

Asahi Kogyosha Co., Ltd.



Financial results briefing materials for the second quarter (first half) of the fiscal year ending March 2025

November 28, 2024

Making comfort
a standard feature

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1. Company overview



An engineering company applying manufacturing capabilities and technologies for air, water, and heat to create optimal and comfortable spaces and environments

MISSION

We create optimal spatial environments and contribute to the development of human culture through sophisticated technology based on the sciences of air, water and heat, while taking good care of the earth's environment and our natural resources.

SPIRIT

We, as engineering constructors, actively strive to develop our business.

We endeavor to develop technology with a constant eye toward the future, deftly responding to the changing times.

POLICY

[Company]

Management with respect for human life and dignity

[Workplace]

A workplace that is rewarding

[Employees]

Employees who work to improve themselves and are always eager for a challenge

- Engaged in two businesses: Installation work and Manufacture and sale of equipment
- Nationwide network in Japan
- Overseas businesses (Taiwan and Malaysia)

Basic company information

Company name	Asahi Kogyosha Co., Ltd.
Date of establishment	April 1925
Representative	President and Representative Director Yasutomo Takasu
Head office location	1-25-7 Hamamatsucho, Minato-ku, Tokyo
Business lines	The Installation Work Division plans, designs, and constructs air conditioning, water supply, drainage, sanitation, and other installations for various facilities in the private and public sectors. The Equipment Division develops, designs, manufactures, and sells precision environmental control equipment for the semiconductor, flat panel display (FPD), and other leading edge industries.
Affiliates	Consolidated subsidiaries in Japan: one company Asahi Hokkaido Cooling and Heating Co., Ltd. Overseas consolidated subsidiaries: two companies (Taiwan and Malaysia) Asia-Pacific Asahi Co., Ltd. Asahi Engineering (Malaysia) Sdn.Bhd.

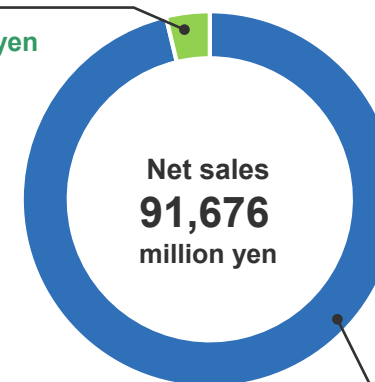
Basic financial information (FY 3/24 consolidated results)

Net sales	91,676 million yen	Ordinary income	4,896 million yen
Total assets	84,012 million yen	Net assets	38,756 million yen
Number of employees	987	ROE	10.02%

Net sales by segment

Equipment Division

3,441 million yen
3.8%



Installation Work Division

88,235 million yen
96.2%



2. Overview of financial results for the second quarter (first half) of the fiscal year ending March 2025

Overview of financial results for the second quarter (first half) of the fiscal year ending March 2025

- While both orders and carryovers for the subsequent fiscal year declined, with orders in the fiscal year ended March 2024 concentrated in the first half, they continue to progress according to the full year plan.
- While net sales declined modestly, they remained strong.
- Gross profit and other profit at each stage grew significantly due to improved gross margins and other factors.

(Unit: million yen)	FY 3/23	FY 3/24	FY 3/25		
	Cumulative 2Q	Cumulative 2Q	Cumulative 2Q	YOY	Rate of change (%)
Orders	54,376	64,126	37,189	(26,937)	(42.0)
Carryovers for the subsequent fiscal year	98,760	104,510	84,976	(19,533)	(18.7)
Net sales	31,388	41,997	40,502	(1,494)	(3.6)
Gross profit	3,029	5,405	6,219	813	15.0
Margin	9.7%	12.9%	15.4%	2.5pt	-
Selling, general, and administrative expenses	2,973	3,194	3,421	227	7.1
Operating income	55	2,211	2,797	585	26.5
Margin	0.2%	5.3%	6.9%	1.6pt	-
Non-operating income/loss	151	184	211	27	14.9
Ordinary income	206	2,395	3,009	613	25.6
Margin	0.7%	5.7%	7.4%	1.7pt	-
Extraordinary income/loss	51	7	484	476	-
Profit attributable to owners of parent	106	1,615	2,362	746	46.2
Margin	0.3%	3.8%	5.8%	2.0pt	-

Orders, net sales, and operating income by segment

- While both orders and net sales for the Installation Work Division declined, operating income grew.
- Both orders and net sales for the Equipment Division grew significantly.

(Unit: million yen)

	FY 3/23	FY 3/24	FY 3/25		
	Cumulative 2Q	Cumulative 2Q	Cumulative 2Q	YOY	Rate of change (%)

Installation Work Division

Orders	51,440	63,065	32,613	(30,452)	(48.3)
Net sales	28,600	40,605	37,788	(2,816)	(6.9)
Operating income	(105)	2,474	2,959	485	19.6
Operating margin	(0.4)%	6.1%	7.8%	1.7pt	-

Equipment Division

Orders	2,935	1,061	4,576	3,514	331.0
Net sales	2,788	1,391	2,714	1,322	95.0
Operating income	161	(262)	(161)	100	-
Operating margin	5.8%	(18.9)%	(6.0)%	-	-

Total orders	54,376	64,126	37,189	(26,937)	(42.0)
Total net sales	31,388	41,997	40,502	(1,494)	(3.6)
Total operating income	55	2,211	2,797	585	26.5

Trends in quarterly results

- Despite fewer orders than in the first quarter, net sales increased in the second quarter.
- Profit at each stage also grew due to an increase in net sales and an improvement in the gross margin.

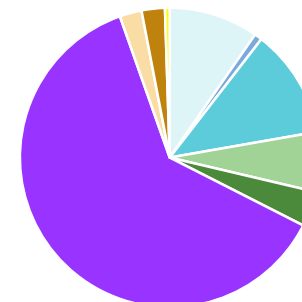
(Unit: million yen)	FY 3/24				FY 3/25		
	1Q	2Q	3Q	4Q	1Q	2Q	Cumulative 2Q
Orders	24,324	39,802	19,947	13,511	21,087	16,101	37,189
Net sales	19,215	22,781	23,884	25,795	18,471	22,031	40,502
Gross profit	2,186	3,219	2,501	3,745	2,554	3,664	6,219
Margin	11.4%	14.1%	10.5%	14.5%	13.8%	16.6%	15.4%
Selling, general, and administrative expenses	1,615	1,578	1,834	2,056	1,663	1,758	3,421
Operating income	571	1,640	666	1,689	890	1,906	2,797
Margin	3.0%	7.2%	2.8%	6.6%	4.8%	8.7%	6.9%
Non-operating income/loss	146	38	138	6	178	32	211
Ordinary income	717	1,678	804	1,696	1,069	1,939	3,009
Margin	3.7%	7.4%	3.4%	6.6%	5.8%	8.8%	7.4%
Extraordinary income/loss	(9)	17	(1)	229	(2)	487	484
Profit attributable to owners of parent	468	1,147	527	1,569	708	1,654	2,362
Margin	2.4%	5.0%	2.2%	6.1%	3.8%	7.5%	5.8%

Actual results by segment Orders

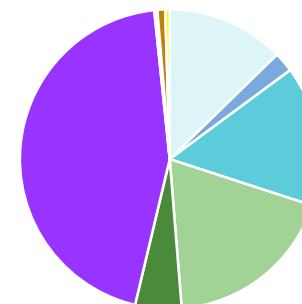
- Overall orders declined, with orders in the previous fiscal year concentrated in the first half.
- Orders for the Installation Work Division declined, except for orders for business environment facilities.
- Equipment Division orders for products for FPD manufacturing equipment grew significantly thanks to a recovering market; semiconductor-related orders are also recovering. Orders for dryer-related and other products grew significantly due to increased orders for dryer products.

(Unit: million yen)		Orders				
		FY 3/23 Cumulative 2Q	FY 3/24 Cumulative 2Q	FY 3/25 Cumulative 2Q	YOY	Rate of change (%)
Installation Work	Business environment facilities (Office buildings, public office buildings, etc.)	5,251	8,147	8,604	457	5.6
	Transportation/communication environment facilities (Airport, train stations, TV stations, etc.)	449	1,389	442	(947)	(68.2)
	Living/cultural environment facilities (Schools, hotels, etc.)	6,395	9,706	3,717	(5,989)	(61.7)
	Health/medical environment facilities (Hospitals, nursing homes, etc.)	3,499	12,004	3,229	(8,775)	(73.1)
	Distribution environment facilities (Department stores, markets, etc.)	2,071	3,203	697	(2,506)	(78.2)
	Production environment facilities (Factories/laboratories, data centers, etc.)	33,775	28,616	15,924	(12,692)	(44.4)
Equipment Manufacturing and Sales	FPD (liquid crystal) -related	1,291	215	2,162	1,947	905.6
	Semiconductor-related	1,368	541	732	191	35.3
	Dryer-related and other	276	305	1,682	1,377	451.5
Total		54,376	64,126	37,189	(26,937)	(42.0)

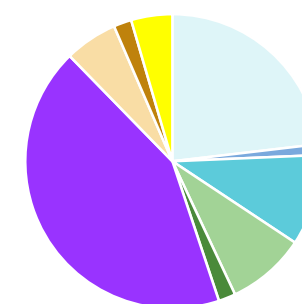
FY 3/23 Cumulative 2Q



FY 3/24 Cumulative 2Q



FY 3/25 Cumulative 2Q

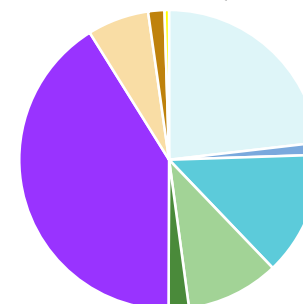


Actual results by segment Net sales

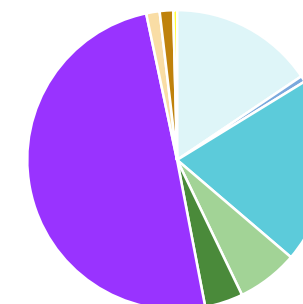
- While overall sales declined modestly, they remained strong.
- Sales at the Installation Work Division to business environment, living/cultural environment, and production environment facilities declined, while sales to transportation/communication environment facilities grew significantly.
- Semiconductor-related sales for the Equipment Division declined; FPD-related sales grew significantly. Orders for dryer-related and other will be recorded in net sales from the beginning of the next fiscal year.

(Unit: million yen)		Net sales				
		FY 3/23 Cumulative 2Q	FY 3/24 Cumulative 2Q	FY 3/25 Cumulative 2Q	YOY	Rate of change (%)
Installation Work	Business environment facilities (Office buildings, public office buildings, etc.)	7,270	6,539	5,948	(591)	(9.0)
	Transportation/communication environment facilities (Airport, train stations, TV stations, etc.)	413	277	695	418	150.9
	Living/cultural environment facilities (Schools, hotels, etc.)	4,193	8,408	8,031	(377)	(4.5)
	Health/medical environment facilities (Hospitals, nursing homes, etc.)	3,148	2,777	3,315	538	19.4
	Distribution environment facilities (Department stores, markets, etc.)	688	1,730	1,785	55	3.2
	Production environment facilities (Factories/laboratories, data centers, etc.)	12,888	20,874	18,014	(2,860)	(13.7)
Equipment Manufacturing and Sales	FPD (liquid crystal) -related	2,083	607	2,104	1,497	246.6
	Semiconductor-related	552	612	441	(171)	(27.9)
	Dryer-related and other	153	170	169	(1)	(0.2)
	Total	31,388	41,997	40,502	(1,494)	(3.6)

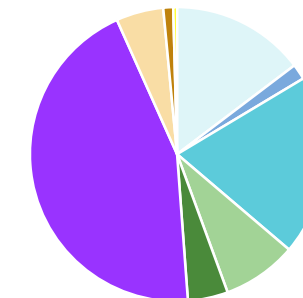
FY 3/23 Cumulative 2Q



FY 3/24 Cumulative 2Q



FY 3/25 Cumulative 2Q



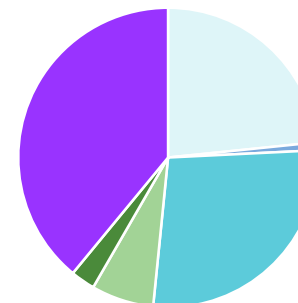
Carryovers for the subsequent fiscal year

- Overall carryovers for the subsequent fiscal year declined but remained high.
- Carryovers for business environment, living/cultural environment, and production environment facilities declined; however, carryovers for transportation/communication environment grew significantly.

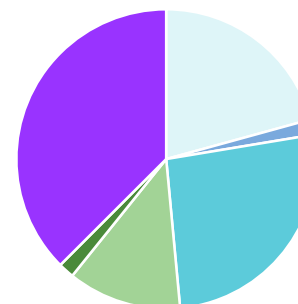
(Unit: million yen)

	Carryovers for the subsequent fiscal year				
	FY 3/23 Cumulative 2Q	FY 3/24 Cumulative 2Q	FY 3/25 Cumulative 2Q	YOY	Rate of change (%)
Business environment facilities (Office buildings, public office buildings, etc.)	21,893	20,791	19,061	(1,730)	(8.3)
Transportation/communication environment facilities (Airport, train stations, TV stations, etc.)	795	1,657	3,940	2,283	137.8
Living/cultural environment facilities (Schools, hotels, etc.)	25,643	26,199	14,751	(11,448)	(43.7)
Health/medical environment facilities (Hospitals, nursing homes, etc.)	6,312	12,310	12,650	340	2.8
Distribution environment facilities (Department stores, markets, etc.)	2,469	1,715	1,874	159	9.3
Production environment facilities (Factories/laboratories, data centers, etc.)	36,563	37,606	25,293	(12,313)	(32.7)
Total	93,676	100,278	77,569	(22,709)	(22.6)

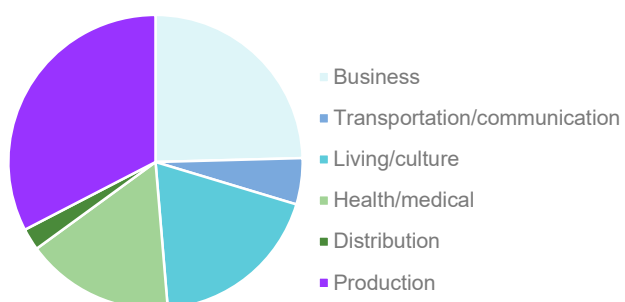
FY 3/23 Cumulative 2Q



FY 3/24 Cumulative 2Q



FY 3/25 Cumulative 2Q



Balance sheet

- Total assets declined by 17,784 million yen from the end of the preceding fiscal year due primarily to declines in cash and deposits, accounts receivable from completed construction contracts, and electronically recorded monetary claims.
- Total liabilities declined by 18,197 million yen from the end of the preceding fiscal year due primarily to declines in accounts payable for construction contracts and other short-term borrowings
- Net assets grew by 413 million yen from the end of the preceding fiscal year due primarily to an increase in retained earnings and despite a decrease in valuation difference on available-for-sale securities.

(Unit: million yen)	FY 3/24 2Q	FY 3/24 4Q	FY 3/25 2Q	Change from end of previous year	Rate of change (%)
Current assets	55,151	63,854	47,160	(16,693)	(26.1)
Non-current assets	20,974	20,157	19,066	(1,090)	(5.4)
Current liabilities	36,202	43,677	25,412	(18,264)	(41.8)
Non-current liabilities	2,663	1,578	1,645	66	4.2
Total liabilities	38,866	45,255	27,057	(18,197)	(40.2)
Net assets	37,260	38,756	39,170	413	1.1
Total Assets	76,126	84,012	66,227	(17,784)	(21.2)
Net assets per share (yen)	1,448.32	1,506.49	1,520.83	14.34	1.0
Shareholders' equity ratio (%)	48.9	46.1	59.1	13.0pt	-
Interest-bearing debt	2,330	3,300	2,230	(1,070)	(32.4)

Note (1): The amount of net assets per share for FY 3/24 and earlier reflects the two-for-one stock split implemented on April 1, 2024.

Statement of cash flows

- Cash flow from operating activities was negative 401 million yen due primarily to payments of consumption tax and income taxes.
- Cash flow from investing activities was positive by 802 million yen, due primarily to cancellations of time deposits and income from sales of investment securities.
- Cash flow from financing activities was negative 2,141 million yen due primarily to dividend payments and the repayment of borrowings.
- The balance of cash and cash equivalents was 16,302 million yen, a decrease of 1,039 million yen from the same period in the previous year.

(Unit: million yen)	FY 3/23 2Q	FY 3/24 2Q	FY 3/25 2Q	YOY
Cash flow from operating activities	(2,917)	1,644	(401)	(2,046)
Cash flow from investing activities	(364)	(175)	802	977
Cash flow from financing activities	(1,538)	(1,696)	(2,141)	(444)
Cash and cash equivalents at end of the first half	14,608	17,341	16,302	(1,039)



3. Performance forecast for the fiscal year ending March 2025

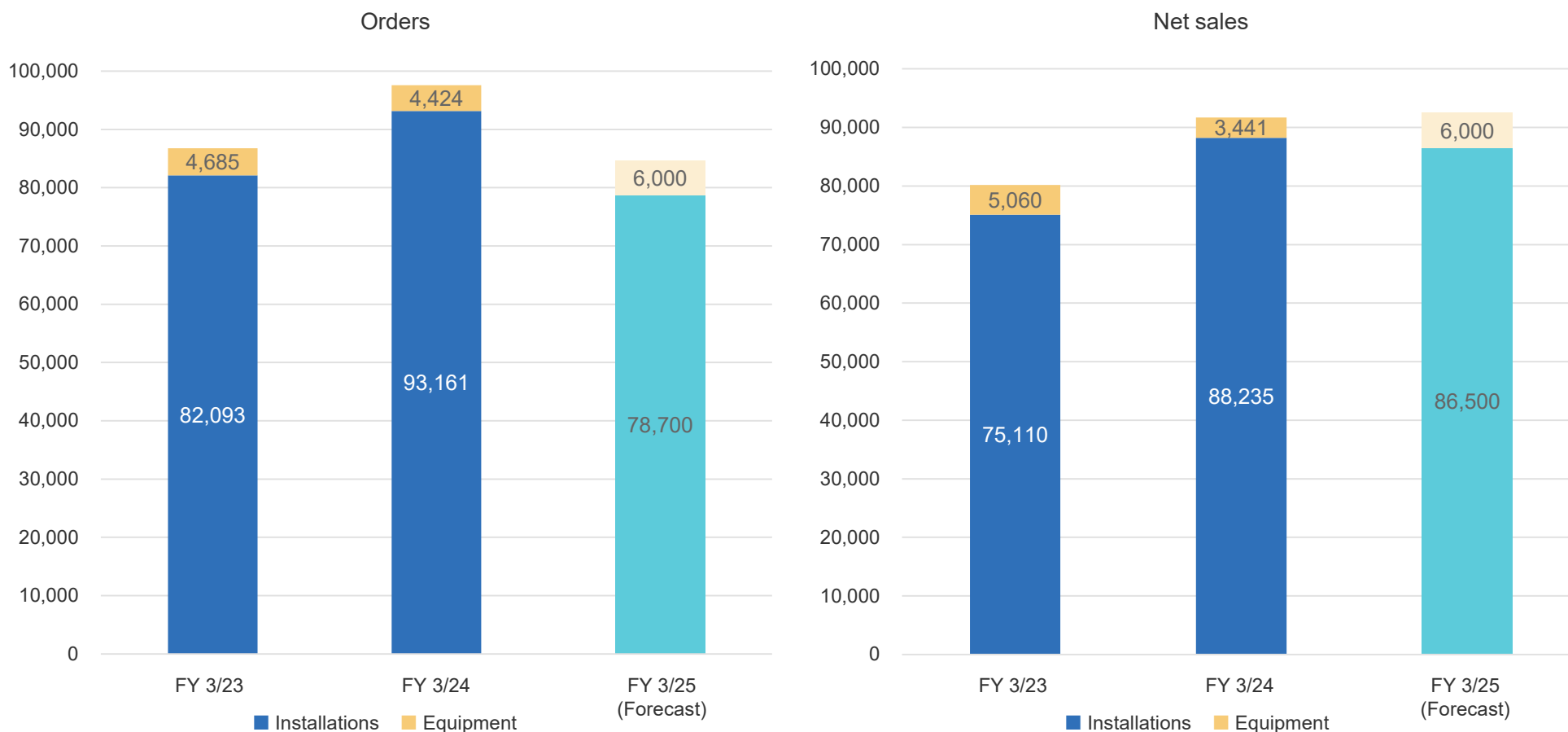
Forecast for the fiscal year ending March 2025

- Profit at each stage was **revised significantly higher** due to overall improvement in the profitability of construction works.
- For orders and carryovers, we plan to proceed with systematic and strategic order solicitation activities that account for quality goals and our construction organization.

(Unit: million yen)	FY 3/24	FY 3/25					
	Actual A	Forecast at the beginning of term B	Revised forecast C	Change from beginning of term D (C-B)	Rate of change from beginning of term (%) E (D/B)	YOY change F (C-A)	YOY rate of change (%) G (F/A)
Orders	97,586	84,700	-	-	-	(12,886)	(13.2)
Carryovers for the subsequent fiscal year	88,290	80,490	-	-	-	(7,800)	(8.8)
Net sales	91,676	92,500	-	-	-	824	0.9
Gross profit	11,652	11,000	13,800	2,800	25.5	1,848	15.9
Margin	12.7%	11.9%	14.9%	3.0pt	-	2.2pt	-
Operating income	4,568	3,600	6,000	2,400	66.7	1,432	31.3
Margin	5.0%	3.9%	6.5%	2.6pt	-	1.5pt	-
Ordinary income	4,896	3,800	6,200	2,400	63.2	1,304	26.5
Margin	5.3%	4.1%	6.7%	2.6pt	-	1.4pt	-
Profit attributable to owners of parent	3,712	3,100	5,000	1,900	61.3	1,288	34.7
Margin	4.0%	3.4%	5.4%	2.0pt	-	1.4pt	-

- In the Installation Work Division, the forecast for orders represents figures based on systematic, strategic order solicitation activities; however, steady progress is expected on the work order backlog and net sales are expected to generally remain flat.
- Buoyed by renewed activity in the semiconductor and FPD markets, driven in turn by growing demand for onboard AI and for data centers associated with generative AI, the Equipment Division is expected to recover. Additionally, both orders and net sales are expected to increase due to stronger sales of products for high-performance film manufacturing equipment incorporating dryer technologies and other products.

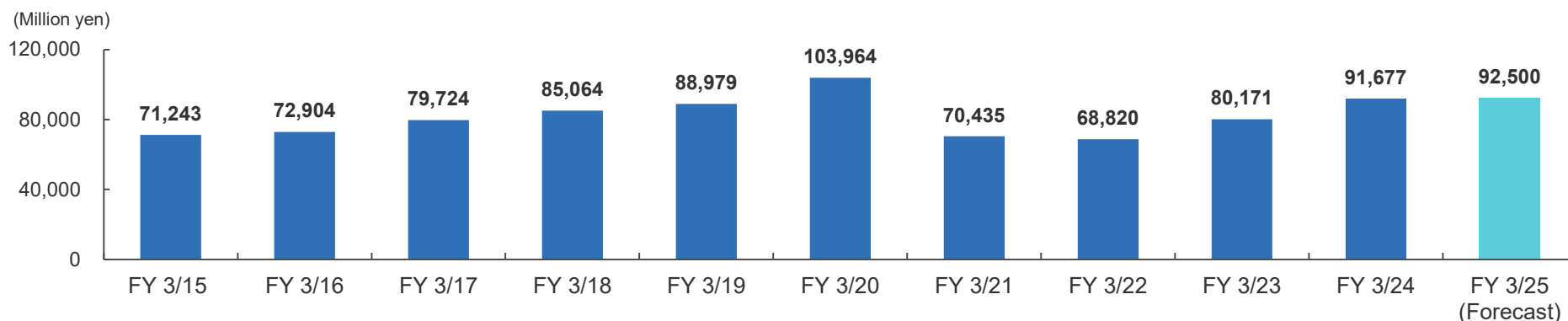
Trends in orders and net sales



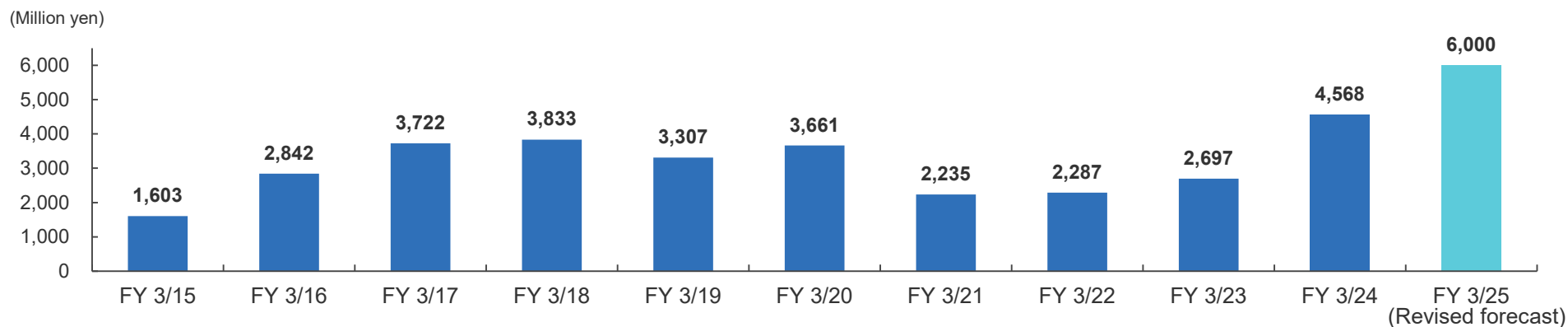
Long-term performance trends (past 10 years)

- Net sales have grown steadily following the Lehman Brothers collapse, with significant growth in the fiscal years ended March 2019 and March 2020, due in part to the impact of demand related to the Olympics.
- Both net sales and operating income declined significantly in the fiscal year ended March 2021 due to Covid, but remained positive and have grown steadily since, steadily since. We expect **operating income** in the fiscal year ending March 2025 to be **the highest since the Company's founding**.

Net sales trend



Operating income trends



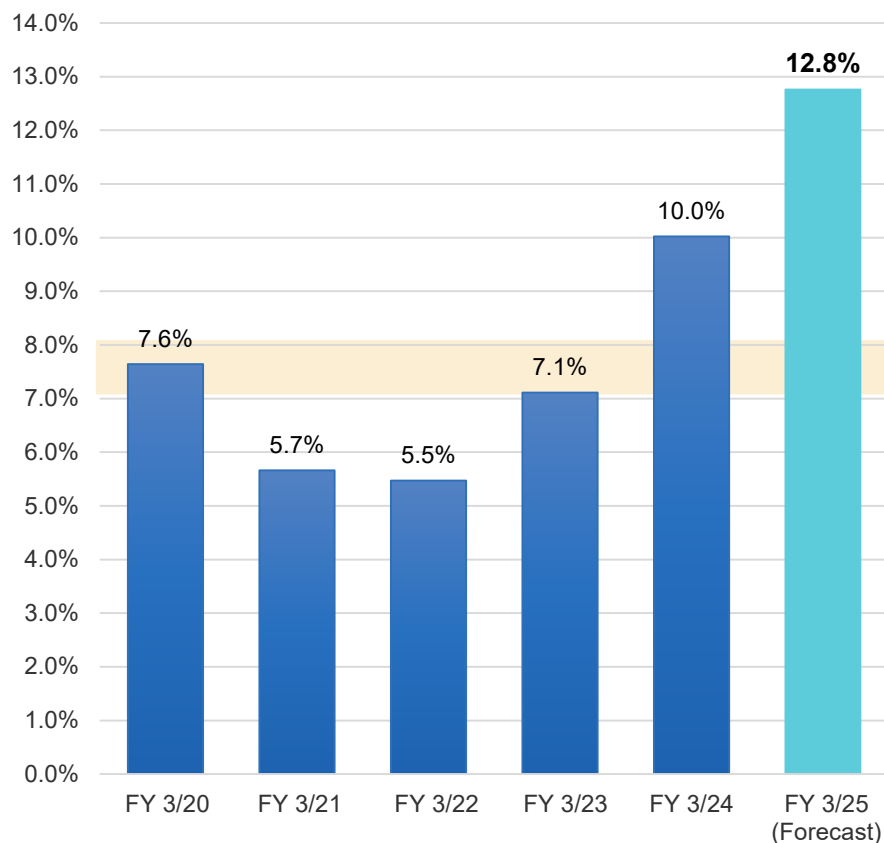


4. Capital policy

Promoting management keenly aware of the cost of capital

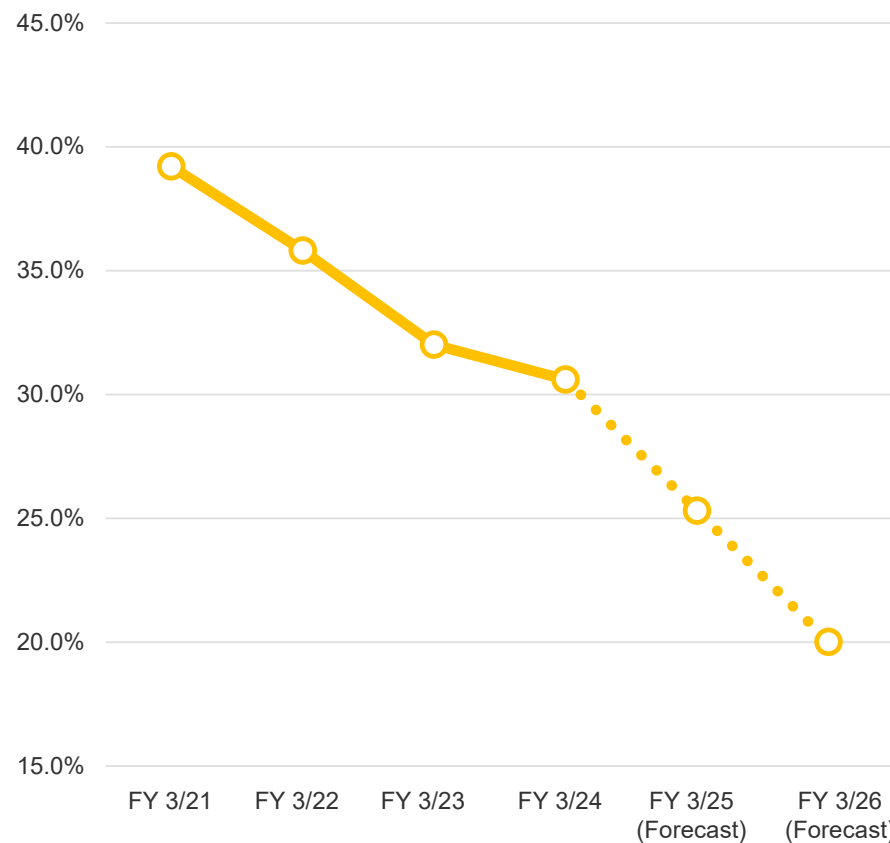
- ROE for the fiscal year ended March 2024 **exceeded 10%** and **remained above** the Company's perceived **cost of shareholders' equity (7%–8%)**. ROE for the fiscal year ending March 2025 is expected to improve still further due to a significant increase in profits, **rising past 12%** due to the sale of cross-shareholdings and other factors.
- Cross-shareholdings were reduced steadily in accordance with the 18th Medium-term Management Plan. We will continue to reduce cross-shareholdings during the Medium-term Management Plan period (April 2023 to March 2026) to improve capital efficiency, with the target set to 20%.

ROE trend



Note (1): The area shaded in beige represents the range of movement of the cost of shareholder equity (7%-8%).

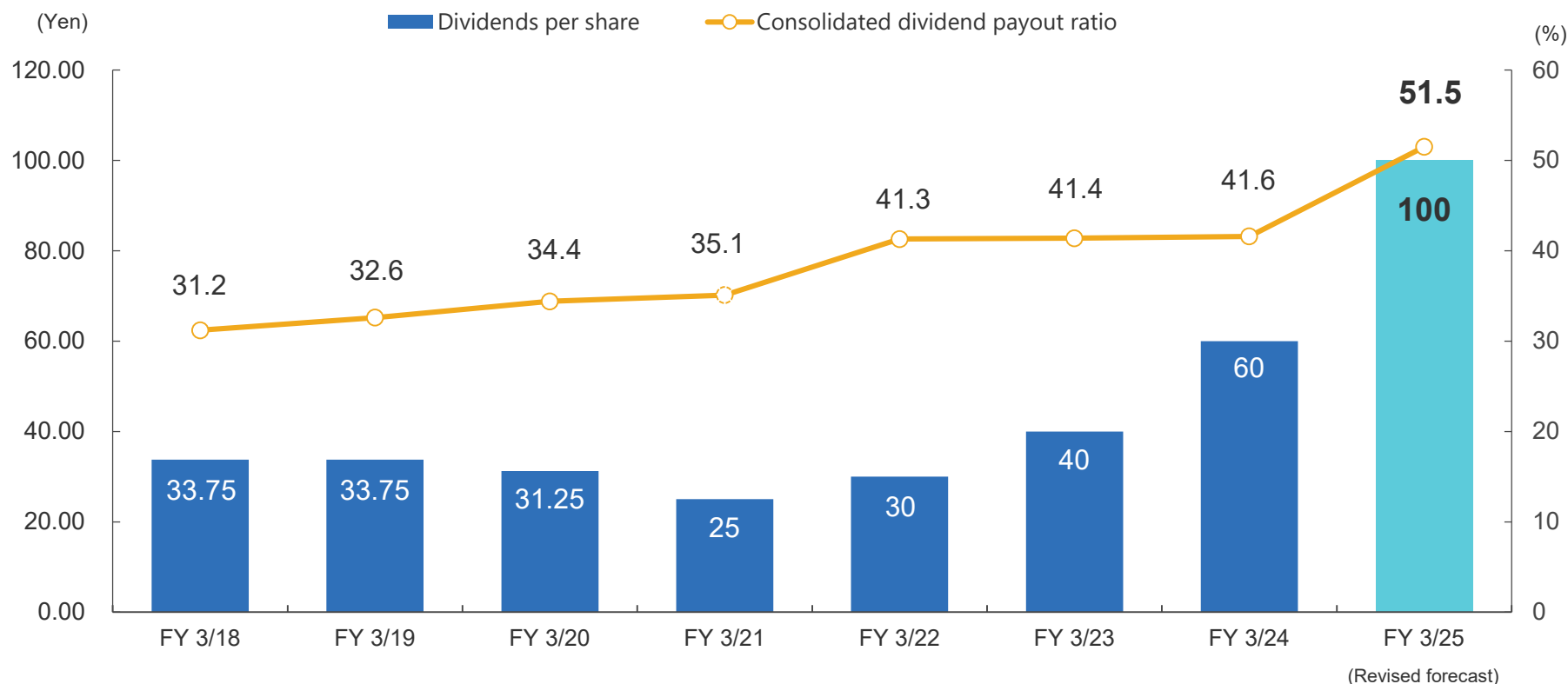
Status of reduction of cross-shareholdings



Note (2): Shown above are investment securities divided by net assets.

- We set the targets of maintaining an ordinary dividend of **40 yen** per share and a consolidated dividend payout ratio of **40% or more**.
- We implemented two stock splits, one each in 2022 and this year, to expand our investor base and to improve share liquidity.
- We expect to mark the 100th anniversary of the Company's founding on April 3, 2025, while achieving the highest profits in Company history. In response, we plan to pay **a special dividend of 30 yen and a 100th anniversary dividend of 20 yen** at the end of the fiscal year ending March 2025. The resulting **annual dividend** is expected to be **100 yen**, including an ordinary dividend of 50 yen. The **consolidated dividend payout ratio** is expected to be **51.5%**.

Trends in dividends and dividend payout ratios



Note (1): The Company implemented two stock splits, one each on April 1, 2022 and April 1, 2024, both at a two for one ratio. The dividend for each fiscal year reflects the stock splits.

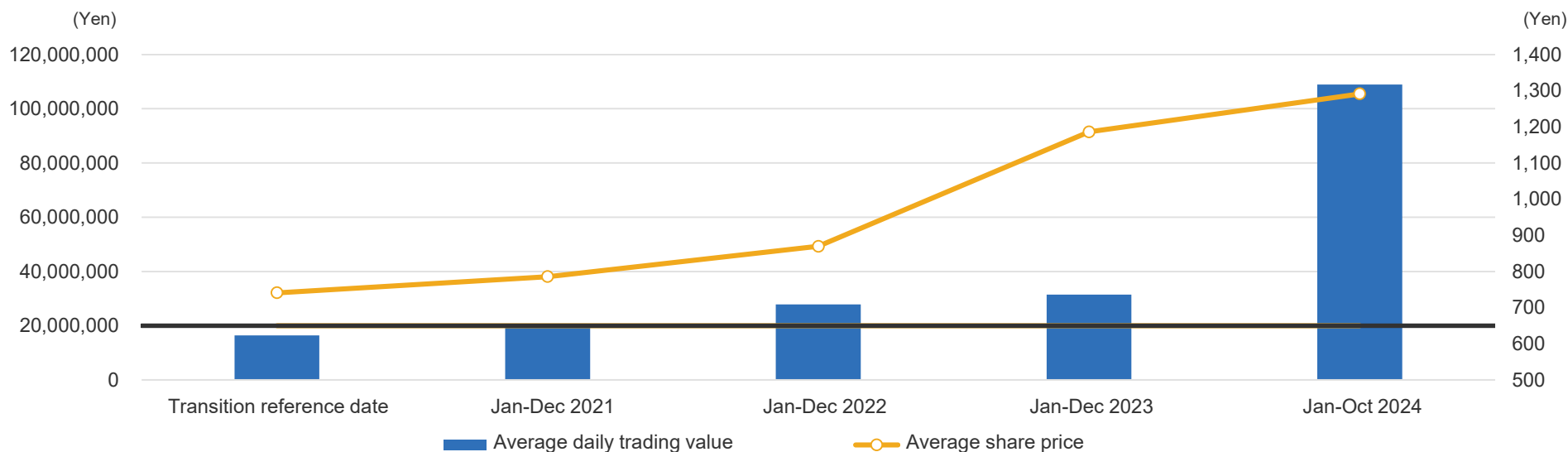
- Our stock price has risen significantly due to solid business performance and the continuing implementation of IR measures.
- Liquidity improved significantly due to the two stock splits and other measures. Average daily trading value has improved significantly and continues to meet the criteria for maintaining our listing on the Prime Market—criteria we initially failed to meet.

Trends in share price and trading volumes since the transition reference date

	Transition reference date (2021/6/30)	Jan-Dec 2021	Jan-Dec 2022	Jan-Dec 2023	Jan-Oct 2024
Average share price (closing)	741 yen	786 yen	869 yen	1,186 yen	1,291 yen (vs. reference date +74.2%)
Average daily trading value	16.46 mil yen	20.06 mil yen	27.83 mil yen	31.47 mil yen	108.88 mil yen

Note (1): The average stock price for the transition reference date is the average of the three months immediately preceding. The trading value is the average of the immediately previous year.

Note (2): The Company implemented two stock splits, one each on April 1, 2022 and April 1, 2024, both at a two for one ratio. The stock price for each period has been converted to the corresponding figure after the stock splits.



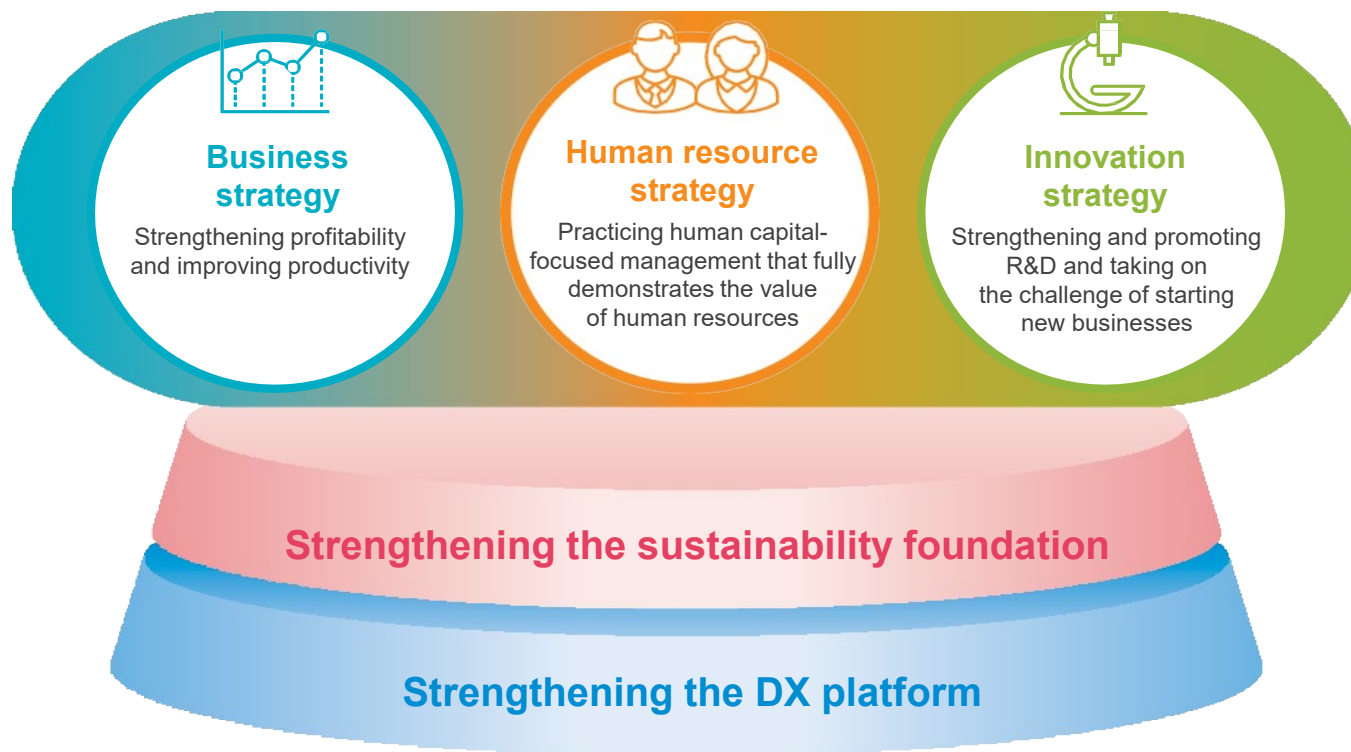


5. Progress on the 18th Medium-term Management Plan

- Formulated as the final stage (plan period: April 2023 to March 2026) of the long-term vision ASAHI-VISION 100: Taking on Challenge to Change Transformation
- With roughly half of the plan period completed, we have steadily driven our initiatives forward.

Basic policy

Looking ahead to the 100th anniversary in 2025 and beyond, we will work on three strategies and on strengthening the two foundations that underpin them.



The 18th Medium-term Management Plan: Progress on key numerical targets

- Due to strong capital investments, orders, net sales, and profit at each stage exceeded targets in the fiscal year ended March 2024. **Profits** in particular **improved significantly due to efforts to improve construction profitability, including the implementation of DX in construction.**
- Due to continued efforts to improve profits, the **profit targets** for the fiscal year ending March 2025 were **revised significantly higher.** **The Company expects to achieve its highest profits since its founding.**
- Once again in the fiscal year ending March 2026, the final year of the Medium-term Management Plan, we will do our utmost to drive the implementation of various measures to exceed the targets.

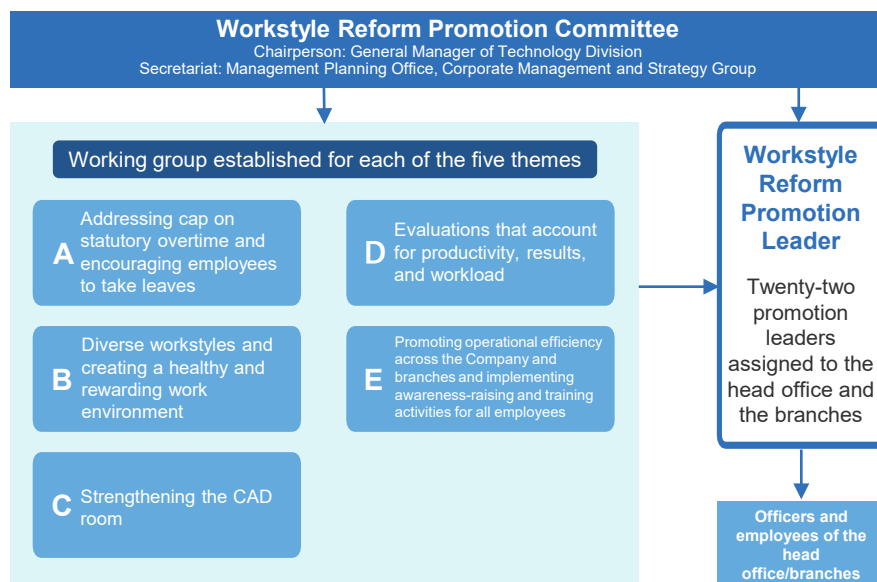
(Unit: million yen)	FY 3/24			FY 3/25	FY 3/26
	Actual	Target	Achievement rate	Target (pre-revision)	Target
Consolidated orders	97,586	81,700	119.4%	87,500	87,500
Installation Work Division	93,161	75,900	122.7%		
Equipment Division	4,424	5,800	76.3%		
Consolidated net sales	91,676	88,700	103.4%	92,500	91,500
Installation Work Division	88,235	82,900	106.4%		
Equipment Division	3,441	5,800	59.3%		
Consolidated operating income	4,568	2,900	157.5%	6,000 (3,600)	3,250
Consolidated profit	3,712	2,500	148.5%	5,000 (3,100)	2,650
Consolidated return on equity (ROE)	10.0%	8.0%	125.0%	12.8% (8.0%)	8.0%
Consolidated dividend payout ratio	41.6%	40.0%	104.0%	51.5% (49.8%)	40.0%

- We believe people represent our greatest asset and the source of our competitiveness. We recognize securing and developing human resources as a key issue.
- We will promote diversity and a work-life balance, focusing on developing human resources from a medium- to long-term perspective.

Initiatives for human capital-focused management

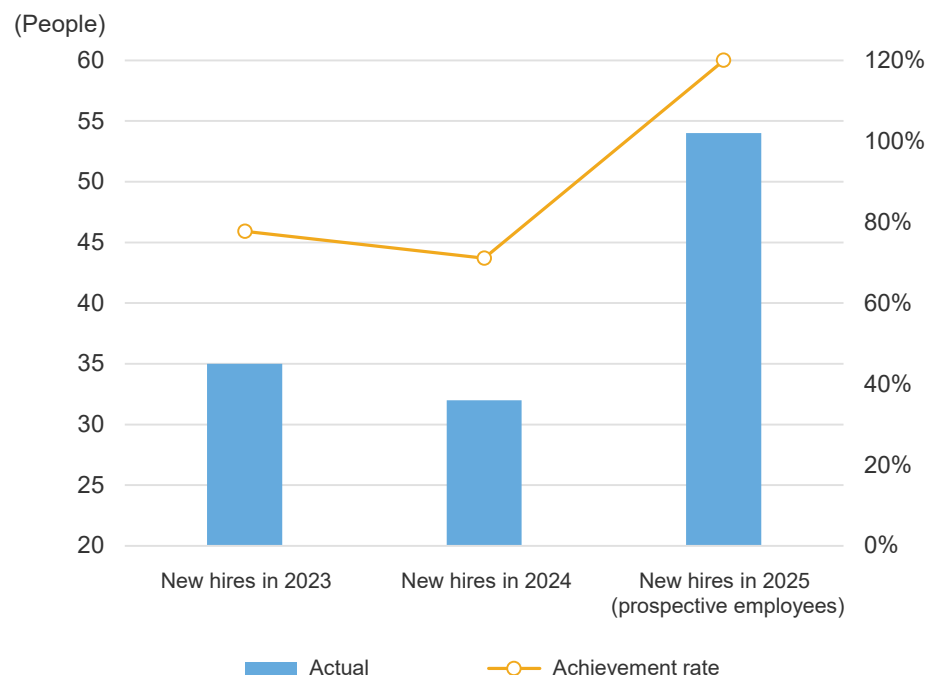
1 Initiatives for Workstyle Reform (Asahi Sun Employee Project)

- With the General Manager of Technology Division serving as Chairperson, a working group has been established for each of the five themes to promote activities leading to workstyle reforms.



2 Strengthening new graduate recruitment

- The number of prospective hires scheduled to join in the fiscal year ending March 2025 is **54**, (vs. the target of 45).
- **Plus 22 compared to the previous fiscal year; target achievement rate of 120%**





6. Asahi Kogyosha's Technologies and Initiatives

- Leveraging our technological capabilities, we're implementing various initiatives through our business activities to achieve sustainability.
- Two examples of using renewable energy in our Installation Work division are presented below.



Case 1: Exhaust heat

- An ongoing effort to make effective use of exhaust heat from the regenerative thermal oxidizer (RTO)*¹ at Sansho Pharmaceutical Co., Ltd.
- Previously, heat generated by another heat source was used to regenerate the rotor of a desiccant air conditioner.*²
- Achieved energy savings by prioritizing use of the exhaust heat generated when burning gas.

Energy use reduced through effective use of exhaust heat:

3,181 GJ/year

Crude equivalent amount

Reduction of approximately 77,100 L/year

CO₂ emissions

Reduction of approximately 214.5 t/year*³



Regenerative thermal oxidizer

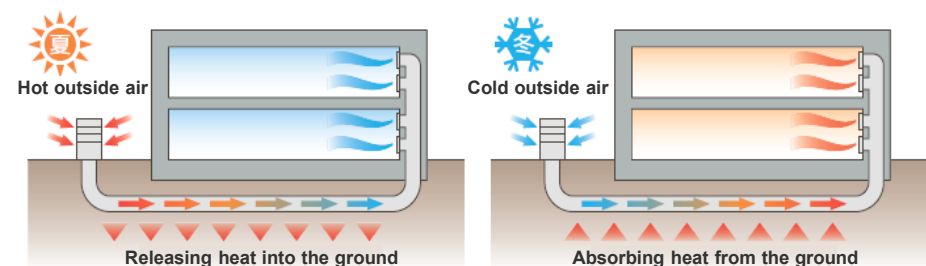
- Note (1): Device that detoxifies and deodorizes organic compounds through high temperature oxidative decomposition
- Note (2): Air conditioning system that dehumidifies air
- Note (3): Equivalent to annual CO₂ emissions of 110 ordinary households

Case 2: Geothermal heat

- Using geothermal heat at Logiport Nagoya
- Geothermal heat is used to alleviate air conditioning and heating loads.
- Sanitation facilities reuse rainwater for the sprinkling system.*⁴
- Obtained CASBEE (Comprehensive Assessment System for Built Environment Efficiency) S rank.



Exterior view of Logiport Nagoya



Note (4): System of preinstalled sprinklers and other equipment at the planting site that waters plants automatically

- Since our founding, we've accumulated experience in developing and proposing safe, optimal technologies to address the diverse needs and challenges of our customers.
- We draw on strong technological capabilities to respond to the growing sophistication of customer needs, attributable to technological innovations and changing social conditions, thereby earning their satisfaction and trust.

Morinaga Milk Industry, Co., Ltd. Kobe Plant: Use of air conditioning system optimization evaluation technologies within a large warehouse

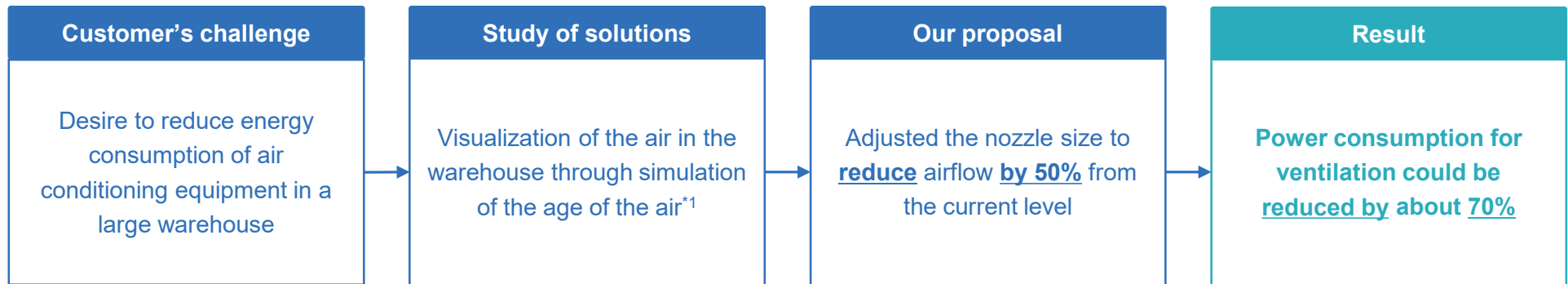


Figure 1: Results of simulation of current age of the air inside the warehouse

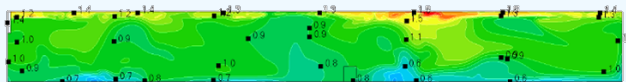


Figure 2: Results of simulation of the age of the air when airflow is reduced

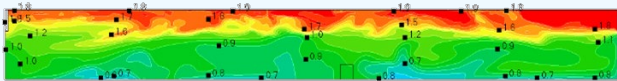
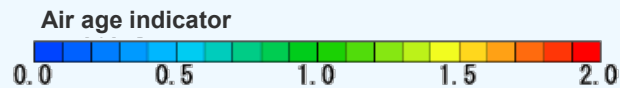
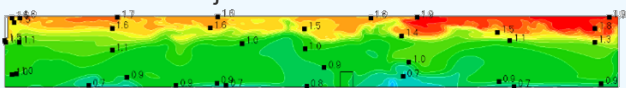


Figure 3: Results of simulation of the age of the air after nozzle size adjustment



While power consumption drops with reduced air flow, the age of the air in the upper part of the room deteriorates.

Adjusting the nozzle size improves the age of the air, achieving both energy saving and improved ventilation.



Morinaga Milk Industry, Co., Ltd. Kobe Plant

Note (1): The time it takes for air flowing through a window, air inlet or other opening to travel to a certain point. It is used to indicate ventilation conditions within the room.

- The 100th Anniversary Logo was selected through internally solicited design ideas.
- The 100th Anniversary Website is scheduled to go live in 2025.
- To commemorate the 100th anniversary of the Company's founding, a commemorative dividend of 20 yen is scheduled for the end of the fiscal year ending March 2025.

100th Anniversary Logo



Logo design concept

We're targeting a clean, refreshing image in keeping with the blue and flowing design of the "A" mark, the symbol of Asahi Kogyosha. We designed the logo based on our commitment to pursuing every challenge and in the hopes that we will remain a company cherished by society over the next 100 years.



Appendix

- Our core competences lie in technical capabilities cultivated since our founding in air conditioning, sanitation, and water supply and drainage.
- Based on these core competences, we develop competitive advantages by operating as an integrated entity, in close contact with our customers and based on our position as a company offering leading expertise.



Technological capabilities in handling air, water, and heat cultivated over 100 years since our founding
(core competences)

- Wealth of experience in air-conditioning installation and sanitation installation work
- Equipment Division with its expertise in air conditioning technologies
- Advanced technical capabilities responding to market trends



Integrated project-based operations

- Comprehensive proposal capabilities that merge technologies related to air, water, and heat
- Increasing value added through synergies with the Equipment Division



Operations in close contact with customers

- Cycle of improving competitiveness driven by a grasp of customer needs
- Deep accumulation of customer needs through tailor-made proposals
- Stable management achieved through acquisition of maintenance and renewal projects



Positioning as a company offering leading expertise

- High profile in both the air conditioning and sanitation work markets
- Conducting business in commercial channels close to customers

Advanced technological capabilities responsive to market trends

- Technologies responding to various trends have been developed as demands for industrial construction rise with the development of domestic production bases, etc.
- Accumulation of wide-ranging advanced technologies, such as environmentally-friendly energy-saving technologies and air conditioning technologies for production facilities requiring specialist expertise.
- Proactive acquisition of intellectual property rights to individual technologies responding to market trends to secure competitive advantage.

Energy-saving technology (ZEB*1 air conditioning system)



Liquid-cooled air conditioning system

A system that removes heat generated in various parts of the room from their sources. By flexibly supplying the necessary cold water to where it is needed, the heat load of heat-generating equipment scattered in indoor air conditioning can be treated locally, thus reducing temperature unevenness in rooms and saving energy.



Low-temperature regeneration desiccant air conditioner

A desiccant air conditioning system that can accurately control dehumidification as a latent heat treatment device in separate latent heat / sensible heat air conditioning. Primary energy consumption is minimized through the use of low-temperature regeneration dehumidifiers and use of solar heat for regeneration heat.

Note (1): Buildings that reduce net annual primary energy consumption within the building to zero while achieving comfortable indoor environments

Plant-growing environment control technologies



Multi-tier cultivation shelves

Multi-tier cultivation shelves in plant cultivation facilities require uniform thermal and light environments. We have provided numerous solutions for high-quality, high-efficiency cultivation equipment. Multi-shelf cultivation equipment developed especially for laboratories features various functions, including the capacity to switch between a wide variety of lighting fixtures and to make shelf height adjustments.



Rice cultivation room

Rice is a promising plant as a raw material for various pharmaceuticals, including oral cholera vaccines. Rice cultivation rooms are facilities in which optimal conditions for stable year-round cultivation are explored by controlling temperature, humidity, light environment, air quality, and culture media in an enclosed environment. This is the main agriculture-related research facility at our institute.

Deodorization and VOC*2 countermeasures, air filtering, and sterilization technologies



Cartridge adsorptive deodorizer

A deodorizing device that adsorbs and removes VOCs and other odors in indoor environments using activated carbon. Cartridges enable rapid replacement of activated carbon.

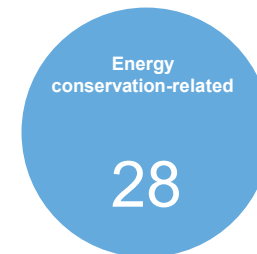


Oil mist collector

To address odors, poor visibility, and slippery floors created by oil mist generated by machine tools, an important issue from the perspective of workers' health, productivity and safety, we've achieved a removal rate equivalent to medium performance (MERV13) using just a cleaning regeneration filter, thereby achieving both performance and cost efficiency.

Note (2): Volatile organic compounds

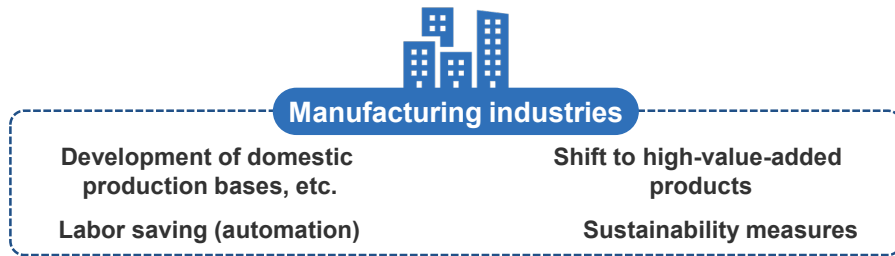
Number of patents addressing market trends (including patents pending)



Comprehensive proposal capabilities that merge technologies related to air, water, and heat

- We respond to corporate sustainability initiatives as an environment-creating company to develop domestic production bases amid the continuing shift toward labor savings and higher quality.
- In response to increasingly sophisticated customer needs, we provide solutions drawing on a comprehensive proposal system comprising the installation work branches, Equipment Division, and our technical research institutes.

Core competencies addressing market trends



Core competence

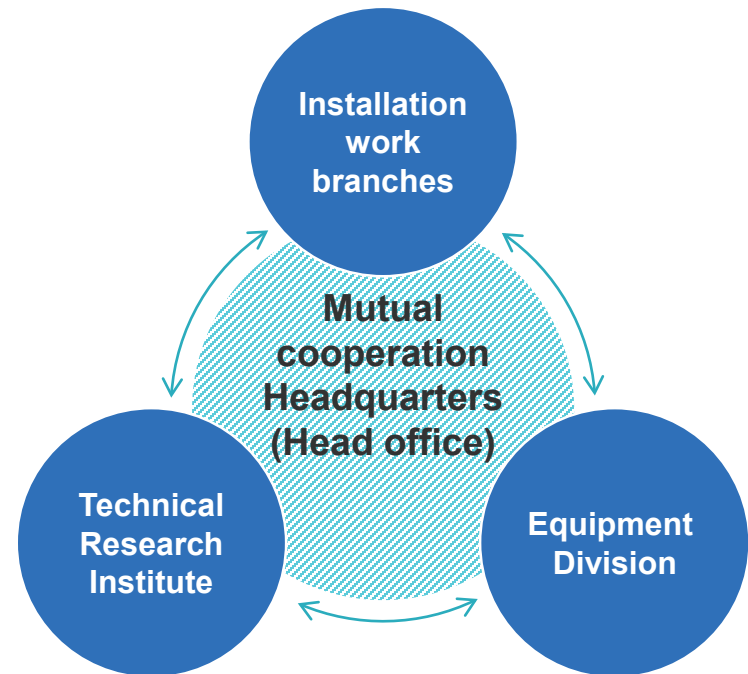


Also responding to sustainability initiatives

Air conditioning installation work

Sanitation installation work

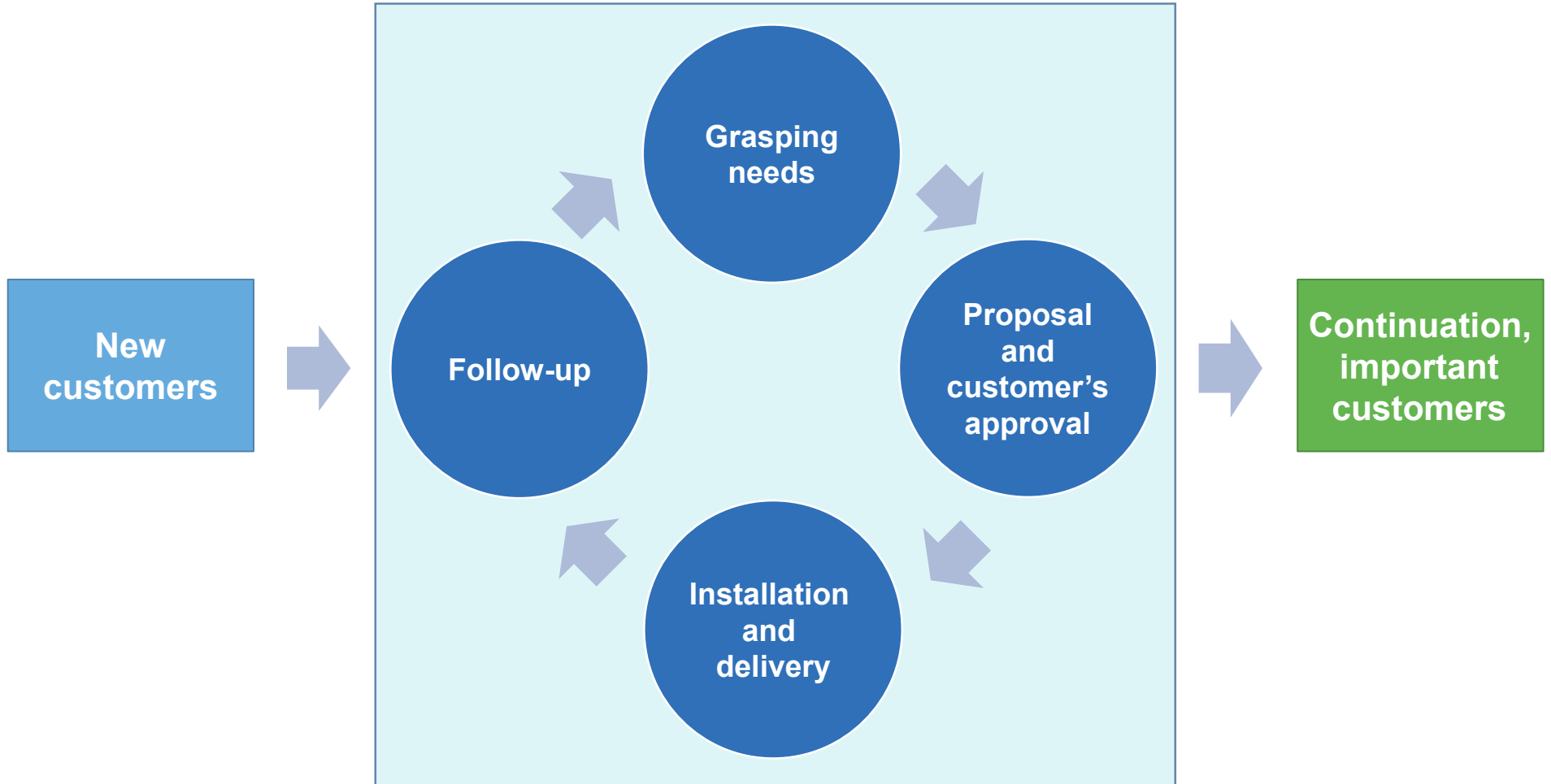
Comprehensive proposal system responding to increasingly sophisticated customer needs



Sharing the knowhow of each group
Joint proposals of solutions to customer needs








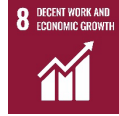



Virtuous cycle driven by grasp of customer needs


- Operating in close contact with customers makes it possible to grasp diverse customer needs.
- We have established a virtuous cycle in which we leverage identified customer needs to develop technologies and improve service quality to win more customers.



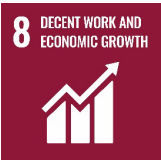





SDGs (1/4) Asahi Kogyosha Group's Basic Policy on SDGs

- The Group's corporate philosophy is to contribute to the development of culture by creating optimal spaces, drawing on advanced technologies based on the science of air, water, and heat while taking good care of the global environment and resources.
- Based on this philosophy and a full understanding of the spirit of the SDGs (Sustainable Development Goals), all officers and employees of the Group will actively work on the following six priority issues and strive to realize a sustainable society.

Priority issues addressed by the Group	Related SDG goal
<p>[Planet] Realizing a decarbonized society by preserving the global environment and protecting resources We will strive to preserve the global environment and resources in all of our business activities and will contribute to the realization of a decarbonized society.</p>	 
<p>[Prosperity] Providing solutions that bring us closer to a sustainable society and ensuring quality, health/hygiene and safety We will strive to provide solutions that bring us closer to a sustainable society and to ensure quality, health and safety by leveraging the energy conservation and other environmental technologies cultivated over the years and strengthening research and development.</p>	  
<p>[People] Promoting work-life balance and diversity We will promote work-life balance and diversity to secure and maintain a work environment where the human rights and health of all people involved in our business activities are respected and diverse human resources can fully demonstrate their abilities and feel rewarded.</p> <p>Promoting workstyle reform and improving productivity using digital technologies We will promote workstyle reforms in all business processes and will strive to improve productivity by actively introducing and using digital technologies.</p>	   
<p>[Partnership] Coexistence and co-prosperity with business partners and strengthening partnerships We will strive to exist and prosper side by side with our affiliates (business partners) through fair, transparent, and appropriate transactions. Additionally, we will work to realize a sustainable society by strengthening partnerships with external organizations with joint efforts involving industry, academia, and government in mind.</p>	
<p>[Peace] Enhancing corporate governance and strengthening compliance We will work to enhance corporate governance to meet the expectations of various stakeholders. We will comply with domestic and international laws and regulations through a comprehensive approach to management that emphasizes compliance.</p>	

Priority issues addressed by the Group	Related SDG goal	Initiative theme	Specific measures		
<p>[Planet]</p> <p>Realizing a decarbonized society by preserving the global environment and protecting resources</p>	 	<p>Reducing environmental impact through environmental management systems</p>	<p>Reducing energy consumption at business sites</p> <p>Recycling recovered fluorocarbons</p> <p>Ensuring the appropriate disposal of industrial waste</p>		
		<p>Strengthening management to realize a decarbonized society</p>	<p>Enhancing information disclosure</p> <p>Grasping greenhouse gas emissions volume more accurately and reducing greenhouse gas emissions</p>		
		<p>[Prosperity]</p> <p>Providing solutions that bring us closer to a sustainable society and ensuring quality, health/hygiene and safety.</p>		<p>Providing solutions that bring us closer to a sustainable society</p>	<p>Presenting facility management proposals to customers</p> <p>Implementing visualization of CO₂ emissions reductions in energy-saving proposals</p> <p>Reducing CO₂ emissions in business activities</p>
					
	<p>Ensuring quality, health/hygiene and safety</p>				

Priority issues addressed by the Group	Related SDG goal	Initiative theme	Specific measures
<p>[People] Promoting work-life balance and diversity</p> <p>Promoting workstyle reforms and improving productivity using digital technologies</p>	   	<p>Promoting work-life balance</p>	<p>Reducing statutory overtime hours</p> <p>Encouraging employees to take paid leave</p> <p>Encouraging employees to take childcare leave</p>
		<p>Promoting diversity</p>	<p>Recruiting female career-track employees</p> <p>Appointing female managers</p> <p>Securing employment for persons with disabilities</p> <p>Promoting active participation of employees re-employed after retirement age</p>
		<p>Workstyle reform Further promoting the Asahi Sun Employee Project</p>	<p>Addressing cap on statutory overtime work</p> <ul style="list-style-type: none"> • Promoting operational efficiency and leveling workload • Strengthening management of work hours <p>Creating a healthy and rewarding work environment</p>
		<p>Improving productivity via digital technologies</p>	<p>Introducing digital tools in construction work</p> <p>Improving business operations by promoting DX (streamlining and efficiency improvements)</p>

Priority issues addressed by the Group	Related SDG goal	Initiative theme	Specific measures
<p>[Partnership] Coexistence and co-prosperity with business partners Strengthening Partnerships</p>		<p>Strengthening cooperation with suppliers and eradicating occupational accidents Strengthening hygiene and safety activities</p>	<p>Strengthening relationships with partner companies to maintain appropriate relationships and to ensure quality and safety</p>
		<p>Strengthening partnerships with external organizations</p>	<p>Assuring fair transactions with partner companies while enhancing incentives</p>
		<p>Continuing to make company-level social contributions</p>	<p>Participating in domestic and international SDG initiatives and consortiums</p>
		<p></p>	<p>Maintaining company-level social contributions</p>
<p>[Peace] Enhancing corporate governance and strengthening compliance</p>		<p>Enhancing corporate governance</p>	<p>Continuously strengthening corporate governance systems</p>
			<p>Studying operational reliability and streamlining and simplifying internal control systems</p>
			<p>Promoting public relations and IR</p>
			<p>Enhancing dialogue with investors</p>
			<p>Achieving further penetration of BCP</p>
		<p>Disseminating effective compliance</p>	<p>Ensuring and strengthening compliance</p>
<p>Ensuring effectiveness of whistleblowing system</p>			

- The Installation Work Division performs air-conditioning installation and sanitation installation work using air, water, and heat technologies and provides one-stop engineering for customer facilities, from planning and proposal to construction, maintenance, and renovation.
- As an illustration of recent achievements, production environment facilities centered on semiconductor factories, laboratories, pharmaceutical factories, food factories and automotive battery factories, which require a high technological level, account for approximately 49% of net sales.

Business areas

Air conditioning and sanitation installation work



Air conditioning and ventilation installations

The basics of creating a space involve creating optimal air environments. We maintain health and create comfortable workspaces by controlling airflow and pollutants, in addition to temperature and humidity. We control manufacturing and storage environments, which vary depending on the air conditioning equipment, with high accuracy.



Factory piping, drying, and dust removal installations

Manufacturing sites require building equipment that meets specifications quite different from building equipment intended for ordinary human environments. Certain technologies of applications may require technologies capable of supplying pure water and liquid chemicals free of impurities in the specified amounts and in real time without changing their qualities by eliminating the influence of the surrounding environment.



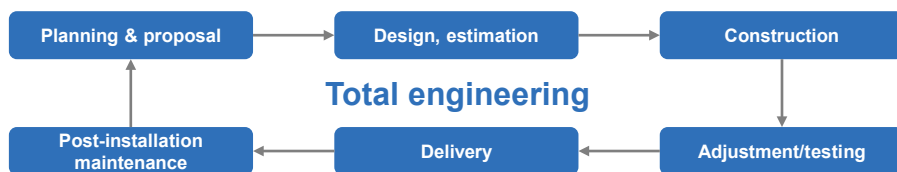
Water supply and drainage, sanitation, fire extinguishing installations

Water is essential to life, commercial, and industrial activities. We condition the temperature and composition of water for the intended application and appropriately treat and discharge dirty water after use. Protecting people and buildings from fire is another key mission related to building equipment.



Cleanroom installations

In hospitals, pharmaceuticals, and semiconductor factories, which require clean spaces, eliminating fine dust, chemical and biological contamination such as polluting gases and viruses is critical. We create clean spaces while allowing control to achieve optimal thermal environments.



Business domains

Distribution environment facilities 4.7%

Shopping malls, department stores, underground commercial facilities, markets, etc.

Health and medical environment facilities 6.3%

Hospitals, nursing homes, etc.

Business environment facilities 17.3%

Office buildings, government buildings, etc.

Transportation and communication environment facilities 1.5%

Airports, train stations, TV stations, etc.

Production environment facilities 48.9%

Factories, laboratories, data centers, etc.

Composition of net sales by business domain (FY 3/2024)

Living and cultural environment facilities 21.2%

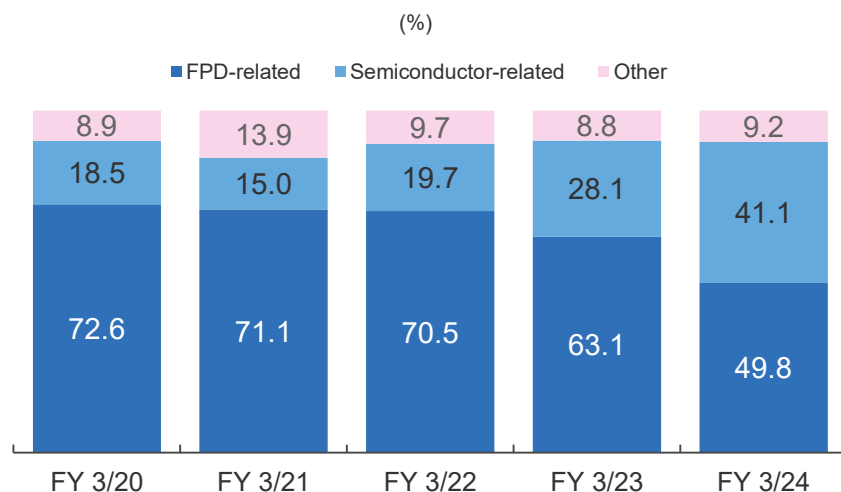
Schools, hotels, gymnasiums, concert halls, etc.

- We develop, manufacture, and sell precision environmental control equipment to leading-edge industries, including manufacturing equipment for semiconductors, FPDs, and electronics.
- By supplying primarily on an OEM-basis, we have focused on development, design, and manufacturing, accumulating advanced technological capabilities in air-filtering technology and thermal fluid control technology.
- We contribute to the Group's comprehensive strength by manufacturing air conditioning-related devices in collaboration with the Installation Work Division.

Business overview

- Manufacture of high-performance temperature and humidity control equipment and their sale either independently or in combination with chambers (environmental chambers); manufacture and sale of environmental control devices for FPD/semiconductor manufacturing equipment installed in cleanrooms
- Supplied mainly on an OEM basis. A total of some 11,300 product units have been shipped in the more than 30 years since the business's founding.
- Sales areas include China, South Korea, Taiwan, the United States, and Germany.

Trends in composition of sales by product



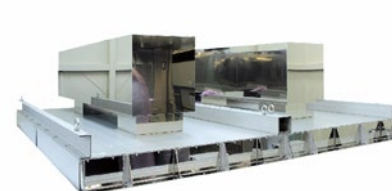
Main Products



Environmental chamber



High efficiency sensible heat air conditioning equipment



Crystal jet



Dryer technology

This document contains forward-looking statements regarding industry trends and the activities undertaken by Asahi Kogyosha based on current plans, estimates, expectations, and forecasts.

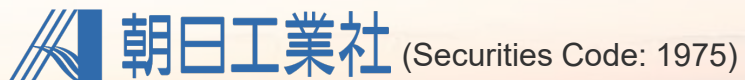
Various risks and uncertainties are inherent in these forward-looking statements.

Risks, uncertainties and other factors known or not yet known could cause results to differ from those contained in these forward-looking statements.

The future nature of the business undertaken by and the performance and other characteristics of Asahi Kogyosha may diverge from the forward-looking statements presented herein.

The forward-looking statements herein are based on information available as of November 28, 2024. Note that Asahi Kogyosha may not necessarily update or revise the forward-looking statements to reflect emerging events or circumstances.

Asahi Kogyosha Co., Ltd.



Inquiries

**Public Relations & Investor Relations Office, Asahi
Kogyosha Co., Ltd.,**

Telephone : 03-6452-8181

Facsimile : 03-6452-8191