

SANKI ENGINEERING CO., LTD.

Financial Results Presentation for FY2024

May 13, 2025



Summary

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for people, for the Earth



On April 22, 2025, Sanki Engineering celebrated the 100th anniversary of its founding.



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
FY2024

82%
(— pt YoY)



Machinery Systems Business

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

Sales composition ratio
FY2024

4%
(down 1pt YoY)



Environmental Systems Business

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

Sales composition ratio
FY2024

13%
(up 1pt YoY)



Real Estate Business

Business related to leasing of real estate holdings and building management

Sales composition ratio
FY2024

1%
(— pt YoY)

Financial Summary (Consolidated)

Order intake environment remained favorable, supported by robust capital investment in the private sector. With steady project progress and improved profit margin,

Net sales and orders received both recorded year-on-year growth, and profit at each level reached record highs*

Net Sales

Increased due to steady progress in the projects carried forward

+14.1% YoY

¥253.1 billion

Gross profit (margin)

Increased due to improved profit margin in Facilities Construction, in addition to higher net sales

+37.1% YoY

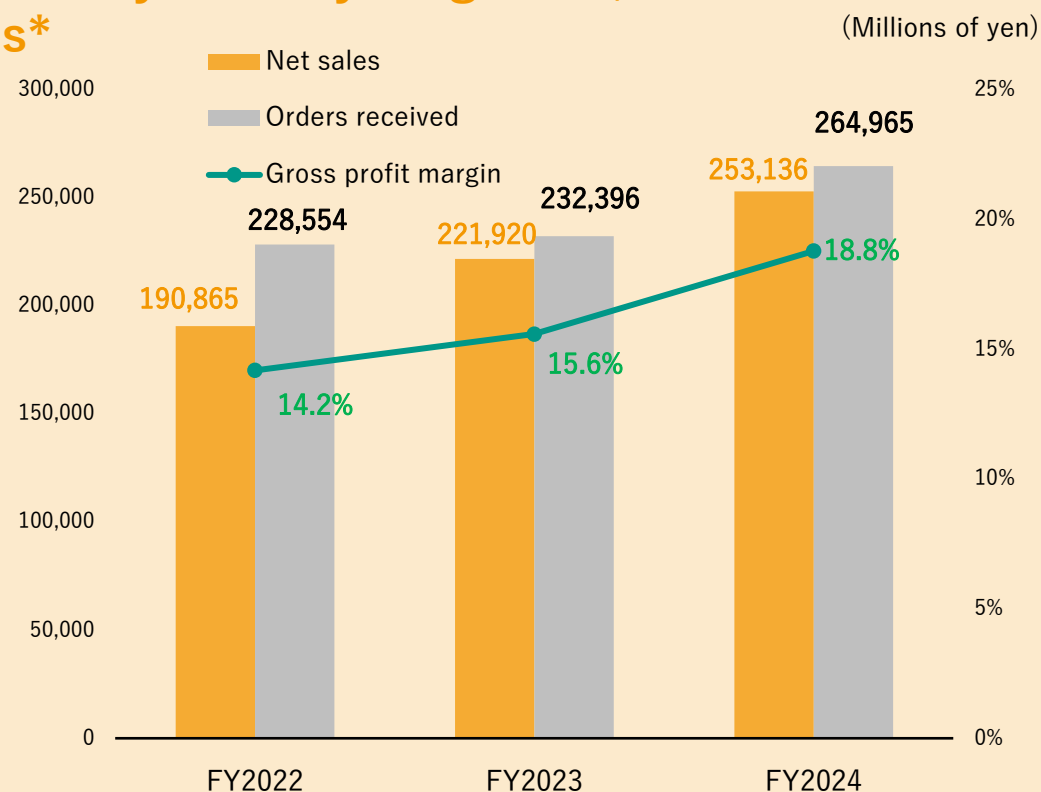
¥47.4 billion (18.8%)

Orders received

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

+ 14.0% YoY

¥264.9 billion



* Since FY1983 when the Company started disclosure of consolidated financial statements

Consolidated Results (P/L, Orders Received)

- Net sales increased due to steady progress in projects carried forward in Facilities Construction and Environmental Systems
- Profit increased substantially due to higher net sales, as well as improvement in profit margin reflecting favorable order intake environment notably for Facilities Construction and cost reduction efforts in construction works
- Orders received increased as a result of numerous orders received for large-scale projects in Facilities Construction

(Millions of yen)

	FY2023	FY2024	YoY	Rate of Change (%)
Net sales	221,920	253,136	31,215	14.1
Completed construction contracts	219,308	250,428	31,119	14.2
Real estate business and other	2,611	2,707	96	3.7
Gross profit	34,642	47,495	12,852	37.1
Completed construction contracts	33,550	46,420	12,870	38.4
Real estate business and other	1,092	1,074	(17)	(1.6)
Gross profit margin (%)	15.6	18.8	3.2 pt.	—
Selling, general and administrative expenses	23,055	25,602	2,546	11.0
Operating profit	11,586	21,893	10,306	88.9
Ordinary profit	12,750	23,071	10,320	80.9
Profit attributable to owners of parent	8,951	17,203	8,252	92.2
Orders received	232,396	264,965	32,568	14.0
Orders carried forward	198,902	210,731	11,828	5.9

Quarterly Changes in Performance

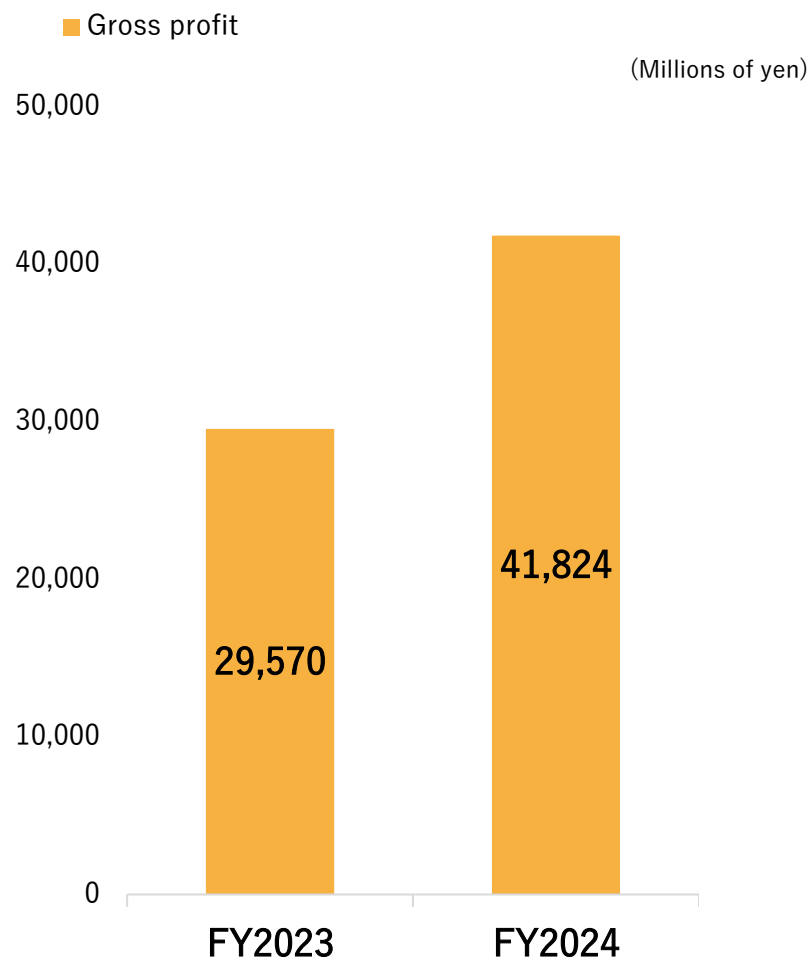
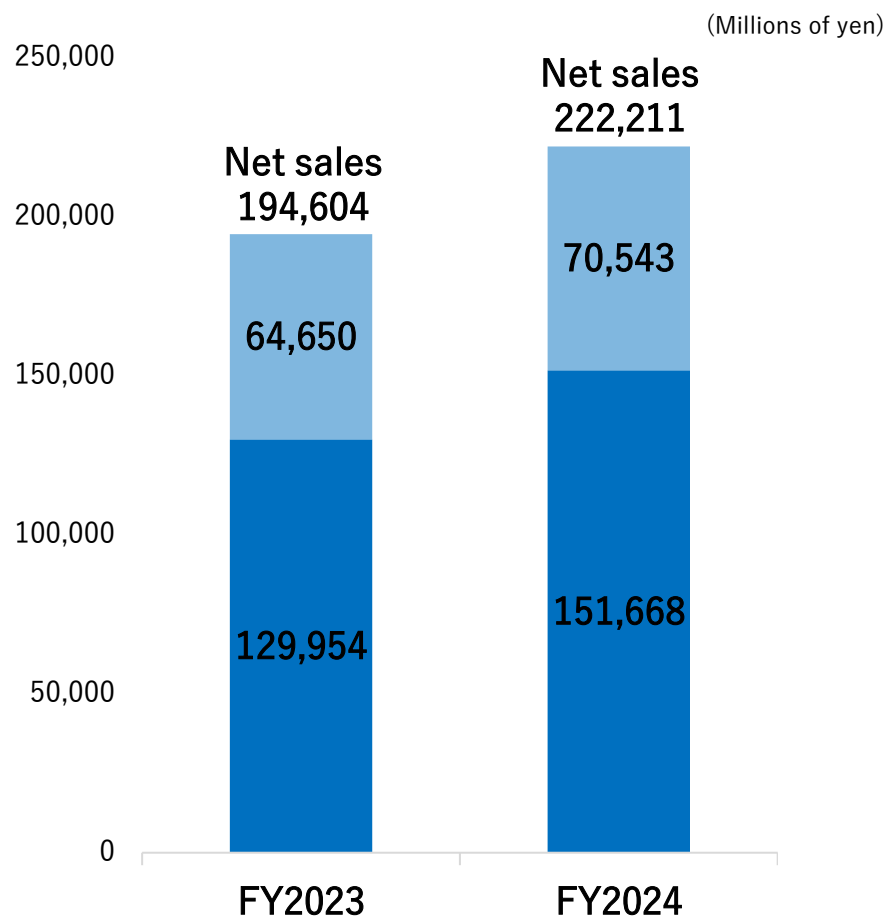
- All four quarters of FY2024 saw year-on-year increases in net sales and profit due largely to steady project progress and improved profit margin on the back of favorable order intake environment.

(Millions of yen)

	FY2022				FY2023				FY2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	33,450	40,059	52,203	65,152	40,727	48,732	60,152	72,309	48,527	57,422	70,540	76,645
Gross profit	3,948	5,213	7,546	10,304	5,231	6,738	9,959	12,713	7,178	10,020	14,459	15,836
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	20.7
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	8,119
Operating profit (loss)	(1,260)	0	2,352	4,316	(18)	1,300	4,716	5,588	1,540	4,386	8,248	7,717
Ordinary profit (loss)	(860)	109	2,688	4,310	359	1,519	5,102	5,770	2,087	4,551	8,646	7,785
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	7,038
Orders received	46,974	71,939	62,749	46,890	52,631	72,749	61,781	45,233	70,732	80,264	57,849	56,119

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

- Net sales of uncompleted construction contracts
- Net sales of completed construction contracts delivered



Orders Received by Segment (Consolidated)

Facilities

Construction Business

Plant & Machinery Systems Business

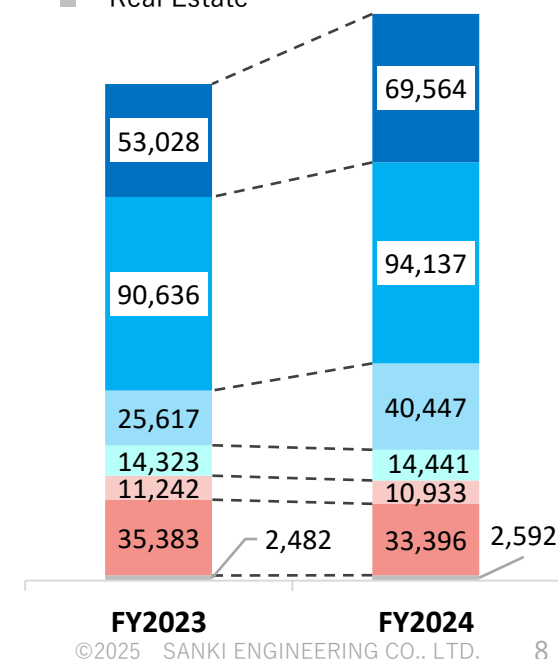
Increased substantially due to large-scale contracts awarded during the first six months for such projects as urban redevelopment and EV battery plant

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.

(Millions of yen)

		FY2023	FY2024	YoY	
		Orders received	Orders received	Change	% change
HVAC and Plumbing for Buildings		53,028	69,564	16,535	31.2
Industrial HVAC		90,636	94,137	3,500	3.9
Electrical Systems		25,617	40,447	14,830	57.9
Facility Systems		14,323	14,441	117	0.8
Total of Facilities Construction Business		183,606	218,590	34,983	19.1
Machinery Systems		11,242	10,933	(309)	(2.8)
Environmental Systems		35,383	33,396	(1,987)	(5.6)
Total of Plant & Machinery Systems Business		46,626	44,330	(2,296)	(4.9)
Real Estate		2,482	2,592	109	4.4
Others		634	730	95	15.0
Adjustments*		(953)	(1,278)	(324)	—
Total		232,396	264,965	32,568	14.0

- 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

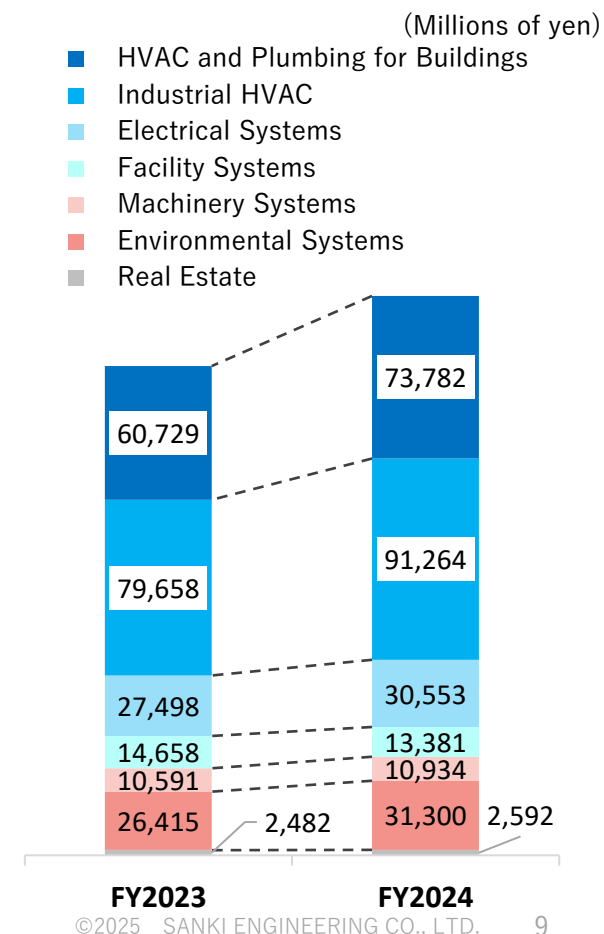
Increased in all of HVAC and Plumbing for Buildings, Industrial HVAC and Electrical Systems businesses, due to steady progress in large-scale projects and other works carried forward

Plant & Machinery Systems Business

Increased in both Machinery Systems and Environmental Systems due to progress in projects carried forward, with contribution in particular from completion of large-scale waste treatment facilities project in Environmental Systems

		FY2023	FY2024	YoY	
		Net sales	Net sales	Change	% change
HVAC and Plumbing for Buildings		60,729	73,782	13,053	21.5
Industrial HVAC		79,658	91,264	11,605	14.6
Electrical Systems		27,498	30,553	3,054	11.1
Facility Systems		14,658	13,381	(1,277)	(8.7)
Total of Facilities Construction Business		182,545	208,981	26,436	14.5
Machinery Systems		10,591	10,934	342	3.2
Environmental Systems		26,415	31,300	4,885	18.5
Total of Plant & Machinery Systems Business		37,007	42,235	5,228	14.1
Real Estate		2,482	2,592	109	4.4
Others		632	739	106	16.9
Adjustments*		(747)	(1,413)	(665)	—
Total		221,920	253,136	31,215	14.1

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



Gross Profit by Segment (Consolidated)

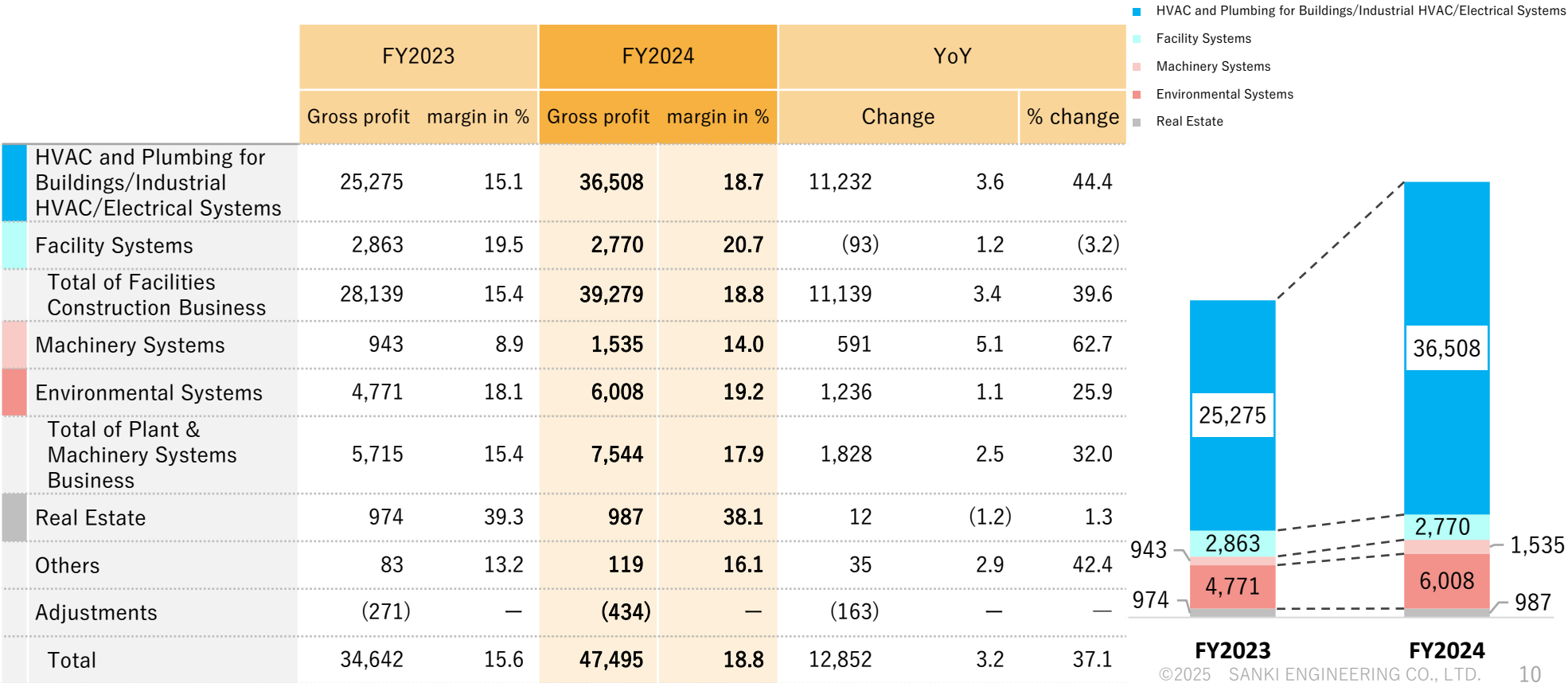
Facilities
Construction
Business

Increased due to higher net sales as well as improved profit margin on the back of favorable order intake environment, with contribution in particular from improved profit margin of large-scale projects in Industrial HVAC and Electrical Systems

Plant & Machinery
Systems Business

Gross profit margin improved in Machinery Systems as a result of price revisions that led to progress in cost pass-through in response to rising costs.
Increased in Environmental Systems due to higher net sales.

(Millions of yen)



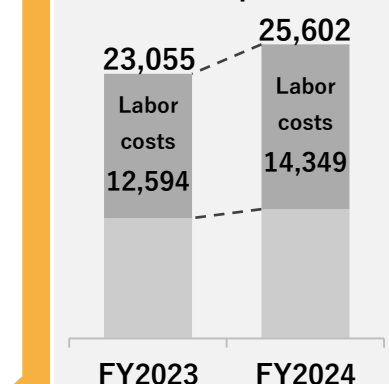
Ordinary Profit by Segment (Consolidated)

(Millions of yen)

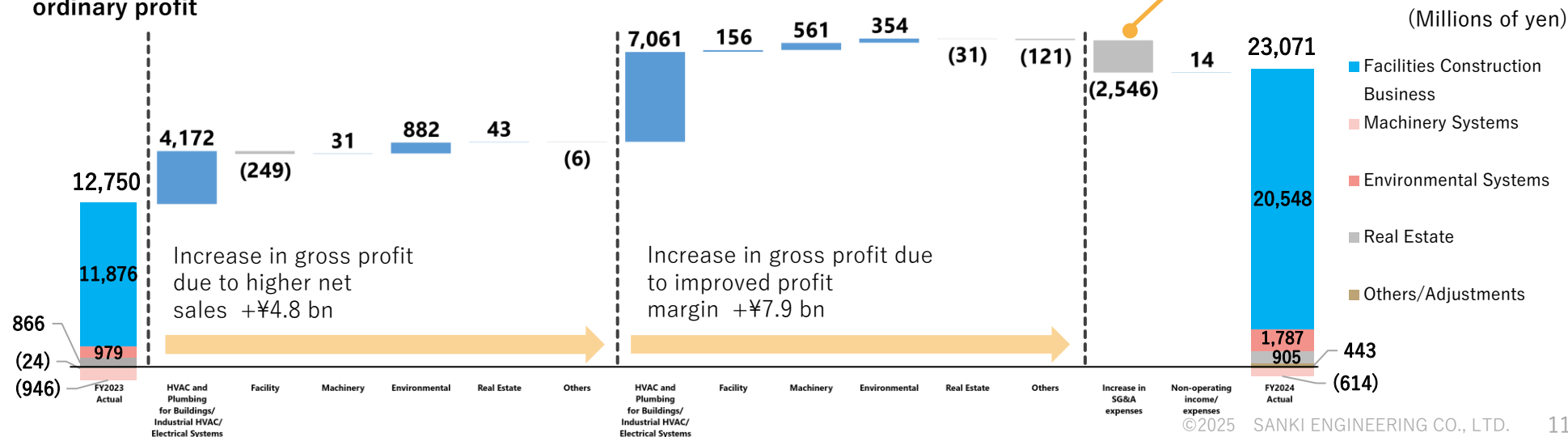
	FY2023	FY2024	YoY	
	Ordinary profit	Ordinary profit	Change	% change
Facilities Construction Business	11,876	20,548	8,672	73.0
Machinery Systems	(946)	(614)	332	—
Environmental Systems	979	1,787	808	82.5
Real Estate	866	905	38	4.4
Others	(6)	61	67	—
Adjustments	(18)	382	401	—
Total	12,750	23,071	10,320	80.9

(Millions of yen)

SG&A expenses



Factors behind changes in ordinary profit



Main Large-Scale Projects Received

● Large-Scale Contracts Awarded

	Property name	Item of construction	Type of construction	Location
1Q	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
2Q	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
3Q	Chitose Sludge Center Sludge Treatment Facilities Equipment Work	Water supply / sewage treatment facilities	Renovation	Hokkaido
	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
4Q	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
	Bank of Japan's Osaka Branch Air Conditioning Equipment, etc. Renewal Work (machinery and equipment)	HVAC and plumbing systems	Renewal	Osaka
	Bureau of Sewerage, Tokyo Metropolitan Government / Nanbu Sludge Treatment Plant Sludge Thickening Reconstruction Work Part 4	Water supply / sewage treatment facilities	Renovation	Tokyo
	Public Enterprise Bureau, Saitama Prefectural Government / Okubo Water Filtration Plant Chemical Injection and Disinfection Equipment Renovation	Water supply / sewage treatment facilities	Renovation	Saitama

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

10 other projects

Main Large-Scale Completed Construction Projects

● Large-Scale Completed Construction Projects

	Property name	Item of construction	Type of construction	Location
1Q	Urbanet Midosuji Building	HVAC systems	New construction work	Osaka
2Q	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
	Kasugai Water Purification Plant Activated Carbon Injection Equipment Project	Water supply / sewage treatment facilities	New construction work	Aichi
3Q	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
4Q	Panasonic Energy Nishikadoma R&D Building New Construction Project	HVAC and plumbing systems	New construction work	Osaka
	Tenjin Brick Cross New Construction Project	HVAC, plumbing, and electrical systems	New construction work	Fukuoka
	Futaba Regional Wide Area Municipality Association Nanbu Sanitation Center Incineration Facility Maintenance Work	Waste treatment facilities	New construction work	Fuku shi ma

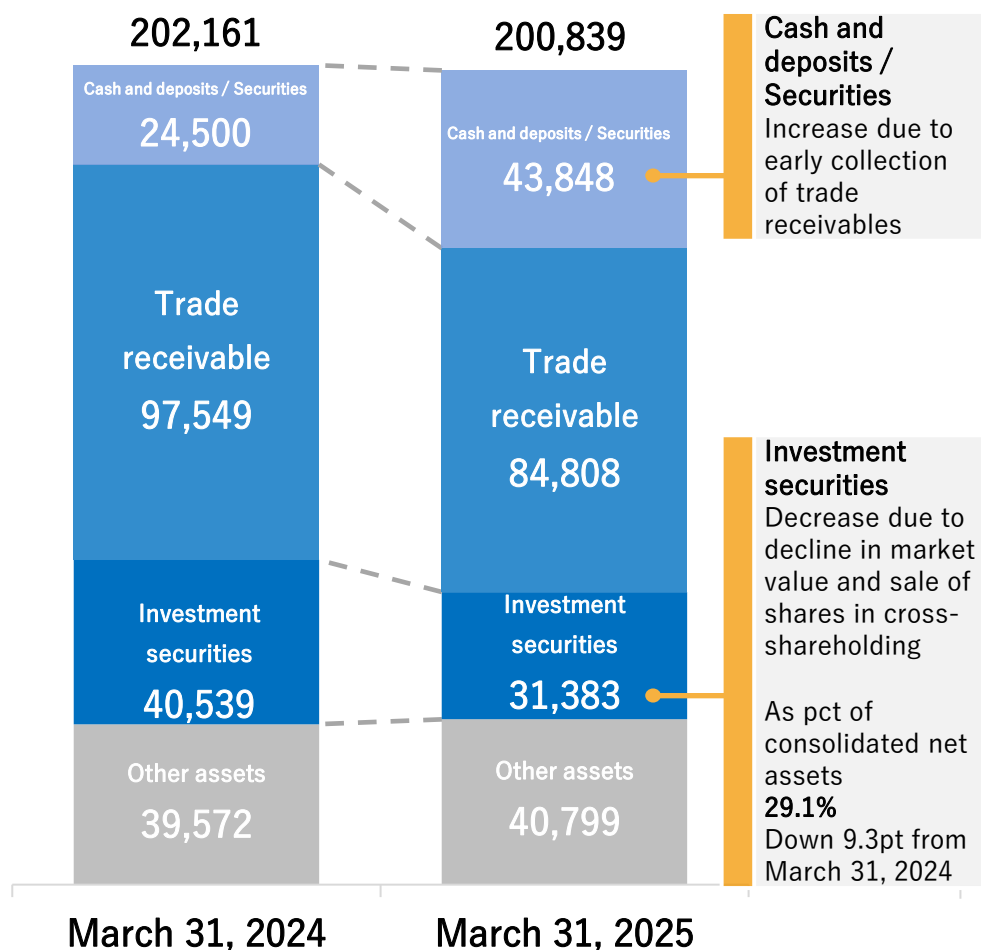
* Property names are the names used by the Company and may differ from the names stated on the construction contracts.

15 other projects

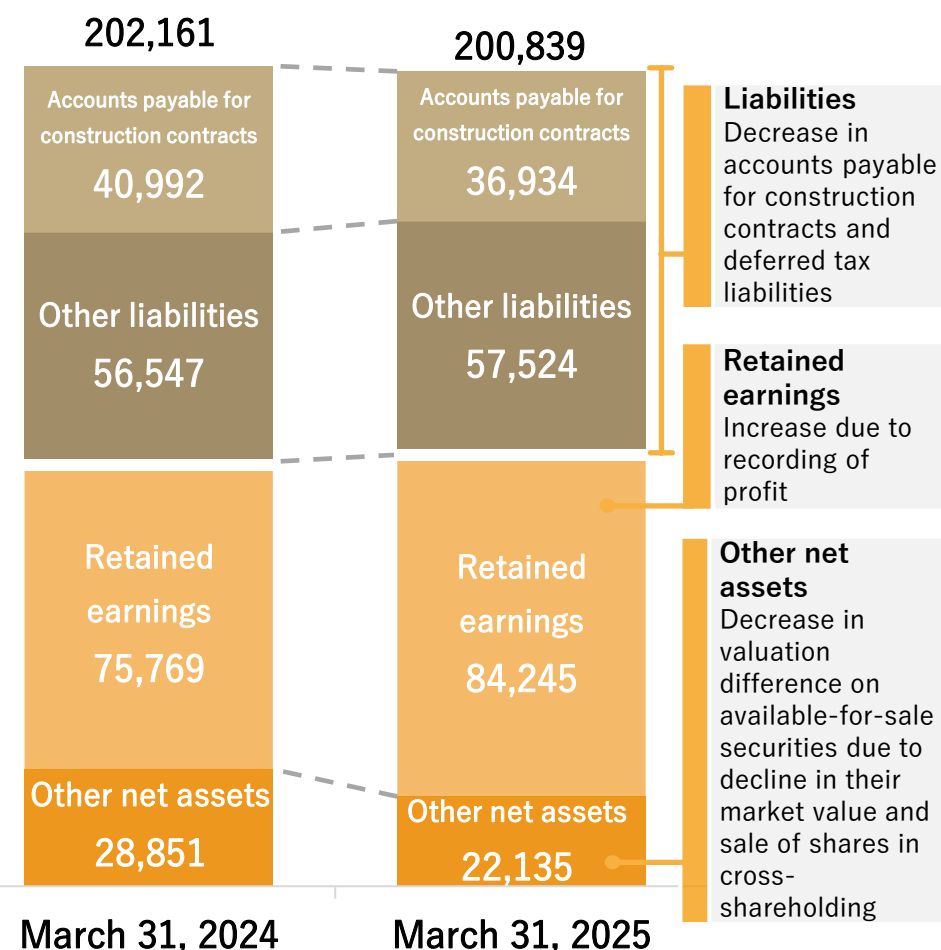
Financial Condition (consolidated)

(Millions of yen)

Assets



Liabilities and net assets



Balance Sheets (B/S)

(Millions of yen)

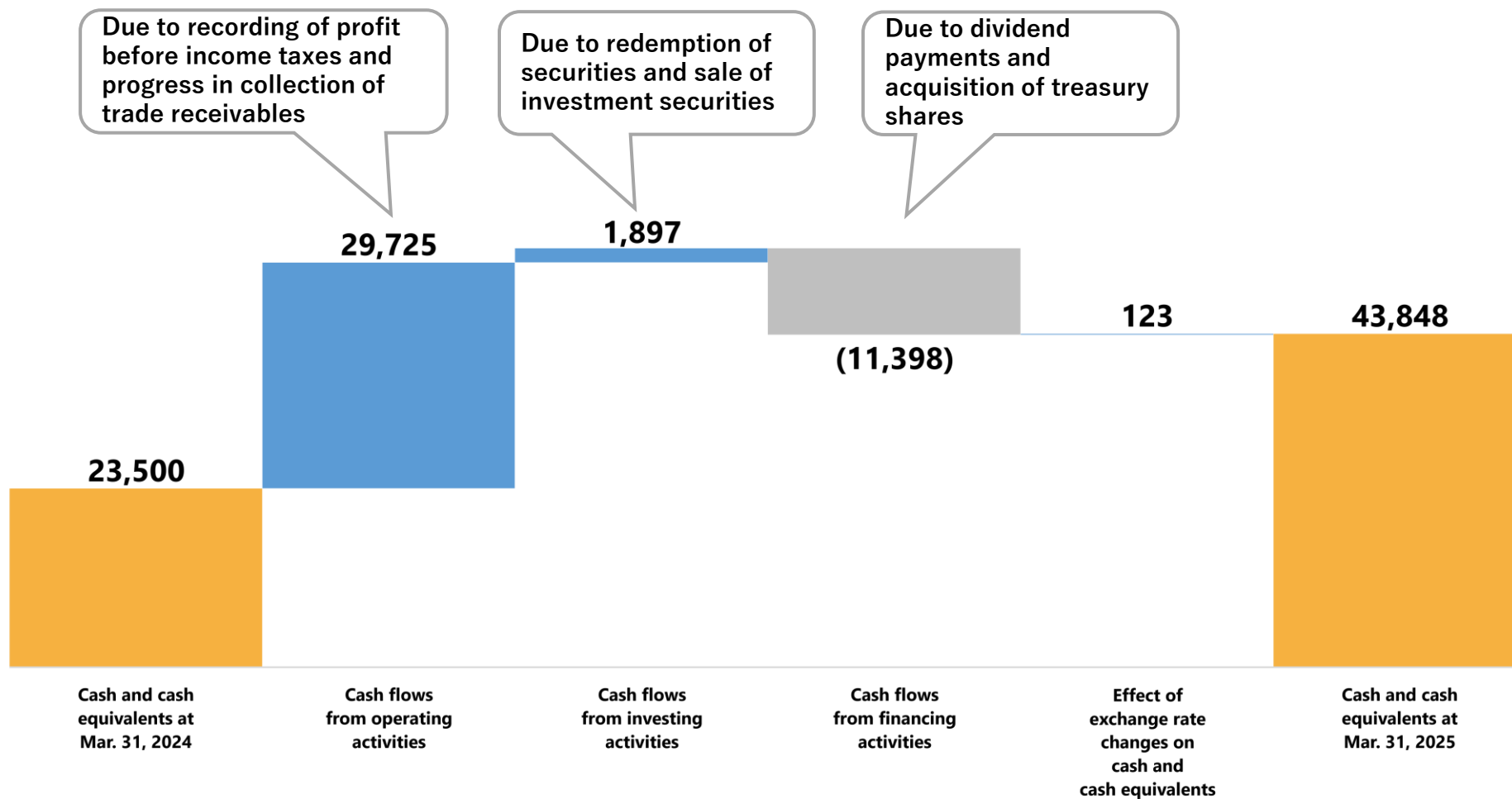
	March 31, 2024	March 31, 2025	Change
Current assets	131,564	138,834	7,269
Cash and deposits / Securities	24,500	43,848	19,348
Trade receivable*	97,549	84,808	(12,740)
Non-current assets	70,596	62,005	(8,591)
Investment securities	40,539	31,383	(9,156)
Total assets	202,161	200,839	(1,321)
Current liabilities	81,597	82,283	685
Accounts payable for construction contracts	40,992	36,934	(4,058)
Non-current liabilities	15,941	12,175	(3,766)
Deferred tax liabilities	4,097	54	(4,043)
Total liabilities	97,539	94,458	(3,080)
Net assets	104,621	106,380	1,759
Retained earnings	75,769	84,245	8,476
Treasury shares	(5,630)	(6,376)	(746)
Valuation difference on available-for-sale securities	19,646	13,383	(6,263)
Total liabilities and net assets	202,161	200,839	(1,321)
Net assets per share (yen)	1,967.03	2,051.62	84.59
Equity ratio (%)	51.7	52.9	1.2
Borrowings	8,760	7,107	(1,652)

* 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

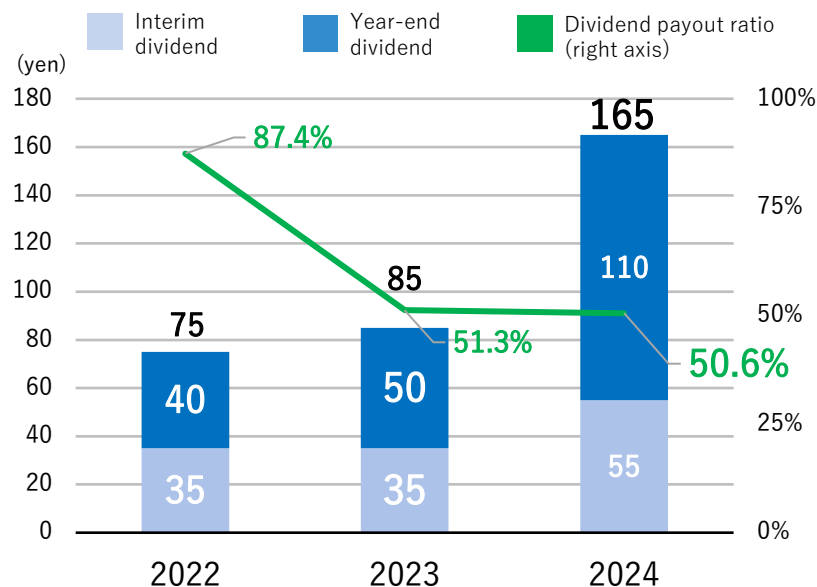
(Millions of yen)



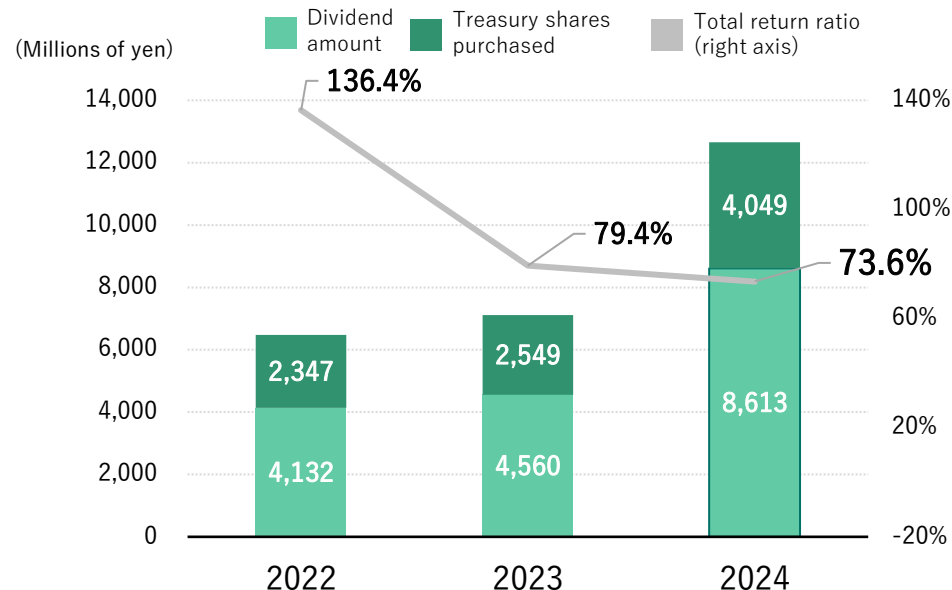
Status of Shareholder Returns

- Based on the shareholder return policy, dividend will be 165 yen for the full year and dividend payout ratio 50.6%
- Purchased 1,410 thousand treasury shares as of March 31, 2025, and canceled 2,000 thousand treasury shares on August 19, 2024

Historical data on annual dividends per share



Historical data on dividend amount and amount of treasury shares acquired



Shareholder return policy

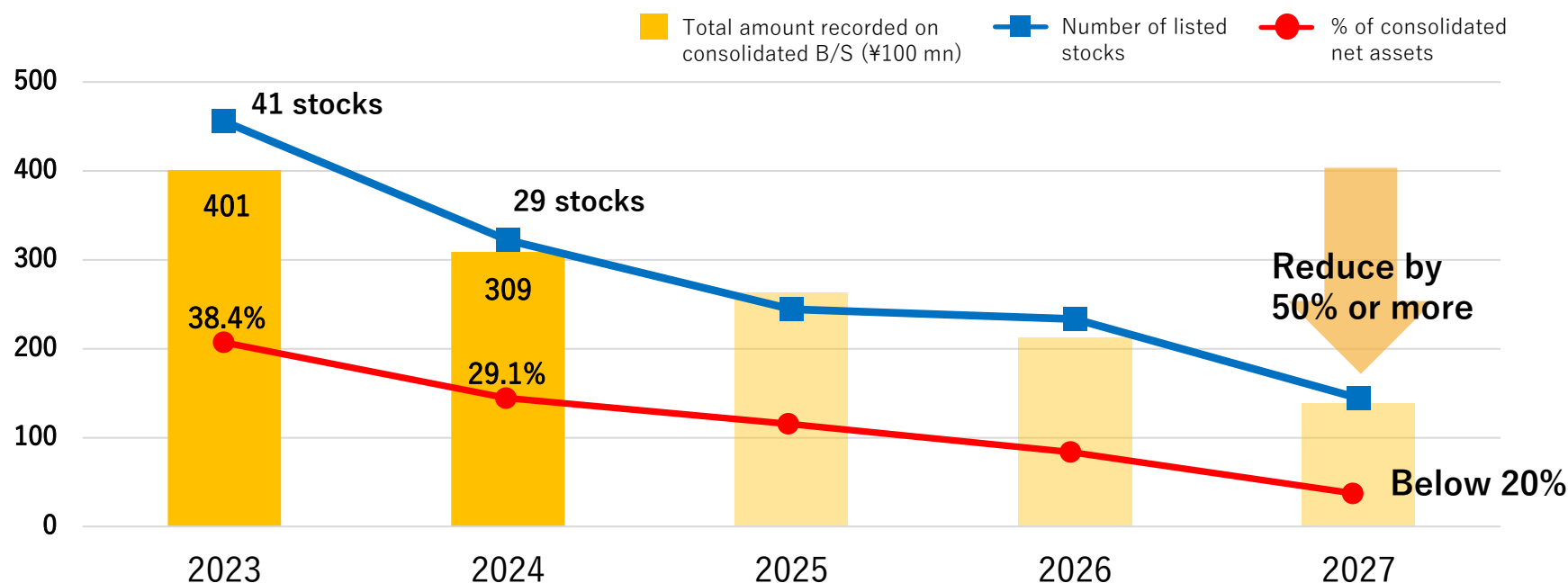
Dividend payout ratio of 50% or higher, annual dividend per share of 70 yen or more
Approx. 5,000 thousand treasury shares to be purchased*

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

Reduction of cross-shareholdings

- Proceed with sale of shares in accordance with the policy on reducing cross-shareholdings. Reduced approximately ¥1.6 billion in FY2024
- Due partly to the effects of decline in the market value of shares held, cross-shareholdings as a percentage of consolidated net assets came to 29.1% as of March 31, 2025, down 9.3 pts from March 31, 2024.

Status of reduction in cross-shareholdings



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

Medium-Term Management Plan “Century 2025” Phase 3 (FY2022 – FY2024) Performance Targets and Status of Achievement

During the period of the plan, while risk factors such as supply chain disruption and rising prices existed, construction investment remained solid, supported by robust private sector appetite for capital investment. In addition to this favorable business environment, the initiatives implemented under the long-term vision “Century 2025” to strengthen construction work structure and improve profit margin led to FY2024 results that substantially exceeded the performance targets set out for the final year of Phase 3.

	Phase 3 Final Year Performance Targets	FY2022 actual	FY2023 actual	FY2024 actual
Net sales	¥220.0 billion	¥190.8 billion	¥221.9 billion	¥253.1 billion
Gross profit (margin)	¥36.0 billion 16.5%	¥27.0 billion 14.2%	¥34.6 billion 15.6%	¥47.4 billion 18.8%
Ordinary profit (margin)	¥12.0 billion 5.5%	¥6.2 billion 3.3%	¥12.7 billion 5.7%	¥23.0 billion 9.1%
	Targets during Phase 3	FY2022 actual	FY2023 actual	FY2024 actual
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	50.6% Annual dividend of ¥165
Purchase of treasury shares	About 5 million shares*	1.50 million shares	1.42 million shares	1.41 million shares (4.33 million shares cumulative)
ROE	8.0% or higher	5.1%	9.2%	16.3%
Growth investment	About ¥20 billion*	¥3.2 billion	¥2.7 billion	¥4.7 billion (¥10.7 billion cumulative)

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

FY2025 Forecast (Consolidated)

Net sales / Profit

In view of contracts to be carried forward and outlook of order intake in the next fiscal year, net sales are projected to be generally in line with the fiscal year under review.

Profit is projected to increase given profit forecast of construction contracts to be carried forward and considering the likelihood of continued improvement in profit margin of construction works.

Orders received

In view of the construction work structure that will take into consideration the situation whereby, compared to the previous fiscal year, more contracts have been secured that will be carried forward, in addition to uncertainty over the economic situation, orders received are projected to decrease although favorable order intake environment will likely continue.

(Millions of yen)

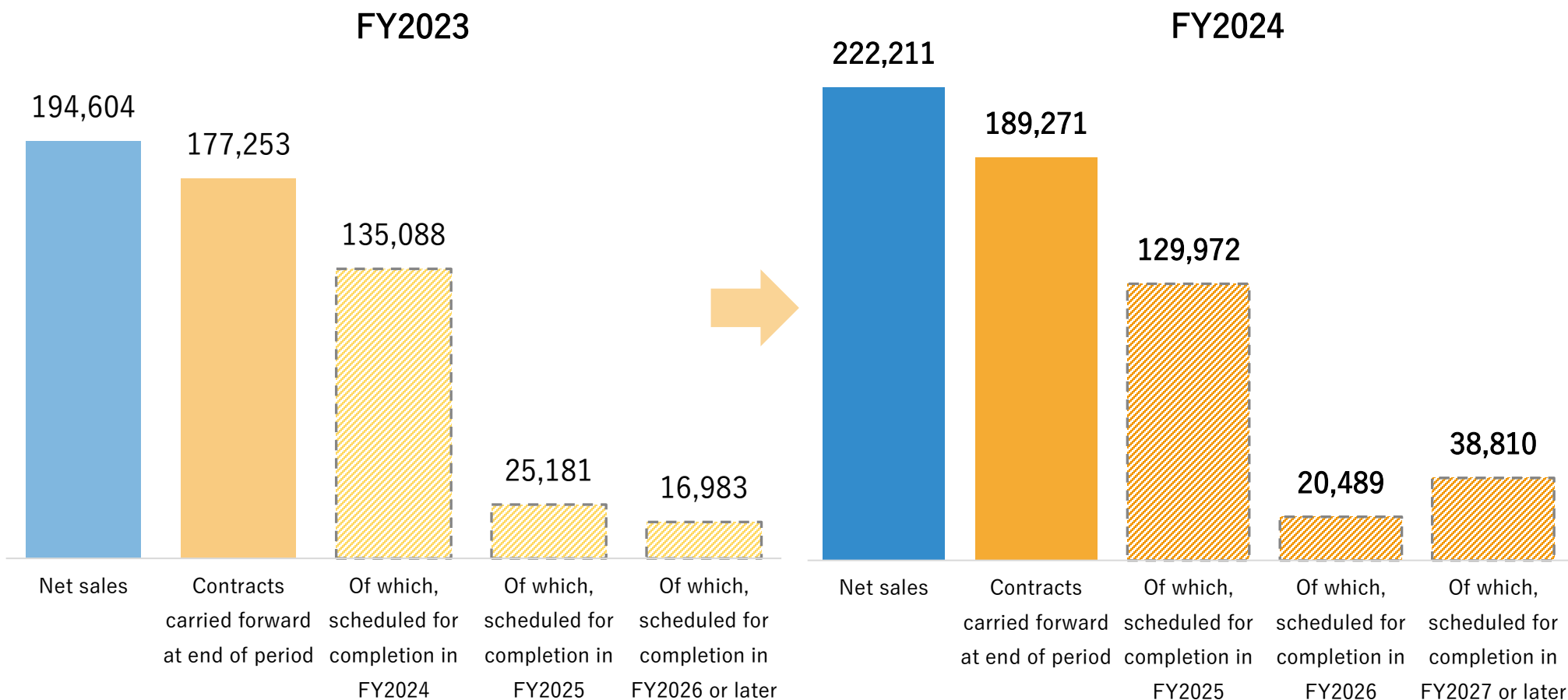
	FY2023	FY2024 actual A	FY2025 initial forecast B	% change B - A
Net sales	221,920	253,136	250,000	(1.2)
Gross profit	34,642	47,495	51,500	8.4
Gross profit margin (%)	15.6	18.8	20.6	—
Operating profit	11,586	21,893	24,500	11.9
Ordinary profit	12,750	23,071	25,000	8.4
Profit attributable to owners of parent	8,951	17,203	19,500	13.3
Orders received	232,396	264,965	240,000	(9.4)
Orders carried forward	198,902	210,731	200,731	(4.7)
Dividend per share	¥85	¥165	¥165	—

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

(Millions of yen)

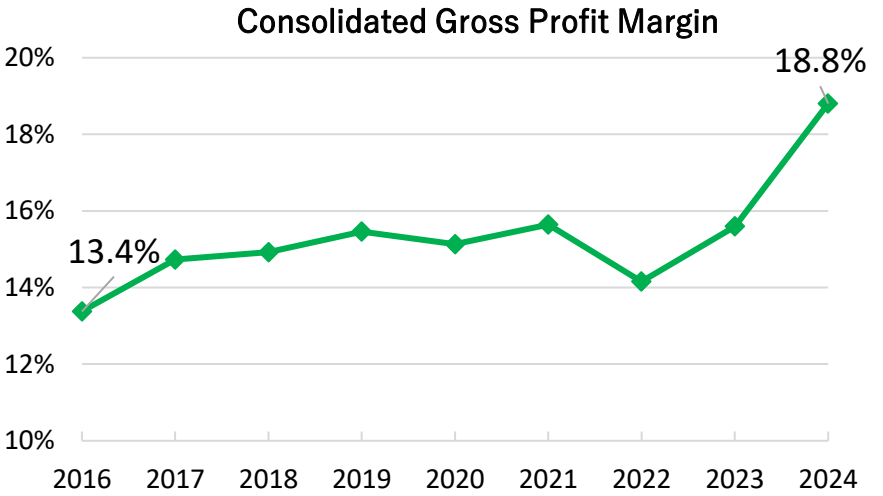
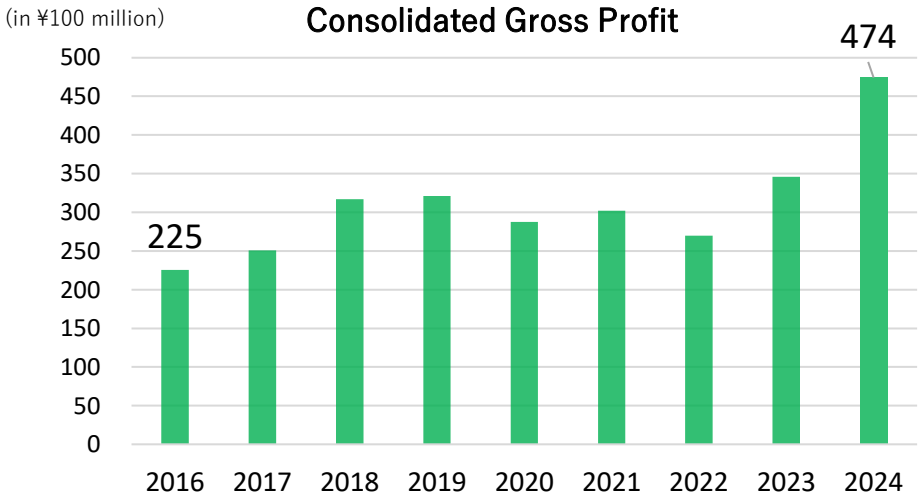
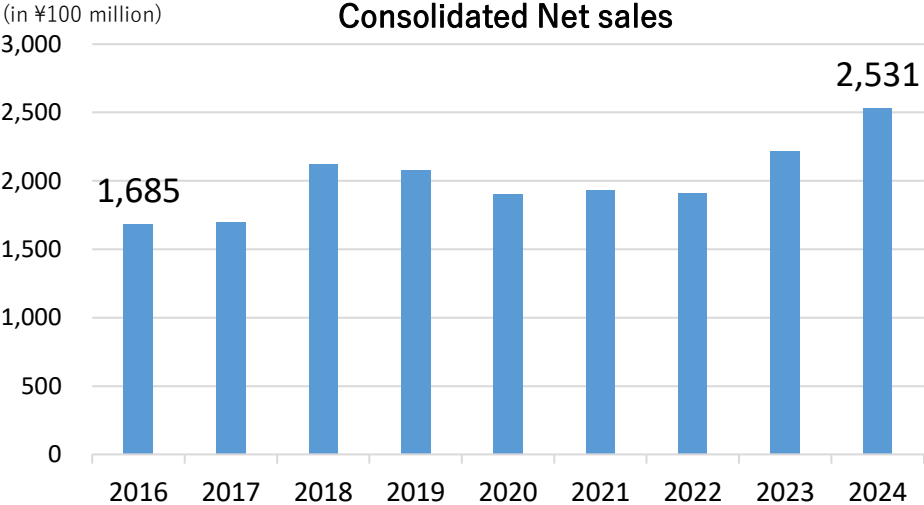
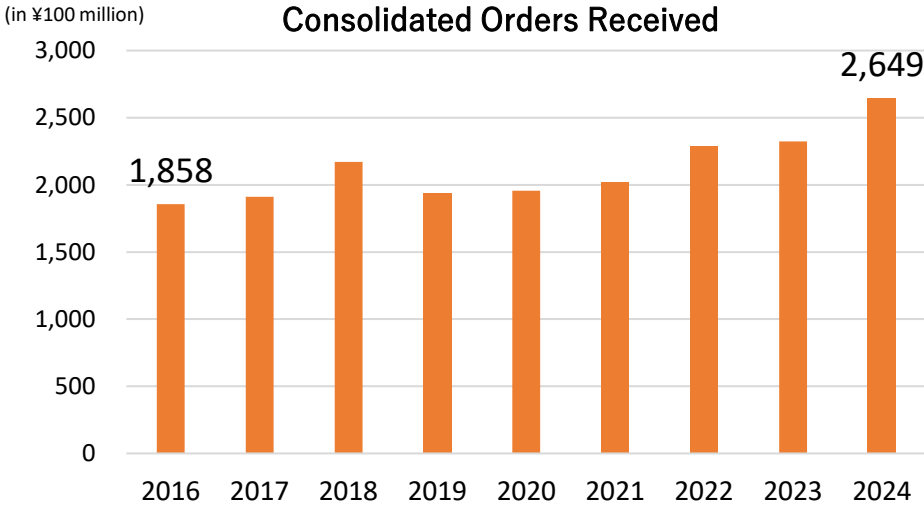
	FY2024 actual A	FY2025 initial forecast B	% change B - A	FY2024 actual A	FY2025 initial forecast B	% change B - A
	Orders received			Net sales		
HVAC and Plumbing for Buildings	69,564	84,000	20.8	73,782	70,000	(5.1)
Industrial HVAC	94,137	69,000	(26.7)	91,264	86,000	(5.8)
Electrical Systems	40,447	29,000	(28.3)	30,553	34,000	11.3
Facility Systems	14,441	16,000	10.8	13,381	14,000	4.6
Total of Facilities Construction Business	218,590	198,000	(9.4)	208,981	204,000	(2.4)
Machinery Systems	10,933	13,000	18.9	10,934	14,000	28.0
Environmental Systems	33,396	27,000	(19.2)	31,300	30,000	(4.2)
Total of Plant & Machinery Systems Business	44,330	40,000	(9.8)	42,235	44,000	4.2
Real Estate	2,592	2,500	(3.6)	2,592	2,500	(3.6)
Others	730	700	(4.1)	739	700	(5.4)
Adjustments	(1,278)	(1,200)	—	(1,413)	(1,200)	—
Total	264,965	240,000	(9.4)	253,136	250,000	(1.2)

Reference Contracts carried forward and completion schedule (non-consolidated: Facilities Construction)

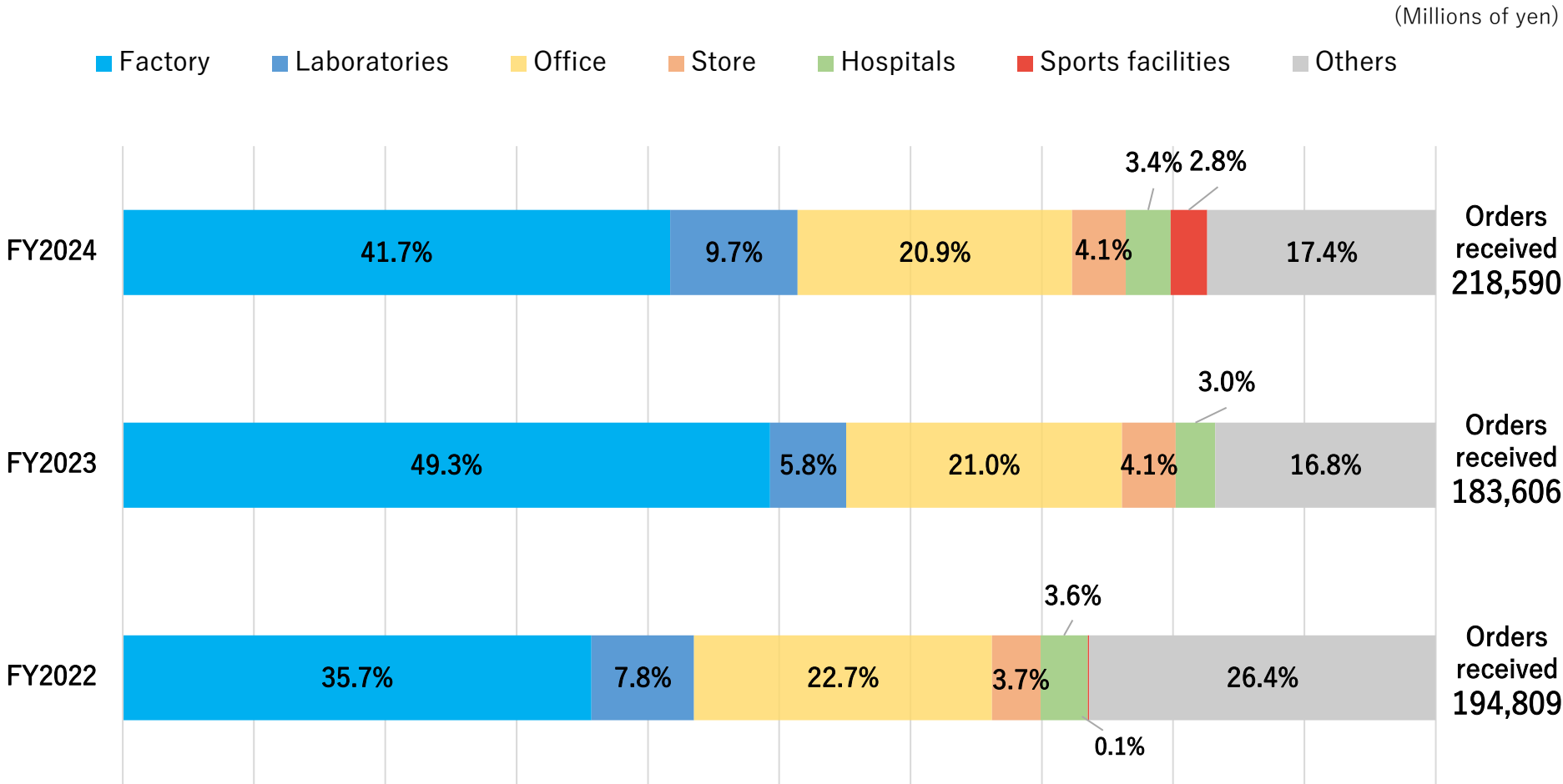


Supplementary Materials

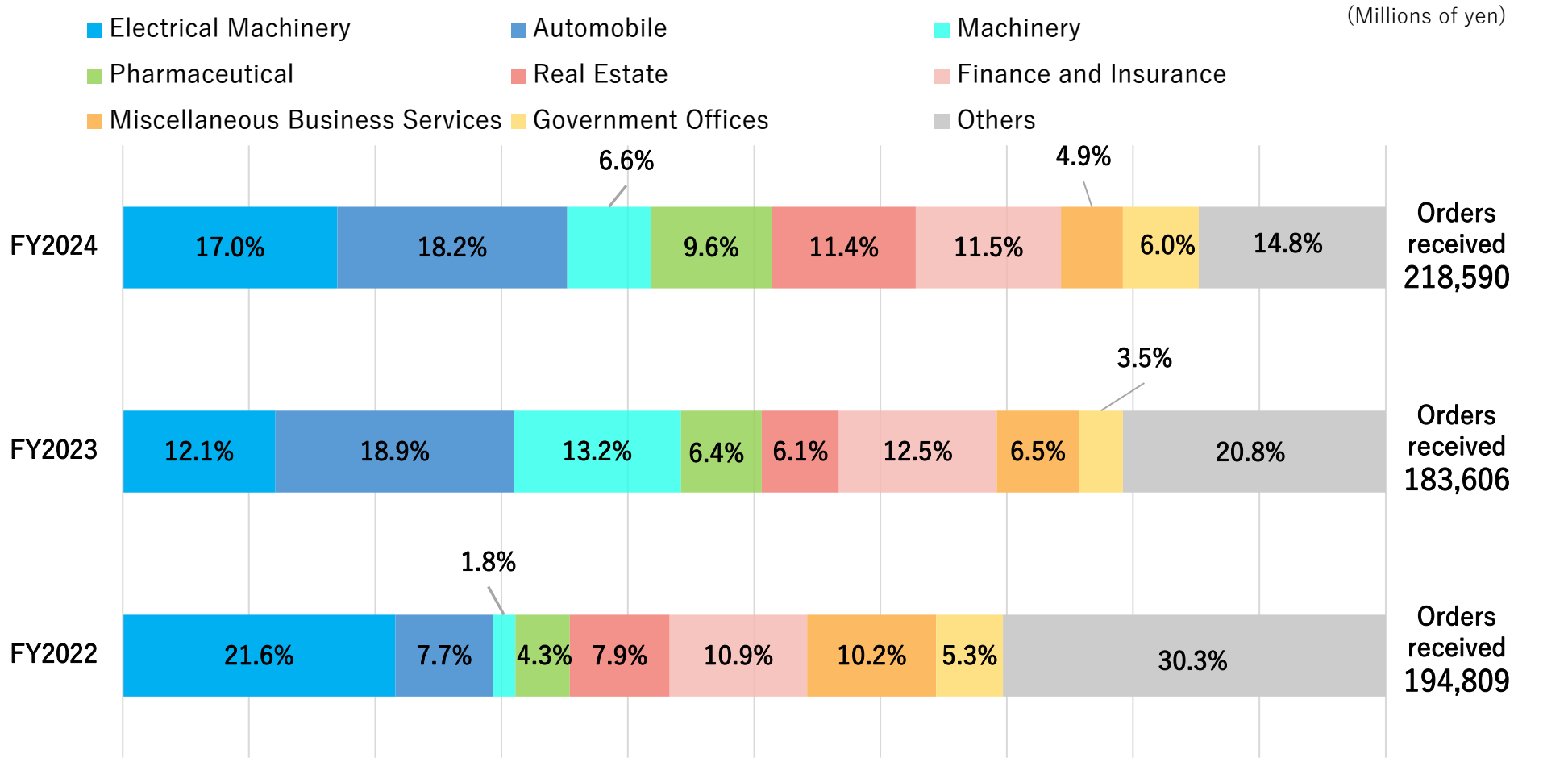
“Century 2025” Long-Term Vision Business Results



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



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



Financial Indicators

	FY2022	FY2023	FY2024
Earnings per share (EPS) (yen)	85.80	165.58	326.31
Return on equity (ROE) (%)	5.1	9.2	16.3
Return on assets (ROA) (%)	3.5	6.8	11.4
Book-value per share (BPS) (yen)	1,666.36	1,967.03	2,051.62
Share price at fiscal year-end (yen)	1,464	2,137	3,375
Price book-value ratio (PBR) (times)	0.88	1.09	1.65
Price Earnings Ratio(PER) (times)	17.1	12.9	10.3

Other data

	(Millions of yen)		
	FY2022	FY2023	FY2024
Overseas orders	3,021	3,245	3,753
Overseas sales	3,488	3,675	3,934
Percentage of orders received directly (non-consolidated: Facilities Construction)(%)	51.8	50.3	52.5
Percentage of orders received from general contractors (non-consolidated: Facilities Construction) (%)	48.2	49.7	47.5
Orders received for renewal construction (consolidated)	126,147	125,808	157,232
As a percentage of consolidated orders received (%)	55.2	54.1	59.3
Net sales of renewal construction (consolidated)	112,556	120,311	140,412
As a percentage of consolidated net sales (%)	59.0	54.9	55.5

Other data

(Millions of yen)

	FY2022	FY2023	FY2024	FY2025 (Forecast)
Capital investment	1,039	1,431	1,084	1,900
Capital investment (including intangible assets, etc.)	2,279	1,694	1,453	2,300
Depreciation of property, plant and equipment	1,343	1,421	1,355	1,400
Depreciation including intangible assets, etc.	1,511	1,919	1,904	2,000
Experiment, research and development expenses	1,503	1,531	2,089	2,400
Number of employees (persons)	2,627	2,659	2,653	—

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 May 13, 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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