

The 3rd Quarter FY2022 Summary of Financial Results

February 10, 2023

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☆Key Points of Financial Results

Orders received increased significantly on the back of large-scale project orders, mainly for Facilities Construction, generating a plentiful balance of work brought forward to the next period
Net sales and profit declined due to a lack of substantial progress on large-scale projects

<Orders> 181.663 billion yen (145.794 billion yen in the same period of the previous fiscal year)

- In the Facilities Construction Business, orders increased significantly year on year on the back of orders for large-scale projects, mainly for building air-conditioning and plumbing and industrial HVAC
- In the Plants & Machinery Systems Business, orders declined due mainly to a fallback from orders for large-scale projects received in Q3 FY2021 in Environmental Systems, despite strong orders in Machinery Systems

<Net sales> 125.713 billion yen (135.723 billion yen in the same period of the previous fiscal year)

- In Facilities Construction, net sales and profit declined year on year due to a lack of substantial progress on large-scale projects
- In Machinery Systems, net sales declined due mainly to a decrease in work carried over from the start of the period and less large-scale conveyance Systems work

<Gross profit> Gross profit amounted to 16.708 billion yen (19.959 billion yen in the same period of the previous fiscal year)

- Gross profit declined due to the impact of lower net sales
- Gross profit margin fell year on year, with the indirect cost ratio for projects rising due to lower net sales and a fallback from high-profitability projects in Q3 FY2021

<Balance of work brought forward> 206.687 billion yen (151.747 billion yen in the same period of the previous fiscal year)

- Facilities Construction and Machinery Systems both increased year on year, securing a plentiful volume of work, due to an increase in orders

<FY2022 consolidated results forecasts> (Compared with the forecasts announced on November 11, 2022)

- Orders received: 220 billion yen (+10 billion yen); Net sales: 193 billion yen (-7 billion yen);
Ordinary profit: 7 billion yen (-3 billion yen)

<Shareholder returns>

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- Forecast interim dividend: 35 yen, year-end dividend: 35 yen, annual dividend: 70 yen (no change from initial forecast)
- Canceled 1,500 thousand treasury shares on August 15, 2022; Completed the repurchase of 1,500 thousand shares by January 16, 2023
- Expected payout ratio: 80.8%, total shareholder return: 129.3%

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FY2022 3Q RESULTS

FY2022 3Q Results (Consolidated)

(Millions of yen)

| | December FY2020 | December FY2021 | December FY2022 | Year on year | Rate of Change (%) |
|--|--------------------|--------------------|--------------------|----------------------|-----------------------|
| Orders received | 146,447 | 145,794 | 181,663 | 35,868 | 24.6 |
| Balance carried forward | 153,395 | 151,747 | 206,687 | 54,940 | 36.2 |
| Net sales | 129,215 | 135,723 | 125,713 | (10,009) | (7.4) |
| Completed construction contracts | 127,366 | 133,851 | 123,786 | (10,065) | (7.5) |
| Real estate business and others | 1,849 | 1,871 | 1,927 | 55 | 3.0 |
| Gross profit | 18,172 | 19,959 | 16,708 | (3,251) | (16.3) |
| Completed construction contracts | 17,421 | 19,164 | 15,973 | (3,190) | (16.7) |
| Real estate business and others | 750 | 794 | 734 | (60) | (7.6) |
| Gross profit margin (%) | 14.1 | 14.7 | 13.3 | (1.4) _{pt.} | — |
| Selling, general and administrative expenses | 15,315 | 15,009 | 15,615 | 606 | 4.0 |
| Operating profit (loss) | 2,856 | 4,949 | 1,092 | (3,857) | (77.9) |
| Non-operating profit and loss | 514 | 594 | 844 | 249 | 42.0 |
| Ordinary profit (loss) | 3,370 | 5,544 | 1,937 | (3,607) | (65.1) |
| Extraordinary profit and loss | (366) | (87) | (164) | (76) | — |
| Profit attributable to owners of parent (loss) | 2,469 | 3,684 | 983 | (2,700) | (73.3) |

Quarterly Results (Consolidated)

(Millions of yen)

| | FY2020 | | | | FY2021 | | | | FY2022 | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| Orders received | 47,660 | 55,575 | 43,211 | 49,132 | 56,023 | 40,482 | 49,288 | 56,456 | 46,974 | 71,939 | 62,749 |
| Net sales | 38,253 | 42,611 | 48,351 | 60,851 | 38,737 | 45,332 | 51,652 | 57,466 | 33,450 | 40,059 | 52,203 |
| Gross profit | 5,120 | 5,637 | 7,414 | 10,582 | 4,661 | 6,396 | 8,901 | 10,264 | 3,948 | 5,213 | 7,546 |
| Gross profit margin (%) | 13.4 | 13.2 | 15.3 | 17.4 | 12.0 | 14.1 | 17.2 | 17.9 | 11.8 | 13.0 | 14.5 |
| Selling, general and administrative expenses | 5,274 | 4,976 | 5,064 | 5,939 | 4,940 | 5,092 | 4,976 | 6,101 | 5,209 | 5,212 | 5,193 |
| Operating profit (loss) | (154) | 660 | 2,350 | 4,642 | (278) | 1,303 | 3,924 | 4,162 | (1,260) | 0 | 2,352 |
| Operating profit margin (%) | (0.4) | 1.5 | 4.9 | 7.6 | (0.7) | 2.9 | 7.6 | 7.2 | (3.8) | 0.0 | 4.5 |
| Ordinary profit (loss) | 66 | 776 | 2,527 | 4,826 | (13) | 1,324 | 4,233 | 4,272 | (860) | 109 | 2,688 |
| Extraordinary profit and loss | (82) | (243) | (40) | (33) | (1) | 11 | (97) | (215) | 25 | (170) | (18) |
| Profit attributable to owners of parent (loss) | 11 | 809 | 1,647 | 3,431 | (35) | 899 | 2,820 | 2,805 | (637) | (132) | 1,754 |

Orders Received by Segment (Consolidated)

(Millions of yen)

| Segment | December FY2020 | December FY2021 | December FY2022 | Year on year | Rate of Change (%) |
|--|--------------------|--------------------|--------------------|-----------------|-----------------------|
| HVAC and Plumbing for Buildings | 45,520 | 39,808 | 62,885 | 23,076 | 58.0 |
| Industrial HVAC | 49,032 | 40,648 | 64,650 | 24,001 | 59.0 |
| Electrical Systems | 16,649 | 22,532 | 21,214 | (1,317) | (5.8) |
| Facility Systems | 7,998 | 7,838 | 9,566 | 1,727 | 22.0 |
| Total of Facilities Construction Business | 119,201 | 110,828 | 158,316 | 47,487 | 42.8 |
| Machinery Systems | 6,169 | 7,134 | 7,320 | 185 | 2.6 |
| Environmental Systems | 19,412 | 26,259 | 14,489 | (11,770) | (44.8) |
| Total of Plant & Machinery Systems Business | 25,582 | 33,394 | 21,809 | (11,584) | (34.7) |
| Sub-total | 144,783 | 144,223 | 180,126 | 35,902 | 24.9 |
| Real Estate Business | 1,777 | 1,800 | 1,852 | 51 | 2.9 |
| Others | 432 | 399 | 366 | (32) | (8.2) |
| Adjustments * | (545) | (628) | (681) | (53) | — |
| Total | 146,447 | 145,794 | 181,663 | 35,868 | 24.6 |

*“Adjustments” eliminate inter-segment transactions included in each segment.

Net Sales by Segment (Consolidated)

(Millions of yen)

| Segment | December FY2020 | December FY2021 | December FY2022 | Year on year | Rate of Change (%) |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|
| HVAC and Plumbing for Buildings | 36,670 | 42,083 | 39,056 | (3,026) | (7.2) |
| Industrial HVAC | 44,855 | 41,918 | 38,504 | (3,413) | (8.1) |
| Electrical Systems | 17,643 | 17,782 | 17,039 | (743) | (4.2) |
| Facility Systems | 7,169 | 6,993 | 7,239 | 246 | 3.5 |
| Total of Facilities Construction Business | 106,339 | 108,777 | 101,841 | (6,936) | (6.4) |
| Machinery Systems | 6,617 | 7,528 | 5,228 | (2,299) | (30.5) |
| Environmental Systems | 14,713 | 17,812 | 16,943 | (869) | (4.9) |
| Total of Plant & Machinery Systems Business | 21,331 | 25,341 | 22,172 | (3,168) | (12.5) |
| Sub-total | 127,671 | 134,118 | 124,013 | (10,104) | (7.5) |
| Real Estate Business | 1,777 | 1,800 | 1,852 | 51 | 2.9 |
| Others | 567 | 392 | 368 | (24) | (6.3) |
| Adjustments* | (799) | (589) | (520) | 68 | — |
| Total | 129,215 | 135,723 | 125,713 | (10,009) | (7.4) |

*“Adjustments” eliminate inter-segment transactions included in each segment.

Gross Profit by Segment (Consolidated)

(Millions of yen)

| Segment | | December FY2020 | December FY2021 | December FY2022 | Year on year | Rate of Change (%) |
|-------------------------|---|--------------------|--------------------|--------------------|----------------|-----------------------|
| Gross Profit by Segment | HVAC and Plumbing for Buildings/Industrial HVAC/ Electrical Systems | 13,298 | 14,948 | 11,715 | (3,232) | (21.6) |
| | Facility Systems | 1,107 | 1,191 | 1,266 | 75 | 6.3 |
| | Total of Facilities Construction Business | 14,406 | 16,139 | 12,981 | (3,157) | (19.6) |
| | Machinery Systems | 1,071 | 1,379 | 466 | (912) | (66.1) |
| | Environmental Systems | 2,133 | 1,902 | 2,792 | 890 | 46.8 |
| | Total of Plant & Machinery Systems Business | 3,204 | 3,281 | 3,259 | (22) | (0.7) |
| | Sub-total | 17,610 | 19,420 | 16,241 | (3,179) | (16.4) |
| | Real Estate Business | 685 | 724 | 664 | (59) | (8.2) |
| | Others | 44 | 25 | 12 | (12) | (49.5) |
| | Adjustments | (168) | (210) | (210) | 0 | — |
| Total | 18,172 | 19,959 | 16,708 | (3,251) | (16.3) | |



FY2022 3Q
BALANCE SHEET AND STATEMENT OF CASH FLOWS

Balance Sheet (Consolidated)

(Millions of yen)

| | End of FY2021 | End of December 2022 | End of previous FY | Rate of change (%) | End of December 2021 |
|--|---------------|----------------------|--------------------|--------------------|----------------------|
| Current assets | 125,742 | 113,073 | (12,669) | (10.1) | 116,812 |
| Cash and deposits | 42,779 | 32,193 | (10,585) | (24.7) | 30,759 |
| Securities | 5,999 | 4,999 | (999) | (16.7) | 3,999 |
| Notes receivable – trade, electronically recorded monetary claims –operating, accounts receivable from completed construction contracts and other, and contract assets | 66,761 | 60,074 | (6,687) | (10.0) | 68,803 |
| Non-current assets | 57,866 | 56,696 | (1,169) | (2.0) | 55,927 |
| Investment securities | 30,447 | 28,914 | (1,532) | (5.0) | 29,500 |
| Current liabilities | 79,210 | 71,449 | (7,761) | (9.8) | 70,335 |
| Electronically recorded obligations - operating | 2,588 | 3,145 | 556 | 21.5 | 1,636 |
| Accounts payable on construction contracts | 37,932 | 37,617 | (315) | (0.8) | 39,998 |
| Non-current liabilities | 10,121 | 10,528 | 407 | 4.0 | 12,125 |
| Total net assets | 94,278 | 87,792 | (6,485) | (6.9) | 90,279 |
| Treasury shares | (5,243) | (4,952) | 291 | — | (5,215) |
| Total liabilities and net assets | 183,609 | 169,770 | (13,839) | (7.5) | 172,739 |
| Book-value per share (yen) | 1,685.20 | 1,601.57 | (83.63) | (5.0) | 1,612.94 |
| Equity ratio (%) | 51.2 | 51.6 | 0.4 _{pt.} | — | 52.1 |
| Interest-bearing liabilities (consolidated) | 9,205 | 7,202 | (2,003) | (21.8) | 8,692 |

Statement of Cash Flows (Consolidated)

- The balance of cash and cash equivalents decreased from the end of the previous fiscal year
- The decrease in cash flow from operating activities was mainly due to the payment of income taxes, despite progress in collecting trade receivables
 - The increase in cash flow from investing activities was mainly due to purchases of property, plant and equipment and intangible assets, which more than offset the proceeds from redemption of securities
 - The decrease in cash flow from financing activities was mainly due to the payment of dividends and share repurchases based on finance and capital policies.

(Millions of yen)

| | FY2018 | FY2019 | FY2020 | FY2021 | December FY2022 | December FY2021 |
|--|---------|---------|---------|---------|--------------------|--------------------|
| Cash flows from operating activities | 6,786 | 11,940 | (483) | 18,529 | (1,471) | 4,572 |
| Cash flows from investing activities | (3,775) | (303) | (1,423) | (3,384) | (400) | (1,965) |
| Cash flows from financing activities | (5,215) | (8,955) | (6,974) | (7,518) | (8,789) | (7,979) |
| Cash and cash equivalents at end of period | 42,612 | 45,946 | 37,087 | 44,779 | 34,193 | 31,759 |



FY2022 FORECAST

FY2022 Full-Year Forecast (Consolidated)

(Millions of yen)

| | FY2019 | FY2020 | FY2021 | FY2022 forecast (Interim forecast from November 11, 2022) A | FY2022 forecast (Interim forecast from February 10, 2023) B | Increase/ Decrease B-A | Rate of Change (%) |
|--|---------|---------|---------|--|--|------------------------------|-----------------------|
| Orders received | 194,018 | 195,580 | 202,250 | 210,000 | 220,000 | 10,000 | 4.8 |
| Balance carried forward | 136,163 | 141,676 | 150,737 | 160,737 | 177,737 | 17,000 | 10.6 |
| Net sales | 207,684 | 190,067 | 193,189 | 200,000 | 193,000 | (7,000) | (3.5) |
| Gross profit | 32,110 | 28,754 | 30,223 | 31,500 | 27,700 | (3,800) | (12.1) |
| Gross profit margin (%) | 15.5 | 15.1 | 15.6 | 15.8 | 14.4 | (1.4) pt. | — |
| Operating profit | 10,674 | 7,498 | 9,112 | 9,500 | 6,200 | (3,300) | (34.7) |
| Ordinary profit | 11,224 | 8,196 | 9,817 | 10,000 | 7,000 | (3,000) | (30.0) |
| Profit attributable to owners of parent | 7,576 | 5,901 | 6,489 | 6,900 | 4,800 | (2,100) | (30.4) |

| | | | | | | | |
|---|----|----|----|----|----|---|---|
| Regular dividends per share (yen) | 70 | 70 | 70 | 70 | 70 | — | — |
| Extra dividends per share (yen) | 25 | 10 | 15 | — | — | — | — |
| Cash dividends per share (total) (yen) | 95 | 80 | 85 | 70 | 70 | — | — |

FY2022 Forecast of Orders Received and Net Sales by Segment (Consolidated)

(Millions of yen)

| Segment | | FY2022 Orders Received Forecast | FY2022 Net sales Forecast |
|--|---------------------------------|------------------------------------|------------------------------|
| | HVAC and Plumbing for Buildings | 74,000 | 59,000 |
| | Industrial HVAC | 72,000 | 59,000 |
| | Electrical Systems | 26,000 | 26,000 |
| | Facility Systems | 13,000 | 13,000 |
| Total of Facilities Construction Business | | 185,000 | 157,000 |
| | Machinery Systems | 13,000 | 8,000 |
| | Environmental Systems | 20,000 | 26,000 |
| Total of Plants & Machinery Systems Business | | 33,000 | 34,000 |
| Sub Total | | 218,000 | 191,000 |
| Real Estate Business | | 2,400 | 2,400 |
| Others | | 500 | 500 |
| Adjustments* | | △900 | △900 |
| Total | | 220,000 | 193,000 |

* Adjustments eliminate inter-segment transactions included in each segment.



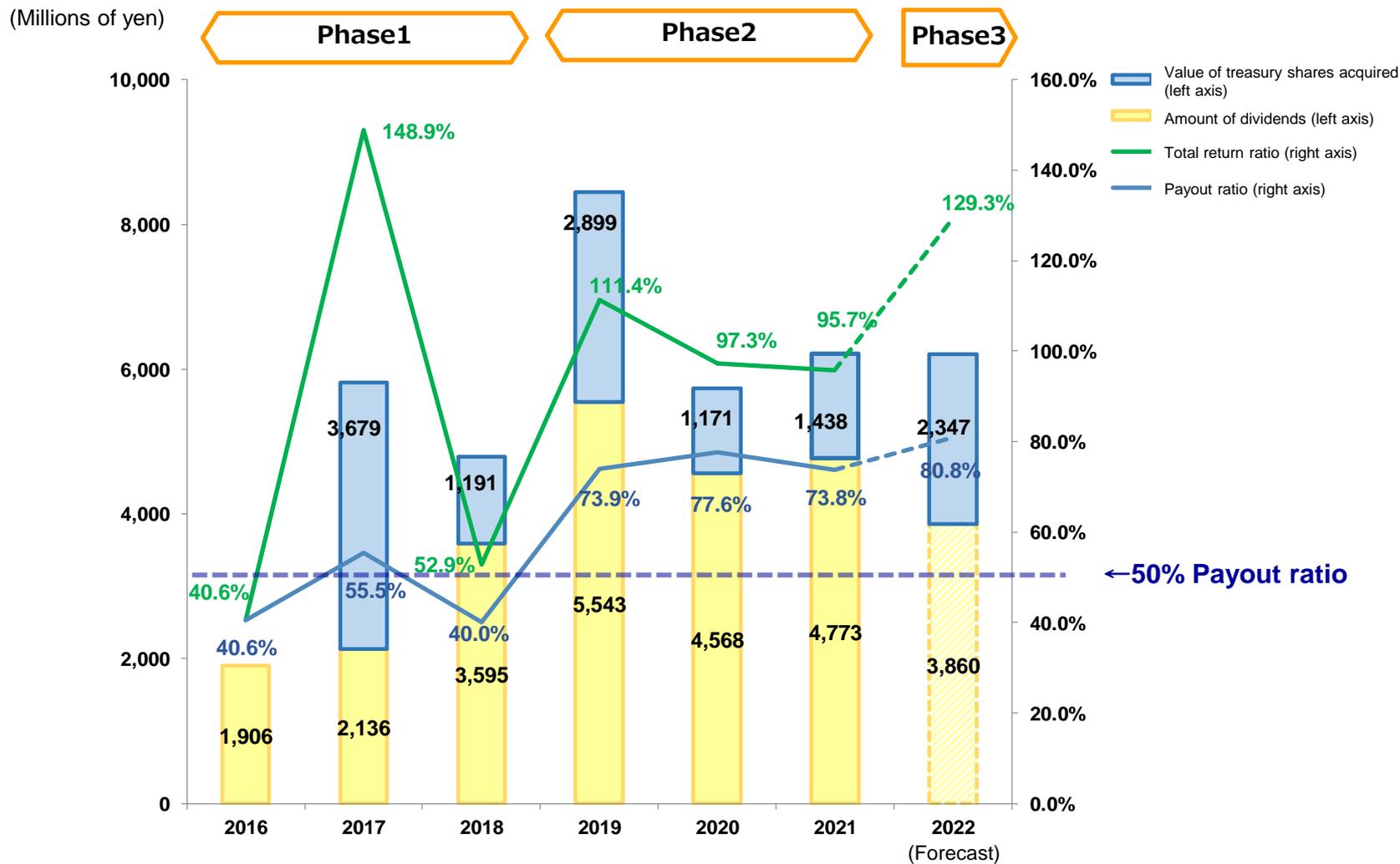
SHAREHOLDER RETURNS

Dividends and Others

- Conducted shareholder returns according to medium-term management plan “Century 2025” Phase 3 financial and capital policies
- Forecast interim dividend: 35 yen, year-end dividend: 35 yen, annual dividend: 70 yen (no change from initial forecast)
- Canceled 1,500 thousand treasury shares on August 15, 2022; Completed the repurchase of 1,500 thousand shares by January 16, 2023
- Expected payout ratio: 80.8%, total shareholder return 129.3%

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 (Forecast) |
|--|--------|--------|--------|--------|----------------------|
| Earnings per share (yen) | 150.02 | 128.51 | 103.12 | 115.13 | 86.60 |
| Cash dividends per share: regular dividends (yen) | 40 | 70 | 70 | 70 | 70 |
| Cash dividends per share: extra dividends (yen) | 20 | 25 | 10 | 15 | — |
| Cash dividends per share (yen) | 60 | 95 | 80 | 85 | 70 |
| Payout ratio (consolidated) (%) | 40.0 | 73.9 | 77.6 | 73.8 | 80.8 |
| Total return ratio (%) | 52.9 | 111.4 | 97.3 | 95.7 | 129.3 |
| Number of shareholders at end of FY | 3,381 | 4,216 | 14,861 | 14,524 | |
| Share price at end of FY (yen) | 1,210 | 1,211 | 1,453 | 1,398 | |
| Purchase of treasury shares (thousand shares) | 1,000 | 1,958 | 1,000 | 1,000 | 1,500 |
| Cancellation of treasury shares (thousand shares) | 1,000 | 2,000 | 1,000 | — | 1,500 |
| ROE (%) | 10.3 | 8.6 | 6.6 | 7.0 | 5.2 |
| ROA (%) | 6.0 | 6.0 | 4.7 | 5.5 | 3.9 |

【Shareholder Returns】





SUPPLEMENTARY MATERIALS

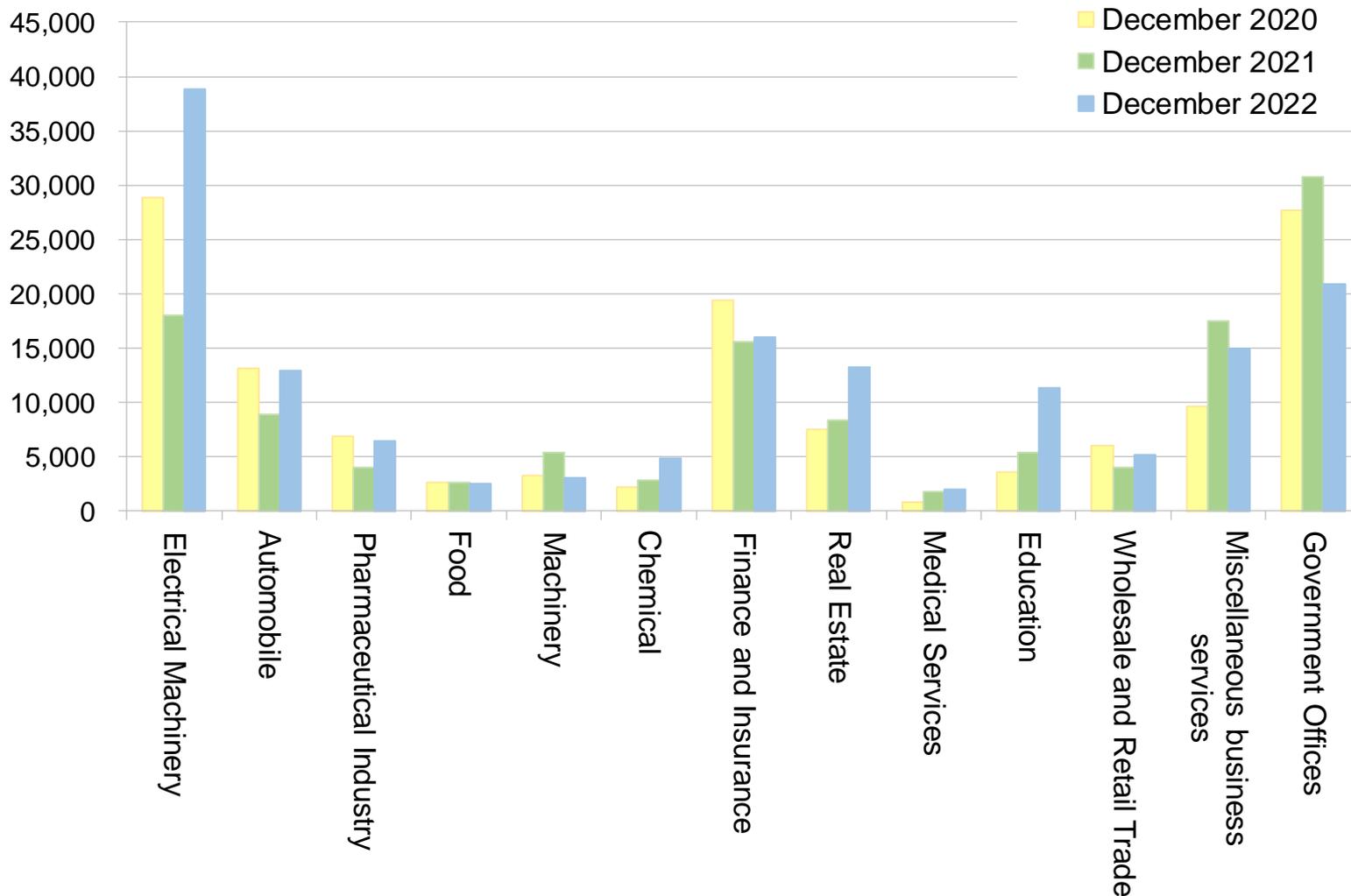
Orders Received by Type

(Millions of yen)

| | FY2019 Full-year | FY2020 Full-year | FY2021 Full-year | December FY2021 A | December FY2022 B | Diff. B-A |
|---|---------------------|---------------------|---------------------|-------------------------|-------------------------|--------------|
| Orders received (Non-consolidated: Facilities Construction Business) | 147,191 | 149,278 | 151,747 | 104,486 | 151,743 | 47,257 |
| Orders received from general contractors (Non-consolidated: Facilities Construction Business) | 48,238 | 63,544 | 62,299 | 34,539 | 78,758 | 44,219 |
| Rate of orders received from general contractors (Non-consolidated: Facilities Construction Business) (%) | 32.8 | 42.6 | 41.1 | 33.1 | 51.9 | 18.8 pt. |
| Orders received (Consolidated) | 194,018 | 195,580 | 202,250 | 145,794 | 181,663 | 35,868 |
| Orders received from overseas projects (Consolidated) | 3,143 | 2,789 | 4,283 | 3,546 | 2,683 | (863) |
| Rate of orders received from overseas projects (Consolidated) (%) | 1.6 | 1.4 | 2.1 | 2.4 | 1.5 | (0.9) pt. |
| Orders received for renewal construction (Consolidated) | 112,909 | 109,585 | 108,561 | 83,306 | 96,555 | 13,248 |
| Rate of orders received for renewal construction (Consolidated) (%) | 58.2 | 56.0 | 53.7 | 57.1 | 53.2 | (3.9) pt. |
| <Ref.> Net sales for renewal construction (Consolidated) | 114,208 | 101,147 | 107,855 | 74,474 | 73,617 | (856) |

Orders Received by Industry (Consolidated)

(Millions of yen)



○Main Large-Scale Projects Received

| Property name | Item of construction | Type of construction | Location |
|--|--|-----------------------|-----------|
| Nihombashi 1-Chome Central Type 1 Urban Redevelopment | Plumbing systems | New construction work | Tokyo |
| NEC Fuchu Workplace New Building Construction (tentative name) | HVAC and plumbing systems | New construction work | Tokyo |
| Panasonic Corporation Suehirocho Building Project (tentative name) | HVAC and plumbing systems | New construction work | Osaka |
| Shimoyama Phase IV Facilities Construction Project – Building 3 | HVAC and plumbing systems | New construction work | Aichi |
| Kasugai Water Purification Plant Activated Carbon Injection Equipment Project | Water and sewage treatment systems | New construction work | Aichi |
| Osaka City Museum of Fine Arts Large-scale Renovation Project | HVAC systems | Renovation | Osaka |
| Former Shimmichi Elementary School Site Utilization Plan (Hotel Wing) (tentative name) | HVAC and plumbing systems | New construction work | Kyoto |
| TWC Phase 1 Air Conditioning, Plumbing, and Electrical Systems Project | HVAC, plumbing, and electrical systems | New construction work | Shizuoka |
| Tenjin 1-Chome North 14 Block New Building Construction (tentative name) | HVAC, plumbing, and electrical systems | New construction work | Fukuoka |
| PHENITEC SEMICONDUCTOR Kagoshima Plant Building 5 3F Cleanroom Conversion Project | HVAC and electrical systems | Renovation | Kagoshima |

12 other projects

* The property name is the name being used by the Company. This may differ from the name used on the construction contract.

○Main Large-Scale Completed Construction Projects

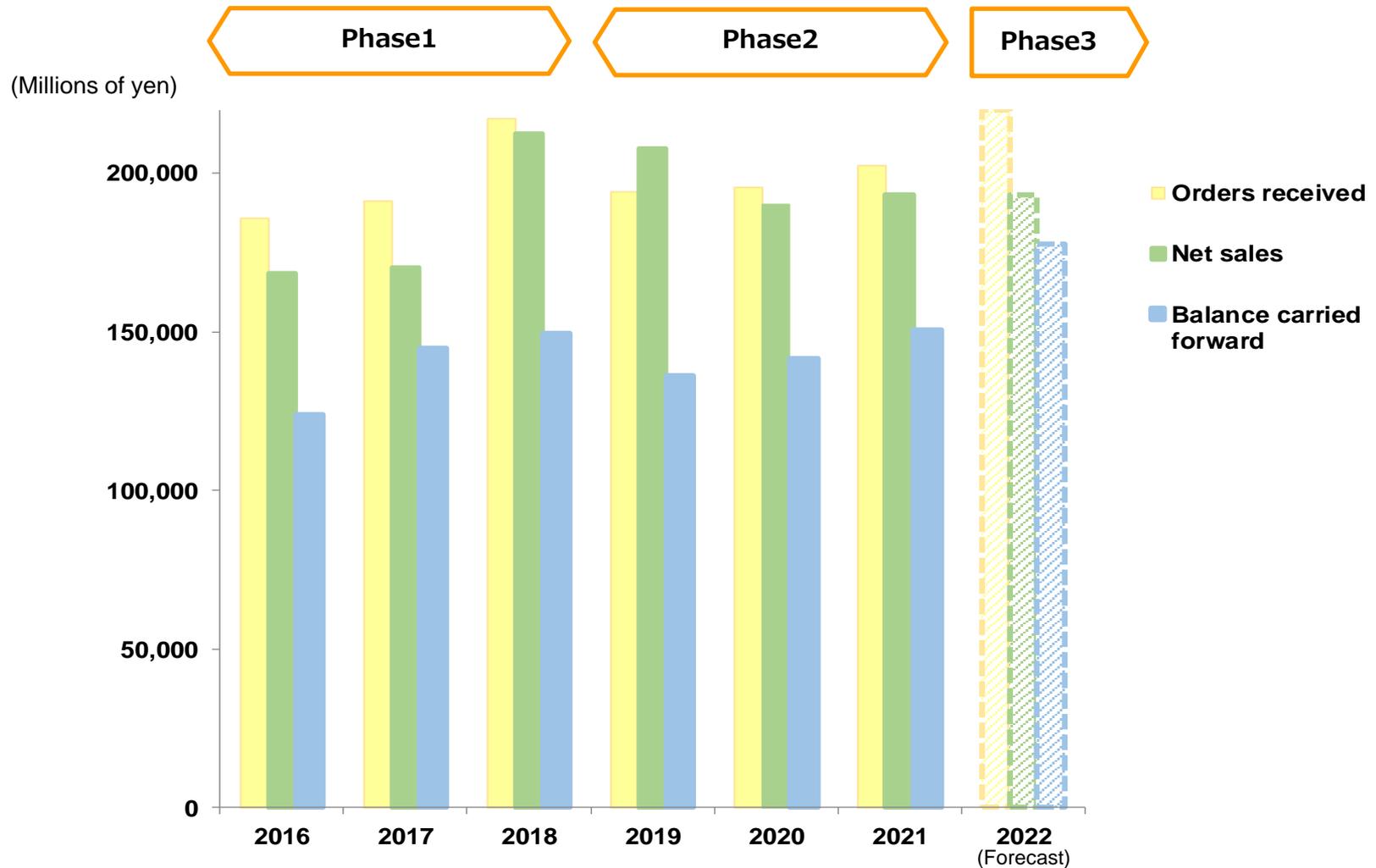
| Property name | Item of construction | Type of construction | Location |
|--|--|-----------------------|----------|
| Nidec Corporation Mukomachi Project C Building Construction and Other Works | HVAC and plumbing systems | New construction work | Kyoto |
| Kawanishi City Medical Center | Plumbing systems | New construction work | Hyogo |
| Ochi Clean Center New Combustible Waste Joint Processing Facility Construction Project | Waste treatment facility | New construction work | Shimane |
| Nippon Life Yodoyabashi Building New Construction Project | HVAC, plumbing, and electrical systems | New construction work | Osaka |
| Biofermin Pharmaceutical New Factory Construction Project | HVAC systems | New construction work | Hyogo |
| Toyota Technical Center Shimoyama Plumbing and Electrical Systems Project | Plumbing and electrical systems | New construction work | Aichi |
| Otemachi Nomura Building | HVAC systems | Renovation | Tokyo |

* The property name is the name being used by the Company. This may differ from the name used on the construction contract.

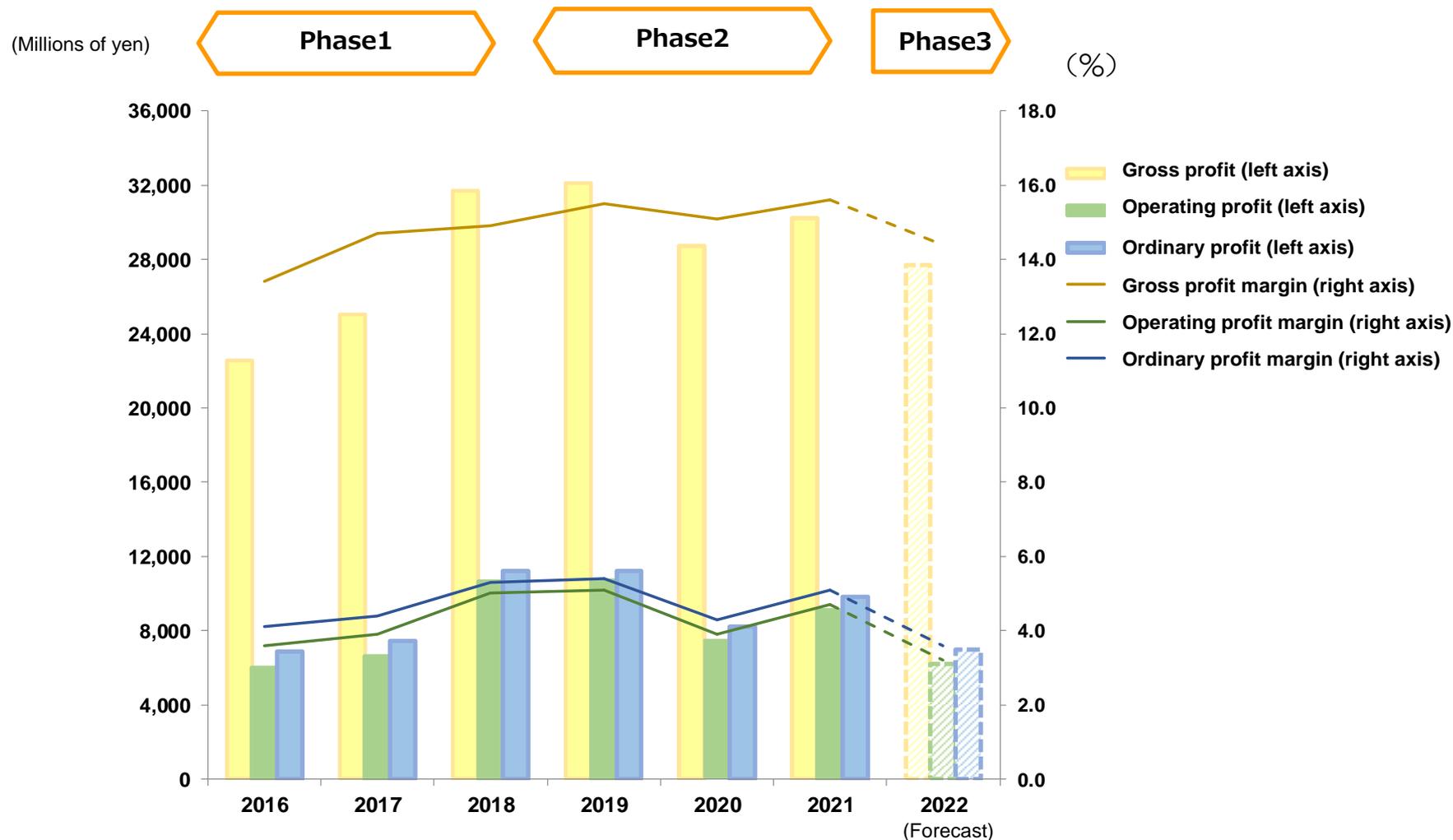
Main Large-Scale Projects Received over 1 Billion Yen (by Building Use)

| | December FY2020 | | December FY2021 | | December FY2022 | |
|--------------------------------------|-----------------|--|-----------------|--|-----------------|--|
| Office | 3 | 18 Projects (34,559 million yen) *Orders received from customers: 8 Projects Orders received from general contractors: 10 Projects | 2 | 13 Projects (28,840 million yen) *Orders received from customers: 10 Projects Orders received from general contractors: 3 Projects | 6 | 22 Projects (55,938 million yen) *Orders received from customers: 6 Projects Orders received from general contractors: 16 projects |
| Factory | 5 | | 2 | | 6 | |
| Research institute | 3 | | — | | 3 | |
| Hospital / clinic | 1 | | 1 | | 1 | |
| Other building interiors | 2 | | 4 | | 1 | |
| Railway / airport | 1 | | — | | — | |
| School building / auditorium | — | | — | | 2 | |
| Complex building | — | | — | | 1 | |
| Hotel / ryokan | — | | — | | 1 | |
| Waste processing facility | 1 | | 2 | | — | |
| Water treatment plant / sewage plant | 2 | 2 | 1 | | | |

Century 2025 Results (Consolidated) <Orders Received and Net Sales>



Century 2025 Results (Consolidated) <Profit>



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Statements about the future, such as results forecasts included in these materials, are based on judgments made according to the information available to the Company as of February 10. Actual results may differ from the figures contained herein due to a number of factors.

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