



Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

May 15, 2025

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 Listing: Tokyo Stock Exchange
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 Scheduled date of annual general meeting of shareholders: June 25, 2025
 Scheduled date to commence dividend payments: June 26, 2025
 Scheduled date to file annual securities report: June 24, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	57,005	9.7	9,986	15.8	10,615	16.4	7,829	19.0
March 31, 2024	51,943	15.9	8,627	43.8	9,120	39.4	6,580	45.8

(Note) Comprehensive income: For the fiscal year ended March 31, 2025: ¥ 8,124 million [(9.7)%]

For the fiscal year ended March 31, 2024: ¥ 9,000 million [63.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	107.68	—	12.8	12.3	17.5
March 31, 2024	88.37	—	11.3	11.0	16.6

(Reference) Share of profit (loss) of entities accounted for using equity method:

For the fiscal year ended March 31, 2025: ¥ 165 million

For the fiscal year ended March 31, 2024: ¥ 2 million

(Note) The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024. Accordingly, basic earnings per share is calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	84,997	64,280	71.7	862.26
March 31, 2024	88,038	63,907	69.4	823.10

(Reference) Equity: As of March 31, 2025: ¥ 60,968 million

As of March 31, 2024: ¥ 61,089 million

(Note) The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024. Accordingly, net assets per share is calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	5,740	261	(8,151)	15,638
March 31, 2024	8,911	(2,228)	(3,353)	17,735

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	—	35.00	—	70.00	105.00	2,623	39.6	4.5
March 31, 2025	—	54.00	—	32.00	—	3,608	46.4	5.9
Fiscal year ending March 31, 2026 (Forecast)	—	20.00	—	30.00	50.00		47.8	

(Note) The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024.

The year-end dividend for the fiscal year ended March 31, 2025 is stated based on the post-stock-split amount. The total annual dividend is not shown, as the stock split prevents a simple aggregation. Without factoring in the stock split, the annual dividend per share for the fiscal year ended March 31, 2025 would be ¥96 at year-end, for a total of ¥150.

3. Consolidated financial results forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2025	25,000	3.3	3,300	(7.3)	3,600	(7.9)	2,550	(18.8)	36.06
Full year	58,000	1.7	10,100	1.1	10,700	0.8	7,400	(5.5)	104.66

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 77,373,705 shares

March 31, 2024: 81,636,789 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 6,665,957 shares

March 31, 2024: 7,417,461 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 72,711,161 shares

Fiscal Year ended March 31, 2024: 74,470,518 shares

(Notes) 1 The Company's shares held by the ESOP are included in treasury shares which are deducted from the total number of issued shares at the end of the period. These shares are also included in treasury shares to be deducted in the calculation of the average number of shares during the period.

The Company's shares held by the ESOP are as follows.

Number of issued shares at the end of the period:

As of March 31, 2025: 722,418 shares

As of March 31, 2024: 736,143 shares

Average number of shares during the period:

For the fiscal year ended March 31, 2025: 730,319 shares

For the fiscal year ended March 31, 2024: 742,080 shares

- 2 The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024. Accordingly, total number of issued shares at the end of the period (including treasury shares), number of treasury shares at the end of the period, average number of shares outstanding during the period are calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	30,428	7.6	6,251	16.4	8,277	19.2	6,710	20.6
March 31, 2024	28,289	12.3	5,368	36.6	6,943	27.3	5,564	29.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	92.29	—
March 31, 2024	74.72	—

(Note) The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024. Accordingly, basic earnings per share is calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	65,063	51,257	78.8	724.92
March 31, 2024	71,955	52,920	73.5	713.03

(Reference) Equity: As of March 31, 2025: ¥ 51,257 million

As of March 31, 2024: ¥ 52,920 million

(Note) The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024. Accordingly, net assets per share is calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and on assumptions it considers reasonable. They do not constitute a guarantee of future results. Actual results may differ significantly due to a range of factors. For the assumptions behind the earnings forecast and important notes on its use, see page 2 of the attached materials, “1. Overview of Operating Results.”

The Company plans to hold a briefing for institutional investors on Thursday, June 12, 2025. Materials to be used on the day will be posted on our website before the event.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year under review, Japan's economy continued its modest recovery. Firms saw stronger earnings and a rebound in capital spending as the country pursued growth driven by higher wages and investment.

In our industry, firms continued investing in industrial air conditioning, driven by the reshoring of manufacturing to Japan, and in building air conditioning for large redevelopment projects. Data center investments also expanded in anticipation of growing demand for AI and cloud services. In the construction sector, order volumes for plumbing and equipment construction firms remained at a high level in part due to raised their construction price as work-style reforms took effect from the start of the fiscal year under review.

Against this backdrop, the Group launched its new Medium-term Management Plan, "move.2027," in the fiscal year under review. The plan runs until the fiscal year ending March 31, 2027. This Medium-term Management Plan sets capital cost management as the core of business operations. It shifts target management indicators from consolidated operating profit to measures such as ROE, focusing on cost of capital and stock price. With this in mind, we stepped up efforts to use digital transformation and artificial intelligence to make our production planning more transparent and efficient. We also strengthened sales strategies for our five priority targets: data centers, split AC systems (heat pump air conditioners), replacement projects including air conditioning installation, large buildings, and industrial air conditioning.

Segment performance is as follows.

<Japan>

Production leveling efforts begun at the start of the fiscal year paid off throughout the period. We also worked to capture demand in our target markets of data centers and air conditioning equipment installation projects. As a result, net sales rose to ¥49,768 million, up 12.0% year on year. On the profit side, greater efficiency in factory operations from production leveling and the effects of price revisions in both the previous and current fiscal years lifted results. Efforts to add value in target markets such as data centers and air conditioning equipment installation projects also paid off. As a result, segment profit (operating profit) rose to ¥10,228 million, up 21.1% year on year.

<Asia>

In China, worsening business sentiment and a stagnant real estate market have made conditions tougher and added to uncertainty. Amid these conditions, net sales for the fiscal year under review fell to ¥7,298 million, down 3.2% year on year, reflecting a reactionary decline after the previous year's increase caused by delayed deliveries. On the profit side, despite efforts to raise profit margins in both production and sales, fierce price competition persisted. The segment posted a segment loss (operating loss) of ¥283 million, compared with a segment profit of ¥135 million in the previous fiscal year.

As a result, the Group's net sales reached ¥57,005 million, up 9.7% year on year. On the profit front, operating profit reached ¥9,986 million, up 15.8% year on year. Ordinary profit rose to ¥10,615 million, up 16.4% year on year. Profit attributable to owners of parent grew to ¥7,829 million, up 19.0% year on year.

The Group has set targets under its Medium-term Management Plan "move.2027" to keep return on equity (ROE) at 10% or higher and price-to-book ratio (PBR) at 1 or above, starting in the fiscal year under review, as benchmarks for cost of capital management. In the fiscal year under review, we bought back a total of ¥4,715 million in treasury shares. In December 2024, we also carried out a three-for-one split of common shares to lower the investment unit price, boost share liquidity, and broaden our investor base. In March 2025, we resolved to issue bonds with stock acquisition rights to raise funds for purchase of treasury shares, as we overhauled our capital structure through greater use of debts. In our capital policy also, we worked to improve ROE.

As a result of these efforts to raise added value in target markets and implement measures to support the share price and manage capital, the Group's ROE for the fiscal year under review rose to 12.8%, up 1.5 points year on year. At the end of March 2025, the PBR stood at 1.4.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets at the end of the fiscal year under review stood at ¥84,997 million, down ¥3,040 million from the end of the previous fiscal year. This was mainly due to a ¥2,066 million decrease in cash and deposits, a ¥2,000 million decrease in securities, and a ¥1,499 million increase in buildings and structures.

Liabilities stood at ¥20,716 million, down ¥3,413 million from the end of the previous fiscal year. This was mainly due to a ¥1,294 million increase in notes and accounts payable - trade, a ¥4,580 million decrease in electronically recorded obligations - operating.

Net assets were ¥64,280 million, up ¥373 million from the end of the previous fiscal year. This was mainly due to the recording of profit attributable to owners of parent of ¥7,829 million, dividends of surplus of ¥3,071 million, and purchase of treasury shares of ¥4,715 million.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review were ¥15,638 million, down ¥2,097 million (11.8%) from the end of the previous fiscal year.

The status of cash flows and main factors for the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the fiscal year under review was ¥5,740 million, down ¥3,171 million from the previous fiscal year. This was mainly due to profit before income taxes of ¥11,481 million, a ¥3,761 million decrease in trade payables, and income taxes paid of ¥3,127 million.

(Cash flows from investing activities)

Net cash provided by investing activities in the fiscal year under review was ¥261 million, compared with ¥2,228 million yen was used in the previous fiscal year. This was mainly due to inflows of ¥2,000 million in proceeds from redemption of securities and ¥1,573 million in proceeds from sale and redemption of investment securities, and an outflow of ¥3,046 million in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities in the fiscal year under review totaled ¥8,151 million, up ¥4,798 million from the previous fiscal year. This was mainly due to outflows of ¥4,767 million in the purchase of treasury shares and ¥3,068 million in dividends paid.

(4) Future Outlook

Estimated amount of construction starts, as reported by the Ministry of Land, Infrastructure, Transport and Tourism, and order volumes for plumbing and equipment construction remain high. Demand for building air conditioning (including large redevelopment projects), industrial air conditioning at domestic manufacturing sites, and data center investment is expected to remain strong. Meanwhile, work-style reforms in construction and logistics industries, rising building costs, and uncertainty over global trade policy are expected to lengthen installation project timelines and trigger reviews of investment plans in Japan’s construction market. Close attention to future market trends will be needed.

Amid these conditions, in the fiscal year ending March 31, 2026, the second year of our Medium-term Management Plan “move.2027,” we will sharpen our focus on target markets where we are making steady progress. We will also work to improve profitability across the group and strengthen group synergies.

In the Japan segment, sales were firm in data centers, split AC systems, and air conditioning equipment installation work. In the data center market, we will use facilities such as the SINKO AIR DEVELOPMENT LAB, a comprehensive testing building that began full-scale operations during the fiscal year under review. By strengthening our appeal to customers, we aim to drive further growth. In the split AC system market, sales to industrial clients drove revenue growth, allowing us to reach our net sales target for this segment ahead of schedule. To meet demand for engineering as well as product sales, we launched a dedicated business unit in the fiscal year under review and are overhauling our sales structure. In this market, we will focus on offering tailored solutions to meet customers’ needs, aiming to drive faster growth.

We will also keep a medium- to long-term perspective as we invest in and pursue new initiatives in manufacturing and research and development. The SIMA Project has entered its second phase, which focuses on updating our manufacturing processes. Work is under way to build a new production system that will cut lead times in manufacturing and raise quality. This will allow us to build a system that delivers highly reliable products quickly, as we strive to increase value for our customers. In addition, under our plan to optimize our Kanagawa Factory, we are reorganizing process layouts across the site and steadily raising production capacity. In research and development, we will merge new product planning and core component upgrades into a single unit to lay the groundwork for innovation. We will also boost product competitiveness by forecasting market needs and setting model change cycles.

The Group strategy is to combine sales of air conditioning equipment with installation and services, offering the value of highly reliable quality to customers in the construction sector, where strict quality is required. To support sales of large cooling towers for data centers and plants, we opened BAC BASE in February 2025 at our Kanagawa Factory. The facility features a showroom for customers, training facilities for partner companies, and a demonstration area for actual operating cooling towers. Many stakeholders, including data center operators, have toured this new base and our comprehensive testing building SINKO AIR DEVELOPMENT LAB. By sharing resources across the Group in this way, we aim to maximize Group earnings.

In the Asia segment, the business climate is expected to remain tough. We will seek to sharpen our sales strategy by setting our products and services apart from rivals. We will also review quality and production processes to cut costs and protect profits, aiming to improve profitability.

Based on the above, our earnings forecast for the fiscal year ending March 31, 2026 is as follows.

Net sales:	¥58,000 million (up 1.7% year on year)
Operating profit:	¥10,100 million (up 1.1% year on year)
Ordinary profit:	¥10,700 million (up 0.8% year on year)
Profit attributable to owners of parent:	¥7,400 million (down 5.5% year on year)

The Group's business is almost entirely in Japan and Asia. We do not have business with the U.S. such as exports or sales. Our current assumption, therefore, is that the tariff measures announced by the U.S. government will have no direct impact. At the same time, international trade policies, including these measures, are expected to keep the global economy shrouded in uncertainty. We will continue to monitor market trends and respond as needed.

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year Under Review and the Next Fiscal Year

In the fiscal year under review, the Group launched its Medium-term Management Plan “move.2027,” which runs through the fiscal year ending March 31, 2027. Regarding profit distribution, we have focused on managing our business with an eye to cost of capital and stock price. We plan to invest in and pursue new initiatives for growth by expanding production capacity, improving customer service, and raising added value through research and development. At the same time, we will return profits to shareholders based on clear policies. From the fiscal year under review, we have raised our target payout ratio to 50%. Even during periods of weak earnings, we will maintain a minimum DOE of 3.5%. Under the Medium-term Management Plan “move.2027,” we will buy back around ¥10.0 billion of our treasury shares over five years and raise the total return ratio, strengthening shareholder returns.

We plan to pay a year-end dividend of ¥32 per share for the fiscal year under review. The Company carried out a three-for-one split of its common shares on December 1, 2024. Adjusted for this split, the annual dividend per share for the fiscal year ended March 31, 2025 is ¥18 for the interim dividend and ¥32 at fiscal year-end, for a total of ¥50. For the next fiscal year, in line with the dividend policy of the Medium-term Management Plan “move.2027,” we plan to pay an interim dividend of ¥20 and a year-end dividend of ¥30, for a total of ¥50.

2. Basic Policy on Selection of Accounting Standards

The Group applies Japanese accounting standards to ensure that our consolidated financial statements are comparable over time and across companies. Regarding the future adoption of International Financial Reporting Standards (IFRS), we will continue to monitor both domestic and international developments and respond as appropriate.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	17,735	15,669
Notes and accounts receivable - trade, and contract assets	18,593	19,249
Electronically recorded monetary claims - operating	7,416	6,810
Securities	4,999	2,999
Merchandise and finished goods	823	1,100
Work in process	844	972
Raw materials	2,033	2,070
Other	407	563
Allowance for doubtful accounts	(1,160)	(1,283)
Total current assets	51,693	48,153
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,899	21,153
Accumulated depreciation	(11,412)	(12,166)
Buildings and structures, net	7,487	8,986
Machinery, equipment and vehicles	6,300	6,725
Accumulated depreciation	(5,152)	(5,517)
Machinery, equipment and vehicles, net	1,148	1,208
Tools, furniture and fixtures	4,583	5,176
Accumulated depreciation	(3,682)	(4,080)
Tools, furniture and fixtures, net	900	1,095
Land	9,059	9,204
Construction in progress	480	282
Total property, plant and equipment	19,076	20,777
Intangible assets		
Software	799	789
Other	298	374
Total intangible assets	1,097	1,163
Investments and other assets		
Investment securities	14,687	13,212
Deferred tax assets	99	158
Other	1,405	1,553
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	16,170	14,903
Total non-current assets	36,344	36,844
Total assets	88,038	84,997

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,369	6,664
Electronically recorded obligations - operating	5,744	1,163
Short-term borrowings	600	745
Current portion of long-term borrowings	395	376
Income taxes payable	1,865	2,207
Accrued consumption taxes	686	545
Provision for bonuses	749	795
Provision for shareholder benefit program	17	18
Other	3,026	2,863
Total current liabilities	18,455	15,379
Non-current liabilities		
Long-term borrowings	1,599	1,291
Deferred tax liabilities	1,964	1,836
Deferred tax liabilities for land revaluation	838	863
Provision for retirement benefits for directors (and other officers)	19	8
Provision for share awards	236	273
Retirement benefit liability	859	878
Long-term accounts payable - other	53	51
Other	104	133
Total non-current liabilities	5,675	5,336
Total liabilities	24,130	20,716
Net assets		
Shareholders' equity		
Share capital	5,822	5,822
Capital surplus	6,096	3,215
Retained earnings	46,959	51,716
Treasury shares	(3,793)	(5,572)
Total shareholders' equity	55,085	55,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,928	5,419
Revaluation reserve for land	(725)	(748)
Foreign currency translation adjustment	801	1,115
Total accumulated other comprehensive income	6,004	5,786
Non-controlling interests	2,817	3,312
Total net assets	63,907	64,280
Total liabilities and net assets	88,038	84,997

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	51,943	57,005
Cost of sales	32,843	35,208
Gross profit	19,100	21,797
Selling, general and administrative expenses	10,473	11,810
Operating profit	8,627	9,986
Non-operating income		
Interest income	18	20
Dividend income	251	348
Share of profit of entities accounted for using equity method	2	165
Rental income	166	169
Miscellaneous income	163	98
Total non-operating income	602	801
Non-operating expenses		
Interest expenses	21	28
Rental expenses	35	46
Commission for purchase of treasury shares	2	51
Loss on retirement of non-current assets	18	—
Miscellaneous expenses	30	47
Total non-operating expenses	109	173
Ordinary profit	9,120	10,615
Extraordinary income		
Gain on sale of non-current assets	—	487
Gain on sale of investment securities	440	531
Total extraordinary income	440	1,018
Extraordinary losses		
Loss on retirement of non-current assets	—	152
Total extraordinary losses	—	152
Profit before income taxes	9,561	11,481
Income taxes - current	2,942	3,454
Income taxes - deferred	(140)	(91)
Total income taxes	2,801	3,362
Profit	6,759	8,119
Profit attributable to non-controlling interests	178	289
Profit attributable to owners of parent	6,580	7,829

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	6,759	8,119
Other comprehensive income		
Valuation difference on available-for-sale securities	1,958	(507)
Revaluation reserve for land	—	(24)
Foreign currency translation adjustment	225	447
Share of other comprehensive income of entities accounted for using equity method	55	89
Total other comprehensive income	2,240	5
Comprehensive income	9,000	8,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,707	7,610
Comprehensive income attributable to non-controlling interests	292	513

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,822	6,086	42,195	(2,824)	51,280
Changes during period					
Dividends of surplus			(1,816)		(1,816)
Profit attributable to owners of parent			6,580		6,580
Purchase of treasury shares				(1,001)	(1,001)
Disposal of treasury shares		9		32	42
Net changes in items other than shareholders' equity					
Total changes during period	—	9	4,764	(968)	3,805
Balance at end of period	5,822	6,096	46,959	(3,793)	55,085

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	3,969	(725)	632	3,877	2,525	57,683
Changes during period						
Dividends of surplus						(1,816)
Profit attributable to owners of parent						6,580
Purchase of treasury shares						(1,001)
Disposal of treasury shares						42
Net changes in items other than shareholders' equity	1,958		168	2,126	292	2,419
Total changes during period	1,958	—	168	2,126	292	6,224
Balance at end of period	5,928	(725)	801	6,004	2,817	63,907

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,822	6,096	46,959	(3,793)	55,085
Changes during period					
Dividends of surplus			(3,071)		(3,071)
Profit attributable to owners of parent			7,829		7,829
Purchase of treasury shares				(4,715)	(4,715)
Disposal of treasury shares		24		30	54
Cancellation of treasury shares		(2,905)		2,905	—
Reversal of revaluation reserve for land			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	—	(2,881)	4,756	(1,779)	95
Balance at end of period	5,822	3,215	51,716	(5,572)	55,181

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,928	(725)	801	6,004	2,817	63,907
Changes during period						
Dividends of surplus						(3,071)
Profit attributable to owners of parent						7,829
Purchase of treasury shares						(4,715)
Disposal of treasury shares						54
Cancellation of treasury shares						—
Reversal of revaluation reserve for land						(1)
Net changes in items other than shareholders' equity	(508)	(22)	313	(217)	494	277
Total changes during period	(508)	(22)	313	(217)	494	373
Balance at end of period	5,419	(748)	1,115	5,786	3,312	64,280

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	9,561	11,481
Depreciation	1,320	1,576
Amortization of goodwill	—	144
Increase (decrease) in provisions	24	92
Increase (decrease) in retirement benefit liability	36	18
Interest and dividend income	(269)	(368)
Interest expenses	21	28
Foreign exchange losses (gains)	(50)	7
Gain on sale of non-current assets	—	(487)
Loss on retirement of non-current assets	18	152
Loss (gain) on sale of investment securities	(440)	(531)
Decrease (increase) in trade receivables	(2,177)	731
Decrease (increase) in inventories	(242)	(371)
Increase (decrease) in trade payables	2,360	(3,761)
Increase (decrease) in accrued consumption taxes	236	(154)
Other, net	621	(30)
Subtotal	11,020	8,527
Interest and dividends received	250	368
Interest paid	(21)	(28)
Income taxes refund (paid)	(2,337)	(3,127)
Net cash provided by (used in) operating activities	8,911	5,740
Cash flows from investing activities		
Proceeds from redemption of securities	—	2,000
Purchase of investment securities	(20)	(43)
Proceeds from sale and redemption of investment securities	666	1,573
Purchase of property, plant and equipment	(2,550)	(3,046)
Proceeds from sale of property, plant and equipment	10	498
Purchase of intangible assets	(334)	(274)
Payments for retirement of non-current assets	—	(111)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(335)
Other, net	(0)	0
Net cash provided by (used in) investing activities	(2,228)	261
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(40)	100
Repayments of long-term borrowings	(497)	(395)
Purchase of treasury shares	(1,001)	(4,767)
Dividends paid	(1,814)	(3,068)
Dividends paid to non-controlling interests	—	(18)
Net cash provided by (used in) financing activities	(3,353)	(8,151)
Effect of exchange rate change on cash and cash equivalents	73	52
Net increase (decrease) in cash and cash equivalents	3,403	(2,097)
Cash and cash equivalents at beginning of period	14,332	17,735
Cash and cash equivalents at end of period	17,735	15,638

(5) Notes to Consolidated Financial Statements

(Premise of going concern)

Not applicable.

(Segment information)

[Segment information]

1 Description of reportable segments

Reportable segments of the Group are defined as components of the Group for which discrete financial information is available and which are subject to regular review by the Board of Directors to determine the allocation of management resources and to evaluate operating performance.

The Group primarily manufactures and sells air conditioning equipment. In Japan, the Company and its Japanese consolidated subsidiaries are responsible, while overseas, local Asian entities (mainly China) take charge. Each local entity is an independent business unit formulating comprehensive regional strategies for the products it handles and conducting business activities accordingly.

Therefore, the Group consists of segments by region based on the manufacturing and sales structure. The reportable segments are categorized as “Japan” and “Asia.”

2 Calculation of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting methods used for the reported business segments are largely the same as those applied in preparing the consolidated financial statements. The figures for reportable segment profit are based on operating profit. Intersegment revenues and transfers are calculated at prevailing market prices.

3 Amounts of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

For the fiscal year ended March 31, 2024

	Reportable segment			Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Japan	Asia	Total		
Net sales					
Net sales to external customers	44,426	7,517	51,943	—	51,943
Intersegment net sales and transfers	—	22	22	(22)	—
Total	44,426	7,539	51,966	(22)	51,943
Segment profit	8,448	135	8,584	43	8,627
Segment assets	66,765	8,272	75,038	12,999	88,038
Other items					
Depreciation	1,117	216	1,333	(13)	1,320
Increase in property, plant and equipment and intangible assets	3,194	73	3,268	—	3,268

(Notes) 1. The figures are adjusted as follows.

- (1) The adjustment of ¥43million for segment profit and the adjustment of ¥ (13) million for depreciation are eliminations for intersegment transactions.
 - (2) The adjustment of ¥12,999million for segment assets includes ¥ 13,025 million of corporate assets not allocated to each reportable segment. Corporate assets are mainly long-term investment funds (including a portion of investment securities) of the Group not attributed to reportable segments.
2. Segment profit is adjusted with operating profit in the consolidated financial statements.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 2)
	Japan	Asia	Total		
Net sales					
Net sales to external customers	49,768	7,237	57,005	—	57,005
Intersegment net sales and transfers	—	61	61	(61)	—
Total	49,768	7,298	57,067	(61)	57,005
Segment profit (loss)	10,228	(283)	9,945	41	9,986
Segment assets	62,809	10,896	73,706	11,291	84,997
Other items					
Depreciation	1,365	224	1,589	(13)	1,576
Amortization of goodwill	144	—	144	—	144
Increase in property, plant and equipment and intangible assets (Note 3)	3,014	45	3,059	—	3,059

(Notes) 1. The figures are adjusted as follows.

- (1) The adjustment of ¥41million for segment profit (loss) and the adjustment of ¥ (13) million for depreciation are eliminations for intersegment transactions.
- (2) The adjustment of ¥11,291million for segment assets includes ¥ 11,306 million of corporate assets not allocated to each reportable segment. Corporate assets are mainly long-term investment funds (including a portion of investment securities) of the Group not attributed to reportable segments.
2. Segment profit (loss) is adjusted with operating profit in the consolidated financial statements.
3. Increases in property, plant and equipment and intangible assets do not include amounts arising from newly consolidated subsidiaries.

[Information associated with reportable segments]

1 Information for each product or service

For the fiscal year ended March 31, 2024

(Millions of yen)

	Air conditioning equipment manufacturing and sales business	Building management business, etc.	Total
Net sales to external customers	46,424	5,519	51,943

For the fiscal year ended March 31, 2025

(Millions of yen)

	Air conditioning equipment manufacturing and sales business	Building management business, etc.	Total
Net sales to external customers	51,600	5,405	57,005

2 Information for each region

For the fiscal year ended March 31, 2024

(1) Net sales

(Millions of yen)

Japan	Asia		Other	Total
	China	Other		
43,967	7,540	386	49	51,943

(Note) Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Total
18,221	854	19,076

For the fiscal year ended March 31, 2025

(1) Net sales

(Millions of yen)

Japan	Asia		Other	Total
	China	Other		
49,158	7,237	538	72	57,005

(Note) Net sales are classified by country or region based on the location of the customer.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Total
20,002	774	20,777

3 Information on major customers

This information is not presented as there is no external customer that accounts for 10% or more of net sales on the consolidated statement of income.

[Impairment losses on non-current assets for each reportable segment]

Not applicable.

[Amortization and unamortized balance of goodwill for each reportable segment]

For the fiscal year ended March 31, 2024

Not applicable.

For the fiscal year ended March 31, 2025

This information is not presented due to immateriality.

[Gain on bargain purchase for each reportable segment]

Not applicable.

(Per share information)

(Yen)

	As of / For the fiscal year ended March 31, 2024	As of / For the fiscal year ended March 31, 2025
Net assets per share	823.10	862.26
Basic earnings per share	88.37	107.68

(Notes) 1 Diluted earnings per share is not presented as there were no potential shares.

- 2 The Company's shares held by the ESOP are included in treasury shares which are deducted from the total number of issued shares at the end of the period for the purpose of calculating net assets per share. These shares are also included in treasury shares to be deducted in the calculation of the average number of shares during the period for the purpose of calculating basic earnings per share.

Number of the Company's shares held by the ESOP

Number of issued shares at the end of the period:

As of March 31, 2024: 736 thousand shares

As of March 31, 2025: 722 thousand shares

Average number of shares during the period:

For the fiscal year ended March 31, 2024: 742 thousand shares

For the fiscal year ended March 31, 2025: 730 thousand shares

- 3 The Company conducted a split of its common shares on the basis of one share into three shares effective December 1, 2024. Accordingly, net assets per share and basic earnings per share are calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.
- 4 Basis for the calculation of net assets per share is as follows.

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit attributable to owners of parent (Millions of yen)	6,580	7,829
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	6,580	7,829
Average number of common shares outstanding during the year (Thousand shares)	74,470	72,711

(Significant subsequent events)

Issuance of euro-yen denominated convertible bonds with acquisition clauses and stock acquisition rights, maturing in 2030

At a Board of Directors meeting held on March 13, 2025, the Company resolved to issue euro-yen denominated convertible bonds with acquisition clauses and stock acquisition rights, maturing in 2030 (hereafter, “the bonds with stock acquisition rights,” the bond portion, “the bonds,” the stock acquisition rights portion, “the stock acquisition rights”). Payment was completed on April 3, 2025 (London time, unless otherwise noted). The summary is as follows.

- | | |
|--|--|
| (1) Total issue amount | The total amount, consisting of ¥6.0 billion plus the aggregate principal amount of the bonds related to substitute bonds with stock acquisition rights |
| (2) Issue price (paid-in amount) | 100.0% of the principal amount of the bonds (principal amount of each of the bonds: ¥10 million) |
| (3) Issue price (offer price) | 102.5% of the principal amount of the bonds |
| (4) Payment date (issue date) | April 3, 2025 |
| (5) Maturity date | March 27, 2030 |
| (6) Interest rate | No interest will be paid on the bonds. |
| (7) Type, details, and number of shares subject to the stock acquisition rights | |
| (i) Type and details | Common shares of the Company (trading unit: 100 shares) |
| (ii) Number | The number of common shares of the Company that the Company delivers upon exercise of the stock acquisition rights shall be calculated by dividing the total principal amount of the bonds subject to the exercise request by the conversion price specified in (9) below. However, any fractional shares resulting from the exercise will be rounded down, and no cash adjustment will be made. |
| (8) Total number of the stock acquisition rights | Total number, consisting of 600 bonds plus the number obtained by dividing the aggregate principal amount of the bonds related to substitute bonds with stock acquisition rights by ¥10 million |
| (9) Payment required upon exercise of the stock acquisition rights | |
| (i) To exercise each stock acquisition right, the holder must contribute the bonds related to the stock acquisition rights and the bonds shall be valued at its principal amount. | |
| (ii) The conversion price shall be ¥1,386. | |
| (iii) After the issuance of the bonds with stock acquisition rights, if the Company issues its common shares or disposes of its own common shares at a paid-in amount below the market value of the Company’s common shares, the conversion price will be adjusted according to the formula below. | |

In the following formula, “number of shares already issued” refers to the total number of the Company’s outstanding common shares, excluding those held by the Company itself.

$$\begin{array}{rclcl}
 \text{Conversion price after adjustment} & = & \text{Conversion price before adjustment} & \times & \frac{\text{Number of shares already issued} + \frac{\text{Number of shares issued or disposed of} \times \text{Paid-in amount per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of shares issued or disposed of}}
 \end{array}$$

In addition, the conversion price will be adjusted as appropriate in the event of a split or consolidation of the Company’s common shares, certain dividends of surplus, the issuance of stock acquisition rights (including those attached to bonds with stock acquisition rights) that allow request of delivery of the Company’s common shares at a price below the market value of the Company’s common shares, or the occurrence of certain other events.

- | | |
|---|---|
| (10) Exercise period for stock acquisition rights | From April 17, 2025 to March 13, 2030 (local time at the place of receiving exercise request). However, certain provisions are set out in the issuance terms and conditions. |
| (11) Conditions for exercising stock acquisition rights | Partial exercise of each stock acquisition right is not permitted. The bonds with stock acquisition rights have two-stage conversion restrictions. |
| (12) Collateral or guarantees for the bonds | The bonds are issued without collateral or guarantees. |
| (13) Use of proceeds | The proceeds of approximately ¥6.0 billion from the issuance of the bonds with stock acquisition rights are scheduled to be used in full for share buybacks by the end of March 2026. |