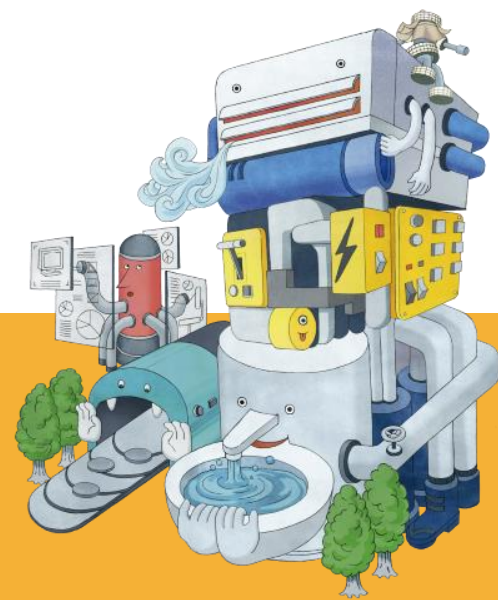


Status of Business Progress in the Medium-Term Management Plan

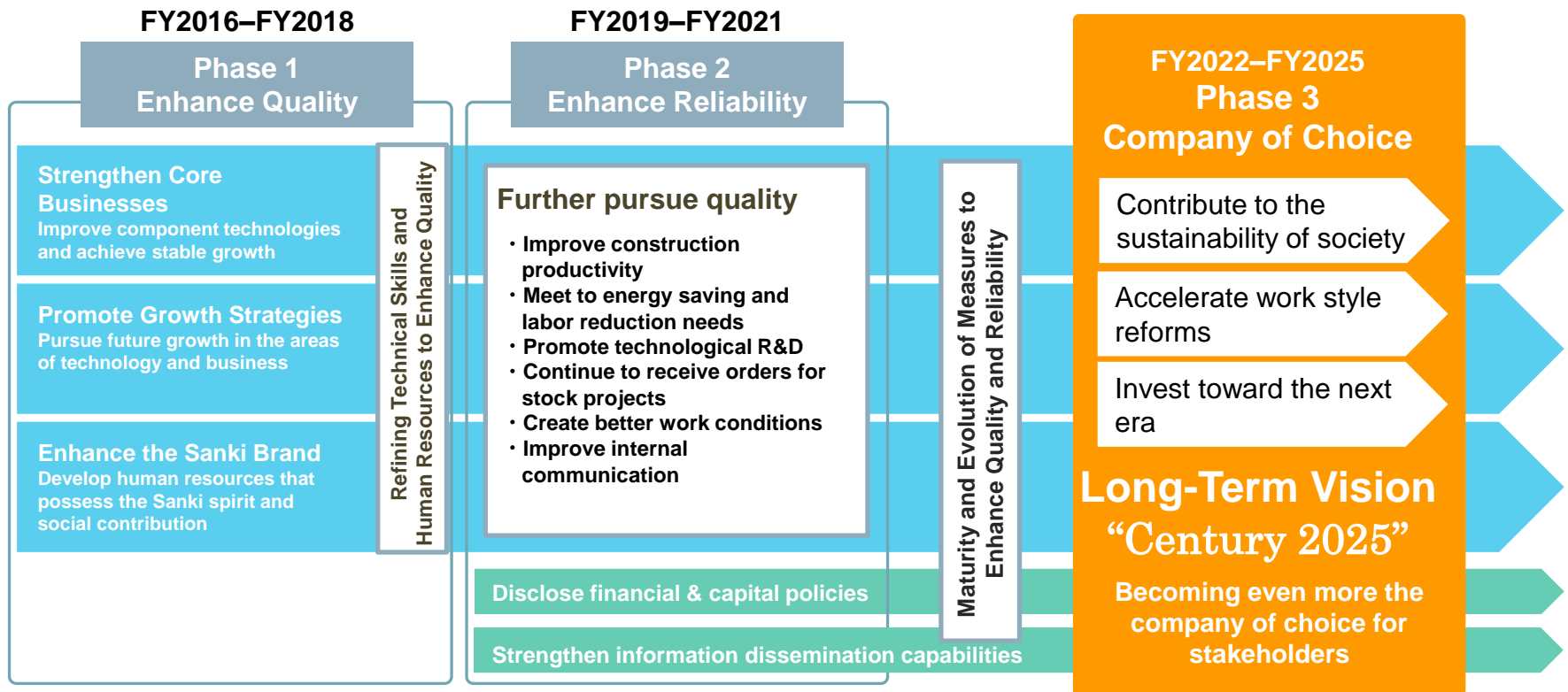
“Century 2025” Phase3 FY2023

May 10, 2024

カイトキを
カタチに。



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 Targets and Second-Year Results

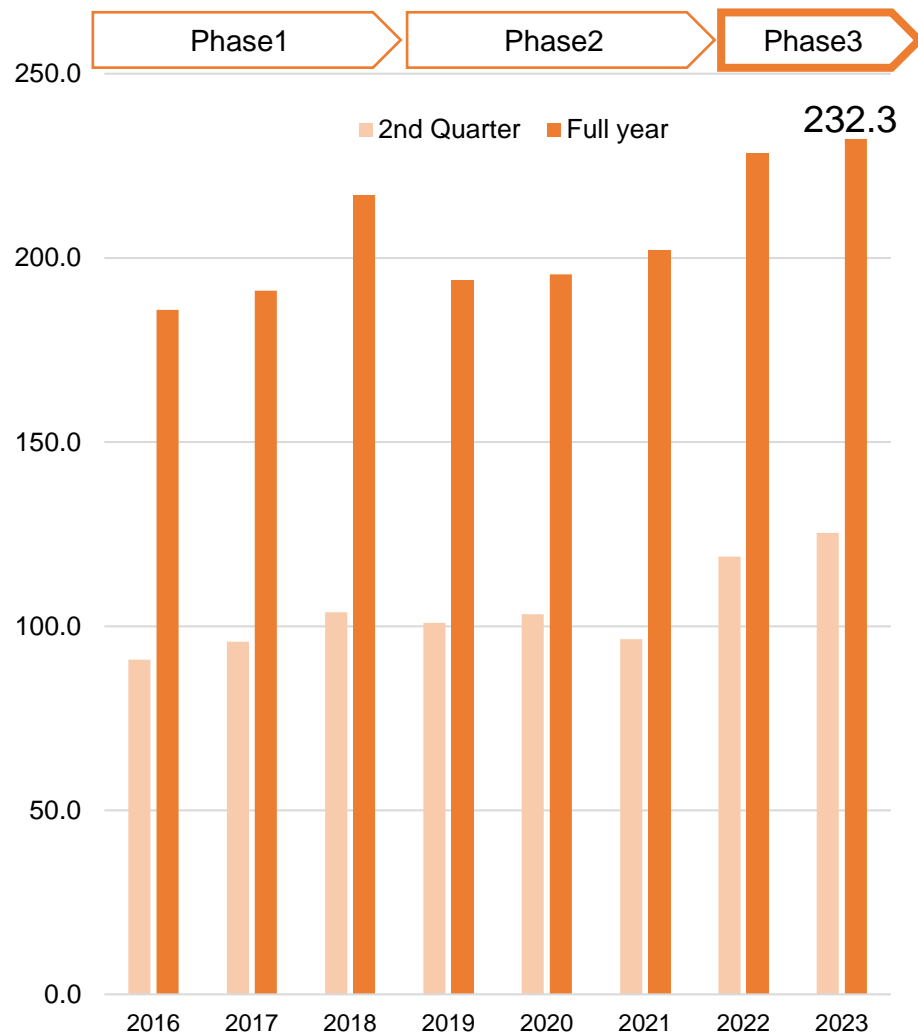
	Phase 3 targets By FY2025	FY2023 Results	Difference
Net Sales	¥220.0bn	¥221.9bn	¥1.9bn
Gross profit [margin]	¥36.0bn [16.5%]	¥34.6bn [15.6%]	¥(1.4)bn [(0.9)pt]
Ordinary profit [margin]	¥12.0bn [5.5%]	¥12.7bn [5.7%]	¥0.7bn [0.2pt]

	Phase 3 targets By FY2025	FY2023 Results
Ordinary profit margin	5.0% or more	5.7%
Dividend policy	Dividend payout ratio 50% or more Annual dividend per share of ¥70 or more	Dividend payout ratio 51.3% Annual dividend per share of ¥85
Acquisition of treasury stock	About 5 million shares*	1.42 million shares (Cumulative total of 2.92 million shares during period of plan)
ROE	8.0% or more	9.2%
Growth investment	About ¥20bn*	¥2.7bn (Cumulative total of ¥5.9bn during period of plan)

*Cumulative during period of plan

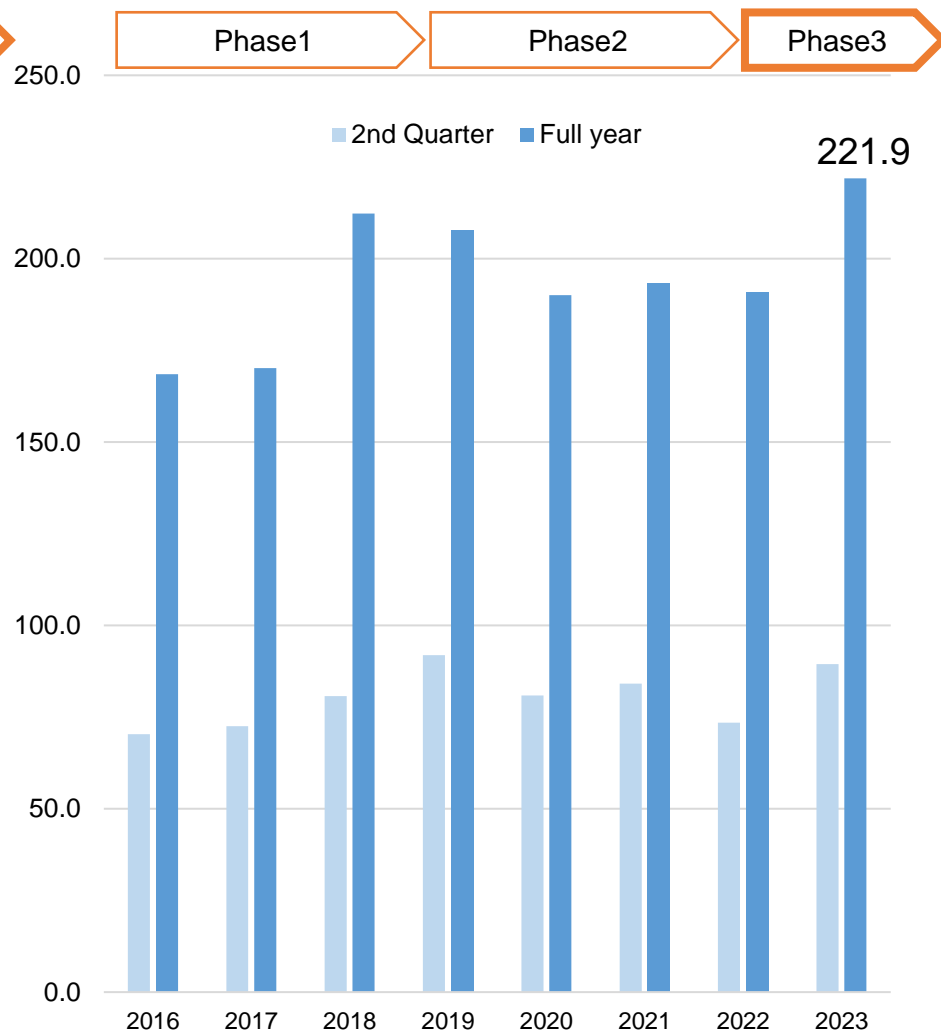
Consolidated Orders Received

(Billions of yen)



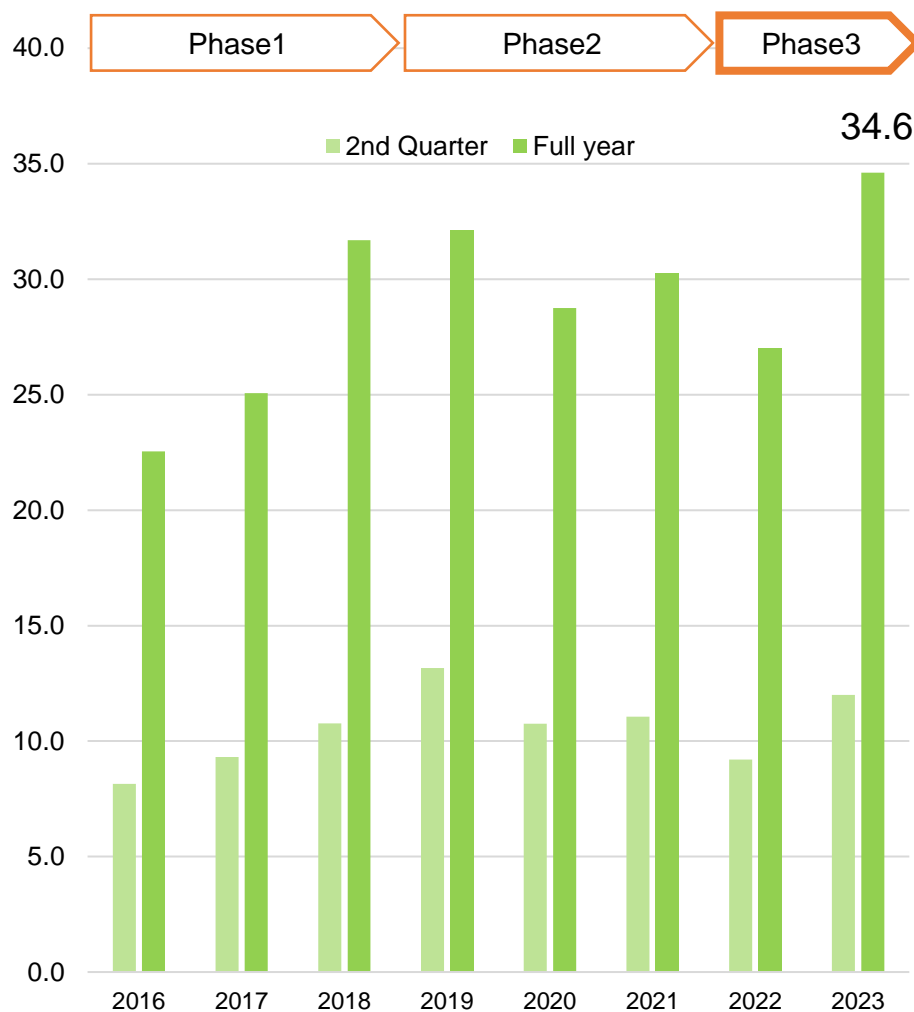
Consolidated Net Sales

(Billions of yen)

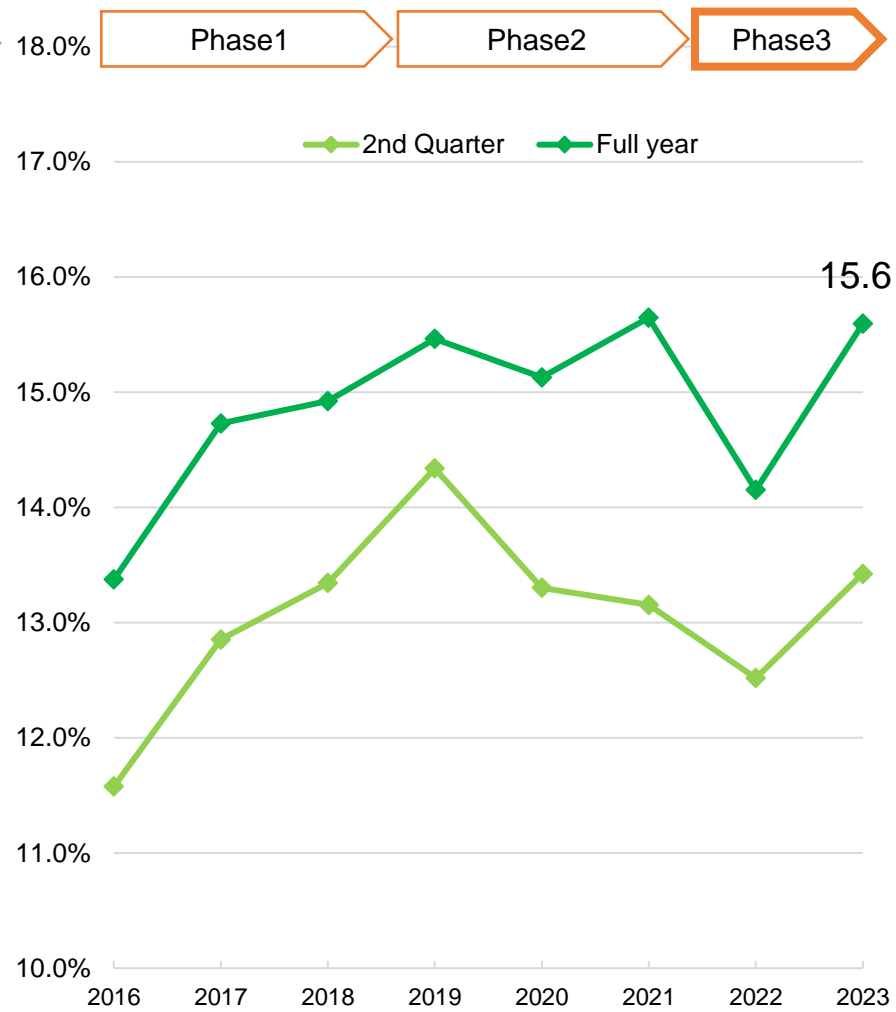


Consolidated Gross Profit

(Billions of yen)



Consolidated Gross Profit Margin



◆ Topics in each business

● Facilities Construction Business

- Focused on projects for semiconductor and EV battery manufacturing facilities to build a legacy for the future
- Implemented initiatives in reducing overtime work by improving on-site operational efficiency with DX
- Developed next-generation cleanrooms for semiconductor and EV battery manufacturing facilities
- Established Design & Engineering Division to respond to larger-scale projects and special projects

● Facility Systems Business

- Expand consulting service offerings
- Strengthened the total integration business of ICT
- Expand on-site information and communication infrastructure business
- Improved productivity in the office design operation in collaboration with a startup company

◆ Topics in each business

● Machinery Systems Business

- Cultivated the automation and labor-saving market using technologies such as AI, IoT and robots
- Expand sales of sorting systems for the logistics market.
Exhibited “Branch Ball,” a three-way sorting system, at the “Smart Logistics EXPO 2024”
- Developing new services aimed at expanding capacity in collaboration with a startup company
- Built a cleanroom in the Yamato Product Center, and started development and manufacturing of high-value-added products



◆ Topics in each business

● Environmental Systems Business

- Concluded a basic agreement and a basic contract with the Tokyo Metropolitan Government Bureau of Sewerage with respect to a project at the largest water reclamation center in Japan, “Morigasaki Water Reclamation Center Digestion Gas Power Generation Project”

A project to generate power and secure hot water for heating digestion tanks through effective use of digestion gas (methane concentration of around 60%) generated from sewage sludge, a biomass resource. Sanki was selected as a contractor based on the DBO* method.

* DBO (Design Build Operate): a method of engaging a single private contractor to undertake the entire task of designing, construction, operation, and maintenance.



- Carried out restructuring of Group companies' businesses
Private water and wastewater business, chemical engineering business, and sludge recycling business of Sanki Kako Kensetsu Co., Ltd. were transferred to Sanki Kankyo Service Co., Ltd. These two companies will enhance their respective expertise and aim to grow as companies having competitive advantage and operating more efficiently. At the same time, their respective trade names were changed as follows.
Sanki Kako Kensetsu Co., Ltd. → Sanki Greentech Co., Ltd.
Sanki Kankyo Service Co., Ltd. → Sanki Acquatech Co., Ltd.

◆ Technological Development

- Developed a BIM (Building Information Modeling) computation coordination platform for realizing automated labor-saving process of technical computing linked to BIM data
- Developed sewage biomarker sensors for real-time monitoring of infectious disease trends
Selected by the Ministry of Land, Infrastructure, Transport and Tourism for its FY2024 B-DASH Project (Feasibility Study) as a continuation from the previous fiscal year
- Conducted research on the use of insects to convert sewage sludge into feed and fertilizer
Selected by the Ministry of Land, Infrastructure, Transport and Tourism for its FY 2023 applied research in sewerage
- Continuous sterilization device and continuous sterilization method
Received the “Chugoku Bureau of Economy, Trade and Industry Director’s Award” of the Chugoku Region Invention Awards for FY2023



Continuous
sterilization device

◆ Sustainability

Environment

- Expanded recipients of support under the SANKI YOU Eco Contribution Point System
Planted trees in Wakayama, Shiga, and Kumamoto prefectures
- Named to CDP's Climate Change A List company (highest rating) for the second consecutive year, in recognition for outstanding initiatives and information disclosure on climate change
- Continued participation in the Ministry of Environment's 30by30 Alliance for Biodiversity
- Started operation of renewable energy (solar power) PPA business for the Sanki Techno Center and Yamato Product Center
- Started application process for obtaining SBT* accreditation
* Science Based Targets (SBT) are targets certified by the Science Based Targets initiative (SBTi), an international initiative, for reducing greenhouse gas emissions in line with the Paris Agreement goals to limit the global average temperature increase to 1.5 °C above pre-industrial levels



Solar panels

Society and People

- Raised salary levels and increased allowances
- Formulated “SANKI DX Vision” and obtained certification as a “DX-certified operator”
- Continued to support environmental conservation in Antarctica
Dispatched 20 employees to the initiative since FY1991



Governance

- Action taken to implement “management that is conscious of cost of capital and stock price” as required by the Tokyo Stock Exchange
Disclosure of the cost of shareholders’ equity
- Started operation of BCMS* in the 5 domestic subsidiaries
* BCMS: Business Continuity Management System

◆ Invest toward the Next Era

Positioned investment toward the future (human resources, DX, R&D, etc.)

- Launched capital investment both in Japan and overseas for the strategic product AEROWING, an aeration system
- Started operation of the cleanroom installed inside the Yamato Product Center to develop conveyors
- Made capital investments for decarbonization based on Sanki's carbon-neutral declaration

These represented a total investment of ¥5.9bn out of the total 4-year investment budget of ¥20.0bn.

- Launched the Earth MIRAI Project to explore new technologies
Called for applications from employees, with 122 employees applying

カイツキを サステナブルに。



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 May 10. Actual results may differ from the figures contained herein due to a number of factors.

For inquiries, please contact:
Corporate Communications Department,
SANKI ENGINEERING CO., LTD.

Tel : +81-3-6367-7041