

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

December 11, 2025



Company name	TOMOE ENGINEERING CO., LTD.
Name of Representative	Akitomo Tamai, President (C o d e : 6 3 0 9 T S E Prime Market)
Inquiries	Kazuyuki Kitta Director & Executive Officer, Accounting & Management Planning Div.
Phone	+81 (0)3 3442 5128

Notice Regarding Formulation of the New Medium-Term Business Plan (three fiscal years ending October 2026 through October 2028) and Revision to Dividend Policy

TOMOE ENGINEERING CO., LTD. (the “Company”) hereby announces that, at the meeting of its Board of Directors held today, it resolved to formulate its new *Medium-Term Business Plan—Create the New Future*—for the three-year period from November 2025 to October 2028, and to revise its dividend policy. For further details, please refer to the attached materials.

1. Overview of the New *Medium-Term Business Plan—Create the New Future*

(1) Basic policy

The Company will continue to pursue transformation and growth, make effective use of management resources, and deliver innovative, high-value-added products and services to generate additional earnings. Our basic policy in the plan is to create the new future by earnestly addressing diverse social issues, including the SDGs and climate change.

(2) Key issues (materiality) to be addressed

- (i) Effectively utilize limited resources to pursue the expansion of new business domains and further growth of existing businesses
- (ii) Aim to differentiate from competitors by delivering innovative technologies, products, and services, advance market development primarily in overseas regions with promising growth prospects, create new added value, and realize enhanced corporate value
- (iii) By enhancing capital efficiency and profit ratios, pursue greater management efficiency, while continuing to position shareholder returns as the highest management priority
- (iv) Promote sustainability management and establish a robust governance framework

(3) Performance targets

By driving sustainable growth and enhancing corporate value, the Company aims to achieve consolidated net sales of ¥70,000 million, consolidated ordinary profit of ¥7,000 million, consolidated profit attributable to owners of parent of ¥5,000 million, and a return on equity (ROE) of 10.5%.

(Millions of yen)

	October, 2025 Result	October, 2026 Forecast	October, 2026 Target	Three-year change (%)
Net Sales	59,365	63,200	70,000	17.9%
Operating Profit	5,352	5,750	7,000	30.8%
Ordinary Profit	5,401	5,770	7,000	29.6%
Profit Attributable to Owners of Parent	3,851	4,200	5,000	29.8%
ROE	9.4%	9.7%	10.5%	+1.1pt

2. Revision to the Dividend Policy

(1) Reason for the revision

The Company has consistently regarded shareholder returns as one of its top management priorities. Under the newly formulated *Medium-Term Business Plan*, we will strengthen shareholder returns more than ever and pursue more stable dividends. To this end, we have introduced the dividend on equity (DOE) ratio, setting a target consolidated dividend payout ratio of 50% or more.

(2) Dividend policy update

Under the previous dividend policy, the Company sought to maintain a sound financial foundation while providing stable dividends, targeting a consolidated dividend payout ratio of 40% or more, based on a comprehensive assessment of medium- to long-term business performance outlook and business strategies.

Under the new dividend policy, the Company remains committed to maintaining a sound financial foundation while providing stable and sustainable dividends. Dividends will be implemented with a minimum DOE of 5% and a target consolidated dividend payout ratio of 50% or more, based on a comprehensive assessment of medium- to long-term business performance outlook and business strategies.

The revised dividend policy will take effect from the interim dividend for the fiscal year ending October 2026. The year-end dividend for the fiscal year ended October 2025 will continue to be paid in accordance with the previous policy.



Medium-Term Business Plan

〈Fiscal Years Ending October 2026–October 2028〉

『Create The New Future』 ～新たな未来の創造～

December 11, 2025

TOMOE Engineering Co.,Ltd.

(Securities Code: 6309)

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Review of Previous Medium-Term Business Plan

『For Sustainable Future～持続可能な未来のために～』

P. 3～ 7

New Medium-Term Business Plan

『Create The New Future～新たな未来の創造～』

- Basic Policies & Key Issues, Performance Targets, TOMOE Engineering's Strengths P. 8～11
- Key Measures & Business Portfolio P. 12～20
- Management Conscious of Capital Costs and Stock Price P. 21～24
- Non-Financial Targets – Sustainability Management – P. 25～28



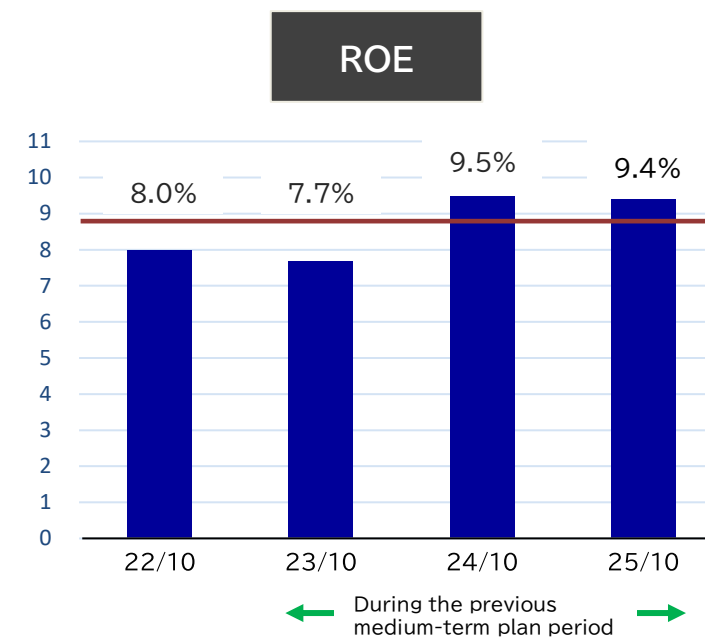
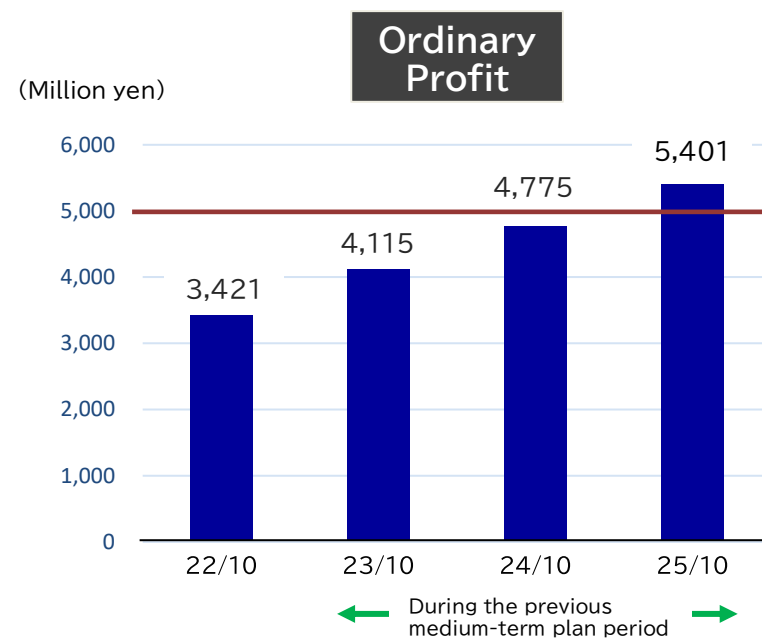
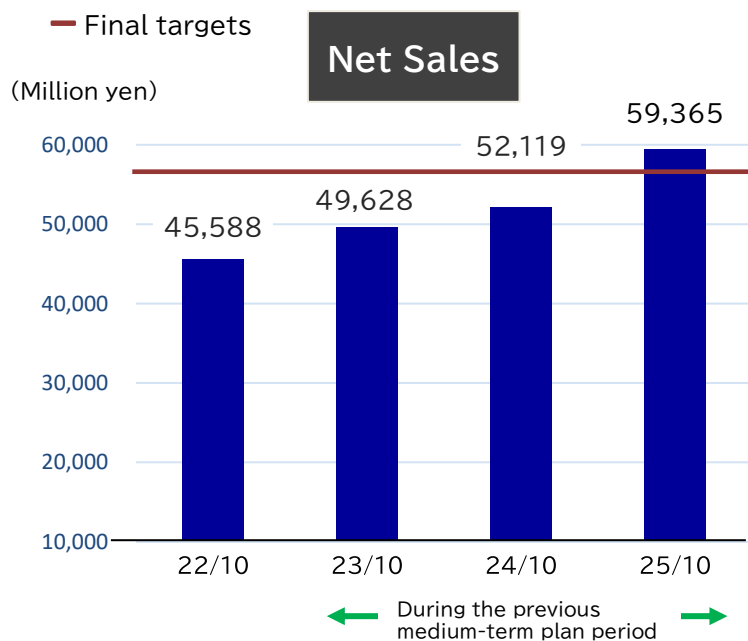
Review of Previous Medium-Term Business Plan

〈October 2023–October 2025〉

Summary of Previous Medium-Term Business Plan



Five consecutive years of increased sales and profits, achieving all final targets after upward revisions



- Achieved all final targets after two upward revisions: net sales of 57 billion yen, ordinary profit of 5 billion yen, ROE of 8.9%
- Net sales and net profit reached record highs for two consecutive periods; operating profit and ordinary profit reached record highs for five consecutive periods
- PBR landed at 1.11x in the final year, achieving the target of exceeding 1x

Summary Table of Previous Medium-Term Business Plan -Results and Shareholder Returns-



- In the Chemical Products Business, Chemical products sector grew throughout the period, as did Advanced materials and Mineral Products sector
- In the Machinery & Equipment Business, growth was seen in Private sector demand, municipal equipment and construction work, components and repair services, and overseas components and repair services
- Achieved significant dividend increases under a consolidated payout ratio policy of 40%

← During the previous medium-term plan period →

(Million yen)	FY2022	FY2023	FY2024	FY2025	FY2025 Target
Net Sales	45,588	49,628	52,119	59,365	> 57,000
Chemicals	34,232	36,587	39,115	44,127	> 41,400
Machinery	11,356	13,041	13,004	15,238	< 15,600
Operating Profit	3,299	4,048	4,703	5,352	> 4,960
Chemicals	2,396	3,218	3,516	3,508	> 3,490
Machinery	903	829	1,187	1,844	> 1,470
Ordinary Profit	3,421	4,115	4,775	5,401	> 5,000
Net Profit	2,659	2,733	3,616	3,851	> 3,620
ROE	8.0%	7.7%	9.5%	9.4%	> 8.9%
PBR	0.69x	0.72x	0.96x	1.11x	> 1.00x
Dividend per Share	53yen	110yen	145yen	181yen*	—

*Pre-stock-split basis

Key Measures of Previous Medium-Term Business Plan

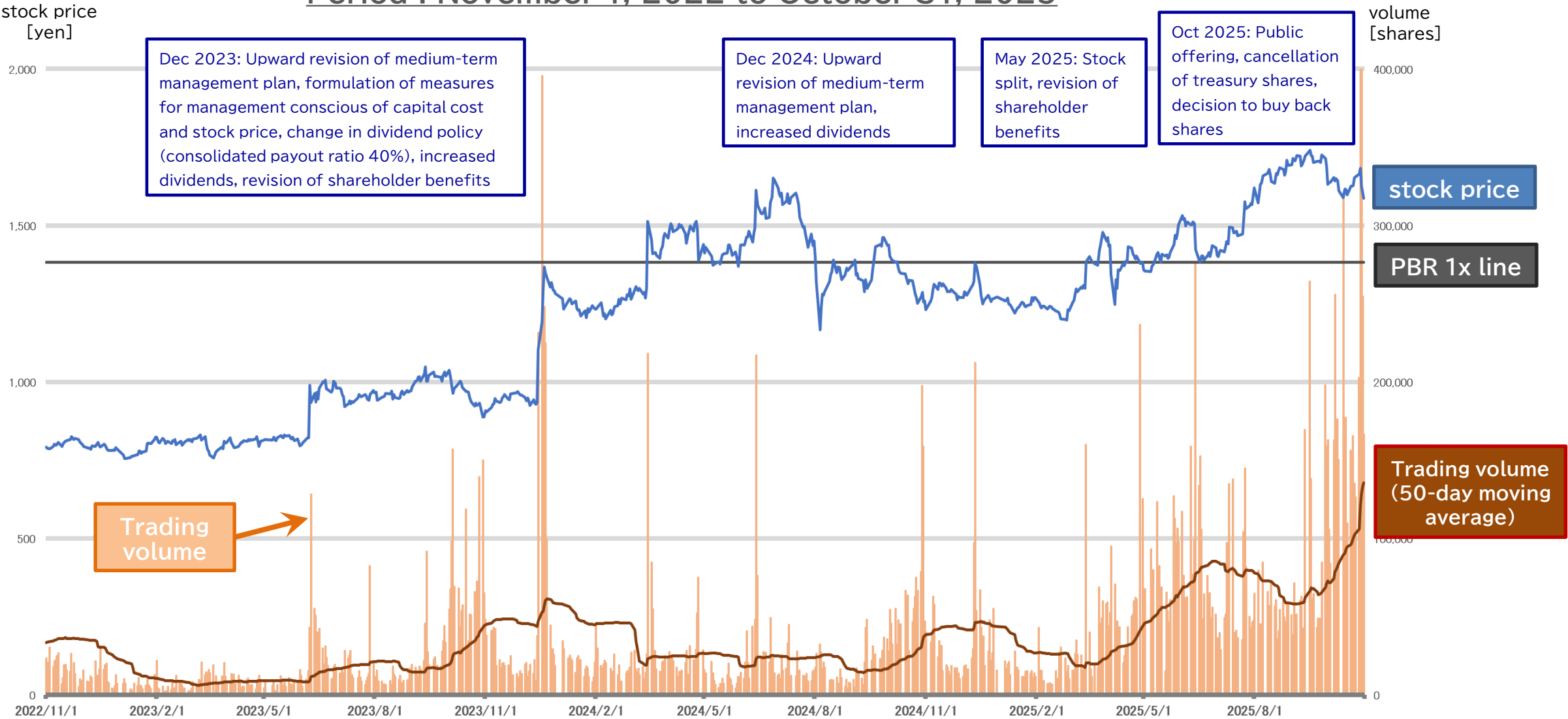


Key Measures		Achievements
Chemicals	1. Establish business rights in the power device market 2. Promote overseas business expansion 3. Focus on discovering new suppliers 4. Launch new businesses	1. Expanded sales of materials for power semiconductors 2. Established sales base for power semiconductor materials at Czech subsidiary 2/3. Opened India Liaison Office → Market research for refractory market 4. Entered Life Sciences field
Machinery	1. Promote overseas business expansion 2. Improve profitability 3. Start sales of binary power generation equipment 4. Strengthen overseas procurement of new products as a third pillar	1. Expanded into India → Established local subsidiary (Nov 2025) , received petrochemical project orders 2. Improved operating profit margin (8.0%→12.1%), started new factory construction 3. Started sales of Binary Power Generation equipment → Received first order 4. Started sales activities for new products as a 3rd Pillar → e.g., Ultra-Low Temperature Belt Dryers
Other	1. Improve capital efficiency (ROE) 2. Actively invest for sustainable growth 3. Promote DX and create a workplace where every employee can thrive 4. Strengthen shareholder returns and IR activities	1. Improved ROE through enhanced earning power (8.0%→9.4%) 1. reviewed business portfolio → Liquidated Interstella Group, sold Tomoe Wine & Spirits 2. Acquired land for new factory construction 3. Promoted DX and revised HR system for diverse and flexible work styles (telework, flextime, hourly paid leave) 4. Increased dividends and expanded shareholder benefits under new dividend policy; established IR department and greatly increased investor meetings; improved stock liquidity through stock split and sale

Stock Price Trends During Previous Medium-Term Management Plan



Period : November 1, 2022 to October 31, 2025





New Medium-Term Business Plan

〈October 2026-October 2028〉



巴工業株式会社
Management
Policy

Provide advanced technology and products of
superb quality and contribute to society

Medium-Term Business Plan<FY2026–FY2028>

『Create the New Future』
～新たな未来の創造～

Basic Policy

- Continue to pursue transformation and growth, make effective use of management resources, and deliver innovative, high-value-added products and services to generate additional earnings
- Create the New Future by earnestly address diverse social issues, including the SDGs and climate change

Key Issues (Materiality)

- ① Effectively utilize limited resources to pursue the expansion of new business domains and further growth of existing businesses
- ② Aim to differentiate from competitors by delivering innovative technologies, products, and services, advance market development primarily in overseas regions with promising growth prospects, create new add value, and realize enhanced corporate value
- ③ By enhancing capital efficiency and profit ratios, pursue greater management efficiency, while continuing to position shareholder returns as the highest management priority
- ④ Promote sustainability management and establish a robust governance framework

Performance Targets



With sustainable growth, aiming for net sales of 70 billion yen, ordinary income of 7 billion yen, and ROE of 10.5%.

(Million yen)	FY2025 Actual	FY2026 Forecast	2028 Targets	3-Year Change Rate
Net Sales	59,365	63,200	70,000	+17.9%
Chemicals	44,127	45,800	50,000	+13.3%
Machinery	15,238	17,400	20,000	+31.2%
Operating Profit	5,352	5,750	7,000	+30.8%
Chemicals	3,508	3,670	4,200	+19.7%
Machinery	1,844	2,080	2,800	+51.8%
Ordinary Profit	5,401	5,770	7,000	+29.6%
Net Profit	3,851	4,200	5,000	+29.8%
ROE	9.4%	9.7%	10.5%	+1.1pt

Our Strengths



Chemical Products

Specialized Chemical
Trading Company
handling Niche,
High-Share Products

- Handle **over 40,000 items, mainly niche, high-share products with market competitiveness** (certified products, special raw materials, etc.).
- Proactively employ science and engineering personnel; sales engineers **with specialized knowledge and advanced product expertise** respond to customers, **enabling collaboration from the early stages of new product development**.
- **Develop unique procurement** in regions with few competitors, such as Africa, the Middle East, and Eastern Europe, **building long-term, strong relationships** with leading industry companies.
- **Expand overseas business** by leveraging strengths in niche products and strengthening local sales capabilities.

Machinery & Equipment

Pioneer in Centrifuge

- Pioneer in centrifuge manufacturing, growing alongside postwar Japanese economy; **top manufacturer of Decanter-type centrifuges in Japan**.
 - **High-quality, durable machinery** that withstands harsh environments; **custom-made solutions that competitors cannot provide**.
 - Centrifuges are difficult to substitute, resulting in **high transaction stickiness for after-sales maintenance**.
 - With a strong track record of deliveries to the Petrochemical industry, especially in the Asian region.
→ **Achieved a 90% market share in China, the world's largest producer of PVC (Polyvinyl chloride)**.
- **Proactive expansion into regions with high growth potential**
 - **Proactive expansion into the Indian PVC market**

Management conscious of
capital costs and stock
price

- **Improved capital efficiency** with five consecutive years of increased sales and profits; **upward trend in ROE and PBR**.
- Strengthened IR activities and capital policies (stock offerings, splits), **leading to sustained increases in stock price and market capitalization**, and **improved stock liquidity**.
- Position shareholder returns as the most important management issue, **continuing to increase dividends**.

New Medium-Term Business Plan
〈October 2026-October 2028〉



Key Initiatives・Business Portfolio

(Chemical Products Business・Machinery & Equipment Business)

Key Initiatives (Chemical Products Business)



1 Maximize profits through sales activities leveraging strengths and characteristics as a specialized trading company

- Stabilize performance and achieve further growth by expanding products with gross profit of over 100 million yen

2 Promote expansion of overseas business

- Expand business in Southeast Asia through collaboration with local subsidiaries in Thailand, Vietnam, and Malaysia
- Expand sales in the European market, centered on power semiconductor-related products, using the Czech subsidiary as a base
- Develop the Indian market, focusing on refractory-related products

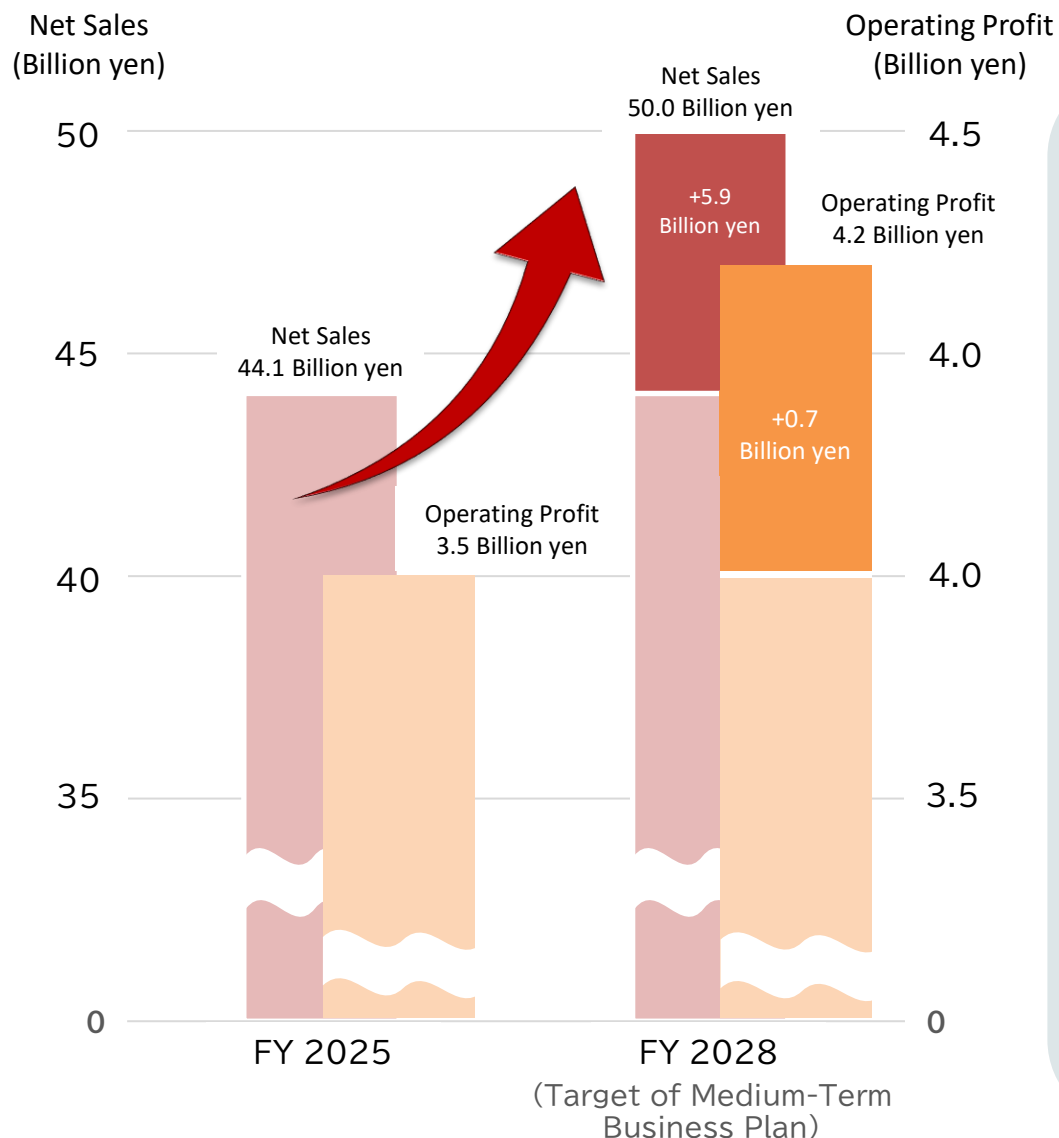
3 Promote portfolio strategy

- Accelerate growth and improve profitability of challenging business by allocating management resources to highly profitable businesses based on portfolio analysis

4 Promote new product development

- Promote initiatives for new product development that contribute to profit expansion
- Enter new fields to expand business domains and diversify profit base

Key Initiatives (Chemical Products Business)



Initiatives for Further Growth

• Department Policy Initiatives

- Chemical Product sector : Focus on semiconductor and electronic material applications
- Industrial materials sector: Focus on developing high value-added products (e.g., fine ceramics) and expanding overseas sales
- Mineral products sector : Expand handling of high value-added and niche market products
- Advanced materials sector: Establish business rights in next-generation semiconductor market (e.g., GaN for AI data centers)
- Electronic materials sector: Develop new products and clients less affected by semiconductor market conditions
- Synthetic resin sector : Develop new clients for imported resins and strengthen sales of recycle resins

• Overseas Business Policy Initiatives

- Thailand, Vietnam, Malaysia subsidiaries : Optimize product portfolio and strengthen collaboration with machinery business
- Czech subsidiary : Expand sales of power semiconductor-related products and develop new products
- India liaison office : Aim to develop new markets, mainly in the refractory field

• Strengthen initiatives for M&A to further enhance corporate value

Supplement : Business Flow (Chemical Products Business)



<Example of Import Sales Business>



Key Initiatives (Machinery & Equipment Business)



1 1st Pillar : Promote expansion of overseas business

- Develop the Indian market, which is expected to grow economically, and build sales networks in Southeast Asia
- Further strengthen initiatives in the US and Chinese markets

2 2nd Pillar : Establishing a business foundation through promotion of Binary Power Generation

- Promote sales activities focusing on industrial waste heat fields, such as incinerators, by utilizing unused heat

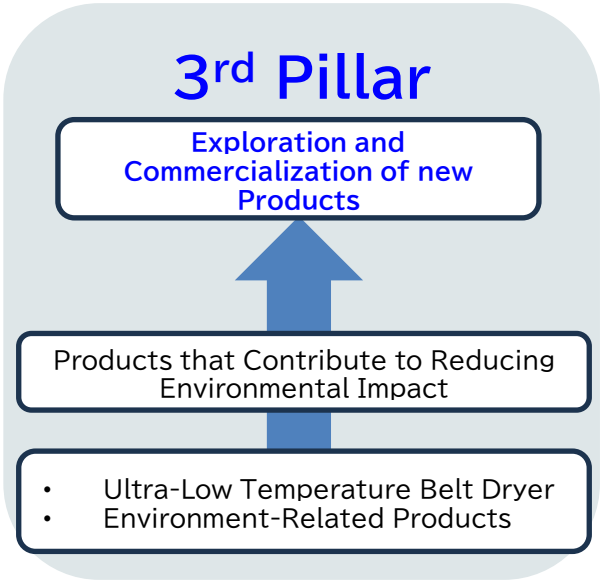
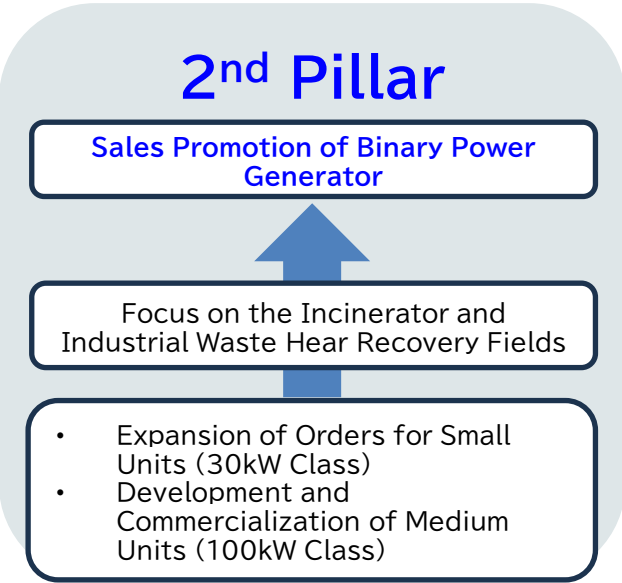
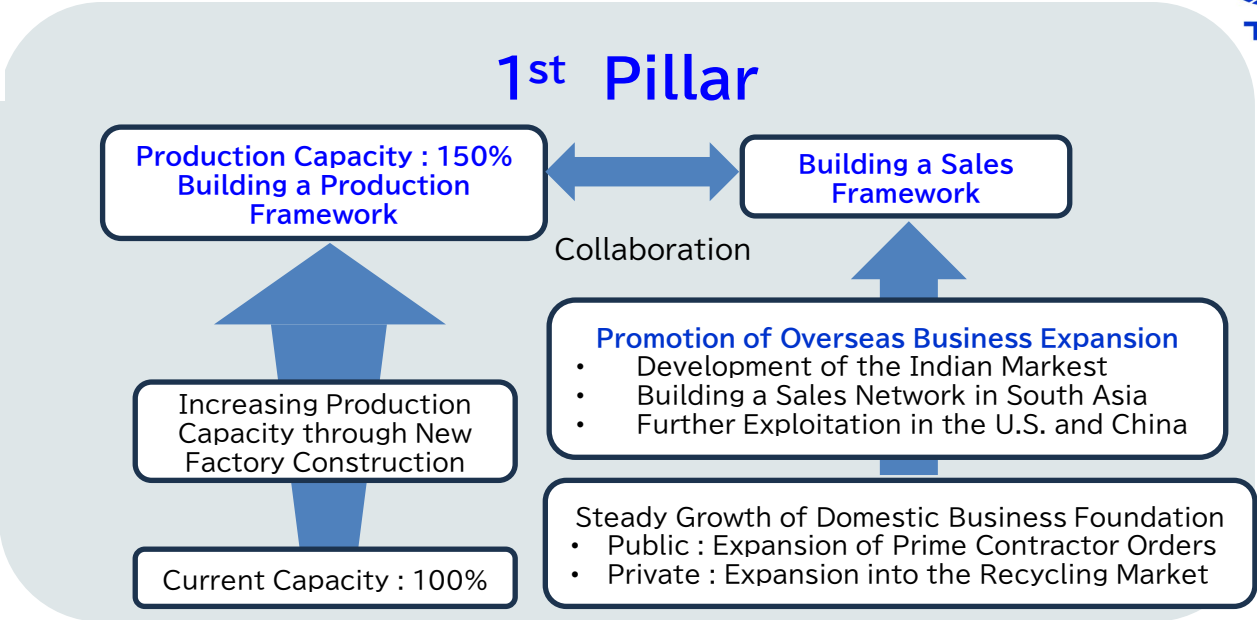
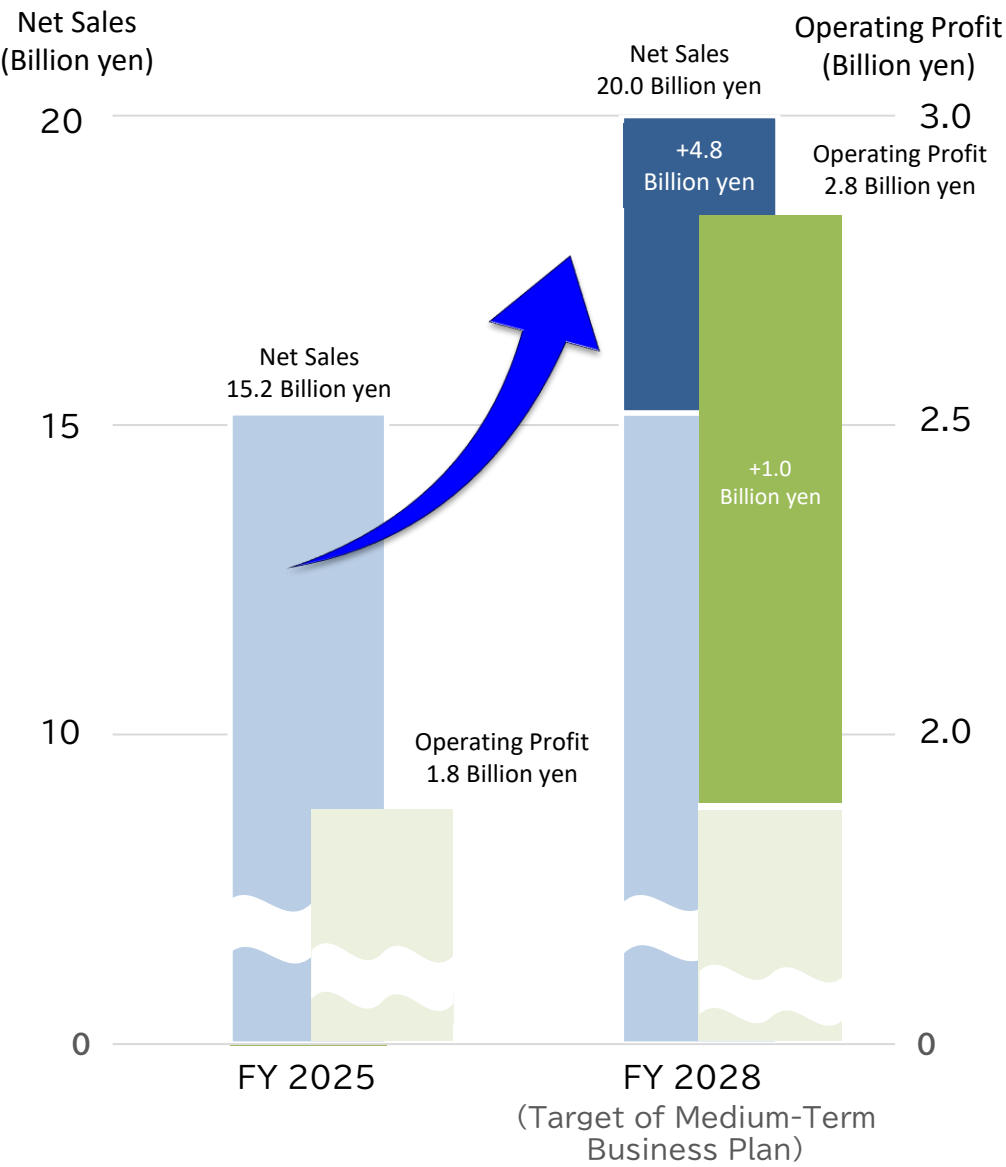
3 3rd Pillar : Enhance functions as a machinery trading company and expand the range of products handled

- Accelerate the expansion of products that reduce environmental impact, focusing on Ultra-Low Temperature Belt Dryers with strong demand potential

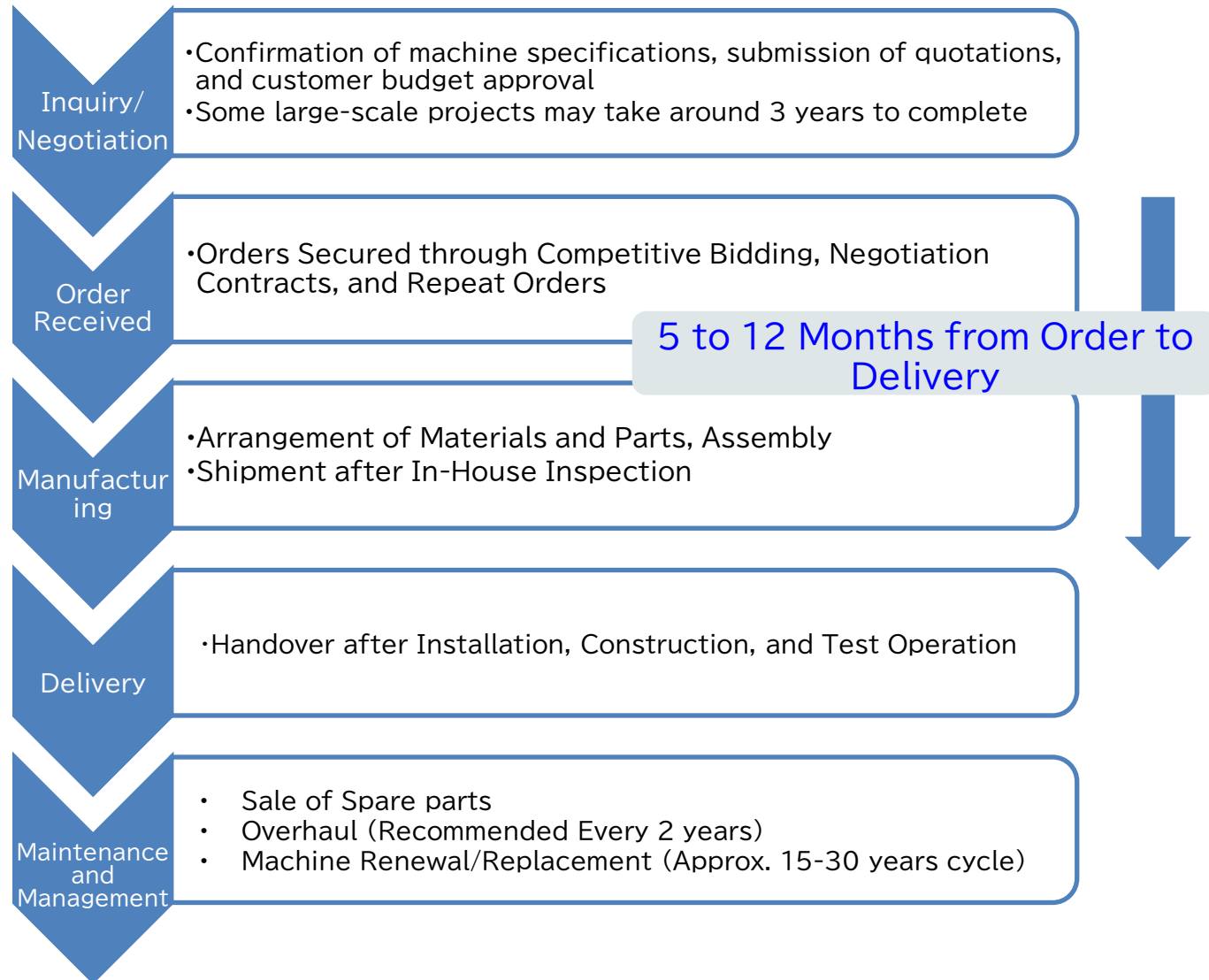
4 Build R&D, production, and sales systems

- Strengthen production capacity and build new R&D, production, and sales system through construction of new factory

Key Initiatives (Machinery & Equipment Business)



Supplement : Business Flow (Machinery & Equipment Business)



Upstream

- Proactive proposal-based sales to existing customers in both domestic and overseas markets
- In Overseas market, focus on identifying and approaching potential customers through a strategy of selection and concentration

Midstream

- Increasing Production Capacity through New Factory Construction

Downstream

- Handover of Equipment through High-Quality Installation, Construction, and Test Operation
- Expansion of Spare Parts Sales through Comprehensive After-Sales Service

Supplement : Overview of the New Factory (Machinery & Equipment Business)



- Overview of the New Factory

N a m e	Shin-Ayase Factory (Tentative)
L o c a t i o n	Fukaya-naka, Ayase city, Kanagawa Prefecture
Start of Operation	October 2027 (Scheduled)
Main Products	Key components for Centrifue
Construction Overview	Land area : 6,682 m ² Total floor area : 6,909 m ²
Equipment Investment	Approx. ¥5.2 billion for factory and machinery (planned)
F u n d i n g	Own capital, financial institution loans, and subsidies

- Details of Subsidy

Name of Subsidy Program	Large-Scale Growth Investment Subsidy for Energy-Saving and Other Initiatives to Enhance Competitiveness of SMEs
Applicants	Tomoe Engineering Co., Ltd., Tomoe Machinery Co., Ltd.
Target Project	Construction of Shin-Ayase Factory (Tentative)
Target Items	Factory and Machinery
Subsidy Amount	¥13.5 billion

Note : The subsidy amount may be adjusted based on actual results

- Image of the New Factory

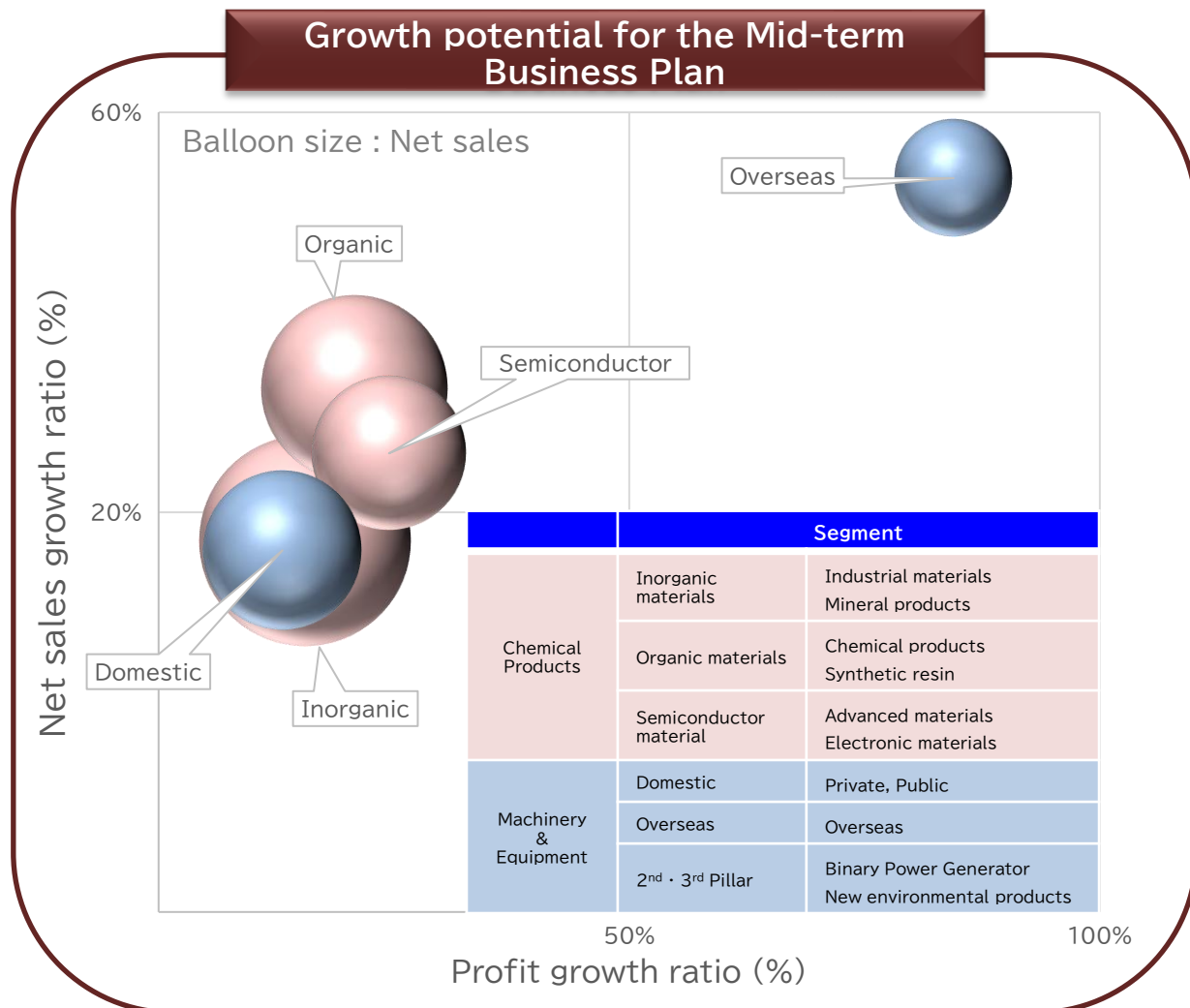


Business Portfolio (Chemical Products / Machinery & Equipment)

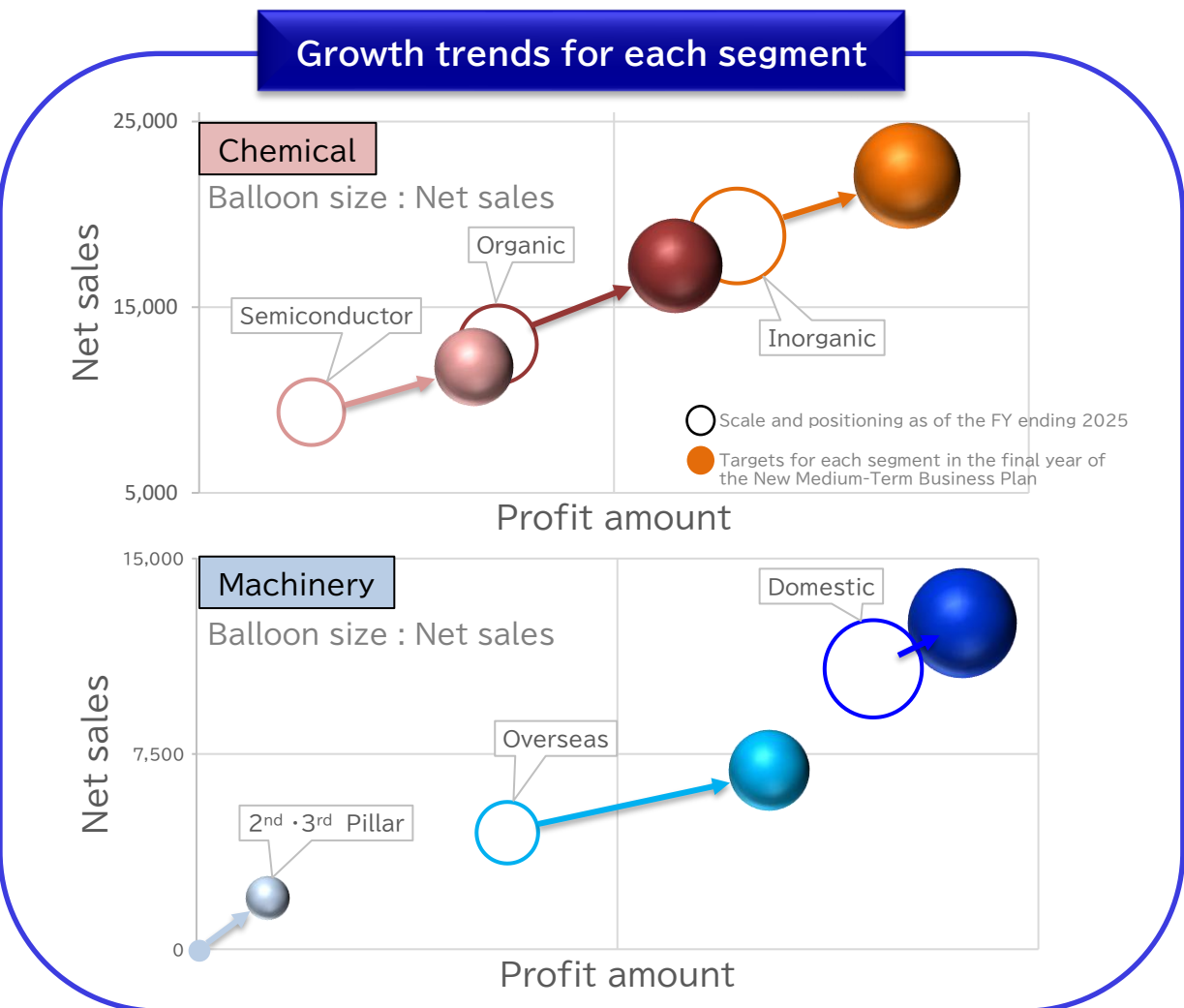


- Chemical Products : Stable growth in all segments
- Machinery & Equipment : Stable domestic growth, expansion overseas, and establishment of business foundations for the 2nd and 3rd pillars

Growth potential for the Mid-term Business Plan



Growth trends for each segment



New Medium-Term Business Plan
〈October 2026-October 2028〉



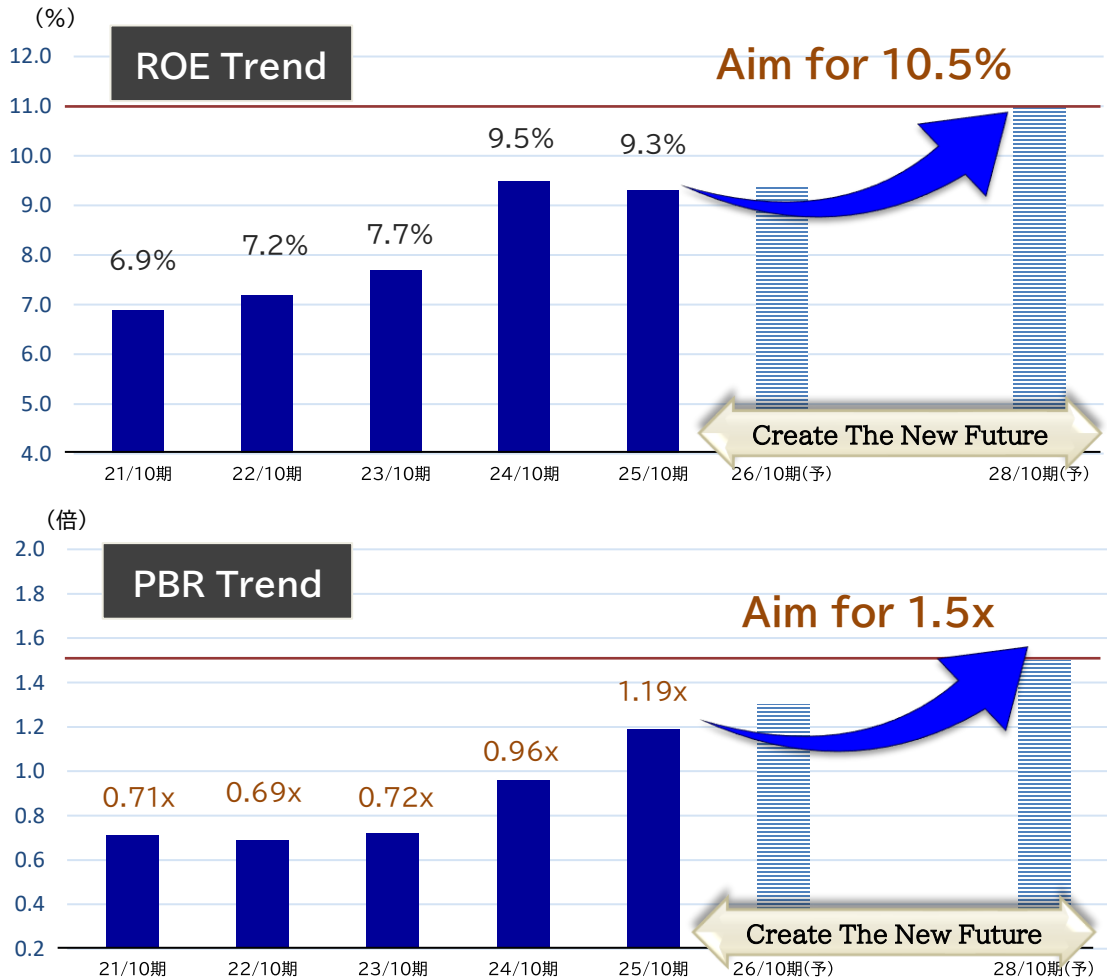
Management Conscious of Capital Costs and Stock Price

Management Conscious of Capital Costs and Stock Price <Overall Perspective>



By enhancing capital efficiency and profit ratios, pursue greater management efficiency
Refining management Conscious of Capital Costs and Stock Price, Aiming for a Market Capitalization of ¥70 Billion by FY 2028

Enhancing ROE and PBR	In addition to strengthening profitability, aim to improve capital efficiency by appropriately utilizing interest-bearing debt, targeting ROE of 10.5% and PBR of 1.5x
Business Portfolio Strategy	Prioritizing the Allocation of Management Resources to Business with High Profitability and Growth Potential
Cash Allocation	Enhance capital efficiency with awareness of capital costs by optimally allocating funds to growth investments-including new factory construction-as well as to shareholder returns, while factoring in operating cash flow, proceeds from the sale of policy-holding shares, and potential external financing
Reduction of Capital Costs	Effectively Utilize Low-Interest-Bearing Debt and Pursue Optimal Capital Structure through Capital Cost Control
Enhancing Shareholder Returns	To ensure more stable dividends then ever before, revise our dividend policy and introduce the Dividend on Equity (DOE) ratio as an additional shareholder return indicator alongside the payout ratio
Further Enhancing of IR Activities	Increase engagement with institutional investors Enhance the quality and scope of disclosure materials



Management Conscious of Capital Costs and Stock Price <Capital Allocation (Cumulative for 3 Years)>



- Improve capital efficiency and maintain awareness of capital costs, generating ¥14.5 Billion in operating cash flow (cumulative over 3 years)
- Optimally allocate funds to “Shareholder Returns” for stable and continuous dividends, “Growth Investments” including new factory construction, and “Strategic Investments” such as M&A and global expansion
- Pursue optimal capital efficiency and accelerate growth by effectively utilizing interest-bearing debt as needed

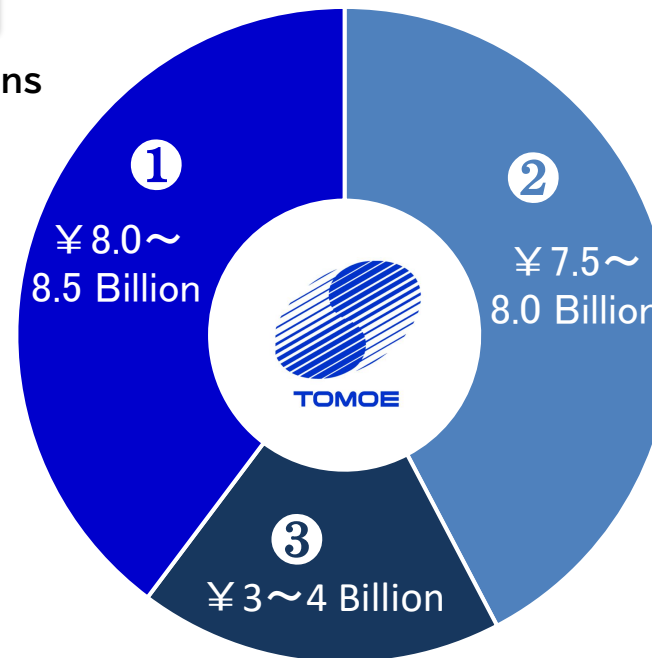
Cash inflows



① Shareholder Returns

- Dividend Returns
- Share Buyback

Cash outflows



② Growth Investments

- Production Rationalization and Functional Enhancement through New Factory Construction
- Building a New Framework for R&D, Production, and Sales
- Development and Strengthening of Human Capital
- Promotion of DX and Utilization of AI
- Regular Investments

③ Strategic Investments

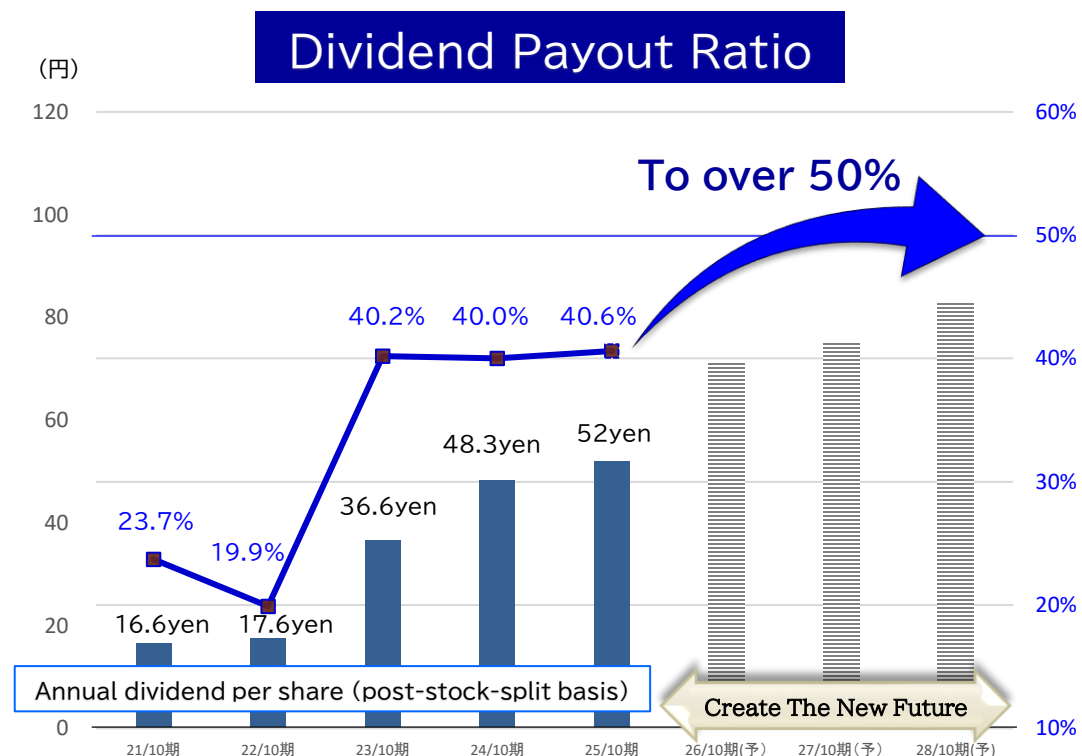
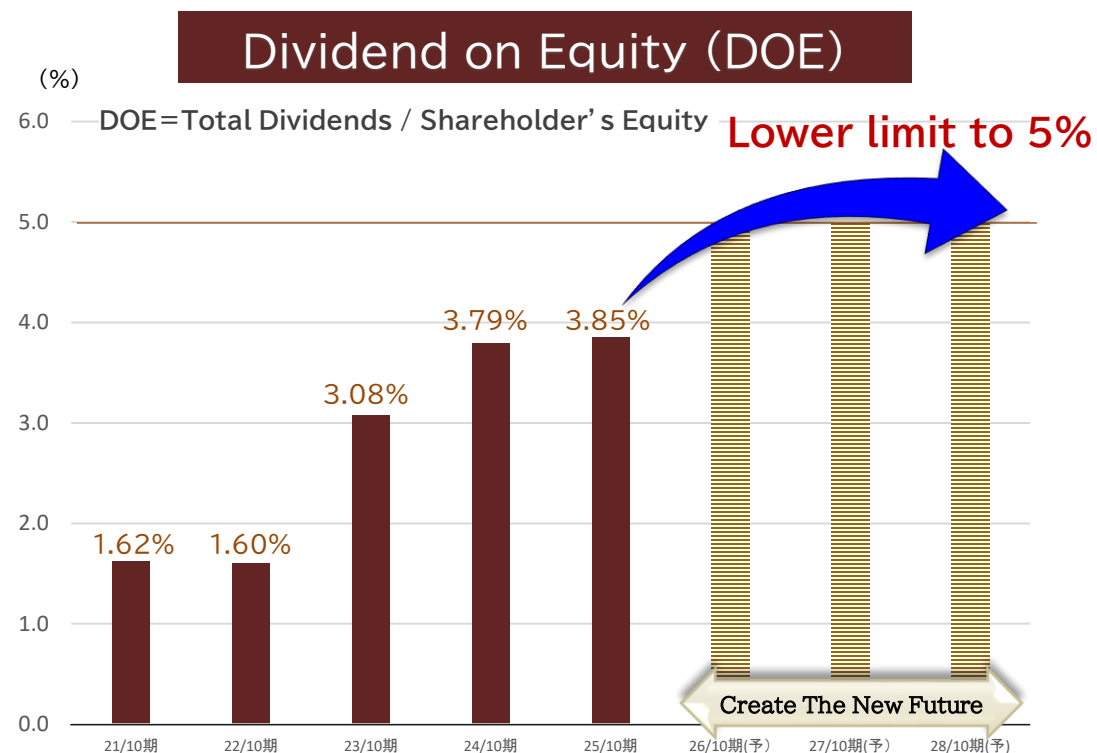
- Promotion of Overseas Business Expansion
 - ・Development of the Indian Market
 - ・Building a Sales Network in Southeast Asia, etc.
- Strategic Investments in Machinery Products
 - ・Establishing the “2nd Pillar”: Binary Generators Sales Business
 - ・Exploring New Products as the “3rd Pillar”
- Strategic Investments in Chemical Products
 - ・Development of New Products
- M&A for Business Expansion

※Selected for the Large-Scale Growth Investment Subsidy Program implemented by the Ministry of Economy, Trade and Industry (METI)

Management Conscious of Capital Costs and Stock Price <Shareholder Return Policy>



- In addition to the payout ratio, which has been shareholder return indicator to date, introduce the Dividend on Equity (DOE) ratio as parts of dividend policy
- Dividend policy during the New Medium-Term Business Plan period (November 2025 – October 2028) is to maintain a sound financial foundation while providing stable and sustainable dividends, setting a minimum DOE of 5% and targeting a consolidated dividend payout ratio of 50% or more, based on a comprehensive assessment of mid-term to long-term business performance outlook and business strategies



New Medium-Term Business Plan
〈October 2026-October 2028〉



Non-financial Targets -Sustainability Management-



Tomoe Group

Basic Policy and Key Initiatives for Promoting Sustainability Management

Basic Policy

1. Achieving sustainable growth through continuous technological innovation, improvement of existing product performance, and development of new applications.
2. Realizing a sustainable society and enhancing corporate value by promoting businesses that contribute to solving social issues.
3. Promoting the creation of a comfortable work environment and fulfilling social responsibilities toward all stakeholders.

New Medium-Term Business Plan 『Create the New Future』

Key Initiatives for Promoting Sustainability

1	Climate Change Action (CO ₂ reduction)	① CO ₂ emission reduction (direct reduction)
		② Increased sales of carbon-free products (indirect reduction)
2	Human Capital Management	① Increasing the ratio of Women in Career-track Positions
		② Base wage increase

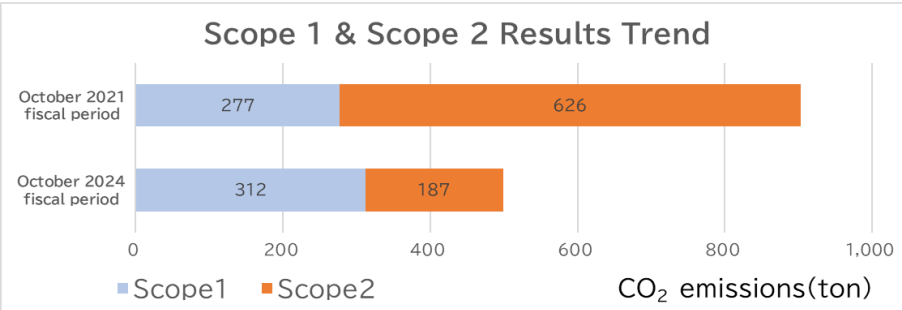
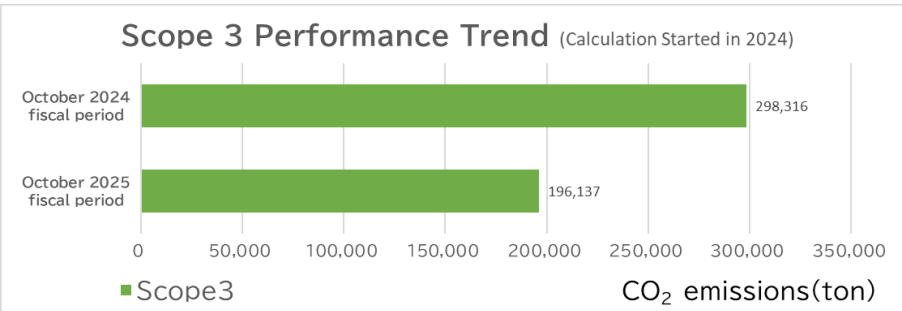
1 Climate Change Action (CO₂ reduction)

① CO₂ emission reduction (direct reduction)

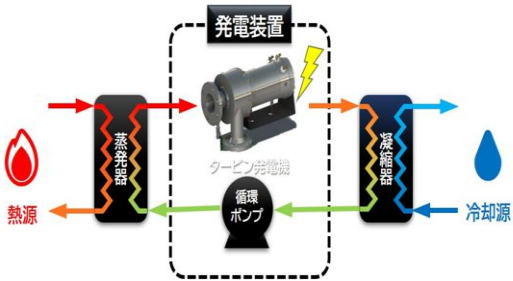
- Scope1+2 :Driving Further Reduction Initiatives (2025 Performance: 499 t)
- Scope3 :Tracking Performance through Enhanced Collaboration with Suppliers

② Increased sales of carbon-free products (indirect reduction)

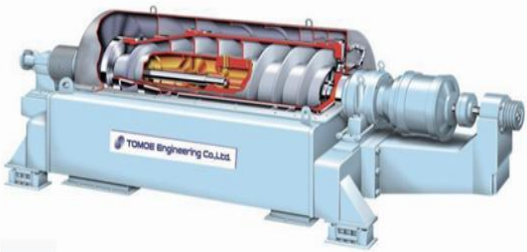
- Further Increase in Carbon-Neutral Product Sales Ratio (2025 Ratio: 48%)



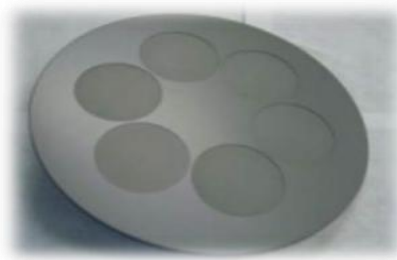
Examples of carbon-free products



Binary power generation system



Centrifugal separator

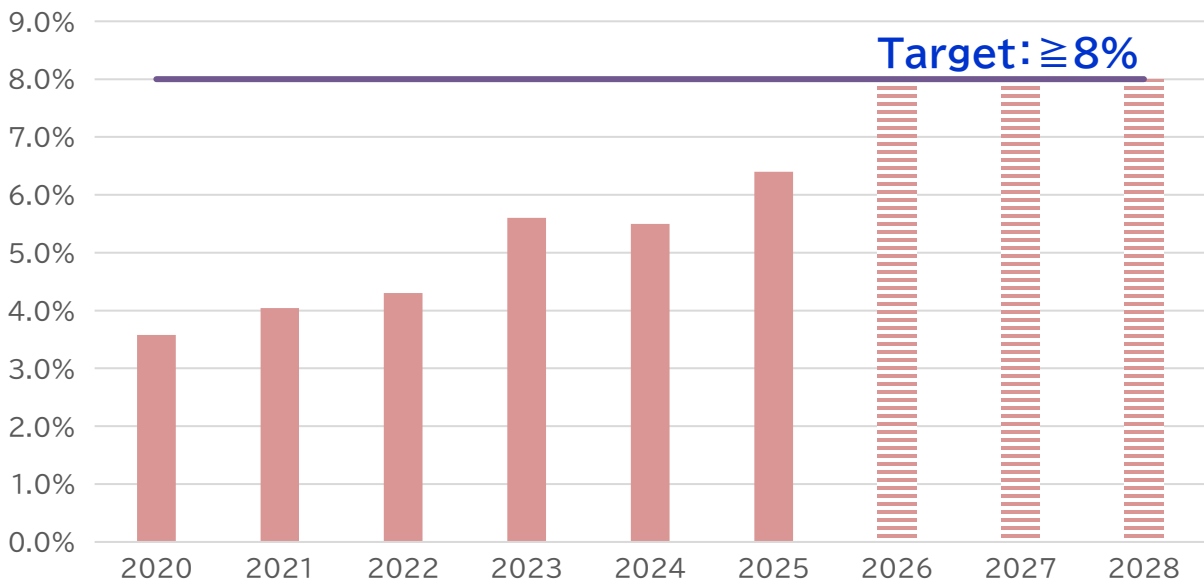


Processed SiC components for power semiconductors

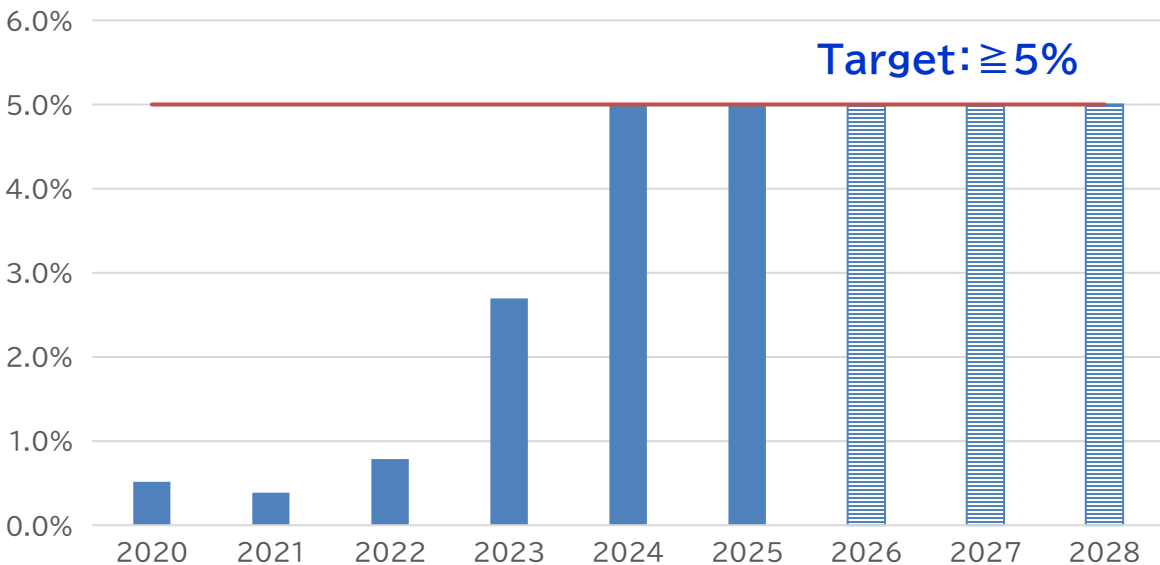
2 Human Capital Management

Aiming to create a company that is easier to work at and more rewarding, we will focus on the following two key initiatives.

① Increase the ratio of women in Career-track Positions



② Base wage increase



- During the period of the New Medium-Term Business Plan (2026–2028), we will continue to implement an annual base wage increase of 5% or more.
- Even during the implementation period of the subsidy program from the Ministry of Economy, Trade and Industry associated with the construction of the new factory (2028–2030), we plan to continue annual base wage increases of 5% or more.



<Notes>

The earnings forecasts and other information contained in this document are based on judgments made by the Company using information currently available to it, and actual results may differ due to various risks, uncertainties, and other factors.

IR Inquiries
TOMOE ENGINEERING CO., LTD.
Corporate Planning Department,
IR/Planning Division
Email: ir-info@tomo-e.co.jp