



東京産業株式会社
TOKYO SANGYO CO., LTD.

Medium-term Management Plan

T-ScaleUp2027

-Entering new domains for a green future-

FY2023-FY2026

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TOKYO SANGYO CO., LTD.

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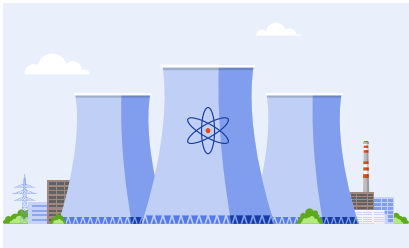


Introduction to Medium-term Management Plan

Framework of Medium-term Management Plan

Priority strategies	<ul style="list-style-type: none">▶ Progressive renewal of Core 5 of previous Medium-term Management Plan▶ Aiming for stabilization and expansion of shareholder returns while working to expand and monetize new businesses in each group-level business domain centered on CO₂ reduction and decarbonization	Core 5			
		1	Active involvement in energy transition		
		2	Creation of businesses contributing to building a sustainable society		
		3	Enhancement of the collective strength of the Group		
		4	Development of a strong management foundation		
		5	Expansion of shareholder returns		
Quantitative targets	<ul style="list-style-type: none">▶ Improve ROE by strengthening risk management and implementing investment/capital policies emphasizing capital efficiency	Final year: FY2026			
		Consolidated net sales	Consolidated operating profit	Consolidated profit attributable to owners of the parent	ROE
		¥73.0 billion	¥2.5 billion	¥1.7 billion	8%
Shareholder return	<ul style="list-style-type: none">▶ Change/enhance past policy of maintaining dividend payout ratio of 30% or higher	Achieved DOE of 4% ahead of schedule during period of Medium-term Management Plan			

DOE=Dividends on Equity

About Tokyo Sangyo Business Portfolio

Segment	Energy		Environment, Chemicals, and Machinery	
Business domain	Thermal power	Nuclear power	Renewable energy	Production/ environmental equipment
Business description	<ul style="list-style-type: none"> ■ New installation and renewal of thermal power generation equipment ■ Maintenance on existing equipment and gas turbines for power generation 	<ul style="list-style-type: none"> ■ Maintenance of nuclear reprocessing plants and nuclear power stations ■ Next-generation nuclear power plant-related business 	<p>Biomass, solar , geothermal, hydroelectric, wind, and other power generation</p> <ul style="list-style-type: none"> ■ Construction contracting (construction work) ■ In-house power generation and PPA ■ O&M and repowering ■ Fuel supply 	<ul style="list-style-type: none"> ■ Various machinery and equipment for chemical, food, pharmaceutical, and automotive industries ■ Equipment for waste and water treatment and reducing CO₂ ■ Eco-friendly materials 
Sales Composition	12%	1%	45%	42%

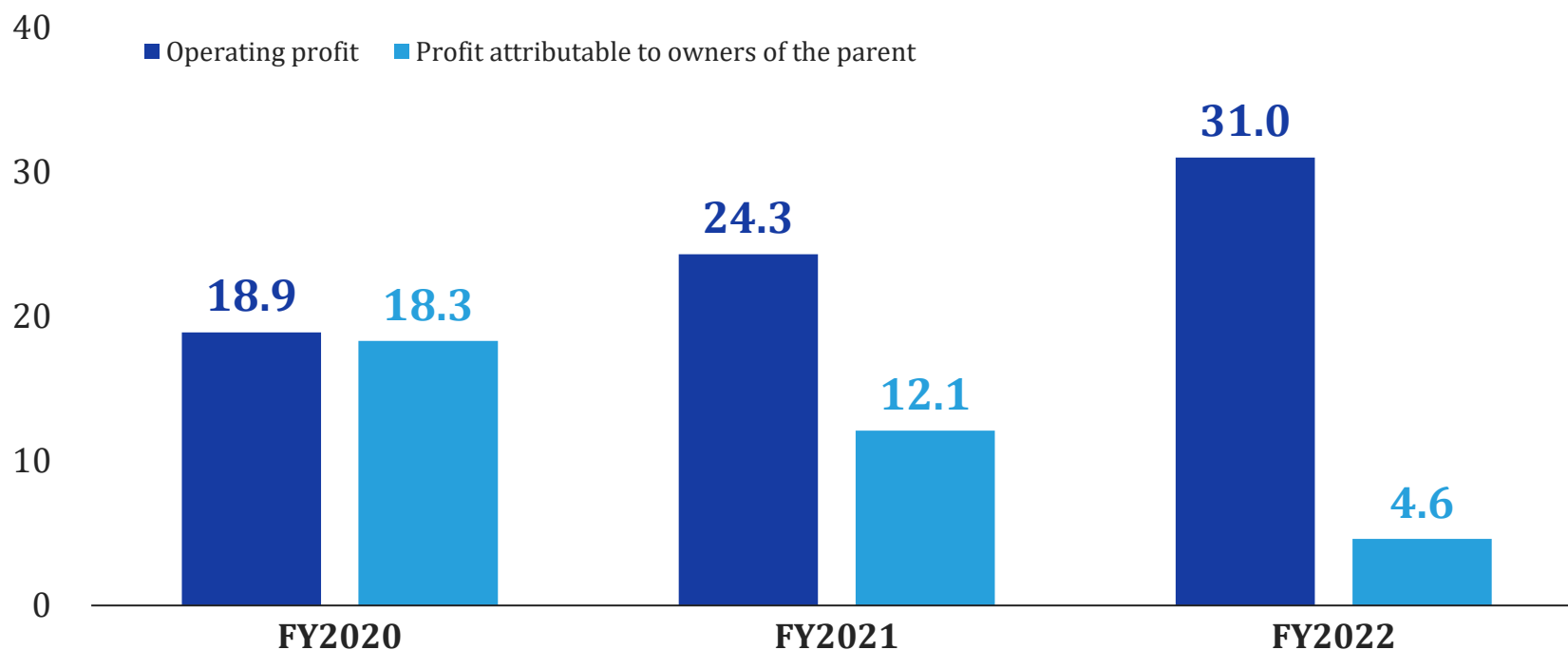
Introduction to Medium-term Management Plan

Reflection on Previous Medium-term Management Plan (Results)

- ▶ Operating profit up throughout period of Medium-term Management Plan with record-high profit in final year
- ▶ Meanwhile, profit attributable to owners of the parent fell short due to extraordinary losses

Profit during Period of Previous Medium-Term Management Plan

Unit: 100 millions of Japanese yen

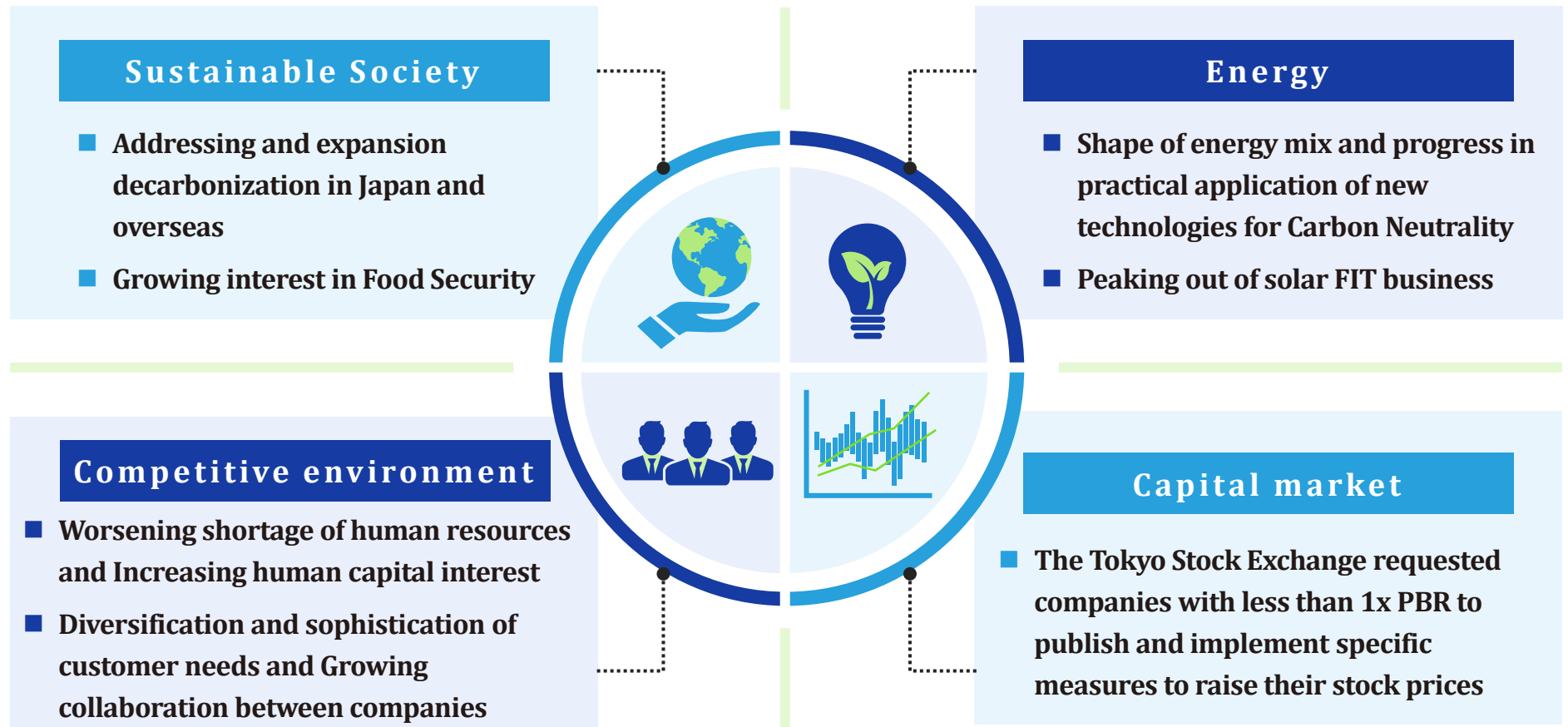


Introduction to Medium-term Management Plan

Reflection on Previous Medium-term Management Plan (Priority Strategy)

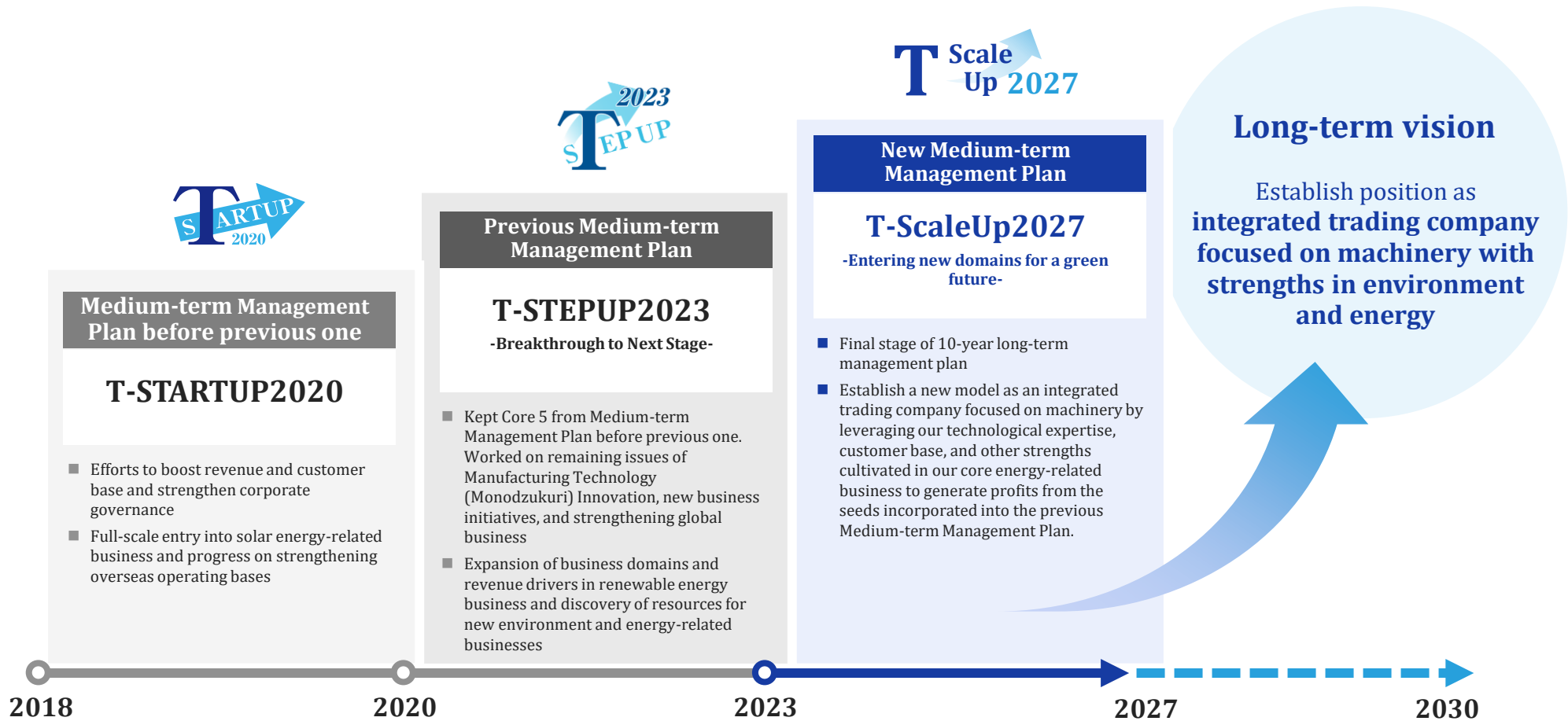
	Growth strategy	Overview	Evaluation
Core 5	Expansion of response to global environment and energy mix	<ul style="list-style-type: none"> Solar-related business, including mega solar construction work and electricity sales, driving business performance Biomass project participation and fuel supply also gaining momentum 	◎
	Strengthening of manufacturing and digital innovation initiatives	<ul style="list-style-type: none"> Capturing new demand at manufacturing, production, and service provision sites in various industries and getting involved in production of next-generation mobility such as EVs and innovative production facilities in Japan and abroad 	○
	Ongoing creation of new businesses	<ul style="list-style-type: none"> Developing new products through upstream involvement, including CO2 reduction technology and food self-sufficiency products 	○
	Further expansion of business globally	<ul style="list-style-type: none"> Capturing new automotive investment demand in China and Europe to expand business Incorporating growth of Southeast Asian economy a challenge 	△
	Action on work style reforms and development of human resources	<ul style="list-style-type: none"> Working to establish various work styles and enhance personnel evaluation system Securing talented individuals with the necessary skills to seize business opportunities a challenge 	△
Compliance and risk management		<ul style="list-style-type: none"> Establishment of compliance and launch of internal culture reforms to prevent recurrence of fraud Recording of loss with business investment, working on strengthening risk management 	×

Changes in the Business Environment



Introduction to Medium-term Management Plan

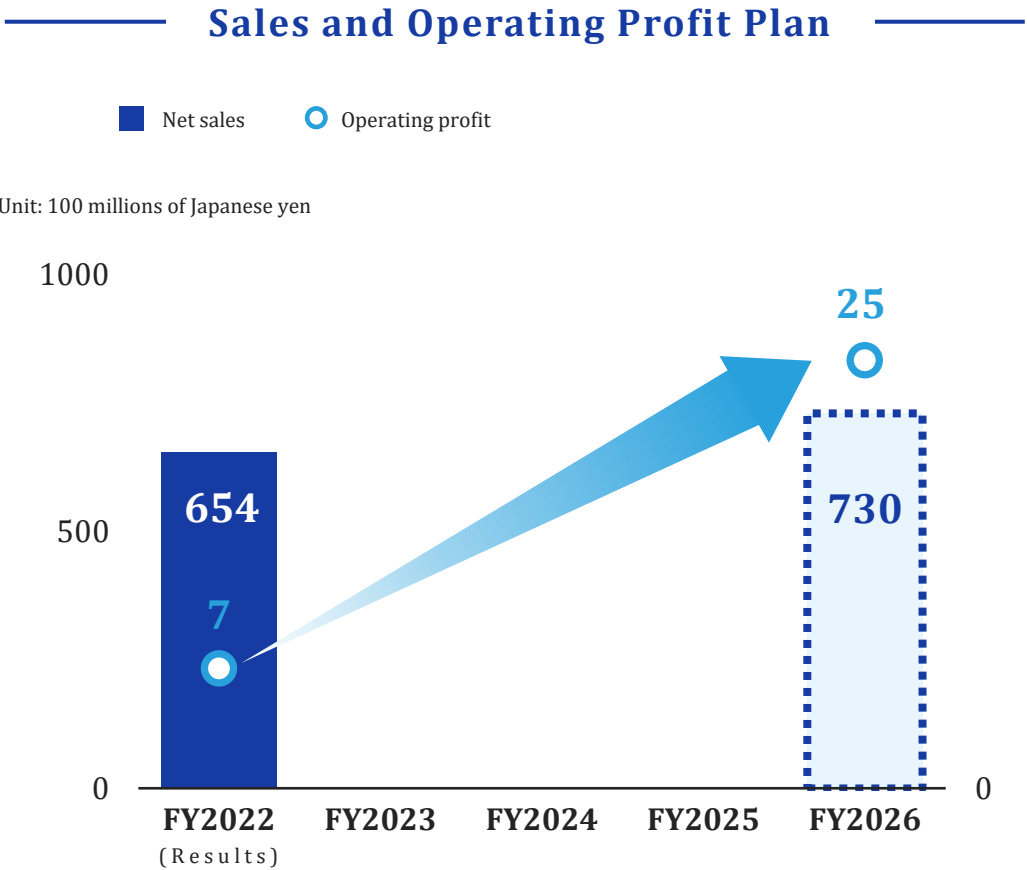
Positioning of Medium-term Management Plan



Medium-Term Management Plan (Quantitative Targets)

Metric	3/2027	vs 3/2023
Consolidated net sales	¥73.0 billion JPY	+¥7.5 billion JPY
Consolidated operating profit	¥2.5 billion JPY	+¥1.7 billion JPY
Consolidated profit attributable to owners of the parent	¥1.7 billion JPY	-
ROE	8%	-
DOE	4.0% or more	+0.8%

*vs 3/2023 are rounded down to the nearest billion yen.
 *Due to a net loss on 3/2023, vs 3/2023 no calculate Consolidated profit attributable to owners of the parent and ROE



Introduction to Medium-term Management Plan

Priority Strategies (Core 5)

Main theme	Summary
Active involvement in energy transition	<ul style="list-style-type: none"> ▶ Expanding business in new domains such as renewable energy, nuclear power, and pellets, ammonia, and hydrogen co-combustion in addition to core business of maintenance and replacement of thermal power plants
Creation of businesses contributing to building a sustainable society	<ul style="list-style-type: none"> ▶ Creating business opportunities contributing to sustainability and solutions to social issues by capturing demand for introduction of new CO₂ reduction-related technologies, peripheral businesses associated with spread of EVs, and businesses related to food self-sufficiency
Enhancement of the collective strength of the Group	<ul style="list-style-type: none"> ▶ Realizing synergy through selection, concentration, and reallocation of management resources ▶ Creating new technologies and services and enhancing our ability to capture business opportunities throughout value chain by strengthening relationships with partners in strategic fields and participating in, collaborating in, and acquiring businesses
Development of a strong management foundation	<ul style="list-style-type: none"> ▶ Stabilizing our management foundation and performance by strengthening defensive aspects such as compliance and risk management ▶ Preparing offensive environment through human resources investment, enhancement of corporate governance, and system investment
Expansion of shareholder returns	<ul style="list-style-type: none"> ▶ Improving ROE through restructuring of asset portfolio with emphasis on capital (asset) efficiency ▶ Balancing investments for monetizing new businesses and nurturing long-term opportunities with enhancement of shareholder returns

(1) Active Involvement in Energy Transition



Nuclear power

- Launched MHI distributorship in April 2023
- Expanding sales related to maintenance services for Rokkasho nuclear fuel cycling facility
- Addressing investment needs of nuclear power plant manufacturers



Co-combustion/single fuel combustion (ammonia/hydrogen)

- Equipment sales for launch of 20% co-combustion in 2030
- Capturing demand related to conversion to ammonia/hydrogen co-combustion in addition to replacing old units with high efficiency turbines



Renewable energy




- Covers various renewable energy-related businesses such as biomass, solar, small-scale hydroelectric, geothermal, wind, and storage cells.
- Broad involvement in value chain from construction work to fuel procurement, improving the functionality of existing facilities, and maintenance



Thermal power (base business)

- Focusing for time being on new construction, replacement, and maintenance of our mainstay of thermal power plants for business and industrial purposes, specifically as an important adjustable power source
- Initiatives for entering new domains through strengthened collaboration with partners and creating businesses through collaboration among group companies

(2) Creation of Businesses Contributing to Building a Sustainable Society

		Sustainability and Solutions to Social Problems			
Priority domain		EVs and new energy sources such as hydrogen	New CO2 reduction technologies	Food self-sufficiency	Lifestyle industry
Main products	Sales expansion stage	<p>Charge/discharge testing system</p> <p>Joint development of new kind of inspection machine for rechargeable battery manufacturing</p> 	<p>Flow synthesis continuous production equipment</p> <p>Full-scale development and sale of iFactory®, flow synthesis continuous production equipment that revolutionizes batch manufacturing</p> 	<p>Aquaculture plant</p> <p>Expanding as a domestic distributor for products of Northern Europe-based AKVA</p> <p>Aiming for further business expansion in line with growth of aquaculture market</p> <ul style="list-style-type: none"> ■ Agricultural automation and labor saving business, including AI-based sorting equipment 	<p>Eco-friendly materials</p> <p>Expanding sales of new materials as plastic alternatives (such as paper-based composite materials and non-edible starch materials) for food containers and sanitary packaging</p> <ul style="list-style-type: none"> ■ Development of new products such as ultrafine bubble* generator <p><small>*Bubbles less than 1 μm in diameter</small></p>
	Seeds stage	<ul style="list-style-type: none"> ■ New energy initiatives including hydrogen fuel cells, hydrogen engines, and manufacturing of hydrogen from sludge 	<ul style="list-style-type: none"> ■ Involvement in CO2 capture, use and storage (CCUS) related businesses ■ Development of new technologies for capture and decomposition of CO2 	<ul style="list-style-type: none"> ■ Efforts to convert compost into organic fertilizer ■ Collaboration with food machinery manufacturers 	

(3) Enhancement of the Collective Strength of the Group



Further promotion of Group integration

- Pursuing Group synergy in terms of sales by strengthening head office support for Group companies in Japan and overseas
- Development of new products, customer collaboration, sharing of expertise on new services, etc.



Reallocation of resources

- Investing resources in growth domains by reviewing Group asset holdings and reallocating human resources
- Ensuring overall competitiveness by reallocating resources with appropriate balance and strengthening corporate governance



Strengthening of relationships with partner companies

- Expanding existing business domains and ensuring competitiveness by strengthening collaboration with partner companies
- Developing new products and cultivating new domains from upstream through strengthened collaboration with new technology startups



Complementation of businesses through M&A

- Considering M&A and investments as options for complementing our technology, commercial rights, and human resources in strategic business domains and important domains for building value chain

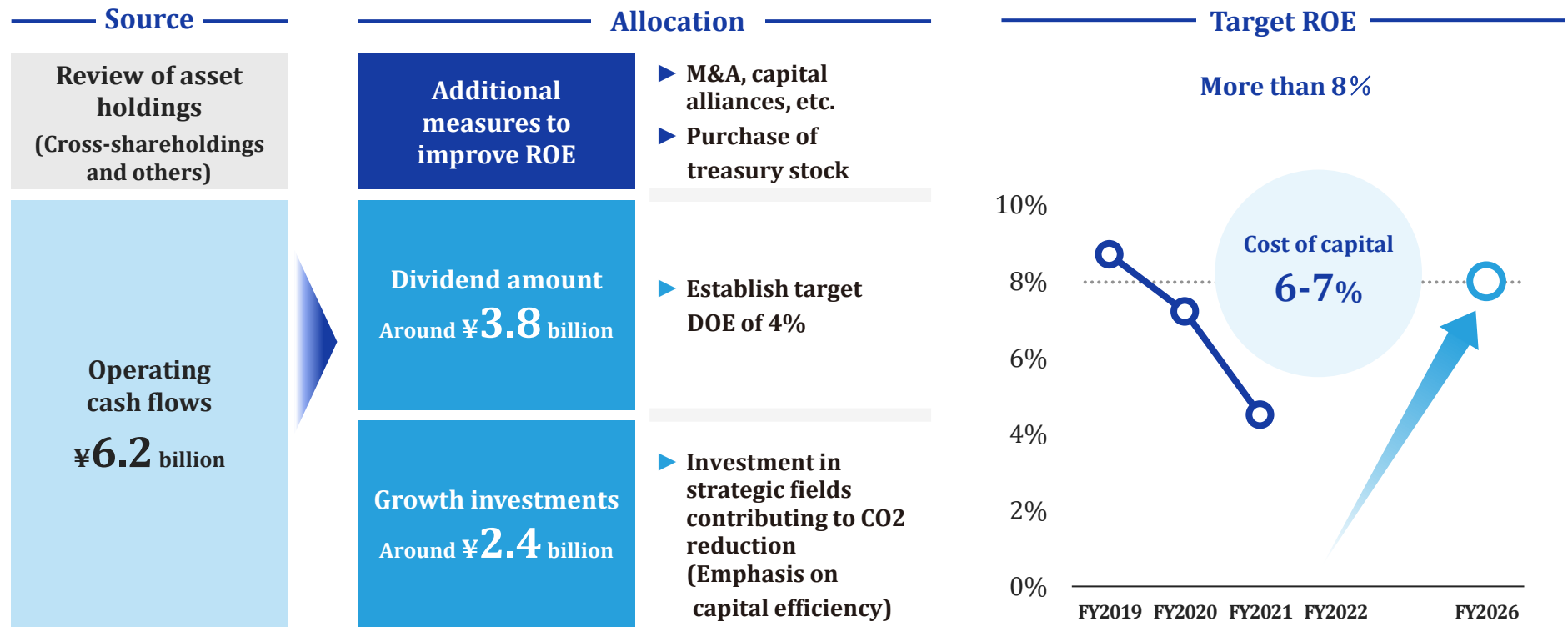
(4) Development of a Strong Management Foundation

Theme	Summary
① Compliance	<ul style="list-style-type: none"> ▶ Steady implementation of measures to prevent recurrence of fraudulent transactions and thorough implementation of PDCA ▶ Regular verification of establishment of compliance awareness
② Risk management	<ul style="list-style-type: none"> ▶ Enhancing processes for risk analysis during project acquisition and realizing check-and-balance function ▶ Strengthening risk governance in business investments based on diversification of business models
③ Human resources investment	<ul style="list-style-type: none"> ▶ Reviewing recruitment strategies and promoting diversity to attract and retain human resources and implementing various measures to improve employee satisfaction ▶ Reviewing evaluation and treatment of employees to maximize performance and accelerate their development into effective workers
④ Corporate governance	<ul style="list-style-type: none"> ▶ Realizing disciplined management by enhancing Board of Directors operations ▶ Strengthening Group governance to realize Group synergy and ensure proper allocation of resources
⑤ Systems	<ul style="list-style-type: none"> ▶ Review business processes, improve efficiency and reduce costs through system investments, shift to value-added operations, and reallocate human resources to strategic areas

(5) Expansion of Shareholder Returns

1. Cash Allocation

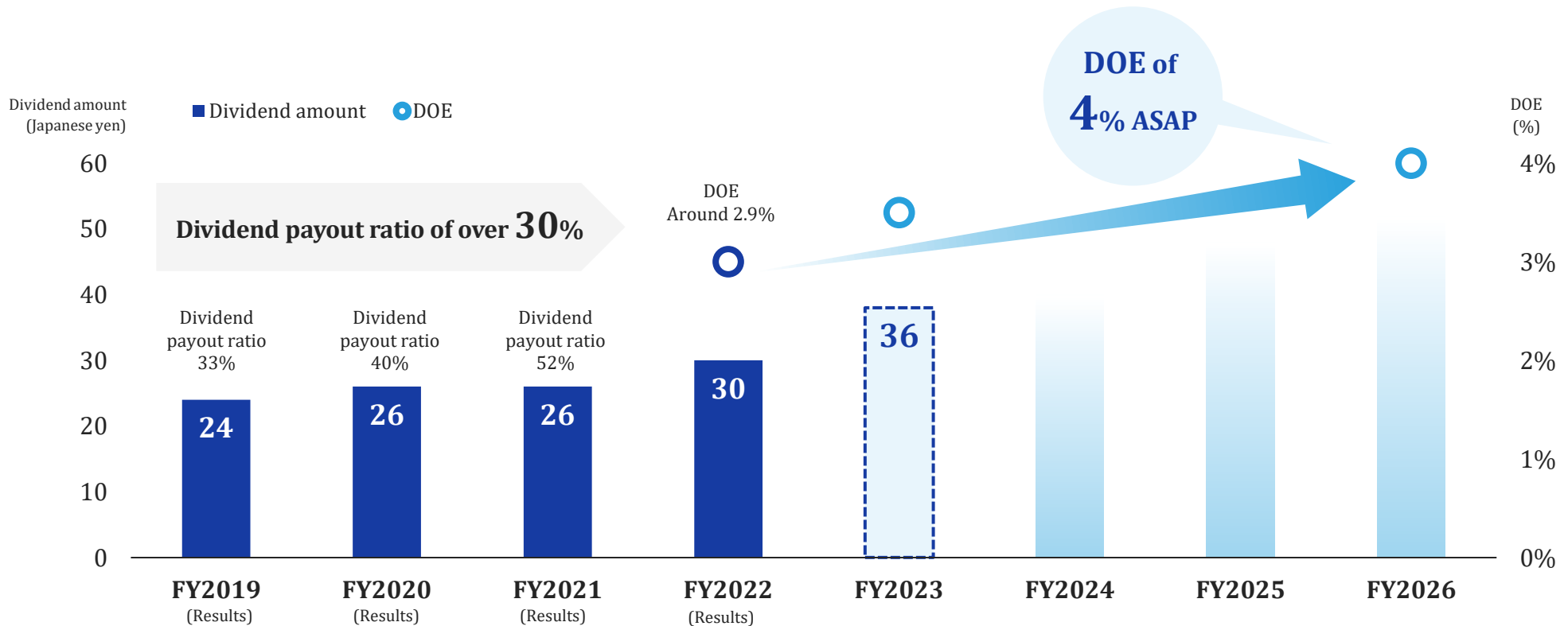
- ▶ Pursuing optimal balance of enhancing shareholder returns while continuing to invest in growth
- ▶ Quickly achieve profitability in new domains, review asset holdings from the perspective of asset efficiency, make additional investments, and consider shareholder returns



(5) Expansion of Shareholder Returns

2. Change in Dividend Policy

- ▶ Shareholder return policy changed from maintaining a dividend payout ratio of over 30% to achieving DOE of 4% as soon as possible during period of plan
- ▶ Also considering flexible purchase of treasury stock with emphasis on capital efficiency while maintaining stable dividends





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We support Sustainable Development Goals (SDGs).

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