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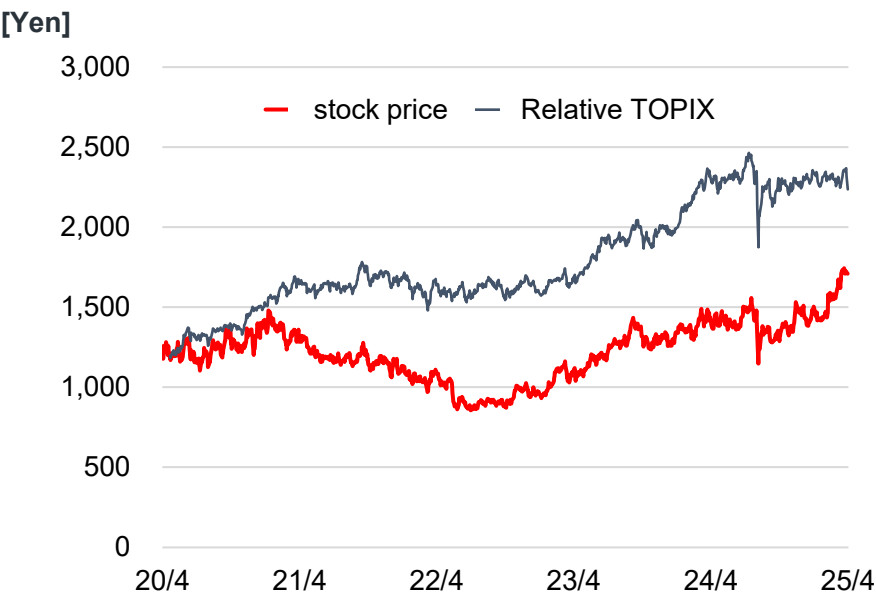
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

May 9, 2025



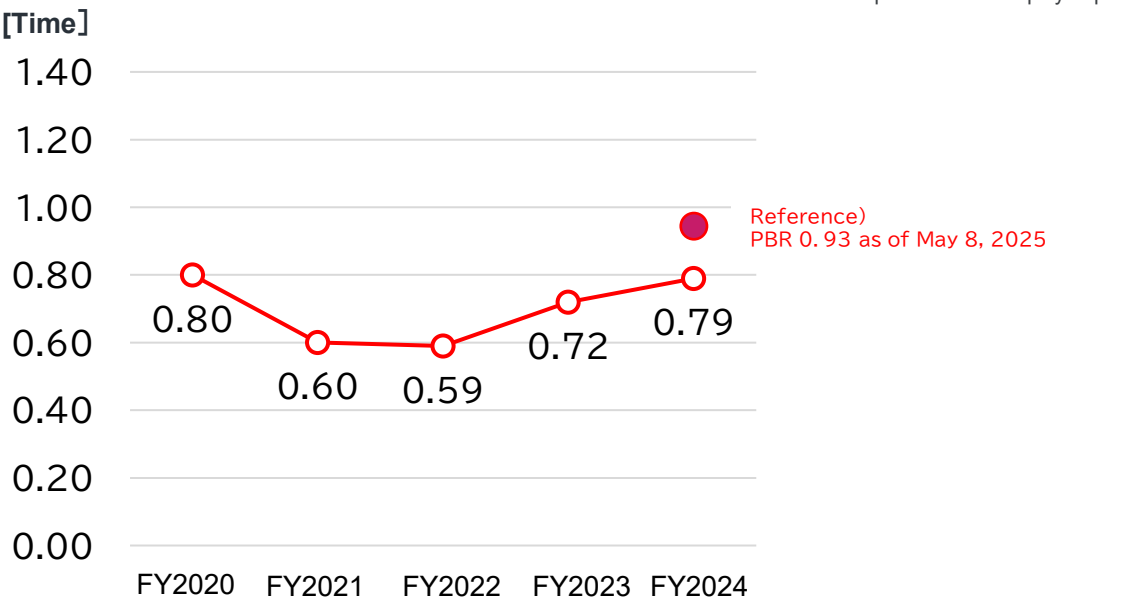
Share price trend

● The share price is underperforming against TOPIX



PBR

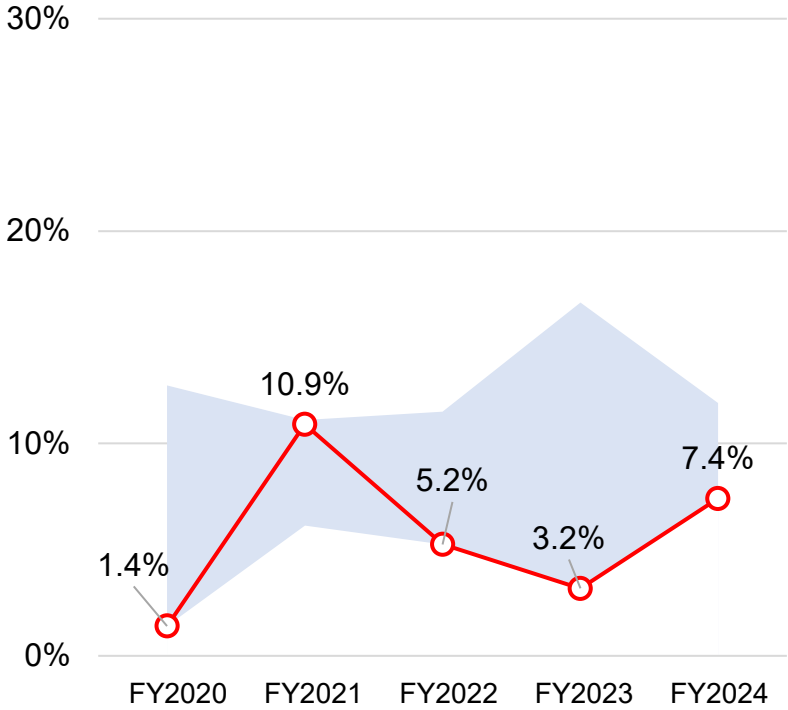
● PBR remains at a level below 1



Improving ROE is essential to increase PBR

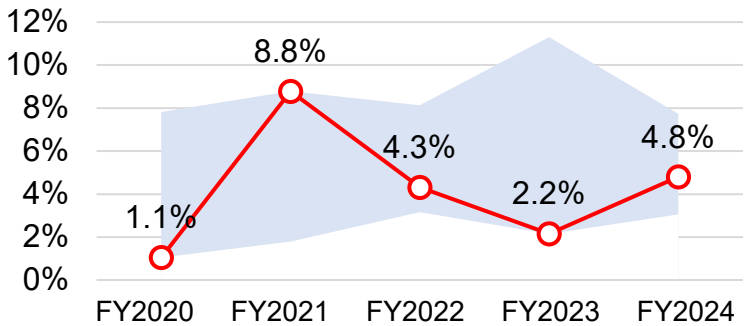
ROE

● ROE remains at a lower level compared to competitors

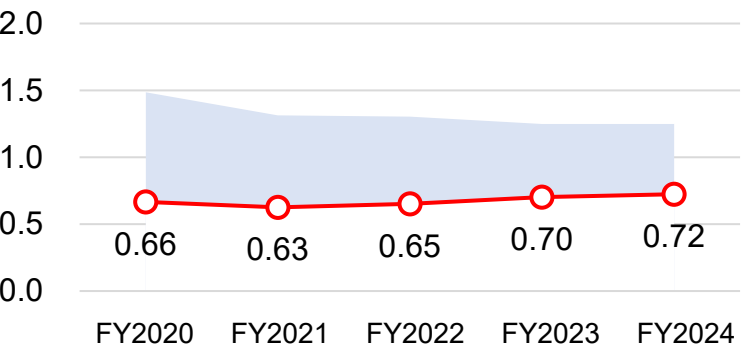


The shaded area indicates the range of maximum and minimum values of competitors
(The figures for competitors in FY2024 are estimates)

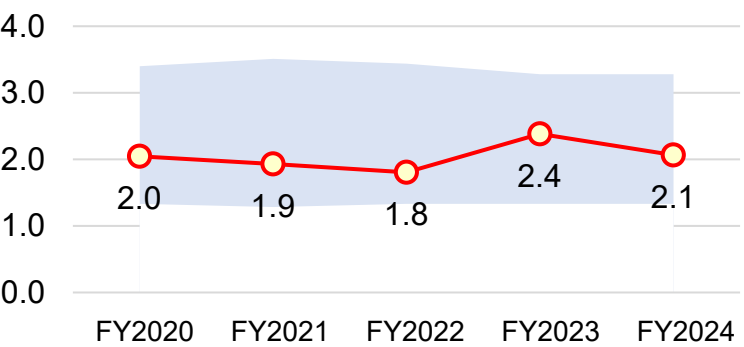
Net Profit Margin (%)



Total Asset Turnover (times)



Leverage Ratio (times)



FY2020: Affected by extraordinary losses (impairment of goodwill of subsidiaries)
FY2021: Affected by extraordinary gains (sale of factory land)
FY2023: Affected by extraordinary losses (impairment of subsidiary's non-current assets)

Low ROE is due to low total asset turnover ratio

Measures	Business Portfolio reforms	Strengthening profitability	Enhancing shareholder returns	Sale of cross-shareholdings	Reducing capital costs
	<ul style="list-style-type: none">●Revising the business portfolio●Strengthening and expanding priority domains	<ul style="list-style-type: none">●Business efficiency improvements through DX promotion●Reduction of selling, general and administrative expenses and cost of sales	<ul style="list-style-type: none">●Controlling equity capital through continual dividend increases and timely, appropriate, and flexible repurchases of treasury shares●Dividend policy: Total return ratio 50% or more, Dividend payout ratio 40% or more	<ul style="list-style-type: none">●Continued sale of cross-shareholdings (3~5 billion yen)	<ul style="list-style-type: none">●Enhancing information disclosure●Strengthen IR activities
Results up to the second year of the medium-term plan	<ul style="list-style-type: none">●Establishment of business portfolio rules and investment standards	<ul style="list-style-type: none">● Merger with JFE Engineering Corporation's domestic water engineering business (from October 2023). Development of an incinerator integrating the technologies of both companies● Strategic investment of 9.3 billion yen	<ul style="list-style-type: none">● Further increase of dividend payout ratio the second year of the mid-term plan: 50% or more● Acquisition of treasury shares: 1.1 billion yen● Continuous dividend increases : (40→78 yen per share)● Total shareholder return (Dividend + Acquisition of treasury shares) :6.3 billion yen	<ul style="list-style-type: none">● Accelerating the sales of cross-shareholdings (Revised target: Over 7 billion yen during the Medium-Term Plan period)● Sale amount (actual) : 4.4 billion yen	<ul style="list-style-type: none">● Promoting sustainability-related initiatives● Enhancing dialogue with shareholders and investors● Strengthening activities to expand individual investor base

From the third year of the mid-term plan, two measures will be consolidated

... Initiatives for low total asset turnover ratio (net sales ÷ total assets)

Measures	Further promotion of strategic investments Measures to drive sales growth	Strengthening BS management Measures that contribute to optimize "total assets"
	<ul style="list-style-type: none">●Business Portfolio Management - Allocating management resources to growth areas -●Promoting DX and IT investments to improve business efficiency and reduce costs●M&A: Execution of M&A and alliances that contribute to business expansion●Human capital investment <p>Promoting investments aimed at increasing revenue and strengthening profitability</p>	<ul style="list-style-type: none">● Expansion of sale of cross-shareholdings Medium-Term Plan period: sales target of over 7 billion yen ⇒ Increased to 12 billion yen or more● Promoting the sale of real estate assets● Enhancing shareholder returns Introducing Dividend on Equity (DOE) as a stable dividend level● Flexible acquisition of treasury shares Setting Additional acquisition limit of 12 billion yen <p>Reduction of total assets and control of shareholders' equity</p>

Through these measures, we will achieve an improvement in the total asset turnover ratio.

	Business Environment	Our Group's Status	Foundation Area	Growth Strategy
Environmental	<ul style="list-style-type: none">● Aging water infrastructure is driving steady demand for renewal and replacement● Local governments face financial constraints and a shortage of engineers● Growing momentum for raising water utility rates● Strong demand for reducing greenhouse gas emissions	<ul style="list-style-type: none">● Strong orders received for water infrastructure (EPC) and life cycle business (O&M), and acquisition of large-scale projects● Due to labor shortages, rising material costs, and delays in separately ordered civil engineering work, our group's mechanical equipment projects are also experiencing delays.● Strong orders received for sludge incinerators that are highly effective at reducing greenhouse gases (3 orders received in FY2024)	<ul style="list-style-type: none">● Water infrastructure (EPC/Equipment)<ul style="list-style-type: none">● High share of sludge treatment equipment and plants (EPC) (Sewage sludge incinerator market share: approx. 30%)● Top share in Japan in terms of sales for water supply and sewerage business/mechanical equipment construction● Life Cycle Business (Maintenance/After-sales service)<ul style="list-style-type: none">● We provide operation and management services for approximately 150 water purification plants and sewage treatment plants across Japan, securing a top-class market share (stable, stock-based business)● After-sales services such as repair work also contribute to profits	<p>Keyword</p> <ul style="list-style-type: none">● Contributing to a decarbonized, recycling-based society● Building national resilience● Responding to PPP projects
Industrial	<ul style="list-style-type: none">● In the chemical sector, there is a shift away from mass production toward small-lot, high value-added products, as well as a move away from plastics toward bio-based materials.● The semiconductor-related market remains strong.● The lithium-ion secondary battery market has reached a plateau, as growth in the electric vehicle sector has slowed.	<ul style="list-style-type: none">● Tsukishima Kikai, which saw sluggish orders in the previous term, is recovering. Strengthened marketing efforts have led to an increase in inquiries and a probability of receiving order.● PRIMIX, a manufacturer of high-speed mixers for cosmetics and pharmaceuticals, and Tsukishima Kankyo Engineering, a provider of waste treatment equipment, are seeing strong orders and increased sales.● In the semiconductor industry, there are many inquiries about material manufacturing and wastewater treatment system for semiconductor plants.	<ul style="list-style-type: none">● Industrial infrastructure (EPC/Equipment)<ul style="list-style-type: none">● Our equipment hold a high market share in specific fields, such as dryers for chemicals and mixers for cosmetics.● We have a proven track record in Japan and overseas for plants (EPC), mainly for chemical plants.● Environment (EPC, maintenance)<ul style="list-style-type: none">● We hold a high market share in waste liquid combustion systems.● After-sales services such as repair work and spare parts also contribute for increasing profits.	<p>Keyword</p> <ul style="list-style-type: none">● Decarbonization, Mobility● Pharmaceuticals and cosmetics● Waste disposal● Semiconductor● After-sales service

※ Details of our growth strategy are

Key Measures of the Mid-term Plan

Environmental

- **Strengthening the energy creation business**
- **Creating synergies in the business integration company**
- **Strengthening public-private partnership projects**

Growth Strategy

Water infrastructure: Contributing to a decarbonized, recycling-based society and expanding business

- Decarbonization...Development of a sludge incinerator that can reduce greenhouse gas emissions by 99% compared to conventional incinerator (Energy-generating sludge incinerator)
- Responding to larger projects: Strengthening management resources through business integration effects, Handling projects by integrated team
- Leading industry restructuring...Promote business expansion through further integration and alliances with other companies in the industry

Life cycle business: strengthening national resilience, PPP support

- Digitalization of operation management: Progressive implementation of remote monitoring, drones, robots, to strengthen digitalization of after-sales service
- Response to PPP Projects: Enhancing organizational capabilities to respond to the increasing number of PPP project inquiries from clients.

Industrial infrastructure (EPC/standalone equipment) - Decarbonization and mobility

- For the battery material manufacturing process, we plan to launch more high-performance equipment (such as crystallizers) compared to conventional models, in response to the growing demand for high functionality and fine particle processing.

Industrial infrastructure (Equipment) ... Pharmaceuticals, cosmetics

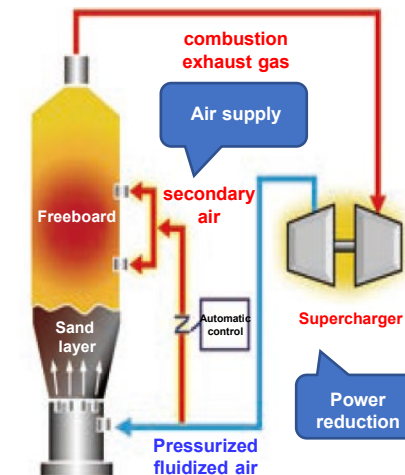
- Strengthening expansion of high-speed mixers for pharmaceuticals and cosmetics, where orders remain strong.

Industrial infrastructure (Equipment) - Sample contract production (Tsukishima Kikai)

- In recent years, customer investments have shifted to "high added value" and "small-scale production". We accept sample production orders by leveraging our extensive model lineup, enabling customers to commercialize their products quickly.

Environment (EPC) - waste treatment, semiconductors

- Focus on responding to inquiries about ammonia fuel projects
- For ammonia wastewater treatment in the semiconductor sector, we aim to secure projects both domestically and internationally.



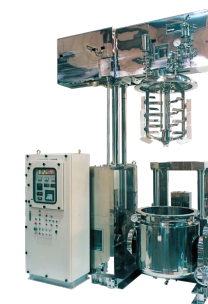
Energy-generating sludge incinerator



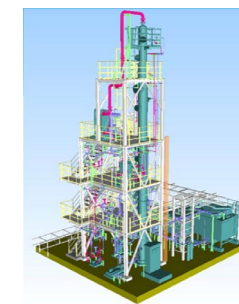
Iwaki City Sewage Sludge Utilization Project (PFI Project)



Crystallizer



High Speed Mixer



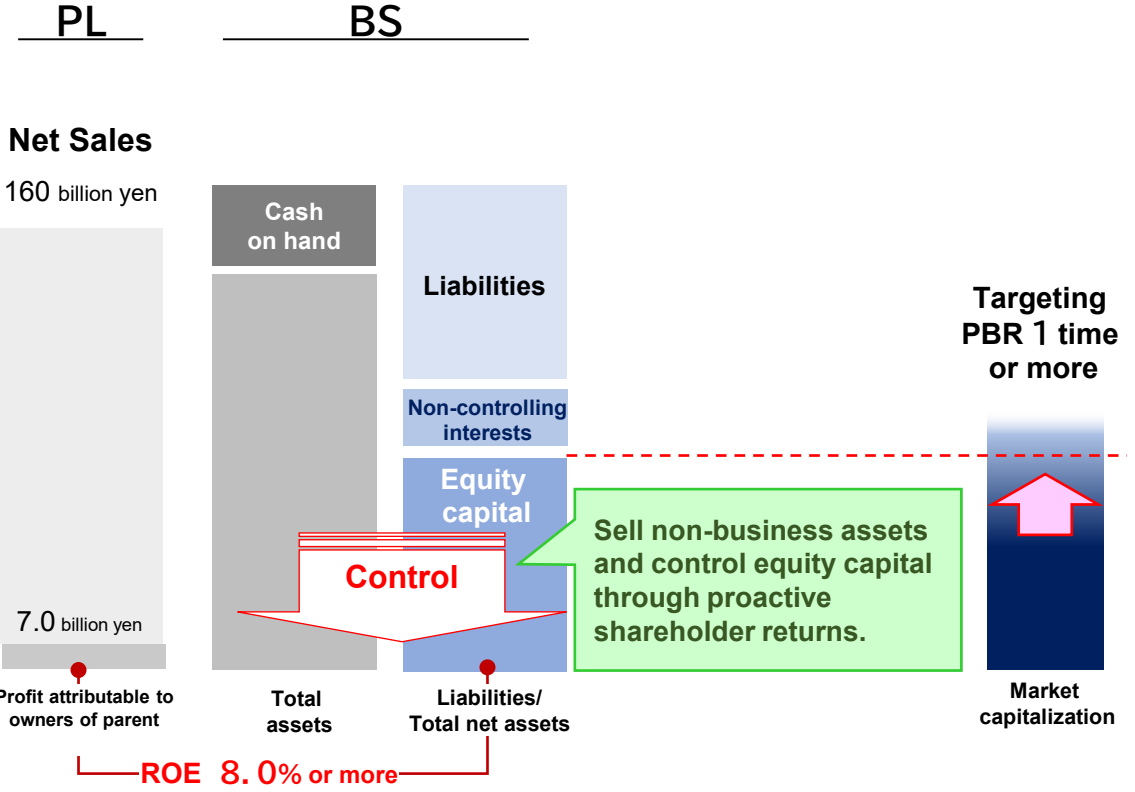
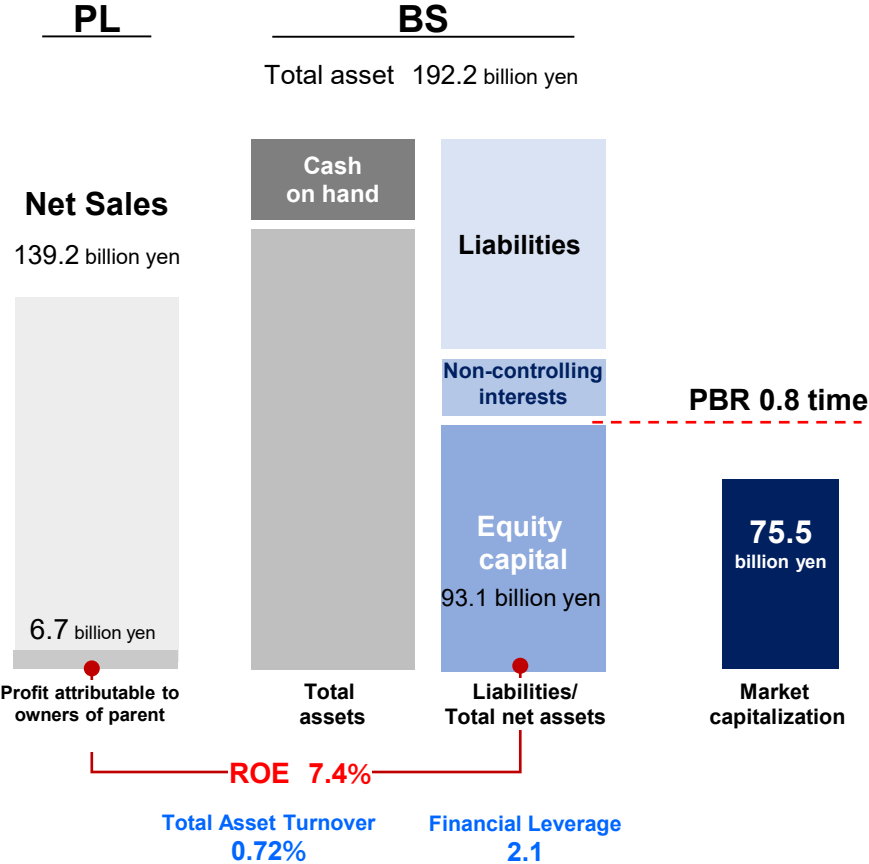
Ammonia Treatment Equipment

- **Optimize capital structure by strengthening BS management**
We are compressing total assets and managing equity capital by selling non-operating assets and using the proceeds to enhance shareholder returns.
- Maintain an equity ratio of 40-50%, taking account of volatility in public works bidding and EPC projects (industrial business)
- Ensure financial soundness and maintain credit ratings, keep the D/E ratio below 0.8

Review of financial discipline	
Equity own capital ratio	Approx. 40~50%
D/E ratio	0.8 or lower
Cash on hand	Securing twice monthly turnover (unchanged)

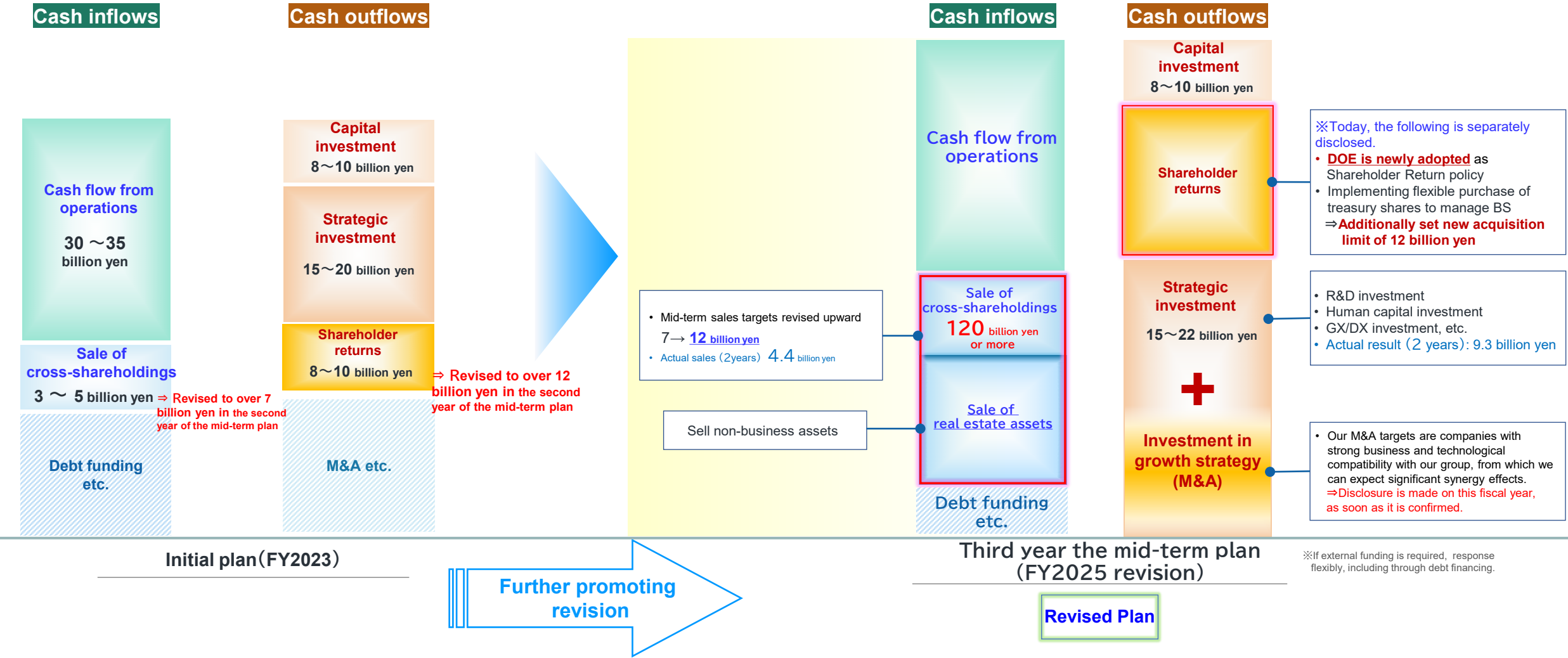
FY2024 BS

FY2026 Targeting BS(Image)



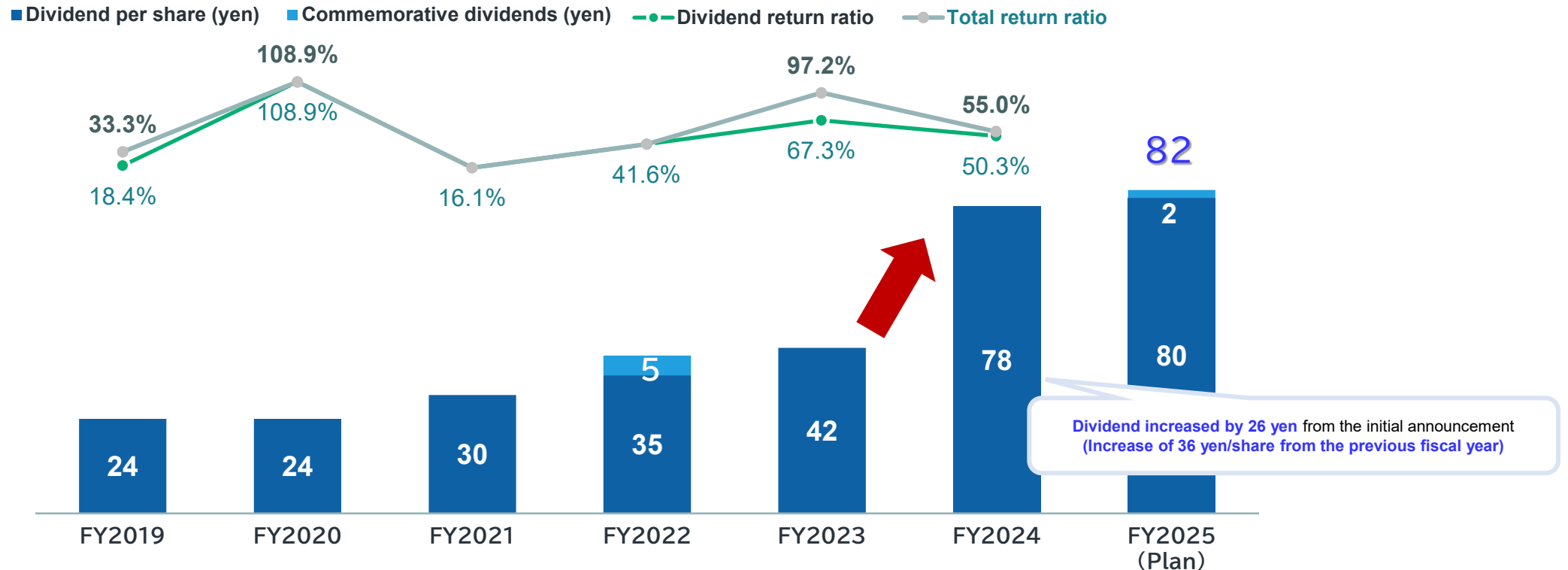
Capital Allocation(cumulative over 4 years)

- Promoting the sale of non-business assets. Increasing the amount of cross-shareholdings sold during the mid-term plan to over 12 billion yen. Pursuing the sale of real estate.
- The generated cash will be utilized for shareholder returns, strategic investments, M&A, human capital investment, etc.



Review of Shareholder Return policy (Enhancing Returns to Shareholders)

- For FY2024, we announced an interim dividend increase to ¥60 per share in Q3, reflecting the upward revision of our earnings forecast and payout ratio.
⇒ **Based on full-year results, the dividend was further increased to 78 yen per share.**
- We revised our shareholder return policy and adopted the Dividend on Equity (DOE) approach.**
⇒ Under the new policy, we aim to **maintain a stable dividend with a minimum DOE of 3.5%** and **a total return ratio of 50% or more.**
- For FY2025, we will continue to pursue stable and steadily increasing dividends.
To express our appreciation to shareholders on the occasion of our 120th anniversary in August 2025, we plan to issue a commemorative dividend of 2 yen per share
(**80 yen** regular dividend + **2 yen commemorative dividend** = **82 yen** total, planned).
- As part of our balance sheet management, we will continue to implement flexible purchase of treasury shares. ⇒ Additionally set new acquisition limit of 12 billion yen



*In FY2020, the dividend return ratio and the total return ratio both stood at 108.9% due to impairment losses for PRIMIX Corporation.
The figures would have been about 30% based on profit excluding impairment losses.