

Financial Results Summary for the Second Quarter of the Fiscal Year Ending March 2023

(From April 1, 2022 to September 30, 2022)



November 15, 2022

- I. Overview of Interim Financial Results for
2023/03 Term

- II. Plan for consolidated performance for
2023/03 Term

I. Overview of Interim Financial Results for 2023/03 Term

II. Plan for consolidated performance for 2023/03 Term

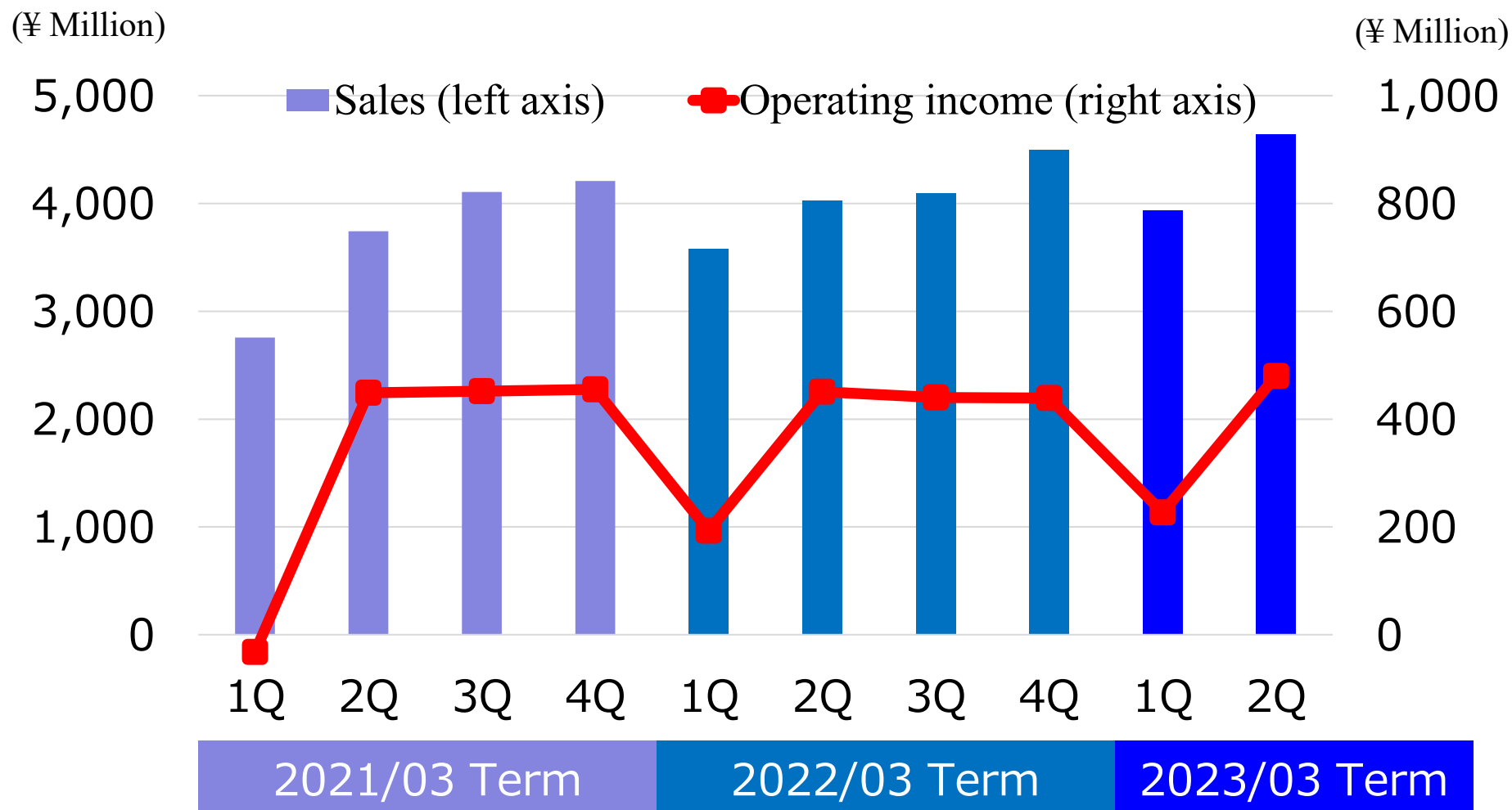
Interim Consolidated Financial Results for 2023/03 Term Highlights (Part1)

(¥ Million)	2023/03 Term (Interim)	2022/03 Term (Interim)	Year-on-year percentage change	Plan performance values (May 13, 2022)
Sales Amount	8,581	7,600	+12.9%	8,820
Operating Profit	708	645	+9.9%	770
Ordinary Profit	869	661	+31.4%	760
Net Profit	649	427	+52.1%	530

- Strong performance in the Optical Products Division has resulted in record high second-quarter net sales
- Factors such as foreign exchange rates saw ordinary income and net income attributable to shareholders of the parent company exceed those planned

Interim Consolidated Financial Results for 2023/03 Term Highlights (Part2)

■ Quarterly transition in consolidated earnings



Interim Consolidated Financial Results for 2023/03 Term Highlights (Part3)

(¥ Million)	2023/03 Term (Interim)	2022/03 Term (Interim)	Year-on-year percentage Change
Orders Received	8,961	7,872	+13.8%
Optical Disc Mold Group	4,743	3,939	+20.4%
Optical Communications Group	4,218	3,933	+7.2%
Order backlog	4,406	3,246	+35.8%
Optical Disc Mold Group	2,866	1,870	+53.2%
Optical Communications Group	1,540	1,375	+12.0%

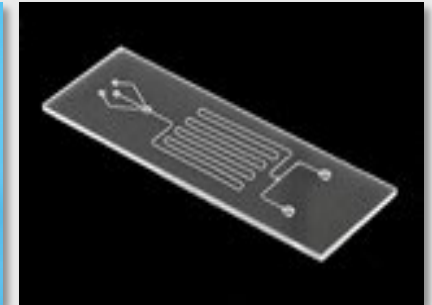
Interim Consolidated Financial Results for 2023/03 Term Highlights (Part4)

(¥ Million)		2023/03 Term (Interim)	2022/03 Term (Interim)	Year-on-year percentage Change
Equipment Investment		598	676	△11.5%
Depreciation Expenses		615	609	+1.0%
R & D Expenses		219	194	+12.8%
Exchange rate	1US\$	136.69 yen	110.61 yen	Yen 23.6% weaker
	1€	142.65 yen	131.63 yen	Yen 8.4% weaker
	1CNY	20.39 yen	17.12 yen	Yen 19.1% weaker

Main products and technologies of the Precision Machinery Division

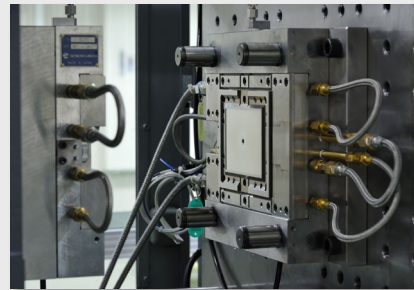
◆ Molded products

Automotive insert molded products
 Metal press molded products
 Resin injection molded products, etc.



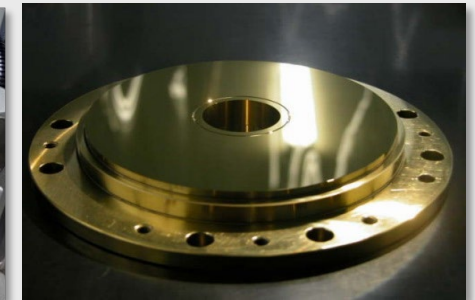
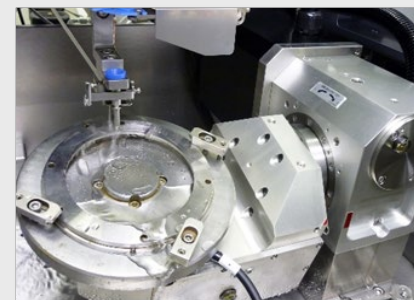
◆ Molds

Molds for data-archive discs
 Other precision molds



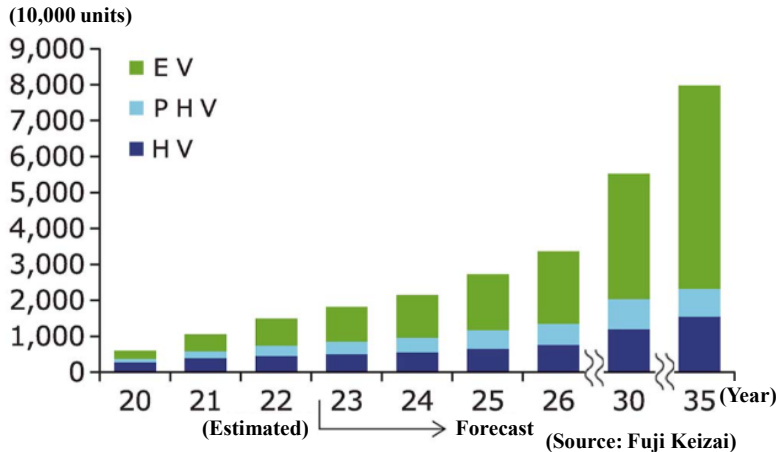
◆ Other

Precision processed metal parts, etc.



Market trends of the Precision Machinery Division

World market for HV, PHV, and EV (number of passenger vehicles/New sales)



◆ Automotive-related market

In 2035, the EV market will reach to 56.51 million units
New energy vehicles will reach 80 million units by 2035



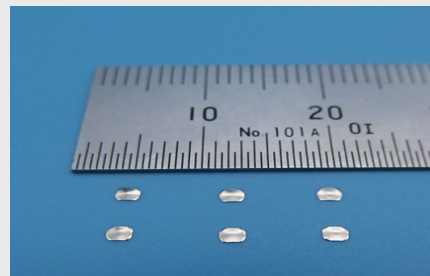
Inner connectors for electric vehicles

◆ Smartphone-related market

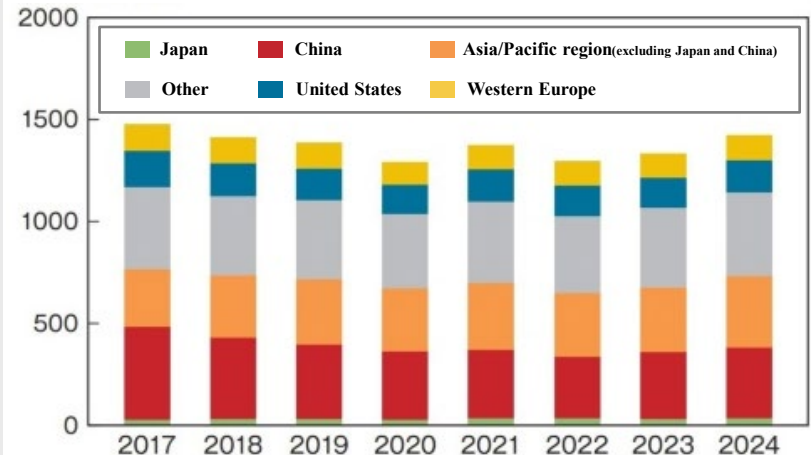
Global shipments of smartphones for 2022 were down 5% year-on-year

Return to pre-COVID-19 norms in 2024

Metal pressed parts for smartphone side-switches

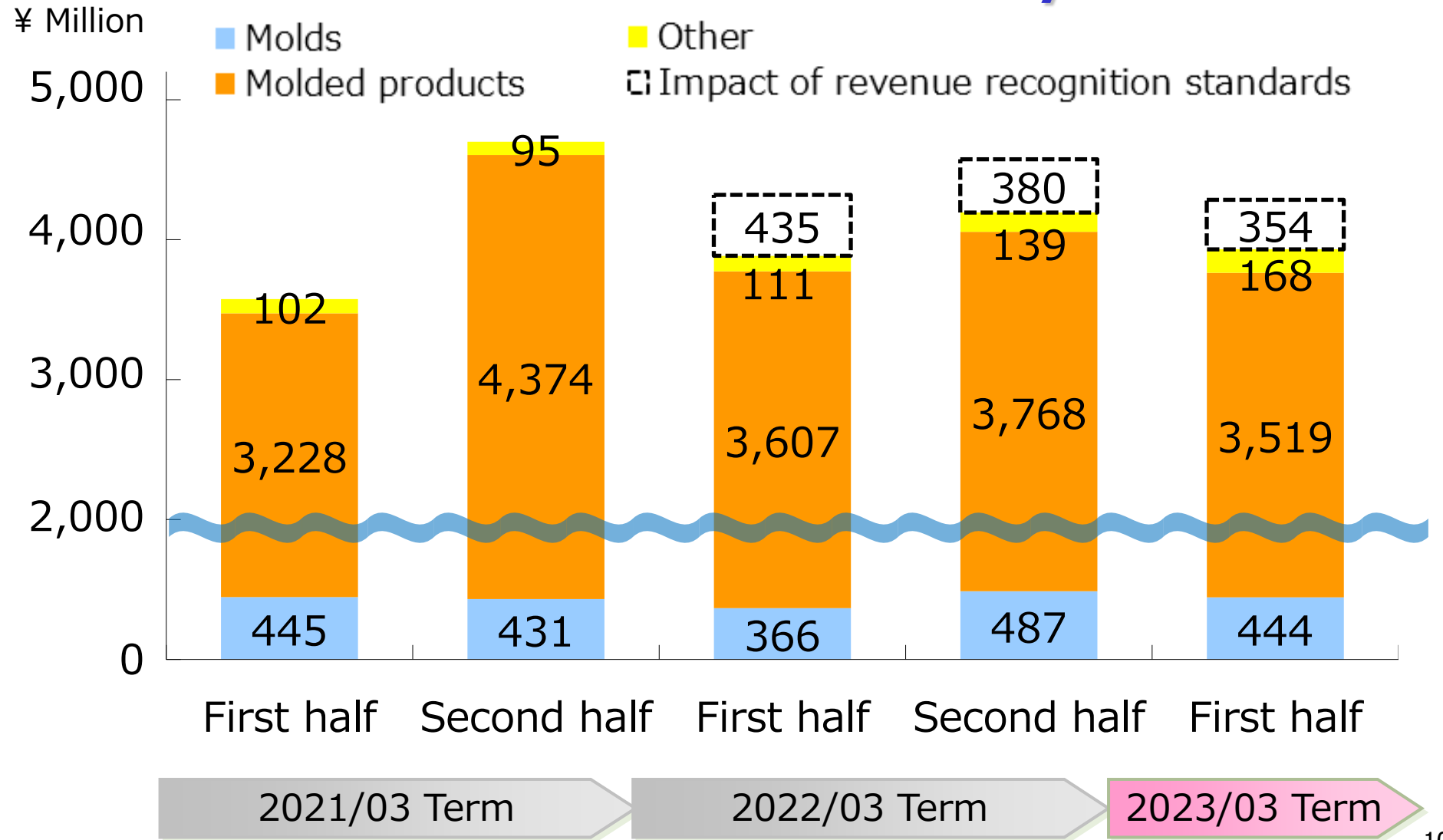


(In millions of units) Forecast smartphone shipments by region



Source: Mizuho Securities Equity Research Department) Forecast

Sales Amounts by Product / Precision Machinery



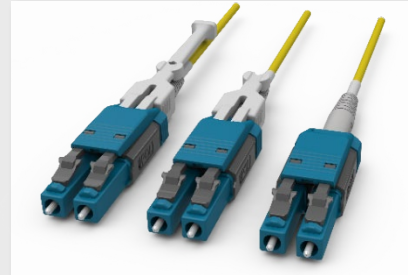
Business Results by Segment Optical Disc Mold Group

(¥ Million)	2023/03 Term (Interim)	2022/03 Term (Interim)	Year-on-year percentage change	Plan performance values (May 13, 2022)
Sales Amount	4,131	4,084	+ 1.1%	4,710
Operating expenses	3,930	3,899	+ 0.8%	4,540
Operating Profit	201	185	+ 9.0%	170
Operating Profit Ratio	4.9%	4.5%	—	3.6%

Main products and technologies of the Optical Products Division

◆ Optical communication network components

Optical connectors
Ferrules, etc.

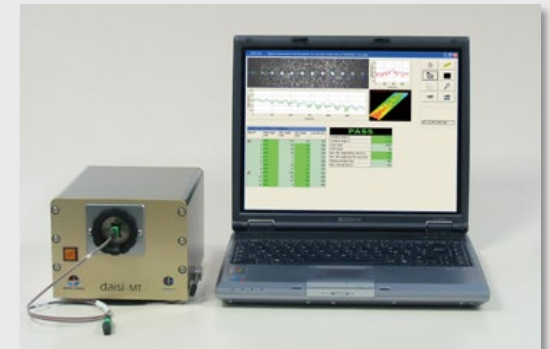


◆ Manufacturing machinery and equipment

Optical connector polishing machines

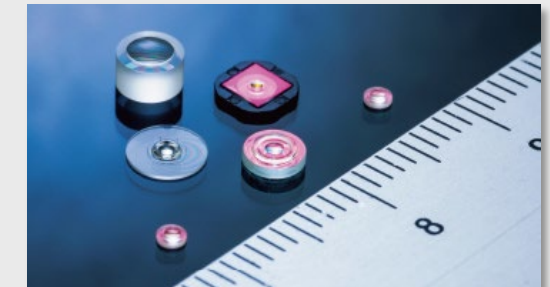
Inspection equipment for optical connector end faces

Optical electric field sensors, etc.



◆ Other

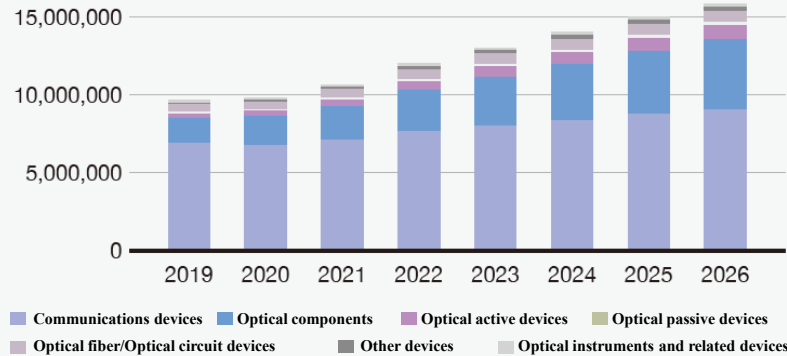
Micro lenses, etc.



Market trends of the Optical Products Division

Trends and forecasts for the size of the optical communication related products market

(Unit: million yen)



Source: Fuji Chimera Research Institute "2022 Market research on optical communications-related markets"

◆ Optical communications related market

By 2026, the global market for optical communication related products will reach 15,887.4 billion yen (a 62.6% increase on 2020)

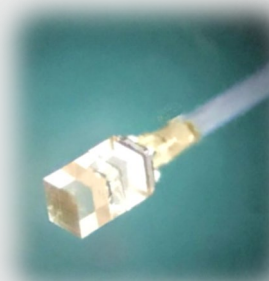


New optical connectors
Intelli-Cross PRO

◆ Medical and bio-related markets

The market for disposable endoscopes in the United States will grow with an average annual rate of 15.6% from 2022 to 2030

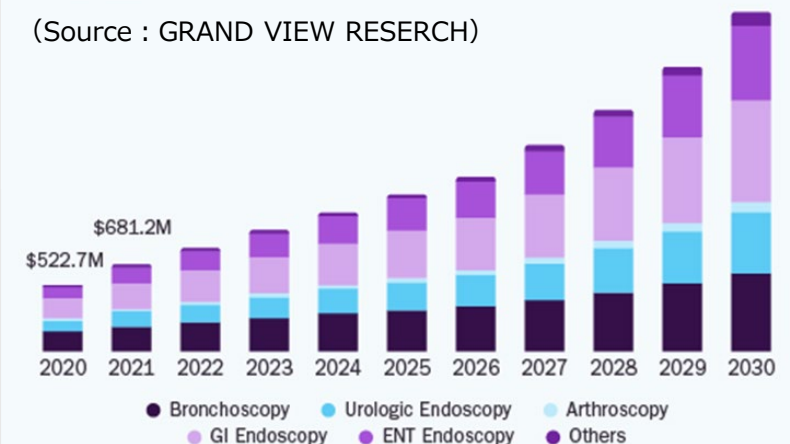
0.5mm Ultra Small Lens
for medical endoscope camera



U.S. Disposable Endoscopes Market

size, by application, 2020 - 2030 (USD Million)

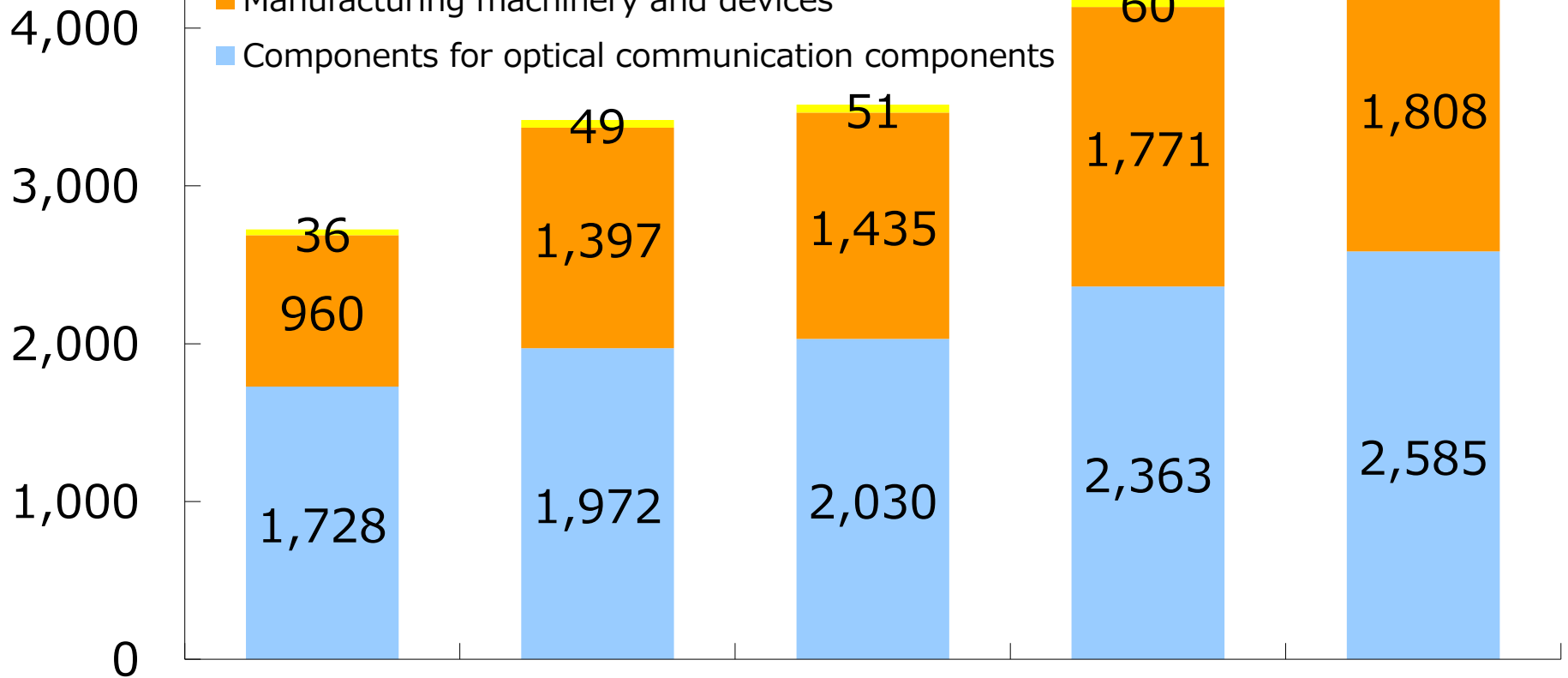
(Source : GRAND VIEW RESERCH)



Sales Amounts by Product / Fiber Optic Components & Instrumental

¥ Million

- Other businesses
- Manufacturing machinery and devices
- Components for optical communication components



First half

Second half

First half

Second half

First half

2021/03 Term

2022/03 Term

2023/03 Term

Business Results by Segment/ Fiber Optic Components & Instrumental

(¥ Million)	2023/03 Term (Interim)	2022/03 Term (Interim)	Year-on-year percentage change	Plan performance values (May 13, 2022)
Sales Amount	4,450	3,515	+ 26.6%	4,110
Operating expenses	3,944	3,056	+ 29.1%	3,510
Operating Profit	506	459	+ 10.3%	600
Operating Profit Ratio	11.4%	13.1%	—	14.6%

Consolidated Balance Sheet

(¥ Million)

[Assets]	2023/03 Term (Interim)	2022/03 Term	Amount (Increase/Decrease)
Current Assets	21,360	20,635	+724
Fixed Assets	10,034	9,703	+331
Total Assets	31,395	30,339	+1,056
[Liabilities and Net Assets]			
Current Liabilities	3,521	3,367	+154
Fixed Liabilities	1,545	1,477	+67
Net Assets	26,328	25,494	+833
Total Liabilities/Net Assets	31,395	30,339	+1,056

Consolidated Cash Flow Statement

(¥ Million)	2023/03 Term (Interim)	2022/03 Term (Interim)
CF - Operating	863	948
CF - Investing	△573	△1,337
CF- Financing	△492	△395
Increase in Cash	△11	△675
Balance at the beginning of term	4,198	4,877
Balance at the end of term	4,186	4,202

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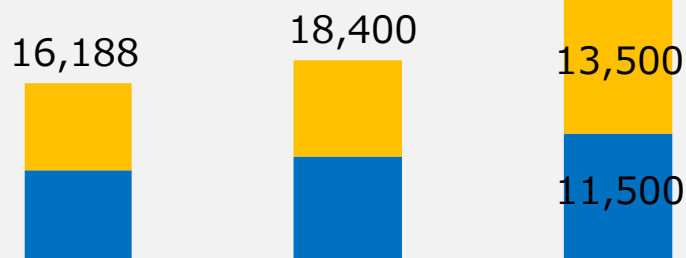
Medium-term Management Plan
"Master Plan 2022"
(Fiscal years 2022 to 2026)

Medium-term management targets

Net sales of 25 billion yen, operating income of 2.5 billion yen
(¥ Million)

■ Consolidated sales

25,000

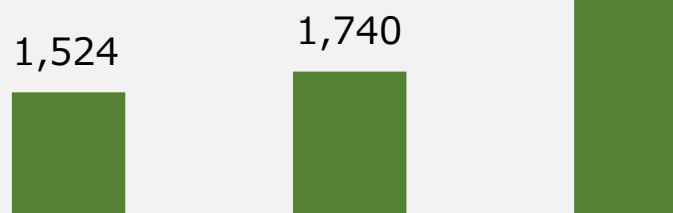


Fiscal Year 2021 results 2022 plan 2026 plan

■ Precision Machinery Business ■ Optical Products Business

■ Consolidated operating income

2,500



Fiscal Year 2021 results 2022 plan 2026 plan

(¥ Million)	FY2021 results	FY2022 plan	FY2026 plan
Precision Machinery Business	8,478	9,720	11,500
Optical Products Business	7,710	8,680	13,500
Consolidated sales	16,188	18,400	25,000
Percentage of sales of new products	—	—	30%
Consolidated operating income	1,524	1,740	2,500
Operating income margin	9.4%	9.5%	10%

Fundamental Strategies of the Master Plan 2022

Maximization of economic value: business growth

Rejuvenating contact points with customers

- Improving volume and quality of contacts with customers
- Increased share of deals with existing customers
- Development of new customers

Accelerating development of new products and new technologies

- New product development based on market information
- Strengthened management of development times
- Strategic acquisition of patents

Improving manufacturing capabilities

- Improved production efficiency through AI, automation, etc.
- Stable procurement of good, low-cost materials
- Maintaining quality that meets customer demands

Optimization of social value: sustainability

Reinforcing the management base

- Establishing an environment in which diverse personnel can vibrantly work
- Adoption of cloud, paperless business practices, DX
- Contribution to decarbonization and creation of a resource recycling society

Plan for consolidated performance for 2023/03 Term

(¥ Million)	Results for the first half	Forecast of the second half	FYE March 2023 projection values	Results for the 2022/03 Term
Sales Amount	8,581	9,819	18,400	16,188
Operating Profit	708	1,032	1,740	1,524
Ordinary Profit	869	891	1,760	1,641
Net profit	649	591	1,240	1,150
Equipment Investment	598	745	1,343	1,476
Depreciation Expenses	615	685	1,300	1,260
R & D Expenses	219	219	438	437

Plan for the 2nd half by division

(Precision machinery related products)

(¥ Million)	Results for the first half	Forecast of the second half	FYE March 2023 projection values	Results for the 2022/03 Term
Sales Amount	4,131	5,589	9,720	8,478
Operating Profit	201	229	430	381

Transforming from a parts business to a high added value device business including finished goods

Rejuvenating contact points with customers	Accelerating development of new products and new technologies	Improving manufacturing capabilities
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- Strengthen participation at trade shows to increase points of contact with new customers
- Mass production capability for car air conditioner compressor parts for electric vehicles
- Established a new factory for automotive molded products (in Fujieda City, Shizuoka Prefecture)
- Accelerated development of molded resin products for medical use, such as microfluidic devices
- Development of automatic machinery to improve efficiency in producing molded products, in areas such as inspection processes

Plan for the 2nd half by division

(Optical related products)

(¥ Million)	Results for the first half	Forecast of the second half	FYE March 2023 projection values	Results for the 2022/03 Term
Sales Amount	4,450	4,230	8,680	7,710
Operating Profit	506	804	1,310	1,143

Launch of new highly functional products and strengthening of production capacity through factory expansion and automation

Rejuvenating contact points with customers

Accelerating development of new products and new technologies

Improving manufacturing capabilities

- Strengthen participation at trade shows to increase points of contact with new customers
- Networking and automation of optical connector polishing machines/measuring equipment to achieve better performance
- Start of once-through production at the new factory at Seikoh Giken Dalian
- Establishment of a new subsidiary in Thailand (planned for January 2023), improvement of BCP and development of ASEAN markets
- Increasing sales of micro resin lens modules mountable on disposable endoscopes

Establishment of a subsidiary company in Thailand

(1) Name	SEIKOH GIKEN (Thailand) Co., Ltd.
(2) Location	Nava Nakorn Industrial Zone, Thailand (Approximately 40 km north of Bangkok city center)
(3) Content of business	Development, production, and sale of optical communications parts and devices
(4) Share capital	50 million Thai Baht (approximately 200 million yen) (planned)
(5) Date of establishment	January 2023 (planned)
(6) Closing of accounts	December 31
(7) Investment ratio	Seikoh Giken 99.99% (planned)
(8) Purpose of establishment	<ul style="list-style-type: none"> ①Strengthening of systems for mass production of optical communications parts and devices ②Expansion of sales of Group products in the ASEAN region ③Development of quality suppliers in the ASEAN region ④Recruitment and training of global personnel who will be candidates for the next generation of executives

