

Fiscal 2024 1st Quarter Financial Results

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

May 15, 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



Executive Summary

Financial Results for Q1 FY12/24

- **Despite decline in sales and profit compared to FY12/23, progressing as initially planned**
- **Net sales: JPY 5,777 mn (93.0% 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
- **Operating profit: JPY 486 mn (43.7% YoY)**
Decreased due to lower sales and higher cost of sales 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 North America and Europe
- **Shareholder Returns:** Plan to pay an annual dividend of JPY70 per share, targeting a dividend payout ratio of 40%

Q1 FY12/24 Results Overview

	Q1 FY12/23*3		Q1 FY12/24		YoY*4	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%
Net sales	6,214		5,777		-437	93.0
Gross profit	2,657	42.8	1,999	34.6	-657	75.2
Selling, general & administrative expenses	1,544	24.9	1,513	26.2	-31	98.0
Operating profit	1,113	17.9	486	8.4	-626	43.7
Ordinary profit	1,113	17.9	596	10.3	-516	53.6
Quarterly net profit attributable to Seibu Giken Co., Ltd. stockholders	861	13.9	481	8.3	-380	55.9
Quarterly net profit per share (JPY)	46.39		23.48		-	-
EBITDA*1	1,324		710		-613	53.6
EBITDA margin*2 (%)	21.3		12.4		-	-

*1: EBITDA = unaudited figures calculated by operating income + depreciation

*2: EBITDA margin = EBITDA/ sales (most recent financial results) (EBITDA = operating income (recent financial results) + depreciation expenses (recent financial results) + amortization of goodwill (unaudited recent financial results))

*3: Figures calculated for the consolidated financial statements based on Article 204-6 of the Securities Listing Regulations

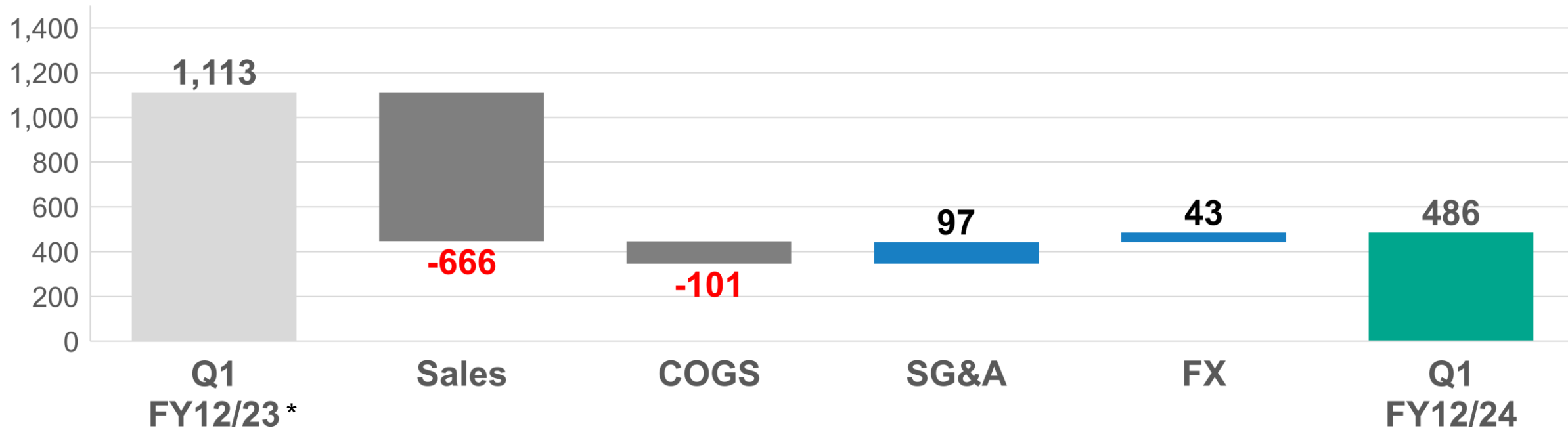
*4: YoY figures represent the year-on-year change relative to the previous year's figures

- Net sales (-437 mn): Decreased due to declined sales of desiccant dehumidifier for China market caused by sluggish economy, etc.
- Operating profit (-626 mn): Decreased due to declined sales and increase in cost of sales (+220 mn) attributed to the price discount strategy implemented in H2 FY12/23 in response to intensified competition in China

→ Desiccant dehumidifiers in China market had a high profit margin and drove earnings until H1 FY12/23. Because the sluggish economy in China progressed since H2 FY12/23 and continued into 1Q FY12/24, our sales of desiccant dehumidifiers declined. This is the primary factor for decreased operating profit. As this situation has been already factored into the initial FY12/24 forecast, Q1 results are within our expectations.

Q1 FY12/24 Operating Profit Factor Analysis

(JPY: Millions)



* Figures calculated for the consolidated financial statements based on Article 204-6 of the Securities Listing Regulations

- Decrease in sales: decrease in sales of desiccant dehumidifier due to economic stagnation in China
- Increase in COGS: increase in cost of sales ratio due to pricing strategy in China, etc.
- Decrease in SG&A: decrease in freight cost
- Increase in FX: small positive impact due to JPY depreciation

Q1 FY12/24 Net Sales by Product

(JPY: Millions)	Q1 FY12/23	Q1 FY12/24	YoY (%)
Desiccant dehumidifier	4,398	3,543	80.6
VOC concentrator	1,308	1,541	117.8
Others	507	692	136.3
Total	6,214	5,777	93.0

Desiccant dehumidifier

- despite increased shipments to the EV battery plants in Japan, decreased in China for the aforementioned reason
- decreased in the other areas mainly as Q1 FY12/23 driven by strong deliveries on large orders

VOC concentrator

- increased in Japan in applications that recover solvents used in the battery manufacturing process

Q1 FY12/24 Net Sales by Region

(JPY: Millions)	Q1 FY12/23	Q1 FY12/24	YoY (%)
Japan	1,314	2,863	217.8
China	2,517	1,317	52.3
Other Asia	907	663	73.1
Europe	717	677	94.4
North America	689	205	29.8
Others	67	49	73.7
Total	6,214	5,777	93.0

- Japan – 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, and sales of VOC concentrator also declined due to delays in shipping for reasons attributable to the customers
- Other Asia and North America – declined mainly as Q1 FY12/23 driven by strong deliveries on large orders

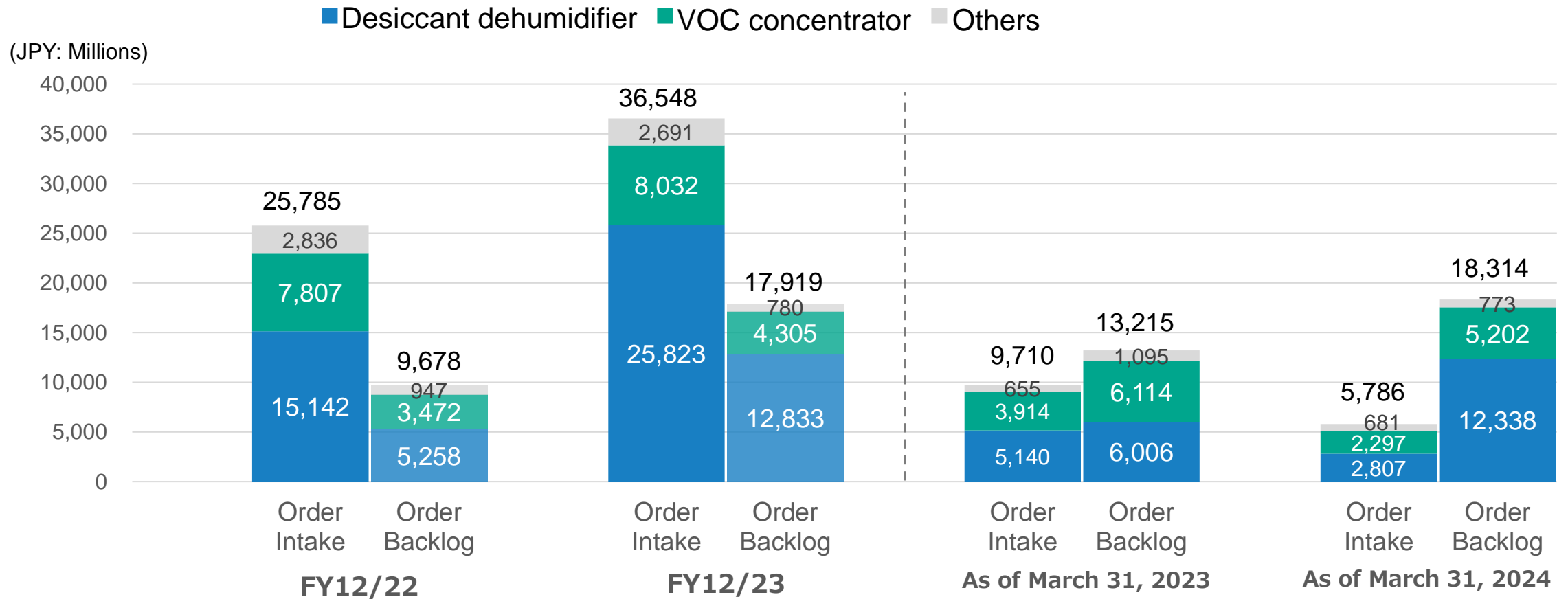
Consolidated Balance Sheet as of March 31, 2024

(JPY: Millions)	As of December 31, 2023	As of March 31, 2024
Cash and cash equivalents	11,638	12,223
Trade notes and accounts receivable	8,309	7,663
Other current assets	8,429	10,301
Net property, plant and equipment	10,216	10,357
Other fixed assets	741	784
Total Assets	39,334	41,329
Interest-bearing debt ^{*1}	2,599	3,380
Other liabilities ^{*2}	9,939	11,276
Total Liabilities	12,539	14,657
Total Net Assets	26,795	26,671

*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 to the end of March 2023 was 59.6% YoY, and order backlog to the end of FY12/23 was 102.2% YoY, due to slowdown on orders for battery in China caused by sluggish economy

Appendix



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 North America and Europe is expected

FY12/24 Net Sales by Product

No change from the announcement on February 14, 2024

(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

No change from the announcement on February 14, 2024

(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.

FY12/23 Quarterly Financial Results

	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(%)
(JPY: Millions)								
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

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. had not yet been listed

Capital Expenditures, Depreciation and R&D Expenses

(JPY: Millions)	FY12/22	FY12/23	Q1 FY12/24	FY12/24 Forecast
Capital expenditures*	581 (905)	2,423 (957)		1,233
Depreciation	896	893	224	945
R&D expenses	276	302	77	355

Note*: Figures indicated on a cash basis (figures in parentheses on an accrual basis), and Q1 FY12/24 is not calculated