term Management Plans.

The Medium-Term Management Plan “VIORB2030 Phase 1,” which is already underway, is intended as a period for laying the foundation to achieve dramatic growth in Phase 2. It aims to establish a sustainable profit structure by engaging in three growth strategies: sales strategy, human resources strategy, and rebuilding of the business portfolio.

For FY2023, the first year of the Medium-Term Management Plan, we had initially expected profits to

decline due to upfront investments associated with starting operations as an agent for Mitsubishi Heavy Industries nuclear energy business, an increase in selling, general and administrative expenses from raising employee base salaries, and concerns about a downturn in the performance of Group companies that had contributed to a significant rise in profits in the previous fiscal year. However, these cost increases were offset by top-line increases in the Energy Business and affiliated companies, resulting in operating profit of 5.5 billion yen and net profit of 4.4 billion yen, enabling us to achieve our operating profit and net profit targets for FY2026, the final year of the Medium-Term Management Plan, ahead of schedule.

Promoting three growth strategies to establish a sustainable earnings base

Next, I would like to explain the progress of our growth strategies in the first year of the Medium-Term Management Plan. First, in terms of our sales strategy, we are working on “strengthening business foundations based on the Energy Business” and the “four priority business domains of ‘decarbonization, energy saving and automation, circular economy, and DX.’” Regarding the Energy Business, business volume has been steadily increasing since March 2023, when we became the sales agent for Mitsubishi Heavy Industries nuclear power generation facilities, thereby enhancing our earnings foundation. We expect profitability to improve quickly, mainly due to the smooth launch of the business by

the newly added external offices and personnel. Moreover, by making TVE Co., Ltd., which has strengths in the thermal and nuclear power fields, an equity-method affiliate, we were able to further strengthen our relationship with TVE and acquire new commercial rights.

In terms of expanding business in the “four priority business domains of ‘decarbonization, energy saving and automation, circular economy, and DX,’” the volume of orders received for green innovation-related products more than tripled from the previous fiscal year, partly due to the addition of our nuclear power business, which can be considered to symbolize decarbonization. In addition, our





main Group companies are also performing well, particularly with regard to products related to social infrastructure.

Regarding our human resources strategy, we have endeavored to introduce a personnel system that enables work satisfaction by taking measures such as raising our salary standards—which had been lagging behind our competitors—in April 2023 and introducing a new personnel system in April 2024. Furthermore, we have proactively made efforts to strengthen diversity recruitment by recruiting diverse human resources, including career returnees and professionals.

In terms of rebuilding of the business portfolio, since becoming President in 2018, I have been withdrawing our Company from unprofitable businesses, closing branches,

and selling idle real estate, while also replacing assets and making new investments such as establishing the wholly owned subsidiary Seika Daiya Engine Co., Ltd. Along those lines, in 2023 we sold off our subsidiaries TAKEMOTO AND COMPANY LIMITED and Tozai Jitsugyo Co., Ltd., and made the aforementioned TVE Co., Ltd. into an equity-method affiliate. However, we are still in the middle of the process of selecting and focusing on our businesses and replacing our assets, and we recognize that this will be an ongoing issue.

In summary, the first year of the Medium-Term Management Plan has been a success. Although there are some issues to be addressed in terms of business, we believe that we have achieved the overall goals we set out to achieve.

Considering all measures to improve PBR and earnestly working on them

Improving PBR has become a management issue, and in response to a March 2023 request from the Tokyo Stock Exchange, we disclosed specific measures in November. As a result of our earnest efforts, PBR has risen to almost 1.3 times higher than in the previous fiscal year.

Looking back, we began to see the development of new businesses related to nuclear power and other areas from around 2022, so we believe that receiving this recommendation from the Tokyo Stock Exchange at this time presented us with a good opportunity to sort out the issues we should be tackling as a company listed on the Prime market and to re-examine the sustainable growth of the Company.

Based on the Tokyo Stock Exchange's recommendations, the Company conducted a self-evaluation of its business, finding that it was not investing enough management resources into developing new business fields or differentiating itself from the competition. On the market side, it had a low PBR, inadequate shareholder returns, lower-than-expected ROE levels, insufficient IR activities,

etc. Based on the results, we set out the major policies of "achieving the fiscal 2030 performance targets ahead of schedule," "making business investments using financial leverage," and "increasing shareholder return," as we considered measures to improve the PBR.

Specifically, we (1) changed our shareholder return policy from a dividend payout ratio of around 35% to a total return ratio of around 45%, (2) introduced a shareholder special benefit plan, (3) reduced cross-shareholdings, (4) revised upward our ROE target, and (5) strengthened IR activities, including dialogue with investors and holding more presentations for individual investors. In addition, we have been working tirelessly to raise the Company's name recognition through the placement of traffic advertisements and the strengthening of publicity.

Along with the results of these measures, I believe that the Company's strong performance and improvement in ROE have led to an increase in its share price and an improvement in the PBR.

Looking ahead to 2030, what issues must be overcome?

Ever since I first took office as the President, I have been saying that “I want to make Seika Corporation a dignified, “first-class company” with a corporate body full of brilliant, dynamic talent and organizations.” I still feel the same way. To achieve this, we will make our existing Energy Business, Industrial Machinery Business and Product Business leaner and more efficient, while also creating new businesses—in other words, adding a diverse range of growth businesses to our business portfolio that go beyond the traditional model of selling products—with the aim of increasing our earnings scale by a factor of 1.5.

This makes it essential to recruit and train people with diverse backgrounds and abilities, making the

enhancement of human capital investment a major issue. Based on this recognition, we have initiated new measures to strengthen our human resources, including recruiting staff to match our business strategy, training staff through growth opportunities, and creating a fulfilling workplace environment. In addition to formulating a basic policy for our human resources strategy and organizing the key measures that will support it, we will also continue to work on the proper operation of the new personnel system described earlier, as well as on the formulation of related training and evaluation systems, in order to raise employee motivation and engagement.

[P. 41 Enhancing human capital](#)

[P. 37 Sustainability](#)

Promoting sustainability management

Aiming to balance economic returns and socio-environmental considerations based on our corporate philosophy since our founding

As I mentioned above, based on our corporate philosophy of “Contribute to Society Through the Expansion of Business,” our mission is to support the sustainability of the world through our business activities, and we are conducting business operations with a long-term strategy that balances economic returns with consideration for the environment and society.

In order to promote sustainability management in a more concrete way, we identified four materiality themes that

needed to be prioritized in FY2023: “Contributing to the global environment for the next generation,” “Contributing to sustainable growth of industry,” “Prosperous coexistence with shareholders,” and “Practicing transparent governance.” In order to steadily promote initiatives based on individual themes, we established a Sustainability Committee in July 2023, with myself as chairperson. The committee is building a framework for formulating strategies, monitoring, and risk assessment.

[P.38 Materiality](#)

Further refining the risk management system to support sustainable growth

We are working to improve our risk management by recognizing the various risks associated with our business activities, including business investment, debt collection, climate change and information security. With regard to the risks associated with business investment, especially as the current Medium-Term Management Plan includes a key strategy of investing 10 billion yen in business development, we have established a new management framework for business investment, which had not previously been in place, and are working to

ensure investment discipline by clearly defining the points for discussion at each stage of the “consideration → decision-making → follow-up” process. In the investment management framework, independent leaders oversee each process, but they aim to contribute to maximizing corporate value by not merely avoiding risk, but also by evaluating further investment opportunities. We are also considering outputting this management framework and using it to promote Group management visibility and to consider strengthening management resources.

We also recognize the importance of information security, as the risks are increasing year by year. In accordance with the basic policy of information security, which is one of the internal control regulations, we are striving to establish a system to accurately and securely

handle the assets we own. One of our strengths lies in big data and how to use it smoothly and without hesitation. To do so requires enhanced data governance, and we plan to formulate rules and apply them to our daily activities.

Message to our stakeholders

Resolutely taking on new challenges to remain a top-class company listed on the Prime market

As a company listed on the Prime market, improving our PBR has been a pressing issue. Thanks to the support of all our stakeholders, we have been able to improve our PBR to the point of receiving a measure of recognition from the stock market.

In June 2024, the Tokyo Stock Exchange announced a proposal to reform the TOPIX index by reducing the number of constituent stocks to 1,200 by August 2026. We will consider measures that will allow us to remain a TOPIX constituent, but we believe that the most important factor

is profitability and the specific level of profit. As a company committed to being a top-tier company listed on the Prime market, we recognize that this is an issue we must overcome, and we will continue to consider strategies with resolve.

As we work to solve new problems, we must continue to draw on the wisdom of all our stakeholders, including our investors and shareholders. We would appreciate your ongoing support and encouragement.



Long-Term Management Vision Medium-Term Management Plan

Long-Term Management Vision

Our purpose Supporting the sustainable generation of energy and

Medium-Term Management Plan “VIORB2030 Phase1” FY2023 – FY2026

● growth strategy

Sales strategy	Strengthen business foundations based on the energy business Solve social issue and expand business across priority domains on VIORB 2030, Strategic business investment for the development of new commercial rights and products
Rebuilding of the business portfolio	Engage in selection and concentration based on careful examination of each business entity's growth potential, and implement asset replacement
Human resources strategy	Introduce a new personnel system to improve employees' job fulfillment Promote a wide range of recruitment activities including professional staff ex. career personnel, area specialists, career returnees Level up human resources with enhanced education and training

● Main Measures

Business	<ul style="list-style-type: none"> • Transition to a three-segment structure of the Energy Business, Industrial Machinery Business, and Product Business • Establish a structure that enables long-term stable business operation in the nuclear energy business • Create new businesses in the fast-growing Southeast Asia region • Acquire a new earnings base through a business investment of approximately 10 billion yen • Strengthen the business foundations of coordinated Group companies under leadership of the Business Operation Division
Corporate	<ul style="list-style-type: none"> • Promote strategic BPO to aim for advanced operations and optimal personnel placement • Introduction of personnel systems that champion the success of diverse individuals and provide job fulfillment to all employees

	FY 2026 Target value	
Net Sales	110 billion yen	Upward revision being considered
Operating profit	5.2 billion yen	
Ordinary profit	5.2 billion yen	
Profit attributable to owners of parent	3.5 billion yen	

Regarding the Long-Term Management Vision “VIORB 2030” and the Medium-Term Management Plan “VIORB2030 Phase 1” that covers its first half, we aim to achieve the final year targets through the following strategies and measures.

“VIORB 2030” FY2023 – FY2030

and industrial activities in harmony with the global environment

Priority business domains



Quickly develop insight into users’ needs related to decarbonization and technological innovation to commercialize solutions



Expand support to the permanent needs of the industrial circles for energy saving and automation



Accelerate progress and actions towards a circular economy



View digital transformation from a broad perspective to seek business opportunities

Key Management Measures

- Improve cash management mechanisms to maximize funding capacity
- Invest around 10 billion yen in businesses to deepen existing businesses and expand business domains
- Establish 1 billion yen fund to support businesses and activities working to achieve the SDGs
- Streamline the organization and increase productivity to introduce human resources in priority domains
- Clarify strengths based on the unique characteristics of individual group companies and concentrate company resources

	FY 2030 Target value	
Net sales	130 billion yen	Upward revision being considered
Operating profit	6.5 billion yen	
Ordinary profit	7.2 billion yen	
Profit attributable to owners of parent	4.5 billion yen	

Message from Senior Managing Executive Officer in charge of planning



Setting our sights on the ideal state of the Group, we will raise the growth potential and profitability of each business as we build the foundations for dramatic progress.

Yasumasa Kawana

Director
Senior Managing Executive Officer in charge of planning

Setting a direction to optimize our business portfolio

FY2023 marked the beginning of our four-year Medium-Term Management Plan “VIORB2030 Phase 1” as the first half of our Long-Term Management Vision “VIORB 2030.” We were able to achieve results in excess of forecasts, with our sales agency operations for nuclear power generation-related equipment getting off to a smooth start at the beginning of the fiscal year and consolidated subsidiaries such as Nippon Daiya Valve Co., Ltd. exhibiting greater growth than expected.

This Plan aims to reinforce the foundations of our core businesses to enable us to achieve dramatic growth in the second half of our Long-Term Management Vision (FY2027–FY2030). In terms of developments in FY2023, the reshuffling of our business portfolio has only achieved limited results, but the positioning and issues of each segment, which are the necessary preconditions, have become clearer. With respect to strengthening our organizational foundations, we are also making progress in changing mindsets across the entire Group. In particular, corporate departments with functional responsibilities such as the General Affairs & Human Resources Department, Accounting Department, and Corporate Planning Department have changed to become organizations that carry out their duties with an even more proactive and creative attitude than before.

In addition, in the second half of FY2022, we initiated efforts to manage the Company with an awareness of the stock market, investors, and the cost of capital. In FY2023,

this awareness spread broadly among employees and was recognized as a company-wide issue. We also assess that the initiatives taken by the Corporate Planning Department to address sustainability and strengthen IR activities have produced results.

In recent years, we have been withdrawing from unprofitable businesses and improving low-profit businesses, but now that we have established a certain level of the framework for the future, we will start to take concrete measures for growth from FY2024. In order to accelerate the optimization of our business portfolio, which is one of our most important issues, the Corporate Planning Department and the Business Planning Department will re-analyze the growth potential, profitability, and risk of each business, and formulate a direction within FY2024. Then, in FY2025 and beyond, we will step onto a new stage for growth.

Upgrading the human resources strategy by effectively operating the new personnel system

It goes without saying that the Company’s greatest resource in developing our business as a trading company is our human resources. How can we improve the capabilities of our human resources, who are the source of our value creation? With myself as the project leader, we worked on reforming and improving the system from the perspective of our human resources strategy, and after two years of study, we introduced a new personnel system in FY2024.

However, the system is ultimately just a framework, and the topic we need to address going forward is how to effectively implement the system we have introduced and use it to further develop our human resources strategy. It will likely still take several more years before it takes proper form. We will clearly state our policy of emphasizing our human resources strategy through internal communications, and the executive officer in charge of administration will, together with the General Affairs & Human Resources Department, take the lead in implementing this policy.

The challenge for FY2024 is to properly implement the setting of individual targets, which are the cornerstone of the new personnel system, and conduct proper evaluations based on these targets. Although developing a personnel evaluation system that is acceptable to all employees is a challenge, it is necessary to aim for a more convincing and fair evaluation system, if we are to secure and develop human resources and unlock their potential. To this end, we believe it is necessary to put the new mechanism into practice and review any new issues that may arise during operation. We believe that the task of management is then to appropriately allocate personnel to ensure the Company's growth.



Enhancing profitability of the entire Group, including new businesses

Regarding the future direction of the Group's management, of the three segments that make up the business portfolio, the Energy Business, which forms the earnings base, will focus on further stabilizing and growing its operations in nuclear power plants. We recognize that the growing social demand for the simultaneous provision of energy and decarbonization represents a significant revenue opportunity for our Company. The Product Business identifies unique and niche commercial products and offers them to a wide range of customers. It will be tasked with driving the growth of the entire Group while maintaining high profitability. In order to improve profitability, the Industrial Machinery Business, which has always excelled in customer-focused marketing, will need to re-examine the way it engages with client companies and allocates resources.

As we move forward with these initiatives, we intend to continue emphasizing functional collaboration that

capitalizes on the strengths of each of the three segments. However, if we are to achieve the goals of our Long-Term Management Vision, it will not be sufficient to simply expand earnings in existing segments; the discovery and cultivation of new businesses will be an essential prerequisite. Currently, the Business Development Department under the Business Operation Division is working to identify new business opportunities, including providing value in the form of conventional product sales with a little extra. In light of discussions with the Corporate Planning Department and other relevant departments, the Company intends to concretize an investment concept aimed at growing new businesses during FY2024.

Strengthening Group governance and supporting subsidiaries

Each of the operating companies within the Group is at a different stage in establishing a governance system. The Company is therefore working on creating a Group governance structure by having the Internal Audit Office cooperate with corporate departments to strengthen reporting and consultation processes, refine audits, and more. The number of subsidiaries is expected to increase through mergers and acquisitions as we aggressively invest in new businesses going forward, and it will be a challenge to secure the management personnel that these subsidiaries will need. We believe it is necessary not only to train and assign managers from our side but also to provide training support so that our subsidiaries can produce their own managers.

Furthermore, we are considering sharing corporate functions across the entire Group. Bolstering the management capabilities of subsidiaries is an important issue not only from the perspective of ensuring soundness and transparency through enhanced governance but also for increasing the earnings of the entire Group and achieving sustainable growth. In "VIORB2030 Phase 1," we will provide the functionality that each subsidiary is unable to fulfill on its own and build a system to actively support them.



Message from Managing Executive Officer in charge of administration



We will invest in both financial and non-financial capital to firmly support the acceleration of our growth strategy toward FY2030.

Hirohisa Masuda

Director
Managing Executive Officer in charge of administration

Maintaining an ROE of over 10% through a growth strategy that maximizes operating profit

We consider ROE as the most important financial KPI in our management and strive to improve capital efficiency through Group-wide growth strategies and financial strategies. In our Medium-Term Management Plan “VIORB2030 Phase 1” (FY2023–FY2026), which is currently underway, we initially set a target of maintaining an ROE target of 8% or higher. However, in response to a request from the Tokyo Stock Exchange, we announced “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” in November 2023 and revised our target level.

In order to achieve the net profit of 4.5-billion-yen target for FY2030 as laid out in our Long-Term Management Vision “VIORB 2030” ahead of schedule, we raised our target for ROE maintenance during the current Medium-Term Management Plan to 10%. This upward revision reflects the expectations of our shareholders, as well as cost of shareholders’ equity (4.5%–6.5%) that the Company is aware of.

In maintaining an ROE above 10%, our primary focus is to implement a growth strategy that maximizes operating profit. To ensure this, it is necessary to reconfigure our business portfolio with a view to withdrawing from unprofitable and underperforming businesses while expanding new businesses, including through M&A. In terms of our financial strategy, in order to maintain financial soundness while making aggressive investments for growth, we have created more capital reserves by reducing

cross-shareholdings and introduced a Group-wide cash management system to centralize and optimize the use of our capital.

Looking ahead, we will continue to pursue initiatives to improve asset efficiency, including the sale of cross-shareholdings.

Building a structure for a 10-billion-yen business investment

Under the Long-Term Management Vision “VIORB 2030,” we plan to make business investments of 10 billion yen to develop and acquire a new earnings base for the future. To this end, we formed capital alliances with TVE Co., Ltd. in March 2023 and Fenwal Controls of Japan, Ltd. in June 2024, making them both equity-method affiliates. The primary target areas for our future investments are expected to include new businesses in Southeast Asia, which is experiencing rapid economic growth, new product development related to green innovation, and M&A to secure other new pillars of earnings. We will aggressively pursue business investment and capital participation to secure commercial rights and products through collaboration with existing business partners, in hopes of achieving concrete results during the period of the current Medium-Term Management Plan.

The Group currently uses its own capital reserves to finance most of its investments, but in preparation for the need to make large strategic investments, the Group has secured an uncommitted line of credit with financial institutions in addition to a committed line of credit at an

appropriate level to ensure that the Group can respond flexibly to important opportunities without losing out on them.

As a key measure for achieving sustainable growth, we have established and are operating a Management frame for business investments based on our policy of actively promoting business investment in new areas. This supports and manages the smooth progress of deliberations and

follow-up by the reviewing bodies at each step of the process, from considering an investment, through decision-making, to post-investment review and periodic monitoring. The purpose is not to make it any harder to execute investments but to clarify the points for deliberation by the reviewing body, speed up risk judgments, and enable flexible and prompt investments that seize growth opportunities.

Management frame for business investments

Step I: Considering an investment		Step II: Deciding to invest
Reviewing body	Review Committee with core membership made up of the General Manager of the Business Development Department, each of the general managers in the Business Operation Division, and the General Manager of the Corporate Planning Department	Corporate Management Meeting or the Board of Directors
Points of deliberation	<ul style="list-style-type: none"> ① Compatibility with management strategy and the Medium-Term Management Plan ② Clarification of investment themes ③ Validation of investment plan conditions ④ Confirmation of the Company's functions and required management resources ⑤ Confirmation of investment return levels ⑥ ESG risk assessment, review of material risk response policy 	<ul style="list-style-type: none"> ① Validation of return levels ② Analysis of downside scenarios ③ Analysis of response measures for ESG and material risks ④ Planning of governance system ⑤ Planning of monitoring system, establishing KPIs ⑥ Establishing exit policy and withdrawal conditions

Executing investments

Step III: Post-investment follow-up		
	6-month review	Periodic monitoring
Reviewing body	Legal & Control Department	Business Planning Department and Corporate Management Meeting
Points of follow-up	<ul style="list-style-type: none"> ① Confirmation of differences from investment plan conditions ② Confirmation of management resource investment status ③ Confirmation of status of KPIs 	<ul style="list-style-type: none"> ① Grasping and assessing the management situation ② Consideration of measures to increase management value ③ Promoting withdrawal from businesses with little room for growth

Linking human capital to sustainable growth and value expansion

Non-financial capital contributes significantly to the sustainable growth of a company, and I believe that its enhancement is extremely important for increasing corporate value. Our Group is centered on the trading company business, and our most important management capital is our employees, who, through their work, come into direct contact with our customers and business partners and build relationships of trust with them. By promoting the growth and success of each and every employee and maximizing the value of our human resources, we will contribute to the sustainable growth and increased value of our Company.

From this perspective, the Group consciously considers diversity and inclusion from the employee recruitment stage and strives to strengthen its acquisition of human resources through diverse recruitment activities by expanding the scope of employment for each category, including new graduates, career returnees, etc. In addition, we are moving forward with the systematization of employee education while continuing to provide training that offers both substantial quality and depth with the goal of elevating the capabilities of each employee. In FY2024, the budget for

education and training almost doubled from the previous fiscal year. In terms of compensation, we have made bold increases in base salaries for two consecutive fiscal years (FY2023 and FY2024), and we plan to continue to increase base salaries in FY2025 and beyond in line with business growth and performance improvement.

Aiming to become a company where all employees feel fulfilled and can work enthusiastically, we will strive to improve our personnel system and workplace environment, promoting the revitalization of our human resources by using the scores from our annual employee satisfaction survey as a KPI.



Market capitalization of floating shares as a TOPIX constituent company

Until November 2023, when we announced the aforementioned “Measures to achieve management that is conscious of cost of capital and stock price,” our PBR had been hovering around 0.75x. However, amid solid performance in FY2023, the Company revised its ROE target upward in this announcement, and by implementing specific measures, including the enhancement of shareholder returns, the PBR improved to 1.06x at the end of FY2023, and has remained consistently above 1x since then (as of October 1, 2024).

On the other hand, considering the “Revisions of TOPIX and Other Indices” announced by the Tokyo Stock Exchange in June 2024, the market capitalization for the Company’s floating shares must further improve and remain stable in order for the Company to continue to be included in the TOPIX component issues. As a future measure, we will ask our cross-shareholdings to sell their shares in order to increase the number of floating shares, and we will further improve our performance by steadily implementing our growth strategy, which we believe is an obvious effort required of a listed company to raise market expectations for us and lead to an increase in our stock price.

Since the stock price is determined by the market, it is also important to have more shareholders and investors understand our growth strategy and have higher expectations for our Company. Based on these ideas, we will focus on expanding our investor relations activities

for a broad range of investors and bolstering stakeholder engagement.

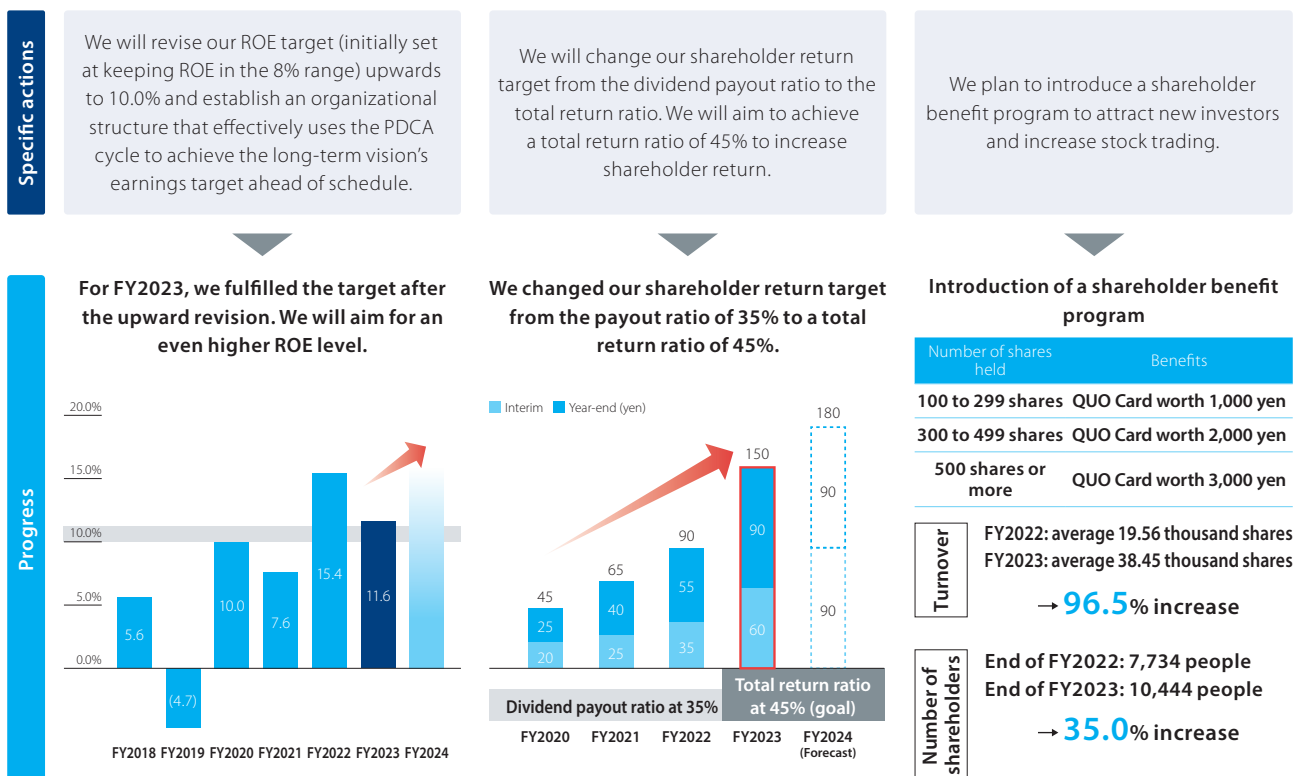
Setting a 45% total return ratio as the new target for profit return

The Company’s basic policy is to ensure the stable and continuous return of profits to shareholders, setting a target dividend payout ratio of 35%. However, in order to improve corporate value through both capital cost-conscious profit distribution and a flexible growth strategy, we have changed this target from FY2023, setting a new profit return target of a total return ratio of 45%.

The total return ratio is the ratio of the sum of dividends paid and expenditures for share buybacks divided by net profit for the period. Regarding our Company, there is no change in our basic policy of stable and continuous dividend distribution, as we have also been working to improve the market capitalization of our floating shares as mentioned above.

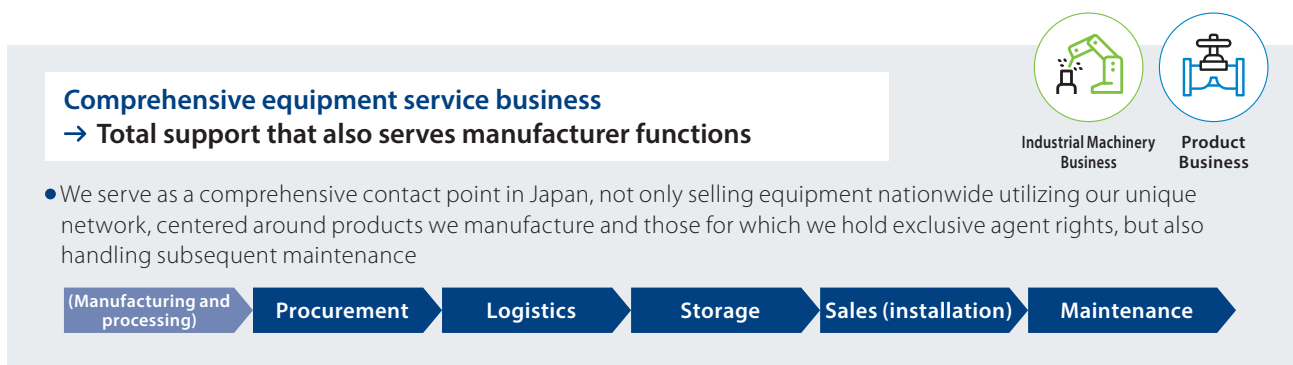
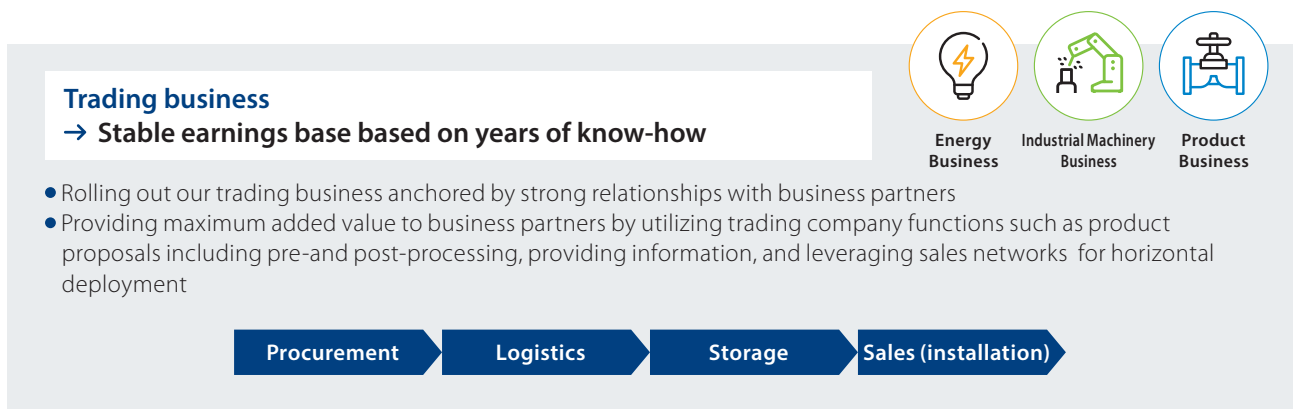
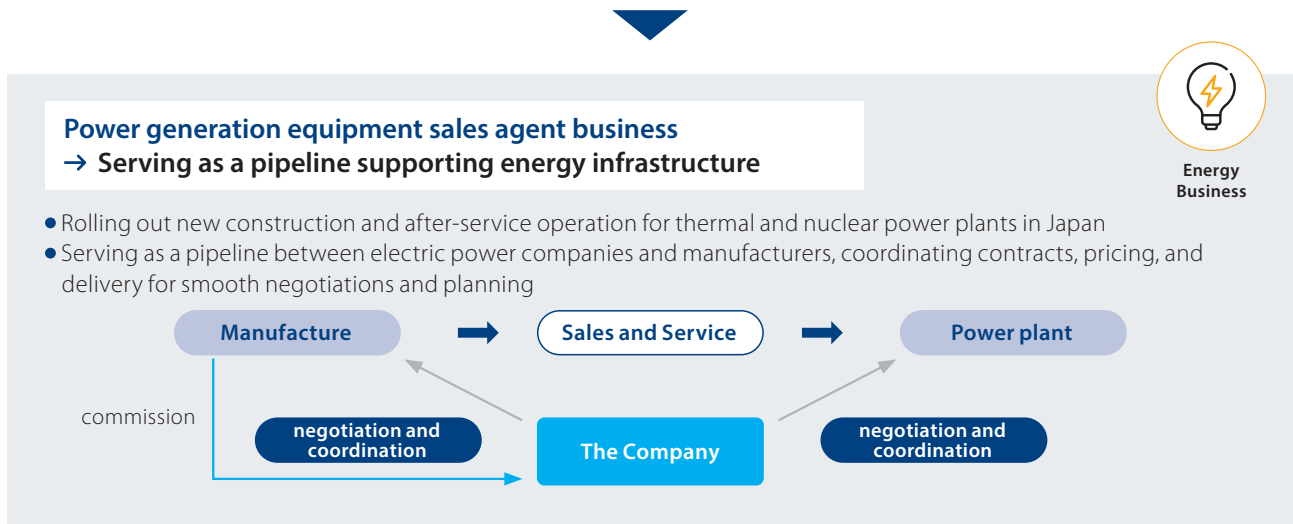
As we support the steady implementation of our growth strategy based on “VIORB 2030”-and our Medium-Term Management Plan, we will continue to allocate the cash we generate appropriately to satisfy all our stakeholders.

Specific actions and Progress



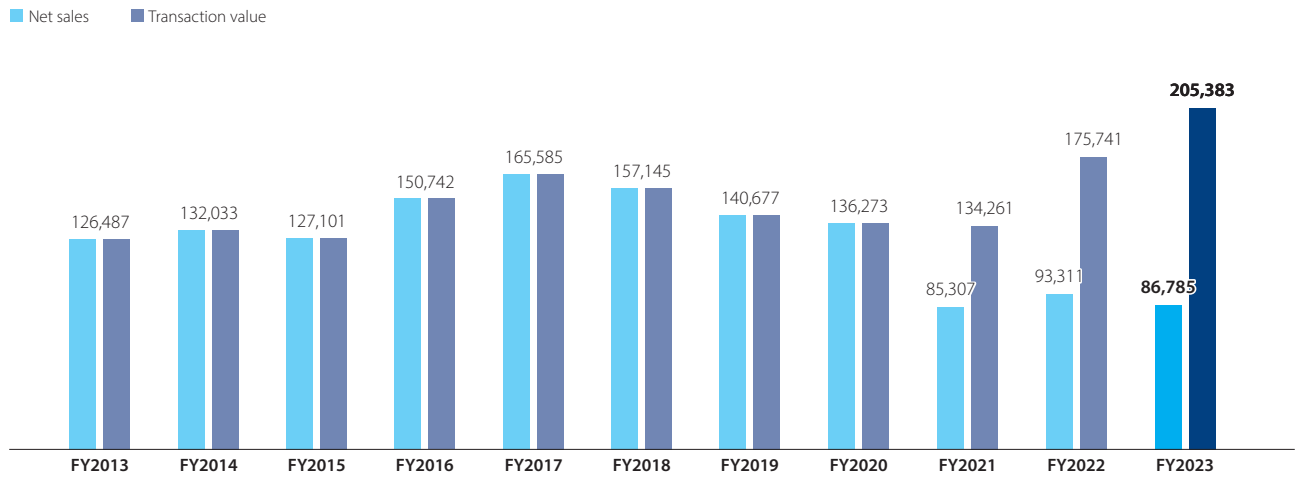
Value Chain

The Company has responded to the needs of its customers while expanding its business domain into a variety of fields. While valuing the know-how and business foundation built over 77 years since our establishment, and the relationships with customers, we accurately capture the changes of the times, provide value to society, and aim for our own sustainable growth.



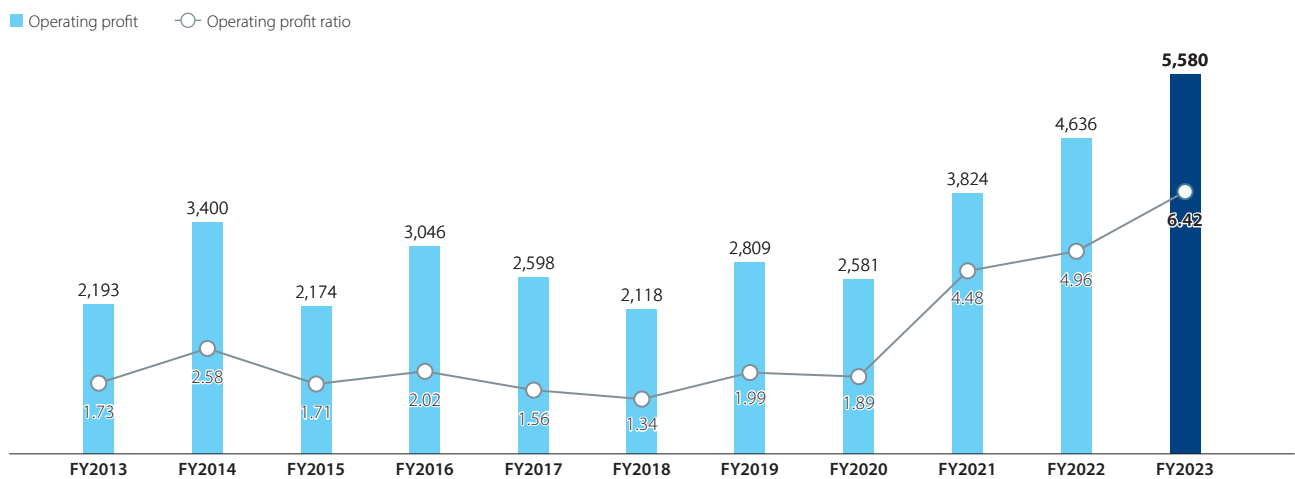
Financial & Non-Financial Highlights

Net sales/Transaction value (million yen)

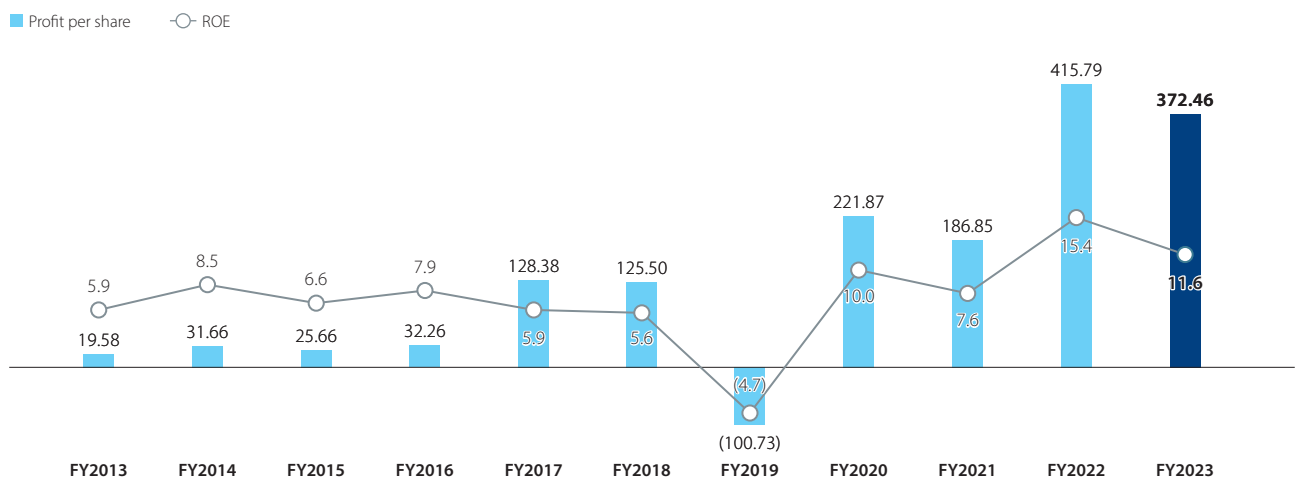


*The numbers for "Sales" are the figures after applying the "Accounting Standard for Revenue Recognition" and other standards from FY2021 onward, while the numbers for "Transaction value" are the figures under the previous accounting standards, which did not apply the same standards.

Operating profit (million yen)/ Operating profit ratio (%)

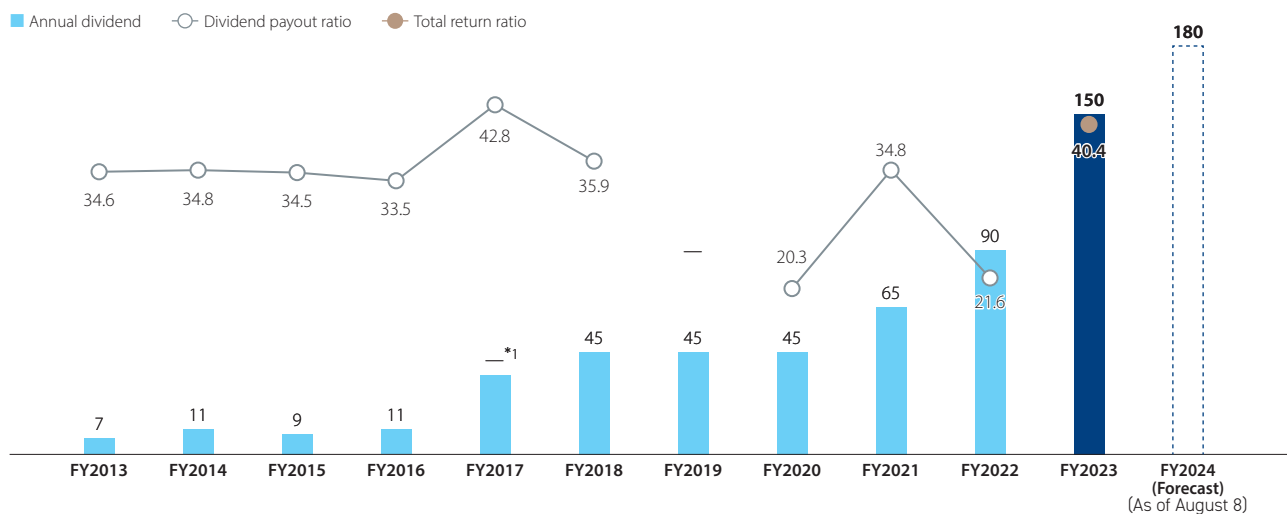


Profit per share (yen) /ROE (%)



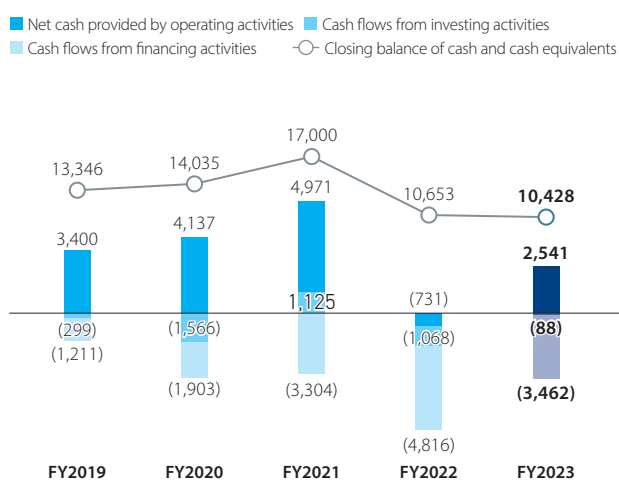
*Effective October 1, 2017, the Company implemented a reverse stock split to change the number of shares in each share unit from 1,000 to 100. Therefore, the figures for FY2017 onward are those affected by the reverse stock split.

Annual dividend (yen)/ Dividend payout ratio • Total return ratio (%)

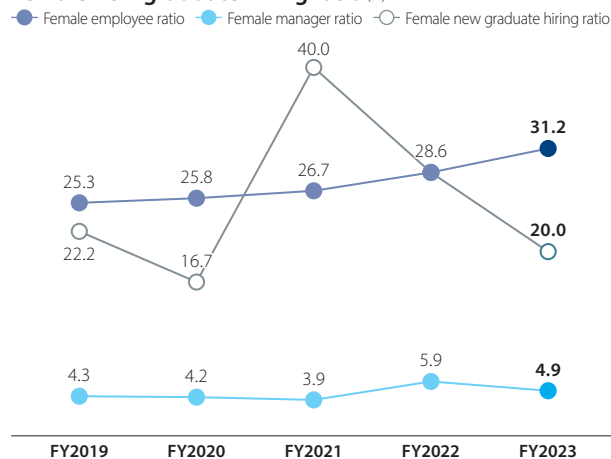


*1 Effective October 1, 2017, the Company implemented a reverse stock split to change the number of shares in each share unit from 1,000 to 100. For this reason, the total annual dividend for FY2017 is not given.
*2 From FY2023, We were change our shareholder return target from the dividend payout ratio to the total return ratio.

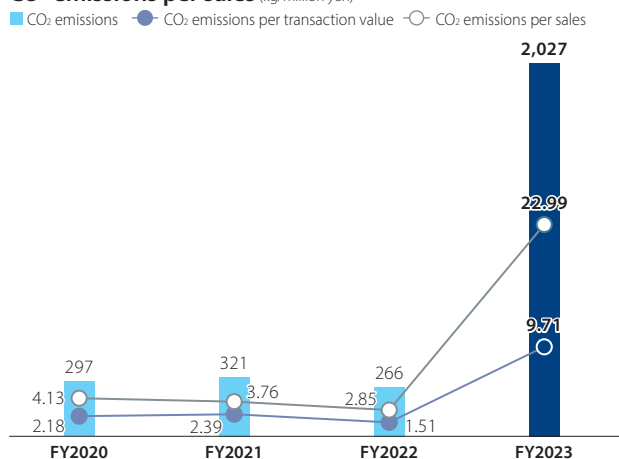
Cash flows /Balance at the end of the period (million yen)



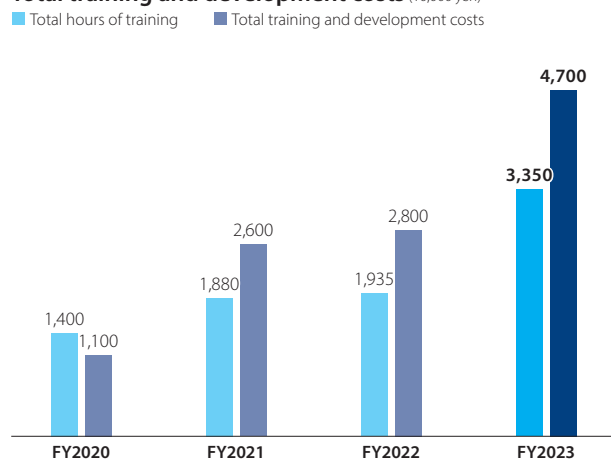
Female employee ratio/Female manager ratio/ Female new graduate hiring ratio (%)



CO₂ emissions (t)/CO₂ emissions per transaction value / CO₂ emissions per sales (kg/million yen)



Total hours of training (hours) / Total training and development costs (10,000 yen)



*From FY2020 to FY2022, Seika Corporation was the sole company whose GHG emissions (Scope 1, 2) would be captured. In FY2023 (Scope 1, 2, 3), the targets were expanded to include a total of five companies: Seika Corporation head office and its consolidated subsidiaries Nippon Daiya Valve, Shikishimakiki, Seika Daiya Engine, and Tsurumi (Europe).

Segment Highlights



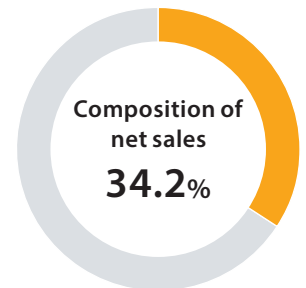
Energy Business

- Sales and maintenance of commercial power generation equipment for thermal, nuclear, hydroelectric, biomass, etc.
- Sales and maintenance of private power generation facilities for oil, chemical, steelmaking, and other key industries
- Sales and maintenance of power plant peripheral equipment for environmental protection, security, etc.

equity-method affiliate company

Meinan Kyodo Energy Co., Ltd.

Number of consolidated employees: 152



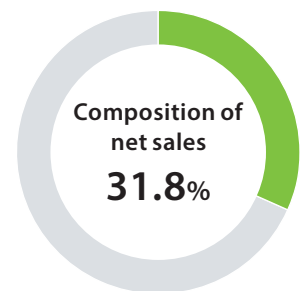
Industrial Machinery Business

- Sales and after-sales maintenance of equipment and products that contribute to improved production efficiency and reduced environmental impact, such as energy saving, labor saving, and digitalization at factories across a variety of industries

Consolidated subsidiary companies

Seika Sangyo GmbH	Seika Sangyo (Thailand) Co., Ltd.
SEIKA MACHINERY, INC.	SEIKA SANGYO (VIETNAM) COMPANY LIMITED
Seika Shanghai Co., Ltd.	FORMOSA SEIKA CORPORATION

Number of consolidated employees: 163



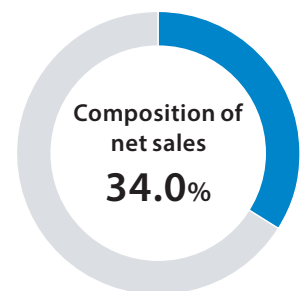
Product Business

- Sales of top niche advanced measuring instruments
- Sale of surface mounting equipment, circuit boards and other materials for electronics industry
- Sale of highly unique and competitive products such as submersible pumps, fishing boat engines and valves

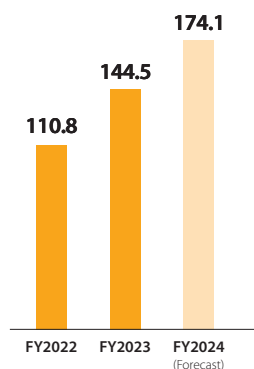
consolidated subsidiary companies

Nippon Daiya Valve Co., Ltd.	Shikishimakiki Corporation
Tsurumi (Europe) GmbH Group	Seika Daiya Engine Co., Ltd. Group
Seika Digital Image CORPORATION	

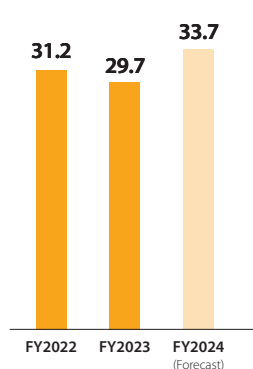
Number of consolidated employees: 571 Number of equity-method affiliate companies: 3



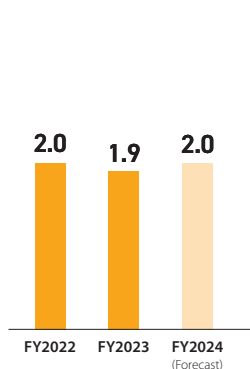
Transaction value (billion yen)



Net sales (billion yen)



Segment profit (billion yen)



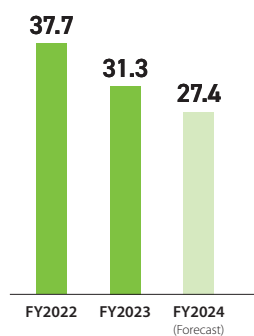
FY2023

Net sales and segment profit both declined slightly due to the limited delivery of large orders, despite positive factors from the start of operations as agents for nuclear power generation facilities of Mitsubishi Heavy Industries

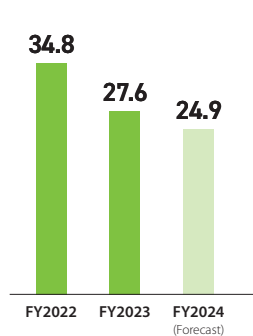
FY2026

- Stabilization of earnings from nuclear power-related business negotiations
- Increased demand due to hydrogen, biomass, and ammonia fuel conversion (exclusive burning and co-firing) at existing gas and coal power plants

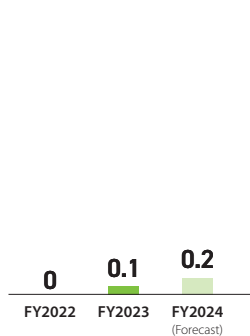
Transaction value (billion yen)



Net sales (billion yen)



Segment profit (billion yen)



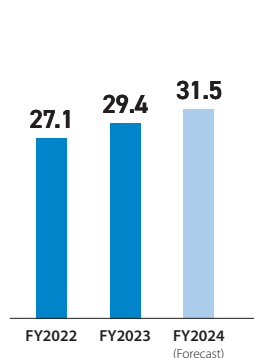
FY2023

Reinforced relationships with subsidiaries in China and Southeast Asia; collaborated with them to develop businesses. As a result, sales declined, but segment profit improved due to a recovery in the performance of Chinese subsidiaries, etc., as economic activities resumed.

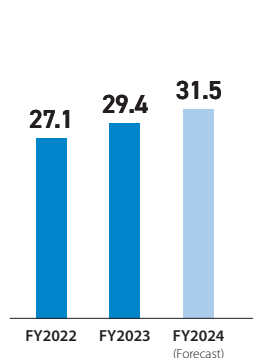
FY2026

- Acceleration of sales of environmentally-friendly products
- Expanded earnings related to automation

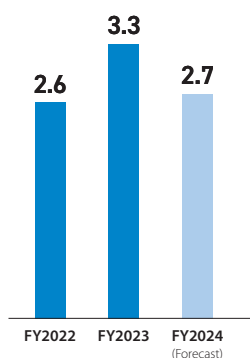
Transaction value (billion yen)



Net sales (billion yen)



Segment profit (billion yen)



FY2023

Net sales and segment profit grew significantly due to the strong performance of Group companies transferred from the Industrial Machinery Business, as well as steady growth in gas measurement equipment and drone UT inspections, etc.

FY2026

- Further business growth of strong affiliates such as Nippon Daiya Valve and Seika Daiya Engine

Message from Managing Executive Officer in Charge of sales and marketing General Manager of Business Operation division



We will enhance information sharing and mutual cooperation to steadily build a foundation for growth in preparation for the next leap forward.

Noriyuki Takahashi

Director
Managing Executive Officer in charge of sales and marketing
General Manager, Business Operation Division

A year of laying the groundwork for regional and customer strategies

In FY2023, the first year of the Medium-Term Management Plan “VIORB2030 Phase 1,” orders increased on the back of the external environment, resulting in a transaction value of 205,383 million yen (up 16.9% from the previous fiscal year), exceeding the initial forecast. Although sales decreased to 86,785 million yen (down 7.0% year-on-year) as a reaction to the delivery of large projects in the previous fiscal year, operating profit grew significantly to 5,580 million yen (up 20.3% year-on-year), and the numerical targets for ordinary income and net profit for the final year of the plan (FY2026) were achieved ahead of schedule.

Recalling the external environment, domestic energy demand had been expected to decline as the population shrank; instead, it began to rise due to increased demand for air-conditioning systems as temperatures rose and social and economic activities were revitalized following the COVID-19 pandemic. The growth in demand for semiconductors and the rush to build data centers, which had been anticipated as trends for the future, are also occurring ahead of schedule, adding to the demand for energy. At the same time, in terms of equipment demand, it is becoming increasingly necessary to respond to decarbonization, energy-saving, and labor-saving needs.

Amid these circumstances, the Group began offering maintenance services for nuclear power plants in April 2023 as part of its Energy Business, leading to an increase in orders. For thermal power plants, we advanced proposals

for decarbonization solutions such as hydrogen/ammonia co-firing. In the Product Business, sales grew for measuring devices that capture the trend toward environmental conservation and decarbonization, and plant facility inspections using UT drones also progressed steadily as they became firmly established. Strong performance from major Group companies such as Nippon Daiya Valve Co., Ltd. and Tsurumi (Europe) GmbH is also contributing to the bottom line. In the Industrial Machinery Business, sales declined compared to the previous fiscal year, when large projects were delivered, but profits increased due to a recovery in the performance of Group companies overseas. In order to expand our system for discovering new commercial products, we are currently strengthening our sales organization and enhancing our human resource development.

Information sharing and sales cooperation resulting from collaboration among business segments have also had an impact. In order to further strengthen mutual cooperation between the Company and domestic and overseas Group companies, the functions of the Group Administration Department were transferred from corporate departments to the Business Operation Division in April 2024.

Regarding the progress of the Medium-Term Management Plan, we believe that we have largely fulfilled the groundwork for our regional and customer strategies, making steady progress in building a foundation for growth to lead us into the next Medium-Term Management Plan “VIORB2030 Phase 2” (FY2027–FY2030). In FY2024, the second year of the current Medium-Term Management Plan, we expect a slight slowdown and a decrease in

operating profit. Nevertheless, we are on track with the implementation of the Plan. We are confident in the current virtuous cycle and will continue our efforts without being caught up in the fluctuations in performance each period.

Business Development Department to serve as a trigger for new business launches

Our sales departments operate under a sales system consisting of a network of branches and specialized departments under the Business Operation Division. The Business Operation Division includes the Business Planning Department and the Business Promotion Department,



which support the sales activities of the entire Group, and the Business Development Department, which is involved in launching new businesses.

The Business Planning Department is responsible for sales planning roles, such as ascertaining and analyzing forecasts and actual results for each sales figure.

The Business Planning Department also carries out the aforementioned functions of controlling and coordinating the affiliated companies, which are functions that were transferred from corporate departments. The Business Promotion Department serves as the point of contact to coordinate the activities of each business location and provides day-to-day sales support related to building and strengthening relationships with business partners and introducing new commercial products.

The Business Development Department is responsible for new business investments and the development of new business models and segments. Its mission is to go beyond the boundaries of the sales departments and trigger new business projects as a Company-wide strategy. From the initial stages of narrowing down themes and items and gathering information, discussions are held with the leaders of related segments. The core of each project is discussed regularly with the President, the Executive Officer in charge of planning, and then developed into a project with the participation of the Corporate Planning Department and Accounting Department in the corporate departments. We intend to define multiple themes during the period of the current Medium-Term Management Plan and turn them into projects for the next Medium-Term Management Plan, after which we hope to turn them into new pillars of earnings by 2030.

Working closely with customers to accurately understand their issues and needs

The strength of our sales departments lies in our ability to build close relationships with customers on a branch basis and to be responsive in making proposals that accurately address their issues and needs. Our approach to sales is to meet customers where they are from the stage when they have not yet defined the commercial products they need and to work with them to solve their problems. This has earned us a great deal of trust. Another strength is that the Business Promotion Department flexibly supports this responsiveness, enabling sales activities to be optimized and accelerated for each area and product. Furthermore, area collaboration has enabled Group companies in Japan and overseas to share solutions and product information generated from close contact with customers in their sales activities, providing an effective support function.

In addition, from FY2024, we have assigned a leader to each business segment to strengthen and promote mutual collaboration. This has enabled the lateral deployment of information through the unification of the sales departments.

In an effort to bring the entire sales department together, we hold annual Location Managers' Meetings. These meetings bring together the location managers (branch managers and general managers) of each business location and specialized department to set numerical targets for sales activities and discuss the challenges and initiatives to achieve these targets. At these meetings, I ask each location manager to not only pursue short-term business results but also to share with their subordinates their desire to realize their dreams by setting out the direction of the organization and its future ideal image. As I mentioned earlier as one of our strengths, in sales, where people are the greatest difference makers, it is essential to gain the trust of customers, and this is what gives us an edge.

As General Manager of the Business Operation Division, I would like to continue the positive trends so that each and every sales employee working at each location can have a dream and feel fulfilled in their job.



Messages from Our Segment Leaders

We will enhance the mobility and collaboration of our segments and strengthen our business foundation.

In order to improve business efficiency and better grasp the medium- to long-term growth potential of our business, we divide the entire Group's operations into three segments.

The executive officers assigned as leaders to each segment assume leadership and clarify the direction and goals of the segment.

By overseeing the entire process from strategy formulation to execution and evaluation, and by establishing a system that enables smooth intra-segment collaboration and information sharing, we are able to respond more flexibly and quickly, thereby helping to strengthen our competitiveness.

By way of messages from each responsible leader, these pages present the initiatives and missions of each segment.

Energy Business



Katsumi Nakamura

Senior Executive Officer
Deputy General Manager of Business Operation Headquarter
General Manager of Business Promotion Department

Mission and vision

We aim to enhance our corporate value by leveraging our strengths in the Energy Business and proposing solutions to achieve a low-carbon society.

The Company has been closely involved with the energy sector since its founding, engaging in the stable operation of energy through the supply and maintenance of energy infrastructure, with a focus on thermal, hydroelectric, geothermal, and other power generation operations.

Last year in 2023, we began providing sales agency services for Mitsubishi Heavy Industries' nuclear power business, and in addition, we opened the Chiba Branch in the Keiyo area to provide a wide range of services including the supply of utilities and process equipment in general industrial fields such as steelmaking, oil refining, and chemical plants. Going forward, we will continue to focus on the effective use of hydrogen, ammonia, and renewable energy, as well as making proposals for energy- and labor-saving equipment.

Japan's 7th Strategic Energy Plan which came under review in 2024, sets the nation's policy on global environmental initiatives such as carbon neutrality and the further promotion of the Green Transformation (GX) by way of accelerating the circular economy. To achieve our Long-Term Management Vision "VIORB 2030," which is based on the theme of environment, we will contribute to the establishment of a recycling-oriented and sustainable society through decarbonization, energy saving and automation, and other measures in our business operations.

Industrial Machinery Business



Akira Yumen

Executive Officer
Deputy General Manager of Business Operation Headquarter

Mission and vision

We take on challenges with passion, unafraid of change, and deliver results.

The Industrial Machinery Business handles equipment sales and maintenance for a wide range of industries, including textiles, films, food and beverage, and various plant companies. In response to various challenges faced by factories (decarbonization, recycling, labor shortages, crisis management, etc.), our sales force, which is well-versed in each of our businesses, has provided the best solutions to meet customer needs through the products and technologies of our partner manufacturers both in Japan and overseas.

However, the offering of solutions was often limited to existing customers and relied on the breakthrough capabilities of individual sales departments. For this reason, we will launch numerous projects across sales departments, including those in overseas locations, and the Business Operation Division will be involved in these projects to accelerate the implementation of strategies through alliances and collaboration with partner companies, thereby acquiring new customers and increasing revenues.

Product Business



Yuji Honda

Executive Officer
Deputy General Manager of Business Operation Headquarter
General Manager of Business Development Department

Mission and vision

**Aiming to occupy the top niche positions in each sector.
We will unceasingly implement innovations to solve social issues and continue to respond sensitively to customers' needs.**

The Product Business consists of the measurement equipment and electronic equipment-related business of Seika Corporation and Group companies that specialize in valves, marine engines, laser technology, various visualization and measurement equipment, submersible pumps, and other equipment.

These business areas cover a wide range of operations in Japan and overseas, including various plants, infrastructure, research institutes, and fishing vessels, but themes such as decarbonization, energy saving and automation, and digital transformation (DX) are common issues that our customers are earnestly addressing, and business opportunities through the provision of these solutions are steadily increasing.

At the same time, business risks are increasing due to conflicts in many parts of the world, and we are faced with the difficult management issue of simultaneously avoiding these risks while conducting "ambidextrous business operations." We will achieve our Long-Term Management Vision "VIORB 2030" and contribute to solving social issues by knowing our strengths, expanding our areas of expertise, and strengthening our business base in each of those areas.

Strategy by segment

Energy Business



Recognizing the external environment

Strengths	<ul style="list-style-type: none"> ⊕ Business stability as an agent for Mitsubishi Heavy Industries, which has strong product capabilities and market share in the power generation equipment market ⊕ Strong trust relationships and business foundations developed with customers such as power companies and major chemical manufacturers
Risks	<ul style="list-style-type: none"> ⊖ Significantly affected by external factors such as government energy policy, policies of power companies and manufacturers, and the natural environment ⊖ Decrease in sales of conventional fossil fuel-based thermal power generation-related equipment due to the trend toward decarbonization of power sources
Opportunities	<ul style="list-style-type: none"> ⊕ Market expansion due to the restart of nuclear power generation as a carbon-free base power source and the acceleration of long-term renewal plans ⊕ Investment increase in the low-carbon and high efficiency transformation of thermal power generation

Overview of segments

The Energy segment supports power generation facilities, which are responsible for creating the energy indispensable in all social activities, from various aspects to ensure its smooth operation. Our main operations include negotiations for construction of new domestic power plants, regular inspections, and renovation works. As a sales agent for Mitsubishi Heavy Industries, we provide equipment and maintenance services to the private power generation facilities of major customers and the thermal and nuclear power plants of power companies in the western Japan area. We support the stable operation of power plants by delivering power generation equipment such as boilers and turbines, environmental conservation equipment including wastewater treatment, and after-sales maintenance of such equipment. As a pipeline between customers and manufacturers, we play an important role in adjusting prices and delivery times, and smoothly advancing each business negotiation. Recently, we are also focusing on fuel conversion and renewable energy markets that contribute to decarbonization.

Main products and services

- Power generation and related equipment for thermal power plants
- Power generation and related equipment for nuclear power plants
- Renewable energy-related equipment such as hydropower and biomass power generation
- Regular inspections and after-sales maintenance of each power facility and plant
- Power plant peripheral equipment such as security devices and utility devices
- Decarbonization through exclusive burning and co-firing of ammonia and hydrogen in thermal power generation and promotion of various initiatives related to clean energy

Business overview and focused measures (actions) for each power generation method

		Thermal power generation	Nuclear power generation	Renewable energy
	Main products and services	<ul style="list-style-type: none"> Sales and maintenance services for power generation and related equipment in thermal power plants Regular inspections and maintenance for private power generation plants Providing solutions for conversions to low carbon 	<ul style="list-style-type: none"> Sales and maintenance services for power generation equipment in nuclear power plants Sales and maintenance services for utilities, security, and other power plant peripheral equipment 	<ul style="list-style-type: none"> Renewable energy-related equipment such as small-scale hydropower, solar power and biomass power generation Provision of clean energy equipment and solutions
	Main customers	Power companies in Japan Private power generation users	Power companies in Japan	Power companies in Japan Private power generation users
Relation to Long-Term Management Vision priority business domains	Decarbonization	●	●	●
	Energy saving and automation	-	●	●
	Circular economy	-	-	●
	DX	-	-	-
	Action.	<ul style="list-style-type: none"> Promotion of hydrogen and ammonia utilization Contributing to life extension of existing power generation facilities 	<ul style="list-style-type: none"> Building and maintaining a stable business structure Expansion of product lineup 	<ul style="list-style-type: none"> Expansion of related equipment sales and business participation

Segment TOPIC

We have concluded a sales agreement with DAS SOLAR, a Chinese manufacturer of thin lightweight solar panels, for sales within Japan. Seika Corporation has been marketing these products in Japan for some time. Due to their light weight, when compared to existing glass panels, these panels can be easily installed on existing factory roofs, etc., enabling both effective use of space and savings in energy and labor. As part of our contribution to the achievement of a decarbonized society as stated in our Long-Term Management Vision "VIORB 2030," we will work to protect the global environment by further promoting renewable energy sources, including biomass, geothermal, and hydroelectric power generation, through the promotion of sales of these thin, lightweight solar panels.



	The Company's framed, ultra-lightweight panels	Conventional models of glass panels	Ultra-lightweight panels from other companies
Panel surface material	Fluorocarbon resin (PVDF)	Glass	Fluorocarbon resin (PE, ETFE, etc.)
Weight	4.7kg/m ²	11~13kg/m ²	4~5kg/m ²
Module conversion efficiency	19.1%	20~23%	19~20%
Snow load (maximum surface load)	5,400Pa	5,400Pa	2,400Pa
Installation method	Bracket attachment	Bracket attachment	Adhesives

Strategy by segment

Industrial Machinery Business



Recognizing the external environment

Strengths

- ⊕ Information capabilities that utilize a network of over 100 business locations in Japan and overseas, and the speed of business development
- ⊕ Proposal capabilities and on-site response capabilities to solve customer issues comprehensively, from general to specialized equipment, based on business transactions with about 1,000 manufacturers (in this segment)

Risks

- ⊖ Loss of business opportunities if responses to stricter environmental regulations are delayed
- ⊖ Decline in domestic investment sentiment within the business domain due to changes in economic conditions, etc.

Opportunities

- ⊕ Increased sales opportunities for environmentally-friendly products to business partners that require SDGs compliance
- ⊕ Proposals for optimization from parts to the entire line through DX enhancement

Overview of segments

The Industrial Machinery segment handles the sales and maintenance of production and logistics equipment for a wide range of industrial domains, such as textiles, films, food, and beverages. Reducing the environmental impact has become an important management issue for all companies, and in the industrial machinery domain, while assuming an energy-saving shift, we face various issues and topics depending on the industry, such as promoting resource conservation and reducing disposable plastics. In such a business environment, this segment offers the best solutions tailored to customer needs from the machinery and equipment of domestic and foreign partner manufacturers, with a sales force well-versed in each industry.

Main products and services

- Plant process automation and labor-saving equipment
- Automated multi-story warehouses in plants
- Remote monitoring equipment utilizing AI, robots, etc.
- Freezer and air conditioning equipment for next-generation refrigerant (CO₂, ammonia)
- Development devices for food and pharmaceutical lab plants
- Recycling fiber and other circular economy-related products

Focused business topics and main actions

		Automation-related business	Recycling-related business	Solution business
Action.		<ul style="list-style-type: none"> Proposals for optimal automation and resource-saving equipment for each industry, such as food, beverages, and film Promotion of DX using robots 	<ul style="list-style-type: none"> Promotion of resource recycling and reuse business focused on textiles and plastics Exploration of new technologies and products and mixing with existing business 	<ul style="list-style-type: none"> Proposal-type business that comprehensively addresses customer needs, rather than just selling individual equipment Expansion of partners and reinforcement of collaborative systems
Relation to Long-Term Management Vision priority business domains	Decarbonization	●	●	●
	Energy saving and automation	●	-	●
	Circular economy	-	●	-
	DX	●	-	●

The Industrial Machinery segment's efforts significantly relate to the priority business domains of "decarbonization," "energy saving and automation," "circular economy," and "DX," listed in the Long-Term Management Vision. While deepening the development of commercial products and promotion of businesses specialized in the trends and needs of each industry, we broadly propose automation equipment, which we excel at, without limiting to specific industries or areas, thereby contributing to green innovation across the entire industry. In addition, as a strategy for business domain and market expansion, we focus on creating new businesses in Southeast Asia and dynamically promote business investments, including M&As.

Segment TOPIC

Paying attention to changes in the trading environment. Leveraging the coordinating capabilities unique to trading companies and expanding business in Southeast Asia through co-creation with customers.

Overseas locations are expected to independently formulate and implement strategies suited to their local business environment, while the head office provides not only human and financial resources but also effective monitoring and support to ensure that each project promoted by the overseas locations can be flexibly executed, with the basic policy of expanding business, especially in fast-growing Southeast Asia.

Initiatives of Seika Sangyo Thailand (SST)

Due to soaring labor costs and other factors, the need for automation is increasing in Thailand, where industrial reform is underway. In addition to the established machinery and equipment import/export business for Japanese companies, SST has leveraged the networks unique to trading companies to form partnerships with a large number of competent local system integrators specializing in automation equipment. SST selects system integrators that match the customer's issues and requests in order to provide integrated services from design and manufacturing to after-sales support, thereby offering inimitable one-of-a-kind solutions completely contained within Thailand.

Initiatives of Seika Sangyo Vietnam (SSV)

Vietnam is rich in natural resources and has a large working population with low wages. Against this backdrop, many companies, including non-Japanese companies, are expected to expand into Vietnam as a "second China." When building a factory locally, some Japanese customers place a package order with a Japanese engineering company they can trust, but there is a demand for reducing total construction costs by using also an inexpensive local manufacturers. However, customers are sometimes forced to forego hiring local manufacturers because of concerns about managing local manufacturers and handling after-sales maintenance of equipment with limited staff. SSV will contribute to the success of customers' businesses by co-creating with customers and providing services that meet their needs in partnership with both local companies and locally based Japanese general contractors.

Strategy by segment

Product Business



Recognizing the external environment

Strengths	<ul style="list-style-type: none"> ⊕ We have many specialized and highly competitive “strong products” ⊕ By offering total services ranging from product sales to maintenance, we gain customer trust and establish a continuous and stable earnings base ⊕ This segment’s products can be the starting point for exploring new industries and customers, and it functions as a segment mix element
Risks	<ul style="list-style-type: none"> ⊖ Dependence on specific business partners for responding to environmental regulations and maintaining and updating product competitiveness ⊖ The impact of micro-industrial trends and new entrants on product demand is significant in niche areas
Opportunities	<ul style="list-style-type: none"> ⊕ Increased demand for measurement and component equipment due to the introduction and tightening of environmental regulations ⊕ Decrease in the working population is expected to expand opportunities for investment in existing manufacturers and startups related to productivity improvement

Overview of segments

The Products segment consists of the measurement and electronic equipment related business within Seika Corporation and Group companies specializing in products such as valves, submersible pumps, marine engines, and precision analysis equipment. Many of the products we handle have exclusive sales rights and are widely used in both Japan and overseas, solidifying their position and brand as Seika Group products. In addition, some products such as valves, are developed and manufactured in-house, and we are expanding our business by not only selling, but also providing total support for our products, including maintenance, seminars, and other services.

Main products and services

- Marine engines
- Various valves centered on diaphragm valves
- Plant equipment inspection using UT drones
- Laser gas analyzers, temperature data loggers, and other measurement equipment
- Submersible pumps for construction work and wastewater treatment facilities
- Particle image velocimetry systems
- Diffuser pipes for wastewater treatment facilities

Business overviews and main measures (actions) of primary Group companies

	Seika Daiya Engine Shikishimakiki	Tsurumi (Europe) GmbH	Nippon Daiya Valve	Seika Corporation Seika Digital Image
	Sales and service of marine engines in Japan	Sales of submersible pumps for construction work	Manufacturing and sales of industrial valves	Sales of measuring equipment, semiconductor and FPD-related equipment, UPS, etc.
Main products and services	<ul style="list-style-type: none"> Shikishimakiki is located in Hokkaido, while Seika Daiya Engine has business locations near fishing ports all over Japan, and holds a high market share in the fishing boat engine market Strengths in on-site service and maintenance capabilities 	<ul style="list-style-type: none"> Developing business throughout Europe with Germany as a hub, where the head office is located We have an independent sales network with agents established in each country Adopting business forms suited to the culture of each country, such as product rentals 	<ul style="list-style-type: none"> Possess technical expertise developed by addressing needs from a wide range of domains including chemistry, pharmaceuticals, food, semiconductors, steel, and power generation, earning high praise and trust from customers Top domestic market share for mainstay diaphragm valves 	<ul style="list-style-type: none"> Nationwide development focusing on measuring and analysis equipment in niche fields Plant facility inspections using UPS equipment and UT drones, and other businesses connecting segments and locations to support the Group overall
Relation to Long-Term Management Vision priority business domains	Decarbonization	●	●	●
	Energy saving and automation	●	●	●
	Circular economy	●	—	—
	DX	●	—	●
Action.	<ul style="list-style-type: none"> Further cultivation of markets and equipment related to fishing boats Contributing to both the conservation and commercialization of marine resources 	<ul style="list-style-type: none"> Maintenance and expansion of sales agents in Europe Capturing infrastructure projects in Europe and strengthening sales 	<ul style="list-style-type: none"> Capital investment for production and supply capacity enhancement Development to ensure technical superiority 	<ul style="list-style-type: none"> Discovering strong commercial products including overseas markets Strengthening semiconductor business

In the Product segment, each employee operates as an expert in the products they are responsible for. Products handled in niche areas boast a high level of recognition and strong reputation in each industry, forming an important part of the Seika Corporation Group's earnings foundation. While the challenges, strategies, and specific initiatives vary for each company during the period of this Medium-Term Management Plan, our common mission is "expanding the handling of strong products" that can take advantage of the unique characteristics of each company. We aim to develop commercial products that will serve as pillars of our business and expand the range of Seika original products, while utilizing collaborations with business partners, business investments, and M&As, etc.

Segment TOPIC

Efforts towards realizing a sustainable marine business

In August of this year, Seika Daiya Engine Co., Ltd. (SDE), which develops marine engine business, and Maruha Nichiro Group agreed to cooperate on "reducing CO₂ emissions at aquaculture farms" as part of the Maruha Nichiro Group's efforts to address climate change. SDE leased an electric propulsion vessel (EV vessel) that it has developed to Maruha Nichiro AQUA Co., Ltd., a Maruha Nichiro Group company, and begun demonstration operations.

In addition to identifying issues related to the operation of EV vessels in aquaculture farms, SDE will install AI CAPTAIN®, an autonomous navigation system developed by Eight Knot Inc. (with whom SDE entered into a capital and business alliance last year) on the vessels in order to solve issues facing the marine business, such as safety and the shortage of crew members, that are expected to become even more serious in the future. SDE will continue its efforts to realize its vision of "decarbonization, manpower saving, and labor saving."



Sustainability Management

To realize sustainability as stated in our basic policy, we are operating our business with a long-term strategy. In addition, we believe that solving social issues through our business will enhance the corporate value of the Group, and in 2023, we identified the materiality that we should have a particular focus on and also established the Sustainability Committee to accelerate our sustainability activities.

Basic Policy

-To Contribute to Society Through the Expansion of Business-

In line with the strategies set forth in the long-term management vision “VIORB 2030,” which was formulated based on this philosophy, our basic policy is to “achieve sustainable growth for the Seika Corporation Group and improve corporate value over the medium to long term” and “work toward the realization of a sustainable society” through the Group code of conduct and carrying out missions.

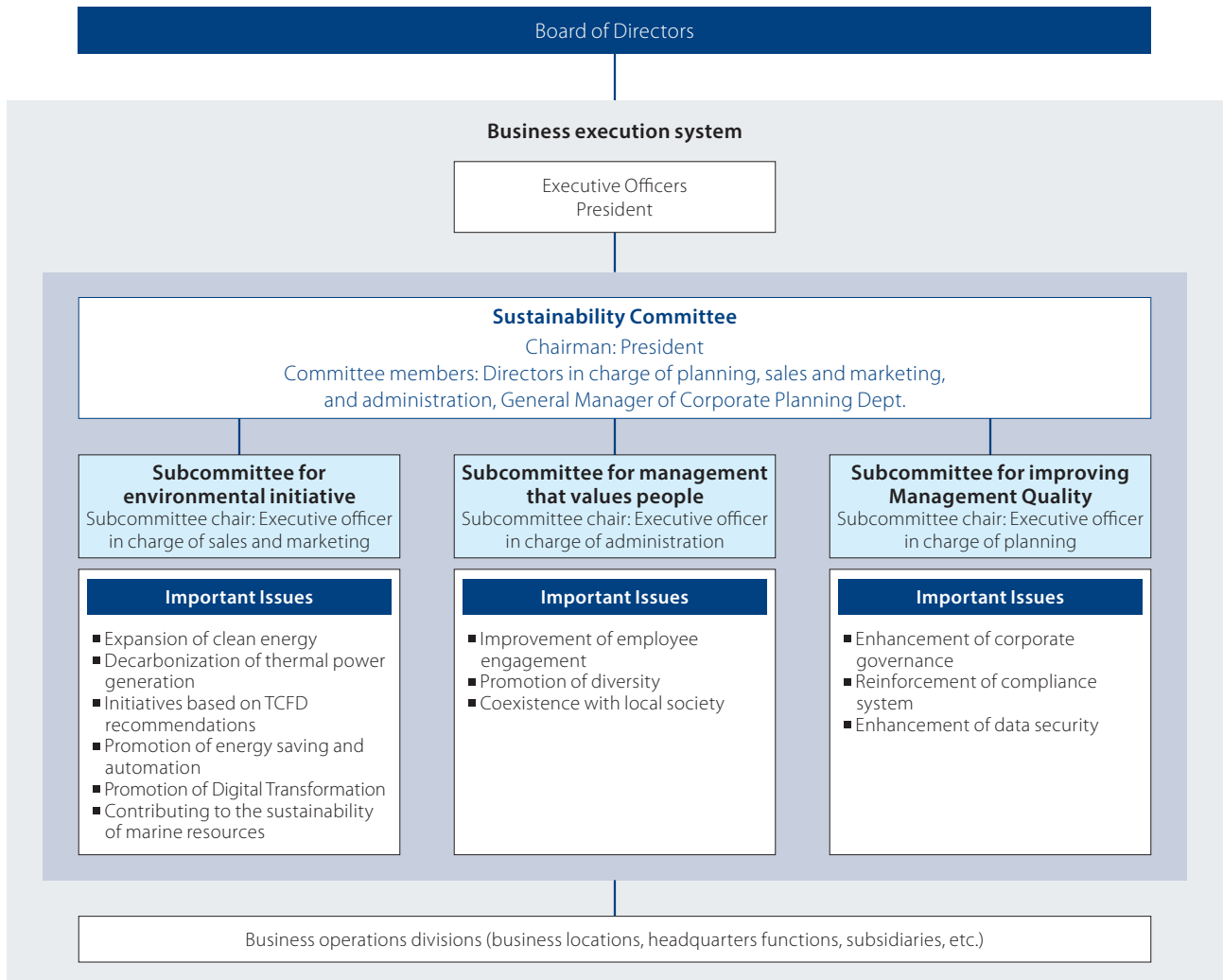
Governance of the Sustainability Committee

In order to operate the Sustainability Committee comprehensively and functionally, we sorted it out. We integrated the themes to be promoted into three categories: “Environmental Initiative,” “management that values people,” and “management quality improvement.” Under the Sustainability Committee, we established subcommittees to handle each category and formulated their respective policy for their initiatives. Each subcommittee acts as an execution team to realize sustainability management, examines and carries out specific measures based on its policy, and reports progress to the Sustainability Committee.

The Sustainability Committee comprises the President, Directors in charge of (planning, sales and marketing, and administration), and the General Manager of the Corporate Planning Dept. and monitors, analyzes, and evaluates each issue related to sustainability in accordance with the above basic policy.

Governance chart of the Sustainability Committee

As of March 31, 2024



Sustainability Issues (Materiality)

With the aim of contributing to the realization of a sustainable society through our business, and to further promote sustainability management that embodies our basic policy, we have identified four themes and 12 important issues as our materiality.

Identification process

STEP1. Extracting social issues

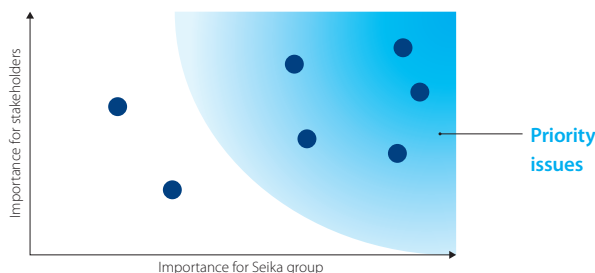
From the international frameworks such as SASB and GRI, and 17 goals and 169 targets of SDGs, we extracted social issues related to our business

Extracted social issues that are highly relevant to our business

- Expansion of clean energy
- Enhancement of corporate governance
- Coexistence with local society
- Climate change countermeasures
- Enhancing data security
- Reinforcement of compliance system
- Conservation of biodiversity
- Promotion of circular economy
- Building a sustainable supply chain
- Accelerating innovation
- Decarbonization of thermal power generation
- Promotion of DX
- Respect for human rights
- Promotion of energy saving and automation
- Prevention of air, water, and soil pollution
- Promotion of diversity
- Initiatives based on TCFD recommendations
- Contribution to the sustainability of marine resources
- Improvement of employee engagement

STEP2. Assessing importance and identifying materiality

For the extracted social issues, we identified sustainability issues (materiality) by prioritizing importance for stakeholders based on our corporate philosophy, strengths, and business characteristics.



STEP3. Organizing and verifying themes

Corporate Management Meeting members and outside directors discussed the identified 12 materiality to verify them. Then, materiality were categorized under four themes, and determined upon approval by the Board of Directors.

Theme of Materiality	Important Issues	Results of initiatives in FY2023	Initiatives in FY2024 and beyond (our aim)	Relevant SDGs
1 Contributing to the global environment for the next generation 	<ul style="list-style-type: none"> • Expansion of clean energy • Decarbonization of thermal power generation • Initiatives based on TCFD recommendations 	<ul style="list-style-type: none"> • Launched Mitsubishi nuclear energy business • Made preparations for marketing lightweight solar panels in Japan • Sold small-scale hydropower generation equipment • Obtained a CDP score for the first time (C) • Group calculation of GHG emissions (Scope 1 and 2) 	<ul style="list-style-type: none"> • Stable operation of Mitsubishi nuclear energy business • Proposals and concrete implementation for decarbonization of existing thermal power plants (ammonia, hydrogen, biomass) • Initiatives to reduce CO₂ emissions by promoting the sale and widespread use of solar panels and small-scale hydropower generation equipment • KPI: 4,000 kW of electricity generated by the installation of the equipment in FY2024 • Conversion to annual power generation: 14,000 MW, CO₂ reduction of approx. 9,000 t • Improved CDP score KPI: B or higher 	
2 Contributing to sustainable growth of industry 	<ul style="list-style-type: none"> • Promotion of energy saving and automation • Promotion of Digital Transformation • Contributing to the sustainability of marine resources 	<ul style="list-style-type: none"> • Joined the Advanced Material Recycle and Innovation Alliance • Promoted preparations for a full-scale introduction of paperless operations • Established the Matsuura-Takashima Seaweed Forest Creation Council 	<ul style="list-style-type: none"> • Continue promoting smart conservation using UT drones • Promote material recycling business, sell new materials such as plastic substitutes derived from organic waste, and disseminate information • Create revenue opportunities by promoting operational efficiency and sophistication through DX • KPI: Promote paperless operations and reduce CO₂ emissions from OA paper purchases by 10% compared to FY2023 • Initiatives for seaweed forest creation off the coast of Takashima, Matsuura City, Nagasaki Prefecture 	
3 Prosperous coexistence with Shareholders 	<ul style="list-style-type: none"> • Improvement of employee engagement • Promotion of diversity • Coexistence with local society 	<ul style="list-style-type: none"> • Trial operation of new personnel system (evaluation system) • Diverse hiring, including foreign and career return employees • Participation in various volunteering and coexistence-with-local-community activities, donations to disaster relief, etc. 	<ul style="list-style-type: none"> • Evaluation and rationalization of new personnel system • Establishment of a human resource development training program system • KPI: Increase the number of participants in training projects for female employees • Verify the status of various volunteering and coexistence-with-local-community activities. Decide on the activities for FY2024. At the same time, specifically consider and execute the implementation of a corporate version of the Hometown Tax Donation system in this fiscal year. 	
4 Practicing transparent governance 	<ul style="list-style-type: none"> • Enhancement of corporate governance • Reinforcement of compliance system • Enhancement of data security 	<ul style="list-style-type: none"> • Revised and developed regulations related to operational risk management • Evaluated the effectiveness of the Board of Directors • Revised and developed regulations related to information security 	<ul style="list-style-type: none"> • Enhance BCP measures (ensure means of emergency communication between locations, consider expiration date management system for disaster supply stockpiles) • Obtain a credit rating • Establish systems and hold awareness-raising activities to bolster compliance • KPI: Zero major compliance violations • Strengthen information security governance and improve security awareness among employees • KPI: Security training attendance rate 100% 	

Environment

Information Disclosure Based on TCFD Recommendations

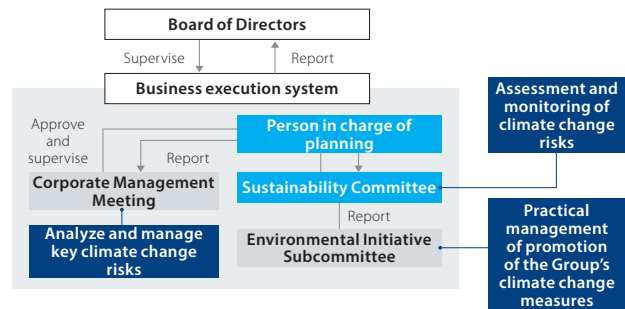
Basic Stance

The Group formulated a long-term management vision for 2030, VIORB 2030, to help realize a fulfilling society by putting into practice our purpose of “supporting the sustainable generation of energy and industrial activities in harmony with the global environment.”

While working to realize a sustainable society from the standpoints of environment, society and economy and enable Seika to contribute to the global environment through initiatives to address climate change, we aim to balance these efforts with activities to achieve corporate growth.

Governance

Governance related to climate change is integrated into the overall governance of sustainability, with important matters proceeding under the supervision of the Corporate Management Meeting and the Board of Directors. The practical work of the promotion of climate change response is carried out by the Corporate Planning Department, sales departments, subsidiaries, and others working together to identify climate change risks and opportunities, incorporate them into business strategies, and consider management indicators and targets. The executive officer in charge then reports on these efforts to the Corporate Management Meeting and Board of Directors.



Strategy: climate change risks and opportunities

Based on the TCFD framework, we conducted a qualitative analysis of the impact of climate change on our business and performance.

Scenarios	Scenario analysis was performed based on the following two scenarios. Under 2-degree scenario: Scenario in which there is a transition to a low-carbon economy 4-degree scenario: Scenario in which the physical climate change risk increases For climate change scenarios, we used IPCC SSP1-2.6, and IPCC SSP5-8.5. The time frame of the analysis is basically based on 2030 for a transition risk and 2050 for a physical risk.
Target scope	Seika Corporation and the four subsidiaries, Nippon Daiya Valve Co., Ltd., Shikishimakiki Corporation, Seika Daiya Engine Co., Ltd., and Tsurumi (Europe) GmbH were selected for analysis. The above analyzed companies account for more than 90% of the Company's consolidated net sales and operating income.

Impact on operating income-legend --- / +++ : 1,000 million yen or more -- / ++ : 100 million yen or more - / + : less than 100 million yen

Scenario	Category	Global changes	Item	Impact on operating income	income FY2026 Medium-term management plan initiatives
Under 2-degree scenario	Risks	Introduction of carbon taxes and GHG*1 emission regulations	• Increase in carbon taxes	-	<ul style="list-style-type: none"> Reduction in CO₂ emissions through promotion of paperless practices, etc.
			• Reduced sales of thermal power generation facilities and maintenance	--	
			• Delays in handling products for high efficiency and reduced carbonization of thermal power generation		
	Customer Reputation	• Risk of customer defection due to delays in responding to climate change			
Opportunities	Introduction of carbon taxes and GHG*1 emission regulations	• Expanded business opportunities related to the introduction of energy-saving equipment (all segments)	+++	<ul style="list-style-type: none"> Energy Business • Effective utilization of hydrogen/ ammonia in thermal power generation • Expanded sales of Renewable energy (solar, biomass, hydroelectric power, etc.) related equipment and participation in these businesses • Smooth business transfer to start agency business related to nuclear power station equipment Industrial Machinery Business/ Product Business • Development and proposal of new technology/ new materials that contribute to circular economy • Strengthen business competencies in facilities, equipment and products with functions and characteristics beneficial or friendly to the environment 	
		Structural transformation of energy mix			
		Progress in technological development			
4-degree scenario	Risks	Increase in average temperature	• Increased air conditioning costs	-	<ul style="list-style-type: none"> Industrial Machinery Business/ Product Business • Promotion of automation and labor-saving systems using robots, etc. • Strengthen business competencies in solutions in field work environments
			• Decrease in labor productivity outdoors		
	Intensification of extreme weather	• Damage at business locations due to flooding	(Envisaged maximum value and insurance coverage)	--	<ul style="list-style-type: none"> • Strengthen BCP (business continuity plan) • Regular review of disaster risks
		• Loss of sales opportunities due to supply chain disruption	(For one-time occurrence)		
Opportunities	Intensification of extreme weather	<ul style="list-style-type: none"> • Increased demand for recovery of damaged facilities • Increased demand for disaster prevention, disaster mitigation, and BCP (business continuity plan) 	Impossible to calculate	<ul style="list-style-type: none"> • Creating diversified supply chains Energy Business • Strengthen business competencies in power generation equipment for restoration Product Business • Strengthen business competencies in waste-water pumps at Tsurumi (Europe) 	

*1: Greenhouse Gas *2: Carbon Capture, Usage, and Storage

Risk management

With regard to the issue of climate change, we recognize that the inability to respond appropriately to changes in the business environment caused by environmental and social issues such as climate change presents risks to the sustainability of business. We therefore have a system in place to make strategic management decisions. In terms of responding to climate change risk, the Environmental Initiative Subcommittee under the Sustainability Committee summarizes the status of major risks and reports regularly to the Corporate Management Meeting and the Board of Directors.

Indicators and targets

We have been tracking Seika Corporation's standalone CO₂ emissions since FY2020, and in FY2023, we began including four major Group companies*1 in our tracking of greenhouse gas (GHG) emissions for Scope 1 and Scope 2*2. We will work on emission reduction initiatives and set targets based on the data we compile. In addition, we will promote information sharing with suppliers in the supply chain and consider tracking Scope 3 GHG emissions for the Group.

Indicators and targets

(Unit: t-CO₂)

FY2023 Seika Corporation Group GHG emissions	
Scope 1	1,006
Scope 2	989
Scope 3	32
Total	2,027

*1 Nippon Daiya Valve, Shikishimakiki, Seika Daiya Engine, Tsurumi (Europe) GmbH

*2 Scope 1: Direct GHG emissions produced by our own business (fuel combustion, industrial process)

Scope 2: Indirect emissions related to the use of electricity, heat, and steam provided by other companies

*3 CO₂-equivalent emissions from general waste disposal

Promotion of green innovation-related products

In addition, the Company is making proactive efforts to achieve carbon neutrality as a general machinery trading company by utilizing its experience and business infrastructure cultivated in the electric power business and chemical and energy business.

As specific efforts, the Company is promoting the deployment and expansion of "green innovation-related products" to help customers reduce GHG emissions, and our transaction results for FY2022 are shown below.

Promotion of green innovation-related products

million yen

	FY2023	FY2026 Target	FY2030 Target
Sales of green innovation-related products	150,000	180,000	200,000

*Sales of environmentally friendly products and products that are expected to contribute to environmental conservation, such as low-carbon, clean energy, energy-saving, labor-saving, pollution-preventing, recycled and reused products.

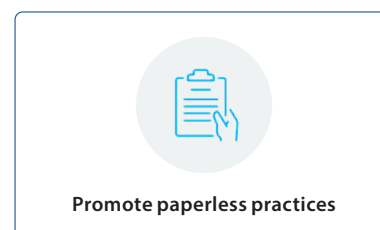
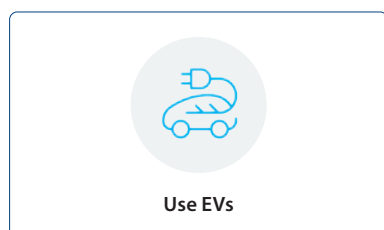
Initiatives Related to Capturing GHG Emissions

The initiative to realize a decarbonized society is one of the basic policies of "VIORB 2030," our long-term management vision.

In addition, we are continuing to perform scenario analysis to identify the GHG emissions of the Group, and we are making efforts to reduce these emissions.

Target scope	Seika Corporation and the four subsidiaries, Nippon Daiya Valve Co., Ltd., Shikishimakiki Corporation, Seika Daiya Engine Co., Ltd., and Tsurumi (Europe) GmbH were selected for analysis. The above analyzed companies account for more than 90% of the Company's consolidated net sales and operating income.
Aggregation target	CO ₂ emissions (Scopes 1 and 2 and part of Scope 3)
Emission factors	1. Electric Power <ul style="list-style-type: none"> • Japan: Use emission factors by electric utility (adjusted emission factors) • Overseas: Use CO₂ emission factors by country according to the International Energy Agency (IEA) 2. Other <ul style="list-style-type: none"> • Use the "List of Calculation Methods and Emission Factors" for GHG emissions published by the Ministry of the Environment

Measures to reduce CO₂ emissions



Human Resources Strategy



Regarding our employees as our most important asset, we seek to draw out the value of our human resources to the fullest, leading to sustainable growth of the Company and enhancing our corporate value through the development of brilliant, dynamic talent and organizations.

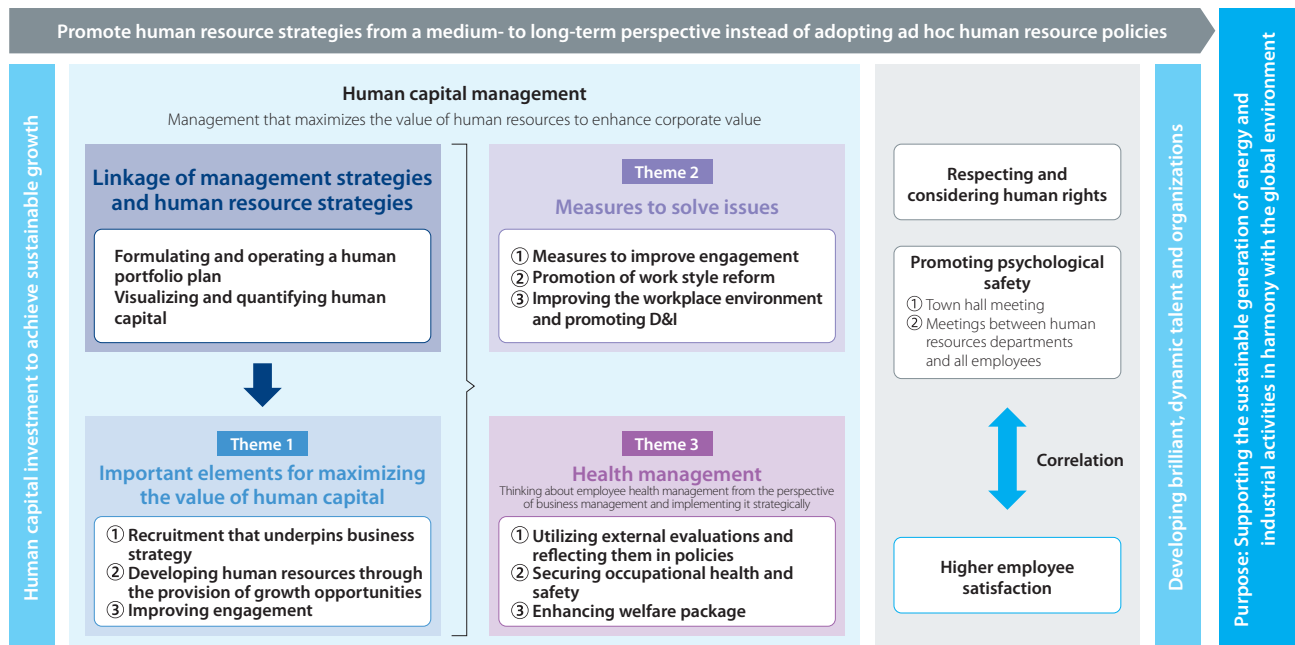
Yoshifumi Otsuka

General Manager, General Affairs & Human Resources Dept.

Basic stance on human resources strategy

The Company's human resource strategy is structured according to the following system chart, with each measure being implemented with clearly defined objectives. We are working to develop the human resources that can lead the implementation of our management strategies, while motivating employees to grow and respecting the individuality and characteristics of each employee, such as a high level of expertise, high level of practical skills, and broad knowledge.

System chart of our human resources strategy



Theme 1 Important elements for maximizing the value of human capital

We have identified the issues we currently face in relation to each of the following three elements and applied various solutions.

1-1) Recruitment that underpins business strategy

When it comes to recruitment, the challenges are how to secure the quantity and quality of human resources required to move our business strategy forward, as well as how to build and strengthen a human resource pipeline. To these ends, we will consider using not only Business Process Outsourcing (BPO) for routine operations, but also digital transformation (DX) to improve operational efficiency, allocating personnel based on business strategies and results. See P. 44 for concrete examples of the measures we are employing in the area of human resources recruitment.

1-(2) Developing human resources through the provision of growth opportunities

When it comes to human resource development, we have issues related to supporting employee development by setting up a training program in line with the new grade level under the new personnel system introduced in April 2024, as well as developing management personnel, raising awareness of involvement in management, training and promoting female managers, and more. We will support employee growth by increasing the number of employees who have experience as instructors of on-the-job training (OJT), as well as those with administrative and managerial experience. Furthermore, we will have projects to develop management executives under the direct supervision of the President.

1-(3) Improving engagement

In the area of improving engagement, our challenges are the creation of a fulfilling workplace environment, ensuring that evaluations are appropriate, proactively pursuing health management, and raising the sense of belonging among Group employees. We will continue administering employee satisfaction surveys, reviewing the office environment, training evaluators by conducting ongoing evaluator training, and providing thorough feedback to employees. We are also providing training opportunities to employees of Group companies.

Theme 2 Measures to solve issues

2-(1) Measures to improve engagement

Personnel system reform and review of salary standards

In April 2024, we introduced a system that reflects the actions and achievements of individuals regardless of age, with the aim of maximizing the capacity of the organization by improving the ability and motivation of employees and assigning the best people for the job. Under the new system, we devise measures in the areas of grades, evaluation, and compensation, focusing on the following four items.

- **Moving away from seniority-based operations**
- **Proper evaluation of individual abilities and reflecting it in salary increases, etc.**
- **Building systems that promote individual growth and contribute to the improvement of organizational capabilities and functions**
- **Eliminate the job categories such as career position and non-career position to optimize the allocation of human resources**

In addition, as in FY2023, we raised the base salary by a uniform 12,000 yen per month for employees in FY2024, taking into account the current social situation, such as rising prices. The average wage increased by roughly 7% when salary table revisions and regular salary increases associated with the introduction of the new personnel system are included. At the same time, the starting salary for new graduates (university graduates) was raised from FY2023's 250,000 yen to 262,000 yen.

Human resources development policy

Driven by the conviction that maximizing performance through the optimal allocation of highly skilled human resources contributes to the enhancement of corporate value, we respect the individuality of each employee and promote the development of an environment that motivates the growth of the individual. We are working to develop human resources who are responsible for the realization of management strategies, with the aim of improving practical skill with a high level of expertise and acquiring a wide range of knowledge and capabilities.

In addition, with the aim of enhancing training programs linked to organizational issues, we are strategically reviewing our training programs, including “developing management personnel and raising their awareness of their involvement in management,” “support for women’s activities and training and promoting female managers,” and “level-specific and purpose-specific training consistent with the new personnel system.”

We have identified the skills and mindsets required for each employee grade and have developed training programs accordingly. Through the development of human resources, we aim to maximize the capabilities and functions of the organization by improving the skills and motivation of employees and by having the right people in the right places. As we consider it one of our top priorities to invest in human resources, we will continue to devote adequate training budgets to strengthen and promote human resource development throughout the Group.

Human resource training program

		Career stage		Framework to encourage personal growth and autonomous career development (example programs)					
		Skills required for each level	Mindset	Level-specific programs for all employees (including Group employees) to acquire the competencies required at each grade level		Purpose-specific programs that employees voluntarily attend to improve their expertise			
Phase to demonstrate enhanced capabilities at the organizational level	General managers General managers	Implementation of business strategies from Company-wide and Group-wide perspectives	Responsibility and resolve to manage the company's business in the next generation	Training for new location managers Training for new section managers Evaluator training Training to raise awareness	Choice type	Selective type	Human resources development program for management personnel		
	Section managers	Leading members of the organization to achieve organizational goals and solve problems	Strong sense of duty to take charge of important measures of the organization						
	Expert	Contributing to maximizing synergies within the organization based on expertise, skills, and experience							
Phase to raise the skills of each individual	Deputy manager level	<ul style="list-style-type: none"> Internal organizational management and stakeholder management Team management Establishment of specialized areas 	For each employee, a sense of mission that the future of the Company rests on his or her two shoulders.	Next-gen leader training Training for OJT mentors	Webinars, e-learning, lectures	Supporting self-development	Project under the direct supervision of the President (training of female executive candidates)		
	Assistant manager level	<ul style="list-style-type: none"> Proactive business execution Improvement of assigned duties and challenge to take on new duties Leadership 		Step-up training Training for OJT mentors					
	Specialist level	<ul style="list-style-type: none"> Basic business skills based on OJT Communication Execution of duties under the direction of superiors 		Follow-up training Onboarding training Training for people with an offer of employment				Training for launching new businesses	Global human resources training
	Joined the Company	Attitude as an employee of Seika Corporation: Corporate philosophy and corporate motto							

2-② Promotion of work style reform

Measures to increase the paid leave utilization rate

Based on the Safety and Health Plan, we are analyzing trends and discussing the status of paid leave utilization by location and job type, and we are proposing measures to improve the paid leave utilization rate.

Introduction of flexible working style

The Company has introduced systems such as flexible working hours that do not specify core hours and premium Fridays.

The flextime system allows employees to set their own daily starting and ending time as well as their working hours within the scope of the specified total working hours. By using this system, employees can change their work hours to accommodate the time they drop off or pick up their children and to avoid rush hours when commuting to work. These efforts are aimed at reducing overtime work. In addition to paid leaves, we have summer vacation and New Year's holiday, when all employees take time off. Also, we adopted a system by which employees can accumulate leave to be used in the event of an employee's injury or illness or to care for family members, and a system of return leaves for overseas employees.

	Paid leave utilization rate	Monthly overtime hours (Hours)	Premium Friday utilization rate
FY2019	49.4%	8.8 hours	29.0%
FY2020	56.4%	10.3 hours	27.0%
FY2021	58.9%	10.3 hours	27.0%
FY2022	67.4%	12.5 hours	28.0%
FY2023	68.9%	16.3 hours	26.0%

2-③ Improvement of working environment, promotion of diversity and inclusion

Status of Compliance with the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women's Active Engagement in Professional Life

We believe that placing diverse talent in the right place and enabling them to make the most of their individual abilities is indispensable to the sustainable growth and development of the Company. We will continue to further improve the working environment so that employees can demonstrate their abilities and aptitudes while balancing work with childcare and caregiving. We will also actively promote the active participation of female workers and strive to create an environment where employees can work more enthusiastically.

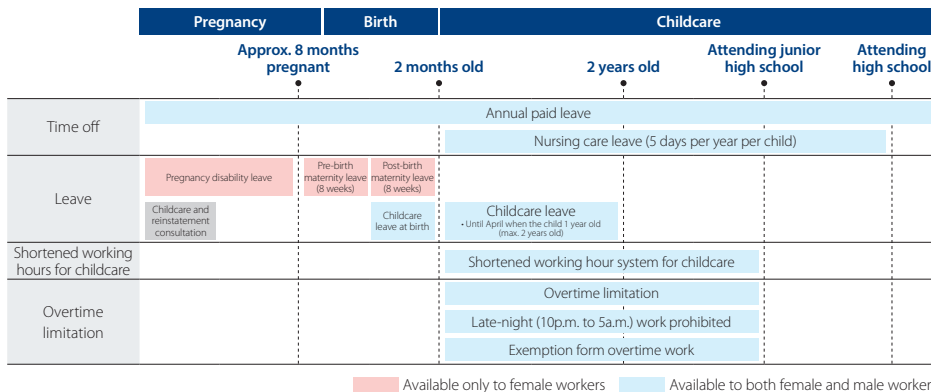
(Planned period: Three years from April 1, 2023, to March 31, 2026)

① Improve the childcare and caregiving system	In order to enable employees to participate more in child-rearing, we are actively conducting activities to make known various systems, such as childcare leave at birth, and are working to improve the working environment so that employees can easily use the systems. We are also enhancing the caregiving system.
② Challenging new work styles	Through the promotion of BPO (Business Process Outsourcing), we aim to realize our ambitions of challenging ourselves to achieve more sophisticated business operations by improving operational efficiency and optimizing our organization and structure. In addition, we will further promote the flextime system to support the balance of work and family life, and aim to increase the current usage rate from 70% to 80%.
③ Developing a system in which female workers can play an active role	With the introduction of the new personnel system, we are reviewing the current grading system, expanding the range of roles for employees, and enhancing feedback on the results of evaluation and assessments to support building career paths, thereby providing various work style options and developing a system that allows female workers to play an active role. In addition, we aim to enhance the training content for both regular and contract employees in order to improve their abilities, and to achieve a 100% participation rate for female employees.
④ Discussion and examination by senior management	We have established a forum where senior management, female employees, and young employees who will lead the next generation exchange opinions on a regular basis. Upon taking into account the needs regarding overall work styles, including matters related to childcare and caregiving, the Board of Directors, the Corporate Management Meeting, etc. conduct discussions and examination for further improvement of specific action plans.

Supporting Childcare and Caregiving in the Workplace

In order to support the balance between work and childcare, we have established various leave systems, a shortened working hour system for childcare, restrictions on overtime and late-night work during the period from pregnancy until the child enters high school. All systems are available to both men and women, except for pregnancy and childbirth-related leave systems.

In order to balance work and caregiving, we have established a leave system that supports the preparation period for caregiving and balance with work, and a system that allows employees to choose a work style that suits their work situation, such as shorter working hours. We have also introduced a caregiving leave system.



Balance between work and caregiving

- Caregiver leave
- Exemption from overtime work (overtime, holiday, and late-night work)
- Overtime limitation
- Caregiver leave (up to 5 days (40 hours when working hourly) per year when caring for 1 person, or 10 days (80 hours when working hourly) when caring for 2 or more people)
- Use of special reserve for paid vacation (up to 40 days)

Extended caregiver leave

- Extended caregiver leave

Recruitment that promote diversity

Recruitment policy

In order to secure sustainable growth of the Group and to strengthen its business, we are promoting recruitment from a variety of perspectives over the medium- to long-term. This includes regular recruitment of new graduates, career recruitment based on specialization and area, and career return recruitment for personnel who have worked at the Company and whom we know of their abilities, experience, and personality.

Diversification of recruitment systems

We promote various recruitment activities based on the following overall policy.

- 1 Recruit the necessary talent in order to secure sustainable growth of the Group and to strengthen its business.
- 2 Looking beyond immediate personnel demand for medium- to long-term business growth.
- 3 Systematically recruit human resources from a medium- to long-term perspective, mainly for basic profit-making businesses such as the energy business, to respond to staff shortages caused by rapid expansion of business and unexpected employee departure.
- 4 Personnel who are necessary for strengthening the functions of the corporate departments will be recruited in consideration of specialization, scarcity, etc., in order to enhance the sophistication of the Group's management.

Expert	Actively recruit personnel with high level of expertise and experience that are essential to the characteristics of each business.
Area (Region limited)	Actively employ personnel whose work area will be limited to each business site, in order to ensure business continuity at each site in accordance with the characteristics of each business and the business environment such as locality, and to respond to the diversity of work styles of employees.
Return	Recruiting those who worked for Seika Corporation and retired for personal reasons in the past.
Use of Group personnel	Efforts to deepen coordination of personnel information (job openings and job departures) among Group companies and to optimize the assignment of skilled personnel within Group companies.

Mid-career hiring ratio of full-time workers	
FY2020	25%
FY2021	40%
FY2022	67%
FY2023	88%

Theme 3 Health management

Securing occupational health and safety

Employee health initiatives

Starting in FY2024, in order to maintain and improve the health of its employees, the Company fully covers the cost of checkups to prevent lifestyle-related diseases or medical checkups, tumor marker tests, and influenza vaccinations for all employees and officers, in addition to statutory health checkups as part of its welfare package. We also conduct stress checks for all employees as part of our regular health checks. In addition, we provide opportunities for employees to hold interviews with physicians in response to their requests regarding the exam results, and employees will be able to take corrective measures based on the advice of physicians.

The Company We Seek to Be

Respecting and considering human rights

We recognize that respect for human rights should be emphasized by all companies, and our Group addresses this as an important issue for compliance.

Promoting psychological safety

We will enhance the psychological safety of employees by holding town hall meetings with management and interviews with all employees by the human resources departments.

Higher employee satisfaction

In order to create a comfortable working environment for our employees, we conduct an annual employee satisfaction survey for all employees, examine and implement improvement measures, and monitor changes in indicators.

The survey results for FY2023 (response rate 83.9%) showed a 79% satisfaction rate, which was in line with the previous survey results (in FY2022). We believe that the town hall meetings, which we started in FY2021, have produced enhanced empathy with the attitude of management communicating with employees and with management's words and actions.

In addition, the item "systems that take work-life balance into account" has improved from the previous survey. We will continue to provide opportunities for dialogue with employees and work to make further improvements.

Employee Satisfaction Survey (Overall Satisfaction)

	The Company		Industry average	
	Satisfaction	Dissatisfaction	Satisfaction	Dissatisfaction
FY2021	70.5%	15.1%	47.2%	23.6%
FY2022	79.0%	9.3%	50.5%	21.9%
FY2023	79.0%	8.8%	43.2%	23.9%

Employee Roundtable

Having positioned human resources as its most important management resource, the Group is focusing on measures such as reviewing the personnel system, upgrading training, and reforming work styles. We held a roundtable discussion among six employees to discuss personnel-related measures, as well as issues to be addressed for the growth of the Company and individuals, and future targets.



Yosuke Sawada

Business Development Dept.
Deputy manager

Engaged in surveys and investigations for the creation of new businesses. Chairman of the labor union until the previous fiscal year

Satoshi Watanabe

Section A, Measuring Equipment Sales Dept.
Deputy manager

Mainly engaged in drone inspection operations for power plants and other customers in the Measuring Equipment Sales Department

Ippei Yamanaka

Section manager of Section B and Nuclear Power Section, Industrial Energy Plant Dept.

Mainly engaged in sales of manufacturing equipment for chemical manufacturers

Sachiko Kojima

General Affairs & Human Resources Dept.
Assistant manager, Human Resources Section

Engaged in work related to human resources since joining the Company. Currently responsible for calculating compensation, appointment and resignation of officers, and employee benefits. Currently working with shortened working hours for childcare

Kanae Tahara

Plant & Environment Dept.
Section B

Reviews a large number of machines and makes plant construction proposals when customers build factories. Joined the Company as a new graduate. Now in her fourth year.

Akira Shirasu

Kansai Thermal Power Dept.
Tsuruga Branch
Assistant manager

Responsible for nuclear and hydroelectric power plant sales for three electric power companies at the Tsuruga Branch

Q What do you think of the corporate culture and working environment?



Tahara: It's comfortable here. I'm now in my fourth year with the Company, and if I need to discuss something work-related, I can not only approach my seniors in the same department but also those in other departments. Outside of work, people are also relaxed about inviting me to club activities.



Kojima: I feel like it has become more open, especially recently. We now have town hall meetings where employees have the opportunity to suggest or recommend things directly to the President. So, I've become more conscious of what improvements I can make in my day-to-day work.



Yamanaka: Our Company (non-consolidated) has 300–400 employees, so you become familiar with basically everyone there. The atmosphere has always been one of good personal relations, with good interdepartmental collaboration. As times change, I feel that the distance between the upper management and the younger generation is getting closer and closer these days.



Shirasu: Back when I first joined the Company, I felt the atmosphere was a bit stiff and formal. Compared to then, it has become more open and easier to work in.



Watanabe: A variety of information, including management information, now comes through to the person who is actually doing the work. I personally find it easier to work that way.



Sawada: There were a lot of bright and happy people already when I joined. That hasn't changed. However, after spending eight years on assignment in the United States since 2015, I felt that the atmosphere had become even more open upon my return.

Q The Super Flex system was rolled out across the entire Company this year. How has it taken hold, and how easy is it to use?



Yamanaka: I think the introduction of the Super Flex system was a good thing in and of itself, but there's a risk that people will get looser with their time management. The important thing is how each person uses the system. If



you can be disciplined and smart about it, this system should allow you to get a good work-life balance.



Watanabe: I'm completely swamped with work, so I cannot take advantage of it for the time being.

However, it has made it easier to work. In the past, you had to apply to work overtime in order to get approval, but with the Super Flex system, you can decide by yourself when you come to the office or leave. That's thanks to the introduction of this system.



Kojima: Sales personnel can use the system when they're working on an individual basis, but assistants can't, and neither can staff who are working on reduced hours. We still seem quite far off from having it work for everybody, and perhaps some reforms are in order.



Q How do you think that VIORB 2030, the Company Purpose, and the Medium-Term Management Plan that follows will affect your work?



Sawada: The people in my hiring class were never aware of the Medium-Term Management Plan when we were young, but now it seems like all the employees know about it. Clear segment targets have been established, making it possible for all staff members to work together toward the same objectives.



Kojima: Until now, I had always considered management policies and company visions to be something for upper management to decide, so I was not particularly attentive to them and just carried out my day-to-day duties as usual. In the last few years, my manager has shared the department's policies with me, and this has made it possible for me to think about what I should do in light of these policies as I carry out my work. I also feel that the General Affairs & Human Resources Department, to which I belong, has become more united in its efforts to achieve its goals, such as human resource strategies and diversifying recruitment.

Q Salary levels were revised last year. How do you assess the results?



Sawada: Base salaries had not been increased in many years, but the labor union made a proposal last

year, leading to an increase of 15,000 yen. Inflation continued into this year, so they requested another increase and secured another 12,000 yen raise. It feels like there's been a change in how the Company sees the need to improve wages.



Tahara: It's motivating, because it feels like if you work hard, there is room for even further improvement. After all, I have a friend who's the same age as me who works for a different company and gets paid even more...

Q What do you think of the new personnel system?

■ Eliminating the job categories such as career position and non-career position



Kojima: I am no longer a non-career employee, so I feel like things have changed significantly. Within the Company, we no longer have the unspoken rule that "for non-career employees, the road ends here." The scope of my work has expanded, as I've been getting more opportunities to attend meetings that I would never have been invited to before, proposals for business trips, and so on.

■ Introduction of individual goal setting and evaluation



Watanabe: I feel that setting quantifiable goals by putting down concrete numbers is a great benefit because it allows us to grasp how much harder we need to work to get a better score and makes the evaluation clearer.



Shirasu: It is difficult to make quantitative evaluations uniformly because even within sales, there is both offensive and defensive work. It would be nice to have a course correction after working for a number of years. Of course, we welcome the opportunity to set individual goals and discuss them with our managers.



Sawada: I think it is a good system because it gives employees the opportunity to set their own goals and discuss them with their managers. However, given the considerable differences in the nature of work in each department, I wonder to what extent fair evaluation can be ensured. I feel like that will be the challenge.



Q Let us know what you think about the employee development program



Tahara: I am quite pleased with the webinars because they are full of things that are directly related to my current work, such as drafting English-language contracts. I will continue to pick topics and attend such webinars.



Yamanaka: I think it is useful because I can learn many things from perspectives that differ from those of my daily work. However, you need to set aside time for training by yourself, so time management is an issue.



Sawada: Last year, members of the Business Development Department participated in a training course on the theme of awareness building in new business startups."It was very well received, with employees from all over the country coming together for group work to develop a greater sense of horizontal collaboration. I would love to see it continue.



Watanabe: I would like to see the introduction of a program that would allow me to experience areas outside the business I am involved in. I sometimes work with start-ups or other companies that are relatively new to the scene, and I believe that it is meaningful to gain experience by being transferred to an unknown industry for three to six months.



Yamanaka: I would also be interested in a program that would promote interaction with competitors and companies from different industries. In the course of my work, I sometimes interact and exchange information with people from other industries, and sometimes with people with whom I collaborate, which not only expands my network but also gives me the opportunity to think objectively about the Company and myself.



Tahara: I would like a training program that would follow up on the results of my personal evaluation, helping me to build on my strengths and overcome my weaknesses.



Q As you go about your daily work, are you ever conscious of the fact that Seika Corporation is a listed company?



Watanabe: I can feel how powerful the company's credibility as a publicly listed company is in my daily work.



Shirasu: Since our customers and the manufacturers we work with own shares in our Company, they sometimes talk about stock prices, and I feel a sense of responsibility that I must not do anything out of order. In that sense as well, it is important for me to work for a company listed on the stock exchange.



Tahara: I feel that only publicly listed companies have such a high level of risk awareness that they realize that responding to a situation after it happens is already too late. They instead issue risk alarms from legal and systemic perspectives and have extensive training materials.


Q How do you keep in mind the targets of the Long-Term Management Vision and the Medium-Term Management Plan in your business operations?




Yamanaka: I'm a manager, so I'm always aware of the targets. I work in the Industrial Energy Plant Department, where decarbonization, energy, and labor savings are the pillars of the Medium-Term Management Plan's sales strategy. These pillars are directly linked to the challenges our customers face. The more I learn about the needs of the customers in front of me, the more I realize that the policies of the Medium-Term Management Plan are not mistaken. I believe that proceeding with daily operations with this in mind will help us achieve the goals of the Medium-Term Management Plan, and I share this information with my team members.





Sawada: On the front lines of sales operations, clear goals are set and we are able to work in the same direction. However, in the area of new business development, although various topics have been set forth in the Medium-Term Management Plan, it is in some respects difficult to clearly define the goals. Although many ideas can be generated, given our limited resources, we need to narrow down the topics and move forward in a constructive manner.

 **Shirasu:** I have always been conscious of promoting nuclear energy in my work, so I don't feel any change just because nuclear energy has become a priority in the Medium-Term Management Plan. Our earnings targets are also always on our minds, not just because of the Medium-Term Management Plan.

Q What do you think about the challenges related to Seika Corporation's sustainable growth?


 **Tahara:** I feel that there are still many challenges for women to advance in their careers, such as balancing work with pregnancy, childbirth, child-rearing, and nursing care. I would like to see this Company offer a variety of work styles to personnel other than just those who are male, full-time and salespeople.

 **Kojima:** Even though we have a system in place, I do feel guilty for utilizing the shortened hours option. In response to the changing times, we need to raise awareness of the need to recognize a variety of working styles throughout the Company. I would like to see this introduced as part of our internal training program.

 **Yamanaka:** Recruitment and training are challenges. Since people are the most important resource of a trading company, I think it is necessary to first clearly define the ideal image of the human resources we want to hire and train, to raise the level of each individual, and to work on measures to maintain a high level of motivation for all employees.


 **Watanabe:** Within my area of responsibility, I also deal with start-ups and venture companies, and it is essential to make decisions in a timely manner to keep up with the rapid changes in the market. For my part, I am keenly aware every day that as an organization, our decision-making speed is an issue.


Q Please tell us about your own work-related goals


 **Tahara:** Having joined the company as a female career track employee, I want to be a role model who





continues working at the front line of sales even through pregnancy and childbirth.

 **Watanabe:** My goal is to steadily expand the drone business and create new businesses that will follow. I have experience working in Germany, so I would like to try expanding our business there.

 **Shirasu:** My goal is to create a business model and businesses that will continue to generate earnings for the Company long after I have retired and leave something behind for future generations of Seika Corporation.

 **Sawada:** My goal is to contribute to the expansion of our overseas business. Our overseas business ratio is 10%–20%, which is low compared to our competitors, so I would like to expand our business and improve Seika Corporation's name recognition around the world.

 **Yamanaka:** The energy sector is facing a major turning point toward achieving carbon neutrality in 2050. My goal is to experience firsthand the forefront of various technological research and practical measures aimed at decarbonization and to manage to commercialize even one of these.

 **Kojima:** I would like to support female employees in their daily work so that they can achieve a good balance between work and childcare and so that junior employees can work without guilt.



Sustainable supply chain

Basic Stance

Based on our corporate philosophy, our Group policy is to contribute to the development of a sustainable society through open and honest corporate activities.

Having placed the highest priority on social responsibility and environmental friendliness, we are working to build a sustainable supply chain and ensure its stable and proper operation. We have established a cooperative framework with our partners to improve energy efficiency, optimize the use of resources, and implement ethical procurement, in pursuit of a more sustainable future.

In addition, as a trading company that connects suppliers and customers, we are working to improve our supply chain management to ensure that each and every employee complies with laws and regulations and implements ethical behavior that is trusted by society in order to conduct honest and fair transactions with all of our business partners.

Initiatives for building a sustainable supply chain

An ethical supply chains

We will strengthen cooperation and information sharing with suppliers and establish a structure to accurately identify and provide sustainability-related information. We will also regularly monitor our supply chain, including requesting confirmation from suppliers that they are not handling products that conflict with human rights, such as conflict minerals or child labor, in order to build an ethical and transparent supply chain.

Expansion of green innovation-related products

We define products that contribute to environmental friendliness and conservation, such as decarbonization, clean energy, pollution prevention, and recycling/reuse, as green innovation-related products. We set and disclose targets to promote the provision of such products and measure results. We will contribute to improving the sustainability of the entire supply chain, especially in reducing environmental impact, by promoting collaboration with existing suppliers and finding new suppliers based on customer needs, introducing new green innovation-related products, and offering them to a wide range of customers.

Initiatives to ensure stable supply

As a trading company that supports the continuation of our customers' business activities and contributes to the development of industry through the supply of highly credible commercial products and solutions, we are thoroughly implementing supply chain operations to properly fulfill our responsibility to supply commercial products and services. We are working to further improve operations in our daily business, for example, by ensuring stable procurement through close communication with suppliers, and timely and accurate supply through optimal logistics and inventory optimization.

Initiatives going forward

In the future, we can expect to see increased adoption of LCA for GHG emissions and other environmental regulations, as well as increased requests from customers for supply chain surveys. Based on the recognition of its importance to our sustainable growth as well as its contribution to a sustainable society, we will continue to consider various initiatives that embody our basic stance, while strengthening cooperation with our business partners and optimizing the organization and operation of our Group.

Activities to contribute to society

The Seika Corporation Group aspires to continue to be a “valuable company” that contributes to the realization of an affluent society.

We are engaged in a variety of activities, including support for employees’ volunteer activities in the disaster-affected areas and donations through the Central Community Chest of Japan.

Regional revitalization and support activities

Donation of 600,000 masks

We donated approximately 600,000 non-woven hydro-silver titanium masks manufactured by DR.C Medical Medicine Co., Ltd. to Okayama Prefecture, Yamaguchi Prefecture, Nagasaki Prefecture, Kitakyushu City, Tokyo community chest society, Food Bank OSAKA, Food Bank TAMA, FUKUSHIMA Inochi no Mizu, and others.

Donations to the Red Feather Community Chest

We made donations to the Red Feather Community Chest through the Tokyo community chest society, the Osaka community chest society, the Hokkaido community chest society, and the Sapporo community chest society.

Disaster relief donations through the Japanese Red Cross Society

We made disaster relief donations through the Japanese Red Cross Society.

Donation to the Scholarship Society for Orphans of Fishing Boat Accidents

As a corporate group engaged in the sale of marine engine, we endorsed the purpose of this organization and made a joint donation to it which provides support to children of people who have died or gone missing in accidents at sea while working in the fishing industry, so that they can continue their education with peace of mind.

Donation of surplus calendars and notebooks

- We participated in activities to support child welfare facilities by donating surplus calendars, notebooks, and other items through Food Bank TAMA.
- We donated unused calendars to the 2023 UNESCO Calendar Market organized by UNESCO Sapporo.



Donation of disaster supplies

We donated water to be stored in preparation for a Marunouchi disaster to the NPO FUKUSHIMA Inochi no Mizu.

Donations to regional revitalization efforts

- Donation for the Haboro Shrine Annual Festival.
- Donation for the Nagasaki Port Festival.
- Donation for the Akkeshi Town Fireworks Festival.
- Donation for the Esan Shrine Festival.
- President Sakurai and about 20 other volunteers participated in Operation Daimaruyu Kira Pika (community cleanup event).
- Seven volunteers participated in the Marunouchi Christmas Parade (community cleanup event).



Supporting employees’ volunteer work

We have established internal rules and regulations for supporting volunteer activities, and we support our employees’ participation in volunteer activities.

Humanitarian Aid Activities

Donations to support children with intractable diseases

Through the public interest incorporated association A Dream A Day IN TOKYO, we continuously support children with intractable diseases to make their dreams come true and create happy memories for their families.

Furugi de Vaccine (Vaccines for Used Clothing)

We participated in supporting vaccines for children around the world by donating uniforms that were no longer needed due to replacement.

Plastic bottle cap collection (Vaccines for the World’s Children)

We participated in providing vaccines for developing countries through the collection and donation of plastic bottle caps.

Collection and donation of used stamps

We collected and donated used stamps to support the international health and medical cooperation activities of the Japan Overseas Christian Medical Cooperative Service.



Environmental conservation activities

Reforestation activities

We donated secondhand books to Charibon to support the NPO The Life style Research Institute of Forests, which conducts reforestation activities.

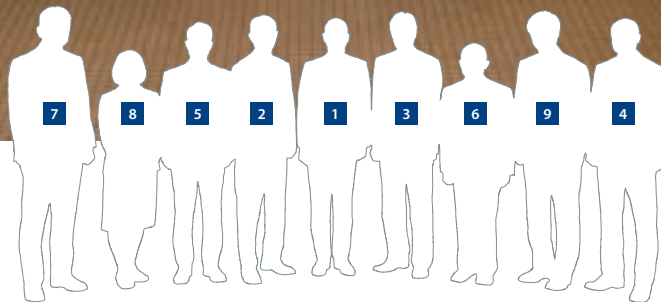
Use of LED fluorescent lighting

We are reducing our environmental impact by gradually replacing fluorescent lights with LEDs in the Company.

Developing the next generation

- We provide electron microscope images free of charge to Suken Shuppan's Photo Science Physics Catalog (a collection of materials for the high school science subjects “Fundamentals of Physics” and “Physics”).
- We demonstrated a children’s educational Schlieren Visualization Measurement Equipment to an elementary school in Iwate Prefecture.
- We sponsored the production of SDG diaries by Plala Inc., a company led by university students in the Kansai region that is working to raise awareness of the SDGs among the younger generation who will lead the future, and donated the diaries to elementary schools that are actively involved in SDG initiatives.
- We installed a Nippon Foundation charity vending machine that will be used to support the Nippon Foundation Kids Support Fund, the Special Fund for Disaster Preparedness, the Umi-Nippon Project, and HEROs. We make small donations on a daily basis.
- Through sponsoring Kyushudenryoku KyudenVoltex (rugby), we are contributing to the promotion of sports in the region and the development of the next generation who will carry it forward.

List of Directors



Director

1 Akihiko Sakurai

President and CEO

Member of the Compensation Review Committee

Attendance at Board of Directors Meetings
100% (14/14 times)

February 1989 Joined the Company
 April 2005 General Manager, Machinery Department II, Osaka Operations Division II
 April 2009 President, Seika Shanghai Co., Ltd.
 April 2011 General Manager, Strategic Planning Department, Corporate Planning Division and General Manager, Asian Market Department, the Company
 April 2013 Executive Officer; General Manager, Tokyo Operations Division I
 April 2014 Executive Officer; Deputy General Manager, Business Control Division, Industrial Machinery Region
 June 2014 Director; Senior Executive Officer; Deputy General Manager, Business Control Division, Industrial Machinery Region
 April 2015 Director; Managing Executive Officer; General Manager, Business Control Division, Industrial Machinery Region
 April 2016 Director; Managing Executive Officer; General Manager, Business Control Division
 April 2018 Representative Director; President and CEO (to present)

2 Yasumasa Kawana

Director

Senior Managing Executive Officer in charge of planning

Attendance at Board of Directors Meetings
100% (14/14 times)

April 1984 Joined the Company
 April 2010 General Manager, Strategic Planning Department, Corporate Planning Division and Deputy General Manager, Internal Audit office and Deputy General Manager, Affiliated Company Supervision Division
 April 2011 General Manager, Nagoya Branch, Osaka Operations Division II
 April 2013 Director and Deputy President, Nippon Daiya Valve Co., Ltd. (seconded)
 July 2013 President and CEO
 April 2015 Executive Officer, the Company; President and CEO, Nippon Daiya Valve Co., Ltd. (seconded)
 April 2016 Senior Executive Officer, the Company; President and CEO, Nippon Daiya Valve Co., Ltd. (seconded)
 April 2017 Senior Executive Officer, the Company; General Manager, Subsidiary and Affiliate Business Strategy Division and General Manager, Subsidiary and Affiliate Administration Department
 June 2017 Director; Senior Executive Officer, the Company; General Manager, Subsidiary and Affiliate Business Strategy Division and General Manager, Subsidiary and Affiliate Administration Department
 April 2019 Director; Managing Executive Officer; General Manager, Subsidiary and Affiliate Business Strategy Division
 October 2020 Director; Managing Executive Officer; General Manager, Subsidiary and Affiliate Business Strategy Division and General Manager, Business Strategy Department
 November 2020 Director; Managing Executive Officer; General Manager, Subsidiary and Affiliate Business Strategy Division
 October 2021 Director; Managing Executive Officer; General Manager, Corporate Planning Division and General Manager, Subsidiary and Affiliate Business Strategy Division
 April 2022 Director; Senior Managing Executive Officer in charge of planning (to present)

3 Hirohisa Masuda

Director
Managing Executive Officer in charge of administration

Member of the Compensation Review Committee

Attendance at Board of Directors Meetings
100% (14/14 times)

April	1983	Joined the Company
April	2008	General Manager, Nagasaki Branch, Kyushu Business Operation Division
April	2013	General Manager, Strategic Planning Department, Corporate Planning Division; Deputy General Manager, Internal Audit office
April	2014	Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region
April	2015	Executive Officer; Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region
April	2016	Executive Officer; General Manager, Global Business Division; General Manager, Overseas Business Department
April	2017	Executive Officer, the Company; Representative Director and President, Nippon Daiya Valve Co., Ltd. (seconded)
April	2019	Senior Executive Officer, the Company; Representative Director and President, Nippon Daiya Valve Co., Ltd. (seconded)
April	2022	Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division, the Company
June	2022	Director; Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division
April	2024	Director; Managing Executive Officer in charge of administration (to present)

5 Kiyomi Miyata

Outside Director

Chairperson of the Nomination Review Committee

Member of the Compensation Review Committee

Attendance at Board of Directors Meetings
100% (14/14 times)

April	1969	Joined HOSOKAWA MICRON CORPORATION
December	1998	Director
December	2003	Vice President
December	2008	Representative Director, President
February	2009	Director, The Japan Society Of Industrial Machinery Manufacturers
June	2012	Vice Chairman, Hosokawa Powder Technology Foundation
October	2014	Chairman, HOSOKAWA MICRON CORPORATION
December	2017	Full-time Adviser
January	2019	Adviser (Part-time)
June	2020	Outside Director, the Company (to present)

4 Noriyuki Takahashi

Director
Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division

Attendance at Board of Directors Meetings
—

April	1985	Joined the Company
April	2011	General Manager, Business Administration Department, Business Control Division; Manager, Shanghai Office
April	2012	General Manager, Business Administration Department, Business Control Division, the Company
April	2013	General Manager, Business Promotion Department, Business Control Division, the Company; President, Seika Shanghai Co., Ltd.
April	2014	Deputy General Manager, Corporate Planning Division; General Manager, Business Development Department, the Company; President, Seika Shanghai Co., Ltd.
April	2015	Executive Officer; Deputy General Manager, Corporate Planning Division, the Company; President, Seika Shanghai Co., Ltd.
April	2016	Executive Officer; Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region, the Company; President, Seika Shanghai Co., Ltd.
April	2018	Executive Officer, the Company; Director and Deputy President, Shikishimakiki Corporation (seconded)
April	2019	Executive Officer, the Company; Representative Director and President, Shikishimakiki Corporation (seconded)
April	2021	Senior Executive Officer, the Company; Representative Director and President, Shikishimakiki Corporation (seconded)
April	2022	Senior Executive Officer; Deputy General Manager, Business Operation Division (responsible for the energy field), the Company
April	2024	Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division
June	2024	Director; Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division (to present)

6 Masanori Kagami

Outside Director

Member of the Nomination Review Committee

Chairperson of the Compensation Review Committee

Attendance at Board of Directors Meetings
93% (13/14 times)

January	1980	Joined Nippon Yusuki Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)
June	2010	Director, Executive Officer Representative Director and President, Nichiyu MHI Forklift Co., Ltd. Director, Kitakanto Nichiyu Co., Ltd. (to present)
April	2013	Director, Senior Executive Officer, Mitsubishi Nichiyu Forklift Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)
June	2015	Director, Managing Executive Officer
October	2017	Director, Executive Vice President, Mitsubishi Logisnext Co., Ltd.
June	2020	Director and Chairman; Chairman of the Board of Directors
June	2021	Senior Executive Advisor Vice Chairperson, Japan Industrial Vehicles Association Member, Kyoto Chamber of Commerce and Industry
June	2022	Outside Director, the Company (to present)

Director serving as a member of the Audit and Supervisory Committee

7 Tatsuhiko Hirayama

Director
Audit & Supervisory Committee

Chairperson of the Audit and Supervisory Committee

Attendance at Board of Directors Meetings
—

April	1984	Joined the Company
April	2009	General Manager, Takamatsu Branch, Osaka Operations Division I
April	2012	General Manager, Seika Shanghai Co., Ltd.; Manager, Shanghai Office, the Company (seconded)
April	2014	General Manager, Hiroshima Branch, the Company
April	2015	General Manager, Hiroshima Branch; General Manager, Tokuyama Branch
April	2018	Assistant to General Manager, Business Control Division
June	2018	Full-time Auditor
June	2020	Senior Executive Officer; Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region
March	2021	Senior Executive Officer; Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region, the Company; President, Meinan Kyodo Energy
April	2021	Senior Executive Officer, the Company; Representative Director and President, Meinan Kyodo Energy (seconded)
April	2022	Executive Partner, the Company; Representative Director and President, Meinan Kyodo Energy (seconded)
June	2024	Director, Full-time Audit & Supervisory Committee (to present)

8 Yuko Shirai

Outside Director
Audit & Supervisory Committee

Member of the Nomination Review Committee

Attendance at Board of Directors Meetings
100% (14/14 times)

April	1986	Registered as attorney (Tokyo Bar Association)
April	1991	Established Wing Law Office (formerly Shin-Yotsuya Law Office) (Partner)
April	2004	Director, Kanto Federation of Bar Associations
April	2005	Expert Committee Member and Conciliation Committee Member, Tokyo District Court
May	2009	Chair, Shinjuku Ward Board of Education
April	2010	Auditor, Japan Federation of Bar Associations
April	2011	Auditor, Japan Intellectual Property Arbitration Center
April	2012	Vice-President, Tokyo Bar Association
October	2013	Chair, Shinjuku Ward Board of Education
June	2015	Outside Director, the Company
April	2016	Audit Commissioner, Shinjuku Ward, Tokyo (Part-time)
April	2019	Chief Audit Commissioner (Part-time)
June	2021	Independent Director, ANEST IWATA Corporation (to present)
June	2022	Outside Director (Member of the Audit and Supervisory Committee), the Company (to present)

9 Yoshihiko Nakamura

Outside Director
Audit & Supervisory Committee

Member of the Compensation Review Committee

Attendance at Board of Directors Meetings
100% (10/10 times)

November	1979	Joined Peat Marwick Mitchell & Company (present: KPMG AZSA LLC)
March	1983	Registered as certified public accountant
October	1994	Partner (Representative), Minato Audit Corp. (present: KPMG AZSA LLC)
October	2003	Partner, KPMG AZSA LLC
June	2019	Substitute Auditor, the Company
July	2019	Established Certified Public Accountant Yoshihiko Nakamura Accounting Office (to present)
June	2020	Outside Director, MITSUBISHI MOTORS CORPORATION Outside Auditor, the Company
June	2022	Outside Director (Member of the Audit and Supervisory Committee), the Company (to present)
June	2023	Outside Director, MITSUBISHI MOTORS CORPORATION, Member of the Audit Committee (Chairperson) (to present)

Outside Director Roundtable

To be a company with high standards of governance befitting the Prime Market



Yuko Shirai

Outside Director
Audit & Supervisory
Committee



Kiyomi Miyata

Outside Director



Masanori Kagami

Outside Director



Yoshihiko Nakamura

Outside Director
Audit & Supervisory
Committee

Q. How would you evaluate the effectiveness and management of the Board of Directors?

Shirai From 2015, when I was elected as Director, to the present, the Company has continuously worked to improve and strengthen its governance structure in response to the guidelines of the Corporate Governance Code. I am aware that the discussions at Board meetings have become much deeper, partly due to the fact that many outside eyes are now present.

I feel that the operation of the Board of Directors is steadily improving in terms of effectiveness through the PDCA cycle based on the annual evaluation of the effectiveness of the Board of Directors. For example, a proposal from Outside Director led to the establishment of a Directors' residential training before the COVID-19 pandemic, and today, the

Meeting of Directors for Intensive Deliberations is held separately from the Board of Directors meetings. I believe that the participants were able to share their awareness of topics that could not be fully discussed in the past and created an atmosphere in which opinions could be freely exchanged.

Miyata I feel that meetings of the Company's Board of Directors provide a forum for the active exchange of opinions, both internally and externally, in a free and open atmosphere, and are a forum for fulfilling deliberations. During my four years in office, I have always taken an outside perspective and have not hesitated to say what I feel needs to be said.

Kagami In our Board of Directors' meetings, the chairperson listens carefully to the opinions of each Director, and then compiles them appropriately. We highly evaluate the sound operation of the Board of Directors.

In terms of effectiveness, we believe that there are issues to be addressed in terms of continuous follow-up on homework assignments made by the Board of Directors and the provision of information to Outside Directors. In terms of providing information, the Company gives sufficient consideration to us Outside Directors by providing us with materials and lectures in advance. However, there is still a large gap in the amount of information between internal Directors and their external counterparts. More opportunities to gather information, such as visits to business locations and participation in internal events, would probably deepen discussions at Board meetings.

Q. How are Outside Directors involved in the formulation and progress of the Long-Term Management Vision “VIORB 2030” and the Medium-Term Management Plan “VIORB 2030 Phase 1”?

Shirai Regarding the Long-Term Management Vision, although there were early discussions about the Company's vision for the future 10 years from now, nothing concrete was developed. Rapid changes in the external environment in the 2020s, such as the reorganization of the Tokyo Stock Exchange market and the government's carbon neutrality declaration, led to many discussions at the Company, including the redefinition of the management axis and the identification of materiality. In the course of these discussions, we have clarified the management perspective from which to envision the next 10 years and the phases of the process leading to that point. It is my understanding that this is what led to the formulation of VIORB 2030.

Kagami I was appointed in 2022, and although I was not involved in the formulation of VIORB 2030, I was involved in the current Medium-Term Management Plan from the formulation stage. What I emphasized during the formulation process was that it should be consistent with the Corporate Philosophy and Motto and the higher-level strategy, VIORB 2030 and that the milestones should be clear. Recognizing that strategy is language, I also said that special attention should be paid to the definition and positioning of words as well as naming.

When promoting the Medium-Term Management Plan, we encourage executives to be proactive in risk-taking without excessive fear of risk when making business investment decisions, and we advise them on the importance of recording and analyzing each process in order to evaluate the appropriateness of setting targets for the first fiscal year's figures, which exceeded the targets.

Nakamura When preparing the Medium-Term Management Plan, we checked the draft plan from the perspective that the management team responsible for execution must take appropriate risks to achieve the goals, focusing on the following points: (1) whether the facts and data on which the plan is based are correct, (2) whether the study



is comprehensive, and (3) whether the plan is realistic and does not put undue pressure on divisions or employees. In addition, when promoting the Medium-Term Management Plan, executives need to take a flexible approach, always keeping a close eye on market conditions, rather than simply formulating a plan once and then sticking to it until the end. If there are any environmental changes that necessitate a review, I would like to point out such changes.

Q. Please give us your view on Seika Corporation's strengths

Kagami The first is that we have a group of suppliers consisting of leading manufacturers and a highly creditworthy blue-chip customer base, both of which have a long track record of business transactions and excellent human resources that have built a relationship of trust with us. The second is that we have clarified our position as a trading company specializing in machinery and have established a competitive advantage in the market by concentrating our resources in the energy field, which is our core business, and in unique niche product areas. And the third is that we are a company with a long history, and the spirit that has been with us since our founding has been carried on for a long time, right up to the present day.

Miyata Our greatest strength is our team of talented people. The Energy Business, which is the foundation of our earnings, the Industrial Machinery Business, which has many blue-chip customers, and the Product Business, which has a unique lineup of high-quality products in niche areas, have accumulated excellent human resources in their respective business fields, and support the business development of the Group by leveraging the products they handle and their customer bases across business divisions.

Shirai The first is the fact that the Company's Energy Business plays a role in the Japanese energy sector. I am proud to be Director at such a company, and I always tell our employees to take pride in the fact that their company

supports Japan's energy industry. The second is the on-site ability to maintain a customer-first approach. Our uncompromising approach to customer service has earned us the trust of our customers and has become the business foundation that supports our business performance. I hope that these strengths will be broadly and continuously communicated to improve the brand power of Seika Corporation.

Q. What do you consider to be the challenges and anticipated risks that need to be overcome in order to achieve sustainable growth?

Nakamura Our consolidated operating profit has nearly doubled over the past four years, and our consolidated ratio has increased from 1.6 times to 2.9 times. Despite the rapid growth of business and significant changes in the earnings structure, the governance structure of the Group is still centered on Seika Corporation alone and has not kept pace with the current expansion of the Group. We therefore recognize the urgent need to upgrade the Group's governance system to a level commensurate with today's business conditions and scale. In terms of individual points of discussion, we believe that it is time for the parent company to strengthen governance over Group companies and promote the development of internal control systems for each Group company, as well as to expand the CFO function to include not only numerical management but also management of business strategies based on financials.

Kagami While many companies are working toward the achievement of a sustainable society, we are also taking a variety of measures to appropriately address a wide range of sustainability issues, but we recognize that there are particular challenges in the areas of decarbonization, risk management, and human resources, and we are closely monitoring progress in each of these areas. Under decarbonization, we are working to expand our decarbonization business, including the expansion of environmentally friendly products and improving our ability



to provide solutions to environmental issues faced by our customers. This is a topic directly related to the fulfillment of our Long-Term Management Vision, and as Outside Director, I am urging the executives to accelerate their efforts in this area. In addition, in the area of risk management, efforts are being advanced with the aim of establishing a systematic risk management system, including the creation of a risk map that also includes the supply chain. Moreover, regarding risk management associated with business investments, we have been working to establish a framework. For new investments, we had not yet developed a system to manage the important process of first defining requirements → monitoring against targets → following up → making interim decisions on whether to continue with the investment or not. We have therefore formulated a management frame for business investment this fiscal year. We are now at the stage of considering specific points of deliberation for each process, and we will closely monitor the execution status. In terms of human resources, we have many exceptionally talented employees, and I hope that the individual knowledge of each employee will be combined as collective knowledge to raise the level of the Company.

Q. Please tell us what you think about the Company's human capital strategy

Miyata Strengthening human capital, which has been the focus of much social attention in recent years, is also an important issue from the perspective of sustainability, and we believe that it is a topic that should be addressed on a priority and ongoing basis. Based on the view that the foundation of a company is its people, we have significantly increased training expenses over the past several years and introduced a variety of training programs, which we have evaluated favorably. However, it will be necessary to further strengthen investment in human resource development through systematic employee training and development programs.

In addition, the new personnel system that was launched in April 2024 reorganized the job classifications from traditional two positions (career and non-career) to three positions (managerial, specialist, and expert), and eliminated seniority-based pay, introducing a role-based grading system that evaluates and rewards employees based on their roles and achievements. In line with this, we expect to make progress in revising the evaluation system, etc., but we believe that time-consuming efforts and verification will be necessary to optimize the operation.

Nakamura Human resource strategy should be considered from two perspectives: short-term and long-term. Although we are making steady progress in our efforts from a long-term perspective, including human resource development to raise the level of organizational capabilities and the promotion of the active participation of women, we should



also consider the appointment of external personnel as a means to reform the Company's culture by mixing in different elements in our short-term strategy to develop and operate the new Group structure mentioned above.

Shirai With respect to developing management personnel, the Nomination Review Committee* plays an important role beyond reviewing and reporting on personnel proposals. As part of the short-term succession plan for the selection of Board members for the next term, we provide an opportunity to take time to exchange opinions with the purpose of learning about the personalities and perspectives of each candidate for Director. This is one example of the Committee's function in terms of pooling the next generation of management talent.

As a long-term succession plan, or next leader development program, which is a preliminary step, we provide various polished training programs every year, such as training under the direct supervision of the President, mock management meetings, and being dispatched to training programs using external educational institutions, for prospective employees. In employee education, the development of diverse training programs, including the promotion of the active participation of women, has been steadily progressing. As for future issues related to human resource development, I personally believe that it is important for the organization to promote the association of various training programs and career paths, i.e., what knowledge and experience to provide at what career stage.

*The Nomination Review Committee is made up of Independent Officers (Outside Directors)

Q. How do you view your own role as an Outside Director?

Kagami My personal view on the role of Outside Director is that they must provide advice and recommendations from a broad perspective, always (1) checking the suitability and appropriateness of business execution, with particular emphasis on the President at the top; (2) never losing

sight of whether various judgments and decisions are linked to enhancing the Company's corporate value; (3) supporting the execution of business while doing their best to avoid excessive consideration or reserve; and (4) always considering how to apply one's experience in different industries to the Company.

Shirai I am mindful of the three perspectives that are expected of me in this role: lawyer, experienced educational administrator, and woman. From the standpoint of a lawyer in particular, the most pressing issue will be strengthening governance, but I expect that the next management issue to come will be the need to strengthen oversight of business and human rights, and I will be aware of the issues and provide advice on how to audit the concept of respect for human rights.

Nakamura As a member of the Audit & Supervisory Committee, I recognize that my duty is to audit the execution of duties by Directors from an objective and fair standpoint, from the perspective of a monitoring model oriented toward a Board of Directors that specializes in supervision.

In particular, as the selection of companies to remain on the Prime Market is expected to become more and more competitive in the future, the Company needs to focus on qualitative criteria as well as promoting measures to meet quantitative criteria. I would like to offer advice on how to be a company with high governance, which is a Prime Market concept.

Miyata Based on guidelines such as the For Starters as Outside Directors published by the Tokyo Stock Exchange and others in January 2024, we will strive to provide advice from the perspective of a corporate supervisor, especially by pointing out cases where internal common beliefs diverge from the norm, and by making firm recommendations for promptly changing what needs to be changed while retaining what needs to be retained. By doing so, we will contribute to the achievement of sustainable enhancement of the Company's corporate value.



Corporate Governance

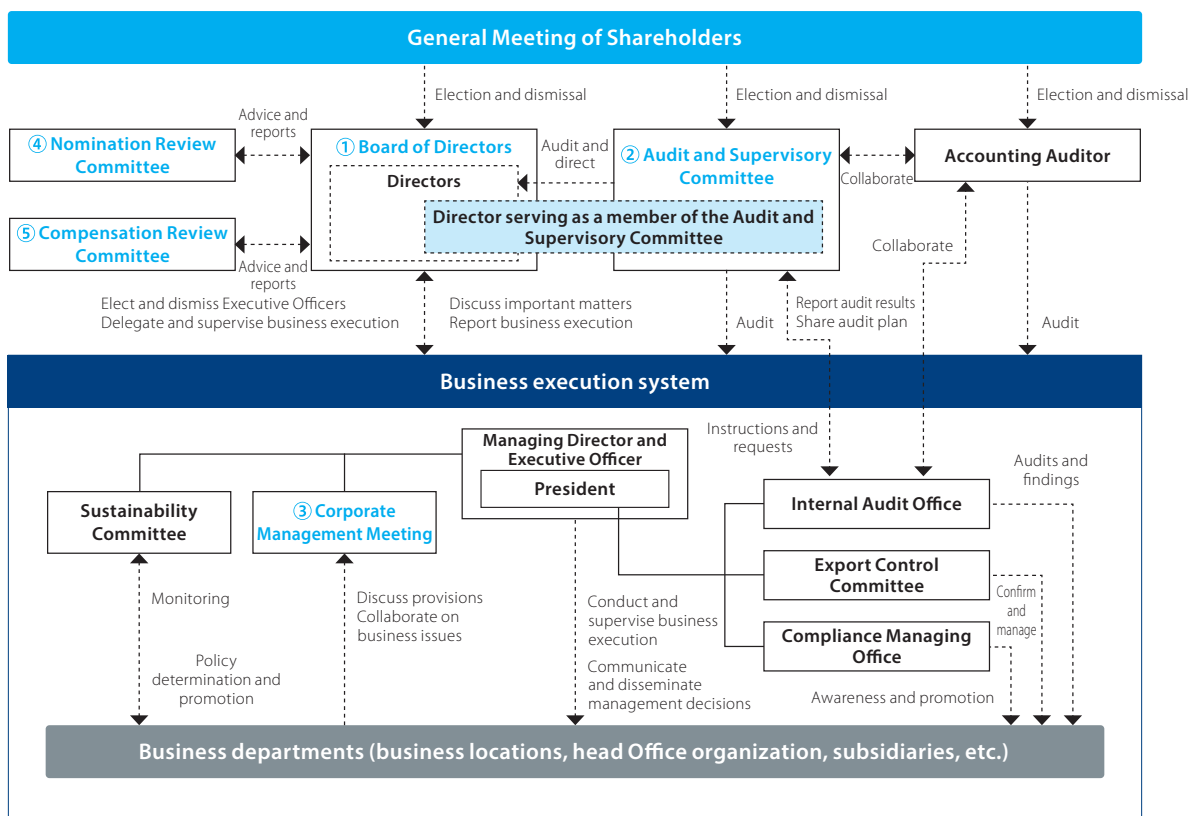
Basic Stance on Corporate Governance

The Company's corporate philosophy is to Contribute to Society Through the Expansion of Business. Based on this philosophy, we are working to enhance our corporate value over the medium- to long-term while building good relationships with all stakeholders. We believe that soundness and transparency of management and prompt decision making and implementation are essential for realizing this, and we are working to enhance our corporate governance. The Company is strengthening its management supervision system through its independent Outside Directors and Audit and Supervisory Committee.

Internal Control

In order to appropriately conduct business while complying with laws and regulations and the Articles of Incorporation, we have established and operate an internal control system and we are working to continuously enhance and improve the system. The current internal control system was established in the Basic Policy of Internal Control System, which was revised on April 1, 2024.

Overview of Corporate Governance System



① Board of Directors

Purpose, Authority: Deliberate and decide on matters stipulated in the Regulations of the Board of Directors in addition to those stipulated in laws and regulations or the Articles of Incorporation.

Members: [Chairperson] Akihiko Sakurai (President and CEO), Yasumasa Kawana, Hirohisa Masuda, Noriyuki Takahashi, Tatsuhiko Hirayama, Kiyomi Miyata (Outside Director), Masanori Kagami (Outside Director), Yuko Shirai (Outside Director), Yoshihiko Nakamura (Outside Director)

Main activities in FY2023

As for the specific content of the Board of Directors' deliberations, there were discussions and resolutions on the establishment of the Sustainability Committee and the identification of the Company's materiality, the transfer of shares in one existing consolidated subsidiary and its subsequent deconsolidation, discussions and resolutions on the revision of the rules regarding the age conditions of executive officers, and discussions on the policy and disclosure content in response to the TSE's request for us to achieve management that is conscious of cost of capital and stock price.

Selection criteria and method of selection of candidates for Directors

Selection criteria

Strategic thinking	Combining foresight, high perspective, and broad vision, the candidate grasps the essence of things, thinks logically—including realism, effectiveness, and prioritization—and come up with fundamental and constructive strategies.
Transformational leadership	The candidate will correctly assess changes in the times and environment as well as our own situation and challenges, and promote corporate reform and growth with a challenging spirit, bold determination, and firm will, without getting caught up in past examples.
Fixation on results	The candidate has a passionate sense of mission and a strong sense of responsibility for corporate management and goals, and while maintaining a cool-headed and rational perspective and judgment, the candidate never gives up, persists in his or her efforts, and remains committed to achieving results.
Organizational development skills	The candidate will accurately identify and analyze the most important objectives and issues, establish the essential and optimal systems to realize and overcome them in a timely manner, disseminate the strategy and mission, and maximize the organization's energy.
Human resources development capabilities	Recognizing that the Company's greatest management resource is its human resources, the candidate will do everything in his or her power to develop human resources, along with enhancing their motivation, to promote the growth of each and every employee and to improve their groundwork.

Selection (evaluation) method

After the President makes a plan for the evaluation and selection of Director candidates, the Nomination Review Committee reviews the selection process for each Director candidate to ensure that it is reasonable and appropriate in light of the Company's management policies, strategies, and the aforementioned selection criteria, as well as from the perspective of whether the candidate is capable of fulfilling the responsibilities of Director and contributing to the Company's sustainable growth and enhancement of its corporate value.

In addition to the evaluation and selection documents (evaluation worksheet) filled out by the President, each of the Executive Officers, who are the group from which Director candidates are selected, shall be asked to submit a report (discussing their awareness of issues as management team members, management philosophy, etc.) for reference in the screening process. In addition, individual interviews, etc., with potential Director candidates to be selected shall be conducted on an as needed basis to re-examine whether there is any bias or arbitrariness in the President's evaluation.

Selection criteria and method of selection for Representative Director

Selection criteria

In addition to those listed above, the qualities required of a Representative Director include the following

The ability to take criticism (being able to control his or her own mental state)

The ability to gather information

The ability to inspire employees

Clear communication skills (to many stakeholders)

Fearlessness (willing to take risks)

Selection (evaluation) method

The President drafts an evaluation and selection proposal for several candidates for Representative Director. The Nomination Review Committee then examines both the content of the evaluation and whether the selection process is rational and reasonable, keeping in mind the overall evaluation of whether the person in question is capable of properly leading the Company's sustainable growth and enhancement of corporate value.

Internal Directors' reasons for election

Name	Reasons for election
Akihiko Sakurai President	Mr. Akihiko Sakurai has been in charge of the management of the Company as Representative Director, President and CEO since April 2018. The Company believes that he has led the Company in the right direction by making calm and appropriate judgments and actions while maintaining a challenging mindset, even in matters requiring difficult management decisions that arose from time to time. The situation surrounding the reform and growth based on the long-term growth strategy that started in fiscal year 2022 and the medium-term management plan released in fiscal year 2023 still do not allow for optimism. Thus, the Company has nominated him so that he can continue to fulfill his responsibilities as Director.
Yasumasa Kawana Director	Mr. Yasumasa Kawana has been Director of the Company since June 2017 and played a part in the management of the Company. From a perspective of business execution, he has served as an officer in charge and General Manager relating to group strategy and corporate planning, and also as President of the Company's consolidated subsidiary. Based on his broad experience and in-depth insight, he has a global and group-wide strategic mindset with a higher perspective, as well as excellent capabilities in organizational development and personnel training, and the Company believes that he is capable of driving innovation and growth for the Company. Thus, the Company has nominated him again as Director.
Hirohisa Masuda Director	Mr. Hirohisa Masuda has been playing a part in the management of the Company as Director since June 2022. In terms of business execution, he had led the solid performance most recently as General Manager of the Business Operation Division responsible for leading the entire sales department, and as President of Nippon Daiya Valve Co., Ltd., a consolidated subsidiary of the Company, until the end of March 2022. In addition, he has sufficient capability in management, including organizational development and human resource development. Accordingly, the Company believes that he is capable of contributing to the enhancement of the corporate value and sustainable development of the Company. Thus, the Company has nominated him again as Director.
Noriyuki Takahashi Director	Mr. Noriyuki Takahashi had been involved in the management of Shikishimakiki Corporation, a consolidated subsidiary of the Company, as President until the end of March 2022, working for and making achievements in addressing issues, such as improvement of the management practices of the company. In addition, after his return to the Company, he successfully led and completed the succession of the agent business related to nuclear power generation equipment, which was a project of unprecedented difficulty, as a project team leader. As shown in his experience and achievements, he has excellent conceptual abilities and leadership. Believing that he is capable of contributing to the enhancement of the corporate value of the Company, the Company has nominated him as Director.

Requirements for Outside Directors

The candidate must be capable of fulfilling the obligations of due care and loyalty required by the Companies Act, and must be able to exercise practical judgment based on a wealth of experience. He or she must possess a high perspective and broad outlook, as well as experience in actual corporate management or a high level of expertise in legal, financial, accounting, etc. The candidate can be expected to provide advice and oversight from a perspective and consideration different from that of Internal Directors at meetings of the Company's Board of Directors.

Reasons for selection of Outside Directors and main activities

Name	Attendance	Reasons for election	Main activities
Kiyomi Miyata Outside Director	Board of Directors 100% (14/14 times) Nomination Review Committee 100% (5/5 times) Compensation Review Committee 100% (9/9 times)	Mr. Kiyomi Miyata has monitored and supervised the Company's management from an independent perspective as Outside Director since June 2020. He has also been active as the Chairperson of the Nomination Examination Committee and a member of advisory bodies, fulfilling his duties appropriately. Mr. Miyata previously held important posts such as Representative Director and President of HOSOKAWA MICRON CORPORATION. Based on his extensive experience, he has a higher viewpoint and broad view and can be expected to provide advice and supervision from a perspective different from internal directors. Thus, the Company has nominated him again as Outside Director.	Mr. Kiyomi Miyata attended all of the meetings of the Board of Directors held during the fiscal year under review, expressing accurate views and providing useful opinions on matters ranging from overall management to sales-related issues, based on his extensive experience and insight as a business manager, and contributing to enhancing the Company's corporate value. He also serves as a member of the Compensation Review Committee, which provides opinions and recommendations on the assessment of bonuses for Directors and on the review of the executive remuneration system, and as the Chairperson of the Nomination Review Committee, which examines the selection process and evaluation of candidates for Representative Directors and Directors and reports the results to the Board of Directors.
Masanori Kagami Outside Director	Board of Directors 93% (13/14 times) Nomination Review Committee 100% (5/5 times) Compensation Review Committee 100% (9/9 times)	Mr. Masanori Kagami has monitored and supervised the Company's management from an independent perspective as Outside Director since June 2022. He has also been active as the Chairperson of the Remuneration Examination Committee and a member of advisory bodies, fulfilling his duties appropriately. He has held important positions such as Director and Chairman of Mitsubishi Logisnext Co., Ltd. With his practical sense and a higher viewpoint backed by his experience, he can be expected to make proposals from a perspective different from internal directors. Thus, the Company believes that he is capable of contributing to the enhancement of management structure of the Company, and has nominated him again as Outside Director.	Mr. Masanori Kagami attended 13 out of 14 meetings of the Board of Directors held after his assumption of office of Outside Director, expressing accurate views and providing useful opinions on matters ranging from overall management to sales-related issues, based on his extensive experience and insight as a business manager, and contributing to enhancing the Company's corporate value. He also serves as the Chairperson of the Compensation Review Committee, which provides opinions and recommendations on the assessment of bonuses for Directors and on the review of the executive remuneration system, and as a member of the Nomination Review Committee, which examines the selection process and evaluation of candidates for Representative Directors and Directors and reports the results to the Board of Directors.

Skills matrix

Name	Independence	Skills expected by the Company (knowledge, experience, abilities)						
		■ Male ◆ Female	Corporate management / business strategy	Finance / Accounting	Legal affairs / Compliance	Industry knowledge / Marketing	ESG Sustainability	Internationality
Directors (excluding Members of the Audit and Supervisory Committee)	Akihiko Sakurai	■	●		●	●	●	●
	Yasumasa Kawana	■	●	●		●	●	
	Hirohisa Masuda	■	●	●	●	●		
	Noriyuki Takahashi	■	●		●	●		●
	Kiyomi Miyata	●	■	●			●	●
	Masanori Kagami	●	■	●			●	●
Directors Serving as Members of the Audit and Supervisory Committee	Tatsuhiko Hirayama	■	●		●	●		●
	Yuko Shirai	●	◆		●		●	
	Yoshihiko Nakamura	●	■		●			●

Note: The table above does not present all skills possessed by each candidate.

② Audit and Supervisory Committee

Purpose, Authority: Attend major meetings, including the Board of Directors meetings with voting rights, to express opinions based on the audit policy and audit plan, and audit the execution of duties by Directors through reports from accounting auditors, internal audit offices, investigations of subsidiaries and affiliates, investigations of the status of business and assets, etc.

Members: [Chairperson] Tatsuhiko Hirayama, Yuko Shirai (Outside Director), Yoshihiko Nakamura (Outside Director)

Selection criteria for candidates for Audit & Supervisory Committee members

1. The Audit & Supervisory Committee shall establish certain policies for consenting to proposals for the election of Directors serving as members of the Audit & Supervisory Committee, taking into consideration such factors as whether the Audit & Supervisory Committee members are internal or external, full-time or part-time, the number of such members, whether they possess expertise, and what to do in the event of a vacancy.
2. When consenting to the selection of candidates for Directors serving as members of the Audit & Supervisory Committee, and when engaging in the policy of selecting candidates for members of the Audit & Supervisory Committee, the Audit & Supervisory Committee shall carefully consider their eligibility as members of the Audit & Supervisory Committee, taking into consideration such factors as whether they will be able to serve out their full term, whether they can maintain their independence from the business executors, whether they can maintain a fair and unbiased attitude, and whether they are able to evaluate the management of the Company. Persons selected as members of the Audit & Supervisory Committee should have appropriate experience and ability, as well as the necessary financial, accounting and legal knowledge. In particular, at least one persons with sufficient knowledge of finance and accounting should be selected as a member of the Audit & Supervisory Committee.
3. When selecting candidates for Outside Directors to serve as members of the Audit & Supervisory Committee, the Audit & Supervisory Committee shall confirm that there are no independence issues, taking into consideration the relationship with the Company and the parent company, the relationship with the Representative Director, other Directors and key employees, as well as the possibility of attendance at meetings of the Board of Directors and Audit & Supervisory Committee.
4. The Audit & Supervisory Committee shall obtain the views of the Directors and others regarding the designation of Independent Officers and discuss them when necessary.
5. When selecting candidates for internal and Outside Directors serving as members of the Audit & Supervisory Committee, the Audit & Supervisory Committee shall consider, in addition to the matters set forth in the preceding three paragraphs, the matters required to be included in the reference materials for the General Meeting of Shareholders in connection with the proposal for the election of Directors serving as Audit & Supervisory Committee members pursuant to laws and ordinances.

Reasons for selection of Audit & Supervisory Committee members and main activities

Name	Attendance	Reasons for election	Main activities
Tatsuhiko Hirayama Director Audit & Supervisory Committee	Board of Directors — Nomination Review Committee — Compensation Review Committee —	Mr. Tatsuhiko Hirayama has been in charge of the management of Meinan Kyodo Energy, an affiliate of the Company as President until June 2024. In addition, he served as a Full-Time Auditor of the Company for two years until June 2020, and has background and aptitude for auditing and supervising to ensure the soundness of management, in addition to capability of corporate management. Furthermore, before and after serving as an auditor, he had long experience as a person responsible for sales and is well versed in the Company's business. Thus, the Company has newly nominated him as Director and a member of the Audit and Supervisory Committee.	—
Yuko Shirai Outside Director Audit & Supervisory Committee	Board of Directors 100% (14/14) Nomination Review Committee 100% (5/5) Compensation Review Committee —	Ms. Yuko Shirai has monitored and supervised the Company's management from an independent perspective as Outside Director since June 2015, and she has also assumed an auditing function as Director serving as a member of Audit & Supervisory Committee since June 2022. She has been fulfilling both of her duties appropriately. She has specialized knowledge and insight as an attorney, mainly relating to corporate legal affairs, as well as an objective perspective overlooking society in general. The Company judges that she will contribute to ensuring transparency and fairness from a perspective different from internal directors, and thus nominated her again as Outside Director and a member of the Audit and Supervisory Committee.	Ms. Yuko Shirai attended all of the meetings of the Board of Directors and meetings of the Audit and Supervisory Committee held during the fiscal year under review, and provided advice not only from her professional perspective as an attorney but also from an objective perspective overlooking society in general, to ensure the transparency and fairness of the decisions made by the Board of Directors. She also serves as a member of the Nomination Review Committee, which examines the selection process and evaluation of candidates for Representative Directors and Directors and reports the results to the Board of Directors.
Yoshihiko Nakamura Outside Director Audit & Supervisory Committee	Board of Directors 100% (14/14) Nomination Review Committee — Compensation Review Committee 100% (9/9)	Mr. Yoshihiko Nakamura has served as an Outside Auditor of the Company since June 2020 and as Outside Director serving as a member of the Audit and Supervisory Committee since June 2022. He has audited and supervised the legality and appropriateness of the Directors' execution of their duties, and contributed to ensuring the soundness of the management. As a certified public accountant, he has been involved in a number of corporate accounting audits and M&A projects, and has a high level of expertise in corporate accounting and auditing. The Company expects him to provide advice and supervision from a perspective different from internal directors, and thus nominated him again as Outside Director and a member of the Audit and Supervisory Committee.	Mr. Yoshihiko Nakamura attended all of the meetings of the Board of Directors and meetings of the Audit and Supervisory Committee held during the fiscal year under review, and made comments from his professional perspective as a certified public accountant, to ensure the legality and validity of the decisions made by the Board of Directors as a Member of the Audit and Supervisory Committee. In addition, he gave advice on the development of internal control of overseas subsidiaries of the Company based on his experience in auditing global companies at a leading auditing firm. He also serves as a member of the Compensation Review Committee, which provides opinions and recommendations on the assessment of bonuses for Directors and on the review of the executive remuneration system.

*As Mr. Tatsuhiko Hirayama was newly elected and assumed office at the 101st Annual General Meeting of Shareholders held on June 26, 2024, his attendance and main activities in FY2023 are not stated.

③ Corporate Management Meeting

Purpose, Authority: Prior consultation on matters to be submitted to the Board of Directors and deliberation and decision on matters delegated by the Board of Directors.

Members: [Chairperson] Akihiko Sakurai (CEO), Yasumasa Kawana, Hirohisa Masuda, Noriyuki Takahashi, Tatsuhiko Nojiri, Katsumi Nakamura, Akira Yumen, Yuji Honda, Yuki Kinoshita, Takuji Kawai

④ Nomination Review Committee

Purpose and authority: To review the selection process and evaluation of candidates for Representative Director and Director, as well as to evaluate the selection of executive officers and the selection of their positions, and report the results to the Board of Directors.

Members: [Chairperson] Kiyomi Miyata(Outside Director), Masanori Kagami(Outside Director), Yuko Shirai(Outside Director and Audit & Supervisory Committee)
[Observer] Yoshihiko Nakamura(Outside Director and Audit & Supervisory Committee)

The Nomination Review Committee, which is voluntarily established as an advisory body to the Board of Directors, consists of four people, including three committee members who are Outside Directors and one observer. Five regular meetings were held during the fiscal year under review, and except for one meeting at which one observer was absent, all meetings were attended by all the members and the observer. Based on consultation from the Board of Directors, the Committee deliberates on the selection criteria for candidates for positions of Representative Director and Director, reviews the selection process and evaluation details of candidates for positions of

Representative Director and Director, and reviews the evaluation details of the selection of Executive Officers and Executive Officers with titles and reports to the Board of Directors. In addition, meetings to exchange opinions with the President and Chief Executive Officer and the Audit and Supervisory Committee, individual interviews with Executive Officers who are not Directors, and individual interviews with persons eligible for the human resources development program for management are also being vigorously conducted, and the Committee is fulfilling its intended role in supporting the development of a Succession Plan.

⑤ Compensation Review Committee

Purpose, Authority: Prepare assessment proposal for executive bonuses of Representative Directors and deliberate assessment proposals for executive bonuses of other Directors and Executive Officers, and report the results to the Board of Directors.

Members: [Chairperson] Masanori Kagami(Outside Director), Kiyomi Miyata(Outside Director), Yoshihiko Nakamura(Outside Director and Audit & Supervisory Committee) Akihiko Sakurai, Hirohisa Masuda
[Observer] Yuko Shirai(Outside Director and Audit & Supervisory Committee)

The Compensation Review Committee, which is voluntarily established as an advisory body to the Board of Directors, consists of a total of five committee members (three Outside Directors, two Internal Directors) and one observer who is Outside Director. Nine regular meetings were held during the fiscal year under review, all of which were attended by all the members and the observer. In the course of these discussions, the abolishment of the stock remuneration-type stock options system and the introduction of a new Board Incentive Plan (BIP), a compensation

plan for officers, as an alternative stock remuneration plan were considered and discussed, and the results were reported to the Board of Directors. In addition, with the participation of members limited to those who are Outside Directors, regarding executive bonuses for Managing Directors, the Committee proposed a bonus assessment plan for the President and Chief Executive Officer. It then conducted a review of bonus assessment plans for those other than the President and made reports, fulfilling its expected role as Compensation Review Committee.

Evaluation of the Effectiveness of the Board of Directors

In order to confirm whether the Board of Directors is effectively fulfilling its roles and responsibilities, and to identify issues and improvement measures to build a better Board of Directors, the Company has established a system for evaluating the effectiveness of the Board of Directors since FY2017, and has been conducting a self-evaluation questionnaire for Directors. In FY2020, analysis and evaluation were also conducted by external organizations.

The implementation guidelines for the evaluation of the effectiveness of the Board of Directors and results of its analysis and evaluation for FY2023 (April 2023 to March 2024) are as follows.

1. Method of evaluation

(i) All of the Company's Directors (including Directors serving as Members of the Audit and Supervisory Committee) answered a self-assessment questionnaire as well as open-ended questionnaires regarding issues to be addressed, etc.

(ii) The secretariat of the Board of Directors compiled the results of the questionnaire, analyzed the results, and conducted a comprehensive evaluation, and its summary was reported to the Board of Directors.

(iii) The contents of the summary was acknowledged and reviewed by the Company's Board of Directors and respective Directors, and they shared their awareness of issues to be addressed in the future, etc.

(Self-Evaluation Questionnaire)

- ① Composition and operation of the Board of Directors (10 questions)
- ② Management strategy and business strategy (7 questions)
- ③ Corporate ethics and risk management (6 questions)
- ④ Monitoring of business execution and nomination and compensation of management (5 questions)
- ⑤ Dialogue with shareholders (2 questions)
- ⑥ General question (1 question)

2. Analysis and evaluation results

The effectiveness of the Board of Directors is judged to be ensured, considering the fact that all members of the Board of Directors have affirmatively self-assessed and responded to the general question "Overall, the Board of Directors is functioning effectively." With regard to individual questions, there were a considerable amount of self-evaluation and answers other than "appropriate" in reviewing the business portfolio, understanding risks and establishing countermeasures, inspecting the business model and confirming that business processes were being reformed, etc., and there were also specific comments appended regarding issues. Therefore, the Board of Directors identified the areas for improvement.

3. Initiatives going forward

With regard to issues and matters to be improved identified by this evaluation of the effectiveness of the Board of Directors, the Board of Directors will adopt them individually as proposals at future meetings of the Board of Directors, and fully discuss improvement measures, etc., and follow up on their responses and implementation.

Executive Remuneration System (Details of Remuneration)

Policy on determining the amount of executive remuneration, etc. and its calculation method

Director (excluding Directors serving as Members of the Audit and Supervisory Committee)

Remuneration, etc. for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee) of the Company consists of basic remuneration (fixed remuneration) based on internal regulations, as well as (excluding Outside Directors) bonuses linked to short-term performance, and (excluding Outside Directors) stock remuneration linked to medium- to long-term performance.

In order to conduct the management conscious of expanding Group revenue, bonuses are calculated by multiplying consolidated operating profit and consolidated profit before income taxes, without consideration for the amount of size-based corporate taxes, by a calculation rate based on the achievement of the numerical targets for consolidated operating profit under the Medium-Term Management Plan and a factor depending on rank for payment.

Remuneration for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee) of the Company was limited to a maximum of 300 million yen per annum (including up to 30 million yen for Outside Directors) by resolution of the General Meeting of Shareholders held on June 28, 2022. At the time, six (6) Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee; including two (2) Outside Directors) were subject to this resolution, but the limit of 300 million yen per annum was calculated on the premise of a maximum of eleven (11) Directors, which is the maximum number allowed under the Company's Articles of Incorporation.

The stock remuneration is to be granted for "up to 240 million yen and 160,000 shares" (up to 60 million yen and 40,000 shares per fiscal year) for four consecutive fiscal years starting with the general meeting of shareholders held on June 26, 2024. At this time, four (4) Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee and Outside Directors) are subject to this resolution, but the limit of "240 million yen

and 160,000 shares" for four consecutive fiscal years is calculated on the premise of a maximum of eleven (11) Directors, which is the maximum number allowed under the Company's Articles of Incorporation, reduced by the number of Outside Directors. In order to clarify the connection between Directors' remuneration and the Company's business performance and stock value, and to raise Directors' awareness of the need to contribute to improving the Company's business performance and increasing its corporate value over the medium to long term, stock remuneration is calculated by multiplying a performance-linked coefficient based on the Company's market capitalization, the consolidated ROE among the quantitative management targets in the Medium-Term Management Plan, the achievement status of items set forth in the Medium-Term Management Plan, and the amount of stock remuneration for each position.

Under the decision policy described above, remuneration, etc. for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee) of the Company is paid based on regulations resolved by the Board of Directors after extensive discussions, and within the limit approved by resolution of the General Meeting of Shareholders. Remuneration, etc. for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee) for the fiscal year under review is therefore deemed to be in accordance with the decision policy described above.

In order to reinforce fairness, objectivity, transparency and accountability, the Company has established the Compensation Review Committee as a voluntary body under the Board of Directors. A majority of the members of the Compensation Review Committee are Independent Officers (Outside Directors). Remuneration, etc. for individual Directors is decided by the Board of Directors after deliberation and recommendations by the Compensation Review Committee.

Director serving as a member of the Audit and Supervisory Committee

Remuneration for Directors Serving as Members of the Audit and Supervisory Committee of the Company was limited to a maximum of 51 million yen per annum by resolution of the General Meeting of Shareholders held on June 28, 2022. At the time, three (3) Directors Serving as Members of the Audit and Supervisory Committee were subject to this resolution, and the limit of 51 million yen per annum was calculated on the premise of a maximum of four (4) Directors Serving as Members of the Audit and Supervisory Committee, which is the maximum number allowed under the Company's Articles of Incorporation.

Individual amounts are determined upon consultation with the Directors serving as Members of the Audit and Supervisory Committee.

Total amount of remuneration, etc. for each category of officers, total amount by type of remuneration, etc., and number of eligible recipients

Category of officers	Total remuneration (Million Yen)	Total remuneration by type (Million Yen)			Number of eligible recipients
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director (excluding Members of the Audit and Supervisory Committee and Outside Directors)	275	124	123	27	4
Audit & Supervisory Committee (excluding Outside Directors)	19	19	–	–	1
Outside Directors and Outside Auditors	33	33	–	–	4

1 Performance-linked remuneration consists of a bonus of 123 million yen for Directors (excluding Members of the Audit and Supervisory Committee and Outside Directors).

2 Non-monetary remuneration consists of stock remuneration-type stock options of 27 million yen for Directors (excluding Members of the Audit and Supervisory Committee and Outside Directors).

Cross-shareholdings

Policy on cross-shareholdings

The Company holds shares of companies that it deems necessary to maintain and strengthen business relationships in light of the nature of transactions with business partners and the size and duration of transactions. The Company's basic policy is to dispose of and reduce cross-shareholdings, as soon as possible, when they are deemed to have little significance in holding them. Each year, the Board of Directors closely examines whether the purpose of holding individual cross-shareholdings is appropriate and whether the benefits and risks associated with holding them are commensurate with the cost of capital, and discloses the results of the verification in the Annual Securities Report.

Policy on exercising voting rights in cross-shareholdings

With respect to the exercise of voting rights in shares held by the Company, the Company will review each proposal to determine whether it contributes to the enhancement of the Company's corporate value over the medium- to long-term, while respecting the management policy of the relevant company, and make a comprehensive judgment.

Number of issues and amounts reported in the balance sheet

	Number of issues	Total amount reported in the balance sheet (Million Yen)
Unlisted stock	27	441
Shares other than unlisted shares	32	11,707

Issues whose number of shares increased in the fiscal year under review

	Number of issues	Total acquisition cost for the increase in the number of shares (Million Yen)	Reason for the increase in the number of shares
Unlisted stock	1	49	Necessity for operating activities
Shares other than unlisted shares	–	–	–

Issues whose number of shares decreased in the fiscal year under review

	Number of issues	Total sale price for the decrease in the number of shares (Million Yen)
Unlisted stock	–	–
Shares other than unlisted shares	4	342

Compliance

Basic Policy

We comply with laws, regulations, and company rules and conduct corporate activities in conformity with our management philosophy and corporate ethics, according to the spirit set forth in our company precepts, Group Policy, and code of conduct, which are based on our corporate philosophy, "Contribute to Society Through the Expansion of Business." With this as our basic policy, we are working to ensure compliance by implementing various measures and building systems to ensure the appropriateness of our operations.

Promotion System

We established a Compliance Manual as a basic guideline for practicing compliance, and we are working to improve awareness and understanding among all employees. In addition, We created a Compliance Managing Office under the direct control of the President, which conducts compliance awareness activities, and the compliance status is verified by the Internal Audit Office.

Compliance items in the Compliance Manual

1. Compliance with employment regulations, etc.

Observe company rules and regulations
Prohibit concurrent employment
Prohibit sexual harassment
Prohibit power harassment
Prohibit leaks of company information (including personal information)
Prohibit unjustifiable personal gain
Prohibit acts that go against the interests of the company

2. Compliance with Laws

Compliance with antitrust and related laws
Prohibition of unfair interest infringement against subcontractors
Prohibition of unfair trading of shares (Insider trading)
Security Trade Control
Respect for Intellectual Property Rights
Strict control of company information (including personal information)
Compliance with laws and regulations
Prohibition of the provision of benefits to anti-social forces
Prohibition of bribery
Prohibition of excessive business entertainment

Initiatives

Harassment prevention

We have established a Policy for Preventing Harassment with the understanding that it is our responsibility to ensure a healthy working environment where people can build positive relationships based on mutual trust. In working to create a workplace free of harassment, we have established a system with a whistleblower contact for responding appropriately to specific cases.

Policy for Preventing Harassment

1. The Group respects human rights and individuality, and creates an organization that embraces diverse values of individuals.
2. The Group does not tolerate discriminatory language, harassing behavior, acts of violence, or other behavior that undermines individual dignity.
3. The Group prohibits the following harassing behavior:
 - Sexual harassment of any kind
 - Power harassment of any kind
 - Harassment related to pregnancy, childbirth, childcare, or caregiving
 - Harassment that deteriorates the workplace atmosphere or interferes with workplace order
4. This policy is subject to Directors, employees, etc. (special workers, employees, contract employees, dispatched employees, and part-time employees), people working at Group companies as well as executives and employees of customers and suppliers.
5. The Company has established a whistleblower contact for responding to specific cases. Whistleblowers and those who cooperate with confirming facts will not be treated unfairly.
6. We will take strict action against harassers including disciplinary action, based on our employment regulations. In addition, we will take necessary measures to improve the victims' working conditions and workplace environment.

Education and awareness

To improve compliance awareness and ensure that all employees are aware of the related regulations included in the Compliance Manual, we strive to raise awareness through various training programs, seminars, awareness surveys, and various initiatives during compliance enhancement month.

Internal Reporting System

In order to facilitate the early detection and correction of compliance violations, the Company has formulated Internal Reporting System Regulations and established rules ensuring the anonymity of whistleblowers and prohibiting their unfair treatment. Moreover, we have established internal reporting desks under both the General Affairs & Human Resources Department and the Internal Audit Office, which reports directly to the President, in addition to a reporting desk at an external law firm that is independent of the Audit and Supervisory Committee and the Group's officers. Furthermore, we have developed a system to guarantee the independent operations of these reporting desks.

Risk Management

Basic Approach to Risk Management

The Company has established the Regulations of the Board of Directors, the Corporate Management Meeting Regulations, the Regulations on Various Sales Requests, etc. to clarify the authority necessitated by the execution of duties of Directors, Executive Officers and employees, and to appropriately manage the risk accompanying the execution of these duties. In addition, we have established a system to ensure the appropriateness of operations in our Group and manage the risk of losses and other risks in our subsidiaries.

The Corporate Management Meeting is responsible for the overall management of the Group's business and other risks in accordance with the internal control regulations, while individual risks are managed by the corresponding departments and committees. The Internal Audit Office, which reports directly to the President, provides advice and recommendations for improvement through periodic audits and monitoring.

Management System

Individual Response Department	Roles and Overview
Sustainability Committee	Development, monitoring and risk assessment of sustainability strategies
Export Control Committee	Strengthen control systems for the appropriate implementation of security exports
Compliance Managing Office	Thorough compliance with laws and regulations
Legal & Control Dept.	Legal and credit management in business transactions and factual survey of business transactions
Business Operation Division (Business promotion Dept.)	Management of regulations in business transactions and deliberation on various sales requests
System Planning Dept.	Management of regulations regarding information systems and enhancement of information security
General Affairs & Human Resource Dept.	Enlightenment and guidance on safety activities in preparation for disaster, and activities to eliminate, prevent, and avoid risks in advance Lead the Disaster Response Headquarters in the event of a disaster
Internal Audits Office	Audits of internal control and business processes in each department
Business Investment Consideration Committee	Confirms the validity of business plans for investment projects, compatibility with management strategies, identification of risks, etc.

In addition, risks identified with high importance are submitted and reported to the Board of Directors and the Corporate Management Meeting. Company-wide risks and individual risks that may potentially affect the entire Company are handled by the Corporate Management Meeting, which conducts comprehensive management through risk countermeasures, subsequent evaluation, etc. and holds prior discussions on matters to be submitted to the Board of Directors.

Regarding the company-wide or individual risk management system as mentioned above, the Internal Audit Office under the direct control of the President provides advice and recommendations to improve risk management systems through periodic auditing and monitoring.

Information security

The Group recognizes the importance of information security as a company that promotes its business based on its relationships with many stakeholders, and has designated it as one of the materiality that must be resolved. The Company has established the Basic Policy on Information Security with the aim of protecting the Company's information assets, and constructs systems to handle these assets correctly and safely.

As we aim to further develop our business areas and expand our various initiatives with our business partners going forward, we believe that ensuring information security and mitigating risks are our biggest challenges. Therefore, the System Planning Department, under the supervision of its General Manager, is taking the lead in strengthening information security, understanding and responding to the latest trends in cyber-attacks, etc., and continuing to enhance information security education for employees. In addition to strengthening these software aspects, we will further review and improve management regulations to enhance the effectiveness of information security.

Initiatives aimed at improving risk management

Given the growing importance of subsidiaries in the consolidated Group in recent years, the Company has been strengthening its Group-wide risk management system and improving its processes since the current fiscal year. As a first step, we reviewed the Group's risk categories and summarized the occurrence processes, causal factors, event categories, and detailed risk items. Then, by sorting the risks recognized by the Company and its major subsidiaries based on these categories, the attributes of each risk and the events that could potentially cause the risk to emerge were comprehensively visualized. We then evaluated the severity of each identified risk for each business group, including major consolidated subsidiaries, from the perspective of its qualitative and quantitative degree of impact on management

and likelihood of occurrence, and are creating a risk map that lists the risks along with the progress of risk countermeasures. Based on these efforts, we are currently formulating specific measures in accordance with our overall priorities.

The Company's Internal Audit Office will work with each company's management team to finalize specific risk management processes and systems, while strengthening the support of the Company's relevant departments in monitoring the risks facing subsidiaries and in considering countermeasures. Through the promotion of this initiative, we will compile "business and other risks" for the entire Seika Corporation Group and make an effort to disclose the information promptly.

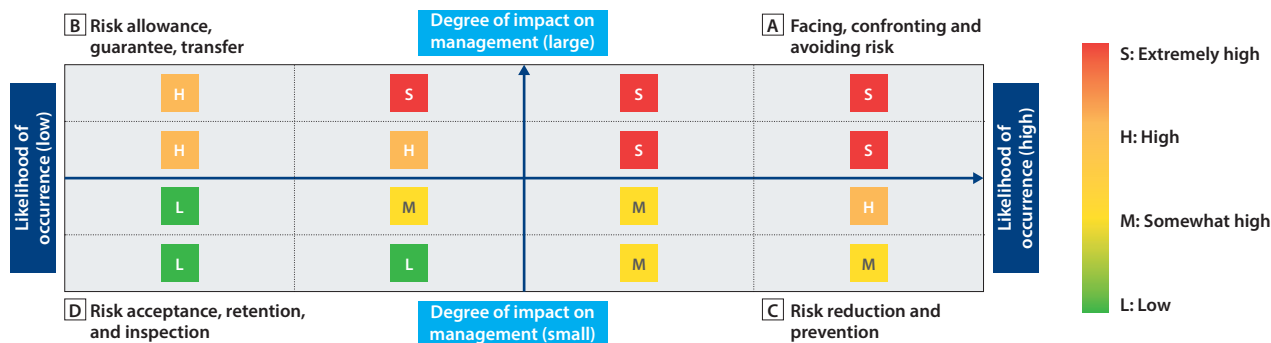
Risk standards

Management process risks		Business internal process risk		Business peripheral process risks		External environment risks	
Category	Item	Category	Item	Category	Item	Category	Item
Management strategy risk	11	Sales activity risk	8	Exceptional event risk	3	External environment risk	7
Capital risk	2	Quality control and product control risk	5	System response risk	3	Business partner risk	6
Financial and accounting risk	4	Business structure risk	6	Legal compliance risk	3	Foreign exchange risk	1
Human risk	5	Fraud risk	6	Credit risk	3	Resource and ingredient procurement risk	5
Governance risk	3			Financial risk	3	Natural environment risk	2
				Contract risk	5	Other risks	4
				Other risks	5		

Risk map

Vertical axis	Degree of impact on management	Qualitative: Time required for recovery	Horizontal axis	Likelihood of occurrence	Likelihood of occurrence within a certain time frame
		Quantitative: Amount of financial impact			

Importance of risk assessment/response



Explanation of displays on risk map

Quadrant	Basic stance on planning and implementing response measures	Explanation of the basic stance
A Degree of impact: Large; Likelihood of occurrence: High	Facing, confronting, avoiding	Something that each Group company takes seriously as the foundation of its management. (Consideration, ingenuity and planning; inversion into opportunity; risk avoidance and elimination; management decisions)
B Degree of impact: Large; Likelihood of occurrence: Low	Allowance, guarantee, transfer	Includes measures such as insurance coverage, alternatives, and BCP
C Degree of impact: Small; Likelihood of occurrence: High	Reduction and prevention	Implement recurring controls at each Group company and improve their effectiveness.
D Degree of impact: Small; Likelihood of occurrence: Low	Acceptance, retention, and inspection	In principle, this is the minimum required response, and inspections are to be conducted on a daily basis. (If within tolerable limits, may be left alone.)

Formulate business investment management frame

Against the backdrop of strengthening investment for growth under our Long-Term Management Vision VIORB 2030, we recognize that addressing business investment risk is an important issue, and in September 2024 we formulated a "management frame" for business investment. This management frame will be used to clarify the structure and process of investment consideration, decision-making, and post-investment monitoring, as well as to promote initiatives such as (1) ensure thorough investment discipline (consolidation of failed investments and failure types), (2) promote group management visualization, (3) consider strengthening management resources (people, information, and capital), and (4) consider modifying growth strategies.

Summary of Financial Data Over 11 Years

	FY2013	FY2014	FY2015	FY2016
Operating results (Million Yen)				
Total sales* ¹	126,487	132,033	127,101	150,742
Gross profit	11,527	13,209	12,614	14,655
Operating profit	2,193	3,400	2,174	3,046
EBITDA	2,545	3,786	2,646	3,666
Ordinary income	2,496	3,939	2,426	3,390
Net profit* ³	1,399	2,188	1,750	2,140
Financial conditions (Million Yen)				
Total assets	72,474	77,414	89,427	118,254
Total liabilities	47,869	49,825	62,941	89,613
Total net assets	24,605	27,589	26,486	28,641
Cash flows (Million Yen)				
Cash flows from operating activities	1,088	2,115	935	3,566
Cash flows from investing activities	(855)	626	(1,823)	(1,262)
Cash flows from financing activities	(524)	(516)	(1,393)	(1,465)
Cash and cash equivalents at end of period	13,320	15,650	13,159	14,157
Free cash flow* ⁴	233	2,741	(888)	2,304
Capital investments (acquisition cost of tangible and intangible assets within investment cash flow)	(663)	(441)	(876)	(1,726)
Depreciation	283	351	415	420
Per share data (yen)*²				
Profit per share	19.58	31.66	25.66	32.26
Annual dividend per share* ⁵	7	11	9	11
Net assets per share	353.13	394.42	388.87	433.21
Financial indicators				
Operating profit ratio (%)* ¹	1.73	2.58	1.71	2.02
EBITDA margin (%)* ¹	2.01	2.87	2.08	2.43
Net profit ratio (%)* ¹	1.11	1.66	1.38	1.42
Return On Assets (%)	2.0	2.9	2.1	2.1
Return On Equity (%)	5.9	8.5	6.6	7.9
Total asset turnover ratio (times)	1.84	1.76	1.52	1.45
Financial leverage(times)	2.97	2.84	3.43	4.18
Debt to equity ratio (times)	0.34	0.31	0.34	0.31
Equity ratio (%)	33.7	35.2	29.2	23.8
Interest coverage ratio (times)	21.92	30.15	19.83	29.06
Dividend payout ratio/Total return ratio (%)	34.6	34.8	34.5	33.5
Other information				
Number of employees at the end of the period (people)	658	655	762	836
Number of consolidated subsidiaries (companies)	10	11	14	16
Number of equity-method affiliates (companies)	3	3	4	4
Number of outstanding shares at the end of the period (excluding number of treasury shares at the end of the period) (shares)* ²	69,128,376	69,122,380	67,112,276	65,103,561
Non-financial indicators				
Scopes 1,2 and 3 CO ₂ emissions per transaction value (Kg per million yen)* ⁶				
Scopes 1,2 and 3 CO ₂ emissions per sales (Kg per million yen)* ⁶				
Composition of transaction value for green innovation (consolidated) (%)				
Female manager ratio (%)				
Paid leave utilization rate (%)				

*1 The "Accounting Standard for Revenue Recognition" and other standards have been applied from FY2021. Therefore, the figures are different from those of FY2020.

*2 Effective October 1, 2017, the Company implemented a reverse stock split to change the number of shares in each share unit from 1,000 to 100.

For this reason, the total annual dividend for FY2017 is not given.

*3 From FY2015 onward, profit attributable to owners of parent.

*4 Free cash flow is the sum of cash flows from operating activities and cash flows from investing activities.

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
	165,585	157,145	140,677	136,273	85,307	93,311	86,785
	14,588	14,035	14,906	14,672	18,026	19,941	22,658
	2,598	2,118	2,809	2,581	3,824	4,636	5,580
	3,287	2,763	3,574	3,185	4,407	5,225	6,261
	2,877	2,418	3,122	2,906	3,879	6,286	6,255
	1,655	1,587	(1,262)	2,721	2,246	5,001	4,489
	98,470	85,742	92,668	97,458	104,865	79,990	118,543
	69,481	56,675	66,757	67,568	73,764	44,254	75,362
	28,988	29,066	25,911	29,889	31,101	35,736	43,180
	1,339	(734)	3,400	4,137	4,971	(731)	2,541
	126	(1,127)	(299)	(1,566)	1,125	(1,068)	(88)
	(1,706)	(559)	(1,211)	(1,903)	(3,304)	(4,816)	(3,462)
	14,096	11,506	13,346	14,035	17,000	10,653	10,428
	1,465	(1,861)	3,101	2,571	6,096	(1,799)	2,453
	(585)	(427)	(448)	(614)	(525)	(2,441)	(646)
	444	422	544	365	437	491	580
	128.38	125.50	(100.73)	221.87	186.85	415.79	372.46
	*2 –	45	45	45	65	90	150
	2,245.33	2,246.34	2,058.12	2,365.06	2,516.57	2,907.20	3,507.42
	1.56	1.34	1.99	1.89	4.48	4.96	6.42
	1.98	1.75	2.54	2.33	5.16	5.59	7.21
	0.99	1.00	(0.89)	1.99	2.63	5.35	5.17
	1.5	1.7	(1.4)	2.9	2.2	5.4	4.7
	5.9	5.6	(4.7)	10.0	7.6	15.4	11.6
	1.52	1.70	1.57	1.43	0.84	1.00	0.73
	3.45	3.00	3.64	3.32	3.45	2.27	2.80
	0.31	0.32	0.35	0.26	0.18	0.06	0.00
	28.9	33.2	27.2	29.8	28.7	43.7	35.7
	24.00	17.88	25.36	19.21	50.02	143.91	326.00
	42.8	35.9	–	20.3	34.8	21.6	40.4
	896	958	971	969	977	1,012	1,040
	16	15	15	16	16	16	17
	4	4	4	4	4	5	4
	12,637,120	12,657,613	12,262,745	12,265,772	11,962,850	12,037,118	12,076,004
				2.18	2.39	1.51	9.71
				4.13	3.76	2.85	22.99
						54.85	73.06
		3.73	4.33	4.25	3.91	5.92	4.90
		46.9	49.4	56.4	58.9	67.4	68.9

*5 The dividend policy has been changed from dividend payout ratio to total return ratio from FY2023.

*6 From FY2020 to FY2022, Seika Corporation HQ was the sole company whose GHG emissions (Scope 1, 2) would be captured. In FY2023 (Scope 1, 2, 3), the targets were expanded to include a total of five companies: Seika Corporation head office and its consolidated subsidiaries Nippon Daiya Valve, Shikishimakiki, Seika Daiya Engine, and Tsurumi (Europe).

*7 Figures are rounded down to the nearest one million yen.

Corporate history

October	1947	At the same time that the former Mitsubishi Corporation was ordered to be dismantled by a memorandum from the Supreme Commander of the Allied Powers in July 1947, Seika Corporation was established in Moji City (currently Moji Ward, Kitakyushu City) with a capital of 195,000 yen by a core group of people related to the Western Japan Machinery Division of Mitsubishi Corporation.
1947–1951		Branches opened in succession in Nagasaki, Fukuoka, Hiroshima, Osaka, Tokyo and Takamatsu
October	1954	Opened an overseas office in Germany (Düsseldorf)
October	1961	Stock listed on the First Section of the Tokyo Stock Exchange (capital of 600 million yen)
January	1974	Established Seika Sangyo GmbH as the local entity in Germany (Düsseldorf)
April	1981	Reorganized the head office structure and shifted to a two-head offices system with head offices in Tokyo and Kita-Kyushu.
May	1983	Established an overseas office in Taiwan (Taipei)
August	1983	Kita-Kyushu head office operations transferred to the Tokyo head office, and Kita-Kyushu administrative office established in Kita-Kyushu main office
August	1983	Established an overseas office in the United States (Los Angeles)
November	1983	Established Tsurumi (Europe) GmbH as the local entity in Germany (Düsseldorf)
December	1990	Transferred the head office from Moji Ward in Kita-Kyushu City to Kokurakita Ward in Kita-Kyushu City
April	1994	Established SEIKA MACHINERY, INC. as the local entity in the United States (Los Angeles)
August	1994	Transferred Osaka Branch from Umeda, Kita Ward to Dojimahama, Kita Ward
July	2000	Established an overseas office in South Korea (Seoul)
August	2001	Transferred the head office from Kokurakita Ward in Kita-Kyushu City to Chiyoda Ward in Tokyo
January	2004	Established SEIKA (SHANGHAI) CO., LTD. as the local entity in China (Shanghai)
April	2005	Turned Nippon Daiya Valve Co., Ltd. into a subsidiary by acquiring all of its shares

April	2006	Established a branch office for SEIKA MACHINERY, INC. in the United States (Atlanta)
September	2006	Nippon Daiya Valve Co., Ltd. established Tianjin Daiya Valve Co., Ltd. in China (Tianjin)
August	2008	Established Ten Feet Wright Inc. (currently an equity-method affiliate)
April	2012	Established Seika Digital Image CORPORATION
December	2012	Established Seika Sangyo (Thailand) Co., Ltd. as a local entity in Thailand (Bangkok)
April	2015	Established a branch office for SEIKA MACHINERY, INC. in the United States (San Francisco)
May	2015	Established Meinan Kyodo Energy (currently an equity-method affiliate)
March	2016	Turned Shikishimakiki Corporation into a subsidiary by acquiring all of its shares (except treasury shares)
December	2018	Established the subsidiary SEIKA SANGYO (VIETNAM) COMPANY LIMITED in Vietnam (Ho Chi Minh City)
October	2020	Established Seika Daiya Engine Co., Ltd.
April	2022	Transferred to the TSE Prime market
June	2022	Shifted from a company with a board of company auditors to a company with an audit and supervisory committee
March	2023	Acquired the shares of TVE Co., Ltd. (currently an equity-method affiliate)
November	2023	Established FORMOSA SEIKA CORPORATION in Taiwan (Taipei)
April	2024	Acquired the shares of Shipyard Tanaka via Seika Daiya Engine Co., Ltd. (turning it into a subsidiary of a subsidiary)
June	2024	Acquired the shares of Fenwal Controls of Japan, Ltd. (currently an equity-method affiliate)

Company Outline

(As of September 30, 2024)

Overview of the Company

Date of establishment	Oct 1, 1947
Head Office Location	Chiyoda-ku, Tokyo
Office	Head Office: Chiyoda-ku, Tokyo Branch office: Osaka City Other branches: Nagoya City, Hiroshima City, Fukuoka City and other major cities in Japan and overseas
Capital	6,728 million yen
Number of employees	1,062 (consolidated) 353 (non-consolidated)

Our website

<https://seika.com/en/>



Our website provides the latest news, IR information, etc.

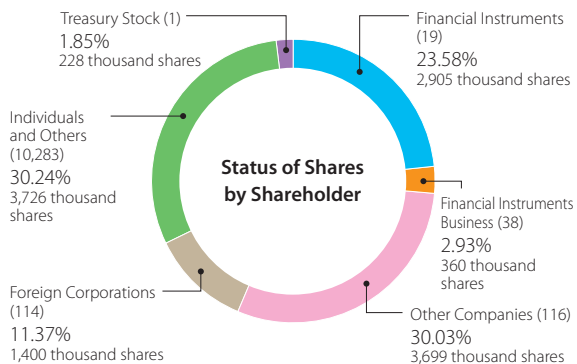
Principal offices of Group companies

Japan	Nippon Daiya Valve Co., Ltd. (Shinagawa-ku, Tokyo)
	Seika Digital Image CORPORATION (Bunkyo-ku, Tokyo)
	Shikishimakiki Corporation (Sapporo-shi, Hokkaido)
	Seika Daiya Engine Co., Ltd. (Shinjuku-ku, Tokyo)
	Tanaka Hydropower Co., LTD. (Matsuura-shi, Nagasaki)
Overseas	Seika Sangyo GmbH (Germany)
	Tsurumi (Europe) GmbH (Germany)
	Tsurumi France S.A.S. (France)
	HYDREUTES, S.A.U. (Spain)
	Marine Motors & Pumps N.V. (Belgium)
	Tsurumi UK Limited (United Kingdom)
	Tsurumi Pumps UK Ltd. (United Kingdom)
	SEIKA MACHINERY, INC. (U.S.A.)
	SEIKA (SHANGHAI) CO., LTD. (China)
	TIANJIN DAIYA VALVE CO., LTD. (China)
	NDV (Thailand) Co., Ltd. (Thailand)
Seika Sangyo (Thailand) Co., Ltd. (Thailand)	
SEIKA SANGYO (VIETNAM) COMPANY LIMITED (Viet Nam)	
FORMOSA SEIKA CORPORATION (Taipei)	

Overview of shares

Number of shareholders and shares

Total number of shares authorized to be issued	37,705,800 shares
Number of shares outstanding	12,320,650 shares
Number of shareholders	10,571



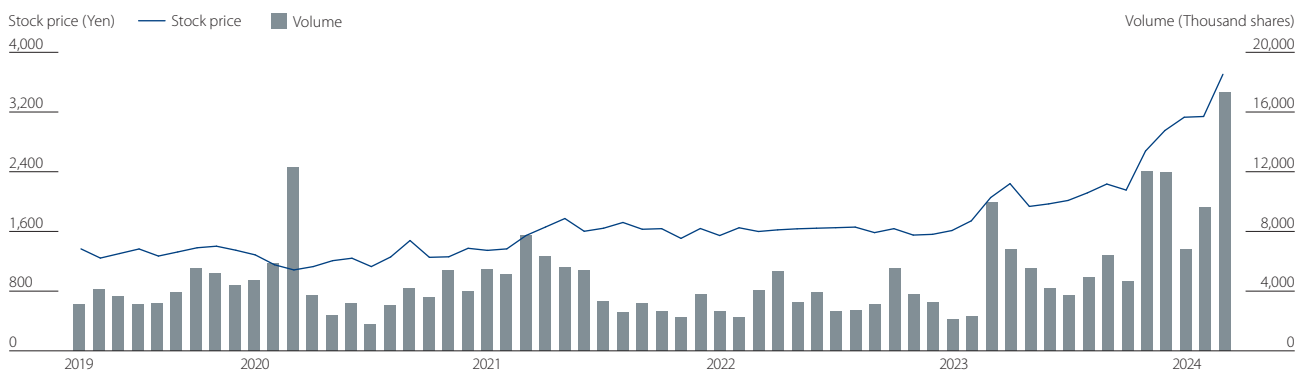
Note: Figures less than one thousand shares are rounded down.

Major Shareholders

Name of shareholders	Number of holding shares (Thousand shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,193	9.87
Hikari Tsushin K.K.	891	7.37
UH Partners 2, Inc.	705	5.84
Mitsubishi Heavy Industries, Ltd.	413	3.42
MUFG Bank, Ltd.	400	3.31
Custody Bank of Japan, Ltd. (Trust Account)	314	2.60
Tsurumi Manufacturing Co, Ltd	267	2.21
Sumitomo Mitsui Banking Corporation	234	1.94
TAIHEI DENGYO KAISHA, LTD.	234	1.94
TAKUMA CO., LTD.	206	1.70

Note: Figures less than one thousand shares are rounded down. The Company holds 228,266 treasury shares, which are excluded from the above list of major shareholders. In addition, ratio of holding shares is calculated excluding treasury shares.

Changes in stock price



Changes in dividends per share (annual)

Fiscal Year	Dividend per Share (Yen)
FY2018	45
FY2019	45
FY2020	45
FY2021	65
FY2022	90
FY2023	150



SEIKA CORPORATION