Fiscal 2024
Financial Results Briefing

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

February 14, 2025

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

SEIBU GIKEN

Agenda

1. Fiscal 2024 Financial Results
2. 2024-2026 Medium-Term Management Plan Progress Update
3. Fiscal 2025 Forecast
4. Actions to Achieve Management that is Conscious of Capital Costs and Stock Prices

Fiscal 2024
Financial Results

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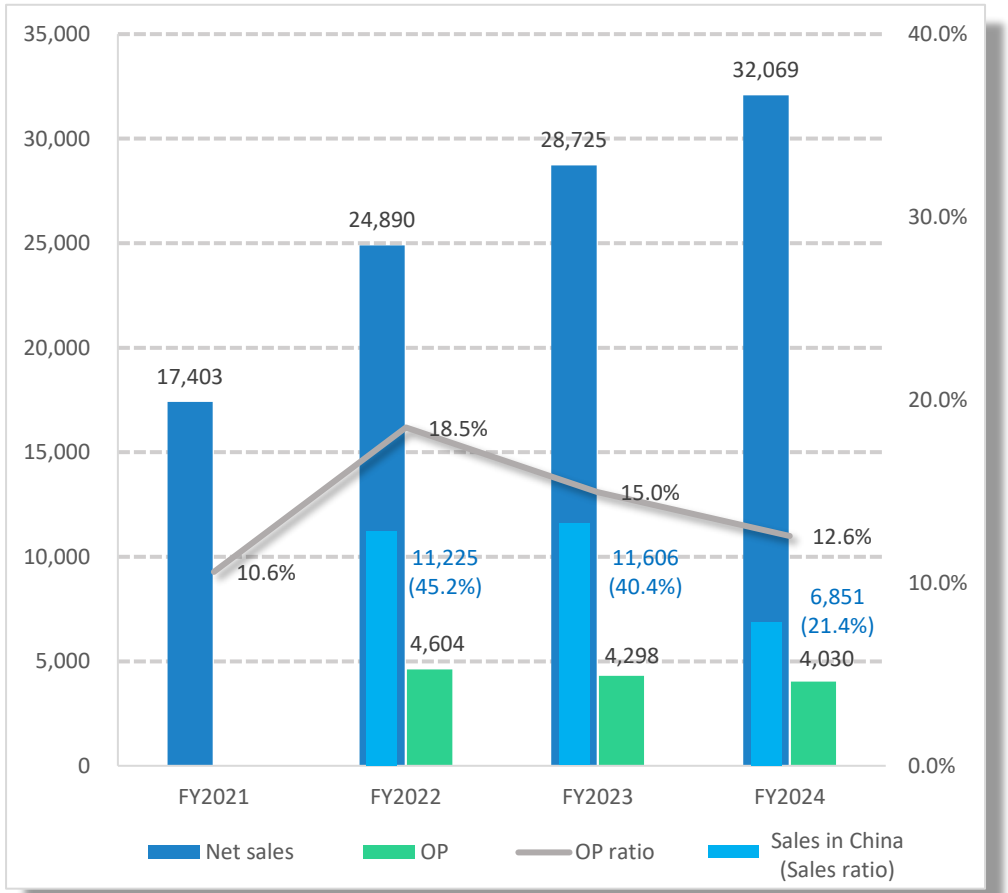
FY2004 Results Summary

Net sales & Operating profit (JPY:Millions)



FY2024 Net sales & Operating profit (JPY:Millions)

Net sales	Operating profit	Operating profit ratio
32,069	4,030	12.6 %
YoY 111.6%	YoY 93.8%	

- Net sales grew steadily
- Growth of desiccant dehumidifiers for EV battery manufacturing plants and total engineering in Japan offset sales decreased in China
- Operating profit margins decreased due to decreased sales of desiccant dehumidifiers in China market where a high profit margin drove earnings until H1 FY12/23

shareholder return

Annual dividend of JPY70 per share

FY2004 Results Overview

(JPY: Millions)	FY2023		FY2024		YoY		FY2024 Forecast*3	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%	Amount	Achievement rate(%)
Net sales	28,725		32,069		3,344	111.6	33,417	96.0
Gross profit	11,168	38.9	10,904	34.0	-264	97.6	11,497	94.8
Selling, general & administrative expenses	6,870	23.9	6,873	21.4	3	100.0	7,063	97.3
Operating profit	4,298	15.0	4,030	12.6	-267	93.8	4,434	90.9
Ordinary profit	4,361	15.2	4,190	13.1	-170	96.1	4,577	91.5
Net profit attributable to Seibu Giken Co., Ltd. stockholders	3,431	11.9	3,336	10.4	-95	97.2	3,660	91.1
Net profit per share (JPY)	180.14		162.76		-	-	178.58	-
EBITDA*1	5,191		4,993		-198	96.2	5,379	-
EBITDA margin*2 (%)	18.1		15.6		-	-	16.1	-

*1: EBITDA = unaudited figures calculated by operating income + depreciation *2: EBITDA margin = EBITDA/ sales *3: FY2024 Forecast announced on February 14, 2024

Vs. FY2022

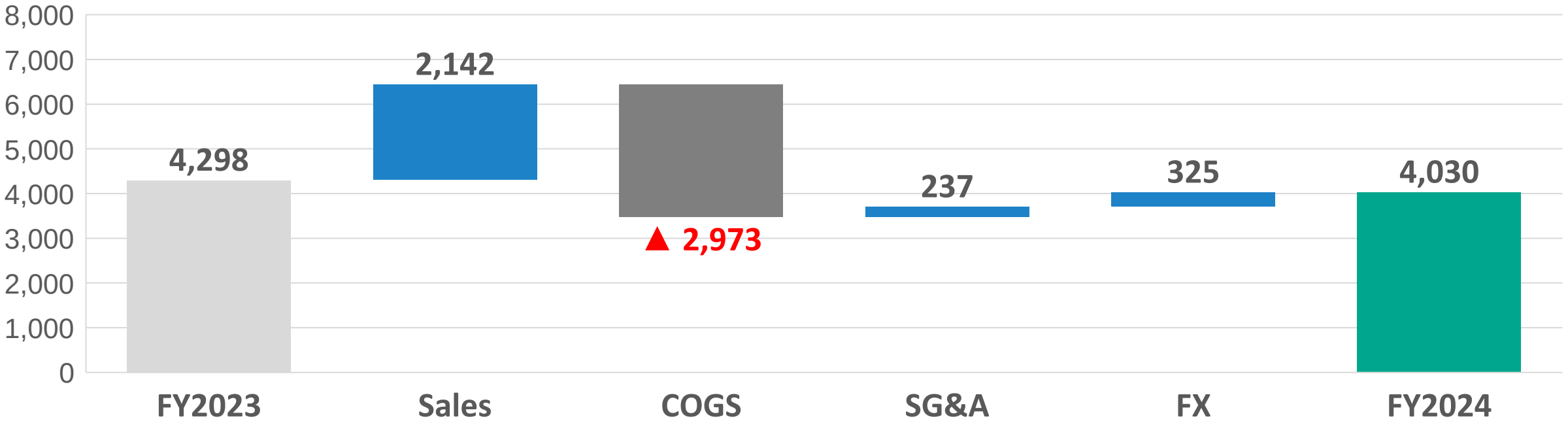
- Net sales (+3,344mn) : Despite decreased sales of desiccant dehumidifier for China market caused by sluggish economy and a sharp slowdown in EV battery investment, net sales increased mainly due to increased sales of desiccant dehumidifier and solvent recovery equipment for battery in Japan and Europe
- Operating profit (-267mn) : Decreased due to declined sales of desiccant dehumidifiers in China market where a high profit margin drove earnings until H1 FY12/23

Vs. Initial Forecast

- Net sales (-1,347mn): In addition to delays in the delivery dates of some orders, number of projects for which orders and sales were expected to be received in Q4 fell short of expectations
- Operating profit (-403mn) : Decrease in operating profit was mainly due to decrease in net sales and decrease in gross margin, etc.

FY2024 Operating Profit Factor Analysis

(JPY: Millions)



- Increase in sales: Increased sales to EV battery manufacturing plants in Japan and Europe, etc.
- Increase in COGS: Increase in cost of sales ratio due to decreased sales in China where a high profit margin drove earnings until H1 FY2023
- Decrease in SG&A: Decrease in incentives for sales personnel in China due to declined sales
- Increase in FX: Approx. 300 mn JPY positive impact due to JPY depreciation

Net Sales by Product

(JPY: Millions)	FY2023	FY2024	YoY (%)
Desiccant dehumidifier	18,551	19,661	106.0
VOC concentrator	7,305	9,572	131.0
Others	2,868	2,835	98.8
Total	28,725	32,069	111.6

Desiccant dehumidifier :
Increase due to higher shipments to EV battery manufacturing plants, etc. in Japan, Korea and Europe, despite lower investment projects in China

VOC concentrator :
While sales of exhaust treatment applications remained flat year-on-year, sales of applications to recover VOC(NMP) used in battery manufacturing processes increased in Europe and Japan.

Net Sales by Region

(JPY: Millions)	FY2023	FY2024	YoY (%)
Japan	7,189	10,688	148.7
China	11,606	6,851	59.0
Korea	2,056	3,404	165.5
Other Asia	1,763	1,725	97.9
Europe	2,546	5,616	220.5
U.S.	2,683	3,221	120.1
Other North America	248	240	96.5
Others	629	321	51.1
Total	28,725	32,069	111.6

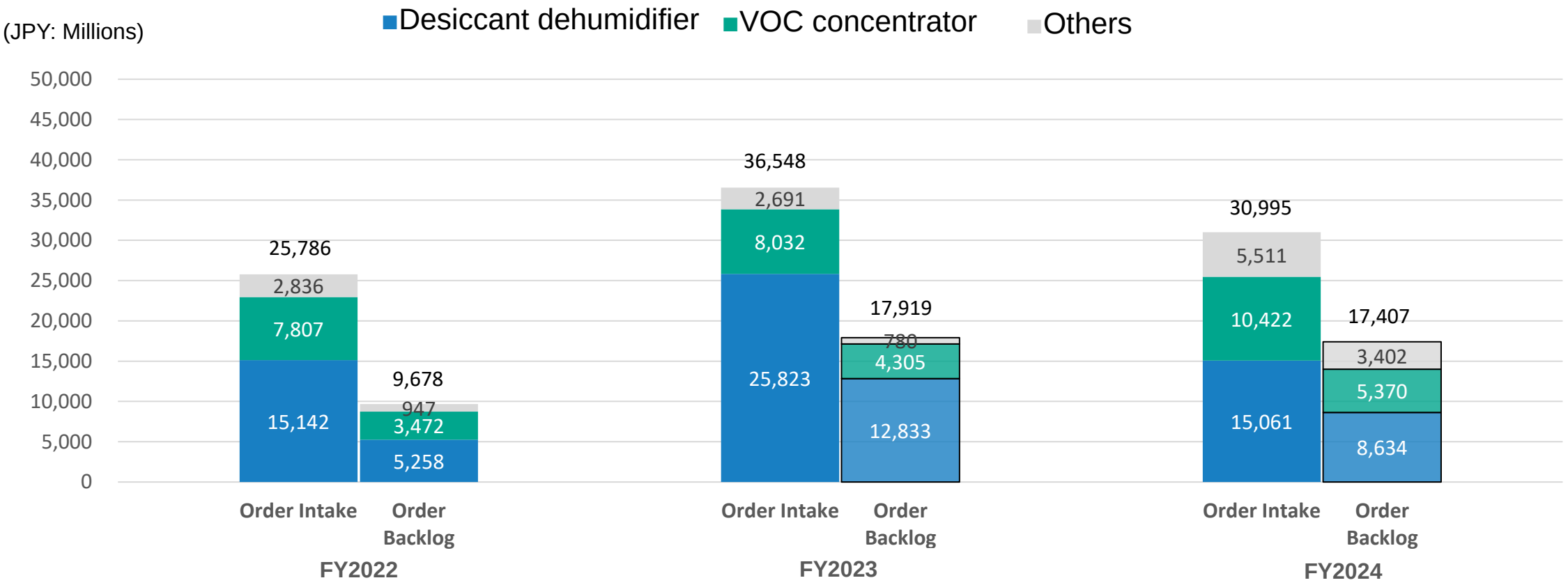
- Japan, Europe and Korea : Increased mainly due to higher shipments of desiccant dehumidifier and solvent recovery equipment for the EV battery plants
- China : Sales of desiccant dehumidifiers decreased significantly due to a decrease in investment projects caused by the economic downturn. As a result, the ratio of sales in China shrank from 40.4% in the previous year to 21.4%. In contrast, Japan's share expanded from 25.0% to 33.3%

Consolidated Balance Sheet as of December 31, 2024

(JPY: Millions)	As of December 31, 2022	As of December 31, 2023	As of December 31, 2024
Cash and cash equivalents	9,803	11,638	14,442
Trade notes and accounts receivable	5,970	8,309	6,883
Other current assets	6,405	8,429	9,384
Net property, plant and equipment	8,181	10,216	10,937
Other fixed assets	746	741	1,147
Total Assets	31,105	39,334	42,795
Interest-bearing debt*1	5,413	2,599	1,525
Other liabilities*2	7,943	9,939	11,311
Total Liabilities	13,356	12,539	12,837
Total Net Assets	17,748	26,795	29,957

*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 FY2024 was 84.8% YoY, and order backlog as of the end of 2024 was 97.1% YoY

Medium-Term Management Plan 2024-2026

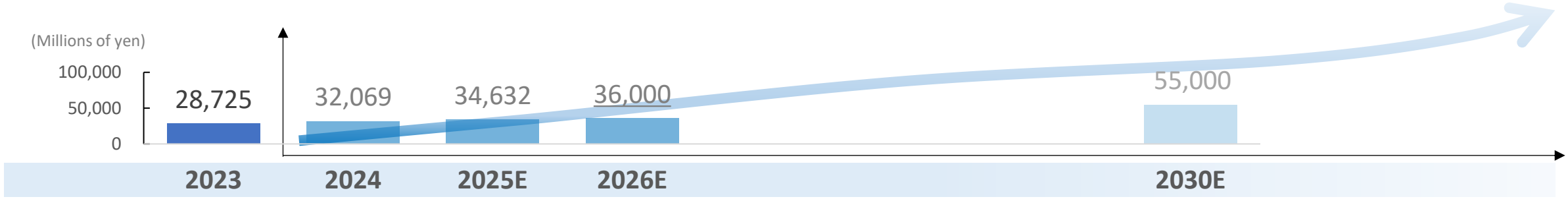
Progress Update

SEIBU GIKEN

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

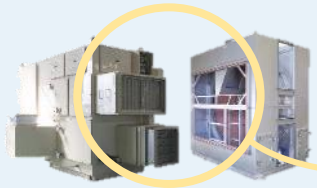
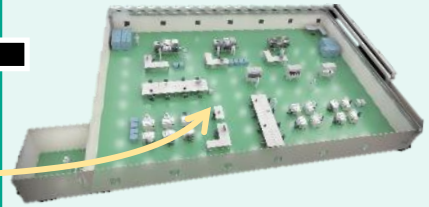


FY2023 results

	Phase 1	Phase 2	Phase 3
	Build a foundation for growth	Stabilize growth business	Realize our vision
	Mid-Term Management Plan 2024-2026	**Mid-Term Management Plan 2027-2029**	**Mid-Term Management Plan 2030-2032**
	• Expand market share in core businesses • Scale up growth business • Strengthen group governance	• Ensure stable profitability from growth business • Reap the return of investment	• Ensure sustainable management aligned with growth industries • Maintain the consolidated operating profit over JPY9 bn
Operating profit margin	15.0%	12%	17% or more
EBITDA margin	18.1%	15%	21% or more
ROE	15.4%	13%	18% or more

Growth Strategy

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

Growth Driver	**Core Business : Selling module/equipment** Module/equipment contributing to the optimal manufacturing environment and reduction of environmental impact for customers 	**Growth Business : Total engineering**  Proposal, design, fabrication, construction, etc. of systems for optimal space creation
Target	**Energy device** Battery (EV batteries, Stationary storage batteries, next generation batteries) Other than batteries (Lithium-ion capacitors, perovskite solar cells)	**Semiconductor, Semiconductor Materials**
Priorities	**Core Business** ● Gain market share of desiccant dehumidifier in areas where investment is thriving (Japan, U.S. & Europe) ● Improve competitiveness by increasing production capacity with capital investment in target region ● Approach to emerging markets such as Southeast Asia and India ● Expand overseas service business by stimulating demand for rotor replacement	
	Growth Business ● Expand total engineering business in overseas (U.S. & Korea) ● Establish a future stable earnings base by initiating service DX business	

Business Environment Surrounding Our Growth Areas

		Market Outlook	Trends
EV battery	Japan		Many large-scale investment plans were announced, partly driven by the government's policy
	China		Sluggish due to overinvestment in production
	Europe		Stagnant investment with the spread of EVs slowing down
	U.S.		The impact of the administration change is unclear
EV battery (next-generation battery)			Development of solid-state batteries through public-private partnerships is accelerating in various countries
Storage battery for stationary applications			Increasing demand for self-consumption and as a means to adjust supply and demand
Energy devices other than batteries			Lithium-ion capacitor : Increase in demand for data centers and hybrid vehicles Perovskite solar cells : In Japan, a development and investment plan supported by the government was announced as a pillar of renewable energy
Semiconductor Semiconductor Materials			Aggressive investments by the companies related to semiconductors for AI servers. Investments in automotive semiconductors are being restrained.

Medium-Term Management Plan 2024-2026 Progress

1. Core Business: Desiccant Dehumidifier

Steadily received orders of EV battery-related projects in the U.S. and Japan

- Received an order of desiccant dehumidifiers used for dry rooms to be designed and constructed by KUMYOUNG ENG Co., Ltd. for a new U.S. plant of major Korean automakers, etc. (approx. JPY 2.9 bn)
- Received an order of desiccant dehumidifiers for a factory manufacturing LiB for Japanese major automaker EVs (approx. JPY 0.82 bn)

Increased production capacity

- **Strengthened overseas assembly factories**

  U.S. factory started operation in Feb. 2024; expanded Poland factory to start operation in Mar. 2024

- **Construction of a new dehumidifying rotor factory in Japan**

  Construction started in Oct. 2024

  Scheduled to be completed in Q3, 2025

Developed a structure to address dehumidifying rotor replacement demand (China and Europe)

Future Initiatives

- Launch high-performance dehumidifying rotors
- Reduce costs through design and simplified structure of existing dehumidifying rotors
- Construct a sheet metal factory in China (scheduled to start operation in September 2026)

2. Core Business: VOC Concentrator

Projects of VOC concentrator cassettes (removing VOC) for semiconductor foundries are progressing steadily

- Received orders for projects from major Taiwanese foundries (approx. JPY 0.28 bn and approx. JPY 0.42 bn)

Promoted VOC concentration rotor replacement

Number of replacements

FY2023	FY2024
66	80

Development of new applications

- Exhaust treatment of tire manufacturing process
- Treatment of new hardly dissolving solvent of semiconductor manufacturing process
- Significant expansion of ship coating

Future Initiatives

・Reduce costs through design and simplified structure of VOC concentration rotors

・Focus on initiatives in anticipation of exhaust gas regulations in India, Southeast

Medium-Term Management Plan 2024-2026 Progress

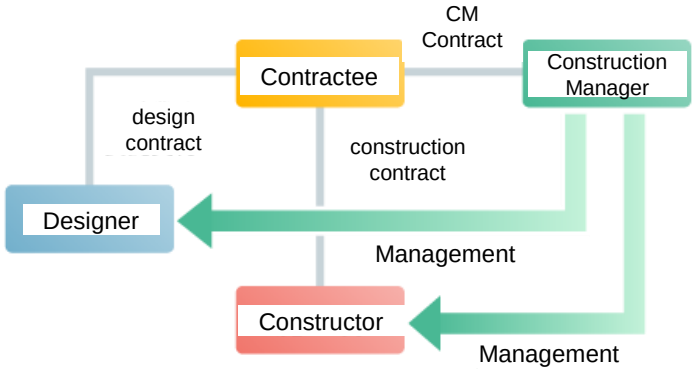
3. Growth Business: Engineering Business

Global expansion of total engineering

- Established a capital alliance with KUMYOUNG ENG Co., Ltd., a Korean company with a solid track record in the construction of machinery and equipment in North America and Europe and set up a joint venture
- ⇒Striving to expand the engineering business through synergy with KUMYOUNG ENG Co., Ltd., which has strengths in construction works of dry rooms and clean rooms overseas
- Received an order of solvent recovery equipment for a major Chinese EV battery manufacturer's new plant in the UK (approx. JPY 0.53 bn)
- Received an order of construction management work regarding a major Japanese semiconductor manufacturer's new semiconductor material manufacturing factory construction project in Korea

***Construction Management:**

A construction manager acts in the contractee's interest, managing a construction project from start to finish to achieve the project's goals and requirements.



Source: Materials from Construction Management Association of Japan

Expansion of total engineering in Japan

- Received an order for an energy-saving heat exchange system and its design/construction works from a major Japanese EV battery manufacturer (approx. JPY 0.87 bn)
- Became a member of Battery Association for Supply Chain (BASC) , engaging in activities for the development of the battery supply chain (joined the association in 2023)

Future Initiatives

・Focus on acquiring solvent recovery equipment projects in Europe and other regions
・Re-allocate human resources within the Group to growth businesses

Business Overview (1) Our Products

Desiccant Dehumidifier

Grow along with the energy device market

EV battery factories

Food | Pharmaceuticals

Perovskite solar cell factory

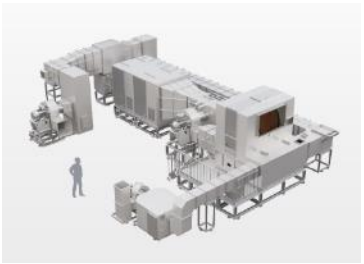
Lithium-ion capacitor factory

- A European competitor (manufacturer) has a leading share in the global market. We understand that we are the second largest.
- Capable of dehumidifying in the environment at 15°C or lower temperature, which cannot be achieved by the conventional refrigerant dehumidifier
- Differentiate ourselves from competitors with our total engineering covering design and construction work of dry rooms, essential for production processes for Lithium-ion batteries and other energy devices

2022	2023	2024
JPY 15.9 bn	JPY 18.5 bn	JPY 19.6 bn

VOC Removal and Solvent Recovery Equipment

Grow along with the semiconductor and energy device market



Semiconductor
Semiconductor material

EV battery factories

Painting | Printing

Tire Manufacturing

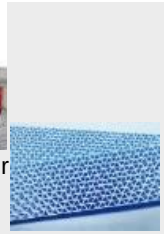
- A leading share in the global market
- Grow as solvent recovery equipment for the lithium-ion battery manufacturing process, in addition to existing applications such as exhaust gas treatment for semiconductor/semiconductor material plants and degassing and deodorizing treatment for printing and painting plants
- Grow along with the growth of the energy device market going forward, as higher recovery rates and lower running costs can be expected from replacement from the existing wet-type to our dry and circulating type

2022	2023	2024
JPY 6.5 bn	JPY 7.3 bn	JPY 9.5 bn

Other Products

Grow due to demand for GX of factories

Total heat exchanger



Honeycomb filter

Commercial facilities | Buildings

Public facilities | Hospitals

GX of factories | General air conditioning

Research facilities

- Our total heat exchangers have a leading share in the domestic market
- Will continue to progress steadily, as these devices are used universally for general air conditioning facilities in buildings, plants, hospitals, etc.
- On a growth trend, as demand for GX of factories and others is expected to rise with the total heat exchange technology appreciated due to its high CO2 reduction effect

2022	2023	2024
JPY 2.4 bn	JPY 2.8 bn	JPY 2.8 bn

Business Overview (2) Net Sales by Business (Core Business and Growth Business)

Core Business: Selling module/equipment

Total of machinery/devices sales and ancillary maintenance services

FY2023 **JPY 25.4 bn** ▶ FY2024 **JPY 24.0 bn**

Segment	2023 Net Sales (JPY: bn)	2024 Net Sales (JPY: bn)
Desiccant dehumidifier	16.4	15.0
VOC concentrator	6.4	6.2
Other	2.5	2.7

<Change factor analysis>

Declined due to decreased sales of desiccant dehumidifiers in China

FY2025 forecast

JPY 22.5 bn

Growth Business: Total engineering

Total of design, construction, and engineering businesses

FY2023 **JPY 3.3 bn** ▶ FY2024 **JPY 8.0 bn**

Segment	2023 Net Sales (JPY: bn)	2024 Net Sales (JPY: bn)
Desiccant dehumidifier	2.0	4.5
VOC recovery equipment	0.9	3.3
Other	0.3	0.1

<Change factor analysis>

Total engineering business expanded into battery manufacturing and semiconductor industries both in Japan and overseas

FY2025 forecast

JPY 12.1 bn

Growth Strategy

Providing a total optimal environment for battery and semiconductor manufacturing processes
Combining the strength of our unique products with outstanding environmental engineering, Seibu Giken provides the world with air solutions that only we can create!

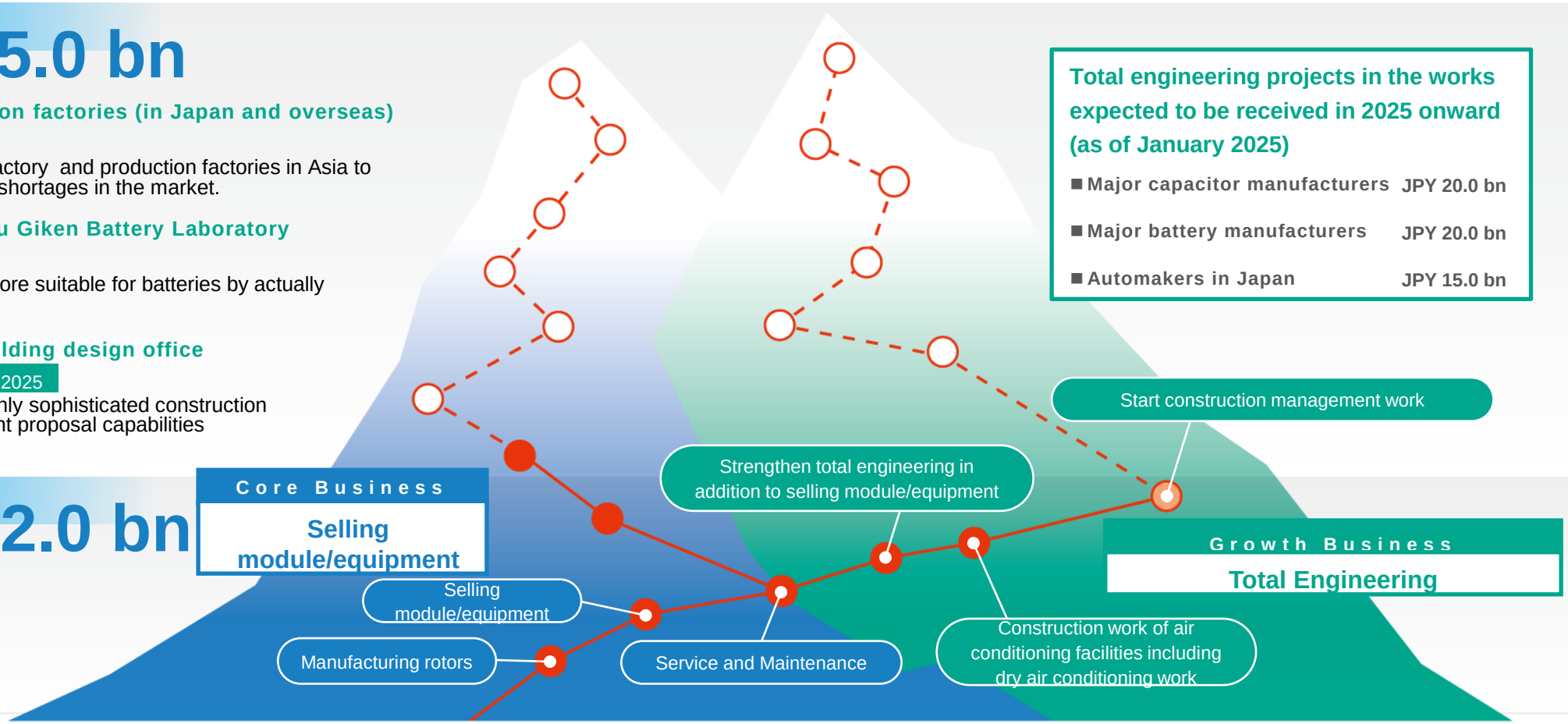
2030 JPY 55.0 bn

- **Expansion of production factories (in Japan and overseas)**
  From 2026 onwards
  Expand Munakata No.2 Factory and production factories in Asia to address continued supply shortages in the market.
- **Establishment of Seibu Giken Battery Laboratory**
  Operation to start in 2026
  Conduct research of air more suitable for batteries by actually producing batteries
- **Establishment of a building design office**
  Operation to start in spring 2025
  Enables us to perform highly sophisticated construction management with excellent proposal capabilities

Total engineering projects in the works expected to be received in 2025 onward (as of January 2025)

■ Major capacitor manufacturers	JPY 20.0 bn
■ Major battery manufacturers	JPY 20.0 bn
■ Automakers in Japan	JPY 15.0 bn

2024 JPY 32.0 bn



Seibu Giken Total Engineering (1) -Lithium-ion battery manufacturing process-

– Energy is used to produce energy. We aim to resolve this contradiction (energy-reducing technology) –

Lithium burns intensely with a small amount of moisture. Therefore, the production process requires a dry environment.

Composition of energies consumed for cell production

Consumption for coating drying/dry room is 80% or more

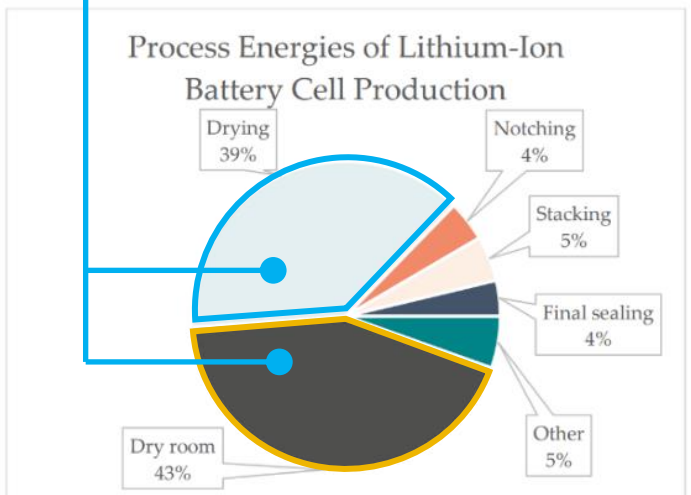


Figure 6. Circle diagram with different sources' energy contributions to the total cell production and battery pack assembly energy. Data from Yuan et al. (2017). The processes included in 'other' are: mixing, coating, calendaring, welding & sealing, $LiPF_6$ (electrolyte) filling, and pre-charging. It is clear here that running dry room equipment and NMP-drying are significantly larger contributors to process energy use than the sources.

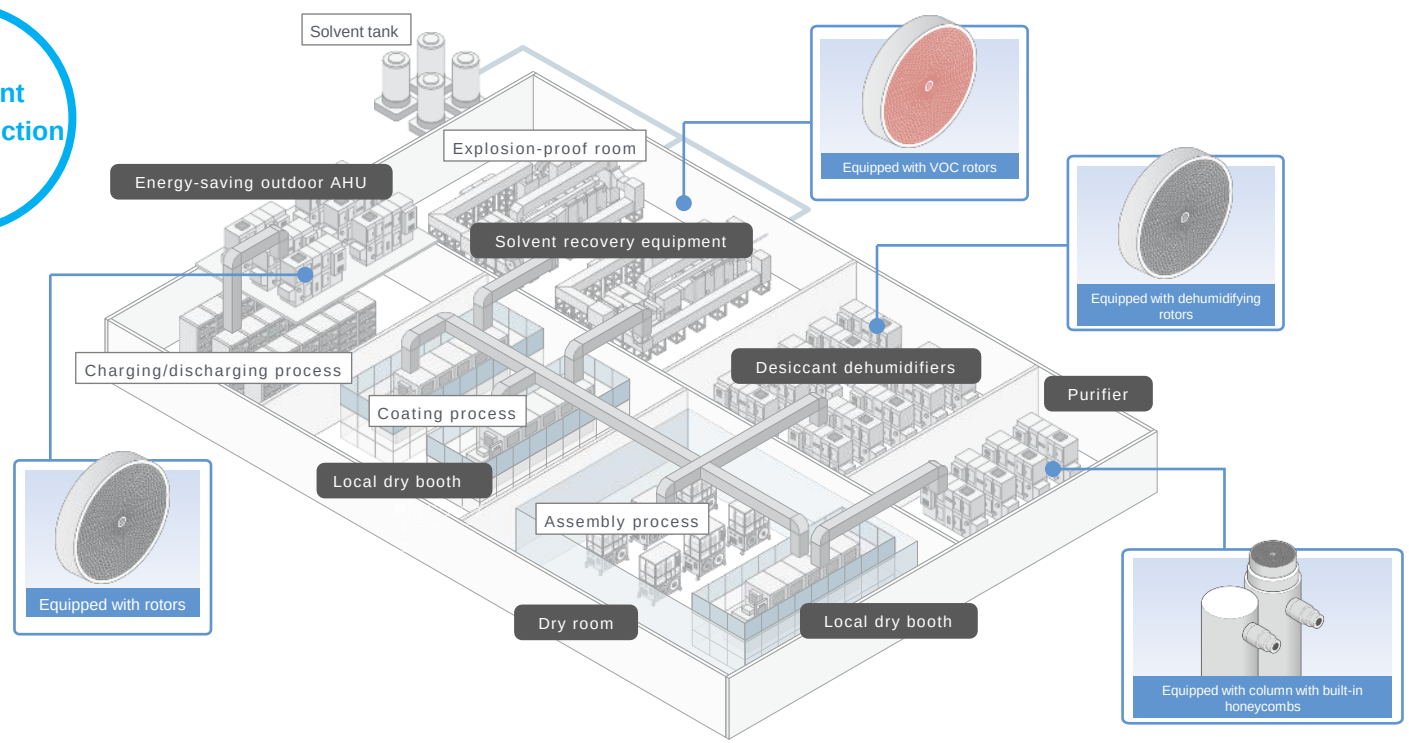
出Source: "Lithium-ion Vehicle Battery Production Status 2019 on Energy Use, CO2 Emissions, Use of Metals, Products Environmental Footprint, and Recycling" ivl & Swedish Energy Agency (2019)

Largest issue for production in Japan

In Japan, which depends on overseas energy resources, it is essential to reduce production costs by reducing energy inputs

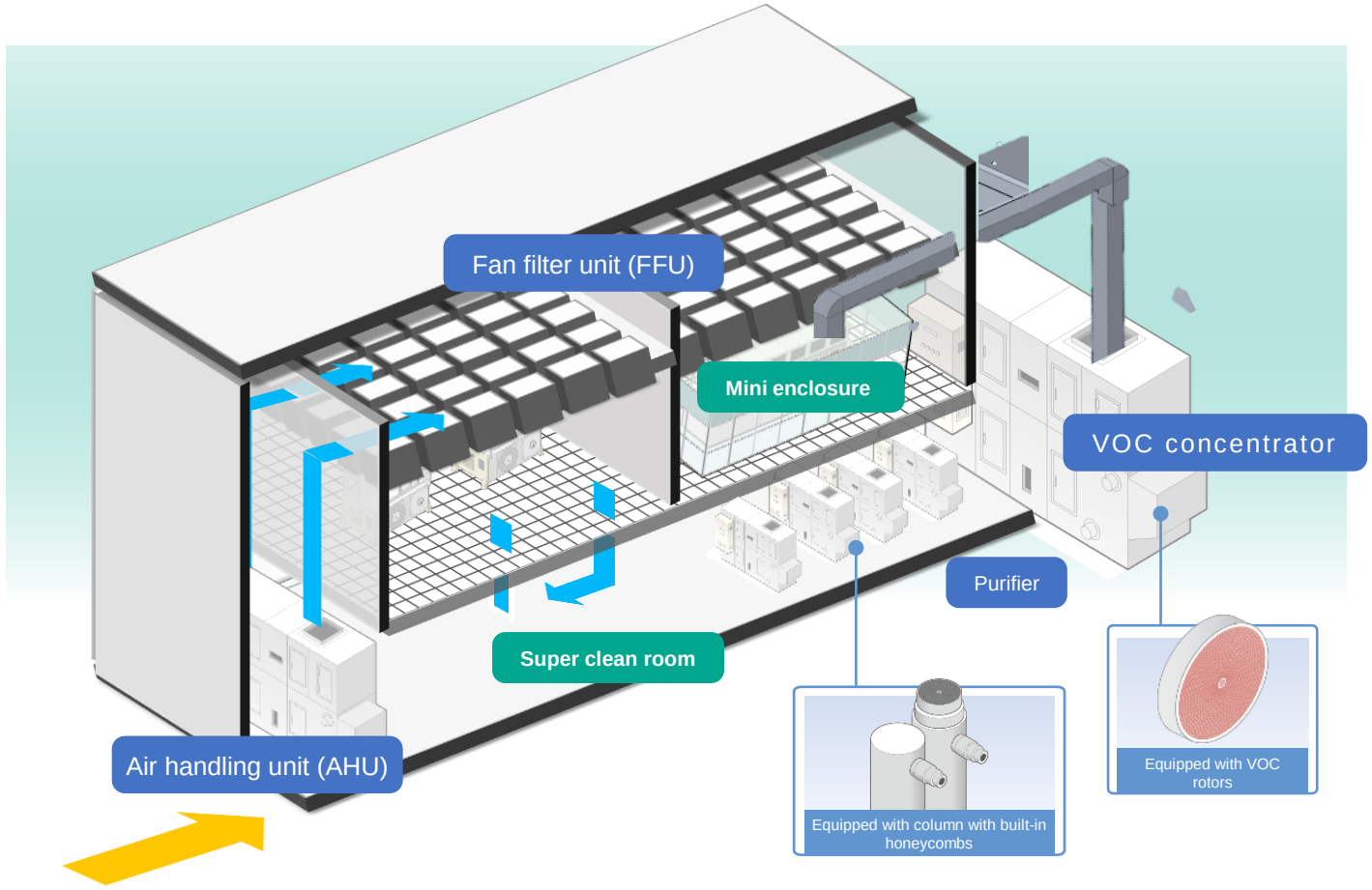
Seibu Giken's total engineering can cut energy consumption in coating drying and dry rooms in half through proper energy management

Significant energy reduction



Seibu Giken Total Engineering (2) -Semiconductor material manufacturing process, etc.-

Creation of “Super clean room,” essential for semiconductor material manufacturing processes and various other fields



Created by air experts

Super clean room

Total engineering covering quality of air

Provide a total solution to create an optimal environment where cleanliness, temperature, and moisture concentration in a clean room are carefully and precisely managed according to the customer’s needs

Next-generation air conditioning with reduced energy consumption

Under total engineering, energy generated from each device can be utilized and circulated efficiently, creating an energy-saving clean room in total, which cannot be easily achieved by ordering on a unit basis, to contribute to CO_2 reduction

New Product Launched

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.

May 2024: Exhibit at J AGRI KYUSHU
（Exhibit scheduled for 2025 as well）

Initiatives during the Medium-Term Management Plan 2024-2026

- Initiatives for Mass Production
- Initiatives for Cost Reduction
- Demonstration tests on plants other than strawberries (tomatoes, etc.) and plant factories (lettuce)

New business targeting agriculture (greenhouse)

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

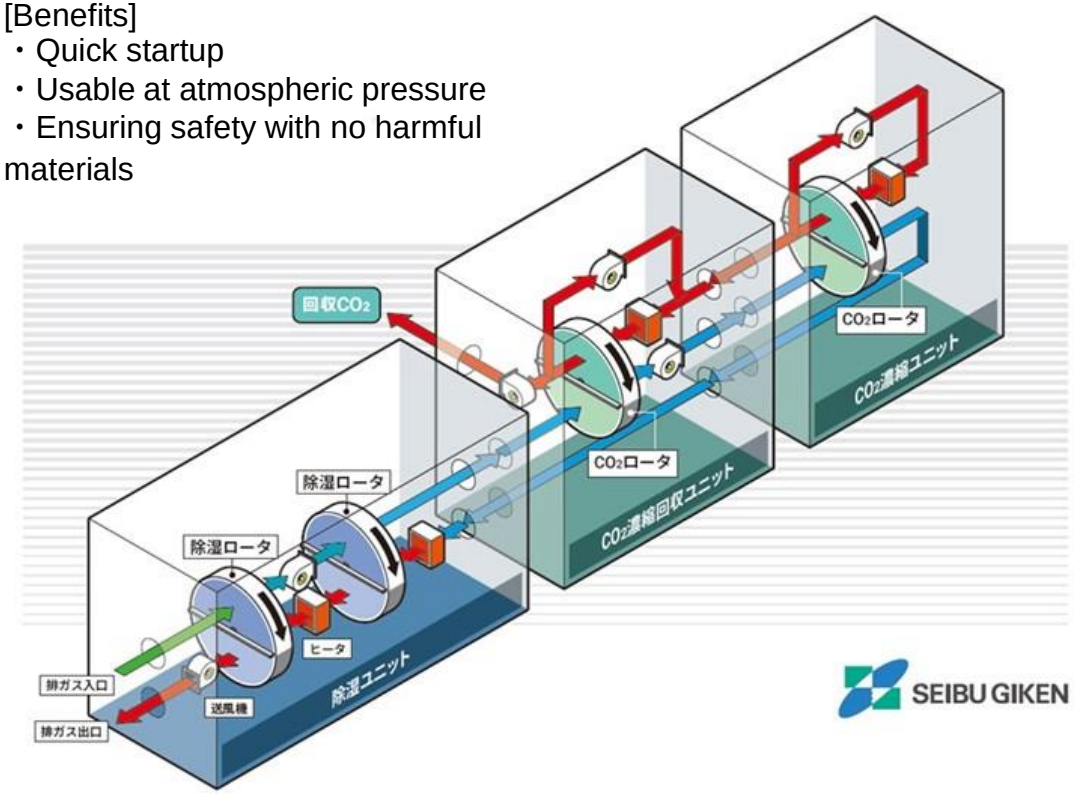
R&D: Technological development to reduce CO_2

C-SAVE

CO_2分離回収装置

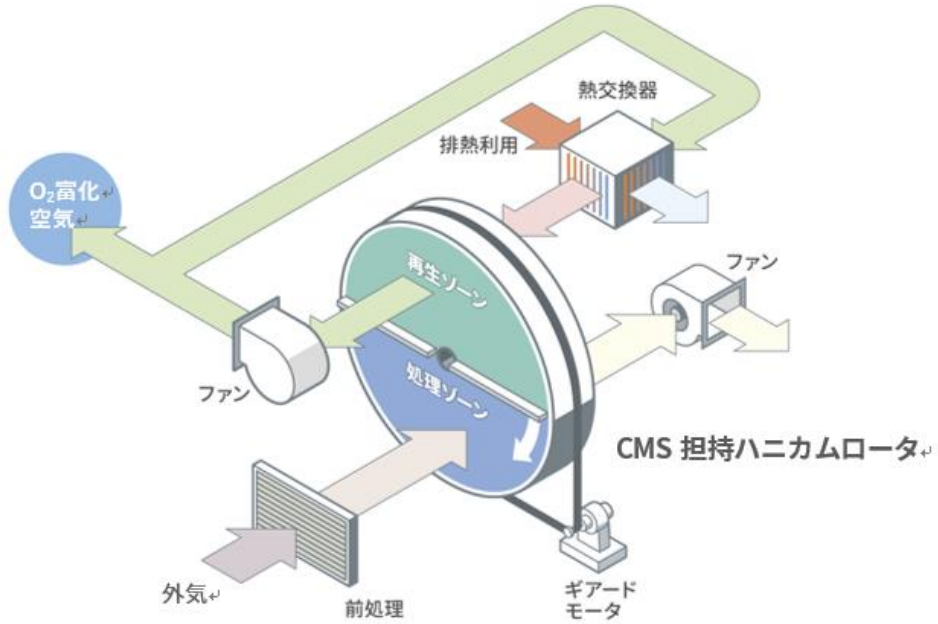
Concentrate CO_2 of low levels (about 10%) discharged from plants to medium (around 60%) to high concentration (over 90%) and recover.

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



Development of oxygen concentrator

Leading research on direct enrichment of oxygen contained in air using a honeycomb rotor is being conducted in an industry-academia-government collaboration. By introducing air with a higher concentration of oxygen into the combustor, combustion efficiency can be improved and fuel input can be reduced, with the aim of reducing CO_2 emissions as a result.

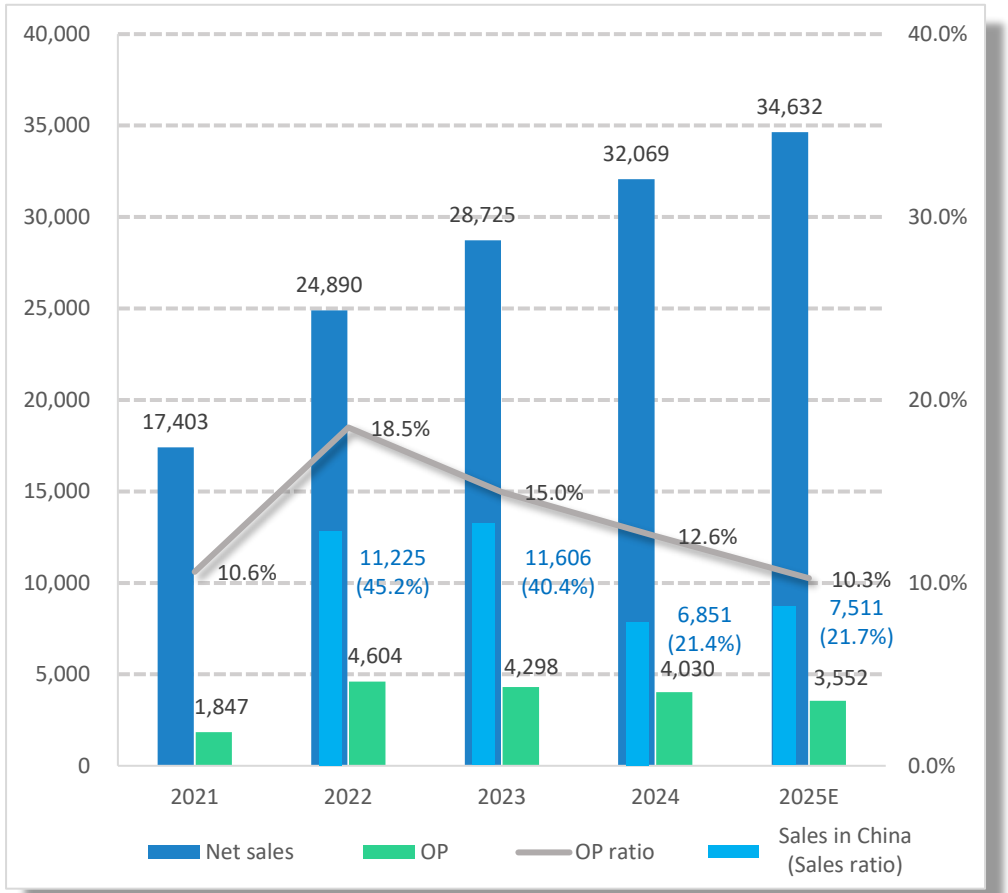


Fiscal 2025 Forecast

SEIBU GIKEN

FY12/25 Forecast Summary

Net sales & Operating profit (JPY:Millions)



FY2025 Net sales & Operating profit (JPY:Millions)

Net sales	Operating profit	Operating profit ratio
34,632	3,552	10.3 %
YoY 108.0%	YoY 88.1%	

- Net sales are expected to grow steadily.
- Increase in energy device investment projects, mainly in Japan, is expected to lead to higher revenues.
- Profit is expected to decrease due to lower sales and gross profit margin in various regions outside of Japan.

Shareholder Returns

- Annual dividend expected to be 70 yen per share
- Planned share buyback (Upper limit: 1 billion yen or 700,000 shares)

FY2005 Forecast

(JPY: Millions)

	FY2024		FY2025 Forecast		YoY	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Diff.	%
Net sales	32,069		34,632		2,562	108.0
Gross profit	10,904	34.0	11,025	31.8	121	101.1
Selling, general & administrative expenses	6,873	21.4	7,473	21.6	599	108.7
Operating profit	4,030	12.6	3,552	10.3	▲478	88.1
Ordinary profit	4,190	13.1	3,630	10.5	▲560	86.6
Net profit attributable to Seibu Giken Co., Ltd. stockholders	3,336	10.4	3,111	9.0	▲224	93.3
EBITDA*1	4,993		4,519		▲473	90.5
EBITDA margin*2（%）	15.6		13.1		-	-

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

Net sales : Increase in energy device investment orders, mainly in Japan, is expected to lead to higher net sales
Operating profit : In selling module/equipment, profit margin expected to become tougher due to factors such as sluggish EV investment in Europe and intense competition in China due to a shrinking market.

Net Sales by Product and business

Product (JPY: Millions)	FY2024	FY2025 Forecast	YoY (%)
Desiccant dehumidifier	19,661	19,537	99.4
VOC concentrator	9,572	8,101	84.6
Others	2,835	6,993	246.6
Total	32,069	34,632	108.0

Business (JPY: Millions)	FY2024	FY2025 Forecast	YoY (%)
Core Business : Selling module/equipment	24,022	22,500	93.7
Growth Business : Total engineering	8,047	12,131	150.7
合計	32,069	34,632	108.0

・Desiccant dehumidifier sales are expected to increase due to increased investment in manufacturing plants for EV batteries in Japan and the U.S., but remain flat YoY due to lower sales in Korea and Europe.
・VOC concentrators sales are expected to decrease due to the absence of sales from a large NMP recovery system project in the previous year.
・By business segment, total engineering, a growth business, posted a significant increase in sales due to higher sales of dry rooms and energy management systems in line with increased investment in energy devices in Japan, as well as construction management sales including semiconductor related products.

Net Sales by Region

(JPY: Millions)	FY2024	FY2025 Forecast	YoY (%)
Japan	10,688	14,191	132.8
China	6,851	7,511	109.6
Korea	3,404	2,759	81.1
Other Asia	1,725	1,513	87.7
Europe	5,616	4,203	74.8
USA	3,221	4,178	129.7
Other North America	240	240	100.0
Others	321	35	10.9
Total	32,069	34,632	108.0

Sales in Japan increased mainly in the total engineering business.
Sales in South Korea decreased due to the absence of large projects for desiccant dehumidifiers, etc. in the previous fiscal year, and sales in Europe decreased due to a decrease in projects caused by stagnant EV investment.

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% or more consolidated dividend payout ratio as significant indicator

- **Annual dividend for FY2025 is expected to be JPY 70**
- **Planned share buyback (Upper limit: 1 billion yen or 700,000 shares)**

Actions to Achieve Management that is Conscious of Capital Costs and Stock Prices

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

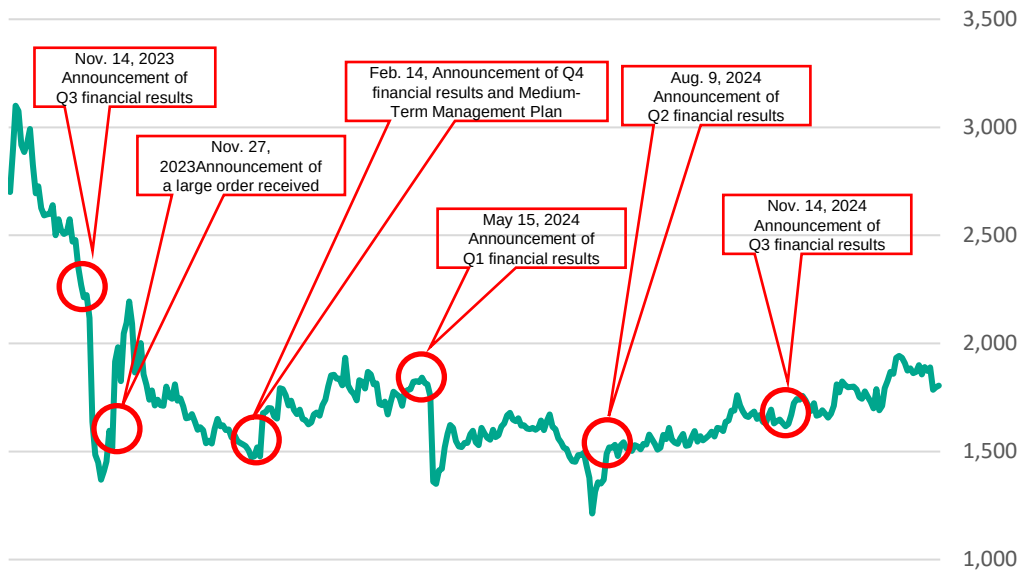
February 14, 2025

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.

SEIBU GIKEN

Current State Analysis: Market Valuation

Stock price changes



PBR（Price Book-value Ratio)

= Price per share (as of the end of Dec. 2024) / Net assets per share

=1,789yen / 1,459.16yen

=1.23

(As of the end of Dec. 2024: 1.34)

PER（Price Earnings Ratio）

11.0 (as of the end of Dec. 2024)

(As of the end of Dec. 2024：9.7)

- The stock price had been on downward trend since our listing against the backdrop of uncertainty over the Chinese economy, and it fell after we suggested downward revisions to the full-year earnings forecasts for the fiscal year ended December 2023 in the financial results for the 3Q of the same fiscal year announced on November 14, 2023. (The revision was announced on January 29, 2024.) Since then, the stock price has remained at a lower level than the price at the time of listing, affected by the 2023 full-year results and the results for the first nine months of 2024, amid the sluggish economy in China and headwinds against investment in EV covered in the news.
- We acknowledge that trust in the Company's forecasts (profit) remain low due to the gap between full-year financial results forecasts and actual results.
- We acknowledge that, to raise the Company's stock price, we need to raise awareness of the Company and our Medium-Term Management Plan and disclose information on our growth investments and results.

Current State Analysis: Market Valuation

Comments from institutional investors about market valuation

–Points made regarding valuation gap with the stock market–

[Factor 1: Low visibility]

“The Company is now in the stage of promoting itself to the market as it has just become listed. One of the reasons for the low PER is considered to be its low visibility”

“Some of the investors with knowledge of the Company may be observing the situation for now due to the recent concerns over the market in China as well as lack of the Company’s track record”

[Factor 2: Uncertainty about medium-and long-term plans]

“It is hard to see the grounds for achievement of the numerical targets disclosed in its long-term vision and Medium-Term Management Plan”

“The growth potential of the end-user market is understandable, but it is hard to envision why the Company’s products will be chosen and how sales and market share will grow”

⇒ We recognize the need to raise awareness of the Company’s current state and growth strategy for the institutional and individual investors

Current State Analysis: Capital Cost and Capital Efficiency

Cost of shareholders' equity (estimated)

(1) CAPM-based cost of shareholders' equity: 6 to 8%

CAPM-based cost of shareholders' equity = Rf + β(Rm-Rf) = approx. 6%
【[Assumption: Rf (risk-free rate) = 10-year government bond yield = 1.05; β = 0.9; Rm-Rf (risk premium) = approx. 6%]
→ Cost of shareholders' equity when size premium is taken into consideration = approx. 6% + size premium (approx. 2%) = approx. 8%

(2) Cost of shareholders' equity based on earnings yield = 1/PER = approx. 10%

Cost of shareholders' equity based on earnings yield = shareholders' expected rate of return reflected in the market stock price = basic earnings per share / stock price = 1/PER

(3) Cost of shareholders' equity suggested by some institutional investors: 8 to 12%

⇒ We understand that the market expects profitability higher than standard CAPM-based cost of shareholders' equity

ROE

＝11.8%（Dec. 2024）

= Ratio of profit to net sales × total asset turnover × financial leverage = (profit/sales) × (sales/total assets) × (total assets/net assets)
= 10.4%×0.75×1.51

(ROE for the fiscal year ended Dec. 2023 = 15.4% = Ratio of profit to net sales × total asset turnover × financial leverage = 11.9% × 0.73 × 1.77

[Reference]
FY2023 average ROE of manufacturing companies on all markets: 9.26%
FY2023 average ROE of manufacturing companies on the Standard Market: 6.19%

Initiatives to Enhance Corporate Value

Enhancement of Corporate Value (PBR = 1 or higher)

Increase ROE

2024 Actual: 11.8%

2026 Target: 12%

Increase profit through steady implementation of the growth strategy (Medium-Term Management Plan 2024-2026)

2024 Operating profit: JPY 4.03 bn

2026 Operating profit target: JPY 4.32 bn

Lower the cost of shareholders' equity

Strengthen IR

(1) Enhance IR materials

- Enhancement of financial results briefing materials (Continued)
- Enhancement of IR information on our website (Continued)
- Raising awareness through sponsored research reports, etc. (New)

(2) Continued dialogue with institutional investors

- Heard opinions about our Medium-Term Management Plan announced in February 2024

→Insufficient explanation about the engineering business for which growth is expected

Additional explanation at the financial results briefing in 2025

Implement a capital policy that sufficiently balances investment and shareholder returns

Cash Allocation (2024-2026)

•Priorities are placed on investment to increase production capacity, improve productivity, and expand business areas for future growth
•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)

Operating Cash Flow
JPY 13.0 bn

Investing Cash Flow
JPY 6.0 bn or more

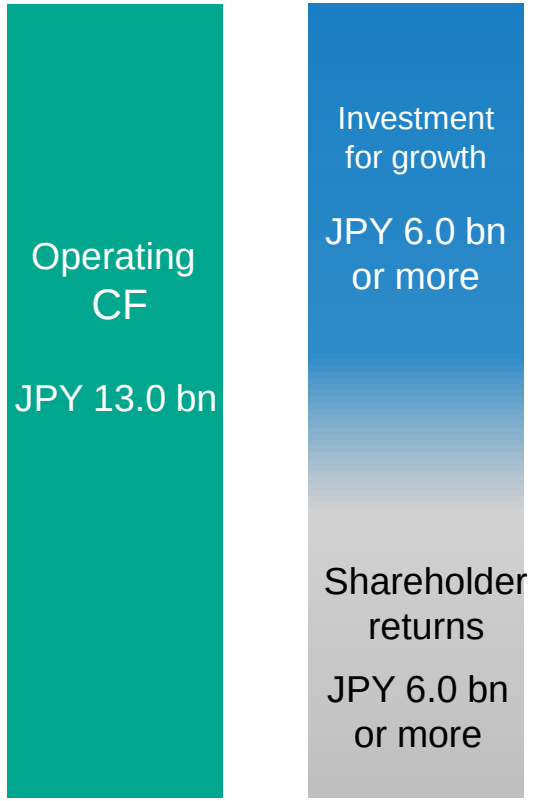
Increase production capacity
・Construction of a new dehumidifying rotor factory in Japan (approx. JPY 0.5 bn as additional costs)

Improve productivity
・Construction of a new sheet metal factory in China (approx. JPY 2.0 bn)
・Consistent improvement of productivity (approx. JPY 2.0 bn)

Invest to expand business domains
・Investment to expand engineering business, etc. (approx. JPY 1.0 bn or more, including alliances and M&As)

Shareholder Returns
JPY 6.0 bn or more

- Target dividend payout ratio: 40% or higher
- Share buybacks:
  - Execute share buybacks in a flexible manner, taking into account capital efficiency, financial results, and capital conditions
  - JPY 2.0 bn planned during the current Medium-Term Management Plan period



Appendix

SEIBU GIKEN

Our Strengths 1. Core technologies

- Control the quality of air passing through honeycomb structure
- Provide solution to various problems in the customers' manufacturing/processing environment by adding functions to honeycomb structure

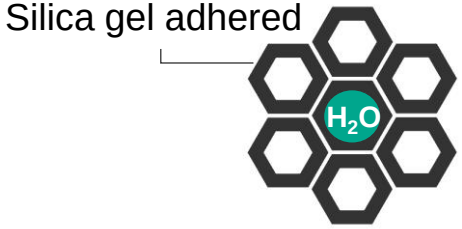
Technology of forming honeycomb structure

- Capable of processing various materials, e.g., tissues and aluminum sheet, to form honeycomb structure
- 3 benefits of the honeycomb structure:
  1) low pressure drop to air
  2) high strength
  3) a large surface area

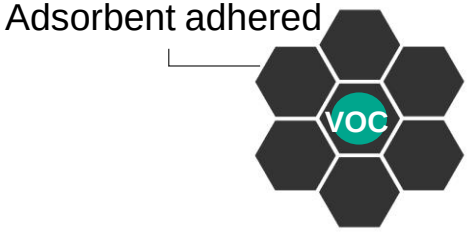
Technology of loading and supporting functional agents

- Add various functions by efficiently adding and supporting various functional agents such as catalysts, adsorbents, deodorizers, etc. to the honeycomb structure
- Apply to desiccant dehumidifiers, VOC concentrators, and total heat exchangers

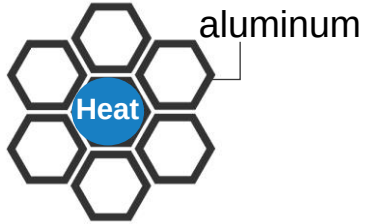
Dehumidifying



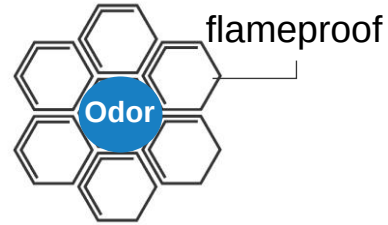
VOC adsorbing



Heat exchanging

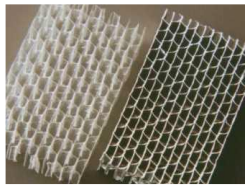
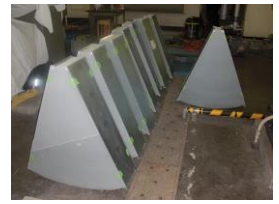


Deodorization



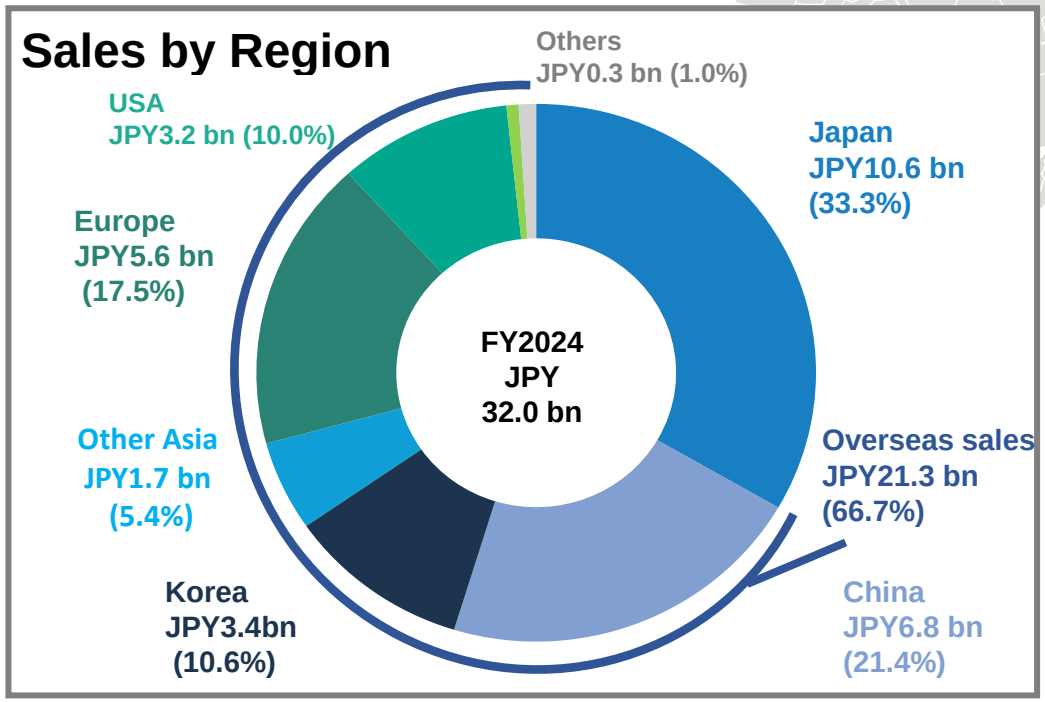
Our Strengths 2. Integrated business from development to after-sales service

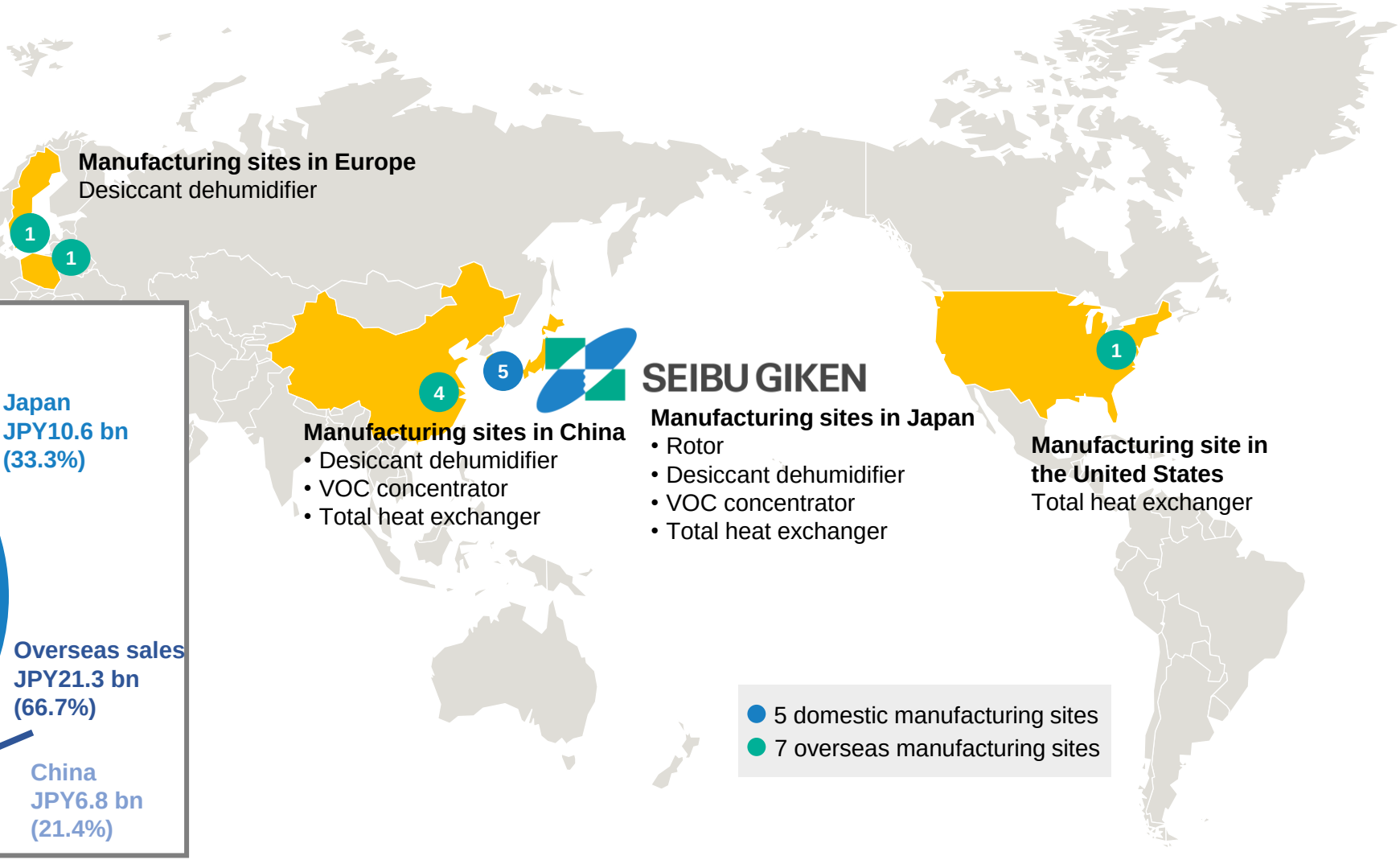
- Strengthen our competitiveness in developing products and sales activities based on customer needs collected directly from our customers by providing the integrated business

	Manufacturing honeycomb	Manufacturing rotor	Manufacturing module product	Assembly (Finished product)	Constructing system	Maintenance
Desiccant dehumidifier						
	SEIBU GIKEN					
	Handle everything from rotor development and manufacturing of rotor to manufacturing, Constructing of system and providing maintenance of final products. Provide installation, maintenance, and rotor replacement to maximize the performance of our products.					
VOC concentrator						
	SEIBU GIKEN			Equipment manufacturers		SEIBU GIKEN
	Develop rotor, manufacture module products, and sell to equipment manufacturers. Capable of maintaining and replacing to our rotors even if a rotor from another company is in use.					

Our Strengths 3. Global Network

- Rotor, the heart of our products, produced only in Japan and assembled at various manufacturing sites around the world
- Supply high-quality, high-performance products globally while responding quickly and flexibly to the needs of customers around the world





Our Strengths 4. Total Engineering

Seibu Giken creates the entire air environment of a manufacturing plant.

Sales of total engineering

2023 JPY 3.3 bn ▶ 2024 JPY 8.0 bn ▶ 2025年 JPY 12.1 bn

Order value per project tends to increase due to expanded business scope

Future Product-out + Market-in

- Consulting on architectural design with priority on a plant's production lines
- Architectural design and construction work through alliances with partner companies

Already received some orders for these types of projects as construction management work for 2025 onward

Present Focusing on solution proposals

- Design and construction work of plant air environment including dry rooms utilizing existing products
- Capable of creating an all-in-one, well-coordinated, and optimal air environment with our own products

Past Product-out

- Selling dehumidifiers, VOC removal equipment and other machinery
- Product-out business

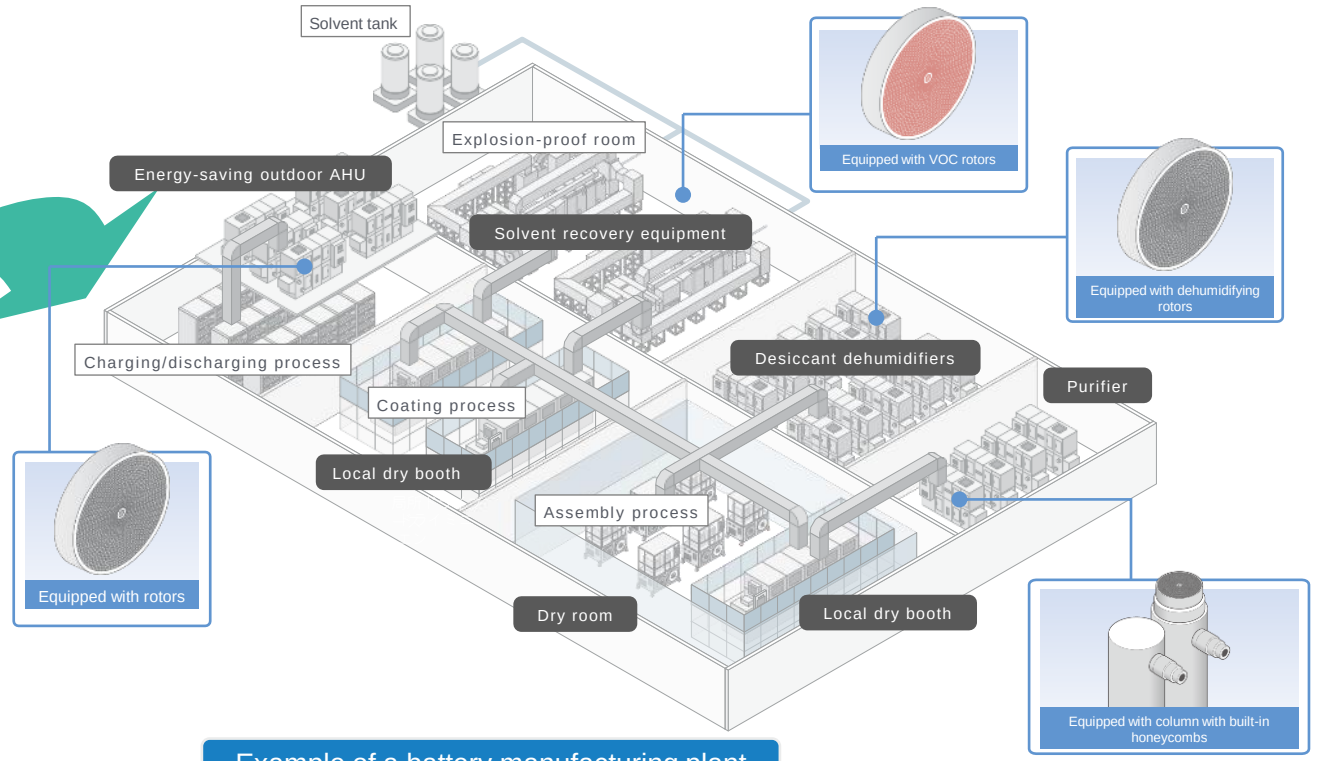
*Construction Management (CM) work

Refers to work in which, while maintaining technological neutrality, a construction manager acts in the contractee's interest at each step of the designing, ordering and construction process, performing all or a part of the management work such as design reviews and work order method reviews, process management, quality management, and cost management.

Lithium-ion battery manufacturing plant

Lithium metal burns intensely as it reacts with the moisture content in the air.
A dry environment where moisture in the air is reduced to extremely close to zero is essential for the manufacturing process.

Sole provider capable of offering total engineering covering consulting, design, manufacturing, and construction of battery production environment



Example of a battery manufacturing plant

Expand the scope of our business to cover design, equipment manufacturing, and construction work for production environments

Cash Flows

(JPY: Millions)	FY2022	FY2023	FY2024
Cash from operating activities	3,349	2,000	6,568
Cash from investing activities	-595	-2,340	-2,498
Free cash flow	2,754	-340	4,070
Cash from financing activities	-818	1,801	-2,058
Cash and cash equivalents at end of period	9,517	11,417	14,012

FY2024 Quarterly Financial Results

(JPY: Millions)	FY2024 Q1		FY2024 Q2		FY2024 Q3		FY2024 Q4	
	Amount	vs net sales(%)	Amount	vs net sales(%)	Amount	vs net sales(%)	Amount	vs net sales(%)
Net sales	5,777		8,943		8,680		8,668	
Gross profit	1,999	34.6	2,910	32.5	3,040	35.0	2,953	34.1
Selling, general & administrative expenses	1,513	26.2	1,766	19.8	1,753	20.2	1,840	21.2
Operating profit	486	8.4	1,144	12.8	1,287	14.8	1,113	12.8
Ordinary profit	596	10.3	1,148	12.8	1,292	14.9	1,153	13.3
Net profit attributable to Seibu Giken Co., Ltd. stockholders	481	8.3	909	10.2	1,054	12.1	891	10.3
Net profit per share (JPY)	23.48		44.37		51.41		43.50	
EBITDA*1	710		1,379		1,524		1,379	
EBITDA margin*2 (%)	12.4		15.4		17.6		15.9	

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

FY2024 Quarterly Net Sales by Product and Region

Product

(JPY: Millions)	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4
Desiccant dehumidifier	3,543	5,944	5,601	4,573
VOC concentrator	1,541	2,375	2,374	3,280
Others	692	624	704	814
Total	5,777	8,943	8,680	8,668

Region

(JPY: Millions)	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4
Japan	2,863	2,379	2,653	2,793
China	1,317	1,543	2,073	1,917
Other Asia	663	1,078	1,229	2,157
Europe	677	2,793	949	1,195
North America	205	1,108	1,711	436
Others	49	40	62	168

FY2024 Quarterly Order Intake and Backlog

Order Intake

(JPY: Millions)

	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4
Desiccant dehumidifier	2,807	9,243	12,169	15,061
VOC concentrator	2,297	4,297	7,172	10,422
Others	681	1,668	2,821	5,511
Total	5,786	15,209	22,164	30,995

Order Backlog

(JPY: Millions)

	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4
Desiccant dehumidifier	12,338	13,272	9,959	8,634
VOC concentrator	5,202	5,006	5,256	5,370
Others	773	1,143	1,576	3,402
Total	18,314	19,422	16,792	17,407

Capital Expenditures, Depreciation and R&D Expenses

(JPY: Millions)	FY2023	FY2024	FY2025 Forecast
Capital expenditures*	2,423 (957)	1,736 (2,483)	3,332
Depreciation	893	962	967
R&D expenses	302	348	362

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

Our Value Proposition (Terms and description) (1)

Term	Description
Desiccant dehumidifier	An absorption dehumidifier utilizing a dehumidifier rotor. Capable of more efficiently dehumidifying even in environments with low temperatures or low moisture levels in the air, compared with a cooling type dehumidifier.
VOC Concentrator (exhaust gas removal)	Volatile organic compounds (VOCs) are absorbed onto a VOC concentration rotor to detoxify exhaust gas containing VOCs. By concentrating low-concentration and high-volume VOC-containing exhaust gas, detoxification facilities including combustion equipment can be downsized, contributing to CO_2 reduction and cost reduction through energy-saving.
VOC recovery equipment (solvent recovery)	VOCs are absorbed onto a concentration rotor to detoxify exhaust gas containing VOCs and exhaust is cooled and condensed with VOCs recovered as liquid. The recovered liquid is highly stable, lowering the purification load for recycling. This circulating energy-saving system contributes to energy efficiency and CO2 reduction.
Dry room	Offering a dry work space with a desiccant dehumidifier and enclosure. We offer integrated operation from the development and design of dehumidifiers to installation in rooms, thereby creating a highly efficient energy-saving system.
Mini enclosure (Dry booth)	Contributing to cost reduction resulting from space-saving by enclosing a limited area with production facilities, etc. In a dry booth (localized, high airtight enclosures and performing dehumidification), an environment meeting more demanding dehumidification requirements can be created within a dry room, etc.
Energy-saving outdoor AHU	An air conditioner that recovers the thermal energy of exhaust air with total heat exchange rotors and dehumidifies it with dehumidifying rotors, thereby enabling energy-saving outdoor air treatment.

Our Value Proposition (Terms and description) (1)

Term	Description
Circulating Nitrogen Purifier	Efficiently creating an environment with low oxygen and low moisture concentration through the combination of a purifier and dehumidifier.
Clean room	Offering an ISO-compliant clean environment (we can accommodate up to Class 1) to achieve the target cleanliness even when the equipment is in operation.
CO_2 concentration and supply equipment	Contributing to increased harvests by concentrating CO_2 in the air and supplying it to plants through Direct Air Capture (DAC) technologies.
Total engineering	Total provision of all or part of the proposal, designing, manufacturing, construction and other processes of a system to create an optimal manufacturing environment.
Construction management	While maintaining technological neutrality, a construction manager acts in the contractee's interest at each step of the designing, ordering, and construction process, performing all or a part of the management work such as design reviews and work order method reviews, process management, quality management, and cost management.
Fan filter unit (FFU)	Equipment installed within the ceiling to supply clean air to maintain the cleanliness of a clean room
Air handling unit (AHU)	An air conditioner that takes in outside air and supplies air internally after adjusting the temperature, humidity, etc.