

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

Financial Results Briefing for the Second Quarter of the Fiscal Year Ending March 31, 2021

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

SEIKA CORPORATION (TSE Section 1: 8061)

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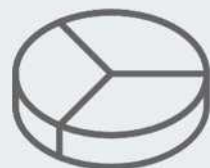
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01

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021

	2020/3 1H Result	2021/3 1H Result	Change (YoY)
Net sales	62,651 million yen	70,935 million yen	↑ +13.2%
Operating income	860 million yen	953 million yen	↑ +10.9%
Ordinary income	986 million yen	1,098 million yen	↑ +11.3%
Profit attributable to owners of parent	471 million yen	530 million yen	↑ +12.7%
Amount of orders received	75,095 million yen	63,411 million yen	↓ -15.6%
Order backlog	—	133,073 million yen	—

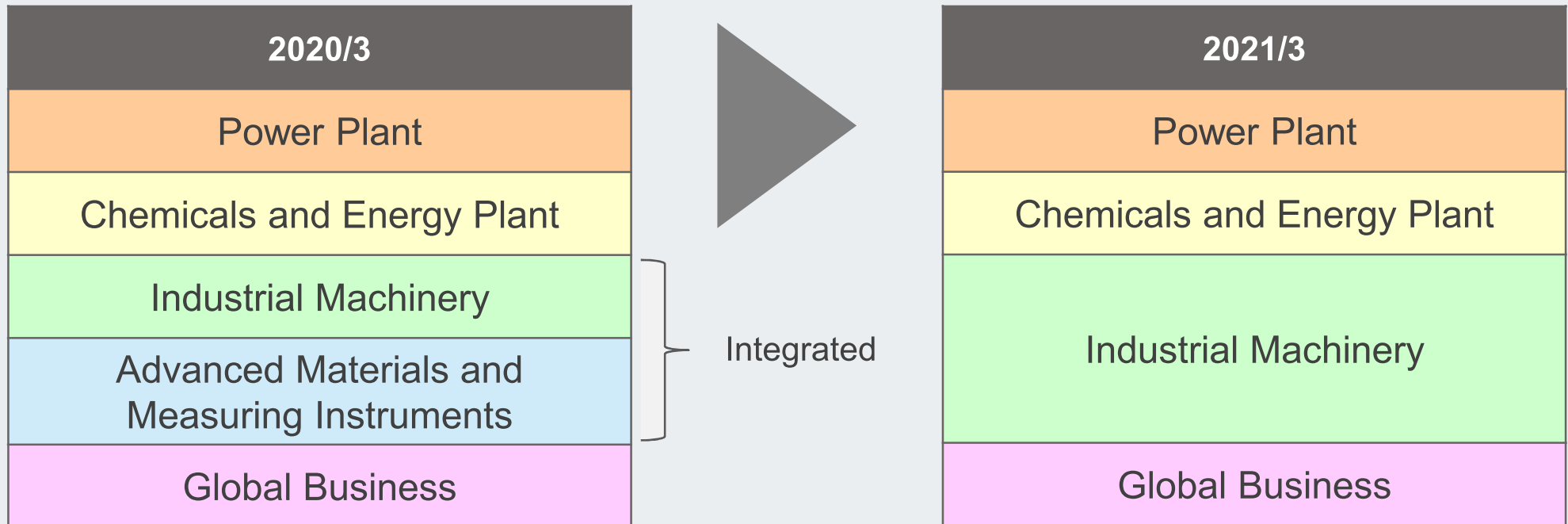
Main factors for increases in both sales and income

- ▶ The increase in sales of large projects in the Power Plant business that plays a role in social infrastructure contributed to sales.
 - ▶ The Industrial Machinery business that develops machinery sales for general industry contributed to earnings.
 - ▶ Despite some poorly performing overseas subsidiaries, the performance of subsidiaries remained firm overall, which contributed to the consolidated financial results.
- ▶ Amount of orders received declined, affected by the postponement of regular inspections for the equipment of customers and the cancellation of capital expenditure plans, although there are some orders received for products related to COVID-19 preventive measures, such as orders for mask manufacturing equipment and droplet analyzers.



Change to segments

The Company has changed its segments as follows for the fiscal year ending March 31, 2021.



Changes in the method for calculating segment income

Corporate expenses and amortization of goodwill, which were items for adjusting differences from the total sum of segment income, are allocated to each segment according to reasonable standards.

➔ Total sum of segment income ≈ Operating income



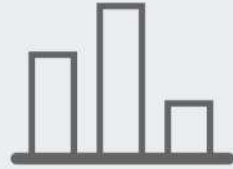
Business Summary by Segment (Net Sales)

	Net sales		Main factors for changes
	2021/3 1H Result	Change (YoY)	
Power Plant	31,263 million yen	+47.4%	Sales increased due to an increase in deliveries of large projects such as renovations of power generation equipment for electric power companies.
Chemicals and Energy Plant	12,396 million yen	-17.1%	Sales declined due to a fall in deliveries of power generation equipment for general industry.
Industrial Machinery	21,810 million yen	+3.8%	Sales increased due to solid sales of industrial machinery for domestic synthetic fiber industries and plants and the firm performance of Nippon Daiya Valve Co., Ltd.
Global Business	5,463 million yen	-0.3%	Sales remained flat from the level of the previous year due to the firm performance of subsidiaries in the United States and Southeast Asian countries, including the sales of water pumps for public works of the Tsurumi (Europe) GmbH Group.
Total	70,935 million yen	+13.2%	



Business Summary by Segment (Income)

	Segment income		Main factors for changes
	2021/3 1H Result	Change (YoY)	
Power Plant	452 million yen	-37.4%	Income decreased due to a fall in the medium and small projects for thermal power generation equipment and nuclear power generation equipment.
Chemicals and Energy Plant	44 million yen	-39.6%	Income declined due to the additional work burdens of in some of the Company's transactions, although the earnings of Shikishimakiki Corporation, which deals with ship engines, expanded.
Industrial Machinery	600 million yen	+386.8%	Income increased due to an improvement in the business performance of Seika Digital Image CORPORATION and large scale negotiations of power distribution equipment works for semiconductor manufacturers.
Global Business	-117 million yen	Segment income a year ago -84 million yen	Income declined due to the poor performance of Seika YKC Circuit (Thailand) Co., Ltd. which manufactures and sells printed circuit boards and SEIKA (SHANGHAI) CO., LTD.
Total	979 million yen	+17.3%	



02

Consolidated Forecast for the Fiscal Year Ending March 31, 2021



Consolidated Forecast for the Fiscal Year Ending March 31, 2021

	2020/3 Result	2021/3 1H Result	2021/3 Forecast	Change (YoY)
Net sales	140.6 billion yen	70.9 billion yen	135.0 billion yen	-4.0%
Operating income	2.80 billion yen	0.95 billion yen	2.40 billion yen	-14.6%
Ordinary income	3.12 billion yen	1.09 billion yen	2.70 billion yen	-13.5%
Profit attributable to owners of parent	-1.26 billion yen	0.53 billion yen	1.65 billion yen	Profit in the previous fiscal year -1.26 billion yen

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

Impact of COVID-19

In terms of future business performance, the impact on the Power Plant business, which operates in the social infrastructure field, will be light, but other businesses could be affected by the falling utilization rates of factories and some customers' postponement of capital expenditure plans.



Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (by Segment)

Power Plant	2020/3 Result	2021/3 Forecast	Change (YoY)	Change (YoY)
Net sales	39.9 billion yen	50.0 billion yen	10.1 billion yen	25.3%
Segment income	1.41 billion yen	1.30 billion yen	-0.11 billion yen	-7.8%

Segment income for the fiscal year ended March 31, 2020 is calculated based on the calculation method for the fiscal year ending March 31, 2021.

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.)



Thermal power plant

Outlook for the fiscal year ending March 31, 2021

The Company forecasts net sales of 50 billion yen and segment income of 1.3 billion yen in anticipation of deliveries of disaster prevention- and security-related equipment for nuclear power plants in the second half, in addition to deliveries of large projects such as the renovation of power generation equipment for thermal power plants in the first half.



Renewable energy



Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (by Segment)

Chemicals and Energy Plant	2020/3 Result	2021/3 Forecast	Change (YoY)	Change (YoY)
Net sales	42.9 billion yen	30.0 billion yen	-12.9 billion yen	-30.1%
Segment income	0.51 billion yen	0.20 billion yen	-0.31 billion yen	-60.8%

Segment income for the fiscal year ended March 31, 2020 is calculated based on the calculation method for the fiscal year ending March 31, 2021.

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

Outlook for the fiscal year ending March 31, 2021

The Company forecasts net sales of 30 billion yen and segment income of 0.2 billion yen due to the firm performance of Shikishimakiki Corporation which sells ship engines, in addition to the delivery of power generation equipment for chemical and energy companies in the second half.



Fuels for biomass power generation equipment



Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (by Segment)

Industrial Machinery	2020/3 Result	2021/3 Forecast	Change (YoY)	Change (YoY)
Net sales	46.3 billion yen	45.0 billion yen	-1.3 billion yen	-2.8%
Segment income	1.03 billion yen	1.10 billion yen	0.07 billion yen	6.8%

Segment income for the fiscal year ended March 31, 2020 is calculated based on the calculation method for the fiscal year ending March 31, 2021.

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.)



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

Outlook for the fiscal year ending March 31, 2021

The Company forecasts net sales of 45 billion yen and segment income of 1.1 billion yen in anticipation of contributions from deliveries of EV-related negotiations and the earnings of Nippon Daiya Valve Co., Ltd. to business performance in the second half, in addition to large negotiations regarding industrial machinery for domestic synthetic fiber industries and plants and semiconductor manufacturers in the first half.



NIPPON DAIYA VALVE Diaphragm valve



Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (by Segment)

Global Business	2020/3 Result	2021/3 Forecast	Change (YoY)	Change (YoY)
Net sales	11.4 billion yen	10.0 billion yen	-1.4 billion yen	-12.3%
Segment income	-0.19 billion yen	-0.20 billion yen	-0.01 billion yen	— %

Segment income for the fiscal year ended March 31, 2020 is calculated based on the calculation method for the fiscal year ending March 31, 2021.

Business Activities

- 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



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

Outlook for the fiscal year ending March 31, 2021

The Company forecasts net sales of 10 billion yen and segment loss of 0.2 billion yen due to the poor performance of Seika YKC Circuit (Thailand) Co., Ltd. and SEIKA (SHANGHAI) CO., LTD., despite the performance of Tsurumi (Europe) GmbH Group and other subsidiaries whose performance remains firm.



Tsurumi (Europe) GmbH Group
Water pumps



03

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.



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



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.



Projects in the Medium-Term Management Re-SEIKA 2023

Under the Medium-Term Management Plan, we have launched three new business development projects aiming to build a new business model by effectively utilizing the knowledge and resources of the Group.

1. Renewable energy project

While historically we have promoted a Power Plant business that is centered on thermal power plants, we have launched this project to develop a new source of earnings (business) in light of the ways that the supplying of electric power is changing as the world trends toward decarbonization.

Specifically, we will promote the sale of stable power supply systems such as a system to pool energy by replacing natural energy sources with hydrogen and storage cells in order to resolve the unstable of renewable energy power supplies.

We are also working to build regional microgrids using small hydroelectric power generation facilities and biomass power generation facilities using thinned wood, etc. to supply electric power locally.



2. Life science project

We have launched a project focusing on the field of life science, where living better, eating better and living a better life is the key as society ages and birthrates decline.

We are collaborating with a German manufacturer that leads the world in pharmaceutical manufacturing equipment technology and also working to further develop the pharmaceutical market that is expected to grow by utilizing our subsidiary Nippon Daiya Valve Co., Ltd.'s sales channels in the pharmaceutical field.

3. Mobility project

We have launched this project to deal with products for mobility-related infrastructure businesses such as automotive, 5G, fuel cells and hydrogen-related products. We aim to quickly commercialize this project by selecting specific products from the perspective of technology trends and market growth.



Projects in the Medium-Term Management Re-SEIKA 2023

In addition to the three new business development projects, we are also working on the following projects to enhance the Seika Group's corporate value.

1. Human resources utilization project

To promote the utilization of human resources as one Group, we are planning and examining measures to develop the power of the Group's human resources, including the construction of mechanisms enabling personnel exchanges within the Group, the sharing of each internal training and meetings for people in charge to exchange their knowledge.

2. Social contribution activity project

The Seika Group companies are supporting the activities of A Dream A Day in Tokyo, a public interest incorporated association that supports children with intractable diseases in the realization of their dreams and works to create memories with their families, in addition to disaster rehabilitation assistance in Japan and overseas and other regional contribution activities. We will continue to work to realize an affluent society through the social contribution activities we conduct as one Group.



04

Topics

Establishment of Seika Daiya Engine Co., Ltd.

The Company has established Seika Daiya Engine Co., Ltd. (SDE) by acquiring shares of Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. (MHIET) based on a transfer agreement regarding the domestic ship engine sales and service business of Mitsubishi Heavy Industries Engine Systems, Ltd., a wholly-owned subsidiary of MHIET, on October 1, 2020.

▶ Business expansion through the establishment of SDE

✓ Expansion of existing businesses

The Company converted Shikishimakiki Corporation, a general agent of MHIET in Hokkaido, into its subsidiary in 2016. The Company expects that the ship engine sales and service business will expand through nationwide development as a result of integrating SDE with its 25 bases in Japan into the Group in addition to Shikishimakiki Corporation.

✓ Foray into new fields

We will foray into new fields such as engines for commercial and industrial ships including work ships for offshore wind power generation equipment and auxiliary engines for large ships.



Topics (2)

Transfer of shares of Seika YKC Circuit (Thailand) Co., Ltd., a Thai subsidiary that manufactures and sells printed circuit boards.

The Company decided to discontinue the business of Seika YKC Circuit (Thailand) Co., Ltd. (SYC) at a meeting of the Board of Directors held on September 10 and has since been considering its future direction.

As the rebuilding of SYC's business would require further investment and more time, the Company has decided to withdraw from this business and transfer its shares to a company that is able to utilize its assets.

Schedule for the transfer of shares

- (1) Resolution of the Board of Director of the Company: October 13, 2020
- (2) Date of the share transfer agreement: October 13, 2020
- (3) Date of the share transfer (planned): January 6, 2021

Future outlook

We will disclose the impact on our consolidated and non-consolidated financial results for the current fiscal year as soon as the details have been disclosed.



05

**Reference Materials
Second Quarter of the Fiscal Year
Ending March 31, 2021**

Reference Materials

1. **Company Profile**
2. **History of SEIKA CORPORATION**
3. **Domestic Network**
4. **Overseas Network**
5. **Performance Trend**
6. **Changes in Consolidated Financial Results**
7. **Trend of Management Indicators**
8. **ESG Initiatives**
9. **Shareholder Returns: Dividend**



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: 312 / Consolidated: 971 (As of March 2020)
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	9 affiliated companies in Japan and 17 affiliated companies overseas 32 bases in Japan and 22 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)

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)

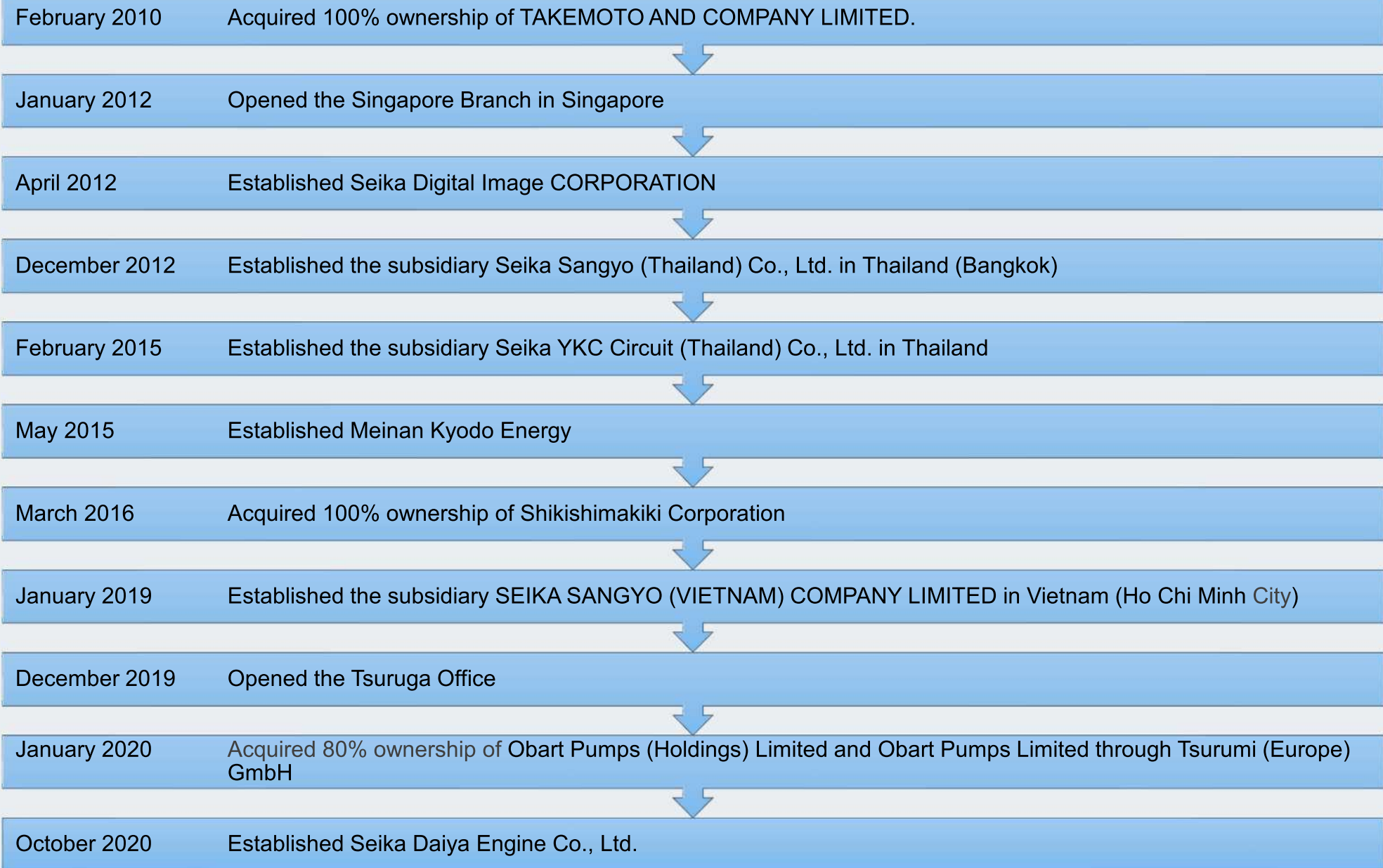
August 2001 Changed registered head office from Kokurakita ku Kitakyushu to Chiyoda ku , Tokyo

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

April 2005 Acquired 100% ownership of Nippon Daiya Valve Co., Ltd.



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

Tozai Jitsugyo Co., Ltd. Tokyo

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

TEN FEET WRIGHT INC.

Tokyo, Osaka, Takamatsu, Fukuoka

JAPAN EJECTOR ENGINEERING Co., Ltd.

Osaka, Wakayama

Seika Digital Image CORPORATION. Tokyo

MEINAN KYODO ENERGY Co., Ltd. Chita

Shikishimakiki Corporation

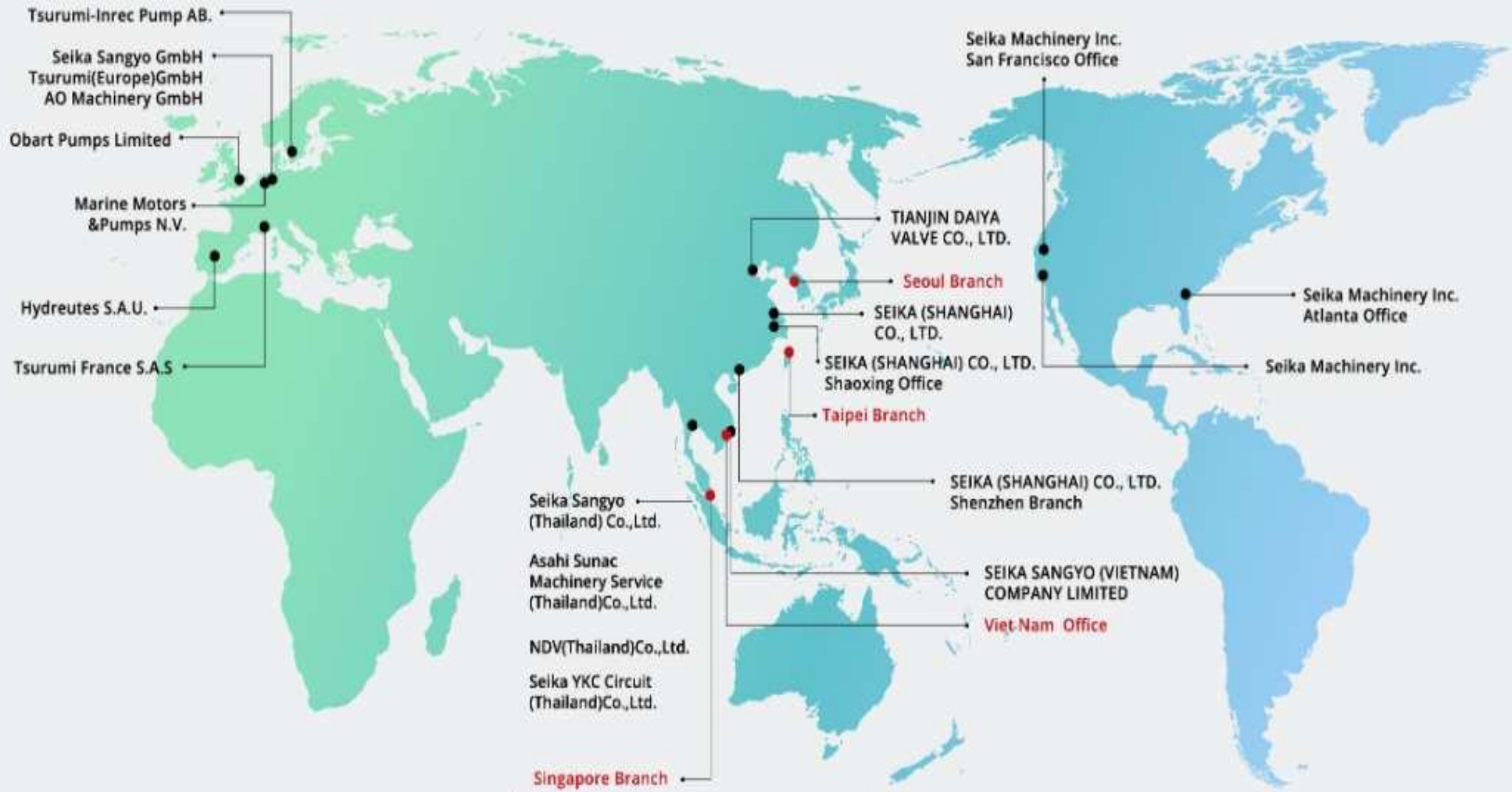
Head Office in Sapporo, Hokkaido and ten other offices in Hokkaido

Seika Daiya Engine Co., Ltd.

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



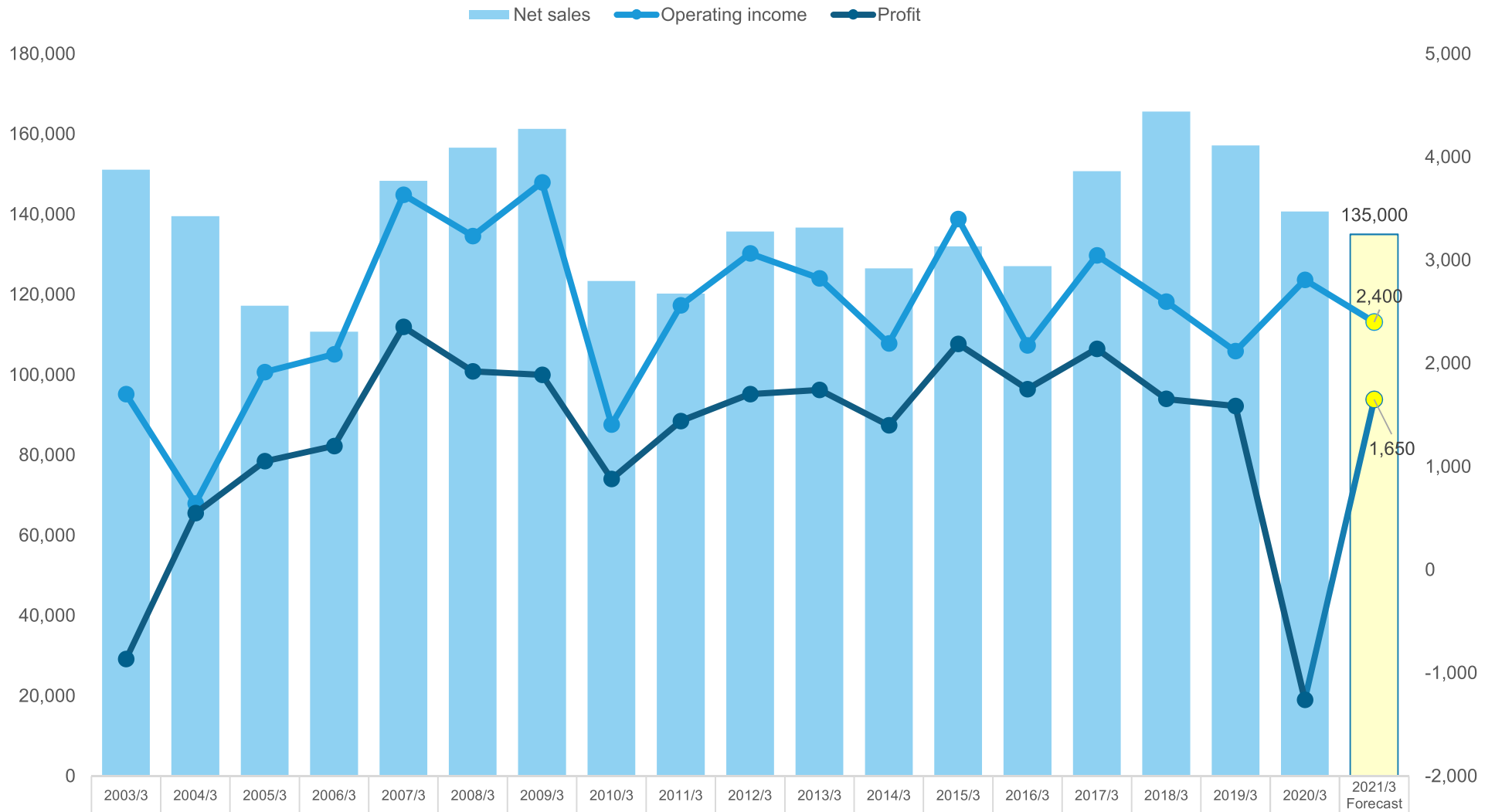
4. Overseas Network





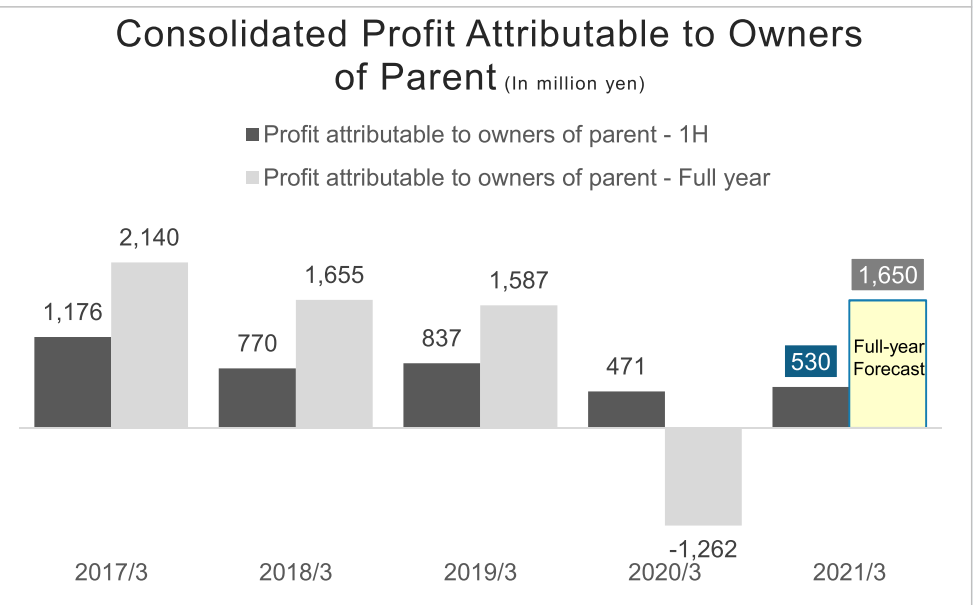
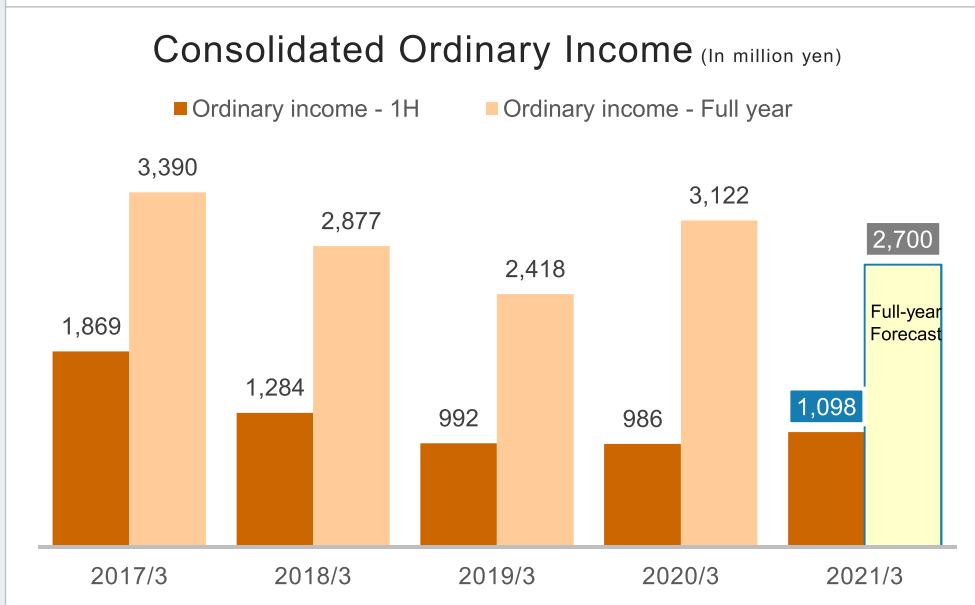
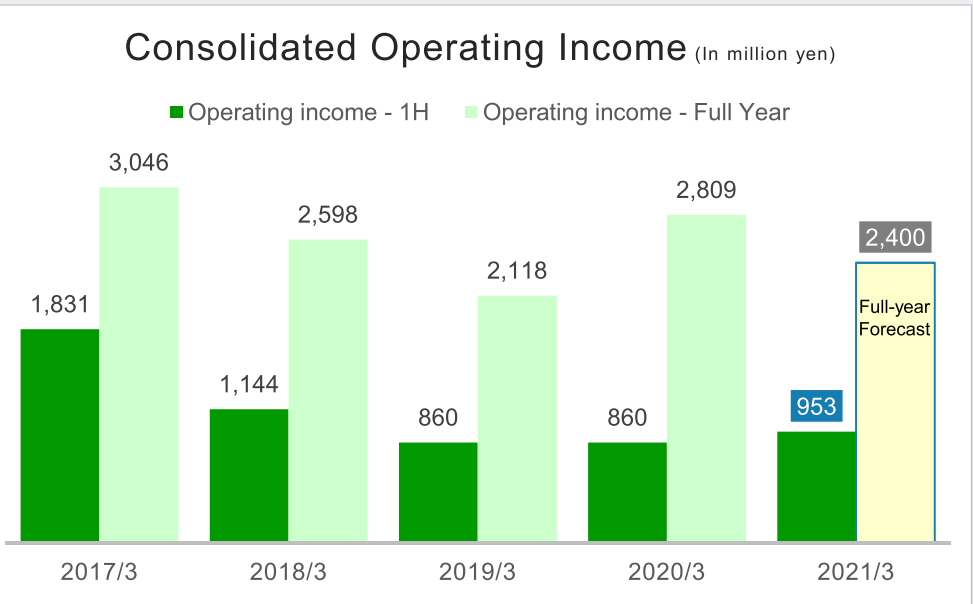
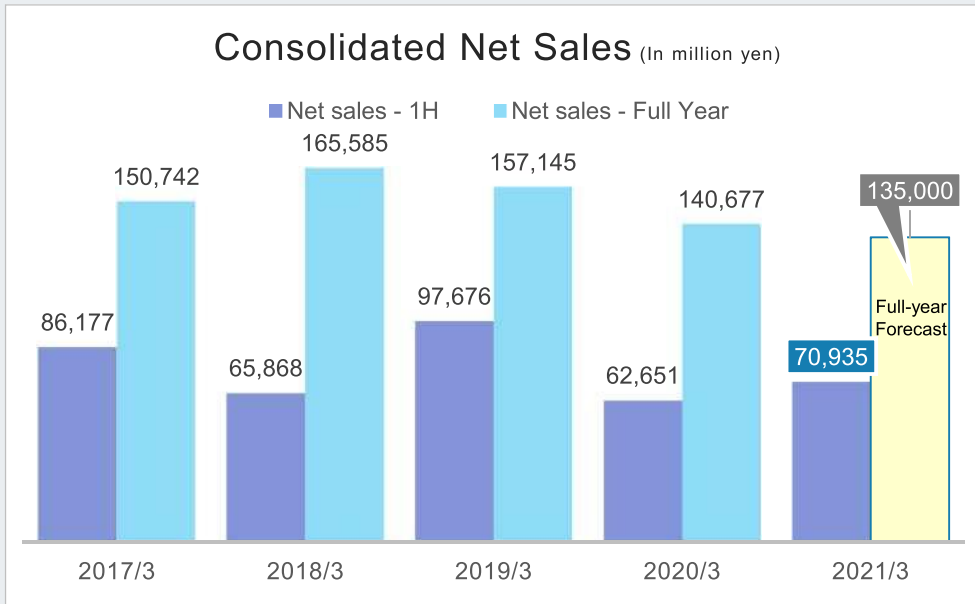
5. Performance Trend

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



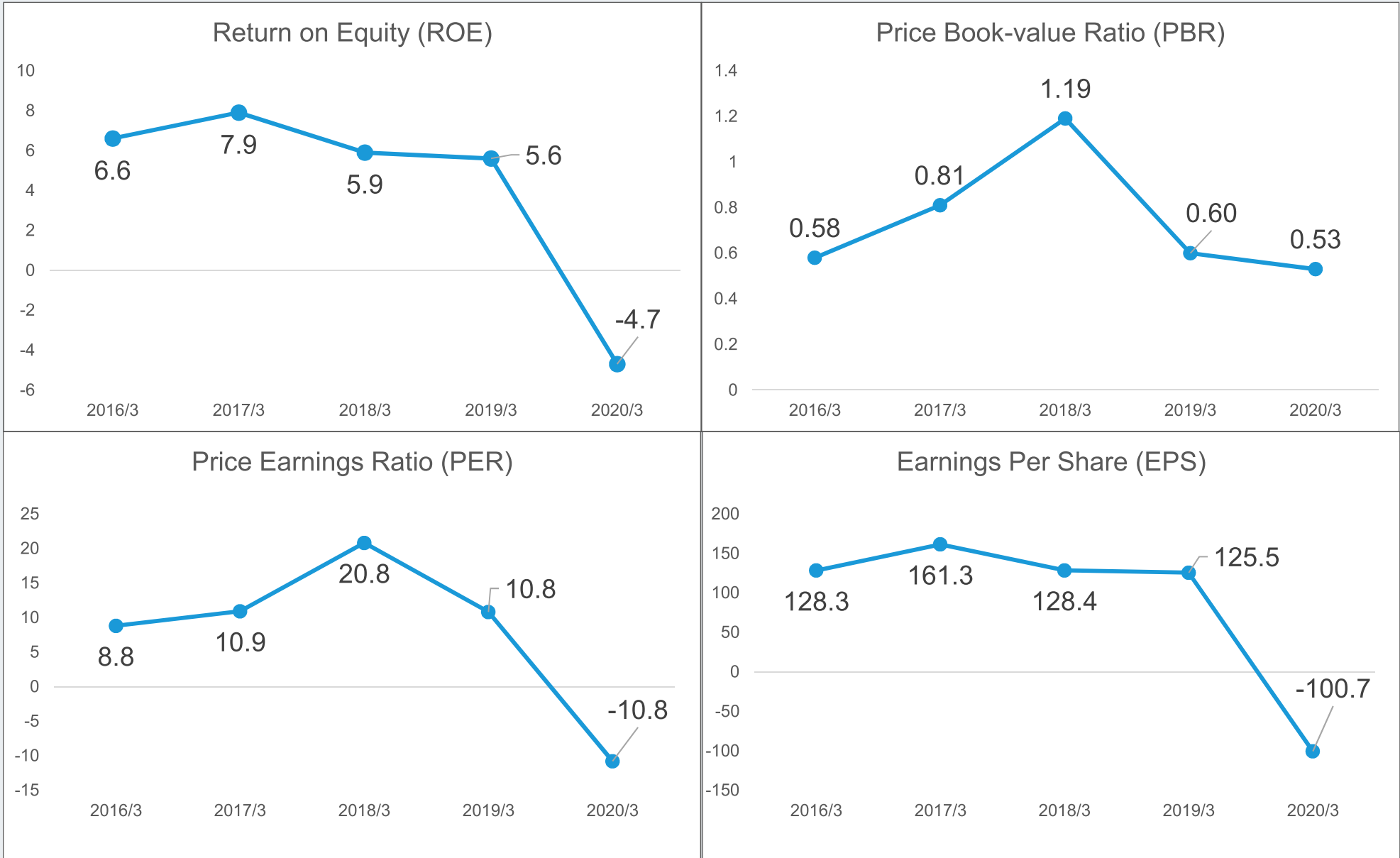


6. Changes in Consolidated Financial Results





7. Trend of Management Indicators



8. ESG Initiatives



Expansion of eco-friendly products **E**nvironment

Result for orders received for eco-friendly products in the fiscal year ended March 31, 2020	Number of orders received	Amount of orders received (In billion yen)
Energy-saving, resource-saving, high efficiency products	11,540	87.74
Pollution-preventing products	1,127	5.75
Recycled/Reused products	812	1.25
Total	13,479	94.75

Social responsibility (workstyle reform) **S**ocial

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



Governance **G**overnance

Measures based on the Corporate Governance Code

Conducted evaluation of effectiveness of Board of Directors

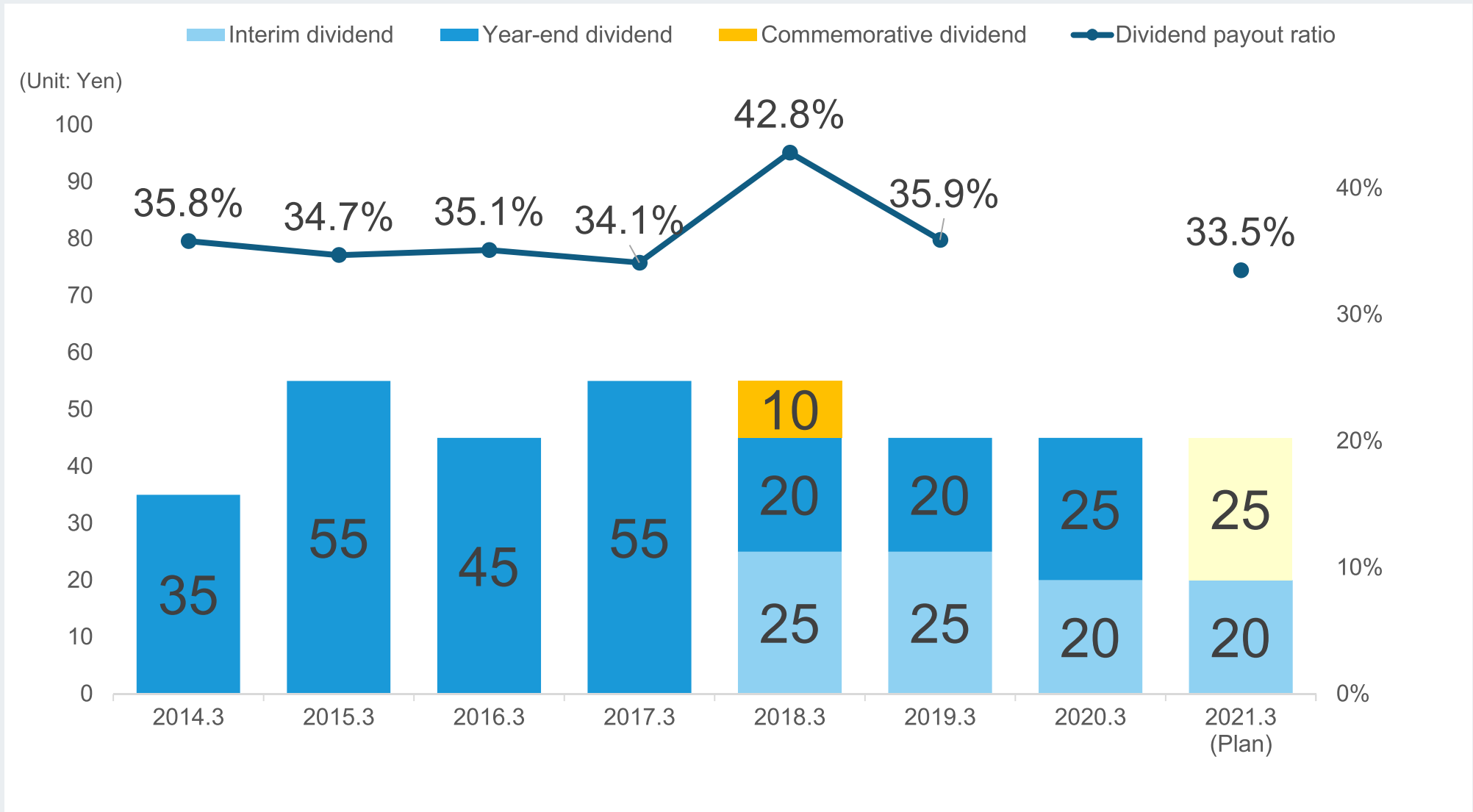
Established the Nomination Review Committee and the Compensation Review Committee

Provision of information in English

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



9. Shareholder Returns: Dividend



* The Company implemented a consolidation of shares at a ratio of one (1) share for every five (5) shares of its common stock with an effective date of October 1, 2017. Results reflect the effect of the consolidation of shares.

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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