

Our philosophy is to Contribute to Society Through the Expansion of Business.

# Financial Results Briefing for the Fiscal Year Ended March 31, 2022

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

SEIKA CORPORATION (TSE Prime Market: 8061)



Dear every stakeholders, first of all, I would like to express my sincere appreciation to you all, for your continuous interest in SEIKA CORPORATION.

I am Akihiko Sakurai, President of SEIKA CORPORATION.

Thank you very much for attending today's financial results briefing despite concerns about COVID-19 and your busy schedules.

We have decided to hold the financial results briefing for the fiscal year ended March 31, 2022 and also to post a video of the briefing at a later date. (Japanese only.)

I hope that this briefing and video presentation will give you a better understanding of Seika Corporation.

Now I will start the proceedings.

# CONTENTS

**01**

**Summary of  
Consolidated Financial  
Results for the Fiscal Year  
Ended March 31, 2022**

**02**

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

**03**

**Long-Term Vision  
VIORB 2030**

**Reference Materials**

In this financial results presentation, I plan to explain the matters shown here in this slide.



# 01

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

Now let me start with the summary of consolidated financial results for the fiscal year ended March 31, 2022.



## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

	2022/3 Initial Forecast	2022/3 Result	Change (YoY)
Transaction value	130,000 million yen	<b>134,261</b> million yen	<b>+3.2%</b>
Net sales	88,500 million yen	<b>85,307</b> million yen	<b>-3.7%</b>
Operating income	2,850 million yen	<b>3,824</b> million yen	<b>+34.2%</b>
Ordinary income	3,100 million yen	<b>3,879</b> million yen	<b>+25.1%</b>
Profit attributable to owners of parent	1,950 million yen	<b>2,246</b> million yen	<b>+15.2%</b>

	2022/3 Forecast	2023/3 Forecast	Change
Interim dividend	<b>25.00</b> yen	35.00 yen	<b>+10.00</b> yen
Year-end dividend	<b>40.00</b> yen	35.00 yen	<b>-5.00</b> yen
Full-year dividend	<b>65.00</b> yen	70.00 yen	<b>+5.00</b> yen

Please look at slide 4.

This shows a summary of the consolidated financial results.

Under circumstances that remained uncertain during the COVID-19 pandemic, we posted:

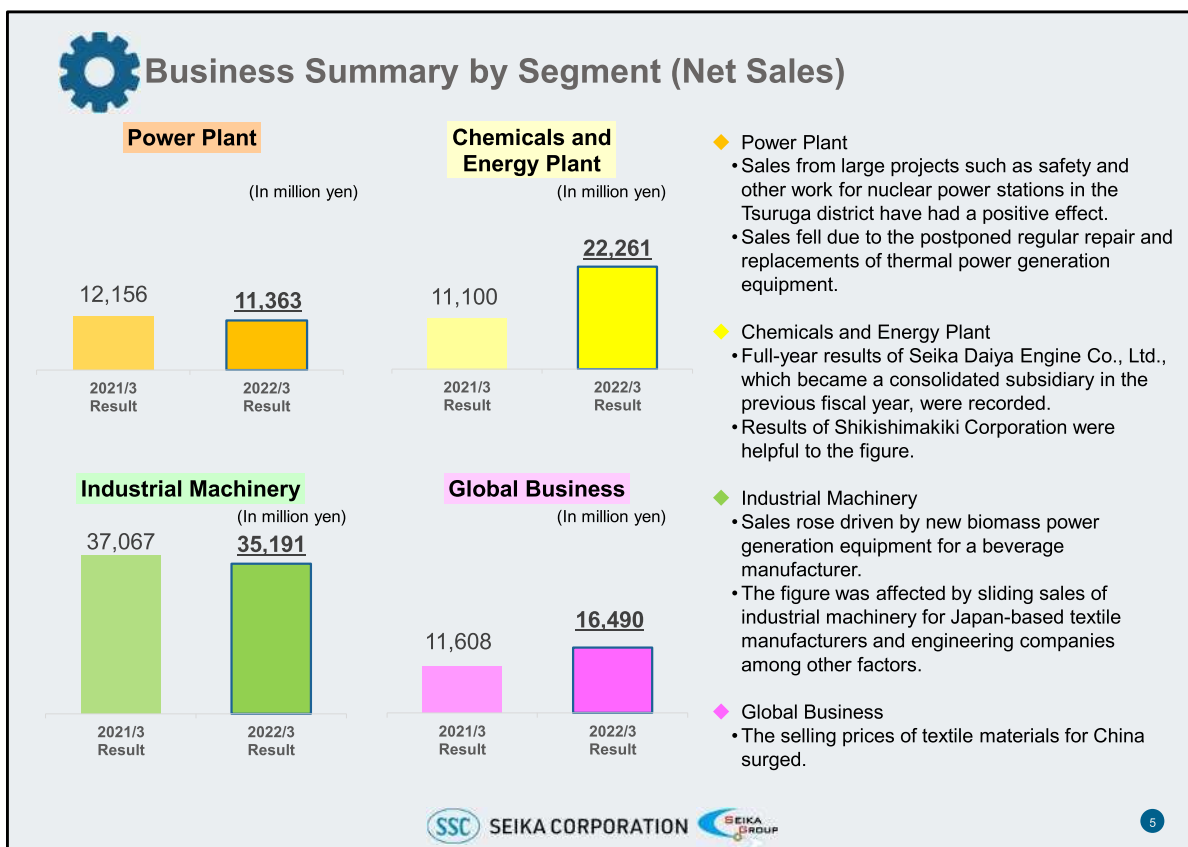
Transaction value of approximately 134,200 million yen, net sales of 85,307 million yen, operating income of 3,824 million yen, ordinary income of 3,879 million yen and profit attributable to owners of parent of 2,246 million yen

for the fiscal year ended March 31, 2022.

Operating income, ordinary income and profit ended higher than forecast at the start of fiscal year.

Accordingly, we will increase the year-end dividend for the fiscal year by 10 yen per share from the expected 30 yen per share to 40 yen per share.

That will make the full-year dividend 65 yen per share, including the interim dividend of 25 yen per share.



This slide shows sales results by segment.

In the Power Plant business, net sales decreased around 6% due to the postponement of regular repairs and other work regarding thermal power generation equipment, although large projects for safety and other work for nuclear power stations in the Tsuruga district of Fukui Prefecture had some positive impact on sales.

In the Industrial Machinery business, net sales dipped nearly 5%. That was due to sluggish sales of industrial machinery for Japan-based textile manufacturers and engineering companies despite sales of newly constructed biomass power generation equipment for a beverage company.

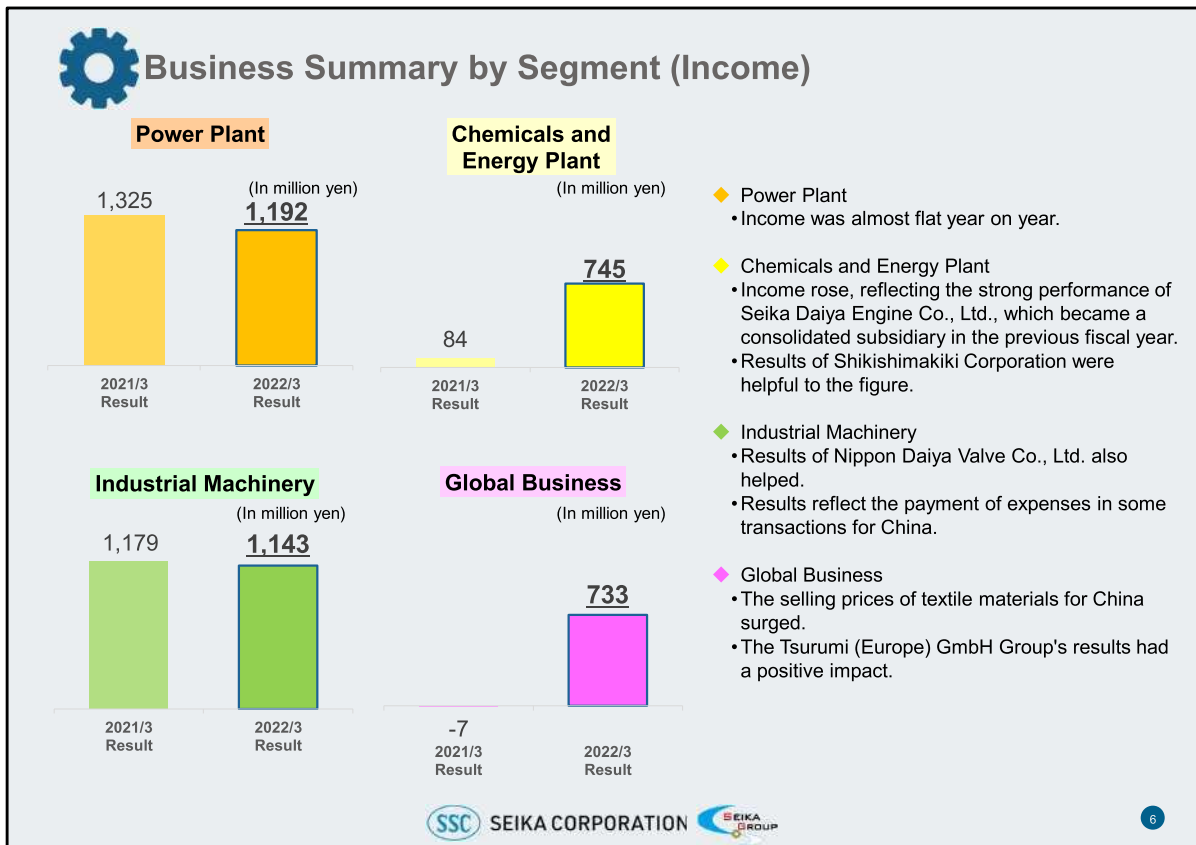
In the Chemicals and Energy Plant business, net sales leaped massively, supported by the posting of full-year results of Seika Daiya Engine after it became a consolidated subsidiary in the previous fiscal year and brisk sales of Shikishimakiki.

In the Global business, net sales rose about 40%. Subsidiaries in Europe attained strong results and the selling prices of textile materials for China rose.

Let me mention our two new actions for the fiscal year ended March 31, 2022.

In the Industrial Machinery business, we embarked on inspection services for plants and manufacturing equipment using drones. I will be talking about the details of these services later.

The other is that, in the Chemicals and Energy Plant business, in October 2021, Seika Daiya Engine formed a partnership with Euglena Co., Ltd., a company famous for biofuel derived from a microalgal species of the same name. The goal of the deal is collaboration in the supply and utilization of the Susteo next-generation biodiesel fuel for fishing boat engines. In accordance with the philosophy behind Sustainable Development Goal 14 which is about life below water, we will push ahead with this activity.



I will explain segment income.

The figure stood at 1,192 million yen in the Power Plant business and at 1,143 million yen in the Industrial Machinery business. Both segments saw segment income drop slightly following sales declines.

In the Chemicals and Energy Plant business, segment income rose hugely to 745 million yen following an increase in sales.

In the Global business, segment income grew significantly to 733 million yen. This was due to the end of the process of withdrawing from the Thai-based company manufacturing and selling printed circuit boards and the brisk results achieved by subsidiaries in China and in Europe.



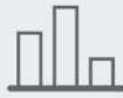
## Business Summary by Segment

(In million yen)

	Net sales			Segment income		
	2021/3 Result	2022/3 Result	Change	2021/3 Result	2022/3 Result	Change
Power Plant	12,156	<b>11,363</b>	-793	1,325	<b>1,192</b>	-133
Chemicals and Energy Plant	11,100	<b>22,261</b>	+11,161	84	<b>745</b>	+661
Industrial Machinery	37,067	<b>35,191</b>	-1,876	1,179	<b>1,143</b>	-36
Global Business	11,608	<b>16,490</b>	+4,882	-7	<b>733</b>	+740
Total	71,933	<b>85,307</b>	+13,374	2,581	<b>3,815</b>	+1,234

This slide includes a table of net sales and income results for the individual segments.

Please take a look to review them.



# 02

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

I will now move on the consolidated forecast for the fiscal year ending March 31, 2023.





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

	2022/03 Result	2023/03 Forecast	Change (YoY)
Transaction value (Note)	134,261 million yen	<b>170,000</b> million yen	+26.6%
Net sales	85,307 million yen	<b>95,000</b> million yen	+11.4%
Operating income	3,824 million yen	<b>3,700</b> million yen	-3.3%
Ordinary income	3,879 million yen	<b>3,700</b> million yen	-4.6%
Profit attributable to owners of parent	2,246 million yen	<b>2,500</b> million yen	+11.3%

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.

	2022/3 Forecast	2023/3 Forecast	YoY
Interim dividend	25.00 yen	<b>35.00</b> yen	+10.00 yen
Year-end dividend	40.00 yen	<b>35.00</b> yen	-5.00 yen
Full-year dividend	65.00 yen	<b>70.00</b> yen	+5.00 yen

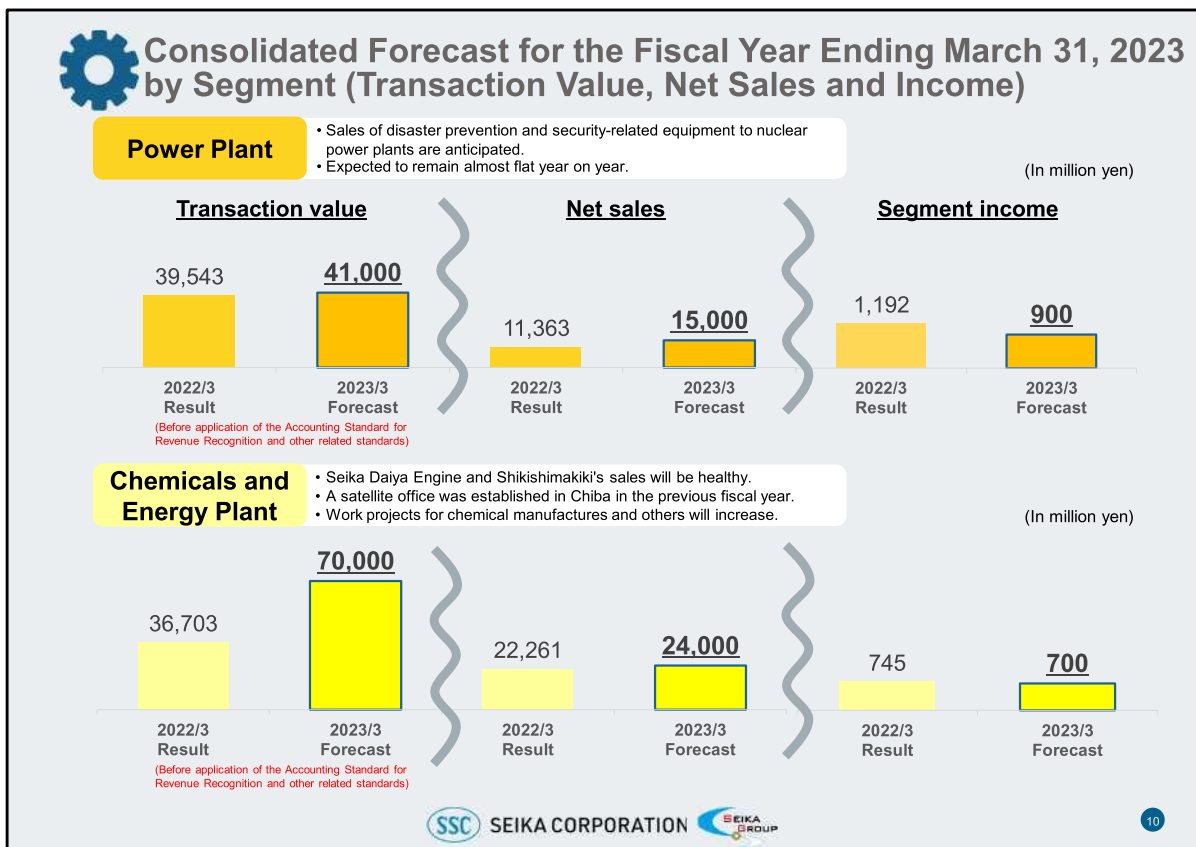
This slide outlines the consolidated forecast for the fiscal year ending March 31, 2023.

Transaction value is forecast to be 170,000 million yen, net sales 95,000 million yen, operating income and ordinary income 3,700 million yen each, and profit attributable to owners of parent 2,500 million yen.

We have been working on the Re-SEIKA 2023 Medium-Term Business Plan since April 2020. Its basic policy is, "Evolving into a strong and valuable company through changes and challenges." Numerical targets for the fiscal year ending March 31, 2023, the final fiscal year of the plan, are set at operating income of 3,700 million yen and profit attributable to owners of parent of 2,500 million yen.

At present, we believe we can achieve these targets.

For the current fiscal year, we forecast a full-year dividend of 70 yen per share with a payout target of 35%.



Next, we are looking at net sales and income forecasts for individual segments.

First, for the Power Plant business, the forecast net sales is 15,000 million yen and segment income is 900 million yen. Sales of disaster prevention and security related equipment for nuclear power plants are anticipated.

For the Chemicals and Energy Plant business, the forecast net sales is 24,000 million yen and segment income is 700 million yen. Sales at Seika Daiya Engine and Shikishimakiki will be brisk, however they will not be as high as in the fiscal year ended March 31, 2022. Opened last year, the Chiba satellite office will cultivate customers, and it is anticipated that sales from large-scale projects for chemical manufacturers will grow.

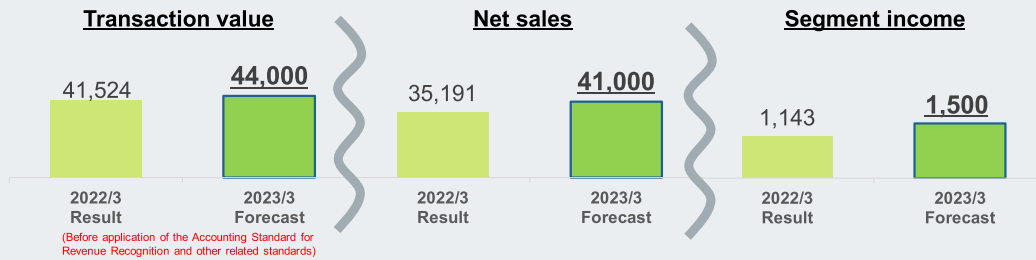


## Consolidated Forecast for the Fiscal Year Ending March 31, 2023 by Segment (Transaction Value, Net Sales and Income)

### Industrial Machinery

- Sales of manufacturing equipment for health food manufacturers and bookbinding equipment for government agencies will produce good effects.
- Nippon Daiya Valve will perform strongly.

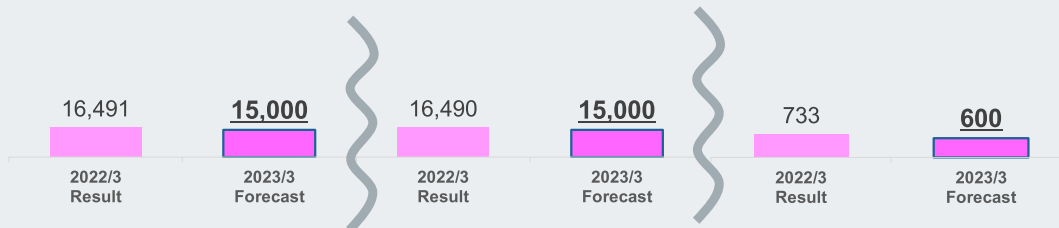
(In million yen)



### 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)



Moving on to the Industrial Machinery business, net sales and segment income will both be higher year on year, It is expected they will be 41,000 million yen and 1,500 million yen, respectively. These figures will be supported by sales of manufacturing equipment for health food manufacturers and bookbinding equipment for government agencies and by the strong performance of Nippon Daiya Valve.

And the last but not least segment is the Global business. Net sales are expected to be 15,000 million yen and segment income will be 600 million yen. Both will stay flat from the previous fiscal year. Sales of subsidiaries in China and Southeast Asia will be weak as their sales activities are restricted due to the pandemic, while the Tsurumi (Europe) Group's sales will be buoyant in the current fiscal year.



## 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	2022/3 Forecast	Change
Power Plant	39.54	41.0	+1.46	11.36	15.0	+3.64	1.19	0.9	-0.29
Chemicals and Energy Plant	36.70	70.0	+33.3	22.26	24.0	+1.74	0.74	0.7	-0.04
Industrial Machinery	41.52	44.0	+2.47	35.19	41.0	+5.81	1.14	1.5	+0.36
Global Business	16.49	15.0	-1.49	16.49	15.0	-1.49	0.73	0.6	-0.13
Total	134.26	170.0	+35.74	85.30	95.0	+9.70	3.81	3.7	-0.11

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

This slide includes a table showing the transaction value, net sales and income forecasts for the individual segments.



# 03

## Long-Term Vision VIORB2030

Next, I will be talking about our long-term vision, VIORB 2030. It was announced on April 22.

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

To achieve our purpose, "supporting the sustainable generation of energy and industrial activities in harmony with the global environment" and help realize a fulfilling society, we have formulated the VIORB 2030 long-term vision for 2030. As a corporate group centering on a trading company with strengths in the areas of energy and industrial infrastructure, we will support the sustainable generation of energy and industrial activities in harmony with the global environment.



VIORB 2030 has defined the four domains of decarbonization, energy and resources conservation, the circular economy and DX as priority business domains.

In decarbonization, we will quickly develop insight into users' needs and technological innovation and accelerate commercialization.

In energy and resources conservation, we will expand support for the permanent needs of the industrial circles.

In the circular economy, we will accelerate progress and actions towards the establishment of a circular economy. We will look at DX 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**

Regarding management, we have defined the five key measures shown on this slide.

We will focus our efforts on them. They include the improvement of cash management mechanisms to maximize funding capacity, investing around 10 billion yen in businesses to deepen existing businesses and expand business domains, the establishment of a 1 billion yen fund to support businesses and activities working to achieve the SDGs, the streamlining of the organization and increase of productivity to introduce human resources in priority domains, and the concentration of management resources after clarifying strengths based on the unique characteristics of individual group companies.



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**

We defined sales of equipment, devices and products with functions and performance positively impacting the environment or designed to be environmentally friendly by the fiscal year ending March 31, 2031 as transaction value related to green innovation. And we aim to ensure that this figure will reach 120 billion yen. We will carry out these activities to achieve consolidated profit of 4 billion yen for the fiscal year ending March 31, 2031.

## Expand Inspection Services Using Drones – Actions for energy and resources conservation –



### Invested in Terra Drone and signed an agreement for exclusive distribution in Japan

Opening the way for  
**the measurement of the thickness**  
of tanks, chimneys and other equipment



The lack of a need for temporary scaffolds means:

- ✓ Cost reductions
- ✓ Improvement in work efficiency
- ✓ Safety in high places and in areas with dangerous objects

Combine our strong **sales strength** with Terra Drone's **technological excellence**





**Smart Industrial Safety** for plants and manufacturing equipment on shop floors in the electricity, steel, oil, chemical and other industries

Next, we will take a closer look at the drone business I mentioned earlier. It is a new action and a VIORB-related service.

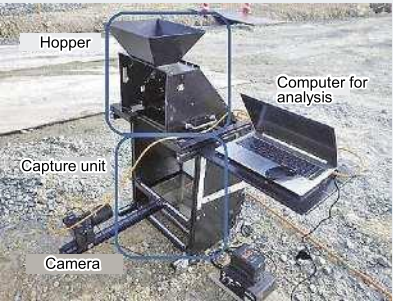
We invested in Terra Drone Corporation, which offers industrial drone services, and signed an agreement for exclusive distribution in Japan regarding inspection services using drones equipped with ultrasonic inspection systems.

Inspection using drones makes it unnecessary to erect temporary scaffolds. Costs are lower, it requires fewer work hours and it ensures safety in high places and in areas with dangerous objects. We believe that this will help push forward the Smart Industrial Safety supported by the Ministry of Economy, Trade and Industry.

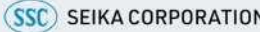

Since its launch in March 2021, this business has been praised by users in the steel, chemical and many other industrial sectors and it is steadily developing a track record of performance.

Seika Digital Image CORPORATION has jointly developed an **embankment material quality test system** with NISHIMATSU CONSTRUCTION CO., LTD. Using image analysis technologies, it supports the on-site and efficient management of earth and sand used for general civil engineering work.

<u>Traditional sieve analysis</u>	<u>Measurement using this system</u>	<ul style="list-style-type: none"> <li>✓ <u>Paving the way for easy on-site measurement</u></li> <li>✓ <u>Applicable for a wide range of grain sizes</u></li> <li>✓ <u>Excellent measurement accuracy</u></li> <li>✓ <u>Outstanding portability</u></li> <li>✓ <u>Measuring grain size distribution and colors to determine variations in earth and sand</u></li> </ul>
<div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin-bottom: 5px;">Physical property tests</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin-bottom: 5px;">Experimental construction (Check on quality and construction)</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin-bottom: 5px;">Construction</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; margin-top: 10px;">2 days or more</div>		

**Shortened to tens of minutes (per sample)**

19

This page features a joint development project involving Nishimatsu Construction and Seika Digital Image Corporation, one of our affiliated companies.

Seika Digital Image and Nishimatsu Construction have jointly developed an embankment material quality test system using image analysis technologies to improve the quality of civil engineering work.

This opens the way for the proper quality management of the earth and sand used in embankments, backfill and other work.

Traditionally, it takes two days or more to test the grain sizes of sands used on site. This involved a huge amount of labor and costs. With this system, measurement requires around tens of minutes per sample.

This system is currently undergoing a demonstration trial. It will be introduced on construction sites shortly.

It is attracting significant interest from a large number of constructors. Therefore, we have great hopes for it.

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: [smb002@jp.seika.com](mailto:smb002@jp.seika.com)**



This is the end of the financial results briefing for the fiscal year ended March 31, 2022.

We look forward to your continued support and guidance.

Since April, we have been listed on the Prime market of Tokyo Stock Exchange.

We are going to create more opportunities for constructive dialogue with institutional investors and many other stakeholders.

If you have any questions about this financial results briefing, please contact our Corporate Planning Department, and its staff will respond.

Thank you very much for your time.