

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

(Stock Exchange Code 8061)

June 6, 2025

(Start date of electronic provision: May 30, 2025)

**To Shareholders with Voting Rights:**

Akihiko Sakurai  
President and Chief Executive  
Officer  
Seika Corporation  
3-3-1 Marunouchi, Chiyoda-ku, Tokyo

**NOTICE OF  
THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

Please be informed that the 102nd Annual General Meeting of Shareholders of Seika Corporation (the “Company”) will be held for the purposes as described below. Please also review the Annual Securities Report to be disclosed on Tuesday, June 17 before the Annual General Meeting of Shareholders.

Measures for electronic provision are taken for the Meeting, and matters to be provided electronically are posted as “NOTICE OF THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS” on the websites below.

The Company’s website <https://www.seika.com/en/news/>

It is also posted on the website below besides the above one.

The Tokyo Stock Exchange’s website  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website of the Tokyo Stock Exchange above and enter the Company name or the securities code to search, then select “Basic information” followed by “Documents for public inspection/PR information” to peruse the information.

If you are unable to attend the Meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Monday, June 23, 2025, Japan time.

- 1. Date and Time:** Tuesday, June 24, 2025 at 10:00 a.m. Japan time
- 2. Place:** LEVEL XXI Tokyo Kaikan Star Room at Urbannet Otemachi Building 21F located at 2-2-2 Otemachi, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2024 - March 31, 2025) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2024 - March 31, 2025)

**Proposals to be resolved:**

- |                    |  |
|--------------------|--|
| <b>Proposal 1:</b> | Dividend of Surplus  |
| <b>Proposal 2:</b> | Election of eight (8) Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee)                  |
| <b>Proposal 3:</b> | Election of one (1) Substitute Director Serving as a Member of the Audit and Supervisory Committee                               |
| <b>Proposal 4:</b> | Revision of Amount of Remuneration for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee) |
| <b>Proposal 5:</b> | Revision of Amount of Remuneration for Directors Serving as Members of the Audit and Supervisory Committee                       |

- 
- ◎ We will not be giving out souvenirs to attending shareholders.
  - ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - ◎ “Systems for Ensuring the Appropriateness of Business Operations” and “Summary of the Status of Operation of the System to Ensure the Appropriateness of Operations” in the Business Report, “Notes to the Consolidated Financial Statements” in Consolidated Financial Statements, and “Notes to the Non-consolidated Financial Statements” in Non-consolidated Financial Statements are not included in the paper copy to be sent to the shareholders who have requested it, in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company. Accordingly, the said paper copy is a part of the documents that have been audited by the Audit and Supervisory Committee and the Accounting Auditor in preparing their audit reports.
  - ◎ In the event of any amendments being made to the matters to be provided electronically, the amended contents will be posted on the websites where the original contents are posted.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Dividend of Surplus

Matters related to year-end dividends

The Company considers the return of profits to shareholders one of the most important management issues, and has a basic policy of paying a stable dividend.

While strengthening business foundations through efficient business operations across both an operational and financial perspective, and flexibly responding to funding needs for new business development, etc., the Company pays dividend with the target of a total return ratio of 45%.

Based on this policy for dividend, and as a result of comprehensive consideration of shareholder returns based on the financial results and financial conditions for the fiscal year, the Company proposes to pay a year-end dividend of 130 yen per share for the fiscal year ended March 31, 2025.

Accordingly, the annual dividend for the fiscal year ended March 31, 2025 will be 220 yen per share including the interim dividend of 90 yen already paid.

<Matters related to the year-end dividend>

(1) Type of dividend property

Cash

(2) Matters related to allocation of dividend property to shareholders and total amount thereof  
130 yen per share of the Company's common stock and total 1,571,966,500 yen


(3) Effective date of dividends from surplus  
June 25, 2025


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


The terms of office of all six (6) Directors (excluding Directors Serving as members of the Audit and Supervisory Committee) will expire at the conclusion of this Annual General Meeting of Shareholders. The Company proposes to increase the number of Outside Directors by two (2) to ensure transparency in the management and further enhance our corporate governance. Accordingly, the election of eight (8) Directors (excluding Directors serving as members of the Audit and Supervisory Committee) including four (4) Outside Directors is proposed.


The candidates for Directors (excluding Directors Serving as members of the Audit and Supervisory Committee) are as follows:

No.	Name		Current positions and responsibilities at the Company
1	[Reappointment]	Akihiko Sakurai	Representative Director President and CEO Chairman of the Board of Directors Member of the Remuneration Examination Committee
2	[Reappointment]	Yasumasa Kawana	Director Senior Managing Executive Officer in charge of planning
3	[Reappointment]	Hirohisa Masuda	Director Managing Executive Officer in charge of administration Member of the Remuneration Examination Committee
4	[Reappointment]	Noriyuki Takahashi	Director Managing Executive Officer in charge of sales and marketing General Manager, Business Operation Division
5	[Reappointment] [Outside] [Independent]	Kiyomi Miyata	Outside Director Chairperson of the Nomination Examination Committee Member of the Remuneration Examination Committee
6	[Reappointment] [Outside] [Independent]	Masanori Kagami	Outside Director Chairperson of the Remuneration Examination Committee Member of the Nomination Examination Committee
7	[New appointment] [Outside] [Independent]	Mayumi Noguchi	—
8	[New appointment] [Outside] [Independent]	Sachiyo Kosugi	—


No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 Akihiko Sakurai (January 10, 1959)  [Reappointment]	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, Strategical 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)	24,124
		[Reason for nomination as candidate for Director] Mr. Akihiko Sakurai has been in charge of the corporate management as Representative Director, President and CEO since April 2018. The Company believes that he has properly led the Company by making calm and appropriate judgments and actions while maintaining a challenging mindset, even in difficult matters that arose from time to time. Although the long-term growth strategy that started in fiscal year 2022 and the medium-term management plan released in fiscal year 2023 has delivered certain achievement, measures related to business portfolio and human capital that are essential for perpetual enhancement of corporate value are still in the middle of their journey. Thus, the Company has nominated him so that he can continue to fulfill his responsibilities as Director.	


No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	 Yasumasa Kawana (September 29, 1960) [Reappointment]	<p>April 1984      Joined the Company</p> <p>April 2010      General Manager, Strategic Planning Department, Corporate Planning Division and Deputy General Manager, Internal Audit Division and Deputy General Manager, Affiliated Company Supervision Division</p> <p>April 2011      General Manager, Nagoya Branch, Osaka Operations Division II</p> <p>April 2013      Director and Deputy President, Nippon Daiya Valve Co., Ltd. (seconded)</p> <p>July 2013      President and CEO</p> <p>April 2015      Executive Officer, the Company President and CEO, Nippon Daiya Valve Co., Ltd. (seconded)</p> <p>April 2016      Senior Executive Officer, the Company President and CEO, Nippon Daiya Valve Co., Ltd. (seconded)</p> <p>April 2017      Senior Executive Officer, the Company; General Manager, Subsidiary and Affiliate Business Strategy Division and General Manager, Subsidiary and Affiliate Administration Department</p> <p>June 2017      Director; Senior Executive Officer, the Company; General Manager, Subsidiary and Affiliate Business Strategy Division and General Manager, Subsidiary and Affiliate Administration Department</p> <p>April 2019      Director; Managing Executive Officer; General Manager, Subsidiary and Affiliate Business Strategy Division</p> <p>October 2020      Director; Managing Executive Officer; General Manager, Subsidiary and Affiliate Business Strategy Division and General Manager, Business Strategy Department</p> <p>November 2020      Director; Managing Executive Officer; General Manager, Subsidiary and Affiliate Business Strategy Division</p> <p>October 2021      Director; Managing Executive Officer; General Manager, Corporate Planning Division and General Manager, Subsidiary and Affiliate Business Strategy Division</p> <p>April 2022      Director; Senior Managing Executive Officer in charge of planning (to present)</p> <p>[Reason for nomination as candidate for Director]  Mr. Yasumasa Kawana has been a Director of the Company since June 2017 and played a part in the management of the Company. In terms 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 a Director.</p>	11,715


No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 <p>Hirohisa Masuda (March 28, 1961)  [Reappointment]</p>	<p>April 1983      Joined the Company</p> <p>April 2008      General Manager, Nagasaki Branch, Kyushu Business Operation Division</p> <p>April 2013      General Manager, Strategical Planning Department, Corporate Planning Division; Deputy General Manager, Internal Audit Division</p> <p>April 2014      Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region</p> <p>April 2015      Executive Officer; Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region</p> <p>April 2016      Executive Officer; General Manager, Global Business Division; General Manager, Overseas Business Department</p> <p>April 2017      Executive Officer, the Company; Representative Director and President, Nippon Daiya Valve Co., Ltd. (seconded)</p> <p>April 2019      Senior Executive Officer, the Company Representative Director and President, Nippon Daiya Valve Co., Ltd. (seconded)</p> <p>April 2022      Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division, the Company</p> <p>June 2022      Director; Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division</p> <p>April 2024      Director; Managing Executive Officer in charge of administration (to present)</p>	10,879
		<p>[Reason for nomination as candidate for 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 has been leading the solid performance not only as General Manager of the Business Operation Division and officer in charge of administration but also 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 a Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	 <p>Noriyuki Takahashi (February 7, 1961)  [Reappointment]</p>	<p>April 1985      Joined the Company</p> <p>April 2011      General Manager, Business Administration Department, Business Control Division; Manager, Shanghai Office</p> <p>April 2012      General Manager, Business Administration Department, Business Control Division, the Company</p> <p>April 2013      General Manager, Business Promotion Department, Business Control Division, the Company; President, Seika Shanghai Co., Ltd.</p> <p>April 2014      Deputy General Manager, Corporate Planning Division; General Manager, Business Development Department, the Company; President, Seika Shanghai Co., Ltd.</p> <p>April 2015      Executive Officer; Deputy General Manager, Corporate Planning Division, the Company; President, Seika Shanghai Co., Ltd.</p> <p>April 2016      Executive Officer; Deputy General Manager, Business Control Division, Chemicals and Energy Plant Region, the Company; President, Seika Shanghai Co., Ltd.</p> <p>April 2018      Executive Officer, the Company; Director and Deputy President, Shikishimakiki Corporation (seconded)</p> <p>April 2019      Executive Officer, the Company; Representative Director and President, Shikishimakiki Corporation (seconded)</p> <p>April 2021      Senior Executive Officer, the Company; Representative Director and President, Shikishimakiki Corporation (seconded)</p> <p>April 2022      Senior Executive Officer; Deputy General Manager, Business Operation Division (responsible for the energy field), the Company</p> <p>April 2024      Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division</p> <p>June 2024      Director; Managing Executive Officer in charge of sales and marketing; General Manager, Business Operation Division (to present)</p>	6,081
		[Reason for nomination as candidate for 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 Shikishimakiki Corporation, 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 again him as a Director.	



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	 <p>Kiyomi Miyata (March 14, 1947)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>April 1969      Joined HOSOKAWA MICRON CORPORATION</p> <p>December 1998      Director</p> <p>December 2003      Vice President</p> <p>December 2008      Representative Director, President</p> <p>February 2009      Director, The Japan Society Of Industrial Machinery Manufacturers</p> <p>June 2012      Vice Chairman, Hosokawa Powder Technology Foundation</p> <p>October 2014      Chairman, HOSOKAWA MICRON CORPORATION</p> <p>December 2017      Full-time Adviser</p> <p>January 2019      Adviser (Part-time)</p> <p>June 2020      Outside Director, the Company (to present)</p>	2,516
		<p>[Reason for nomination as candidate for Outside Director and expected roles]</p> <p>Mr. Kiyomi Miyata has monitored and supervised the Company's management from an independent perspective as an 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 an Outside Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	
6		January 1980	Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)	740
		June 2010	Director, Executive Officer Representative Director and President, Nichiyu MHI Forklift Co., Ltd.	
		April 2013	Director, Kitakanto Nichiyu Co., Ltd. (to present) 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)	
		[Reappointment] [Outside] [Independent]	[Reason for nomination as candidate for Outside Director and expected roles] 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 an Outside Director.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7		<p>April 1991      Joined The Mitsubishi Bank, Limited (current MUFG Bank, Ltd.)</p> <p>March 1993      Joined Citibank, N.A. Japan Branch</p> <p>October 1998    Joined Asahi &amp; Co. (current KPMG AZSA LLC)</p> <p>April 2008      Head of Noguchi Accounting Office (to present)</p> <p>November 2014   Outside Auditor, Phone Appli Inc.</p> <p>April 2015      Auditor, The National Archives of Japan, Incorporated Administrative Agency (to present)</p> <p>March 2018      Outside Director, Fenwal Controls of Japan, Ltd.</p> <p>June 2021      Outside Audit &amp; Supervisory Board Member, Concordia Financial Group, Ltd. (to present)</p> <p>October 2022    Outside Auditor, Japan Green Investment Corp. for Carbon Neutrality (to present)</p> <p>June 2024      Outside member of Audit &amp; Supervisory Board, JSP Corporation (to present)</p>	—
	<p>Mayumi Noguchi (September 3, 1968)</p> <p>[New appointment] [Outside] [Independent]</p>	<p>[Reason for nomination as candidate for Outside Director and expected roles] 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 an Outside Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8		<p>October 2004 Registered as attorney (Dai-Ichi Tokyo Bar Association) Associate, Nagashima Ohno &amp; Tsunematsu</p> <p>April 2009 Chief of Legal Affairs, Payment and Settlement Systems Department, Bank of Japan</p> <p>July 2011 Worked for SoftBank Mobile Corp. (currently SoftBank Corp.)</p> <p>October 2014 Deputy Associate Director, NISSIN FOODS HOLDINGS CO., LTD.</p> <p>January 2016 Associate, Tokyo Aoi Law Office</p> <p>July 2019 Counsel, T&amp;K Partners (to present)</p> <p>July 2023 Outside Director, TOA Xible Co., Ltd.</p>	—
		<p>[Reason for nomination as candidate for Outside Director and expected roles]</p> <p>Ms. Sachiyo Kosugi possesses expertise as an attorney especially in the fields of finance, M&amp;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 an Outside Director.</p>	
	<p>Sachiyo Kosugi (July 9, 1972)</p> <p>[New appointment] [Outside] [Independent]</p>		

(Notes)

1. There are no special interests between the candidates and the Company.
2. Mr. Kiyomi Miyata, Mr. Masanori Kagami, Ms. Mayumi Noguchi, and Ms. Sachiyo Kosugi are candidates for Outside Director.
3. Mr. Kiyomi Miyata and Mr. Masanori Kagami are currently Outside Directors of the Company.
4. The term of office of Mr. Kiyomi Miyata as Outside Director will be five years at the conclusion of this Annual General Meeting of Shareholders.
5. The term of office of Mr. Masanori Kagami as Outside Director will be three years at the conclusion of this Annual General Meeting of Shareholders.
6. The Company has entered into an agreement with Mr. Kiyomi Miyata and Mr. Masanori Kagami to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act, and the limit for liability under said agreement shall be the minimum amount as stipulated by laws and regulations.
7. If Ms. Mayumi Noguchi and Ms. Sachiyo Kosugi are appointed as Outside Directors, the Company plans to enter into an agreement with them to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act, and the limit for liability under said agreement shall be the minimum amount as stipulated by laws and regulations.
8. The Company has registered Mr. Kiyomi Miyata and Mr. Masanori Kagami as independent directors with the Tokyo Stock Exchange.
9. If Ms. Mayumi Noguchi and Ms. Sachiyo Kosugi are appointed as Outside Directors, the Company plans to register them as independent directors with the Tokyo Stock Exchange.
10. The Company has entered into a directors and officers liability insurance agreement with an insurance company, which covers legal damages and litigation expenses borne by the insured. All candidates are expected to be included as insured parties under the agreement. The Company intends to renew the agreement with the same terms and conditions at the next renewal.

**Proposal 3:** Election of One (1) Substitute Director Serving as a Member of the Audit and Supervisory Committee

In order to prepare for a shortfall in the number of Directors serving as members of the Audit and Supervisory Committee prescribed by laws and regulations, the Company proposes the election of Mr. Yasutaka Keno as a Substitute Director serving as a member of the Audit and Supervisory Committee.

Furthermore, this resolution for election may be canceled by resolution of the Board of Directors with the consent of the Audit and Supervisory Committee, only before Mr. Yasutaka Keno's assumption of office.

This proposal has been approved by the Audit and Supervisory Committee.

The candidate for Substitute Director Serving as a Member of the Audit and Supervisory Committee is as follows:

Name (Date of birth)	Past experience and significant concurrent positions		Number of shares of the Company held
Yasutaka Keno (February 9, 1961)	April 1994	Registered as attorney (Daini Tokyo Bar Association) Joined Miyake & Yamazaki	—
	June 2002	Partner	
	July 2014	Outside Auditor, the Company	
	December 2016	Partner, King & Wood Mallesons Tokyo (Foreign Law Joint Enterprise) (to present)	
	June 2022	Senior Advisor, the Company	

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Yasutaka Keno is a candidate for a substitute Outside Director serving as a member of the Audit and Supervisory Committee, and if he assumes the office, the Company plans to register him as an independent director with the Tokyo Stock Exchange.
3. Mr. Yasutaka Keno possesses specialized knowledge and a wealth of experience as an attorney especially in corporate legal affairs and, the Company has judged that he will contribute to securing the transparency and fairness of the Company from a perspective different from internal directors. In addition, having served as the Company's Outside Auditor from July 2014 to June 2022, he is well-versed in the Company's business and management, and is judged to be able to play the expected roles immediately if he is formally appointed. Thus, the Company nominated him as a substitute Director serving as a member of the Audit and Supervisory Committee.  
Although he has no past experience involved in corporate management directly, the Company has judged that he will appropriately perform his duties as an Outside Director serving as a member of the Audit and Supervisory Committee for the reasons described above.
4. If Mr. Yasutaka Keno assumes the office of Outside Director serving as a member of the Audit and Supervisory Committee, the Company plans to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act, and the limit for liability under said agreement shall be the minimum amount as stipulated by laws and regulations.
5. The Company has entered into a directors and officers liability insurance agreement with an insurance company, which covers legal damages and litigation expenses borne by the insured. If Mr. Yasutaka Keno assumes the office of Outside Director serving as a member of the Audit and Supervisory Committee, he will be included as the insured under the agreement.

**Proposal 4:** Revision of Amount of Remuneration for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee)

At the 99th Annual General Meeting of Shareholders held on June 28, 2022, the amount of remuneration for the Company's Directors (excluding Directors Serving as members of the Audit and Supervisory Committee) was resolved to be "up to 300 million yen per annum (including up to 30 million yen for Outside Directors)," which has been applied to date.

However, considering the changes in the economic environment since then, the increase in the responsibilities and expected roles of Directors (excluding Directors Serving as members of the Audit and Supervisory Committee) arising from the changes in the management environment, and the increase in the number of Outside Directors to ensure transparency in management and further enhance our corporate governance, the Company proposes to revise the amount of remuneration for Directors (excluding Directors Serving as members of the Audit and Supervisory Committee) to "up to 500 million yen per annum (including up to 50 million yen for Outside Directors)."

As in the past, remuneration for Directors (excluding Directors serving as members of the Audit and Supervisory Committee) does not include the employee salary portion for Directors who are also employees of the Company.

The Company considers the amount of remuneration in this proposal to be necessary and reasonable as a scope of remuneration in line with the decision policy described in the "Decision policy regarding the details of remuneration, etc. for individual Directors" in the Business Report under which fixed remuneration and performance-linked remuneration will be paid, and therefore considers it appropriate.

If Proposal 2 is approved and resolved as originally proposed, the number of Directors (excluding Directors serving as members of the Audit and Supervisory Committee) will be eight (8) (including four (4) Outside Directors).

**Proposal 5:** Revision of Amount of Remuneration for Directors Serving as Members of the Audit and Supervisory Committee

At the 99th Annual General Meeting of Shareholders held on June 28, 2022, the amount of remuneration for the Company's Directors serving as members of the Audit and Supervisory Committee was resolved to be "up to 51 million yen per annum," which has been applied to date. However, considering the changes in the economic environment since then and the increase in the expected roles of Directors serving as members of the Audit and Supervisory Committee arising from the changes in the management environment, the Company proposes to revise the amount of remuneration for Directors serving as members of the Audit and Supervisory Committee to "up to 80 million yen per annum."

The Company considers the amount of remuneration in this proposal appropriate in light of the responsibilities and number of Directors serving as members of the Audit and Supervisory Committee.

The Company currently has three (3) Directors serving as members of the Audit and Supervisory Committee, and the number will remain the same after the conclusion of this Annual General Meeting of Shareholders.

(Reference) Diversity of the Board of Directors

If Proposal 2 as described in this Notice of Convocation is approved as proposed, the skill matrix of the Company's Board of Directors will be as follows.

Name		Independence	<div> <div>■ Male</div> <div>◆ Female</div> </div>	Skills expected by the Company (knowledge, experience, abilities)					
				Corporate management/ business strategy	Finance / Accounting	Legal affairs / compliance	Industry knowledge / marketing	ESG, sustainability	International
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.

(Appendix)

## Business Report

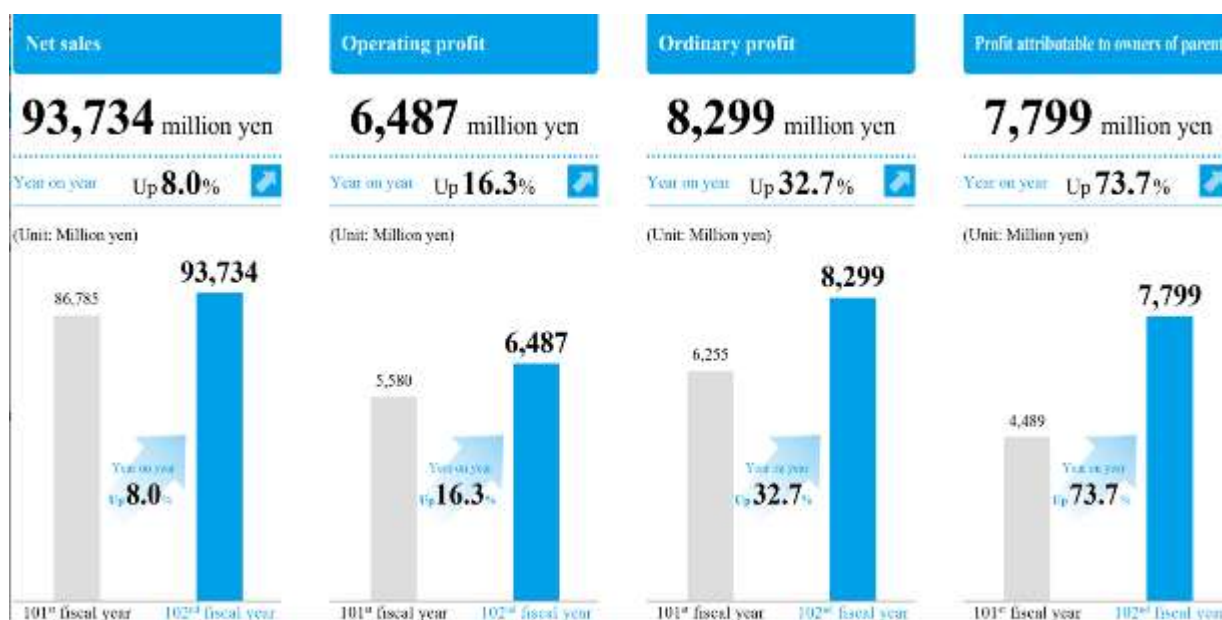
(April 1, 2024 – March 31, 2025)

### 1. Overview of the Corporate Group

#### (1) Business Progress and Results

During the fiscal year under review, while the Japanese economy saw a moderate recovery mainly due to the improved employment and income environment and the increased inbound demand, the future outlook remained uncertain due to factors such as soaring resource and material prices, rising consumer prices, persistently high geopolitical risks, and concerns over economic impact of financial policies of different countries.

In this economic environment, the Group recorded an increase in all major earnings figures for the fiscal year under review, driven by the favorable performance of the Energy Business and the strong performance of each consolidated subsidiary in the Product Business. Net sales increased 8.0% year on year to 93,734 million yen, operating profit increased 16.3% year on year to 6,487 million yen, ordinary profit increased 32.7% year on year to 8,299 million yen, and profit attributable to owners of parent increased 73.7% year on year to 7,799 million yen.





The results by segment are as follows.

[Energy Business]

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 affiliates of the Company, net sales increased 18.4% year on year to 35,158 million yen and segment income marked a significant increase of 65.7% year on year to 3,289 million yen.

[Industrial Machinery Business]

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. As a result, net sales decreased 10.1% year on year to 24,818 million yen and segment loss was 325 million yen (profit of 150 million yen for the previous fiscal year).

[Product Business]

As the performance of the Company on a non-consolidated basis remained strong mainly due to the increase in negotiations for plant facility inspections using UT drones and negotiations related to semiconductors, and the performance of the Tsurumi (Europe) GmbH Group in Europe also remained favorable, net sales increased 14.5% year on year to 33,757 million yen and segment income increased 3.4% year on year to 3,491 million yen.

Overseas sales of the Group decreased 4.6% year on year to 16,069 million yen, and accounted for 17.1% of the total net sales of the Group.

The amount of orders received and net sales of the Group by segment are as follow:

Segment	101 <sup>st</sup> fiscal year (FY2023)				102 <sup>nd</sup> fiscal year (FY2024)			
	Amount of orders received		Net sales		Amount of orders received		Net sales	
	Amount (in million yen)	Composition (%)	Amount (in million yen)	Composition (%)	Amount (in million yen)	Composition (%)	Amount (in million yen)	Composition (%)
Energy	34,342	37.5	29,701	34.2	35,927	34.8	35,158	37.5
Industrial Machinery	25,959	28.3	27,604	31.8	33,518	32.5	24,818	26.5
Product	31,283	34.2	29,478	34.0	33,789	32.7	33,757	36.0
Total	91,585	100.0	86,785	100.0	103,235	100.0	93,734	100.0

(2) Capital Investments

There are no special matters to be noted.

(3) Financing

Funds required for the fiscal year under review were self-financed or financed through borrowings and were not procured through capital increase or bond issue.

In addition, to efficiently procure necessary funds, the Company has entered into a commitment line agreement of 5.0 billion yen in total with major financial institutions.

The Company has also established an uncommitted overdraft facility totaling 11.1 billion yen.

(4) Issues to Be Addressed

In the Medium-Term Management Plan, the Company has set “green environment” as a theme and made it the most significant mission to support the sustainable generation of energy and industrial activities in harmony with the global environment and to bring about sustainable growth of the Company itself and enhancement of its corporate value by taking advantage of these efforts as a growth driver.

In pursuing its business based on the Medium-Term Management Plan, the Company enhanced its earnings foundation through various activities such as becoming an agent of Mitsubishi Heavy Industries for the nuclear energy business, and performance of the consolidated subsidiaries remained favorable. As a result, the Company achieved the numerical targets for the final year of the Medium-Term Management Plan in the previous and current fiscal years.

Accordingly, the Company revised upward the final year targets for net sales, operating profit, and ordinary profit under the Long-Term Management Vision and the Medium-Term Management Plan, and developed the following additional strategies, to work towards further enhancement of its corporate value.

1) Business Strategy

Improve profitability by setting strategies based on the characteristic of each business segment, developing structures to analyze business environment and monitor growth effectively, and promoting optimization of business from a medium- to long-term perspective.

i. Business expansion in growing areas

Accelerate complementary M&A in the existing businesses.

ii. Bold implementation of structural reform of low-growth and low-profit businesses

Invest necessary management resources flexibly to improve profitability.

iii. Enhance resilience of the Group companies

Always be conscious of improvement of return on invested capital and implement reform of management, strategic resource allocation, risk management, and appropriate information disclosure.

## 2) Management Strategy

Manage invested capital efficiently for “realization of the management conscious of capital cost and stock price.”

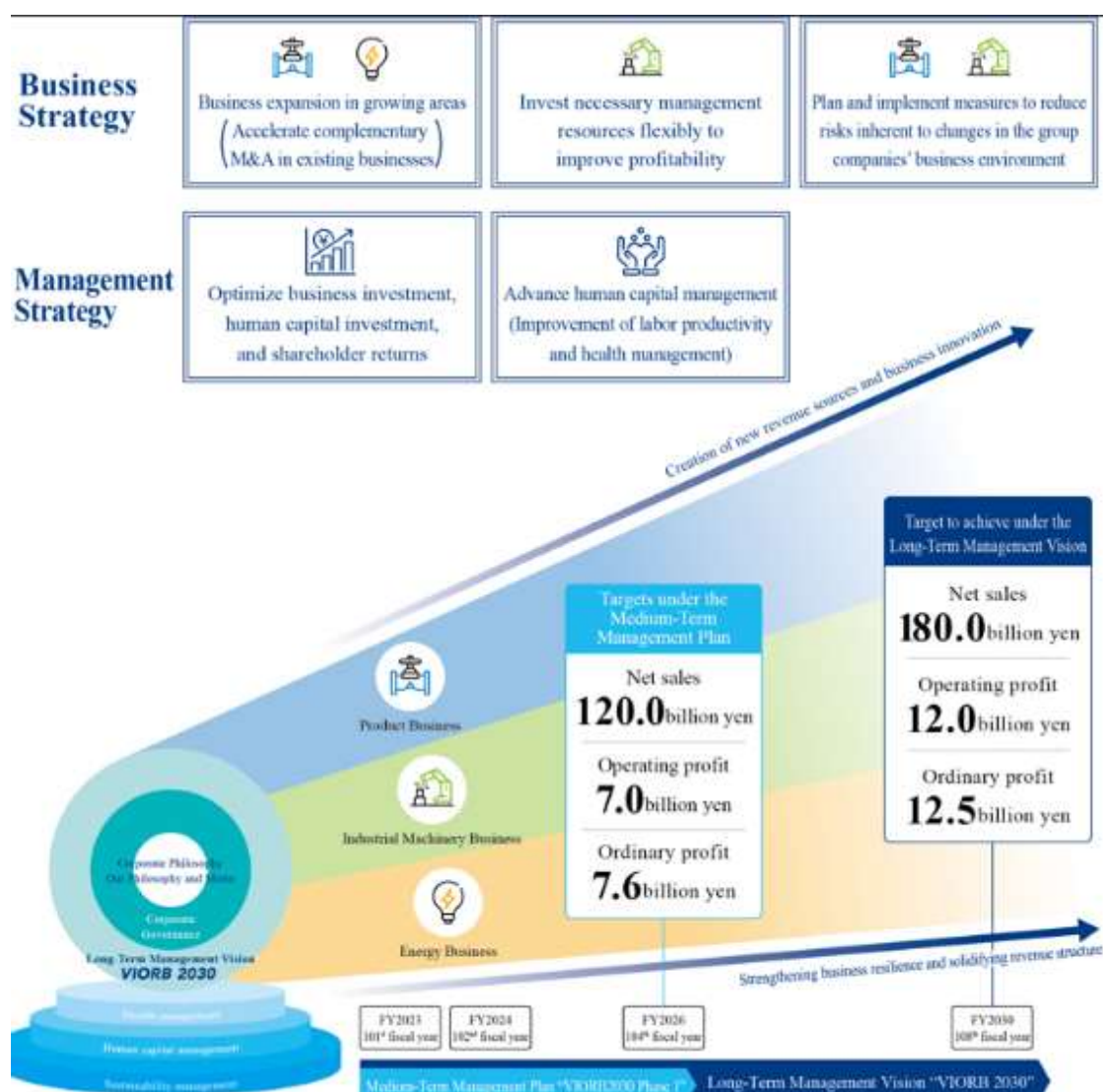
### iv. Verification of cash allocation

Optimize business investment, human capital investment, and shareholder returns.

### v. Upgrading of the human resources strategy

Implement recruitment of diverse talent, realization of health management, and development of human resources in a planned manner.

The Company’s medium- to long-term growth strategies and the revised numerical targets under the Long-Term Management Vision and of the Medium-Term Management Plan are as shown in the model diagram below.



In addition, the Group has identified four “Themes of Materiality” and 12 important issues and it should address on a prioritized basis by analyzing how various social issues relate to and affect the Company’s business. By correlating materiality to management strategies and measures taken by the Sustainability Committee, the Company aims to resolve these issues through its business activities.












“Resolving social issue through the business”

“Reinforcement of management base for sustainable growth”

1. Contributing to the global environment for the next generation
2. Contributing to sustainable growth of industry
3. Prosperous coexistence with shareholders
4. Practicing transparent governance

Subcommittees under the Sustainability Committee take responsibility for issues by theme, set specific initiatives to resolve them and KPIs to measure the achievement, and report the progress to the Sustainability Committee. The Sustainability Committee gives instructions on the policies to subcommittees and monitors their activities, in order to establish a system that will ensure that the purposes and sustainability management will be put into practice.

Chart: Materiality and sustainability system diagram

Sustainability Committee				
Monitoring ↓ ↑ Reporting				
Theme of Materiality	Important Issues	Results of initiatives in FY2023	Initiatives in FY2024 and beyond (our aim)	Relevant SDGs
<b>1</b> 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>Launched Mitsubishi nuclear energy business</li> <li>Made preparations for marketing lightweight solar panels in Japan</li> <li>Sold small-scale hydropower generation equipment</li> <li>Obtained a CDP score for the first time (C)</li> <li>Group calculation of GHG emissions (Scope 1 and 2)</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 (ammonia, hydrogen, biomass)</li> <li>Announcement of support for the TCFD recommendations and participation in the TCFD Consortium</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> <li>KPI: 4,000 kW of electricity generated by the installation of the equipment in FY2024 Conversion to annual power generation: 14,000 MW, CO<sub>2</sub> reduction of approx. 9,000t (Not achieved in FY2024)</li> <li>Improved CDP score <b>KPI: B-or higher (In progress)</b></li> </ul>	  
<b>2</b> 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>Joined the Advanced Material Recycle and Innovation Alliance</li> <li>Promoted preparations for a full-scale introduction of paperless operations</li> <li>Established the Matsuura-Takashima Seaweed Forest Creation Council</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> <li>KPI: Reduce CO<sub>2</sub> emissions from OA paper purchases by 10% compared to FY2023 (Achieved in FY2024)</li> </ul>	
<b>3</b> 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>Trial operation of new personnel system (evaluation system)</li> <li>Diverse hiring, including foreign and career return employees</li> <li>Participation in various volunteering and coexistence-with-local-community activities, donations to disaster relief, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation and rationalization of new personnel system</li> <li>Establishment of a human resource development training program system</li> <li>Verify the status of various volunteering and coexistence with-local-community activities. Decide on the activities for FY2024.</li> <li>Made donations to Kitakyushu City, where the Company was founded, through a corporate version of the Hometown Tax Donation system.</li> <li>KPI: Increase the number of participants in training projects for female employees (6 employees participated in FY2024)</li> </ul>	 
<b>4</b> 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>Revised and developed regulations related to operational risk management</li> <li>Evaluated the effectiveness of the Board of Directors</li> <li>Revised and developed regulations related to information security</li> </ul>	<ul style="list-style-type: none"> <li>Enhance BCP measures (ensure means of emergency communication between locations, consider expiration date management system for disaster supply stockpiles)</li> <li>Obtained a credit rating of A- (Long-term Issuer Rating) from Japan Credit Rating Agency</li> <li>Establish systems and hold awareness-raising activities to bolster compliance (Revision of the manuals based on thorough compliance with laws and regulations and further development of ethical standards)</li> <li>Strengthen information security governance and improve security awareness among employees</li> <li>Participation in the framework of the Partnership Building Declaration</li> <li>KPI: Zero major compliance violations (In progress)</li> <li>KPI: Security training attendance rate 100% (Achieved in FY2024)</li> </ul>	

(Reference) Status of balance and reduction of cross-shareholdings

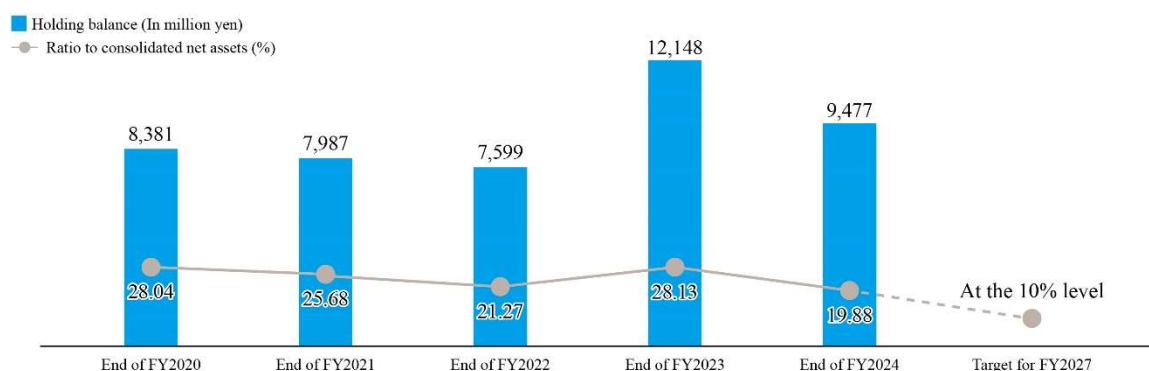
The Company holds shares of companies that it deems necessary to maintain and strengthen business relationships.

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 the resolution of the meeting of the Board of Directors held on February 10, 2023, the Company promoted sale of cross-shareholdings, aiming at improving capital efficiency. As a result, the ratio of cross-shareholdings to consolidated net assets at the end of the fiscal year under review was 19.88%.

In addition, at the meeting of the Board of Directors held on January 16, 2025, a resolution was made to set it a target to have the ratio of at a 10% level at the end of FY2027. In FY2025, the Company also plans to sell 11 issues.

The funds obtained through the reduction of cross-shareholdings will be utilized mainly for investment for growth.



(5) Trends in Assets and Income

The trends in the business results and assets of the Group are as follow:

(In million yen, unless otherwise specified.)

Item	99 <sup>th</sup> fiscal year (FY2021)	100 <sup>th</sup> fiscal year (FY2022)	101 <sup>st</sup> fiscal year (FY2023)	102 <sup>nd</sup> fiscal year (FY2024)
Net sales	85,307	93,311	86,785	93,734
Operating profit	3,824	4,636	5,580	6,487
Ordinary profit	3,879	6,286	6,255	8,299
Profit attributable to owners of parent	2,246	5,001	4,489	7,799
Profit per share (yen)	186.85	415.79	372.46	649.67
Net assets	31,101	35,736	43,180	47,667
Net assets per share (yen)	2,516.57	2,907.20	3,507.42	3,921.14
Total assets	104,865	79,990	118,543	129,533

Note: From the 102nd fiscal year, the Company's shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for distributing stock to officers are treated as treasury shares in calculating profit per share and net assets per share. Accordingly, these shares are included in the number of treasury shares excluded from the calculation of the average number of shares during the period and the number of outstanding shares at the end of the period.

(6) Parent Company and Major Subsidiaries

1) Relations with parent company  
Not applicable.

2) Major subsidiaries

Name	Capital	Percentage of voting rights holding (or held)	Principal business
Nippon Daiya Valve Co., Ltd.	96 million (JPY)	100%	Manufacture and sale of industrial valves
Seika Digital Image CORPORATION	95 million (JPY)	100%	Sales of advanced measuring instruments and software
Shikishimakiki Corporation	96 million (JPY)	100%	Sales and installation of ships, internal combustion engines, fishing equipment, power generation equipment, etc.
Seika Daiya Engine Co., Ltd.	96 million (JPY)	100%	Sales and servicing of marine engines in Japan, and sales of related products
Shipyard Tanaka Co., Ltd.	10 million (JPY)	100% (100%)	Manufacture, repair, sale, maintenance, and management of FRP boats and repair and sale of marine equipment
Seika Sangyo GmbH	1,533 thousand (EUR)	100%	Sales of forging machinery for the automotive industry, automotive robots, and industrial equipment related to surface mounting
Tsurumi (Europe) GmbH	550 thousand (EUR)	95%	Sales of submersible pumps
Tsurumi France S.A.S.	375 thousand (EUR)	95% (95%)	Sales and rental of submersible pumps and wastewater treatment and other environmental equipment
HYDREUTES, S.A.U.	60 thousand (EUR)	95% (95%)	Sales of submersible pumps and wastewater treatment and other environment-related equipment
MMPumps nv	158 thousand (EUR)	95% (95%)	Sales and rental of submersible pumps
Tsurumi UK Limited	100 (GBP)	76% (76%)	Holding company of Tsurumi Pumps UK Limited
Tsurumi Pumps UK Limited	50 thousand (GBP)	76% (76%)	Sales of submersible pumps
SEIKA MACHINERY, INC.	1,000 thousand (USD)	100%	Sales of industrial machinery mainly electronics board mounting equipment
SEIKA SHANGHAI CO., LTD.	47,744 thousand (CNY)	100%	Sales of industrial machinery and raw materials for synthetic fiber production
TIANJIN DAIYA VALVE CO., LTD.	16,175 thousand (CNY)	100% (100%)	Manufacture and sale of industrial valves
SC Group Asia Co., Ltd.	2,000 thousand (THB)	49%	Holding company of Seika Sangyo (Thailand) Co., Ltd.
Seika Sangyo (Thailand) Co., Ltd.	20,500 thousand (THB)	73.88% (25.10%)	Sale of industrial machinery, electrical equipment and related materials, and after-sales service for these products
NDV (Thailand) Co., Ltd.	20,000 thousand (THB)	86.68% (86.68%)	Manufacture and sale of industrial valves

Name	Capital	Percentage of voting rights holding (or held)	Principal business
SEIKA SANGYO (VIETNAM) COMPANY LIMITED	62,532 million (VND)	100%	Sales of industrial machinery, electrical equipment and related materials, and after-sales service for these products
FORMOSA SEIKA CORPORATION	30,000 thousand (NTD)	100%	Sale and import/export of various plants, machinery and equipment, environmental protection equipment, and chemical raw materials

Notes: 1. Figures in parentheses in the “percentage of voting rights holding” column indicate the indirect holding ratio.

- There are no subsidiaries that fall under the category of a specified wholly owned subsidiary.
- Shipyard Tanaka Co., Ltd. has been included in the scope of consolidation from the fiscal year under review as Seika Daiya Engine Co., Ltd., a consolidated subsidiary of the Company, acquired its shares.
- SC Group Asia Co., Ltd. has been included in the scope of consolidation from the fiscal year under review as it was newly established. Although the percentage of voting rights held by the Company in SC Group Asia Co., Ltd. does not exceed 50%, the said company is included as a subsidiary because it is effectively controlled by the Company.  
SC Group Asia Co., Ltd. was established as a result of a capital restructuring of Seika Sangyo (Thailand) Co., Ltd. Accordingly, the percentage of voting rights holding has been revised for Seika Sangyo (Thailand) Co., Ltd. and its investee, NDV (Thailand) Co., Ltd.
- Since FORMOSA SEIKA CORPORATION became material due to its business commencement, it has been included in the scope of consolidation from the fiscal year under review.

(7) Principal Business

The Group classifies its business into Energy, Industrial Machinery, and Product segments. Each segment is developing businesses related to the sale, maintenance, and servicing mainly of key facilities, ancillary equipment related to key facilities, and environmental protection equipment that are needed in respective fields, both in Japan and overseas.

The segments and their main products and services are as follows:

Segment	Main products and services
Energy	<ul style="list-style-type: none"> <li>Sales and maintenance of commercial power generation equipment for thermal, nuclear, hydroelectric, biomass, etc.</li> <li>Sales and maintenance of private power generation facilities for oil, chemical, steelmaking, and other key industries</li> <li>Sales and maintenance of power plant peripheral equipment for environmental protection, security, etc.</li> </ul>
Industrial Machinery	<ul style="list-style-type: none"> <li>Sales and after-sales maintenance of equipment and products that contribute to improved production efficiency and reduced environmental impact, such as energy saving, labor saving, and digitalization at factories across a variety of industries</li> </ul>
Product	<ul style="list-style-type: none"> <li>Sales of top niche advanced measuring instruments</li> <li>Sale of surface mounting equipment, circuit boards and other materials for electronics industry</li> <li>Sale of highly unique and competitive products such as submersible pumps, fishing boat engines and valves</li> </ul>



(8) Principal Business Locations

1) Principal offices of the Company

Head office: Chiyoda-ku, Tokyo

Branch office: Osaka

Other branches: Nagoya, Hiroshima, Fukuoka, and other major cities in Japan and overseas

2) Principal offices of major subsidiaries

Nippon Daiya Valve Co., Ltd. (Shinagawa-ku, Tokyo)

Seika Digital Image CORPORATION (Bunkyo-ku, Tokyo)

Shikishimakiki Corporation (Sapporo, Hokkaido)

Seika Daiya Engine Co., Ltd. (Shinjuku-ku, Tokyo)

Shipyards Tanaka Co., Ltd. (Matsuyama, Ehime)

Seika Sangyo GmbH (Germany)

Tsurumi (Europe) GmbH (Germany)

Tsurumi France S.A.S. (France)

HYDREUTES, S.A.U. (Spain)

MMPumps nv (Belgium)

Tsurumi UK Limited (U.K.)

Tsurumi Pumps UK Limited (U.K.)

SEIKA MACHINERY, INC. (U.S.A.)

SEIKA SHANGHAI CO., LTD. (China)

TIANJIN DAIYA VALVE CO., LTD. (China)

SC Group Asia Co., Ltd. (Thailand)

Seika Sangyo (Thailand) Co., Ltd. (Thailand)

NDV (Thailand) Co., Ltd. (Thailand)

SEIKA SANGYO (VIETNAM) COMPANY LIMITED (Vietnam)

FORMOSA SEIKA CORPORATION (Taiwan)

(9) Employees

Department category	Number of employees (persons)	YoY change (persons)
Energy	161	+9
Industrial Machinery	167	+4
Product	609	+38
Corporate (common)	140	-14
Total	1,077	+37

- Notes:
1. The number of employees excludes employees seconded from the Group to companies outside the Group but includes employees seconded from companies outside the Group to the Group.
  2. The number of employees in the “Corporate (common)” row is the number of those belonging to administrative departments that cannot be categorized into specific departments.

(10) Main Lenders

There are no special matters to be noted.

## 2. Status of Shares

- (1) Total Number of Authorized Shares 37,705,800 shares
- (2) Total Number of Outstanding Shares 12,092,050 shares  
(excluding 228,600 treasury shares)
- (3) Number of Shareholders 13,047 persons  
(an increase of 2,603 from the previous fiscal year-end)

(4) Major Shareholders

Shareholder	Number of shares held (thousand shares)	Equity ownership (%)
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

Notes: 1. Quantities of less than one thousand shares are rounded down.

2. The Company holds 228,600 treasury shares, which are excluded from the above list of major shareholders.

In addition, equity ownership 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.

- (5) Other Important Matters Concerning Shares  
There are no special matters to be noted.

### 3. Company's Stock Acquisition Rights, etc.

#### (1) Stock Acquisition Rights Held by the Company's Directors (as of March 31, 2025)

Name (date of resolution)	Exercise period	Number of stock acquisition rights and number of holders	Class and number of shares	Issue price (yen)	Amount to be paid in upon exercise
1 <sup>st</sup> series of stock acquisition rights (June 24, 2016)	From August 10, 2016 to August 9, 2046	734 units 4 persons	14,680 shares of common stock	22,420 per unit	1 yen per share
2 <sup>nd</sup> series of stock acquisition rights (June 27, 2017)	From July 15, 2017 to July 14, 2047	514 units 4 persons	10,280 shares of common stock	38,420 per unit	1 yen per share
3 <sup>rd</sup> series of stock acquisition rights (June 26, 2018)	From July 14, 2018 to July 13, 2048	451 units 4 persons	9,020 shares of common stock	42,000 per unit	1 yen per share
4 <sup>th</sup> series of stock acquisition rights (June 25, 2019)	From July 13, 2019 to July 12, 2049	1,062 units 4 persons	21,240 shares of common stock	24,180 per unit	1 yen per share
5 <sup>th</sup> series of stock acquisition rights (June 24, 2020)	From July 23, 2020 to July 22, 2050	1,058 units 4 persons	21,160 shares of common stock	21,880 per unit	1 yen per share
6 <sup>th</sup> series of stock acquisition rights (June 24, 2021)	From July 17, 2021 to July 16, 2051	712 units 4 persons	14,240 shares of common stock	30,820 per unit	1 yen per share
7 <sup>th</sup> series of stock acquisition rights (June 28, 2022)	From July 16, 2022 to July 15, 2052	1,016 units 4 persons	20,320 shares of common stock	29,140 per unit	1 yen per share
8 <sup>th</sup> series of stock acquisition rights (June 27, 2023)	From July 15, 2023 to July 14, 2053	768 units 4 persons	15,360 shares of common stock	34,820 per unit	1 yen per share

- Notes: 1. Stock acquisition rights are granted to Directors (excluding Members of the Audit and Supervisory Committee and Outside Directors) as stock remuneration-type stock options.
2. Stock acquisition rights may be exercised only for a period of 10 days from the day immediately following the day on which the position of Director or Executive Officer of the Company was forfeited, and on a lump-sum basis.

#### (2) Stock Acquisition Rights Allotted to the Company's Executive Officers Who Are Not Directors during the Fiscal Year under Review

There are no special matters to be noted.

The Company implemented a consolidation of shares at a ratio of one share for every five shares of its common stock with an effective date of October 1, 2017, and the number of shares for the purpose of stock acquisition rights have been adjusted accordingly.

## 4. Company Officers

### (1) Names, etc. of Directors

Position	Name	Responsibilities and significant concurrent positions
Representative Director	Akihiko Sakurai	President and CEO Chairman of the Board of Directors Member of the Remuneration Examination Committee
Director	Yasumasa Kawana	Senior Managing Executive Officer in charge of planning
Director	Hirohisa Masuda	Managing Executive Officer in charge of administration Member of the Remuneration Examination Committee
Director	Noriyuki Takahashi	Managing Executive Officer in charge of sales and marketing General Manager, Business Operation Division
Outside Director	Kiyomi Miyata	Chairperson of the Nomination Examination Committee Member of the Remuneration Examination Committee
Outside Director	Masanori Kagami	Chairperson of the Remuneration Examination Committee Member of the Nomination Examination Committee Outside Director, Kitakanto Nichiyu Co., Ltd.
Director Member of the Audit and Supervisory Committee	Tatsuhiko Hirayama	Chairperson of the Audit and Supervisory Committee
Outside Director Member of the Audit and Supervisory Committee	Yuko Shirai	Member of the Nomination Examination Committee Independent Director, ANEST IWATA Corporation
Outside Director Member of the Audit and Supervisory Committee	Yoshihiko Nakamura	Member of the Remuneration Examination Committee Yoshihiko Nakamura, Certified Public Accountant, Accounting Office Outside Director, MITSUBISHI MOTORS CORPORATION

- Notes:
1. The Company appointed Mr. Tatsuhiko Hirayama as a Full-time Member of the Audit and Supervisory Committee in order to strengthen the auditing and supervisory functions of the Members of the Audit and Supervisory Committee, gather information from Directors (excluding Members of the Audit and Supervisory Committee), share information in the important meetings inside the company and enable sufficient coordination between the Internal Audit Division and the Audit and Supervisory Committee.
  2. Outside Director; Member of the Audit and Supervisory Committee Ms. Yuko Shirai is a qualified attorney.
  3. Outside Director; Member of the Audit and Supervisory Committee Mr. Yoshihiko Nakamura is a certified public accountant and has considerable knowledge of finance and accounting.
  4. The Company has registered Outside Directors Mr. Kiyomi Miyata, Mr. Masanori Kagami, Ms. Yuko Shirai and Mr. Yoshihiko Nakamura as Independent Officers with the Tokyo Stock Exchange.

### (2) Summary of Agreements on Limitation of Liability

The Company has entered into an agreement with its Outside Directors and Directors Serving as Members of the Audit and Supervisory Committee to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act, and the limit for liability under said agreement shall be the minimum amount as stipulated by laws and regulations.

(3) Outline of the Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance (D&O Insurance) agreement with an insurance company under Article 430-3, Paragraph 1 of the Companies Act. This insurance agreement covers damages and litigation costs to be borne by the insured persons in the event of claims for damages as a result of actions taken by the insured in the course of execution of their duties. However, the insurance does not cover damage arising from the insured's criminal acts, or acts committed with the knowledge that they violate laws and regulations.

The scope of the insured under such insurance agreement includes Directors, Executive Officers, significant employees, and other persons of the Company, as well as officers of named subsidiaries, and the insured do not bear the premiums.

(4) Remuneration, etc. of Directors

1) Decision policy regarding the details of remuneration, etc. for individual Directors

Remuneration, etc. for Directors (with the exception of 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 (with the exception of Outside Directors) bonuses linked to short-term performance, and (with the exclusion of 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.

In order to clarify the linkage between remuneration for Directors and the Company's performance and share value, and thereby to increase Directors' awareness of contribution to enhancing performance and increasing corporate value in the medium to long term, stock remuneration is calculated by multiplying a performance-linked factor based on the Company's market capitalization by the amount of stock remuneration depending on rank for payment, as well as considering the achievement levels of the consolidated ROE among the numerical management targets under the Medium-Term Management Plan and items set forth in the Medium-Term Management Plan.

Under the decision policy described above, remuneration, etc. for Directors (with the exception of 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 (with the exception of 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 Remuneration Examination Committee as a voluntary body under the Board of Directors. A majority of the members of the Remuneration Examination Committee are Independent Officers (Outside Directors).

Remuneration, etc. for individual Directors is decided by the Board of Directors after deliberation and recommendations by the Remuneration Examination Committee.

2) Resolutions of the General Meeting of Shareholders regarding remuneration, etc. for Directors

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

Stock remuneration was limited to a maximum of 240 million yen or 160,000 shares for four consecutive fiscal years (a maximum of 60 million yen or 40,000 shares per fiscal year) by resolution of 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 or 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.

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

3) Total amounts of remuneration, etc. for Directors

Office	Total remuneration (in million yen)	Total remuneration by type (in million yen)			Number of eligible recipients
		Fixed remuneration	Performance-linked remuneration	Performance-linked stock remuneration (Non-monetary remuneration)	
Directors (excluding Members of the Audit and Supervisory Committee) (of whom, Outside Directors)	338 (16)	141 (16)	159 (-)	38 (-)	7 (2)
Directors (Members of the Audit and Supervisory Committee) (of whom, Outside Directors)	36 (16)	36 (16)	-	-	4 (2)

- Notes:
1. Bonuses are paid to Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee and Outside Directors) as performance-linked remuneration. 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 (excluding stock remuneration) and a factor depending on rank for payment.  
The target amount for consolidated operating profit of the fiscal year under review under the Medium-Term Management Plan is 5,400 million yen, and the actual record is 6,556 million yen. (Achievement rate 121.42%)  
In addition, the actual record for consolidated profit before income taxes without consideration for the amount of size-based corporate taxes of the fiscal year under review is 11,325 million yen.
  2. At the 101st Annual General Meeting of Shareholders held on June 26, 2024, a performance-linked stock remuneration plan using the structure of the Board Incentive Plan (BIP) trust for remuneration for officers was introduced for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee, Outside Directors, and non-residents of Japan). The Company abolished the stock remuneration-type stock options system and shall not newly grant share acquisition rights to Directors.
  3. Performance-linked stock remuneration (Non-monetary remuneration) column for Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee and Outside Directors) shows the amount of expenses associated with the performance-linked stock remuneration.

(5) Outside Directors and Outside Auditors

1) Significant concurrent positions and relationship with the Company

Category	Name	Significant concurrent positions
Director	Masanori Kagami	Outside Director, Kitakanto Nichiyu Co., Ltd.
Director (Member of the Audit and Supervisory Committee)	Yuko Shirai	Independent Director, ANEST IWATA Corporation
Director (Member of the Audit and Supervisory Committee)	Yoshihiko Nakamura	Yoshihiko Nakamura, Certified Public Accountant, Accounting Office Outside Director, MITSUBISHI MOTORS CORPORATION

Note: The Company has business transactions with MITSUBISHI MOTORS CORPORATION, where Director (Member of the Audit and Supervisory Committee) Yoshihiko Nakamura holds a significant concurrent position.  
There are no special relationships between the Company and any other companies where the Director and Directors (Members of the Audit and Supervisory Committee) hold significant concurrent positions.

2) Main Activities

Category	Name	Main activities
Director	Kiyomi Miyata	Mr. Kiyomi Miyata attended all of the meetings of the Board of Directors held during the fiscal year under review, expressing accurate views and provide useful opinions on matters ranging from overall management to sales-related issues, based on his extensive experience and insight as a business manager, and contributing to enhancing the Company's corporate value. He also serves as a member of the Remuneration Examination Committee, which provides opinions and recommendations on the assessment of bonuses for Directors and on the review of the executive remuneration system, and as the Chairperson of the Nomination Examination Committee, which examines the selection process and evaluation of candidates for Representative Directors and Directors and reports the results to the Board of Directors. During the fiscal year under review, the Nomination Examination Committee met five times and the Remuneration Examination Committee met five times, and Mr. Kiyomi Miyata attended all of these meetings.
Director	Masanori Kagami	Mr. Masanori Kagami attended all of the meetings of the Board of Directors held during the fiscal year under review, expressing accurate views and provide 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 Remuneration Examination 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 Examination Committee, which examines the selection process and evaluation of candidates for Representative Directors and Directors and reports the results to the Board of Directors. During the fiscal year under review, the Nomination Examination Committee met five times and the Remuneration Examination Committee met five times, and Mr. Masanori Kagami attended all of these meetings.



Category	Name	Main activities
Director (Member of the Audit and Supervisory Committee)	Yuko Shirai	<p>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.</p> <p>She also serves as a member of the Nomination Examination Committee, which examines the selection process and evaluation of candidates for Representative Directors and Directors and reports the results to the Board of Directors.</p> <p>During the fiscal year under review, the Nomination Examination Committee met five times, and Ms. Yuko Shirai attended all of these meetings.</p>
Director (Member of the Audit and Supervisory Committee)	Yoshihiko Nakamura	<p>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.</p> <p>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.</p> <p>He also serves as a member of the Remuneration Examination Committee, which provides opinions and recommendations on the assessment of bonuses for Directors and on the review of the executive remuneration system.</p> <p>During the fiscal year under review, the Remuneration Examination Committee met five times, and Mr. Yoshihiko Nakamura attended all of these meetings.</p>

## 5. Accounting Auditor

- (1) Accounting Auditor's Name  
Meiko Audit Corporation

- (2) Summary of Agreement on Limitation of Liability  
The Company has entered into an agreement with the Accounting Auditor to limit said firm's liability pursuant to Article 423, Paragraph 1 of the Companies Act, and the limit for liability under said agreement shall be the minimum amount as stipulated by laws and regulations.

- (3) Accounting Auditor's Compensation, etc.

1) Amount of compensation, etc. for the fiscal year under review	56 million yen
2) Total amount of cash and other property benefits payable by the Company and its subsidiaries to the Accounting Auditor	57 million yen

- Notes:
- The Audit and Supervisory Committee, based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, confirmed the details of the audit, the status of execution of duties, and changes in audit compensation of the Accounting Auditor, and examined the appropriateness of the audit time by item and the amount of compensation for the fiscal year under review. As a result, the Audit and Supervisory Committee has given its consent to the Accounting Auditor's compensation, etc. as prescribed in Article 399, Paragraph 1 of the Companies Act.
  - In the audit contract between the Company and the Accounting Auditor, it is not possible to make a reasonable differentiation between audit compensation based on the Companies Act and that based on the Financial Instruments and Exchange Act. Therefore, the aggregate amount is shown in 1) above.

- (4) Non-audit services  
The Company entrusts the Accounting Auditor to prepare comfort letters related to the offering of shares, etc., beyond the services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act.

- (5) Status of audit of subsidiaries' financial statements by auditing firms other than the Company's Accounting Auditor

Company name	Name of auditing firm, etc.
Seika Sangyo GmbH	PricewaterhouseCoopers
Tsurumi (Europe) GmbH	PricewaterhouseCoopers
Tsurumi France S.A.S.	PricewaterhouseCoopers
HYDREUTES, S.A.U.	Etl Spain Audit Services, S.L.
MMPumps nv	HLB Dodemont-Van Impe & Co BV CVBA
Tsurumi UK Limited	Kreston Reeves LLP
Tsurumi Pumps UK Limited	Kreston Reeves LLP
SEIKA MACHINERY, INC.	Century CPA & Co.
SEIKA SHANGHAI CO., LTD.	Shu Lun Pan CPAs LLP
Seika Sangyo (Thailand) Co., Ltd.	Professional Auditing Service Co., Ltd.
SEIKA SANGYO (VIETNAM) COMPANY LIMITED	Crowe Vietnam Co., Ltd.
FORMOSA SEIKA CORPORATION	PricewaterhouseCoopers

- (6) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor  
When the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Accounting Auditor subject to the consent of all Members of the Audit and Supervisory Committee.

In this case, the Member selected by the Audit and Supervisory Committee shall report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be held after the dismissal.

In addition to the above, when it is recognized that there is a problem with the Accounting Auditor's execution of duties or that it is deemed reasonable to change the Accounting Auditor, the Audit and Supervisory Committee shall decide the content of a proposal for dismissal or non-reappointment of the Accounting Auditor.

## 6. Systems for Ensuring the Appropriateness of Business Operations

In order to ensure compliance with laws, regulations and the Articles of Incorporation, and to enhance corporate value through proper and efficient execution of business, under its corporate philosophy, “Contribute to Society Through the Expansion of Business,” the Company has established the systems to ensure proper business operations by the corporate group (hereinafter the “Group”) comprising the Company and its subsidiaries, as stipulated in the Companies Act and the Regulation for the Enforcement of the Companies Act. The Company partially amended the systems at the meeting of the Board of Directors held on December 6, 2024.

The details of the systems are as follows:

(1) Systems to ensure that the execution of duties by Directors, Executive Officers and employees complies with laws, regulations and the Articles of Incorporation

i) Systems related to compliance

- The Company shall establish a Compliance Manual and related regulations as a code of conduct for Directors, Executive Officers and employees, and the President and other Directors and Executive Officers shall take the lead in practicing this code of conduct, while also establishing a Compliance Managing Office under the direct control of the President, and striving to enhance awareness and understanding among employees.
- The Company shall establish an Export Control Committee under the direct control of the President and Export Control Regulations, and appropriately implement security export controls.
- The Company shall construct an internal reporting system, to ensure early detection of any compliance violation by a Director, Executive Officer or employee. The Company shall also establish and appropriately operate Internal Reporting System Regulations, to ensure that whistleblowers are not treated disadvantageously.

ii) Systems related to internal audit

- The Company shall establish an Internal Audit Division under the direct control of the President, and Internal Controls and Audit Regulations, and conduct internal audits to evaluate the appropriateness of internal controls and their operation within the Group.

iii) Systems related to the elimination of antisocial forces

- The Company shall stipulate in its Compliance Manual that it shall confront antisocial activities or forces and have no relationship with them. Should it be contacted by such groups, the Company shall respond systematically in cooperation with attorneys, the police, and other pertinent parties.

iv) Systems related to ensuring proper financial reporting

- The Company shall establish a Basic Policy on Financial Reporting, and construct systems to ensure proper financial reporting in accordance with the requirements of the Financial Instruments and Exchange Act and other relevant laws and regulations.
- The Company shall establish a Basic Policy on Tax Affairs, and construct systems to ensure compliance with laws and regulations related to taxes and appropriately fulfil the tax payment obligations.

(2) System for the storage and management of information related to the execution of duties by Directors

i) System for the storage and management of information

- The Company record in documentary or electronic form, and shall appropriately store and manage information related to the execution of duties by Directors in accordance with the Regulations of the Board of Directors, the Corporate Management Meeting Regulations and the Document Management Regulations, and make them available for inspection by Directors at all times.

(3) Regulations and other systems for managing the risk of loss

i) Establishment of duties and authority

- The Company shall establish Regulations of the Board of Directors, Corporate Management Meeting Regulations and Regulations on Various Sales Requests, etc., clarify the duties and necessary authority of Directors, Executive Officers and employees, and appropriately manage the risk associated with the execution of these duties.

- ii) Risk management systems in each division
  - The Company shall establish an Organization Table, and construct systems to enable risk to be managed in accordance with the duties and responsibilities of each division.
- iii) Information security systems
  - The Company shall establish a Basic Policy on Information Security to ensure confidentiality, integrity and availability of information the Group handles, and construct systems where effectiveness of information security is ensured and maintained.
- iv) Company-wide risk management systems
  - Company-wide risks and individual risks that affects the entire Company shall be comprehensively managed by the Corporate Management Meeting, including risk countermeasures and subsequent evaluation, etc.
- v) Auditing and monitoring systems
  - The Internal Audit Division, under the direct control of the President, shall provide advice and recommendations to improve management systems for company-wide risks and individual risks, through auditing and monitoring.
- (4) Systems to ensure the efficient execution of duties by Directors
  - i) Board of Directors
    - In accordance with the Regulations of the Board of Directors, a meeting of the Board of Directors shall be held once a month, in principle, and extraordinary meetings shall be held as necessary.
  - ii) Corporate Management Meeting
    - In order to expedite the decision-making, the Company shall establish a Corporate Management Meeting, which shall be held at least twice a month in principle, to deliberate and make decisions on matters determined by the Board of Directors.
  - iii) Executive Officer System
    - The Company shall promote efficient management by strengthening the decision-making and supervisory functions of the Board of Directors through the use of the Executive Officer System and the delegation of Directors' authority for business execution to Executive Officers.
- (5) Systems to ensure the appropriateness of operations in the Group
  - i) Systems for reporting to the Company on the execution of duties by Directors of subsidiaries
    - The Company shall establish Regulations for the Support and Operation of Subsidiaries and Affiliates, designating the responsibilities and authority of each subsidiary, to achieve smoother Group operation and promote business.
    - The Company shall require the supervisor in charge of each subsidiary to report to the Company on matters related to the execution of business, based on the Regulations for the Support and Operation of Subsidiaries and Affiliates.
  - ii) Regulations for managing the risk of loss at subsidiaries
    - The Company shall require subsidiaries to construct risk management systems based on their individual businesses forms, management environments, etc.
  - iii) Systems to ensure that the execution of duties by Directors of subsidiaries are efficiently executed
    - Corporate departments and each department of the Business Operation Division of the Company shall support corporate management by the Directors of the subsidiaries collaboratively and in accordance with respective responsibilities. The Company shall designate through regulations the scope of authority that it retains over the execution of business by Directors of subsidiaries.
  - iv) Systems to ensure that the execution of duties by Directors and employees of subsidiaries complies with laws, regulations and the Articles of Incorporation
    - The Company shall establish compliance systems at each subsidiary, based on each country's laws and regulations, etc., and endeavor to ensure thorough compliance across the Group.
    - In addition to dispatching its Directors and Auditors to oversee compliance, the Company shall construct systems to report to the Company promptly and appropriately on any issues that might arise.

- (6) Matters concerning the system for Directors and employees to assist the duties of the Audit and Supervisory Committee and the ensuring of independence of such Directors and employees from Directors excluding Members of the Audit and Supervisory Committee, and the effectiveness of instructions by the Audit and Supervisory Committee to, such Directors and employees
- i) Assisting employees and their independence
    - When requested by the Audit and Supervisory Committee to assign employees to assist in their duties, the Company shall assign employees for this purpose, and the said employees shall follow the instructions of the Audit and Supervisory Committee.
  - ii) Personnel decisions regarding assisting employees
    - The Company shall obtain the consent of the Audit and Supervisory Committee for the appointment of employees to assist the Audit and Supervisory Committee in their duties.
  - iii) Directors to assist
    - The Company shall not assign Directors to assist the duties of the Audit and Supervisory Committee.
- (7) System for reporting to the Audit and Supervisory Committee, guidelines to arrange and process advance payment and refund of expenses incurred in the execution of duties by the Audit and Supervisory Committee and expenses or liabilities incurred in the execution of other duties, and other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
- i) Reporting systems
    - The Company shall secure systems so that, in the event that any Director, Executive Officer, employee or supervisor in charge of a subsidiary discovers any matter that may cause serious loss to the Group, or any compliance violation or improper act, the matter shall be reported to the Audit and Supervisory Committee.
  - ii) Audit expenses
    - Members of Audit and Supervisory Committee shall have the ability to arrange and process advance payment and refund of expenses incurred in the execution of their duties and liabilities.
  - iii) Other systems to ensure effective execution of duties by the Audit and Supervisory Committee
    - The Company shall develop systems to enable Members of Audit and Supervisory Committee to attend meetings of the Board of Directors and other important meetings to gain an understanding of the management decision-making process and the status of business execution.
    - Members of Audit and Supervisory Committee may, as necessary, request access to documents concerning important matters, etc., and request explanations from Directors, Executive Officers and employees.
    - The Company shall endeavor to secure and strengthen an effective auditing system for the Members of Audit and Supervisory Committee so that they can regularly exchange opinions with the President and Outside Directors, and regularly receive audit reports and cooperation from the Accounting Auditor and the Internal Audit Division.
    - The Audit and Supervisory Committee may instruct the Internal Audit Division on matters of auditing operation to assist its duties and the instructions shall not be affected by command and order of Directors other than the Members of Audit and Supervisory Committee.
    - The Company shall secure the system under which the status of the internal reporting within the Group is regularly reported to the Audit and Supervisory Committee.
- (8) System to ensure that persons who reported to the Audit and Supervisory Committee shall never receive disadvantageous treatment on the ground of the reporting.
- i) System to prevent the reporter from receiving disadvantageous treatment
    - The Company shall stipulate that any Director, Executive Officer and employee of the Group shall never receive disadvantageous treatment on the ground of reporting to the Audit and Supervisory Committee and make this stipulation thoroughly known.

## 7. Summary of the Status of Operation of the System to Ensure the Appropriateness of Operations

The status of the development and operation of the Group's internal control system during the fiscal year under review is as described below. The Board of Directors of the Company makes efforts to develop and supervise an effective system.

In addition, the Company has established a system to ensure the appropriateness of operations of its subsidiaries by having them inquire in advance or report important matters of each company to the Company in accordance with the Regulations for the Support and Operation of Subsidiaries and Affiliates.

### 1) Status of operations related to compliance

The Company's Compliance Managing Office conducted awareness building activities, mainly through education, to raise the compliance awareness of individuals and organizations belonging to the Group. The Internal Audit Division of the Company audited the status of compliance-related operations of the Group as appropriate, and provided guidance on any areas for improvement. In addition, the Company's Export Control Committee conducted appropriate security export control through prior examination of export projects based on laws and regulations, as well as internal education and audits for each of the Company's business departments.

As for the internal reporting system of the Group, in addition to the internal reporting contact point, we have established an external reporting contact point at an external law firm independent of the management team to ensure independence, and the system is operating appropriately.

### 2) Status of execution of duties by Directors and Executive Officers

The Company's Board of Directors comprises nine Directors (including three Directors Serving as Members of the Audit and Supervisory Committee), including four Outside Directors. During the fiscal year under review, the Board of Directors held 14 meetings, made decisions on important matters and supervised the execution of business by Directors and Executive Officers. Specific deliberation matters included resolution on the introduction of the performance-linked stock remuneration system, 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.

The Nomination Examination Committee and the Remuneration Examination Committee, which the Company established as advisory bodies to the Board of Directors, assessed and deliberated on matters including the selection process and evaluation details of candidates for positions of Representative Director and Director, the selection process of candidates for positions of Executive Officer and evaluation details of candidates for positions of Executive Officer with titles among them, and revisions to and assessment of systems relating to the executive remuneration. The results of these deliberations were reported to the Board of Directors.

In addition, based on the results of the evaluation of the effectiveness of the Board of Directors, we held the "Meeting of Directors for Intensive Deliberations" to further enhance the effectiveness of the Board of Directors, and continued to deepen discussions on the direction of management strategy.

Furthermore, the Corporate Management Meeting, participated by Directors and Executive Officers appointed by the Board of Directors, was held 22 times, mainly engaging in discussions on growth strategy and other aspects of the Group, and contributed to the promotion of business management.

### 3) Status of administration and promotion of business of Group companies

The Company's Business Planning Department played a central role in administrating and promoting the business of subsidiaries and affiliates in Japan and overseas. In addition, in accordance with the Regulations for the Support and Operation of Subsidiaries and Affiliates, the Company required subsidiaries to report periodically on their operating results and financial position, and to inquire in advance important matters of the subsidiaries, which were implemented after deliberation and approval by the Company.

4) Status of internal control audits

As the management and supervision of subsidiaries in the Group is becoming increasingly important, the Company's Internal Audit Division conducted internal audits of all Company locations and major subsidiaries in Japan and overseas.

During the fiscal year under review, we focused on auditing the status of compliance and adherence to internal rules related to the work environment and sales management.

The results of the audits were compiled by the General Manager of the Internal Audit Division and reported to the President and the Audit and Supervisory Committee, and the President in turn reported them to the Board of Directors of the Company, which deliberated on the effectiveness of internal controls.

5) Status of execution of duties by the Audit and Supervisory Committee

Pursuant to laws and regulations, the Articles of Incorporation, the Rules of the Audit and Supervisory Committee and the Audit and Supervisory Standards of the Audit and Supervisory Committee, and based on the audit policy, the audit plan, the audit manner and division of roles which were resolved at the meeting of the Audit and Supervisory Committee, the Audit and Supervisory Committee, which comprises two Outside Directors Serving as Members of the Audit and Supervisory Committee and one internal Director, audits the appropriateness of the execution of duties by Directors by attending meetings of the Board of Directors and other important meetings, inspecting documents related to important matters, auditing the operations of the Company and its major subsidiaries, regularly receiving reports from and exchanging opinions with the Accounting Auditor and the Internal Audit Division, periodically meeting with the Representative Director and Outside Directors, and confirming the execution of duties by Directors in writing.

In addition, a meeting of the Audit and Supervisory Committee is held twice a month, in principle, to report, discuss and resolve important matters related to audit and supervisory.

---

Note: Fractions less than the indicated unit are rounded down in the amounts and the number of shares presented in this business report.

1 【Consolidated Financial Statements, etc.】

(1) 【Consolidated Financial Statements】

1) 【Consolidated Balance Sheet】

	(In million yen)
	Current fiscal year (As of March 31, 2025)
(Assets)	129,533
Current assets	105,833
Cash and deposits	16,829
Notes and accounts receivable - trade, and contract assets	58,664
Investments in leases	32
Securities	100
Merchandise and finished goods	11,470
Work in process	458
Raw materials and supplies	1,942
Advance payments to suppliers	15,533
Other	981
Allowance for doubtful accounts	(179)
Non-current assets	23,699
Property, plant and equipment	4,994
Buildings and structures	1,245
Machinery, equipment and vehicles	275
Tools, furniture and fixtures	524
Fixed assets for rent, net	681
Leased assets	158
Land	2,108
Construction in progress	0
Intangible assets	423
Goodwill	63
Right to use facilities	116
Software	219
Other	23
Investments and other assets	18,282
Investment securities	16,922
Long-term loans receivable	30
Deferred tax assets	674
Other	692
Allowance for doubtful accounts	(38)
Total assets	129,533



(In million yen)

	Current fiscal year (As of March 31, 2025)
(Liabilities)	81,865
Current liabilities	77,119
Notes and accounts payable - trade	55,287
Short-term borrowings	11
Lease liabilities	47
Accounts payable - other	1,473
Income taxes payable	2,270
Advances received	15,861
Provision for bonuses	1,158
Provision for bonuses for directors	159
Other	850
Non-current liabilities	4,746
Long-term borrowings	21
Lease liabilities	121
Retirement benefit liability	2,572
Provision for retirement benefits for directors	45
Provision for share awards	69
Deferred tax liabilities	1,447
Other	469
(Net Assets)	47,667
Shareholders' equity	39,793
Share capital	6,728
Capital surplus	2,097
Retained earnings	31,613
Treasury shares	(645)
Accumulated other comprehensive income	7,192
Valuation difference on available-for-sale securities	5,221
Foreign currency translation adjustment	1,918
Remeasurements of defined benefit plans	52
Share acquisition rights	225
Non-controlling interests	455
Total liabilities and net assets	129,533

## 2) 【Consolidated Statement of Income】

(In million yen)

	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net sales	93,734
Cost of sales	68,473
Gross profit	25,261
Selling, general and administrative expenses	18,774
Operating profit	6,487
Non-operating income	
Interest and dividend income	311
Gain on sale of securities	2
Share of profit of entities accounted for using equity method	1,366
Foreign exchange gains	30
Other	148
Total non-operating income	1,859
Non-operating expenses	
Interest expenses	6
Other	40
Total non-operating expenses	46
Ordinary profit	8,299
Extraordinary income	
Gain on sale of investment securities	2,781
Total extraordinary income	2,781
Profit before income taxes	11,081
Income taxes - current	3,290
Income taxes - deferred	(96)
Total income taxes	3,193
Profit	7,887
Profit attributable to non-controlling interests	88
Profit attributable to owners of parent	7,799

### 3) 【Consolidated Statement of Changes in Equity】

Current fiscal year (From April 1, 2024 to March 31, 2025)

(In million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,728	2,040	25,992	(415)	34,345
Changes during period					
Dividends of surplus			(2,175)		(2,175)
Purchase of shares of consolidated subsidiaries		13			13
Changes in equity due to capital transfer		29			29
Change in scope of consolidation			(0)		(0)
Profit attributable to owners of parent			7,799		7,799
Purchase of treasury shares				(257)	(257)
Disposal of treasury shares		13			13
Exercise of share acquisition rights			(2)	27	24
Net changes in items other than shareholders' equity					
Total changes during period	—	57	5,621	(230)	5,447
Balance at end of period	6,728	2,097	31,613	(645)	39,793

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	6,509	1,370	38	7,918	250	666	43,180
Changes during period							
Dividends of surplus							(2,175)
Purchase of shares of consolidated subsidiaries							13
Changes in equity due to capital transfer							29
Change in scope of consolidation							(0)
Profit attributable to owners of parent							7,799
Purchase of treasury shares							(257)
Disposal of treasury shares							13
Exercise of share acquisition rights							24
Net changes in items other than shareholders' equity	(1,288)	548	14	(725)	(24)	(210)	(960)
Total changes during period	(1,288)	548	14	(725)	(24)	(210)	4,486
Balance at end of period	5,221	1,918	52	7,192	225	455	47,667

## Notes to the Consolidated Financial Statements

### 1. Notes, etc., to the Basis for Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

1) Number of consolidated subsidiaries	20
Names of consolidated subsidiaries	Nippon Daiya Valve Co., Ltd. Seika Digital Image CORPORATION Shikishimakiki Corporation Seika Daiya Engine Co., Ltd. Shipyard Tanaka Co., Ltd. Seika Sangyo GmbH Tsurumi (Europe) GmbH Tsurumi France S.A.S. HYDREUTES, S.A.U. MMPumps nv Tsurumi UK Limited Tsurumi Pumps UK Limited SEIKA MACHINERY, INC. Seika Shanghai Co., Ltd. TIANJIN DAIYA VALVE CO., LTD. SC Group Asia Co., Ltd. Seika Sangyo (Thailand) Co., Ltd. NDV (Thailand) Co., Ltd. SEIKA SANGYO (VIETNAM) COMPANY LIMITED FORMOSA SEIKA CORPORATION

Shipyard Tanaka Co., Ltd. has been included in the scope of consolidation from the fiscal year under review because it became applicable to the consolidated subsidiary after Seika Daiya Engine Co., Ltd., a consolidated subsidiary of the Company, acquired its shares.

Since SC Group Asia Co., Ltd. has been newly established, it has been included in the scope of consolidation from the fiscal year under review.

Since FORMOSA SEIKA CORPORATION became material due to its business commencement, it has been included in the scope of consolidation from the fiscal year under review.

- 2) Names, etc., of principal non-consolidated subsidiaries  
Not applicable.

#### (2) Application of the equity method

1) Number of non-consolidated subsidiaries to which the equity method is applied	0
Not applicable.	
2) Number of affiliates to which the equity method is applied	5
Company names	S-Tec Co., Ltd., Ten Feet Wright Inc., Meinan Kyodo Energy, TVE Co., Ltd., Fenwal Controls of Japan, Ltd.

Fenwal Controls of Japan, Ltd. has been included in the scope of application of the equity method from the fiscal year under review because it became applicable to the affiliate after the Company's additional share acquisition of the company.

- 3) Non-consolidated subsidiaries and affiliates to which the equity method is not applied
- |   |  |
|---|--|
| Company name                              | JAPAN EJECTOR ENGINEERING CO., LTD. and others   |
| Reason for not applying the equity method | As the effect of the non-consolidated subsidiaries and affiliates to which the equity method is not applied on consolidated net income or loss and retained earnings, etc., is insignificant, and they have no significant effect on the consolidated financial statements as a whole, they have been excluded from the scope of application of the equity method. |
- 4) Of the equity-method affiliates, with regard to companies with closing dates that differ from the consolidated closing date, financial statements regarding the fiscal years of each company are adopted.

(3) Fiscal years of consolidated subsidiaries

- 1) Of the consolidated subsidiaries, companies with closing dates that differ from the consolidated closing date are as follows.

Name of consolidated subsidiary	Closing date
Shikishimakiki Corporation	December 31
Seika Daiya Engine Co., Ltd.	December 31
Shipyards Tanaka Co., Ltd.	December 31
Seika Sangyo GmbH	December 31
Tsurumi (Europe) GmbH	December 31
Tsurumi France S.A.S.	December 31
HYDREUTES, S.A.U.	December 31
MMPumps nv	December 31
Tsurumi UK Limited	December 31
Tsurumi Pumps UK Limited	December 31
SEIKA MACHINERY, INC.	December 31
Seika Shanghai Co., Ltd.	December 31
TIANJIN DAIYA VALVE CO., LTD.	December 31
SC Group Asia Co., Ltd.	December 31
Seika Sangyo (Thailand) Co., Ltd.	December 31
NDV (Thailand) Co., Ltd.	December 31
SEIKA SANGYO (VIETNAM) COMPANY LIMITED	December 31
FORMOSA SEIKA CORPORATION	December 31

For the preparation of consolidated financial statements, as the differences with the consolidated closing date do not exceed three months, the financial statements of these consolidated subsidiaries are used.

- 2) Necessary adjustments are made for significant discrepancies arising during transactions with consolidated subsidiaries due to differences in closing dates.

(4) Accounting policies

- 1) Evaluation standards and evaluation methods for significant assets

A. Securities

i. Securities - trading

Market value method

Additionally, the cost of sales is calculated based on the moving average method.

ii. Held-to-maturity bonds

Amortized cost method (straight-line method)

iii. Available-for-sale securities

a Securities other than shares, etc. that do not have a market price

Market value method

Additionally, valuation differences are treated entirely as a component of net assets, and cost of sales is calculated based on the moving average method.

b Shares, etc. that do not have a market price

Cost method based on the moving average method

Additionally, regarding investments in investment business partnerships, etc., valuations are made based on the corresponding amount of assets held in the partnership.

B. Derivatives

Market value method

- C. Inventories
 

Cost method based on the first-in, first-out method (calculations for balance sheet amounts are made after write-downs on book value based on declines in profitability)

However, overseas consolidated subsidiaries primarily utilize the lower of cost or market value method on an individual basis, and domestic consolidated subsidiaries primarily utilize the cost method on a weighted-average basis (calculations for balance sheet amounts are made after write-downs on book value based on declines in profitability).
- 2) Method of depreciation and amortization for significant depreciable assets
  - A. Property, plant, and equipment (excluding leased assets)
 

Declining-balance method

However, of rental assets, those based on lease agreements (uniform rental fee revenue), and buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), as well as facilities attached to buildings and structures acquired on or after April 1, 2016, and some consolidated subsidiaries utilize the straight-line method.
  - B. Intangible assets (excluding leased assets)
 

Straight line method

Additionally, regarding software for internal use, the straight line method is used over the internal useful life (five years).
  - C. Leased assets
 

Regarding finance lease transactions without transfer of ownership, the lease term is considered as the useful life, and the straight line method is adopted with residual value as zero.
- 3) Recording standards for significant allowances
  - A. Allowance for doubtful accounts
 

To prepare for losses resulting from irrecoverable receivables, ordinary receivables are accounted for based on the historical write-off rate, and for specified receivables such as doubtful accounts, the estimated amount of irrecoverable debt based on recoverability are recorded individually.
  - B. Provision for bonuses
 

To prepare for payment of employee bonuses and bonuses for non-Director executive officers, the estimated amount of payment to be borne during the consolidated fiscal year under review is recorded.
  - C. Provision for bonuses for directors
 

To prepare for the payment of Directors' bonuses, the estimated amount of payment is recorded.
  - D. Provision for retirement benefits for directors
 

To prepare for the payment of retirement benefits to Directors at some of the consolidated subsidiaries, the estimated amount of payment based on internal regulations as of the end of the consolidated fiscal year under review is recorded.
  - E. Provision for share awards
 

To prepare for the delivery of the Company's shares, etc. to Directors and non-Director executive officers, the estimated amount of share award obligations is recorded.
- 4) Amortization method and amortization period for goodwill
 

Amortization is made in the straight line method over a period of five years.
- 5) Other significant matters for the preparation of consolidated financial statements
  - A. Accounting treatment for consumption taxes that are outside the scope of elimination, etc.
 

Consumption taxes and local consumption taxes that are outside the scope of elimination are processed as expenses for the consolidated fiscal year under review.

- B. Recording standards for revenue and expenses
  - i. Details of main performance obligations in principal businesses and the timing at which the Company recognizes revenue
 

The Group is engaged in the sale, maintenance, and servicing of machinery and equipment in the fields of energy, industrial machinery and product as well as related equipment and ancillary products, both in Japan and overseas.

In the businesses in which the Company engages in the sale of products, the Company is obligated to deliver the ordered products under the contract with a customer, and as for the timing at which these performance obligations are satisfied, the Company determines that control of products is transferred to customers when the products are delivered to the customer based on the contract with the customer. Accordingly, revenue from sales of products is recognized when such products are delivered to the customer. For transactions involving the provision of services, revenue is recognized at the completion of the service delivery when the Company satisfies the performance obligations based on the contract with the customer.

In addition, revenue from sales of products in which the Group acts as an agent is recognized at the net amount of the amount received.

Furthermore, revenue is measured at the amount of consideration promised with the customer under the contract less discounts, rebates, and returns.
  - ii. Recording standards regarding revenue for finance lease transactions
 

Revenue is recorded by the method of reporting net sales and cost of sales at the time of receiving lease fees.
- C. Method of account treatment for retirement benefits
 

To prepare for payment of retirement expenses of employees, retirement benefit liability is recorded based on the estimated amounts as of the end of the consolidated fiscal year under review after elimination of the amount of pension assets from retirement benefit obligations. Actuarial differences are recorded as one-time expenses during the following consolidated fiscal year. Past service costs are recorded as one-time expenses during the fiscal year in which they are incurred. Unrecognized actuarial differences are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets net of tax.

Additionally, in calculation of retirement benefit obligations, concerning the attribution of estimated retirement benefit expenses to the period until the end of the consolidated fiscal year under review, the benefit formula standard is used.

Furthermore, certain consolidated subsidiaries adopt the simplified method.



## 2. Notes on changes in accounting policies

The Company adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard of 2022”) and other standards from the beginning of the consolidated fiscal year under review.

With regard to the revision concerning the accounting classification of current income taxes (taxation on other comprehensive income), the Company follows the transitional treatment provided in proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments provided in proviso of Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Implementation Guidance of 2022”). This change in accounting policies has no impact on the consolidated financial statements.

As for the revision related to the change in the treatment in consolidated financial statements of tax deferral of gain on sale of shares of subsidiaries, etc. between consolidated companies, the Company adopted the Revised Implementation Guidance of 2022 from the beginning of the consolidated fiscal year under review. This changes in accounting policies, which is applied retrospectively, has no impact on the consolidated financial statements.

## 3. Notes on accounting estimates

### Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statement for the consolidated fiscal year under review:  
674 million yen

### (2) Other information

Deferred tax assets are recognized for unused tax losses carried forward and future deductible temporary differences, to the extent that it is probable that future taxable income will be available. In the judgement of the probability of taxable income, the Company reasonably estimates the timing and amount of taxable income that may be available in the future and calculates the amount accordingly.

These estimates are subject to the influence of uncertain future economic situation and operating status of the Company. If the actual timing when the taxable income becomes available and the amount thereof differ from the estimates, the amount to be recognized in the consolidated financial statements in and after the following consolidated fiscal year may be significantly affected. In addition, changes in effective tax rates due to revisions of the taxation system may also significantly affect the amount to be recognized in the consolidated financial statements in and after the following consolidated fiscal year.

#### 4. Notes to the consolidated balance sheet

##### (1) Assets pledged as collateral

Time deposits	53 million yen
Buildings and structures	31 million yen
Total	85 million yen

##### (Debts related to the above)

Short-term borrowings	7 million yen
Long-term borrowings	12 million yen

Payment guarantees, etc.

##### (2) Total accumulated depreciation of property, plant, and equipment 5,771 million yen

##### (3) Contingent liabilities

A customer filed a lawsuit for damages against the Company, claiming for payment of a restoration cost of 479 million yen as a result of contract termination due to a failure to achieve the required performance for equipment. The case is currently pending in court. The Company will assert its legitimacy so that the legitimacy will be fully recognized.

Since the amount of the future obligation is not reasonably estimable at the moment, the Company has not recorded provision for this contingent liabilities.

5. Notes to the consolidated statement of income

Share of profit of entities accounted for using equity method

The amount of 955 million yen which is equivalent to the negative goodwill is recorded in share of profit of entities accounted for using equity method. It arose as a result of the additional acquisition of shares in Fenwal Controls of Japan, Ltd., making it an equity method affiliate of the Company.

6. Notes to the consolidated statement of changes in equity

(1) Type and total number of issued shares as of March 31, 2025

Common shares	12,320,650 shares
---------------	-------------------

(2) Dividends from surplus

1) Amount of dividends paid

A. The following was resolved at the Annual General Shareholders' Meeting on June 26, 2024.

Type of shares	Common shares
Total amount of dividends	1,086 million yen
Dividends per share	90 yen
Record date	March 31, 2024
Effective date	June 27, 2024

B. The following was resolved at the Board of Directors meeting on November 12, 2024.

Type of shares	Common shares
Total amount of dividends	1,088 million yen
Dividends per share	90 yen
Record date	September 30, 2024
Effective date	December 9, 2024

(Note) The total amount of dividends as resolved at the Board of Directors meeting on November 12, 2024 includes dividends of 5 million yen for the Company's shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for the "Stock Delivery Trust for Officers."

2) Of dividends with a record date in the consolidated fiscal year under review, those with an effective date in the following consolidated fiscal year

The following is planned to be resolved at the Annual General Shareholders' Meeting on June 24, 2025.

Type of shares	Common shares
Total amount of dividends	1,571 million yen
Source of dividends	Retained earnings
Dividends per share	130 yen
Record date	March 31, 2025
Effective date	June 25, 2025

(Note) The total amount of dividends as resolved at the Annual General Shareholders' Meeting on June 24, 2025 includes dividends of 7 million yen for the Company's shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets the "Stock Delivery Trust for Officers."

(3) The type and number of shares subject to subscription rights to shares issued by the Company as of March 31, 2025

Common shares	154,900 shares
---------------	----------------

## 7. Notes on financial instruments

### (1) Status of financial instruments

For funds required for the performance of business, the Group conducts procurement primarily via indirect financing from bank borrowings.

Additionally, derivative transactions are used to avoid foreign exchange fluctuation risk on foreign currency-denominated debts and credits based on actual demand, and are not for speculative purposes.

Customer credit risk regarding notes and accounts receivable - trade and contract assets are managed by appropriately ascertaining the status of key transaction partners and managing balances and due dates on a per-partner basis, with the intent of early discovery and reduction of recoverability concerns resulting from deterioration, etc., in financial conditions.

Additionally, although foreign currency-denominated sales receivables and payables are subject to foreign exchange fluctuation risk, hedging is made in principle via utilization of forward exchange contracts.

Securities and investment securities are primarily shares, and investment trusts, and are held for the purposes of strengthening relationships with transaction partners, stabilizing capital, and trading. Although some of these securities are subject to market price fluctuation risk, their market values are ascertained on an ongoing basis.

The purpose of borrowings is to procure funds necessary for business operations.

The Company prepares for liquidity risk by striving to ascertain the capital status of the overall Group on an ongoing basis, and via methods such as adjustment of long-term and short-term procurement balances in consideration of the market environment. The Company also secures means to conduct stable financing by establishing commitment lines and overdraft facilities, etc.

(2) Market value, etc., of financial instruments

Amounts recorded on the consolidated balance sheet as of March 31, 2025, market values, and differences are as follows. “Cash and deposits,” “notes and accounts receivable - trade, and contract assets,” “notes and accounts payable - trade,” and “short-term borrowings” are omitted because the settlement periods are short and the market values are essentially equal to the book values.

(In million yen)

	Amount recorded on the consolidated balance sheet	Market value	Difference
(1) Securities and investment securities (Note 1)	15,308	12,811	(2,497)
(2) Long-term borrowings	21	21	0
(3) Derivative transactions (Note 2)	(21)	(21)	–

(Note 1) Investment securities include the shares of the listed affiliates applicable to the equity method and the difference arose from the valuation of market value of the said shares.

Furthermore, unlisted securities (amount recorded on the consolidated balance sheet: 1,620 million yen) and investments (22 million yen) that do not have market values, and investments to partnerships and equivalent business entities which is recorded with the net amount corresponding to equity interests on the consolidated balance sheet (73 million yen) are not included in (1) Securities and investment securities above.

(Note 2) Derivative transactions are scheduled transactions such as forward exchange contracts, and debts and credits accrued from derivative transactions are presented on a net basis, whereas net debts in total are indicated in parentheses.

(Note 3) Market value information by level within the market value hierarchy

The market value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure market value.

Level 1 market value: Market value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 market value: Market value measured using observable inputs other than Level 1 inputs.

Level 3 market value: Market value measured using unobservable inputs.

If multiple inputs are used that are significant to the market value measurement, the market value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

Assets

(1) Securities and investment securities

The market value of listed shares is measured using quoted prices. As listed shares are traded in active markets, their market value is classified as Level 1.

The market value of investment trusts is measured using benchmark prices. As the investment trusts are not frequently traded in markets and their prices are not regarded as the quoted prices in active markets, their market value is classified as Level 2.

Liabilities

(2) Long-term borrowings

The market value of long-term borrowings is calculated by discounting the estimated interest rate from the total amount of principal and interest categorized by certain period of time, assuming similar new borrowings, and is classified as Level 2.

Derivative transactions

(3) Derivative transactions

The market value of derivative transactions is measured using prices presented by counterparty financial institutions, and is classified as Level 2.

8. Notes on real estate for rent, etc.

(1) Status of real estate for rent, etc.

In Ageo City, Saitama Prefecture and in other regions, the Company holds land and buildings, etc., for rent. Rent income for the consolidated fiscal year under review was 19 million yen (rent revenue is recorded in non-operating income, and rent expenses are recorded in non-operating expenses).

(2) Market value of real estate for rent, etc.

Amount recorded on the consolidated balance sheet 573 million yen

Market value 390 million yen

Additionally, the amounts recorded on the consolidated balance sheet are amounts with accumulated depreciation and impairment loss eliminated from the cost of acquisition, and market values as of the end of the consolidated fiscal year under review are primarily amounts calculated by the Company based on assessed values of non-current assets for property tax purposes.

9. Notes on per share information

(1) Net assets per share 3,921.14 yen

(2) Profit per share 649.67 yen

(Note) The Company's shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for the "Stock Delivery Trust for Officers" are treated as treasury shares in calculating net assets per share and profit per share. Accordingly, the total number of outstanding shares at the end of the period and the average number of shares during the period are calculated by including these shares in treasury shares (56 thousand shares in the total number of outstanding shares at the end of the consolidated fiscal year under review and 35 thousand shares in the average number of shares during the consolidated fiscal year under review).

10. Notes on revenue recognition

(1) Disaggregation of revenue from contracts with customers

(In million yen)

	Energy	Industrial Machinery	Product	Total
Revenue from contracts with customers	35,158	24,818	33,757	93,734
Net sales to external customers	35,158	24,818	33,757	93,734

(2) Useful information in understanding revenue

The useful information in understanding revenue is as described in "1. Notes, etc., to the Basis for Preparation of Consolidated Financial Statements; (4) Accounting policies; 5) Other significant matters for the preparation of consolidated financial statements; B. Recording standards for revenue and expenses."

(3) Information in understanding revenue amounts for the current fiscal year and subsequent fiscal years  
Balance of contract assets and contract liabilities, etc.

(In million yen)

	Current fiscal year	
	Balance at beginning of year	Balance at end of year
Obligations from contracts with customers	53,475	58,664
Contract assets	-	-
Contract liabilities	20,942	16,028

Obligations from contracts with customers are recorded as "notes and accounts receivable - trade, and contract assets" on the consolidated balance sheet.

Contract liabilities primarily represent consideration received from customers prior to delivery of products or provision of services, and are included in "advances received" and "other" under current liabilities on the consolidated balance sheet. Additionally, during the fiscal year ended March 31, 2025, the Company recognized revenue of 19,911 million yen that was included in the contract liabilities balance at the beginning of the fiscal year.

## 11. Other notes

### (1) Amounts recorded on the consolidated financial statements

Displayed with amounts rounded down to the nearest display unit.

### (2) Accounting treatment for notes matured on the final day of the fiscal year

Notes matured on the final day of the fiscal year are settled on their clearing days. As the final day of certain consolidated subsidiaries with closing dates that differ from the consolidated closing date fell on a holiday for financial institutions, the following notes matured as of the final day of the fiscal year have been included in the balance.

Notes receivable	116 million yen
Notes payable	156 million yen

### (3) Introduction of a stock remuneration plan, “Stock Delivery Trust for Officers”

Based on the resolution of the 101st Annual General Shareholders’ Meeting held on June 26, 2024, the Company introduced a new stock remuneration plan, “Stock Delivery Trust for Officers” (hereinafter the “Plan”) for the Company’s Directors (excluding Directors serving as members of the Audit and Supervisory Committee, Outside Directors, and non-residents of Japan).

Accounting treatment for the Plan is in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015).

#### 1) Overview of the transaction

The Plan is a stock remuneration plan, in which a trust established by cash contribution of the Company (hereinafter, the “Trust”) shall acquire the Company’s shares and a number of shares corresponding to the number of points that the Company grants to Directors shall be delivered to the Directors through the Trust. A Director shall receive the Company’s shares, etc. at the time of his/her retirement as a Director.

#### 2) The Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded as treasury shares under net assets at the book value in the Trust (excluding the amount of incidental expenses). The book value and the number of said treasury shares as of the end of the consolidated fiscal year under review were 234 million yen and 56,700 shares, respectively.

### (4) Revision of deferred tax assets and deferred tax liabilities due to the change in corporate tax rate, etc.

As the “Act for Partial Amendment of the Income Tax Act” (Act No. 13 of 2025) was enacted in the Diet session on March 31, 2025, imposition of the “Defense Special Corporate Tax” will start in the consolidated fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the consolidated fiscal years beginning on or after April 1, 2026 are calculated by revising the effective tax rate from 30.60% to 31.52%.

As a result of this change, the amounts of deferred tax assets, deferred tax liabilities, and income taxes - deferred increased by 3 million yen, 31 million yen, and 23 million yen, respectively, and the amount of valuation difference on available-for-sale securities decreased by 52 million yen for the consolidated fiscal year under review.

## 2 【Non-Consolidated Financial Statements, etc.】

### (1) 【Non-Consolidated Financial Statements】

#### 1) 【Non-Consolidated Balance Sheet】

	(In million yen)
	Current fiscal year (As of March 31, 2025)
(Assets)	104,073
Current assets	84,797
Cash and deposits	9,215
Notes receivable - trade	1,375
Accounts receivable - trade	52,494
Investments in leases	32
Securities	100
Merchandise	5,751
Advance payments to suppliers	15,236
Other	612
Allowance for doubtful accounts	(21)
Non-current assets	19,276
Property, plant and equipment	1,098
Buildings	182
Tools, furniture and fixtures	165
Fixed assets for rent, net	573
Leased assets	83
Land	78
Other	15
Intangible assets	213
Right to use facilities	116
Software	84
Other	12
Investments and other assets	17,963
Investment securities	9,598
Shares of subsidiaries and associates	7,521
Investments in capital of subsidiaries and associates	444
Long-term loans receivable from employees	20
Other	405
Allowance for doubtful accounts	(28)
Total assets	104,073



(In million yen)

	Current fiscal year (As of March 31, 2025)
(Liabilities)	75,374
Current liabilities	72,072
Notes payable - trade	2,855
Accounts payable - trade	48,050
Short-term borrowings	2,921
Lease liabilities	29
Accounts payable - other	424
Income taxes payable	1,736
Advances received	14,868
Provision for bonuses	766
Provision for bonuses for directors	159
Other	261
Non-current liabilities	3,302
Lease liabilities	63
Provision for retirement benefits	1,917
Provision for share awards	69
Deferred tax liabilities	1,222
Other	29
(Net assets)	28,698
Shareholders' equity	23,480
Share capital	6,728
Capital surplus	2,096
Legal capital surplus	2,096
Retained earnings	15,262
Other retained earnings	15,262
General reserve	6,600
Retained earnings brought forward	8,662
Treasury shares	(607)
Valuation and translation adjustments	4,992
Valuation difference on available-for-sale securities	4,992
Share acquisition rights	225
Total liabilities and net assets	104,073

## 2) 【Non-Consolidated Statement of Income】

(In million yen)

	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net sales	62,359
Cost of sales	50,522
Gross profit	11,836
Selling, general and administrative expenses	8,722
Operating profit	3,113
Non-operating income	
Interest and dividend income	1,081
Foreign exchange gains	25
Gain on sale of securities	2
Other	94
Total non-operating income	1,204
Non-operating expenses	
Interest expenses	18
Other	27
Total non-operating expenses	45
Ordinary profit	4,272
Extraordinary income	
Gain on sale of investment securities	2,780
Gain on sale of shares of subsidiaries and associates	33
Total extraordinary income	2,813
Profit before income taxes	7,086
Income taxes - current	2,016
Income taxes - deferred	(52)
Total income taxes	1,964
Profit	5,121

### 3) 【Non-Consolidated Statement of Changes in Equity】

Current fiscal year (From April 1, 2024 to March 31, 2025)

(In million yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward	
Balance at beginning of period	6,728	2,096	2,096	6,600	5,718	12,318
Changes during period						
Dividends of surplus					(2,175)	(2,175)
Profit					5,121	5,121
Purchase of treasury shares						
Disposal of treasury shares						
Exercise of share acquisition rights					(2)	(2)
Net changes in items other than shareholders' equity						
Total changes during period	—	—	—	—	2,943	2,943
Balance at end of period	6,728	2,096	2,096	6,600	8,662	15,262

	Shareholders' equity		Valuation and translation adjustments	Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at beginning of period	(396)	20,747	6,389	250	27,386
Changes during period					
Dividends of surplus		(2,175)			(2,175)
Profit		5,121			5,121
Purchase of treasury shares	(237)	(237)			(237)
Disposal of treasury shares		—			—
Exercise of share acquisition rights	27	24			24
Net changes in items other than shareholders' equity			(1,396)	(24)	(1,421)
Total changes during period	(210)	2,733	(1,396)	(24)	1,312
Balance at end of period	(607)	23,480	4,992	225	28,698

## Notes to the Non-consolidated Financial Statements

### 1. Notes to significant accounting policies

#### (1) Evaluation standards and evaluation methods for securities

##### 1) Securities - trading

Market value method

Additionally, the cost of sales is calculated based on the moving average method.

##### 2) Held-to-maturity bonds

Amortized cost method (straight-line method)

##### 3) Shares of subsidiaries and associates

Cost method based on the moving average method

##### 4) Available-for-sale securities

##### i. Securities other than shares, etc. that do not have a market price

Market value method

Additionally, valuation differences are treated entirely as a component of net assets, and cost of sales is calculated based on the moving average method.

##### ii. Shares, etc. that do not have a market price

Cost method based on the moving average method

Additionally, regarding investments in investment business partnerships, etc., valuations are made based on the corresponding amount of assets held in the partnership.

#### (2) Evaluation standards and evaluation methods for derivatives

Market value method

#### (3) Evaluation standards and evaluation methods for inventories

Cost method based on the first-in, first-out method (calculations for balance sheet amounts are made after write-downs on book value based on declines in profitability)

#### (4) Method of depreciation and amortization for non-current assets

##### 1) Property, plant, and equipment (excluding leased assets)

Declining-balance method. However,

##### i. Low value depreciable assets acquired at a cost of 100 thousand yen or more and less than 200 thousand yen are evenly depreciated over three years.

##### ii. Of rental assets, those based on lease agreements (uniform rental fee revenue), and buildings acquired on or after April 1, 1998 (excluding facilities attached to buildings), as well as facilities attached to buildings and structures acquired on or after April 1, 2016 utilize the straight-line method.

##### 2) Intangible assets (excluding leased assets)

Straight line method. Additionally, regarding software for internal use, the straight line method is used over the internal useful life (five years).

##### 3) Leased assets

Regarding finance lease transactions without transfer of ownership, the lease term is considered as the useful life, and the straight line method is adopted with residual value as zero.

#### (5) Recording standards for allowances

##### 1) Allowance for doubtful accounts

To prepare for losses resulting from irrecoverable receivables, ordinary receivables are accounted for based on the historical write-off rate, and for specified receivables such as doubtful accounts, the estimated amount of irrecoverable debt based on recoverability are recorded individually.

##### 2) Provision for bonuses

To prepare for payment of employee bonuses and bonuses for non-Director executive officers, the estimated amount of payment to be borne during the fiscal year under review is recorded.

- 3) Provision for bonuses for directors  
To prepare for the payment of Directors' bonuses, the estimated amount of payment is recorded.
- 4) Provision for retirement benefits  
To prepare for the payment of retirement expenses of employees, provision for retirement benefits is recorded based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the fiscal year under review.  
In calculation of retirement benefit obligations, concerning the attribution of estimated retirement benefit expenses to the period until the end of the fiscal year under review, the benefit formula standard is used.  
Actuarial differences are recorded as one-time expenses during the following fiscal year. Past service costs are recorded as one-time expenses during the fiscal year in which they are incurred.
- 5) Provision for share awards  
To prepare for the delivery of the Company's shares, etc. to Directors and non-Director executive officers, the estimated amount of share award obligations is recorded.
- (6) Other significant matters forming the basis of preparation of non-consolidated financial statements
  - 1) Accounting treatment for consumption taxes that are outside the scope of elimination, etc.  
Consumption taxes and local consumption taxes that are outside the scope of elimination are processed as expenses for the fiscal year under review.
  - 2) Recording methods of revenue and expenses
    - i. Details of main performance obligations in principal businesses and the timing at which the Company recognizes revenue  
The Company is engaged in the sale, maintenance, and servicing of machinery and equipment in the fields of energy, industrial machinery and product, as well as related equipment and ancillary products, both in Japan and overseas.  
In the businesses in which the Company engages in the sale of products, the Company is obligated to deliver the ordered products under the contract with a customer, and as for the timing at which these performance obligations are satisfied, the Company determines that control of products is transferred to customers when the products are delivered to the customer based on the contract with the customer. Accordingly, revenue from sales of products is recognized when such products are delivered to the customer. For transactions involving the provision of services, revenue is recognized at the completion of the service delivery when the Company satisfies the performance obligations based on the contract with the customer.  
In addition, revenue from sales of products in which the Company acts as an agent is recognized at the net amount of the amount received.  
Furthermore, revenue is measured at the amount of consideration promised with the customer under the contract less discounts, rebates, and returns.
    - ii. Recording standards regarding revenue for finance lease  
Revenue is recorded by the method of reporting net sales and cost of sales at the time of receiving lease fees.
  - 3) Accounting treatment for retirement benefits  
The method of accounting for unrecognized actuarial differences related to retirement benefits differs from the accounting methods in the consolidated financial statements.

## 2. Notes on changes in accounting policies

The Company adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard of 2022”) and other standards from the beginning of the fiscal year under review. With regard to the revision concerning the accounting classification of current income taxes (taxation on other comprehensive income), the Company follows the transitional treatment provided in proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022. This change in accounting policies has no impact on the financial statements.

## 3. Notes on accounting estimates

### Recoverability of deferred tax assets

(1) Amount recorded in the non-consolidated financial statement for the fiscal year under review:

Deferred tax liabilities: 1,222 million yen

The amount of deferred tax assets before offsetting with deferred tax liabilities was 1,105 million yen.

(2) Other information

Deferred tax assets are recognized for unused tax losses carried forward and future deductible temporary differences, to the extent that it is probable that future taxable income will be available.

In the judgement of the probability of taxable income, the Company reasonably estimates the timing and amount of taxable income that may be available in the future and calculates the amount accordingly. These estimates are subject to the influence of uncertain future economic situation and operating status of the Company. If the actual timing when the taxable income becomes available and the amount thereof differ from the estimates, the amount to be recognized in the non-consolidated financial statements in and after the following fiscal year may be significantly affected. In addition, changes in effective tax rates due to revisions of the taxation system may also significantly affect the amount to be recognized in the non-consolidated financial statements in and after the following fiscal year.

## 4. Notes to the non-consolidated balance sheet

(1) Total accumulated depreciation of property, plant, and equipment 657 million yen

(2) Guarantee obligations

Guarantees for transactions with financial institutions, etc., of subsidiaries and associates	
Seika Shanghai Co., Ltd.	224 million yen
Seika Digital Image CORPORATION	30 million yen

(3) Monetary claims and obligations of subsidiaries and associates

Short-term monetary claims	2,959 million yen
Short-term monetary obligations	4,865 million yen
Long-term monetary obligations	0 million yen

(4) Contingent liabilities

A customer filed a lawsuit for damages against the Company, claiming for payment of a restoration cost of 479 million yen as a result of contract termination due to a failure to achieve the required performance for equipment. The case is currently pending in court. The Company will assert its legitimacy so that the legitimacy will be fully recognized.

Since the amount of the future obligation is not reasonably estimable at the moment, the Company has not recorded provision for this contingent liabilities.

## 5. Notes to the non-consolidated statement of income

### (1) Transaction amounts with subsidiaries and associates

1) Net sales	6,345 million yen
2) Amount of purchase	5,299 million yen
3) Transaction amounts other than business transactions	
Dividend income	827 million yen
Other	449 million yen

### (2) Gain on sale of shares of subsidiaries and associates

This arose as a result of the sale of part of shares in Ten Feet Wright Inc., an equity-method affiliate. In the consolidated statement of income, the gain on sale calculated based on the book value of the shares on the consolidated balance sheets is recorded as part of share of profit of entities accounted for using equity method.

## 6. Notes to the non-consolidated statement of changes in equity

Type and total number of treasury shares as of March 31, 2025

Common shares	285,300 shares
---------------	----------------

(Note) The number of treasury shares at the end of the fiscal year under review includes the Company's shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for the "Stock Delivery Trust for Officers."

## 7. Notes on tax effect accounting

Breakdown of major components of deferred tax assets and deferred tax liabilities

### Deferred tax assets

Provision for retirement benefits	603 million yen
Loss on valuation of shares of subsidiaries and associates	435 million yen
Impairment losses	125 million yen
Provision for bonuses	234 million yen
Loss on valuation of investment securities	30 million yen
Provision for share awards	9 million yen
Share-based payment expenses	71 million yen
Loss on valuation of golf club membership	58 million yen
Accrued business taxes	94 million yen
Allowance for doubtful accounts	15 million yen
Other	175 million yen
Deferred tax assets - Subtotal	1,854 million yen
Valuation allowance	(748) million yen
Deferred tax assets - Total	1,105 million yen

### Deferred tax liabilities

Valuation difference on available-for-sale securities	2,276 million yen
Accrued dividends receivable	52 million yen
Deferred tax liabilities - Total	2,328 million yen
Net deferred tax liabilities	1,222 million yen

## 8. Notes on revenue recognition

### (1) Disaggregation of revenue from contracts with customers

(In million yen)

	Energy	Industrial Machinery	Product	Total
Revenue from contracts with customers	35,191	20,560	6,607	62,359
Net sales to external customers	35,191	20,560	6,607	62,359

### (2) Useful information in understanding revenue

The useful information in understanding revenue is as described in “1. Notes to significant accounting policies; (6) Other significant matters forming the basis of preparation of non-consolidated financial statements; 2) Recording methods of revenue and expenses.”

### (3) Information in understanding revenue amounts for the current fiscal year and subsequent fiscal years

Balance of contract assets and contract liabilities, etc.

(In million yen)

	Current fiscal year	
	Balance at beginning of year	Balance at end of year
Obligations from contracts with customers	46,914	53,869
Contract assets	—	—
Contract liabilities	20,371	15,035

Obligations from contracts with customers are recorded as “notes receivable - trade” and “accounts receivable - trade” on the non-consolidated balance sheet.

Contract liabilities primarily represent consideration received from customers prior to delivery of products or provision of services, and are included in “advances received” and “other” under current liabilities on the non-consolidated balance sheet. Additionally, during the fiscal year ended March 31, 2025, the Company recognized revenue of 19,279 million yen that was included in the contract liabilities balance at the beginning of the fiscal year.

## 9. Notes on per share information

(1) Net assets per share 2,365.78 yen

(2) Profit per share 424.93 yen

(Note) The Company’s shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) as trust assets for the “Stock Delivery Trust for Officers” are treated as treasury shares in calculating net assets per share and profit per share. Accordingly, the total number of outstanding shares at the end of the period and the average number of shares during the period are calculated by including these shares in treasury shares (56 thousand shares in the total number of outstanding shares at the end of the fiscal year under review and 35 thousand shares in the average number of shares during the fiscal year under review).



## 10. Other notes

### (1) Amounts recorded on the non-consolidated financial statements

Displayed with amounts rounded down to the nearest display unit.

### (2) Introduction of a stock remuneration plan, “Stock Delivery Trust for Officers”

Based on the resolution of the 101st Annual General Meeting of Shareholders held on June 26, 2024, the Company introduced a new stock remuneration plan, “Stock Delivery Trust for Officers” (hereinafter the “Plan”) for the Company’s Directors (excluding Directors serving as members of the Audit and Supervisory Committee, Outside Directors, and non-residents of Japan).

Accounting treatment for the Plan is in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015).

#### 1) Overview of the transaction

The Plan is a stock remuneration plan, in which the a established by cash contribution of the Company (hereinafter, the “Trust”) shall acquire the Company’s shares and a number of shares corresponding to the number of points that the Company grants to Directors shall be delivered to the Directors through the Trust. A Director shall receive the Company’ shares, etc. at the time of his/her retirement as a Director.

#### 2) The Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded as treasury shares under net assets at the book value in the Trust (excluding the amount of incidental expenses). The book value and the number of said treasury shares as of the end of the fiscal year under review were 234 million yen and 56,700 shares, respectively.

### (3) Revision of deferred tax assets and deferred tax liabilities due to the change in corporate tax rate, etc.

As the “Act for Partial Amendment of the Income Tax Act” (Act No. 13 of 2025) was enacted in the Diet session on March 31, 2025, imposition of the “Defense Special Corporate Tax” will start in the fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026 are calculated by revising the effective tax rate from 30.60% to 31.52%.

As a result of this change, the amounts of deferred tax liabilities (after deduction of the amount of deferred tax assets) and income taxes - deferred increased by 31 million yen and 20 million yen, respectively, and the amount of valuation difference on available-for-sale securities decreased by 52 million yen, for the fiscal year under review.