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Consolidated Financial Results for the Year Ended May 31, 2025 [Japanese GAAP]

July 10, 2025

Company name: Sankyo Tateyama, Inc.

Listing: Tokyo Stock Exchange

Securities code: 5932

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

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Scheduled date of annual general meeting of shareholders: August 27, 2025

Scheduled date to commence dividend payments: August 28, 2025

Scheduled date to file annual securities report: August 26, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

President, Chief Executive Officer

General Manager of Accounting Department

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended May 31, 2025 (June 1, 2024 to May 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2025	359,424	1.8	1,545	(59.4)	944	(75.7)	(2,336)	-
May 31, 2024	353,027	(4.7)	3,807	42.6	3,880	13.5	(1,019)	-

(Note) Comprehensive income: Fiscal year ended May 31, 2025: ¥ (3,955) million [-%]
Fiscal year ended May 31, 2024: ¥ 7,452 million [(1.2) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2025	(74.54)	-	(2.5)	0.3	0.4
May 31, 2024	(32.53)	-	(1.1)	1.4	1.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 31, 2025: ¥ 254 million
Fiscal year ended May 31, 2024: ¥ 257 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2025	300,454	94,804	30.4	2,911.36
May 31, 2024	289,975	99,483	33.2	3,067.12

(Reference) Equity: As of May 31, 2025: ¥ 91,240 million
As of May 31, 2024: ¥ 96,137 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended May 31, 2025	3,216	(14,334)	7,470	20,221
May 31, 2024	17,196	(8,620)	(6,769)	23,312

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
May 31, 2024	-	10.00	-	10.00	20.00	629	-	0.7
May 31, 2025	-	12.50	-	12.50	25.00	786	-	0.8
Fiscal year ending May 31, 2026 (Forecast)	-	12.50	-	12.50	25.00		261.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2026 (June 1, 2025 to May 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	370,000	2.9	4,000	158.9	2,000	111.7	300	-	9.57

* Notes:

- (1) Significant changes in the scope of consolidation during the period: Yes
- Newly included: 1 (Company name: Hiroshima Sankyo, Inc.)
- Excluded: 2 (Company name: Okinawa Sankyo Tateyama Alumi, Inc., Hiroshima Sankyo, Inc.)
- Notes: For more details, please refer to “(5) Key notes on consolidated financial statements, Notes on significant changes in scope of consolidation” under “3. Consolidated Financial Statements and Primary Notes” on page 13.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: Yes
- 3) Changes in accounting estimates: Yes
- 4) Restatement: None

- (3) Number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

May 31, 2025: 31,554,629 shares

May 31, 2024: 31,554,629 shares

- 2) Number of treasury shares at the end of the period:

May 31, 2025: 215,132 shares

May 31, 2024: 209,911 shares

- 3) Average number of shares outstanding during the period:

Fiscal Year ended May 31, 2025: 31,341,932 shares

Fiscal Year ended May 31, 2024: 31,347,819 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The operating results forecasts and other forward-looking statements contained in this report are based on information currently available to Sankyo Tateyama, Inc. (the “Company”), as well as certain assumptions that the Company has judged to be reasonable. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Therefore, readers are advised to note that the actual results may vary materially from the forecasts due to a variety of factors. For the assumptions about consolidated earnings forecast, please refer to “(4) Future Outlook” under “1. Overview of Operating Results” on page 5.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Fiscal Year

During the current consolidated fiscal year, the external environment surrounding Sankyo Tateyama Group (the “Group”) was characterized by steady capital investment in the domestic economy, driven by improvements in corporate earnings, and a gradual recovery trend supported by the stabilization of personal consumption due to improvements in the employment and income environment. On the other hand, the business environment remained challenging overall, with the number of new housing starts weakening against the backdrop of soaring construction costs amid continued increases in the prices of various materials, logistics costs, and labor costs. Overseas, the German economy was slow to recover due to factors such as the sluggish manufacturing industry. The Thai economy saw an economic recovery due to factors such as an expansion in exports, despite the sluggish automotive market.

Under these circumstances, net sales for the consolidated fiscal year under review were 359,424 million yen (up 1.8% year-on-year), operating profit was 1,545 million yen (down 59.4% year-on-year), and ordinary profit was 944 million yen (down 75.7% year-on-year). Net loss attributable to owners of parent was 2,336 million yen (compared with net loss attributable to owners of parent of 1,019 million yen in the previous fiscal year).

The results for each segment are as follows.

Construction Materials Business

In the Construction Materials Business, despite price revisions and temporary rush demand for new housing starts construction due to revisions to the Building Standards Law and the Energy Conservation Law for Buildings in April 2025, net sales were 178,652 million yen (down 2.0% year-on-year) due to the impact of the contraction of the exterior market. As for operating profit, segment income was 236 million yen (down 89.4% year-on-year) due to higher aluminum ingot prices and increased logistics costs.

Materials Business

In the Materials Business, although the market for building materials and transportation was sluggish, net sales increased 12.6% year-on-year to 59,781 million yen due to higher sales linked to the market for aluminum ingots. As for operating profit, segment income increased 77.3% year-on-year to 2,602 million yen due to cost reduction measures and a review of depreciation methods.

Commercial Facilities Business

In the Commercial Facilities Business, against the backdrop of intensifying competition that transcends business categories in the retail industry and growing inbound demand, there were aggressive investments in new store openings and renovations to capture demand, resulting in record net sales of 44,522 million yen (up 4.3% year-on-year). As for operating profit, segment income was 1,460 million yen (down 4.8% year-on-year) due to a delay in implementing revenue improvement measures, including price revisions, in response to various cost increases, such as logistics costs.

Global Business

In the Global Business, the European subsidiary was significantly affected by the decline in BEV sales in Germany. On the other hand, due to the revenue increase effect of foreign exchange and the increase in sales volume for wholesale, as well as growth in the electric equipment field at the Thai subsidiary, net sales were 76,145 million yen (up 2.0% year-on-year). As for operating profit, segment income was 2,598 million yen (a loss of 1,306 million yen in the previous fiscal year) due to changes in sales composition accompanying the slowdown in BEV sales and the occurrence of temporary expenses associated with product defects.

The Group is promoting the Medium-Term Management Plan (FYE2025 to FYE2027) with the fiscal year ending FYE2027 as the final fiscal year for the realization of its long-term vision, “VISION 2030.”

The Group have positioned this period as an investment phase that prioritizes the restructuring of our revenue base and growth investments, and based on our basic policy of “securing stable earnings and putting the company on a growth track,” we have been working to reform our revenue structure and invest in growth, while promoting various measures aimed at improving our business profitability and building a foundation for growth. However, due to changes in the external environment and soaring aluminum ingot price that exceeded our expectations, we fell short of our initial targets for the first year of the plan.

Plan: Net sales of 360 billion yen, operating profit of 4.0 billion yen, and operating profit margin of 1.1%.

Actual results: Net sales of 359.4 billion yen, operating profit of 1.5 billion yen, and operating profit margin of 0.4%.

(2) Overview of Financial Position

Total assets at the end of the current consolidated fiscal year increased by 10,478 million yen from the end of the previous consolidated fiscal year to 300,454 million yen. Current assets increased by 2,026 million yen from the end of the previous fiscal year to 147,710 million yen, mainly due to increases of 3,633 million yen in other current assets such as accounts receivable and 1,914 million yen in electronically recorded monetary claims - operating, despite a decrease of 3,144 million yen in cash and deposits. Non-current assets increased by 8,452 million yen from the end of the previous fiscal year to 152,744 million yen, mainly due to an increase of 8,519 million yen in property, plant and equipment.

Liabilities at the end of the current consolidated fiscal year increased by 15,157 million yen from the end of the previous consolidated fiscal year to 205,649 million yen. Current liabilities increased by 3,204 million yen from the end of the previous fiscal year to 122,009 million yen, mainly due to a 10,271 million yen increase in other current liabilities such as accounts payable, despite a 6,373 million yen decrease in short-term borrowings. Non-current liabilities increased by 11,952 million yen from the end of the previous fiscal year to 83,639 million yen, mainly due to a 13,429 million yen increase in long-term borrowings, despite a 802 million yen decrease in deferred tax liabilities.

Net assets at the end of the current consolidated fiscal year decreased by 4,678 million yen from the end of the previous consolidated fiscal year to 94,804 million yen. This was mainly due to a decrease of 3,060 million yen in retained earnings and a decrease of 2,496 million yen in remeasurements of defined benefit plans, despite an increase of 1,254 million yen in foreign currency translation adjustment. The capital adequacy ratio was 30.4% (33.2% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the current consolidated fiscal year decreased by 3,091 million yen from the end of the previous consolidated fiscal year to 20,221 million yen.

The status of each cash flow for the current consolidated fiscal year is as follows.

Cash flows from operating activities resulted in a net income of 3,216 million yen. This was mainly due to a decrease of 2,744 million yen in retirement benefits asset liability and a decrease of 1,949 million yen in trade payables, while depreciation of 8,271 million yen was recorded.

Cash flows from investing activities resulted in a net outflow of 14,334 million yen. This was mainly due to 13,277 million yen in purchase of property, plant and equipment.

Cash flows from financing activities resulted in a net income of 7,470 million yen. This was mainly due to proceeds from long-term borrowings of 35,200 million yen, while there were 19,770 million yen in repayments of long-term borrowings and a net decrease of 6,522 million yen in short-term borrowings.

The trends of key indicators regarding financial conditions are as follows.

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023	Fiscal year ended May 31, 2024	Fiscal year ended May 31, 2025
Capital adequacy ratio (%)	32.1	30.8	31.6	33.2	30.4
Market value-based capital adequacy ratio (%)	9.8	6.8	7.0	9.1	6.4
Repayment years of interest-bearing debt (years)	9.0	29.7	—	4.7	27.8
Interest coverage ratio (times)	13.0	3.9	—	13.3	2.0

Notes: Capital adequacy ratio: Equity capital / Total assets

Market value-based capital adequacy ratio: Total market capitalization/Total assets

Repayment years of interest-bearing debt: Interest-bearing liabilities/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest expenses

* Each indicator is calculated based on consolidated financial figures.

* Market capitalization is calculated as follows: Closing share price at the end of the period × Total number of issued shares at the end of the period (after deducting treasury shares).

* Operating cash flow uses net cash provided by operating activities on the consolidated statement of cash flows.

Interest-bearing debts include all debts recorded on the consolidated balance sheets for which interest is paid. Interest expense "Interest paid" shown on the consolidated statement of cash flows.

* Repayment years of interest-bearing debt and interest coverage ratio for the fiscal year ended May 31, 2023, are not shown due to negative cash flow from operating activities.

(4) Future Outlook

In Japan, the economic recovery is expected to continue at a moderate pace, supported by improved corporate earnings and continued improvement in the employment and income environment, as well as increased inbound demand. On the other hand, the business environment is expected to remain challenging due to continued increases in the prices of various materials, logistics costs, and labor costs, as well as weak residential investment in the construction market. Overseas, the economic outlook is uncertain due to the impact of tariff policies in various countries and geopolitical risks arising from prolonged international conflicts.

In this economic environment, the environment surrounding the Group is as follows.

In the domestic construction market, the number of new housing starts in fiscal 2025 is expected to be slightly lower than the previous year, and demand for new detached houses is expected to remain sluggish due to a decline in the desire to purchase homes against the backdrop of soaring housing prices.

In the domestic market for extruded aluminum profiles, a gradual recovery is expected in the transportation and general machinery sectors, but the construction materials sector is expected to remain sluggish.

In the commercial facility market, renovation work at retail stores and investment in labor and energy conservation measures are expected to continue.

In overseas markets, although the German economy is stagnating, growth in Thailand is slowing and the real estate slump in China is continuing, the economic support measures implemented by various countries are expected to have a positive effect. In the German automotive market, although production is expected to decline, the penetration rate of BEV is expected to increase.

The Group has been promoting the Medium-Term Management Plan (for the period from FYE2025 to FYE2027) aimed at realizing its long-term vision, “VISION 2030.” However, in addition to the external environment described above, the business environment remains extremely challenging due to factors such as the slowdown in the growth rate of the BEV market. Under these circumstances, we have revised the Medium-Term Management Plan due to a larger-than-expected decline in production in our mainstay building materials and transportation fields and the accompanying change in sales composition. For the fiscal year ending FYE2026, we forecast consolidated net sales of 370 billion yen, operating profit of 4 billion yen, ordinary profit of 2 billion yen, and profit attributable to owners of parent of 300 million yen.

(5) Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year and the Next Fiscal Year

The Company aims to enhance the Group's overall business foundation and profitability to achieve sustained growth in corporate value and meet the expectations of our shareholders.

Regarding dividends, we have established a basic policy to continue paying stable dividends, taking into account factors such as business performance and the adequacy of retained earnings.

Furthermore, in the Medium-Term Management Plan (for the period from FYE2025 to FYE2027), we have set a stable and continuous dividend of no less than 25 per share as a measure to enhance shareholder returns, and we have paid an interim dividend of 12.5 per share. With the payment of a year-end dividend of 12.5 per share, we plan to pay an annual dividend of 25 per share.

The annual dividends per share for the next fiscal year, based on dividend policy and commitment to enhancing shareholder returns, we plan to pay an interim dividend of 12.5 yen per share and a year-end dividend of 12.5 yen per share (annual dividend of 25 yen per share).

2. Basic Approach to Selection of Accounting Standards

Taking into consideration reliable year-on-year and company-to-company comparisons in the consolidated financial statements, the Group's policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards. As for the application of international accounting standards, the Group plans to appropriately respond after considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	24,653	21,509
Notes and accounts receivable - trade, and contract assets	50,303	49,262
Electronically recorded monetary claims - operating	6,427	8,342
Securities	12	23
Merchandise and finished goods	20,082	20,069
Work in process	15,230	16,764
Raw materials and supplies	21,211	20,244
Other	8,332	11,965
Allowance for doubtful accounts	(570)	(472)
Total current assets	145,684	147,710
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,088	23,078
Machinery, equipment and vehicles, net	20,651	19,508
Land	55,178	57,840
Leased assets, net	1,420	1,439
Construction in progress	1,820	7,372
Other, net	4,081	4,520
Total property, plant and equipment	105,240	113,760
Intangible assets		
Goodwill	636	-
Leased assets	3	14
Other	2,673	2,782
Total intangible assets	3,313	2,796
Investments and other assets		
Investment securities	14,257	15,447
Long-term loans receivable	141	141
Retirement benefit asset	17,849	16,669
Deferred tax assets	251	338
Other	3,614	3,797
Allowance for doubtful accounts	(375)	(206)
Total investments and other assets	35,737	36,187
Total non-current assets	144,291	152,744
Total assets	289,975	300,454

(Millions of yen)

	As of May 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,023	40,274
Electronically recorded obligations - operating	17,770	16,464
Short-term borrowings	13,739	7,365
Current portion of long-term borrowings	18,180	20,156
Lease liabilities	597	642
Income taxes payable	1,077	1,043
Provision for bonuses	463	416
Provision for loss on construction contracts	11	6
Provision for loss on disaster	1,049	476
Other	24,890	35,161
Total current liabilities	118,804	122,009
Non-current liabilities		
Long-term borrowings	46,268	59,697
Lease liabilities	1,582	1,510
Deferred tax liabilities	5,730	4,927
Deferred tax liabilities for land revaluation	4,610	4,736
A product repair reserve fund	763	802
Retirement benefit liability	10,167	9,617
Asset retirement obligations	493	547
Other	2,072	1,800
Total non-current liabilities	71,687	83,639
Total liabilities	190,492	205,649
Net assets		
Shareholders' equity		
Share capital	15,000	15,000
Capital surplus	31,932	31,932
Retained earnings	25,766	22,706
Treasury shares	(259)	(263)
Total shareholders' equity	72,439	69,375
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,625	2,825
Deferred gains or losses on hedges	541	(124)
Revaluation reserve for land	3,776	3,651
Foreign currency translation adjustment	3,784	5,039
Remeasurements of defined benefit plans	12,970	10,473
Total accumulated other comprehensive income	23,698	21,865
Non-controlling interests	3,345	3,564
Total net assets	99,483	94,804
Total liabilities and net assets	289,975	300,454

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Net sales	353,027	359,424
Cost of sales	282,890	289,660
Gross profit	70,137	69,764
Selling, general and administrative expenses	66,330	68,219
Operating profit	3,807	1,545
Non-operating income		
Interest income	139	147
Dividend income	209	419
Insurance dividend income	156	187
Share of profit of entities accounted for using equity method	257	254
Foreign exchange gains	684	-
Other	644	663
Total non-operating income	2,091	1,671
Non-operating expenses		
Interest expenses	1,372	1,610
Other	645	661
Total non-operating expenses	2,018	2,272
Ordinary profit	3,880	944
Extraordinary income		
Gain on sale of non-current assets	68	250
Gain on sale of investment securities	170	535
Gain on extinguishment of tie-in shares	16	-
Other	0	0
Total extraordinary income	255	785
Extraordinary losses		
Loss on sale of non-current assets	70	2
Loss on retirement of non-current assets	493	642
Loss on tax purpose reduction entry of non-current assets	-	66
Loss on valuation of investment securities	5	2
Impairment losses	939	1,077
Loss on disaster	993	-
Provision for loss on disaster	1,049	-
Environmental expenses	-	414
Other	-	1
Total extraordinary losses	3,550	2,208
Profit (loss) before income taxes	585	(477)
Income taxes - current	1,399	1,464
Income taxes - deferred	58	197
Total income taxes	1,458	1,661
Loss	(872)	(2,139)
Profit attributable to non-controlling interests	146	196
Loss attributable to owners of parent	(1,019)	(2,336)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Loss	(872)	(2,139)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,613	188
Deferred gains or losses on hedges	738	(665)
Revaluation reserve for land	9	(133)
Foreign currency translation adjustment	1,854	1,281
Remeasurements of defined benefit plans, net of tax	4,101	(2,493)
Share of other comprehensive income of entities accounted for using equity method	7	6
Total other comprehensive income	8,325	(1,815)
Comprehensive income	7,452	(3,955)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,276	(4,176)
Comprehensive income attributable to non-controlling interests	175	221

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended May 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	15,000	31,932	27,324	(255)	74,002	1,010	(196)	3,858	1,954	8,867	15,493	3,172	92,667
Changes during period													
Dividends of surplus			(629)		(629)								(629)
Loss attributable to owners of parent			(1,019)		(1,019)								(1,019)
Disposal of treasury shares		(0)		0	0								0
Purchase of treasury shares				(4)	(4)								(4)
Change in scope of consolidation					-								-
Reversal of revaluation reserve for land			91		91								91
Net changes in items other than shareholders' equity						1,614	738	(81)	1,830	4,103	8,205	173	8,378
Total changes during period	-	(0)	(1,557)	(4)	(1,562)	1,614	738	(81)	1,830	4,103	8,205	173	6,815
Balance at end of period	15,000	31,932	25,766	(259)	72,439	2,625	541	3,776	3,784	12,970	23,698	3,345	99,483

For the fiscal year ended May 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	15,000	31,932	25,766	(259)	72,439	2,625	541	3,776	3,784	12,970	23,698	3,345	99,483
Changes during period													
Dividends of surplus			(707)		(707)								(707)
Loss attributable to owners of parent			(2,336)		(2,336)								(2,336)
Disposal of treasury shares					-								-
Purchase of treasury shares				(3)	(3)								(3)
Change in scope of consolidation			(9)		(9)								(9)
Reversal of revaluation reserve for land			(7)		(7)								(7)
Net changes in items other than shareholders' equity						200	(665)	(125)	1,254	(2,496)	(1,833)	219	(1,613)
Total changes during period	-	-	(3,060)	(3)	(3,064)	200	(665)	(125)	1,254	(2,496)	(1,833)	219	(4,678)
Balance at end of period	15,000	31,932	22,706	(263)	69,375	2,825	(124)	3,651	5,039	10,473	21,865	3,564	94,804

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	585	(477)
Depreciation	8,774	8,271
Impairment losses	939	1,077
Amortization of goodwill	656	633
Increase (decrease) in allowance for doubtful accounts	(434)	(269)
Increase (decrease) in provision for bonuses	85	(57)
Increase (decrease) in provision for loss on disaster	1,049	(201)
Increase (decrease) in provision for product repair	(190)	39
Increase (decrease) in retirement benefits asset liability	(1,512)	(2,744)
Interest and dividend income	(348)	(567)
Interest expenses	1,372	1,610
Loss on disaster	993	-
Environmental expenses	-	414
Share of loss (profit) of entities accounted for using equity method	(257)	(254)
Loss (gain) on extinguishment of tie-in shares	(16)	-
Loss (gain) on sale of investment securities	(170)	(534)
Loss (gain) on valuation of investment securities	5	2
Loss (gain) on sale of non-current assets	1	(247)
Loss on retirement of non-current assets	493	642
Loss on tax purpose reduction entry of non-current assets	-	66
Decrease (increase) in trade receivables	8,367	(627)
Decrease (increase) in inventories	2,496	(259)
Increase (decrease) in trade payables	(7,802)	(1,949)
Increase (decrease) in other liabilities	5,088	5,540
Other, net	(434)	(3,574)
Subtotal	19,740	6,535
Interest and dividends received	430	654
Interest paid	(1,297)	(1,601)
Income taxes paid	(1,148)	(1,591)
Payments associated with disaster loss	(529)	(780)
Net cash provided by (used in) operating activities	17,196	3,216
Cash flows from investing activities		
Payments into time deposits	(2,478)	(1,970)
Proceeds from withdrawal of time deposits	2,877	1,988
Purchase of securities	-	(55)
Purchase of property, plant and equipment	(8,751)	(13,277)
Proceeds from sale of property, plant and equipment	831	102
Purchase of investment securities	(126)	(700)
Proceeds from sale of investment securities	335	533
Loan advances	(67)	(14)
Proceeds from collection of loans receivable	3	65
Other payments	(1,245)	(1,006)
Other proceeds	0	0
Net cash provided by (used in) investing activities	(8,620)	(14,334)

(Millions of yen)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,510)	(6,522)
Repayments of finance lease liabilities	(703)	(728)
Proceeds from long-term borrowings	23,602	35,200
Repayments of long-term borrowings	(18,526)	(19,770)
Proceeds from sale of treasury shares	0	-
Purchase of treasury shares	(4)	(3)
Dividends paid	(624)	(701)
Dividends paid to non-controlling interests	(2)	(1)
Net cash provided by (used in) financing activities	(6,769)	7,470
Effect of exchange rate change on cash and cash equivalents	975	504
Net increase (decrease) in cash and cash equivalents	2,782	(3,144)
Cash and cash equivalents at beginning of period	20,455	23,312
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	53
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	74	-
Cash and cash equivalents at end of period	23,312	20,221

(5) Key notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in scope of consolidation)

Okinawa Sankyo Tateyama Alumi, Inc., which was a consolidated subsidiary, has been excluded from the scope of consolidation following its completion of liquidation.

From the current consolidated fiscal year, Hiroshima Sankyo, Inc., a non-consolidated subsidiary, has been included in the scope of consolidation due to its increase in materiality.

Sankyo Tech, Inc., a consolidated subsidiary, conducted an absorption-type merger with Hiroshima Sankyo, Inc., also a consolidated subsidiary, on April 1, 2025.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the “Revised Accounting Standard 2022”), etc. from the beginning of the first quarter. The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the “Revised Guidance 2022”). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries, etc. resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Guidance 2022 has been applied from the beginning of the first quarter. This change in accounting policies is applied retrospectively, and the consolidated financial statements for the previous fiscal year are those after retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Changes in accounting policies that are difficult to differentiate from changes in accounting estimates and changes in accounting estimates)

(Changes in method of depreciation of property, plant and equipment)

The Company and its consolidated subsidiaries in Japan previously used the declining balance method as the method of depreciation for part of property, plant and equipment. The method, however, has been changed to the straight-line method from the beginning of the first quarter.

In formulating the Medium-Term Management Plan (FYE2025–2027) as the second phase toward the achievement of VISION2030, the Group reviewed how its property, plant and equipment were used and capital investments were made. The Group found that stable production was expected to level out the use of property, plant and equipment, and therefore judged that adopting the straight-line method, which spreads costs evenly over the service life, would result in a more appropriate periodic accounting of profit and loss.

In addition, the estimated periods of use of property, plant and equipment were reviewed along with the change in the method of depreciation. As a result, service lives have been changed for part of property, plant and equipment, based on more realistic forecasts for the possibility of economic use. Furthermore, the Group reviewed the values at the time of retirement for property, plant and equipment that are past their service lives, and changed the residual values of part of property, plant and equipment to 1 yen, the reminder price.

As a result of the changes described above, operating profit for the period increased by 671 million yen, and ordinary profit and profit before income taxes increased by 672 million yen compared with the figures based on the previous method.

(Notes on segment information, etc.)

[Segment information]

1. Summary of reportable segments

The Reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company adopts the in-house company system. Each in-house company develops comprehensive strategies for its product lines, etc. to conduct business activities.

Meanwhile, the Company is promoting expansion in global businesses, including the development of its aluminum extrusions business centered on Europe and the ASEAN region.

Accordingly, the Group sets up the “Construction materials business,” “Materials business,” and “Commercial facilities business,” which are based on in-house companies, and the “Global business” as our four reporting segments.

The “Construction materials business” conducts manufacture and sales, etc., of building construction products, housing construction products, and exterior products. The “Materials business” conducts casting, extrusions, processing, and sales, etc. of aluminum and magnesium. The “Commercial facilities business” conducts manufacture and sales of storefront display fixtures and signboards, and stores and related facilities maintenance, etc. The “Global business” conducts casting, extrusions, and processing of aluminum and sales, etc. overseas.

2. Methods of measurement for the amounts of net sales, income or loss, assets and other items by reportable segments

The accounting treatment methods regarding the reportable segments are the same as the methods for the preparation of consolidated financial statements.

The income or loss of business segments is based on operating profit. Intersegment sales and transfers are based on prevailing market prices.

(Changes in method of depreciation of property, plant and equipment)

As stated in “(Changes in accounting policies that are difficult to differentiate from changes in accounting estimates and changes in accounting estimates),” the method of depreciation of property, plant and equipment has been changed to the straight-line method from the beginning of the first quarter. Along with the change in the method of depreciation, for part of property, plant and equipment, service lives also have been changed based on more realistic forecasts for the possibility of economic use and residual values were changed to 1 yen, the reminder price. Due to these changes, the calculation method of segment income (loss) has been changed as well.

As a result of the said changes, segment income for the period under review changed as follows: Compared with the figures based on the previous method, segment income for the Construction Materials Business decreased by 199 million yen, segment income for the Materials Business increased by 832 million yen, segment income for the Commercial Facilities Business increased by 35 million yen, segment income for the Global Business decreased by 0 million yen, segment income for the leasing business, plant factory business, etc. included in others increased by 3 million yen, and segment income for adjustments decreased by 0 million yen.

Previous fiscal year (from June 1, 2023, to May 31, 2024)

1. Net sales and income or loss by reportable segments

(Millions of yen)

	Reportable segments					Others (*1)	Total	Adjustments (*2)	Amounts in consolidated financial statements (*3)
	Construction materials business	Materials business	Commercial facilities business	Global business	Total				
Net sales									
Net sales to external customers	182,270	53,085	42,672	74,636	352,664	362	353,027	—	353,027
Intersegment sales or transfers	4,174	41,119	63	1,671	47,029	—	47,029	(47,029)	—
Total	186,445	94,204	42,736	76,308	399,694	362	400,056	(47,029)	353,027
Segment income (loss)	2,228	1,467	1,534	(1,306)	3,923	(42)	3,880	(73)	3,807
Segment assets	138,603	58,960	24,481	61,344	283,390	2,712	286,102	3,872	289,975
Other items									
Depreciation	2,676	3,166	414	2,466	8,723	28	8,751	22	8,774
Amortization of goodwill	—	—	—	656	656	—	656	—	656
Investment amounts to equity-method companies	3,651	—	—	—	3,651	—	3,651	—	3,651
Increase in property, plant and equipment and intangible assets	2,670	3,424	276	3,440	9,811	71	9,882	17	9,899

Notes: 1. The “Others” category is a business segment which is not included in the reportable segments and includes leasing business and plant factory business, etc.

2. (1) Adjustment of segment income (loss) of (73) million yen includes corporate expenses of (67) million yen not allocated to each reportable segment. Corporate expenses are primarily selling, general and administrative expenses not attributable to each reportable segment.

(2) Adjustment of segment assets of 3,872 million yen is for corporate assets not allocated to each reportable segment. They are mainly surplus funds and assets related to the administrative division of the Company.

(3) Adjustment of increase in property, plant and equipment and intangible assets of 17 million yen is mainly increase in intangible assets of the administrative division of the Company.

3. Segment income (loss) is adjusted with operating profit in the consolidated statement of income.

Current fiscal year (from June 1, 2024, to May 31, 2025)

1. Net sales and income or loss by reportable segments

(Millions of yen)

	Reportable segments					Others (*1)	Total	Adjustments (*2)	Amounts in consolidated financial statements (*3)
	Construction materials business	Materials business	Commercial facilities business	Global business	Total				
Net sales									
Net sales to external customers	178,652	59,781	44,522	76,145	359,102	322	359,424	—	359,424
Intersegment sales or transfers	4,569	39,831	79	1,961	46,443	—	46,443	(46,443)	—
Total	183,222	99,613	44,601	78,107	405,545	322	405,868	(46,443)	359,424
Segment income (loss)	236	2,602	1,460	(2,598)	1,701	(63)	1,637	(92)	1,545
Segment assets	136,423	64,706	26,088	66,248	293,467	2,511	295,978	4,475	300,454
Other items									
Depreciation	2,787	2,327	400	2,706	8,221	29	8,250	21	8,271
Amortization of goodwill	—	—	—	633	633	—	633	—	633
Investment amounts to equity-method companies	3,841	—	—	—	3,841	—	3,841	—	3,841
Increase in property, plant and equipment and intangible assets	2,556	4,282	329	4,995	12,164	1	12,166	1	12,167

Notes: 1. The “Others” category is a business segment which is not included in the reportable segments and includes leasing business and plant factory business, etc.

2. (1) Adjustment of segment income (loss) of (92) million yen includes corporate expenses of (90) million yen not allocated to each reportable segment. Corporate expenses are primarily selling, general and administrative expenses not attributable to each reportable segment.

(2) Adjustment of segment assets of 4,475 million yen is for corporate assets not allocated to each reportable segment. They are mainly surplus funds and assets related to the administrative division of the Company.

(3) Adjustment of increase in property, plant and equipment and intangible assets of 1 million yen is mainly increase in property, plant and equipment of the administrative division of the Company.

3. Segment income (loss) is adjusted with operating profit in the consolidated statement of income.

(Per share information)

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
Net assets per share (Yen)	3,067.12	2,911.36
(Loss) per share (Yen)	(32.53)	(74.54)

Notes: 1. Diluted earnings per share is not presented for the previous fiscal year or the current fiscal year as a loss per share was recorded and there are no potentially dilutive shares.

2. The basis for calculation of net assets per share is as follows:

	As of May 31, 2024	As of May 31, 2025
Net assets (Millions of yen)	99,483	94,804
Amounts deducted from total net assets (Millions of yen)	3,345	3,564
(incl. Non-controlling Interests)	(3,345)	(3,564)
Net assets attributable to common stock at the end of the fiscal year (Millions of yen)	96,137	91,240
Number of shares of common stock at the end of the fiscal year used to determine net assets per share (Thousand shares)	31,344	31,339

3. The basis for calculation of loss per share is as follows:

	For the fiscal year ended May 31, 2024	For the fiscal year ended May 31, 2025
(Loss) per share		
Loss attributable to owners of parent (Millions of yen)	(1,019)	(2,336)
Amount not attributable to common shareholders (Millions of yen)	—	—
Loss attributable to common shareholders of owners of the parent (Millions of yen)	(1,019)	(2,336)
Weighted average number of shares of common stock (Thousands of shares)	31,347	31,341

(Significant subsequent events)

Not applicable.

4. Other

(1) Changes in officers (Scheduled for August 27, 2025)

1. Changes in representatives

Not applicable.

2. Changes in other officers

Candidates for new directors

Director (Auditor) Yasushi Fujimaki

(Currently Executive Officer and Deputy General Manager of General Affairs & Human Resources Division of the Company)

Outside Director (Auditor) Akihiko Mori

Retiring directors

Director (Auditor) Toru Hongawa

(to be appointed as Advisor of the Company)

Outside Director (Full-time Auditor) Hirokazu Hasegawa

(to be appointed as Outside Director (Substitute Auditor) of the Company)

Reference:

The management structure will be as follows subject to approval at the 80th Annual General Meeting of Shareholders and the following Board of Directors meeting scheduled for August 27, 2025.

	Title	Name	Responsibility
	President, Chief Executive Officer	Shozo Hirano	President, Sankyo Material Company
	Director, Managing Executive Officer	Tsuneaki Yoshida	General Manager of General Affairs & Human Resources Division, General Manager of Information System Division and in charge of Corporate Audit Department
	Director, Managing Executive Officer	Kensuke Kubota	General Manager of Finance & Accounting Division
	Director, Managing Executive Officer	Yasuyuki Kurohata	General Manager of Corporate Planning Division, General Manager of Business Development Division and Chief of the Global Business
	Director, Managing Executive Officer	Fumiro Toyooka	President, Sankyo Alumi Company
	Director, Managing Executive Officer	Ichiro Azuma	President, Tateyama Advance Company
	Outside Director	Hiroko Shinoda	
(New)	Director (Full-time Auditor)	Yasushi Fujimaki	
(New)	Outside Director (Full-time Auditor)	Akihiko Mori	
	Outside Director (Auditor)	Hirotooshi Aramaki	
	Outside Director (Auditor)	Kazunori Toda	
	Outside Director (Auditor)	Miho Yoshikawa	
	Outside Director (Substitute Auditor)	Hirokazu Hasegawa	