



Status of Business Progress in the Medium-Term Management Plan

“Century 2025” Phase2 FY2020

May 14, 2021

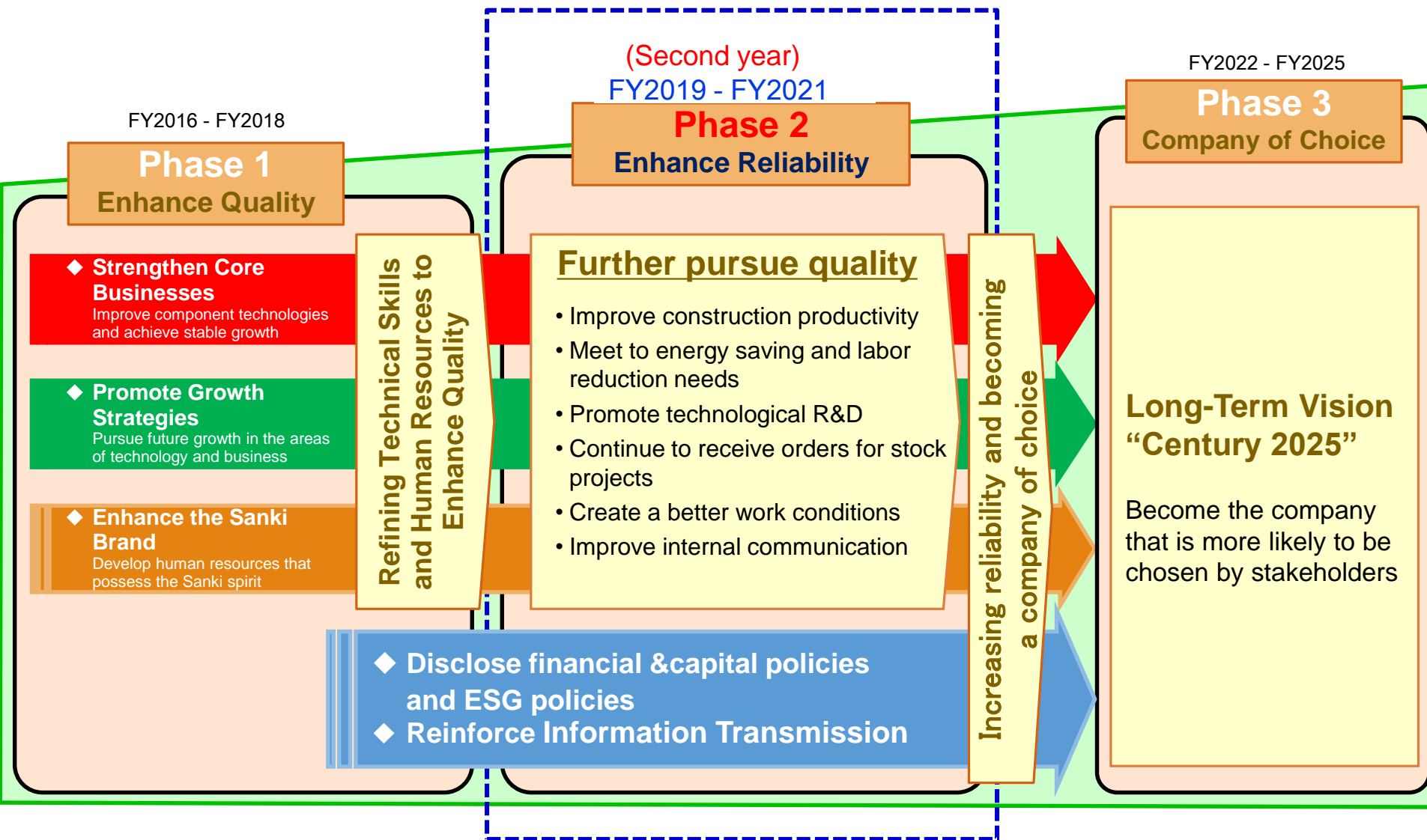
Engineering for the **Future**



SANKI ENGINEERING CO., LTD.

[Positioning of the Long-Term Vision and Medium-Term Management Plan]

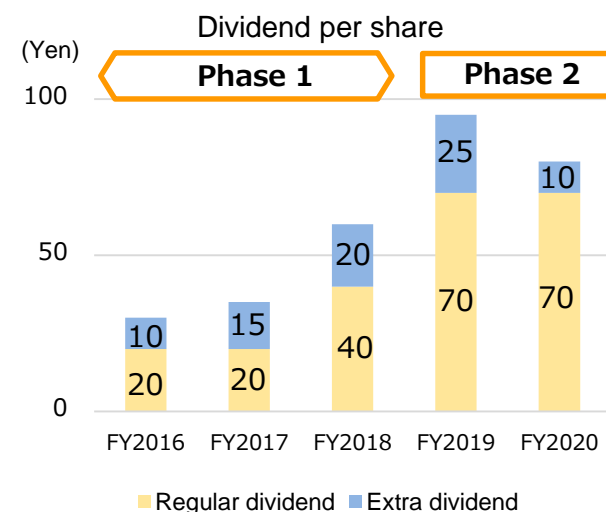
SANKI



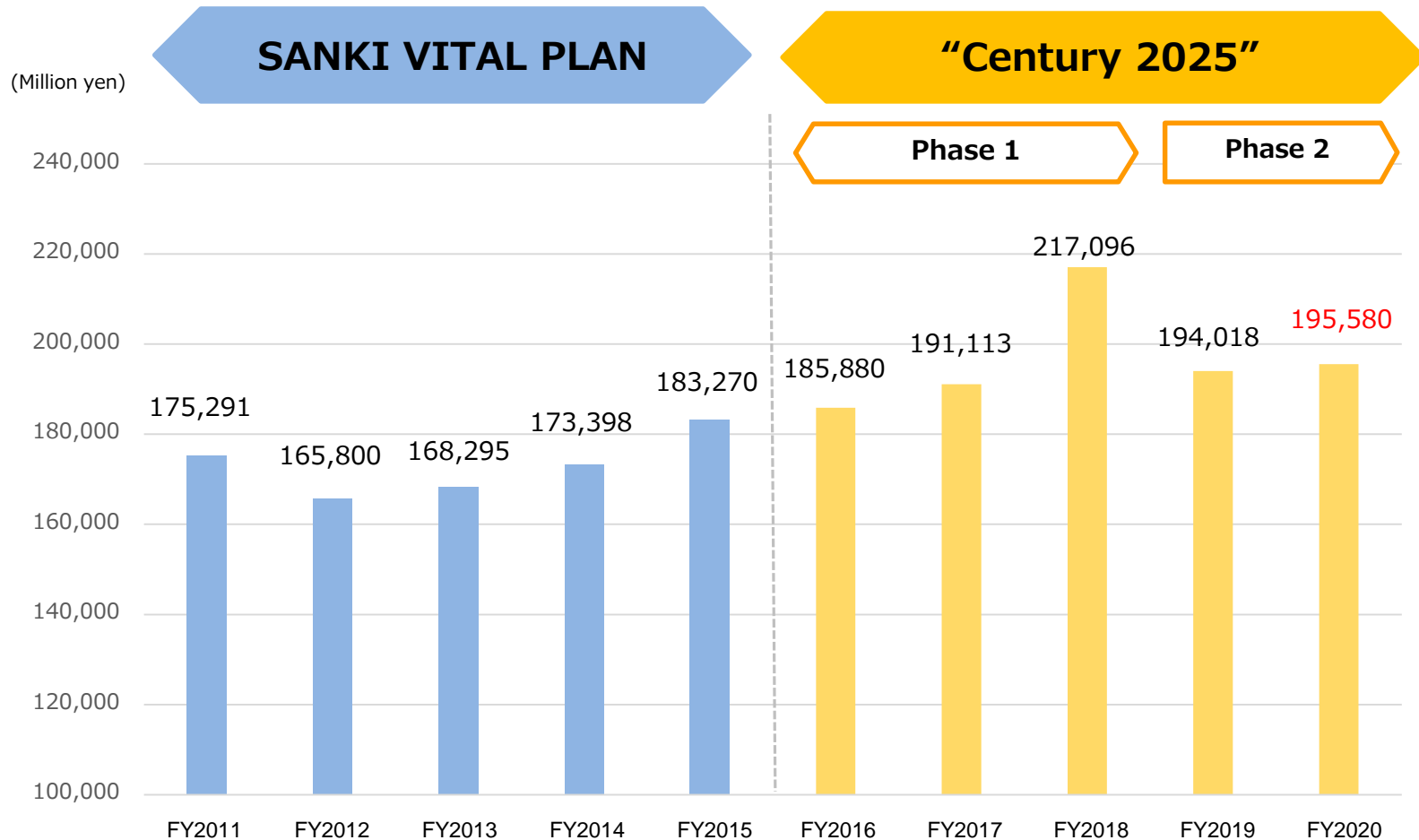
◆[Phase 2] Performance Targets and Results

	Phase 2 (FY2019 to FY2021) targets					
	FY2019 targets	FY2019 results	FY2020		FY2020 results	FY2021 targets
			Targets	Mid-term forecast		
Sales	200.0 billion yen	207.6 billion yen	200.0 billion yen	192.0 billion yen	190.0 billion yen	200.0 billion yen
Gross profit (margin)	30.0 billion yen (15%)	32.1 billion yen (15.5%)	31.0 billion yen (15.5%)	29.5 billion yen (15.4%)	28.7 billion yen (15.1%)	32.0 billion yen (16.0%)
Ordinary income (%)	9.00 billion yen (4.5%)	11.2 billion yen (5.4%)	9.5 billion yen (4.8%)	8.5 billion yen (4.4%)	8.1 billion yen (4.3%)	10.0 billion yen (5.0%)

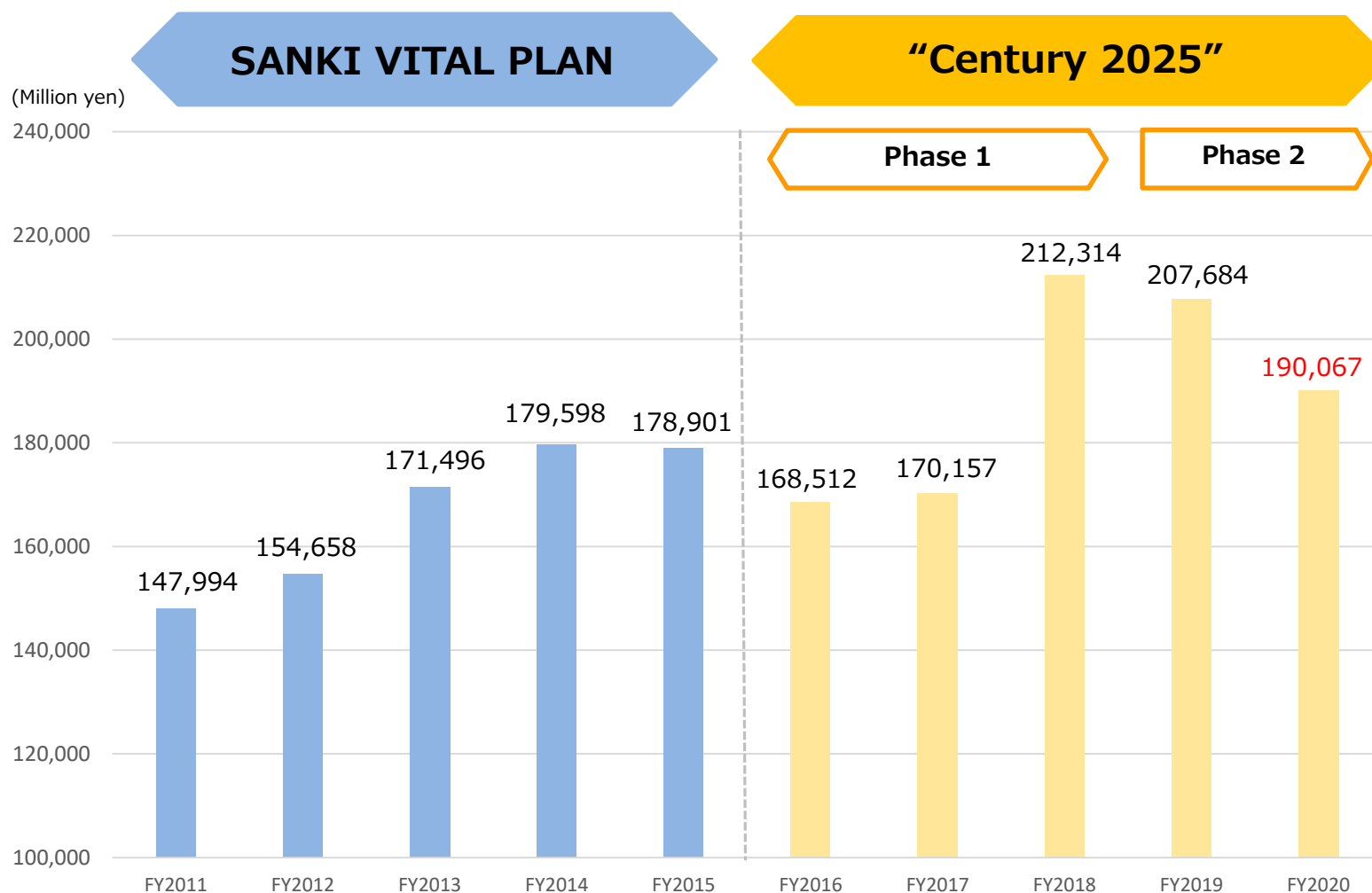
	Phase 2 (FY2019 to FY2021) operating targets	FY2020 results
Operating profit ratio	5.0% or more (final fiscal year)	4.3%
Dividend	Annual dividend per share: 60 yen or more	Annual dividend: 80 yen
Acquisition of treasury stock	Approx. 5 million shares	1 million shares (total: 2,958 thousand shares)
Total return ratio	70% or more	97.3%
ROE	8.0% or more (final fiscal year)	6.6%



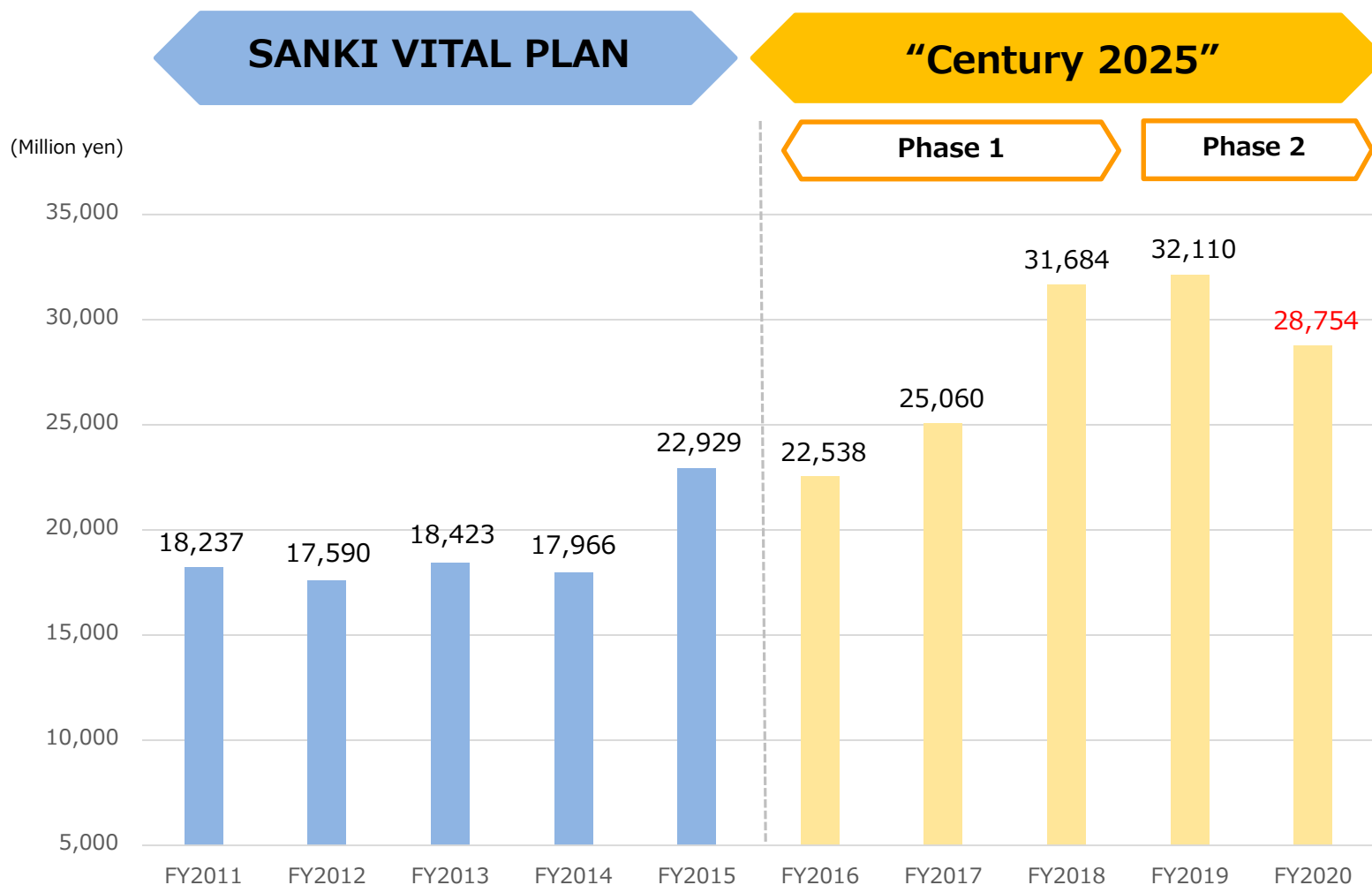
◆ Consolidated Orders Received



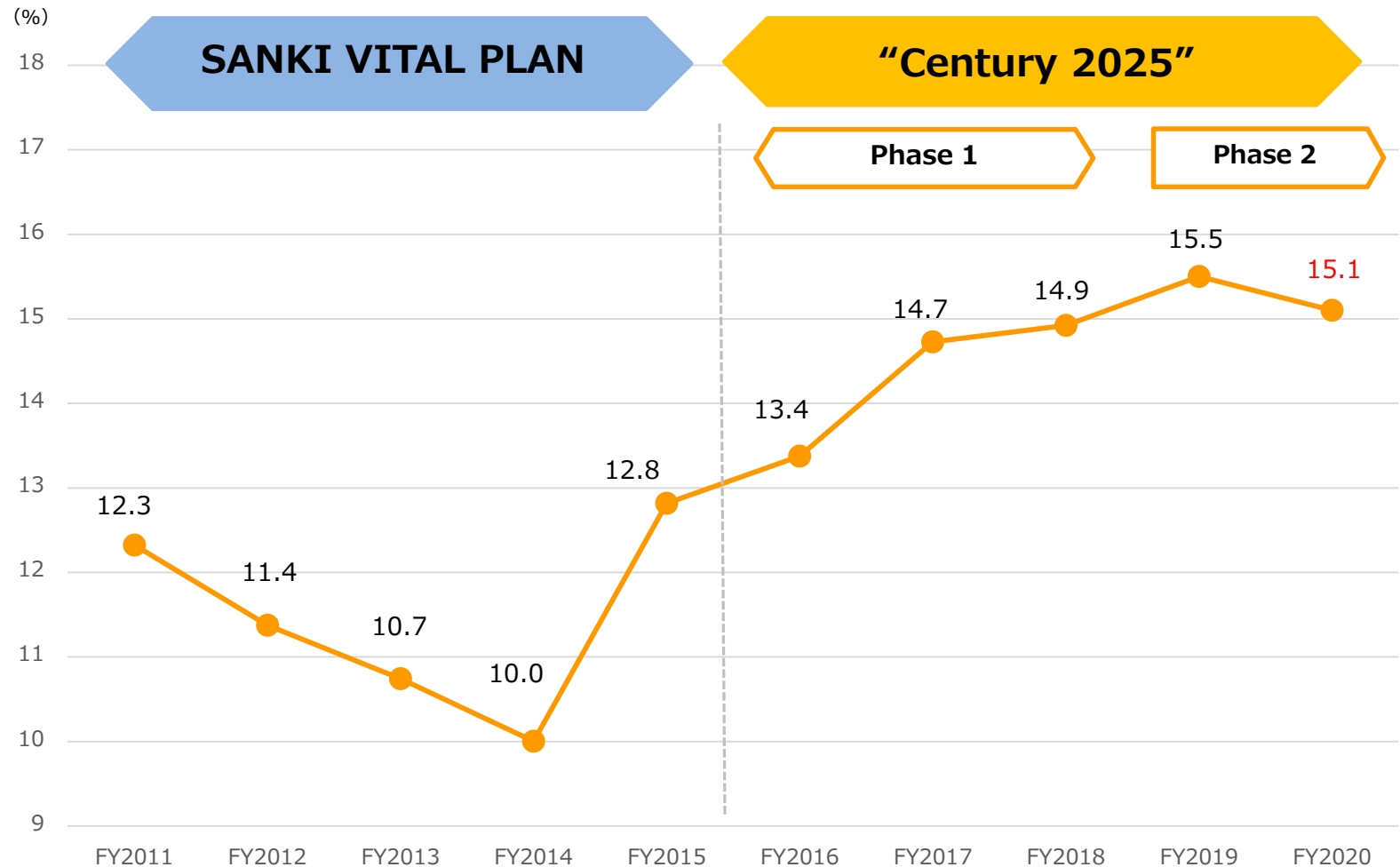
◆ Consolidated Net Sales



◆ Consolidated Gross Profit



◆ Consolidated Gross Profit Margin



<Internal>

- Established the new COVID-19 response headquarters headed by the president before the pandemic
- Rapidly adapted to announcements of government policies and issued timely internal policy notifications
- Ensured sufficient basic resources to prevent infection such as masks, disinfectant, splash-prevention film, and acrylic panels, etc.
- Rapidly established conditions for telecommuting
- Actively implemented telecommuting and flextime, and established in-house satellite offices, to avoid the 3Cs (Closed spaces, Crowded places, and Close-contact settings)
- Remotely conducted internal functions and held remote meetings, including the annual meeting of shareholders
- Promptly disseminated information inside and outside the Company as people became infected



■ Online new employee induction

<External>

- Provided infection control technology
 - Released the patents concerning technology owned by Sanki in order to support the aims of the IP Open Access Declaration Against COVID-19
 - Patents released for nine technologies that are thought to contribute to prevention of infection such as sterile room units, which have been installed in medical and research facilities
- Concluded commitment line agreements
 - Given that the impact of COVID-19 will be prolonged, we concluded commitment line agreements that allow flexible and stable repayment of funds in order to secure funds to support partner companies, which are important stakeholders, and cater to short-term demand for operating capital



◆Topics by Segment

Facilities Construction Business

- Sales from new orders stagnated for small-scale projects such as repairs due to the impact of the COVID-19 pandemic. However, we secured orders in excess of fiscal 2019 by catering to strong demand for semiconductors and 5G products, etc.
- (1) On-site introduction of new labor-saving construction technology (development and on-site introduction of autonomous airflow measurement robots)
- (2) Reduction of accidents and construction issues and complaints by utilizing Sanki Techno Center

Facility Systems Business

- Office work-style consulting increased to prevent the spread of COVID-19
- (1) Establishment of the Consulting Promotion Department and provision of new consulting services
- (2) Strong orders received and sales of our next-generation central monitoring system (Sler)

Machinery Systems Business

- The need for labor-saving and automation through the use of robots has increased as orders received and sales to the manufacturing industry have stagnated due to the impact of the COVID-19 pandemic
- (1) Strong orders received and sales of hybrid systems that combine robotics and transport equipment

Environmental Systems Business

- Orders received greatly increased as a result of increased need for national resilience
- (1) Order received for a large-scale project utilizing our first supercharged fluidized bed furnace with binary generation system
- (2) Development of AI system to estimate moisture content of dewatered sludge

◆ Initiatives to increase quality and reliability

Measures to further pursue quality and increase reliability

(1) Further pursue quality	Promote technological development and cater to energy efficiency and labor-saving needs
(2) Initiatives to increase reliability	Shareholder returns (dividends and acquisition and retirement of treasury stock)
	Review of payment conditions for partner companies
	Work-style reforms, improvement of internal communication, social contribution, and transmission of information

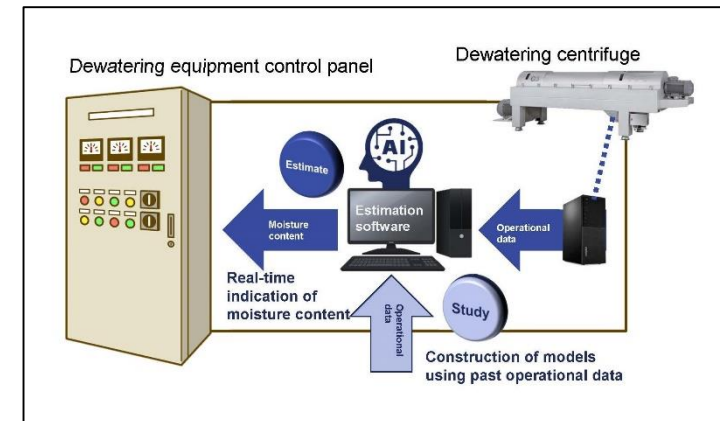
Details on the following pages

◆ Promotion of technological development



Development of autonomous airflow measurement robots for construction equipment

Development of AI system to estimate moisture content of dewatered sludge



◆ Catering to energy efficiency and labor-saving needs

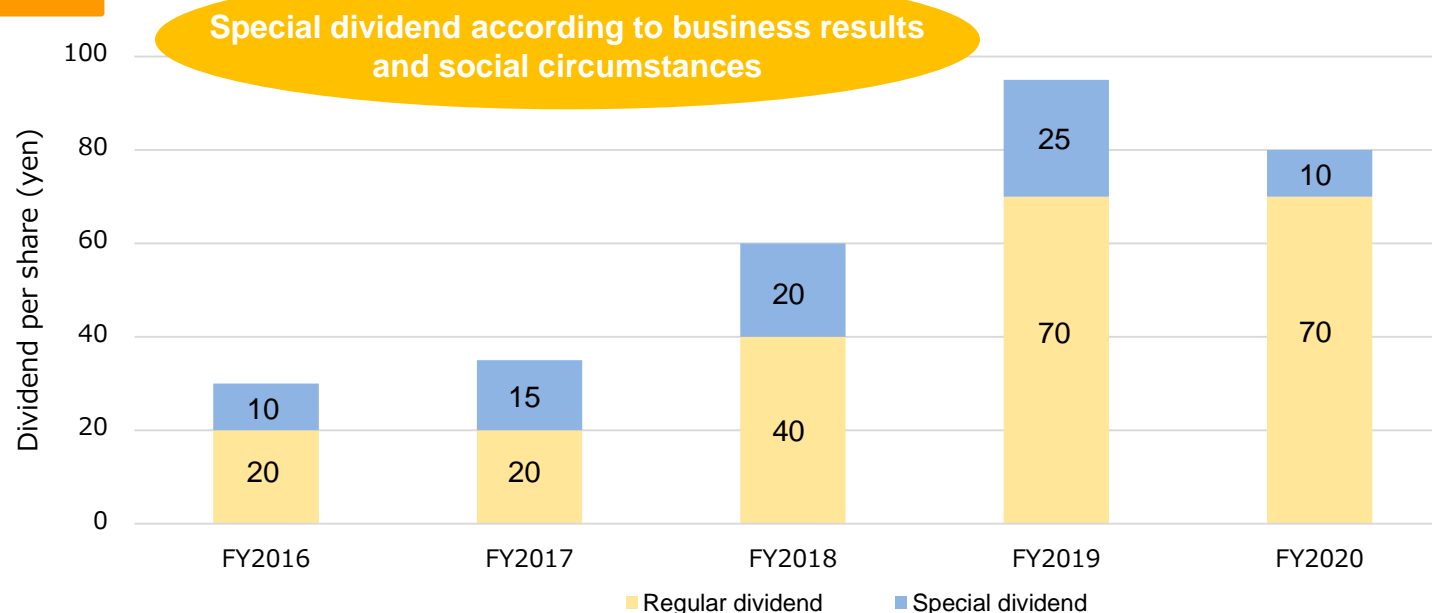
Our first supercharged fluidized bed furnace with binary generation system was adopted for Kitatama Water Reclamation Center No. 1 Sludge Incineration Systems Reconstruction Project (Tokyo)

- ✓ Wide-ranging energy conservation and CO₂ reduction through the use of superchargers
- ✓ Energy creation through power generation



◆ Shareholder dividends

Annual Dividend

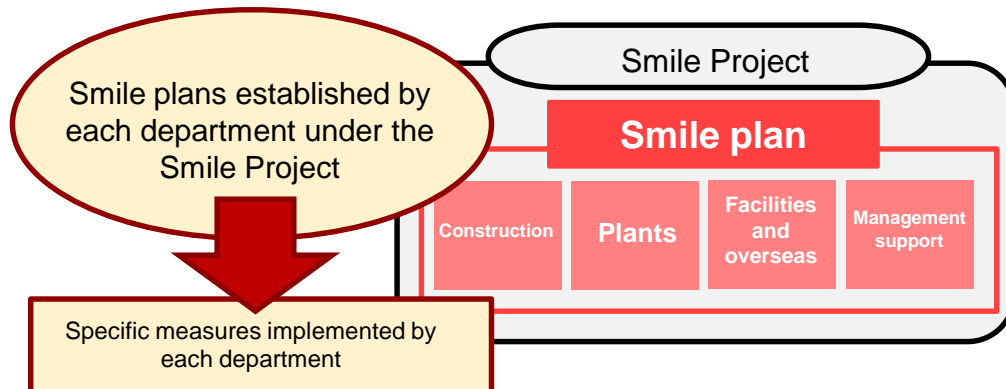


Acquisition/retirement of treasury stock

- (1) 1,000,000 shares retired (retirement completed in August 2020)
- (2) 1,000,000 shares acquired (acquisition completed in October 2020)

◆ *Work style reforms*

Smile Project



Work-style CCU



Company-wide lecture on work-style reforms given by Ms. Komuro of Work Life Balance Co., Ltd.

◆ *Improving internal communication*

President's CCU



Meeting to exchange opinions between the president and employees held remotely using avatars

* CCU: Century Communication Up

Executives' CCU



Meeting for executives to exchange opinions about various topics relating to business operation

◆ Social contribution

10th anniversary of the SANKI YOU Eco Contribution Point system



Support for ongoing tree-planting efforts and commemorative tree-planting

Donation of 1,382,900 yen to environmental conservation organizations for the second half of fiscal 2019

Cumulative donations over 10 years exceed 20 million yen with more than 17,000 trees planted

◆ Transmission of information

Sponsorship of programs on nationwide TV and active broadcast of commercials



Display at exhibition

- Virtual sewer display
(August 18, 2020 to July 31, 2021 (planned))
- ENEX 2021
(December 9 to 11, 2020)



"Virtual sewer display can be found here"



Item	Content
<p>E Environment</p>	<ul style="list-style-type: none"> Actively promoted energy conservation and energy generation (Received order for Kitatama Water Reclamation Center No. 1 Sludge Incineration Systems Construction Project) Newly created Kansha-no-Mori and conducted tree planting activities to commemorate the 10th anniversary of SANKI YOU Eco Contribution Points Dispatched employees to the National Institute of Polar Research Japanese Antarctic Research Expedition
<p>S Society</p>	<ul style="list-style-type: none"> Introduced a flextime system for all employees to promote work styles that leverage diversity Shortened required work hours in the interest of work-life balance Commenced Smile Plans at the four groups, in order to further promote work-style reforms Reviewed payment conditions to reform financing of partner companies Established the Sanki Group Procurement Policy with an awareness of CSR procurement
<p>G Governance</p>	<ul style="list-style-type: none"> Selected external director as chairman of the Board of Directors Conducted interviews through a third-party institution in order to evaluate the effectiveness of the Board of Directors Advisory Committee on Nomination and Remuneration comprised of only external directors Ensured independence of legal affairs section as organization reporting directly to the president



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

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