

超精密とメカトロメーション®を追求する

Seibu

Medium-term Management Plan Seibu Vision 2027

Seibu Electric & Machinery Co., Ltd.

May 15, 2024

Our Purpose

We will humbly explore the essence of technology, using it to contribute broadly to the world with nature as our guide

There is a fine line between humility and servility, and between pride and arrogance. Our commitment is: **Throughout the highs and lows of business, we will keep our purpose in our hearts as we make our products with humility and pride and serve our customers. Guided by a belief that mechanized civilization and nature can coexist, we will contribute broadly to the world.**

Basic Management Policy

- (1) Pursuing "Ultra-precision and Mechatromation^{*1}" and leading the creation of new, distinctive products
- (2) Thoroughly implementing the CBS method^{*2} and living up to our customers' trust with flexible, quick, and straightforward proposals and on-time delivery
- (3) Focusing our sincerity and commitment on quality and costs, which reflect our mindset and drive sales growth

Guiding Principles

- (1) Go to the actual place and see for yourself, specifically quantify—immediately analyzing and immediately executing
- (2) If input is hard, output will be easy
- (3) If you see a tree, look for the branches, think of the forest, and explore the climate

*1. Mechatromation: A concept that aims to realize automation by fully leveraging mechatronics and human wisdom

*2. CBS method: Cooperate, Build-up & Service

Sales activities based on holding true to genuine technical ideals. The CBS method aims at creating good systems by cooperating with customers based on an understanding of their actual needs.

History of Seibu

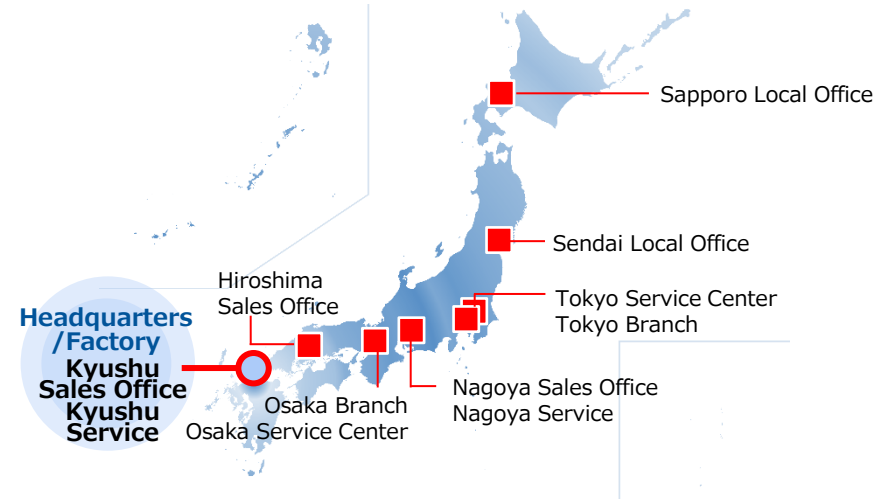
Founded in 1927 as Seibu Each path is creating a new future

- 1927 Founded as Seibu Electric and took over operations of the Kyushu Factory of Toho Electric, which was an electric machinery factory of Toho Electric (currently Kyushu Electric Power Co., Inc.)
Started manufacture and repair of electrical machinery and devices (transformers, motors, generators) and electric meters
- 1939 Reorganized as Seibu Electric MFG. Co., Ltd. (established)
- 1945 Moved to Koga-machi, Kasuya-gun, Fukuoka Prefecture (currently Koga City, Fukuoka Prefecture)
- 1954 Began manufacture and sales of valve controllers (start of Industrial Machine Business)
- 1959 Began manufacture and sales of machine tools (lathes) (start of Precision Machine Business)
- 1966 Completed first automated warehousing system (start of Distribution Equipment Business)
- 1972 Developed world's first CNC wire EDM
- 1986 Changed the corporate name to Seibu Electric & Machinery Co., Ltd.
Listed on the Fukuoka Stock Exchange
- 1991 Adopted business division system
- 2006 Listed on the Second Section of the Tokyo Stock Exchange
- 2007 Built new headquarters building and new factory
- 2012 Formed business/capital alliance with Toyota Industries Corporation
- 2018 Started valve control stock sales in Thailand
- 2024 Established U.S. joint venture Seibu America Corporation
- 2024 Built new precision machines factory and office building in response to an increase in demand for wire EDM

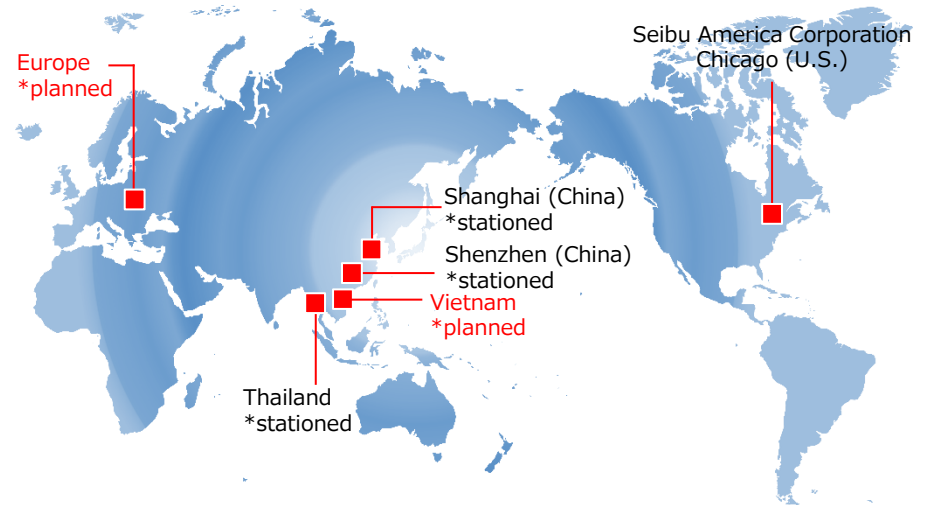
● **2027** 100th anniversary of the Company's founding

Anniversary

Business locations in Japan



Business locations overseas

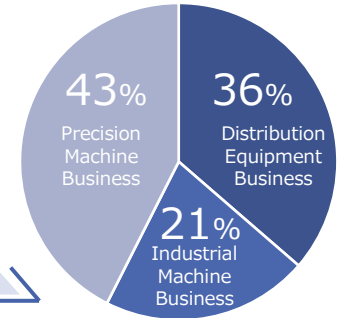


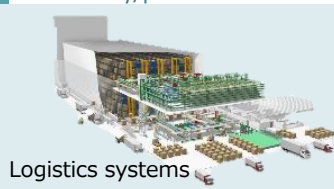





Seibu's Business and Value Provision Areas

Seibu is an integrated mechatronics manufacturer with focus on distribution equipment, industrial machines, and precision machines in its pursuit of "Ultra-precision and Mechatromation"

We provide one-stop services for processes from basic concept to design, manufacturing, and after-sales service

Sales breakdown by business segment (FY2023)



Business	Main products	Features	Value provision areas	Main applications
Distribution Equipment Business	<ul style="list-style-type: none"> Automated warehousing systems FMS systems Automatic case picking systems Conveyor and handling systems Robotics Material Handling 	Offers integrated logistics solutions combining software with the Company's proprietary technical capabilities in building compact and economical systems	<p>Workforce optimization/space saving/energy saving (reducing CO₂ emissions), productivity improvement/IoT/digital transformation, traceability/prevention of misdelivery</p>  <p>Logistics systems</p>  <p>Creating workspaces for people and robots 6-axis robots</p>	<ul style="list-style-type: none"> Logistics Batteries, electrical equipment Transportation, warehousing, wholesale Machinery Pharmaceuticals, chemicals Food
Industrial Machine Business	<ul style="list-style-type: none"> Valve actuators Gate actuators Valve/gate control systems 	Provides valve actuators and gate actuators that are key to enabling lifelines such as water, electricity, gas, oil, and other energy sources	<p>Process streamlining, workforce optimization, energy saving, environmental protection, flood prevention, resource saving, quality, cost, delivery time, and maintenance technology</p>  <p>Valve actuator Semflex® series</p>  <p>Large-size chain gate actuator</p>	<ul style="list-style-type: none"> Government offices (Ministry of Health, Labour and Welfare, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Defense, local governments) Valves and gates Electrical machinery, heavy industry, shipbuilding
Precision Machine Business	<ul style="list-style-type: none"> Ultra-precision and high-precision wire EDMs Ultra-precision wire EDMs (oil spec.) High-precision, compact NC lathes Free-form internal grinding machines 	Develops wire EDMs with proven pitch machining accuracy, NC lathes for precision parts machining, and cutting machines that enable free-form machining, etc.	<p>Production of high-precision parts, reduction of labor costs</p>  <p>Ultra-precision wire EDM</p>  <p>High-precision free-form internal grinding machine</p>	<ul style="list-style-type: none"> Precision molds Automobiles, aircrafts Electronics, electrical machinery Optics

Seibu Vision 2027 "Connect with people through superior technology for a brighter future"

What matters most is to be a company that continues to create value for a brighter society.

We will shift to management that focuses on growth and capital efficiency as well as profitability and financial soundness, while taking on the challenge of new businesses and contributing broadly to the world as we look to the future beyond our 100th anniversary.

Aim to be a global niche company that helps to build a sustainable society and environment, creating social value and economic value



Seibu Vision 2027

- Shift to management with a focus on growth potential and capital efficiency
- Improve P/B ratio; increase corporate value and stock value
- Strengthen management foundation with an emphasis on human capital

Challenge 240

- Increased product capabilities through quality improvements along with standardization and cost reduction
- Accelerated technology development and created new products
- Expanded sales to China and Southeast Asia

Challenge 280

- Developed models to meet overseas demand; cooperated with local partners
- Increased production capacity at processing centers
- Strategically promoted sustainability

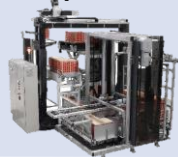
2024

2024
Building a new wire EDM production plant (scheduled for completion by end of September)



2021

2021
Developed trans-ship cart loader



2022
Developed four HP/UP series models



2023
Developed Semflex[®] - VMM-Z



2018

AGENDA

01

Review of Previous Medium-term Management Plan (Challenge 280)

- Results against numerical targets
- Business strategy outcomes and challenges
- Analysis of current situation in terms of cost of capital and stock price

02

Overview of New Medium-term Management Plan (Seibu Vision 2027)

- Basic policy
- Quantitative targets
- Business strategy
- Measures that are conscious of cost of capital and stock price

03

Business Strategy

- Distribution Equipment Business: Targets and basic strategy
- Industrial Machine Business: Targets and basic strategy
- Precision Machine Business: Targets and basic strategy

04

Financial Strategy

- Financial policy
- Capital allocation
- Investment plan
- Changes in dividend policy

05

Management Foundation

- Governance
- Human resource development plan
- Diversity plan
- Environmental improvement activities

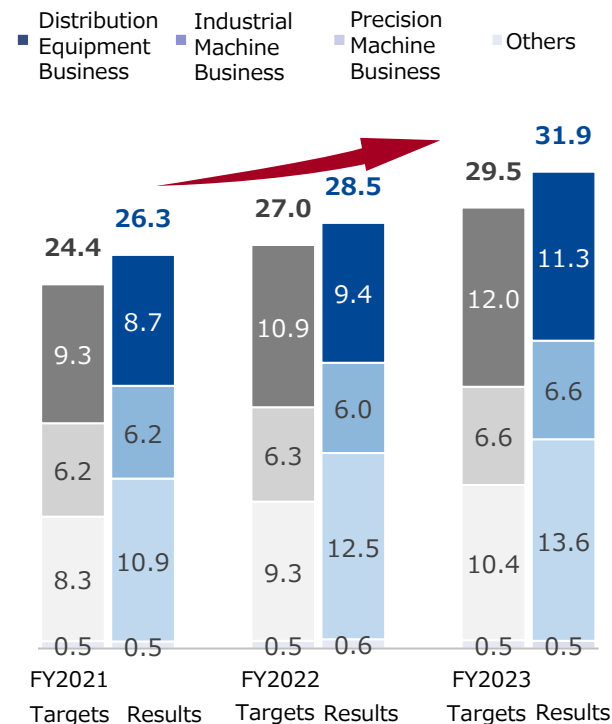
Review of Previous Medium-term Management Plan (Challenge 280)



(1) Results against numerical targets

We steadily achieved our plan and continued to grow in terms of net sales. However, prices of raw materials and resources soared and despite efforts to pass these on to sales prices and to cut costs, operating profit margin came under pressure from fiscal 2022 onward.

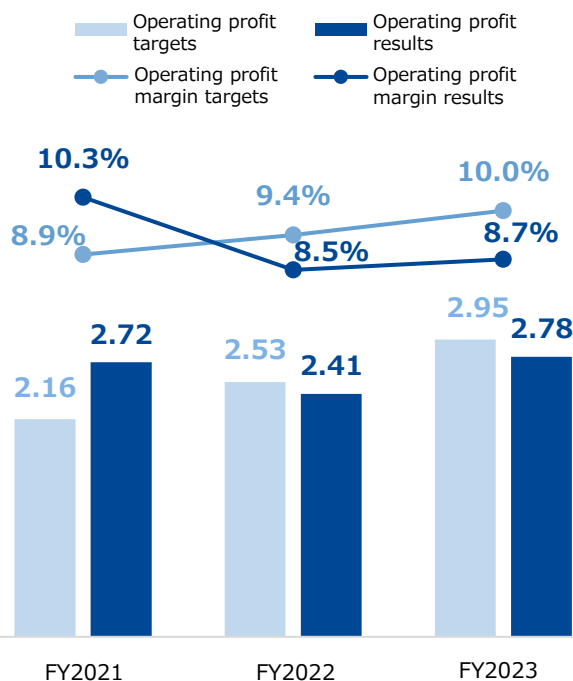
Net sales (billions of yen)



Net sales

FY2023 target: ¥29.5 billion
FY2023 result: ¥31.9 billion

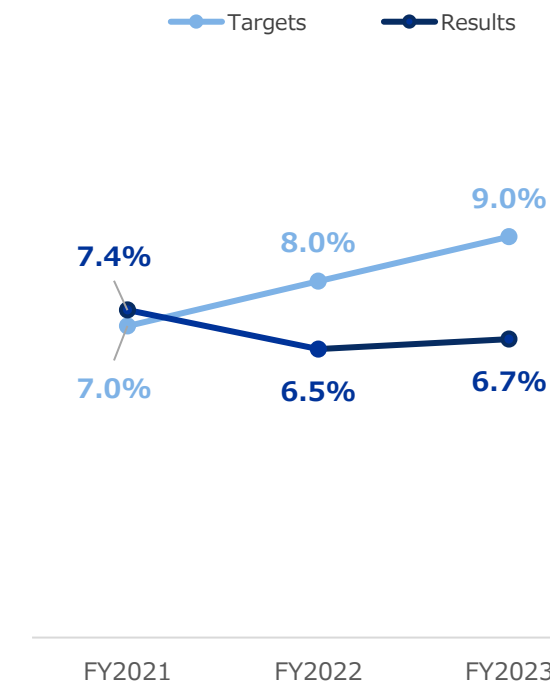
Operating profit/operating profit margin (billions of yen/%)



Operating profit/operating profit margin

FY2023 target: ¥2.95 billion/10.0%
FY2023 result: ¥2.78 billion/8.7%

ROE (%)



ROE

FY2023 target: 9.0%
FY2023 result: 6.7%

(2) Business strategy outcomes and challenges

In addition to achieving our overseas sales targets, we succeeded in expanding the scale of our maintenance and service sales and launching products and services for new markets. Our ongoing tasks are to expand globally aside from China, further strengthen our services, capture decarbonization demand, and develop new products for growth fields.

<p>Basic policy of Challenge 280</p>	<p>As a manufacturing company dedicated to the pursuit of “Ultra-precision and Mechatromation,” we supply the market with products and services that help improve productivity and convenience for our customers</p>		
	<p>Distribution Equipment Business</p> <ul style="list-style-type: none"> ● Increase profitability of conventional automated warehouses and develop new markets ● Develop and expand sales of Robotics Material Handling ● Expand sales through proposal-based services and enhance call centers 	<p>Industrial Machine Business</p> <ul style="list-style-type: none"> ● Expand orders for ME business by strengthening maintenance plan proposals ● Expand disaster preparedness products into private sector demand and gate market ● Launch overseas production plant and develop products/expand sales 	<p>Precision Machine Business</p> <ul style="list-style-type: none"> ● Aim to break away from depending solely on China ● Develop new products for target fields (semiconductors/EVs/medical/forging dies) ● Enhance maintenance and technical support and strengthen branding
<p>Achievements</p>	<p>Strengthen management foundation (standardization, CDs, digitalization promotion, human resource development, sustainable management) <small>* Sales comparisons are with FY2020</small></p>		
	<ul style="list-style-type: none"> ● New market system sales: +¥0.4 billion ● Maintenance and service sales: +¥0.3 billion ● Created series of palletizing and depalletizing products in Robotics Material Handling 	<ul style="list-style-type: none"> ● Maintenance and service sales: +¥0.3 billion ● Private sector demand/gate market sales: +¥0.2 billion ● Started knock-down production in Thailand 	<ul style="list-style-type: none"> ● Sales of high-precision processing machines for growth fields (EVs, medical, etc.): +¥1.8 billion ● Established U.S. joint venture Seibu America Corporation (April 2024)
<p>Future initiatives</p>	<p>Expanded overseas sales (overseas sales ratio in FY2023: 38% (plan: 32% or more))</p>		
	<ul style="list-style-type: none"> ● Boost system construction capability and speed; respond to an increase in construction projects ● Address “2024 Problem” (truck loading/unloading) ● Develop sales overseas and enhance services 	<ul style="list-style-type: none"> ● Launch new products for decarbonization ● New initiatives for recurring revenue business (enhance services) ● Consider establishing local production plants overseas 	<ul style="list-style-type: none"> ● Strengthen sales and technical support systems in regions other than China, and ASEAN, North American, and European markets ● Develop large, high-precision machines for EV motor core molds and optical lens industry

Review of Previous Medium-term Management Plan

(3) Analysis of current situation in terms of cost of capital and stock price

Although the stock price rose in the previous Medium-term Management Plan period, the P/B ratio fell below 1.0. We recognize achieving a P/B ratio of 1.0 or more as a key management issue.

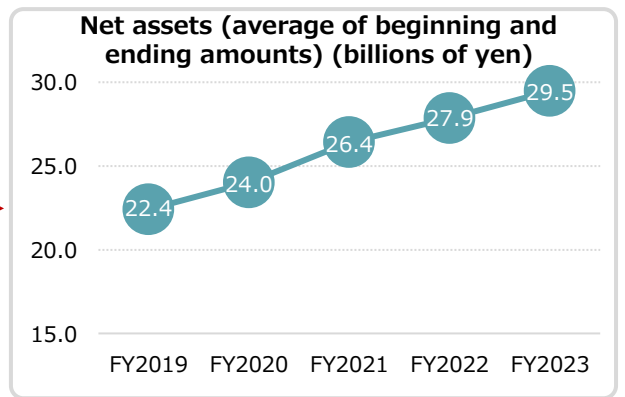
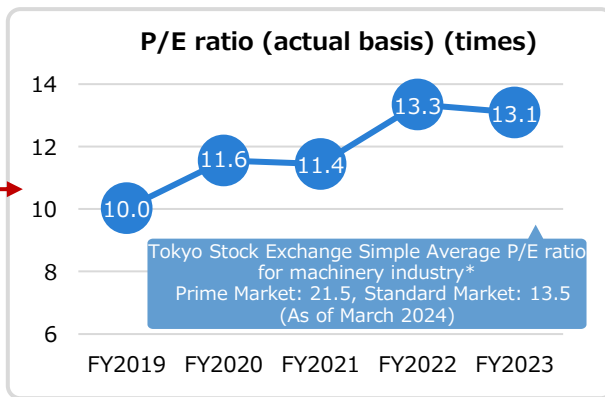
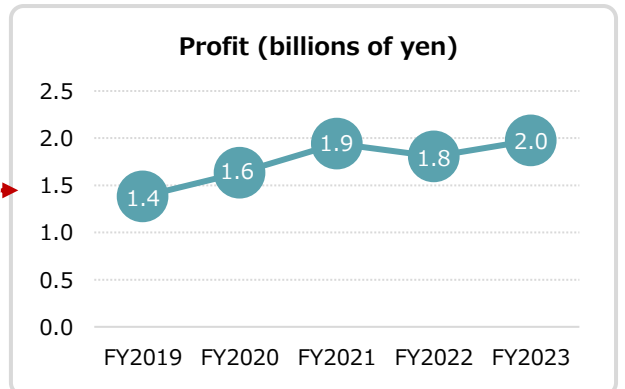
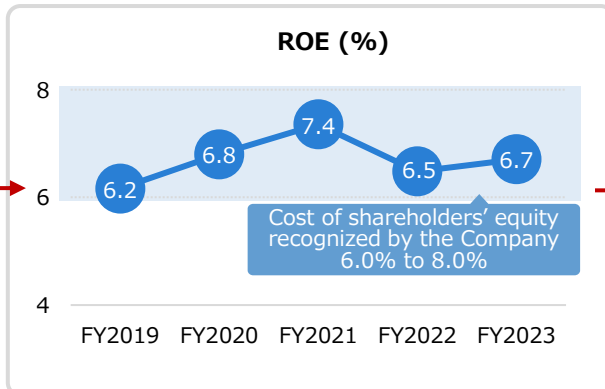
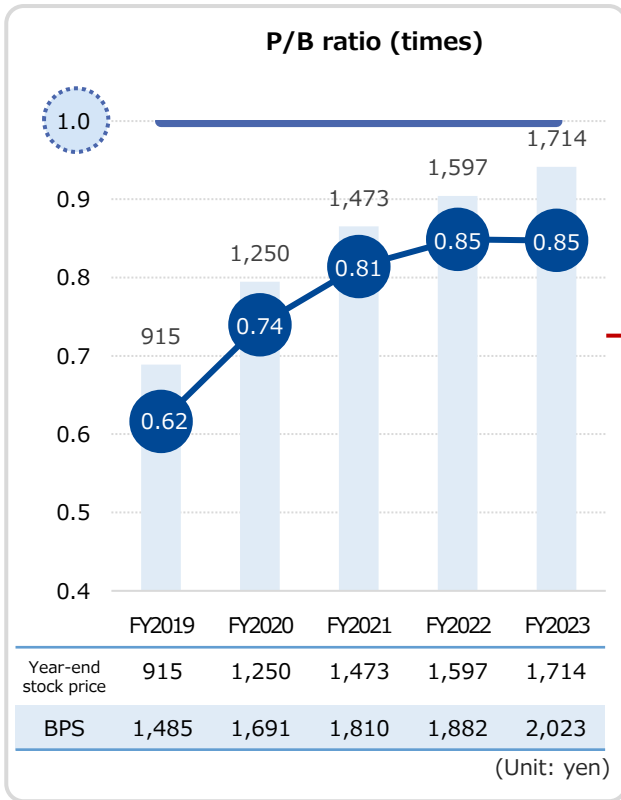
ROE

We recognize that ROE has not exceeded our cost of shareholders' equity, which we recognize as around 6.0% to 8.0%*. Although net assets have increased due to profit accumulation, background factors such as soaring raw material and energy prices led to insufficient growth in profit.

*Based on the CAPM model, our cost of shareholders' equity is calculated as 3.0% to 5.0%. However, we found in our analysis that properly measuring expected market returns with the CAPM model is difficult due to low liquidity given the low P/B ratio below 1.0. We therefore calculated the CAPM model-based cost of shareholders' equity using the beta of a selected peer company.

P/E ratio

The P/E ratio is trending below the industry average. We recognize that we have not managed to adequately communicate our growth strategy, or low liquidity has hindered price formation.



* Source: Tokyo Stock Exchange. Based on actual results for the latest fiscal year

Overview of New Medium-term Management Plan (Seibu Vision 2027)



Overview of New Medium-term Management Plan (1) Basic policy

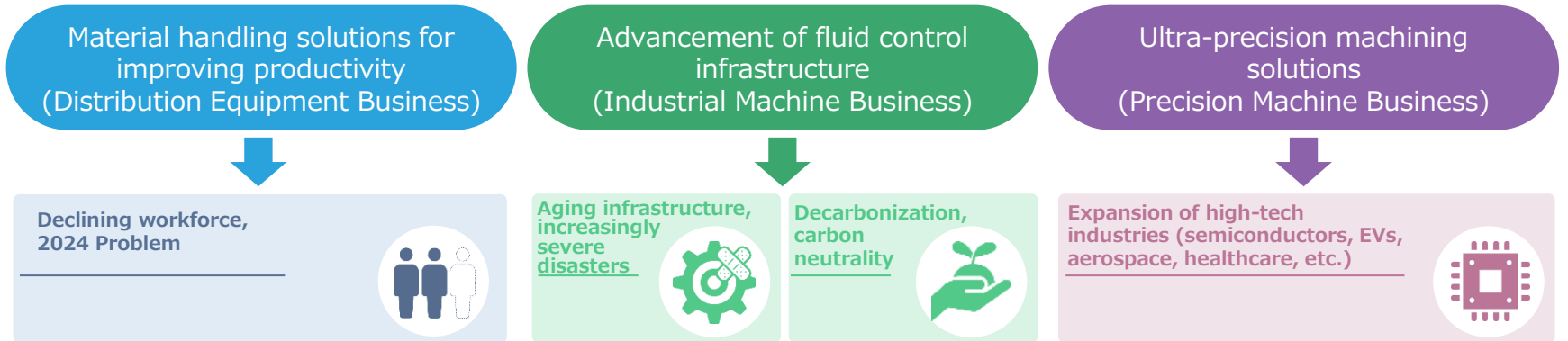
Seibu Vision
2027
Slogan

Connect with people through superior technology for a brighter future

Lead Tech Exploration

	Business strategy	Financial strategy/management foundation
Priority measures	Enhancing profitability of existing businesses <ul style="list-style-type: none"> • Cost reduction through standardization, productivity improvement, etc. • Strengthening maintenance and service business 	Balance sheet management <ul style="list-style-type: none"> • Increasing return on assets • Making use of leverage • Reviewing shareholder return policy
	Accelerating global expansion <ul style="list-style-type: none"> • Accelerating the development of ASEAN, North American, and European markets • Maintaining Greater China market 	
	Taking on challenges into new areas <ul style="list-style-type: none"> • Developing solutions for growth markets • Entering decarbonization market 	Strengthening management foundation <ul style="list-style-type: none"> • Digital transformation/smart factories • Governance • Human resource development • Sustainability

Social issues that Seibu helps solve



Overview of New Medium-term Management Plan (2) Quantitative targets

GOAL /

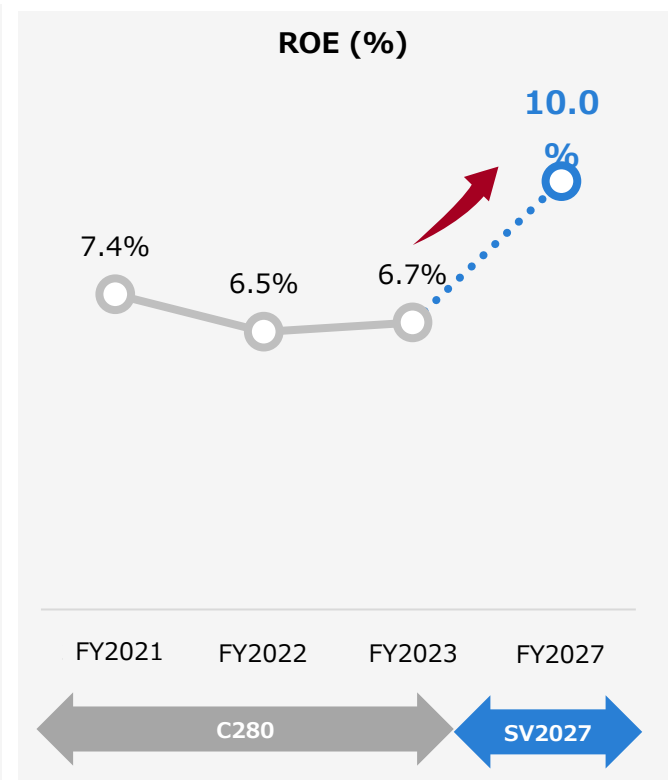
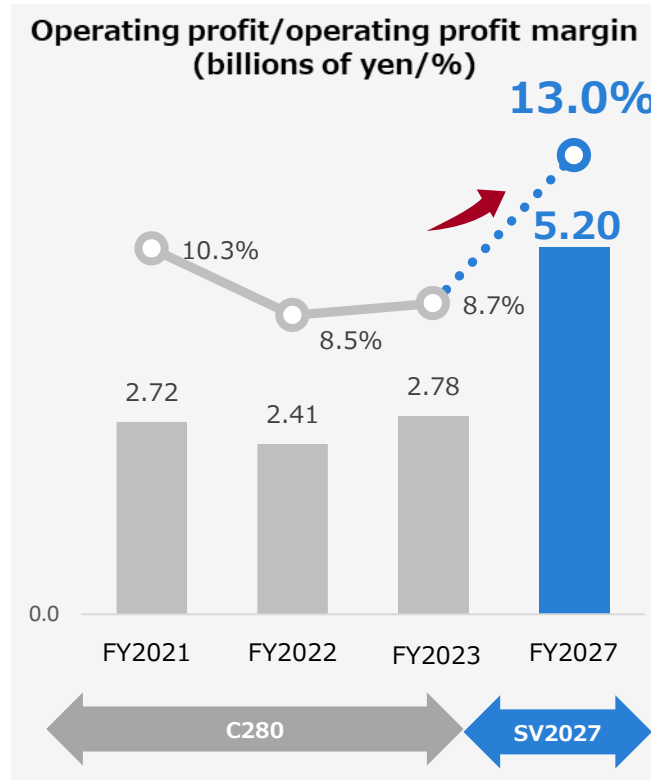
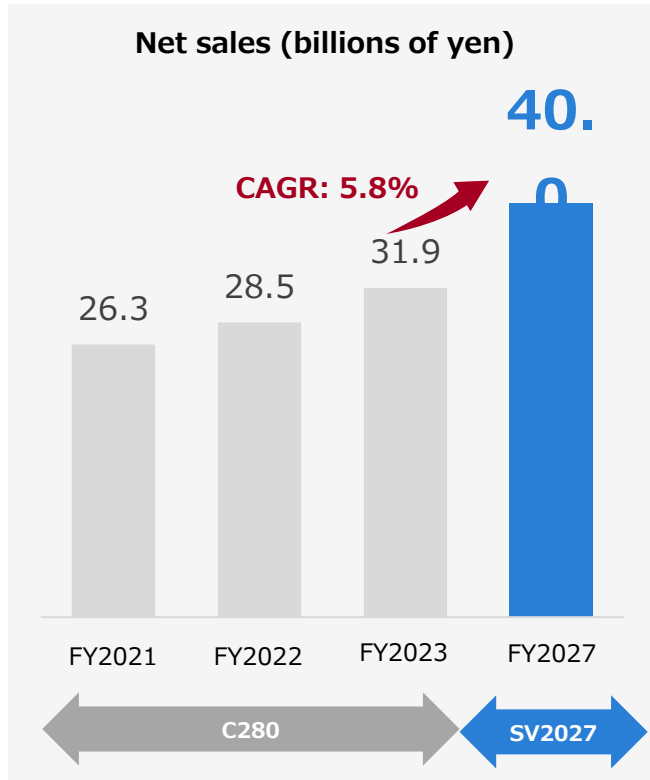
Seibu Vision 2027

¥40.0 billion
Net sales

¥5.2 billion
Operating profit

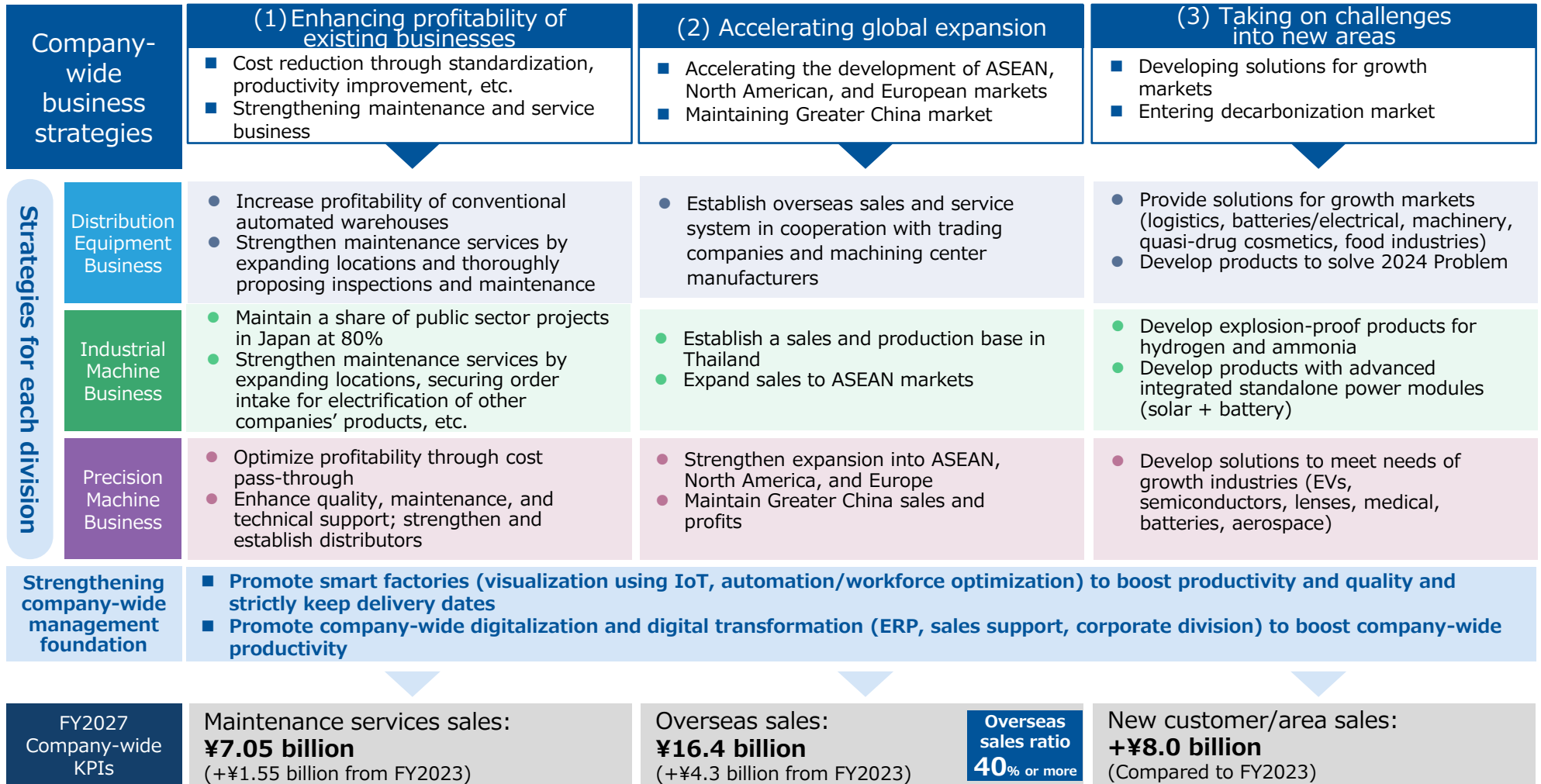
13%
Operating profit margin

10%
ROE



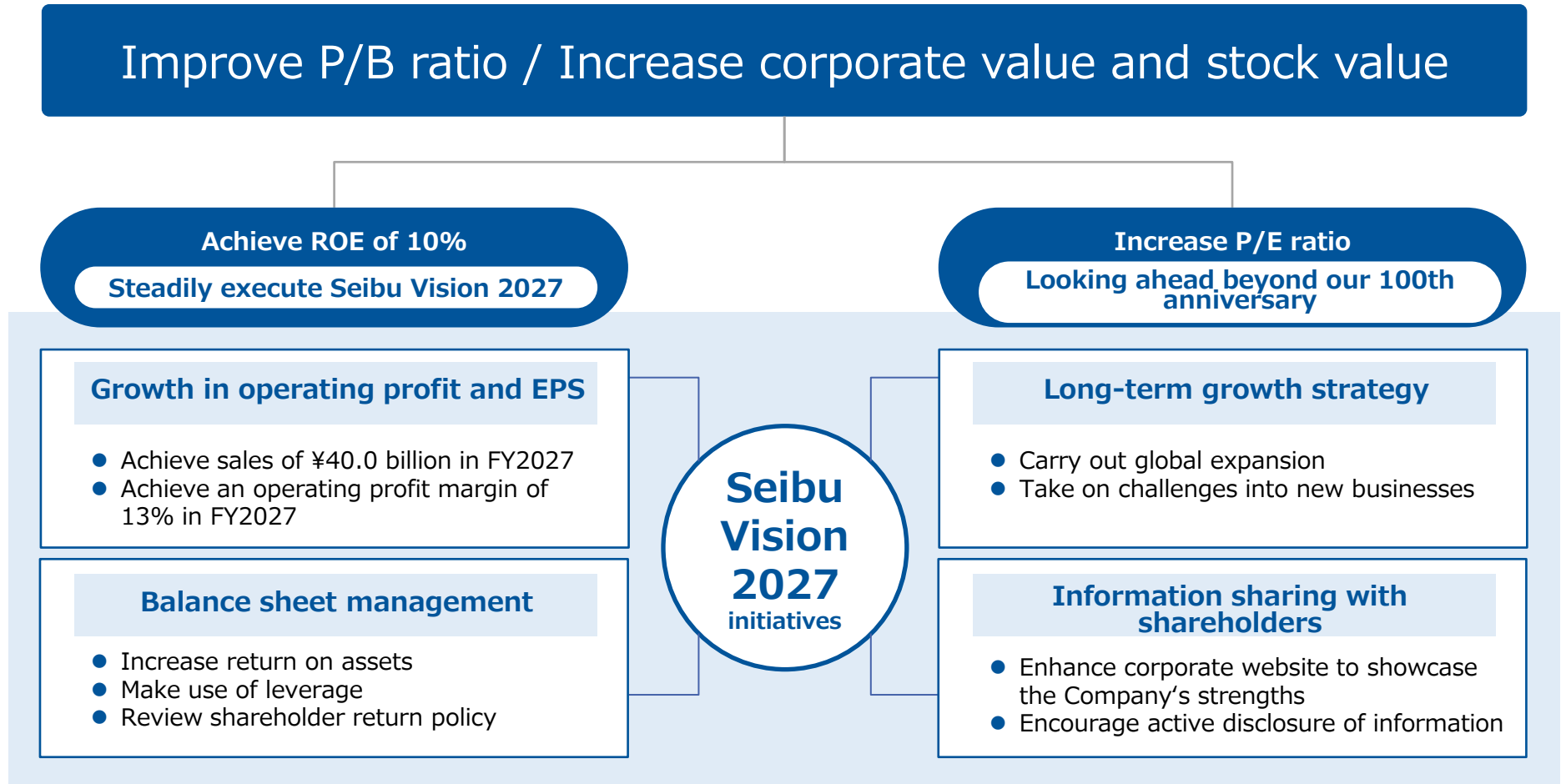
Overview of New Medium-term Management Plan (3) Business strategy

Through the efforts of each division working independently and in collaboration, we will realize our company-wide business strategies.



(4) Measures that are conscious of cost of capital and stock price

By implementing the measures of Seibu Vision 2027, we aim to achieve ROE of 10%, increase the P/E ratio, and achieve a P/B ratio of 1.0 or greater.



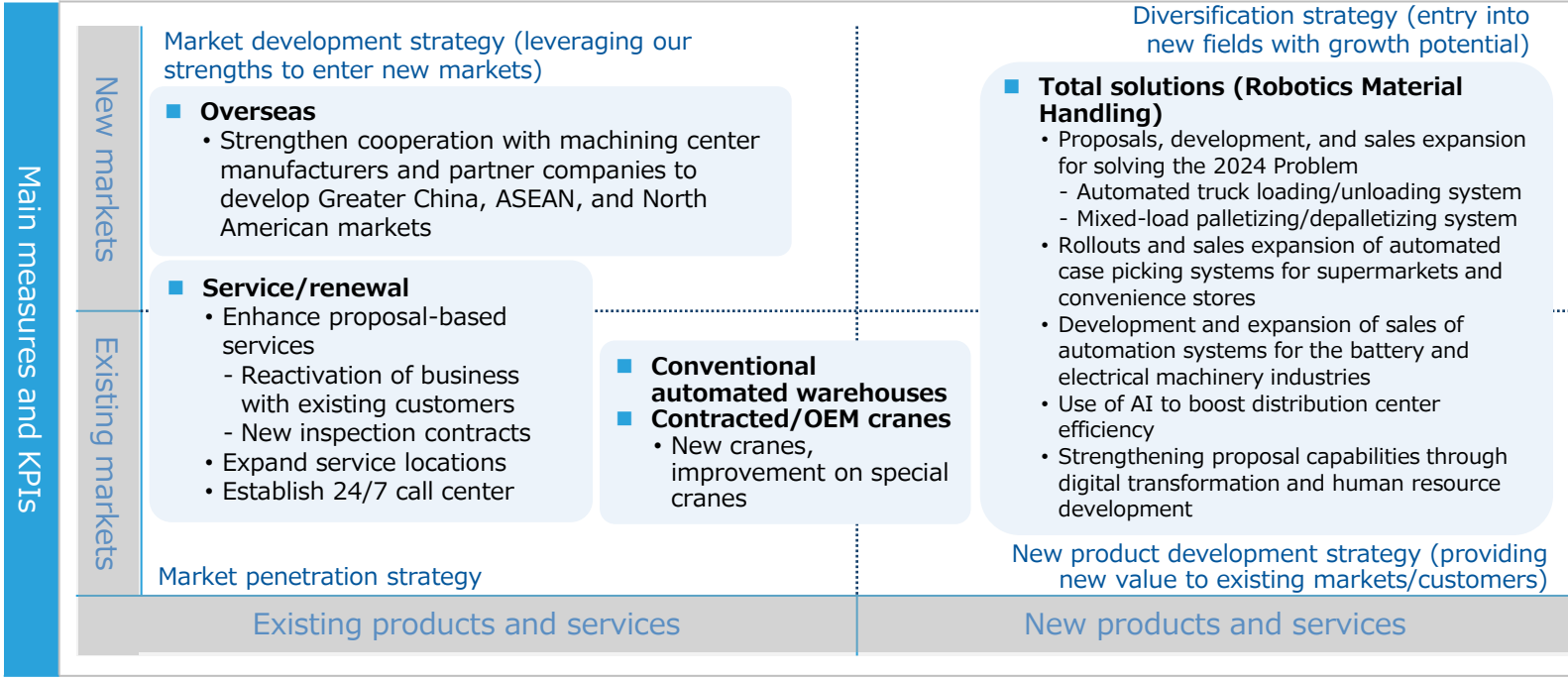
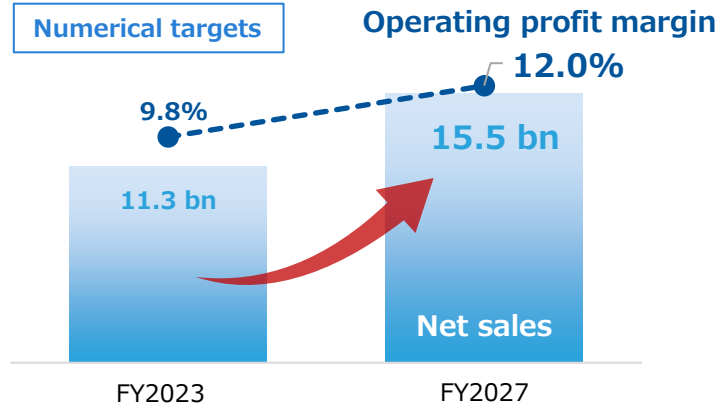
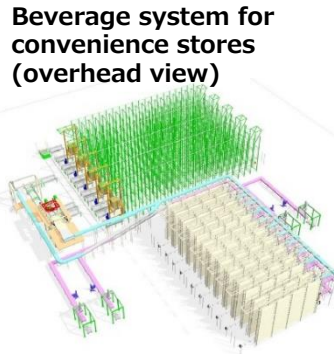
Business Strategy



Business Strategy (1) Distribution Equipment Business: Targets and basic strategy

■ Offering “material handling solutions for improving productivity” that precisely capture customer needs

- | | |
|------------------|--|
| Basic strategies | <ul style="list-style-type: none"> (1) Increase profitability of conventional automated warehouses and develop target markets (logistics, batteries/electrical, semiconductor, machinery, quasi-drug cosmetics, and food) (2) Expand sales by strengthening proposal capabilities of Robotics Material Handling solutions (3) Expand sales through proposal-based sales and services and establish overseas bases |
| Our strengths | <ul style="list-style-type: none"> ■ Unique solutions backed by unrivaled products in the field of logistics and warehouse management ■ System enabling one-stop delivery of total system solutions (from proposal development and manufacturing to construction and service) ■ Diverse product lineups and extensive experience in support for customized specifications ■ Extensive repeat business from loyal customers |



FY2027 targets

Overseas sales ratio

10% or more

Service business sales

+25%*

Total solutions (Robotics Material Handling)

+100%*

Production capacity

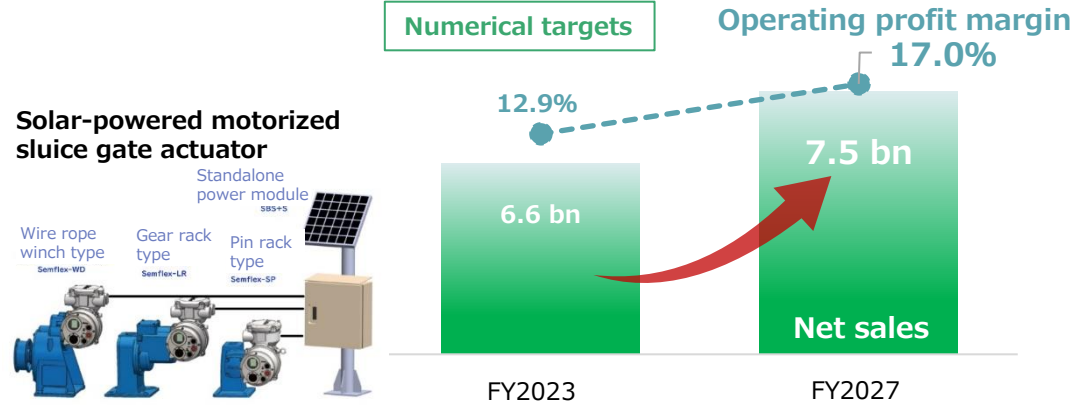
+40%*

* Compared to FY2023

Business Strategy (2) Industrial Machine Business: Targets and basic strategy

■ Providing sustainable innovation that realizes “advancement of fluid control infrastructure”

- | | |
|------------------|---|
| Basic strategies | <ul style="list-style-type: none"> (1) Develop products that support decarbonization and national resilience (2) Strengthen recurring revenue business to expand maintenance and servicing business (3) Establish overseas sales and production bases |
| Our strengths | <ul style="list-style-type: none"> ■ Deep information network for valves and gates; No. 1 share of valve actuators market in Japan ■ Experience in deliveries to Ministry of Defense ships, which are increasing in numbers ■ Proprietary drive technology for standalone power modules (solar + battery) ■ Diverse product groups; able to support diverse systems and units ■ Long track record of delivering to Japan’s water and sewerage and gate markets |



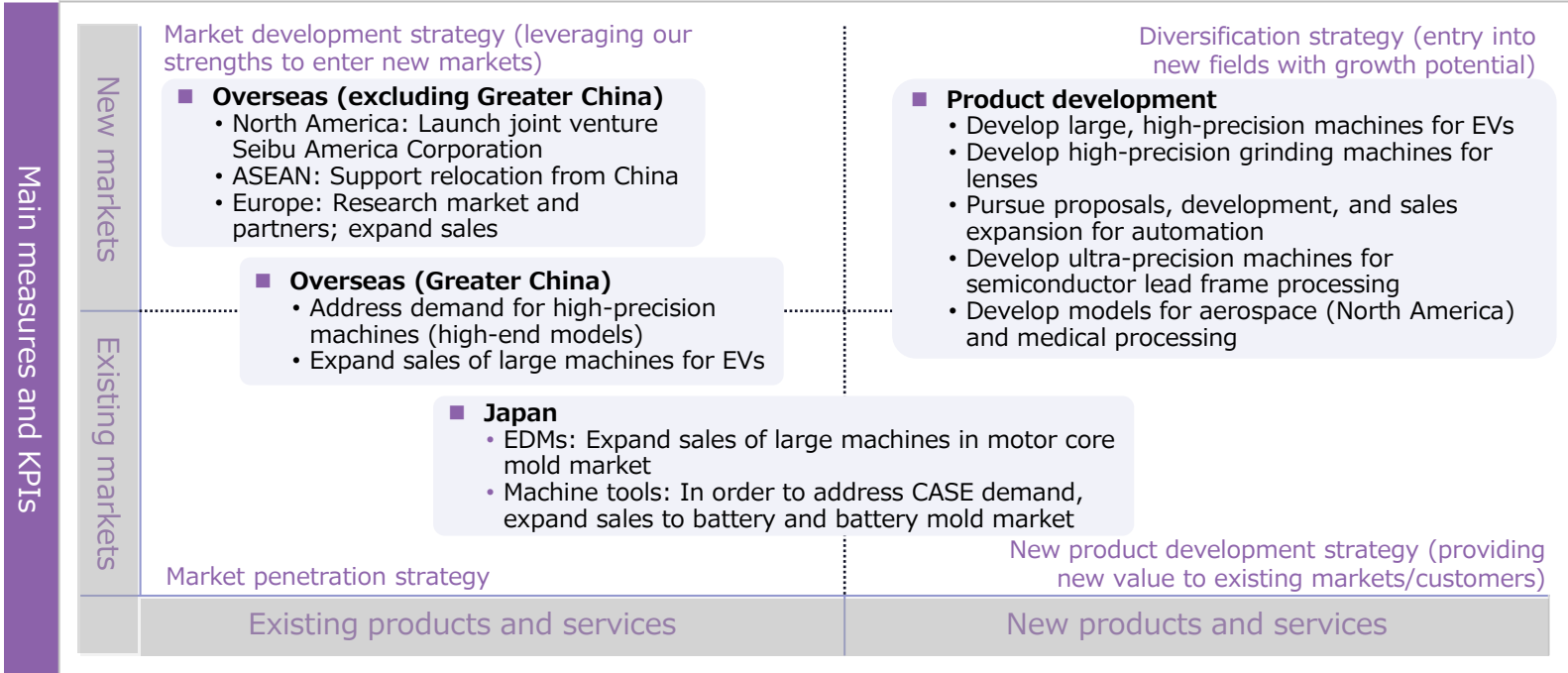
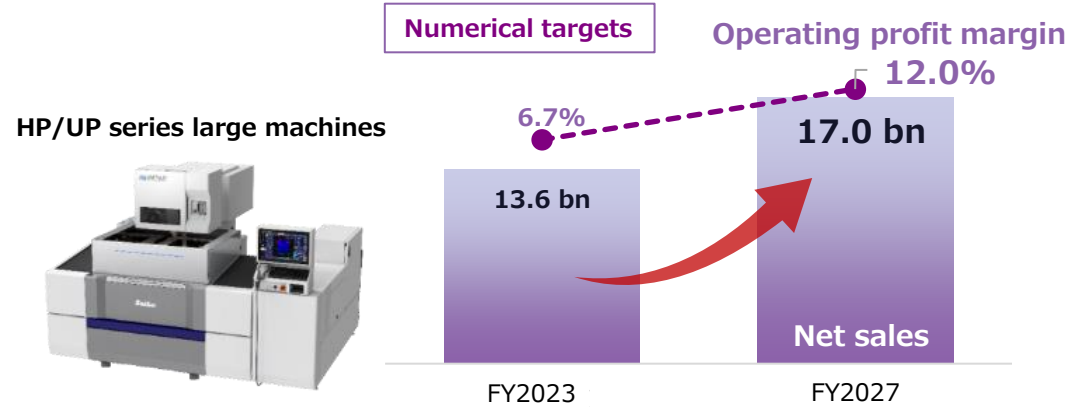
Main measures and KPIs	New markets	<p>Market development strategy (leveraging our strengths to enter new markets)</p> <ul style="list-style-type: none"> ■ Overseas <ul style="list-style-type: none"> • Establishment of production base in Thailand • Research and development of Vietnam and India markets ■ Service/renewal <ul style="list-style-type: none"> • Enhancement of proposal-based services • Reactivation of business with existing customers, new inspections • Proposal for automation of manual actuators • Expansion of service locations 	<p>Diversification strategy (entry into new fields with growth potential)</p> <ul style="list-style-type: none"> ■ Private sector valves <ul style="list-style-type: none"> • Proposal, development, and sales expansion of products for new energy (hydrogen/ammonia) • New model valves (compact and lightweight, improved profit margin) • Development and sales expansion through acquisition of National Defense Standards for new series ■ Gates <ul style="list-style-type: none"> • Proposal, development, and sales expansion of standalone power supply products • New model gates (compact and lightweight, improved profit margin)
	Existing markets	<ul style="list-style-type: none"> ■ Water and sewerage <ul style="list-style-type: none"> • Customer satisfaction improvement through intensive sales and technical exchange meetings, etc. <p>Market penetration strategy</p>	<p>New product development strategy (providing new value to existing markets/customers)</p>
		Existing products and services	New products and services

FY2027 targets
Overseas sales ratio 7% or more
Service business sales +17%*
Share of public sector projects in Japan Maintain 80%
Private sector valve sales +40%*
* Compared to FY2023

Business Strategy (3) Precision Machine Business: Targets and basic strategy

■ Offering “ultra-precision machining solutions” that support the high-tech industry

- | | |
|------------------|--|
| Basic strategies | <ul style="list-style-type: none"> (1) Develop sales strategies for target regions; break away from focusing solely on China (2) Speed up development of new products and new systems for growth fields (3) Enhance quality, maintenance, and technical support; strengthen and establish distributors |
| Our strengths | <ul style="list-style-type: none"> ■ In-house software development ■ Solid reputation in Greater China for ultra-precision machining technology and reliability ■ Market advantage in ultra-precision machining technology and reliability ■ Manufacturing and development aligned to on-site needs, without outsourcing customer contact points ■ Collaboration with Distribution Equipment Business, which develops automation and workforce optimization solutions |



FY2027 targets

- Overseas sales ratio (excluding Greater China)**
20% or more
- Solutions for growth industries**
+10%*
- Production capacity**
+50%*
- Production capacity for high-end models**
+100%*

* Compared to FY2023

Financial Strategy



Financial Strategy (1) Financial policy

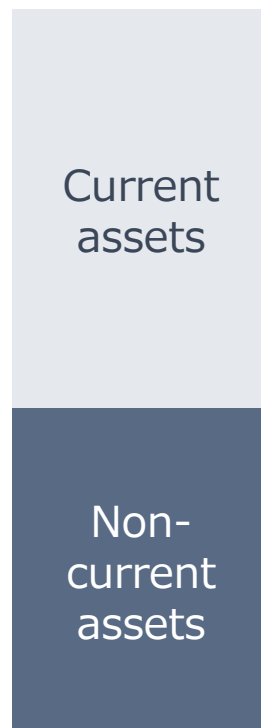
By focusing our capital allocation on improving corporate value, we will increase return on assets. By enhancing shareholder returns and using appropriate leverage, we will optimize the liability and equity side and improve return on equity.

Balance sheet management for realizing ROE of 10%

Assets side

Increasing return on assets

- Carry out each measure of Seibu Vision 2027 to achieve our sales plan and operating profit margin plan
- Dispose of or reduce certain cash and deposits and cross-shareholdings with low return on assets, and redirect funds to growth investments



Liabilities

Net assets

Liability and equity side

Making use of leverage

- When making large-scale investments or M&As that contribute to profit growth and profitability, use interest-bearing debt while paying attention to financial soundness
- * When making individual decisions regarding large-scale investments, the Board of Directors comprehensively determines profitability, growth potential, scarcity, etc., and explains them to the market

Enhancing shareholder returns

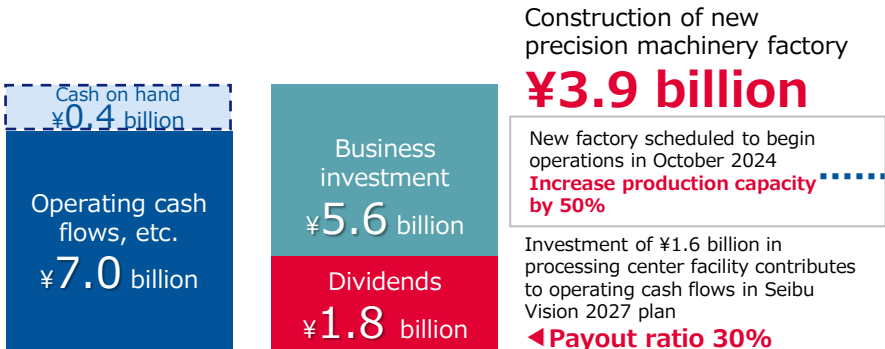
- Enhance dividend policy to 4.0% DOE. While strengthening shareholder returns, use profit accumulation during Seibu Vision 2027 to curb the increase in shareholders' equity

Financial Strategy (2) Capital allocation

Use cash from operating cash flows and improved return on assets to **significantly increase investment and shareholder returns during Seibu Vision 2027 and use leverage (interest-bearing debt) for large M&A opportunities**

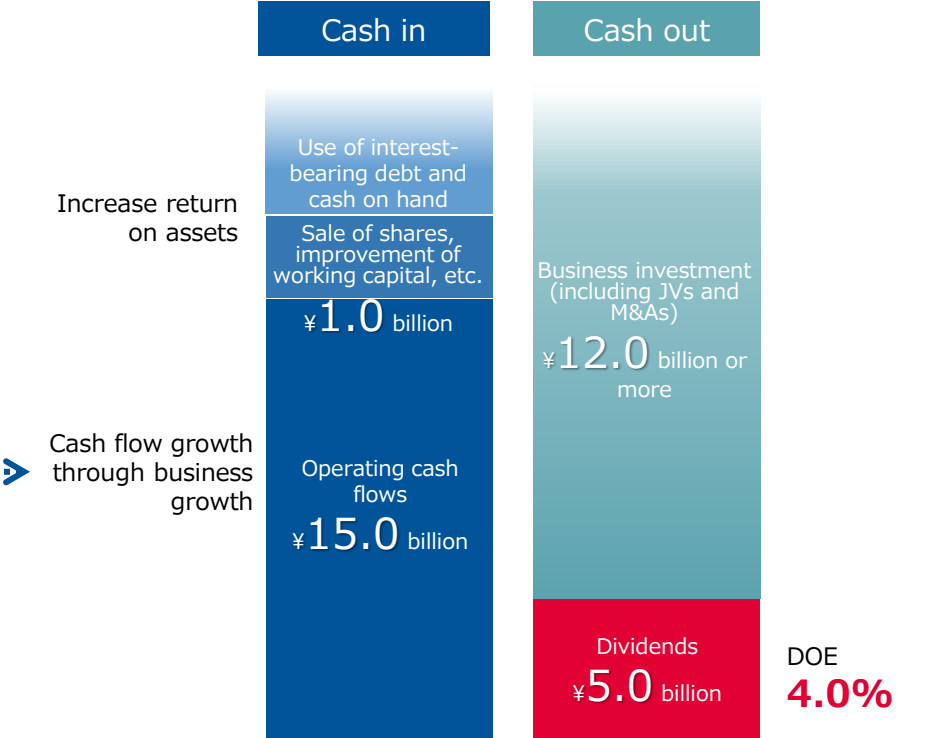
Challenge 280 results (FY2021 to FY2023: 3 years)

- Business investment of ¥5.6 billion, mainly comprising approximately ¥3.9 billion of construction of new factory buildings
- Shareholder returns of ¥1.8 billion



Seibu Vision 2027 plan (FY2024 to FY2027: 4 years)

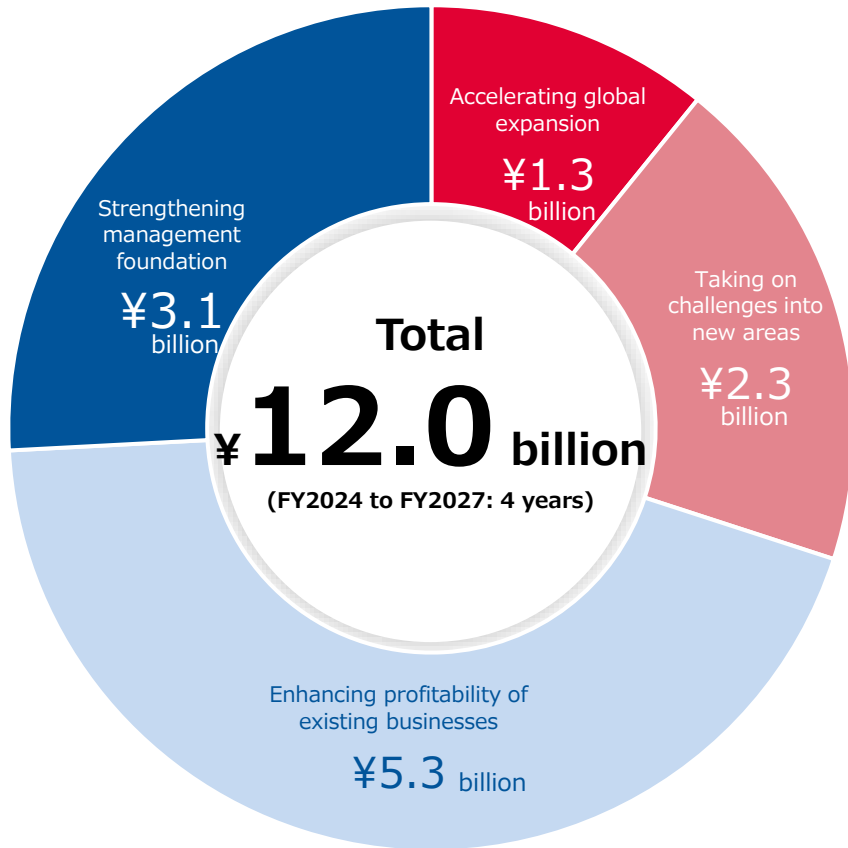
- Plan for business investment of ¥12.0 billion or more and shareholder returns of ¥5.0 billion



* Based on the end of FY2023 and holiday adjustments

Financial Strategy (3) Investment plan

To realize sales and profit plans under Seibu Vision 2027 and pursue growth beyond our 100th anniversary, we will allocate funds to each of the three company-wide business strategies as well as to strengthening management foundation.



Accelerating global expansion	<ul style="list-style-type: none"> ■ Distribution Equipment Business: Establishment of sales/service bases and JVs ■ Industrial Machine Business: Establishment of a production base in Thailand ■ Precision Machine Business: Establishment of bases and JVs in the ASEAN, North American, and European markets
Taking on challenges into new areas	<ul style="list-style-type: none"> ■ Distribution Equipment Business: Use of AI; development of robotics and AGVs ■ Industrial Machine Business: Development of electric, remote controlled, and explosion-proof products ■ Precision Machine Business: Development of new products for semiconductors, EVs, medical, etc.
Enhancing profitability of existing businesses	<ul style="list-style-type: none"> ■ Strengthening production system (including remainder of ¥2.2 billion for new precision machine building (out of a total of ¥6.1 billion) and ¥0.9 billion for distribution equipment) ■ Improvement of existing functions and facility update
Strengthening management foundation	<ul style="list-style-type: none"> ■ Smart factories (visualization, automation, labor saving, decarbonization) ■ Company-wide digitalization and digital transformation (ERP, sales support, corporate division)

Financial Strategy (4) Changes in dividend policy

In order to enhance returns to shareholders and achieve ROE of 10%, we aim to achieve DOE (dividend on equity^{*1}) of 4.0% for dividends from fiscal 2024.

Dividend policy until FY2023

Basic policy is to continue payment of stable dividends

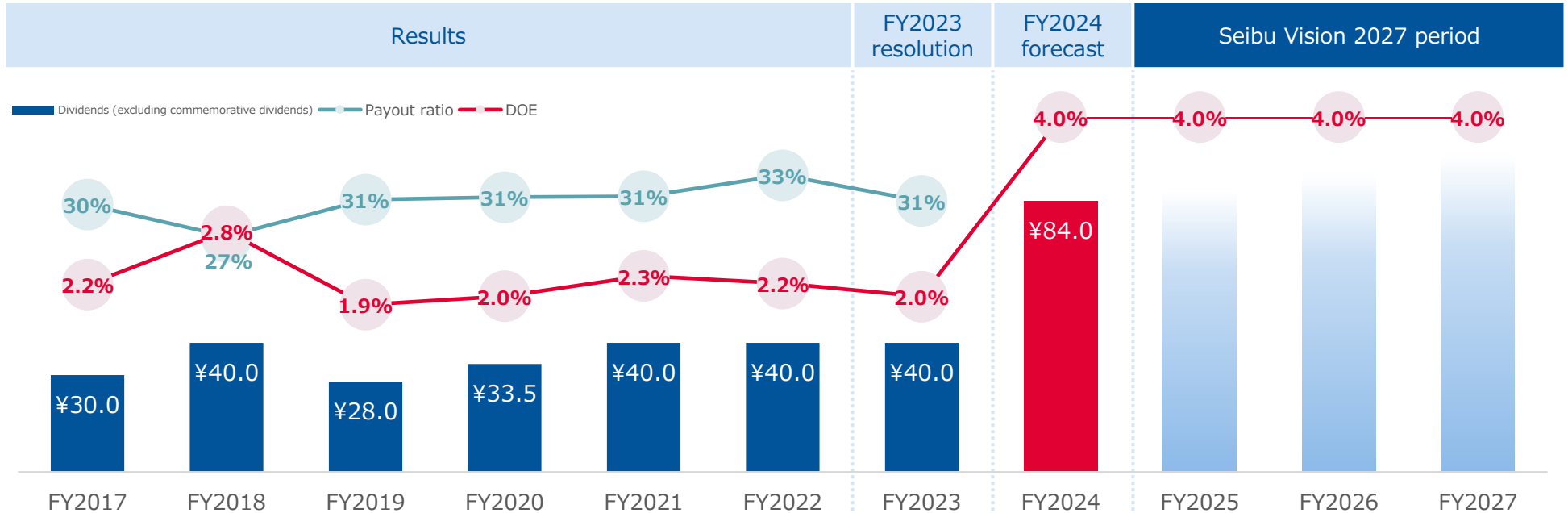
Target payout ratio of **30%**



Dividend policy from FY2024

Basic policy is to continue payment of stable dividends

DOE (Dividend on equity) of approx. **4.0%**



* 1. Dividend on equity = Dividends per share / Consolidated net assets per share at the end of the fiscal year. Results period shows the averages of dividends per share / consolidated net assets per share at the beginning and end of each fiscal year.

Management Foundation



Management Foundation (1) Governance

Basic approach to corporate governance

Our company credo is “Unwavering trust opens the path to tomorrow,” and our purpose is “We will humbly explore the essence of technology, using it to contribute broadly to the world with nature as our guide.” Our greatest task is to contribute to the global market and earn its trust, while enabling our business to prosper. Therefore, our basic approach to corporate governance is to put in place a management system that is highly efficient, transparent, and sound, and to implement measures to maintain it.

We have established a Board of Directors, a Board of Corporate Auditors, a Nominating and Compensation Committee, and President Management Review Meeting, thereby enhancing the fairness and transparency of management and providing an efficient corporate governance system.

Status of efforts on corporate governance

Fiscal year	Measures
FY2020	Increased the number of independent External Directors from one to two
	Introduced performance-linked share-based remuneration system
	Decided basic policy on Directors’ remuneration
FY2022	Established Nominating and Compensation Committee
	Revised remuneration system for Directors
FY2023	Disclosed Board of Directors’ skills matrix
FY2024	Introduced an executive officer system

Issues to be considered

- Increase ratio of External Directors
- Policy with a focus on diversity of the Board of Directors

Governance system

Board of Directors

Decides on basic policies for the Company’s business management and supervises Directors in the execution of their duties. Consists of all Directors and all Auditors.

Board of Corporate Auditors

Receives reports on important matters related to audits, discusses these matters, and makes resolutions. Consists of all Auditors.

Nominating and Compensation Committee

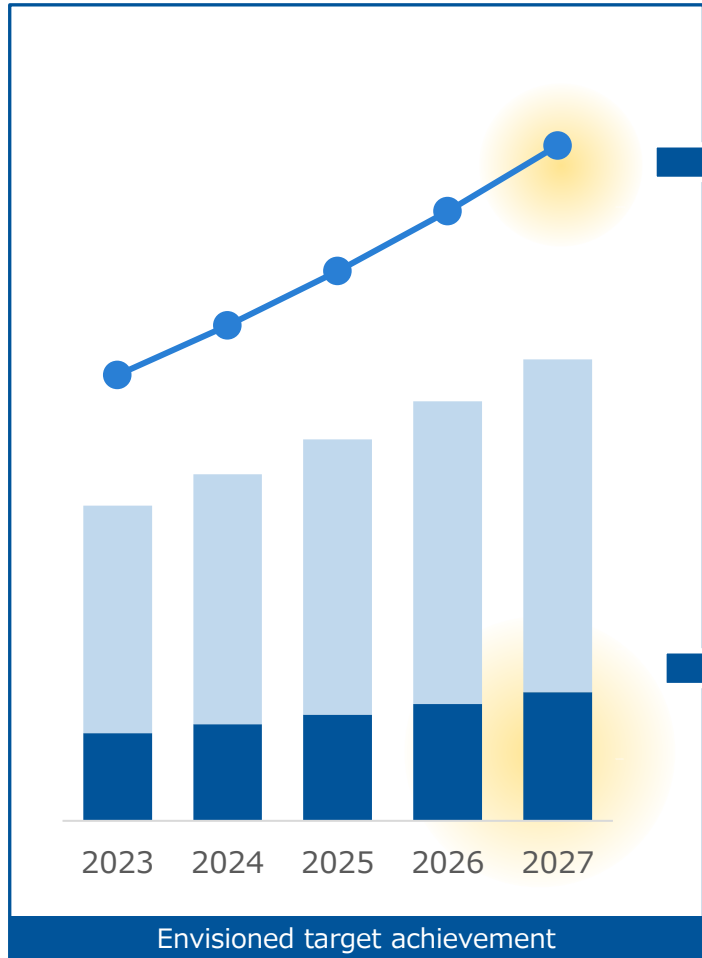
Established to further enhance corporate governance by strengthening the independence, objectivity, and accountability of functions of the Board of Directors that relate to Director nominations, remuneration, etc. Consists of three or more members selected by the Board of Directors, the majority of which are independent External Directors.

President Management Review Meeting

Established to enable the President to confirm the progress of management, point out issues, and establish measures appropriately and quickly, and based on these efforts, to strongly advance management activities. Consists of the President, Directors, and Auditors. Relevant personnel are also invited to attend the meeting and provide opinions.

Management Foundation (2) Human resource development plan

Looking toward achieving net sales targets, we will work on increasing labor productivity while enhancing personnel.



		Targets	Initiatives
Increase net sales per employee	Sales and services	<ul style="list-style-type: none"> • Solution proposals • Strengthening overseas sales • Sales optimization 	<ul style="list-style-type: none"> • Gathering customer needs and improving planning and proposal capabilities • Language training, overseas on-the-job training • Digital transformation of data collection/utilization and sales process
	Production and development	<ul style="list-style-type: none"> • Strengthening product planning capabilities • Development of specialists • Production optimization 	<ul style="list-style-type: none"> • Understanding customer needs and pursuing cutting-edge technology • Improving insights by rotating each process • Developing personnel for promoting digital transformation
Enhance personnel	Sales and services	<ul style="list-style-type: none"> • Enhancing overseas personnel • Optimizing personnel assignment 	<ul style="list-style-type: none"> • Hiring and appointing overseas professionals • Rotating young employees within business divisions
	Production and development	<ul style="list-style-type: none"> • Optimizing the number of production personnel • Enhancing development personnel 	<ul style="list-style-type: none"> • Responding to increased sales and expansion of production facilities • Efforts to hire and retain experienced personnel

Management Foundation (3) Diversity plan

Basic policy

We aim for our work environment to be a place where employees with diverse senses of value and personalities recognize and respect each other, and where employees enjoy mental and physical health, make full use of their talents, and find satisfaction in their work.

Promoting the active participation of diverse workforce

- Company briefings and internships for female students
- Career design training
- Career development training
- Unconscious bias training
- Hiring qualified personnel and digital transformation personnel
- Promoting organizational understanding, support for building internal networks, etc.

Targets

Percentage of new hires who are women **15%**

Number of female managers (compared to FY2023) **1.5** times or more

Creating a comfortable working environment

- Improving long working hours
- Increasing paid leave utilization rate
- Preventing harassment
- Increasing the uptake of parental leave
- Revising and maintaining regulations and systems
- Improving retention rate

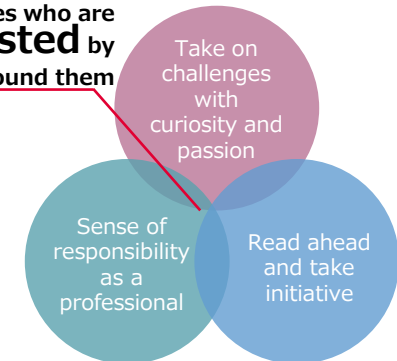
Initiatives

- Setting “no overtime day” (one day a week)
- Setting target value for number of days of paid annual leave taken
- Regular follow-up interviews with HR (for employees who have been employed for less than 3 years)

Building a system for career development

- Annual training, position-specific training, training for next-generation managers, training for next-generation executives
- Use of various external training courses (technical training, language training, digital transformation training, etc.)
- Training by in-house instructors; assignment to external training
- Human resource development to strengthen overseas operations

Employees who are **trusted** by those around them

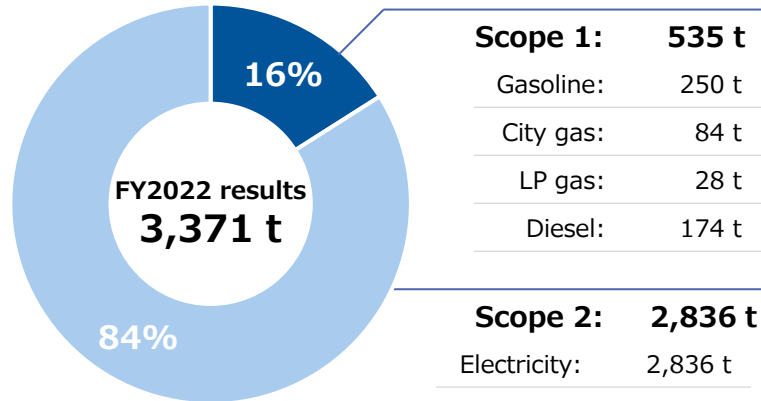


Management Foundation (4) Environmental improvement activities

We recognize that supporting decarbonization is key to our business development. By managing climate-related risks and opportunities, we adapt our product development and market launches to changes in the market environment as we work to contribute to a decarbonized society.

Metrics and targets

We will promote introduction of renewable energy and reduce GHG emissions from the use of electricity at our headquarters to zero by fiscal 2027.



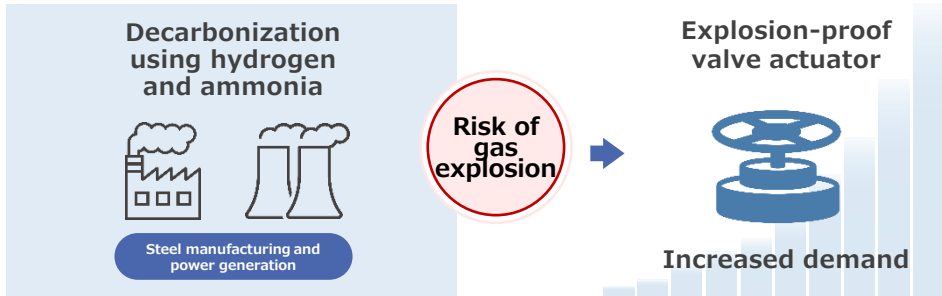
* Disclosure of GHG emissions in accordance with TCFD recommendations

Governance and risk management

- We aggregate climate-related risks and opportunities at our Company-wide Environment Management Committee, setting environmental targets according to their importance and urgency, and carrying out environmental improvement activities.
- The status of these efforts is reported to the Company-wide Risk Management Committee, which comprises Directors and provides guidance and advice.



Product development for decarbonization — examples of initiatives in private sector valve segment



- Amid transition to a decarbonized society, many industries such as steel manufacturing and power generation have been adopting decarbonization technologies using hydrogen and ammonia. These technologies involve handling hydrogen and ammonia, explosive gases, in high temperature/high pressure environments, giving rise to the need for valve actuators with high explosion-proof performance.
- Using the explosion-proof technology that we have been cultivating for many years, we are developing explosion-proof valve actuators compatible with hydrogen and ammonia. We perceive shifts in customer demand as earning opportunities, and will work to strengthen product competitiveness through decarbonization.

All forward-looking statements in this document are based on the Company's judgments and assumptions that are made using information currently available and contain risks and uncertainties. Therefore, actual results may differ from these forecasts.

超精密とメカトロメーション®を追求する

Seibu

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