

# MIRAI 2030

*for people, for the Earth*

Sanki Engineering Group

Medium-Term Management Plan 2027

May 13, 2025



*for people, for the Earth*



## Toward the Next 100 Years

With the support of all its stakeholders, the Sanki Engineering Group has reached the 100th anniversary of its founding.

With deep gratitude and guided by our management philosophy,  
we will remain committed to our mission,  
“for people, for the Earth”  
as we contribute to building a sustainable world over the next 100 years.

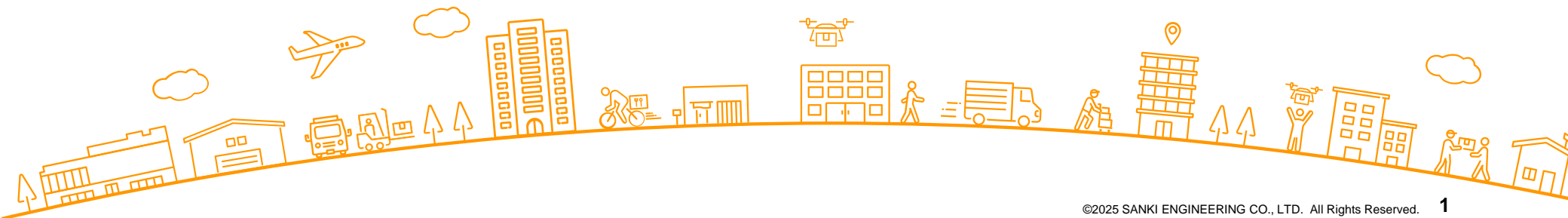
### Sanki Engineering Group Management Philosophy (The Sanki Standard)

We create comfortable  
environments through  
engineering and widely  
contribute to social  
development.

We will refine our skills and wisdom with  
the aim of increasing client satisfaction.

We will place significance on  
communication and mutual respect.

We will remain aware that we are a  
member of society and will act accordingly.



1

**“MIRAI 2030”**

2

**Medium-Term Management Plan 2027**



1

# “MIRAI 2030”

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# 01 Our Journey as a Total Engineering Company

With expertise in fields such as facility construction, facility systems, machinery systems, and environmental systems, our professionals have dedicated themselves to mastering core technologies. Through concerted effort, each business has grown, contributing to our overall sustainability and the progress of our journey as a total engineering company.

## Establishing early foundations and pre-war business expansion

The Company grew in tandem with the construction boom, responding to the needs of the era with innovative technologies, such as Japan's first centralized air conditioning system for an entire structure.

1925–1945



Mitsui Main Building



Toray Industries Shiga Plant

## Business expansion during the post-war reconstruction boom

We developed a solid track record and continued to grow through active technological innovation, including the installation of HVAC, sanitation, and electrical systems in Japan's first high-rise building.

1946–1969



Kasumigaseki Building



Yoyogi National Gymnasium

## Taking on challenges in new technologies and businesses

Utilizing our technological expertise, including the installation of Japan's first large-scale clean room, we expanded into new businesses such as information communication and facilities, driving growth.

1970–1999



Saitama Prefecture Okubo Water Purification Plant



Trading floor of a financial institution



Clean room

## Promotion of environmental and information technologies

We entered new fields, such as the environment and information sectors. We also strengthened our lifecycle engineering (LCE) business and increased our focus on contributing to a sustainable society, which is further fostering growth.

2000–present



Tokyo Midtown Hibiya



Toranomon Hills



Abeno Harukas

Responding to various social challenges on the path to greater sustainability for society and industry

## 02 Ultra-Long-Term Vision for 2050

### Sanki Engineering Group's Ultra-Long-Term Vision

Achieve **Creating Shared Value (CSV)** by promoting sustainability management focused on five key material issues, thereby enhancing both environmental and social value and corporate (i.e., economic) value.

#### Sustainability Policy

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

Improvement of environmental and social value

High

#### Management Philosophy

We create comfortable environments through engineering and widely contribute to social development.

Long-Term Vision  
Century 2025

Create new social value

Contribute to a carbon-free society

Ensure stable earnings and a strong business base

Pursue happiness for colleagues

Build comfortable environments through engineering

Identification of material issues

Carbon Neutral Declaration

Ultra-Long-Term Vision

MIRAI  
2030

2050

### The Enduring Company of Choice

Striving to be a company that contributes to the realization of a sustainable world by using engineering to resolve social issues such as the need to achieve carbon neutrality and create comfortable environments



#### Toward the Next 100 Years

Under the slogan "for people, for the Earth" we aim to realize a sustainable world.

#### Sanki's Carbon Neutral Declaration

Make earnest efforts to tackle the global climate change crisis and strive to realize carbon neutrality

- Achieve carbon neutrality for the Group's direct GHG emissions (Scope 1 and 2) by 2030
- Achieve carbon neutrality for GHG emissions across the entire supply chain (Scope 1, 2, and 3) by 2050

Enhancement of corporate value (economic value)

High

# 03

## Review of Previous Medium-Term Management Plan (Phase 3)

### Performance during Century 2025

Both sales and operating profit increased over the nine-year period of Century 2025.  
The most recent ROE significantly exceeded 8%.

### Long-Term Vision: Century 2025

Net sales (Million yen)

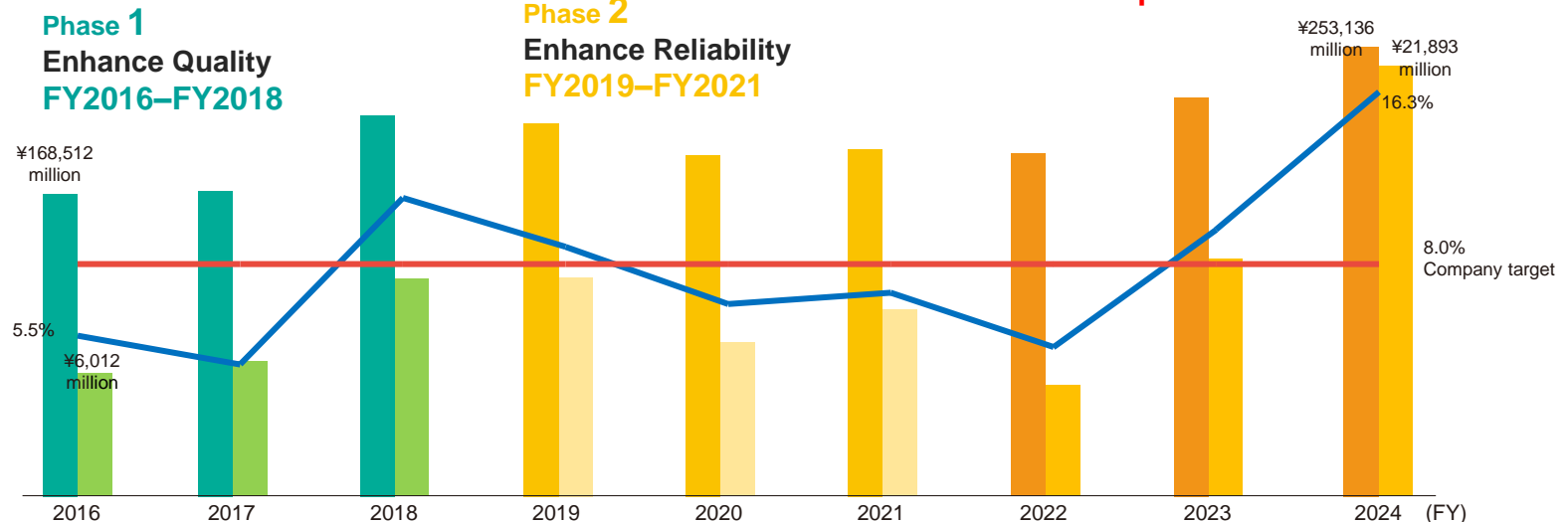
Operating profit (Million yen)

ROE

### Phase 3

Company of Choice

FY2022—Completed in FY2024



## 03

## Review of Previous Medium-Term Management Plan (Phase 3)

## Results

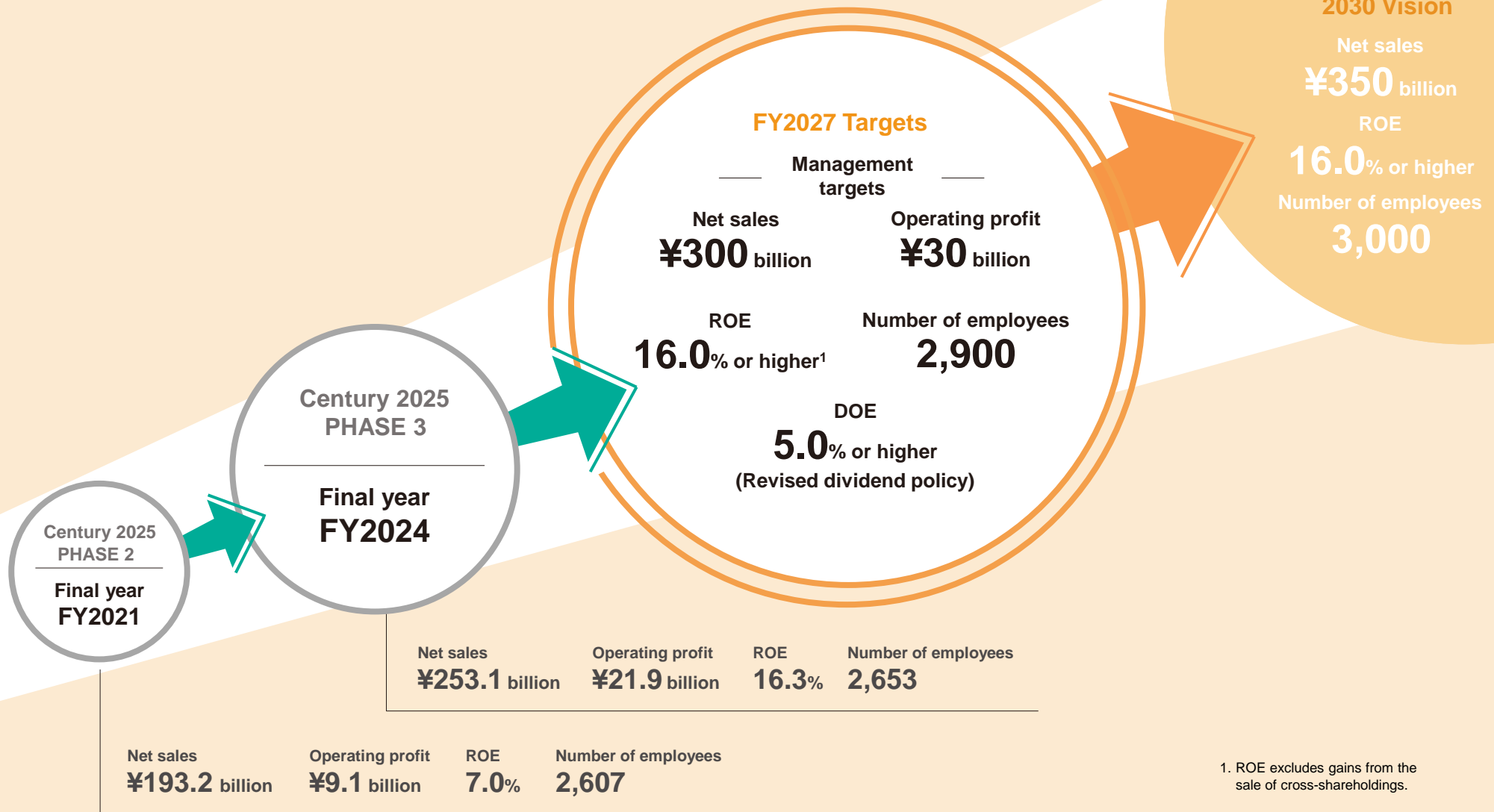
- **Expanded into cutting-edge fields and technological exploration**
  - ✓ Orders in the semiconductor and EV-related sectors increased by approximately five times compared to 2020
  - ✓ By establishing the Earth MIRAI Project, eight new technological seeds were discovered from 166 submissions
- **Strengthened external partnerships and promoted sustainability**
  - ✓ Developed solutions through collaboration with three startups (FY2024)
  - ✓ Reduced Scope 1 and 2 CO<sub>2</sub> emissions by 41% compared to 2020
- **Achieved organizational and digital transformation (DX)**
  - ✓ Engagement score increased by 2.7 points: from 51.3 in FY2023 to 54.0 in FY2024
  - ✓ Established a cross-functional DX promotion organization and acquired DX certification

## Challenges

- **Strategic investment and business structure reforms**
  - ✓ Only around 50% of the growth investment allocation (¥20 billion) was used, indicating the need to improve the investment project discovery process
  - ✓ Urgent review required for the revenue structure of the Machinery Systems Business segment
- **Bolstering human capital and co-creation**
  - ✓ Reorganizing systematic training programs that contribute to the growth and retention of talent, and maximizing the effectiveness of investments in human resource development
  - ✓ Need to establish a process for creating business value from industry-academia joint projects (15 projects in FY2024)
- **Enhancing stakeholder value**
  - ✓ Insufficient appeal due to reliance on a limited range of media channels





## 04 2030 Vision and Goals



1. ROE excludes gains from the sale of cross-shareholdings.

# 05

## Outlook for Market Environment toward 2030

By client industry	Market environment (forecast)	Sanki Engineering Group's initiatives
 <b>Automobiles and batteries</b>	<ul style="list-style-type: none"> <li>Progress in electrification and autonomous driving technologies, as exemplified by CASE (Connected, Autonomous, Shared, Electric)</li> <li>Development of technologies in line with societal trends (autonomous driving, etc.)</li> <li>Decarbonization investments are expected to reach approximately ¥17 trillion by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Streamlining of construction operations through front-loading</li> <li>Maximizing the use of building information modeling (BIM) and ICT to balance productivity improvement with high-quality construction</li> <li>Structuring a Company-wide system for handling large-scale projects in cutting-edge sectors</li> <li>Digital technology service development through collaboration with startups</li> </ul>
 <b>Semiconductors</b>	<ul style="list-style-type: none"> <li>Rapid increase in data utilization due to advancements in generative AI technology</li> <li>Onshoring of manufacturing bases, including data centers, driven by geopolitical factors</li> <li>Global market is expected to grow to ¥100 trillion, with the Japanese market reaching ¥15 trillion by 2030</li> </ul>	
 <b>Biotechnology</b>	<ul style="list-style-type: none"> <li>A growth sector expected to expand at an average annual rate of 6.7% through 2030</li> <li>Market size in Japan alone reached \$44.1 billion in 2021</li> <li>Japanese government is promoting initiatives aimed at creating a bio-related market worth ¥92 trillion by 2030</li> </ul>	
 <b>Urban and infrastructure</b>	<ul style="list-style-type: none"> <li>Expansion of private-sector urban regeneration projects under the Act on Special Measures Concerning Urban Renaissance</li> <li>Expansion of "smart building" investments aimed at decarbonization</li> </ul>	<ul style="list-style-type: none"> <li>Improving the efficiency and quality of on-site work through the advancement of off-site construction methods</li> <li>Development and application of robotic technologies to reduce labor at construction sites</li> <li>Strengthening the renewal business and promoting CO<sub>2</sub> emissions reduction across all stages of new construction, maintenance, and renovation</li> </ul>
 <b>Public facilities and equipment</b>	<ul style="list-style-type: none"> <li>Acceleration of the five-year plan to enhance national resilience measures against large-scale disasters</li> <li>Expansion of public-private partnerships (PPP) and design-build-operate (DBO) projects for water, wastewater, and waste treatment facilities</li> <li>Increased demand for automation due to labor shortages</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of technology development toward achieving a circular economy</li> <li>Labor-saving in waste treatment processes through the use of AI and other technologies</li> </ul>
 <b>Airports</b>	<ul style="list-style-type: none"> <li>Disaster prevention and mitigation measures for airports based on national resilience strategies</li> <li>Expansion of facilities to accommodate the increase in visitors to Japan, driven by factors including tourism</li> <li>Functionality enhancement plan for Narita Airport</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of airport logistics business through collaboration with software companies</li> <li>Strengthening alliances with the goal of expanding into overseas markets</li> </ul>

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# Medium-Term Management Plan 2027

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## 06

### Key Themes and Strategic Outline

#### Key Themes

Enhancement  
and Co-Creation

#### Business Strategy



Strategic enhancement of core businesses

Promotion of decarbonization businesses  
through environmental technologies

Business evolution through digital technologies

Co-creation and business expansion  
through strategic alliances

#### Financial and Capital Strategy



Balancing growth investment  
and shareholder returns

#### Human Resources Strategy



Promoting human capital management

# 07

## Business Strategy: Strategic Enhancement of Core Businesses

### Facilities Construction

- Optimize construction operations through the expanded use of front-loading
- Structure a Company-wide system for handling large-scale projects in cutting-edge sectors
- Improve the efficiency and quality of on-site work through the advancement of off-site construction methods

### Facility Systems

- Expand scope of services from office environment construction to resolving the management issues of clients

### Machinery Systems

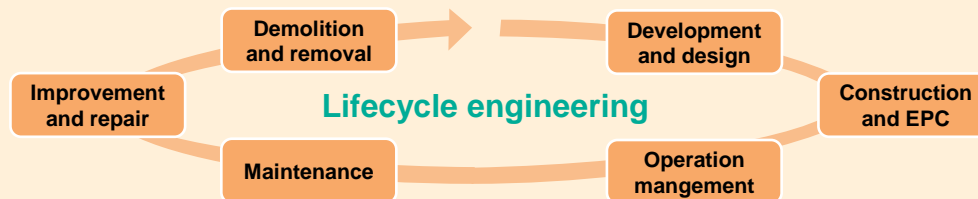
- Secure competitive advantage by focusing on the medical and food sectors

### Environmental Systems

- Reinforce the development of new products and services by leveraging strengths

### Shared

- Promote lifecycle engineering (LCE) business  
Optimize facilities construction and maintenance services centered on after-sales support



- Optimization of construction processes  
Preliminary surveys using tablet devices, etc.



- Product development for convenience stores



- Development of AERO WING (diffuser system)

## 07 Business Strategy: Promotion of Decarbonization Businesses through Environmental Technologies

### Facilities Construction

- Contribute to carbon neutrality through proposals for energy-saving technologies
- Strengthen the renewal business and promote CO<sub>2</sub> emissions reduction across all stages of new construction, maintenance, and renovation

### Environmental Systems

- Accelerate technology development toward achieving decarbonization and a circular economy
- Contribute to energy savings and CO<sub>2</sub> emissions reduction through expanded sales of AERO WING

### Shared

- Contribute to society through the SANKI YOU Eco Contribution Point System



- Selected for the CDP Climate Change A List for three consecutive years



- Social contribution activities  
Conducting afforestation activities in various regions



- Contributing to resolving global environmental issues  
Continued participation in the Antarctic research expedition (Photograph courtesy of the National Institute of Polar Research)



- Circular economy  
Converting sewage sludge into fertilizer

## 07

### Business Strategy: Business Evolution through Digital Technologies

#### Facilities Construction

- Maximize the use of BIM and ICT to balance productivity improvement with high-quality construction
- Develop and apply robotic technologies to reduce labor in construction sites

#### Facility Systems

- Develop digital technology services through collaboration with startups

#### Machinery Systems

- Enhance productivity and quality through the use of ICT

#### Environmental Systems

- Implement labor-savings in water and waste treatment processes through the use of AI and other technologies



- Labor-saving at sites through the use of robots



- Meris Bianca: Automated guided vehicle (AGV) developed by the Company



- Utilize BIM and ICT to improve operational efficiency in back-office tasks



# 07

## Business Strategy: Co-Creation and Business Expansion through Strategic Alliances

### Outside Japan

#### Facilities Construction

- Develop potential partnership opportunities and investments in Southeast Asia

#### Machinery Systems

- Strengthen alliances in two areas with the goal of expanding into overseas markets:  
(1) Airport equipment and services sector  
(2) Battery manufacturing sector

#### Environmental Systems

- Expand water treatment technologies and products in Asia through collaboration with partners outside Japan



- Expand airport equipment solutions

### In Japan

#### Facility Systems

- Develop solutions through business and capital alliances, as well as M&As
- Strengthen collaboration with commercial facility developers to explore new markets

#### Machinery Systems

- Expand businesses through partnerships with process and testing equipment manufacturers

#### Environmental Systems

- Consider M&A to expand the scale of the waste management business



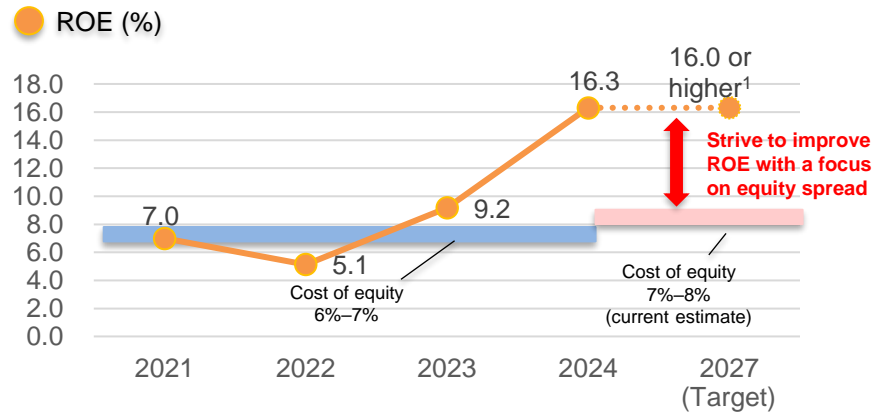
- Expand office solutions



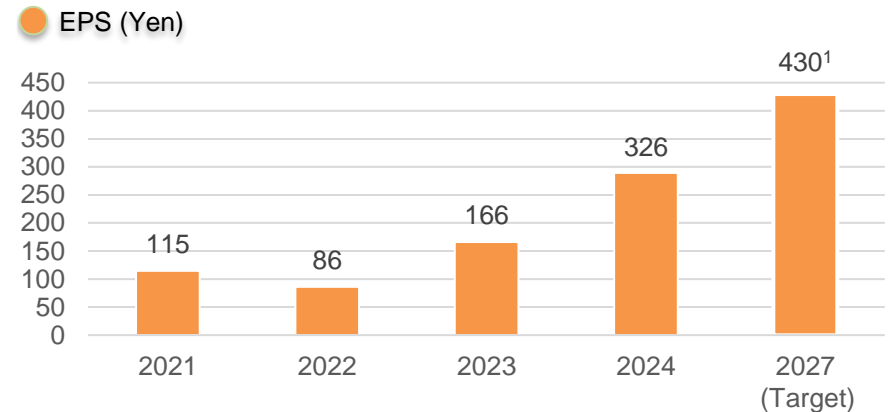
## 08 Financial and Capital Strategy

We will engage in management that is conscious of cost of capital and stock price, and aim to further enhance corporate value through the sustained improvement of ROE and EPS.

### ROE and cost of equity



### EPS



### Cost of equity

Recognizing that the standard Capital Asset Pricing Model (CAPM) approach tends to underestimate investor expectations, we rigorously assess our cost of equity by factoring in a **size premium<sup>2</sup>** based on our market capitalization.

Increasing interest rates are expected to drive the cost of equity up. Nevertheless, we aim to reduce our cost of equity by ensuring stable and sustainable shareholder returns, and making growth investments that enhance corporate value.

1. Target ROE and EPS for FY2027 exclude gains from the sale of cross-shareholdings.

2. Additional returns sought by investors from companies with smaller market capitalization due to their stocks typically having lower liquidity and higher price volatility.

### Toward improving ROE and EPS

#### Execution of growth investments

M&As, human capital, DX, R&D, and CAPEX investments (including environmental)

#### Improvement in capital efficiency

Introduce and embed ROIC management on a per-business basis  
Reduce cross-shareholdings

#### Stakeholder returns

Provide shareholder returns with a focus on improving ROE  
Make further improvements to payment terms for business partners

## 08 Financial and Capital Strategy

### Medium-Term Management Plan 2027 Financial and Capital Strategy

- (1) We will allocate cash generated to future growth investments, while balancing capital efficiency and financial soundness.
- (2) To maintain stable and sustainable distributions, we will shift our dividend policy from dividend payout ratio to dividend on equity (DOE). At the same time, we will allocate cash to growth investments to further enhance corporate value. Shareholder returns will follow a dividend policy of at least 5.0% DOE, with flexible share buybacks implemented as needed.

#### Medium-Term Management Plan 2027

ROE

16.0% or higher<sup>1</sup>

EPS

¥430 or higher<sup>1</sup>

Growth  
investments

Approx. ¥50 billion

Dividend  
policy

DOE of 5.0% or higher

Share  
buybacks

Approx. 4 million shares

#### Cash generation

Generate through  
business activities  
¥57 billion

Reduce cross-  
shareholdings  
¥13 billion

Reduce surplus cash  
or take on as debt  
¥25 billion  
Cap D/E ratio at 0.2

#### Cash allocation strategy

**Growth investments**  
¥50 billion

- M&A-related investments
- R&D investments
- Human capital investments
- DX investments
- CAPEX investments (including environmental)

**Stakeholder returns**  
¥45 billion

- Shareholder returns focused on improving ROE (Dividends and share buybacks)
- Further enhancements to payment terms for business partners

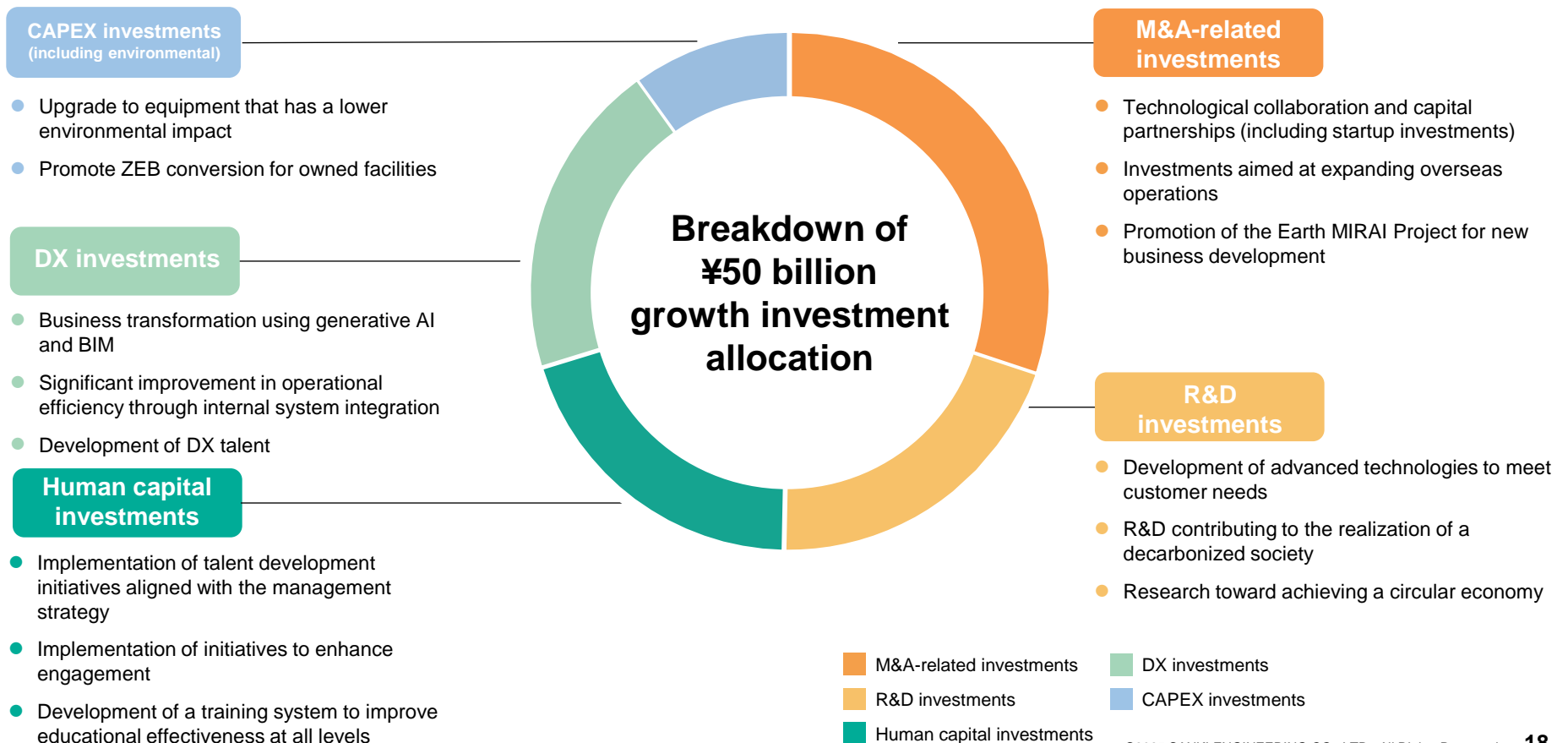
1. ROE and EPS exclude gains from the sale of cross-shareholdings.

## 09

## Growth Investment Strategy

### Approach to growth investment allocation to achieve vision and goals

Under Medium-Term Management Plan 2027, we have set a growth investment allocation of ¥50 billion and will actively invest in five key areas.



## 09

### Growth Investment Strategy

#### Execution of M&A-related investments

#### Promote business investments and new business discovery in Japan and abroad

1

Acquire functions, markets, and customers that contribute to deepening existing core businesses (including the global expansion of plant and machinery systems-related products)

2

Develop capital and business partnerships and promote investments

3

Promote the Earth MIRAI Project to explore new technologies and develop new businesses

4

Establish a committee to review business investments aimed at improving the quality of investment projects

# 10 R&D Strategy

## R&D Vision

Create a sustainable future through a harmonious balance between people, technology, and nature



### Integrated innovation

#### Promote interdisciplinary research

Create new value by integrating technologies from fields such as architecture, environment, IT, biotechnology, and robotics.

#### Actively utilize open innovation

Strengthen collaboration with industries, academic institutions, and government agencies, and expand partnerships with startups.



### Pursuit of sustainability

#### Aim for harmony with the environment

Minimize environmental impact while creating new value, and strive to achieve carbon recycling and a circular economy.

#### Maximize the use of renewable energy

Discover and utilize untapped energy resources rooted in local communities, such as biomass power generation, and promote local production for local consumption. Aim to achieve energy independence by building systems for the efficient utilization of decentralized energy.

#### Build systems that are symbiotic with ecosystems

Create systems that view the entire building, including energy, water, air, and people, as a single ecosystem in coexistence with the natural environment.



### Human-centered technology development

#### Provide comfortable and enriched living environments

Effectively combine the latest technologies such as IoT, AI, and robotics in building facilities to provide more comfortable spaces and new value.

#### Reform work styles and improve the labor environment

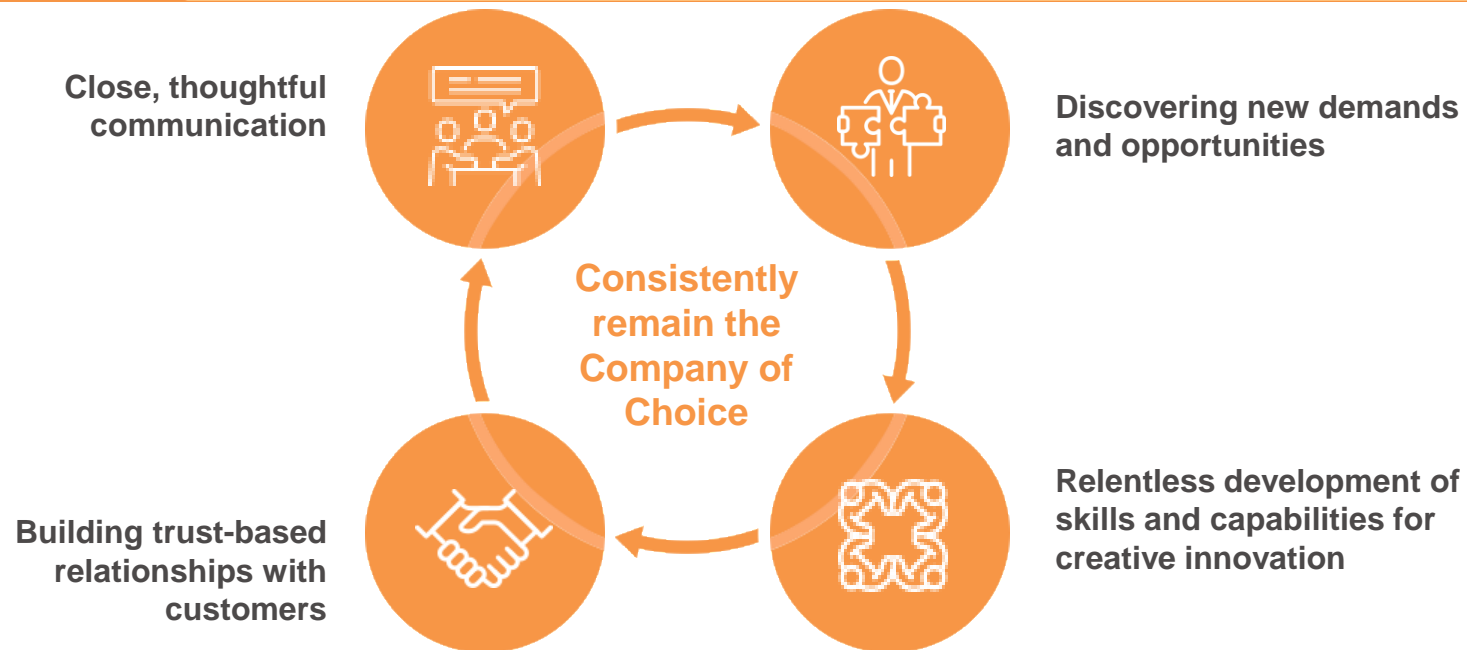
Utilize AI to enhance data analysis and integrate systems, aiming to improve operational efficiency and create new value.



# 11 Human Resources Strategy

## Human resource strengths at the Sanki Engineering Group

By engaging in close, thoughtful communication with various stakeholders, addressing challenges with sincerity, approaching tasks with creativity and innovation, and maintaining a steadfast commitment to seeing them through to completion, we have enhanced value, earned our customers' trust, and consistently remained their Company of Choice.



### Basic Policy for Human Resources Strategy

#### Attract human resources

Acquire talent to shape the future of Sanki Engineering

#### Foster and develop human resources

Enhance the ability of employees to create value

#### Retain human resources

Create an environment where employees want to continue working and make a contribution

# 11 Human Resources Strategy

Under our human resources strategy, we have defined three core principles to serve as key themes on which we will focus our efforts. Furthermore, we will seek to identify the capabilities that will be required in order to execute our management strategy and enhance our ability to adapt to change.

## Human Resources Strategy

**C**ommunication! **C**hallenge!! **C**hange!!! Engage in dialogue, take initiative, and continue to grow



### Three core principles of the human resources strategy (Basic policy)

#### Attract human resources

Acquire diverse talent to shape the future of Sanki Engineering

#### Foster and develop human resources

Promote the proactive development of each employee's skills and enhance their ability to create value

#### Retain human resources

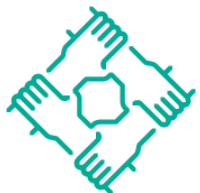
Create an environment where employees want to continue working and make a contribution

Review recruitment methods and compensation systems  
Establish a system for managing talent effectively

Establish opportunities and an environment where employees can take on challenges  
Establish a structured education and training system

Promote work style reforms, health and productivity management, and measures to improve productivity  
Implement improvement measures based on the results of the engagement survey

Enhance our ability to adapt to change



### Acquire the capabilities necessary to execute the management strategy

#### Talent adaptability

Acquire and strengthen the capabilities required for securing large orders, driving DX, and executing M&As

#### Leverage human resources

Leverage human resources to develop advanced technologies aimed at decarbonization and future sustainability, as well as to expand global business

Develop systems that enable optimal talent placement  
Strengthen systems for developing specialized talent

Facilitate the transfer of technology from experienced employees  
Develop next-generation management talent

# 12

## DX Strategy: Vision

### Sanki DX Vision

## All Group employees **Connected** in a **Co-Creation Cycle** of knowledge

We have laid out three reform initiatives as Key Success Factors in the Sanki DX Vision, through which we will deliver tangible outcomes—**business process reform**, **establishment of digital infrastructure**, and **development and enhancement of digital talent**.

Strengthening the  
organizational  
foundation

Optimal operation of  
Company-wide IT  
systems

**By standardizing operations**, we have transitioned from reliance on specific individuals to having an organizational response. Additionally, the implementation of a Company-wide optimized system has enabled the **automation of 30% of routine tasks**.

**Bolstering the IT governance framework** has enabled integrated management of IT assets—from planning and oversight of investments to operations—resulting in the **optimal performance of Company-wide systems**.

Enhancement  
of added value

**By leveraging advanced digital technologies such as BIM and AI** to enhance productivity and quality, we maximize our added value and establish strong partnerships with customers to build the future together.

Fostering individual  
motivation for growth

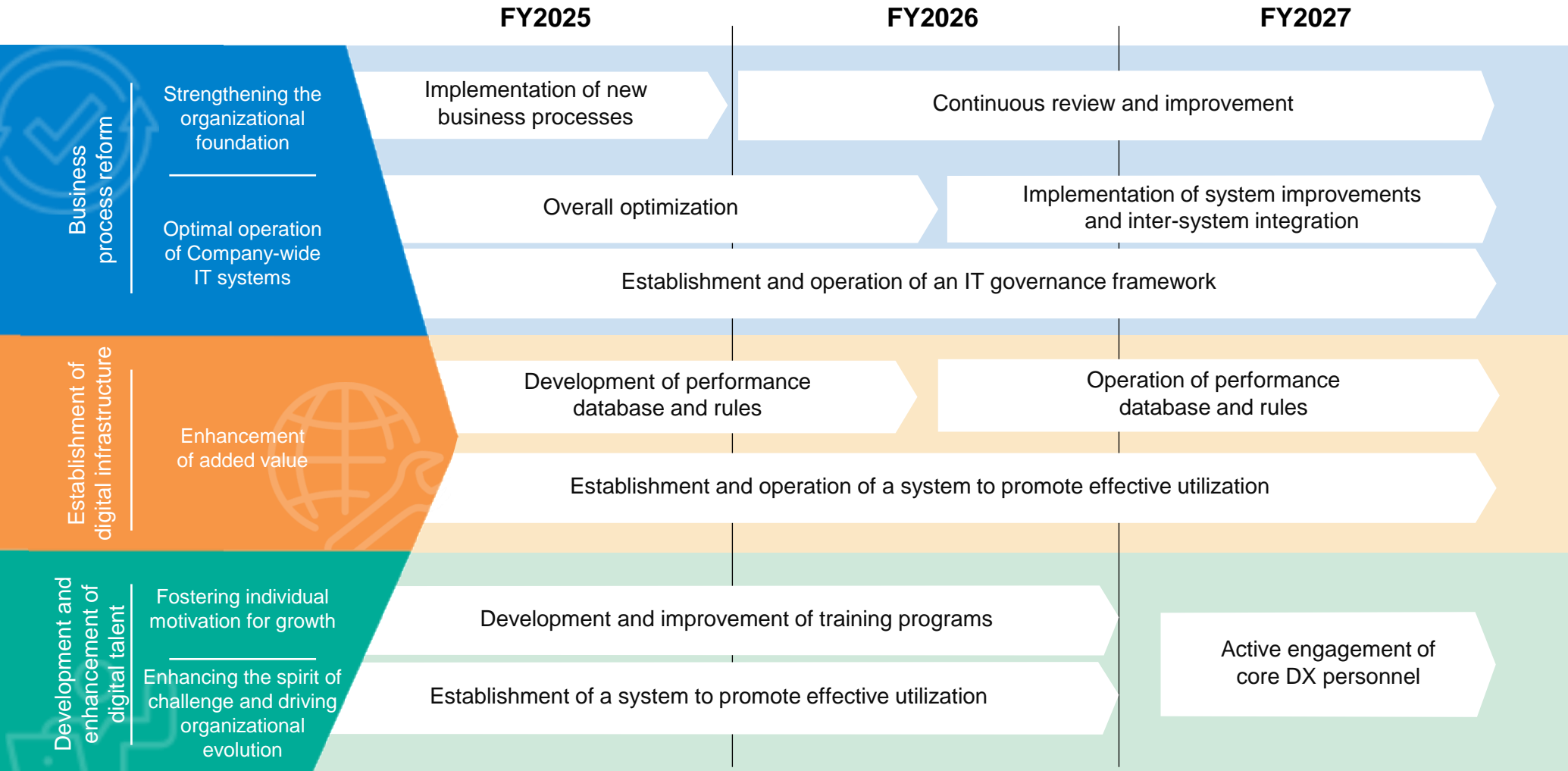
By applying acquired skills in practice and receiving proper recognition for their outcomes, all employees have **embraced self-directed learning**, equipping themselves with the ability to expand their own potential.

Enhancing the spirit of  
challenge and driving  
organizational evolution

We will enhance opportunities for challenges and **cultivate 100 core DX personnel**. Centering on these core individuals, we aim to foster a virtuous cycle of taking on challenges and providing support, driving continuous evolution across the entire organization.



# 12 DX Strategy: Roadmap



# 13 Optimization of Management Control

Develop a framework for transparent, fair, timely, and decisive decision-making through ongoing dialogue with stakeholders. This will enable flexible adaptation to future changes in the business environment.



## Strengthen governance

- Enhance the effectiveness of the Board of Directors and respective committees
- Divest cross-shareholdings



## Ensure thorough compliance

- Deepen compliance awareness and promote a culture of integrity throughout the organization
- Reinforce the integration of compliance promotion and risk management in business operations



## Enhance risk management systems

- Review risk management frameworks, processes, and methodologies
- Establish Company-wide enterprise risk management (ERM) including business continuity planning (BCP)

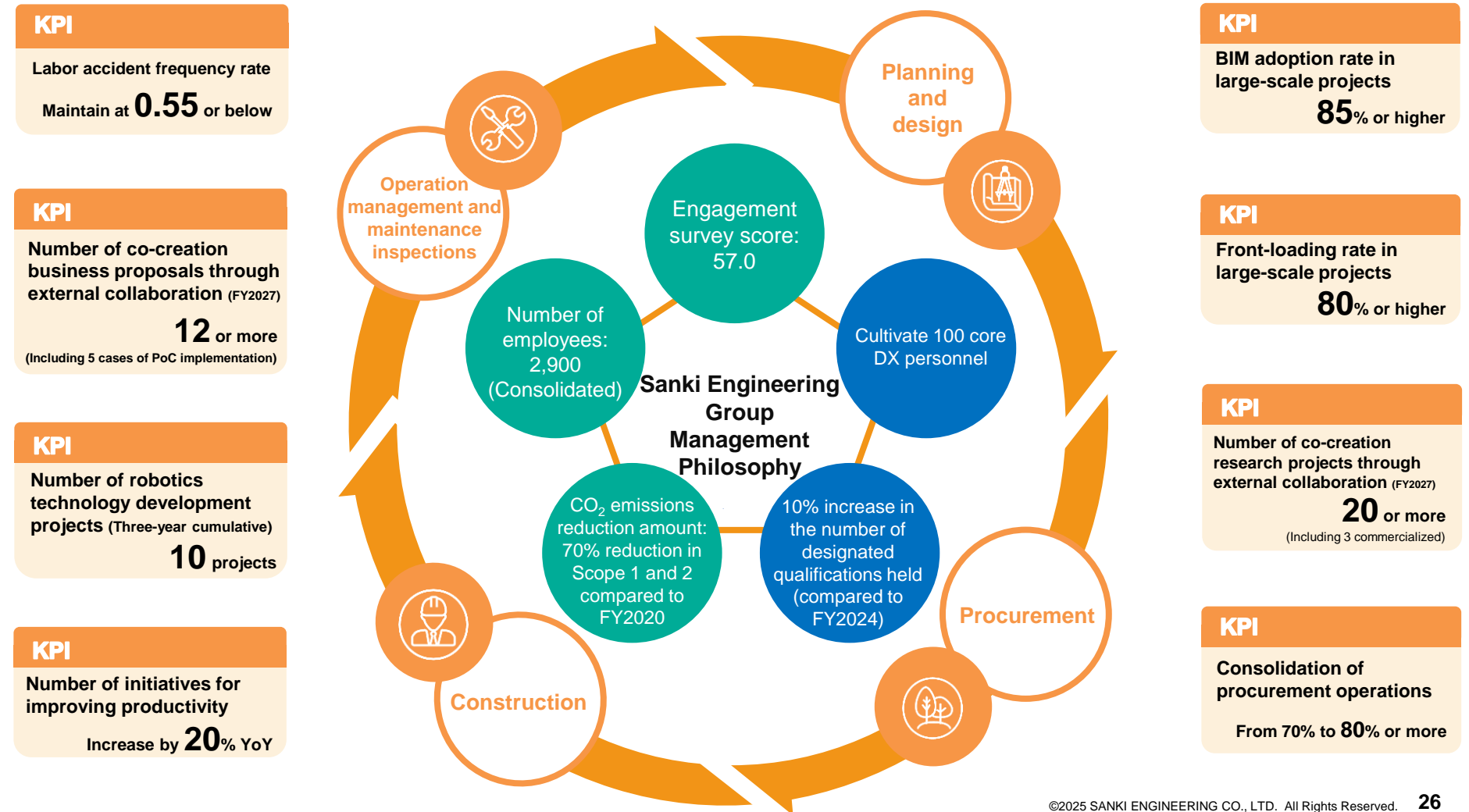


## Enrich stakeholder communication

- Expand engagement with institutional and individual investors
- Strengthen communication to meet customer needs
- Reinforce partnerships with affiliated companies
- Enhance media relations

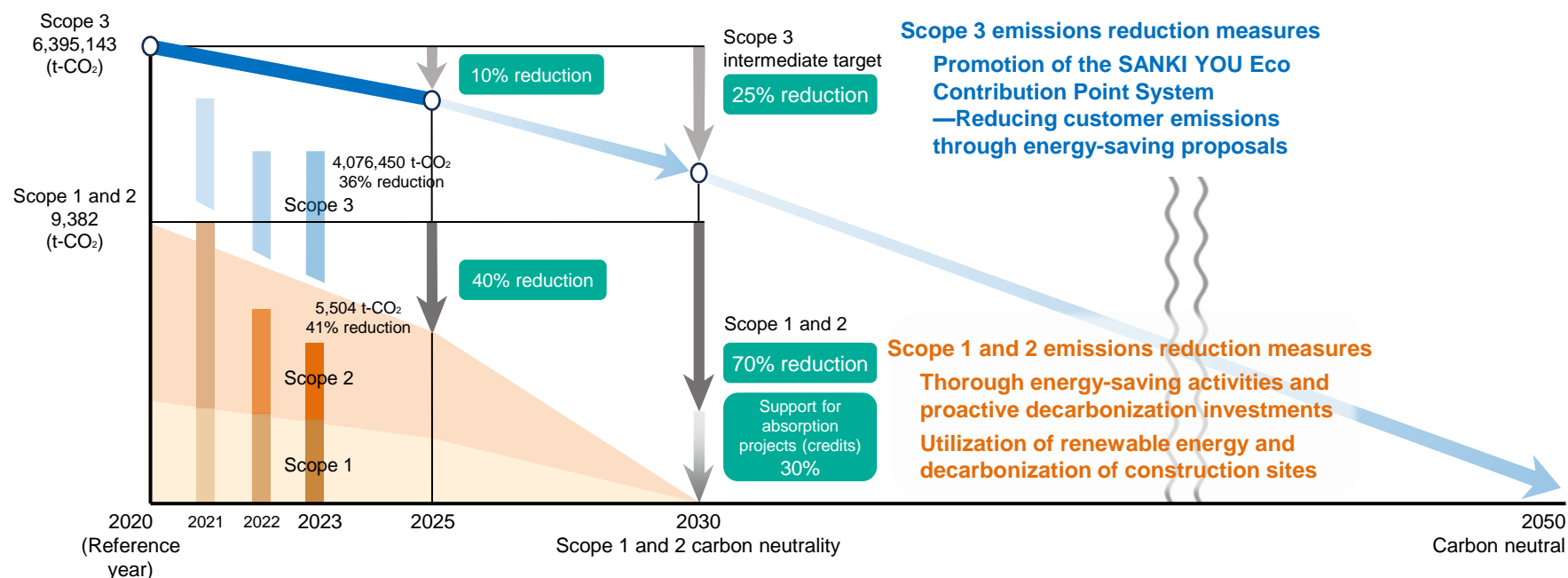
# 14 Corporate Value Enhancement Indicators (End of FY2027)

The Sanki Engineering Group has set the following new KPIs to drive sustainable growth and enhance corporate value.



# Supplementary Materials

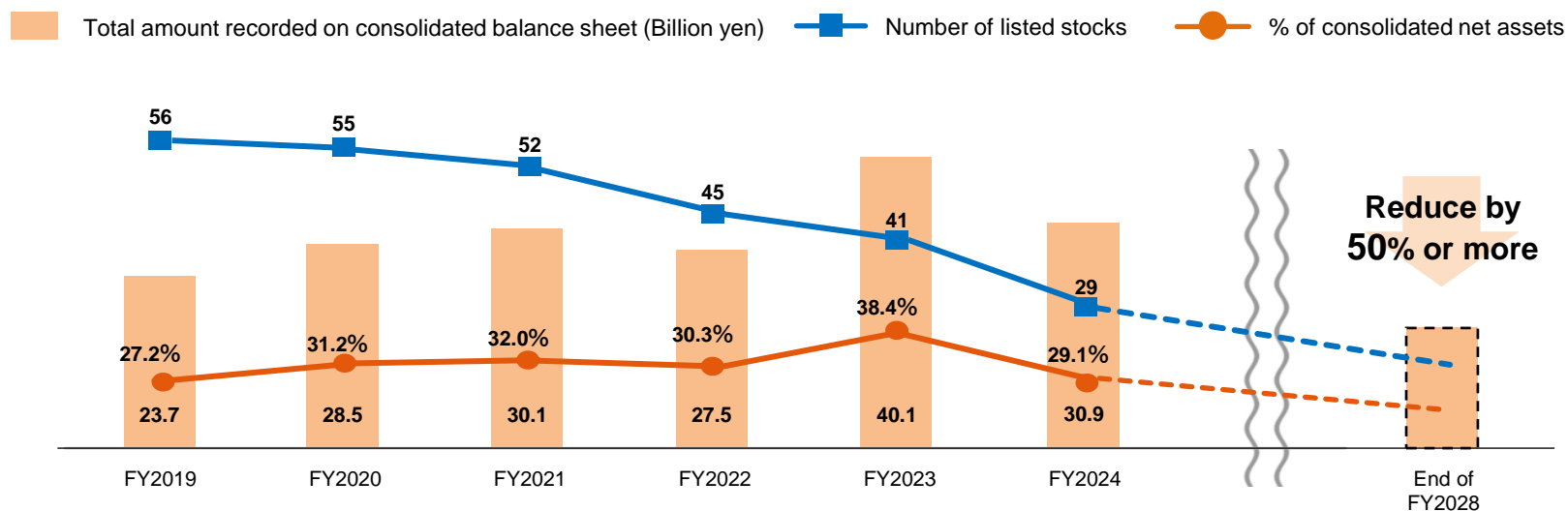
## Roadmap to Carbon Neutrality



## Financial and Capital Policies

### Reduction of cross-shareholdings

- Achieve a reduction of over 50% in both the number and value of listed stocks held as cross-shareholdings compared to the end of FY2024, aiming to reduce cross-shareholdings to less than 20% of consolidated net assets by the end of FY2028
- Use the cash generated from the sale of cross-shareholdings for investments focused on the next generation, with the goal of enhancing corporate value



## **Disclaimer**

Forward-looking statements, including forecasts of financial results, contained in this document reflect management's judgment based on the information available as of May 13, 2025. Actual results may differ from the figures contained herein due to a number of factors.

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