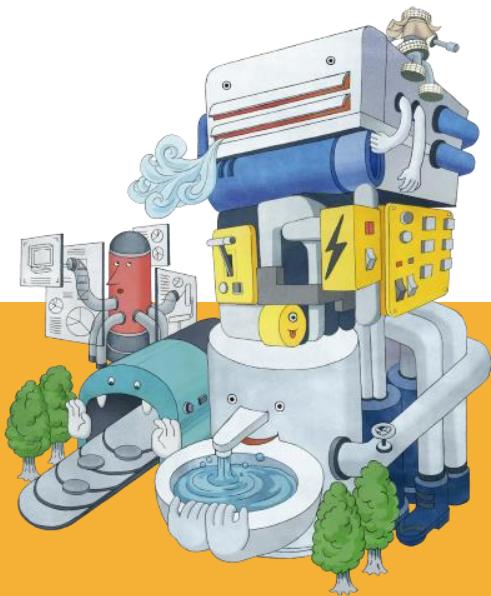


Status of Business Progress in the Medium-Term Management Plan

“Century 2025” Phase3 FY2022 2nd Quarter

November 11, 2022

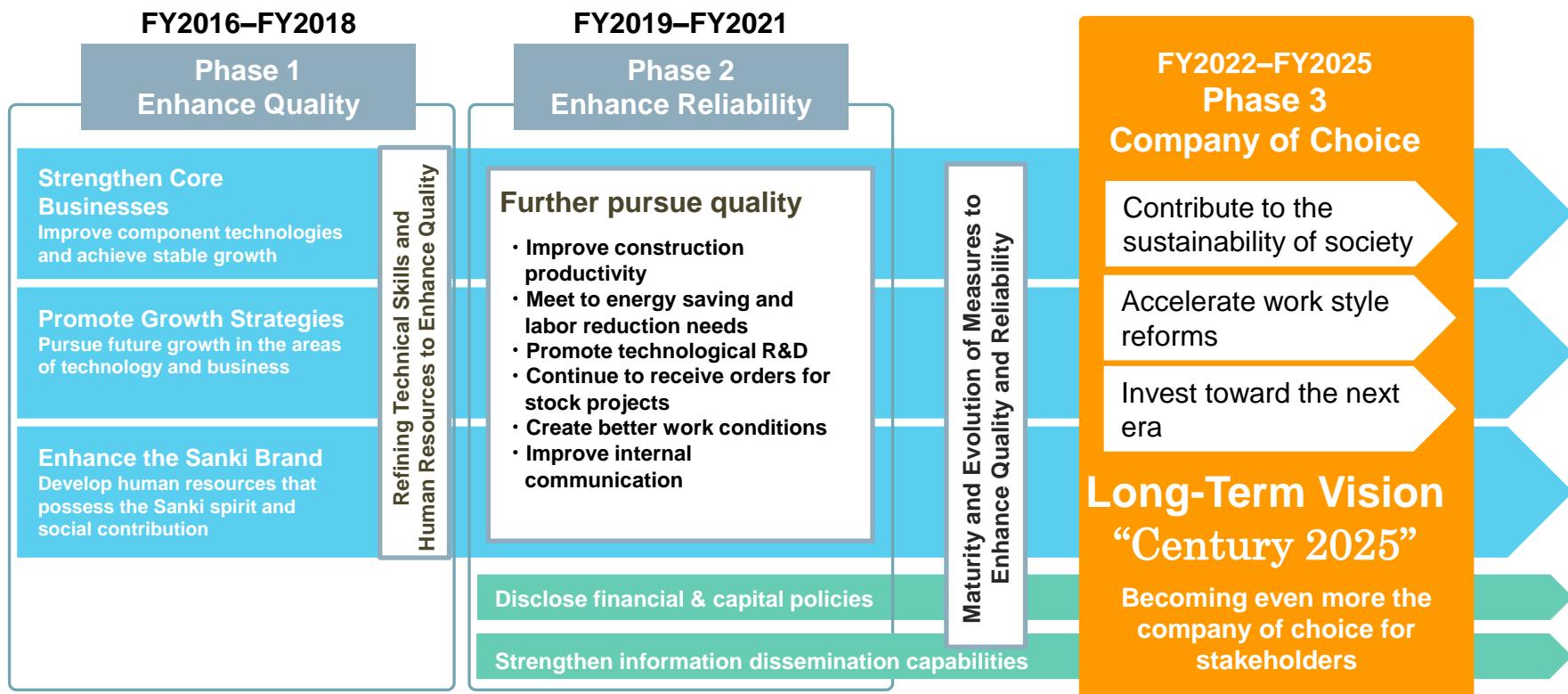
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Phase 3 Basic Policies

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The Phase 3 medium-term management plan will put the finishing touches on our “Century 2025” long-term vision. During this phase we will realize our ambition of becoming the company of choice through the maturation and evolution of measures taken up till now aimed at improving quality and reliability, and the addition of three new measures, namely: contribute to the sustainability of society, accelerate work style reforms, and invest toward the next era.



Note: The ESG policy in Phase 2 has evolved into the Sustainability policy in Phase 3

Phase 3 Financial Performance Targets

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The diagram illustrates the relationship between 'Result' and 'Plan'. A horizontal double-headed arrow connects the two concepts. Below this, a table provides financial performance data across three phases: Phase 1, Phase 2, and Phase 3. Phase 3 begins with a vertical red line.

	Result			Plan (Billions of yen)				
FY	2016	2017	2018	2019	2020	2021	2022	2025
Net Sales	1,685	1,701	2,123	2,076	1,900	1,931	2,000	2,200
Gross profit (margin)	225 (13.4%)	250 (14.7%)	316 (14.9%)	321 (15.5%)	287 (15.1%)	302 (15.6%)	315 (15.8%)	360 (16.5%)
Ordinary profit (margin)	68 (4.1%)	74 (4.4%)	112 (5.3%)	112 (5.4%)	81 (4.3%)	98 (5.1%)	100 (5.0%)	120 (5.5%)

Phase 3 Management targets	
Ordinary profit margin	5.0% or more
Dividend policy	Dividend payout ratio 50% or more Annual dividends per share of ¥70 or more
Acquisition of treasury stock	About 5 million shares*
ROE	8.0 % or more
Growth investment	About ¥20bn*

*Cumulative during period of plan

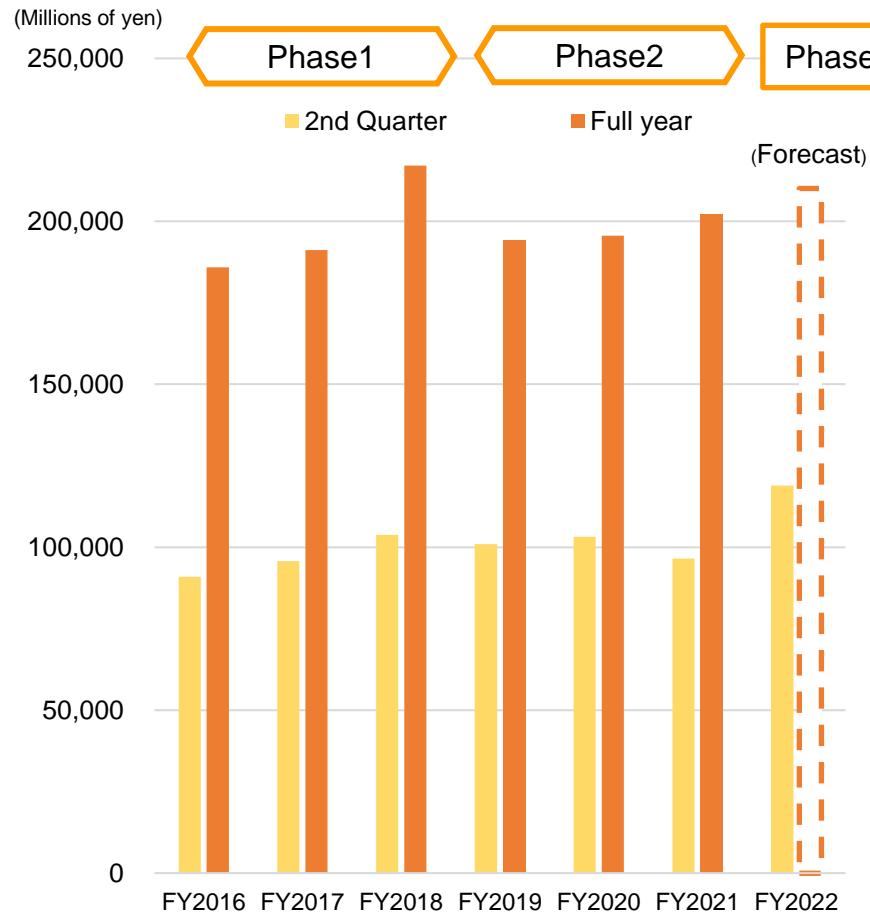
KPIs for Phase 3 (FY2022–2025)

Facilities Construction Business	<ul style="list-style-type: none">● Implement root-case analysis of troubles/claims within 5 years following the completion of construction work: 100%; report on root-cause analysis: 4 times per year● Develop digital and robotic technologies related to construction: 5 projects per year; actual cases of application of developed technology: 5 projects per year
Facility Systems Business	<ul style="list-style-type: none">● Orders received for consulting/facility engineering: 400 million yen● Orders received for projects related to NeWSICT (Next Work Style with ICT): 500 million yen● Orders received for project management and construction work resulting from consulting and other sales approached: 2.1 billion yen
Machinery Systems Business	<ul style="list-style-type: none">● Net sales of robot systems: 5.0 billion yen (cumulative)
Environmental Systems Business	<ul style="list-style-type: none">● Orders received (cumulative): AEROWING: 3.6 billion yen; G3 decanter centrifuge: 2.0 billion yen; fluidized bed incinerator: 2 units
E (Environment)	<ul style="list-style-type: none">● Scopes 1, 2: 40% reduction in emissions from FY2020 levels● Scope 3: 10% reduction in emissions from FY2020 levels● Reduce CO₂ emissions based on the SANKI YOU Eco Point system by an additional 30% compared to the 3-year average from FY2018 to FY2020
S (Social)	<ul style="list-style-type: none">● Rate of childcare leave taken: Male 50% Female 100%● Raise the ratio of women in managerial positions to 3.0% by April 2026
Other	<ul style="list-style-type: none">● Investments for the next era (decarbonization technology, energy-saving and labor-reduction technologies, LCE business, DX): 20.0 billion yen

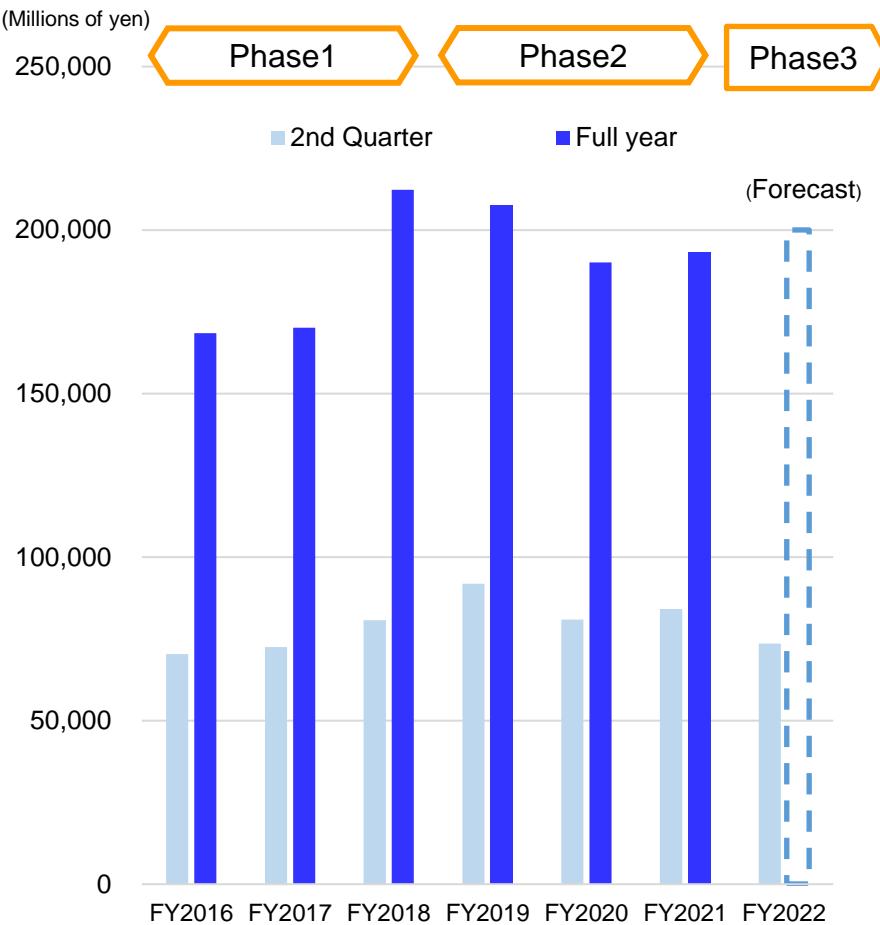
Orders Received/Net Sales

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Consolidated Orders Received

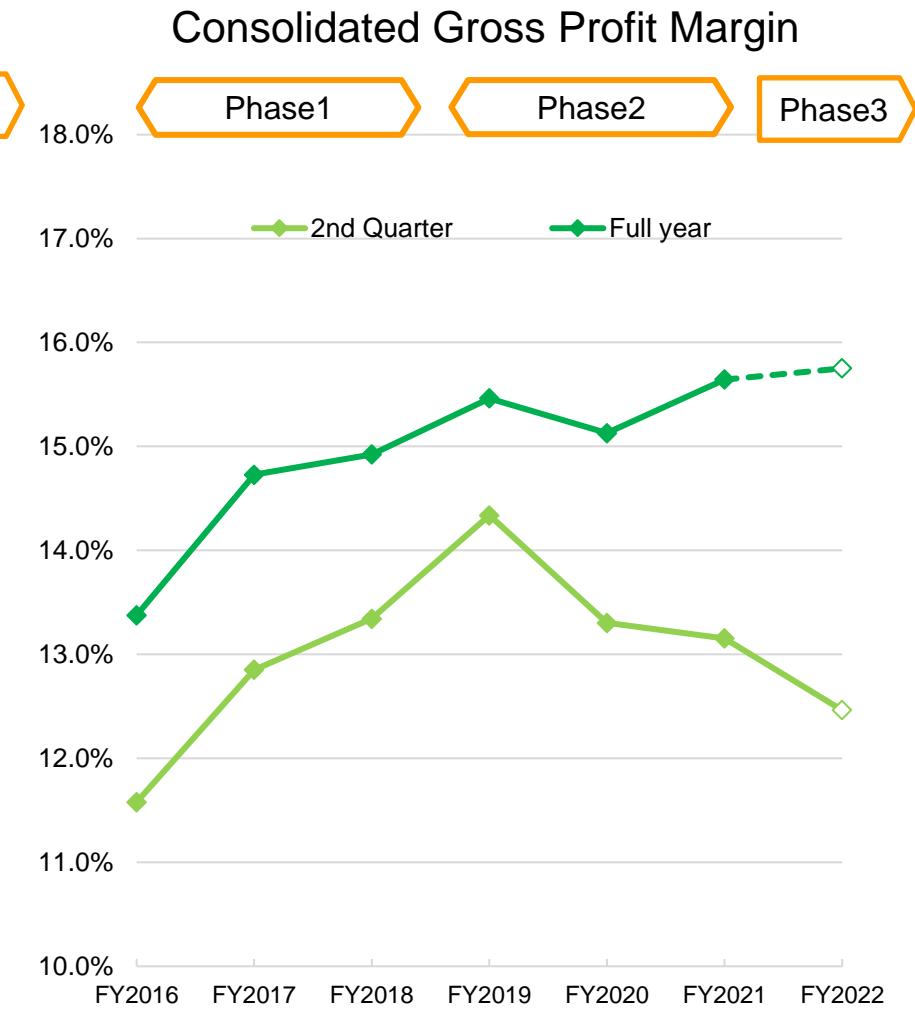
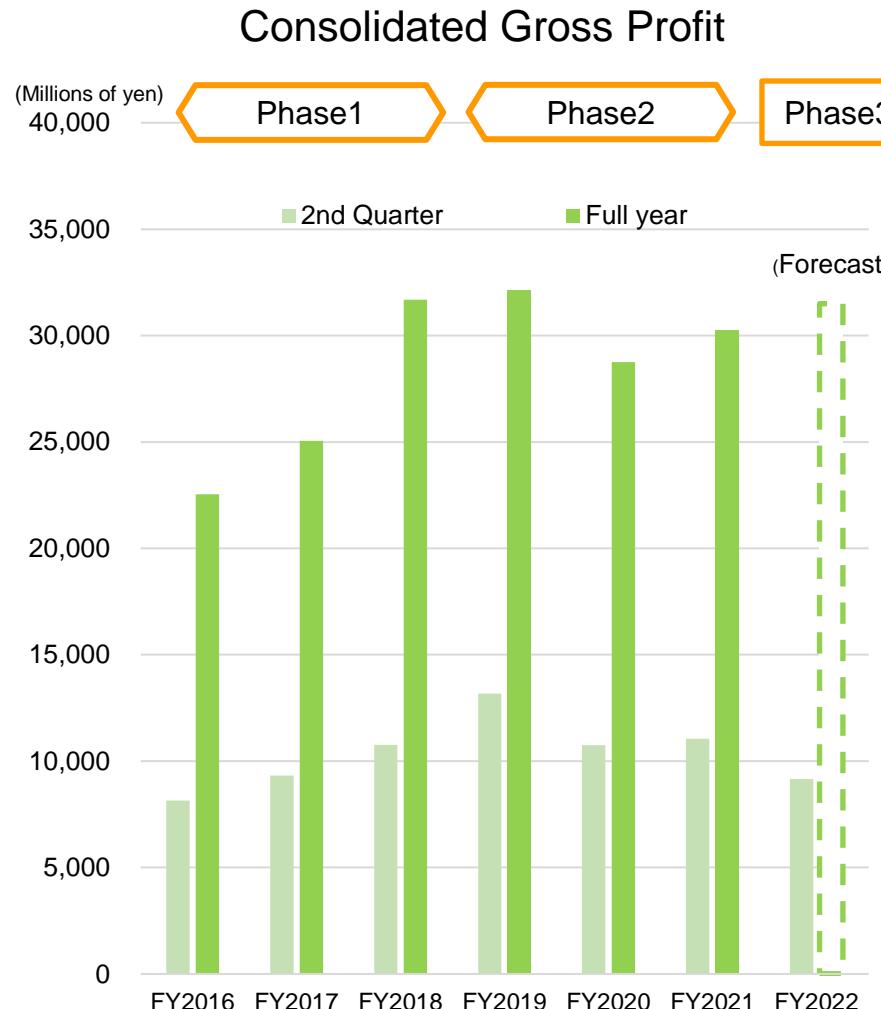


Consolidated Net Sales



Gross Profit/Gross Profit Margin

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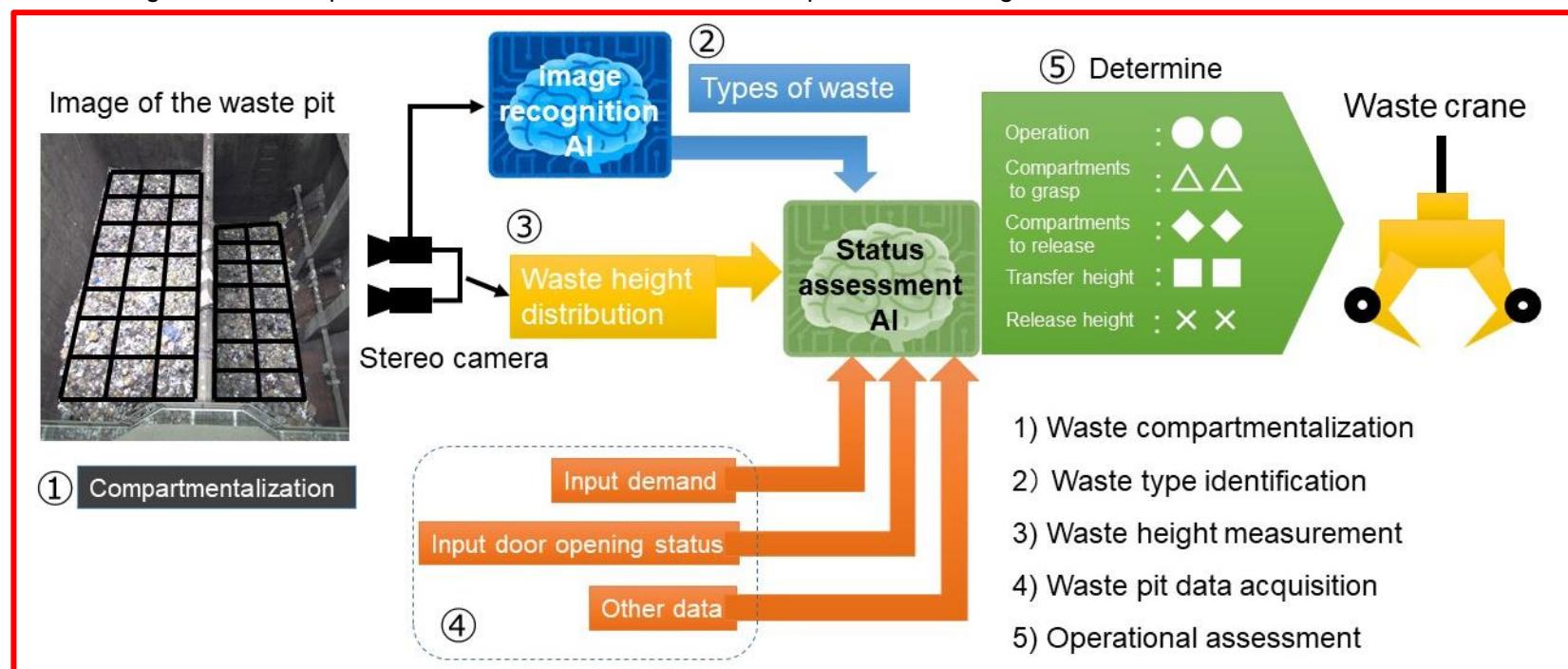


◆ Technological Development

● Delivering an “AI waste crane system” to CleanHill Tenzan

Our newly developed AI waste cleaning system uses images from a stereo camera to compartmentalize waste stored in the waste pit and identifies the type and height of waste using image recognition AI and status assessment AI, respectively, in real time. This system determines and indicates how the crane should operate, based on information including waste input demand and the opening status of the input door. The image recognition AI was jointly developed together with the National Institute of Advanced Industrial Science and Technology (AIST).

The installation of this system achieves a substantial reduction in employee workload of approximately 60% compared to the manual nighttime crane operation. It enables efficient and stable operational management.



◆ Sustainability

- Information disclosure based on the TCFD recommendations
- FY2022 summer special joint health and safety patrol
- Disclosure of the Sanki Engineering Group Human Rights Policy
- Shrub-trimming events for Sanki Forest and Kansha-no-Mori environmental protection initiatives

At Sanki Forest, a forest where we carry out tree-planting and tree-growing activities, established to mark the 90th anniversary of Sanki Engineering in 2015, and Kansha-no-Mori, a forest established to commemorate the 10th anniversary of the SANKI YOU Eco Contribution Point System in 2020, we engage in tree-planting and conservation in cooperation with the certified NPO Environmental Relations (chaired by Atsuko Suzuki).



● Launch of the new Career Return Program

Establishing a personnel system that will enable us to be a “Company of Choice” is one of the key themes of our medium-term management plan “Century 2025” Phase 3. We have already implemented initiatives such as extending the retirement age to 65, strengthening line management for managerial positions, and revising starting salaries and allowances.

Recently, we have reviewed the Return to Work Program aimed at creating environments where more diverse talent can play an active role and enabling more flexible career development for employees. In the past, eligible retirement was limited to reasons such as childbirth, childcare, nursing duties, and job relocation by a spouse. Under the Career Return Program, these restrictions were significantly relaxed to include other reasons such as personal circumstances.

◆ Governance

- Transfer to the Tokyo Stock Exchange Prime Market
- Review of the officers' compensation system and the introduction of restricted stock compensation
- Promotion of diversity on the Board of Directors and the election of Sanki Engineering's first female Director

◆ Other Topics

- Introduction of a new personnel system, extending the retirement age to 65, actively promoting young employees, and raising starting salaries
- Renewal of company uniforms and the creation of comfortable working environments

We received a variety of opinions and requests regarding the company uniform, including aspects such as the material and the position and size of the pockets. We established a study project team, which acted on employee feedback to formulate several highly functional and safe designs. We decided on the new uniform based on the careful, broad-based aggregation of employee needs.



- Exhibited new products from the Machinery Systems Business at Logis-Tech Tokyo 2022

Reverse Sorter™

Space-saving high-speed sorting device



Meris Bianca™

Transport robot



**Vision for
2050**

**Sanki,
“The Enduring Company
of Choice”**

Striving to be a company that contributes to the realization of a sustainable world by using engineering to solve social issues such as carbon neutrality and create a pleasant environment

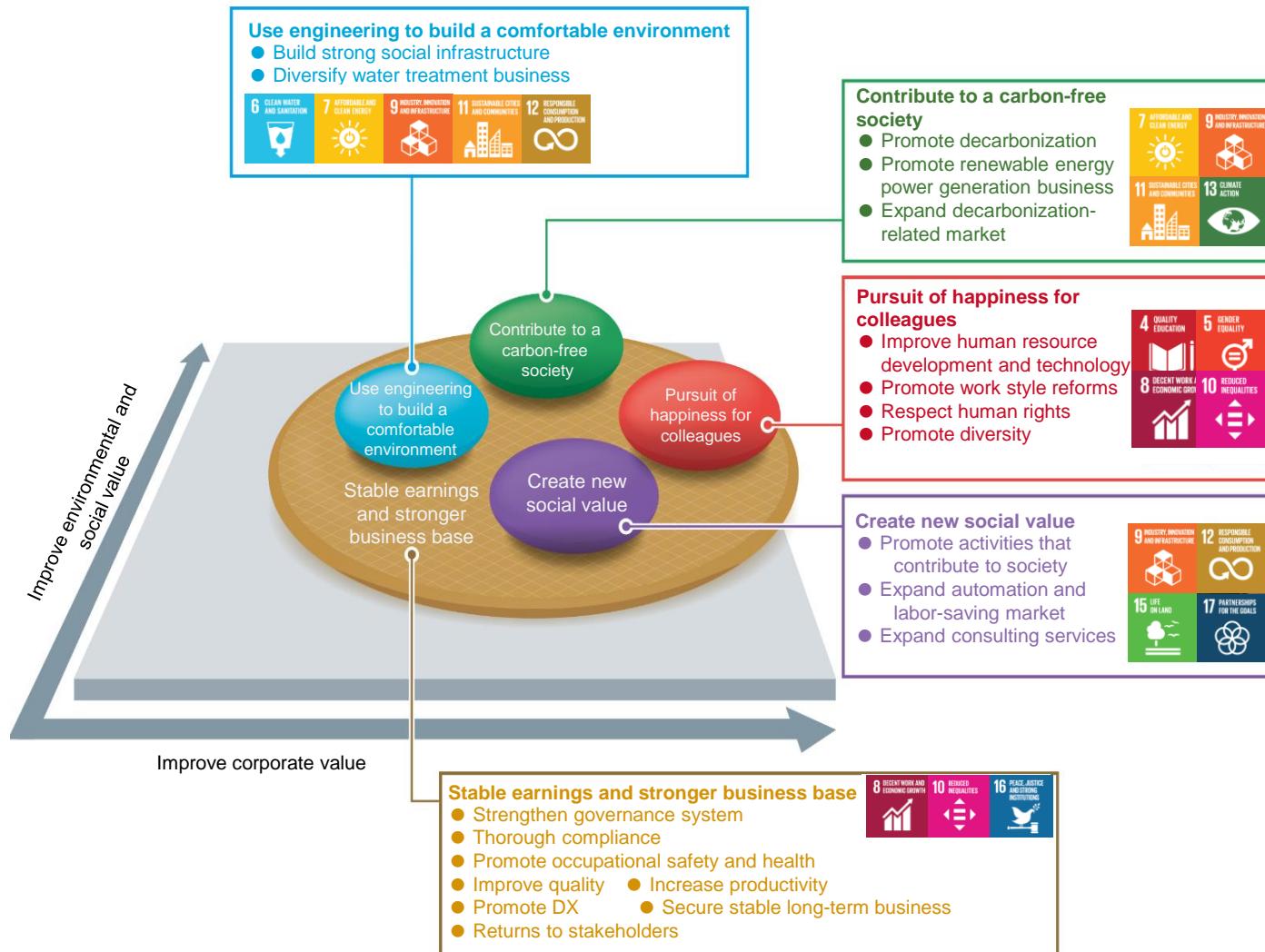
- Promote sustainability management
- Formulate sustainability policies
- Determine materialities (key issues)



Aiming to realize a strong business base and a sustainable society by “creating comfortable environments through engineering and widely contributing to social development”

Sanki's Carbon-Neutral Declaration

The Sanki Engineering Group is making serious efforts to address the climate change crisis facing the world and aims to achieve carbon neutrality for the Group's own GHG emissions (Scope 1 and 2) by 2030 and for GHG emissions including the supply chain (Scope 1, 2, and 3) by 2050.



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Statements about the future, such as results forecasts included in these materials, are based on judgments made according to the information available to the Company as of November 11. Actual results may differ from the figures contained herein due to a number of factors.

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