

Fiscal 2023 Financial Results Briefing

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

February 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 2023” or “FY12/23” refers to the year ending December 31, 2023



External

Agenda

1 Fiscal 2023 Financial Results

2 Fiscal 2024 Forecast

3 2024-2026 Medium-Term Management Plan

4 Q&A Session

Executive Summary

Financial Results for FY2023

- **Net Sales:** JPY28,725 mn (115.4% YoY)
Sales grew due to increased shipments to EV battery manufacturing plants in North America and Japan
- **Operating Profit:** JPY4,298 mn (93.4% YoY)
Profit decreased due to increase in SG&A expenses for the followings:
 - ① Increase in personnel expenses to strengthen the administrative division in line with TSE listing and sales capabilities of our group
 - ② Increase in incentives for sales personnel in China for the portion of increased sales that was recovered in FY2023
 - ③ Increase in freight costs
- **Deviation from the full-year forecast announced on October 3, 2023**
 - Gross profit (-528 mn): Delayed installation of NMP recovery equipment in Japan, etc.
 - Operating profit (-937 mn): Increased SG&A due to increased incentives for sales personnel in China and increase in provision for allowance for uncollectible accounts at Swedish subsidiary, etc.
- **Shareholder Returns:**
Annual dividend of JPY60 per share (ordinary dividend of JPY50.22 + commemorative dividend of JPY9.78)

Guidance for FY2024

- **Net Sales:** JPY33,417 mn (116.3% YoY), **Operating Profit:** JPY4,434 mn (103.2% YoY)
Expected to increase in sales and profits due to strong orders for EV battery manufacturing plants in North America and Europe
- **Shareholder Returns:** Plan to pay an annual dividend of JPY70 per share, targeting a dividend payout ratio of 40%

Fiscal 2023 Financial Results



External

FY12/23 Results Overview

	FY12/22		FY12/23		YoY		FY12/23 Forecast* ³	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%	Amount	Achievement rate(%)
(JPY: Millions)								
Net sales	24,890		28,725		3,834	115.4	27,147	105.8
Gross profit	10,049	40.4	11,168	38.9	1,119	111.1	11,697	95.5
Selling, general & administrative expenses	5,444	21.9	6,870	23.9	1,425	126.2	6,461	106.3
Operating profit	4,604	18.5	4,298	15.0	-306	93.4	5,235	82.1
Ordinary profit	4,783	19.2	4,361	15.2	-422	91.2	5,267	82.8
Net profit attributable to Seibu Giken Co., Ltd. stockholders	3,908	15.7	3,436	11.9	-476	87.8	4,075	84.2
Net profit per share (JPY)	195.56		180.14		-	-	213.96	-
EBITDA* ¹	5,500		5,191		-308	94.4	6,151	-
EBITDA margin* ² (%)	22.1		18.1		-	-	-	-

*1: EBITDA = unaudited figures calculated by operating income + depreciation *2: EBITDA margin = EBITDA/ sales *3: FY12/23 Forecast announced on October 3, 2023

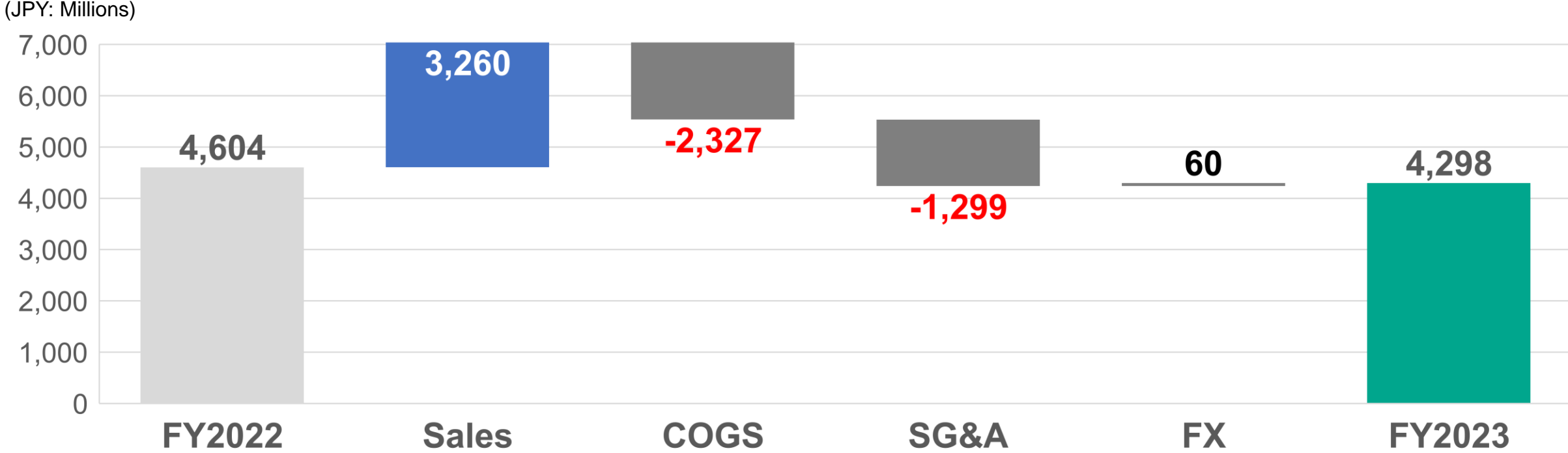
Vs. FY2022

- Net sales (+3,834 mn): Increased shipments to EV battery manufacturing plants (For China, sales grew as a result of price discount strategy due to the economic downturn and intensifying competition in spite of declined gross profit margin)
- Operating profit (-306 mn): Increase in SG&A expenses including increased personnel expenses, incentives for sales personnel in China, and freight costs, etc.)

Vs. Initial Forecast

- Gross profit (-528 mn): Delayed installation of NMP recovery equipment in Japan, etc.
- Operating profit (-937 mn): Increased SG&A due to increased incentives for sales personnel in China and increase in provision for allowance for uncollectible accounts at Swedish subsidiary, etc.

FY12/23 Operating Profit Factor Analysis



Note: FY2022 figures are unaudited

- Sales growth: increased shipments to EV battery manufacturing plants in North America and Japan
- COGS: increase in shipment volume and cost of sales ratio due to pricing strategy in China, etc.
- SG&A: increase in labor costs in each region and freight due to increased shipment volume
- FX: small positive impact due to JPY depreciation

FY12/23 Net Sales by Product

(JPY: Millions)	FY12/22	FY12/23	YoY (%)
Desiccant dehumidifier	15,931	18,551	116.4
VOC concentrator	6,539	7,305	111.7
Others	2,419	2,868	118.6
Total	24,890	28,725	115.4

Strong order intake in the U.S. and Japan for the upward trend of investments in EV battery manufacturing plants. Particularly in the U.S., steady investment in battery plants in accordance with the acceleration of EV shifting under the U.S. Inflation Control Law (IRA) enacted in Aug. 2022 has been driving sales growth of desiccant dehumidifiers in the U.S. and Japan, which contributed to the total sales growth.

Sales of VOC concentrators also grew YoY due to increasing sales for use in solvents (NMP) recovery used in the battery manufacturing process in Japan.

FY12/23 Net Sales by Region

(JPY: Millions)	FY12/22	FY12/23	YoY (%)
Japan	4,995	7,189	143.9
China	11,255	11,606	103.1
Other Asia	4,046	3,820	94.4
Europe	3,134	2,546	81.3
North America	1,202	2,932	243.8
Others	257	629	245.1
Total	24,890	28,725	115.4

Sales in Japan and U.S. markets grew driven by upward trend of investments in EV battery plants.
 In China, growth slowed due to declining investment associated with the economic downturn.
 In South Korea included in Other Asia, investment in VOC concentrator softened due to reduction in subsidies for small business.
 Sales in Europe fell YoY due to slowdown in EV investment.

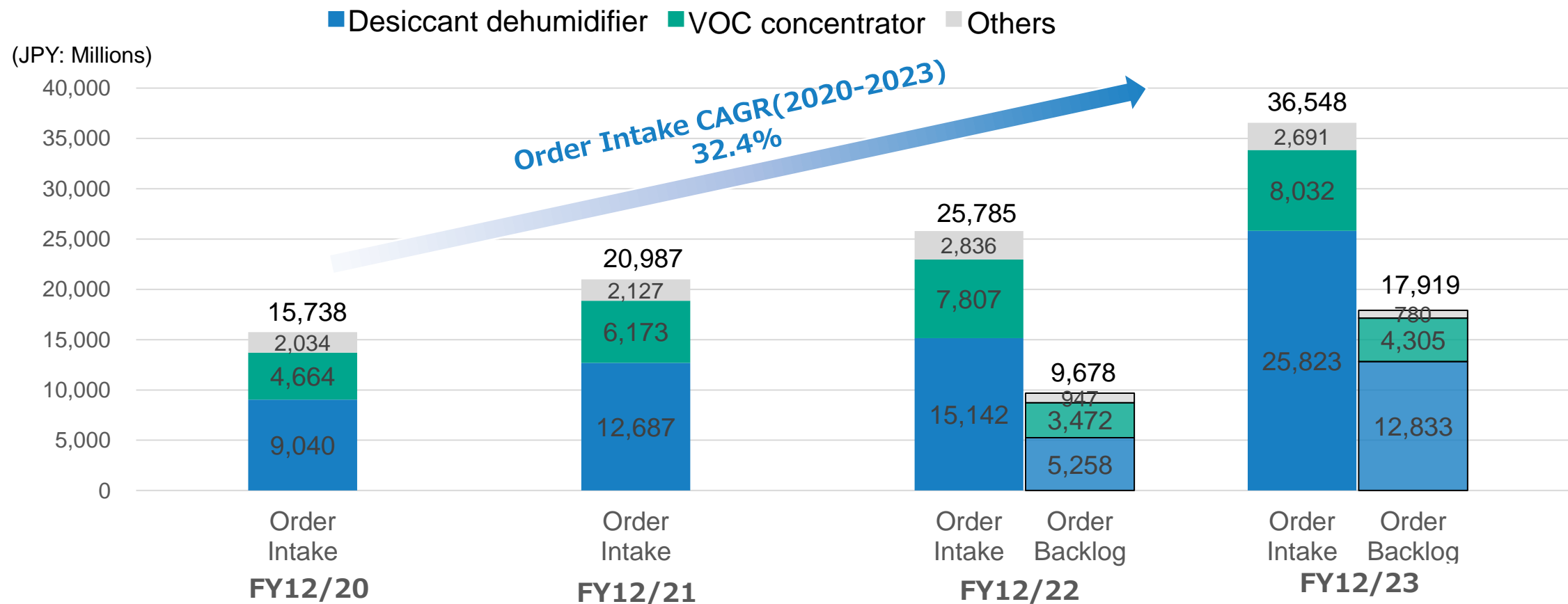
Consolidated Balance Sheet as of December 31, 2023

(JPY: Millions)	FY12/21	FY12/22	FY12/23
Cash and cash equivalents	7,674	9,803	11,638
Trade notes and accounts receivable	4,214	5,970	8,309
Other current assets	5,120	6,405	8,429
Net property, plant and equipment	7,891	8,181	10,216
Other fixed assets	743	746	741
Total Assets	25,642	31,105	39,334
Interest-bearing debt ^{*1}	5,198	5,413	2,599
Other liabilities ^{*2}	6,346	7,943	9,939
Total Liabilities	11,544	13,356	12,539
Total Net Assets	14,097	17,748	26,795

*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

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 for FY2023 was 141.7% YoY, and order backlog as of the end of 2023 was 185.2% YoY

Fiscal 2024 Forecast



External

FY12/24 Forecast

(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 North America and Europe is expected

FY12/24 Net Sales by Product

(JPY: Millions)	FY12/23	FY12/24 Forecast	YoY (%)
Desiccant dehumidifier	18,551	20,619	111.1
VOC concentrator	7,305	9,716	133.0
Others	2,868	3,081	107.4
Total	28,725	33,417	116.3

Large-scale projects for desiccant dehumidifiers in North America and Europe 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.

FY12/24 Net Sales by Region

(JPY: Millions)	FY12/23	FY12/24 Forecast	YoY (%)
Japan	7,189	8,402	116.9
China	11,606	9,956	85.8
Other Asia	3,820	4,118	107.8
Europe	2,546	5,642	221.6
North America	2,932	4,701	160.4
Others	629	595	94.5
Total	28,725	33,417	116.3

Sales in Japan, North America and Europe 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.

Medium-Term Management Plan 2024-2026

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February 14, 2024

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External

Extract from the prospectus

“... In the fiscal year ended December 2022, we launched our new medium-term management plan, ‘Regeneration 1,’ and are taking various measures to achieve these goals.”

**For the following reasons,
we decided to develop new mid-term management plan starting from
the fiscal year ended December 2024.**

- To provide shareholders and investors with a better understanding of our growth strategy
- To aim for growth as “one group”
- To respond to rapid changes in market environment, especially in China

Changing Air, Changing Value.

Purpose

“Provide green air solutions for every environment.”

Achieve both corporate and social value
by providing new value through realization of our purpose

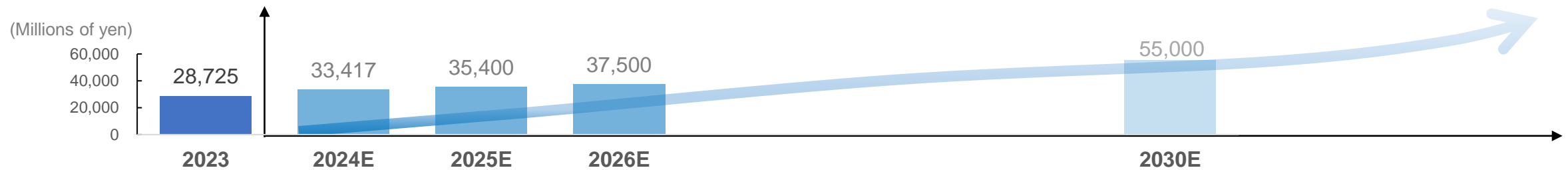
Basic Policies of the 2024-2026 Mid-Term Management Plan

1. Expand market share in core businesses
2. Scale up growth business
3. Strengthen group governance

Positioning of This Mid-Term Management Plan

Building a foundation for sustainable growth for the next 3 years as the first phase toward the realization of 2030 Vision

Continue to be the innovation leader in air processing technology to realize a climate-neutral future.



FY2023 results

Phase 1
New Mid-Term Management Plan 2024-2026
Build a foundation for growth

- Expand market share in core businesses
- Scale up growth business
- Strengthen group governance

Phase 2
Mid-Term Management Plan 2027-2029
Stabilize growth business

- Ensure stable profitability from growth business
- Reap the return of investment

Phase 3
Mid-Term Management Plan 2030-2032
Realize our vision

- Ensure sustainable management aligned with growth industries
- Maintain the consolidated operating profit over JPY9 bn

Operating profit margin

15.0%

14%

17% or more

EBITDA margin

18.1%

18%

21% or more

ROE

15.4%

14%

18% or more

Financial KPI and Targets

Overcoming the most recent uncertainty of the Chinese economy, striving to achieve the target earnings for the following indicators

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast	...	FY2026 Target	...	2030 Outlook
Operating profit margin	10.6 % (12.5%)	18.5 % (15.3%)	15.0 %	13.3 %	...	14 %	...	17% or more
EBITDA margin	15.3 % (16.9%)	22.1 % (19.3%)	18.1 %	16.1 %	...	18 %	...	21 % or more
ROE*	13.1 % (15.7%)	24.5 % (18.8%)	15.4 %	13.1 %	...	14 %	...	18 % or more

NOTE :

*ROE = Net Income Attributable to Owners of the Parent (Fiscal) / Shareholder's Equity(Average at beginning and end of the period)

Values in parentheses = Normalized basis figures excluding the impact of foreign exchange rates from consolidated basis figures, and those shifted the impact of delay in revenue booking from FY2022/12 to FY2021/12 (including foreign exchange rate adjustments)

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

Target

- Energy device manufacturers and battery manufacturers for mobility
 - Starting from North America, Japan, and South Korea
- 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
 - July 2025, 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.)

In addition to selling products, expand the solution proposals to overseas

Up to 2023

Focused on selling
module/equipment

Product-out

Module/equipment contributing to the optimal manufacturing environment and reduction of environmental impact for customers



From 2024 and onward

Retain selling module/equipment
+
Focus on proposing solutions

Market-in

Optimal and energy-efficient
air environment for customers



EV / Next-Gen. Battery

Market Trends

- Infrastructure industrialization of energy devices
- Decarbonization policies/regulations in major countries

Value Proposition

Desiccant dehumidifier and dry room

- Secure safety of final products
- Reduce waste in manufacturing processes

NMP recovery system

- Reuse solvents after initial use

DryMinien™

- Environmental engineering

Energy-saving outdoor air handling unit

- Reduce operational costs

Semiconductor

Market Trends

- Automated driving technology
- IoT, DX, GX
- Popularization of generated AI

Value Proposition

VOC concentrators and energy-saving outdoor air handling unit

- Environmental conservation and compliance with air pollution regulations
- Reduce CO₂ emissions
- Reduce operational costs

Minien™

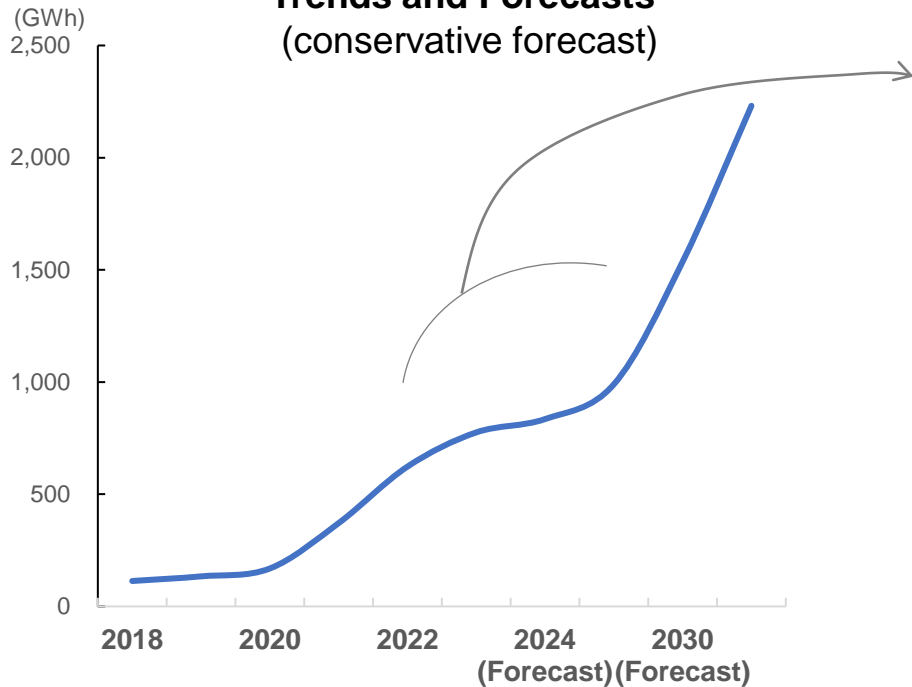
- Environmental engineering
- Class1 clean room
 - Reduce waste in production, ensure the quality of finished products, and conserve energy



Future Trend of EV Battery Market

Continued growth in EV battery market is forecasted over the next decade. In the North American market, investment by Japanese and Korean battery manufacturers is expected to increase from 2024 to 2026.

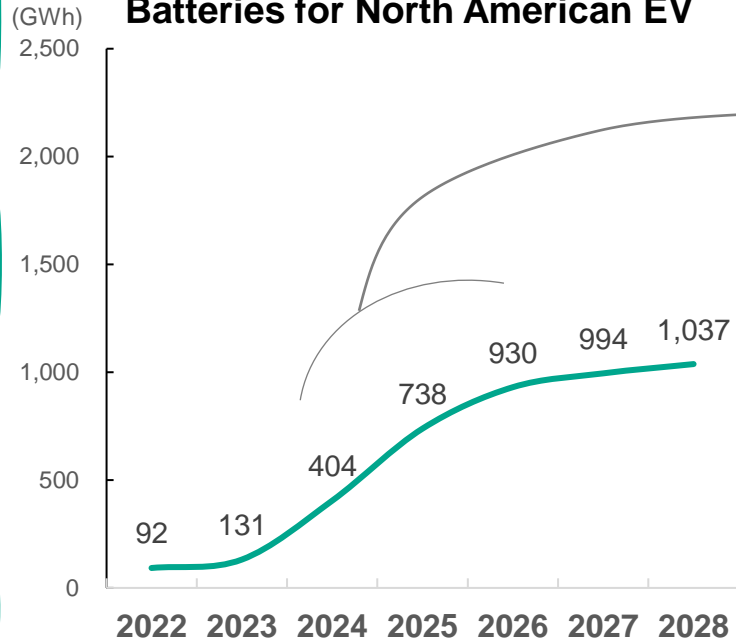
Global Automotive LiB Market-Size Trends and Forecasts*
(conservative forecast)



Source: Yano Research Institute Ltd., Survey of the Global Market for Automotive Lithium-Ion Batteries (2023), announced on December 28, 2023, and prepared by Yano based on Conservative (market-based) forecasts

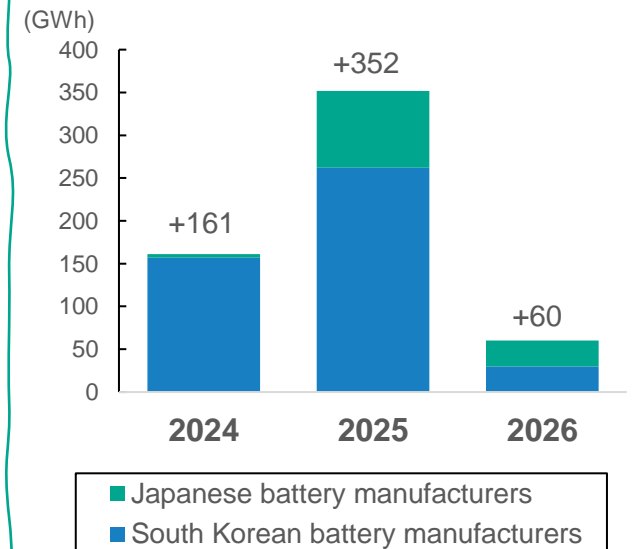
Note: Targeted for LiB to be installed in passenger cars and electric cars for commercial vehicles, and MHEV, SSV, for PHEV, HEV, MHEV(48V), on a LiB shipping basis by LiB manufacturers until 2022, based on LiB shipments by LiB manufacturers and xEV production by xEV manufacturers in 2023, calculated by Yano Research Institute on 12V production basis for xEV manufacturers from 2024 onward, estimated figures for 2023, projected figures for 2024, 2025, 2030, and 2035

Cumulative Production Capacity of Batteries for North American EV



Source: Environmental Defense Fund (2023). U.S. Electric Vehicle Battery Manufacturing on Track to Meet Demand. Create us from EDF Analysis on US Battery Capacity 12.13.23 final v3.pdf ([Link](#))

U.S. Plant Investment Plan by Japanese & Korean Automotive LiB Manufacturers
(Based on information published by each company)



Source: Prepared by us from information published by each company



Current Status of Investment in EV Battery Production

In North America and Japan, increased investment is expected due to EV shift accelerated by policies



China



- Continued consolidation of the battery market since too many incompetent manufacturers entered the market due to the government financial subsidies
- Oversupply relative to demand
- Major domestic manufacturers have shifted to the other markets such as Europe and Southeast Asia



North America



- EV shift accelerated in 2023 due to IRA
- Japanese and Korean battery manufacturers planning to invest in North America toward 2026



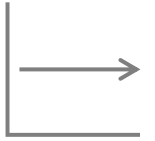
Japan



- Increase in battery-related investment aligned with the Battery Industry Strategy rolled out by METI in Aug. 2022
 - Targeting to secure production capacity 150GWh/year domestically and 600GWh/year globally by 2030
- Accelerated development of solid-state batteries



Europe



- In 2023, plant investments by major manufacturers were postponed
- Although growth is expected in the long term, in short term, demand has been stagnant due to the gradual discontinuation of EV subsidies and tax incentives



Strategic Direction in the Battery Area

1. Continue stable supply of desiccant dehumidifier and expand overseas service business
2. Providing total engineering to create optimal environments for EV battery manufacturing

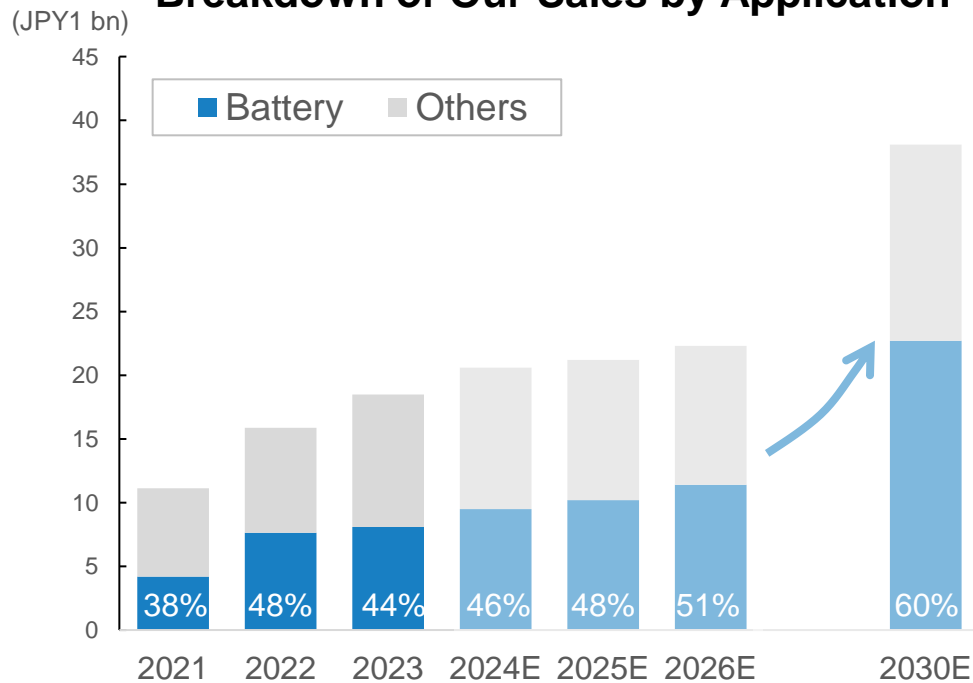
Equipment sales

Desiccant dehumidifier
Humidity control in the manufacturing process

Equipment sales + Solution proposals

Total engineering
Creation of optimum environment for battery manufacturing

Breakdown of Our Sales by Application



Dry Environment

- Desiccant dehumidifier
- Dry room
- Dry booth

Low-oxygen Environment

- Circulating nitrogen purifier
- Nitrogen gas booth

Circular ecosystem

- Solvent recovery system

Low running cost air conditioning

- Energy-saving outdoor air handling unit



Optimal Environments for the Entire Battery Manufacturing Process

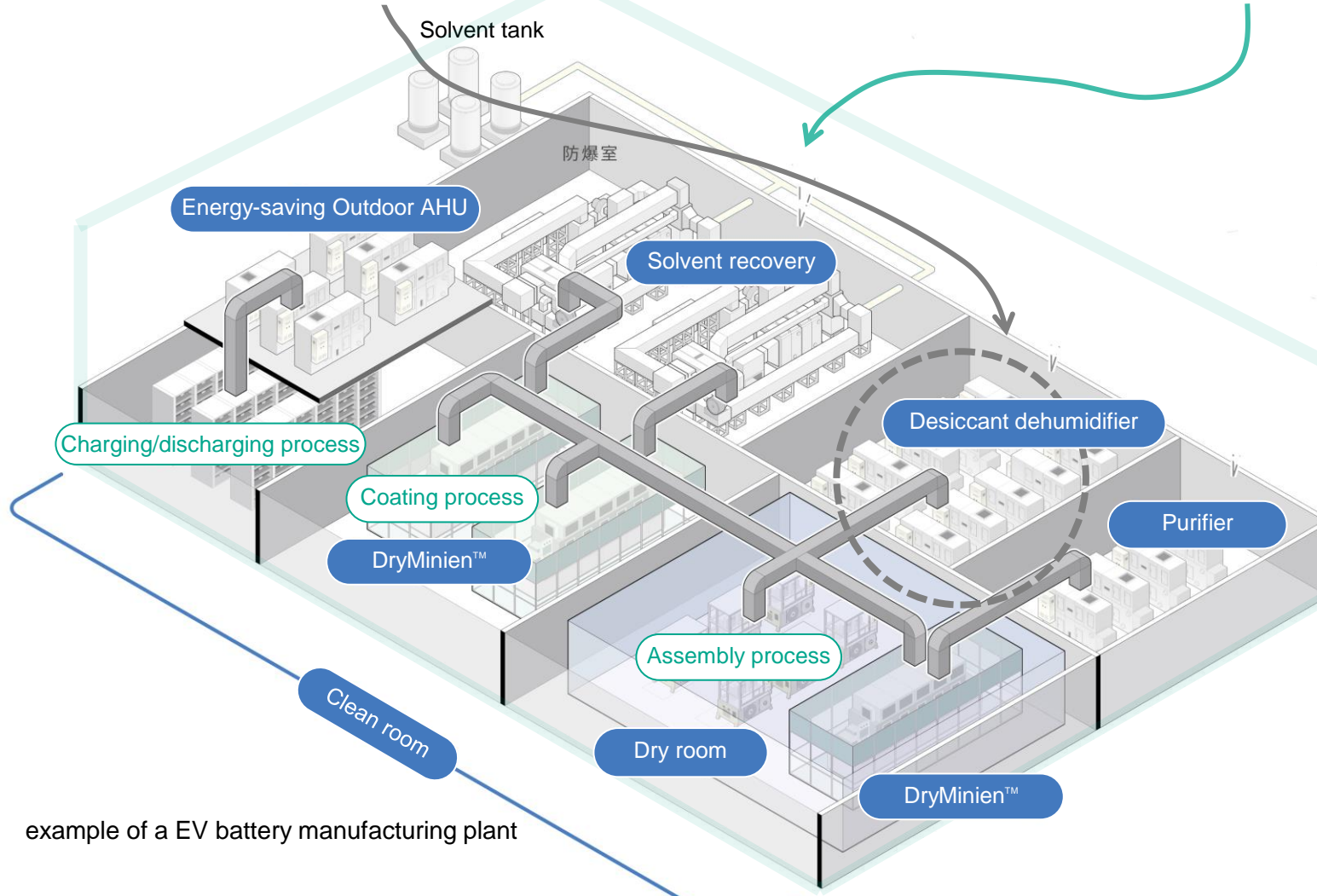


Equipment sales

Desiccant dehumidifier
Humidity control in the manufacturing process

Solution proposals

Total engineering
Creation of optimum environment for battery manufacturing



Sole provider capable of one-stop total engineering for the battery production environment

- Reduce energy, time, and material losses associated with increased production via our environmental control technology
⇒ **Contributing to Customers' Reduce & Reuse**

- Improve energy efficiency via our design of optimum environment and production lines
⇒ **Contributing to Customers' Reduce**

example of a EV battery manufacturing plant



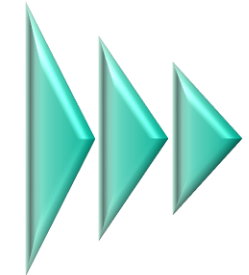
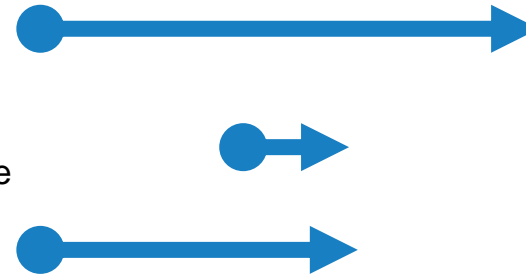
Growth Pipelines

Reinforcing solution proposals, value per project is expected to increase

FY2023 Orders received FY2024 Plan FY2025 Plan FY2026 Plan

Equipment sales

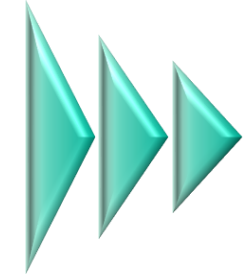
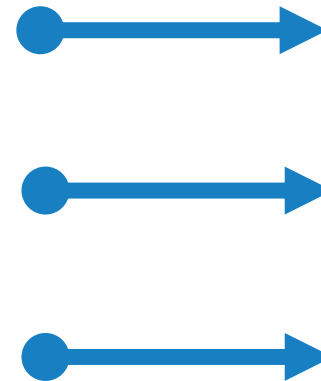
- Batteries for Japanese EV
Desiccant dehumidifier JPY0.5 bn
- Batteries for EV in Europe
Desiccant dehumidifier JPY0.5 bn or more
- Batteries for EV in Europe
NMP recovery JPY1 bn x 2



CAGR 20-26 15.6%

Equipment sales + Solution proposals

- Batteries for North American EV
Desiccant dehumidifier JPY2 bn + Enclosure, N2 purifier JPY0.5 bn
- Batteries for Japanese EV
Desiccant dehumidifier, NMP recovery, enclosure JPY2.65 bn
- Batteries for Japanese EV
Dry room and NMP recovery JPY0.8 bn



CAGR 20-26 37.9%



Action Plans for the Battery Area

1. Focus on gaining market share in North America

- Target: Japanese and Korean battery manufacturers investing in U.S., and U.S. manufacturers (including JV with EV manufacturers)
- Actions:
 - Reinforce sales activities
 - Establish local production capabilities (e.g., securing suppliers and operating assembly factory)
 - Develop a service supply chain by collaborating with local partners

2. Expand service business by promoting rotor replacement

- Target: Existing customers (mainly in China)
- Actions:
 - Reinforce sales activities to stimulate replacement demands

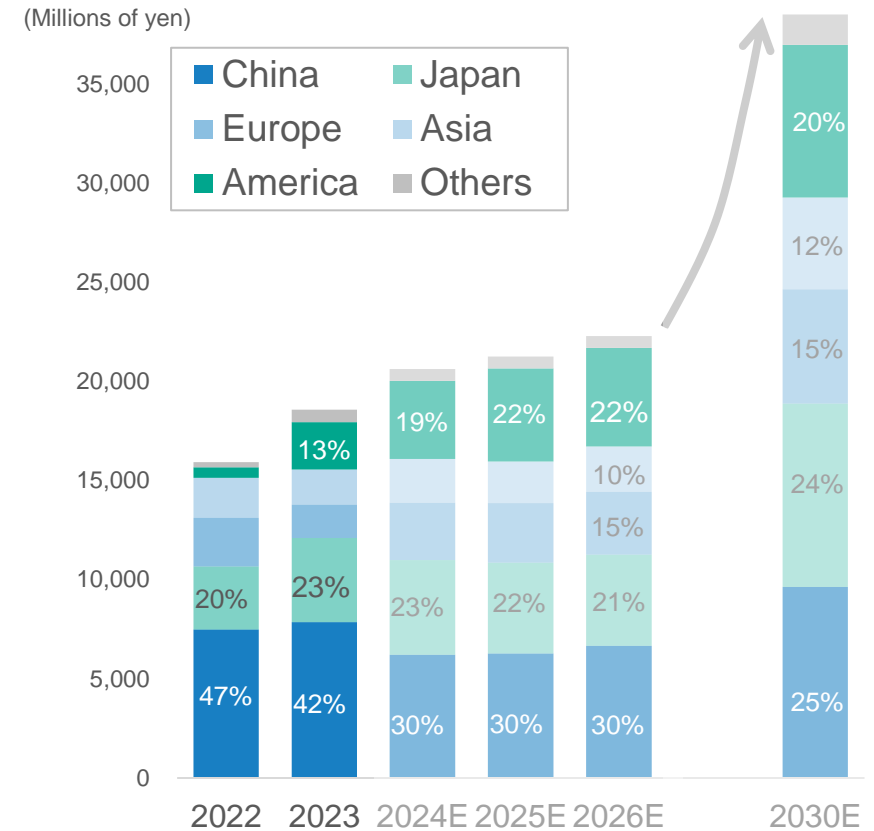
3. Promote solutions proposals to create optimal environments for battery manufacturing and next-generation battery development

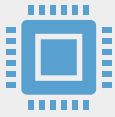
- Target: Battery manufacturers (Japan, Korea, North America, and Europe)
- Actions:
 - Comprehensive solution proposals
 - ✓ Dry room capable of handling -90°C dewpoint
 - ✓ DryMinien™ that realizes a space with an ultra-low dew point -60°C or less
 - ✓ Solvent recovery system for reuse of solvents
 - Alliances with local construction partners

4. Improve competitiveness

- Actions:
 - Improve performance of dehumidifying rotor
 - Strengthen the supply chain by making production of desiccant dehumidifier components in-house

Sales of Our Dehumidifier by Region

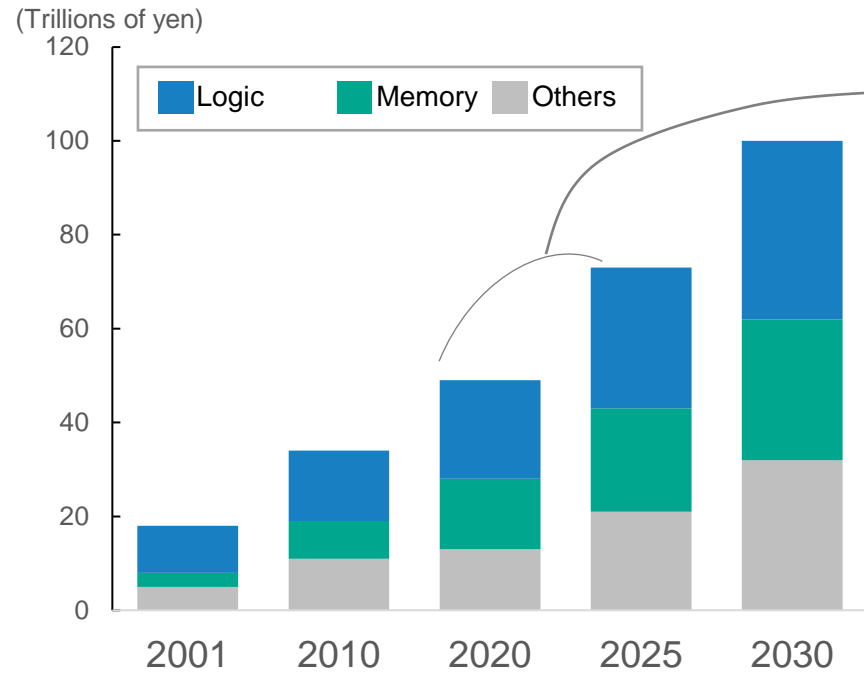




Future Trend of Semiconductor Market

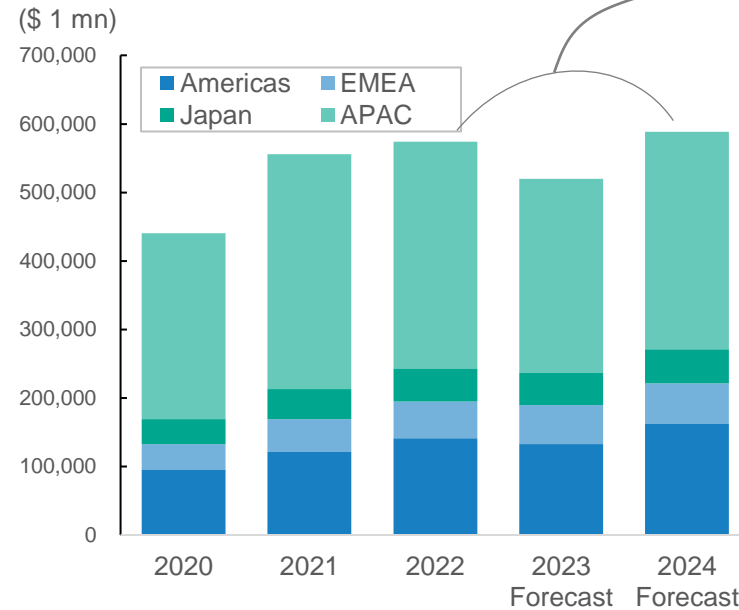
Continuous growth of the semiconductor market is forecasted over the next decade. Investment in manufacturing plants in 2024 is expected to increase from the previous years in the U.S., Europe and the Middle East, and South Korea.

Global Semiconductor Market



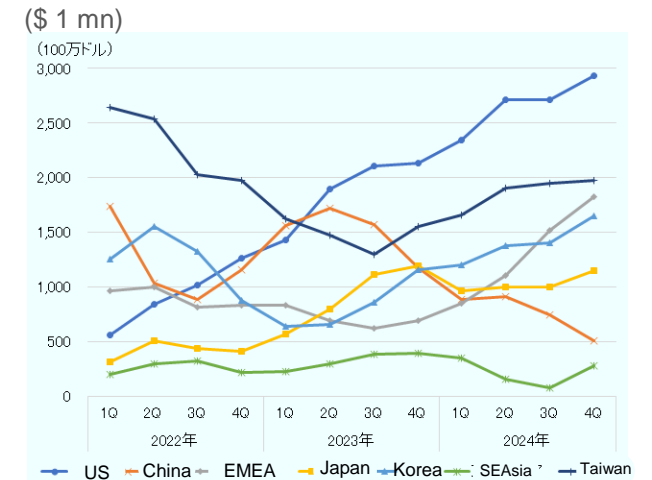
Source: Based on METI's "Global Semiconductor Markets and Major Players" (March 2021, 2019 exchange rates: 1USD=JPY110, 1 euros = JPY125)

Global Market Forecast by Region



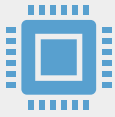
Source: World Semiconductor Market Statistics (WSTS) "2023 Fall Semiconductor Market Forecasts" Our compilation is based on the World Semiconductor Market Statistics (WSTS) (jeita.or.jp) [\(Link\)](#).

Global Investment in Semiconductor Pre-process Plants



Source: March, SEMI(2023), World Fab Forecast 1Q 2023 Edition

Source: Outlook for the World Semiconductor Market in JETRO"2023~2024 Years and U.S. Strategy (2023) Outlook for the World Semiconductor Market for 2023-2024 and U.S. Strategy | Semiconductor Competition and Technology Control-Special Feature-Regional and Analytical Reports-Foreign Business-Excerpts from JETRO (jetro.go.jp) [\(Link\)](#)



Strategic Direction in the Semiconductor Area

- Starting from 2026, secure stable earnings by fully expanding overseas service business, which currently account for 7% of total sales
- Reinforce proposal of solutions for clean environments optimal for semiconductor material manufacturing

Equipment sales

VOC concentrator

Remove VOCs from exhaust gas from production processes

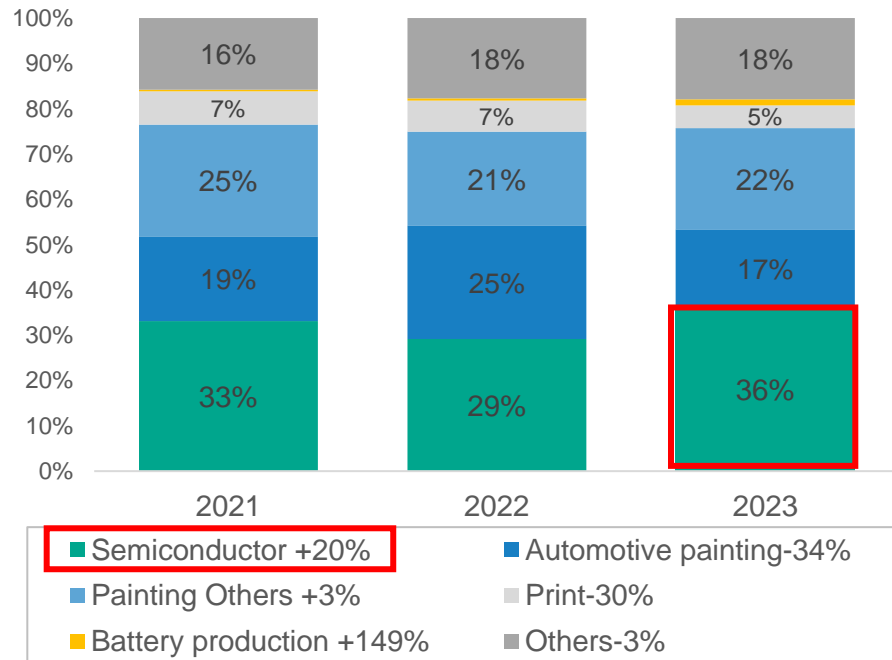
Equipment sales + Solution proposals

Class 1 clean environment

Creation of optimum environment for semiconductor material manufacturing



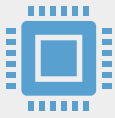
Breakdown of Our Sales by Application



Note :Figures in the legend are year-on-year changes in sales for FY2023

Clean consultation

- Clarify the cause of pollution through a simulation**
Conduct interview and on-site checks and propose the guidelines for airflow design
- Predict the pollution risks and causes and propose countermeasures through simulations**
Design ideal airflow by fluid analysis
- Conduct detailed verification by actual measurement**
Measure airflow and visualize particles using a particle visualization system, etc. Propose improvement in the event of problems, through data analysis, fluid analysis, etc.



Optimal Environments for the Entire Semiconductor Manufacturing Process

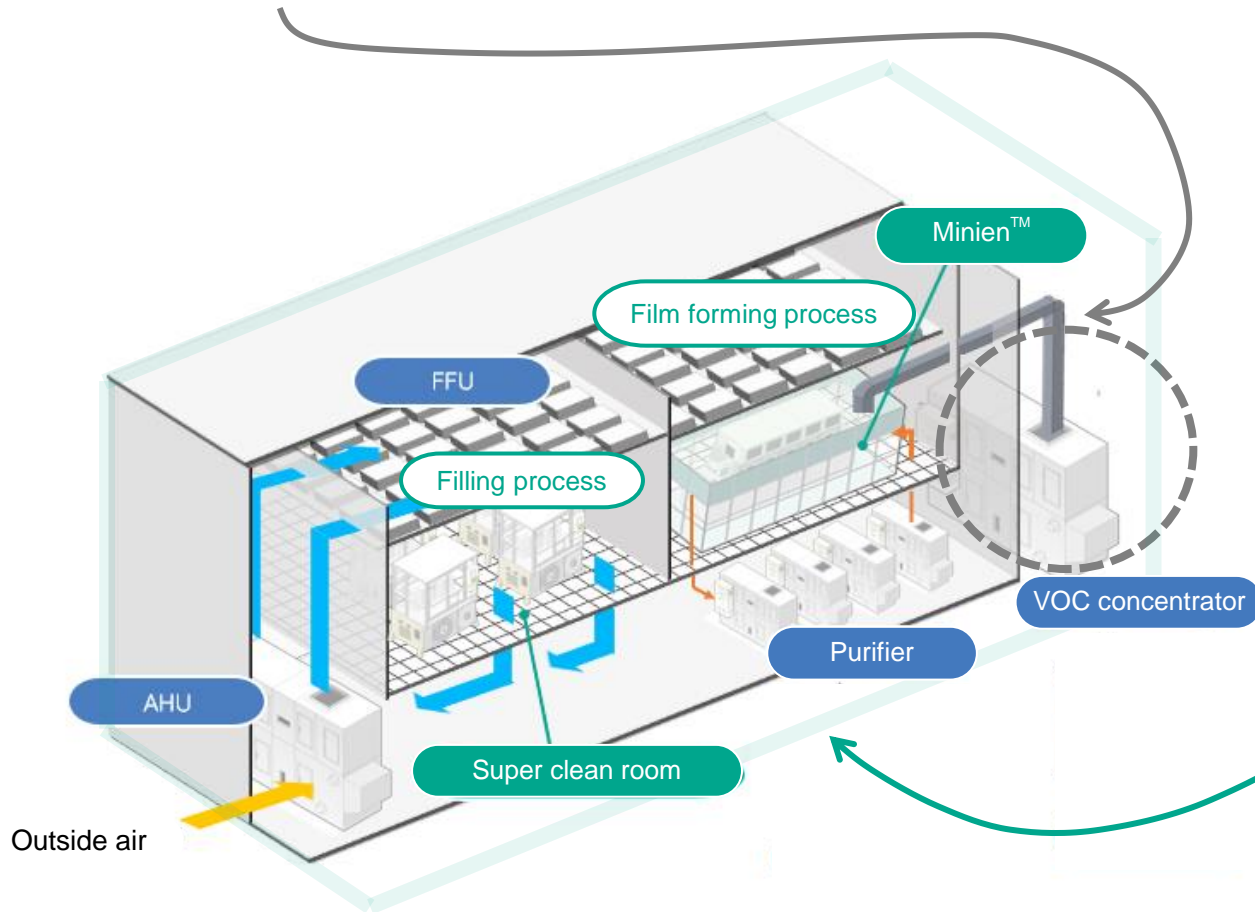


Equipment sales

VOC concentrator
Remove VOCs from exhaust gas from production processes

Solution proposals

Clean engineering
Creation of optimum environment for semiconductor material manufacturing

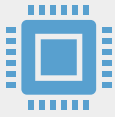


Sole provider capable of delivering the energy-saving and minimized environment for semiconductor material production

Total provision of an optimal environment with precise management of temperature and moisture concentration as well as cleanliness

- **Purifier**
Circulate the gas in the booth to create a nitrogen environment with a 1 ppm or lower moisture and Oxygen concentration
- **Super clean room**
Propose clean environment to achieve the target cleanliness even when the equipment is in operation
- **Minien™**
Space-saving and energy-saving manufacturing processes

example of a semiconductor manufacturing plant



Action Plans for the Semiconductor Area

1. Expand service business by promoting rotor replacement

- Target: Existing customers (China, Taiwan, and Korea)
- Actions:
 - Reinforce sales activities to stimulate replacement demands
 - Develop a service supply chain by collaborating with local partners

2. Strengthen supply chain for VOC concentrators

- Target: China, Korea, and Europe
- Actions:
 - Shorten lead times through stock operations of major components
 - Reduce costs by 5-10% through in-house production of sheet metals and parts

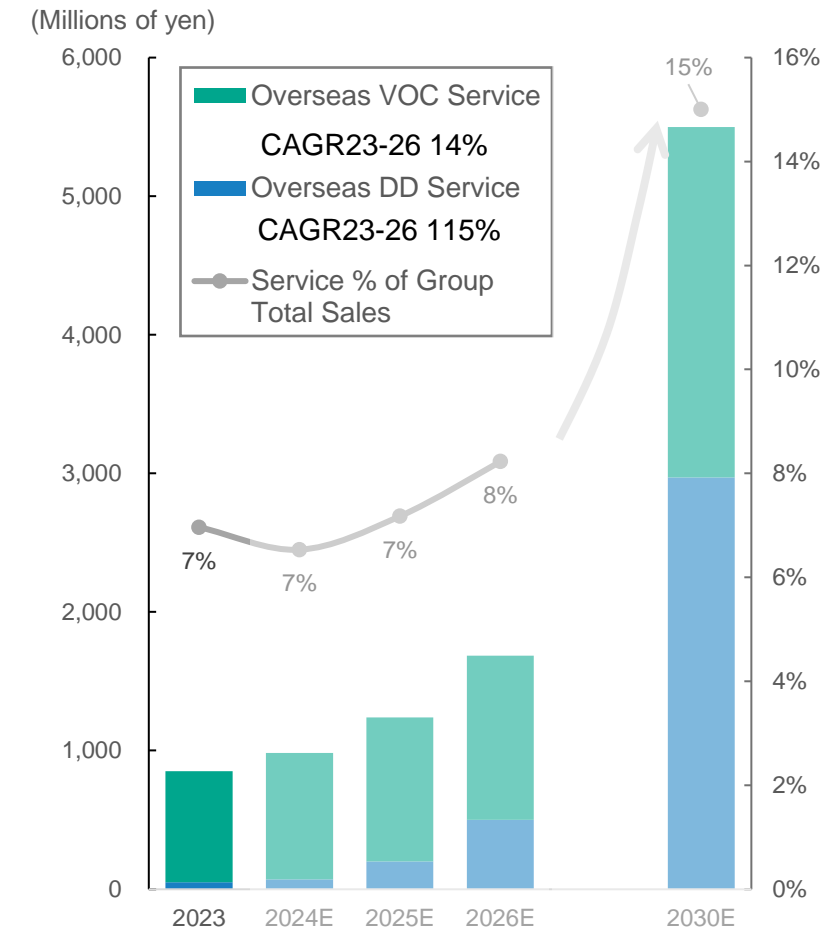
3. Promote solutions proposals to create optimal environments for semiconductor material manufacturing

- Target: Semiconductor material manufacturers (Japan and Korea)
- Actions:
 - Comprehensive solution proposals
 - ✓ Environment engineering
 - ✓ ISO Class1 compliant clean room

4. Enter new market

- Target: Markets with severe air pollution (India and Southeast Asia)
- Actions:
 - Search for local partner companies in target areas and make alliance

Forecast for Overseas Service Business



Existing

- Food products, pharmaceuticals, renewable energy
- Automotive and ship painting, gravure printing

Market Trends

- Global aging
- Food shortage crisis
- Decarbonization

Value Proposition

Desiccant dehumidifier

- Secure safety of final product
- Reduce waste in manufacturing processes
- Efficient operation
- Reduce maintenance costs

VOC concentrator

- Reduce operational costs
- Reduce CO₂ emissions

Continuously grow using existing sales networks

New

- Agriculture (green house)

Market Trends

- Decarbonization
- “Smart Agriculture” due to shortage of farmers
- Food shortage crisis

Value Proposition

CO₂ supply equipment

- Increase harvest
- Reduce environmental impact through measures to eliminate fossil fuels

Energy-saving ventilator (Green Save)

- Reduce utility costs
- Prevent pest infestation
- Reduce CO₂ emissions

Targeting to generate JPY1 bn in 2027

Environment



01. Start utilizing renewable energy and accelerate installation of energy-saving equipment as mid-term measures aiming at achieving climate neutrality by 2050
02. Quantify our contribution to Avoided Emissions and the lifecycle emissions of each of our products since our products contribute to reducing the environmental impact of our customers
03. Strive to reduce waste, promote Design for Environment, and improve the mid-to long-term production efficiencies

Society

Initiatives Related to Diversity

- Collaboration between men and women: operation of in-house childcare center, promote male workers to take childcare leave, and retain gender ratio 1:1 at recruitment of new graduates
- Recruit foreign employees and promote hiring employees with disabilities
- Provide educational opportunities and support for self-development in addition to rank-based training



Governance

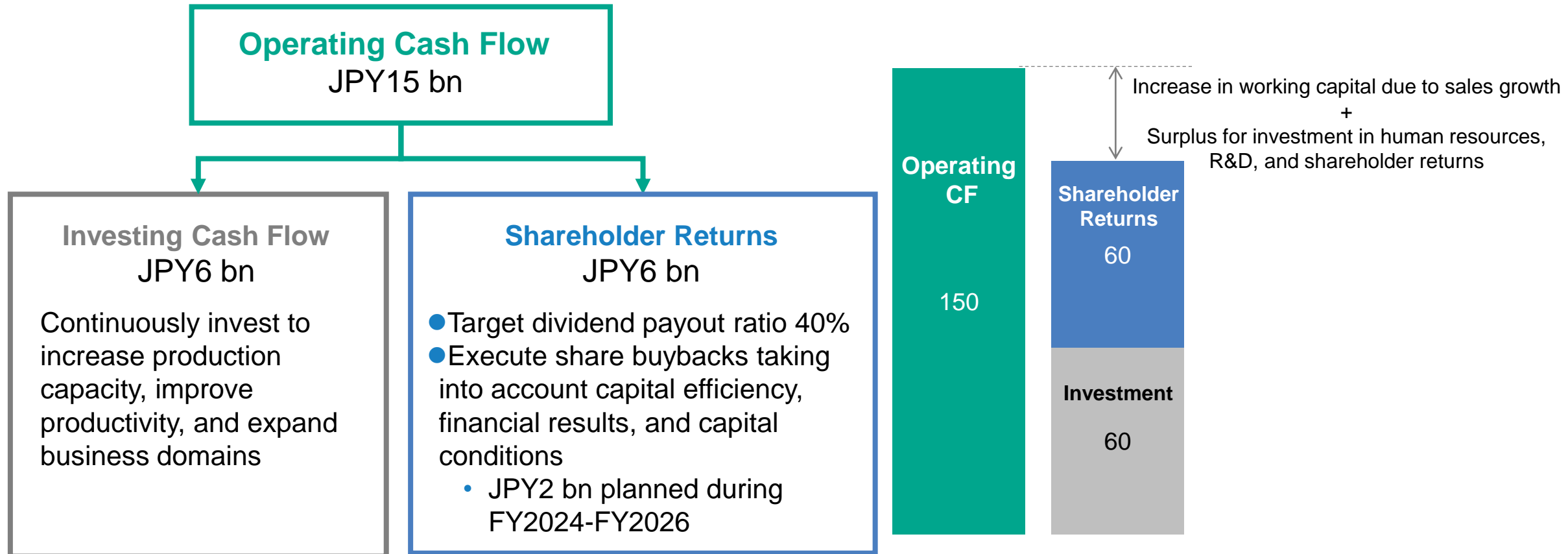
Focus on Strengthening Group Governance

- To ensure the strategic implementation of the medium-term management plan, a Global Management Council is held twice a year to monitor progress and discuss measures
- Hold regular meetings with subsidiaries to ensure thorough understanding of market trends and budget management throughout the Group
- Introduction of the entrusted corporate officer system

Capital Allocations

Shareholder returns are principally based on dividends, and share buybacks are implemented in line with profit growth and capital efficiency

Capital Allocation Plan (3 years: FY2024-FY2026)



Appendix



External

Cash Flows

(JPY: Millions)	FY12/21	FY12/22	FY12/23
Cash from operating activities	3,396	3,349	2,000
Cash from investing activities	268	▲ 595	▲ 2,340
Free cash flow	3,664	2,754	▲ 340
Cash from financing activities	▲ 876	▲ 818	1,801
Cash and cash equivalents at end of period	7,388	9,517	11,417

FY12/23 Quarterly Financial Results

	FY12/23 Q1		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	

(JPY: Millions)

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

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

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. has not yet been listed

Capital Expenditures, Depreciation and R&D Expenses

(JPY: Millions)	FY12/22	FY12/23	FY12/24 Forecast
Capital expenditures	905	957	1233
Depreciation	896	893	945
R&D expenses	276	302	355