

# Integrated Report 2023



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### Editorial Policy

This report is issued with the aim of helping all stakeholders, including shareholders and investors, gain a deeper understanding of our initiatives toward mid-long term value creation. In compiling this report, we have referred to various sources including the International Integrated Reporting Framework by the IFRS Foundation and the Guidance for Collaborative Value Creation by the Japanese Ministry of Economy, Trade and Industry.



### Period

April 1, 2022 to March 31, 2023  
(Some information from outside of this period is also included.)

### Companies

Sinto Group  
(Sintokogio, Ltd. and domestic/international group companies)

### Publication date

June 2023

### Important Note on Future Projections

This report contains forecasts and plans for the future based on the information that could be obtained by Sintokogio, Ltd. at the time of publishing. This content includes latent risks and uncertainties which may result in differences between the projected results/plans and actual future results/plans. Therefore, the accuracy of content related to future projections and plans is not guaranteed.

### Website

<https://www.sinto.com>





SINTO in Japanese is made up of two characters: “new” and “east”.

The first character 新 is pronounced “SIN” and expresses the idea of being new, advanced, and innovative. The character 東, pronounced “TO”, refers to the sun rising from the east.

Together, they express the combination of power and passion in our corporate culture of “Ever Moving Forward with Vision”.

## Our management philosophy: HEART

**HEART** Human **E**nrichment & **A**chievement through **R**eliable **T**echnology

Since our foundation and throughout our history, the Sinto Group has grown as a result of our desire to make the world a better place through heartfelt manufacturing and our pursuit of world-class technology. As a result, we have been able to earn the trust of our customers over generations.

Our management philosophy is HEART, which is an acronym

for “Human Enrichment and Achievement through Reliable Technology”. Going forward, we intend to deepen our bonds with everyone around us as we continue to make a positive impact on our customers and the world through our ever-advancing technologies.

## Mission Statement

We are committed to producing new value for manufacturing, enabling the co-creation of achievement with our customers around the world.

## Long-term vision

Co-creation of achievement with our customers around the world

**VISION 01** Global group of companies that shares our pride and confidence in manufacturing

**VISION 02** Group of individuals that shares our purpose and value in life and work

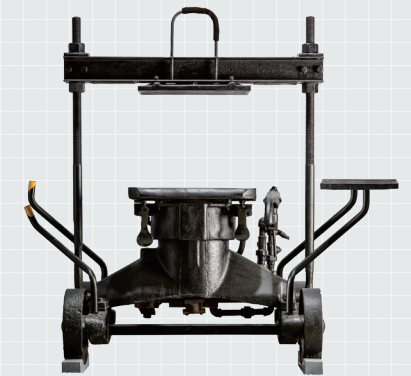
## Business range

### “Giving form and life to process materials”

In the materials industry, natural resources are turned into process materials. The material processing industry then takes those materials and gives them form, allowing workers to shape them as they wish. From there, the surfaces are processed to provide a clean finish, giving these forms value. The production of all industrial products starts with this material processing. This is our business.

As a company that manufactures foundry equipment, Sinto has developed extensive technologies and expertise in the field of metal casting since our establishment in 1934.

Over the decades, Sinto’s business operations have expanded to include various sectors of the material processing industry through advanced, integrated, and applied technologies that stem from our foundry-related technologies and accumulated know-how. We will continue to apply these technologies to reach even further. But no matter where we expand our work, we remain committed to our essence: giving form and life to process materials.



First Japanese molding machine C-11 (1927)  
(recognized as a Mechanical Engineering Heritage  
by the Japan Society of Mechanical Engineers)

## Corporate Principles

- 01 We always act with a both steady and enterprising attitude
- 02 We always deepen mutual trust and act decisively
- 03 We always serve society with wholehearted sincerity

## Sinto Brand



New Harmony » New Solutions™

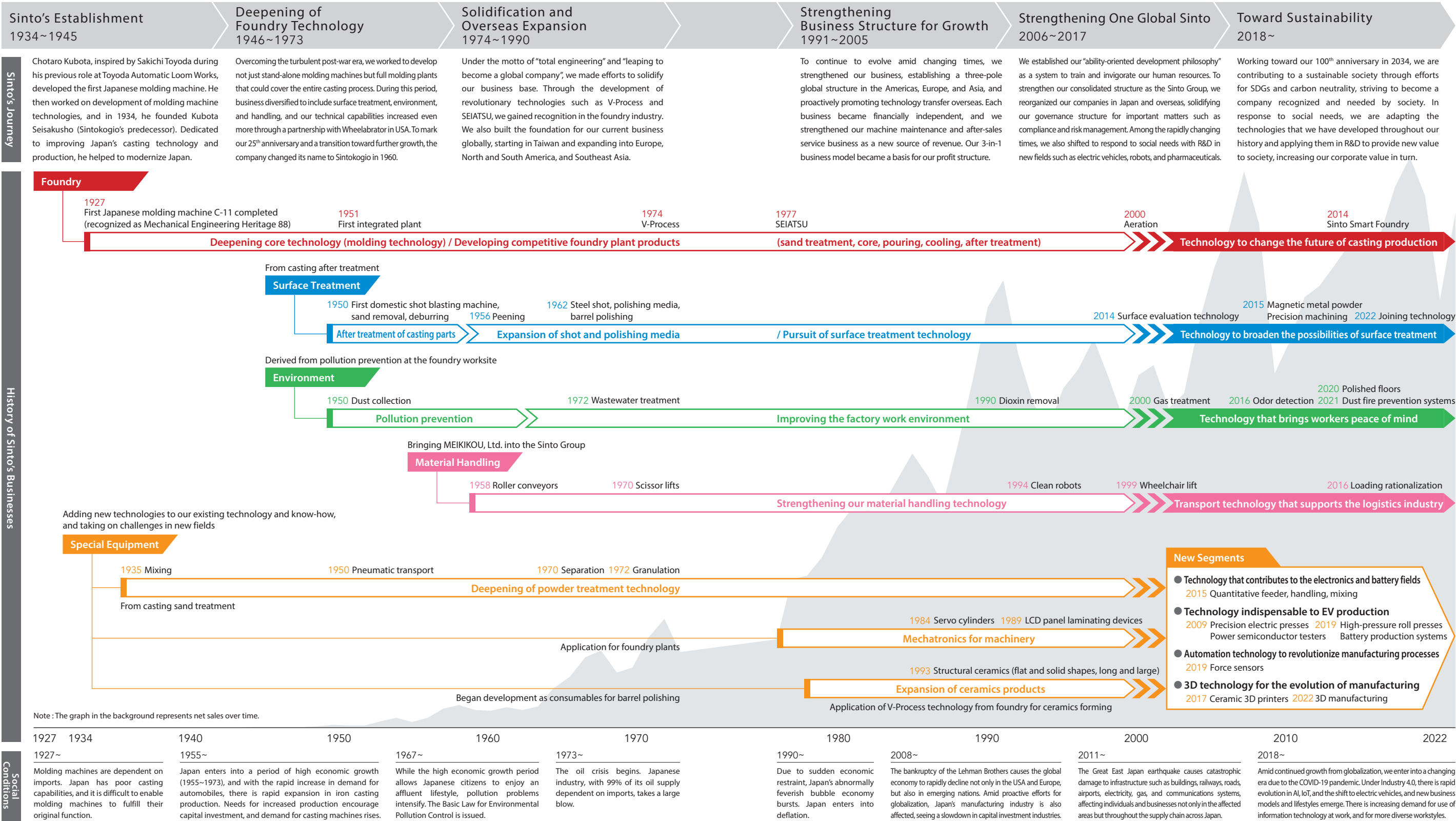
Visually inspired by the red rising sun, the Sinto logo symbolizes the dynamic energy of a burning flame. It also represents us locked in a firm handshake with our customers as we work together to create something new.

When we work together with our customers and partners, we are able to develop new ideas to resolve issues, providing peace of mind. This is the thought behind our brand slogan

“New Harmony » New Solutions™”, which expresses our global commitment to the brand concepts of “Differentiated Technology” and “Reliable Customer Support”. We strive to deepen our bonds with everyone we encounter through new proposals and solutions that take our customers into the future.

# Our Journey

Our company was established in 1934, originally founded as Kubota Seisakusho by Chotaro Kubota in 1923. Chotaro Kubota was an innovator in mechanizing foundry work, being inspired by Sakichi Toyoda (founder of the Toyota Group) in his previous position at Toyoda Automatic Loom Works. In 1927, he succeeded in creating the C-11 type molding machine, the first Japanese molding machine, taking the first step for Sinto as a foundry manufacturer. Since that time, we have expanded our business into surface treatment, environment, special equipment, and other related businesses.





# Message from the President



President  
Atsushi Nagai

## Connecting the spirit of manufacturing and technology to the future

Cherishing the spirit of manufacturing and pursuing world-class technology, we will hold firm in our roots as we face the changes in society and the environment. We will continue to create new added value in order to support society.

### Q: Please tell us about the environment surrounding Sinto in recent years.

The global economy was greatly affected by the COVID-19 pandemic. In particular, the disarray of international distribution dealt a large blow to manufacturing around the globe. With stagnation in marine transport due to weakened ports and harbors, the supply chain was torn apart, leading to shipping delays and supply shortages of important parts. With the global shortage of semiconductors on top of this, many industries, including the automotive industry, continued to face many restrictions in manufacturing.

At Sinto, we also faced difficulties in procuring materials such as control devices, and our production activities were largely affected. Additionally, with emergency response such as switching from marine to air transport, we saw a large increase in distribution costs. We were also forced to cope with the sudden rise in material prices of steel, scrap, etc., as well as energy costs. These conditions are gradually returning to normal, but it has been a long period of difficult conditions in direct contradiction to the concepts of “cost reduction” and “on-time delivery” that have been a major

focus for manufacturing plants.

On the other hand, due to COVID-19, the way we do business at Sinto has also greatly changed. Originally, we had planned to take some time to digitalize our work, but this schedule has been pushed forward, and we immediately implemented remote work and online meetings. Also, with limits to the movement of people between countries, it became difficult for us to send our engineering supervisors from Japan to our overseas group companies, so we shifted to remote training using digital technologies. As a result, we saw improvement in the skills and abilities of the local staff at each international group company to support customers around the world.

### Q: How would you describe the progress of Sinto's business activities over the past year?

Up until now, Sinto's products have mainly been used in manufacturing industries such as automotive, aerospace, steel, and shipbuilding, but in recent years, we have been expanding our reach into new fields. In particular, during the past year, we have seen steady growth in primary

industries. Led by emerging nations such as India and Turkey, there has been active investment in agricultural fields, with increased demand for equipment using our foundry technologies. Also, with rising environmental consciousness, we have seen an increase in projects in fields related to next-generation energy.

On manufacturing sites, there is a constant risk of fires and explosions due to dust, which can lead not only to losses for manufacturing activities, but also to major harm done to employees, neighboring communities, and the environment. For this reason, we have developed a fire countermeasure system to decrease the risk of fires to as close to zero as possible. We will continue our never-ending efforts to create safe communities and workplaces in which people can work and live with peace of mind, as part of our efforts for SDGs.

In response to the declining birthrate and aging population that is causing the workforce to shrink, we are developing products for automation to respond to the social issue of increasing workloads. One such product is our 6-axis force sensor, which has received wide acclaim for enabling robots to replicate skilled human work by giving them a human

sense of force. This force sensor has already been approved as a standard or optional part for major robot manufacturers in Japan, and our advertisement “A Robot that Can Do More (6-axis force sensor)” received the grand prize for the 2023 Nikkei BP Marketing Awards.

Finally, to ensure that customers can continue to use our products with peace of mind after installation, we have made great efforts in expanding our after-sales services. With the goal of preventing the sudden stoppage of our equipment around the world, we not only have a global support network with highly skilled maintenance staff ready to perform inspections, surveys, and repairs, we have also built a timely support structure using digital tools, providing systems that can collect various types of data and monitor the status of equipment in a timely manner. This allows us to know the right timing for exchanging parts and to recognize early warning signs of abnormalities, making it possible to prevent sudden machine stoppage and to perform maintenance work with reduced staff.



We are working to expand our business range to respond to changes in the needs of the market.



**Q: What are the fields Sinto hopes to strengthen as the company aims for further growth?**

After manufacturing the first sand molding machine in Japan for iron molding of automotive engine parts, we have continued to deliver products and services related to foundry equipment under our business philosophy of “giving form and life to process materials”. To achieve even further growth, it is essential to respond to the major shifts in market needs resulting from changes in our society such as the decreasing birthrate and aging population, lifestyle changes, the development of information technology, the transformation of the industry structure, and more. For this reason, we are continuing to expand the range of our business. In particular, we will make advances in the areas of secondary processing of materials, digitalization of forming, and adding function through surface processing.

For the secondary processing of materials, with a focus on ceramics, we are proceeding with the development of materials that provide added value. We have deepened our partnerships with ceramics manufacturers, improving and refining our technologies. We are also working on powder manufacturing at the micron level in order to offer the fine powders that the market demands.

For the digitalization of forming, we are proactively utilizing 3D manufacturing technology. Up until now, we have used 3D printers for molding and printing high-precision parts in various fields. Moving forward, we are strengthening our efforts to expand our business range even more.

For adding function through surface processing, we transform the properties and form of material surfaces in order to create new functionality. Based on partnerships with automobile manufacturers, we are already working on developing technology that joins iron and resin using water. By removing

adhesion and assembly, we are able to simplify the manufacturing process and contribute to cost reduction. We are moving forward with our efforts for joining dissimilar materials to achieve high-functioning surface properties. Also, as with forging in the past that made swords stronger and longer-lasting by striking heated metal, increasing strength of materials continues to be indispensable in surface processing today. For this purpose, we use various shot peening technologies to harden surfaces, modifying surface properties to improve fatigue strength and durability.

For foundry, which is one of our main businesses, we are proactively responding to the three shifts that the industry is facing today: the shift to lighter materials, the shift from developed nations to emerging nations, and the shift to new needs such as carbon neutrality and other environmental concerns. We are doubling our efforts to provide lighter and more functional materials, expanding our products globally, and further diversifying our products and services.

With our stable profit structure, we have also built a stable financial base. From the perspective of sound management, we have been evaluated highly from within and outside of the company for our strong financial base. However, to further expand our business range in order to improve our corporate value and achieve continuous growth, one of our major challenges is to proactively use our retained assets to invest in growth.

From that perspective, we have made active venture investments, fusing our elemental technologies with new technologies in order to create new products. As a result, we have been able to produce new sprouts of business in many fields such as automation and robotics, medicine and nursing care, the food industry, and many more. The scale of new startup ideas and technologies still small and we have not yet achieved strong profitability, but we are hoping to develop new

business as a way to contribute to resolving social issues in each of these new fields. At the same time, to improve our corporate value, we are aggressively working on M&A and technical partnerships. From the perspective of cash allocation, amid this focus on investments for growth, we strive to provide stable and continuous returns to our shareholders. We will pay dividends based on DOE (dividend on equity) to reduce the effect of short-term changes in business results, and for our company's stock purchases, we will take appropriate actions with considerations made for our cash position and for stock market trends.

In terms of our efforts for globalization, initiatives by our overseas group companies play a very important role. The Sinto Group has about 4,000 employees worldwide, with 1,800 being overseas employees. We have formed a global network with locations in each region around the world, and we also have a high ratio of local management, with 21 out of 27 major locations led by local individuals, sharing our vision with these local partners.

We originally began building our global network based on our foundry business, but in the future, further evolution of our overseas locations will be necessary. We regularly share our vision and direction with the overseas group companies, and with a deep understanding of the characteristics and needs of each market, we ask each group company to build business based on the needs of their region. In this way, we develop our global business with each group company at the core, and for successful projects that can be applied in other regions, we utilize our global network to expand business across regions.

**Q. Please tell us about Sinto's vision for society and the ideal company that Sinto aims to be.**

Through our business and activities for contributions to society, we aim to realize an environmentally friendly circulating society; a safe, healthy, and affluent society through manufacturing; and a society in which people experience a sense of achievement, growth, and happiness. To achieve this, we believe that it is important to promote these initiatives not just as a single company, but rather, in cooperation with our business partners across the entire supply chain. For this reason, we established the “Sinto Business Partner Guidelines for our future comrades”, which includes information about our environmental direction along with guidelines that we ask our business partners to follow, such as rules against the use of controlled substances, conflict minerals, considerations for human rights, efforts to ensure safety and health, etc. Using these guidelines as a base, we are coming together with all related parties to promote our measures to protect the environment.

Additionally, with the purpose of having each Sinto member contribute to the local community and raise their own health consciousness, we held an event to celebrate the 88<sup>th</sup> anniversary of the company's establishment. For this event,

Sinto members engaged in “plogging”, an eco-activity of picking up trash while jogging, and all of the domestic and international group companies participated. Also, to encourage each employee to take independent actions to resolve social issues, we created an 18<sup>th</sup> SDG as Sinto, environmental awareness as the basis for “actions for ourselves”, and asked each Sinto member to set their own action to take to contribute to society.

Cherishing the heart of manufacturing as we strive to contribute to society, we have developed our business in pursuit of world-class technology. We aim to be a company that always receives a “thank you” from our customers. To achieve this, it is essential for each employee to acquire world-class skills and technology, and to continue to evolve as the embodiment of HEART. Our human resource management is based on our idea of ability-oriented development, in which our employees engaged in business activities can find meaning in their work. We believe that if the employees' personal goals are aligned with the company's goals, they will be eager to make efforts to enhance their own abilities. For this reason, we enact personnel evaluation that rewards employees who strive to improve their own skills, and we also work to ensure an environment in which they are able to use those skills to the fullest.

Simultaneously, in order to always be chosen by customers, we offer comprehensive after-sales service that includes yearly visits to customers to identify any machine issues they may be having, as well as ensure optimal proposals to resolve those issues in the best way. These are part of our efforts to maintain and improve customer satisfaction.

As an indicator of these efforts, we set numerical targets for the number of new customers each year. No matter how the economy fluctuates, we want to continue to increase our number of customers, the number of people who turn to us if they need anything. By taking care of each and every customer and deepening our bonds with everyone around us, we aim to be a company that is always chosen by customers, no matter what era.



We will continue to aim to be a company that allows our employees to use their skills to the fullest, and a company that is always chosen by customers.



# Value Creation Process

Based on our desire to cherish the spirit of manufacturing and make the world a better place, we have continued to pursue world-class technology. Our goal is to always be by our customers' side, providing new value to their manufacturing. We aim to be a company that creates deep bonds with all stakeholders and is always chosen by our customers, no matter what era.

## » Social Issues

### Environment

- Global warming, climate change
- Resource depletion
- Unknown infectious diseases

### Technology/Industry

- IoT adoption, AI application, advance of digital transformation
- EV, self-driving vehicles

### Society

- Declining birthrate and aging society
- Pursuit of health, safety, well-being, and comfort
- Changing values and lifestyles

## » Materiality

### Environment

Achieving a circulating, sustainable society

### Human Resources

Employees' growth and motivation in work and life

### Technology, Development, and Manufacturing

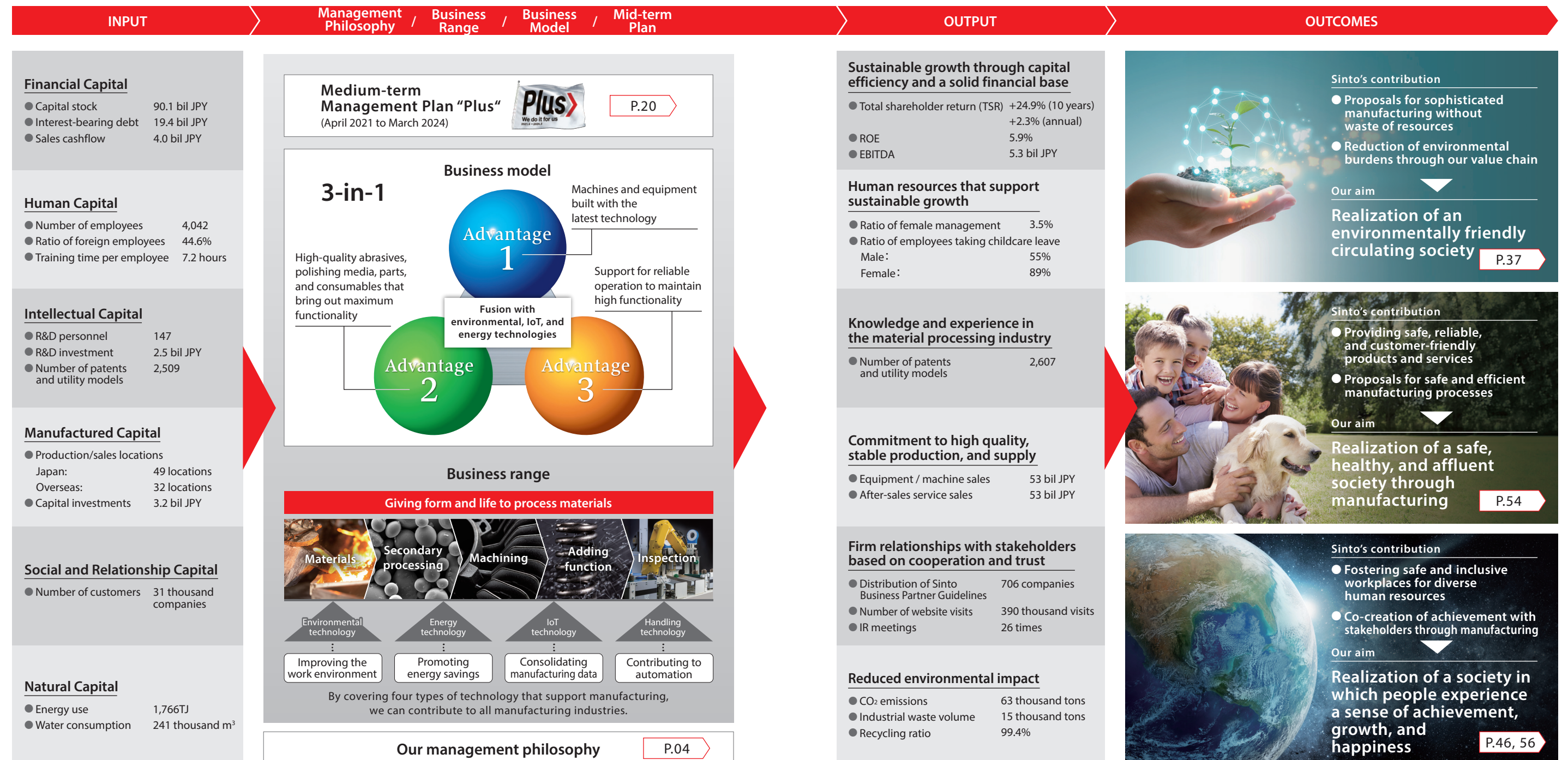
Technologies and manufacturing for sustainable growth

### Stakeholders

Building bonds with stakeholders and society

### Corporate Foundation





Healthy and sustainable management



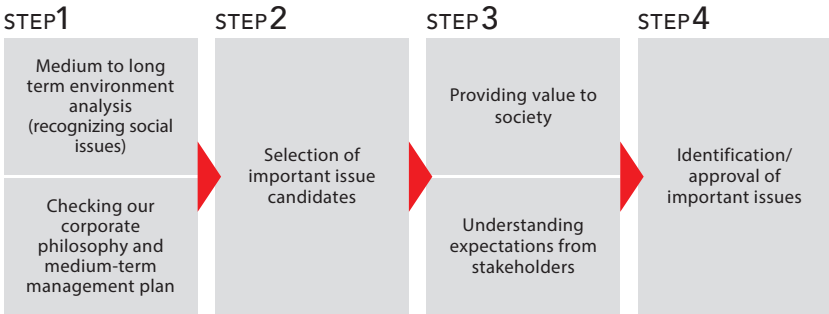
# Materiality

When identifying important issues (materiality), we selected potential items by considering a variety of factors, such as future social issues due to environmental changes, the Sinto Group's corporate philosophy, the strengths we have developed, our initiatives in our medium-term management plan, and the society we would like to achieve. Then, internal discussions were held about the value we can provide to society as the Sinto Group and what our stakeholders expect. Finally, we narrowed the field to five major items and then gathered opinions from external directors before a final decision was reached by the Board of Directors.

We will work to advance initiatives towards solving societal issues in accordance with these materialities, in order to contribute to the development

Materiality and Related SDGs	Mid-term Action Items	Initiatives for FY2022 (Goals)
<b>Environment</b> 	<ul style="list-style-type: none"><li>● Reducing greenhouse gases</li><li>● Advancing resource recycling</li><li>● Measures for reducing hazardous substances</li><li>● Building green awareness</li></ul>	Stronger environmental measures through One Global Sinto initiatives
		An all-hands approach to environmental conservation activities
		Promoting 3Rs (reduce, reuse, recycle)
		Participation in TCFD declarations, climate change scenario and impact analysis, setting of indicators
<b>Human Resources</b> 	<ul style="list-style-type: none"><li>● Promoting One Global Sinto</li><li>● Promoting diversity and the idea of the workplace as extended family</li><li>● Initiatives for promoting health</li><li>● Fostering a pleasant work environment</li></ul>	Stronger management training for raising up next-generation leadership candidates
		Expanding opportunities for women (training women for management)
		Establishing a health management declaration, developing "actions for ourselves", and setting a Health Month
		Enriched internal communication and business efficiency through digital initiatives
<b>Technology, Development, and Manufacturing</b> 	<ul style="list-style-type: none"><li>● New business development through combining technology</li><li>● Stronger strategy for intellectual property</li><li>● Safe and reliable production</li></ul>	Pursuit of elemental technologies and acceleration of initiatives for rapid commercialization
		Expanding IoT solutions business
		Improved verification of safety functions by certified safety assessors
<b>Stakeholders</b> 	<ul style="list-style-type: none"><li>● Developing customer relationships</li><li>● Developing business partner relationships</li><li>● Communication with shareholders/investors</li><li>● Contributing to local communities</li></ul>	Promotion of activities to always be chosen by customers, strengthening and expanding our support network
		Development of policies to reduce environmental burdens throughout our supply chain based on revised business partner guidelines
		Information sessions and improved information disclosure for institutional/private investors
<b>Corporate Foundation</b> 	<ul style="list-style-type: none"><li>● Corporate governance</li><li>● Compliance</li><li>● Risk management</li></ul>	Strengthening our performance-based compensation system
		Promotion of a shareholding policy
		Risk map visualization and continuous reinforcement of awareness
		Enhancement of concrete actions for the business continuity plan (BCP)
		Improvement/expansion of information security measures

of our local and global communities. Decisions about identified materialities are not permanent but should be updated as needed based on the direction of environmental change and business activities. We plan to review these regularly.



○ Achieved △ In progress × Not achieved

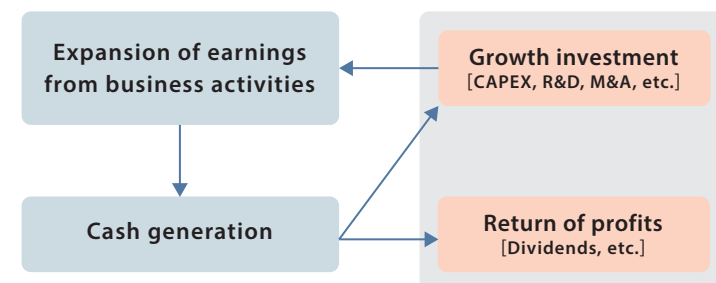
Initiatives for FY2022 (Results)	Self-evaluation	Initiatives for FY2023 (Goals)	Related pages
<ul style="list-style-type: none"><li>● Review of CO<sub>2</sub> reduction targets (upward revision)</li><li>● Review of environmentally friendly products (199 products registered)</li></ul>	○	<ul style="list-style-type: none"><li>● Continue our One Global Sinto environmental initiatives</li><li>● Continue all-hands environmental conservation activities</li><li>● Continue promotion of 3Rs</li><li>● Analyze effects of climate change scenarios and promote activities to achieve targets</li><li>● Set targets and enact reduction measures for Scope 3</li></ul>	P.37-45
<ul style="list-style-type: none"><li>● One Global Sinto Plogging (event for 88<sup>th</sup> anniversary of Sintokogio)</li></ul>	○		
<ul style="list-style-type: none"><li>● Reduction of wood waste (review of pallet operation rules in the factories, increasing utilization of cardboard packing)</li></ul>	△		
<ul style="list-style-type: none"><li>● Quantitative evaluation of business impact based on scenario analysis, clarification of measures to be taken</li></ul>	○		
<ul style="list-style-type: none"><li>● Plus One Training and Sinto Management Training</li><li>● Certification of qualifications for Sinto's career system</li></ul>	△	<ul style="list-style-type: none"><li>● Review our personnel development structure, strengthen management</li><li>● Enact new initiatives for the employment of disabled individuals</li><li>● Improve ratio of female management and strengthen training opportunities Ratio of female management: 5%+ by April 2024</li><li>● Improve ratio of male childcare leave</li><li>● Promotion of health management Ratio of persons at appropriate weight: 65.0% Ratio of sufficient sleep: 60.0% Ratio of regular exercise: 25.0%</li></ul>	P.46-53
<ul style="list-style-type: none"><li>● Establishment of project team to promote women's empowerment</li><li>● Participation in external organizations (J-Win)</li></ul>	△		
<ul style="list-style-type: none"><li>● Study sessions on support for employee health promotion</li><li>● Reinforcement of measures to quit smoking</li></ul>	○		
<ul style="list-style-type: none"><li>● Establishment of RPA Promotion Working Group</li></ul>	△		
<ul style="list-style-type: none"><li>● Exclusive distribution agreement with Exentis for 3D printer related products in Japan</li><li>● Establishment of cooperative business with SOLIZE in metal additive manufacturing</li></ul>	○	<ul style="list-style-type: none"><li>● Promote domestic sales of 3D printers (Exentis)</li><li>● Expand contract surface processing, develop and promote after-processing for metal 3D products (cooperative business with SOLIZE)</li><li>● Promote and improve product appeal of ePVS and C-BOX (IoT solutions business)</li><li>● Continue strengthening safety through Safety Assessor certification</li></ul>	P.54-55
<ul style="list-style-type: none"><li>● Development of sensing solutions business (visualization of and improvement on equipment problems, actual energy consumption, etc.)</li></ul>	△		
<ul style="list-style-type: none"><li>● Promotion of Safety Assessor certification based on international safety standards</li><li>● Training sessions for performance level</li></ul>	○		
<ul style="list-style-type: none"><li>● Opening of Online Solution Site</li><li>● Continued improvement of employees' skills through the Safety and Skill Training Center and Product Demonstration Center</li></ul>	○	<ul style="list-style-type: none"><li>● Continue to improve skills of sales staff</li><li>● Strengthen support of customer maintenance using IoT</li><li>● Renovate Support Center</li><li>● Track and reduce environmental impact of supply chain</li><li>● Increase engagement with institutional investors</li><li>● Hold facility tours for private investors</li></ul>	P.56-58
<ul style="list-style-type: none"><li>● Distribution of Sinto Business Partner Guidelines</li></ul>	○		
<ul style="list-style-type: none"><li>● Facility tours for institutional investors</li><li>● Participation in IR fairs for private investors</li><li>● Website renewal</li></ul>	○		
<ul style="list-style-type: none"><li>● Introduction of a restricted stock unit plan for internal directors</li></ul>	○	<ul style="list-style-type: none"><li>● Expand use of restricted stock compensation system</li><li>● Strengthen cashflow management</li><li>● Take concrete BCP measures</li><li>● Take measures for climate change risks</li><li>● Promote risk reduction through evaluation of management of risk items</li><li>● Continue to promote and strengthen information security measures</li></ul>	P.59-71
<ul style="list-style-type: none"><li>● Sale of shares held by Sinto</li></ul>	○		
<ul style="list-style-type: none"><li>● Risk map update (addition of TCFD compliance)</li><li>● PC virus awareness activities</li></ul>	○		
<ul style="list-style-type: none"><li>● Preparation for TCFD compliance risks</li></ul>	○		
<ul style="list-style-type: none"><li>● Regular security training</li><li>● Tightened restrictions on the use of USB memory devices (generally prohibited)</li></ul>	○		



# Financial Strategy

## Basic policy of the financial strategy

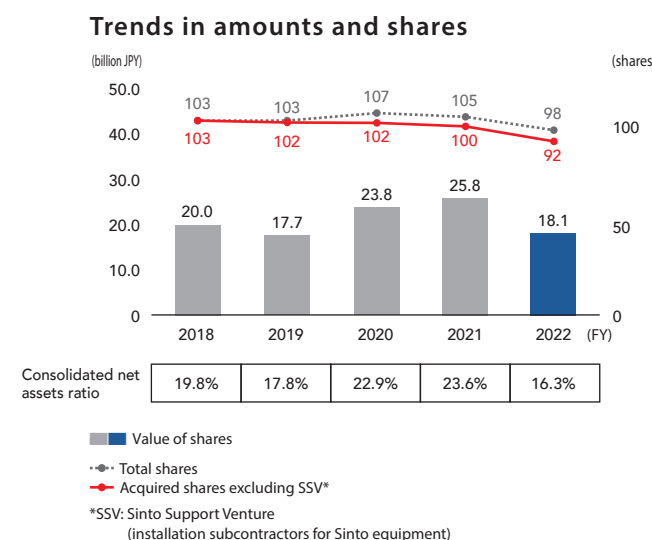
To contribute to solving social issues and increase corporate value, our financial strategy policy is to continue to provide shareholders with stable profit returns, along with prioritizing strategic investments for R&D, capital investment, and M&A to achieve sustainable growth. We will make strategic use of the cashflow generated from our business activities, prioritizing growth investments in key areas such as our surface treatment business, as well as returns to shareholders.



## Securing assets for growth investment

For shares held by Sinto, taking a medium-term perspective to enhance corporate value based on a comprehensive consideration of business strategy, business relationships with suppliers, and other factors, we promote collaboration with business development cooperation partners and start-ups for the creation of new businesses. In order to achieve sustainable growth in the long term, we retain financial resources so that we can always invest in growth opportunities even in times of inflation, and in the short term, by obtaining earnings through dividends, we secure a free cashflow that can be used in case of emergencies.

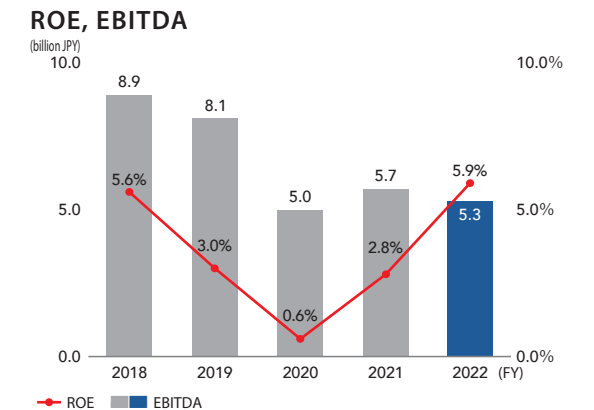
Once per year at the Board of Directors meeting, we confirm consistency with the holding objective, and we also confirm the appropriateness of holdings by comparing benefits (such as operating income, dividends, and capital gains) and risks, based on the capital cost and the value of the shareholding policy as a whole. In February 2023, as the first step for expanding our business value through M&A, we had a strategic sale of some of our stocks. We will use these funds to continue our investment in business growth.



## Sustainable growth through efficient use of capital

We will actively invest in growth, including capital investment, R&D investment, and M&A, to resolve social issues and maximize corporate value. We will generate profits by investing in growth, securing cash sustainably for the next cycle of value creation and reinvestment.

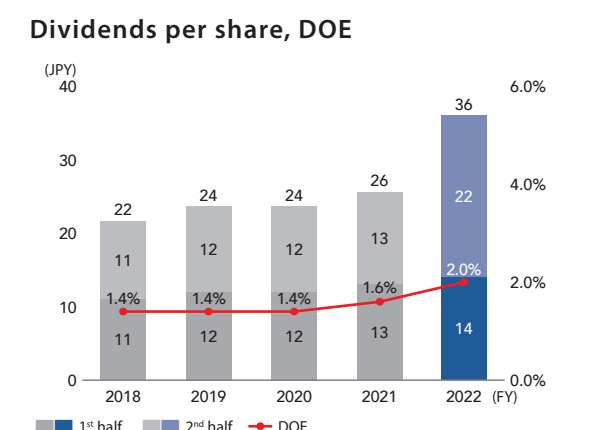
EBITDA is used as an indicator of cash generation capability, and along with a goal of securing 10 billion JPY, we will first strive to ensure ROE of 5% or more.



## Stable return of profits for shareholders

Our basic policy on shareholder returns has traditionally been to link shareholder returns to performance based on stable dividends and to build up dividends in line with increases in consolidated net profit. We will always aim to pay dividends with a DOE of 1.5% or higher to return profits to shareholders.

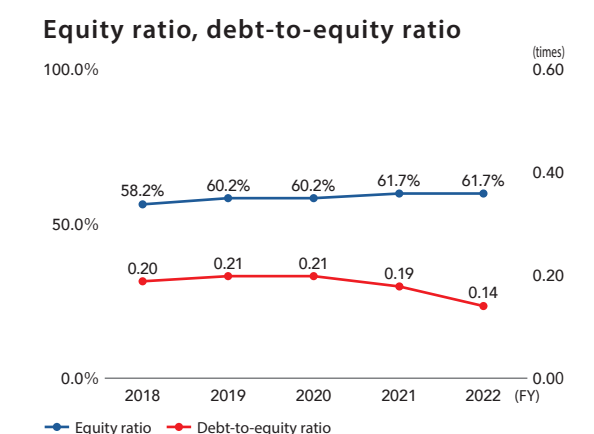
Considering our business performance in FY2022, we set a payout ratio of 30% for dividends of 36 JPY per share. We plan on dividends of 40 JPY per share for FY2023. We will continue to move forward in line with our basic policy, balancing investment in sustainable growth with stable profit returns to shareholders.



## Stability of the financial platform

In order to withstand the effects of economic fluctuations and achieve sustainable business growth, it is necessary to secure financing through a stable financial base.

Equity ratio and liquidity on hand (used as indicators of financial stability) indicate a high degree of stability, and we aim to maintain an equity ratio of 50% or more. With this strong financial base, we will actively invest in growth while providing continuous and stable returns to shareholders.



# Global Business Foundation

## Global network

The overseas expansion of our group began in 1968 when we established our first overseas subsidiary in Taiwan. Subsequently, the development of foundry technology led to the establishment of after-sales service bases for customers in the high-demand foundry industry, along with manufacturing bases for new growing industries. This global network set the foundation for our current business development. We use this network to expand our market share for our existing businesses, and to promote development in new businesses. The Sinto Group has also developed a global 3-in-1 business model that provides equipment, parts/consumables, and after-sales service to customers after equipment is delivered. Under the motto of preventing our customers' equipment from stopping, we offer stable supply of these necessary parts and services by expanding our network to locations close to the customer. Through this, we aim to deepen bonds with customers. Our global network currently spans 16 countries and regions around the world (excluding Japan).

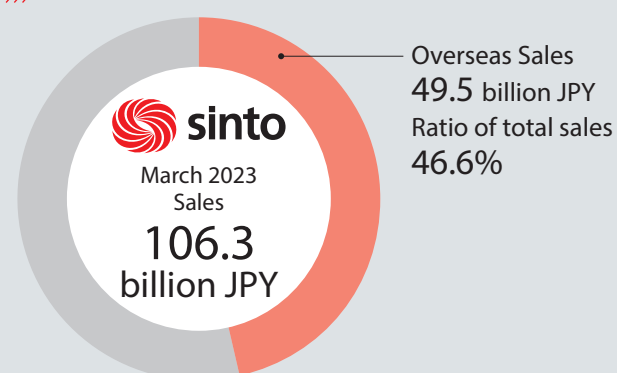
### Subsidiaries outside of Japan

**16 countries and regions,  
32 locations**

### Number of employees outside of Japan

**1,798 persons**

### Overseas ratio of net sales



## Global management structure

Every year, we host the Sinto International Conference for the executive management of all overseas group companies. This is an opportunity for all overseas group companies to come together to ensure a fully shared understanding of the global management policies, and to check up on issues like risk management and the promotion of sustainability activities in order to strengthen our global management structure.

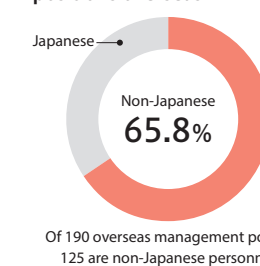
In developing our overseas business, we emphasize our idea of trust-based management. By entrusting management of day-to-day operations to the local people while we provide technology and capital, we aim to achieve management that is rooted in each local area under a unified business vision as One Global Sinto.

## Localization of overseas management

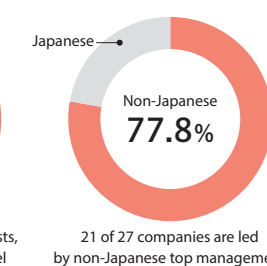
Today we have appointed local individuals as the top management of 21 out of 27 major overseas locations. In addition to implementing regionally-oriented management and incorporating a wide range of viewpoints, we build our business strategies from a global perspective.

Additionally, we believe in the necessity of increasing management transparency, developing organizational structures that can respond flexibly and rapidly to changes in the business environment, and establishing group-wide compliance.

### Ratio of local personnel in management positions overseas



### Executive management ratio



# Medium-term Management Plan



Today, we are seeing many shifts such as the advance of EVs, the rapid growth of IT, and the labor shortage due to the declining birthrate and aging population. The business environment is changing at a speed much faster than we imagined. To respond to these rapidly changing times, we are focusing on bringing our business to the next level in our medium-term plan, Plus (from April 2021 to March 2024). This means increasing the speed of our initiatives, applying the skills and technologies we have developed until now, adding new skills and technologies to our range of abilities, and looking at the world from a new perspective.

## Value provided through business activities

	Social Issue	Sinto's Contribution	Our Technology
Environment	Global warming, climate change	◀ Initiatives for carbon neutrality	◀ Electric cylinders, surface evaluation technology
	Resource depletion	◀ Resource conservation through recycling	◀ Blasting abrasives, casting products, dust solidification
	Unknown infectious diseases	◀ Sterile environment	◀ Stainless steel products
Technology/Industry	IoT adoption, AI application, advance of digital transformation	◀ Streamlined manufacturing processes	◀ Unmanned surface treatment process systems
	EV, self-driving vehicles	◀ Production of high-quality batteries Automotive lightweighting	◀ 3D screen printing technology, joining technology, shot peening technology
Society	Declining birthrate and aging society	◀ Automation of skilled work	◀ Six-axis force sensor
	Pursuit of health, safety, well-being, and comfort	◀ Peace of mind for workers and nearby residents	◀ Dust fire prevention systems

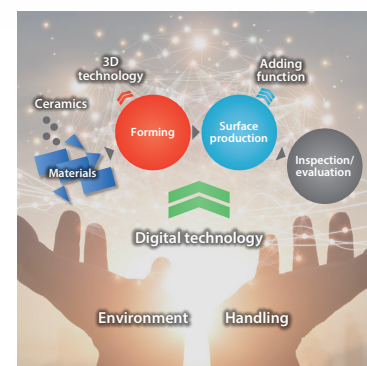
## Direction of business strategy

In response to changes in the global environment, we have selected two strategic business objectives: (1) evolution of existing businesses through digital transformation and (2) acceleration of the shift to new markets and segments for new businesses.

### 1. Evolution of existing businesses through digital transformation

Our strengths that support the stable operation of customers' equipment are "Real" and "Digital". The Sinto Group has 32 locations in 16 countries and regions around the world (excluding Japan) for production and sales services with high technical capabilities. In the existing areas of surface treatment, foundry, and environment, we will bring together a skilled global network "Plus" IoT technology to provide timely support, "Plus" digital technology as well as inspection/evaluation technology to create new added value, and to always be chosen by customers.

"Giving form and life to process materials"  
Direction for expanding our business range



### 2. Acceleration of the shift to new markets and segments for new businesses

As part of the previous medium-term management plan, we grew the buds of new business in segments ranging from EV to robotics/automation, material handling, ceramics, renewables, nursing, flooring, and 3D manufacturing. Through these new segments, we will improve corporate value by developing new businesses that can contribute to resolving social issues, beyond the borders of foundry-related industries.

## SWOT Analysis

### Strengths

- Global level support network
- Strong customer follow-up system based on the 3-in-1 approach of equipment, parts/consumables, and after-sales service
- Stable financial base

### Weaknesses

- Recognition outside of the foundry industry
- Price difference with overseas local products, local production capacity
- Global acquisition of competent engineers and staff

### Opportunities

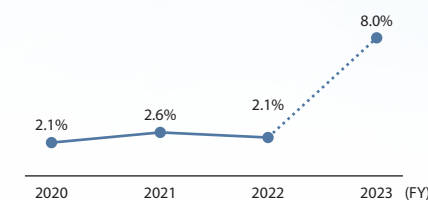
- Increasing demand for castings in emerging countries, and rising demand for lighter-weight castings and labor-saving foundry processes
- Increased demand in a wide range of markets where growth is expected, including aerospace, energy, and medical-related markets, and the spread of next-generation batteries in conjunction with the shift to EVs
- Increase in demand for electronic components and devices to realize digital transformation
- Increase in demand for automated products that improve productivity and work efficiency, save labor, and provide a safe, secure, and comfortable work environment

### Threats

- Decline in domestic demand for castings in conjunction with the shift to EVs
- Slower economic growth due to soaring raw material and energy costs, and shortages of semiconductors and other components
- Domestic labor shortages due to the declining birthrate and aging population, and growing resistance to hard physical labor and high-heat work

## Medium-term management plan progress at 2/3 point and outlook

To achieve our goal for operating income of 8%, focusing on improving profitability on top of growth strategies

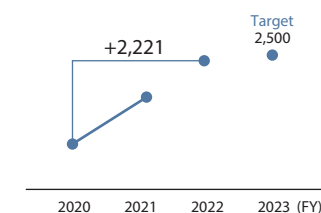


### Acceleration of focus initiatives

- Value-added initiatives  
Proposals that are not just equipment alone, but also include technologies and ideas to solve customers' problems, and enhancement of digital line-up and software products
- Cost reduction initiatives  
Design modularization, common parts, automation of procurement, and digital transformation through online solutions to strengthen sales and marketing capabilities
- Shift of personnel from indirect to direct departments  
Promotion of work efficiency through enhanced skills of individual employees by organizational restructuring, personnel rotation, and review of training methods, as well as digitalization, etc.

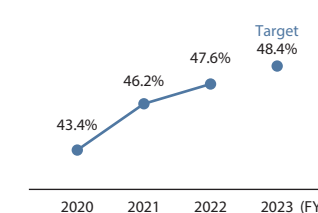
## Progress on management indicators

Number of new customers



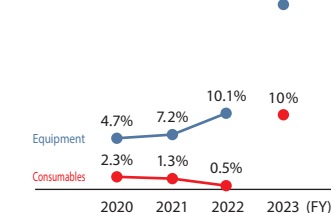
By creating opportunities to connect with customers such as the Online Solution Site, we aim to increase our number of new customers. (continuing initiative)

Sales coverage (Japan)



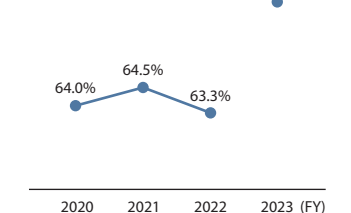
Through real and digital support to provide service that prevents customers' equipment from stopping, we aim to always be chosen by customers. (continuing initiative)

New product sales ratio  
\*Sales of products/services that were launched within the previous 5 years



Through system proposals during equipment sales and strong promotions when new products are released, we aim to increase our new product sales ratio.

Market shift (new market ratio)



Through digitalization (such as use of 3D manufacturing technology) and accelerated efforts to expand our business range, we aim to expand our new market ratio.



# Surface Treatment Business

Proposing and developing more attractive surfaces



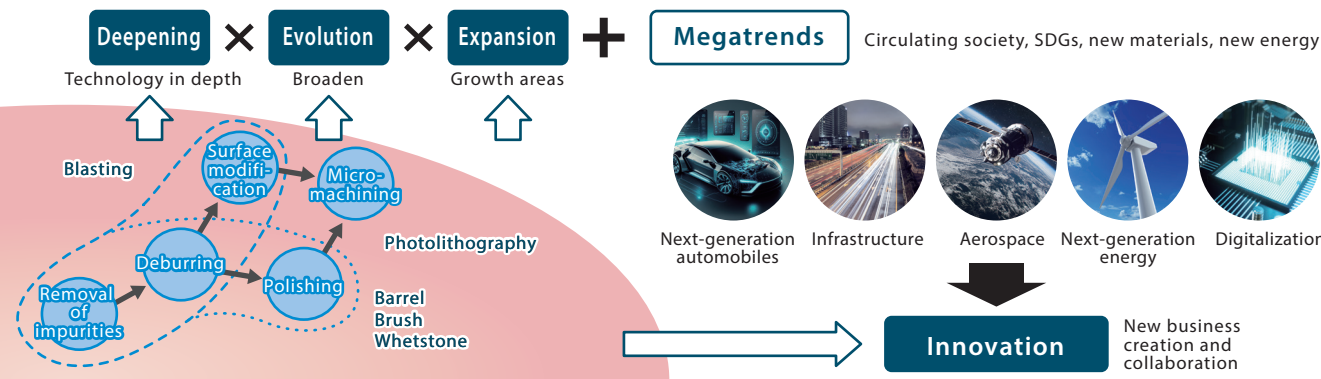
## Focus on product proposals to booming industries

Our surface treatment technologies, which began with the sand removal and deburring of casting products, have evolved in response to the needs of the times and changes in industrial structure.

From technologies that “create” functions on material surfaces to technologies that “see” surface functions, we are promoting products that utilize 3D simulations, surface evaluation technologies, and information technologies, aiming to create solutions that provide total surface management for our customers.

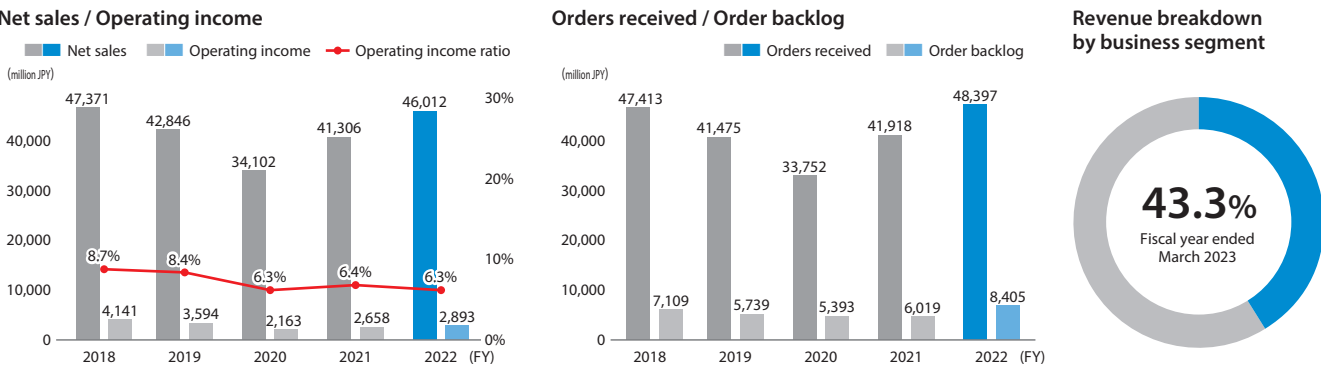
We will continue to contribute to the development of many industries by developing new surfaces, protecting and creating the future by providing technologies that support the manufacturing industry with innovative surfaces.

## Vision/business direction



## Medium-term management plan (targets/goals)

We will target well-performing industries to expand sales and focus on manufacturing competitiveness, with a particular emphasis on making our equipment business profitable for improved profitability overall. In addition, we will strengthen our line-up of systemized items, including proposals to enhance the workability of pre- and post-processes and monitoring of stable operations, thereby promoting the establishment and expansion of a new business model that integrates these items. We will also propose new products for new areas that differ from existing industries to expand our business.



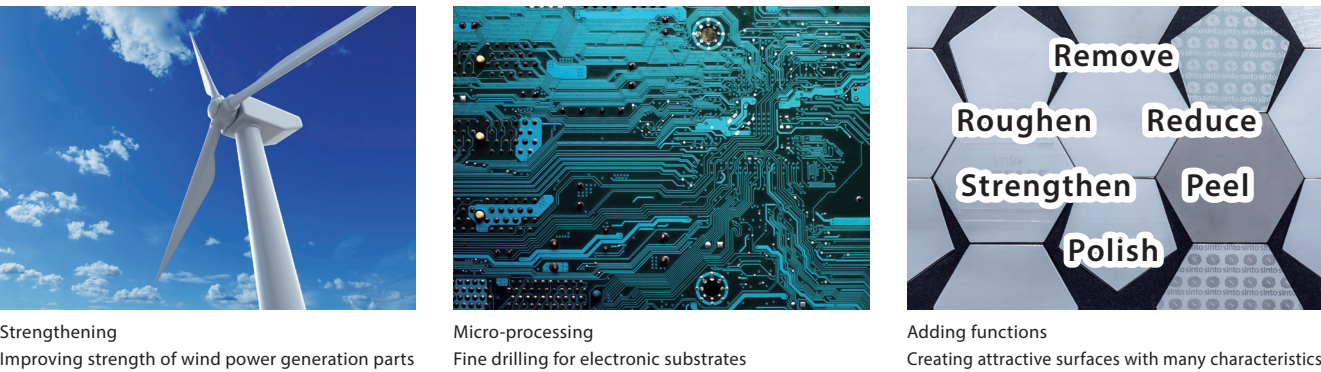
## Profit improvement and growth strategy

### Strengthening competitiveness of existing businesses

In our existing businesses, we are promoting DX in all processes, including sales, engineering, and production, and we are working on global business collaboration. We will promote the modularization of units through 3D design to provide equipment with refined quality and durability. We aim to ship products in the shortest possible time through an optimal production system by assigning them to main/sub lines in the production line. In addition, we will improve the profitability of the equipment business by proposing optimal processes using machining simulations based on our machining process database and by using sales promotion tools such as virtual showrooms, webinars, and videos, under the slogans of “connecting with customers” and “connecting with the world”.

### Growth strategy

For Sinto, improving the added value of “attractive surfaces” to meet the challenges of various industries and expanding our product line-up are part of an essential business strategy to develop new customers. In particular, we are promoting research and development focusing on our technologies for strengthening, micro-processing, and adding functions. Strengthening technology is provided to high-need industries such as EV-related components, which require lighter weight and increased durability, and power generation and aircraft components, which require higher output. Additionally, we provide micro-processing for semiconductor components, for which demand is exploding for in-vehicle sensors and wearable devices, and we also enable new functions through our joining technologies, joining materials of different types such as resins with various properties. By expanding the range of solutions for issues in these megatrends, we are working to expand our surface treatment business.



Topic

Co-creation with SOLIZE: 3D additive manufacturing for more attractive surfaces

The use of metal additive manufacturing (AM) utilizing 3D printers has been expanding around the world. AM enables high freedom in forming and reduced costs and time for production, but it also comes with various challenges, such as issues with product strength and surface roughness. To address these issues with metal AM and increase the value of formed products, Sintokogio has teamed up with SOLIZE to combine their superior AM technologies with our surface treatment technologies for metal products. Together, we have launched a service that provides high-quality metal AM under a new brand called Smart AM Solutions.

By using Sinto's surface treatment technologies that offer polishing and strengthening to attractive surfaces, not only can we improve the look and feel of rough product surfaces, we can also reduce the occurrence of defects such as cracks, improving product strength and contributing to the expanded use of metal AM in many industries.



# Foundry Business

Better casting production

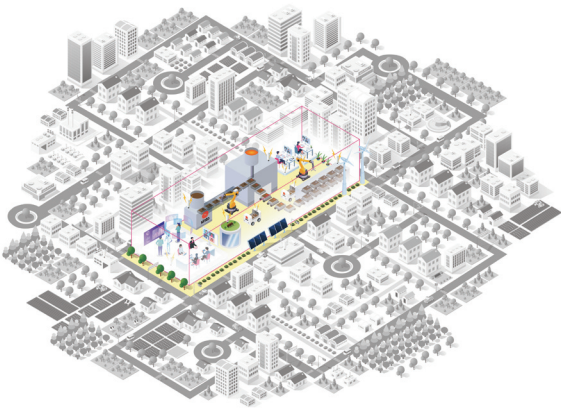


sinto FOUNDRY INTEGRATION  
*for the Better*

## Contributing to the happiness of local communities and factory workers, and to the production of castings that delight our customers

Foundry is known as the “bread and butter of industry”. Since our establishment, we have continued to lead the foundry industry and deliver equipment globally by constantly developing technologies that add high value to casting products. Today, our foundry business aims to contribute to the happiness of people in the community and factory workers, and to create castings that delight our customers. To achieve this, we will continue our efforts to manufacture environmentally friendly castings for carbon neutrality and resource recycling, and to utilize automation technology and IoT solutions to create the ideal foundry plant with labor savings and a plant environment that is easy to work in.

## Vision/business direction



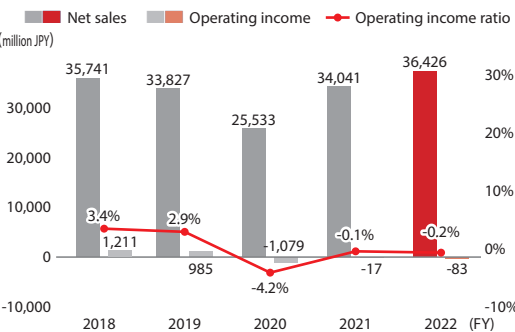
### A foundry that brings vitality to the city

- 01 Make people glad
- 02 Make people lively
- 03 Make people smile

## Medium-term management plan (targets/goals)

Positioning the foundry business as “a business to strengthen globally” in the medium-term management plan, we aim to increase the number of customers by 380 by providing better casting production on a global basis. We will especially focus on value-added proposals through the introduction of software products centered on Sinto Smart Foundry, strengthening local support capabilities for no bake and peripheral equipment, and strengthening support systems through the use of information technology.

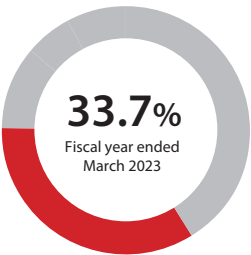
Net sales / Operating income



Orders received / Order backlog



Revenue breakdown by business segment



## Profit improvement and growth strategy

### » Supporting customers’ foundry operations: Development of Sinto Smart Foundry (SSF)

The environment surrounding the foundry industry, such as labor shortages due to the declining birthrate and aging population, and needs for carbon neutrality, is becoming more and more challenging every year. We focus on supporting competitive foundry operations, providing our customers with solutions for safety, environment, quality, production, and maintenance through our concept of “Sinto Smart Foundry (SSF)”. In particular, we are developing and expanding product sales that contribute to reducing power consumption and quality defects in each process, leading to carbon neutrality.

### » Expanding sales of our Good Casting System that contributes to defect reduction

From the viewpoint of quality improvement, there is a growing need for visualization, including real-time monitoring of the casting process and traceability of manufacturing conditions. We have established the Good Casting System as an overall system that supports quality improvement to contribute to the creation of better castings. We propose products that visualize each green sand molding process, such as sand treatment, molding, and pouring, and products that contribute to analyzing factors that cause defects.

In FY2022, we also saw steady growth in contracts for sensing devices in each process that contribute to reducing quality defects and software such as quality control systems. We will continue to add new sensing devices and products for IoT, and we will develop and launch new products to expand sales of the Good Casting System in the global market, to achieve increased sales and higher profitability.

### » Business development in emerging regions and growing markets

The foundry business is growing especially in emerging regions. In particular, with India’s rapid economic growth, the development of rail and infrastructure has resulted in an increase in demand for casting parts. There is also growth around the world in agriculture, resource, and infrastructure-related markets, with a similar rise in demand. Through our continued initiatives to localize our after-sales service globally, we can offer fast, high-quality support to our customers, resulting in the increased global competitiveness of the Sinto Group. Additionally, continued demand is expected in other industrial fields such as wind power. We will focus our efforts in responding to needs in new fields as we aim to maintain our global competitiveness.

#### Topic

#### Establishment of a global product supply system

In order to provide products that meet the needs of customers around the world in a timely manner, we have established a mutually complementary system on a global basis. We have developed our molding machine business with a focus on Japan and Germany, where we have high brand recognition, and for no bake equipment, which is in high demand mainly in the infrastructure market, we have gained many customers in Europe, Asia, North America, and other parts of the world through global expansion under the Omega brand. We are also proceeding with localization at other overseas locations, and by utilizing group companies that are close to our customers’ plants, we are able to establish a cost-competitive supply system. In China and India, which are especially expected to grow in the future, we will strengthen production capacity to secure supply for local customers and aim to further expand our market share. We are also focusing on after-sales service in cooperation with our production base in Mexico to improve profitability in the North American market. By resolving customers’ problems, we will deepen their trust in us and increase the stability of our earnings.

We will continue to strengthen the production systems of our group companies around the world, while sharing product development and accelerating proposals that meet the needs of customers in each region.

# Environment Business

For the safety, health, and comfort of all workers

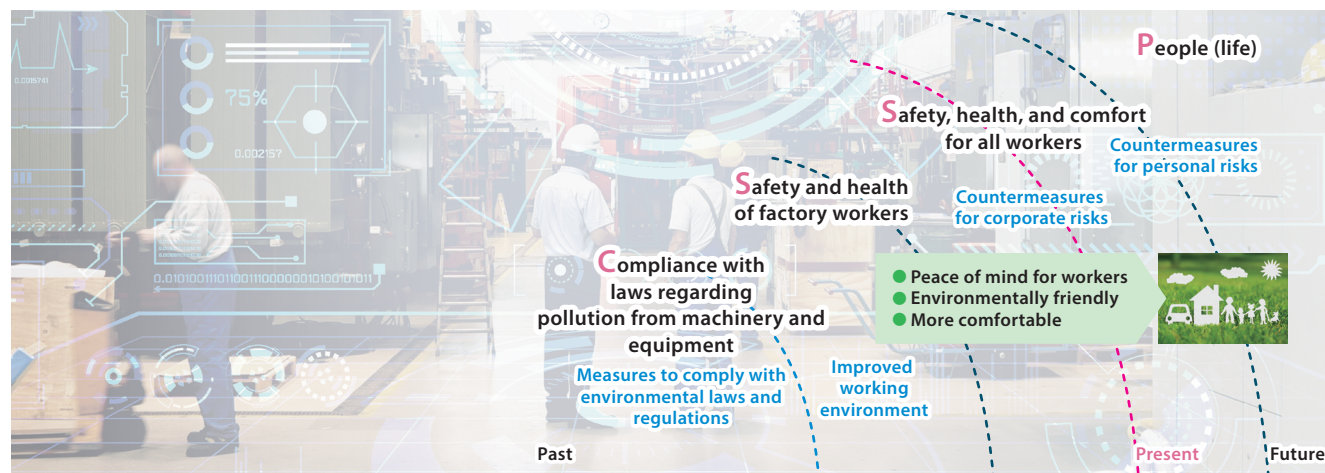


sinto WELLNESS CREATION  
*for the Better*

## From pollution prevention to creating an environment friendly to people and the earth

We have expanded the scope of our environment business, which began with pollution prevention in areas such as dust collection, gas treatment, and water treatment, to initiatives for realizing a work environment that ensures the safety and health of workers, and the creation of more comfortable spaces. At the same time, we are strengthening our efforts to contribute to global trends such as the effective use and recycling of energy and material resources. For example, we are working on converting waste into valuable resources by separating and solidifying the powder collected by our dust collectors, and by adding value to purified exhaust air. To create a safe, secure, and comfortable environment and to leave a rich global environment for the future, we will continue to take on the challenge of adding further value through 3R initiatives.

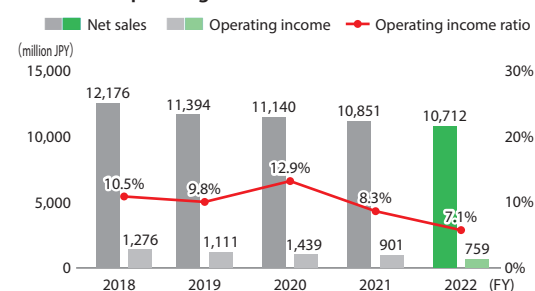
## Vision/business direction



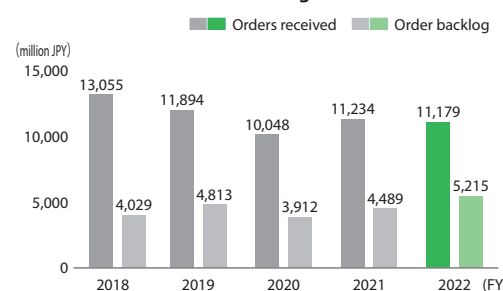
## Medium-term management plan (targets/goals)

We will further accelerate these activities to provide our customers with an environment that realizes worker safety and health. In addition to the need to address the safety and health of workers and corporate risks, efforts for carbon neutrality are expanding more steadily and rapidly than in the past, and opportunities for us to contribute are also expanding. Currently, our activities mainly focus on the domestic market, but we intend to expand overseas, including Southeast Asia. We will offer the products and services best suited to these needs and regions.

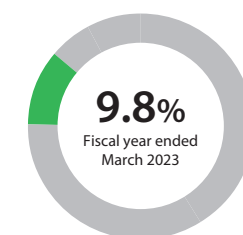
### Net sales / Operating income



### Orders received / Order backlog



### Revenue breakdown by business segment



## Profit improvement and growth strategy

### » Becoming a business that provides a comfortable environment for people's safety and health

We are shifting from traditional sales of stand-alone machines such as dust collection and gas treatment, with equipment sales at the core, to providing solutions for production sites such as fire risk countermeasures, maskless work environments, and CO<sub>2</sub> reduction. In response to this shift, we are focusing on the expansion of system products and the development of monitoring systems. We will achieve safety and health for our customers by first visualizing the results and then preventing problems before they occur.

### » Further reinforcement of fire and explosion prevention products

Fire and explosion accidents are serious risks for companies, and the importance of countermeasures has grown even greater in recent years. We have been developing and commercializing wet chambers that are effective against ignition sources, unique fire-resistant filters that are ideal for use in dust collectors, early fire detection systems, and more. Last year, we began sales of a compact, mobile, fan motor-free dust collector with ignition source countermeasures for cleaning explosive dust.

### » Promotion of floor business

The operation of automatic guided vehicles (AGVs) and forklifts at automobile-related plants causes the peeling of coated floors, rattling due to cracked floors, tire marks, and more. Our floor business has received high acclaim for offering smoothness and abrasion resistance as countermeasures against these issues. These features also help prevent fires due to their ability to suppress static electricity.

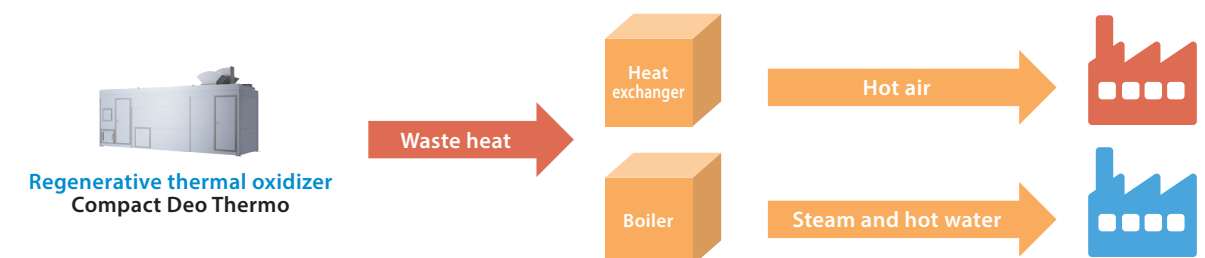
### Topic

### Thermal storage technology that contributes significantly to carbon neutrality

Combustion oxidation is used to treat organic solvents and odor components generated at production sites, but it requires a high temperature of approximately 800°C or more to burn and render them harmless completely. In other words, it requires enormous amounts of energy. In conventional direct combustion, air containing gaseous components is combusted using fuels such as LNG and released into the atmosphere as high-temperature air. RTOs (regenerative thermal oxidizers) recover and reuse the heat from the exhaust through a honeycomb ceramic heat exchanger. This reduces fuel costs and CO<sub>2</sub> emissions by more than 80%.

In addition, when excess heat is generated from the combustion of VOCs (volatile organic compounds), the heat can be reused by heat exchangers and boilers. Regenerative thermal technology can significantly contribute to environmental conservation and carbon neutrality, and we believe that the replacement of direct combustion systems will continue to accelerate in the future.

### Reuse of waste heat while purifying exhaust gas



\*Depending on type of waste gas and operating conditions, it may not be possible to apply this system.



# Material Handling Business

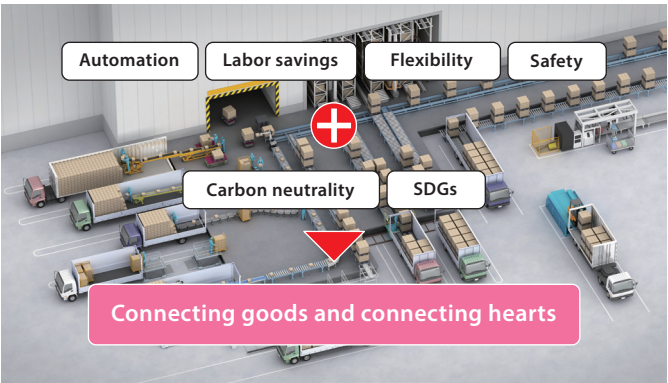
Proposal of logistics streamlining that connects our hearts together



## Contributing to the social distance of customers' manufacturing

In the material handling business, we want to use our material handling technology to connect things, people, and ultimately our customers and our group companies to the future. By applying image processing and robot technologies to the technologies we have already developed, we are contributing to the automation of material handling and the rationalization of truck yards. We will continue to make proposals that connect to the future for customers in general material handling, including improvements to productivity and safety driven by our technology.

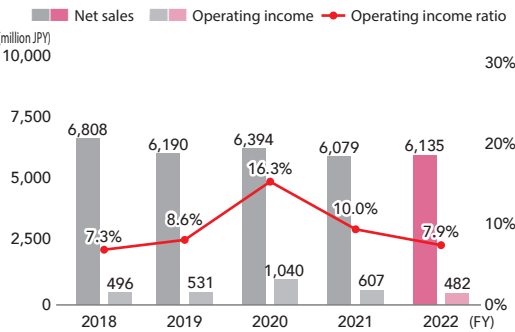
## Vision/business direction



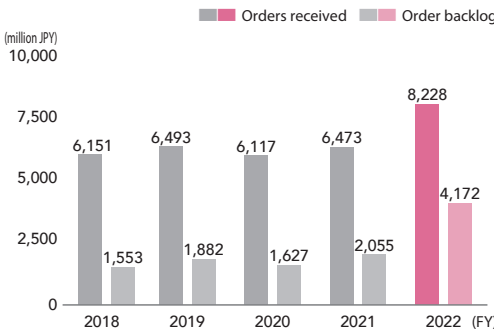
## Medium-term management plan (targets/goals)

We will develop and release new products based on the needs of the market in pursuit of becoming a good company so that not only our employees but also our customers and local communities can feel the growth of our business. In this medium-term management plan, we have set a goal of achieving sales of 10 billion JPY or more in the future, and we will work to expand our business in order to reach this goal.

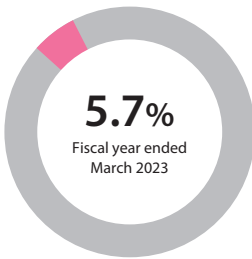
### Net sales / Operating income



### Orders received / Order backlog



### Revenue breakdown by business segment



## Profit improvement and growth strategy

### » Japan's leading manufacturer of scissor lifts

Our customers in the scissor lift business come from a wide range of fields, including production sites, homes, and entertainment. We will continue to earn the trust of our customers as Japan's leading manufacturer of scissor lifts in terms of quality and quantity. Aiming to be the scissor lift of choice for all customers, we are focusing on providing new products (high head, switch from hydraulic to electric) to create new markets, shortening lift manufacturing lead times through improvement activities, expanding our market share of value-added special lifts, and establishing a maintenance service system. Through electrification of lifts, we are also promoting improved precision for starting/stopping and lifting speed, as environmentally friendly solutions.

### » Accelerate sales expansion of new products

In the conveyor business, we offer a variety of conveyors in standard models for various types of materials and applications such as case and pallet conveyors, and demand for our new safety roller conveyor has also been steadily increasing. To provide safe and secure connections to all our customers, we are promoting package proposals of conveyor peripheral equipment, the development of modular conveyor series, and the expansion of sales of safety roller conveyors that emphasize safety. The safety roller conveyor launched last year has been well received for its safety, energy savings, and low cost, and an increasing number of major companies are adopting this product.



Safety Roller Conveyor

### Topic

### Response to issues faced by the logistics industry

In the e-commerce (EC) market, the momentum of capital investment will continue to increase due to the expansion of the market. We expect a stable volume of orders as a result of our efforts in fully automated equipment, such as sorters and labelers that incorporate image processing and other technologies, as well as modifications for automation of existing equipment.

In the logistics industry, issues such as the shortage of drivers and cargo handlers, as well as the impending "2024 issue" in which new overtime restrictions are expected to further worsen truck driver shortages, are driving the trend toward automation and labor savings in the truck cargo handling market. The potential market needs for truck yard rationalization equipment are high. The logistics industry is highly interested in this business as a mainstay product for "white distribution", i.e., efforts to improve logistics efficiency and productivity. We are developing new products (such as fully automatic debinders) to expand sales channels for truck yard rationalization equipment.

As a proposal for "new connections", we will aim to increase sales as a manufacturer of automation equipment (robot integrators, system integrators), secure volume from a wide range of industries (automation, unmanned operations, standardization recommendations), and build maintenance systems for logistics and distribution users. We are aiming to expand the scale of our business by developing and introducing new products that better meet customers needs, contributing to the development of the market with proposals for connections based on the keywords "labor savings", "automation", "flexibility", and "safety".



Racooda  
(rationalization of trucks)

# Special Equipment Business

(including new businesses)

Taking on new business challenges with one-of-a-kind technology

## Contributing to resolving social issues by deepening our presence in growing markets through technological integration and the development of partnerships

The environment surrounding us is changing at an unprecedented speed, with climate and environmental changes associated with global warming, as well as the acceleration of DX and changes in people's values during and post-COVID. To respond to these changes, we will apply the elemental technologies that we have developed up until now and integrate them with new technologies, strengthening our "product creation" and our "partnership creation", which will lead to better proposals to growing markets. By staying ahead of the changing times and vigorously engaging in initiatives to open up the future, we will expand our business into developing markets and increase our profitability.

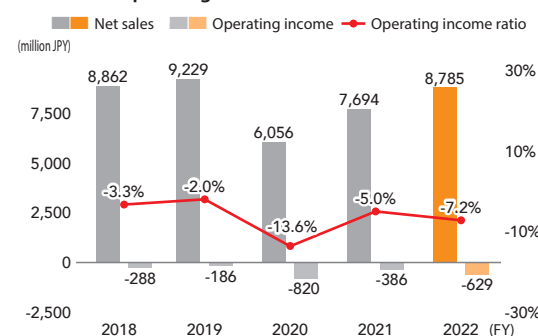
## Fields covered by the Special Equipment business

Digital acceleration	To growing markets	Expansion of business scope
<ul style="list-style-type: none"> <li>Robotics/automation [force sensor business]</li> <li>Sensing [sensing solutions business]</li> </ul>	<ul style="list-style-type: none"> <li>EV, batteries [special equipment business]</li> </ul>	<ul style="list-style-type: none"> <li>Ceramics [ceramics business]</li> <li>Electronics [powder business]</li> </ul>
		
P.32	P.33	

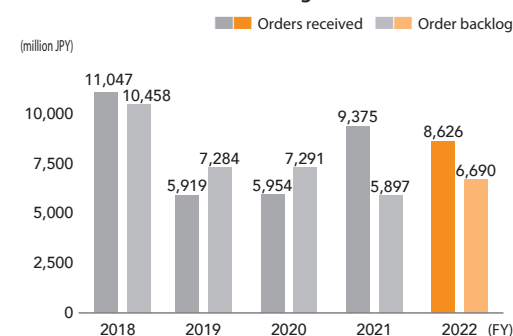
## Financial results

Consolidated net sales increased to 8,785 million JPY (up 14.2% year-on-year) due to the strong performance of our high-pressure roll press for the EV rechargeable battery market. Operating loss amounted to 629 million JPY (386 million JPY loss in the previous consolidated fiscal year) due to an increased cost rate and other factors. Orders received decreased to 8,626 million JPY (down 8.0%), with order backlog increasing to 6,690 million JPY (up 13.5%).

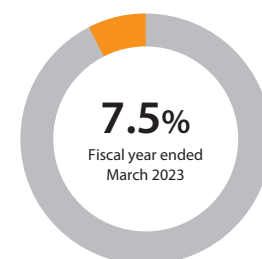
### Net sales / Operating income



### Orders received / Order backlog



### Revenue breakdown by business segment



# Special Equipment Business

## Contributing to the realization of a carbon-neutral society

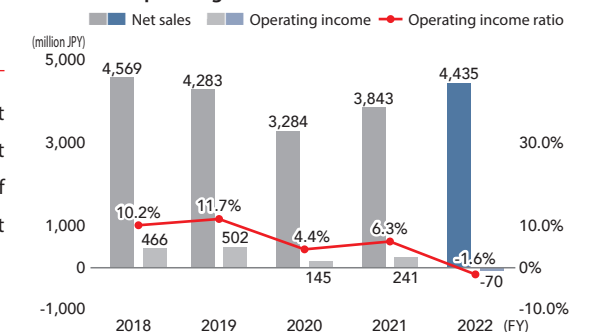
### Helping to protect the environment through electrification

We contribute to a reduced environmental impact through our focus on electrification. Our energy-saving equipment such as servo cylinders, high-pressure roll presses, and electrical characteristic testing equipment are applied in the production of secondary batteries and inverters, which are essential as part of the shift to EVs.

### Medium-term management plan (targets/goals)

With a tailwind from global environmental protection efforts, such as a significant increase in the production of rechargeable batteries and inverters due to the rapid shift to EVs, growing momentum for energy conservation in the manufacturing process of environmental products, and movement to regulate hydraulic oil use to prevent environmental pollution, we will continue working to expand our business.

### Net sales / Operating income



### Growth strategy

The global trend of efforts for carbon neutrality will lead to a rapid shift in the automobile industry to EVs. In line with this trend, demand for rechargeable batteries and inverters is expected to increase dramatically. The Special Equipment division aims to expand sales of high-pressure roll presses, indispensable for secondary battery production, and electrical characteristic testing equipment used to inspect power devices for inverters. Additionally, we are also proceeding with initiatives to expand our range in battery production processes, replace hydraulic cylinders with servo cylinders, and expand use of electrical characteristic testing equipment to areas other than in-vehicle parts.

### Topic

### Shinshiro Works begins operation of new factory

At our Shinshiro Works location, a new factory was completed and began full-scale operation in June 2022 as the production plant of our major Special Equipment products such as electric cylinders and servo presses. Compared to the previous factory, the area of the new factory has expanded by 75%, and the crane's lifting capacity has been increased from 2 tons to 12.5 tons, enabling the assembly of even larger equipment. In addition, with highly insulated buildings and solar panels installed on the roof of the plant, it has become an environmentally-friendly plant corresponding to ZEB Ready standards that uses renewable energy, suitable for manufacturing energy-saving equipment. We will continue to strive for business development by effectively utilizing this increased production capacity and responding to the needs of the expanding EV market.



Note : A ZEB (Net Zero Energy Building) is a building that achieves net zero energy consumption through energy savings (via insulation, etc.) as well as energy creation (via solar power, etc.). ZEB Ready refers to buildings working toward ZEB standards with advanced insulation and high-efficiency

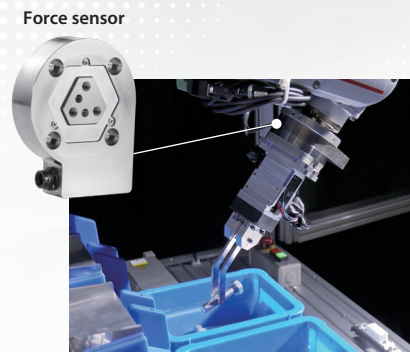


# New Segments

## Contribution to automation

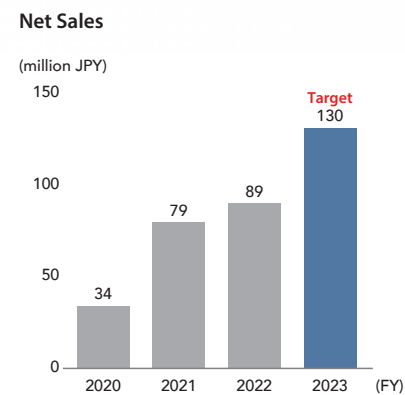
### Powerful support for human and robot operations

ZYXer is our force sensor that simultaneously detects force in length, depth, and height directions as well as torque around those axes, enabling robots to perform control similar to human manual work. The ZYXer has already been adopted as standard or optional equipment by five major robot manufacturers in Japan, enabling automation of precision work at various manufacturing sites and contributing to labor savings.



### Growth strategy

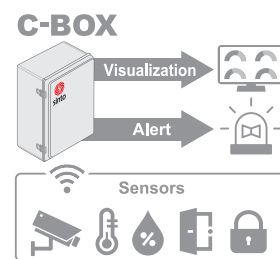
Through ZYXer system proposals, we will effectively offer support for human resource shortages and the improvement of quality and productivity, and we will actively contribute to resolving customers' issues not only in manufacturing but in various fields. For example, in the robot field, we will further expand ZYXer as a standard or optional part for robot manufacturers within and outside of Japan, and we will also strengthen robot system proposals for the automotive industry. In the field of industrial equipment, we will make proposals for equipment integration, and for the food, medical, and cosmetics industries, we will promote application sales and proactively search for alliance partners. In these ways, we will continue our efforts to respond to various customer needs in order to maximize ZYXer's value.



## Contribution to the digitalization of improvement activities

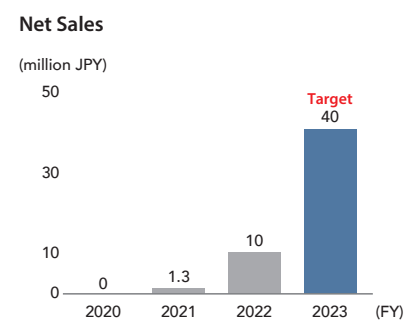
### Strong support for improvement activities

We utilize the sensing and control technologies we have cultivated at our worksites to solve our customers' problems in the manufacturing industries. By providing our C-BOX package, we digitize daily events at worksites, enabling data collection, visualization, and analysis, while supporting improvement activities to enhance productivity, quality, and energy conservation.



### Growth strategy

As society becomes increasingly digitalized, it is necessary to stabilize production lines and control quality based on reliable data rather than relying on experience and intuition in the manufacturing field. By strengthening partnerships with companies that use various sensors, we will work to expand sales of packaged products tailored to the customer's application. In addition to monitors and reports, we will promote our ability to support necessary actions with various output options such as alarms, voice alerts, and recordings.



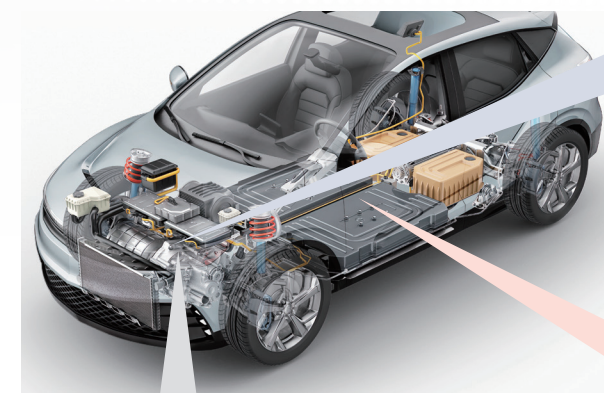
## Contribution to vehicle electrification

### Supporting manufacturing in the automotive and EV fields

Our technologies that support automotive manufacturing are used in various production sites, from engine manufacturing to the production of springs, gears, and other components, as well as in the painting and assembly processes. In recent years, we have further expanded the scope of our activities to include batteries, inverters, and motors for electric vehicles.



### Technologies essential for car manufacturing



#### » Inverters (power semiconductors)

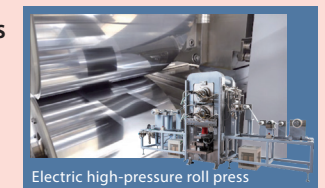
Proposing testers that can handle low inductance and one-stop processing in the inspection process for EV modules



Electric characteristic testing equipment

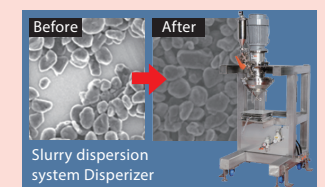
#### » Secondary batteries

Contributing to reduced CO<sub>2</sub> emissions during production through using electric high-pressure roll presses



Electric high-pressure roll press

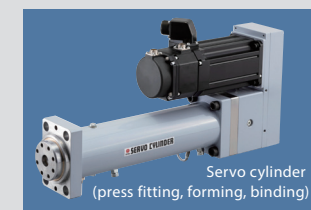
Achieving uniform dispersion of battery materials without crushing the electrode active material



Slurry dispersion system Disperizer

#### » Motors and secondary batteries

Contributing to improved quality and reduced energy consumption for production through precise position and load control along with energy savings through electrification

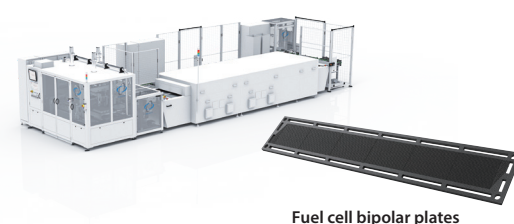


Servo cylinder (press fitting, forming, binding)

### Growth strategy

We are planning proposals that will contribute to the "multi-materialization" trends that will bring about further evolution in car manufacturing technology. Our proposals for 3D printers will enable mass production of precision parts made of more than 100 different materials, including metals, ceramics, and resins. Also, our proposals for technology to join metal and resin materials will contribute to weight reduction of parts, improved airtightness and thermal conductivity, as well as simplified production processes and reduced cost. We will continue to refine our manufacturing technologies for the future of ever-evolving car manufacturing.

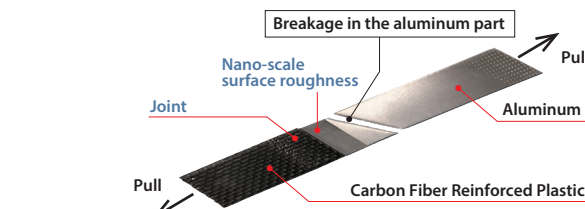
#### 3D screen printing technology



Fuel cell bipolar plates

\*We provide this technology under the Exentis Group AG brand.

#### Joining technology for dissimilar materials

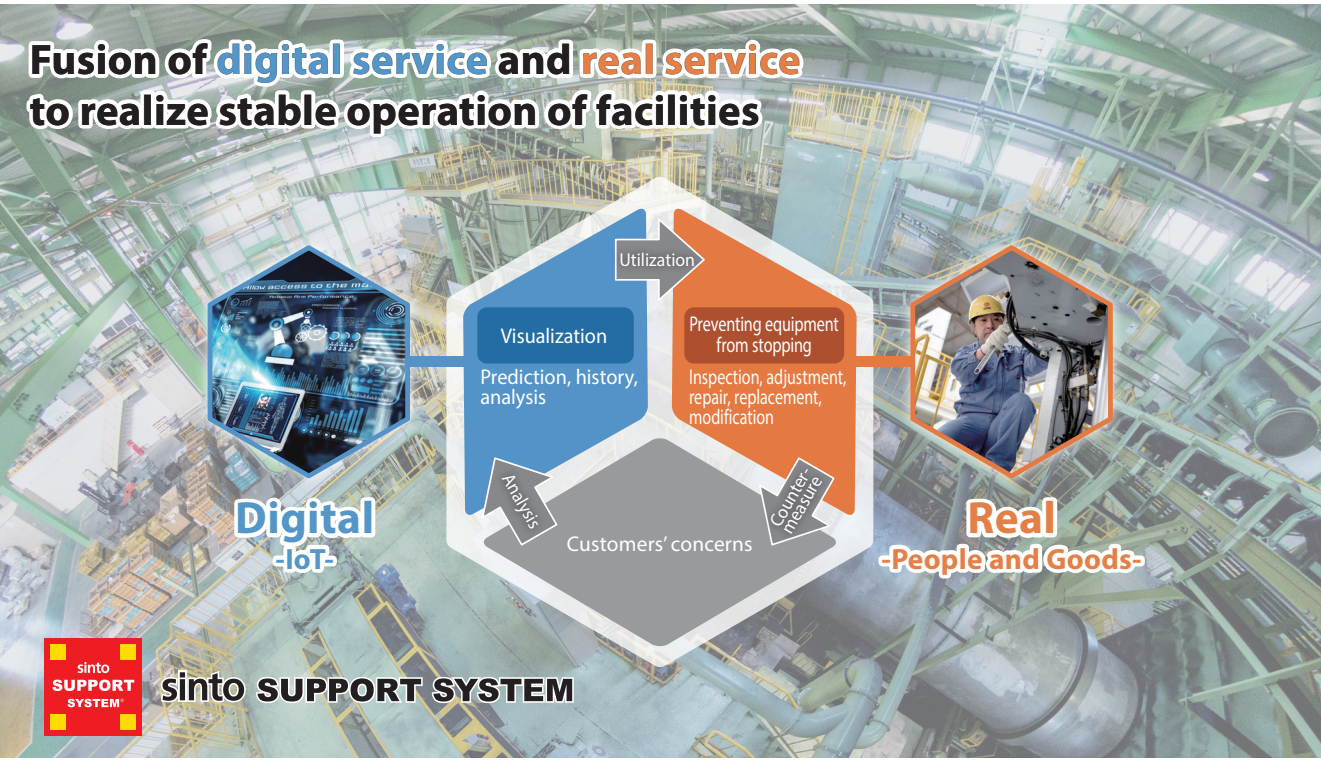


CFRP and aluminum test piece manufactured using joining technology for dissimilar materials  
\*Capable of maintaining strong joint even if force is applied from either side



# After-sales Service

With trends in Japan such as the declining birthrate and aging society, the decline in the workforce has worsened in recent years. The manufacturing industry has also seen a decline in skilled workers, and finding a way to pass skills down to the next generation has become an urgent issue. At Sinto, centered on IoT technologies that can surpass the intuition and experience of skilled workers, we offer the Sinto Support System as a service that prevents customers' equipment from stopping. Through this service, we work to resolve labor shortages and issues related to the transfer of skills on the maintenance worksite.



Preventive Maintenance	Corrective Maintenance
<p><b>Assist operators</b></p> <p><b>Inspection Assistance</b></p> <p>Monitoring / Inspection / Education</p> <ul style="list-style-type: none"> <li>Want to visualize plant operations</li> <li>Want to see inspection results at a glance</li> <li>Want to have efficient inspection training</li> </ul>	<p><b>Assist in emergencies</b></p> <p><b>Corrective Maintenance</b></p> <p>Remote Assistance / Storage</p> <ul style="list-style-type: none"> <li>Want to speed up recovery in case of trouble</li> <li>Want to avoid lengthy equipment shutdowns due to a lack of backups</li> </ul>
<p><b>Assist maintenance staff</b></p> <p><b>Preventive Maintenance</b></p> <p>Diagnosis / Measurement / Analysis</p> <ul style="list-style-type: none"> <li>Want to eliminate sudden problems</li> <li>We want to increase production</li> <li>Want to eliminate delays in production plan</li> </ul>	

## Support Network

The Sinto Group has a global network across 45 locations within Japan, as well as overseas locations in 16 countries and regions. Aiming to provide an immediate response when needed and to be a good advisor for customers, we will continue to support customers' manufacturing from the locations closest to the customers.



## Risks and opportunities in emerging regions (striving to always be chosen by customers)

### Reducing raw material costs and enacting effective marketing to expand business

The market in Mexico is moving slowly but positively toward recovery, with exciting new opportunities such as major capital investment in core locations such as Monterrey. Amid this, we are continuously working on serving our existing customers and creating new customers. Some initiatives include maintaining good business relationships with intermediaries including training, and improving our name recognition through participation in exhibitions and use of digital and print marketing. In this way, we will continue to expand our business to be able to offer the optimal products and services for our customers.



**Fabian Villarreal Hernandez**

General Manager of Roberts Sinto de Mexico, S. de R.L. de C.V.



**Sinem Karakulak Aykan**

General Manager of Sinto Turkey Makina Sanayi ve Ticaret A.S.

### Strengthening local manufacturing and after-sales proposals in a key region

The Turkish foundry industry saw great success in 2022, with many foundries in Europe closed or with lower production capacity due to environmental restrictions, and most countries preferring to be supplied from local countries due to freight costs and supply chain interruptions. For new molding line investments, STR is one step ahead thanks to locally manufactured spare parts and mold transfer lines with shorter lead time. In order to be always chosen by the customers, our main goal for 2023 is to strengthen our manufacturing capabilities through further localization, and by finalizing trials of the IoT data collector to empower our after-sales service. In that sense, we strongly believe that Sinto Smart Foundry and the Sinto Support System will play an important role in our success and the success of our customers.

### Speedy response to offer the best support to customers

As the Indian foundry industry is poised for good growth in the coming years, SBML is working towards being selected by customers again and again. With a growing customer database, speedy quotation and parts supply has been our main focus. Specifically, we are stocking many more spare parts than before to ensure better delivery to customers, and we strive to provide quicker lead time for quotations, maintaining a log book with this information. Also, our marketing team is constantly striving to educate customers on Sinto's technology and benefits, using videos and brochures to explain equipment features and technologies such as Aeration. We are also constantly looking at reducing manufacturing costs by making suitable investments in plant and machinery. These are just a few examples of how we continue to support our customers.



**Arjun Bagri**

CEO of Sinto Bharat Manufacturing Private Limited



Providing value (digital response)

Sinto provides a cloud-based IoT platform as well as systems and apps that can monitor equipment remotely, offering visualization of the operating status of equipment in real time and prompting improvements, enabling improved productivity. Installation of this system offers many benefits as data is collected and calculated 24 hours a day, 365 days a year using IoT, making it possible to reduce working hours and the burden on workers, increase labor savings, and ensure reliable operations. We will continue to provide these services from the unique perspective of an equipment manufacturer, helping our customers achieve a “new normal” in work.

Value provided to the customer

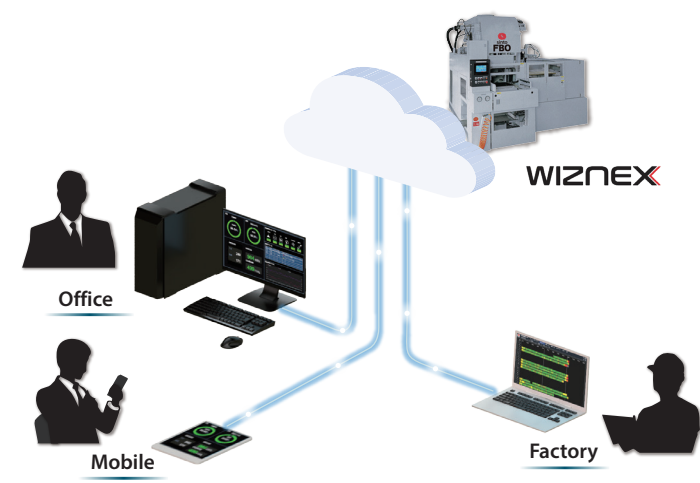
Preventing production from stopping

From reduced defects to zero defects

Improving productivity and quality

Creating a safe and secure environment

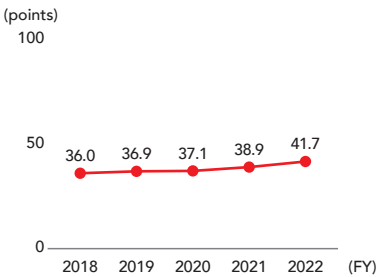
Realizing a “new normal” in how work is done



Efforts to improve after-sales service skills (real response)

The Sinto Group enacts training for sales staff within Japan and overseas to acquire knowledge and skills related to maintenance and sales. Skill points are received for each skill acquired, encouraging staff level improvement. By using common evaluation criteria across all domestic and overseas companies and managing the skills of each staff person, we are training personnel who can provide reliable service to all of our customers around the world.

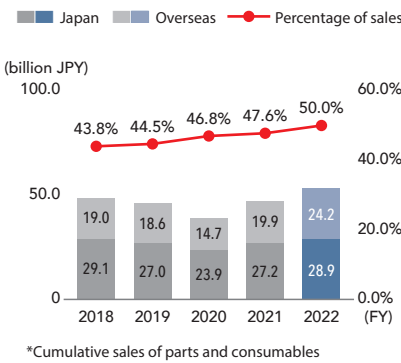
Skill points per person



Sales trends in after-sales service (domestic and overseas)

Net sales from after-sales services amounted to 28,928 million JPY (up 6.0% year-on-year) in Japan and 24,220 million JPY (up 21.2%) overseas due to increased visits to customers in response to the recovering economic, along with movement to secure parts in preparation for increased manufacturing activities. The ratio of after-sales service to consolidated net sales was 50.0%.

Net sales\*



Environment

Our environmental activities began in the late 1940s, when the term “pollution” was not yet widely used, and we began to improve the environment at foundry factories. Then, in 1963, when economic growth took precedence over environmental issues, we sent out a corporate advertisement to the world with the words “manufacturing that is kind to flowers” as a warning against environmental problems. For the past 60 years, we have continuously promoted the reduction of our environmental impact.



Corporate advertisement in 1963: “Manufacturing that is kind to flowers”

Environmental Policy

Environmental Policy

As a member of the global society, we seek to actively reduce environmental burdens in all areas of our business activities, work to prevent pollution, and achieve a sustainable society.

Actions

1. Comply with environmental laws and regulations
2. Promote the prevention and reduction of waste
3. Work to effectively use resources and energy to eliminate waste and reduce CO<sub>2</sub> emissions
4. Work to develop technology and products that offer reduction of environmental burdens throughout their lifecycle
5. Perform internal environmental training and strive to improve staff awareness
6. Publicly share the environmental policy
7. Take actions to continuously improve the global environmental management system

Environmental Management

Environmental management system certification

To promote the continuous reduction of our environmental impact, we have established environmental policies, objectives, and targets, and we have put in place an environmental management system that includes plans, systems, and processes for initiatives to achieve them. The following manufacturing sites and group companies have obtained ISO14001 certification, an international standard for environmental management. In addition, our offices are working to obtain certification under “ECO Action 21” established by the Ministry of the Environment.

Sintokogio, Ltd.	Toyokawa Works, Ichinomiya Works, Osaki Works, Shinshiro Works, Koda Works, Oharu Works, Kyushu Works
Domestic group companies	MEIKIKOU, Sinto V-CERAX, Sinto Engineering, Toju Kosan, Fujiwa Denki, CFS, Airex
Overseas group companies	Thai Sintokogio, Qingdao Sinto, Zhejiang Sinto, Roberts Sinto, Sinto Brasil Produtos

» Heinrich Wagner Sinto certified with the EcoVadis Silver Sustainability Rating

In March 2023, Heinrich Wagner Sinto was recertified by EcoVadis SAS France with the Silver Medal sustainability rating. The EcoVadis sustainability rating evaluates activities by companies in the four areas of environmental protection, occupational safety and human rights, ethics, and sustainable procurement, and the Silver Medal is awarded to the top 25% companies participating. As the Sinto Group, we will continue our efforts for further sustainability, improving both our corporate value and our value to society.



Environmental training

We systematically provide environmental education (general, specialized, and special education) for all employees engaged in activities related to the environmental management system, according to their roles and job description. In particular, for special education, we utilize internal and external training sessions to systematically train employees to acquire qualifications, such as qualified person for energy management, pollution manager, and hazardous substance handler, which are necessary for the performance of their duties.

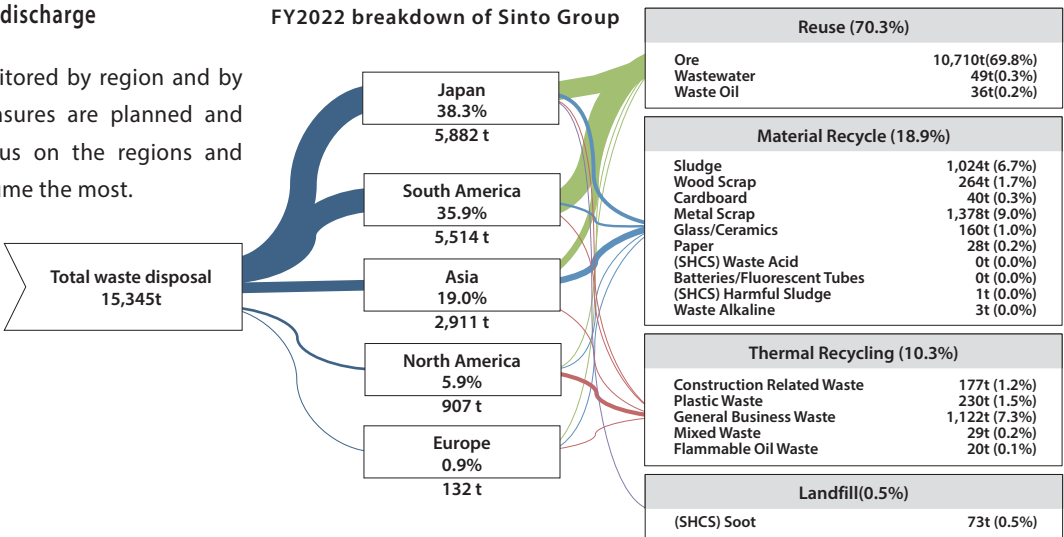
Advancing Resource Recycling

3R initiatives

We are taking action in the 3Rs (reduce, reuse, recycle) to create a circulating, sustainable society.

Visualization of waste discharge

Waste emissions are monitored by region and by type, and reduction measures are planned and implemented with a focus on the regions and energy sources that consume the most.

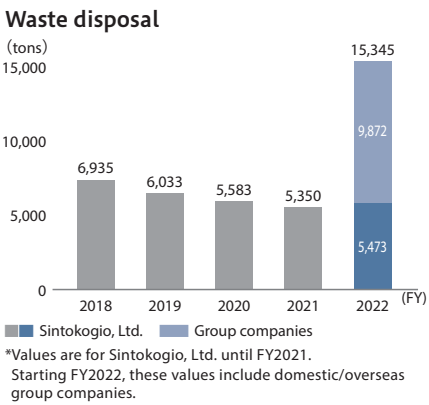


Review of pallet operation rules for on-site pallet operation

Wooden pallets had been used for cargo handling operations at the plant, but they were fragile and had to be replaced frequently. By reviewing pallet operations and switching to plastic pallets, which are more durable than wooden pallets, we reduced the pallet replacement frequency and the amount of wood waste. In addition, plastic pallets are assigned a control number to limit the number of plastic products used, thereby reducing the amount of waste plastic.

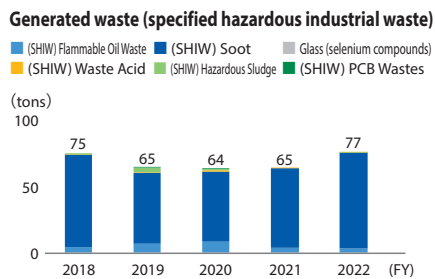
Increased utilization of corrugated cardboard packaging

Wooden packing materials have been used in the past for transporting heavy products. However, since wooden packing materials are often discarded after delivery is completed, the increase in industrial waste has become a problem. Therefore, we are working to reduce wood waste by progressively switching to recyclable multi-layered reinforced corrugated cardboard packaging materials. In addition, since corrugated cardboard packaging materials are lightweight, the total weight of the packaging materials can be reduced during transportation, thus reducing transportation costs.



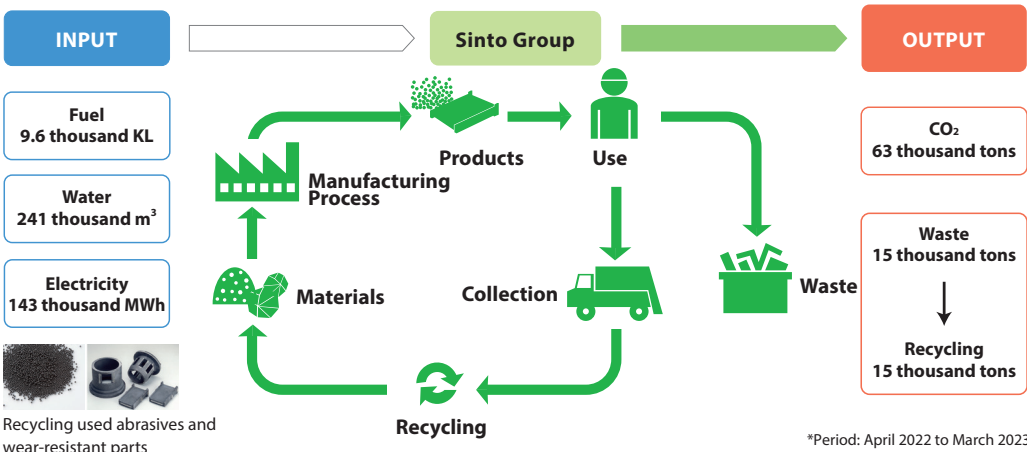
Hazardous waste initiatives

Soot and dust (containing lead) are the primary hazardous wastes generated from our business activities. We collect these wastes with a dust collector to reduce the environmental impact of their external discharge. In addition, PCB (polychlorinated biphenyl) waste must be disposed of by March 2022 for high-concentration waste and by March 2027 for low-concentration waste, as prescribed by the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. We took action to dispose of all PCB waste as soon as possible and completed the disposal of high-concentration and low-concentration waste by October 2021.



Overview of business activities

We strive to reduce our environmental impact by quantitatively scrutinizing the inputs of raw materials, energy, and water used in the manufacture of our products and the outputs of product manufacturing, emissions into the atmosphere and water area, and waste at all of our business sites around the world.



Fostering Eco-awareness

“Actions for ourselves” of the 4,000 employees in the Sinto Group located in 16 countries and regions globally

Bringing together all of our employees around the world to act as one, we set our own Environmental Awareness goal as an 18<sup>th</sup> SDG. We are promoting a culture in which each individual can take responsibility to act decisively.

Establishment of Sinto Group's original goal



Independent initiatives by employees

In order to deepen broad systematic understanding of complex and diverse environmental issues among our employees, we have actively supported acquisition of Eco Test certification (Certification Test for Environmental Specialists) awarded by the Tokyo Chamber of Commerce and Industry. Employees that passed in the past have become instructors, holding independent internal study groups for 410 “Eco People\*” in FY2022. (Sintokogio was ranked 4<sup>th</sup> for certifications granted by company in FY2019.)

\*Eco People: Successful candidates for eco certification

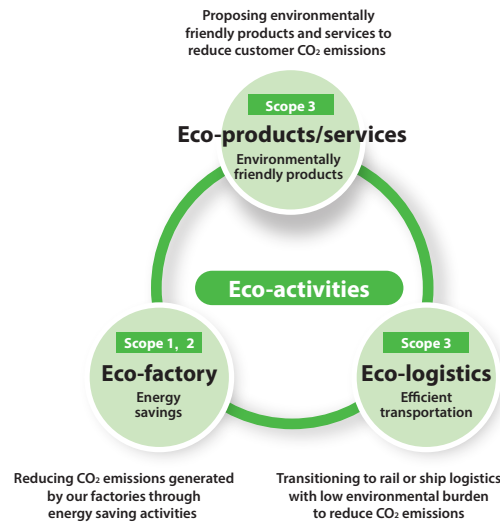




# Responding to Climate Change

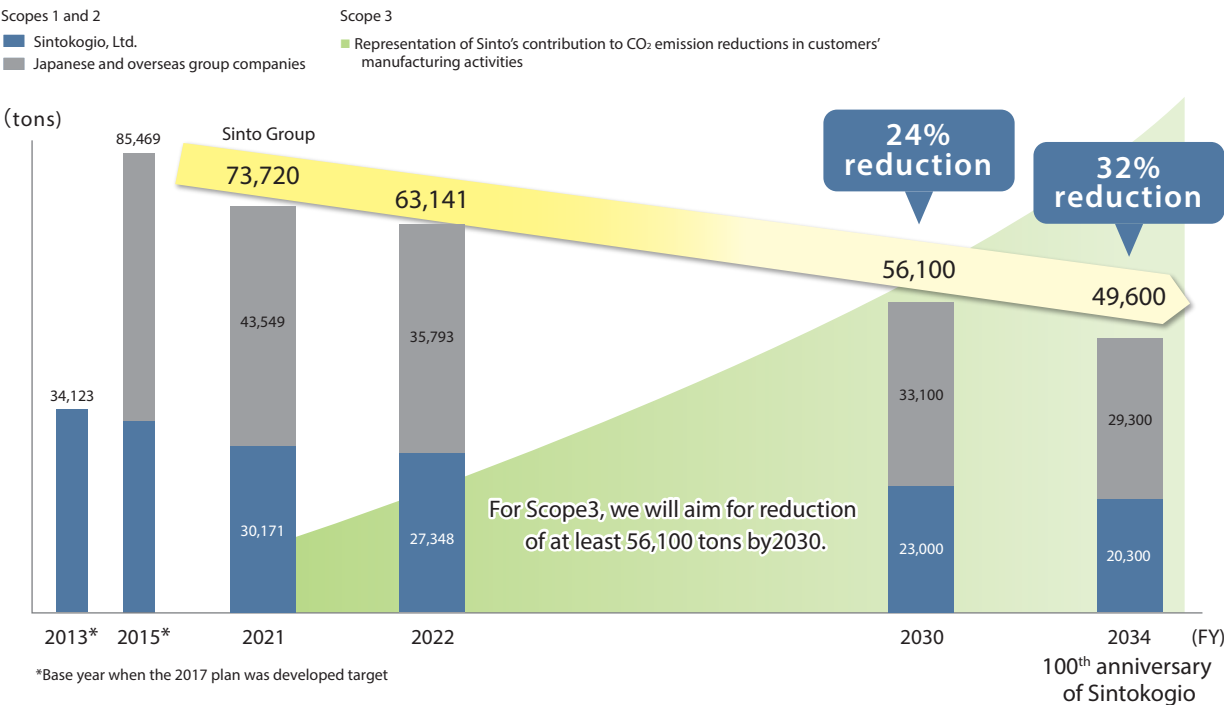
## Eco-activities

To contribute to achieving a sustainable society and creating a bright future for our children, in 2017 we established our environmental management policy looking towards our 100<sup>th</sup> anniversary in 2034. We take action in three areas: “eco-products/services (environmentally friendly products)”, “eco-factory (energy savings)”, and “eco-logistics (efficient transportation)” for reducing CO<sub>2</sub> emissions. Sharing one heart and vision between our employees around the world, we take the initiative in each position, from manufacturing to product development, sales, and more.



## New targets established: GHG (greenhouse gas) emissions reduction targets in Scopes 1 and 2

When this plan was first formulated in 2017, we aimed to reduce CO<sub>2</sub> emissions by 40% from our FY2013 levels for Sintokogio and 25% from our FY2015 levels across the Sinto Group. In response to the growing momentum in the international community to address climate change, we have set a new target of reducing GHG emissions in Scopes 1 and 2 by 3% per year through FY2030, and continuing into FY2034 (our 100<sup>th</sup> anniversary), with FY2021 as the base year. In addition to Scopes 1 and 2, we plan to calculate Scope 3 emissions.



## Reducing Greenhouse Gases

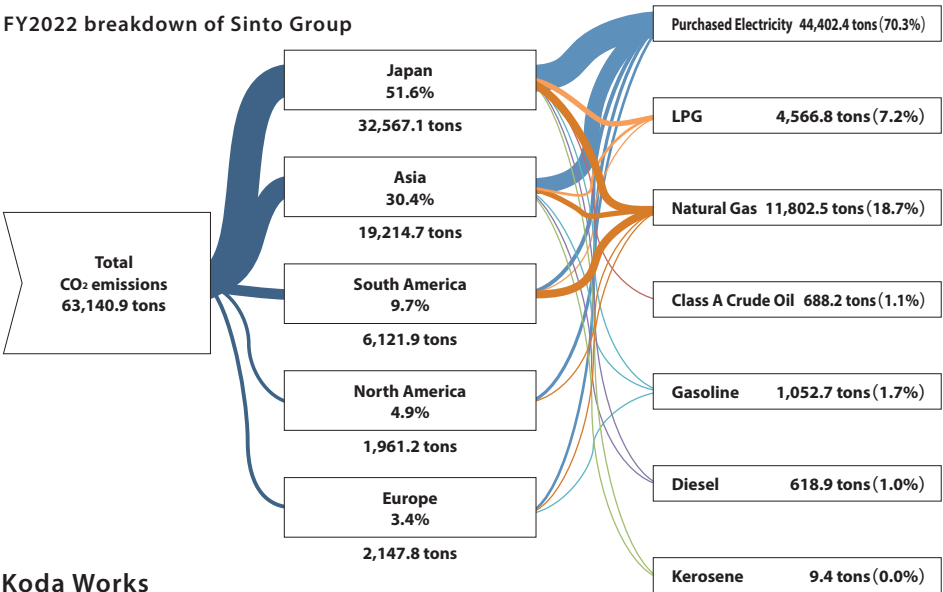
### Eco-factory (Scopes 1 and 2)

Looking towards the achievement of carbon neutrality, each employee gets creative to take action on saving energy around them and reduce CO<sub>2</sub> emissions generated by our manufacturing.

#### Visualization of energy

Energy consumption is monitored by region and by type, and reduction measures are planned and implemented with a focus on the regions and energy sources that consume the most energy. Osaki Works, which consumes the most energy, will be a model case for our offices and is planning to introduce solar power generation. As a first step, it is moving forward with efforts to reduce power consumption in the office building by 40%.

#### FY2022 breakdown of Sinto Group



#### Electricity visualization at Koda Works

As one of our eco-factory initiatives, we are promoting the visualization of electric power. Among them, Koda Works enables the visualization and reduction of electricity consumption by production line as a model case for other plants. In addition to measuring the power consumption of the entire plant and each building, measuring the power consumption of each production line makes it easier to identify wasteful power consumption, leading to energy-saving improvements.

#### Conducting energy conservation optimization diagnostics

To take our energy conservation measures at each business site a step further, we received an energy conservation optimization diagnosis from an outside organization. A professional came on site to examine the usage of facilities and equipment, whether the set temperature and illumination values were optimal, and other aspects of the factory, and we received more than 20 points for consideration and improvement. This included issues related to air compressors, which were common to all business sites. As a result, we are promoting further energy conservation by checking and repairing leaks in air piping, lowering discharge pressure, and improving ventilation at compressor installation at all business sites.

#### Installation of solar power generation equipment and EV stands

Shinshiro Works has installed 54kW solar panels on the roof of its new plant. The electricity generated will be consumed within the plant, reducing purchased electricity and CO<sub>2</sub> emissions. A 22.4kWh lithium-ion energy storage system is attached to the solar power generation system, which helps with BCP measures by suppressing demand during the daytime and supplying electricity during power outages. A portion of the electricity generated by the solar power generation system is also provided to EV stands installed on the premises to power today's increasing number of EVs and PHEVs.



Solar panels installed on the rooftop

Foundation for Value Creation

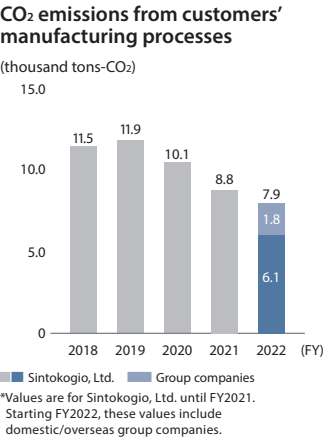
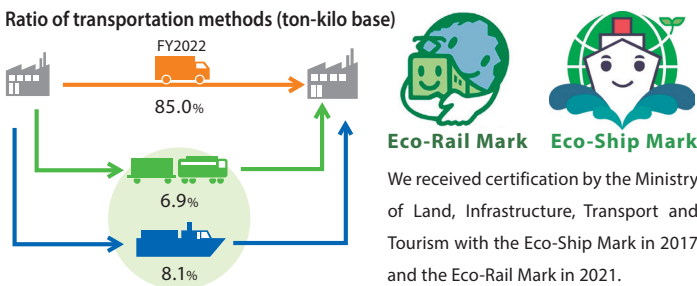
Responding to Climate Change

Eco-products

Along with reviewing our line-up of environmentally friendly products and increasing the number of products themselves, in FY2022, we clarified our approach to CO<sub>2</sub> emissions reduction for environmentally friendly products. We have reorganized our approach from the perspectives of “simplifying and streamlining products”, “adopting environmentally friendly equipment”, and “improving production efficiency through operational and process changes”. We selected 199 products to be subject to the reorganization and calculated their CO<sub>2</sub> emission reductions. We will continue to improve and develop environmentally friendly products to contribute to the reduction of CO<sub>2</sub> emissions in our customers’ manufacturing processes. In 2023, we will increase the number of relevant products and expand them throughout the Sinto Group within Japan.

Eco-logistics

Shifting blasting media shipment from truck transport to rail or marine (with less environmental impact) contributes to reducing CO<sub>2</sub> emissions during shipping. By working to make truck logistics more efficient through the use of reusable shipping containers, we achieve reduced CO<sub>2</sub> emissions, reduced human labor, and reduced waste. We are also proceeding with initiatives to improve transport and load efficiency between the seven domestic manufacturing bases. Our current total transport volume per method is as follows: 20,345,400 ton-km by truck, 542,000 ton-km by rail, and 703,100 ton-km by ship. We will continue to increase the ratio of rail and ship transport in the future.



Disclosure Based on TCFD Recommendations

In June 2022, we endorsed the TCFD (Task Force on Climate-related Financial Disclosure) recommendations and are working to enhance the disclosure of climate change-related information in line with TCFD recommendations. For our group, which uses energy in its mainstay foundry business and other operations, carbon neutrality is a pressing issue, and we are promoting activities to address it.



Governance

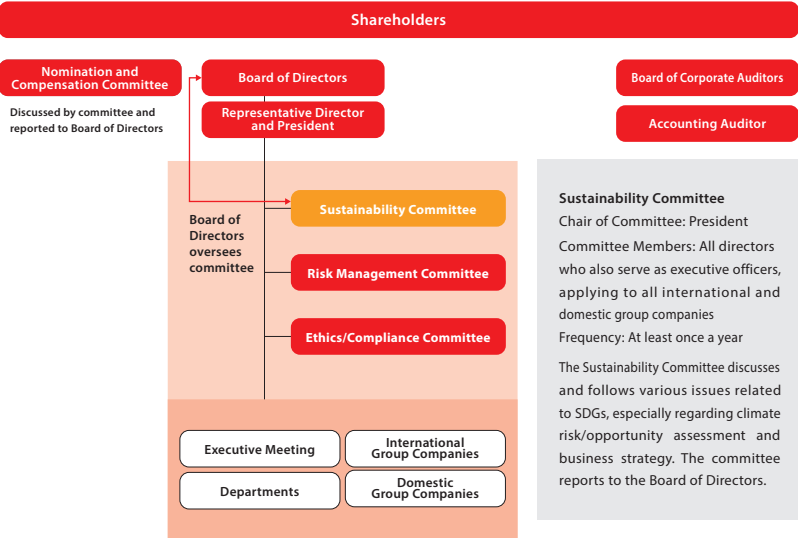
Our Sustainability Committee, which is chaired by our president, identifies and evaluates climate-related risks and opportunities in our group. Decisions of the Sustainability Committee are reported to and overseen by the Board of Directors.

Risk Management

Items evaluated by the Sustainability Committee as being high-risk in relation to climate are to be shared with the Risk Management Committee for integrated risk management.

Indicators and Targets

We have set GHG emission reduction targets for Scopes 1 and 2 for FY2030 and FY2034 and are currently studying calculation methods for Scope 3. We plan to disclose information on Scope 3 as we proceed with calculations.



Reference: GHG emission reduction targets for Scopes 1 and 2

Strategy

We examined the world under two scenarios: less than 2°C rise in global average temperature from pre-industrial revolution (“Under 2°C scenario”) and a 4°C rise (“4°C scenario”).

Scenario	Worldview	Main sources
Under 2°C scenario	<p><b>Business impacted by changes with the transition to decarbonized society (major transition risks)</b></p> <ul style="list-style-type: none"> <li>Shifts to stronger regulations related to climate change, carbon tax adoption, electrical power composition of non-petroleum fuel, and EV automobile production</li> <li>Society as a whole heads for decarbonization. Actions for decarbonization of companies are evaluated, and adoption of decarbonation equipment in factories and offices is promoted.</li> </ul>	WEO2022 (APS), IPCC RCP2.6, etc.
4°C scenario	<p><b>Business impacted by physical harm from climate change (major physical risks)</b></p> <ul style="list-style-type: none"> <li>Limited adoption of regulations related to climate change</li> <li>Advancing severity of abnormal climate events, frequent natural disasters</li> <li>Rising temperatures causing a worsening labor environment and limited availability of water in some regions</li> </ul>	WEO2022 (STEPS), IPCC RCP8.5, etc.

We examined risks and opportunities that have a major impact on the Sinto Group for both the Under 2°C and 4°C scenarios. We estimated the approximate financial impact, and through our internal Sustainability Committee, we deliberated on countermeasures for risks and opportunities that will have a large impact. We will continue to analyze risks and opportunities for even more countermeasures, and we will strengthen information disclosure based on the TCFD framework.

Risks and opportunities due to climate change that we estimated to have a large impact are listed in the table below. Upon performing financial impact analysis, we deliberated on countermeasures for carbon tax adoption, transition to low-carbon technology, increased extreme climate phenomena, and low carbon emission products/services.

Theme	Category	Subcategory	Identified climate change risks/opportunities
Transition Risks	Governance & Law	Carbon tax adoption	<ul style="list-style-type: none"> <li>Increased expenses from paying carbon tax</li> <li>Increased costs for purchasing materials with high carbon intensity</li> </ul>
		Stronger energy saving policies	<ul style="list-style-type: none"> <li>Reduced sales from contracting gasoline vehicle market</li> </ul>
	Technology	Transition to low-carbon technology	<ul style="list-style-type: none"> <li>Increased costs from early updates to existing equipment</li> <li>Decreased sales due to slow development for environmental parts and services</li> <li>Increased R&amp;D expenses for development of environmental parts and services</li> </ul>
Physical Risks	Market	Changes in energy market	<ul style="list-style-type: none"> <li>Increased energy costs including switching to renewable energy</li> </ul>
	Acute	Increased extreme climate phenomena	<ul style="list-style-type: none"> <li>Suspension of business operations and loss of sales opportunities due to increased frequency of floods</li> </ul>
Opportunities	Chronic	Rising average temperature	<ul style="list-style-type: none"> <li>Additional costs for heat measures with rising temperatures</li> <li>Plant stoppage and increased operating costs from limited availability of fresh water due to droughts</li> </ul>
	Resource Efficiency	Improving productivity	<ul style="list-style-type: none"> <li>Reduced plant operation costs through reduced use of energy</li> </ul>
	Energy Sources	Policies for use of renewable energy	<ul style="list-style-type: none"> <li>Increased sales for industries related to renewable energy</li> </ul>
	Products/Services	Low-carbon emission products/services	<ul style="list-style-type: none"> <li>Increased sales through expansion of recycling services</li> <li>Improving sales by developing and rolling out environmentally friendly products and services</li> </ul>
Opportunities	Market	Creating new markets	<ul style="list-style-type: none"> <li>Increased sales in EV market</li> </ul>



Measure 1: Increased costs due to the introduction of carbon tax

Risks/ opportunities	<ul style="list-style-type: none"><li>◆Carbon taxes were introduced by governments around the world to combat climate change, and the increased cost of payment was identified as a risk.</li><li>◆We have identified as a risk the possibility that the purchase price of steel, one of our main raw materials, may increase due to the introduction of a carbon tax on manufacturing companies.</li></ul>
Impact and evaluation	<ul style="list-style-type: none"><li>◆In the Under 2°C scenario, Sintokogio expects to incur costs of about 400 million JPY in carbon tax payments and about 1.2 billion JPY in steel price increases.</li><li>•Carbon tax payment: GHG emissions in Scopes 1 and 2 in 2030 multiplied by the carbon tax price (APS price of 135 USD/tCO<sub>2</sub> in WEO2022)</li><li>•Steel price increase: Calculated by multiplying the most recent steel consumption by the CO<sub>2</sub> emissions intensity of steel (Ministry of the Environment’s database on emissions intensity for calculating greenhouse gas emissions of organizations through supply chains (Ver. 3.2)) and carbon tax price (WEO2022 APS price 135 USD/tCO<sub>2</sub>)</li></ul>
Measures	<ul style="list-style-type: none"><li>◆The Group’s Scopes 1 and 2 reduction targets will be renewed in FY2022, aiming for a 24% reduction by 2030 (32% by 2034) from the base year of 2021.</li><li>◆We will promote a shift to renewable energy sources to achieve our reduction targets.</li></ul>

Reference: Eco-factory

P.41

Measure 2: Increased costs by shifting to low-carbon technologies;  
increased sales by expanding low-CO<sub>2</sub> emission products and services

Risks/ opportunities	<ul style="list-style-type: none"><li>◆We identified as a risk and an opportunity the possibility that stakeholders may demand more environmentally friendly products, including low-CO<sub>2</sub> emission products, following the introduction of a carbon tax and other measures.</li><li>◆We identified a potential increase in R&amp;D expenses as a risk of developing products with lower CO<sub>2</sub> emissions.</li></ul>
Impact and evaluation	<ul style="list-style-type: none"><li>◆In the Under 2°C scenario, the sales increase or decrease according to the changes in the sales share of environmentally friendly products and services is expected to be approximately 1.1 billion JPY, and the increase in R&amp;D costs is expected to be about 100 million JPY.</li><li>•Sales share of environmentally friendly products and services: Based on the Ministry of the Environment’s “Estimates of Market Size and Employment in Environmental Industries”, Japan’s climate change-related market is expected to grow by 25% in 2030, calculated by multiplying our sales of eco-friendly products and services by the market growth rate, assuming that risk is the flip side of opportunity and that we will lose market share due to the growth of other companies in line with market expansion.</li><li>•R&amp;D costs are estimated to be approximately twice the current costs.</li></ul>
Measures	<ul style="list-style-type: none"><li>◆We will aggressively increase R&amp;D costs in the environmental field as a necessary investment to develop products that meet market needs.</li><li>◆We will improve our competitiveness, especially in new business divisions, by strengthening and fostering recruitment, forming alliances with other companies, etc.</li></ul>

Reference: Eco-products

P.42

Measure 3: Loss of sales opportunities due to increased extreme weather events such as flooding

Risks/ opportunities	<ul style="list-style-type: none"><li>◆Under the 4°C scenario of continued climate change, we identified an increase in extreme weather events associated with climate change, such as floods, storm surges, and droughts, as a risk, including at our overseas subsidiaries.</li></ul>
Impact and evaluation	<ul style="list-style-type: none"><li>◆In the 4°C scenario, a plant shutdown due to flooding would result in a 40 million JPY opportunity loss for one site in Japan and a 550 million JPY opportunity loss for seven sites overseas.</li><li>•In Japan: From hazard maps, Oharu Works was identified as a site with a high risk of flooding. We estimated the amount of opportunity loss impact due to business shutdowns based on the increase in disaster frequency and the number of days of business shutdown based on the depth of flooding in the Flood Control Economic Research Manual and the “Revised Proposal for Flood Control Planning in Light of Climate Change” by the Ministry of Land, Infrastructure, Transport and Tourism.</li><li>•Overseas: Based on a survey of insurance companies, seven sites were identified with an exceptionally high risk of flooding and other water damage (Brazil, etc.). Thailand and Germany have suffered flood damage, resulting in opportunity losses of 20-150 million JPY per occurrence.</li></ul>
Measures	<ul style="list-style-type: none"><li>◆We have already formulated a focused BCP plan for manufacturing sites and implemented an employee training program specifically on disaster countermeasures. In addition, along with adding flood insurance for high-risk sites, we have invested 2.2 billion JPY in flood countermeasures, such as installing watertight panels at the existing plant and physically elevating the new plant at our Oharu Works location.</li></ul>

Reference: Business Continuity Plan (BCP)

P.71



Initiatives for sustainability at our overseas group companies

Developing new products and tools to save time and resources

During our daily business at HWS, we are always looking for the small things we can do to protect our environment, produce our equipment in a sustainable way, and make our products more sustainable. Reducing waste, separating waste, and changing to environmentally friendly materials have become a matter of course in recent years, and this is something every employee keeps in mind. With an external consultant and internal teams, we optimize and reduce manufacturing time in our steel and mechanical workshop with special tools and optimization, which not only saves time but also saves energy and reduces our carbon footprint. In addition, with R&D for our products as part of our daily business, we are able to develop new sustainable systems, such as a spray system that reduces the volume of needed spray-in agent by 20-40% and the usage of compressed air by up to 80%, saving on materials and energy to bring big benefits to our customers and to the environment.



Andreas Klein

President & Managing Director of Heinrich  
Wagner Sinto Maschinenfabrik GmbH



Michael Halsband

Executive Officer of Sintokogio, Ltd.  
CEO of Sinto America, Inc.

Continuing initiatives for sustainability through workplace  
and technology improvements

As the push for manufacturers to achieve environmental sustainability goals (ESGs) intensifies across the U.S., so have our efforts at Sinto America, Inc. (SAI). We focus on both behaviors and processes, as well as developing newer, smarter, and more eco-friendly technologies. Changing everyday habits within our workspace is key, and we take measures to reduce energy consumption, carbon emissions, and waste, including programmed light and heat management, elimination of air leaks in manufacturing, and more. As for technology, we are adopting new technologies with reduced environmental impact and increased ROI, and developing machines and equipment that consume less energy, such as replacing hydraulics with electric systems. And with our Sinto Smart Foundry technology, we help customers reduce wasteful energy consumption by minimizing downtime and scrap while improving efficiency. SAI, as part of One Global Sinto, is committed to sustainability and carbon emission reduction to preserve our planet for future generations.

Sustainability in production and waste disposal to  
protect the environment

As part of our efforts for sustainability, we are continuing our efforts for waste reduction and recycling in our production processes. We send waste from steel shot production to co-processing instead of landfills, and the various waste materials are used as fuel in furnaces in the cement industry. Along with reducing the impact on the environment, we also have major savings in disposal expenses. We are also proposing to nearby shot peening and surface treatment customers the free collection of their discarded shot, which can be recycled and reused for new shot, reducing manufacturing costs. Sustainable changes are also applied at our own plant, such as effective use of LED and natural lighting, and management of drainwater and exhaust gas. Through these innovative initiatives, we contribute to the local community, earning the trust of customers.



Julius Nascimento

President of Sinto Brasil  
Produtos Limitada



# Human Resources

In order to expand our business globally and continue growing our company, it is essential to strengthen human resources management throughout the entire group in personnel-related areas. This includes important items such as respecting human rights, developing human resources, encouraging diversity, ensuring a good work environment, and more. Amid diversifying values and major changes in work styles, our group strives to foster a corporate culture in which each and every employee finds their work rewarding and constantly advances and takes on challenges.

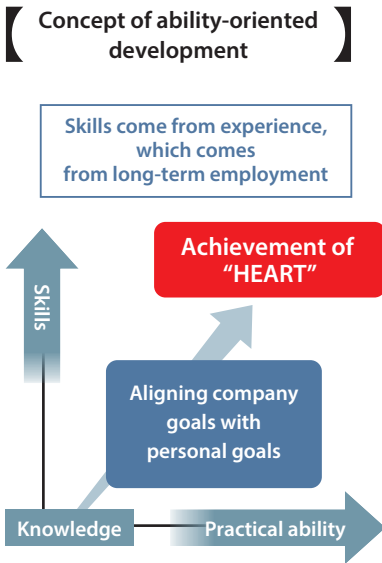
## Human Rights

We strive to fulfill our corporate responsibility and achieve our management philosophy by promoting group-wide initiatives to respect the human rights of all individuals who are affected by our business activities. Our group respects the diversity, personality, and individuality of employees, and we prohibit discrimination in wages, working hours, and other working conditions on the basis of nationality, ethnicity, religion, gender, creed, political opinion, place of origin, social class, and any other attributes unrelated to work. We also prohibit any harassment. Furthermore, we do not tolerate any forced labor or child labor. Furthermore, we promote respecting human rights throughout our supply chain through our “Sinto Business Partner Guidelines for our future comrades”.

## Basic Approach (Ability-oriented Development System)

Our “ability-oriented development philosophy” is a fundamental concept that guides our group’s human resource system. We want every employee to work with vitality. We believe that human resources are a company’s greatest asset, and based on the belief that their growth and achievement is what drives the company’s overall development, we are promoting initiatives to motivate employees and help them grow, to provide them with opportunities to demonstrate the capabilities that they have cultivated, and to enable them to contribute to the company’s development. Therefore, we have been improving our human development system that encourages employees to enhance their abilities and skills while aligning the company’s goals with their own personal goals. This is done from a long-term perspective encompassing their entire career, from the start of employment up to retirement. Our ability-oriented development philosophy is not based on seniority or performance, but rather on individuals’ efforts to improve their own abilities and skills.

Philosophy	Through our management philosophy HEART, ability-oriented development system, mid-term management plan, company policy, top management’s thoughts, and our unique ideas and ways of thinking, we nurture our employees’ sense of pride (sense of belonging).
Knowledge	We offer training for management knowledge and specialized knowledge necessary for the execution of business duties through off-the-job training based on our human resource development system, and we provide motivation by encouraging employees to earn skill development points. These initiatives are linked to the human resources system.
Skills	By repeatedly training based on knowledge that has been understood and acquired in theory, it becomes skills in practice. This skill education is developed in conjunction with the Sinto Career System.
Practical ability	We aim to impart experience through on-the-job training in the workplace, and cultivate wisdom, ingenuity, and creativity through SS Kaizen (small group improvement) activities. In addition, we will improve employees’ abilities by promoting personnel rotations and reviewing work through personnel evaluation (performance evaluation) interviews.

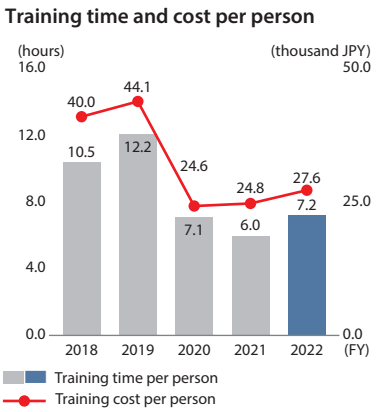


## Human Resource Development

In order to react properly to changes in the business environment and create new technologies and products, our group has arranged our framework for our human development system on the basis of our ability-oriented development philosophy.

### Enhanced human resource development system

Employee growth is essential for the sustainable development of a company. In order to encourage the growth of individual employees, we have prepared 53 different kinds of training by rank, specialized training, etc., suitable for each rank and occupation so they acquire the knowledge and specialized skills necessary to carry out their work. The training time and investment per person has decreased as a result of the continued postponement of group trainings due to the COVID-19 pandemic, but we are gradually resuming these trainings and continuing to enhance our human resource development, including the use of online training.



### » Human resource development system

Training by rank	We offer training for new employees and have them review their own abilities at milestones in their company life. Upon promotion, training is conducted with the aim of recognizing new roles based on the job-grade ability standard table and imparting new knowledge and skills.
Specialized training	We offer training programs tailored to the issues and learning themes of each employee, with the aim of enhancing individual expertise.
Selective training	This training is mainly for managers, with the aim of acquiring the knowledge and skills necessary to manage organizations and teams.
Self-development	This is a training program in which employees choose to participate voluntarily and pay tuition fees themselves. It can also be used for training by rank, and as preparation and review of specialized training to improve the efficacy of the training.

### » Plus One Training

In 2021, we introduced “Plus One Training” as part of our specialized training to develop professionals for business diversification. Due to the rapid changes in the business environment, the specialized skills required for each individual are diverse. In this training, in order to proactively develop their own skills, trainees select the necessary knowledge and skills for the current issues they face from a rich menu of external training. We are working to strengthen individual expertise by deepening the specialized skills acquired by trainees and expanding their horizons.

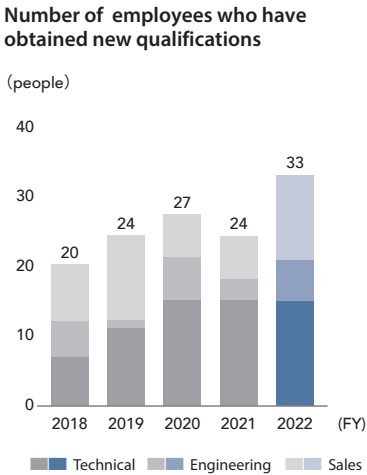
### » Sinto Management Training

We conduct “Sinto Management Training” for management candidates to strengthen their management skills. Trainees learn the essentials of management through classroom lectures and discussions, and they are trained in both human nature and skills.



Evaluating hard work and willingness to develop skills

We have a system in which an employee’s efforts for skill development are scored as points that contribute to their personnel evaluation. Skill development points are awarded to employees who have made efforts to develop their own skills through self-development training, acquisition of technical qualifications and public certifications, and so on. Since the system was introduced, employees have become more motivated to undertake self-development training and other personal development, leading to more proactive participation by employees. Employees who have earned a certain number of points receive a “special allowance” added to their monthly salary. In addition, we have established the “Sinto Career System” as a unique system for honing specialized skills for each type of job, and encourage employees in technical, engineering, and sales positions to acquire either of three qualifications. This system evaluates the skills of employees regardless of their job grade or age, and is being developed globally as a common qualification for employees not only in Japan but also around the world. This system has become one of the driving forces behind increasing momentum for improving the abilities and skills of the entire Sinto Group.



Diversity and Inclusion

- Our group respects the human rights and individuality of each employee. We consider diversity to be a source of new value creation, and we promote diversity and inclusion.
- We foster a corporate culture that understands and respects a diversity of values, transcending differences in gender, age, nationality, ethnicity, creed, religion, cognitive and physical abilities, etc.
  - We create new value by encouraging each employee to think freely, bringing out their strengths and allowing them to leverage those strengths to the fullest extent.
  - We promote diverse working styles to accommodate diverse lifestyles, creating a workplace that is efficient, fulfilling, and easy to work in.

Promoting career advancement for female employees

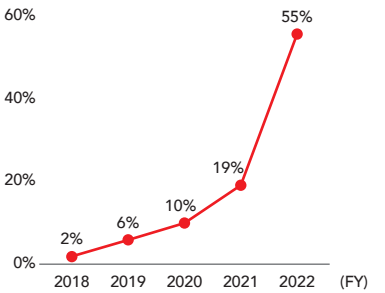
In April 2022, we launched a women’s empowerment promotion project team to promote the active participation of women in their work lives. The members were selected from each department as pairs consisting of female employees in general office work positions and their managers. The members discuss measures to further empower female employees from the perspectives of female employees and managers. Focusing on women’s careers, we are planning to develop role models and provide training for female employees in managerial positions. It is also important to create an environment in which employees can have their own vision for the work they want to do, and to allow them to acquire those skills and certifications to apply them in their work. Our goal is to offer a fulfilling environment in which all employees at every life stage, regardless of gender, can make the most of their abilities. For example, for women who choose to have children, this means ensuring them the opportunity to use their specialized knowledge after finishing childcare, and preparing an environment in which they can take the next step up based on their own desires, skills, and experience. For that reason, we work to create opportunities to make it easier

for female employees to develop their career plan, with efforts such as setting role models, designing support systems for skill and certification acquisition, and planning trainings to develop managerial-level female employees. In terms of employment, we are stepping up our recruiting activities for managerial-level employees with a high level of specialized knowledge, including three mid-career employees hired during FY2022, and new graduates for technical and engineering positions (factories). In addition, we had female managers participate in various external organizations and university programs in order to raise awareness of female employees’ careers, share information with female managers of other companies, and acquire specialized knowledge. Through lively exchanges of opinions and interactions among members, they are sharing within the company what they have learned as pioneers in the empowerment of women, leading to improved career awareness and a better corporate culture. We have set a goal of increasing the ratio of female managers from 3.5% in 2022 to 5.0% or higher in April 2024. We will continue to promote activities aimed at achieving these targets.

Childcare leave for male employees

In order to provide a better work-life balance and raise awareness regarding childcare support, we declared our commitment to achieving “100% childcare leave for male employees” in April 2022. While nearly 100% of women take childcare leave, only a few men have been taking it. For this reason, we held study sessions for managers with the aim of deepening understanding of male childcare leave, and worked to familiarize general employees with the childcare support system. As a result, the understanding of childcare among managers and workplaces has deepened, and in FY2022, the rate of male employees taking childcare leave reached 55%. Going forward, we will continue to create a corporate culture that makes it easier for all employees to take childcare leave.

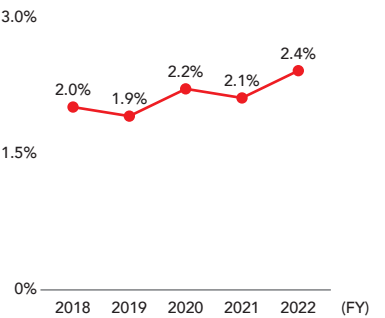
Percentage of men taking childcare leave



Employment for people with disabilities

We aim to expand employment opportunities for employees with disabilities and to create workplaces where they can feel confident and proud of their work. To do this, we are working to provide workplaces in which all employees are comfortable working in accordance with their abilities and aptitudes. We hope to create work environments that allow diverse human resources to enjoy successful careers. In addition to supporting employees working hard for the Abilympic World Championships, in 2020, we opened the Sinto Farm, a corporate farm in which individuals with intellectual and mental disabilities in particular are employed to grow crops for our welfare facilities and for other uses. As of March 2023, the percentage of our group employees who have disabilities was 2.4%. We will strive to further expand job opportunities and job fields for disabled people in the future.

Percentage of employees with disabilities



Employment for the elderly

We have had an “expert program” in place since the 1990s, even before relevant laws were updated in Japan, through which we would rehire employees who wished to continue

working past the mandatory retirement age. Today, the following post-retirement working arrangements have been well established.

Expert employees	Under our post-retirement rehiring program, in order to maintain high motivation levels, we have a system for individuals to create action plans based on their position, rewarding them according to their results. Employees who reach the mandatory retirement age and who stay at the company are also given a one-month break (special paid leave) to give them time to reset their working style and think about the rest of their life.
Technician and craftsman certification program	We have a program in place to certify employees with advanced expertise and skills as technicians (technical personnel) and craftsmen (production personnel), and to hire them without establishing a basic mandatory retirement age. These senior employees are responsible for passing on the techniques and skills they have cultivated to younger employees.
Senior vitality program	This is a reduced-hour work program that allows people who have retired and left the company to work part-time. The purpose of this program is to help retirees to maintain their health and zest for life and to lead fulfilling lives as well as to utilize their knowledge and skills to help the business of the company. Today, about 40 people are regularly working under this program, and it has been well received by our retirees, so we are working to enhance the system by further expanding the types of jobs that are available.



# Health Management

Recognizing employee health as a management resource, the Sinto Group places great importance on the health of our employees. We aim to revitalize our organization by maintaining and improving the health and vitality of our employees. Our system for promoting health involves the establishment of a Health Promotion Committee that consists of departments responsible for health management (including occupational physicians, public health nurses, and clinical psychologists), our health insurance association, and health-responsible personnel at each business site. Through this system, we provide support and educational activities that improve both mental and physical health. In recognition of our efforts to promote health management, we have been certified as a “Health & Productivity Management Outstanding Organization”. Through these activities, we are also satisfying our social obligation to extend healthy life expectancy.



Certification as a Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry

## Health management declaration

In 2022, we established a health management declaration for our group company employees. Our goal is to deploy measures for improving work-life balance and to increase our support for measures regarding lifestyle-related diseases, mental health, and other illnesses, in order to create a more comfortable workplace for employees.

### Health Management Declaration

As a company, we will strive to keep our invaluable employees in the best of health and to manage their health so they can achieve their dreams and live prosperous lives.

1. We will improve employees' work styles.
2. We will support health initiatives that help employees maintain their physical and mental health.
3. We will create workplaces that promote the health of employees.

## Hosting plogging events

To commemorate the 88<sup>th</sup> anniversary of our company's founding, we held “One Global Sinto Plogging” at each of our locations for all employees of Sinto Group companies in Japan and overseas. Plogging is a new fitness activity that combines jogging (walking) and trash pickup. It is an SDGs sport that allows people to contribute to solving environmental problems by running (and walking) and becoming healthy, while also cleaning up the city by picking up trash. The purpose of this event was to promote communication between employees, raise health awareness, and raise awareness of environmental issues. Through this event, participants were able to increase their awareness of physical exercise, develop personal relationships by interacting with a variety of people, and create an effective foundation for improving their mental health. This event provided an opportunity to reaffirm the importance of communication, which had been diluted by COVID-19, and participants greatly enjoyed the event as a way to maintain and promote physical and mental health.

This event enables us to address three of the 17 Sustainable Development Goals: (iii) Good Health and Well-being, (xiv) Life Below Water, and (xv) Life on Land. We plan to continue holding this event in the future.



## Support for health initiatives

We are promoting initiatives to raise employees' health awareness so that each and every employee will consider health maintenance as a personal responsibility and voluntarily engage in health activities. In particular, we established our company's Health Month in April 2022, and we are developing a variety of initiatives, including the following activities:

### Initiatives for health promotion month:

- Hosting workshops for better-quality sleep
- Hosting walking events for employees and families on public holidays
- Setting a health promotion day (every Wednesday, throughout the year)  
\*Company recommends employees go home without working overtime
- Providing healthier menu options at the cafeteria (every Wednesday, throughout the year)



Workshop on comfortable sleep

### »» Hosting VegeCheck\* (vegetable intake estimation device) event

As part of our health maintenance and promotion measures, we held a wellness fair in the cafeteria at our offices to give employees an opportunity to reflect on their dietary habits. Under the theme of getting enough vegetables, we provided information through VegeCheck (vegetable intake estimation device) and panels, and offered a dish plenty of vegetables.

\*VegeCheck is a sensor that is pressed into the palm of one's hand for 30 seconds to estimate vegetable intake.



### »» Hosting workshops on health

As part of our health awareness activities, we regularly hold in-house workshops that cover subjects on both physical and mental health. In the mental health care workshops, we explain self-care for all employees and line care for managers. Workshops have led to the prevention and early detection of mental health problems. For example, employees themselves have noticed mental health problems and consulted with industrial physicians and clinical psychologists, and managers have also consulted more often about the daily conditions of their department members. In addition, workshops on health issues specific to women are held regularly as well, in which more than 80% of female employees participate. Female employees lead in everything from planning to operation, and in 2022, a workshop was held on the theme of hyperlipidemia.

# Occupational Safety and Health

## Basic approach

### Safety Policy

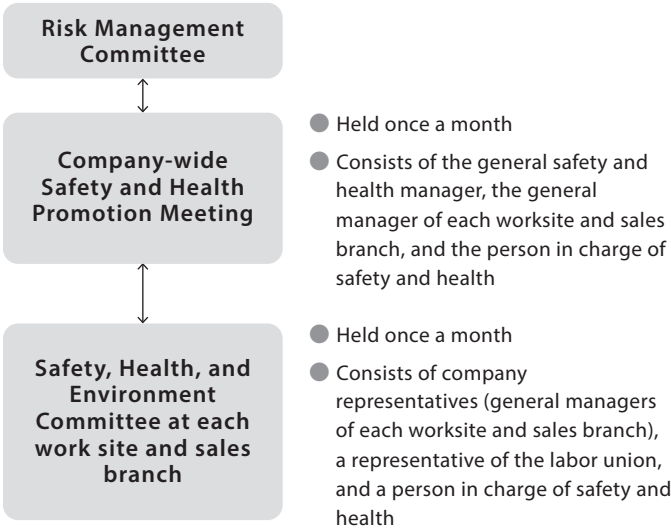
We respect humanity and aim to be a company that receives trust and understanding from all customers, based on the basic principles of prioritizing safety and promoting and maintaining health. All employees will work together to promote safety and health activities.

### Actions

1. Properly understand and comply with safety and health related laws and regulations
2. Promote the creation of a comfortable work environment with attention to safety, hygiene, and health
3. Conduct periodic audits and promote continuous improvement of the health and safety management system
4. Prevent lifestyle-related diseases among employees
5. Provide guidance, education, and support for safety and health management for subcontractors
6. Participate in government and community activities related to health and safety

### Promotion structure

A company-wide safety and health promotion meeting is held every month to inform employees of the safety and health activity policy, promote expansion of ideas across divisions, and report results. The general managers and safety representatives of each business division attend the meeting, and they transfer the content of the meeting to the Safety, Health, and Environment Committee at each worksite and sales branch to promote company-wide policies and initiatives. By collecting employee opinions and applying these ideas, labor and management work together to promote safety and health activities.



### Safety-oriented personnel training

#### »» Increasing safety awareness

We have obtained OSHMS (Occupational Safety and Health Management System) certification at all eight of our facilities in Japan. This helps us to ensure that all employees work together to promote safety and health activities. As a result, we have created a work environment in which all employees can independently work on safety activities. In addition, meetings for safety and encouragement are held for supervisors and subcontractors prior to construction work carried out during long holidays. Words of encouragement are given by top management, subcontractors attend the safety meetings, emphasizing their strong commitment to safety, and all the workers pledge to be able to say “I’m home’ with a smile”, with the goal of finishing work without any accidents.

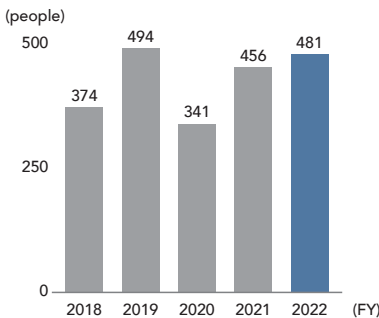


#### »» Safety education

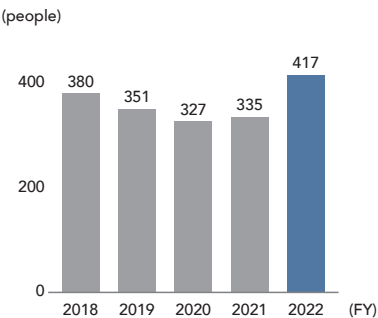
As a place to share our philosophy on safety and quality and to pass on company-specific skills through education and training, we opened the Skill & Safety Training Center in 2008, and over 13,000 trainees have taken these training courses. We regularly offer safety training sessions for not only company employees but also our group companies, suppliers, and subcontractors in order to continuously improve safety awareness. By reviewing past accident cases and conducting risk prediction meetings, we all work together to ensure safe operations. The center has

also set up a Hazard Prediction Training (KYT) area, where 38 types of hazardous acts and situations are reproduced to provide training on how to predict hazards. This center aims to achieve zero accidents by enabling trainees to improve sensitivity to danger, learn safe work practices, and practice them in the workplace. In addition to our companies in Japan, we are extending these safety initiatives globally. For example, we recently opened a Skill & Safety Training Center at Qingdao Sinto in our efforts to promote a culture of safety in China.

Number of safety training participants



Number of Hazard Prediction Training participants



## Fostering a Comfortable Workplace

Our group has been developing policies from a variety of perspectives, including compliance with labor laws, providing a better work-life balance, and revitalizing internal communication, in order to create work environments in which employees can work safely and with peace of mind.

### Initiatives to increase job satisfaction

It is essential for the company and its employees to increase job satisfaction in order to continue growing and developing. To accelerate initiatives to improve job satisfaction, we hold a meeting to develop “Sinto-ism” once a month, enabling executives, managers, and the labor union to come together as three parties to exchange opinions and address issues in a frank and honest manner. Managers and the labor union

confirm problems and issues by listening to frank feedback from individual committee members at the actual worksite and enact specific actions. In addition, based on the idea that we create our own workplaces, we have also established a new Better Workplace Committee in 2022, and are working to resolve the issues faced by each of our workplaces.

### Initiatives to eradicate harassment

Although we have held workshops on harassment in the past, after the Revised Comprehensive Labor Policy Promotion Act (CLPPA) took effect in June 2020, we are now holding regular workshops for employees and managers in order to eliminate all types of harassment — not only power harassment, but also sexual harassment and pregnancy discrimination — and to raise awareness of these problems. Furthermore, we have established internal and external consultation services with a manager route, labor union route, Human Resources department route, Governance Promotion department route, external lawyer route, and external auditor route, to organize an environment that makes it easier for employees to consult with experts on issues.



### Streamlining business through utilization of digital tools

To improve competitiveness, which is necessary for the sustainable growth of the company, we are systematically developing digital human resources and promoting the improvement and streamlining of business processes through the use of digital tools. The main targets of the project are the active use of 3DCAD data in each section and the automation of office work through RPA. Through these activities, we aim to reduce operation lead time by one-third and increase productivity per worker by 10%. In the sales department, the use of presentation materials and digital catalogs that shows product images with 3D data and CG enables easier sharing of images with customers and

significantly reduces the time required for meetings and specification determination. Engineering and production departments will be able to optimize designs through structural analysis and check with related departments even without actual equipment. These benefits enable reduction of the time required for modification of the actual product and the number of prototypes, allowing us to achieve shorter lead time throughout the manufacturing process. We are also working on business reengineering in line with the new normal, such as establishing satellite offices and promoting web meetings to accelerate ease of work for employees and improve employee engagement.

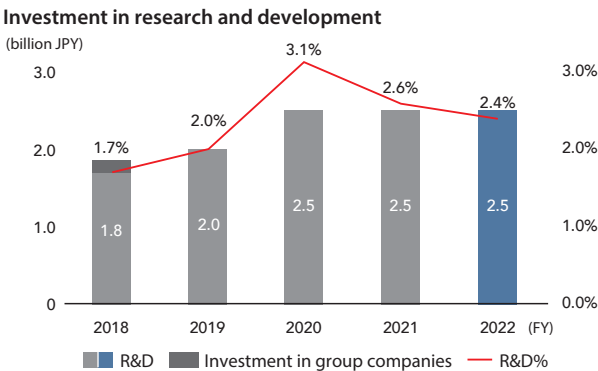


# Technology, Development, and Manufacturing

## Research and Development

### Promoting technological development, including the creation of new business areas

Based on our long-standing approach to technology development and manufacturing, we actively conduct R&D with the aim of expanding into new business domains. To create businesses linked to the promotion of SDGs and carbon neutrality, which continue to receive attention as social issues, we have made an R&D investment of 2.5 billion JPY, or 2.4% of the consolidated sales in FY2022. Specifically, we focus on the robotics, energy, and materials fields as elemental technology development themes and actively invest in developing new technologies and products in these fields. We are also making efforts for joint development with universities and research institutions, and we are using our Joint Research Course in Advanced Integrated Robotics with Toyohashi University of Technology as an opportunity for human resource development.



### Strengthening collaboration in technological development with bases in each country

Currently, our primary development bases exist in Japan, but we are working to accelerate development in other regions and create a global development system as One Global Sinto. Today, we are also engaged in regular technological exchange with our bases in Asia in the foundry and surface treatment businesses, and we have

been discussing business strategies from a global perspective and deploying these strategies in each region. We are developing appropriate strategies for specific regions by utilizing our customer service bases in each country and capturing customer needs.

## Intellectual Property

### Realization of a patent network with a view to future business

In addition to developing new technologies in existing businesses, we focus on actively acquiring intellectual property rights in conjunction with new business initiatives. We also strive to file applications and obtain rights with a view to future business, and for business development overseas, we select the most appropriate countries to file applications, considering the size of the business, intellectual property risks, and cost-effectiveness.

Furthermore, we also conduct periodic in-depth surveys in all relevant industries and are well-prepared in our efforts to avoid violating other companies' rights. In FY2022, we proceeded with efforts to obtain rights for approximately 90 domestic patent applications and 172 foreign applications and have invested about 520 million JPY in intellectual property.

## Quality

### Basic approach

### Quality Policy

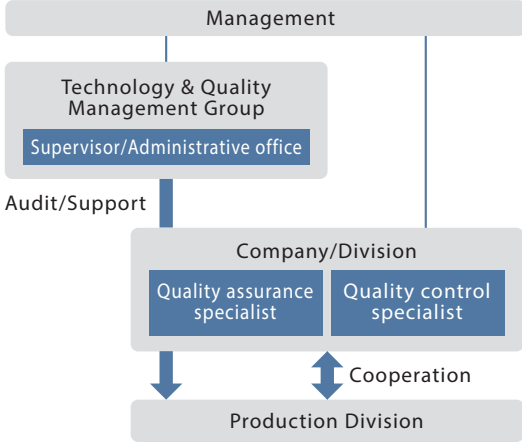
We want to be a trusted company that continues to provide reliable products with reliable technology to customers worldwide.

### Actions

1. Comply with legal and regulatory requirements to maintain customer safety
2. Meet customer requirements and improve customer satisfaction
3. Deploy quality policy and quality objectives throughout the organization
4. Work on continuous improvement of the system

### Structure for promoting quality

By establishing a quality management system and thoroughly implementing the PDCA cycle in each organization, we strive to ensure product safety, secure product quality, and prevent quality problems. The Technology & Quality Management Group handles the promotion of quality across Sintokogio, overseeing the entire system. Each in-house company and business division also has quality assurance and quality control managers who prepare quality plans for each project and work to ensure quality. The entire company, from management to production divisions, implements our quality policies.



### Initiatives to improve quality

In our efforts to prevent the same problem from happening again, we strive to diligently investigate the root causes of problems that have occurred and to prevent recurrence by implementing the “five whys”, digging deeper to find ways to resolve issues. We also conduct regular quality patrols to see whether preventive measures are properly in operation, and this leads to higher levels of customer satisfaction.

In recent years, we have also been continuously improving our quality management system in order to satisfy customer requirements, which are only becoming more and more complex. Furthermore, for our commitment to quality, we have established an appropriate system with the help of internal audits and third-party organizations.

### Providing safe products

We promote the acquisition of Safety Assessor certification based on international safety standards to improve safety and security at customer sites where equipment is used. In FY2022, eight employees were newly certified as Safety Sub-Assessors. A performance training session was also held, and 76 participants acquired knowledge of hardware and software on control-based risk reduction measures.

Total qualified employees	
Safety Assessor	14 employees
Safety Sub-Assessor	134 employees

# Stakeholders

## Customers

### Customer satisfaction

To always be chosen by customers, we have an internal slogan of “not just selling products”. We make regular visits to all customers who have purchased products or services from us, work together to resolve their problems and issues, and ultimately aim to contribute to our customers’ growth. We offer detailed after-sales maintenance that our customers can trust, and as a result, they order parts and consumables from us. Through these efforts, we aim to improve customer satisfaction so that we keep our customers happy for many years to come.

### To always be chosen by customers

#### Proposals to customers

We have established an online solution site to communicate our proposals to customers. We also actively participate in various exhibitions to directly communicate new products and recommendations to customers who visit our booths. In FY2022, we launched six new products with a focus on surface treatment equipment to solve customers’ problems. We will continue to launch new product line-ups based on customer needs.

#### Immediate response

Sudden breakdowns can have a significant impact on customers’ production plans. We provide remote support for such breakdowns with our corrective maintenance that supports early recovery. In FY2022, we received contracts from three new companies, and we are currently supporting the operation of 71 facilities. To prevent customers’ equipment from stopping, we are strengthening our internal manufacturing system to ensure a stable supply of parts to our customers.

#### Good advisor

By becoming a good advisor, we offer the best solutions for customer concerns and potential projects. We provide training to improve the skills of each of our sales representatives to become the best partner for our customers, utilizing our in-house training facilities. By delivering more practical training, we will continue to make proposals that help our customers avoid equipment stoppages.

### »» Launch of Online Solution Site (Japanese)

Sintokogio has launched the “Sintokogio Online Solution Site” on our website to disseminate information that will help solve issues faced at manufacturing sites. The manufacturing industry faces various and complex challenges, including responding to changes in the way work is done, along with cost reduction, quality improvement, and other traditional problems. This site introduces Sinto’s technologies and products that can help solve these issues.



# Supply Chain

## Basic Procurement Policy

We have established the following basic procurement policy, seeking to procure cost-competitive products and services that are high quality and environmentally friendly in order to achieve our corporate philosophy.

### Basic Procurement Policy

- 1. Social Responsibility (Compliance)**  
We work to trade in consideration of corporate social responsibility that includes respect for human rights, compliance with laws, regulations, and social norms, and conservation of the environment.
- 2. Open and Fair Dealing**  
We have a widely open door to companies in Japan and around the world and strive to always deal fairly and justly, with 7 perspectives (quality, cost, delivery time, technological development, management, environment, and society) considered comprehensively to select the best supplier in each case.
- 3. Mutual Development with Mutual Trust**  
We seek mutual prosperity over the long term through trading based on mutual trust with our suppliers.
- 4. Promoting Green Procurement**  
We work to actively stop pollution and reduce environmental burdens in all areas of our business activities to achieve a circulating, sustainable society.
- 5. Creating a Safe Workplace with Peace of Mind**  
We work to achieve a safe work environment with peace of mind.

## Green procurement based on Sinto Business Partner Guidelines

Our group complies with each country’s environmental laws and regulations and conducts procurement activities that fulfill our corporate social responsibility to reduce environmental impact. For environmentally hazardous substances, we comply with the REACH Regulation, Act on the Regulation of Manufacture and Evaluation of Chemical Substances, etc., and have established a system to confirm and report the content of such substances. We also confirm the non-inclusion of banned substances and track their actual use. In FY2022, we issued the “Sinto Business Partner Guidelines for our

future comrades” to specify what our domestic and overseas suppliers have been asked to comply with, such as considerations for human rights, ensuring safety and health, promoting conservation of the environment, etc. We have asked members of Shin-boku-kai (consisting of suppliers and vendors for purchased and manufactured parts) to abide by the guidelines, and all member companies (86 companies) have agreed to disclose environmental data. We will continue our efforts to reduce environmental impact and disclose information throughout the supply chain.

## Collaboration with suppliers (Shin-boku-kai activities)

We are committed to manufacturing while sharing our thoughts and feelings with our many customers, who are important business partners for us. We regularly hold information exchange meetings with our suppliers’ association, “Shin-boku-kai”, to spread our ideas and understanding about fair and equitable transactions, legal compliance, and safety, quality, and the environment. In FY2022, we engaged in activities to further improve quality by sharing with our suppliers our improvement activities based on our concept of quality. For example, we work with our suppliers on improvement activities in order to produce drawings for easier manufacturing, and our engineers make visits to each supplier to help improve their welding and processing capabilities. We also monitor the amount of electricity each member company generates to realize a sustainable, recycling-oriented society. In these ways, we are proactively working on initiatives from the perspective of society as a whole. Other Sinto networks for strengthening cooperation include the Shin-ko-kai (installation subcontractors) and SSV companies, and through these networks, we aim to mutual prosperity with our business partners.



Information exchange meetings



## Communication with Shareholders and Investors

We aim to achieve sustainable growth and enhance our corporate value over the medium to long term by promptly, accurately, and fairly disclosing important information on our business activities and strengthening communication with our shareholders and investors. In FY2022, we published our first integrated report, held semi-annual online briefings for analysts and institutional investors, and conducted individual IR interviews with a total of 26 companies. We also held a tour of our facilities, giving visitors an opportunity to inspect our manufacturing site

(Toyokawa City, Aichi Prefecture) and providing explanations focusing on our initiatives for future growth. Furthermore, for individual investors, we actively engaged in dialogue by participating in an IR fair for the first time in three years. We will link the valuable opinions we receive from everyone to the enhancement of our quality of management, and work to engage in dialogue actively to deepen our business activities for shareholders and investors.

## Social Contributions

### »» Donation to local food banks (Germany)

Heinrich Wagner Sinto has been supporting local food banks since 2020. This year, they made a donation of 5,000 euros in support of local people in need. Food banks collect food that cannot be sold on the market or would otherwise be discarded, and distribute it to people in need, helping to resolve hunger and malnutrition in the community. With growing demand for these services, support of these organizations is indispensable. In FY2022, this donation from HWS was used for the purchase of a bus to transport food as well as the establishment of a new service center.



Donation to Die Tafeln food bank

### »» Sports promotion

At Sintokogio, we employ athletes to support their athletic activities. In addition to swimmers Takaya Yasue and Akira Namba, we have welcomed Nanako Kura, a sport climber, as an athlete employee. We are working to promote various sports through support for competitive activities.



From left: Athlete employees Yasue, Namba, Kura

### »» Sinto Welfare Fund

Through the Sinto Welfare Fund, which is a collection of good will from management and employees of our domestic group companies, we donate to the local community services administration as a show of gratitude in place of a thank you gift for ceremonial occasions. We have made a donation every year since 1992, and proceeds are used to support social welfare activities.



Donation to Chunichi Shimbun

### »» Mangrove planting activities (Thailand)

The mangrove forest in the area around Thai Sintokogio is very important for the local eco-system as it acts as the habitat for many kinds of living creatures. It is also a source of local fishing for people in the community. To protect against coastal erosion and maintain the balance of the ecosystem, the company planted 88 mangrove trees in Samut-Songkhram Province.



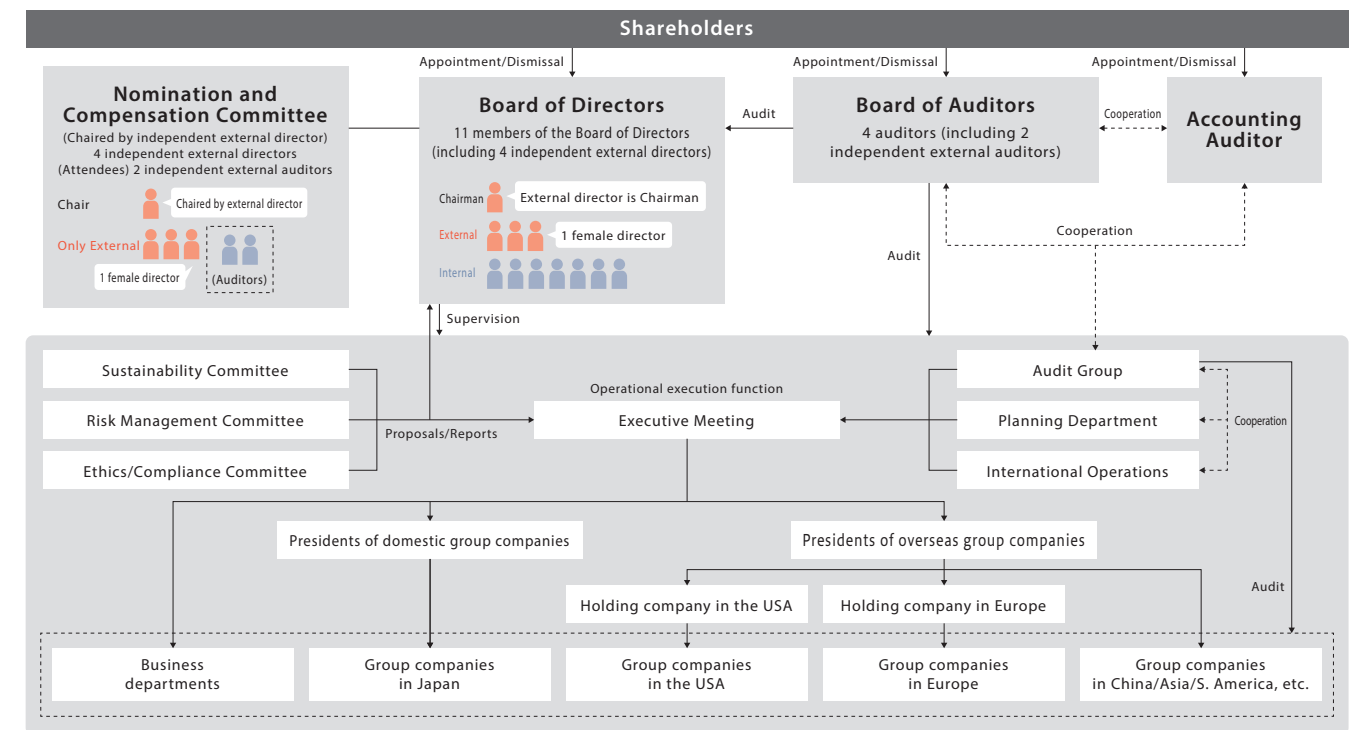
Members of Thai Sintokogio who participated in planting activities

## Corporate Foundation

### Basic approach

The company's basic management policy is to enhance corporate value from a long-term perspective and to ensure appropriate and efficient business execution. We are establishing a corporate governance system that enhances the transparency of decision-making and appropriately incorporates monitoring and supervisory functions.

### Corporate Governance System



### Changes in Governance Structure

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of directors	9 Internal: 9	8 Internal: 8	9 Internal: 8 External: 1	10 Internal: 8 External: 2	11 Internal: 8 External: 3	11 Internal: 8 External: 3	10 Internal: 7 External: 3	11 Internal: 7 External: 4	11 Internal: 7 External: 4	11 Internal: 7 External: 4	11 Internal: 7 External: 4
Ratio of external directors	0%	0%	11%	20%	27%	27%	30%	36%	36%	36%	36%

2001	● Establishment of Management Advisory Committee as voluntary system	2018	● Establishment of Compliance Committee
2013	● Establishment of risk management system ● Establishment of CSR Committee	2019	● Increase in the number of external directors: 3 ⇒ 4
2014	● Introduction of external directors: 1 ● Establishment of Nomination and Compensation Committee ● Establishment of Management Advisory Council (former name: Management Advisory Committee)	2021	● Establishment of Sustainability Committee (formerly known as CSR Committee) ● Clarification of the distinction between the Board of Directors (decision-making function) and the Executive Committee (business execution function) ● Establishment of Risk Management Committee ● Addition of corporate auditor as a contact point for the internal reporting system (Sinto Speak-Up System)
2015	● Increase in the number of external directors: 1 ⇒ 2 ● Strengthening internal control systems ● Introduction of a corporate value-linked stock compensation plan	2022	● Establishment of Ethics/Compliance Committee (formerly known as the Compliance Committee) ● Introduction of restricted stock compensation
2016	● Increase in the number of external directors: 2 ⇒ 3		
2017	● External director appointed Chairman of the Board of Directors ● Nomination and Compensation Committee reorganized with only external directors as members		

### Board of Directors

Our Board of Directors is composed of 11 directors and an external director as the Chairman. The directors are decided by resolution of the Board of Directors after they receive reports from the Nomination and Compensation Committee, which selects the candidates. Four out of 11 directors (more than one-third of the total) are external

directors. In consideration of diversity in our Board of Directors, a female external director has been appointed since FY2021. The Board of Directors met 16 times in FY2022 to make important decisions for our group and provide oversight for the operating conditions of the directors and executives.

#### »» Evaluation of the effectiveness of the Board of Directors

##### ● Sintokogio’s Board of Directors operates effectively as follows:

- 01

In accordance with the Regulations of the Board of Directors and the Internal Rules for the Operation of the Board of Directors, important matters are selected without omission, and the Board of Directors meets at least once a month to discuss them in a timely and appropriate manner.
- 02

Prior to the deliberations of the Board of Directors, directors participate in internal meetings that clarify issues, challenges, risks, and countermeasures to enhance the effectiveness of discussions.
- 03

In order to facilitate smooth and active discussion and sufficient deliberation at Board of Directors meetings, meeting materials are distributed in advance, and the contents are explained in advance, especially to external directors.
- 04

The company receives regular reports on the management status and monitors appropriate risk management and business execution.
- 05

To ensure appropriate deliberation of important matters, the agenda items for the Board of Directors meetings are reviewed from time to time in response to changes in the business environment.

### Board of Auditors

The Board of Auditors is composed of four auditors. Two out of the four are external auditors, who ensure the appropriateness of decisions made by the Board of Directors with their objective perspectives. The Board of Auditors also

works with financial auditors as necessary to ensure the accuracy of the financial audit, and with internal control departments to improve audit quality and effectiveness. In FY2022, the Board of Auditors met 16 times.

### Executive Meeting

Sintokogio has 21 executive officers, with five concurrently serving as directors. The Executive Meeting is a body that deliberates on matters related to business execution. Its members include the top management of in-house companies, business divisions, and sales, production, development, and administrative divisions, along with the responsible parties representing each relevant committee. It makes resolutions, reports, and discussions on the status of business execution every month. The meeting was held 28 times in FY2022.

### Nomination and Compensation Committee

We have established a Nomination and Compensation Committee as a private body to select candidates for directors/auditors and discuss the compensation system. This committee consists of four external directors and two external auditors and is operated only by independent external directors. The Nomination and Compensation

Committee met three times in FY2022. The committee reported to the Board of Directors after discussing the evaluations of internal directors who are also executive officers, nominating candidates for director with a high degree of independence and objectivity.

### External directors/external auditors

In order to promote fair and transparent administration, we have four external directors and two external auditors. There is no special interest between the company and its external directors/external auditors. They are independent directors for which there is no worry of conflict of interest with general shareholders, and their appointment is reported to the Tokyo Stock Exchange.

	Name	Reason for Selection	Attendance at Board of Directors	Attendance at Board of Auditors
External Directors	Yoshiki Ueda	With a wealth of experience as a corporate executive and insight in management, including experience in trading company management, he was selected to fulfill the position of external director in order to supervise our management appropriately and strengthen the supervisory function of the Board of Directors.	16/16 times	—
	Masatoshi Ozawa	With a wealth of experience as a corporate executive and broad perspective in corporate management, including experience in management in the materials industry, he was selected to fulfill the position of external director.	16/16 times	—
	Yasuhito Yamauchi	With a wealth of experience in manufacturing and broad perspective in corporate management as a corporate executive of an automotive company, he was selected to fulfill the position of external director.	16/16 times	—
	Yukako Uchinaga	With a wealth of experience in corporate management and broad perspective and deep insight in IT and diversity, she was selected to fulfill the position of external director.	16/16 times	—
External Auditors	Toshiro Kojima	With a wealth of experience and deep insight in corporate risk management, he was selected to audit the business execution of directors from an objective perspective.	16/16 times	16/16 times
	Kazuhiko Hasegawa	With deep insight based on financial business and a wealth of experience as the auditor at a listed company and educational institution, he was selected to audit the business execution of directors from an objective perspective.	16/16 times	16/16 times

### Skills and diversity of our directors

In order to ensure appropriate decision-making and management supervision, the Board of Directors ensures diversity in accordance with management plans and strategies, and appoints directors with a wealth of experience, a high level of insight, and a high degree of expertise. Internal directors are appointed with expertise in sales, development/engineering/production, and administration, to ensure a balance to knowledge, experience, and ability. The four independent external directors have experience as representative directors of listed companies and have a track record in corporate management. They provide advice and recommendations based on their diverse backgrounds in sales, technology, manufacturing, information, and sustainability.



## Foundation for Value Creation

## Corporate Foundation

## Skill matrix

	Name	Assoc.	Expertise / Experience required for directors								
			Corporate Management	Industry Knowledge	Global Business	Environment/Sustainability	Sales/Marketing	R&D/Technology/Production	HR/Planning/Finance	DX/IT Security	Governance/Risk Mgt.
Directors	Yoshiki Ueda	External Independent	★	☆ (Trading)	☆		☆				★
	Atsushi Nagai		★	☆	★						★
	Tsuneyasu Kuno			☆	☆			☆		☆	☆
	Yatsuka Taniguchi			☆					☆		★
	Toshikazu Morishita			☆			☆				☆
	Kenichi Nakamichi			☆	☆		☆				☆
	Hiromitsu Uchiyama			☆				☆			☆
	Mikio Nakane			☆		☆		☆			☆
	Masatoshi Ozawa	External Independent	★	☆ (Steel)	☆			☆			★
	Yasuhiro Yamauchi	External Independent	★	☆ (Automotive)				☆			★
Auditor	Yukako Uchinaga	External Independent	★	☆ (IT)	☆			☆	☆	☆	★
	Tsuyoshi Goto			☆				★			☆
	Yuji Okubo			☆	☆				★		☆
	Toshiro Kojima	External Independent		☆ (Electric)	☆						★
	Kazuhiko Hasegawa	External Independent		☆ (Bank)					☆		★

## Notes:

- This table does not show all expertise/experience. ★ refers to a high level of expertise and experience that is particularly important for decision-making for the Board of Directors, and ☆ refers to other relevant expertise and experience.
- Experience is based on both past and current positions.
- Composition: 14 male directors, 1 female director (6.7% female)

Corporate Management	Three or more years of executive experience at a listed company in an effort to increase corporation value
Industry Knowledge	Three or more years of executive officer or supervisory experience in the relevant industry, with a high degree of insight
Global Business	Three or more years of experience in overseas assignments or business operation with overseas companies, with a high degree of insight
Environment/Sustainability	Three or more years of experience in environmental business or environmental response work, with a high degree of insight
Sales/Marketing	Three or more years of experience in sales in a trading company or sales department, with a high degree of insight
R&D/Technology/Production	Three or more years of experience in R&D, engineering, or production, with a high degree of insight
HR/Planning/Finance	Three or more years of experience in an administrative overhead department such as human resources, planning, or accounting and finance, with a high degree of insight
DX/IT Security	Three or more years of experience in an IoT company or IoT-related department, with a high degree of insight
Governance/Risk Mgt.	Able to make appropriate responses and judgments based on a high level of insight into the relevant industry and expertise

## Internal control

We have established a fundamental policy for our internal control system to ensure appropriate business execution throughout the Sinto Group. The Ethics/Compliance Committee (with the president as the chair and internal directors as the members) was independently formed to focus solely on compliance and governance, and it is currently moving forward with its initiatives. In addition,

based on the Financial Instruments and Exchange Act's internal control reporting system, our audit section performs audits at regular intervals to confirm that internal control is being developed and administered properly. Subsequently, we receive an assessment from our auditing firm and submit an internal control report to the Financial Services Agency every fiscal year.

## Executive compensation

We have four external directors and two external auditors in our Nomination and Compensation Committee to improve transparency regarding directors' compensation. This enables a fair and objective perspective for evaluating each director and the system and criteria for compensation.

## » Compensation system

Compensation is made up of basic compensation based on position, restricted stock, director bonuses, and mid-long term incentives. We introduced restricted stock for the sustained improvement of corporate value and to promote corporate management from the perspective of shareholders. Director bonuses and mid-long term incentives are dependent on our business outcomes that indicate our earnings such as operating income and improved ROE, considering conventional paid amount and other factors. Under this system, the rate of change increases with each rise in rank.

## » Determination process

The Nomination and Compensation Committee selects candidates for directors and auditors. It evaluates and discusses the compensation system of directors as well as compensation, bonuses, etc. for each director.

The final decision is made during the Board of Directors meeting. The director bonus is determined based on the amount decided at the Board of Directors and shareholders' meetings, the standard amount according to the position, and evaluation by the committee.

## » Total amount of remuneration, etc. by officer category, total amount of remuneration, etc. by type of remuneration, etc., and number of eligible officers (FY2021)

Classification	Number of eligible officers	Amount of remuneration, etc. by type (thousands of yen)			Total remuneration (thousands of yen)
		Basic Remuneration	Performance-linked remuneration		
			Bonuses	Share-based remuneration	
Directors	13	167,295	30,000	0	197,295
Auditors	4	50,400	—	—	50,400
Total	17	217,695	30,000	0	247,695

\*The above figures include remuneration for the indicated fiscal year of two directors who resigned as of the 124<sup>th</sup> shareholders' meeting on June 22, 2021.

# Message from the Chairman of the Board of Directors

We will continue to push for change while strengthening our governance structure to enhance corporate value.



External Director and Chairman of the Board of Directors  
Yoshiki Ueda

## We will enhance the Board of Directors to improve its effectiveness for change.

With new risks such as COVID-19 and the invasion of Ukraine, as well as the growing diversity of needs, such as environmental orientation and expansion of human capital, the environment in all the surrounding areas is changing at high speed. Sintokogio is entering a phase in which we are transforming our business structure and accelerating our transformation with an eye to the future. We, as external directors, would like to contribute to the evolution and development of the company by actively working together while strengthening governance. To this end, it is necessary to revitalize the Board of Directors, the highest decision-making body, and increase its effectiveness. As an independent director, I chair the Board of Directors and strive to manage the Board of Directors,

considering the perspectives of various stakeholders. We have four external directors, each of whom has a background in a different field of management, and we have a well-balanced composition that combines expertise and diversity. The petitioning department explains the agenda items in advance on a different schedule from the Board of Directors meeting. Through Q&A sessions, we strive to understand the agenda items better and encourage employees to become aware of and educate themselves about them. The external directors then go to the Board of Directors meeting to express their opinions, make recommendations based on their knowledge and experience on the issues identified in advance, and strive to draw fair conclusions by stimulating active discussion.

## We will strive to expand human capital through governance.

We have established an independent Nomination and Compensation Committee to strengthen governance. All committee members are external directors, and I chair the committee. The President submits candidate proposals for nomination, and the committee discusses and decides on the suitability of the candidates. Regarding compensation, we examine and review the mission of each director and executive officer. At the end of the fiscal year, we evaluate their compensation in

light of how well they have achieved their mission. In addition, we provide opportunities for interaction and exchange of opinions not only with upper management but also with the next generation of human resources. Every year, each external director takes turns conducting a seminar called the “Sinto Academy”. This is a valuable opportunity for external directors to experience firsthand what is happening on the front and hear directly from the people in charge.

## We will work together to enhance corporate value and encourage our company’s development through aggressive governance.

While progress has been made in establishing a governance structure, we must overcome challenges that remain to increase corporate value. While working on new businesses for future growth is necessary, management resources are limited. We need to accelerate the restructuring of our business portfolio by re-examining our existing businesses, shifting management resources to priority businesses after establishing a firm foothold, and restructuring our organization. In addition, we need to catch up in achieving the operating income target set in our medium-term management plan. We urgently need to review our profit structure. In this regard, a task force has been established under the leadership of the President. It is

working diligently to analyze the situation, and the formulation of measures and organizational review is underway. The environment in all the surrounding areas is changing drastically, and now is the time to take a great opportunity for reform and breakthrough. Sintokogio has a sincere and honest corporate culture. If we all collaborate to discuss and act as one, a new Sintokogio will be born and evolve. In other words, we have high growth potential. As external directors, we want to collaborate by utilizing our accumulated knowledge and experience. We want to contribute to the development of our company by conducting aggressive governance that will encourage our company’s decisive decision-making.

# Executives

## Directors

As of April 2023



## Executives (Biography)

As of April 2023

### » Directors



#### ① Yoshiki Ueda

Chairman of the Board

Apr 1976 Joined Mitsubishi Corporation  
Apr 2008 Mitsubishi Corporation  
Director, Senior Vice President  
Jun 2010 Mitsubishi Corporation Technos  
President and CEO  
Jun 2016 Sintokogio, Ltd.  
External Director  
Jun 2017 Sintokogio, Ltd.  
Chairman (present)



#### ② Atsushi Nagai

President

Apr 1984 Joined Sintokogio, Ltd.  
Jun 1996 Director  
Jun 2000 Managing Director  
Jun 2002 Chief Executive Officer  
Senior Managing Director  
Jun 2004 Vice President  
Jun 2006 President  
Apr 2021 Chief Executive Officer  
President (present)



#### ③ Tsuneyasu Kuno

Director

Apr 1980 Joined Sintokogio, Ltd.  
Sep 1996 Thai Sintokogio Co., Ltd.  
President  
Jul 2006 Executive Officer  
Production Center Manager  
Jun 2014 Director in charge of  
Production Center  
Jun 2015 Managing Director  
Sales Division  
Deputy General Manager  
Apr 2021 Managing Director  
Senior Executive Officer  
Aide to the President in charge of  
Systems and Engineering  
Apr 2023 Director  
Aide to the President (present)



#### ④ Yatsuka Taniguchi

Director

Jul 2007 Joined Sintobrador, Ltd.  
Apr 2009 Executive Officer  
Personnel & Labor Department  
General Manager  
Apr 2011 Executive Officer  
Administration Center  
Deputy Manager  
Personnel & Labor Department  
General Manager  
Jun 2014 Director in charge of  
General Administration  
Human Resources Department  
General Manager  
Jun 2021 Managing Director  
Senior Executive Officer in charge of  
General Administration  
Apr 2023 Director  
Aide to the President (present)



Foundation for Value Creation

Executives



5 Toshikazu Morishita

Director  
Senior Executive Officer

Apr 1982 Joined Sintokogio, Ltd.  
Jul 2006 Executive Officer  
Foundry Business Division  
Deputy General Manager

Apr 2012 Executive Officer  
Foundry Business  
Division General Manager

Jun 2016 Director in charge of Sales  
Sales Division General Manager

Apr 2021 Director  
Senior Executive Officer  
in charge of Sales  
Sales Division General Manager

Apr 2023 Director  
Senior Executive Officer  
in charge of Sales  
CASTEC COMPANY Sales Manager  
(present)



6 Kenichi Nakamichi

Director  
Senior Executive Officer

Apr 1989 Joined Sintobrador, Ltd.  
Apr 2012 Blast Division General Manager  
Jul 2014 Executive Officer  
Blast Division General Manager

Jul 2015 Senior Executive Officer  
Blast Division General Manager

Jun 2020 Director  
International Operations  
General Manager

Apr 2022 Director  
Senior Executive Officer  
CASTEC COMPANY President  
(present)



7 Hiromitsu Uchiyama

Director  
Senior Executive Officer

Apr 1983 Joined Toyota Motor Corp.  
Jan 2011 Toyota Motor Corp.  
Engineering Dept.  
Battery/FC Production  
General Manager

May 2020 Sintokogio, Ltd. Advisor  
Jul 2020 Managing Executive Officer  
Development Division  
General Manager

Apr 2021 Director  
Senior Executive Officer  
Development Division  
General Manager

Apr 2023 Director  
Senior Executive Officer  
in charge of Business Development  
Development Division  
General Manager (present)



8 Mikio Nakane

Director  
Senior Executive Officer

Apr 1985 Joined Sintokogio, Ltd.  
Jul 2015 Environment Division  
General Manager

Jul 2016 Executive Officer  
Environment Division  
General Manager

Apr 2018 Senior Executive Officer  
ECOTEC COMPANY President

Apr 2023 Director  
Senior Executive Officer  
in charge of Environment Division  
Production Division  
General Manager (present)



9 Masatoshi Ozawa

External Director

Apr 1966 Joined Daido Steel Co., Ltd.  
Jun 2004 Daido Steel Co., Ltd.  
Representative Director and  
President

Jun 2010 Daido Steel Co., Ltd.  
Representative Director and  
Chairman

Jun 2014 Sintokogio, Ltd.  
External Director (present)



10 Yasuhito Yamauchi

External Director

Apr 1968 Joined Toyota Motor Corp.  
Jun 1995 Toyota Motor Corp.  
Director

Jun 2001 Toyota Motor Corp.  
Executive Managing Director

Jun 2005 Aisin Seiki Co., Ltd.  
(Current: Aisin Corp.)  
President

Jun 2015 Sintokogio, Ltd.  
External Director (present)



11 Yukako Uchinaga

External Director

Jun 1971 Joined IBM Japan Ltd  
Apr 1995 IBM Japan Ltd  
Director

Apr 2004 IBM Japan Ltd  
Director  
Senior Managing Executive Officer  
in charge of Develop. and Manufacturing

Apr 2007 Specified Non-profit Corporation  
Japan Women's Innovative  
Network (J-Win) Chairperson

Apr 2008 Benesse Corp. Director and Vice Chairman  
Berlitz Corporation  
Chairman/President/CEO

Jun 2021 Sintokogio, Ltd.  
External Director (present)

Jul 2022 Specified Non-profit Coporation  
Japan Women's Innovative Network (J-Win)  
Chairperson and Representative Director (present)

» Auditors



12 Tsuyoshi Goto

Full-time Auditor

Apr 1980 Joined Sintokogio, Ltd.  
Jul 2015 Executive Officer  
Production Center Manager

Jun 2016 Director  
Production Center Manager

Apr 2019 Director  
in charge of Production Division

Jun 2019 Auditor (present)



13 Yuji Okubo

Full-time Auditor

Apr 1976 Joined Sintokogio, Ltd.  
Apr 1999 International Operations  
Group Manager

Oct 2009 Administration Department  
General Manager

Jul 2015 Executive Officer  
in charge of Accounting & Finance

Jul 2018 Senior Advisor

Jun 2019 Auditor (present)



14 Toshiro Kojima

External Auditor

Apr 1977 Joined Hitachi, Ltd.  
Jul 2000 Hitachi, Ltd.  
Risk Countermeasures Dept.

Jul 2015 Kyodo News Digital Co., Ltd.  
Executive Officer

Comprehensive Risk  
Countermeasures Research  
Institute Director (present)

Jun 2016 Sintokogio, Ltd.  
External Auditor (present)



15 Kazuhiko Hasegawa

External Auditor

Apr 1975 Joined The Mitsubishi Bank, Ltd.  
Jun 2005 The Bank of Tokyo-Mitsubishi, Ltd.  
(by merger) Auditor

Jan 2006 MUFG Bank, Ltd. (by merger)  
Auditor

Jun 2008 Mitsubishi Estate Co., Ltd.  
Auditor

Jul 2016 The Kitasato Institute  
Executive Director

Jun 2019 Sintokogio, Ltd.  
External Auditor (present)

Senior Executive Officers/Executive Officers

As of April 2023



1 Senior Executive Officer  
Hidemi Yamauchi

2 Senior Executive Officer  
Noriyuki Murai

3 Executive Officer  
Minoru Hirata

4 Executive Officer  
Yoji Ikedo

8 Executive Officer  
Hiroyuki Takeda

9 Executive Officer  
Hideaki Morita

13 Executive Officer  
Seiichiro Hoga

14 Executive Officer  
Michael Halsband

5 Executive Officer  
Takeshi Hirayama

10 Executive Officer  
Yoshinori Kawaguchi

15 Executive Officer  
Takayuki Tatematsu

6 Executive Officer  
Akihiro Yoshimoto

11 Executive Officer  
Asuka Ieda

16 Executive Officer  
Takashi Suzuki

7 Executive Officer  
Toshiaki Yuba

12 Executive Officer  
Kenichi Furuya

# Compliance

## Basic approach

The Sinto Group regards compliance as the core foundation of management and promotes a compliance program that includes the dissemination of policies and messages by top management, the development of codes of conduct and

rules, the implementation of education and training, and the establishment of a reporting and consultation service. We work to prevent legal violations and corporate scandals.

## Compliance initiatives

We systematically organized our corporate philosophy, and significance, code of conduct, brand message, Corporate Ethical Action Policy, and other important principles into Sinto Beliefs, which is the guiding principle for our actions shared among all group employees around the world. One part of Sinto Beliefs, the Corporate Ethical Action Policy, was established with a specific action policy for each employee, and it dictates our actions on compliance, safety, and the environment, providing guidelines on how executives and employees should act for business in good faith to meet our stakeholders' expectations. In order to ensure understanding of our compliance policy and to promote appropriate actions in daily operations, we have distributed a guidebook for this policy to all executives and employees. In addition, we have made a pocket edition that can be easily carried around to help ensure this understanding. For overseas group companies, we share the content of our ethical action policy, and each company establishes their own regulations according to the characteristics of the company and country/region they are located in.



Sinto Corporate Ethical Action Policy Guidebook (published in 1998)

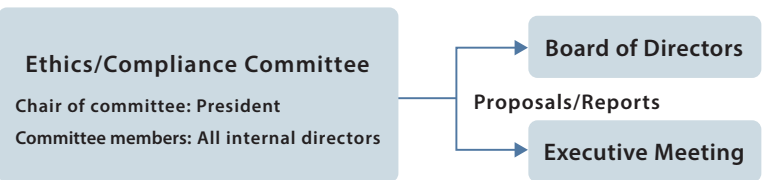
## Education and enlightenment

Based on our Corporate Ethical Action Policy and action manual, we have been training new employees, mid-career employees, sales personnel, and management via level-based and position-based training to enable further enrichment in required knowledge and individual improvement from an ethical perspective. For our group

companies, we work to foster compliance awareness among directors and hold regular leadership meetings for domestic and overseas group companies, planned by the presidents of these companies, to share a thorough understanding regarding the ethical action policy.

## Ethics/Compliance Committee

The Ethics/Compliance Committee has been established as a committee directly linked to the Board of Directors. The President chairs the committee, and internal directors serve as committee members to promote the enhancement of ethical standards and compliance awareness in the Sinto Group. The results of monitoring through the internal reporting system and other information are regularly reported to the Board of Directors.

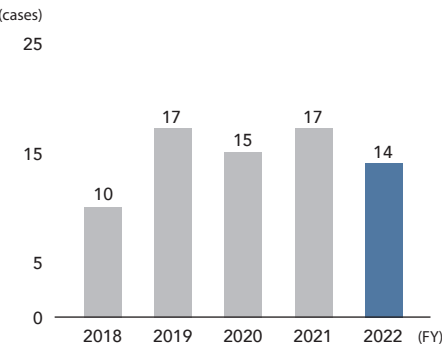


## Internal whistleblower system (Sinto Speak-Up System)

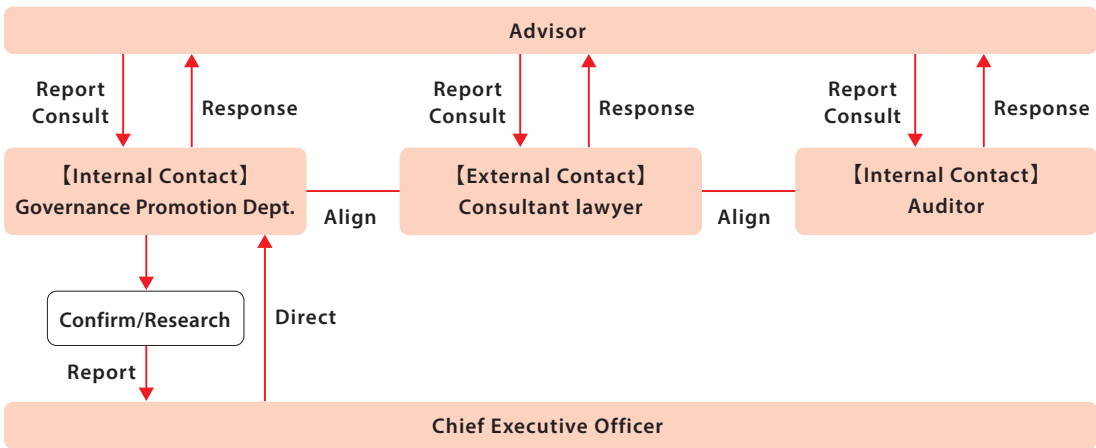
We have established an internal whistleblower (consultation) system with the purpose of prevention, early discovery, and correction of illegal or inappropriate actions. Our employees are able to report via three reporting (consultation) routes: Governance Promotion department, the internal auditors, and external legal counsel.

We received 14 cases in FY2022. We review each case to determine the appropriate response through a thorough investigation of the facts, and we report annual activities to the Board of Directors.

Speak-Up Cases



## Basic operation flow of the hotline



## Protection of internal reporters

When explaining the Sinto Speak-Up System to our employees, we also clarify the prohibition of unfair treatment of the reporter, as stated below.

- It is prohibited to treat the reporter unfairly in any way in response to an internal report made through the Sinto Speak-Up System.

## Initiatives to prevent fraudulent acts such as bribery

Our Corporate Ethical Action Policy outlines specific initiatives to prevent all types of corruption, including fraud and graft. It requires not only complying with laws and regulations, but also determining and acting in good faith and in an ethical manner based on each situation, beyond what is required for legal compliance. With regards to relationships with suppliers, we regularly hold information exchanges with these important business partners and work to spread the understanding of

the concepts of fair trading, legal compliance, and other important items such as safety, quality, and the environment. To prevent unfair trading, we have released clear guidelines regarding strict limits for social expenses, business meals, and gifts to ensure full understanding among all group companies. We are also strengthening initiatives to prevent inappropriate actions, including the establishment of our internal whistleblower system (Sinto Speak-Up System).



# Risk Management

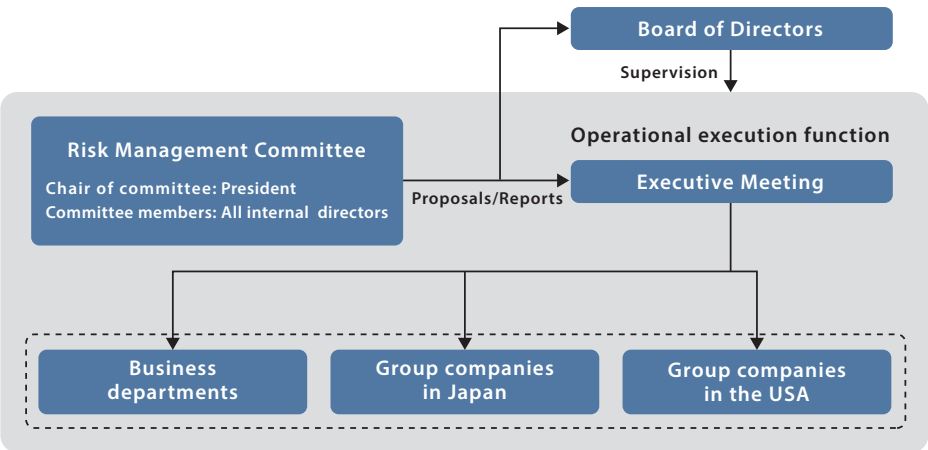
## Basic approach

We promote our basic policy of acting with “the safety of human life as our top priority” and working toward prevention of secondary disasters, preservation of company assets, early restoration and continuation of business, prevention of recurrence, and contribution to local communities. We prepare

for various possible risks based on our risk management system, our risk management regulations that stipulate risk management implementation procedures, and our BCP manual that stipulates actions to take in case of an emergency.

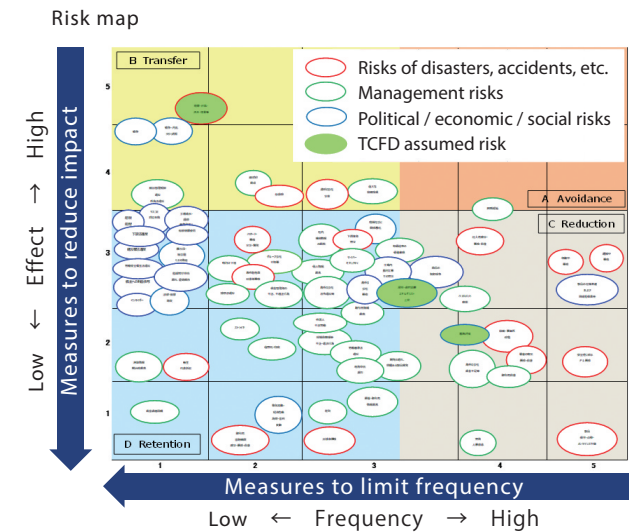
## System

We have a Risk Management Committee under the Board of Directors, with our president acting as its chairman and the internal directors as its members, and the committee manages risks at each department. We have established a basic policy regarding risk management, and we have developed systems to reduce risks, enacting initiatives to raise awareness while monitoring the implementation status and reporting to the directors regularly.



## Risk map

We have created a risk map that visualizes potential risks, their impact on business activities, and their frequency of occurrence in order to implement appropriate risk management. We create an annual action plan based on the map, and for risks that may have a large impact on our business, we create a business continuity plan including necessary preparation and countermeasures, working to reduce all relevant risks.



## Risk management examples

### » Business Continuity Plan (BCP)

In recent years, we have seen large-scale natural disasters occur regularly around the world. In considering what we can do for our employees and their families, our local communities, and our customers when emergencies occur, we established our Business Continuity Plan (BCP). We are working on preventing and reducing the impact of disasters in order to fulfill our supply responsibility to our customers.

As part of our initiatives to raise awareness and improve our disaster preparedness, on Disaster Prevention Day in Japan, we

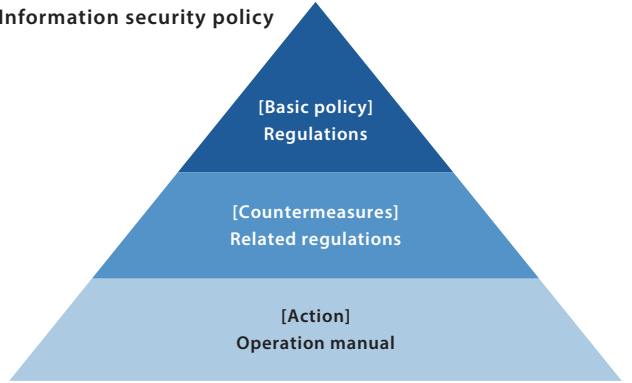
hold competitions for first-response fire fighting, first aid, and life saving and protecting by selected members of the company. Participants give demonstrations and compete on their disaster prevention abilities. We also hold disaster prevention training repeatedly based on the BCP manual so that we can take action swiftly when a disaster happens. In addition, in FY2021, to enrich our preparation for all kinds of emergency conditions, we established a new BCP manual that includes pandemic measures in case of a new infectious disease.

### » Information security

We promote information/digital transformation for services to add value to our business, and we position information security as an important management issue. We have established the Information Security Working Group to work on creating our own information security regulations, related regulations, and an operation manual in order to protect our intellectual assets, comply with regulations, and educate our employees. As technical countermeasures, considering recent trends in cyber attacks, we have implemented multi-factor authentication and virus monitoring for each device alongside conventional security measures, based on a zero-trust\* approach. At the same time, we offer trainings and educational opportunities for all of our employees on topics such as response to email attacks, with the goal of improving our information literacy company-wide. We will continue to take various measures comprehensively and

efficiently to appropriately protect the company against security risks.

#### Information security policy



\* Zero trust: Discarding conventional boundaries for internal/external networks, entities attempting to access our information assets are not trusted automatically and instead must complete safety verification each time. This allows us to prevent threats to our information assets.

### » Creating a safe workplace

The Safety and Health Promotion Committee plays a central role in promoting the creation of safe workplaces to eradicate occupational accidents at manufacturing sites. At Sinto, a daily calendar containing past accident cases and countermeasures is used to prevent the recurrence of accidents by introducing them at the daily morning meeting at each workplace. In addition, since the leading causes of occupational accidents include insufficient measures and rules in the workplace, we have trained and increased the number of RST trainers\* and are promoting safety guidance at each workplace

through the appointment of “safety wardens”. For customers, we are working to strengthen on-site installation patrols by increasing the frequency of patrols at on-site installation worksites and reviewing checklist items during patrols.

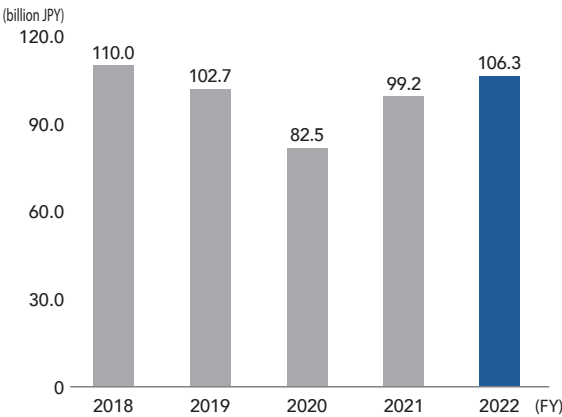
\* RST Trainer: Abbreviation for safety and health education trainers certified under the Ministry of Labor (now Ministry of Health, Labor and Welfare) method for the training of on-site supervisors

# Financial/Non-financial Highlights

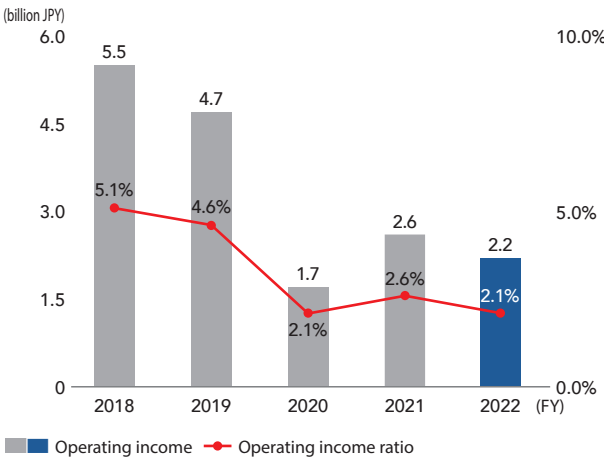
(past 5 years)

## Financial index

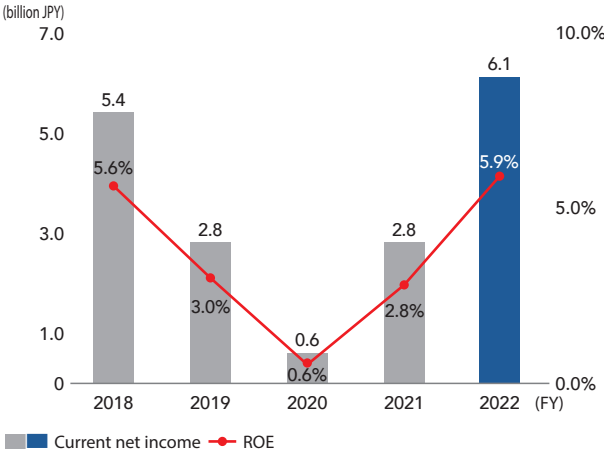
### Net sales



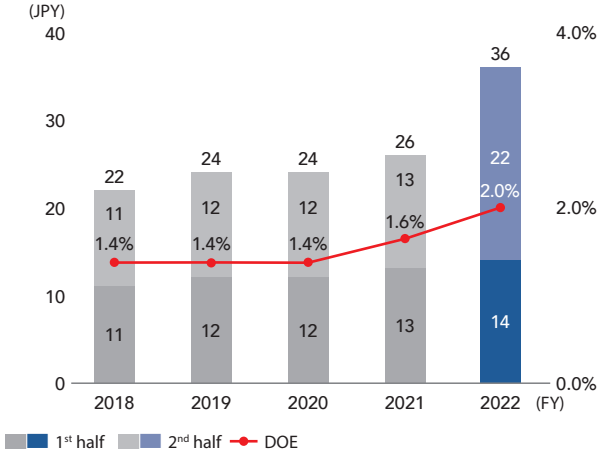
### Operating income/Operating income ratio



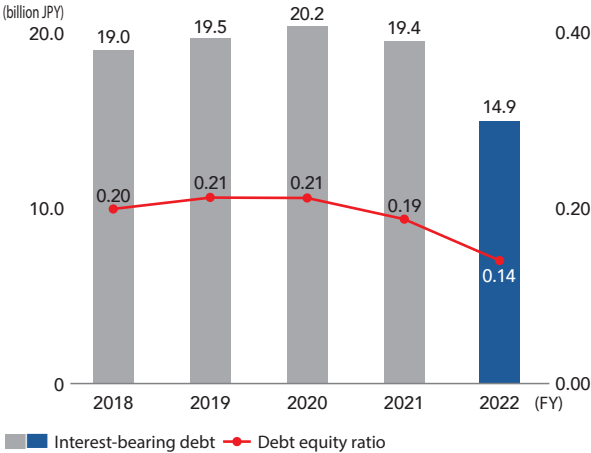
### Current net income/ROE



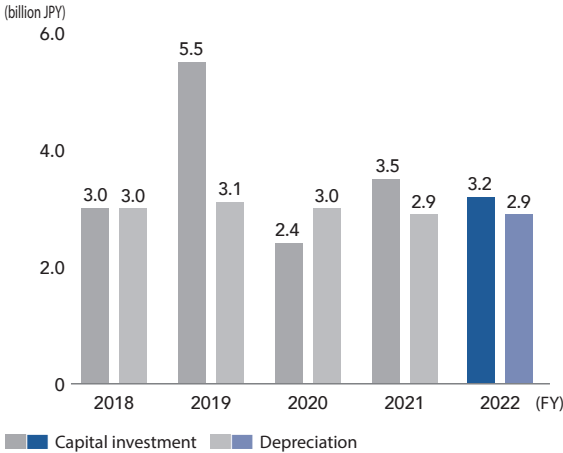
### Dividends per share/DOE



### Interest-bearing debt/Debt equity ratio

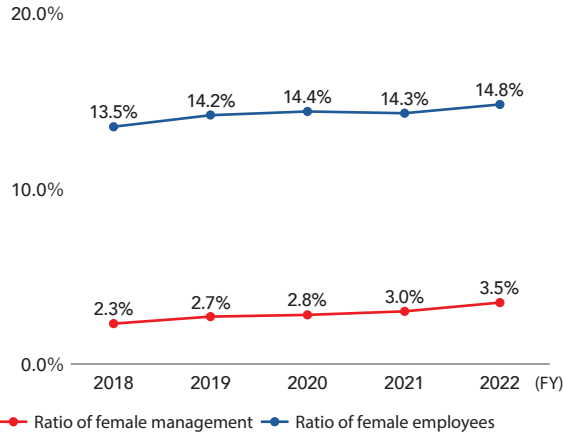


### Capital investment/Depreciation

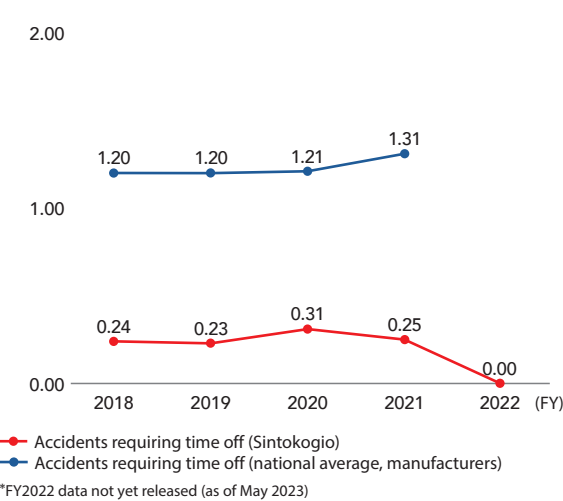


## Non-financial

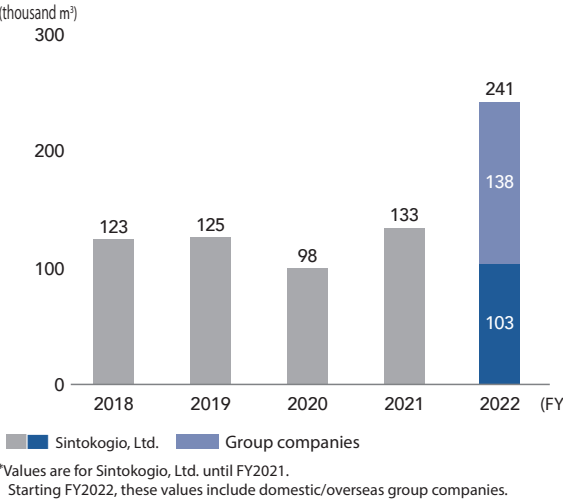
### Ratio of female management/ Ratio of female employees



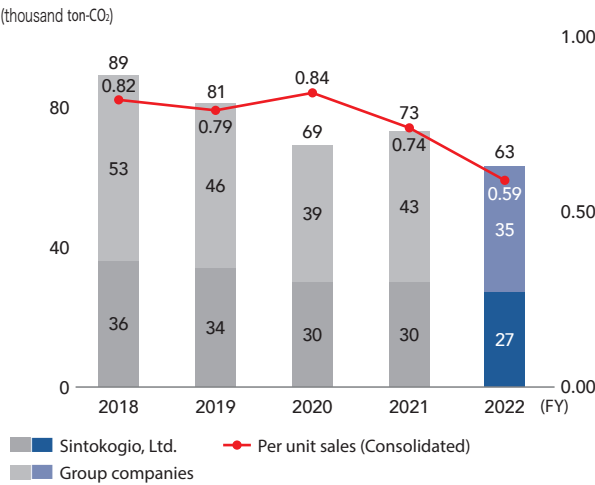
### Disabling injury frequency rate



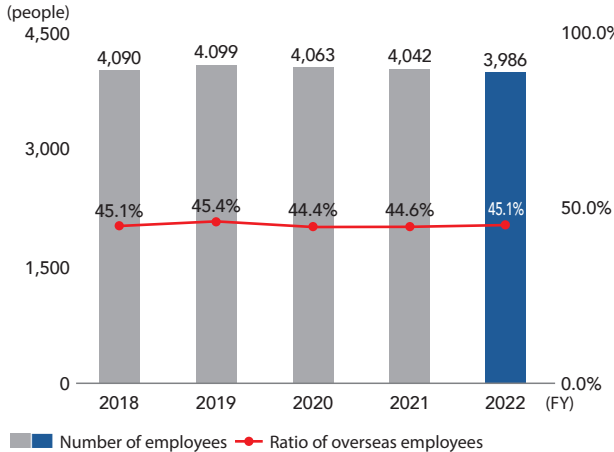
### Water consumption



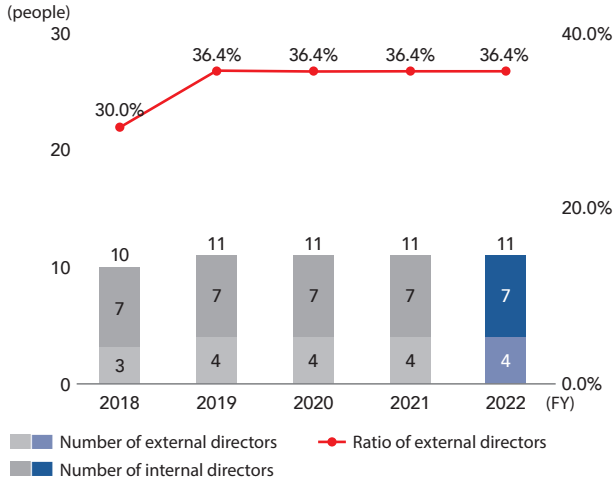
### CO<sub>2</sub> emissions (Scopes 1 and 2)



### Number of employees/Ratio of overseas employees



### Number of directors/Ratio of external directors





## Corporate Data

Data from Previous 11 Years

## Data from Previous 11 Years

		Unit	FY 2012	FY 2013	FY 2014	
Business results	Sales	mil JPY	85,200	89,105	93,258	
	Operating income	mil JPY	3,813	3,836	3,378	
	Ordinary income	mil JPY	4,996	5,334	4,412	
	Net income attributable to parent company shareholders	mil JPY	5,271	2,824	2,637	
	Capital investment	mil JPY	4,347	4,386	3,273	
	Depreciation	mil JPY	2,190	2,622	2,784	
	Research and development expenses	mil JPY	1,350	1,515	1,583	
Financial status	Gross assets	mil JPY	116,358	126,908	146,315	
	Net assets	mil JPY	76,648	85,114	95,278	
	Interest-bearing debt	mil JPY	9,307	9,110	13,210	
Cashflow	Cashflow from business activities	mil JPY	4,641	7,176	4,502	
	Cashflow from investment activities	mil JPY	-4,508	-7,189	-4,931	
	Cashflow from financial operations	mil JPY	1,232	-1,498	2,904	
	Free cashflow	mil JPY	133	-12	-429	
	Balance of cash and cash equivalents	mil JPY	18,856	19,303	22,063	
Stock information	Dividends	JPY	13	13	14	
	EPS (equity per share)	JPY	97.10	52.02	48.58	
	BPS (book-value per share)	JPY	1,368.38	1,508.71	1,672.19	
	Payout ratio	%	13.4	25.0	28.8	
Management index	ROE (return on equity)	%	7.5	3.6	3.1	
	ROA (return on assets)	%	4.8	2.3	1.9	
	Debt equity ratio	multiplier	0.13	0.11	0.15	
	Capital adequacy ratio	%	63.8	64.5	62.0	
	Operating profit on sales	%	4.5	4.3	3.6	
	EBITDA	mil JPY	6,070	6,539	6,273	
Non-financial index	Number of employees	Sinto Group*	people	3,821	3,794	3,849
	Ratio of overseas employees	Sinto Group*	%	—	—	—
	Ratio of local personnel in management positions overseas	Overseas group companies	%	—	—	—
	Ratio of female employees	Sintokogio, Ltd.	%	13.2	13.3	13.4
	Ratio of female management	Sintokogio, Ltd.	%	0.3	0.3	0.7
	Employment rate of persons with disabilities	Sintokogio, Ltd.	%	—	—	—
	Employees on childcare leave (male)	Sintokogio, Ltd.	people	0	0	0
	Employees on childcare leave (female)	Sintokogio, Ltd.	people	8	11	17
	Disabling injury frequency rate	Sintokogio, Ltd.	-	0.55	0.26	0.00
	Water consumption	Sinto Group*†	m³	—	—	—
	Energy use	Sinto Group*	TJ	—	—	—
	Electricity use	Sinto Group*	MWh	—	—	—
	CO₂ emissions	Sinto Group*	t-CO₂	—	—	—
	Waste discharge	Sinto Group*†	t	—	—	—
	Recycled volume	Sinto Group*†	t	—	—	—
	Number of directors		people	9	8	9
	Number of external directors		people	0	0	1

\*Sinto Group: Sintokogio, Ltd. and domestic/overseas group companies

† Values are for Sintokogio, Ltd. until FY2021. Starting FY2022, these values include domestic/overseas group companies.

FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
94,232	95,048	104,231	110,076	102,703	82,544	99,247	106,381
5,712	4,887	4,798	5,586	4,734	1,718	2,606	2,242
5,536	5,844	5,994	6,487	4,732	3,070	4,478	3,951
2,706	3,358	6,030	5,412	2,879	606	2,835	6,187
2,790	3,415	2,669	3,079	5,501	2,418	3,571	3,277
2,619	2,655	2,782	3,034	3,117	3,052	2,928	2,963
1,612	1,580	1,642	1,786	2,032	2,535	2,589	2,510
139,207	142,759	162,629	164,986	156,461	164,201	168,586	171,367
88,899	91,775	101,156	101,465	99,849	104,124	109,641	111,755
15,940	15,904	18,865	19,087	19,593	20,280	19,486	14,956
2,491	7,765	6,195	7,040	5,075	8,088	4,091	5,491
-5,142	1,551	-1,170	-1,755	-3,125	-1,801	-1,188	-1,623
24	-1,388	1,069	-1,673	-1,160	-1,141	-2,754	-7,092
-2,650	9,317	5,025	5,285	1,950	6,286	2,902	3,868
18,865	26,640	33,282	36,277	37,041	42,306	42,964	40,658
16	18	21	22	24	24	26	36
50.57	63.08	113.26	101.66	54.10	11.39	53.28	117.93
1,587.79	1,646.55	1,796.88	1,803.01	1,770.62	1,858.22	1,956.15	2,020.43
31.5	28.6	18.6	21.7	44.5	211.3	48.9	30.6
3.1	3.9	6.6	5.6	3.0	0.6	2.8	5.9
1.9	2.4	3.9	3.3	1.8	0.4	1.7	3.6
0.19	0.18	0.20	0.20	0.21	0.21	0.19	0.14
60.7	61.4	58.8	58.2	60.2	60.2	61.7	61.7
6.1	5.1	4.6	5.1	4.6	2.1	2.6	2.1
8,455	7,662	7,696	8,954	8,177	5,073	5,736	5,336
3,863	3,839	4,010	4,090	4,099	4,063	4,042	3,986
—	—	45.3	45.1	45.4	44.4	44.6	45.1
—	—	—	57.4	66.7	64.6	65.1	65.8
13.6	13.5	13.2	13.5	14.2	14.4	14.3	14.8
1.1	1.4	1.7	2.3	2.7	2.8	3.0	3.5
1.9	2.1	1.9	2.0	1.9	2.2	2.1	2.4
0	3	0	1	3	4	8	21
11	16	18	20	9	9	14	8
0.00	0.50	0.31	0.24	0.23	0.31	0.25	0.00
—	120,602	104,849	123,831	125,266	98,754	133,542	241,244
—	1,787	1,949	2,096	1,972	1,634	1,862	1,766
—	150,669	161,266	171,799	153,347	136,120	157,063	143,981
—	85,730	87,332	89,893	81,118	69,434	73,720	63,141
—	7,287	6,866	6,935	6,033	5,583	5,350	15,345
—	7,134	6,701	6,720	5,890	5,520	5,286	15,251
10	11	11	10	11	11	11	11
2	3	3	3	4	4	4	4

# Financial Data

## Consolidated Balance Sheets

As of March 31, 2023 and 2022

	Japanese Yen in millions		U.S. Dollars in thousands*
	March 31 2023	March 31 2022	March 31 2023
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	¥ 40,658	¥ 42,964	\$ 304,491
Short-term investments	5,831	1,571	43,674
Notes and accounts receivable:			
Trade notes	10,188	10,058	76,302
Trade accounts	19,861	17,535	148,743
Contract Assets	9,803	7,319	73,419
Allowance for doubtful accounts	(568)	(264)	(4,260)
Subtotal	85,775	79,184	642,370
Inventories	17,344	14,414	129,895
Other current assets	3,083	3,229	23,090
Total current assets	106,203	96,828	795,356
<b>Property, Plant and Equipment:</b>			
Land	8,021	7,794	60,071
Buildings and structures	31,001	28,592	232,165
Machinery, equipment and vehicles	29,107	27,587	217,988
Construction in progress	1,488	1,951	11,148
Others	6,800	6,278	50,929
Subtotal	76,419	72,204	572,303
Accumulated depreciation	(46,594)	(43,806)	(348,940)
Net property, plant and equipment	29,825	28,398	223,362
<b>Investments and Other Assets:</b>			
Investment securities	27,581	33,957	206,558
Deferred tax assets	464	526	3,479
Other assets	7,291	8,874	54,603
Total investments and other assets	35,337	43,359	264,642
<b>TOTAL</b>	¥ 171,367	¥ 168,586	\$ 1,283,361

\*See note on page 79.  
(Continued)

## Consolidated Balance Sheets

As of March 31, 2023 and 2022

	Japanese Yen in millions		U.S. Dollars in thousands*
	March 31 2023	March 31 2022	March 31 2023
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Short-term borrowings	¥ 2,125	¥ 12,264	\$ 15,919
Notes and accounts payable:			
Trade notes	7,311	7,973	54,758
Trade accounts	7,367	7,506	55,173
Subtotal	16,804	27,744	125,851
Income taxes payable	1,965	328	14,721
Advances received	0	0	0
Contract liabilities	12,089	7,287	90,539
Other current liabilities	8,850	7,178	66,278
Total current liabilities	39,710	42,539	297,391
<b>Long-Term Liabilities:</b>			
Long-term borrowings	12,831	7,222	96,091
Net defined benefit liability	535	926	4,008
Directors' and corporate auditors' retirement benefits	541	444	4,052
Deferred tax liabilities	5,096	7,158	38,169
Other long-term liabilities	897	653	6,719
Total long-term liabilities	19,901	16,405	149,040
<b>Contingent Liabilities</b>			
<b>Net Assets:</b>			
Common stock	5,752	5,752	43,078
Additional paid-in capital	6,310	6,310	47,261
Retained earnings	84,369	79,622	631,839
Less: Treasury stocks	(2,082)	(1,501)	(15,595)
Total shareholders' equity	94,350	90,183	706,584
Net unrealized gain on available-for-sale securities	7,893	12,697	59,115
Foreign currency translation adjustments	2,616	300	19,593
Remeasurements of defined benefit plans	919	912	6,888
Total accumulated other comprehensive income	11,429	13,910	85,597
Non-controlling interests	5,975	5,547	44,746
Total net assets	111,755	109,641	836,928
<b>TOTAL</b>	¥ 171,367	¥ 168,586	\$ 1,283,361

\*See note on page 79.  
(Concluded)



## Corporate Data

## Financial Data

## Consolidated Statements of Income

As of March 31, 2023 and 2022

	Japanese Yen in millions		U.S. Dollars in thousands*
	Year ended March 31 2023	Year ended March 31 2022	Year ended March 31 2023
<b>Net Sales</b>	¥ 106,381	¥ 99,247	<b>\$ 796,684</b>
<b>Cost of Sales</b>	77,786	71,815	<b>582,541</b>
<b>Gross Profit</b>	28,594	27,431	<b>214,143</b>
<b>Selling, General and Administrative Expenses</b>	26,352	24,825	<b>197,352</b>
<b>Operating Income</b>	2,242	2,606	<b>16,790</b>
<b>Other Income (Expenses):</b>			
Interest and dividend income	1,014	852	<b>7,594</b>
Interest expense	(128)	(139)	<b>(965)</b>
Exchange Gain (Loss) - net	172	182	<b>1,294</b>
Gain (Loss) on sales of securities - net	5,335	52	<b>39,954</b>
Loss on revaluation of securities	(43)	(230)	<b>(322)</b>
Gain (Loss) on sales and disposal of property, plant and equipment - net	26	39	<b>195</b>
Equity in earnings of non-consolidated subsidiaries and affiliates	109	628	<b>823</b>
Impairment losses	(192)	—	<b>(1,442)</b>
Other - net	541	343	<b>4,054</b>
<b>Total</b>	<b>6,834</b>	<b>1,727</b>	<b>51,186</b>
<b>Net Income before Taxes</b>	9,076	4,333	<b>67,976</b>
<b>Income Taxes:</b>			
Current	2,524	1,008	<b>18,903</b>
Deferred	145	304	<b>1,092</b>
<b>Total</b>	<b>2,670</b>	<b>1,313</b>	<b>19,996</b>
<b>Net Income</b>	6,406	3,020	<b>47,980</b>
<b>Net Income Attributable to Non-controlling Interests</b>	219	185	<b>1,640</b>
<b>Net Income Attributable to Shareholders of the Parent Company</b>	¥ 6,187	¥ 2,835	<b>\$ 46,340</b>

\*See note on page 79.

## Consolidated Statements of Comprehensive Income

As of March 31, 2023 and 2022

	Japanese Yen in millions		U.S. Dollars in thousands*
	Year ended March 31 2023	Year ended March 31 2022	Year ended March 31 2023
<b>Net Income</b>	¥ 6,406	¥ 3,020	<b>\$ 47,980</b>
<b>Other Comprehensive Income</b>			
Net unrealized gain on available-for-sale securities	(4,806)	1,396	<b>(35,996)</b>
Foreign currency translation adjustments	2,317	2,194	<b>17,357</b>
Remeasurements of defined benefit plans	7	178	<b>56</b>
Share of other comprehensive income of non-consolidated subsidiaries and affiliates	262	65	<b>1,962</b>
<b>Total other comprehensive income</b>	<b>(2,219)</b>	<b>3,834</b>	<b>(16,620)</b>
<b>Comprehensive Income</b>	¥ 4,187	¥ 6,855	<b>\$ 31,360</b>

Attributable to:

Shareholders of the parent company

Non-controlling interests

3,707 6,390 **27,763**480 464 **3,596**

\*See note on page 79.

## Consolidated Statements of Cash Flows

As of March 31, 2023 and 2022

	Japanese Yen in millions		U.S. Dollars in thousands*
	Year ended March 31 2023	Year ended March 31 2022	Year ended March 31 2023
<b>Operating Activities:</b>			
Income before income taxes	¥ 9,076	¥ 4,333	<b>\$ 67,976</b>
Adjustments for:			
Depreciation and amortization	2,963	2,928	<b>22,196</b>
Increase (decrease) in net defined benefit liability	(287)	(241)	<b>(2,152)</b>
Increase (decrease) in directors' and corporate auditors' retirement benefits	76	4	<b>574</b>
Loss (gain) on disposal of property, plant and equipment	(26)	(39)	<b>(195)</b>
Loss (gain) on sale and valuation of marketable securities	(5,293)	178	<b>(39,641)</b>
Decrease (increase) in trade receivables	(4,152)	(1,262)	<b>(31,095)</b>
Decrease (increase) in inventories	(2,172)	(1,292)	<b>(16,272)</b>
Increase (decrease) in trade payables	(480)	2,019	<b>(3,599)</b>
Income taxes - paid	(913)	(1,289)	<b>(6,839)</b>
Increase (decrease) in Advances received	4,449	(1,276)	<b>33,322</b>
Other - net	2,250	29	<b>16,855</b>
<b>Total adjustment</b>	<b>(3,585)</b>	<b>(242)</b>	<b>(26,848)</b>
<b>Net cash provided by operating activities</b>	<b>5,491</b>	<b>4,091</b>	<b>41,128</b>
<b>Investing Activities:</b>			
Proceeds from sales of property, plant and equipment	104	225	<b>784</b>
Purchases of property, plant and equipment	(3,447)	(2,722)	<b>(25,819)</b>
Purchases of securities	—	—	<b>—</b>
Purchases of investment securities	(2,575)	(1,755)	<b>(19,290)</b>
Proceeds from sales of securities	7,546	3,089	<b>56,515</b>
Other - net	(3,251)	(26)	<b>(24,348)</b>
<b>Net cash provided in investing activities</b>	<b>(1,623)</b>	<b>(1,188)</b>	<b>(12,157)</b>
<b>Financing Activities:</b>			
Increase (decrease) in short-term borrowings - net	(305)	(1,026)	<b>(2,289)</b>
Proceeds from long-term borrowings	5,700	58	<b>42,687</b>
Repayment of long-term borrowings	(10,128)	(72)	<b>(75,850)</b>
Dividend paid	(1,428)	(1,334)	<b>(10,700)</b>
Other - net	(929)	(379)	<b>(6,963)</b>
<b>Net cash provided by financing activities</b>	<b>(7,092)</b>	<b>(2,754)</b>	<b>(53,116)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>918</b>	<b>509</b>	<b>6,878</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,305)</b>	<b>658</b>	<b>(17,266)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>42,964</b>	<b>42,306</b>	<b>321,758</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries, Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>—</b>
<b>Cash and Cash Equivalents, End of Year</b>	¥ 40,658	¥ 42,964	<b>\$ 304,491</b>

\*Note on U.S. Dollar Amounts

The Company maintains its consolidated accounting records in Japanese yen. Japanese yen are translated to U.S. dollars for easier comprehension by the reader. The exchange rate used is ¥133.53=\$1.00 on March 31, 2023. The inclusion of such amounts is not intended to imply that the Japanese yen amounts have been or could be readily converted, realized, or settled in U.S. dollars at that or any other rate.

Corporate Profile / Stock Information

Corporate Profile

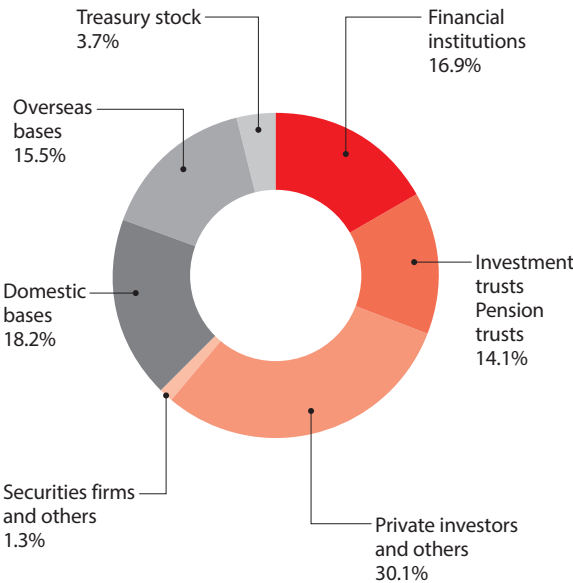
As of March 31, 2023

Company name	Sintokogio, Ltd.
Establishment	October 2, 1934
Paid-in capital	5,752 million JPY
Headquarters	Dainagoya Building 24F, 3-28-12 Mei-eki, Nakamura-ku, Nagoya 450-6424
Phone number	+81 52-582-9211
Website	https://www.sinto.com
Number of employees	Consolidated: 3,986 Sintokogio, Ltd.: 1,735
Consolidated subsidiaries	48 companies
Equity method affiliates	12 companies

Stock Information

Ticker code	6339
Total number of authorized shares	230,476,000
Total number of issued shares	54,580,928
Total number of shareholders	27,886
Share unit number	100
Listings	Tokyo Stock Exchange Prime Market  Nagoya Stock Exchange Premier Market
Shareholder registry administrator	MUFG Bank
Regular general meeting of shareholders	June
Independent auditing firm	Deloitte Touche Tohmatsu LLC

Composition of shareholders



Major shareholders (Top 10)

Name of major shareholder	Number of shares held (thousands)	Ratio of share holding (%)
The Master Trust Bank of Japan, Ltd.	5,010	9.17
Custody Bank of Japan, Ltd.	2,462	4.51
MUFG Bank, Ltd.	2,289	4.19
Meiji Yasuda Life Insurance Company	2,276	4.17
Resona Bank, Limited	1,668	3.05
The NAGAI Foundation for Science & Technology	1,405	2.57
Sinto Employee Shareholder Association	1,300	2.38
Takateru MURAKAMI	1,182	2.16
Shin-boku-kai Shareholder Association	1,147	2.10
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS SEC LENDING	1,087	1.99

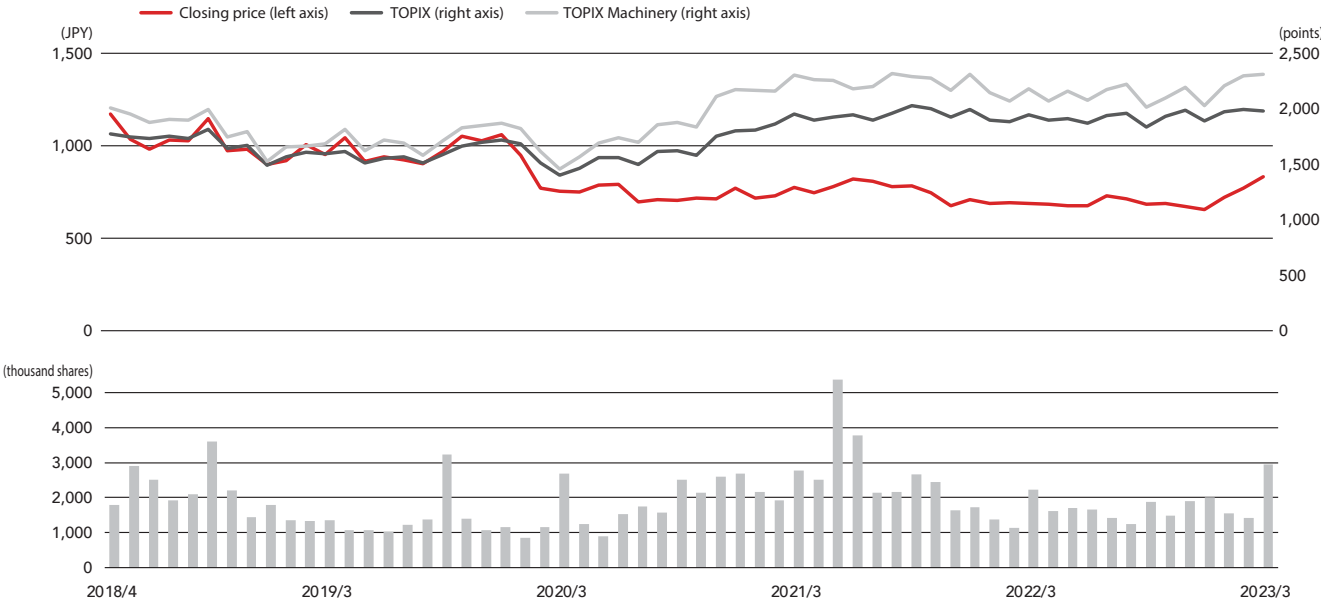
\*Sintokogio owns 2,061 thousand shares in treasury stock but is excluded from the list of major shareholders.

Total shareholder return (TSR\*)

	1 year	3 years		5 years		10 years	
		Cumulative	Annual	Cumulative	Annual	Cumulative	Annual
Sintokogio	26.1%	22.0%	6.9%	-12.9%	-2.7%	24.9%	2.3%
TOPIX	5.8%	53.4%	15.3%	31.8%	5.7%	142.1%	9.2%
TOPIX Machinery	8.6%	67.1%	18.7%	29.3%	5.3%	152.6%	9.7%

\*The sum of capital gains and dividends, representing the total yield on a shareholder's investment

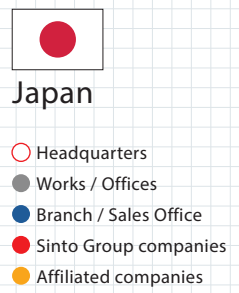
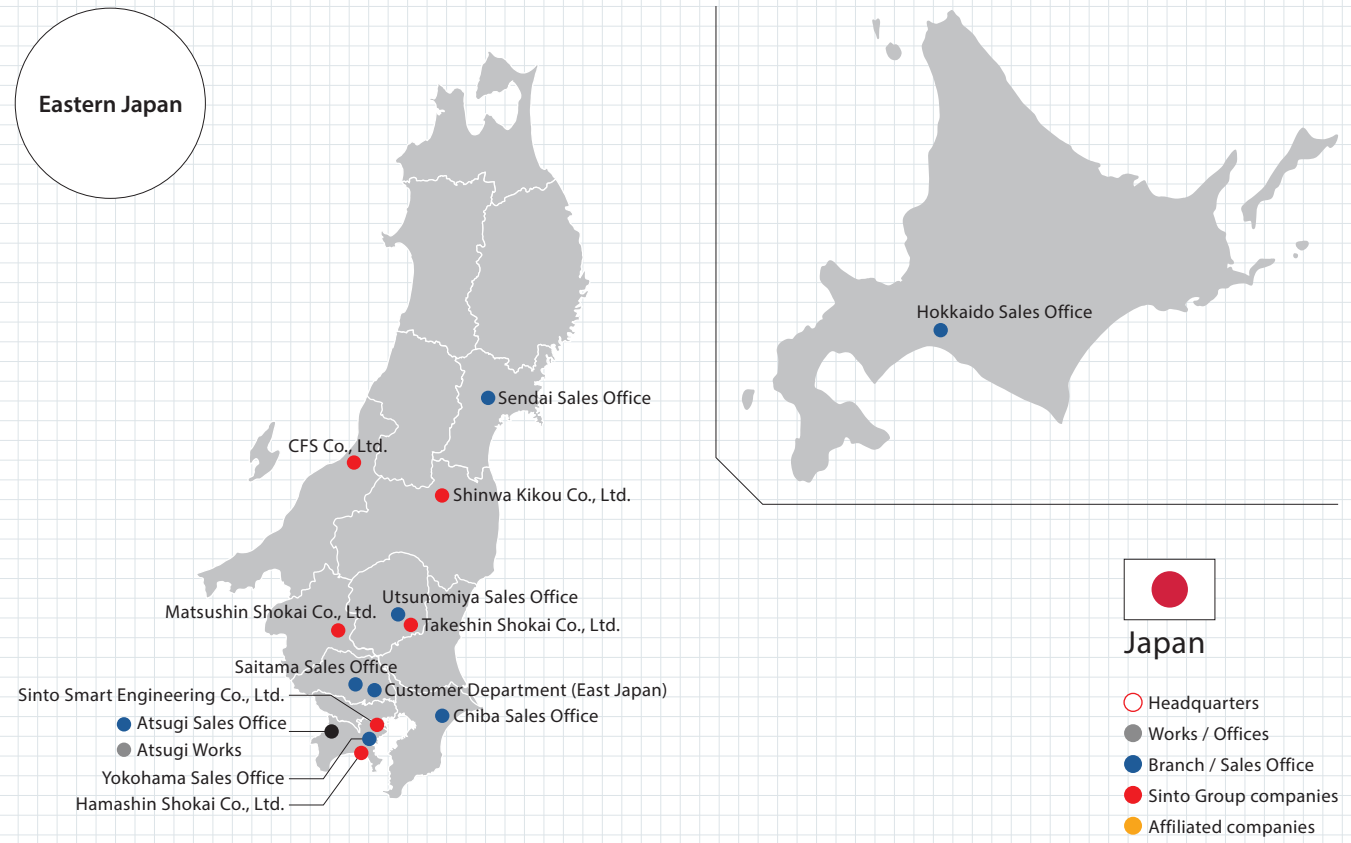
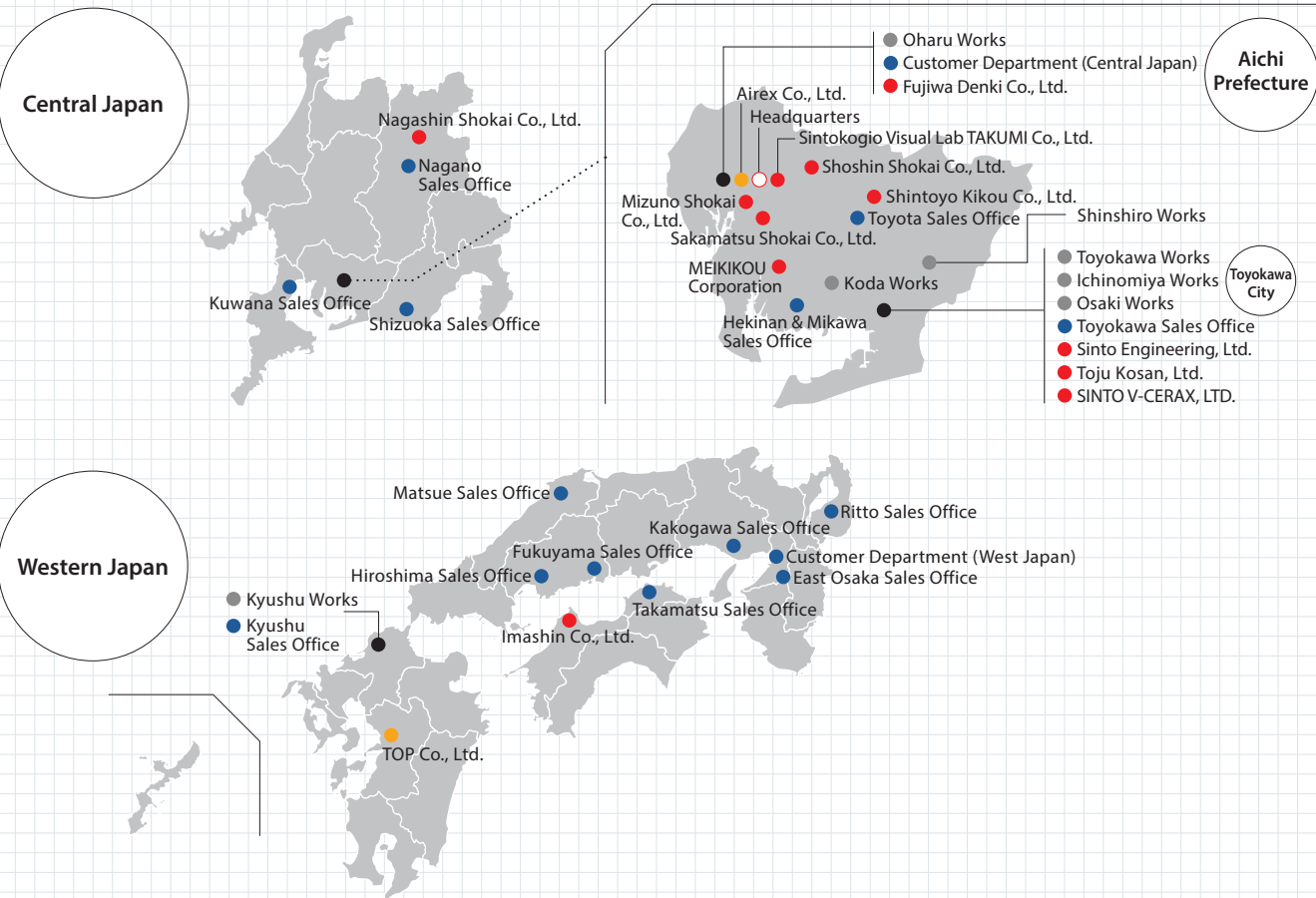
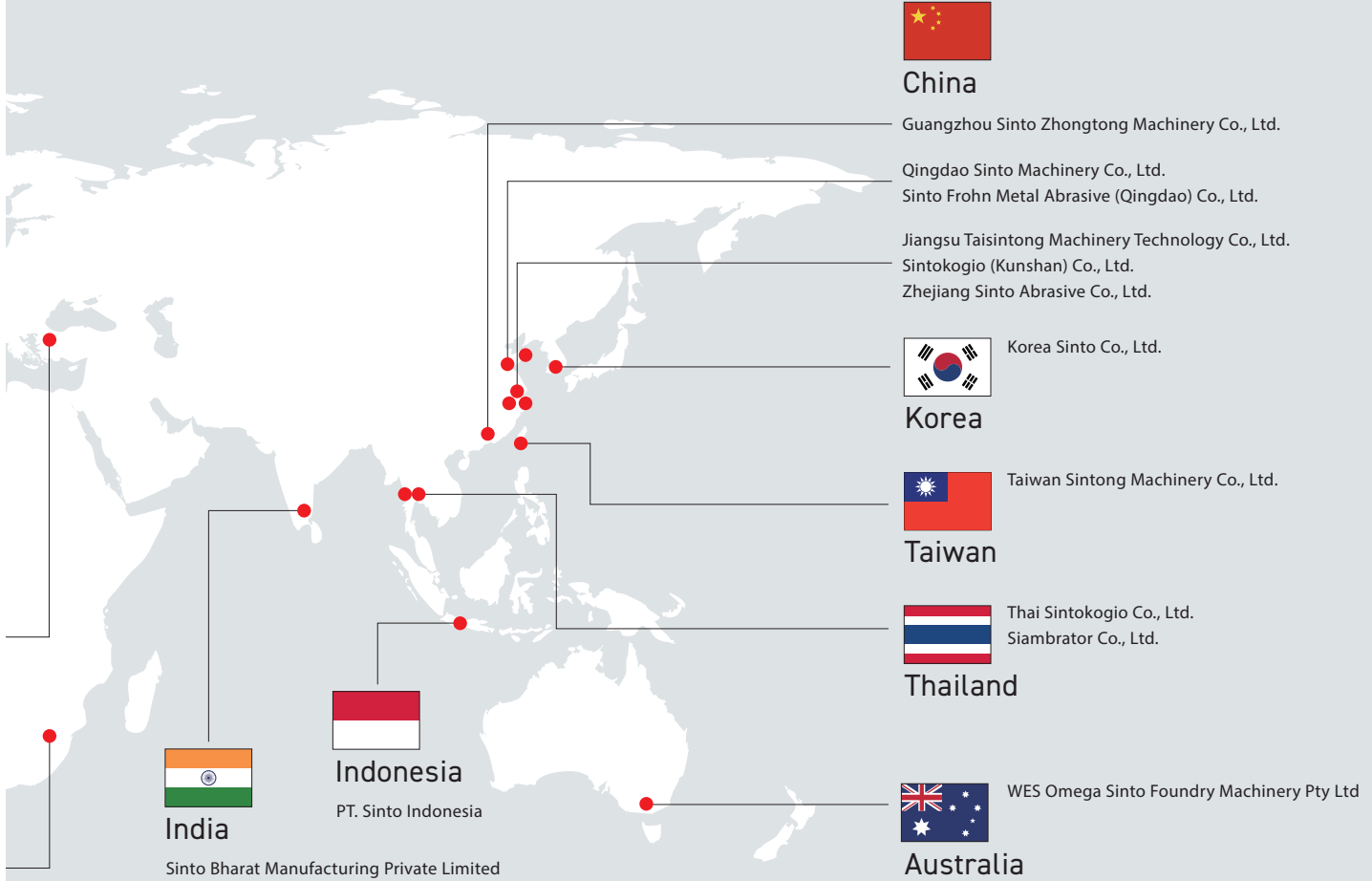
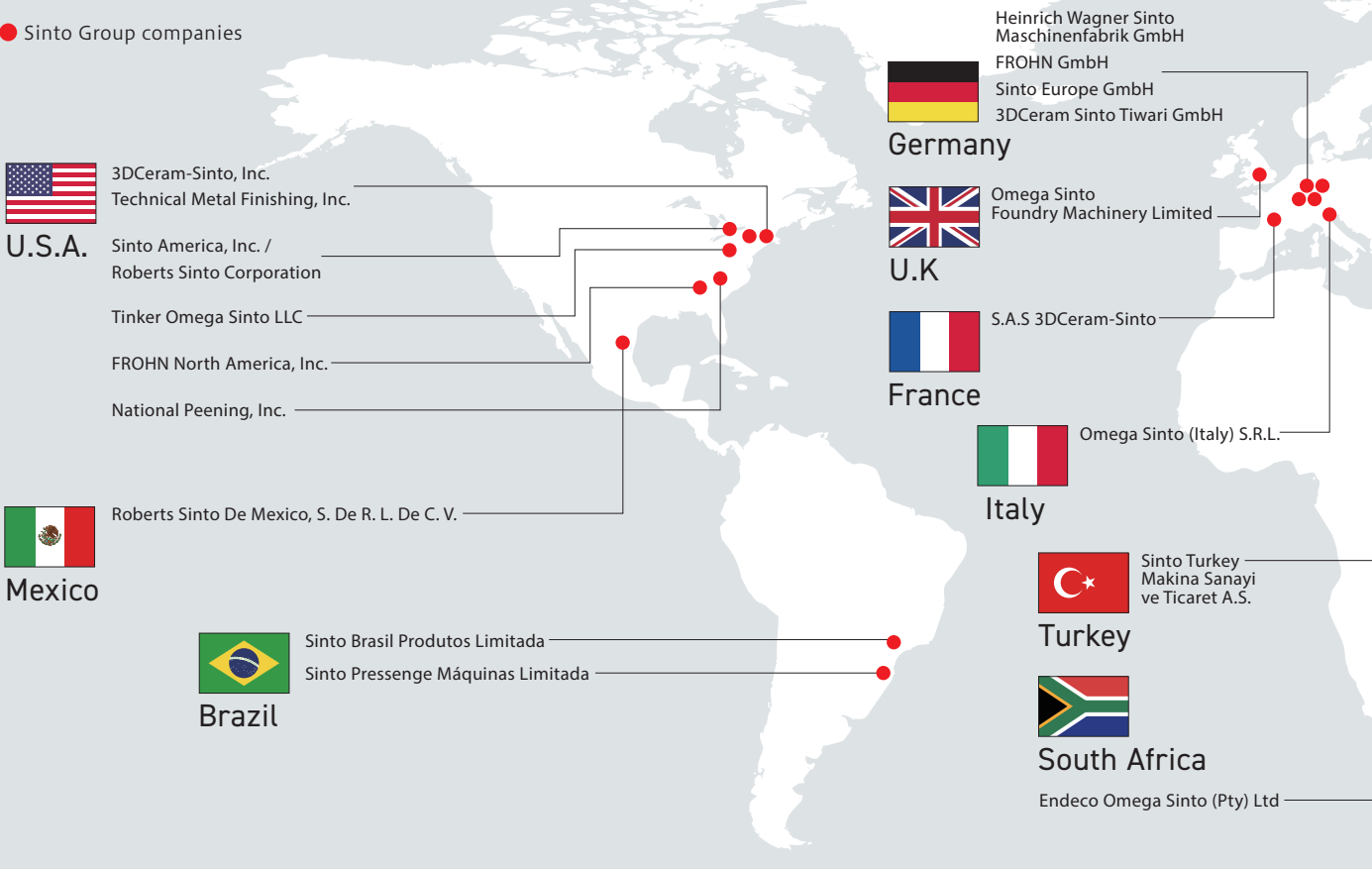
Stock prices and transactions





Map of group company locations (as of March 31, 2023)

● Sinto Group companies



## SINTOKOGIO, LTD.

3-28-12, Mei-eki, Nakamura-ku, Nagoya 450-6424, Japan

Website: <https://www.sinto.co.jp>

Global site: <https://www.sinto.com>



"Let's Go Team Sinto"  
Sinto Group's Company Song  
An expression of our thoughts  
and corporate philosophy

