Fiscal 2024
3rd Quarter Financial Results

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

November 14, 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 Q3 FY12/24

- **Sales increased compared to FY12/23, profit declined.**
- **Net sales: JPY 23,401 mn (115.3% 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 2,917 mn (90.0% YoY)**
  Decreased due to declined sales of desiccant dehumidifiers in China market where a high profit margin drove earnings until H1 FY12/23

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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Q3 FY12/24 Results Overview

(JPY: Millions)

	Q3 FY12/23*3		Q3 FY12/24		YoY*3	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%
Net sales	20,299		23,401		3,102	115.3
Gross profit	8,310	40.9	7,950	34.0	-359	95.7
Selling, general & administrative expenses	5,069	25.0	5,033	21.5	-36	99.3
Operating profit	3,241	16.0	2,917	12.5	-323	90.0
Ordinary profit	3,369	16.6	3,037	13.0	-332	90.1
Quarterly net profit attributable to Seibu Giken Co., Ltd. stockholders	2,607	12.8	2,444	10.4	-162	93.8
Quarterly net profit per share (JPY)	140.43		119.26		-	-
EBITDA*1	3,900		3,614		-286	92.6
EBITDA margin*2 (%)	19.2		15.4		-	-

*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 (+3,102 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 (-323 mn): Decreased due to declined sales of desiccant dehumidifiers in China market where a high profit margin drove earnings until H1 FY12/23

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Quarterly Trends

(JPY: Millions)

	Jan-Mar FY12/24			Apr-Jun FY12/24			Jul-Sep FY12/23		Jul-Sep FY12/24		YoY	
	Amount	%	YoY (%)	Amount	%	YoY (%)	Amount	%	Amount	%	Diff.	%
Net sales	5,777		93.0	8,943		139.8	7,688		8,680		991	112.9
Gross profit	1,999	34.6	75.2	2,910	32.5	105.6	2,895	37.7	3,040	35.0	144	105.0
Selling, general & administrative expenses	1,513	26.2	98.0	1,766	19.8	103.1	1,810	23.6	1,753	20.2	-57	96.8
Operating profit	486	8.4	43.7	1,144	12.8	109.7	1,084	14.1	1,287	14.8	202	118.6
Ordinary profit	596	10.3	53.6	1,148	12.8	97.8	1,082	14.1	1,292	14.9	210	119.4
Quarterly net profit attributable to Seibu Giken Co., Ltd. stockholders	481	8.3	55.9	909	10.2	95.0	788	10.3	1,054	12.1	265	133.6
Quarterly net profit per share (JPY)	23.48		-	44.37		-	42.48		51.41		-	-
EBITDA*1	710		53.6	1,379		109.3	1,314		1,524		209	116.0
EBITDA margin*2 (%)	12.4		-	15.4		-	17.1		17.6		-	-

*1: EBITDA = operating income + depreciation
*2: EBITDA margin = EBITDA/ sales

- Quarterly sales in Q3 FY12/24 was approx. 112.9% YoY
- Compared to Q2 FY12/24, the gross profit margin improved. As a result, profit margins below the operating margin improved

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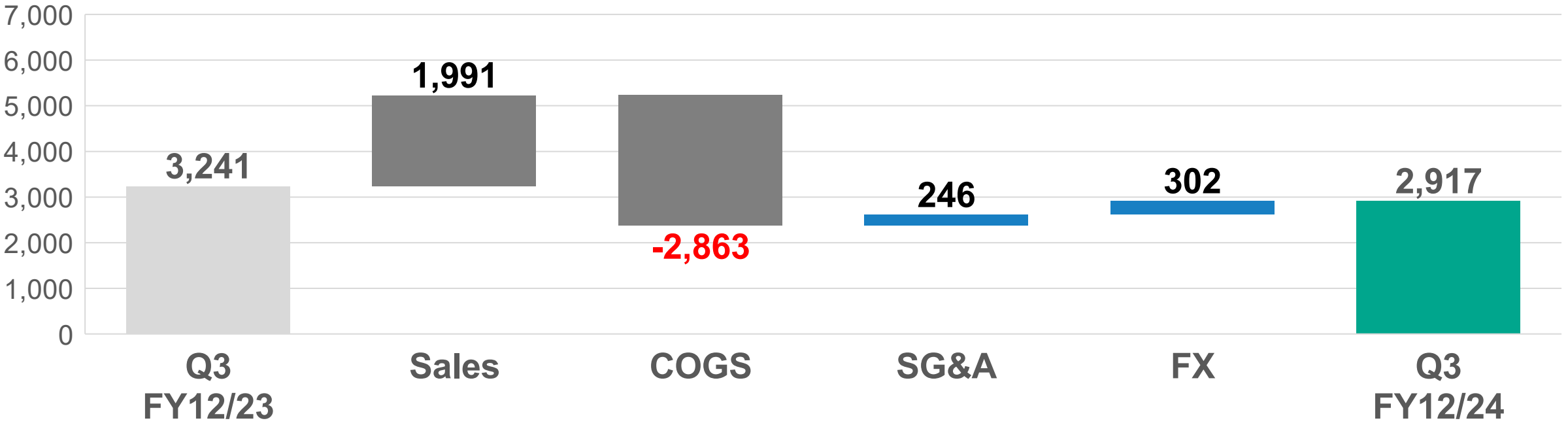
Q3 FY12/24 Operating Profit Factor Analysis

(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 in China where a high profit margin drove earnings until H1 FY12/23
- Decrease in SG&A: decrease in incentives for sales personnel in China due to declined sales
- Increase in FX: +300 mn JPY positive impact due to JPY depreciation

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Q3 FY12/24 Net Sales by Product

(JPY: Millions)	Q3 FY12/23	Q3 FY12/24	YoY (%)
Desiccant dehumidifier	13,242	15,088	113.9
VOC concentrator	5,081	6,291	123.8
Others	1,976	2,020	102.3
Total	20,299	23,401	115.3

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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Q3 FY12/24 Net Sales by Region

(JPY: Millions)	Q3 FY12/23	Q3 FY12/24	YoY (%)
Japan	3,670	7,895	215.1
China	9,729	4,934	50.7
Other Asia	2,667	2,971	111.4
Europe	1,928	4,420	229.2
North America	2,138	3,025	141.5
Others	164	153	93.2
Total	20,299	23,401	115.3

- Japan, North America and Europe – increased mainly due to higher shipments of desiccant dehumidifier and solvent recovery equipment for the EV battery plants
- China – sales of desiccant dehumidifiers declined significantly due to a decrease in investment projects caused by the economic downturn

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Consolidated Balance Sheet as of September 30, 2024

(JPY: Millions)	As of December 31, 2023	As of September 30, 2024
Cash and cash equivalents	11,638	13,550
Trade notes and accounts receivable	8,309	7,557
Other current assets	8,429	9,098
Net property, plant and equipment	10,216	9,730
Other fixed assets	741	1,244
Total Assets	39,334	41,181
Interest-bearing debt*1	2,599	1,855
Other liabilities*2	9,939	11,034
Total Liabilities	12,539	12,889
Total Net Assets	26,795	28,291

*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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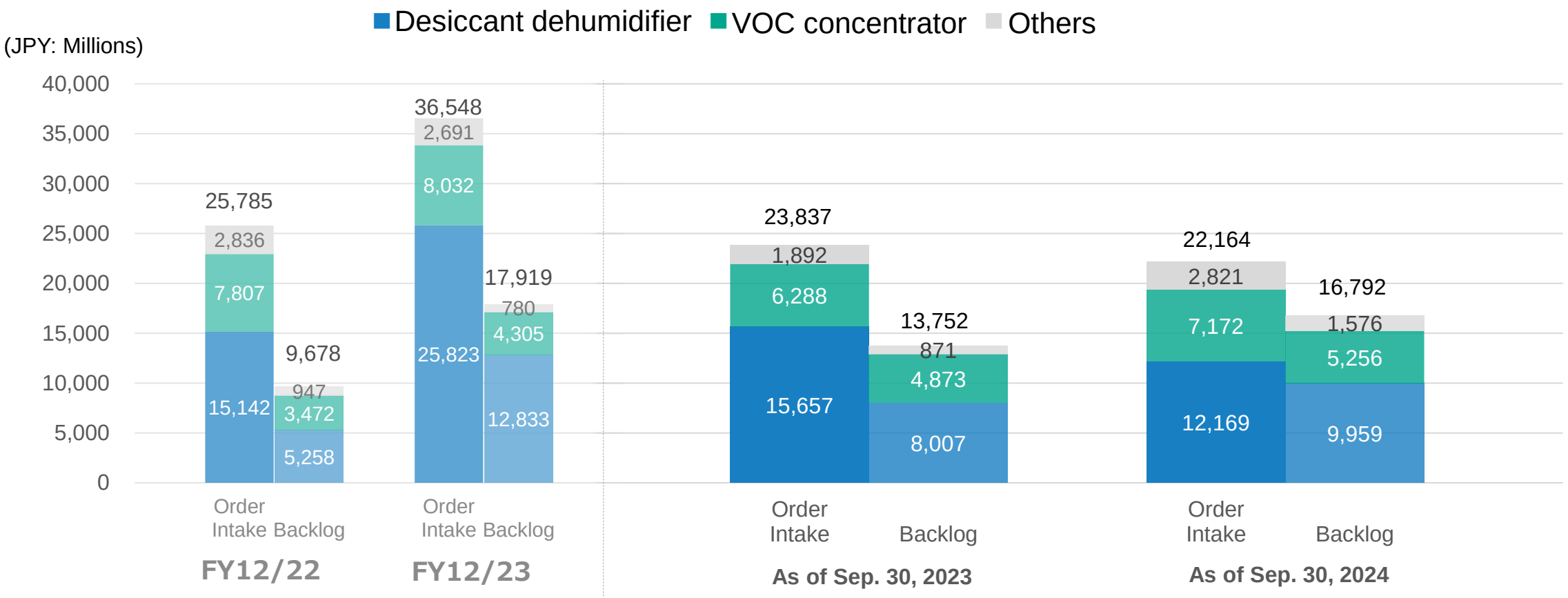
Trend of Order Intake and Backlog



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

Order intake: JPY 22,164mn (-7.0% YoY)
Order backlog: JPY 16,792mn (-6.3% of that at the end of the previous fiscal year)

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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

No change to full-year forecast. Focus on efforts to achieve the plan

【Variable Factors】 1) Delivery dates for large orders that are expected to be booked as sales in Q4 may be delayed.
2) The number of projects expected to be ordered and booked as sales in Q4 may be lower than expected.

【Actions for Q4】 1) Ensuring the reliable delivery of orders that are scheduled to be recorded as sales this fiscal year. In addition, receiving orders for equipment and services (maintenance, parts replacement) that can be recorded as sales this fiscal year.
2) Reduction of manufacturing costs (improvement of in-house production rate, etc.)

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FY12/24 Net Sales by Product

No change from the announcement on August 9, 2024

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

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

No change from the announcement on August 9, 2024

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

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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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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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	Q3 FY12/24	FY12/24 Forecast
Capital expenditures*	581 (905)	2,423 (957)		1,233
Depreciation	896	893	696	945
R&D expenses	276	302	249	355

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

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Company overview・Business overview・Growth strategy

SEIBU GIKEN

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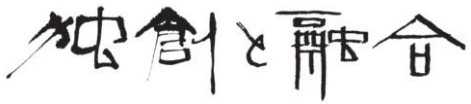
Corporate Profile

Company name	Seibu Giken Co., Ltd.
Incorporation	July 1965
President	Fumio Kuma
Address	3108-3 Aoyagi, Koga-shi, Fukuoka, JAPAN
Number of employees	Non-consolidated: 348 Consolidated: 758 (as of December 31, 2023)
Business Activities	Developing, manufacturing, selling, and providing maintenance services for desiccant dehumidifiers and VOC concentrators, etc.
Group Subsidiaries	**China** - Seibu Giken (Changshu) Co., Ltd. - Seibu Giken DST China (Changshu) Co., Ltd. **Europe** - Seibu Giken DST AB (Sweden) - Seibu Giken DST Poland SP. ZO.O. **North America** - Seibu Giken America, Inc. - Seibu Giken DST America, Inc. **Korea** - Seibu Giken Korea Co., Ltd. **Others** - Seibu Giken DR Engineering Co., Ltd.

Corporate Philosophy



Creation and Fusion

By appreciating the originality and creativity of each individual's and simultaneously integrating them at every phase/dimension of development, we continuously create new value.

Group Philosophy

Purpose

Provide green air solutions for every environment.

Vision

To realize a climate-neutral future by being a leading innovator in air treatment technology.

Core Values

① Earn our customers' trust by delivering high-quality products and services.
② Create a positive and collaborative work environment globally.
③ Be creative in thought and responsible in action.
④ Be frank and act with integrity toward one another.



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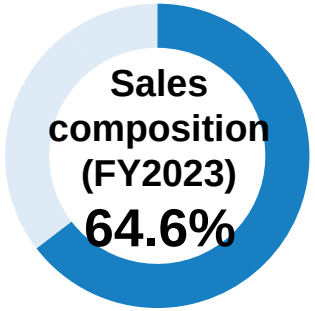
Our Business



Desiccant Dehumidifier

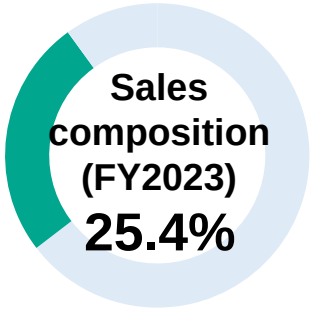
- In 1984, developed desiccant dehumidifying rotor with silica gel adsorbent ahead of the world
- Capable of dehumidifying in the environment at 15°C or lower temperature, which cannot be achieved by the conventional refrigerant dehumidifier
- Applied in a wide range of industrial applications, including lithium-ion battery manufacturing



Dehumidification Rotor



Desiccant Dehumidifier



VOC Concentrator

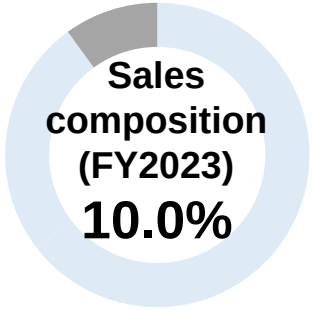
- In 1988, developed the world-first VOC concentrating rotor using zeolite
- Equipment that contributes to environmental conservation - efficiently purify exhaust gas by absorbing and concentrating only VOCs (Volatile Organic Compounds) in the plant's exhaust gas
- Minimize incinerators and reduce energy/emissions of CO2 used for incineration and decomposition



VOC Concentration Rotor



VOC Concentrator

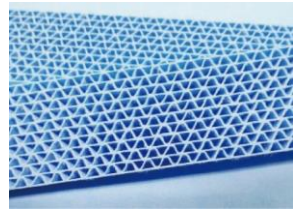


Other

- Total Heat Exchanger：Exchanges heat between indoor and outdoor air
- Honeycomb Filter：A variety of honeycomb types for different purposes



Total Heat Exchanger



Honeycomb Filter

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Growth Strategy

Aiming at sustainable profit growth by gaining market share in our core businesses in Europe and North America and by expanding engineering business

Target

- Battery manufacturers (EV batteries, Stationary storage batteries) ,
  Energy device manufacturers (Lithium-ion capacitors, perovskite solar cells, etc.)
- Semiconductor manufacturers

Priorities

■ **Core Business**
- Gain market share of desiccant dehumidifier in areas where investment is thriving (U.S. & Europe)
- Improve competitiveness by increasing production capacity with capital investment in target region
- Expand overseas service business by stimulating demand for rotor replacement

■ **Growth business**
- Expand engineering business in overseas (U.S. & Korea)
- Establish a future stable earnings base by initiating service DX business

■ **Stable management by strengthening group governance**

Investment

■ **Core Business**
- Increase sales and service personnel (North America & China)
- Increase production capacity of rotors and assemblies
  - Feb. 2024, U.S. assembly factory started operation; Mar. 2024, Expanded Poland assembly factory to operate
  - Jan. 2026, start operating Munakata No.2 Factory (dehumidifying rotor)
  - In 2026, start operating new sheet metal factory in China

■ **Growth business**
- Expenses for preparations for overseas expansion of engineering business (establishment of local construction systems, etc.)

Partially revised Mid-Term Management Plan 2024-2026 announced on February 14, 2024

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