

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

# Financial Results Briefing for the Fiscal Year Ended March 31, 2021

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

SEIKA CORPORATION (TSE Section 1: 8061)

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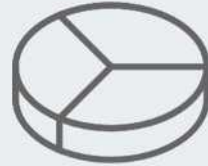
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**01**

# **Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021**



# Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

	2021/3 Initial Forecast (May)	2021/3 Result	Change (vs. Initial Forecast)
Net sales	135,000 million yen	<b>136,273</b> million yen	<b>+1,273</b> million yen
Operating income	2,400 million yen	<b>2,581</b> million yen	<b>+181</b> million yen
Ordinary income	2,700 million yen	<b>2,906</b> million yen	<b>+206</b> million yen
Profit attributable to owners of parent	1,650 million yen	<b>2,721</b> million yen	<b>+1,071</b> million yen

	2020/3 Result	2021/3 Result	Change (YoY)
Amount of orders received	121,164 million yen	<b>141,840</b> million yen	<b>+20,676</b> million yen
Order backlog	140,597 million yen	<b>146,163</b> million yen	<b>+5,566</b> million yen



## Status of Balance Sheet and Cash Flows

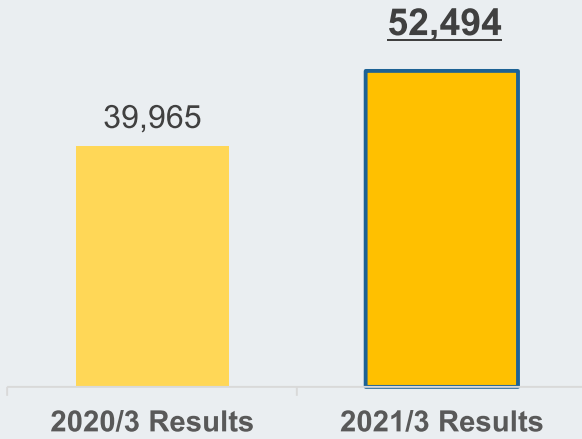
(In million yen)	March 31, 2020	March 31, 2021	Change (YoY)
Total assets	92,668	97,458	+4,789
Total liabilities	66,757	67,568	+811
Total net assets	25,911	29,889	+3,978
Total liabilities and net assets	92,668	97,458	+4,789
Equity ratio	27.2%	29.8%	+2.6pt
Return on equity (ROE)	-4.7%	10.0%	+14.7pt
(In million yen)	2020/3 Result	2021/3 Result	Change (YoY)
Cash flows from operating activities	3,400	4,137	+737
Cash flows from investing activities	-299	-1,566	-1,267
Cash flows from financing activities	-1,211	-1,903	-692
Cash and cash equivalents at end of fiscal year	13,346	14,035	+689



# Business Summary by Segment (Net Sales)

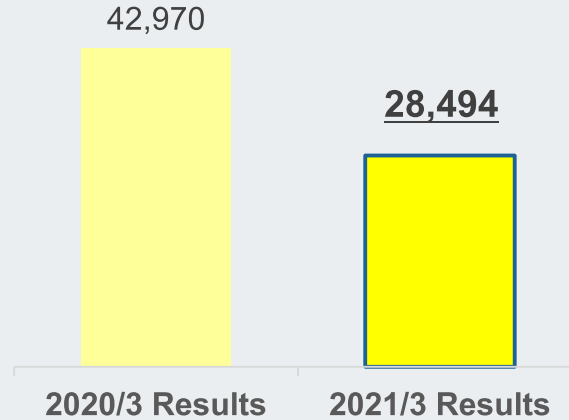
## Power Plant

(In million yen)



## Chemicals and Energy Plant

(In million yen)



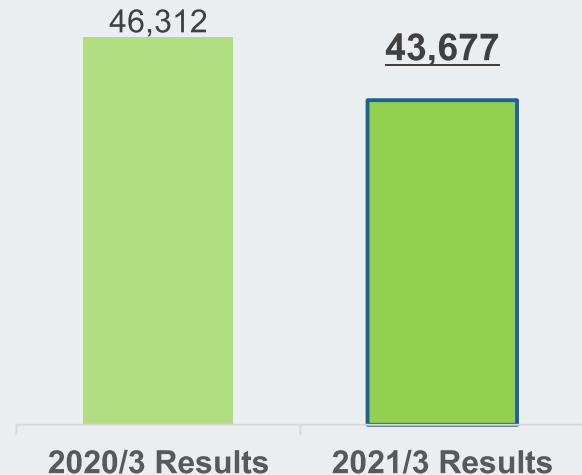
- ◆ Power Plant
  - Sales increased due to firm capital expenditure
- ◆ Chemicals and Energy Plant
  - Investment in power generation equipment for general industry such as chemicals and steel was postponed

- ◆ Industrial Machinery
  - Sales of machinery and equipment to plants and the food and textile industries increased, offsetting decline in export negotiations with China

- ◆ Global Business
  - Sales of Tsurumi (Europe) GmbH and other subsidiaries in Europe and North America as well as those of subsidiaries in Southeast Asia remained firm

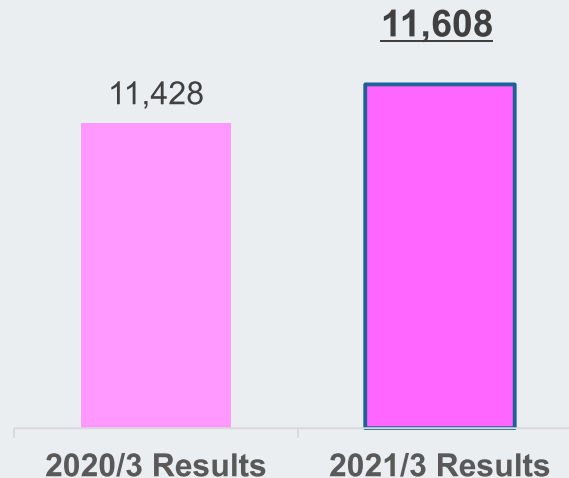
## Industrial Machinery

(In million yen)



## Global Business

(In million yen)

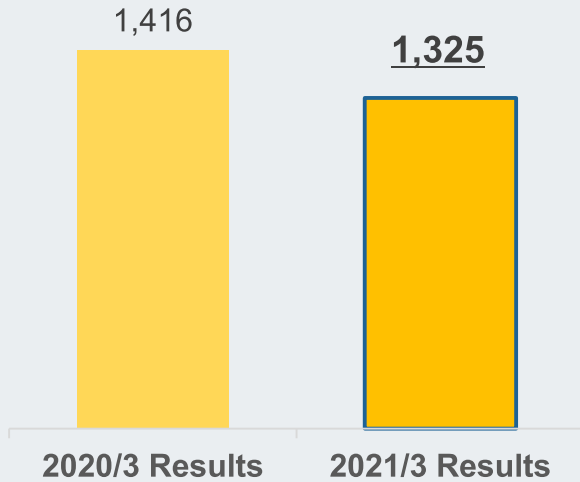




# Business Summary by Segment (Income)

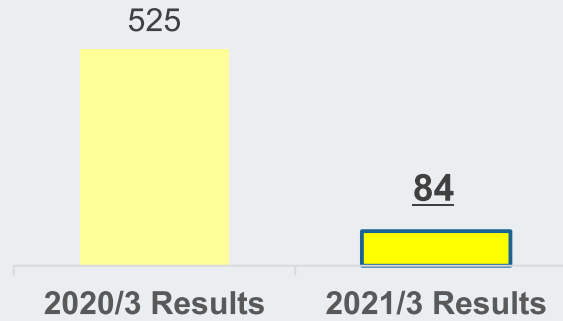
## Power Plant

(In million yen)



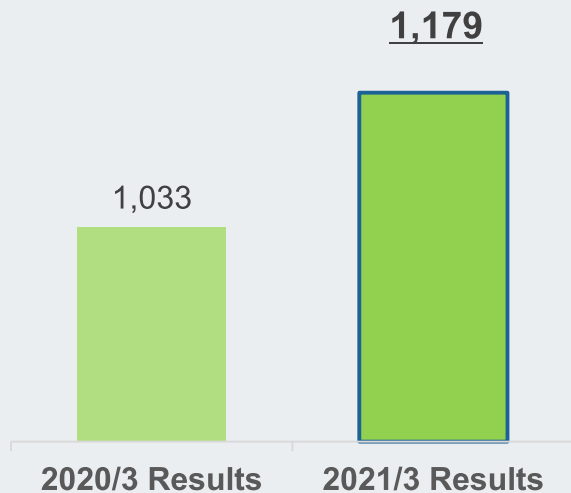
## Chemicals and Energy Plant

(In million yen)



## Industrial Machinery

(In million yen)

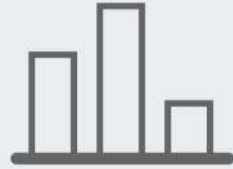


## Global Business

(In million yen)



- ◆ Power Plant
  - Income was mostly unchanged from the previous year
- ◆ Chemicals and Energy Plant
  - Result reflects decreased sales and the payment of additional expenses in certain transactions
- ◆ Industrial Machinery
  - Seika Digital Image performed better
- ◆ Global Business
  - Subsidiaries in Europe and North America performed solidly while certain overseas subsidiaries such as Seika YKC Circuit in Thailand posted lackluster results



**02**

# **Consolidated Forecast for the Fiscal Year Ending March 31, 2022**





# Adoption of Accounting Standard on Revenue Recognition and the Implementation Guidance on Accounting Standard on Revenue Recognition

## Format of our transactions

### General transactions

- Transactions in which we conclude a product sales contract with both the customer and the supplier
- Contractual liability to the customer is assumed primarily by us



### Agent transactions

- Conclusion of contract with customer, delivery of product and collection of payment in our's name (as agent)
- Commission from the supplier (principal) is our revenue



### Revenue relating to agent transactions

- We used to recognize the gross amount of consideration received from the customer as revenue (**recognition of gross amounts**) but, from now on, in transactions with specified suppliers, we will recognize only the commission as revenue (**recognition of net amounts**).
- The amount we used to recognize as “net sales” under the old standard will be disclosed as “**transaction value**” moving forward.
- There will be no impact on profit or loss.



## Consolidated Forecast for the Fiscal Year Ending March 31, 2022

	2021/3 Result	2022/3 Forecast	Change (YoY)
<b>Transaction value</b>	136,273 million yen	130,000 million yen	-4.6%
Net sales (Note)	— million yen	88,500 million yen	—
Operating income	2,581 million yen	2,850 million yen	+10.4%
Ordinary income	2,906 million yen	3,100 million yen	+6.6%
Profit attributable to owners of parent	2,721 million yen	1,950 million yen	-28.4%

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

(Note) Since we will adopt the Accounting Standard on Revenue Recognition and the Implementation Guidance on Accounting Standard for Revenue Recognition from the beginning of the fiscal year ending March 31, 2022, net sales in the consolidated forecast is our forecast based on these accounting standards.  
Net sales under the old standard i.e. if we did not adopt these accounting standards, are disclosed as “transaction value”.

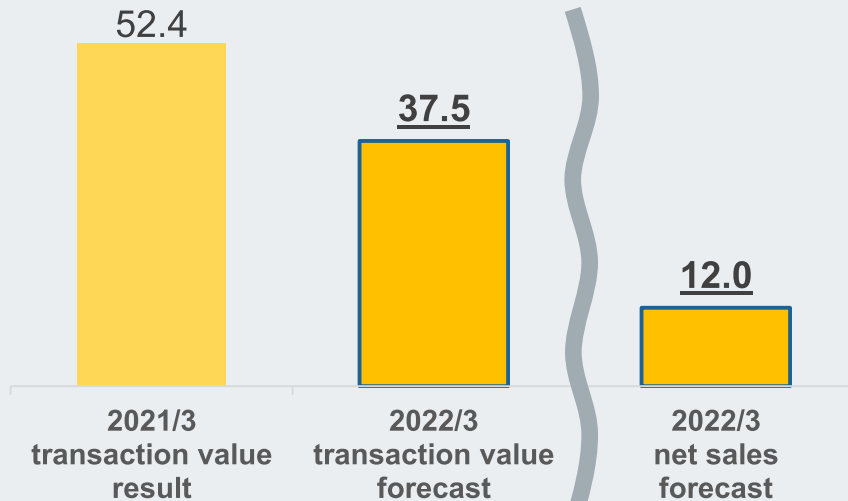


# Consolidated Forecast for the Fiscal Year Ending March 31, 2022 by Segment (Transaction Value / Net Sales)

## Power Plant

(In billion yen)

- Sales of disaster prevention and security-related equipment to nuclear power plants are anticipated
- Capital expenditure related to thermal power generation is expected to decrease

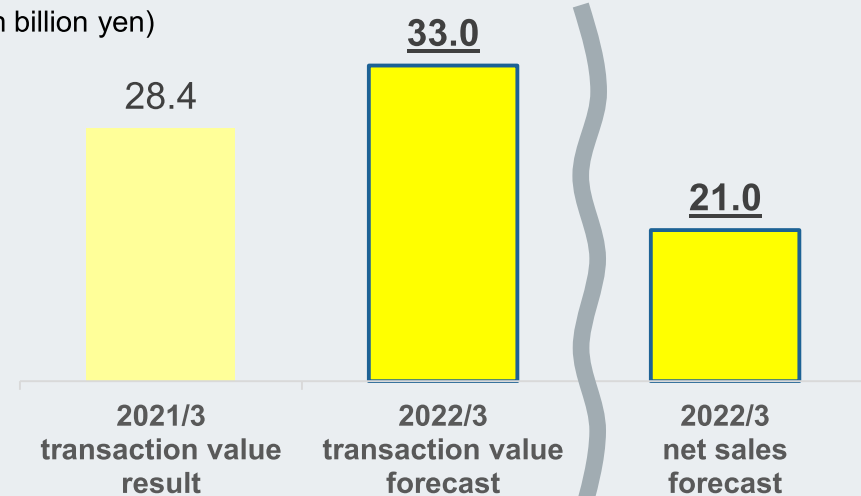


(After adoption of Accounting Standard on Revenue Recognition and the implementation guidance)

## Chemicals and Energy Plant

(In billion yen)

- Seika Corporation: Mostly unchanged from the previous year
- Sales of Seika Daiya Engine Co., Ltd. will boost segment performance

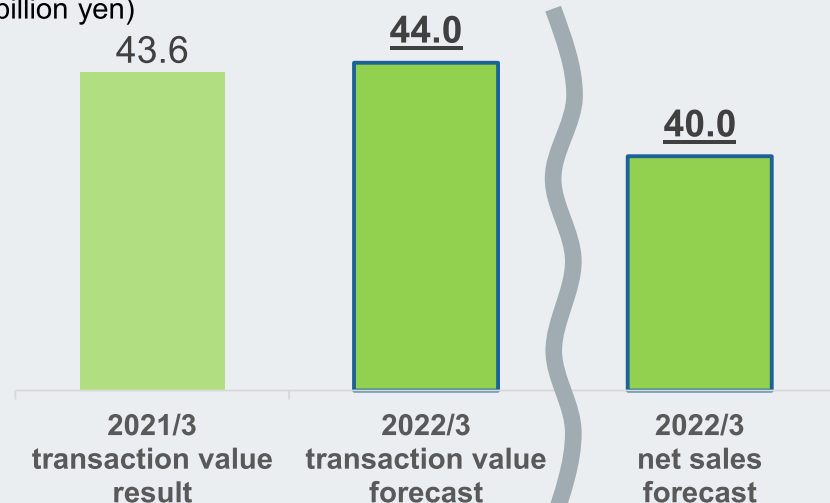


(After adoption of Accounting Standard on Revenue Recognition and the implementation guidance)

## Industrial Machinery

(In billion yen)

- Seika Corporation and its subsidiaries: Mostly unchanged year on year

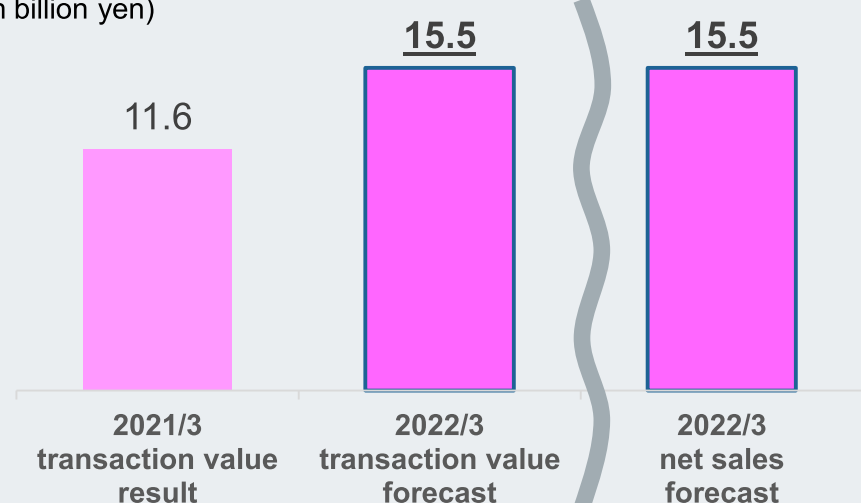


(After adoption of Accounting Standard on Revenue Recognition and the implementation guidance)

## Global Business

(In billion yen)

- Subsidiaries in Europe and China are expected to post increased sales



SEIKA CORPORATION





# Consolidated Forecast for the Fiscal Year Ending March 31, 2022 by Segment (Income)

## Power Plant

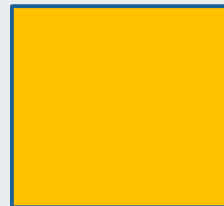
(In billion yen)

1.32



2021/3 Result

0.85



2022/3 Forecast

- Reduced capital expenditure is anticipated
- Income is expected to be affected by intensified price competition

## Chemicals and Energy Plant

(In billion yen)

0.08



2021/3 Result

0.40



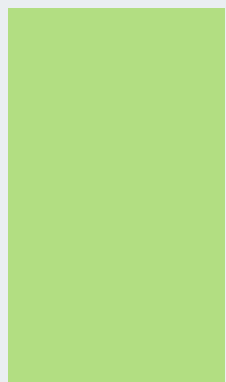
2022/3 Forecast

- Earnings of Seika Daiya Engine Co., Ltd. will boost segment performance
- “Goodwill amortization” associated with Shikishimakiki Corporation will decrease

## Industrial Machinery

(In billion yen)

1.17



2021/3 Result

1.02



2022/3 Forecast

- Income is expected to be mostly unchanged from the previous year
- Whilst capital expenditure is on recovery path, this will not translate into sales until the next fiscal year or later

## Global Business

(In billion yen)

-0.007



2021/3 Result

0.58



2022/3 Forecast

- Subsidiaries in Europe, North America and Southeast Asia: Income mostly unchanged year on year
- Withdrawal from the business of Seika YKC Circuit in Thailand will result in a return to profit in the Global Business





03

Topics



# Topics (1) Progress on Medium-Term Management Plan “Re-SEIKA 2023” in First Fiscal Year

April 2020 – March 2023

Re-SEIKA 2023 (98th Term – 100th Term)

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



Basic Policy under Re-SEIKA 2023

**With the Medium-Term Management Plan Re-SEIKA 2023, we will**

- change our traditional ways of thinking and behaviors (Re-form)
- untiringly challenge all kinds of difficulties (Re-challenge), and
- establish a cycle of continued growth (Re-gain)  
to enter a new phase (Re-start) towards improving corporate value.

Re-  
form

Re-  
challenge

Re-  
gain

Re-  
start



SEIKA CORPORATION





# Topics (1) Progress on Medium-Term Management Plan “Re-SEIKA 2023” in First Fiscal Year

## ● Increase the Group’s earnings

- Acquired marine engine sales and services business from Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. Established Seika Daiya Engine Co., Ltd. ⇨ Plan to work with Shikishimakiki Corporation to expand business nationwide

## ● Solidify revenue base

- Optimized business portfolio ⇨ Withdrew from printed substrate business in Thailand

## ● Cultivate new sources of earnings

- Established renewable energy, life sciences and mobility as themes, positioning them as businesses that will contribute to future earnings, and implemented projects in these areas  
⇨ Efforts in the renewable energy field are reaping rewards

## ● Strengthen business foundations

- Stabilized financial position
- Promoted utilization of human resources and work style reform
- Developed internal infrastructure, including using COVID-19 as opportunity to enhance remote working environments



# Topics (1) Progress on Medium-Term Management Plan “Re-SEIKA 2023” in First Fiscal Year

## Numerical Targets (Consolidated)

	2021/3 First year of plan (Results)	2022/3 Second year of plan (Forecast)	2023/3 Final year of plan (Target)
Operating income	<b>2.58</b> billion yen	<b>2.85</b> billion yen	<b>3.7</b> billion yen
Profit attributable to owners of parent	(Note) <b>2.72</b> billion yen	<b>1.95</b> billion yen	<b>2.5</b> billion yen

(Note) Due to the withdrawal from the printed substrate business in Thailand and the transfer of shares, a decrease in tax expenses such as income taxes pushed up income in the fiscal year ended March 31, 2021.





## Topics (2) Future Initiatives in the Energy Business

For the realization of a **low-carbon society**, we will develop energy business (Power Plant and Chemicals and Energy Plant businesses), which underpins our stable earnings, into a **business with growing revenue** and continue to fulfil our responsibility of maintaining a society without blackouts in the future.

- **Pursue optimal operations and increased efficiency**
  - Promote the use of energy clouds using IoT and AI
  - Propose remodelling into power plants that use ammonia and hydrogen as fuel by mixing them with other fuel
- **Step up renewable energy initiatives**
  - Step up renewable energy initiatives such as small hydro and biomass power generation
  - Expand low-carbon products such as fuel for biomass power generation
- **Take on challenge of realizing a hydrogen society**
  - Join Japan Hydrogen Association (JH2A) for the realization of hydrogen-fired power generation

**Business  
with stable  
revenue**

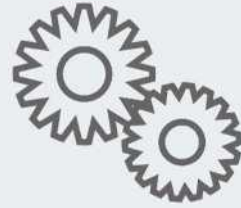
**Pursue optimal  
operations and  
increased  
efficiency**

**Step up  
renewable  
energy initiatives**

**Take on  
challenge of  
realizing a  
hydrogen society**

**Business with  
growing  
revenue**





04

# Shareholder Returns



# Shareholder Returns

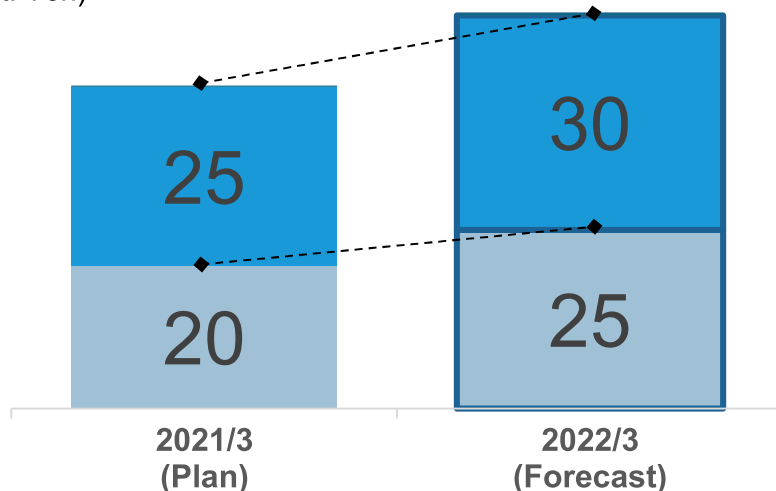
## Dividend Policy

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%.

## Dividend (Forecast)

■ Interim dividend ■ Year-end dividend ■ Dividend payout ratio

(Unit: Yen)



## Acquisition of Treasury Stock

- Acquisition period  
April 1, 2021 to June 30, 2021
- Total number of shares to be acquired  
400,000 shares
- Total acquisition value of shares  
700 million yen



**05**

## **Reference Materials**

**Fiscal Year Ended March 31, 2021**

# 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 Management Plan**
10. **ESG Initiatives**



# 1. Company Profile

Trading name	SEIKA CORPORATION
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: 318 / Consolidated: 969 (As of March 2021)
Core business	Plants, machinery and equipment, environmental protection equipment, sale, import and export of electronic information system equipment
Offices	19 offices in Japan, including head office, Osaka branch, Fukuoka branch and Hiroshima branch 4 offices overseas including Taipei branch, Seoul branch and Singapore branch
Affiliated companies and bases	11 affiliated companies in Japan and 16 affiliated companies overseas 77 bases in Japan and 26 bases overseas



Head office:  
Shin-Tokyo Bldg., Marunouchi



## 2. History of SEIKA CORPORATION (1)

October 1947 Established in Moji shi (currently Moji ku , Kitakyushu shi ) by company officials of the former Mitsubishi Corporation, which was dissolved before the establishment, with capital of 195,000 yen.

From 1948 to 1951 Established offices throughout Japan (Nagasaki, Fukuoka, Osaka, Hiroshima, Tokyo, Takamatsu)

October 1961 Listed shares on the First Section of the Tokyo Stock Exchange

January 1974 Established the subsidiary Seika Sangyo GmbH in Germany (Dusseldorf)

May 1983 Opened the Taipei Branch in **Taiwan** (Taipei)

November 1983 Established Tsurumi (Europe) GmbH, a joint venture with Tsurumi Manufacturing Co., Ltd. in Germany

April 1994 Established the subsidiary Seika Machinery Inc., USA (Los Angeles)

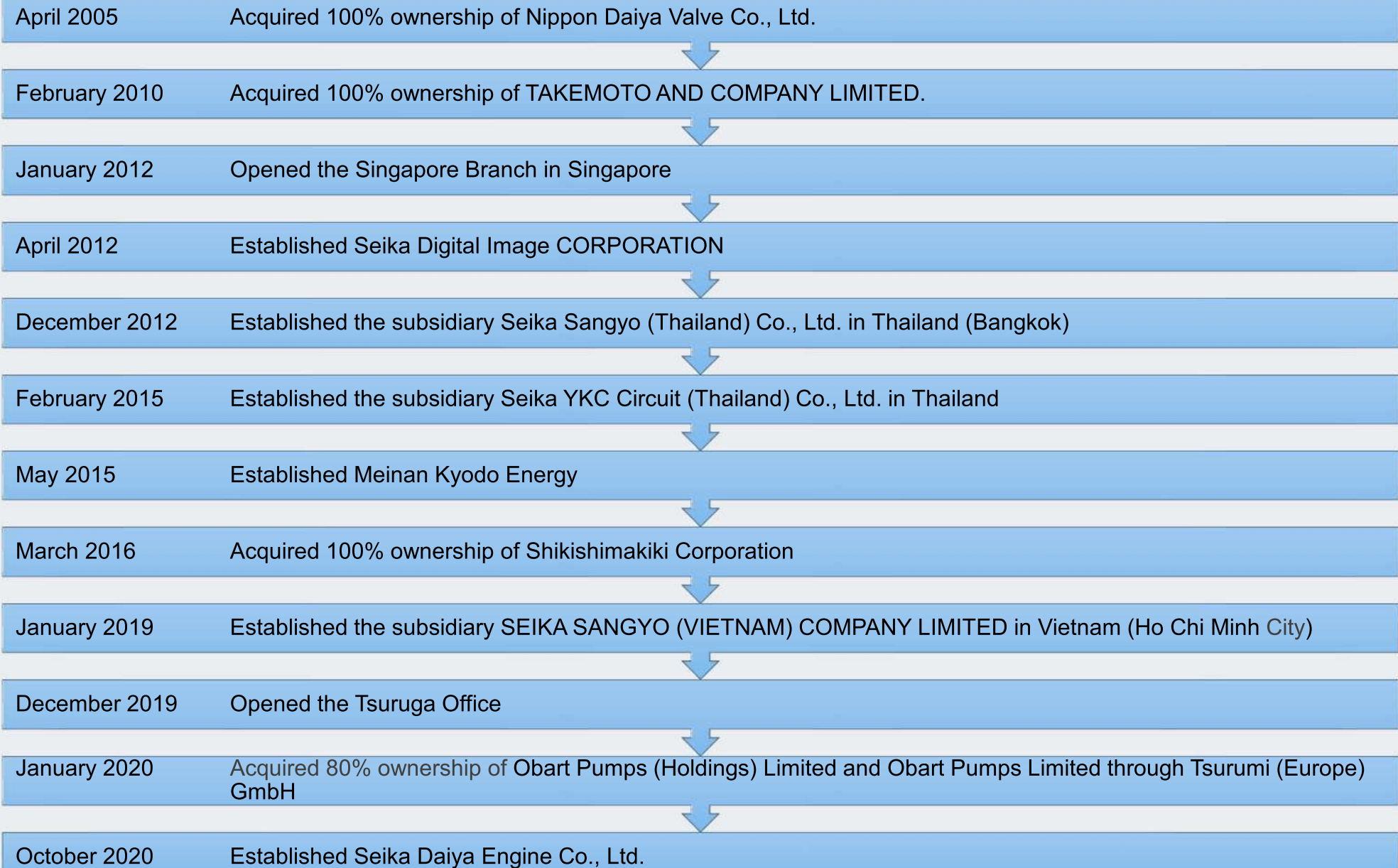
July 2000 Opened the Seoul Branch in Korea (Seoul)

August 2001 Changed registered head office from Kokurakita ku Kitakyushu to Chiyoda ku , Tokyo

January 2004 Established the subsidiary Seika Shanghai Co.,Ltd in China (Shanghai)



## 2. History of SEIKA CORPORATION (2)







# 3. Domestic Network

## ● SEIKA CORPORATION

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



## ● Subsidiaries and Affiliates

### Nippon Daiya Valve Co., Ltd.

Tokyo, Osaka, Nagoya, Okayama, Kita Kyushu

### TAKEMOTO AND COMPANY LIMITED.

Kobe, Takasago, Mihara

### 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  
25 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.

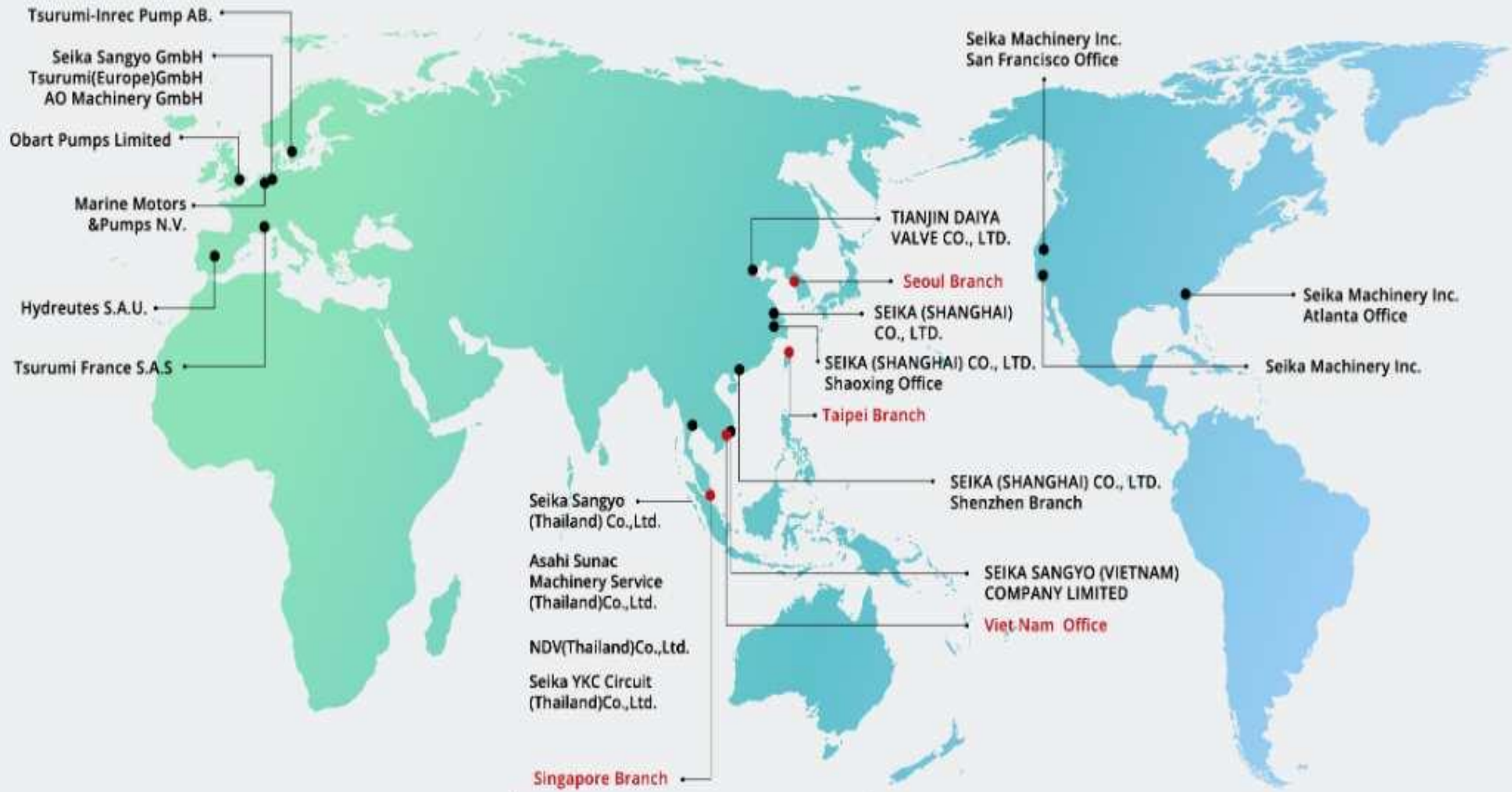
Tokyo, Osaka, Takamatsu, Fukuoka

### 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)



<Fuels for biomass power generation equipment>



<Chemicals Plant>



<Environmental protection 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
- Manufacturing and sales of various industrial valves (Nippon Daiya Valve Co., Ltd.)
- Sales of advanced measuring instruments and software (Seika Digital Image Corporation)



<EV-related equipment such as lithium-ion battery manufacturing lines>



<Film-related equipment>



<Laser-based gas concentration meter>



# 5. Introduction to Each Business (Global Business)

## [Business Activities] **Three-region structure**

### - Europe

Automobile field:

Sale of in-vehicle-related industrial robots

Social infrastructure field:

Sale of water pumps for public works and development of rental business of them

### - North America

Automobile field:

Sale of SMT (Surface Mounting Technology) equipment mainly for the automotive parts industry

### - Asia

Industrial machinery field: Sale of machinery and equipment mainly for the automobile, chemical and textile industries



**Tsurumi (Europe) GmbH Group**  
Water pumps



**Seika Machinery, Inc.**  
SMT (Surface Mounting Technology) equipment for the automotive parts industry

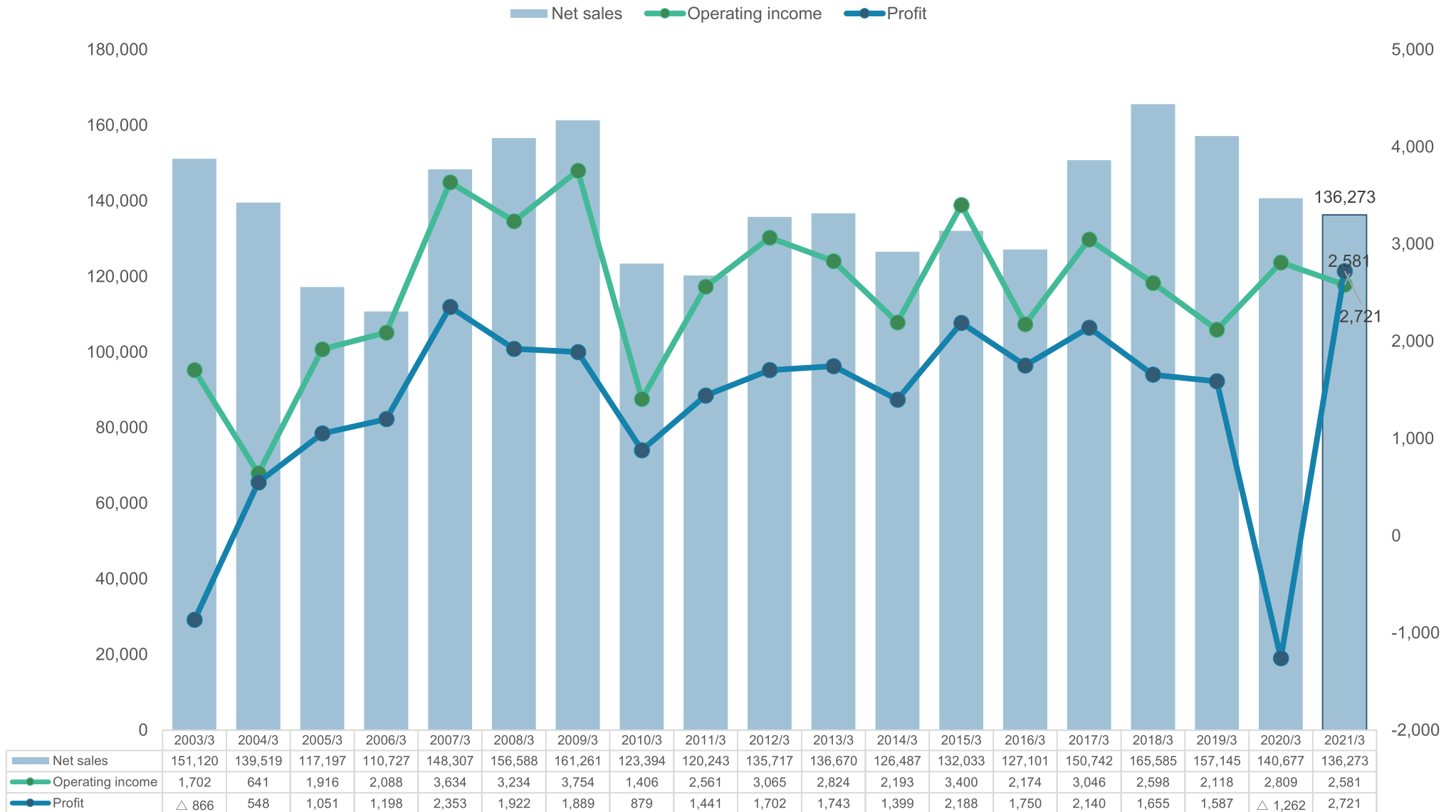


**Seika Sangyo (Thailand) Co., Ltd.**  
Industrial machinery for the automobile, chemical and textile industries



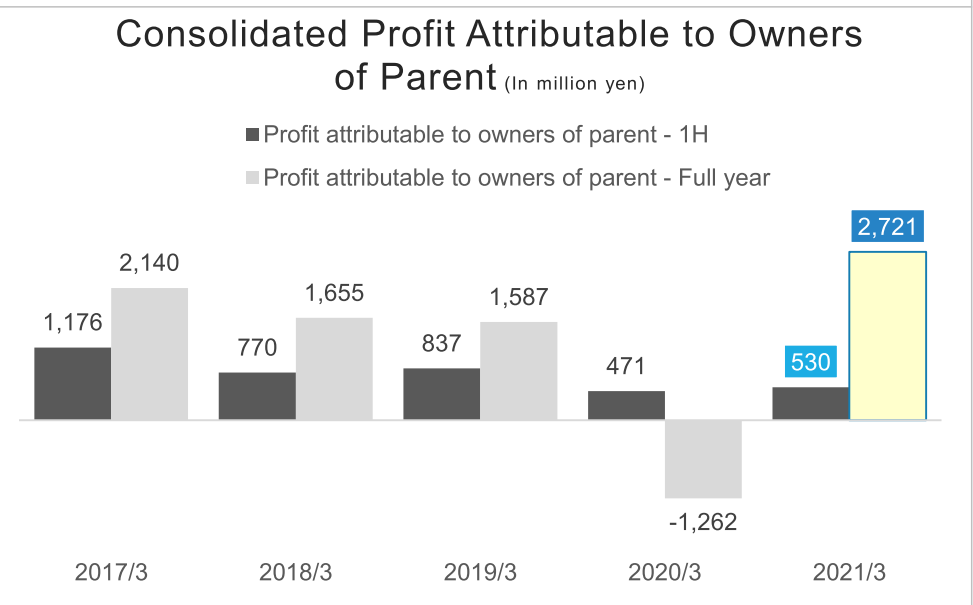
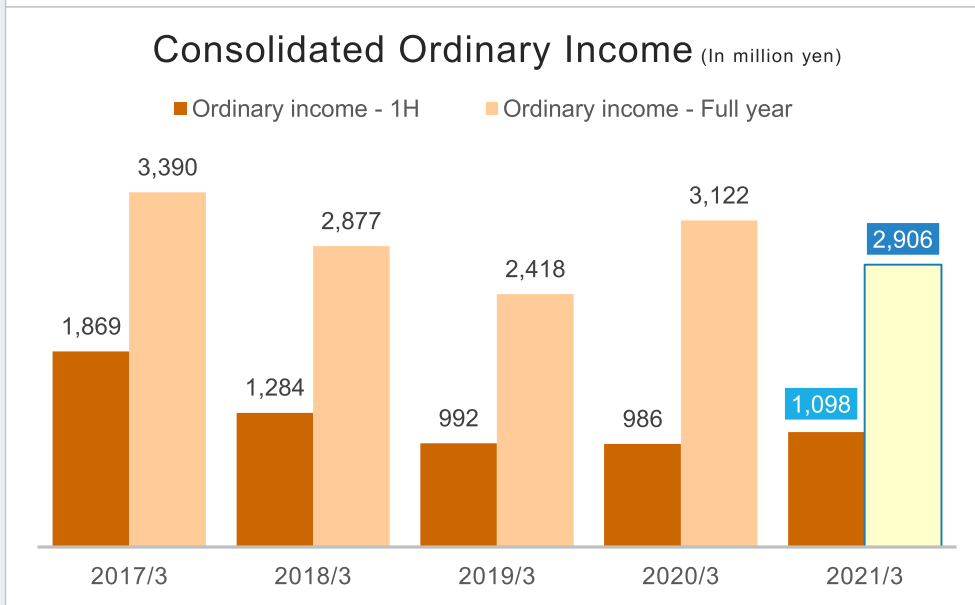
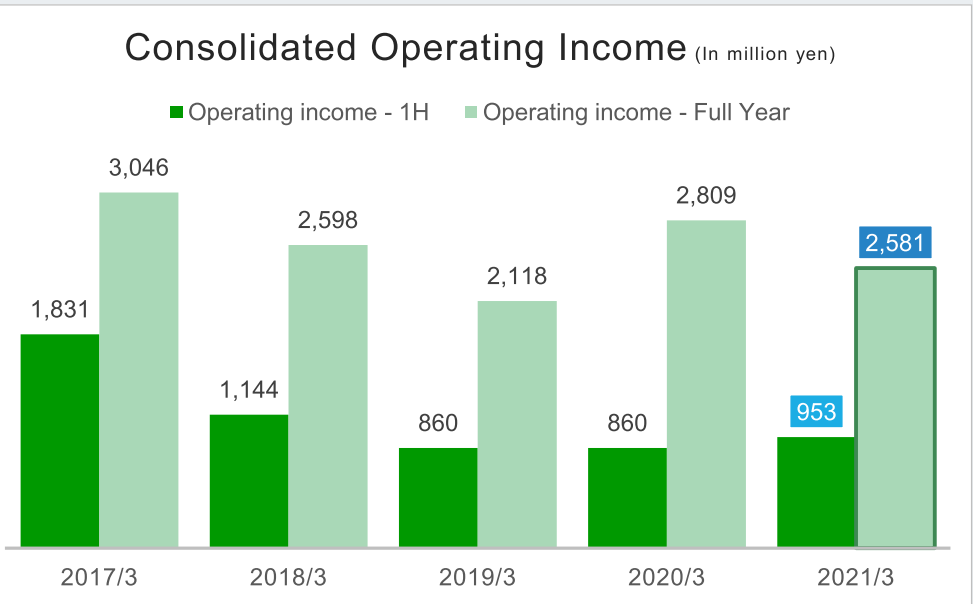
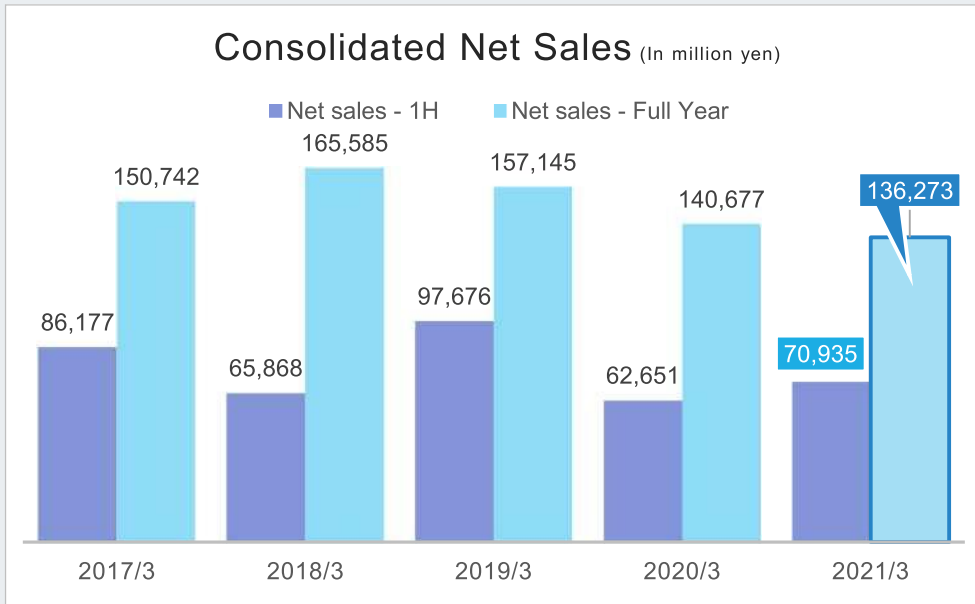
# 6. Performance Trend

## Consolidated Net Sales, Operating Income and Profit (in million yen)





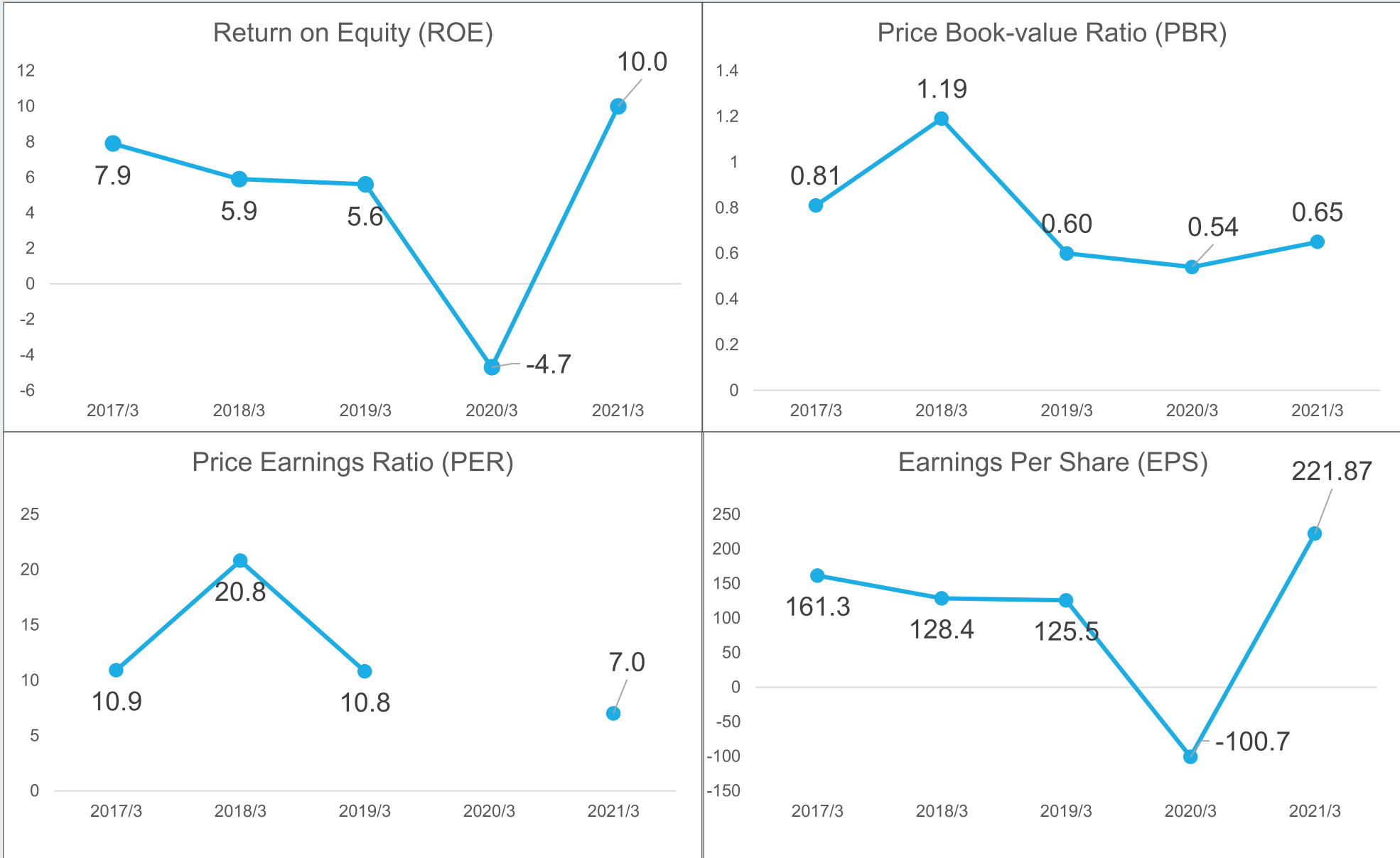
# 7. Changes in Consolidated Financial Results







# 8. Trend of Management Indicators





# 9. Medium-Term Management Plan Re-SEIKA 2023

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

**April 2020 – March 2023**

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.



## Long-Term Management Vision (April 2017 – March 2027)

### Long-Term Management Vision

In 10 years,  
the Seika Group will be:

A global corporate group that will adapt to changes in the business environment and hold a solid business foundation and in which employees are full of vigor and a pioneering spirit, have job satisfaction at their respective companies and achieve growth

### Long-Term Management Policy

01

Press ahead with the reform and evolution of business models to continuously increase the Group's earning power

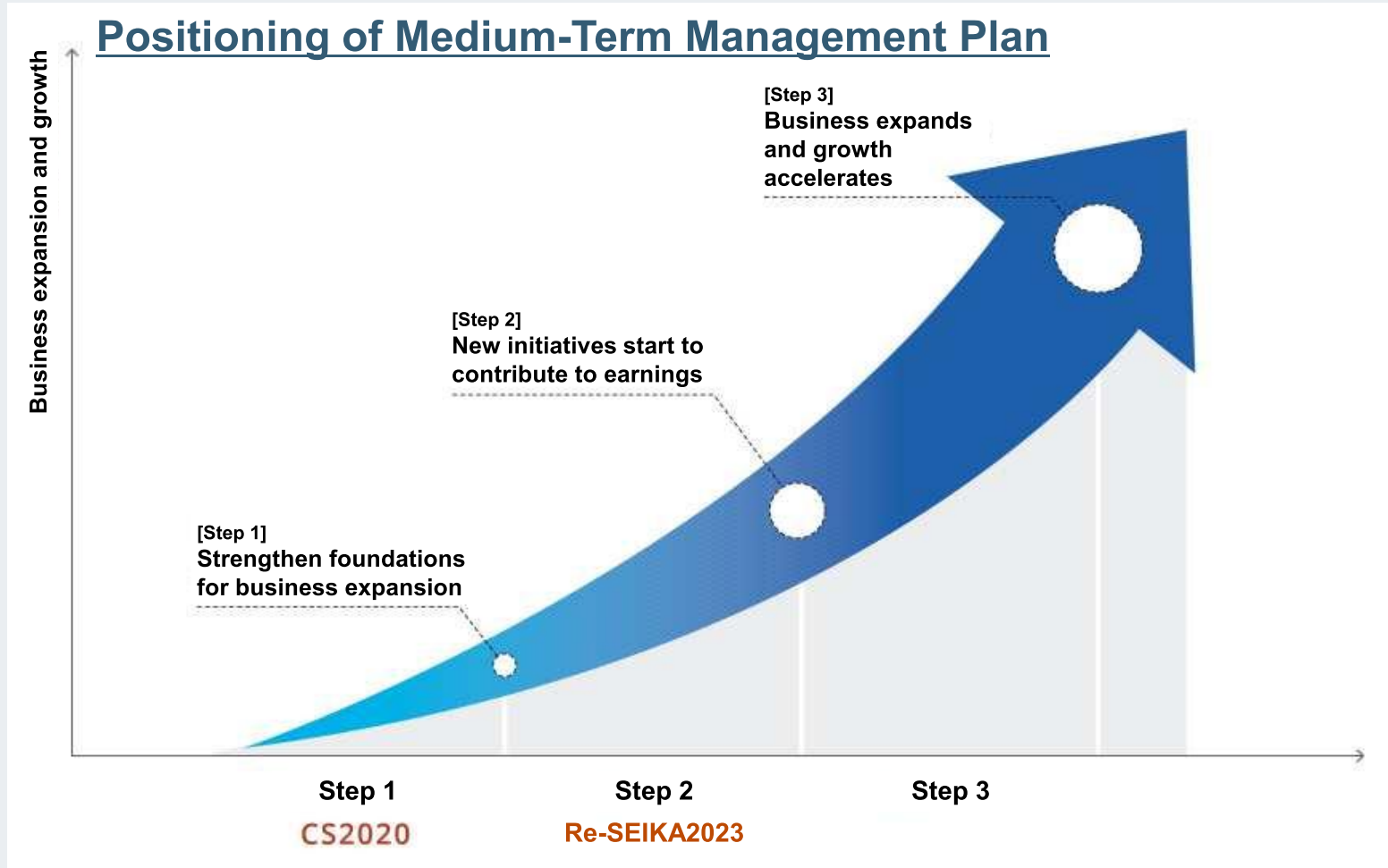
02

Discover and develop human resources capable of creating new businesses and playing significant roles in Japan and beyond, and implement optimal introduction of management resources in response to changes of the times

03

Create an attractive workplace environment that gives job satisfaction to employees to improve productivity







## 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.

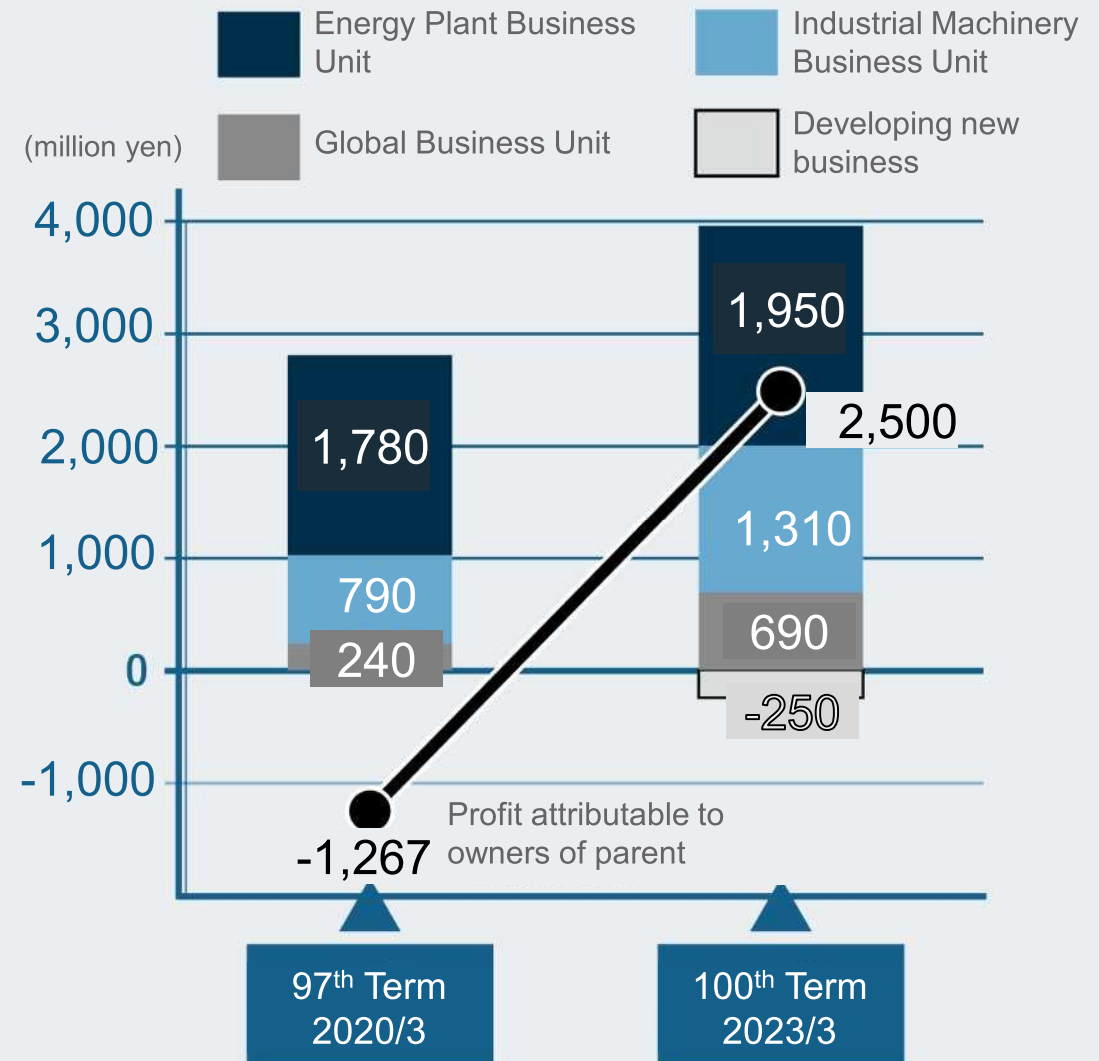


# Numerical Targets under Medium-Term Management Plan Re-SEIKA 2023

## Management Numerical Targets (consolidated)

	2023/3 (100 <sup>th</sup> Term)
Operating income	(Note 2) <b>3.7</b> billion yen
Profit attributable to owners of parent	(Note 2) <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.



## Expansion of eco-friendly products (**E**nvironment)

Result for orders received for eco-friendly products in the fiscal year ended March 31, 2021	Number of orders received	Amount of orders received (In billion yen)
<b>Energy-saving, resource-saving, high efficiency products</b>	10,800	80.3
<b>Pollution-preventing products</b>	985	7.1
<b>Recycled/Reused products</b>	688	1.2
Total	12,473	88.6

## **S**ocial 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

### Development of human resources

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



## **G**overnance

### 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

### Provision of information in English

Part of convocation notice, financial results briefing, materials, FACT BOOK



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.

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