



# INTEGRATED REPORT 2025

SEIKA CORPORATION

contributes to the realization of  
a sustainable society.

Our purpose

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

Long-Term Management Vision “VIORB 2030”

Defining the vision for continued embodiment of our Corporate Philosophy

Seika Corporation's inherited DNA

Corporate Philosophy

Contributes to Society  
Through the Expansion of Business

Policy

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.

- POINT**
1. We have compiled special feature pages on the nuclear power-related business and Group company strategy, which are of much interest to investors.
  2. The Employee Roundtable discusses the initiatives and policies of each company, as well as inter-Group collaboration, with participants invited from across the Group.

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Special Feature 1 Nuclear Power-Related Business

For the nuclear power-related business, which began in FY2023, we provide an overview of the business, the external environment, and comments from employees on the ground.



Special Feature 2 Group Company Strategy

This features messages from top management of major Group companies in the Product Business, business performance data, and future visions and strategies to achieve them.

**Tsurumi (Europe) GmbH**  
**NDV SDE**  
**SHIKISHIMA KIKI Co., Ltd.**

Reporting period

The report covers information related to business activities for fiscal year 2024 (April 1, 2024, to March 31, 2025). However, some content includes information from the past and after April 1, 2025.

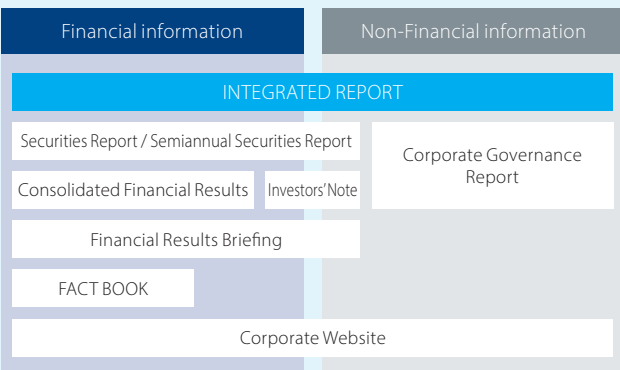
Scope of report

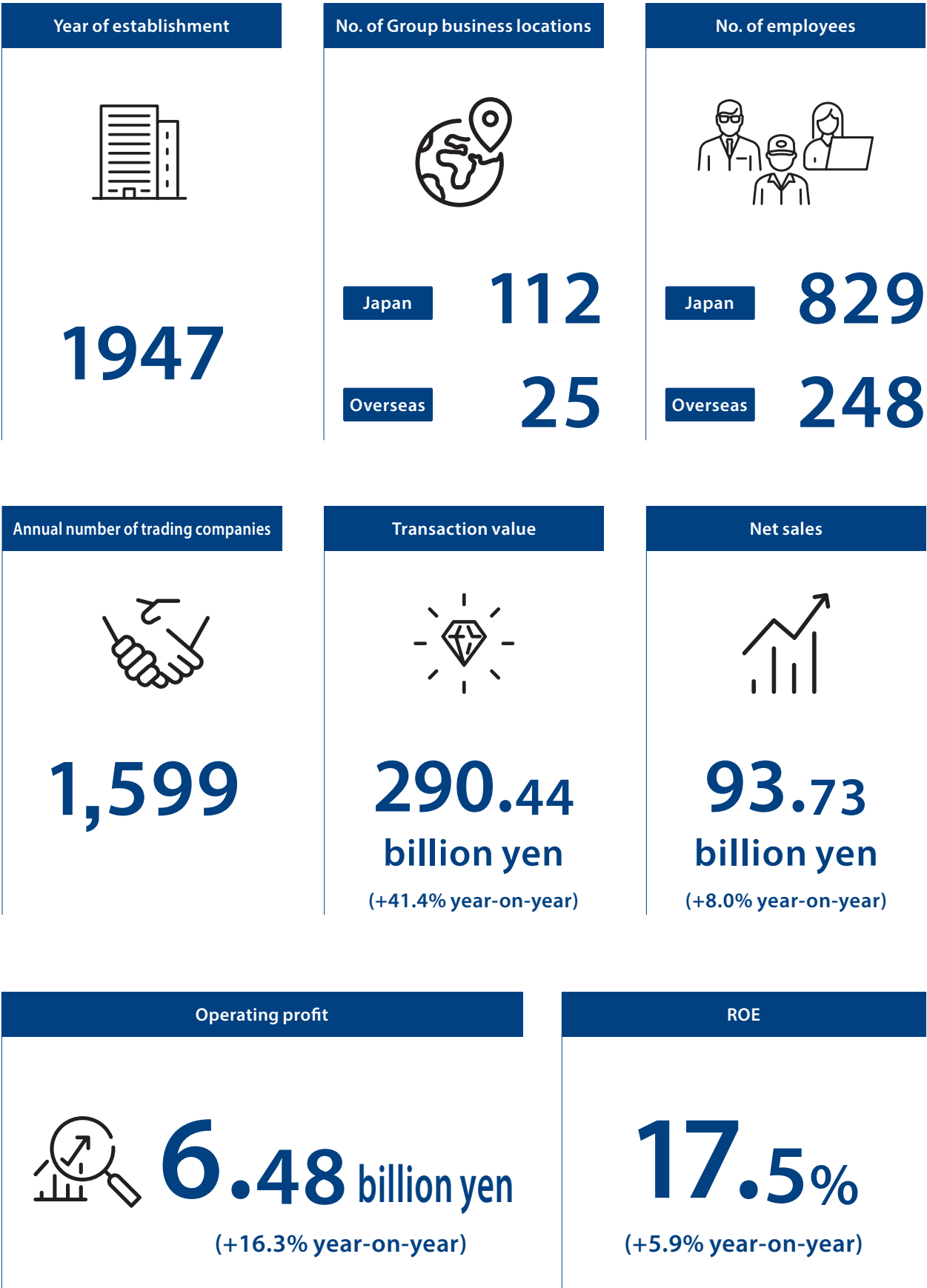
The report includes Seika Corporation, and its Group companies. For matters that have a different reporting scope, the applicable scope is clearly indicated.

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







# TOP MESSAGE

## Akihiko Sakurai

Representative Director  
President and CEO



## Aiming to be the top general machinery trading company and confronting new obstacles for further business growth

### Commitment to improving corporate value

#### Aiming for a 50% increase in the stock price and a market capitalization of 100 billion yen

The Company's stock price has remained at high levels, reaching a post-listing high of 6,130 yen on August 7 and trading at a PBR of 1.56 times. I am aware of the opinions that our stock price is currently overvalued compared to the theoretical stock price calculated using PBR. However, I believe that the Company's profitability and growth potential are being accurately evaluated by the market based on our performance in recent years, and these have been factored into the stock price to a certain degree.

As a company listed on the Prime market, it is crucial that we focus on achieving the targets set out in our Long-Term Management Vision and Medium-Term Management Plan and let our stakeholders enjoy the fruits of our labor, rather than worry about the day-to-day movement of our stock price. I believe that the realization and continuation of this will lead to further interest by the market and the acquisition of new shareholders.

But at present, in response to reviews of TOPIX constituents, we must implement every possible initiative, including IR activities, to maintain liquidity and drive our stock price upwards, to ensure our continued inclusion in the TOPIX. Personally, I would like to aim for a 50% increase in the stock price from its current level and a market capitalization of 100 billion yen.

#### Significant improvement in profitability in the Energy Business and Product Business

Our consolidated business performance has expanded steadily, exceeding our targets for three straight years, and I believe that our earnings power has certainly improved. By segment, in the Energy Business, profitability has significantly improved thanks in part to our better positioning as an agent for Mitsubishi Heavy Industries, the start of sales agent operations for the nuclear energy business, and sales synergies with TVE and

Fenwal Controls of Japan, which we made equity-method affiliate company. The Product Business has grown to be a pillar of earnings, alongside the Energy Business, thanks to the strong performance of core affiliates. In the Industrial Machinery Business, the energy-saving and automation measures set out as strategies in the Medium-Term Management Plan "VIORB2030 Phase 1" are beginning to yield results, and the contract balance as of March 31, 2025 was up 9 billion yen from the end of the previous fiscal year. The segment is delivering strong growth, even compared with the other two segments, and I anticipate its contribution to the consolidated business performance going forward.

#### Enhanced information disclosures from the standpoint of investors

Back in March 2023, when the Tokyo Stock Exchange requested "action to implement management that is conscious of capital cost and stock price," we were not aware of the basics for a company such as PBR and stock price. In that sense, I believe that we were given an opportunity to consider the basics of corporate management, including the relationship with the stock market and financial strategy. As a result of deliberation within the Company following the request, the Company disclosed its response in November and started on specific initiatives.

Amid the Company advancing various initiatives in line with disclosures, the Tokyo Stock Exchange published cases of positive reviews from investors and "Cases Where Companies Are Not Aligned With Investors' Perspectives" regarding initiatives by other companies. As a result of a review of our initiatives in light of these publications, we determined that the Company was not at the lowest level but identified points for improvement for such items as "Insufficient consideration given to ideal balance sheets and capital allocation policies" and "disclosure of dialogue implementation status lacks specificity." In the financial





results briefing materials for the fiscal year ended March 31, 2025, we added items regarding the status of IR activities and initiatives to stay in TOPIX, including cash allocation in the Long-Term Management Vision, cash allocation policies in the next Medium-Term Management Plan, as well as “Points of Interest from Communications with Shareholders and Investors.” As a result, we have provided a better definition with our explanations. We will continue to strive to provide sincere, more detailed, and in-depth explanations in the future.

Striving to remain a TOPIX constituent company

In Japan, many passive funds are designed to track TOPIX, and if the Company is excluded from TOPIX component stocks, it would mean the absence of passive inflows of 7.5 billion yen and the loss of downside support for the stock. For the Company, which chose the Prime market in 2022, this is absolutely unacceptable.

The first stage of revisions to TOPIX constituents was completed in January 2025, and revisions have moved to the second stage. Given that in the second stage the specific criteria are “annual traded value ratio” and “percentage of cumulative free-float adjusted market capitalization,” we are implementing initiatives such as 1) strengthening IR activities in order to increase the number of individual shareholders and the number of foreign institutional investors with an eye to lifting the free-float weight, 2) working to increase our market capitalization so that it becomes an investment target for investors looking to improve liquidity in a bid to increase monthly average trading value from the current 4 billion yen to around 10 billion yen, and 3) focusing on feasibility in formulating growth strategies as well as sharing ambitious targets internally and externally to prevent becoming overly risk avoidant.

In working to improve the free-float weight, we confirmed the intentions of our main financial institutions to review their cross-shareholdings, and at the end of last year, we conducted a secondary offering of 620,000 shares held by these institutions, which helped to improve the free-float weight. We are reaching a safe zone for remaining in TOPIX, and I would like all our shareholders to rest assured. Because the percentage of free-float

adjusted market capitalization will be determined using the base date of August 2026, we must continue with our IR activities at various opportunities, such as briefings designed to further increase the number of shareholders and push up our stock price.

Reflecting suggestions gleaned through discussions with institutional investors in management strategy

In line with earnings expansion and the run-up in our stock price, meetings with institutional investors, including well-known overseas funds, are increasing. In the fiscal year ended March 31, 2025, the Company held 88 individual meetings to listen to frank opinions on topics such as growth strategies and information disclosure, as well as to explain the Company’s thinking. Through these and other efforts, we have promoted interactive dialogue. We are working to share the received comments in a timely manner with the Board of Directors and the Corporate Management Meeting and reflect them in management strategies promptly.

For example, in response to the comment that “earnings forecasts are too conservative and revisions are also frequent, resulting in a lack of interest. Earnings forecasts based on thorough management decisions should be presented,” the Company shifted from preparing budgets by adding up figures from business sites to announcing earnings forecasts incorporating management’s intent based on past trend analysis and algorithms. As a result, I feel that the gap between the forecast figures and actual results has narrowed, and reliability has also increased. We will continue to actively engage in dialogue with external experts in the future, and value their opinions and advice.

Holding briefing sessions for individual investors and raising awareness through media exposure

The Company is also focusing on IR for individual investors, and I myself travel to venues throughout Japan to talk at briefing sessions. As individual investors invest with their own money, they give close attention to our explanations. I greatly appreciate the kind words I sometimes receive from investors, such as feeling

reassured after having heard directly from the president. I consistently work to provide careful explanations.

In addition to holding briefing sessions, we have posted advertisements at Haneda and other major airports, and have seen growth in opportunities for coverage by various media, including radio and newspapers. As a

result, recognition of Seika Corporation has increased considerably compared to two years ago. In addition, I feel that our tie-up advertisement with the Nikkei online edition, “Kiritani-ryu investment technique: The first stock I bought was Seika Corporation,” was extremely effective in expanding the number of individual shareholders.

Seika Corporation’s long-term vision and our present position

Our goal is to be a top general machinery trading company

Since becoming President, there has been no change in my desire to make Seika Corporation a “dignified, first-class company.” However, I believe that guidance for getting employees to forge ahead highly motivated should be specific and use easily understandable language. With this in mind, in my address to all employees at the start of the fiscal year in April of this year, I pledged that we will “aim to be the top general machinery trading company, which ranks next to major general trading companies.”

As for the current position of the Company, we have finally reached the next stage after earning the right to challenge ourselves to realize our vision, and it could be said that we are looking up at new, high barriers blocking our path forward. While feeling the joy of earning the right to take our shot, we will boldly face high hurdles and strive to be a first-class company that is suitable for the Prime market in terms of both scale and dignity.

Updated the numerical targets within the Long-Term Management Vision and Medium-Term Management Plan

In the fiscal year ended March 31, 2024 and the fiscal year ended March 31, 2025, the Company achieved the targets

of the Medium-Term Management Plan “VIORB2030 Phase 1” and Long-Term Management Vision “VIORB2030” ahead of schedule. Therefore, aiming for further growth, the Company revised these targets upward. The Company has set an ambitious target of operating profit of 12 billion yen for the fiscal year ending March 31, 2031, which is around double the level for the fiscal year ended March 31, 2025. The Company requests that employees not let their guards down now that the current target has been achieved and that they unceasingly work toward the true goals of “sustainable growth” and “enhance corporate value over the medium to long term.”

In order to achieve the target of 12 billion yen set out in the Long-Term Management Vision, in addition to the organic growth investments (investments to strengthen the earnings base of existing businesses) made under the Medium-Term Management Plan “VIORB2030 Phase 1,” the Company is also making non-organic business investments (investments in new earnings bases, business formation). These strategic growth investments are not in unfamiliar areas where we have zero knowledge or experience, but rather in domains adjacent to existing markets.

Business expansion and optimization of Group synergies

Toward the sophistication of Group governance

The number of Group companies has increased in line with business expansion, and their contribution to consolidated business performance has also increased. It goes without saying that we recognize the urgent need to upgrade the Group’s governance system to a level commensurate with today’s business conditions and scale.

As part of our efforts to strengthen governance, we overhauled our management structure in FY2024, shifting to a structure in which all companies belong to the Energy, Industrial Machinery, or Product Business segments. In the past, we had no concept of looking at things through segments due to management within a framework of the parent company (non-consolidated) and subsidiaries,

but as a result of the organizational change, the Business Operation Division has also come to think of things on a segment basis, paving the way for greater information sharing and increased sales of new products. I anticipate various benefits emerging in the future.

Establishment of a management frame for the business investment process

Turning to post-investment Group company management, business investment is positioned as the most important strategy in the Medium-Term Management Plan, and so we have established a new management frame for the business investment process with the aim of clarifying points for discussion,

accelerating risk assessment, and implementing flexible and swift investments. In line with the workflow of consideration, decision-making, follow up, we aim to thoroughly enforce investment discipline by clarifying key points. This includes looking at compatibility with management strategies, clarification of investment themes, and validation of investment plan conditions at the consideration stage, validation of investment return levels, analysis of downside scenarios and of response measures for ESG and material risks at the decision-making stage, and confirmation of differences in plan conditions and of management resource investment status through six month reviews and regular monitoring at the follow-up stage.

Also in the post-investment follow-up stage, we have decided to emphasize not only so-called negative monitoring but also positive monitoring and will also consider retrospective initiatives to increase management value from the perspective of “taking an even more aggressive approach if value can be maximized by investing more.” For instance, for TVE and Fenwal Controls

of Japan, which belong to the Energy Business, we acquired additional shares two years ago and again last year and are generating operational synergies exceeding equity in earnings of equity-method affiliates. We expect organic business investment to accelerate in other segments as well, drawing on this example.

In line with this management frame, going forward we will also check investment projects originating from Group companies and make investments. In addition, the Company is also considering the use of frames for the following purposes: 1) ensuring investment discipline (accumulating information, including on failed projects), 2) promoting the visualization of Group management (strengthening Group management), 3) enhancing management resources (optimizing resources), and 4) monitoring growth strategies. We have also established the Group Policy, Group Code of Conduct, and Group Mission. By persistently informing and educating about these, we work to ensure their thorough understanding and uptake across the entire Group.

business investment management frame

Step I : Considering an investment		Step II : Deciding to invest	
Reviewing body	Review Committee with core membership made up of 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	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	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
Points of follow-up	Business Planning Department and Corporate Management Meeting
① Confirmation of differences from investment plan conditions ② Confirmation of management resource investment status ③ Confirmation of status of KPIs	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

Overview of results from post-investment six-month reviews

Commencement of investment	Investor	Target company (post-investment ownership)	By investment type	Purpose	Overview of 6-month review results
2022	Seika Corporation	TVE Co., Ltd. (21.70%)	Capital Business Alliance	The Company and TVE will expand sales by forging even closer ties and cooperating with each other in sales of TVE valve products and valve parts via the Company and in other businesses.	The recovery of our investment is projected to be earlier than expected at the time of approval, with steady progress being made.
2023	Seika Daiya Engine	Eight Knot Inc. (3.80%)	Capital Business Alliance	In addition to becoming the general agent for the autonomous navigation platform for small vessels developed by Eight Knot, and by combining with Seika Daiya Engine's sales channels, we aim to create sales synergies and enhance corporate value.	After participating in its stakeholder meetings and confirming management status, we are promoting collaboration, which appears to be progressing smoothly.
2024	Seika Daiya Engine	Shipyard Tanaka Co., Ltd. (100%)	Made a 100% subsidiary	By integrating the engine business of Seika Daiya Engine and the shipbuilding operations of Shipyard Tanaka, we aim to create synergies and improve corporate value.	Synergies are being generated with the engine business of Seika Daiya Engine, and we should be able to recover our investment over the expected number of years. Progress appears to be steady.
2024	Seika Corporation	TANAKA HYDROPOWER CO., LTD.	Business Alliance	We aim to build a firm position in the field of small-scale hydroelectric power generation equipment and to improve profitability.	No particular obstacles have emerged in our business alliance, and it appears to be progressing well.
2024	Seika Corporation	Fenwal Controls of Japan, Ltd. (23.34%)	Capital Business Alliance	By leveraging our sales capabilities and Fenwal Control of Japan's diverse product lineup, we aim to expand this business. In addition, by quickly stabilizing Fenwal Control of Japan's management, we will ensure our Medium-Term Management Plan is achieved.	Collaboration has begun in regard to the SSP business, with sales expansion planned in the future.
2024	Seika Daiya Engine	Lighthouse Inc. (1.80%)	Capital Business Alliance	In order to develop and deploy a solutions business focused on productivity improvements and standardization leveraging DX in the fishery industry, we aim to strengthen our relationship with Lighthouse, which boasts technological and development capabilities and is advancing its DX business.	Judging from the progress of the customer management system development and other factors in a comprehensive manner, progress appears to be steady.

Initiatives for human resources

Aim to improve financial corporate value as well as corporate value from the perspective of employees

Regarding our employees as our most important management resource, 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. We are also actively investing in human capital to secure and develop human resources responsible for our businesses. The budget for FY2025 was 80 million yen, a substantial increase from 50 million yen for the previous fiscal year. Results will take some time to emerge, but the Company is working patiently with an eye to the future of the Group. But since it is an investment, it will also be necessary to examine the return on investment in the future.

Also, as a corporate manager, I must not only focus on financial corporate value but also constantly consider “what is corporate value for employees” and realize “a company in which devoting one's life leads to one's own happiness.” Especially when recruiting, I am keenly aware of the gravity of the responsibility to guarantee the lives

of individuals, and at the same time, I am looking for lifelong companions who understand the Company's philosophy and with whom we can together reach goals.

Developing next-generation management personnel

We recognize that the development of next-generation management personnel is an urgent issue.

For the sustainable growth of Seika Corporation, I believe that it is necessary to diversify our businesses, including having manufacturers under our umbrella, and not limiting ourselves to trading. For this reason, we must secure and develop management personnel with diverse perspectives, experience, and know-how in areas such as manufacturer management, production, and quality control. If we are unable to allocate diverse personnel to the right place in times of business growth, in particular, the projects we are able to invest in will be limited and diversification of our businesses will be curbed. We need to hurry, as this will prove a bottleneck in 2030 and beyond as we approach our 100th anniversary.

Message to our stakeholders

Going forward, the Company will continue to proactively implement measures based on our Long-Term Management Vision as we continue to work for sustainable growth and improved corporate value. As I mentioned earlier, Seika Corporation is a company that has only just earned the right to take on the challenge of

becoming a top-class company. The road to our goal is steep, and we will have to overcome even higher hurdles than ever before, but we will strive to produce results under your guidance. We look forward to your continued support as we work as one with our employees in striving to achieve our goal.





# 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

## 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.



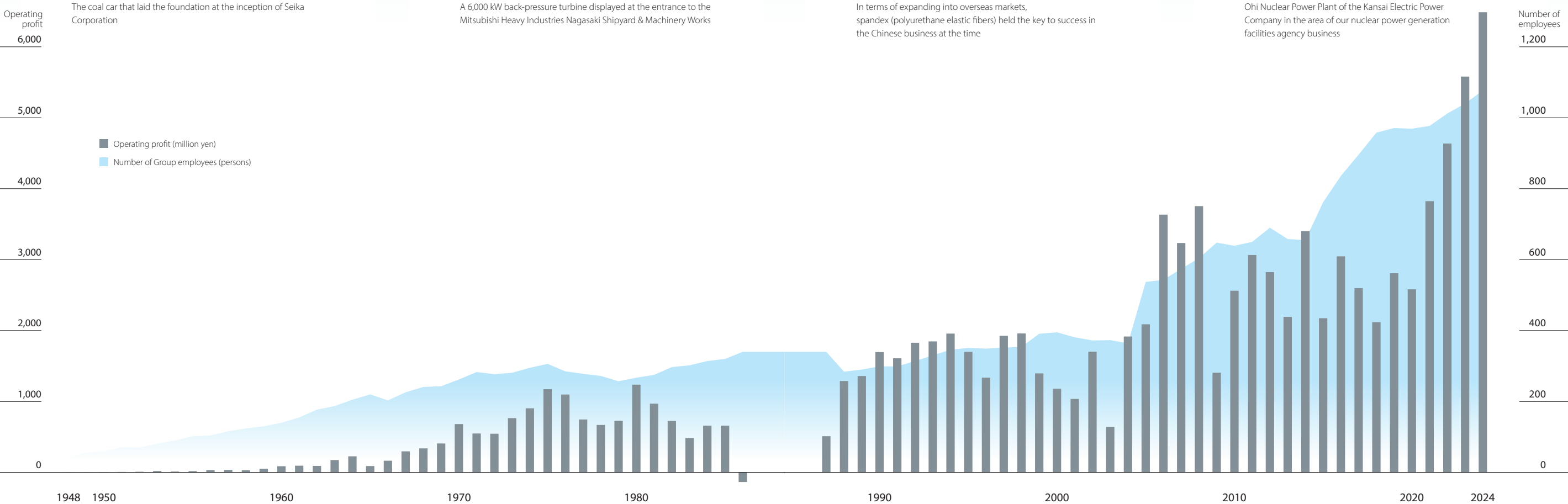
In terms of expanding into overseas markets, spandex (polyurethane elastic fibers) held the key to success in the Chinese business at the time

## The present

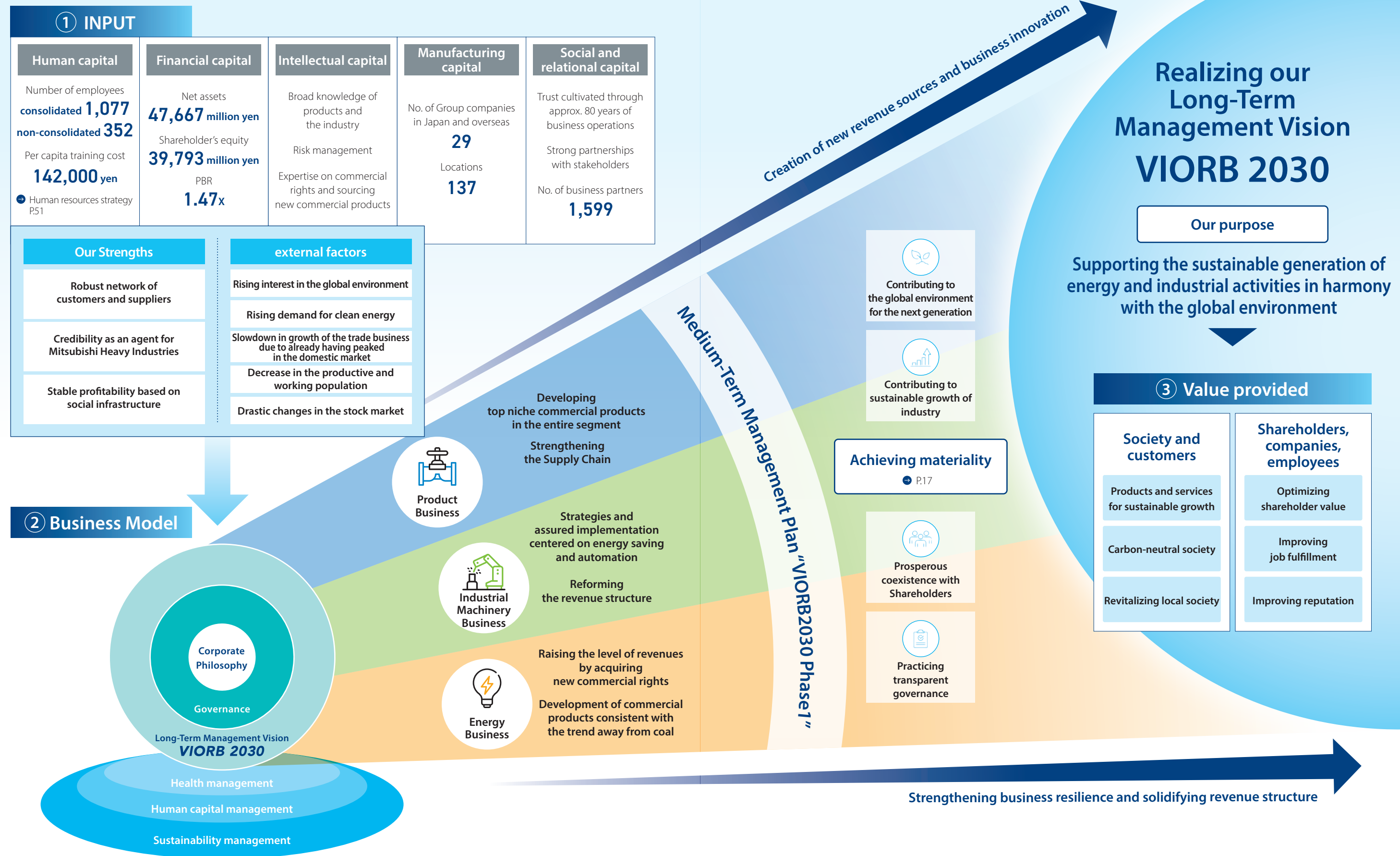
Through developing markets and deepening existing businesses, the Company has grown into a Group company with 137 business locations both in Japan and overseas. From 2023, the nuclear power generation facilities business has been added to our core businesses, with business volume steadily expanding. 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 Plant of the Kansai Electric Power Company in the area of our nuclear power generation facilities agency business



# The Value Creation Process





# Strengths and 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 78 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.

## Strengths of Seika Group

### Stable profitability based on social infrastructure

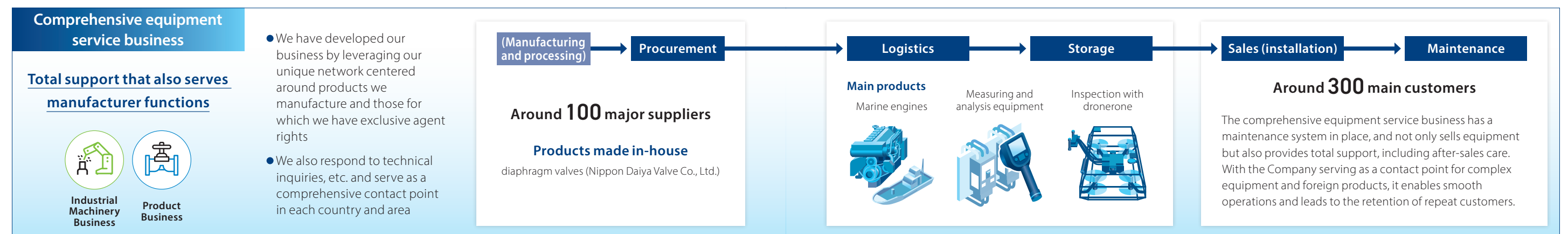
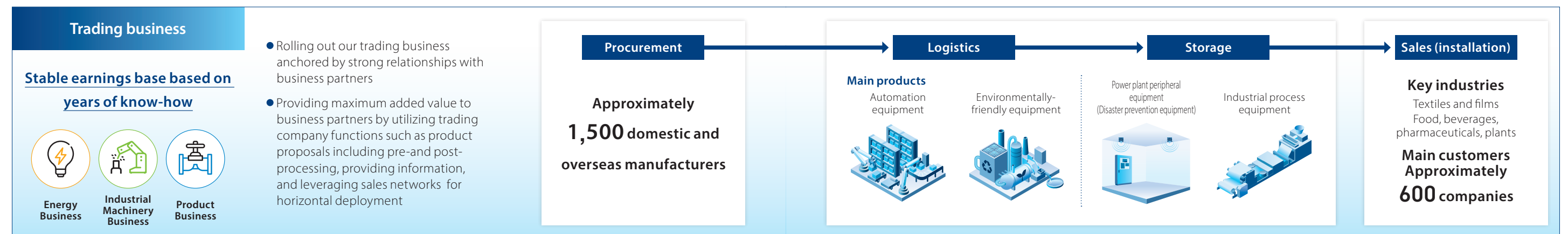
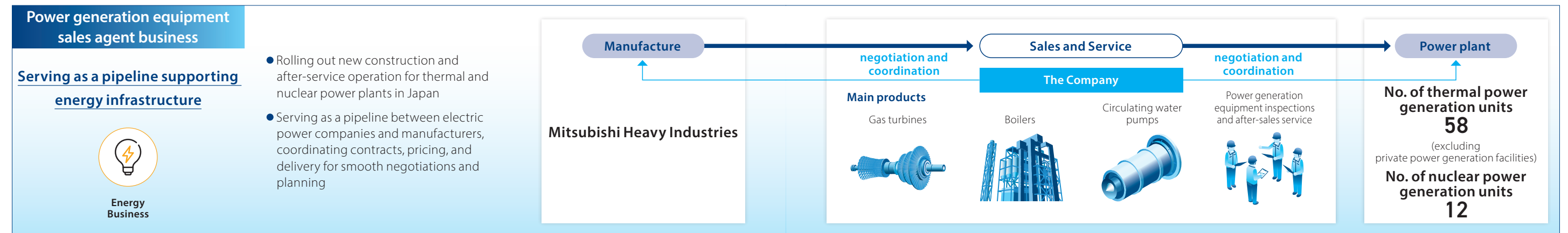
The products handled by the Seika Corporation Group include numerous equipment that support social infrastructure, such as power generation-related equipment, disaster prevention and security equipment, and submersible pumps used in construction. These products are not readily susceptible to economic conditions in each country and there is a certain level of demand, with stable earnings expected.

### Credibility as an agent for Mitsubishi Heavy Industries

The credibility we have cultivated through many years of business operations as an agent of Mitsubishi Heavy Industries is a significant asset for the Company that other companies cannot replace. It has led to a sense of security and trust in our dealings with customers not only in the power generation industry but also in various other industries.

### Development of strong products with high competitiveness in niche markets

The Seika Corporation Group has a variety of strong products, including unique products that are highly competitive and products occupying top niche positions. Although we have a large number of products and commercial rights, we place importance on relationships with each manufacturer and engage in sales activities with the mindset that we will be "partners" to grow together.



# Sustainability Management & Materiality

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-

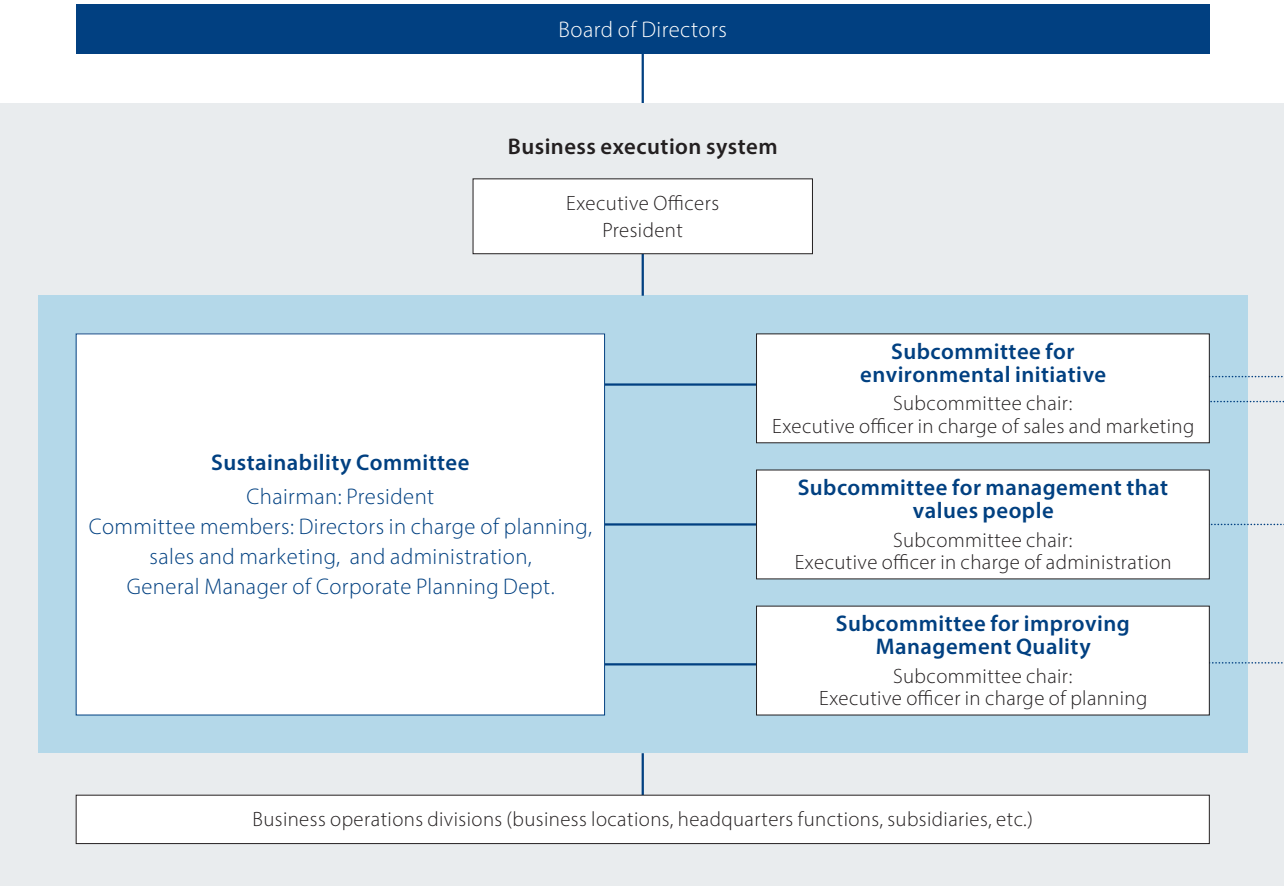
In line with the strategies set forth in the long-term management vision “VIO RB 2030,” which was formulated based on this philosophy, our basic policy is to “achieve sustainable growth for the Seika Corporation Group and improve corporate value over the medium to long term” and “work toward the realization 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, 2025



## Identification process of Materiality

STEP 1

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

STEP 2

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.

STEP 3

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.

For details of the materiality identification process, please also refer to our website.  
<https://www.seika.com/en/csr/ssc/materiality/>

Theme of Materiality	Important Issues	Results of initiatives in FY2024	Initiatives in FY2025 and beyond (our aim)	Relevant SDGs
1 Contributing to the global environment for the next generation	<ul style="list-style-type: none"><li>Expansion of clean energy</li><li>Decarbonization of thermal power generation</li><li>Initiatives based on TCFD recommendations</li></ul>	<ul style="list-style-type: none"><li>Stable operation of Mitsubishi nuclear energy business</li><li>Proposals and concrete implementation for decarbonization of existing thermal power plants</li><li>Initiatives to reduce CO<sub>2</sub> emissions by promoting the sale and widespread use of solar panels and small-scale hydropower generation equipment</li></ul>	<ul style="list-style-type: none"><li>Stable operation of Mitsubishi nuclear energy business (continuing)</li><li>Proposals and concrete implementation for decarbonization of existing thermal power plants (ammonia/hydrogen co-firing conversion, CCUS, etc.)</li><li>Sale and widespread use of solar panels and small-scale hydropower generation equipment</li><li>Initiatives to get industry to shift away from fossil fuels and reduce CO<sub>2</sub> emissions by importing and promoting the use of biomass pellets</li><li><b>KPI: CO<sub>2</sub> reduction of approx. 1,200 t in FY2025 through adoption of biomass pellets, co-firing, expanded sales of CO<sub>2</sub> liquefaction equipment, CCUS, etc.</b></li><li>Expanding sales of green innovation-related products</li><li><b>KPI: Transaction value for green innovation of 250 billion yen</b></li></ul>	<div>7</div> <div>13</div> <div>14</div> <div>15</div>
2 Contributing to sustainable growth of industry	<ul style="list-style-type: none"><li>Promotion of energy saving and automation</li><li>Promotion of Digital Transformation</li><li>Contributing to the sustainability of marine resources</li></ul>	<ul style="list-style-type: none"><li>Continue promoting smart conservation using UT drones</li><li>Promote material recycling business, sell new materials such as plastic substitutes derived from organic waste, and disseminate information</li><li>Initiatives for seaweed forest creation off the coast of Takashima, Matsuura City, Nagasaki Prefecture</li><li>Create revenue opportunities by promoting operational efficiency and sophistication through DX</li></ul>	<ul style="list-style-type: none"><li>Further promote DX smart conservation using drones and develop new applications</li><li>Promote material recycling business, sell new materials such as plastic substitutes derived from organic waste, and disseminate information</li><li>Initiatives for seaweed forest creation off the coast of Takashima, Matsuura City, Nagasaki Prefecture</li><li>Promote providing automation solutions leveraging robots and unmanned transportation systems to achieve labor-saving in manufacturing and logistics processes</li></ul>	
3 Prosperous coexistence with Shareholders	<ul style="list-style-type: none"><li>Improvement of employee engagement</li><li>Promotion of diversity</li><li>Coexistence with local society</li></ul>	<ul style="list-style-type: none"><li>Evaluation and rationalization of new personnel system</li><li>Expansion of the human resource training program</li><li>Welfare package<ul style="list-style-type: none"><li>① Increase the financial incentive for employee stock ownership plan to 20%</li><li>② Awarded "Hataraku Yell 2025" designation for efforts to strengthen recruiting competitiveness and enhance engagement</li><li>③ Introduced corporate health support services</li><li>④ Introduced light-meal services for offices</li><li>⑤ Partially expanded outsourcing services for welfare benefits</li><li>⑥ Increased maternity allowance</li></ul></li><li>Promotion of diversity<ul style="list-style-type: none"><li>① Monitored participants in female executive candidate training project (WEP).</li><li>② Conducted training for employees of overseas subsidiaries</li><li>③ Initiatives to employ people with disabilities</li></ul></li><li>Participation in various volunteering and coexistence-with-local community activities,</li></ul>	<ul style="list-style-type: none"><li>Strengthen proper operation of new personnel system</li><li><b>KPI: Improve employee satisfaction of the evaluation system by 20%</b></li><li>Recruitment that underpins business strategy</li><li><b>KPI: Lift five-year retention rate of new graduates and mid-career employees to at least 90%</b></li><li>Promotion of health management</li><li><b>KPI: Receive recognition as Outstanding Organizations of KENKO Investment for Health</b></li><li>Monitor implementation of human resource training programs and attendance status</li><li><b>KPI: Lift employee satisfaction with education and training by 20%</b></li><li>Initiatives for diversity and inclusion<ul style="list-style-type: none"><li>① Continuous monitoring of participants in female executive candidate training project (WEP)</li><li>② Continuous implementation of measures to lift sense of belonging to the Group for employees of overseas subsidiaries</li><li>③ Workplace improvement for employment of people with disabilities (including employee education)</li></ul></li><li><b>KPI: Meet statutory employment rate (FY2025: 10 / 10 persons (number employed / number of people with disabilities legally mandated to be employed))</b></li><li>Major renovations for head office, and inspections and upgrades to branch workplaces</li><li>Upgrade head office telephone system partly to respond to major disasters and verify benefits of adoption</li></ul>	<div>5</div> <div>8</div> <div>17</div>
4 Practicing transparent governance	<ul style="list-style-type: none"><li>Enhancement of corporate governance</li><li>Reinforcement of compliance system</li><li>Enhancement of data security</li></ul>	<ul style="list-style-type: none"><li>Obtained "A- (stable)" credit rating from Japan Credit Rating Agency, Ltd.</li><li>Establish systems and hold awareness-raising activities to bolster compliance</li><li>Strengthen information security governance and improve security awareness among employees</li><li>Participated in the Partnership Building Declaration</li><li>Initiatives to address climate change<ul style="list-style-type: none"><li>① Obtained CDP score "B"</li><li>② Endorsed the TCFD Recommendations and participated in the TCFD Consortium</li></ul></li></ul>	<ul style="list-style-type: none"><li>Maintain the credit rating from Japan Credit Rating Agency, Ltd.</li><li>Continue to hold awareness-raising activities to establish systems to bolster compliance</li><li>Formulation of the Seika Corporation Group's Human Rights Policy and Procurement Policy</li><li>Strengthen risk management systems</li><li>Commence crisis management, including strengthened information security governance, and building of a BCP framework</li><li>Continue climate change-related initiatives</li><li><b>KPI: Maintain CDP score in B range (B-, B)</b></li></ul>	

# Long-Term Management Vision/Medium-Term Management Plan

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.

## Long-Term Management Vision “VIORB 2030” FY2023 – FY2030

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

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

FY2023 result		FY2024 result		Final year targets of Medium-Term Management Plan		Final year targets for Long-Term Management Vision	
Net Sales	86.78 billion yen	Net Sales	93.73 billion yen	Net sales	110 billion yen	Net sales	130 billion yen
Operating profit	5.58 billion yen	Operating profit	6.48 billion yen	Operating profit	5.2 billion yen	Operating profit	6.5 billion yen
Ordinary profit	6.25 billion yen	Ordinary profit	8.29 billion yen	Ordinary profit	5.2 billion yen	Ordinary profit	7.2 billion yen
				After revision	120 billion yen	After revision	180 billion yen
					7 billion yen		12 billion yen
					7.6 billion yen		12.5 billion yen

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

#### ► Progress in FY2024

In the Energy Business, the Company's earnings foundation has further strengthened, mainly due to becoming a primary distributor for Mitsubishi Heavy Industries' thermal and nuclear energy business. The Company also made steady progress in the delivery of large-scale projects, including major power generation facility upgrades for thermal power plants. In the Product Business, the performance of consolidated subsidiaries has been strong. As a result, earnings results in FY2024 showed sharp gains compared with the previous fiscal year and achieved the final targets for the Medium-Term Management Plan ahead of schedule. Therefore, in striving for future business expansion and growth, the Company has revised up its final year targets for its Long-Term Management Vision and Medium-Term Management Plan. While still based on the basic policies of the Medium-Term Management Plan, we will accelerate growth by implementing the additional measures in the diagram to the right in light of the current business environment.

#### ► Priority business domains

	Quickly develop insight into users' needs related to <b>decarbonization</b> and technological innovation to commercialize solutions
	Expand support to the permanent needs of the industrial circles for <b>energy saving and automation</b>
	Accelerate progress and actions towards a <b>circular economy</b>
	View <b>digital transformation</b> from a broad perspective to seek business opportunities

#### ► Additional measures to achieve Medium-Term Management Plan “VIORB2030 Phase1” targets

Our business strategy	Our management strategy
<b>Improve profitability</b> <ul style="list-style-type: none"> <li><b>Business expansion in growth domains (Energy Business and Product Business)</b> <ul style="list-style-type: none"> <li>Accelerate complementary M&amp;As in existing businesses</li> </ul> </li> <li><b>Carry out structural reforms in low-growth, low-profit businesses</b> <ul style="list-style-type: none"> <li>Flexibly allocate necessary management resources to improve profitability</li> </ul> </li> <li><b>Strengthening resilience of Group companies</b> <ul style="list-style-type: none"> <li>Formulate and implement measures to mitigate risks associated with changes in the business environment at Group companies</li> </ul> </li> </ul>	<b>Efficient use of invested capital</b> <ul style="list-style-type: none"> <li><b>Consider cash allocation</b> <ul style="list-style-type: none"> <li>Optimize business investments, human capital investments, and shareholder returns</li> </ul> </li> <li><b>Improve sophistication of human capital management</b> <ul style="list-style-type: none"> <li>Initiatives to secure human resources and improve labor productivity through DX and non-core business process outsourcing (BPO)</li> <li>Be certified as Health &amp; Productivity Management Outstanding Organization and strengthen initiatives to promote employee health and improve workplace environments</li> </ul> </li> </ul>

#### Cash Allocation

[VIORB2030 Phase1] (2023~2026)		[VIORB2030 Phase2] (2027~2030)		
Operating CF 10 billion yen	Shareholder returns 9 billion yen	Operating CF 14 billion yen	Shareholder returns 12 billion yen	<ul style="list-style-type: none"> <li>We will prioritize efforts to maintain stable dividends, with a total return ratio of around 45%.</li> <li>We will take a flexible approach in considering share buybacks from the perspective of investments for the future.</li> <li>Quantitatively and qualitatively, we will expand recruitment of human resources to drive growth acceleration in Phase 2.</li> <li>Development of Group management personnel</li> </ul>
Own funds, etc. 10 billion yen	Human capital investments 1 billion yen	Own funds, etc. 10 billion yen	Organic business investments 10 billion yen	
	Organic business investments 10 billion yen		Non-organic business investments 30 billion yen (maximum)	
		Use of debt 30 billion yen (maximum)		<b>Investments to strengthen earnings base of existing businesses</b> Examples: Actively promoting complementary M&A, investing in partner manufacturing companies, strengthening collaboration with equity method affiliates, etc.
				<b>Investing in new earnings bases, business formation</b> Using capital efficiently with awareness of financial leverage by using debt while maintaining sound financial condition.



# Message from Executive Officer in charge of administration

Driven by both business strategy and management strategy, we will increase capital efficiency while implementing growth investments from a long-term perspective.

Hirohisa Masuda

Director  
Managing Executive Officer in charge of administration



## Further improve ROE with an awareness of cost of capital

For some time, the Company's cost of capital has been around 6%, and as of late has been approximately 6.4% ( $\beta = 1.06$ ). On the other hand, ROE has exceeded 10% for the past three consecutive fiscal years starting FY2022, reaching 17.5% in FY2024. In the previous fiscal year, ROE was higher than expected due to the posting of extraordinary income, but on an underlying basis excluding this factor, ROE was still in the double digits.

In our November 2023 announcement of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," we set our target to "maintain an ROE in the 8.0% range" but revised this upward to "10.0%" in

the Medium-Term Management Plan "VIORB2030 Phase 1" (FY2023-FY2026). In order to achieve the FY2030 target set out in the Long-Term Management Vision "VIORB2030" ahead of schedule, the Company has developed an organizational structure to effectively implement a PDCA cycle and is implementing specific measures.

Based on the basic policies of the Medium-Term Management Plan, the Company has formulated a business strategy of "improving profitability" and a management strategy of "efficient use of invested capital." By steadily executing both, it will lead to further improvement in ROE and profitability.

## Continuously reducing cross-shareholdings

In FY2024, cross-shareholdings shrank to less than 20% of consolidated net assets at March 31, 2025 through the sale of some cross-shareholdings (12 issues, sale price of approximately 3.411 billion yen).

In order to further improve asset efficiency, the Company later decided at a meeting of the Board of Directors held on January 16, 2025 to continue to reduce cross-shareholdings

and will aim to bring such shareholdings to around 10% of consolidated net assets by the fiscal year ending March 31, 2028. So far in FY2025, we have sold about 2.2 billion yen in 11 issues as of September 30, 2025.

Proceeds obtained through the reduction of cross-shareholdings are being used for growth investments and shareholder returns.

## Updated our cash allocation policy

The Company has updated the cash allocation policy in the Medium-Term Management Plan and Long-Term Management Vision. In the current Medium-Term

Management Plan (FY2023-FY2026), we plan 10 billion yen in organic business investments over four years, and in the next Medium-Term Management Plan (FY2027-FY2030), which is

### Details of cash allocation

Sources of Cash		Uses of Cash	
Operating CF	<b>Organic businesses</b> Continue 6% p.a. growth for operating income of 8.5 billion yen in FY2030	<b>Shareholder returns</b>	<ul style="list-style-type: none"><li>• Prioritize efforts to maintain stable dividends with a total return ratio of 45% using the operating profit targets of Phase 1 and the Long-Term Management Vision and the planned sale of cross-shareholdings as the source of funds.</li><li>• Share buybacks to be considered</li></ul>
	<b>Non-organic businesses</b> Operating income of 3.5 billion yen in FY2030  Promote growth strategy to achieve the above targets	<b>Human capital investments</b>	<b>Phase1</b> Develop system to launch the nuclear power generation equipment business; enhance human resources strategies based on the new HR system and health management.  <b>Phase2</b> Quantitatively and qualitatively expand recruitment of human resources to support sustainable growth. Accelerate the development of group management personnel.
Own funds, etc.	<ul style="list-style-type: none"><li>• Use surplus assets based on the sound financial condition.</li><li>• In line with the announced policy of reducing cross-shareholdings, sell to around 10% of consolidated net assets by FY2027.</li><li>• Consider and implement further reductions after 2027.</li></ul>	<b>Organic business investments</b>	<b>Investments to strengthen earnings base of existing businesses</b> Actively promote complementary M&A, investments in partner manufacturers, and increased collaboration with equity method affiliates.
Use of debt	<ul style="list-style-type: none"><li>• To be used according to the scale of non-organic business investments</li><li>• 30 billion yen assumed as the maximum allowable amount of debt, premised on maintaining the JCR rating of "A-" assigned in FY2024</li></ul>	<b>Non-organic business investments</b>	<b>Investments in new earnings bases and business formation</b> Use debt while maintaining sound financial condition and efficiently manage capital with awareness of financial leverage.

the second half of our Long-Term Management Vision, we plan 10 billion yen in organic business investments and 30 billion yen (maximum) in non-organic business investments over four years.

For growth investments in organic fields, we envision using our own funds to promote complementary M&As and investments in partner manufacturers, while for growth investments in non-organic fields, we expect to use debt to build new earnings bases and pursue business formation. In both cases, based on the management frame for business investments that we formulated in 2024, we carefully follow the process of investment consideration through to decision-making, implementation, and subsequent regular follow-up. In the consideration stage, in particular, we clarify points for deliberation, accelerate risk assessment, and implement flexible and swift investments to ensure that growth opportunities are not lost.

Rather than making sweeping decisions based on factors such as the equity ratio and debt to equity ratio, we

will comprehensively consider investment decisions by analyzing factors such as the accuracy of the investment target's financial statements as well as its growth potential and synergies with the Company's businesses. In addition, when utilizing interest-bearing debt for non-organic business investments, it is important for the Company to maintain its own sound financial condition and its rating with rating agencies. In November 2024, the Company obtained a long-term issuer rating of "A-" from Japan Credit Rating Agency (JCR). We will continue to maintain sound financial conditions and our credit rating, and work to reduce funding costs.

In addition, the Company plans to actively invest in digital technologies to help lift productivity and in human capital to support sustainable growth. Digital investments, in particular, are expected to help solve various issues, including the utilization of generative AI for improving operational efficiencies, cybersecurity measures, and new J-SOX compliance.

## Enhancing shareholder returns and continuing stable dividends

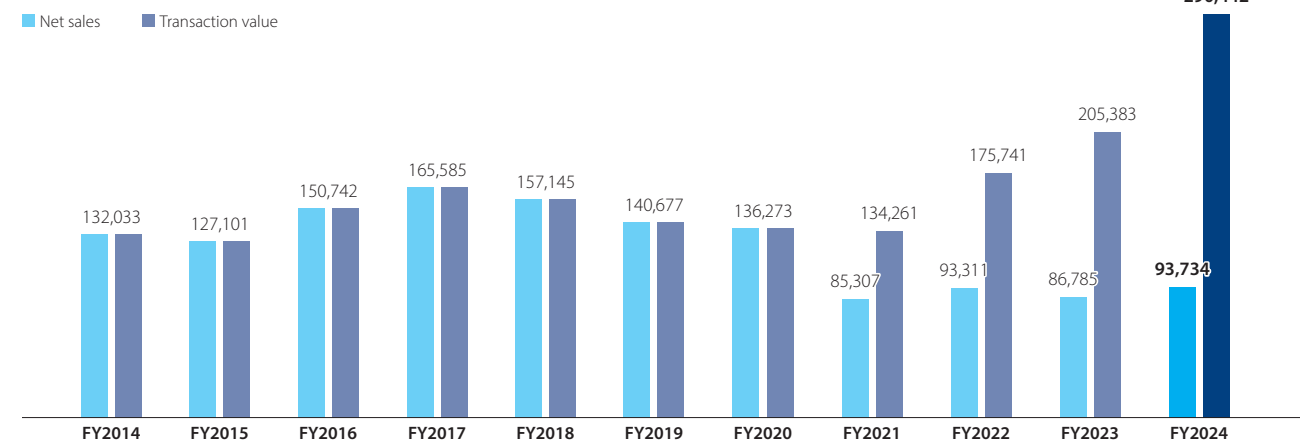
We changed our shareholder return policy from a dividend payout ratio target of around 35% to a total return ratio target of around 45% in FY2023, and aim for more generous shareholder returns. We are positively evaluated by both shareholders and investors, due to the actual dividend amount swelling five-fold on the back of five consecutive years of dividend hikes. We will continue to position the return of profits to shareholders as one of the most important management issues, and while flexibly responding to securing necessary funds for new business development and the like, we will maintain stable dividends.

A share buyback as part of measures to return profits to shareholders is also undertaken with funding plans for business investments in mind. However, as earnings per share tend to increase as the number of shares decreases, we have heard from market participants that share buybacks that improve capital efficiency are investments for the future. We will continue to consider the implementation of share buybacks from the perspective of improving capital efficiency.

Additionally, we conducted a three-for-one stock split effective October 1, 2025 in light of our stock price exceeding 5,000 yen as of late. Thanks to the reduced investment unit, we expect improved liquidity and expansion in the investor base.

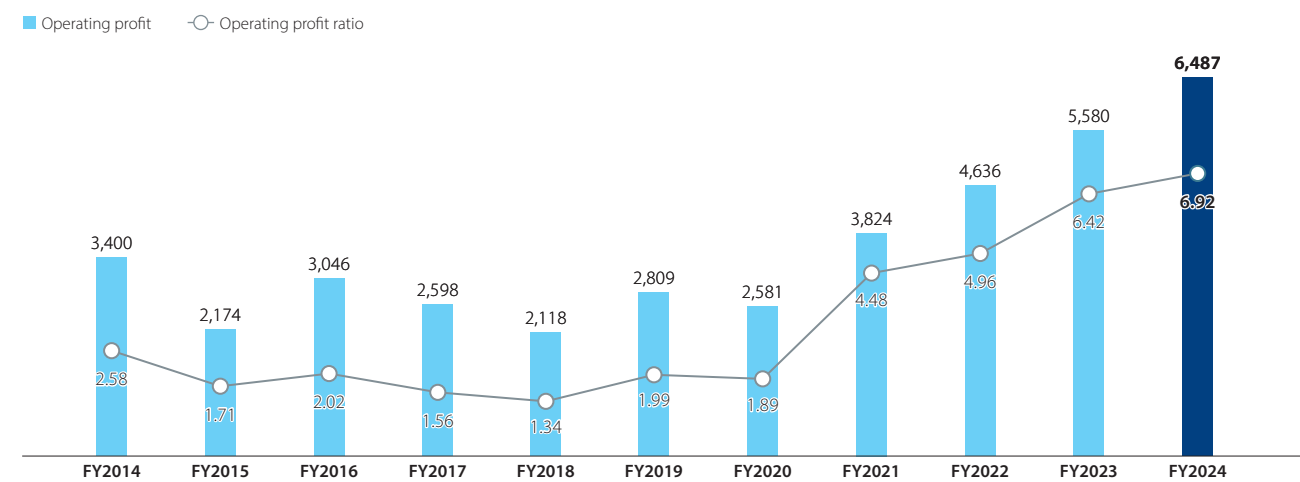
# Financial & Non-Financial Highlights

Net sales/Transaction value (million yen)

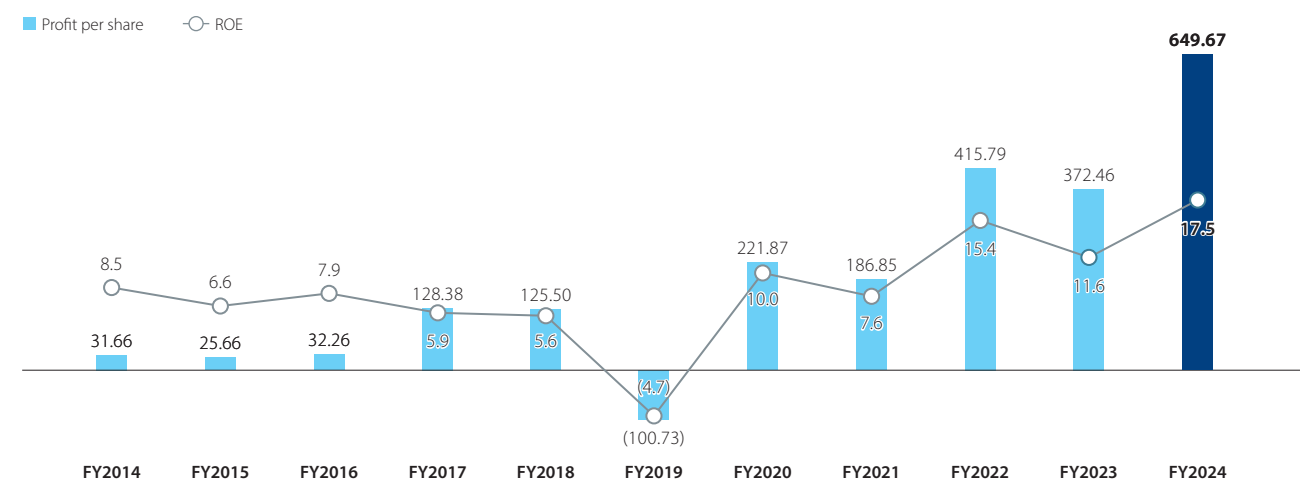


\*The numbers for "Sales" are the figures after applying the "Accounting Standard for Revenue Recognition" and other standards from FY2021 onward, while the numbers for "Transaction value" are the figure under the previous accounting standards, which did not apply the same standards.

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

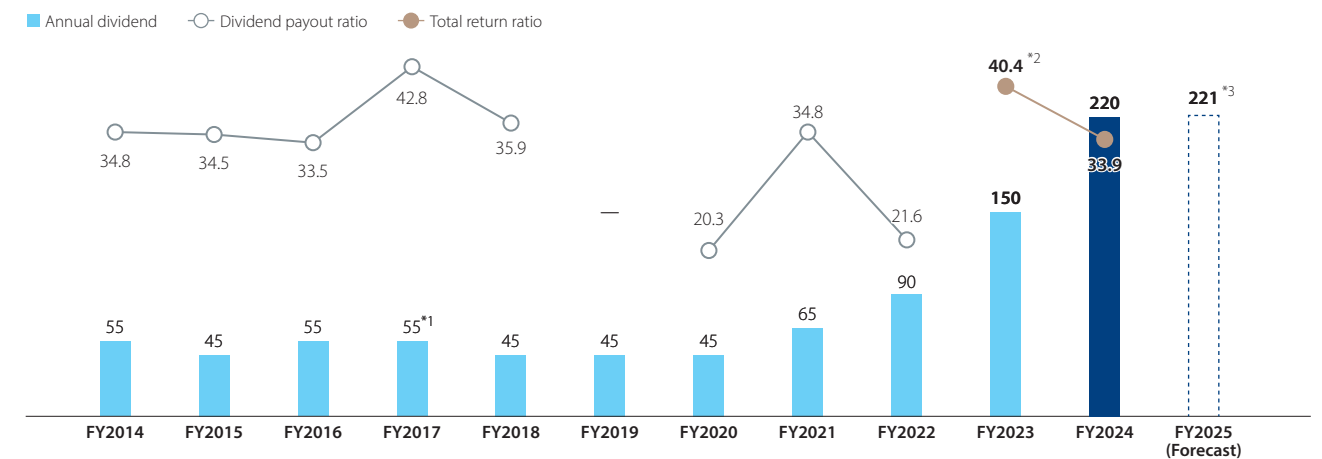


Profit per share (yen)/ROE (%)



\*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 (%)

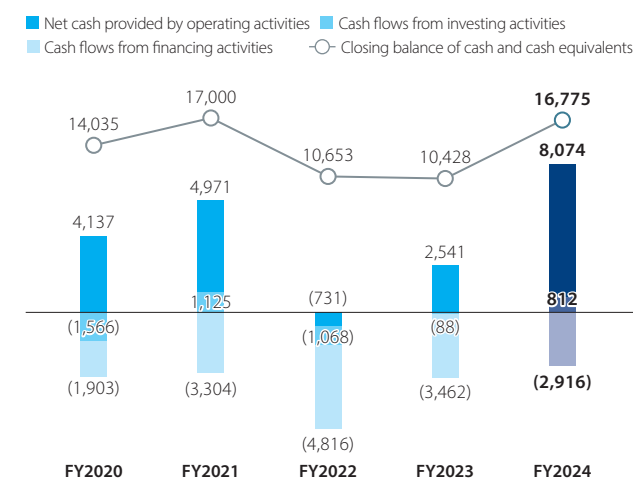


\*1 Effective October 1, 2017, the Company implemented a one-for-five reverse stock split of its common stock. Dividends prior to the reverse stock split are stated based on the number of shares after the reverse stock split.

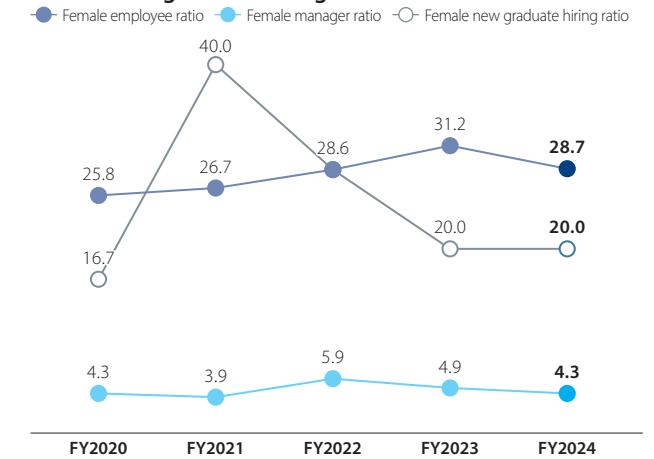
\*2 From FY2023, We were change our shareholder return target from the dividend payout ratio to the total return ratio.

\*3 Effective October 1, 2025, the Company conducted a three-for-one stock split of its common stock. The dividend forecast for FY2025 is stated based on the number of shares before the stock split.

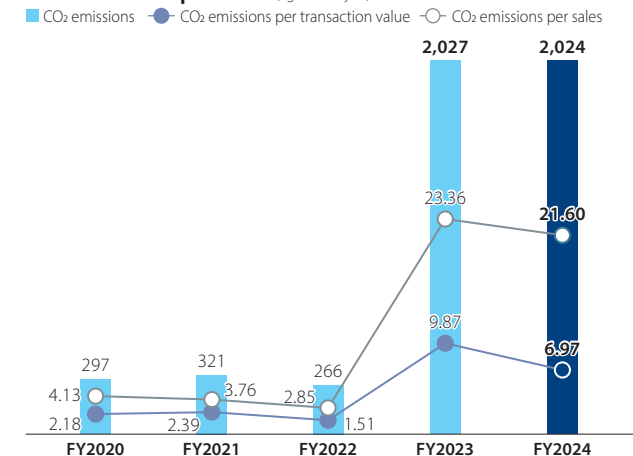
Cash flows /Balance at the end of the period (million yen)



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

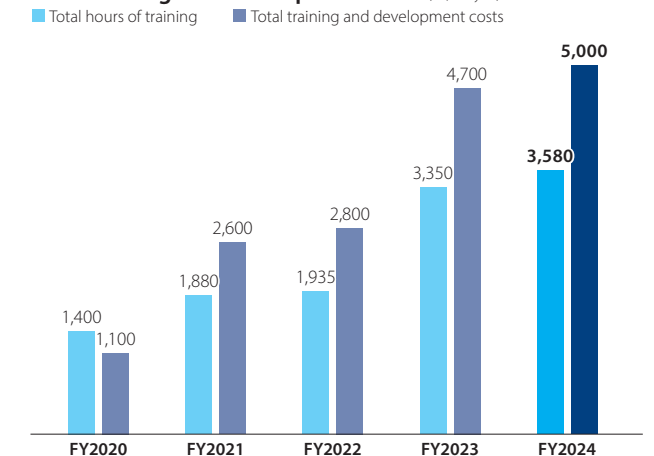


CO<sub>2</sub> emissions (t)/CO<sub>2</sub> emissions per transaction value /  
CO<sub>2</sub> emissions per sales (kg/million yen)



\*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).

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





Special Feature

Nuclear Power-Related Business

In the past, the Company engaged in sales activities for the peripheral facilities of nuclear power plants. However, in April 2023, the Company was appointed as a sales agent for the nuclear energy business of Mitsubishi Heavy Industries in the western Japan area and began handling major power generation facilities. Here we discuss the nuclear power-related business, which has become a major pillar of the Company's business.

MESSAGE




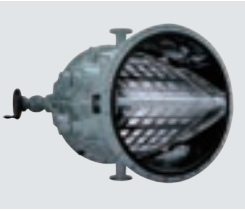
Two and a half years have passed since we became the sales agent for Mitsubishi Heavy Industries' nuclear energy business in the western Japan area in April 2023. At that time, I was involved in launching the Company's nuclear power-related business, as a member who had switched companies. In the early days of the Kansai Nuclear Power Department, travails continued on a daily basis, but in order to swiftly fulfill our responsibilities as a sales agent, the original members of the Company and new members worked together to overcome the challenges. I believe that thanks to our efforts, we have reached a point where our clients recognize the Company's significance and role with a certain degree of approval.



Satoru Shibaie  
General Manager,  
Kansai Nuclear Power Department

Business overview

As a sales agent for Mitsubishi Heavy Industries, the leading nuclear power generation facilities company, we deliver key power generation facilities and provide after-sales services in order to achieve continuous safe and stable operations of the nuclear power plants in Japan. In addition, backed by the trust we have earned as a Mitsubishi Heavy Industries sales agent and the Company's unique network as a machinery trading company, we also sell diverse manufacturer products that meet stringent nuclear power plant standards and have high quality when it comes to various peripheral equipment for power plants. With sales offices in regions where power plants are located, we are able to swiftly identify the needs of on-site customers and quickly develop solutions, thereby increasing the Company's added value.

	Main power generation equipment		Peripheral equipment	
Examples of products handled	Steam generator	Steam turbines	Sample package (Nikkiso)	Ball collectors for condenser tube cleaning systems (TAPROGGE)
				
Manufacture	Mitsubishi Heavy Industries		Nikkiso, TAPROGGE, Mitsubishi Kakoki Kaisha, Fenwal Controls of Japan, TVE, Nippon Daiya Valve, etc.	
Key features	Coordinate with Mitsubishi Heavy Industries as an agent to sell major equipment and provide after-sales service		The Company takes the initiative in providing optimal solutions for various equipment necessary for the stable operation of power plants.	

Voices from frontline employees

I am involved in Mitsubishi Heavy Industries' sales agency business in the Kyushu region, and have been in charge of maintenance related to periodic inspections of power plants, as well as construction projects. While my main duties are to hold meetings through regular on-site visits and to engage in contractual negotiations with business partners, I also conduct new product research and make proposals using information gleaned from daily interactions as well as the local challenges and needs learned in interviews.



The products used at power plants are all critical to the stable supply of electricity, and every transaction is an important project supporting social infrastructure. Especially at nuclear power plants, because high accuracy and reliability are required, the top priority is to steadily deliver accurate information, and all q members of the branch work together with a sense of responsibility and motivation.



Kosuke Tomozawa  
Section B, Fukuoka Branch  
(in charge of Genkai Nuclear Power Plant)

External factors

For Japan, which is poor in energy resources, nuclear power generation, which is a quasi-domestic energy source, is an essential baseload power source for ensuring a stable energy supply, improving self-sufficiency, and decarbonization. At nuclear power plants already in operation for some years, demand is expected for safety measure construction for large-scale facility renewal and long-term extended operation. Additionally, for nuclear power plants no longer of use, it will take about 40 years to safely dismantle and demolish them. Japan's 7th Strategic Energy Plan indicates that use of nuclear power will be maximized in the future, with nuclear power to account for about 20% of the energy mix for FY2040. Additionally, it envisions necessary power generation volumes rising in line with demand for electricity from data centers and other sources.

Covering this with existing nuclear power plants that are in operation will prove challenging, and in various regions, reviews are underway for resuming operations at nuclear power plants, and investigations and studies are progressing for new construction.

Outlook for energy supply and demand in FY2040

		FY2023 (preliminary result)	FY2040 (outlook)
Energy self-sufficiency		15.2%	Approx. 30-40%
Amount of electricity generated		985.4 billion kWh	Approx. 1.1 to 1.2 trillion kWh
Power generation mix	Renewable energy	22.9%	Approx. 40-50%
	Nuclear power	8.5%	Approx. 20%
	Thermal power	68.6%	Approx. 30-40%
Final energy consumption		300 million kL	Approx. 260 to 270 million kL
GHG reduction rate (compared to FY2013)		22.9% *FY2022 result	73%

Source: "Strategic Energy Plan (Outline)," Agency of Natural Resources and Energy

Strengths

- Highly agile, on-site sales backed by offices within nuclear power plants
  - Expertise in after-sales services accumulated over many years catering to thermal power plants
- Commercial rights granted by a major, peripheral equipment manufacturer with unique technology in the nuclear power industry
  - Continuous and stable earnings base in line with scheduled maintenance/repairs of nuclear power plants based on the maintenance cycle

Data	personnel	No. of locations	Transaction value	Electricity generated at power plants where we have offices
	Approx. 54 <small>(including personnel concurrently holding positions in thermal power generation-related businesses)</small>	14	Approx. 95 billion yen	Approx. 89 billion kWh <small>(FY2024 results)</small>

TOPICS

- 🕒 Kyushu Electric Power has decided to upgrade its steam turbines, and Kansai Electric Power has decided to upgrade its steam generators. These are large-scale projects that will take several years to complete.
- 🕒 For the Rokkasho Reprocessing Plant, we proposed a maintenance lease for simulated load test equipment, which was adopted. We are equipped with sales methods that meet customer requirements.



Simulated load test equipment



# Message from Executive Officer in charge of planning

## Laying the foundation for realizing our Long-Term Management Vision and strengthening growth potential and profitability while improving Group management efficiency.

**Yasumasa Kawana**

Director  
Senior Managing Executive Officer in charge of planning



### Updated Long-Term Management Vision and Medium-Term Management Plan targets

In FY2024, the second year of the four-year Medium-Term Management Plan “VIORB2030 Phase 1,” the Energy Business and the Product Business performed well, and as a result, net sales and profits at all levels greatly exceeded initial forecasts and we achieved both sales and profit growth. Given that we achieved our profit targets for the final year of the plan (FY2026) two straight years beginning FY2023, we have reviewed the plan, revising up the targets for the final year to net sales of 120.0 billion yen, operating profit of 7.0 billion yen, and ordinary profit of 7.6 billion yen. In line with the revisions, we updated the targets for the final year (FY2030) of our Long-Term Management Vision “VIORB 2030” to net sales of 180.0 billion yen, operating profit of 12.0 billion yen, and ordinary profit of 12.5 billion yen.

One of the factors that contributed to the better-than-expected progress toward achieving the plan was solid earnings growth in the Energy Business. The sales agency business for nuclear power plants was launched smoothly, and business performance has since continued to grow steadily. In addition, revised rates as a primary distributor for thermal power plants have pushed up profits. Another reason was the growth of subsidiaries in the Product Business. The efforts of each company, together with management support from the head office, have paid off, and the robust cycle of business plan formulation and execution continues.

FY2025 marks the halfway point of the Medium-Term Management Plan. The plan is positioned as a period for laying the foundations for realizing “VIORB 2030.” Over the past two years, we have made progress in laying the groundwork for future non-organic business investments and executed some investments. In the latter two years of the plan, we will focus on growing organic businesses

and will accelerate investments. Furthermore, in order to achieve our FY2030 targets, we plan to budget 30 billion yen for non-organic business investment in the next Medium-Term Management Plan (FY2027-FY2030).

Meanwhile, we are also enhancing IR communication, including meetings with institutional investors. In FY2024, we held about 90 one-on-one meetings, creating a framework for incorporating the voices of the stock market into management.

A remaining challenge under the current plan is to improve the profitability of the Industrial Machinery Business. After recording a segment loss in FY2024, we expect to return to profitability in FY2025. However, from the perspective of evaluating our business portfolio, returns are yet to reach the level expected by institutional investors. We seek to generate benefits by rebuilding the value proposition model and optimizing resource allocation. There are domains in which our efforts to develop high-value-added products and services that sell well in a wide range of fields are progressing well. There are also other domains in which our efforts are a work in progress. However, over the next two years, we intend to identify the growth potential of each domain and translate this into results.

Another challenge is human resources development. As we expand the scope of our business, expanding our headcount will be essential. At the same time, we will lift individual capabilities by improving and systematizing education and training, and linking these capabilities to organizational strength. In addition, with an eye to future Group management, we are promoting the Management Talent Project, which will produce the next generation of management personnel.

### Decisions in business portfolio management

From the perspective of our social significance as well as prospects for continued commercial opportunities, the Group’s business portfolio is indeed centered on the Energy Business. In light of this, when implementing M&A, factors such as profitability and contribution margins, including ripple effects on other businesses, are determined comprehensively, and decision-making is conducted through repeated discussions by the Corporate Management Meeting and Board of Directors based on the framework for business investment. We have accumulated knowledge and expertise through our experiences of successes and failures in past investment projects, and I believe we are having fruitful discussions.

In periodic post-investment evaluations, for instance, in the case of the Energy Business, judgments must be made

based on the actual situation of each project, including whether the business has a long cycle. As such, the business execution side shall closely monitor.

Meanwhile, the decision to withdraw from a business may be based in part on criteria such as the maximum investment amount and investment period, but may also take into consideration the aforementioned ripple effects and contribution margins. The decision may involve replacing a profitable business with another opportunity. In any case, we need to always consider who the best owner is for the growth of that particular business or the company, and for that purpose, we need to clarify why we acquired it and how it will be sustained.

### Support measures for strengthening Group management

In recent years, we have expanded the Group both in Japan and overseas through the establishment of subsidiaries and M&A. Within the Group, personnel exchanges are actively conducted among operating companies. Additionally, the necessary human resources for formulating and implementing each company’s business plans and funds for growth investments are provided by the head office, which also monitors management.

In particular, we have been focusing on providing backup for the past few years to ensure that the business plans of Group companies are solid. The companies are not large, and we have promoted improvements in areas where organizational efficiency and governance are insufficient, all while forming a common understanding of business operations and observing operations. Additionally, the Company also provides funds for growth investments while assuming the role of judging the appropriateness of investments as part of the parent company’s governance. Through this kind of backup and monitoring, I feel that the awareness of the Group companies has changed significantly.

As an example of human resources support, we dispatched two general manager-level sales staff to Fenwal Controls of Japan in April 2024, and are providing support, such as promoting customer acquisition and offering marketing knowledge for general industry customers. Top management was dispatched to Nippon Daiya Valve and Shikishimakiki. As an example of synergies within the Group, German subsidiary Seika Sangyo GmbH was introduced to Japanese manufacturers by the head office, which led to expanded sales of research and development equipment for EVs.

As for risk management at overseas Group companies, the Audit and Supervisory Committee and the Internal Audit Office conduct on-site inspections, and monitoring systems have been put in place in cooperation with accounting consultants and law firms, led by legal affairs departments.

As we work to realize “VIORB 2030,” we will continue to fulfill the roles required of the corporate planning departments.



Special Feature: Group Company Strategy

Tsurumi (Europe) GmbH

https://www.tsurumi.eu

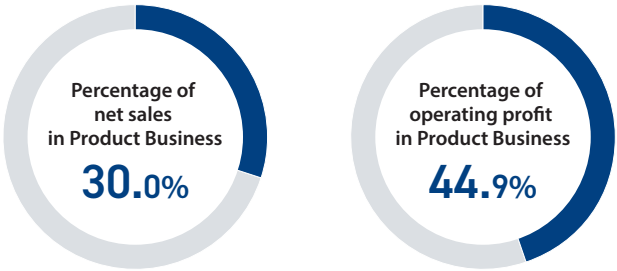
Business overview

Tsurumi (Europe) GmbH sells submersible pumps and other products and provides services throughout Europe. Backed by its network of agents spanning more than 35 countries across Europe and ample inventory, it swiftly supplies highly reliable products to construction, mining, tunneling, and other various sites.

Main products handled	Submersible pumps for construction and facilities, underwater aerators and agitators, mixers, and dehydrators
Area	All of Europe, as well as Turkey and some African countries
Main customers	Construction companies, construction equipment rental companies, mining companies

Overview of FY2024 business performance

Both net sales and operating profit increased significantly due to heavy rainfall, especially in Central and Northern Europe, as well as to involvement in large-scale projects for construction work and mining in various countries.



Strengths and recognizing the business environment

Strengths

- Sales of high-quality products that can withstand harsh environments such as mining and tunnel work
- Abundant inventory enables prompt delivery of products and parts
- Superior design leads to longer product life and reduced maintenance costs
- Wide-ranging agency network throughout Europe and Turkey

business environment

Opportunities and risks (external environment)

Opportunities

Further expansion of Tsurumi Pumps' share in the European market  
Contribution to reducing environmental impact through sales of products with long lives and superior maintainability

Risks

Political instability, foreign exchange fluctuations, inflation, and soaring energy prices in Europe

Challenges (internal environment)

- Securing and training specialist human resources to strengthen sales and service systems in European countries
- Fostering a corporate culture that promotes sustainable growth

The future we seek

**Become the market leader in terms of market share for submersible pumps for the European construction market**

By swiftly delivering Tsurumi pumps, which operate stably even in harsh working environments such as construction sites, tunnels, and mines, to many customers, we help minimize downtime risks and significantly reduce time and costs associated with maintenance and parts replacement.

Strategies for realizing our vision and business direction

- Strengthen the sales organization:** Add sales and service personnel to strengthen highly specialized sales and service systems in European countries, and expand the sales network through appropriate investments in target markets.
- Improve brand recognition:** Increase recognition and trust in the Tsurumi brand by actively communicating the appeal of Tsurumi pumps, which boast superior maintainability and strong durability, through such activities as exhibiting at exhibitions, advertisements, and social media.
- Develop IT and digital infrastructure:** Improve operational efficiency and security of the Group as a whole by introducing a Group shared ERP system and strengthening digital marketing.



Daniel Weippert  
Managing Director

Nippon Daiya Valve Co., Ltd.

https://www.ndv.co.jp/english

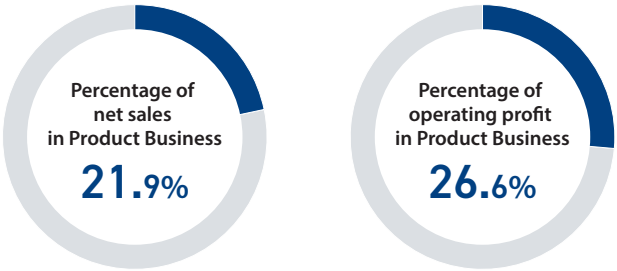
Business overview

Since its founding in 1955, the NDV brand has been established as the top manufacturer of diaphragm valves and we celebrate our 70th anniversary in 2025. In addition to mainstay diaphragm valves, we provide high-performance products to meet diverse needs, including ball valves and butterfly valves.

Main products handled	Diaphragm valves, ball valves, butterfly valves
Area	Japan, Southeast Asia, East Asia, the Middle East, North America
Main customers	Plant engineering, semiconductors, water treatment, electric power, pharmaceuticals, foods, and chemicals

Overview of FY2024 business performance

Captured robust investment demand in areas such as fine chemicals and pharmaceuticals and posted record-high net sales. Operating profit exceeded the target, despite declining year-on-year, due in part to soaring raw material prices.



Strengths and recognizing the business environment

Strengths

- Top domestic market share for diaphragm valves
- Technological capabilities and production systems that can respond to fields requiring high quality and performance
- Sales capabilities and service systems that realize prompt and careful after-sales services
- Providing products meeting various needs, including semiconductors, chemicals, and pharmaceuticals

business environment

Opportunities and risks (external environment)

Opportunities

The government supports aggressive capital investment in the areas of decarbonization, pharmaceuticals, and semiconductors

Risks

Competition intensifies as multiple competitors enter markets for the Company's mainstay products

Challenges (internal environment)

- Large-scale upgrades of aging buildings and facilities
- Human resources development, including the passing on of various skills, multi-skilling, and generational shift
- Overemphasis on the domestic market and poor recognition in overseas markets

The future we seek

**Create overwhelming quality and performance to become Japan's leading global valve manufacturer**

In our activities spanning development, manufacturing, and sales to after-sales service, we will maintain a customer-first attitude, solidify the trust of the market, and aim for our "NDV mark" to become proof of trust in overseas markets as well.

Strategies for realizing our vision and business direction

To achieve sustainable growth, we will strengthen both individuals and our organization (including overseas) and work to build a production system adaptable to changes in the business environment.

As a business strategy, we will improve and develop products in line with global SDG and decarbonization trends. In addition, we will target South Korea and Taiwan, where continued semiconductor-related investment is expected in the near future, and will establish a structure enabling us to obtain facility planning information at an early stage and follow this through to the implementation phase by leveraging the relationships of trust we have built with our business partners in Japan.

In the medium to long term, we aim to expand transactions with local companies in Thailand and enter markets with advancing economic sophistication, such as Malaysia, Indonesia, the Philippines, and Vietnam.



Eiji Hayashida  
President and CEO



# Seika Daiya Engine Co., Ltd.

<https://www.daiyaeng.co.jp>

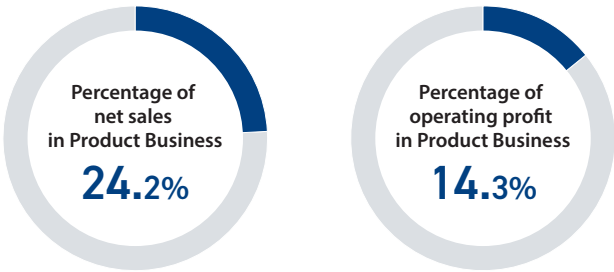
## Business overview

Seika Daiya Engine sells and provides maintenance services for Mitsubishi Heavy Industries' marine diesel engines for fishing boats and commercial vessels. With 25 sales and service sites across Japan, we support companies and individuals active in the fishing and marine industries, and strive to realize a future of abundant oceans while connecting Japan's seas with local communities.

Main products handled	Marine diesel engines (main engines and auxiliary machinery), vessels as well as parts and supplies
Area	Six areas in Japan (Tohoku, Kanto, Chubu, Kansai, Chugoku, Kyushu-Okinawa)
Main customers	Maruha Nichiro Corporation, Nissui Corporation, and other fishery companies, Shikoku Kiki Corporation

## Overview of FY2024 business performance

Net sales and operating profit exceeded targets, despite declining year-on-year. In addition to the acquisition of Shipyard Tanaka, we have made progress in our approach to business development, including investments in companies engaged in autonomous navigation systems and fishery DX.



## Strengths

Strengths

- Advanced technical capabilities in marine diesel engines
- Service network covering the entire country
- Ability for integrated responses from shipbuilding through to sales, given a shipyard (Shipyard Tanaka) under our umbrella
- Rollouts of decarbonization solutions, including EV systems and electronic propulsion ships

business environment

**Opportunities and risks (external environment)**

**Opportunities** Creation of new markets prompted by growing decarbonization needs

**Risks** Risk of changes in the business environment for the fishery industry due to a decline in the number of fisheries workers

**Challenges (internal environment)**

- Succession of services and technologies and development of younger employees
- Sophistication of operations through DX, including use of data

The future we seek

**Protect and expand an environment where people can work comfortably and sustainably in the abundant seas of Japan**

As a partner that links people and the sea, from the marine environment that nurtures fish to the dining tables of consumers, we will provide value in diverse fields and contribute to the realization of a sustainable society.

## Strategies for realizing our vision and business direction

As a partner linking people and the sea, we are working to enhance our business and create new value in order to contribute to the development of a sustainable fishery industry. Backed by our marine diesel engine service network spanning 25 locations nationwide and our professional human resources, we provide high-quality after-sales services. In addition to products for decarbonization, such as EV systems and electric propulsion ships, we are also focusing on smart fisheries through partnerships with start-up companies. We also strive to resolve customer issues and realize a sustainable future for the seas by leveraging our integrated manufacturing and sales systems in collaboration with our affiliated shipyard.



**Toru Shibasaki**  
President

# SHIKISHIMA KIKI Co., Ltd.

<https://shikishima-kk.co.jp>

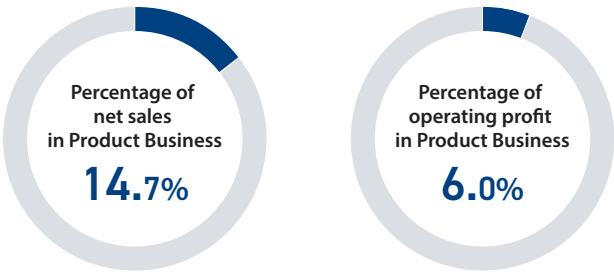
## Business overview

The Company sells and provides services for a wide range of industrial machinery, including marine engines and private power generators installed in large commercial facilities.

Main products handled	Marine Engine Department: Sales, installation and maintenance of Mitsubishi Heavy Industries marine engines and fishing equipment Industrial Machinery Department: Sales, installation, service, and maintenance of Mitsubishi Heavy Industries engine power generation systems
Area	All areas within Hokkaido
Main customers	Hokkaido Gyosen Leasing general incorporated association, fishery cooperative associations, Kandenko Co., Ltd., Iwata Chizaki Inc., Kinden Corporation, Meiden Engineering Corporation, Hokkaido Heat Supply Corporation, and Nippon Piston Ring Co., Ltd.

## Overview of FY2024 business performance

Both net sales and operating profit increased due to strong sales of marine-related products and the delivery of a major project related to emergency power generation equipment for a data center.



## Strengths

Strengths

- Absolute position as exclusive agent for Mitsubishi Heavy Industries engines in the Hokkaido region
- Specialized engine knowledge and unparalleled maintenance experience
- Community-based network

business environment

**Opportunities and risks (external environment)**

**Opportunities** Construction plans for large data centers and for power generation facilities in Hokkaido, and expanding investments in nuclear power-related facilities

**Risks** Shortage of technical personnel who can respond quickly to customer needs

**Challenges (internal environment)**

- Securing and training widespread technical employees

The future we seek

**Grow to be a key player as an infrastructure company that creates the future of the industry in Hokkaido**

Through the sales and maintenance of engines and generators, we will contribute to the establishment and development of data centers in Hokkaido, energy infrastructure for the semiconductor industry, and fisheries infrastructure for the fishery industry.

## Strategies for realizing our vision and business direction

We will not rest on our laurels as a sales agent for Mitsubishi Heavy Industries engines in the Hokkaido region. Rather, we will cultivate our product knowledge in engines and generators, and allocate internal resources to expand our knowledge and experience in after-sales maintenance, which is a source of high added value for the Company.

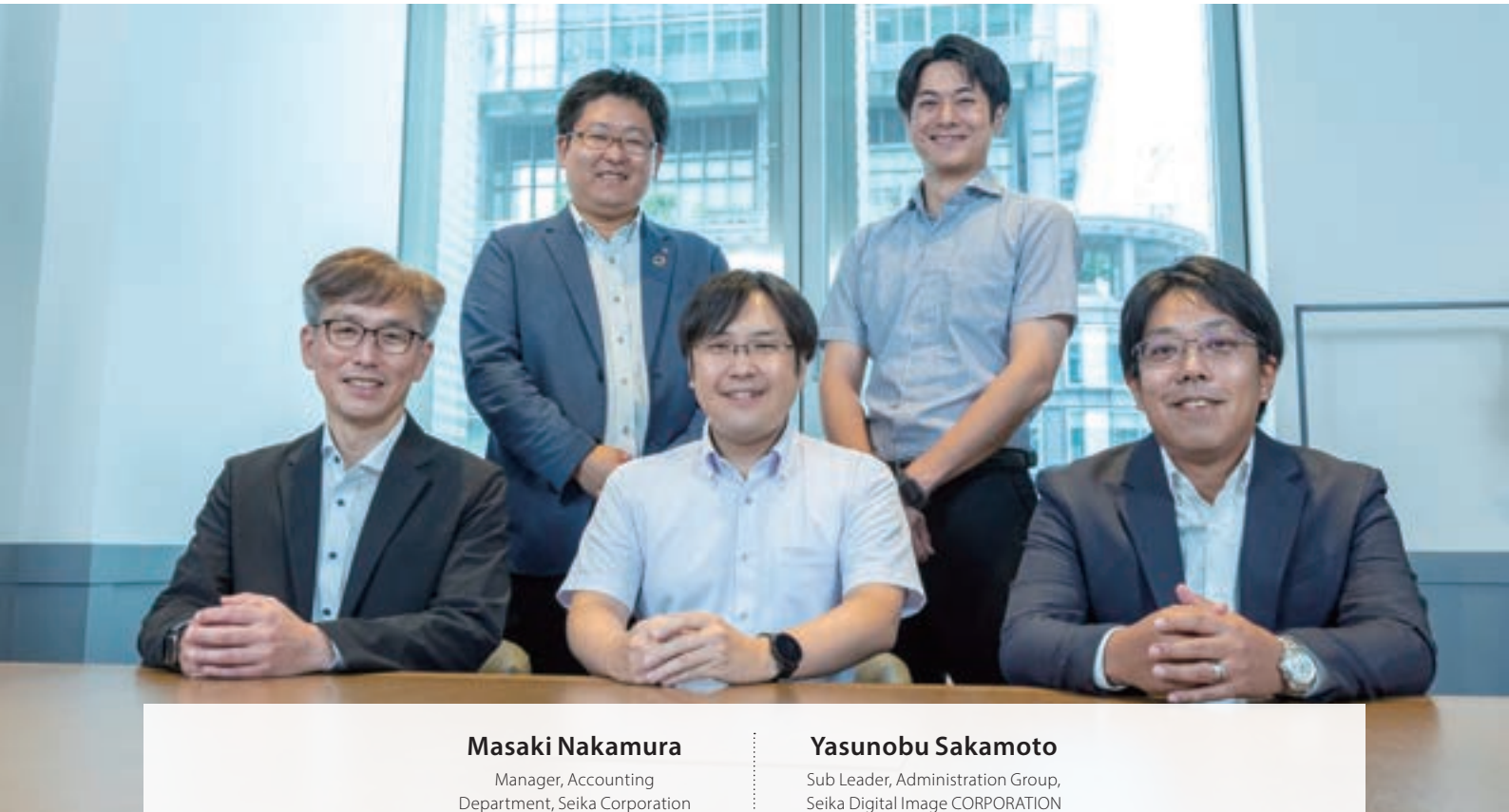
In addition to replacement purchases of Mitsubishi Heavy Industries engines across a wide area of Hokkaido, we are growing our business, led by orders for emergency power generation equipment spurred by the recent construction of new data centers and semiconductor plants. Going forward, we will quickly establish a maintenance system for these equipment and build an organizational structure for ensuring these are a medium- and long-term earnings source.



**Masakazu Ozaki**  
Representative Director and President



# Group Employee Roundtable



Masaki Nakamura

Manager, Accounting  
Department, Seika Corporation

Yasunobu Sakamoto

Sub Leader, Administration Group,  
Seika Digital Image CORPORATION

Tsuyoshi Chida

Manager, General Affairs Group,  
Seika Daiya Engine Co., Ltd.

Ippei Aoki

Manager of Business Operation Section,  
Business Operation & Development Dept.  
Nippon Daiya Valve Co., Ltd.

Hiroyuki Okabe

Director & General Manager  
Seika Sangyo (Thailand) Co., Ltd.

The Company’s group policy is to “strive for excellence.” Across the Group, all companies are working diligently to achieve their mission of creating a fulfilling society. At this roundtable discussion, five employees involved in the administrative operations of the Seika Corporation Group came together to discuss the changes in their awareness as members of the Group, permeation of the Long-Term Management Vision, and Group collaboration to create synergies from their own unique positions.

Please start by briefly introducing yourself, including your company, position, and responsibilities.

**Okabe** I’ve now been Sales Manager of Seika Sangyo (Thailand) Co., Ltd. (SST), a local subsidiary in Thailand, having been transferred from Tokyo, and this is my fourth year. In addition to sales activities to Japanese companies as a Director, I am also currently engaged in corporate management and sales support for local staff.

**Chida** I am in charge of human resources and general affairs at Seika Daiya Engine (SDE). After Seika Corporation was entrusted with the marine engine sales and service business of Mitsubishi Heavy Industries Engine Systems Co.,

Ltd., it commenced business operations in 2020 as the sole domestic agent for engines produced by Mitsubishi Heavy Industries. While I was in charge of general affairs and labor affairs at the predecessor company, I was also given the responsibility of human resources upon joining the Seika Corporation Group.

**Aoki** Nippon Daiya Valve (NDV) was established in 1955 to specialize in manufacturing diaphragm valves and joined the Seika Corporation Group in 2005. I joined the company in 2007 and I now mainly provide sales support such as compilation of sales data related to management, sales promotion, credit management, and export control in the Business Administration and Development Department.

**Sakamoto** Seika Digital Image CORPORATION (SDI) was established in 2012 through the spin off of a specialist department of Seika Corporation’s Measuring Equipment Sales Department. I belong to the Administrative Group and am mainly in charge of general accounting and IT-related matters. But I strive each day as a “jack of all trades” who can flexibly respond to necessary situations across divisions and operations.

**Nakamura** I have been involved entirely in accounting for 20 years since joining the Company. I joined Seika Corporation in 2005. After working at head office, I was seconded to a US subsidiary for five years. At present, I am mainly in charge of financial reporting and tax affairs in the Accounting Department of Seika Corporation. In 2019, I was appointed Auditor of NDV, and am now in my seventh year.

As businesses expand and diversify, how is Group collaboration deepening in administrative departments?

**Aoki** In my case, as a person in charge of export control, I participate in the Export Control (Security Trade Control) Information Exchange Meeting, which is regularly held by the three companies of Seika Corporation, SDI, and NDV, and exchange opinions on practical measures, issues, and questions related to export transactions.

**Chida** In the fields of human resources and general affairs, cooperation is progressing with Seika Corporation in areas such as human resources training and welfare packages. By continuing to expand these initiatives, we hope to enrich the Company’s welfare program and link this to an edge in recruitment.

Seika Corporation also hosts a meeting for those in charge of systems at Group companies to discuss the development of IT infrastructure. At the meeting, people in charge of systems at Group companies raise issues and discuss solutions. As for information systems, each company has a



similar awareness of issues such as anti-virus measures and AI utilization, and I feel extremely confident that I can share my concerns with many colleagues and find solutions.

**Aoki** When it comes to generative AI, there is an overabundance of services, and while everyone knows that there is a need to use it, in actuality they do not know what to choose. By sharing information within the Group, I hope we can find a suitable service for each company.

**Sakamoto** I also participate in meetings of people in charge of systems. Beyond this, from the administrative department standpoint, I have many opportunities to participate in cooperation among Group companies, such as the Export Control Information Exchange Meeting, mentioned by Mr. Aoki, and various training for Group companies. Each day, I accumulate valuable experiences. As a member of the management group responsible for back-office functions, one person must have a broad scope of work, and I am grateful for this type of gathering.

In addition, if there is a matter for consultation, such as how to proceed with a challenging project, accounting treatment, export control, or system, we cooperate by consulting with the division or department of Seika Corporation first. Recently, I consulted with Mr. Nakamura, Section Manager of the Accounting Department, regarding an accounting treatment method, and he advised on the correct accounting treatment to ensure no discrepancies in the consolidated financial statements.

**Nakamura** Right. That was in response to an irregular case, and I felt that rather than having a consultation, I had learned and been inspired.

The Company’s Accounting Department has a system of division of labor, and so people in charge do not have an opportunity to view the Group, including subsidiaries, as a whole. However, as the Group’s earnings structure is undergoing major changes in line with rapid business growth, I believe that the existence of such experiences is extremely valuable.

When I was transferred to a local subsidiary in the United States five years after joining the Company, my experience was that while handling all types of work as part of a small team, the range of tasks I could handle on my own expanded considerably. I think that it is necessary to dispatch young staff from the Accounting Department to offices in Japan and overseas, as well as consolidated subsidiaries and affiliated companies, in order to have an awareness of business expansion.

**Okabe** From the standpoint of human resources education, I wonder if it is effective to dispatch personnel from subsidiaries to the parent, similar to dispatching personnel from the parent to subsidiaries? Indeed, in Thailand, we have shifted the focus of our sales structure from Japanese workers to Thai workers, and we are working to expand local hiring, including looking at assigning local Thai sales managers by the end of the year. Therefore, in the future, as a member of the Group, I hope to create opportunities for local employees in charge of sales to train in Japan so that local staff can share the same philosophy as Group employees, as well as from the viewpoint of increasing engagement and preventing resignations.

How are personnel exchanges within the Group, including beyond those outside your duties?

**Chida** Personnel exchanges between Group companies typically take the form of secondments. Many people from Seika Corporation have been seconded to subsidiaries and affiliated companies as officers, and I believe that through such a secondment system, a human network of the Group can be formed, deepening cooperation.

Group cooperation and integration can be difficult in practice, due to differing employee values according to industry and company background. In the case of the company, however, seconded officers do not impose the policies of the parent company unilaterally, but rather think flexibly in accordance with the history and culture of the company, and I feel very grateful for this.



**Okabe** That is the same overseas. I feel management will not work well unless we respect the culture and values of the countries, regions, companies to which we are transferred. I hear that in some countries, employees will not follow you unless you give instructions from the top down. In Thailand, however, such coercive leadership does not work, and employee motivation decreases.

**Aoki** When the president changes, the corporate atmosphere also changes considerably. In the case of NDV, presidents have all come from Seika Corporation after becoming a subsidiary in 2005, and under this new management, the stance of focusing on profitability has gradually permeated, and we have been able to move in a very good direction.

**Sakamoto** A new president also took the helms of SDI. Internal communication has become energized, partly thanks to the regular holding of meetings in which all employees participate.

**Okabe** At SST, when President Sakurai and other officers visit, we host dinner parties for employees as a way to create opportunities for management of head office to hear the voices of local staff. Beyond personal exchanges outside of work, we go out drinking, hold golf competitions, and travel on employee tours together with the staff of our affiliated companies, NDV (Thailand) and Asahi Sunac Machinery Service (Thailand), in an effort to promote friendship and exchanges among Group companies.

What challenges do administrative departments face in terms of maximizing Group synergies?

**Chida** I think there is room to consider cost reductions through comprehensive Group contracts for communications networks and internal systems, joint purchases of indirect materials, and other measures. In

particular, if a common network and infrastructure are realized, it will not only help on the cost front but also further strengthen Group collaboration.

Additionally, in the area of human resources and labor affairs, I feel horizontal ties could also be strengthened by establishing liaison meetings on issues that are common to all Group companies, such as legal revisions, and by sharing of information among persons in charge.

**Nakamura** This also holds for the field of accounting, such as responding to amendments to the Regulation on Corporate Accounting.

**Sakamoto** I also feel that is true. Especially in departments and divisions with few employees, such as our company, it would be helpful if Seika Corporation could provide information that would serve as guidelines, such as “these laws and regulations have been amended” and “relevant regulations have been created.”

**Nakamura** In addition to liaison meetings, it would be also effective to conduct training as a group on issues common to the entire Company, such as legal revisions and the use of generative AI. As I believe there are still opportunities to generate Group synergies in various aspects, I would like to use this roundtable discussion as an opportunity to consider them.

Finally, please discuss the front-line activities of the Group toward achieving the Long-Term Management Vision “VIO RB 2030.”

**Sakamoto** At our company, posters for the Long-Term Management Vision “VIO RB 2030” and the Medium-Term Management Plan “VIO RB2030 Phase1” are displayed in places that catch employees’ eyes in an effort to raise awareness. Additionally, to achieve the company’s major targets in line with the management policies of the Seika



Corporation Group, each team clearly sets targets, things to be done, challenges, and the like and incorporates these in on-site operations.

In line with the upward revision of VIO RB targets, the company’s business plan was also revised, and all employees are aware that it will be difficult to continue on as before. The feeling I get is that leaders closer to the front lines are taking the lead in creating enthusiasm, not just management.

**Chida** SDE in 2024 made Shipyard Tanaka, which is highly competitive in building FRP boats, into a subsidiary. As a member of the Seika Corporation Group, we aim to contribute to achieving VIO RB, and are promoting collaboration and integration between engine and shipbuilding businesses.

**Okabe** SST had mainly sold production equipment and peripheral equipment to textile subsidiaries of Japanese companies. However, three years ago, we changed tack to approach a broad range of companies, regardless of industry or whether they were Japanese or non-Japanese companies, and of the four priority business domains established in VIO RB (decarbonization, energy-saving and automation, circular economy, and digital transformation), we are focusing on automation (energy-saving, automation, and digital transformation), which is being promoted especially by the Thai government. Last fiscal year, automation accounted for 16% of sales, and performance is steadily improving.

**Aoki** While the company has established the NDV brand as the top manufacturer of diaphragm valves in Japan, it is not well known outside Japan. Therefore, it is an urgent task for the company to strengthen our overseas businesses in order to contribute to achieving VIO RB as a member of the Group. For this reason, we strengthened our overseas sales structure last year and awareness of our employees has also shifted overseas. Cooperation with the Business Operation Division and overseas subsidiaries of Seika Corporation is also steadily advancing. For example, in Vietnam, we are expanding activities, such as joint participation in exhibitions by SEIKA SANYO (VIETNAM) and our company.

**Okabe** In addition to exhibitions, we also share information openly and honestly on what is necessary to raise awareness of the NDV brand locally and increase sales among Group companies. I would like to expand the NDV brand globally from Thailand to Vietnam, India, and the ASEAN region.

**Aoki** Right. Our ties with Seika Corporation stem back to the early days of our foundation. We will further strengthen our partnership to expand sales among Group companies, increase the percentage of our sales outside Japan, and achieve VIO RB targets.



## Message from Executive Officer in Charge of sales

**We will build a strong sales system to improve the profitability of core businesses and secure new growth pillars.**

### Noriyuki Takahashi

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



### Summarizing sales activities in the second year of the Medium-Term Management Plan

Looking back on the external environment in FY2024, for the Energy Business, the nation's 7th Strategic Energy Plan, announced by the Japanese government, indicates that future demand for electric power is expected to increase further due to factors such as a rush to construct data centers, spurred by developments of generative AI. The plan also indicates policies to make maximum use of nuclear power, a clean energy source, which we see as providing a significant tailwind.

At the same time, investments in maintenance for LNG thermal power generation and energy saving as well as in new facility construction were brisk. Renewable energy demand was also on an upward trend. Such an external environment is in alignment with the Company's business, with the Energy Business delivering a strong performance that greatly exceeded the initial forecast. I believe this momentum will continue for now.

On the other hand, in the Industrial Machinery Business, orders were higher than forecast at the start of FY2024, but a segment loss was recorded as the Company entered a slow period for deliveries of large projects. In the current fiscal year (FY2025), the order backlog is piling up and we expect a return to profitability. However, the profit ratio for

the Industrial Machinery Business is lower than that of other businesses, and we must shift from a conventional product sales business to a business providing extra added value. With the aim of establishing a solutions business designed to help solve customer issues, we will focus on various automation and environmental themes (waste treatment, decarbonization, etc.) in our future development.

In the Product Business, domestic subsidiaries Nippon Daiya Valve, Seika Daiya Engine, and Shikishimakiki and European subsidiary Tsurumi (Europe) GmbH all performed well, and both sales and profit continued to increase. Taking a different form than the networks built in Japan and overseas by general trading company groups, our Group companies that are responsible for products each develop their own business. As the parent, the Company backs the capital and management structure of each company while respecting their independence, thereby creating a centrifugal force for business expansion. On the other hand, each company has established a system that can introduce more than 3,000 clients through mutual customer sharing, and we aim to leverage this to deepen cooperation within the Group and achieve further growth.

### Framework supporting sales in new and existing areas

Previously, the Business Operation Division oversaw each sales department, branch office, and Group company, and consisted of three departments: the Business Planning Department, which undertook the role of business planning;

the Business Promotion Department, which aimed to strengthen existing business (strengthen relationships with manufacturers and develop new commercial products); and the Business Development Department, which was involved

in launching new businesses. However, in April of this year, we implemented a structural reform and incorporated the functions of the Business Development Department into the Business Promotion Department. By having the Business Promotion Department in charge of a series of functions to create product solutions through the cultivation of new manufacturers and joint development with manufacturers with an eye to customer needs, we aim to further strengthen the backup of each sales department and branch office and bolster the earnings base of existing businesses. As a recent example, the Food & Beverage Industry Department began handling the PISTEC organic waste treatment system as a solution for food processing factories. In addition, the Business Planning Department functions as a department that analyzes various information coming up from within the Group and derives forecast data for next moves.

The most important theme for sales departments at present is the development of sales personnel. Because it takes a particularly long time to develop sales personnel with a high level of expertise and who can be active on the front lines, securing superior talent is the key. In that regard, the recruitment of external human resources for sales agency operations for nuclear power plants has enabled strong results, with harmonization with our corporate culture also proving successful. In the future, in order to focus on training new graduates and inexperienced hires, we will work to develop sales personnel by creating many opportunities to learn, such as tours of manufacturers'

factories and product briefings. At present, two new graduates who joined the Company in April have been assigned to a sales office at a nuclear power plant in the Kansai region. There they are learning various responses as well as knowledge and know-how that can only be obtained on site. The sudden assignment of new personnel to a power plant site was a big challenge for the Business Operation Division as it was the first case, but I would like to make it a success as an opportunity to achieve ambitious growth, as well as connect it to the development of human resources and the organization in the future.

In terms of creating synergies with affiliates, in FY2024, Seika Corporation made Fenwal Controls of Japan, an industrial equipment manufacturer that handles disaster prevention equipment such as fire extinguishing systems, an equity-method affiliate company. It has since engaged in personnel exchanges with the company. To date, the Company had engaged in tie-ups with Fenwal Controls of Japan in sales activities in our Energy Business targeting electric power companies, a strength of Fenwal Controls of Japan. However, in order for Fenwal Controls of Japan to newly develop the market for general industries, the Company is dispatching sales personnel and providing sales know-how targeting general contractors and plant manufacturers. For the Company, it is an initiative that can be expected to further cultivate the Industrial Machinery Business, and we expect win-win effects.

### Realizing profit growth targeted in Long-Term Management Vision

Along with the upward revision of Medium-Term Management Plan targets, the targets to be achieved in the final year (FY2030) of the Long-Term Management Vision "VIORB 2030" were also updated, and operating profit increased from the previous target of 6.5 billion yen to 12.0 billion yen. While we are striving to achieve 5.5 billion yen in profit growth over the next six years, I believe that despite being ambitious, it is an achievable level.

I attribute this to the fact that organic growth is expected to continue to be highly sustainable in the Energy and Product Businesses, which are our fundamental revenue

sources. In addition, we will strive to improve our business structure in the Industrial Machinery Business to become a solutions business, build a robust corporate structure in these three businesses, and further strengthen our sales system.

As for non-organic growth, we will increase our growth potential and expand our business by implementing aggressive investments as part of our corporate management policy, followed by robust support from the Business Operation Division.





# Strategy by segment

## Energy Business



### Messages from Our Segment Leader

#### 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.

#### Katsumi Nakamura

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



The Company has been closely involved with the energy sector since its founding, contributing to the stable supply of energy through the sales and maintenance of energy infrastructure, with a focus on thermal, hydroelectric, geothermal, and other power generation operations. At present, the Company plays an important role in energy overall, including the maintenance business of nuclear power generation facilities constructed by Mitsubishi Heavy Industries in Western Japan, which began in April 2023.

Going forward, we will continue to focus on the effective use of hydrogen and ammonia in thermal power generation, the promotion of the spread of solar, hydropower, and other forms of renewable energy, as well as making proposals for carbon capture and other decarbonization-related equipment as well as energy- and labor-saving equipment and their materialization.

In addition to the handling of the main and auxiliary equipment at power generation facilities, we will also be actively engaged in overall peripheral equipment, including the handling of equipment related to security and monitoring.

Through these various initiatives, to achieve our Long-Term Management Vision "VIOB 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. At the same time, the Company will also work to further improve corporate value by proactively engaging in activities in harmony with local communities, such as utilizing local communities in the regions where the Company operates and sponsoring various events.

### Overview of segment

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 the 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.

#### Equity-method affiliate company



#### Consolidated employees

161

#### Main products and services

- Power generation and related equipment for thermal 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 generation and related equipment for nuclear power plants
- 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

📖 Page 25. Special Feature on Nuclear Power Business

### Recognizing the external environment

#### Strengths

- ➡ **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**
- ➡ **Stable profitability over the medium and long term amid rising electricity demand**

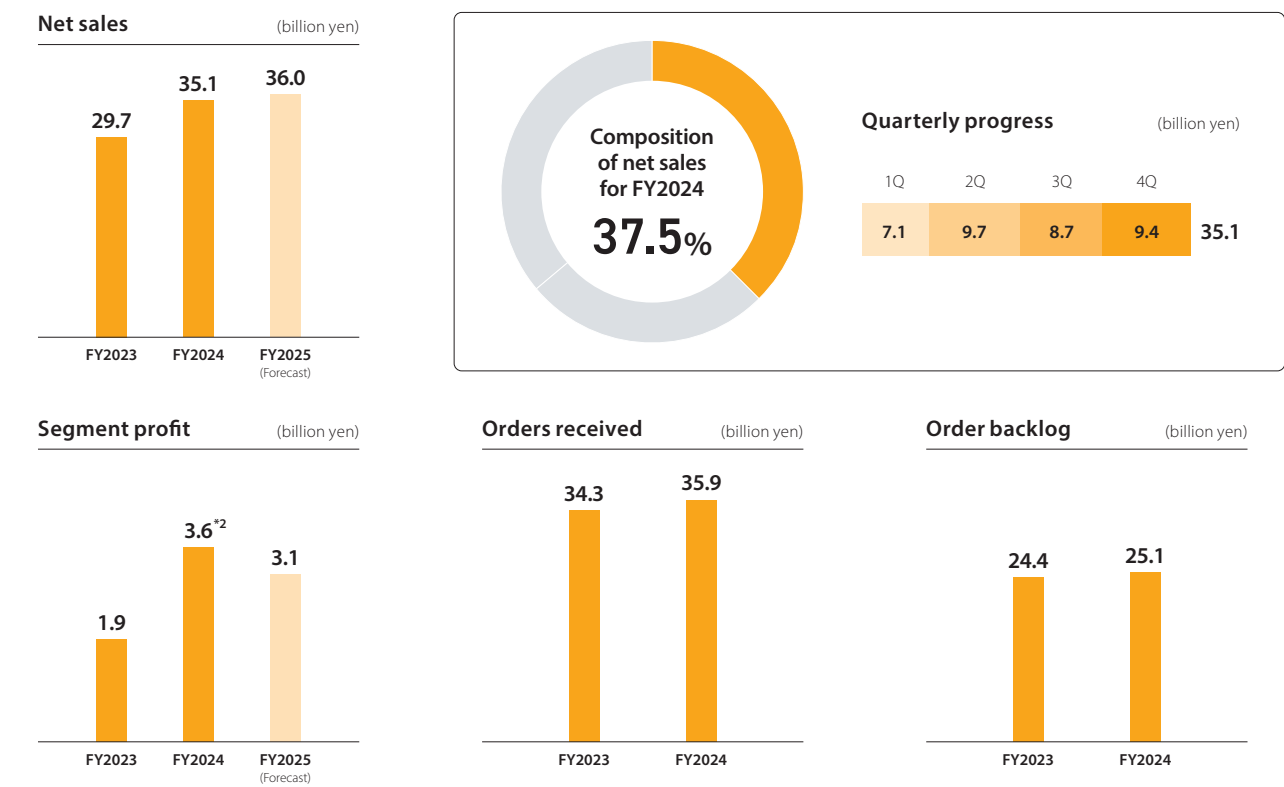
#### Risks

- 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

- 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

Performance Trends



From FY2025, amounts shown for segment profit have changed from operating profit to operating profit adjusted by share of (profit) loss of entities accounted for using the equity method, in consideration of profit/loss of equity method affiliates.  
Segment profit for FY2024 and FY2025 is presented on an adjusted basis. However, segment profit for FY2023 is the amount before adjusting share of (profit) loss of entities accounted for using the equity method.  
<sup>\*2</sup> Excludes the amount equivalent to negative goodwill from making Fenwal Controls of Japan an equity-method affiliate company.

FY2024 Overview

Due to the smooth progress of delivery of construction projects, including renewal of disaster prevention and security facilities for nuclear power plants in the regions of Western Japan and renewal of major facilities for thermal power plants, as well as the synergy in sales with TVE Co., Ltd. and Fenwal Controls of Japan, Ltd., which became equity method affiliate companies of the Company, net sales increased and segment profit grew significantly.

Initiatives for FY2025

Driving the Group's performance as a growth field

In its third year, the nuclear power generation facilities business has established itself as a stable earnings base. The existing thermal power generation facilities business is also seeing opportunities for further growth partly as a result of business negotiations for decarbonization centered on LNG as a transition means. In line with the 7th Strategic Energy Plan, we will promote business expansion as a growth field while taking on the mission of supporting stable power supply. In addition, the Company is also focusing on capturing trending projects, such as DX and automation of power generation facilities as well as extending the life of facilities.

Thermal power	Continue with sales activities to acquire new GTCC projects and reliable maintenance of existing thermal power plants
Nuclear power	Win contracts to upgrade and repair large-scale equipment in operation for more than 40 years and engage in negotiations for decommissioning
Renewable energy	Strengthen collaboration with Tanaka Hydropower and develop renewable energy-related products

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"><li>Sales and maintenance services for power generation and related equipment in thermal power plants</li><li>Regular inspections and maintenance for private power generation plants</li><li>Providing solutions for conversions to low carbon</li></ul>	<ul style="list-style-type: none"><li>Sales and maintenance services for power generation equipment in nuclear power plants</li><li>Sales and maintenance services for utilities, security, and other power plant peripheral equipment</li></ul>	<ul style="list-style-type: none"><li>Renewable energy-related equipment such as small-scale hydropower, solar power and biomass power generation</li><li>Provision of clean energy equipment and solutions</li></ul>
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"><li>Promotion of hydrogen and ammonia utilization</li><li>Contributing to life extension of existing power generation facilities</li></ul>	<ul style="list-style-type: none"><li>Building and maintaining a stable business structure</li><li>Expansion of product lineup</li></ul>	<ul style="list-style-type: none"><li>Expansion of related equipment sales and business participation</li></ul>

Segment TOPIC

In recent years, domestic investment in the energy infrastructure business has been firm in line with rising power demand resulting from the development of data centers and semiconductor factories. New and additional construction of gas turbine combined cycle (GTCC) power plants, which are high-efficiency power generation facilities that emphasize the environment and economic efficiency, are planned in various regions.

Currently, the Company undertakes delivery related to the construction of GTCC units for the Hibiki Power Plant in the Kyushu region, the Himeji Natural Gas Power Plant in the Kansai region, and the Sakaide Power Plant in the Shikoku region. These power generation facilities use Mitsubishi Heavy Industries' state-of-the-art gas turbines, and are expected to help reduce the environmental impact.

For industrial power generation equipment, the Company is engaging in large-scale business negotiations for thermal power generation-related equipment, including GTCC, for petrochemicals companies and steelmakers nationwide, including those in the Keiyo area.

In the future, the Company will continue to contribute to the realization of a low-carbon society through the sale of equipment and machinery, centering on Mitsubishi Heavy Industries products, and after-sales services.



## Strategy by segment

### Industrial Machinery Business



#### Messages from Our Segment Leader

##### Mission and vision

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

##### Akira Yumen

Executive Officer  
Deputy General Manager of Business Operation Headquarter



In a wide range of industries, including chemicals and materials, food and beverage, and plant engineering companies, our sales force, which is well versed in each of our businesses, leverages our strengths in response to the various challenges and faced by our customers (decarbonization, recycling, labor shortages, crisis management, etc.). It is strengthening solutions-based sales in line with customer needs by teaming up with optimal manufacturers and system integrators in Japan and abroad. In order to meet these needs, in addition to conventional equipment sales, we are also strengthening our risk and project management capabilities to develop high-value-added activities given the increasing trend of proposals comprising a certain range of equipment after coordinating cross-industry partnerships and with multiple manufacturers.

While we are increasingly being approached by satisfied companies to consult on new issues

facing them, little headway has been made with other customers. Therefore, as a measure to develop new customers, we have begun to expand sales of differentiated products that help solve common issues faced by many customers, as a means to get our foot in the door. Additionally, the Business Operation Division is also working to strengthen business partnerships with Seika Sangyo GmbH, SEIKA MACHINERY INC., SEIKA (SHANGHAI) CO., LTD., Seika Sangyo (Thailand) Co., Ltd., SEIKA SANGYO (VIETNAM) COMPANY LIMITED, and FORMASA SEIKA CORPORATION. By promoting collaboration between domestic sales teams and overseas subsidiaries, we are taking flexible measures to meet customer needs and are reforming our revenue structure by creating new business opportunities, building a project framework that spans across Japan and overseas with the cooperation of corporate departments, and engaging in important projects.


#### Overview of segment

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.

##### Consolidated subsidiary companies

 Seika Sangyo GmbH

 SEIKA MACHINERY, INC.

 Seika Sangyo(Thailand) Co., Ltd.

 SEIKA SANGYO(VIETNAM) COMPANY LIMITED

 SEIKA(SHANGHAI) CO., LTD.

 FORMOSA SEIKA CORPORATION

##### Consolidated employees

167

##### 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 (CO<sub>2</sub>, ammonia)
- Development devices for food and pharmaceutical lab plants
- Recycling fiber and other circular economy-related products

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.

#### 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)

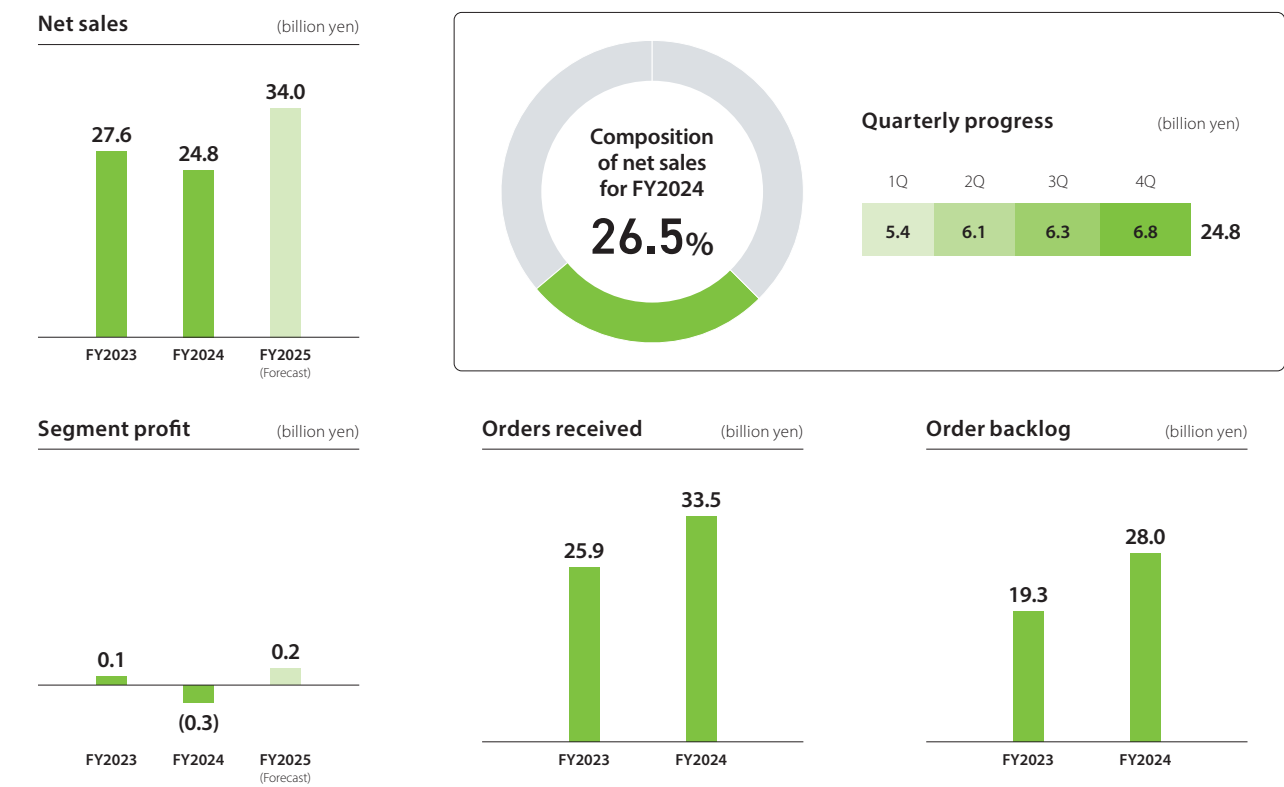
##### Risks

- 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

Performance Trends



From FY2025, amounts shown for segment profit have changed from operating profit to operating profit adjusted by share of (profit) loss of entities accounted for using the equity method, in consideration of profit/loss of equity method affiliates.  
Segment profit for FY2024 and FY2025 is presented on an adjusted basis. However, segment profit for FY2023 is the amount before adjusting share of (profit) loss of entities accounted for using the equity method.

FY2024 Overview

While performance of overseas subsidiaries in the United States and Thailand remained favorable, performance of overseas subsidiaries in Germany and China was stagnant. In addition, although the amount of orders received at the Company on a non-consolidated basis increased, the number of deliveries of large business projects was small, resulting in lower sales and profits.

Initiatives for FY2025

Selection and concentration of targets

The Industrial Machinery Business, which operates in a wide range of industries, tends to be impacted by investment demand in individual countries and industries, and the business environment has remained harsh. The business will first engage in sales activities with a view to turning profitable. At the same time, focus areas and products will be whittled down and the business structure will be reorganized with a sense of speed.

Foods	Strengthen sales in the logistics, convenience store vendor, and food processing fields
Plants	Collaboration with the Energy Business on carbon capture, hydrogen and ammonia bases, and defense-related projects
Strengthen the following measures at overseas subsidiaries in accordance with the respective cultures and business environments	
Europe, Southeast Asia, Taipei	Narrow down products and steadily capture orders from local Japanese factories
China	Improve business performance through a fundamental review of policies and personnel structure

Focused business topics and main actions

		Automation-related business	Recycling-related business	Solution business
	Main products and services	Automated warehouses, autonomous transport robots, automated spice injection equipment, production line automation equipment	Pyrolysis equipment, solvent recovery equipment, non-heating re-pelleting equipment, and other equipment related to material recycling and recycling plants	Proposing eco-friendly equipment to address issues in each country and industry, proposing production efficiency systems using system integrators
Relation to Long-Term Management Vision priority business domains	Decarbonization	●	●	●
	Energy saving and automation	●	—	●
	Circular economy	—	●	—
	DX	●	—	●
	Action.	Strengthen development capabilities by collecting information about manufacturers and cases and creating databases Promotion of DX using robots	Promotion of resource recycling and reuse business focused on textiles and plastics Exploration of new technologies and products and mixing with existing business	Proposal-type business that comprehensively addresses customer needs, rather than just selling individual equipment Expansion of partners and reinforcement of collaborative systems

Segment TOPIC

Measures to develop new customers

- ① Increase sales of PISTEC, a low-temperature pyrolysis equipment manufactured by Amano

Starting this fiscal year, the Food & Beverage Industry Department began to expand sales of PISTEC, a low-temperature pyrolysis equipment that enables the processing of advanced composite materials that are difficult to separate. We have received feedback from industries such as food, ready-made meals makers, and convenience stores, and looking ahead to FY2026, expect to sell more than 10 units. At Sustainable Material Expo held at Makuhari Messe in November 2025 (November 12 to 14), we exhibited PISTEC and introduced our waste recycling initiatives by connecting it to melting mixers and 3D printers.
- ② Expand sales of ITEC’s CO<sub>2</sub> liquefaction systems (demonstrator)

Amid the growing importance of capturing CO<sub>2</sub> emitted from factories and power plants in order to realize a carbon-neutral society, exploration of new applications for CO<sub>2</sub> is also progressing. We are working to strengthen sales to customers who are developing such applications and have started sales of CO<sub>2</sub> liquefaction equipment at the demonstration level, where we anticipate needs. We expect to sell 5-8 units toward FY2026.

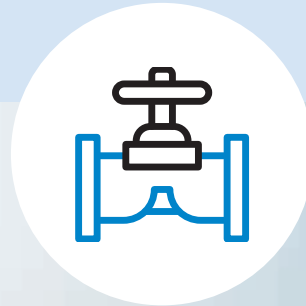
Projects through collaboration between domestic sales teams and overseas subsidiaries

Two of our domestic business partners approached us to consult on the construction of semiconductor-related factories, primarily with local procurement, for an initial overseas expansion. In response, we proposed a one-stop service (comprehensive provision of necessary services in various fields) by assigning experienced human resources to local subsidiaries in the countries where the plants are planned. As a result, SSV (Vietnam) and SSG (Germany) will participate in two major projects. We expect a contribution to earnings of local subsidiaries in FY2026.



# Strategy by segment

## Product Business



### Messages from Our Segment Leader

#### 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.**

#### Yuji Honda

Executive Officer  
 Deputy General Manager of Business Operation Headquarter



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, various visualization and measurement equipment, submersible pumps, and other highly specialist industrial equipment. Each business faces various challenges, including market maturation, adaptation to digital technologies, changes in the external environment such as the impact of international conflicts, and organizational modernization and efficiency improvements. We are working diligently to resolve these challenges. It is becoming increasingly difficult for Group companies to secure human resources due to declining birth rates. Securing highly creative and talented human resources is essential to the growth of a company. In order to become an attractive company, it is necessary

to be a workplace enabling both individual growth and contributions to society, and for management to continue to implement a solid vision.

We will optimally allocate resources and invest capital aggressively to promote growth. In addition, in order to acquire new revenue sources, the Company will continue to strengthen initiatives from a global perspective, including the development of overseas partners, and develop customers using digital resources.

We will promote growth more efficiently by collaborating on these initiatives across the Group and through effective mutual use of resources.

We will achieve our Long-Term Management Vision "VIOB 2030" and contribute to solving social issues by striving for the top niche position in each field and mutually striving for improvement.

## Overview of segment

The Product 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.

#### Consolidated subsidiary companies

**Tsurumi (Europe) GmbH** Group

**NDV** NIPPON DAIYA VALVE Co., Ltd. Group

**SDE** Seika Daiya Engine Co., Ltd.

**SHIKISHIMA KIKI Co., Ltd.**

**Seika Digital-Image**  
 Seika Digital Image CORPORATION

#### Consolidated employees

609

#### Equity-method affiliate companies

**S-TEC Co., Ltd.**

**Ten Feet Wright**  
 Ten Feet Wright Inc.

#### 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

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.

## Recognizing the external environment

### Strengths

- ① We have many specialized and highly competitive "strong products"
- ② By offering total services ranging from product sales to maintenance, we gain customer trust and establish a continuous and stable earnings base
- ③ This segment's products can be the starting point for exploring new industries and customers, and it functions as a segment mix element

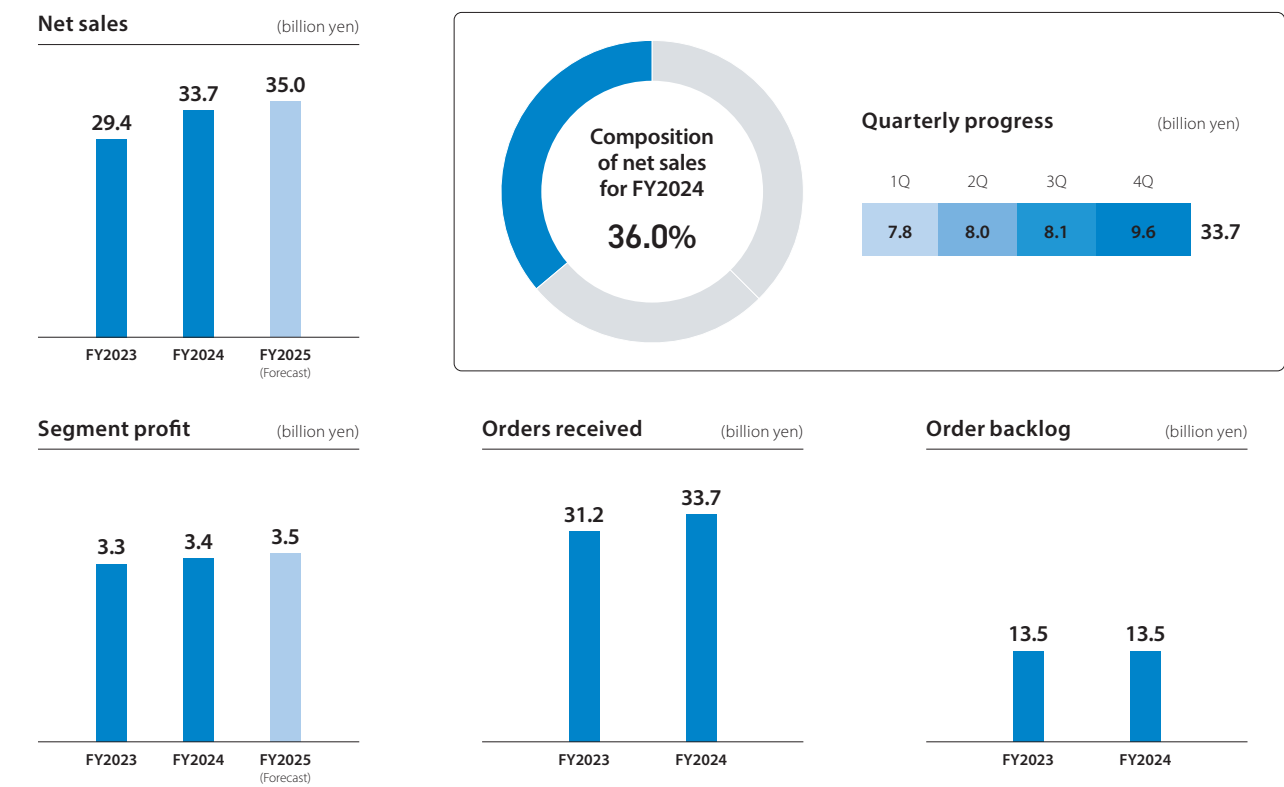
### Risks

- 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

- 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

Performance Trends



From FY2025, amounts shown for segment profit have changed from operating profit to operating profit adjusted by share of (profit) loss of entities accounted for using the equity method, in consideration of profit/loss of equity method affiliates. Segment profit for FY2024 and FY2025 is presented on an adjusted basis. However, segment profit for FY2023 is the amount before adjusting share of (profit) loss of entities accounted for using the equity method.

FY2024 Overview

Non-consolidated results for Seika Corporation were strong, supported by increased business opportunities for plant facility inspections using UT drones and semiconductor-related business opportunities. The performance of the Tsurumi (Europe) GmbH Group, a European consolidated subsidiary continued to remain strong. As a result, both sales and profit increased.

Initiatives for FY2025

Further deepen the market and expand earnings

We will accelerate growth by setting the following themes in accordance with each product and business environment, and advance initiatives so that Group companies and our sales force hold niche top positions in each field.

Measuring equipment	Expand earnings by further capturing overseas demand for measuring equipment and pushing into new fields of application for drones
Electronic products	Expanded handling of equipment for semiconductor plants

Strengthen the following measures at consolidated subsidiaries in accordance with the respective products and business environments

TEG	Roll out new pumps in Europe in close cooperation with manufacturers
NDV	Drastic improvement of production capacity and production efficiency
SDE	Stable operations of Shipyard Tanaka and assessment of effects on other investment projects
Shikishimakiki	Secure business opportunities for emergency power generation equipment for data centers and establish a maintenance system
SDI	Develop technologies through collaboration with universities and research centers, and establish new sales formats such as online, subscription, rental, etc.

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"><li>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</li><li>Strengths in on-site service and maintenance capabilities</li></ul>	<ul style="list-style-type: none"><li>Developing business throughout Europe with Germany as a hub, where the head office is located</li><li>We have an independent sales network with agents established in each country</li><li>Adopting business forms suited to the culture of each country, such as product rentals</li></ul>	<ul style="list-style-type: none"><li>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</li><li>Top domestic market share for mainstay diaphragm valves</li></ul>	<ul style="list-style-type: none"><li>Nationwide development focusing on measuring and analysis equipment in niche fields</li><li>Plant facility inspections using UPS equipment and UT drones, and other businesses connecting segments and locations to support the Group overall</li></ul>
Relation to Long-Term Management Vision priority business domains				
Decarbonization	●	●	●	●
Energy saving and automation	●	●	●	●
Circular economy	●	—	—	—
DX	●	—	—	●
Action.	<ul style="list-style-type: none"><li>Further cultivation of markets and equipment related to fishing boats</li><li>Contributing to both the conservation and commercialization of marine resources</li></ul>	<ul style="list-style-type: none"><li>Maintenance and expansion of sales agents in Europe</li><li>Capturing infrastructure projects in Europe and strengthening sales</li></ul>	<ul style="list-style-type: none"><li>Capital investment for production and supply capacity enhancement</li><li>Development to ensure technical superiority</li></ul>	<ul style="list-style-type: none"><li>Discovering strong commercial products including overseas markets</li><li>Strengthening semiconductor business</li></ul>

Segment TOPIC

Initiatives to contribute to decarbonization and energy savings in various industries by providing niche top products in the fields of gas measurement and gas monitoring

The Measuring Equipment Sales Department is working to expand sales in the Japanese market through partnerships with several European instrument manufacturers (gas concentration analyzers, gas flow meters, and gas monitoring cameras) that are promoting advanced environmental policies. The products of each manufacturer have unique, niche top technologies, such as real-time output of in-process gas concentrations and gas measurement (flow rate and concentration) under high temperatures and high dust conditions. Customers have focused on such proprietary technology, and many have adopted it in water electrolysis, methanation, carbon capture, SAF plants, and other applications. Lately, the adoption of gas concentration analysis in the hydrogen and ammonia co-firing process and meters that support optimal combustion in electric furnaces, which emit less CO<sub>2</sub> than blast furnaces, has accelerated. In the future, the Group will continue to pursue advanced technologies with the theme of gas and provide solutions to customers in an effort to realize a sustainable society through decarbonization and energy saving.

Laser-type gas concentration analyzer

Example of installed gas concentration analyzer

Gas flow meter

Gas monitoring camera



# Human Resources Strategy

We believe that human resources are the source of sustainable growth, and by drawing out the full potential of each and every employee, we will enhance the vitality and creativity of the entire organization, leading to improved corporate value.

Yoshifumi Otsuka

General Manager,  
General Affairs & Human Resources Dept.



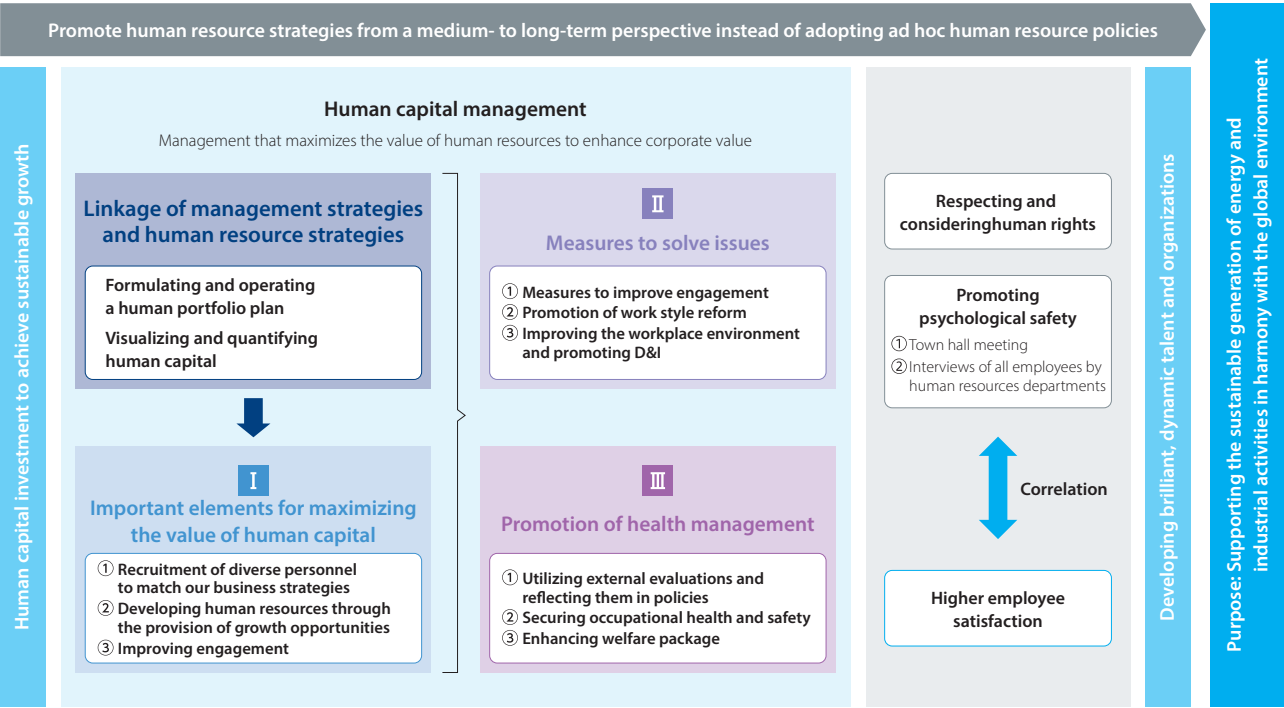
## Basic stance on human resources strategy

The Company’s human resource strategy is structured according to the following system chart, with each measure being implemented with clearly defined objectives.

In recent years, human capital management has become increasingly important. In order to support the sustainable growth of the Company, it is essential to acquire and develop human resources with diverse backgrounds and capabilities. Strengthening human capital investment has become an urgent issue.

Based on this recognition, we are formulating new measures to strengthen our human resources, including recruiting diverse personnel to match our management strategy, training staff through growth opportunities, and improving engagement.

### System chart of our human resources strategy



## I Important elements for maximizing the value of human capital

- ① Recruitment of diverse personnel to match our business strategies
- ② Developing human resources through the provision of growth opportunities
- ③ Improving engagement

### ① Recruitment of diverse personnel to match our business strategies

With regard to recruitment of diverse personnel, we define the required human resources for each business segment based on four key policies. We pursue recruitment taking a medium- and long-term view and considering the characteristics of each business. This includes not only new graduate recruitment but also career hiring focused on specialized skills and regions, as well as career-return hiring for former employees.

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 Energy, to respond to staff shortages caused by rapid expansion of business and unexpected employee departure
4. Personnel who are necessary for the functions of the corporate departments will be recruited in consideration of specialization, suitability to roles 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.

### Key human resources indicators

	Number of employees	new graduates	career recruitment	Turnover rate of new graduate hires within 3 years	Overall staff turnover rate	Average length of service
FY2022	316 persons	7 persons	12 persons	3.45%	3.48%	17.2 years
FY2023	346 persons	5 persons	35 persons	0%	4.05%	16.1 years
FY2024	352 persons	10 persons	15 persons	0%	3.47%	15.6 years

### ② Developing human resources through the provision of growth opportunities

In human resources development, we are working to develop the human resources that can lead the implementation of our management strategies, by respecting the individuality of each employee and creating an environment that lifts motivation for employees to grow.

With the aim of enhancing training programs linked to organizational issues, we are adopting level-specific and purpose-specific training programs consistent with our personnel system, including “developing management personnel,” “support for women’s activities and training and promoting female managers.”

For FY2025 in addition to allocating a sufficient budget, as in the previous year, to training, we have identified the skills and mindsets required for each employee grade and are providing human resource training programs accordingly.



Example of programs ■ In-house trainer ■ External trainer ■ e-learning ■ External seminars ■ Mid-career hires

[illegible]

	Total hours of training*1	Total education and training costs*2
FY2022	1,935 hours	28 million yen
FY2023	3,350 hours	47 million yen
<b>FY2024</b>	<b>3,580 hours</b>	<b>50 million yen</b>

### ③ Improving engagement

## II Measures to solve issues

① Measures to improve engagement ② Promotion of work style reform  
③ Improving the workplace environment and promoting DE&I

## 1. Personnel system reform

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

We will continue to expand the system as a measure to support the economic stability of employees and the building of long-term relationships with companies.

We consider "investment" in human resources to be one of the most important issues, and the increase in base salary is a concrete measure of implementation of this policy.

	Starting salary for new graduates (university graduates)	Starting salary for new graduates (graduate school graduates)
FY2022	215,900 yen	254,800 yen
FY2023	250,000 yen (+15.8%)	274,800 yen (+7.8%)
FY2024	262,000 yen (+4.8%)	287,000 yen (+4.4%)
<b>FY2025</b>	<b>274,000 yen (+4.6%)</b>	<b>299,000 yen (+4.2%)</b>

- Commendation for extended service (25 years of service, 200,000 yen travel coupon and 5 days of special paid leave)
- Childbirth congratulatory cash gift (100,000 yen for first child and 300,000 yen for subsequent children)
- Congratulatory cash gift for children advancing to new levels of education (50,000 yen per child when entering kindergarten / nursery school, elementary school, junior high school, and high school)



Monitoring through employee satisfaction surveys

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. Based on survey results from previous years, the level of satisfaction reached nearly 80% in all categories, remaining at level significantly higher than the average for the general trading company industry. We will continue to provide opportunities for dialogue with employees and implement appropriate measures, leading to further improvement in satisfaction.

Employee Satisfaction Survey (Overall Satisfaction)

	The Company		Industry average	
	Satisfaction	Dissatisfaction	Satisfaction	Dissatisfaction
FY2022	79.0%	9.3%	50.5%	21.9%
FY2023	79.0%	8.8%	43.2%	23.9%
FY2024	78.6%	5.8%	45.9%	20.2%

Promoting psychological safety

We will significantly enhance communication within the organization and foster psychological safety through town hall meetings by top management, interviews with all employees by the human resources departments, and extensive feedback interviews under the new personnel system.

② Promotion of work style reform

1. Measures to increase the paid leave utilization rate

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

2. Introduction of flexible working style

We are working to enhance the work-life balance of employees through the introduction of flexible working arrangements such as the full-flex system (a flexible working system without core time) and a system for working reduced hours.  
In addition, having a separation between work and private life is essential for maintaining employee motivation, improving productivity, and maintaining mental and physical health. Therefore, in addition to the summer vacation and New Year’s holiday, we also adopted a system of accumulated leave that can 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.

Indicators related to work-life balance

	Paid leave utilization rate	Monthly overtime hours	Childcare leave rate(Male)	Childcare leave rate(Female)	Childcare leave return rate (total men and women)	Number of workers with shorter working hours
FY2022	67.4%	12.5 hours	25.0%	100%	100%	5 persons
FY2023	68.9%	16.3 hours	66.7%	100%	100%	5 persons
FY2024	62.3%	16.2 hours	61.5%	100%	100%	6 persons

③ Improving the workplace environment and promoting DE&I

1. Reviewing the office environment

In order to improve operational efficiency, strengthen employee engagement, and enhance recruitment competitiveness, the Company is undertaking a large-scale renovation of its head office, as well as examining and considering improvements to the workplace environment at branch offices.  
Head office renovations began in July 2025 and are scheduled to be completed at the end of March 2026.

2. 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

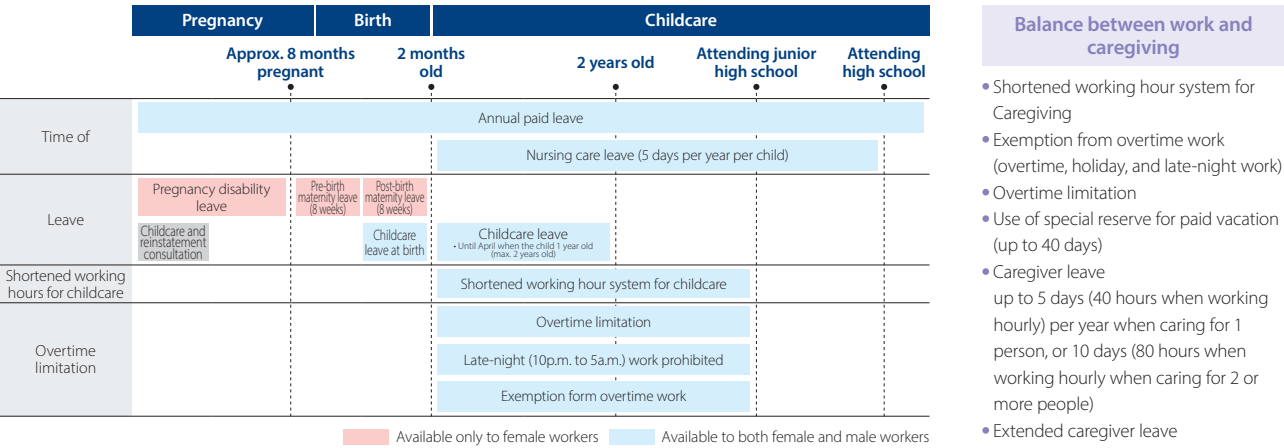
Since April 2023, we have been promoting a three-year action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women’s Active Engagement in Professional Life. We believe that placing diverse talent in the right place and enabling 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.

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. In addition, as an initiative leading to the human resources development program for management, the Company is also working on a development project under the direct control of the President, which aims to promote female employees to management positions.
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.

3. 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.



4. DE&I initiatives in Japan and overseas

- ① As an initiative that is connected to the human resources development program for management, we are promoting a development project under the direct control of the President, which aims to promote female employees to management positions.
- ② Employees in charge of operations (a total of 40 female employees) from various locations in Japan participated in the training, which was aimed at sharing information and improving operational efficiency and sophistication. Discussions were also held on issues related to the execution of duties and the appointment and development of female managers.
- ③ Five female employees from five overseas bases (Thailand, Vietnam, Taipei, Seoul, and Shanghai) participated, with the aim of cultivating awareness as Group employees and strengthening ties among Group companies. The event included team-building training at the Tokyo Head Office, presentations on the operations of Group companies, and plant tours.

III Promotion of Health management

The Company positions human resources as its most important management resource. It views the health management of its employees from a management perspective, invests in the health of its employees, and creates a workplace environment in which each employee can work healthily and energetically. Believing that active efforts to maintain and enhance employees’ health will contribute to sustainable growth and improved corporate value, the Company promotes health management as follows.

- 1. Foster an organizational culture that values the health of employees and their families.
- 2. Lift health literacy and support autonomous health maintenance and improvement through education and enlightenment activities to lift health awareness.
- 3. Strive to maximize employee performance through flexible and diverse working styles, improving the work environment, and having the right people in the right places.

① Utilizing external evaluations and reflecting them in policies

The Company promotes various initiatives based on the belief that placing importance on the health of employees and investing proactively in this regard will revitalize the organization, including greater energy and productivity, and ultimately lead to improved business performance and corporate value.

In FY2025 (103rd fiscal year), the Company is working on the following three items in particular, with the aim of receiving recognition as Outstanding Organizations of KENKO Investment for Health Program.

- Recommend health management initiatives to business partners and identify the status of implementation
- Strengthen cooperation with the Industrial Machine Health Insurance Society (consultation and cooperation for the promotion of health management)
- Provide education and training opportunities that contribute to improving the health literacy of employees

② Securing occupational health and safety

Based on the belief that the development of a workplace environment where employees can work with peace of mind is the foundation of corporate activities, the Company is working to ensure occupational safety and health. In order to protect the safety and health of employees in the workplace, we are working to improve environmental health, as well as striving to prevent disasters and diseases. We are also strengthening ties with industrial physicians and taking measures according to the season and business characteristics, such as regular workplace patrols and thorough measures against heatstroke.

③ Enhancing welfare package

The Company’s welfare package works to provide a system that supports employee health and happiness and to create a workplace where they can work with peace of mind, thereby fostering psychological stability, which in turn provides an advantage in recruitment and retention. Based on this way of thinking, the Company has introduced various systems related to welfare package, and in FY2024, we were selected as a “Welfare Promotion Corporation” in the Hataraku Yell 2025 awards, which recognizes and awards corporations that make outstanding efforts in enhancing welfare initiatives and that aim to do so in the future.

Respect for human rights

**The Seika Corporation Group upholds the Group Policy: Strive for excellence and foster a sustainable society with corporate integrity. Each individual within the Group strives to comply with laws and regulations, act in accordance with ethical standards in a manner that gains public trust, and create a fulfilling society and enhanced corporate value. The Policy on Human Rights and Labor clearly shows our commitments to human rights in light of related international norms.**

Policy on Human Rights and Labor

1. Respect for human rights

We respect fundamental human rights through our sound business practices in accordance with internationally recognized human rights principles.

2. Scope of Application

This policy applies to all executives and employees of the Group. Additionally, we ask that all stakeholders and other relevant parties understand and support the intent of this policy.

3. Elimination of Discrimination

We do not engage in unfair discrimination on the basis of race, religion, nationality, ethnicity, gender, sexual orientation, age, disability status, educational background, or other attributes.

4. Prohibition of child Labor and forced labor

We do not tolerate child labor or forced labor in any country or region in which we engage in business activities.

5. Prohibition of Harassment

We do not tolerate speech or acts of harassment that violate human rights.

6. Provision of equal opportunities

We respect the diversity of each employee and provide equal opportunities in our recruitment, human resource development, evaluation, and other activities.

7. Improvement of workplace environments and maintenance of employee health

We regard employees as our most important assets and strive to ensure workplace environments in which all employees can work in a healthy and safe manner.

8. Respect for workers’ rights

We respect the right of employees to form labor unions and to exercise collective bargaining rights, and strive to build sound labor-management relations.

Communication with labor unions

Labor unions exist within Seika Corporation, and we engage in negotiations regarding bonuses, base salary increases, and revisions to regulations. In addition, the Labor Relations Committee and Labor Union Executive Board regularly hold a labor-management consultation meetings to discuss union members’ requests and questions, including those related to the new personnel system, in an effort to promote the creation of a better working environment.

Number of annual collective bargaining and meetings	21 times
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9. Joint efforts with suppliers

We strive to engage in fair and proper transactions in accordance with the Group’s Procurement Policy, and respect for human rights of our suppliers.

10. Remedial actions

We promptly take remedial and corrective actions based on appropriate investigations and procedures in the event the Group’s business activities lead to adverse impacts on human rights.



# Supply Chain Management

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 have established the Seika Group’s Procurement Policy to ensure honest and fair transactions with all our business partners to improve our supply chain management.

## Procurement Policy

### 1. Basic Policy

The Group complies with all applicable laws and regulations and engages in procurement activities based on the principle of fair and sincere transactions. We value our relationships of trust with our business partners and mutual respect, and strive to contribute to realizing a sustainable society throughout the entire supply chain.

### 2. Respect for human rights

We give all due consideration to ensure that our procurement activities will not lead to human rights violations in accordance with the Group’s Policy on Human Rights and Labor.

### 3. Compliance with laws, regulations, and social norms

We will comply with relevant laws and regulations as well as international treaties and social norms applicable in the countries and regions in which we operate. We ask that our business partners do the same.

### 4. Fair and equitable transactions

We respect free and fair competition and engage in transparent and reasonable transactions. We avoid excessive dependence on specific companies to maintain sound business relationships, and prohibit improper exchanges of money or gifts with our business partners.

### 5. Consideration for environmental conservation

We engage in environmentally friendly procurement activities in accordance with the Group’s Environmental Policy and Action Guidelines.

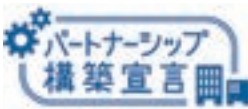
### 6. Approach to selecting business partners

We initiate and maintain transactions based on a comprehensive assessment of factors including good faith compliance with laws, regulations, and social norms; appropriate balance among quality, pricing, and lead times; consideration for the environment and human rights; information protection structures; and stable supply structures.

### 7. Strengthening Partnerships with Business Partners

Through joint efforts with our business partners, we strive to share information on social issues, to engage in improvement activities, and to enhance mutual understanding through dialogue, thereby building a sustainable supply chain.

\*Note: Seika Corporation supports the aims of the “Partnership Building Declaration” to enhance the added value of the entire supply chain and achieve co-existence and co-prosperity. We announce key issues for new collaborations and transaction fairness in the supply chain on our website <https://www.seika.com/csr/social/partnership>



## Initiatives for building a sustainable 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.

# 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

### 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 UNESCO Charity Calendar Market organized by UNESCO Sapporo.

### Donations to regional revitalization efforts

- Donation for the Ikata Festival.
- About 30 other volunteers participated in Operation Daimaruyu Kira Pika (community cleanup event).
- Five 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.

### 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.

## Environmental conservation activities

### Reforestation activities

We donated secondhand books to Charibon operated by VALUE BOOKS 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 SDGs 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.
- We made donations to educational projects undertaken by Kitakyushu City, Fukuoka Prefecture, the place where the Company was founded, utilizing the corporate hometown tax (a tax system supporting regional revitalization).



# Environment

Information Disclosure Based on TCFD Recommendations

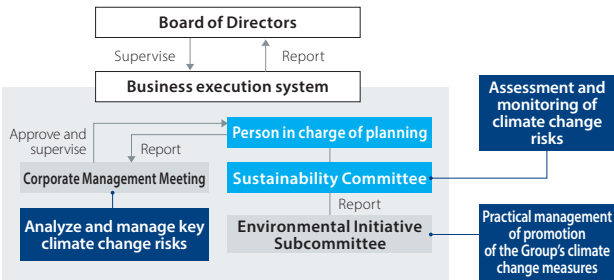
## Basic Stance

The Group formulated a long-term management vision for 2030, VIOB 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. <b>Under 2-degree scenario: Scenario in which there is a transition to a low-carbon economy</b> <b>4-degree scenario: Scenario in which the physical climate change risk increases</b> 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	---	• Reduction in CO2 emissions through promotion of paperless practices, etc.
		Structural transformation of energy mix	• Reduced sales of thermal power generation facilities and maintenance		
		Progress in technological development	• 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)		
		Structural transformation of energy mix	• Fuel conversion for private power generation facilities • Expanded sales opportunities for renewable energy-related products • Expanded sales opportunities for nuclear power generation facilities	+++	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 plants 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
		Progress in technological development	• Expanded sales opportunities for high-efficiency and reduced-carbon thermal power generation facilities • Expanded sales opportunities related to CCUS*2		
4-degree scenario	Risks	Increase in average temperature	• Increased air conditioning costs • Decrease in labor productivity outdoors	-	Industrial Machinery Business/ Product Business • Promotion of automation and labor-saving systems using robots, etc. • Strengthen business competencies in solutions in field work environments
		Intensification of extreme weather	• Damage at business locations due to flooding • Loss of sales opportunities due to supply chain disruption	(Envisaged maximum value and insurance coverage) -- (For one-time occurrence)	• Strengthen BCP (business continuity plan) • Regular review of disaster risks • Creating diversified supply chains
		Intensification of extreme weather	• Increased demand for recovery of damaged facilities • Disaster prevention, disaster mitigation, and BCP (business continuity plan) • Increased demand	Impossible to calculate	Energy Business • Strengthen business competencies in power generation equipment for restoration Product Business • Strengthen business competencies in waste-water pumps at Tsurumi (Europe)
	Opportunities	Intensification of extreme weather			

\*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, Scope 2\*2 and part of Scope 3\*3. 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 all categories of Scope 3 GHG emissions for the Group.

### Indicators and targets (Unit: t-CO2)

FY2024 Seika Corporation Group GHG emissions	
Scope 1	1,001
Scope 2	994
Scope 3	29
Total	2,024

\*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 capital cultivated in our 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 are shown below.

	FY2023	FY2024	FY2026 Target
Sales of green innovation-related products	150,000	235,500	250,000

\*Sales of environmentally friendly products and products that are expected to contribute to environmental conservation, such as low-carbon, clean energy, energy-saving, laborsaving, 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 “VIOB 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	CO2 emissions (Scopes 1 and 2 and part of Scope 3)
Emission factors	1. Electric Power • 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 Use the “List of Calculation Methods and Emission Factors” for GHG emissions published by the Ministry of the Environment

### Measures to reduce CO2 emissions

Use EVs

Adoption of CO2 free electricity

Promote paperless practices

## External evaluation of efforts to address climate change (CDP)

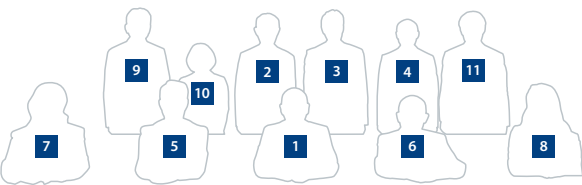
We were awarded a score of B in “Climate Change Report 2024,” released by CDP (Carbon Disclosure Project), an international non-profit organization that provides an environmental disclosure system.

A score of B corresponds to the “management level” in the CDP's evaluation criteria and indicates our awareness of risks and opportunities related to climate change and that we are taking action.





List of Directors



2 Yasumasa Kawana

Director		Attendance at Board of Directors Meetings
Senior Managing Executive Officer in charge of planning		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, Nippon Daiya Valve Co., Ltd. (seconded)
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)

Director

1 Akihiko Sakurai

President and CEO		Member of the Compensation Review Committee	Attendance at Board of Directors Meetings
			93% (13/14times)
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)	

3 Hirohisa Masuda

Director		Member of the Compensation Review Committee	Attendance at Board of Directors Meetings
Managing Executive Officer in charge of administration			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)	

4 Noriyuki Takahashi

Director		Attendance at Board of Directors Meetings
Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division		100% (10/10 times)
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, SHIKISHIMA KIKI Co., Ltd. (seconded)
April	2019	Executive Officer, the Company; Representative Director and President, SHIKISHIMA KIKI Co., Ltd. (seconded)
April	2021	Senior Executive Officer, the Company; Representative Director and President, SHIKISHIMA KIKI Co., Ltd. (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	Attendance at Board of Directors Meetings
		Chairperson of the Compensation Review Committee	100% (14/14 times)
January	1980	Joined Nippon Yusoki 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)	

8 Sachiyo Kosugi

Outside Director		Member of the Nomination Review Committee	Attendance at Board of Directors Meetings
		Member of the Compensation Review Committee	—
October	2004	Registered as attorney (Dai-Ichi Tokyo Bar Association) Associate, Nagashima Ohno & Tsunematsu	
April	2009	Chief of Legal Affairs, Payment and Settlement Systems Department, Bank of Japan	
July	2011	Worked for SoftBank Mobile Corp. (currently SoftBank Corp.)	
October	2014	Deputy Associate Director, NISSIN FOODS HOLDINGS CO., LTD.	
January	2016	Associate, Tokyo Aoi Law Office	
July	2019	Counsel, T&K Partners	
July	2023	Outside Director, TOA Xible Co., Ltd.	
June	2025	Outside Director, the Company (to present)	
July	2025	Inaba & Partners (Partner) (to present)	

10 Yuko Shirai

Outside Director		Directors Meetings
Audit & Supervisory Committee		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)

5 Kiyomi Miyata

Outside Director		Chairperson of the Nomination Review Committee	Attendance at Board of Directors Meetings
		Member of the Compensation Review Committee	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)	

7 Mayumi Noguchi

Outside Director		Member of the Nomination Review Committee	Attendance at Board of Directors Meetings
		Member of the Compensation Review Committee	—
April	1991	Joined The Mitsubishi Bank, Limited (current MUFG Bank, Ltd.)	
March	1993	Joined Citibank, N.A. Japan Branch	
October	1998	Joined Asahi & Co. (current KPMG AZSA LLC)	
April	2008	Head of Noguchi Accounting Office (to present)	
November	2014	Outside Auditor, Phone Appli Inc.	
April	2015	Auditor, The National Archives of Japan, Incorporated Administrative Agency (to present)	
March	2018	Outside Director, Fenwal Controls of Japan, Ltd.	
June	2021	Outside Audit & Supervisory Board Member, Concordia Financial Group, Ltd. (to present)	
October	2022	Outside Auditor, Japan Green Investment Corp. for Carbon Neutrality (to present)	
June	2024	Outside member of Audit & Supervisory Board, JSP Corporation (to present)	
June	2025	Outside Director, the Company (to present)	

Director serving as a member of the Audit and Supervisory Committee

9 Tatsuhiko Hirayama

Director		Chairperson of the Audit and Supervisory Committee	Attendance at Board of Directors Meetings
Audit & Supervisory Committee			100% (10/10 times)
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)	

11 Yoshihiko Nakamura

Outside Director		Directors Meetings
Audit & Supervisory Committee		100% (14/14 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



<b>Yoshihiko Nakamura</b>	<b>Yuko Shirai</b>	<b>Kiyomi Miyata</b>	<b>Masanori Kagami</b>	<b>Sachiyo Kosugi</b>	<b>Mayumi Noguchi</b>
Outside Director Audit & Supervisory Committee	Outside Director Audit & Supervisory Committee	Outside Director	Outside Director	Outside Director	Outside Director

## Toward the realization of the Long-Term Management Vision “VIORB 2030” and the Medium-Term Management Plan “VIORB2030 Phase 1” by improving the sophistication of Group management

In FY2025, Ms. Mayumi Noguchi and Ms. Sachiyo Kosugi were newly appointed as Outside Directors. Firstly, I would like to ask the two of you about your own roles as Outside Directors of the Company and your impressions of Seika Corporation.

**Noguchi** As an independent third party, I believe that my role requires me to contribute to the sustainable growth of the Company and its improved corporate value by expressing opinions from the perspective of shareholders and investors, while leveraging my knowledge of finance and accounting as a certified public accountant as well as decarbonization. When my appointment was confirmed, I had the opportunity to spend an entire day receiving detailed lectures directly from President Sakurai. At the time, I had a general understanding of the nature of the company, but now, despite only being in office for a short time, I feel that the President himself takes

the lead in demonstrating leadership, with active exchanges of opinions among Board members and communication with employees and institutional investors is being achieved.

**Kosugi** As an attorney, I have been involved in corporate legal affairs and M&As. As an Outside Director of the Company, I would like to make use of my knowledge, for instance, how to proceed with M&As and ability to identify legal issues with M&As. Like Ms. Noguchi, I also received a lecture from President Sakurai. Since then, I have had many opportunities to meet with people in the corporate planning and administrative departments. If I have a question, they answered it carefully. Prior to meetings, I have received advance explanations as well as documents, and in that sense, I believe that information sharing and catch-ups from the business execution side have been conducted smoothly and in a timely manner.

There were times in the past and even recently when scandals came to light within the Group and it went through difficult periods. How would you rate the Group's efforts to improve the effectiveness of its governance in recent years?

**Miyata** Ms. Noguchi and Ms. Kosugi have been newly appointed as Outside Directors of the Company, and I would like to view them as strengthening the lineup of Outside Directors. I believe that over this year, considerable headway will be made, with the Company establishing a rock-solid governance structure for future growth investments. In this context, I hope that we can work collaboratively so that the insights provided both of you will be utilized fully.

**Nakamura** In the past, when misconduct occurred at multiple subsidiaries, in some instances, merely patchwork responses followed, partly due to the reticence of our management teams back then toward the management of subsidiaries. As an outsider, I thought that the root of the problem should be clarified and the individuals involved take responsibility, but the culture of the Company back then meant such discipline could not be taken. From last year through this year, there were business accidents and misconduct at subsidiaries, and the appropriate disciplinary action was taken against the involved parties. I feel that this was an epoch-making event for the Company that will change the culture of its governance going forward, and I have great respect.

**Kosugi** At the Board of Directors meeting held after our appointment as Outside Directors, we received an explanation regarding the scandal. Scandals themselves are regrettable, but I take a positive view of the fact that the parent company quickly intervened after problems were discovered, and took the initiative in the most important task of investigating the cause and preventing recurrence.

**Shirai** The Company has made progress in establishing a whistle-blowing system ahead of the enforcement of the amended Internal reporting system in 2026.

**Kagami** In terms of strengthening governance, I also believe that high marks can be given for progress in discussions



on risk responses and the formulation of a risk map. While yet to reach the stage of a systematized framework for the organization, I expect that discussions will advance further in the future also in relation to BCP and sustainability, and a risk management system will be developed. In addition, I expect that terminology that has differed depending on documents and by media type will be unified and systematized within the Company. This is my own opinion, but strategy equals words, and words are an important key.

**Kosugi** In terms of organizational structure, the addition of Ms. Noguchi and I as Outside Directors has resulted in a well-balanced composition of two specialists each in management, law and legal affairs, and finance and accounting, and I think that this will enable responses to risks from a wider range of perspectives in the future.

Currently, the Company is working toward the sophistication of Group management. Please tell us your thoughts on the challenges ahead.

**Nakamura** From the perspective of the Group's internal control, unfortunately, there are in fact subsidiaries for which business management methods and the establishment and operation of internal controls have not been confirmed by the parent company, including subsidiaries and overseas affiliated companies whose business management, including internal controls, is still lacking. I believe that the challenge of Group governance is to improve subsidiaries that lack sufficient business management. In connection with this, I am an Audit and Supervisory Committee Member. The Internal Audit Office plans to add the goal of “expanding to second-line audits” to its audit targets for FY2025, and conduct joint audits of European subsidiaries with the Audit and Supervisory Committee and Internal Audit Office.

**Shirai** In addition, if the number of subsidiaries continues to increase due to M&As and changes into an even larger Group in the future, it will be necessary to first centralize legal risks that are currently dealt with individually by the related individual departments and to consider establishing a legal department



that can contribute to corporate management in view of legal reform and changes in social and economic conditions.

**Kagami** I would like to add that the Company views the development of the next generation of management personnel as an issue and is making advances within the Group partly through various external lectures, self-improvement, and repeated interviews at the Nomination Review Committee, but more will be discussed later.

**The Company is in the midst of focusing on the rebuilding of its business portfolio. How do you view the progress with business portfolio management?**

**Kagami** I believe that shareholders and investors are also concerned that the profitability of the Industrial Machinery Business is inferior to the other two segments. It is true that the performance of the Industrial Machinery Business is currently severe. But this is also due in part to the influence of various factors intertwined in a complex manner, including the fact that the Company has a large number of users and suppliers as its business platform. This is a segment the fluctuates sharply depending on the external environment, but conditions are currently improving. In my view, the process of evaluating the business portfolio should be judged from multiple perspectives, rather than simply from the perspective of current profitability.

**Nakamura** The challenge when it comes to the process of evaluating the business portfolio is to consider how to reflect in the balance sheets of each segment the value of human capital and human resources, which are important intangible assets for trading companies. We recognize that discussions must be advance further as a future challenge, including consideration of adopting ROIC in the future.

**What are your thoughts on investments in and challenges with human capital?**

**Shirai** One year has passed since the new personnel system and the newly systematized training system started operation.



There is still a long way to go before full-scale benefits are seen, but I think considerable progress has been made in firmly establishing a training system that will lead to the development of management personnel. Furthermore, the progress made in the development of the Women's Career Advancement Program under the new personnel system should be commended. However, I see the lack of career opportunities for female employees, which is the denominator of this trend, and the fact that no female candidates have yet been included in the human resources development program for management that is being developed under the direct control of the President as issues that need to be addressed in the future.

**Miyata** When it comes to the development of management personnel, I believe that the system and training itself are already in place to a certain extent, as Ms. Shirai noted. Looking to the future, I would like to see not only the utilization of the system but also candidates actively given appropriate positions and the accumulation of practical experience.

**Kagami** The urgent issue for the Company for human resources is the successor to the President, in my view. As a result of the success of the human resources development program for management, including the dispatch of personnel to MBA courses, the level of the next generation of management personnel has improved, and a sizable pool of candidates exist. However, considering the term of office of President Sakurai, there is not much time left. For those who have been nurtured up to the next level in the hierarchy as candidates, I think prerequisites should be clearly defined to discern candidates' strengths and weaknesses. Then they can work to improve areas that are lacking or receive leadership training from President Sakurai.

**The Company has been actively engaging in IR activities in recent years. Please tell us your evaluation of these efforts and the results of interviews with investors.**

**Kagami** Not only has the number of IR meetings increased, but the number of meetings with overseas investors has also

increased, which leaves a positive impression. On the other hand, I have heard opinions that the budget is conservative, and I myself have the same impression about the Company's budget. I think that opinion should be taken seriously. It is important to ensure the reliability of the numbers.

**Kosugi** Minutes of meetings with investors and analysts are able to be received directly or by e-mail from the secretariat each time.

**Kagami** Based on minutes as well, I feel that communication has improved. I take an extremely positive view of each member being truly well-informed and answer clearly with objective facts.

**Noguchi** As the number of individual shareholders has increased, the President has been dispatched to local areas for briefings with not only institutional investors but also individual investors. At the beginning of the round-table discussion, I emphasized President Sakurai's leadership, and through such a stance by President Sakurai, I strongly feel his commitment to raising the share price.

**The Company recently upwardly revised targets in the Long-Term Management Vision "VIORB 2030" and the Medium-Term Management Plan "VIORB2030 Phase 1." What are your expectations for achieving these and what issues do you see?**

**Miyata** I believe the upward revisions were prompted by favorable progress and outlooks for existing businesses, along with executives also feeling rather confident in various aspects. I also believe the targets will be cleared, although there is a long way to go. Against this backdrop, we recognize anew that M&A will become an even more important means of growth and to be aware of complacency when things are going well.

**Kagami** In addition to organic business growth, we have positioned initiatives for non-organic businesses as a pillar of sustainable growth in the future, but it is concerning that no specific examples for non-organic businesses have yet to



emerge. Fortunately, the Company is currently in a cash-rich state, and therefore, I would like to see the Company clearly draw up a growth story for the future and a vision for post-business portfolio restructuring so that it can effectively utilize this cash in M&As.

**Shirai** Amid President Sakurai striving to get employees and Group companies as a whole on the same page with a clear message, I believe that the business environment is now in alignment with this. As evidence of this, our business performance has been growing steadily over the past several years. My wish is for all employees to continue to pursue in this way. Over the course of this, there may be times when we, Outside Directors, express harsh opinions, but I would like to these to be considered as a reference or an issue, and to try their hardest.

**Kosugi** The Company has an environment in which Outside Directors can freely express their opinions and have their opinions heard. Individuals from diverse backgrounds share their insights from their own expertise, and therefore I too would like to contribute to stimulating discussions and the achievement of the growth strategy.

**Nakamura** Not just our business activities, but also the results of our extensive IR activities have led to an upward trend in the share price. From the perspective of investors, with market capitalization exceeding 50 billion yen, we are recognized as "Japan's Seika," and next we are now striving to finally be known as "the world's Seika." This is by no means a pipe dream. I would like to ask you to work hard toward achieving "VIORB2030" and "VIORB2030 Phase1" with confidence.

**Noguchi** As the share price has risen, our credit rating has also improved. Against this backdrop, we believe that the use of leverage to improve ROE has reached a crucial stage. Generally speaking, governance tends to be thought of as keeping something in check, but as an Outside Director, giving the company a push toward future growth is also an important role that I must play.

# Corporate Governance

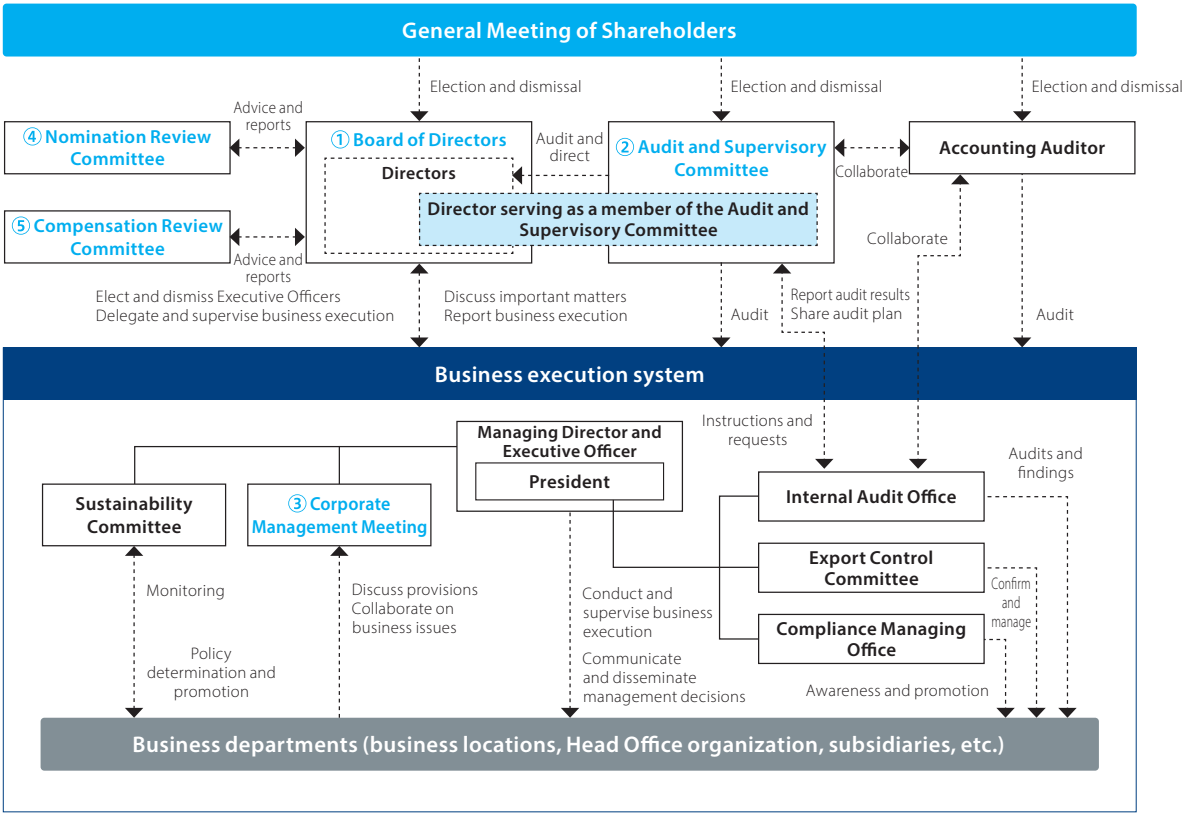
## Basic Stance on Corporate Governance

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.

## 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 June 6, 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), Mayumi Noguchi (Outside Director), Sachiyo Kosugi (Outside Director), Yuko Shirai (Outside Director), Yoshihiko Nakamura (Outside Director)

### ▶ Main activities in FY2024

As for the specific content of the Board of Directors’ deliberations, there were resolution on the introduction of the performance-linked stock remuneration, resolution on acquisition of additional shares in Fenwal Controls of Japan, Ltd., resolution on capital increase (additional investment) for FORMOSA SEIKA CORPORATION, resolution on offering of shares, discussion and resolution on “Policy on Dividends related to Subsidiaries,” and discussion and resolution on acquisition of shares in TOKYO SANGYO CO., LTD., and decisions on all these matters were made after careful and open discussions. The Company therefore considers that the Board of Directors is appropriately operated and the function it should have is working effectively.

### ▶ 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.

The Nomination Review Committee shall conduct individual interviews with all members of the candidate pool (current Managing Directors, Executive Officers who are not Directors, and new candidates for Executive Officers) immediately before or during the selection process, in order to re-examine whether there is any bias or arbitrariness in the evaluation and judgment of the President.

In addition, at the time of evaluation and selection proposal for candidates for Director by the President, and at the time of examination by the Nomination Review Committee, the “Required profile of a candidate: 1) Honest, genuine, and sincere; 2) a strong awareness of ethics and norms; 3) a cooperative attitude and spirit of humility; and 4) no tendency of harassment toward others,” will be kept in mind and an intuitive determination shall be made as to whether there are any concerns with these.

### ▶ 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
<b>Akihiko Sakurai</b> 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.
<b>Yasumasa Kawana</b> 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.
<b>Hirohisa Masuda</b> 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.
<b>Noriyuki Takahashi</b> Director	Mr. Noriyuki Takahashi assumed the position of Director in June 2024 and has played a part in the management of the Company. In terms of business execution, most recently he led the entire sales department as General Manager of the Business Operation Division, and until the end of March 2022, he had been involved in the management of SHIKISHIMA KIKI Co., Ltd., a consolidated subsidiary of the Company, as President, making achievements in improvement of the management practices of the company. As shown above, 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 again as a 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
<b>Kiyomi Miyata</b> Outside Director	Board of Directors <b>100% (14/14 times)</b>  Nomination Review Committee <b>100% (5/5 times)</b>  Compensation Review Committee <b>100% (9/9 times)</b>	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. Mr. Kiyomi Miyata 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, and also as a member of Compensation Review Committee, which provides opinions and recommendations on the assessment of bonuses for Directors and on the review of the executive remuneration system.
<b>Masanori Kagami</b> Outside Director	Board of Directors <b>100% (14/14 times)</b>  Nomination Review Committee <b>100% (5/5 times)</b>  Compensation Review Committee <b>100% (9/9 times)</b>	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 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 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.
<b>Mayumi Noguchi</b> Outside Director	—	Ms. Mayumi Noguchi possesses specialized knowledge she has developed as a certified public accountant. She is also judged to be substantially well-versed in corporate management, as she has experience of serving as an outside director or an outside auditor for multiple companies and institutions, including her seven-year experience as Outside Director of Fenwal Controls of Japan, Ltd., a listed company (retired in March 2025). With such background, the Company expects her to provide advice and supervision from a perspective different from internal directors, and thus nominated her as Outside Director.	—
<b>Sachiyo Kosugi</b> Outside Director	—	Ms. Sachiyo Kosugi possesses expertise as an attorney especially in the fields of finance, M&A, real estate and corporate legal affairs, etc. As she also has work experience in Bank of Japan and general companies, the Company assesses that she has high affinity with practical work in business. Since June 2023, she has been involved in the Company as a substitute Director serving as a Member of the Audit and Supervisory Committee after a resolution of the General Meeting of Shareholders. As an independent Outside Director with the legal backbone, the Company has judged that she will contribute to securing the transparency and fairness of the Company, and thus nominated her as Outside Director.	—

\*As Ms. Mayumi Noguchi and Ms. Sachiyo Kosugi were newly elected and assumed office at the 102nd Annual General Meeting of Shareholders held on June 24, 2025, their attendance and main activities in FY2024 are not stated.

Skills matrix

	Name	Independence	Male Female	Skills expected by the Company (knowledge, experience, abilities)					
				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	●	■	●				●	●
	Mayumi Noguchi	●	◆	●	●			●	
	Sachiyo Kosugi	●	◆	●		●		●	
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
<b>Tatsuhiko Hirayama</b> Director Audit & Supervisory Committee	Board of Directors <b>100%(10/10 times)</b>  Audit and Supervisory Committee <b>100%(21/21 times)</b>  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.	Mr. Tatsuhiko Hirayama attended all meetings of the Board of Directors and meetings of the Audit and Supervisory Committee held during the fiscal year under review. As a person who has both thorough knowledge of the Company's businesses and the sophistication and aptitude required for auditing and supervision, he participated in decision-making at meetings of the Board of Directors as well as engaged in auditing and supervision of the execution of the duties of Directors. To this end, Mr. Tatsuhiko Hirayama cooperates with the Accounting Auditor and the Internal Audit Office and also actively conducts on-site audits and interviews at each site (sales offices, corporate departments, and Group companies).
<b>Yuko Shirai</b> Outside Director Audit & Supervisory Committee	Board of Directors <b>100%(14/14 times)</b>  Audit and Supervisory Committee <b>100%(26/26 times)</b>  Nomination Review Committee <b>100%(5/5 times)</b>  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.
<b>Yoshihiko Nakamura</b> Outside Director Audit & Supervisory Committee	Board of Directors <b>100%(14/14 times)</b>  Audit and Supervisory Committee <b>100%(26/26 times)</b>  Nomination Review Committee —  Compensation Review Committee <b>100%(5/5 times)</b>	Mr. Yoshihiko Nakamura has served as 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.

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 , Yuki Kinoshita, Takuji Kawai, Akira Yumen, Yuji Honda, Takashi Kamihata

④ Nomination Review Committee

**Purpose, 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), Mayumi Noguchi (Outside Director / new appointment in 2025), Sachiyo Kosugi (Outside Director / new appointment in 2025)

The Nomination Review Committee, which is voluntarily established as an advisory body to the Board of Directors, consists of four people, who are Outside Directors. Five regular meetings were held during the fiscal year under review, and all meetings were attended by all the members. 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 Compensation Review Committee 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), Mayumi Noguchi (Outside Director / new appointment in 2025), Sachiyo Kosugi (Outside Director / new appointment in 2025), Akihiko Sakurai, Hirohisa Masuda

The Compensation Review Committee, which is voluntarily established as an advisory body to the Board of Directors, consists of a total of six committee members (four Outside Directors, two Internal Directors). Five regular meetings were held during the fiscal year under review, all of which were attended by all the member. 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 61 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 implemented the Evaluation of the Effectiveness of the Board of Directors in FY2024 (April 2024 to March 2025). The implementation guidelines and the results of its analysis and evaluation are as follows.

<p><u>1. Method of evaluation</u></p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• 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)</li></ul> <p>① Composition and operation of the Board of Directors (10 questions)</p> <p>② Management strategy and business strategy (7 questions)</p> <p>③ Corporate ethics and risk management (6 questions)</p> <p>④ Monitoring of business execution and nomination and compensation of management (5 questions)</p> <p>⑤ Dialogue with shareholders (2 questions)</p> <p>⑥ General question (1 question)</p>	<p><u>2. Analysis and evaluation results</u></p> <p>The effectiveness of the Board of Directors is judged to be ensured, considering that eight of the nine 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 one member answering that “there are some issues but improvements are being made.”With regard to individual questions, there was a considerable amount of self-evaluation and answers other than “appropriate” for reviews of the business portfolio, understanding risks and establishing countermeasures, diversity among the members of the Board of Directors, and orientation for newly appointed Directors, and there were also specific comments appended regarding issues. Therefore, the Board of Directors identified the areas for improvement.</p> <p><u>3. Initiatives going forward</u></p> <p>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.</p>
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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 500 million yen per annum (including up to 50 million yen for Outside Directors) by resolution of the General Meeting of Shareholders held on June 24, 2025. At the time, eight (8) Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee; including four (4) Outside Directors) were subject to this resolution, but the limit of 500 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 80 million yen per annum by resolution of the General Meeting of Shareholders held on June 24, 2025. At the time, three (3) Directors Serving as Members of the Audit and Supervisory Committee were subject to this resolution, and the limit of 80 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)	321	124	159	38	5
Audit & Supervisory Committee (excluding Outside Directors)	19	19	—	—	2
Outside Directors and Outside Auditors	33	33	—	—	4

Note: 1 Performance-linked remuneration consists of a bonus of 159 million yen for Directors (excluding Members of the Audit and Supervisory Committee and Outside Directors).  
2 Non-monetary remuneration consists of the amount of expenses associated with the performance-linked stock remuneration of 38 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. Based on a resolution of the Board of Directors meeting held on February 10, 2023, the Company sold part of its cross-shareholdings, with cross-shareholdings accounting for less than 20% of consolidated net assets as of March 31, 2025 at 19.88%. Additionally, at the Board of Directors meeting held on January 16, 2025, it was resolved that the Company would further reduce its cross-shareholdings, with the aim to lower the ratio to the level of 10% by the fiscal year ending March 31, 2028.

► 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	25	172
Shares other than unlisted shares	22	9,305

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	9	Necessity for operating activities
Shares other than unlisted shares	1	—	Inclusion in this category due to listing of shares

Note: The increase in shares other than unlisted shares is due to initial listing, and there is no acquisition cost.

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	3	225
Shares other than unlisted shares	15	3,190

Note: 1 The decrease in unlisted shares stems from the initial listing of a company, and there is no sale price.  
2 Issues of shares other than unlisted shares includes decreases due to the additional acquisition of shares in Fenwal Controls of Japan, Ltd. and transferring them to shares of subsidiaries and associates.

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.	2. Compliance with Laws
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	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 Compliance with laws and regulations related to taxes

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

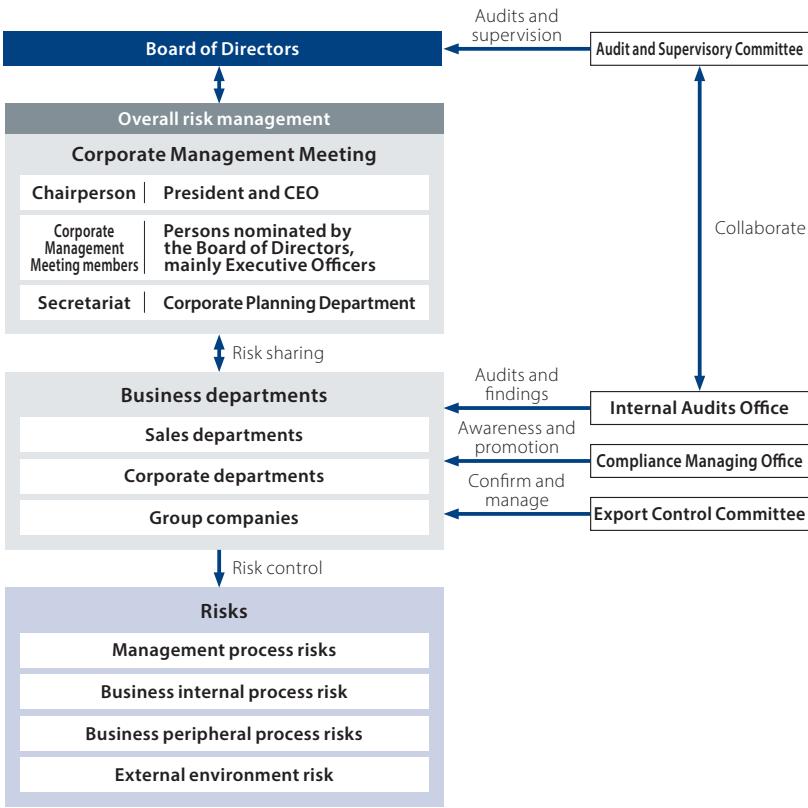
Basic Approach to Risk Management

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

In order to prevent and minimize risks that may have a significant impact on the Company's management, the Corporate Management Committee, chaired by the President and CEO and comprising persons nominated by the Board of Directors, has established a structure for consolidating and collecting risk information and overall management. In addition, twice a year at the Meeting of Directors for Intensive Deliberations, "risk identification, risk analysis, risk assessment, and risk response," is examined and discussed in regard to risk management of the Company and the Group companies, and significant risks to be addressed are determined. Specific measures are compiled for risks of high priority among the major risks, and risk-reduction activities are undertaken on a daily basis.



Information security

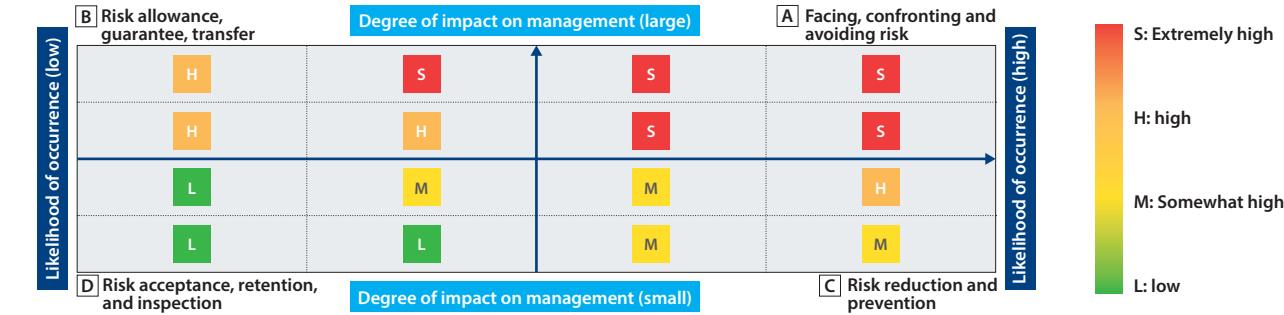
The Group recognizes the importance of information security as a company that promotes its business based on its relationships with many stakeholders, and has designated it as one of the materiality that must be resolved. The Company has established the Basic Policy on Information Security with the aim 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

We have continuously promoted strengthening of the risk management system and process improvement across the Group. For the four categories of management processes, business processes, business peripheral processes, and external environment, the risks that the Company should pay attention to are classified as follows. These are further subdivided into specific risk categories. Based on these categories, each risk recognized by the Company and the Group companies is classified, and the importance of a risk response is visualized in the risk map using two axes of "degree of impact on management" and the "likelihood of occurrence." The Company is promoting the establishment of a risk management system for the entire Seika Corporation Group by proactively providing support to Group companies for risk monitoring and consideration of countermeasures and increasing collaboration.

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
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, prevention	Implement recurring controls at each Group company and improve their effectiveness
D Degree of impact (small) Likelihood of occurrence (low)	Acceptance, retention, inspection	In principle, this is the minimum required response, and inspections are to be conducted on a daily basis

Major individual risks

Category	Category	Risk	Details	Main initiatives
Management process	Management strategy Capital Financial and accounting Human Governance	Business investment risk	• Decline in the value of business investment targets due to changes in laws and regulations as well as market conditions and intensifying competition • Lower returns on invested resources • Costs and losses arising from deteriorating business performance and business withdrawals	• Strict investment discipline • Formulate and operate business investment management frame • In-depth business analysis of business investments • Extensive post-investment monitoring
		Commercial rights and commercial product risk	• Withdrawal of the Mitsubishi Heavy Industries Group from certain businesses • Dilution of relationship with the Mitsubishi Heavy Industries Group • Decline in competitiveness of commercial rights and obsolescence of commercial products	• Maintain and strengthen the sales agency rights for leading company Mitsubishi Heavy Industries • Expand handling of green innovation-related products, including decarbonization, energy-saving and automation, circular economy and DX • Discover high value-added commercial products based on market analysis
		Group management risk	• Difficulty in making management decisions due to differences in country of location, industry, business type, company size, etc. • Low resistance to changes in the business environment due to single-product-based sales • Increase in indirect costs • Secure stable supply of management personnel	• Information sharing among the Group • Appropriate operation of the Regulations for the Support and Operation of Subsidiaries and Affiliates • Parent company support for human resources development • Parent company support for business development and investment
		Organizational restructuring risk	• Burden associated with maintaining and strengthening continuous and stable operations of the sales agent business for nuclear power plants	• Stable recruitment and retention of personnel for the nuclear power business • Promote business through close cooperation with customers, local communities, and vendors
Business internal process	Sales activity Quality control Product control Business structure Fraud	Debt collection risk	• Delay in collection of receivables or bad loans resulting from the failure of a business partner or occurrence of unexpected circumstances	• Detailed collection of information on the credit standing of customers • Credit screenings, establishment of credit limits, and extensive credit checks
		Compliance risk	• Deterioration of social trust due to violation of laws and regulations by employees	• Establishment of internal and external compliance whistleblower contact • Establish and circulate the Compliance Manual to employees • In the event of fraud or scandal, analyze the causes and propose and implement measures to prevent recurrence
Business peripheral process	Exceptional events System response Legal compliance Credit Financial Contracts Other	GHG emissions regulation risk	• For thermal power generation, which accounts for considerable electricity supply, regulations will be gradually tightened on GHG emissions • Significant impact on the earnings of the thermal power business due to delay in timely and appropriate responses to regulations	• Expanded sales of green innovation-related products • Acquisition of appropriate and timely information through membership in relevant organizations such as the Japan Hydrogen Association
		Business accident risk	• Sizable losses due to business accidents arising from inadequate contract terms	• Establish a system and strengthen training to deepen understanding of contract content • Establish a pre-screening system by Legal & Control Department • Periodic monitoring by Corporate Management Meeting
External environment	External environment Business partners Foreign exchange Resource and ingredient procurement Natural environment Other	Energy policy risk	• Changes in the power supply configuration based on the Strategic Energy Plan • Energy policies disadvantageous to the Company • Customers' decisions and actions regarding voluntary energy conversion	• Incorporate green transformation-related products in line with the 7th Strategic Energy Plan • Collection of information and appropriate responses regarding major customers' main power source conversion
		Country risk	• Rising geopolitical risks, including U.S.-China tensions and concerns over Taiwan emergency • Obstacles to sales activities due to developments at overseas business locations	• Collect information on the political systems, economic policies, and economic trends of business bases, and analyze risks with the cooperation of external institutions and local employees
		Risk of relying on specific manufacturers	• Sales agency operations entrusted by Mitsubishi Heavy Industries Group companies is positioned as the largest core business of the Seika Group • Changes in the business environments for Mitsubishi Heavy Industries Group companies could cause a sharp drop in transaction value	• Demonstrate the value of our existence by quickly and accurately conveying user requests and related information, and maintain and strengthen trust relationships as an agent of the Mitsubishi Heavy Industries Group • Promote diversification of revenue sources by expanding business segments
		Business environment risk	• Changes in the business environment for a particular product, country, market, customer, etc. • Delay in responding to changes in the business environment such as economic conditions, inflation, government developments, customer decisions, market declines, etc.	• Information sharing among the Group • Parent company support for business development and investment

Summary of Financial Data Over 11 Years

	FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating results (Million Yen)												
Total sales*1	132,033	127,101	150,742	165,585		157,145	140,677	136,273	85,307	93,311	86,785	93,734
Gross profit	13,209	12,614	14,655	14,588		14,035	14,906	14,672	18,026	19,941	22,658	25,261
Operating profit	3,400	2,174	3,046	2,598		2,118	2,809	2,581	3,824	4,636	5,580	6,487
EBITDA	3,786	2,646	3,666	3,287		2,763	3,574	3,185	4,407	5,225	6,261	7,316
Ordinary income	3,939	2,426	3,390	2,877		2,418	3,122	2,906	3,879	6,286	6,255	8,299
Net profit*3	2,188	1,750	2,140	1,655		1,587	(1,262)	2,721	2,246	5,001	4,489	7,799
Financial conditions (Million Yen)												
Total assets	77,414	89,427	118,254	98,470		85,742	92,668	97,458	104,865	79,990	118,543	129,533
Total liabilities	49,825	62,941	89,613	69,481		56,675	66,757	67,568	73,764	44,254	75,362	81,865
Total net assets	27,589	26,486	28,641	28,988		29,066	25,911	29,889	31,101	35,736	43,180	47,667
Cash flows (Million Yen)												
Cash flows from operating activities	2,115	935	3,566	1,339		(734)	3,400	4,137	4,971	(731)	2,541	8,074
Cash flows from investing activities	626	(1,823)	(1,262)	126		(1,127)	(299)	(1,566)	1,125	(1,068)	(88)	812
Cash flows from financing activities	(516)	(1,393)	(1,465)	(1,706)		(559)	(1,211)	(1,903)	(3,304)	(4,816)	(3,462)	(2,916)
Cash and cash equivalents at end period	15,650	13,159	14,157	14,096		11,506	13,346	14,035	17,000	10,653	10,428	16,775
Free cash flow*4	2,741	(888)	2,304	1,465		(1,861)	3,101	2,571	6,096	(1,799)	2,453	8,886
Capital investments (acquisition cost of tangible and intangible assets within investment cash flow)	(441)	(876)	(1,726)	(585)		(427)	(448)	(614)	(525)	(2,441)	(646)	(710)
Depreciation	351	415	420	444		422	544	365	437	491	580	724
Per share data(yen)*2												
Profit per share	31.66	25.66	32.26	128.38		125.50	(100.73)	221.87	186.85	415.79	372.46	649.67
Annual dividend per share*5	55	45	55	*2 55		45	45	45	65	90	150	220
Net assets per share	394.42	388.87	433.21	2,245.33		2,246.34	2,058.12	2,365.06	2,516.57	2,907.20	3,507.42	3,921.14
Financial indicators												
Operating profit ratio(%)*1	2.58	1.71	2.02	1.56		1.34	1.99	1.89	4.48	4.96	6.42	6.92
EBITDA margin (%)*1	2.87	2.08	2.43	1.98		1.75	2.54	2.33	5.16	5.59	7.21	7.80
Net profit ratio (%)*1	1.66	1.38	1.42	0.99		1.00	(0.89)	1.99	2.63	5.35	5.17	8.32
ROA (%)	2.9	2.1	2.1	1.5		1.7	(1.4)	2.9	2.2	5.4	4.5	6.3
ROE (%)	8.5	6.6	7.9	5.9		5.6	(4.7)	10.0	7.6	15.4	11.6	17.5
Total asset turnover ratio (times)	1.76	1.52	1.45	1.52		1.70	1.57	1.43	0.84	1.00	0.73	0.72
Financial leverage (times)	2.84	3.43	4.18	3.45		3.00	3.64	3.32	3.45	2.27	2.80	2.75
Debt to equity ratio (times)	0.31	0.34	0.31	0.31		0.32	0.35	0.26	0.18	0.06	0.00	0.00
Equity ratio (%)	35.2	29.2	23.8	28.9		33.2	27.2	29.8	28.7	43.7	35.7	36.3
Interest coverage ratio (times)	30.15	19.83	29.06	24.00		17.88	25.36	19.21	50.02	143.91	326.00	1,035.52
Dividend payout ratio / Total return ratio (%)*5	34.8	34.5	33.5	42.8		35.9	—	20.3	34.8	21.6	40.4	33.9
Other information												
Number of employees at the end of the period (people)	655	762	836	896		958	971	969	977	1,012	1,040	1,077
Number of consolidated subsidiaries (companies)	11	14	16	16		15	15	16	16	16	17	20
Number of equity-method affiliates (companies)	3	4	4	4		4	4	4	4	5	4	5
Number of outstanding shares at the end of the period (excluding number of treasury shares at the end of the period) (shares)*2	69,122,380	67,112,276	65,103,561	12,637,120		12,657,613	12,262,745	12,265,772	11,962,850	12,037,118	12,076,004	12,320,650
Non-financial indicators												
Scopes 1,2 and 3 CO2 emissions per transaction value (Kg per million yen)*6								2.18	2.39	1.51	9.87	6.97
Scopes 1,2 and 3 CO2 emissions per sales (Kg per million yen)*6								4.13	3.76	2.85	23.36	21.60
Composition of transaction value for green innovation (consolidated) (%)										54.85	73.06	81.10
Female manager ratio (%)						3.73	4.33	4.25	3.91	5.92	4.90	4.27
Paid leave utilization rate (%)						46.9	49.4	56.4	58.9	67.4	68.9	62.3

Note: \*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.  
\*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.

\*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. From 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.

# Company Outline

(As of March 31, 2025)

## Overview of the Company

Date of establishment	Oct 1, 1947
Capital	6,728 million yen
President	Representative Director Akihiko Sakurai
Head Office	Chiyoda-ku, Tokyo
Location	
Number of employees	1,077 (consolidated) 352 (non-consolidated)

Our website

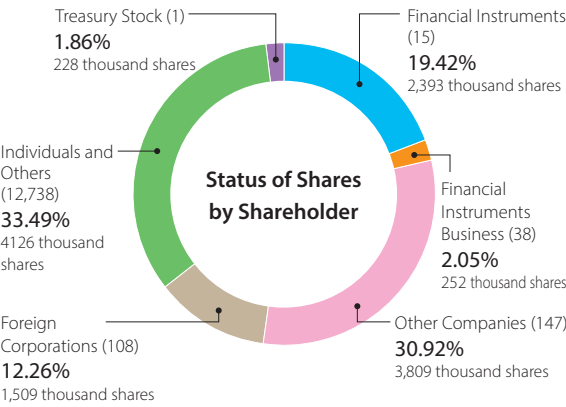
<https://seika.com/en/>

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

## 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	13,047



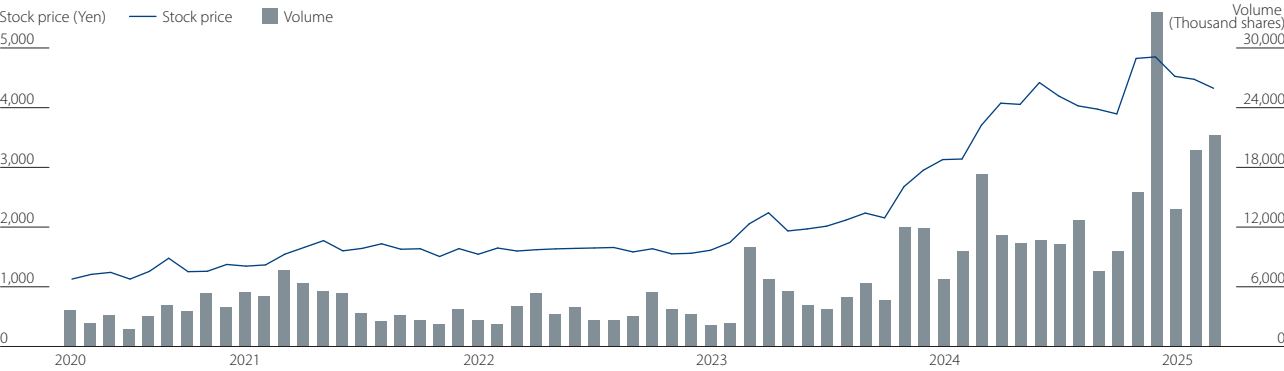
Note: Figures less than one thousand shares are rounded down.

### Major Shareholders

Name of shareholders	Number of holding shares (Thousand shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,494	12.36
Hikari Tsushin K.K.	891	7.37
UH Partners 2, Inc.	789	6.53
Mitsubishi Heavy Industries, Ltd.	413	3.42
Custody Bank of Japan, Ltd. (Trust Account)	400	3.31
NOMURA PB NOMINEES LIMITED OMNIBUS - MARGIN(CASHPB)	370	3.06
Tsurumi Manufacturing Co., Ltd	267	2.21
TAIHEI DENGYO KAISHA, LTD.	234	1.94
TAKUMA CO., LTD.	206	1.70
NIKKISO CO., LTD.	158	1.31

Note: Figures less than one thousand shares are rounded down.  
The Company holds 228,600 treasury shares, which are excluded from the above list of major shareholders. In addition, ratio of holding shares is calculated excluding treasury shares. These treasury shares do not include 56,700 shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for distributing stock to officers.

## Changes in stock price



## Changes in dividends per share (annual)

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
45	45	45	65	90	150	220

## LOCATION MAP

