



Nippon Air Conditioning Services Co., Ltd.

Reference Materials of Financial Results
for the 2nd Quarter of Fiscal Year Ending March 31, 2025

November 2024
TSE Prime Market, NSE Premier Market
Securities code: 4658

Company overview

| | |
|-------------------------------|---|
| Company Name | Nippon Air Conditioning Services Co., Ltd. |
| Securities code | 4658 |
| Business description | General building facility maintenance service |
| Head office | 239-2 Terugaoka, Meito-ku Nagoya-shi, Aichi Japan |
| Total number of issued shares | 35,784,000 shares |
| Number of shareholders | 14,992 |



Apr. 1964 The company is established in Higashijukucho, Nakamura-ku Nagoya-shi, Aichi.
Apr. 2024 marked **our 60th anniversary** since the foundation.

The Company at a Glance by Numbers



Capital Stock
¥1,139
million



Net Sales
Consolidated
¥58.2 billion

Number of bases
Domestic

88 bases
Overseas
10 bases



Maintenance sales
to total net sales
63.0%



Number of employees
Consolidated
3,202
(Technology-related employees
2,552)

*The number of employees, the total number of shares issued, and the number of shareholders are as of September 30, 2024. Net sales and maintenance sales to total net sales are actual results for FY03/2024. The number of bases (based on address) is as of October 31, 2024.

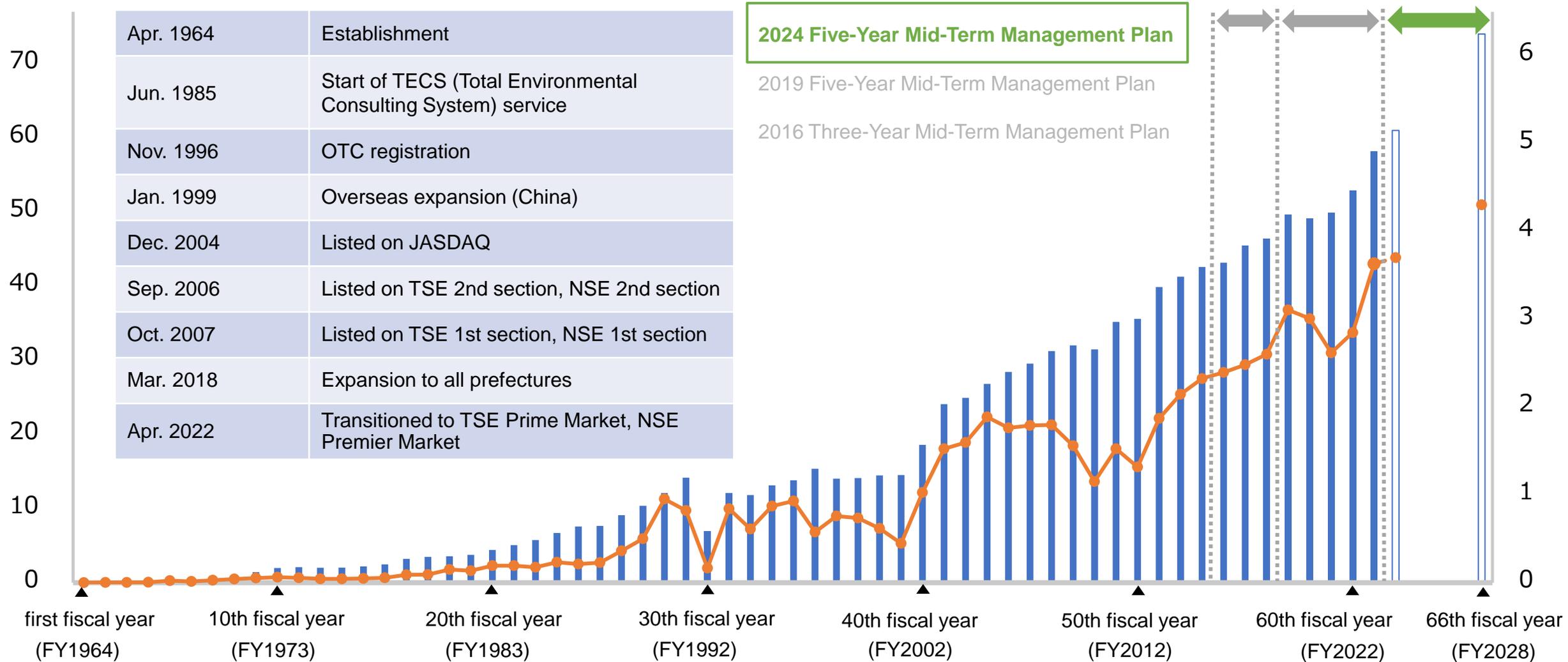
*NACS BD Co., Ltd., a consolidated subsidiary in the fiscal year ended March 31, 2023, was excluded from the scope of consolidation in the fiscal year ended March 31, 2024 due to its decreased materiality.

History since foundation

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

■ Net sales and operating income changes since foundation (billion yen)

■ Net sales (left axis)
● Operating income (right axis)



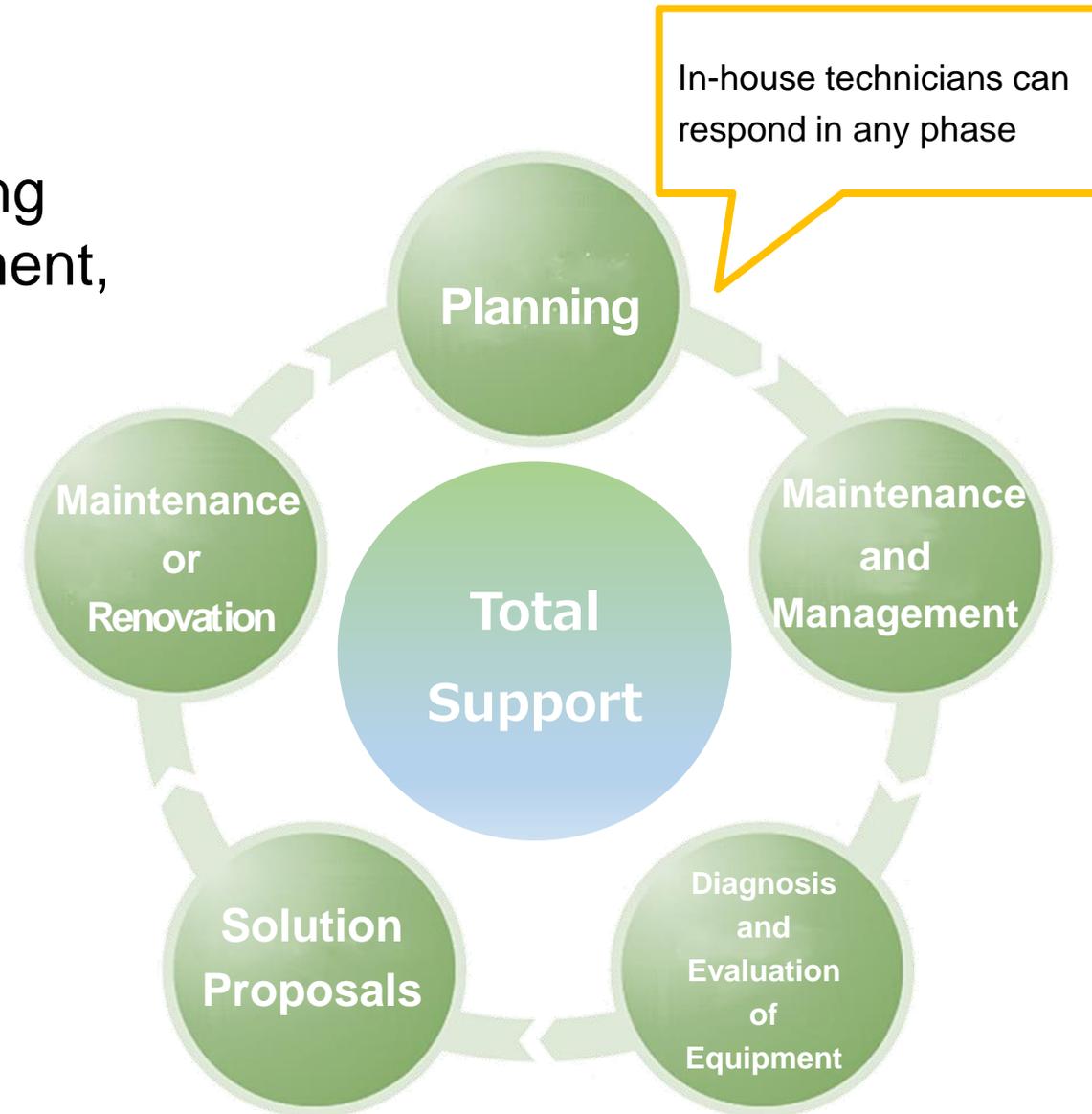
* Accounts settlement period was irregular for 6th fiscal year (FY1969) and 30th fiscal year (FY1992), six months.

■ Business Overview

Comprehensive support encompassing building facility maintenance, operation, and management, facility and environmental diagnosis, solution formulation, and renewal projects

✓ What sets us apart from the competition

- 1. Advanced technological capabilities**
- 2. Solution capabilities**
- 3. Total support capabilities**



| Business division | Overview | Net sales composition |
|---|---|-----------------------|
| <p>PM Preventive Maintenance</p> | <p>We conduct inspection, maintenance, repair, replacement, etc. of overall equipment/systems of buildings (mainly air conditioning) by visiting clients' facility.</p>  | <p>37%</p> |
| <p>FM Facility Management</p> | <p>Our resident employees provide integrated management that optimally combines maintenance services with daily maintenance and management at clients' facility.</p>  | <p>31%</p> |
| <p>RAC Reform and Construction</p> | <p>We mainly engage in renovation work of existing equipment such as air conditioning and plumbing sanitary system.</p>  | <p>32%</p> |

* For net sales composition, actual number in the 2nd Quarter of fiscal year ending March 31, 2025 is used.

| | |
|---|------------------|
| I . Overview of financial results for FY03/2025 1H | p.05-p.17 |
| II . The 2024 Five-Year Mid-Term Management Plan | p.18-p.26 |
| III . Shareholder Returns | p.27-p.30 |
| IV . Supplementary materials | p.31-p.43 |

Net sales : **¥26.9** billion[+11.6%]

Operating income : **¥1.79** billion[+59.6%]

Profit attributable
to owners of parent : **¥1.17** billion[+51.7%]

I . Results for the 2nd quarter of fiscal year ending March 31, 2025

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

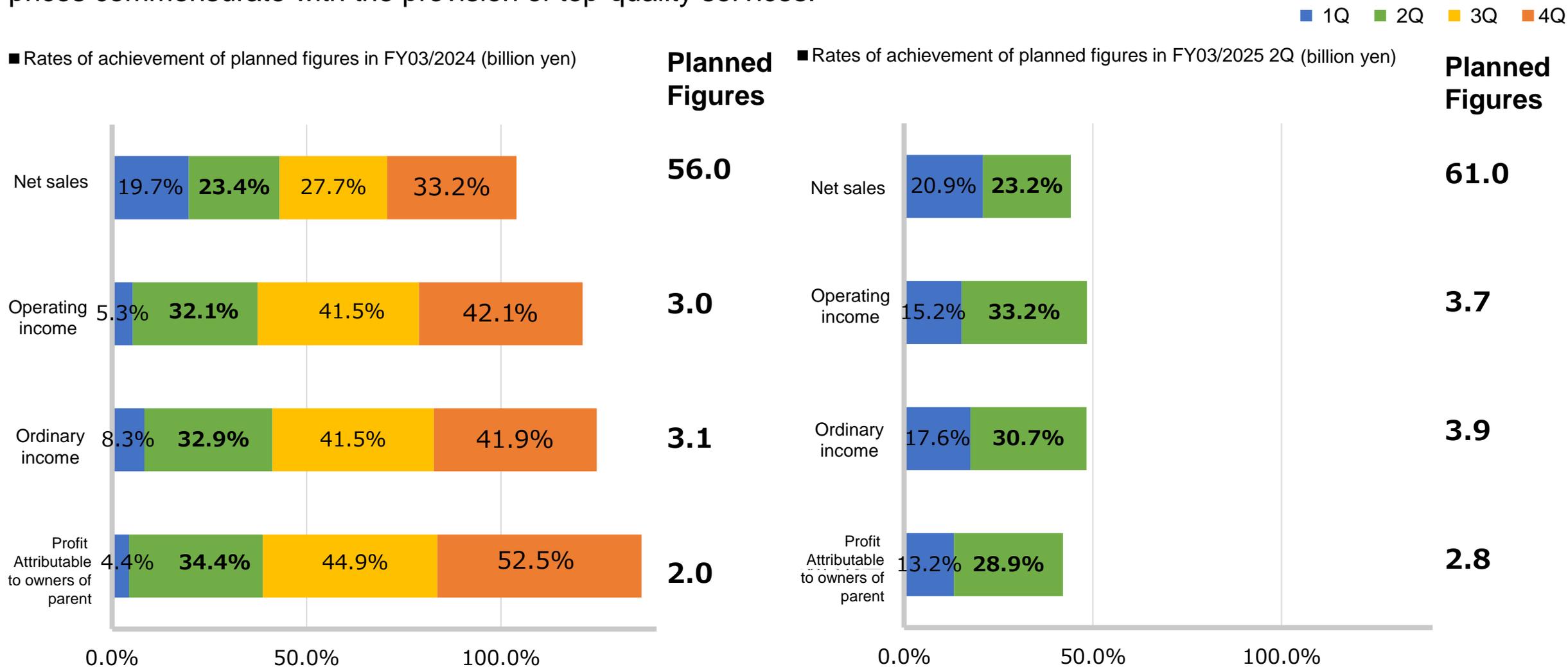
(billion yen, %)

| Consolidated (cumulative period) | FY03/2023 2Q | | | FY03/2024 2Q | | | FY03/2025 2Q | | |
|--|--------------|----------------|---------------------------|--------------|----------------|---------------------------|--------------|----------------|---------------------------|
| | Amount | Ratio to sales | Year-on-year growth ratio | Amount | Ratio to sales | Year-on-year growth ratio | Amount | Ratio to sales | Year-on-year growth ratio |
| Net sales | 21.8 | 100.0 | +1.2 | 24.1 | 100.0 | +10.3 | 26.9 | 100.0 | +11.6 |
| Maintenance service sales | 16.1 | 73.8 | +1.9 | 17.0 | 70.5 | +5.5 | 18.3 | 68.2 | +7.9 |
| Net sales of completed construction contracts | 5.7 | 26.2 | -0.9 | 7.1 | 29.5 | +23.8 | 8.5 | 31.8 | +20.5 |
| Gross profit on sales | 3.7 | 17.3 | -1.5 | 4.4 | 18.3 | +16.9 | 5.4 | 20.2 | +23.3 |
| Gross profit on maintenance sales | 3.0 | 19.0 | -0.6 | 3.5 | 20.7 | +14.6 | 4.0 | 21.8 | +13.8 |
| Gross profit on completed construction contracts | 0.7 | 12.3 | -5.1 | 0.8 | 12.6 | +27.1 | 1.4 | 16.8 | +60.5 |
| Selling, general and administrative expenses | 3.1 | 14.2 | +6.2 | 3.2 | 13.6 | +6.1 | 3.6 | 13.6 | +10.9 |
| Operating income | 0.6 | 3.1 | -26.2 | 1.1 | 4.7 | +66.7 | 1.7 | 6.7 | +59.6 |
| Ordinary income | 0.8 | 3.8 | -16.8 | 1.2 | 5.3 | +55.6 | 1.8 | 7.0 | +47.4 |
| Profit before income taxes | 0.8 | 3.8 | -23.3 | 1.2 | 5.3 | +55.7 | 1.8 | 7.0 | +46.6 |
| Profit attributable to owners of parent | 0.4 | 2.1 | -71.0 | 0.7 | 3.2 | +67.8 | 1.1 | 4.4 | +51.7 |
| Earnings per share (unit : yen) | 13.52 | — | -70.6 | 22.65 | — | +67.5 | 34.24 | — | +51.2 |

I . Results for the 2nd quarter of fiscal year ending March 31, 2025

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

For FY03/2025 1H, both net sales and profits exceeded the progress rate for the same period a year ago due to various factors including easing of competitive environment, winning of profitable projects, and receiving of orders at reasonable prices commensurate with the provision of top-quality services.



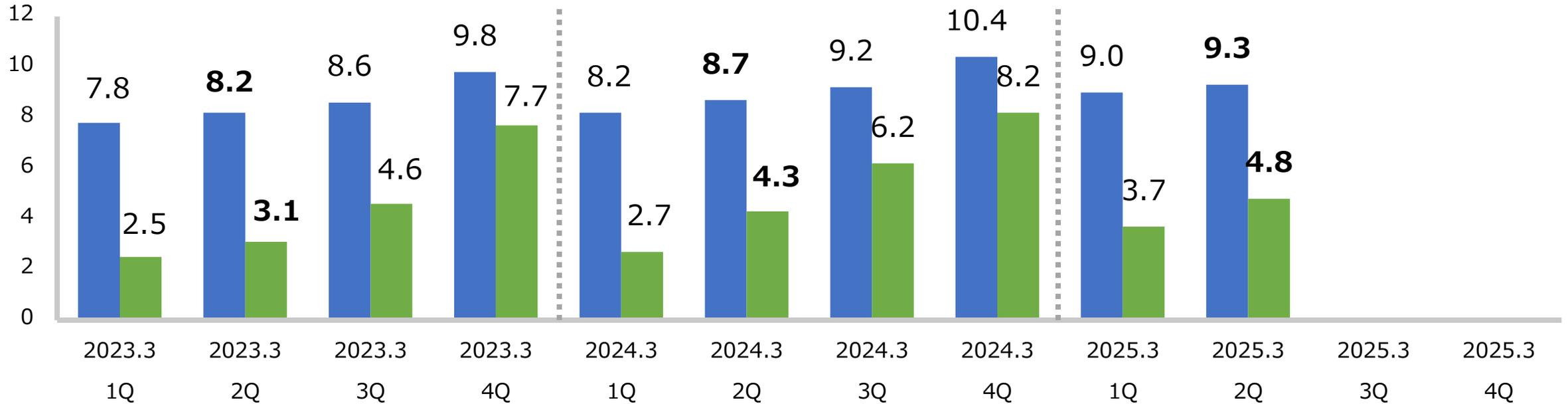
I . Results for the 2nd quarter of fiscal year ending March 31, 2025

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

For FY03/2025 1H, net sales reached a record high for the second consecutive year. Net sales of the mainstay maintenance services reached a record high for the fourth consecutive year due to an increase in spot maintenance services at manufacturing plants and office buildings. Net sales of the renovation work also reached a record high as the work at these facilities proceeded at a good pace.

■ Net sales by quarter (billion yen)

■ Maintenance services net sales
■ Renovation work construction work volume

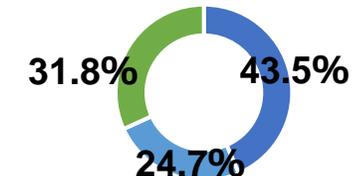
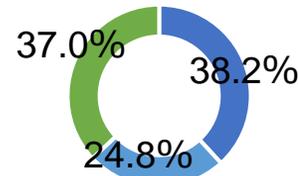
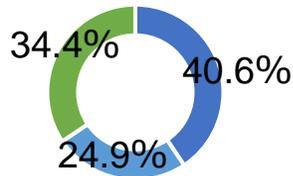


Net sales composition in FY2023/03

Net sales composition in FY2024/03

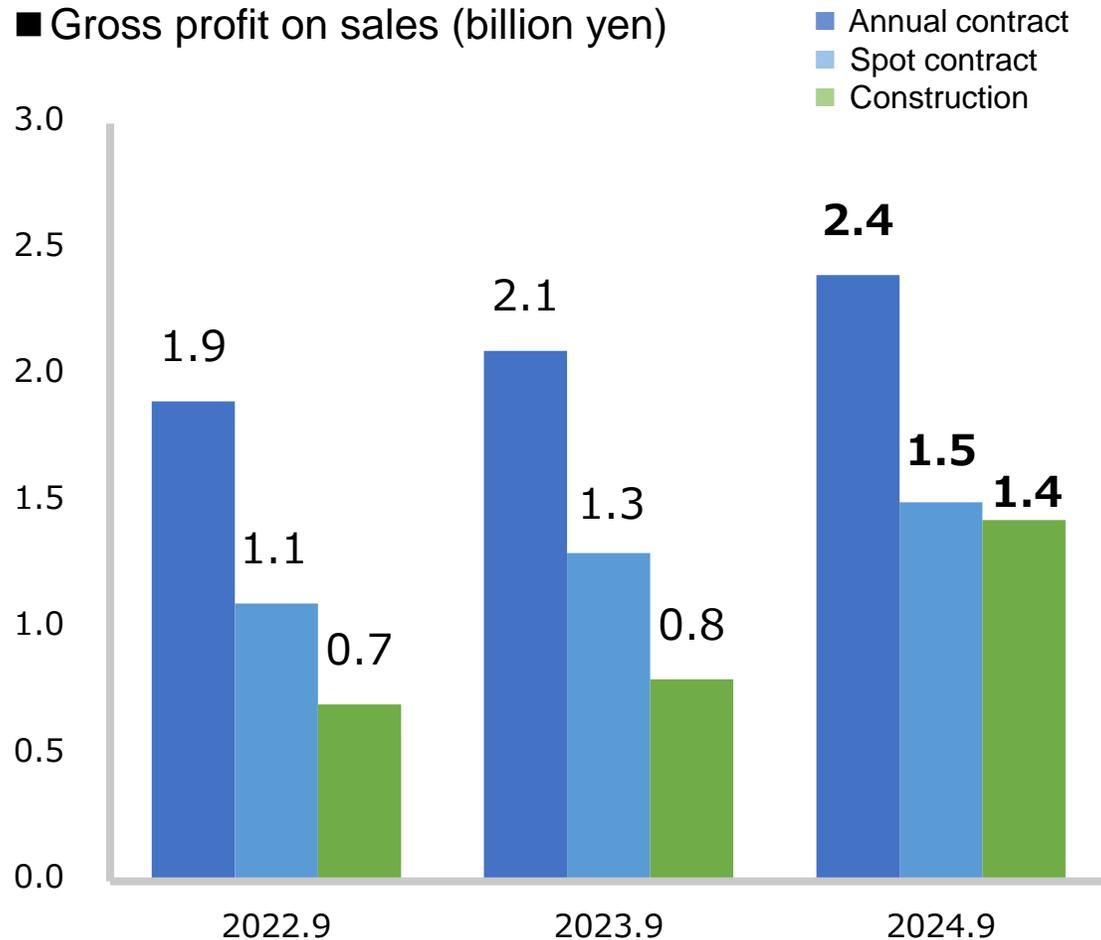
Net sales composition in FY2025/03 2Q

■ Annual contract
■ Spot contract
■ Construction

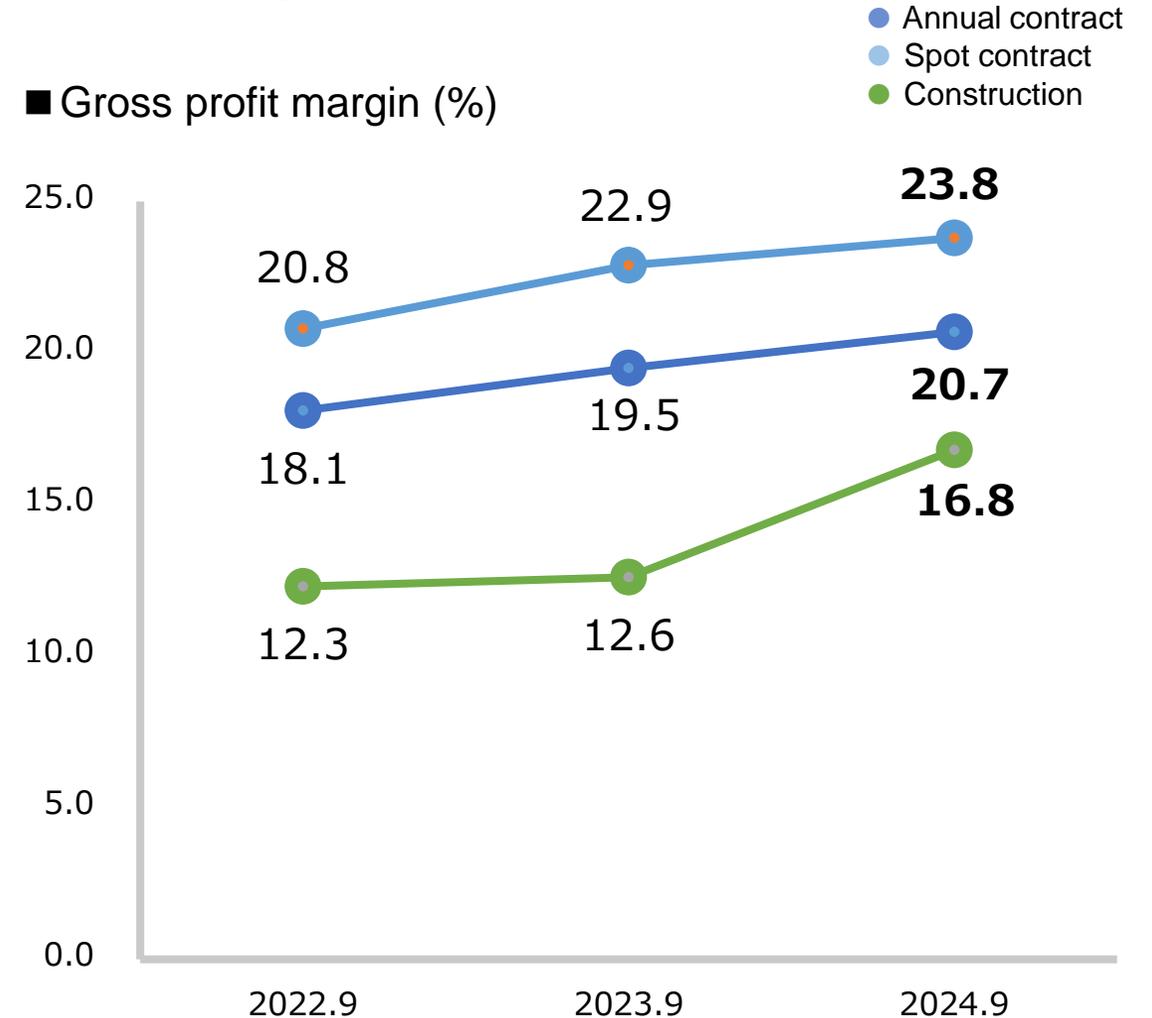


Profits increased in all categories of annual contracts, spot contracts, and construction by absorbing increases in costs due to rising procurement costs of materials and supplies and rising labor costs.

■ Gross profit on sales (billion yen)



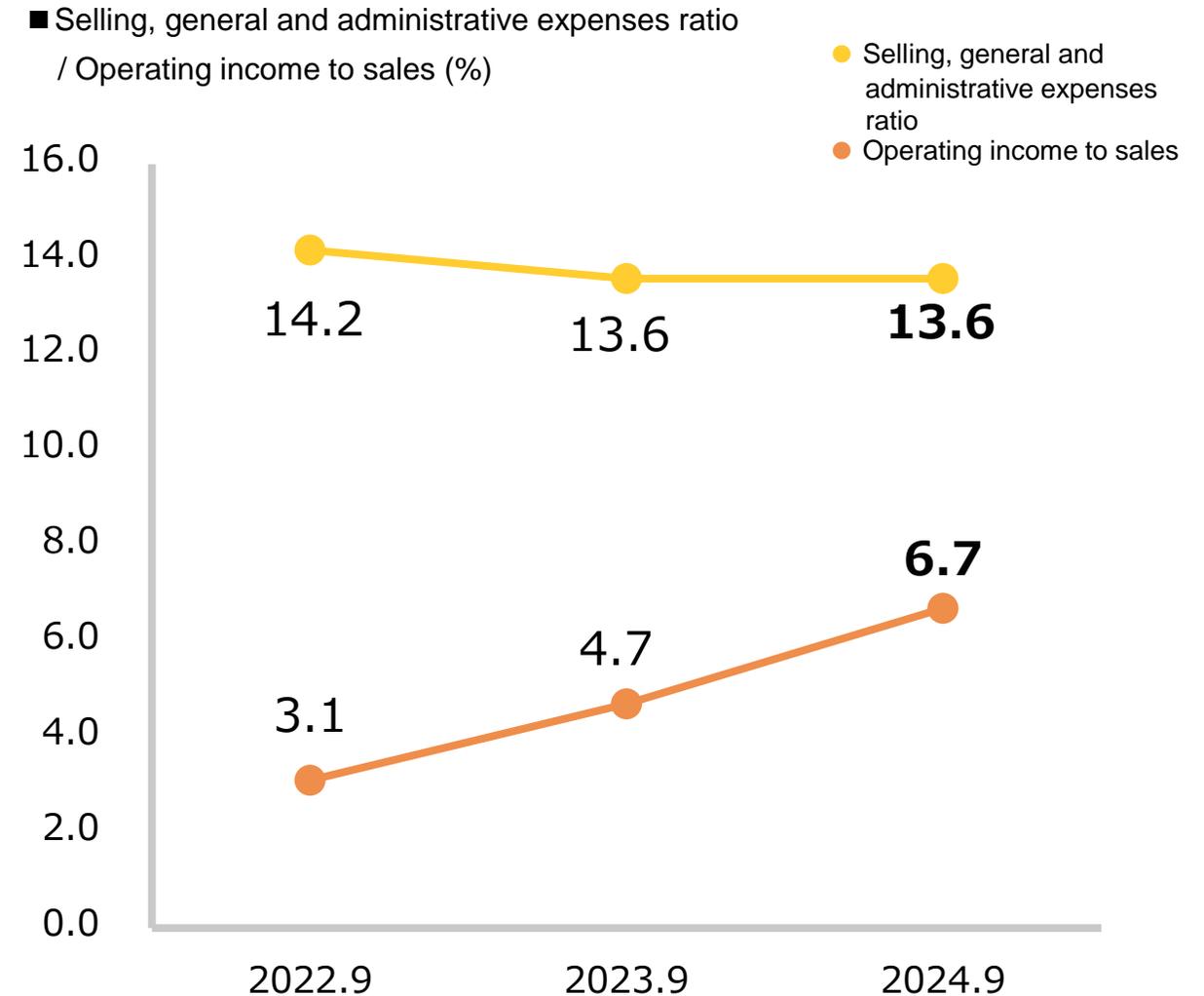
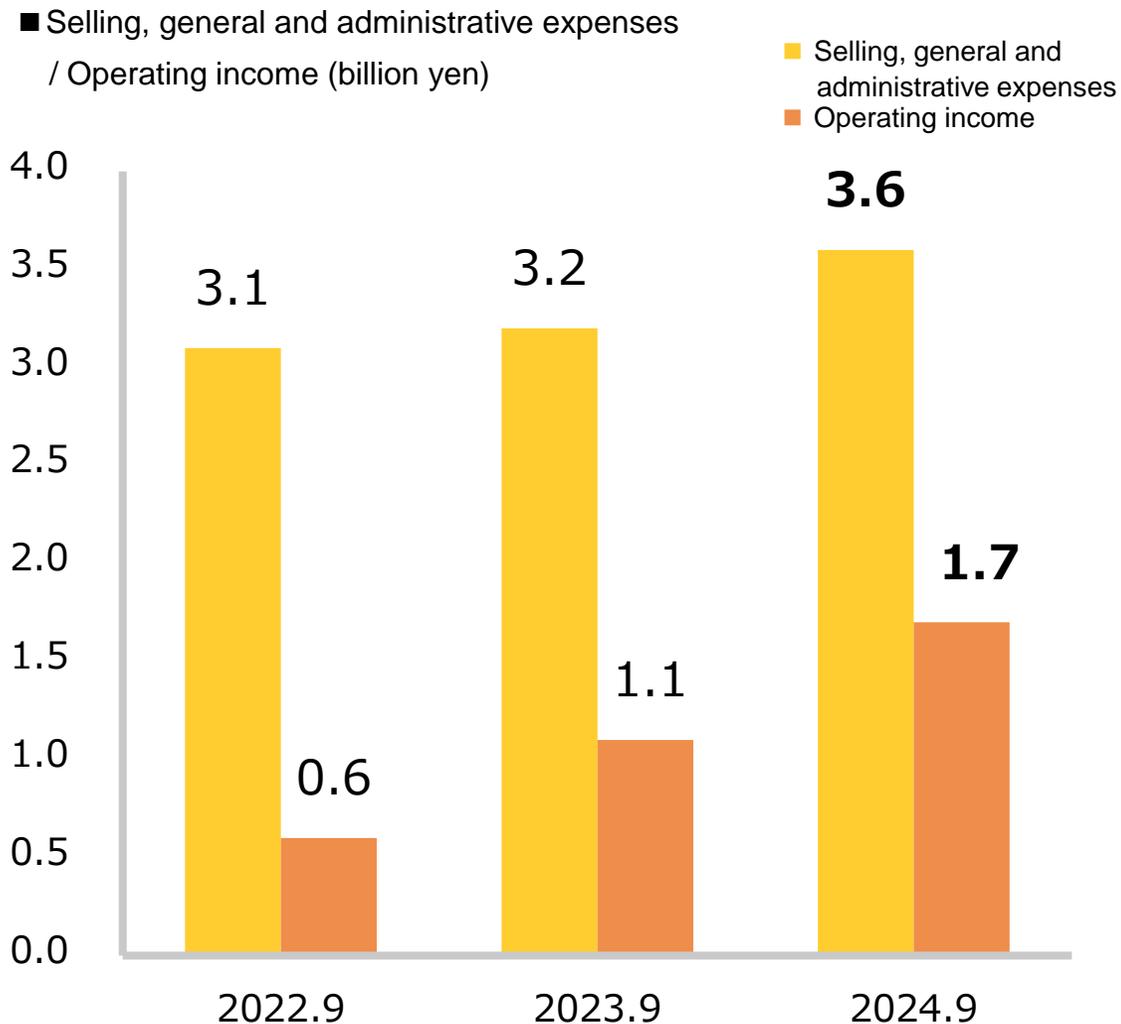
■ Gross profit margin (%)



I . Results for the 2nd quarter of fiscal year ending March 31, 2025

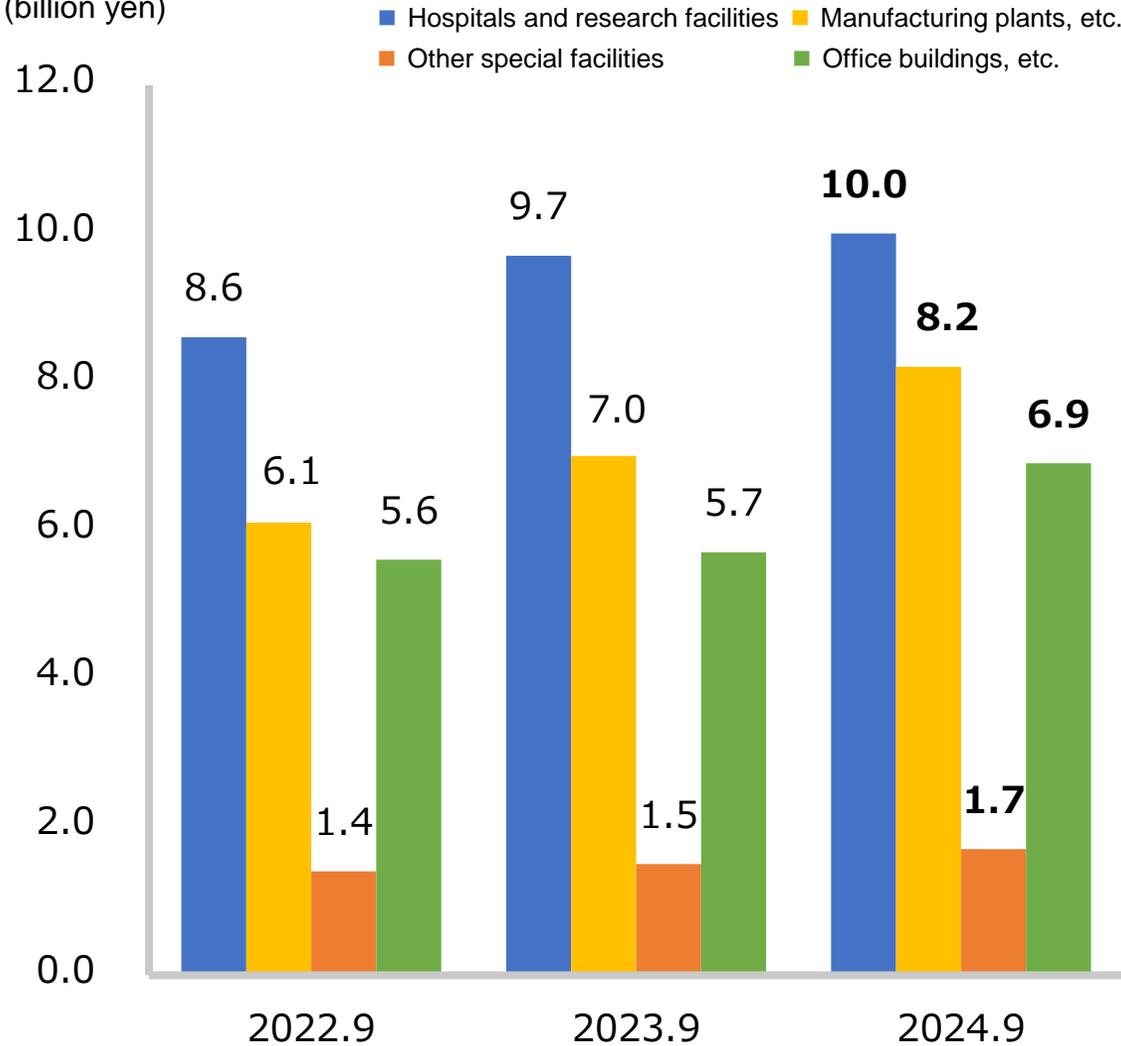
© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

While SGA expenses rose due to various factors including an increase in labor costs due to base-pay increase and the distribution of shareholder benefits to commemorate the 60th anniversary, operating income increased year on year in terms of both amount and margin due to the growth of net sales beyond the increase in SG&A expenses.



■ Net sales by facilities of which services are entrusted

(billion yen)



① Hospitals and research facilities

- Remained stable in both maintenance and construction work due mainly to an increase in large projects for equipment renewals, expansions, renovations, etc. at research facilities.

② Manufacturing plants, etc.

- Increased in both maintenance and construction due to delivery of a large project for constructing solar power facilities for in-house consumption, and an increase in equipment renewal and expansion projects.

③ Other special facilities

- Increased repair and maintenance projects for data centers despite the absence of large projects at sports and other facilities.

④ Office buildings, etc.

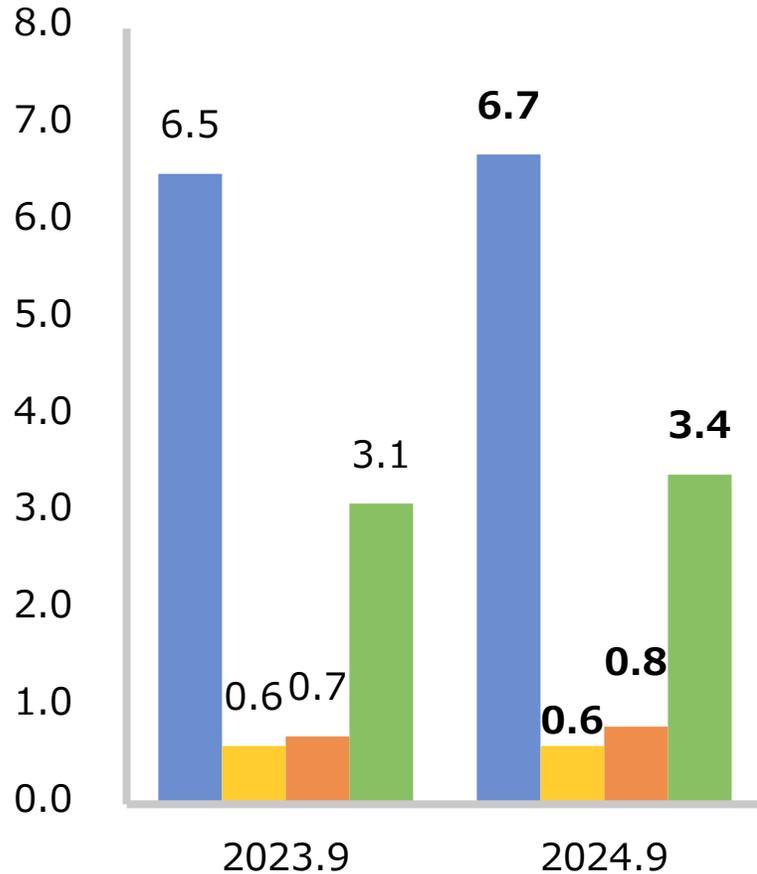
- Benefited from an increase in large renewal projects at schools, banks, hotels, etc.

I. Results for the 2nd quarter of fiscal year ending March 31, 2025

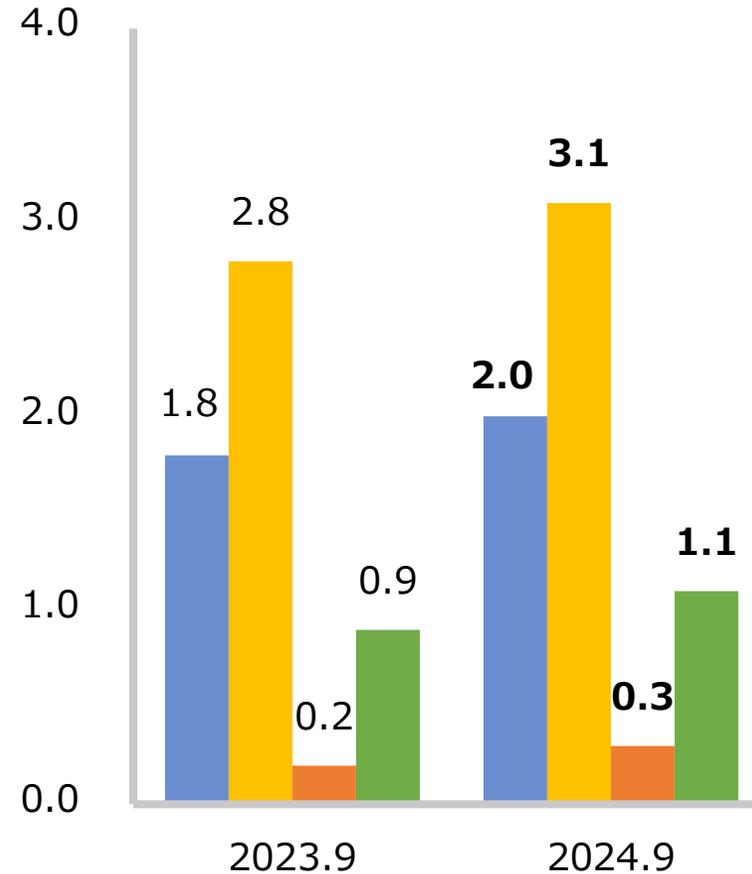
© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

- Hospitals and research facilities
- Manufacturing plants, etc.
- Other special facilities
- Office buildings, etc.

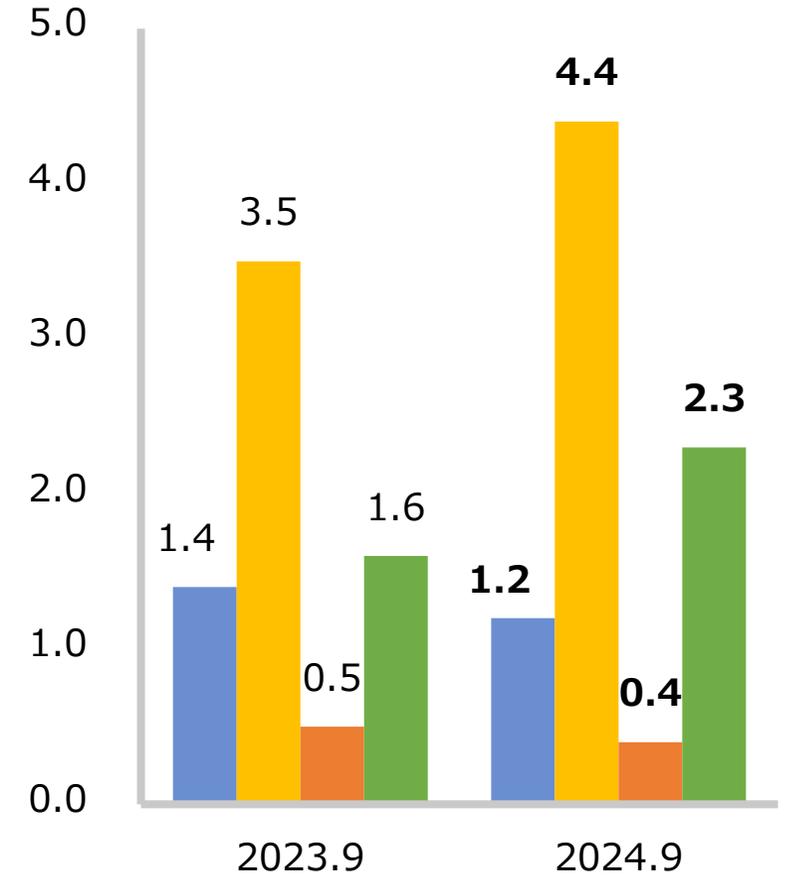
■ Annual contract sales (billion yen)



■ Maintenance services net sales (billion yen)



■ Renovation work construction work volume (billion yen)



number of cases : 2,674 cases **2,650 cases**
 average unit price : ¥4,057 thousand **¥4,336 thousand**

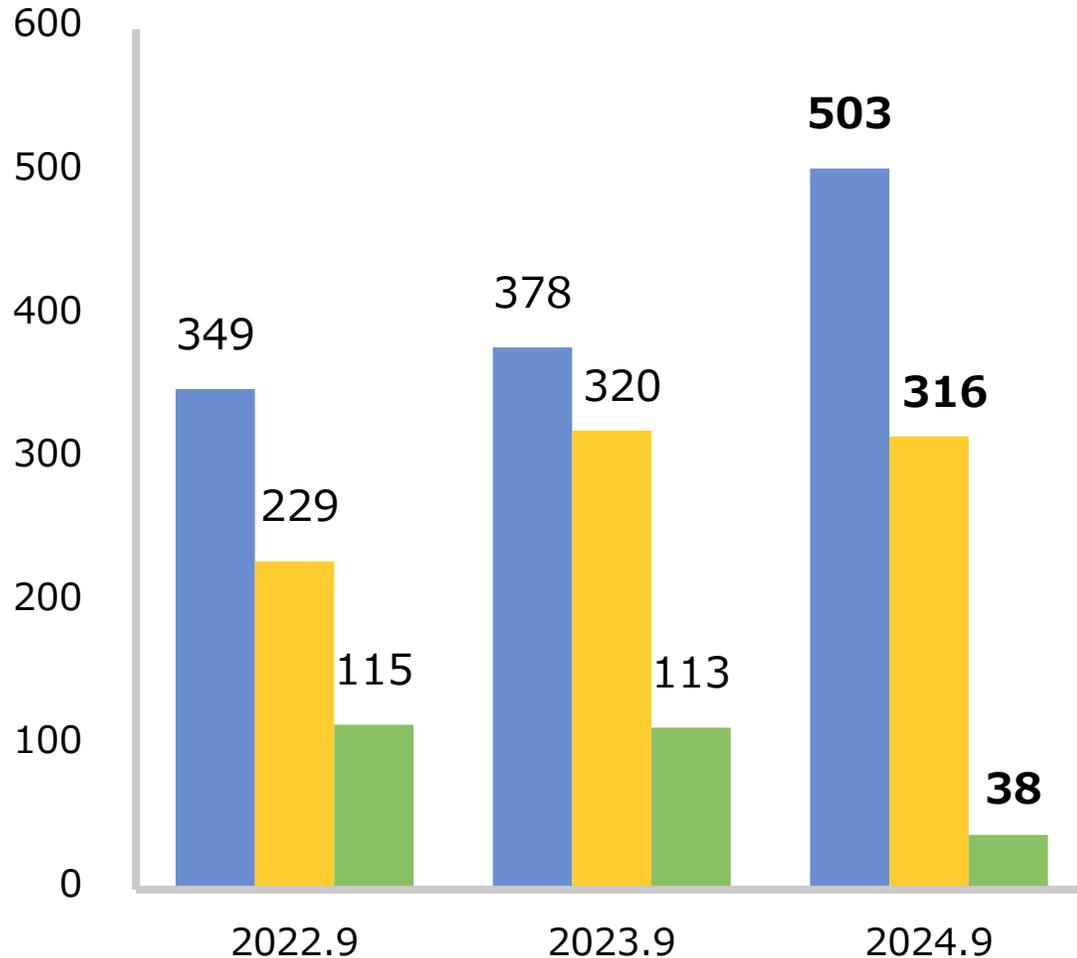
number of cases : 18,364 cases **18,638 cases**
 average unit price : ¥313 thousand **¥348 thousand**

number of cases : 2,054 cases **2,001 cases**
 average unit price : ¥3,268 thousand **¥4,040 thousand**

* Number of cases and average unit price only count domestic ones.

■ Overseas net sales by region (million yen)

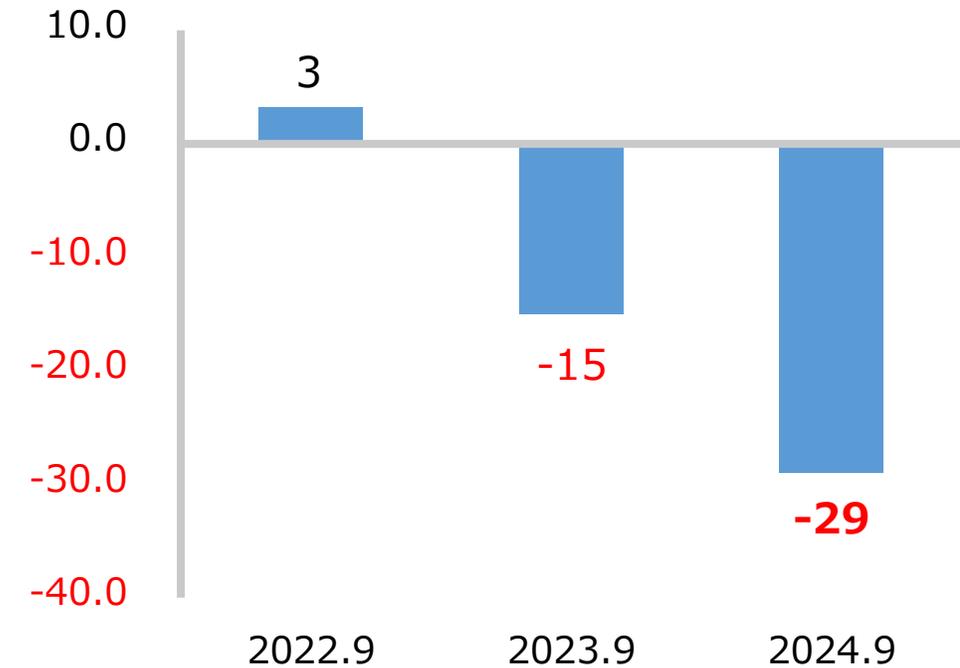
- China
- Singapore
- Other regions



Net sales in four countries outside Japan : ¥ 0.8 billion

Thailand struggled mainly due to sluggish automobile industry.
Vietnam increased the number of orders received, but only a few projects completed in 1H.

■ Operating income overseas (million yen)



* "Other regions" of net sales overseas by region are Thailand and Vietnam.

I . Status of cash flows

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

| Consolidated (cumulative period) | FY03/2024 2Q | | FY03/2025 2Q | |
|--|-------------------------|---|-------------------------|---|
| | Amount (billion yen) | Year-on-year change (billion yen) | Amount (billion yen) | Year-on-year change (billion yen) |
| Cash flows from operating activities | 2.3 | +1.9 | 2.1 | -0.2 |
| Cash flows from investing activities | (0.8) | -0.3 | (1.9) | -1.0 |
| Cash flows from financing activities | (0.5) | +0.00 | 1.4 | +2.0 |
| Cash and cash equivalent growth | 0.9 | +1.5 | 1.6 | +0.7 |
| Balance of cash and cash equivalent at beginning of the period | 5.8 | -0.7 | 6.2 | +0.3 |
| Balance of cash and cash equivalent at end of the period | 6.8 | +0.7 | 7.9 | +1.0 |

Cash flows from investing activities

decreased



Expenditures to acquire property, plant
and equipment

Cash flows from financing activities

increased



Increased long-term borrowings to finance
construction costs of our Technical
Training Center

I . Financial position

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

| Consolidated (as of the end of period) | FY03/2024 | | FY03/2025 2Q | |
|---|-------------------------|-------------------------------------|-------------------------|-------------------------------------|
| | Amount (billion yen) | Year-on-year growth ratio (%) | Amount (billion yen) | Year-on-year growth ratio (%) |
| Current assets | 2.6 | +12.5 | 23.9 | -9.2 |
| Fixed assets | 1.6 | +17.3 | 18.3 | +10.5 |
| Total assets | 4.2 | +14.3 | 42.2 | -1.6 |
| Interest-bearing debts | 1.7 | +68.0 | 4.0 | +132.0 |
| Other liabilities | 17.0 | +14.7 | 13.4 | -21.1 |
| Total liabilities | 18.7 | +18.2 | 17.4 | -6.9 |
| Total net assets | 24.2 | +11.5 | 24.8 | +2.5 |
| Total liabilities and net assets | 42.9 | +14.3 | 42.2 | -1.6 |

Interest-bearing debts:

Up from 1.7 to 4.0 billion yen



Increased long-term debt related to the construction of our Technical Training Center

I . Forecast for the fiscal year ending March 31, 2025

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

Although unstable geopolitical conditions, persistently high costs, and other unfavorable factors are expected to continue, we aim to achieve a year-on-year increase in both sales and profits by uncovering latent customer needs for energy and cost savings.

(billion yen, %)

| Consolidated (cumulative period) | FY03/2024 (results) | | | FY03/2025 (forecast) | | |
|--|---------------------|----------------|---------------------------|----------------------|----------------|---------------------------|
| | Amount | Ratio to sales | Year-on-year growth ratio | Amount | Ratio to sales | Year-on-year growth ratio |
| Net sales | 58.2 | 100.0 | +10.1 | 61.0 | 100.0 | +4.8 |
| Maintenance service sales | 36.6 | 63.0 | +5.8 | 38.5 | 63.1 | +4.9 |
| Renovation work construction work volume | 21.5 | 37.0 | +18.3 | 22.5 | 36.9 | +4.5 |
| Gross profit on sales | 10.9 | 18.8 | +17.6 | 11.5 | 18.9 | +4.8 |
| Selling, general and administrative expenses | 7.3 | 12.6 | +13.3 | 7.8 | 12.8 | +6.2 |
| Operating income | 3.6 | 6.2 | +27.5 | 3.7 | 6.1 | +1.9 |
| Ordinary income | 3.8 | 6.6 | +26.6 | 3.9 | 6.4 | +1.0 |
| Profit attributable to owners of parent | 2.7 | 4.7 | +40.4 | 2.8 | 4.6 | +2.7 |

*We raised salaries for regular employees by an average of 6.8% in April 2023, and an average of 6.5% in April 2024.

| | |
|---|------------------|
| I . Overview of financial results for FY03/2025 1H | p.05-p.17 |
| II . The 2024 Five-Year Mid-Term Management Plan | p.18-p.26 |
| III . Shareholder Returns | p.27-p.30 |
| IV . Supplementary materials | p.31-p.43 |

Thrive, for growth

Contributing to the **sustainability** of customer businesses activities

PURPOSE

Contributing to the sustainability of customer businesses and enhancing the value of society as a whole

MISSION

Bringing together the technological capabilities and human resources to maintain optimal environments and give our clients peace of mind through top quality service

VISION

Improving the happiness of all stakeholders in a sustainable manner

VALUE

Sustainable value creation and returns through enhancing the value of human capital

VALUE Sustainable value creation and returns through enhancing the value of human capital

01

Increasing engagement to maximize the performance of our greatest asset, our employees

➔ We plan to maintain an employee engagement score of **70 pt or higher**.

* Employee Engagement Score...A KPI that measures employee engagement (whether they possess a sense of contribution to the organization and its work and are actively engaged) as opposed to the conventional measure of employee satisfaction (with work, promotions, pay, etc.)

02

Improving the Core Technical Capabilities Index to improve the technical capabilities of employees, who lie at the core of top quality services

➔ We plan to achieve a Core Technical Capability Index **CAGR of 3% or higher**.

* Core Technical Capability Index...A KPI reconstructed from the previous Technical Capability Index (number of official technical qualifications obtained \times qualification points \div number of technical employees) that uses official qualifications considered to better correlate with the growth of our core business

03

Focusing on customers seeking to improve the sustainability of their business activities, with a particular emphasis on facilities with special environments

➔ We plan to achieve a sales ratio of facilities with special environments to general facilities of **7:3**.

* Facilities with special environments... Hospitals and research facilities, manufacturing plants, etc., and other special facilities

04

Strengthening energy-saving proposals to improve the sustainability of customer business activities

➔ We plan to reduce greenhouse gas emissions from customer business activities (**by 10,000 t CO₂ per year or more**).

VALUE Sustainable value creation and returns through enhancing the value of human capital

05

Expanding and strengthening overseas operations to improve the sustainability of our business activities

➔ We plan to achieve overseas net sales of **3.5 billion yen** and overseas operating income of **175 million yen** (and overseas operating income margin of **5%**).

06

Maintaining profit levels to achieve sustainable improvement in the happiness of all stakeholders

➔ Based on the premise of sustained net sales growth, we aim to maintain an average operating income margin of **around 6%** during the period covered by this plan.

07

Maintaining capital productivity in excess of the cost of capital required to create corporate value

➔ We aim to maintain an average ROE of **around 10%** during the period covered by this plan, above the cost of equity of around 8%.

* Cost of equity...Assumed based on dialogue with investors, etc.

08

Implementing sustainable shareholder returns

➔ We aim for a minimum annual dividend per share of **40 yen**, a dividend payout ratio of **approximately 50%**, and a dividend on equity ratio of **approximately 5%**.

II. The 2024 Five-Year Mid-Term Management Plan

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

We will strive to expand corporate value by reconsidering financial KPIs to track growth in the core businesses and non-financial KPIs selected for their strong correlation with the achievement of the financial KPIs.

The results will be indicated by the stock price, an objective indicator of a company's future potential.

| Old KPIs | 2024.03 (results) | New KPIs | 2029.03 (target) |
|---|----------------------|---|------------------------------|
| Net sales | 58,232mil. yen | Net sales | 74,000mil. yen |
| Operating income | 3,630mil. yen | Operating income | 4,300mil. yen |
| Operating income to sales | 6.2% | Average operating income margin during the period covered by this plan | maintain around 6.0% |
| Ordinary income | 3,863mil. yen | Ordinary income | 4,500mil. yen |
| Profit attributable to owners of parent | 2,725mil. yen | Profit attributable to owners of parent | 3,200mil. yen |
| Earnings per share | 79.40yen | Earnings per share | 93.00yen |
| ROE | 12.1% | Average ROE during the period covered by this plan | maintain around 10.0% |

| Old KPIs | 2024.03 (results) | New KPIs | 2029.03 (target) |
|---|----------------------|--|--------------------------------|
| Ratio of sales of facilities with special environment | 75.2% | Ratio of sales of facilities with special environment | around 70.0% |
| Overseas operating income to sales | -0.2% | Overseas operating income | 1.75bil. yen |
| Employee satisfaction levels (Non-consolidated) | 67.3% | An employee engagement | maintain 70.0pt or more |
| Technological capabilities index (Non-consolidated) | 22.8pt | Core Technical Capability Index CAGR | 3.0% or more |
| Payout ratio | 49.1% | Payout ratio | around 50.0% |
| Annual dividends per share | 39.00yen | Annual dividends per share | around 46.00yen |
| | | Dividend on equity ratio | around 5.0% |

* The new KPI for annual dividend per share is calculated by multiplying EPS by the dividend payout ratio (This does not commit us to a specific predetermined dividend figure)

* The KPI for reduction of greenhouse gas emissions (10,000 t CO₂ or more per year) is managed separately as a sustainability indicator

To accelerate the process of enhancing human capital value, the key to expanding our corporate value, we are currently building a Technical Training Center that will become fully operational in April 2025.

▶ Rendering of the Technical Training Center



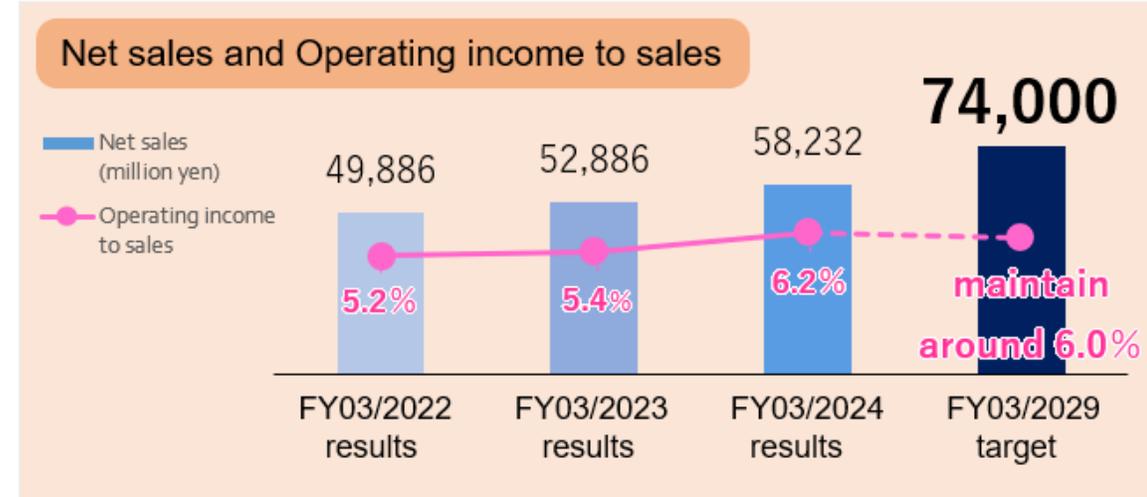
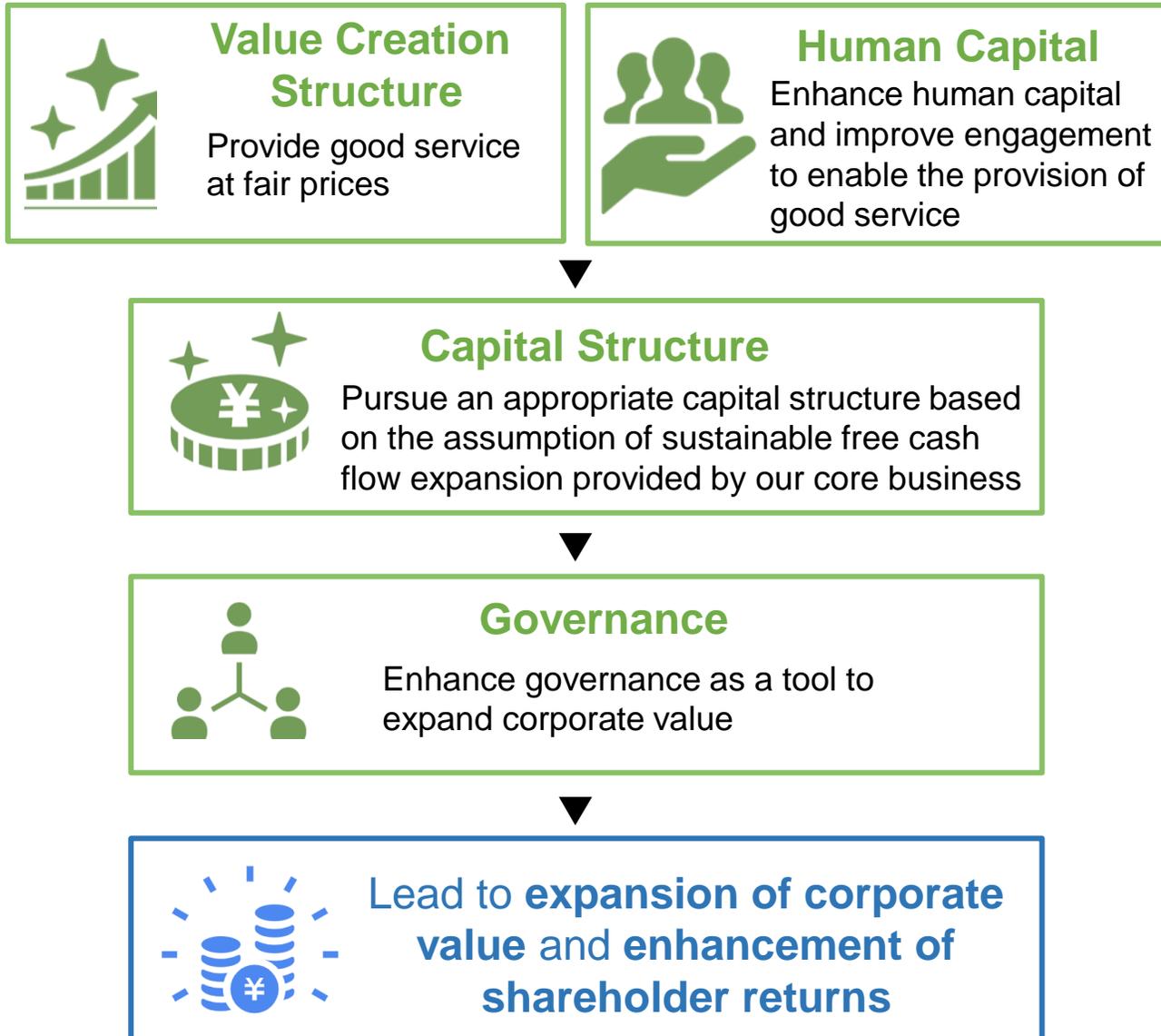
▶ Overview of the Technical Training Center

| | |
|-------------------------------|--|
| Location | Minami-ku, Nagoya-shi |
| Estimated completion | November 2024 |
| Scheduled start of operations | April 2025 |
| Total floor area | Approx. 4,100 m ² |
| Scale | Four aboveground floors + roof |
| Purpose | To accelerate the process of enhancing human capital value, the key to expanding our corporate value |

▶ Role of the Technical Training Center

- Planning a training facility that simulates actual maintenance sites such as clean rooms, machine rooms, etc.
- New hires: Basic training on air conditioners, etc. that use actual equipment
- Current employees: Training on equipment capacity diagnostics using actual equipment, training for acquiring various certifications, etc.
- Environmental Management Department: Planning transfer of operations including environmental analysis (physicochemical, radiation), microbe testing, work environment measurement, and research and development.

Intensifying our focus on increasing the competitive advantages of our core businesses



- ### Shareholder Returns
- ✓ Minimum annual dividend of 40 yen
 - ✓ Maintain a target consolidated dividend payout ratio of around 50%
 - ✓ Maintain ROE around 10%
 - ✓ Aiming for dividend on equity ratio of around 5%
- ▶▶ Aim for **sustainable shareholder returns**



We will do what we must.

Strengthening the competitive advantages
of our core businesses

| | |
|--|------------------|
| I . Overview of financial results for FY03/2025 1H | p.05-p.17 |
| II . The 2024 Five-Year Mid-Term Management Plan | p.18-p.26 |
| III . Shareholder Returns | p.27-p.30 |
| IV . Supplementary materials | p.31-p.43 |

Ⅲ. Stock-related information

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

| Stock-related information | |
|-----------------------------|-----------------------|
| Stock price | ¥1,025 |
| Total market capitalization | ¥36.6 billion |
| Dividends | ¥40.00 per share |
| Dividend payout ratio | 49.1% |
| Dividend yield | 3.90% |
| Number of shareholders | 14,992 |
| PER | 12.58x (EPS : ¥81.48) |
| PBR | 1.48x (BPS : ¥693.46) |
| ROE | 12.1% |

* For stock price, closing price as of November 6, 2024 is used.

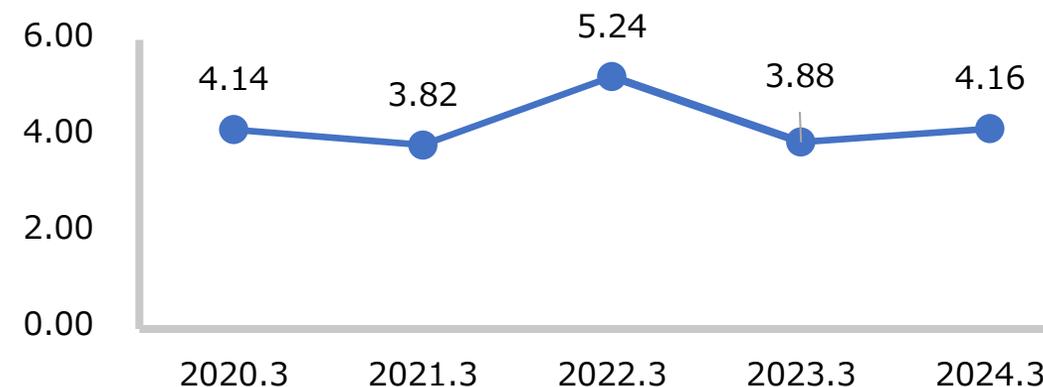
* For dividends and EPS, predicted numbers in the fiscal year ending March 31, 2025 are used.

* For number of shareholder, as of the end of September 2024 is used.

* For BPS and ROE, actual number in the fiscal year ended March 31, 2024 are used.

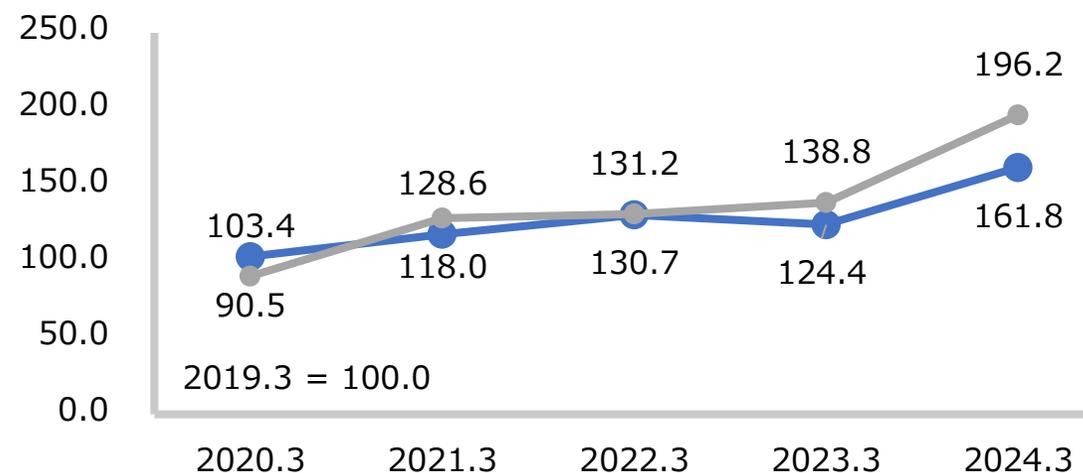
* Total market capitalization is based on total shares issued and outstanding (including treasury stock) as of September 30, 2024.

■ dividend yield (%)



■ Total shareholder return (%)

● The Company (including dividends)
● TOPIX including dividends



III. Shareholder Returns

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

We plan to pay an annual dividend of 40 yen per share (interim dividend of 20 yen and year-end dividend of 20 yen) for FY03/2025.

▶ Dividend per share and dividend payout ratio (yen, %)



* Dividend per share...Adjusted for the 2-for-1 stock splits of treasury stock executed in April 2014 and April 2016

* Special or commemorative dividends...2004.03 (1.00 yen), 2007.03 (0.50 yen), 2008.03 (0.50 yen), 2014.03 (1.25 yen), 2022.03 (13.50 yen)

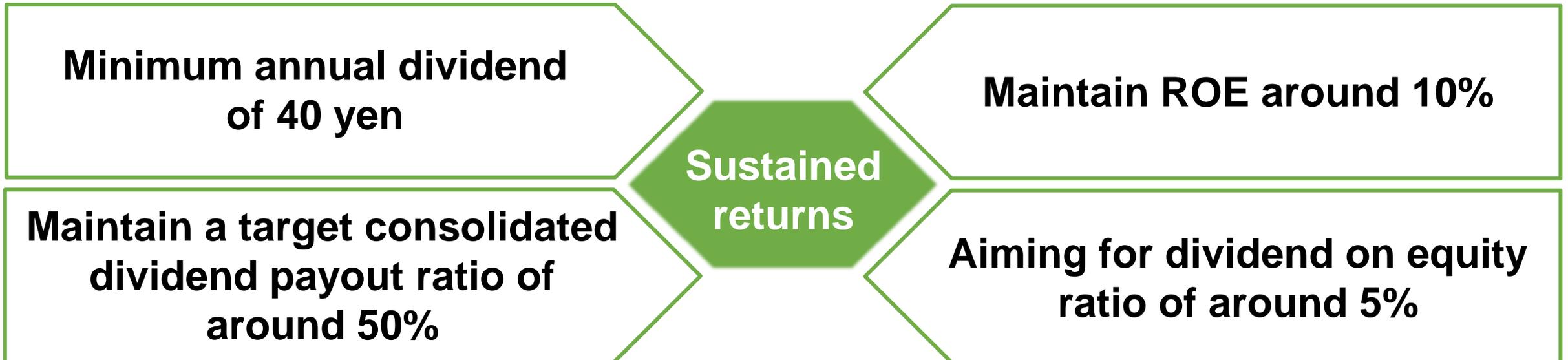
Profit growth through sustainable growth of core businesses



Stable and sustainable returns



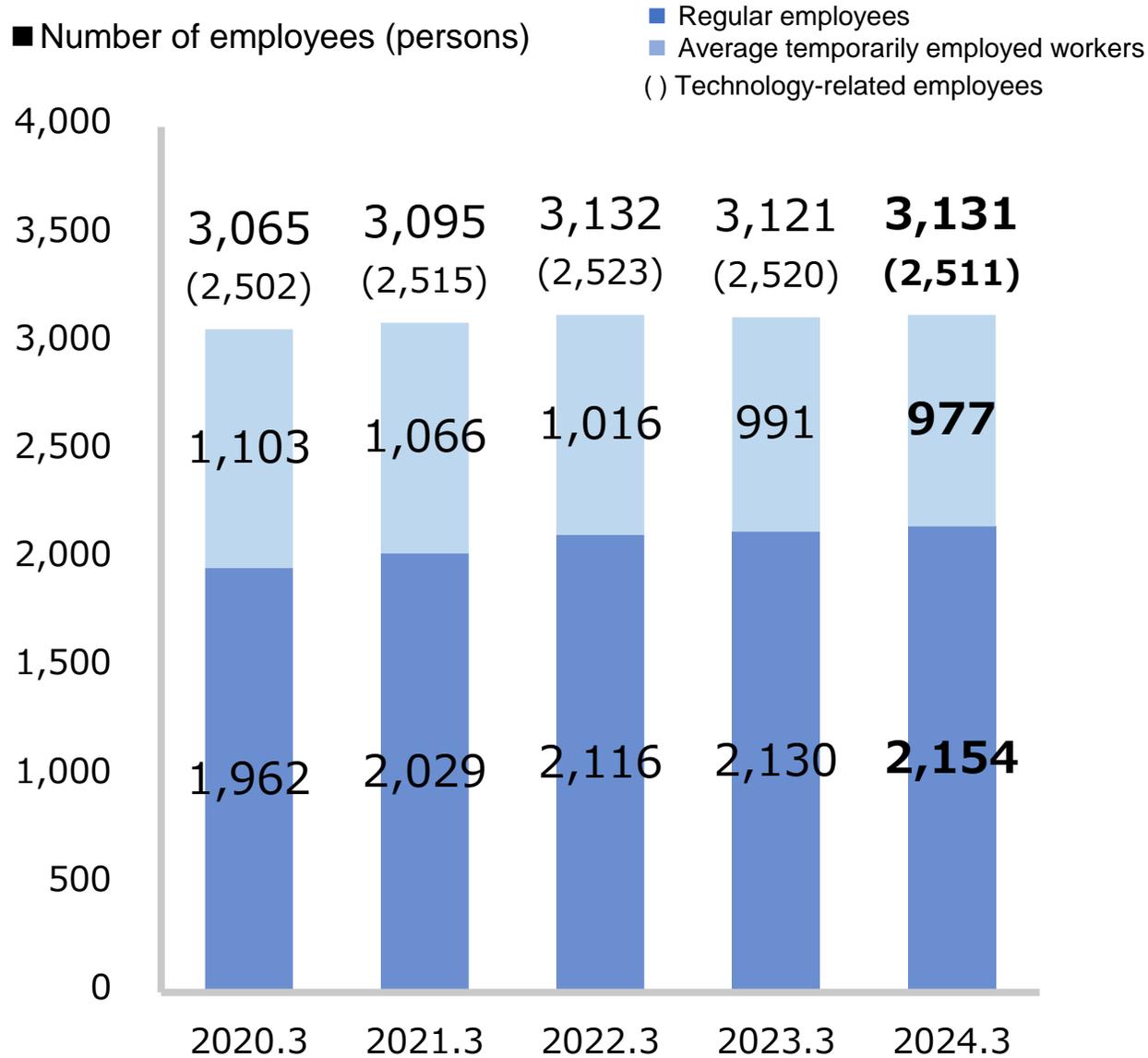
During the period covered by the 2024 Five-Year Mid-term Management Plan, the minimum annual dividend per share will be set to 40 yen; the target consolidated dividend payout ratio will be around 50%; and the target dividend on equity ratio will be approximately 5%. The goal is sustainable returns.



| | |
|--|------------------|
| I . Overview of financial results for FY03/2025 1H | p.05-p.17 |
| II . The 2024 Five-Year Mid-Term Management Plan | p.18-p.26 |
| III . Shareholder Returns | p.27-p.30 |
| IV . Supplementary materials | p.31-p.43 |

IV. Number of employees

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.



Technology-related employees

account for more than 80%

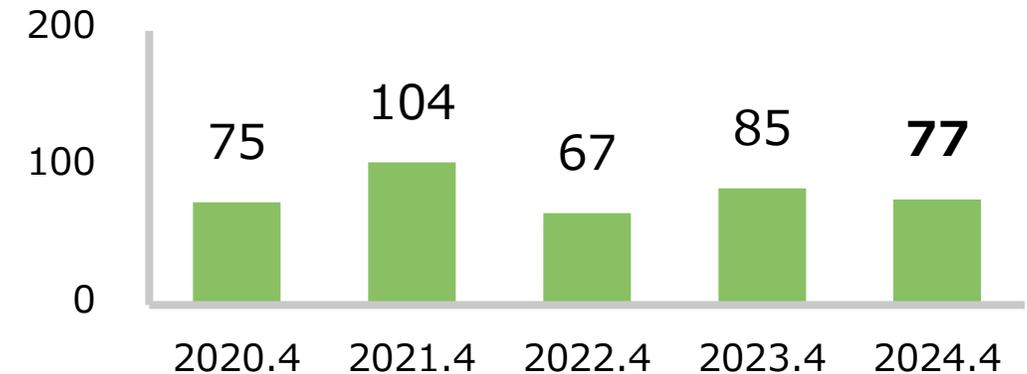
Technology-oriented company



Systems for improving technological capabilities

- Systematic training curriculum
- Linking promotions to official qualifications
- Instructor system, etc.

■ Number of new graduates hired (persons)



* The average number of new graduates hired was 81.6 persons for the period from April 2020 to April 2024.

Construction and maintenance Companies
approx. ¥2.2 trillion



Approx. 70% of the air conditioning and heat source system market
is for existing buildings



we project a target for the Company of
approx. ¥1.5 trillion

IV. Comparison with other companies in the same business

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

| | The Company | Company A | Company B | Company C |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Total market capitalization | ¥36.6 billion | ¥210.4 billion | ¥108.8 billion | ¥6.9 billion |
| PER | 12.58x | 19.81x | 16.20x | 7.55x |
| PBR | 1.48x | 2.02x | 1.45x | 0.33x |
| ROE | 12.1% | 10.6% | 8.3% | 6.5% |
| Net sales | ¥58.2 billion | ¥324.8 billion | ¥122.6 billion | ¥38.3 billion |
| Operating income | ¥3.6 billion | ¥15.2 billion | ¥8.2 billion | ¥2.1 billion |
| Operating income to sales | 6.2% | 4.7% | 6.7% | 5.6% |
| Average annual salary | ¥6,260 thousand | ¥5,110 thousand | ¥3,560 thousand | ¥3,800 thousand |
| Average age | 40.2 years old | 46.2 years old | 53.7 years old | 53.0 years old |

Characteristics of the Company compared to other companies in the same sector

- (1) Scope of net sales and profits is lower.
- (2) Average annual salary significantly exceeds the average figure for the other three companies. The average age is also lower.
- (3) Even so, we maintain a comparable income to sales ratio.
- (4) Stock price indicators suggest our shares are undervalued.



We need to boost the creation of added value and strengthen IR activities.

* For total market capitalization of individual companies, closing price as of November 6, 2024 is used.

* For EPS of individual companies, predicted number as of FY2024 is used, for BPS, ROE, net sales, operating income, operating income to sales, the actual numbers for FY2023 are used.

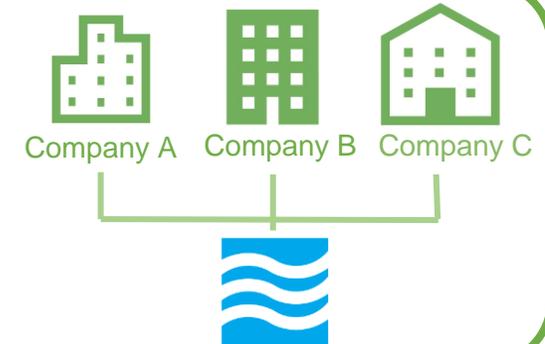
* For average annual salary and average age, the actual numbers for FY2023 are used (Company B uses FY2021).

* Total market capitalization is based on total shares issued and outstanding (including treasury stock) as of September 30, 2024.

① **Advanced technological capabilities**



② **Independence from manufactures**



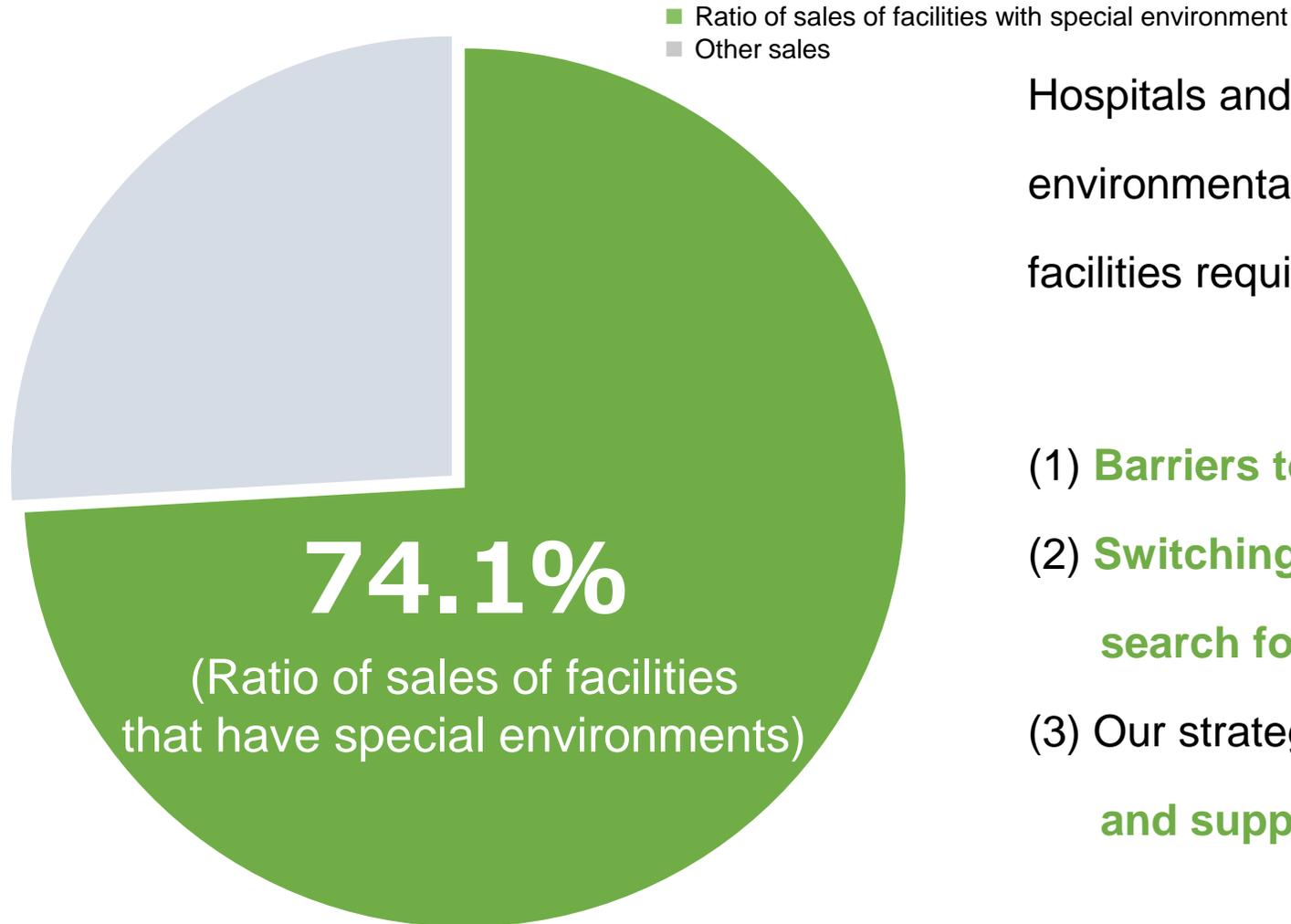
③ **Vast service network**



IV. ① Advanced technological capabilities

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

■ Ratio of sales of facilities with special environment (%)



Hospitals and manufacturing plants must meet strict environmental demands, thus maintenance at these facilities requires sophisticated technological capabilities.



- (1) **Barriers to entry** for competitors are high.
- (2) **Switching costs** and **costs associated with the search for suitable service vendors** are high.
- (3) Our strategy is to erect barriers on **both the demand and supply sides.**

*Ratio of sales of facilities that have special environments, the number in the 2nd quarter of fiscal year ending March 31, 2025 is used.

*Sophisticated technological capabilities refer to the capacity to respond promptly to various problems and propose improvement at early stages and the capacity to execute at high level at all times.

Central surveillance service



Daily measurement service



Regular maintenance service



Solution proposals



Environmental diagnosis service



Disinfection and decontamination service



“Is it possible to create such and such environment?”
or “How can we improve the situation?”



Boosting added value by identifying needs
based on dialogue with customers



Linking with the sustainability
of the customer’s business activities,
from the perspective of **ESG (environment)**

IV. ① Advanced technological capabilities

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

Examples of the **technological capabilities** required are shown below.

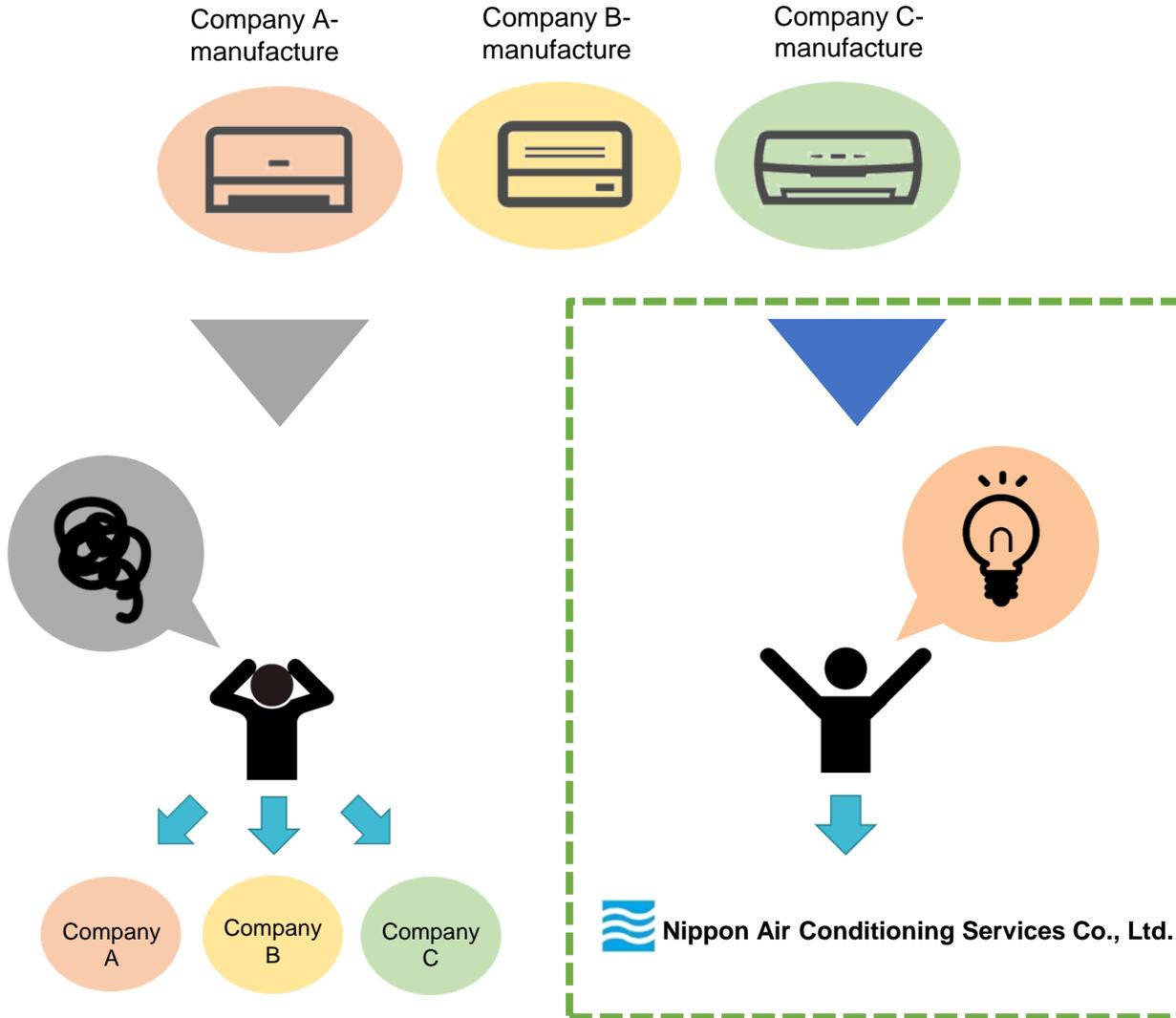


* Picture: Environmental performance measurement / diagnosis, Clean equipment maintenance, Environmental hygiene management, High efficiency filter maintenance, Work environment measurement, Safety cabinet performance inspection / decontamination / sterilization / cleaning etc.

IV. ② Independence from manufactures

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

There is air-conditioning equipment from various makers inside buildings.



(1) As an independent company, we are not subject to restrictions imposed by manufacturers.

(2) Our skilled employees allow us to complete work rapidly without outside help.

(1) By offering **flexibility and diversity** in our services, we help customers create optimal environments.

(2) **The burden** on customers' equipment maintenance personnel is **reduced**.

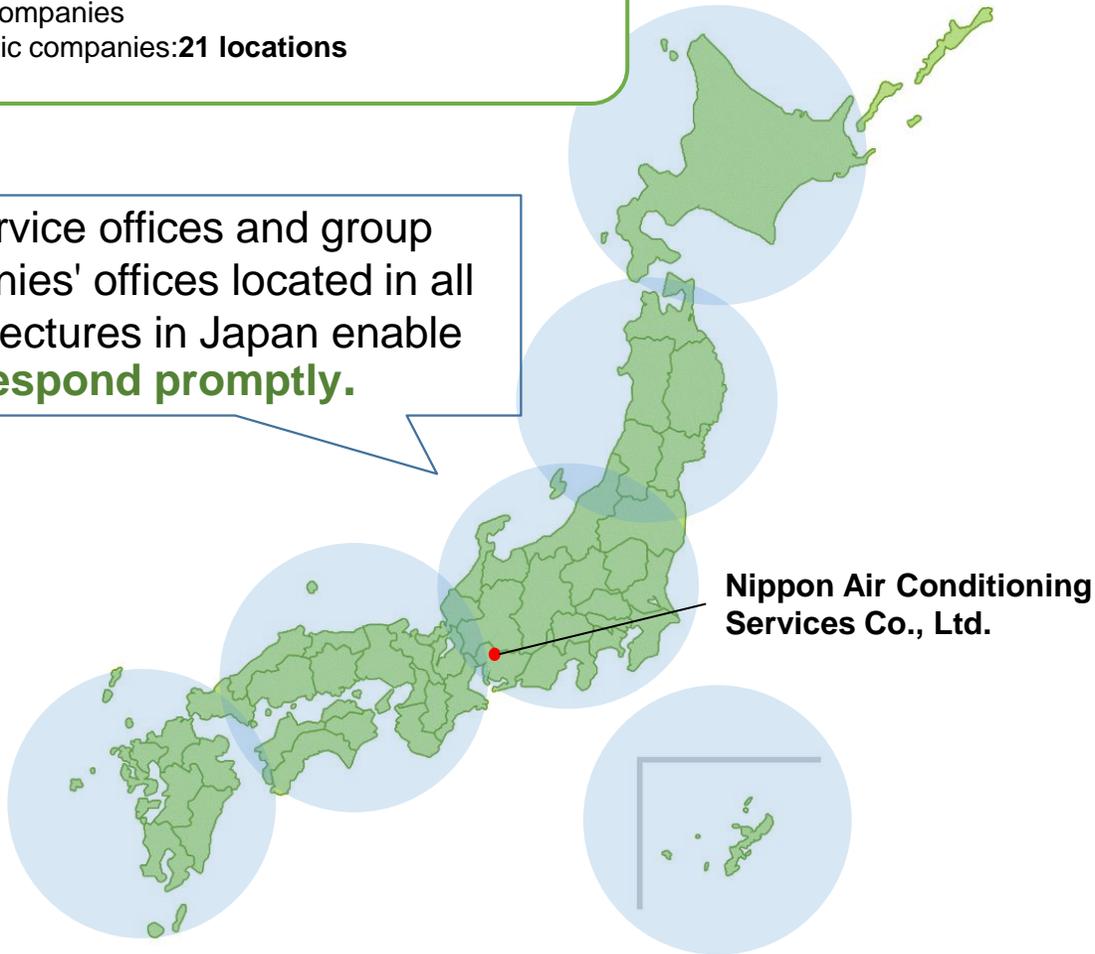
IV. ③ Vast service network

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

Japan

- Nippon Air Conditioning Services Co., Ltd.
Head office, branches and sales offices: **67 locations**
- Group Companies
5 domestic companies: **21 locations**

Our service offices and group companies' offices located in all 47 prefectures in Japan enable us to **respond promptly.**



Overseas

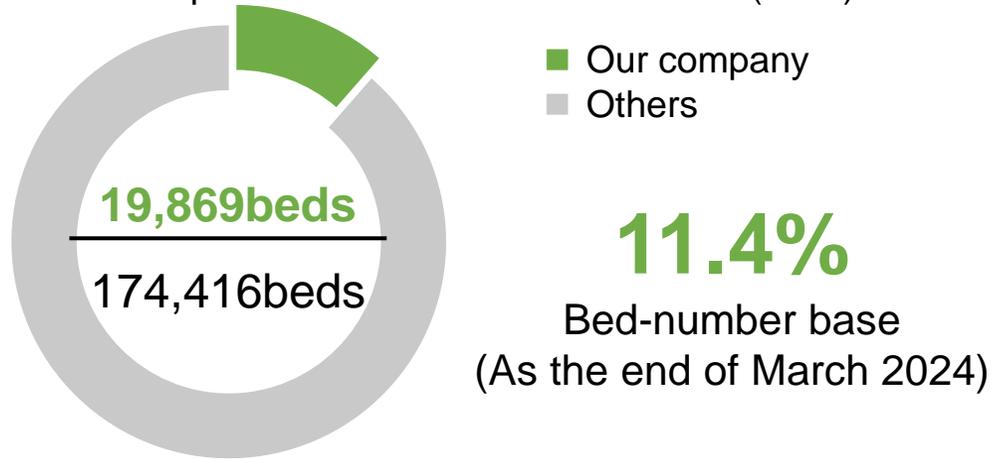
- China
 - Suzhou Nikku Suntec Electromechanical Technology Co., Ltd. (an overseas consolidated subsidiary)
 - Shanghai Nikku Suntec International Trading Co., Ltd. (an overseas consolidated subsidiary)
- Singapore
 - Evar Air-conditioning & Engineering Pte Ltd (an overseas consolidated subsidiary)
 - NACS Singapore Pte. Ltd. (an overseas consolidated subsidiary)
- Vietnam
 - NACS ENGINEERING VIETNAM CO., LTD. (an overseas consolidated subsidiary)
- Thailand
 - NACS KUCHO(THAILAND) CO., LTD. (an overseas consolidated subsidiary)
- Myanmar
 - NACS Engineering Myanmar Co., Ltd. (an overseas consolidated subsidiary)
- Bangladesh
 - NACS BD Co., Ltd. (an overseas non-consolidated subsidiary)

*The number of bases (based on address) is as of October 31, 2024.

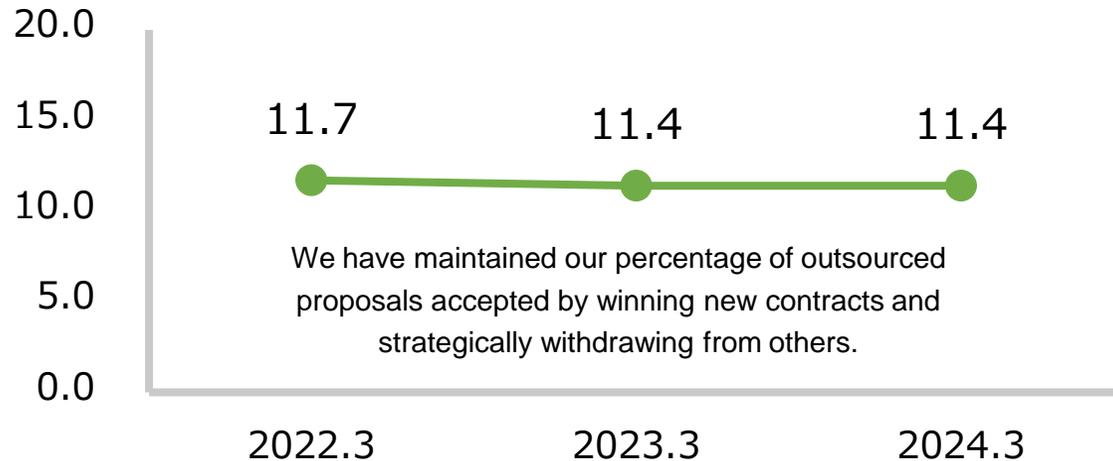
IV. Share in large-scale domestic hospitals

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.

■ Percentage of acceptance of outsourcing for domestic hospitals that have 600 beds or more (beds)



■ Our percentage of outsourced proposals accepted (%)



Our strengths include facilities maintenance at large hospitals, founded on our many years of experience at facilities with special environments.



Integrated management

Maintenance of environmental performance

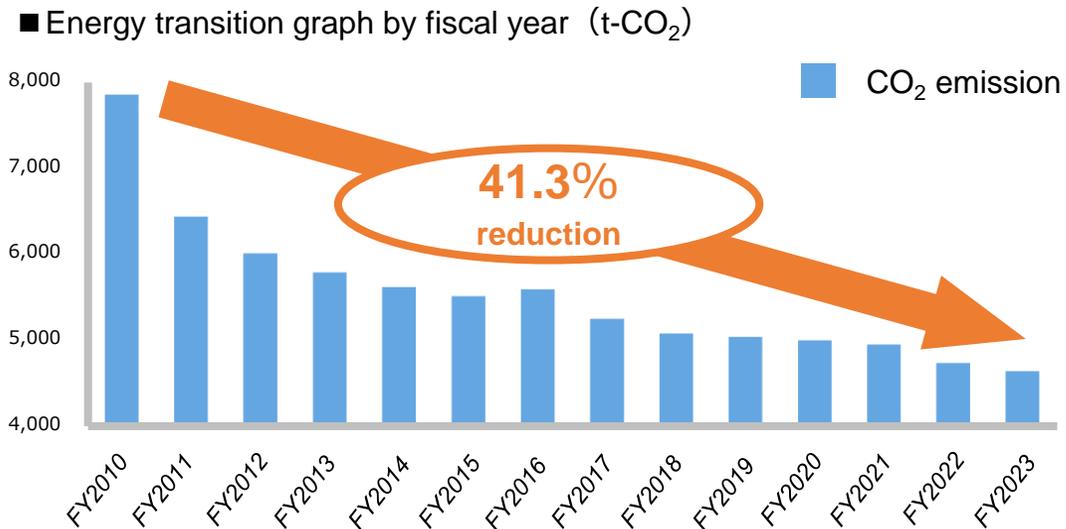
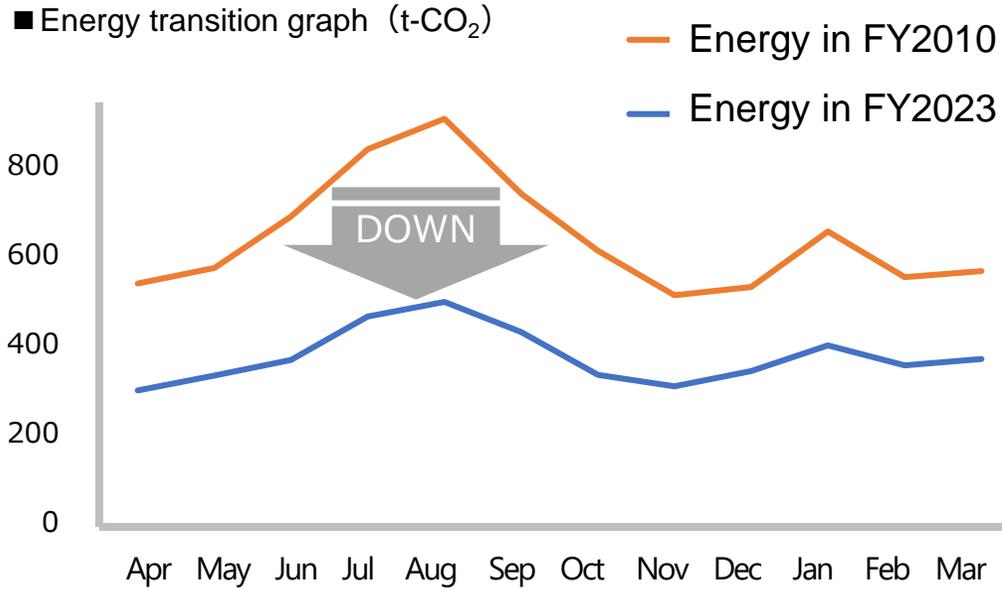


We optimize facility operations for both stable operations and energy savings.

* We calculate percentage of outsourced proposals accepted based on medical facility survey data from the Ministry of Health, Labor and Welfare.

IV. Hospital energy savings (example)

© 2024 Nippon Air Conditioning Services Co., Ltd. All Rights Reserved.



Midsized Tokyo hospital(450 beds scale)
Total floor area approx. 48,000 sqm
Succeeded in saving a significant amount of energy by maintaining a thorough site understanding and continued careful operations management.

As maintaining the hospital environment is such a high priority, It is difficult to save energy in hospitals.



From the viewpoint of facility management, however, there are many opportunities to save energy with no compromises made with regard to safety.

Energy savings can be achieved as only a facility management company can, by understanding the "excess" energy in a facility and approaching the excess energy.

| First patent (April 2023) | Second patent (November 2023) |
|---|---|
| <p>Microbe decontamination technique that enables <u>safety and efficient operations</u></p> | <p>Safer microbe decontamination technique that uses Vinegar and Oxydol and no deleterious substance</p> |



Pharmaceutical and medical research facilities



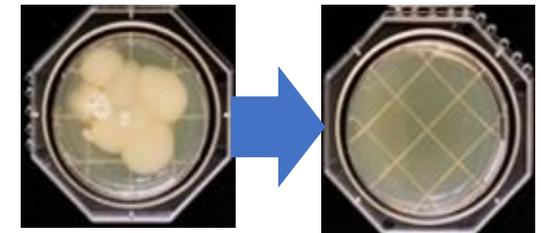
Large-scale hospitals



Pharmaceutical plants



Food & beverage factories



etc.

These materials were prepared by Nippon Air Conditioning Services Co., Ltd. (the “Company”) for the purpose of understanding the current status of the Company, and do not aim at solicitation for investment in securities issued by the Company.

The information in these materials is based on generally-recognized economic, societal, and other situations and certain assumptions judged reasonable by the Company, and may be changed without announcement due to changes in the management environment or any other reason. The Company is not obligated to update or modify the information included in these materials even if there is new information or future events, etc. The Company shall assume absolutely no liability for any damage incurred as a result of use of these materials.

All numbers in these materials are consolidated-basis. (except for numbers with separate notes)

These materials are expected to be used only by persons to whom they are provided. Any and all rights to any parts of these materials belong to the Company, and whether electronically, or mechanically, or regardless of the means, these materials must not be cited, reproduced or transferred and used, etc., whole or in part, without permission.

IR Div. Corporate planning Div.

Phone 052-773-2875

E-mail ir4658@nikku.co.jp

Website www.nikku.co.jp/en