



Life with Green Technology

# **Financial Results for 1Q FY2021**

**(June 1, 2020 – August 31, 2020)**

October 6, 2020

 **SankyoTateyama, Inc.**

## Financial results

(Billion JPY)

	1Q FY2021 Results	1Q FY2020 Results	Year-on-year Change	
				%
<b>Net sales</b>	<b>66.3</b>	75.0	-8.6	-11.6%
<b>Operating income</b>	<b>-0.2</b>	-0.4	0.1	-
Operating margin	-0.4%	-0.6%		+0.2p
<b>Ordinary income</b>	<b>0.1</b>	-0.5	0.6	-
<b>Net income attributable to owners of parent</b>	<b>-0.6</b>	-1.6	1.0	-

\* Amounts are rounded down to the nearest 100 million JPY

## ✓ Sales decreased, operating income improved YoY

### ✓ Sales decreased by approx. 8.6 billion JPY (-11.6%)

Sales declined in all businesses due to trade issues such as the impact of trade friction between the United States and China and the impact of the global epidemic of COVID-19.

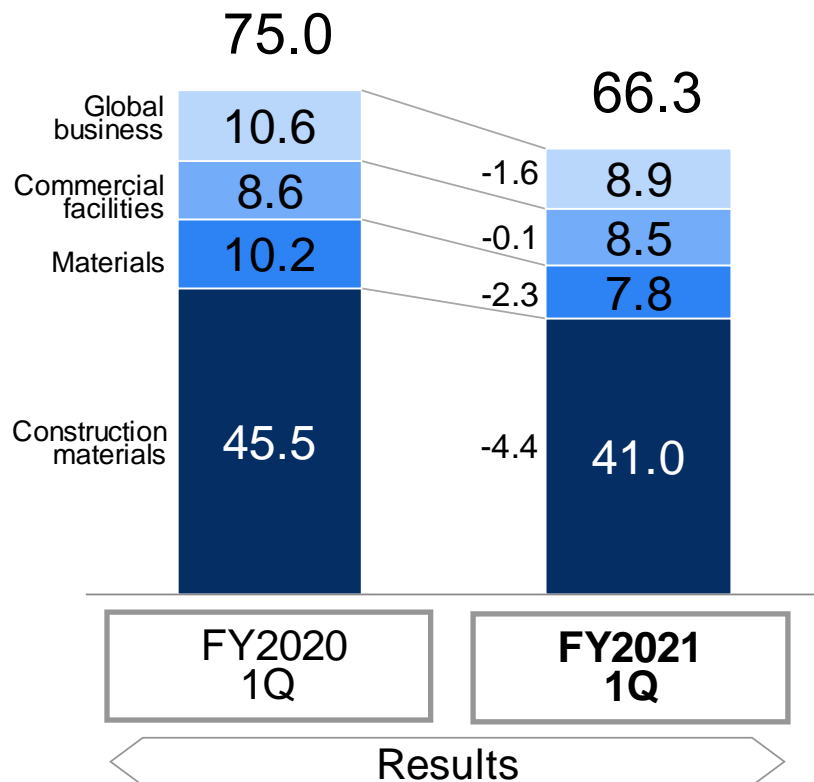
### ✓ Operating income improved by approx. 0.1 billion JPY

Decreased in income due to decrease in sales, but improved due to cost reduction and control of SG&A.

## Net sales

**66.3** billion JPY

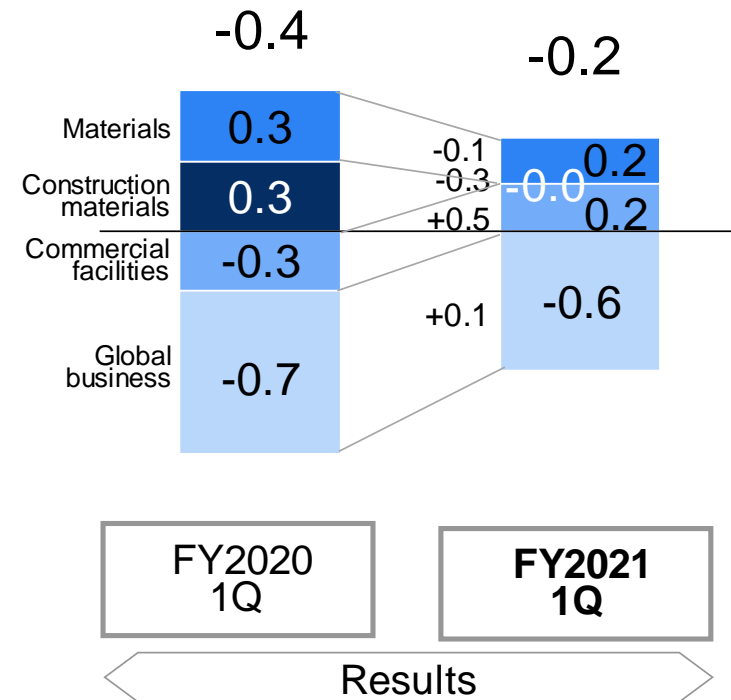
YoY **-8.6** billion JPY  
**(-11.6%)**



## Operating income

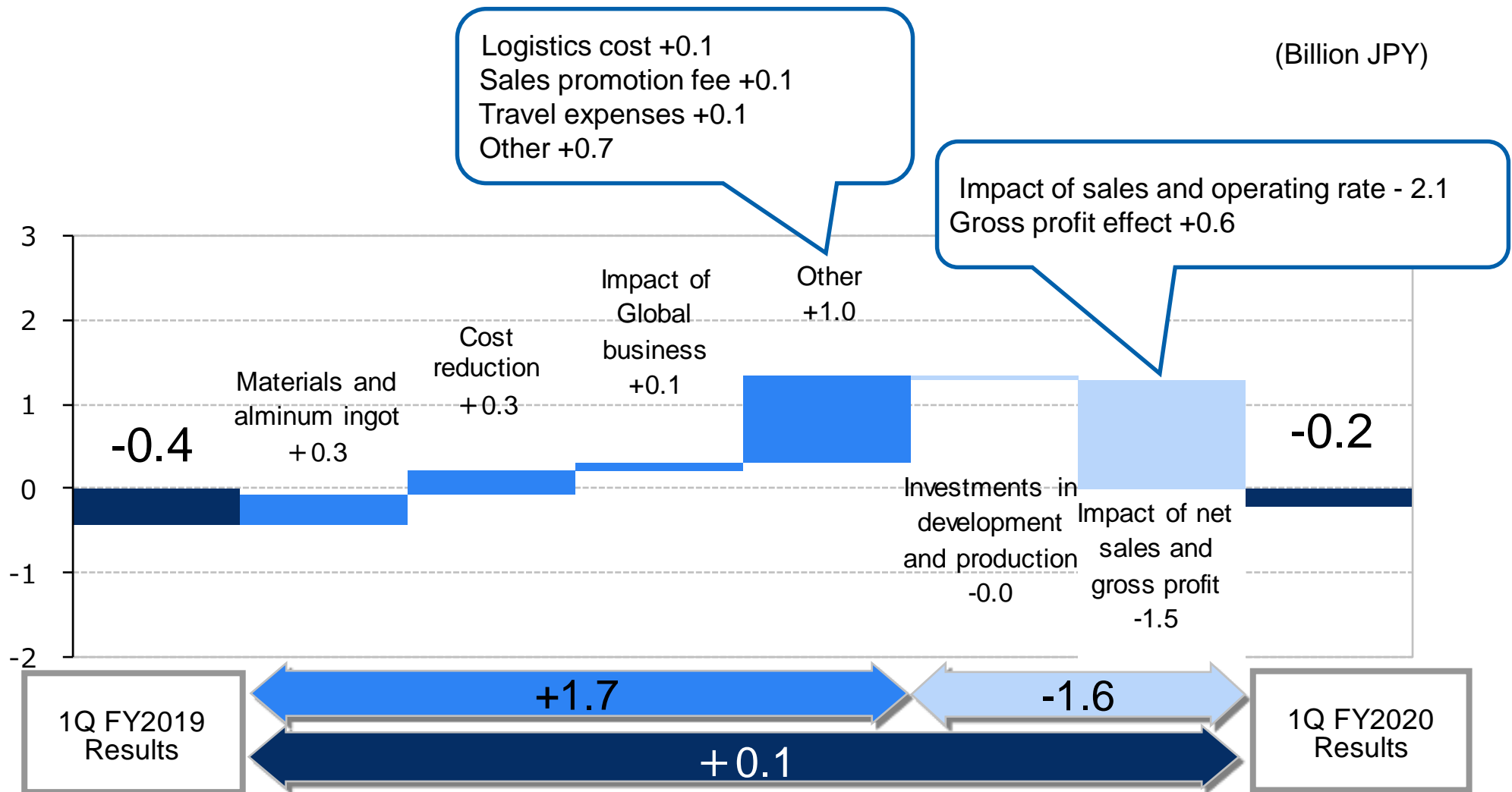
**▲ 0.2** billion JPY

YoY **+0.1** billion JPY  
**( - %)**



\* Amounts are rounded down to the nearest 100 million JPY.

# Factors for Change in Operating Income for Q1 FY2021: Year-on-Year Comparison



※ Increase / decrease in profits from Global business are consolidated into “Impact of Global business”

\* Amounts are rounded down to the nearest 100 million JPY.

# FY2021 Full-year Plan (Forecast)

## Forecast

(Billion JPY)

### FY2021 1<sup>st</sup> half

	1st half FY2021 Plan	1st half FY2020 Results	Change	%
Net sales	<b>140.0</b>	161.9	-21.9	-13.6%
Operating income	<b>0.3</b>	2.9	-2.6	-89.9%
Operating margin	<b>0.2%</b>	1.8%		-1.6p
Ordinary income	-	2.9	-	-
Net income attributable to owners of the parent	-	1.1	-	-

### FY2021 Full year

	FY2021 Plan	FY2020 Results	Change	%
Net sales	<b>289.0</b>	313.6	-24.6	-7.9%
Operating income	<b>0.3</b>	2.0	-1.7	-85.1%
Operating margin	<b>0.1%</b>	0.6%		-0.5p
Ordinary income	-	1.6	-	-
Net income attributable to owners of the parent	-	▲1.5	-	-

\* Amounts are rounded down to the nearest 100 million JPY

## Dividend

Interim: 0 JPY per share , Year-end: Undecided

## Forecast of Ordinary income and Net income attributable to owners of parent

Currently, we are promoting various profit improvement measures and European business reforms, and these effects are in the calculation stage. Earnings forecasts for operating income and net income attributable to owners of the parent are scheduled to be released at the time of the announcement of financial results for the second quarter.

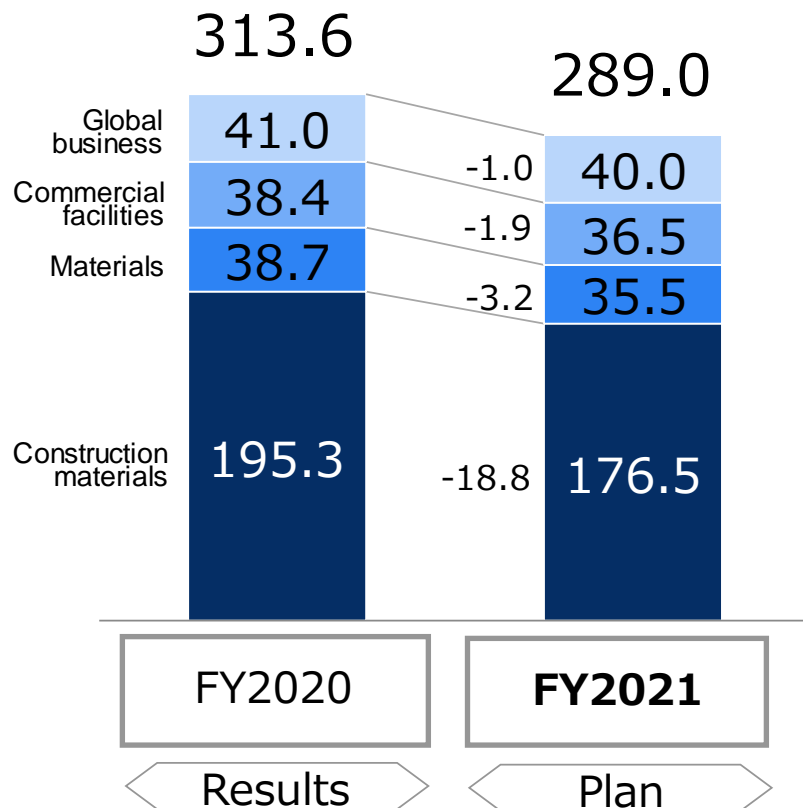
At present, the business performance for the cumulative second quarter is expected to decline from the previous period, and the net income attributable to owners of the parent company at the end of the current fiscal year is in the calculation stage. We will pass the interim dividend. The year-end dividend is undecided and will be announced.

## Net sales

Plan **289.0** billion JPY

Previous term results **313.6** billion JPY

YoY **-24.6** billion JPY  
(-7.9%)

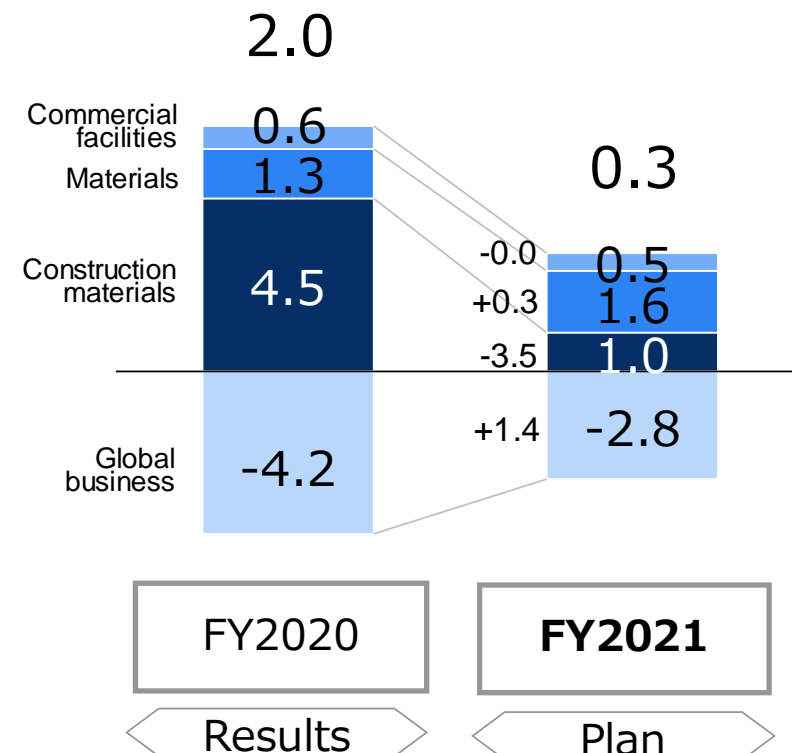


## Operating income

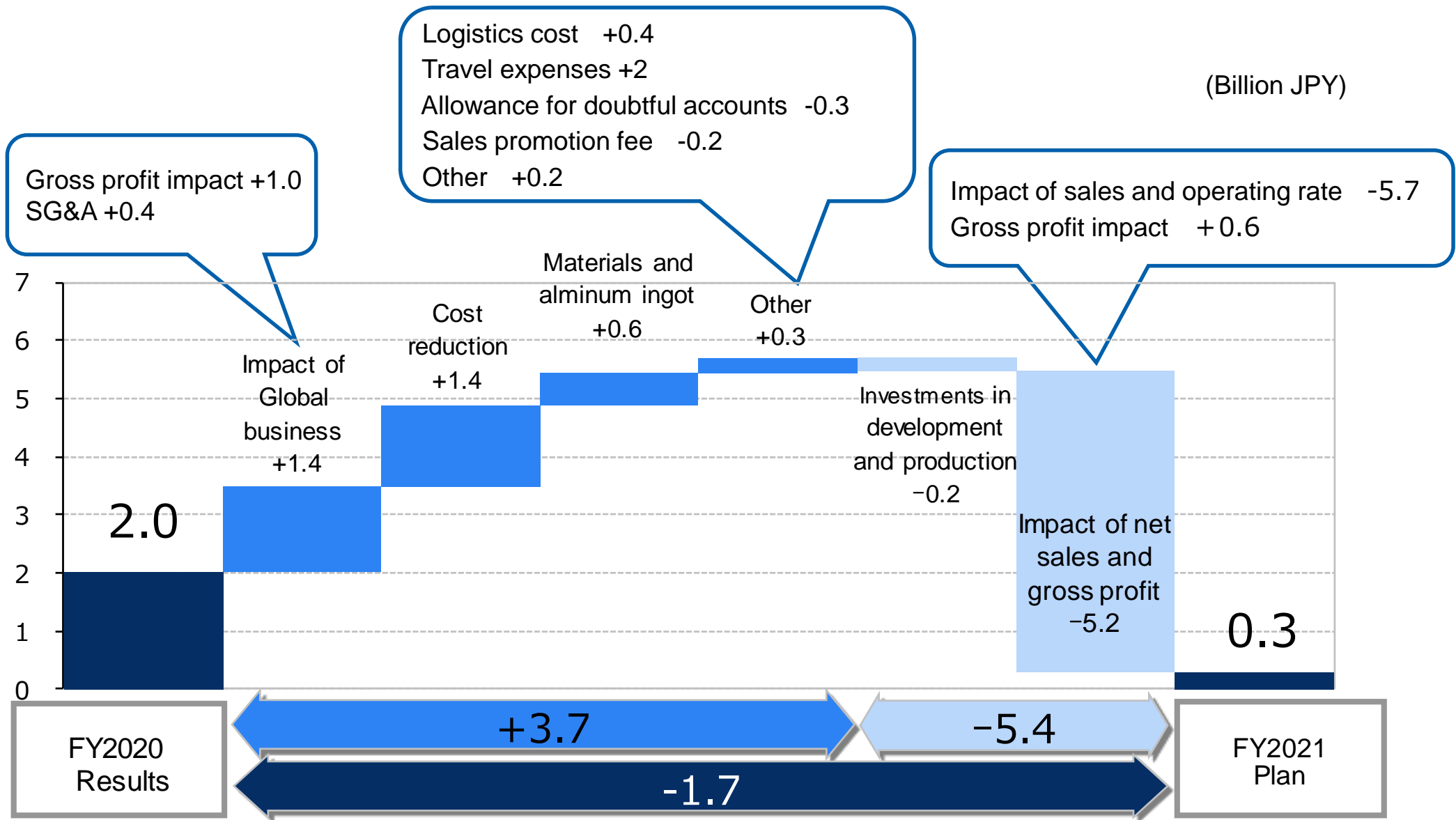
Plan **0.3** billion JPY

Previous term results **2.0** billion JPY

YoY **-1.7** billion JPY  
(-85.1%)



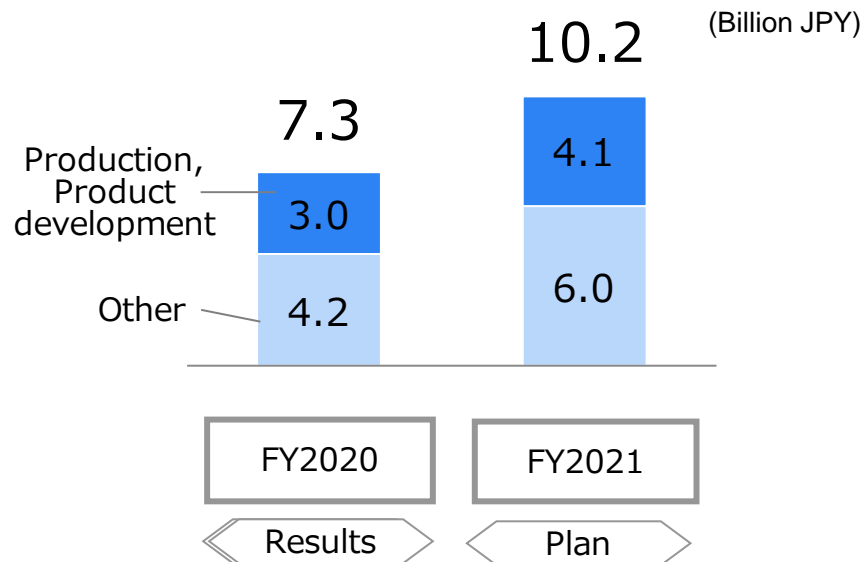
\* Amounts are rounded down to the nearest 100 million JPY.



※ Increase / decrease in profits from Global business are consolidated into “Impact of Global business”

\* Amounts are rounded down to the nearest 100 million JPY.





Production, Product development	Product development, Streamlining	1.4	2.1
	Repairs, etc.	1.5	1.9
Other	Software	1.0	0.7
	Overseas subsidies	2.8	4.6
	Other	0.3	0.6
Total		7.3	10.2
Depreciation expense		8.0	8.5

\* Amounts are rounded down to the nearest 100 million JPY.

# Plant factory acquires GLOBALG.A.P. certification



GLOBALG.A.P.

Our lettuce producing plant factory acquired GLOBALG.A.P., the world standard agricultural certification given to excellent companies that practice "sustainable production activities" in consideration of food safety, working environment and environmental protection on August 7, 2020.

■ Overview

Production site	SankyoTateyama plant factory "Twin Leaf Green Factory" (Address: 851 Kitajima, Takaoka City, Toyama Prefecture)
Product	Lettuce
GGN	4063061440709
Product certificate number	00087-FFFHN-0002
Date of certification decision	August 7, 2020



✓ Purpose of acquisition of certification

- To enable our plant factory to achieve sustainable agricultural production and fulfill our social responsibility.
- To show that the consideration of safety of business processes complies with global standards, and to implement this permanently.

✓ Further actions

- By steadily practicing and improving our process management methods, we will realize a better agricultural production.
- By introducing our process management method to the plant factory system "agri-cube ID", we will contribute to the spread of GLOBALG.A.P. and the continuous penetration of agricultural production.



# "Invisible" signboard built-in antenna for 5G mobile phone base stations

Jointly developed by Softbank, SankyoTateyama, and Nippon Antenna

Can be easily installed in commercial facilities such as convenience stores, train stations, parking lots, etc.



- ✓ Free location to install
- ✓ Keep the cityscape
- ✓ Easy installation and maintenance

■ Role of each company

Softbank	Operation of 5G base stations using "invisible" signboard antennas
SankyoTateyama (Tateyama Advance Company)	Providing and utilizing signboard assets
Nippon Antenna	Development and production of antennas with built-in signboards

	FY2020	FY2019	FY2018
[Construction materials business (housing) index] The number of new housing starts (April-June)	<b>204 thousand units</b> <b>(-12.7% yoy)</b>	234 thousand units (-4.7% yoy)	245 thousand units (-2.0% yoy)
The number of new housing starts [Owner-occupied houses](April-June)	<b>64 thousand units</b> <b>(-18.2% yoy)</b>	79 thousand units (+9.6% yoy)	72 thousand units (-2.5% yoy)
The number of new housing starts [House for rent](April-June)	<b>76 thousand units</b> <b>(-12.3% yoy)</b>	86 thousand units (-14.9% yoy)	101 thousand units (-3.5% yoy)
[Construction materials business (Building) index] Floor area of non-wooden structure starts (April-June)	<b>16,973 thousand m<sup>2</sup></b> <b>(-9.9% yoy)</b>	18,839 thousand m <sup>2</sup> (-5.5% yoy)	19,939 thousand m <sup>2</sup> (-5.2% yoy)
[Materials business index] Aluminum extrusion weight [Excluding sashes and doors](June-August)	<b>71.7 thousand tons</b> <b>(-18.1% yoy)</b>	87.5 thousand tons (-0.3% yoy)	87.8 thousand tons (-2.1% yoy)
[Commercial facilities business index] The number of new building starts [Stores] (April-June)	<b>1,259 buildings</b> <b>(-31.7% yoy)</b>	1,843 buildings (-7.9% yoy)	2,001 buildings (-2.2% yoy)
[Global business index] Vehicle production Germany (April-June)	<b>474.9 thousand units</b> <b>(-61.2% yoy)</b>	1225.4 thousand units (-13.6% yoy)	1418.8 thousand units (+0.9% yoy)
Vehicle production Thailand (April-June)	<b>152.5 thousand units</b> <b>(-69.8% yoy)</b>	504.5 thousand units (-2.4% yoy)	516.9 thousand units (+11.1% yoy)
[Aluminum ingot (The Nikkei)] Average prices for the period from June to August	<b>225.0 JPY/kg</b> <b>(-7.7% yoy)</b>	243.9 JPY/kg (-18.0% yoy)	297.6 JPY/kg (+9.7% yoy)

\* Amounts are rounded down to the nearest 100 million JPY.

### Net sales

**41.0** billion JPY

YoY **-4.4** billion JPY  
**(-9.8%)**

- Partial suspension or postponement of construction due to the influence of COVID-19
- Impact of decreased number of new housing starts

### Operating income

**-0.0** billion JPY

YoY **-0.3** billion JPY  
**( - %)**

- Promotion of gross profit improvement measures and control of SG&A
- Impact of decreased sales

## Business Environment

Number of new housing starts

Floor area of non-wooden structure starts

Sales weight of aluminum sash for buildings

Aluminum ingot price  
(Source: The Nikkei)

Whole **-12.7%**

**-9.9%**

**-10.5%**

**-7.7%**

Owner-occupied houses **-18.2%**

Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Source: Current Survey of Production by the Ministry of Economy, Trade and Industry

\* Percentage figures represent the year-on-year in cumulative total during Jun. – Aug..

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12 Apr. – Jun..

\* Amounts are rounded down to the nearest 100 million JPY.

### Net sales

**7.8 billion JPY**

YoY **-2.3 billion JPY**  
**(-23.3%)**

- Declining demand in the aluminum profile market due to the stagnation of the world economy due to the US-China trade friction and the impact of COVID-19
- Decrease in sales linked with the aluminum ingot market

### Operating income

**0.2 billion JPY**

YoY **-0.1 billion JPY**  
**(-31.6%)**

- Impact of decreased orders

## Business Environment

Domestic aluminum extrusion weight  
(Excluding sashes and doors)

**-18.1%**

Source: Statistics by Japan Aluminum Association

Domestic aluminum extrusion weight  
(General machinery)

**-18.7%**

Source: Statistics by Japan Aluminum Association

\* Percentage figures represent the year-on-year in cumulative total during Jun. – Aug.

\* Amounts are rounded down to the nearest 100 million JPY.

## Net sales

**8.5** billion JPY

YoY **-0.1** billion JPY  
**(-1.5%)**

- Acquisition of demand for investment in labor saving of retailers
- Postponement or cancellation of new store or renovation investment due to the influence of COVID-19

## Operating income

**0.2** billion JPY

YoY **+0.5** billion JPY  
**( - %)**

- Control of SG&A by improving operational efficiency

## Business Environment

Number of new building starts (Stores)

**-31.7%**

Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Retail sales amount (Whole)

**-4.5%**

Source: Report of Current Survey of Commerce by the Ministry of Economy, Trade and Industry

\* Percentage figures represent the year-on-year change in cumulative total during Apr. – Jun.

\* Amounts are rounded down to the nearest 100 million JPY.

### Net sales

**8.9 billion JPY**

YoY **-1.6 billion JPY**  
**(-16.0%)**

- Decrease in automotive sales in Europe and Thailand due to the impact of COVID-19
- Temporary production halt of customer factories for transportation equipment

### Operating income

**-0.6 billion JPY**

YoY **+0.1 billion JPY**  
**( - %)**

- Improve by cost control

## Business Environment

### Car production

YoY	Germany	Thailand
(Jul.-Sep. 2019)	-0.6%	-7.5%
(Oct.-Dec. 2019)	-8.1%	-21.7%
(Jan.-Mar. 2020)	-19.5%	-19.2%
( Apr.-Jun. 2020)	-61.2%	-69.8%

Source: VDA

Source: MARKLINES

### GDP

YoY	Euro area	Germany	Thailand
(Jul.-Sep. 2019)	0.3%	0.2%	2.6%
(Oct.-Dec. 2019)	0.1%	0.0%	1.6%
(Jan.-Mar. 2020)	-3.8%	-2.2%	-1.8%
( Apr.-Jun. 2020)	-11.8%	-9.7%	-12.2%

Source: EUROSTAT

Source: NESDC



		average	1Q FY2021 Results	1Q FY2020 Results	FY2021 Plan
Aluminum ingot price (Nikkei Aluminum average)		Jun.- Aug.	<b>225.0 JPY/kg</b>	243.9 JPY/kg	236.0 JPY/kg
Exchange rates	USD	Jun.- Aug.	<b>107.6 JPY</b>	109.9 JPY	110.0 JPY
	EUR	Apr.- Jun.	<b>118.6 JPY</b>	123.5 JPY	123.0 JPY
	THB	Apr.- Jun.	<b>3.4 JPY</b>	3.5 JPY	3.5 JPY
	CNY	Apr.- Jun.	<b>15.2 JPY</b>	16.1 JPY	16.0 JPY

※Euro / Baht / Yuan exchange rate is the average rate of the settlement period of our overseas subsidiary



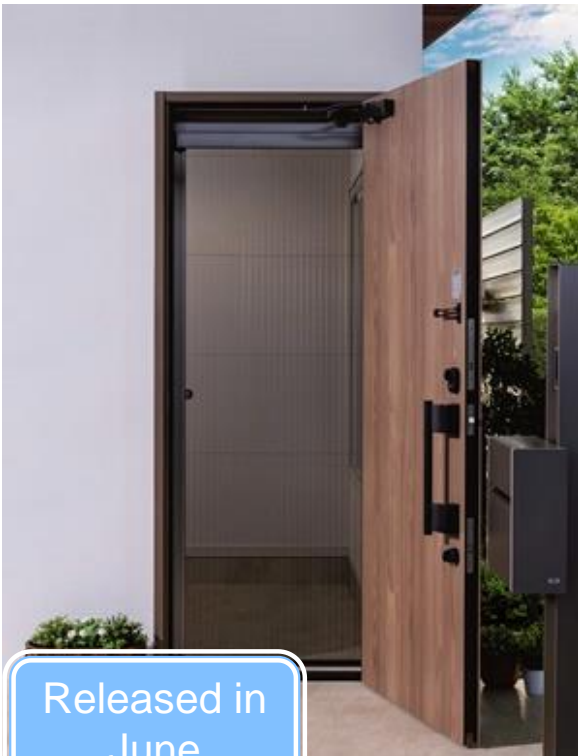
# Avoid the “Three Cs”

(Closed spaces, Crowded places, Close-contact settings)

## • Ventilation

### ✓ Screen door for entrance “TEMANON AMIDO”

Attach it to an existing entrance door or sliding door to take in the wind. Easy installation for approx. 1 hour, creating a comfortable space.



Released in June

### ✓ Awning “Rakushade”

It blocks the heat of sunlight from the outside and prevent the temperature from rising in the room in summer. While ensuring transparency from the room, it obstructs the line of sight from the outside and considers privacy.



Apr.-Aug. Sales YoY 134%

### ✓ Balanced backflow prevention window “Swindow”

### ✓ Natural ventilation system “ARM-S@NAV”



Natural ventilation windows for commercial buildings and apartments. "Swindow" automatically opens and closes with the wind (left). "ARM-S @ NAV" takes the wind into the building using wind and gravity (right).

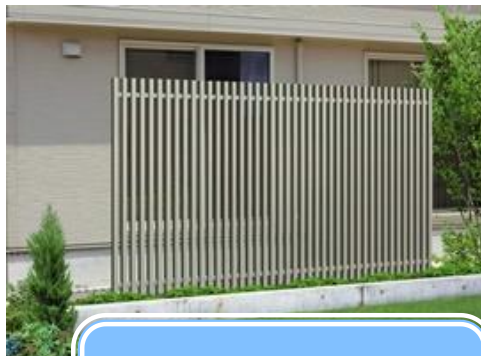


## Stay-at-home life

- ✓ Garden room “Happina Rela”
- ✓ Screen fence “Elfard” “Belsard”



Privacy space with a moderate blindfold.



Apr.-Aug. Sales  
YoY **119%**

Apr.-Aug. Sales  
YoY **117%**

Comfortable relaxing space from day to night.

## ✓ Aluminum interior “AMIS”

A movable partition that secures a remote work space at home.



## Prevention for droplet and contact infection

### ✓ Droplet guard



Introduce mainly to supermarkets to reduce the risk of infection for employees and customers when serving at cash registers.

### ✓ Delivery box “FULEMUS” “FULEMUS Light”

You can receive a package even when you are at home or not, without contacting the delivery staff.



Apr.-Aug. Sales  
YoY **116%**

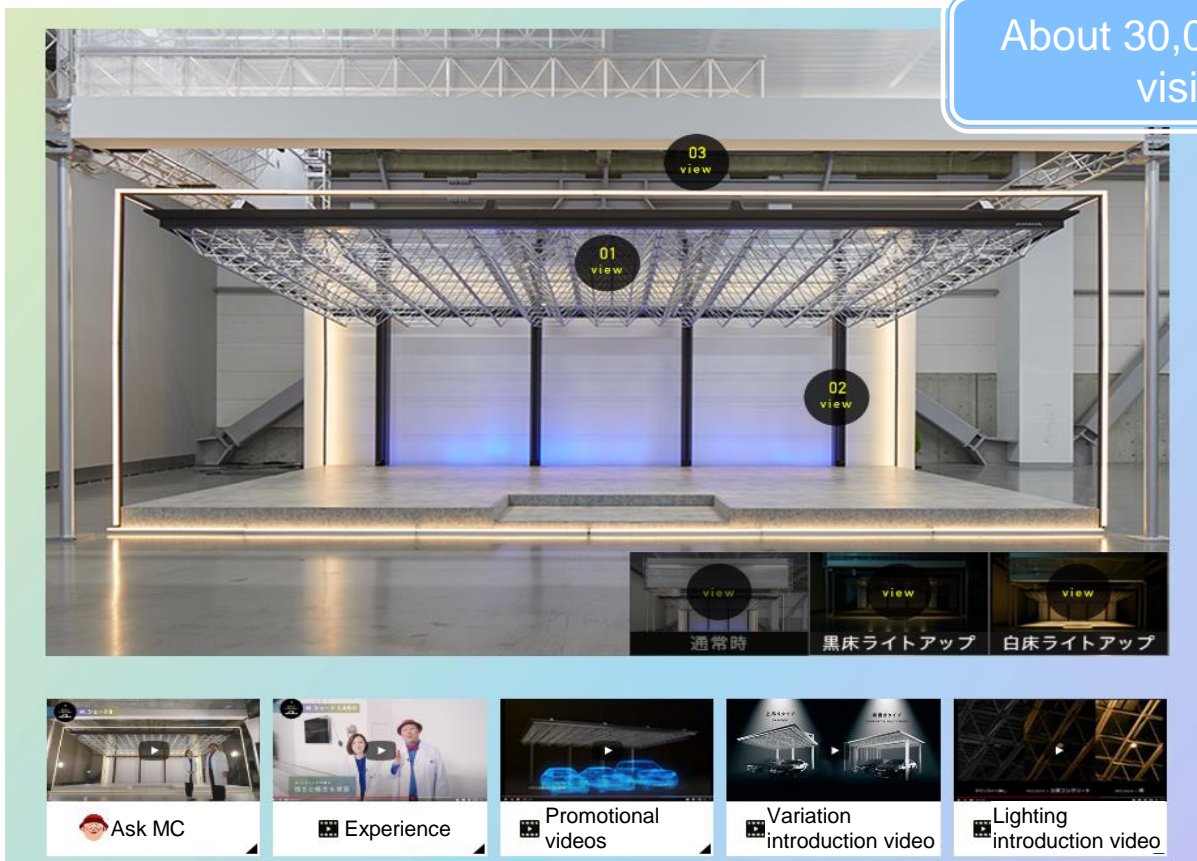


## ✓ “Wonder” web Exhibition

The web exhibition has been held instead of originally planned new product exhibitions nationwide. Introducing new products and seminar videos, conducted a gift campaigns.



About 30,000 people visited



## ✓ Craftsman first®

A video introducing the construction method of typical aluminum building material products. We support craftsmen and improve the installation quality.





SDGs (Sustainable Development Goals) contain the ideal of a world where all people can enjoy rich and healthy lives, many of which overlap with our management philosophy and the purposes of our CSR activities. We will continue to contribute to achieving SDGs through our daily business activities.

**Sankyo Tateyama 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

↓  
**CSR Activities**  
↓

ESG	SDGs
<b>E</b> environment	
<b>S</b> society	
<b>G</b> governance	

[Notes regarding these documents]

These documents contain forward-looking statements, including plans, strategies, and business results of Sankyo Tateyama, Inc. and its consolidated subsidiaries (hereinafter collectively referred to as the “Sankyo Tateyama Group”). These statements are based upon assumptions and decisions of the Sankyo Tateyama Group that have been derived from information available as of the time of writing, and include foreseeable and unforeseeable risks, uncertainties, and other factors. Due to these effects, the actual business results, business activities, and financial conditions of the Sankyo Tateyama Group may vary significantly from these forward-looking statements. Additionally, the Sankyo Tateyama Group may not necessarily revise its forward-looking statements in response to new information, future events, or other reasons. Risks, uncertainties, and other factors that may have a material effect on the actual business results and other aspects of the Sankyo Tateyama Group may include, but are not limited to, economic conditions in the business areas in which it operates, changes in demand trends, and intensified price competition for the products and services of the Sankyo Tateyama Group, as well as price fluctuations of items such as aluminum ingots.

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