

Status of Business Progress

“Century 2025” Phase 2

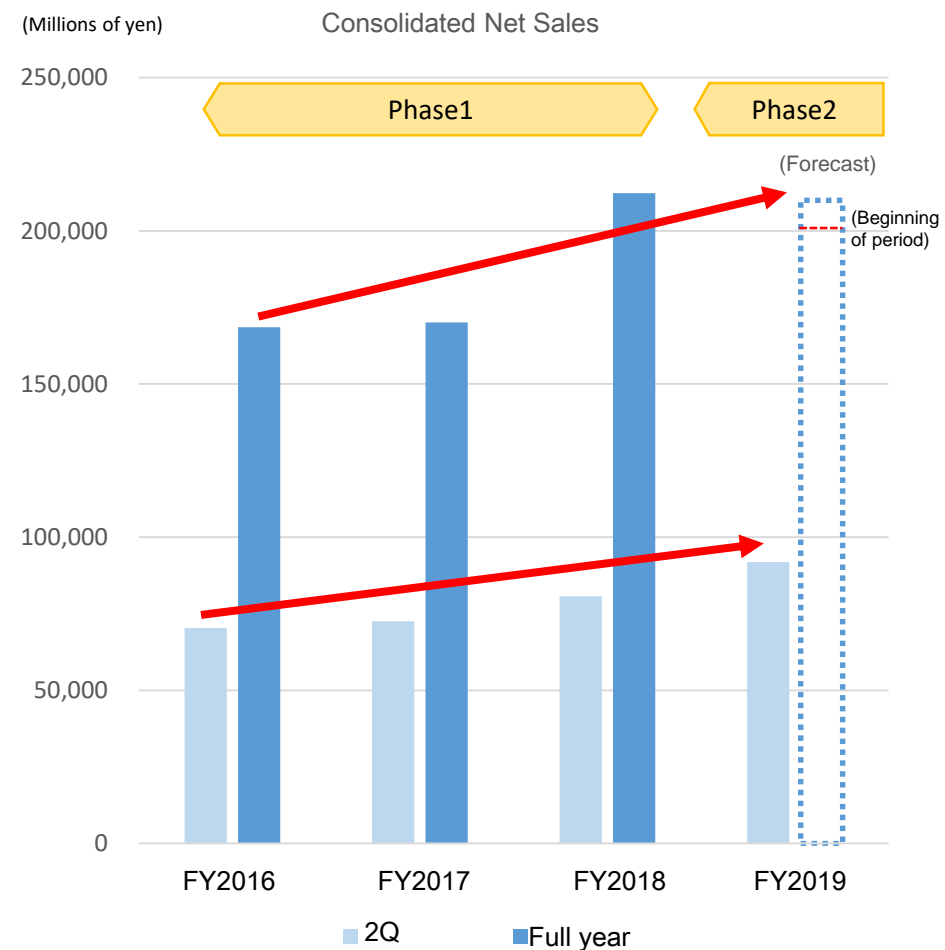
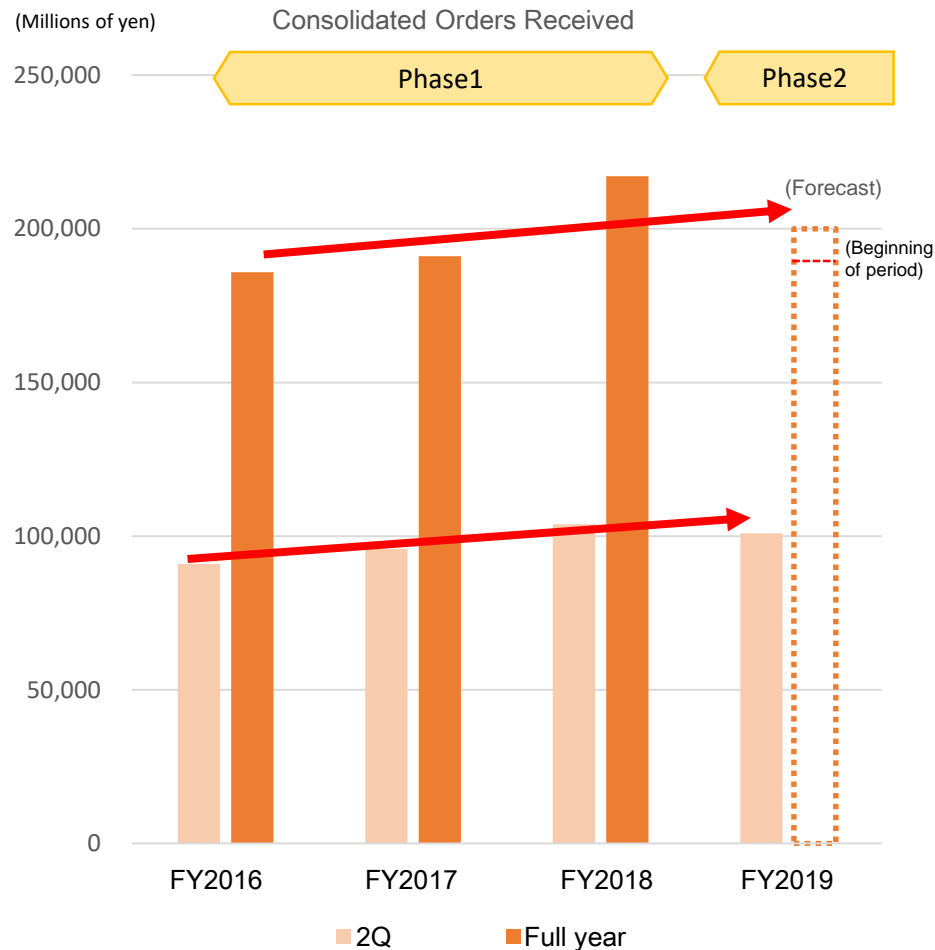
FY2019 2nd Quarter

November 8, 2019

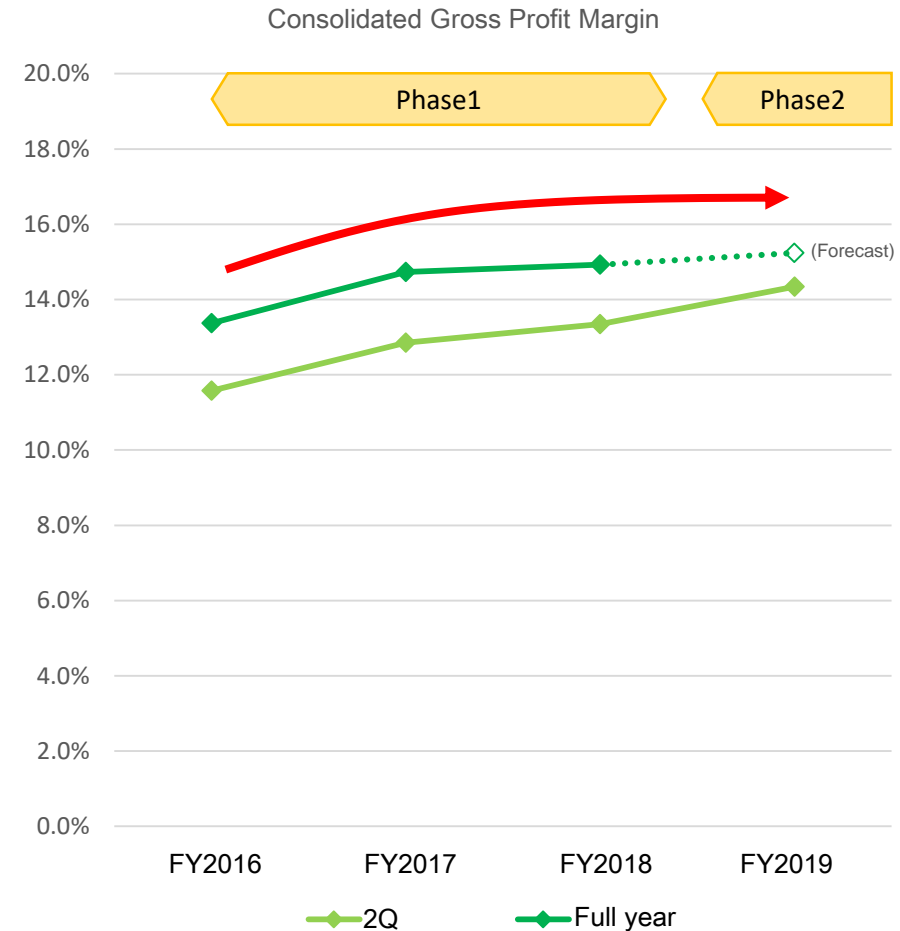
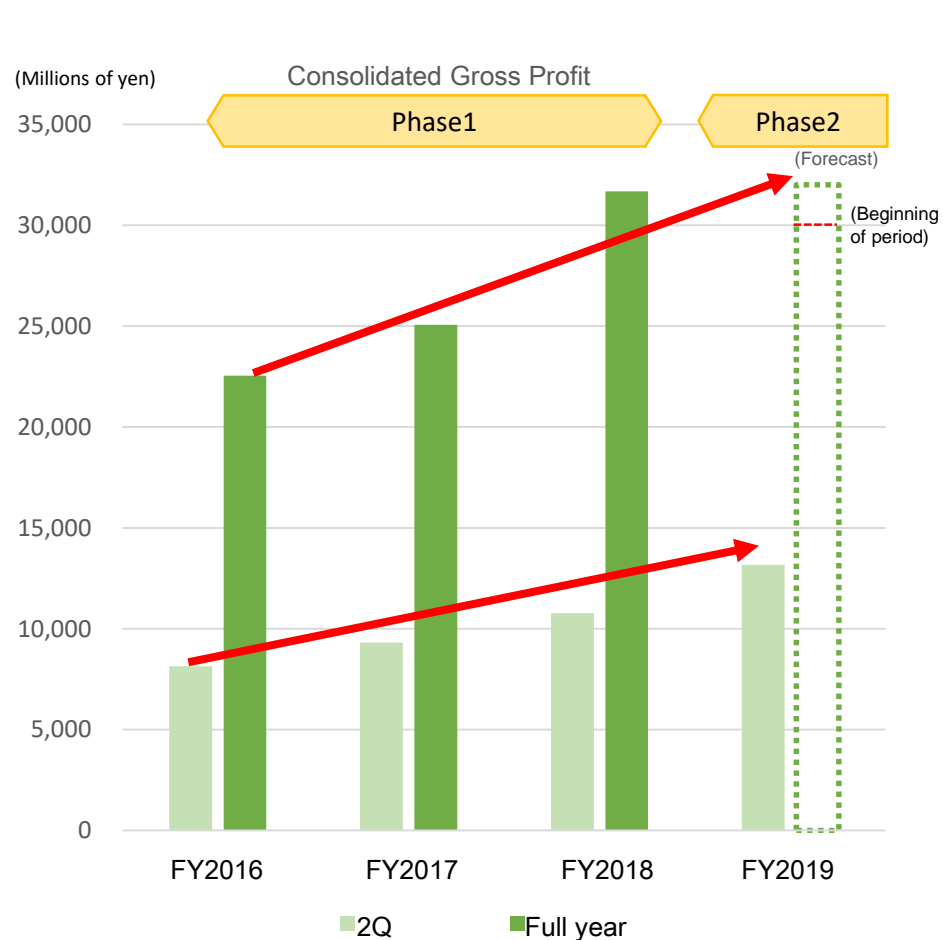
Sanki Engineering Co., Ltd.



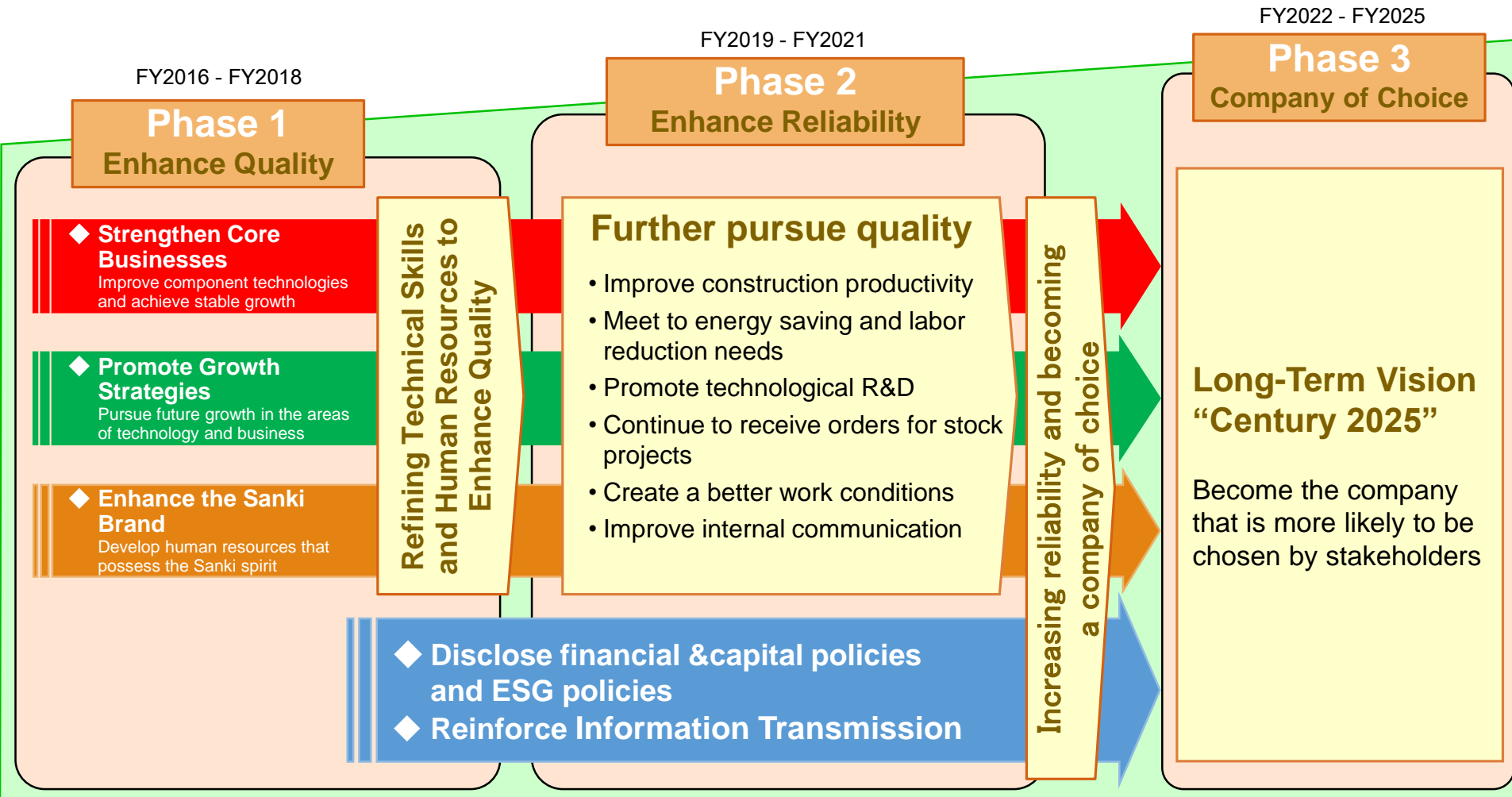
Orders Received/Net Sales



Gross Profit/Margin



Basic Policy of Phase 2



Status of Measures(1)

◆ Strengthen Core Businesses

Completion of the STeP project*

- The series of improvements conducted from fiscal 2016 is complete.



< Sanki Techno Center > Fully opened in October 2018



< Yamato Product Center >
Full-scale operation in September 2019



<Redevelopment of the area around the former Yamato Engineering Center> Land lease commenced in May 2018

Source: Nippon Life Insurance Company website
<https://www.nissay.co.jp/hojin/tenanto/pdf/logistics.pdf>

* The STeP (Sanki Techno Park) Project
A project to redevelop the land and buildings on the Sanki Yamato Site (the Sanki Yamato Building and the former Yamato Engineering Center), a real estate holding of Sanki Engineering.

Status of Measures(2)

◆ Growth Strategy

Full-scale operation of the Yamato Product Center

- Factory in Yamato City, Kanagawa Prefecture, operated by the machinery systems business since September



<Exterior of the Yamato Product Center>

<Building Outline>

Site area: 10,984 m²
 Building area: 5,509 m²
 Floor area: 7,611 m²
 Structure: Steel frame
 Height: 10 m
 Floors: 2 above-ground floors



<Interior of the Yamato Product Center (1)>



<Interior of the Yamato Product Center (2)>

Status of Measures(3)

◆ Financial/Capital Policy

<Returns to shareholders>

● Dividends

- Interim: 35 yen
- Annual: 70 yen (forecast)

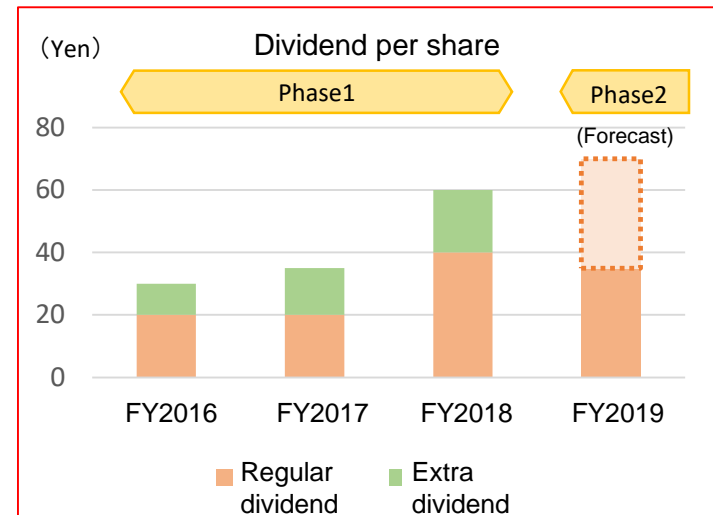
● Acquisition/Retirement of treasury stock

- Acquisition: 2,000,000 shares (to be conducted during the fiscal year)
- Retirement: 2,000,000 shares (completed August 19, 2019)

<Returns to partner companies>

● Change of conditions for payments to partner companies

- Change of capital payments of less than 40 million yen to all cash payments
- To be applied from March 2020 payment



Status of Measures (4)

◆ Enhance the Sanki Brand

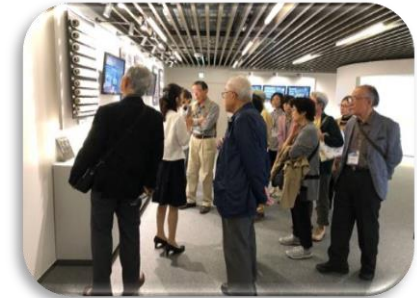
Human resource development and Local contributions through Sanki techno Center



New employees training



Holding the summer holiday event, Let's Experience Heat, for parents and children (hosted by The Japan Society of Mechanical Engineers, Environmental Engineering Division)



Tour for local governments

Continuation of the earthquake recovery project



Participation in the 31st Mori wa Umi no Koibito tree planting event (Mt. Yagoshi, Hikobae no Mori, Iwate Prefecture)



Holding the Kizuna Tsugaru shamisen concert to pray for recovery



Project members conducted inspections from Hachinohe City, Aomori Prefecture to Kuji City, Iwate Prefecture

Status of Measures (5)

◆ Reinforce information transmission

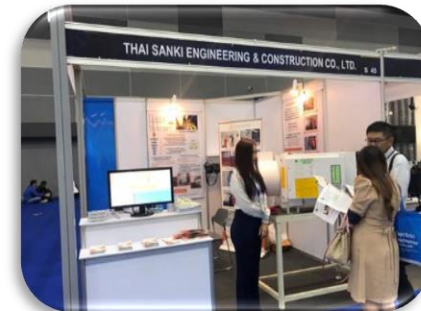
Increased information transmission through exhibitions, etc.



<Sewage Works Exhibition '19 Yokohama>



<Nikkei IR & Individual Investor Fair 2019>



<RHVAC Exhibition (Bangkok)>

Status of Measures(6)

◆ Support Sports Organizations and Enhance the Corporate Brand



<Yamato Sylphid> (women's soccer)



<Japan Deaf Rugby Union>



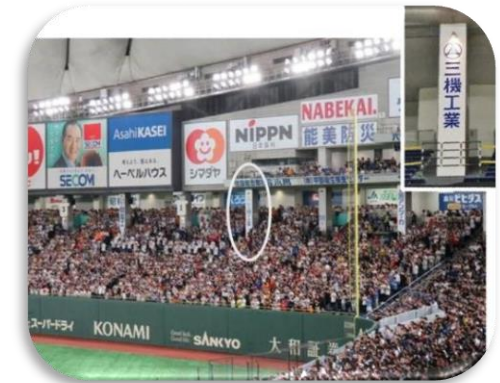
<Soukei Classic> (annual soccer match)



<Japan Handball Association>



<East Hokkaido Cranes>



<Tokyo Dome>

Remarks on Business Forecast

The descriptions contained in these materials, except for those as to past or present facts, are based on anticipations, assumptions, evaluations and estimations in light of the information available as of November 8, 2019.

Therefore, the actual results may differ from those presented herein as a consequence of various factors, including uncertainties and prospective changes in the economic environment.

<Major factors>

- Credit exposures of client companies.
- Sudden changes in material and equipment cost and labor cost.
- Stock Market fluctuations.
- Increase in retirement benefits or debts.
- Country risk.
- Accident or disaster in facilities construction and other.
- Outbreak of the unprofitable project.
- Risk in the Real Estate Business.
- Risk of legal action.
- Risk of legal regulation.
- Outbreak to the natural disasters.
- Fluctuations in private capital investment

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