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Ⅰ. Financial highlights

Nippon Air Conditioning Services Co., Ltd.

Net sales : ¥64.4 billion[+10.7%]

Operating income : ¥4.1 billion[+15.5%]

Profit attributable to owners of parent : ¥3.1 billion[+13.8%]

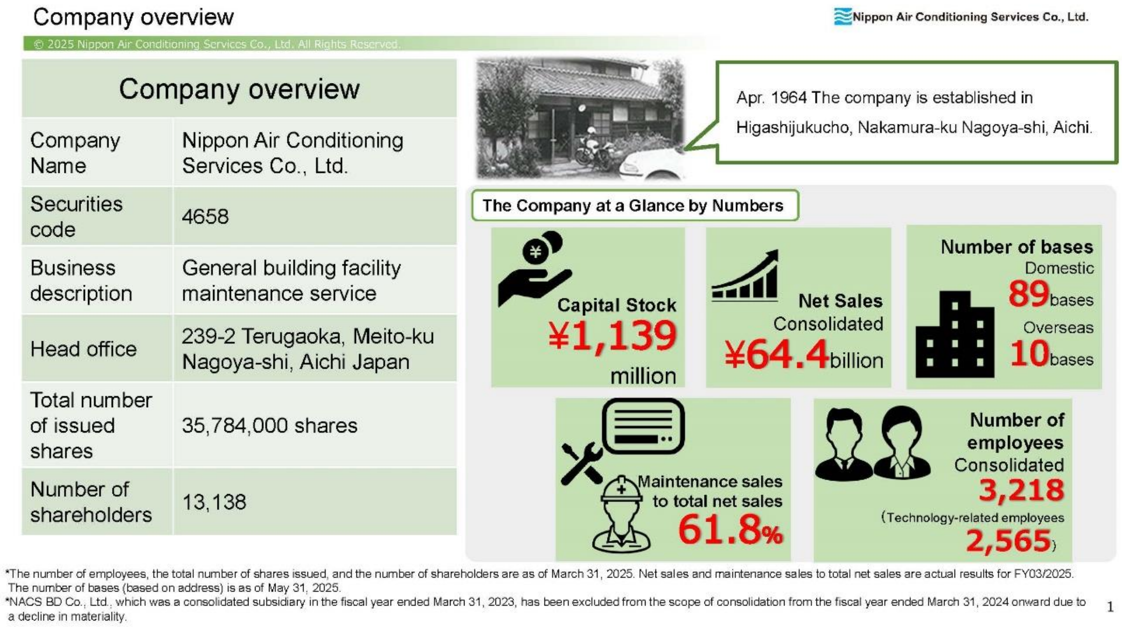
*For net sales, operating income, profit attributable to owners of parent, the number in the fiscal year ended March 31, 2025 is used.

[Title]
[Q&A Session: Included] Nippon Air Conditioning Services expects continued sales and profit growth in the next fiscal year, following the current fiscal year, with a high dividend yield and ROE of 12.5%, ensuring a stable shareholder return policy

[Lead]
The following is a transcription of the presentation of the financial results for the fiscal year ended March 31, 2025 of Nippon Air-Conditioning Services Co., Ltd., which was released on June 6, 2025.

[Speaker]
Mr. Toshiaki Yorifuji, President and Representative Director, Nippon Air-Conditioning Services Co., Ltd.

Company overview

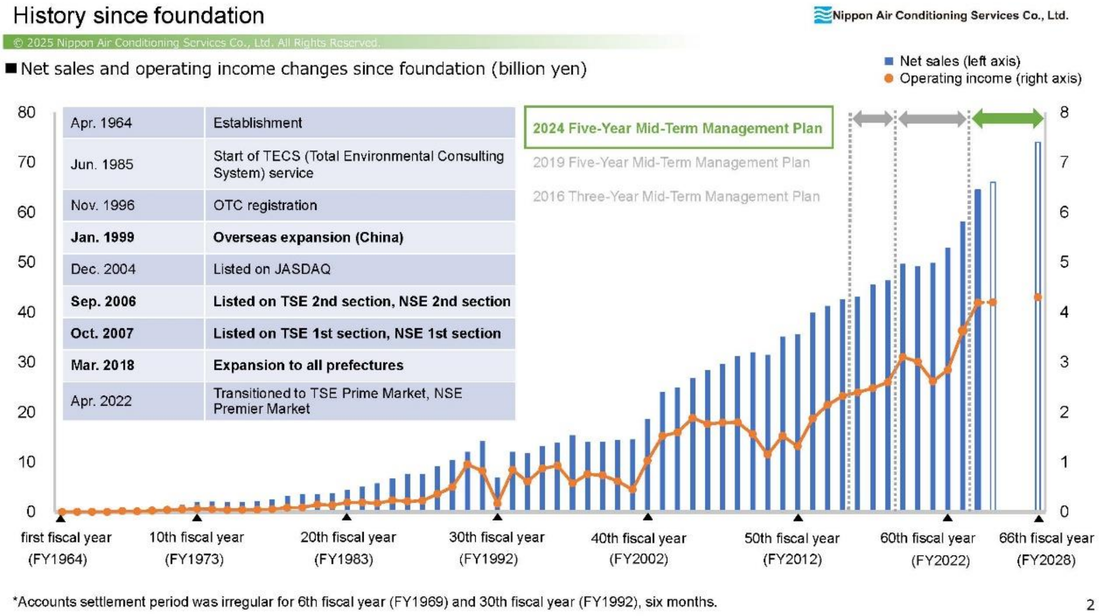


Mr. Toshiaki Yorifuji (hereafter, Yorifuji): I'm President and Representative Director, Nippon Air-Conditioning Services Co., Ltd. I will now explain our financial results for the fiscal year ended March 31, 2025.

To begin with, here is our company overview. Our company name is Nippon Air-Conditioning Services Co., Ltd. We deliver general building facility maintenance service. The total number of shares issued is 35,784,000 shares, and the number of shareholders is 13,138. These figures are as of the end of March 2025.

Net sales amounted to ¥64.4 billion. We have 89 domestic bases and 10 overseas bases, totaling 99 bases. Maintenance sales accounted for 61.8% of total net sales. The number of employees is 3,218 on a consolidated basis, of which approximately 80% (2,565) are technology related employees.

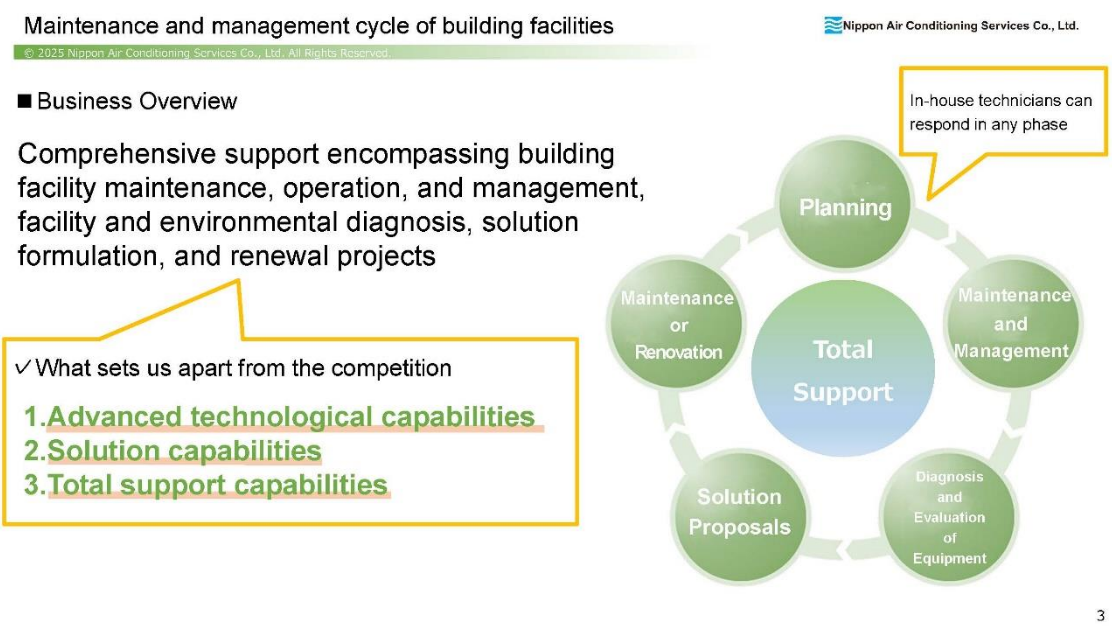
History since foundation



Here is our history since foundation. Since our founding, we have had three goals. The first was to expand overseas, which we achieved in January 1999. The second was to be listed on the Tokyo Stock Exchange and Nagoya Stock Exchange, which we achieved in September 2006. The third was to expand into all prefectures, which we achieved in March 2018.

The graph at the bottom right of the slide shows net sales and operating income for each fiscal year. In particular, during the 2019 Five-Year Mid-Term Management Plan (hereafter, the previous mid-term management plan), the impact of the COVID-19 pandemic had a major impact, but net sales did not decline significantly. We are currently carrying out the 2024 Five-Year Mid-Term Management Plan (hereafter, the current mid-term management plan) and we believe we have made a strong start.

Maintenance and management cycle of building facilities



This is our business overview. We specialize in comprehensive support encompassing building facility maintenance, operation, and management, facility and environmental diagnosis, solution formulation, and renewal projects. As shown in the diagram on the right side of the slide, we can provide services from any phase. Few companies can handle operation and management, maintenance, and construction all under one roof like we do.

The bottom left of the slide shows our three key strengths. The first is our "advanced technological capabilities"—as mentioned earlier, 80% of our employees are engineers. The second is our "solution capabilities"—since we are an independent company, we are not tied to any manufacturer and can offer the best possible solutions. The third is our "total support capabilities"—enabled by our extensive network of bases nationwide.

Business division

Business division

Nippon Air Conditioning Services Co., Ltd.

Business division	Overview		Net sales composition
PM Preventive Maintenance	We conduct inspection, maintenance, repair, replacement, etc. of overall equipment/systems of buildings (mainly air conditioning) by visiting clients' facility.		36%
FM Facility Management	Our resident employees provide integrated management that optimally combines maintenance services with daily maintenance and management at clients' facility.		26%
RAC Reform and Construction	We mainly engage in renovation work of existing equipment such as air conditioning and plumbing sanitary system.		38%

*For net sales composition, actual number in the fiscal year ended March 31, 2025 is used.

Let me explain why we are able to offer total support capabilities—one of our key strengths. The first is PM (Preventive Maintenance), which involves regular on-site inspections. We conduct inspection, maintenance, repair, replacement, etc. of overall equipment/systems of buildings (mainly air conditioning) by visiting clients' facility.

The second is FM (Facility Management). Our resident employees provide integrated management that optimally combines maintenance services with daily maintenance and management at clients' facility. We mainly provide on-site management at hospitals, large factories, and specialized facilities.

The third is RAC (Reform and Construction), which covers renovation work. In addition to construction work derived from PM and FM, we also perform work that subcontractors would be responsible for, such as major public-sector construction work. Many companies handle one or two of these areas, but few can offer all three under one roof.

Financial highlights

Ⅰ. Financial highlights

Nippon Air Conditioning Services Co., Ltd.

Net sales：¥64.4 billion[+10.7%]

Operating income ：¥4.1 billion[+15.5%]

Profit attributable to owners of parent：¥3.1 billion[+13.8%]

*For net sales, operating income, profit attributable to owners of parent, the number in the fiscal year ended March 31, 2025 is used.

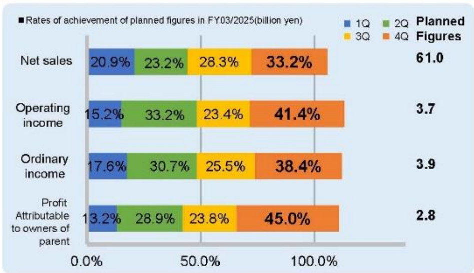
This is the overview of the financial results for FY03/2025. The slide shows our actual performance for FY03/2025.

Net sales amounted to ¥64.4 billion, up 10.7% YoY. Operating income was ¥4.19 billion, up 15.5% YoY. Profit attributable to owners of parent was ¥3.10 billion, up 13.8% YoY.

Results for the fiscal year ended March 31, 2025

Ⅰ. Results for the fiscal year ended March 31, 2025

Nippon Air Conditioning Services Co., Ltd.



Core businesses such as maintenance and renovation work performed steadily, resulting in both sales and profit exceeding forecasts.

(billion yen, %)

Consolidated (cumulative period)	FY/03/2024			FY/03/2025		
	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	**64.4**	**100.0**	**+10.7**
Maintenance service sales	36.6	63.0	+5.8	**39.8**	**61.8**	**+8.5**
Net sales of completed construction contracts	21.5	37.0	+18.3	**24.6**	**38.2**	**+14.3**
Gross profit on sales	10.9	18.8	+17.6	**12.9**	**20.1**	**+18.1**
Gross profit on maintenance sales	7.5	20.6	+12.4	**8.5**	**21.4**	**+13.1**
Gross profit on completed construction contracts	3.4	15.9	+31.2	**4.4**	**18.0**	**+29.1**
Selling, general and administrative expenses	7.3	12.6	+13.3	**8.7**	**13.6**	**+19.4**
Operating income	3.6	6.2	+27.5	**4.1**	**6.5**	**+15.5**
Ordinary income	3.8	6.6	+26.6	**4.3**	**6.8**	**+13.2**
Profit before income taxes	3.8	6.6	+29.8	**4.3**	**6.8**	**+13.0**
Profit attributable to owners of parent	2.7	4.7	+40.4	**3.1**	**4.8**	**+13.8**
Earnings per share(unit:yen)	79.40	-	+40.1	**89.98**	**-**	**+13.3**

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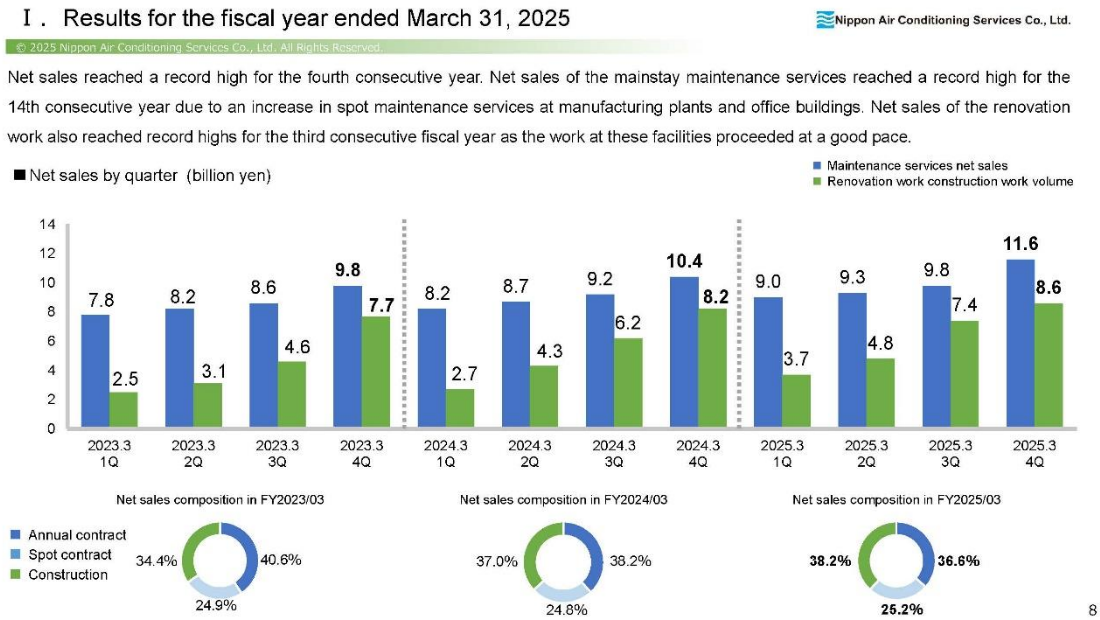
This slide breaks down our performance results. The left side shows the rates of achievement of planned figures in FY03/2024 and FY03/2025, while the right side shows the actual results in FY03/2025.

When we created the current mid-term management plan, we aimed to grow approximately 5% annual growth in net sales. In reality, we did much better—net sales rose 10.1% and 10.7% YoY in FY03/2024 and FY03/2025 respectively.

Maintenance service sales rose 8.5% YoY. Net sales of completed construction contracts significantly outperformed expectations, up 14.3% YoY, with gross profit on completed construction contracts rising 29.1% YoY. These strong results have driven overall performance beyond our expectations.

Results for the fiscal year ended March 31, 2025

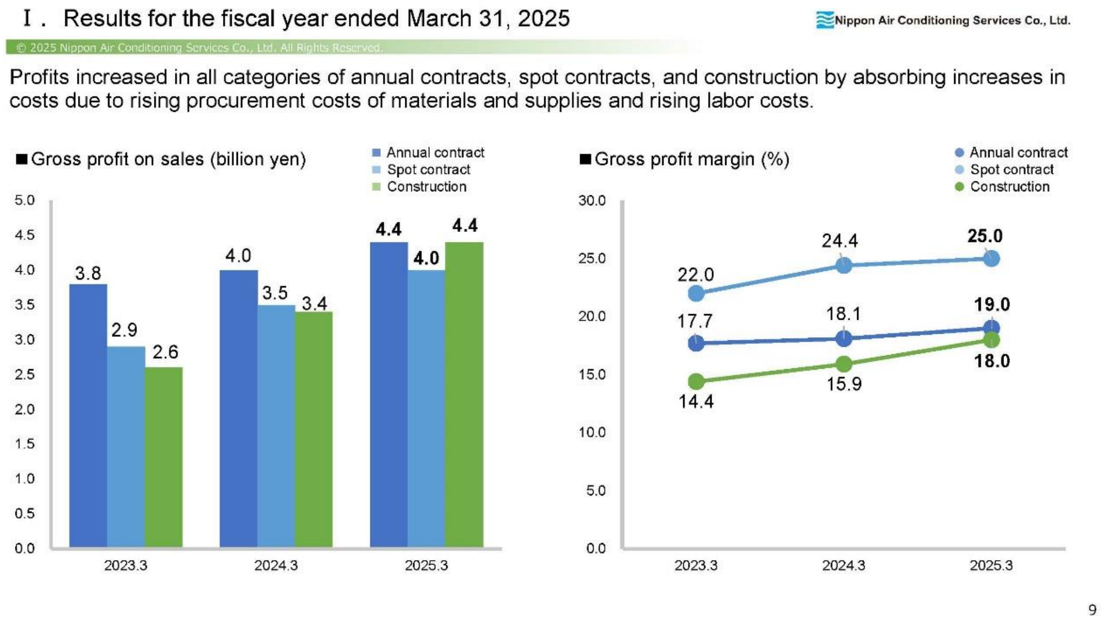


This chart shows net sales by quarter. Net sales reached a record high for the fourth consecutive year.

Net sales of the mainstay maintenance services, reached a record high for the 14th consecutive year, due to an increase in spot maintenance services at manufacturing plants and office buildings. We also steadily secured renovation work for factories, hospitals, and office buildings. Net sales of the renovation work reached record highs for the third consecutive fiscal year, as the work proceeded at a good pace.

Please refer to the bar chart on the slide. The blue bars show maintenance services net sales, and the green bars show renovation work construction work volume. The net sales composition at the bottom shows a steady year-over-year increase in the proportion of renovation work. This is due to active capital investment, with renovation work showing particularly strong growth in recent years.

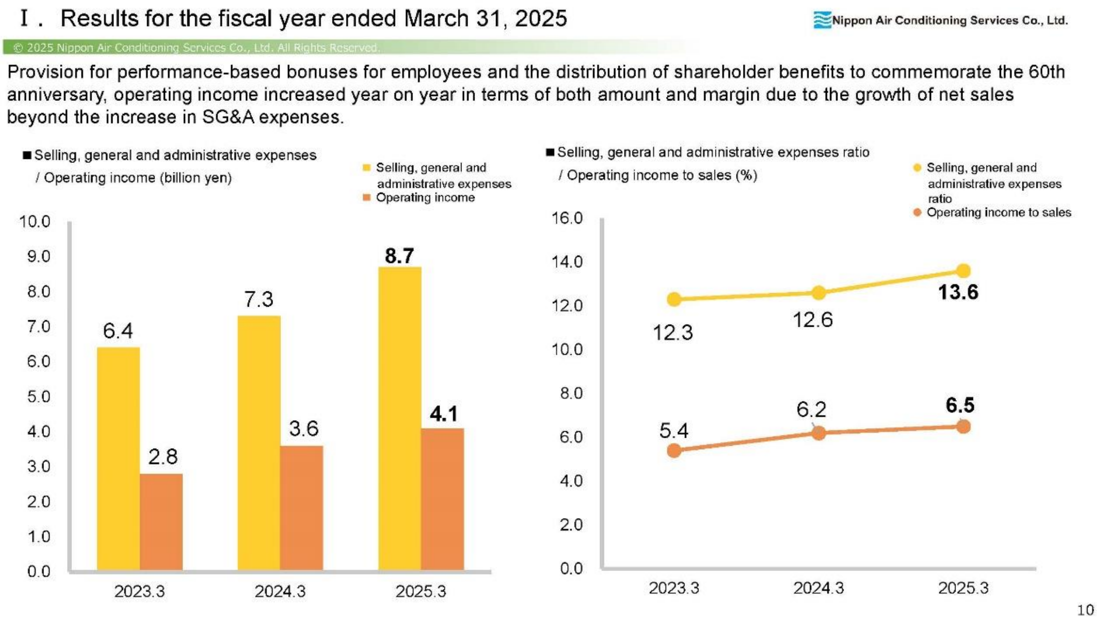
Results for the fiscal year ended March 31, 2025



This slide shows gross profit on sales and gross profit margin. The left side of the slide shows a chart of gross profit—blue for annual contracts, light blue for spot contracts, and green for renovation work. As shown, gross profit on sales has grown steadily year-over-year.

The right side shows the trend in gross profit margin. Annual contracts and spot contracts have grown, but construction has improved more than expected. In the past, renovation work usually had profit margins about 5 points lower than annual or spot contracts. However, those margins have approached the levels of annual contracts, which we believe has helped boost overall profits.

Results for the fiscal year ended March 31, 2025

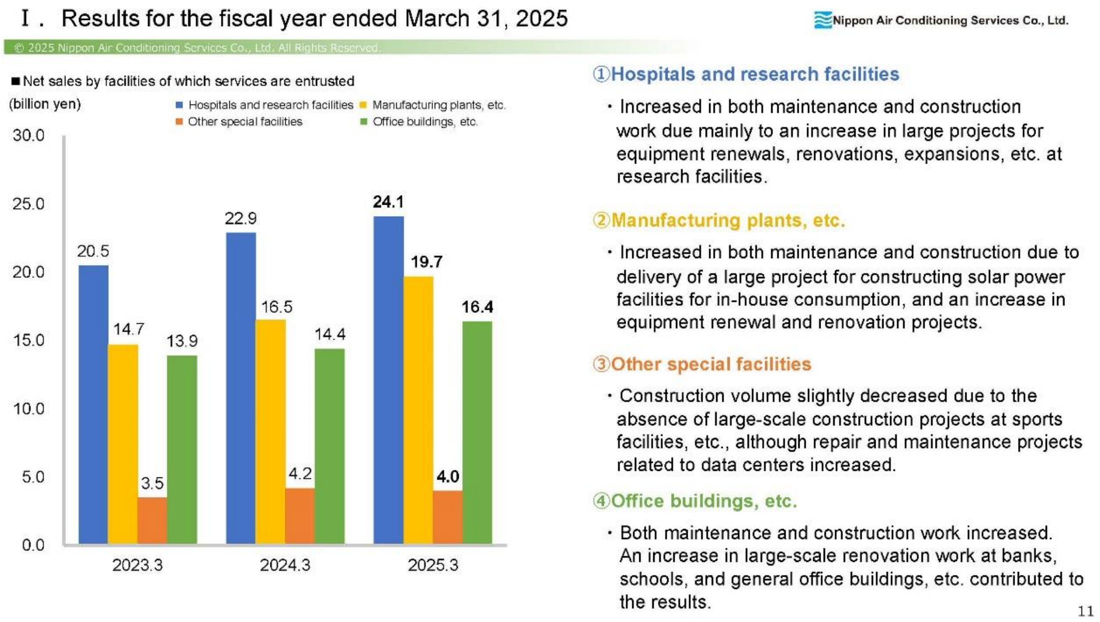


The left side of the slide shows SG&A expenses and operating income. We raised average wages by 6.8% in FY03/2024, 6.5% in FY03/2025, and 5.7% in FY03/2026.

In addition to performance-based and special bonuses to employees, we also implemented the distribution of shareholder benefits to commemorate the 60th anniversary in FY03/2025. This resulted in a slight increase in SG&A expenses, but we managed to absorb the impact and achieved higher operating income than FY03/2024.

As shown in the graph on the right, SG&A ratio is on an upward trend, but operating income ratio has risen to 6.5%, absorbing this increase. The current mid-term management plan targets an average operating income to sales of around 6%, but we have already gone well beyond that level.

Results for the fiscal year ended March 31, 2025

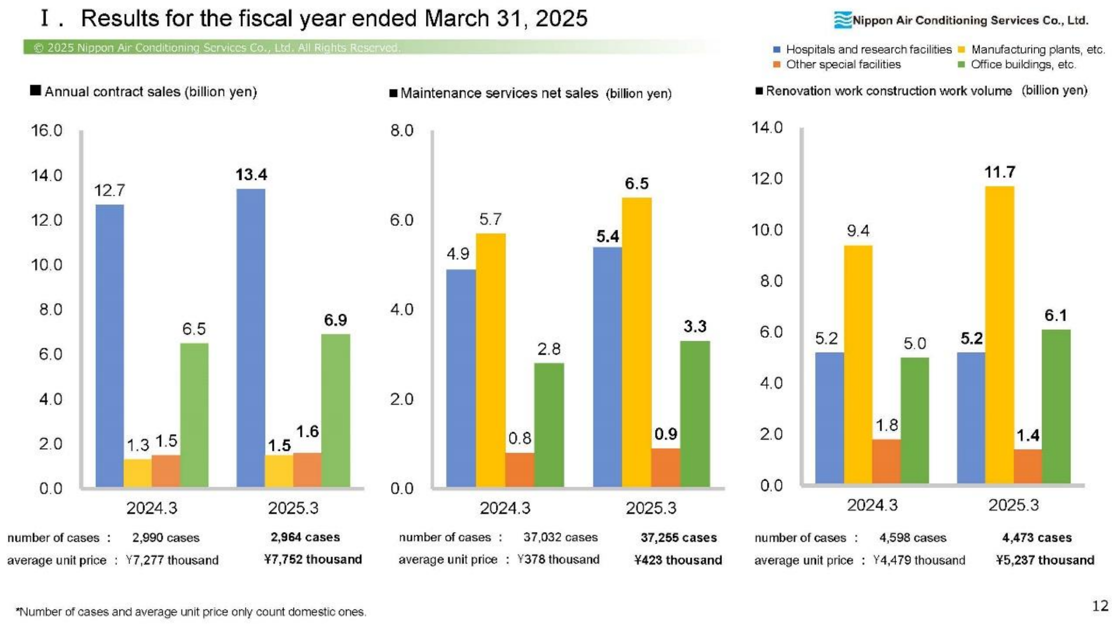


This chart shows net sales by facilities of which services are entrusted. “Hospitals and research facilities,” indicated in blue, have been steadily increasing in both maintenance and renovation work. Similarly, “Manufacturing plants, etc.,” shown in yellow, have continued to grow at a stable pace.

“Other special facilities” includes data centers, which are a current trend, and projects are steadily increasing. This also includes projects for solar power facilities that sell electricity. With the recent shift toward in-house consumption at manufacturing plants, new orders have slowed compared to before. However, the drop in net sales is minor and does not have a big impact.

As for “Office buildings, etc.,” renovation work on office buildings in the Kanto area in particular has been booming, and the increase in these projects is boosting our sales.

Results for the fiscal year ended March 31, 2025



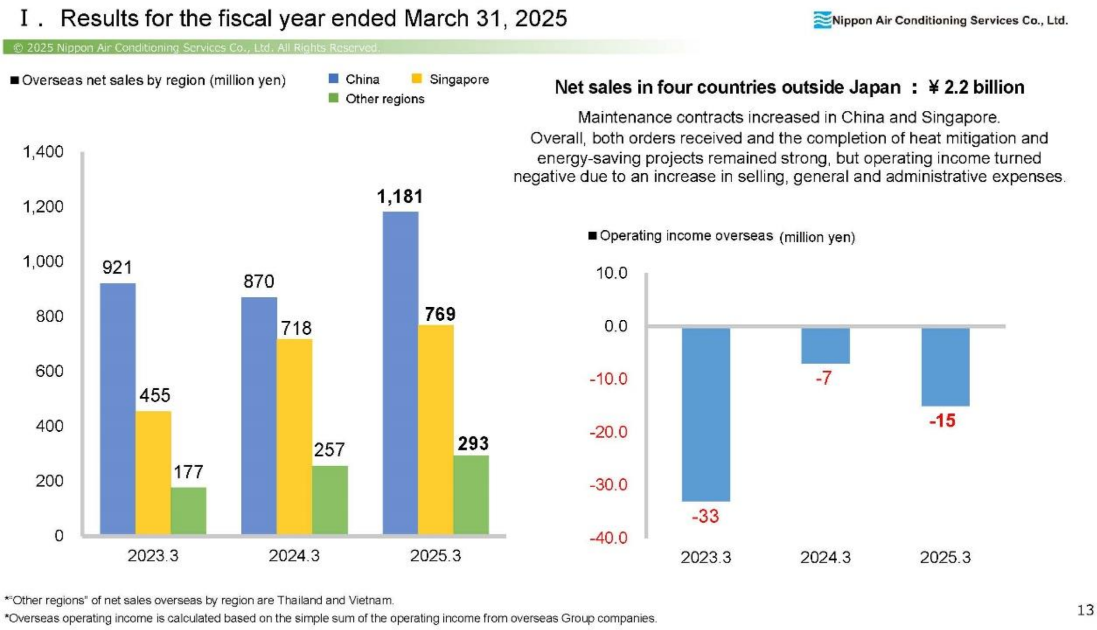
This compares each product category to FY03/2024 results. The graph on the left shows annual contract sales. Net sales of "Hospitals and research facilities" in blue and "Office buildings, etc." in green are steadily growing. Annual contracts account for approximately 40% of our total net sales, with the remaining 60% comprised of other contracts.

The center graph shows net sales of spot maintenance and other services. "Manufacturing plants, etc." are leading the growth, followed by "Hospitals and research facilities" and "Office buildings, etc."—all showing steady increases.

The graph on the right illustrates renovation work construction work volume, with "Manufacturing plants, etc." showing particularly strong growth. As indicated at the bottom of the chart, while the number of cases declined from 4,598 to 4,473, the average unit price increased from ¥4,479 thousand to ¥5,237 thousand.

Instead of taking on every project, we focused on those that guarantee solid profits. As a result, the unit price per project went up across all areas, which boosted both net sales and profits.

Results for the fiscal year ended March 31, 2025



This chart shows overseas net sales by region. While overseas net sales continues to grow steadily, the right-hand graph shows an operating loss.

In Singapore and Vietnam, orders increased significantly, but many projects carried over into the next period and have not been completed yet. These projects are expected to be completed within FY03/2026, so please look forward to the results.

Status of cash flows

Ⅰ. Status of cash flows

Nippon Air Conditioning Services Co., Ltd.

Consolidated (cumulative period)	FY03/2024		FY03/2025	
	Amount (billion yen)	Year-on-year change (billion yen)	Amount (billion yen)	Year-on-year change (billion yen)
Cash flows from operating activities	2.4	+1.5	**4.9**	**+2.5**
Cash flows from investing activities	(1.7)	-1.1	**(3.4)**	**-1.6**
Cash flows from financing activities	(0.2)	+0.7	**0.3**	**+0.6**
Cash and cash equivalent growth	0.3	+1.1	**1.8**	**+1.5**
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	6.2	+0.3	**8.1**	**+1.8**

Cash flows from operating activities increased

▼

A decrease in trade receivables and an increase in trade payables

Cash flows from investing activities decreased

▼

Expenditures to acquire property, plant and equipment

This explains the status of cash flows for FY03/2025. The increase in cash flows from operating activities was driven by a decrease in trade receivables and an increase in trade payables.

The decrease in cash flows from investing activities came from expenditures to acquire property, plant and equipment, specifically for the construction of our Technical Training Center. This reflects our commitment to proactively investing in developing our employees.

Financial position

Ⅰ. Financial position

Nippon Air Conditioning Services Co., Ltd.

Consolidated (as of the end of period)	FY03/2024		FY03/2025	
	Amount (billion yen)	Year-on-year growth ratio (%)	Amount (billion yen)	Year-on-year growth ratio (%)
Current assets	26.3	+12.5	**28.6**	**+8.6**
Fixed assets	16.5	+17.3	**19.9**	**+20.2**
Total assets	42.9	+14.3	**48.5**	**+13.1**
Interest-bearing debts	1.7	+68.0	**3.6**	**+110.6**
Other liabilities	17.0	+14.7	**18.7**	**+10.5**
Total liabilities	18.7	+18.2	**22.4**	**+19.8**
Total net assets	24.2	+11.5	**26.1**	**+7.9**
Total liabilities and net assets	42.9	+14.3	**48.5**	**+13.1**

Interest-bearing debts:
Up from 1.7 to 3.6 billion yen

▼

An increase in long-term borrowings related to the construction of our Technical Training Center and the relocation of our Kyushu Office

This is the financial position for FY03/2025. Interest-bearing debts rose from ¥1.73 billion to ¥3.65 billion. This increase came from construction of our Technical Training Center, as well as the purchase of land and rebuilding of the Kyushu office due to the relocation of the office, which had become too small as a result of the increase in employees. In addition, long-term borrowings increased as our group company, Nippon Air Conditioning Hokuriku, Co., Ltd. expanded its headquarters.

Forecast for the fiscal year ending March 31, 2026

Ⅰ. Forecast for the fiscal year ending March 31, 2026

Nippon Air Conditioning Services Co., Ltd.

Although unstable geopolitical conditions, inflation, 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)	FY03/2025 (results)			FY03/2026 (forecast)		
	Amount	Ratio to sales	Year-on-year growth ratio	Amount	Ratio to sales	Year-on-year growth ratio
Net sales	64.4	100.0	+10.7	**66.0**	**100.0**	**+2.4**
Maintenance service sales	39.8	61.8	+8.5	**41.0**	**62.1**	**+2.9**
Renovation work construction work volume	24.6	38.2	+14.3	**25.0**	**37.9**	**+1.6**
Gross profit on sales	12.9	20.1	+18.1	**13.2**	**20.0**	**+1.9**
Selling, general and administrative expenses	8.7	13.6	+19.4	**9.0**	**13.6**	**+2.7**
Operating income	4.1	6.5	+15.5	**4.2**	**6.4**	**+0.2**
Ordinary income	4.3	6.8	+13.2	**4.4**	**6.7**	**+0.6**
Profit attributable to owners of parent	3.1	4.8	+13.8	**3.1**	**4.8**	**+1.5**

*Following the fiscal years ended March 31, 2024 and March 31, 2025, we raised salaries for regular employees in April 2025, with an average increase of 5.7%.

This is our forecast for FY03/2026. We expect net sales to rise by 2.4% compared to FY03/2025, which may seem a bit underwhelming.

When we prepared this forecast, we expected the Trump tariffs to hit us hard. Our building equipment construction business depends partly on our customers' capital investment plans. When investment activity accelerates, project volume typically rises. Given current market signals indicating heightened uncertainty, our forecast for FY03/2026 is a 2.4% increase YoY.

FY03/2025 delivered a stronger-than-anticipated 10.7% YoY increase in net sales, reinforcing our confidence in the results. While our forecast for FY03/2026 may appear conservative, we are committed to surpassing the 10.7% growth.

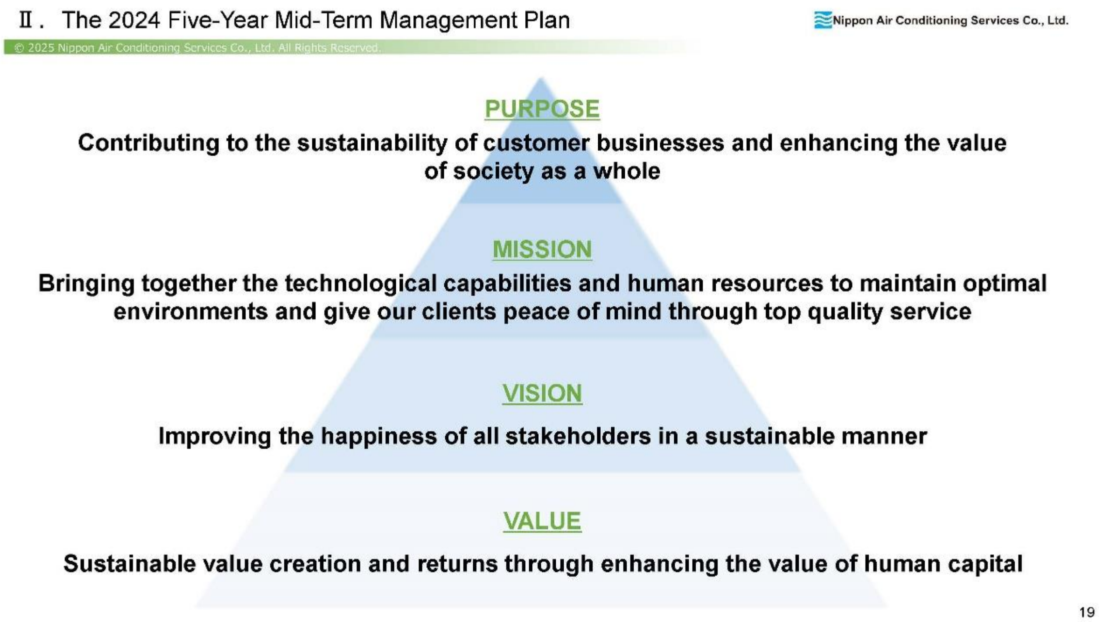
At the time of formulating the current mid-term management plan, we expected a sales CAGR of around 5%, but actual growth has exceeded these expectations. We will keep working hard in FY03/2026 to reach our final goal.

Thrive, for growth

Next, I will explain the overview of the 2024 Five-Year Mid-Term Management Plan and review the first year's progress.

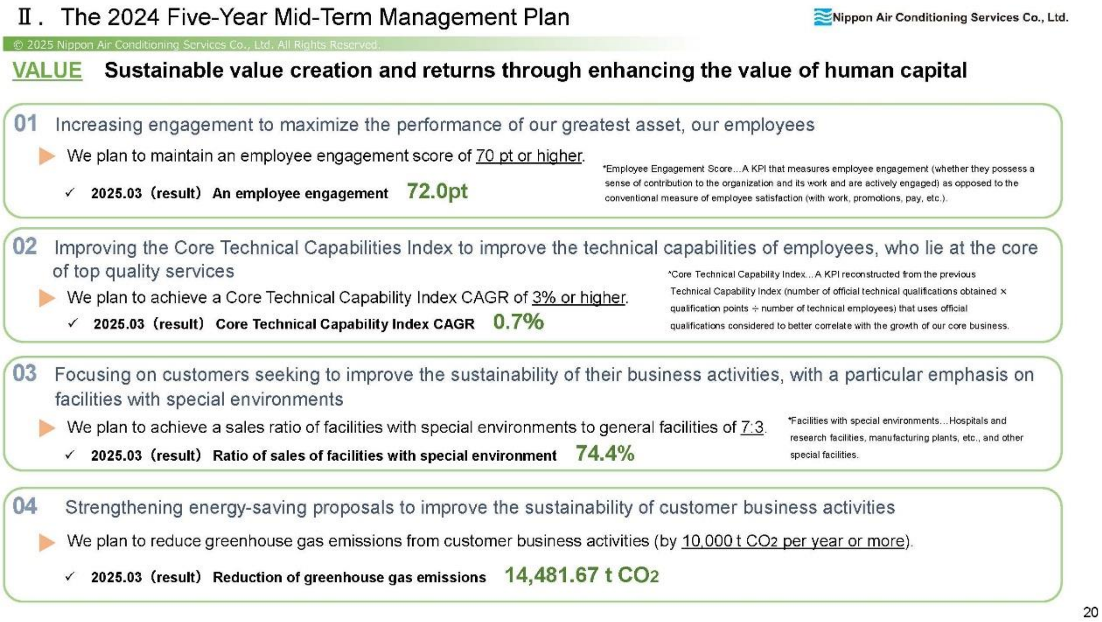
In FY03/2025, to mark our 60th anniversary, we participated in the 61st Senden kaigi Awards (sponsored by Senden Kaigi, Inc.) to see if there were any good taglines that could promote our company. From around 15,000 entries, we chose "*Iki Tsuzukerutameni*," meaning "Thrive, for growth." The word "Iki" carries meanings of breath, life, and vitality. We now feature this tagline in investor relations.

The 2024 Five-Year Mid-Term Management Plan



We have defined four principles: PURPOSE, MISSION, VISION and VALUE. As one team, we will keep checking what actions we need to take to align with these principles and work together to achieve them.

The 2024 Five-Year Mid-Term Management Plan



These are the eight KPIs for achieving PMVV. We will explain how each KPI progressed over the year.

The first is “increasing engagement to maximize the performance of our greatest asset, our employees.” We set a target to maintain an employee engagement score of 70 points or higher. The previous mid-term management plan set employee satisfaction in the high 60% range. We achieved an employee engagement score of 72 points in FY03/2025, exceeding our target. We aim to strive for even higher results in the future.

The second is “improving the Core Technical Capabilities Index to improve the technical capabilities of employees, who lie at the core of top quality services.” Our technical capabilities index set at 20 points as a KPI in the previous mid-term management plan, but a closer examination revealed that public certifications had a higher correlation with sales. Therefore, we aim to achieve a CAGR of 3% or higher during this plan period. Although the Core Technical Capabilities Index CAGR for FY03/2025 was 0.7%, slightly below the target, we will continue working hard to improve it.

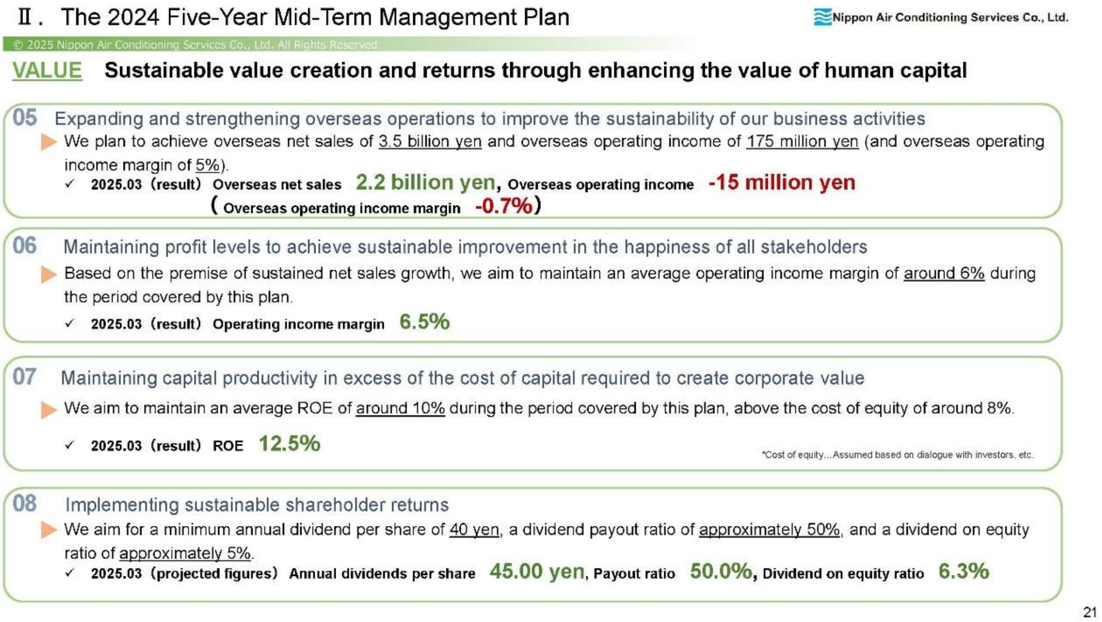
The third is “focusing on customers seeking to improve the sustainability of their business activities, with a particular emphasis on facilities with special environments.” Environments that demand strict air-conditioning control face little competition, making them a favorable market for us. We have a large team of skilled engineers and can afford to invest in expensive measuring equipment. On the other hand, local equipment companies often hesitate to actively enter this market due to the significant burden of capital investments. That is why we focus our efforts here.

Previously, we had set a target of 75% for the ratio of sales of facilities with special environment. However, recently, we have also been focusing on office buildings and plan to expand renovation work. So, we have adjusted the sales ratio to 70:30—facilities with special environments to office buildings. We ended FY03/2025 with a result of 74.4%, which we consider a solid achievement.

The fourth is "strengthening energy-saving proposals to improve the sustainability of customer business activities." We started this initiative in FY03/2025, planning to reduce 10,000 tons of greenhouse gas emissions per year or more, as announced on our website.

By energy saving proposals and identifying excess energy use at our customers' facilities, we aim to reduce CO_2 emissions through cutting electricity consumption. In FY03/2025, we cut greenhouse gas emissions by 14,481 tons. Looking ahead, we plan to raise our targets—aiming not just for 10,000 tons, but for 20,000 and even 30,000 tons in future years.

The 2024 Five-Year Mid-Term Management Plan



The fifth is “expanding and strengthening overseas operations to improve the sustainability of our business activities.” We plan to achieve overseas net sales of ¥3.5 billion and overseas operating income of ¥175 million. However, in FY03/2025, overseas net sales totaled ¥2.24 billion with overseas operating loss of ¥15 million, which will require further efforts in the future.

The sixth is “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. Our operating income margin for FY03/2025 was 6.5%. Maintaining long-term relationships with our customers depends on setting fair prices. We believe that it is not appropriate to propose excessively high estimates to customers. Our current pricing model lets us keep a 6% profit margin, so we plan to stay on track with that target.

The seventh is “maintaining capital productivity in excess of the cost of capital required to create corporate value.” The *ITO Review* states that companies should at least commit to achieving an ROE of around 8%, which exceeds the cost of equity. Our goal during this plan period is to maintain an average ROE of approximately 10%. In FY03/2025, our actual ROE reached 12.5%.

The eighth is “implementing sustainable shareholder returns.” We have set a minimum annual dividend per share of ¥40. We aim to provide stable and sustainable returns to shareholders, by targeting a dividend payout ratio of approximately 50% and a dividend on equity ratio of approximately 5%.

The year-end dividend for FY03/2025 is listed as an estimate, as it will be submitted to the shareholders’ meeting at the end of this month. We plan to pay an annual dividend per share of ¥45—an increase of ¥6 from ¥39 paid in FY03/2025. The dividend payout ratio remains at 50%, while the dividend on equity ratio has improved to 6.3%, reflecting steady progress.

The 2024 Five-Year Mid-Term Management Plan

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

Nippon Air Conditioning Services Co., Ltd.

In the first year, net sales increased due to a less competitive market environment, the acquisition of highly profitable projects, and orders received at appropriate prices, etc. reflecting the delivery of high-quality services. As a result, profit was secured despite higher personnel expenses and other costs.

KPIs	2025.03 (results)	2029.03 (target)	Achievement rate
Net sales	64,438mil. yen	74,000mil. yen	87.1%
Operating income	4,191mil. yen	4,300mil. yen	97.5%
Average operating income margin during the period covered by this plan	6.5%	maintain around 6.0%	
Ordinary income	4,373mil. yen	4,500mil. yen	97.2%
Profit attributable to owners of parent	3,102mil. yen	3,200mil. yen	97.0%
Earnings per share	89.98yen	93.00yen	96.8%
Average ROE during the period covered by this plan	12.5%	maintain around 10.0%	

KPIs	2025.03 (results)	2029.03 (target)	Achievement rate
Ratio of sales of facilities with special environment	74.4%	around 70.0%	
Overseas operating income	-15mil. yen	175mil. yen	-8.7%
An employee engagement	72.0pt	maintain 70.0pt or more	
Core Technical Capability Index CAGR	0.7%	3.0% or more	
Payout ratio	50.0%	around 50.0%	
Annual dividends per share	45.00yen	around 46.00yen	97.8%
Dividend on equity ratio	6.3%	around 5.0%	

*The 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 CO_2 or more per year) is managed separately as a sustainability indicator.
*Payout ratio, annual dividends per share, and dividend on equity ratio are projected figures.

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In the first year, FY03/2025, we got off to a strong start due to a less competitive market environment and steady acquisition of highly profitable projects. We have secured both net sales and profits while covering higher personnel expenses. With four years still remaining, we have nearly reached our final-year targets, indicating a highly favorable start.

However, overseas operating income and the Core Technical Capabilities Index CAGR are slightly below target. We see this as a key challenge and will focus our efforts on improving these areas going forward.

The 2024 Five-Year Mid-Term Management Plan

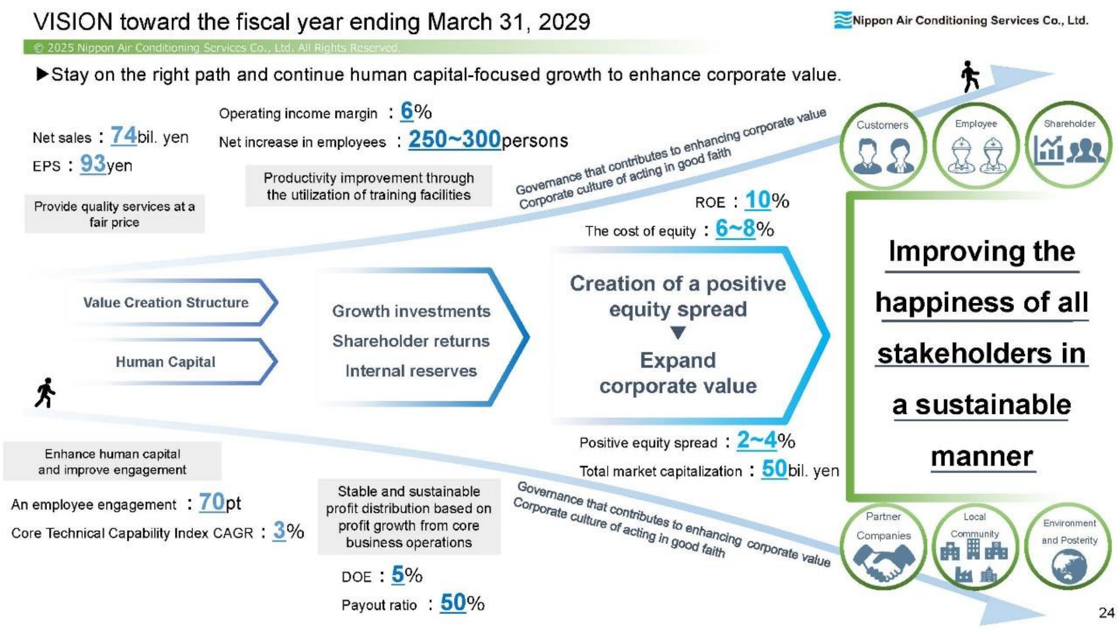
This is the Technical Training Center, which began its full-scale operation in April 2025. The construction of the Technical Training Center, aimed at accelerating the process of enhancing human capital value as a key to expanding our corporate value, was completed in November 2024. In April 2025, our new employees trained at the center for one month. Going forward, mid-career and senior employees will also use the facility throughout the year for ongoing training.

Inside the center, we have recreated real working environments. By incorporating clean rooms and other specialized conditions, we have enabled more practical training experiences.

Although we have always had strong technical capabilities, we lacked a large-scale training facility until now. We wanted to build a training facility that realistically recreates actual work environments as soon as possible, and now everyone says our dream has finally come true. By conducting hands-on training at this center, we expect employees to grow into skilled professionals faster.

The center will also provide training on safety measures for hazardous areas at the workplace.

VISION toward the fiscal year ending March 31, 2029



Here is our vision for the future. We value our employees and believe that investing in them will enhance our corporate value.

As shown in the bottom left of the slide, our focus is on enhancing human capital and improve engagement. By first creating a work environment where employees feel good and motivated, we aim to meet key performance indicators while also promoting the acquisition of public certifications that strongly align with our business growth. Through these initiatives, we believe we can maintain an operating income margin above 6%, achieve a DOE of 5%, and a 50% dividend payout ratio.

As indicated on the right side of the slide, we intend to maintain our ROE above the cost of equity. By consistently generating a positive equity spread, we aim to expand corporate value.

While our current ROE target is 10%, we have received critical feedback from institutional investors—particularly due to the low liquidity of our stock—who expect ROE closer to 15%. Of course, we are fully aware of this and will actively work on it.

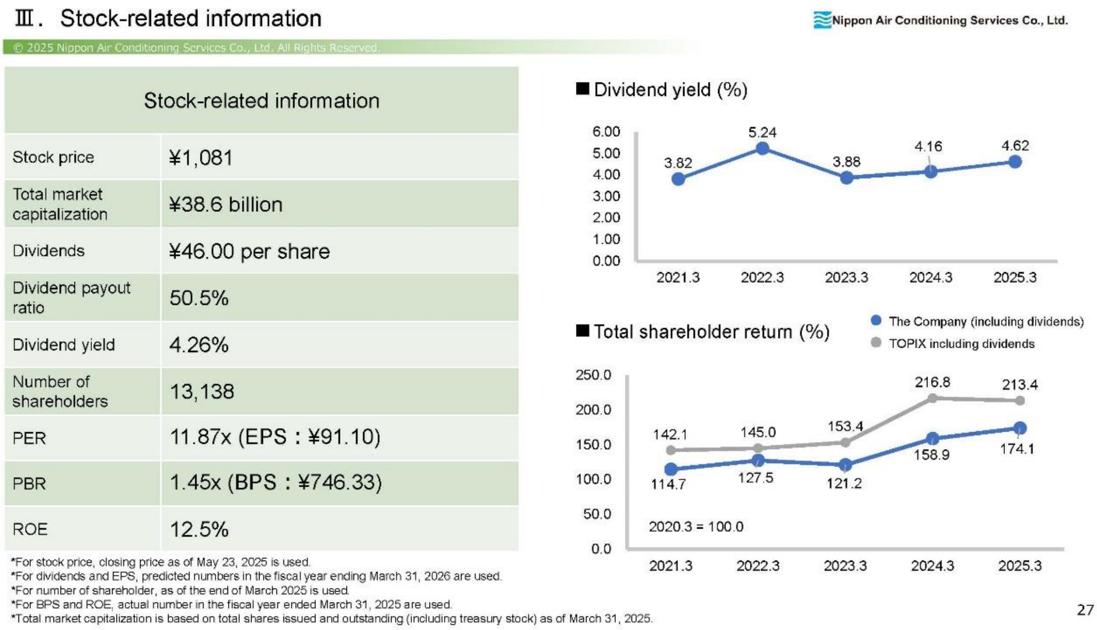
We believe that steadily achieving these visions will contribute to improving the happiness of all stakeholders in a sustainable manner.

We will do what we must.

Earlier, we introduced our tagline, “Thrive, for growth.” The current mid-term management plan incorporates the tagline, “We will do what we must” to thrive for growth.

We will conduct management with a mid- to long-term perspective, carefully distinguishing between purpose and means, and continue investing in our human capital. We believe that enhancing technical capabilities drives our core business’s competitive advantage. That is why we ensure all employees fully embrace our commitment to “Thrive, for growth” and “We will do what we must.”

Stock-related information



The slide shows our stock information as of May 23, 2025. We listed the share price as ¥1,081, but as of today, June 6, 2025, it closed slightly lower at ¥1,057. As a result, the dividend yield has likely risen a bit.

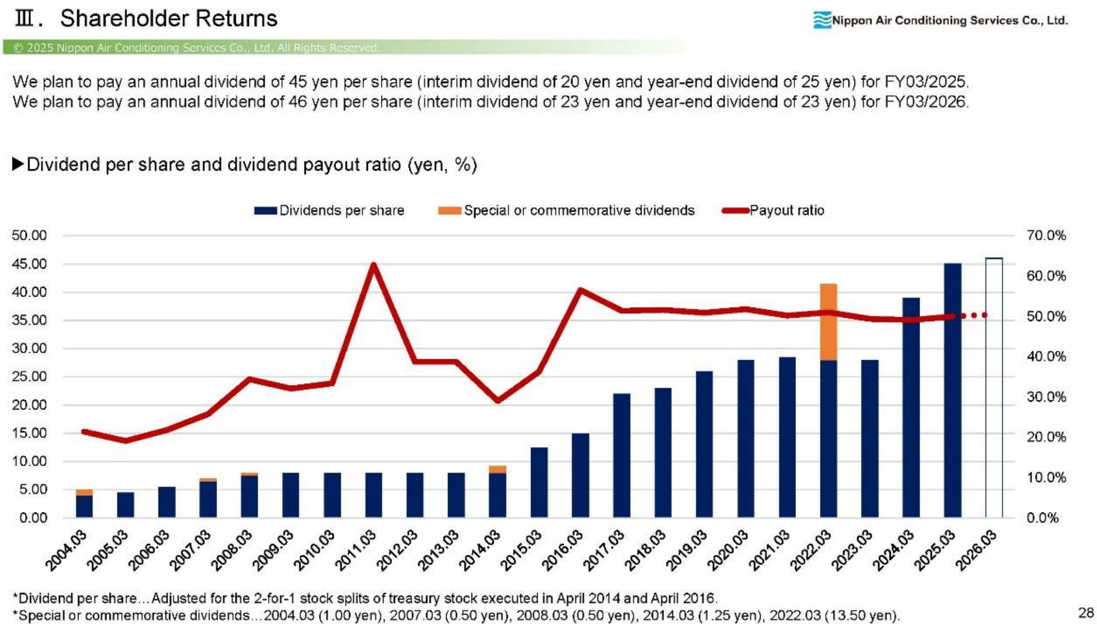
For FY03/2026, the projected dividend is ¥46 per share. We expect a dividend payout ratio of 50.5% and a dividend yield of 4.26%.

PER is 11.87x, PBR is 1.45x, and ROE is 12.5%. The BPS and ROE figures reflect our actual performance for FY03/2025.

The chart in the top-right corner of the slide shows that our dividend yield reached 4.62% for FY03/2025, with a five-year average of 4.34%. We believe we have maintained a consistently high yield.

However, our total shareholder return shown in the bottom right of the slide slightly trails TOPIX. We will keep working to raise our visibility and strengthen investor relations.

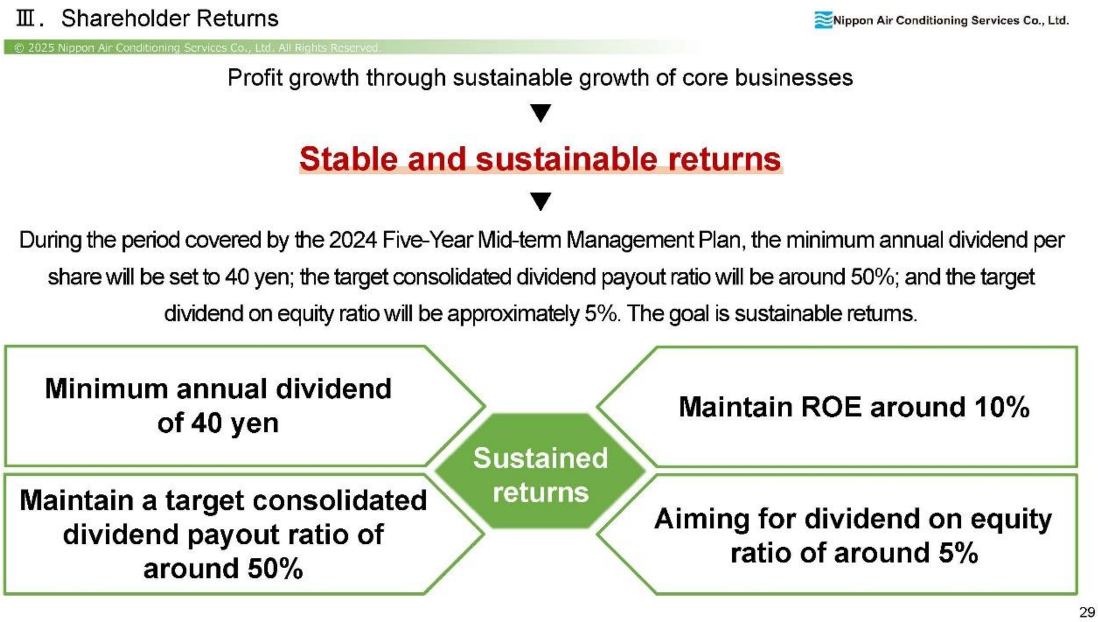
Shareholder Returns



The slide shows our shareholder returns. From FY03/2005 to FY03/2022, we have paid progressive dividends for the 17th consecutive fiscal year. The orange bar in the chart shows a special dividend from the sale of policy shareholdings in FY03/2022. Some saw the following year as a “dividend cut,” but it was simply a return to regular dividend level.

Dividends have steadily increased from FY03/2022 through FY03/2025. Compared to FY03/2015, our dividend has grown about 3.6 times. So, we believe we are making solid progress in our shareholder returns.

Shareholder Returns



Let me continue explaining our shareholder returns. We focus on growing our core business, as we believe that is the best way to deliver stable and sustainable returns.

As I mentioned earlier, we have set a minimum annual dividend per share. We will also keep working steadily to maintain our dividend payout ratio, ROE, and DOE.

By achieving the eight KPIs and PMVV I just explained, we will firmly deliver sustainable returns to our shareholders.

We have made many proposals to address global warming and save energy, and as a result, inquiries have grown rapidly. Data center projects are also on the rise, and demand for our business keeps growing every year. Every summer, we hear phrases like “record-breaking heat,” and temperatures keep rising. Air conditioning and cooling systems are becoming an essential part of our infrastructure. So, I'm confident that jobs in air conditioning aren't going away anytime soon.

We intend to steadily convert the increasing volume of inquiries into confirmed orders and consistently deliver shareholder returns.

We have continued to grow steadily, step by step. We hope you will keep supporting us moving forward. Thank you for your attention.