



# SANKI ENGINEERING CO., LTD.

## Financial Results Presentation for the Second Quarter of FY2024

November 11, 2024



## Summary

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# Q2 FY2024

## Summary of Financial Results

The Group aims to be the “Company of Choice” for all stakeholders as it prepares for its 100th anniversary in 2025

Since 1925



### Facilities Construction Business

The business includes HVAC and Plumbing for Buildings, Industrial HVAC centered on air-conditioning systems for factories, Electrical Systems, and Facility Systems

Sales composition ratio (Q2 FY2024)

83%



### Machinery Systems Business

The business mainly comprises conveyance systems and manufacturing and sales business related to transportation equipment

Sales composition ratio (Q2 FY2024)

5%



### Environmental Systems Business

The business comprises operations related to water supply / sewage treatment facilities and waste treatment facilities

Sales composition ratio (Q2 FY2024)

11%



### Real Estate Business

The business is involved in leasing operations for real estate holdings and building management

Sales composition ratio (Q2 FY2024)

1%

## Financial Summary (Consolidated)

Performance remained strong, supported by steady project progress, in addition to robust capital investment in the private sector.

■ Net sales, profit, and orders received all reaching record highs\* on a H1 standalone basis.

**Net sales** | Increased due to steady progress in the projects carried forward

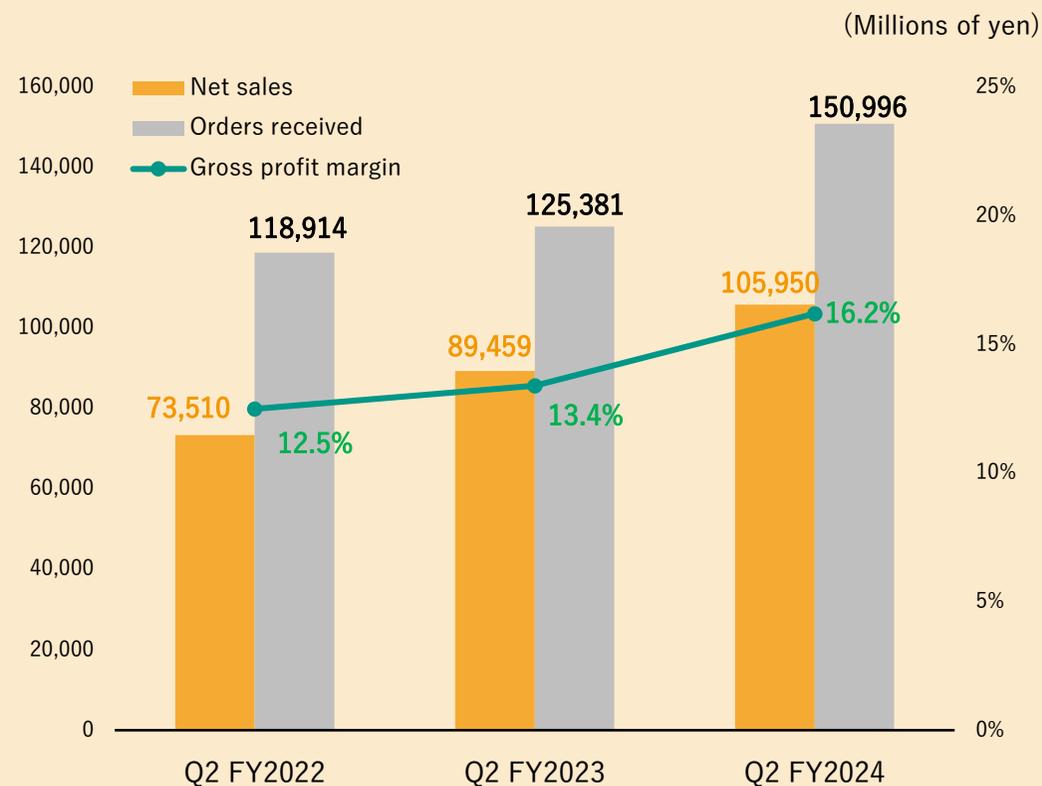
+18.4% YoY      **¥105.9 billion**

**Gross profit (margin)** | Increased due to improved profit margin in Facilities Construction, in addition to higher net sales

+43.7% YoY      **¥17.1 billion (16.2%)**

**Orders received** | Increased due to orders received for large-scale projects in Facilities Construction

+20.4% YoY      **¥150.9 billion**



\* Since FY2008 when disclosure of quarterly financial statements was started

## Consolidated Results (P/L, Orders Received)

- Net sales increased due to progress in projects carried forward, with contribution particularly from large-scale projects in Facilities Construction
- Profit increased significantly due to higher net sales and continued improvement in profit margin in Facilities Construction, at the time of order intake and also of works in progress
- Orders received increased, reflecting contracts awarded for multiple large-scale projects in Facilities Construction. Sales are expected to be recorded in FY2024 for approximately 50% of the orders carried forward.

(Millions of yen)

	Q2 FY2023	Q2 FY2024	YoY	Rate of Change (%)
Net sales	89,459	105,950	16,491	18.4
Completed construction contracts	88,172	104,629	16,456	18.7
Real estate business and other	1,286	1,320	34	2.7
Gross profit	11,969	17,198	5,228	43.7
Completed construction contracts	11,442	16,635	5,193	45.4
Real estate business and other	527	562	35	6.6
Gross profit margin (%)	13.4	16.2	2.8 <sub>pt.</sub>	—
Selling, general and administrative expenses	10,688	11,271	583	5.5
Operating profit	1,281	5,926	4,645	362.5
Ordinary profit	1,878	6,639	4,761	253.5
Profit attributable to owners of parent	1,409	4,450	3,041	215.8
Orders received	125,381	150,996	25,615	20.4
Orders carried forward	224,348	243,948	19,600	8.7

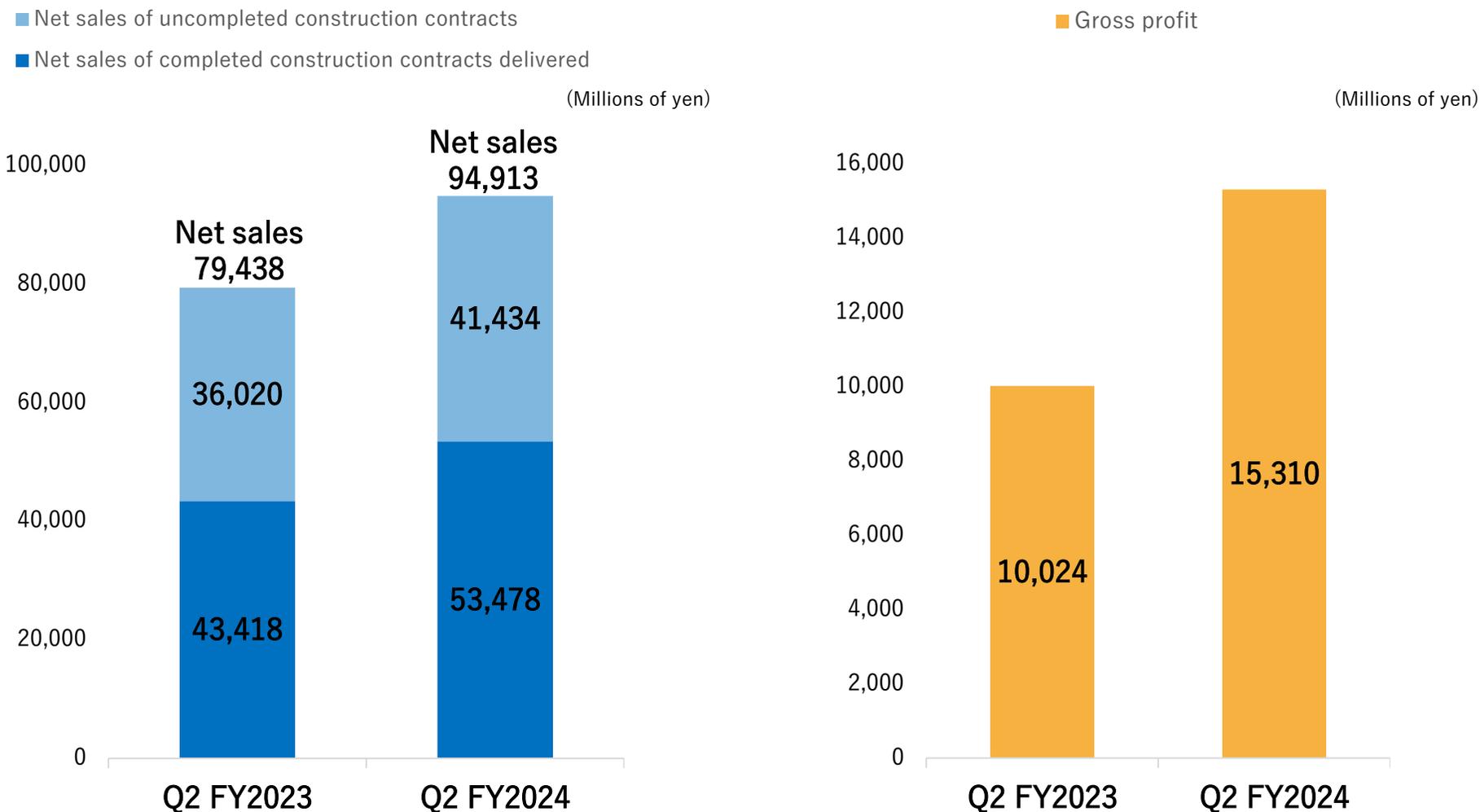
## Quarterly Changes in Net Sales and Ordinary Profit

- Normally, there is a seasonality in net sales and profit whereby progress in the first and second quarters tends to be low against full-year performance. However, in the period under review, net sales and profit both recorded year-on-year increases due to contribution from highly profitable large-scale projects.

(Millions of yen)

	FY2022				FY2023				FY2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	33,450	40,059	52,203	65,152	40,727	48,732	60,152	72,309	48,527	<b>57,422</b>
Gross profit	3,948	5,213	7,546	10,304	5,231	6,738	9,959	12,713	7,178	<b>10,020</b>
Gross profit margin (%)	11.8	13.0	14.5	15.8	12.8	13.8	16.6	17.6	14.8	<b>17.5</b>
Selling, general and administrative expenses	5,209	5,212	5,193	5,987	5,250	5,437	5,242	7,124	5,637	<b>5,634</b>
Operating profit (loss)	(1,260)	0	2,352	4,316	(18)	1,300	4,716	5,588	1,540	<b>4,386</b>
Ordinary profit (loss)	(860)	109	2,688	4,310	359	1,519	5,102	5,770	2,087	<b>4,551</b>
Profit (loss) attributable to owners of parent	(637)	(132)	1,754	3,766	339	1,070	3,452	4,090	1,345	<b>3,104</b>
Orders received	46,974	71,939	62,749	46,890	52,631	72,749	61,781	45,233	70,732	<b>80,264</b>

**Reference: Completed construction contracts delivered as a percentage of net sales, and gross profit (non-consolidated: Facilities Construction)**



## Balance Sheets (B/S)

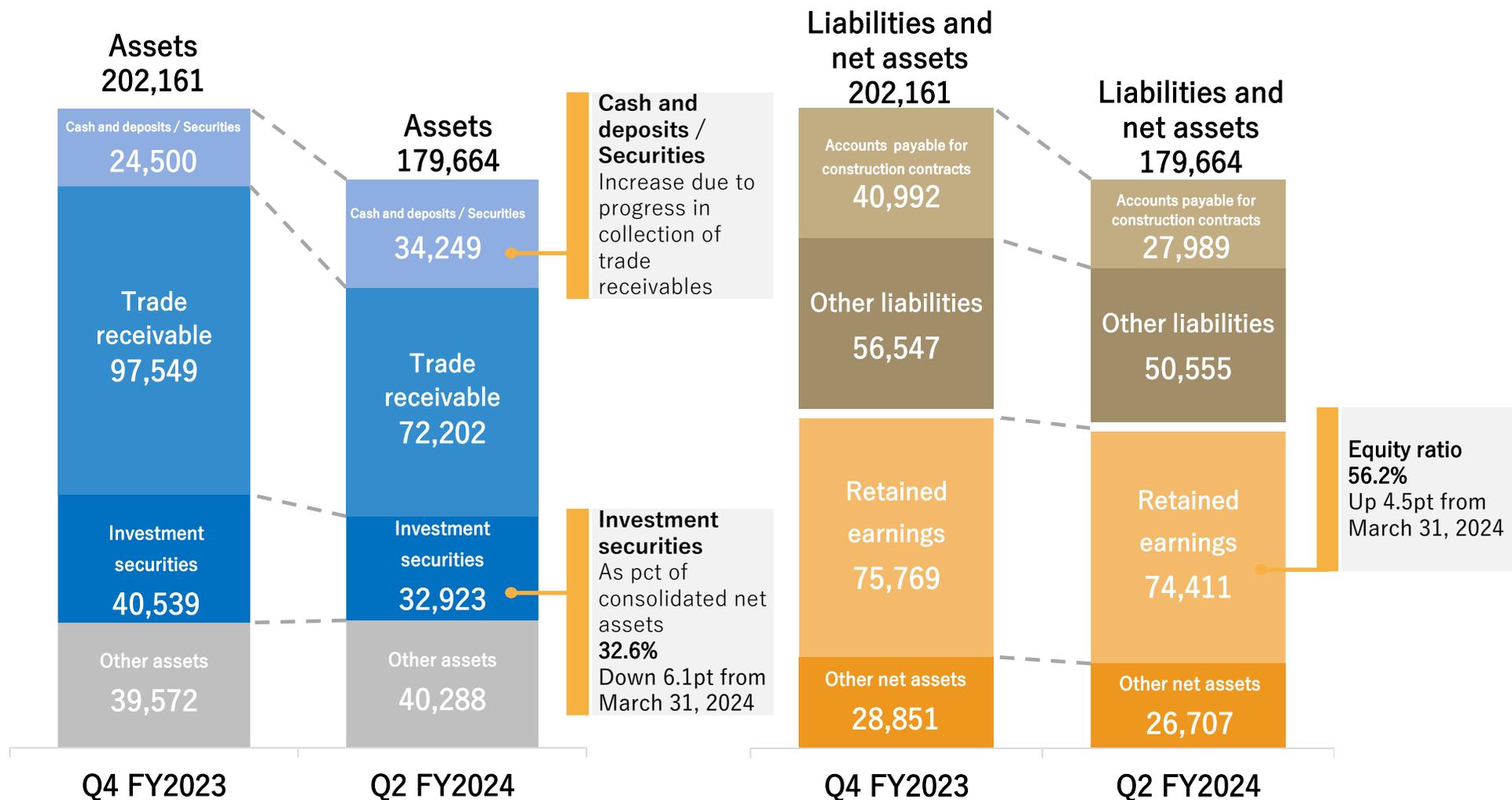
(Millions of yen)

	March 31, 2024	FY2024 Q2	Change	
Current assets	131,564	117,539	(14,024)	
Cash and deposits / Securities	24,500	34,249	9,748	
Trade receivable*	97,549	72,202	(25,346)	<b>Trade receivable</b> Decrease due to seasonal fluctuations
Non-current assets	70,596	62,124	(8,471)	
Investment securities	40,539	32,923	(7,615)	<b>Investment securities</b> Decrease mainly due to a decline in market value
<b>Total assets</b>	<b>202,161</b>	<b>179,664</b>	(22,496)	
Current liabilities	81,597	64,507	(17,090)	
Accounts payable for construction contracts	40,992	27,989	(13,002)	<b>Accounts payable for construction contracts</b> Decrease due to seasonal fluctuations
Non-current liabilities	15,941	14,038	(1,903)	
Net assets	104,621	101,118	(3,502)	
Retained earnings	75,769	74,411	(1,358)	
Valuation difference on available-for-sale securities	19,646	14,289	(5,357)	<b>Valuation difference on available-for-sale securities</b> Decrease due to decline in market value
<b>Total liabilities and net assets</b>	<b>202,161</b>	<b>179,664</b>	(22,496)	
Net assets per share (yen)	1,967.03	1,902.33	(64.70)	
Equity ratio (%)	51.7	56.2	4.5 pt.	
Borrowings	8,760	8,220	(539)	

\* Trade receivable: notes receivable - trade, electronically recorded monetary claims - operating, accounts receivable from completed construction contracts and other, and contract assets

## Financial Condition (consolidated)

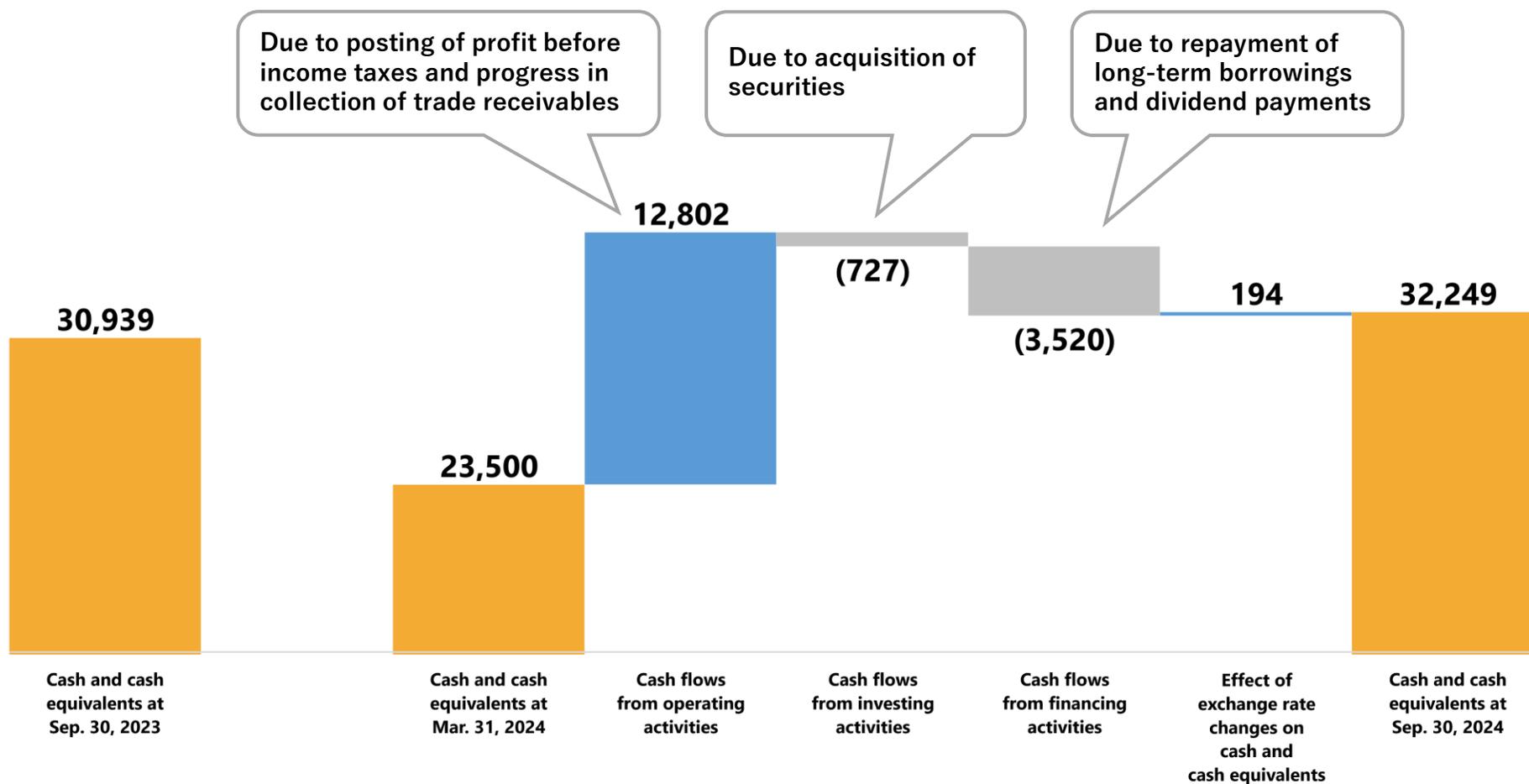
(Millions of yen)



## Cash Flows

- Balance of cash and cash equivalents increased from March 31, 2024

(Millions of yen)



## Main Large-Scale Projects Received

- Large-Scale Contracts Awarded

Property name	Item of construction	Type of construction	Location
Daiichi Sankyo Biotech Co., Ltd. / Emergency Power Generator Installation Project	Electrical and HVAC systems	Renewal	Saitama
Takara Bio Center for Gene and Cell Processing Building No. 3 (1H Building) construction	HVAC and plumbing systems	New construction work	Shiga
Toyota Sports Center First Gymnasium Reconstruction	HVAC, plumbing, and electrical systems	Reconstruction	Aichi
Namboku Line Minami Rail Yard Plant Building Reconstruction and other works	HVAC and plumbing systems	New construction work	Hokkaido
Morigasaki Water Reclamation Center Digestion Gas Power Generation Project design and construction	Water supply / sewage treatment facilities	New construction work	Tokyo
Kyorin University / Extra High-Voltage Facilities Renovation	Electrical systems	Renewal	Tokyo
Kyorin University / Extra High-Voltage Facilities Renovation Infrastructure Replacement	Electrical systems	Renewal	Tokyo
GS Yuasa Yokoe Plant Construction (tentative name)	HVAC systems	New construction work	Shiga
Toyota Motor Corporation Myochi Next-Generation Battery Plant	HVAC, plumbing, and electrical systems	New construction work	Aichi
Morioka Heat Supply Chilled and Hot Water Source Replacement	HVAC systems	Renewal	Iwate
Chitose Sludge Center Sludge Treatment Facilities Equipment Work	Water supply / sewage treatment facilities	Renovation	Hokkaido

\* Property names are the names used by the Company and may differ from the names stated on the construction contracts.

4 other projects

## Main Large-Scale Completed Construction Projects

- Large-Scale Completed Construction Projects

Property name	Item of construction	Type of construction	Location
Urbannet Midosuji Building	HVAC systems	New construction work	Osaka
Panasonic Corporation Suehirocho Building Plan (tentative name)	HVAC and plumbing systems	New construction work	Osaka
Construction of Toyota Motor Corporation Myochi 1C Battery Plant	HVAC, plumbing, and electrical systems	New construction work	Aichi
Kioxia Iwate Corporation New Management Building Phase 1 Mechanical Equipment Installation	HVAC and plumbing systems	New construction work	Iwate
Yoshindo New Construction of Building No. 3	HVAC and plumbing systems	New construction work	Toyama
Kasugai Water Purification Plant Activated Carbon Injection Equipment Project	Water supply / sewage treatment facilities	New construction work	Aichi

\* Property names are the names used by the Company and may differ from the names stated on the construction contracts.

8 other projects

## Orders Received by Segment (Consolidated)

### Facilities Construction Business

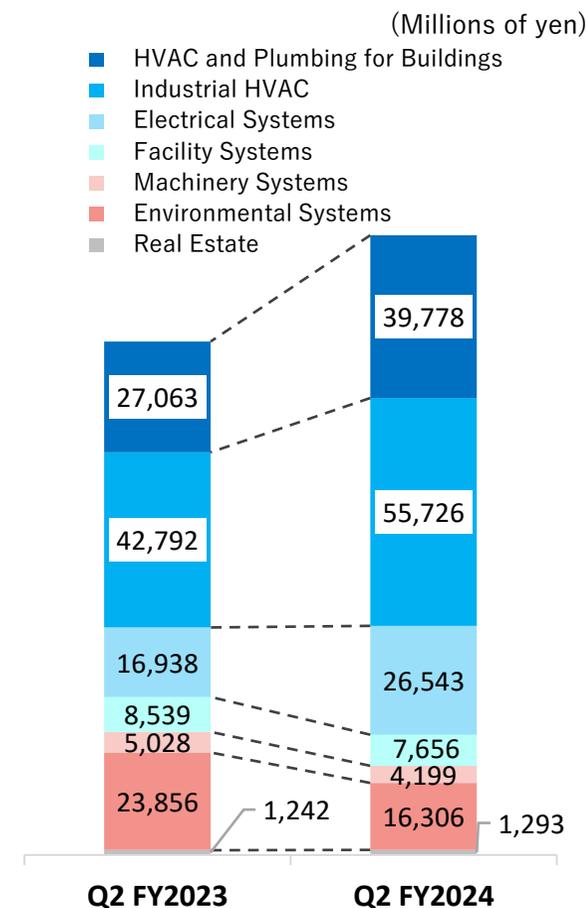
Increased significantly reflecting large-scale contracts awarded in such projects as urban redevelopment and EV battery plant.

### Plant & Machinery Systems Business

Decreased as a result of order intake activities that took into consideration the construction work structure to manage the many projects carried forward in light of multiple large-scale contracts awarded in the preceding year in Environmental Systems.

	Q2 FY2023	Q2 FY2024	YoY	
	Orders received	Orders received	Change	% change
HVAC and Plumbing for Buildings	27,063	39,778	12,714	47.0
Industrial HVAC	42,792	55,726	12,934	30.2
Electrical Systems	16,938	26,543	9,604	56.7
Facility Systems	8,539	7,656	(882)	(10.3)
Total of Facilities Construction Business	95,333	129,704	34,370	36.1
Machinery Systems	5,028	4,199	(829)	(16.5)
Environmental Systems	23,856	16,306	(7,550)	(31.6)
Total of Plant & Machinery Systems Business	28,885	20,505	(8,380)	(29.0)
Real Estate	1,242	1,293	51	4.2
Others	301	336	35	11.8
Adjustments*	(381)	(843)	(461)	—
Total	125,381	150,996	25,615	20.4

\* Internal transactions included in each segment are eliminated with “Adjustments”



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## Net Sales by Segment (Consolidated)

### Facilities

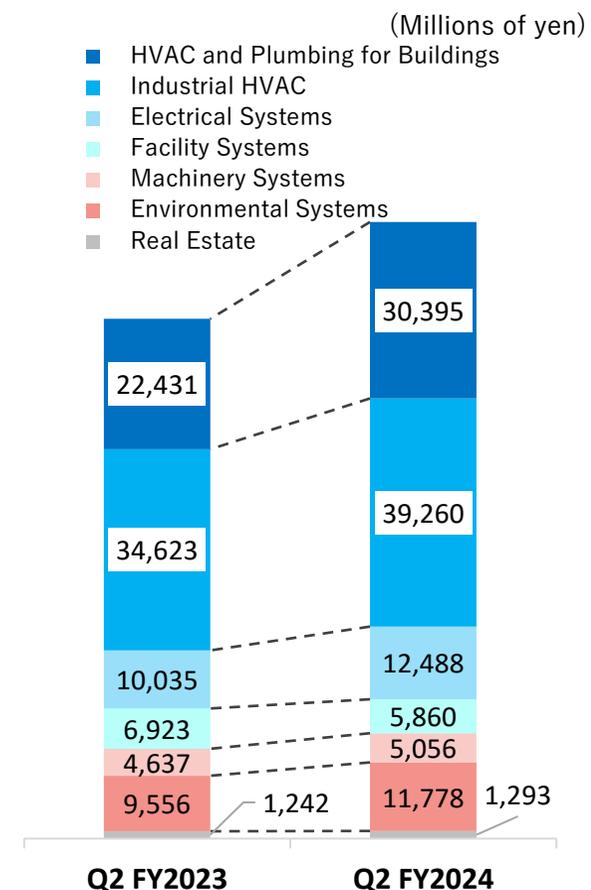
### Construction Business

Increased due to progress in large-scale projects carried forward in all of HVAC and Plumbing for Buildings, and Industrial HVAC and Electrical Systems businesses

### Plant & Machinery Systems Business

Increased due to progress in large-scale waste treatment facilities projects carried forward in Environmental Systems

	Q2 FY2023	Q2 FY2024	YoY	
	Net sales	Net sales	Change	% change
HVAC and Plumbing for Buildings	22,431	<b>30,395</b>	7,964	35.5
Industrial HVAC	34,623	<b>39,260</b>	4,636	13.4
Electrical Systems	10,035	<b>12,488</b>	2,453	24.4
Facility Systems	6,923	<b>5,860</b>	(1,063)	(15.4)
Total of Facilities Construction Business	74,014	<b>88,004</b>	13,990	18.9
Machinery Systems	4,637	<b>5,056</b>	418	9.0
Environmental Systems	9,556	<b>11,778</b>	2,222	23.3
Total of Plant & Machinery Systems Business	14,193	<b>16,834</b>	2,641	18.6
Real Estate	1,242	<b>1,293</b>	51	4.2
Others	283	<b>327</b>	43	15.4
Adjustments*	(274)	<b>(509)</b>	(235)	—
Total	89,459	<b>105,950</b>	16,491	18.4



\* Internal transactions included in each segment are eliminated with "Adjustments"

## Gross Profit by Segment (Consolidated)

### Facilities Construction Business

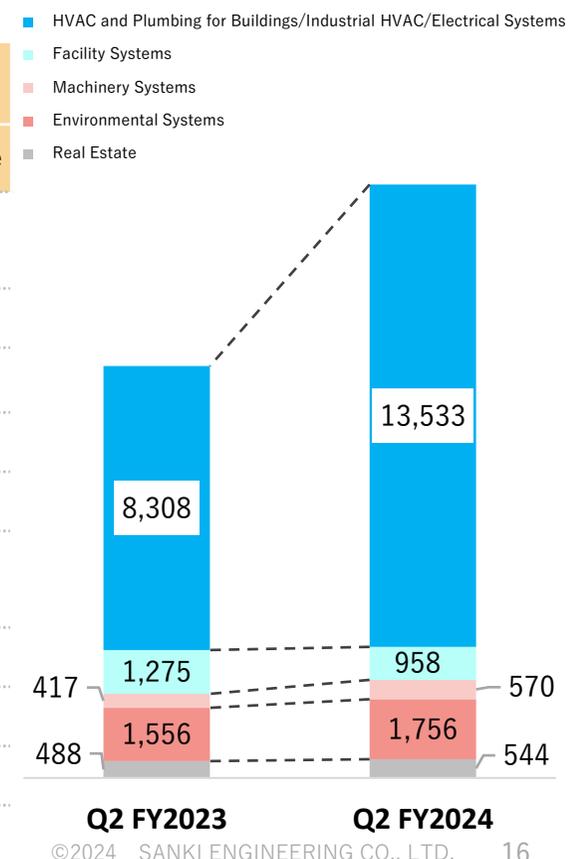
Increased due to improvement in profit margin at the time of order intake and of works in progress, in addition to higher net sales. In particular, completion of EV battery plant contributed to the increase.  
Decreased in Facility Systems due to the impact of unprofitable project that occurred in Q1.

### Plant & Machinery Systems Business

Gross profit margin improved in Machinery Systems due to progress in passing on price increases, although profitability remained low.  
Increased in Environmental Systems due to higher net sales.

(Millions of yen)

	Q2 FY2023		Q2 FY2024		YoY		
	Gross profit	margin in %	Gross profit	margin in %	Change	% change	
HVAC and Plumbing for Buildings / Industrial HVAC / Electrical Systems	8,308	12.4	13,533	16.5	5,225	4.1	62.9
Facility Systems	1,275	18.4	958	16.4	(317)	(2.0)	(24.9)
Total of Facilities Construction Business	9,583	12.9	14,492	16.5	4,908	3.6	51.2
Machinery Systems	417	9.0	570	11.3	152	2.3	36.4
Environmental Systems	1,556	16.3	1,756	14.9	200	(1.4)	12.9
Total of Plant & Machinery Systems Business	1,974	13.9	2,326	13.8	352	(0.1)	17.8
Real Estate	488	39.3	544	42.1	55	2.8	11.4
Others	17	6.1	32	9.9	15	3.8	86.9
Adjustments	(93)	—	(196)	—	(102)	—	—
Total	11,969	13.4	17,198	16.2	5,228	2.8	43.7

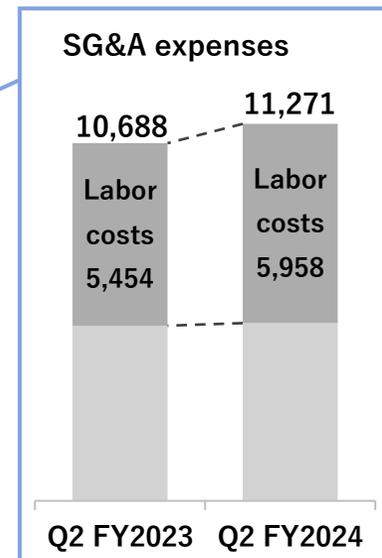
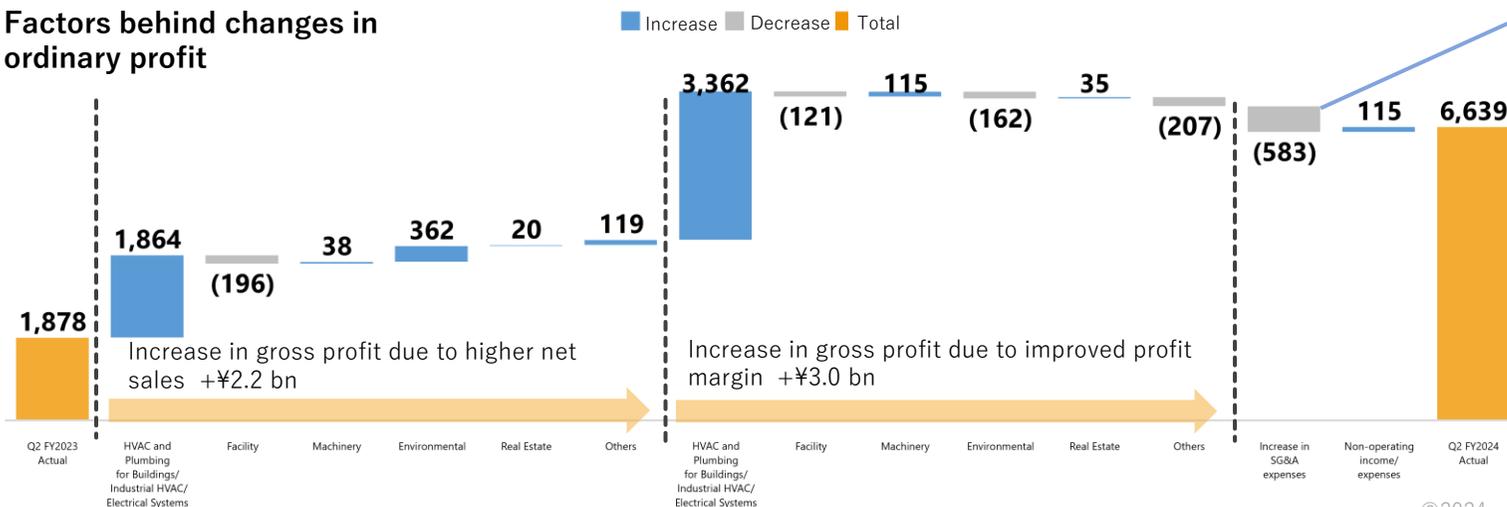


## Ordinary Profit by Segment (Consolidated)

(Millions of yen)

	Q2 FY2023	Q2 FY2024	YoY	
	Ordinary profit	Ordinary profit	Change	% change
Facilities Construction Business	1,236	5,784	4,548	368.0
Machinery Systems	(518)	(449)	69	—
Environmental Systems	(203)	(104)	98	—
Real Estate	477	499	21	4.6
Others	(20)	2	22	—
Adjustments	906	906	(0)	(0.0)
<b>Total</b>	<b>1,878</b>	<b>6,639</b>	<b>4,761</b>	<b>253.5</b>

### Factors behind changes in ordinary profit



## FY2024 Forecast (Consolidated)

### Net sales / Profit

Forecast has been revised upward because, in addition to projection for better-than-expected progress in large-scale projects carried forward against initial forecast, improvement in profit margin is anticipated as a result of order intake activities focusing on profitability and continued cost reduction efforts in construction works

### Orders received

Forecast has been revised upward to reflect solid trend of orders received in HVAC and Plumbing for Buildings and Industrial HVAC, as well as anticipation for continued favorable order intake environment

(Millions of yen)

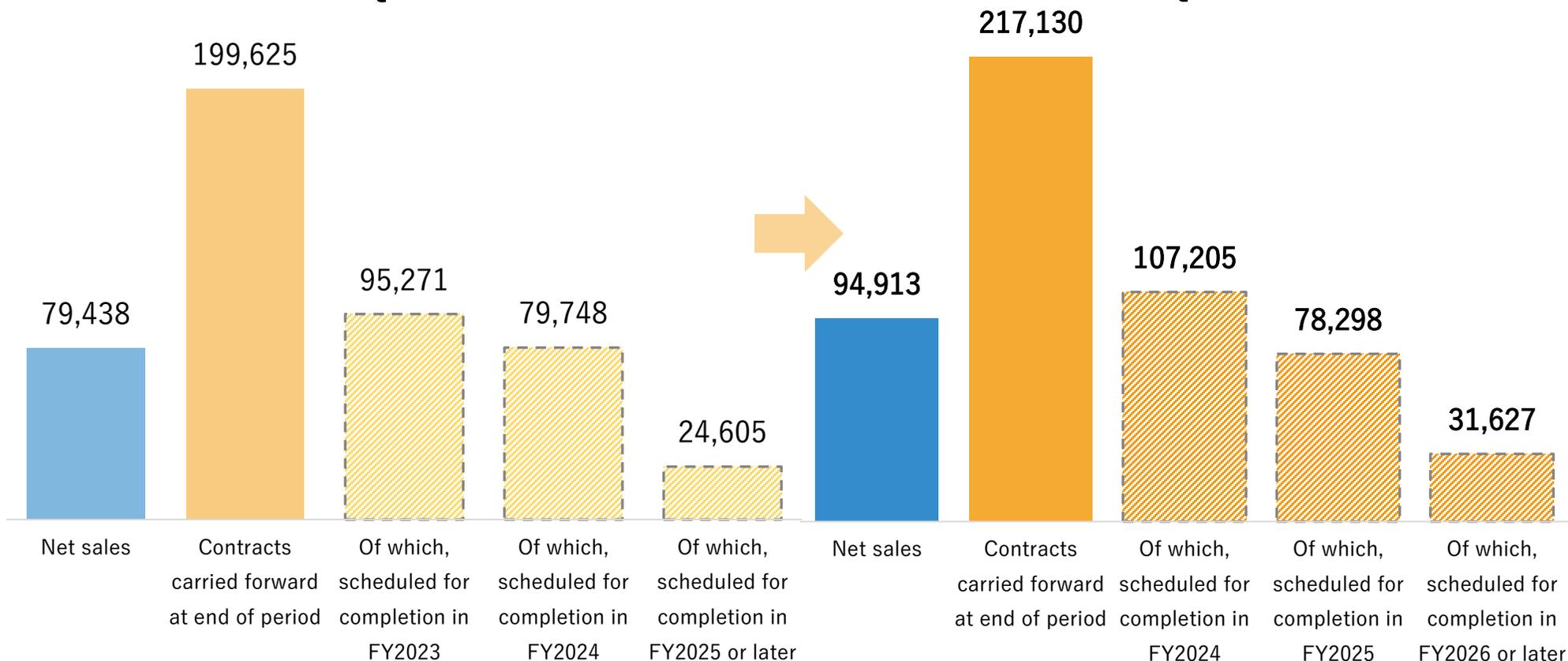
	FY2023 actual	Revised forecast announced on Aug. 9 (A)	Revised forecast announced on Nov. 11 (B)	% change B – A
Net sales	221,920	225,000	<b>245,000</b>	8.9
Gross profit	34,642	36,500	<b>42,000</b>	15.1
Gross profit margin (%)	15.6	16.2	<b>17.1</b>	—
Operating profit	11,586	12,500	<b>16,500</b>	32.0
Ordinary profit	12,750	13,000	<b>17,000</b>	30.8
Profit attributable to owners of parent	8,951	8,800	<b>11,600</b>	31.8
Orders received	232,396	210,000	<b>230,000</b>	9.5
Orders carried forward	198,902	183,902	<b>183,902</b>	—

## Reference Contracts carried forward and completion schedule (non-consolidated, Real Estate business excluded)

(Millions of yen)

Q2 FY2023

Q2 FY2024



## Forecast of Orders Received and Net Sales by Segment (Consolidated)

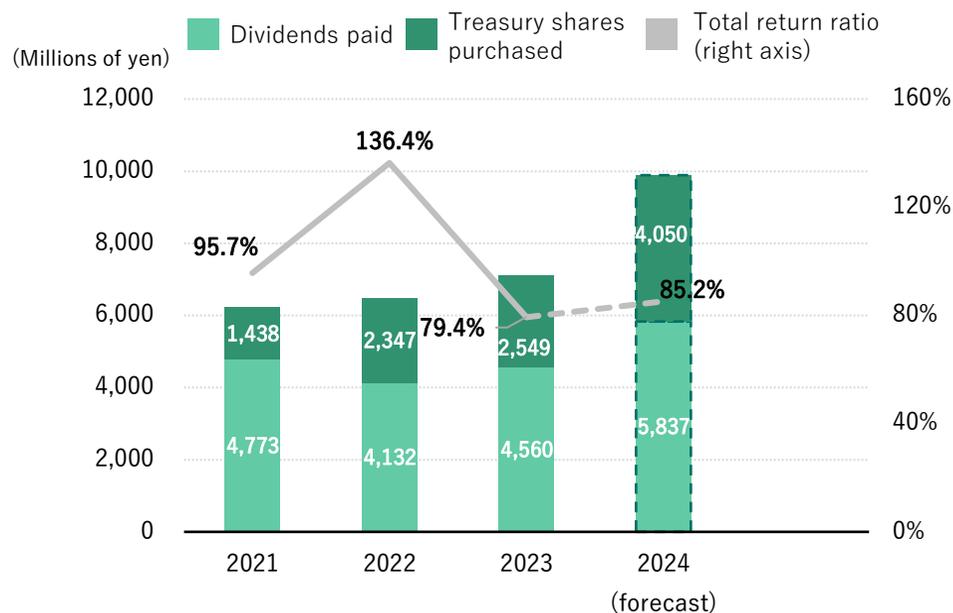
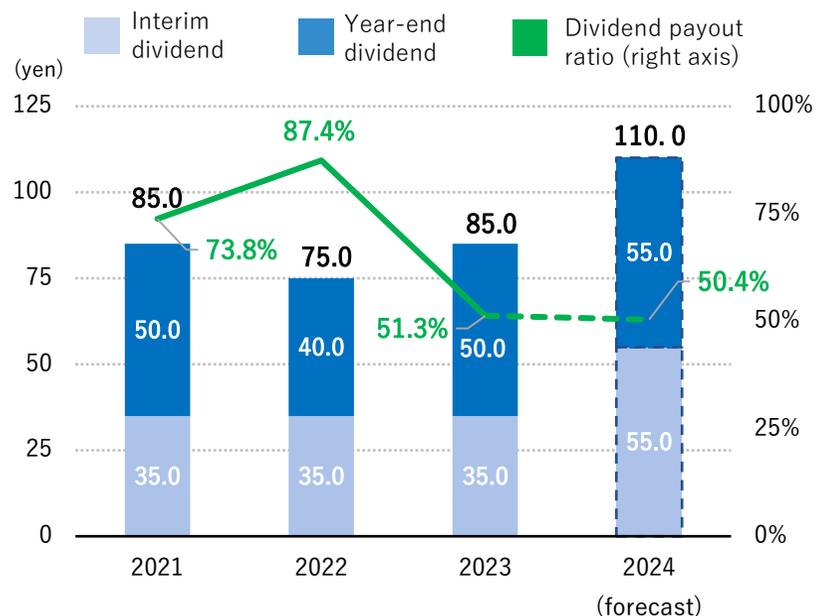
- Forecast of orders received and net sales was amended for some segments following revision to earnings forecast

(Millions of yen)

	Revised forecast announced on Aug. 9 (A)	Revised forecast announced on Nov. 11 (B)	B - A	Revised forecast announced on Aug. 9 (A)	Revised forecast announced on Nov. 11 (B)	B - A
	Orders received	Orders received	Change	Net Sales	Net Sales	Change
HVAC and Plumbing for Buildings	60,000	<b>64,000</b>	4,000	67,000	<b>70,000</b>	3,000
Industrial HVAC	72,000	<b>80,000</b>	8,000	76,000	<b>88,000</b>	12,000
Electrical Systems	27,000	<b>35,000</b>	8,000	25,000	<b>30,000</b>	5,000
Facility Systems	13,000	<b>13,000</b>	—	13,000	<b>13,000</b>	—
Total of Facilities Construction Business	172,000	<b>192,000</b>	20,000	181,000	<b>201,000</b>	20,000
Machinery Systems	13,000	<b>12,000</b>	(1,000)	13,000	<b>12,000</b>	(1,000)
Environmental Systems	23,000	<b>24,000</b>	1,000	29,000	<b>30,000</b>	1,000
Total of Plant & Machinery Systems Business	36,000	<b>36,000</b>	—	42,000	<b>42,000</b>	—
Real Estate Business	2,500	<b>2,500</b>	—	2,500	<b>2,500</b>	—
Others	600	<b>600</b>	—	600	<b>600</b>	—
Adjustments	(1,100)	<b>(1,100)</b>	—	(1,100)	<b>(1,100)</b>	—
Total	210,000	<b>230,000</b>	20,000	225,000	<b>245,000</b>	20,000

## Status of Shareholder Returns

- Provided stable returns to shareholders in line with the shareholder return policy set forth in the medium-term management plan “Century 2025” Phase 3
- Following revision to earnings forecast, dividend forecast for the fiscal year has been increased to 110 yen, with expected dividend payout ratio of 50.4%
- Plan to purchase 1,500 thousand treasury shares by March 31, 2025. 2,000 thousand treasury shares were canceled on August 19, 2024.



### Shareholder return policy

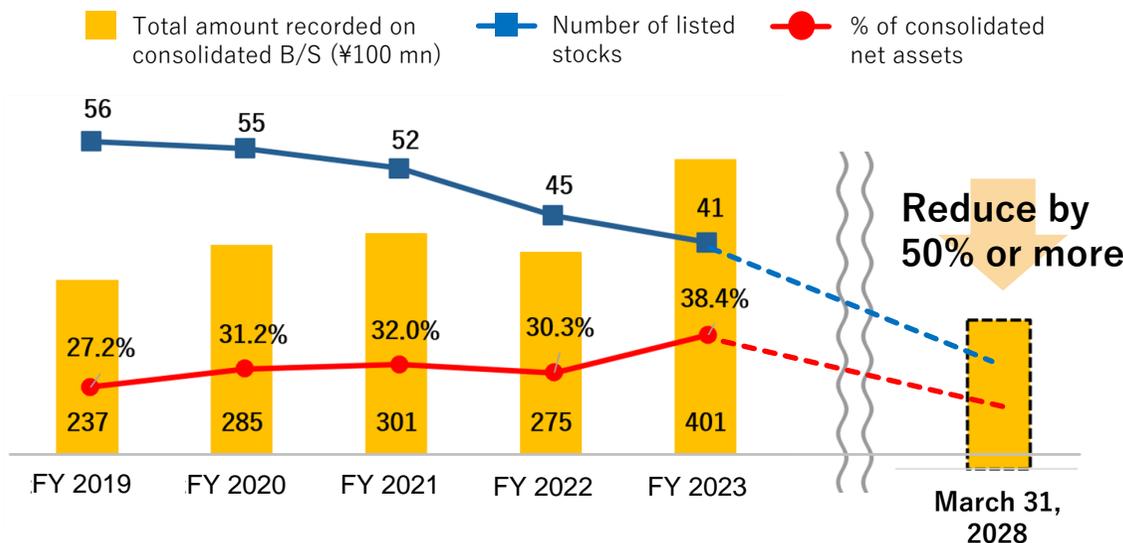
Dividend payout ratio of 50% or higher, annual dividend per share of 70 yen or more  
Approx. 5,000 thousand treasury shares to be purchased\*

\* Cumulative total over the period of the medium-term management plan (FY2022 to FY2025)

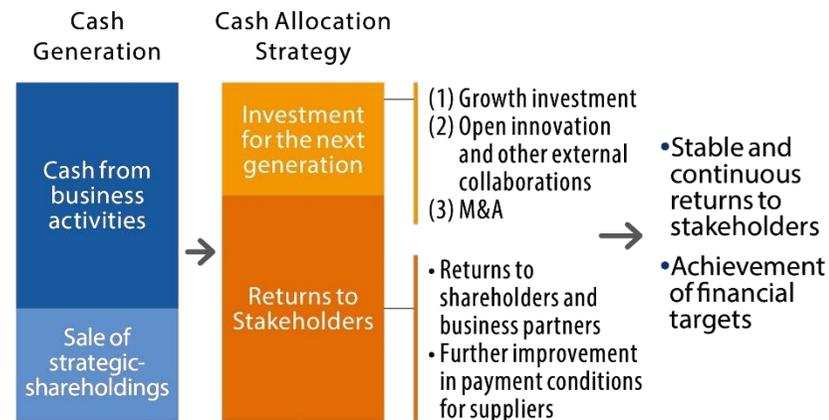
## Financial and Capital Policies

### Reduction of strategic shareholdings

- With a target of reducing strategic shareholdings as a percentage of consolidated net assets to below 20% by March 31, 2028, seek to bring down the ratio by 50% or more from the status as of March 31, 2024 in terms of both the number of listed stocks and amount.
- Cash to be generated from the sale of shares held for strategic purposes will be utilized for investment toward the next era that would lead to enhancement of corporate value.



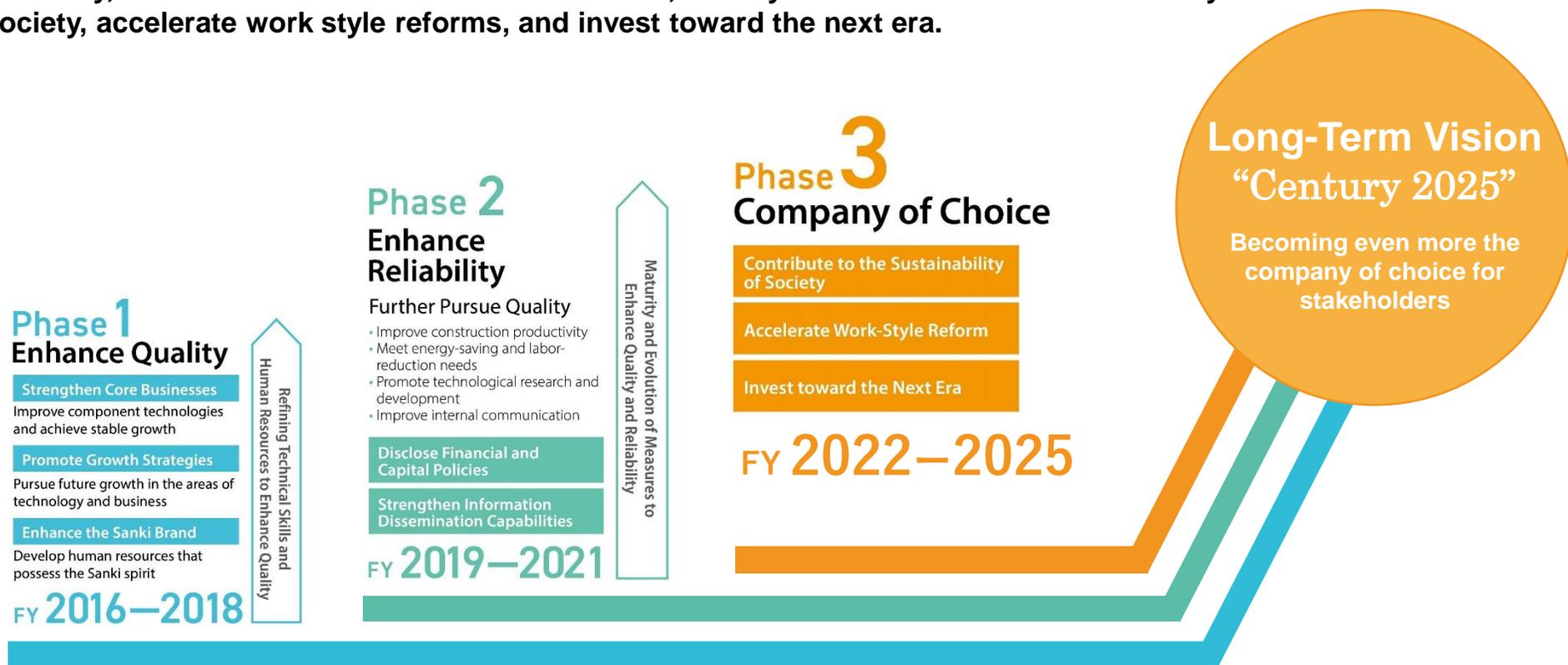
### Approach to Cash Allocation



## **Status of Business Progress in the Medium-Term Management Plan**

# Phase 3 Basic Policies

The Phase 3 medium-term management plan will put the finishing touches on our Century 2025 long-term vision. During this phase we will realize our ambition of becoming the company of choice through the maturation and evolution of measures taken up till now aimed at improving quality and reliability, and the addition of three new measures, namely: contribute to the sustainability of society, accelerate work style reforms, and invest toward the next era.



## Phase 3 (FY2022 – FY2025) Performance Targets and Results

	Phase3 final fiscal year 2025 targets	FY2022 actual	FY2023 actual	FY2024 forecast announced on August 9	FY2024 forecast announced on November 11
Net sales	¥220.0 billion	¥190.8 billion	¥221.9 billion	¥225.0 billion	<b>¥245.0 billion</b>
Gross profit (margin)	¥36.0 billion (16.5%)	¥27.0 billion (14.2%)	¥34.6 billion (15.6%)	¥36.5 billion (16.2%)	<b>¥42.0 billion (17.1%)</b>
Ordinary profit (margin)	¥12.0 billion (5.5%)	¥6.2 billion (3.3%)	¥12.7 billion (5.7%)	¥13.0 billion (5.8%)	<b>¥17.0 billion (6.9%)</b>
	Targets during Phase 3 FY2022 – FY2025	FY2022 actual	FY2023 actual	FY2024 forecast announced on August 9	FY2024 forecast announced on November 11
Dividend policy	Dividend payout ratio of 50% or higher Annual dividend per share of ¥70 or more	87.4% Annual dividend of ¥75	51.3% Annual dividend of ¥85	51.3% Annual dividend of ¥85	<b>50.4% Annual dividend of ¥110</b>
Purchase of treasury shares	About 5 million shares*	1.50 million shares	1.42 million shares	1.50 million shares	<b>1.50 million shares</b>
ROE	8.0% or more	5.1%	9.2%	—	<b>11.1%</b>
Growth investment	About ¥20 bn*	¥3.2 billion	¥2.7 billion	—	—

\* Cumulative during the plan period

## Progress in Strategic Measures

Ongoing initiatives from Phase 1

Maturity and evolution of measures to enhance Quality

### Measure 1 Strengthen core businesses

#### Facilities Construction Business

- Established Design & Engineering Division, strengthened the ability to respond to large-scale projects and special projects mainly in Industrial HVAC, achieved significant increase in orders received for large-scale projects related to semiconductors and EV batteries.

Collaborated with the design & engineering departments in each office to strengthen design review from the initial stage of cost estimation. Worked to reduce rework and further improve quality.

- In the process of developing an application for improving efficiency of office design operation in the Facility Systems Business, in collaboration with a startup company

#### Machinery Systems Business

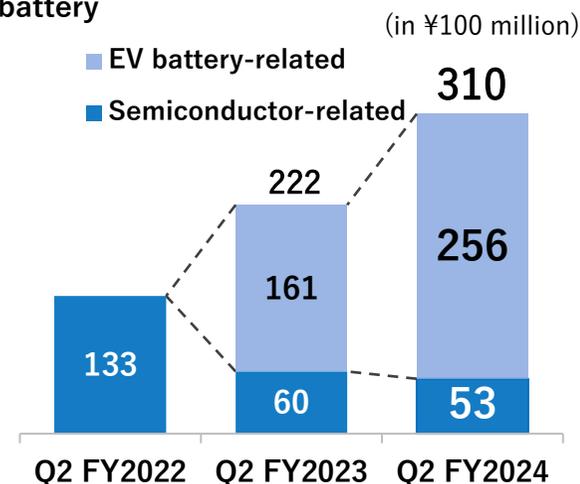
- Increased sales personnel in the Chubu Area in order to strengthen capability to deal with automotive-related projects
- Received the 2024 Good Design Award with “Melis Bianca<sup>®</sup>”, a sorting robot system

#### Environmental Systems Business

- Won the contract for “Morigasaki Water Reclamation Center Digestion Gas Power Generation Project” (DBO method\*) pursued at the largest water reclamation center in Japan. Strengthened construction work structure for the stable development of the business over the long term.

\* DBO (Design Build Operate): One of the methods used in public-private partnership (PPP) of engaging a single private contractor to undertake the entire task of design, construction, operation, and maintenance. In this project, the Group will be engaged in building the facilities by March 2027, and in maintenance and operation for a period of 20 years.

Orders received for large-scale projects related to semiconductors and EV battery (in ¥100 million)



“Melis Bianca<sup>®</sup>”, a robotic sorting system

## Progress in Strategic Measures

Ongoing initiatives from Phase 1

Maturity and evolution of measures to enhance Quality

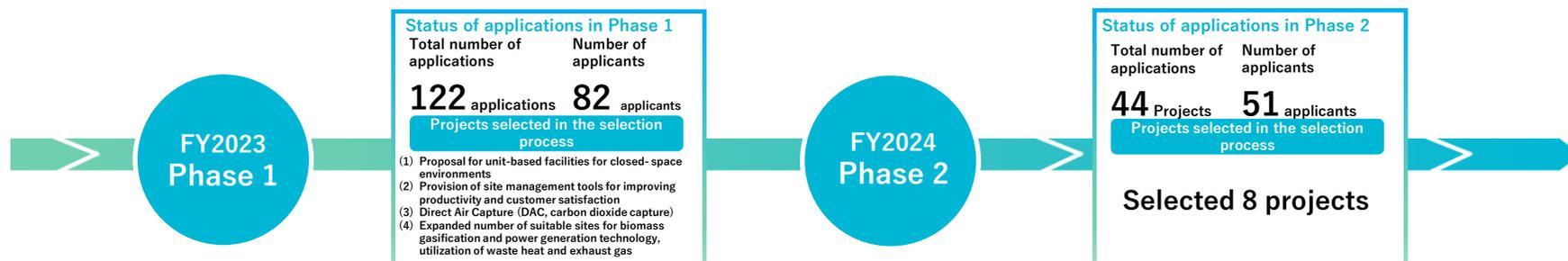
### Measure 2 Promote Growth Strategies

- Promoted the Earth MIRAI Project\*

Proceeded with refining the projects selected in Phase 1 and 2, and explored their feasibility



Earth MIRAI Project camp



\* An in-house project for all employees of the Group, to solicit ideas for shaping the future, under the theme of new and unique comfort. Materialization of the ideas will be sought to pursue new technologies and business areas that shape the next 100 years.

### Measure 3 Enhance the Sanki Brand

- Certified as an “environmentally sustainable company”\*

\* The Ministry of Environment, through its ESG Finance Awards Japan, selects companies that incorporate “significant opportunities and risks related to environment” into their management strategy to enhance corporate value, thereby generating positive effects on the environment while also contributing corporate value.

- Recognized as an “Antarctic Research Partner Company of the National Institute of Polar Research” for the Group’s continued contribution to the Antarctic observation project.



## Progress in Strategic Measures

Ongoing initiatives from Phase 2

Maturity and evolution of measures to enhance Quality

### Measure 1 Disclose Financial and Capital Policies

- Disclosed policy to reduce strategic shareholdings

\* Please refer to p22 for details.

### Measure 2 Strengthen Information Dissemination Capabilities

- Participated in “One-Day School of Environment,” an event organized for elementary school students

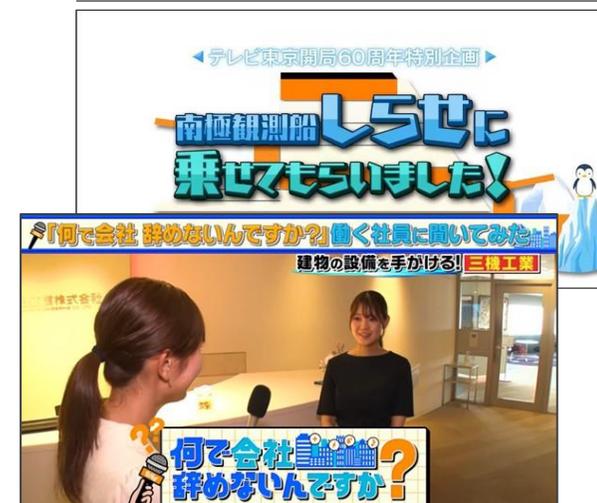
Participated as a special sponsor in “One-Day School of Environment,” an event organized by The Asahi Shimbun Company for elementary school students. A class on global environment was arranged for approximately 120 students. Also as part of the event, school visits were made nationwide to conduct classes.

- Strengthened information dissemination on the Sanki Brand through television, newspapers, and other media.

- Ran an advertisement on a TV Tokyo affiliated network, in the program titled “On board SHIROSE, the Antarctic research ship,” aired on July 21. (The Group’s employee played the role of a member of the 64th and 65th Japanese Antarctic Research Expeditions)
- The Group appeared in a TV program of the TV Tokyo affiliated network, titled “Any reason why you don’t quit the company?” aired on September 15. Archived video is available from [the Group’s YouTube channel](#).



Scene from “One-Day School of Environment”



## Progress in Strategic Measures

New initiatives implemented from  
Phase 3

Enhance the Company's Quality and  
Reliability

### Measure 1 Contribute to the Sustainability of Society

- **Participated as a special partner in the “Coral Project” of Okinawa Institute of Science and Technology Graduate University (OIST)**

Pursued environmental conservation activities in a more comprehensive manner with the addition of support for activities to preserve coral reefs, which are often described as “sea forests,” to the Group’s ongoing support for reforestation through tree planting and nurturing activities.

- **Sanki Environmental Garden\*<sup>1</sup> has been certified by the Ministry of Environment as a Nature Coexistence Site for the first half of FY2024\*<sup>2</sup>.**

\*<sup>1</sup> A green space with an area of approximately 0.23ha located in the site of Sanki Techno Center (Yamato City, Kanagawa Prefecture), created under the concept of coexistence of people and the natural environment.

\*<sup>2</sup> An area certified by the government as an “area where biodiversity conservation is carried out through private initiatives and other efforts” to achieve the international goal of “30by30” that aims to protect or conserve at least 30% of the world’s land and sea areas by 2030.

- **Received SBT (Science Based Targets) certification for the Group’s greenhouse gas emission reduction targets**

The Company obtained certification from SBTi, an international initiative that supports companies to establish medium- to long-term greenhouse gas emission reduction targets based on scientific evidence, for its targets that were deemed to be scientifically valid. These targets are “net zero emission target” of reducing greenhouse gas emissions to net zero by 2050, and reduction target under the “1.5°C scenario” for 2030.

### Measure 2 Accelerate Work-Style Reforms

- **Promoted the Smile Project\***

Strengthened monitoring of working hours and hours spent on computer, and worked on improving business processes

\* An in-house project launched in FY2015, with the aim of implementing initiatives across the Company to create a better working environment.

#### Coral Project

An initiative aimed at preservation of coral reefs in Okinawa and around the world, through efforts to plant and cultivate corals utilizing, inter alia, research and studies that use the latest genome analysis technology.



Sanki Environmental Garden



## Progress in Strategic Measures

New initiatives implemented from  
Phase 3

Enhance the Company's Quality and  
Reliability

### Measure 3 Invest toward the Next Era

- Accelerated digital transformation of construction work in Facilities Construction – embarked on versatile application of robot technology –

Worked to improve productivity and quality of construction work through use of robot technology for addressing labor shortages and long working hours, the two challenges facing the construction industry. Sought to reduce man-hours by having robots replace work in such manual processes as measurement of noise and illuminance, through application of the technical know-how obtained from on-site operation of the automated robotic air flow meter, a device developed by the Company in 2020.



- Developed “BB Sorter™” (sorting device) that evolved from “Branch Ball” (three-way sorting system) and exhibited at Logis-Tech Tokyo 2024 held in Tokyo International Exhibition Center (Tokyo Big Sight).

The sorting device is capable of gently transporting and sorting not only cardboard boxes but also thin items such as envelopes, bagged items such as apparel, and small items. It can also handle transportation of mixed packages containing different types of items.

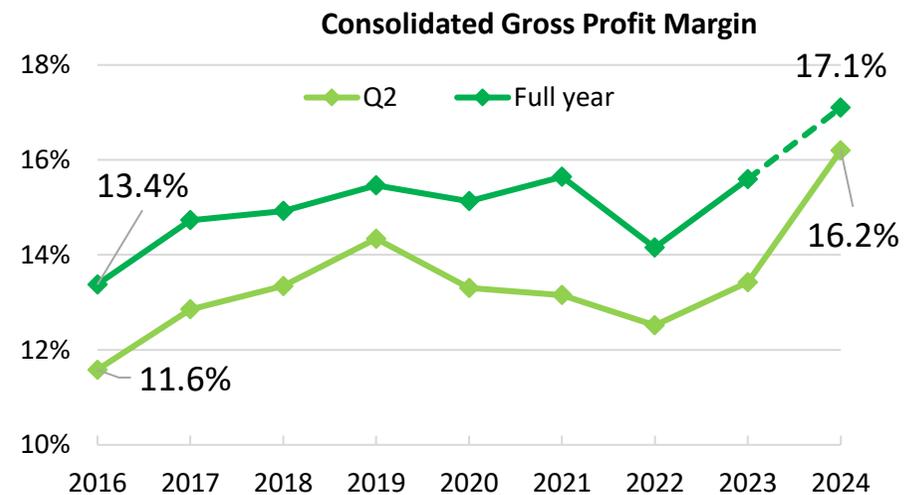
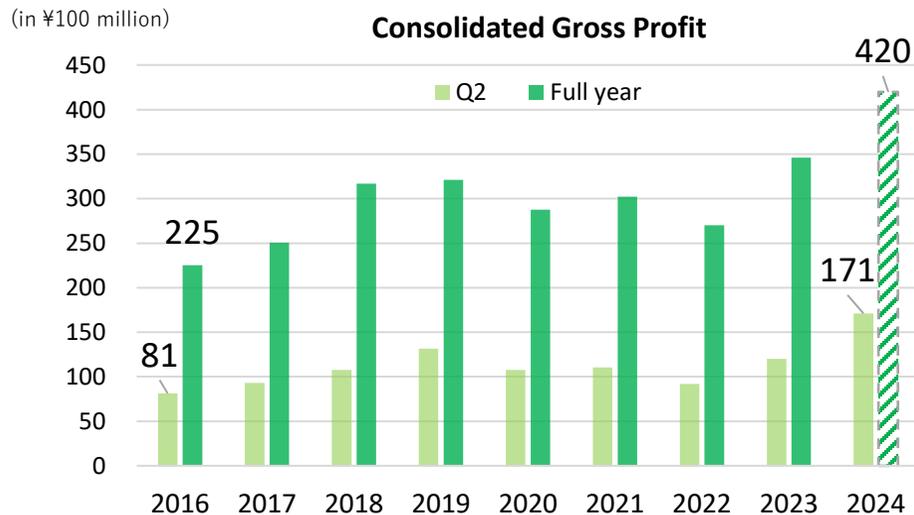
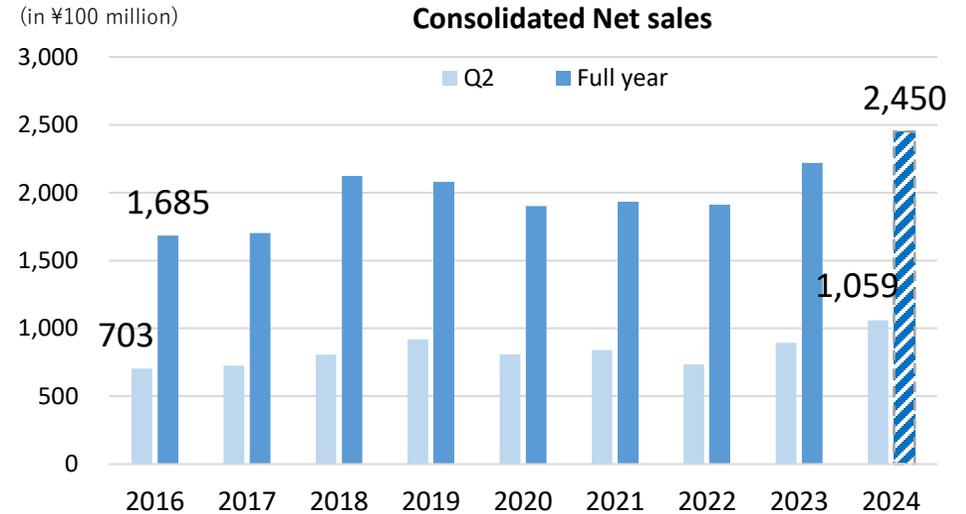
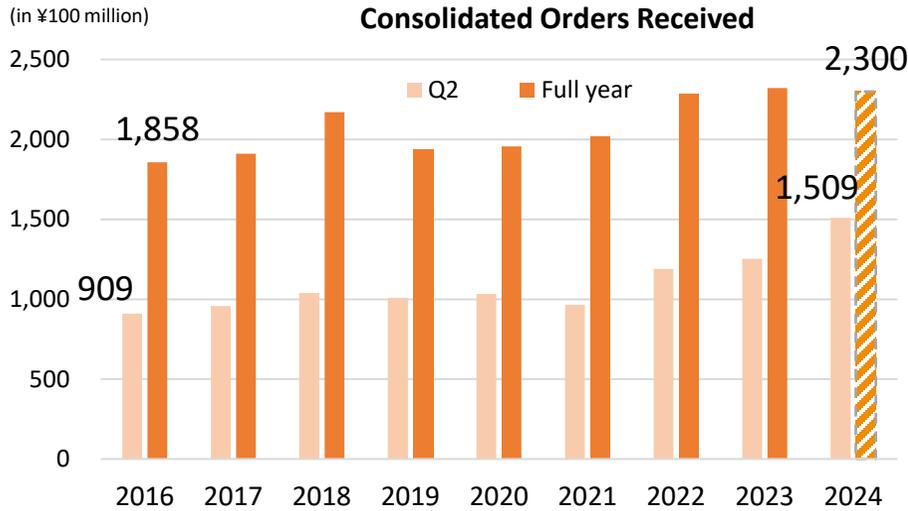


- For expanded production of AEROWING (energy-saving aeration system), pushed forward with reinforcing production facilities in Japan, in addition to enhancing the functions of overseas plants



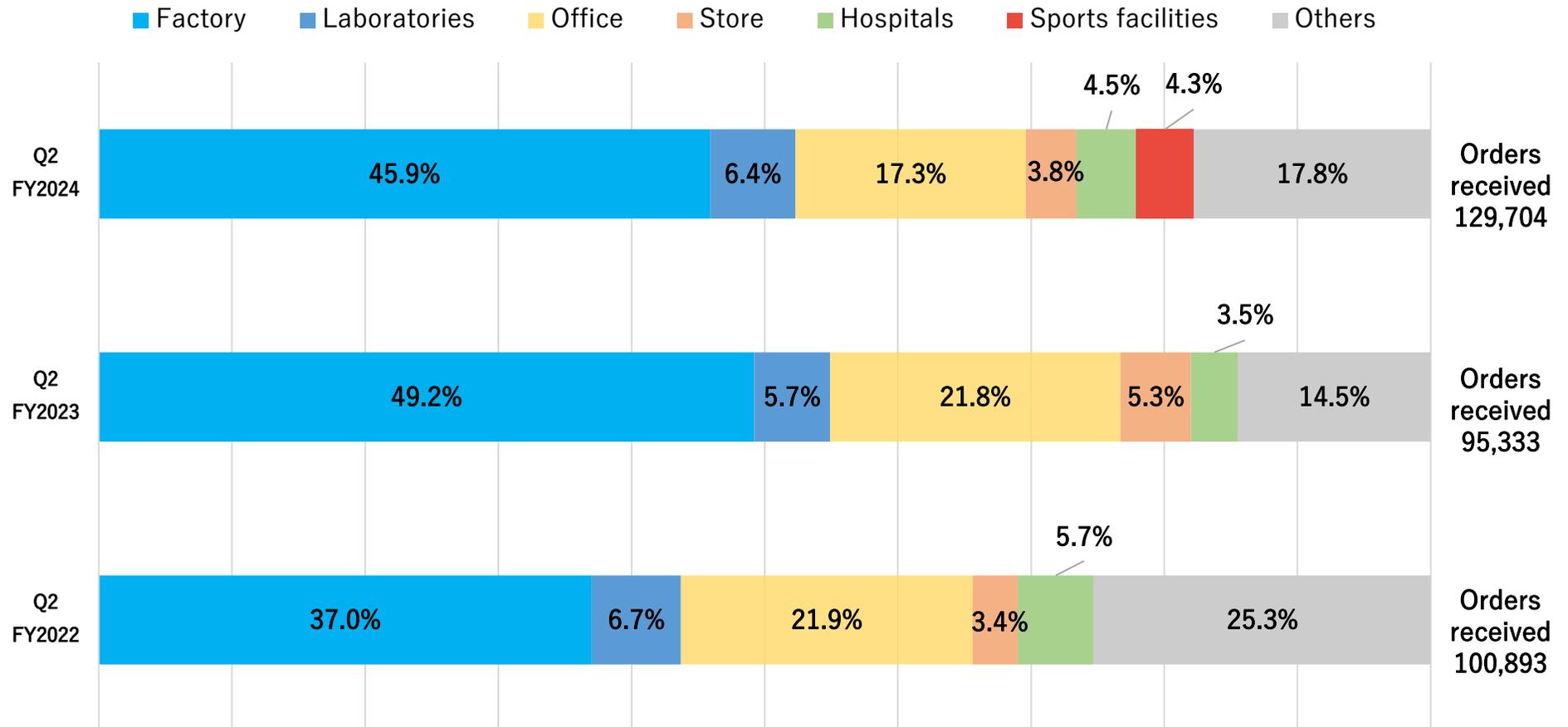
# Supplementary Materials

# “Century 2025” Long-Term Vision Business Results



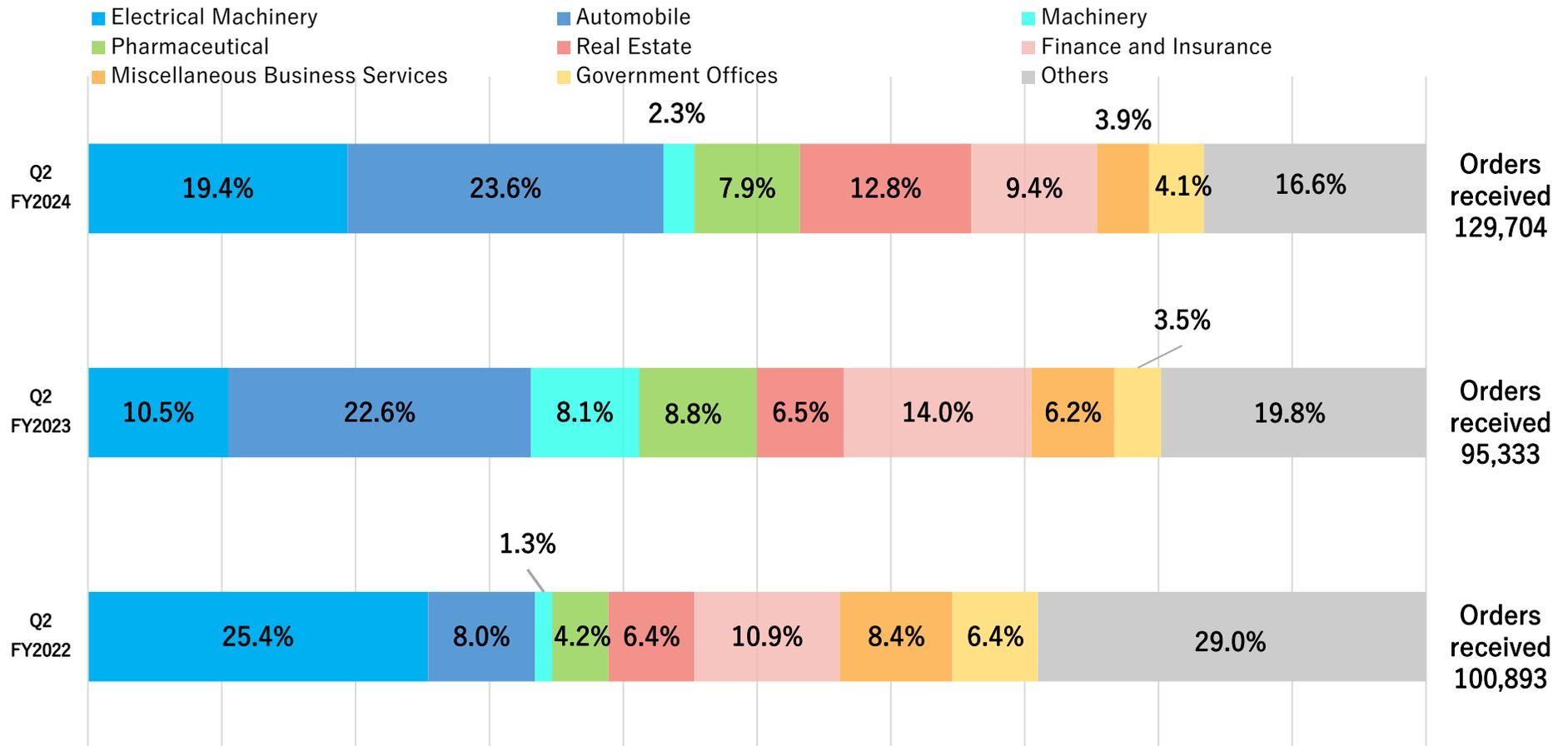
## Trends of Orders Received by Building Usage (Consolidated: Facilities Construction Business)

(Millions of yen)



## Trends of Orders Received by Main Customer Industry (Consolidated: Facilities Construction Business)

(Millions of yen)



## Financial Indicators

	FY2022	FY2023	Sep. 2024	FY2024 (Full-year forecast)
Earnings per share (EPS) (yen)	85.80	165.58	83.78	<b>218.47</b>
Return on equity (ROE) (%)	5.1	9.2	—	<b>11.1</b>
Return on assets (ROA) (%)	3.5	6.8	—	<b>8.8</b>
Book-value per share (BPS) (yen)	1,666.36	1,967.03	1,902.33	<b>1,982.05</b>
Share price at fiscal year-end (yen)	1,464	2,137	2,399	—
Price book-value ratio (PBR) (times)	0.88	1.09	1.26	—

## Other data

(Millions of yen)

	FY2022	FY2023	Sep. 2023	Sep. 2024
Overseas orders	3,021	3,245	1,552	<b>1,968</b>
Overseas sales	3,488	3,675	1,794	<b>1,837</b>
Percentage of orders received directly (non-consolidated: Facilities Construction)(%)	51.8	50.3	54.0	<b>44.1</b>
Percentage of orders received from general contractors (non-consolidated: Facilities Construction) (%)	48.2	49.7	46.0	<b>55.9</b>
Orders received for renewal construction (consolidated)	126,147	125,808	68,229	<b>81,133</b>
As a percentage of consolidated orders received (%)	55.2	54.1	54.4	<b>53.7</b>
Net sales of renewal construction (consolidated)	112,556	120,311	49,742	<b>53,093</b>
As a percentage of consolidated net sales (%)	59.0	54.2	55.6	<b>50.1</b>

## Other data

(Millions of yen)

	FY2022	FY2023	Sep. 2024	FY2024 (Full-year forecast)
Capital investment	1,039	1,431	303	2,100
Capital investment (including intangible assets, etc.)	2,279	1,694	452	2,400
Depreciation of property, plant and equipment	1,343	1,355	657	1,500
Depreciation including intangible assets, etc.	1,511	1,853	933	2,000
Experiment, research and development expenses	1,503	1,531	726	2,600
Number of employees (persons)	2,627	2,659	2,677	—

## Disclaimer

Forward-looking statements, including forecast of financial results, contained in this document reflect the management's judgment based on the information available as of November 11, 2024. Actual results may differ from the figures contained herein due to a number of factors.

For IR inquiries, please contact

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