



May 12, 2025

To Whom It May Concern:

Company Name: Sankyu Inc.
Representative: Kimihiro Nakamura, President
(Code: 9065, TSE Prime / FSE)
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Notice Regarding Revision of the “Medium-Term Management Plan 2026”

At the Board of Directors meeting held on May 12, 2025, the Company resolved to revise the “Medium-Term Management Plan 2026,” which was originally announced on January 30, 2023, as outlined below.

Details

1. Background of the Revision

The “Medium-Term Management Plan 2026” (FY2023–FY2026) has been positioned as a “period of transformation” toward realizing the ideal vision of the Sankyu Group set forth in “Vision 2030.” Under this plan, we have been implementing various initiatives aimed at enhancing sustainable profitability and maximizing corporate value with a strong focus on capital efficiency.

However, due to delays in responding to a rapidly changing external environment, a gap has emerged between the target and actual/projected earnings of the logistics business. We also recognize that there are issues regarding capital profitability.

In light of these changing circumstances, we have decided to revise the targets and initiatives for FY2026, the final year of the Medium-Term Management Plan 2026.

2. Details of the Revision

We implement the following transformations, which focusing on capital profitability, under the leadership of the new CEO.

- (1) Reviewing the cost structure of the logistics business and strengthening company-wide strategic awareness
- (2) Instilling awareness of maintaining an appropriate level of equity capital with the sustainability of 10% ROE in mind
- (3) Cultivate awareness of optimal allocation of human resources and investment returns with an awareness of business restructuring

Please refer to the attached document for further details.

End

Medium-Term Management Plan 2026 Review

Financial results briefing

for the fiscal year ended March 2025

PRIME 9065

Sankyu Inc.



Against the backdrop of business environment changes exceeding expectations, we are reviewing our Medium-Term Management Plan, focusing on the logistics business

Implementing return on capital-focused transformation under new CEO leadership

Transformation Focus	Enhance awareness of logistics business costs and <u>company-wide strategy</u>
	Instill awareness of equity ratio level with consideration for 10% ROE <u>sustainability</u>
	Cultivate awareness of optimal allocation of human resources and investment returns with an awareness of <u>business restructuring</u>

Promotion System	Main Initiatives
<p><u>Formulation of Taskforce on Enterprise Value Acceleration (TEVA)</u></p> <ul style="list-style-type: none">Eliminate business barriers between business and management departments as barriers to reform	<p><u>Management</u> (including External Directors) to actively discuss the <u>“investors’ perspectives.”</u></p> <ul style="list-style-type: none">A medium- to long-term strategy with a vision for the futureHuman capital management (human resources, DE&I, etc.)

We will enhance corporate value across the entire company without barriers between businesses

Taskforce on Enterprise Value Acceleration

Clarification of authority, roles, and responsibilities

Business Strategy

Awareness of company-wide optimization

- Visualize management and business operations
- Reform logistics business cost structure
- Reskill logistics business personnel and reassign them to plant engineering and corporate positions

Financial Strategy

Awareness of investor perspectives

- Formulate growth investment and asset optimization roadmap (including non-business assets, cross-shareholdings, etc.)
- Achieve optimal amount of equity capital in response to business environment (270 billion yen level by FY31 (ending Mar.))

Non-Financial Strategy

Awareness of sustainable growth

- Maximize returns through optimal allocation of human resources
- Introduce a board member stock remuneration system
- Increase Employee Ownership Account incentives and improve employee engagement through an employee stock remuneration system

We will predict our business by visualize above 3 strategies, and optimize the operational efficiency.

Transform **awareness** in all areas of business, finance, and non-financial strategy to improve return on capital

Business

Cost awareness in the logistics business and awareness of company-wide strategy

- ✓ Reform logistics business cost structure, streamline China operations, and charge appropriate unit prices
- ✓ **Reskill** human resources made available through streamlining the logistics business **for utilization in the plant engineering and corporate businesses**

Finance

Awareness of the equity ratio level required to maintain an ROE of 10%

- ✓ Develop a roadmap for **growth investment** and **asset optimization** (including not only business assets but also non-business assets, cross-shareholdings, etc.)
- ✓ Achieve **optimal equity capital** in response to business environment (fix equity capital until FY27, **and raise it to the 260 billion yen level by FY31**)

Non-financial

Awareness of optimal allocation of human resources and investment returns

- ✓ **Maximize returns** through **optimal allocation of human resources**, including partner company and overseas human capital, by establishing a personnel management system
- ✓ Promote training at the Technical Academy/Saudi Maintenance Center, active recruitment of foreign human capital, and the establishment of a domestic reception system
- ✓ Introduce a **board member stock remuneration system**
- ✓ **Increase Employee Ownership Account incentives** and consider employee engagement improvement through an **employee stock remuneration system**

Optimize the balance between logistics cost reduction, human investment in plant engineering, and return on capital

Maintain ROE of 10% or higher on a sustainable basis and prepare for growth in the next medium-term management plan

		Results	Forecast			
		FY2024	FY2025	FY2026		FY2027~
	Item		Revised Medium-Term Management Plan		Medium-Term Management Plan	
Performance	Net Sales	606.8 billion yen	618.0 billion yen	660.0 billion yen	630.0 billion yen	Long-term vision and performance KPIs are to be disclosed at a later date
	Operating profit	43.9 billion yen	41.0 billion yen	47.0 billion yen	42.2 billion yen	
	Operating margin	7.2 %	6.6 %	7.1 %	6.7 %	
	Current profit	30.7 billion yen	29.5 billion yen	33.0 billion yen	billion yen	
Return on capital	attributable to owners of parent	10.7 %	10% ROE sustainability		10.0 %	
Shareholder returns	ROE	40.6 %	41.3 %	40.0 %	40.0 %	
	Stock buyback	15.0 billion yen	20.0 billion yen	20.0 billion yen	10.0 billion yen	


 Improve operating margin in logistics and expand sales in plant engineering

(Billions of yen)	FY2024	Future initiatives	FY2026
Logistics	Net sales: 295.6 Operating profit: 9.7 (Operating margin: 3.3%)	<ul style="list-style-type: none"> ✓ Review unprofitable businesses and rebuild a solid revenue structure by charging appropriate prices ✓ Minimize indirect costs by reforming the organizational structure including affiliates ✓ Maximize the value of people's work through DX that adds value to customers and the front line 	Net sales: 312.0 Operating profit: 12.0 (Operating margin: 3.8%)
Plant engineering	Net sales: 283.3 Operating profit: 32.0 (Operating margin: 11.3%)	<ul style="list-style-type: none"> ✓ Securing and reviewing the treatment of plant engineering personnel, and utilizing foreign human resources in Japan ✓ Systemization of project management and personnel management (Link between personnel and projects) ✓ Expansion of offshore wind power business and compliance with customer requirements for carbon neutrality ✓ Strengthening personnel in line with business expansion in growth regions (Middle East) and collaboration with Japanese manufacturers ✓ Participation in comprehensive private outsourcing for local governments 	Net sales: 316.0 Operating profit: 33.0 (Operating margin: 10.4%)

Segment Information

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		FY2024 Full-Year Results	FY2025 Performance Forecast	FY2026 Performance Forecast
Logistics	Net sales	295.6 <small>billion yen</small>	299.0 <small>billion yen</small>	312.0 <small>billion yen</small>
	Operating profit	9.7 <small>billion yen</small>	10.0 <small>billion yen</small>	12.0 <small>billion yen</small>
	Operating margin	3.3 %	3.4 %	3.8 %
Plant engineering	Net sales	283.3 <small>billion yen</small>	289.5 <small>billion yen</small>	316.0 <small>billion yen</small>
	Operating profit	32.0 <small>billion yen</small>	29.0 <small>billion yen</small>	33.0 <small>billion yen</small>
	Operating margin	11.3 %	10.0 %	10.4 %
Others	Net sales	27.9 <small>billion yen</small>	29.5 <small>billion yen</small>	32.0 <small>billion yen</small>
	Operating profit	2.2 <small>billion yen</small>	2.0 <small>billion yen</small>	2.0 <small>billion yen</small>
	Operating margin	7.9 %	6.6 %	6.2 %
Consolidated total	Net sales	606.8 <small>billion yen</small>	618.0 <small>billion yen</small>	660.0 <small>billion yen</small>
	Operating profit	43.9 <small>billion yen</small>	41.0 <small>billion yen</small>	47.0 <small>billion yen</small>
	Operating margin	7.2 %	6.6 %	7.1 %

Segment Information (Logistics Business)

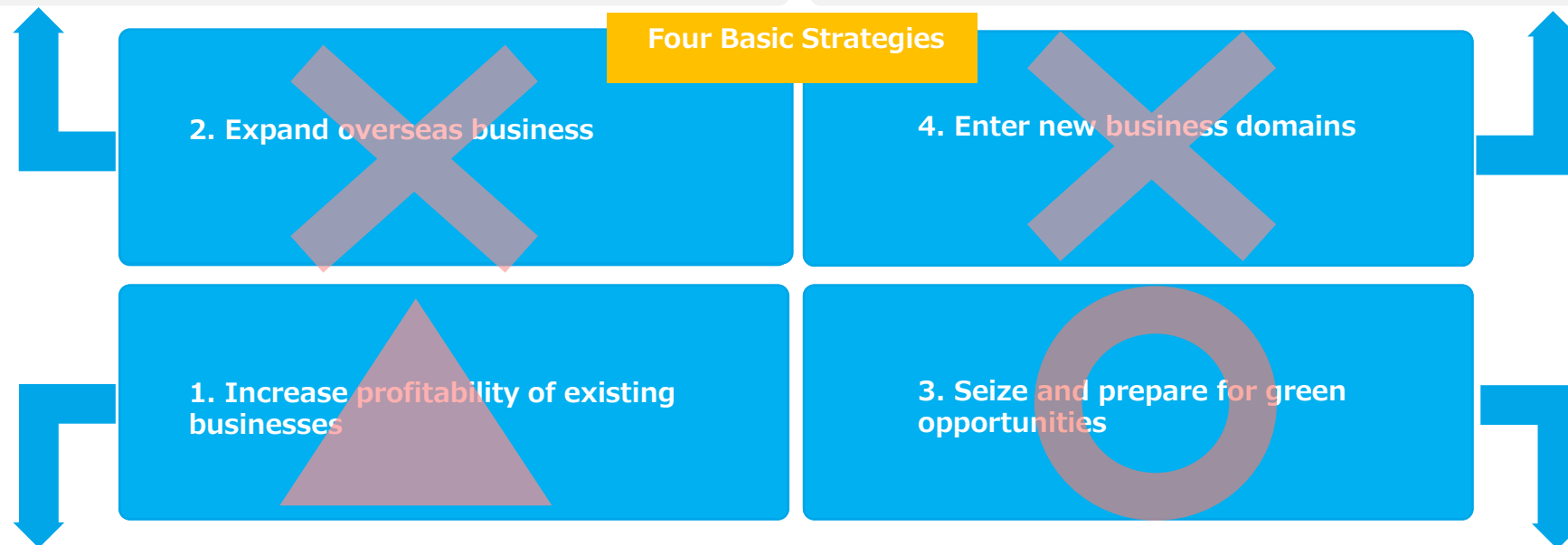
SANKYU

		FY2024 Full-Year Results	FY2025 Performance Forecast	FY2026 Performance Forecast
International Ports	Net sales	122.3 billion yen	122.0 billion yen	130.6 billion yen
	Operating profit	2.7 billion yen	2.8 billion yen	3.6 billion yen
	Operating margin	2.2 %	2.3 %	2.8 %
General 3PL	Net sales	117.6 billion yen	118.5 billion yen	122.8 billion yen
	Operating profit	3.2 billion yen	3.4 billion yen	4.5 billion yen
	Operating margin	2.7 %	2.9 %	3.7 %
On-site	Net sales	104.7 billion yen	108.4 billion yen	110.6 billion yen
	Operating profit	3.8 billion yen	3.7 billion yen	3.8 billion yen
	Operating margin	3.6 %	3.4 %	3.4 %
Logistics business total	Net sales	295.6 billion yen	299.0 billion yen	312.0 billion yen
	Operating profit	9.7 billion yen	10.0 billion yen	12.0 billion yen
	Operating margin	3.3 %	3.4 %	3.8 %

		FY2024 Full-Year Results	FY2025 Performance Forecast	FY2026 Performance Forecast
Maintenance	Net sales	194.4 <small>billion yen</small>	192.3 <small>billion yen</small>	217.4 <small>billion yen</small>
	Operating profit	20.8 <small>billion yen</small>	17.6 <small>billion yen</small>	21.5 <small>billion yen</small>
	Operating margin	10.7 %	9.1 %	9.9 %
Facility Work	Net sales	109.0 <small>billion yen</small>	114.3 <small>billion yen</small>	117.3 <small>billion yen</small>
	Operating profit	11.3 <small>billion yen</small>	11.4 <small>billion yen</small>	11.6 <small>billion yen</small>
	Operating margin	10.4 %	10.0 %	9.9 %
Plant Engineering Business Total	Net sales	283.3 <small>billion yen</small>	289.5 <small>billion yen</small>	316.0 <small>billion yen</small>
	Operating profit	32.0 <small>billion yen</small>	29.0 <small>billion yen</small>	33.0 <small>billion yen</small>
	Operating margin	11.3 %	10.0 %	10.4 %

- Logistics: Build a lean cost structure, from expansion to asset adjustment
- Plant engineering: Cultivate and utilize global plant engineering personnel to secure large-scale maintenance projects

- Logistics: Secure robotics maintenance-related projects centered on key customers
- Plant engineering: Launch and expand the social infrastructure business



- Logistics: Accurately grasp cost structures and improve profitability
- Plant engineering: Secure projects in Japan and overseas in accordance with the current medium-term management plan
- Continuous price revisions are necessary

- Logistics: Acquire CN and circular economy-related projects centered on key customers
- Plant engineering: Secure CN projects in Japan and overseas in accordance with the current medium-term management plan

1. Streamlining the balance sheet

- Cross-shareholdings sales (about **5** billion yen over two years)
- Liquidation of accounts receivable (about **40** billion yen over two years)

2. Optimal Equity Capital Level

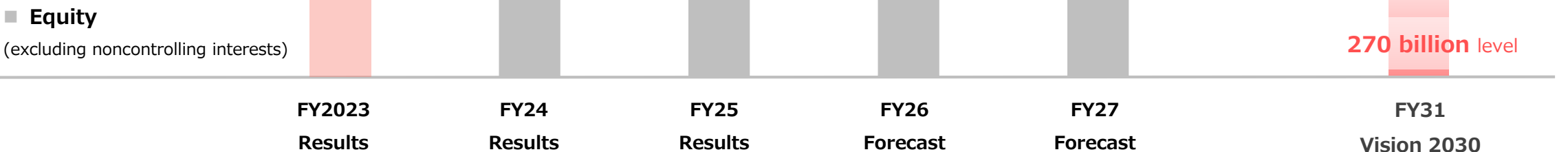
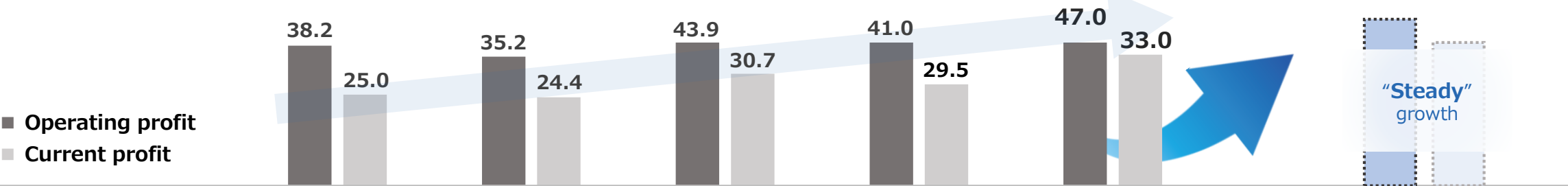
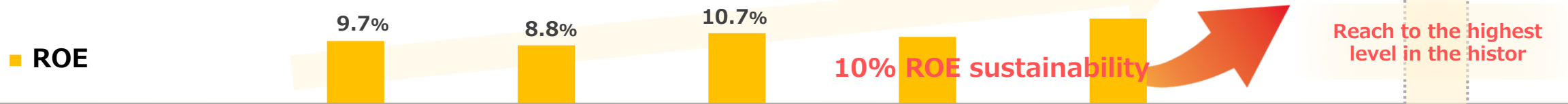
- 270 billion yen level prior to the start of the Medium-Term Management Plan

3. Shareholder Returns

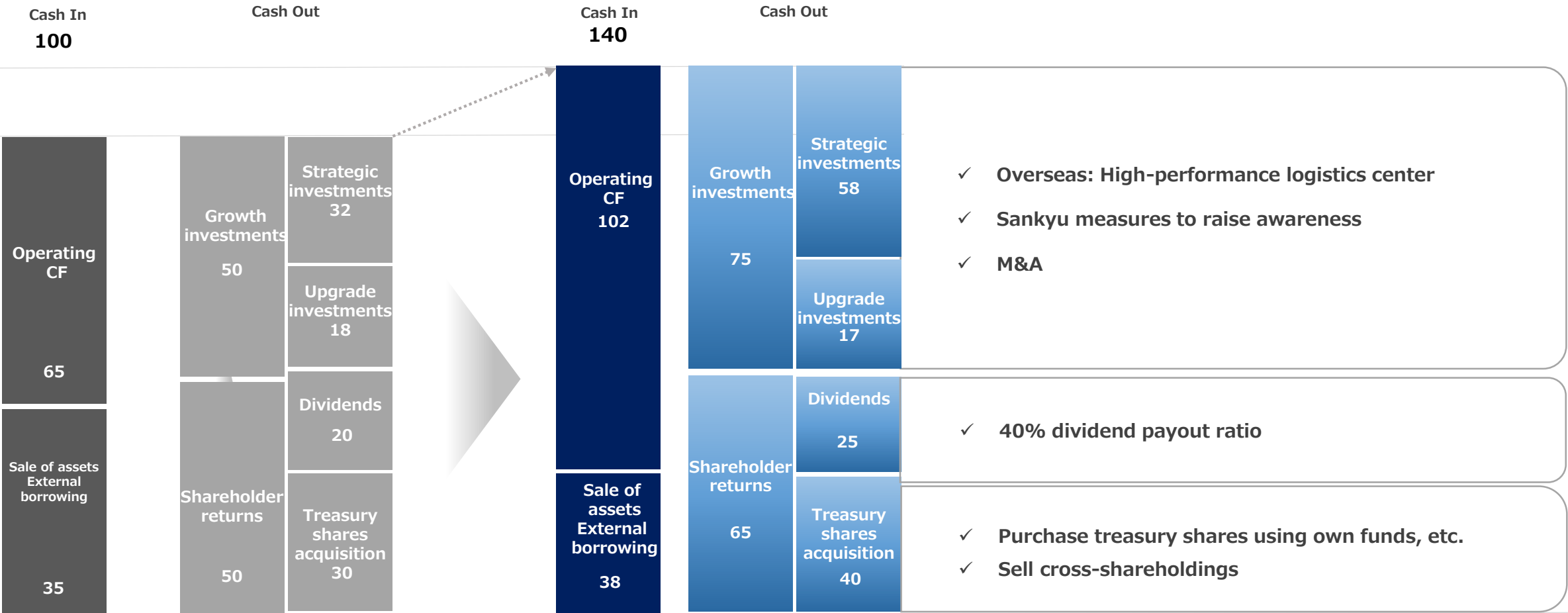
- Dividend payout ratio of **40%**
(based on the dividend per share for the previous fiscal year ※in the term of Medium-Term Management Plan 2026.)
- Share buyback **20 billion/year** (increased from 10 billion to 40 billion over two years)

*Holding policy: Approximately 5% of total outstanding shares; any excess will be canceled or used for employee engagement initiatives

The optimal amount of equity capital emphasizes return on capital and is set at a level of 270 billion as of FY31



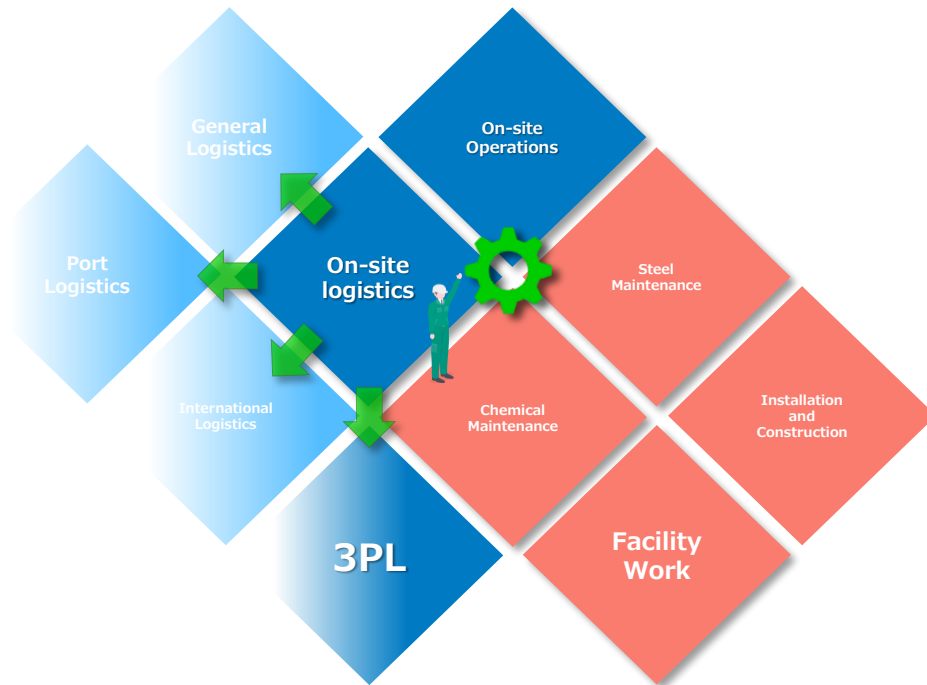
- Planning to generate approximately 140 billion yen in cash inflows over FY25 and FY26
- Cash flow will be allocated appropriately while balancing growth investment and shareholder returns



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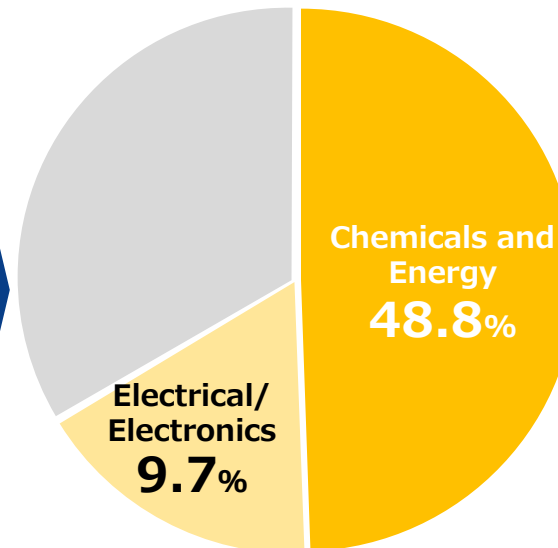
Review the business portfolio and promote selection and concentration of businesses

Concentration on industries such as steel, chemicals, and electrical/electronics, which are more "on-site," the strength of Sankyu



Establish market superiority

<Most recent sales composition ratio>



Improve unprofitable businesses

Reconstructing a robust revenue structure by charging appropriate unit prices

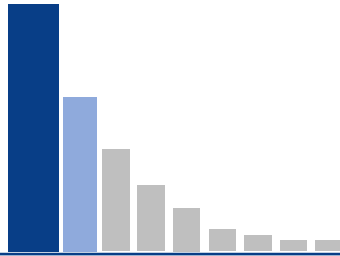
or

Reduction/scaling down Strategic withdrawal

Structural reform towards a business entity with a proper balance between profit and non-profit divisions

Materials, electrical/electronics, retail, everyday goods, etc.

Sales structure that spans various industries and lacks operational efficiency



Selection and concentration in the field

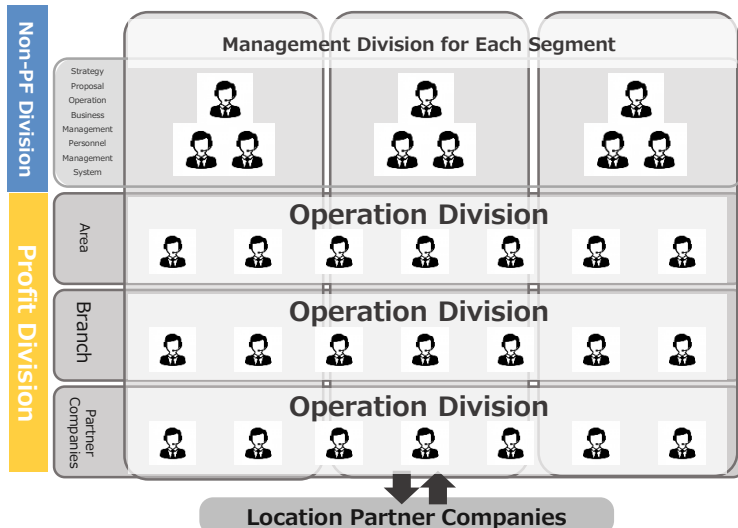
Become the No.1 platform provider for material and energy logistics

Focus resources on business partners that emphasize profitability

Expand strengths in on-site and production logistics



End of FY2024

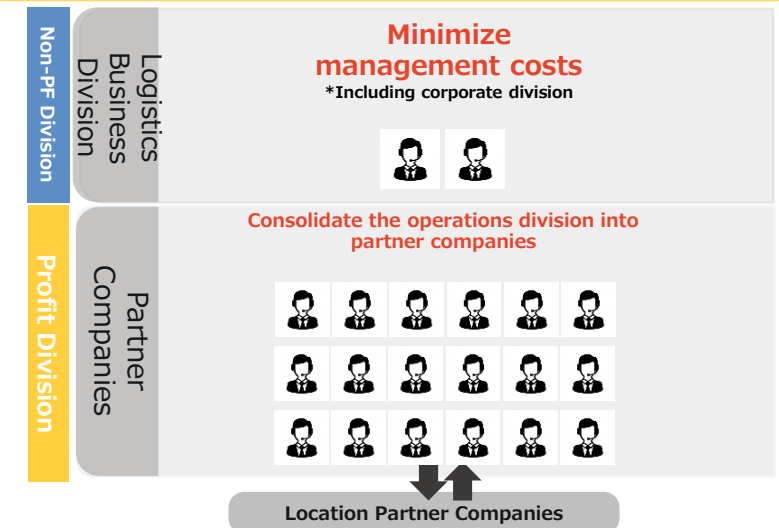


Multiple cost organization



FY25
FY26 for about 250 people to reskill

From end of FY2026



Minimize management costs
*Including corporate division

Consolidate the operations division into partner companies

Adapt to the market environment in China and reduce the warehouse and personnel structure by 20% by FY27

Awareness of the business environment

1. Due to economic deterioration, significant decrease in sales (2023: 37 billion yen → 2024: 30 billion yen)
2. It is urgent to review costs and improve profitability of low-margin businesses.
3. A shift towards a rationalization route is necessary for profit generation.

Transform business structure to secure adequate profit

Improvement of warehouse rental space and profitability

<Expected effects from warehouse downsizing and rent reduction> Unit: Million yen

Local Subsidiary	2024 Result	2025 Target	2026 Target
Guangzhou Sankyu	0	69	222
Sankyu Hong Kong	0	112	225
Shanghai E&T Sankyu	63	148	153
Total	63	329	600



To increase feasibility

Resource optimization

- Streamline organization
- Review management system

China local subsidiaries profit margin 2024: 1.0% → improving to the 3% range by 2026

With the start of the Saudi Arabia Maintenance Center, the further development and fluidity of plant engineering personnel will accelerate

New

Saudi Arabia



Maintenance Center
Toward securing Sankyu mobilization power in the Middle East

Malaysia



Technical Academy
City & Guilds certified professional talent development
2024 training results: 401 people from 8 countries
Total number of course enrollments: 2,681

Japan



Capacity Development Center
(Eastern Japan/Western Japan)

2024 training results: 2,214 people
Total number of course enrollments: 12,729

Strengths of the
plant engineering
business

=

High level of technology
and skills

Sankyu educational facilities
and systems

×

Sankyu Group's mobilization
power

Personnel number, Plant Engineering
Liaison Association, M&A

Personnel and project
management system

Domestic and overseas personnel flow and mobilization capacity expansion

Fluidization of Overseas Personnel

	(Number of people)	FY24-2Q Results	FY25 Plan	FY26 Plan
Promotion of hiring foreign human resources	(1) Supervisors	44	59	80
	(2) Skilled workers	30	40	54
(3) Local subsidiary employee fluidity		2	4	8

Towards Monetization

- (1) Foreign Construction Supervisors
 - Recruit foreign students
 - Collaborate with overseas universities

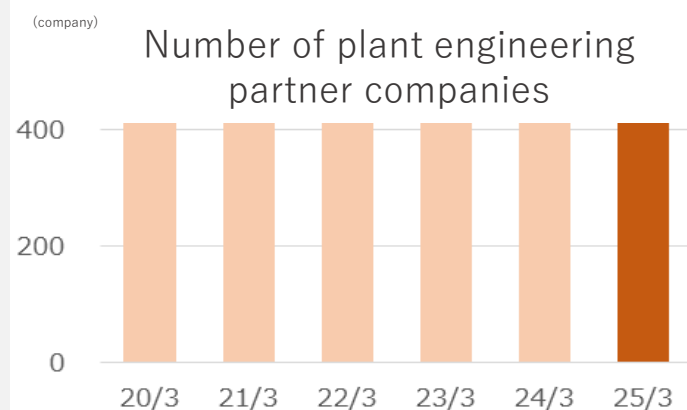
- (2) Promoting acceptance of Technical Interns alongside Specified Skilled Workers

- (3) Chemical Sector: Currently conducting trials. Future expectation of contracting and monetization.
Steel Sector: Accepting local subsidiary employees for domestic front line support, and implementation of OJT. Fostering personnel development.

Strong relationships with Partner Companies

Number of affiliated partner companies in the Sankyu Plant Engineering Liaison Association

446 companies / 5,140 people *As of March 2024



Proactive M&A Mobilization Expansion

Three keywords

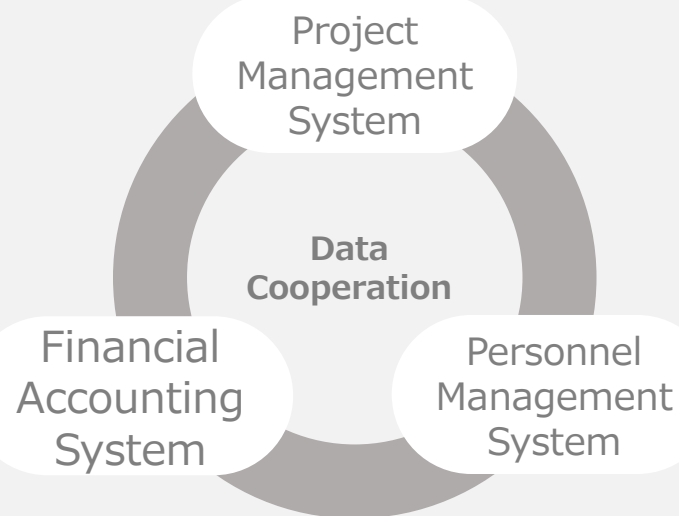
1. Business succession
2. Functional complementation
3. New business

By FY27

30 billion yen in M&A investment

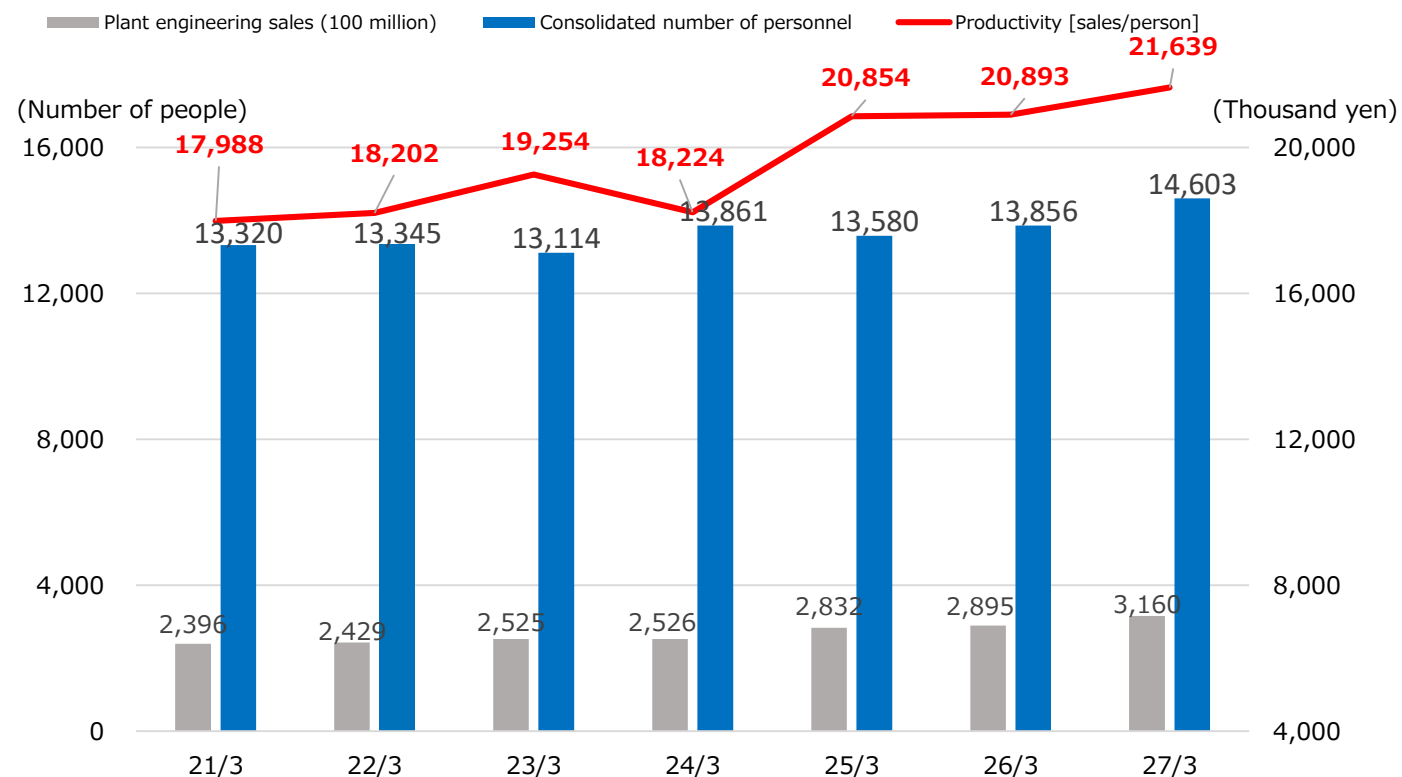
Improve productivity through the personnel and project management system, as well as the integration of the financial accounting system

Visualizing and optimizing project management for the entire Sankyu Group



Scheduled to start in stages from April 2025

Plant engineering business productivity trends from FY21 to FY27



We aim to build structures and acquire technologies related to renewable energy, hydrogen and ammonia, and social infrastructure as newly expanded businesses

Renewable Energy, Carbon Neutral (CN), Environment

1. Onshore and offshore wind power

Collaboration between Sankyu heavy cargo transportation and Dutch company MAMMOET



2. Large electric furnace projects

Auxiliary equipment for electric furnaces at steel manufacturers

3. Investment in Tsubame BHB

Solutions and support using the innovative catalyst technology of Tsubame BHB

*One person stationed from the Plant Engineering Business Division

4. Others

Diverse projects such as blast furnace hydrogen reduction, CCS/CCUS, and waste incineration plants

Social Infrastructure Sector

1. Roads

Considering business creation targeting the maintenance sector

Expecting an increase in demand for comprehensive private contracting

2. Sewerage

Expanding technology for existing private plant customers to the contracting of municipal sewerage operations

3. Ports

Aiming to participate in the Carbon Neutral Port (CNP) initiative

The forecasts in this document are based on information available as of the date of publication

These are our forecasts and actual performance may differ due to various uncertain factors, such as economic conditions, etc.

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