



Financial Results Presentation for the Third Quarter of FY2024

February 14, 2025



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Sanki Engineering celebrates its
100th anniversary in April 2025



Facilities Construction Business

Business related to HVAC and Plumbing for Buildings, Industrial HVAC centered on air-conditioning systems for factories, Electrical Systems, and Facility Systems

Sales composition
ratio
Q3 FY2024

83%
(up 1pt YoY)



Machinery Systems Business

Business related mainly to material handling systems and manufacturing and sale of transportation equipment

Sales composition
ratio
Q3 FY2024

4%
(down 1pt YoY)



Environmental Systems Business

Business related to water supply/sewage treatment facilities and waste treatment facilities

Sales composition
ratio
Q3 FY2024

12%
(— pt YoY)



Real Estate Business

Business related to leasing of real estate holdings and building management

Sales composition
ratio
Q3 FY2024

1%
(— pt YoY)

Financial Summary (Consolidated)

Performance remained strong on the back of steady project progress and improved profit margin, in addition to robust capital investment in the private sector.

Net sales, profit, and orders received all reaching record highs* on a Q3 stand-alone basis.

Net sales

Sales driven by progress in large-scale projects

+18.0% YoY

¥176.4 billion

Gross profit
(margin)

Reflecting contribution from improved profit margin attributable partly to improvement in order intake environment

+44.4% YoY

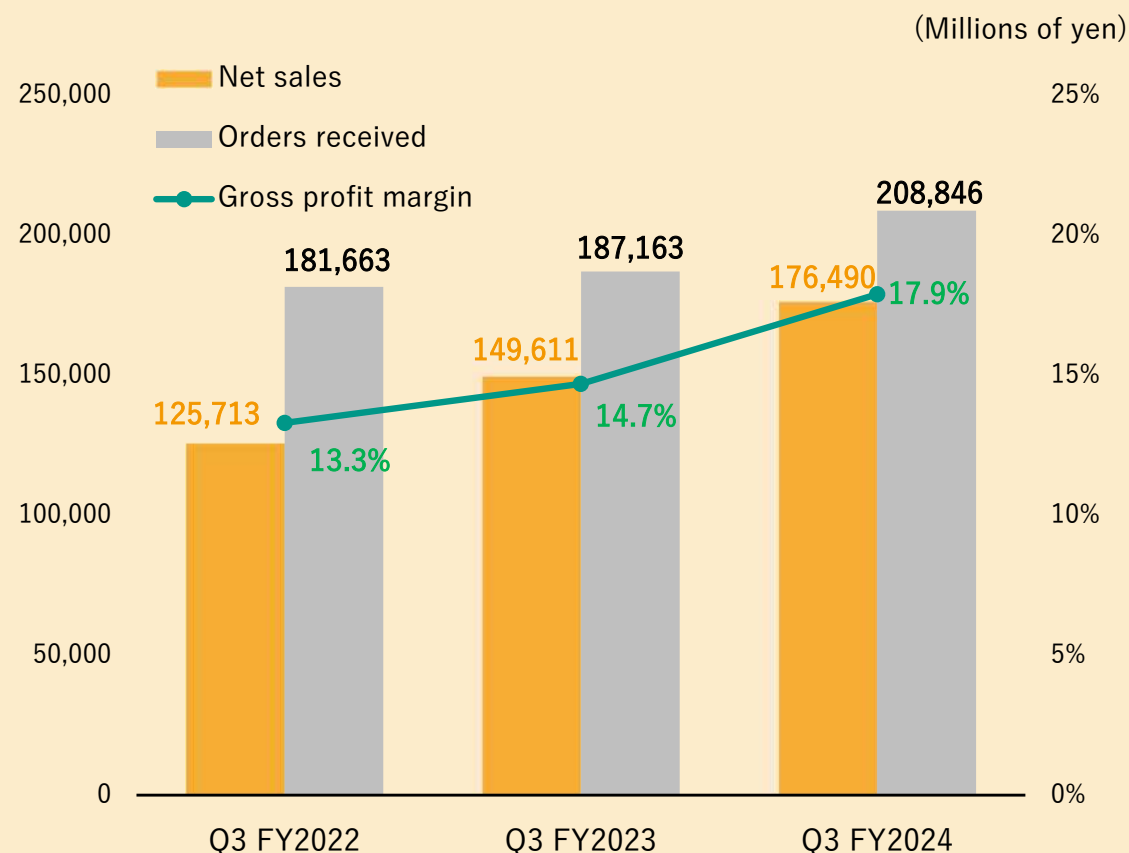
¥31.6 billion (17.9%)

Orders received

Steady order inflow amid robust construction demand

+11.6% YoY

¥208.8 billion



* Since FY2008 when disclosure of quarterly financial statements was started

Consolidated Results (P/L, Orders Received)

- Net sales increased due to steady progress in projects carried forward, led by large-scale projects in Facilities Construction
- Profit increased due to higher net sales and to improvement in order intake environment and cost reduction efforts in construction works, with contribution particularly from large-scale projects with high profit margin in Facilities Construction
- Orders received in Facilities Construction increased as a result of multiple large-scale contracts awarded during the first six months

(Millions of yen)

	Q3 FY2023	Q3 FY2024	YoY	Rate of Change (%)
Net sales	149,611	176,490	26,879	18.0
Completed construction contracts	147,677	174,492	26,815	18.2
Real estate business and other	1,934	1,998	64	3.3
Gross profit	21,929	31,658	9,729	44.4
Completed construction contracts	21,135	30,895	9,759	46.2
Real estate business and other	793	763	(29)	(3.8)
Gross profit margin (%)	14.7	17.9	3.2 _{pt.}	—
Selling, general and administrative expenses	15,930	17,482	1,551	9.7
Operating profit	5,998	14,175	8,177	136.3
Ordinary profit	6,980	15,285	8,305	119.0
Profit attributable to owners of parent	4,861	10,164	5,303	109.1
Orders received	187,163	208,846	21,683	11.6
Orders carried forward	225,977	231,257	5,280	2.3

Quarterly Changes in Performance

- Net sales and profit both recorded increases due to improved profit margin attributable partly to improvement in order intake environment, and contribution from the seasonality of third and fourth quarters when progress in net sales and profit tends to be substantially high against full-year performance.

(Millions of yen)

	FY2022				FY2023				FY2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	33,450	40,059	52,203	65,152	40,727	48,732	60,152	72,309	48,527	57,422	70,540
Gross profit	3,948	5,213	7,546	10,304	5,231	6,738	9,959	12,713	7,178	10,020	14,459
Gross profit margin (%)	11.8	13.0	14.5	15.8	12.8	13.8	16.6	17.6	14.8	17.5	20.5
Selling, general and administrative expenses	5,209	5,212	5,193	5,987	5,250	5,437	5,242	7,124	5,637	5,634	6,210
Operating profit (loss)	(1,260)	0	2,352	4,316	(18)	1,300	4,716	5,588	1,540	4,386	8,248
Ordinary profit (loss)	(860)	109	2,688	4,310	359	1,519	5,102	5,770	2,087	4,551	8,646
Profit (loss) attributable to owners of parent	(637)	(132)	1,754	3,766	339	1,070	3,452	4,090	1,345	3,104	5,714
Orders received	46,974	71,939	62,749	46,890	52,631	72,749	61,781	45,233	70,732	80,264	57,849

Orders Received by Segment (Consolidated)

Facilities Construction Business

Increased due to multiple large-scale contracts awarded during the first six months for such projects as urban redevelopment and EV battery plant.

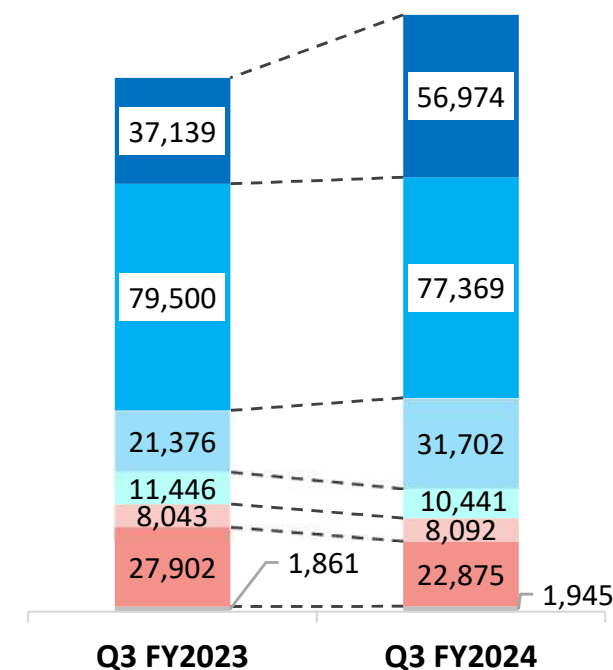
Plant & Machinery Systems Business

Orders received in Environmental Systems decreased as a result of order intake activities that took into consideration the construction work structure to manage the many projects carried forward in association with the large-scale contracts awarded in the preceding fiscal year

(Millions of yen)

	Q3 FY2023	Q3 FY2024	YoY	
	Orders received	Orders received	Change	% change
HVAC and Plumbing for Buildings	37,139	56,974	19,835	53.4
Industrial HVAC	79,500	77,369	(2,131)	(2.7)
Electrical Systems	21,376	31,702	10,326	48.3
Facility Systems	11,446	10,441	(1,005)	(8.8)
Total of Facilities Construction Business	149,462	176,487	27,025	18.1
Machinery Systems	8,043	8,092	49	0.6
Environmental Systems	27,902	22,875	(5,026)	(18.0)
Total of Plant & Machinery Systems Business	35,945	30,967	(4,977)	(13.8)
Real Estate	1,861	1,945	84	4.5
Others	446	526	79	17.9
Adjustments*	(552)	(1,081)	(529)	—
Total	187,163	208,846	21,683	11.6

- HVAC and Plumbing for Buildings
- Industrial HVAC
- Electrical Systems
- Facility Systems
- Machinery Systems
- Environmental Systems
- Real Estate



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

Net Sales by Segment (Consolidated)

Facilities Construction Business

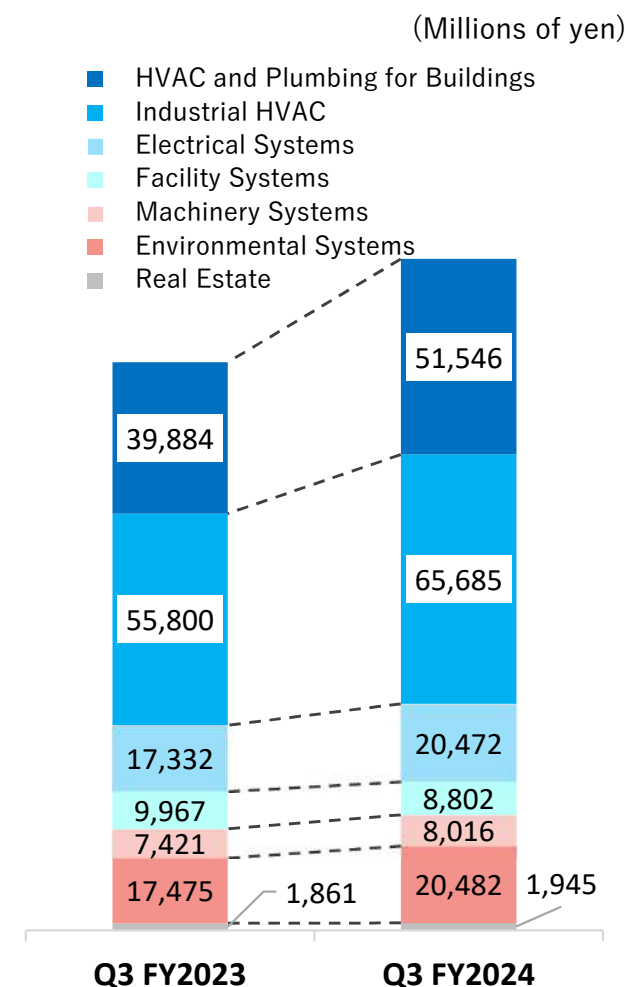
Increased in all of HVAC and Plumbing for Buildings, Industrial HVAC and Electrical Systems businesses, due to steady progress in large-scale projects and other works carried forward

Plant & Machinery Systems Business

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

	Q3 FY2023	Q3 FY2024	YoY	
	Net sales	Net sales	Change	% change
HVAC and Plumbing for Buildings	39,844	51,546	11,702	29.4
Industrial HVAC	55,800	65,685	9,884	17.7
Electrical Systems	17,332	20,472	3,140	18.1
Facility Systems	9,967	8,802	(1,164)	(11.7)
Total of Facilities Construction Business	122,944	146,507	23,563	19.2
Machinery Systems	7,421	8,016	594	8.0
Environmental Systems	17,475	20,482	3,007	17.2
Total of Plant & Machinery Systems Business	24,897	28,498	3,601	14.5
Real Estate	1,861	1,945	84	4.5
Others	434	508	74	17.1
Adjustments*	(526)	(970)	(444)	—
Total	149,611	176,490	26,879	18.0

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



Gross Profit by Segment (Consolidated)

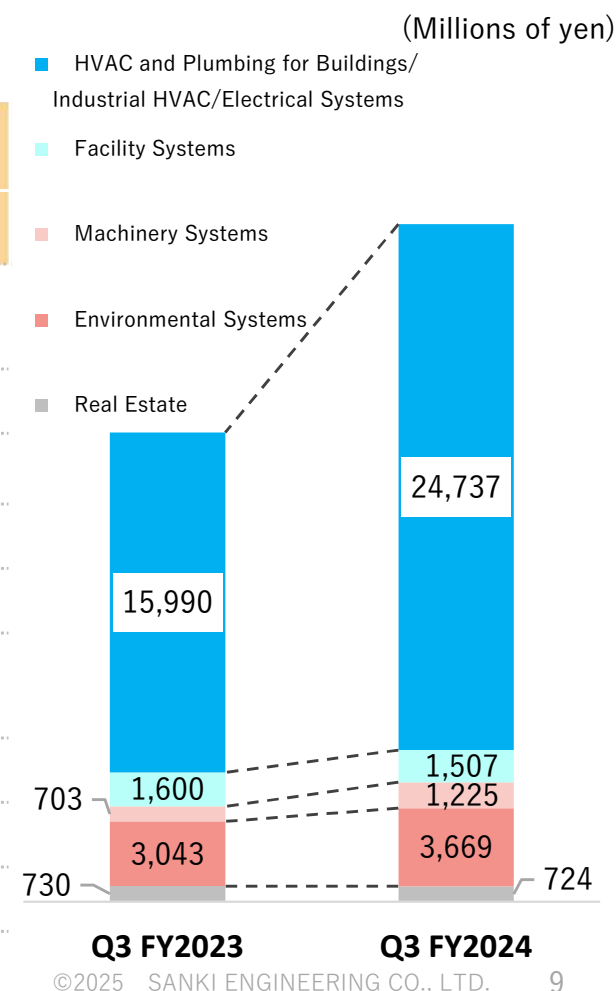
Facilities Construction Business

Increased due to improved profit margin resulting partly from improvement in order intake environment, in addition to higher net sales due to steady progress in large-scale projects.

Plant & Machinery Systems Business

Profit margin improved in Machinery Systems due to improved profit margin of conveyance facilities projects and progress in cost pass-through for conveyor systems in response to rising material costs
Increased in Environmental Systems due to higher net sales.

	Q3 FY2023		Q3 FY2024		YoY		
	Gross profit	margin in %	Gross profit	margin in %	Change	% change	
HVAC and Plumbing for Buildings / Industrial HVAC / Electrical Systems	15,990	14.2	24,737	18.0	8,747	3.8	54.7
Facility Systems	1,600	16.1	1,507	17.1	(92)	1.0	(5.8)
Total of Facilities Construction Business	17,591	14.3	26,245	17.9	8,654	3.6	49.2
Machinery Systems	703	9.5	1,225	15.3	522	5.8	74.3
Environmental Systems	3,043	17.4	3,669	17.9	625	0.5	20.5
Total of Plant & Machinery Systems Business	3,746	15.0	4,894	17.2	1,147	2.2	30.6
Real Estate	730	39.3	724	37.2	(6)	(2.1)	(0.9)
Others	33	7.7	58	11.6	25	3.9	76.9
Adjustments	(172)	—	(265)	—	(92)	—	—
Total	21,929	14.7	31,658	17.9	9,729	3.2	44.4



		(Millions of yen)			
		Q3 FY2023	Q3 FY2024	YoY	
		Ordinary profit	Ordinary profit	Change	% change
	Facilities Construction Business	5,709	12,809	7,100	124.4
	Machinery Systems	(679)	(300)	378	—
	Environmental Systems	373	764	390	104.6
	Real Estate	693	667	(25)	(3.7)
	Others	(24)	18	43	—
	Adjustments	907	1,325	417	46.0
	Total	6,980	15,285	8,305	119.0

Factors behind changes in ordinary profit

Category	Value (bn yen)
Q3 FY2023 Actual	6,980
HVAC and Plumbing for Buildings/ Industrial HVAC/ Electrical Systems	3,500
Facility	(187)
Machinery	56
Environmental	524
Real Estate	33
Others	14
Increase in gross profit due to higher net sales +¥3.9 bn	
HVAC and Plumbing for Buildings/ Industrial HVAC/ Electrical Systems	5,247
Facility	94
Machinery	466
Environmental	102
Real Estate	(39)
Others	(80)
Increase in gross profit due to improved profit margin +¥5.7 bn	
Increase in SG&A expenses	(1,551)
Non-operating income/ expenses	127
Q3 FY2024 Actual	15,285

Legend:

- Facilities Construction Business
- Machinery Systems
- Environmental Systems
- Real Estate
- Others/Adjustments

Q3 FY2023 Actual: 6,980
Q3 FY2024 Actual: 15,285

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Main Large-Scale Projects Received

● Large-Scale Contracts Awarded

	Property name	Item of construction	Type of construction	Location
Q1	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
Q2	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
Q3	Taiju Life Business Center Three-Year Project (FY2024 – FY2026)	HVAC, plumbing, and electrical systems Smart Building Solutions	Renewal	Chiba
	Toyota Motor Corporation Technology No. 3 Thermal Testing Building Infrastructure Project	HVAC and electrical systems	—	Aichi
	Bureau of Waterworks Tokyo Metropolitan Government / Powdered Activated Carbon Injection Equipment Project at Misato Purification Plant	Water supply / sewage treatment facilities	New construction work	Saitama

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

8 other projects

Main Large-Scale Completed Construction Projects

● Large-Scale Completed Construction Projects

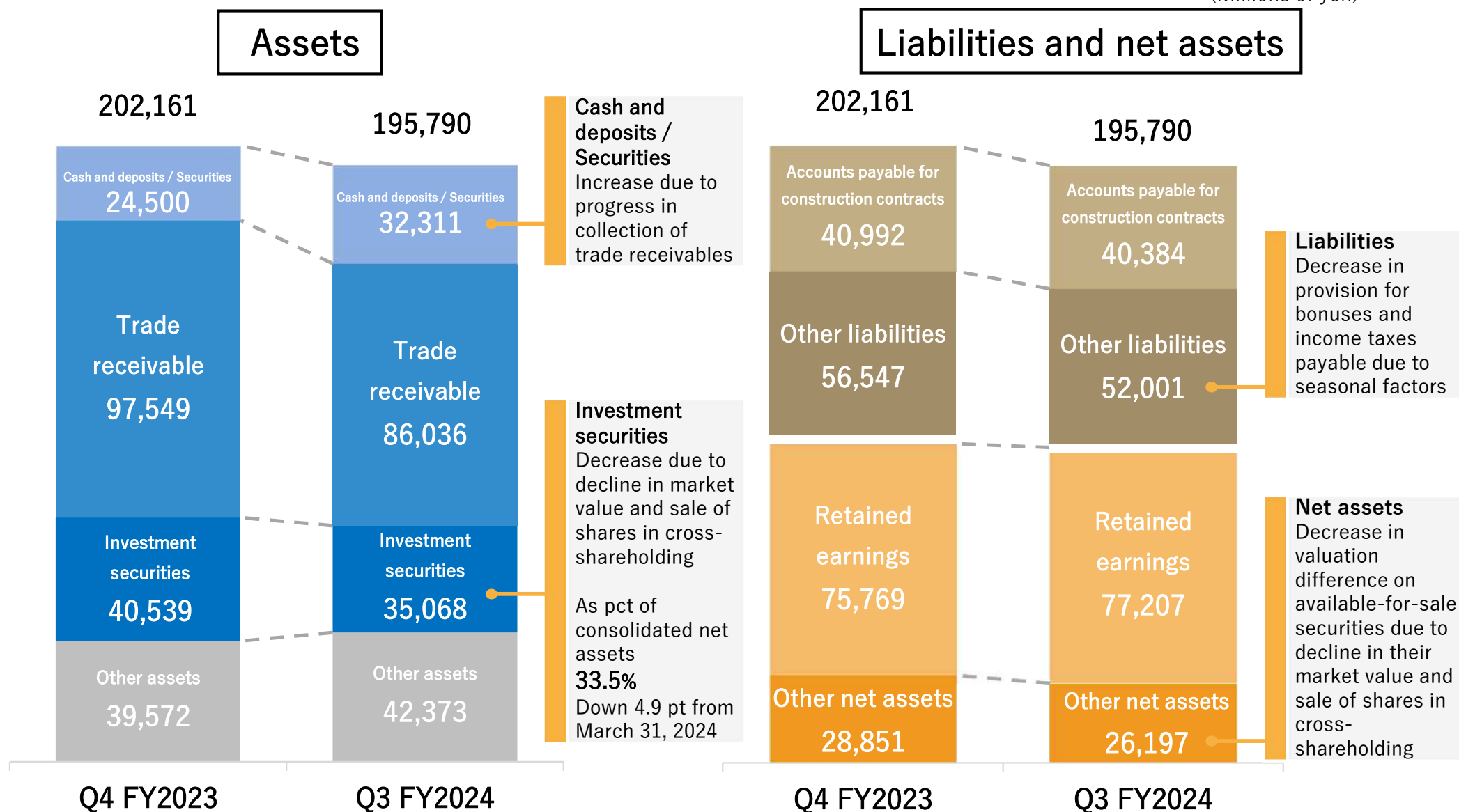
	Property name	Item of construction	Type of construction	Location
Q1	Urbannet Midosuji Building	HVAC systems	New construction work	Osaka
Q2	Large-scale Renovation Work at Osaka City Museum of Fine Arts	HVAC systems	Renewal	Osaka
	Panasonic Corporation Suehirocho Building Plan (tentative name)	HVAC and 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
Q3	Kasugai Water Purification Plant Activated Carbon Injection Equipment Project	Water supply / sewage treatment facilities	New construction work	Aichi
	Construction of Kitazato New M Building and Infrastructure Renovation Work	HVAC and plumbing systems	Renewal	Kanagawa
	Narita International Airport Cargo Building No. 8	Conveyance systems	New construction work	Chiba

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

10 other projects

Financial Condition (consolidated)

(Millions of yen)



Balance Sheets (B/S)

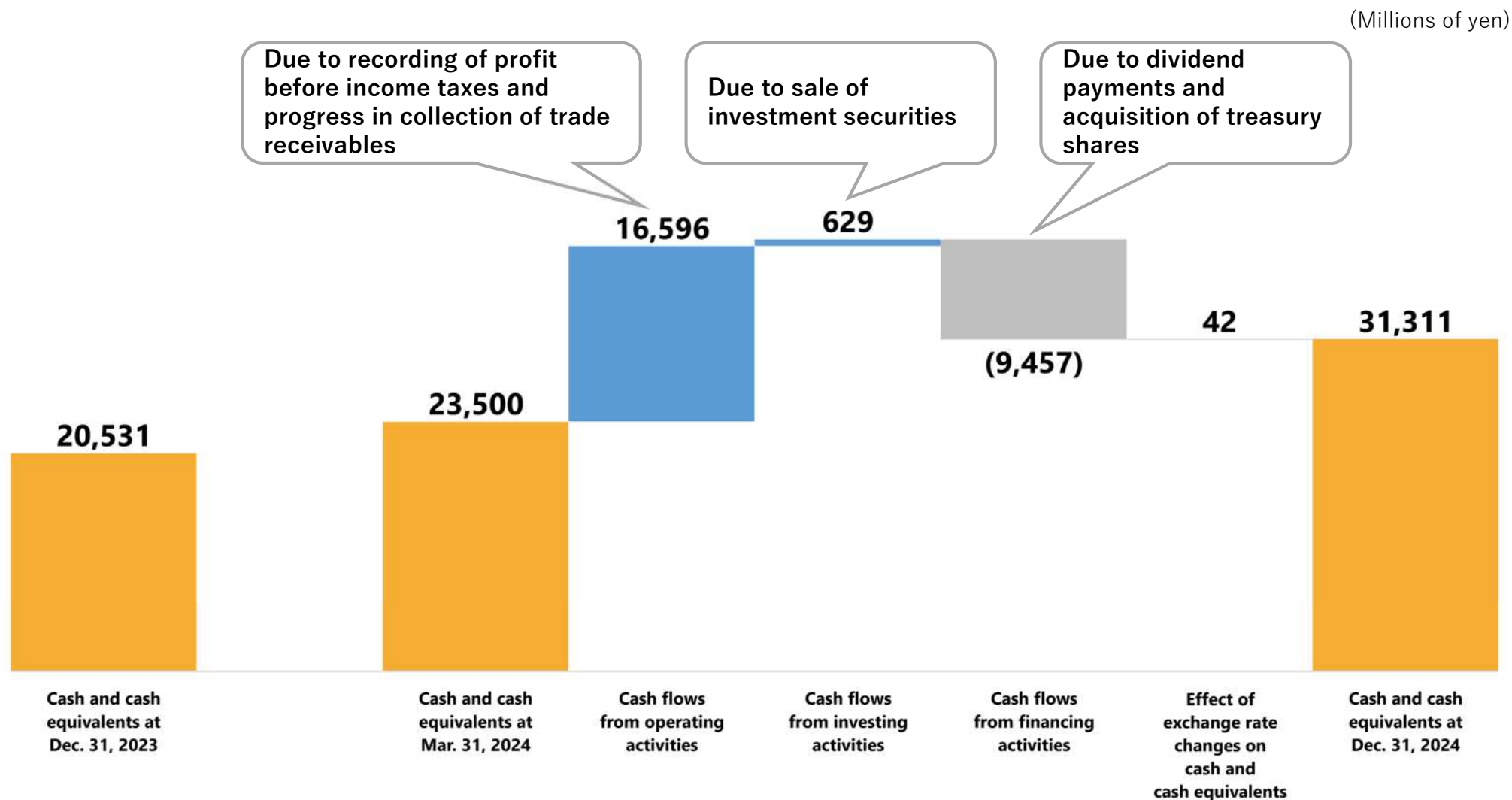
(Millions of yen)

	March 31, 2024	FY2024 Q3	Change
Current assets	131,564	131,664	99
Cash and deposits / Securities	24,500	32,311	7,811
Trade receivable*	97,549	86,036	(11,512)
Non-current assets	70,596	64,126	(6,470)
Investment securities	40,539	35,068	(5,471)
Total assets	202,161	195,790	(6,370)
Current liabilities	81,597	77,748	(3,848)
Accounts payable for construction contracts	40,992	40,384	(608)
Non-current liabilities	15,941	14,637	(1,304)
Total liabilities	97,539	92,386	(5,153)
Net assets	104,621	103,404	(1,216)
Retained earnings	75,769	77,207	1,437
Treasury shares	(5,630)	(4,532)	1,098
Valuation difference on available-for-sale securities	19,646	15,980	(3,665)
Total liabilities and net assets	202,161	195,790	(6,370)
Net assets per share (yen)	1,967.03	1,972.07	5.04
Equity ratio (%)	51.7	52.7	1.0 _{pt.}
Borrowings	8,760	7,174	(1,585)

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

Cash Flows

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



FY2024 Forecast (Consolidated)

Net sales / Profit

Strong performance was achieved in the third quarter with results exceeding previous forecasts. Net sales and profit are projected to exceed previous forecast in light of the expected recording of sales during the current fiscal year with respect to approximately 30% (approximately ¥70 billion) of orders carried forward to the next fiscal year, as well as such other factors as improvement in order intake environment and improvement also in profit margin due to cost reduction efforts in construction works.

Orders received

Orders received are projected to exceed previous forecast as the favorable order intake environment is expected to continue.

(Millions of yen)

	FY2023 actual	Initial forecast announced on May 10	Revised forecast announced on Nov. 11 (A)	Revised forecast announced on Feb. 14 (B)	% change B – A
Net sales	221,920	225,000	245,000	250,000	2.0
Gross profit	34,642	35,500	42,000	46,500	10.7
Gross profit margin (%)	15.6	15.8	17.1	18.6	—
Operating profit	11,586	12,500	16,500	21,000	27.3
Ordinary profit	12,750	13,000	17,000	22,000	29.4
Profit attributable to owners of parent	8,951	8,800	11,600	15,000	29.3
Orders received	232,396	210,000	230,000	250,000	8.7
Orders carried forward	198,902	183,902	183,902	198,902	8.2
Return on equity (ROE) (%)	9.2	-	11.1	14.2	—
Return on assets (ROA) (%)	6.8	-	8.8	11.0	—

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

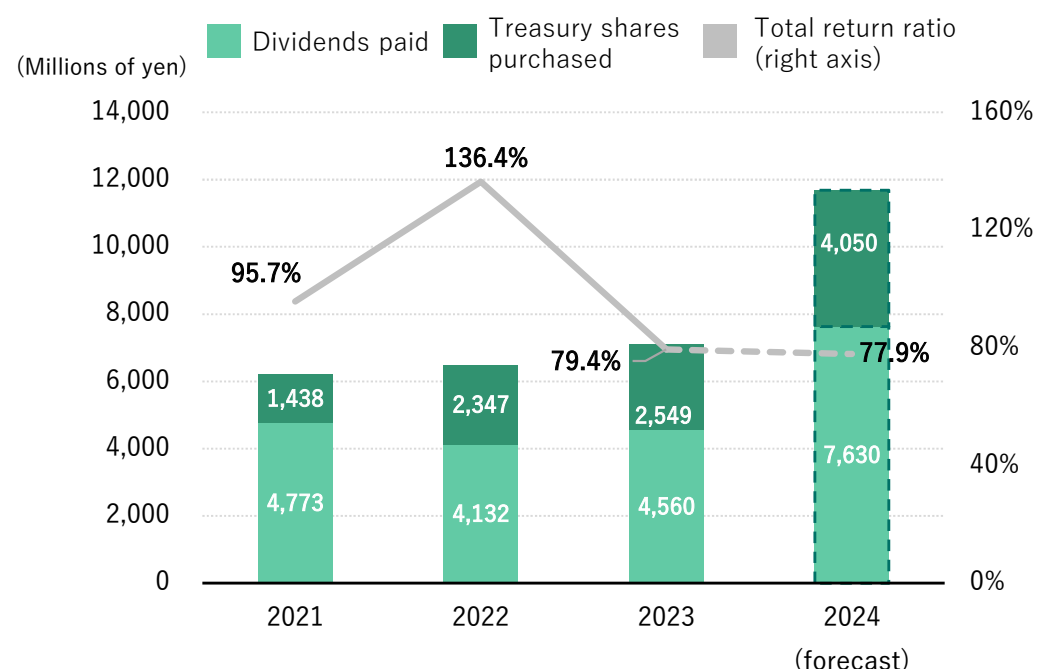
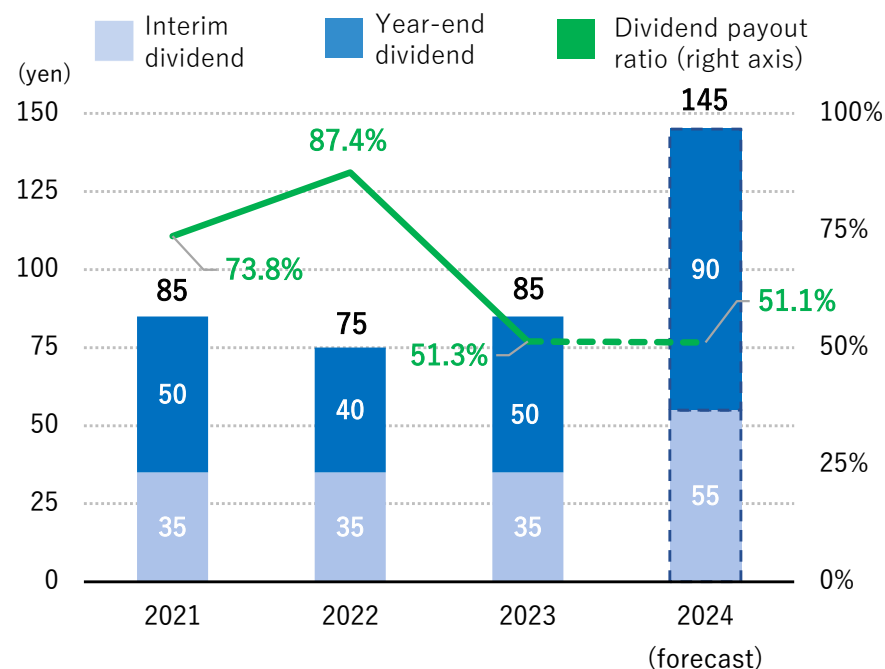
- Forecast of orders received and net sales was amended for some segments following revision to earnings forecast

(Millions of yen)

	Initial forecast announced on May 10	Revised forecast announced on Nov. 11 (A)	Revised forecast announced on Feb. 14 (B)	B - A		Initial forecast announced on May 10	Revised forecast announced on Nov. 11 (A)	Revised forecast announced on Feb. 14 (B)	B - A
	Orders received	Orders received	Orders received	Change		Net Sales	Net Sales	Net Sales	Change
HVAC and Plumbing for Buildings	64,000	64,000	68,000	4,000		67,000	70,000	71,000	1,000
Industrial HVAC	70,000	80,000	91,000	11,000		76,000	88,000	92,000	4,000
Electrical Systems	25,000	35,000	38,000	3,000		25,000	30,000	30,000	—
Facility Systems	13,000	13,000	13,000	—		13,000	13,000	13,000	—
Total of Facilities Construction Business	172,000	192,000	210,000	18,000		181,000	201,000	206,000	5,000
Machinery Systems	13,000	12,000	11,000	(1,000)		14,000	12,000	11,000	(1,000)
Environmental Systems	23,000	24,000	27,000	3,000		28,000	30,000	31,000	1,000
Total of Plant & Machinery Systems Business	36,000	36,000	38,000	2,000		42,000	42,000	42,000	—
Real Estate Business	2,500	2,500	2,500	—		2,500	2,500	2,500	—
Others	600	600	600	—		600	600	600	—
Adjustments	(1,100)	(1,100)	(1,100)	—		(1,100)	(1,100)	(1,100)	—
Total	210,000	230,000	250,000	20,000		225,000	245,000	250,000	5,000

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 145 yen, with expected dividend payout ratio of 51.1%
- 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

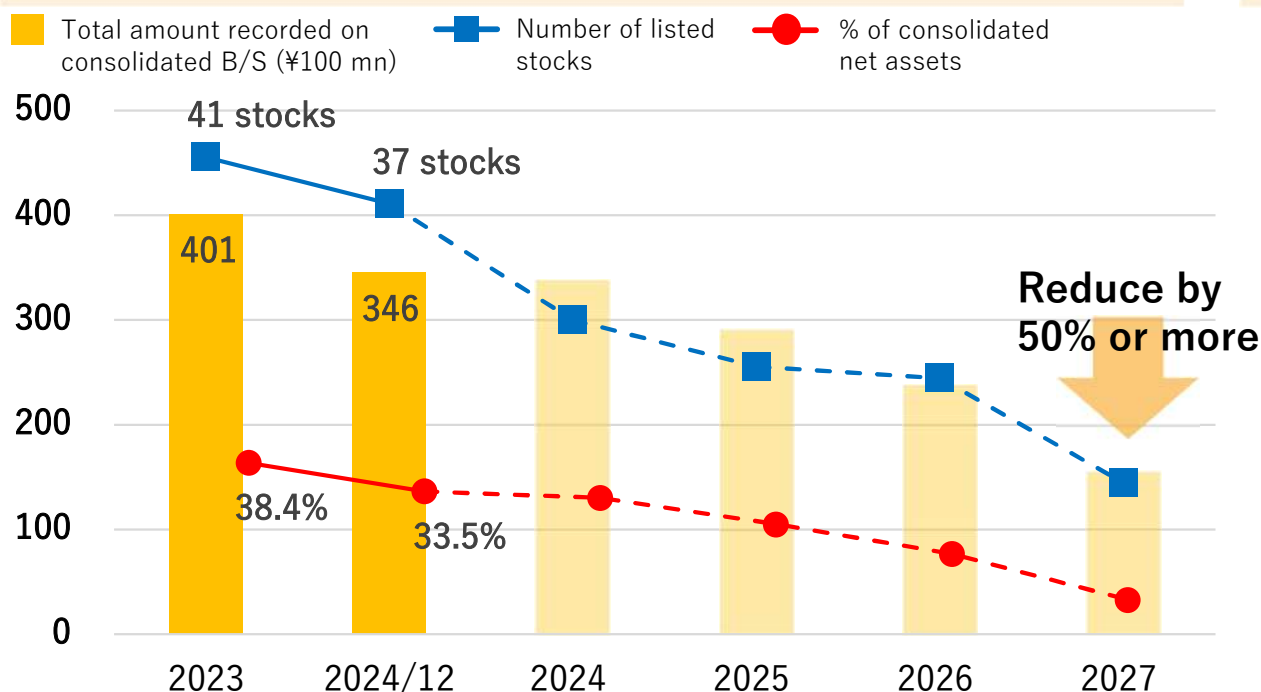
Dividend payout ratio of 50% or higher, annual dividend per share of 70 yen or more
Approx. 5,000 thousand treasury shares to be purchased*

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

Reduction of strategic shareholdings

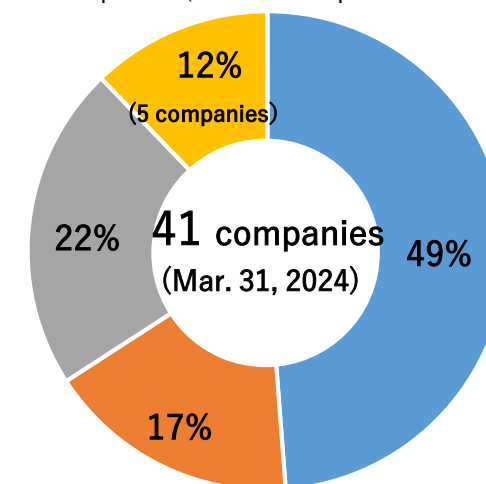
- Proceeded with negotiation and sale of shares in accordance with the policy on reducing cross-shareholdings. Sold approximately ¥700 million of shares as of December 31, 2024
- Due partly to the effects of decline in the market value of shares held by the Group, cross-shareholdings as a percent of consolidated net assets decreased by 4.9pt from March 31, 2024, to 33.5% as of December 31, 2024.

Status of reduction in cross-shareholdings



Status of negotiation (March 31, 2024 ⇒ December 31, 2024)

- Agreement reached
- Agreement reached (partial sale)
- Dialogue continues, negotiation in progress
- Completed (sold all or a portion of holdings)



Policy on reducing cross-shareholdings

With a target of reducing cross-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

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 February 14, 2025. Actual results may differ from the figures contained herein due to a number of factors.

For IR inquiries, please contact

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