

# Financial Results Briefing for the Second Quarter of the Fiscal Year Ending March 31, 2023



**SEIKA CORPORATION**  
(TSE Prime Market: 8061)

# CONTENTS

**01**

**Summary of Consolidated  
Financial Results  
for the Second Quarter  
of the Fiscal Year Ending  
March 31, 2023**

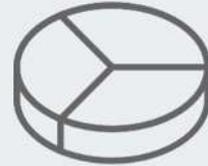
**02**

**Consolidated Forecast  
for the Fiscal Year  
Ending March 31, 2023**

**03**

**Topics**

**Reference Materials**



**01**

# **Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023**

# Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023

	2022/3 1H Result	2023/3 1H Result	Change (YoY)
Transaction value	69,027 million yen	<b>68,866</b> million yen	<b>-0.2 %</b>
Net sales	40,452 million yen	<b>40,452</b> million yen	<b>-0.0 %</b>
Operating income	1,304 million yen	<b>1,444</b> million yen	<b>+10.7 %</b>
Ordinary income	1,315 million yen	<b>1,217</b> million yen	<b>-7.4 %</b>
Profit attributable to owners of parent	698 million yen	<b>844</b> million yen	<b>+20.9 %</b>

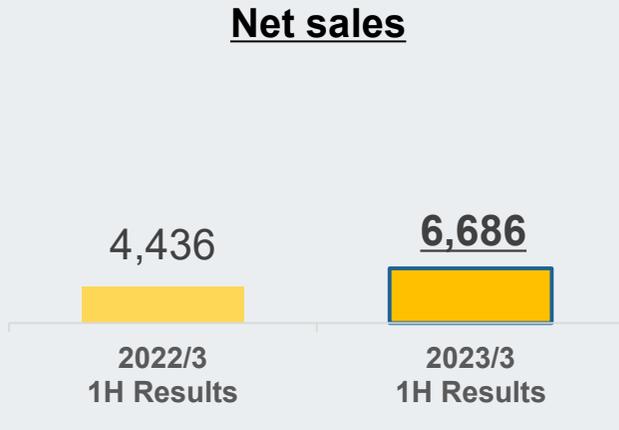
	2022/3 1H Result	2023/3 1H Result	Change (YoY)
Amount of orders received	41,667 million yen	<b>46,468</b> million yen	<b>+11.5 %</b>
Order backlog	62,141 million yen	<b>64,772</b> million yen	<b>+4.2 %</b>

# Business Summary by Segment (Net Sales and Income)

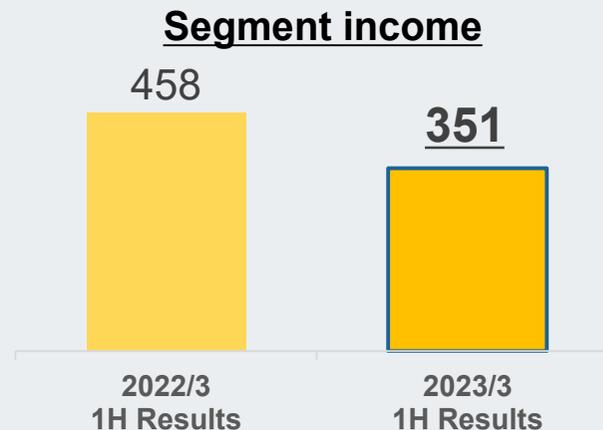
## Power Plant (In million yen)

### ◆ Power Plant

#### Net sales



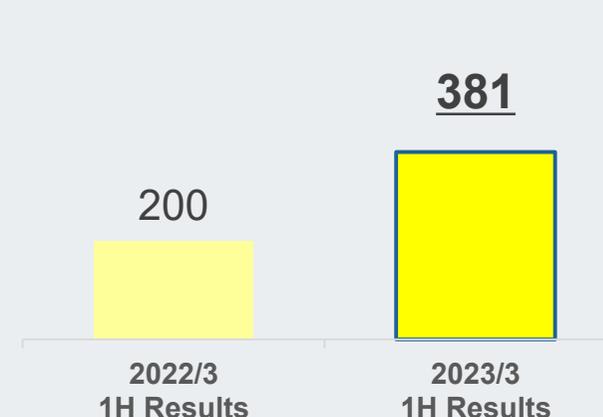
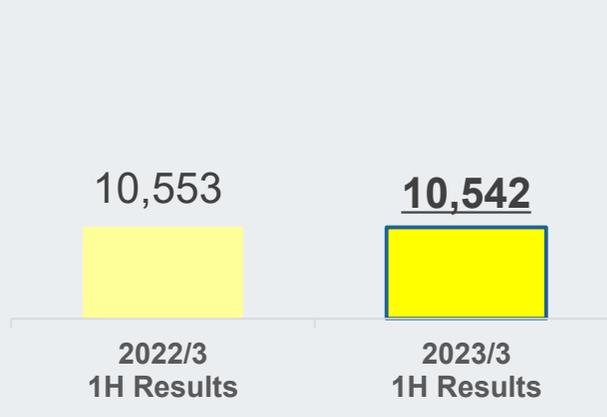
#### Segment income



- The renovation of large thermal power generation facilities in Hokuriku positively affected sales.
- Profitable projects related to disaster control and security decreased.
- The poor profitability of the fuel business adversely impacted the profit ratio.

## Chemicals and Energy Plant (In million yen)

### ◆ Chemicals and Energy Plant



- Large projects including hydraulic power generation facilities for a large transport operator positively impacted sales.
- The briskness of Seika Daiya Engine Co., Ltd.'s business helped boost segment performance.
- Results of Shikishimakiki Corporation were helpful to the figure.

# Business Summary by Segment (Net Sales and Income)

## Industrial Machinery (In million yen)

### Net sales

16,950

17,880

2022/3  
1H Results

2023/3  
1H Results

### Segment income

263

544

2022/3  
1H Results

2023/3  
1H Results

### ◆ Industrial Machinery

- Sales from large projects including bookbinding facilities for government agencies and manufacturing facilities for health food manufacturers had a positive effect.
- Nippon Daiya Valve Co., Ltd. performed strongly.
- The weakening of the yen increased the earnings of export projects for the Tsurumi (Europe) GmbH Group.

## Global Business (In million yen)

8,512

5,342

2022/3  
1H Results

2023/3  
1H Results

374

197

2022/3  
1H Results

2023/3  
1H Results

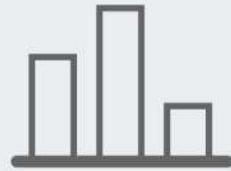
### ◆ Global Business

- The Tsurumi (Europe) GmbH Group's results had a positive impact.
- Performance was negatively affected by restrictions on sales activities and delayed projects in China and Southeast Asia during the COVID-19 pandemic.

# Business Summary by Segment

(In million yen)

	Net sales			Segment income		
	2022/3 1H Result	<b>2023/3 1H Result</b>	Change	2022/3 1H Result	<b>2023/3 1H Result</b>	Change
Power Plant	4,436	<b>6,686</b>	+2,250	458	<b>351</b>	-106
Chemicals and Energy Plant	10,553	<b>10,542</b>	-11	200	<b>381</b>	+181
Industrial Machinery	16,950	<b>17,880</b>	+929	263	<b>544</b>	+280
Global Business	8,512	<b>5,342</b>	-3,169	374	<b>197</b>	-176
Total	40,452	<b>40,452</b>	—	1,296	<b>1,475</b>	+178



**02**

# **Consolidated Forecast for the Fiscal Year Ending March 31, 2023**

# Consolidated Forecast for the Fiscal Year Ending March 31, 2023

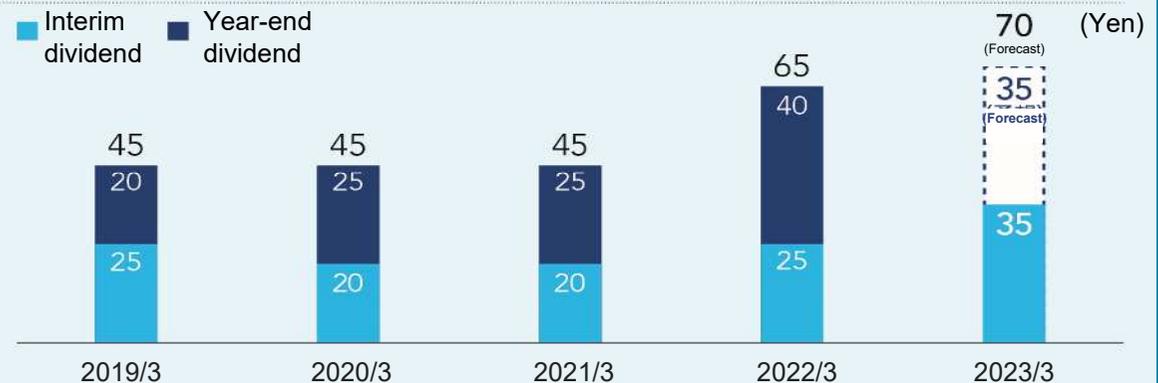
	2023/3 1H Result	2023/3 Forecast	Progress rate
Transaction value (Note)	68,866 million yen	<b>170,000</b> million yen	40.5 %
Net sales	40,452 million yen	<b>95,000</b> million yen	42.6 %
Operating income	1,444 million yen	<b>3,700</b> million yen	39.0 %
Ordinary income	1,217 million yen	<b>3,700</b> million yen	32.9 %
Profit attributable to owners of parent	844 million yen	<b>2,500</b> million yen	33.8 %

Consolidated forecast is calculated based on the information available to the Company as of this moment.

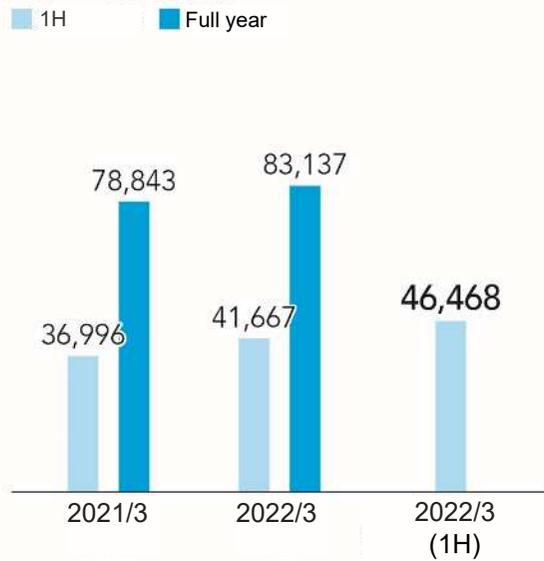
The Accounting Standard for Revenue Recognition and other related standards are not applied to the transaction value.

## Changes in dividends

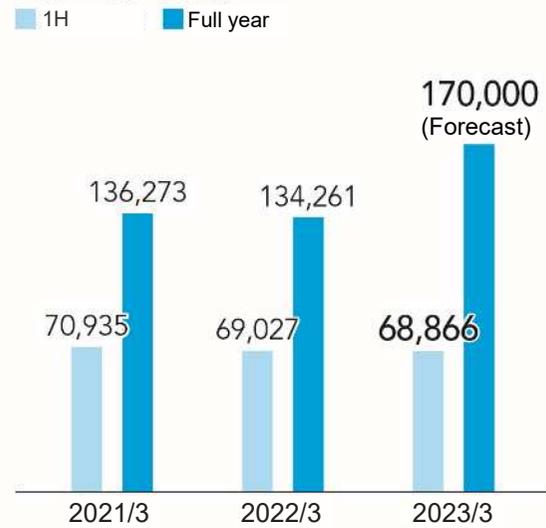
The Company considers the return of profits to shareholders one of the most important management issues and has a basic policy of paying a stable dividend. While strengthening business foundations through efficient business operations across both an operational and financial perspective, and flexibly responding to funding needs for new business development, etc., the Company targets a consolidated dividend payout ratio of 35%.



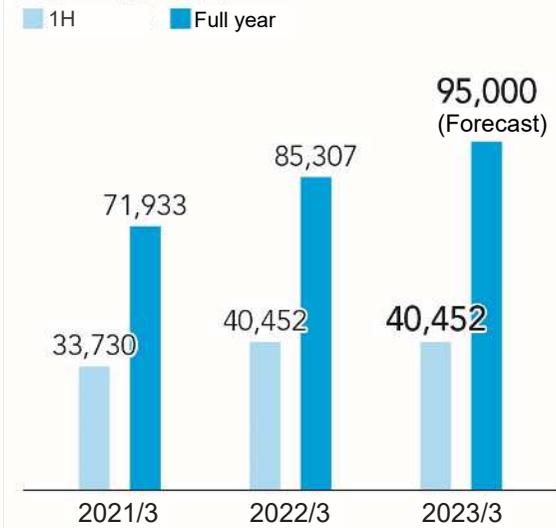
### Amount of orders received (In million yen)



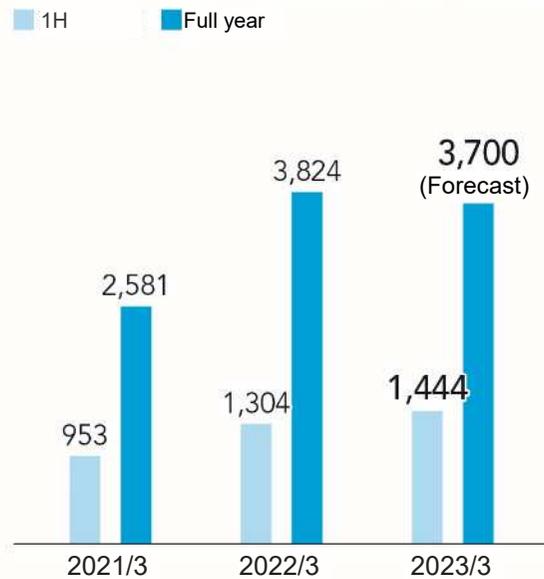
### Transaction value (In million yen)



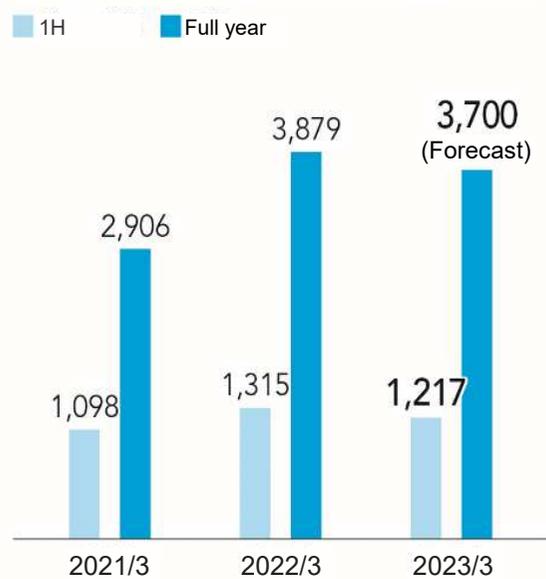
### Net sales (In million yen)



### Operating income (In million yen)

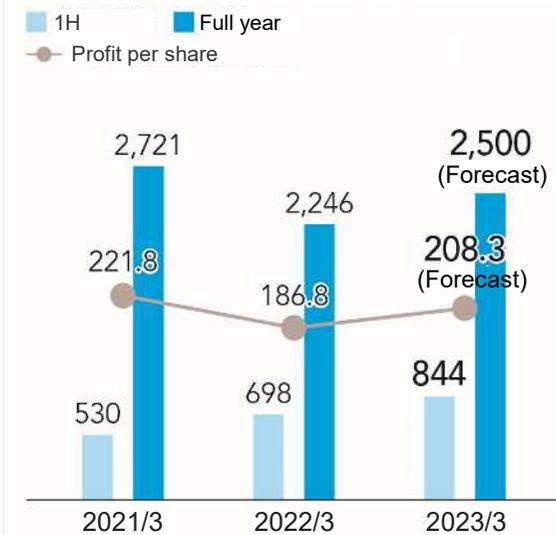


### Ordinary income (In million yen)



### Profit attributable to owners of parent (In million yen)

#### Profit per share (yen)



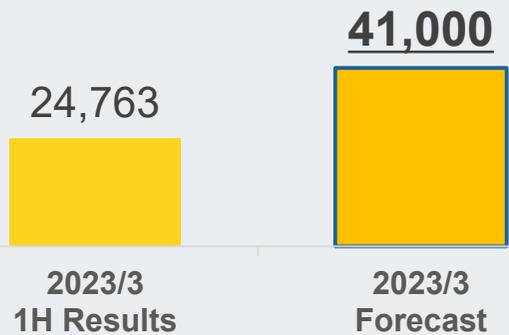
# Consolidated Forecast for the Fiscal Year Ending March 31, 2023 by Segment (Transaction Value, Net Sales and Income)

## Power Plant

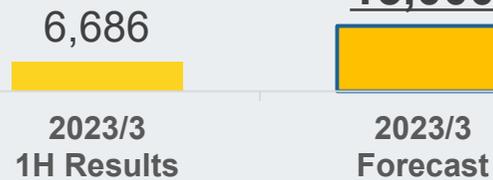
- Sales of disaster prevention-related equipment to nuclear power plant
- Expected to remain almost flat year on year.

(In million yen)

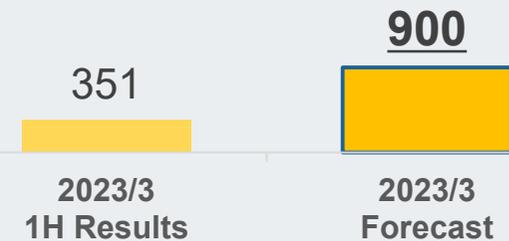
### Transaction value



### Net sales



### Segment income

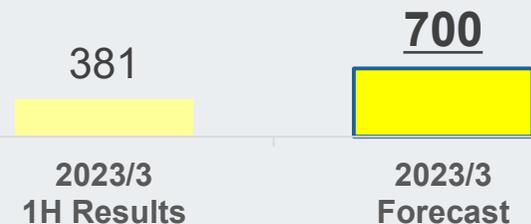
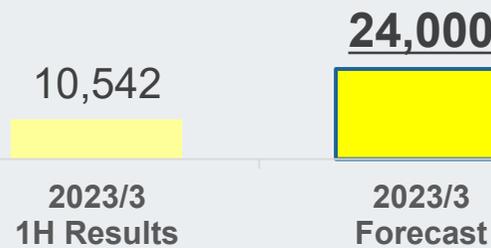
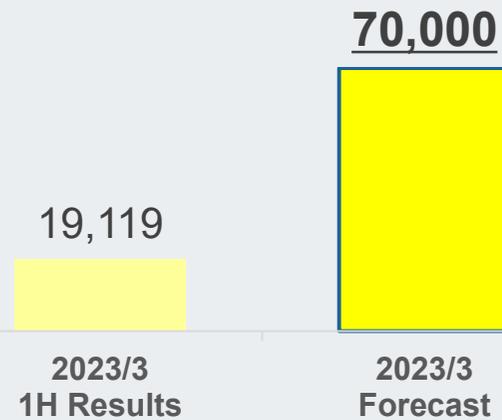


(Before application of the Accounting Standard for Revenue Recognition and other related standards)

## Chemicals and Energy Plant

- Seika Daiya Engine and Shikishimakiki's sales will be healthy.
- Construction projects for chemical manufactures and others will increase.

(In million yen)



(Before application of the Accounting Standard for Revenue Recognition and other related standards)

# Consolidated Forecast for the Fiscal Year Ending March 31, 2023 by Segment (Transaction Value, Net Sales and Income)

## Industrial Machinery

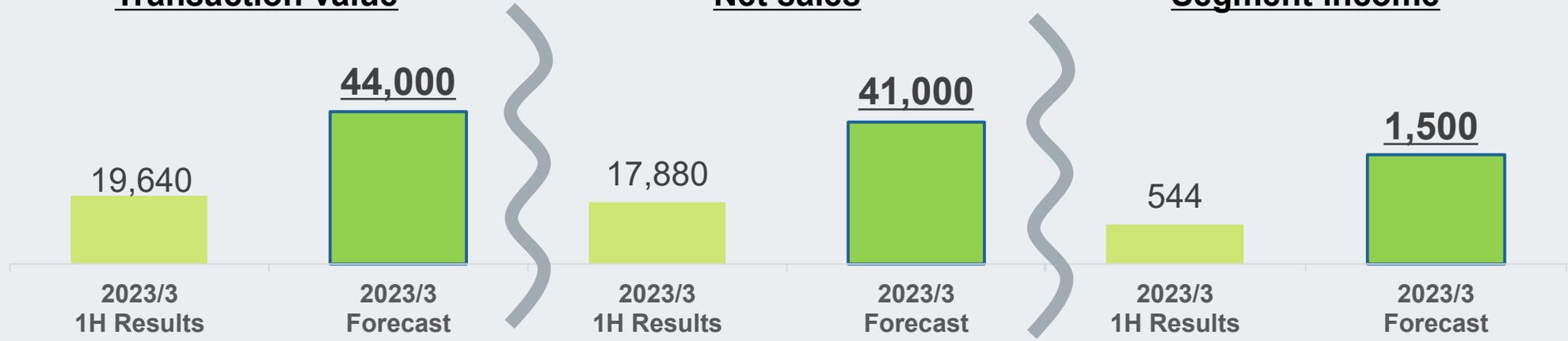
- Sales of manufacturing equipment for health food manufacturers and film manufacturing equipment for large textile firms will produce good results.
- Nippon Daiya Valve will perform strongly.

(In million yen)

### Transaction value

### Net sales

### Segment income

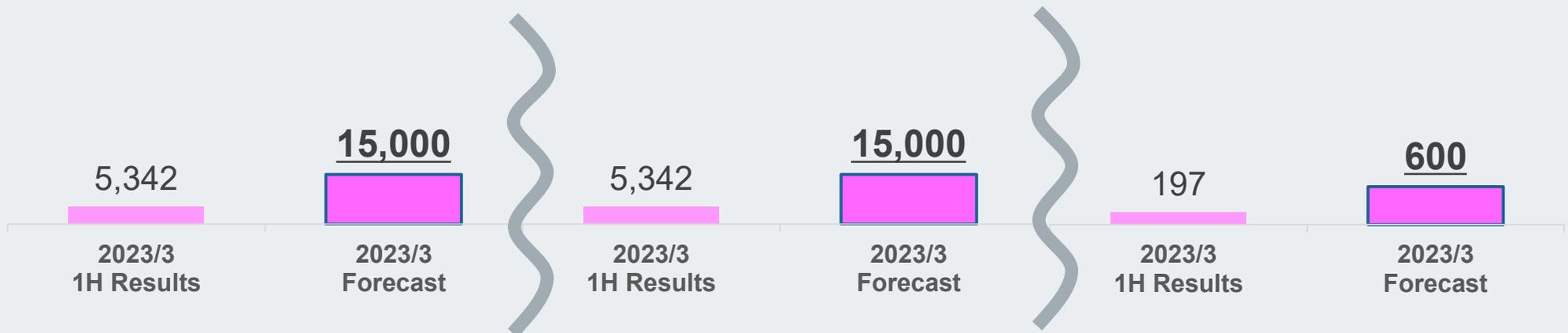


(Before application of the Accounting Standard for Revenue Recognition and other related standards)

## Global Business

- The Tsurumi (Europe) Group's sales will be buoyant.
- The impact of COVID-19 will be serious, mainly in China and Southeast Asia

(In million yen)



# Consolidated Forecast for the Fiscal Year Ending March 31, 2023 by Segment

(In billion yen)

	Transaction value			Net sales			Segment income		
	2022/3 Result	2023/3 Forecast	Change	2022/3 Result	2023/3 Forecast	Change	2022/3 Result	2023/3 Forecast	Change
Power Plant	39.54	<b>41.0</b>	+1.46	11.36	<b>15.0</b>	+3.64	1.19	<b>0.9</b>	-0.29
Chemicals and Energy Plant	36.70	<b>70.0</b>	+33.3	22.26	<b>24.0</b>	+1.74	0.74	<b>0.7</b>	-0.04
Industrial Machinery	41.52	<b>44.0</b>	+2.47	35.19	<b>41.0</b>	+5.81	1.14	<b>1.5</b>	+0.36
Global Business	16.49	<b>15.0</b>	-1.49	16.49	<b>15.0</b>	-1.49	0.73	<b>0.6</b>	-0.13
Total	134.26	<b>170.0</b>	+35.74	85.3	<b>95.0</b>	+9.70	3.81	<b>3.7</b>	-0.11

The Accounting Standard for Revenue Recognition and other related standards are not applied to transaction value.



**03**

# Topics

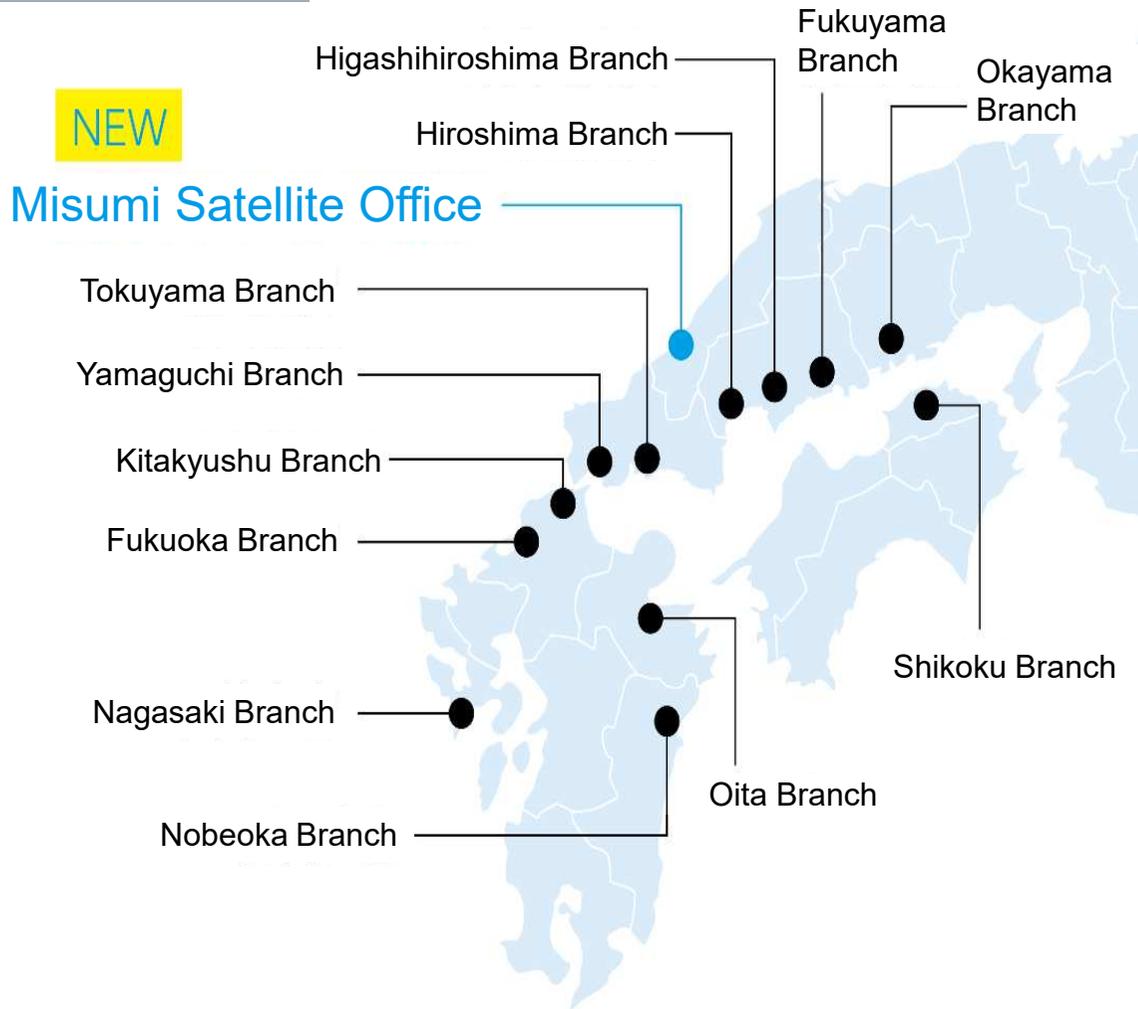
# Topic (1)

## Opening of the Misumi Satellite Office

In October 2022, we opened the **Misumi Satellite Office** in Hamada, Shimane Prefecture as a site under the control of the Hiroshima Branch.

Traditionally, the Hiroshima Branch has served Chugoku Electric Power Co., Inc. and other customers in the coastal areas of Shimane Prefecture. The opening of this satellite office has paved the way **for more flexible sales activities**.

In the future, we will continue to improve flexibility and services.



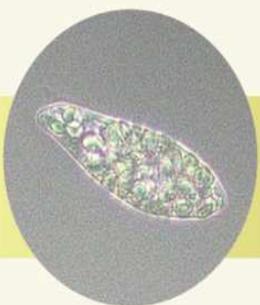
## Topic (2)

### Investment in Euglead Inc.



We invested in Euglead Inc., a business venture engaging in the manufacturing of **paramylon nanofibers (PNF)**, which are nanofibers derived from euglena. In addition, we formed a business partnership with it for the sale of PNF.

#### Producing nanofibers from euglena



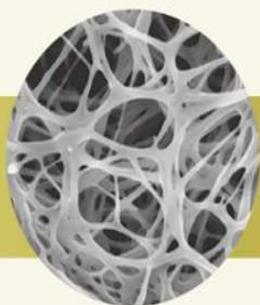
Euglena

Fine algae holding animal and plant characteristics and containing rich nutrients



Paramylon

Polysaccharide composed of  $\beta$ -1,3 glucan stored in euglena with a sophisticated crystal structure. It has a uniform particle size of 5  $\mu$ m.



Paramylon nanofibers (PNF)

Produced from paramylon and free of impurities. As a material, they have useful properties.

- ✓ Automobiles
  - ✓ Household appliances
  - ✓ Separators of electrode materials for fuel cells and others
  - ✓ For housing and building materials
- Expected to have a wide variety of applications as a reinforced plastic composite.

#### What is PNF?

- Nature-derived nanofibers
- Its strength is five times that of steel with a weight that is about one-fifth the weight of steel
- About a quarter of the cost of CNF

# Topic (3) SMI Signs Business Partnership Agreement with ACE

## Issues

- Tire manufacturers carry out large-scale tests involving the driving of vehicles under different natural conditions to analyze and assess abrasion, friction and other tire characteristics when developing products. This requires **a huge amount of time, money and labor**.
- Manufacturers of the materials supplied to tire manufacturers may also possibly conduct similar tests.
- In recent years, **environmental measures** such as the reduction of the number of tires used in the tests that are disposed and abrasion powder have been drawing attention.



Ueshima  
株式会社 上島製作所

- ✓ Able to test abrasion, friction and other characteristics using tire samples in simulated driving instead of actual driving, the simulation reproduces tire slippage under dry, rainy and snowy conditions.
- ✓ This facilitates the assessment of tire performance and achieves a high degree of correlation with the data collected in real driving tests.



- ✓ Signed a North America dealership contract with Ueshima Seisakusho. Launched collaboration in the United States.
- ✓ Purchased demonstration prototypes from Ueshima Seisakusho and put one on display in trade shows. Another prototype is also placed in ACE's demonstration room.
- ✓ Aiming to expand business opportunities to comprehensively supply different items to tire and material manufacturers.



- ✓ Launched in Akron, Ohio, amid an industrial cluster of tire and chemical manufacturers
- ✓ Conducting various physical tests of rubber and other materials on contract as well as the analysis and evaluation of materials and consulting services. Its name recognition has rapidly increased in recent years in the tire and rubber industry.
- ✓ Capable of testing materials related to road construction to expand its services into the social infrastructure sector.

Rotation Traction Measurement (RTM)



# Social Contribution Activities

## Investment in Renatech Co., Ltd.

### SDGs Support Fund

We invested 15 million yen in Renatech Co., Ltd. in order to support its metallo-balance cancer risk screening business.

Providing a **high-reliability, low-cost cancer risk exam tool**, this business helps detect early-stage cancer. Our determination that this addresses *SDG 3: Ensure healthy lives and promote well-being for all at all ages* led to our decision to invest.



## Donation of 600,000 high performance face masks

We donated approximately 600,000 hydro silver titanium® non-woven masks manufactured by DR.C Medical Medicine Co., Ltd. to the Okayama Prefectural Government, the Yamaguchi Prefectural Government, the Nagasaki Prefectural Government, the Kitakyushu City Government, the Tokyo Community Chest Society, food bank OSAKA, Foodbank Tama, FUKUSHIMA Inochi-no-Mizu and others.

It is a functional face mask developed by DR.C Medical Medicine, a specialist in development of therapeutic agents against infectious and allergic diseases, through the application of its hydro silver titanium® technology that decomposes unsanitary proteins and proteins in pollen into water, carbon dioxide, nitrogen and other components.



Cautionary Note: Forward-Looking Statements:

All forward-looking statements contained herein are based on information available to SEIKA CORPORATION as of the date hereof and actual results may differ materially from those in the forward-looking statements due to unforeseeable factors or uncertainties.

Figures in billions of yen or millions of yen presented herein are rounded down to the nearest billion yen or to the nearest million yen respectively and numbers may not add up due to rounding.

**IR Contact**

**Corporate Planning Dept., Tel: +81-3-5221-7117**

**E-mail: [SMB076@jp.seika.com](mailto:SMB076@jp.seika.com)**



# Reference Materials

## Fiscal Year Ending March 31, 2023

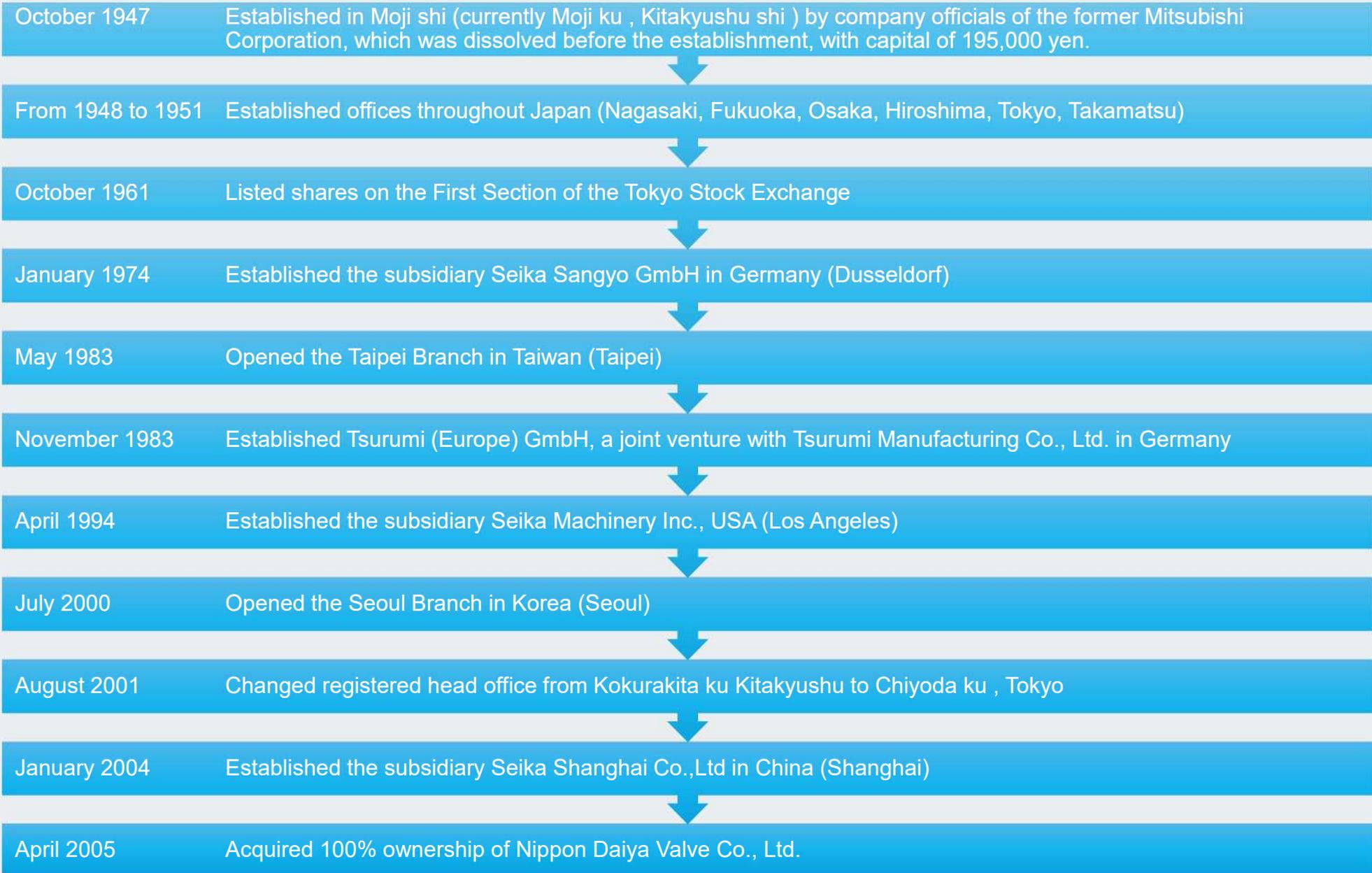
# Reference Materials

1. **Company Profile**
2. **History of SEIKA CORPORATION**
3. **Domestic Network**
4. **Overseas Network**
5. **Introduction to Each Business**
6. **Performance Trend**
7. **Changes in Consolidated Financial Results**
8. **Trend of Management Indicators**
9. **Medium-Term Business Plan**
10. **ESG Initiatives**

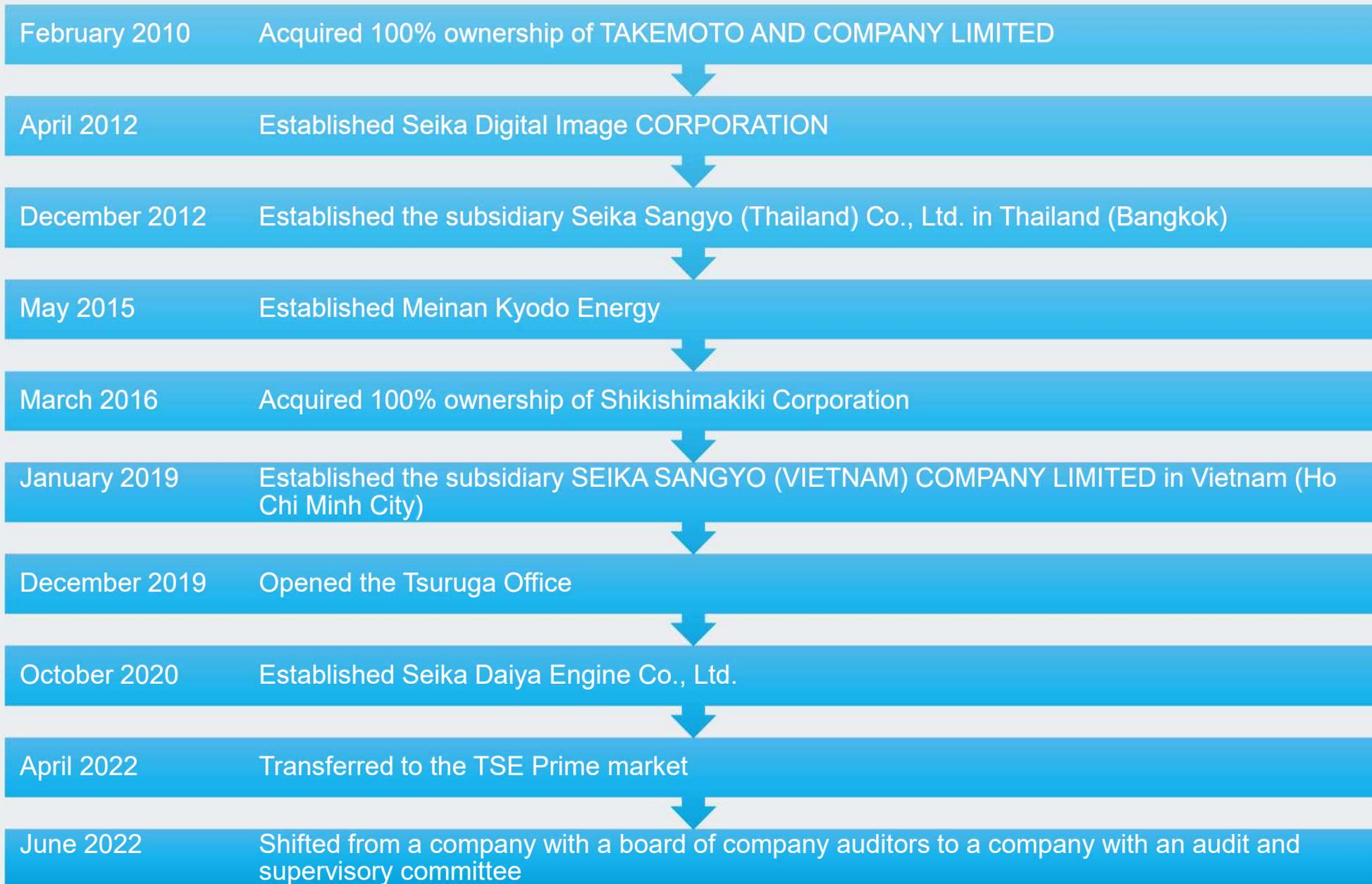
# 1. Company Profile

Trading name	SEIKA CORPORATION	 <p>Head office: Shin-Tokyo Bldg., Marunouchi</p>
Head office	Shin - Tokyo Bldg, 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005	
Establishment	October 1, 1947	
Representative	Akihiko Sakurai, President	
Capital	6,728 million yen	
Number of employees	Non-consolidated: 311 / Consolidated: 993 (As of September 2022)	
Core business	Plants, machinery and equipment, environmental protection equipment, sale, import and export of electronic information system equipment	
Offices	18 offices in Japan, including head office, Osaka branch, Fukuoka branch and Hiroshima branch 3 offices overseas including Taipei branch, Seoul branch and Viet Nam Office	
Affiliated companies and bases	12 affiliated companies in Japan and 16 affiliated companies overseas 78 bases in Japan and 26 bases overseas	

## 2. History of SEIKA CORPORATION (1)



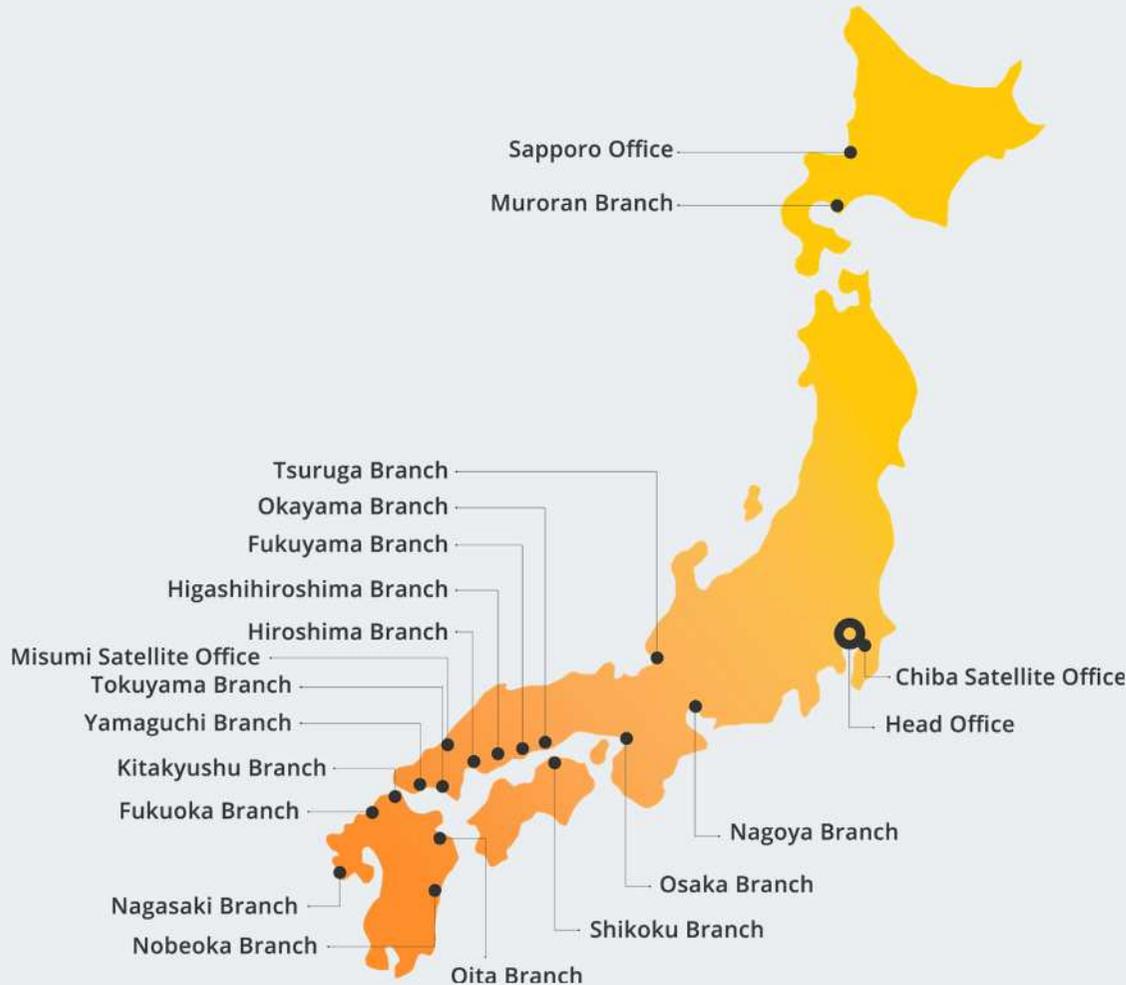
## 2. History of SEIKA CORPORATION (2)



# 3. Domestic Network

● SEIKA CORPORATION

Tokyo, Osaka, Muroran, Nagoya, Shikoku, Okayama, Tsuruga, Fukuyama, Hiroshima, Higashi Hiroshima, Tokuyama, Yamaguchi, Fukuoka, Kita Kyushu, Oita, Nobeoka, Nagasaki, Sapporo



● Subsidiaries and Affiliates

**Nippon Daiya Valve Co., Ltd.**

Tokyo, Osaka, Nagoya, Okayama, Kita Kyushu

**TAKEMOTO AND COMPANY LIMITED.**

Kobe, Takasago, Mihara, Tokuyama

**Seika Digital Image CORPORATION.** Tokyo

**Shikishimakiki Corporation**

Head Office in Sapporo, Hokkaido and ten other offices in Hokkaido

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

Tokyo Head Office  
Tohoku, Kanto, Chubu, Kinki, Kyushu areas  
26 offices nationwide

**Tozai Jitsugyo Co., Ltd.** Tokyo

**MEINAN KYODO ENERGY Co., Ltd.** Chita

**Seiwa Polymer Tsukuba**

**S TEC Co., Ltd.** Tokyo, Osaka, Tsukuba

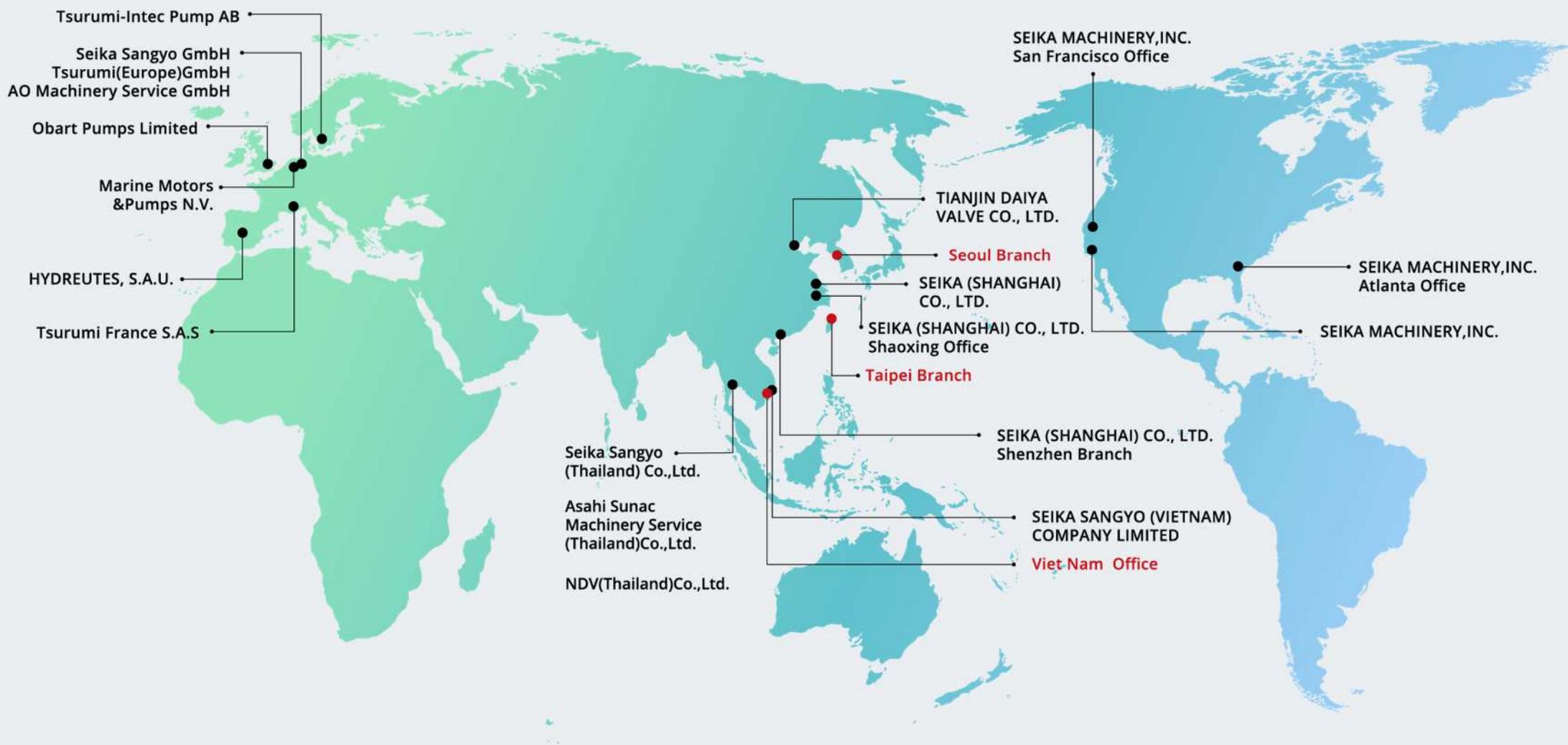
**TEN FEET WRIGHT INC.**

Tokyo, Osaka, Takamatsu, Fukuoka

**JAPAN EJECTOR ENGINEERING Co., Ltd.**

Osaka, Wakayama

# 4. Overseas Network



# 5. Introduction to Each Business (Power Plant)

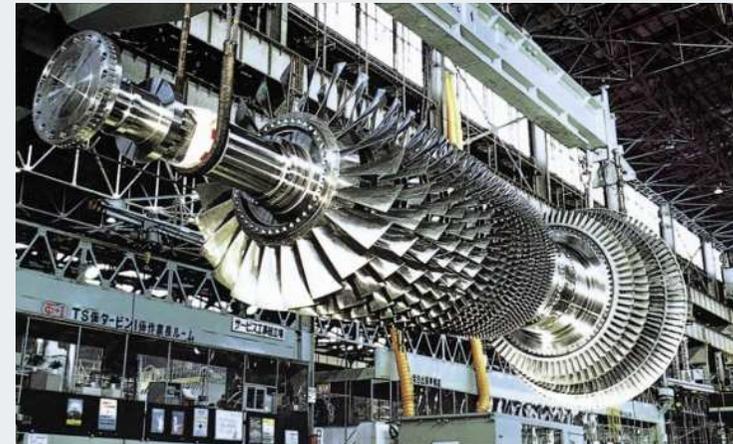
## Energy-one of the most important themes for industry

### [Business Activities]

- Sales of and after-the-sale services for power generation equipment such as boilers and gas turbines for thermal power plants for commercial use and environmental preservation equipment
- Sales of disaster prevention- and security-related equipment and various devices for nuclear power plants
- Sales of and after-sales services for renewable energy power generation equipment (small hydroelectric power, wind power, biomass, etc.)



<Power plant>



<Power generation equipment>

# 5. Introduction to Each Business (Chemicals and Energy Plant)

**A wide range of products spanning energy generation and manufacturing processes**

**[Business Activities]**

- Sales of and after-sales services for power generation equipment and environmental load-reducing products for companies such as petroleum refineries and chemicals, paper and steel plants
- Sales of equipment and fuels for biomass power generation
- Sales and maintenance of ship engines (Seika Daiya Engine Co., Ltd., Shikishimakiki Corporation)



<Chemicals Plant>



<Environmental protection equipment>



<Fuels for biomass power generation equipment>

# 5. Introduction to Each Business (Industrial Machinery)

**High value-added products that support affluent and comfortable living environments**

**[Business Activities]**

- Sales of manufacturing equipment for industries such as EV-related industries, new materials, textiles, films and beverages.
- Sales of machinery and equipment for plant engineering companies
- Sales of measuring instruments for environmental preservation for industrial machinery
- Inspection service using drones equipped with ultrasonic inspection systems
- Manufacturing and sales of various industrial valves (Nippon Daiya Valve Co., Ltd.)
- Sales of advanced measuring instruments and software (Seika Digital Image Corporation)



<Ultra-lightweight solar panel>



<Film-related equipment>



<Drone inspection service>



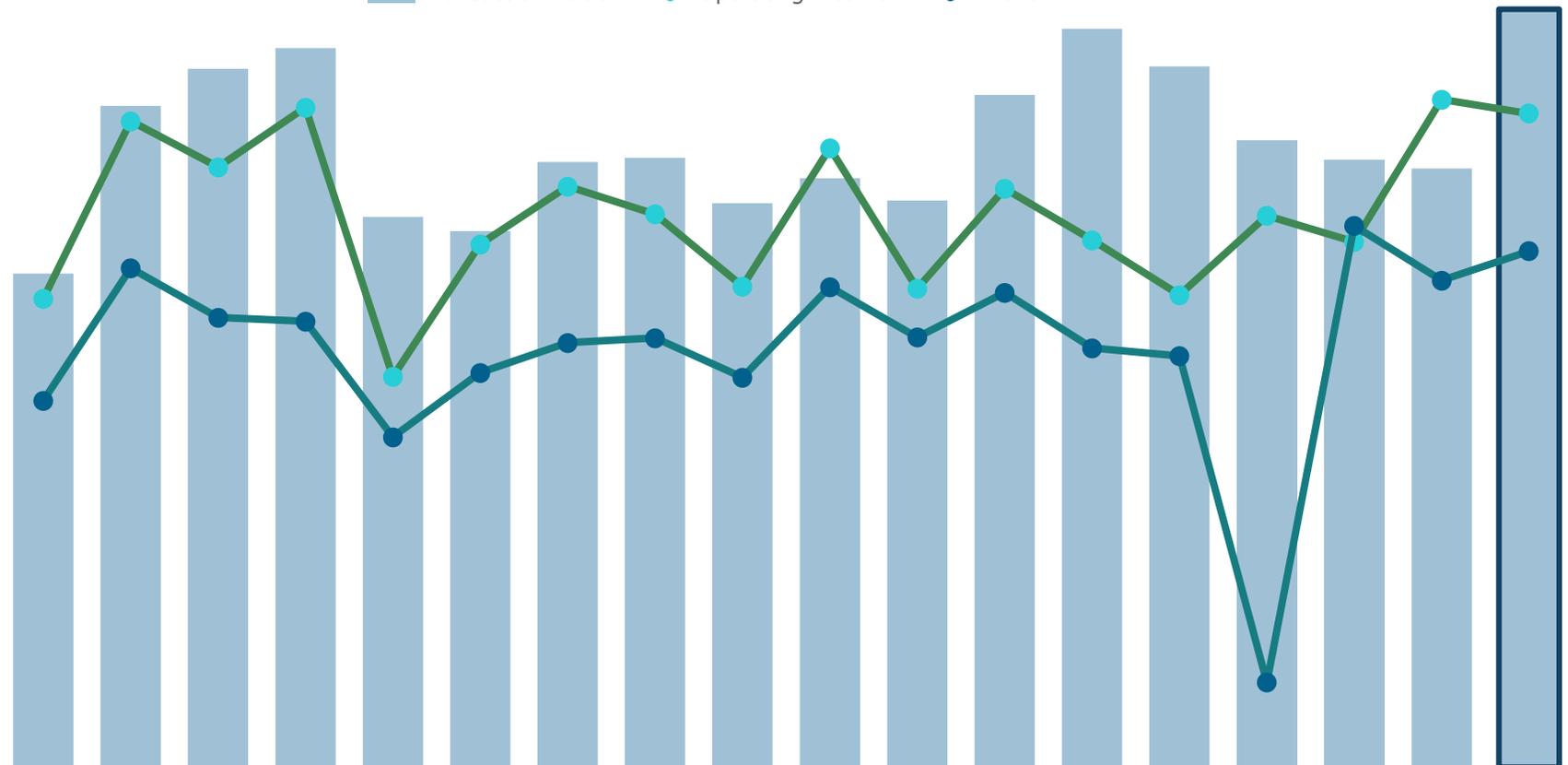
<Laser-based gas concentration meter>



# 6. Performance Trend

Consolidated Transaction value, Operating Income and Profit  
(in million yen)

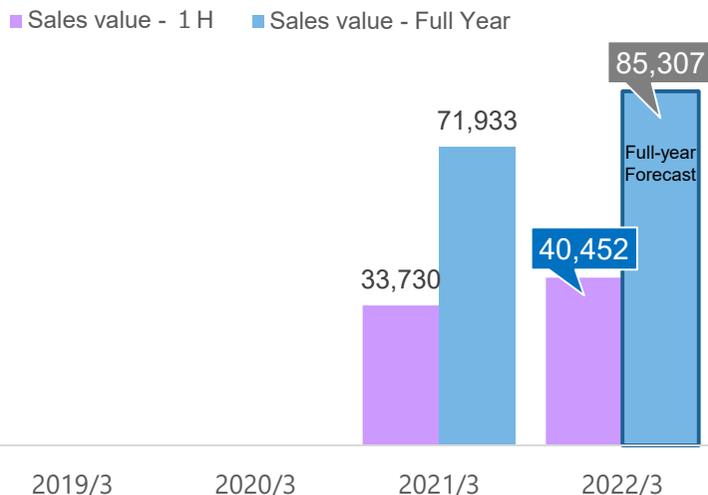
Transaction value    Operating income    Profit



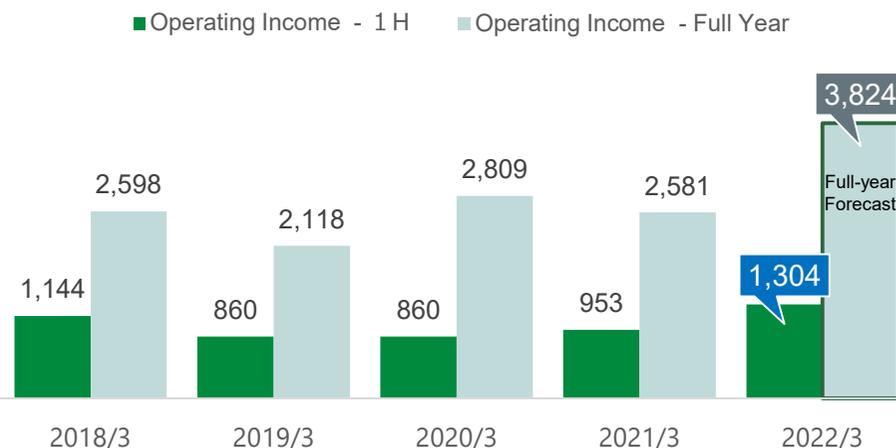
	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3 Forecast
Transaction value	110,727	148,307	156,588	161,261	123,394	120,243	135,717	136,670	126,487	132,033	127,101	150,742	165,585	157,145	140,677	136,273	134,261	170,000
Operating income	2,088	3,634	3,234	3,754	1,406	2,561	3,065	2,824	2,193	3,400	2,174	3,046	2,598	2,118	2,809	2,581	3,824	3,700
Profit	1,198	2,353	1,922	1,889	879	1,441	1,702	1,743	1,399	2,188	1,750	2,140	1,655	1,587	-1,262	2,721	2,246	2,500

# 7. Changes in Consolidated Financial Results

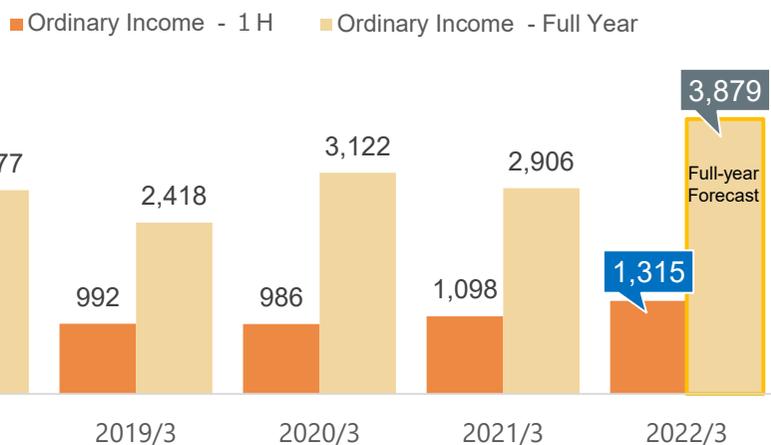
### Consolidated Sales value(In million yen)



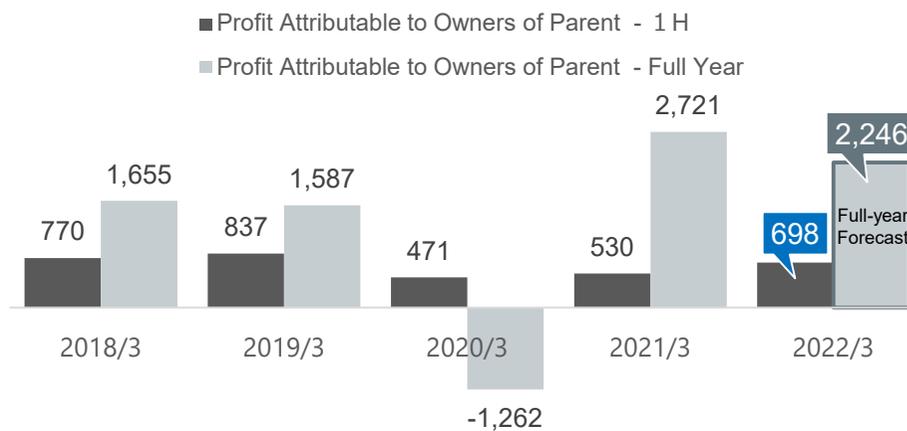
### Consolidated Operating Income (In million yen)



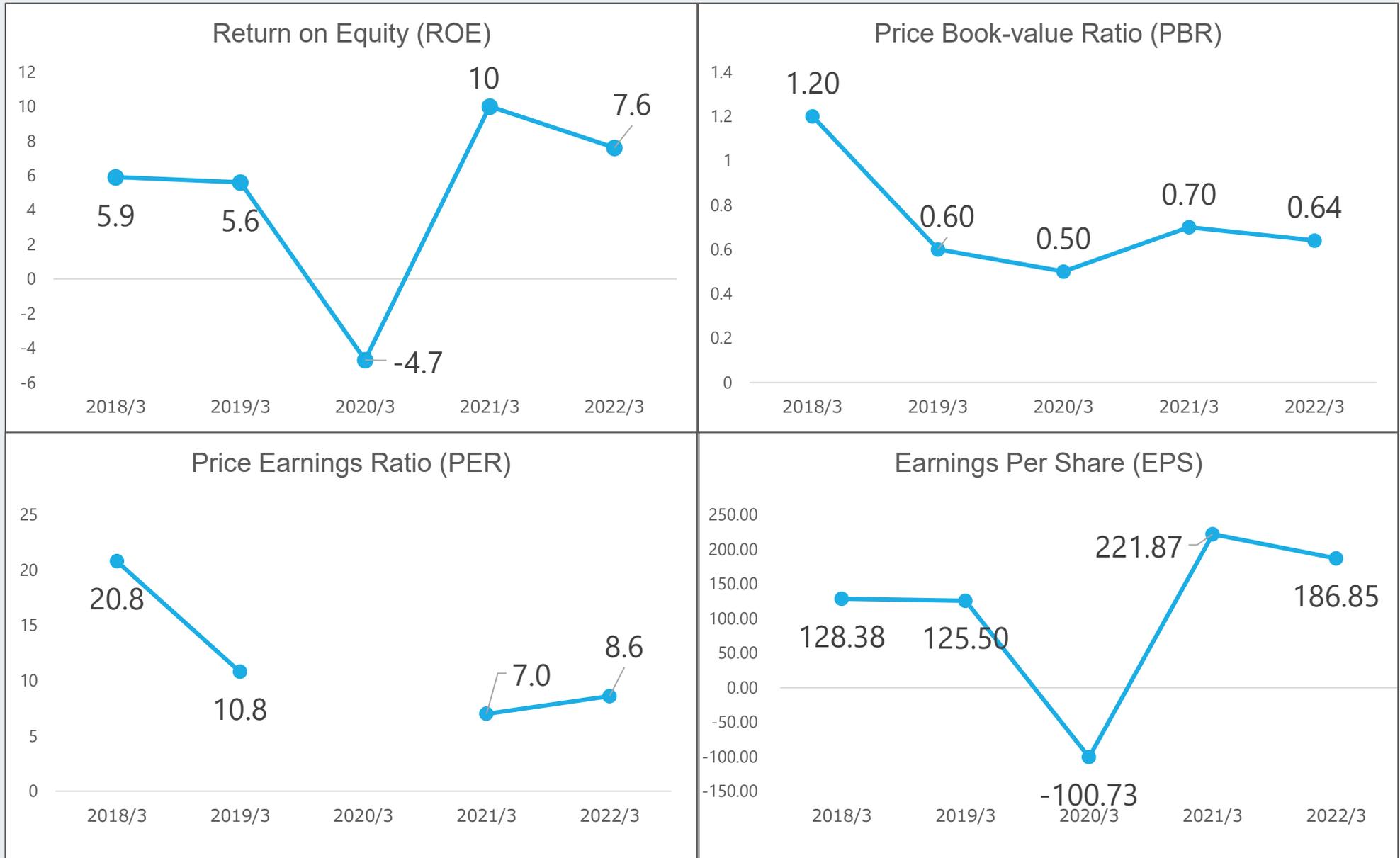
### Consolidated Ordinary Income (In million yen)



### Consolidated Profit Attributable to Owners of Parent (In million yen)



# 8. Trend of Management Indicators





## 9. Long-Term Vision VIORB2030

---

## Long-Term Vision

# VIORB 2030

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

For the purpose defined above and to help realize a fulfilling society, we have formulated the VIORB 2030 long-term vision for 2030.

### Our Purpose

Supporting the sustainable generation of energy and industrial activities in harmony with the global environment as a corporate group centered on a trading company with strengths in the areas of energy and industrial infrastructure

## Long-Term Vision

# VIORB 2030

### Priority business domains

**Decarbonization**

Quickly develop insight into users' needs related to decarbonization and technological innovation to commercialize solutions

**Energy and Resources conservation**

Expand support to the permanent needs of the industrial circles for energy and resources conservation

**Circular economy**

Accelerate progress and actions towards a circular economy

**DX**

View digital transformation from a broad perspective to seek business opportunities

## Long-Term Vision

# VIORB 2030

### Key management measures

Improve **cash management** mechanisms to maximize funding capacity

**Invest around 10 billion yen in businesses**  
to deepen existing businesses and expand business domains

Establish **1 billion yen fund** to support businesses and activities  
working to achieve the **SDGs**

**Streamline the organization and increase productivity**  
to introduce human resources in priority domains

Clarify strengths based on the unique characteristics of **individual group companies**  
and **concentrate company resources**

## Long-Term Vision

# VIORB 2030

### Indicator of results

Transaction value  
related to green innovation  
for the fiscal year ending  
March 31, 2031

**120 billion yen**

### Consolidated profit target

Consolidated profit target  
for the fiscal year ending  
March 31, 2031

**4 billion yen**



# 10. Medium-Term Business Plan Re-SEIKA 2023

**Evolving into a strong and valuable company  
through changes and challenges.**

**April 2020 – March 2023**

# Group Policy

We have established the Seika Corporation Group Policy, Code of Conduct, and Group Mission to strengthen solidarity and promote the group management of the Seika Group. We aim to improve our corporate value as a Group by having each Group company and each employee share these ideals and use them in their daily activities.

## Group Policy

Strive for excellence and foster a sustainable society with corporate integrity.

## Code of Conduct

Comply with laws and act with ethical standards to gain the trust of society.

## Group Mission

Create a fulfilling society together.

## Re-SEIKA 2023

Evolving into a strong and valuable company through changes and challenges.

1

### Increase the Group's Revenue

Reorganize Seika Corporation's individual businesses and the group companies by business details into business units to implement integrated business operations

2

### Strengthen the revenue base

Divide the Group's businesses into base revenue and growth revenue. Push ahead with the optimization of the business portfolio and effectively introduce management resources as appropriate.

3

### Develop new revenue sources

Continuously introduce management resources to the development of new sources of earnings to accelerate construction of foundations for the Group's continuous growth.

4

### Strengthen the management base

Stabilize the Group's financial position. Streamline operations, enhance the workplace environment and develop human resources by introducing and accelerating the IT shift and digital transformation (DX) to boost organizational strength.

# Numerical Targets under Medium-Term Business Plan Re-SEIKA 2023

## Management Numerical Targets (consolidated)

	2023/3 (100 <sup>th</sup> Term)
Operating income	<b>3.7</b> billion yen
Profit attributable to owners of parent	<b>2.5</b> billion yen

(Reference) If profit attributable to owners of parent reaches the management numerical target of 2.5 billion yen for fiscal year ending March 31, 2023, ROE will be 8% or higher.

# 10. ESG Initiatives



## Environment (Expansion of green-innovation products )

Result for orders received for green-innovation products in the fiscal year ended March 31, 2022	Number of Transaction	Amount of Transaction value (In billion yen)
<b>Energy-saving, resource-saving, high efficiency products</b>	11,931	77.4
<b>Pollution-preventing products</b>	992	6.0
<b>Recycled/Reused products</b>	422	0.9
Total	13,345	84.3

## Social responsibility (workstyle reform)

### Promotion of the career advancement of women

Hiring of more women on the management career track, support for the career development of female employees, appointment of female managers

### Promotion of employee health

Adoption of Premium Friday system, encouragement to take paid holidays, payment of cost of influenza vaccination by the Company, Introduction of flextime system

### Development of human resources

Various types of rank-based training, system of sending employees overseas for training



## Governance

### Measures based on the Corporate Governance Code

- Conducted evaluation of effectiveness of Board of Directors (Third-party evaluation)
- Established the Nomination Review Committee and the Compensation Review Committee
- Outside director (3 people in total, Outside director rate: More than 1/3 of the board)
- Provision of information in English
- Part of convocation notice, financial results briefing, materials, FACT BOOK