Fiscal 2024
2nd Quarter Financial Results

Seibu Giken Co., Ltd. (Ticker code: 6223)

August 9, 2024

Disclaimer regarding forward-looking statements
Because the forward-looking statements contained in this report are based on information available at the time of publication, Actual results may differ from these forecasts due to risk and uncertainty.

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, “Fiscal 2024” or “FY12/24” refers to the year ending December 31, 2024

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Executive Summary

Financial Results for Q2 FY12/24

- **Sales increased compared to FY12/23, profit declined.**
- **Net sales: JPY 14,721 mn (116.7% YoY)**
  Decreased due mainly to decrease in sales of desiccant dehumidifier for China caused by sluggish economy despite increased shipments to EV battery manufacturing plants in Japan and Europe
- **Operating profit: JPY 1,630 mn (75.6% YoY)**
  Decreased due to lower sales and gross profit associated with pricing strategy implemented in H2 FY12/23 in China

Guidance for FY12/24

No change from the announcement on February 14, 2024

- **Net Sales:** JPY 33,417 mn (116.3% YoY), **Operating Profit**: JPY 4,434 mn (103.2% YoY)
  Expected to increase in sales and profits due to strong orders for EV battery manufacturing plants in Europe, Japan and North America
- **Shareholder Returns:** Plan to pay an annual dividend of JPY70 per share, targeting a dividend payout ratio of 40%

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Q2 FY12/24 Results Overview

(JPY: Millions)	Q2 FY12/23*3		Q2 FY12/24		YoY*3	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%
Net sales	12,610		14,721		2,110	116.7
Gross profit	5,414	42.9	4,910	33.4	-504	90.7
Selling, general & administrative expenses	3,258	25.8	3,279	22.3	21	100.7
Operating profit	2,156	17.1	1,630	11.1	-525	75.6
Ordinary profit	2,287	18.1	1,744	11.9	-542	76.3
Quarterly net profit attributable to Seibu Giken Co., Ltd. stockholders	1,818	14.4	1,390	9.4	-427	76.5
Quarterly net profit per share (JPY)	97.95		67.85		-	
EBITDA*1	2,586		2,089		-496	80.8
EBITDA margin*2 (%)	20.5		14.2		-	-

*1: EBITDA = operating income + depreciation
*2: EBITDA margin = EBITDA/ sales
*3: YoY figures represent the year-on-year change relative to the previous year's figures

- Net sales (+2,110 mn): In spite of declined sales of desiccant dehumidifier for China market caused by sluggish economy, net sales increased mainly due to increased sales of desiccant dehumidifier and solvent recovery equipment for battery in Japan and Europe
- Operating profit (-525 mn): Decreased due to declined sales of desiccant dehumidifiers in China market where a high profit margin drove earnings until H1 FY12/23, and due to declined gross profit attributed to the price discount strategy implemented in H2 FY12/23 in response to intensified competition in China

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Quarterly Trends

(JPY: Millions)	Jan-Mar FY12/23*3		Jan-Mar FY12/24		YoY		Apr-Jun FY12/23*3		Apr-Jun FY12/24		YoY	
	Amount	%	Amount	%	Diff.	%	Amount	%	Amount	%	Diff.	%
Net sales	6,214		5,777		-437	93.0	6,395		8,943		2,548	139.8
Gross profit	2,657	42.8	1,999	34.6	-657	75.2	2,757	43.1	2,910	32.5	153	105.6
Selling, general & administrative expenses	1,544	24.9	1,513	26.2	-31	98.0	1,713	26.8	1,766	19.8	52	103.1
Operating profit	1,113	17.9	486	8.4	-626	43.7	1,043	16.3	1,144	12.8	100	109.7
Ordinary profit	1,113	17.9	596	10.3	-516	53.6	1,174	18.4	1,148	12.8	-26	97.8
Quarterly net profit attributable to Seibu Giken Co., Ltd. stockholders	861	13.9	481	8.3	-380	55.9	957	15.0	909	10.2	-47	95.0
Quarterly net profit per share (JPY)	46.39		23.48		-	-	51.56		44.37		-	-
EBITDA*1	1,324		710		-613	53.6	1,262		1,379		117	109.3
EBITDA margin*2 (%)	21.3		12.4		-	-	19.7		15.4		-	-

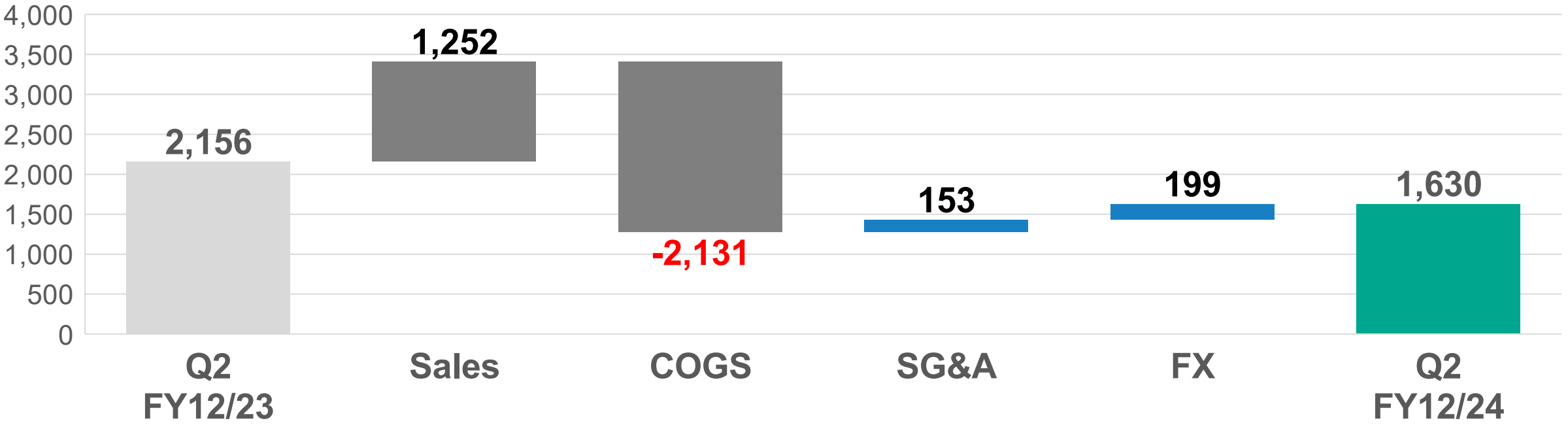
*1: EBITDA = operating income + depreciation
*2: EBITDA margin = EBITDA/ sales
*3: Figures calculated for the consolidated financial statements based on Article 204-6 of the Securities Listing Regulations

- Quarterly sales to Q2 FY12/23 was approx. 140% YoY
- Compared to Q1 FY12/24,SG&A ratio declined because of increased sales. As a result, profit margins below the operating margin improved

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Q2 FY12/24 Operating Profit Factor Analysis

(JPY: Millions)



- Increase in sales: increase in sales of desiccant dehumidifier in Japan and Europe
- Increase in COGS: increase in cost of sales ratio due to declined sales and pricing strategy in China
- Decrease in SG&A: decrease in incentives for sales personnel in China due to declined sales
- Increase in FX: +200 mn JPY positive impact due to JPY depreciation

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Q2 FY12/24 Net Sales by Product

(JPY: Millions)	Q2 FY12/23	Q2 FY12/24	YoY (%)
Desiccant dehumidifier	8,075	9,487	117.5
VOC concentrator	3,011	3,917	130.1
Others	1,523	1,316	86.4
Total	12,610	14,721	116.7

Desiccant dehumidifier
- despite decreased number of projects in China, increased shipments to the EV battery plants in Japan and Europe

VOC concentrator
- increased in Europe and Japan in applications that recover solvents used in the battery manufacturing process

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Q2 FY12/24 Net Sales by Region

(JPY: Millions)	Q2 FY12/23	Q2 FY12/24	YoY (%)
Japan	2,373	5,242	220.9
China	5,443	2,861	52.6
Other Asia	1,758	1,742	99.1
Europe	1,418	3,470	244.6
North America	1,501	1,313	87.5
Others	116	90	77.9
Total	12,610	14,721	116.7

- Japan and Europe – increased mainly due to higher shipments of desiccant dehumidifier and solvent recovery equipment for the EV battery plants
- China – sales of desiccant dehumidifier fell sharply due to the aforementioned reason
- North America – declined mainly as FY12/23 driven by strong deliveries on large orders, and as a part of 2 bn project (as announced in November 27, 2023) has been postponed

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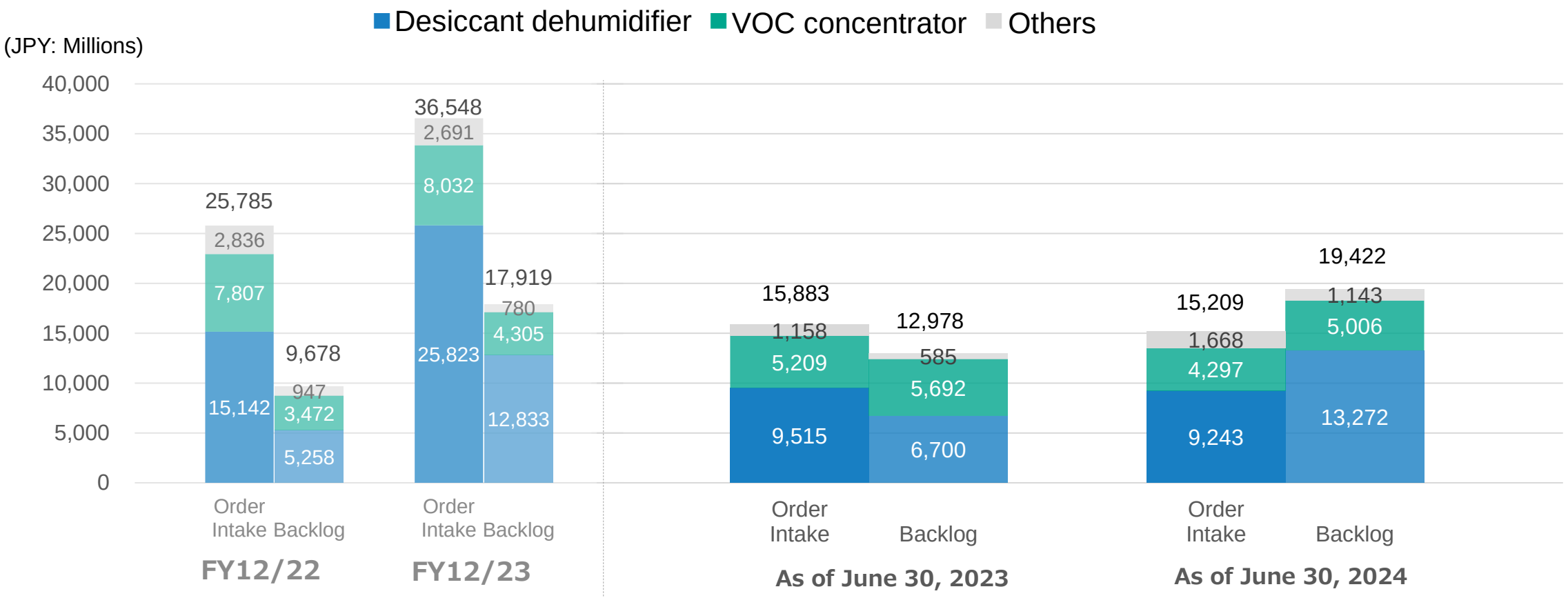
Consolidated Balance Sheet as of June 30, 2024

(JPY: Millions)	As of December 31, 2023	As of June 30, 2024
Cash and cash equivalents	11,638	13,445
Trade notes and accounts receivable	8,309	7,231
Other current assets	8,429	9,240
Net property, plant and equipment	10,216	10,499
Other fixed assets	741	1,369
Total Assets	39,334	41,787
Interest-bearing debt*1	2,599	2,851
Other liabilities*2	9,939	10,387
Total Liabilities	12,539	13,238
Total Net Assets	26,795	28,548

*1： Interest-bearing debt = Current portion of long-term debt + Short-term lease + Bonds + Long-term debt + Lease
*2： Other liabilities = Total liabilities – Interest-bearing debt

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Trend of Order Intake and Backlog



Note : The above amounts are stated at the sales price and do not include consumption tax, etc

Order intake to the end of June 2023 was 95.8% YoY, and order backlog to the end of FY12/23 was 108.4% YoY

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Order Intake Announced in 1st Half of FY12/24

Customer	Market	Details of order	Approx. amount of order	Expected delivery	Announcement
Japanese engineering service company	Japan	Desiccant dehumidifiers used for a major Japanese automaker	JPY 320 mn	Q1 FY12/25	2024/4/1
Japanese engineering service company	Japan	Desiccant dehumidifiers used for a major Japanese automaker	JPY 150 mn	Q2 FY12/25	2024/4/1
Japanese general equipment manufacturer	Japan	Heatless desiccant outdoor air handling units for a building in the redevelopment district in the west of Kanazawa Station	JPY 110 mn	Q1 FY12/25	2024/4/1
Taiwanese engineering company	Taiwan	VOC concentrator cassettes for a major Taiwanese semiconductor manufacture	JPY 280 mn	Q3 FY12/24～ Q1 FY12/25	2024/5/8
Major Chinese EV battery manufacturer	UK	Solvent recovery equipment for the Customer's new EV battery production plant in the UK	JPY 530 mn	Q4 FY12/24～ Q1 FY12/25	2024/5/9
HYUNDAI ENG AMERICA, INC.	USA	Desiccant dehumidifiers used for dry rooms to be designed and constructed by KUMYOUNG ENG Co., Ltd. for new US plant of major Korean automaker and Korean automotive battery manufacturer	JPY 2.9 bn	Q1 FY12/25	2024/5/22
Major Japanese EV battery manufacturer	Japan	Energy-saving heat exchange system and its design/construction works for the Customer	JPY 120 mn	Q1 FY12/25	2024/5/28

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FY12/24 Forecast

No change from the announcement on February 14, 2024

(JPY: Millions)	FY12/23		FY12/24 Forecast		YoY	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%
Net sales	28,725		33,417		4,691	116.3
Gross profit	11,168	38.9	11,497	34.4	329	102.9
Selling, general & administrative expenses	6,870	23.9	7,063	21.1	192	102.8
Operating profit	4,298	15.0	4,434	13.3	136	103.2
Ordinary profit	4,361	15.2	4,577	13.7	216	105.0
Net profit attributable to Seibu Giken Co., Ltd. stockholders	3,431	11.9	3,660	11.0	228	106.7
EBITDA*1	5,191		5,379		187	103.6
EBITDA margin*2 (%)	18.1		16.1		-	-

*1: EBITDA = unaudited figures calculated by operating income + depreciation *2: EBITDA margin = EBITDA/ sales

Increase in sales and profit due to increased investment in EV battery manufacturing plants in Europe, Japan and North America is expected

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FY12/24 Net Sales by Product

Updated from the announcement on February 14, 2024

(JPY: Millions)	FY12/23	FY12/24 Forecast (Updated)	YoY (%)	Original Forecast FY12/24 as of Feb. 14, 2024
Desiccant dehumidifier	18,551	20,947	112.9	20,619
VOC concentrator	7,305	9,777	133.9	9,716
Others	2,868	2,691	93.8	3,081
Total	28,725	33,417	116.3	33,417

Large-scale projects for desiccant dehumidifiers accompanied with increased capital expenditures on EV battery manufacturing plants are expected.
As for VOC concentrators, large-scale projects for solvents (NMP, etc.) recovery used in EV battery plants, which has been growing recently, are expected.

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FY12/24 Net Sales by Region

Updated from the announcement on February 14, 2024

(JPY: Millions)	FY12/23	FY12/24 Forecast (Updated)	YoY (%)	Original Forecast FY12/24 as of Feb. 14, 2024
Japan	7,189	10,742	149.4	8,402
China	11,606	7,165	61.7	9,956
Other Asia	3,820	4,521	118.4	4,118
Europe	2,546	6,271	246.3	5,642
North America	2,932	4,507	153.7	4,701
Others	629	207	32.9	595
Total	28,725	33,417	116.3	33,417

Sales in Europe, Japan and North America are expected to grow, driven by growing investments in EV battery plants.
On the contrary, sales in China is anticipated to decrease due to decrease in investment associated with economic downturn.

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Focus on Initiatives in the North American and European Battery Sector

Synergy through business alliance with KE

KUMYOUNG ENG Co., Ltd. (KE)

・Construction works on dry rooms (DR) and clean rooms for lithium-ion batteries (LiB) production
・Local construction capabilities globally
・Strong local presence in North American and European markets of LiB gigafactories

Track record in construction of machinery and equipment in North America and Europe

U.S. Large Order
KE to design/construct DR
SG to deliver DD used for DR
(May 2024)

Capital Alliance
(June 2024)

Seibu Giken Group (SG)

・Manufacturing and selling equipment and devices (desiccant dehumidifiers (DD) and solvent recovery system)
・Track record of offering total engineering to create optimum environment for LiB production

Total engineering know-how

Grow market share in North America and Europe

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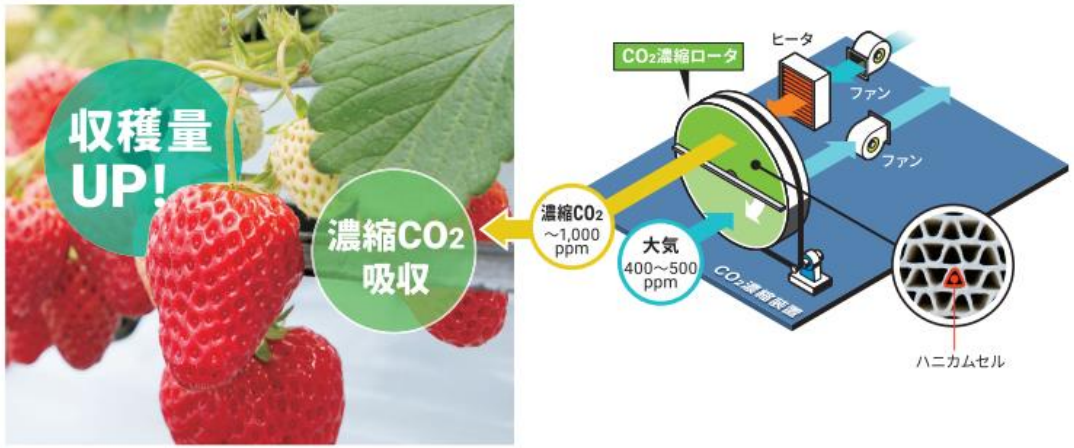
New Product Launched on April 30th

Atmospheric carbon dioxide (CO_2) concentration and supplying equipment for greenhouse

C-SAVE Green®

Benefits:

- **Increase in yield -** Verified by test with strawberry cultivation in elevated beds
- **Reduce environmental impact -** Supply safe and clean CO_2 at normal temperatures without using fossil fuels
- **Easy to handle -** No fuel supply or gas replacement required as capturing CO_2 from the atmosphere. Easy installation.



From May 22nd to 24th 2024, Exhibited in “J Agri Kyushu” in Kumamoto





New business targeting agriculture (greenhouse)
Promoting C-SAVE Green® and energy-saving ventilator (Green Save), aim at generating JPY 1 bn in 2027

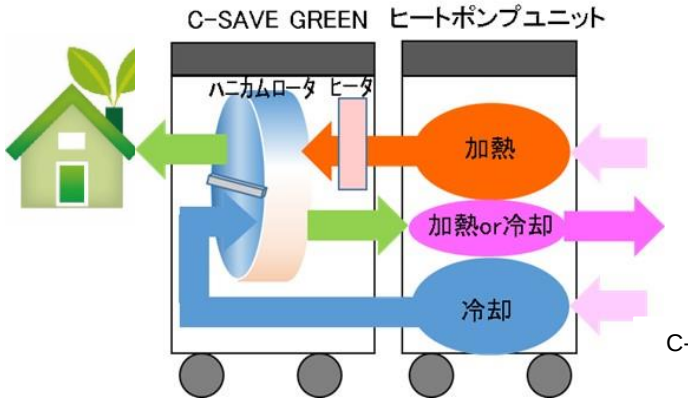
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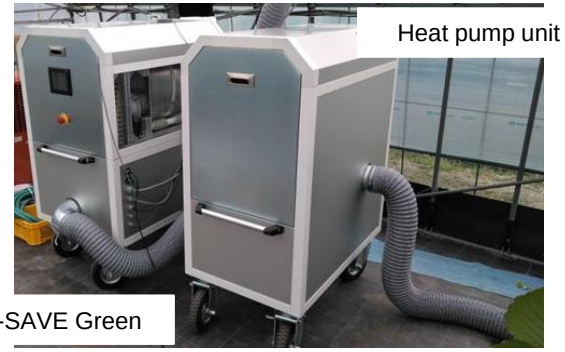
R&D: Technological development to reduce CO_2

C/SAVE Green®

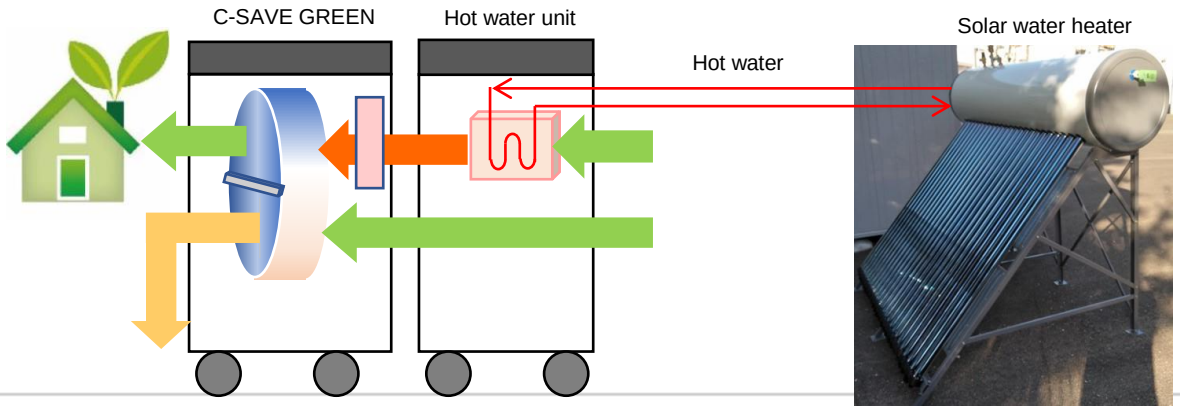
Deployment to reduce CO_2 emissions (proposing optional units)

①Energy saving and nighttime heating using heat pump unit





②Energy conservation using a hot water unit

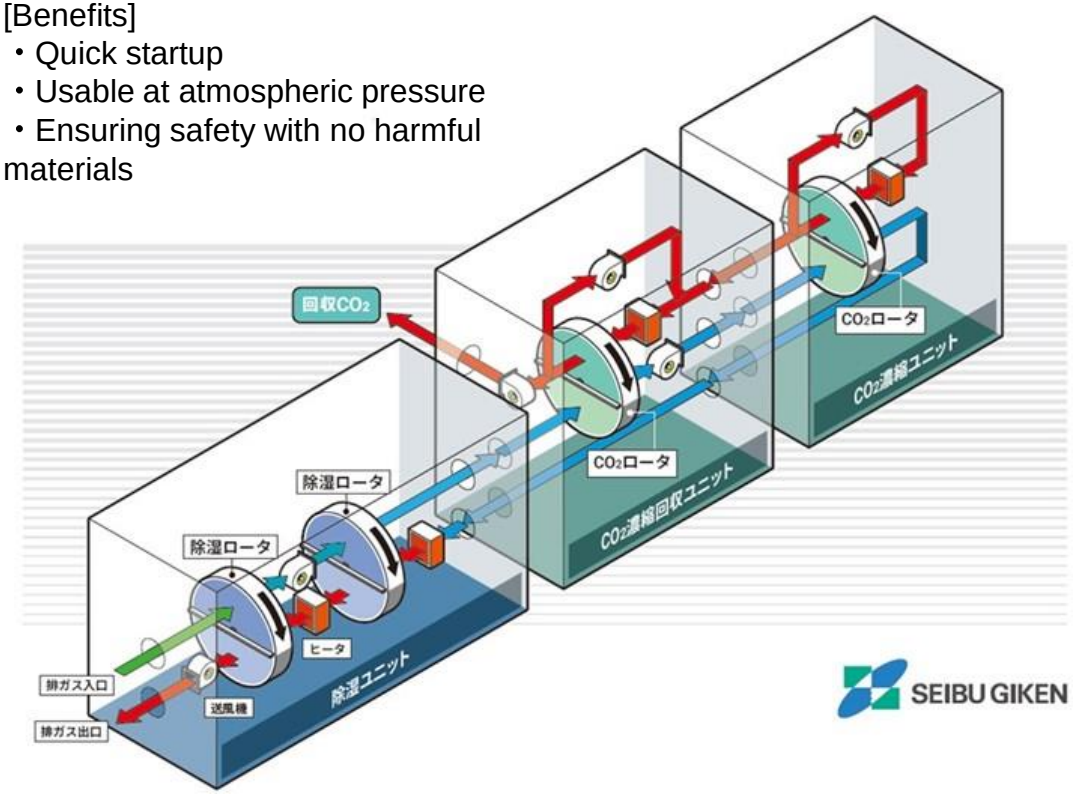


C-SAVE

CO_2分離回収装置

Concentrate CO_2 of low levels (about 10%) discharged from plants to medium (around 60%) to high concentration (over 90%) and recover.

[Benefits]
- Quick startup
- Usable at atmospheric pressure
- Ensuring safety with no harmful materials



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Dividend Policy

・Whilst maintaining stable dividends, reward shareholders while balancing with the sound financial position and retained earnings for the future.

・Annual year-end dividend with the last day of each fiscal year as the record date is paid once a year

・Aiming at 40% consolidated dividend payout ratio as significant indicator

Annual dividend for FY 12/24 is expected to be JPY 70

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Appendix

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Cash Flow

(JPY: Millions)	FY12/22 Q2	FY12/23 Q2	FY12/24 Q2
Operating Cash Flow	1,504	1,396	3,147
Investing Cash Flow	-277	-601	-1,137
Free Cash Flow	1,227	795	2,010
Financing Cash Flow	-16	-207	-1,046
Cash and cash equivalents as of June 30	7,206	10,492	13,213

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FY12/23 Quarterly Financial Results

(JPY: Millions)	FY12/23 Q1*3		FY12/23 Q2		FY12/23 Q3		FY12/23 Q4	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Amount	vs net sales(%)	Amount	vs net sales(%)
Net sales	6,214		6,395		7,688		8,425	
Gross profit	2,657	42.8	2,757	43.1	2,895	37.7	2,858	33.9
Selling, general & administrative expenses	1,544	24.9	1,713	26.8	1,810	23.6	1,800	21.4
Operating profit	1,113	17.9	1,043	16.3	1,084	14.1	1,057	12.5
Ordinary profit	1,113	17.9	1,174	18.4	1,082	14.1	991	11.8
Net profit attributable to Seibu Giken Co., Ltd. stockholders	861	13.9	957	15.0	788	10.3	824	9.8
Net profit per share (JPY)	46.39		51.56		42.48		39.71	
EBITDA*1	1,324		1,262		1,314		1,290	
EBITDA margin*2 (%)	21.3		19.7		17.1		15.3	

*1: EBITDA = unaudited figures calculated by operating income + depreciation
*2: EBITDA margin = EBITDA/ sales
*3: Figures calculated for the consolidated financial statements based on Article 204-6 of the Securities Listing Regulations

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FY12/23 Quarterly Net Sales by Product and Region

Product

(JPY: Millions)	FY12/23 Q1	FY12/23 Q2	FY12/23 Q3	FY12/23 Q4
Desiccant dehumidifier	4,398	3,677	5,166	5,309
VOC concentrator	1,308	1,702	2,069	2,224
Others	507	1,016	452	892
Total	6,214	6,395	7,688	8,425

Region

(JPY: Millions)	FY12/23 Q1	FY12/23 Q2	FY12/23 Q3	FY12/23 Q4
Japan	1,314	1,058	1,297	3,518
China	2,517	2,926	4,285	1,877
Other Asia	907	850	909	1,152
Europe	717	701	510	617
North America	689	811	637	793
Others	67	48	48	465

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FY12/23 Quarterly Order Intake and Backlog

Order Intake

(JPY: Millions)	FY12/23 Q1	FY12/23 Q2	FY12/23 Q3	FY12/23 Q4
Desiccant dehumidifier	5,140	9,515	15,657	25,823
VOC concentrator	3,914	5,209	6,288	8,032
Others	655	1,158	1,892	2,691
Total	9,710	15,883	23,837	36,548

Order Backlog

(JPY: Millions)	FY12/23 Q1*	FY12/23 Q2*	FY12/23 Q3	FY12/23 Q4
Desiccant dehumidifier			8,007	12,833
VOC concentrator			4,873	4,305
Others			871	780
Total			13,752	17,919

Note*: Figures are not aggregated as Seibu Giken Co., Ltd. had not yet been listed

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Capital Expenditures, Depreciation and R&D Expenses

(JPY: Millions)	FY12/22	FY12/23	Q2 FY12/24	FY12/24 Forecast
Capital expenditures*	581 (905)	2,423 (957)	589 (2,174)	1,233
Depreciation	896	893	459	945
R&D expenses	276	302	163	355

Note*: Figures indicated on a cash basis (figures in parentheses on an accrual basis)

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