



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 for joining us for the financial results briefing and for your continued interest in SEIKA CORPORATION.

We have decided to hold the financial results briefing for the second quarter of the fiscal year ending March 31, 2023 and also to post a video of the briefing at a later date.

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

Now I will start the proceedings.

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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 Second Quarter of the Fiscal Year Ending March 31, 2023

Now let me start with the summary of consolidated financial results for the second quarter of the fiscal year ended 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	68,866 million yen	-0.2 %
Net sales	40,452 million yen	40,452 million yen	-0.0 %
Operating income	1,304 million yen	1,444 million yen	+10.7 %
Ordinary income	1,315 million yen	1,217 million yen	-7.4 %
Profit attributable to owners of parent	698 million yen	844 million yen	+20.9 %
	2022/3 1H Result	2023/3 1H Result	Change (YoY)
Amount of orders received	41,667 million yen	46,468 million yen	+11.5 %
Order backlog	62,141 million yen	64,772 million yen	+4.2 %

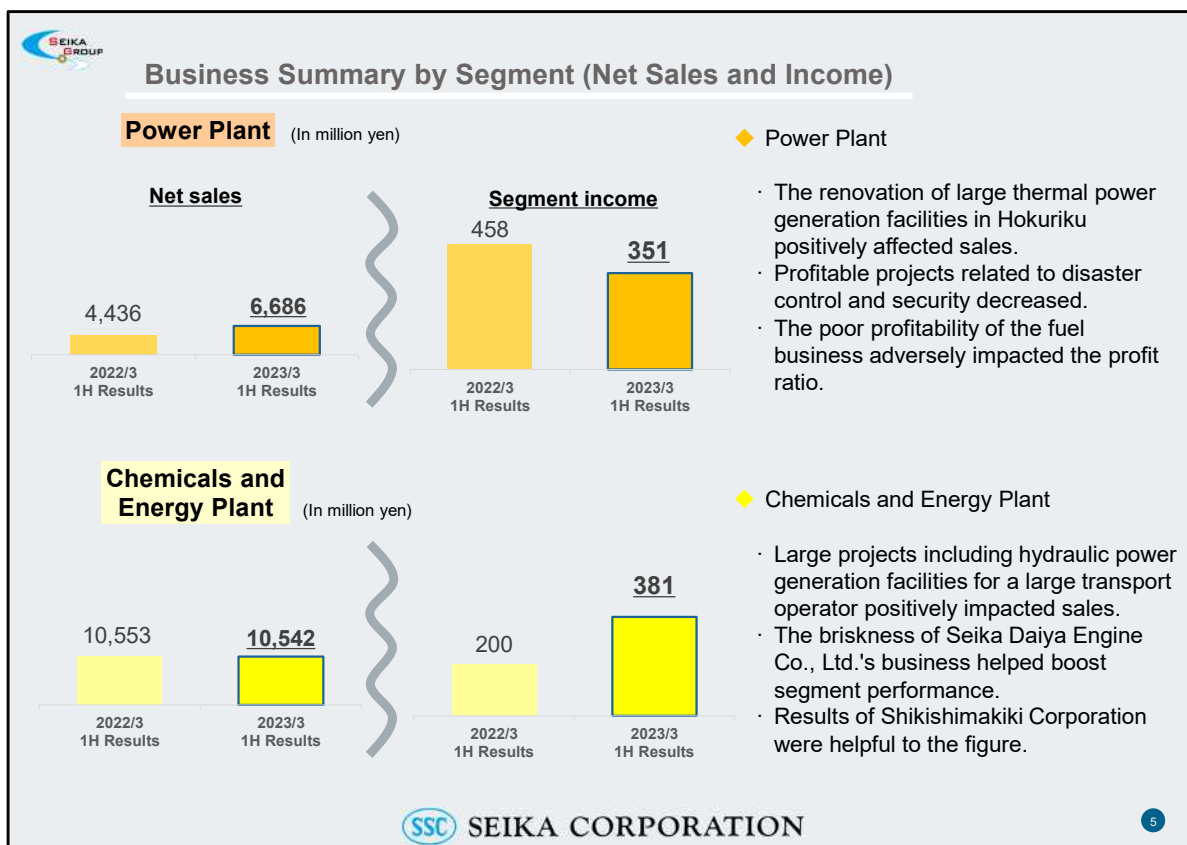

SEIKA CORPORATION
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Please look at slide 4.

This shows a summary of the consolidated financial results. In circumstances that remained uncertain with the COVID-19 pandemic, the soaring prices of resources and raw materials and the sharp depreciation of the yen, we posted:
 Transaction value of 68,866 million yen,
 Net sales of 40,452 million yen,
 Operating income of 1,444 million yen,
 Ordinary income of 1,217 million yen, and
 Profit attributable to owners of parent of 844 million yen.

Share of loss of entities accounted for using equity method dragged ordinary income down. Meanwhile, profit rose following a gain on the sale of cross-held shares.

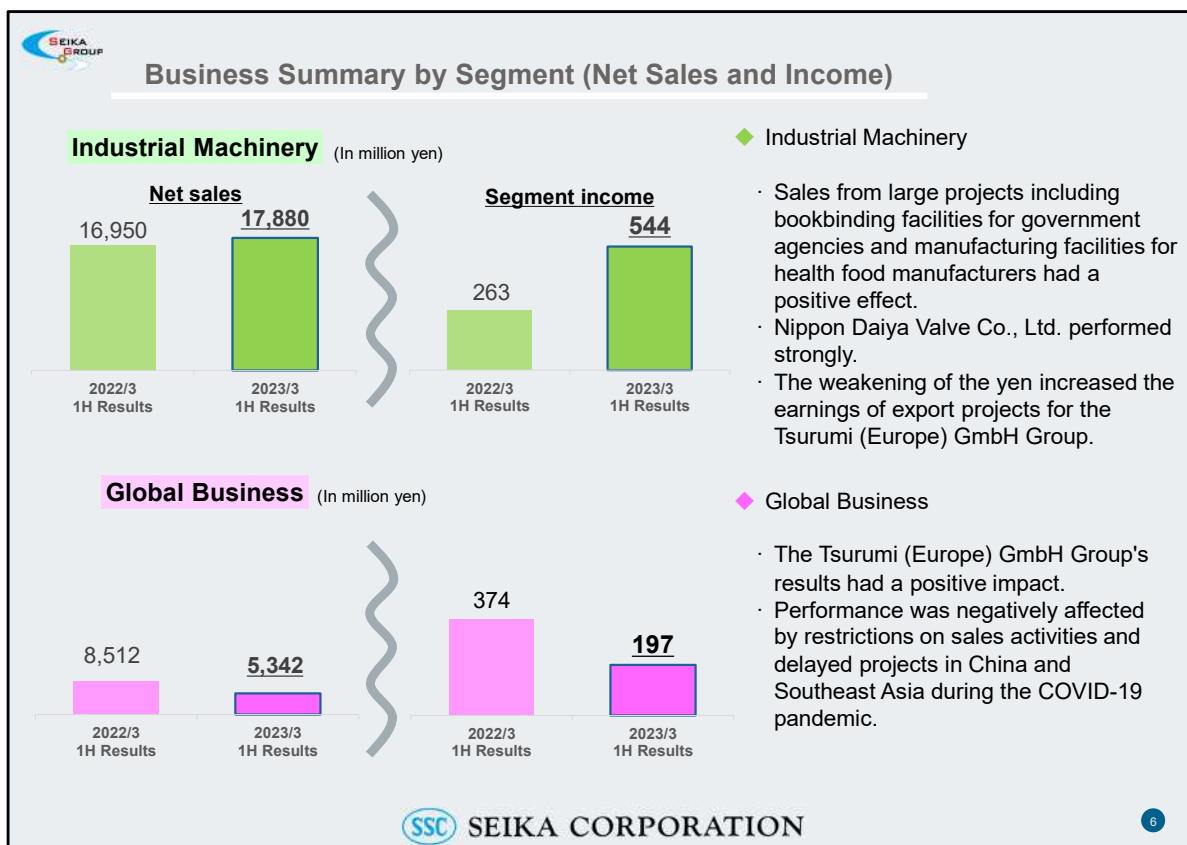
Regarding orders:
 Orders received amounted to 46,468 million yen and the order backlog stood at 64,772 million yen. Both were higher than in the same period of the previous year.



Now, looking at net sales and income by segment —

In the Power Plant business, we renovated large thermal power generation facilities in Hokuriku and there were spot projects in the fuel business. Consequently, net sales surged significantly. On the other hand, segment income was down, due partly to a decrease in highly profitable projects related to disaster control and security and the poor profitability of the fuel business.

In the Chemicals and Energy Plant business, net sales were nearly the same as in the same period of the previous year, with large projects including projects for the hydraulic power generation facilities of large transport operators positively affecting net sales. Segment income grew aided by the results achieved by Seika Daiya Engine and Shikishimakiki, which are subsidiaries.



In the Industrial Machinery business, net sales increased. Large projects including bookbinding facilities for government agencies and manufacturing facilities for health food manufacturers positively impacted net sales, and the results of subsidiary Nippon Daiya Valve were brisk.

Segment income grew immensely after the weakening of the yen increased earnings from exports from Japan to the Tsurumi (Europe) GmbH Group based in Europe.

Finally, in the Global business, net sales and segment income decreased on the whole. While the performance of the Tsurumi (Europe) GmbH Group was buoyant, sales activities were restricted and projects were delayed in China and Southeast Asia due to the COVID-19 pandemic.

Business Summary by Segment

(In million yen)

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

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

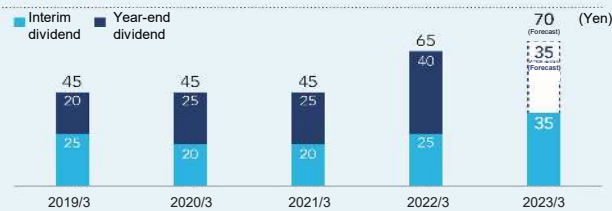
Consolidated Forecast for the Fiscal Year Ending March 31, 2023

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



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

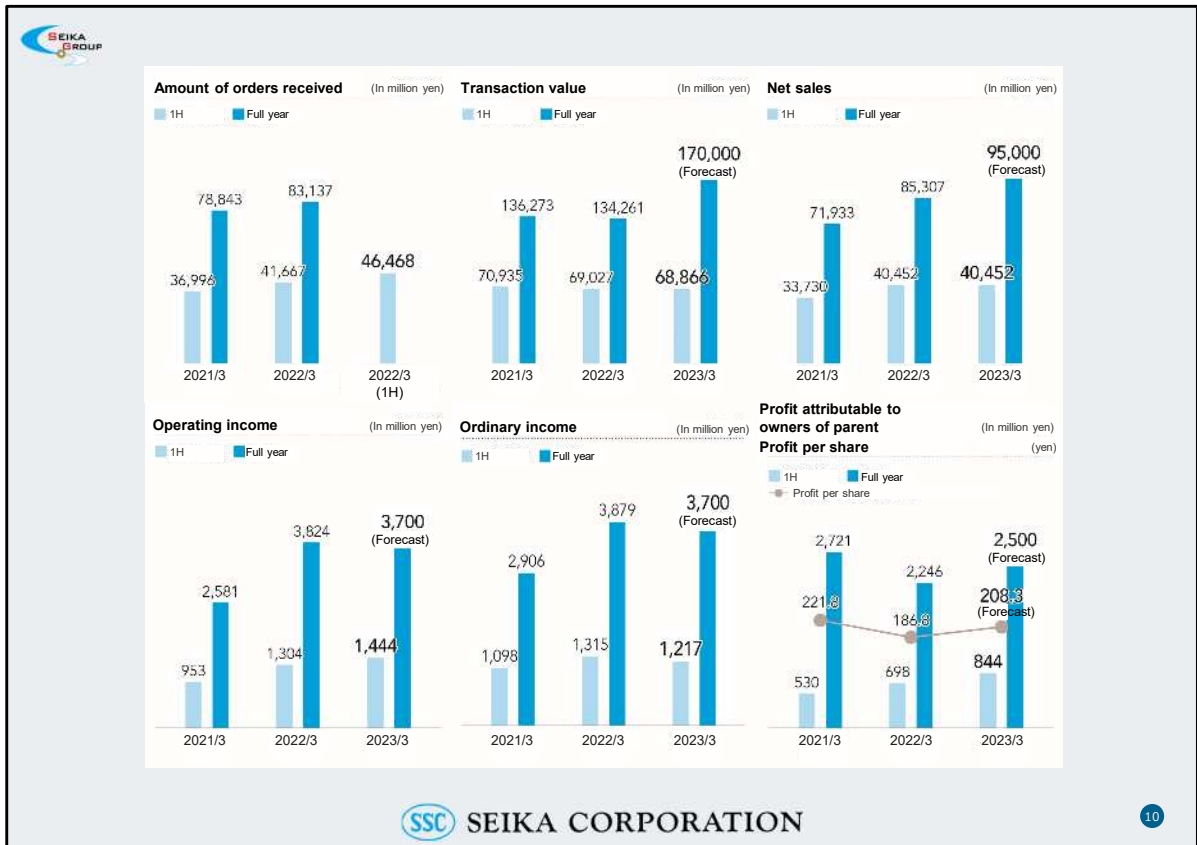
The forecasts are:

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

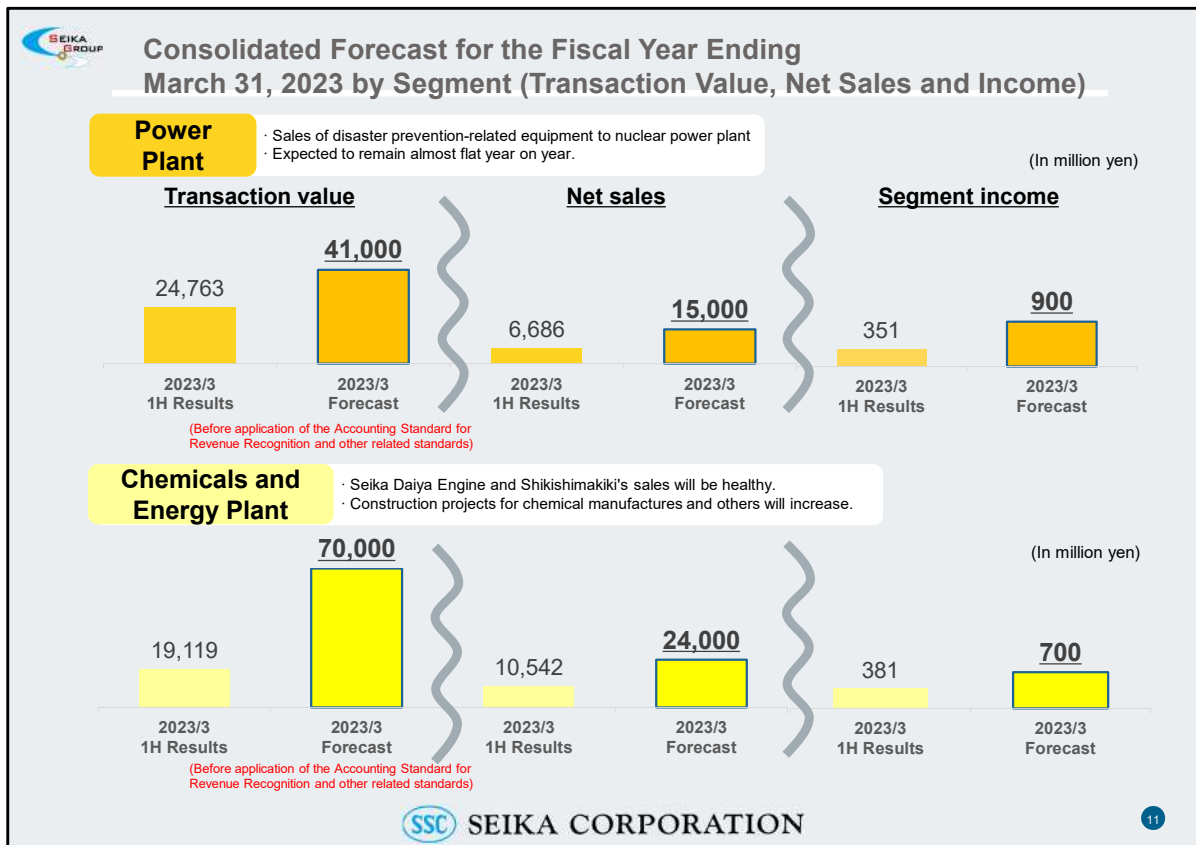
We have been carrying out the Re-SEIKA 2023 medium-term business plan since April 2020. It has set the numerical targets of an operating income of 3.7 billion yen and profit of 2.5 billion yen for the fiscal year ending March 31, 2023, which is the final fiscal year of this plan.

At present, we are convinced that we will be able to achieve these targets.

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



This slide demonstrates trends in different indicators during the past three years.



Now, we will briefly look at the net sales and income forecasts for individual segments.

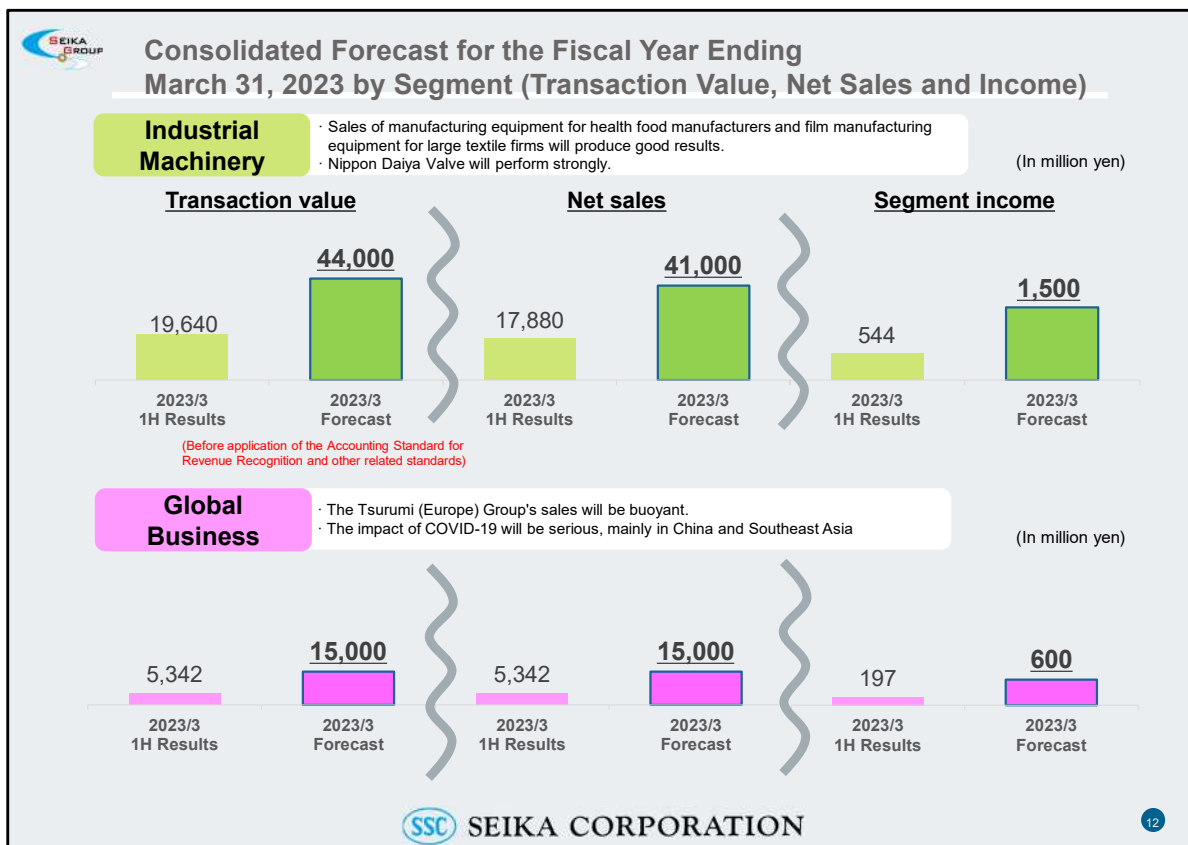
First, for the Power Plant business, the forecast net sales is 15,000 million yen and segment income is 900 million yen. Sales of disaster prevention-related equipment for nuclear power plants are anticipated.

In this segment, we expect to acquire new commercial rights that will massively expand the scale of our business. Their effect on financial results will be in the next fiscal year and later.

We will be making an announcement as soon as an official decision is made.

For the Chemicals and Energy Plant business, net sales are forecast to be 24,000 million yen and segment income will be 700 million yen. Sales at Seika Daiya Engine and Shikishimakiki will be brisk although they will not be as high as in the previous fiscal year. Large construction projects for chemical manufacturers will lead to an increase in sales.

Also, we are positively working on decarbonization-related projects. They include the modification of existing power generation facilities for ammonia co-firing, and CO₂ separation and capture systems.



We are moving on to the Industrial Machinery business. Net sales are projected to be 41,000 million yen and segment income is projected to be 1,500 million yen. Both figures will be higher year on year. Sales of manufacturing equipment for health food manufacturers and film manufacturing equipment for large textile firms will positively affect the segment. In addition, the strong performance of Nippon Daiya Valve is expected to continue.

It has now started considering increasing production to respond to strong orders.

The services of the drone business that we invested in in the preceding fiscal year are being briskly adopted by steel manufacturers, chemical manufacturers and others. It will positively affect future earnings.

And the last but not least segment is the Global business. Net sales are forecasted to be 15,000 million yen and segment income is forecast to be 600 million yen. Both will stay flat from the previous fiscal year. We assume that it will take some more time before the performance of the subsidiaries in China and Southeast Asia recovers since they face restrictions on business activities during the COVID-19 pandemic. Meanwhile, the sales of the Tsurumi (Europe) Group are expected to 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	2023/3 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	85.3	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

Topics

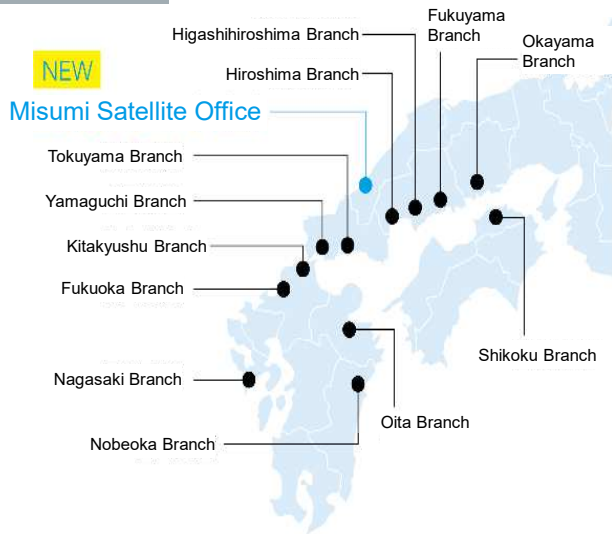
Next, I will be talking about some topics related to the Seika Group.

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.



We opened the Misumi Satellite Office in the city of Hamada in Shimane Prefecture on October 19.

In the past, the Hiroshima Branch has served Chugoku Electric Power Co., Inc. and other customers in the coastal areas of Shimane Prefecture.

In view of the news that Chugoku Electric Power would introduce an additional boiler power generation system with an output of one million kilowatts manufactured by Mitsubishi Heavy Industries, Ltd. to the Misumi Power Station and put it into operation on November 1, 2022, we decided to open the office to increase the flexibility of the activities we conduct.

We believe that the satellite office will lead to revenue growth through the cultivation of projects and the conducting of efficient sales activities.

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



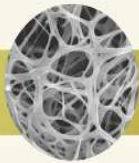
Euglena

Fine algae holding animal and plant characteristics and containing rich nutrients



Paramylon

Polysaccharide composed of β -1,3 glucan stored in euglena with a sophisticated crystal structure. It has a uniform particle size of 5 μ 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

Moving on to the next topic —

Last September, we invested in Euglead Inc. and formed a sales and business partnership with it. Euglead is a business venture engaging in the manufacturing of paramylon nanofibers (PNF) produced from euglena.

This PNF is a nature-derived nanofiber with a strength that is five times the strength of steel despite it weighing only about one-fifth the weight of steel. It attracts attention as a composite material for plastics for automobiles, household appliances and housing and building materials. We have already received inquiries from a large number of customers.

We will strive for continuous growth and positive achievements through the sale of sustainable products in harmony with the global environment.

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.



Rotation Traction Measurement (RTM)



- ✓ 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.

Next, I will talk about the activities of SEIKA MACHINERY INC., or SMI. It is our subsidiary based in the United States.

SMI has been mainly providing substrate mounting equipment for electronic components. As part of the efforts to expand sales of green innovation products based on a strategy in our long-term vision, VIORB 2030, we released tire rubber testing equipment.

In recent years, environmental measures such as the reduction of abrasion powder have been gathering attention. Tire manufacturers and material manufacturers are endeavoring to solve this problem. SMI has signed a business partnership agreement with ACE. It is a large testing body with a laboratory in Akron, Ohio, which is the heartland of the US tire industry. In August, we placed different laboratory demonstration prototypes produced Ueshima Seisakusho Co., Ltd., a company famous for rubber testers. We have thus built a sales system in the United States.

Tire manufacturers and material manufacturers are conducting tests in demonstration centers. Opportunities for selling testing equipment are growing.

We have already won an order from a large US-based tire manufacturer. We have great hopes for future sales.

 **Social Contribution Activities**

Investment in Renatech Co., Ltd.	Donation of 600,000 high performance face masks
<p> SDGs Support Fund</p> <p>We invested 15 million yen in Renatech Co., Ltd. in order to support its metallo-balance cancer risk screening business.</p> <p>Providing a high-reliability, low-cost cancer risk exam tool, this business helps detect early-stage cancer. Our determination that this addresses <i>SDG 3: Ensure healthy lives and promote well-being for all at all ages</i> led to our decision to invest.</p> <p> </p>	<p>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.</p> <p>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.</p> <p> </p> <p></p>

Finally, I would like to mention our social contribution activities.

We, the Seika Group, have established an SDGs Support Fund worth 1 billion yen in accordance with our long-term management vision, VIORB 2030: What we can do for the global environment and for industrial development.

The fund provides financial resources for projects that are deemed to be helpful in addressing the SDGs to support their activities. Renatech's metallo-balance cancer risk screening business was selected as the very first project supported by the fund, and we invested 15 million yen in the company.

It is a project that provides a high-reliability, low-cost cancer risk exam tool that helps detect early-stage cancer. We decided to make this investment since we determined that the investment fell under the category of efforts to address *SDG 3: Ensure healthy lives and promote well-being for all at all ages*.

In addition, we donated around 600,000 hydro silver titanium® non-woven masks manufactured by DR.C Medical Medicine Co., Ltd. to public organizations, a community chest society and other parties.

We will continue to proactively conduct social contribution activities.

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

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This is the end of the financial results briefing for the second quarter of the fiscal year ending March 31, 2023.

We look forward to your continued support and guidance.

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.