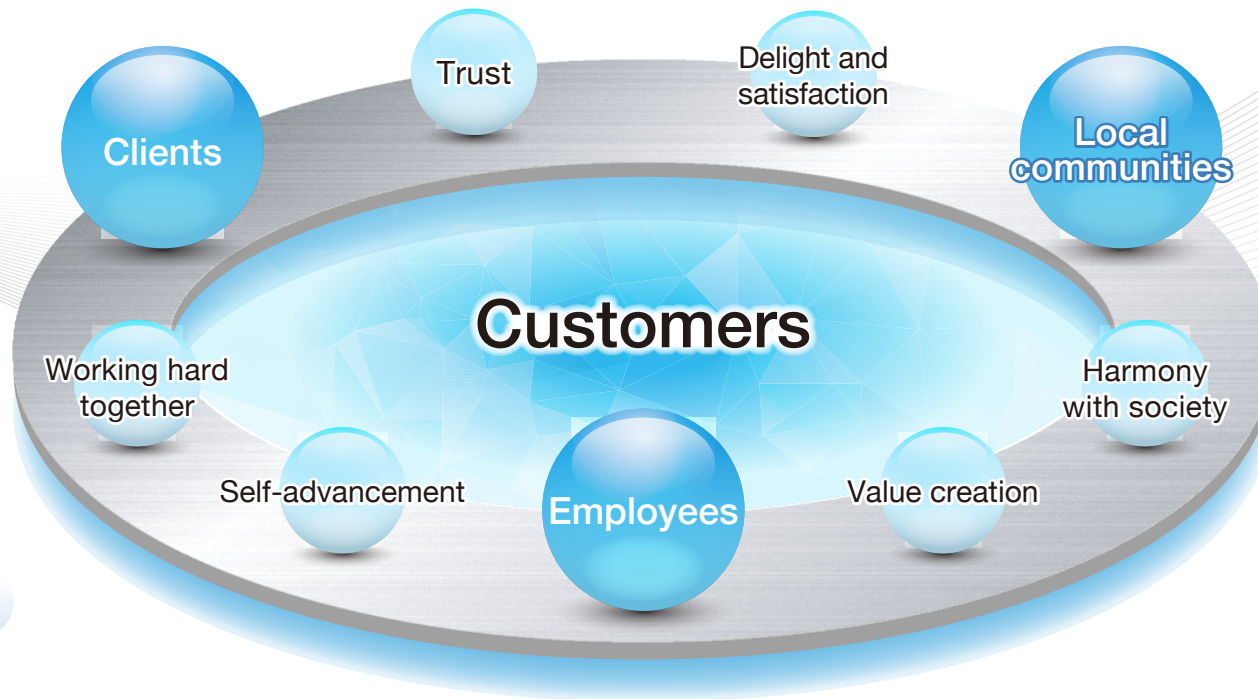


# INTEGRATED REPORT 2024

SankyoTateyama, Inc.



# Origin of Value Creation



## Management Philosophy

Based on cooperation encompassing clients, local communities, and employees, we create new value and contribute to realizing a world of well-being by giving customers delight and satisfaction.

## A Spirit of Cooperation among Three Parties

Sankyo Tateyama was founded in 1960 by Masataro Takehira, as Sankyo Aluminium Industry. One of his goals was to create a reliable place of employment for his hometown of Takaoka. The meaning of “Sankyo” comes from combining the efforts of three parties—our community, our clients and our employees—to grow together, and this has been our guiding philosophy since the company’s founding.

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## Domestic locations

### Sankyo Tateyama

- 87 sales offices  
(including 5 showrooms)
- 13 manufacturing plants

25 consolidated subsidiaries

6 non-consolidated subsidiaries

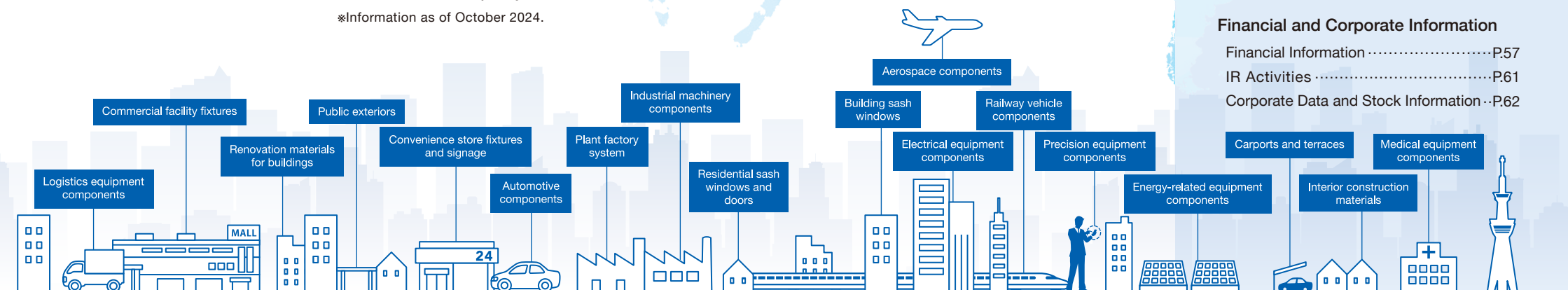
6 affiliated companies

## Overseas locations

21 consolidated subsidiaries

1 affiliated company

※Information as of October 2024.



1960

1970

1980

1990

2000

# Value Creation History

2003

Sankyo-Tateyama Holdings, Inc. established.



Sankyo Nabe

Takaoka, the founder's hometown, became an aluminum production center. Selling aluminum daily necessities nationwide.

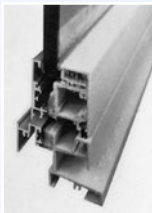
1960

Sankyo Aluminium Industry Co., Ltd. founded.

- Our first product “Sankyo Nabe” debuted.
- “All-aluminum Kitchen Sink” put on sale.
- Received order for aluminum sash work for the U.S. military base housing in Chofu.
- “3K Series” of residential sashes put on sale.
- “Takumi” aluminum interior fixtures put on sale.
- “Carport Type 1” (our first carport) put on sale.
- “3K Twin” double-railed heat-insulating sashes put on sale, as an energy-saving construction material.



U.S. military base housing in Chofu.



3K Twin

- Transfer of business rights for lifestyle item business
- The world's first successful production of “wide and thin extruded magnesium alloy sheets”
- Kitchen and vanity unit sale discontinued.
- Sankyo Aluminium Industry and Tateyama Aluminium Industry integrated their core sash products to launch the “Madio” series of residential sashes, and the “MTG-70” and “MTG-90” sashes for office buildings.

1948

Tateyama Casting Co., Ltd. established.

1960

Tateyama Casting renamed to Tateyama Aluminium Industry Co., Ltd.

- Entry into the signboard (ad frame) market
- The industry's first “Combination Sash” to allow for connected windows with protruding sections put on sale.
- “Walking,” the world's first non-rail sash for office buildings, put on sale.
- Launch of the first “colored pot” and other products in the household goods industry
- The industry's first double-railed sashes for residential use put on sale.
- “Swindow” natural ventilation system put on sale.
- “Standard Case” aluminum showcases for face-to-face sales put on sale.
- “N-type sashes for residential use” put on sale



Standard Case

Design for the new retail format

The main sales locations shifted to department stores and supermarkets, and the era of face-to-face sales arrived.



Combination Sash



Swindow

Contributing to energy conservation

The company developed Japan's first ventilation system powered solely by natural energy.

2005

Tateyama Advance, Inc. established.



2010

2012

2020

2007

Sankyo Material, Inc. established.

- Announcement of “new technology for magnesium alloy casting: establishment of continuous casting technology for small-diameter billets for forging” (world’s first)

2006

Sankyo Tateyama Alumi, Inc. established.

- The industry’s first 3D plate truss structure carport “M. Shade” put on sale.



M. Shade

- Industry-first curved front door “Laforce Naturé Curved Door” put on sale.



Laforce Naturé Curved Door

**Promoting diversity**

Products began to be designed from diverse perspectives.

2012.12

Merger with Sankyo-Tateyama Holdings, Inc.

2012.6

Sankyo Tateyama, Inc. established.

The  
Construction  
Materials  
Business



Tokyo Station

- “ALGEO” main sashes for residential use put on sale.
- “MTG-70R” main sashes for office buildings put on sale.

The  
Materials  
Business

- World’s first successful demonstration of “horizontal recycling of aluminum” from one shinkansen in another



Horizontal Recycling of Aluminum  
Courtesy of Central Japan Railway Company

The  
Commercial  
Facilities  
Business

2015 The Global Business added

The Global  
Business

- Overseas bases established in Europe and Asia.
- STEP-G received an order from Volkswagen Group for electric vehicle components.

Field  
Expansion

- Jointly developed with Daiwa House Industry The “agri-cube ID” plant factory system put on sale.



The “agri-cube ID” plant factory system



Misumi Co., Ltd.

- First installation of the “agri-cube ID” plant factory system Misumi Co., Ltd. (Factory location: Aira, Kagoshima)

**Start of the Shinminato-Higashi Plant expansion work**

The plant is being expanded to increase the supply capacity of aluminum extrusions for the EV market, which is expected to grow in the medium to long term. Scheduled to be completed in October 2025



**Environmentally friendly manufacturing**

Our extruded products made from recycled aluminum are adopted for luggage shelves in the new Tokaido Shinkansen trains (joint demonstration by Central Japan Railway Company; Nippon Sharyo, Ltd.; Hitachi, Ltd.; Harita Metal Co., Ltd. and Sankyo Material Company)

**Contributing to sustainable agriculture**

This plant factory system, jointly developed and marketed with Daiwa House Industry Co., Ltd., provides one-stop services from “construction” to “cultivation and operation support.”

## TOP MESSAGE

**The three-year period will focus on growth investments and reforming our earnings structure to transform our future business portfolio.**

### 01 In the Wake of the 2024 Noto Peninsula Natural Disasters

We would like to express our deepest condolences to those who lost their lives during the Noto Peninsula Earthquake that struck on January 1, 2024, and the heavy rainfall that hit the Noto Peninsula in September of the same year, and our heartfelt sympathies to those affected by these natural disasters.

During the January earthquake, our Company's plants in the Hokuriku region also suffered severe damage. Among our plants, the damage suffered by the Ishikawa Plant, located in Hodatsu-Shimizu Town, Hakui District, Ishikawa Prefecture, at the base of the Noto Peninsula near the epicenter, and the Nago Plant in Imizu City, located on the coast of Toyama Bay, was particularly severe. Several molds weighing up to 30 kg stored in the warehouses fell at the Ishikawa Plant. Ground uplift, liquefaction, and subsidence at the Nago Plant damaged industrial water pipes and other facilities.

In the damaged plants, the employees worked tirelessly to restore the production lines immediately after the disaster, and we also received generous support from many of our customers. Initially, we thought it would



President  
**Shozo Hirano**

## TOP MESSAGE

take around two months to restore all operations, but by January 26, all the production lines were operational. This was partly due to our employees' efforts and the support we received from many of our customers, for which we would like to express our gratitude once again. Meanwhile, loading and unloading goods at the Nago plant has become difficult due to ground subsidence around several distribution warehouses adjacent to the plant. The remaining restoration work, including ground improvement, building renovations, restoration of recreational facilities at the plant, and construction of pathways within the plant site, is expected to extend into next year.

Some of the employees working in Ishikawa Prefecture continue to live in displacement, having evacuated to Kanazawa City and others because their houses were damaged during the earthquake. In this sense, the 2024 Noto Peninsula Earthquake is an ongoing situation, and we are only halfway to the complete restoration and reconstruction.

Our Company, headquartered in Toyama Prefecture, conducted free inspections of our products, including sash windows, immediately after the earthquake, hoping to serve the local community that has supported us over many years. Our entire Company is focusing on supplying sash windows for the temporary housing under construction in the Noto region, including meeting delivery needs. Though the restoration and reconstruction of Noto will require much time, we intend to continue to strive toward the reconstruction of the region with a flexible and proactive approach.

## 02 Review of FYE2024

Looking back at the business environment in FYE2024, Japan's housing and corporate capital investments remained sluggish due to the ongoing depreciation of the yen and the persistently high prices of energy and various materials. The soaring prices of materials and energy have been the biggest reason for the increase in total construction costs, and individual owners have been most affected by this. As a result, construction start delays for individual houses have occurred, significantly affecting our Company's business. Additionally, the general machinery industry saw the prolonged impacts of the decline in automobile production due to the semiconductor shortage.

The impact of these changes in the business environment was partly offset by price revisions implemented in FYE2023; however, our domestic sales for FYE2024 declined significantly compared to the previous fiscal year.

Overseas, aluminum extrusions produced by our European subsidiary STEP-G have seen growing demand in automotive applications in recent years; however, in the current period, sales of EVs were weaker than expected due to a slump in the German economy and the suspension of subsidies by the German government, consequently leading to a decline in the sales volume of our components. Although we struggled in Europe, we performed

relatively well in Thailand.

As a result, our Group consolidated sales for the fiscal year ended May 2024 were 353 billion yen, down 4.7% YoY. Operating income was 3.8 billion yen, up 42.6% YoY. Ordinary income was 3.8 billion yen, up 13.5% YoY, due to price revisions and cost reductions, despite a decline in the sales volume of materials due to market stagnation and a prolonged increase in energy and various material prices. However, due to recording an extraordinary loss of around 2 billion yen in repair expenses for buildings and facilities owing to the impact of the 2024 Noto Peninsula Earthquake, the current net loss attributable to shareholders of the parent company amounted to 1 billion yen.

## 03 Outlook for FYE2025

As of the fiscal year ending May 2025 (current fiscal year), consumer spending in Japan is improving, and a recovery in economic activity, such as a pick-up in capital investment, is expected against the backdrop of improving company performance. However, the decline in consumer confidence due to rising prices associated with increases in labor costs, energy and various materials prices, and distribution costs continues to be a concern. In addition, there is concern about the impact of rising housing loan interest rates resulting from higher policy interest rates.

The construction-related market in the current fiscal year is expected to remain at the same level as the



## TOP MESSAGE

previous fiscal year. Subsidies of approximately 135 billion yen have been approved in the FY2024 budget for the “Advanced Window Renovation Project” to enhance the insulation of windows as part of the “Energy Saving Campaign for Houses” conducted in collaboration with three ministries: Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure and Transport, and the Ministry of the Environment.

We intend to take this opportunity to aggressively respond to the demand for housing renovation and acquire renovation products. The automotive market has remained robust. The semiconductor industry, which significantly impacts market conditions in the general machinery industry, is also expected to recover during the latter half of the current fiscal year. We will put further efforts into sales in our Materials Business to capture demand in the automotive and general machinery sectors.



Overseas, we will continue monitoring geopolitical risks closely. We expect concerns about a potential recession due to prolonged inflation, policy interest rate trends in the US and European countries, and associated exchange rate fluctuations. Concerning the Group’s overall earnings plan for FYE2025, we anticipate sales to reach 360 billion yen, up 2% YoY, assuming the market outlook will remain at the same level as in FYE2024. Concerning profits, while we expect an increase in material volume linked to sales, we also anticipate the impact of further rises in the prices of aluminum ingots and other materials. Profits overseas are expected to recover due to an increase in volume and product mix improvement. Consequently, we expect operating income to be 4 billion yen, up 5% YoY, and current net income attributable to parent company shareholders to be 1.5 billion yen.

## 04 Review of Previous Medium-Term Management Plan

The three-year period of the previous medium-term management plan (hereinafter referred to as the “medium-term plan”), formulated and announced in July 2021 during the COVID-19 pandemic, saw many unexpected events, including geopolitical risks as well as economic stagnation due to curbs on population flow. In the fiscal year ending May 2022, the plan’s first year, and the fiscal year ending May 2023, the situation

remained challenging regarding profits due to the soaring prices of aluminum ingots (all imported), energy, and other materials. Though price revisions intended to counteract the above situation were eventually implemented to a level close to that set out in the plan in its final year (FYE2024), concerns of inflation attributable to a sudden recovery in economic activity and interest rate differentials resulted in a significant decline in sales volumes of products in Japan and overseas. Consequently, profits fell short of the plan in FYE2024. The failure to build a system capable of responding linearly to sudden changes in the volume of materials was identified as an issue. In our new medium-term plan, we will accelerate the reconstruction of the production system.

Though the situation was very challenging in terms of earnings, we made progress in diversifying our business portfolio. Under “VISION 2030”, the long-term vision to achieve what we aim for in the long run, we continue to work toward more diversified management and a well-balanced business portfolio. In this context, construction materials that accounted for more than 60% before starting the previous medium-term plan accounted for around 52% as of May 31, 2024. The Construction Materials Business continues to be the core business of our Company, and scaling it back is not an objective in our efforts to diversify our portfolio. However, we consider the last three years to have been a period of progress in terms of expanding our other businesses.



## TOP MESSAGE

## 05 Medium-Term Management Plan

Our newly formulated medium-term management plan addresses two major points. The first is to look beyond 2030 and lay the groundwork for the next growth stage with an eye on 2040 and 2050. The other is to increase profitability, which was a major point of reflection in the previous medium-term management plan. With these two major policies, we have designated the next three years as a period to focus on reforming our revenue structure and making growth investments to transform our future business portfolio.

As was mentioned, while we have made some progress in transforming our business portfolio in the previous medium-term management plan, we will announce our ratio of businesses for 2030 only after further consideration once we have the sales share we wish to obtain in growth areas, etc.

Under the new medium-term management plan, we will promote structural reform to increase profitability in the Construction Materials Business. In the Materials Business, we will continue further investments to expand into the automotive segment, driving new growth. Although its share in the business portfolio has declined, Sankyo Alumi Company, which manufactures construction materials, has been a mainstay business for many years. However, faced with a shrinking market due to a declining domestic population, decreased profitability has become a challenge, and we believe that it is essential for us to develop and launch new

products, change models and fundamentally reform the manufacturing structure with the next era in mind.

Currently, each of the three divisions of Sankyo Alumi Company, which is responsible for the Construction Materials Business, has its own dedicated production line and plant. However, some decline in sales volume is inevitable, given future social trends. We are striving to improve our business structure looking ahead to 2030 and beyond by revamping our system to one in which products from multiple divisions are produced on the same production line, and by building more efficient production lines by way of reduced manpower and labor savings.

As for growth investments, we plan to enhance investment in the automotive segment with the Materials Business and increase production in Thailand with the Global Business. Over the next three years, we expect to invest approximately 70 billion yen, including various capital investments. While in Europe, STEP-G is already expanding its business with a focus on the automotive segment, the domestic automotive segment has not grown to a significant volume. Therefore, we consider the automotive segment a growth driver for the Materials Business and will do our utmost to strengthen it further. Construction to expand the Shinminato-Higashi Plant has already begun in July 2024. We will expand production capacity and increase orders at the plant accordingly.

We are also working to increase overall production volume overseas, including for automobiles, mainly in



Thailand. With the increase of geopolitical risk globally, it seems that domestic and foreign manufacturers are seeking to move out of China, with many companies considering a partial shift to ASEAN from the perspective of risk diversification. In light of such global trends, we are looking to capture new demand in Thailand, a country with high potential, and link it to our growth.

As for Tateyama Advance Company, the Commercial Facilities Business, investments in reorganizing to save labor costs and reduce manpower in the retail industry continue to be strong. We will firmly capture demand and achieve further growth, with an eye on overseas expansion in ASEAN.

Through these initiatives, we aim to achieve a sales target of 380 billion yen, an operating income of 11 billion yen, and an ROE of 6% or higher for the final year of the new medium-term management plan (FYE2027).

## TOP MESSAGE

## 06 Strengthening Our Capital Policy

Our Company's PBR has consistently remained below 1x over the past 10 years. In particular, our current PBR is quite low at less than 0.3x, which we recognize as a major management issue. Similarly, our ROE has stayed around 1%. In light of this current situation, we have targeted increasing ROE to around 6% in the new medium-term management plan by improving profitability and making growth investments. However, this 6% target is not a sufficient level for management. Thus, we will endeavor to achieve this target as soon as possible and increase it further without waiting for the final year of the medium-term management plan.

As for our low PBR, we recognize that our stakeholders' low expectations for our Company's growth are because it is difficult for them to understand in which areas we are aiming for growth, in addition to the slow improvement of businesses that are not profitable enough, such as the Construction Materials Business and Global Business. We will try our best to improve the recovery of low-profit businesses and earn stakeholders' confidence in our growth expectations. In the new medium-term management plan, we plan to make aggressive growth investments for the long term, raising expectations for our Company's growth by showing stakeholders the results and progress of our

investments.

Concerning shareholder returns, we have set the minimum dividend amount at 25 yen per share for the duration of the new medium-term management plan. Based on our policy of stable and continuous returns, we will consider flexible returns above the minimum limit depending on the plan's achievement level.

Since we are restructuring our revenue base and aggressively making growth investments under the new medium-term management plan, this will be a period for which it will be difficult to show numbers from the profitability viewpoint. We hope all our stakeholders will understand our approach to improving corporate value and continue supporting our Company's endeavors.

## 07 Toward "Sustainability Vision 2050"

With the announcement of the new medium-term management plan, two new items have been added to the FY2030 targets in the "Sustainability Vision 2050." One is to reduce GHG emissions, as covered in Scope 3, by 25% compared to FY2022, and the other is to increase the aluminum recycling rate in our construction materials to 80%.

In addition to aluminum sashes in the Construction Materials Business, we handle various aluminum alloys in the Materials Business. While scrap materials for the common type of aluminum alloy "6063", which is used

in our aluminum sashes, are readily available, there are some special alloys for which there are almost no scrap materials in circulation. This is why we have set a target for the rate of recycling of aluminum for construction materials rather than an overall rate. To achieve our major goal of realizing carbon neutrality, we believe that resource recycling of aluminum is the most important issue we must focus on, and we will continue our commitment to it. In addition to the research on aluminum recycling we are currently conducting in collaboration with the University of Toyama, we will install a dedicated scrap melting furnace this fiscal year to further improve our recycling capabilities. Using recycled aluminum further reduces CO<sub>2</sub> emissions compared to using new aluminum ingots. We will continue implementing our VISION 2030 initiative of "Contributing to sustainable and affluent life."

Our target for FY2030 regarding the diversification of human resources is to have the percentage of women in managerial positions at 10%. However, as of the end of May 2024, our Company's ratio of female managers was only 2.3%.

Although there has been a gradual increase in this number, it is still far from our target, and we recognize the need to accelerate further our efforts to promote greater involvement of female employees. In addition to this, we will also promote the utilization of senior personnel and re-education for developing digital human resources. While we have already begun training for digital human resources under the DX (digitalization) strategy, under the new medium-term management

## TOP MESSAGE

plan, we will intensify such educational activities to a greater extent than before and further the creation of a work environment where each employee can grow and enhance their value.

We view salary increases for our personnel as a management challenge and recognize the importance of actively tackling this issue going forward. In April 2024, we implemented an increase in base pay following last year's increase. While it is important to secure human resources through the improvement of compensation, we must pay close attention and work to strengthen our earning power so that we can realize a substantial increase in compensation since an increase in base pay outpaced by inflation will result in an effective decrease in income.

We must create an environment which enables salary increases along entire value chain, including our Company and our suppliers and subsidiaries. While we have already revised the sales prices of our products, it is important to have repeated discussions with our suppliers and reach a mutual agreement regarding purchase prices as well. We will work on this from the perspective of the entire value chain so that all of our partners can improve their base pay.

With respect to corporate governance, we constantly strive to improve our information disclosure and internal governance further. At the General Meeting of Shareholders held in August 2024, the Board of Directors, the cornerstone of our corporate governance, welcomed one new outside director in the interest of further strengthening its independence, increasing the



number of outside directors serving as auditors by one. Of the 12 Directors that comprise the Board of Directors, five are outside directors, two of whom are women. We will take great care to provide an environment in which our outside directors are able to deepen their understanding of our Company and fully make use of their diverse backgrounds to take it to new heights.

Meanwhile, quality-related corporate scandals are fast becoming a major societal issue. We conduct quality control audits at all of our plants once a year. Through such initiatives, we hope to improve the effectiveness of our Company's governance system further.

## 08 To Our Stakeholders

We recognize that our most urgent management

challenge is to restore our Company's current profitability and meet our stakeholders' expectations regarding our future growth. In response, we have formulated a new medium-term management plan. Going forward, we must earn the confidence of our stakeholders by implementing this plan. Our Company's management philosophy is based on the spirit of collaboration and shared prosperity among clients, local communities, and employees, which are the origin of our Company's founding. This philosophy is universal, regardless of the business segment we handle or the country we operate in. We will continue striving to meet our stakeholders' expectations and kindly ask for your ongoing understanding and support of our direction and approach.

**Capital to be utilized**  
(Input)

## Financial capital

Own capital **961** billion JPYInterest-bearing liabilities **781** billion JPY

## Manufacturing capital

Manufacturing investments **98** billion JPY

## Intellectual capital (Japan)

Research & development costs **23** billion JPY

## Human capital

Consolidated employees **10,289**

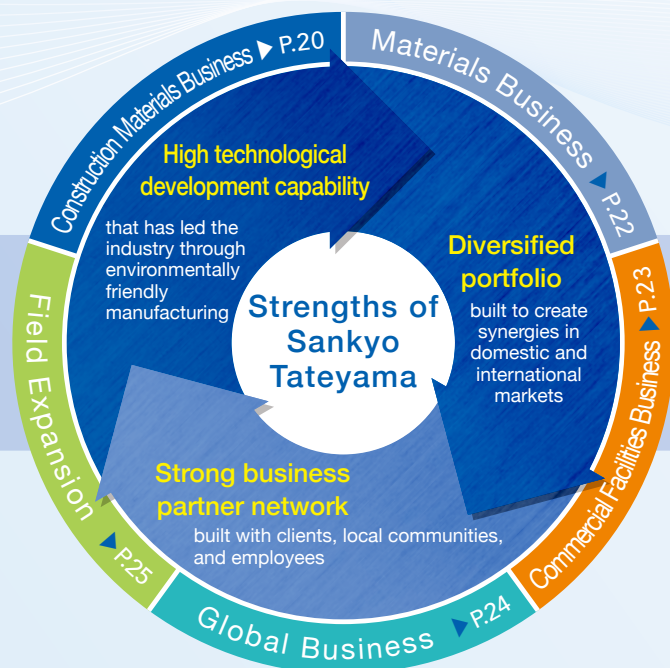
## Social and relational capital



Strong business partner sales network

**46** consolidated subsidiaries**6** affiliated companies**7** non-consolidated subsidiaries

## Natural capital (Japan)

Aluminum input volume **181,585** tonnesEnergy consumption **3,244** million GJ

Sustainability at Sankyo Tateyama ▶ P.26

Sustainability Vision 2050  
Materiality

The Philosophy of Sankyo Tateyama ▶ P.1

Management Philosophy /  
A Spirit of Cooperation among Three Parties**Capital generated**  
(Output)

## Financial capital

Net sales **3,530** billion JPYOperating income **38** billion JPY

## Manufacturing capital

Number of locations Overseas **12** plantsJapan **13** plants

## Intellectual capital (Japan)

Patents and design rights held Approx. **1,900**

## Human capital (Japan)

Average years of service **22.5** yearsPercentage of male employees taking parental leave **77.6** %  
(parental leave or spousal maternity leave)Turnover rate of young employees **19** %

## Social and relational capital (Japan)

Business partner network Approx. **1,500** companies  
(In the building materials business: affiliated with Sankokai, Isshin Tasuke, and Niwa Smile Shop)

## Natural capital (Japan)

Sales ratio of environmentally friendly products **84.6** %  
Industrial waste recycling rate **97.6** %**Our aims****VISION 2030**

▶ P.12

**Contributing to a sustainable and affluent life**

Realizing an environmentally friendly, safe, and comfortable society

**Diversified management**

Toward a well-balanced business portfolio

**Medium-term Management Plan**

▶ P.13

Further capitalizing on value enhancement



# Sankyo Tateyama Group Long-term Roadmap

Looking to 2050, we have formulated the Sustainability Vision 2050 as a long-term direction for the Sankyo Tateyama Group based on our own management philosophy and past efforts (strengths), and have set targets for FYE2031.

Toward VISION2030, we will create compelling value through our business activities based on the principles of “being environmentally friendly”, “a safe society”, and “a comfortable life”, and build a management foundation that can flexibly respond to market changes, with the aim to become a company that enables sustainable and affluent life.

## Sustainability Vision 2050 Life with Green Technology

Achieving carbon neutrality

Reusing resources

Connecting personnel and the future

### Diversified management

Toward a well-balanced business portfolio

**Building a new business portfolio  
aimed for sustainable growth**

Expanding businesses in growth areas

Reinforcing a stable revenue base

### VISION 2030

Contributing to  
a sustainable and  
affluent life  
Diversified management

### Medium-term Management Plan [Second stage]

FYE2025–FYE2027

### Medium-term Management Plan [First stage]

FYE2022–FYE2024

### Contributing to a sustainable and affluent life

Realizing an environmentally friendly, safe, and comfortable society

#### Environmentally friendly

- CO<sub>2</sub> emissions reduction
- Recycling of aluminum and other resources

#### A safe society

- Maintenance, replacement, and building resilience of social infrastructure
- Response to DX

#### Comfortable life

- Pursuit of further ease of use and comfort of space
- Response to diverse lifestyles and workstyles


### FYE 2031 Targets

#### Greenhouse gas emissions

Scope1+2 **50% cut**  
(compared to FYE2018)

Scope3 **25% cut**  
(compared to FYE2023)

#### Aluminum recycling rate for construction materials

**80%**   
Aiming to achieve 100% by addressing issues

#### Percentage of women in management positions

**10%** 

Scope 1: Direct emissions from in-house fuel use  
Scope 2: Indirect emissions from the use of heat and electricity purchased by the company  
Scope 3: Emissions from upstream and downstream processes in the company's business activities

1: These are not indicators for individual products.  
2: Applicable to domestic casting centers.  
3: Includes scrap materials generated in our in-house manufacturing process.

Economic value

Social value

## Medium-term Management Plan

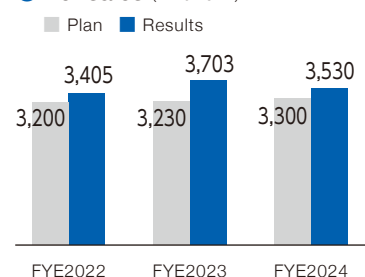
## Retrospective on Preceding Medium-term Management Plan (FYE2022–FYE2024)

In the preceding medium-term management plan, we focused on the management policies of “achieving sound earnings” and “establishing a stable growth foundation.” However, changes in the external environment due to the COVID-19 pandemic and the unstable international situation, as well as sharp rises in ingot prices and other costs that exceeded expectations, prevented us from improving our revenue, and as a result, we fell far short of our profit targets.

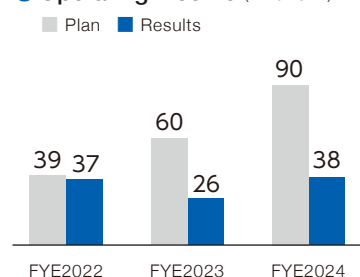
## Management indicators

	FYE2024 targets	FYE2024 results
Net sales	330 billion JPY	353 billion JPY
Operating income	9 billion JPY	3.8 billion JPY
ROA	1.9%	- 0.4%
ROE	5.9%	- 1.1%
Capital adequacy ratio	33% or more	33.2%

## ● Net sales (Billion JPY)

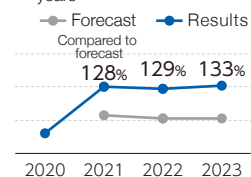


## ● Operating income (Billion JPY)



## ● Nikkei average price of aluminum ingot

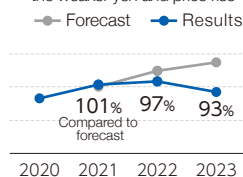
Remained approx. 30% higher than the forecast throughout the three fiscal years



Period of the previous Medium-Term Management Plan

## ● Exterior market

Fell below the forecast due to a decline in consumer confidence that resulted from the weaker yen and price rise

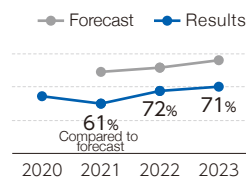


Period of the previous Medium-Term Management Plan

Source: Japan Exterior Industry Association

## ● Vehicle production in Germany

Demand slowed due to a recession caused by inflation.



Period of the previous Medium-Term Management Plan

Source: VDA MARKLINES

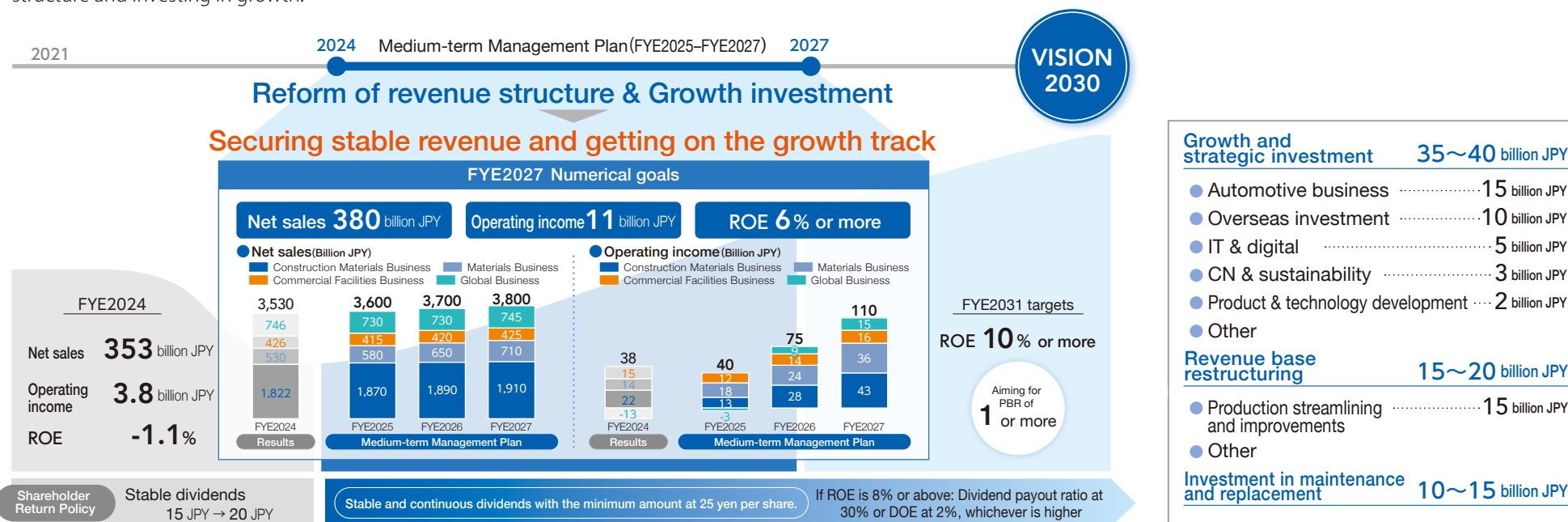
## ● By segment

	Net sales (Billion JPY)	Operating income (Billion JPY)	概況																								
Construction Materials Business	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>1,880</td><td>1,821</td></tr><tr><td>FYE 2023</td><td>1,905</td><td>1,871</td></tr><tr><td>FYE 2024</td><td>1,930</td><td>1,822</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	1,880	1,821	FYE 2023	1,905	1,871	FYE 2024	1,930	1,822	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>24</td><td>25</td></tr><tr><td>FYE 2023</td><td>32</td><td>-1</td></tr><tr><td>FYE 2024</td><td>53</td><td>22</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	24	25	FYE 2023	32	-1	FYE 2024	53	22	<p>The effect of price revisions, following the sharp rise in the prices of ingots, other materials, and energy, was outweighed by the decrease in sales volume.</p> <ul style="list-style-type: none"><li>● Demand for remodeling and renovation increased due to government subsidies.</li><li>● Sales volume decreased in highly profitable business fields.</li><li>● Delay in improving profitability of low-profit businesses</li></ul>
Fiscal Year	Plan	Results																									
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FYE 2023	1,905	1,871																									
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Fiscal Year	Plan	Results																									
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FYE 2023	32	-1																									
FYE 2024	53	22																									
Materials Business	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>475</td><td>533</td></tr><tr><td>FYE 2023</td><td>450</td><td>585</td></tr><tr><td>FYE 2024</td><td>460</td><td>530</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	475	533	FYE 2023	450	585	FYE 2024	460	530	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>22</td><td>26</td></tr><tr><td>FYE 2023</td><td>25</td><td>32</td></tr><tr><td>FYE 2024</td><td>30</td><td>14</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	22	26	FYE 2023	25	32	FYE 2024	30	14	<p>Although the target was achieved by FYE2023, demand remained sluggish.</p> <ul style="list-style-type: none"><li>● Demand in the construction materials and general machinery fields decreased.</li><li>● Orders decreased due to the effects of the Noto Peninsula Earthquake.</li><li>● Work began on expanding aluminum extrusion lines for the EV market.</li></ul>
Fiscal Year	Plan	Results																									
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Commercial Facilities Business	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>375</td><td>407</td></tr><tr><td>FYE 2023</td><td>385</td><td>416</td></tr><tr><td>FYE 2024</td><td>400</td><td>426</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	375	407	FYE 2023	385	416	FYE 2024	400	426	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>9</td><td>17</td></tr><tr><td>FYE 2023</td><td>10</td><td>6</td></tr><tr><td>FYE 2024</td><td>12</td><td>15</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	9	17	FYE 2023	10	6	FYE 2024	12	15	<p>We worked to acquire demand and revise prices for favorable business categories. We were able to achieve the plan despite the impact of exchange rates.</p> <ul style="list-style-type: none"><li>● Capturing demand for new store openings and store renovations</li><li>● Introducing products to meet the demand for labor and energy savings.</li></ul>
Fiscal Year	Plan	Results																									
FYE 2022	375	407																									
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Field Expansion	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>455</td><td>626</td></tr><tr><td>FYE 2023</td><td>465</td><td>828</td></tr><tr><td>FYE 2024</td><td>480</td><td>746</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	455	626	FYE 2023	465	828	FYE 2024	480	746	<table><tr><th>Fiscal Year</th><th>Plan</th><th>Results</th></tr><tr><td>FYE 2022</td><td>-17</td><td>-31</td></tr><tr><td>FYE 2023</td><td>-8</td><td>-8</td></tr><tr><td>FYE 2024</td><td>-7</td><td>-13</td></tr></table>	Fiscal Year	Plan	Results	FYE 2022	-17	-31	FYE 2023	-8	-8	FYE 2024	-7	-13	<p>Sales increased as a result of higher ingot prices and currency effects. Profit targets not achieved due to the slowdown in demand for EVs in Europe.</p> <ul style="list-style-type: none"><li>● Decrease in EV sales in Europe</li><li>● Expansion of aluminum extrusion line in Thailand increased production capacity.</li></ul>
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## Medium-term Management Plan

## Medium-term Management Plan (FYE2025–FYE2027)

In the medium-term management plan (FYE2025–FYE2027), we have positioned the period as an investment phase in which we will prioritize revenue base restructuring and growth investments, with the aim of realizing “VISION 2030.” With the basic policy of “securing stable revenues and getting on a growth track,” we will work on reforming our revenue structure and investing in growth.



## Management indicators

		FYE2024 Results	FYE2025 Plan	FYE2026 Plan	FYE2027 Plan
Results	Net sales	353 billion JPY	360 billion JPY	370 billion JPY	380 billion JPY
	Operating income / ratio	3.8 billion JPY / 1.1 %	4 billion JPY / 1.1 %	7.5 billion JPY / 2.0 %	11 billion JPY / 2.9 %
Return on capital	Capital adequacy ratio	33.2 %	30 %	30 %	30 %
	ROA	- 0.4 %	0.5 %	1.3 %	2.0 %
	ROE	- 1.1 %	1.7 %	4.0 %	6.0 %
	D/E ratio	81.3 %	100 %	115 %	115 %
Shareholder returns	Dividend	20 JPY	Stable and continuous dividends with the minimum amount at 25 yen per share.		
	Dividend payout ratio	—			

## ● Prerequisites

	FYE2024 Results	Rates assumed in the plan
Aluminum ingot price (yen/kg)	404	435
Exchange rate	US dollars (yen/\$)	144.6
	Euro (yen/€)	156.7
	Thai baht (yen/THB)	4.1
	Renminbi (JPY/RMB)	20.1

## Medium-term Management Plan

## Medium-term Management Plan (FYE2025–FYE2027)

## Optimization of the business portfolio



## TOPICS

## Capital investment to reinforce the automotive segment



Artist rendering for expanded Shinminato-Higashi Plant

As part of our new capital investment to meet the needs of the automotive segment, which is a growth area, we will expand the Shinminato-Higashi Plant and add a new extrusion line. (Work commenced in July 2024.) In addition, we have also decided to establish a dedicated processing line for the automotive segment within the Shinminato Plant. Our materials business division will accelerate its efforts to meet the needs of the automotive segment, with a focus on EVs, and we will also work to meet other growing demand for aluminum.

## ● Overview of the Shinminato-Higashi Plant Expansion and Installation of an Additional Extrusion Line

Plant name	Sankyo Material Company Shinminato-Higashi Plant
Location	28-1 Shinbori, Imizu City, Toyama Prefecture
Planned investment amount	Approx. 12 billion JPY
Construction area	Expansion: 12,862 m <sup>2</sup> (total plant area: 26,566 m <sup>2</sup> )
Structure and size	Steel-framed, 2 stories above ground
Start of work	July 2024
Scheduled completion date	October 31, 2025
Manufactured items	Extruded aluminum profiles
Production capacity	Approx. 1,000 tons/month
Extruder	1 unit (5,500 USt)
Solar power generation system	Panels covering an area of approximately 7,000 m <sup>2</sup> will be installed on the roof of the expanded area, with a power output of approximately 1 MW

## ● Overview of the Dedicated Processing Line for the Automotive Segment within the Shinminato Plant

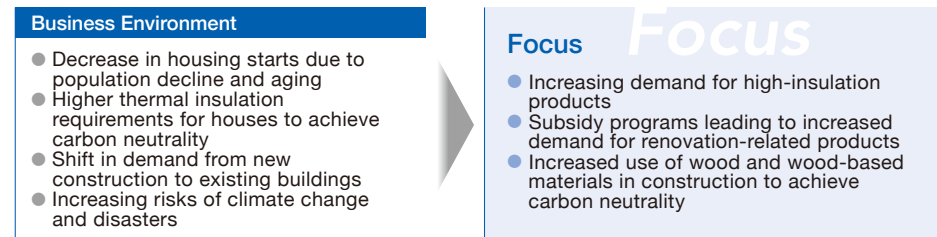
Plant name	Sankyo Aluminum Co., Ltd. Shinminato Factory
Location	23-1 Shinbori, Imizu City, Toyama Prefecture
Planned investment amount	Approx. 1.5 billion JPY
Installation area	4,500 m <sup>2</sup> (total plant area: 155,847 m <sup>2</sup> )
Planned start of operations	May 2025
Equipment installed	NC machine tools, transfer robots, etc.



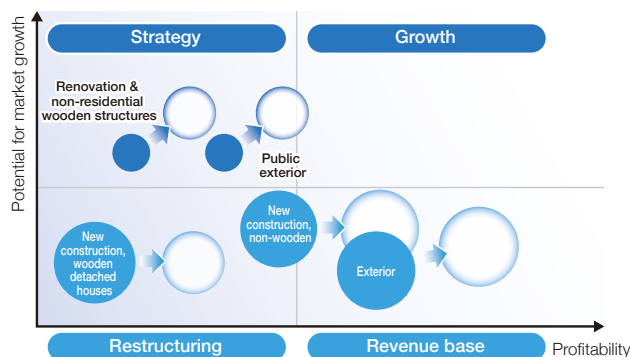
## Medium-term Management Plan

## Medium-term Management Plan (FYE2025–FYE2027)

## Business-specific strategy / Construction Materials Business



We aim to restructure the revenue base through fundamental structural reform and qualitative change taking into account the shrinking market, and to improve profitability at a stable scale through roactive efforts in strategic areas.



## Drastic reform of revenue structure

- Restructuring of the production system
- Realization of new manufacturing

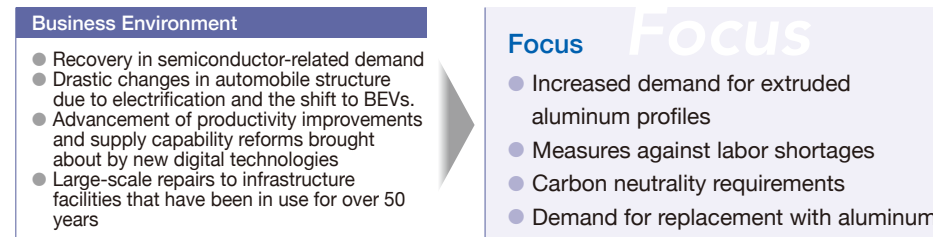
## Strengthening of the core business

- Introduction of high-insulation sashes

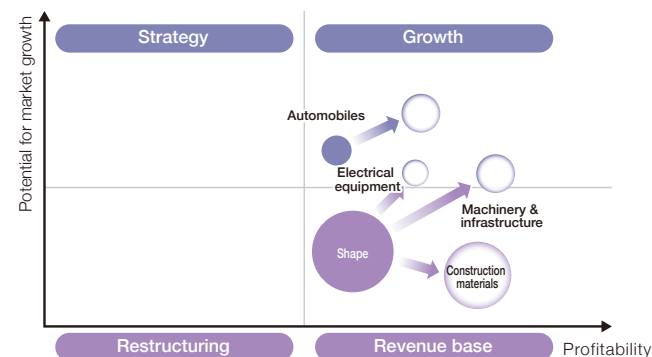
## Cultivation and growth of businesses in strategic areas

- Acquisition of orders for products used in renovation and non-residential wooden structures

## Business-specific strategy / Materials Business



We shall address the following as our priority issues: establishing a revenue base in existing domains, building a system and making investments to expand the automotive business sector for our growth, and promoting aluminum recycling.



## Strengthen revenue base in existing domains

- Capture demand in the general machinery and infrastructure markets, which are expected to grow
- Promote the substitution of aluminum for other materials

## Expand the automotive business sector

- Capture demand primarily for EVs
- Commence the introduction of large extruders
- Secure and develop specialized human resources

## Promotion of aluminum recycling

- Establish a framework to improve our aluminum recycling rate
- Research and implementation through industry-academia-government collaboration

## Medium-term Management Plan

## Medium-term Management Plan (FYE2025–FYE2027)

## Business-specific strategy / Commercial Facilities Business

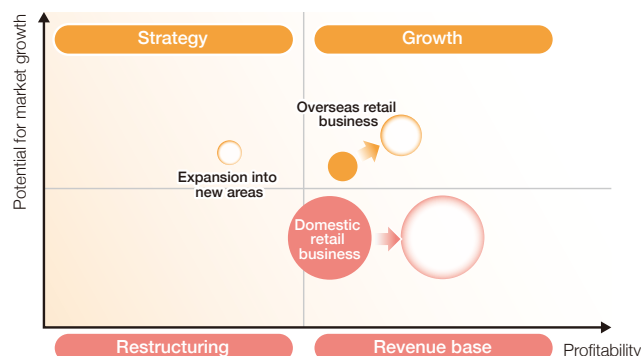
## Business Environment

- Strong retail sales figures due to rising prices and a recovery in inbound tourism
- Continuing trend of renovation to strengthen existing stores and investment in labor- and energy-saving measures
- Industry consolidation in the drug store market
- Uncertainty over the future of the Chinese economy, and steady economic growth in ASEAN countries

## Focus

- Expansion of order-taking areas through direct sales channels
- Capturing investments in renovations for labor saving and digitalization
- Solutions to the 2024 logistics problem
- Expansion of sales in global retail and ASEAN markets

With an industry-leading market share, consulting and product development expertise to meet customer needs, and a nationwide network to provide consistent services, we aim to establish a solution-based business capable of supporting the ever-evolving retail market.



## Deepening of existing domains

- Development of new products and expansion of services
- Optimization of production and logistics bases

## Expansion into new areas

- Incorporation of next-generation technologies
- Take on the challenge of providing services utilizing cloud computing

## Overseas business expansion

- Expansion of procurement and sales in ASEAN
- Expansion of exports to global retailers

## 《Case Study》

A pole signboard utilizing solar energy and a storage battery (field trial)



<https://advance.st-grp.co.jp/news/news240401.html>

## Business-specific strategy / Global Business

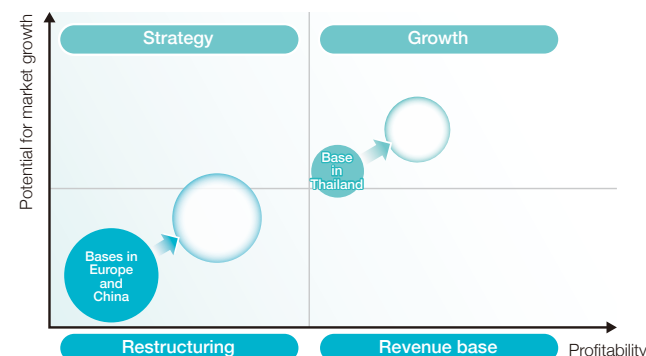
## Business Environment

- Gradual increase in automobile production in Germany, China and Thailand
- Slowing demand for BEVs in Europe
- Steady expansion of the rolling stock and aircraft markets
- Steady economic growth in ASEAN
- Acceleration of the trend to reduce dependence on China

## Focus

- Capture demand for aluminum outside the automotive segment
- Production expansion in ASEAN in line with trend to avoid risks in China

We will reform our business structure to ensure stable revenue across the entire Global usiness segment, and transform it into a revenue-contributing venture.



## Base-specific strategy and key activities

## ST Extruded Products Group [STEP-G]

- Focusing on value-added areas, including automobiles, rolling stocks, and aircraft
- Management stabilization through portfolio reforms, with less dependence on automobiles
- Fixed cost reduction

## Sankyo Tateyama Alloy (Thailand) [STAT]

- Expanding sales through manufacturing technology for 1000- to 7000-series billets
- Pursuing resource conservation and recycling rates with an eye on market needs
- Strengthening cooperation with TMA to expand business through synergy effects

## Thai Metal Aluminium [TMA]

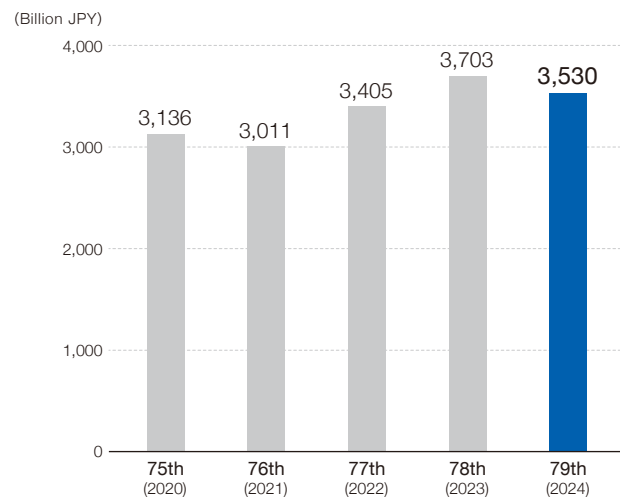
- Capturing demand by leveraging market-leading technology and quality in ASEAN
- Winning orders for new projects in sectors such as automotive and electrical equipment
- Increasing production capacity to meet strong demand

## Thai-Aust Aluminium [TA]

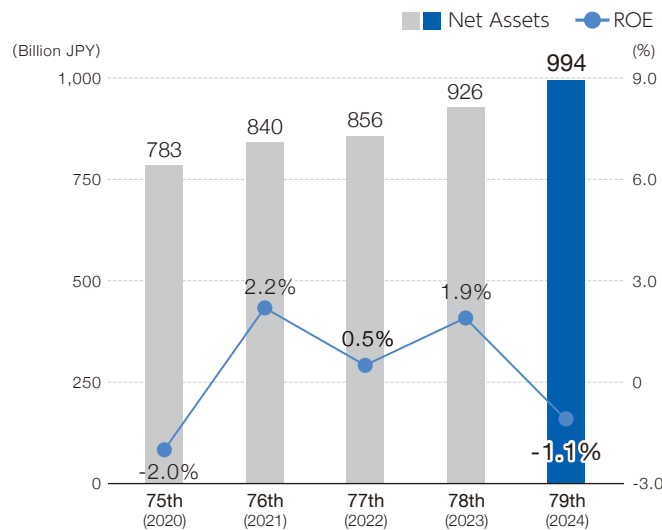
- Further strengthening our integrated system from manufacturing to sales and installation
- Continued expansion of sales to high-end and mid-range customers
- Continuation and stabilization of sustainable profitability improvement and cash flow generation

## Financial Highlights

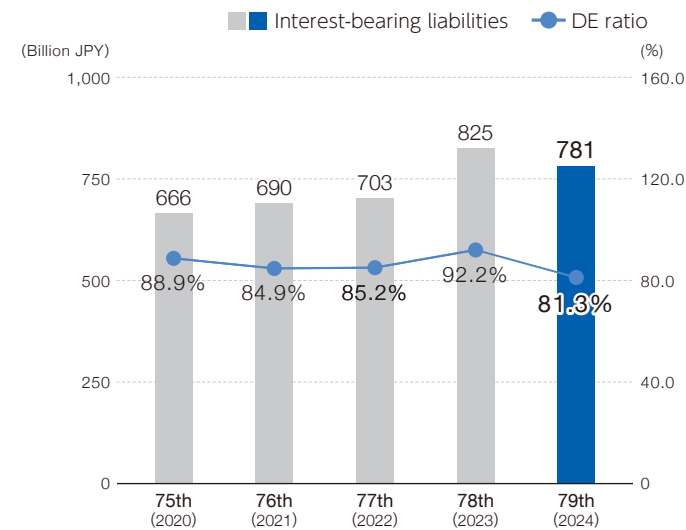
## ● Net sales



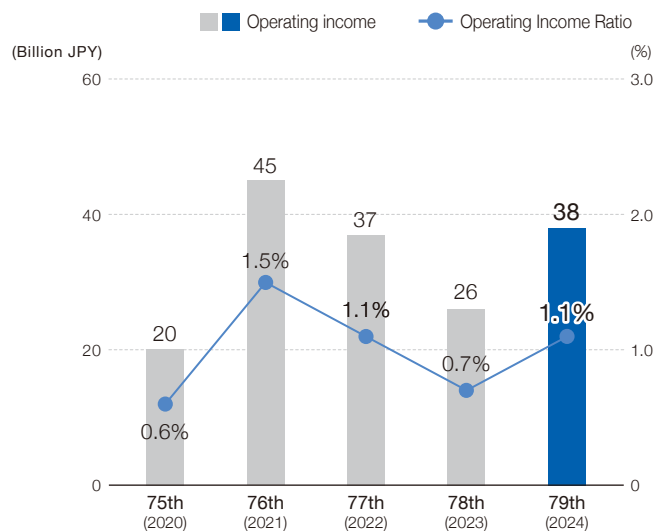
## ● Net assets / ROE



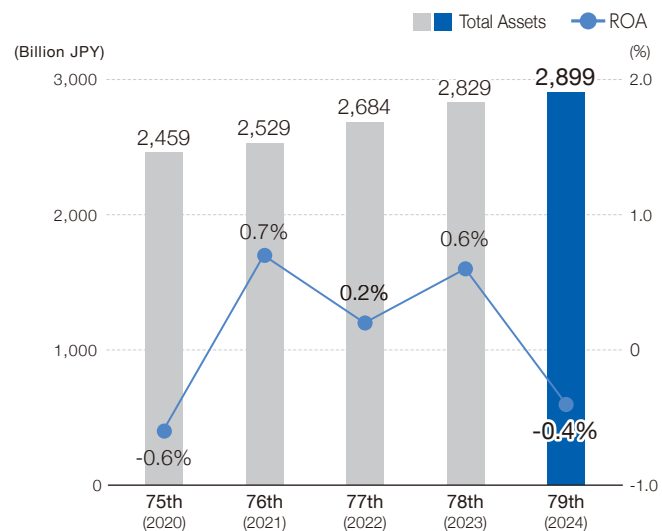
## ● Interest-bearing liabilities / DE ratio



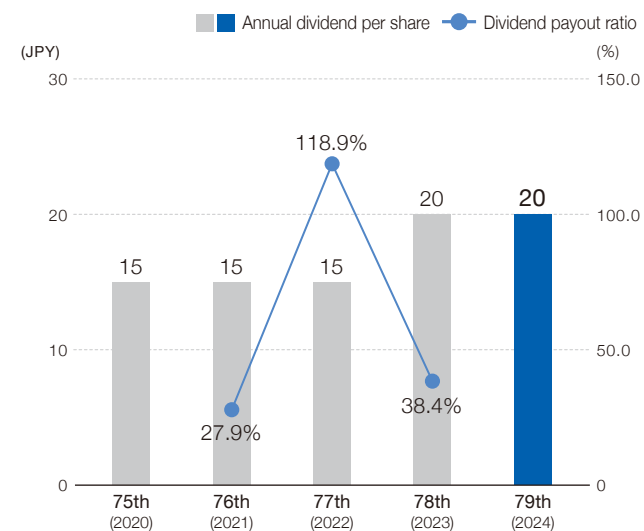
## ● Operating income / Operating income ratio



## ● Total assets / ROA



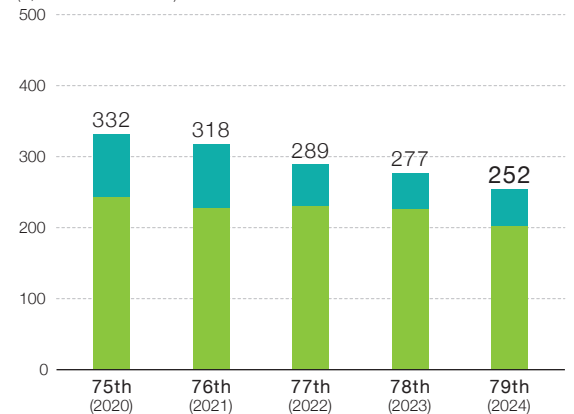
## ● Annual dividend per share / Dividend payout ratio



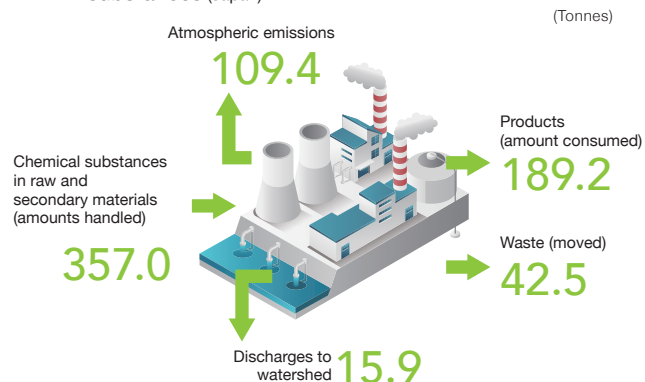
## E Environment

### Greenhouse Gas (GHG) Emissions over Time Japan/Overseas

(1,000 tonnes of CO<sub>2</sub>)



### Company-wide material balance of PRTR substances (Japan)

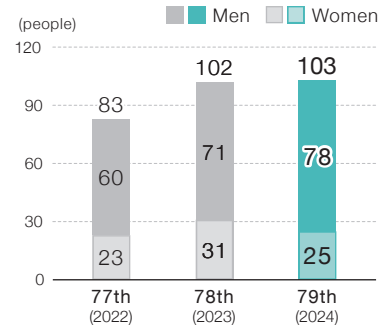


Industrial waste  
recycling rate  
(Japan)

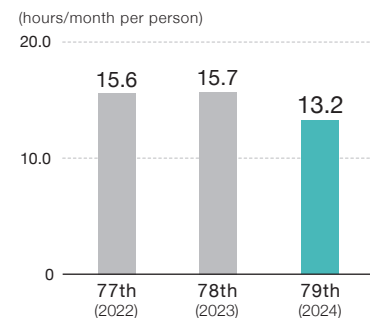
97.6%

## S Social

### Number of new graduate hires (non-consolidated)



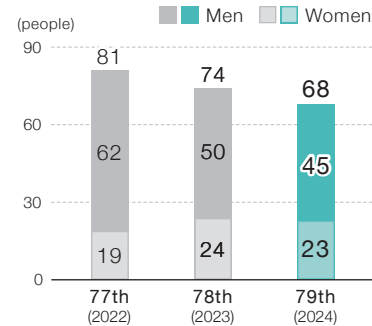
### Overtime hours (non-consolidated)



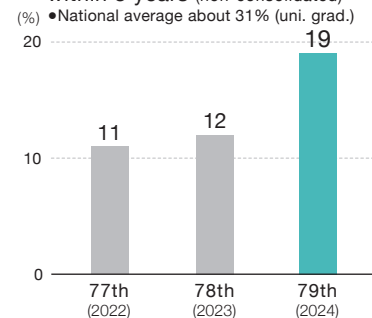
### Years of service (non-consolidated)



### Number of mid-career hires (non-consolidated)



### New graduate turnover rate within 3 years (non-consolidated)



### Acquisition rate of childcare leave system (non-consolidated)



\*Parental leave or spousal maternity leave

## G Governance

### Number of directors (non-consolidated)

12

### Number of outside directors (non-consolidated)

5

### Number of audit committee members (non-consolidated)

including  
3 outside  
members

5

### Number of Board of Directors meetings (non-consolidated)

17

### Attendance rate of directors and audit committee members at board meetings (non-consolidated)

99.0%

### Number of serious information security incidents (non-consolidated)

0

### Number of compliance whistleblower/ consultation cases (Japan)

27



## Business Strategy



# Construction Materials Business

Sankyo Alumi Company

## Building fixtures

Sashes, doors, curtain walls, refurbishment, store fronts, handrails, interior & exterior fixtures, environmental products, etc.

## Housing fixtures

Front doors, windows, crime prevention-related products, interior fixtures, items for use around windows, etc.

## Exterior fixtures

Gate doors, fences, carports, terraces, garden rooms, bicycle storage spaces, walkway shelters, etc.



President  
Sankyo Alumi Company  
**Takahiro Nishi**

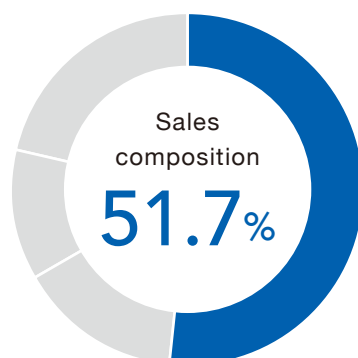
The construction materials business develops, manufactures, and sells materials for multi-story buildings and residential housing, as well as exterior fixtures.

Amid the market recovery after the COVID-19 pandemic during the previous medium-term management plan, which concluded in the fiscal year ending May 2024, the market environment underwent significant changes due to rising prices of aluminum ingots, energy, and various materials. These price increases and soaring inflation weakened consumer confidence and caused a sharp decline in demand for new construction. In this severe situation, we endeavored to secure an appropriate profit level by adjusting product prices, encouraging sales of renovation products making use of government subsidies such as the window renovation business, and controlling expenses.

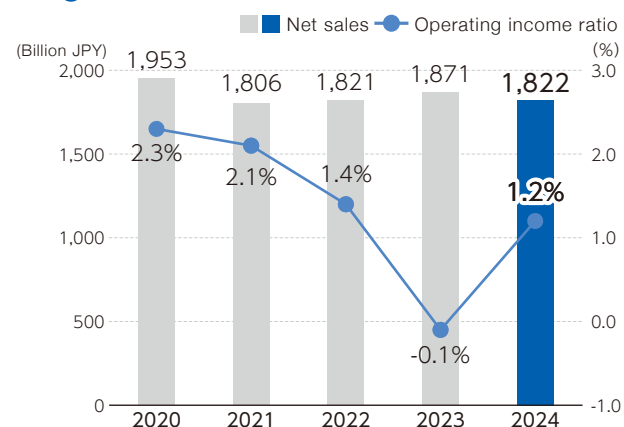
With the new medium-term management plan starting this fiscal year, we will strengthen our business by reorganizing our revenue structure to realize VISION 2030. We will challenge ourselves to explore new areas and growth fields across business divisions, even in this tough business environment. First, we will strengthen the sales networks of each business. We will establish a stronger revenue base in the Building Business and expand our renovation business. In the Housing Business, we will focus on improving profitability and fostering growth in renovating non-residential wooden structures. In the Exterior Business, we will increase the market share of our core products, strengthen public exterior offerings, and strengthen our response to business growth.

While we continue to face an unclear and uncertain business environment, our slogan, "Retry & Grit!! - Keep Trying and See it Through", reflects our commitment to enabling each and every one of our employees to collectively rise to any challenge. We will promote sustainability initiatives, such as reducing CO2 emissions and promoting aluminum recycling. We will also develop and sell environmentally friendly products to realize a safe and comfortable living environment and improve customer service.

## Sales ratio by segment



## Performance of Construction Materials Business



## Examples of Awards Received in FY2023

### The 17th Kids Design Award

Category of award: Design category for ease of childbirth and child rearing



"Villawood" Artificial Wood Decking

### Good Design Award 2023



"F II (Ef Two)" Carport

## Business Strategy

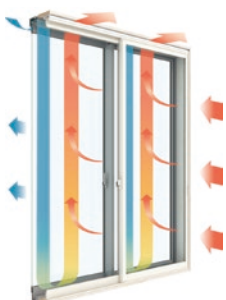
## Building Business

## Business Strengths

- A distributor sales network with sales capabilities and component assembly functionality
- Strong partnerships with contractors
- Aluminum handrails with the largest market share in the industry, and pioneering natural ventilation products

## Focus Themes for FY2024

- Develop and launch products and provide services from the perspective of carbon neutrality and a circular economy
- Strengthen and expand the renovation business from the perspective of both sales and products
- Promote measures to strengthen distributors and dealers according to area characteristics



## DI窓

“DI Windows,” which provide high insulation while ventilating, have been adopted for patient rooms of a clinic.

(Location: Omuta City, Fukuoka Prefecture)

## Housing Business

## Business Strengths

- Nationwide distribution and sales system by distributors and sales companies
- Products that are safe, secure, comfortable, and resilient
- Comprehensive product range including sashes, entrance doors, and interiors

## Focus Themes for FY2024

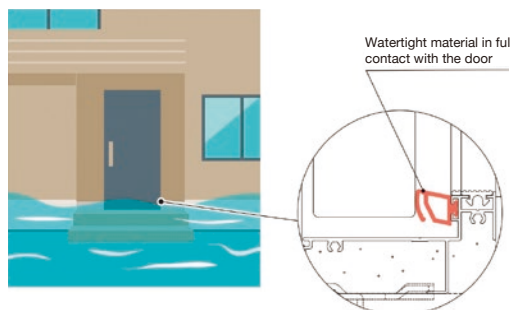
- Strengthen relationships with dealers and construction companies based on area strategies
- Promote drastic structural reform to strengthen profitability
- Strengthen efforts to acquire demand in the renovation and non-residential wooden structure construction markets



## FANOVA2

## “Fanova 2” Front Doors

The front door series has been remodeled, combining the resilience to protect homes with a premium comfort.



## Exterior Business

## Business Strengths

- Distributor sales network with strong partnerships
- Competitive products and development capabilities that have an impact on the market

## Focus Themes for FY2024

- Expand our distributor network, strengthen sales to builders, and reinforce sales management for dealers and construction companies, based on area strategies
- Strengthen our public exteriors business to expand civil engineering agencies and the photovoltaic power generation business
- Offer existing products and increase applicable products for semi-public facilities and non-residential buildings



“F II” Carport (Double-sided)



2024 Exterior Exhibition

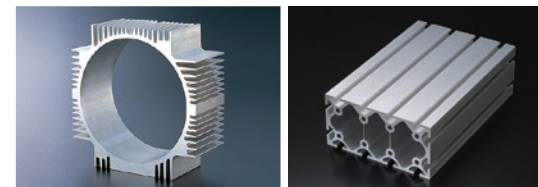
## Business Strategy

# Materials Business

Sankyo Material Company

## Aluminum and magnesium billets and extrusions

Application fields: Automotive, railway, industrial machinery, construction materials, electrical equipment, etc.



President  
Sankyo Material Company  
**Shozo Hirano**

The Materials Business manufactures, and sells aluminum and magnesium billets and profiles. Our products are used by customers in a variety of fields, including construction materials, industrial machinery, automobiles, and rolling stock.

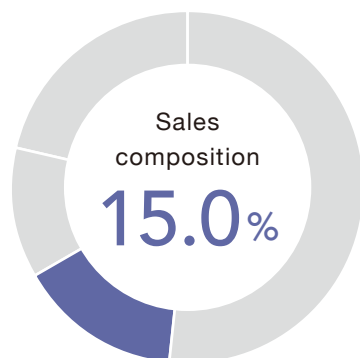
In the fiscal year ending May 2024, we focused on securing material volume and profits by expanding existing domains centered around construction materials and advancing processed goods projects. However, we faced a challenging business environment due to decreased demand in the construction materials and general machinery industries, persistently high energy and materials prices, and the impact of the 2024 Noto Peninsula Earthquake.

As part of our efforts to establish a business platform for future growth, we intend to strengthen our sales capabilities and increase production capacity in the automotive segment, which is expected to grow over the medium to long term. To this end, we decided to expand and add a new extrusion line at the Shinminato-Higashi Plant and establish a dedicated processing line within the Shinminato Plant. We have also focused on initiatives to promote aluminum recycling to achieve carbon neutrality.

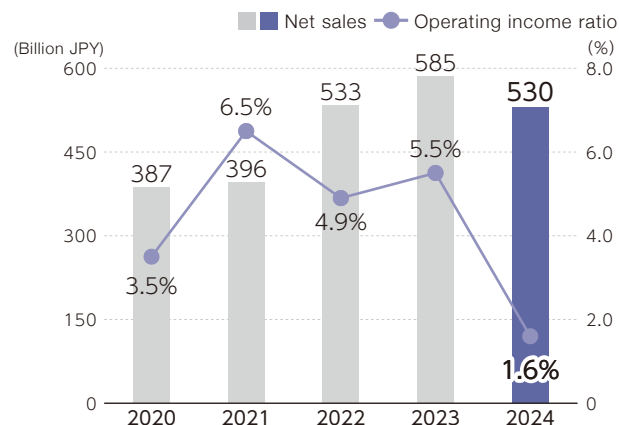
Although the construction market, which accounts for around half of the aluminum extrusion market, continues to shrink, we anticipate long-term market growth due to increased demand in the automotive, general machinery, and infrastructure markets and the shift towards lightweight and recyclable aluminum.

With this business environment in mind, we will establish a solid revenue base in our core existing domains, such as construction materials and general machinery. Additionally, we will build a framework for expanding the automotive segment, making strategic investments to increase profitability while pursuing business growth.

### ● Sales ratio by segment



### ● Performance of the Materials Business



### Business strengths

- Integrated system of alloy casting, extrusion, and processing with one of the largest production capacities in Japan
- Ability to propose alloys, shapes, and structures to meet diverse needs
- Collaboration with international business, global bases in Japan, Europe, Thailand, and China

### Focus Themes for FYE2025

- **Strengthen revenue base in existing domains**  
Capture demand in the general machinery and infrastructure markets, which are expected to grow
- **Expand the automotive business sector**  
Capture demand primarily for EVs, commence the introduction of large extruders, and secure and develop specialized human resources
- **Promotion of aluminum recycling**  
Establish a framework to improve our aluminum recycling rate and conduct R&D through industry-academia-government collaboration



## Business Strategy



# Commercial Facilities Business

Tateyama Advance Company

## Store Fixtures

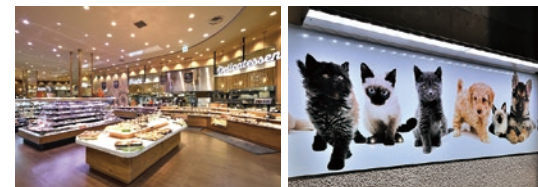
Display fixtures, counters, showcases, register cabinets and interior work

## Signage

Externally lit signage, standing signs, façade signs, projecting signboards, and noticeboards

## Store maintenance

Emergency maintenance, regular maintenance, and call center services



President  
Tateyama Advance  
Company  
**Ichiro Azuma**

## INTERVIEW

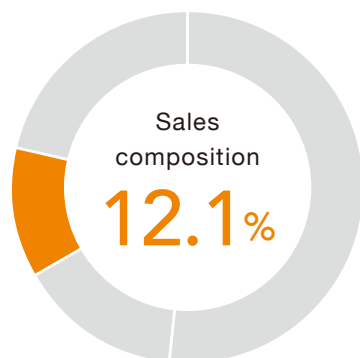
In the Commercial Facilities business, we manufacture, sell, and install store display fixtures, cash register counters, signs, and more, and provide various maintenance services, mainly targeting retailers. Utilizing our nationwide network, we can meet the various needs of various business categories.

In FYE2024, retail sales showed an upward trend due to the recovery of inbound consumption and rising prices. In this environment, our Commercial Facilities Business was able to achieve the target figures set for the final year of the previous medium-term management plan in net sales and operating income by capturing demand from retail companies that became more active after the relaxation of COVID-19-related restrictions, through the adjustment of sales prices with our clients' understanding, and reorganizing our distribution centers to address the problems that arose in 2024.

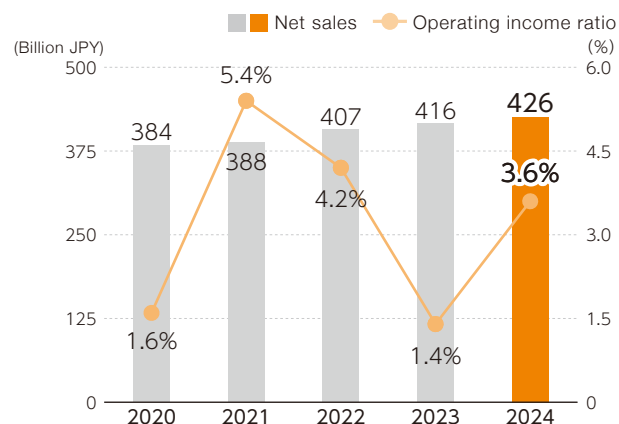
The retail environment is expected to become increasingly challenging due to labor shortages, soaring material prices, and increased investments in systems. In addition to the resource recycling initiatives outlined in the Sankyo Tateyama Group's "Sustainability Vision 2050," we will strive to provide our customers with more satisfactory products and services by exploring new overseas suppliers and enhancing human resource development to ensure a more stable product supply.

Under the new medium-term management plan that began this fiscal year, we will actively pursue expansion into new areas to meet various needs in line with the changing lifestyles of consumers.

## Sales ratio by segment



## Performance of Commercial Facilities Business



## Business strengths

- Top market share in both store fixtures and signage
- Sales and product development capabilities that enable us to fulfill our client requests
- A nationwide network that provides consistent service
- Flexible production and procurement systems to meet market needs
- 24/7/365 store maintenance service
- Nearly 20 years of experience and local staff in Shanghai, China

## Focus Themes for FYE2025

- Always be aware of our client's perspective and provide products and services they can be satisfied with
- Explore new sales channels and venture into new areas
- Strengthen the sales and procurement platform to support overseas business expansion



## Business Strategy



# Global Business

## Aluminum billets, extrusions and construction materials (Europe, Thailand, China)

Application fields: Automotive, railway, aircraft, industrial machinery, construction materials, etc.



Representative of  
Global Business

Hideki Matsuda

The Global Business consists of our overseas subsidiaries in Europe (Germany and Belgium), China, and Thailand, which perform aluminum billet casting, profile extrusion, and processing, providing products mainly to clients in the automotive, railroad, engineering, and construction material industries.

The European economy remained sluggish in FYE2024 due to inflation, and the automotive market experienced a slowdown in EV growth due to subsidy reductions and terminations in various countries.

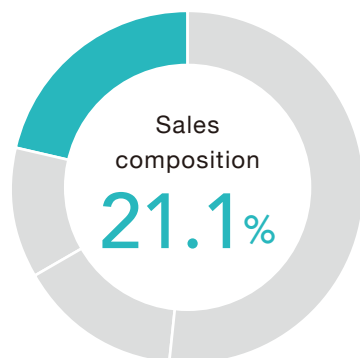
Although we tried to pass on increased costs from rising energy prices and improve our sales structure, we could not meet our profit plan due to decreased sales volume, particularly for EVs. We will continue our efforts to improve the profitability of our business in Europe.

Although demand is slowing down, in our new medium-term management plan, we expect the automotive and EV markets, our key sectors, to continue growing as we move closer to becoming a decarbonized society. In Europe, we will focus on continuously acquiring more projects and building a flexible structure to prepare for a potential decline in demand. In Thailand, with the accelerated adoption of EVs, and the anticipated entry and expansion of Chinese manufacturers, we will consider increasing the capacity of extrusion supply to meet growing demand and expanding our business in the country. To build a global automotive supply system, the entire Group will work together to capture global demand by leveraging the expertise and technology developed in Europe and applying them in Japan and Thailand.

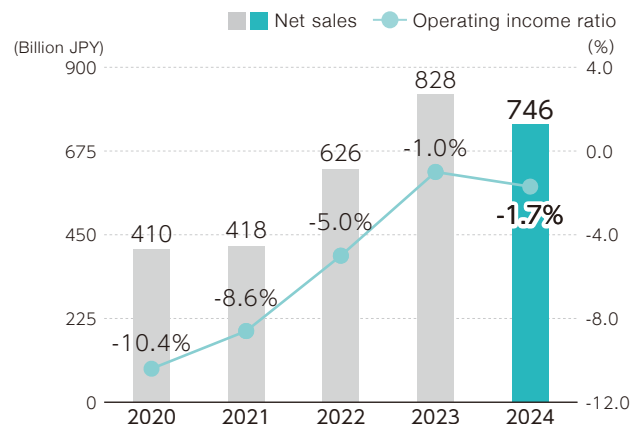
To optimize our portfolio, we will expand our supply to the railway and aviation sectors in Europe, which are expected to see steady growth, while in Thailand, we will strengthen our ability to respond to demand in the industrial machinery sector amid a diversifying supply chain and expected shift and expansion of production from China to ASEAN.

Concerning our Global Business, we will focus on achieving profitability in Europe, reform the business structure to ensure stable revenue across the entire segment, and transform it into a revenue-contributing venture.

### ● Sales ratio by segment



### ● Performance of Global Business



### Business strengths

- Global bases in Japan, Europe, Thailand and China
- Integrated production system for alloy casting, extrusion, and processing
- A system that enables the supply of the same products with the same quality in each region
- Advanced automated aluminum profile processing technology in the automotive (EV) field

### Focus Themes for FYE2025

- Achieve profitability in European business
- Consider increasing the capacity of extrusion supply in Thailand
- Optimize business portfolio

## Business Strategy

# Field Expansion

## Business Development Department

Research, planning, business feasibility verification, and execution of business development related to business domain expansion

## Plant factory business Agri-Engineering Department

Sales of plant systems for plant factories



Building New Business Models  
for Sustainable Growth

We are focusing on social issues as a central theme in building a new business model for the sustainable growth of the Sankyo Tateyama Group. We aim to achieve a 5% sales ratio by the fiscal year ending May 2031.

## Business Development Department

In developing the next business areas according to VISION 2030, it is necessary to identify new businesses through “our strengths × co-creation”, targeting social issues and growth areas.

The Business Development Department aims to build a new business model that will lead to increased corporate value by strengthening open innovation initiatives to create further business opportunities and collaborate with more different industries.

### Initiatives

We are engaged in various initiatives that combine our Company’s technologies with technologies and ideas from sectors we haven’t ventured into before, honing our creativity to venture into new areas and sectors without being restricted by existing businesses and our inventiveness to explore all possibilities and view things from new perspectives.

We will continue to enhance our external activities and take on the challenge of quickly implementing new businesses that will become new pillars of our revenue.



## Agri-Engineering Department

As a plant factory manufacturer, we develop products and construct plant facilities for plant factories based on our proprietary cultivation technology and plant operation expertise accumulated in our own factories. We are engaged in constructing plant facilities, specializing in product development for plant factories that use artificial light and consultation on cultivation technology.

In October 2019, we began selling agri-cube ID, a plant factory system jointly developed with our business partner Daiwa House Industry, and this has been rated the top cultivation facility in Japan in terms of performance.

We will continue to work on technological development, aiming to commercialize and provide our customers with safe products that they can use with peace of mind.



### Review of 2023, initiatives for 2024, etc.

Recently, plans to build new large plant factories have had to be postponed due to rising construction and electricity costs. Meanwhile, we have been receiving increasing inquiries about improving production at existing plant factories and installations to facilitate employing people with disabilities. In response to such market needs, in FYE2024, we actively sought new customers by leveraging our cultivation technology. We also expanded the scope of our business by providing cultivation improvement consulting and facility upgrades. We are also focusing on branding activities utilizing IT. At our technology research facility for plant factories, in which we invested capital in FYE2024, we have verified labor-saving and energy-saving measures, worked on new cultivars, and have had many customers visit the facility.

In FYE2025, we will strengthen collaboration with our partner, Daiwa House Industry Co., Ltd., to acquire large plant factory projects and continue to respond to requests for production improvement and concerning the employment of people with disabilities, and strive to improve customer satisfaction. Regarding technology and product development, we aim to reduce our environmental impact by providing plant factory products that customers can use with peace of mind and contribute to the development of the plant factory industry by improving our cultivation technology.

# Sustainability Vision 2050

## Life with Green Technology



### Achieving carbon neutrality

We aim to carbon neutral by striking a balance between reducing greenhouse gas emissions resulting from our business activities and reducing the greenhouse gas emissions of the products and services that we create with environmental technologies.



### Reusing resources

To help bring about a recycling-oriented society, we will encourage recycling of major materials and promote the reuse of waste.



### Connecting personnel and the future

By promoting personnel training that values diversity and human rights, we will foster a dynamic corporate culture, which is how we connect the personnel—who are the driving force behind our efforts to make lives richer—with the future.

## FYE2031 Targets

### Greenhouse gas emissions

Scope1+2 **50% cut** (compared to FYE2018)

Scope3 **25% cut** (compared to FYE2023)



### Aluminum recycling rate for construction materials

**80%**

Aiming to achieve 100% by addressing issues



### Percentage of women in management positions

**10%**



Scope 1: Direct emissions from the use of fuels by the company  
Scope 2: Indirect emissions from the use of heat and electricity purchased by the company  
Scope 3: Emissions from upstream and downstream processes in the company's business activities

1: These are not indicators for individual products.  
2: Applicable to domestic casting centers.  
3: Includes scrap materials generated in our in-house manufacturing process.

# Materiality Identification Process

Based on the Sustainability Vision 2050, Sankyo Tateyama Group's materialities are defined as issues to be addressed in order to enhance corporate value through contributions to a sustainable society, with 2030 as the target year.

Materialities are identified through the processes of Steps 1–4. Step 1 includes listing stakeholder demands and items that are necessary for business activities. Items of high importance are identified by comparing them with the Sankyo Tateyama Group's management philosophy, management plan, and domestic and international guidelines on sustainability.

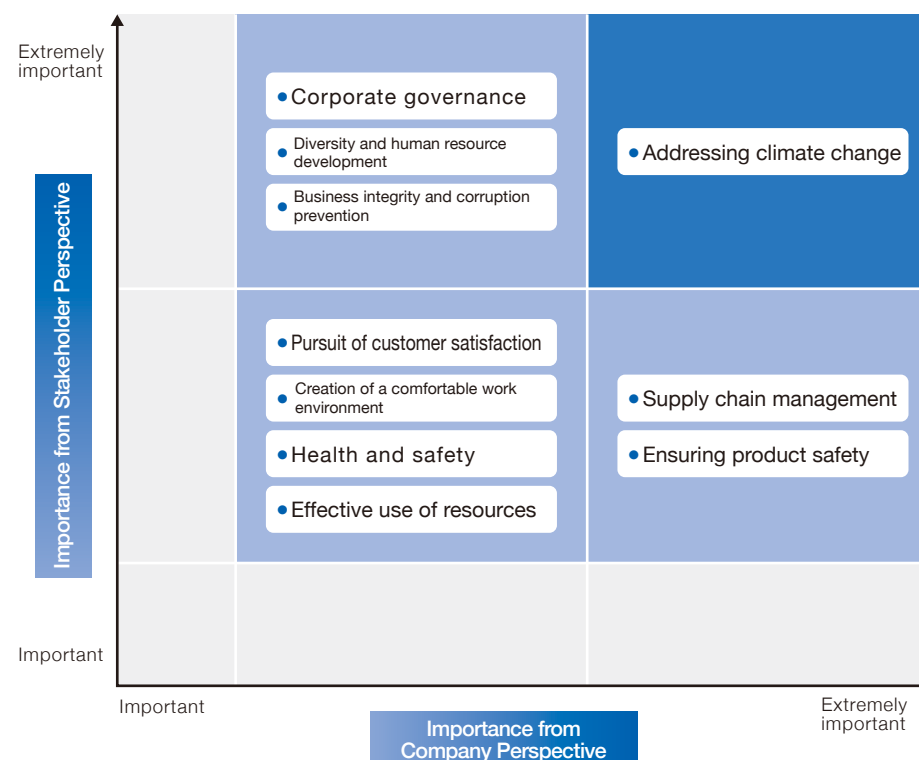
In Step 2, a materiality map is used to analyze and evaluate priorities from both the stakeholders' perspective and the Group's perspective. In Step 3, the Sustainability Promotion Committee deliberates, and in Step 4, the Board of Directors comes to a decision following deliberation by the Sustainability Policy Committee.

In addition, we will also continuously review our materialities in order to understand changes in matters that may affect the Group and the demands of society.

## ● Materiality Identification Process


























## ● Materiality Map





## ● Sankyo Tateyama Group's Materialities

In FY2023, we organized the ten materialities identified in FYE2021 by relevance, and categorized them into four themes based on the main area of issues: “Environmental Considerations,” “Improving Employee Engagement,” “Fairness and Integrity in Business,” and “Continuous Intensification of Business Activities,” which serves as the basis for our business activities. In the “Environmental Considerations” category, we confirmed the impact of the Sankyo Tateyama Group's business on biodiversity, and added items related to water resource conservation. In the “Fairness and Integrity in Business” category, we added items related to human rights.

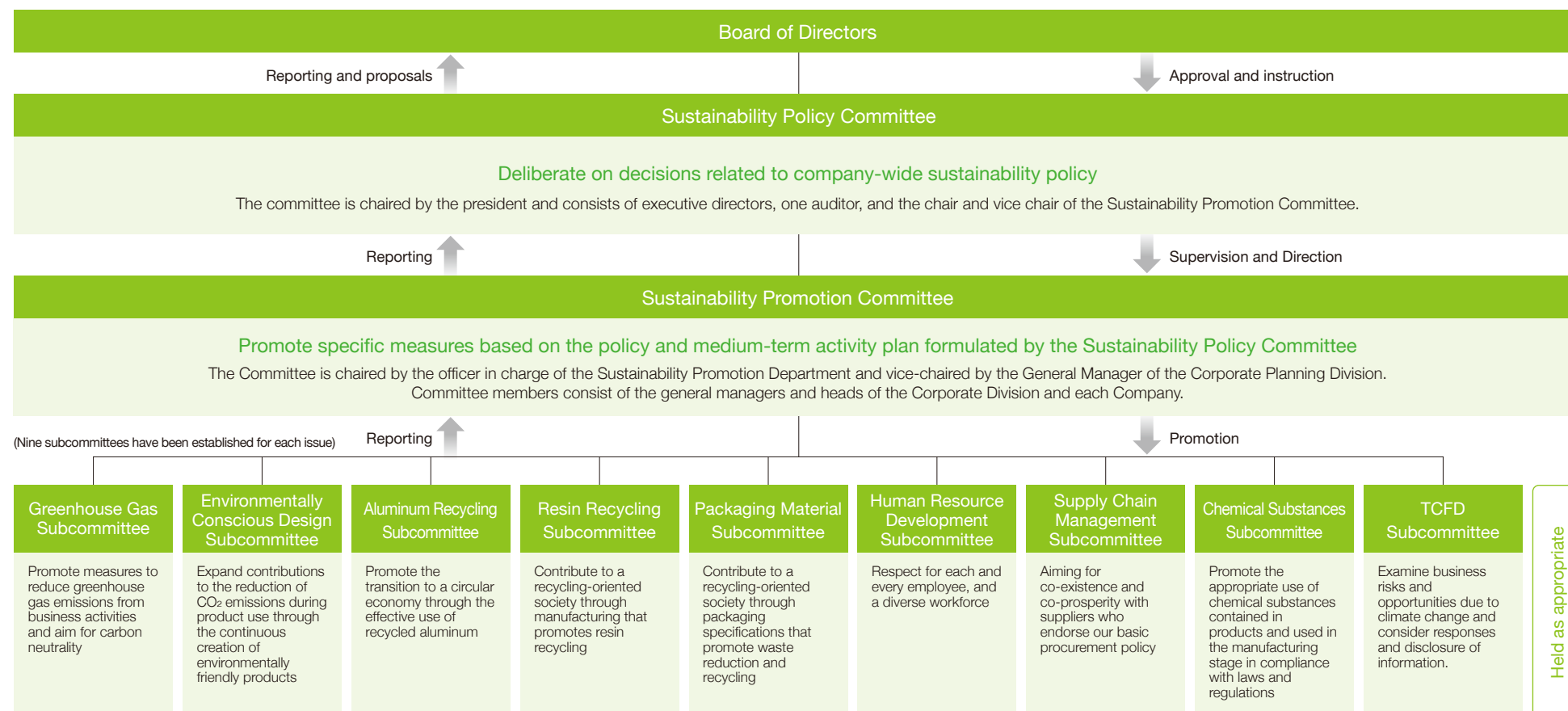
ESG		Area of Issues	Materiality Issues	Main Initiatives	Related SDGs
<b>E</b> Environment		<b>Environmental Considerations</b> We are engaged in “climate change countermeasures” to reduce greenhouse gas emissions, and strive for the “effective use of resources” in our business activities, including aluminum, the main raw material used in our business, while being thoughtful regarding our environmental impact and our use of natural resources to avoid harming the health of the ecosystem (biodiversity).	Response to Climate Change	<ul style="list-style-type: none"> <li>Reducing greenhouse gas emissions</li> <li>Reducing CO<sub>2</sub> emissions during product use</li> </ul>	    
			Effective Use of Resources	<ul style="list-style-type: none"> <li>Encouraging the use of recycled aluminum</li> <li>Promoting resource recovery for resins</li> <li>Continuing waste reduction efforts</li> <li>Conservation of water resources</li> </ul>	   
<b>S</b> Social	Business Activities	<b>Improvement of Employee Engagement</b> Fostering a positive work environment through health- and safety-conscious workplaces and efforts toward diversity allows our employees to work effectively, leading to improved business performance and corporate value.	Creation of a Comfortable Work Environment	<ul style="list-style-type: none"> <li>Developing a system that takes in employee feedback</li> </ul>	
			Health and Safety	<ul style="list-style-type: none"> <li>Creating a healthy and safe work environment</li> </ul>	 
			Diversity and personnel training	<ul style="list-style-type: none"> <li>Securing and developing highly creative personnel</li> <li>Encouraging greater participation by female employees</li> <li>Encouraging greater participation by older employees</li> </ul>	  
		<b>Fairness and Integrity in Business</b> Our basic business stance is to conduct business in a fair and honest manner, not only in compliance with laws and regulations, but also in accordance with social standards.	Business Integrity and Corruption Prevention	<ul style="list-style-type: none"> <li>Adhering to regulations, compliance</li> </ul>	
			Supply chain management	<ul style="list-style-type: none"> <li>Promoting green procurement and CSR procurement</li> <li>Human rights due diligence</li> </ul>	
<b>G</b> Governance	Foundation for Business	<b>Continuous Intensification of Business Activities</b> We will continue to strengthen efforts in these matters, which form the foundation for Sankyo Tateyama Group's business activities.	Corporate Governance	<ul style="list-style-type: none"> <li>Enhancing internal regulation</li> <li>Improving product safety and quality</li> <li>Promoting sustainability policies</li> </ul>	  
			Pursuit of Customer Satisfaction	<ul style="list-style-type: none"> <li>Offering products and services that meet customer CSR policies</li> <li>Enhancing quality through cooperation with customers</li> </ul>	
			Product safety	<ul style="list-style-type: none"> <li>Managing and reducing the use of hazardous chemicals</li> </ul>	 

## Sustainability promotion system

In June 2021, the Sustainability Promotion Department was newly established as an organization directly under the President of Sankyo Tateyama. As part of the sustainability promotion structure, The Sustainability Policy Committee, consisting of executive directors, has been established to make decisions on sustainability policies relating to the entire Group, including measures to address climate change. From the results of deliberations, important matters such as Group policies; materialities, indicators and targets; and mid-term action plans are submitted to the Board of Directors for approval.

In addition, based on the policy and mid-term activity plan formulated by the Sustainability Policy Committee, the Sustainability Promotion Committee has been established to plan and promote specific measures. Under it, specialized subcommittees have been established to implement the relevant measures.

The Sustainability Policy Committee and the Sustainability Promotion Committee meet regularly once per quarter, and as needed, to ensure swift policy decision-making.



## Environment

## Decarbonization Initiatives

Sankyo Tateyama promotes initiatives to enhance corporate value through contributions to a sustainable society to achieve Sustainability Vision 2050, “Life with Green Technology:” formulated in 2021.

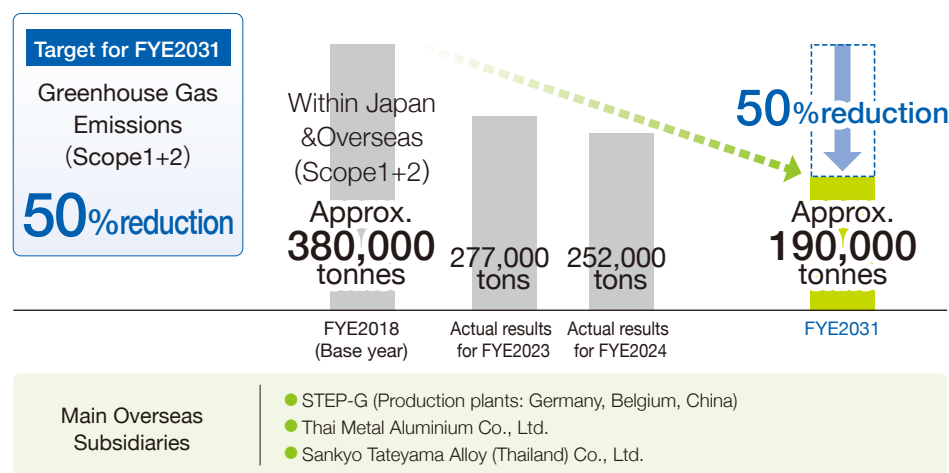
Among these, we have set “response to climate change” as one of the materialities with FYE2031 as the goal, and to realize a decarbonized society, we are pushing forward with ongoing activities to counter global warming.

We believe that in order to fulfill our corporate responsibility as a global business enterprise, the entire Group must take action to address climate change, which is a global-scale risk. We have set 2030 emission targets for greenhouse gases for the entire Group, including overseas subsidiaries.

### Greenhouse gas emissions ascribed directly or indirectly to business activities (Scope 1, Scope 2)

Our goal is to achieve a 50% reduction by FYE2031 compared to FYE2019. In addition to energy-saving measures in our business activities, we are pushing forward with the transition to CO<sub>2</sub>-free electricity and the introduction of solar power generation.

In Japan, we newly introduced CO<sub>2</sub>-free electricity at the Shin-Minato Plant and Shin-Minato East Plant in FYE2024. Between the four plants in which this has been introduced (Fukuno,



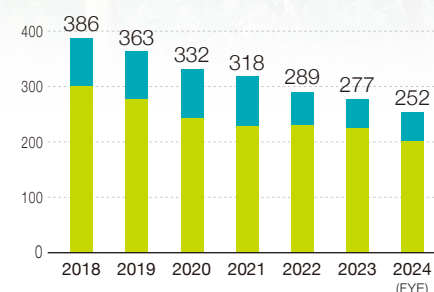
Scope 1: Direct emissions from in-house our fuel use

Scope 2: Indirect emissions from the use of heat and electricity purchased by the company

The results of greenhouse gas (GHG) emissions from FYE2018 (base year) to FYE2024 are shown in the figure.

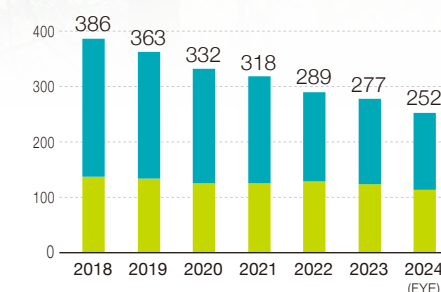
### GHG emissions in Japan/Overseas

(1,000 tonnes of CO<sub>2</sub>) Japan total Overseas total



### GHG emissions Scope 1 / Scope 2

(1,000 tonnes of CO<sub>2</sub>) Scope1 total Scope2 total



Himi, Fukuoka, Fukuoka West), the company headquarters, and branches, CO<sub>2</sub> emissions were reduced by 17,000 tons. In FYE2025, we expect to further reduce CO<sub>2</sub> emissions by approximately 9,500 tons, by introducing CO<sub>2</sub>-free electricity at the Takaoka Plant and Nago Plant. In addition, the transition to electric forklifts is progressing as planned, and the elimination of exhaust emissions has contributed to the reduction of CO<sub>2</sub> emissions and improvement of the work environment. Scope 2 has been reduced at overseas subsidiaries since FYE2022 through the introduction of CO<sub>2</sub>-free electricity (Germany) and the installation of solar power generation facilities (Thailand).

### Participation in the “GX League”



In February 2024, Sankyo Tateyama joined the “GX League” endorsed by the Ministry of Economy, Trade and Industry. The “GX League” is an industry group where companies taking on the challenge of GX (Green Transformation) and aiming to achieve sustainable growth in the present and future society can collaborate with other companies making similar efforts. Together with government and academia, member companies focus on social change, and realizing social change and carbon neutrality by 2050.

### Recognized as a Level B Organization for “Climate Change” (CDP2023)



Sankyo Tateyama achieved a score of “B” in the “Climate Change” category in FYE2024 in a survey conducted by CDP, an environmental information disclosure initiative. CDP is an international non-governmental organization (NGO) headquartered in London that surveys the environmental initiatives of companies and cities and evaluates them on an eight-stage scale: Leadership Level (A, A-), Management Level (B, B-), Awareness Level (C, C-), and Disclosure Level (D, D-).

## Environment

## Greenhouse gas emissions from upstream and downstream processes of business activities(Scope 3)

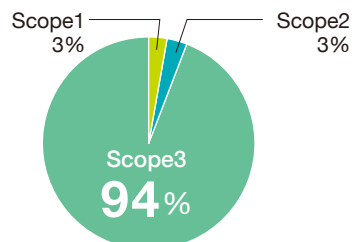
We have identified the current status of and set targets for Scope 3 emissions from upstream and downstream processes of our business activities (calculated for categories 1-8, which are considered to have a significant impact on our business activities). Scope 3 makes up some 94% of group-wide greenhouse gas emissions. We aim to reduce Scope 3 emissions by 25% from the FYE2022 level by FYE2031.

In Scope 3, emissions from Category 1 aluminum raw materials account for about 90% of total emissions. It takes a large amount of energy to produce new aluminum ingots, but when aluminum is recycled, it can be reclaimed using a comparatively small amount of energy, which leads to Scope 3 reductions. The Sankyo Tateyama Group has been using recycled materials based on the concept of resource recycling, and by further intensifying this effort, we will contribute to the reduction of greenhouse gas emissions.

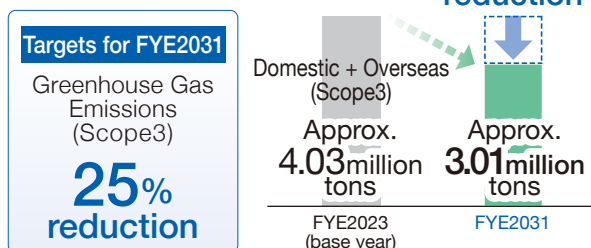
The total tonnage of aluminum saw a substantial reduction in FYE2024, totaling 3.38 million tons, down from 4.03 million in the base FYE2023. This is due to a decrease in the consumption of aluminum ingots resulting from the Noto Peninsula earthquake of 2024 and other factors.

We will continue to conduct estimates and disclosures for other categories, improving the accuracy of estimates in each while simultaneously working to reduce emissions throughout the supply chain.

## ● Percentage of our Group's Greenhouse Gas Emissions (Base Year)



## ● Scope 3 Reduction Targets



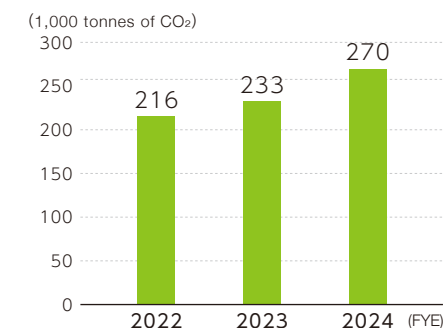
## ● Scope 3 Breakdown

Category		base year(FY2022)		FYE2024	
		CO <sub>2</sub> Emissions in Thousands of Tons	Scope 3 Percentage	CO <sub>2</sub> Emissions in Thousands of Tons	Scope 3 Percentage
1	Products and Services Purchased	3,896	97%	3,254	96%
	Aluminum materials and billets	3,551	88%	2,855	85%
	Purchased products and services other than aluminum	345	9%	399	12%
2	Capital Goods	32	1%	33	1%
3	Fuel and energy related activities not included in Scope 1 and 2	50	1%	45	1%
4	Transportation, delivery (upstream)	37	1%	35	1%
5	Waste from business activities	4	0%	4	0%
6	Business trips	1	0%	1	0%
7	Employee commute	4	0%	4	0%
8	Leased assets (upstream)	Included in Scope 1 and 2	—	Included in Scope 1 and 2	—
Scope 3 Total		4,026	100%	3,377	100%

Contributing to reduced CO<sub>2</sub> emissions during product use

The Sankyo Tateyama Group is promoting the provision of environmentally friendly products in order to realize a decarbonized society. One of our efforts is to contribute to the “reduction of CO<sub>2</sub> emissions during product use” by reducing energy consumption for heating and air conditioning through the use of insulated sashes and doors, and by reducing power consumption for sign lighting. Our emissions reduction contribution in FYE2024 is expected to be 270,000 t-CO<sub>2</sub>/year based on the sales performance of these products.

※For insulated sashes and doors, the reduction in energy consumption was calculated based on the Technical Information on the Evaluation of Energy Consumption Performance following 2016 Energy Conservation Standards (Residential) as given on the Building Research Institute website, and the calculated reduction was converted into a contribution to CO<sub>2</sub> reduction using the CO<sub>2</sub> emission coefficient. For sign lighting, the reduction in power consumption was converted into a contribution to CO<sub>2</sub> reduction using the CO<sub>2</sub> emission coefficient.

Contribution to CO<sub>2</sub> Emission Reductions



## Environment

## Disclosure based on TCFD recommendations



## Basic Concepts

In 2021, the Sankyo Tateyama Group formulated its “Sustainability Vision 2050” to set our longterm direction, based on which the materiality has been set with FYE2031 as the target year. In addition, in July 2021, we established “VISION 2030” as our long-term vision, and one of our key strategies is “contributing to a sustainable and affluent lifestyle.” We promote the reduction of greenhouse gas emissions from our business activities; promote the recycling of aluminum, our main raw material; and promote the recycling of waste. In support of the December 2021 recommendations of the TCFD, we collect and analyze necessary data on the impact of climate change-related risks and opportunities on our business activities, business strategies, and financial plans and disclose information. The scope of analysis was expanded since the first year it was conducted in FYE2022. It first included the Construction Materials Business in FYE2022, followed by the Materials Business and Commercial Facilities Business in FYE2023, and the Global Business in FYE2024, to identify climate-related risks and opportunities for the business. The TCFD subcommittee will continue to refine and improve the identification and assessment of climate-related risks and opportunities.

## Governance

Responding to climate change is one of the Sankyo Tateyama Group’s materialities, and efforts are made within the Sustainability Promotion System. We established a new TCFD Subcommittee as an organization of the Sustainability Promotion Committee to report to the Board of Directors on the risks to the business from climate change, growth opportunities and materialities.

Committee Meeting Period	Sustainability Promotion Committee and Policy Committee deliberations and decisions
FYE2024	<ul style="list-style-type: none"> <li>Sankyo Tateyama Group Scopes 1 &amp; 2 reduction targets</li> <li>Sankyo Tateyama Group Scope 3 reduction targets</li> <li>Domestic aluminum recycling rate for building materials</li> </ul>

Sustainability Promotion System ► P.29

## Strategy

In identifying risks and opportunities caused by climate change, we organized the entire value chain of our four businesses (Construction Materials, Materials, Commercial Facilities, and Global) according to the TCFD framework and evaluated their significance. Next, we pictured two future world views based on external scenarios published by international organizations: a 1.5°C scenario and a 4°C scenario. We developed a scenario of external environmental changes to be considered as of FYE2031 and used it to identify risks and opportunities. We then categorized them into three levels (major, medium, and minor) based on the timing of their occurrence and the magnitude of their impact on business earnings.

## ● Scenario analysis

## 1.5°C Scenario

Environmental policies and regulations are strengthened, and carbon pricing is introduced. Energy and raw material procurement costs will increase due to the demand for investment in introducing renewable energy, low-carbon technologies, and the supply of environmentally friendly products. Meanwhile, the market will see an increase in demand for decarbonization-related commercial products and a significant shift toward environmentally friendly products. Technological innovations related to renewable energy and energy conservation will also progress.

Reference scenario ► Net Zero Emissions Scenario (IEA NZE)

## 4°C Scenario

Environmental policies and regulations are postponed, CO<sub>2</sub> emissions are not reduced, and carbon pricing is not introduced. Therefore, as global warming further progresses, typhoons and floods caused by extreme weather events will increase and become more severe, increasing the cost of maintaining factories and supply chains. In addition, nationalism will rise and geopolitical risks will increase. Meanwhile, demand for disaster prevention products will increase due to the need to prepare for severe disasters.

Reference scenario ► Current Policy Scenario (CPS), SSP3

## ● Evaluation criteria

## Occurrence timing

Short term	FYE2022–FYE2024 (Medium-term Management Plan)
Medium term	FYE2025–FYE2031 (VISION 2030)
Long term	FYE2032–FYE2051 (Sustainability Vision 2050)

## Impact

Estimated financial impact in FYE2031, rated as large, medium, or small

## Environment

## ● Risk and opportunity through scenario analysis and impact assessment

	Risk/opportunity			Impact on business (impact on our company)	Occurrence timing	Impact			
						Construction Materials	Materials	Commercial Facilities	Global
1.5°C	Transition risk	Laws and regulations	Introduction of carbon tax	Increase in operating costs due to the introduction of carbon tax	Medium to long term	Large* <sup>1</sup>			
			Passing on price increases for raw materials	Increase in aluminum ingot procurement costs	Medium to long term	Large* <sup>1</sup>			
			Enforcement of the zero-carbon-compliant Building Standards Act	Lost sales opportunities due to failure to meet carbon footprint reduction requirements	Medium to long term	Small	Small	—	—
		Markets & reputation	Increased demand for recycled aluminum	Costs incurred for review of melting furnace line concept Increased procurement costs for scrap aluminum	Medium to long term	Medium* <sup>1</sup>			
	Opportunity		Increased demand for renovation to improve insulation	Increased demand for high-insulation products	Short to long term	Medium	—	—	—
			Increased demand for recycled aluminum	Increased demand for products that are manufactured using recycled aluminum	Medium to long term	* <sup>2</sup>		—	* <sup>2</sup>
4°C	Physical risks	Acute	Increasing severity and intensity of extreme weather(flooding)	Loss of sales opportunities due to damage to the company plants	Short to long term	Large* <sup>1</sup>			
		Chronic	Outbreaks and spreads of infectious diseases due to climate	Domestic and international supply chain disruption due to infectious diseases	Short to long term	—	—	Small	—
	Opportunity		Increasing severity and intensity of extreme weather	Increased demand for disaster prevention-related commercial products	Short to long term	Medium	—	—	—

1: The impact is stated for the four businesses combined 2: Due to the lack of parameters necessary for quantification, the financial impact is not calculated, and the impact level is not stated.

## ● Response status to high-impact risks and opportunities

Increase in operating costs due to the introduction of carbon tax

**Response** Reduction of CO2 emissions

Decarbonization initiatives ► P.30

Increase in aluminum ingot procurement costs

**Response** Promote the use of recycled aluminum

Promoting the use of recycled aluminum ► P.34

## Risk management

The Sankyo Tateyama Group has established a TCFD Subcommittee under the Sustainability Promotion Committee, which is attended by the personnel concerned from the business planning, sales, development, and production departments of each company, to analyze climate-related risks and opportunities related to direct operations and upstream and downstream value chains in terms of their frequency of occurrence and scope of impact, and to assess and prioritize response measures comprehensively. High-priority risks and opportunities are discussed based on this process. After a series of discussions on the countermeasures, etc., at the workshops conducted by the TCFD Subcommittee and the relevant departments of each company, we report them to the Sustainability Promotion Committee and the Sustainability Policy Committee, which meet regularly four times a year. All risks and opportunities identified as significant by both committees are reported to the Board of Directors, and feedback is provided to the relevant departments through the TCFD Sub-Committee. In addition, progress is regularly reported to the Sustainability Promotion Committee and the Sustainability Policy Committee, and the initiatives are monitored.

## Indices and targets

The Sankyo Tateyama Group has set forth achieving carbon neutrality in the “Sustainability Vision 2050.” As it is one of our materialities, the Group is working to “Response to climate change.” With a mid-term goal for reducing greenhouse gas emissions, we aim to achieve a 50% reduction in Scope 1+2 emissions compared to FYE2018 levels by FYE2031. In FYE2024, Sankyo Tateyama Group set a new target to reduce Scope 3 emissions by 25% compared to FYE2023 levels by FYE2031, and to achieve a recycling rate of 80% in FYE2031 for aluminum for construction materials, our main raw material, which is significantly related to Category 1 of Scope 3, greenhouse gas emissions.

Target area	Target	Target
Sankyo Tateyama group	Scope1+2	FYE2031 50% reduction(Base year:FYE2018)
Sankyo Tateyama group	Scope3	FYE2031 25% reduction(Base year:FYE2023)
Domestic non-consolidated	Aluminum recycling rate for construction materials	FYE2031 80% * <sup>3</sup>

3: The target sites are domestic casting sites. Includes scrap materials generated in the in-house manufacturing process.

## Environment

# Effective Use of Resources

## Aluminum - Promoting the Use of Recycled Aluminum

In recent years, certain market changes have had a significant impact on international aluminum trade, such as the designation of aluminum as a "key strategic commodity" in the United States, Europe, and other overseas countries, and restrictions on imports from certain regions. This move is expected to increase resource risk for Japan, which imports all of its new aluminum ingots from overseas. This suggests that the recirculation of resources within Japan, namely aluminum recycling, will become increasingly important in the future.

The use of recycled aluminum also leads to reductions in CO<sub>2</sub> emissions. Since recycled aluminum does not require a refining process, CO<sub>2</sub> emissions can be reduced to about 3% compared to the production of new aluminum ingots. Therefore, from the perspective of reducing greenhouse gas emissions, we recognize that, as a company whose business is centered on aluminum materials, the recycling of aluminum resources is a top priority.

### Setting Targets

The Sankyo Tateyama Group has been advancing efforts to "encourage the use of recycled aluminum" as a target for FYE2031. With this new plan, we have set specific numerical targets for strongly encouraging aluminum recycling efforts in order to do our part in working toward the realization of a recycling-oriented society.

In addition, in order to reduce "greenhouse gas emissions generated during the construction of buildings," the building and construction industry is required to specify and reduce greenhouse gas emissions during the manufacture of the construction materials that make up buildings. In order to respond to the trend toward decarbonization in the building and construction industry, we have set a target "80% recycling rate for aluminum for construction materials" as a goal for FYE2031. To achieve this target, we will invest in equipment for scrap melting furnaces and encourage sorted collection. Furthermore, we will aim to achieve a 100% recycling rate by securing a stable supply of scrap, improving our production system, and establishing recycling technologies.

### Rate of Recycling of Aluminum for Construction Materials



### FYE2024 Activity Report

Sankyo Tateyama has been advancing efforts to increase the use of recycled aluminum materials by taking advantage of its ability to conduct the entire process in-house, from the procurement of raw materials to casting, and to adjust the blend of materials used independently. The company has been intensifying the collection of scrap to be used as recycled materials and improving the efficiency of the melting process, resulting in an aluminum recycling rate of 52.4% for construction materials.

In addition, we are moving forward with aluminum recycling initiatives with our customers to realize a recycling-oriented society. As one of these activities, Sankyo Tateyama has manufactured curtain walls using cast and extruded aluminum waste from Tokaido Shinkansen bullet train cars. The curtain walls, which are partially made from aluminum waste from Shinkansen trains, have been used in "FUN+TECHLABO" (Fantastic Lab), which is maintained and operated by Central Japan Railway Company (JR Tokai). We are also taking part in recycling research as an organizational body: the "Toyama Industry-Academic-Government-Private Co-Creation Hub for the Creation of a Circular Economy Model"<sup>1</sup> is a research project which has been promoted by the University of Toyama through collaboration between the industrial, academic, government, and private sectors in order to improve recycling technology in the future. Under the Japan Science and Technology Agency's (JST)<sup>2</sup> Program on Open Innovation Platforms for Industry-Academic Co-creation (COI-NEXT), the project has advanced from the development phase to the implementation phase. The "Collaborative Research Building for Light Metals, University of Toyama" was constructed on the University of Toyama Takaoka Campus as a center for co-creation of aluminum recycling, where industry, academia, government, finance, and the private sector work together to accelerate research on aluminum recycling in a research course established jointly with the University of Toyama.



"FUN+TECHLABO" (Fantastic Lab) courtesy of Central Japan Railway Company

1: A co-creation hub based in Toyama for industry-academic-government-private collaboration for the creation of a circular economy model.  
 (Japanese) <https://kyoso.ctg.u-toyama.ac.jp/>

2: A research and development body established under the jurisdiction of the Ministry of Education, Culture, Sports, Science and Technology for the purpose of promoting science and technology.

### FYE2025 Activity Plan

In FYE2025, we will continue to promote efforts to increase the use of recycled aluminum by strengthening relationships with suppliers related to the acquisition of recycled aluminum materials and upgrading scrap melting furnaces, which are key components of the melting process, as well as continue to promote recycling research through industry-academic-government collaboration.

## Environment

## Resin - Promotion of Resin Recycling

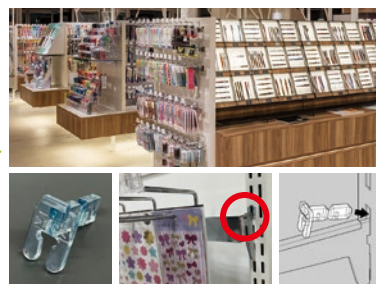
While plastics, including resins, are an important material indispensable to our daily lives, they are also the cause of various environmental problems, such as marine pollution as well as emitting greenhouse gasses when incinerated. As the European Union (EU) and other countries expand efforts to tighten regulations, there is a rapidly growing demand in Japan to promote the recycling of plastics, the majority of which are incinerated, and to advance decarbonization. The Sankyo Tateyama Group promotes the recycling of resources and waste recovery, and is committed to circular-economy-aware manufacturing in order to reduce environmental impact.

### FYE2024 Activity Report

We have been working to recycle scrap materials from polycarbonate panels used in Sankyo Alumi Company's carport roofing materials. The recycled scrap materials are now undergoing technical verification for adoption in "bracket stoppers" used for display fixtures made by Tateyama Advance Company.



Polycarbonate panel



Bracket stopper

### FYE2025 Activity Plan

In FYE2025, we will promote in-house recycling and examine recycled and biomass materials. In addition, we approve of the goals set out in the "Resin Window Recycling Vision" published by the Japan Sash Manufacturers Association, the Resin Sash Industry Association, the Vinyl Environmental Council, and the Committee on Resin Window Recycling, and will support this activity.

Note: from news release "Resin Window Recycling Vision"

(Japanese) <https://www.st-grp.co.jp/news/2024news/st20240129a.html>

## Packaging Materials - Promoting the Use of Environmentally Friendly Materials

The adoption of packaging materials made from recycled materials is expected to reduce energy consumption and greenhouse gas emissions compared to packaging materials manufactured from new materials. In addition, reusing packaging materials and reducing waste reduces the need for waste treatment facilities, landfills and other land-related environmental burdens. The Sankyo Tateyama Group is promoting the use of packaging materials made of environmentally friendly recycled materials and the reuse of packaging materials to realize a sustainable society.

### FYE2024 Activity Report

#### ● Adoption of plastic bags made from recycled materials

Plastic bags used for some products have been switched to recycled materials.



#### ● Move to reusable materials

Stretch film used for transporting products was previously disposed of after a single use, but the amount of stretch film waste has been reduced by replacing it with a band that can be reused many times.



### FYE2025 Activity Plan

In FYE2025, we plan to reduce waste by reusing packaging materials used in shipping materials from the extrusion plant. We will also replace packaging materials used for our products with environmentally friendly ones in an effort to reduce greenhouse gas emissions.



## Social

## Connecting personnel and the future

By promoting personnel development that values diversity and human rights, we will foster a dynamic corporate culture, which is how we connect personnel—who drive our efforts to make lives richer—with the future.



### TOPICS

#### Cultivating Digital Human Resources

As part of our DX strategy in this medium-term management plan, we have set forth a goal of “improving our competitive advantage and operational efficiency through the promotion of digitalization,” and are developing the infrastructure to support DX. One of these is the development of digital human resources. We aim to build an appealing company capable of sustainable growth by nurturing human resources capable of reforming business models through training at all levels, from basic to advanced.

##### ● Digital Human Resource Training System

Human Resource Classification	Common course	Specialized course	
Digital Transformation Transform the business model		Technology and Development Management and Production Sales Advanced (Level 4)	Implementation
Digitalization Able to build systems for departmental operations Able to perform data analysis, improve operational efficiency, and analyze departmental operations	Intermediate (Level 3) Selected Employees	Intermediate (Level 3) Selected Employees	
Digitization Understand the functionality of digital tools	Elementary (Level 2) All Employees		Knowledge
Have essential knowledge in the use of computers and the Internet	Foundational (Level 1) All Employees		



Intermediate course in progress

## Social

## We aim for management that connects human capital investment to value creation for customers

As part of the promotion of digital transformation (DX), we built a new store management system (hereafter referred to as the "new system") for specific business categories of Tateyama Advance Company. Agile development methods were adopted for system development, and low-code development tools were also introduced.

Concerning project advancement, we see active participation from our female employees, and we have established a development system focused on young employees, maintaining efforts in human resource development with an eye to the future.



I am mainly in charge of creating operation manuals and explaining them to the staff in charge of operations. In creating these manuals, I try to write them with various operational patterns in mind so that they can be easily understood by the business staff. Since I joined in the middle of the project, it was difficult at first to understand the content of the meetings, but with the support of the project members, I gradually became able to speak up, and I believe I have made progress. I also feel that taking on new tasks has changed my way of thinking and broadened my perspective. In the future, I hope to use the new system as a foothold to improve operational efficiency and customer satisfaction through my involvement in the construction of various systems.



I am in charge of planning, promoting, and managing the entire project, starting with explaining the outline of the project to the company and holding hearings, considering specifications, communicating requirements to the development team, and preparing for implementation. There were many difficulties in proceeding with the project with no knowledge of system development, and there were also differences of opinion with the development team, which made me realize how difficult it is to build such a system from scratch. However, through repeated communication with each other, a relationship of trust was created, and we were able to achieve our major goals. I feel that being able to connect with people from other departments within the company and experiencing the role of project proponent through this experience has broadened the scope of my work. Going forward, I would like to pass on to my junior staff the importance of taking on challenges and trusting others that I learned through this project, while creating a work environment that enables them to proactively take on new challenges.



As project manager, I was in charge of planning, progress management, and quality and risk management to ensure the successful implementation of the new system. Since we adopted new methods such as low-code and agile development, we had difficulty learning how to operate the system and solving unexpected problems in the beginning. However, through daily meetings and regular feedback, I was able to improve team transparency and acquire the ability to flexibly respond to user requests, and I feel that I have gained the skills to efficiently drive the project forward. In the future, I would like to contribute to the company's overall operational efficiency and competitiveness through DX strategies, while always staying up-to-date on the latest technologies and growing myself through daily efforts.



In this project, I am mainly in charge of screen development. It was basically my first experience developing a full-scale system, and there were many things I did not understand at first, but I feel that I was able to understand user tasks, and acquire know-how and low-code development skills by communicating with project members. I was also able to easily feel my own growth through regular review which is a unique advantage of agile development, and improve my ability to respond flexibly and quickly to users' requests. Moving forward, I would like to actively explore new technologies and consider their use within the company, and respond to the company's issues with a sense of speed.

## Social

# Human Capital of Sankyo Tateyama

The Sankyo Tateyama Group sees human capital as a key theme for sustainability. With our new medium-term management plan, we have set the goals of our mid- to long-term human resource strategy. We will create an environment in which each and every employee can grow and enhance their own value, and we will work to develop a foundation for strengthening human capital management in order to build an appealing company that achieves sustainable growth and will be chosen by workers in an era of a declining labor force.

## Strategy

In the pursuit of these mid- to long- term goals, Sankyo Tateyama will work to secure necessary talent, maximize its comprehensive human resources capabilities, and create a fulfilling work environment which supports employee growth and satisfaction, as well as improve employee engagement. In terms of securing necessary talent and maximizing our comprehensive human resources capabilities, we will strive to establish an optimal organizational structure and personnel allocation that increases profitability, attract and retain a diverse workforce (including women, elderly, disabled, non-Japanese, and mid-career hires) with standout skills and careers, create a corporate culture that recognizes and makes use of the diverse strengths and individuality of each employee, and build a company full of independent human resources who can think and learn on their own, create their own roles, and produce results. In the area of creating a fulfilling workplace which supports employee growth and satisfaction, we will work to support employees in realizing their desired career visions, provide a work environment that takes safety and health into consideration, and implement an employee education system that encourages growth. With regard to the structure for efforts to strengthen human capital management, the Human Resources Advancement Subcommittee was established within the Sustainability Promotion Committee to encourage respect toward all employees and the active participation of the diverse human resources within the company by formulating and promoting medium- to long-term directions and strategies. In addition, we have a department dedicated to diversity promotion, including the promotion of women's activities and employment of people with disabilities, which formulates and implements specific measures. Furthermore, a dedicated department will be established to carry out the medium- to long-term overall initiatives that have been set for this time. At the same time, in order to achieve strategic personnel allocation, we are also working to improve the efficiency of our operations, promoting operational reforms and building new ways of working through personnel reduction, automation, and digitalization.

### Development of Foundations for Stronger Human Capital Management / Human Capital Investment

#### Human Resource Development

- Design and application of systems for global human resource development
- Digital human resource development
- Training next-generation leaders and enhancing management training

#### Workforce Diversity

- Reform of corporate culture and reexamination of systems to promote the active participation of female employees
- Improvement of conditions for senior employees and their motivation to encourage their active participation in the company
- Introduction of a talent management system

#### Securing and Retaining Human Resources

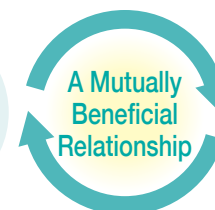
- Strengthen activities to improve employee engagement
- Raise wage levels

#### Health, Safety, and Work Environment

- Promotion of health-conscious management initiatives (Investment for Health)
- Improvement in the percentage of male employees taking childcare leave
- Improvement of work environment and conditions

### Improved Employee Engagement

- Maximize personnel capabilities
- Investment in human resources



- Offer the self-fulfillment our employees are looking for
- Allow individuals to demonstrate their ability

## Social

## Training policy for human resources

We aim to develop human resources capable of creating new value to support the sustainable growth of the Sankyo Tateyama Group and to provide joy and satisfaction to our customers. In addition to various training programs, we provide support for self-development and career development by encouraging employees to take correspondence courses, offering in-house e-learning, and providing incentives for acquiring official licenses and qualifications. As expressed in our management philosophy based on the spirit of cooperation and co-prosperity among customers, local communities, and employees, which are the bedrock of our company, we will continue to support employees who have the motivation to grow by themselves to improve their skills through a variety of educational programs according to their knowledge, ability, and skill levels.

## Internal environmental development policy

Sankyo Tateyama has been working to create an environment where every employee can respect each other's "differences" and utilize each individual's "individuality" to demonstrate their abilities and contribute to the Company, and has established an action plan to improve the employment environment further.

### ● Main Initiatives

Materialities		Initiatives for FYE2024	Initiatives for FYE2025 and Onward
a.Create a Comfortable Work Environment	Create a system to take up employee opinions	<ul style="list-style-type: none"> <li>● Carry out employee engagement surveys</li> <li>● Conduct management training</li> </ul>	<b>Securing and Retaining Human Resources</b> <ul style="list-style-type: none"> <li>● Strengthen activities to improve employee engagement</li> </ul>
b.Health and Safety	Create a healthy and safe work environment	<ul style="list-style-type: none"> <li>● Health checkups and initiatives to improve the secondary medical examination rate</li> <li>● Implement women's health seminars</li> <li>● Implement walking competitions</li> <li>● VR training videos to increase danger awareness</li> </ul>	<b>Health, Safety, and Work Environment</b> <ul style="list-style-type: none"> <li>● Promotion of health-conscious management initiatives (Investment for Health)</li> <li>● Improvement in the percentage of male employees taking childcare leave</li> <li>● Improvement of work environment and conditions</li> <li>● Continuation of VR training videos to increase danger awareness</li> </ul>
c.Diversity and Human Resource Development	Secure and develop creative human resources	<ul style="list-style-type: none"> <li>● Management leadership training</li> <li>● Support for human resource development and capacity building</li> </ul>	<b>Human Resource Development</b> <ul style="list-style-type: none"> <li>● Train next-generation leaders and enhance management training</li> <li>● Digital human resource development</li> <li>● Design and application of systems for global human resource development</li> </ul> <b>Workforce Diversity</b> <ul style="list-style-type: none"> <li>● Introduction of a talent management system</li> </ul>
	Encourage the active participation of female employees	<ul style="list-style-type: none"> <li>● Promotion to managerial positions</li> <li>● Implement career development seminars for female employees</li> <li>● Implement psychological safety seminars</li> </ul>	<b>Workforce Diversity</b> <ul style="list-style-type: none"> <li>● Improve awareness in the workplace and corporate culture</li> <li>● Assistance and awareness to support proactive career choices for our female employees</li> </ul>
	Encourage the active participation of senior employees	<ul style="list-style-type: none"> <li>● Improvement of conditions for senior employees to encourage their active participation in the company</li> </ul>	<b>Workforce Diversity</b> <ul style="list-style-type: none"> <li>● Improvement of conditions for senior employees and their motivation to encourage their active participation in the company</li> </ul>



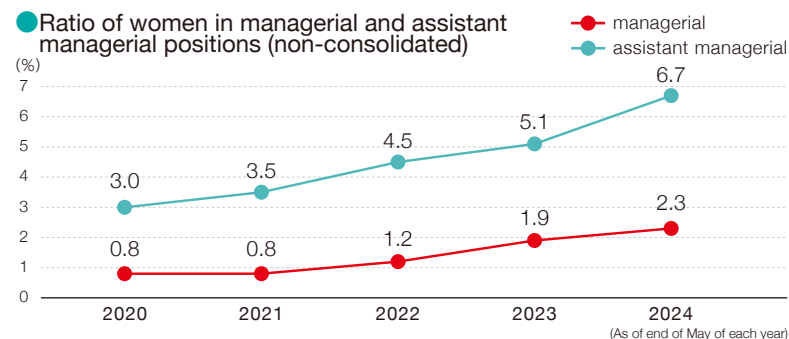
## Social

## Encouraging the Active Participation of Female Employees

In 2021, we established a Human Resources Advancement Subcommittee within the Sustainability Promotion Committee to promote one of our materialities, the “active participation of our female employees.”

[Sustainability Promotion System](#) (page 29)

As an indicator of progress, we set a goal of increasing the ratio of female managers to 10% by FYE2031. As a result of our ongoing efforts to establish a system that facilitates a smooth work environment, we have successfully increased and retained the number of female employees. Going forward, we will expand the work domain of our female employees and further improve human resource development measures tailored to the characteristics of each company, centered on measures aimed at improving the experience and skills of female employees and company-wide training. The goal is to involve female employees in the decision-making processes of each department and the company as core personnel with their own management perspectives. In FYE2024, a training seminar given by an outside lecturer was held for executive officers and above themed on creating happy and productive people and organizations for a well-being society, with the aim of reforming the corporate culture to promote the advancement of women in the workplace. In addition, a career development seminar for female employees was held, entitled "Career Development Training for Making the Most of Yourself in the Organization and Becoming the Person You Want to Be: Achieving Fulfillment at Work and in Life." Other initiatives include e-learning courses on psychological safety for all employees and supplemental human resource development for female management candidates and their supervisors. As a result of these efforts, the number of female managers increased to 2.3% as of May 31, 2024, compared to 0.8% as of May 31, 2021. We will continue to carry out various measures to create a corporate culture in which diverse human resources, including women, can play an active role.



● Past performance concerning the wage gap between men and women

Unit: %

	2023	2024
All employees	72.7	76.2
Regular employees	70.7	73.9
Non-regular employees	71.7	75.9

Note: there is no difference in treatment based on gender in wage system or structure. The wage gap that can be seen between men and women is due to differences in the ratio of management positions and other factors.



**Hiromi Nori**  
General Manager, Audit Committee Office

The Audit Committee Office is proud of the exceptional teamwork of its members, as well as having the highest percentage of women in the company, with 100% of its members being women.

This department supports audit practice by collecting data and acquiring the necessary knowledge to enable the auditors to proceed smoothly with their work. Each staff member has a high level of expertise and contributes to the performance of the organization as a whole by supporting the work of auditors. In aiming for women's advancement, a bias in work assignments due to unconscious bias and a resulting difference in experience between men and women would be regarded as problematic, but since this department is composed entirely of women, there is no gender-based segregation of duties. It is an environment in which anyone can stretch their wings and grow. In my role, I believe it is important to evaluate the challenges and achievements of each member of the Audit Committee Office and provide them with opportunities for growth. I would like to create a workplace where we can all grow through friendly competition.



Seminar for female employees by Masako Arakane, Qualia Co.



Seminar for executives by Kazuo Yano, Fellow of Hitachi, Ltd. and CEO of Happiness Planet, Inc.

## Social

# Occupational Safety and Health

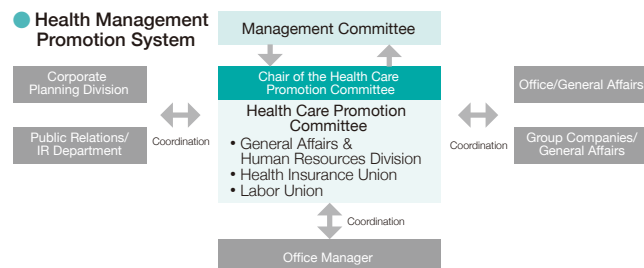
## (Establishing a working environment that promotes health and safety)

### 【Basic philosophy】

The safety and health of employees form the foundation of the Company's existence, and we believe that ensuring safety and health is the Company's social responsibility. The Sankyo Tateyama Group's basic philosophy is to respect people, and all employees participate in safety and health activities principled on safety first, staying healthy, and improving fitness.

### 【Health management】

In October 2019, we formulated the Health Management Declaration, appointed the officer in charge of human resources as the Chair of the Health Care Promotion Committee to promote health management, and established the Health Care Promotion Committee to serve as an organ to formulate,



implement, and verify the effectiveness of measures. In March 2024, the company was recognized by the Ministry of Economy, Trade and Industry of Japan as a KIH Outstanding Organization (Large Enterprise Category) in 2024 under the KENKO Investment for Health (KIH) program, a certification which assesses how companies consider the health of their employees from a managerial perspective and strategically implement health-conscious management policies. In addition, ST Logistics Service, a group company, has been recognized as a KIH Outstanding Organization (Small- and Medium-scale Enterprise Category) in 2024. This marks the third consecutive year ST Logistics Services has been certified since 2022.



### 【Health activities】

#### Enhancement of health checkups

To improve the rate of employees receiving health checkups and

secondary health checkups, the general managers and public health nurses at each worksite, in coordination with the health insurance union, provide guidance to employees who have not yet received health checkups as well as their supervisors; and, in doing so, the rate of employees receiving health checkups has reached 100%. In addition, we are enhancing the range of medical examinations by conducting half-day physical examinations for employees aged 40, 45, 50, 55, and 59, and gynecological checkups for female employees. We encourage new employees to approach health checkup institutions to get the results of health checkups earlier than usual so that they can develop proper lifestyle habits from a young age. In the area of cancer control, we are promoting measures to increase the screening rate for stomach, colon, breast, uterus, and prostate cancer, and we are making particular efforts to ensure that female doctors are available for all gynecological examinations. In addition, we mail health checkup information and application forms to dependents every April to enable them to receive checkups free of charge.

#### Improvements to healthy living

All menu items at the employee cafeteria (in Toyama Prefecture) are labeled with calories and ingredients (protein, sugar, salt, and fat) to improve healthy lifestyle habits and raise awareness of dietary issues. In addition to general set meals, we offer healthy meals with more vegetables and a special "healthy set" meal that is low in calories, sodium, and fat.



Providing healthy meals

#### Establishing a health consultation and counseling system

To prevent health problems caused by long working hours, we strive to provide interview-based counseling by industrial physicians for employees who work long hours and reallocate work duties to reduce overtime work. As a health consultation service, we have established a system that allows employees to consult with our in-house health staff, online (Zoom) consultations, and an external 24-hour counseling service.

### 【Safety activities】

Based on the principles that every person is irreplaceable and safety takes precedence over everything else, we are working to eliminate hazards by conducting risk assessments, 5S activities, near-miss activities, and labor-management safety patrols to reduce hazards in the workplace.

### Safety and Health Management Policy: Priority Items

We are engaged in the following activities:

- 1) Reducing danger and toxicity
- 2) Strengthening collaboration amongst Group Companies and Partner Companies
- 3) Personnel training with an emphasis on safety
- 4) Promoting healthy minds and bodies

### Safety and Health Promotion System

A meeting of the Safety and Health Committee is held monthly at each worksite with safety managers, health managers and labor union representatives to share and discuss risk improvement results and the status of safety activities. In addition, a Safety and Health Conference is held annually with safety managers from production worksites to share information on safety policies and key practices.

#### Number of occupational accidents in FYE2024

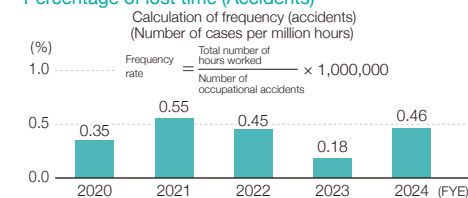
The number of accidents in FYE2024 totaled 11 incidents, of which no serious injuries (including fatalities) occurred.

#### Intensity

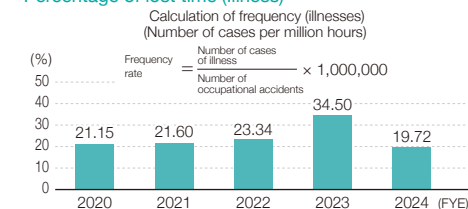
Fiscal year of End	2021	2022	2023
Intensity	1.04	1.00	0.98

Unit: %

#### Percentage of lost time (Accidents)



#### Percentage of lost time (Illness)



## Social

## Together with our business partners

The Sankyo Tateyama Group will continue to maintain good business relationships with our suppliers and build relationships that promote mutual prosperity.

### Supply chain management

#### Formulation of Basic Approach to Procurement

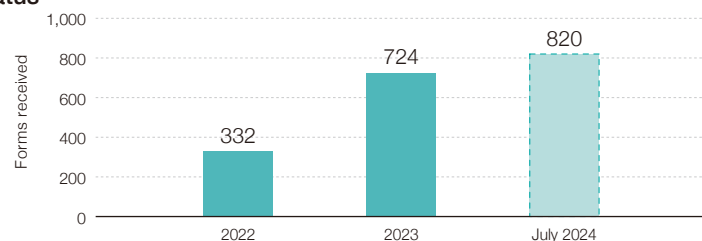
##### 1. Background and Purpose of Establishment

The Sankyo Tateyama Group believes that our mission is to contribute to society through sound corporate activities with our Management philosophy “based on cooperation encompassing clients, local communities, and employees, we create new value and contribute to realizing a world of well-being by giving customers delight and satisfaction”. In recent years, there has been an increasing demand to resolve issues throughout the supply chain, such as efforts to achieve carbon neutrality and to prevent human rights and labor problems. As a response to this context, in September 2022, we formulated the Sankyo Tateyama Group Basic Procurement Policy to clarify and demonstrate to society the ideas we have already been working on with our business partners and established the Procurement Guidelines based on the policy.

##### 2. Application of policy

In developing the Basic Procurement Policy, we held a briefing session for the suppliers of our Purchasing Department. Those business partners will be asked to agree to the Basic Procurement Policy and submit written consent. We held another information session in October 2023 and received written consent from many suppliers (820 companies). We are gradually sharing the Basic Procurement Policy with other suppliers.

#### ● Consent form status



### Sankyo Tateyama Group Basic Procurement Policy

The Sankyo Tateyama Group has been engaged with CSR and SDGs following our management philosophy, which is founded on the spirit of cooperation and co-prosperity among clients, local communities, and employees—the origin point of our Company—to achieve harmony with the environment and society. We believe that our mission is to help people achieve sustainable and affluent life, and we promote procurement activities with supply chain management as one of our materialities to achieve “Sustainability Vision 2050.”

We have formulated a new procurement policy reiterating what we have asked our suppliers to do in their daily procurement activities. We ask for your understanding and support of this policy.

#### 〈Mutual prosperity with our business partners〉

In our procurement, Sankyo Tateyama practices the spirit of cooperation among three parties—clients, local communities, and employees—which is the origin point of our Company’s founding. To maintain fair and good business relationships with our business partners, we set the terms of business after thorough dialogue with our business partners.

#### 〈Respecting human rights〉

Sankyo Tateyama aims, through its corporate activities, to help build a society in which human rights are respected. Moreover, we promote human resource development for our employees and create a healthy and safe work environment based on the principle of safety over everything else.

#### 〈Sustainable society〉

Sankyo Tateyama advances corporate activities toward achieving a sustainable society. We will continue our efforts to bring about a decarbonized world and build a recycling-based society. We will extend the philosophy of Sankyo Tateyama to our future clients, local communities, and employees.

### Announcement of the Declaration of Partnership Building

In August 2022, Sankyo Tateyama drew up and announced a Declaration of Partnership Building to support the aims of the Council on Promoting Partnership Building for Cultivating the Future promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other organizations.

● “Declaration of Partnership Building” Portal Site  
(Japanese) <https://www.biz-partnership.jp/index.html>

● Sankyo Tateyama’s Declaration of Partnership Building  
(Japanese) <https://www.biz-partnership.jp/declaration/15770-05-15-toyama.pdf>





## Governance

**Feature article** | Roundtable Discussion by Outside Directors

**We will promote a stronger governance structure focused on diversity and transparency to help build a foundation for value creation and enhance corporate value.**

The five outside directors, who were appointed to further improve corporate governance, spoke about the Company's governance reforms and future policies to enhance corporate value.



## Governance

**What is your assessment of the current governance structure and the effectiveness of the Board of Directors, and what challenges do you face?**

**Hasegawa:** I would like to begin with an assessment of overall governance in recent years. Since the company changed its institutional design to a company with an audit committee, we have been strengthening our structure to meet a wide range of stakeholder expectations, as well as societal demands. Most recently, we welcomed Ms. Shinoda, an expert in the promotion of women in the workplace and diversity strategies, as an outside director through a resolution of the General Meeting of Shareholders, expanding the diversity of the board and bringing the number of board members to seven in-house and five outside the company. We have made many commendable governance reforms in recent years. In addition to the establishment of the Comprehensive Risk Management Department to manage risks from a group-wide perspective, in the previous fiscal year, the Quality Assurance Department was established in the Corporate Division to provide support



**Hirokazu Hasegawa** Outside Director (Full-time Auditor)  
Former Position: Director, Fund Management Department, Federation of National Public Service Personnel Mutual Aid Associations

and guidance from a company-wide perspective to the quality assurance departments of each company. Also worthy of commendation were the intensive deliberations involved in formulating the new medium-term management plan, which were held separately from the regular board meetings in order to deepen the discussion. On the other hand, in the evaluation of the effectiveness of the Board of Directors, the enhancement of deliberations on important matters such as long-term management strategies are mentioned as an area in need of improvement every year. In response to this, we recognize the ongoing need to clarify the division of roles between supervision and execution by, for example, reviewing the Board of Directors' deliberation criteria and decision-making authority, and transferring more authority to the directors who execute business operations.

**Aramaki:** At last year's Roundtable Discussion by Outside Directors, the issues of not enough time being devoted to strategic discussions on important agenda items at board meetings and strengthening the governance of overseas subsidiaries were raised. However, as the measures for improvement as mentioned by Mr. Hasegawa have shown some results, I think that the current governance reform measures themselves are commendable. If I had to pick an issue, I would say that the basic policies of safety and compliance, which are the most important governance principles and the prerequisites for profit, have not yet been sublimated into the corporate culture. I believe that awareness is a major issue in this regard, but I feel that there are insufficient measures in place at our company to encourage raising awareness. What is important for compliance is to improve openness in the workplace, so I think it would be good to start by taking measures such as improving communication and creating opportunities for interaction and dialogue across the boundaries of the workplace. If we can build an environment that not only discusses safety, but also enables the same level of awareness to be shared throughout the company, and if

safety and compliance awareness can be sublimated into the corporate culture, governance will see further improvement, and I would like to see the company focus on this initiative.

**Toda:** From a management perspective, I believe that utilizing the independence and specialization of each company ensures a solid execution. Furthermore, regarding board meeting discussions and investment decisions from a mid- to long-term, group-wide perspective at board meetings, I believe the outside directors' support has been a valuable contribution to the all-company decision-making process.



**Kazunori Toda** Outside Director (Auditor)  
Currently: Head of Kazunori Toda Tax Accounting Office

**We would like to hear your comments on the characteristics of our human resource utilization and encouragement of women to take active roles in the workplace, as well as on challenges and improvement measures.**

**Yoshikawa:** Our company has various divisions, including

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the factory division, the logistics division, and the head office and branch offices that support these divisions. In addition, we have employees with a wide range of job titles, ages, and backgrounds. Female employees and foreign nationals are also active in their respective divisions, and it appears that the company has created a good environment for them, which suggests that it is making good use of human resources. On the other hand, the ratio of female managers remains low, and I feel that measures to improve this issue, such as the promotion of flexible work styles and clear role models, are urgently needed. As evidenced by the fact that we have been certified as a KIH Outstanding Organization in 2024, our workplace environment is very healthy and easy to work in, so I think it would be effective to promote this point and maintain an environment that is accessible to women, where they can aim for higher positions. Our company is built on the spirit of three-way cooperation, in that the local community, our customers, and our employees want to cooperate and grow together. As an outside director, I would like to help create an environment where all employees can be fulfilled in both their professional and personal lives.

**Hasegawa:** With the overwhelming labor shortage and shrinking labor supply, securing and utilizing human resources at production sites is a major challenge for manufacturers located in rural areas such as our company. I believe that the transition of manufacturing sites to smart factories is a challenge we will inevitably have to face, as well as a step forward from the conventional perspective of labor-saving and labor-saving investments. We must take on various challenges such as improving data-driven processes through automation, streamlining operations by optimizing facilities and the investment of human resources, and ensuring the transfer of skills and know-how by databasing such knowledge. If human capital enhancement measures are successful under such an enhanced production infrastructure, employee engagement will increase and in turn so will our corporate branding. As the phrase “human

capital management” suggests, it is also important to view human resources not as a “cost” but as an “investment.” Some empirical studies have shown that the performance of the top-ranked companies in terms of human capital (e.g., labor costs/market capitalization) is superior compared to stock performance benchmarks such as TOPIX over the medium to long term.

**Shinoda:** To succeed in utilizing human resources and encouraging women to take active roles in the workplace, the terms must not remain vague. It is necessary to clearly indicate what exactly it is that you are aiming for. When we consider what it means to “utilize human resources,” it is often taken to mean capitalizing on the company’s existing capabilities, but today’s human capital management demands taking a perspective of investing in each and every employee and developing them over time. For this reason, the encouragement of women’s active participation is not simply a matter of capitalizing on human resources — it is necessary to clearly show how empowering female employees is linked to management strategy. In doing so, it is also necessary to backcast — that is, to have a long-term



**Hiroko Shinoda** Outside Director  
Currently: Director of Creo Inc.

view of what skills and experience are required and to plan accordingly, considering what is necessary to achieve the future you have in mind. In particular, we would like to see the implementation of “positive action” measures that actively encourage women to take on roles and positions where there have been few women in the past, and measures to increase internal mobility in order to promote employees gaining experience in a variety of departments. It is also important to make these efforts visible. By doing so, it sends messages to employees, like “this is the kind of success we want you to have,” and “you have a future here.” It also appeals to those outside the company, signaling that they can succeed in this company.

**Please tell us about the company's risk management, and the steps taken and countermeasures put in place to prevent scandals and impropriety from being treated as someone else's problem.**

**Aramaki:** I believe that scandals are caused by a lack of independence in quality control and a lack of compliance awareness in the workplace. Scandals have always existed regardless of industry, but recently they have been coming to the fore more and more with the increase in compliance awareness. In the manufacturing industry, we believe that most of the scandals are due to pressure on quality control. In many cases, unreasonable demands on production capacity and profit control by sales departments and factories affect quality control and lead to misconduct. In other words, the key to avoiding the risk of misconduct in the manufacturing industry lies in how to ensure the independence of quality control. We have established the Quality Assurance Department in our corporate division and are making moves to strengthen the independence of quality control, which is effective to a certain extent in managing the risk of misconduct related to quality control. However, it is also true that scandals cannot be completely prevented. Therefore, in addition to ensuring the independence of

## Governance

quality control, it will be important to establish a system that prevents unreasonable demands and excessive profit management from occurring.

On the other hand, with regard to a lack of compliance awareness, I believe that workplace culture has a greater impact than problems at the individual level. If the entire workplace is mired in old customs, individual compliance awareness is likely to decline. Therefore, it is necessary to create an open workplace environment permeated by a high level of awareness of safety and compliance, where everyone shares an appropriate sense of awareness. The key to strengthening compliance in the future is to both promote such reforms in awareness and create an organizational framework.



**Hirotoshi Aramaki** Outside Director (Auditor)

Former Position: Director, Executive Vice President and Executive Officer, General Manager of Technology Development Division in charge of Technology of NSK Ltd.

**Hasegawa:** In management, a particularly important aspect is the development of escalation rules.<sup>1</sup> In the event of an emergency, it is necessary to establish channels for the proper information to be conveyed promptly to top management. If this is not in place, there is a risk that a small irregularity could lead to considerable damage. To

minimize such risks, it is necessary to have a solid damage control<sup>2</sup> mechanism in place.

**Yoshikawa:** From a lawyer's perspective, I believe there are two aspects to a scandal, "intent" and "negligence," and that eliminating negligence is a key point in a corporation. Negligence occurs when something that should not have been missed is missed. To prevent this, we have to correct any areas where inadequacies may occur. If it is inadequate knowledge, we review and correct the education system; if it is inadequate management, we review and correct the governance system. Ensuring that any past examples of negligence are passed on within the company also serves as a preventive measure. In order to prevent impropriety and misconduct, I believe we should refer to past examples from other companies and strengthen discussions and monitoring while, if necessary, considering the incorporation of outside opinions.

### What are your thoughts on our policies surrounding management with an awareness of cost of capital and stock price for the improvement of corporate value?

**Aramaki:** The goals of this medium-term management plan are to achieve results by making the necessary investments to support our growth strategy, to have our stakeholders understand this plan, to generate returns through its implementation, and to raise ROE from the current 2 to 3% to 6 to 8%. Execution of the mid-term management plan and visualization of the results is our responsibility to investors and stakeholders, and is the key to long-term growth. Therefore, it is important for us to actively communicate with domestic and foreign investors and have them understand our strategy and value in order to improve our PBR. Our strength lies in our ability to manufacture aluminum alloys from aluminum ingots, extrude them to make extruded products, and further process them to supply global markets such as Europe, Thailand, and China. Another strength is that we have an extensive sales network

and have received very high quality ratings in customer surveys, especially for building materials. However, in order to increase our corporate value and achieve sustainable growth amid a shrinking domestic market, we need to focus on growth areas where we can take advantage of our high quality such as the automobile, railroad, and other transportation sectors. In addition, we need a strategy to maximize profits in the construction materials business in line with market needs.

**Hasegawa:** In response to the TSE's request, we have announced our policy on management with an awareness of cost of capital and stock price as well as our "New Medium-Term Management Plan," which is inextricably linked to this policy; firstly, we recognize the importance of steadily implementing the Medium-Term Management Plan and monitoring its progress in a timely, appropriate manner. Apt and timely presentation to investors of the company's profitability and expectations for future growth should lead to an increase in corporate value. Since stock price is an element of investment behavior over which a company has no direct control, constructive dialogue with investors is essential. In this way we can seek and clearly demonstrate understanding of not only financial value but also non-financial value. It is also expected to narrow the perception gap with the market on the cost of capital and other factors to avoid negative surprises, and to lower the cost of capital as a result due to lower risk premiums.

**Toda:** I am deeply impressed with Sankyo Tateyama's founding ethos and management philosophy. I believe that pursuing these principles will naturally improve our financial and management indicators. In reality, however, in a heavy industry such as ours, the market tends to give low marks in indicators such as P/B ratios, for reasons such as the fact that even large-scale investments are not expected to generate short-term profits. In addition, concerns about profitability and growth potential, as well as limitations on expected returns on capital investment, are also pointed out. In light of this situation, what we need to do to enhance our

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corporate value is not only to ask investors to "invest in our dreams," but also to steadily deliver results while communicating our medium- to long-term vision and strategy to investors. If we can deepen the relationship of trust through communication, and if we can get investors on our side as supporters and fans of our company, they will be more likely to invest in our dreams.

### Finally, please tell us about your determination as an outside director and how you plan to contribute to the enhancement of the company's corporate value.

**Shinoda:** It is very good that people are interested in improving corporate value as an opportunity to focus on growth and challenges. The basic premise for continued growth is the need to continue to take on challenges as a company, and I would say that our company is currently in just the right state of mind to focus on such challenges. I believe that our current attitude toward pioneering businesses that aim to solve social issues is a symbolic example of this. I hope that our company will continue to take on challenges in the future, and I would also like to utilize my expertise in diversity strategies and encouraging women to take active roles in the workplace to create an environment where employees can take on new challenges and help them do so without being bound by stereotypes. I believe that the power of people is indispensable to the growth of a company. I am committed to creating a mutually encouraging environment where our diverse human resources can apply themselves and create value with new perspectives.

**Yoshikawa:** My responsibility as an outside director is to monitor the company from a holistic perspective, considering the balance among many stakeholders, including not only shareholders but also consumers, employees, business partners, and local communities, to ensure that the company is moving in the right direction. In order to increase corporate value, we should not only

properly monitor management and give advice on how to improve financial indicators such as cost of capital and PBR, but also focus on capital investment and growth investment. In the interest of meeting these expectations, I will continue to faithfully and carefully monitor each of these factors.

**Toda:** I would like to make use of my experience to contribute to the company, especially in strengthening internal controls and human resource development, by first improving internal audit methods and transparency. In order to increase corporate value, it is also necessary to create an environment where employees can envision their own future and work toward a goal. I would like to make use of my long experience in human resources I gained in my previous position to contribute to the creation of an employee-friendly work environment.

**Aramaki:** A company's strength lies not only in its financial statements but also in its culture and climate. I would



**Miho Yoshikawa** Outside Director  
Currently: General Manager of Takaokaekinan Law Office

especially like to play a role in identifying the company's good and bad points and ensuring that the company values not only profit but also value for all stakeholders, while keeping an eye on whether it has an open atmosphere and

is contributing to society. Also, from a technology and quality control standpoint, I will continue to conduct on-site hearings and propose specific improvement measures, thereby contributing to the enhancement of corporate value.

**Hasegawa:** I would like to ensure that we participate in discussions with the viewpoint of investors and shareholders in mind, so that value systems, culture, and stereotypes within the company can be closely monitored and discussed from an outside perspective. Investors are paying attention to capital policies such as growth strategies, business portfolio review, and shareholder returns, as well as corporate reforms that have become hot topics recently, such as ESG, SDGs, human capital management, and business digitalization. I hope to be able to support the company in improving its corporate value by closely monitoring and advising on the company's position and direction with regard to these matters.

- <sup>1:</sup> Escalation rules: Rules that specify what steps should be taken in response to specific situations, the level (position) to be reported to, and who will oversee the situation in order to ensure prompt intelligence gathering and leadership action in the event of an incident.
- <sup>2:</sup> Damage control: Cleanup measures to minimize damage and harm when major risks occur or materialize.



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## Key principles for corporate governance

The Sankyo Tateyama Group's basic management policy is to build the trust of shareholders, other stakeholders, and society and to develop together. To that end, we consider striving to strengthen corporate governance and enhance corporate value to be our most important management tasks.





































Specifically, we recognize that Sankyo Tateyama's important role is to formulate group

management plans and strategies, provide guidance and supervision to its group companies, and ensure accountability and transparency to stakeholders. In addition, Sankyo Tateyama will assume clear business responsibilities within the business fields and functions it is responsible for, and will seek to enhance the value of the entire Group by further strengthening its market competitiveness.

### Progress of Corporate Governance

Institutional design: Company with an Audit and Supervisory Committee

 : Internal  : External

	Composition of Board of Directors	Not including auditors	Auditors	Ratio of outside directors	Ratio of female directors	Topic
FYE2017	14 auditors				—	Transition to a company with an Audit and Supervisory Committee
FYE2018	14 auditors				—	Started evaluating the effectiveness of the Board of Directors
FYE2019	13 auditors				—	
FYE2020	14 auditors					Appointment of female directors Establishment of Nominating Committee and Compensation Committee
FYE2021	14 auditors					
FYE2022	13 auditors					
FYE2023	12 auditors					Independent outside directors appointment of at least one-third Abolished the business officer system and shifted to an executive officer system
FYE2024	12 auditors					
FYE2025	12 auditors					
FYE2026	12 auditors					Increase to two female directors One additional outside director

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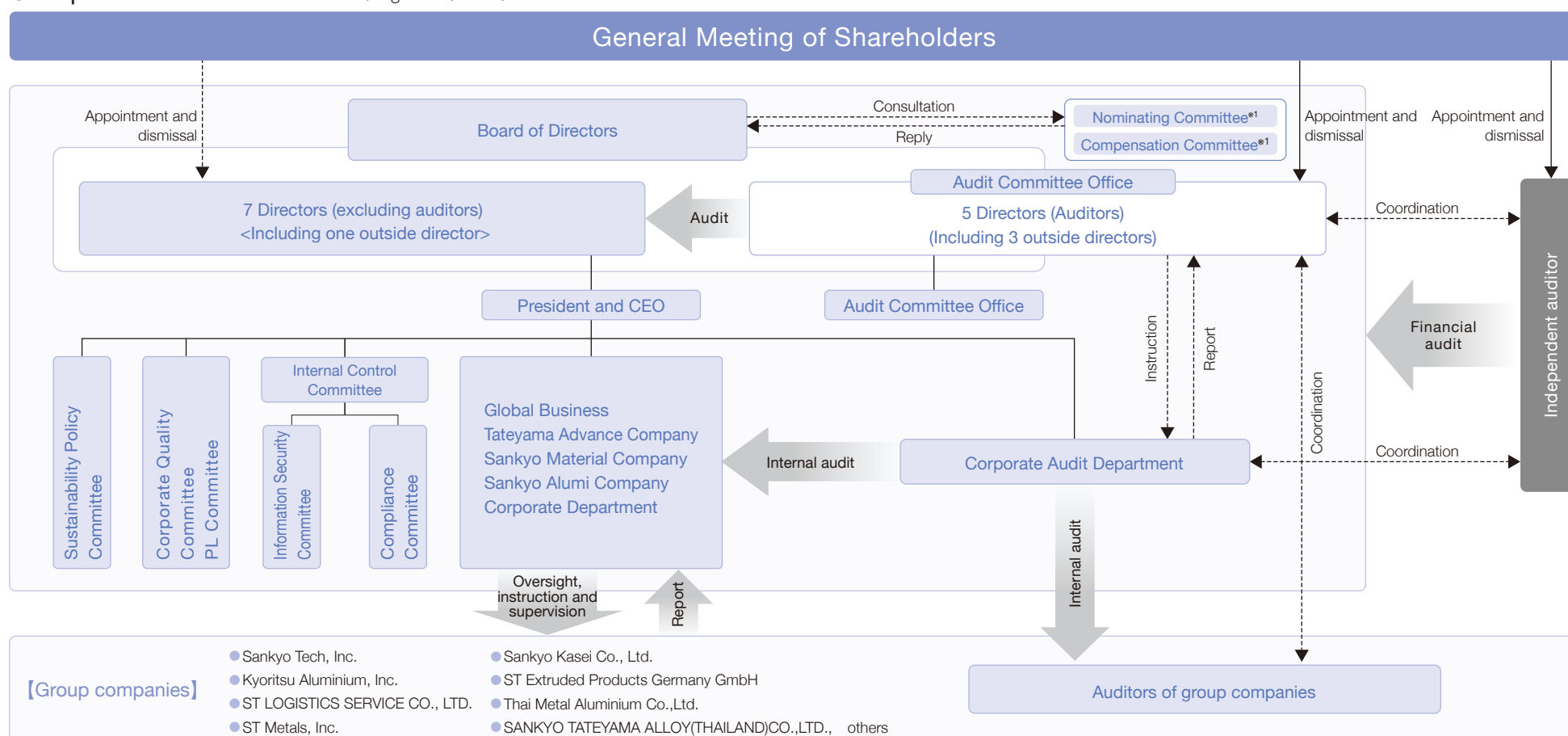
## Corporate governance structure

Sankyo Tateyama has an Audit Committee and has established a system for supervising and auditing the execution of duties by directors at Sankyo Tateyama and the Sankyo Tateyama Group in accordance with the basic policy of the internal control system. Outside directors with a high degree of independence and directors with knowledge of finance and accounting are appointed as auditors. The audit and supervisory functions of the Board of Directors are strengthened by the fact that Directors who are Audit Committee members

have voting rights on the Board.

Furthermore, to ensure that the functions of the Audit Committee are effectively performed, the Company has established a system under which the Audit Committee supports the audits. The current governance structure has been adopted based on the judgment that these measures will further enhance Sankyo Tateyama's corporate governance.

### ● Corporate Governance Structure (August 28, 2024)



\*1 Our company has an Audit and Supervisory Committee, and the Nominating Committee and Compensation Committee are voluntary committees.

## Governance

## Board of Directors

The Board of Directors currently consists of seven directors (excluding those who are auditors) and five directors who are auditors and meets at least once a month. The Board of Directors makes decisions on important matters regarding the management of the Sankyo Tateyama Group and Sankyo Tateyama Inc., determines basic management strategies and supervises overall management, and deliberates on Group-wide management issues and important matters concerning each of the Group companies. During FYE2024, the Board of Directors held a total of 17 meetings, including extraordinary meetings.

Sankyo Tateyama has introduced an executive officer system to clarify responsibilities for business execution and accelerate decision-making. In addition, the term of office of directors (excluding those who are auditors) and executive officers is set at one year to clarify their responsibilities for the business year, manage the Company with a heightened sense of responsibility, and build a management structure that can quickly respond to changes in the business environment. The Board of Directors meetings are chaired by the President, and attended by the presidents of the in-house companies Sankyo Alumi Company, Sankyo Material Company, and Tateyama Advance Company, as well as representatives of international businesses, to ensure a swift understanding of business conditions.

In addition to the members of the Board of Directors, Sankyo Tateyama has also established a management committee made up of the managers of each business and supervisors of each

division, which deliberates and decides on individual matters related to the company's basic management policies, and discusses and shares information on important matters to be submitted to the Board of Directors.

The Management Assembly is established to deliberate and decide on matters related to fundamental management policies and individual important matters, as well as to deliberate and share information on important matters to be submitted to the Board of Directors. In order to enhance the discussion of important matters concerning management supervision and direction at the Board of Directors meetings, some individual business execution matters to be decided at meetings of the Board are delegated to the President or the Management Assembly, and the Board monitors these matters.

### Assessing the Effectiveness of the Board of Directors

Since 2016, with the aim of further ensuring the effectiveness of the Board of Directors and improving its functions, we have conducted a questionnaire for all directors and held discussions at Board meetings based on self-assessments, analysis, and feedback. In FYE2024, the Board of Directors held intensive deliberations on management strategies, including the medium-term management plan, to deepen discussions and we switched to a paperless system for reports to enhance and optimize administrative and managerial tasks. In addition, training sessions were held for directors and executive officers to deepen their understanding of their roles and responsibilities in relation to sustainability, human capital, governance, and other current issues. Meanwhile, based on the results of the analysis of this effectiveness evaluation, we will strive to improve the operation of the Board of Directors in order to further enhance the quality of agenda items and expand deliberations on management strategies. We will continue our efforts to improve the effectiveness of the Board of Directors by considering and implementing necessary measures as appropriate based on the opinions each member has on how the Board of Directors should be and how it should be operated.

### Activities of Each Meeting for FYE 2024

Job Title		Name	Attendance at Board of Directors meetings for the fiscal year ending May 31, 2023			
			Board of Directors	Audit Committee	Nominating Committee	Compensation Committee
President	Chief Executive Officer	Shozo Hirano	17/17	—	3/3	6/6
Vice President	Vice President Executive Officer	Satoshi Kurosaki	4/4	—	—	—
Director	Managing Executive Officer	Kazuhiro Ikeda	17/17	—	—	—
Director	Managing Executive Officer	Takahiro Nishi	16/17	—	—	—
Director	Managing Executive Officer	Tsuneaki Yoshida	17/17	—	3/3	6/6
Director	Managing Executive Officer	Kensuke Kubota	17/17	—	—	—
Director	Managing Executive Officer	Yasuyuki Kurohata	13/13	—	—	—
Outside Director		Miho Yoshikawa	17/17	—	—	6/6
Director	Full-time Auditor	Toru Hongawa	17/17	18/18	—	—
Director	Full-time Auditor	Takao Nishioka	17/17	18/18	—	—
Outside Director	Full-time Auditor	Hirokazu Hasegawa	17/17	18/18	3/3	6/6
Outside Director	Auditor	Hirotoishi Aramaki	17/17	18/18	3/3	—
Outside Director	Auditor	Nagahito Tsuru	3/4	3/4	—	2/2
Outside Director	Auditor	Kazunori Toda	13/13	14/14	3/3	4/4

1 Yasuyuki Kurohata and Kazunori Toda were newly elected as directors at the 78th Ordinary General Meeting of Shareholders held on August 29, 2023, and their attendance at each meeting held after their appointment is shown.

2 Satoshi Kurosaki and Nagato Tsuru retired from the Board of Directors at the 78th Ordinary General Meeting of Shareholders held on August 29, 2023, so their attendance at each meeting held during their tenure is shown.

3 The number of meetings of the Board of Directors does not include written resolutions.

## Audit Committee

The Audit Committee currently consists of five members (including four outside directors) and meets at least once a month. Of these, two are full-time auditors (one of whom is also an outside director). In accordance with the auditing policy, auditing plan, and allocation of auditing duties determined by the Audit Committee, each auditor attends meetings of the Board of Directors and other major meetings, inspects important resolution documents, and works to audit the legality and appropriateness of the execution of duties by directors (excluding those who are auditors). They also hold regular meetings with top management to exchange opinions. In addition, they cooperate with the auditors in each company and receive reports on the state of internal governance, working to maintain the auditing environment across the entire corporation. The Board of Corporate Auditors convened 18 times in total during FYE 2024. An Audit Committee Office has been established to assist the Audit Committee in its duties to enhance the functions of the Audit Committee.

## Governance

## Nominating Committee

As a voluntary advisory body to the Board of Directors, the company has established a Nominating Committee, the principal constituents of which are independent outside directors. The committee consists of two internal directors and three external directors and is chaired by an external director. The Nominating Committee mainly considers matters such as the selection and dismissal of the president of Sankyo Tateyama, the selection of candidates for the Board of Directors. In doing so, the committee comprehensively deliberates from the angle of finding the right person for the job, taking into consideration the overall balance and diversity of the board, their knowledge, experience, and abilities regarding management and business. After deliberations are complete, the results are then put before the board. In FYE 2024, the Nominating Committee convened a total of three times.

## Compensation Committee

Like the Nominating Committee, the Compensation Committee, whose principal members are independent outside directors, is a voluntary advisory body to the Board of Directors. The committee consists of two internal directors and three outside directors, and is chaired by an external director.

The Compensation Committee mainly considers matters related to the compensation of directors (excluding those who are members of the Audit Committee), and after deliberation, the Committee submits their findings to the Board of Directors. When determining compensation for board members (excluding those who are members of the Audit Committee), the committee strives to enhance transparency and objectivity. The Committee convened a total of six times in FYE 2024.

### Executive compensation

#### Issues regarding the policy for determining the details of compensation, etc., for individual directors

##### ●Basic policy

Sankyo Tateyama's Board of Directors adopted a resolution at its meeting held on February 24, 2021 on the policy for determining the compensation, etc. of individual directors. Compensation for directors (excluding those who are members of the Audit Committee) is designed to contribute to improving corporate performance and corporate value, to be at a level that enables the Company to secure diverse and talented human resources, and to be determined through a highly transparent process.

##### ●Structure of compensation

Individual compensation for directors (excluding those who are members of the Audit Committee) consists of fixed compensation in monetary terms, compensation as a director, compensation as a

representative director, and compensation as an executive officer; and, is determined each fiscal year based on an evaluation of the individual's position, responsibilities, and performance in the previous fiscal year. In addition, the Company sets targets for consolidated ordinary income and consolidated net income, and may pay bonuses in addition to fixed compensation if the Company achieves these targets.

##### ●Basic policy

The amount of compensation for directors (excluding those who are members of the Audit Committee) is drafted by the executive directors within the maximum amount of compensation set by the General Meeting of Shareholders, reported by the Compensation Committee, and discussed with the Audit Committee before being submitted to the Board of Directors. The Compensation Committee, consisting of a majority of independent outside directors, is established as a voluntary advisory body to the Board of Directors. The amount of compensation for directors who are members of the Audit Committee is determined through consultation among the directors who are members of the Audit Committee.

The Board of Directors has determined that the details of individual compensation for directors (excluding those members of the Audit Committee) for the current fiscal year are consistent with the policy on individual compensation for directors determined at the Board of Directors meeting held on February 24, 2021. Therefore, the Board of Directors has determined that the details are in line with this policy.

#### Issues regarding resolutions of the General Meeting of Shareholders on compensation, etc., of directors

The maximum annual total amount of compensation for directors of Sankyo Tateyama is set by the 70th Regular General Meeting of Shareholders held on August 27, 2015, at 400 million JPY or less for directors (excluding those who are members of the Audit Committee) and 130 million JPY or less for directors who are members of the Audit Committee. As of the conclusion of this Regular General Meeting of Shareholders, the number of directors (excluding those who are members of the Audit Committee) is nine, and the number of directors who are members of the Audit Committee is five (including three outside directors).

#### Total amount, etc. of compensation of directors

Compensation paid to directors for FYE 2024 (June 1, 2023 to May 31, 2024) was as follows:

Classification of Officers	Total amount of compensation (Millions of JPY)	Total amount of compensation, etc., by type (Millions of JPY)			Number of Officers subject to compensation (people)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Director (excluding Audit Committee members and outside directors)	194	194	—	—	7
Auditor (excluding outside directors)	45	45	—	—	2
Outside director	41	41	—	—	5

Note 1: The above includes one director (excluding those who are members of the Audit Committee) who retired at the conclusion of the 78th Ordinary General Meeting of Shareholders held on August 29, 2023, and one director who is a member of the Audit Committee.

Note 2: The number of Board of Directors meetings does not include resolutions adopted in writing.



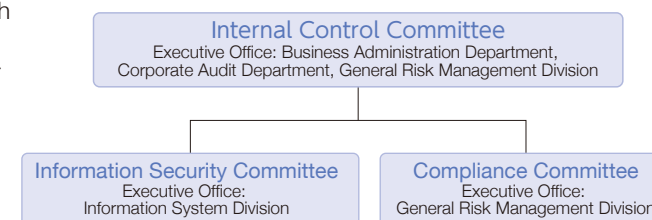
## Governance

# Risk Management

Sankyo Tateyama Group's basic policy on risk management is to ensure the sustainable and stable growth of our business through risk management practices. In order to realize sustainable growth, the Internal Control Committee has been established as an organization to identify and manage various risks that may hinder the achievement of business objectives. The committee deliberates on policies, direction, plans, and response circumstances for internal control and integrated risk management initiatives.

## Risk Management Initiatives and Promotion Structure

Sankyo Tateyama has established the Internal Control Committee, chaired by the President, as an organization that oversees the group's internal governance and risk management. The committee is responsible for formulating group-wide risk management policies and collecting and assessing risk information from each organization based on these policies. Twice a year, the Committee draws up a risk map for the entire group to comprehensively grasp the status of risks related to management strategies and business continuity infrastructure, and in cooperation with the organizations in charge of risk management, promotes measures across the group to address important risks related to business continuity infrastructure, such as natural disasters and industrial accidents. We have established two subordinate committees within the Internal Control Committee: the Compliance Committee and the Information Security Committee. They are responsible for annual activities related to furthering compliance and information security, verifying the status of response measures, identifying problems, and confirming the status of improvements. The Internal Control Committee, established in accordance with the Internal Control Regulations, takes the lead in identifying and promoting countermeasures against major company-wide risks by centrally managing risk information for the group. In addition, the Integrated Risk Management Department has been established as a specialized department to strengthen the company's response to risk incidents within the group.



## TOPICS

## Disaster Response and Reflection on the 2024 Noto Peninsula Earthquake

Sankyo Tateyama Group has systems in place to respond appropriately in the event of an unforeseen situation, such as by holding an emergency meeting in accordance with the Crisis Management Regulations and Crisis Management Manual, and establishing a crisis management headquarters depending on the importance of the situation. In particular, in preparation for large-scale disasters such as an earthquake or flood, we have put a system in place to ensure an appropriate response in the event of a disaster by defining initial responses, reporting channels, and the roles of related departments until the establishment of the crisis response headquarters and restoration of operations. In addition, we have been developing a BCP (business continuity plan) that includes preventive measures such as disaster drills, preparation of necessary emergency supplies, and the introduction of a safety confirmation system. The Noto Peninsula earthquake severely damaged our production plants, including the Ishikawa and Nago plants, which had to suspend operations. The group's sales sites were also affected, including severe damage to offices. Thanks to the hard work and quick response of our employees and the support of our customers, all production lines were able to resume operations on January 26.

This disaster revealed that a BCP created on paper may not fit reality in some areas. We will reflect carefully on what happened at each workplace and site and what we were unable to respond to, review the situation, and work to reorganize the BCP to build a business administration system that is resilient to disasters.



Takaoka Plant  
(Fallen ceiling material)

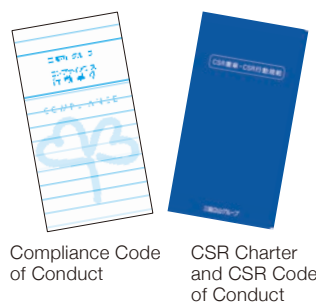


Nago Plant  
(Ground protrusion and liquefaction)

## Governance

## Establishment of Internal Control System

- The Company has established Management Philosophy, code of conduct, CSR code of conduct, compliance code of conduct, etc., which are distributed to all officers and employees in the form of portable cards and booklets to ensure thorough awareness.
- The Internal Control Group has been established within the Corporate Audit Department as an organization to support the internal control of the Sankyo Tateyama Group.
- The Internal Control Committee was established to build an effective internal control system for the Sankyo Tateyama Group. The Committee meets four times a year to discuss the basic policies of the internal control system and to discuss internal control and risk management in general. A specialized department was also established to strengthen the ability to respond to risks within the Sankyo Tateyama Group.
- The Compliance Committee meets four times a year to check annual activities related to the promotion of compliance, identify problems, and make improvements.
- We have been implementing Compliance Training, Compliance Self-Checks, and the distribution of the Compliance Information Magazine to instill compliance with laws and regulations and corporate ethics among all officers and employees; and, to improve their awareness and knowledge of compliance.
- The Sankyo Tateyama Group has established the Comp-line, a whistleblower system, with in-house contact points (the General Affairs Department and the Audit Committee Office) as well as external contact points to ensure that whistleblowers have easy access to the system.
- The Corporate Audit Department conducts internal audits of each group company to confirm the effectiveness of internal controls for the entire group. Moreover, we appropriately handle internal control over financial reporting based on the Financial Instruments and Exchange Act and in accordance with the Annual Basic Plan.
- The Internal Control Committee takes the lead in identifying and promoting countermeasures against major company-wide risks by centrally managing the risk information of the Sankyo Tateyama Group.
- The Sankyo Tateyama Group also promotes BCP\* initiatives to prepare for unforeseen circumstances. In the event of an unforeseen event, the Sankyo Tateyama Group has a system in place to respond appropriately by, for example, holding a countermeasures meeting following the Crisis Management Regulations and Crisis Management Manual and establishing a countermeasures headquarters depending on the severity of the situation.
- As our basic approach to the exclusion of antisocial forces, we clearly state in our Compliance Code of Conduct that we do not make use of, do not fear, and do not pay antisocial forces; and, we appoint a person responsible for preventing unreasonable demands and maintain a cooperative system with external specialized agencies.



## Compliance Initiatives

The Sankyo Tateyama Group considers compliance to be one of our most important management issues, and we have established the Sankyo Tateyama Compliance Committee, chaired by the director in charge of promoting compliance, to pursue activities based on the Basic Policy for Compliance Promotion.

## Activities in FY2024

## Dissemination of compliance standards

A booklet entitled "Compliance Code of Conduct" based on our management philosophy and code of conduct is being distributed to all executives and employees.

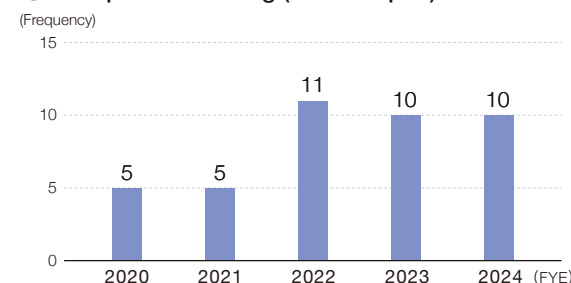
## Implementation of various training and educational activities

Sankyo Tateyama Group assigns a Compliance Leader to each workplace to prevent misconduct and create a healthy workplace, and promotes compliance education. In addition to training for new employees, newly appointed branch managers, and newly appointed plant managers, training is also provided for all managerial positions, incorporating actual cases (harassment, misconduct, etc.).

## Raising Compliance Awareness

To promote compliance activities in the workplace, we publish a compliance information magazine every other month. Compliance Leaders disseminate the contents of the magazine within the workplace to raise employees' compliance awareness. In addition, compliance self-checks are conducted twice a year for all employees, providing them with an opportunity to reflect on their own behavior.

## ● Compliance training (inside Japan)



Number of compliance  
whistleblower/  
consultation cases (Japan)

27  
(FYE2024)

## Governance

## Information Security Initiatives

Number of serious information security incidents **0** ( FYE2024)

The Sankyo Tateyama Group places the highest priority on protecting customers' personal and transactional information when it comes to ensuring information security, and we ensure that every employee acquires the appropriate knowledge and behavior regarding information security.

## Basic Policy on Information Security

The Sankyo Tateyama Group will ensure information security throughout the Group so that the Group continues to be trusted by customers, suppliers, and local communities.

## 1.Management system

The Sankyo Tateyama Group has established regulations for information security and maintains and operates the necessary management system.

## 2.Protection of Information Assets

The Sankyo Tateyama Group takes technical, physical and personnel measures to protect the confidentiality, integrity, and availability of its information assets.

## 3.Implementation of training

The Sankyo Tateyama Group implements education and awareness-raising activities related to information security to ensure that those who use the Group's information assets recognize the importance of information assets.

## 4.Compliance with laws and regulations

The Sankyo Tateyama Group complies with all laws, regulations and standards related to information security.

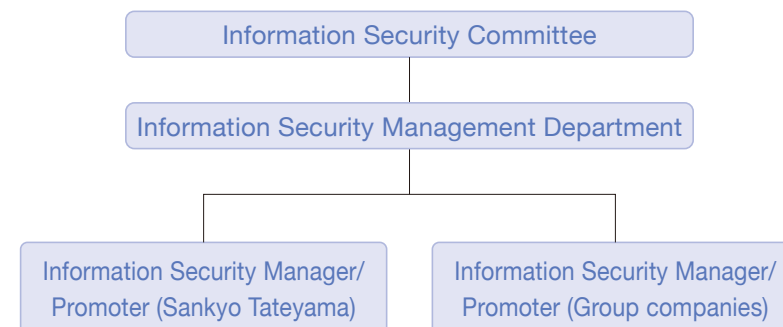
## 5.Continuous improvements

The Sankyo Tateyama Group evaluates and reviews the regulations, compliance status and measures related to information security in line with changes in laws, regulations, and information technology, and strives for continuous improvement.

## Management system

The Sankyo Tateyama Group has established the Information Security Committee, chaired by the director in charge of information systems, to determine the activities and issues throughout the Group and policies to deal with these issues. The decisions made by the Committee are thoroughly communicated to all employees by approximately 300 information security managers and information security promoters assigned to each division and Group Company under the supervision of the Information Security Management Department, which is responsible for implementing and promoting the Committee's decisions.

## ● Information security management system (as of June 1, 2024)



## Activities in FY2024

Based on the premise that no network can be defended entirely from all threats, we have been strengthening our countermeasures not only from the angle of how to prevent threats from entering the network, but also how to detect threats as soon as possible after they enter the network and to prevent the spread of damage. Specifically, we have introduced solutions that monitor PCs, servers, and other devices to detect and respond to suspicious behavior, and devices that have been confirmed to have been compromised can be immediately quarantined from the network. This approach will minimize damage after an attack and improve business continuity.

## Governance

## Officers

## ● Chief Executive Officer

**Shozo Hirano**

President, Chief Executive Officer  
President, Sankyo Material Company

## ● Director

**Tsuneaki Yoshida**

Director, Managing Executive  
Officer  
General Manager of General  
Affairs & Human Resources  
Division  
General Manager of Information  
System Division and in charge of  
Corporate Audit Department

**Kensuke Kubota**

Director, Managing Executive  
Officer  
General Manager of Finance &  
Accounting Division

**Yasuyuki Kurohata**

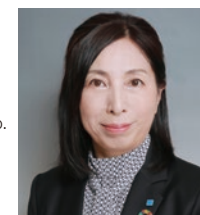
Director, Managing Executive Officer  
General Manager of Corporate Planning  
Division

**Fumiro Toyooka**

Director, Managing Executive  
Officer  
President, Sankyo Alumi  
Company

**Ichiro Azuma**

Director, Managing Executive  
Officer  
President, Tateyama Advance Co.

**Hiroko Shinoda**

Outside Director

Currently:  
Director of Creo Inc.

**Toru Hongawa**

Director (Full-time Auditor)

**Hirokazu Hasegawa**

Outside Director (Full-time Auditor)

Former Position:  
Director, Fund Management  
Department, Federation of  
National Public Service Personnel  
Mutual Aid Associations

**Hirotohi Aramaki**

Outside Director (Auditor)

Former Position:  
Director, Executive Vice President and  
Executive Officer, General Manager of  
Technology Development Division in  
charge of Technology of NSK Ltd.

**Kazunori Toda**

Outside Director (Auditor)

Currently:  
Kazunori Toda, Head of Tax  
Accountant's Office

**Miho Yoshikawa**

Outside Director

Currently:  
General Manager of  
Takaokaekinan Law Office



## Governance

## ● FYE2025 Members of Each Committee (◎ indicates chairperson)

Rank and position	Name	FYE2025 Members of Each Committee				
		Board of Directors	Management Committee	Audit Committee	Nominating Committee <sup>1</sup>	Compensation Committee <sup>1</sup>
President	Chief Executive Officer	Shozo Hirano	◎	◎	○	○
Director	Managing Executive Officer	Tsuneaki Yoshida	○	○	○	○
Director	Managing Executive Officer	Kensuke Kubota	○	○		
Director	Managing Executive Officer	Yasuyuki Kurohata	○	○		
Director	Managing Executive Officer	Fumiro Toyooka	○	○		
Director	Managing Executive Officer	Ichiro Azuma	○	○		
Outside Director		Hiroko Shinoda	○			
Director	Full-time Auditor	Toru Hongawa	○	○	◎	
Outside Director	Full-time Auditor	Hirokazu Hasegawa	○	○	○	◎
Outside Director	Auditor	Hirotohi Aramaki	○		○	○
Outside Director	Auditor	Kazunori Toda	○		○	◎
Outside Director	Auditor	Miho Yoshikawa	○		○	○

<sup>1</sup>Our company has an Audit and Supervisory Committee, and the Nominating Committee and Compensation Committee are voluntary committees.

## ● Skill matrix of the Board of Directors

Job Title	Name	Corporate Management	Global Business	Sales & Marketing	Manufacturing Technology Development & IT/Digital Skills	Human Resources Development & Labor Relations	Legal & Compliance	Finance & Accounting
President	Chief Executive Officer	Shozo Hirano	○	○	○			
Director	Managing Executive Officer	Tsuneaki Yoshida	○	○	○	○	○	○
Director	Managing Executive Officer	Kensuke Kubota	○		○	○	○	○
Director	Managing Executive Officer	Yasuyuki Kurohata		○				
Director	Managing Executive Officer	Fumiro Toyooka		○				
Director	Managing Executive Officer	Ichiro Azuma		○				
Outside Director		Hiroko Shinoda	○			○		
Director	Full-time Auditor	Toru Hongawa	○	○	○		○	
Outside Director	Full-time Auditor	Hirokazu Hasegawa	○	○	○		○	○
Outside Director	Auditor	Hirotohi Aramaki	○		○			
Outside Director	Auditor	Kazunori Toda				○	○	○
Outside Director	Auditor	Miho Yoshikawa			○		○	






Note: The above list does not represent all of the experience and expertise possessed by each individual

## ● Executive Officer

Job Title	Name	Responsibilities and entrusted duties
Managing Executive Officer	Katsuyoshi Shirai	General Manager of Reform Promotion Division and in charge of Sustainability Promotion Department
Managing Executive Officer	Hideki Matsuda	Representative of Global Business
Managing Executive Officer	Yasunori Yoshida	Deputy General Manager of Finance & Accounting Division
Managing Executive Officer	Satoru Hanaki	General Manager of Technology Division and Executive Vice President of Sankyo Material Company
Executive Officer	Katsuhiro Kurata	General Manager of Sales Division and Market Development Division, Sankyo Material Company
Executive Officer	Yasushi Fujimaki	General Manager of Tokai Building Construction Materials Branch, Sankyo Alumi Company
Executive Officer	Yukio Sezaki	General Manager of Business Development Division
Executive Officer	Tsutomu Yamazaki	In charge of Customer Service & Quality Assurance Department, Sankyo Alumi Company
Executive Officer	Hiroshi Kondo	General Manager of Business Management Division, Sankyo Alumi Company
Executive Officer	Kazumasa Okutani	General Manager of Housing Division, Sankyo Alumi Company
Executive Officer	Risho Haginaka	General Manager of Production Division, Sankyo Material Company
Executive Officer	Nobuyuki Yamazaki	General Manager of Production Division, Sankyo Alumi Company
Executive Officer	Hajime Funaki	President, Sansei Industry Co., Ltd.
Executive Officer	Yukihiro Nakashima	Deputy General Manager of Housing Division, Sankyo Alumi Company, and President, Sankyo Tech Inc.
Executive Officer	Kazuhiko Hase	Deputy General Manager of Global Business Division (in Europe), and CEO, Sankyo Tateyama Europe BV
Executive Officer	Yukio Yamato	General Manager of Sales Division and Development Division, Tateyama Advance Company
Executive Officer	Hiroshi Arashikawa	Deputy General Manager of General Affairs & Human Resources Division
Executive Officer	Yoshinari Nekomiya	General Manager of Kanto Building Construction Materials Branch, Sankyo Alumi Company
Executive Officer	Toshihiko Hosohashi	Deputy General Manager of Production Division, Sankyo Material Company
Executive Officer	Yukikazu Takamichi	Deputy General Manager of Production Division, Sankyo Alumi Company
Executive Officer	Shinichi Inoue	General Manager of Exterior Division, Sankyo Alumi Company
Executive Officer	Takashi Mizukoshi	General Manager of Production & Procurement Division of Tateyama Advance Company
Executive Officer	Koji Nagatsuka	General Manager of Building Division, Sankyo Alumi Company

# Key Financial Data 10-Year Trends (2014/06/01-2024/05/31)

(Millions of JPY, unless otherwise stated)

Item			70th	71th	72th	73th	74th	75th	76th	77th <sup>*2</sup>	78th	79th
			June 1, 2014 – May 31, 2015	June 1, 2015 – May 31, 2016	June 1, 2016 – May 31, 2017	June 1, 2017 – May 31, 2018	June 1, 2018 – May 31, 2019	June 1, 2019 – May 31, 2020	June 1, 2020 – May 31, 2021	June 1, 2021 – May 31, 2022	June 1, 2022 – May 31, 2023	June 1, 2023 – May 31, 2024
Consolidated Profit and Loss Statement	Net sales		292,391	332,168	320,817	328,409	337,789	313,691	301,184	340,553	370,385	353,027
	Operating income		8,541	6,251	6,713	1,201	738	2,015	4,568	3,782	2,669	3,807
	Ordinary income		7,928	5,395	6,842	1,536	616	1,611	5,251	4,198	3,419	3,880
	Net income before adjustment for taxes, etc.		7,876	3,031	4,858	1,081	- 487	1,336	4,616	2,905	3,104	585
	Net income attributable to owners of parent		5,949	94	2,122	- 731	- 1,419	- 1,533	1,683	395	1,630	- 1,019
Consolidated Profit and Loss Statement by Segment	 the Construction Materials Business	Net sales	209,894	208,938	203,913	196,943	205,563	195,314	180,652	182,191	187,141	182,270
		Operating income	4,432	4,371	2,716	- 2,107	749	4,574	3,723	2,515	- 118	2,228
	 the Materials Business	Net sales	44,077	42,099	41,325	46,178	45,458	38,718	39,675	53,397	58,550	53,085
		Operating income	3,160	3,246	3,906	3,814	2,802	1,340	2,575	2,614	3,211	1,467
	 the Commercial Facilities Business	Net sales	33,993	34,904	35,781	38,584	39,567	38,436	38,894	40,749	41,631	42,672
		Operating income	1,722	1,757	1,774	1,081	48	622	2,094	1,718	603	1,534
	 the Global Business	Net sales	4,276	46,077	39,644	46,558	47,075	41,097	41,807	62,624	82,857	74,636
		Operating income	- 797	- 3,069	- 1,640	- 1,535	- 2,704	- 4,290	- 3,586	- 3,147	- 833	- 1,306
	 Other	Net sales	149	148	153	145	124	125	154	1,590	204	362
		Operating income	23	- 52	- 43	- 51	- 158	- 231	- 238	82	- 192	- 116
Consolidated Balance Sheets	Total Assets <sup>*1</sup>		270,557	254,630	254,139	269,260	262,426	245,980	252,935	268,470	282,932	289,975
	Net Assets		85,148	80,102	84,147	86,079	82,087	78,327	84,081	85,605	92,667	99,483
	Net assets per share (JPY)		2,654.96	2,481.13	2,601.01	2,656.60	2,522.22	2,390.00	2,592.48	2,633.27	2,854.68	3,067.12
Consolidated Statements of Cash Flows	Cash flows from operating activities		12,261	15,710	7,144	7,530	12,656	9,358	7,847	2,405	- 171	17,196
	Cash flows from investing activities		- 22,120	- 11,167	- 11,470	- 12,401	- 7,550	- 6,724	- 9,104	- 7,586	- 7,269	- 8,620
	Cash flows from financing activities		8,945	- 7,637	- 1,021	13,975	- 9,524	- 3,941	- 663	274	10,554	- 6,769
	Free cash flows		- 9,858	4,543	- 4,325	- 4,871	5,106	2,634	- 1,256	- 5,181	- 7,440	8,576
Management Indicators	Capital adequacy ratio (%) <sup>*1</sup>		30.8	30.6	32.1	31.0	30.2	30.5	32.1	30.8	31.6	33.2
	ROA (%) <sup>*1</sup>		2.4	0.0	0.8	- 0.3	- 0.5	- 0.6	0.7	0.2	0.6	- 0.4
	ROE (%)		7.7	0.1	2.7	- 0.9	- 1.7	- 2.0	2.2	0.5	1.9	- 1.1
	Annual dividend per share (JPY)		35	35	35	15	15	15	15	15	20	20
	Dividend payout ratio (%)		18.5	—	51.8	—	—	—	27.9	118.9	38.4	—
	Interest-bearing liabilities		69,087	62,608	63,070	78,694	69,919	66,655	69,021	70,304	82,551	78,188
	DE ratio (%)		82.9	80.4	77.3	94.4	88.4	88.9	84.9	85.2	92.2	81.3
Other Reference Information	Closing stock price (JPY)		2,008	1,549	1,610	1,543	1,139	962	787	583	630	840
	Employees (people)		11,320	11,310	11,373	11,256	11,188	10,881	10,577	10,375	10,373	10,289
	Research & development costs		2,935	3,222	3,087	2,659	2,594	2,856	2,401	2,379	2,387	2,320
	Capital investment		6,116	10,527	10,884	9,691	5,226	7,302	7,643	10,371	9,687	9,899
	Depreciation		6,089	8,146	8,471	8,975	8,598	8,083	8,079	8,006	8,210	8,774

\*1: Partial Amendments to Accounting Standard for Tax Effect Accounting etc. are applied from the 74th fiscal year, and the management indices, etc. for the 73rd fiscal year are retroactively applied to those accounting standards.

\*2: Accounting Standard for Revenue Recognition and others were applied from the 77th fiscal year.

# Consolidated Financial Statement

## Consolidated Balance Sheets

### Assets

(Millions of JPY)

Item	Previous fiscal year May 31, 2023	Current period May 31, 2024	Change YoY
<b>Current assets</b>	<b>151,268</b>	<b>145,684</b>	<b>- 5,584</b>
Cash and deposits	22,377	24,653	2,275
Notes and accounts receivable and contract assets	57,247	50,303	- 6,944
Electronically recorded receivables	6,653	6,427	- 225
Marketable securities	10	12	1
Merchandise and finished goods	21,637	20,082	- 1,554
Works in process	16,399	15,230	- 1,169
Raw materials and supplies	19,249	21,211	1,962
Other	8,298	8,332	34
Allowance for doubtful accounts	- 606	- 570	36
<b>Fixed asset</b>	<b>131,664</b>	<b>144,291</b>	<b>12,627</b>
<b>Tangible fixed assets</b>	<b>103,577</b>	<b>105,240</b>	<b>1,662</b>
Buildings and structures (Net amount)	22,149	22,088	- 60
Machinery, equipment and vehicles (Net amount)	20,488	20,651	162
Land	54,478	55,178	700
Other (Net amount)	6,461	7,321	859
<b>Intangible fixed assets</b>	<b>3,745</b>	<b>3,313</b>	<b>- 432</b>
Goodwill credit	1,152	636	- 516
Other	2,593	2,677	83
<b>Investments and other assets</b>	<b>24,341</b>	<b>35,737</b>	<b>11,396</b>
Investment securities	11,848	14,257	2,408
Other	13,181	21,856	8,675
Allowance for doubtful accounts	- 688	- 375	312
<b>Assets</b>	<b>282,932</b>	<b>289,975</b>	<b>7,042</b>

### Liabilities

(Millions of JPY)

Item	Previous fiscal year May 31, 2023	Current period May 31, 2024	Change YoY
<b>Current liabilities</b>	<b>128,008</b>	<b>118,804</b>	<b>- 9,203</b>
Notes and accounts payable	45,284	41,023	- 4,260
Electronically recorded liabilities	20,698	17,770	- 2,928
Short-term loans	23,761	13,739	- 10,022
Long-term debt due within one year	16,528	18,180	1,652
Other	21,734	28,089	6,355
<b>Fixed liabilities</b>	<b>62,256</b>	<b>71,687</b>	<b>9,430</b>
Long-term loans	42,261	46,268	4,006
Deferred tax liabilities	1,624	5,730	4,105
Liabilities for retirement benefits	8,976	10,167	1,191
Other	9,394	9,521	127
<b>Liabilities</b>	<b>190,265</b>	<b>190,492</b>	<b>227</b>

### Net assets

(Millions of JPY)

<b>Shareholders' equity</b>	<b>74,002</b>	<b>72,439</b>	<b>- 1,562</b>
Capital	15,000	15,000	—
Capital surplus	31,932	31,932	0
Retained earnings	27,324	25,766	- 1,557
Treasury stock	- 255	- 259	- 4
<b>Accumulated other comprehensive income</b>	<b>15,493</b>	<b>23,698</b>	<b>8,205</b>
<b>Non-controlling interests</b>	<b>3,172</b>	<b>3,345</b>	<b>173</b>
<b>Net Assets</b>	<b>92,667</b>	<b>99,483</b>	<b>6,815</b>
<b>Liabilities and net assets</b>	<b>282,932</b>	<b>289,975</b>	<b>7,042</b>

## ● Consolidated Profit and Loss Statement

(Millions of JPY)

Item	Previous fiscal year June 1, 2022– May 31, 2023	Current period June 1, 2023– May 31, 2024	Change YoY
Net sales	370,385	353,027	- 17,358
Cost of sales	303,115	282,890	- 20,225
Gross profit	67,269	70,137	2,867
Selling, general and administrative expenses	64,600	66,330	1,729
Operating income	2,669	3,807	1,137
Interest income	50	139	88
Dividend income	257	209	- 48
Equity in earnings of affiliates	362	257	- 104
Other	1,430	1,485	54
Non-operating income	2,101	2,091	- 9
Interest expenses	911	1,372	461
Other	439	645	205
Non-operating expenses	1,351	2,018	666
Ordinary income	3,419	3,880	460
Profit on sales of fixed assets	413	68	- 345
Other	15	186	171
Extraordinary profit	429	255	- 174
Loss on disposal of fixed assets	386	493	106
Other	357	3,056	2,698
Extraordinary loss	744	3,550	2,805
Net income before adjustment for taxes, etc.	3,104	585	- 2,518
Income taxes	1,351	1,458	106
Net income	1,752	- 872	- 2,625
Net income attributable to non-controlling interests	121	146	25
Net income attributable to owners of parent	1,630	- 1,019	- 2,650

## ● Consolidated statements of comprehensive income

(Millions of JPY)

Item	Previous fiscal year June 1, 2022– May 31, 2023	Current period June 1, 2023– May 31, 2024	Change YoY
Net income	1,752	- 872	- 2,625
Total of other comprehensive income	5,790	8,325	2,535
Net unrealized gains (losses) on available-for-sale securities	246	1,613	1,367
Deferred gains or losses on hedges	- 393	738	1,131
Foreign currency translation adjustments	1,038	1,854	816
Adjustment for retirement benefits	4,894	4,101	- 793
Share of other comprehensive income of affiliates accounted for by the equity method	4	7	3
Comprehensive income	7,542	7,452	- 90
Comprehensive income attributable to owners of the parent	7,401	7,276	- 124
Comprehensive income attributable to non-controlling interests	140	175	34



## ● Consolidated Statements of Cash Flows

(Millions of JPY)

Item	Previous fiscal year June 1, 2022– May 31, 2023	Current period June 1, 2023– May 31, 2024	Change YoY
<b>Cash flows from operating activities</b>	<b>- 171</b>	<b>17,196</b>	<b>17,367</b>
Net income before adjustment for taxes, etc.	3,104	585	- 2,518
Depreciation	8,210	8,774	563
Impairment loss	340	939	598
Increase (decrease) in trade receivables	- 2,651	8,367	11,018
Increase (decrease) in inventories	- 3,338	2,496	5,835
Increase (decrease) in notes and accounts payable	- 4,143	- 7,802	- 3,659
Other	481	6,381	5,900
Subtotal	2,002	19,740	17,738
Interest and dividends received	393	430	37
Interest expenses paid	- 891	- 1,297	- 405
Amounts paid due to disaster-related loss of assets	—	- 529	- 529
Income taxes paid	- 1,675	- 1,148	527
<b>Cash flows from investing activities</b>	<b>- 7,269</b>	<b>- 8,620</b>	<b>- 1,351</b>
Income from sale of marketable securities	1,548	—	- 1,548
Purchase of tangible fixed assets	- 7,612	- 8,751	- 1,139
Income from sale of tangible fixed assets	54	831	776
Payments for purchases of investment securities	- 93	- 126	- 32
Income from sale of investment securities	122	335	212
Other	- 1,288	- 909	379

(Millions of JPY)

Item	Previous fiscal year June 1, 2022– May 31, 2023	Current period June 1, 2023– May 31, 2024	Change YoY
<b>Cash flows from financing activities</b>	<b>10,554</b>	<b>- 6,769</b>	<b>- 17,323</b>
Net increase (decrease) in short-term loans	11,510	- 10,510	- 22,021
Income from long-term loans	18,863	23,602	4,738
Payments for repayment of long-term loans	- 18,602	- 18,526	76
Dividends paid	- 468	- 624	- 155
Payments for acquisition of subsidiaries' stock without change in scope of consolidation	- 1	—	1
Other	- 747	- 711	36
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,528</b>	<b>2,782</b>	<b>- 746</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16,926</b>	<b>20,455</b>	<b>3,528</b>
<b>Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries</b>	<b>—</b>	<b>74</b>	<b>74</b>
<b>Cash and cash equivalents at end of year</b>	<b>20,455</b>	<b>23,312</b>	<b>2,857</b>
<b>Free cash flows</b>	<b>- 7,440</b>	<b>8,576</b>	<b>16,016</b>

# IR Activities

IR activities are handled by the Public Relations and Investor Relations Department. We disclose corporate information in a timely and accurate manner so that shareholders, investors, and all other stakeholders can have a deeper understanding of the Sankyo Tateyama Group's corporate activities and make a sound evaluation of the group. Sankyo Tateyama's website contains financial disclosure materials such as financial summaries, financial results presentation materials, and securities reports (quarterly reports), as well as semiannual shareholder newsletters and other materials, which are easily accessible to investors at any time.

For institutional investors, we hold financial results briefings after the second quarter and year-end financial results. Individual meetings are also held at the time of quarterly financial results or upon request. In the fiscal year ending May 31, 2024, we held 69 individual meetings with institutional investors from Japan and overseas. In addition, we also accept factory inspections upon request. For individual investors, we held company information sessions. Opinions and advice received from stakeholders through IR activities are regularly fed back to the Board of Directors by the officer in charge to be utilized in future management.

## ● Dialogue with shareholders and investors for FYE2024

### Briefing of financial results

Event date	Person in charge	Target persons	Number of participants
January 12, 2024	President, Chief Executive Officer Regular Board Members, General Manager of Corporate Planning Division	Institutional investors Analysts	24
July 12, 2024	President, Chief Executive Officer Regular Board Members, General Manager of Corporate Planning Division	Institutional investors Analysts	32

### Individual meetings

Duration	Person in charge	Target persons	Number of times (total)
From October 2023 to August 2024	General Manager of Corporate Planning Division, and Regular Outside Auditor Board Member	Institutional investors Analysts	69

### Company Information Session for Private Investors

Event date	Person in charge	Target persons	Number of participants
January 29, 2024	General Manager of Corporate Planning Division, and employees from the Public Relations and Investor Relations Business	Private Investors	Approx. 100 (online)

### Main Topics Covered

- The degree of certainty of achieving the initial profit plan for FYE2024.
- The market outlook and risks in each business segment.
- The impact of the 2024 Noto Peninsula earthquake on business performance.
- The status of measures to achieve profitability in the International Business.
- Prospects and risks in the markets in each business segment.
- Thinking about the medium-term management plan and cash allocation.

## ● Approach to information disclosure

Sankyo Tateyama will endeavor to disclose information in compliance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the Securities Listing Regulations established by the Tokyo Stock Exchange (the "Listing Regulations"), and will also promptly disclose information that is considered useful for stakeholders to gain a better understanding of the Sankyo Tateyama Group.

Information that falls under the listing regulations will be disclosed through TDnet (Company Announcements Disclosure Service) provided by the Tokyo Stock Exchange in accordance with the Listing provided by the Tokyo Stock Exchange in accordance with the Listing Regulations. Information that may have an impact on investment decisions will be disclosed promptly in a timely and appropriate manner depending on the importance and urgency of the situation.

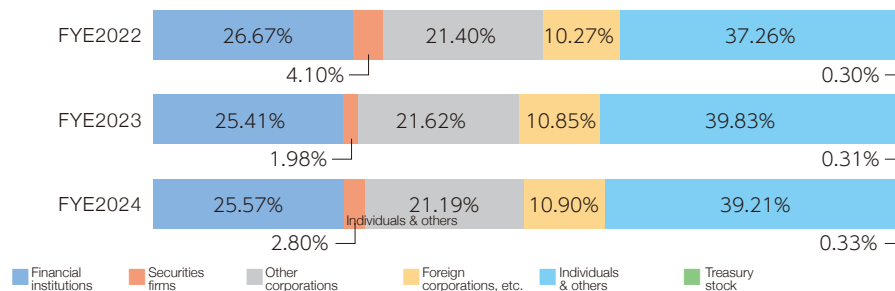
## ● Sankyo Tateyama's Disclosure Policy

- ▶ (Japanese) <https://www.st-grp.co.jp/ir/disclosure.html>

## About Us / Stock Information (As of May 31, 2024)

Company name	Sankyo Tateyama, Inc.
Address	Head office: 70 Hayakawa, Takaoka city, Toyama, Japan Tokyo Office: 20F Sumitomo Nakano Sakaue Building 1-38-1 Chuo, Nakano-ku, Tokyo
Representative	Shozo Hirano President
Date of establishment	June 20, 1960
Capital	15.0 billion JPY
Accounting period	May 31
Total number of shares issued	31,554,629 shares (100 shares per unit)
Number of shareholders	19,909 shareholders
Administrator of shareholders' register	Sumitomo Mitsui Trust Bank, Limited
Stock Exchange	Tokyo Stock Exchange Prime Market (Stock Code: 5932)
Employees	Consolidated : 10,289/Non-consolidated : 4,822
Major business	1. Development, manufacture and sale of building construction materials, housing construction materials, exterior construction materials; manufacture and sales of fabricated products made of rolled aluminum and other metals. 2. Casting, extrusion, and fabrication of aluminum and magnesium, and sales thereof. 3. Sales of commercial and general-purpose display fixtures; manufacture and sale of standard signboards and other signage; maintenance of stores and related equipment.
URL	<a href="https://www.st-grp.co.jp/">https://www.st-grp.co.jp/</a>

### Share distribution and trends



### Editorial Policy

Sankyo Tateyama Group publishes this integrated report to deepen communication with its various stakeholders, including shareholders and investors, and to provide a comprehensive understanding of the economic and social value created by the group through financial and non-financial information.

In addition to a review of our activities in FYE2024, the 2024 edition also reports on new initiatives in the medium-term management plan (FYE2025–FYE2027), which took effect in the current fiscal year.

We will continue to use this report as an important communication tool with our stakeholders to further strengthen our relationship with them proactively, which will lead to the continuous enhancement of Sankyo Tateyama's corporate value.

### Scope of Report

Fiscal year ending May 31, 2024 (June 1, 2023, to May 31, 2024)

In this report, the above period is referred to as FYE2024. Some parts of this report include activities which took place before or after the period in question.

### Reporting Period

Sankyo Tateyama Group (Sankyo Tateyama, Inc. and its consolidated subsidiaries)

### Reference Guidelines

IFRS Foundation, "International Integrated Reporting Framework"

Ministry of Economy, Trade, and Industry, "Value Co-creation Guidance 2.0"

### Special Note Regarding Forward-Looking Statements

The forecasts and forward-looking statements contained in this document are based on information available to the Company at the time of publication of this document and involve potential risks and uncertainties.

Therefore, changes in various factors could cause actual results to differ materially from those discussed in the forward-looking statements.

### “Twin Leaf” Logo



Our logo of a new sprout with heart-shaped leaves is a familiar and impression-building shape. The symbol, with its free-hand curved lines, is a gentle expression of the connection between people and people, and between society and our Company. We hope that through this logo we can build good communication not only with our customers, clients, shareholders, and investors, but also with people in our local communities and our employees. We hold it to be a symbol that connects the hearts and minds of our Company with society, with our customers, and with the environment.

### ● Web site

#### Corporate website (including IR Information)

▶ <https://www.st-grp.co.jp/english/>

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#### Sustainability

▶ (Japanese) <https://www.st-grp.co.jp/sustainability/index.html>

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Public Relations/IR Department / Sustainability Promotion Department  
70 Hayakawa, Takaoka, Toyama, 933-8610, Japan  
Tel. 0766-20-2332 Fax 0766-20-2032  
Website URL <https://www.st-grp.co.jp/english/>

