SHIN NIPPON AIR TECHNOLOGIES CO.,LTD.

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Cover theme

“Comfortable Air”

Masanori Kakihara
Special Olympics Nippon Tokyo athlete

“Comfortable Air” brings back memories of the hot air balloon camp I joined.
On a clear day, we rode in a hot air balloon, and the air up high felt wonderfully refreshing.

The Group supports Special Olympics Japan and Special Olympics Japan Tokyo, international sports organizations that promote the independence and social participation of people with intellectual disabilities, and seeks to realize an inclusive society.

Special Olympics Nippon Tokyo

Integrated Report 2025 (SNK Report)

Fill your tomorrow

SHIN NIPPON AIR TECHNOLOGIES CO.,LTD.

Integrated Report 2025 (SNK Report)

Securities Code: 1952

Our Ideals for SNK Group

The SNK logo represents supple wings stretched out in the comfortable air we create.
It also conveys our determination to soar into the future.

Corporate Philosophy

Mission

Fill your tomorrow

Nurturing harmony between society and nature to fulfill future hopes.

By respecting harmony among people, society, and the environment, and by valuing connections, we will continue to contribute to society as a company that meets the expectations of our customers and society through our business centered on air conditioning.

Values

Harmony
We respect society and nature, and value connections.

Sincerity
We meet expectations with a strong and flexible approach in everything we do.

Inquiry
We strive to create new value with abundant creativity and enthusiasm.

Bonds
With excitement, we share the joy of accomplishment with our colleagues.

Guiding Principles

Have a dream
Working toward our dreams opens doors to new places.

Live with integrity
Upholding promises, following rules and maintaining dignified words and actions earn the trust of others and society.

Have a sense of responsibility
Maintaining a sense of responsibility for team tasks results in confidence and humbleness.

Continue to learn
Developing professional and personal skills through daily work leads to personal growth and satisfaction.

Give something a try and see it through
Taking on a challenge without fear of failure and making the most of the experience can lead to breakthroughs.

Support each other
Remembering to respect others, sharing in each other's successes and encouraging each other results in strong teamwork.

Express gratitude
Communicating genuine gratitude with a bright smile creates a strong and warm circle of trust.

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Download the Integrated Report 2025 (SNK Report) from the following page.
https://www.snk.co.jp/ir/library/integrated-report/

Company Policies

In terms of our company policy, SNK Group is committed to creating a business environment in the following ways. In the unlikely event the policy is violated, senior management will take the initiative in resolving the problem, investigating the causes and preventing a recurrence.

Compliance

Directors and employees will observe laws, social norms and company rules. No exceptions are allowed, even if the motivation for the act is for professional reasons such as "for the good of the company" or "for the good of the customer," or at the direction of a superior. We take a strict stance against illegal activities and violations of company rules. To prevent such acts to the extent possible, we have established and made public internal and external reporting systems, and protect those who report.

Fair Operating Practices

All our officers and employees work to prevent corruption and ensure fair competition and are prohibited from having conflicts of interest, offering or taking bribes, having contact with anti-social forces, or doing insider trading (as a whole, referred to as "anti-corruption" below) in accordance with both applicable laws and our internal rules. They will conduct business activities with fairness, sincerity, and transparency. We will also take strict action against business partners deemed to have insufficient anti-corruption measures in place. Such action may include suspension of business dealings. We recognize that the trust and confidence we have gained from society, customers, business partners and other stakeholders is an invaluable asset that results from conducting our business activities with fairness, sincerity and transparency, and we will act accordingly.

Risk Management

We recognize that accurately identifying and responding to all risks in our business operations and ensuring sound management are a vital foundation for corporate governance, so we will strengthen our communication systems and strive for prompt responses through training and other means.

Information Security Management

We properly protect and manage assets such as customer information and intellectual property information including patents, trademarks, and copyrights, as well as information systems, and make proactive use of them. We also foster employee awareness of information security and provide education and training on intellectual property and information management in order to prevent loss, theft and unauthorized use.

Information Disclosure and Internal and External Communication Activities

Based on accurate and timely information, we strive to improve our management transparency through proactive public relations activities and open and fair communication with stakeholders in order to be a corporate group trusted by society. We also take requests from stakeholders and engage in constructive dialogue to enhance our corporate value.

The Environment

To achieve a sustainable global environment, we have positioned environmental issues as an important management issue for mitigating and adapting to climate change and minimizing negative impacts on the environment. As such, we promote activities that give consideration to the environment in all our business processes, from business activities to the workplace environment. We also ask our suppliers and partner companies to conduct their business operations in an environmentally friendly manner and strive to improve the global environment.

Occupational Health and Safety

The health and safety of our workers is the core foundation of our company. In our business activities, we give highest priority to the health and safety of workers, including temporary employees and partner companies, to ensure a safe and comfortable working environment. We actively support maintaining and improving employee physical and mental health, and work to ensure smooth communication between employees and the Company for health and productivity management. We also listen to employee opinions, providing an equitable, nondiscriminatory and vibrant work environment where employees can proactively engage in their work and freely make use of their creativity with open-minded ideas. Additionally, we strive to be company that offers a fulfilling work-life balance with appropriate time off outside of working hours and a rewarding work experience.

Diversity

We believe that innovation resulting from diversity is essential for the continued creation of new value for society. We promote diversity management so that people of all attributes are ensured equal employment and active opportunities, and can fully demonstrate their diverse personalities and abilities. We also value and respect the diversity of our workforce and emphasize fair treatment of all employees.

Human Rights

In all our business activities, we respect the fundamental human rights and individual dignity of all stakeholders and will not be complicit in human rights abuses. In the unlikely event that a business activity, product or service is found to have a negative impact on human rights, we will take appropriate and prompt action. We also do not tolerate harassment through inappropriate language or behavior. We take a strict stance against any conduct that constitutes harassment.

Labor-Management Relations

Based on the principle of mutual trust and responsibility between labor and management, we provide equal employment opportunities and fair working conditions so our employees can vibrantly work as professionals in their respective positions.

Human Resources Development

We recognize that employees are an important management resource and that human resource development is of the utmost importance for sustainable corporate growth. To this end, we provide programs to enhance our human resources and develop each employee's qualities and capabilities so that they can work as professionals with a high degree of expertise. To make effective use of past experience and the know-how held by senior employees, we also endeavor to make technology-related information available and maintain and update our technical information so that each and every engineer can work with confidence.

Local Community

We recognize that the dysfunction and decline in the vitality of communities and the weakening of the foundations of urban life are serious social issues that must be addressed in order to create sustainable communities. With this in mind, we work with government and local communities to help foster and revitalize communities. Moreover, in the event of a natural disaster, pandemic or other event that renders a local community dysfunctional, we will work to ensure the safety of all concerned parties, provide support for the restoration and recovery of the affected area and strive for the early resumption of business with our customers.

Fair and Equitable Procurement

We provide open, fair and equitable entry opportunities to all companies, regardless of size or experience. Suppliers are selected based on comprehensive consideration of quality, technology, quantity and certainty of delivery date, along with management stability, technology development capabilities, and environmental and social initiatives.

Quality

We accurately grasp the value that our customers expect and, in all business processes, we provide SNK quality through our dedication to that quality, offering technology and services that are trusted and appreciated by our customers. To this end, we set quality targets for each department and project and maintain a quality management system that we continuously improve through management reviews and other means.

Technical Innovation

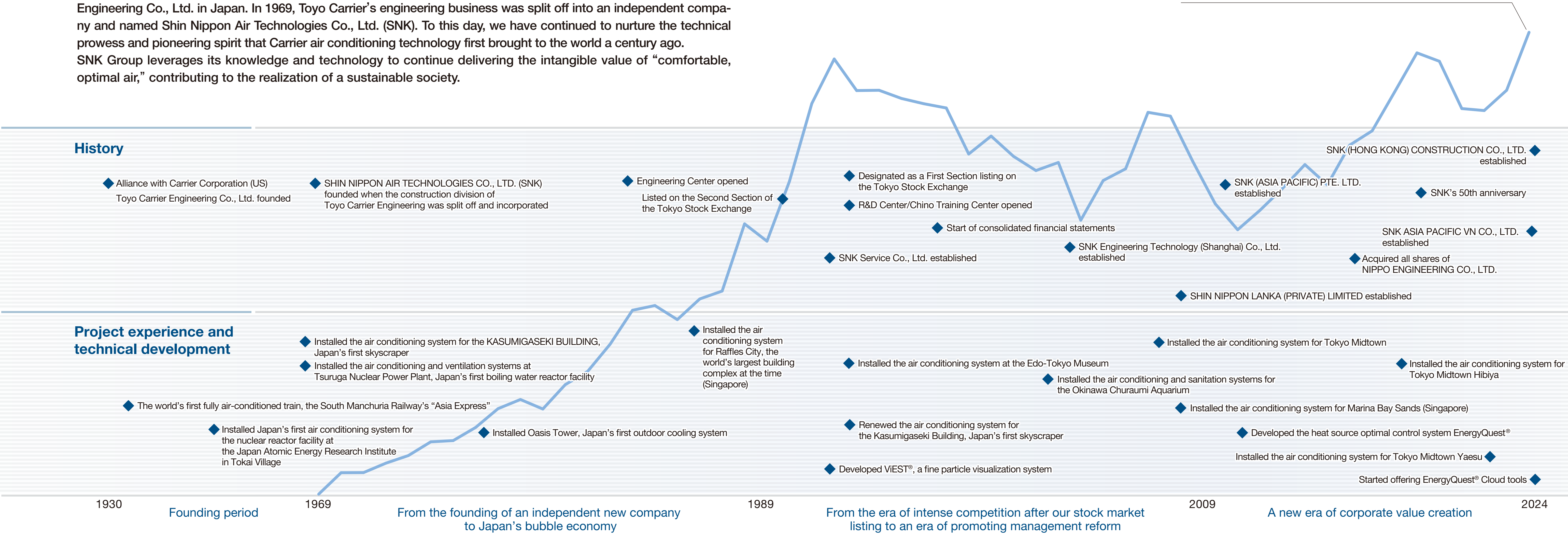
We are actively engaged in innovation through technology development and collaboration with different industries and, with a view to the future, strive to acquire and utilize cutting-edge technologies that are a step ahead of their time.

History of SNK's Growth

The story of Shin Nippon Air Technologies (SNK) began with the invention of air conditioning by Dr. Willis Carrier in the United States, upon which he founded the Carrier Corporation. In 1930, Carrier Corporation established Toyo Carrier Engineering Co., Ltd. in Japan. In 1969, Toyo Carrier's engineering business was split off into an independent company and named Shin Nippon Air Technologies Co., Ltd. (SNK). To this day, we have continued to nurture the technical prowess and pioneering spirit that Carrier air conditioning technology first brought to the world a century ago.
SNK Group leverages its knowledge and technology to continue delivering the intangible value of "comfortable, optimal air," contributing to the realization of a sustainable society.

Net sales of completed construction contracts

FY2024: **137,684** million yen (consolidated)

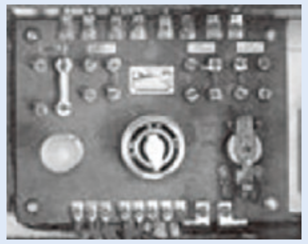


Social issues and SNK's value and strengths

Contributing to the growth and development of Japanese industry as a pioneer in air conditioning

SNK was the first to introduce the concept of air conditioning for Japan's hot and humid climate, advocating its necessity for industrial development and public health.

We were the world's first to install air conditioning for entire trains, the world's first to install air conditioning for entire ships, and installed the air conditioning for Japan's first skyscraper. We were also a pioneer in district heating and cooling, nuclear facilities and clean rooms. SNK therefore played a vital role in Japan's industrial boom.

(Left) The world's first fully air conditioned train (South Manchuria Railway Asia Express),
(Right) The Asia Express auto control panel

An increased orientation toward service and contributions to social infrastructure

Shin Nippon Air Technologies Co., Ltd. was established once it was confirmed that the Construction Division of Toyo Carrier Engineering could stand alone as an independent company.

We installed Japan's first outdoor air conditioning system, the Oasis Tower, as part of our efforts to support people's activities. We also designed and constructed the Shinjuku New City District Heating and Cooling Facility in response to postwar air pollution issues, and installed air conditioning at Japan's first boiling water nuclear reactor plant.

The Oasis Tower installed in front of Nihon Gekijo

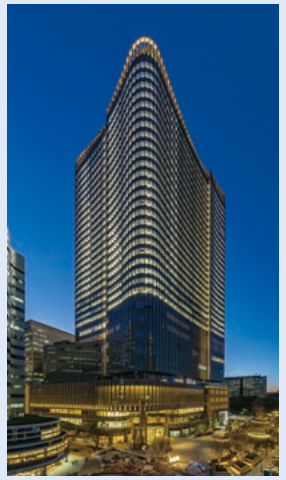
Business Expansion, Investment in Growth Areas, and Development of New Technologies

Following our listing on the First Section of the Tokyo Stock Exchange, we established a technology research center (currently the Research & Development Center), where we developed a fine particle visualization technology in response to the growing need for improved cleanroom quality. SNK also received the 10th SHASE Technology Promotion Award from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE) for the Edo-Tokyo Museum in recognition of its energy-efficient air conditioning system that can easily adapt to layout changes.

Edo-Tokyo Museum

Addressing social issues and building a sustainable society

To respond to increased awareness of energy conservation and disaster preparedness following the 2011 Great East Japan Earthquake, we have developed technologies such as the EnergyQuest® Cloud heat source optimization control system and the New Wire®. Another example is Tokyo Midtown Hibiya (completed in 2018). It has become an attractive facility in terms of business continuity planning since it can maintain an environment that supports stranded commuters even during infrastructure disruptions like earthquakes. The building was designed with a commitment to maintaining optimal control in response to fluctuating heat loads and to using natural energy in consideration of the environment.



Tokyo Midtown Hibiya

At a Glance

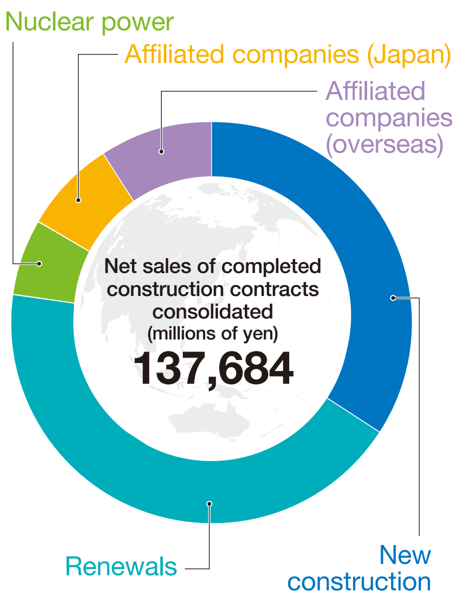
Since its founding, SNK has been involved in air conditioning projects both domestically and internationally. We have an extensive track record in various fields, including redevelopment projects in metropolitan areas, new construction, and renovation of air conditioning systems in large industrial facilities such as data centers and semiconductor factories and nuclear power facilities.

The SNK Group in numbers (as of March 31, 2025)

Number of employees (consolidated)	Number of years in business since foundation	Number of affiliated companies
1,717	95	10

Net sales of completed construction contracts (consolidated)	Operating profit (consolidated)	Turnover rate (non-consolidated)	Take-up rate for male paternity leave (non-consolidated)
137,684 million yen	11,346 million yen	5.5% *Within three years of hiring	64.0%

Percentage of net sales of completed construction contracts



New construction 30.4% (41,913 million yen)	Currently, buildings are being renovated to be earthquake-resistant and match the needs of today. As urban areas undergo redevelopment, building lots are being consolidated and are now filled with larger, taller buildings. At the same time, air conditioning equipment is being updated to meet these needs. An increasingly important theme in the air conditioning field is to enhance human comfort and operational efficiency while reducing environmental impact.
Renewals 45.1% (62,119 million yen)	Although appropriate maintenance helps to keep buildings in good condition, equipment and facilities require replacement every 15 to 20 years due to physical deterioration and changing social standards. Renewal work often takes place while customers remain on the premises. This puts significant constraints on projects in terms of work content and working times, but we always proceed carefully with safety as our top priority.
Nuclear power 5.1% (7,015 million yen)	Beginning with the design and construction of the air conditioning system for Japan's first nuclear reactor in Tokai Village, Ibaraki Prefecture, we have since worked on the design, construction, maintenance, and renovation of various nuclear-related facilities. Our experience covers boiling water nuclear reactor plants, fast breeder reactors, advanced thermal reactors, reprocessing facilities and waste treatment facilities. We are currently carrying out decommissioning work as well as construction work for restarting operations in compliance with new regulatory standards.
Affiliated companies (Japan) 8.3% (11,369 million yen)	Our Group has two domestic affiliates. SNK Service Co., Ltd. was established in 1991 and performs maintenance, renewal, and repair work on building facilities. The company is committed to growth, aiming to expand its recurring businesses and extend the service life of its equipment. Since joining the Group in 2016, Nippo Engineering Co., Ltd. has been primarily engaged in electrical equipment and HVAC/plumbing equipment operations in the industrial facilities sector.
Affiliated companies (overseas) 11.1% (15,266 million yen)	SNK (China) Construction Co., Ltd. was established in 2003. It currently holds a general construction license, and has established bases in both the mainland and Hong Kong, where it supports Japanese companies building factories in China. SNK (Asia Pacific) Pte. Ltd. was established in 2010 and has established new bases in Vietnam to meet the needs of customers in Singapore, Myanmar, and Cambodia. Each of our overseas branches has a history of some 40 years, including the time it was a branch of SNK.

The SNK Global Network

SNK Supports Daily Living

SNK Group is a comprehensive facilities engineering company specializing in the design and construction management of building systems, primarily air conditioning equipment. We support daily living in places like office buildings, commercial facilities, hospitals, cultural facilities, factories, clean rooms, and data centers, with air conditioning systems that maintain comfortable and optimal indoor environments for both people and goods. SNK Group will continue to work to realize a sustainable global environment and help solve societal challenges to support both people and goods.

Antibacterial
L-ViC®, a duct-connected air purifier for small-scale air conditioners

Antibacterial / Disaster preparedness
Ag-ion Master®

Antibacterial / Disaster preparedness / Medical care
DiverCell®

Energy-saving
Kitchen ventilation optimal control system

Disaster preparedness
Flood prevention damper Jabba Shut

Energy-saving
Heat source optimal control system (EnergyQuest® Cloud)

Antibacterial
ViEST®, a fine particle visualization system for antibacterial applications

Energy-saving
Geothermal Tornado Method®

Disaster preparedness
O-T-9®

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Sources of Competitiveness – SNK's Capital

The capital accumulated by the SNK Group over its many years of growth is a source of competitiveness that drives our daily operations and enhances our future corporate value. Strengthening human capital, intellectual capital, social capital, and natural capital leads to the growth and maturation of financial capital, further solidifying the unique strengths of the Group.

Through this cycle, we strive to further enrich each type of capital we have cultivated, while also engaging in business activities through dialogues with society so that we can respond flexibly and swiftly to societal challenges and environmental change.

Going forward, we will continue to refine the sources of our competitiveness and deliver solid value, balancing social and economic value to contribute to and realize a sustainable society.

Human capital

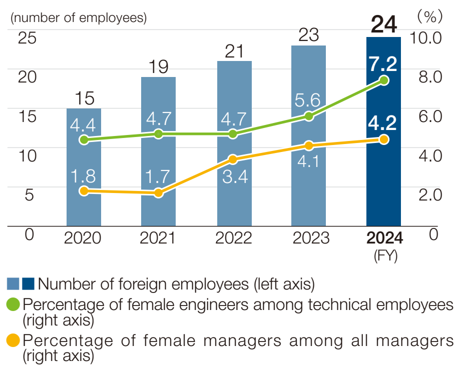
Strengths and distinguishing characteristics

People are our greatest asset that uphold all of our businesses and are positioned as one of our key management strategies. SNK Group defines people as the foundation of its businesses. By promoting the creation of an attractive environment where employees can work with vigor and enthusiasm, our workforce has increased by approximately 7% compared to fiscal year 2021. On the other hand, the proportion of foreign employees, female managers, and female engineers remains a challenge, and we will further strengthen our efforts in these areas. Going forward, we will actively invest in human capital, encompassing not only compensation but also reskilling initiatives.

Sources of competitiveness

We are implementing reforms to foster an environment where all employees can thrive by mutually recognizing diverse personalities, values, and experiences. Our key initiatives for boosting engagement are: 1) enhancing welfare benefits and increasing wages, 2) further streamlining of business processes and developing training programs aligned with our talent development policy, 3) improving workplace environments to ensure that onsite workers can do their jobs more comfortably and with greater peace of mind, 4) expanding recruitment activities utilizing the metaverse, and 5) reviewing our personnel systems and transitioning to a new job-based system that incorporates role-based personnel management.

Diversity indicators



Intellectual capital

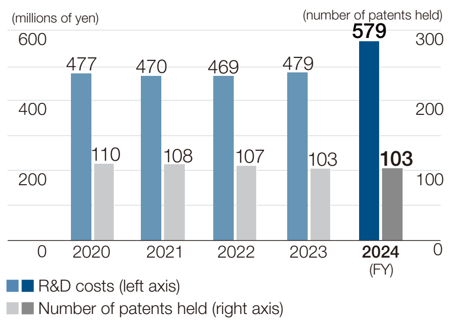
Strengths and distinguishing characteristics

We earn trust from our customers through technologies and ideas that contribute to solving customers' challenges and addressing societal issues, while promoting R&D that is useful and impactful to society. In fiscal year 2027, we plan to open a new technology development center, SNK Ebina Innovation X HIVE®. This research center will be a wooden structure within a multi-tenant logistics facility, and will promote the circulation of natural resources, contribute to sustainable urban development, and further technological innovation.

Sources of competitiveness

We aim to be a solutions-oriented business that responds to a variety of needs by quickly combining our proprietary technologies. With the growing diversity of today's customer needs, it has become increasingly important to shift our thinking from a technology-oriented approach to a problem-solving approach. Through the medium of air conditioning, we aim to address customer and societal challenges with solutions that utilize our unique technologies in order to remain a company that is needed by society.

R&D costs / Number of patents held



Social capital

Strengths and distinguishing characteristics

We accept orders for various construction projects based on the relationships of trust we have built with a wide variety of customers. Our construction work is carried out in collaboration with our supply chain, including partner companies. We have also strengthened our dialogue with stakeholders and actively disseminate information with enhanced investor relations activities.

Number of customers
FY2024
1,535

Number of cooperating companies
FY2024
1,738

Sources of competitiveness

We strive to enhance our customers' asset value with one-stop solutions, from new construction to renovations. By sincerely taking on projects that other companies would find difficult to handle, carefully understanding our customers' needs, and resolving issues to ensure a smooth transfer of assets, we have built lasting, highly reliable relationships with customers who originally came to us for renovations.

Natural capital

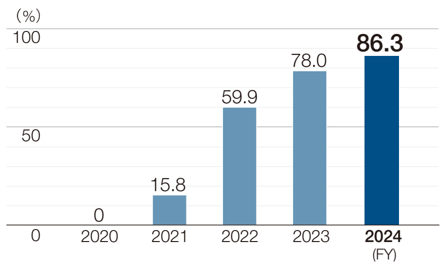
Strengths and distinguishing characteristics

We strive to be a group of engineers that utilizes knowledge and technologies to realize a sustainable global environment and enhance the value of our customers' assets. In fiscal year 2024, our adoption rate for renewable energy across the Group (including overseas) was 86.3%, and 100% for SNK (standalone). We plan to further these efforts at our overseas companies.

Sources of competitiveness

As part of materiality, we have declared we will work toward carbon neutrality through proactive contributions to the global environment, aiming to protect the natural environment from pollution (water, air, soil), realize a society that coexists with nature, prevent global warming through GHG emission reductions, and reduce environmental burdens. Our mission is to take on energy conservation and CO_2 reductions for the "last mile" in buildings.

Renewable energy adoption rate



Financial capital

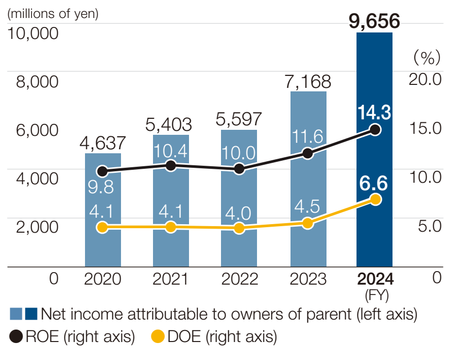
Strengths and distinguishing characteristics

Our Group is working to build a strong and flexible corporate structure that supports our core business without being affected by external factors such as economic and market fluctuations. For the fiscal year ended March 31, 2025, SNK Group recorded total assets of 118.1 billion yen and total liabilities of 48.8 billion yen with an equity ratio of 58.6%.

Sources of competitiveness

Aiming to maintain and improve ROE and optimize our capital structure, we consider the balance between net profit margin, total asset turnover, and financial leverage. While striving for sustainable business expansion and profit growth, we also place importance on financial soundness and aim to maintain a certain level of equity ratio.

Net income attributable to owners of parent / ROE / DOE



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SNK Core Competencies

Today, we are faced with an accelerating pace of environmental change. As globalization advances, economic crises, wars and infectious diseases spread across the world in an instant, and have an immense impact. On top of that, climate change and the natural disasters that frequently occur as a result are becoming more severe.
Amidst these challenges, we have established a solid position as a pioneer in air conditioning in Japan by continuously undertaking bold challenges with our pioneering spirit and an engineering prowess that has been inherited since the company's founding. Through this approach, we have developed problem-solving capabilities and earned deep trust from our customers.
Our core competencies involve consistently responding to the evolving needs of the times with advanced technological capabilities by applying our unwavering pioneering spirit in air conditioning and our engineering prowess. As an environmental solutions company contributing to society, we pursue sustainable growth alongside society and our customers.

1 A pioneering spirit for air conditioning

Since our founding, we have maintained our pioneering spirit for air conditioning and our pride as an engineer as we continue to undertake bold challenges. Our pioneering DNA has driven achievements in skyscrapers, nuclear facilities, renovation projects, clean rooms, fine particle visualization technology, and heat source optimization control systems.
We will continue to uphold this spirit, pursuing value creation such as technological development that supports business expansion in growth areas like ZEB implementation, energy efficiency , and CO_2 reduction.

Photo provided by Mitsui Fudosan Co., Ltd.

2 A relationship of trust with our customers

We continue to protect the value of our customers' assets with one-stop solutions, from new construction to renovations. Although buildings and facilities deteriorate over time, maintenance can uphold their functionality and performance, and renewals can revitalize them. We take on projects that other companies shy away from, understand our customers' needs, and resolve their issues before handing over their assets. This approach has allowed us to build strong relationships of trust with customers who started with us through renewal work.

3 Problem-solving capabilities

For over half a century, we have been responding to diverse customer needs and changing societal demands. We have constantly enhanced our technical capabilities through theory and empirical evidence, creating new technologies such as a fine particle visualization system, heat source optimal control system, simulations, measurements, evaluations, resilience, and infection and sterilization countermeasures.

Achieving SNK Vision 2030

Realizing social sustainability

STRATEGIES

SNK's Value Creation: Present and Future

SNK Group pursues integrated management, while aiming to raise the Group's significance and thereby provide value to society.
Here, we introduce our Medium-term Management Plan, as well as our strategies and initiatives aimed at solving social issues.

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Message from the President

As a pioneer in air conditioning, we will continue to raise our technological prowess and aim for sustainable growth together with our customers, society, and the environment.

Masanori Hiroshima
President and Representative Director

Providing the unseen value of comfortable air to society as a matter of course

Shin Nippon Air Technologies Co., Ltd. (SNK) is a corporate group that designs, installs, and maintains air conditioning equipment, with the mission of providing a comfortable and optimal indoor environment. Since our founding in 1930, we have continued to take on bold challenges while cherishing our pioneering spirit and engineering prowess in air conditioning.

Over the years we have continued to provide through our business the intangible value of comfortable and optimal air for people and equipment. Good quality air supports safe and secure living and working environments, as well as industrial sectors that demand high productivity. However, comfortable and optimal air is not something we usually pay much attention to. To maintain this “normal” in terms of air, reliable technology and continuous efforts are essential. Our job is to continue to reliably deliver this “normal” to our customers.

We want to more widely communicate the responsibility and pride that comes with this important role both inside and outside the company, so that all employees can approach their daily work with confidence. With this in mind, in March 2025, the Group launched a new corporate advertisement called *Kaiteki Hero.* This advertisement, which features Ultraman as its character, conveys our desire to protect the foundations of a society in which everyone can live with peace of mind.

With this advertisement campaign, we have received a lot of positive feedback from customers and various other stakeholders, and we feel that the ads have raised the visibility of the company and what we do. Just as Ultraman is a hero who protects the Earth, each of our employees has a strong sense of mission as a hero who protects comfortable air. We will continue to contribute to society with the combined efforts of the Group.

Looking back on the results and progress of Medium-term Management Plan — SNK Vision 2030 Phase II after two years

Fiscal year 2024 marked the second year of the Group’s Medium-term Management Plan — SNK Vision 2030 Phase II, which is the second stage of SNK Vision 2030. In terms of performance, orders received amounted to 153.8 billion yen (up 9.0% compared to FY2023), net sales of completed construction contracts totaled 137.6 billion yen (up 7.6%), operating profit was 11.3 billion yen (up 22.9%), and net income was 9.6 billion yen (up 34.7%), all of which were record highs in key indicators.

The air conditioning equipment industry continued to thrive, with steady capital investment in semiconductors and data centers, while a series of large-scale redevelopment projects in urban areas also provided a major tailwind. We are once again reminded that our clients highly value our technological prowess and reliable execution capabilities in large-scale projects that require a high level of expertise. On the profit side, we could see results of our improvement efforts in profitability in the area of orders received as well as in efficiency in the project management through a review of our construction system. As a result of our aggressive investments in areas such as human capital, we have achieved profit growth that exceeded the investments. On the other hand, we continue to face issues such as rising equipment and labor costs, and a shortage of engineers and skilled workers. Although the industry is booming and we receive many inquiries from customers, we are currently unable to respond to all of them due to a lack of resources, and we recognize this as a major issue.

Fiscal year 2025 marks the final year of SNK Vision 2030 Phase II. Backlog of construction contracts has exceeded 100 billion yen for two consecutive years, remaining in the 120 billion yen range, providing strong support for the performance of fiscal year 2024. As equipment and materials prices continue to rise, we plan to aggressively and continuously invest in research and development and human capital. Meanwhile, by promoting efforts to improve business efficiency and reduce costs through digital transformation (DX), we expect to see increased revenue and profits in fiscal year 2025 as well.

In light of these circumstances, we have made upward revisions to our management targets for fiscal year 2025, with plans for orders received of 155 billion yen, net sales of completed construction contracts of 144 billion yen, and profit of 8.8 billion yen. In fiscal year 2024, we recorded an extraordinary income of around 2 billion yen from the sale of cross-shareholdings, but this is not included in our forecast for fiscal year 2025. Excluding the above extraordinary income on sale of cross-shareholdings, we expect our profit margin to exceed fiscal year 2024.

Looking toward our sustainable growth, we will enhance our front-line capabilities and strengthen our business foundation

To achieve SNK Vision 2030, the Group has set out five basic strategies. Each division has incorporated them into their own business plans and is steadily implementing them accordingly. All five of these strategies are essential and closely interrelated. In particular, three strategies, Human Capital Strategy, Digital Transformation Strategy, and Business Infrastructure Augmentation Strategy, have proven effective in improving current profit margins and securing orders.

First, regarding our Human Capital Strategy, labor shortages remain an ongoing issue. Nevertheless, we have been listening closely to the voices of those on the front lines and have been continuously working to reform our personnel system, strengthen recruitment, and improve education, The results of these efforts are gradually becoming apparent.

One example is developmental hiring. This was launched companywide from fiscal year 2024, allowing employees with work experience to join the company and receive training in the same way as new graduates, and build horizontal connections with their peers. Originally, this was an initiative devised independently by the business departments to secure front-line human resources. It was soon recognized as an excellent recruitment scheme and won the President's Award in fiscal year 2025 at the Group's special commendations. This commendation system is also implemented every year as a human resources development measure to help employees become more aware of the strengths of their own departments and to increase motivation by being recognized.

As part of our Digital Transformation Strategy, we have finished up a complete overhaul of our core IT systems. At the same time, along with the introduction of 3D scanners and BIM at the job site, we are also shifting to a company-wide standardized tool for cost and process management documents, promoting the use of data. Through three years of steady reforms, we have put into place a certain structure, and starting in fiscal year 2025, we have entered a phase of promoting collaboration between systems and integrating them as a whole. We are also focusing on utilizing AI, and are collaborating with startups to develop systems for our engineers.

As we continue to advance reforms in human resources and digital technology, we are also working on new initiatives to reduce front-line workload and improve productivity. In 2024, we officially launched our proprietary logistics and processing network system called SNK-SOLNet in the Tokyo metropolitan area after several years of trial operation. This has improved work efficiency and resulted in labor savings according to the situation on-site, and has been confirmed to reduce labor hours by 10 to 30%.

Looking at our Business Infrastructure Augmentation Strategy, we have embarked on a venture into the space field in collaboration with JAXA, and are also conducting joint research with the Chiba University Research Institute of Disaster Medicine to develop a safe medical environment in the event of a disaster. In areas such as the power grid, we are seeing more active collaboration with start-up companies. We do not just collaborate on technology, but also value the synergy with partners who share common goals and want to grow together.

Furthermore, our efforts to become carbon neutral are important for the Group's sustainable growth and contribution to society. Our job is to contribute to reducing environmental impacts through building facilities, and as a leading environmental solutions company, we feel a strong responsibility to help realize a decarbonized society.

We are working to achieve our targets of reducing greenhouse gas (GHG) emissions*1 by 60.6% for Scope 1 + 2 and 25% for Scope 3 (both compared to fiscal year 2021) by 2030. In July 2025, we received SBT certification for these targets and initiatives*2. We are also collaborating with Sustech Inc., a company with strengths in decarbonization and energy conservation. By linking the SUSTECH's GHG emissions visualization cloud service called CARBONIX with our proprietary facility operation data visualization tool called EQ Data Glass, we are taking on the challenge of creating new value toward achieving carbon neutrality.

*1 An index showing greenhouse gas emissions
*2 Science-based greenhouse gas reduction targets

Drawing up Phase III without preconceived notions based on our understanding of the changing market and social environment

In SNK Vision 2030, the Group has set targets of 130 to 150 billion yen in net sales of completed construction contracts and an operating margin and ROE of 10% or higher by 2030. Although we have already cleared the lower limit for the net sales of completed construction contracts and the ROE targets, the operating margin remains a high hurdle, and further challenges are required to reach it. Now that we are in the final year of Phase II, the entire Group is reaffirming its resolve to work together to achieve our targets.

Looking back, SNK Vision 2030 was formulated in 2020, and shortly thereafter, we faced the challenges presented by the worldwide COVID-19 pandemic. I feel that the environment where restrictions were placed on travel both domestically and abroad, and business trips were difficult to make, has given us an opportunity to reexamine what corporate activities are truly essential. We believe that by thoroughly reviewing expenses and improving efficiency, we have transformed into a leaner company, and this has become the foundation for who we are today. We also established the Digital Promotion Committee and an Innovation Promotion Committee at that time. While valuing the originality and ingenuity of each workplace, the results of the company's efforts to promote DX are steadily becoming apparent in the digitalization of front-line systems.

We are currently in the midst of full-scale discussions regarding our next Medium-term Management Plan, SNK Vision 2030 Phase III, which will kick off in 2026. I was in charge of organizing a project team that included various employees from different departments and divisions. Rather than continuing on the same path as before, we have decided to conduct a thorough review of everything. In this context, it is essential not only to simply expand the scale of our business, but also to return to our roots and ask ourselves why we continue our business and what society expects from us. Taking into account the changing market and social dynamics, we will use flexible thinking from scratch to examine the management issues that truly need to be addressed in the coming era, as well as the policies and strategies to achieve them.

One of our symbolic initiatives for 2030 and beyond is the new technology development center called SNK EBINA Innovation X HIVE, which is scheduled to open in the first half of fiscal year 2027. At this base, located in Ebina City, Kanagawa Prefecture, young employees will be actively recruited as project members with the aim of combining their innovative ideas with the extensive experience of more senior employees. We are also considering collaborating with universities and startups, and intend to use the base to build a foundation for nurturing next-generation technologies and human resources as a hub for open innovation. Centered around this new base, we will accelerate technological development from a broader perspective and use it as an engine for sustainable growth.

Financial strategy and capital policy

To achieve SNK Vision 2030, we are strengthening our financial base and promoting strategic investments to support sustainable growth. We plan to invest a total of 15 to 20 billion yen in R&D, growth businesses, the environment, human capital, and DX over three years starting from fiscal year 2023. To date, we have promoted the development of our proprietary technologies, collaboration with startups, the launch of SNK-SOLNet, and ESG investments using green bonds or social bonds. In addition, we are focusing on improving the office environment, raising wages, developing human resources, and introducing core IT systems and digital tools including AI. We have invested a total of approximately 9 billion yen since fiscal year 2023, and will continue to steadily advance these efforts in line with our plan.

Investment areas	Main investments up to fiscal year 2024		Total cumulative investment amount as of fiscal year 2024	Details of investment plans up to fiscal year 2025		Forecast of total cumulative investment amount as of fiscal year 2025
R&D, Growth businesses, The Environment, Others	Research & Development	· Development of proprietary technologies	Approx. 3.0 billion yen	Research & Development	· Promotion of research & development	Approx. 5.0 billion yen
	Growth businesses	· Collaboration with startups (space industry, etc.) · Opening of logistics center (SNK-SOLNet)		Growth businesses	· Strengthen collaboration with startups (space industry, etc.) · Opening of logistics centers nationwide (SNK-SOLNet)	
	The Environment	· Investment in green bonds or social bonds		Environment	· ESG investment, etc.	
	Others	· Creation of comfortable work environments		Others	· Creation of comfortable work environments	
Human capital	· Wage hikes, hiring and branding related · Introduction of restricted stock for the employee stock ownership plan and incentive plan		Approx. 3.0 billion yen	· Securing and development of talent (new graduates and mid-career) · Strengthening of branding (new ad campaign) · Improved engagement and greater reskilling, etc.		Approx. 5.0 billion yen
Digital transformation	· Optimization of core IT systems and development of digital tools · Introduction of generative AI		Approx. 3.0 billion yen	· Promotion of front-line digitalization and use of generative AI · Promotion of digital inclusion, etc.		Approx. 5.0 billion yen

In terms of capital policy, we are systematically reducing our cross-shareholdings, with the goal of reducing them by more than 20% by the end of fiscal year 2025 compared to the end of fiscal year 2022. Specifically, we aim to reduce these cross-shareholdings by 4,348 million yen by the end of fiscal year 2025, from the market value of 21,738 million yen at the end of fiscal year 2022. We have already reduced them by 3,589 million yen. We will continue to assess the appropriateness of these holdings and aim to further improve capital efficiency.

Regarding shareholder returns, we executed a two -for-one split of our common shares at the end of December 2024 in order to correct the stock price level and improve market liquidity. Furthermore, we are working to improve shareholder value by implementing share buybacks of up to 1 billion yen. Regarding dividends, we have set a minimum dividend on equity ratio (DOE) of 5% and a progressive dividend as our basic policy. In order to ensure stable returns, we have a policy of not reducing dividends until the fiscal year ending March 31, 2030.

Furthermore, in order to increase corporate value from a medium- to long-term perspective, it is essential not only to implement financial and capital policies, but also to strengthen the governance system that supports the management decision-making process. A year has passed since I became Chairman of the Board of Directors, and the outside directors have provided me with valuable opinions that have a different perspective from those within the company. We intend to continue improving the quality and speed of information sharing and further strengthen the effectiveness of our governance.

People who enjoy challenges make a company stronger

SNK is a company where people are its lifeblood. Our sustainable growth and the improvement of technological prowess are supported by the efforts of each and every employee working diligently on the front lines. This is why, among our five basic strategies, we place particular emphasis on Human Capital Strategy.

In fiscal year 2024, my first year as president, I visited many business departments and branches both in Japan and overseas. Since joining the company, I have felt the openness of our corporate culture, a fact that I am proud of. Seeing people engage in open discussions regardless of their position, I feel the need to preserve this corporate culture that has been passed down to this day.

I find reassurance in the honesty, seriousness, and high level of technical skills of our front-line workers. I originally come from a technical background, so I tend to look at things with an engineer's eye, but it's reassuring to know that the work is being done properly. I believe that what supports the maintenance and improvement of such on-site capabilities is not only by our training system, but also by the "good care" shown by senior employees and supervisors. The efforts of section managers in particular have been outstanding. They have established the habit of visiting job sites every week and communicating with and following up with everyone, from junior to highly experienced employees. This habit has taken root in every branch.

It is because we are confident that we can provide rigorous technical training in this culture that we can open the door to a diverse range of new graduates. We are currently strengthening our recruitment of liberal arts graduates, and even for technical positions, the proportion of liberal arts graduates has increased to about 20%.

We want our employees to actively take on new themes and difficult challenges every day and enjoy doing so. For me personally, the most rewarding part of my job is when I'm taking on new challenges. In the past, I was involved in the development of the heat source optimal control system called EnergyQuest®. We took on the challenge of developing a novel system that automatically operated the optimal heat source under various conditions. It was extremely challenging, but the work was rewarding. As times and environments change, we constantly ask ourselves whether the current way of doing things really is the best and make changes flexibly where necessary. I am confident that having more employees who enjoy such optimization processes will lead to the growth of the company.

Pride and responsibility in handling the "last mile" of construction

For the Group to remain needed by society in the future, above all else we need to be chosen by our customers continuously. To achieve this, it is essential not only to improve our technical capabilities, but also to have a sincere attitude in addressing customer issues and a challenging spirit that demands more than the status quo.

The most important thing for us to continue to live up to the trust placed in us is to build our clients' assets in a reliable manner. The Group's mission is to enhance the value of spaces through high-quality construction, work closely with our customers to ensure stable operation, and be there for our customers' businesses. In recent years, we have supported the foundations of society through infrastructure development in sectors such as semiconductors and data centers, where demand is rapidly increasing. Furthermore, in the nuclear power sector, which is directly linked to Japan's electric power industry, we have built up a solid track record by utilizing our specialized technology and experience.

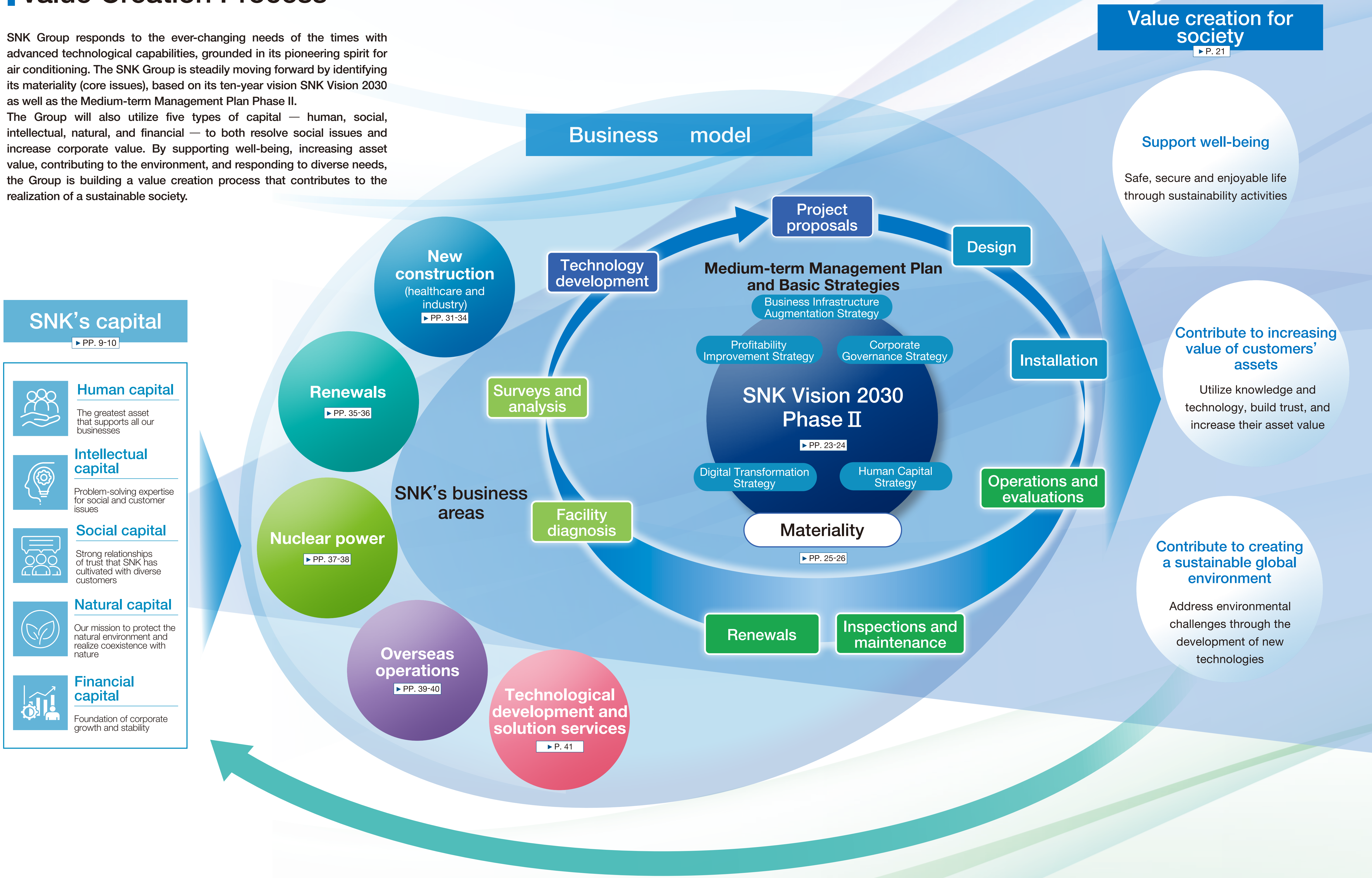
We install the equipment at customers' facilities, connect it, make system adjustments, and deliver it, so that customers can actually start operations. In that sense, I often use the term "last mile" both inside and outside the company. This term is usually used in the communications and logistics industries, but the Group, which supports building infrastructure, is responsible for the last mile of work on buildings. This means that we support the "final process" until the customer's facility actually starts operations in that building.

Furthermore, this last mile is also the point of contact where environmental value is delivered to customers and society. By delivering highly energy-efficient equipment to our customers in optimal operating conditions, we are directly contributing to the realization of carbon neutrality in society. Each and every person on the front lines has this awareness and uses all their skills to deliver value to customers. We believe that honesty and a sense of responsibility are SNK's greatest strengths.

The Group will continue to move forward, taking pride in living up to the trust and expectations of our customers and supporting the lives of people and society that lie beyond.

Value Creation Process

SNK Group responds to the ever-changing needs of the times with advanced technological capabilities, grounded in its pioneering spirit for air conditioning. The SNK Group is steadily moving forward by identifying its materiality (core issues), based on its ten-year vision SNK Vision 2030 as well as the Medium-term Management Plan Phase II.
The Group will also utilize five types of capital — human, social, intellectual, natural, and financial — to both resolve social issues and increase corporate value. By supporting well-being, increasing asset value, contributing to the environment, and responding to diverse needs, the Group is building a value creation process that contributes to the realization of a sustainable society.



Profile
Strategies
Foundations
Financial and Corporate Data

SNK Vision 2030

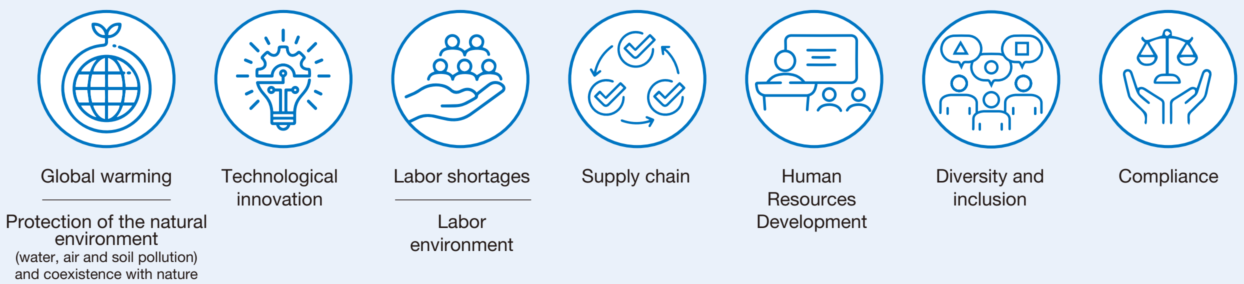
The SNK Group celebrated its 50th anniversary in 2019. In the interests of perpetually enhancing the Group's future corporate value, we have redefined our new corporate philosophy for our Mission, Values, Company Policy, and Guiding Principles.
To be a corporate group that can respond flexibly and with agility to future changes and outlooks, in 2020 we established SNK Vision 2030, our 10-year vision that serves as the Group's long-term management policy, with 2030 as its milestone year, and decided to formulate our Medium-term Management Plan based on this vision. To realize this basic policy, we have been advancing our business operations under five fundamental strategies: Business Infrastructure Augmentation Strategy, Profitability Improvement Strategy, Digital Transformation Strategy, Corporate Governance Strategy, and Human Capital Strategy.

Basic Policy for SNK Vision 2030

SNK Group strives to be a group of engineers that utilizes knowledge and technology to realize a sustainable global environment and enhance the value of our customers' assets.

SNK Vision 2030 and materiality

Themes affecting corporate activities (Social Issues)



Materialities to be incorporated into management tasks

1. Proactive contribution to the global environment with the aim of carbon neutrality
2. Promote technical innovation
3. Strengthen on-site capabilities (ensure safety and quality, build supply chain relationships, grow technical capabilities)
4. Improve employee engagement and respect human rights
5. Ensure adherence to corporate ethics

Solving social issues and contributing to the sustainability of society

We are actively contributing to the global environment through our core businesses by advancing carbon neutrality, driving technological innovation, and strengthening relationships within our supply chain to support well-being, enhance customer asset value, and contribute to realizing a sustainable global environment.

Support well-being
Safe, secure and enjoyable life through sustainability activities

Contribute to increasing value of customers' assets
Utilize knowledge and technology, build trust, and increase their asset value

Contribute to creating a sustainable global environment
Address environmental challenges through the development of new technologies

Promote our business activities and strengthen the sustainability of our management

Aim to realize our 2030 vision through strengthening sustainable management with employee engagement, respect for human rights, and corporate ethics, as a foundation that supports our core businesses.

Our Vision for 2030

Scale of business in 2030 (financial targets)

For details on materiality, please see PP.25-26.

Our Vision for 2030

For SNK Vision 2030 Phase II, we outlined what SNK Group employees should aspire to in 2030 and what values they can provide to society. We then translated the directions to achieve this vision into the five basic strategies of our Medium-term Management Plan and the basic issues to be addressed, and aim to realize our vision through dialogue with society.

The dreams of employees are tied to the achievement of the company's mission and vision, and we will continue to grow toward our ideal form.

- With air conditioning works at the core of what we do, we have developed technological capabilities that meet social needs and contributed to the conservation of global environment. By leveraging these strengths in our businesses, we continue to grow sustainably.
- No. 1 and Only One technologies are widely recognized both inside and outside the company.
- The continuous accumulation and passing down of knowledge and technology, and their smart utilization, provide new value and services to society.
- Individual achievements and skills are recognized and utilized in our human capital management.
- Overtime hours for all our employees stayed below the "45 hours/month, 360 hours/year" level.
- This realizes diversity, which allows us to operate our business based on diverse values of our people.
- We continue to take on challenges to build a new foundation that addresses solutions to social issues. These efforts are part of our corporate culture promoting businesses and technologies that are appealing, aspirational, and attract people.
- Our employees dedicate themselves to the roles of addressing social issues and increasing customer asset value.

The three Phases of SNK Vision 2030 and numerical management targets and results

Phase I	Phase II	Phase III
FY2020 – FY2022	FY2023 – FY2025	FY2026 – FY2030

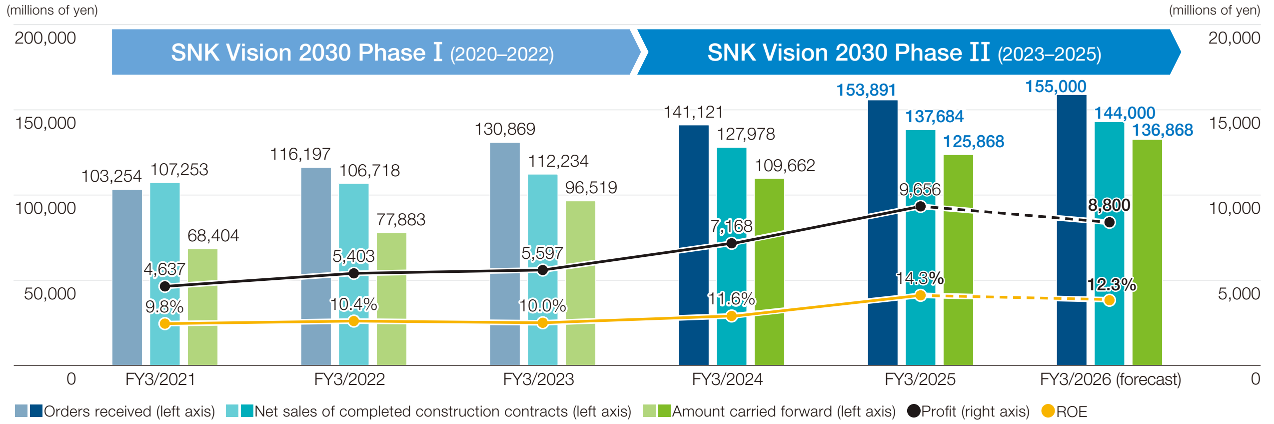
For future growth, we will expand investment in human capital, digital transformation, and growth industries while also continuing to make improvements through higher order profitability, extensive implementation of cost reduction activities, improved operational effectiveness, etc. As a result, we achieved targets for orders received, net sales of completed construction contracts, operating profit, and profit.

To accelerate our growth and realize our vision by taking advantage of market trends in capital expenditures, an increase in carryovers, and efficient cost management, we have revised certain numerical management targets upward for the fiscal year ended March 2026, which is the final year for Phase II of our Medium-term Management Plan, SNK Vision 2030.

Scale of business in 2030

Scale of business	Operating profit margin	ROE
130–150 billion yen	More than 10 %	More than 10 %

Performance progress for Phases I and II



SNK Vision 2030

Medium-term Management Plan — SNK Vision 2030 Phase II

For SNK Vision 2030 Phase II, we have redrawn a more concrete picture of what we aim to achieve in 2030 and organized the challenges that have remained from the previous Medium-term Management plan (Phase I). While keeping to our basic strategy, we are strengthening measures to address societal issues while improving corporate value by balancing and integrating social sustainability and corporate sustainability and by emphasizing dialogue with society. These efforts help achieve SNK's long-term growth and build trust, while contributing to the realization of a sustainable society.

FY2024 review and FY2025 plan

For fiscal year 2024, we invested more than 4 billion yen into human capital, digital transformation, and growth businesses; declared a stock split and acquired around 1 billion yen in treasury stock; and conducted marketing activities to strengthen branding, enhance corporate recognition, and attract talent. In fiscal year 2025, we will continue our initiatives from previous years while actively investing in ESG investments, improving employee engagement, and strengthening reskilling, among other efforts. We will also move forward in formulating the new Phase III of SNK Vision 2030, our Medium-term Management Plan.

Five basic strategies
https://www.snk.co.jp/vision/all/

The Five Basic Strategies of SNK Vision 2030, Phase II Review for FY2024 and FY2025 Plans

Basic strategies and our Group's vision for 2030	Fundamental issues to be addressed	Targets and KPIs	FY2024 review	FY2025 plan
Business Infrastructure Augmentation Strategy We will expand our earnings base by creating a business portfolio that takes capital costs into consideration and by developing new areas of business.	1. Deepen our strengths and promote technology development and branding that will contribute to differentiating us. 2. Expand our one-stop construction system and provide sustainable services. 3. Promote our recurring-revenue business by evaluating profitability throughout the building life cycle. 4. Strengthen the development of solution services that contribute to the sustainability of society. 5. Expand our areas of business into growth sectors and new energy sectors that support the sustainability of society. 6. Increase the number of personnel with the aim of stabilizing operations outside Japan and select dynamic business regions. 7. Foster awareness of innovation and establish and operate a promotion system to create future technologies and new businesses that will contribute to the sustainability of society.	• Promote technological development that will deepen and differentiate our strengths, as well as address societal issues with visualization technology and heat source optimal control systems. • Expand our business domains into growth sectors with the development of new solution services, accurately grasp customer needs, and conduct joint R&D with industry, academia, and government.	• Negotiated sales partnerships for improving proprietary technology and strengthening market appeal: 2 • Patents obtained: 6 registered, 4 filed, 1 joint application • R&D agreements concluded with JAXA for our proprietary technology: 1 • Moved forward with joint research with Chiba University's Research Institute of Disaster Medicine. Positive pressure verification test carried out. • SBT application completed. Certification expected around November 2025. • Improve market liquidity through stock splits and strengthen shareholder returns through treasury stock acquisitions	• Ongoing R&D with JAXA • Ongoing joint research with Chiba University's Research Institute of Disaster Medicine • Planning and promoting public relations activities to develop the SNK brand strategy • Implement/maintain an efficient IT infrastructure • Build a competitive advantage with an eye to the changing order environment • Enhance synergies effects through strengthened collaborations with affiliated companies • Promote patent acquisitions and strengthen utilization of intellectual property • Approach for external sustainability metrics and accreditations
Profitability Improvement Strategy We aim to strengthen our safety and quality control systems and improve productivity that will contribute to increased on-site agility, improve business profitability and achieve sustainable growth in our construction implementation capabilities.	1. Carry out an efficient review of business processes and optimal division of project work. 2. Promote structural reforms aimed at supply chain sustainability and streamlining on-site processes. 3. Maintain and enhance customer asset value by providing SNK quality and ensuring safety.	• Reduce the number of quality incidents by 50% or more in 2030 (compared to FY2020) by providing SNK quality. • Streamline operations through the standardization of SF/SI[*1] for site management forms through the promotion of digitalization. • Separation of core and ancillary business operations	• Through workplace patrols, collect and share information about the status of initiatives such as improving work efficiency and moving offsite • To promote enhanced quality management, established critical management standards (covering issues such as damage to customers and risks to our own business operations) and started identifying critical risks as part of providing SNK quality • Occupational accidents: a frequency rate of 0.27 and a severity rate of 0.01 • Vehicle accidents: Down 10% compared to fiscal year 2024 (19 incidents in FY2024) • CCUS utilization rate for primary contractors: 55% • EDI deployment at affiliated companies in Japan: 100%	• Ongoing improvements EDI functionality and continue efforts to address requests • Promote differentiation by leveraging sales resources (strong customer relationships, proprietary technologies, etc.) • Conduct regular market trend surveys and enter into contracts to mitigate risks from rising material and equipment costs • Thoroughly investigate the causes of workplace accidents and quality incidents and implement measures to prevent recurrence of similar events • Build construction systems at an early stage and strengthen relationships with partner companies • Expand utilization of SNK-SOLNet to realize integrated systems for logistics management and off-site operations
Digital Transformation Strategy To promote the utilization of advanced information in line with a digitally transformed society and further improve our business agility, we will promote digital information utilization, build our own unique ICT platform with advanced information and communications technology, and increase our existence value.	1. Promote digitalization of all business processes and build and operate a management system that maximizes knowledge use. 2. Thoroughly promote on-site ICT to improve on-site productivity and quality.	• By 2025, achieve 100% implementation of CCUS (Construction Career Advancement System) for objective evaluation of construction technical workers. • Achieve 100% utilization of the Electronic Purchasing System (EDI) for operational efficiency and standardization. • Promote digitalization using SF/SI[*1] to achieve 100% establishment of the Knowledge Management System by 2025 and solidify the Engineering Process Management System and Kouteizu/ New Construction Business Management System.	• Completion of the vehicle CO_2 emissions calculation system and the SF/SI[*1] for workplace accidents and accident reporting. • Monthly briefing sessions to improve SF/SI utilization • Ongoing conversion of technical documents into knowledge • Promotion of operational efficiency with the introduction of a cloud service for GHG emissions calculations. • Completed integration of BIM data with estimation software (PLANEST). • Held three advanced BIM training sessions	• Begin SF/SI[*1]-based rapid reporting of workplace accidents and incidents Accumulate and analyze data that will contribute to preventing recurrences • Explore solutions that support decarbonization management (supply chain, human rights) • Provide operational support to ensure the successful adoption of new core systems • Promote further reductions in deskwork and improved sales activity efficiency through the introduction of SFA.[*3] • Convert accumulated sales data and process records into knowledge assets • Promote labor-saving and efficiency improvement measures in construction site operations, through the transition of reporting workflows to SF/SI*1 and the effective use of these systems
Corporate Governance Strategy We will implement CSR and ESG management with a view to realizing a sustainable global environment and increasing long-term value for stakeholders, and strengthen the corporate governance system that supports these efforts.	1. Focus on sustainability issues, including human rights throughout the supply chain, and promote Green Transformation (GX) through our business. 2. Comply with global information disclosure frameworks and promote active dialogue with society. 3. Implement corporate governance reforms to enable sustainable growth.	• Achieve carbon neutrality to prevent global warming, protect natural environments (water, air, and soil pollution), and support a society living in harmony with nature. • Disclose information to stakeholders in a timely manner. • Promote human rights due diligence. • Through the thorough implementation of corporate ethics, achieve zero occurrences of major management disruptions.	• Achieved zero significant legal violations through compliance training (our company and partner companies) and antitrust training (our company and affiliated companies in Japan). • Proposed GHG emission reduction: 26,122 t-CO_2 • Industrial waste recycling rate: 92.4% • CFC/halon leakage: 115 kg/50 kg • Chemical spill incidents (hydrofluoric acid and nitric acid wastewater): 2 cases • Ongoing human rights due diligence efforts • Sustainability education and (from the next fiscal year) a systematic education initiative	• Strengthen efforts to address sustainability challenges • Establish methods for reducing GHG emissions • Monitor sustainability activities within the supply chain • Prevent information security incidents/damages • Ongoing compliance and governance education • Ongoing promotion of human rights due diligence (including supply chain) • Understand, publicize, and implement environmental laws and regulations (chemical substances, asbestos, specialized construction)
Human Capital Strategy With a diverse and multi-talented workforce of various specialties, we will develop our human capital in ways that organically link individual career plans with company career paths. We will also allocate talent to sites where work style reforms are in place and to areas of business based on our business infrastructure augmentation strategy according to their work performance and current situation.	1. Further promote diverse work styles that are not bound by time or place. 2 Establish and operate a human resources portfolio linked to management strategies. 3. Foster human resource through education, training and reskilling linked to management strategies. 4. Create new values through diversity and inclusion. 5. Improve employee engagement and promote a corporate culture that fosters it.	• Through external agency surveys, make organizational improvements that enable employee engagement. • Through health and productivity management, keep overtime within 45 hours per month and 360 hours per year and achieve zero resignations due to lifestyle-related illnesses, mental health issues, childcare, or caregiving. • Create new added value through the realization of diversity and inclusion.	• Five initiatives to contribute to diversity promotion (sales-related) • Education programs to improve engagement through worksite education and basic technical training • Female technical staff gatherings (individual interviews with young employees and an opinion exchange and worksite tour of the Kyushu Branch) • Expansion of farm-based employment for people with disabilities (three teams) • Completion of the introductory phase of the next Medium-term Management Plan through management skills training • Continued accreditation as a Certified Health & Productivity Management Outstanding Organization (2025)	• Education, planning and promotion aimed at the drafting of the next medium-term management plan • Plan and promote communication that contributes to improved employee engagement • Develop training programs in line with the Human Resources Development Policy • Secure and develop the diverse range of talent required for medium- to long-term growth • Enhance productivity and job satisfaction through flexible work styles • Reskilling to strengthen consultative selling • Provide education and training for mid-career technical hires to acquire SNK operations skills

*1 DAIKIN INDUSTRIES, LTD. offers IT solutions:
Space Finder: A package designed to digitalize and streamline business processes for forms, applications, and approvals (workflow reform)
Smart Innovator: A no-code application development platform
*2 SFA: Salesforce Automation, a sales support system

SNK Vision 2030

Materiality — Opportunities and risks

Materialities to be incorporated into management tasks

		Why we pursue these initiatives	Main initiatives	Opportunities	Risks	Responsible division
Solving social issues and contributing to the sustainability of society	**1** **Promote proactive efforts that contribute to the global environment** 1-1. Prevent global warming through carbon neutrality 1-2. Protect the natural environment (water, air and soil pollution) and realize an ecologically balanced society	To actively contribute to the prevention of global warming through the achievement of carbon neutrality, while also protecting the natural environment (water, air, and soil from pollution) and realizing a society in harmony with nature, we are advancing efforts such as reducing GHG emissions, switching to renewable energy, and proposing environmentally friendly designs; promoting the development of technologies to combat global warming and the recycling of on-site industrial waste; and preventing chemical substance leaks.	• Achieve net zero GHG emissions with initiatives for monitoring fluorocarbon leakage volumes, tracking GHG emission reduction trends, and proactively implementing renewable energy. • Promote environmentally conscious proposals to reduce GHG emissions and advance the development of environmental technologies. • Work to transition to a circular economy society by promoting industrial waste recycling and controlling water, air, and soil pollution.	• Increase orders through proactive adoption of the Geothermal Tornado Method®, a technology for using geothermal heat, which is an area that is gaining attention. • Promoting ZEBs and introducing high-efficiency equipment and systems has become essential today. This has driven increased interest in highly energy-efficient facility systems that can reduce operational costs. Starting ZEB conversion projects for large-scale complex facilities and enhancing the performance of our EnergyQuest® Cloud heat source optimization control system will open new markets. • We expect to enter new markets by building economic systems that reduce environmental impacts, and minimize waste generation and emissions of harmful substances. • Start of collaborations with decarbonization startups	• As the impacts of climate change become more apparent and legal restrictions are imposed, orders will decrease if effective technologies to meet customer demands are not in place. • Moving toward a carbon-free society, there has been increasing demand for ZEB and highly energy-efficient buildings. If sufficient technical capabilities to present construction costs that satisfy customers or propose ways to reduce operating costs are not in place, opportunities for us to win orders will be lost. • Failure to keep up with the global shift from one-way economic and social activities to a circular economy that uses resources sustainably will lead to a decline in corporate value.	• Management Planning Division • Administration Division • Engineering Division • Construction Management Division • Research & Development Center
	2 **Promote technical innovation** 2-1. Provide superior construction and air quality 2-2. Develop new technologies to mitigate disasters and build resilience, and provide solutions for new societal concerns. 2-3. Promote technology provision and joint development through industry-academia-government alliances and regional collaboration	To respond to the diversifying needs that accompany changes in values and behavioral patterns by fusing the knowledge we have accumulated with new technologies. To create safe, secure, comfortable and attractive spaces, and to provide customers with assets that can be used into the future and disaster-resistant facilities that take into account the impacts of climate change.	• Provide SNK's quality to customers by promoting strengthened quality management through prompt investigation of the causes of complaints and accidents and timely internal sharing of measures to prevent recurrence. • Develop technologies that will deepen and differentiate our strengths by developing and expanding technologies for infectious disease countermeasures and natural disaster countermeasures, and addressing societal issues using fine particle visualization technology. • Advance joint research and development through industry-academia-government and regional collaborations to drive innovation.	• A reduction in quality incidents and enhancement of customer trust can be expected. • Demand for infection control technologies and resilience technologies is expanding in response to the emergence of new infectious diseases and environmental destruction (soil and water resource contamination). We are developing new businesses by deploying our disaster and infectious disease countermeasure product DiverCell® and introducing resilience technologies such as our flood prevention damper Jabba Shut. • Expectations for pioneering new solutions that leverage our knowledge: joint research with Chiba University aimed at contributing to radiation disaster medicine, new technology development through the establishment of a new technology development base, and creating innovation in the space sector.	• Delays in onsite work due to labor shortages will spread throughout the supply chain, resulting in significant work schedule delays and construction quality that is not in line with customer demands. This will lead to a loss of trust. • Climate change will lead to increased demand and requests for infectious disease countermeasures and resilience technologies. Delays in technological development will result in more frequent and prolonged requests for worksite closures, leading to increased costs. • Failure to apply the technologies we have cultivated in different domains will cause our innovation strategy to fall significantly behind.	• Engineering Division • Construction Management Division • Nuclear Power Division • Solutions Division • Research & Development Center
	3 **Strengthen on-site capabilities (ensure safety and quality, build supply chain relationships, grow technical capabilities)** 3-1. Eliminate occupational accidents 3-2. Strengthen supply chains 3-3. Increase productivity	To create new value by promoting technological development and digitalization and improving the efficiency of worksites and supply chain operations, which will lead to increased productivity and safety. To eliminate industrial accidents and vehicle accidents through rigorous enforcement of key management items and strengthen occupational health and safety. In addition, to provide high quality that enhances customer assets through onsite support, including technology transfer.	• Ensure occupational safety and health to eliminate workplace accidents and vehicle accidents. • Objectively evaluate skilled workers and develop talent through 100% implementation of CCUS. Streamline and standardize the supply chain through an electronic purchasing system and CSR procurement policy. • Streamline and optimize worksite operations through digitalization.	• Worksite engagement will improve as we ensure safe workplace environments by reliably implementing measures to prevent the recurrence of occupational accidents and similar incidents. • The necessity and importance of reducing CO_2 emissions across the entire supply chain (at the product, services procurement, and logistics stages) will increase significantly. The start of full-scale operations of the logistics and processing network system SNK-SOLNet will streamline operations and save labor at worksites to reduce CO_2 emissions at the logistics stage. • Expecting improvement in employee engagement through the creation of optimal workplace environments: promoting information and communication technology at worksites, integrating core and peripheral operations into back-office functions, expanding resources through BPO utilization, and digitalizing work tasks. (DX certification acquired)	• Rising average temperatures will worsen working conditions at construction sites, increasing heatstroke risk and reducing the ability of workers to concentrate and pay attention. This will create an increased risk of unsafe behaviors and reduces work efficiency. • If companies do not recognize that decarbonization is a matter that affects the entire supply chain, they risk being left behind in broader sustainability trends. This will impact external organization ratings and diminish corporate value. • Digitalization will stagnate and operational efficiency and optimization will be delayed, leaving us far from resolving societal challenges such as reducing working hours and improving labor environments. This will lead to diminished corporate value.	• Administration Division • Engineering Division • Construction Management Division
Promote our business activities and strengthen the sustainability of our management	**4** **Improve employee engagement and respect human rights** 4-1. Promote health and productivity management and work-life balance 4-2. Foster the next generation 4-3. Diversity and inclusion 4-4. Respect for human rights 4-5. Promote dialogue with stakeholders	To reform work styles at construction sites, promote the recruitment of engineers, secure and develop human resources, and create attractive worksites where a diverse people can thrive. To build strong partnerships by co-creating value with stakeholders and promoting innovation through external collaborations (open innovation).	• Implement initiatives for management of overtime work hours and health promotion activities • Develop leaders who will contribute to expanding our business domains • Expand initiatives to secure and develop a diverse and multi-talented workforce with various specialties • Promote human rights due diligence • Active stakeholder dialogue through IR meetings and career education	• An efficient, high-quality workplace environment is expected to foster talent development and provide recruiting advantages. • Becoming an organization that tangibly embraces diversity and inclusion is expected to enhance talent acquisition and employee engagement. • Proactively and transparently disclosing sustainability initiatives will establish us as an attractive company to stakeholders, including investors. This will provide advantages for a higher stock price and for talent acquisition and development. It will also increase opportunities to secure large-scale new construction and renovation projects with new customers.	• Declining physical and mental health will lead to lower work motivation and productivity, damaging the corporate brand. • Technological advances have made it difficult for companies to differentiate themselves. Neglecting to secure and develop human resources, utilize diverse talent, or promote diversity will prevent management from achieving its business goals. • Failing to correct human rights violations will not only damage the corporate brand but will also damage management. • The intensification of technological innovation for decarbonization, the outflow of talent leading to the loss of key clients, and missed opportunities for large-scale new construction and renovation projects will lead to deteriorating performance and threaten business continuity.	• Management Planning Division • Administration Division • Sales Division • Engineering Division
	5 **Ensure adherence to corporate ethics** 5-1. Compliance 5-2. Risk management 5-3. Information security 5-4. Fair operating practices	To promote fair and honest business activities through strict compliance and risk management initiatives. To increase the trust from our customers and society by ensuring that each and every executive and employee of the Group acts with high ethical standards, and by promoting initiatives throughout the entire supply chain.	• Thorough compliance through training to ensure thorough understanding of corporate ethics, human rights, etc. • Thorough risk management through identification of risks and implementation of countermeasures • Strengthened information security through thorough education and awareness for executives, employees, and partner companies • Encouragement of fair and transparent transactions through education about anti-corruption, antitrust compliance, etc.	• Companies that reliably operate in compliance with all relevant laws are attractive to job seekers, drawing top talent and improving retention rates. • Having preventive and countering measures appropriately against risks that impact management and digitizing operations to ensure reliable execution are effective not only for risk management but also for robust governance, which will enhance corporate value. • Properly managing information and preventing leaks or loss through an information security system fulfills corporate social responsibility and enhances social credibility. • The above builds trust with customers, leading to the establishment of long-term relationships.	• Formalization of ethics-related publicity and training will lead to diminished governance awareness and increased violations and incidents. • The company will fall into non-compliance with the Companies Act and the SOX requirements. • Information leaks and legal violations will cause economic and social disadvantages. • Failure to thoroughly implement business ethics throughout the supply chain will result in corporate scandals that create economic and social disadvantages.	• Management Planning Division • Administration Division • Sales Division • Engineering Division

Sustainability Management

Basic stance

The Shin Nippon Air Technologies Group established a Sustainability Policy in June 2022. In line with our Corporate Philosophy, company policies, long-term vision, Medium-term Management Plan, Sustainability Policy, and the core subjects of ISO 26000, we have identified the materiality that must be included amongst our management issues in order to solve social issues through our businesses.

Sustainability Policy

In line with the SNK Group Corporate Philosophy of "nurturing harmony between society and nature to fulfill future hope — "Fill your tomorrow", we position this policy of sustainability initiatives as a critical management issue. As such, we are committed to promoting ESG management guided by the company policies and action guidelines. While valuing harmony and connections between society and the environment, we will continue to grow as a company that meets the expectations of customers and society through our core air conditioning business. In this way, we contribute to the realization of a sustainable society.

Furthermore, the SNK Group endorsed the United Nations Global Compact (UNGC) in January 2019, indicating our support for the Ten Principles in the four areas of Human Rights, Labor, Environment, and Anti-Corruption. To ensure the sincerity of signatories, the UN requires organizations to report annually on the details and results of their activities aimed at realizing the Ten Principles. Since FY2018, the SNK Group has submitted GC Active COPs* based primarily on the content of our integrated reports (SNK Report).

Moving forward, we will continue to engage with all of our stakeholders in an effort to realize a sustainable society.

*COP: Communication on Progress

Sustainability promotion framework

The SNK Group has established a Sustainability Committee under the Board of Directors as the organization responsible for addressing the sustainability-related issues surrounding our business and managing progress on materiality.

The Sustainability Committee monitors whether progress being made on the policies discussed and adopted by the Board of Directors in line with their stated goals. The Sustainability Promotion Committee, meanwhile, is responsible for developing and promoting the strategies of the Sustainability Committee. Furthermore, a Planning and Sustainability Promotion Department has been established within the Management Planning Division in order to promote and lead the sustainability activities of the SNK Group. Sustainability Practitioners have also been appointed in each division and Group company to promote the understanding and practices of ESG management. In FY2024, the Sustainability Committee held four meetings, where it discussed the social issues and materiality that affects the company, taking into account changes in the management and business environments, social situation, etc. The committee also provided advice and reports to the Board of Directors.

Shin Nippon Air Technologies Group sustainability promotion framework

Board of Directors ⇄ Sustainability Committee (Advising / Reporting)

Sustainability Committee ⇅ Sustainability Promotion Committee (Reporting / Policy guidance and monitoring)

Sustainability Promotion Committee

Developing/promoting strategies for solving social issues and enhancing corporate value

1. Contributing to the global environment (achieving carbon neutrality, protecting the natural environment, realizing a society coexistent with nature)
2. Promoting technological innovation (providing superior work quality and air quality)
3. Strengthening our work capabilities (ensuring safety and quality, maintaining relationships with the supply chain, enhancing our technical capabilities)
4. Enhancing employee engagement and respecting human rights (health management, work-life balance, talent development, diversity & inclusion, etc.)
5. Upholding rigorous corporate ethics (compliance, risk management, etc.)

Sustainability Promotion Committee ⇅ Sustainability Practitioners (Reporting / Promotion)

Sustainability Practitioners

- Divisions of Shin Nippon Air Technologies
- SNK Service Co., Ltd.
- NIPPO ENGINEERING CO., LTD.
- China Headquarters SNK (CHINA) CONSTRUCTION CO., LTD.
- Asia Headquarters SNK (ASIA PACIFIC) PTE. LTD.

Committee	Sustainability Committee	Sustainability Promotion Committee
No. of Meetings in FY2024	**4 times** (Generally once per quarter)	**4 times** (Generally once per quarter)
Objectives	The committee identifies sustainability-related issues in our business activities, establishes basic policies, and monitors whether they are implemented in our business activities and contributing to corporate value enhancement.	The Sustainability Promotion Committee develops and promotes strategies to enhance corporate value based on sustainability-related issues identified by the Sustainability Committee and the company's sustainability policy. It also reports to the Sustainability Committee on the matters it discusses.
Members	The committee, which is chaired by the President and Representative Director, consists of the Chairman of the Board of Directors, directors, an outside director of the Audit and Supervisory Committee who is an expert in environmental and sustainability matters, and individuals appointed by the chairman of the committee (total nine members including one female member).	The Sustainability Promotion Committee is chaired by a director appointed by the chairperson of the Sustainability Committee, and consists of individuals selected from each division and affiliated company (total 12 members including two female members).
Main Topics of Discussion	· Identifying issues and establishing basic policies 1. Sustainability promotion activity reports and evaluations · Monitoring Implementation of the Basic Policy 1. Progress on Integrated Reports (SNK Report) 2. Human Rights Due Diligence Progress Reports · Monitoring corporate value enhancement measures 1. Progress on CDP responses and SBT certification 2. GHG emission third-party verification report	· Matters discussed by the Sustainability Committee · Progress and evaluation of sustainability promotion activities · Communications regarding sustainability activities · Human Rights Due Diligence Progress Reports · Work-Life Balance and Diversity & Inclusion Activities Progress Reports · External Assessment (CDP, SBT) Status Reports · Integrated Report (SNK Report) Preparation Status Reports

SNK Group stakeholders

The SNK Group recognizes that in corporate management, co-creating value with diverse stakeholders—not only shareholders, but also employees, business partners, customers, creditors, and local communities—is essential for ensuring the sustainability of society and the company. Based on this recognition, we actively promote corporate social responsibility initiatives throughout our business activities. At the same time, we are also striving to improve our communications with stakeholders at every opportunity. This includes not only our business activities, but also our social contribution activities, utilizing information disclosure through media such as our website and various reports, as well as direct dialogues.

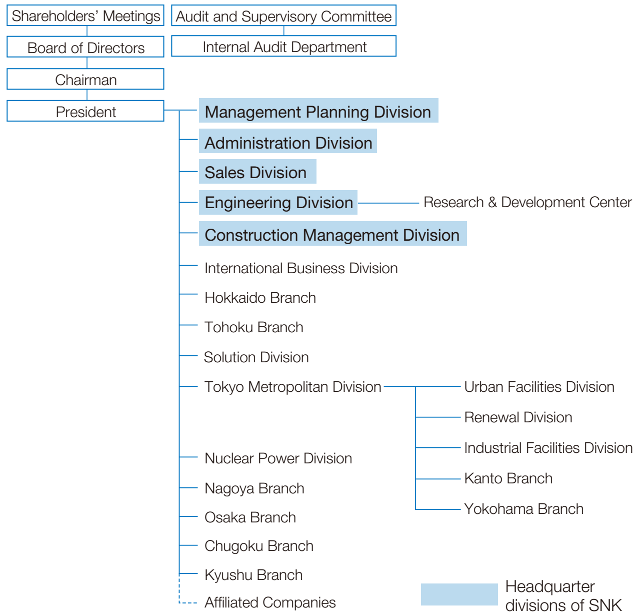
The SNK Group revised its multi-stakeholder policy in March 2025. In accordance with our Declaration of Partnership Building, we will continue to give due consideration to our business partners.

Declaration of Partnership Building
https://www.biz-partnership.jp/declaration/59693-04-00-tokyo.pdf

	Roles of the SNK Group	Communication tools	Opportunities for communication
Shareholders and Investors	• Timely disclosure of management policies /strategies and other Information • Timely disclosure of management figures • Appropriate Profit Returns	• Financial results summaries and briefing materials • Securities reports • Business reports • Corporate governance reports • Annual reports • Integrated reports (SNK Report) • SNK Group website	• Shareholders' meetings • Financial results announcements/briefings (interim/year-end) • IR meetings (as needed)
Customers	• Creation of comfortable and optimal environments • Developing new solutions by combining customer needs with our development seeds	• SNK technology pamphlet "Invitation to SNK e-Labo®"	• Sales activities • SNK e-Labo® tours
Local Communities	• Supporting community development/revitalization through collaboration with government and local communities		• Local volunteering
National/Local Governments	• Striving to support the recovery/reconstruction of areas affected by disasters, pandemics, etc.		
Business Partners	• Building mutual understanding and trust	• CSR procurement guidelines	• Fair and impartial selection of suppliers
Employees	• Sharing of trust/responsibility between labor and management • Equal employment opportunities and fair working conditions	• Kawaraban (Company Newsletter) • Intranet • Helplines	• Regular information exchanges with management • Training programs/sessions • Staff union activities

To Achieve Our Five Basic Strategies - HQ Initiatives

The Management Planning Division, Administration Division, Sales Division, Engineering Division, and Construction Management Division are all involved in drafting the company-wide business plan and our operational plans. The role of management is to develop and execute the company-wide policies spearheaded by each division based on these plans. Management will oversee all of the business divisions, and provide them with the coordination and support they require. Each business division develops and executes its own division plans based on the company-wide policies.
These company-wide policies consist of the five basic strategies for SNK Vision 2030 and our plans for addressing our basic issues. The basic issues we must address were identified based on a reexamination of ongoing issues from SNK Vision 2030 Phase I, as well as changes in the social situation. By addressing these issues, we hope realize and materialize our Medium-term Management Plan, SNK Vision 2030 Phase II, and by extension, our Vision.



Management Planning Division

Basic Strategies for achieving SNK Vision 2030 Phase II

We plan and develop sustainability management strategies and promote the following initiatives to strengthen stakeholder engagement

- Planning and promoting public relations activities to develop the SNK brand strategy
- Using digital transformation (DX) to provide value efficiently
- Promoting digital transformation (DX) and its permeation within the Group to streamline sustainability promotion initiatives
- Strengthening collaboration with the supply chain to reduce GHG emissions

FY2024 performance report

- Enhanced corporate branding efforts through a total overhaul of the corporate website (June 2024), implemented analytics tools, and increased awareness through new corporate advertising production and placement (March 2025)
- Completed the planning and implementation phases of development project for the next Medium-Term Management Plan.
- Implemented systems to streamline GHG emissions calculations (Scope 1 emissions are now aggregated using SF/SI*)
- Conducted activities to disseminate information on the integrated report (SNK Report 2024) as part of sustainability education (931 participants), and discussed education systems for FY2025 and beyond

FY2025 Plan

- Promote strategic advertisement placement and brand message reinforcement to enhance brand value
- Implement/maintain efficient workplace IT infrastructure
- Promote digital transformation (DX) to streamline management accounting and sustainability promotion initiatives
- Promote green transformation (GX) involving the supply chain
- Promote the integration of sustainability promotion activities within the Group and develop new activity goals
- Prevent information security incidents/damages
- Conduct management skill training and plan/promote initiatives related to the development of the next Medium-term Management Plan

* SF (SpaceFinder): Software for document management and workflow
SI (Smart Innovator): A business application development tool

Administration Division

Basic Strategies for achieving SNK Vision 2030 Phase II

Promote the following initiatives to realize human capital management (securing and developing diverse talent, promoting work style reforms, human rights DD, etc.), to ensure compliance, strengthen governance, and streamline operations through digitalization

- Securing human capital through new-graduate and mid-career hiring
- Promoting work style reforms focused on work-life balance
- Ensuring compliance through continuous education
- Promoting management in compliance with laws and regulations

FY2024 performance report

- Secured the human capital needed to achieve business plans through new-graduate hiring effective for meeting quality/quantity needs, and mid-career hiring effective for filling talent gaps (60 new graduates and 13 mid-career personnel hired).
- Continued to promote women's empowerment ("Minna de Butterfly" initiative)
- Certification as a Health and Productivity Management Outstanding Organization for 2025 (certified for the fourth consecutive year)
- Conducted compliance education (targeted: employees from October to December 2024, and partner companies from November 2024 to February 2025), Achieved no major compliance violations
- Continued to engage in human rights due diligence

FY2025 plans

- Optimize management resources through verification of cross-shareholdings
- Review company-held assets to enhance profitability
- Continue compliance promotion activities and collaborate with the Audit and Supervisory Committee to strengthen governance
- Continue to engage in human rights due diligence and expand related measures in collaboration with affiliated companies
- Strengthen management systems to comply with the regulation on an upper limit on overtime hours
- Realize human capital management (building training programs aligned with talent development policy, securing and developing diverse talent, etc.)
- Promote work style reforms aimed at having all employees engaged

Sales Division

Basic Strategies for achieving SNK Vision 2030 Phase II

Establish competitive superiority in anticipation of changes in the business environment, Optimize sales activity through digitalization, maintain mechanisms for assuring compliance and fair operating practices, and promote the following initiatives to achieve these goals

- Strengthening solution provision capabilities that contribute to solving social and customer challenges
- Developing talents capable of responding to customers' increasingly complex needs
- Turning accumulated sales process information into knowledge
- Continuing compliance education

FY2024 performance report

- Considered 30 and signed 5 alliances aimed at strengthening solution (problem-solving) capabilities
- Conducted educational targeted at employees' development levels (field training on particle visualization, EnergyQuest® technical training) Developed an annual education plan and conducted training (for new hires, second-year and other employees.)
- Promoted diversity of sales staff (diversification of attributes, skills, and sales style)
- Conducted particle visualization field training, EnergyQuest® technical training to strengthen technical sales capabilities, validation training and other education in collaboration with the Industrial Facilities Division. Implemented 90% of technical proposal activities
- SNK and domestic affiliates: Conducted anti-monopoly education and had zero compliance violations
- Aimed to leverage DX to expand sales opportunities and optimize sales activities by streamlining deskwork with SFA, thereby increasing the number of customer meetings, and increasing sharing of property information through timely updates.
- Shared knowledge created from sales process information accumulated through increased SFA usage

FY2025 plans

- Actively take on challenging new fields and customers with an eye on the future
- Leverage both SNK technologies and alliances with corporate, academic, governmental, and other partners to promote business opportunities through solving social and customer challenges
- Pursue appropriate contracts to hedge against anticipated risks based on market trends and future cost projections (increasing material costs, labor costs, etc.)
- Further streamline operations through DX (by reducing deskwork and streamlining sales operations through SFA) and effectively use time saved (by increasing opportunities for customer meetings and negotiation preparations)
- Ensure understanding of compliance and implementation of related initiatives
- Appropriately ascertain the credit status of business partners and manage credit risks
- Encourage participation in cross-industry exchanges and study sessions to develop talents who have deep insights and expertise in diverse fields
- Reskilling to strengthen technical (proposal-based) sales: Hold training and study sessions on proposal drafting and launch a Proposal Challenge program

Engineering Division / Construction Management Division

Basic Strategies for achieving SNK Vision 2030 Phase II

Promote the following initiatives to assure proper execution of business processes, promote workplace ICT, realize sustainability, strengthen talent development, and effectively utilize talent

- Separation and streamlining of core and ancillary business operations
- Promotion of Zero-Accident campaigns and strengthening quality control
- Promoting GHG reduction proposal activities
- Building a knowledge management network (transition to and effective use of SF/SI)
- Transferring techniques, skills, and mindsets to the next generation

FY2024 performance report

- Expanded the number of worksites using Polaris, the SNK's new construction work management system (466 of 861 worksites + 25 sites)
- The frequency rate of workplace accidents was 0.27 (0.48 in the previous fiscal year), and the severity rate was 0.01 (0.03 in the previous fiscal year).
- The transition of accident reporting to the SF/SI format has been completed, with operations scheduled to begin in FY2025. Accumulated data on accidents and began analysis to prevent reoccurrence
- The number of worksites utilizing DroneDeploy* increased to 40, supported by continued operational assistance enabled through expanded platform functionality.
- Continued GHG reduction proposals, achieving 26,122 tons of CO_2 reduced (target: 37,535 tons of CO_2 / year)
- Data collected to support efforts for promoting a circular economy: Recycling rate 92.4% Chemical spill incidents (hydrofluoric acid and nitric acid wastewater): 2 cases
- Integrated curriculum to increase employee engagement into the basic technical training (workplace management education and fundamental technical training), and implemented it
- Conducted training for mid-career technical hires
- Held female technical staff gatherings and promoted women's empowerment: one-on-one meetings with junior staff, roundtable discussions, and workplace tours promoted and continued activities to improve the workplace environment for female employees and raise awareness of outstanding issues from previous fiscal years

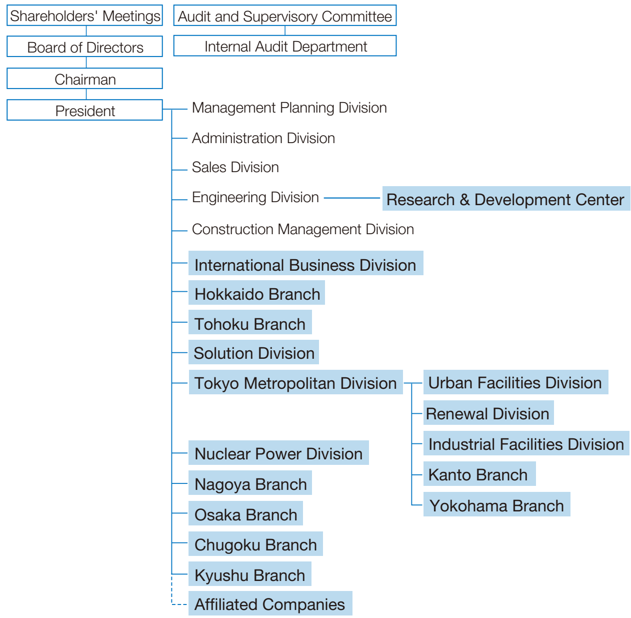
FY2025 plans

- Deepen SNK's strengths in light of customer needs and promote development of unique and differentiating technologies
- Promote technology partnership and joint research through industry-government-academia collaboration (including with startups)
- Enforce key controls to eliminate workplace accidents
- Ensure CCUS (Construction Career-Up System) in place and aim for its 100% implementation at prime contractor workplaces
- Promote the separation of core and ancillary site operations and further promote their efficiency
- Promote and operate labor-saving and efficiency improvement measures in construction site operations, through the transition of reporting workflows to SF/SI and the effective use of these systems
- Accumulate and leverage knowledge to promote the sharing of intellectual assets such as technical information, expertise, know-how, and experience
- Implement appropriate construction management by establishing the use of SF/SI, Polaris, and Kouteizu
- Enforce controls to prevent refrigerant leaks and pollution of the atmosphere, water, and soil
- Promote activities to propose measures for reducing greenhouse gas emissions
- Increase employee engagement to develop young engineers by providing goals, targets, and motivators
- Transferring techniques, skills, and mindsets to the next generation

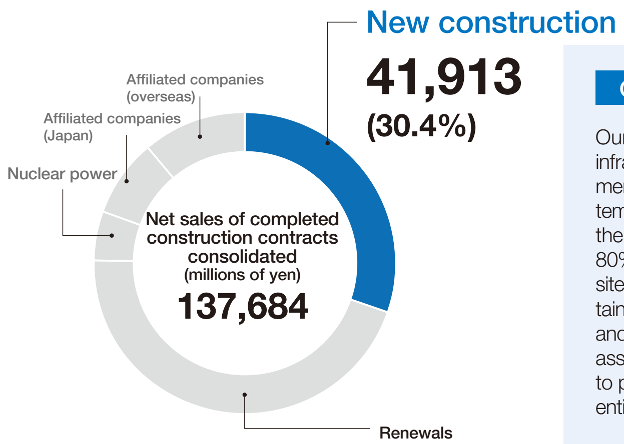
* Drone Deploy: A construction industry platform utilizing drones for analysis and information sharing

To Achieve Our Five Basic Strategies - Business Initiatives

The Shin Nippon Air Technologies Group has established company-wide policies spearheaded by each division based on the fundamental issues to be addressed within the five basic strategies of SNK Vision 2030: the Business Infrastructure Augmentation Strategy, the Profitability Improvement Strategy, the Digital Transformation Strategy, the Corporate Governance Strategy, and the Human Capital Strategy. In order to achieve SNK Vision 2030 Phase II, we are advancing initiatives that leverage our strengths and unique features in each business domain to address social issues.



New construction



Contribution to the achievement of SNK Vision 2030 Phase II

Our new construction (healthcare and industrial) businesses support social infrastructure by providing people with comfortable and healthy living environments and by providing factories, data centers, and other facilities with optimal temperature and humidity conditions for the machinery and products operating there. New construction and renewal businesses in total account for around 80% of our net sales of completed construction contracts. The strengthening of site-level operational capabilities that realize greater business profitability and sustained growth in construction execution contributes to strengthening the safety and quality control system and the enhancement of productivity. To avoid risks associated with shifting market trends, rising material costs, etc., we will continue to promote initiatives including information gathering and initiatives throughout the entire supply chain.

Business domain overview

The new construction domain has two fields: healthcare field, which deals with air conditioning systems in offices and commercial facilities that are part of everyday life, and industrial field, which deals with air conditioning systems for data centers, semiconductor factories, and other facilities that support our digital society.

The healthcare field deals with air conditioning systems designed to maintain comfortable environments inside office buildings, commercial facilities, hotels, hospitals, cultural facilities, etc. In addition to providing high air quality to protect people's health, there are also needs to introduce energy-saving technologies and renewable energy in order to achieve carbon neutrality by 2050. The SNK Group provides numerous facilities and systems tailored to customers' needs, leveraging its advanced technical capabilities and extensive construction track record. We are also focusing on developing technologies such as AI-powered energy consumption visualization and operational control optimization, and are actively incorporating them into large-scale facilities, including those being built as part of urban redevelopment projects.

The Industrial field deals with air conditioning systems designed to maintain the optimal environment for the machinery and products inside factories, data centers, district heating and cooling (DHC) facilities, nuclear power plants, and other facilities. In industrial sectors, air conditioning systems are essential for the operation of production machinery, servers, and other industrial equipment. In applications such as manufacturing for precision equipment or semiconductors, pharmaceuticals, and GPU server farms, air conditioning systems are required to ensure environments with stable temperature and humidity stability while also meticulously controlling air pressure and cleanliness to prevent contamination by fine particles (such as microorganisms). Our proprietary design and construction technologies help solve the various challenges that customers face, such as reducing environmental impact, improving product yield, and cutting operational costs.

Maintaining and raising the bar for "SNK Quality" to build trust and provide one-stop solutions

Akira Okada
General Manager of Urban Facilities Division

The SNK Group's strength lies in its ability to provide one-stop solutions for everything from new construction to renewals. The relationships we have built with clients by supporting the value of their assets over the long term are the cornerstone of our business. The mission of the Urban Facilities Division, which handles new construction in the healthcare field in the Tokyo metropolitan area, is to build up a high level of trust through high-quality construction work, paving the way for future renewals.

In order to steadily fulfill this role while also enhancing our on-site operational efficiency, we have advanced a number of initiatives based on the profitability improvement strategy outlined in SNK Vision 2030 Phase II. This includes strengthening the functions of the Smart Technical Center (STEC) that was newly established within our division, as well as developing SNK-SOLNet, our logistics and processing network system.

While challenges such as labor shortages and extended construction timelines remain, we will strive to maintain and raise the bar for "SNK Quality" with respect to our technical expertise and work capabilities by taking on a well-balanced mix of projects in terms of scale and difficulty. It is also essential that we hone our ability to make proposals with a more overarching perspective that transcends the individual building and focuses on enhancing the value of the entire city or region.

To further solidify the business foundation we have built, we will steadily implement one effective measure after another to consistently provide and build upon value. These measures include clarifying contract terms, optimizing human resource allocation, and leveraging the power of AI to share knowledge across the entire company, just to name a few.

Responding to industry needs with data-driven optimal proposals, giving peace of mind and environmental impact reductions to manufacturers

Koji Ninomiya
Managing Officer and General Manager of Industrial Facilities Division

The Industrial Facilities Division primarily handles the design and construction of air conditioning, sanitation, and utility systems for the manufacturing industry. Although we are focused on the Kanto region, we provide our technical expertise and human resources to support projects across Japan in collaboration with other branches. We handle many transactions directly with clients without involving general contractors, and we continue to be involved not only in new construction, but also in renewals such as facility upgrades and line modifications. The manufacturing industry has short investment cycles, so by having the same division handle everything from new construction to renewals, we provide customers with peace of mind and prompt service.

In the Industrial field, the target of air conditioning is machinery and products, not people, and a high-level control of temperature and humidity is required. SNK's strength lies in its ability to propose efficient specifications based on accumulated operational data such as the heat output and exhaust volume of equipment. Avoiding excessive investment on the part of customers not only reduces their costs, but also contributes to lowering their environmental impact by reducing energy consumption.

In addition to having a long track record in semiconductor-related cleanrooms, we are also focused on precision equipment, medical, pharmaceutical, and food sectors. To ensure stable growth going forward, we will further broaden the scope of our business and meet diverse needs.

Our mission is providing the infrastructure that supports manufacturing, which includes not just air conditioning, but also utilities such as ultrapure water, specialty gases, and exhaust systems.

While we have no shortage of projects thanks to robust industrial capital investment by customers, securing and developing talent has become a pressing issue. While embracing flexible hiring practices and diverse talent, we will cultivate people who deeply contemplate the value they can deliver to our customers and society and take that extra step when making proposals.

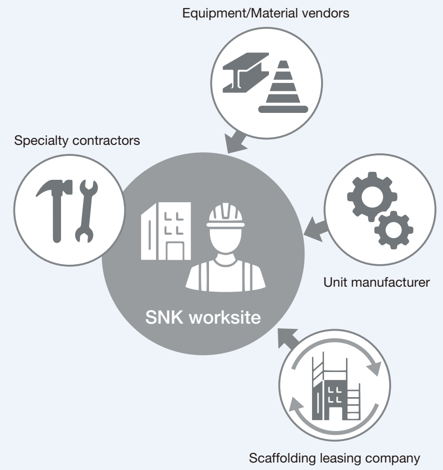
New construction

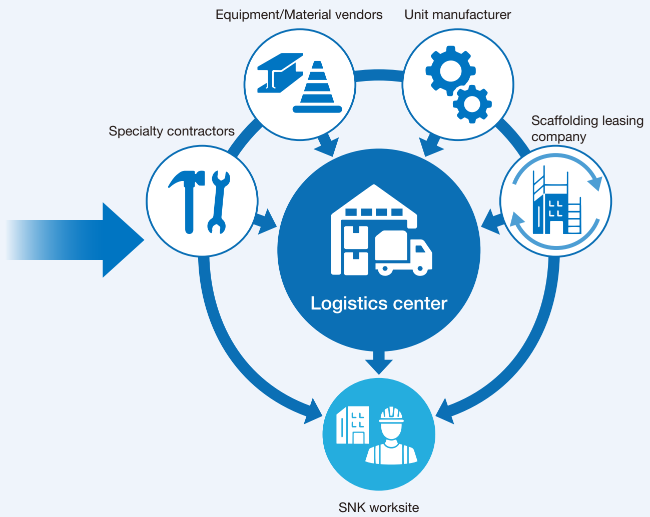
Case Studies — New construction/ Healthcare

Case 1 SNK-SOLNet

As part of our efforts to streamline worksite operations, we developed a proprietary sustainable network system called SNK Sustainable Offsite & Logistics Smart Network System, which was put into operation primarily in the Tokyo metropolitan area starting in April 2024. In the past, multiple subcontractors would directly deliver materials and equipment to our worksites, where they would be processed/assembled before the construction work was performed. This led to a number of challenges, including increased work hours spent on tasks not directly related to construction, such as coordinating delivery times and disposing of waste material. SNK-SOLNet has given us more flexibility to adapt to worksite conditions. For example, we can now consolidate materials and equipment at logistics centers before delivery to worksites, or we can have partner companies collaborate with each other to process materials and equipment before they are delivered. This has resulted in reduced work hours and lower GHG emissions, among other benefits.

We have demonstrated that the system can reduce on-site work hours by around 10 to 30%. We will continue to pursue its nationwide deployment of the system and build networks on a regional basis.





SNK-SOLNet (SNK's proprietary sustainable network system)

Case 2 Smart Technical Center (STEC)

In the construction industry, an overtime cap introduced based on the amended Labor Standards Act has been in force since FY2024. Ultimately, worksites are the places where the greatest efforts to reduce overtime must be made. Before the amended law took effect, we have used labor-division to separate tasks that need not to be performed on-site, by actively transferring these tasks to other departments, utilizing outsourcing, etc. It is the Smart Technical Center (STEC), established in April 2023, that supports this initiative. STEC functions like a mothership that transcends divisional boundaries, as a system that facilitates labor division and efficiency improvements. By handling everything from worksite front-loading, ancillary tasks, and construction management support to in-process inspections, trial run coordination, and complaint and incident handling, STEC contributes to operational efficiency, productivity enhancement, and labor reduction.

Currently, STEC is operated by 49 employees (including temporary and contracted personnel). While solving various challenges and continuously studying which operations to outsource, we will implement centralized management that connects multiple worksites to create an environment where each worksite team can focus on their core tasks.

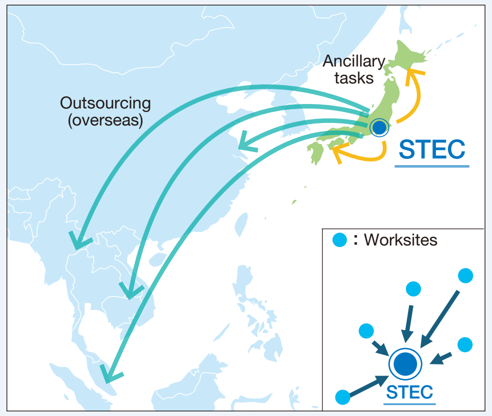


Illustration of back-office task outsourcing

Case Studies — New construction/ Industrial

Case 1 Evolving and expanding application of our proprietary Particle Visualization Technology

With the high global demand for semiconductor, our proprietary Particle Visualization System (which is capable of visualizing the behavior of invisible particles suspended in air or liquids) has been utilized to identify particle sources and uncover contamination pathways within cleanrooms and manufacturing equipment. In recent years, this technology has also been utilized to verify airflow and ventilation in medical settings, manufacturing plants, and living environments, and is recognized as an indispensable technology for analyzing the behavior of dust and aerosols.

In 2023, we independently developed Particle Eye®, a family of three new ultra-sensitive cameras equipped with our ViEST® Engine high-speed image processing technology. This evolution of our particle visualization technology has made it possible not only to visualize particles, but also measure quantitative information such as their quantity and speed.

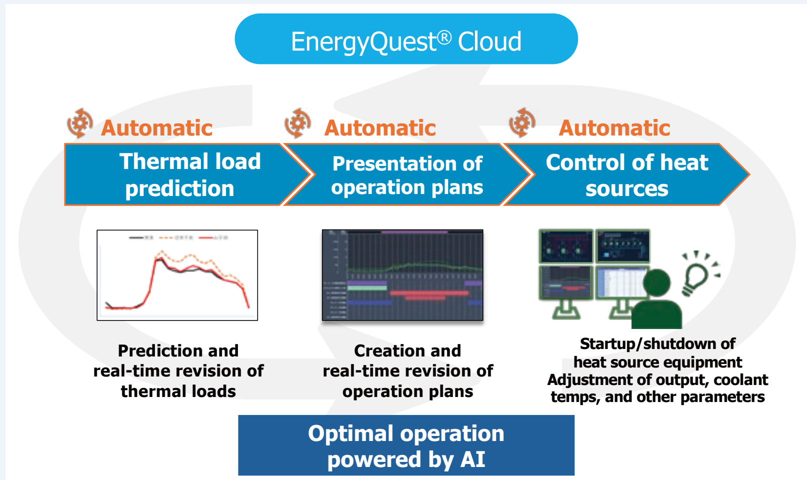
Meanwhile, our newly-developed Particle Eye® CC continuous monitoring system, similarly equipped with the ViEST® Engine, can record particle behavior while simultaneously quantifying and graphing particles by size, making it suited for application in areas requiring real-time detection and long-term analysis, such as inside manufacturing equipment or process piping. Moving forward, we will continue the evolution of our particle visualization technology while also expanding its scope of application.

Particle Visualization System

Case 2 EnergyQuest® Family

In order to accelerate carbon neutrality and energy saving efforts towards realizing a sustainable society, there is a critical need to reduce CO_2 emissions from heating systems, which account for approximately 30% of a building's energy consumption, while also reducing the labor cost of doing so. To that end, we offer the EnergyQuest® family of products.

The EnergyQuest® family consists of four products with capabilities ranging from analyzing conditions in customers' buildings to clarify challenges with facility operations to automating operations through optimized heat source control. Namely, EQ Data Glass®, which provides multi-faceted visualizations of building equipment operating status and energy consumption, EQ Planner®, which simulates energy consumption based on the configuration and operating conditions of heat source equipment, EQ Guidance, which presents AI-optimized operation plans for heat source equipment, and EnergyQuest® Cloud, which adds precision automated operation to EQ Guidance. We can provide these products according to customers' needs. By developing and offering the EnergyQuest® family, we will contribute to a sustainable society and our customers' efforts to conserve energy, reduce CO_2 emissions, and save labor.



For more information on the EnergyQuest® family, please visit our website.
https://www.snk.co.jp/Portals/0/energy-quest-family/

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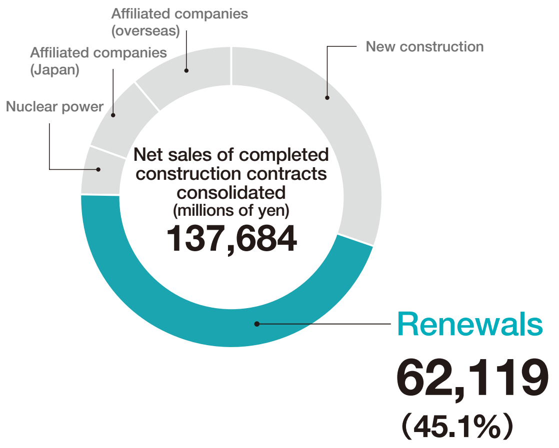
Renewals



Contribution to the achievement of SNK Vision 2030 Phase II

Renewals have significantly contributed to the company's performance, accounting for around 50% of net sales of completed construction contracts. This has been driven by the increasing number of major renovations of offices and other buildings incorporating energy-saving technologies. It also contributes to solving customer challenges by providing one-stop solutions where each division and affiliated company works together to handle everything from new construction and maintenance to repairs and renewals. Moving forward, we will expand our one-stop construction system and provide sustainable services while we sincerely address diversifying customer needs including cost, turnaround times, and emissions reduction. In this way, we will contribute to both sustainability and the expansion of our revenue base.

Business domain overview

We focused on the lifecycle of building air conditioning equipment before any of our competitors. The equipment of buildings deteriorates faster than their structures themselves in terms of functionality and safety. As a result, daily maintenance and periodic repair and renewal of facilities are required. Renewals enhance the performance and functionality of buildings' equipment beyond that when they were built, increasing the customers' asset value for years to come. Based on the processes of analysis of the current status, assessment, proposal, installation, and maintenance management, we propose renewal plans that utilize the latest technology, including our own proprietary technology tailored to meet customer needs. Japan's first skyscraper, the Kasumigaseki Building, was constructed in 1968 using technology that was the state of the art at the time. The building has undergone numerous major and minor renewals over the years, and maintains high air conditioning functionality today. Our Renewals business renovates the air conditioning systems of existing buildings, further improving their energy efficiency and reducing CO_2 emissions, contributing to the solution of the challenges of protecting the environment while pursuing comfort, and also enhancing the value of customers' buildings.

Leveraging our robust internal and external networks to consistently meet customers' maintenance, repair, and renewal needs

Koji Ishiura
Managing Officer and Renewal Division Manager

Our Renewals business handles the maintenance, repair, and renewal of a building's equipment after construction is completed, dealing primarily with office buildings the Group has worked on. Building equipment performance and efficiency deteriorates after about 15 to 20 years. Our role is to address the need for system overhauls and renewals that arises at this stage. By collaborating with our wholly-owned subsidiary SNK Service Co., Ltd., we are able to respond to requests for maintenance and repairs in a timely manner.

A renewal project consists of multiple sub-projects, including equipment installations, electrical work, structural work, and sanitation work. By undertaking all of these ourselves as a single contract, we are able to coordinate them in a way that the burden on the customer is reduced. Since our division's very inception, we have addressed customer's diverse needs by, among other things, consistently taking on occupied renovations, which many other companies are reluctant to undertake.

As renewals demand specialized expertise and skills in all of fields relevant to the project, the SNK Group's most significant strength is its adaptability, which is underpinned by its robust network of partner companies with strengths in these fields. In rolling out our SNK-SOLNet, we aim to increase the logistical efficiency of the entire supply chain by sharing our know-how on topics such as consolidated delivery with partner companies, and having them learn from our real-world experience.

With the growing interest in decarbonization and efficient energy use in recent years, we have focused on introducing high-efficiency equipment and leveraging our proprietary technologies to provide low-CO_2 emission systems. We are also actively contributing to achieving carbon neutrality, aiming to be an industry leader in ZEB retrofits.

Case Studies

Case 1 Japan's first ZEB retrofit of an existing mixed-use building over 100,000 m^2

We signed a construction contract in March 2025 for the ZEB retrofit of SHINAGAWA EAST ONE TOWER (the headquarters of Daito Trust Construction Co., Ltd., hereinafter "Daito"). Daito began its ZEB retrofitting plan for its Shinagawa East One Tower (the headquarters of Daito) in 2020, completing its ZEB retrofit on the 22nd floor, and conducting analytical surveys from 2021 to 2022. As a result of these efforts, in March 2023, they received the highest five-star rating under the Building-Housing Energy-efficiency Labeling System (BELS) for the entire building, certifying it as "ZEB Oriented." The upcoming retrofit will commence in October 2025, and is scheduled for completion in March 2028. It is expected to reduce primary energy consumption by over 40% in the building's office areas and over 20% for the entire building. This will be Japan's first ZEB retrofit of a building with a gross floor area over 100,000 square meters. We will steadily advance our ZEB retrofitting initiatives to contribute to the realization of a sustainable global environment and enhance customer asset value.

* Based on the list of leading ZEB owners published on the Sustainable open Innovation Initiative (SII) website (dated May 22, 2023)


SHINAGAWA EAST ONE TOWER
(Daito Trust Construction Headquarters)

Case 2 Labor reduction initiatives

During renewal projects, it is common for customers (tenant companies, etc.) to suspend their operations in the building. However, suspending operations entirely, or finding an alternative location to conduct them, places a significant burden on customers. This is why we focus so heavily on occupied renovations where we replace obsolete equipment that no longer meets the customer's needs with highly efficient and operable equipment without disrupting the customer's normal operations. While this offers the advantage of allowing customers to continue operations during the renewal, the project becomes a larger undertaking than a typical renewal. With work shifted to weekends and nighttime, additional protective measures are necessary to minimize disruptions to tenants and their operations. This is why we are advancing a labor reduction initiative, such as reducing the frequency of unloading operations and streamlining material management. We are also promoting information sharing using QR Code. Additionally, as part of our business outsourcing efforts, we established a help desk to handle requests from worksites in fiscal year 2024. Further, as a measure to leverage IT to reduce employee workloads, we employed wearable cameras to enable offsite staff to visually monitor worksites. By remotely managing project progress and supporting junior staff, we are able to reduce the time spent on onsite inspections.


Wearable camera
worn by employees

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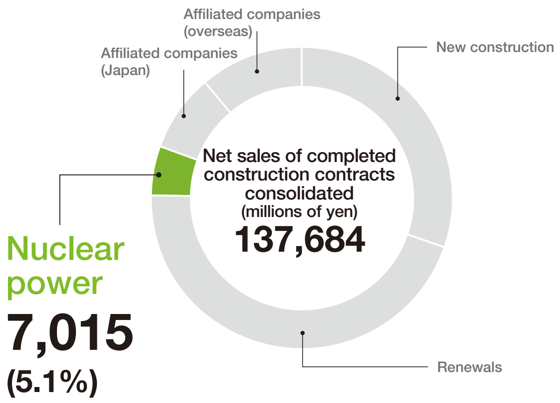
Nuclear power



Contribution to the achievement of SNK Vision 2030 Phase II

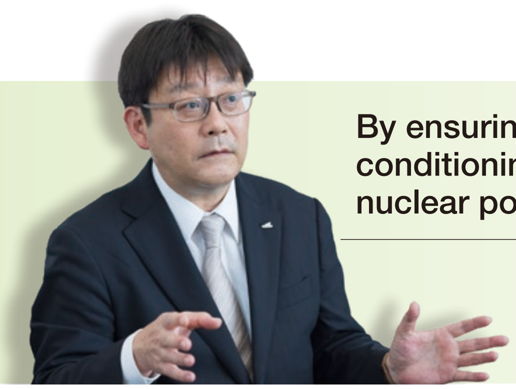
The completion of nuclear power sector has been postponed to the next fiscal year due to plans being reviewed and other factors. While this has resulted in a temporary decrease in net sales of completed construction contracts, we are currently advancing technological development efforts and strengthening our technical capabilities with an eye on the future. While cultivating innovation mindsets that will contribute to the sustainability of society by creating new technologies and businesses, we are also exploring new business areas that align with our way of emphasizing process and verification, which comes from many decades of working in nuclear power. One example of this is our application of the technologies we developed in nuclear power plant decommissioning to the space sector.

Business domain overview

The air conditioning system of any building must meet its ventilation and cooling requirements, but in the case of nuclear power facilities, it must also address the additional critical challenges of preventing the escape of radioactive particles, capturing them, and diluting their concentration.

We designed and constructed the air conditioning system for Japan's first nuclear reactor, the Japan Research Reactor No. 1 in Tokai Village, Ibaraki Prefecture. Since then, we have worked on the design, construction, maintenance, and renovation of a wide range of nuclear facilities in Japan. This includes boiling water reactor (BWR) nuclear power plants, fast breeder reactors, advanced thermal reactors, reprocessing plants, uranium enrichment plants, and waste treatment facilities. With Japan bringing its nuclear power plants back online, and a new reprocessing plant scheduled for completion, we are currently working on disaster countermeasures to ensure their world-class operational safety by protecting these facilities from disasters such as earthquakes, floods, and volcanic ash. We are also undertaking the decommissioning of nuclear power plants that have reached the end of their lifespans.

Furthermore, we are advancing joint research with the Chiba University Research Institute of Disaster Medicine to establish a medical and air conditioning systems capable of safely responding to radiation disasters. More specifically, we are developing a next-gen airflow-controlled mobile medical unit that not only provides in-unit radiation protection measures, but also suppresses the dispersion of airborne particulate matter by switching between negative and positive pressure based on contamination levels when patients are admitted. Through these research efforts, we aim to create an environment that will allow the safe provision of medical care even during disasters.



By ensuring the highest level of safety of our air conditioning systems, we will continue to support nuclear power facilities even during emergencies.

Masami Yoshida
Nuclear Power Division Manager

Since installing the air conditioning system for Japan's first research reactor in 1957, we have been a pioneer in air conditioning technology for the nuclear power sector, meeting the demands of facilities that require the highest levels of safety. Even amid the significant changes in the external environment brought about by the Great East Japan Earthquake, we have established superiority in this market by leveraging the expertise and know-how we cultivated as one of its earliest entrants. In recent years, the shift in energy policy has led to renewed recognition of the importance of nuclear power. As a company capable of handling everything from design and construction to maintenance and renewals under one roof, we feel our role in supporting social infrastructure has become even more significant. One area we are focusing on is independently developing technologies to keep power plants functioning even during natural disasters and other emergencies. Some of the products we have developed include dampers and chillers with superior water, fire, and earthquake resistance.

At the same time, the nuclear power sector has long project timelines, and orders are highly affected by the timing of customer investments. This raises the question of how to ensure the stability of our business. To address such challenges, our division is collaborating with the Research & Development Center to extend the application of technologies cultivated through our nuclear power business into other fields. This includes initiatives in the fields such as space and radiation disaster medicine.

With the looming retirement of the last veteran employees who experienced the construction of a nuclear power plant, transferring their skills to the next generation is essential from a medium- to long-term perspective. We will establish an environment where junior employees can hone both comprehensive management skills and specialized expertise, emphasizing the creation of systems that enable them to independently think about what they need to learn and take action.

Case Studies

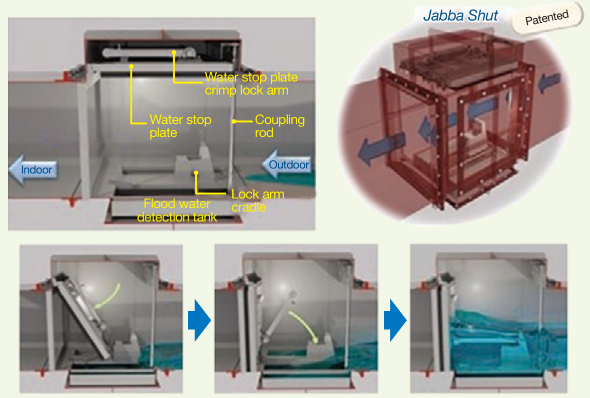
Case 1 Industry-academia collaboration with Chiba University aimed at contributing to radiation disaster medicine treatment

In fiscal year 2023 we established the Collaborative Research Division of Nuclear and Radiation Disaster Medicine together with the Research Institute of Disaster Medicine at Chiba University, and commenced joint research. Focusing primarily on radiation disaster medicine, this research aims to establish medical and air conditioning systems capable of more safely responding to any radiation disaster, including accidents at nuclear power plants. More specifically, we are developing a next-gen airflow-controlled mobile medical unit that not only protects occupants of the modified shipping container from radiation exposure, but also suppresses the dispersion of airborne particulate matter by switching between negative and positive pressure based on contamination levels when patients are admitted. This is a further development of one of our proprietary technologies, the DiverCell® multi-purpose portable clean booth, which received the Award of Excellence at the 11th Japan Resilience Awards 2025" hosted by the Association for Resilience Japan. In fiscal year 2025, we expanded our research themes to include zoning measures against the contamination spread within medical facilities, as well as measures to prevent medical personnel from being exposed to radiation with receiving radiation-exposed patients.

Container medical unit

Case 2 Maintaining facility integrity and business continuity with Jabba Shut

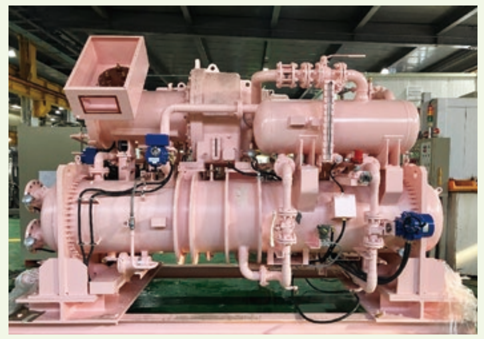
During our many decades working in nuclear power plants, we have made many technological advancements through maintenance work and other operations at nuclear power plants. Amid the heightened interest in natural disaster countermeasures following the Great East Japan Earthquake, we are using these advancements to help customers maintain facility integrity and business continuity. Our proprietary Jabba Shut flood prevention damper features high seismic resistance and does not require a power source such as electricity or pressurized air. The damper automatically closes upon detecting water intrusion, preventing from entering the facility through ducts during events such as tsunamis, floods, or torrential downpours. The damper causes minimal airflow restriction when installed, decreasing the potential for equipment shutdowns or disruptions to social infrastructure.



Flood Prevention Damper (Jabba Shut)

Case 3 Emergency Turbo Chiller using non-flammable, non-CFC refrigerant

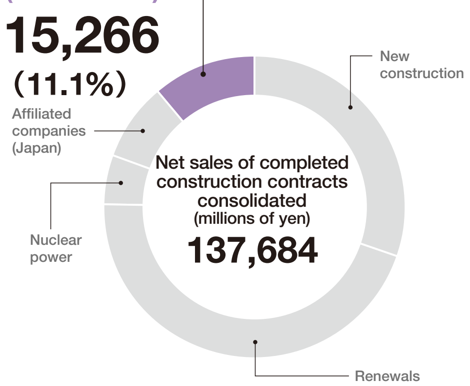
We develop chillers for nuclear power facilities, and have a long track record of deliveries. In order to further reduce their environmental impact and enhance their seismic resistance, we have newly developed an emergency turbo chiller that uses HFO-1233zd(E), a non-flammable, non-CFC refrigerant. This chiller possesses seismic performance based on the Japan Electric Association's Seismic Design Technical Guidelines/Regulations for Nuclear Power Plants. Its customizable design allows for integration with existing facilities including piping, foundations, and electrical systems, thereby reducing construction costs. Moving forward, we will contribute to society by actively proposing the use of this chiller, which not only has improved seismic resistance, but also reduces customers' environmental impact even while providing comfortable air conditions.



Emergency Turbo Chiller

Overseas operations

Affiliated companies (overseas)



Contribution to the achievement of SNK Vision 2030 Phase II

In fiscal year 2024, there was smooth progress on construction projects, primarily in the Industrial field. As a result, net sales of completed construction contracts maintained a level above fiscal year 2023. We will continue working to establish an appropriate installation execution system while avoiding risks such as delays in construction processes. While aiming to stabilize business operations amidst rapidly changing overseas conditions, we will aim to expand our workforce and make flexible choices regarding our business regions. Furthermore, as part of our environmental initiatives, we have obtained Eco-Office Certification* from the Singapore Environment Council (SEC).

Eco Office

* A program that promotes environmentally-conscious office operations. The Singapore Environment Council (SEC) promotes sustainable workstyles by raising eco-consciousness in offices among staff, which in turn helps organizations manage waste by reducing the usage of paper, water and electricity.

Business domain overview

SNK (China) Construction Co., Ltd. was established in 2003. It currently holds a general construction license and supports Japanese companies building factories in China. SNK (Asia Pacific) Pte. Ltd., established in 2010, develops its business to meet the needs of customers in Singapore, Myanmar, and Cambodia. Alongside our environmental initiatives, we are advancing human rights and diversity & inclusion initiatives aimed at creating workplaces where staff members of diverse nationalities can work with a sense of security. We place special importance on interaction between our staff members, and on their sense of security. For this reason, we regularly hold social gatherings aimed at creating an environment where our expatriate staff feel they can discuss workplace concerns or worries with each other, facilitating mutual support. We are also engaged in our local communities, including being active in addressing local social conditions, disaster response, and community support activities. Including our years as SNK's Chinese and Asian branches, we each have a history dating back around four decades. Moving forward, we will continue to focus on our customers' businesses and sustainable social contributions, building on our accumulated experience and the trust we have established with our communities.

We aim for the stable growth of our overseas operations by leveraging our own value to create value for our customers, under the theme of "from an era of creating things to an era of creating value."

Takanobu Itoh
Senior Managing Officer and Director of the International Business Division

The SNK Group's overseas operations are centered around two wholly-owned subsidiaries, SNK (China) Construction Co., Ltd., and SNK (Asia Pacific) Pte. Ltd., which conduct business in mainland China and Hong Kong, Singapore, Sri Lanka, Vietnam, Myanmar, and Cambodia. While SNK assumes appropriate governance over financial and accounting areas, it grants both companies a degree of operational autonomy, giving them the agility they need to do business.

In response to the significant changes in the external environment that have occurred, including the political situation in Asian countries over the last few years, we are currently restructuring our business portfolio. In doing so, we have adopted the theme "from an era of making things, to an era of creating value." Building on the overseas operations experience we have accumulated over the last 50 years, we are redefining the values we hold, such as our project management capabilities and our management philosophy centered on the Japanese spirit of valuing people. By harnessing these core values to create value for our customers, we aim to secure steady orders and generate steady growth.

SNK (China) Construction Co., Ltd., established a new Hong Kong subsidiary. By leveraging the expertise and network cultivated in mainland China, it seeks to expand its scope of business beyond mere construction contracting into areas such as manufacturing and delivering equipment modules and managing entire construction projects.

Meanwhile, SNK (Asia Pacific) Pte. Ltd. has established a new subsidiary in Vietnam, a new investment target with continuing economic growth. The company is currently leveraging its experience in other Asian countries to establish an engineering system in Vietnam by securing and developing local staff.

Case Studies

Case 1 Achieving improved quality/efficiency and labor savings through prefabrication

To achieve high construction quality, short turnaround, and high added value at our worksites, we began an effort in fiscal year 2024 to develop modularized units containing a chiller, pumps, heat exchangers, filtration equipment, and air conditioning systems. The modular units are prefabricated at the factory based on the BIM drawings of the surrounding equipment and electrical systems. After fabrication of a unit's framework, installation of equipment and electrical panels, and fabrication/assembly of prefabbed piping, it is shipped to the worksite as an integrated module along with electrical cable racks. After being delivered and hoisted into place, the unit is ready for immediate operation as soon as power is supplied to the electrical panels. In addition to improving quality, this effort has also enhanced construction efficiency by reducing workhours by on-site workers and the number of worksite management personnel. We are committed to continuing this endeavor to revolutionize the industry through prefabrication and modularization.



Example of prefabricated module installation

Case 2 Going paperless and improving efficiency with a new workflow system

SNK (Asia Pacific) Pte. Ltd. implemented a unified workflow system across all of its branches and subsidiaries to digitize various document submission and approval processes previously handled on paper. This eliminated the printing and circulation of paper documents from the company's general internal workflows. Paper usage in Singapore and Myanmar have fallen to less than a third of previous levels, and the company has also not purchased any paper in Cambodia and Vietnam since the change was made. As a result, SNK (Asia Pacific) Pte. Ltd. achieved a 33.6% reduction in overall paper usage, reducing the company's environmental impact. During the system's implementation, SNK (Asia Pacific) Pte. Ltd. reviewed its workflows, and found that it was able to simplify some processes. Through these changes, as well as by integrating the system with other apps, it was able to streamline and optimize its workflows, contributing to better overall operational efficiency.

Case 3 Support for areas affected by the 2025 Myanmar Earthquake

On March 28, 2025, central Myanmar was struck by a major earthquake that originated near Mandalay. The quake caused significant damage, including the collapse of buildings and houses in six regions near the epicenter. As of June 2025, essential lifelines such as electricity and water supply have not sufficiently been restored, and with little effort being made to provide temporary housing, many people are forced to live on the streets. Since its establishment in 2010, SNK (Asia Pacific) Pte. Ltd. has benefited from the support of many people in the course of its business aimed at meeting the needs of customers in Myanmar and other regions. This time, we took on the role of supporting the people of Myanmar. We purchased water, food, medicine, blankets, plastic sheeting for rain protection, and other supplies, and delivered them to Sagaing Region, which was seriously affected by the quake. We are also supporting Shan State, where water transportation is essential to daily life, through donations to an NGO that is helping repair damaged boats. Due to the ongoing civil war in Myanmar, we are unable to directly help with relief efforts on the ground, but we value our connections with the people there, and plan to continue supporting them in the future as well.



Photos sent from the disaster area along with messages of thanks and appreciation

To Achieve Our Five Basic Strategies -Technological Development and Solution Services Strategy

Providing individual tailor-made solutions to customers' technical issues while creating innovation for the future

Shigeyuki Nagasaka
Head of Research & Development Center

The Group's technological capabilities are the core of its ability to contribute to addressing social issues through its business activities. As the Group's organization dedicated to the technological development, the Research & Development Center works to fulfill two major missions while collaborating closely with every business division.

The first mission is providing solutions tailored to customer's individual needs. We receive all sorts of feedback from the business divisions who work with customers on jobsites every day. Based on this feedback, we leverage SNK's strengths as a design and installation company to respond to customers' niche technical challenges that cannot be addressed by off-the-shelf products with individual tailor-made solutions. Our differentiation strategy lies in our commitment to precisely meeting the needs of specific customers, not based on mass production and sales. This has led to us gaining the trust of the market and successfully communicating our technological capabilities.

The second mission is creating innovation that contributes to new businesses. In addition to collaborating with the Innovation Promotion Committee established in fiscal year 2023, we are also promoting open innovation with external partners in industry, government, and academia, including startup companies. We will continue to seek out new ideas that transcend existing frameworks, aiming to create themes that form pillars of future businesses.

Under SNK Vision 2030 Phase II, we focused on themes that contributed to improving the resilience of society, such as carbon neutrality and BCP measures. One such example is the area of volcanic ash countermeasures, where we are pursuing technological solutions that meet the needs of facilities that cannot afford to shut down even during disasters, such as hospitals and data centers. Research themes are selected annually based on proposals from both inside and outside the center, and mid-level employees lead the development of R&D roadmaps for each theme. We emphasize having every member of the center work together on projects, as it helps to foster the next generation and enhances engagement.

We are currently working to relocate to a new facility, SNK EBINA Innovation X HIVE, which is scheduled to open in fiscal year 2027. This project is being carried out by volunteers recruited from within the Group, and is actively incorporating ideas from younger employees. We are positioning the new facility as a "place for collaboration," and will establish new collaborative workstyles to develop it into a hub for creating next-generation innovation.

Topics New technology development center—SNK EBINA Innovation X HIVE

Shin Nippon Air Technologies is relocating its Research & Development Center in Chino City, Nagano Prefecture and its Solution Division, which is responsible for developing its particle visualization technology, to a new technology development center in Ebina City, Kanagawa Prefecture scheduled to open in early fiscal year 2027. The name of this new center is SNK EBINA Innovation X HIVE. The "X" represents the fusion of diverse innovators, for which "HIVE" was named, meaning a buzzing hive where they gather and engage in technological development.

The center's activities include technological development such as in the environment, energy, nuclear power, and construction, and providing solutions utilizing particle visualization and simulation technologies. We will also showcase the company's technological strength by exhibiting our proprietary technologies and providing clear explanation of the latest technological trends.

Based on the concepts of "a well-being space that supports the improvement of intellectual productivity (a space that values employees' health and happiness)" and "expanding potential through the promotion of open innovation," the facility will incorporate AI controls and the latest ICT technologies, and utilize natural energy and resources such as solar power, geothermal heat, air, and rainwater, and aim to achieve ZEB status and obtain certifications such as CASBEE Wellness Office.

We also plan to eventually add a multipurpose hall that will serve as venue for not only internal training, but also exchanges with local residents, students, and businesses that will contribute to invigoration of the entire local community.

「MFIP海老名&forest」完成予想イメージ　画像提供：三井不動産㈱

EBINA I x HIVE
SNK EBINA Innovation X HIVE イメージロゴ

Image of planned MFIP Ebina & Forest
Illustration provided by Mitsui Fudosan Co., Ltd.

Foundations

MANAGEMENT FOUNDATION

The Foundation Supporting SNK's Management and Strategies

Aiming to realize ESG management and value creation, and driven by perspectives and connections from society as a driving force, the Shin Nippon Air Technologies Group introduces systems and initiatives that form the foundation for strategies to enhance sustainable corporate value.

CONTENTS

Outside Directors Roundtable

SNK's Strengths and Future from an External Perspective

In May 2025, Shin Nippon Air Technologies (SNK) held a roundtable discussion between three of its outside directors, who exchanged their views on subjects including the effectiveness of the Board of Directors, the company's sustainability initiatives and talent utilization, and their expectations for the future. Looking from the outside, what are SNK's strengths and challenges? What is required to achieve sustainable corporate value enhancement? These three people who have accompanied us on our journey discussed SNK's current position and future potential based on their respective expertise and experience.

Constructive discussion at the Board of Directors

Nariai: I originally worked at the Tokyo Regional Taxation Bureau, where I was involved in corporate taxation. Since becoming an outside director at SNK in fiscal year 2024, I have gained a renewed appreciation for the breadth and depth of the challenges companies face. SNK approaches each of these challenges with conscientiousness and a positive attitude of trying to find solutions, which has given me an impression of sincerity and earnestness.

Umehara: I strongly concur. The company has a very open atmosphere. As outside directors, we are generally able to observe Management Meetings held before Board of Directors meetings. At these meetings, we are invited to ask questions and give our opinions. I find it incredibly beneficial to be able to directly interact with executives and administrative staff who are not on the Board of Directors. For example, at a recent management meeting, there was a report on the female technical staff gathering initiative. These meetings are a valuable opportunity to learn what's really happening on the ground.

Mizuno: They also give us copies of the minutes from management meetings to go over afterwards. Committee members even share their personal notes with us, allowing us to revisit the raw comments and minute details that might not be fully captured in the official minutes. I think this is a hallmark of SNK's openness.

Umehara: Similarly, I have found that when I have concerns during management meetings or Board of Directors meetings, staff members in a relevant department are more than willing to respond to my inquiries. I value an attitude of proactively seeking out information, and I don't feel there are any barriers between me and the information I seek.

Mizuno: I previously felt external communication was somewhat weak compared to how actively opinions are exchanged internally, but things have been much better in that area lately. When creating materials for investors, for example, the staff work really hard to improve the content, engaging in many discussions about things like what revisions to make and what explanations to add. They at SNK show a lot of dedication to their tasks, and this attitude has inspired us outside directors to make concrete suggestions.

Around 2020, SNK underwent significant changes to its organizational structure and initiatives. Its transition to a Company with an Audit and Supervisory Committee enabled closer functional collaboration between its auditors and directors, deepening their involvement in management. Meanwhile, the company's management plans, which had been set on a three-year basis, shifted to a ten-year basis, and strategies are now developed by backcasting from the company's goals for 10 years from now. At the same time, the company conducted a revision of its corporate philosophy, and made efforts to ensure it permeated the company.

Nariai: As this new medium-to-long-term perspective has increasingly taken hold, I believe it has led to discussions at the Board of Directors becoming increasingly in-depth. Over the last year, discussions on the cost of capital have been particularly active. Many opinions were exchanged on topics such as how to set an appropriate ROE target, and how to best go about reducing cross-shareholdings.

Mizuno: When discussing such diverse issues, I think it is best to incorporate the diverse perspectives of outside directors. As an attorney, I often prioritize risk management and compliance, but this is balanced out by other outside directors who actively advise taking on new challenges. In fiscal year 2023, the company introduced a restricted stock (RS) system as part of the employee stock ownership plan program based on strong recommendations from outside directors. By my estimation, it looks to be an effective measure for employee retention.

Contributing to society and the environment through the unseen value of air

Umehara: I became an outside director in 2021, around the same time the Corporate Governance Code was revised, making sustainability-related disclosure a formal requirement. I get the impression that SNK has moved quite swiftly to establish disclosure systems, including complying with the TCFD recommendations*1.

Mizuno: The revisions also happened to coincide with the onset of the COVID-19 pandemic, which caused the company's particle visualization system to receive significant attention, leading to wider recognition of the SNK's technological capabilities and initiatives. However, I believe SNK has always been deeply committed to sustainability as a company. You could fairly call it an environmental stock.

Umehara: Originally, SNK's communications were focused primarily on disseminating technical information, and it may not have effectively communicated its environmental and social value outside of the company. Over the past few years, SNK's perspective has shifted to seeing the green transformation (GX) trend as an opportunity, leading to more proactive communication. It is a fact that air conditioning has a big impact on greenhouse gas emissions. It is said to account for about 40% of a building's greenhouse gas emissions, with this percentage being even higher in the case of office buildings, commercial facilities, and hospitals. Given this fact, we believe there is significant potential to leverage SNK's technological capabilities, such as its ability to provide and install energy-saving equipment and optimize thermal loads using AI.

Mizuno: In the construction industry, there's a growing movement to contribute to reducing not only Scope 1 and 2 emissions, but also Scope 3 emissions such as those of building owners and tenant companies. As part of this trend, SNK is accelerating its ZEB*2 retrofitting efforts.

*1 An international framework for the promotion of financial disclosure of climate change-related risks
*2 Zero-energy building

Umehara: That's a good point. SNK already possesses the technology and organizational structure to facilitate reduction even of Scope 3 emissions. Building construction is heavily influenced by client preferences, so it may be hard to make Scope 3 emission reduction proposals at this stage. However, with the trend towards government-led efforts to decarbonize buildings, it is clear which direction the industry should be heading. Given this situation, I am sure that the strengths of SNK will become increasingly relevant and evident. The invisible nature of air makes its value difficult to convey, but as climate change leads to hotter and hotter weather around the world, including in Japan, it is likely that the importance of air in terms of comfort, health, and productivity will be increasingly recognized.

Mizuno: Comfort is taken for granted in the world of air conditioning, so you only hear from customers when they are uncomfortable. This makes it hard to quantitatively measure customer satisfaction. When we visit worksites, we see that much of an air conditioning system is hidden from view inside the ceilings or elsewhere. This makes it difficult to recognize the value SNK provides. However, it is precisely this "invisible technology" that underpins the comfort of a space. Its value should be communicated more proactively.

Nariai: Quite a few employees seem to feel that the value of their work goes unseen, but I want them to have more pride and confidence in it. Air conditioning is indispensable in order for a building to function as intended.

Umehara: The concept of non-energy benefits (NEBs) has gained significant attention in the construction field in recent years. NEBs are the benefits of energy-saving measures other than energy, such as comfort and health. NEB assessment is the process of quantifying and economically evaluating these benefits. Although it is still a relatively new area, it would be great if SNK could incorporate NEBs in the future, since establishing such metrics would allow for a more objective explanation of the value of air. SNK is also focusing on equipment renewals and maintenance. I believe that building long-term trust with clients who have installed SNK air conditioning systems, and leveraging that trust to make energy-saving proposals at the appropriate time, exemplifies the unique value SNK provides.

The human capital that underpins SNK's growth

Mizuno: Currently, one of SNK's biggest challenges is securing the talent it needs. Having a workforce capable of handling an increasing number of orders is essential for growing the business. However, when recruiting new graduates, the reality is that students have difficulty imagining what working in the facility installation business would be like. This makes it hard to gain understanding of the industry and the occupation.

Nariai: Raising the company's name recognition is the first priority in this situation. It's important to utilize websites and TV commercials, but industry-academia collaborative research is also something that has attracted much attention from students recently. There is a need to strategically expand awareness of the company while keeping various possibilities in mind.

Mizuno: Strengthening mid-career hiring will become increasingly important, as well. The company overhauled its personnel system over the last few years, evolving it into a framework that more fairly evaluates individual capabilities. Having made these changes, factors like compensation and workplace environment will be the key to attracting more excellent engineers going forward. SNK has focused on health and productivity management from an early stage. Even as overtime regulations began tightening in the construction industry in fiscal year 2024, the company maintained 100% regulatory compliance. The company's top management is extremely cognizant of such issues. I sit on the Risk Management Committee, and the committee receives reports on these matters at every single meeting. When necessary, I play the devil's advocate and look at things through a critical lens.

Umehara: The number of female employees in technical roles has definitely been increasing. Many younger female employees in their 20s and 30s participated in the female technical staff gatherings mentioned earlier, where they proactively spoke about how the company can create a more comfortable workplace. Initiatives to address health issues specific to women are also progressing, and there is a sense that work-related hardships stemming from gender differences are gradually being resolved.

Nariai: At the recent report session on the female technical staff gatherings, one comment really left an impression on me: "We don't have enough female role models." The scarcity of women in worksite management roles in particular has much room for improvement. The first thing that has to happen for managers is to change their mindsets and show genuine commitment to improving the workplace environment. I heard that a female employee at the Osaka Branch who managed a project exceeding one billion yen was honored with this fiscal year's President's Award. Her achievements make her a true role model and provide inspiration to her fellow employees.

Umehara: Significant progress has also been made regarding the use of paternity leave in recent years. In 2021, the utilization rate was around 20%, but factors such as the 2025 revision of the Child Care and Family Care Leave Act and other related laws have led to a gradual shift in thinking about this issue within the company. Through my discussions with department heads at venues such as internal presentations on this issue, I have sensed that there is a growing shared appreciation that the issue requires serious commitment. Initially, 30% was proposed as a target, but when I suggested "You can do better, let's aim for 100%," internal agreement was reached with surprising ease, leading to concrete action. For many years, it was considered difficult for men in the construction industry to take paternity leave, so I feel that encouraging change from the outside is one of our roles. Internal surveys show that 70% of male employees are currently interested in taking paternity leave, and nearly everyone who wants to take paternity leave has taken it. I feel that when a company is serious about change, change happens quickly.

Nariai: When a company puts in place a new system, whether that be parental leave system or anything else, it becomes established as a "matter of fact" and spreads throughout the entire company. I hope the company will continue to build workplaces that are comfortable for both women and men. I also hope they will further create an environment that gives employees, especially younger ones, the peace of mind to stay with the company for a long time.

Leveraging the unique strengths of SNK to meet the challenges of Phase III

Mizuno: Discussions about SNK Vision Phase III, the final stage of SNK Vision 2030, have begun in earnest. The company is already well on its way to achieving the initial performance targets for 2030. At the rate things are going, the company will reach in just five years the scale of business it planned to reach in a decade, so I truly believe this is the start of a new stage. When COVID-19 hit the economy just after the start of the current plan, it caused a temporary decline in sales, but the company pivoted to a strategy prioritizing profit preservation during the pandemic, and transformed its management structure into a leaner one. I believe this is what has yielded these great results.

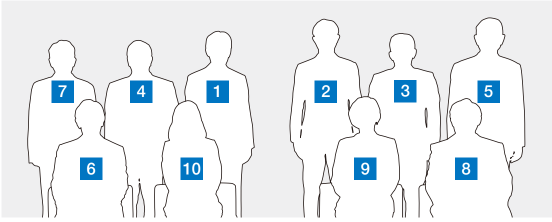
Nariai: The Board of Directors now frequently discusses the need to focus not just on the existing business of equipment installation, but also on investment for the future. The current medium- and long-term management plans include an investment plan with a total of 15 to 20 billion yen in investments over three years ahead of Phase III. These plans target areas such as R&D, growth businesses, the environmental sector, human capital, and digital transformation. I believe these are precisely the areas that will provide the differentiation needed to further elevate SNK's position within the industry. People will be far and away the biggest factor that affects future growth. The question is how SNK will secure the resources it needs in an industry that is so structurally reliant on outsourcing.

Mizuno: SNK is advancing a variety of initiatives aimed at improving operational efficiency on worksites. One example is the full-scale launch of SNK-SOLNet this fiscal year. These initiatives that boost productivity while reducing the burden on employees illustrate the character of SNK, and I think the company should further emphasize how it takes care of its people.

Nariai: I could not agree more. The company has also started collaborations with partners including a university and a newly-established research facility in Ebina City, Kanagawa Prefecture, and I fully expect these initiatives to become new pillars of SNK's business in the future.

Umehara: The company has also been investing in startups recently. While the total investment is only a few hundred million yen at this point, I feel that collaboration with totally different fields like IT, AI, and drones holds great potential. I am certain that combining SNK's air conditioning technology with technologies and knowledge from new fields will enable the creation of new businesses that increase the value of buildings and spaces. SNK is a company with the technical capabilities and human resources to take on new fields in this way. As outside directors, we will do everything in our power to support these endeavors.

Introduction to Directors and Audit and Supervisory Committee Members (As of June 27, 2025)



Hiroshi Natsui 1
Chairman

April 1979 Joined the Company
April 2005 Managing Officer, General Manager of Renewal Division, Tokyo Metropolitan Division
June 2014 President and Representative Director
June 2021 Representative Director, Chairman
June 2024 Chairman (current position)

Masanori Hiroshima 2
President and Representative Director

April 1990 Joined the Company
April 2021 General Manager of Digital Promotion Office
April 2022 Managing Officer, General Manager of Engineering Division
June 2023 Director and Senior Managing Officer, General Manager of Engineering Division
April 2024 President and Representative Director in Charge of Management Planning (current position)

Masaki Ito 3
Director and Senior Executive Managing Officer

April 1990 Joined the Company
April 2014 Managing Officer, General Manager of Osaka Branch
June 2020 Director and Senior Managing Officer, General Manager of Tokyo Metropolitan Division
April 2024 Director and Senior Executive Managing Officer, General Manager of Engineering Division (current position)

Kiyoshi Inoue 4
Director and Senior Managing Officer

April 1987 Joined the Company
April 2012 General Manager of Human Resources Department, Administration Division
April 2019 Managing Officer, General Manager of Administration Division
April 2021 Senior Managing Officer, General Manager of Administration Division
June 2021 Director and Senior Managing Officer, General Manager of Administration Division (current position)

Hidekatsu Noda 5
Director and Senior Managing Officer

April 1987 Joined the Company
April 2020 Managing Officer, Deputy General Manager of Tokyo Metropolitan Division
April 2022 Managing Officer, General Manager of Sales Division
June 2023 Director, General Manager of Sales Division (current position)

Kenichi Muranaka 6
Outside Director

July 2015 Director-General of Yokohama Customs
January 2017 Advisor, Mitsubishi Hitachi Power Systems, Ltd.
November 2017 Advisor, GLORY LTD.
April 2018 President and Representative Director, Japan Settlement Information Center Ltd.
June 2025 Director of the Company (current position)

Toshihiko Morimoto 7
Director and Audit Supervisory Committee Member

July 1983 Joined the Company
June 2010 General Manager of Accounting Department, Administration Division
October 2014 Deputy General Manager of Overseas Business Division
April 2020 Managing Officer, General Manager of Internal Control Department
July 2020 Managing Officer, General Manager of Audit and Supervisory Committee's Office
June 2021 Director, Full-time Audit and Supervisory Committee Member (current position)

Yasushi Mizuno 8
Outside Director and Audit and Supervisory Committee Member

April 1996 Registered as an attorney at law
October 2004 Partner, Fairness Law Office (current position)
June 2017 Director of the Company
June 2020 Director, Audit and Supervisory Committee Member of the Company (current position)

Yumiko Umehara 9
Outside Director and Audit and Supervisory Committee Member

April 2015 Established Satoyama Energy Co., Ltd. and served as Director (current position)
April 2019 Value Frontier Co., Ltd. Representative Director (current position)
June 2021 Director, Audit and Supervisory Committee Member of the Company (current position)

Akiko Nariai 10
Outside Director and Audit and Supervisory Committee Member

July 2022 District Director of Shinjuku Tax Office
September 2023 Established Akiko Nariai Tax Accountant Office (current position)
June 2024 Director, Audit and Supervisory Committee Member of the Company (current position)
June 2024 Auditor, NIHON KAGAKU SANGYO CO., LTD. (current position)
June 2025 Director, KENKO Mayonnaise Co., Ltd. (current position)

List of Officers / Introduction of Group Companies

List of Officers (As of June 27, 2025)

Name	Position	Area of Responsibility
Hiroshi Natsui	Chairman	
Masanori Hiroshima	President and Representative Director	In charge of Management Planning
Masaki Ito	Director and Senior Executive Managing Officer	General Manager of Engineering Division
Kiyoshi Inoue	Director and Senior Managing Officer	General Manager of Administration Division
Hidekatsu Noda	Director and Senior Managing Officer	General Manager of Sales Division
Kenichi Muranaka	Outside Director (non-executive)	
Toshihiko Morimoto	Director and Audit and Supervisory Committee Member	
Yasushi Mizuno	Outside Director and Audit and Supervisory Committee Member (non-executive)	
Yumiko Umehara	Outside Director and Audit and Supervisory Committee Member (non-executive)	
Akiko Nariai	Outside Director and Audit and Supervisory Committee Member (non-executive)	
Satoshi Shimomoto	Executive Managing Officer	In charge of Special Assignments (Domestic)
Takahiro Tokoro	Executive Managing Officer	Deputy General Manager of Sales Division
Koichi Miyashita	Executive Managing Officer	Deputy General Manager of Sales Division
Shinji Maekawa	Senior Managing Officer	In charge of Special Assignments (Sustainability)
Noboru Okano	Senior Managing Officer	General Manager of Construction Management Division
Yutaka Sakamoto	Senior Managing Officer	In charge of Special Assignments (Overseas)
Zhigang Ma	Senior Managing Officer	Deputy General Manager of International Business Division and Chairman of SNK (CHINA) CONSTRUCTION CO., LTD.
Masaki Kagaya	Senior Managing Officer	Deputy General Manager of Sales Division
Mamoru Tamura	Senior Managing Officer	General Manager of Tokyo Metropolitan Division
Seiichi Uesugi	Senior Managing Officer	General Manager of Osaka Branch
Satoshi Yamamoto	Senior Managing Officer	In charge of Nuclear Power
Masafumi Yoshida	Senior Managing Officer	Deputy General Manager of Sales Division
Takanobu Itoh	Senior Managing Officer	General Manager of International Business Division
Toshihiko Yanagisawa	Managing Officer	Deputy General Manager of Sales Division
Koji Ninomiya	Managing Officer	General Manager of Industrial Facilities Division, Tokyo Metropolitan Division
Yasuaki Ezure	Managing Officer	General Manager of Tohoku Branch
Shunsuke Fukuma	Managing Officer	General Manager of Nagoya Branch
Yoshifumi Hashiguchi	Managing Officer	Deputy General Manager of International Business Division and President of SNK (ASIA PACIFIC) PTE. LTD.
Kazuhiro Ueda	Managing Officer	Deputy General Manager of Administration Division
Koji Ishiura	Managing Officer	General Manager of Renewal Division, Tokyo Metropolitan Division
Hideki Takeuchi	Managing Officer	Deputy General Manager of Sales Division
Kazuhiro Imanaka	Managing Officer	General Manager of Management Planning Division
Keiichi Akamatsu	Group Managing Officer	President and Representative Director of SNK Service Co., Ltd.
Mikitake Tanaka	Group Managing Officer	President and Representative Director of NIPPO ENGINEERING CO., LTD.

Introduction of group companies

SNK Service Co., Ltd.

Keiichi Akamatsu
President and Representative Director

Representative	Keiichi Akamatsu President and Representative Director
Established	July 1, 1991
Head office	Wakamatsu Building 3-3-6 Nihonbashi Honcho, Chuo-ku, Tokyo
Business activities	Building equipment (air conditioning, sanitation, electrical, fire safety) maintenance, repair, renewal, sales, and other related services
Employees	98 (As of March 31, 2025)
Website:	https://www.snks.co.jp/

We will continue to meet the expectations of all customers across the Shin Nippon Air Technologies Group by providing maintenance, improvements, and repair works, which are the stages in the building equipment life cycle from new construction to renewal, while enhancing our exceptional project execution capabilities distinguished by expertise and originality.

NIPPO ENGINEERING CO., LTD.

Mikitake Tanaka
President and Representative Director

Representative	Mikitake Tanaka President and Representative Director
Established	November 25, 1955
Head office	Minatomirai Grand Central Tower 6F, 4-6-2 Minatomirai, Nishi-ku, Yokohama, Kanagawa
Business activities	Installation and maintenance of building equipment (electrical substations, low-voltage electrical, electrical instrumentation, air conditioning, sanitation) with a focus on industrial facilities, other services related to industrial facility equipment, and a power generation business utilizing solar power and other sources
Employees	63 (As of March 31, 2025)
Website:	https://www.nippo-eng.co.jp/company/

We leverage our expertise and management capabilities as a specialized electrical equipment construction company, and provide design, construction, and maintenance services with a focus on industrial facility equipment (electrical, air conditioning, sanitation, utilities).

SNK (CHINA) CONSTRUCTION CO., LTD.

Zhigang Ma
Chairman

Representative	Zhigang Ma Chairman
Established	December 26, 2003
Head office	Room 402, Tower A 3236 Shan Road Lingang New Area Shanghai Free Trade Zone, China
Business activities	Building (structure, interior, exterior) design, construction, management, mechanical and electrical systems (air conditioning, sanitation, fire safety, electrical), plant facility construction design, construction, management, trade operations, labor management, various consulting services
Employees	85 (As of March 31, 2025)
Website:	https://ja.snksh.com/

As the regional headquarters in China, we conduct business through six domestic branches and three subsidiaries, currently including a local subsidiary in Hong Kong. Proactively utilizing BIM technology, we have established an integrated system for handling everything from design to construction and maintenance, and are taking on large-scale plant investment projects.

SNK (ASIA PACIFIC) PTE. LTD.

Yoshifumi Hashiguchi
President

Representative	Yoshifumi Hashiguchi President
Established	December 1, 2010
Head office	315 Outram Road, #09-06 Tan Boon Liat Building, Singapore 169074
Business activities	Design, installation, management, maintenance, repair, and renewal of building equipment (air conditioning, sanitation, refrigeration, ventilation, fire safety, electrical, plant facilities), consulting, and other services
Employees	169 (As of March 31, 2025)
Website:	https://www.snkasiapacific.com/

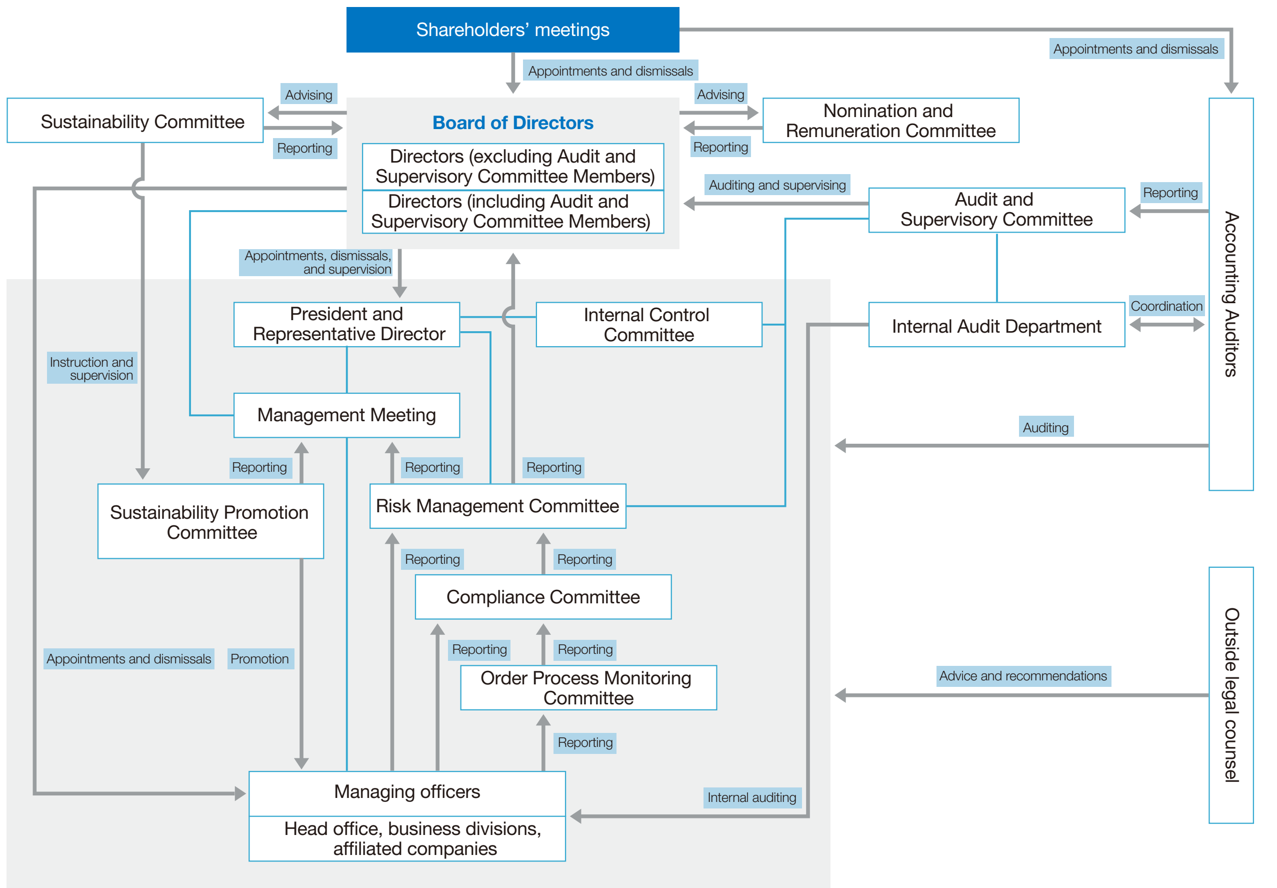
As a regional headquarters in Asia, we have subsidiaries in Singapore, Sri Lanka, and other Asian countries, and expanded our scope with the addition of a subsidiary in Vietnam in 2024. Based on our expertise built over many years, we have been providing comprehensive facility construction services tailored to our customers' needs.

Corporate Governance

Basic stance on corporate governance

SNK Group's corporate philosophy is "Nurturing harmony between society and nature to fulfill future hopes — Fill your tomorrow." The mission represents our desire to be a company trusted by all stakeholders (customers, shareholders, employees, partner companies, and others) and to contribute to societal development by conducting business activities with the highest levels of transparency and fairness. We will strive to achieve sustainable growth for our Group and enhance corporate value over the medium to long term by making swift and decisive decisions. At the same time, we will also strengthen management oversight and foster our employees' abilities to exercise self-directed control.

Corporate governance structure chart



Internal male executives / External male executives / External women executives

Organization	Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Committee
Structure	10 (6 internal + 4 external; 2 are women) Chair: President and Representative Director	4 (1 internal + 3 external; 2 are women) Chair: Full-time Audit and Supervisory Committee Member	3 members (1 internal, 2 external) Chair: Internal Director
Purpose and Authority	Our Board of Directors is limited to a size that enables substantive discussion. It deliberates and decides on matters required by law and on important management issues, while also supervising whether directors are performing their duties properly, including in terms of efficiency.	Audit and Supervisory Committee Members exercise their voting rights at Board of Directors meetings, attend important meetings such as the Management Meeting, and hold regular Audit and Supervisory Committee Liaison Meetings, all with the aim of enhancing the supervisory functions and increasing effectiveness.	The committee deliberates on director candidates and director remuneration, and submits their recommendations to the Board of Directors.
Meeting history (FY2024)	9 times	5 times	3 times

Board of Directors Skill Matrix (as of June 27, 2025)

	Name	Nomination and Remuneration Committee	Area of Expertise: Corporate Management / Management Strategy	Technology / Research & Development	Sales / Marketing	Taxation / Finance / Accounting	Legal Affairs / Risk Management	Sustainability	Information Technology / Digital Transformation
Directors	Hiroshi Natsui		●	●	●			●	
Directors	Masanori Hiroshima		●	●				●	●
Directors	Masaki Ito		●	●				●	●
Directors	Kiyoshi Inoue	●	●			●	●	●	●
Directors	Hidekatsu Noda		●		●			●	
Directors	Kenichi Muranaka (Independent, External)	●	●			●	●		
Directors / Audit and Supervisory Committee Members	Toshihiko Morimoto					●	●		
Directors / Audit and Supervisory Committee Members	Yasushi Mizuno (Independent, External)	●					●		
Directors / Audit and Supervisory Committee Members	Yumiko Umehara (Independent, External)		●					●	
Directors / Audit and Supervisory Committee Members	Akiko Nariai (Independent, External)					●	●		

Note: The above list does not represent all the knowledge and experience of each person

Main points of discussion by the Board of Directors in FY2024

- Approval of the current fiscal year's business plan, and review of and deliberation on the progress of medium-term and long-term management plans
- Items related to corporate governance policies and initiatives, policies related to sustainability activities and disclosure items
- Items related to capital policies
- Important items related to affiliated companies

Strengthening and enhancing the effectiveness of the Board of Directors

Effectiveness evaluation for the Board of Directors

To ensure our company's sustainable growth, we have identified the following critical areas for our directors: Corporate Management/Management Strategy, Technology/Research & Development, Sales/Marketing, Taxation/Finance/Accounting, Legal Affairs/Risk/Management, Sustainability, and Information Technology/Digital Transformation. We have structured our Board of Directors to have members who possess expertise in these areas. The Audit and Supervisory Committee consists of one full-time member and three outside directors: a lawyer with expertise in corporate legal affairs, an environmental and sustainability expert who is also a corporate executive, and a certified public tax accountant with specialized knowledge in taxation, finance, and accounting.

Going forward, we will strive to reflect an even greater variety of values in management as well as hold opinion exchange meetings as appropriate following Board of Directors meetings in an effort to improve the board's effectiveness and functionality.

To increase the effectiveness of the Board of Directors and improve corporate value, the company also conducts an annual survey of all directors regarding matters such as the concept, composition, operation and monitoring functions of the Board of Directors, dialogue with shareholders and investors, etc.

The survey questions were developed with the advice of an external organization. Anonymity was ensured by having directors respond directly to the external organization. Survey results were shared with the Board of Directors in May 2025 for analysis, discussion, and evaluation.

In fiscal year 2024, there were several areas where we improved to a certain extent compared to the average of other companies, and there were no areas where we showed a decline. We received generally positive evaluations and believe we are maintaining the board's effectiveness. We shared issues to stimulate discussion and other expressed opinions. After a review at subsequent board meetings, improvements were made and we are striving to further improve effectiveness.

Profile
Strategies
Foundations
Financial and Corporate Data

Corporate Governance

Director appointments and dismissals

The process for appointments and dismissals

The selection of directors is based on the following criteria: outstanding reputation and character, high ethical standards, good health for performing duties, the ability to make objective judgments regarding management, excellent foresight and insight, broad knowledge and extensive experience in their chosen fields, and expertise considered important by the company.

We put forward candidates deemed suitable for directorship regardless of gender, international background, career history, or age. We will continue to review the expertise of directors and balance of the composition of the board, striving to further reflect diverse values in management.

Regarding appointments and ending of appointments, the Nomination and Remuneration Committee (consisting of two outside directors and one internal director who serves as chair) deliberates on the director appointments, reappointments, and ending of appointments. The committee then reports its deliberations to the Board of Directors for submission to the shareholders' meeting for approval.

Director compensation

Compensation system and the compensation determination process

Our compensation system for directors is linked to shareholder interests as a functional incentive to strive for the sustainable improvement of corporate value. Our basic policy is to set an appropriate level of compensation for each director based on their respective responsibilities. The Representative Director consults with the Nomination and Remuneration Committee, which determines the compensation by resolution of the Board of Directors following the committee's report. Specifically, the types and ratio of compensation for directors (excluding Audit and Supervisory Committee Members and outside directors) are calculated as follows: 60% basic (fixed) compensation, 30% performance-linked compensation, and 10% stock compensation as non-monetary compensation.

Performance-linked compensation is cash-based payment based on performance indicators aimed at heightening awareness about the need to improve performance each fiscal year. It is calculated and decided based on factors such as company performance, the degree to which targets for each fiscal year in the Medium-term Management Plan have been achieved, and employee bonus levels. For fiscal year 2024, the above performance indicators were used in the calculations.

With regard to non-monetary compensation, we compensate directors in the form of restricted stock with the aim of further sharing value with shareholders. The specific timing and allocation of such compensation is decided by the Board of Directors.

Compensation for directors who sit on the Audit and Supervisory Committee and outside directors is only basic (fixed) compensation in light of their supervisory duties. The amount of compensation for directors who are Audit and Supervisory Committee Members is decided through deliberations by other directors on the committee.

Based on a resolution of the Board of Directors, the Representative Director has been delegated the authority to determine the specific details of individual director compensation. This authority includes specific amounts and the timing of payments for each director's basic compensation and performance-linked compensation. The reasoning for this authority is that the Representative Director is most knowledgeable about the environment and business situations faced by the Group and can therefore make a comprehensive decision when determining director compensation amounts.

Total amount of compensation by executive category, total amount by type of compensation, and number of eligible executives

Director category	Total compensation (millions of yen)	Total compensation by type (millions of yen)			Number of eligible directors
		Fixed compensation	Performance-linked compensation*1	Non-monetary compensation*2	
Director (excluding Audit and Supervisory Committee Members) (of which are Outside Directors)	366 (9)	190 (9)	152 (—)	23 (—)	7 (1)
Director (Audit and Supervisory Committee Members) (of which are Outside Directors)	51 (27)	51 (27)	— (—)	— (—)	5 (4)

*1 The amount of performance-linked compensation is the bonus for fiscal year 2024

*2 Non-monetary compensation was paid in the form of 11,926 shares of stock compensation to six eligible directors (excluding Audit and Supervisory Committee Members and Outside Directors)

Audit status

Status of audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee conducts fair and accurate audits by exercising voting rights at Board of Directors meetings, attending other important meetings, requesting reports from Directors and other relevant parties, inspecting important documents, and investigating the business and financial status of each department and Group company.

With regard to the internal control system, the committee receives regular reports on the system's structure and status of operations from directors and the Internal Audit Department and, as necessary, requests explanations and expresses opinions.

With regard to accounting audits, the Audit and Supervisory Committee monitors whether the Accounting Auditor is maintaining an independent position and conducting appropriate audits, verifies the appropriateness of audits, and receives reports on the performance status of the Accounting Auditor's duties. The committee requests additional explanations as necessary or will attend an accounting audit.

Status of internal audits

The Internal Audit Department carries out internal audits at the company. The department consists of seven members and reports directly to the Audit and Supervisory Committee. Internal audits of each department and Group companies are conducted based on our audit plan. For control audits, the objectives are to 1) assess the effectiveness and efficiency of operations, 2) evaluate the reliability of the financial reporting, 3) verify compliance with laws and regulations related to business activities, and 4) ensure the safeguarding of assets. For operational audits, the objectives are to 1) support achieving management goals and eliminate fraud and 2) monitor whether the internal control system is functioning effectively.

Audit results are reported to the Audit and Supervisory Committee and reports are submitted to the President (CEO) and Accounting Auditor as necessary.

Accounting auditor compensation

Category	FY2023		FY2024	
	Compensation for audit certification services (millions of yen)	Compensation for non-audit services (millions of yen)	Compensation for audit certification services (millions of yen)	Compensation for non-audit services (millions of yen)*3
Filing company	60	7	65	0
Consolidated subsidiary	—	—	—	—
Total	60	7	65	0

*3 Non-audit services provided to the Company consist of advisory services related to training sessions.

Coordination for Audit and Supervisory Committee auditing, internal auditing, and accounting auditing, and the relationship with the Internal Control Department

To ensure efficient and effective audits, the Audit and Supervisory Committee coordinates closely with the Internal Audit Department regarding the formulation of audit plans and other audits. As necessary, the committee requests reports from the Internal Audit Department or each department on the status of internal control system and risk assessments.

For accounting audits, the Audit and Supervisory Committee maintains a close relationship with the Accounting Auditor, exchanging opinions as appropriate. Having understood the audit plan, key audit items and the status of audit implementations, exchanging information and holding discussions, the committee receives comprehensive and detailed reports on accounting audit results at the end of each quarter and the end of the fiscal year and works to strengthen coordination.

The Internal Audit Department works with the Accounting Auditor to compile audit evaluations during control audits. If any inappropriate conduct is identified through an internal audit or similar, the Audit and Supervisory Committee will instruct the Internal Audit Department to coordinate with the Accounting Auditor and the departments at head office that have internal control functions to conduct focused audits as part of the internal audit process, analyze the causes and discuss measures to prevent recurrence.

Compliance

Basic approach

SNK Group has established its policy for compliance as follows.

> Directors and employees will observe laws, social norms and company rules. No exceptions are allowed, even if the motivation for the act is for professional reasons such as "for the good of the company" or "for the good of the customer," or at the direction of a superior.
> We take a strict stance against illegal activities and violations of company rules. To prevent such acts to the extent possible, we have established and made public internal and external reporting systems, and protect those who report.

Compliance promotion system

To ensure thorough compliance, the Group has a Chief Compliance Officer (CCO) appointed by the President. Furthermore, the Compliance Committee and the Order Process Monitoring Committee have been established to discuss compliance matters, summarize investigation results regarding consultations, and report on these matters. The CCO reports various matters to the President-chaired Risk Management Committee, and the President reports to the Board of Directors as appropriate.

Initiatives aimed at promoting compliance

To ensure full understanding of compliance, the Group's Compliance Committee plans and regularly implements compliance promotion activities. In fiscal year 2024, we asked all Group employees to agree to the Compliance Pledge to reaffirm their commitment. We also conducted training on compliance and human rights for Group employees (100% of Group employees and 545 temporary staff and outsourced workers) and training for 627 of our partner companies. We also worked to promote compliance with a compliance survey (99% response rate) to spread compliance awareness, identify issues, and raise awareness of the helpline.

Anti-corruption

The Group has established a company policy that makes anti-corruption measures a part of its fair business practices and is working to raise awareness of this issue among employees through training. Sales-related employees receive annual training on compliance with the Antimonopoly Act. In fiscal year 2024, we arranged a lecture with a corporate lawyer, with 190 Group and other employees attending (100% attendance).

Helplines

The Group has set up dedicated internal and external helplines to detect and correct compliance issues at an early stage and prevent any recurrences. We have posted information about the helpline on our company website and make it known during training.

We have established rules that those who seek consultation will not suffer any disadvantages, that those who choose to report their own violation will have penalties reduced or waived, and that consultations can be anonymous. These rules create a system that makes it easy to seek consultation. As many of the consultations we have received in recent years have been about harassment, we have put up harassment prevention posters that include consultation helpline information. For employee compliance training, we share the number of consultations received and the topics discussed as part of our efforts to raise awareness.

Please see Helpline on the Corporate Website.
https://www.snk.co.jp/csr/governance/corporate-ethics/

Risk Management

Basic approach

The Group defines risk as any phenomenon that could potentially affect the management of the company and result in physical, economic, or credit loss/disadvantage, and recognizes the importance of accurately identifying and responding to such risk in order to ensure sound management. Given the current social situation, we view climate change as a risk with a potential major impact on business operations. We therefore promote activities with the understanding that climate change is a materiality that should be incorporated into management.

Risk management system

The Group's Risk Management Regulations envisage damage from not only emergent risks but also potential risks, and set out the necessary measures in advance. Additionally, our Risk Management Committee is building a risk management system for prompt reporting should a risk actually manifest. This committee is chaired by the President, with the CCO serving as vice chair, with external experts, division general managers and individuals appointed by the chair serving as members. The committee is tasked with avoiding and reducing risk, and strengthening risk management. Matters submitted to and reported by the committee will be reported to the Board of Directors.

Our principal business risks

1. Risk of fluctuations in economic conditions and the construction market
2. Safety and quality control risks
3. Construction-related risks (profitability and delays)
4. Risks related to securing and losing human resources
5. Risks related to a shortage of construction workers
6. Risks related to overseas operations
7. Human rights-related risks
8. Climate change-related risks
9. Environmental risks
10. Risks related to legal regulations
11. Risks related to fluctuations in owned assets
12. Risks related to business partner credit concerns
13. Information management-related risks
14. Risks related to the spread of infectious diseases
15. Innovation-related risks

Business continuity plan

The Group's business continuity plan (BCP) places emphasis on ensuring the safety of executives, employees, and their families in the event of a disaster or an accident that causes significant damage to the surrounding area; promptly preserving facilities and worksites; minimizing damage, and supporting the recovery and reconstruction of the affected area or area surrounding an accident; and helping customers resume their business as soon as possible.

Establish an Emergency Response Headquarters

In the event of an emergency, we will establish an Emergency Response Headquarters and a Local Response Headquarters as appropriate in the affected area or the department where the accident occurred. The target response times are: immediately for establishing the Emergency Response Headquarters during working hours, and within 3 hours on a holiday or at night.

FY2024 Examples

BCP training simulating a Mt. Fuji eruption to enhance response capabilities for new occurrences

In December 2024, the head office and the Osaka Branch held BCP drills simulating ash fall damage from a Mt. Fuji eruption affecting the Tokyo Metropolitan area. For this exercise, an Emergency Response Headquarters and a Head Office Response Team were established at the head office, and an alternative base was set up at the Osaka Branch. Approximately 90 participants took part, including business division heads and managers from across the country.

We verified the following: personnel movement and evacuation methods from the point of early warning to the end of the eruption, the partial relocation of head office functions, and responses to internal and external stakeholders. A post-exercise discussion session also allowed us to identify challenges and points for improvement.

Expected ash fallout area
Source: Report of the Mt. Fuji Hazard Map Review Committee

Environment

Environmental policy

To achieve a sustainable global environment, we have positioned environmental matters as an important management issue for mitigating and adapting to climate change and minimizing negative impacts on the environment. As such, we promote activities that give consideration to the environment in all our business processes, from business activities to the workplace environment. We also ask our suppliers and partner companies to conduct their business operations in an environmentally friendly manner and strive to improve the global environment.

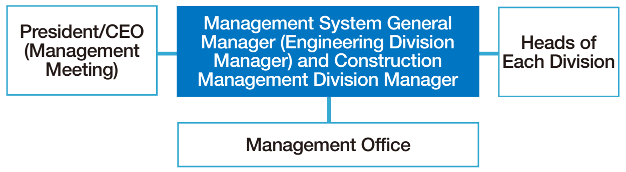
Management systems

To achieve sustainable solutions for global environmental issues, from a building lifecycle perspective we must reduce environmental impacts at every stage of a building's lifecycle. Doing so means not only following regulations but also voluntarily and proactively advancing environmental conservation initiatives.

Our company has positioned climate change response as a key management priority and has endorsed the Task Force on Climate-related Financial Disclosures (TCFD).

Furthermore, all business divisions have obtained ISO 14001 certification. We have established an environmental management system framework that integrates each business division, the Engineering Division, and management, and we are advancing initiatives to verify its effectiveness and pursue continuous improvement.

Environmental management organizational chart



Please visit our website for our TCFD climate-related response.
https://www.snk.co.jp/csr/tcfd/

Results

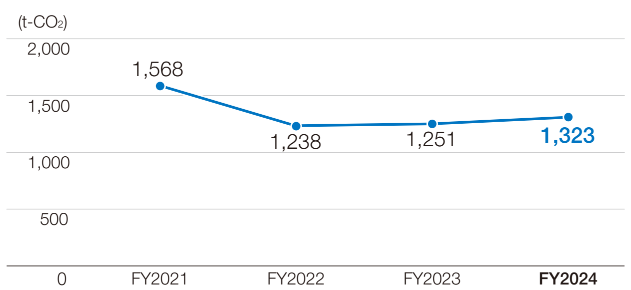
1. Preventing global warming through greenhouse gas reductions

Scope 1 Direct emissions associated with fuel consumption at company facilities, the use of company vehicles, and the use of privately owned vehicles for commuting

Consolidated Scope 1 emissions for fiscal year 2024 totaled 1,323 t-CO_2. In fiscal year 2024, we changed to a more accurate method of calculating fuel consumption by calculating fuel efficiency for each vehicle class. Although we achieved some effects through the introduction of eco-friendly cars, emissions increased by 72 t-CO_2 over fiscal year 2023. As the majority of emissions are due to gasoline consumption by company cars and private cars used for commuting, we are further promoting the introduction of eco-friendly cars such as hydrogen fuel-cell vehicles.

Units: tons CO_2 (t-CO_2)	FY2021	FY2022	FY2023	FY2024
Heavy oil	217	227	237	241
Diesel oil	52	76	101	38
Kerosene	9	9	7	7
Propane gas	4	5	6	6
City gas	0	0	0	0
Gasoline	1,018	829	900	717
CFC/halon leaks	268	92	0	314
Total	1,568	1,238	1,251	1,323

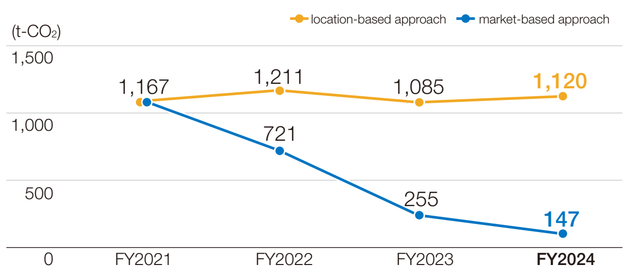
* Figures have been revised in accordance with the new calculation standards starting with SNK Report 2024.



* Figures have been revised in accordance with the new calculation standards starting with SNK Report 2024.

Scope 2 Indirect emissions associated with the use of purchased electricity at our facilities

From fiscal year 2022, we revised our emission calculation method from the previous location-based approach to a more accurate market-based approach, and newly added base worksites to the scope of management. Consolidated Scope 2 emissions for fiscal year 2024 under the market-based approach totaled 147 t-CO_2. Scope 2 emissions under the previous location-based approach were 1,120 t-CO_2, an increase of 35 t-CO_2 from fiscal year 2023. We will continue to work toward reducing electricity usage at our facilities.



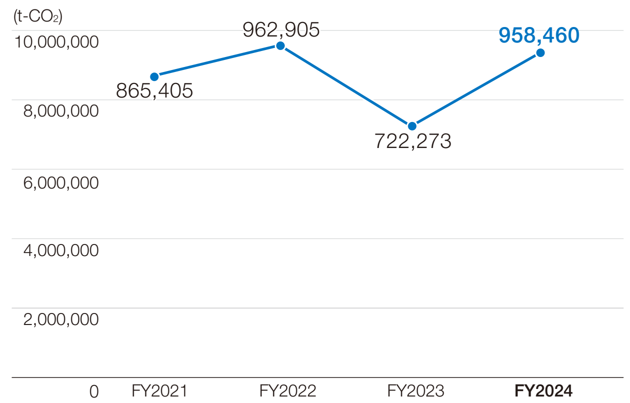
* Figures have been revised in accordance with the new calculation standards starting with SNK Report 2024.

Scope 3 Indirect emissions from other companies related to our business activities

Consolidated Scope 3 emissions for FY2024 totaled 958,460 (t-CO_2), an increase of 236,187 (t-CO_2) over fiscal year 2023. As the operation of building equipment supplied by our company accounts for approximately 85% of Scope 3 emissions, we will continue proposing the introduction of high-efficiency equipment and systems to reduce greenhouse gas emissions and work to enhance technologies using AI for HVAC heat source equipment and optimal heat source operation control. We will also promote design proposals that contribute to reducing GHG emissions from customer facilities.

Units: tons CO_2 (t-CO_2)	FY2021	FY2022	FY2023	FY2024
Category 1: Purchased goods and services	119,989	122,509	144,634	139,625
Category 2: Capital goods	1,361	2,639	4,186	1,816
Category 3: Fuel- and energy related activities (not included in scope 1 or scope 2)	473	445	442	393
Category 4: Upstream transportation and distribution	617	511	684	696
Category 5: Waste generated in operations	548	621	700	1,489
Category 6: Business travel	313	400	477	462
Category 7: Employee commuting	376	394	446	414
Category 11: Use of sold products	741,728	835,385	570,703	813,565
Total	865,405	962,905	722,273	958,460

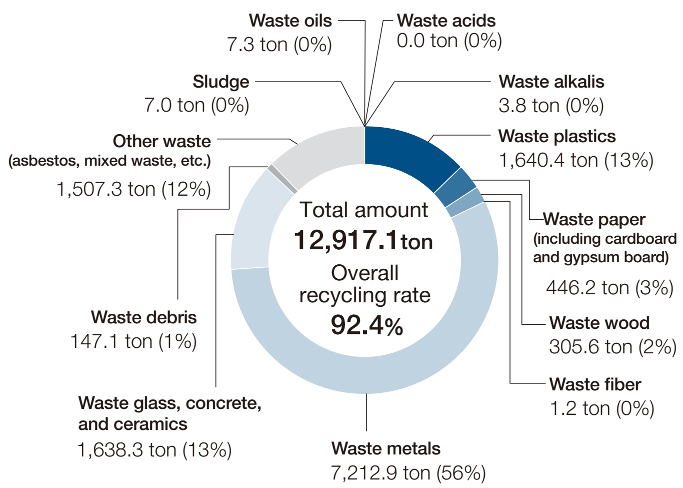
* From SNK Report 2024, all Scope 3 category figures are based on the new calculation standards



* Category 3 is electricity and fuel not included in Scope 1 or 2
* Category 11 (facility operations of equipment supplied by us) is based on a 15-year operational period
* Categories 8–10 and 12–15 are not relevant to our business operations
* Independent third-party assurance obtained from SOCOTEC Certification Japan Co., Ltd.
* Figures have been revised in accordance with the new calculation standards starting with SNK Report 2024.

2. Conserving resources through waste reduction and recycling

Total industrial waste generated in fiscal year 2024 was 12,917.1 tons, with a recycling rate of 92.4%. Total amount of emissions was down 6,809 tons from fiscal year 2023, while the recycling rate remained roughly the same. By type, waste metal and waste wood accounted for approximately 58% of total emissions, with respective recycling rates of 99.8% and 98%. Through efforts that include finding effective ways to collect waste with low recycling rates and devising ways to reduce emissions, we will continue to work towards solving global environmental issues.



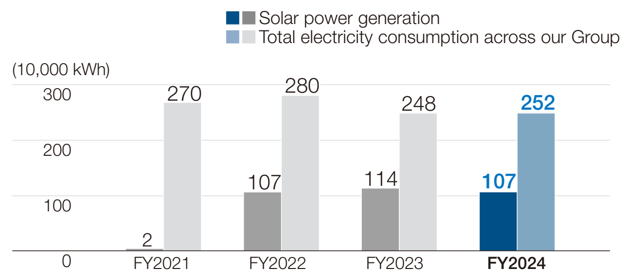
3. Status of our solar power generation business

We acquired a solar power plant through our group company, Nippo Kogyo Co., Ltd., and began selling electricity in fiscal year 2022.

The plant is located in Tamura City, Fukushima Prefecture, and has a generating capacity of approximately 850 kW. Actual annual power generation in fiscal year 2024 was approximately 1.07 million kWh, a decrease of 70,000 kWh from fiscal year 2023. The amount of electricity generated by this solar power plant is equivalent to approximately 43% of the total electricity consumed by our entire Group in fiscal year 2024. All electricity generated by the plant is subject to the feed-in tariff system under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities.

The sale of this renewable energy is not included in our group's greenhouse gas emissions reductions. Going forward, we will contribute to addressing climate change issues by promoting the adoption of renewable energy through various means, not limited to solar power generation.

Total electricity consumption and solar power generation across our Group



* Figures have been revised in accordance with the new calculation standards starting with SNK Report 2024.

Human Resources

Basic stance and management systems

SNK Group has made enhancement of employee engagement and the respect for human rights a materiality, and has set "Health and productivity management, promoting a work-life balance," "Developing the next generation of human resources," "Diversity & inclusion," and "Promoting engagement with stakeholders" as specific human resources themes. We are promoting a human resources strategy that maximizes human resource value by combining diverse skills and aim to become a group of engineers in which self-reliant and versatile individuals will shine.

Health and productivity management and promotion of various work styles

We have made health and productivity management declarations both internally and externally, and are working to maintain an environment in which employees can safely work in good physical and mental health. Our health promotion initiatives have gained recognition, including having full-time in-house health nurses, hygiene patrols at construction sites, and initiatives to prevent passive smoking. These efforts led to our certification as a KENKO Investment for Health for four consecutive years starting in fiscal year 2022. As part of our efforts to improve employee work-life balance, we are also expanding various systems that promote flexible working styles not constrained by time or location. These include telework, staggered working hours, and hourly paid leave systems, a system for accumulating expired paid leave, fostering a workplace culture that supports preparation for parental leave by encouraging early application of parental leave, and improving internal systems to facilitate childcare, such as reduced working hours for employees with young children (elementary school age or younger). In fiscal year 2024, we established a system that enables us to grasp working hours in real time in order to comply with regulations that cap overtime. Managers adjust staffing in response to workload demand at each site, and we ensure thorough management of overtime hours.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Human resources development

People SNK Group seeks

We strive to be a group of engineers that utilizes knowledge and technology to realize a sustainable global environment and enhance the value of our customers' assets. We seek individuals who share this basic philosophy, who are proactive, and who can contribute to the sustainable growth of our Group.

The ideal employee

1. An employee who approaches their role with initiative and passion, and produces results.
2. An employee who utilizes their expertise, demonstrates creativity, and takes action.
3. An employee who sees things from a broad perspective and communicates well.
4. An employee who is ambitious, fair, and acts in accordance with social norms.

Training framework

Our Group's training system includes a fixed development period followed by training programs that, regardless of age or years of service, advance each employee's career and support a wide range of career plans. In particular, we clearly communicate that our company offers diverse career paths aligned with employees' envisioned career plans. To achieve this, training sessions based on our corporate philosophy and medium-term management plan help employees reaffirm what they should be accomplishing in their current positions. We will also increase employee engagement by considering reskilling to generate new ideas and further improve their work efficiency and productivity.

Develop leaders who will contribute to expanding our business domains

Because our employees are our most valuable asset, we view human resources development as an important management issue. Developing human resources is not only gaining knowledge and skills but also passing down attitudes and ways of thinking about work. We provide a variety of educational opportunities because we believe it is particularly important to develop leaders who can support the company in the medium- to long-term and foster people who can create new value for the company.

As an example, to develop the next generation of leaders, our "mindset training" at each level of the organizational hierarchy involves employees understanding their own role in the company, learning skills for organizational improvement and building trust, thereby instilling the company's philosophy and policies, and putting into practice abilities to create an organization that achieves continuous results and growth. In fiscal year 2024, 194 employees took this mindset training course.

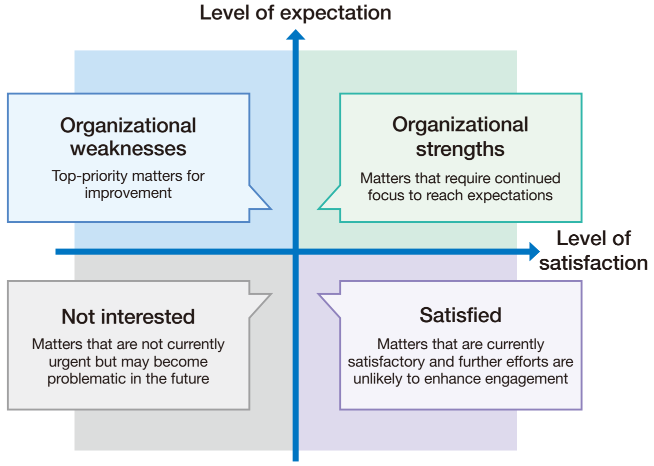
Please visit our Group's Training System website.
https://www.snk.co.jp/csr/society/employee-engagement/#anchor03

Engagement survey

We are conducting an engagement survey using Link and Motivation Inc.'s "Motivation Cloud" with the aim of improving organizational execution capabilities in order to realize SNK Vision 2030 and address organizational challenges.

In this survey, respondents are asked to answer questions from two perspectives: "Level of expectation" and "Level of satisfaction." Understanding both expectation and satisfaction levels in responses to the same question clarifies the factors contributing to decreased motivation within the organization and the issues that should be prioritized (i.e., in which limited resources should be invested). By visualizing these perspectives, we aim to deepen mutual understanding between the organization and employees. Through these efforts, we intend to strengthen engagement in our organization.

We will continue this initiative and engage in dialogue to build a better organization, working toward realizing SNK Vision 2030.



Diversity and inclusion

Diversity and inclusion refers to accepting and making the most of differences to maximize the forces driving the sustainable growth of people and organizations. To foster talent and organizations that generate innovation and contribute to society, we aim to be an organization that makes the most of each individual's strengths by respecting and accepting not only attributes but also diverse values and perspectives. Through diversity and inclusion, we will strive to maximize the corporate value of our Group.

Case Study 1 Diversity promotion activity

In July 2022, we published a top message about the promotion of diversity management both inside and outside the company. This message, which was also made public, sets out our policy of prioritizing the advancement of women. After conducting surveys, etc. across our company, we established an action policy of "striving to create a workplace where each individual feels fulfilled at work" and are implementing a variety of initiatives toward this goal. Specific initiatives include holding small-group, mixed-gender opinion exchange meetings through which employees submit proposals for improving various gender disparities in the workplace, whether large or small, and submit them to their superiors on an organizational level. Although voices are expressed only by small groups, we have named this activity "Everyone's Butterfly" in the hope that it will eventually transcend gender barriers and lead to fulfillment for many employees. By April 2025, a total of 79 people participated in 14 opinion exchange meetings held across all domestic divisions. We hope that the flapping of such tiny wings will eventually lead to changes in our organizational culture and to an improved work-life balance.

Case Study 2 Promoting hiring of people with disabilities

Since August 2022, we have participated in S-Pool Plus Inc.'s Work Happiness Farm, a project aimed at creating more opportunities for people with disabilities to actively participate in the workforce and have been promoting such employment opportunities. The farm's operations create an environment in which those with disabilities can work with peace of mind and thrive over the long term. It also fosters a workplace where diverse talent can thrive and find fulfillment in their work. SNK Group employees work on the farm regularly together with people with disabilities and participate in harvest festivals, getting to know people with disabilities and about the work they do. These initiatives will help deepen understanding of people with disabilities when it comes to their employment as well. The work of farming also fosters the joy of working and a sense of gratitude, and nurtures a feeling of unity throughout the company.

Harvesting work
Photo: S-Pool Plus, Inc.

Human Rights

Respect for human rights

Respect for human rights is becoming increasingly important internationally. The Group has positioned this matter as a materiality that should be incorporated into its management agenda. In September 2022, we clearly indicated our human rights responsibilities and formulated a Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights and other international norms in order to respect the human rights of all people involved in our business activities.

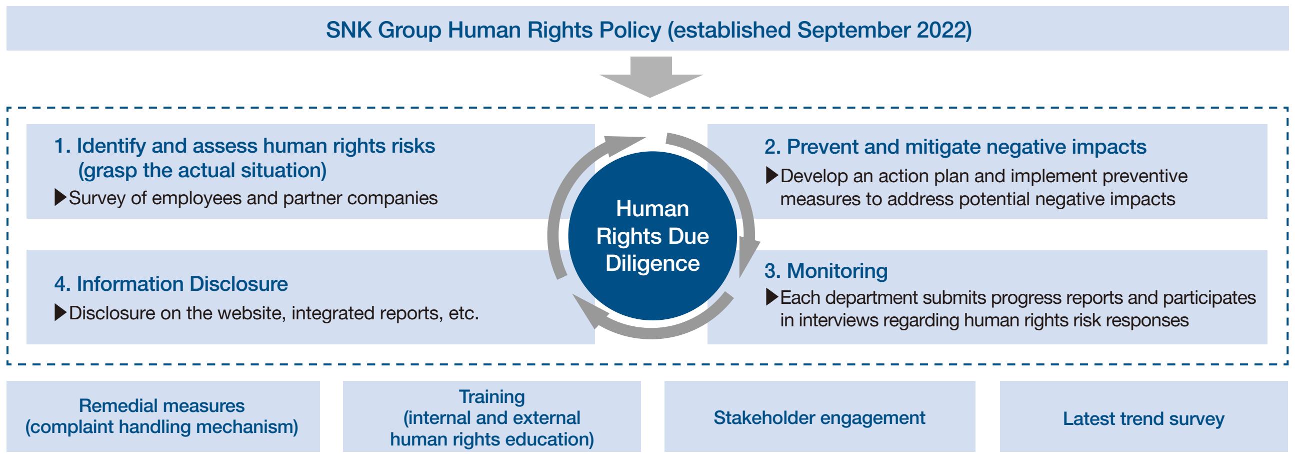
Please visit our website for more about our Human Rights Policy.
https://www.snk.co.jp/csr/society/employee-engagement

Human rights due diligence

Our Group implements human rights due diligence on an ongoing basis through the following processes to identify adverse human rights impacts arising from our business activities within the company and across our supply chain. We also take measures to prevent and mitigate those impacts.

We have currently identified seven priority human rights risks and are assessing both the potential and actual negative impacts on human rights. For potential risks, we implement appropriate measures to reduce them. For actual risks, we address issues as necessary – for example, eliminating negative impacts and implementing appropriate remedial measures for victims.

Please visit our website for more about Priority Human Rights Risks and our initiatives.
https://www.snk.co.jp/csr/respect/



Supply Chain Management

Basic stance

The Group is working to improve the efficiency of worksite and supply chain operations and has implemented original measures to address social issues such as eliminating industrial accidents, promoting a decarbonized society, and addressing labor shortages in the construction industry. Through supply chain management, we hope to contribute to the sustainability of society by addressing social issues.

Main Initiative 1 SNK Masters, outstanding skilled workers

In fiscal year 2008, we introduced the SNK Masters system to recognize outstanding skilled employees and foremen at partner companies who have realized outstanding achievements in improving safety and quality. To date, 75 people have been certified for using their work skills and passing on that knowledge to other workers. They also participate in special safety patrols and provide guidance at worksites. We will continue to work with our partner companies and suppliers to improve safety and quality.

Main Initiative 2 SNK-EDI

In fiscal year 2022, we introduced our proprietary SNK-EDI electronic trading system for ordering and inspection transactions with affiliated companies. Currently, we have maintained a 100% utilization rate. We completed the introduction of the system at domestic Group companies in fiscal year 2024, resulting in the improvement of efficiency and standardization of supply chain operations across the Group. We will continue to promote further use of SNK-EDI based on our Corporate Social Responsibility (CSR) Procurement Policy in order to maintain a fair and transparent trading environment.

Financial and Corporate Data

DATA / COMPANY INFORMATION

Achievements of SNK's ESG Management

SNK Group is promoting initiatives that focus on both contributing to society and ensuring business sustainability. Here we introduce the results of those initiatives, including both financial and non-financial data.

CONTENTS

Non-Financial Summary (As of March 31, 2025)

Environment (E)

	Unit	Non-consolidated/ Consolidated	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1+2+3	t-CO_2	Consolidated	—	868,140	964,864	723,779	959,930
Scope 1	t-CO_2	Consolidated	—	1,568	1,238	1,251	1,323
Scope 2 (market-based/REC-offsettable)	t-CO_2	Consolidated	—	1,167	721	255	147
Scope 3	t-CO_2	Consolidated	—	865,405	962,905	722,273	958,460
Category 1: Purchased goods and services	t-CO_2	Consolidated	—	119,989	122,509	144,634	139,625
Category 2: Capital goods	t-CO_2	Consolidated	—	1,361	2,639	4,186	1,816
Category 3: Fuel- and energy related activities (not included in scope 1 or scope 2)	t-CO_2	Consolidated	—	473	445	442	393
Category 4: Upstream transportation and distribution	t-CO_2	Consolidated	—	617	511	684	696
Category 5: Waste generated in operations	t-CO_2	Consolidated	—	548	621	700	1,489
Category 6: Business travel	t-CO_2	Consolidated	—	313	400	477	462
Category 7: Employee commuting	t-CO_2	Consolidated	—	376	394	446	414
Category 11: Use of sold products	t-CO_2	Consolidated	—	741,728	835,385	570,703	813,565
GHG emissions per unit of net sales of completed construction contracts	t-CO_2/100 million yen	Consolidated	—	2.56	1.75	1.18	1.07
Electricity consumption (overall)	kWh	Consolidated	—	2,696,105	2,804,818	2,477,542	2,523,596
Electricity consumption (offices)	kWh	Consolidated	—	1,898,714	1,969,259	1,789,708	1,700,066
Electricity consumption (worksite offices)	kWh	Consolidated	—	797,391	835,559	687,834	823,530
Electricity from 100% renewable energy	kWh	Consolidated	—	425,894	1,680,769	1,433,091	1,534,881
Renewable energy adoption rate	%	Consolidated	—	15.8	59.9	78.0	86.3
Water consumption	m^3	Non-consolidated	—	—	7,197	6,318	4,566
Total industrial waste generated	ton	Consolidated	—	—	11,165	19,727	12,917
Industrial waste recycled	ton	Consolidated	—	—	8,351	18,286	11,930
Industrial waste recycled rate	%	Consolidated	—	—	73.6	92.5	92.4
CFC/halon recovered	kg	Consolidated	—	18,201	26,714	29,576	26,740
Destruction	kg	Consolidated	—	13,215	14,544.0	11,476.0	7,127.0
Reprocessing	kg	Consolidated	—	3,512	10,187.0	15,996.0	17,945.0
Recycling	kg	Consolidated	—	1,474	1,983.0	2,104.0	1,668.0
CFC/halon leakage	kg	Consolidated	—	167	101	132	165
Chemical spill incidents (excluding CFC/halon)	cases	Consolidated	—	—	—	—	2

* From SNK Report 2024, figures for all categories of Scope 1, 2, and 3 have been corrected.

Social (S)

	Unit	Non-consolidated/ Consolidated	FY2020	FY2021	FY2022	FY2023	FY2024
Employees	person	Non-consolidated	1,087	1,103	1,132	1,167	1,208
Female employees	person	Non-consolidated	136	141	155	172	188
Female employee ratio	%	Non-consolidated	12.5	12.8	13.7	14.7	15.6
Female managers	person	Non-consolidated	3	3	6	7	7
Female manager ratio	%	Non-consolidated	1.8	1.7	3.4	4.1	4.2
Foreign employees	person	Non-consolidated	15	19	21	23	24
Supervising engineers	person	Non-consolidated	604	590	565	572	534
First-class plumbing construction management engineer	person	consolidated	612	626	611	614	628
First-class instrumentation engineer*1	person	consolidated	205	199	194	184	182
Average years of service*2	year	Non-consolidated	16.6	16.5	16.5	16.4	16.0
Male average	year	Non-consolidated	16.9	16.9	17.0	17.0	16.7
Female average	year	Non-consolidated	14.2	14.0	13.6	12.8	12.0
Turnover rate (within the first three years of employment)	%	Non-consolidated	19.6	20.0	7.9	8.0	5.5
Number of employees taking pre- and post-natal leave	person	Non-consolidated	2	4	6	6	5
Return-to-work rate after maternity leave	%	Non-consolidated	100.0	100.0	100.0	100.0	100.0
Number of employees taking childcare leave	person	Non-consolidated	4	7	21	24	21
Female rate	%	Non-consolidated	100.0	100.0	100.0	100.0	100.0
Male rate	%	Non-consolidated	6.3	20.7	46.9	66.7	64.0
Total actual annual working hours per regular employee	hour/year/ person	Non-consolidated	2,077	2,072	2,076	2,047	2,030
Number of paid leave days taken	days	Non-consolidated	10	10	11	13	11
Gender pay gap	%	Non-consolidated	—	—	59.4	61.9	63.7
Training expenses	1,000 yen	Non-consolidated	44,000	44,000	44,780	60,414	65,960
Training/education expenses per employee	1,000 yen/ person	Non-consolidated	40	40	40	52	55
Engagement score	—	Non-consolidated	—	—	—	55.1	59.5
Frequency of occupational accidents	—	Non-consolidated	0.26	1.91	0.80	0.48	0.27
Severity rate of occupational accidents	—	Non-consolidated	0.00	0.04	0.03	0.03	0.01

*1 Figures have been revised starting with SNK Report 2024.
*2 Figures have been revised starting with SNK Report 2024.

Governance (G)

	Unit	Non-consolidated/ Consolidated	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Board of Directors meetings held	times	Non-consolidated	9	9	9	9	9
Participation rate	%	Non-consolidated	99.1	100	100	100	100
Outside director ratio	%	Non-consolidated	33.3	36.4	36.4	36.4	36.4
Number of Risk Management Committee meetings held	times	Non-consolidated	4	4	4	4	4
Participation rate	%	Non-consolidated	100	95.5	98.2	95.5	100.0

11-Year Financial Summary (As of March 31, 2025)

		The 46th term FY2014 end	The 47th term FY2015 end	The 48th term FY2016 end	The 49th term FY2017 end	The 50th term FY2018 end	The 51st term FY2019 end	The 52nd term FY2020 end	The 53rd term FY2021 end	The 54th term FY2022 end	The 55th term FY2023 end	The 56th term FY2024 end
Profit and Loss												(Unit: millions of yen)
Orders received		100,840	106,139	111,435	114,320	120,530	107,304	103,254	116,197	130,869	141,121	153,891
Net sales of completed construction contracts		86,508	97,329	101,202	111,742	122,389	120,106	107,253	106,718	112,234	127,978	137,684
Net sales of completed construction contracts by category	New Construction	30,487	42,014	33,220	44,448	49,964	36,933	35,569	36,531	33,165	43,928	41,913
	Renewals	41,181	39,378	45,019	42,848	48,360	54,200	49,365	47,990	54,072	54,813	62,119
	Nuclear Power	8,068	8,691	9,118	8,802	7,735	8,509	7,165	7,528	7,942	7,832	7,015
	Other (Consolidated subsidiaries)	6,771	7,245	13,842	15,642	16,329	20,462	15,152	14,668	17,054	21,403	26,635
Net sales of completed construction contracts by region	Domestic	82,519	92,591	92,469	105,667	114,362	108,998	99,815	100,056	103,251	115,967	122,418
	Overseas	3,989	4,738	8,732	6,074	8,027	11,107	7,438	6,661	8,982	12,010	15,266
Gross profit on completed construction contracts		8,334	9,860	10,899	11,956	11,252	14,186	13,917	14,546	15,676	18,699	22,002
Selling, general and administrative expenses		6,192	6,455	7,002	7,682	7,366	7,777	7,531	7,664	8,551	9,464	10,656
Operating profit		2,142	3,405	3,897	4,274	3,885	6,409	6,386	6,881	7,124	9,235	11,346
Operating profit margin		2.5%	3.5%	3.9%	3.8%	3.2%	5.3%	6.0%	6.4%	6.3%	7.2%	8.2%
Ordinary profit		2,567	3,702	4,217	4,644	4,235	6,810	6,676	7,366	7,914	9,725	11,976
Profit		1,442	2,355	2,934	3,449	3,095	4,603	4,637	5,403	5,597	7,168	9,656
Net income attributable to owners of parent		1,442	2,355	2,934	3,449	3,095	4,603	4,637	5,403	5,597	7,168	9,656
Financial Position												(Unit: millions of yen)
Total assets		82,609	90,301	86,695	98,267	102,025	98,925	98,634	99,966	109,146	117,351	118,166
Liabilities		44,541	52,905	46,925	55,247	58,961	54,523	47,930	46,153	50,933	51,756	48,872
Net assets (equity)		38,067	37,396	39,710	42,885	42,888	44,234	50,555	53,698	58,105	65,526	69,226
Equity ratio		46.1%	41.4%	45.8%	43.6%	42.0%	44.7%	51.3%	53.7%	53.2%	55.8%	58.6%
D/E Ratio (debt-to-equity ratio) (Unit: times)		0.1	0.3	0.2	0.2	0.3	0.2	0.1	0.1	0.1	0.2	0.1
Consolidated Cash Flow												(Unit: millions of yen)
Cash flow from operating activities		2,776	(5,862)	2,951	166	(1,282)	11,172	1,917	7,004	12,820	(13,562)	14,238
Cash flow from investing activities		(3)	1,495	75	1,489	334	179	309	414	(1,168)	(783)	2,048
Cash flow from financial activities		(1,566)	4,818	(3,206)	393	(350)	(6,993)	(2,504)	(4,413)	(2,266)	2,521	(10,184)
Free cash flow		2,772	(4,367)	3,027	1,656	(947)	11,352	2,227	7,419	11,651	(14,346)	16,287
Key Performance Indicators												
ROE (return on equity)		4.0%	6.2%	7.6%	8.4%	7.2%	10.6%	9.8%	10.4%	10.0%	11.6%	14.3%
ROA (return on assets)		3.0%	4.2%	4.8%	5.0%	4.2%	6.8%	6.8%	7.4%	7.6%	8.6%	10.2%
Stock-Related Information												(Unit: yen)
Earnings per share		28.57	47.74	59.88	70.42	65.13	98.53	99.76	115.94	119.86	155.19	211.62
Net assets per share		754.11	763.03	810.30	880.27	918.26	952.75	1,086.90	1,151.50	1,243.60	1,434.11	1,527.53
Dividend per share		12.50	12.50	20.00	22.50	25.00	35.00	35.00	37.50	40.00	50.00	80.00
Payout ratio		43.7%	26.2%	33.4%	32.0%	38.4%	35.5%	35.1%	32.3%	33.4%	32.2%	37.8%
DOE (dividend on equity ratio)		2.2%	2.1%	3.1%	3.3%	3.4%	4.5%	4.1%	4.1%	4.0%	4.5%	6.6%

* The Company conducted a stock split of shares of its common stock at a 2-for-1 ratio with the effective date of January 1, 2025.
* For this reason, to facilitate comparison of figures across periods, profit per share, net assets, and annual dividends have been calculated assuming the stock split occurred at the beginning of fiscal year 2014.

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Company Overview / Stock Information

Company Overview (as of March 31, 2025)

Name	SHIN NIPPON AIR TECHNOLOGIES CO., LTD.
Representative	Masanori Hiroshima, President and Representative Director
Established	October 1, 1969
Head office	Hamacho Center Bldg., 2-31-1, Nihonbashi Hamacho, Chuo-ku, Tokyo 103-0007, Japan
Capital	5,158.6 million yen
Business activities	Design, supervision, and construction contracting of HVAC (heating, ventilation, and air conditioning) systems, environmental maintenance, temperature/humidity, dust, and microbial control systems, plumbing, sanitation, and electrical facilities, etc.
Construction licenses	Minister of Land, Infrastructure, Transport and Tourism License (Special-6) No. 2716 Building Construction, Electrical, Plumbing, and Machinery and Equipment Installation Work Minister of Land, Infrastructure, Transport and Tourism License (General-6) No. 2716 Fire protection facilities business
First-class architect office	Tokyo Metropolitan Government Registration No. 13767
Employees	Consolidated: 1,717 Non-consolidated: 1,208

Organization Chart (as of April 1, 2025)

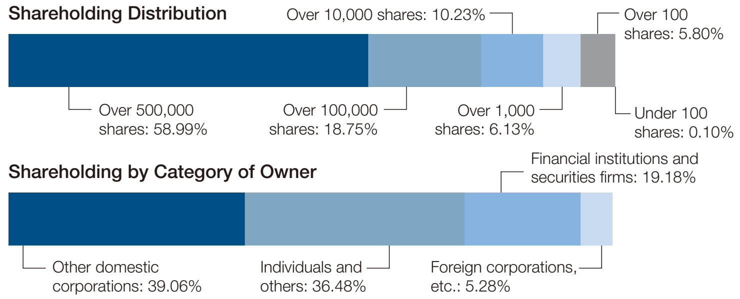
- Shareholders' Meeting
  - Board of Directors
    - Chairman
      - President
        - Management Planning Division
        - Administration Division
        - Sales Division
        - Engineering Division
          - Research & Development Center
        - Construction Management Division
        - International Business Division
        - Hokkaido Branch
        - Tohoku Branch
        - Solution Division
        - Tokyo Metropolitan Division
          - Urban Facilities Division
          - Renewal Division
          - Industrial Facilities Division
          - Kanto Branch
          - Yokohama Branch
        - Nuclear Power Division
        - Nagoya Branch
        - Osaka Branch
        - Chugoku Branch
        - Kyushu Branch
- Audit and Supervisory Committee
  - Internal Audit Department

Stock Information

Major Shareholders (as of March 31, 2025)

Name of shareholders	Number of shares held (1,000 shares)	Percentage of shares held (%)
Shin Nippon Air Technologies Kyowakai	4,213	9.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,306	7.29
SNK Employee Shareholding Association	2,156	4.75
MITSUI & CO., LTD.	2,000	4.41
Sumitomo Mitsui Banking Corporation	1,613	3.56
NIPPON DENSETSU KOGYO CO.,LTD	1,521	3.35
Custody Bank of Japan, Ltd. (Trust Account)	1,417	3.12
TOSHIBA CORPORATION	1,255	2.76
Sumitomo Mitsui Trust Bank, Limited	1,200	2.64
Mitsui Fudosan Co., Ltd.	1,001	2.20

Share ownership Distribution (as of March 31, 2025)

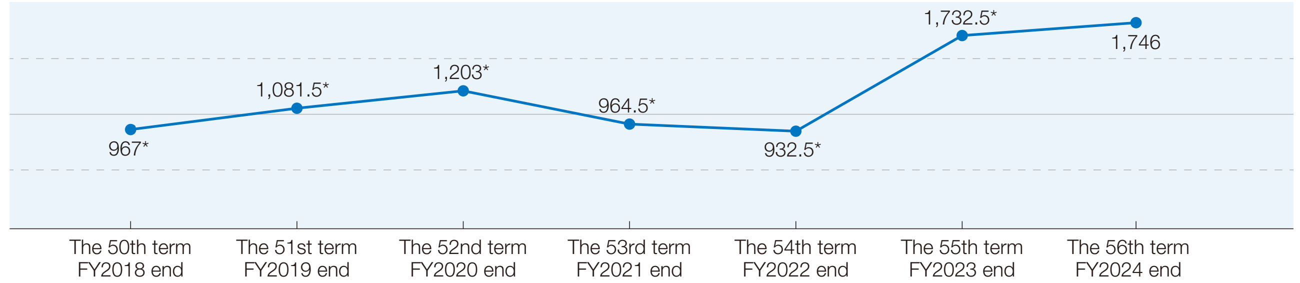


Stock Information

Total number of shares authorized	84,252,100
Total number of issued shares	48,564,450
Unit shareholders	9,784

Share price trends

(Unit: yen)



* The Company conducted a stock split of shares of its common stock at a 2-for-1 ratio with the effective date of January 1, 2025. The share prices thereafter reflect the changes due to the stock split.

Notes for shareholders

Market / Securities code	Tokyo Stock Exchange Prime Market / 1952
Shares per unit	100 shares
Fiscal year	From April 1 to March 31 of the following year
Annual General Meeting of Shareholders	Held in June
Record date	Annual general meeting of shareholders: March 31 / Year-end dividend: March 31 / Interim dividend: September 30
Date of listing/public offering	November 27, 1990
Method of public notice	Published on our Corporate Website as a public notice. However, if we are unable to make our public notice on our home page due to unavoidable circumstances, we will announce it through the Nihon Keizai Shimbun.
Administrator of shareholder register and special account management institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Mailing address Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department, 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063

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Third-Party Opinion / Response to Third-Party Opinion

Third-party opinion

Makoya Kageyama
Professor Emeritus, Yokohama City University
Visiting Professor, Graduate School of Urban Social and Cultural Studies, Yokohama City University

In addition to research and education, he works as a consultant to a variety of domestic and international organizations, including government agencies, companies, NPOs, and NGOs. He was also responsible for taking charge of the designs for CSR certification systems run by the City of Yokohama (Yokohama-Style Certification System for Community Contributions by Business Enterprises) and the City of Utsunomiya (Certification System for Business Enterprise Contributions to Utsunomiya Urban Development), as well as a CSR certification system for the All Japan Federation of Printing Industry Associations, which was an industry-wide first. These efforts provide support for revitalizing local communities and small and medium-sized enterprises.

CSR is a fundamental perspective that guides management strategies for achieving sustainability in today's increasingly complex and diverse society. Integrated reports serve as the medium for communicating to society the details of company initiatives and their results for society and the company.

When reading the SNK Report with this perspective in mind, the President's message explains the company's stance of remaining conscious of the "last mile" and providing value that makes SNK the first choice for companies. This approach is evidenced by the company's enhanced technical capabilities and human resources development to support those capabilities. SNK therefore takes a developmental hiring approach to human resources development. This strategy is systematically coherent and feels persuasive. In addition, the company's digital transformation strategy to overhaul core systems conveys sensitivity to the demands of the times. Furthermore, the collaborations with JAXA and Chiba University clearly demonstrate an awareness of the synergistic effects that are so crucial today, reflecting an ambitious approach to leveraging the company's strengths for business development. However, there are also issues with regard to some initiatives.

Air conditioning enhances comfort in spaces where people conduct activities, making it easy to associate with an environmental image. However, the nature of construction and engineering also strongly evokes perceptions of significant environmental impact, making environmental conservation initiatives strategically crucial for SNK. In this regard, the President's message touched upon carbon neutrality, while the pages explaining SNK's environmental initiatives introduce efforts with Scope 3 in mind. However, the strategic business significance to SNK is not explained in specific terms, which makes it difficult to convey that the company is taking a proactive approach.

There is also no mention of manufacturing capital in either the business model or the capital overview page. Under the Integrated Reporting Framework, it is customary to list six types of capital. Manufacturing capital is important not only in terms of business operations but also the burden it places on the environment. Without this information, it makes it difficult to convey how serious the company is about the environment.

Furthermore, when looking at the pages explaining each business domain, human rights take up less than one page, and there is no section describing society or social contributions. The human resources page mentions the SNK's use of an employment business to rent farms and directly employ people with disabilities. However, without an explanation of the strategic business significance of the company's involvement in agriculture, it appears merely to be a convenient measure to fulfill its employment rate for people with disabilities, rather than an effort to economically include them. It gives the impression that the company has not fully leveraged the strategic business significance of diversity. As such, it creates an image of failing to meet the current demand for integrating social and environmental issues into one's business strategy, instead appearing much like a traditional management approach focused on core operations and prioritization of sales and profits.

I hope to see further refinement in developing and presenting the kind of Medium-term Management Plan demanded in today's business environment.

Response to Third-Party Opinion

We would like to express our sincere gratitude for the valuable opinions and suggestions you provided in preparing our Integrated Report 2025 (SNK Report). This report outlines initiatives such as strengthening technological capabilities, human resources development, digital transformation, and collaboration with external organizations as a coherent strategy, and was evaluated in terms of systematicity and effectiveness.

On the other hand, with regard to matters such as reducing environmental burdens and the positioning of social inclusion as a management strategy, we also received constructive feedback on issues that are essential for continued growth in the future.

Looking forward, we will more deeply incorporate human rights, social, and environmental initiatives into our management strategy, not only in terms of system responses but also by clearly communicating their strategic significance – which has a direct link to increasing corporate value – and further strengthen our commitment to responding to social demands.

Shinji Maekawa
Senior Managing Officer
In charge of Special Assignments (Sustainability)

Editorial Policy
Since 2013, we have published our Integrated Report (SNK Report) to include financial information and non-financial information such as medium- to long-term management policies, management plans, business overviews, and environmental and social considerations. We hope that this report will help promote trustworthy communication with all stakeholders. We will continue to use your feedback to improve the content.

Reporting Period
Fiscal year 2024 (April 1, 2024 to March 31, 2025)
Includes some activity reports outside the target period

Applicable Organizations (SNK Group)
SHIN NIPPON AIR TECHNOLOGIES CO., LTD., SNK Service Co., Ltd., NIPPO ENGINEERING CO., LTD., SNK (CHINA) CONSTRUCTION CO., LTD., SNK (HONG KONG) CONSTRUCTION CO., LTD., SNK (ASIA PACIFIC) PTE. LTD., SNK ASIA PACIFIC VN CO., LTD., SHIN NIPPON LANKA (PRIVATE) LIMITED

Referenced Guidelines
・IFRS Foundation: International Integrated Reporting Framework
・Ministry of Economy, Trade and Industry Guidance for Collaborative Value Creation
・GRI: GRI Sustainability Reporting Standards

Cautions Regarding Forward-looking Statements
The statements in this report regarding performance forecasts and statements other than objective facts are based on judgments reached by the company from information available at the time of publication but involve risks and uncertainties. Actual results may differ from the performance forecasts described due to various factors related to the economic conditions that affect our business, market trends, exchange rates, as well as other factors.