

Asahi Kogyosha Co., Ltd.



# Financial results briefing materials for the fiscal year ended March 2024

May 31, 2024

Making comfort  
a standard feature

- |          |   |             |
|----------|---|-------------|
| <b>1</b> | <b>Company overview</b>   | <b>P.3</b>  |
| <b>2</b> | <b>Overview of financial results for the fiscal year ended march 2024</b> | <b>P.6</b>  |
| <b>3</b> | <b>Performance forecast for the fiscal year ending March 2025</b>         | <b>P.15</b> |
| <b>4</b> | <b>Capital policy</b>   | <b>P.19</b> |
| <b>5</b> | <b>Progress on the 18th Medium-term Management Plan</b>                   | <b>P.23</b> |
|          | <b>Appendix</b>   | <b>P.28</b> |



# 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**



# Company information

- 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<br>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.<br>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<br>Asahi Hokkaido Cooling and Heating Co., Ltd.<br><br>Overseas consolidated subsidiaries: two companies (Taiwan and Malaysia)<br>Asia-Pacific Asahi Co., Ltd.<br>Asahi Engineering (Malaysia) Sdn.Bhd.  |

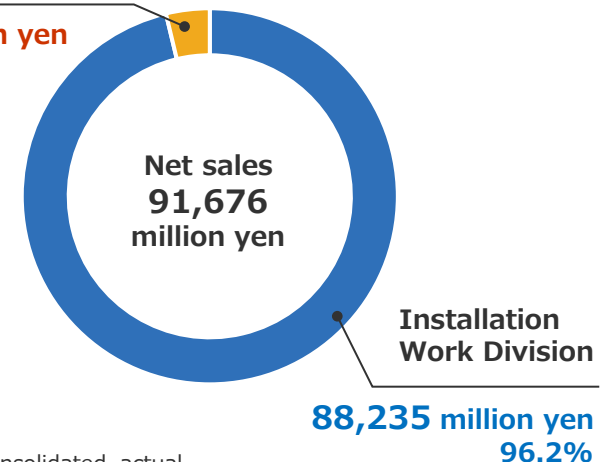
## Basic financial information\*1

|                     |                    |                 |                    |
|---------------------|--------------------|-----------------|--------------------|
| 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%**



Note (1): FY 3/24, consolidated, actual



## 2. Overview of financial results for the fiscal year ended march 2024

# Overview of financial results for the fiscal year ended march 2024

- Both orders and carryovers for the subsequent fiscal year grew thanks to orders for large-scale construction of health and medical environment facilities and other factors.
- Net sales increased due to steady progress on a backlog of work orders in the Installation Work Division.
- Gross profit and other profits at each stage grew significantly due to growth in net sales and improved gross margins.

| (Unit: million yen)                           | FY 3/22 | FY 3/23 | FY 3/24 |        |                |
|---|---------|---------|---------|--------|----------------|
|   | Actual  | Actual  | Actual  | YoY    | Rate of change |
| Orders  | 82,002  | 86,778  | 97,586  | 10,807 | 12.5%          |
| Carryovers for the subsequent fiscal year     | 75,773  | 82,380  | 88,290  | 5,909  | 7.2%           |
| Net sales                                     | 68,820  | 80,171  | 91,676  | 11,505 | 14.4%          |
| Gross profit                                  | 8,462   | 9,053   | 11,652  | 2,599  | 28.7%          |
| Margin  | 12.3%   | 11.3%   | 12.7%   | 1.4pt  | -              |
| Selling, general, and administrative expenses | 6,175   | 6,355   | 7,084   | 728    | 11.5%          |
| Operating income                              | 2,287   | 2,697   | 4,568   | 1,870  | 69.3%          |
| Margin  | 3.3%    | 3.4%    | 5.0%    | 1.6pt  | -              |
| Non-operating income/loss                     | 308     | 429     | 328     | (100)  | (23.3%)        |
| Ordinary income                               | 2,596   | 3,127   | 4,896   | 1,769  | 56.6%          |
| Margin  | 3.8%    | 3.9%    | 5.3%    | 1.4pt  | -              |
| Extraordinary income/loss                     | 267     | 640     | 236     | (403)  | (63.0%)        |
| Profit attributable to owners of parent       | 1,860   | 2,480   | 3,712   | 1,231  | 49.6%          |
| Margin  | 2.7%    | 3.1%    | 4.0%    | 0.9pt  | -              |

# Orders, net sales, and operating income by segment

- Both orders and net sales grew significantly in the Installation Work Division. Operating income grew significantly due to growth in net sales.
- Both orders and net sales in the Equipment Division declined.

| (Unit: million yen)               | FY 3/22 | FY 3/23 | FY 3/24 |         |                |
|-----------------------------------|---------|---------|---------|---------|----------------|
|                                   | Actual  | Actual  | Actual  | YoY     | Rate of change |
| <b>Installation Work Division</b> |         |         |         |         |                |
| Orders                            | 75,810  | 82,093  | 93,161  | 11,068  | 13.5%          |
| Net sales                         | 63,295  | 75,110  | 88,235  | 13,124  | 17.5%          |
| Operating income                  | 1,911   | 2,571   | 5,111   | 2,539   | 98.8%          |
| Operating margin                  | 3.0%    | 3.4%    | 5.8%    | 2.4pt   | -              |
| <b>Equipment Division</b>         |         |         |         |         |                |
| Orders                            | 6,192   | 4,685   | 4,424   | (260)   | (5.6%)         |
| Net sales                         | 5,525   | 5,060   | 3,441   | (1,619) | (32.0%)        |
| Operating income                  | 376     | 126     | (542)   | (669)   | -              |
| Operating margin                  | 6.8%    | 2.5%    | (15.8%) | -       | -              |
| Total orders                      | 82,002  | 86,778  | 97,586  | 10,807  | 12.5%          |
| Total net sales                   | 68,820  | 80,171  | 91,676  | 11,505  | 14.4%          |
| Total operating income            | 2,287   | 2,697   | 4,568   | 1,870   | 69.3%          |



# Trends in quarterly results

- Net sales increased in the fourth quarter despite fewer orders than in the third quarter.
- Profits at each stage also grew significantly due to an increase in net sales and an improvement in the gross margin.

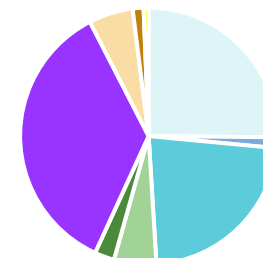
| (Unit: million yen)                                  | FY 3/23 |        |        |        | FY 3/24 |        |        |        |
|--|---------|--------|--------|--------|---------|--------|--------|--------|
|  | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q     | 4Q     |
| <b>Orders</b>  | 26,826  | 27,549 | 13,197 | 19,204 | 24,324  | 39,802 | 19,947 | 13,511 |
| <b>Net sales</b>                                     | 13,482  | 17,906 | 22,442 | 26,340 | 19,215  | 22,781 | 23,884 | 25,795 |
| <b>Gross profit</b>                                  | 1,196   | 1,832  | 2,685  | 3,338  | 2,186   | 3,219  | 2,501  | 3,745  |
| Margin   | 8.9%    | 10.2%  | 12.0%  | 12.7%  | 11.4%   | 14.1%  | 10.5%  | 14.5%  |
| <b>Selling, general, and administrative expenses</b> | 1,553   | 1,420  | 1,407  | 1,974  | 1,615   | 1,578  | 1,834  | 2,056  |
| <b>Operating income</b>                              | (356)   | 411    | 1,278  | 1,363  | 571     | 1,640  | 666    | 1,689  |
| Margin   | (2.6%)  | 2.3%   | 5.7%   | 5.2%   | 3.0%    | 7.2%   | 2.8%   | 6.6%   |
| <b>Non-operating income/loss</b>                     | 143     | 8      | 263    | 14     | 146     | 38     | 138    | 6      |
| <b>Ordinary income</b>                               | (212)   | 419    | 1,541  | 1,378  | 717     | 1,678  | 804    | 1,696  |
| Margin   | (1.6%)  | 2.3%   | 6.9%   | 5.2%   | 3.7%    | 7.4%   | 3.4%   | 6.6%   |
| <b>Extraordinary income/loss</b>                     | 52      | (0)    | (12)   | 601    | (9)     | 17     | (1)    | 229    |
| <b>Profit attributable to owners of parent</b>       | (144)   | 251    | 1,045  | 1,329  | 468     | 1,147  | 527    | 1,569  |
| Margin   | (1.1%)  | 1.4%   | 4.7%   | 5.0%   | 2.4%    | 5.0%   | 2.2%   | 6.1%   |

# Actual results by segment Orders

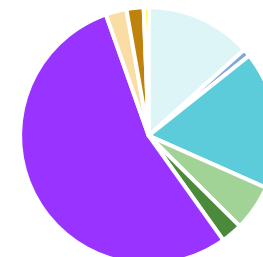
- Overall orders **grew significantly** from the previous year.
- Orders for production environment and living/cultural environment facilities decreased in the Installation Work Division, but orders for transportation/communication environment, health/medical environment, and distribution environment facilities grew significantly.
- In the Equipment Division, products for semiconductor manufacturing equipment saw lower orders; however, orders grew for products for FPD manufacturing equipment.

| (Unit: million yen)               |   | Orders  |         |         |         |                |
|-----------------------------------|---|---------|---------|---------|---------|----------------|
|                                   |   | FY 3/22 | FY 3/23 | FY 3/24 | YoY     | Rate of change |
| Installation Work                 | Business environment facilities<br>(Office buildings, public office buildings, etc.)                | 20,624  | 11,580  | 12,481  | 901     | 7.8%           |
|                                   | Transportation/communication environment facilities<br>(Airport, train stations, TV stations, etc.) | 1,113   | 834     | 5,012   | 4,178   | 501.0%         |
|                                   | Living/cultural environment facilities<br>(Schools, hotels, etc.)                                   | 18,468  | 15,058  | 12,862  | (2,196) | (14.6%)        |
|                                   | Health/medical environment facilities<br>(Hospitals, nursing homes, etc.)                           | 4,364   | 5,028   | 15,248  | 10,220  | 203.3%         |
|                                   | Distribution environment facilities<br>(Department stores, markets, etc.)                           | 2,039   | 2,320   | 6,910   | 4,590   | 197.8%         |
|                                   | Production environment facilities<br>(Factories/laboratories, data centers, etc.)                   | 29,201  | 47,273  | 40,648  | (6,625) | (14.0%)        |
| Equipment Manufacturing and Sales | FPD (liquid crystal) -related   | 4,556   | 2,278   | 2,746   | 468     | 20.5%          |
|                                   | Semiconductor-related   | 1,122   | 1,872   | 1,177   | (695)   | (37.1%)        |
|                                   | Others  | 514     | 535     | 501     | (34)    | (6.4%)         |
| Total                             |   | 82,002  | 86,778  | 97,586  | 10,807  | 12.5%          |

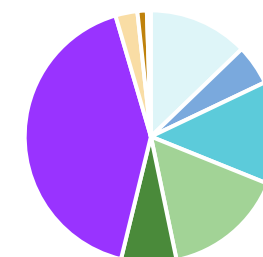
FY 3/22



FY 3/23



FY 3/24



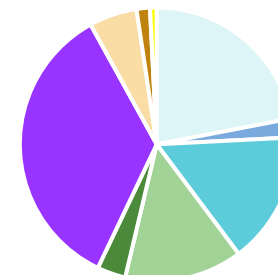
■ Business  
■ Living/culture  
■ Distribution  
■ FPD  
■ Equipment and other  
■ Transportation/communication  
■ Health/medical  
■ Production  
■ Semiconductors

# Actual results by segment Net sales

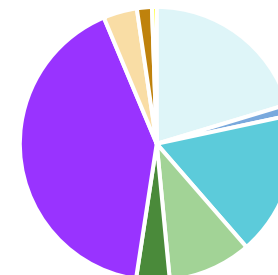
- Overall sales **grew significantly** from the previous year.
- Sales to business environment and health/medical environment facilities in the Installation Work Division declined; however, sales to living/cultural environment and production environment facilities grew significantly.
- In the Equipment Division, semiconductor-related sales remained about the same as last year, while FPD-related sales fell significantly due to the impact of declining orders starting in the preceding fiscal year.

| (Unit: million yen)                     |  | Net sales |         |         |         |                |
|---|--|-----------|---------|---------|---------|----------------|
|   |  | FY 3/22   | FY 3/23 | FY 3/24 | YoY     | Rate of change |
| Installation Work                       | Business environment facilities<br>(Office buildings, public office buildings, etc.)                   | 15,123    | 16,309  | 15,259  | (1,050) | (6.4%)         |
|   | Transportation/communication<br>environment facilities<br>(Airport, train stations, TV stations, etc.) | 1,522     | 1,048   | 1,364   | 316     | 30.2%          |
|   | Living/cultural environment facilities<br>(Schools, hotels, etc.)                                      | 10,729    | 13,598  | 18,698  | 5,100   | 37.5%          |
|   | Health/medical environment<br>facilities<br>(Hospitals, nursing homes, etc.)                           | 9,583     | 7,906   | 5,595   | (2,311) | (29.2%)        |
|   | Distribution environment facilities<br>(Department stores, markets, etc.)                              | 2,323     | 3,164   | 4,190   | 1,026   | 32.4%          |
|   | Production environment facilities<br>(Factories/laboratories, data centers, etc.)                      | 24,015    | 33,085  | 43,129  | 10,044  | 30.4%          |
| Equipment<br>Manufacturing<br>and Sales | FPD (liquid crystal) -related  | 3,897     | 3,195   | 1,712   | (1,483) | (46.4%)        |
|   | Semiconductor-related  | 1,090     | 1,422   | 1,413   | (9)     | (0.6%)         |
|   | Others   | 538       | 443     | 316     | (127)   | (28.7%)        |
| Total                                   |  | 68,820    | 80,171  | 91,676  | 11,505  | 14.4%          |

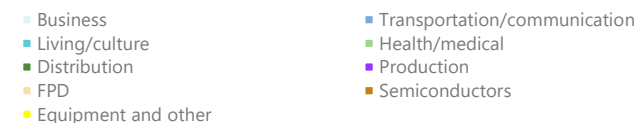
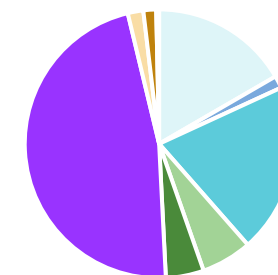
FY 3/22



FY 3/23



FY 3/24

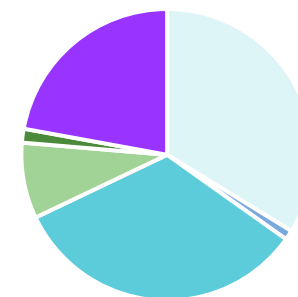


# Carryovers for the subsequent fiscal year

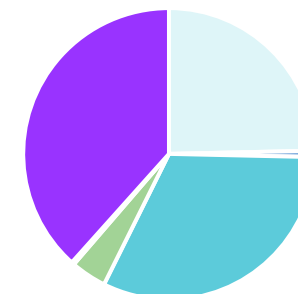
- Overall carryovers for the subsequent fiscal year **increased** from the previous year.
- Carryovers for business environment, living/cultural environment, and production environment facilities declined; however, carryovers for transportation/communication environment, health/medical environment, and distribution environment facilities grew significantly.

| (Unit: million yen)  | Carryovers for the subsequent fiscal year |         |         |         |                |
|--|---|---------|---------|---------|----------------|
|  | FY 3/22                                   | FY 3/23 | FY 3/24 | YoY     | Rate of change |
| <b>Business environment facilities</b><br>(Office buildings, public office buildings, etc.)                | 23,912                                    | 19,183  | 16,405  | (2,778) | (14.5%)        |
| <b>Transportation/communication environment facilities</b><br>(Airport, train stations, TV stations, etc.) | 759                                       | 545     | 4,193   | 3,648   | 669.4%         |
| <b>Living/cultural environment facilities</b><br>(Schools, hotels, etc.)                                   | 23,441                                    | 24,901  | 19,065  | (5,836) | (23.4%)        |
| <b>Health/medical environment facilities</b><br>(Hospitals, nursing homes, etc.)                           | 5,961                                     | 3,083   | 12,736  | 9,653   | 313.1%         |
| <b>Distribution environment facilities</b><br>(Department stores, markets, etc.)                           | 1,086                                     | 242     | 2,962   | 2,720   | 1,124.0%       |
| <b>Production environment facilities</b><br>(Factories/laboratories, data centers, etc.)                   | 15,676                                    | 29,864  | 27,383  | (2,481) | (8.3%)         |
| <b>Total</b>   | 70,835                                    | 77,818  | 82,744  | 4,926   | 6.3%           |

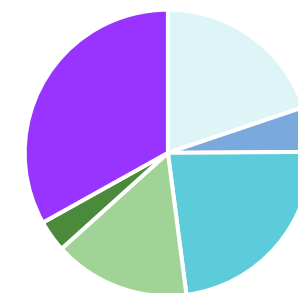
FY 3/22



FY 3/23



FY 3/24



■ Business
 ■ Transportation/communication
 ■ Living/culture
 ■ Health/medical
 ■ Distribution
 ■ Production



- Total assets increased by 5,070 million yen from the end of the preceding fiscal year due to various factors, including growth in accounts like cash and deposits, accounts receivable from completed construction contracts and electronically recorded monetary claims.
- Total liabilities increased by 1,694 million yen from the end of the preceding fiscal year due to various factors, including growth in accounts like income taxes payable and provision for loss on construction contracts.
- Net assets increased by 3,375 million yen from the end of the preceding fiscal year due to various factors, including growth in accounts like retained earnings and valuation difference on available-for-sale securities.

| (Unit: million yen)            | FY 3/22  | FY 3/23  | FY 3/24  | YoY    | Rate of change |
|--------------------------------|----------|----------|----------|--------|----------------|
| Current assets                 | 52,136   | 59,201   | 63,854   | 4,653  | 7.9%           |
| Non-current assets             | 19,944   | 19,740   | 20,157   | 416    | 2.1%           |
| Current liabilities            | 35,576   | 41,642   | 43,677   | 2,034  | 4.9%           |
| Non-current liabilities        | 2,143    | 1,918    | 1,578    | (340)  | (17.7%)        |
| Total liabilities              | 37,720   | 43,561   | 45,255   | 1,694  | 3.9%           |
| Net assets                     | 34,360   | 35,380   | 38,756   | 3,375  | 9.5%           |
| Total Assets                   | 72,081   | 78,941   | 84,012   | 5,070  | 6.4%           |
| Net assets per share (yen)     | 1,339.15 | 1,376.70 | 1,506.49 | 129.79 | 9.4%           |
| Shareholders' equity ratio (%) | 47.7     | 44.8     | 46.1     | 1.3pt  | -              |
| Interest-bearing debt          | 3,800    | 3,300    | 3,300    | -      | -              |

# Statement of cash flows

- Cash flow from operating activities was positive by 2,010 million yen, due primarily to significant growth in profit before income taxes.
- Cash flow from investing activities was negative 304 million yen due to the purchase of property, plant and equipment.
- Cash flow from financing activities was negative 1,293 million yen due to dividend payments and other factors.
- The balance of cash and cash equivalents was 17,979 million yen, an increase of 439 million yen from the same period of the previous year.

| (Unit: million yen)                                 | FY 3/22 | FY 3/23 | FY 3/24 | YoY   |
|---|---------|---------|---------|-------|
| Cash flow from operating activities                 | 4,648   | (34)    | 2,010   | 2,045 |
| Cash flow from investing activities                 | 89      | (481)   | (304)   | 177   |
| Cash flow from financing activities                 | (1,297) | (1,349) | (1,293) | 55    |
| Cash and cash equivalents at end of the fiscal year | 19,390  | 17,540  | 17,979  | 439   |



### 3. Performance forecast for the fiscal year ending March 2025

# Forecast for the fiscal year ending March 2025

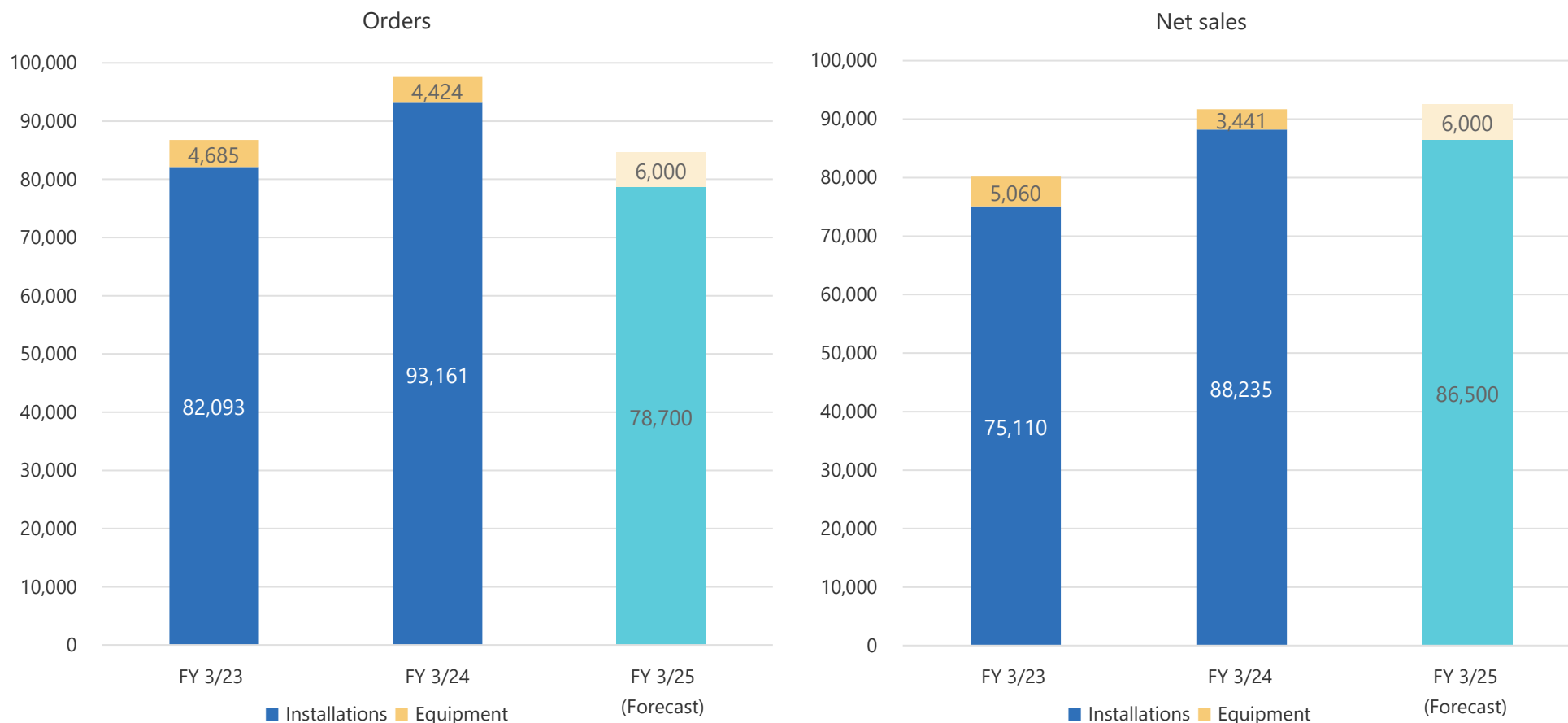
- The forecast for orders is conservative compared to actual orders in the preceding fiscal year in light of our construction organization.
- Net sales are expected to increase modestly due to the abundance of carryovers and recovery in the Equipment Division.
- Profits at each stage are expected to decline due to the continuing high cost of materials and equipment, the rising cost of labor, and other factors.

| (Unit: million yen)                              | FY 3/22 | FY 3/23 | FY 3/24 | FY 3/25       |                 |                |
|--|---------|---------|---------|---------------|-----------------|----------------|
|  | Actual  | Actual  | Actual  | Forecast      | YoY             | Rate of change |
| <b>Orders</b>                                    | 82,002  | 86,778  | 97,586  | <b>84,700</b> | <b>(12,886)</b> | <b>(13.2%)</b> |
| <b>Carryovers for the subsequent fiscal year</b> | 75,773  | 82,380  | 88,290  | <b>80,490</b> | <b>(7,800)</b>  | <b>(8.8%)</b>  |
| <b>Net sales</b>                                 | 68,820  | 80,171  | 91,676  | <b>92,500</b> | <b>824</b>      | <b>0.9%</b>    |
| <b>Gross profit</b>                              | 8,462   | 9,053   | 11,652  | <b>11,000</b> | <b>(652)</b>    | <b>(5.6%)</b>  |
| Margin   | 12.3%   | 11.3%   | 12.7%   | <b>11.9%</b>  | <b>(0.8pt)</b>  | -              |
| <b>Operating income</b>                          | 2,287   | 2,697   | 4,568   | <b>3,600</b>  | <b>(968)</b>    | <b>(21.2%)</b> |
| Margin   | 3.3%    | 3.4%    | 5.0%    | <b>3.9%</b>   | <b>(1.1pt)</b>  | -              |
| <b>Ordinary income</b>                           | 2,596   | 3,127   | 4,896   | <b>3,800</b>  | <b>(1,096)</b>  | <b>(22.4%)</b> |
| Margin   | 3.8%    | 3.9%    | 5.3%    | <b>4.1%</b>   | <b>(1.2pt)</b>  | -              |
| <b>Profit attributable to owners of parent</b>   | 1,860   | 2,480   | 3,712   | <b>3,100</b>  | <b>(612)</b>    | <b>(16.5%)</b> |
| Margin   | 2.7%    | 3.1%    | 4.0%    | <b>3.4%</b>   | <b>(0.6pt)</b>  | -              |



- In the Installation Work Division, the forecast for orders is conservative in consideration of the construction organization; 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.

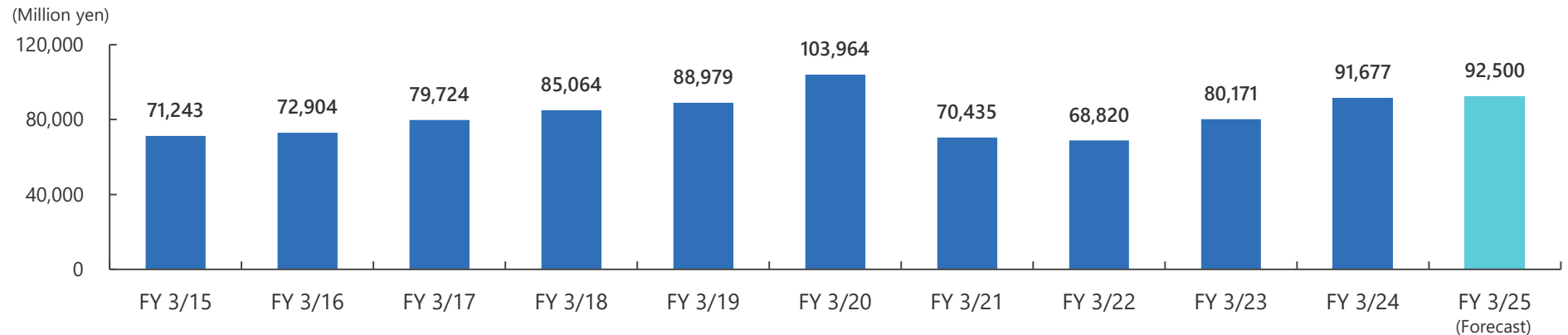
## Trends in orders and net sales



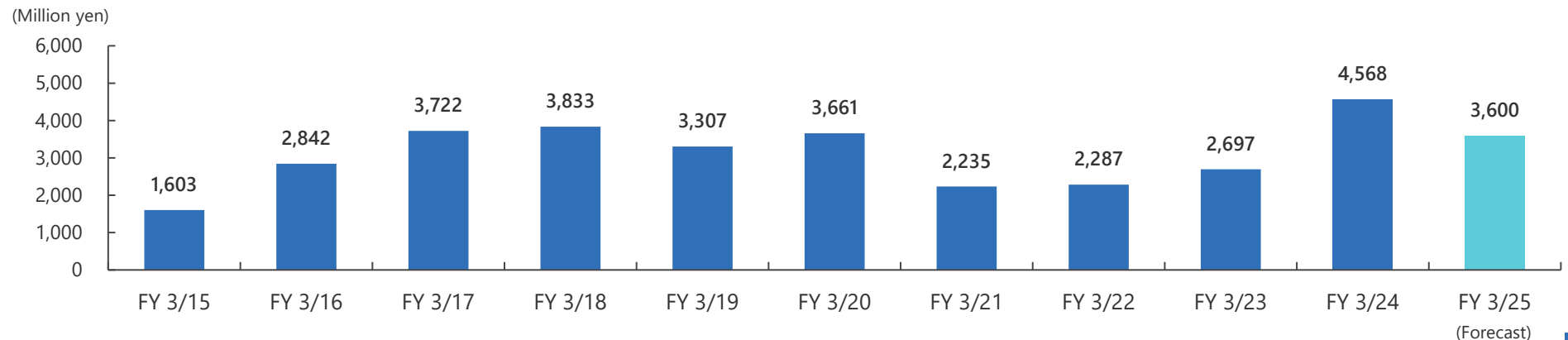
# Long-term performance trends (past 10 years)

- 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, remaining at high levels in the fiscal year ending March 2025.

## Net sales trend



## Operating income trends



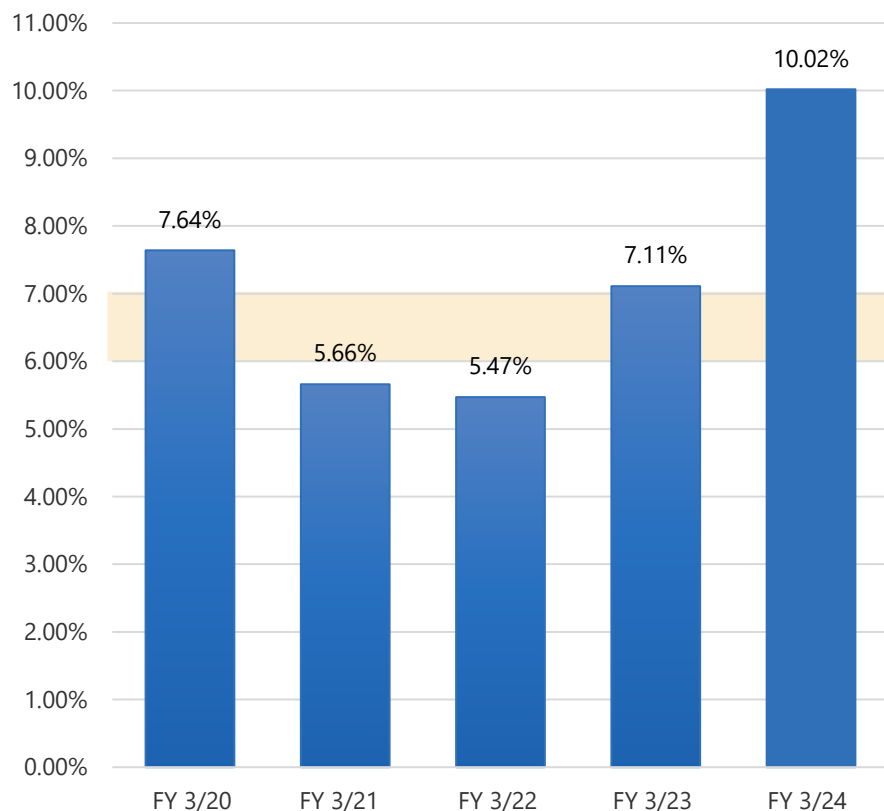


## 4. Capital policy

# Promoting management keenly aware of the cost of capital

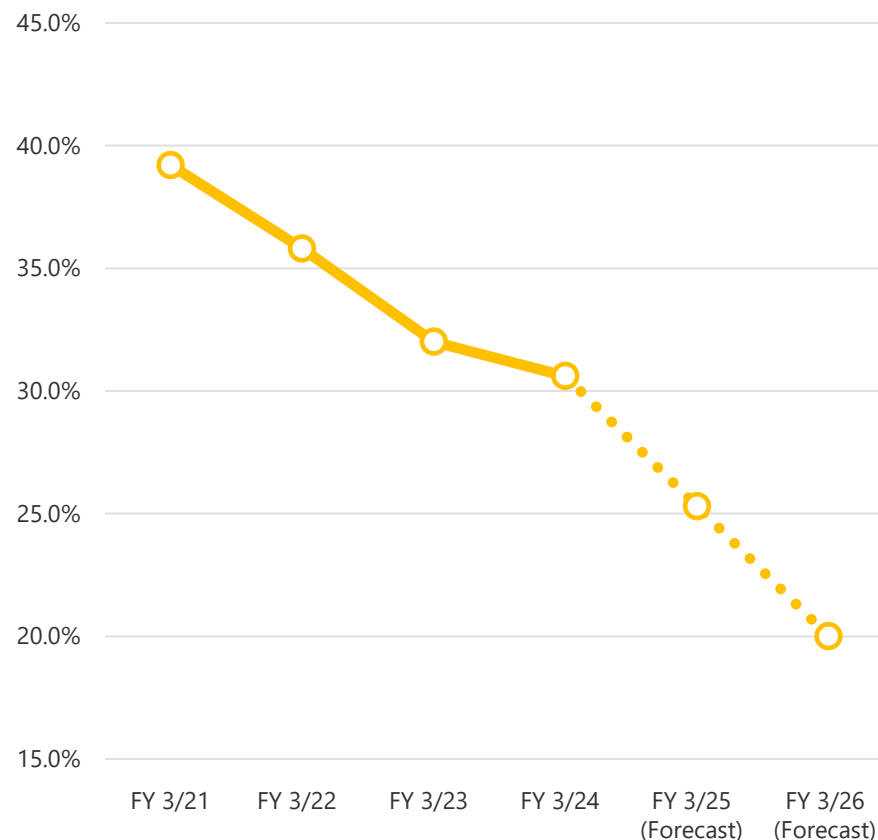
- ROE for the fiscal year ended March 2024 **exceeded 10%** and **remains above the Company's perceived cost of shareholders' equity (6%-7%)**.
- Cross-shareholdings will be reduced during the 18th Medium-term Management Plan period (April 2023 to March 2026) to improve capital efficiency, with a target level of 20%.

## ROE trend



Note (1): The area shaded in beige represents the range of movement of the cost of shareholder equity (6%-7%).

## Status of reduction of cross-shareholdings

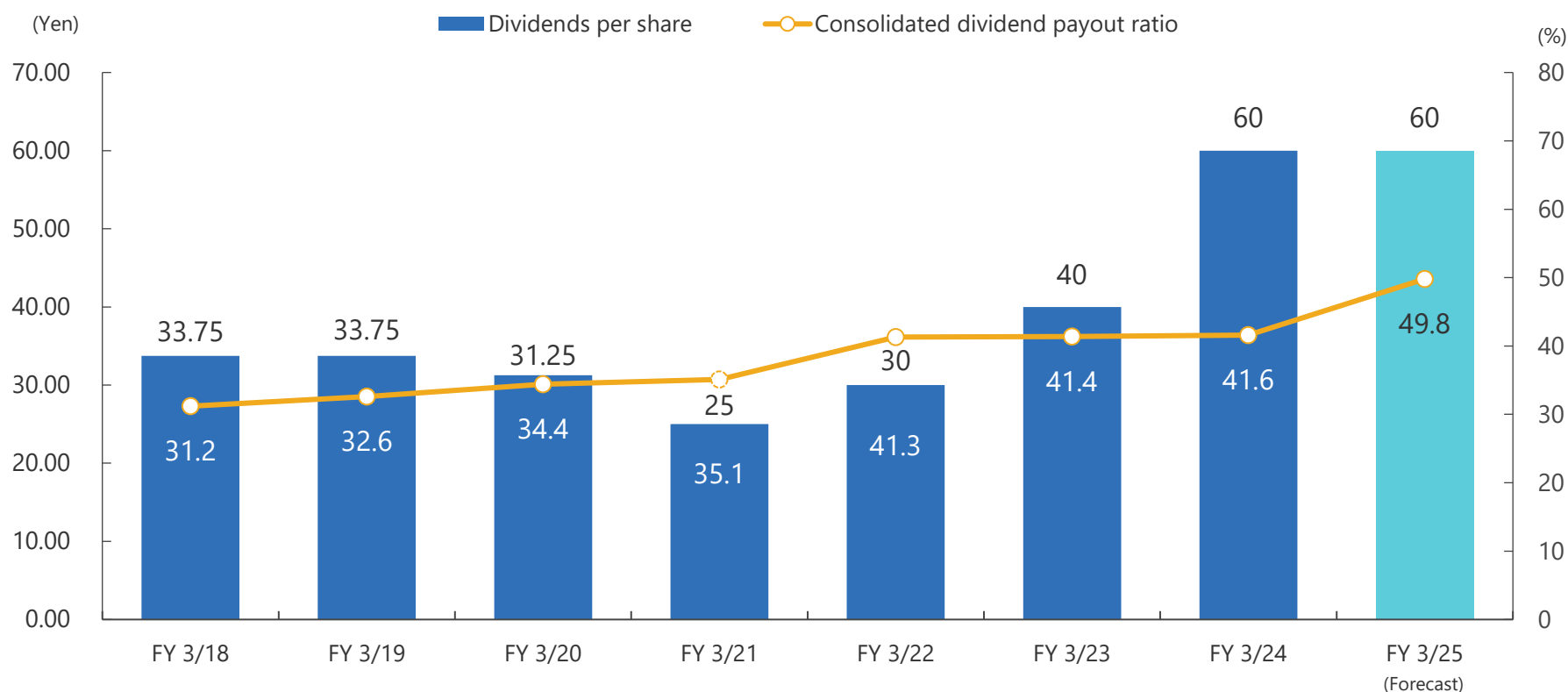


Note (2): Shown above are investment securities divided by net assets.



- In the 18th Medium-term Management Plan (April 2023 to the end of March 2026), we set as targets maintaining an ordinary dividend of **40 yen** per share (80 yen per share on pre-stock split basis) 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 plan to pay a **100th anniversary dividend** of 10 yen per year (20 yen on pre-stock split basis) commemorating the 100th anniversary of the Company's founding on April 3, 2025.

## 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.

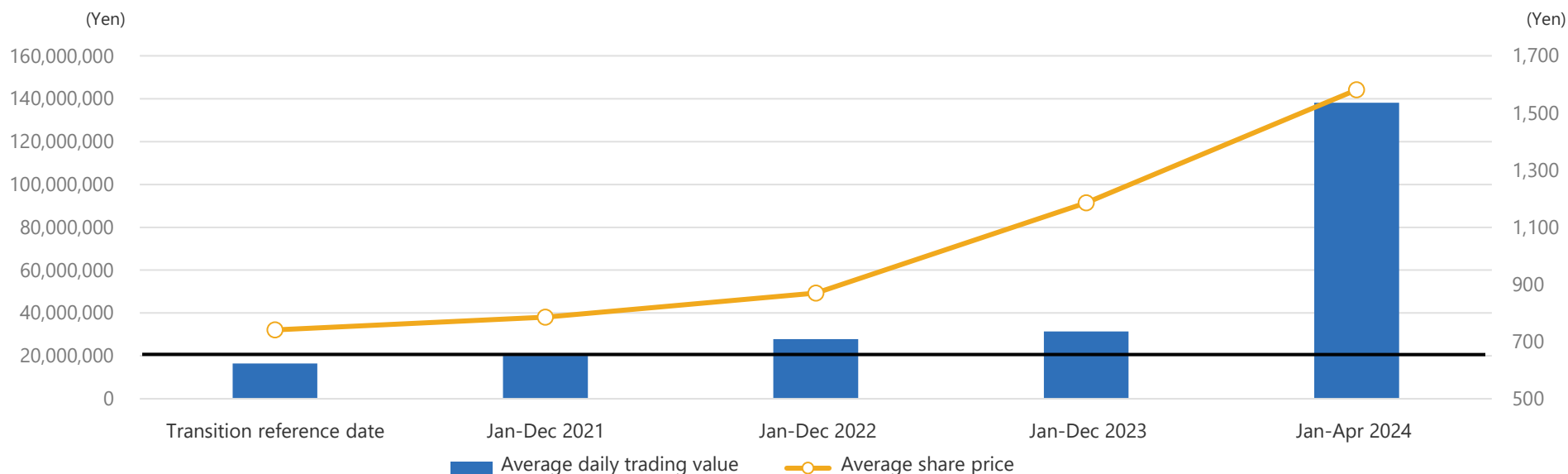
- Our stock price has risen significantly due to solid business performance and the continuing implementation of IR measures.
- Average daily trading value has improved significantly and continues to meet the criteria for maintaining our listing on the Prime Market, which we initially failed to meet.

## 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-Apr 2024  |
|-------------------------------|---------------------------------------|---------------|---------------|---------------|---------------|
| Average share price (closing) | 741 yen                               | 786 yen       | 869 yen       | 1,186 yen     | 1,581 yen     |
| Average daily trading value   | 16.46 mil yen                         | 20.06 mil yen | 27.83 mil yen | 31.47 mil yen | 138.1 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.



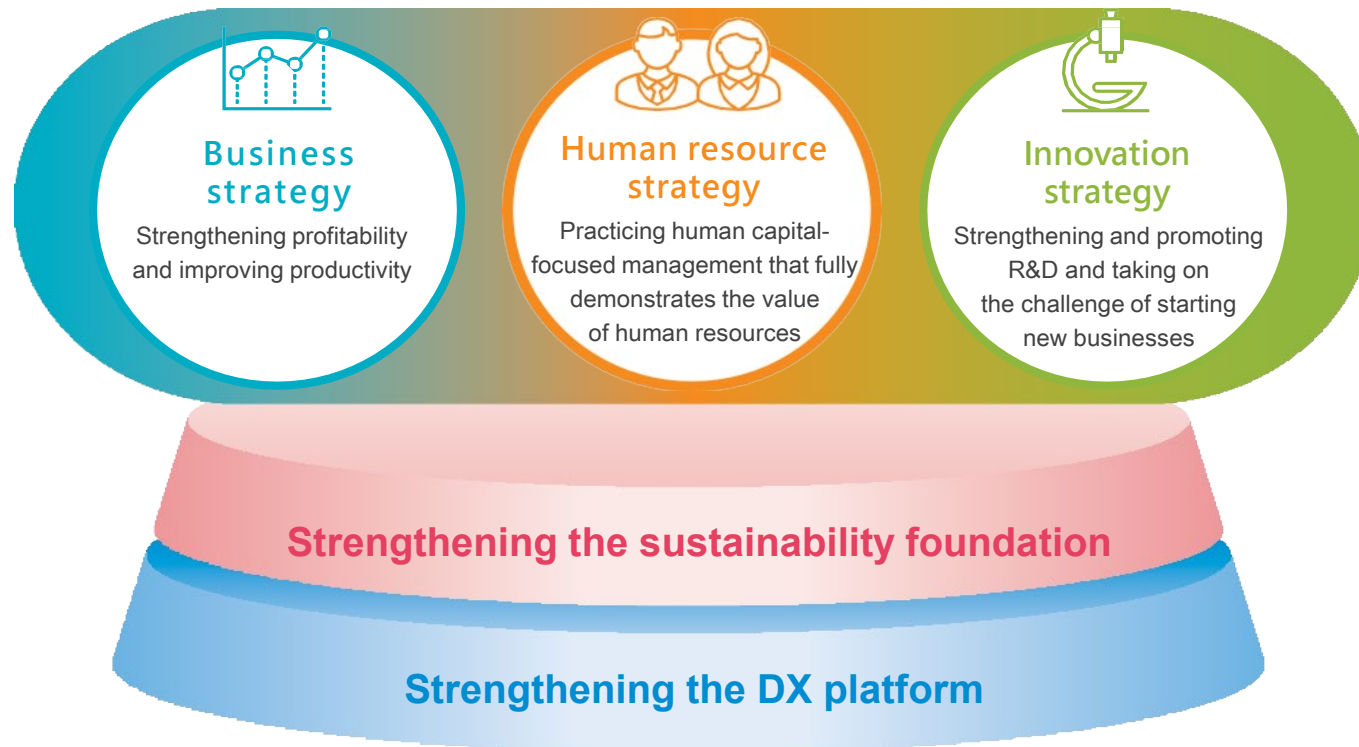


## 5. Progress on the 18th Medium-term Management Plan

- 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
- We aim to become an Only One entity that creates new value for society.

## Basic policy

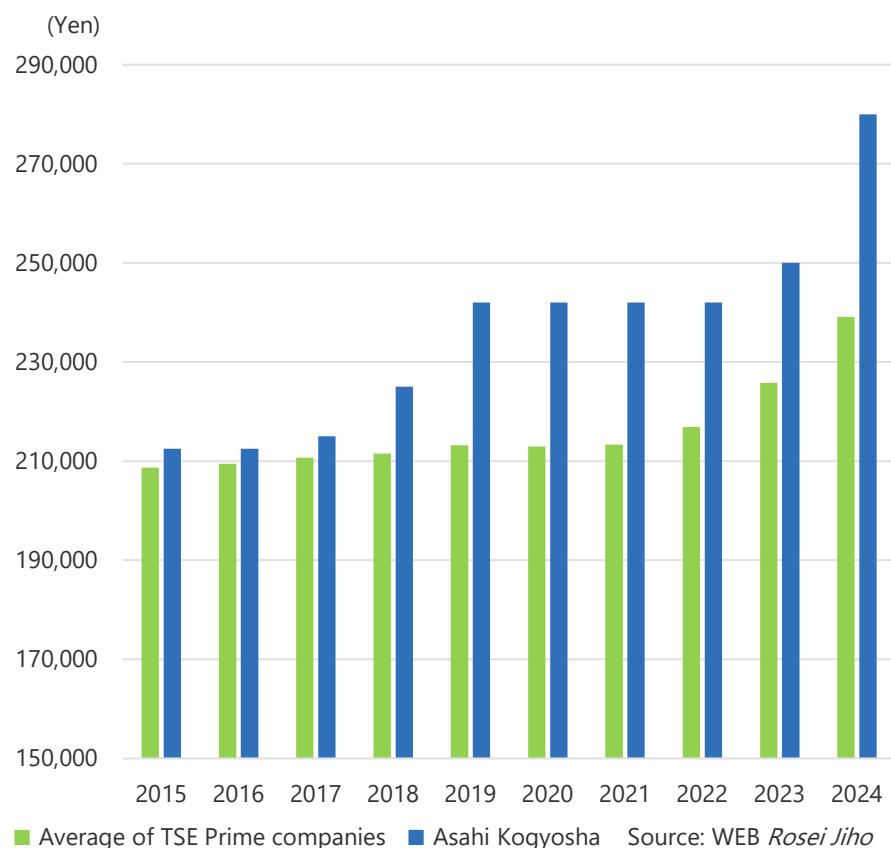
Looking ahead to the 100th anniversary in 2025 and beyond, we will work on three strategies and on strengthening the two foundations that underpin them.





- We believe people are our greatest asset and the source of our competitiveness. We recognize securing and developing human resources as the most important issue.
- We will promote diversity and a work-life balance and develop human resources from a medium- to long-term perspective.

## Trends in new graduate salaries (university graduates)



Note (1): "Average of TSE Prime companies" is the average of the companies listed on TSE's Prime Market that responded to the survey by WEB Rosei Jiho.

## Initiatives for human capital-focused management

### 1 Revision of compensation structure

- In FY2023, we made a one-time inflation-response payment averaging 100,000 yen to all employees in response to rising prices and raised wages by an average of 7%.
- In FY2024, the starting salary for new graduates was uniformly increased by 30,000 yen (university graduates: 250,000 yen → 280,000 yen). We raised the wages of all employees by an average of 7%.

### 2 Creating comfortable working environments

- To promote the use of the post-childbirth paternity leave system, regular wages are paid during childcare leave.
- The percentage of eligible employees taking post-childbirth paternity leave has risen steadily from 31.8% in FY2022 to 40% in FY2023.

### 3 Reforming workstyles at construction sites

- To reduce the burden on on-site workers, we strengthened the CAD room and pushed forward with "centralization support for working drawings," whereby working drawings of all branches are created at the back office.
- Promoting the use of BIM in design, construction, and maintenance processes

- By the end of 2025, we plan to build a new technical research institute at a total project cost of approximately 6 billion yen in Tsukuba City, Ibaraki Prefecture.
- We will push forward under the vision of “fostering disquisitive minds and intellectual curiosity and undertaking the challenge of creating next-generation environments and new businesses.”
- We will build a research institute with high environmental performance under the concept of “a technology center where people free their imagination to roam and thrive.”

### Exterior image of the new Technical Research Institute

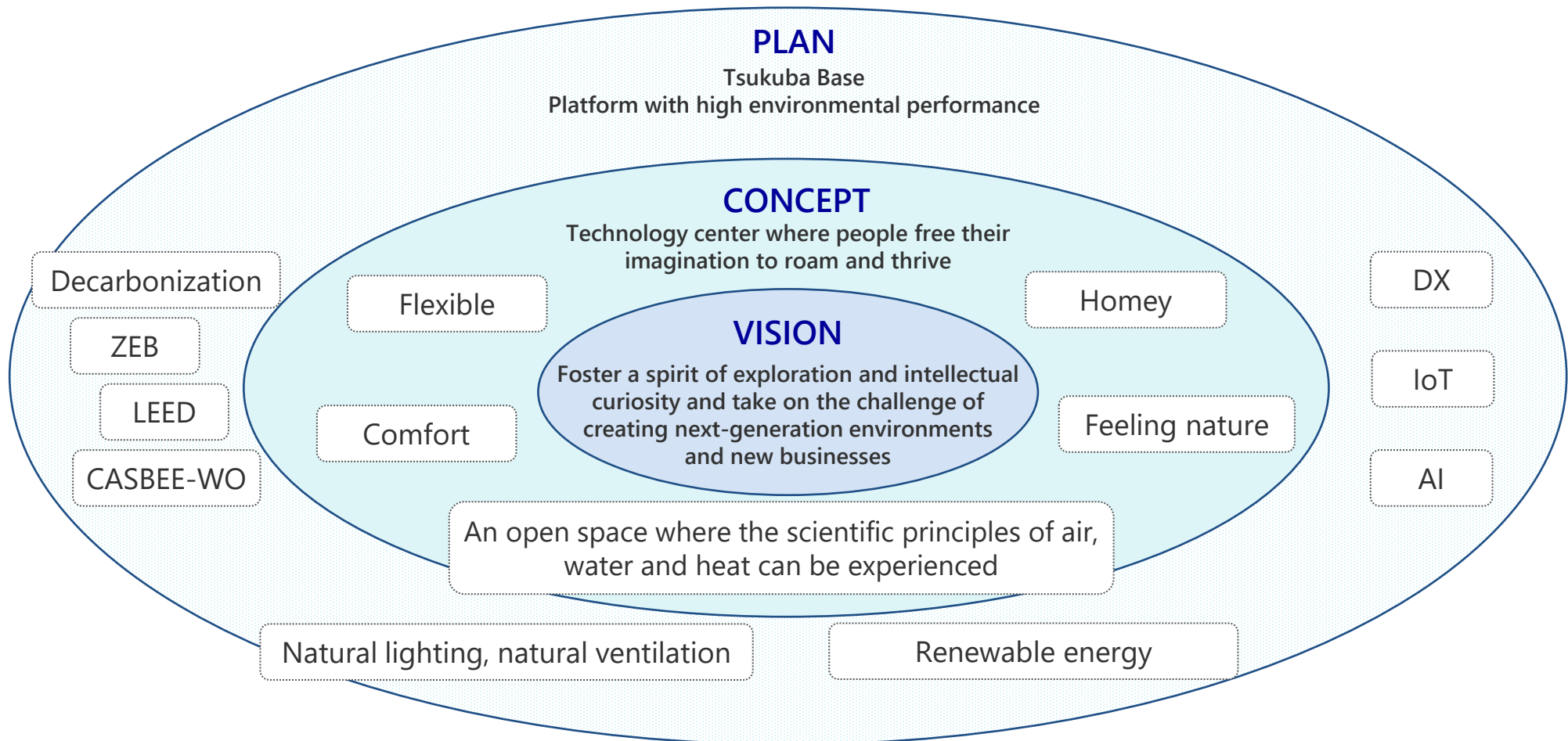


# [Innovation Strategy]

## Building the new Technical Research Institute 2/2

- The institute will identify creative technologies for creating and conserving energy by incorporating proprietary technologies. Goals include achieving ZEB and obtaining premium certifications from LEED, CASBEE, and other third-party organizations.
- In addition to achieving ZEB requirements in quantitative terms, we plan to deploy an air conditioning system that achieves comfort and actual energy savings and creates a comfortable daily life.

### New Technical Research Institute project system





# 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\*<sup>1</sup> 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\*<sup>2</sup> 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

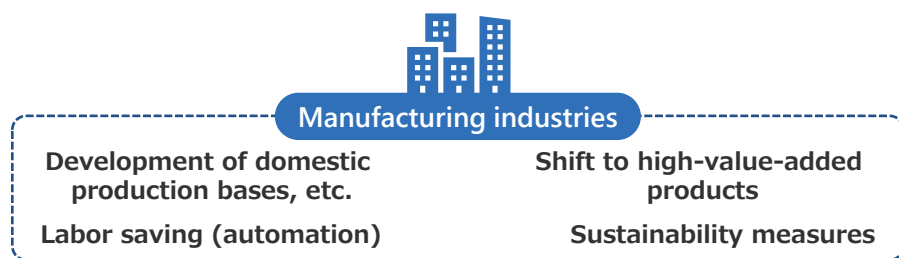
### Number of patents addressing market trends (including patents pending)





- 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

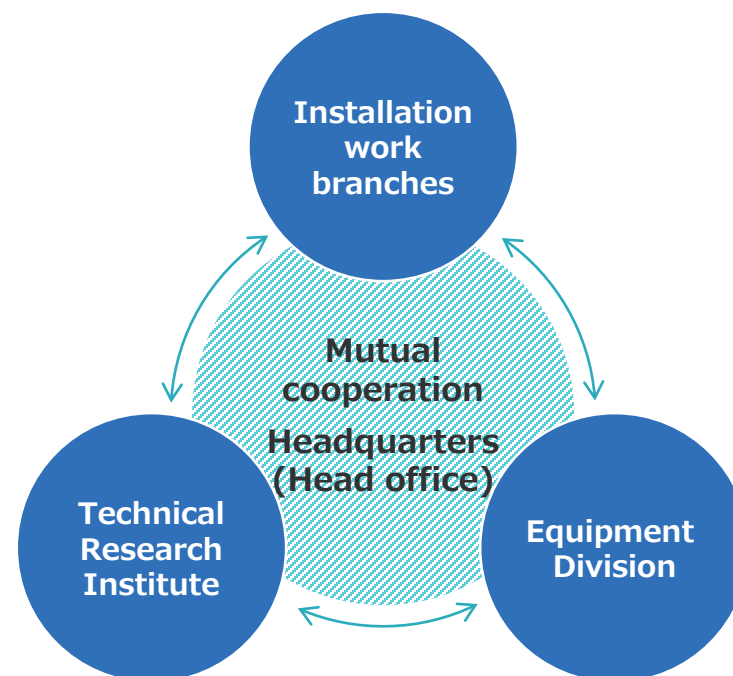


### Also responding to sustainability initiatives

Air conditioning  
installation work

Sanitation  
installation work

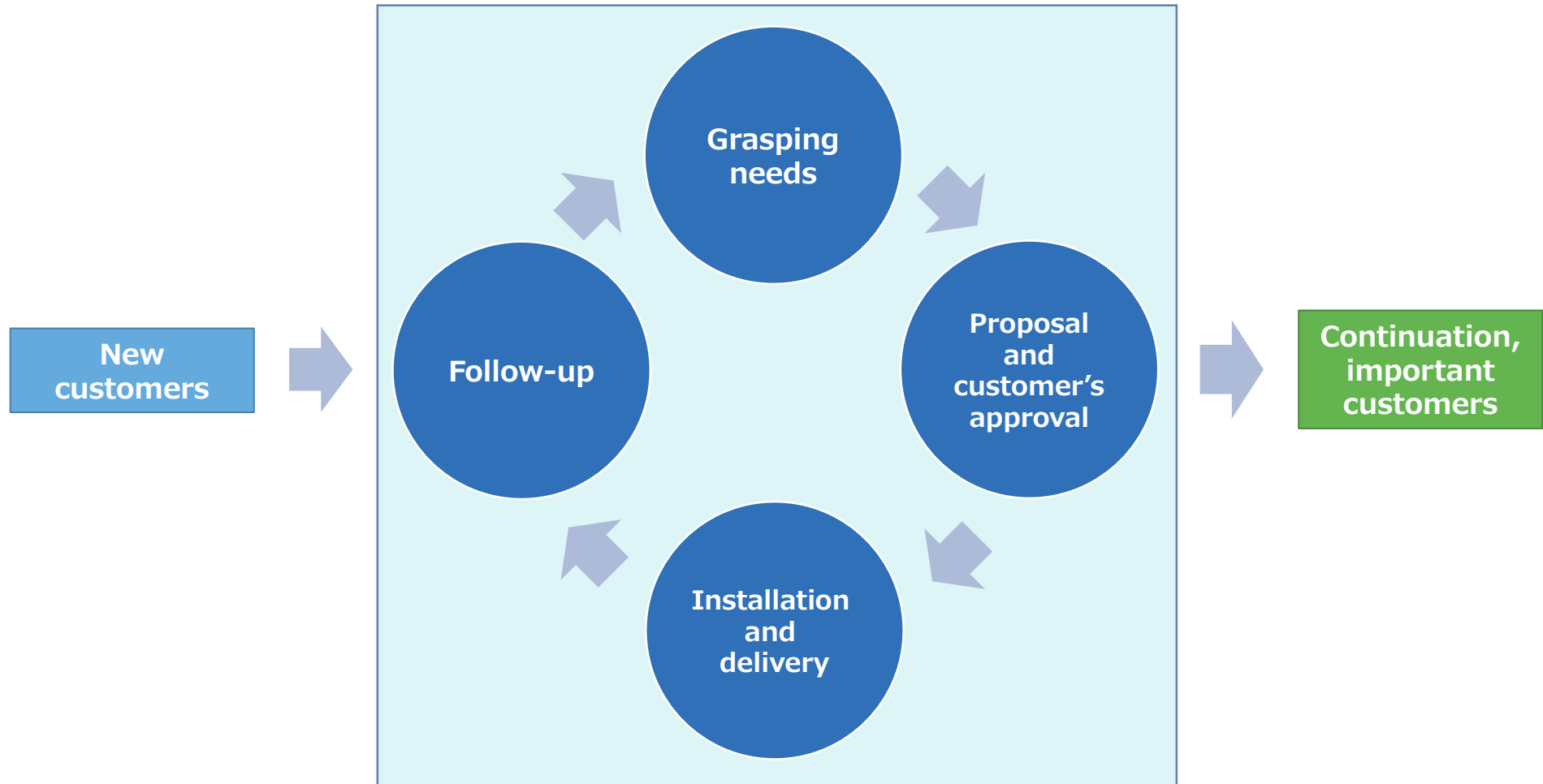
### Comprehensive proposal system responding to increasingly sophisticated customer needs



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








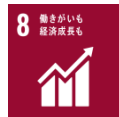



## Virtuous cycle driven by grasp of customer needs






- 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  |
|---|---|
| <b>[Planet]</b><br><b>Realizing a decarbonized society by preserving the global environment and protecting resources</b><br>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.   |     |
| <b>[Prosperity]</b><br><b>Providing solutions that bring us closer to a sustainable society and ensuring quality, health/hygiene and safety</b><br>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.  |      |
| <b>[People]</b><br><b>Promoting work-life balance and diversity</b><br>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.<br><br><b>Promoting workstyle reform and improving productivity using digital technologies</b><br>We will promote workstyle reforms in all business processes and will strive to improve productivity by actively introducing and using digital technologies. |     |
| <b>[Partnership]</b><br><b>Coexistence and co-prosperity with business partners and strengthening partnerships</b><br>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.  |    |
| <b>[Peace]</b><br><b>Enhancing corporate governance and strengthening compliance</b><br>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.   |    |

| Priority issues addressed by the Group   | Related SDG goal  | Initiative theme   | Specific measures   |
|--|---|--|---|
| [Planet]<br>Realizing a decarbonized society by preserving the global environment and protecting resources                         |   | Reducing environmental impact through environmental management systems | Reducing energy consumption at business sites   |
|  |   |  | Recycling recovered fluorocarbons   |
|  |   |  | Ensuring the appropriate disposal of industrial waste   |
|  |   | Strengthening management to realize a decarbonized society             | Enhancing information disclosure  |
|  |   |  | Grasping greenhouse gas emissions volume more accurately and reducing greenhouse gas emissions  |
| [Prosperity]<br>Providing solutions that bring us closer to a sustainable society and ensuring quality, health/hygiene and safety. |    | Providing solutions that bring us closer to a sustainable society      | Presenting facility management proposals to customers   |
|  |   |  | Implementing visualization of CO <sub>2</sub> emissions reductions in energy-saving proposals   |
|  |   |  | Reducing CO <sub>2</sub> emissions in business activities   |
|  |   | Strengthening R&D  | Researching the cultivation environment required for the MucoRice rice-type vaccine   |
|  |   |  | Improving proprietary ZEB air conditioning systems, mainly liquid-cooled air conditioning systems and separate latent heat/sensible heat air conditioning |
|  |   |  | Developing R&D infrastructure   |
|  |    | Ensuring quality, health/hygiene and safety                            | Preventing problems and complaints; information sharing   |
|  |   |  | Promoting quality management and hygiene and safety management  |

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

| Priority issues addressed by the Group  | Related SDG goal   | Initiative theme   | Specific measures   |
|---|--|--|---|
| [Partnership]<br>Coexistence and co-prosperity with business partners<br>Strengthening Partnerships |  17 パートナーシップで目標を達成しよう | Strengthening cooperation with suppliers and eradicating occupational accidents<br>Strengthening hygiene and safety activities | Strengthening relationships with partner companies to maintain appropriate relationships and to ensure quality and safety |
|   |  | Strengthening partnerships with external organizations   | Assuring fair transactions with partner companies while enhancing incentives  |
|   |  | Continuing to make company-level social contributions  | Participating in domestic and international SDG initiatives and consortiums   |
|   |  |  | Maintaining company-level social contributions  |
|   |  |  | Maintaining branch-level contributions to local communities   |
| [Peace]<br>Enhancing corporate governance and strengthening compliance                              |  16 平和と公正をすべての人に     | Enhancing corporate governance   | Continuously strengthening corporate governance systems   |
|   |  |  | Studying operational reliability and streamlining and simplifying internal control systems                                |
|   |  |  | Promoting public relations and IR   |
|   |  |  | Enhancing dialogue with investors   |
|   |  |  | Achieving further penetration of BCP  |
|   |  | Disseminating effective compliance   | Ensuring and strengthening compliance   |
|   |  |  | Ensuring effectiveness of whistleblowing system   |



- 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%

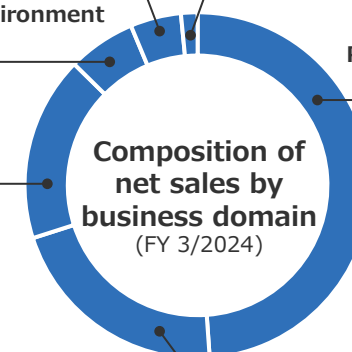
Airports, train stations, TV stations, etc.

### Production environment facilities 48.9%

Factories, laboratories, data centers, etc.

### Living and cultural environment facilities 21.2%

Schools, hotels, gymnasiums, concert halls, etc.

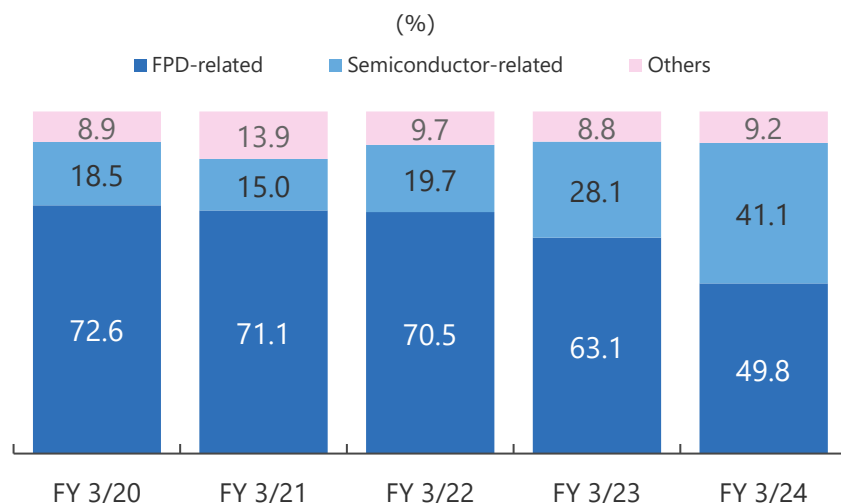


- We develop, manufacture, and sell precision environmental control equipment to leading-edge industries, including manufacturing equipment for semiconductors, FPDs, and electronics.
- By supplying primarily on an OEM-basis, we have focused on development, design, and manufacturing, accumulating advanced 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
- Products are mainly supplied on an OEM basis. Over 10,000 units have been shipped cumulatively over the more than 30 years since the Company'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.

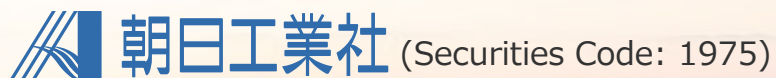
Various risks and uncertainties are inherent in these forward-looking statements.

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 May 31, 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**