

# Financial Results Briefing for the Second Quarter of the Fiscal Year Ending March 31, 2024

**SEIKA CORPORATION**

(TSE Prime Market: 8061)



# Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

## Result: Profit (1H) at 1.46 billion yen [Up 0.62 billion yen YoY]

- Profit increased, reflecting the steady performance of consolidated subsidiaries and an improvement in the profit ratio of individual projects, more than offsetting an increase in general and administrative expenses attributable mainly to the establishment of a network of sites associated with the launch of sales distributor operations related to nuclear power plant equipment of Mitsubishi Heavy Industries, Ltd. and investment in human capital (personnel expenses and education and training expenses).

## Full-year forecast: Profit at 3.4 billion yen [Revised up by 0.5 billion yen]

- Profit is forecast to stand at 3.4 billion yen (as compared to 2.9 billion yen in the initial forecast), supported by the newly launched sales distributor operations related to nuclear power plant equipment of Mitsubishi Heavy Industries, Ltd., as well as strong sales of competitive commercial products in the Product Business.
- An order backlog is expected to be accumulated due to a brisk order intake in the Energy Business. Meanwhile, the achievement of the profit target under the Medium-term Management Plan VIORB 2030 Phase 1 has come in sight.

## Shareholder return: Dividend payout ratio at 35% (goal) → Total return ratio at 45% (goal)

- Dividend amount: Interim dividend at 60 yen and annual dividend at 120 yen (dividend amount in the previous year: 90 yen)
- Introduction of a shareholder benefit program

Number of shares held	Benefits
100 to 299 shares	QUO Card worth 1,000 yen
300 to 499 shares	QUO Card worth 2,000 yen
500 shares or more	QUO Card worth 3,000 yen

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01

# Toward the Achievement of Numerical Targets under the VIORB 2030 Long-Term Management Vision Ahead of Schedule

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## ➤ Priority business domains



# Long-Term Management Vision VIORB 2030



# Accelerate Implementation of the Growth Strategy

We will accelerate the implementation of our growth strategy (investment in growth opportunities) to achieve the profit target of 4.5 billion yen set out in the VIORB 2030 long-term vision before FY2030.

## Our strengths

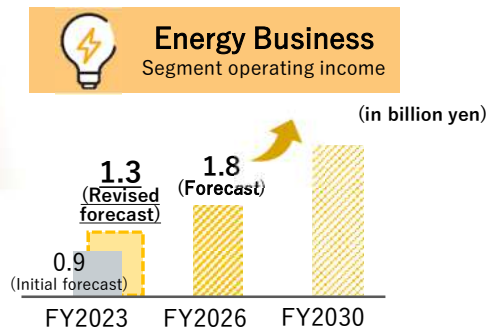
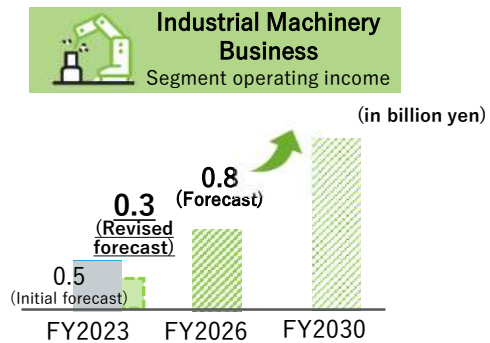
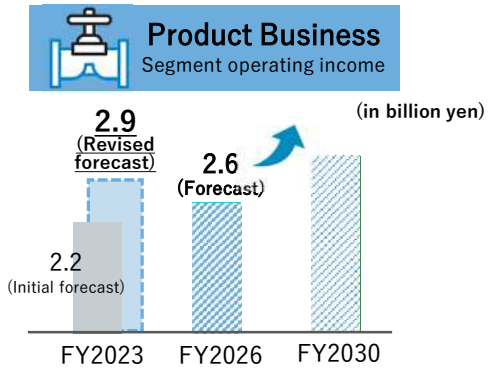
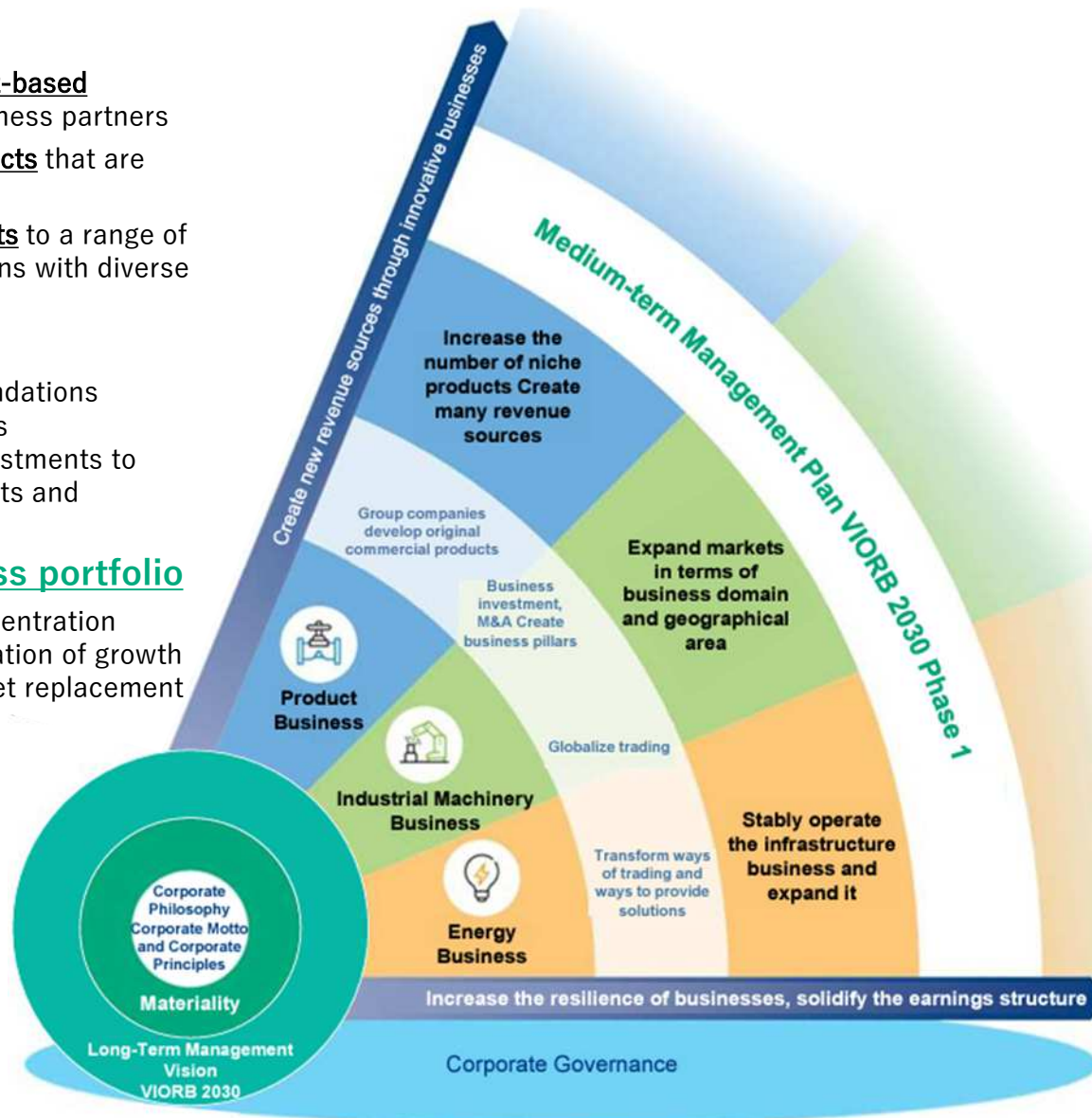
- **Trading based on strong trust-based relationships** with major business partners
- **Development of unique products** that are niche and competitive
- **The ability to propose products** to a range of industries through transactions with diverse manufacturers

## Business strategy

- Strengthen the business foundations based on the energy business
- Make strategic business investments to develop new commercial rights and commercial products

## Rebuilding of the business portfolio

- Engage in selection and concentration based on the careful examination of growth potential and implement asset replacement





**Action to implement management that is  
conscious of cost of capital and stock price**



# Action to implement management that is conscious of cost of capital and stock price

## Current Situation

### Business analysis

- Our trust-based relationships, including our personal relationships with our customers, which we have developed based on our many years of history as a Mitsubishi Heavy Industries sales distributor, are the stable foundation of our competitiveness.
- We have developed a new business related to nuclear power generation, one of our growth pillars, and stabilized the growth trajectory of our energy business.
- The industrial machinery business lacks the necessary management resources to expand into new business fields or differentiate itself from its competitors.
- Our global network lacks an advantage relative to other machinery trading companies' networks for creating new revenue opportunities.

### Stock analysis

- Our consolidated profit is trending upward, and we have been making progress in asset replacement. However, this is not reflected in the stock price. The PBR is low (0.75 at the end of September 2023). We need to work on improving the PER.
- In Medium-term Management Plan VIORB2030 Phase 1, the dividend payout ratio target was set at 35%, which falls short of the shareholder return (total payout ratio, dividend payout ratio, etc.) level of the companies listed on the TSE Prime Market.
- As stated in Medium-term Management Plan VIORB2030 Phase 1, the Company aims to maintain a Return on Equity (ROE) of at least 8.0%. However, this falls short of the ROE that institutional investors consider desirable over the medium to long term.
- The number of shareholders is gradually decreasing, and individual shareholders' holdings are becoming more stable. The trading volume is small. In this situation, our initiatives are not well understood.

## Policies

- We aim to achieve the consolidated profit target of 4.5 billion yen that we set out in the VIORB 2030 long-term vision, before FY2030.
- We will make business investments using financial leverage to enhance corporate value and increase shareholder return.

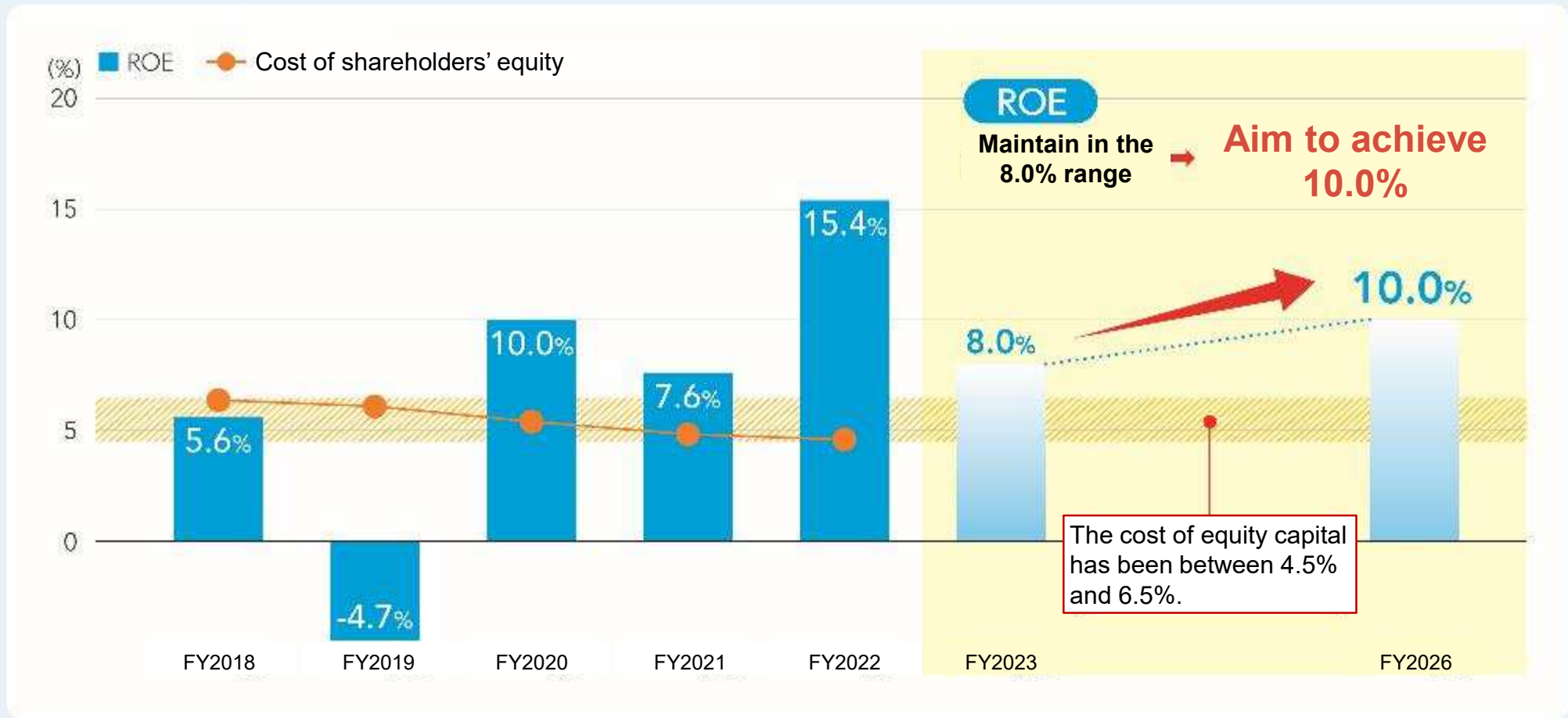
## Specific actions

- We will revise our ROE target (maintaining an ROE of 8.0% or higher) up to 10.0% and establish an organizational structure that effectively uses the PDCA cycle to achieve the long-term vision's earnings target ahead of schedule.
- We will invest 10.0 billion yen in growth opportunities while maintaining financial soundness, taking advantage of our strong balance sheet.
- We will change our shareholder return target from the dividend payout ratio to the total payout ratio. We will aim to achieve a total payout ratio of 45% to increase shareholder return.
- We will aim to reduce cross-held shares to less than 20% of consolidated net assets by FY2024 as planned. We are considering subsequently reducing them to 10%.
- We plan to introduce a shareholder benefit program to attract new investors and increase stock trading.
- We will promote disclosure, dialogue with investors, and investor relations to have our initiatives understood by more people.
- We will introduce a remuneration system for officers as a sound incentive for the achievement of sustainable growth.



# Upward Revision of the ROE Target

We will take a business approach that emphasizes capital efficiency. We will revise the ROE target (currently 8.0% or more) up to 10.0%.





# 02

## Progress in the Implementation of the Medium-term Management Plan VIORB 2030 Phase 1

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# Progress in the Implementation of the Medium-term Management Plan VIORB 2030 Phase 1

## Pillars of Sales Strategy

- Strengthen business foundations based on the energy business
- Solve social issue and expand business across four priority domains, decarbonization, energy and resource conservation, circular economy and DX
- Strategic business investment (envision a path toward growth together with business partners, make business investments whose main purpose is to secure commercial rights and commercial products, create innovative businesses, and develop new revenue sources)

## Rebuilding of the business portfolio

- Engage in selection and concentration based on careful examination of each business entity's growth potential, and implement asset replacement

## Human resources strategy

- Introduction of personnel systems that champion the success of diverse individuals and provide job fulfillment to all employees
- Promote a wide range of recruitment activities to recruit professional human resources including career personnel, area specialists and career returnees
- Level up human resources with enhanced education and training

### [Progress in the implementation]

- The sales distributor operations related to nuclear power plant equipment of Mitsubishi Heavy Industries, Ltd., which were launched this fiscal year, have been implemented steadily.
- There are brisk inquiries related to the four priority domains, and many projects for factory process automation and decarbonization are being implemented.
- Regarding strategic business investment, there is no commercial product which was developed by making specific business investment this fiscal year.

- Promoting sales of cross-held shares
- Transferred 90% of shares in Takemoto and Company Limited, which mainly deals in piping components and plant equipment, to Inoue Corporation, thus excluding the company from the scope of consolidated subsidiaries (July 3)

<Acquired additional shares in TVE Co., Ltd. (making it an equity method affiliate company)>

- Introducing new personnel systems, which are free from seniority elements and are aimed at placing the right people in the right jobs, in FY2024
- Implementing activities to recruit career personnel on an area-by-area basis and enhancing activities to recruit career returnees (The number of new graduate hires is expected to be double that of the previous year.)
- Increased education and training curriculums and also enhanced programs intended for all employees of the Group

# Numerical Targets under the Medium-term Management Plan VIORB 2030 Phase 1

Numerical targets for FY2026 will be checked when two years have passed, or at the mid point, and revised as necessary.

We will formulate a single-year business plan every year, starting in FY2023 as the first fiscal year.

	FY2023 Numerical Targets	FY2023 Forecast	FY2026 Numerical Targets
<b>Net sales</b>	<b>95.0</b> billion yen	<b>85.0</b> billion yen	<b>110.0</b> billion yen
<b>Operating income</b>	<b>3.7</b> billion yen	<b>4.5</b> billion yen	<b>5.2</b> billion yen
<b>Ordinary income</b>	<b>4.3</b> billion yen	<b>5.0</b> billion yen	<b>5.2</b> billion yen
<b>Profit attributable to owners of parent</b>	<b>2.9</b> billion yen	<b>3.4</b> billion yen	<b>3.5</b> billion yen



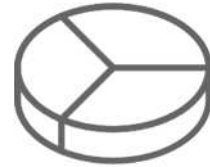
**03**

## **Topics for FY2023 (- November)**



## List of topics for April to November 2023

Apr 1	Renewal of the Company's website
May 26	Formulation of Medium-term Management Plan VIORB 2030 Phase 1
May 26	Financial results briefing for the fiscal year ended March 31, 2023
Jun 8	<b>Sustainability Committee is established.</b> 
Jun 28	100th Annual General Meeting of Shareholders
Jul 28	<b>Online company information session is held for private investors (Daiwa Securities Co., Ltd.).</b> 
Aug 1	<b>A capital and business alliance agreement is signed between Seika Daiya Engine Co., Ltd., a Seika Group company, and Eight Knot Inc.</b> 
Aug 10	<b>Material issues are identified.</b> 
Aug 23	<b>Online company information session is held for private investors (au Kabucom Securities Co., Ltd.).</b> 
Sep 29	<b>A council for developing seaweed beds is established by Seika Daiya Engine Co., Ltd.</b> 
Oct 25	Announcement of analyst report release by Shared Research Inc
Nov 10	Establishment of Taiwan Seika Co., Ltd. (planned to begin operating on January 1, 2024)
Nov 17	<b>Publish Integrated Report</b> 



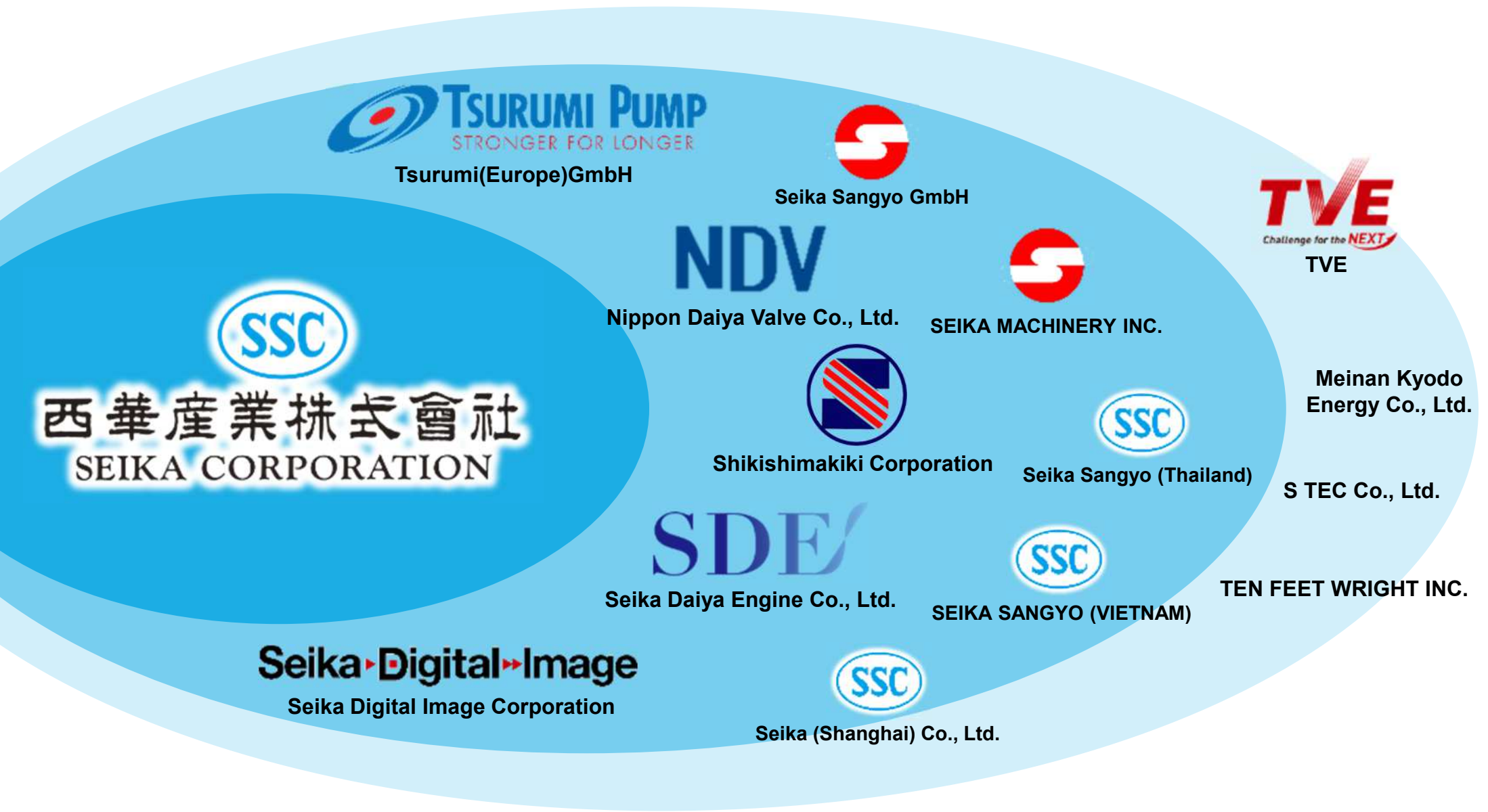
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# Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

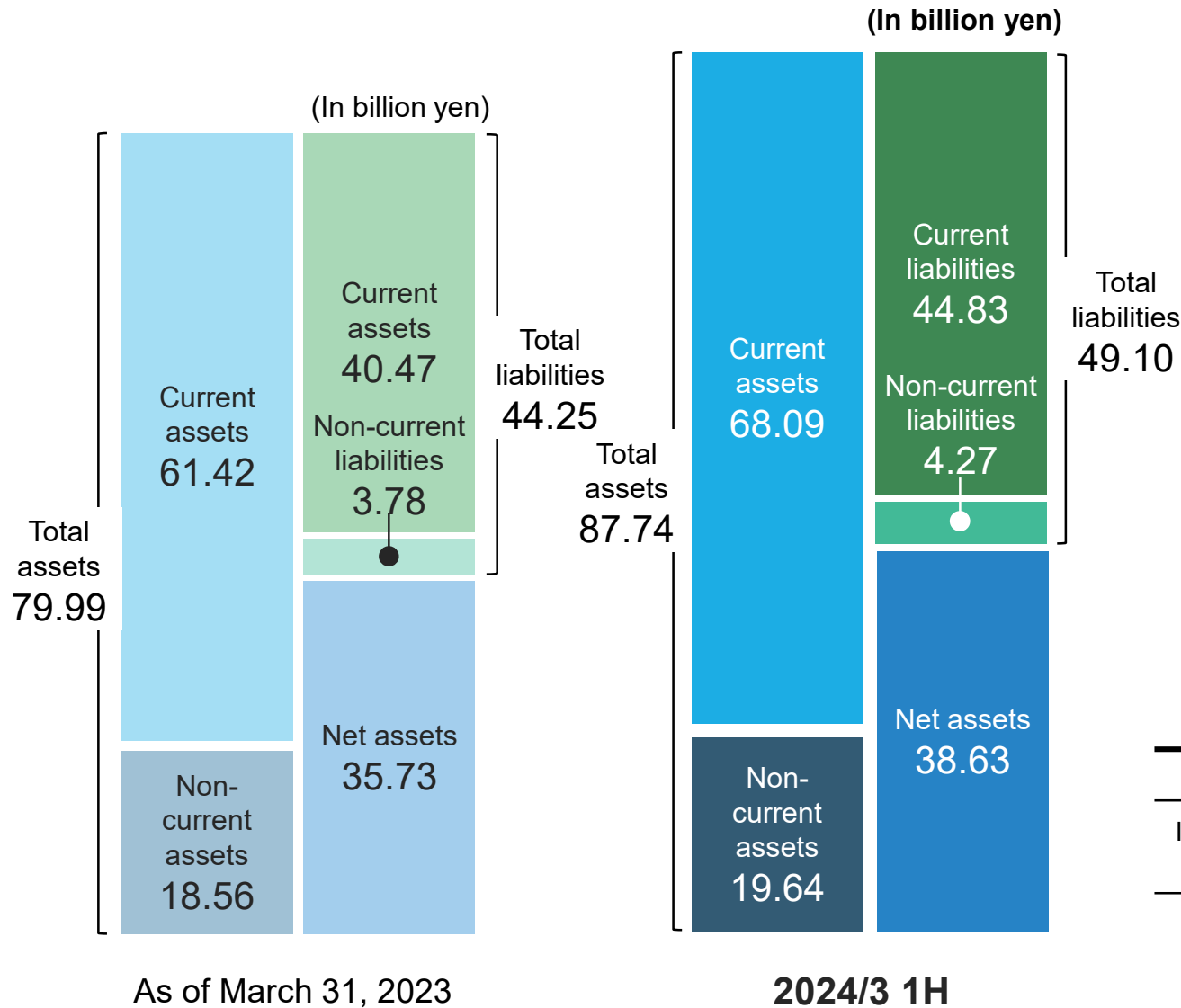
# Scope of consolidation

Consolidated subsidiaries (domestic and overseas)

Equity method affiliate companies



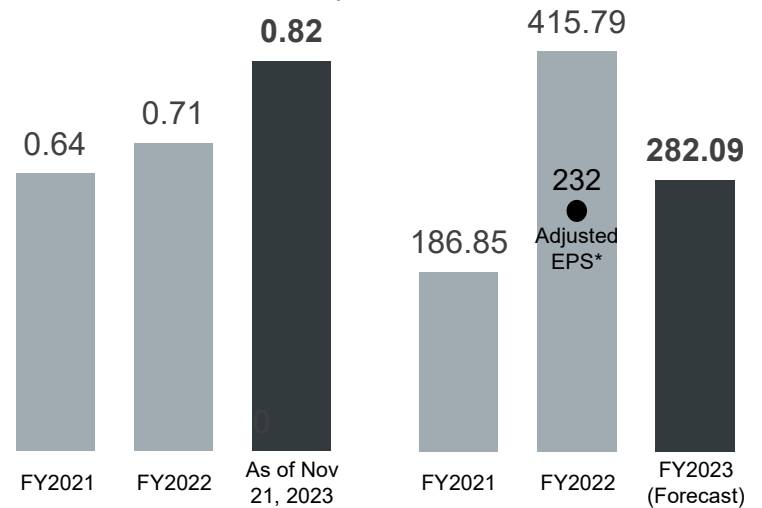
# Balance Sheet for the Second Quarter of the Fiscal Year Ending March 31, 2024



PBR (times)

EPS (yen)

Market capitalization  
31.5 billion yen



\* The values for adjusted EPS exclude temporary factors, such as negative goodwill.

	FY2023 1H	Change from the end of previous fiscal year
Equity ratio	43.0%	-0.7%
Interest-bearing debt (In million yen)	30	-2,000
DER (times)	0.00	-0.07

# Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

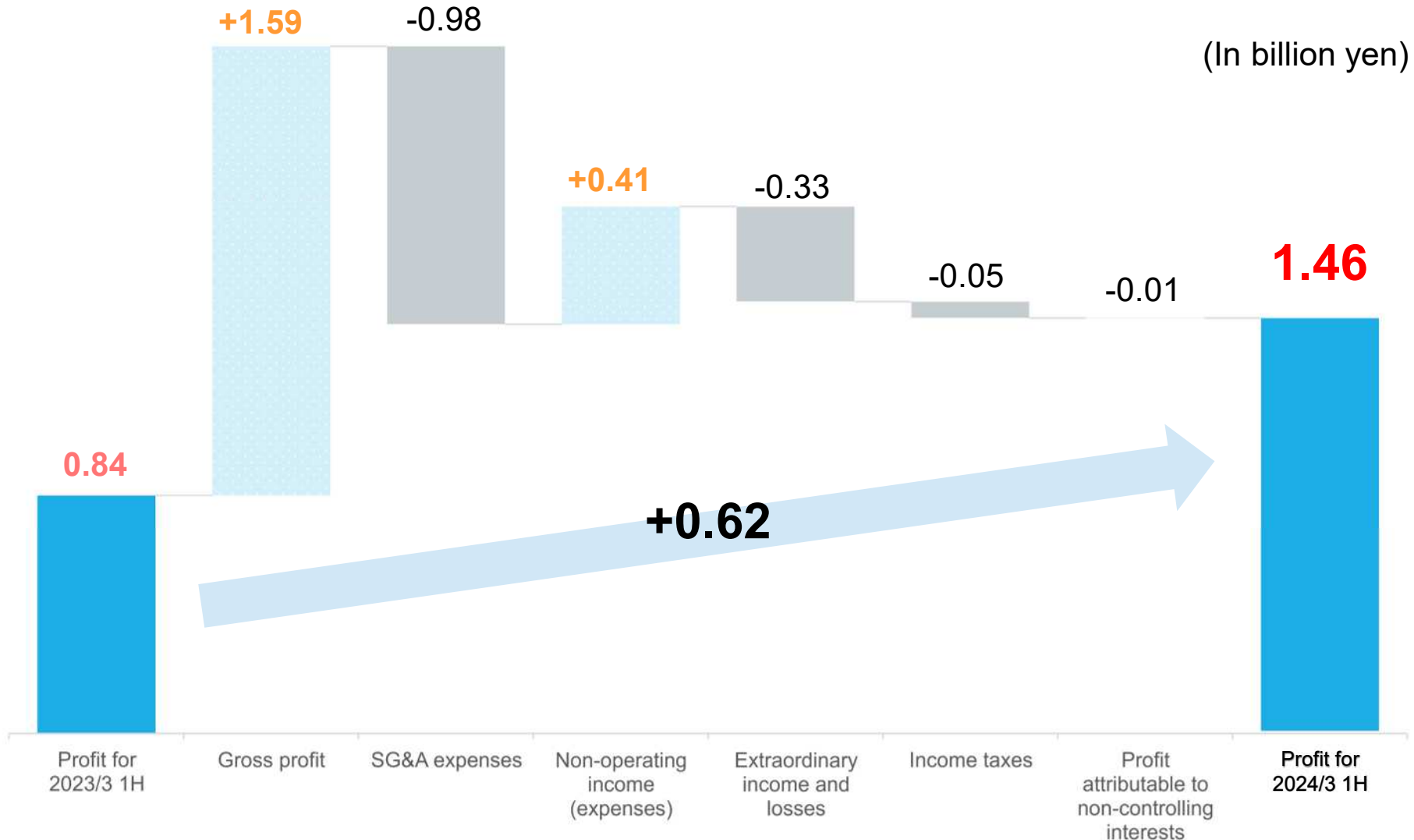
	2023/3 1H Result	2024/3 1H Result	Change (YoY)
<b>Transaction value</b>	68.86 billion yen	<b>96.86</b> billion yen	+40.7%
<b>Net sales</b>	40.45 billion yen	<b>40.04</b> billion yen	-1.0%
<b>Operating income</b>	1.44 billion yen	<b>2.05</b> billion yen	+42.0%
<b>Ordinary income</b>	1.21 billion yen	<b>2.24</b> billion yen	+84.2%
<b>Profit attributable to owners of parent</b>	0.84 billion yen	<b>1.46</b> billion yen	+73.5%

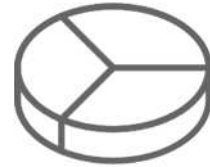
	2023/3 1H Result	2024/3 1H Result	Change (YoY)
<b>Amount of orders received</b>	46.46 billion yen	<b>46.03</b> billion yen	-0.9%
<b>Order backlog</b>	64.77 billion yen	<b>58.45</b> billion yen	-9.8%



# Waterfall Analysis of Consolidated Profit (2023/3 1H vs 2024/3 1H)

- Operating income increased, with an increase in gross profit more than offsetting an increase in SG&A expenses.
- Non-operating income (expenses) improved with the elimination of share of loss of entities accounted for using equity method





# Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 by Segment

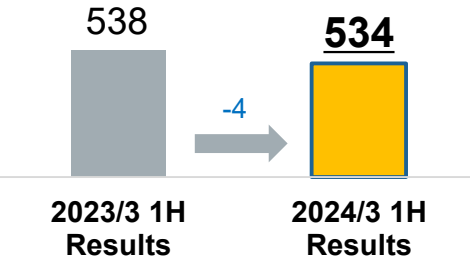
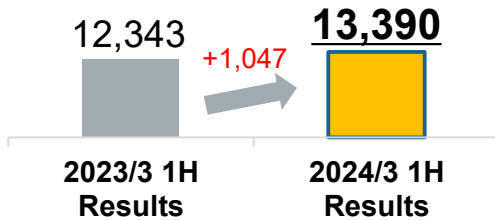
# Business Summary by Segment (Net Sales and Income)

## Energy Business

(In million yen)

Net sales

Segment income



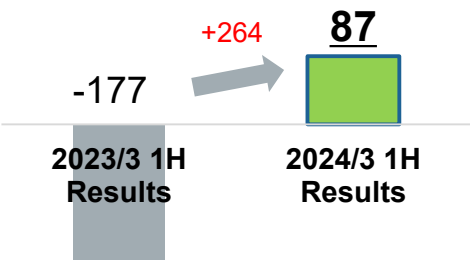
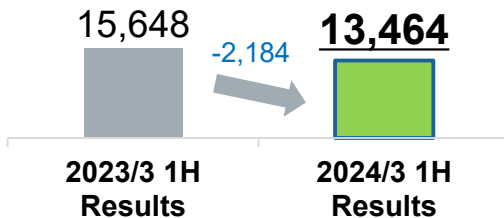
- Contribution of the sales distributor operations related to nuclear power plant equipment of Mitsubishi Heavy Industries, Ltd.
- Reliable maintenance of existing thermal power plants
- Orders received for new construction of a biomass power plant and incidental facilities
- Proactive initiatives on solar and hydroelectric power generation equipment

## Industrial Machinery

(In million yen)

Net sales

Segment income



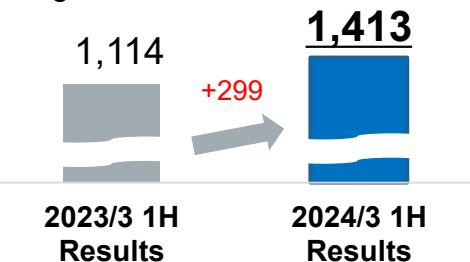
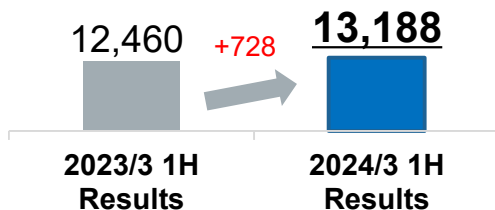
- Promotion of plant process automation and labor savings
- Achieving the recycling and reuse of plastics and other resources
- From the sale of standalone equipment to comprehensive response to customer needs
- Promotion of DX using robots and various sensors

## Product Business

(In million yen)

Net sales

Segment income



- Manufacturing and sales of valves and pumps remaining strong
- Expansion of the inspection business using drones
- Strengthening of the semiconductor business in Japan and China
- Practical use of automated navigation system started in the marine engine business

# Business Summary by Segment -- At-a-glance Chart

(In billion yen)

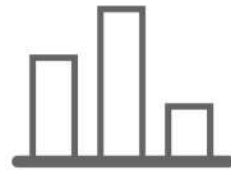
	Net sales			Segment income		
	2023/3 1H Results	2024/3 1H Results	Change	2023/3 1H Results	2024/3 1H Results	Change
Energy Business	12.34	<b>13.39</b>	<b>+1.05</b>	0.53	<b>0.53</b>	<b>-0.00</b>
Industrial Machinery	15.64	<b>13.46</b>	<b>-2.18</b>	-0.17	<b>0.08</b>	<b>+0.25</b>
Product Business	12.46	<b>13.18</b>	<b>+0.72</b>	1.11	<b>1.41</b>	<b>+0.29</b>
Total	40.45	<b>40.04</b>	<b>-0.41</b>	1.47	<b>2.03</b>	<b>+0.56</b>

# Order Backlog by Segment

(In billion yen)

	Order backlog	Amount of orders received	Sales	Order backlog		
	End of 2023/3	2024/3 1H	2024/3 1H	2024/3 1H	Change from the end of the previous fiscal year	Percentage of change from the end of the previous fiscal year
Energy Business	19.76	18.89	13.39	<b>25.26</b>	<b>+5.50</b>	<b>+27.8%</b>
Industrial Machinery	20.95	12.67	13.46	<b>20.16</b>	<b>-0.79</b>	<b>-3.7%</b>
Product Business	11.74	14.46	13.18	<b>13.01</b>	<b>+1.27</b>	<b>+10.8%</b>
Total	52.46	46.03	40.04	<b>58.45</b>	<b>+5.99</b>	<b>+11.4%</b>





**05**

# **Consolidated Forecast for the Fiscal Year Ending March 31, 2024**

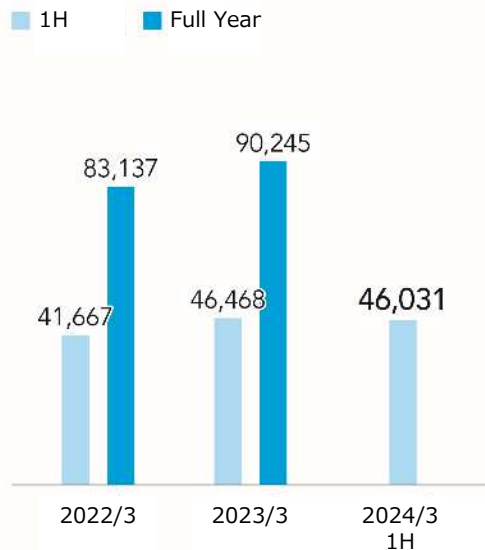
# Consolidated Forecast for the Fiscal Year Ending March 31, 2024

	2023/3 1H Result	2024/3 Forecast	Progress rate
<b>Transaction value (Note)</b>	<b>96.86</b> billion yen	<b>200.0</b> billion yen	48.4%
<b>Net sales</b>	<b>40.04</b> billion yen	<b>85.0</b> billion yen	47.1%
<b>Operating income</b>	<b>2.05</b> billion yen	<b>4.5</b> billion yen	45.5%
<b>Ordinary income</b>	<b>2.24</b> billion yen	<b>5.0</b> billion yen	44.8%
<b>Profit attributable to owners of parent</b>	<b>1.46</b> billion yen	<b>3.4</b> billion yen	43.0%

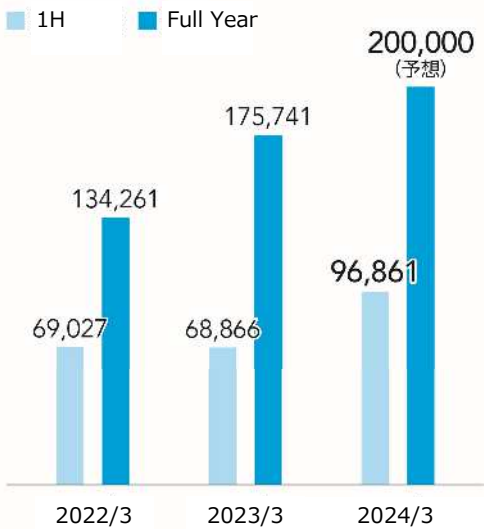
Consolidated forecast is calculated based on the information available to the Company as of this moment.

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

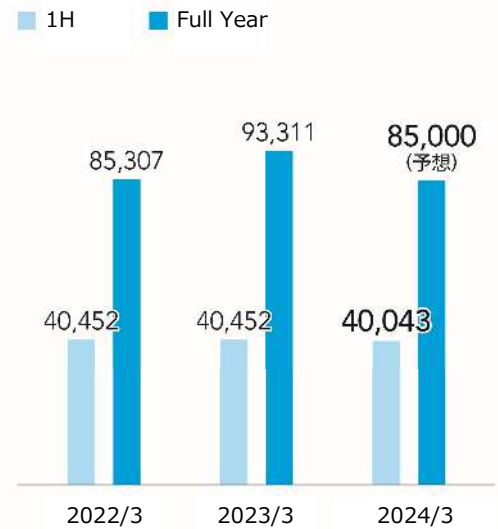
### Amount of orders received (In million yen)



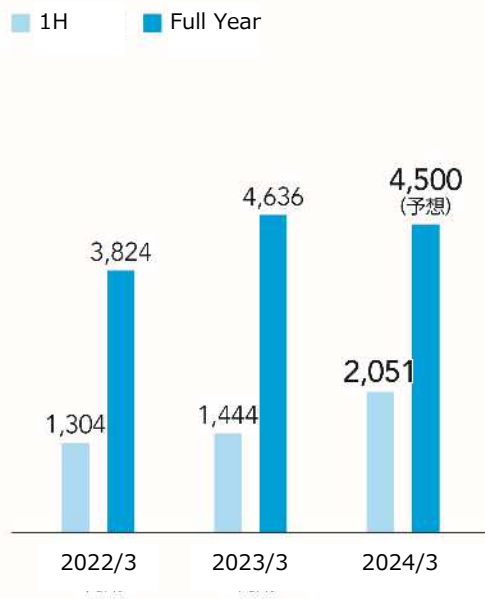
### Gross sales (In million yen)



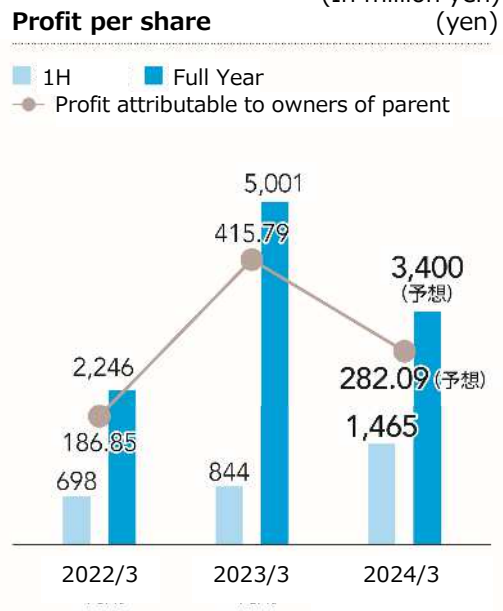
### Net sales (In million yen)



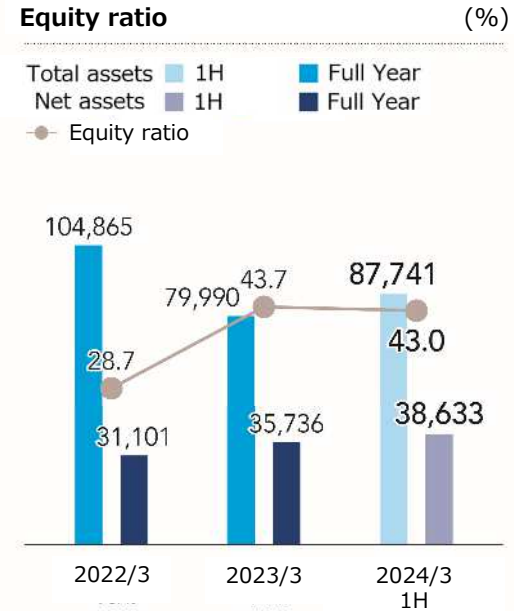
### Operating profit (In million yen)



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



### Total assets and Net assets (In million yen)



# Consolidated Forecast for the Fiscal Year Ending March 31, 2024 by Segment

(In billion yen)

	Transaction value			Net sales			Segment income		
	2023/3 Result	2024/3 Forecast	Change	2023/3 Result	2024/3 Forecast	Change	2023/3 Result	2024/3 Forecast	Change
Energy Business	110.8	<b>142.0</b>	<b>+31.2</b>	31.2	<b>29.6</b>	<b>-1.6</b>	2.1	<b>1.3</b>	<b>-0.8</b>
Industrial Machinery	37.7	<b>30.0</b>	<b>-7.7</b>	34.9	<b>27.4</b>	<b>-7.5</b>	0.0	<b>0.3</b>	<b>+0.3</b>
Product Business	27.1	<b>28.0</b>	<b>+0.9</b>	27.1	<b>28.0</b>	<b>+0.9</b>	2.6	<b>2.9</b>	<b>+0.3</b>
Total	175.7	<b>200.0</b>	<b>+24.3</b>	93.3	<b>85.0</b>	<b>-8.3</b>	4.7	<b>4.5</b> <b>(3.7)</b>	<b>-0.2</b>

\* 2023/3 values for each segment are based on the new business segmentation.

Values in parentheses ( ) are initial forecast values.

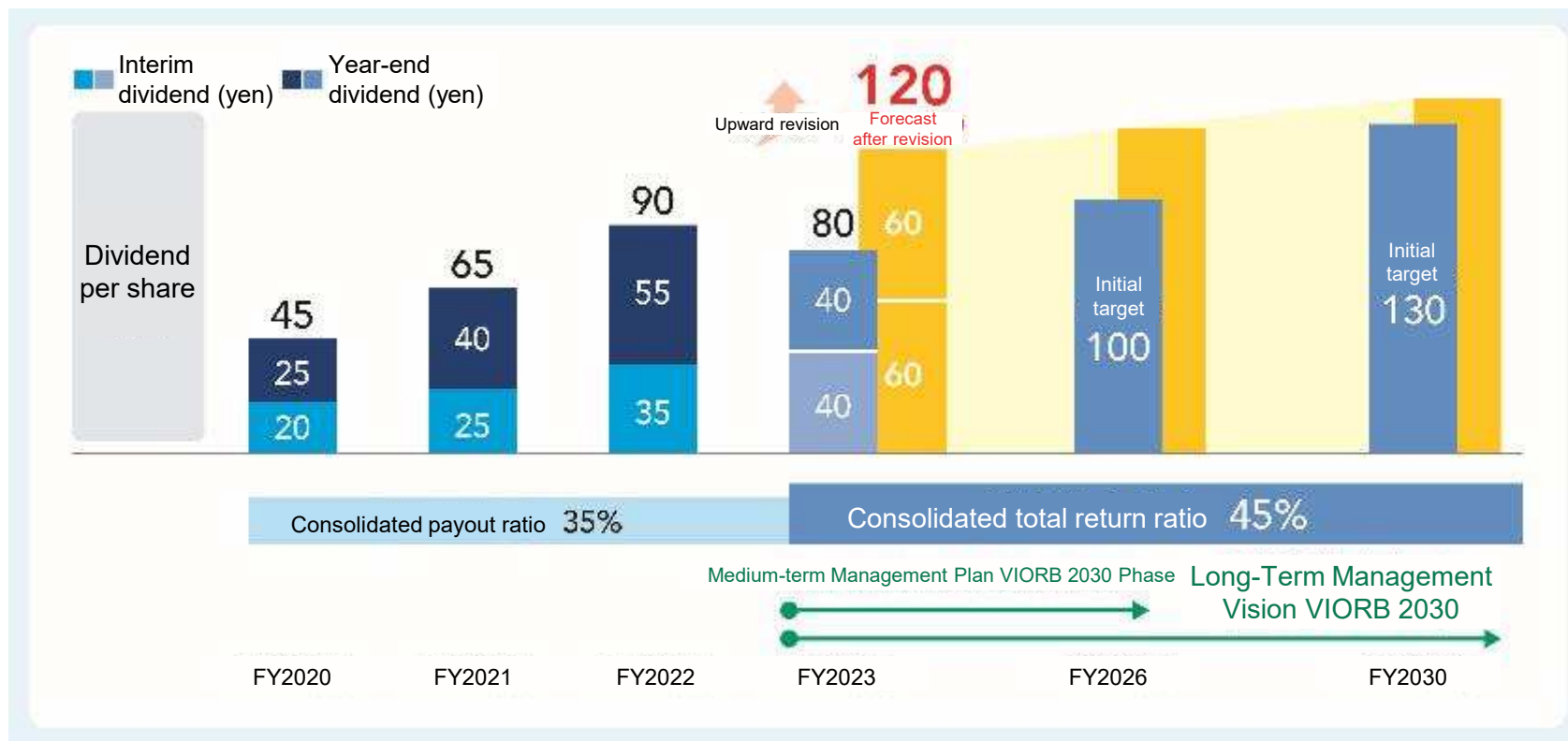


# 06

## Shareholder Returns

# Enhancement of Shareholder Returns and Introduction of a Shareholder Benefit Program

We will change our shareholder return target from the dividend payout ratio to the total payout ratio. We will aim to achieve a total payout ratio of 45% to increase shareholder return.



We will introduce a shareholder benefit program to increase the recognition the Company receives and increase stock trading.

Number of shares held	Benefits
100 to 299 shares	QUO Card worth <b>1,000 yen</b>
300 to 499 shares	QUO Card worth <b>2,000 yen</b>
500 shares or more	QUO Card worth <b>3,000 yen</b>




\* The card designs may not be the same.



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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## Reference Materials

**Second Quarter of the Fiscal Year  
Ending March 31, 2024**



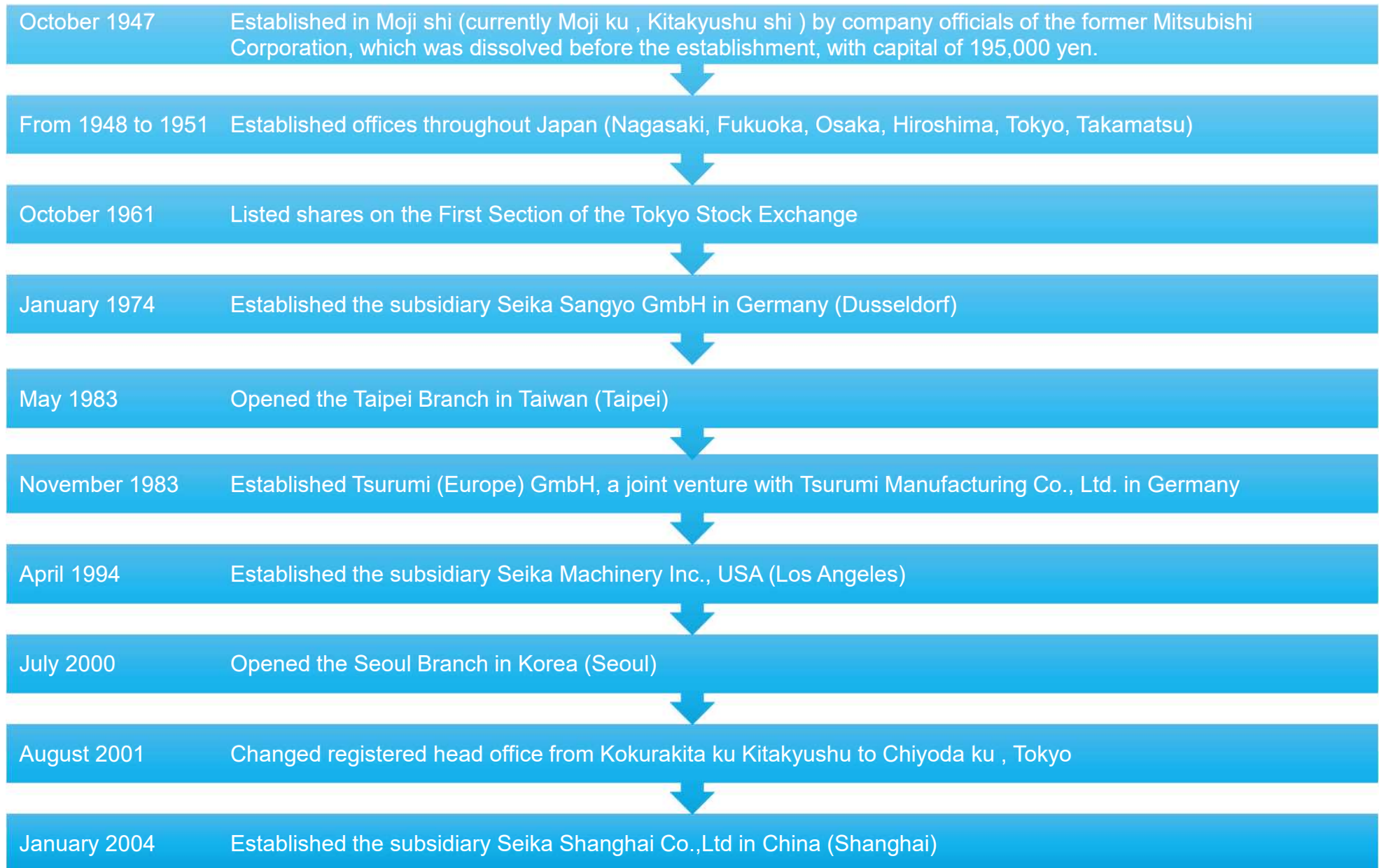
## Reference Materials

1. Company Profile
2. History of SEIKA CORPORATION
3. Domestic and Overseas Locations
4. Consolidated Subsidiaries and Affiliated Companies  
(Domestic and Overseas)
5. Introduction to Each Business
6. Performance Trend
7. Changes in Consolidated Financial Results
8. Trend of Management Indicators
9. Details of Topics
10. Climate Change Initiatives
11. Social Contribution Activities in Recent Years

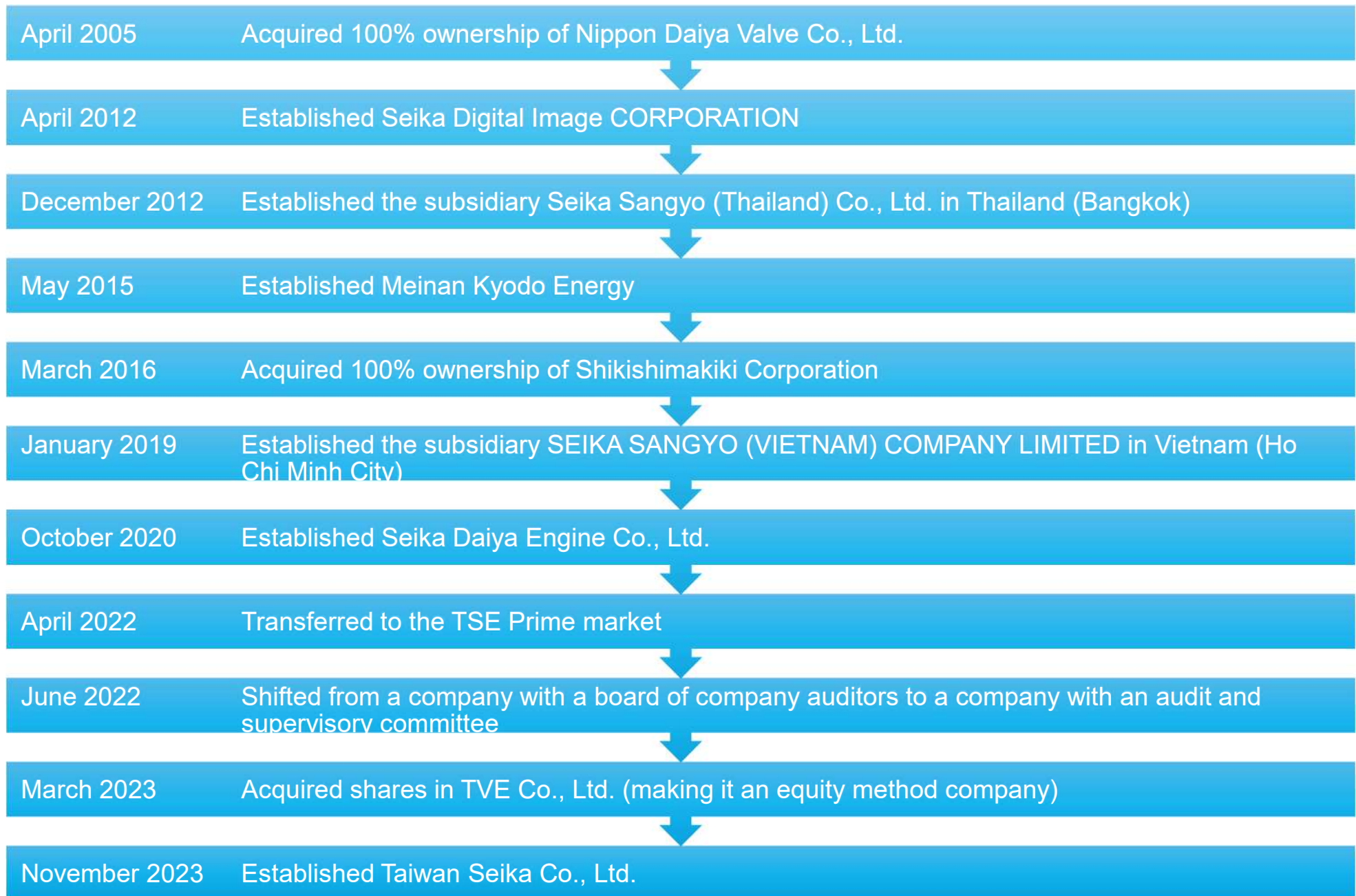
# 1. Company Profile

<b>Trading name</b>	SEIKA CORPORATION	 <p>Head office: Shin-Tokyo Bldg., Marunouchi</p>
<b>Head office</b>	Shin-Tokyo Bldg 3F, 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005	
<b>Establishment</b>	October 1, 1947	
<b>Representative</b>	Akihiko Sakurai, President	
<b>Capital</b>	6,728 million yen	
<b>Number of employees</b>	Non-consolidated: 340 / Consolidated: 1,025 (As of September 30, 2023)	
<b>Core business</b>	Plants, machinery and equipment, environmental protection equipment, sale, import and export of electronic information system equipment	
<b>Offices</b>	20 offices in Japan, including head office, Osaka branch, Fukuoka branch and Hiroshima branch 3 offices overseas including Taipei branch and Seoul branch	
<b>Affiliated companies and bases</b>	10 affiliated companies in Japan and 16 affiliated companies overseas 98 bases in Japan and 26 bases overseas	

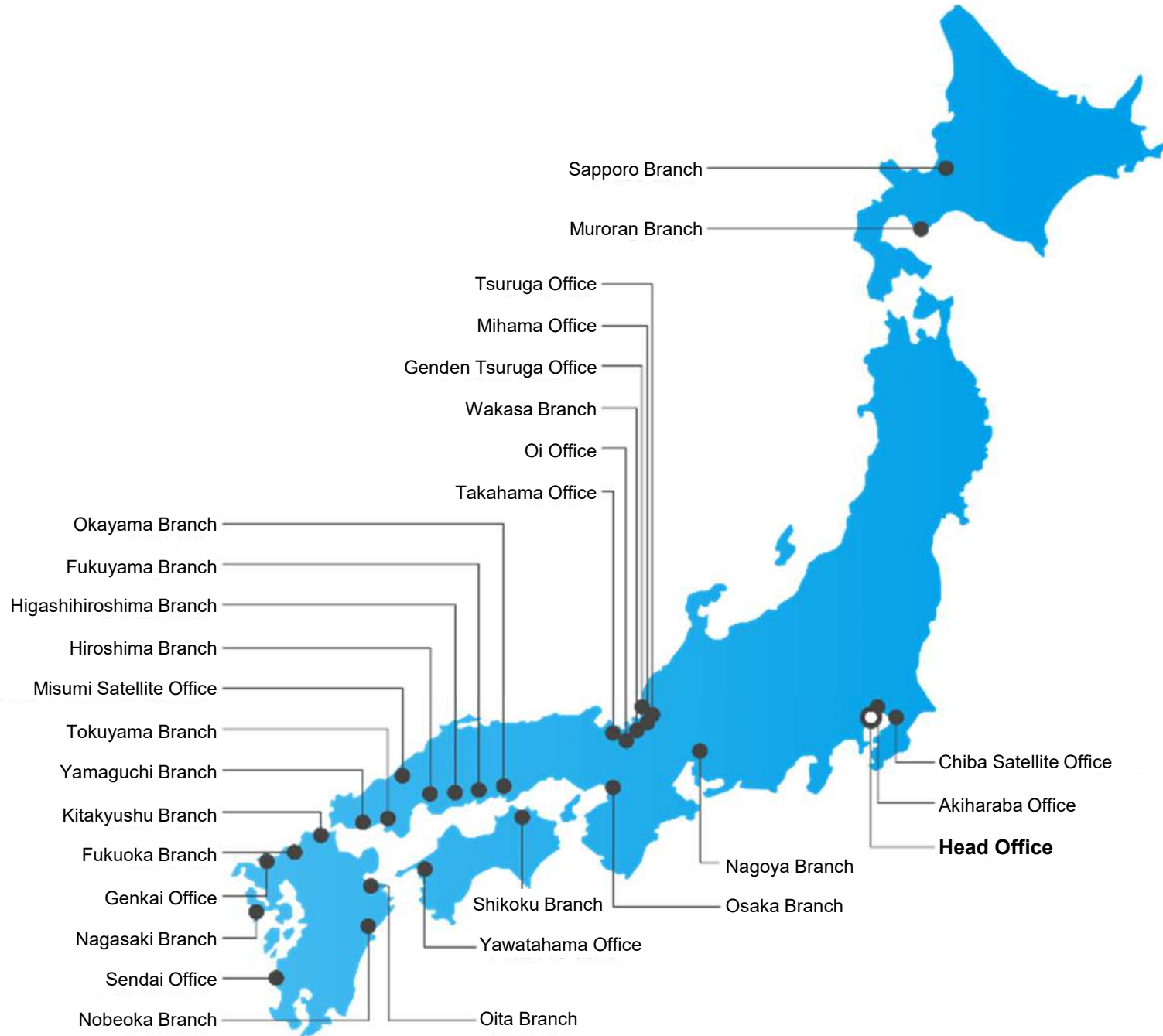
## 2. History of SEIKA CORPORATION (1)



## 2. History of SEIKA CORPORATION (2)



### 3. Domestic Locations

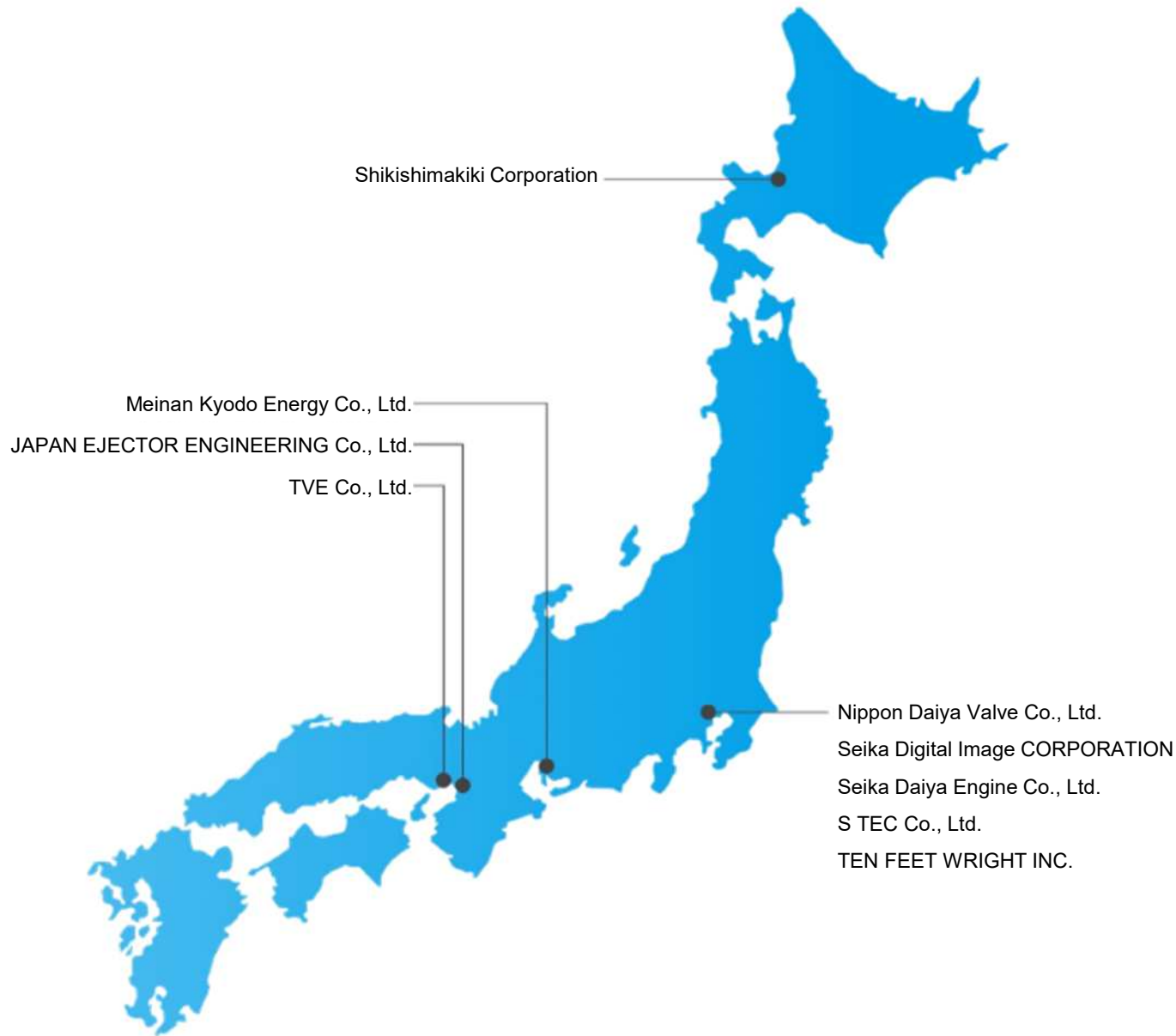


### 3. Overseas Locations





## 4. Consolidated Subsidiaries and Affiliated Companies (Domestic)



Nippon Daiya Valve Co., Ltd.  
Tokyo, Osaka, Nagoya, Okayama, Kita Kyushu

Seika Digital Image CORPORATION, Tokyo

Shikishimakiki Corporation  
Head Office in Sapporo and ten other offices in Hokkaido

Seika Daiya Engine Co., Ltd.  
Tokyo Head Office  
Tohoku, Kanto, Chubu, Kinki, Kyushu areas  
26 offices nationwide

MEINAN KYODO ENERGY Co., Ltd., Chita

SEIWA POLYMER Tsukuba

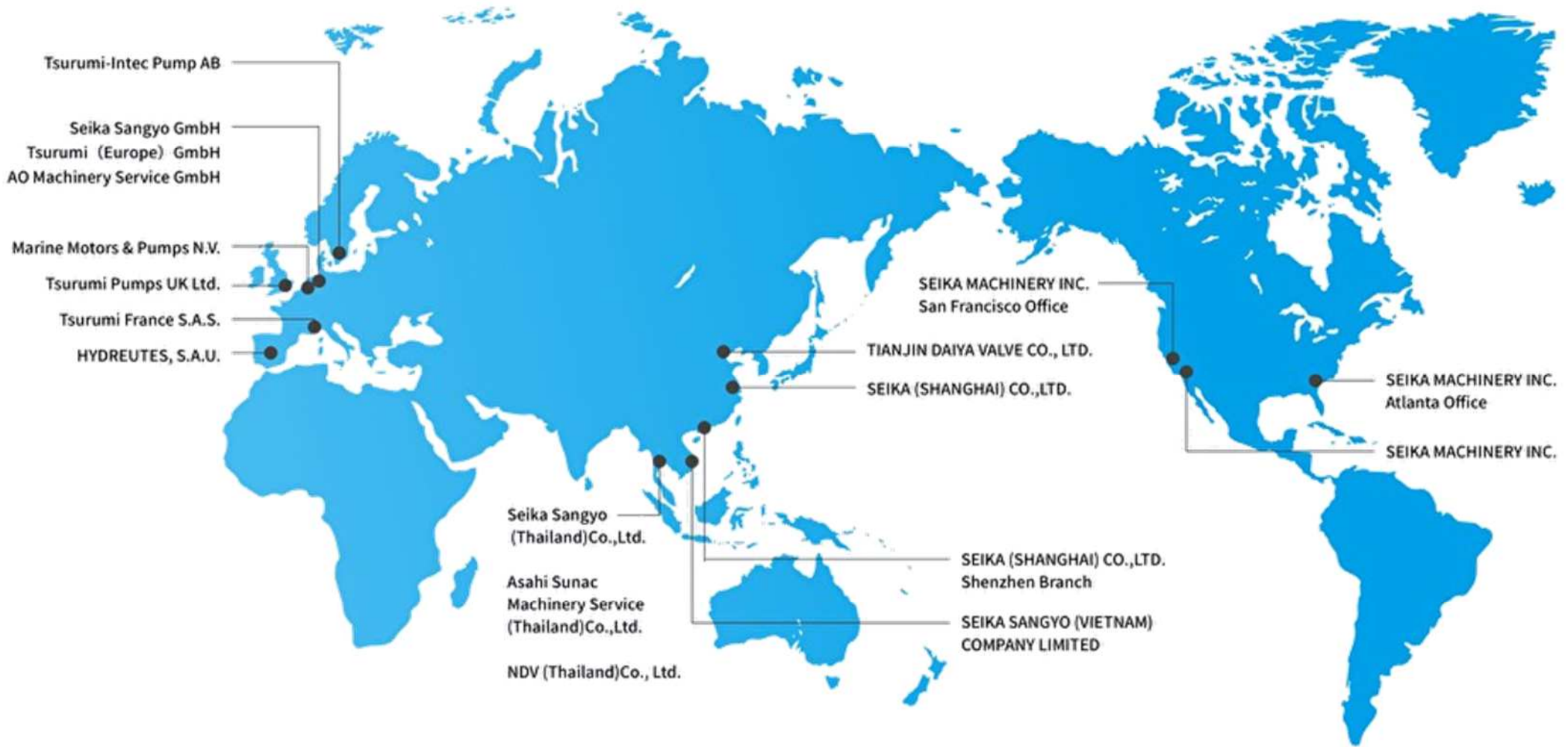
S TEC Co., Ltd.  
Tokyo, Osaka, Tsukuba

TEN FEET WRIGHT INC.  
Tokyo, Osaka, Takamatsu, Fukuoka

JAPAN EJECTOR ENGINEERING Co.  
Osaka (head office), Wakayama

TVE  
Hyogo (head office), Tokyo, and 15 other locations

# 4. Consolidated Subsidiaries and Affiliated Companies (Overseas)





## 5. Introduction to Each Business (Energy Business)

**Energy is an indispensable part of industry, life, culture, and all social activities.**

In the Energy Business, we provide support in a range of aspects to ensure that power generation facilities responsible for creating energy, which is essential for all social activities, operate without delay. Our main activities are business negotiations related to the new construction of domestic power plants as well as regular inspections of the plants and any necessary repair work. As a sales distributor of Mitsubishi Heavy Industries, Ltd., we provide equipment and maintenance services for in-house power generating facilities of major client companies and thermal and nuclear power plants of electric power companies in West Japan.

We support the stable operation of power plants by delivering power generation equipment, such as boilers and turbines, and equipment for environmental protection including wastewater treatment equipment, as well as by providing after-sales maintenance services for the equipment. As an intermediary between each customer and manufacturer, we coordinate pricing, delivery schedules, and other aspects, thus playing a crucial role in advancing each business negotiation smoothly. In recent years, we have also been focusing on the fuel conversion and renewable energy market, which contributes to decarbonization.



Chemicals plant



Power plant

### Main products and services

- Power generating equipment and related equipment for nuclear power plants
- Power generating equipment and related equipment for thermal power plants
- Equipment related to renewable energy, including hydropower and biomass power generation
- Regular inspections and after-sales maintenance services for each power generation facility and plant
- Security equipment, utility equipment, and other peripheral equipment of power plants
- Driving initiatives related to decarbonization of thermal power generation with the use of ammonia or hydrogen or mixed combustion with ammonia or hydrogen, as well as those related to clean energy



Power generation equipment

## 5. Introduction to Each Business (Industrial Machinery)

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

In the Industrial Machinery Business, we engage in sales and maintenance of production equipment, logistics equipment, and other equipment for a wide range of industrial fields including fiber, film, and food and beverages. Reducing the impact on the global environment is an important task for business management at all companies. In the domain of industrial machinery, issues and themes faced by companies differ among industries, including the promotion of resource conservation and the reduction of disposable plastics, while the shift to energy efficiency is the premise.

In this business environment, members of the sales team in this segment, who are knowledgeable about each industry, provide machines and equipment for domestic and overseas client manufacturers and the optimum solutions that cater to customer needs.

### Main products and services

- Automation and labor-saving equipment for factory processes
- Automated storage/retrieval systems in factories
- Remote monitoring equipment utilizing AI and robots, etc.
- Freezers and air-conditioning equipment using next-generation refrigerant (CO<sub>2</sub> and ammonia)
- Equipment for development at food/pharmaceutical laboratory plants
- Products related to circular economy, including recycled fiber



Film-related equipment



Automated multi-storey warehouse in factory

## 5. Introduction to Each Business (Product Business)

### *Unique products that are niche and competitive*

The Product Business consists of businesses related to measuring equipment and electronic equipment at Seika Corporation and Group companies specializing in valves, underwater pumps, marine engines, precision analysis equipment, and other products.

We have sole distribution rights over many of the products that we handle. They are widely offered in Japan and other countries, having established a firm position and brand as products from the Seika Group. We develop and manufacture some products, including valves, ourselves. We are expanding this business by developing a system for total support for the products, including maintenance services and seminars, instead of only selling them.

### Main products and services

- Marine engines
- Diaphragm valves and various other valves
- Plant equipment inspection using UT drones
- Laser-type gas analyzers, temperature data loggers, and other measuring equipment
- Underwater pumps for construction work and wastewater treatment equipment
- Particle image velocimetry systems
- Diffuser tubes for wastewater treatment equipment



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

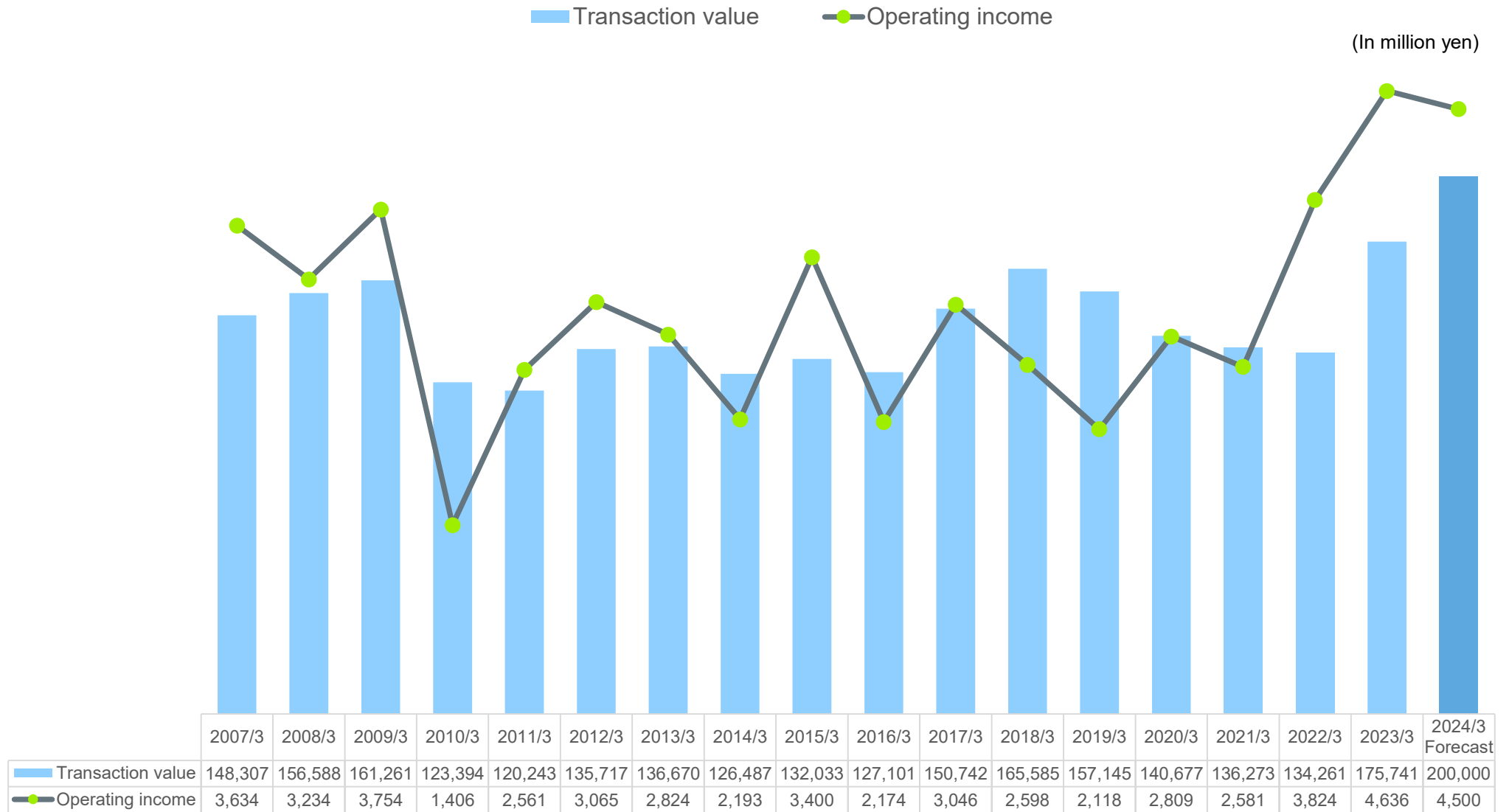


**Seika Daiya Engine Co., Ltd.**  
Marine engines



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

## 6. Changes in Consolidated Financial Results (Consolidated Transaction Value and Operating Income)

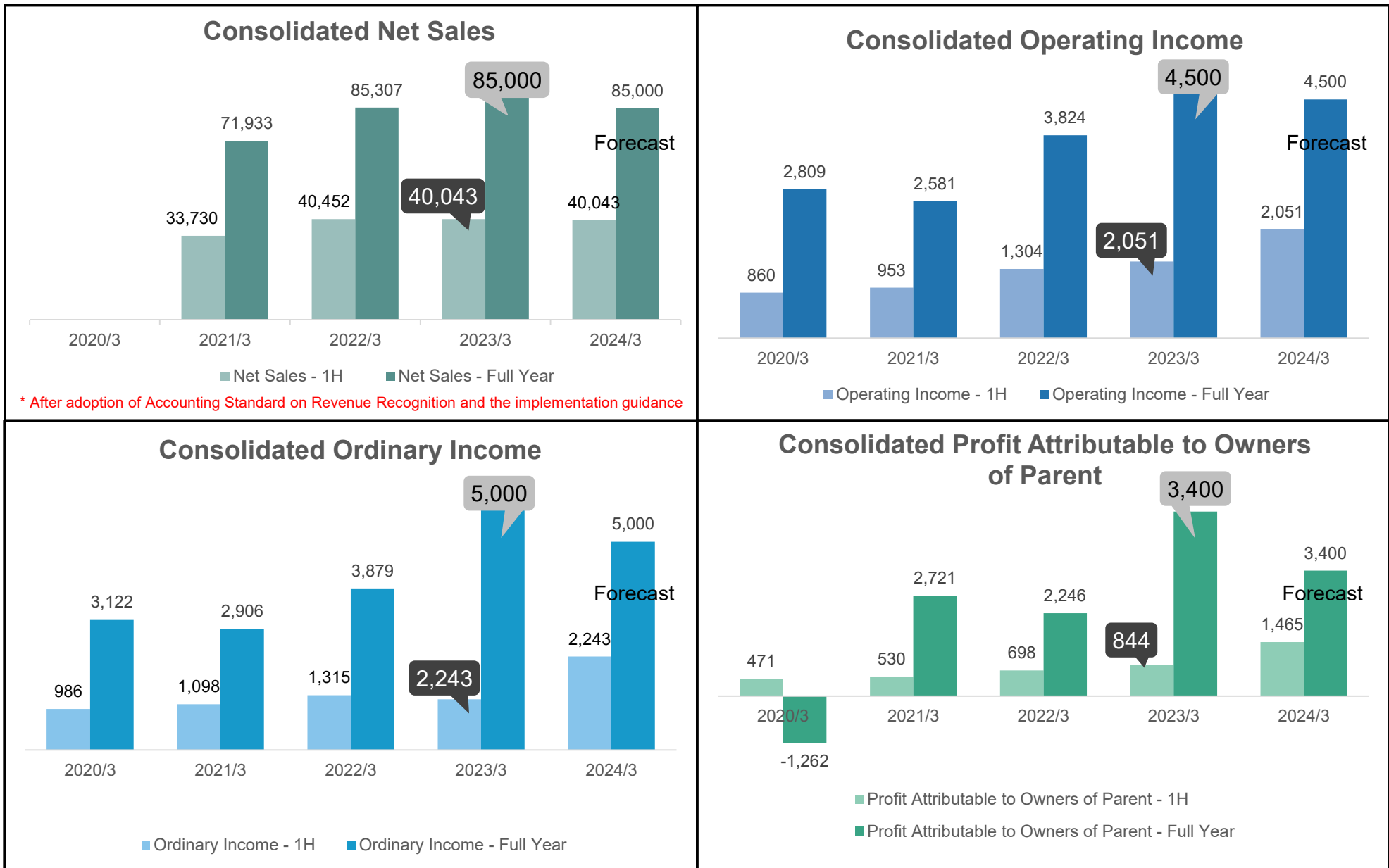


\* The Accounting Standard for Revenue Recognition and other related standards are not applied to transaction value.

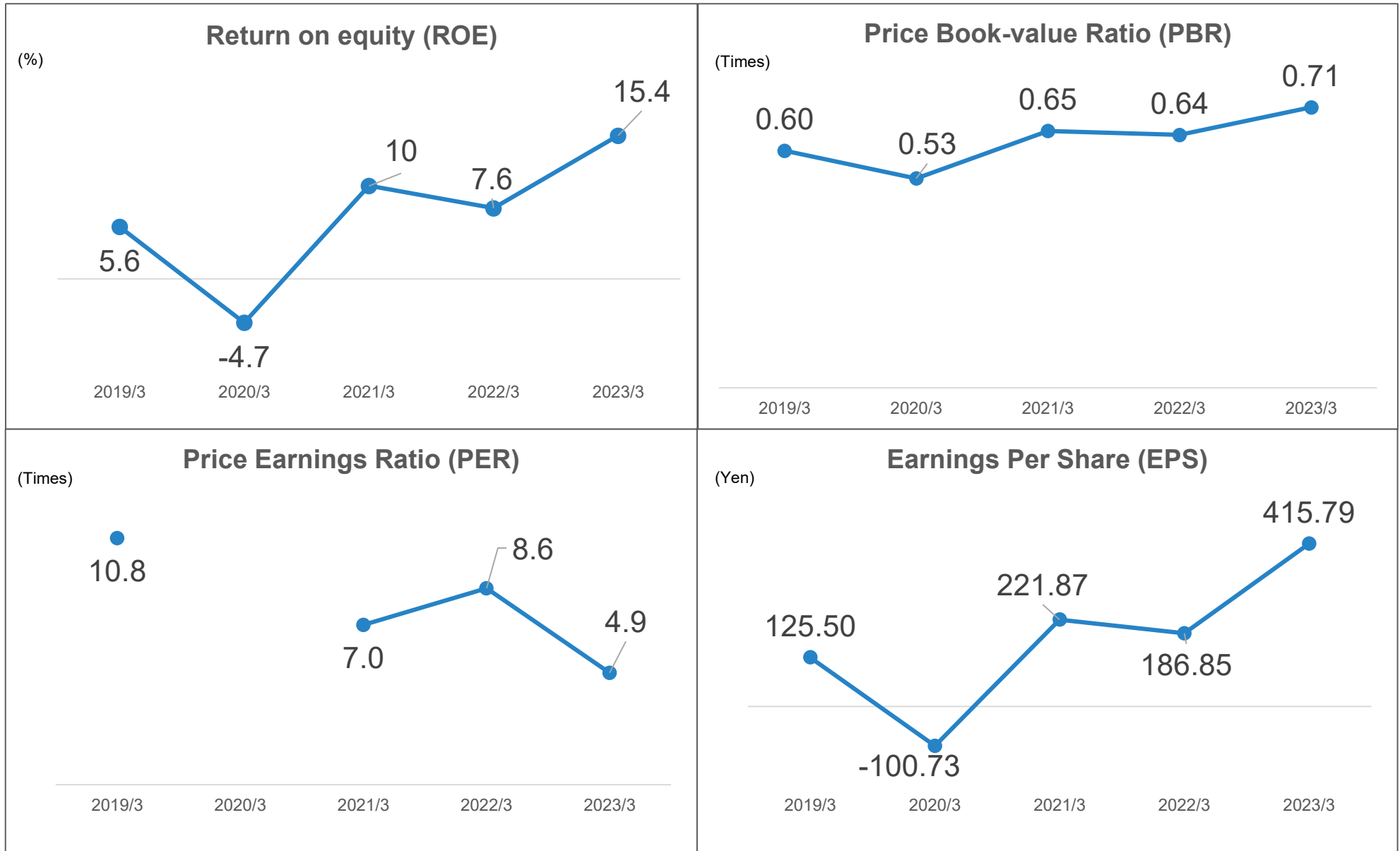


# 7. Changes in Consolidated Financial Results

(In million yen)



# 8. Trend of Management Indicators

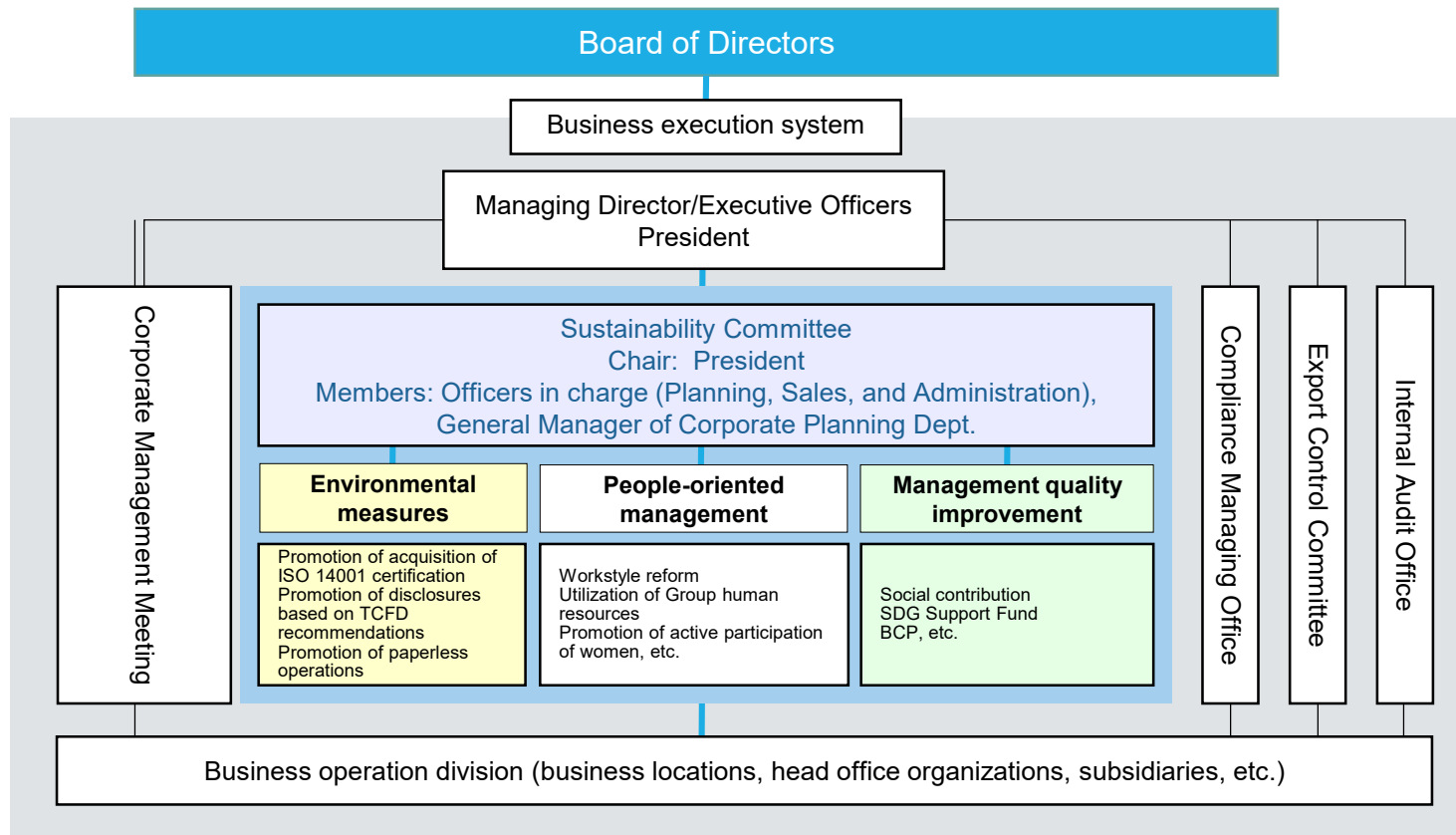


Note: 3. Price earnings ratio for 2020/3 is not stated because a loss was posted.

## Sustainability Committee is established.

To address a range of social issues, we have consolidated departments, committees, project teams, and other organizations, which had been established and operated individually, into three categories -- environmental measures, people-oriented management, and management quality improvement -- so that they will be operated in a functional, Company-wide manner. We have set up three subcommittees for formulating and driving policies on their initiatives and established the Sustainability Committee as a higher-level organization that monitors them.

[Sustainability promotion system]



## Identifying Materiality

Business sustainability aims to contribute to the realization of a sustainable society, and embodies the basic sustainability policy. In order to promote management, we have identified four themes and 12 important issues as materiality.



	Theme of Materiality	Materiality
Resolving social issue through the business	<b>Contributing to the global environment for the next generation</b>	<ul style="list-style-type: none"> <li>Expansion of clean energy</li> <li>Decarbonization of thermal power generation</li> <li>Initiatives based on TCFD recommendations</li> </ul>
	<b>Contributing to sustainable growth of industry</b>	<ul style="list-style-type: none"> <li>Promotion of energy and resource conservation</li> <li>Promotion of Digital Transformation</li> <li>Contributing to the sustainability of marine resources</li> </ul>
Reinforcement of management base for sustainable growth	<b>Prosperous coexistence with Shareholders</b>	<ul style="list-style-type: none"> <li>Improvement of employee engagement</li> <li>Promotion of diversity</li> <li>Coexistence with local society</li> </ul>
	<b>Practicing transparent governance</b>	<ul style="list-style-type: none"> <li>Enhancement of corporate governance</li> <li>Reinforcement of compliance system</li> <li>Enhancement of data security</li> </ul>



A capital and business alliance agreement signed between Seika Daiya Engine Co., Ltd., a Seika Group company, and Eight Knot Inc.

### Driving DX with AI-based autonomous navigation of small ships

- Solving safety-related issues faced by customers, with a focus on small business boats (including fishing boats, commercial and industrial boats, and passenger boats)
- Helping overcome the shortage of seafarers and successors in the fisheries industry, which is expected to grow more serious



*Highly unique autonomous navigation technologies for small ships*



*A sales and service network for marine products, consisting of 25 locations across Japan*

#### Eight Knot Inc.

Location:	(Head Office) 130 Nagasonecho, Kita-ku, Sakai-shi, Osaka
Business:	Development of autonomous navigation systems for aquatic mobility
Capital:	28,050,000 yen
Established:	March 8, 2021

Eight Knot Inc. is a start-up that develops autonomous navigation technologies for ships under a mission: Creating paths in the ocean by making various types of aquatic mobility autonomous. The Company has developed Eight Knot AI Captain, an autonomous navigation platform for small ships (ships with total tonnage below 20 tons) and is introducing it to existing ships as a function assisting automatic ship handling.

- Publish Integrated Report
- Company information session held for private investors

We adopted VIORB 2030, a new long-term management vision, in the previous fiscal year. This fiscal year, the Medium-term Management Plan VIORB 2030 Phase 1 was launched, and operations related to nuclear power generation, which we position as one of our future mainstay businesses, also commenced. Having reached the turning point of our growth strategy, which aims to enable us to achieve sustainable growth, we have published our first integrated report for showing the overall picture of the Group's values and new strategies.

This fiscal year, we began to hold regular online company information sessions for individual investors, in addition to financial results briefings for institutional investors that we were already holding.



Integrated Report

We will continue to enhance the content, including both financial and non-financial information, by positioning them as communication tools for constructive dialogues with investors and shareholders, aiming to tell them our value creation stories.



Corporate briefings for individual investors

# 10. Coping with Climate Change

## 【Promotion of green innovation-related products】

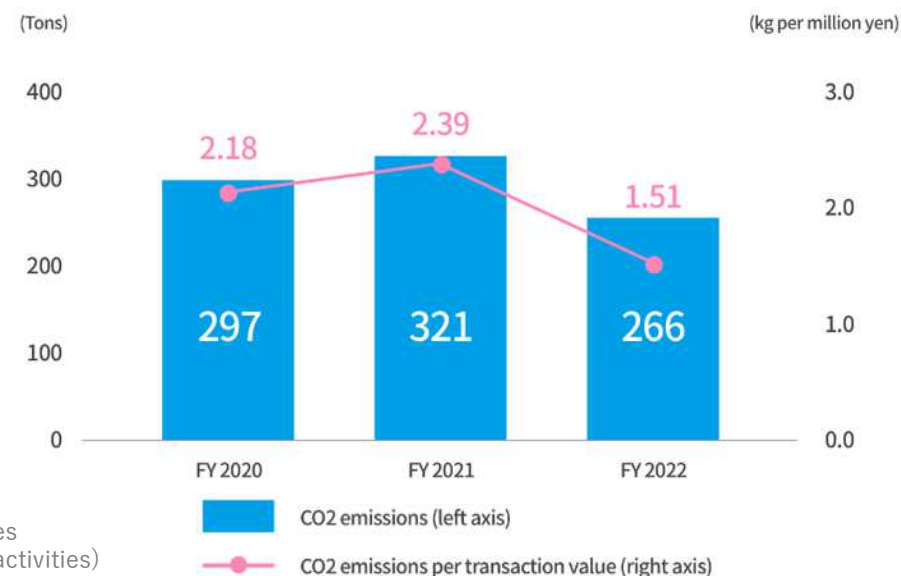
The company is promoting the deployment and expansion of “green innovation-related products” to help customers reduce GHG emissions, and our transaction results for FY ended March 31, 2022 are shown below.

Transactions handled for green innovation-related products in FY ended March 31, 2022	Results		Target	
	The figures in ( ) show the percentage year-on-year changes.			
	FY2022	FY2026	FY2030	
Products for energy and resources conservation and increased efficiency	85,800 million yen (+10%)			
Products to prevent pollution	9,700 million yen (+61%)	180,000 million yen	200,000 million yen	
Products for recycling and reuse	1,000 million yen (+11%)			
Total	96,500 million yen (+14%)			

## 【CO2 emissions of Seika Corporation (alone)】

The CO2 emissions of Seika Corporation (alone) are shown in the figure. In the future, we will promote the acquisition of Scope 1 and 2\* greenhouse gas (GHG) emissions of Group companies, and quickly disclose the GHG emissions and reduction targets for the Group as a whole. In addition, we will promote information sharing with suppliers in the supply chain and make efforts to acquire Scope 3 GHG emissions for the Group.

\*  
 Scope 1 : Direct GHG emissions produced by our own business (fuel combustion, industrial process)  
 Scope 2 : Indirect emissions related to the use of electricity, heat, and steam provided by other companies  
 Scope 3 : Indirect emissions beyond Scopes 1 and 2 (emissions by other companies related to business activities)



# 11. Social Contribution Activities in Recent Years

## [Activities to revitalize and support local communities]

- Donation to the red feather community chest
- Donation to the Japan Red Cross Society
- Donation to Kainaniji Ikueikai
- Donation of surplus calendars and notebooks (Foodbank Tama)
- Donation of disaster supplies (FUKUSHIMA Inochi-no Mizu, an NPO)
- Participation in Marunouchi Kirapika Sakusen (neighborhood clean up)
- Support for employees' participation in volunteer activities



We donated calendars and notebooks. We boxed them carefully to prevent damage.



We participated in Marunouchi Kirapika Sakusen (neighborhood cleanup).

## [Humanitarian aid activities]

- Donation to A Dream A Day in Tokyo, activities for supporting children with intractable diseases
- Support for Furugi de Vaccine
- Collection of PET-bottle caps (Japan Committee, Vaccines for the World's Children)
- Collection and donation of used stamps (Japan Overseas Christian Medical Cooperative Service)



We donated used stamps. As many as three cardboard boxes of used stamps were collected.

