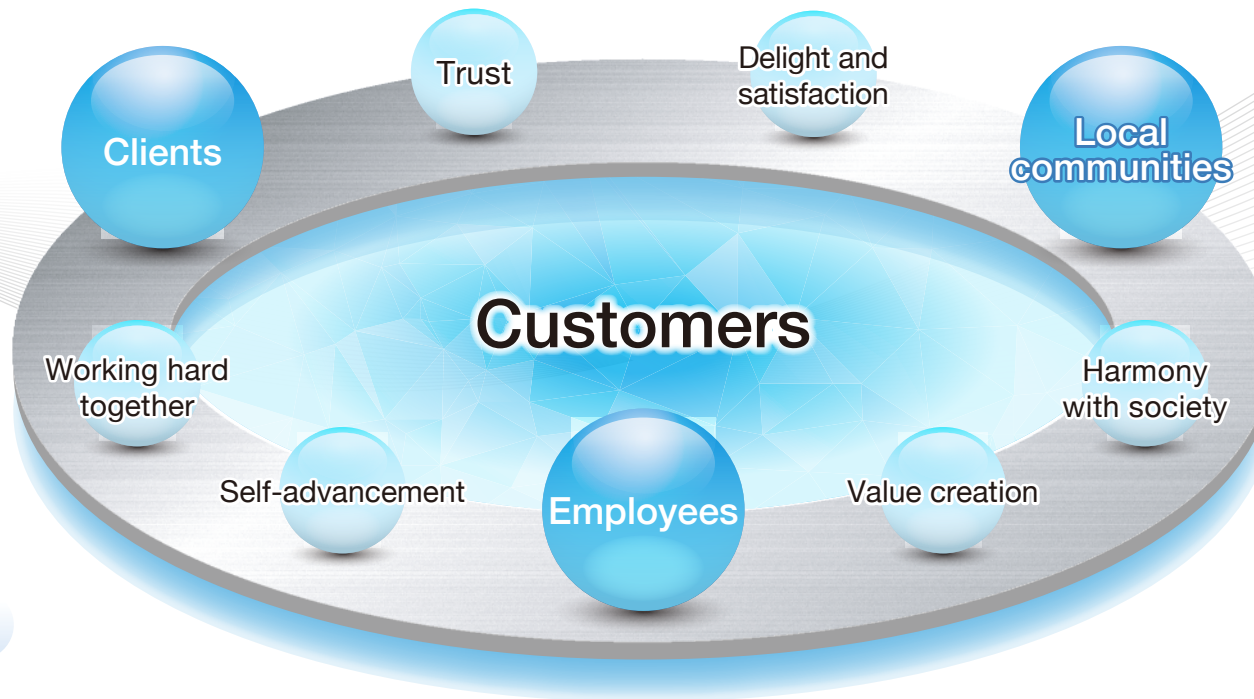


# INTEGRATED REPORT 2025



# Origin of Value Creation

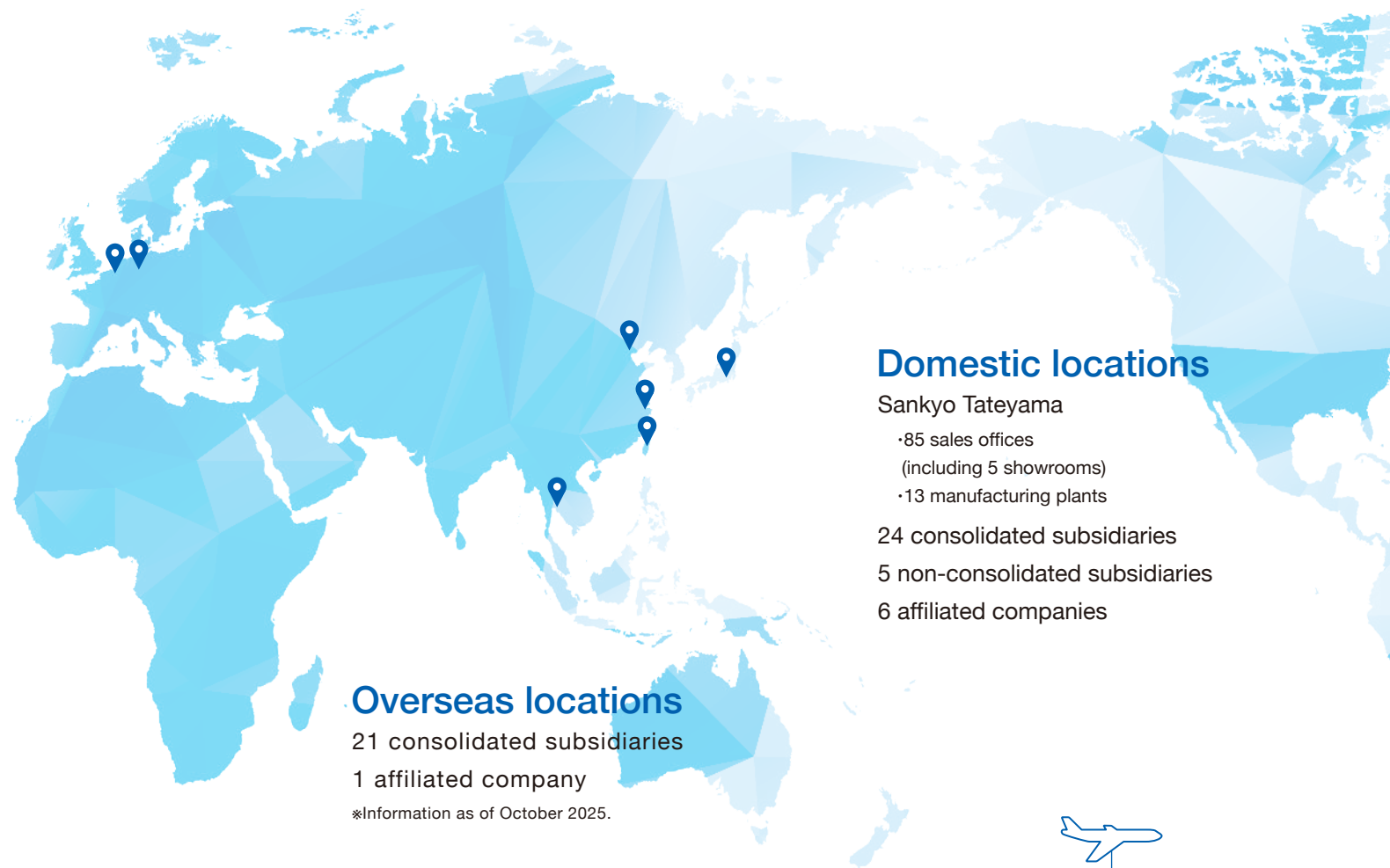


## Management Philosophy

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 trustworthy place of employment in 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 one of our guiding philosophies since the company’s founding.



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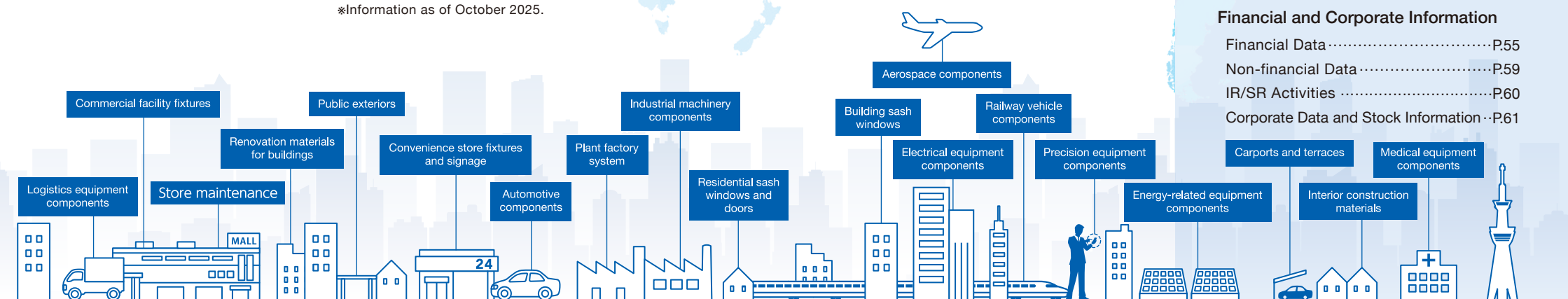
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# Value Creation History

## 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.



Standard Case

1948 Tateyama Casting Co., Ltd. established.

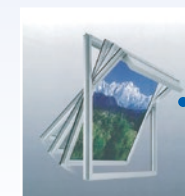
1960 Tateyama Casting renamed to Tateyama Aluminium Industry Co., Ltd.

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



Combination Sash

- "Walking," the world's first non-rail sash for office buildings, put on sale.



Swindow

## Contributing to energy conservation

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

2005 Tateyama Advance, Inc. established.

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



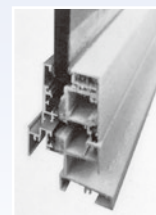
Sankyo Nabe

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.
- "3K Twin" double-railed heat-insulating sashes put on sale, as an energy-saving construction material.
- "Carport Type 1" (our first carport) put on sale.



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.

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.

2003 Sankyo-Tateyama Holdings, Inc. established.

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)

1960

1970

1980

1990

2000

2010



## Value Creation History

2012

2012.6 Sankyo Tateyama, Inc. established.

2012.12

Merger with  
Sankyo-Tateyama  
Holdings, Inc.



Tokyo Station

### Manufacturing to last for 100 years

Aluminum reconstruction of the wooden sashes at Marunouchi Station Building

### The Construction Materials Business

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

Horizontal Recycling of Aluminum  
Courtesy of Central Japan Railway Company

### The Materials Business

### The Commercial Facilities Business

#### 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. (Now Harita Co., Ltd.) and Sankyo Material Company)

- World's first successful demonstration of “horizontal recycling of aluminum” from one shinkansen in another
- Start of the Shinminato-Higashi Plant expansion work



7-Eleven Horizontal Recycling Diagram

- Started “horizontal recycling” operations of aluminum shelves from closed or refurbished 7-Eleven stores.

#### Completion of Shinminato-Higashi Plant

Increasing the supply capacity of aluminum extrusions for the EV market, which is expected to grow in the medium to long term.



Completion of Shinminato-Higashi Plant

### The Global Business

#### 2015 The Global Business added

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

### Field Expansion

- First installation of the “agri-cube ID” plant factory system

Misumi Co., Ltd.  
(Factory location: Aira, Kagoshima)

The “agri-cube ID” plant factory system

#### 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.”

低炭素アルミ建材  
**ReDUALumi T**  
For Circular Economy with SankyoAlumi  
資源循環型再生アルミ仕掛

- Jointly developed “ReDUALumi T” building construction material produced by recycling aluminum from the Tokaido Shinkansen rolling stock with JR Central Group.

高断熱・高気密・高遮光  
**STINA**



STINA

- “STINA” highly heat-insulating slim frame window launched

2020

2025

## TOP MESSAGE

**Reforming our revenue structure  
aimed at an early recovery  
in performance,  
while advancing the reconstruction  
of our growth strategy**

President  
**Shozo Hirano**



## TOP MESSAGE

## 01 Review of FYE2025

FYE2025 marked the first year of our medium-term management plan, but it resulted in extremely adverse business results for our Company.

The domestic market environment showed a trend of moderate recovery, supported by solid capital investment backed by improved corporate earnings, and a rebound in personal consumption due to improvements in employment and income conditions. However, the rise in material prices, logistics costs, and labor costs continued. Within the domestic construction market, the market for detached housing saw stagnation in the number of new houses being built due to rising construction costs driven by increases in material and labor expenses. In addition, the trend towards smaller houses and a higher proportion of single-story houses has created a market environment in which windows are becoming harder to sell. The rising cost of building homes has also contributed to a decline in demand for exterior work due to financial constraints, resulting in continued challenging business conditions in the exterior segment. Meanwhile, in the building market, labor reform at construction sites, such as optimizing overtime hours, has brought some challenges. However, redevelopment projects, particularly in the Tokyo, Nagoya, and Osaka areas, are expected to continue without interruption, creating a relatively favorable business environment. In the retail industry, where our Commercial Facilities Business operates, the market environment has been positively influenced by

an increase in inbound demand, along with strong demand for new store openings and renovations aimed at labor savings and energy efficiency in response to soaring labor costs.

Our company operates overseas in Europe and Thailand. The economy in Germany, where our European subsidiary is based, has seen a delayed recovery in market conditions due to a slump in the manufacturing sector, and EV sales have also slowed. In Thailand as well, the automotive market remains sluggish, and there are signs of an economic slowdown.

In response to these challenging changes in the business environment, we have implemented various measures such as price revisions and cost reductions. Although we approached these issues with a sense of urgency, we acknowledge that the speed of our response was ultimately insufficient. Net sales for the previous fiscal year increased by 1.8% YoY to 359.4 billion yen, supported by higher sales linked to aluminum ingot market conditions and exchange rate effects, despite continued sluggishness in the domestic construction market and a decline in EV-related sales volume in Europe. Operating income declined by 59.4% YoY to 1.5 billion yen, mainly due to rising domestic aluminum ingot prices, increased logistics costs, and one-time expenses associated with product defects in our Global Business. Ordinary income fell by 75.7% YoY to 900 million yen, and the net loss attributable to owners of parent widened by 1.3 billion yen from the previous year to 2.3 billion yen. We recognize this as an extremely adverse result. Regarding our Global Business, which has been

challenging, we have decided to restructure our European subsidiary STEP-G. These include halting internal machining and welding operations for rail components, reducing personnel, and selling the land and buildings of the Bonn Plant. Although sales in the EV segment, which we had expected to grow in Europe, continue to stagnate, we aim to achieve significant revenue improvement by steadily carrying out these restructurings.

## 02 Key Practices for FYE2026

In response to the adverse results mentioned earlier, our focus for FYE2026 will be on decisively implementing structural reforms aimed at securing stable revenue. In May 2025, we carried out major organizational reform at Sankyo Alumi Company, our Construction Materials Business, by abolishing the traditional divisional structure. As mentioned previously, we will steadily advance the restructuring of STEP-G in our Global Business. Amid soaring labor and energy costs, these initiatives will enable us to significantly reduce fixed costs and work toward rebuilding a solid revenue base.

Meanwhile, we are also moving forward with major investments outlined in the growth strategies of our medium-term management plan. In the Construction Materials Business, we have begun sequentially launching “STINA,” our new high-thermal-insulation slim window, from August 2025. This product achieves one of the slimmest frames in the industry while



## TOP MESSAGE

maintaining high performance. Following the launch of the residential model in August, a version for building renovations was launched in September. In 2026, we plan to roll out a mass-market version for residential use with the insulation performance lowered by one grade, and we will strengthen the production system in preparation for that. In the Materials Business, we are currently expanding the Shinminato-Higashi Plant in Imizu, Toyama. By bringing a new aluminum extrusion line into full operation, primarily serving the automotive segment, we aim to increase our production capacity. While the results of these large-scale investments may not yet be fully reflected in the numbers for FYE2026, this year marks a period in which our investments toward the next phase of growth begin to take shape. In that respect, FYE2026 will be a year of implementing structural reforms to secure revenue and beginning to make investments toward the next phase of growth. We expect the effects of reforming our revenue structure and other initiatives to start materializing in FYE2027 and beyond.

## 03 Forecast for FYE2026

Looking at the market environment underlying our forecast for FYE2026, the domestic construction market is expected to remain challenging, with conditions largely unchanged from the previous fiscal year. Even under these circumstances, demand in the housing renovation market is anticipated to be stimulated by the 2025 Housing Energy Saving

Campaign, a joint initiative by the Ministry of Economy, Trade and Industry; the Ministry of Land, Infrastructure, Transport and Tourism; and the Ministry of the Environment that supports energy-efficient home renovations. In the building market, redevelopment projects in major metropolitan areas such as Tokyo are expected to continue progressing steadily. Although domestic capital investment in the general industrial machinery market is showing a gradual upward trend, the market remains in a recovery phase, with attention focused on the potential impact of tariffs enacted by US President Donald Trump. As for the automotive market, stronger performance is expected compared to the previous fiscal year. Overseas, however, business sentiment in Europe, particularly Germany, remains sluggish. In the ASEAN region, conditions are projected to remain flat from the previous year, though in Thailand, where the Group has bases, momentum continues to be lacking.

Amid these conditions, in our forecast, we anticipate that sales volume will continue to decline due to sluggish demand in the domestic construction market. However, we expect overall net sales to increase, due to growing sales linked to the aluminum ingot market and the effects of price revisions. With regard to operating income, although the impact of increased development and production investments, along with the impact of high aluminum ingot costs and material costs, is expected to persist, we forecast higher income due to the results of price revisions and other factors.

In the Construction Materials Business, although depreciation costs will increase following the launch of

STINA, we plan to achieve a significant rise in income through cost reductions, operational efficiency improvements, and price revisions. In the Materials Business, operating income is expected to decrease, as depreciation and other costs are projected to increase with the release of a new production line scheduled for the second half of the fiscal year. In the Commercial Facilities Business, while the market environment remains favorable, higher labor and logistics costs are expected to result in lower income. In the Global Business, income growth is anticipated, reflecting the absence of one-time expenses incurred in FYE2025, as well as the completion of goodwill credit.

## 04 Revision of Medium-term Management Plan

Based on the results for FYE2025 and the outlook for FYE2026, and following careful internal review, we have determined that we will be unlikely to achieve our original targets for the final year of the medium-term management plan, which were an operating income of 11 billion yen and ROE of 6% or higher in FYE2027. Accordingly, we have announced a revision of the medium-term management plan. There are two main factors behind the decision to revise the plan. The first is that the external environment has changed significantly since the formulation of the original medium-term management plan, fundamentally altering its underlying assumptions. Production volumes of aluminum extrusions have

## TOP MESSAGE

declined due to stagnation in the construction market that exceeds initial estimations, while various costs have risen more sharply than expected as a result of inflation. In addition, the EV market in Europe has slowed, and domestic EV production plans have been substantially scaled back. While we continue to believe in the long-term growth potential of EVs, we now expect their widespread adoption to occur later than originally projected.

The second factor is that our efforts to respond to these changes have not progressed sufficiently. We recognize that delays in implementing internal structural reforms are an area for reflection, and for this reason, we have determined that it is necessary to revise the medium-term management plan itself.

In the revised medium-term management plan, operating income for FYE2027 is projected to be 7 billion yen, 4 billion yen lower than the initial target. In addition, we will carry out bold structural reforms to respond to market changes. Even as further declines in production volume are expected, we will promote a shift toward a more profitable business structure by reducing fixed costs and other measures. We are also firmly committed to implementing these structural reforms in a bid to realize our long-term vision, Vision 2030. While we feel deep regret that our progress will be delayed by three years from the original schedule, we will accelerate reforms and steadily rebuild our organization so that by the final year of the next medium-term plan (FYE2030), we can achieve our

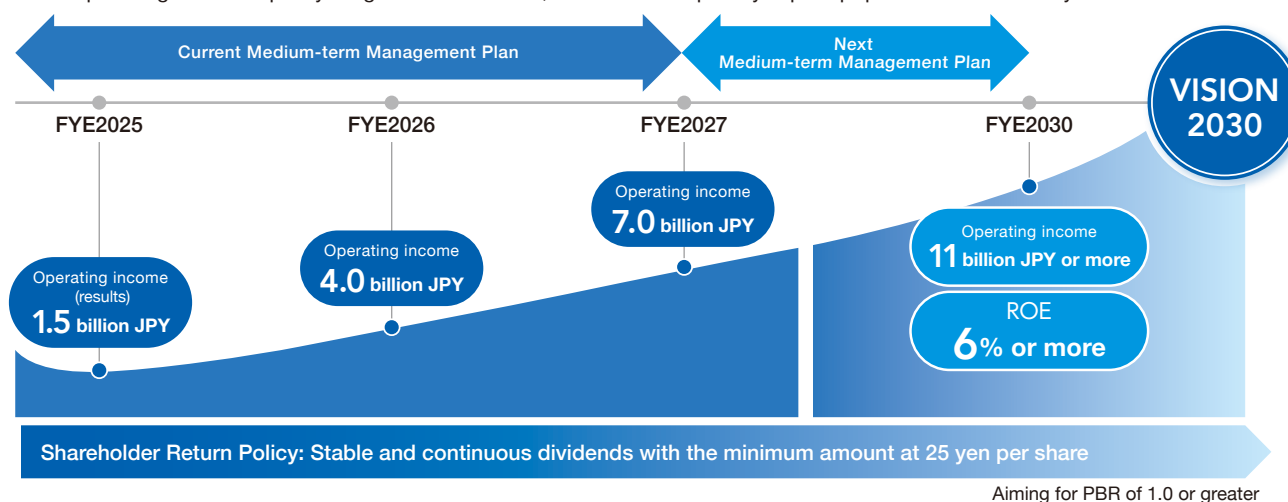
goals of an operating income of over 11 billion yen and an ROE of at least 6%.

## 05 Toward Developing Management with an Awareness of Cost of Capital and Stock Price

Our PBR has remained below 1.0, and we recognize that improving it is an important management task. To achieve this, rather than focusing on short-term measures aimed at boosting the stock price, we believe our top priority is to complete structural reforms, strengthen our business structure, and restore our earning power. Our immediate goal is to achieve an early recovery in performance and thereby improve our ROE. At present, we have set a target of achieving an ROE of at least 6% in FYE2030. However, we recognize that this level is still low and by no means satisfactory from a management perspective. Looking further ahead, we believe ROE must ultimately be raised to 8% or higher. With a clear awareness of the gap between our current position and our goal, we will focus on steadily implementing the necessary measures to solidify our foundation. As a result of these efforts, we aim to restore our PBR to above 1.0. In the course of revising our medium-term management plan, we also reviewed our initial assumptions regarding cash allocation. Prioritizing reform of our revenue structure and optimizing growth and strategic investments, we have decided to reduce our planned capital expenditures from approximately 70 billion yen

### Decisive Revenue Structure Reform for Early Performance Recovery

While upholding our basic policy for growth businesses, our immediate priority is prompt performance recovery



## TOP MESSAGE

to about 49 billion yen. At the same time, we will maintain our existing dividend policy of stable and continuous shareholder returns, with a minimum annual dividend of 25 yen per share.

## 06 Toward Revitalizing the “Sustainability Vision 2050”

Our Company has set forth the Sustainability Vision 2050, built on three pillars: achieving carbon neutrality, reusing resources, and connecting personnel and the future. For each of these pillars, we have set targets for FYE2031 and are actively advancing a variety of initiatives to achieve them.

Under the pillar of achieving carbon neutrality, the Sankyo Tateyama Group has set a target of reducing greenhouse gas (GHG) emissions by 50% for Scope 1 + 2 (compared to FYE2018 levels) and by 25% for Scope 3 (compared to FYE2023 levels) by FYE2031. For Scope 1 + 2, we have been focusing primarily on introducing CO<sub>2</sub>-free electricity at our domestic sites. As of now, nine of our thirteen domestic factories are scheduled to have completed transition by FYE2026. Including our headquarters and branches, which have already adopted CO<sub>2</sub>-free electricity, we consider the progress of our Scope 1 + 2 GHG reduction plan to be on track. In addition, solar power generation facilities will be installed on the new extension of Shinminato-Higashi Plant, which is scheduled to begin operation in FYE2026. At our overseas sites, we are also promoting the reduction of GHG emissions

through measures such as the introduction of CO<sub>2</sub>-free electricity and the installation of solar power generation facilities.

Meanwhile, looking at the value chain as a whole, Scope 3 emissions account for over 90% of the total GHG emissions of the Group. Therefore, we recognize that initiatives to reduce emissions in Scope 3 are of critical importance. In FYE2025, we are working to grasp the current status of our emissions and have identified reducing emissions from the production processes of aluminum ingots imported from overseas as a key challenge. Going forward, to achieve reductions in Scope 3, we will strengthen our efforts by expanding the use of green aluminum\* and promoting aluminum recycling.

Regarding reusing resources, we have set a target of achieving an aluminum recycling rate of 80% for construction materials by FYE2031. As of FYE2025, the actual rate stands at 54%. To improve the aluminum recycling rate, we have been working since the beginning of the year to install a dedicated aluminum scrap melting furnace at our Nago Plant, with the goal of increasing the use of aluminum scrap materials. Although the project has been slightly delayed from the original schedule due in part to addressing soil contamination discovered during the process, we are proceeding with plans to begin operation in the first half of FYE2027.

In our aluminum recycling initiatives, we are actively collaborating with various companies. In partnership with the JR Central Group, we carried out horizontal recycling of Tokaido Shinkansen rolling stock in 2020. Last year, we jointly developed a low-carbon aluminum

building construction material called “Re<sup>○</sup>ALumi T,” made from recycled Tokaido Shinkansen aluminum, which has been adopted for use in new buildings by Mitsui Fudosan Residential Co., Ltd. We have also begun working with 7-Eleven by collecting aluminum shelves from closed or refurbished stores for horizontal recycling operations. Furthermore, aiming to realize a circular economy, we have launched a demonstration experiment in collaboration with Meiji Yasuda Life Insurance Company; Takenaka Corporation; Shinwa Co., Ltd.; Harita Co., Ltd.; and Hoei Kinzoku Y.K. to recover aluminum building materials from demolished structures and put horizontal recycling into practice. In addition, we are continuing joint research through industry-academia collaboration with the University of Toyama. We will remain committed to aluminum recycling as an initiative that contributes to reducing Scope 3 GHG emissions

To achieve the pillar of connecting personnel and the future, we have set a goal of increasing the ratio of women in managerial positions to 10% by FYE2031. As of the end of May 2025, the ratio stands at just 3.2%, indicating that we are still only partway toward reaching our target. In FYE2025, we held training sessions on psychological safety and teamwork, offered e-learning programs on paternity leave for male employees, and continued our leadership development support programs for female employees and their supervisors, which we began in FYE2024. Rather than focusing solely on female employees, we are also working to improve our organizational culture through initiatives that promote greater awareness and mindset change among managers. Although the current percentage of

\* Green aluminum: A general term for aluminum ingots called “green aluminum raw materials,” produced through smelting powered by electricity generated with non-fossil energy sources, as well as aluminum ingots called “recycled aluminum raw materials,” made from aluminum scrap.



## TOP MESSAGE

women in managerial positions remains low, it has risen by 2.4 percentage points since FYE2022, when these initiatives began. We will continue our efforts toward achieving the 10% target.

## 07 Human Resources Strategy

The effective utilization of human resources is positioned as a key initiative in our Sustainability Vision 2050, and in our medium-term management plan, we are promoting improving employee engagement as part of our human resources strategy. While the Sustainability Vision 2050 sets specific goals for increasing the ratio of women in managerial positions, we believe that it is important that every employee, regardless of gender, age, nationality, or disability, can fully demonstrate their abilities by making the most of their individuality and strengths. We are committed to fostering a corporate culture that respects diversity and enables all personnel to thrive.

The results of our most recent engagement survey have highlighted the need to improve transparency in evaluations and promotions as a key issue. Currently, the Human Resources Department is spearheading efforts to establish a new evaluation system, aiming to create a fair and transparent framework that inspires employees to grow.

At the same time, from the perspective of maximizing the potential of our personnel, our Operational Reform Promotion Division is leading efforts to establish new ways of working through workforce streamlining,

automation, and the use of digital technologies. By leveraging synergies with our ongoing DX initiatives, such as the use of generative AI and the program to develop digital human resources we launched in 2024, we aim to create a more efficient and employee-friendly work environment.

## 08 Strengthening Compliance and Governance

Corporate scandals continue to occur, and we believe it is important to recognize that such risks can arise in any organization. We view thorough compliance not as a goal with an endpoint, but as an ongoing challenge, and are conducting initiatives to create various opportunities to raise awareness of compliance throughout the Company.

We have established a whistleblower system called Comp-line to enable the early detection and resolution of issues. In addition, we conduct Compliance Training for all employees, primarily in the form of e-learning, to further enhance their awareness.

With regard to governance, it is important not only to establish formal frameworks but also to ensure that they function effectively in practice. Corporate scandals are often attributed to the hollowing out of governance and shortcomings in risk management. At our company, we have focused on securing diversity within the Board of Directors and establishing a continuous cycle of improvement through evaluations of the Board's effectiveness. In addition, by setting up specialized departments responsible for internal

controls and risk management, and by ensuring timely and appropriate disclosure of management information, we are building a supervisory system that combines transparency with effectiveness. Going forward, we will continue to place strong emphasis on compliance and strive to earn the trust of our stakeholders under sound governance.

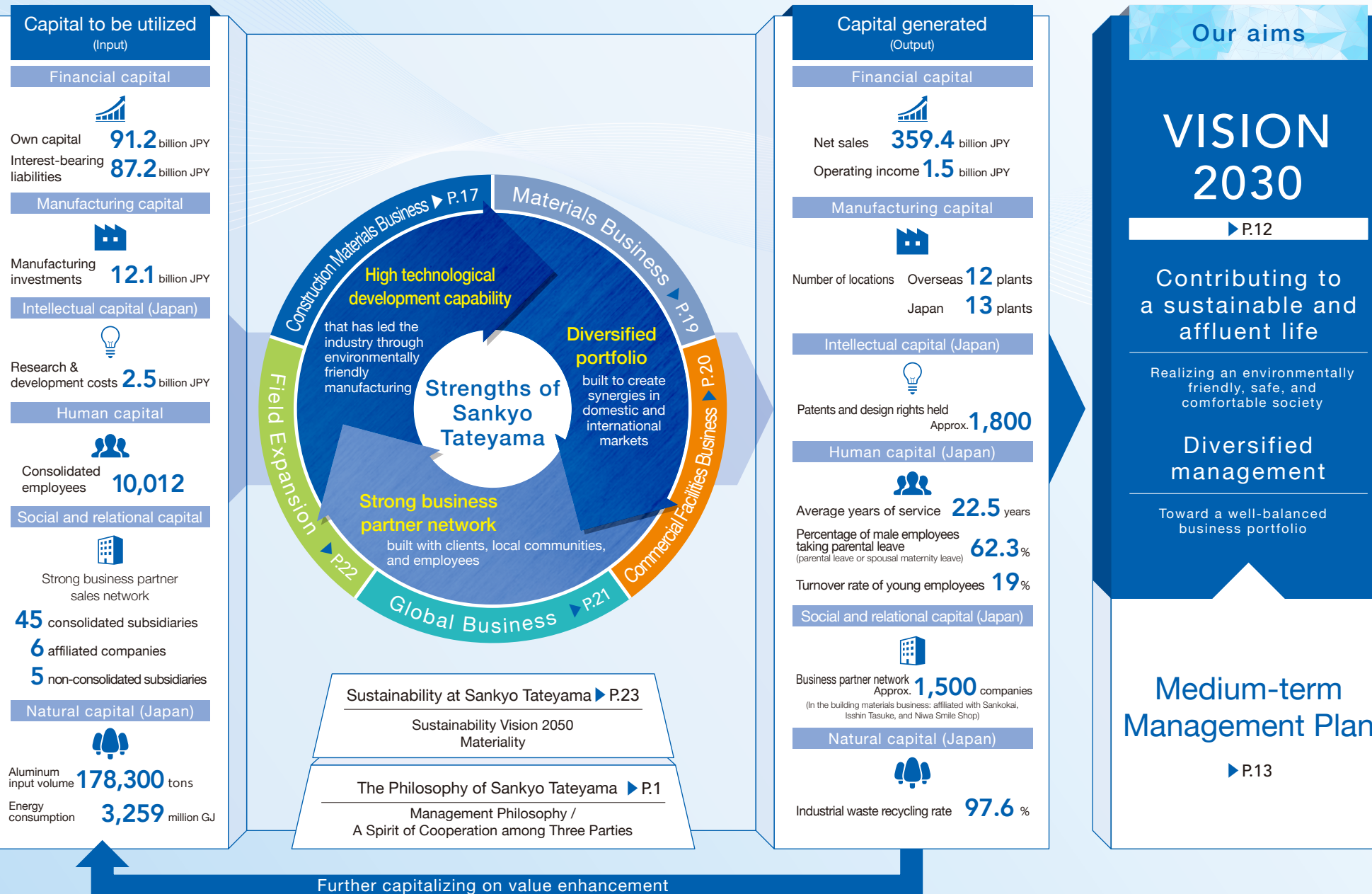
## 09 With Regard to Our Stakeholders

Having completed FYE2025, we recognize that having to revise our initial medium-term plan downward is a matter requiring serious reflection. We must build a business structure capable of withstanding changes in the market environment. Performance results for FYE2025 clearly reflect that we still have room for improvement in this regard, and we take the severity of these results very seriously.

In FYE2026, we will push forward with decisive reform of our revenue structure in order to build a more resilient business structure. At the same time, we will bring our growth strategies for the future into reality and place the company firmly back on a growth trajectory.

While we continue to uphold our guiding principles that have been passed down since our founding, we will also embrace innovation where change is needed to keep pace with the times. With this determination, we are resolutely reforming our revenue structure, and we sincerely ask for the continued understanding and support of all our stakeholders.

## Value Creation Process at Sankyo Tateyama Group



# 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

## Sustainability Vision 2050 Life with Green Technology

Achieving carbon neutrality

Reusing resources

Connecting personnel and the future

### 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.



Social value

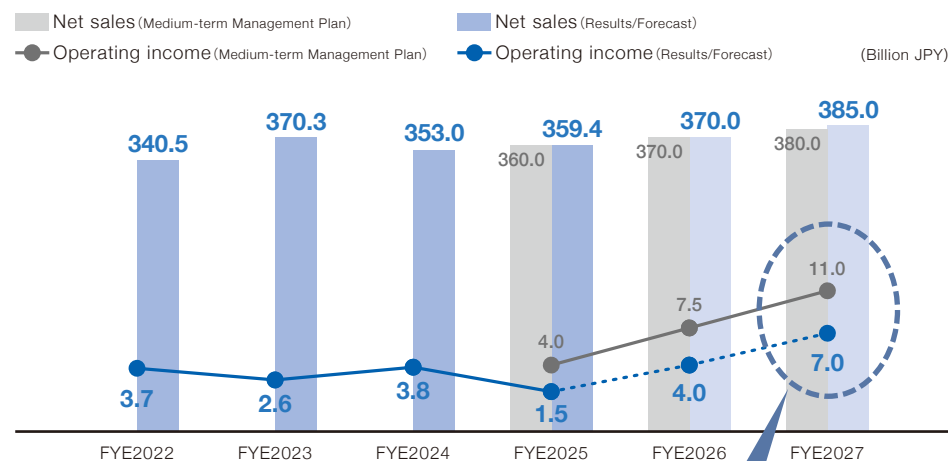


## Medium-term Management Plan

# Medium-term Management Plan (FYE2025–FYE2027)

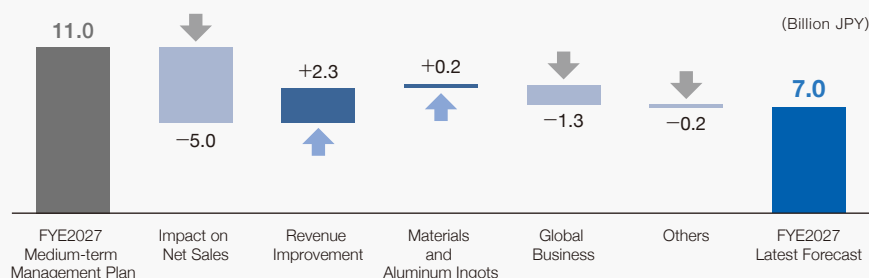
## Results for FYE2025 and Forecast

In FYE2025, significant changes in the business environment led to a decline in performance, with net sales of 359.4 billion yen and operating income of 1.5 billion yen. We expect the business environment to remain extremely challenging going forward. We do not expect to meet the targets set for FYE2027, the final year of our medium-term management plan.



### FYE2027 Operating Income Plan Deviation

Operating income expected to fall short of the plan by 4.0 billion JPY



### Main Business-Specific Causes of Plan Deviations

#### Construction Materials Business

- Decline in new houses being built due to rising construction costs and reduced demand for construction materials from smaller homes
- Increased demand for insulation products driven by the adoption of environmentally friendly houses supported by ZEH subsidies
- Revenue improvement through reform of revenue structure

#### Materials Business

- Decrease in production volume due to sluggish demand in the construction materials field
- Temporary slowdown in EV adoption caused by policy changes and economic trends
- Recovery in the general machinery segment supported by a rebound in capital investment
- Increased demand for renewal of aging infrastructure

#### Commercial Facilities Business

- Market support from inbound demand and store renovation projects
- Concerns over currency impact due to trade friction
- Revenue worsening concerns from rising logistics costs

#### Field Expansion

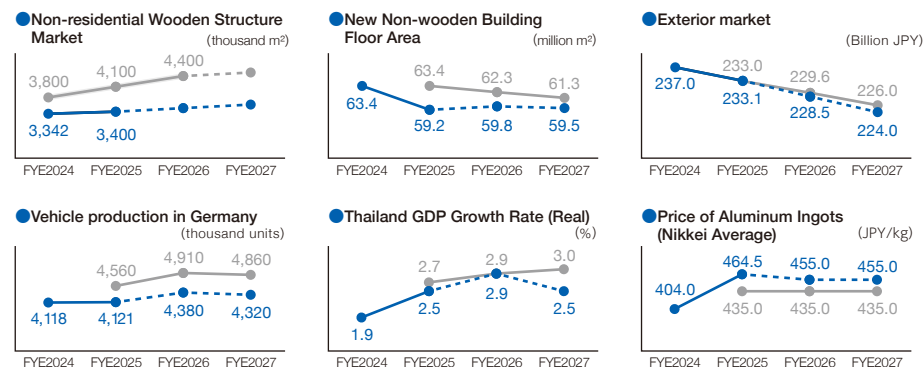
- Prolonged delay in recovery of demand in the European EV market
- Restructuring of our European subsidiary, including reducing the number of employees, following production system review
- Consideration of volume expansion and production capacity enhancement for Thai subsidiaries with an eye toward the future

## Medium-term Management Plan

## External Market Environment

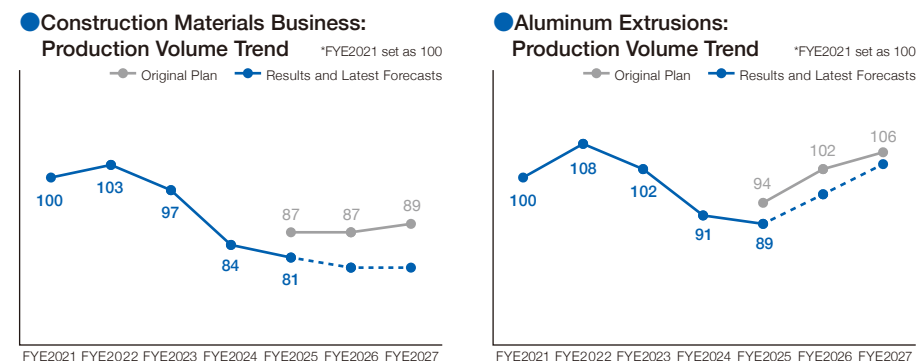
The market environment has worsened beyond initial expectations, with a marked decline in volume. At the same time, the external environment remains challenging due to continued sharp increases in the prices of key raw materials, such as aluminum ingots.

— Medium-term Management Plan — Results and Latest Forecasts



## Internal Environment

Due to the worsening of the construction market, production volume of building materials has declined sharply since FYE2024, and recovery is expected to remain challenging. On the other hand, production of aluminum extrusions experienced a temporary decline due to the Noto Peninsula Earthquake, but is expected to gradually recover thereafter.



## Challenges and Countermeasures

## Challenges

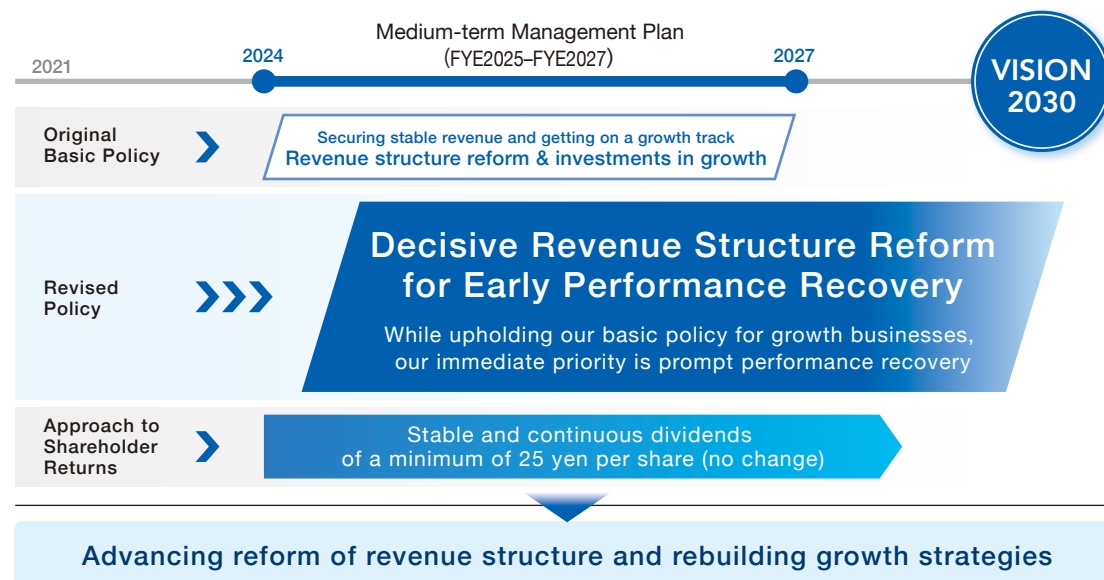
## Countermeasures

Whole Company	<ul style="list-style-type: none"> <li>✓ Investments in new window sashes to strengthen the revenue base of the Construction Materials Business, and investments in the Automotive Business, which is a growth pillar, have already been finalized</li> <li>✓ Low revenue persists in the Construction Materials and Global Businesses, and structural reform is not progressing as planned</li> <li>✓ A revision of the initial plan for growth businesses is necessary due to changes in market conditions</li> </ul>		<ul style="list-style-type: none"> <li>• Prioritize realizing the benefits of completed investment projects</li> <li>• Focus management resources on strengthening earning power in existing businesses</li> <li>• Pursue growth strategies in line with the basic policy, adjusting the timing of execution based on market conditions</li> </ul>	
	Revenue Base		<ul style="list-style-type: none"> <li>• Formulate and reliably implement measures to further deepen business structural reforms</li> <li>• Achieve fundamental reform of revenue structure and optimal allocation of management resources</li> <li>• Establish a strict management system for monitoring the progress of each measure, and ensure its effectiveness</li> </ul>	
	Growth		<ul style="list-style-type: none"> <li>• With steady growth expected in the medium- to long-term, strengthen development, production, and sales and secure upcoming projects</li> <li>• Focus on existing business revenues, while adjusting timing of executing new investments based on when the market recovers</li> </ul>	

## Medium-term Management Plan

## Revision of Medium-term Management Plan

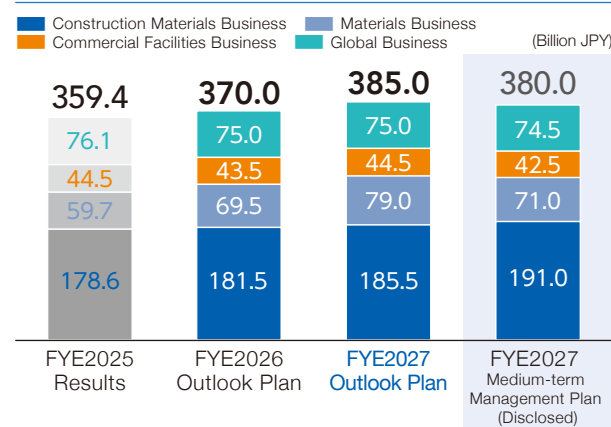
We will implement fundamental reforms to our revenue structure, including fixed-cost reductions, further strengthen strategic priority areas, and, through rigorous monitoring of plans, aim to achieve a more feasible scenario for enhancing corporate value.



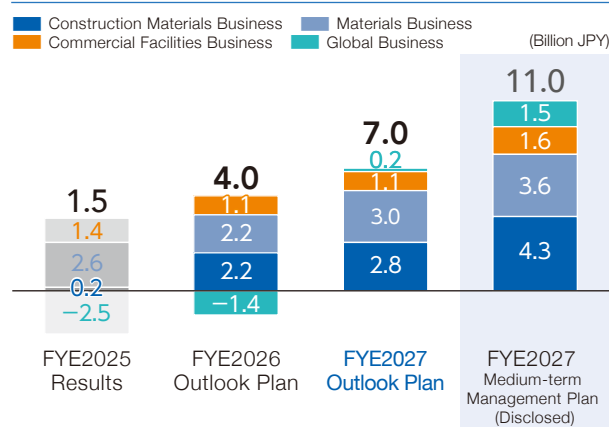
## ● Management indicators

	FYE2025	FYE2026		FYE2027	
	Results	Medium-term Management Plan (Disclosed)	Outlook Plan	Medium-term Management Plan (Disclosed)	Outlook Plan
Capital adequacy ratio	30.4 %	30.0 %	28.0 %	30.0 %	28.0 %
ROA	- 0.8 %	1.3 %	0.1 %	2.0 %	1.0 %
ROE	- 2.5 %	4.0 %	0.4 %	6.0 %	3.0 %
D/E ratio	95 %	115 %	110 %	115 %	115 %
Dividend	25 JPY	Stable and continuous dividends with the minimum amount at 25 yen per share.			
Dividend payout ratio	—				

## ● Net sales



## ● Operating income



## Prioritizing investments in reform of revenue structure and optimizing growth &amp; strategic investments

## Main Growth &amp; Strategic Investments

		Compared to Plan
● Automotive business	11.5 billion JPY	-3.5 billion JPY
● Overseas investment	4.0 billion JPY	-6.0 billion JPY
● IT & digital	1.5 billion JPY	-3.5 billion JPY
● CN & sustainability	3.0 billion JPY	
● Product & technology development	1.0 billion JPY	-1.0 billion JPY
● Other		

## Main Investments

● Production streamlining and improvements	12.0 billion JPY	-3.0 billion JPY
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## Medium-term Management Plan

## Reforming Our Revenue Structure



Reducing and optimizing a wide range of indirect costs, including logistics, utilities, and advertising/promotion, through both **supplier management** and **management of costs on the demand side**



Optimizing workload and personnel by **eliminating or downsizing** indirect operations, or **consolidating, automating, or outsourcing** them



Improving revenue through **price adjustments**, while **reducing fixed costs by consolidating or discontinuing** products and product lines



Strengthening competitiveness by **reducing fixed costs through line stoppages** at extrusion plants and optimizing production costs through productivity factor analysis



Achieving **1.5 billion yen** through streamlining, including reductions in the number of employees from restructuring rail component production, and **1.9 billion yen** from partial sale of plant land and buildings

## Restructuring our European Subsidiary

In April 2025, as part of measures to strengthen our earning power under the medium-term management plan, we decided to implement restructuring at our European subsidiary.

As part of this restructuring, we will halt internal machining and welding operations for rail components at our European subsidiary STEP-G and reduce the number of employees by approximately 100. In addition, we decided to sell the land and buildings at the Bonn Plant owned by STEP-G that will become idle as a result of this business restructuring.

Financially, while approximately 1.2 billion yen\* in one-time expenses are expected to be incurred in FYE2026, we anticipate recording approximately 1.9 billion yen\* in gains on the sale of fixed assets. Furthermore, from FYE2027 onward, we are expecting a revenue improvement of approximately 1.5 billion\* yen per year.

Through these initiatives, we are aiming to make our Global Business profitable in FYE2027.

\*Estimated value.



Bonn Plant (Germany)

## 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.



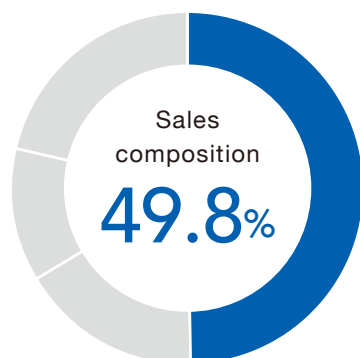
President  
Sankyo Alumi Company  
Fumiro Toyooka

The construction materials business develops, manufactures, and sells materials for multi-story buildings and residential housing, as well as exterior fixtures. In the first phase of the medium-term management plan, which concluded in FYE2025, the market environment surrounding the Construction Materials Business saw a temporary increase in new houses being built due to factors such as the reduction of the Category 4 Exemption under the revised Building Standards Act and the mandatory compliance with Energy Efficiency Grade 4 standards for new constructions under the revised Building Energy Efficiency Act. However, this was followed by a decline driven by kickback effects, and the situation remains challenging as prices for aluminum ingots and various other materials continue to stay at high levels.

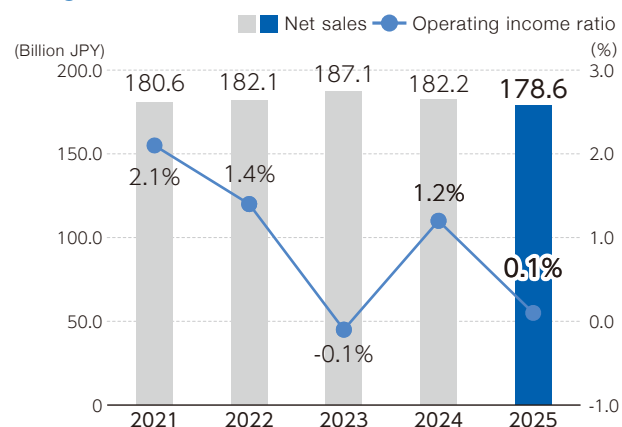
Given this situation, we endeavored to secure an appropriate level of operating income by adjusting product prices; encouraging sales of renovation products making use of government subsidies, such as the window renovation business; and rebuilding our production system.

Until the previous fiscal year, indirect divisions, design and construction divisions, and others were dispersed across individual businesses. Starting this fiscal year, we have implemented a major organizational restructuring, consolidating these divisions into a functional organization that maintains specialization and strategic focus while strengthening our overall sales capabilities. Through this organizational restructuring, we will promote business revitalization through fundamental transformation, rebuild the basis of our business, and establish a sustainable revenue structure. In the Building Business, we will work to expand our renovation business and secure stable supply volumes. In the Housing Business, we will improve profitability by introducing new window sashes. In the Exterior Business, we will strengthen our public exterior offerings to gain market share and expand into new business domains. Although the business environment remains uncertain, we will continue to strive to become the company recognized as No.1 by our customers. Through the promotion of sustainability initiatives and the development and sale of environmentally friendly products, we are committed to realizing safe and comfortable lifestyles and enhancing our customer service.

## Sales ratio by segment



## Performance of Construction Materials Business



## Examples of Awards Received in FYE2025

### Good Design Award 2024



Energy Earth, a carport-type solar power panel base

## Business Strategy

## Building Business

## Business Strengths

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

## Focus Themes for FYE2026

- Promote measures to strengthen collaboration with distributors and dealers
- Strengthen the sales system and introduce new products to expand the renovation business
- Develop products and provide services from the perspective of carbon neutrality and circular economies

Sankyo Tateyama and JR Central Group jointly develop building construction materials made from recycled Tokaido Shinkansen aluminum

低炭素アルミ建材  
**ReDAlumi T**  
For Circular Economy with SankyoAlumi  
東海道新幹線再生アルミ仕様

● Buildings scheduled for adoption



(Provisional name)  
1-chome Mukogaoka Bunkyo  
City Plan

Source: Mitsui Fudosan Residential Co., Ltd.



Courtyard by Marriott Kyoto Station  
Source: Central Japan Railway Company

## 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 FYE2026

- Promote drastic structural reform to strengthen the basis of our business
- Introduce new window sashes to provide added value and improve revenue
- Strengthen and expand efforts to acquire demand in the renovation and non-residential wooden structure construction markets

Achieving top-class slim frame while maintaining high performance: “STINA” highly heat-insulating slim frame window launched

高断熱スリム窓 エスティナ  
**STINA**



- Point**
- 1 Offers breathtaking views and a sense of openness
  - 2 High heat-insulating performance
  - 3 Long-term durability to meet people's lifestyles
  - 4 New interior color options available

## 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 FYE2026

- Strengthen public exterior offerings to gain market share in existing segments and create demand in civil engineering and our photovoltaic power generation business
- Offer existing products and increase applicable products for semi-public facilities and non-residential buildings
- Expand into new business domains to strengthen overseas distribution channels and enter the e-commerce market

Functional gate poles that reduce the number of redeliveries  
**Flamus Grand**



Can hold two 370 mm (L) × 260 mm (W) × 275 mm (H) packages



Locked display



## Business Strategy

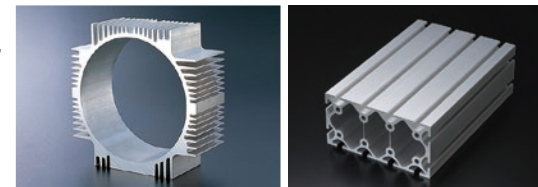


# Materials Business

Sankyo Material Company

## Aluminum and magnesium billets and extrusions

Application fields: construction materials, industrial machinery, automotive, railway, 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 wide range of fields, including construction materials, machinery, automobiles, and rolling stock. In particular, we possess top-class experience and technical expertise in the manufacture of large-scale aluminum extrusions.

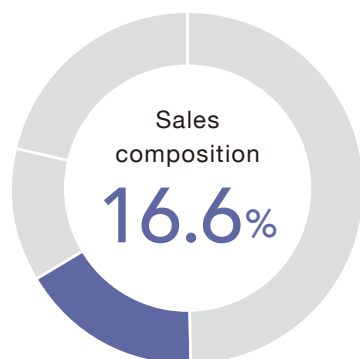
In FYE2025, the business environment was challenging due to sluggish demand in the construction segment caused by a decline in new houses being built, weak demand in the machinery segment, and a temporary slowdown in the automotive segment. However, with the anticipated progress of EVs in the future, the demand for lighter vehicle bodies is expected to drive greater adoption of aluminum extrusions. To meet the needs of this growing market, we have expanded our production capacity by installing a new large-scale extrusion line, the first in 20 years, and developing dedicated processing lines. In addition, we have been promoting aluminum recycling initiatives and working to build an environmentally conscious business model to help realize carbon neutrality.

Although the aluminum extrusion market is expected to face a contraction in the construction market, long-term market growth is anticipated, driven by the expansion of EV adoption, increased demand in the machinery and infrastructure segments, and the shift from other materials to the lightweight and highly recyclable aluminum.

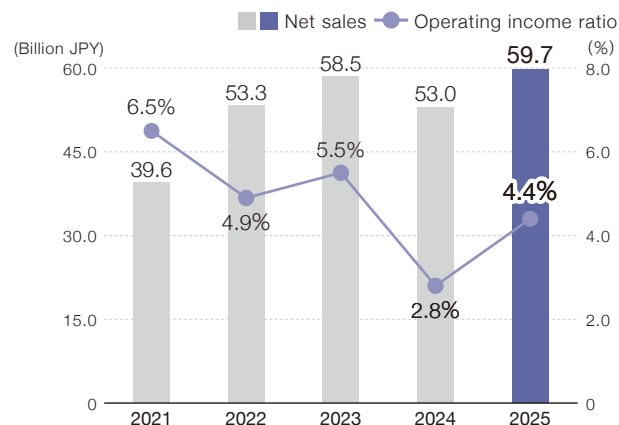
Sankyo Material Company is working to establish a solid revenue base in its existing business areas while strengthening its organizational structure and competitiveness in the growing EV market. Furthermore, through innovation in recycling technologies, the Company is addressing carbon neutrality and aging production facilities, aiming to achieve sustainable growth and enhance corporate value.

## INTERVIEW

### ● 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
- Aluminum recycling technologies

### Focus Themes for FYE2026

- **Secure revenue in existing domains**  
Capture demand in the general machinery and infrastructure markets, which are expected to grow. Strengthen ability to handle processed goods
- **Expand the automotive business sector**  
Capture demand primarily for EVs, Strengthen competitiveness
- **Promote carbon neutrality**  
Respond to rising costs caused by advances in aluminum recycling, procurement of green metal, and declining production efficiency

## Business Strategy



# Commercial Facilities Business

Tateyama Advance Company

## Store Fixtures

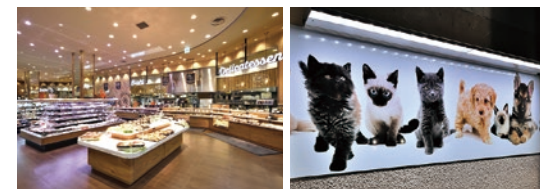
Display fixtures, counters, showcases, register cabinets and interior work

## 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

In the Commercial Facilities business, we manufacture, sell, and install store display fixtures, cash register counters, signs, and more, and provide 24-hour maintenance services, mainly targeting retailers. Utilizing our network capable of providing uniform services nationwide, we meet the various needs of a wide range of business categories.

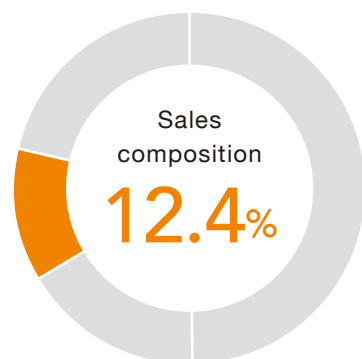
In FYE2025, retail sales remained strong, supported by inbound demand and rising prices. Within the retail industry, companies actively invested in labor-saving and efficiency measures to address workforce shortages, in adapting to increasingly diverse consumer lifestyles, and in maintaining competitiveness and achieving sustainable growth.

Amid such conditions, we successfully achieved record-high sales in the first year of our medium-term management plan, driven by capturing renovation demand from various retailers and expanding our order-taking areas. This accomplishment is entirely thanks to the continued patronage and support of our business partners, for which we express our deepest gratitude. On the other hand, we had adverse results from an operating income perspective due to soaring logistics and raw material costs.

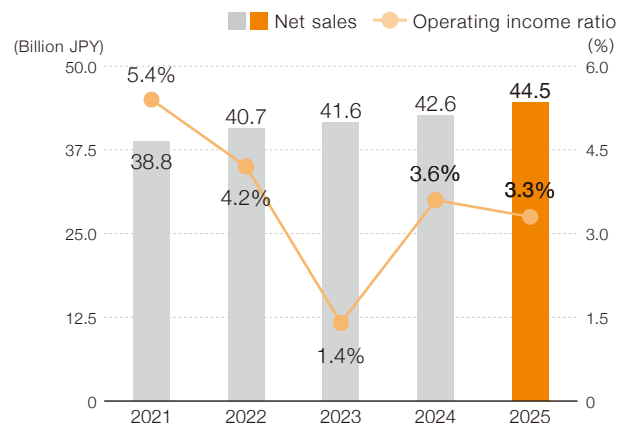
The retail market environment continues to demand new initiatives, as competition intensifies across business formats and digital transformation of stores accelerates. Currently, in pursuit of Vision 2030, we are advancing initiatives such as strengthening our marketing strategies, overhauling our core internal systems, and promoting our global business strategy. Moving forward, we will continue to enhance our business structure through talent development and optimal cost management, and we remain sincerely committed to providing products and services that deliver even greater satisfaction to our customers.

# INTERVIEW

## Sales ratio by segment



## Performance of Commercial Facilities Business



## Business strengths

- Top market share in both store fixtures and signage
- Meet our clients' requests through sales and product development capabilities
- 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 FYE2026

- Always be aware of our client's perspective and provide products and services they can be satisfied with
- Optimize production and logistics in response to changes in the environment
- Establish management systems to enhance governance

## 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  
Satoru Hanaki

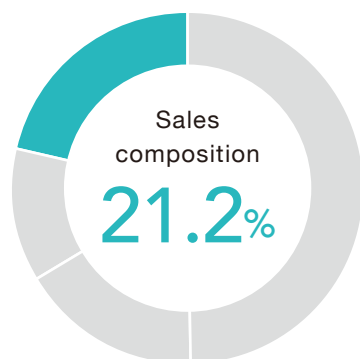
The Global Business consists of our overseas subsidiaries in Europe (Germany and Belgium), China, and Thailand, which perform aluminum billet casting, profile extrusion, and processing, providing products mainly to clients in the automotive, engineering, and construction material industries.

In FYE2025, the business environment remained extremely challenging, with the manufacturing sector, particularly automotive manufacturers, continuing to underperform in both Germany and Thailand, our key markets. In Germany, EV sales declined sharply YoY, mainly due to the termination of purchase subsidies at the end of 2023. While we strengthened our sales framework to secure volume, achieving expanded sales with wholesalers in Europe and in the electronics field in Thailand, the German manufacturing sector continued to stagnate under rising energy prices and labor costs. We were unable to meet our profit plan due to reduced demand, including for EV-related products.

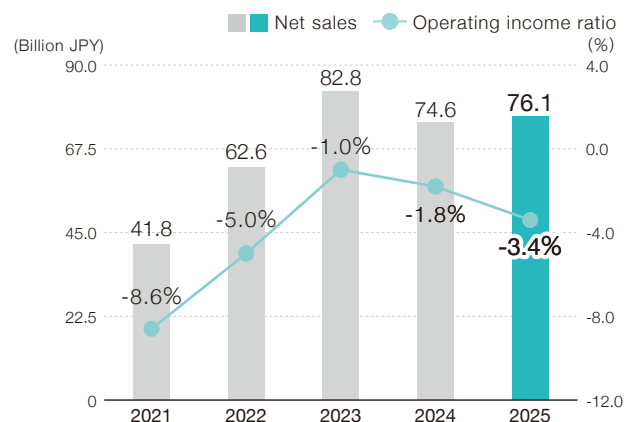
Under these circumstances, in April 2025, we announced a restructuring plan for our underperforming European subsidiary, STEP-G, aimed at enhancing the efficient use of management resources and strengthening its financial structure. In the EV component production line, we will further improve production efficiency and reduce costs, while stopping internal machining and welding operations for rail components, which have been heavily affected by rising labor costs. STEP-G as a whole will pursue streamlining through reductions in the number of employees and a review of its production system, with the goal of returning the Global Business segment to profitability in FYE2027, when these initiatives are fully implemented.

Although global market uncertainty remains high, we will carry out this restructuring decisively and transform our international operations into a business that contributes steadily to overall revenue.

## 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 FYE2026

- Promote restructuring of STEP-G
- Strengthen response to market changes to secure volume
- Improve added value and develop new areas

## 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.



Plant Harvesting Unit, Koko-no-Ha

### Review of FYE2025, initiatives for FYE2026, etc.

In FYE2025, through proactive external communications such as exhibiting at trade shows and enhancing our website content, we successfully expanded our connections with new customers. As a result, we secured orders for projects including the renovation of plant factories and the installation of equipment for promoting employment of people with disabilities. Our responsiveness to these projects was well received by our clients, and we expect to receive continued orders going forward.

In FYE2026, in addition to pursuing further orders from plant factories, we will expand into new market areas by leveraging the technologies and expertise we have cultivated.

The first initiative is to enter into the strawberry market, which is attracting a lot of attention. By forming alliances that combine our core technologies with the advanced expertise of specialized companies, we aim to provide comprehensive support for corporations entering the agricultural sector.

The second initiative focuses on growing interest in well-being management. We have launched a plant cultivation unit developed in-house for office environments. With regular maintenance visits by our professional staff, we reduce the operational burden on the client, while contributing to employee refreshment and workplace communication through the experience of harvesting.

Going forward, we will continue to take on new challenges to further advance our existing technologies and create new value.



# 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.

### Approach to Sustainability and Our Initiatives

At the Sankyo Tateyama Group, we believe that it is our mission to contribute to society through sound corporate activities under our management principles based on the spirit of collaboration, where the three parties who form the core of our foundation — clients, local communities, and employees — cooperate for mutual prosperity. Today, the world faces increasingly serious environmental and societal challenges. In response, our Group is committed to further advancing the technologies and expertise we have cultivated over the years to help solve these issues. By doing so, we aim to pass on a rich natural environment to future generations while contributing to industrial and social development and continuing our sustainable growth.

We have articulated this commitment in our long-term vision, “Sustainability Vision 2050, Life with Green Technology: Becoming a Group Company that Realizes Sustainable and Enriched Lifestyles through Green Technology.” Under this vision, we will continue to promote initiatives that contribute to the realization of a sustainable society through all our business activities.

### 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

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.

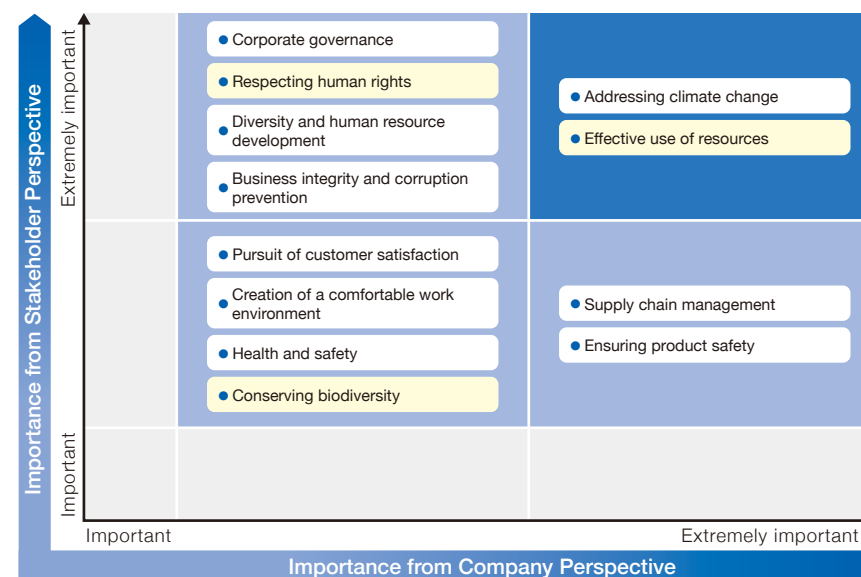
In the current fiscal year, we revised and reevaluated our materialities based on consistency with our medium-term management plan and changes in the external environment. As a result, we newly identified respecting human rights and conserving biodiversity as material items and positioned effective use of resources as our top priority. With regard to respecting human rights, our Group has long upheld the principle of respecting the fundamental human rights of all people as part of our corporate social responsibility. However, in response to the increasing complexity of the business environment and evolving international trends, it has become increasingly important to clearly articulate our corporate stance from the perspective of business and human rights. In addressing environmental challenges, we must apply a comprehensive approach that integrates three key elements: carbon-neutrality, a circular economy, and nature-positivity. Recognizing the interconnection between initiatives related to responding to climate change and effective use of resources with conserving biodiversity, we have newly added conserving biodiversity as a material item. Furthermore, as attention toward circular economies continues to grow, we have identified potential in the use of aluminum — a highly recyclable, low-carbon material — and in the development of technologies for resource recycling. Based on this perspective, our medium-term management plan positions aluminum recycling as a key initiative, and consequently, we have designated effective use of resources as our top-priority.

## Materiality Identification Process






## Materiality Map

Revision as of March 2025



## Sankyo Tateyama Group's Materialities

The materialities set with a target year of 2030 are categorized as “E: Environmental Considerations,” “S: Improvement of Employee Engagement,” “S: Fairness and Integrity in Business,” and, as the basis of our business activities, “G: Continuous Intensification of Business Activities.” We are promoting initiatives by clearly defining the focus areas for each of these issues.

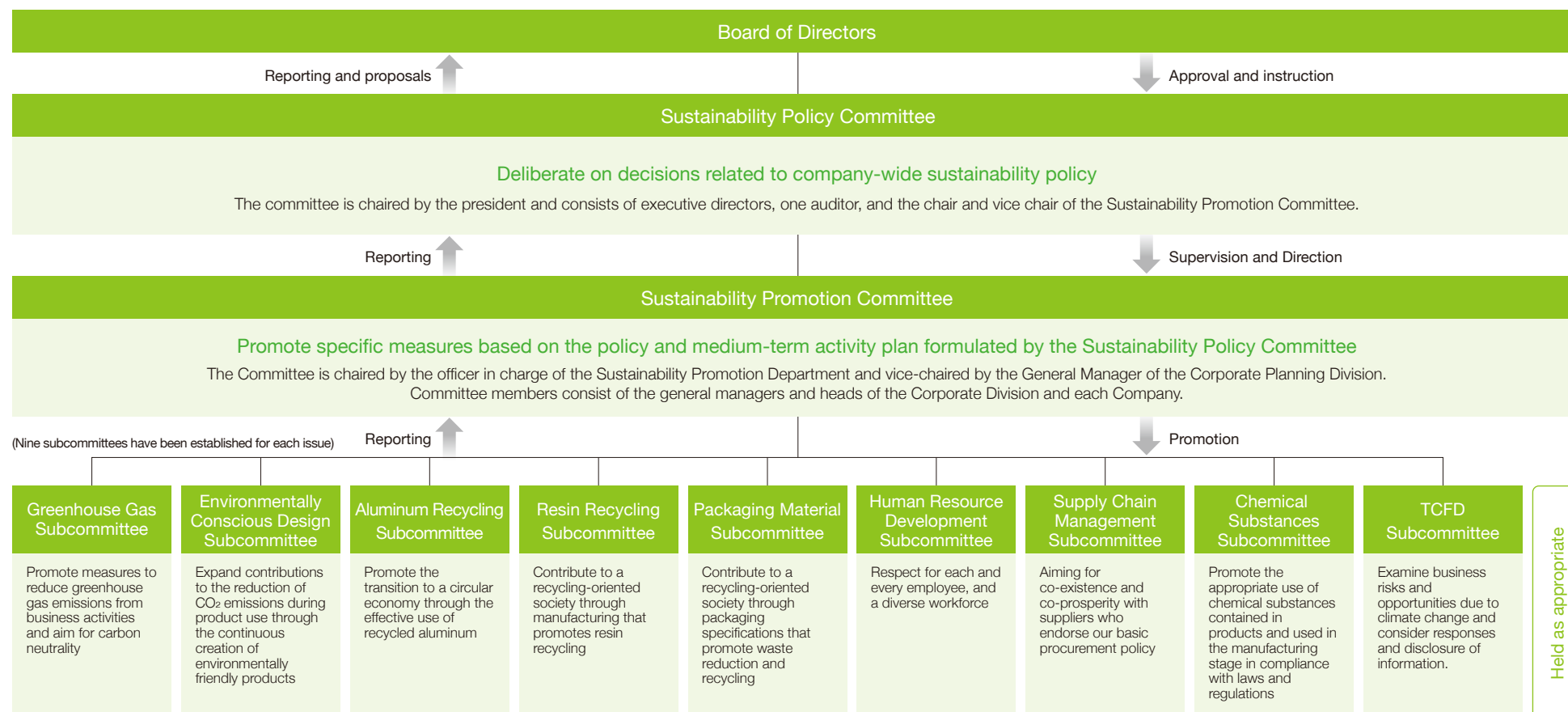
ESG	Area of Issues	Materiality Issues	Main Initiatives	Target • KPI	Targets	FYE2025 Results
<b>E</b> Environment 	<b>E Environmental Considerations</b> In addressing environmental challenges, we recognize the importance of taking a comprehensive approach that integrates three key elements: carbon-neutrality, circular economies, and nature-positivity. Accordingly, we have identified the environmental impacts of our business activities and are working to address these challenges under the materiality issues of response to climate change, effective use of resources, and conserving biodiversity.	Response to Climate Change	Reducing greenhouse gas emissions Reducing CO <sub>2</sub> emissions during product use	Scope1,2 (compared to FYE2018 (global))	50% reduction (FYE2031)	38.5% reduction
		Effective Use of Resources	Encouraging the use of recycled aluminum Promoting resource recovery for resins Continuing waste reduction efforts	Scope3 (compared to FYE2023 (global))	25% reduction (FYE2031)	19.6% reduction
		Conserving Biodiversity	<b>Materialities and initiatives that work synergistically with conserving biodiversity</b> <ul style="list-style-type: none"> <li>Effective use of resources: Reducing the loss of wildlife habitats by decreasing mineral resource extraction through resource recycling</li> <li>Response to climate change: Preserving and maintaining ecosystems by reducing GHG emissions</li> </ul>	Aluminum recycling rate for construction materials	80% (FYE2031)	54%
<b>S</b> Social 	<b>S 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	Developing a system that takes in employee feedback	Number of serious occupational accidents	0 (FYE2025)	0
		Health and Safety	Creating a healthy and safe work environment			
		Diversity and personnel training	Securing and developing highly creative personnel Encouraging greater participation by female employees Encouraging greater participation by older employees	Percentage of women in management positions	10% (FYE2031)	3.2%
	<b>S 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	Establishing a culture of compliance with laws and regulations	Number of serious compliance violations	0 (FYE2025)	0
		Supply chain management	Green procurement initiatives Promoting CSR Procurement	Percentage of suppliers who endorse our basic procurement policy	97% (FYE2025)	99%
<b>G</b> Governance 	<b>G 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.	Respecting human rights	Implementing human rights due diligence	Number of serious accidents related to quality issues or product incidents	0 (FYE2025)	0
		Corporate Governance	Enhancing internal regulation Improving product safety and quality Promoting sustainability policies			
		Pursuit of Customer Satisfaction	Offering products and services that meet customer CSR policies Enhancing quality through cooperation with customers	Number of serious defects	0 (FYE2025)	0
		Product safety	Managing and reducing the use of hazardous chemicals contained in products			

## Sustainability promotion system

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

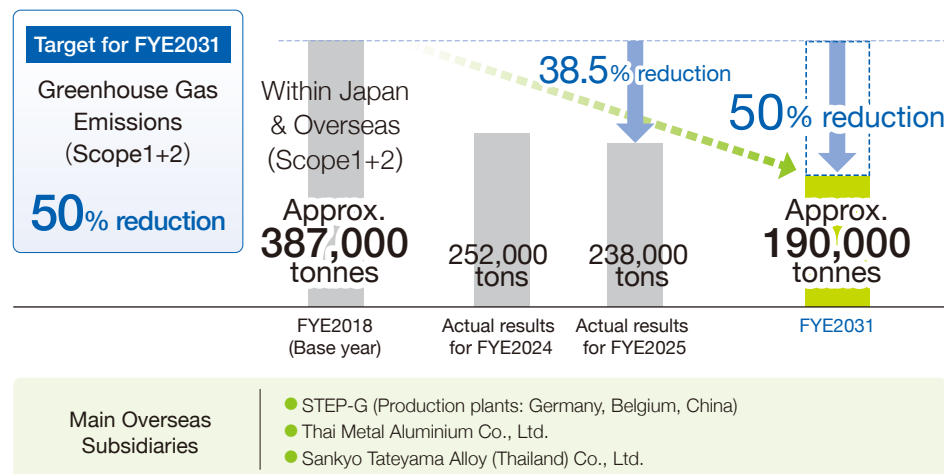
Sankyo Tateyama promotes initiatives to enhance corporate value through contributions to a sustainable society to achieve Sustainability Vision 2050, “Life with Green Technology,” formulated in 2021.

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 and productivity-improvement 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.



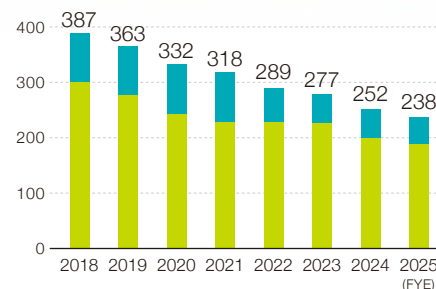
Scope 1: Direct emissions from in-house our fuel use

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 FYE2025 are shown in the figure. In FYE2025, this represents a 38.5% reduction compared to FYE2018, indicating steady progress in emissions reduction.

### GHG emissions in Japan/Overseas

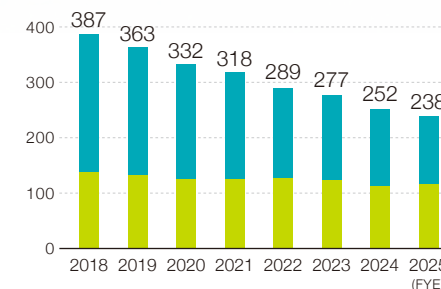
(1,000 tonnes of CO<sub>2</sub>) ■ Japan total ■ Overseas total



- The data for FYE2018 (base year) and FYE2025 have received third-party assurance
- Due to numerical revisions, past published figures may differ

### GHG emissions Scope 1 / Scope 2

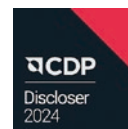
(1,000 tonnes of CO<sub>2</sub>) ■ Scope1 total ■ Scope2 total



In Japan, we newly introduced CO<sub>2</sub>-free electricity at the Nago Plant and Takaoka Plant in FYE2025. Between the six plants in which this has been introduced (Fukuno, Himi, Fukuoka, Fukuoka-Nishi, Shinminato, and Shinminato-Higashi), the company headquarters, and branches, the CO<sub>2</sub> emissions were reduced by approximately 27,000 tons. In FYE2026, we expect to further reduce CO<sub>2</sub> emissions by approximately 16,000 tons, by introducing CO<sub>2</sub>-free electricity at Ishikawa Plant. In addition, solar power generation facilities will be installed via PPA\* at the expansion of the Shinminato-Higashi Plant, scheduled to begin operations this fiscal year. At overseas subsidiaries, CO<sub>2</sub>-free electricity (Germany) has been introduced, and solar power generation facilities (Thailand) have been introduced since FYE2022.

\*PPA: Abbreviation of “power purchase agreement.” Under this scheme, a company can use solar power generation equipment at its facilities without bearing the initial cost, by entering into a contract with a PPA provider and utilizing the electricity generated.

### Recognized as a Level B Organization for Climate Change (CDP2024)



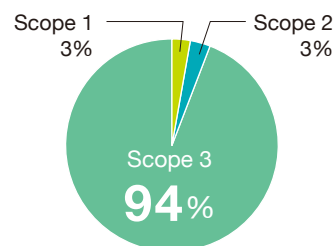
Sankyo Tateyama achieved a score of “B” in the Climate Change category for FYE2025 in a survey conducted by CDP, an environmental information disclosure initiative. CDP is an international non-governmental organization (NGO) headquartered in London that surveys the environmental initiatives of companies 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

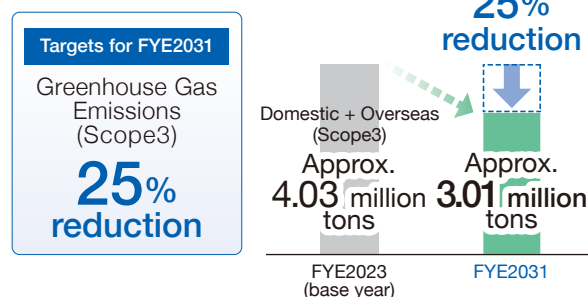
## Greenhouse gas emissions from upstream and downstream processes of business activities(Scope 3)

Scope 3 emissions, those generated upstream and downstream of our business activities, account for over 90% of the Group's total GHG emissions. We aim to reduce Scope 3 emissions by 25% from the FYE2023 level by FYE2031. In FYE2025, we completed calculations of all categories, and our Scope 3 emissions amounted to approximately 3.24 million tons, a roughly 20% reduction from the base year. Emissions have decreased thanks to the promotion of horizontal aluminum recycling and the procurement of materials with lower environmental impact.

In Scope 3, emissions from Category 1 aluminum raw materials account for the majority 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. At the Sankyo Tateyama Group, we have long utilized recycled materials in line with a resource recycling approach. To further strengthen these efforts, we are working to establish an aluminum resource recycling model and enhance our scrap melting capacity.

● Percentage of our Group's  
Greenhouse Gas Emissions (FYE2023)

## ● Scope 3 Reduction Targets



## ● Scope 3 Breakdown

Category	FYE2023 (Base year)	FYE2024	FYE2025
	CO <sub>2</sub> Emissions in Thousands of Tons	CO <sub>2</sub> Emissions in Thousands of Tons	CO <sub>2</sub> Emissions in Thousands of Tons
1 Products and Services Purchased	3,896	3,254	2,905
2 Capital Goods	32	32	40
3 Fuel and energy related activities not included in Scope 1 and 2	50	45	45
4 Transportation, delivery (upstream)	37	35	35
5 Waste from business activities	4	4	3
6 Business trips	1	1	1
7 Employee commute	4	5	5
8 Leased assets (upstream)* <sup>1</sup>	-	-	-
9 Transportation, delivery (downstream)	-	-	24
10 Processing of products sold	-	-	120
11 Use of products sold	-	-	34
12 Disposal of products sold	-	-	25
13 Franchises* <sup>2</sup>	-	-	-
14 Leased assets (downstream)* <sup>2</sup>	-	-	-
15 Investments* <sup>2</sup>	-	-	-
Scope 3 Total	4,026	3,377	3,238

\*1 Included in Scope 1 + 2

\*2 Excluded from calculation because it has little or no relevance to the Group's main business activities

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.

Our emissions reduction contribution in FYE2025 is expected to be 232,000 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.

## Environment

## Disclosure in Accordance with 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 has been expanded over three years since the first year it was conducted in 2022 through to 2024 to include the Construction Materials Business, Materials Business, Commercial Facilities Business and the Global Business. In FYE2025, we are further refining and improving 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 TCFD Subcommittee as an organization of the Sustainability Promotion Committee. The Subcommittee discusses risks to the business from climate change, growth opportunities, and materialities within the Sustainability Promotion Committee and the Policy Committee and submits recommendations to the Board of Directors.

Sustainability Promotion System ► P.26

Committee Meeting Period	Sustainability Promotion Committee and Policy Committee deliberations and reports
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>
FYE2025	<ul style="list-style-type: none"> <li>Revise materiality and position effective use of resources as the top priority</li> <li>Disclose performance data for Scope 1 + 2 and Scope 3 emissions, as well as the aluminum recycling rate for construction materials</li> </ul>

## 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 2030 and used it to identify risks and opportunities. We have also categorized them into three levels — large, medium, and small — according to the magnitude of their impact on business revenue.

## ● 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, CO2 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	Present to 3 years from now
Medium term	3 to 10 years from now
Long term	10 to 30 years from now

## 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	Medium	Medium	—	—
	Opportunity	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>			
			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.27

Increase in aluminum ingot procurement costs

**Response** Promote the use of recycled aluminum

Promoting the use of recycled aluminum ► P.31

Loss of sales opportunities due to damage to the company plants

**Response** BCP measures

Risk management ► P.50

## 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 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 on its response to climate change. With a mid-term goal of reducing GHG emissions, we aim to achieve a 50% reduction in Scope 1 + 2 compared to FYE2018 levels and a 25% reduction in Scope 3 compared to FYE2023 levels by FYE2031.

In addition, we set a target 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 GHG gas missions.

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

Sankyo Tateyama has positioned effective use of resources, with recycling as the main initiative, as our most important materiality focus. A movement is growing worldwide toward a circular economy for environmentally friendlier economic activity, and based on this concept, the national government and businesses are cooperating to make effective use of renewable resources in Japan, and to create new value. The Group views this as a valuable business opportunity, and is focusing on developing low-carbon products, particularly ones that use a greater proportion of recycled aluminum, and establishing a model for collecting and circulating used products through supply chain collaboration, as a new effort to explore the potential of resource recycling toward Group growth. In FYE2024, we established a long-term goal of achieving an 80% aluminum recycling rate for building materials by FYE2031. We have positioned this goal as an important milestone toward achieving carbon neutrality by 2050, and we are actively working to achieve this by promoting the use of recycled aluminum.

## FYE2025 Activity Report

Sankyo Tateyama has been advancing efforts to increase the use of recycled aluminum 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. In order to significantly increase our input ratio of recycled aluminum, we have begun work to install an aluminum recycling furnace at the Nago Plant. The company has been intensifying collection of commercial and post-consumer scrap to be used as recycled aluminum, and improving the efficiency of the melting process, resulting in an aluminum recycling rate of 54.4% for construction materials.

## ① Participation in Circular Partners

Japan relies on aluminum ingots imported from overseas. At the same time, though, waste materials collected after being put out onto the market are a valuable resource that has been flowing outward from the country. Given this environment, Sankyo Tateyama is working to reduce CO<sub>2</sub> emissions through active use of recycled aluminum, and to establish a domestic aluminum recycling system through material recycling, with a focus on bringing about a circular economy. We are also participants in Circular Partners (CPs), a public-private partnership platform promoted by the Ministry of Economy, Trade, and Industry, through which we are working to solve cross-industry resource recycling challenges.



## ② Developing Low-Carbon Products and Establishing a Circular Model through Supply Chain Collaboration

## Joint Development with JR Central Group of Construction Materials Utilizing Recycled Aluminum from the Tokaido Shinkansen

The Tokai Railway Company (JR Central); Sankyo Tateyama, Inc.; and JR Tokai Corporation have jointly developed ReDAlumi T, a construction material made from recycled aluminum from Tokaido Shinkansen rolling stock. This is an environmentally friendly product that can significantly reduce CO<sub>2</sub> emissions from manufacturing compared to ordinary aluminum construction materials made using new metal ingots. It was first adopted in sashes used in new construction by Mitsui Fudosan Residential.



## Start of Demonstration Project to Recover Aluminum from Demolished Buildings, for Horizontal Recycling

Meiji Yasuda Life Insurance Company, Takenaka Corporation, Sankyo Tateyama, Inc.; Shinwa Co., Ltd.; Harita Co., Ltd.; and Hoei Kinzoku Y.K. have begun a demonstration project to recover aluminum construction materials from demolished buildings, to bring about horizontal recycling. Issues have been identified regarding horizontal recycling of aluminum construction materials from building demolition, and we are investigating the establishment of methodology.

## Start of Horizontal Recycling Program Collecting Aluminum Shelving from Closed and Renovated 7-Eleven Stores

We have begun a horizontal recycling program in which we collect aluminum shelving from closed and renovated 7-Eleven stores, and use them as part of the raw materials for manufacturing new aluminum shelving. By sorting and collecting only aluminum shelving, we are able to procure and reuse good aluminum scrap with high quality ensured, thus enabling horizontal recycling into new store fixtures with high quality ensured.



## FYE2026 Activity Plan

In FYE2026, we aim to increase our aluminum recycling rate by expanding intake of commercial and post-consumer scrap, in line with our aluminum recycling roadmap. We will promote research on recycling through industry-academia-government collaboration, and accelerate our efforts to promote horizontal recycling of aluminum construction materials from demolition sites back into construction materials. We will also work to bring about a circular model in which customers' used aluminum products can be collected and used as raw materials for new products.

## Environment

## Resin - Promotion of Resin Recycling

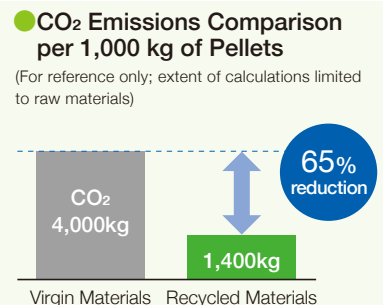
Plastics are indispensable materials, widely used throughout our everyday lives for their excellent functionality and processability. At the same time, however, they are increasingly subject to regulations worldwide, as global environmental issues like marine plastics and addressing climate change become progressively more serious. As Japan approaches full implementation of the Plastic Resource Circulation Act, there is a strong sense that companies ought to take concrete actions. The Sankyo Tateyama Group regards harmonious coexistence with the environment as an important management issue, and we are working to develop and manufacture sustainable resin products based on a multifaceted approach, including efforts such as introducing environmentally friendly design that takes recyclability into consideration from the product design stage, using biomass-derived raw materials, and innovating in recycling technologies.

## FYE2025 Activity Report

We have investigated switching to recycled materials for drawer dividers used at pharmacies. By switching from virgin to recycled materials, we expect to reduce CO<sub>2</sub> emissions by 2,600 kg per 1,000 kg (65%). We are also making steady progress on efforts to bring about a recycling-oriented society by establishing an in-house recycling system and 3R+Renewable policies.



Drawer Dividers Used at Pharmacies (Launched in June 2025)



## FYE2026 Activity Plan

In FYE2026, we will further promote manufacturing with an awareness of the circular economy. Specifically, we will focus on promoting the recycling of resin components and parts, and expanding use of already-used commercial and post-consumer recycled materials. Additionally, as part of our efforts to become carbon-neutral, we are promoting green procurement and introducing life cycle design.

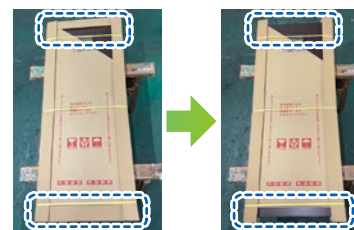
## Packaging Materials - Driving Down Environmental Impact

As demand for resources and energy has grown in line with society's sustained economic growth, so too have global warming and other environmental issues grown more severe due to the growth in CO<sub>2</sub> emissions and waste. As part of our sustainability initiatives, Sankyo Tateyama has positioned effective use of resources as a materiality focus. Under this policy, we are promoting specific measures such as reductions in packaging material used for our products, and using environmentally friendly materials. We are working to carefully consider reductions and changes in packaging materials, taking into account the effects this would have on ensuring product quality (preventing damage) and costs during transportation. These efforts promise to contribute to waste reductions not only at Sankyo Tateyama but also at our suppliers. The Sankyo Tateyama Group will continue to promote efforts to reduce environmental impact, toward the realization of a sustainable society.

## FYE2025 Activity Report

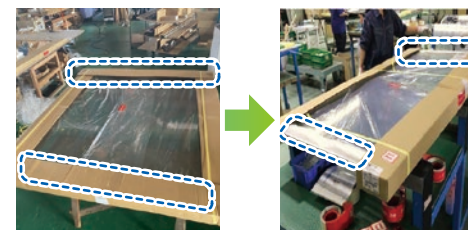
## ● Packaging Reductions for Entrance Doors

Reductions to the upper and lower stacked corrugated cardboard used as cushioning material to prevent damage to entrance doors' upper and lower frames



## ● Packaging Reductions for Retrofittable PVC-Based Inner Windows

Reductions to exterior cardboard on the upper and lower frames of retrofit resin interior windows



## FYE2026 Activity Plan

In FYE2026, we will reduce waste by promoting the reuse of packaging materials used to transport aluminum extrusions from the extrusion plant to the processing and assembly plants, in order to limit packaging waste in the production process. As a means to make shipped products more environmentally friendly, we are promoting the 3 Rs (reduce, reuse, and recycle), eliminating plastic, and using recycled materials as part of our proactive efforts to introduce environmentally friendly packaging materials. Additionally, as part of our strengthening and standardization of guidelines, we will be systematically adding examples of environmentally friendly packaging specifications to our packaging guidelines, to promote company-wide standardization. Through these efforts, we aim to reduce our environmental impact, and bring about effective use of resources.

## Social

Connecting  
personnel  
and  
the future

## Roundtable Discussion with Director Shinoda and Employees

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.

in, I feel like I lose a bit of that vitality for my work.

**Michishita:** I've worked here for 21 years, and now I'm involved at the labor union headquarters. Up until five years ago, I worked at a plant where I handled line improvements, layout changes, and installation and maintenance of equipment, and I also served as an officer of that chapter of the labor union. Now my work focuses more on working with people than with machines, and hearing people's words of appreciation after I help them solve their issues through consultations really makes it feel to me like work worth doing. When we don't get the responses we hope for in spring labor offensives and wage negotiations, it can be tough to share the news with union members, and when the reactions are as harsh as we fear, it can be rough on personal morale. At times like those, it can help to share my thoughts with senior members of the union who have experienced similar situations, and remind myself of the importance of providing explanations that people can accept, and gaining their understanding. This has helped me overcome difficult situations.

## Q2

**As Human Resources staff, what do you think is particularly important for helping employees to work with vitality?**

**Kitahashi:** Health and safety lay the foundation for employees to work with vitality. Beyond that, the Human Resources Department places an emphasis on creating an environment where employees can feel a sense of self-efficacy, where their strengths and unique traits can be used in their work, and where they can grow as people. I believe that the relationship between the company and its employees should not be like a master and servants, but rather mutually affectionate partners. The time has passed for passive work styles, where people would

## “Working with Vitality”

## Q1

**When is it that you feel you're “working with vitality”? Or, for that matter, what kinds of situations prevent you from feeling that way?**

**Shimada:** I've worked with the company for eighteen years, and have mostly worked in exterior product development. I spend all year every year developing new products for our spring catalog. I particularly feel

like I'm “working with vitality” when I develop my own understanding of the development goals, then work toward those goals together with the design, prototyping, and factory staff, to successfully bring a product to commercialization. There is a certain joy that comes from working efficiently within the extent of your control. I'm the sort of person who feels more anxious than excited when the products I've worked on finally launch, but it's always a pleasure to get positive feedback directly from customers at trade shows, or from sales representatives. On the other hand, when work gets busier and that sense of fatigue begins to set



## Social

Connecting  
personnel  
and  
the future

## Roundtable Discussion with Director Shinoda and Employees

simply wait to be given instructions. We hope to change our organizational system such that it encourages individual autonomy, allowing each employee to improve their productivity, and enables employees to take pride in being a part of Sankyo Tateyama.

**Michishita:** You mentioned “partners,” and I think that that dynamic extends to labor and management as well. If we don’t get the response we’d hoped for, say during spring labor offensives, then striking does remain an option, but personally I think that it’s better for labor and management to work together. On the other hand, if you look at things from the perspective of individual employees, it’s simply true that not everyone feels that “affectionate partners” level of loyalty to the company.

**Shimada:** Back in my thirties, I suddenly found myself being given a lot more work to do and a change of position, with less follow-up coming my way. I initially worried about whether I’d be able to keep doing my work, but I’ve since gotten over that. It would be better, though, if we could find ways to make it easier to work for younger employees and employees raising children, and if we could maintain some sort of connections with people even after they’ve left the company.

### Q3 Why is it so important for a company to give employees an environment where they can work with vitality?

**Shinoda:** There is a sense of drive that comes from being able to work on what you want to do, and a feeling of self-efficacy that comes from having your contributions recognized by others. These are a driving force when it comes to working with vitality. In order to bring about this state within the workplace, it is important to get an accurate understanding of each individual’s strengths and preferences, assign them tasks that are suited to them, and help them find a sense of meaning in their work.

That sense of meaning leads to improved performance, new ideas, and motivation to work more efficiently. Keeping positive makes it easier to stay in good physical and mental health, and working with vitality has a positive impact on the people around you. It’s a virtuous cycle that synergistically improves the atmosphere organization-wide.

## Transparency in Evaluations and Careers

### Q4 When it comes to evaluations and promotions, what kinds of experiences have you had that left you feeling satisfied, or feeling unsatisfied?

**Shimada:** I’ve never had an evaluation explained to me, so I can’t say I’ve ever had any particular sense of what they actually mean. On the other hand, there have been years when launch dates for new products were a bit earlier across the board, and I got high praise for having handled that so well. At the same time, though, I can’t really be satisfied with evaluations being based on just “you must have worked so hard, since you worked so much overtime.” And I know that promotions are based on recommendations, but I didn’t love the way that it was a unilateral decision made by the company in my case, without asking about my own working preferences and taking those into account. I think two-way dialogue is necessary when it comes to both evaluations and promotions.

**Kitahashi:** Evaluation feedback needs to be promoted as a general rule, and I think supervisors should provide a rubric for what the ratings mean. I recognize that workplaces face different challenges when it comes to making our current personnel performance evaluation system more effective, and I can tell that we need to work

on improvements on the side of the managers who provide these evaluations. Promotions to higher grades bring with them changes to the size and responsibilities of the role played by that employee, and these need to be communicated to the employee directly, with high expectations. On the other hand, the topic of working preferences raises the need for reform, to a “job group” system that makes the most of individual strengths and aspirations. In particular, we hope to re-straighten out the definitions and requirements for specialized staff and full-time staff, and increase the career options available for partners.

**Michishita:** I think relative evaluations can sometimes offer a better understanding of your own evaluation. I’ve never felt like anything about my own evaluations was odd, but if I look around myself, I can’t help but feel like there is at least some amount of seniority involved in the system, and that there are aspects that negatively affect mid-career hires in terms of their salaries.

**Kitahashi:** That system of seniority may be a part of our corporate culture. As time goes on, there will be more and more challenges that we won’t be able to solve solely through experience gained from the past. I want us to be able to find and produce excellent leadership, regardless of those leaders’ ages, genders, or whatever else.

**Shinoda:** We have so many employees working together in good faith, and I feel like that sense of strong camaraderie has built a warm corporate culture here. However, there is also a tendency in organizations like ours for departments to want to “hold on” to particularly good employees, and keep them for themselves. In the past, we had good results by having plenty of human resources, and working efficiently with a rigidly structured organization. Nowadays, though, we face labor shortages and a rapidly changing environment, and for



## Social

Connecting  
personnel  
and  
the future

## Roundtable Discussion with Director Shinoda and Employees

today's companies, failure to recognize the abilities and skills of their own internal human resources represents a risk.

In the future, gaining a company-wide understanding of our employees' unique abilities and skills will be important, as will promoting flexible, strategic placements within the company that connect to future career options. I believe that moving forward with reforms in both our personnel system and our corporate culture, and carefully communicating our efforts to employees, will get employees on board with our plans and help with information transparency.

## The Direction of Future Institutional Reforms

Q5

Based on today's roundtable discussion, what sorts of institutional reforms will you be pursuing in the future?

**Kitahashi:** I want to make sure that grades, training, and evaluations all organically connect with one another, and to increase their relevance. In order for Sankyo Tateyama to grow alongside our partners, we will clearly define what we expect of human resources, and what we expect from the roles they play, for both main-career-track and management positions. Based on this, we intend to apply policy with the conviction that Sankyo Tateyama will change, bridging the gap between our current situation and our goals, and establishing systems in relation to one another. While the term "partners" may have a nice ring to it, it is also important to strengthen give-and-take relationships, toward mutual growth. Given that our organization-wide staff numbers will decrease in the future, we hope to build an organization that uses DX, IT, and AI to make the most of each person's strengths; at

the same time, we also hope to make the fullest use of talent by taking each employee's personal values regarding work into account, and respecting these motivations.

**Shimada:** I suspect that employees in their forties probably have vague anxieties that the next few years will bring a lot of new responsibilities for their generation, at all sorts of jobs. Given this, the personnel reforms may be difficult, but I think that they are a necessity. I suspect that if the company offers more accessible information about the challenges it faces and the efforts being made to resolve them, it would have a positive influence on everyone's mindsets.

**Michishita:** In addition to the company's own engagement surveys, the labor union also does its own annual survey

of members. Our results showed that there are employees who feel anxiety about the company's future. Today's discussion made it clear to me that we need to identify what we must do to be a company chosen by our partners. On the union side of things, we will continue to lend an ear to employees' voices and propose ideas, including examples of initiatives at other companies.

**Shinoda:** As General Manager Kitahashi said, it is valuable to have a partnership relationship based on mutual respect, without a hierarchy. Some people may experience confusion or anxiety if reforms are carried out together in parallel, during labor shortages. I hope to continue to contribute from my position as an outside director, to the company's vision for future growth, to make the company a better place to work.



Sankyo Tateyama Labor Union  
Assistant Manager

**Masahiro Michishita**

On year 21 with the company. Belongs to the labor union, and coordinates between union members and the company on a daily basis.



Outside Director

**Hiroko Shinoda**

Outside director of the Company since 2024. Specialist in diversity and human resource development.



Sankyo Alumi Company  
Development Management Division  
Exterior Products Development Section 1  
Assistant Manager

**Tamayo Shimada**

On year 18 with the company. Currently a team leader in Exterior Products Development.



General Manager,  
Human Resources Department,  
General Affairs and Human Resources  
Division

**Tetsuya Kitahashi**

Working to promote a new era of work styles, where every employee can play an active role.

## 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

As mid- to long-term goals, Sankyo Tateyama is working to secure necessary talent by maximizing its comprehensive human resources capabilities and creating a fulfilling work environment which supports employee growth and satisfaction. In order to secure necessary talent and maximize our comprehensive human resources capabilities, we are working toward building an optimal organizational structure and personnel allocation that increase profitability, as well as attracting and retaining a diverse workforce (including women, elderly, disabled, non-Japanese, and mid-career hires) with standout skills and careers, and creating a corporate culture that recognizes and makes use of the diverse strengths and individuality of each employee, to build a company full of independent human resources who can think and learn on their own, create their own roles, and produce results. In order to create a fulfilling workplace with employee growth and job satisfaction, and provide work environments that take health and safety into consideration, we work to support employees in achieving their desired career visions, and to build an employee education system that encourages growth. This investment in infrastructure and human capital will lead in turn to improved employee engagement.

### 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

#### Company



#### Employee



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

## Structure of Initiatives for Stronger Human Capital Management

At Sankyo Tateyama, the Human Resources Strategy Department (established in 2024) and the Corporate Planning Department have been working together based on our medium- and long-term directions and strategies to support and promote respect for each and every employee, and active participation by a diverse workforce. In addition, we have a department dedicated to diversity promotion, including the promotion of women's participation and employment of people with disabilities, as well as a subcommittee of the Sustainability Promotion Committee dedicated to encouraging greater human resource participation; these formulate and implement specific plans such as identifying and eliminating factors that could be hindering greater participation by female employees, as well as initiatives for human resource development. As for operational efficiency improvements targeting strategic company-wide personnel allocation, our Business Reform Promotion Division is playing a central role in building new ways of working through personnel reduction, automation, and digitalization.

## Social

## Training policy for human resources

In human talent capable of generating new value, 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 by job level, we provide support for self-development and career development by encouraging employees to take correspondence courses or in-house e-learning courses, 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, with the goal of contributing to our clients and to local communities.

## 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 FYE2025	Initiatives for FYE2026 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> </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>● Training to improve the percentage of male employees taking childcare leave</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>● Training to support balance between work and nursing care</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	<b>Human Resource Development</b> <ul style="list-style-type: none"> <li>● Management leadership training</li> <li>● Management training</li> <li>● Support for human resource development and capacity building</li> <li>● Digital human resource development</li> </ul> <b>Workforce Diversity</b> <ul style="list-style-type: none"> <li>● Prepare for the introduction of a talent management system</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>● Introduce and maintain 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 management development plan for female employees</li> <li>● Implement D&amp;I e-learning</li> <li>● Implement teamwork improvement 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> <li>● Hold teamwork improvement workshops</li> <li>● Implement "Ikuboss" Declaration toward managers encouraging better work-life balance among 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

Sankyo Tateyama has set a target to achieve a percentage of women in managerial positions of 10% by FYE2031, aiming to create an environment where female employees can participate in the decision-making processes of their departments and the Company as core personnel with their own management perspectives.

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 their individual jobs, including measures aimed at improving their experience and skills, as well as company-wide training.

In FYE2025, we held a training session titled “Teamwork Improvement Seminar to Make Sankyo Tateyama Better,” given by an external instructor, as part of our organizational culture reform initiative. This session focused on psychological safety and teamwork, primarily targeting section managers. We also held roundtable discussions aimed at greater participation by female employees, involving outside director Hiroko Shinoda, an expert in diversity and human resource development, along with female managers and assistant managers (assistant managerial positions). They exchanged opinions on the theme of “measures to make each employee play an active role,” discussing their own efforts as managers to train their staff members and challenges to enable female employees to play more active roles. Other initiatives include an e-learning program for all employees on diversity and inclusion through the lens of male employees taking childcare leave, as well as support for female management candidates and their supervisors to help them reinforce their efforts in staff education.

The Human Resources Advancement Subcommittee has continuously implemented various initiatives since FYE2022, including training programs and seminars targeting managers and female employees. As a result, we have seen gradual changes in managers’ mindsets and improvements to our corporate culture, along with positive shifts in how female employees themselves view their careers.

As a result of these initiatives, the ratio of female managers has increased to 3.2% as of May 31, 2025, up from 0.8% as of May 31, 2021. We will continue to carry out various measures to build workplace environments in which diverse human resources, such as women, can play active roles.



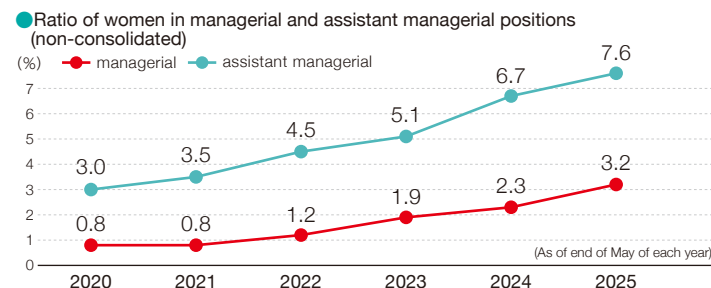
Teamwork improvement seminar by Asami Nakamura, Cybozu, Inc.



Roundtable discussion held at the Tokyo office



Roundtable discussion held at the head office



● Past performance concerning the wage gap between men and women (consolidated-non) Unit: %

	2023	2024	2025
All employees	72.7	76.2	76.6
Regular employees	70.7	73.9	74.1
Non-regular employees	71.7	75.9	73.0

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.

We have updated our General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children.

General Employer Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children

Date of formulation: March 12, 2025  
Date of publication: March 31, 2025

Sankyo Tateyama, Inc. fosters a dynamic corporate culture by promoting personnel development with respect for diversity and human rights. In order to provide an environment in which both male and female employees at various life stages can easily play active roles, we have established action plans as follows:

### [1] Plan Period

April 1, 2025 through March 31, 2028 (3 years)

### [2] Implementation Organization

Human Resources Department and Sustainability Promotion Committee Human Resources Advancement Subcommittee

### [3] Goals and Action Plans

**Goal 1** A ratio of female managers of 5.7% and a ratio of female assistant managers of 10.2% by April 1, 2028

### Concrete Measures

Starting April 1, 2025

- Implementation of company-wide training programs to ensure diverse individuals can play active roles in the workplace, and other initiatives
- Implementation of awareness-raising for aggressive career choices (such as career track transfer to positions of greater responsibility), leadership training programs, and other initiatives for female employees

Starting June 1, 2026

- Emphasis on staff competency building in performance appraisals for managerial positions, and creation of an environment favorable for employees to demonstrate their abilities

**Goal 2** 100% of eligible male employees taking parental leave (including spousal maternity leave unique to Sankyo Tateyama)

### Concrete Measures

Starting April 1, 2025

- Implementation of awareness-raising and training programs to activate communication for achieving work-life balance
- Promotion and implementation of work efficiency improvements, such as elimination of dependency on specific individuals and modification of work processes



## Social

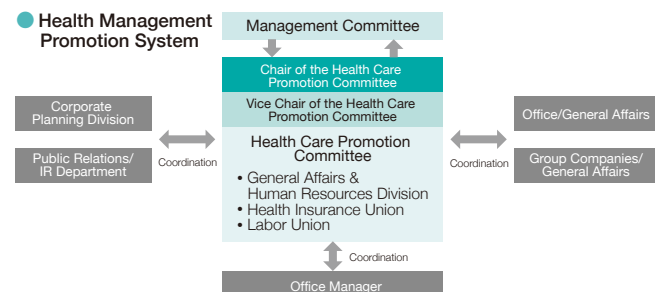
# Occupational Safety and Health (Establishing a working environment that promotes health and safety)

## 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,



In March 2025, the company was recognized by the Ministry of Economy, Trade and Industry of Japan as a KIH Outstanding Organization (Large Enterprise Category) in 2025 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 has been recognized as a KIH Outstanding Organization (Small- and Medium-scale Enterprise Category) in 2025 under the same program.



## Health activities

### Sharing women's health challenges and improving environments

As a joint initiative with the Human Resources Advancement

Subcommittee, which promotes women's advancement, the Health Care Promotion Committee continuously conducts women's health seminars, targeting female employees and their supervisors, who are mainly male managers, to address health issues specific to women.

We invite expert instructors to provide group training sessions aimed at: (1) understanding women's health and conditions, (2) experiencing dilemmas associated with diverse members working together by simulation, and (3) deepening mutual understanding through getting to know each other. We are also working to establish internal systems to address health challenges, as part of our efforts to build a more comfortable workplace environment.



## Prevention and remediation of mental health problems

We conduct mental health checks annually, and analyze the results for each workplace; managers at individual workplaces receive the results, followed by training sessions to improve the workplace environment. Additionally, we began offering mindfulness practice support in this fiscal year, covering stress reduction methods and other related topics.



## 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 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

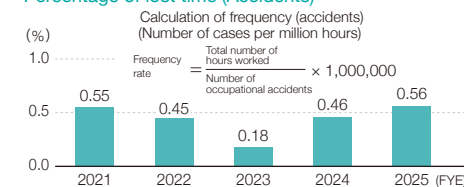
A meeting of the Safety and Health Committee is held monthly at each worksite with safety managers, health managers and labor union representatives to share and discuss risk improvement results and the status of safety activities. In addition, a Safety and Health Conference is held annually with safety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

### Number of occupational accidents in FYE2025

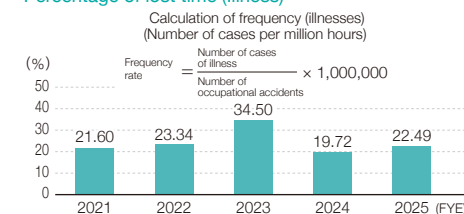
The number of accidents in FYE2025 totaled 19 incidents, of which no serious injuries (including fatalities) occurred.

Intensity		Unit: %		
Fiscal year of End	2022	2023	2024	
Intensity	1.00	0.98	1.18	

### 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.

#### Sankyo Tateyama Group Basic Procurement 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.

##### 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. To date, we have received letters of consent from the suppliers accounting for 99% of our total transaction volume.

### 3. Supplier Questionnaire

We request that all our suppliers actively support and follow our Basic Procurement Policy. In FYE2025, we conducted a questionnaire survey based on our Basic Procurement Policy for suppliers who agreed to this policy. For the FYE2025 survey, we received responses from suppliers representing 91% of our total transaction volume.

The survey results revealed issues with environment-related efforts, and in particular, we recognized the need to cooperate in calculating and understanding our GHG emissions. Going forward, we will work on continuous improvements and repeat dialogues with our suppliers, as we pursue procurement activities in accordance with our Basic Procurement Policy.

#### ● Aggregated results by procurement guideline



### Respecting human rights

#### Efforts in Human Rights Due Diligence

To date, the Sankyo Tateyama Group has expressed its stance on human rights through the statement of “respecting human rights” in its Basic Procurement Policy. Our investigation in FYE2025 identified no human rights violations that would be problematic at that time. Going forward, we will promote responsible procurement activities that respect human rights, by following the human rights due diligence process in accordance with the United Nations Guiding Principles on Business and Human Rights.

#### 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.

##### ● 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

Forging ahead with drastic reform  
of revenue structure to turn  
crisis into opportunity, and  
develop our future growth strategy

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.



Outside Director

**Kazunori Toda**

Outside Director

**Hiroko Shinoda**

Outside Director

**Hirotoishi Aramaki**

Outside Director

**Akihiko Mori**

Outside Director

**Miho Yoshikawa**



## Governance Roundtable Discussion by Outside Directors

**What is your assessment of the Company's governance structure, and what challenges are you aware of?**

**Aramaki:** The Company conducts a yearly evaluation of the effectiveness of the Board of Directors to assess and enhance governance. Compared with previous years, we now hold dedicated sessions for intensive discussions on key matters, and the number of active contributions from members has increased significantly. We have also made considerable progress in areas such as strengthening human capital and internal controls, promoting women's participation, and enhancing the governance of our overseas subsidiaries. However, we recognize that the most critical issue remains the enhancement of corporate value. In particular, generating profits has unfortunately not progressed as expected. We therefore view reform of our revenue structure as an urgent and essential priority going forward.

**Toda:** That's right. As you mentioned, the "hard" aspects, including the design of our governance structure, have indeed become more robust, and this is an area that deserves recognition. On the other hand, I feel there is still



**Kazunori Toda** Outside Director (Auditor)

room for enhancing "soft" aspects — namely, how governance is put into practice. Based on the results of our yearly employee engagement survey, insufficient communication regarding performance evaluations and a lack of collaboration between departments have been identified as key issues. By further promoting two-way communication between supervisors and team members, and fostering a more open organizational culture, I believe we can more effectively ensure the spread of management policies, which is an essential step toward enhancing corporate value.

**Yoshikawa:** It has been a full three years since I was appointed as one of the Company's outside directors. Over the past year, I also served as an auditor, during which time I confirmed that the auditing system is, for the most part, functioning effectively. The biggest challenge is that we have not been able to generate profits at the level we had hoped for. Our profit levels have declined significantly compared to ten years ago. On the other hand, the Company maintains a solid market share in Japan and contributes to sustainable and enriched lifestyles through its manufacturing. I also see it as a fair and healthy workplace, as evidenced by our recognition as one of the Outstanding Organizations of KENKO Investment for Health. As we move forward with decisively reforming our revenue structure, I intend, in my capacity as an outside director, to closely monitor the progress of these initiatives. At the same time, drawing on my perspective as a lawyer, I will continue to keep a watchful eye on the protection of employee rights and the prevention of accounting irregularities.

**Shinoda:** As everyone has mentioned, I believe our governance structure is gradually taking shape. That being said, given how extremely busy our employees are, I am concerned about whether it is being fully and effectively implemented in practice. While there are two female directors on the Board, I see room for improvement in terms of diversity, particularly regarding age and professional

background. Beyond the manufacturing sector, it will be important to consider appointing individuals from different industries, as well as developing a human resources system that enables employees with diverse skill sets within the Company to advance to managerial positions.

**Mori:** I was appointed as an outside director this year, and overall, I have the impression that the Company's governance has been steadily improving. For example, through the appointment of women in executive positions and the establishment of intra-Group functions such as the Risk Management and Quality Assurance Departments. At present, I see two key challenges for the Company. The first is to ensure that, amid rapid changes in social conditions and the business environment, governance is not just about having structures in place but about implementing them with agility — staying alert and responding in a timely and appropriate manner. The second is to shift from a defensive to an offensive approach to governance, one that drives the enhancement of corporate value. Within the Board of Directors, it is essential to engage in robust discussions aimed at strengthening earning power and to clearly articulate a value-creation story that can be reflected in management decisions.

**Regarding the Company's human resources initiatives, what do you think are key points for improving employee motivation and productivity?**

**Toda:** The Company's employees approach their work with great dedication, and I highly value that attitude. In relation to improving internal communication, which I mentioned earlier, it is also important to further enhance transparency in performance evaluations and promotions from a human resources perspective. In addition, by improving the skills of the management team, communication between supervisors and team members can become more active, fostering an open and approachable corporate culture. I believe this, in



## Governance Roundtable Discussion by Outside Directors

turn, will help boost both employee motivation and productivity.

**Yoshikawa:** The relatively high average age of employees at the Company may, from the perspective of younger staff, present certain communication challenges. On the other hand, the Company has been recognized as one of the Outstanding Organizations of KENKO Investment for Health, earning a reputation as an easy place to work. Maintaining this corporate character requires continuing to ensure psychological safety in the workplace, which is also key to improving productivity. I also feel that the Company has been taking concrete measures to sustain motivation, such as establishing compliance contact points and appointing its first female executive officer.

**Shinoda:** When considering what drives motivation, it becomes clear that finding value in one's work and being supported by supervisors and a positive work environment are key factors. Although labor shortages are becoming increasingly serious, the Company is pushing forward with structural reform. It is precisely during such times of change that alleviating employee anxiety, ensuring psychological safety, and fostering a sense of mutual support within teams become especially important.

**Aramaki:** The Human Resources Department has reported on improvements to systems for effectively leveraging human capital. As with governance, having structures in place is important, but ultimately what matters is how well they are put into practice. If employees are overburdened, managers may not have the capacity to closely oversee the team, and new performance evaluation systems run the risk of becoming mere formalities. Reforming our revenue structure also involves streamlining support functions and reviewing work styles. Therefore, it is important to approach these initiatives not only from the perspective of reducing fixed costs, but also in ways that enhance employee engagement.

**Mori:** That's right. Amid increasingly serious labor shortages, a company's ability to make the most of its human capital can determine its growth. It is, therefore, very important to leverage one of our strengths—being a fair and healthy workplace—to enhance engagement.

### Would you mind explaining the background and discussions that led to the revision of the medium-term management plan that was recently announced?

**Aramaki:** We received questions from shareholders at the General Meeting of Shareholders regarding the fact that we revised our medium-term management plan just one year after its launch. This revision was prompted by changes in the external environment, such as a downturn in the German economy. However, we must reflect on the fact that we failed to fully anticipate these changes. Given this, we now face the urgent task of transforming the Company into a more streamlined and resilient organization capable of adapting to such sudden shifts in the environment. Through decisively reforming our revenue structure and the way we work, I hope we can build a completely new Sankyo Tateyama that is fundamentally different from what it has been until now. As an outside director, I will continue to closely monitor and oversee the process to ensure that this transformation is carried out effectively.

**Toda:** I share the same view. When the initial medium-term management plan was formulated, we held numerous intensive discussions and carefully crafted the plan, so I do not believe it was poorly prepared. However, in hindsight, we must admit that our market outlook was overly optimistic. It is possible that we were influenced by our past successes and therefore viewed the market environment through rose-colored glasses. As an outside director, I believe it is important not only to rely on the expertise of internal executives but also to incorporate diverse perspectives, such

as those of external analysts, to more rigorously verify the foundations of our plans.

**Yoshikawa:** I feel the same way. We must recognize that we can no longer expect to generate profits using the same approaches that worked ten years ago. Given this reality, we should carry out decisive reform of our revenue structure and view this as an opportunity to rebuild and strengthen our growth strategies.



**Hiroko Shinoda** Outside Director

**Shinoda:** That's right. To respond to rapid changes in the external environment, it is important not to continue doing things the same way as before, but to treat this crisis as an opportunity and carry out fundamental company-wide reforms. We need to thoroughly revise our operations, asking whether each task is necessary and whether any are being duplicated, and press ahead with sincere reforms aimed at creating a truly streamlined organization.

**Mori:** Although the poor performance of the Global Business, particularly in Europe, can be attributed to major changes in the business environment, as everyone has pointed out, the

## Governance Roundtable Discussion by Outside Directors

fact that we were forced to revise our medium-term management plan after just one year is something that will inevitably be viewed quite critically. For the Global Business, we need to strengthen information-gathering beyond the Japanese market, so that we can implement countermeasures at an early stage. Furthermore, in reforming our revenue structure, it is essential not only to focus on cost reductions but also to engage in robust discussions, among both internal and external directors, about where and how we will generate profits going forward, in order to develop our next growth strategy.

### What is your assessment of restructuring at the European subsidiary and the current state of the Company's Group governance, and what challenges are you aware of?

**Toda:** It has been 10 years since the Company expanded into Europe. Compared to the beginning, there have been various misunderstandings. I believe it is important that we strengthen our information-gathering capabilities, revise our existing strategies, and have the courage to pause and critically reassess our approach. From the perspective of Group governance, there are aspects where I feel our subsidiary has not yet become fully independent, and insufficient communication with local teams remains an issue. Looking ahead, it is critical that we further delegate authority to our subsidiary and encourage them to stand on their own. Above all, if we can detect changes in the market environment at an early stage, we can make swift decisions, so improving this capability is an urgent priority.

**Aramaki:** Our European subsidiary has been working hard to achieve profitability, but sluggish EV sales and soaring energy prices have had a significant impact, leading to disappointing sales in automotive parts, which we had expected to perform well. Stagnation in the EV market is likely to continue, and if that happens, the overall German economy will also be affected. As a result, we have reached the difficult decision to

streamline our operations. Meanwhile, our business in the aircraft sector has been performing strongly, and it will be important for us to secure that positive trajectory going forward. As for the governance of our European subsidiary, it has improved compared to the past. From an organizational perspective, our subsidiaries are generally managed under each company, while most of our overseas subsidiaries, including in Europe, are overseen by the Corporate Department of the Global Business Division. However, as the Global Business Division is extremely busy, there are areas where supervision of overseas subsidiaries has not been conducted as thoroughly as desired. Looking ahead, one possible option for strengthening governance would be to build a matrix-style management system that combines both a business axis and a functional axis where finance, human resources, and other parts of the Corporate Department would work together to directly monitor overseas subsidiaries.



**Akihiko Mori** Outside Director (Full-time Auditor)

**Mori:** Regarding issues at our European subsidiary, I feel there is room for improvement in both governance and management strategy. In terms of governance, information

density overseas tends to be lower than in Japan, and as a result, responses to emerging risks often lag behind. To address this, it is important that we maintain closer communication and take more proactive measures. As for management strategy, as I've mentioned several times already, alongside reform of our revenue structure, we also need to deepen discussions on the broader direction of management, specifically, where we are willing to take risks and what kinds of growth strategies we want to pursue going forward.

**Shinoda:** I also feel that we need more thorough discussions and debates. Rather than repeatedly taking stopgap measures after risks have already materialized, it is important that we actively deepen our discussions from a medium- to long-term perspective, particularly regarding our overarching growth strategies and future direction.

**Yoshikawa:** Exactly. And when it comes to our overseas operations, I believe that beyond country and geopolitical risks, in some regions the risks related to employee safety are also increasing. We therefore need to stay alert and keep a close watch on these developments as well.

### Finally, I would like to ask you, as outside directors, to share a message with our stakeholders regarding the enhancement of our corporate value.

**Mori:** Although I have only recently assumed my position and may not yet have a complete grasp of all the details of the Company, I believe our greatest challenge, and ultimate goal, is the enhancement of corporate value. This is, of course, easier said than done, but even the core intent of the corporate governance code ultimately lies in strengthening our earning power. Governance on the defensive side is certainly important, but its form is merely a means to the end of value creation. What I place particular emphasis on is clarifying our value creation story. Where does our competitive advantage truly lie? How will we demonstrate

## Governance Roundtable Discussion by Outside Directors

and enhance our earning power? These are discussions that must be pursued from a medium- to long-term perspective. While it is an undeniable fact that our current business performance is weak, I believe that by setting out a clear narrative for future growth and presenting specific milestones both internally and externally, we can earn the trust of capital markets. First, we must steadily advance reforms to our revenue structure, while at the same time deepening internal discussions on our next growth strategy. As an auditor, I hope to contribute to the Company's transformation from this perspective.

**Shinoda:** The implementation of governance and other structures is what truly matters, and it is human resources who carry out this implementation. The power of people will become increasingly important going forward. The Company is currently working to establish a foundation for investing in human capital. While closely monitoring whether related structures and their implementation are functioning appropriately, we also intend to provide advice and keep a watchful eye on how these efforts contribute to enhancing corporate value within our overall value creation story. The executive side naturally tends to focus on day-to-day



**Miho Yoshikawa** Outside Director (Auditor)

business operations. That is precisely why it is the important role of outside directors to take a broader view: to assess whether the systems are being implemented appropriately and whether they are continuing to evolve. I hope to actively provide advice and contribute to the Company's transformation so that each employee's potential can be fully realized and thereby support the Company's sustainable growth.

**Yoshikawa:** The Company is involved in sustainable, incredibly-high-quality manufacturing. In July of this year, we were also selected as a constituent stock for the FTSE Blossom Europe Sector Relative Index, a leading ESG investment index. I will strive to provide advice and insights that contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value, thereby solidly advancing the enhancement of corporate value.

**Toda:** I believe that enhancing corporate value is not just about pursuing our own profits, but about ensuring that all stakeholders, including customers, suppliers, employees, local communities, and shareholders, prosper together. It is essential to work toward true enhancement of corporate value while maintaining a balance that satisfies all stakeholders, such as through appropriate value distribution across the entire supply chain. In recent SR (shareholder relations) meetings, we received valuable feedback from our shareholders and investors. We were asked to further strengthen our efforts regarding the stability of business performance, optimization of the business portfolio, and clear goal-setting. As the Board of Directors, we take these opinions seriously and are committed to proactively addressing these challenges. As an outside director, I will carefully monitor the ongoing structural reforms, the revision of our business portfolio, and the goal-setting processes, providing appropriate guidance where necessary. My aim is to enhance true corporate value in a way that satisfies all stakeholders.



**Hirotoshi Aramaki** Outside Director (Auditor)

**Aramaki:** I believe this fiscal year will be an important one, with the main focus on decisively reforming our revenue structure. While management naturally tends to concentrate on cost-cutting and efficiency improvements, as an outside director, I will do the same as you mentioned earlier, by monitoring the progress of these reforms from broad stakeholder perspectives, including shareholders, investors, employees, business partners, and customers. As we implement structural reforms, we must also work on redefining our next growth strategy. The business environment continues to change rapidly and significantly. If all attention is focused solely on reforms without presenting a future vision or growth strategy, employee and shareholder engagement could weaken. Personally, I aim to leverage my background as an engineer to deepen dialogue with engineers and production staff on the ground. I want to make this a year where we build a new growth strategy together, ensuring that voices from workplaces are reflected in decisions by management. FYE2026 will undoubtedly be a very challenging year, but I am determined to help build Sankyo Tateyama into a strong and prosperous company. I will do my utmost to contribute, even in small ways, toward that goal.

## Governance










































## Key principles for corporate governance

The Sankyo Tateyama Group's basic management policy is to build the trust of shareholders, other stakeholders, and society while developing together. To that end, we consider strengthening corporate governance and enhancing corporate value among 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
FYE2016	14 auditors				—	Transition to a company with an Audit and Supervisory Committee
FYE2017	14 auditors				—	Started evaluating the effectiveness of the Board of Directors
FYE2018	13 auditors				—	
FYE2019	14 auditors	 woman				Appointment of female directors Establishment of Nominating Committee and Compensation Committee
FYE2020	14 auditors	 woman				
FYE2021	13 auditors	 woman				
FYE2022	12 auditors	 woman				Independent outside directors appointment of at least one-third Abolished the business officer system and shifted to an executive officer system
FYE2023	12 auditors	 woman				
FYE2024	12 auditors	 woman				
FYE2025	12 auditors	 woman	 woman			Increase to two female directors One additional outside director
FYE2026	12 auditors	 woman	 woman			

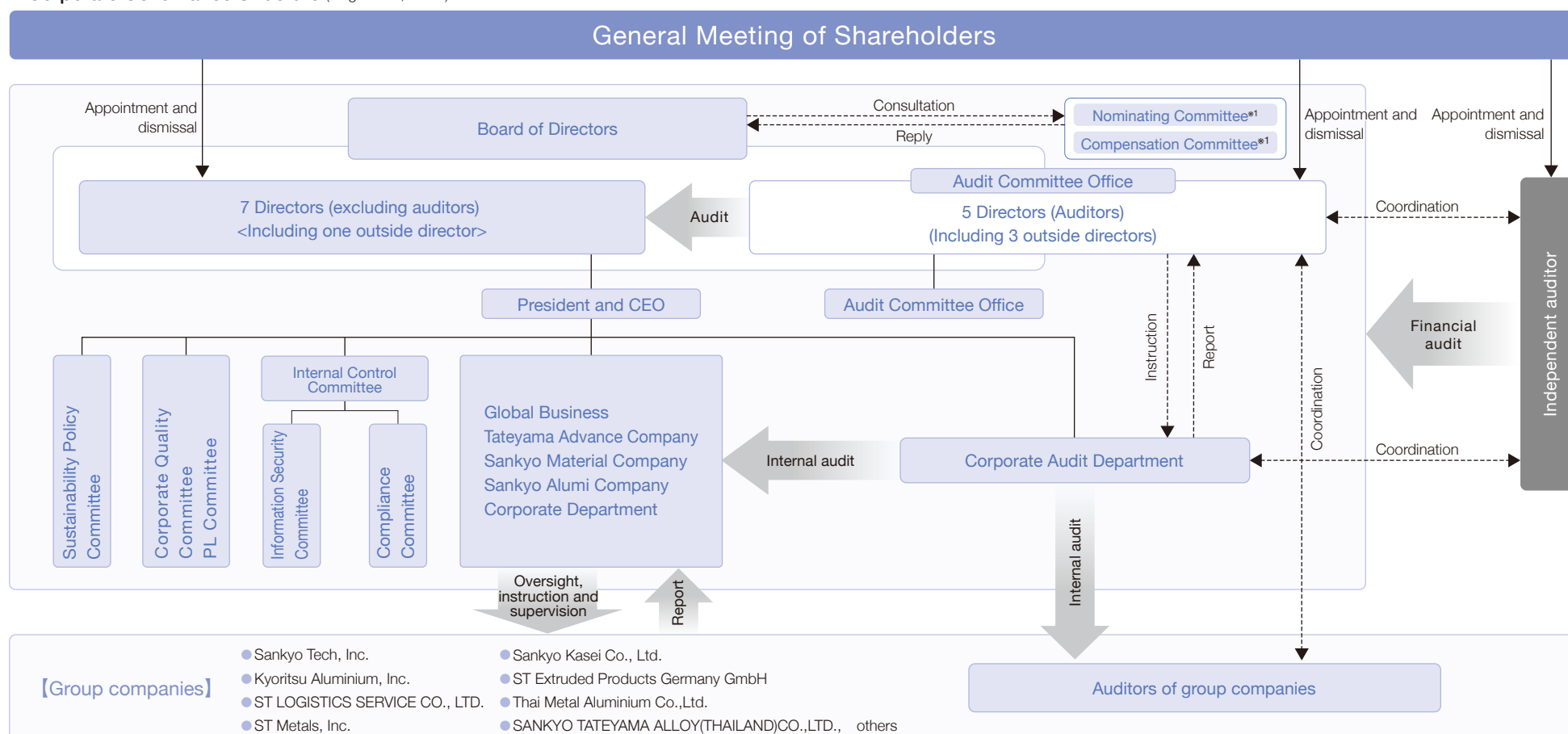


## Governance

## 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 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, 2025)



※ 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 FYE2025, 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.

During FYE2025, the Board of Directors held a total of 17 meetings, including extraordinary sessions where active discussions took place regarding management strategies and business execution. For important matters, separate focused deliberation sessions were convened to allow for sufficient time and thorough consideration. Furthermore, by promoting the use of the paperless reporting system introduced last year, the Company worked to strengthen and enhance the efficiency of Board operations and administration. It was also confirmed that the Company's initiatives on executive training, which had been identified as a key challenge, have been well received. The Company will continue its efforts to ensure effectiveness by fostering and further developing the skills and capabilities of director candidates and other executives. Agenda items to be submitted to the Board of Directors and other bodies were reviewed in advance by auditors, who obtained explanations from directors and relevant parties as necessary. At Board meetings, they actively expressed their opinions from the perspectives of compliance with laws and regulations, conformity with the articles of incorporation, and risk management. These

opinions were appropriately reflected in the resolutions by the Board of Directors and in the execution of duties by the management team.

As a voluntary advisory body to the Board of Directors, the Nominating Committee held five meetings during FYE2025. The Committee deliberated on matters such as the appointment and dismissal of directors, the selection and dismissal of the president and directors with special titles, and succession planning for the representative director. Meanwhile, the Compensation Committee met four times during FYE2025 to discuss matters related to directors' compensation, including short-term incentives (performance-based bonuses) and medium- to long-term incentives (stock-based compensation).

Based on the results of the effectiveness evaluation, the Company recognizes that improving the quality of agenda items discussed by the Board of Directors and further enhancing deliberations on our business portfolio and corporate strategy are areas for improvement. To address these issues, the Company will continue to strengthen the operation of the Board of Directors. Going forward, we will continue to improve the effectiveness of the Board of Directors by considering and implementing necessary measures, as appropriate, based on each member's views on how the Board of Directors should be and how it should operate.

## Audit Committee

The Audit Committee consists of five members (including four outside directors), of which two are full-time auditors (one of whom is also an outside director). 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, and meets at least once a month.

An Audit Committee Office has been established to assist the Audit Committee in its duties to enhance the functions of the Audit Committee.

## 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 and 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 of Directors. In FYE 2025, the Nominating Committee convened a total of five times.

## Governance

## 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 four times in FYE 2025.

### 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. The amount of individual compensation is determined based on the position and responsibilities held during the fiscal year. In addition, the Company sets targets for consolidated ordinary income and consolidated net income attributable to owners of parent, and provides bonuses based on the achievement of these predetermined targets.

##### ● Process for determining compensation

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 2025 (June 1, 2024 to May 31, 2025) 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)	189	189	—	—	8
Auditor (excluding outside directors)	29	29	—	—	2
Outside director	47	47	—	—	5

Note 1: The number of Board of Directors meetings does not include resolutions adopted in writing.

Note 2: Currently, the Company does not offer performance-linked compensation or non-monetary compensation.

Note 3: The above includes one director (excluding those who are members of the Audit Committee) who retired at the conclusion of the 79th Ordinary General Meeting of Shareholders held on August 28, 2024, and one director who is a member of the Audit Committee.

#### ● Activities of Each Meeting for FYE 2025

Job Title		Name	Attendance at Board of Directors meetings for FYE2025			
			Board of Directors	Audit Committee	Nominating Committee	Compensation Committee
President	Chief Executive Officer	Shozo Hirano	17/17	—	5/5	4/4
Director	Managing Executive Officer	Kazuhiro Ikeda	3/3	—	—	—
Director	Managing Executive Officer	Takahiro Nishi	3/3	—	—	—
Director	Managing Executive Officer	Tsuneaki Yoshida	17/17	—	5/5	4/4
Director	Managing Executive Officer	Kensuke Kubota	17/17	—	—	—
Director	Managing Executive Officer	Yasuyuki Kurohata	17/17	—	—	—
Director	Managing Executive Officer	Fumiro Toyooka	14/14	—	—	—
Director	Managing Executive Officer	Ichiro Azuma	13/14	—	—	—
Outside Director		Hiroko Shinoda	14/14	—	—	—
Director	Full-time Auditor	Toru Hongawa	17/17	18/18	—	—
Director	Full-time Auditor	Takao Nishioka	3/3	5/5	—	—
Outside Director	Full-time Auditor	Hirokazu Hasegawa	17/17	18/18	5/5	4/4
Outside Director	Auditor	Hirotoishi Aramaki	17/17	18/18	5/5	—
Outside Director	Auditor	Kazunori Toda	17/17	18/18	5/5	4/4
Outside Director	Auditor	Miho Yoshikawa	17/17	13/13	—	4/4

1: As Fumiro Toyooka, Ichiro Azuma, and Hiroko Shinoda were newly elected as directors at the 79th Regular General Meeting of Shareholders, held on August 28, 2024, the attendance at the Board of Directors meetings is shown after their appointment.

2: As Kazuhiro Ikeda and Takahiro Nishi retired from the positions of director and managing executive officer at the conclusion of the 79th Regular General Meeting of Shareholders, held on August 28, 2024, due to the expiration of their terms of office, the attendance at the Board of Directors meetings held during their term of office is shown.

3: As Takao Nishioka retired from the position of director and member of the Audit Committee at the conclusion of the 79th Regular General Meeting of Shareholders, held on August 28, 2024, the attendance at the Board of Directors meetings held during his term of office is shown.

4: As Miho Yoshikawa retired from the position of director at the conclusion of the 79th Regular General Meeting of Shareholders, held on August 28, 2024, and was appointed as a director and member of the Audit Committee on the same date, the attendance at the Board of Directors meetings held after her appointment is shown.

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

## 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 and Chief Executive Officer, 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. A specialized department was also established to strengthen the ability to respond to risks within the Group.



### BCP Initiatives Regarding Natural Disasters

In the event of an unforeseen situation, Sankyo Tateyama Group responds by establishing a crisis management headquarters in accordance with the Crisis Management Regulations and Crisis Management Manual, depending on the severity of the situation. In particular, we have established systems to ensure appropriate responses to large-scale disasters such as earthquakes and floods, including initial emergency actions, communication channels, and the operation of a crisis management headquarters. However, the Noto Peninsula Earthquake that occurred in 2024 revealed that our existing business continuity plan (BCP) did not function as intended. Based on a detailed revision of what each department was unable to accomplish during the disaster, we reexamined the structure of the crisis management headquarters and the communication routes, and rebuilt the Company-wide support system. We also conduct drills with executives responsible for each division within the crisis management headquarters for verification and awareness-raising purposes, thereby formulating a more effective BCP.

### Risk Management Initiatives and Promotion Structure

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 FYE2025

##### 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

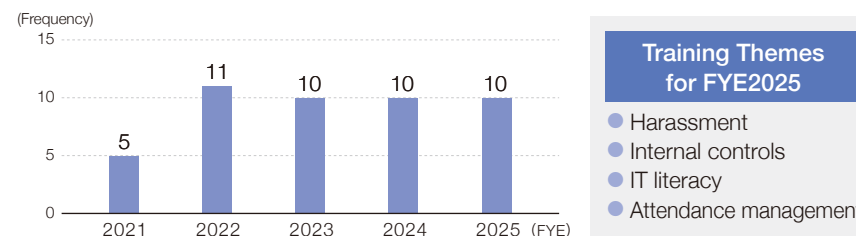
Sankyo Tateyama Group assigns a Compliance Leader to each workplace to prevent misconduct and create a healthy workplace, and promotes compliance education.

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 (incidents of harassment and misconduct) to enhance awareness and preparedness across the organization.

##### 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)





## Governance

## TOPICS

## Whistleblower System

The Sankyo Tateyama Group introduced a whistleblower system (known as Comp-line) in October 2014. Operations began with the executive secretary of the Compliance Committee as the designated contact point for reports. We have established a system that allows employees to promptly report, or request a consultation, whenever they become aware of or have concerns about any acts that violate laws, corporate ethics, or internal regulations, to ensure such issues are corrected and prevent their recurrence. The privacy of whistleblowers is strictly protected, and any discriminatory treatment on the grounds of having made a report or consultation is strictly prohibited.

Comp-line provides three contact points according to the purpose of the report.

## ① In-house Contact Point

This in-house contact point handles consultations and reports regarding various compliance violations. Multiple reporting methods are available, including phone, email, a dedicated portal site, suggestion boxes, and postal mail.

## ② External Contact Point/Consultation

This external specialized agency can be used when employees feel hesitant to have consultations with internal personnel. Anonymous reporting and consultations are available via phone or the website.

## ③ Audit Committee Office Contact Point

This contact point is dedicated to reports concerning compliance violations by directors or executive officers. The Audit Committee Office handles such reports to ensure independence in matters involving senior management.

We have established a system to conduct appropriate investigations according to the nature of each report, and to promptly take corrective action when any violation is confirmed. Through these initiatives, we strive for the early detection, correction, and prevention of compliance violations, thereby maintaining and enhancing the company's integrity and credibility.



Poster about compliance displayed at all Company sites

Number of compliance whistleblower/  
consultation cases (Japan):

46 (FYE2025)

## Information Security Initiatives

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.

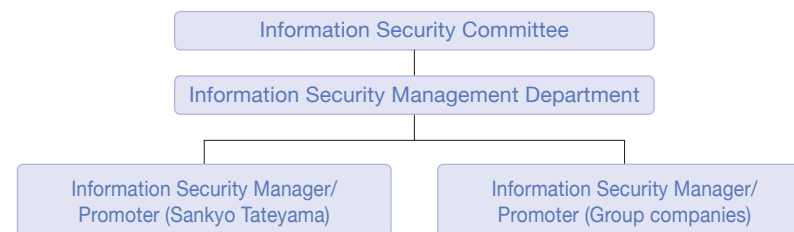
## Basic Policy on Information Security

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

## 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, 2025)



## Activities in FYE2025

In FYE2025, we conducted a cyberattack response exercise with the assistance of an external specialized agency and systematically implemented measures to address the issues identified from both technical and organizational perspectives. To strengthen employees' ability to respond to cyber threats such as targeted email attacks, we also carried out a Company-wide training exercise on handling virus-infected emails.

Furthermore, we advanced initiatives to reduce security risks within our supply chain and continued to enhance multilayered defense measures by regularly assessing the vulnerabilities of externally exposed assets. We will continue to reinforce our security systems through ongoing improvement efforts.

## Governance

## Respecting human rights

The Sankyo Tateyama Group conducts its business activities based on the principle of “respecting the fundamental human rights of all people.” In recent years, amid the growing complexity of the business environment, initiatives to respect human rights in line with international standards have come to be recognized as an essential component of corporate governance.

Against this backdrop, in FYE2025, Sankyo Tateyama formulated the Sankyo Tateyama Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights. Going forward, we will promote business activities that respect human rights in accordance with this policy, striving to achieve both sustainable business growth and the creation of social value.

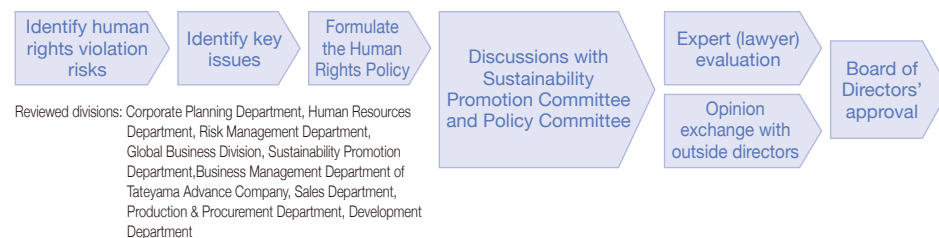
### Formulation of the Sankyo Tateyama Group Human Rights Policy

In FYE2025, based on the United Nations Guiding Principles on Business and Human Rights, we worked on formulating our Human Rights Policy while deepening our understanding of human rights issues and the responsibilities expected of corporations. We assessed the risks of potential involvement or contribution to human rights violations arising from the Group’s business activities, including our supply chain. We identified key issues with potentially significant or severe impacts for focused action. Discussions were held within the Sustainability Promotion Committee and Policy Committee, alongside expert evaluations and exchanges of opinions with outside directors. Following approval by the Board of Directors, the Sankyo Tateyama Group Human Rights Policy was established on March 31, 2025.

Under this policy, we plan to conduct human rights due diligence, implement internal education programs, and engage our business partners to promote understanding and respect for human rights. Through these initiatives, we aim to build relationships of trust with all stakeholders involved in our business activities.

The Sustainability Policy Committee, established under the supervision of the Board of Directors, will promote initiatives related to respecting human rights in accordance with this policy.

#### Human Rights Policy Formulation Process



### Priority Issues Within Our Business

We analyzed and evaluated human rights risks in our business activities and identified the following key issues.

- **Prohibiting forced labor and child labor**

We respect the fundamental human rights of individuals and do not tolerate any form of forced labor or child labor.

- **Prohibiting discrimination**

We do not engage in discrimination based on race, nationality, religion, gender, age, disability, sexual orientation, gender identity, etc.

- **Strengthening relationships with business partners based on respect for human rights**

We strengthen our relationships with business partners, including suppliers, based on respect for human rights, and ensure the respect of human rights for all parties involved. Additionally, we work to prevent harassment of Sankyo Tateyama Group directors and employees by external parties.

- **Ensuring employee safety and health**

We are committed to advancing initiatives to ensure the safety and health of our employees,

while also implementing appropriate measures to address harassment both within and outside our Group, striving to create a safe and comfortable work environment.

- **Proper management of working hours**

We strive to manage appropriate working hours and provide a healthy and conducive working environment for all employees.

- **Prevention of environmental pollution and accidents**

We assess environmental risks, implement appropriate measures, and strive to prevent environmental pollution and accidents to avoid causing damage to the health and livelihoods of local residents.

- **Product safety and quality**

We conduct strict quality control and safety evaluations of our products, to provide products that our customers can use with confidence.

### Methods for Implementing Respect for Human Rights Initiatives

We promote initiatives for respecting human rights based on the Sankyo Tateyama Group Human Rights Policy. We will strive to ensure appropriate corrective and remedial actions are taken through the following initiatives.

#### 1. Human rights due diligence

In accordance with the United Nations Guiding Principles on Business and Human Rights, the Sankyo Tateyama Group will conduct human rights due diligence as we identify potential adverse impacts on human rights related to our business, and prioritize addressing key issues. We will continuously work to prevent and mitigate these adverse impacts.

#### 2. Remediation and remedy

Where the Sankyo Tateyama Group identifies that it has caused or contributed to adverse impacts on human rights, we will take appropriate measures to remediate these impacts. Where our operations, products, or services are directly linked to adverse human rights impacts, we will use our leverage to ensure that business enterprises that have caused or contributed to

such adverse impacts make efforts to remedy the situation.

#### 3. Education

The Sankyo Tateyama Group will provide appropriate education and training to all directors and employees, and incorporate this policy into necessary procedures to ensure that it is embedded throughout our corporate activities. We will also work to promote understanding among our business partners, including suppliers, through opportunities such as business briefings.

#### 4. Governance (Structure and Responsibilities)

The Sustainability Policy Committee, established under the supervision of the Board of Directors, will promote initiatives related to respect for human rights in accordance with this policy. We will also continuously review this policy, including the key issues.

## 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 and Business  
Development Division, and  
in charge of Global Business

**Fumiro Toyooka**

Director, Managing Executive  
Officer  
President, Sankyo Alumi  
Company

**Ichiro Azuma**

Director, Managing Executive  
Officer  
President, Tateyama Advance  
Company

**Hiroko Shinoda**

Outside Director  
  
Concurrent position:  
Director of Creo Inc. and  
Representative Director of  
NPO GEWEL

**Yasushi Fuzimaki**

Director (Full-time Auditor)

**Akihiko Mori**

Outside Director  
(Full-time Auditor)

**Hirotoshi Aramaki**

Outside Director (Auditor)

**Kazunori Toda**

Outside Director (Auditor)

Concurrent position:  
Certified Public Tax Accountant  
and Outside Auditor, FUKUJI  
Chemical Industry CO., LTD.

**Miho Yoshikawa**

Outside Director (Auditor)

Concurrent position: Lawyer

For director backgrounds, please see the convocation notice  
for the General Meeting of Shareholders.

▶ (Japanese) <https://www.st-grp.co.jp/ir/pdf/250805kabunusisokai.pdf>

## Governance

## ● FYE2026 Members of Each Committee (◎ indicates chairperson)

Rank and position	Name	FYE2026 Members of Each Committee				
		Board of Directors	Management Committee	Audit Committee	Nominating Committee	Compensation Committee
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	Yasushi Fuzimaki	○	○	◎	
Outside Director	Full-time Auditor	Akihiko Mori	○	○	○	◎
Outside Director	Auditor	Hirotohi Aramaki	○		○	○
Outside Director	Auditor	Kazunori Toda	○		○	◎
Outside Director	Auditor	Miho Yoshikawa	○		○	○

\*Our company has an Audit 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	Yasushi Fuzimaki		○				
Outside Director	Full-time Auditor	Akihiko Mori	○	○			○	○
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	Yasunori Yoshida	Deputy General Manager of Finance & Accounting Division
Managing Executive Officer	Satoru Hanaki	Representative of Grobal Business and Executive Vice President of Sankyo Material Company
Executive Officer	Tasutomu 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	Special Assistant to the President (Housing Division Reform), Sankyo Alumi Company
Executive Officer	Risho Haginaka	General Manager of Production Division, Sankyo Material Company
Executive Officer	Nobuyuki Yamazaki	In charge of Mobility Production, Sankyo Material Company
Executive Officer	Hajime Funaki	General Manager of Production Division, Tateyama Advance Company and 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 Procurement & Logistics Management Office
Executive Officer	Yukio Yamato	General Manager of Sales Division, Tateyama Advance Company
Executive Officer	Hiroshi Arashikawa	Deputy General Manager of General Affairs & Human Resources Division
Executive Officer	Yoshinari Nekomiya	President of KASHII Co., Ltd.
Executive Officer	Toshihiko Hosohashi	General Manager of Production Division, Sankyo Alumi 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 Procurement & Logistics Management Office
Executive Officer	Koji Nagatuka	General Manager of Building Division, Sankyo Alumi Company
Executive Officer	Hidehori Kakizawa	General Manager of Development Management, Sankyo Alumi Company
Executive Officer	Msahiro Sano	Deputy General Manager of Corporate Planning Division
Executive Officer	Koji Tsuchida	Deputy General Manager of Sales Division, Tateyama Advance Company
Executive Officer	Masayo Ihori	General Manager of Technology Division



## Financial Data

## Key Financial Data 10-Year Trends (2015/06/01-2025/05/31)

(Millions of JPY, unless otherwise stated)

Item			71th June 1, 2015 – May 31, 2016	72th June 1, 2016 – May 31, 2017	73th June 1, 2017 – May 31, 2018	74th June 1, 2018 – May 31, 2019	75th June 1, 2019 – May 31, 2020	76th June 1, 2020 – May 31, 2021	77th <sup>*2</sup> June 1, 2021 – May 31, 2022	78th June 1, 2022 – May 31, 2023	79th June 1, 2023 – May 31, 2024	80th June 1, 2024 – May 31, 2025
Consolidated Profit and Loss Statement	Net sales		332,168	320,817	328,409	337,789	313,691	301,184	340,553	370,385	353,027	359,424
	Operating income		6,251	6,713	1,201	738	2,015	4,568	3,782	2,669	3,807	1,545
	Ordinary income		5,395	6,842	1,536	616	1,611	5,251	4,198	3,419	3,880	944
	Net income before adjustment for taxes, etc.		3,031	4,858	1,081	- 487	1,336	4,616	2,905	3,104	585	- 477
	Net income attributable to owners of parent		94	2,122	- 731	- 1,419	- 1,533	1,683	395	1,630	- 1,019	- 2,336
Consolidated Profit and Loss Statement by Segment	 Construction Materials Business	Net sales	208,938	203,913	196,943	205,563	195,314	180,652	182,191	187,141	182,270	178,652
		Operating income	4,371	2,716	- 2,107	749	4,574	3,723	2,515	- 118	2,228	236
	 Materials Business	Net sales	42,099	41,325	46,178	45,458	38,718	39,675	53,397	58,550	53,085	59,781
		Operating income	3,246	3,906	3,814	2,802	1,340	2,575	2,614	3,211	1,467	2,602
	 Commercial Facilities Business	Net sales	34,904	35,781	38,584	39,567	38,436	38,894	40,749	41,631	42,672	44,522
		Operating income	1,757	1,774	1,081	48	622	2,094	1,718	603	1,534	1,460
	 Global Business	Net sales	46,077	39,644	46,558	47,075	41,097	41,807	62,624	82,857	74,636	76,145
		Operating income	- 3,069	- 1,640	- 1,535	- 2,704	- 4,290	- 3,586	- 3,147	- 833	- 1,306	- 2,598
	 Other	Net sales	148	153	145	124	125	154	1,590	204	362	322
		Operating income	- 52	- 43	- 51	- 158	- 231	- 238	82	- 192	- 116	- 156
Consolidated Balance Sheets	Total Assets <sup>*1</sup>		254,630	254,139	269,260	262,426	245,980	252,935	268,470	282,932	289,975	300,454
	Net Assets		80,102	84,147	86,079	82,087	78,327	84,081	85,605	92,667	99,483	94,804
	Net assets per share (JPY)		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	2,911.36
Consolidated Statements of Cash Flows	Cash flows from operating activities		15,710	7,144	7,530	12,656	9,358	7,847	2,405	- 171	17,196	3,216
	Cash flows from investing activities		- 11,167	- 11,470	- 12,401	- 7,550	- 6,724	- 9,104	- 7,586	- 7,269	- 8,620	- 14,334
	Cash flows from financing activities		- 7,637	- 1,021	13,975	- 9,524	- 3,941	- 663	274	10,554	- 6,769	7,470
	Free cash flows		4,543	- 4,325	- 4,871	5,106	2,634	- 1,256	- 5,181	- 7,440	8,576	- 11,118
Management Indicators	Capital adequacy ratio (%) <sup>*1</sup>		30.6	32.1	31.0	30.2	30.5	32.1	30.8	31.6	33.2	30.4
	ROA (%) <sup>*1</sup>		0.0	0.8	- 0.3	- 0.5	- 0.6	0.7	0.2	0.6	- 0.4	- 0.8
	ROE (%)		0.1	2.7	- 0.9	- 1.7	- 2.0	2.2	0.5	1.9	- 1.1	- 2.5
	Annual dividend per share (JPY)		35	35	15	15	15	15	15	20	20	25
	Dividend payout ratio (%)		—	51.8	—	—	—	27.9	118.9	38.4	—	—
	Interest-bearing liabilities		62,608	63,070	78,694	69,919	66,655	69,021	70,304	82,551	78,188	87,220
	DE ratio (%)		80.4	77.3	94.4	88.4	88.9	84.9	85.2	92.2	81.3	95.6
Other Reference Information	Closing stock price (JPY)		1,549	1,610	1,543	1,139	962	787	583	630	840	615
	Employees (people)		11,310	11,373	11,256	11,188	10,881	10,577	10,375	10,373	10,289	10,012
	Research & development costs		3,222	3,087	2,659	2,594	2,856	2,401	2,379	2,387	2,320	2,548
	Capital investment		10,527	10,884	9,691	5,226	7,302	7,643	10,371	9,687	9,899	12,167
	Depreciation		8,146	8,471	8,975	8,598	8,083	8,079	8,006	8,210	8,774	8,271

\*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.

## Financial Data

## Consolidated Financial Statement

## ● Consolidated Balance Sheets

## Assets

(Millions of JPY)

Item	Previous fiscal year May 31, 2024	Current period May 31, 2025	Change YoY
<b>Current assets</b>	<b>145,684</b>	<b>147,710</b>	<b>2,026</b>
Cash and deposits	24,653	21,509	- 3,144
Notes and accounts receivable and contract assets	50,303	49,262	- 1,041
Electronically recorded receivables	6,427	8,342	1,914
Marketable securities	12	23	11
Merchandise and finished goods	20,082	20,069	- 13
Works in process	15,230	16,764	1,533
Raw materials and supplies	21,211	20,244	- 966
Other	8,332	11,965	3,633
Allowance for doubtful accounts	- 570	- 472	97
<b>Fixed asset</b>	<b>144,291</b>	<b>152,744</b>	<b>8,452</b>
<b>Tangible fixed assets</b>	<b>105,240</b>	<b>113,760</b>	<b>8,519</b>
Buildings and structures (Net amount)	22,088	23,078	990
Machinery, equipment and vehicles (Net amount)	20,651	19,508	- 1,142
Land	55,178	57,840	2,661
Other (Net amount)	7,321	13,332	6,010
<b>Intangible fixed assets</b>	<b>3,313</b>	<b>2,796</b>	<b>- 516</b>
Goodwill credit	636	—	- 636
Other	2,677	2,796	119
<b>Investments and other assets</b>	<b>35,737</b>	<b>36,187</b>	<b>449</b>
Investment securities	14,257	15,447	1,190
Other	21,856	20,946	- 909
Allowance for doubtful accounts	- 375	- 206	169
<b>Assets</b>	<b>289,975</b>	<b>300,454</b>	<b>10,478</b>

## Liabilities

(Millions of JPY)

Item	Previous fiscal year May 31, 2024	Current period May 31, 2025	Change YoY
<b>Current liabilities</b>	<b>118,804</b>	<b>122,009</b>	<b>3,204</b>
Notes and accounts payable	41,023	40,274	- 749
Electronically recorded liabilities	17,770	16,464	- 1,305
Short-term loans	13,739	7,365	- 6,373
Long-term debt due within one year	18,180	20,156	1,976
Other	28,089	37,747	9,658
<b>Fixed liabilities</b>	<b>71,687</b>	<b>83,639</b>	<b>11,952</b>
Long-term loans	46,268	59,697	13,429
Deferred tax liabilities	5,730	4,927	- 802
Liabilities for retirement benefits	10,167	9,617	- 550
Other	9,521	9,396	- 124
<b>Liabilities</b>	<b>190,492</b>	<b>205,649</b>	<b>15,157</b>

## Net assets

(Millions of JPY)

Item	Previous fiscal year May 31, 2024	Current period May 31, 2025	Change YoY
<b>Shareholders' equity</b>	<b>72,439</b>	<b>69,375</b>	<b>- 3,064</b>
Capital	15,000	15,000	—
Capital surplus	31,932	31,932	—
Retained earnings	25,766	22,706	- 3,060
Treasury stock	- 259	- 263	- 3
<b>Accumulated other comprehensive income</b>	<b>23,698</b>	<b>21,865</b>	<b>- 1,833</b>
<b>Non-controlling interests</b>	<b>3,345</b>	<b>3,564</b>	<b>219</b>
<b>Net Assets</b>	<b>99,483</b>	<b>94,804</b>	<b>- 4,678</b>
<b>Liabilities and net assets</b>	<b>289,975</b>	<b>300,454</b>	<b>10,478</b>

## Financial Data

## ● Consolidated Profit and Loss Statement

(Millions of JPY)

Item	Previous fiscal year June 1, 2023– May 31, 2024	Current period June 1, 2024– May 31, 2025	Change YoY
Net sales	353,027	359,424	6,397
Cost of sales	282,890	289,660	6,770
Gross profit	70,137	69,764	- 372
Selling, general and administrative expenses	66,330	68,219	1,889
Operating income	3,807	1,545	- 2,261
Interest income	139	147	8
Dividend income	209	419	210
Equity in earnings of affiliates	257	254	- 3
Other	1,485	850	- 634
Non-operating income	2,091	1,671	- 419
Interest expenses	1,372	1,610	238
Other	645	661	15
Non-operating expenses	2,018	2,272	254
Ordinary income	3,880	944	- 2,935
Profit on sales of fixed assets	68	250	182
Other	186	535	348
Extraordinary profit	255	785	530
Loss on disposal of fixed assets	493	642	149
Other	3,056	1,565	- 1,491
Extraordinary loss	3,550	2,208	- 1,341
Net income before adjustment for taxes, etc.	585	- 477	- 1,063
Income taxes	1,458	1,661	203
Current net loss	- 872	- 2,139	- 1,266
Net income attributable to non-controlling interests	146	196	49
Current net loss to owners of parent	- 1,019	- 2,336	- 1,316

## ● Consolidated statements of comprehensive income

(Millions of JPY)

Item	Previous fiscal year June 1, 2023– May 31, 2024	Current period June 1, 2024– May 31, 2025	Change YoY
Current net loss	- 872	- 2,139	- 1,266
Total of other comprehensive income	8,325	- 1,815	- 10,141
Net unrealized gains (losses) on available-for-sale securities	1,613	188	- 1,425
Deferred gains or losses on hedges	738	- 665	- 1,403
Land revaluation difference	9	- 133	- 142
Foreign currency translation adjustments	1,854	1,281	- 573
Adjustment for retirement benefits	4,101	- 2,493	- 6,594
Share of other comprehensive income of affiliates accounted for by the equity method	7	6	- 1
Comprehensive income	7,452	- 3,955	- 11,407
Comprehensive income attributable to owners of the parent	7,276	- 4,176	- 11,453
Comprehensive income attributable to non-controlling interests	175	221	45

## Financial Data

## ● Consolidated Statements of Cash Flows

(Millions of JPY)

Item	Previous fiscal year June 1, 2023– May 31, 2024	Current period June 1, 2024– May 31, 2025	Change YoY
<b>Cash flows from operating activities</b>	<b>17,196</b>	<b>3,216</b>	<b>- 13,980</b>
Net income before adjustment for taxes, etc.	585	- 477	- 1,063
Depreciation	8,774	8,271	- 502
Impairment loss	939	1,077	138
Increase (decrease) in trade receivables	8,367	- 627	- 8,994
Increase (decrease) in inventories	2,496	- 259	- 2,756
Increase (decrease) in notes and accounts payable	- 7,802	- 1,949	5,853
Other	6,381	499	- 5,881
Subtotal	19,740	6,535	- 13,205
Interest and dividends received	430	654	223
Interest expenses paid	- 1,297	- 1,601	- 304
Income taxes paid	- 1,148	- 1,591	- 443
Amounts paid due to disaster-related loss of assets	- 529	- 780	- 250
<b>Cash flows from investing activities</b>	<b>- 8,620</b>	<b>- 14,334</b>	<b>- 5,714</b>
Purchase of tangible fixed assets	- 8,751	- 13,277	- 4,525
Income from sale of tangible fixed assets	831	102	- 728
Payments for purchases of investment securities	- 126	- 700	- 574
Income from sale of investment securities	335	533	197
Other	- 909	- 992	- 83

(Millions of JPY)

Item	Previous fiscal year June 1, 2023– May 31, 2024	Current period June 1, 2024– May 31, 2025	Change YoY
<b>Cash flows from financing activities</b>	<b>- 6,769</b>	<b>7,470</b>	<b>14,239</b>
Net increase (decrease) in short-term loans	- 10,510	- 6,522	3,987
Income from long-term loans	23,602	35,200	11,597
Payments for repayment of long-term loans	- 18,526	- 19,770	- 1,244
Dividends paid	- 624	- 701	- 77
Other	- 711	- 734	- 23
<b>Exchange difference of cash equivalents</b>	<b>975</b>	<b>504</b>	<b>- 471</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,782</b>	<b>- 3,144</b>	<b>- 5,926</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>20,455</b>	<b>23,312</b>	<b>2,857</b>
<b>Increase (or decrease) in cash and cash equivalents with change in scope of consolidation</b>	<b>—</b>	<b>53</b>	<b>53</b>
<b>Increase in cash and cash equivalents resulting from mergers with unconsolidated subsidiaries</b>	<b>74</b>	<b>—</b>	<b>- 74</b>
<b>Cash and cash equivalents at end of year</b>	<b>23,312</b>	<b>20,221</b>	<b>- 3,091</b>
<b>Free cash flows</b>	<b>8,576</b>	<b>- 11,118</b>	<b>- 19,695</b>



## Non-financial Data

Item		FYE2021	FYE2022	FYE2023	FYE2024	FYE2025
E Environment	Greenhouse gas emissions (Scope 1+2) (1,000 tonnes of CO <sub>2</sub> )	318	289	277	252	238
	Greenhouse gas emissions (Scope 3) (1,000 tonnes of CO <sub>2</sub> )	—	—	403	338	324
	Aluminum recycling rate for construction materials (non-consolidated)	—	—	—	52.4%	54.4%
	Industrial waste recycling rate (non-consolidated)	98.1%	98.1%	98.0%	97.6%	97.6%
S Social	Employees (consolidated) (people)	10,577	10,375	10,373	10,289	10,012
	Employees (non-consolidated) (people)	5,138	5,034	4,968	4,822	4,686
	Number of new graduate hires (non-consolidated) (people)	Men	38	60	71	66
		Women	21	23	31	25
		Total	59	83	102	89
	Number of mid-career hires (non-consolidated) (people)	Men	27	62	50	46
		Women	9	19	24	25
		Total	36	81	74	71
	Years of service (non-consolidated) (years)	Men	23.5	23.4	23.4	23.4
		Women	19.5	19.6	19.4	19.6
		Total	22.6	22.5	22.5	22.5
	New graduate turnover rate within 3 years (non-consolidated)	19%	11%	12%	19%	19%
	Overtime hours (non-consolidated) (hours/month per person)	12.4	15.6	15.7	13.2	14.2
	Percentage of women in management positions (non-consolidated)*	0.8%	1.2%	1.9%	2.3%	3.2%
	Percentage of male employeeestaking parental leave (non-consolidated)	47.9%	49.3%	70.2%	77.6%	62.3%
G Governance	Number of compliance whistleblower/ consultation cases (Japan)	12	20	6	27	46
	Number of serious information security incidents (non-consolidated)	0	0	0	0	0

\*As of the end of each fiscal year

## IR/SR Activities

Sankyo Tateyama regards dialogue with shareholders and investors as an important opportunity to enhance corporate value, and actively promotes IR (investor relations) and SR (shareholder relations) activities. Led by the Public Relations/IR Department, we strive to disclose corporate information in a timely and appropriate manner so that our shareholders, investors, and all other stakeholders can gain a deeper understanding of our business activities and make fair evaluations of the Company. Sankyo Tateyama's website contains financial disclosure materials such as financial summaries, financial results presentation materials, and securities reports (semi-annual 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, 2025, we held 55 individual meetings with institutional investors from Japan and overseas. In addition, we also accept factory inspections upon request.

For individual investors, we held two company information sessions in FYE2025. To further deepen dialogue with our shareholders and investors, we initiated collaboration between the General Affairs & Human Resources Division, which has long been responsible for SR activities, and the Public Relations/IR Department, and began conducting SR meetings in FYE2025. The officer in charge of the General Affairs & Human Resources Division serves as the speaker, and the Public Relations/IR Department supports the operation, thereby strengthening the system for reflecting opinions from diverse perspectives in management through more constructive dialogue.

Opinions and advice received from stakeholders through IR/SR activities are regularly fed back to the Board of Directors by the officer in charge to be utilized in future management.

Going forward, we will continue to engage in active dialogue with investors through our IR and SR activities and reflect their input in our initiatives.

### 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>

### ● Dialogue with shareholders and investors for FYE2025

#### Briefing of financial results

Event date	Person in charge	Target persons	Number of participants
January 10, 2025	President, Chief Executive Officer Regular Board Members, General Manager of Corporate Planning Division	Institutional investors Analysts	23
July 11, 2025	President, Chief Executive Officer Regular Board Members, General Manager of Corporate Planning Division	Institutional investors Analysts	27

#### Individual meetings

Duration	Person in charge	Target persons	Number of times (total)
From October 2024 to August 2025	General Manager of Corporate Planning Division, and employees from the Public Relations and Investor Relations Business	Institutional investors Analysts	55

#### Company Information Session for Private Investors

Event date	Person in charge	Target persons	Number of participants
November 24, 2024	President, Chief Executive Officer	Private Investors	Approx. 700 (online)
May 25, 2025	President, Chief Executive Officer	Private Investors	Approx. 700 (online)

#### SR meetings

Event date	Person in charge	Target persons	Number of times (total)
July 2025	Regular Board Members, General Manager of General Affairs & Human Resources Division and employees from the Public Relations and Investor Relations Business	Institutional investors	9

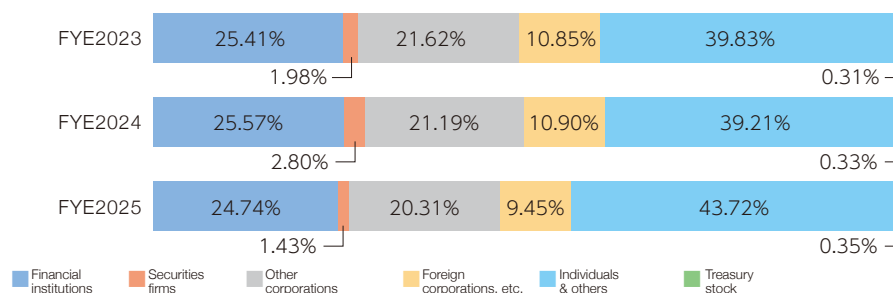
#### Main Topics Covered

- The degree of certainty of achieving the initial profit plan for FYE2025.
- Progress on initiatives such as revenue improvements for the Global Business and reforming the Construction Materials Business, which continues to face market stagnation.
- The market outlook and risks in each business segment.
- Prospects and risks in the markets in each business segment.
- Approach to dividends during the current medium-term management plan period.
- New measures to improve PBR.
- Ownership ratio of policy-holding shares.
- Executive compensation structure (introduction of stock-based compensation, etc.).

## About Us / Stock Information (As of May 31, 2025)

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	20,645 shareholders
Administrator of shareholders' register	Sumitomo Mitsui Trust Bank, Limited
Stock Exchange	Tokyo Stock Exchange Prime Market (Stock Code: 5932)
Employees	Consolidated : 10,012 / Non-consolidated : 4,686
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

The Sankyo Tateyama Group publishes this integrated report to help shareholders, investors, and other stakeholders gain a deeper understanding of the Group's business activities and value creation. The 2025 edition provides not only a report on our business activities in FYE2025 but also updates on progress toward achieving our Sustainability Vision 2050. In particular, our environmental initiatives, such as efforts in aluminum recycling, are steadily advancing, and details of these initiatives are also included in this report. We hope this report will help readers gain a clearer understanding of the current state and future initiatives of the Sankyo Tateyama Group, and serve as a foundation for further dialogue with our stakeholders. We will continue to enhance the quality of our disclosures by drawing on feedback from our stakeholders.

### Scope of Report

Fiscal year ending May 31, 2025 (June 1, 2024, to May 31, 2025)

In this report, the above period is referred to as FYE2025. 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.

## Information Disclosure Framework

This integrated report outlines our approach to sustainability and key initiatives. For more comprehensive information and detailed data on our activities, please refer to the Sustainability section of our website (in Japanese only).

In addition, the latest financial results and IR-related materials are available in the IR Information section of our website.

The diagram on this page illustrates the overall structure of information disclosure within the Sankyo Tateyama Group, and is intended to help facilitate smooth access to each disclosure channel. We hope you will also visit our website to gain a deeper understanding of the Group's initiatives.



\*Please check the website for the latest information.

## “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.



Public Relations/IR Department / Sustainability Promotion Department

70 Hayakawa, Takaoka, Toyama, 933-8610, Japan

E-mail : [pr-sankyotateyama@st-grp.co.jp](mailto:pr-sankyotateyama@st-grp.co.jp)

Website URL <https://www.st-grp.co.jp/english/>

