TKK REPORT 2024

ACTION FOR THE FUTURE



TOYO KANETSU K.K.

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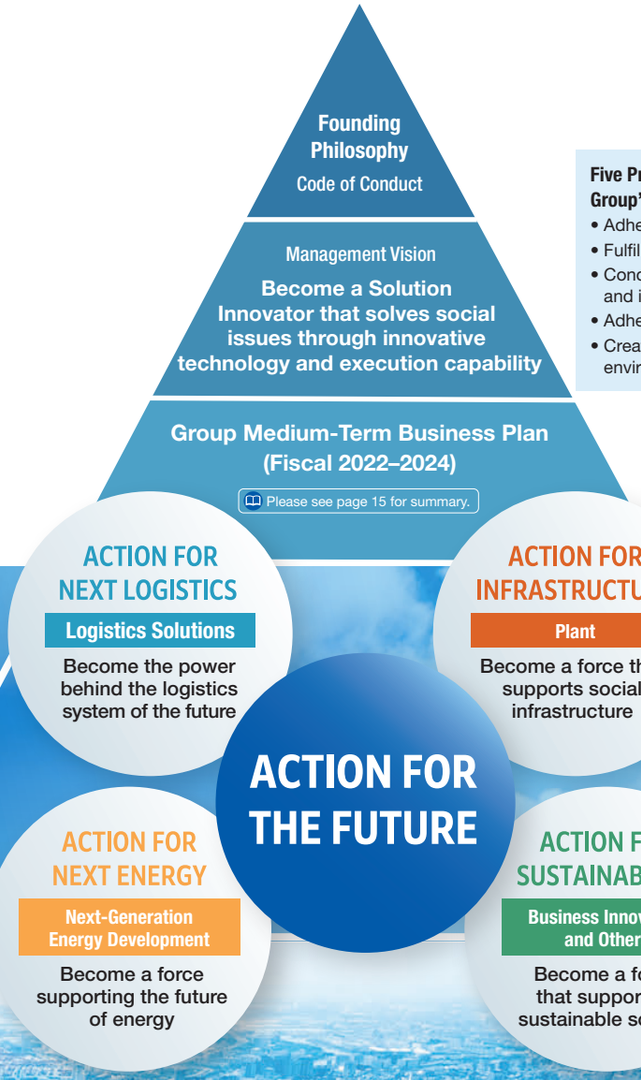
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The ability to exceed expectations and become a force for the future.

Management Principles

Founding Philosophy

Be Creative, Be Good for Society



Five Principles in the Toyo Kanetsu Group's Code of Conduct

- Adhere to laws, regulations, and rules
- Fulfill responsibilities to society
- Conduct business activities transparently and in good faith
- Adhere to standards of ethical conduct
- Create health-conscious work environments



Editorial Policy

Since fiscal 2019, the Company has published the *TKK Report,* an integrated report that conveys information about its management strategy, business environment, ESG (environmental, social, and governance) issues, and finances annually, with the aim of furthering an understanding of its corporate value from a medium- and long-term perspective. In preparing this report, the Company referred to sources that include the International Integrated Reporting Framework (<IR> Framework) of the IFRS Foundation. We welcome any feedback or opinions from readers in order to make this report better and easier to understand.

- Details about results for fiscal 2023, the fiscal year ended March 31, 2024, are available in the *TKK Report 2024 Financial Section,* which is on the Company's website.
  https://www.toyokanetsu.co.jp/global/ir/tkk_report.html
- Please visit the Company's website for other information for investors.
  https://www.toyokanetsu.co.jp/global/ir/

Cautionary Note Regarding Forward-Looking Statements

In this report, content not based on historical fact comprises future estimates and projections about Toyo Kanetsu and the Toyo Kanetsu Group's plans, strategies, and earnings that were made based on currently available information. Actual results may differ significantly from these forward-looking statements due to business-related risks and various uncertain factors.

At a Glance

83 years ago
Founding

10 international and domestic companies
International and domestic network

¥53.7 billion
Net sales

17 countries
Baggage handling systems delivered

85%
Domestic share of airport baggage handling systems

16 centers
Logistics Solutions Division bases

Over **5,700**
Total storage tanks delivered
* Domestically and internationally

40 countries
Storage tanks constructed

7 international projects
Liquefied ammonia storage tanks delivered

-253 ℃
Temperature capability of large-scale liquefied hydrogen tanks in development

#1 share
Of the environmental measurement equipment maintenance and management industry
* Eco-Analysis Corporation

Over **30** years
Of asbestos survey and analysis
* Kankyo Research Institute Inc.

(Fiscal 2023 results)

Toyo Kanetsu's Strengths

Strength 1

Delivering the Best Solutions for Our Customers

Our one-stop logistics systems services span consulting, design, and development through manufacturing, construction and maintenance, and offer the best solutions, including logistics centers and airports, for a wide range of industries.



Strength 2

Businesses That Support Social Infrastructure

We will continue to deliver high-quality, safe storage tanks around the world, taking advantage of our strong project execution capabilities and maintenance technologies to support the global energy infrastructure.



Strength 3

Technical Capabilities
Backed by Vast Experience

We will contribute to the storage of next-generation energy sources such as hydrogen, fuel ammonia, and liquefied CO_2 as part of society's shift towards carbon-neutrality.



Strength 4

Value Creation
through the Provision of Solutions to Social Issues

To help realize a sustainable society, we aim to create new value by addressing environmental issues, working toward disaster prevention, and developing industrial machinery to compensate for the declining labor force.

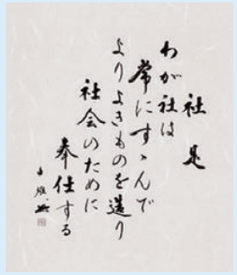


History of Toyo Kanetsu

Our founder's desire to always anticipate and contribute to society's needs has become a cornerstone of our business, especially in the logistics and energy fields.



Yoshio Funo,
our first president



Corporate motto handwritten
by Mr. Funo

Providing Energy Infrastructure that Supports Rapid Economic Growth

Applying the technology gained through the production of boilers, the Company began manufacturing fully welded liquid storage tanks. Delivering many storage tanks both in Japan and abroad, Toyo Kanetsu played a vital role supporting the stable supply of petroleum and other energy resources.



Certificate from
the API



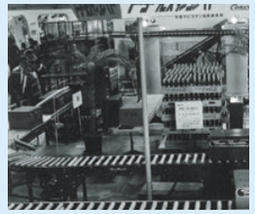
The first tank ordered was built at
the Showa Sekiyu Muroran refinery

Development of Conveyor Business

Aware of belt conveyors' potential as labor-saving equipment, we introduced Toyo Conveyor, designed specifically for civil engineering and construction use. The launch of our automatic pressure conveyor saw the market expand further as this system gained wide acceptance among domestic customers seeking to improve productivity.



Toyo Conveyor



Rapistan conveyor (delivered to the
Harumi Post Office of the Ministry
of Posts and Telecommunications)

Providing Logistics Solutions That Meet the Needs of Society

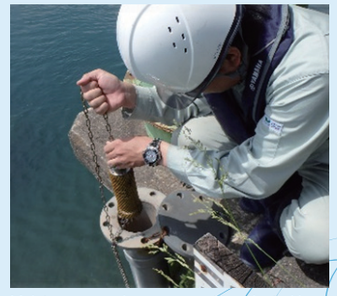
Amid a growing need for the speedy delivery of a wide variety of products in the expanding e-commerce market, the Company provides solutions that save labor while reducing the burden on employees. Our Multishuttle system has been adopted by many customers in the e-commerce and manufacturing industries due to its high warehousing and storage performance. In 2023, the Toyo Kanetsu Group acquired Scrum Software Co., Ltd., which specializes in software development for warehouse management systems (WMS). Going forward, the Company will further expand its offerings to include full consulting and engineering and provide solutions that exceed expectations.

Growing Global Demand for LNG and LPG

We are developing ever larger storage tanks to meet the growing demand for new and expanded LNG production sites.

Establishing Our Third Pillar of Business

The Business Innovation Business is composed of the environmental business, the industrial machinery business, and the building construction business. In the spirit of open innovation, we collaborate with affiliates and, in some cases, acquire companies to realize greater synergy across the Group.



Maintenance and management conducted by
an Eco Analysis Corporation employee

Established the Strengths of Toyo Kanetsu

Founding Years

1941 Founding

Toyo Kanetsu was founded in 1941 as Toyo Kanetsu Kogyo K.K to manufacture and sell industrial kilns. After the end of World War II, the Company expanded its business to focus on construction projects to supply boilers for heating and cooling.



A line of trucks carrying our boilers
lined up in front of the Nihonbashi
Head Office

1950–

1955 Concentrated management resources in the tank and conveyor businesses

1958 Became the first in Japan to gain API (American Petroleum Institute) certification

1969
- Changed the Company name to Toyo Kanetsu K.K.
- Delivered the Rapistan Conveyor System—Asia's largest and most advanced system in terms of efficiency—to Seiyu, a major supermarket chain in Japan

Contributing to Energy Transition

Offering storage tanks for everything from ambient temperature to cryogenic storage, the Company was well positioned to meet growing demand for liquefied natural gas (LNG) storage tanks.



First LNG tanks ordered from Brunei

Providing Pioneering Logistics Systems

Within three years of the Company entering the airport baggage handling system market, more than 30 airports in Japan had begun using its systems. Delivering conveyors and other logistics systems to logistics centers across a wide variety of industries, Toyo Kanetsu played a vital role in supporting rapid economic growth.



Tri-Planar®
three-dimensional conveyor



World's first conveyor-based
automatic handling system
for a flower market

1970–

1970 Listed on the First Section of the Tokyo Stock Exchange

1971 First Tri-Planar® conveyor delivered to Fukuoka Airport

1973 Delivered a baggage handling system to Narita Airport

1981 Introduced digital picking systems to Japan

1983 Four embankment LNG storage tanks completed in Sarawak, Malaysia

1996 Delivered the world's first conveyor-based automated handling system for a large-scale flower market, and won the Technology Prize in the Logistics Awards

2000–

2010 Introduced the Multishuttle system



Multishuttle system

2015 Delivered the world's largest LNG storage tank (230,000 KL) to Sakai City, Osaka Prefecture



World's largest LNG storage tank

2021 80th anniversary of Toyo Kanetsu's founding

2022
- Moved to the Tokyo Stock Exchange Prime Market
- Completed R&D on the underlying technology for large-scale liquefied hydrogen storage tanks

2023 With NEDO's support, we started conducting bench-scale experiments on liquefied hydrogen storage tanks to make the technology more useful and practical.

Carbon Neutral Contributions

Toyo Kanetsu is taking an active role in addressing next-generation energy issues by promoting the adoption of large-scale liquefied ammonia and CO_2 storage tanks. We are pursuing an R&D project focused on large-scale liquefied hydrogen storage tanks as part of a project subsidized by the New Energy and Industrial Technology Development Organization (NEDO).



Vacuum exhaust prototype for liquefied hydrogen storage tank

The Toyo Kanetsu Group's Value Creation Process

Founding Philosophy "Be creative, be good for society"

Management Vision Become a Solution Innovator that solves social issues through innovative technology and execution capability

Social Environment

Declining birthrate and aging society
Decreasing working population and lowered production

Transition to next-generation energy
Growing momentum toward the realization of carbon neutrality

Concern about living environment risks
Impact of changes in living environment on the natural environment, etc.

Concern for the work environment
Ensuring occupational health and safety

INPUT

Financial capital
Total assets ¥67.8 billion
Shareholders' equity ¥35.8 billion

Manufacturing capital
Capital expenditures ¥1.6 billion

Human capital
1,157 employees (consolidated)
Annual training costs ¥47.2 million

Intellectual capital
R&D costs ¥470 million
214 patents held

Social and relationship capital
10 Group companies, of which 2 are overseas
Promote collaboration and partnerships with diverse stakeholders

Natural capital
915 kl energy used (crude oil equivalent)
9,900 m³ water used

(Fiscal 2023 results)

The Toyo Kanetsu Group's Business Model



Business Foundation

Corporate Culture
High awareness of social contribution

Corporate Governance
Highly transparent business operations

OUTPUT

Profitability for growth
Net sales ¥53.7 billion
Operating profit ¥3.0 billion
Operating profit ratio 5.7%
ROE 9.4%

Shareholder returns
Total dividends ¥1.7 billion
Dividends per share ¥229
Dividend payout ratio 50.2%

Securing human resources and enhancing diversity
Female managers 8.3%
37.5% of mid-career hires in management positions
76.5% of paid leave taken (FY2023 target is 70% of new days granted for the fiscal year.)

Reduction of environmental impact
GHG emissions
Scope 1 2,292 t-CO_2e
Scope 2 1,371 t-CO_2e
GHG emission reduction of 1,613 t-CO_2e (compared to FY2019)

(Fiscal 2023 results)

The Toyo Kanetsu Group's Material Issues Page 26–29

A Issues to be addressed through our business to improve our corporate value

B Initiatives addressing material issues to sustainably improve corporate value

C Fundamental initiatives to undertake before addressing A and B issues

Value Produced

Realize labor-saving and unmanned logistics sites through technological innovation and solutions capabilities

Offer social infrastructure technologies that contribute to the realization of a carbon-neutral society

Realize a diverse and sustainable living environment

Provide a safe, secure, and attractive workplace



Takashi Owada
President and Representative Director

Growth Path Built on the Past Two Years

Review of Fiscal 2023

During the second year of the Medium-Term Business plan (hereinafter, the plan), the ongoing parts shortage eased somewhat, but we were still affected by rising raw material and labor costs. Although conditions were significantly challenging, both sales and profit surpassed the November 2023 revised earnings forecast. Specifically, a solid showing in the Logistics Solutions Business, our main business, drove sales and profit, which were also boosted by higher returns in the Plant Business, which handles storage tank maintenance. We are currently investing strategically in our Next-Generation Energy Development Business in order to focus on large-scale liquefied hydrogen storage tanks as part of efforts toward the realization of a carbon-neutral society.

Although all four Group companies in the Business Innovation and Other Businesses saw increased sales, profit decreased due to an increase in strategic investments in human resources with an eye toward growing our business in new areas such as asbestos research and analyses.

Over the past two years, in order to establish a growth path for the future, which is our policy under the Group Medium-Term Business Plan, we have worked to achieve the optimal balance regarding the allocation of resources to our four businesses (Logistics Solutions, Plant, Next-Generation Energy Development, and Business Innovation and Other Businesses), all of which operate in significantly different environments. In my first year as president, I focused on internal initiatives designed to revitalize the entire company. In my second year, I shifted my attention outward, communicating more to raise awareness about our current situation with an eye toward enhancing corporate value.

In response to the Tokyo Stock Exchange's mandate to "manage with cost of capital and stock prices in mind," not only did we disclose our consolidated management indicators, we also conducted the buyback of shares and canceled treasury shares. We have also made progress in selling cross-shareholdings, which we viewed as a major management issue, and have reduced our ratio of cross-shareholdings to consolidated net assets to 10%.

Furthermore, we have reinvigorated our investor relations (IR) activities and have been promoting new initiatives such as holding mid-term briefings, individual investor briefings, and one-on-one meetings with investors to improve our dialogue.

In the final year of the Medium-Term Business Plan, we must deliver on our efforts of the past three years while setting the stage for the next

Note: Photography was conducted under expert supervision with due consideration to safety.

medium-term business plan given the past two years of severe change in our external environment. Our first consideration is addressing the large backlog of orders amassed by our Logistics Solutions Business. Moreover, we expect to see greater demand for solutions for greenfield logistics centers and replacement of old equipment with new automation during the renovation of brownfield sites. In order to respond and deliver results to customers more quickly, we must not only fully leverage our core technologies but expand our lineup through collaboration with our partners in a spirit of open innovation, thereby improving the pace of commercialization of new technologies. While creatively capitalizing on the strengths of our solutions, I am confident we can continue our expansion into new markets.

When it comes to our Next-Generation Energy Development Business and the Plant Business, the roadmap for a transition to a carbon-neutral society that fully runs on hydrogen remains unclear and is often affected by governmental policy, contributing to uncertainty. During this period of transition, the Next-Generation Energy Development Business (which handles storage tanks for such next-generation energy sources as liquefied hydrogen) and the Plant Business (which handles crude oil and LNG storage tank maintenance) are in position where one stands to benefit more than the other.

Growth Path for the Future: Progress by Segment

Logistics Solutions Business

The Logistics Solutions Business has seen healthy growth driven by a need for greater productivity and labor-saving technologies so we have focused on key initiatives to achieve further growth. One such effort is to apply the expertise we have gained in the e-commerce, consumer co-ops, airports, 3PL industries to the manufacturing industry to further expand our markets. Those efforts are starting to yield results.

We also expect to see demand for new technologies and solutions in existing warehouses and fulfillment centers as they work to improve their operations, and it will be imperative for us to differentiate ourselves in devising the total engineering solutions for such centers. In 2024, the Japanese government introduced new legislation limiting working hours for truck drivers, which will have a major impact on logistics centers as they attempt to reduce wait time for truck drivers. To help alleviate this issue, we are looking at the new development of a warehouse management system (WMS) that integrates and coordinates with transportation management systems (TMS).

Through a spirit of open innovation, we are actively collaborating with partners to integrate new and innovative products into our current solutions as well as develop new solutions. Toyo Kanetsu also invites customers to make use of our Education Center where we provide technical training toward the efficient, stable operation at customer sites.

Plant Business

By putting efforts into streamlining and improving onsite and other business processes, the Plant Business has been able to recognize an increase in both sales and profit. However, the labor shortage plaguing Japan has made it difficult to find enough qualified resources to maintain the approximately one hundred existing storage tanks in Japan. In October 2023, we acquired KIMOTO CORPORATION, a company that specializes in staffing for civil engineering projects. By combining the efforts of KIMOTO CORPORATION with those of our Plant Business, our handles engineering and project management, and our subsidiary TKK Plant Engineering K.K., which manages the supervision of civil engineering projects, we have been able to better staff our operations toward better revenue recognition. Although the situation remains challenging, we believe that through this kind of collaborative effort, we will be able to provide stable, reliable maintenance operations to our customers through our pricing model.

Next-Generation Energy Development Business

Our next-generation storage tanks represent the culmination of the expertise and technology we have developed through the manufacture of cryogenic LNG storage tanks and various other large-scale tanks. As a result, we have been able to participate in a project subsidized by the New Energy and Industrial Technology Development Organization (NEDO) to develop a large-scale, liquefied hydrogen storage tanks. The project is progressing as anticipated with completion slated for fiscal 2027.

Our goal is to develop and be able to deliver the hydrogen infrastructure and large liquefied hydrogen storage tanks needed to support the transition to hydrogen energy but it is still very difficult to clearly envision the roadmap to a future where the world depends on hydrogen as its primary source of energy.

In the interim, however, we anticipate greater demand for ammonia, a clean energy source and hydrogen carrier, as well as for captured, liquefied CO_2 storage tanks. The technology needed to construct these facilities is already available, and we are entertaining more inquiries regarding the feasibility of installations, and an increasing amount of work is being done on foundational designs aimed at practical application. In Indonesia, we received an order for a spherical tank for chemical product storage in 2023. As of August 2024, we have completed the fabrication of steel plating at our Batam Plant while onsite construction on site moves ahead. Although this tank is not a low-temperature storage tank, our specialty, it has given us an opportunity to further train and develop skills in welding and construction of other new tanks.

Business Innovation and Other Businesses

In our Business Innovation and other businesses, we are working to grow our operations in the environmental and disaster prevention sectors through mergers and acquisitions. The two companies that operate in the environmental sector are seeing robust growth thanks to a demand for asbestos testing, as well as other surveys and analyses. Through such joint efforts, we can create synergies across the Group, including Toyo Koken K.K., which handles industrial machinery, and Toyo Kanetsu Builtec K.K., which handles our construction business.

Under the current Medium-Term Business Plan, we have strategically invested approximately ¥10 billion and have recognized significant progress. First, in the Logistics Solutions Business, we acquired Scrum Software Co., Ltd. in May 2023 to jointly develop WMS, as well as to promote and expand the scope of our logistics solutions. We are also planning to enhance production capacity by adding a fourth factory near our main plant in Wakayama. Construction is slated for completion soon with operations set to begin in November of this year. We are also looking at other opportunities to build production capacity to support future growth.

Strategic Priorities for the Final Year of the Medium-Term Business Plan

A priority for all companies in the Group will be to translate past initiatives into tangible financial outcomes. At present, current indicators suggest that we will fall short of targets set in the current plan. While we have factored M&A into the plan to grow our overall business, we are taking a cautious approach, fully assessing the synergy with existing Group companies, rather than focusing solely on the bottom line of a single business unit.

Traditionally the Logistics Solutions Business has focused on outbound logistics systems, which has been an area of expertise. However, we have begun widening that scope to include more upstream, inbound processes as well as after-shipping services. One such initiative is the development of our own WMS, which is scheduled to be completed this year. We are also adding functionality and such features as integration with TMS toward providing customers



with a complete, optimized logistics system. In order to capture markets in new areas such as manufacturing, pharmaceuticals, medical equipment, and food processing, we are collaborating with partners and recognizing significant results.

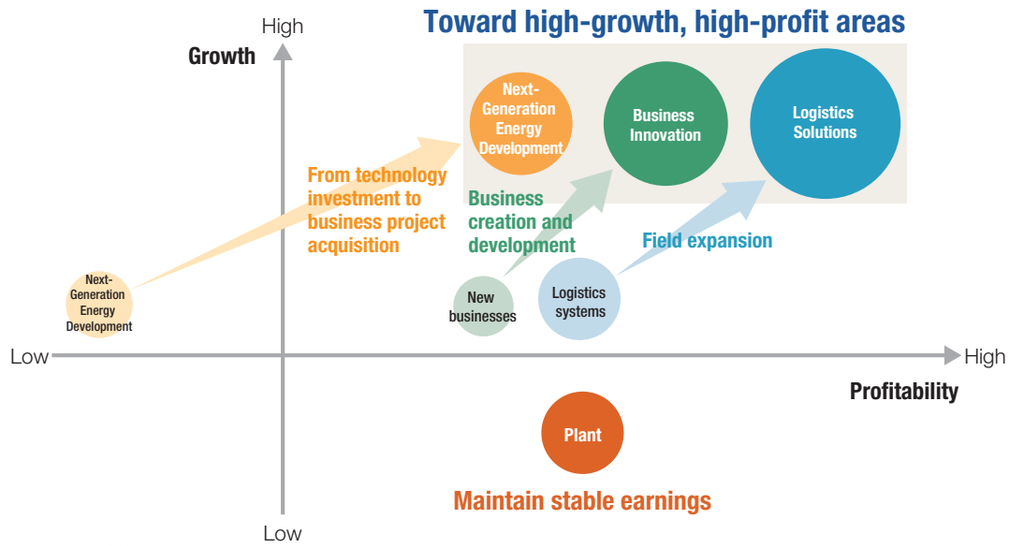
In the Plant Business, our high-quality tank maintenance technology and superior construction project management have earned us accolades from customers, leading to orders for new tanks, including for sustainable aviation fuel (SAF), the fuel expected to be used for the next-generation of aviation.

In the Next-Generation Energy Development Business, we have seen healthy demand for feasibility studies, and we are putting more efforts into developing our engineering, procurement, and construction for next-generation energy storage tanks. Furthermore, we must secure and train onsite personnel to support an increase in demand for support on construction sites.

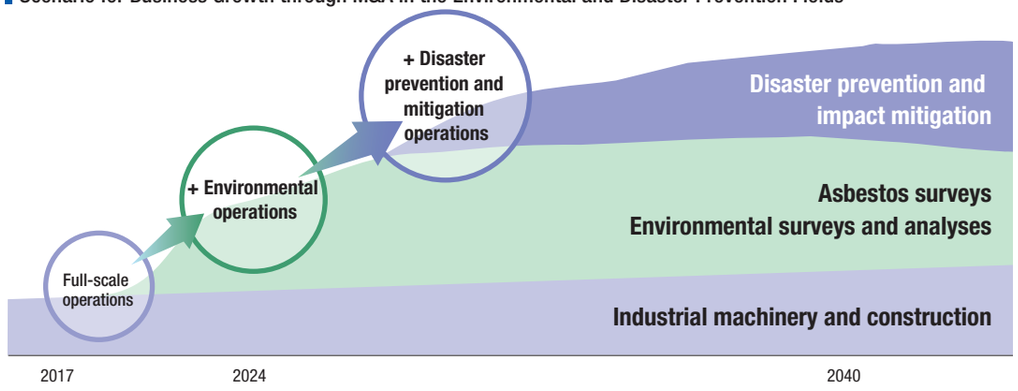
In the Business Innovation and Other Businesses, we are involved in a number of M&A negotiations that are focused on creating synergy amongst Group companies. By defining where we want to be in 2030, and with a thorough review of the results from the current Medium-Term Business Plan, we can backcast and define the incremental targets that will get us there. Naturally, we will make adjustments for changes in environment and other conditions while continuing to strategically invest in our human capital to improve productivity toward increased corporate value. With an eye toward the 100th anniversary of our founding in 2041, I plan on putting together a cross-section of employees, including younger employees to envision the future.

To manage with awareness of capital costs and stock price, we are focusing on ROE as a key performance indicator as opposed to sales. As interest in price-to-book ratio (PBR) has grown, we recognize that steadily growing the business and improving profitability to further enhance ROE is essential to achieving and maintaining a PBR of 1 or higher. At the same time, to drive stock price growth, we are intensifying our IR activities, actively engaging with the market to increase awareness of our company. Last year, the Company's ROE was 9.4% due to extraordinary income from the sale of cross-shareholdings and land sales at subsidiaries, but in the final year of the Medium-Term Business Plan, we aim to achieve our target of an ROE of 8% through improved earnings and financial strategies.

Future Portfolio Changes Over the Long Term



Scenario for Business Growth through M&A in the Environmental and Disaster Prevention Fields



Initiatives for ESG Management

As part of our environmental initiatives, we installed solar power generation equipment at Toyo Koken K.K., a Group company that handles industrial machinery located in Yamanashi Prefecture. As a result, the facility achieved zero greenhouse gas emissions. In addition to similar carbon-neutral programs, we will also replace Company vehicles with EVs. Given our involvement in onsite construction, safety is of utmost importance to the Company, and as our business expands, we will keep the focus on safety and quality. Moreover, as president of the Company, I directly oversee the training of safety managers through our occupational health and safety management system, emphasizing our commitment to safety.

The quality of our corporate governance has also been improving. Since 2022, half of the directors have been outside directors, two of whom are women, which has led to a more active exchange of opinions at board meetings. Outside directors with expertise in other areas have brought a fresh perspective which has greatly contributed to the content and quality of our meetings. In addition, we have been taking some proactive steps to improve communications among the Group companies by holding roundtable discussions.

The Three Promises and Human Resources Reform

When I took the helm of the Company, I made three promises to our employees and asked them to evaluate my progress toward fulfilling these promises over the two years since. Employees responded that efforts to "create an open, comfortable workplace" and "improved compensation" were well received, however, "achieving dreams and professional fulfillment" was rated lower.

These results showed me that we still have some challenges in building a corporate culture where employees are both physically and mentally healthy, and are genuinely excited about working here.

Under the current Medium-Term Business Plan, we believe that providing education to our employees not only builds skills, but also leads to greater job satisfaction and a sense of fulfillment toward achieving their dreams. We therefore expanded management training, and established incentives for self-study that we hope will lead to greater motivation. It has become clear that we still have work to do and we are thus considering reforming our human resources system. We will transition to a human resources system that allows for a changing environment while ensuring stable growth by encouraging employee action.

In the end, we hope to achieve a human resource system that provides education and training to employees that leads to higher skills and greater motivation.

Our slogan, "ACTION FOR THE FUTURE," has resonated well with employees, encouraging them to take action to achieve results toward a bright future, but they need the skills and motivation to solve challenges. With a human resources system that enhances motivation and skills with improved compensation, I think we can perform better at fulfilling the third promise.

President's Message

Always Strive to Create Better Products and Serve Society

During the 84 years since our establishment, we have always played a role in supporting social infrastructure. We were able to apply the high-quality welding technology developed for industrial kilns to tank construction, paving the way for us to become the world's second largest tank manufacturer. In short, we play a major role in supporting the stable supply of energy around the world.



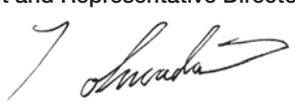
The Logistics Solutions Business found its start in supplying conveyors specifically designed for civil engineering and construction projects. Since then, it has been able to add a variety of offerings and solutions that have supported a transition to small-lot, high-mix types of manufacturing as opposed to mass production.

Behind our diverse portfolio is a history of looking ahead and taking on challenges. The Business Innovation and other businesses, for example, were established to address social issues such as the environment and natural disasters.

In today's environment, which reflects changes in the stakeholder relationship in the past few years, I believe we are poised for future growth with the resilience to adapt to a changing environment. Although challenges remain, I am confident that as we approach our third and final year of the Medium-Term Business Plan, together as a Group we have indeed positioned the Company on a growth path to the future that will bear substantial business results.

Thank you and we look forward to your continued support.

President and Representative Director



Formulating the Next Medium-Term Business Plan

The Company has begun working on the formulation of the next Group medium-term business plan, which will cover the period from fiscal 2025 through fiscal 2027. To this end, we established the Next Medium-Term Business Plan Review Committee along with subcommittees for each business. The memberships of this committee and subcommittees include younger employees chosen with an eye to nurturing the next generation of leaders. During the formulation process, the committee will meet with outside directors to exchange ideas and discuss market analyses, the Group's strategic direction, and other topics. In addition, the committee is currently reviewing the ten materiality issues identified by the Company in 2019, and is considering changes in the social and business environments surrounding the Group. We plan to consistently reflect the committee's findings in the key performance indicators (KPIs) and initiatives as we move forward in formulating the next medium-term business plan.



Discussion at a subcommittee meeting



Facilitation of directors' review of material issues

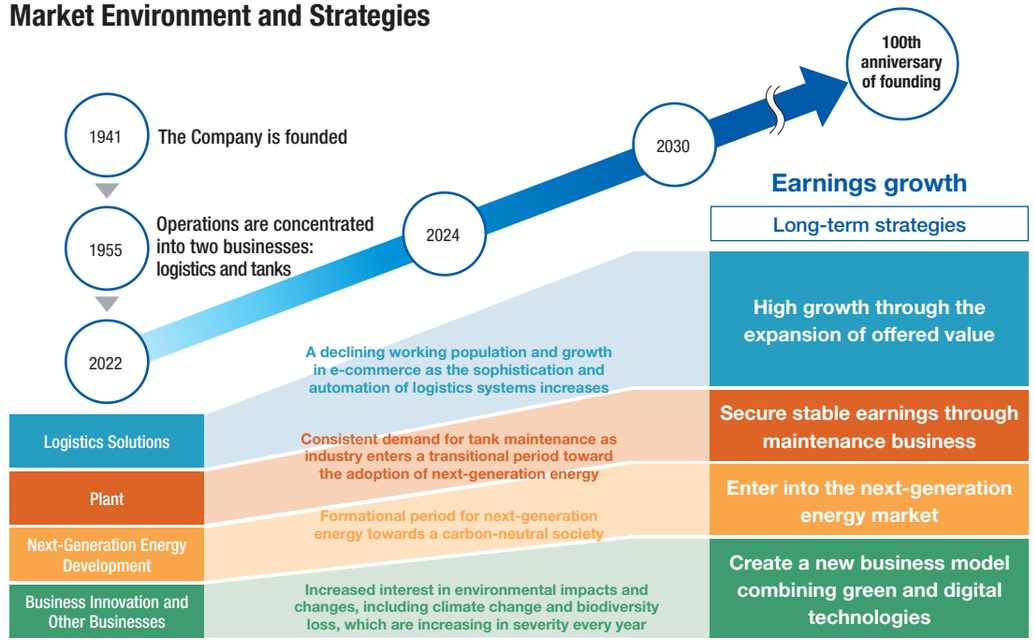
Summary of the Group Medium-Term Business Plan (Fiscal 2022–2024)

Medium-Term Management Policy Establish a growth path for the future

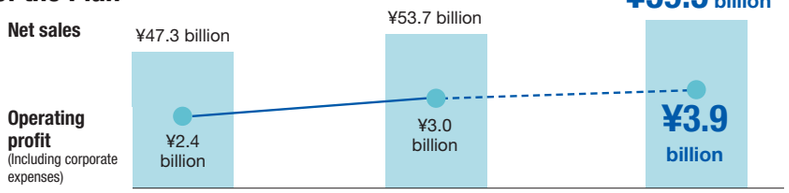
Slogan ACTION FOR THE FUTURE

The ability to exceed expectations and become a force for the future

Market Environment and Strategies



Numerical Targets of the Plan



		FY2022 (Results) *1	FY2023 (Results)	FY2024 (Plan) *2
ROE		6.4%	9.4%	7%
Logistics Solutions	Net sales	¥28.0 billion	¥32.4 billion	¥37.0 billion
	Operating profit	¥2.6 billion	¥3.2 billion	¥4.0 billion
Plant	Net sales	¥8.5 billion	¥9.4 billion	¥9.5 billion
	Operating profit	¥560 million	¥700 million	¥710 million
Next-Generation Energy Development	Net sales	¥1.0 billion	¥1.4 billion	¥2.4 billion
	Operating profit	(¥730 million)	(¥480 million)	(¥430 million)
Business Innovation	Net sales	¥9.1 billion	¥10.0 billion	¥10.1 billion
	Operating profit	¥890 million	¥780 million	¥660 million
Other Businesses	Net sales	¥810 million	¥620 million	¥500 million
	Operating profit	¥180 million	¥80 million	¥120 million

*1 Published May 2024 *2 Published August 2024

▶ For details, please see the Group Medium-Term Business Plan for fiscal 2022–2024 (Japanese only). https://www.toyokanetsu.co.jp/pdf/2022/toyo_kanetsu_2833.pdf

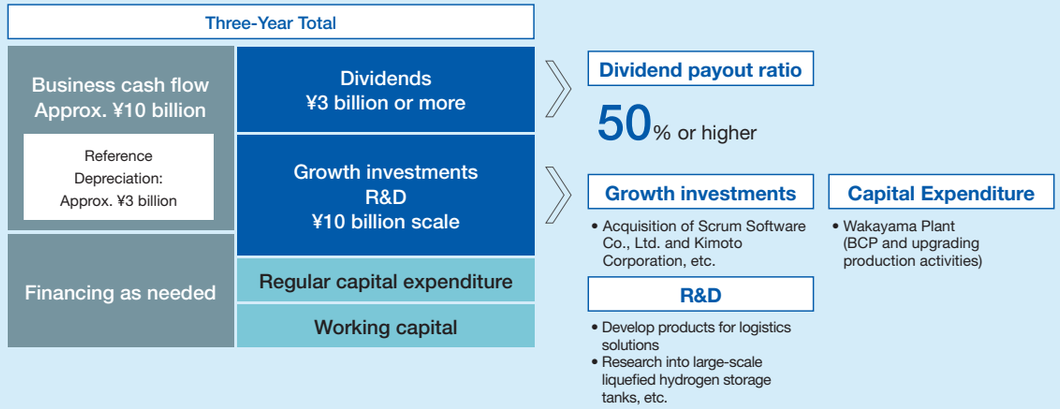
Message from the Executive Officer of Finance

Improving Corporate Value through Business Growth and Profitability



Takeshi Yonehara
Senior Managing Officer
Head of the Corporate Division

Medium-Term Business Plan Financial Strategy



Fiscal 2023 Performance Assessment

In the financial results for fiscal 2023 (ended March 31, 2024), net sales and operating profit both increased year on year. Profit attributable to owners of parent increased by approximately 50% thanks to a gain on sale of cross-shareholdings and land. We were able to realize a dividend of ¥229, an increase of ¥82 year on year, which most certainly will be viewed favorably by investors.

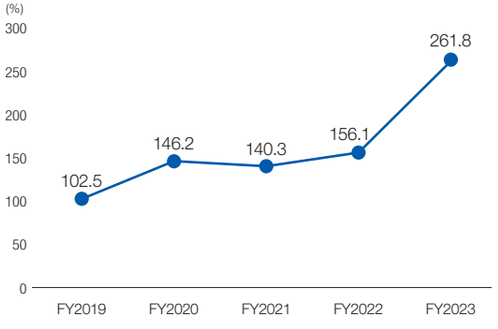
Progress of the Group Medium-Term Business Plan

The basic policy of the Medium-Term Business Plan is to establish a growth path for the future. However, such factors as the weak yen and rising interest rates are contributing to a rapid change in the Company's business environment. In addition, energy policies aimed at realizing carbon neutrality remain uncertain, which largely impacts the Next-Generation Energy Development Business in particular. Going forward, we will need to build a system that can flexibly respond to any future changes.

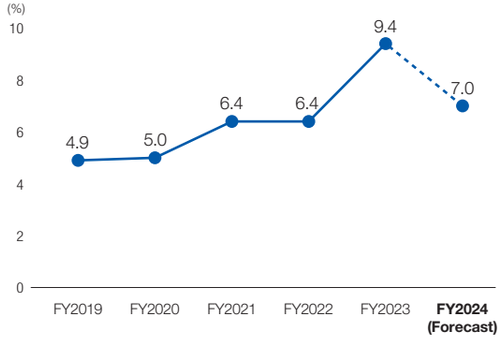
Amidst this situation, we will focus on achieving stable earnings in the Plant Business, which primarily handles the maintenance of storage tanks, and we will actively invest management resources into the Logistics Solutions Business to expand its business and areas of operations.

In addition to further solidifying our earnings base, we will work to create new value in the final year of this Medium-Term Business Plan by proactively expanding into new businesses focused on the environment and disaster prevention.

Total Shareholder Return (TSR)



ROE



Management Focused on Cost of Capital and Share Prices

In recent years, the Company's price-to-book ratio (PBR) has been below 1 and we continue to be in the unfortunate position of having a share price that trends lower than our dissolution value. In fiscal 2023, we implemented even more proactive IR activities, but I believe that management still needs to be more conscious of share prices and make efforts to help investors understand the Company. In order to do so, we decided to focus more on the cost of capital and share price by implementing three measures to improve the situation: improve growth and profitability; strengthen capital and financial strategies; and implement greater investor relations (IR) activities.

To improve business growth and profitability, we will steadily advance the key initiatives for each business as laid out in our Medium-Term Business Plan, aiming to achieve an ROE of 8% in fiscal 2024. Next, to strengthen our capital and financial strategies, we will be mindful of keeping an appropriate level of net assets while maintaining a balance between return on capital and cost of capital. Furthermore, we will optimize our balance sheet by selling non-business-related assets such as cross-shareholdings and actively utilizing interest-bearing liabilities.

Finally, to proactively implement greater IR activities, we will disclose information, including non-financial information, and actively publish it in the media and on our website. Also, by increasing opportunities for dialogue with investors, we hope to increase awareness of Toyo Kanetsu and improve its branding through improved understanding, thereby making us more attractive to investors.

Outlook for Fiscal 2024 and Next Medium-Term Business Plan

Fiscal 2024, ending March 31, 2025, is the last year of the current Medium-Term Business Plan, and we are aiming for further increases in net sales and operating profit to ¥59.5 billion and ¥3.9 billion, respectively. Although profit attributable to owners of parent decreased year on year to ¥2.8 billion, this was largely a reaction after to the large-scale gain on sale of cross-shareholdings in the previous year, I believe that our business environment will continue to be firm.

We are currently working on formulating the next medium-term business plan, which will span 2025 to 2027, and lays the foundation for achieving our business targets for fiscal 2030. While we face many uncertainties—a declining workforce and unpredictable progress toward carbon neutrality to name a few— we will continue to take steady steps toward securing our future, including by reviewing priority material issues. Thank you for your continued understanding and support.

Business Overview

Logistics Solutions Business

We provide high-quality, advanced logistics systems that empower our customers and solve problems and issues facing society today.



Yasunori Kobayashi
Director and Senior Executive Officer
Division Manager,
Logistics Solutions Division

Value Propositions

- Automate customer processes with next-generation robotics systems to achieve a reduction in labor needs, greater accuracy, and efficiency.
- Utilize customer supply chain and logistics data for better efficiency and productivity in warehouse operations.
- Ensure the smooth, continuous operations of logistics systems with superior maintenance services, contributing to a robust social infrastructure.

Business Environment

- Increasing need to expand measures to address the 2024 problem
- Increasing need for automation to address the shrinking working population due to decreasing birthrate and aging population
- Depreciation of yen against major currencies, inflation, and rising labor costs due to tight labor supply, which are pushing companies to maximize investment and cut costs.
- Greater sophistication and development in ecommerce and other distribution warehouse operations.

Competitive Advantages

- Abundant experience in the distribution and airport baggage handling fields and system development capabilities cultivated through this experience
- Project execution skills to deal with complex and new mechanisms

Issues

- Serve customers with logistics systems and maintenance programs in order to meet the demands of a new generation.
- Maximize customer benefit and solve problems with the intelligent, streamlined application of new technologies.

Business Strategy for the New Medium-Term Business Plan

Slogan **ACTION FOR NEXT LOGISTICS** Become the power behind the logistics system of the future

Basic Policy **Evolve into a high-growth company by expanding business scope**

FY2024 Plan **Net sales ¥37.0 billion** **Operating profit ¥4.0 billion**

Priority Measures

Measure 1	Measure 2	Measure 3	Measure 4
Expand operations from partial to total engineering	Improve proposal capabilities and expand customer base by leveraging our strengths	Strengthen service business by developing and securing human resources	Develop new solutions that integrate video and digital information

Review of Fiscal 2023

Despite rising labor costs, the Company saw some relief from the longstanding parts shortages such as semiconductors that began in the previous fiscal year. By focusing on efficient project management and improvements in onsite operations, we were able to achieve record high operating profit. The basic policy of our Medium-Term Business Plan is to evolve into a high-growth company, and, in fiscal 2023, we aggressively worked to strengthen our maintenance business by developing and securing human resources, one of our priority measures.

In April 2024, with the aim of providing higher value-added services, we changed the name of our Service Department to the Customer Support Department and strengthened our sales response to meet customer needs more precisely than ever before. In May of 2023, Scrum Software Co., Ltd. became a wholly owned subsidiary of Toyo Kanetsu and post-merger integration is advancing smoothly. Through joint development of high value-added WMS software with Scrum Software, we are expanding our total engineering service offerings to better serve logistics customers. By combining our core technologies through open innovation to develop novel solutions and products, we have been able to expand our customer base and recognize new sales in the manufacturing, pharmaceutical, and food processing industries.

Net sales / Operating profit

Outlook for Fiscal 2024

Sales and profit in 2024 are expected to be higher in fiscal 2024 supported by a strong backlog of orders and growth in maintenance business. Moreover, by further leveraging our expertise gained over many years and accelerating collaboration through open innovation, we plan to continue to develop new markets, especially in the manufacturing industry. For example, we are currently offering a 3D pallet receiving/storage shuttle solution which is ideal for manufacturers handling a large number of parts.

Through a partnership with Taisei Corporation, we started offering the T-Robot Storage and Production System, using robotics to improve productivity. In our baggage handling business for airports, we are working on solutions that combine images with relevant data toward reducing labor and improving passenger experience. We have also joined terminal.0 HANEDA, a forward-thinking consortium of partners in the aviation industry that together are envisioning the airport of the future and creating new technologies.

▶ Please see the press release published on May 8, 2024 for more details about the T-Robot Storage Production System.
https://www.toyokanetsu.co.jp/info/2024/0508/000780.html (Japanese)

Plant Business

We excel at the maintenance of safety and the stable supply of energy storage facilities, boasting advanced technological know-how along with extensive construction experience.



Hiroshi Ohgi
Senior Executive Officer
Division Manager, Plant Business Division

Value Propositions

■ Provide highly reliable social infrastructure

Business Environment

- Decrease in demand due to the consolidation of petroleum and chemical plants
- Stagnant plant-related capital expenditure due to heightened geopolitical risks
- Ongoing legal inspections and maintenance demand associated with tank safety assurance

Competitive Advantages

- Expertise in technologically advanced large tank maintenance
- A high level of customer trust and a solid reputation cultivated through high quality and safe operations over many years in Japan and overseas

Issues

- Ensuring flexible response to changing maintenance needs and a stable profit structure
- Addressing the aging of on-site supervisors, lack of successors, and the passing down of technology

Business Strategy for the New Medium-Term Business Plan

Slogan: **ACTION FOR INFRASTRUCTURE** Become a force that supports social infrastructure

Basic Policy: **Contribute to a stable energy infrastructure as society transitions to the next-generation energy market**

FY2024 Plan

Net sales ¥9.5 billion　Operating profit ¥710 million

Priority Measures

Measure 1
Secure stable earnings by continuing to receive maintenance orders and attracting new orders

Measure 2
Pursue efficiency through the full utilization of TKK Plant Engineering and collaboration with partner companies

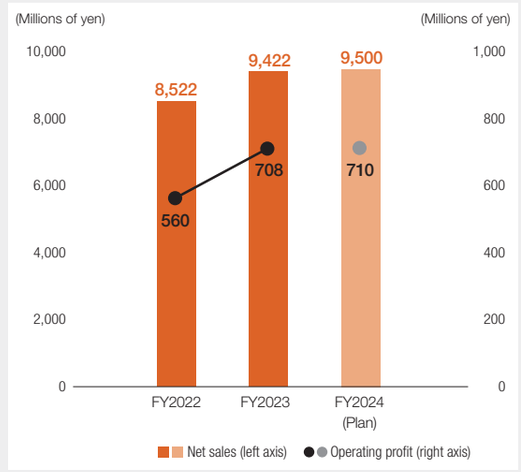
Measure 3
Expand business scope based on our achievements and knowledge as a tank manufacturer

Review of Fiscal 2023

We enjoyed healthy sales and profit in the domestic storage tank maintenance business in 2023 given relative stability in the market, steady order intake, and improved operational efficiency. However, the storage tank construction industry is suffering from several challenges, particularly labor shortages as people age out of the industry. Toyo Kanetsu is doing what we can to help alleviate some of these issues.

In October 2023, Toyo Kanetsu acquired KIMOTO CORPORATION, which has an extensive track record in the construction and maintenance of storage tank installations, as well as personnel highly experienced in onsite work. Together with TKK Plant Engineering K.K., a Toyo Kanetsu consolidated subsidiary, our plan is to increase the number of engineers and onsite supervisors available for this type of work. Furthermore, we are working to strengthen the overall construction process and systems, grow and train human resources and improve working conditions through further digitalization. We are optimistic that the synergy created through collaboration between KIMOTO CORPORATION and TKK Plant Engineering will drive positive changes and healthy sales.

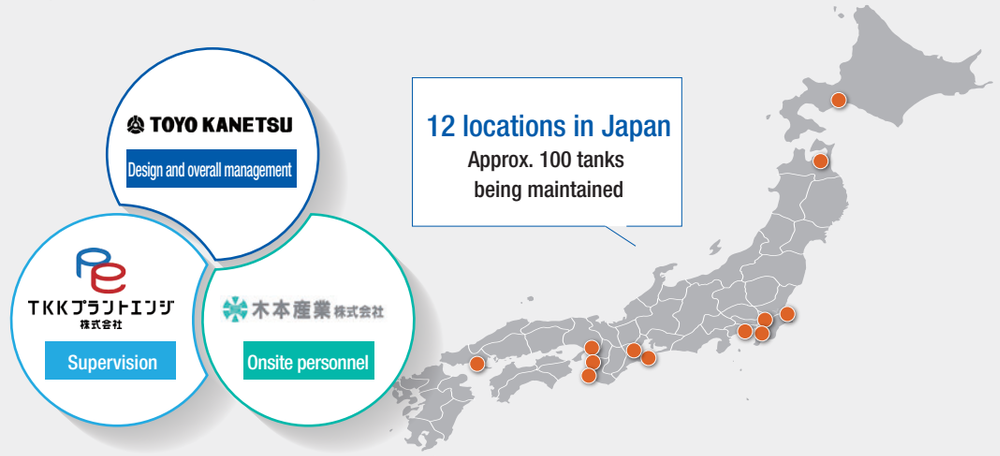
Net sales / Operating profit



Outlook for Fiscal 2024

In 2024, we look forward to ongoing demand from customers for maintenance services and support for legally required inspections toward ensuring the safety of existing infrastructure. Currently, we regularly service over 100 tanks at 12 locations in Japan. In addition to monitors that display safety information, we conduct health and safety training to ensure a safe and comfortable working environment.

By fostering strong relationships with Group and partner companies, we will continue to improve our operational efficiency, including by adopting new welding technologies, and by acquiring and cultivating talent for ongoing maintenance programs. In the aviation field, our customers have come to trust our extensive experience and technology, leading to new orders for sustainable aviation fuel (SAF), the next generation of aviation fuel. We look forward to future projects and to supporting a stable energy infrastructure, applying our unique technology and expertise.



Next-Generation Energy Development Business

Through the provision of our advanced technological capabilities, we will contribute to the conversion of infrastructure to such next-generation energy sources as hydrogen and fuel ammonia.



Hiromi Tanaka
Managing Executive Officer
Division Manager,
Next-Generation Energy Division

Value Propositions

■ Provide social infrastructure technologies that contribute to the realization of carbon neutrality

Business Environment

- Decrease and stagnation in demand for new conventional tank construction due to the global energy situation
- Transition to next-generation energy towards a carbon-neutral society
- Growing importance of next-generation energy storage technologies for hydrogen, fuel ammonia, and liquefied CO_2

Competitive Advantages

- Capable of delivering storage tanks for next-generation energy and boasting the technical capabilities needed to meet construction requirements
- Possess the advanced technology and project execution capabilities needed to meet domestic and international demand for new storage tank construction

Issues

- Responding to the global energy shift and maintaining a solid market standing
- Reinforcing organizational capabilities, including overseas offices, to acquire new storage tank projects

Business Strategy for the New Medium-Term Business Plan

Slogan ACTION FOR NEXT ENERGY Become a force supporting the future of energy

Basic Policy Cultivate advanced technological capabilities and prepare for the arrival of a next-generation energy society

FY2024 Plan Net sales ¥2.4 billion Operating profit -¥430 million

Priority Measures

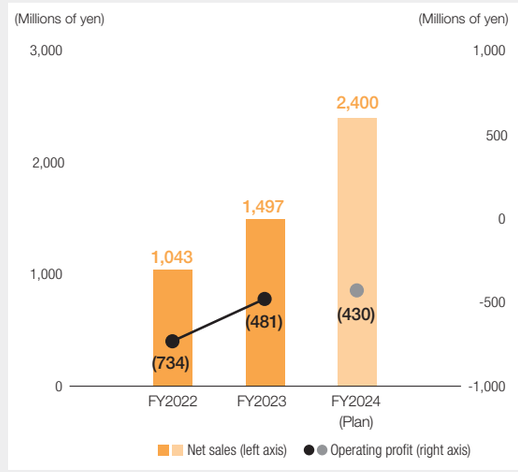
Measure 1	Measure 2	Measure 3
Address storage needs for fuel ammonia, methylcyclohexane (MCH),* liquefied CO_2, etc.	Capture demand for new storage tanks in overseas markets	Acquire construction technology (design, welding inspection, construction) for liquefied hydrogen storage tanks

* A liquid made through the combination of hydrogen and toluene. It is one of the most notable hydrogen carriers.

Review of Fiscal 2023

We were still in the early stages of investing in next-generation energy in fiscal 2023 and were primarily focused on research and development initiatives. As a result, we fell short of our targets. However, we have seen some increased interest in feasibility studies and other services related to fuel ammonia, large-scale liquefied CO_2, and MCH storage tanks, where we already have expertise. In July 2023, Toyo Kanetsu was selected to participate in a project subsidized by New Energy and Industrial Technology Development Organization (NEDO). The primary goal of the project is to develop the technology to build a large-scale, commercially competitive hydrogen supply chain, including the construction and development of large-scale liquefied hydrogen storage tanks. In this and other ways, Toyo Kanetsu is committed to promoting the technological development for next-generation energy storage.

Net sales / Operating profit



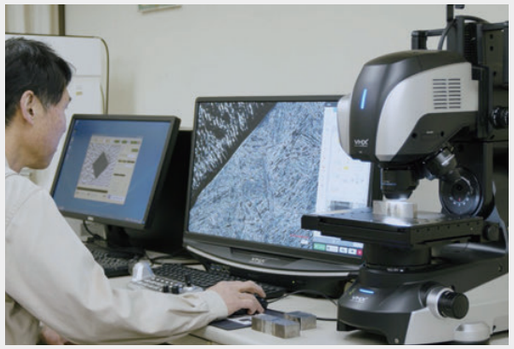
Outlook for Fiscal 2024

In April 2024, we established the Next-Generation Energy Development Business Department under the direct control of the president. We believe this effort will strengthen our initiatives toward carbon neutrality, while enabling faster decision making and driving our business forward.

We plan on focusing on marketing activities around new liquefied CO_2 and ammonia storage tank projects, an area in which we have seen growth. This includes participating in exhibitions and joining associations to increase brand awareness among potential customers. Our new storage tanks have already generated some interest at trade shows, and we hope to translate that enthusiasm to future orders. With an eye on the future commercialization of hydrogen power generation, we will concentrate on developing the world's first large-scale liquefied hydrogen storage tank. With the collaboration of Iwatani Corporation, we are building a bench-scale test tank based on our core technologies. We are also conducting tests using liquefied hydrogen at -253°C as part of our efforts toward achieving a carbon-neutral society.



R&D of large-scale hydrogen tank in NEDO-subsidized project



Examining specimens with a digital microscope

Business Innovation and Other Businesses

We will create businesses that support the future with free perspectives and flexible ideas in the midst of a great paradigm shift.



Akira Kakihara
Director and Senior Executive Officer
Division Manager,
Business Innovation Division

Value Propositions

■ Provide services and solutions that contribute to the creation of a sustainable environment and society

Environmental Business

Kankyo Research Institute Inc.



Comprehensive environmental consulting, investigation, measurement and analysis of asbestos, sick houses, noise/vibration, odor

Eco Analysis Corporation



Maintenance and management of equipment for continuous environmental measurement such as that of air and water quality, environmental surveys for large-scale public works, related system development

Industrial Machinery Business

Toyo Koken K.K.





Design, manufacture, installation, and sales of labor-saving machinery for construction and production sites (winches, industrial manipulators, etc.)

Building Construction Business

Toyo Kanetsu Builtec K.K.



Building construction of a variety of small and medium-sized properties such as condominiums, welfare-related facilities, and stores, etc., rental and sale of gondolas (suspended scaffolds), and steel pipe business for construction sites

Take opportunities for external collaboration and create Group synergy

M&A	• Introduce new technologies to strengthen existing businesses
Collaboration with start-ups	• Enter into growth areas through medium- to long-term business creation • Create new pillars of business that go beyond the boundaries of existing businesses

Business Strategy for the New Medium-Term Business Plan

Slogan **ACTION FOR SUSTAINABILITY** Become a force that supports a sustainable society

Basic Policy **Take on the challenge of establishing a third business to accelerate the Group's growth**

FY2024 Plan Net sales **¥10.1 billion** Operating profit **¥660 million**

Priority Measures

Measure 1	Measure 2	Measure 3
Achieve business expansion, including through environmental business-related M&A	Stabilize earnings by strengthening the competitiveness of Group companies	Reform business model through the application of proprietary technology and know-how and external collaboration

Competitive Advantages	▶ Top-level performance and expertise in a wide range of business areas ▶ Ability to understand and respond to customer needs through on-site contact ▶ Extensive collaboration channels through corporate venture funds
Issues	▶ Reinforcing responsiveness to changes in the business environment ▶ Securing stable profitability and market position ▶ Increasing added value by leveraging synergies among companies and promoting open innovation

Review of Fiscal 2023

Although sales in the Business Innovation Division increased, we saw a drop in profit compared to last year.

In the Environmental Business, we secured stable profits by providing continuous environmental monitoring solutions to various government agencies and municipalities. We also were able to build on the Toyo Kanetsu Group synergies thanks to market expansion. In addition, we saw an increase in the surveying and analysis of asbestos that contributed to improved sales. And, we have invested in our human resources in order to strengthen our current business structure. Moreover, by sharing the technologies and core competencies of the business under the Environmental Business, we can continue to build a strong foundation.

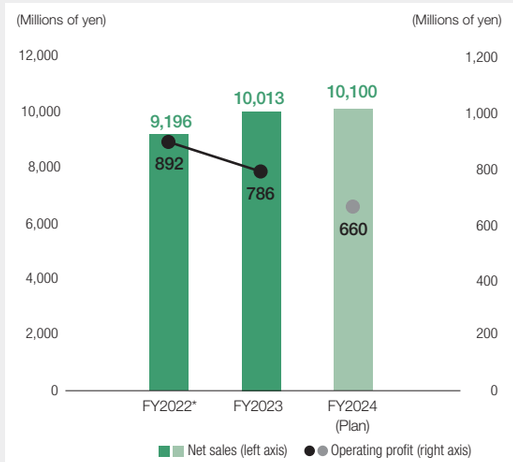


Collabo System is a method of supplementing robotic functionality

Thanks to renewed marketing activities in the Industrial Machinery Business, we were able to expand sales of mainstay winches and balancers. However, despite this growth in sales, profit decreased due to greater investment in future growth and rising manufacturing costs.

In the Building Construction Business, sales and profit increased year on year due in part to an increase in projects in such areas as the repair of existing buildings, gondola rentals, and temporary construction services.

Net sales / Operating profit



* Reclassification after segment changes

Outlook for Fiscal 2024

In 2024, the last year of the current Medium-Term Business Plan, we will further collaborate in knowledge and technology sharing within the Toyo Kanetsu Group and leverage opportunities with partners to drive growth.

With heightened interest in climate change and environmental conservation, we have seen a need for air and river assessment and quality monitoring. Moreover, a change in the legislation related to asbestos and other environmental issues is driving demand for surveys, analyses, and equipment maintenance.

In addition to increased investment activity in semiconductor and rechargeable battery facilities, the Industrial Machinery Business is seeing an increase in demand for labor-saving solutions, automation, and improved safety at industrial and civil engineering sites. We expect the demand for overhauling of labor-saving equipment to continue. On the other hand, the Building Construction Business continues to be affected by the rising prices of construction materials and other costs.

Going forward, we plan on further establishing the Environmental Business' presence in the disaster and mitigation field, an area targeted for expansion through mergers and acquisition toward future growth.

The Toyo Kanetsu Group's Material Issues

Materiality

Basic Approach to Material Issues

The Toyo Kanetsu Group has identified 10 important material issues to prioritize with the objective of sustainably improving corporate value through business activities. By addressing these issues, the Group will ensure sustained growth and financial performance. Our material initiatives are designed to help contribute to the relevant SDGs, and, by proactively working to solve these issues, we will fulfill the role expected of us by society.

The Toyo Kanetsu Group's Three Categories of Material Issues

The Toyo Kanetsu Group has divided its material issues into three categories (A, B, and C) in accordance with their characteristics. The two topics in category A are social issues that could have a major impact on the Group. We will provide value to society and improve corporate value by contributing to the resolution of those two issues, primarily through our business activities. The four topics in category B are important management issues to be addressed in order for the Group to carry out these business activities sustainably. The four topics in category C are prerequisites for improving corporate value.

A

Issues to be addressed through our business to improve our corporate value

(1) Respond to changes in the business environment caused by climate change
(2) Respond to the decline in Japan's population

B

Initiatives addressing material issues to sustainably improve corporate value

(3) Training and utilization of human resources
(4) Innovation in technologies and their usage
(5) Promote collaboration with partner firms
(6) Increase productivity

C

Fundamental initiatives to undertake before addressing A and B issues

(7) Ensure occupational health and safety
(8) Execute steadfast compliance and corporate governance
(9) Improve risk management
(10) Evolve our corporate culture into one that encourages employees to quickly and proactively take on challenges

Please refer to pages 28–29 for more details about each material issue.

Toyo Kanetsu concluded a Positive Impact Loan agreement with Resona Bank, Limited in March 2023.

Under this agreement, Resona Bank and Resona Research Institute have analyzed and evaluated the impact of Toyo Kanetsu's initiatives related to achieving the SDGs as well as the material issues identified by the Company. Based on this, the two have set KPIs for Toyo Kanetsu's next-generation energy-related technological development to achieve carbon neutrality.

In addition, we have obtained a third-party assessment from Rating and Investment Information, Inc. about our compatibility with the Principles for Positive Impact Finance in relation to this evaluation.

▶ For details, please see the press release published March 22, 2023 (Japanese only). https://www.toyokanetsu.co.jp/info/2023/0322/000686.html

Process for Identifying Material Issues and KPIs*

By giving due consideration to opinions inside and outside the Company and referencing global standards, the Toyo Kanetsu Group identified its material issues in March 2019 through the following process. In addition, we set KPIs in August 2020.

* Key performance indicators: Indicators for visualizing progress toward resolving identified material issues.

STEP 1 Research and preparation

Management examined methods for identifying issues that are important for sustaining the growth of the Toyo Kanetsu Group and of society, referring to international guidelines, such as the SDGs adopted at the UN Sustainable Development Summit in 2015 and the Sustainability Accounting Standards Board (SASB), as well as to the Corporate Governance Code. We furthered the understanding of our employees in these areas by holding in-house seminars about ESG initiatives, the SDGs, and integrated reports.

STEP 2 Listing of social issues, identification of important issues

All members of upper management participated in multiple discussions about material issues to reach a consensus on the strengths of the Toyo Kanetsu Group, social issues that directly affect its operations, and the role that the Group should play in the future. As a result, we identified priority social issues needing resolution, as well as the Group's own issues that must be addressed to solve such social issues.

STEP 3 Incorporation of opinions of stakeholders

Toyo Kanetsu exchanged opinions with outside experts and institutional investors, listened to the concerns and expectations of stakeholders of the Group, and made a list of identified issues.

STEP 4 Identification of material issues

The material issues discovered through this process were deliberated by the Management Council and the Board of Directors, which identified and approved 10 material issues for the Group to address in the future.

STEP 5 Setting of KPIs

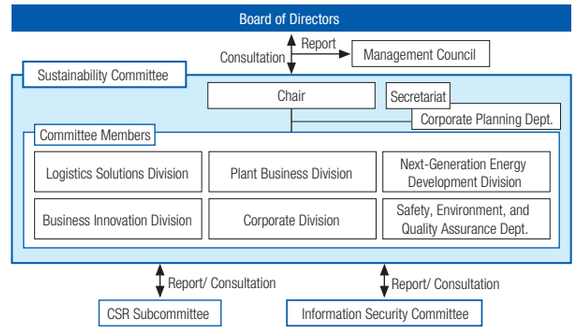
Referring to guidelines, examples from other companies, interviews with relevant internal divisions, and other sources of information, we set KPIs by conducting discussions at internal meetings with the participation of members of management, after having listed several candidate KPIs for each material issue.

The Toyo Kanetsu Group's Approach

The Toyo Kanetsu Group engages in business activities while positioning these 10 material issues as important guides to consider when formulating business strategies and making decisions in each business.

With regard to initiatives for addressing material issues, the director serving as the chair of the Sustainability Committee is tasked with monitoring progress in resolving said issues. In addition, through dialogue with various stakeholders, management will keep track of changes in stakeholder concerns and expectations of the Group while monitoring social trends. If deemed necessary, the Company will flexibly revise its material issues and KPIs.

Sustainability Committee Structure



Material Issues and KPIs

A Issues to be addressed through our business to improve our corporate value

(1) Respond to changes in the business environment caused by climate change

Climate change may have a major impact on the Company's business environment. There is the risk of a negative impact from weaker demand for storage tanks as energy use shifts away from fossil fuels. While considering measures to combat global warming, the Company will work on projects related to demand for fossil fuel alternatives, such as hydrogen energy, and develop products and services with excellent environmental performance. In these and other ways, Toyo Kanetsu will seek out new business opportunities in a bid to sustain business growth.

	FY 2021	2022	2023	2030 (Target)	Unit
Scope 1 emissions	2,214	2,155	2,292	2,638*2	t-CO_2e
Scope 2 emissions*1	2,928	1,444	1,371		t-CO_2e

*1 Emissions for fiscal 2022 after carbon offset. *2 Fiscal 2030 target figure is the Scope 1 and Scope 2 total.
Note: Toyo Kanetsu and consolidated subsidiaries

(2) Respond to the decline in Japan's population

It has become harder to secure human resources due to Japan's declining population, caused by a lower birth rate and a rising number of elderly citizens. The Company understands the importance of maintaining attractive workplaces that are comfortable, inclusive of diversity, and conducive to rewarding work.

In the Logistics Solutions Business, there is a risk that the contraction in the population will lower the purchasing power of consumers and lead to weaker demand overall. By developing labor-saving systems and taking other steps to counter labor shortages, the Company believes it can turn this into a major growth opportunity.

	FY 2021	2022	2023	2024 (Target)	Unit
Rate of Annual Paid Vacation Taken	66.8	71.8	76.5	70.0	%

Note: Toyo Kanetsu, non-consolidated
At least 13 days in fiscal 2021; the target from fiscal 2022 is set at 70% of new paid vacation days granted for the fiscal year.

B Initiatives addressing material issues to sustainably improve corporate value

(3) Training and utilization of human resources

To sustain growth, the Company must train its employees appropriately, imbuing them with knowledge and technical skills related to its businesses while enhancing leadership skills, international awareness, and responsiveness to changes in the business environment. We must advance measures to secure, train, and deploy diverse human resources.

	FY 2021	2022	2023	2024 (Target)	Unit
Ratio of female managers*	5.41	6.85	8.33	10.0	%

* Managers: Group managers and department heads, excluding executive officers (definition changed from fiscal 2021 results)
Note: Toyo Kanetsu, non-consolidated (set as a KPI in fiscal 2022)

(4) Innovation in technologies and their usage

The development and use of new technologies will allow the Company to provide new products and services while strengthening the competitiveness of existing businesses. Moreover, new technologies are likely to become the driving force behind new business creation. In particular, efforts to develop new technologies in the fields of AI, IoT, robotics, and failure prediction should be effective in resolving the social issue of increasing efficiency in logistics by helping conserve and reduce labor as well as stabilize operations.

(5) Promote collaboration with partner firms

The value chains in the Company's businesses depend on numerous partners inside and outside Japan involved in the supply of parts and materials, installation work, and IT engineering. Toyo Kanetsu works with its partners to supplement areas where it has insufficient resources and provide cutting-edge technologies in such areas as AI and IoT. These partnerships expand the scope of business domains that Toyo Kanetsu can enter and increase opportunities to start new businesses.

(6) Increase productivity

Amid stronger demand from customers for the delivery of high-performance, low-priced equipment, Toyo Kanetsu must continuously increase productivity with innovative technologies to keep winning orders and booking sales.

	FY 2021	2022	2023	2024 (Target)	Unit
Operating Profit per Employee	2,967	1,950	3,309	2,845	Thousands of yen

Note: Toyo Kanetsu, non-consolidated

C Fundamental initiatives to undertake before addressing A and B issues

(7) Ensure occupational health and safety

Safety is a priority in everything that Toyo Kanetsu does. If a safety- or health-related issue arises among our employees, our most important resource, there is a risk that corporate value will be damaged considerably. Since accidents must not happen, the Company is reinforcing its safety-first mindset by creating and implementing safety management plans to prevent accidents from occurring.

	FY 2021	2022	2023	2024 (Target)	Unit
Frequency Rate of Industrial Accidents	1.20	0.33	0.33	0	Casualties/ million working hours
Severity Rate of Industrial Accidents	0.02	0.02	0.03	0	Days lost/thousand working hours
Number of Fatal Work Accidents	0	0	0	0	Cases

Note: Toyo Kanetsu, non-consolidated

(8) Execute steadfast compliance and corporate governance

As compliance with laws and regulations is a vital cornerstone of Toyo Kanetsu's execution of trustworthy business activities, the Company requires that all employees maintain a value system in which compliance is their highest priority. In addition, Toyo Kanetsu continuously reinforces its corporate governance system.

(9) Improve risk management

Since Toyo Kanetsu Group engages in operations related to social infrastructure, management responds properly and quickly to demand from society when a problem arises while taking steps to prevent accidents from occurring. As the scope of business expands with the introduction of new businesses and projects overseas and the fabric of society changes with ever greater speed, the risks the Company must address are growing in number and magnitude. Toyo Kanetsu aims to further strengthen its ability and systems for identifying, assessing, and minimizing various risks, for example, by improving its credit and project screening capabilities and strengthening internal security, in addition to stepping up its emergency preparedness around the world.

	FY 2021	2022	2023	2024 (Target)	Unit
Rate of Information Security Training Participation	100	100	100	100	%
Number of Training Sessions Held on Risk Management	6	5	4	5	Times

Note: Toyo Kanetsu and consolidated subsidiaries

(10) Evolve our corporate culture into one that encourages employees to quickly and proactively take on challenges

In order to advance existing businesses and create new ones, we must nurture a corporate culture where all of our employees can work together as one on challenges in new fields.

	FY 2021	2022	2023	2024 (Target)	Unit
Commendation System: Improvement Proposal Submission Rate	70.7	79.8	73.0	100	%

Note: Submission rate = Total number of proposals submitted (Toyo Kanetsu, non-consolidated) ÷ number of eligible Toyo Kanetsu employees at the end of the period. Total number of proposals is the aggregate; multiple proposals from one person are counted separately.

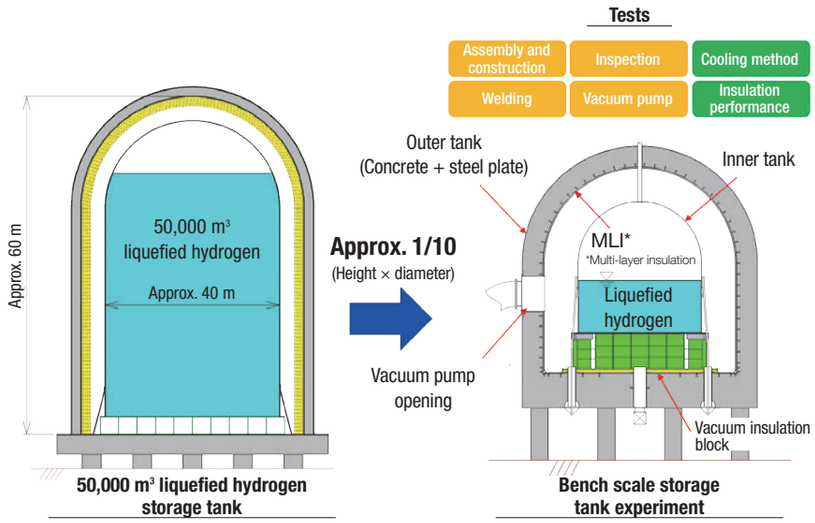
Material Issues in Practice

01

Respond to changes in the business environment caused by climate change | A | Issues to be addressed through our business to improve our corporate value

Contributing to Society through Next-Generation Energy Storage

Since its founding in 1941, Toyo Kanetsu has contributed to energy infrastructure around the world through the supply of large-scale storage tanks. Currently, we are leveraging our excellent project execution capabilities and maintenance technologies while concentrating R&D efforts in construction technology for large-scale liquefied hydrogen storage tanks so we can flexibly respond to demand caused by a shift to next-generation energy sources with less impact on the environment.



Development of Hydrogen Tanks

We are conducting research and development activities on large-scale liquefied hydrogen tanks to establish a stable, large-scale hydrogen supply system with the goal of commercializing hydrogen power by 2030 as outlined in the Ministry of Economy, Trade and Industry's Fuel Cell and Hydrogen Technology Roadmap.

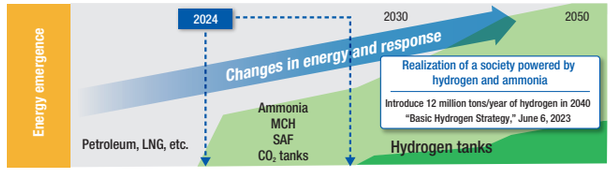
In July 2023, this project was selected for subsidization by the New Energy and Industrial Technology Development Organization (NEDO), under the theme "Development of Technologies for Building a Competitive Hydrogen Supply Chain," which encompasses technological development related to establishing a large-scale hydrogen supply chain, including in the area of large-scale liquefied hydrogen storage tanks.

Because liquefied hydrogen has a much lower liquefaction temperature than LNG, it is prone to evaporation and requires a different type of insulated storage tank. Our research is focused on creating high strength, high insulation cold storage structures that use vacuum insulation to house the liquefied hydrogen. Specifically, to develop a commercially viable large (50,000 m³) liquefied hydrogen tank, we are conducting experiments to verify the suitability of our existing and new fundamental technologies. Through the design and construction of a bench-scale test tank that is approximately one-tenth the size of a real tank, we are able to confirm methods for construction and inspection for actual equipment, as well as to identify technical issues. We aim to complete our experimentation in fiscal 2027.

Outlook for Next-Generation Energy and the Required Storage Tanks

By 2030, we expect to see the business shift to ammonia, methylcyclohexane (MCH), sustainable aviation fuel (SAF), and CO_2 storage tanks. By 2050, we anticipate that society will be powered by hydrogen-ammonia with hydrogen energy becoming the main energy source. Storage tanks for these kinds of next-generation energy sources can be built utilizing existing Toyo Kanetsu technologies enhanced by the application of knowledge based on our experience in building low-temperature LNG storage tanks and other large-scale tanks. We have already acquired technologies for manufacturing fuel ammonia storage tanks as well as large-scale liquefied CO_2 and MCH tanks, and are seeing increased activity in orders for such tanks, including basic design work. Also, we are currently participating in a project for SAF, which is gaining attention, and are meeting demands to convert existing infrastructure to accommodate next-generation energy. Large-scale liquefied hydrogen storage tanks represent the next step in technological development for us, and we are working to complete construction of a bench-scale tank in fiscal 2026 and other tests in fiscal 2027.

Based on Toyo Kanetsu's advanced technological and project execution capabilities, we will contribute to expanding the storage and utilization of next-generation energy and expect demand to continue to grow.



Vision for Energy Transition

Reducing GHG Emissions

In May 2022, the Toyo Kanetsu Group established and announced its targets for the reduction of GHG emissions through business activities.

Scope for Reduction

Scope 1*1 and Scope 2*2 emissions of Toyo Kanetsu (non-consolidated) and its domestic and overseas consolidated subsidiaries

*1 Scope 1: Direct GHG emissions that occur from internal fuel usage, etc.
*2 Scope 2: Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling

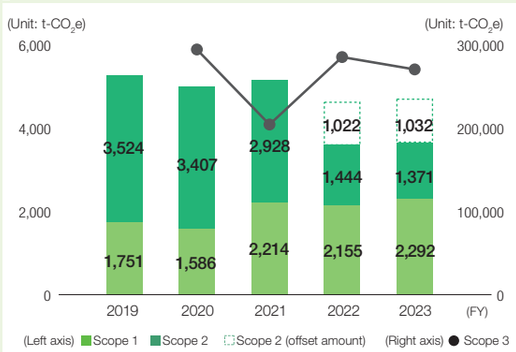
Reduction Targets

Achieve Carbon Neutrality by 2050
Achieve a 50% reduction in emissions by 2030 (compared to 2019 levels)

Toyo Kanetsu will work with its suppliers and customers to encourage the reduction of Scope 3*3 emissions throughout the supply chain.

*3 Scope 3: Indirect GHG emissions outside of Scope 1 and Scope 2 that occur within the supply chain of business activities.

GHG Emissions Trends



Note: As of August 2024, Scope 3 emissions for fiscal 2022 are tentative values under calculation.

In fiscal 2023, the 1,032 t-CO_2e was a carbon offset of Scope 2 emissions. Combined with the Scope 1 emissions, this amounted to 3,663 t-CO_2e, a reduction of 30.6% compared with the total Scope 1 and 2 emissions in the starting year of fiscal 2019.

02

Innovation in technologies and their usage | B | Initiatives addressing material issues to sustainably improve corporate value

Automating Logistics Centers—Advanced Labor-Saving Solutions

Amid social challenges, especially the severe labor shortage in Japan, improving working conditions at logistics centers through greater automation is essential. By combining our technology and experience in open innovation, we are creating highly sustainable solutions to address customers' challenges.

Manufacturing Industry & Open Innovation

Based on our proven track record and experience in providing innovative logistics solutions to the e-commerce, consumer co-ops, airports, and third-party logistics providers (3PLs) sectors, we have recently expanded to include solutions for the manufacturing industry and are currently making proposals to new customers. Furthermore, we are engaging with our overseas partners through a spirit of open innovation to provide customers with high-value products and systems. As part of this effort, we recently began handling 3D pallet shuttles for receiving and storage. Compared to a traditional stacker crane-type of automated warehouses, 3D pallet shuttles offer greater storage efficiency and shorter construction time. We will continue to strengthen and expand our proposals using 3D pallet shuttles.

The manufacturing industry generally handles a large number of less frequently used parts. Furthermore, we can apply our expertise in e-commerce solutions (wide variety of small lots) to other processes in the manufacturing industry such as receiving/storage, sorting of parts, handling of work-in-process or subassemblies, etc. We are also expanding our sales of vertical storage systems to handle larger items and autonomous mobile robots (AMRs) for the efficient sorting of small items. This gives us the ability to meet a range of customer needs.



3D pallet shuttles



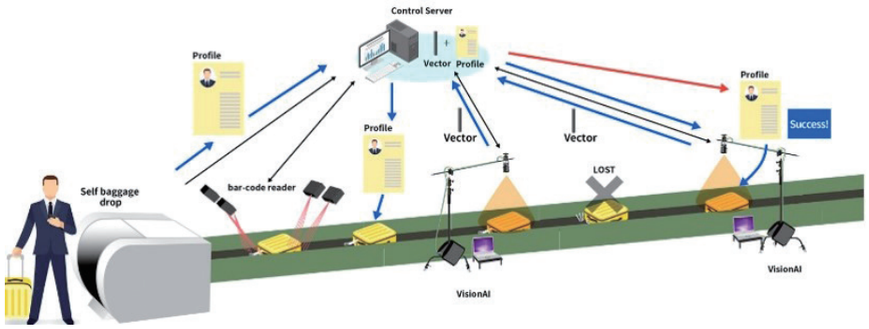
Vertical storage system



AMRs

Connecting Images to Data

Based our over 50 years of experience in the design and engineering of baggage handling systems and trust earned by 80% of the airports in Japan, Toyo Kanetsu is taking on new challenges to address the labor shortage in aviation and improve passenger service, such as addressing issues exacerbated by a healthy recovery in domestic and international travel. One such innovation is a system that integrates images with data for greater automation in our baggage handling systems. Typically, baggage handling systems rely on barcode readers to identify, track, and sort baggage, but, by integrating images and using AI, baggage sorting can be further automated, leading to reduced labor, reduced usage of space, and faster bag sorting.



Participating in terminal.0 HANEDA

Toyo Kanetsu is participating in an R&D capacity in an open innovation initiative created by Japan Airport Terminal Co., Ltd., terminal.0 HANEDA, which is an R&D hub working to solve issues at Tokyo International Airport (Haneda) through multidisciplinary collaboration across industries. The hub has a testing and collaborative workspace, a mock-up of airport's facilities and functions, aircraft servicing equipment, and Toyo Kanetsu's newest self-service baggage drop system. Our aim is to bring new ideas and our expertise to this collaboration with participants from a variety of industries.

haneda innovation city terminal .0

▶ Please see the press release published on December 25, 2023 for further details. https://www.tksl.co.jp/en/information/2024/0110/000310.html

Material Issues in Practice

03

Training and utilization of human resources

B

Initiatives addressing material issues to sustainably improve corporate value

Toyo Kanetsu Group's Human Resources Strategy

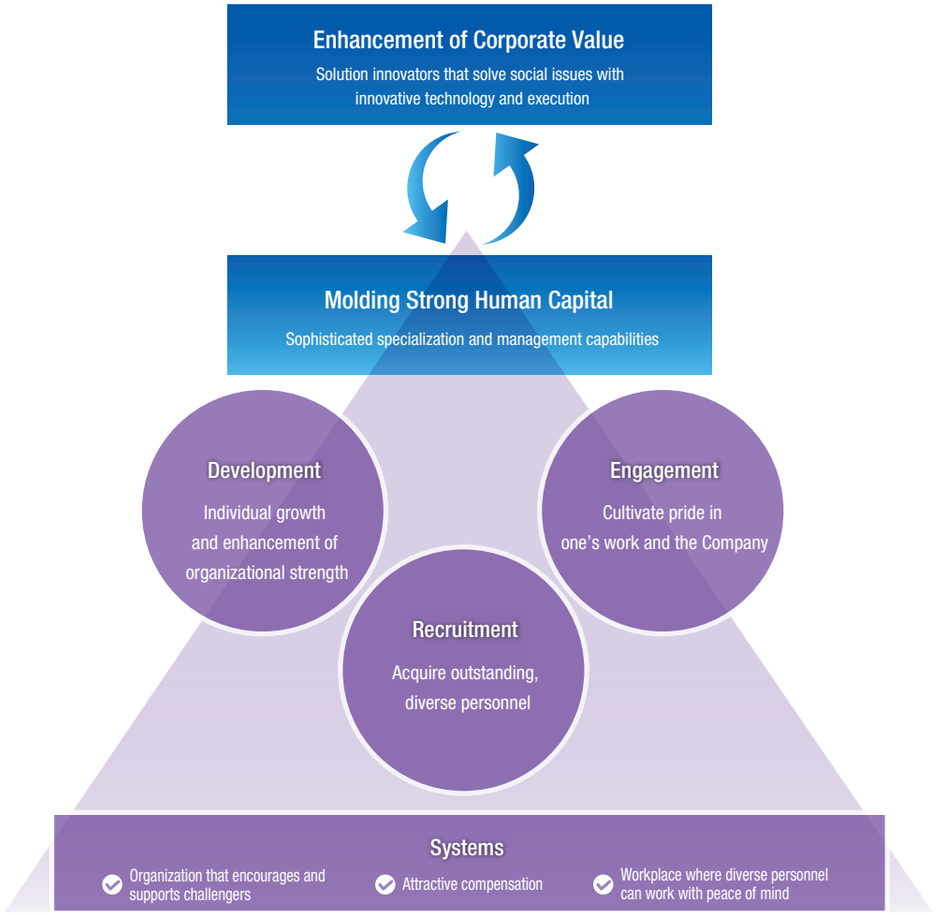
Development of our human capital is a top management priority and truly lies at the center of the technology and solution capabilities we provide to our customers.

President Owada made three promises to our employees: dreams and fulfillment, an open and communicative workplace, and improved treatment and compensation. We hope that in achieving these goals, our employees will thrive with enthusiasm.



Kenji Nemoto

Managing Executive Officer, Vice Division Manager of the Corporate Division, and in charge of the Human Resources Planning Department



Development

We actively encourage employees to engage in self-directed study to improve skills and acquire various qualifications and certifications, even providing financial assistance for the purchase of educational materials. Furthermore, we are implementing earlier participation in level-specific training programs while advancing and diversifying the content so all employees gain expertise and management skills.

* Toyo Kanetsu pays for external training programs once an employee has successfully completed the program and passed certification testing.



Training by level



Training for new employees at the Wakayama Plant

Engagement

We are working to revitalize communication with employees through proactive involvement on the part of top management. For example, via Owada's DOOR, President Owada personally introduces Toyo Kanetsu's initiatives through videos and blog entries to employees, while another project for improving internal openness, led by Vice President Kodama, takes in feedback and responds to issues. Through such activities, we aim to encourage understanding of the Group's initiatives and quickly resolve various issues while simultaneously cultivating a sense of participation in management and improving engagement.

Recruitment

To acquire human resources, we have increased the number of internships and diversified the courses offered to new graduates, which helps improve understanding of, and interest in, joining Toyo Kanetsu. With regard to mid-career recruitment, we engage in referral-based recruitment and other programs for fairly recent graduates looking to switch careers. Toyo Kanetsu has also implemented advertising campaigns and sponsored professional athletes and teams to increase name recognition and awareness.



Internships

Systems

Toyo Kanetsu is currently reviewing our human resource system so it is more conducive to people accepting challenges, compensation is more attractive, and a highly diverse workforce can function with ease. We want to Toyo Kanetsu to be a great place to work by building a system that supports motivated, capable people regardless of their individual characteristics or workstyles. We also maintain Health & Productivity Management Organization certification and are implementing programs in line with the Act on Promotion of Women's Participation and Advancement in the Workplace and similar standards.

04 Initiatives to Support Groupwide Sustainable Growth

C Fundamental initiatives to undertake before addressing A and B issues



Keisuke Kodama

Director, Executive Vice President, Executive Officer, and Chair of the Sustainability Committee

Establishment of the New Sustainability Committee

In corporate management, initiatives to enhance sustainable corporate value and contribute to society are becoming increasingly important. We established a new Sustainability Committee to maintain the trust and approval of our stakeholders. In addition to risk management, the Sustainability Committee is working with the CSR Subcommittee and Information Security Subcommittee, which handles cybersecurity measures, to establish a system for comprehensive management with the aim of fulfilling our social responsibilities.

Initiatives

Certified Health & Productivity Management Outstanding Organizations 2024 (Large Enterprise Category)

In August 2021, we issued the Toyo Kanetsu Group Health and Productivity Management Declaration and, in recognition of efforts to maintain and promote employee health, Toyo Kanetsu was named a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for the third year in a row in 2024.

2024 健康経営優良法人 Health and productivity

▶ Please see the Health Management Initiatives page of the Company's website for details. https://www.toyokanetsu.co.jp/sustainability/social/health.html (Japanese)

Japan Climate Initiative (JCI)

We have endorsed the basic principles of the JCI, a network of companies, local governments, and NGOs that are actively working to combat climate change, and are working to achieve GHG emissions reduction targets that will contribute to the realization of a more sustainable society.

JAPAN CLIMATE INITIATIVE

Green Transformation (GX) League

Toyo Kanetsu is a member of the GX League, a forum for companies, government entities, and academia to work together to achieve carbon neutrality by 2050. We will continue participating in international initiatives to realize a carbon-neutral society.

GX League

Tomonin Mark

In November 2022, Toyo Kanetsu received the Tomonin mark, a symbol established by Ministry of Health, Labour and Welfare that recognizes companies that create and implement a work environment that accommodates employees balancing work with nursing care. Going forward, we will continue to improve work environments at the Company.

CDP

Starting in fiscal 2023, Toyo Kanetsu has begun responding to the CDP,* a worldwide NGO. In fiscal 2023, we responded to climate change and water security disclosure requests.

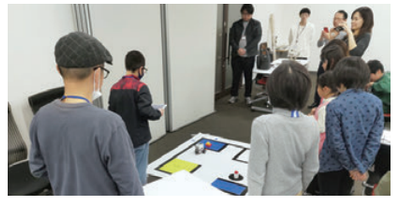
CDP DISCLOSER 2023

* An international NGO founded in the U.K. that works in the environmental field with institutional investors around the world to encourage companies and local governments to disclose their efforts to address environmental issues.

Community Contribution Activities

Robot Programming Classes for Elementary School Students

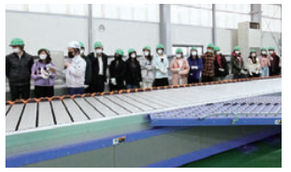
We are collaborating with Kanagawa Institute of Technology to hold robot programming classes for students at local elementary schools in the vicinity of the Company's head office. The March 2024 course focused on the relationship between the movement of goods and robots, and students were challenged to create a robot modeled after the kind that moves goods at logistics centers. We are continuing to provide opportunities to learn about programming that utilizes Toyo Kanetsu's experience in building logistics solutions.



Presentations of results

Inviting Thai and Vietnamese Students to Tour Our Chiba Office

The Development Association for Youthleaders (a public interest incorporated foundation) is implementing the Sakura Science Exchange Program (sponsored by the Japan Science and Technology Agency), in which young people from around the world who are majoring in science and engineering are invited to travel to Japan to learn about its cutting-edge science and technology as well as engage in cultural exchange. Toyo Kanetsu participated in this program by giving tours of our Chiba Office. During the tours, we explained the real-life applications of our Multishuttle system and AMRs, as well as showing them our large-scale liquefied hydrogen tanks in development. The tours enabled active communication between the participants and employees. The Toyo Kanetsu Group is cultivating international human resources and conducting activities that respect diversity.



Tour of the Education Center



Company overview and safety training

Signed official partnership agreement with Alvark Tokyo

Toyo Kanetsu has signed an official partnership agreement (in support of the SDGs*) with Alvark Tokyo, a professional men's basketball team playing in the B.League, for the 2024–25 season.

From July 2025, Alvark Tokyo will call Koto Ward, Tokyo, its new home and has signed a mutual cooperative agreement with the ward to promote regional collaboration and revitalization.

Toyo Kanetsu has been based in Koto Ward for more than eighty years and has contributed to the community over its long history. Thanks to this opportunity for an official partnership with Alvark Tokyo, we will be positioned to make even greater contributions to our hometown of Koto Ward.

* Official partner that supports activities to solve or improve social issues and achieve the SDGs



Supporter banner for Alvark Tokyo



Basketball workshop for elementary school students

Board of Directors



Shuji Iwamura
Outside Director and Audit & Supervisory Committee Member

Yukari Sakai
Outside Director

Kazuto Abe
Director and Audit & Supervisory Committee Member

Takashi Owada
President & Representative Director

Akira Kakihara
Director, Senior Managing Officer

Yasunori Kobayashi
Director, Senior Managing Officer

Keisuke Kodama
Director, Executive Vice President, Executive Officer

Shigeharu Nakamura
Outside Director and Audit & Supervisory Committee Member

Makiko Sato
Outside Director

Kazuo Ushida
Outside Director and Audit & Supervisory Committee Member

Roundtable Discussion with Outside Directors



Toyo Kanetsu's Future: An Open Discussion with Employees

Outside Director

Shigeharu Nakamura × **Kazuo Ushida** × **Yukari Sakai**

Medium-Term Business Plan: Progress on "Establishing a Growth Path for the Future"

Nakamura: Toyo Kanetsu is tackling Japan's environmental issues as well as social issues, such as the "2024 Problem" that affects logistics and next-generation energy industries, head-on by expanding current businesses and finding new pillars of growth. The contributions we are making to social change and betterment stand on their own merits and I feel confident about their direction and progress. When it comes to next-generation energy projects involving the future use of hydrogen, for example, we are still not able to see the practical implementation the future will bring and therefore, it is difficult to measure progress in the context of the limited time frame of the Medium-Term Business Plan.

Ushida: I completely agree. Each business unit is making an active contribution to solving today's problems with commendable sales during the current Medium-Term Business Plan as a result. However, some operations are faced with the new challenges of a changing industry. The Next-Generation Energy Development Business, for example, must expand their planning time frame, looking out 10 to 20 years, given future uncertainty and the individual policies of foreign governments around energy. On the other hand, we fully recognize that the Plant Business is at a major turning point and challenges such a performance-based personnel planning need to be addressed.

Sakai: Since my appointment as an outside director in June 2022, I have come to appreciate the truly significant impact Toyo Kanetsu can make in alleviating social issues. We are about halfway through the journey of realizing a "Growth Path for the Future," our fundamental policy outlined in our Medium-Term Business Plan. In particular, growth in the Logistics Solutions Business has been robust, especially in e-commerce. The Logistics Solutions Business is also looking at expanding services to include full-scale management of logistics centers as part of its offerings and has been able to expand its customer base.

Nakamura: The future is filled with uncertainty and although we have enjoyed growth driven by the construction of storage tanks overseas, the situation has become a bit more challenging. Furthermore, we have seen a bit of a drop off in the momentum behind SDG and ESG initiatives as people question the current direction of next-generation energy. Indeed, in the past ten years since I became an outside Audit & Supervisory Committee member, I can say that we have truly entered an era of VUCA (Volatility, Uncertainty, Complexity, Ambiguity), and it is management's job to use all available insight to think clearly about the future while developing various scenarios to maintain the Company's preparedness.



Yukari Sakai

After working at Nomura Securities Co., Ltd., she served as an outside director (Standing Audit and Supervisory Committee member) of UNITED ARROWS LTD., as well as similar roles at a number of other companies over her career before being appointed as an outside director of the Company in June 2022. She concurrently serves as an outside director at Pacific Metals Co., Ltd.

Roundtable Discussion with Outside Directors

Ushida: Hydrogen is one promising solution for converting energy and delivering it, given the limits of power that can be supplied through power lines. However, we may not see a real impact until 2040 or later.

The major question is whether or not we can continue to be engaged in the hydrogen power business given the cost of infrastructure and the time frames of long-term initiatives.

Our future success in the Plant Business lies not in just securing new orders for storage tanks—it centers on major transformation of the energy infrastructure and building the facilities for a new generation.

Our tank business, which has been foundational to our success, exists today because of the technology, expertise and human resources we have developed over many years. Naturally, over time, industry leaders change, environments become too challenging, and, sometimes, recovery is not possible. At this juncture, if we are to remain in this business, we must consider the Company's strengths, competitive environment, technology trends, and other aspects to determine the best course of action.

Nakamura: Toyo Kanetsu happened to be a client at the bank I worked at in Nihonbashi early in my career. At that time, the Company was not very well known, but operated globally well before "going global" was a trend. At that time, I was quite impressed by the confidence that Toyo Kanetsu had in their tank business technologies. Looking back on those more prosperous times for the tank business, I am confident that Toyo Kanetsu can leverage the expertise it has gained over many years and can adapt to the challenging future environment.

Sakai: Soon after I became an outside director, I suggested that the Company conduct a simulation of its business portfolio.

We found that even if one aspect of the business isn't performing to its full potential, this can be absorbed by expansion in other business areas. If we can make our stakeholders understand and accept this principle, they will most likely support important executive decisions going forward. Since Mr. Owada was appointed president, he has emphasized an ongoing dialogue with stakeholders and, therefore, is the ideal person to convey this idea.

Ushida: I agree. The most pressing issue we face now is how to move forward and communicate with our employees to maintain and even improve their motivation. We have taken on a number of initiatives to that end, namely holding forums and discussion groups in addition to Board meetings. The people leading these discussions are the ones most informed on the topic and can therefore clarify the decision-making process and impart knowledge and expertise to others in the Company.

Nakamura: Mr. Owada often speaks openly about problems and issues to the point where I wonder if he is *too* honest.

Ushida: The benefit is that it has led to lively debate and discussion within the Board of Directors, and has helped illuminate the best path forward.



Shigeharu Nakamura

After serving as representative director and vice president of Resona Bank, Ltd., outside director of Saitama Resona Bank, Limited, and representative director and president of Resona Research Institute Co., Ltd., he was appointed as an outside auditor of the Company in June 2013. Since June 2015, he has also served concurrently as an outside director (Audit & Supervisory Committee member) of the Company, and as an audit & supervisory committee member of RIKEN TECHNOS CORP.

What is the best way to proceed with similar discussions when it comes to formulation of the next Medium-Term Business Plan?

Sakai: Beyond simply making a blueprint for the future, we need to understand how the Company can change and develop in a manner that is conducive to employees who are enthusiastic and truly engaged. This would include an understanding the kinds of investments necessary to develop and foster growth in our human capital. My instinct tells me that there is somewhat of a lack of commitment among our young to middle managers who feel powerless at times to initiate change. If employees are united in the vision and direction of the Company, there is truly nothing we cannot accomplish. This is the kind of corporate culture we are aiming for.

Ushida: Widely communicating that vision and subsequent goals is the ultimate purpose of the Medium-Term Business Plan. Traditionally, the overriding vision and goals have been set by the C-suite, with the lower ranks taking responsibility for a narrowly defined portion and new employees with the least amount of responsibility. I don't think "management by objective" is wrong per se, I just don't want our employees to be limited in thinking only in terms of small, narrowly defined targets but to retain sight of the overall vision. If people are given the mandate to think about the big picture, they indeed become capable of great things; and can recognize and help a team member or help improve some aspect of the business that may be faltering. The strongest organizations are ones where employees are aware of and committed to the same vision and goals. Therefore, while creating the medium-term business plan is important, making the vision and goals resonate with employees and giving them something they can be passionate about are the ultimate drivers of success. Appealing to logic and reason is not enough; we must create the desire.

Understanding and applying the competitive advantages of each business unit is essential. Then, helping employees understand and get excited about plans that make the most of those strengths will help solidify understanding of the overarching goals and vision. Employees are much more inclined to take ownership if they participate and share thoughts on the direction of the Company.

Nakamura: Historically, B2B manufacturers assumed that just building a better product would prompt people to buy it. This has been true for Toyo Kanetsu as well. Nowadays, however, we must appeal to what makes us different or better than competitors, and what makes us stand out. For example, the Company boasts a market share of over 80% in Japan for airport baggage handling systems, but most people who have used these systems have never even heard of Toyo Kanetsu. One of the main goals in the next medium-term business plan will be to improve accountability to stakeholders even further.

Sakai: By remaining open to dialogue with stakeholders and the community in general, I am confident that Toyo Kanetsu will be viewed as a company that really cares. Currently, we seem to struggle with external communication and our true strengths are not conveyed in a way that is widely understood.



Kazuo Ushida

After serving as President and Representative Director as well as Chairman of the Board of Nikon Corporation, he was appointed as an outside director (Audit & Supervisory Committee member) of the Company. He has also served as Chairman of the Japan Telescope Manufacturers Association, Chairman of the Japan Optical Glass Manufacturers' Association, outside director of JSR Corporation, and concurrently serves as Chairman of the Japan Optical Industry Association.

Roundtable Discussion with Outside Directors

Expectations for ACTION FOR THE FUTURE

Ushida: It is one thing to communicate the vision that ACTION FOR THE FUTURE represents; it is quite another to build the roadmap that takes us there. As I mentioned, we must understand what has contributed to our past successes; then develop plans and programs that connect the dots from those strengths to success in the future for our stakeholders. An honest, rational analysis based on good information with reasonable connections to goals for the future is the next logical step in the process.

Nakamura: As was mentioned, it really comes down to commitment; not only at the top, but all the way through to the newest employee. Therefore, commitment to our vision, ACTION FOR THE FUTURE, is a must. It is relatively easy to pay lip service to ESG initiatives, and without real, substantial implementation, that is all it will ever be. That is one of our greatest challenges.

Sakai: Our goal with the next medium-term business plan is to create a system and conduct our operations in a manner that heightens the commitment of employees to the point that they are personally determined. By having these difficult conversations, I hope we can really focus on what we can achieve together instead of just ending a Board meeting with lofty ideas that have no teeth.

Messages from the Outside Directors

Impressions of Board Discussions



Makiko Sato
Outside Director

In the past few years since Mr. Owada was appointed president of the Company, our board of directors' meetings have been conducive to active discussion about what ACTION FOR THE FUTURE vision means for our Company's Medium-Term Business Plan. Outside directors have also been challenged to become more involved, visiting the various business units and worksites and interviewing management candidates for more informed decision-making regarding general operations. This has fostered a much deeper understanding of the overall business. It has given us a shared understanding of the issues and ensured that each director has the context to apply his or her experience when approaching management issues. The fact that we have strong opinions tells me that our team takes the situation very seriously and is committed to meeting the challenges.

I am looking forward to further the improvement and development of the Board of Directors as we continue to grapple with Company-wide issues, such as improving diversity with greater participation of women in the workforce, human resource development, and the pursuit of new business opportunities.



Shuji Iwamura
Outside Director and Audit & Supervisory Committee Member

Toyo Kanetsu, as a provider of energy storage and logistics solutions, holds a key position of responsibility with respect to energy infrastructure. We feel strongly about our social mission, which is also a source of motivation and pride. We are approaching a crossroads, however, as things continue to change and evolve dramatically, especially when it comes to the energy industry and its major shifts in policy.

The onus is upon the Board of Directors to navigate this difficult environment, setting goals for our long-term future and developing strong core management policy based on a clear roadmap toward the future. Our Board of Directors can make this happen through the active, open, and honest exchange of opinions and ideas on a variety of management issues.

Corporate Governance

Basic Approach

Toyo Kanetsu manages its operations while considering the perspectives of its stakeholders, including shareholders, customers, suppliers, employees, creditors, and local communities, and striving to ensure efficiency, soundness, and transparency in management. The Company has a corporate governance system that facilitates accurate decision-making, rapid business execution, and proper supervision and monitoring of operations.

Corporate Governance System

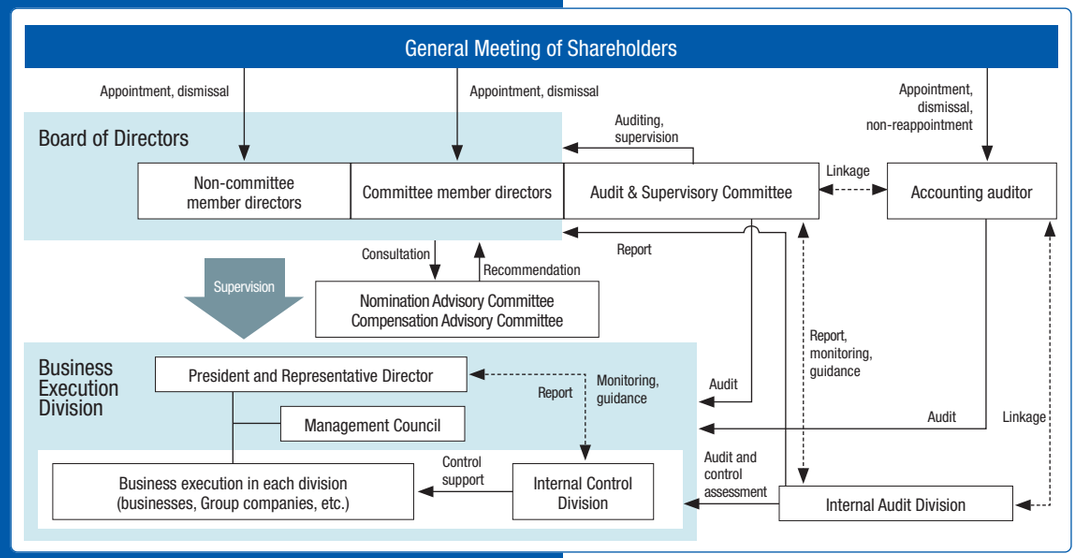
On June 26, 2015, Toyo Kanetsu switched from a "company with an audit and supervisory board" to a "company with an audit and supervisory committee" structure. By giving voting rights in the Board of Directors to directors who are members of the Audit & Supervisory Committee (including a number of outside directors), we strengthened the functions of the Board of Directors as well as auditing and supervisory functions, with the aim of building a more effective corporate governance system.

Progress in Strengthening Corporate Governance

2000	■ Introduced an executive officer system
2005	■ Established the Compliance Committee ■ Changed the maximum number of directors stipulated in the Articles of Incorporation from 20 to seven
2008	■ Abolished the retirement allowance scheme for directors
2015	■ Transitioned to a "company with an audit and supervisory committee" structure (shortening the term of office of directors from two years to one year) ■ Changed the Articles of Incorporation to stipulate the maximum number of directors who are not Audit & Supervisory Committee members as seven and the maximum number of Audit & Supervisory Committee members as four ■ Appointed independent outside directors (three members of the Audit & Supervisory Committee members) ■ Established the Nomination and Compensation Committee (chaired by an outside director) ■ Formulated a shareholder return policy ■ Established the Corporate Governance Guidelines
2016	■ Commenced evaluations of the effectiveness of the Board of Directors ■ Formulated a basic capital policy
2018	■ Revised the Articles of Incorporation to allow an executive officer to be appointed as president
2019	■ Introduced a performance-linked stock compensation system
2021	■ Resolved a policy for determining the compensation of executive directors ■ Established a succession plan
2022	■ Changed the Articles of Incorporation to allow the selection of a person authorized to convene and preside at meetings of the Board of Directors to be selected by a resolution of the Board ■ Reorganized the Nomination and Compensation Committee into the Nomination Advisory Committee and Compensation Advisory Committee ■ Appointed female directors

■ Structure ■ Director compensation system
■ Operational policy

Corporate Governance System (as of June 26, 2024)



Corporate Governance

Committee Structures

	Roles and Functions	Composition	Meetings
Board of Directors	The Board of Directors deliberates and decides on important matters that are fundamental to the Company based on resolutions approved by the General Meeting of Shareholders; matters that should be discussed and authorized as defined by laws, regulations, and the Articles of Incorporation; and important matters related to management principles, aims, strategic directions, and business execution.	The Company's Board of Directors consists of a maximum of four directors who are members of the Audit & Supervisory Committee (including one inside director, in principle) and no more than seven directors who are not members of the Audit & Supervisory Committee, for no more than 11 directors, ensuring the Board of Directors is sufficiently diverse and of an appropriate size.	Once a month, in principle
Audit & Supervisory Committee	The Audit & Supervisory Committee conducts organizational audits using the internal control system with the intention of improving corporate value from an independent and objective standpoint. The Audit & Supervisory Committee also audits and monitors business execution from an independent and objective vantage point.	The Audit & Supervisory Committee has four members, including three outside directors to form a majority in accordance with the Companies Act. Both outside directors and members of the Audit & Supervisory Committee are independent and highly specialized and possess extensive experience as corporate managers.	Once a month, in principle
Nomination Advisory Committee	To ensure transparency and appropriateness in the selection of director candidates, the Company has established a system to ensure the fairness and transparency of all procedures and provide opportunities for appropriate involvement and advice from outside directors.	The committee has at least three members, and is composed of a majority of outside directors. The committee is chaired by the lead independent outside director.	As needed
Compensation Advisory Committee	To ensure transparency and appropriateness in the determination of compensation, the Company has established a system to ensure the fairness and transparency of all procedures and provide opportunities for appropriate involvement and advice from outside directors.	The committee has at least three members, and is composed of a majority of outside directors. The committee is chaired by the lead independent outside director.	As needed

Inside Director / Outside Director (Male/Female) / Member of the Audit & Supervisory Committee / ★ Chairperson

Evaluation of Effectiveness of the Board of Directors

In order to confirm that the Board of Directors is functioning effectively overall, each director completes a self-evaluation of the Board every year after gathering the necessary information from relevant divisions for evaluating the effectiveness of the Board of Directors, which then reaches a final evaluation decision while referring to these opinions on its effectiveness.

Summary of the Results of the Effectiveness Evaluation in Fiscal 2023

(1) Method of Evaluation

From March to May 2024, the Board of Directors conducted an evaluation of its effectiveness following the procedures outlined below.

1. The secretariat provided the reference materials needed to evaluate effectiveness.
2. The Board of Directors asked questions about the reference materials supplied by the secretariat, exchanged opinions, and asked for additional information to be provided.
3. Each director completed the self-evaluation based on a scoring sheet for effectiveness.
4. At the Board of Directors' meeting held on May 14, 2024, the directors discussed the self-evaluations and reached a decision on the final evaluation.

(2) Results of the Evaluation and Analysis of Effectiveness of the Board of Directors

Through the application of (1) method of evaluation, the Company's Board of Directors affirmed that the Board of Directors is functioning effectively overall. The following is a summary of the results of the evaluation.

1. The Company's Board of Directors is appropriately structured and operating in accordance with its Corporate Governance Guidelines.
2. Each director is fully aware of the roles and responsibilities expected of them by the Board of Directors while properly carrying out their duties.
3. The Company will formulate a Medium-Term Business Plan that clarifies its strategic direction and disclose the progress of the plan at financial results briefings. In addition, the Company places importance on ESG management and discloses the status of ESG-related initiatives and other information in its integrated report, the TKK Report.
4. The Nomination Advisory Committee and the Compensation Advisory Committee, chaired by an independent outside director, was established as a voluntary advisory body to the Board of Directors. The Committee deliberated on matters related to director nominations and compensation and ensured fairness and transparency in the decision-making process with the appropriate involvement of independent outside directors.

(3) Efforts to Improve the Effectiveness of the Board of Directors

To thoroughly fulfill its role, the Board of Directors will continue to ensure its effectiveness by gathering information necessary for making decisions, holding in-depth discussions that consider multiple perspectives, taking appropriate risks, and proactively and boldly making decisions.

We will strengthen our efforts to deepen outside directors' understanding of initiatives undertaken by the various divisions and the environment in which the Company operates, and to pass on outside directors' knowledge and experience to the executive officers responsible for such divisions. In fiscal 2023, outside directors engaged in such activities as business interviews, business site inspections, and interviews with the president and other officers in addition to holding meetings exclusively for outside directors. We are also strengthening initiatives aimed at improving opportunities for furnishing explanations of and engaging in dialogue with stakeholders about the Company's initiatives, including the content and progress of management plans.

Board of Directors Skills Matrix

In light of the Founding Philosophy, Management Vision, slogan, and business plans, it has been determined that to fulfill its roles and responsibilities, the Board of Directors needs skills in eight areas, including management oversight, the formulation of future growth strategies, and other areas that may contribute to improving corporate value in existing businesses.

	Main Expected Areas of Expertise							
	Corporate management / Organization management	Legal, risk management	Finance, accounting	International experience	IT / innovation, new businesses	ESG, SDGs	Industry experience / Sales	Production, engineering / R&D
Takashi Owada	●						●	●
Keisuke Kodama	●			●			●	
Akira Kakihara			●	●	●	●		
Yasunori Kobayashi				●			●	●
Yukari Sakai*			●		●	●		
Makiko Sato*	●				●		●	
Kazuto Abe			●	●		●		
Shigeharu Nakamura*	●	●	●	●		●		
Kazuo Ushida*	●					●		●
Shuji Iwamura*	●	●				●		

★ Independent outside director / Member of the Audit & Supervisory Committee

Corporate Governance

Director Compensation

At its meeting held on February 26, 2021, the Board of Directors approved a policy for determining individual director (excluding outside directors and directors who are members of the Audit & Supervisory Committee, hereinafter referred to as "executive directors") compensation, and at its meeting held on May 13, 2022, the Board approved revisions to that policy. Resolutions of the Board of Directors are discussed with the Nomination and Compensation Committee (currently the Compensation Advisory Committee), the majority of which is composed of independent outside directors, and a report is received from the committee.

Basic policy

- To ensure that compensation for executive directors enhances their motivation to improve its performance and increase its corporate value over the medium to long term and functions properly as an incentive to share risks and returns arising from changes in its share price with shareholders, the Company has adopted a compensation system linking compensation with its business results and stock value. The basic policy of this system is to establish appropriate criteria that take into consideration each individual's responsibilities when determining the compensation for individual executive directors. Compensation for executive directors comprises basic (monetary/fixed) compensation, performance-linked monetary compensation, and performance-linked stock compensation.
- In light of their duties, only basic compensation (monetary/fixed) is paid to directors who are Audit & Supervisory Committee members and non-executive directors who are not Audit & Supervisory Committee members.
- Of the above, concerning the method of determining the individual compensation of non-executive directors who are not Audit & Supervisory Committee members, the Company will ensure transparency in the process by adopting the same method as that used for determining individual compensation of executive directors as described on page 50.

Total Compensation by Director Category, Total Compensation by Type, and Number of Eligible Directors in Fiscal 2023

Director category	Total amount of compensation (¥ million)	Total amount of compensation by type (¥ million)			Number of eligible directors
		Basic (monetary) compensation	Performance-linked compensation	Performance-linked stock compensation	
Directors (excluding members of the Audit & Supervisory Committee and outside directors)	188	112	59	17	4
Directors (members of the Audit & Supervisory Committee) (excluding outside directors)	16	16	—	—	1
Outside directors	42	42	—	—	6

Notes: 1 The number of outside directors as of March 31, 2024 was five. This number differs from that shown above as the above number includes one outside director (an Audit & Supervisory Committee member) who completed their term and retired at the conclusion of the 115th General Meeting of Shareholders held on June 28, 2023.
2 The amounts paid to directors (excluding Audit & Supervisory Committee members) do not include employee salaries of those serving concurrently as employee and director.
3 The maximum amount of compensation for eligible directors (excluding those who are Audit & Supervisory Committee members) was resolved to be within ¥20 million per month (of this amount, within ¥1.7 million for outside directors) (not including employee salaries) at the 114th General Meeting of Shareholders held on June 28, 2022 (the number of directors at the time of this meeting was six, two of whom were outside directors). Separate from this compensation, a performance-linked stock compensation system using a trust for directors (excluding outside directors and Audit & Supervisory Committee members who are directors) and executive officers who are ranked managing executive officer or higher and who are not directors was introduced at the same General Meeting of Shareholders (the number of eligible directors at the time of this meeting was four), with the maximum amount of trust money resolved to be ¥167 million for each of the three fiscal years of the period covered.
4 The maximum amount of compensation for directors (Audit & Supervisory Committee members) was resolved to be within ¥5 million per month at the 107th General Meeting of Shareholders held on June 26, 2015 (the number of eligible directors (Audit & Supervisory Committee members) at the time of this meeting was four).
5 The performance-linked stock compensation column for the above directors (excluding Audit & Supervisory Committee members and outside directors) represents the amounts reported as expenses for fiscal 2023.

Policy on determining individual compensation amounts for basic (monetary) compensation (including the policy on determining the timing and the conditions for granting compensation)

- Basic (monetary) compensation for the Company's executive directors shall be monthly fixed compensation. This compensation is determined in line with a pre-existing compensation table according to rank, comprehensively taking into consideration factors that include the compensation levels of other companies, the Company's performance, and the salary level of its employees.
- Alongside performance-linked monetary compensation (see page 49), the Company will pay such basic (monetary) compensation as monthly fixed compensation on a monthly basis for one year during the next fiscal year.

Policy on determining the details of performance-linked monetary compensation and non-monetary compensation (hereinafter referred to as "performance-linked stock compensation") and the method for calculating the amount and number of points (including the policy on determining the timing and conditions for granting compensation)

Policy on determining the details of performance-linked monetary compensation and the method for calculating the amount and number of points

- Performance-linked monetary compensation is cash-based compensation reflecting key performance indicators (KPIs) that the Company has established in order to raise awareness of the importance of enhancing performance each fiscal year. The amount of this compensation is calculated by adding the amount of consolidated net income before taxes and other adjustments for each fiscal year to the projected amount of consolidated net income before taxes and other adjustments for the next fiscal year.
- Executive bonuses of a certain portion of profits may be paid by resolution of the General Meeting of Shareholders only in the event that the consolidated net income before taxes and other adjustments and stock dividend amounts are at a certain level or higher.

Policy on determining the details of performance-linked stock compensation and the method for calculating the amount and number of points

Details, amount, and method for calculating performance-linked stock compensation

Performance-linked stock compensation grants the following points each fiscal year to executive directors and executive officers who are ranked managing executive officer or higher and who are not directors (hereinafter, "directors and executive officers") in accordance with their rank and level of achievement of earnings indicators based on the Medium-Term Business Plan and other materials.

Directors and executive officers who are not responsible for business divisions or are responsible for corporate divisions:
Points granted = Base points for rank × Performance-linked coefficient((1) x 1.0)*

Directors and executive officers responsible for business divisions
Points granted = Base points for rank × Performance-linked coefficient ((1) x 0.5 + (2) x 0.5)*

* The performance-linked coefficients of the two indicators, (1) ROE and (2) operating profit, vary between 0% and 144% according to the level of achievement of targets for these indicators of each division.

Directors and executive officers shall be granted a maximum of 41,000 points (of which 30,340 points are for executive directors) each fiscal year in the three fiscal years from fiscal 2022 through fiscal 2024 (hereinafter referred to as the "initial period," which is assumed to be the period of the Medium-Term Business Plan) and a maximum of 123,000 points (of which 91,020 points are for executive directors) in the three fiscal years of the initial period. Moreover, the points granted shall be converted into the Company's shares at the rate of one share per point when providing shares of the Company's stock to directors and executive officers.

Policy on determining the timing and conditions for granting performance-linked stock compensation

- The period of the performance-linked stock compensation system shall cover the initial period and every three fiscal years starting from the end of the initial period (or the period of the Medium-Term Business Plan formulated following the initial period).
- In principle, shares of the Company's stock shall be provided to directors and executive officers following the determination of the Company's performance in the final fiscal year of each period covered by the compensation system, in accordance with the cumulative total of points granted in the period covered. However, from the perspective of ensuring capital for the payment of taxes, a number of shares of the Company, corresponding to 50% of the cumulative points, shall be converted into cash and the cash amount equal to the amount of converted shares shall be paid to directors and executive officers.

Corporate Governance

Policy on determining the ratio of basic (monetary) compensation, performance-linked monetary compensation, and performance-linked stock compensation to compensation for individual directors

The Company has not determined the ratio of each type of compensation for executive directors, but in consideration of the intention behind introducing performance-linked compensation, the structure of compensation types is such that the higher an executive director's rank, the more weight is assigned to performance-linked compensation.

Matters regarding the method for determining the details of compensation for individual executive directors

The Company has stipulated policies and procedures for determining compensation for directors (excluding outside directors and Audit & Supervisory Committee members who are directors) in its Corporate Governance Guidelines, which it determines the amount of compensation for individual executive directors by a resolution of the Board of Directors following deliberations and recommendations by the Compensation Advisory Committee, of which independent outside directors form a majority, thereby ensuring the transparency of the process for determining compensation.

Reasons why the Board of Directors decided to bring the details on compensation for individual executive directors in relation to fiscal 2023 in line with this policy

The Compensation Advisory Committee, which was consulted by the Board of Directors, conducted a multi-faceted examination of the draft proposal, including of its consistency with decision-making policy, and confirmed specific amounts by applying them to the compensation table before making its recommendations to the Board of Directors. Accordingly, in determining the details of compensation for individual executive directors, the Board of Directors basically respects the committee's recommendations, deeming them to be in line with decision-making policy.

Cross-Shareholdings

Toyo Kanetsu has the following basic policies on holding cross-shareholdings and the exercise of voting rights.

1. Toyo Kanetsu does not have cross-shareholdings for purposes other than strengthening relationships and partnerships with customers and suppliers, with the objective of increasing corporate value. New acquisitions of cross-shareholdings, as well as buying and selling shareholdings, are conducted and reported to the Board of Directors in accordance with internal rules.
2. Every year, the Board of Directors examines the purpose of owning individual shares, the benefits and risks of holding these shares, and whether the holdings align with the cost of capital, in order to determine whether it is appropriate to own these shares.
3. With regard to the exercise of voting rights, the Company shall, in principle, be in opposition when there are concerns that its purpose for owning the stock does not align with management, such as when:
   - Earnings have worsened for several years at the investee company, with no sign of a recovery in sight; and
   - Significant problems come to light in internal controls related to financial reporting by the investee, and improvements seem unlikely.
4. In the event that a company that owns shares in Toyo Kanetsu for cross-shareholding purposes indicates its intention to sell these shares, the Company shall not take inappropriate action that may interfere with the sale of the shares, such as suggesting the company would lose business with the Company.
5. Toyo Kanetsu shall not engage in business transactions with a company (in which it owns stock for cross-shareholding purposes) that conflict with its interests as well as with the common interests of its shareholders, such as continuing to conduct business without adequate evidence of the economic rationale for the business transactions.

In fiscal 2023, the Company sold its cross-shareholdings in one listed company, resulting in a total sale amounting to ¥1,325 million. As of March 31, 2024, the total amount of investment stocks held for purposes other than pure investment in the Consolidated Balance Sheets was ¥3,793 million, which accounts for 10.0% of the consolidated net assets of ¥37,752 million.

Please refer to the Corporate Governance Guidelines, the Corporate Governance Report and the Annual Securities Report for details (in Japanese only).

▶ Corporate Governance Guidelines https://www.toyokanetsu.co.jp/pdf/ir/corporate_governance_3.pdf
▶ Corporate Governance Report https://www.toyokanetsu.co.jp/pdf/ir/corporate_governance_4-2.pdf
▶ Annual Securities Report https://www.toyokanetsu.co.jp/ir/securities.html

Business Risks

Of all the risks that could affect its business activities, certain of those potentially having a significant impact on the Toyo Kanetsu Group are shown below. However, this is not an exhaustive list of risks related to the Group and there are risks that are difficult to foresee.

▶ For details please see the *TKK Report 2024 Financial Section* which is available on the Company's website. https://www.toyokanetsu.co.jp/global/ir/tkk_report.php

	Category	Nature of risk
1	Climate change	• Impact on the business environment in the event of a decrease in demand for LNG and crude oil tanks amid an acceleration in the shifting energy mix prompted by growing global environmental awareness and the transition to a low-carbon and carbon-neutral society • Decrease in social trust in the event of the occurrence of environmental problems arising from business activities
2	Execution of projects	**Logistics Solutions Business** • Unexpected increase in costs due to various factors, such as compressed construction periods due to unforeseen changes in construction plans under pressure to shorten delivery times and delivery deadline adjustments due to carrying out multiple large projects simultaneously within a certain period of time • Impact on the execution of projects in the event that principal products and materials purchased from specific overseas business partners cannot be purchased in a stable manner
		Plant Business and **Next-Generation Energy Development Business** • Impact on business execution in the event of shortages of construction workers, rising procurement prices of materials and equipment, and delays in the transfer of technologies to project engineers
		• Shortages and price hikes for parts and materials due to geopolitical risks • Deterioration in profits from projects and adverse effect on the Group's social reputation due to serious quality complaints or problems with products • In addition, the Group's overseas operations carry the following inherent risks. a) Unexpected changes in laws and regulations, b) Political and economic instability, c) Difficulties in securing human resources, d) Unfavorable tax system revisions, and e) Social disorder due to terrorism, war, epidemics, disasters, or other factors
3	Securing and developing human resources	• Impact on business activities from an outflow of human resources and rise in recruitment costs
4	Intensifying competition for orders	• Unreasonable downward pressure on profitability • Impact on the Group's ability to obtain orders due to changes in terms of customer policies and plans, the business environment of the industry, and industry restructuring •Decline in the Group's competitiveness in the event of delays in responding to market demand amid shortened product and technology life cycles • Impact on business results and financial position stemming from the recording of impairment losses on non-current assets in the event that profitability declines and the Group cannot generate sufficient cash flows due to dramatic changes in the business environment and business conditions
5	Launch of new businesses	• Adverse effect on business results and financial position in the event of delays in creating a business that will become a third pillar to follow the Group's core businesses
6	Occupational health and safety	• Compensation for damages, criminal penalties, administrative punishment, and a decline in public trust in the event of an incident or accident
7	Compliance	•Financial penalties and a decline in public trust in the Group stemming from the violation of laws and regulations in Japan and overseas
8	Natural disasters and epidemics	• Serious material damage and human injury caused by greater-than-expected natural disasters • Risks in a wide range of areas caused by the impact of pandemics, etc.
9	Information security and maintenance of information infrastructure	• Damage to the Group's reputation for reliability due to the loss or leakage of confidential information as a result of unforeseen cyberattacks • Loss of business opportunities in the event that the Group lags behind in digital transformation initiatives or disruption of current core business systems
10	Market trends, etc.	**Logistics Solutions Business** • Reflecting lower demand for logistics facilities, slowdown in investments in logistics-related facilities as a result of a recession or Japan's declining birth rate and aging population • Decline in demand for air travel
		Plant Business and **Next-Generation Energy Development Business** • Cancellation, postponement, or major revision of investment plans due to factors that include global economic trends, economic and social conditions in oil and gas producing and consuming countries, energy and environmental policies in various countries, and trends in crude oil and LNG prices
		• In addition, the following risks are also possible in the event of the deterioration of the economic environment. a) Fluctuations in foreign exchange rates, b) Fluctuations in interest rates, and c) Valuation of securities held

Note: Forward-looking statements contained in this section are based on the understanding of the Company as of the submission date (June 26, 2024) of its Securities Report (in Japanese only) for the fiscal year ended March 31, 2024.

Occupational Health and Safety

The phrase “safety first” encapsulates the Toyo Kanetsu Group’s basic approach to ensuring occupational health and safety for each and every employee amid an ever-changing work environment.

We are keenly aware of the urgency of labor issues at worksites, such as the “2024 Problem” arising from the Work Style Reform Act, which is designed to impose limits on work hours, as well as other constraints, including a decreasing labor force, aging workforce, and other shortages of skilled workers.

Toyo Kanetsu continues to implement effective measures to address these challenges, such as improving workplace safety conditions as well as reducing traffic accidents to eliminate time lost due to accidents.



Hitoshi Iida

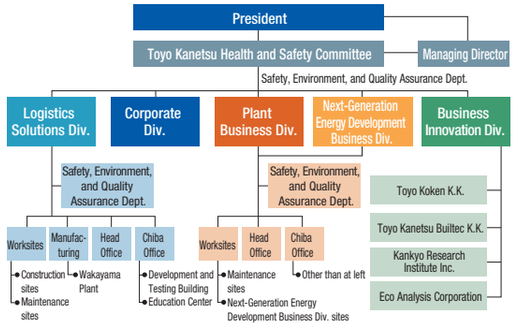
Executive Officer in charge of the Safety, Environment, and Quality Assurance Department

Health and Safety Management System

The Company’s Safety, Environment, and Quality Assurance Department, which operates directly under the president, works constantly to raise safety awareness among employees.

In the event of a serious industrial accident, we immediately communicate conditions of the incident to each worksite and Group company, sharing countermeasures to prevent recurrence.

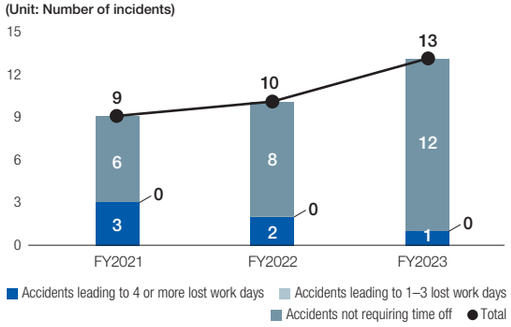
Toyo Kanetsu Group Health and Safety Management System



Occurrence of Industrial Accidents

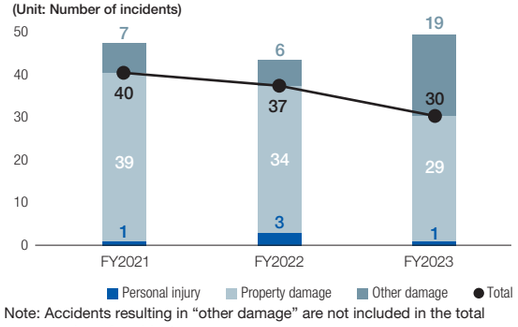
Number of Toyo Kanetsu Group Industrial Accidents (Excluding Traffic Accidents)

(Unit: Number of incidents)



Toyo Kanetsu Group Traffic Accidents

(Unit: Number of incidents)



Note: Accidents resulting in “other damage” are not included in the total number of accidents

Strengthening Educational Activities to Improve Awareness

Toyo Kanetsu analyzes data from all Group sites to implement effective, preventive measures based on real data.

Through the use of safety patrols and other effective measures at various worksites, we are able to effectively identify and prevent incidents. We instill in our employees a sense of ownership and autonomy when it comes to safety so they take the initiative to proactively implement safety measures in their individual workplaces.



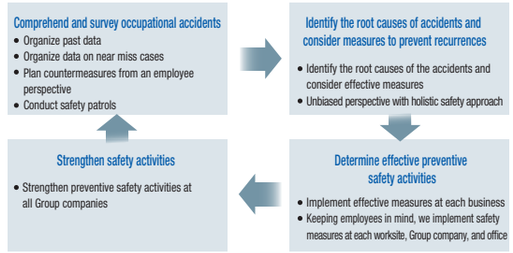
Safety patrols at storage tank maintenance sites



Safety patrols at logistics centers

Safe Activity Guidelines

By implementing highly effective safety activities, we are focusing on preventing occupational accidents in a variety of environments and circumstances.



Respecting Human Rights

Toyo Kanetsu has formulated a human rights policy in line with its commitment in its social responsibility to respect the human rights of every person involved in the Group’s business. The Company is also working to conduct human rights due diligence and relief measures.

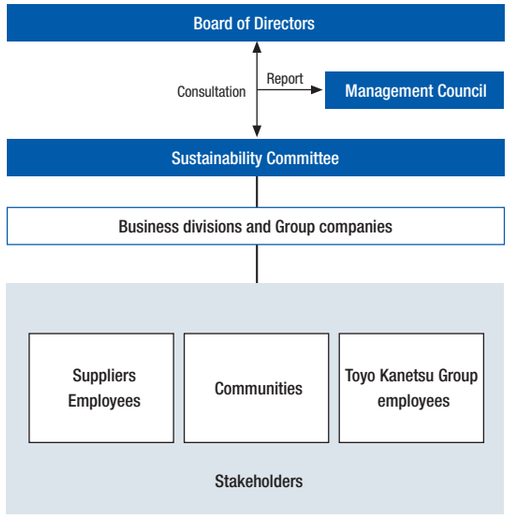
Formulation of the Human Rights Policy

The Toyo Kanetsu Group, with the approval of its Board of Directors, formulated the Toyo Kanetsu Group Human Rights Policy in July 2024. We will work to ensure that this policy is understood thoroughly by all Group employees and that human rights are respected.

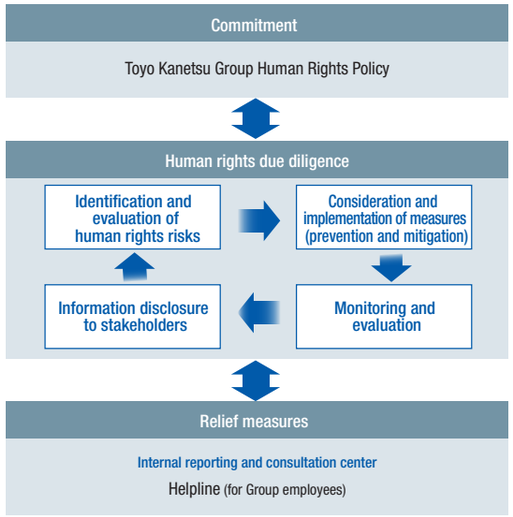
Promotion Management System

The Group is working as a whole on advancing initiatives to respect human rights and has established the Promotion Management Department under the Sustainability Committee, which is chaired by the President and Representative Director of Toyo Kanetsu K.K. This committee will implement various measures in accordance with the response processes laid out in the United Nations Guiding Principles on Business and Human Rights.

System



Response Processes



▶ For further details, please see Human Rights Initiatives on the Company’s website. https://www.toyokanetsu.co.jp/global/sustainability/

Director Profiles (As of June 26, 2024)

Directors



Takashi Owada

President & Representative Director
Years on the Board: 5
Company shares held: 6,408

Apr. 1985 Joined the Company
Oct. 2002 Transferred to Toyo Kanetsu Solutions K.K. (currently Toyo Kanetsu), General Manager of System Sales No. 1 Department, Marketing Division
Jul. 2006 General Manager of Systems Integration Department, System Division
Apr. 2008 Executive Officer and General Manager of System Division
Apr. 2015 Managing Executive Officer
Apr. 2018 Transferred to the Company as an Executive Officer, seconded to Toyo Kanetsu Solutions K.K. (currently Toyo Kanetsu) as a Director and Managing Executive Officer
Apr. 2019 Managing Executive Officer, Division Manager of Logistics Solutions Division
Jun. 2019 Director, Managing Executive Officer, Division Manager of Logistics Solutions Division
Apr. 2021 Director, Executive Vice President, Division Manager of Logistics Solutions Division
Apr. 2022 President & Representative Director
Apr. 2023 President & Representative Director, Overseeing Safety, Environment, and Quality Assurance Department, Green Transformation Promotion Office, and Next-Generation Energy Development Office
Apr. 2024 President & Representative Director, Overseeing Next-Generation Energy Development Business and Safety, Environment, and Quality Assurance (current position)



Keisuke Kodama

Director, Executive Vice President
Years on the Board: 9
Company shares held: 9,085

Apr. 1982 Joined the Company
Jul. 2006 General Manager of Domestic Sales Department of Plant & Machinery Division
Apr. 2009 General Manager of Corporate Management Department of Corporate Management Division
Apr. 2010 Executive Officer, General Manager of Corporate Management Department of Corporate Management Division
Apr. 2012 Seconded to Toyo Kanetsu Solutions K.K. (currently Toyo Kanetsu) as an Executive Officer
Apr. 2013 Transferred to Toyo Kanetsu Solutions K.K. as a Managing Executive Officer
Apr. 2015 Transferred to the Company as a Managing Executive Officer, Deputy Division Manager of Corporate Management Division
Jun. 2015 Director, Managing Executive Officer, Deputy Division Manager of Corporate Management Division
Apr. 2016 Director, Managing Executive Officer, Division Manager of Corporate Management Division
Apr. 2018 Director, Senior Managing Officer, Division Manager of Corporate Management Division
Apr. 2019 Director, Senior Managing Officer, Division Manager of Corporate Division
Apr. 2020 Director, Executive Vice President, Executive Officer
Apr. 2022 Director, Executive Vice President, Executive Officer, Assistant to the President
Apr. 2023 Director, Executive Vice President, in charge of Risk Management Department, and Special Appointed Officer (current position)
Mar. 2024 Director, Kankyo Research Institute Inc. (current position)



Akira Kakihara

Director, Senior Managing Officer
Years on the Board: 2
Company shares held: 1,673

Apr. 1983 Joined Saitama Bank (currently Resona Bank, Limited)
Apr. 2003 General Manager of Department No. 1 of Saitama Head Office Branch, Saitama Resona Bank, Limited
Jul. 2005 General Manager of Shiki Branch
Jun. 2007 General Manager of Muromachi Branch of Resona Bank, Limited
Apr. 2013 General Manager of International Business Department
Oct. 2015 Seconded to the Company
Oct. 2016 Transferred to the Company, Executive Officer, General Manager of Corporate Management Department of Corporate Management Division
Mar. 2018 Director of Kankyo Research Institute Inc. (current position)
Apr. 2018 Managing Officer, Deputy Division Manager of Corporate Management Division of the Company
Apr. 2020 Managing Officer, Manager of Life & Work Environmental Business Division, Deputy Division Manager of Corporate Division
Apr. 2021 Senior Managing Officer, Division Manager of Life & Work Environmental Business Division, Deputy Division Manager of Corporate Division, Director of Eco Analysis Corporation (current position)
Apr. 2022 Senior Executive Officer, Assistant to the President, Division Manager of Business Innovation Division of the Company
Jun. 2022 Director, Senior Executive Officer, Assistant to the President, Division Manager of Business Innovation Division
Apr. 2023 Director, Senior Managing Officer, Division Manager of Business Innovation Division (current position)



Yasunori Kobayashi

Director, Senior Managing Officer
Years on the Board: Newly appointed
Company shares held: 3,458

Apr. 1990 Joined the Company
Oct. 2002 Transferred to Toyo Kanetsu Solutions K.K. (currently Toyo Kanetsu)
Apr. 2011 Project Manager
Apr. 2015 Executive Officer of Business Management Department, Project Management Department, Construction Management Department, and Service Department
Apr. 2019 Toyo Kanetsu Solutions K.K. merged into the Company, Executive Officer of Logistics Solutions Division, Overseas Business Department, Airport Systems Department, Construction Management Department, and Service Sales Department
Apr. 2022 Senior Managing Officer, General Manager of Logistics Solutions Division
Jun. 2024 Director, Senior Managing Officer, Division Manager of Logistics Solutions Division (current position)



Yukari Sakai

Outside Director
Years on the Board: 2
Company shares held: 363

Apr. 1991 Joined Nomura Securities Co., Ltd.
Jan. 2005 Director of Corporate Tune Co., Ltd.
Jun. 2005 Standing Audit and Supervisory Committee Member of UNITED ARROWS LTD.
Jun. 2008 Outside Auditor and Supervisory Board Member, REPROCELL Inc.
Sep. 2013 Outside Auditor and Supervisory Board Member of Beauty Kadan Co., Ltd.
Jun. 2016 Outside Director and Standing Audit & Supervisory Committee Member of UNITED ARROWS LTD. (current position)
Oct. 2017 Outside Director and Audit & Supervisory Committee Member, Tea Life Co. Ltd.
Mar. 2019 External Director and Audit & Supervisory Board Member of Uzabase, Inc.
Jun. 2021 Outside Director of PACIFIC METALS CO., LTD. (current position)
Jun. 2022 Outside Director of the Company (current position)



Makiko Sato

Outside Director
Years on the Board: 2
Company shares held: 363

Apr. 2000 Joined CyberAgent, Inc.
Oct. 2005 Seconded to WEDDING PARK CO., LTD.
Oct. 2006 Seconded to CyberAgent Ventures (currently CyberAgent Capital, Inc.)
Jun. 2016 Founded iSGS Investment Works Inc., Director and Representative Partner
Dec. 2018 Outside Director of LiB, Inc.
Jun. 2021 Member of the Promotion Committee of Tokyo Data Platform Council
May 2022 Member of the Committee for Evaluating the Conclusion of the "Exploration and Development of Global Entrepreneurship for NEXT generation" Project at Ministry of Education, Culture, Sports, Science and Technology
Jun. 2022 Outside Director of the Company (current position)
Feb. 2023 iSGS Investment Works Inc., Representative Director and Representative Partner (current position)
Jan. 2024 Director of Japan Venture Capital Association (current position)

Director and Audit & Supervisory Committee Members



Kazuto Abe

Director and Audit & Supervisory Committee Member
Years on the Board: 9
Company shares held: 4,136

Apr. 1976 Joined the Company
Jul. 2000 General Manager of Accounting Department, Business Administration Management Division
Dec. 2002 Executive Officer
Jul. 2003 Seconded to Toyo Kanetsu Solutions (currently Toyo Kanetsu), Executive Officer, Deputy General Manager of Administration Division
Aug. 2004 Administration Division Manager
Apr. 2009 Executive Officer, General Manager of General Affairs and Human Resources Department, Administration Division, General Manager of Chiba Office
Jun. 2009 Outside Corporate Auditor, Toyo Koken K.K.
Apr. 2012 Executive Officer, Head of General Affairs & Human Resources and Chiba Office
Jun. 2012 Audit & Supervisory Committee Member
Jun. 2015 Director and Audit & Supervisory Committee member (current position)



Shigeharu Nakamura

Outside Director and Audit & Supervisory Committee Member
Years on the Board: 9
Company shares held: 1,216

Apr. 1976 Joined Saitama Bank (currently Resona Bank, Limited)
Jun. 2006 Director, Senior Managing Officer, Head of General Finance Department and Corporate Governance Office of Saitama Bank
Jun. 2008 Representative Director, Executive Vice President, and Executive Officer of Human Resources Services Department and Secretariat of Corporate Governance of Saitama Bank
Jun. 2009 Executive Officer, in charge of Corporate Communications Department and Human Resource Services Department of Resona Holdings, Inc.
Jun. 2011 Representative Director and Executive Vice President, Executive Officer, Corporate Center (excluding Corporate Administration Department), Resona Bank, Ltd. Outside Director of Saitama Resona Bank, Limited
Apr. 2012 President and Representative Director of Resona Research Institute Co., Ltd.
Jun. 2013 Outside Audit & Supervisory Board Member of the Company
Jun. 2014 Supervisory Board Member of F-TECH INC., Audit & Supervisory Committee Member of RIKEN TECHNOS CORP
Jun. 2015 Outside Director and Audit & Supervisory Committee Member of the Company (current position)
Jun. 2016 Outside Director and Audit & Supervisory Committee Member of RIKEN TECHNOS CORP (current position)
Jun. 2018 Outside Director of Shoko Chukin Bank (current position)



Kazuo Ushida

Outside Director and Audit & Supervisory Committee Member
Years on the Board: 3
Company shares held: 610

Apr. 1975 Joined Nippon Kogaku Tokyo K.K. (currently Nikon Corporation)
Jun. 2005 Managing Director and Senior Executive Officer, President of Precision Machinery Company of Nikon Corporation
Jun. 2007 Director and Senior Managing Officer, President of Precision Machinery Company of Nikon Corporation
Jun. 2013 Representative Director, Executive Vice President and Executive Officer of Intellectual Property Division, President of Precision Equipment Company, Deputy Officer of Corporate Planning Division of Nikon Corporation
Jun. 2014 Representative Director, President and Chief Executive Officer of Medical Business Development Division and New Business Development Division of Nikon Corporation
Jun. 2017 Representative Director, President and Chief Executive Officer of New Business Development Division, Optical Division, and R&D Division of Nikon Corporation
Apr. 2019 Chairman and Representative Director of Nikon Corporation
Apr. 2020 Chairman of the Board of Nikon Corporation
May 2021 Chairman of Japan Telescope Manufacturers Association
Jun. 2021 Outside Director and Audit & Supervisory Committee Member of the Company (current position), Chairman of the Board of Nikon Corporation, Chairman of Japan Optical Industry Association (current position)
Apr. 2022 Chairman of Japan Optical Glass Manufacturers' Association
Jun. 2022 Outside Director of JSR Corporation (current position)*

* Resigned on June 27, 2024



Shuji Iwamura

Outside Director and Audit & Supervisory Committee Member
Years on the Board: 1
Company shares held: 139

Apr. 1976 Appointed as Public Prosecutor
Oct. 2002 Head of special investigation task force of the Tokyo District Public Prosecutors Office
Jun. 2010 Superintending Prosecutor of the Sendai High Public Prosecutors Office
Aug. 2011 Superintending Prosecutor of the Nagoya High Public Prosecutors Office
Oct. 2012 Registered as an attorney at law, Advisor to Nagashima Ohno & Tsunematsu
May 2013 Outside Corporate Auditor of FamilyMart Co., Ltd.
Jun. 2013 Outside Director of Riken Corporation
Mar. 2015 Outside Auditor of CANON ELECTRONICS INC. (current position)
Jun. 2015 Outside Auditor of The Hokkaido Bank, Ltd. (current position)
Oct. 2017 Member of the Board of Governors and Member of the Audit Committee of the Government Pension Investment Fund
Jun. 2018 Outside Director of Hayashikane Sangyo Co., Ltd.
Jun. 2019 Outside Director and Audit and Supervisory Committee Member of Riken Corporation
Jan. 2020 TOKYO FLEX LAW OFFICE LPC
Apr. 2021 T&K Partners (current position)
Jun. 2023 Outside Director and Audit & Supervisory Committee Member of the Company and Outside Director (Audit & Supervisory Committee member) of Hayashikane Sangyo Co., Ltd. (current position)

Consolidated Financial Highlights (Fiscal years ended March 31)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	**FY2023**	**(Reference) FY2023**
									(Millions of yen)	(Thousands of U.S. dollars)*2
Net sales	¥46,572	¥41,932	¥41,758	¥45,188	¥46,518	¥43,617	¥59,177	¥47,351	**¥53,787**	**$355,433**
Operating profit	3,024	3,080	2,265	1,406	2,591	2,623	2,808	2,497	**3,090**	**20,424**
Ordinary profit	3,227	3,441	2,646	1,771	2,970	3,053	3,474	2,896	**3,579**	**23,652**
Profit attributable to owners of parent	1,906	3,746	2,362	1,025	1,717	1,777	2,334	2,378	**3,554**	**23,486**
Total assets	51,368	53,228	55,818	64,756	60,985	58,764	64,290	64,001	**67,891**	**448,633**
Total net assets	34,376	35,481	36,666	35,234	34,602	36,484	36,477	38,087	**37,752**	**249,468**
Total shareholders' equity	32,136	33,978	34,207	33,324	32,722	33,068	34,450	34,789	**35,871**	**237,043**
									(Yen)	(U.S. dollars)*2
Basic earnings per share*1	174.53	373.78	251.26	112.80	195.87	212.41	285.43	293.63	**456.13**	**3.01**
Dividends per share*1	50.00	120.00	100.00	100.00	100.00	115.00	145.00	147.00	**229.00**	**1.51**
Net assets per share*1	3,339.15	3,702.00	3,941.68	3,897.68	4,095.51	4,461.06	4,460.55	4,708.95	**4,894.51**	**32.34**
									(%)	
Equity ratio	66.9	66.7	65.7	54.4	56.7	62.1	56.7	59.5	**55.6**	**—**
Dividend payout ratio	28.6	32.1	39.8	88.7	51.1	54.1	50.8	50.1	**50.2**	**—**
Return on equity (ROE)	5.4	10.7	6.5	2.9	4.9	5.0	6.4	6.4	**9.4**	**—**
Return on assets (ROA)	6.0	6.6	4.8	2.9	4.7	5.1	5.6	4.5	**5.4**	**—**
									(Millions of yen)	(Thousands of U.S. dollars)*2
Net cash provided by (used in) operating activities	4,041	(2,131)	3,726	(6,698)	6,955	1,482	(1,097)	1,105	**(739)**	**(4,887)**
Net cash provided by (used in) investing activities	(766)	(1,714)	(85)	(1,315)	(812)	(338)	(830)	826	**(1,045)**	**(6,907)**
Net cash provided by (used in) financing activities	(3,640)	(2,820)	2,032	3,249	(2,351)	(5,176)	3,208	(3,719)	**3,120**	**20,621**

The Toyo Kanetsu Group prepares its consolidated financial statements in accordance with Japanese generally accepted accounting principles (GAAP).
Figures are rounded down to the nearest million yen.
*1 Toyo Kanetsu conducted a 10:1 reverse stock split for ordinary shares effective on October 1, 2017.
As a result, figures prior to the fiscal year ended March 31, 2017 have been restated for basic earnings per share, dividends per share, and net assets per share.
*2 Figures denominated in U.S. dollars were converted at a rate of ¥151.33 = $1, referring to the prevailing rate on March 31, 2024.

ESG Data Highlights

Material Issues	FY	2021	2022	2023	Unit
A Issues to be addressed through our business to improve our corporate value					
(1) Respond to changes in the business environment caused by climate change*1	Energy consumption (crude oil equivalent)	1,058	997	915	kl
	Energy consumption (electricity)	3,483	3,269	3,114	Thousand kWh
	Energy consumption (LPG)	123	118	126	t
	Energy consumption (city gas)	0.1	0.1	0.1	Thousand m^3
	CO_2 emissions	1,783	1,378	1,323	t-CO_2
	GHG emissions (Scope 1)*2	2,214	2,155	2,292	t-CO_2e
	GHG emissions (Scope 2, before offset)*2	2,928	2,466	2,403	t-CO_2e
	GHG emissions (Scope 2, after offset)*2	—	1,444	1,371	t-CO_2e
	GHG emissions (Scope 3)*4	204,327	285,324	270,508*3	t-CO_2e
	Purchase amount of non-fossil fuel certificate*3	—	943	1,263	Thousands of yen
	Purchase quantity of non-fossil fuel certificate	—	2,300	2,477	Thousand kWh
	CO_2 emissions per unit of net sales	0.04	0.04	0.03	t-CO_2/millions of yen
	Water consumption	9.0	9.3	9.9	Thousand m^3
	Total amount of waste generated	268	243	265	t
(2) Respond to the decline in Japan's population*1	Rate of employees voluntarily leaving the Company*5	1.9	1.9	1.3	%
	Average number of service years	15.7	15.7	15.3	Years
	Number of employees taking childcare leave*6	18	22	15	Persons
	Number of employees taking childcare leave (male)	8	11	6	Persons
	Number of employees taking childcare leave (female)	10	11	9	Persons
	Number of employees returning to work after childcare leave*6	11	16	7	Persons
	Number of employees working shortened hours	11	9	18	Persons
	Number of employees working shortened hours (male)	0	0	1	Persons
	Number of employees working shortened hours (female)	11	9	17	Persons
	Number of employees taking nursing care leave	0	0	0	Persons
	Rate of annual paid vacation taken*7	66.8	71.8	76.5	%
	Average number of annual work hours*8	1,974	1,936	1,918	Hours
	Average number of annual overtime work hours	268.6	233.2	213.5	Hours
	Average number of monthly overtime work hours	22.4	19.1	17.9	Hours
B Initiatives addressing material issues to sustainably improve corporate value					
(3) Training and utilization of human resources*1	Number of employees*9	577	582	596	Persons
	Number of employees (male)	471	471	481	Persons
	Number of employees (female)	106	111	115	Persons
	Average age of employees	44.6	44.8	44.7	Years old
	Average age of managers*10	51.4	51.9	51.8	Years old
	Number of new graduate recruits	8	12	17	Persons
	Number of new graduate recruits (male)	6	5	14	Persons
	Number of new graduate recruits (female)	2	7	3	Persons
	Number of mid-career recruits	16	23	21	Persons
	Number of non-Japanese employees	10	9	14	Persons
	Managers as a percentage of all employees*10	12.8	12.5	12.1	%
	Ratio of female managers*10	5.41	6.85	8.33	%
	Number of semi-management team leaders	55	56	54	Persons
	Female semi-management team leaders as a percentage of total semi-management team leaders	12.7	12.5	9.3	%
(3) Training and utilization of human resources*1	Actual wage difference between men and women (all workers)	60.6	62.1	64.4	%
	Actual wage difference between men and women (full-time employees)*11	61.2	62.7	65.5	%
	Actual wage difference between men and women (non-full-time employees)*12	45.2	31.2	41.5	%
	Annual cost of training	36,270	50,163	47,266	Thousands of yen
	Annual cost of training (per employee)	63	86	79	Thousands of yen
	Number of rewards provided for qualification acquisition	41	20	19	Awards
	Amount of compensation given for qualification acquisition	1,450	870	920	Thousands of yen
	Number of employees acquiring an important qualification*13	90	75	73	Persons
(4) Innovation in technologies and their usage*2	Annual cost of research and development (consolidated)	602,872	568,662	468,571	Thousands of yen
(6) Increase productivity*1	Sales revenue per employee	65,155	48,411	60,927	Thousands of yen
	Operating profit per employee	2,967	1,950	3,309	Thousands of yen
C Fundamental initiatives to undertake before addressing A and B issues					
(7) Ensure occupational health and safety*1	Frequency rate of industrial accidents	1.20	0.33	0.33	Casualties/ million working hours
	Severity rate of industrial accidents	0.02	0.02	0.03	Days lost/ thousand working hours
	Number of fatal work accidents	0	0	0	Cases
	Frequency rate of industrial accidents not resulting in lost work time	1.50	1.64	1.65	Casualties/ million working hours
	Total number of work hours	3,332,459	3,052,661	3,035,719	Hours
	Number of Group safety meetings held	1	1	1	Times
	Number of safety patrols implemented	213	229	199	Times
	Response rate for stress checks	96.0	95.8	95.0	%
(8) Execute steadfast compliance and corporate governance*2	Compliance training participants*14	—	91	90	Persons
	Number of helpline (whistleblower system) cases	7	7	9	Cases
(9) Improve risk management*2	Rate of information security training participation	100	100	100	%
	Rate of safety confirmation drill participation (annual average)	92.4	93.7	94.9	%
	Number of training sessions held on risk management	6	5	4	Times
	Number of automated external defibrillator (AED) certificate holders*15	39	31	148	Persons
(10) Evolve our corporate culture into one that encourages employees to quickly and proactively take on challenges	Commendation system: Number of improvement proposals*2, 16	1,014	1,023	866	Cases
	Commendation system: Improvement proposal submission rate*1, 17	70.7	79.8	73.0	%

*1 Toyo Kanetsu, non-consolidated.
*2 Toyo Kanetsu and consolidated subsidiaries.
*3 As of August 2024, Scope 3 emissions for fiscal 2023 are provisional values still being calculated.
*4 Amounts shown do not include tax.
*5 Includes full-time employees (including senior employees but excluding assignees) + Contract employees + Temporary workers + Part time workers + Seconded employees (to the Company).
*6 Percentage of employees returning to work, based on the total number of employees taking childcare leave (includes continuous childcare acquisition).
*7 Acquisition target: At least 13 days in fiscal 2021; fiscal 2022 target is 70% of new days granted for the fiscal year.
*8 Includes full-time employees (including senior employees but excluding assignees).
*9 Includes directors, executive officers, and full-time employees.
*10 Managers: Group managers and department heads, excluding executive officers.
*11 Of all workers, only full-time (regular and continuing employment) employees, excluding directors, were counted.
*12 Of all workers, only non-full time (part-time, contract) employees were counted.
*13 Number of employees who are 1st-class architects, engineers, or 1st-class construction management engineers.
*14 Includes directors, executive officers, and new employees, including those at Group companies.
*15 Figures for up to fiscal 2022 only account for the head office. Starting in fiscal 2023, the number of participants from each center will be shown.
*16 The total number of proposals is the aggregate; multiple proposals from one person are all counted separately.
*17 Submission rate = Total number of proposals submitted (Toyo Kanetsu, non-consolidated) ÷ Number of eligible Toyo Kanetsu employees at the end of the period. The total number of proposals is the aggregate; multiple proposals from one person are all counted separately.

Domestic and Overseas Offices (As of August 10, 2024)

Toyo Kanetsu K.K. Head Office	2-11-1, Minamisuna, Koto-ku, Tokyo 136-8666, Japan
Chiba Plant	2, Tsukiji, Kisarazu-shi, Chiba 292-0835, Japan
Wakayama Plant	457, No, Arida-shi, Wakayama 649-0314, Japan
Customer Support Department	
Sapporo Center	5-7-23, Atsubetsuchuo 3-jo, Atsubetsu-ku, Sapporo-shi, Hokkaido 004-0053, Japan
Sendai Center	4-4-11, Morisekinoshita, Natori-shi, Miyagi 981-1227, Japan
Saitama Center **• Tsurugashima Satellite**	1st Floor, Ishikawa Building, 3-14-7, Bessho, Minami-ku, Saitama-shi, Saitama 336-0021, Japan 1497-23, Suneori, Tsurugashima-shi, Saitama 350-2213, Japan
Tokyo Center **• Nagareyama Satellite**	1-25-2, Minamisuna, Koto-ku, Tokyo 136-0076, Japan 8-1315-1, Nagareyama, Nagareyama-shi, Chiba 270-0164, Japan
Yokohama Center **• Atsugi Satellite**	2-22, 5th Floor Keihan Yokohama Building, Honcho, Naka-ku, Yokohama-shi, Kanagawa 231-0005, Japan 1st Floor, MP Building, 1-17, Atsugi-cho, Atsugi-shi, Kanagawa 243-0011, Japan
Nagoya Center	2-18-13, Naeshiro, Moriyama-ku, Nagoya-shi, Aichi 463-0046, Japan
Osaka Center	1-9-2, Senriokahigashi, Settsu-shi, Osaka 566-0011, Japan
Kobe Center	1-1-10, Mikageishimachi, Higashinada-ku, Kobe-shi, Hyogo 658-0045, Japan
Okayama Center	2nd Floor, Ima3chome Aizu Building, 3-7-7, Ima, Kita-ku, Okayama- shi, Okayama 700-0975, Japan
Fukuoka Center	1st Floor, Fukuoka Zasshonokuma Daiichi Seimei Building, 1-3-1, Shinonomemachi, Hakata-ku, Fukuoka-shi, Fukuoka 812-0871, Japan
Technical Center **Haneda Satellite**	2nd Floor, Sumitomo Seimei Kamata Building, 4-22-3, Kamata, Ota-ku, Tokyo 144-0052, Japan

Group Companies

Toyo Koken K.K.	2-11-1, Minamisuna, Koto-ku, Tokyo 136-8666, Japan	Design, manufacture, installation, and sales of winches, hoists, lifting equipment, balancers, industrial robots, etc.
Toyo Kanetsu Builtec K.K.	2-11-1, Minamisuna, Koto-ku, Tokyo 136-8666, Japan	Construction (planning, design, and construction of buildings and steel pipe piling work) Gondola business (rental and sale of temporary construction gondolas)
Toyo Service System K.K.	2-11-1, Minamisuna, Koto-ku, Tokyo 136-8666, Japan	Leasing, comprehensive building management, real estate and OA-related business
Kankyo Research Institute Inc.	112-2, Okadomachi, Hachioji-shi, Tokyo 192-0054, Japan	Investigation, measurement and analysis of asbestos, sick building syndrome, noise/vibration, odor, etc.
Eco Analysis Corporation	84, Takeda Kitamitsuguicho, Fushimi-ku, Kyoto-shi, Kyoto 612-8419, Japan	Maintenance/inspection/repair/data analysis of environmental equipment and measuring instruments, environmental surveys/assessment, sales of environmental monitoring systems, sales of environmental measuring instruments and reagents, etc.
TKK Plant Engineering K.K.	2-11-1, Minamisuna, Koto-ku, Tokyo 136-8666, Japan	Worker dispatching business in Japan specializing in supervision for maintenance and design of storage tanks
Scrum Software Co., Ltd.	3rd Floor, Dainichi Minamisenba Building, 1-5-21, Minamisenba, Chuo-ku, Osaka 542-0081, Japan	Planning, development, production, and sales of specialized computer systems for logistics and distribution (development from scratch, package application and customization, development tools, database middleware evaluation and selection)
PT Toyo Kanetsu Indonesia	Midplaza Building 1, 8th Floor, Jl. Jend. Sudirman Kav. 10-11, Jakarta 10220, INDONESIA	Manufacture and sale of storage tanks
Toyo Kanetsu (Malaysia) Sdn. Bhd.	Sublot 51, 1st Floor Medan Jaya Commercial Centre, 97000 Bintulu MALAYSIA	Manufacture and sales of storage tanks and equipment and devices for material handling systems

Equity Method Affiliate

KIMOTO CORPORATION	187-1, No, Arida-shi, Wakayama 649-0314, Japan	Tank construction, repair and maintenance, disaster prevention and security services, clean energy business

Corporate Profile and Stock Information (As of March 31, 2024)

Corporate Profile

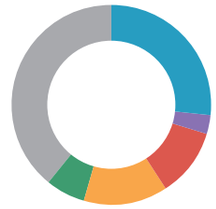
Corporate name	TOYO KANETSU K.K.
Headquarters	2-11-1, Minamisuna, Koto-ku, Tokyo 136-8666, Japan
Established	May 16, 1941
Capital	¥18.58 billion
Number of issued shares	8,323,074
Share unit	100
Number of employees	1,157 (on a consolidated basis)
Ticker code	6369
Share registrar	Mitsubishi UFJ Trust and Banking Corporation
Share registrar address and contact information	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikko-cho, Fuchu City, Tokyo 137-8081 TEL (free dial within Japan): 0120-232-711 Mailing address: P.O. Box 29, Shin-Tokyo Post Office, Tokyo 137-8081, Japan
Stock exchange listing	Tokyo Stock Exchange Prime Market
Independent accounting auditor	Gyosei & Co.

Major Shareholders

Name	Number of shares (Thousands)	Share-holding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	878	11.27
Nippon Life Insurance Company	414	5.31
Resona Bank, Limited	384	4.92
Custody Bank of Japan, Ltd. (Trust account)	301	3.86
Daiei Real Estate & Development Co., Ltd.	212	2.72
JPMorgan Securities Japan Co., Ltd.	122	1.57
Toyo Kanetsu Employee Stock Ownership Plan	120	1.55
SUMITOMO LIFE INSURANCE COMPANY	115	1.48
Sato Kogyo Co., Ltd.	111	1.42
NIPPON EXPRESS HOLDINGS	100	1.28

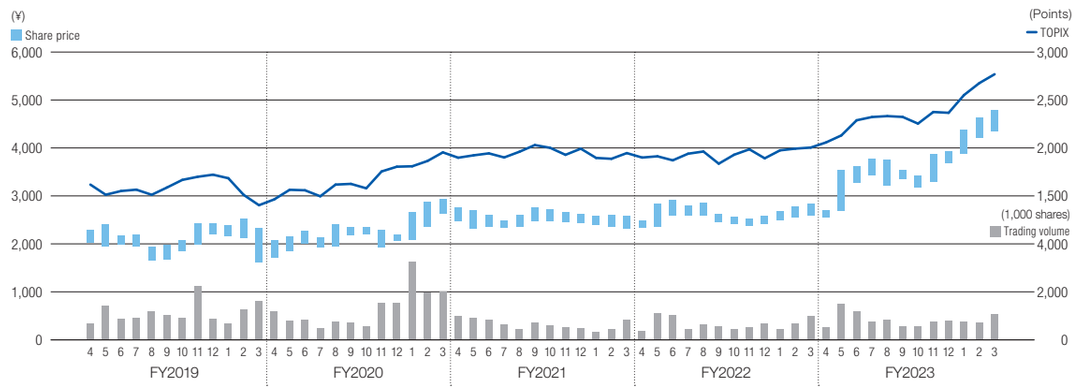
Note: The calculation of the percentage of total shares outstanding excludes treasury stock.

Shareholders and Distribution of Shares



Note: Percentage of total shares outstanding held by shareholder

Share Price and Trading Volume



TOYO KANETSU K.K.

Contact Information

Toyo Kanetsu K.K.
Corporate Planning Department
Corporate Division

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