

Message from the President

Despite growing uncertainties in corporate management, we will continue building a sustainable corporate structure.

Review of FY2023

We extend our deepest condolences to those who lost their lives in the 2024 Noto Peninsula Earthquake that occurred on January 1 this year and their families, and our hearts go out to the many people affected by this disaster.

During the fiscal year ended March 31, 2024 (FY2023), the environment surrounding the EKK Group saw the U.S. economy remaining robust supported by strong domestic demand, but the overall outlook for the future became increasingly uncertain due to global inflation, monetary tightening policies, stagnation in the Chinese economy, and growing geopolitical risks.

The effects of this operating environment on the Group's business areas differed, depending on the industry. We recorded net sales of ¥167,042 million (up 6.1% year on year), operating profit of ¥8,107 million (down 12.5% year on year), share of profit of entities accounted for using equity method of ¥3,317 million, and foreign exchange gains of ¥1,630 million, resulting in an ordinary profit of ¥13,799 million (up 12.4% year on year) and profit attributable to owners of parent of ¥7,491 million (up 10.2% year on year).

Progress of the Medium-Term Management Plan

The current fiscal year marked the first of three years of our new medium-term management plan. We find ourselves operating in an environment beset with growing factors of

uncertainty in corporate management, such as increased geopolitical risks due to ongoing conflicts in various regions of the world and prices of resources soaring in response. However, the global economy is generally showing signs of recovery, and our Group's businesses are steadily growing, particularly in the General Machinery Industry and Marine Industry segments, with the Group achieving record net sales and ordinary profit and profit attributable to owners of parent exceeding our initial plan.

In the Automotive and Construction Machinery Industries segment, which are our core businesses, the shares of hybrid and electric vehicles in the global automotive production have increased, and the electrification of compressors for car air-conditioners and other automotive accessories has progressed. Due to those factors, sales of our Group's existing products are expected to decrease, and it is urgent to respond to the once-in-a-century transformation of the automotive industry. In the Semiconductor Industry segment, which has shown growth in recent years, although earnings were down due to the impact of the silicon cycle, steady growth is expected over the medium to long term, supported by continued investment in production plants at foundries around the world, the application of generative AI, and advancement of IoT.

We are working to accurately identify these environmental changes and issues, and build a business system for medium- to long-term growth through new product

FY2023 Business Summary

The global economy generally trended toward recovery, allowing us to achieve record net sales, and ordinary profit and profit attributable to owners of parent were higher than initially planned.

The EKK Group's Business Environment and Future Course

Although we faced numerous business challenges, such as responding to transformations of the automotive industry and the decline in the Semiconductor Industry segment due to the impact of the silicon cycle, we continue to build a business system for medium- to long-term growth through new product development and strengthened productivity.

development to meet customer needs in various markets, the reinforcement of our production capacity, and cost reduction.

Medium- to Long-term Growth

In 1964, the year of the first Tokyo Olympic Games, the mechanical seal division of NOK Corporation became independent and incorporated under the name Nihon Sealol Co., Ltd. In 1978, the name was changed to Eagle Industry Co., Ltd. (EKK), and in October 2024, we celebrate the 60th anniversary of the Company.

Since 1964, we have operated as a global sealing solution provider, offering mechanical seals and related equipment products for land, sea, and air mobility, including automobiles, ships, aircrafts, and rockets worldwide, as well as for general machinery, such as pumps and compressors, and semiconductor production equipment. We are proud to say that we are an all-around player in mechanical seals and the only Group that provides mechanical seals to various industries around the world.

Throughout our history, we have worked with colleagues, customers, and business partners across the globe, and our products and services can now be found around the world and beyond in space, underlining the increasing importance of the value we provide to our stakeholders.

While the relationships between stakeholders and the Group vary widely, when it comes to running a business to ensure the happiness and pride of all stakeholders, our highest priority is sustainable development and growth of the Company. Therefore, our Group management policy has always been to never pursue short-term profits at the expense of long-term interests, and this has been the core of all of our management strategies.

To that end, it is essential that we establish a governance system and risk management measures to avoid actions that could jeopardize the survival of the Company, such as disregard

for the environment, health and safety, quality, or compliance.

In implementing these measures, we will create a working environment where each employee can reach their full potential and enjoy their work, and the combination of these efforts will further refine the technologies and expertise we have cultivated, foster innovation, and result in new products and services. This will allow us to provide unique value and ensure sustainable growth, and in this way, demonstrate the distinctive sustainability of the Group.

In our medium-term management plan, we have identified adroit response to change as a main item for promotion, and in this uncertain and constantly changing operating environment, we will continue to work toward further growth by accurately identifying actions we need to take and promoting management that can create value tailored to the times, and in this way, help create a sustainable society.



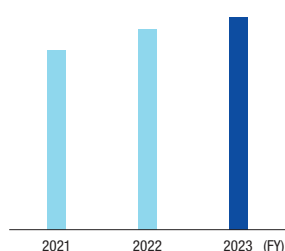
EAGLE INDUSTRY CO., LTD.
Chairman of the Board and
President, Representative
Director

Tetsuji Tsuru

FY2023 Earnings Highlights

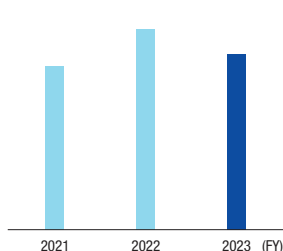
Net sales

¥167,042 million
+6.1% YoY



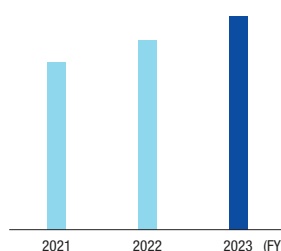
Operating profit

¥8,107 million
-12.5% YoY



Ordinary profit

¥13,799 million
+12.4% YoY



Profit attributable to owners of parent

¥7,491 million
+10.2% YoY

