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(Stock Exchange Code 8061)

June 9, 2023

(Start date of electronic provision: June 2, 2023)

**To Shareholders with Voting Rights:**

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

**NOTICE OF  
THE 100TH 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 100th Annual General Meeting of Shareholders of Seika Corporation (the “Company”) will be held for the purposes as described below.

Measures for electronic provision are taken for the Meeting, and matters to be provided electronically are posted as “NOTICE OF THE 100TH 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 26, 2023, Japan time.

- 1. Date and Time:** Tuesday, June 27, 2023 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 100th Fiscal Year (April 1, 2022 - March 31, 2023) 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 100th Fiscal Year (April 1, 2022 - March 31, 2023)

**Proposals to be resolved:**

**Proposal 1:** Dividend of Surplus

- Proposal 2:** Election of six (6) Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee)
- Proposal 3:** Election of one (1) Substitute Director Serving as a Member of the Audit and Supervisory Committee
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- ◎ 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.
- ◎ “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 consolidated dividend payout ratio of 35%.

Based on this policy for dividend, the Company proposes to pay a year-end dividend of 55 yen per share for the fiscal year ended March 31, 2023 with a comprehensive consideration of the funding needs for the future, etc., while keeping a consolidated dividend payout ratio of 35% in mind. The Company recognizes that the profit resulting from the recorded amount which is equivalent to the negative goodwill involved in the additional share acquisition of TVE Co., Ltd. is specific to the fiscal year. Accordingly, the annual dividend for the fiscal year ended March 31, 2023 will be 90 yen per share including the interim dividend of 35 yen already paid.

#### <Matters related to the year-end dividend>

- (1) Matters related to allocation of dividend property to shareholders and total amount thereof  
55 yen per share of the Company's common stock and total 663,476,495 yen
- (2) Effective date of dividends from surplus  
June 28, 2023

**Proposal 2:** Election of Six (6) 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. Accordingly, the Company proposes the election of six (6) Directors (excluding Directors serving as members of the Audit and Supervisory Committee).

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 sales and marketing General Manager, Business Operation Division
4	[Reappointment]	Tomoaki Hasegawa	Director Senior Executive Officer in charge of administration Member of the Remuneration Examination Committee
5	[Reappointment] [Outside] [Independent]	Kiyomi Miyata	Outside Director Member of the Remuneration Examination Committee Chairperson of the Nomination Examination Committee
6	[Reappointment] [Outside] [Independent]	Masanori Kagami	Outside Director Chairperson of the Remuneration Examination Committee Member of the Nomination Examination Committee

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1		February 1989	
		April 2005	
		April 2009	
		April 2011	
		April 2013	
		April 2014	20,956
		June 2014	
		April 2015	
		April 2016	
		April 2018	
Akihiko Sakurai (January 10, 1959)	<p>[Reason for nomination as candidate for Director] Mr. Akihiko Sakurai has been in charge of the management of the Company as Representative Director, President and CEO since April 2018. The Company believes that he has led the Company in the right direction by making calm and appropriate judgments and actions while maintaining a challenging mindset, even in matters requiring difficult management decisions that arose from time to time. He has just started to chart a solid growth trajectory with reforms after refining long-term strategies. Thus, the Company has nominated him so that he can continue to fulfill his responsibilities as Director.</p>		
[Reappointment]			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	 <p data-bbox="188 922 379 1070">Yasumasa Kawana (September 29, 1960) [Reappointment]</p>	<p data-bbox="406 273 518 295">April 1984</p> <p data-bbox="406 304 518 327">April 2010</p> <p data-bbox="406 425 518 448">April 2011</p> <p data-bbox="406 488 518 510">April 2013</p> <p data-bbox="406 551 518 573">July 2013</p> <p data-bbox="406 582 518 604">April 2015</p> <p data-bbox="406 645 518 667">April 2016</p> <p data-bbox="406 707 518 730">April 2017</p> <p data-bbox="406 828 518 851">June 2017</p> <p data-bbox="406 949 518 972">April 2019</p> <p data-bbox="406 1012 550 1034">October 2020</p> <p data-bbox="406 1111 574 1133">November 2020</p> <p data-bbox="406 1173 550 1196">October 2021</p> <p data-bbox="406 1272 518 1294">April 2022</p>	<p data-bbox="1364 797 1428 819">9,867</p>
		<p data-bbox="406 1364 917 1386">[Reason for nomination as candidate for Director]</p> <p data-bbox="406 1395 1455 1628">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 business 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>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 Hirohisa Masuda (March 28, 1961) [Reappointment]	April 1983	
		April 2008	
		April 2013	
		April 2014	
		April 2015	
		April 2016	9,575
		April 2017	
		April 2019	
		April 2022	
		June 2022	
<p>[Reason for nomination as candidate for Director]            Mr. Hirohisa Masuda assumed the position of Director in June 2022 and has played a part in the management of the Company. In terms of business execution, most recently he assumed the position of General Manager of the Business Operation Division, responsible for leading the entire sales department. Until the end of March 2022, he had led the strong performance of Nippon Daiya Valve Co., Ltd., a consolidated subsidiary of the Company, as President. Based on his background, the Company believes that he has comprehensive sales capabilities and judgement ability based on a bird's-eye view, and 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>April 1986      Joined the Company</p> <p>April 2011      General Manager, Accounting Department, General Administration Division and Deputy General Manager, Affiliated Company Supervision Division</p> <p>April 2013      General Manager, Accounting Department, General Administration Division; President, Seika Sangyo GmbH and President, Tsurumi (Europe) GmbH</p> <p>April 2016      General Manager, Accounting Department, General Administration Division and President, Seika Sangyo GmbH</p> <p>April 2019      Executive Officer; Deputy General Manager, General Administration Division and General Manager, Accounting Department, General Administration Division</p> <p>April 2021      Senior Executive Officer; General Manager, General Administration Division</p> <p>June 2021      Director; Senior Executive Officer; General Manager, General Administration Division</p> <p>April 2022      Director; Senior Executive Officer in charge of administration (to present)</p>	7,448
	<p>Tomoaki Hasegawa (June 1, 1963)</p> <p>[Reappointment]</p>	<p>[Reason for nomination as candidate for Director] Mr. Tomoaki Hasegawa has been a Director of the Company since June 2021 and has played a part in the management of the Company. In terms of business execution, he makes decisions on important matters primarily regarding personnel, general affairs, accounting, and finance, fulfilling accountability to the Board of Directors. Further, he served as President of Seika Sangyo GmbH and Tsurumi (Europe) GmbH, the overseas subsidiaries of the Company, and possesses management knowledge and background. Thus, the Company believes that he is capable of contributing to the enhancement of the corporate value of the Company, and 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
5	 <p data-bbox="191 593 375 660">Kiyomi Miyata (March 14, 1947)</p> <p data-bbox="191 683 375 772">[Reappointment] [Outside] [Independent]</p>	<p data-bbox="406 268 1252 638"> April 1969      Joined HOSOKAWA MICRON CORPORATION  December 1998      Director  December 2003      Vice President  December 2008      Representative Director, President  February 2009      Director, The Japan Society Of Industrial Machinery  Manufacturers  June 2012      Vice Chairman, Hosokawa Powder Technology Foundation  October 2014      Chairman, HOSOKAWA MICRON CORPORATION  December 2017      Full-time Adviser  January 2019      Adviser (Part-time)  June 2020      Outside Director, the Company  (to present) </p> <p data-bbox="406 638 1452 907"> [Reason for nomination as candidate for Outside Director and expected roles]  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 in both the Nomination Examination Committee and the Remuneration Examination Committee, 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>	2,047

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	
6	 Masanori Kagami (January 6, 1952)  [Reappointment] [Outside] [Independent]	January 1980	Joined Nippon Yusoki Co., Ltd. (currently Mitsubishi Logisnext Co., Ltd.)	242
		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)	
[Reason for nomination as candidate for Outside Director and expected roles] Mr. Masanori Kagami assumed the position of Outside Director in June 2022 and has monitored and supervised the Company's management from an independent perspective. He has also been active in both the Nomination Examination Committee and the Remuneration Examination Committee. He has held a number of important positions such as Director and Chairman of Mitsubishi Logisnext Co., Ltd. Based on his experience, he has a practical sense and a higher viewpoint and 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.				

(Notes)

1. There are no special interests between the candidates and the Company.
2. Mr. Kiyomi Miyata and Mr. Masanori Kagami 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 three 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 one year 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. The Company has registered Mr. Kiyomi Miyata and Mr. Masanori Kagami as independent directors with the Tokyo Stock Exchange.
8. 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 Ms. Sachiyo Kosugi 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 Ms. Sachiyo Kosugi'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
Sachiyo Kosugi (July 9, 1972)	October 2004 Registered as attorney (Dai-Ichi Tokyo Bar Association) October 2004 Associate, Nagashima Ohno & Tsunematsu April 2009 Chief of Legal Affairs, Payment and Settlement Systems Department, Bank of Japan July 2011 Worked for SoftBank Mobile Corp. (currently SoftBank Corp.) October 2014 Deputy Associate Director, NISSIN FOODS HOLDINGS CO., LTD. January 2016 Associate, Tokyo Aoi Law Office July 2019 Counsel, T&K Partners (to present)	-

(Notes)

1. There are no special interests between the candidate and the Company.
2. Ms. Sachiyo Kosugi is a candidate for a substitute Outside Director serving as a member of the Audit and Supervisory Committee, and if she assumes the office, the Company plans to register her as an independent director with the Tokyo Stock Exchange.
3. Ms. Sachiyo Kosugi possesses a wealth of experience as an attorney, and expertise and deep insight especially in the fields of finance, M&A, real estate and corporate legal affairs, etc. She has work experience in the department of legal affairs of Bank of Japan and general companies. It is inferred that she has high proficiency and affinity with practical work in business and expected to play an active part immediately in the Board of Directors and the Audit and Supervisory Committee as expected. 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 by supervising and auditing the Company's overall management from a perspective different from internal directors, and thus nominated her as a substitute Director serving as a member of the Audit and Supervisory Committee.  
Although she has no past experience involved in corporate management directly, the Company has judged that she will appropriately perform her duties as an Outside Director for the reasons described above.
4. If Ms. Sachiyo Kosugi 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 her to limit her 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 Ms. Sachiyo Kosugi assumes the office of Outside Director serving as a member of the Audit and Supervisory Committee, she will be included as the insured under the agreement.

(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	■ Male ◆ Female	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		■	●		●	●		
	Tomoaki Hasegawa		■	●	●	●			
	Kiyomi Miyata	●	■	●				●	●
	Masanori Kagami	●	■	●				●	●
Directors Serving as Members of the Audit and Supervisory Committee	Masanori Abe		■		●				
	Yuko Shirai	●	◆			●		●	
	Yoshihiko Nakamura	●	■		●				●

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

(Appendix)

# Business Report

(April 1, 2022 – March 31, 2023)

## 1. Overview of the Corporate Group

### (1) Business Progress and Results

During the fiscal year under review, while the Japanese economy saw signs of a recovery trend owing to the relaxation of movement restrictions due to the COVID-19 pandemic, the future outlook still remains uncertain due to factors such as the sharp growing depreciation of the yen and soaring prices of natural resources and raw materials associated with geopolitical risk including the impact on personal consumption by them.

In this economic environment, the Company had large business projects delivered more than usual fiscal years on a non-consolidated basis, while the business of each consolidated subsidiary of the Company remained strong. As a result, the Group recorded net sales of 93,311 million yen, an increase of 9.4% year on year, and operating profit of 4,636 million yen, an increase of 21.2%. In addition to this, ordinary profit increased 62.0% to 6,286 million yen and profit attributable to owners of parent increased 122.6% to 5,001 million yen, both recording a considerable increase, due to the recording of gain on sale as a result of reduction of cross-shareholdings and negative goodwill as a result of acquisition of shares leading to conversion into equity method affiliate.



The results by segment are as follows.

[Power Plant Business]

As a result of handling the establishment of a new power plant in the Sanin region and the promotion of sales transactions with power plants in the Hokuriku region, in addition to the consistent negotiations on the maintenance of equipment for electric power companies in the regions of Western Japan, net sales increased 36.1% year on year to 15,469 million yen and segment income increased 10.6% year on year to 1,319 million yen.

[Chemicals and Energy Plant Business]

The delivery of large and long-term transactions progressed smoothly, such as new establishment or renewal of equipment for private power generation for major manufacturing companies operating in the steel, oil refinement, chemicals, paper and other industries. As a result, net sales increased 18.7% year on year to 26,425 million yen and segment income increased 58.8% year on year to 1,183 million yen.

[Industrial Machinery Business]

Along with the completion of large business projects including film manufacturing equipment for a major textile manufacturer, establishment of a new factory for a health food manufacturer and other projects, Nippon Daiya Valve Co. Ltd. saw favorable business results. In addition to these factors, due partly to a rebound from expenses incurred in some transactions for China during the previous fiscal year, net sales increased 12.6% year on year to 39,629 million yen and segment income increased 47.9% year on year to 1,691 million yen, both recording a considerable increase.

[Global Business]

Although the performance of the Tsurumi (Europe) GmbH Group, which handles submersible pumps for construction in Europe remained strong, the performance of business bases in China, Taiwan and South-East Asia declined substantially due to factors such as the impact from the COVID-19 pandemic. As a result, net sales decreased 28.5% year on year to 11,787 million yen and segment income decreased 33.2% year on year to 489 million yen.

Overseas sales of the Group decreased 16.4% year on year to 15,010 million yen, and accounted for 16.1% 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	99 <sup>th</sup> fiscal year				100 <sup>th</sup> fiscal year			
	Amount of orders received		Net sales		Amount of orders received		Net sales	
	Amount (in million yen)	Composition (%)						
Power Plant	13,125	15.8	11,363	13.3	18,094	20.1	15,469	16.6
Chemicals and Energy Plant	23,011	27.7	22,261	26.1	27,883	30.8	26,425	28.3
Industrial Machinery	31,730	38.1	35,191	41.3	31,131	34.5	39,629	42.5
Global Business	15,269	18.4	16,490	19.3	13,135	14.6	11,787	12.6
Total	83,137	100.0	85,307	100.0	90,245	100.0	93,311	100.0

(2) Capital Investments

The total amount of capital investment carried out during the fiscal year under review was 2,486 million yen and mainly includes the acquisition of land and others to be used for the head office and plants of Nippon Daiya Valve Co. Ltd., the Company's consolidated subsidiary.

(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

1) Practice and promotion of management and business activities based on the new Medium-Term Management Plan

In fiscal year 2022, the Company announced VIORB 2030, which is our long-term management vision for fiscal year 2030. We now formulated a new Medium-Term Management Plan covering the period from the second year (fiscal 2023) until fiscal 2026 and announced the new plan in May 2023. The new Medium-Term Management Plan follows the basic philosophy of VIORB 2030 and has set "green environment" as its main theme with a basic strategy to make efforts to meet the demand and expectations of business partners involved and society, and also to bring about sustainable growth of the Company itself and enhancement of its corporate value over the medium- to long- term by taking advantage of these efforts as a growth driver. Based on this basic strategy, the new plan sets forth specific policies to work on, key measures and numerical targets as a guideline to put the strategy into action in a steady and firm manner and also as an indicator to evaluate the results. Fiscal year 2023, currently underway, is the first year of the new Medium-Term Management Plan. First, we will put on track the management and business activities based on the plan, and steadily practice and promote these activities to accelerate them while conducting verification and making revisions.

2) Early stabilization of the operation of sales agent business related to nuclear power generation equipment

The Company entered into a sales agent agreement related to nuclear power plant equipment with Mitsubishi Heavy Industries, Ltd. and started agency business operations related to major machinery and equipment for nuclear power generation on April 1, 2023. In addition, we have also acquired many agency rights related to nuclear power generation equipment of other manufacturers at the same time, and will work on the business operations related to nuclear power generation as we position them as one of the major businesses of the Company going forward. While the Company has a long history and experience in the agency business related to thermal power generation equipment, the business related to nuclear power generation equipment has many differences in character. Therefore, we believe that we need to see it as a new business domain and seriously and carefully work on it. We have already implemented necessary arrangements to start the business operation, such as establishing organizations

including new business bases, enhancing personnel and structures including the recruitment of experienced persons, and improving procedures and systems. In order to make these arrangements work effectively in practice, we will constantly repeat verification, modification and improvement, and make efforts so that stable operation can be realized early and we can fulfill the role expected from our clients.

### 3) Expansion of commercial rights using business investment and securing competitive commercial products

We aim to newly acquire favorable commercial rights and operate them in an effective manner to expand our business and also to seek to turn competitive technologies and products into the Group's own commercial products. To these ends, under our long-term management vision VIORB 2030 and the new Medium-Term Management Plan based on the vision, we have made it a core of our business strategies to decisively and efficiently utilize investment if judged effective and necessary. For this purpose, we have put in place a system and workflow by which our sales personnel on the ground strives to closely interact and have dialogues with our business partners such as suppliers on a routine basis to gather information, while staff in the head office conducts surveys and analysis and digs deeper based on the seeds information that has been gathered and collaborated and makes judgment on the necessity and appropriateness of investments.

In addition, in order to secure the business strategy from a financial aspect as well, we have introduced and started operating a scheme for cash management including commitment lines to maximize financial capacity, thereby putting in place a system that enables us to invest funds in a timely manner when it is necessary.

### 4) Implementation of personnel measures to motivate and develop employees as management resources

The Group considers human resources to be its most important management resource, not only supporting day-to-day business activities, but also as the key to and the driver for achieving the sustainable growth and medium- and long- term corporate value enhancement that we aim for. The Group aims to maximize the performance of our organization by highly motivating these human resources, namely our employees, and encouraging them to grow and also by implementing staff assignment that matches capabilities and roles of all employees in an optimal manner. In order to realize this, we will steadily implement personnel-related measures, such as reviewing personnel systems, advanced training systems, and work style reform.

Furthermore, we will continue our efforts to actively develop management personnel, as we believe that it is important to steadily produce human resources with the ability to be in charge of management from a perspective of corporate sustainability.

### 5) Enhancement of global / group-based consolidated management and strengthening of sales capabilities

The Group exists as a corporate group composed of 29 companies in 13 countries. Each of these companies recognizes and defines its own strengths and focuses its management resources while also working to demonstrate group-wide synergies in order to achieve growth and increase the value of the Group as a whole. To this end, we will enhance and sophisticate the consolidated management through the exchange and optimal use of human resources, common and effective investment of funds, and business collaboration and sharing of issues, as well as the sharing of administrative departments to improve productivity and allocate resources to priority areas.

Furthermore, from an operational aspect, we will allow our trading company-type overseas subsidiaries to gain support from the head office function, including for information, commercial products, decision-making, procedures and other matters in a manner equivalent to that of other business sites of the Company, and also vitalize collaborations with business sites in Japan, thereby enhancing sales capabilities.

### 6) Responses toward realizing the management conscious of capital cost and stock price

The Tokyo Stock Exchange issued an announcement and notice on March 31, 2023 with a written request titled "Regarding Responses toward Realizing the Management Conscious of Capital Cost and Stock." The content is to the effect that in order for companies to meet the expectations of stakeholders and achieve sustainable growth and increase corporate value over the mid- to long-term, it is important to conduct the management conscious of capital cost and return on invested capital based on balance sheets, not only sales and profit levels. The background to the request is the issue that there are many companies with low ROE and PBR. As a company listed on the Prime Market that also falls under the

subject of this specific issue, the Company considers this request as an urgent issue and will take serious actions. We will first analyze the current condition of the Company, formulate the targets and plans for improvement in order to realize PBR above 1.0, etc., and disclose information in an easy-to-understand manner.

7) Establishment of management systems related to sustainability and external appeal

As the notion of the “realization of a sustainable society” has become recognized as an issue of society as a whole, there are many cases where companies are setting forth strategies conscious of sustainability including SDGs as their corporate management strategies. With its corporate philosophy, “Contribute to Society Through the Expansion of Business,” the Company has pledged and announced to achieve a balance between consideration for environment and sustainable growth, as we put forth the slogan, “What can we do for the global environment and industrial development” in VIORB 2030, our long-term management vision. In order to put this into concrete actions and make it more effective, and also to make an external declaration of it, we will establish a Sustainability Committee, under which we will examine and proceed with formulating basic policies, establishing and improving related measures including existing ones, and following up the status of their implementation and information disclosure in regards to sustainability.

(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	97 <sup>th</sup> fiscal year (FY2019)	98 <sup>th</sup> fiscal year (FY2020)	99 <sup>th</sup> fiscal year (FY2021)	100 <sup>th</sup> fiscal year (FY2022)
Gross sales	—	136,273	134,261	175,741
Net sales	140,677	71,933	85,307	93,311
Operating profit	2,809	2,581	3,824	4,636
Ordinary profit	3,122	2,906	3,879	6,286
Profit (loss) attributable to owners of parent	(1,262)	2,721	2,246	5,001
Profit (loss) per share (yen)	(100.73)	221.87	186.85	415.79
Net assets	25,911	29,889	31,101	35,736
Net assets per share (yen)	2,058.12	2,365.06	2,516.57	2,907.20
Total assets	92,668	97,458	104,865	79,990

Note: The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 99th fiscal year. Net sales for the 98th fiscal year were retrospectively restated to reflect these accounting standards. Following these accounting standards, net sales relating to transactions in which the Company acts as an agent represent the total sales less the cost of goods purchased. The total sales before the offset are presented as gross sales.

(6) Parent Company and Major Subsidiaries

1) Relations with parent company  
Not applicable.

2) Major subsidiaries

Name	Capital	Capital investment ratio	Principal business
Nippon Daiya Valve Co., Ltd.	96 million (JPY)	100%	Manufacture and sale of industrial valves
TAKEMOTO AND COMPANY LIMITED	10 million (JPY)	100%	Sales of secondary metal products and piping equipment
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
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%)	Sales and rental of submersible pumps and wastewater treatment and other environmental equipment
HYDREUTES, S.A.U.	60 thousand (EUR)	(95%)	Sales of submersible pumps and wastewater treatment and other environment-related equipment
Marine Motors & Pumps N.V.	158 thousand (EUR)	(95%)	Sales and rental of submersible pumps
Tsurumi UK Limited	100 (GBP)	(76%)	Holding company of Obart Pumps Limited
Obart Pumps Limited	50 thousand (GBP)	(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%)	Manufacture and sale of industrial valves
Seika Sangyo (Thailand) Co., Ltd.	20,000 thousand (THB)	49%	Sale of industrial machinery, electrical equipment and related materials, and after-sales service for these products
SEIKA SANGYO (VIETNAM) COMPANY LIMITED	64,000 million (VDN)	100%	Sales of industrial machinery, electrical equipment and related materials, and after-sales service for these products

- Notes: 1. Figures in parentheses in the Company's "capital investment ratio" column indicate the indirect investment ratio.
2. Although the percentage of voting rights held by the Company in Seika Sangyo (Thailand) Co., Ltd. does not exceed 50%, the said company is included as a subsidiary because it is effectively controlled by the Company.

3. There are no subsidiaries that fall under the category of a specified wholly owned subsidiary.

(7) Principal Business

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

The main products and services of each business are as follows:

Segment	Main products and services
Power Plant	Power generation equipment, environmental protection equipment, and related equipment, etc.
Chemicals and Energy Plant	Power generation equipment, environmental protection equipment, and related equipment for general industries, and process manufacturing equipment, etc.
Industrial Machinery	Machinery and equipment for new materials and textiles, food and brewing, publishing and printing, plant engineering, various materials, raw materials (fibrous materials, printed circuit boards, etc.) and advanced measuring instruments, etc.
Global Business	Submersible pumps, wastewater treatment equipment, machinery and equipment for textile and chemical industries, raw materials (fibrous materials) and electronics packaging-related equipment, etc.

(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)

TAKEMOTO AND COMPANY LIMITED (Kobe, Hyogo Prefecture)

Seika Digital Image CORPORATION (Bunkyo-ku, Tokyo)

Shikishimakiki Corporation (Sapporo, Hokkaido)

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

Seika Sangyo GmbH (Germany)

Tsurumi (Europe) GmbH (Germany)

Tsurumi France S.A.S. (France)

HYDREUTES, S.A.U. (Spain)

Marine Motors & Pumps N.V. (Belgium)

Tsurumi UK Limited (U.K.)

Obart Pumps Limited (U.K.)

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

SEIKA SHANGHAI CO., LTD. (China)

TIANJIN DAIYA VALVE CO., LTD. (China)

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

SEIKA SANGYO (VIETNAM) COMPANY LIMITED (Vietnam)

(9) Employees

Department category	Number of employees (persons)	YoY change (persons)
Power Plant	60	-4
Chemicals and Energy Plant	253	+23
Industrial Machinery	345	—
Global Business	201	+12
Corporate (common)	153	+4
Total	1,012	+35

- 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

Name of lender	Balance of borrowings
MUFG Bank, Ltd.	900 million yen

## 2. Status of Shares

- (1) Total Number of Authorized Shares 37,705,800 shares
- (2) Total Number of Outstanding Shares 12,063,209 shares  
(excluding 257,441 treasury shares)
- (3) Number of Shareholders 7,734 persons  
(an increase of 246 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)	1,060	8.79
Hikari Tsushin K.K.	891	7.39
Mitsubishi Heavy Industries, Ltd.	826	6.85
UH Partners 2, Inc.	510	4.23
MUFG Bank, Ltd.	400	3.32
Yamaguchi Bank, Ltd.	352	2.93
Mitsubishi Electric Corporation	286	2.37
Custody Bank of Japan, Ltd. (Trust Account)	286	2.37
Tsurumi Manufacturing Co., Ltd.	267	2.21
Sumitomo Mitsui Banking Corporation	234	1.94

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

2. The Company holds 257,441 treasury shares, which are excluded from the above list of major shareholders. In addition, equity ownership is calculated excluding treasury shares.

- (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, 2023)

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	596 units 3 persons	11,920 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	423 units 3 persons	8,460 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	386 units 3 persons	7,720 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	741 units 4 persons	14,820 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	1,053 units 4 persons	21,060 shares of common stock	29,140 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

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
7 <sup>th</sup> series of stock acquisition rights (June 28, 2022)	From July 16, 2022 to July 15, 2052	829 units 7 persons	16,580 shares of common stock	29,140 per unit	1 yen per share

- Notes: 1. Stock acquisition rights are granted to Executive Officers who are not 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.

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 sales and marketing General Manager, Business Operation Division
Director	Tomoaki Hasegawa	Senior Executive Officer in charge of administration Member of the Remuneration Examination Committee
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	Masanori Abe	Chairman 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. Masanori Abe 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-type stock options 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.

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, 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.

Remuneration in the form of stock remuneration-type stock options was limited to a maximum of 60 million yen per annum by resolution of the General Meeting of Shareholders held on June 28, 2022. 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 60 million yen per annum 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 and Auditors

Office	Total remuneration (in million yen)	Total remuneration by type (in million yen)			Number of eligible recipients
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding Members of the Audit and Supervisory Committee) (of whom, Outside Directors)	296 (18)	146 (18)	119 (-)	30 (-)	10 (4)
Directors (Members of the Audit and Supervisory Committee) (of whom, Outside Directors)	27 (12)	27 (12)	-	-	3 (2)
Auditors (of whom, Outside Auditors)	12 (2)	12 (2)	-	-	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 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 3,700 million yen, and the actual record is 4,636 million yen. (Achievement rate 125.32%)  
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 7,126 million yen.
  2. Stock remuneration-type stock options are granted as non- monetary remuneration to Directors (excluding Directors Serving as Members of the Audit and Supervisory Committee and Outside Directors).  
Details of the stock remuneration-type stock options and their granting are presented in 3. Company's Stock Acquisition Rights, etc.

## (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	<p>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.</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, 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.</p> <p>During the fiscal year under review, the Nomination Examination Committee met five times and the Remuneration Examination Committee met eight times, and Mr. Kiyomi Miyata attended all of these meetings.</p>
Director	Masanori Kagami	<p>Mr. Masanori Kagami attended all of the meetings of the Board of Directors held after his assumption of office of Outside Director, 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.</p> <p>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.</p> <p>During the fiscal year under review, the Nomination Examination Committee met five times and the Remuneration Examination Committee met eight times, and Mr. Masanori Kagami attended all of these meetings.</p>

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 eight 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	51 million yen
2) Total amount of cash and other property benefits payable by the Company and its subsidiaries to the Accounting Auditor	51 million yen

Notes: 1. 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.

2. 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) 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.	Christian Davoult
HYDREUTES, S.A.U.	Iberica de Auditores S.L.
Marine Motors & Pumps N.V.	HLB Dodemont-Van Impe & Co BV CVBA
Tsurumi UK Limited	Kreston Reeves LLP
Obart Pumps 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.

(5) 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 June 28, 2022.

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.
- (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 concerning its information assets, and construct systems to handle these assets correctly and safely.
- 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.
- 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
- The Company shall establish a Subsidiary and Affiliate Administration Department for the purpose of supporting corporate management by the Directors of its subsidiaries. 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 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

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.

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, 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, the Corporate Management Meeting, participated by Directors and Executive Officers appointed by the Board of Directors, was held 24 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 Subsidiary and Affiliate Administration 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 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.

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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, 2023)
(Assets)	79,990
Current assets	61,429
Cash and deposits	10,653
Notes and accounts receivable - trade, and contract assets	35,809
Investments in leases	64
Securities	100
Merchandise and finished goods	8,216
Work in process	406
Raw materials and supplies	1,620
Advance payments to suppliers	3,718
Other	972
Allowance for doubtful accounts	(133)
Non-current assets	18,561
Property, plant and equipment	4,591
Buildings and structures	1,073
Machinery, equipment and vehicles	232
Tools, furniture and fixtures	383
Fixed assets for rent, net	683
Leased assets	103
Land	2,101
Construction in progress	15
Intangible assets	698
Goodwill	253
Right to use facilities	118
Software	314
Other	12
Investments and other assets	13,271
Investment securities	12,052
Long-term loans receivable	29
Deferred tax assets	602
Other	604
Allowance for doubtful accounts	(18)
Total assets	79,990

(In million yen)

	Current fiscal year (As of March 31, 2023)
(Liabilities)	44,254
Current liabilities	40,473
Notes and accounts payable - trade	31,417
Short-term borrowings	2,006
Lease liabilities	35
Accounts payable - other	1,219
Income taxes payable	1,160
Advances received	3,150
Provision for bonuses	714
Provision for bonuses for directors	119
Other	648
Non-current liabilities	3,781
Long-term borrowings	23
Lease liabilities	76
Retirement benefit liability	2,617
Provision for retirement benefits for directors	22
Deferred tax liabilities	619
Other	421
(Net Assets)	35,736
Shareholders' equity	31,146
Share capital	6,728
Capital surplus	2,040
Retained earnings	22,813
Treasury shares	(435)
Accumulated other comprehensive income	3,847
Valuation difference on available-for-sale securities	3,140
Foreign currency translation adjustment	692
Remeasurements of defined benefit plans	15
Share acquisition rights	218
Non-controlling interests	524
Total liabilities and net assets	79,990

## 2) 【Consolidated Statement of Income】

(In million yen)

	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net sales	93,311
Cost of sales	73,370
Gross profit	19,941
Selling, general and administrative expenses	15,304
Operating profit	4,636
Non-operating income	
Interest and dividend income	257
Gain on sale of securities	15
Share of profit of entities accounted for using equity method	1,213
Foreign exchange gains	75
Other	135
Total non-operating income	1,697
Non-operating expenses	
Interest expenses	30
Loss on sale of notes receivable - trade	4
Other	13
Total non-operating expenses	47
Ordinary profit	6,286
Extraordinary income	
Gain on sale of investment securities	655
Gain on sale of non-current assets	55
Total extraordinary income	711
Profit before income taxes	6,998
Income taxes - current	1,727
Income taxes - deferred	201
Total income taxes	1,928
Profit	5,069
Profit attributable to non-controlling interests	68
Profit attributable to owners of parent	5,001

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

Current fiscal year (From April 1, 2022 to March 31, 2023)

(In million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,728	2,097	18,734	(564)	26,994
Changes during period					
Dividends of surplus			(901)		(901)
Purchase of shares of consolidated subsidiaries		(56)			(56)
Profit attributable to owners of parent			5,001		5,001
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares			(0)	0	0
Exercise of share acquisition rights			(20)	139	119
Net changes in items other than shareholders' equity					
Total changes during period	—	(56)	4,079	129	4,152
Balance at end of period	6,728	2,040	22,813	(435)	31,146

	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	2,813	296	1	3,111	282	713	31,101
Changes during period							
Dividends of surplus							(901)
Purchase of shares of consolidated subsidiaries							(56)
Profit attributable to owners of parent							5,001
Purchase of treasury shares							(10)
Disposal of treasury shares							0
Exercise of share acquisition rights							119
Net changes in items other than shareholders' equity	326	395	13	736	(64)	(188)	482
Total changes during period	326	395	13	736	(64)	(188)	4,635
Balance at end of period	3,140	692	15	3,847	218	524	35,736

## 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                     | 16 |  |
|    | Names of consolidated subsidiaries                      |    | Nippon Daiya Valve Co., Ltd.<br>TAKEMOTO AND COMPANY LIMITED.<br>Seika Digital Image CORPORATION<br>Shikishimakiki Corporation<br>Seika Daiya Engine Co., Ltd.<br>Seika Sangyo GmbH<br>Tsurumi (Europe) GmbH<br>Tsurumi France S.A.S.<br>HYDREUTES, S.A.U.<br>Marine Motors & Pumps N.V.<br>Tsurumi UK Limited<br>Obart Pumps Limited<br>SEIKA MACHINERY, INC.<br>Seika Shanghai Co., Ltd.<br>TIANJIN DAIYA VALVE CO., LTD.<br>Seika Sangyo (Thailand) Co., Ltd. |
| 2) | Names, etc., of principal non-consolidated subsidiaries |    |  |
|    | Principal non-consolidated subsidiaries                 |    | Tozai Jitsugyo Co., Ltd.<br>SEIKA SANGYO (VIETNAM) COMPANY LIMITED   |
|    | Reason for exclusion from the scope of consolidation    |    | As the total assets, net sales, profit or loss, and retained earnings, etc., of the non-consolidated subsidiaries that have been excluded from the scope of consolidation are small in scale and they have no significant effect on the consolidated financial statements as a whole, they have been excluded from the scope of consolidation.   |

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

- |    |  |   |   |
|----|--|---|---|
| 1) | Number of non-consolidated subsidiaries to which the equity method is applied          | 1 |   |
|    | Company name   |   | Tozai Jitsugyo Co., Ltd.  |
| 2) | Number of affiliates to which the equity method is applied                             | 4 |   |
|    | Company names  |   | S-Tec Co., Ltd., Ten Feet Wright Inc., Meinan Kyodo Energy, TVE Co., Ltd.   |
|    |  |   | TVE Co., Ltd. is included in the scope of application of the equity method 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   |   | SEIKA SANGYO (VIETNAM) COMPANY LIMITED<br>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
Seika Sangyo GmbH	December 31
Tsurumi (Europe) GmbH	December 31
Tsurumi France S.A.S.	December 31
HYDREUTES, S.A.U.	December 31
Marine Motors & Pumps N.V.	December 31
Tsurumi UK Limited	December 31
Obart Pumps Limited	December 31
SEIKA MACHINERY, INC.	December 31
Seika Shanghai Co., Ltd.	December 31
TIANJIN DAIYA VALVE CO., LTD.	December 31
Seika Sangyo (Thailand) Co., Ltd.	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.
- 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 power, chemicals and energy, and industrial machinery, 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 typically satisfies the performance obligations when the products are delivered to 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 under 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. Unrecognized actuarial differences and unrecognized past service costs 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, domestic consolidated subsidiaries adopt the simplified method.

2. Notes on changes in accounting policies

(Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies by the guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is 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:  
602 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

Land	237 million yen
Buildings and structures	108 million yen
Investment securities	1,465 million yen
Total	1,811 million yen

#### (Debts related to the above)

Short-term borrowings	906 million yen
Long-term borrowings	23 million yen

Payment guarantees, etc.

(2) Total accumulated depreciation of property, plant, and equipment 4,794 million yen

5. Notes to the consolidated statement of income

Share of profit of entities accounted for using equity method

The amount of 1,714 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 TVE Co., 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, 2023

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 28, 2022.

Type of shares Common shares

Total amount of dividends 479 million yen

Dividends per share 40 yen

Record date March 31, 2022

Effective date June 29, 2022

B. The following was resolved at the Board of Directors meeting on November 8, 2022.

Type of shares Common shares

Total amount of dividends 422 million yen

Dividends per share 35 yen

Record date September 30, 2022

Effective date December 2, 2022

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 27, 2023.

Type of shares Common shares

Total amount of dividends 663 million yen

Source of dividends Retained earnings

Dividends per share 55 yen

Record date March 31, 2023

Effective date June 28, 2023

(3) The type and number of shares subject to subscription rights to shares issued by the Company as of March 31, 2023

Common shares 156,260 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 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. The market values of the above are ascertained on an ongoing basis.

The use of borrowings is for operating funds.

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, 2023, 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)	9,935	8,444	(1,490)
(2) Long-term borrowings	23	23	(0)
(3) Derivative transactions (Note 2)	(107)	(107)	-

(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: 1,812 million yen) and investments (318 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 (86 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 26 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 578 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 2,907.20 yen

(2) Profit per share 415.79 yen

10. Notes on revenue recognition

(1) Disaggregation of revenue from contracts with customers

(In million yen)

	Power Plant	Chemicals and Energy Plant	Industrial Machinery	Global Business	Total
Revenue from contracts with customers	15,469	26,425	39,629	11,787	93,311
Net sales to external customers	15,469	26,425	39,629	11,787	93,311

(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	36,029	35,809
Contract assets	-	-
Contract liabilities	29,644	3,200

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, 2023, the Company recognized revenue of 28,936 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 the fiscal year under review 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 same date have been included in the balance.

Notes receivable	157 million yen
Notes payable	210 million yen

### (3) Impact of the spread of COVID-19 on accounting estimates

The impact of the spread of COVID-19 on the Group's business performance is currently limited to a certain extent. Accordingly, the Company has made accounting estimates related to the recoverability of deferred tax assets and other items based on the assumption that there will continue to be no significant impact in and after the following consolidated fiscal year.

However, as the impact of the spread of COVID-19 involves numerous uncertainties, it may affect the Company's financial position and business performance in the future.

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, 2023)
(Assets)	59,738
Current assets	44,124
Cash and deposits	6,488
Notes receivable – trade	1,433
Accounts receivable - trade	29,149
Investments in leases	64
Securities	100
Merchandise	3,065
Advance payments to suppliers	3,151
Other	675
Allowance for doubtful accounts	(3)
Non-current assets	15,613
Property, plant and equipment	912
Buildings	117
Tools, furniture and fixtures	67
Fixed assets for rent, net	578
Leased assets	49
Land	78
Other	20
Intangible assets	192
Right to use facilities	118
Software	62
Other	11
Investments and other assets	14,509
Investment securities	7,837
Shares of subsidiaries and associates	5,845
Investments in capital of subsidiaries and associates	444
Long-term loans receivable from employees	24
Other	375
Allowance for doubtful accounts	(18)
Total assets	59,738

(In million yen)

	Current fiscal year (As of March 31, 2023)
(Liabilities)	36,572
Current liabilities	34,024
Notes payable - trade	4,480
Accounts payable - trade	21,631
Short-term borrowings	3,598
Lease liabilities	17
Accounts payable - other	390
Income taxes payable	677
Advances received	2,471
Provision for bonuses	427
Provision for bonuses for directors	119
Other	210
Non-current liabilities	2,548
Lease liabilities	37
Provision for retirement benefits	1,995
Deferred tax liabilities	487
Other	27
(Net assets)	23,165
Shareholders' equity	19,844
Share capital	6,728
Capital surplus	2,096
Legal capital surplus	2,096
Retained earnings	11,436
Other retained earnings	11,436
General reserve	6,600
Retained earnings brought forward	4,836
Treasury shares	(416)
Valuation and translation adjustments	3,103
Valuation difference on available-for-sale securities	3,103
Share acquisition rights	218
Total liabilities and net assets	59,738

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

(In million yen)

	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net sales	66,587
Cost of sales	57,383
Gross profit	9,204
Selling, general and administrative expenses	7,132
Operating profit	2,072
Non-operating income	
Interest and dividend income	266
Foreign exchange gains	53
Gain on sale of securities	15
Other	51
Total non-operating income	386
Non-operating expenses	
Interest expenses	28
Loss on sale of notes receivable - trade	4
Other	22
Total non-operating expenses	54
Ordinary profit	2,404
Extraordinary income	
Gain on sale of investment securities	655
Total extraordinary income	655
Extraordinary losses	
Loss on valuation of shares of subsidiaries and associates	525
Total extraordinary losses	525
Profit before income taxes	2,534
Income taxes - current	741
Income taxes - deferred	243
Total income taxes	985
Profit	1,549

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

Current fiscal year (From April 1, 2022 to March 31, 2023)

(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	4,208	10,808
Changes during period						
Dividends of surplus					(901)	(901)
Profit					1,549	1,549
Purchase of treasury shares						
Disposal of treasury shares					(0)	(0)
Exercise of share acquisition rights					(20)	(20)
Net changes in items other than shareholders' equity						
Total changes during period	—	—	—	—	628	628
Balance at end of period	6,728	2,096	2,096	6,600	4,836	11,436

	Shareholders' equity		Valuation and translation adjustments Valuation difference on available-for-sale securities	Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity			
Balance at beginning of period	(555)	19,077	2,787	282	22,147
Changes during period					
Dividends of surplus		(901)			(901)
Profit		1,549			1,549
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	0	0			0
Exercise of share acquisition rights	139	119			119
Net changes in items other than shareholders' equity			315	(64)	251
Total changes during period	139	767	315	(64)	1,018
Balance at end of period	(416)	19,844	3,103	218	23,165

## Notes to the Non-consolidated Financial Statements

### I. 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.
- (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 power, chemicals and energy, and industrial machinery, 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 typically satisfies the performance obligations when the products are delivered to 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 under 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

### (Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies by the guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is no impact on the non-consolidated 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: 487 million yen

The amount of deferred tax assets before offsetting with deferred tax liabilities was 924 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) Assets pledged as collateral

Investment securities	1,465 million yen
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Total	1,465 million yen
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(Debts related to the above)

Short-term borrowings	900 million yen
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Payment guarantees, etc.

(2) Total accumulated depreciation of property, plant, and equipment 579 million yen

(3) Guarantee obligations

Guarantees for transactions with financial institutions, etc., of subsidiaries and associates

Seika Shanghai Co., Ltd.	379 million yen
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SEIKA MACHINERY, INC.	133 million yen
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Seika Digital Image CORPORATION	30 million yen
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Seika Sangyo (Thailand) Co., Ltd.	1 million yen
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(4) Monetary claims and obligations of subsidiaries and associates

Short-term monetary claims	2,454 million yen
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Short-term monetary obligations	2,540 million yen
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Long-term monetary obligations	0 million yen
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## 5. Notes to the non-consolidated statement of income

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

1) Net sales	8,134 million yen
2) Amount of purchase	1,333 million yen
3) Transaction amounts other than business transactions	
Dividend income	26 million yen
Other	489 million yen

### (2) Loss on valuation of shares of subsidiaries and associates

Due to deterioration of the financial condition of Meinan Kyodo Energy, the real value of the shares of the associate held by the Company decreased significantly, and the Company recorded a loss on valuation of shares of subsidiaries and associates of 525 million yen.

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

Type and total number of treasury shares as of March 31, 2023

Common shares	257,441 shares
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## 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	610 million yen
Loss on valuation of shares of subsidiaries and associates	424 million yen
Impairment losses	121 million yen
Provision for bonuses	130 million yen
Share-based payment expenses	66 million yen
Loss on valuation of golf club membership	58 million yen
Loss on valuation of investment securities	57 million yen
Accrued business taxes	41 million yen
Allowance for doubtful accounts	6 million yen
Other	102 million yen
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Deferred tax assets - Subtotal	1,620 million yen
<hr/>	
Valuation allowance	(696) million yen
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Deferred tax assets – Total	924 million yen

### Deferred tax liabilities

Valuation difference on available-for-sale securities	1,368 million yen
Accrued dividends receivable	43 million yen
<hr/>	
Deferred tax liabilities – Total	1,411 million yen
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Net deferred tax liabilities	487 million yen

## 8. Notes on revenue recognition

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

(In million yen)

	Power Plant	Chemicals and Energy Plant	Industrial Machinery	Global Business	Total
Revenue from contracts with customers	15,470	14,900	35,093	1,123	66,587
Net sales to external customers	15,470	14,900	35,093	1,123	66,587

### (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	30,552	30,583
Contract assets	-	-
Contract liabilities	29,112	2,520

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, 2023, the Company recognized revenue of 28,399 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	1,902.31 yen
(2) Profit per share	128.66 yen

## 10. Other notes

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

Displayed with amounts rounded down to the nearest display unit.

### (2) Impact of the spread of COVID-19 on accounting estimates

The impact of the spread of COVID-19 on the Company’s business performance is currently limited to a certain extent. Accordingly, the Company has made accounting estimates related to the recoverability of deferred tax assets and other items based on the assumption that there will continue to be no significant impact in and after the following fiscal year.

However, as the impact of the spread of COVID-19 involves numerous uncertainties, it may affect the Company’s financial position and business performance in the future.