

Financial Results for FY2021

(June 1, 2020 – May 31, 2021)

VISION2030 and Medium-Term Management Plan

July 13, 2021

 **SankyoTateyama, Inc.**

**Financial
results**

	FY2021 Results	FY2020 Results	Year-on-year Change		FY2021 Plan *1	Change from Plan		(Billion JPY)
				%			%	
Net sales	301.1	313.6	-12.5	-4.0%	296.0	5.1	1.8%	
Operating income	4.5	2.0	+2.5	126.7%	2.5	2.0	82.7%	
Operating margin	1.5%	0.6%		0.9p	0.8%		0.7p	
Ordinary income	5.2	1.6	+3.6	225.8%	2.7	2.5	94.5%	
Net income attributable to owners of parent	1.6	-1.5	3.2	-	1.0	1.5	-	

Note: Amounts are rounded down to the nearest 100 million JPY.

*1 Reflecting the Full-year Consolidated Earnings Forecast made on April 6, 2021

Dividend

Year-end: 15 JPY per share

✓ Sales decreased and operating income increased YoY.

✓ Sales decreased approx. 12.5 billion JPY (- 4.0%).

While economies in Japan and overseas remained stagnant due to the COVID-19 pandemic, net sales increased in Materials, Commercial Facilities, and Global Business, mainly owing to the recovery in demand since 3Q. On the other hand, net sales decreased in Construction Materials overall, due in part to a decrease in new housing starts and a reduction in the floor area of non-wooden structure starts.

✓ Operating income increased approx. 2.5 billion JPY (+ 126.7%).

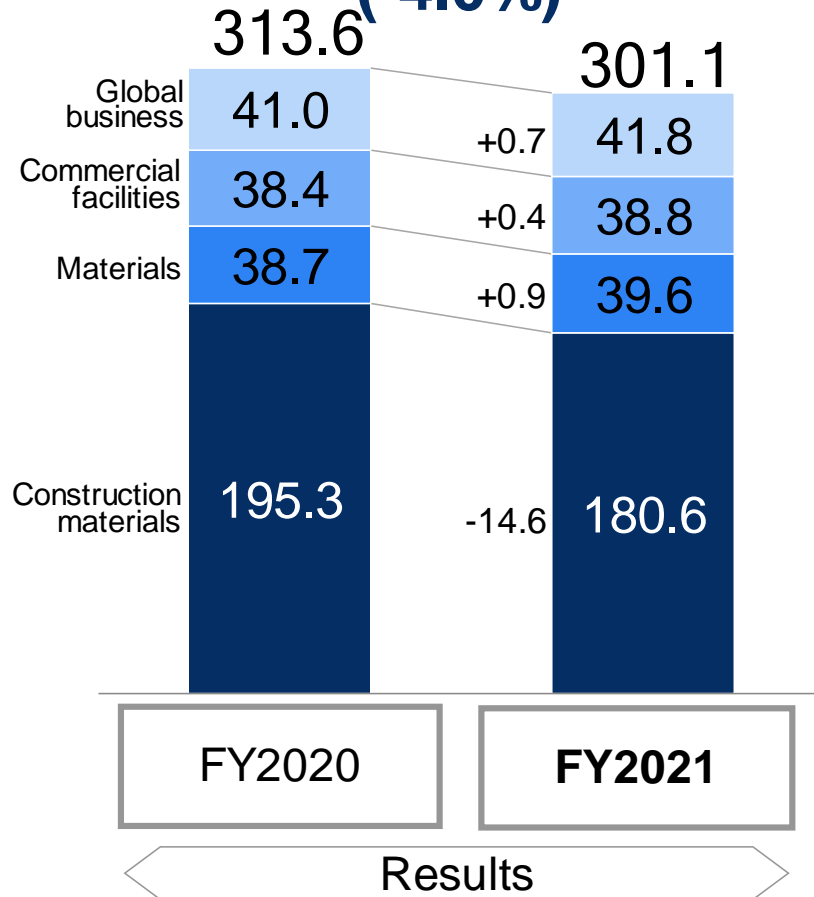
Income increased, chiefly reflecting a persistently low aluminum ingot price, as well as the promotion of cost reduction at production divisions and profitability improvement in all businesses, offsetting a fall in income in Construction Materials attributed to a decrease in net sales.

Net sales

301.1 billion JPY

YoY **-12.5** billion JPY

(-4.0%)

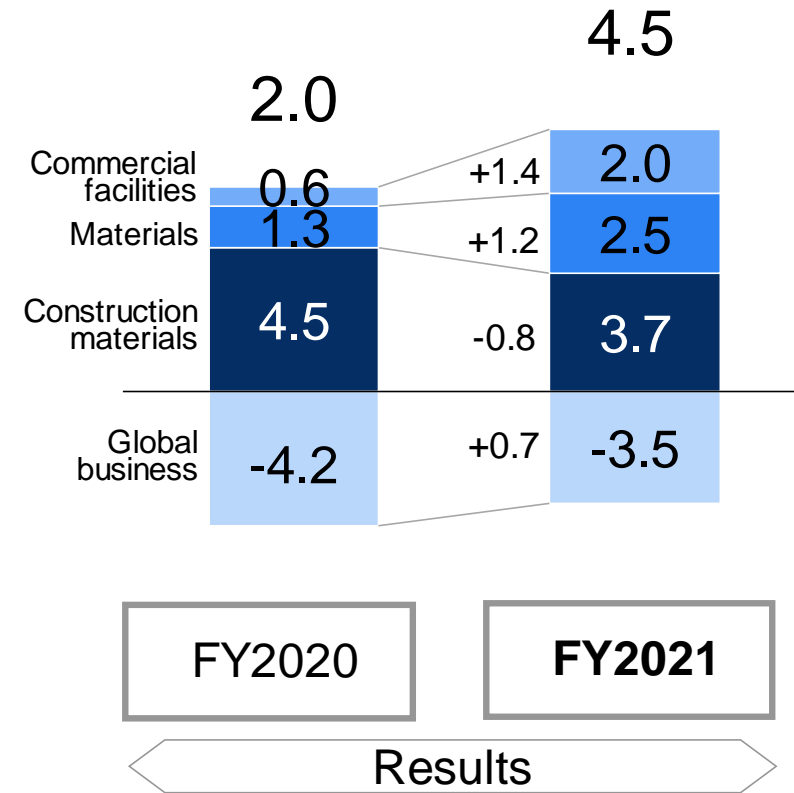


Operating income

4.5 billion JPY

YoY **+2.5** billion JPY

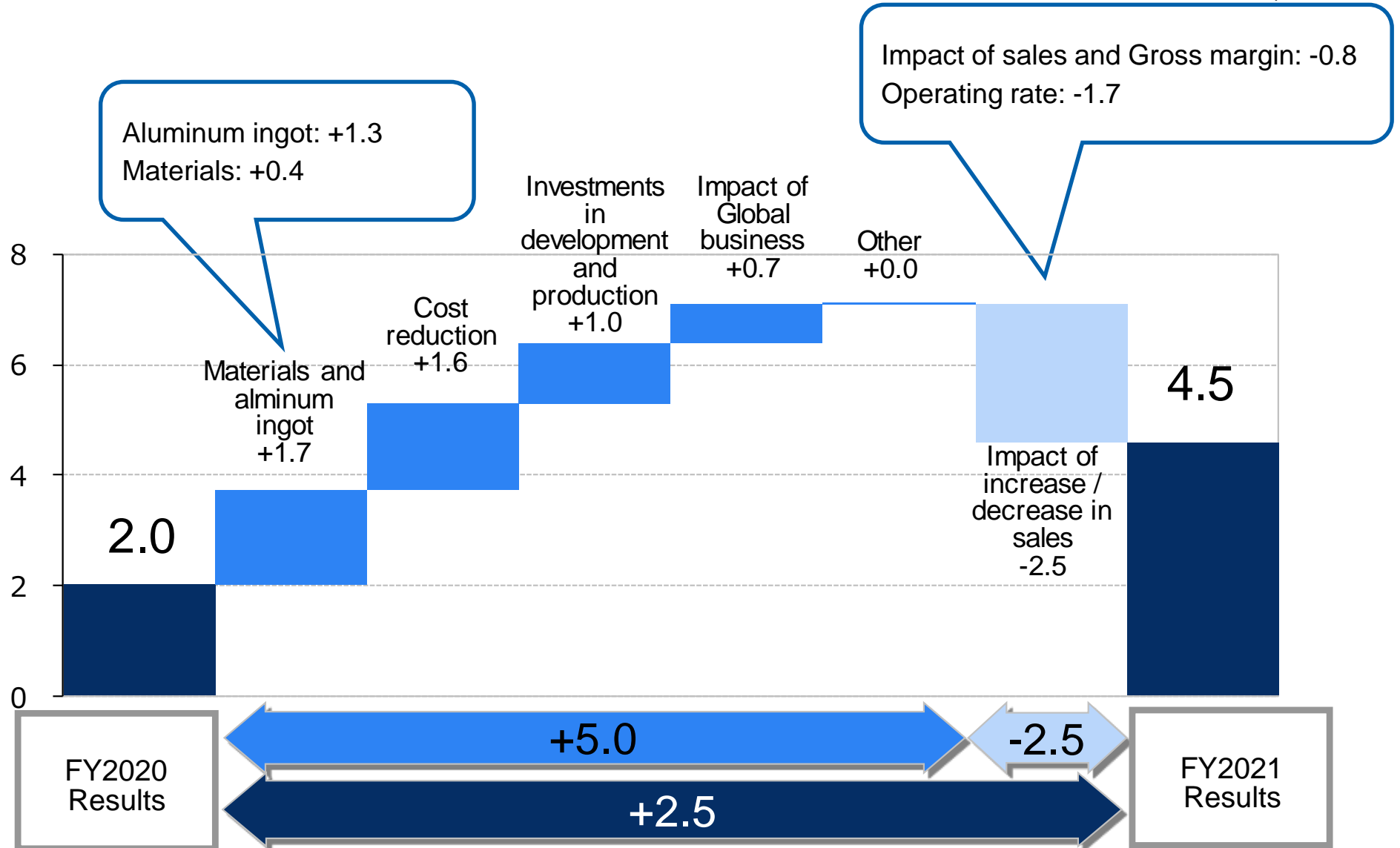
(+126.7%)



Note: Amounts are rounded down to the nearest 100 million JPY.

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

(Billion JPY)



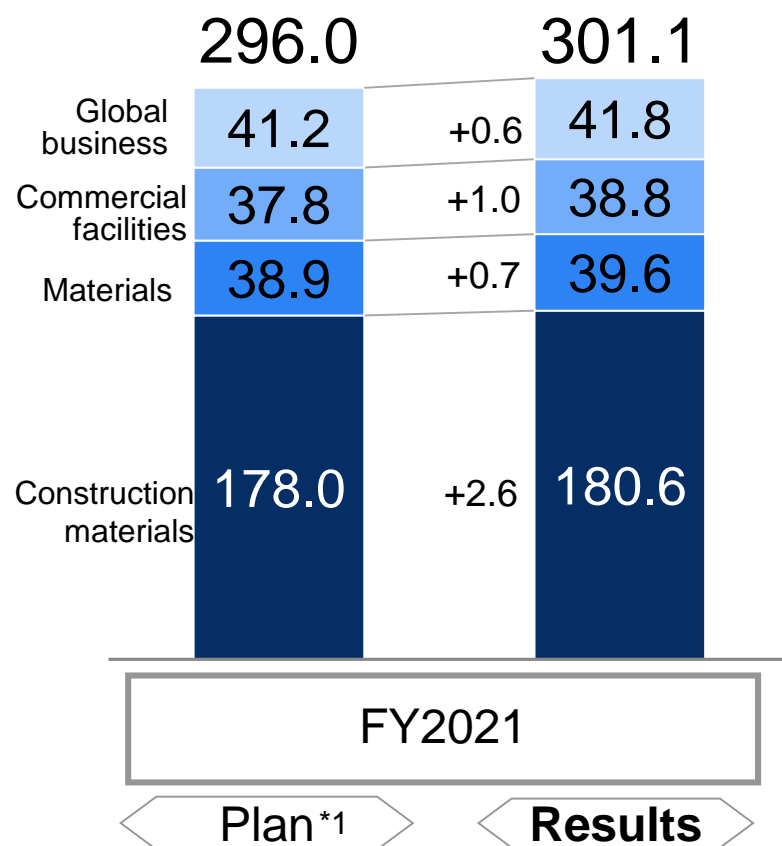
Change in profits from Global business is consolidated into "Impact of Global business."

Note: Amounts are rounded down to the nearest 100 million JPY.

Net sales

301.1 billion JPY

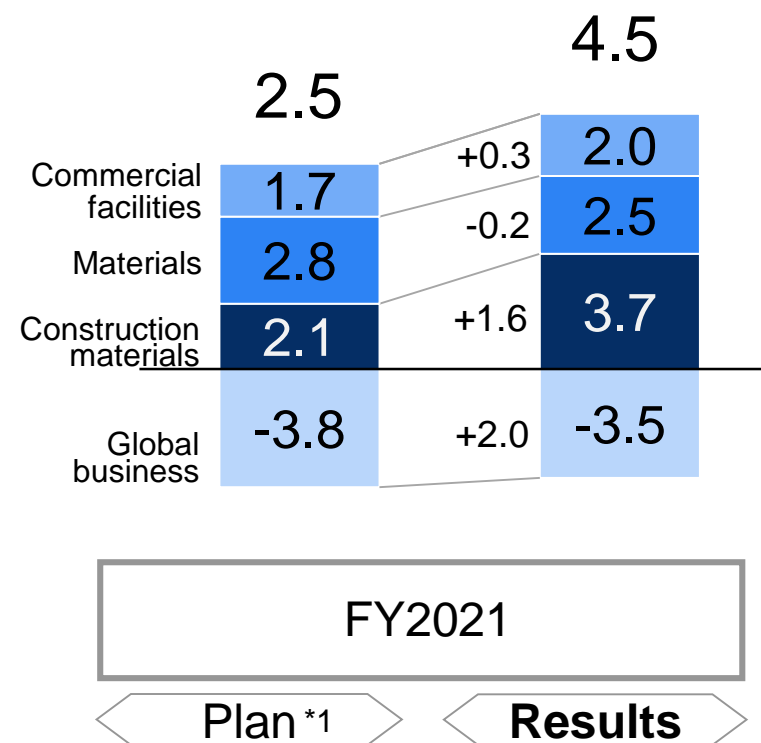
Change from Plan **+5.1** billion JPY
(+1.8%)



Operating income

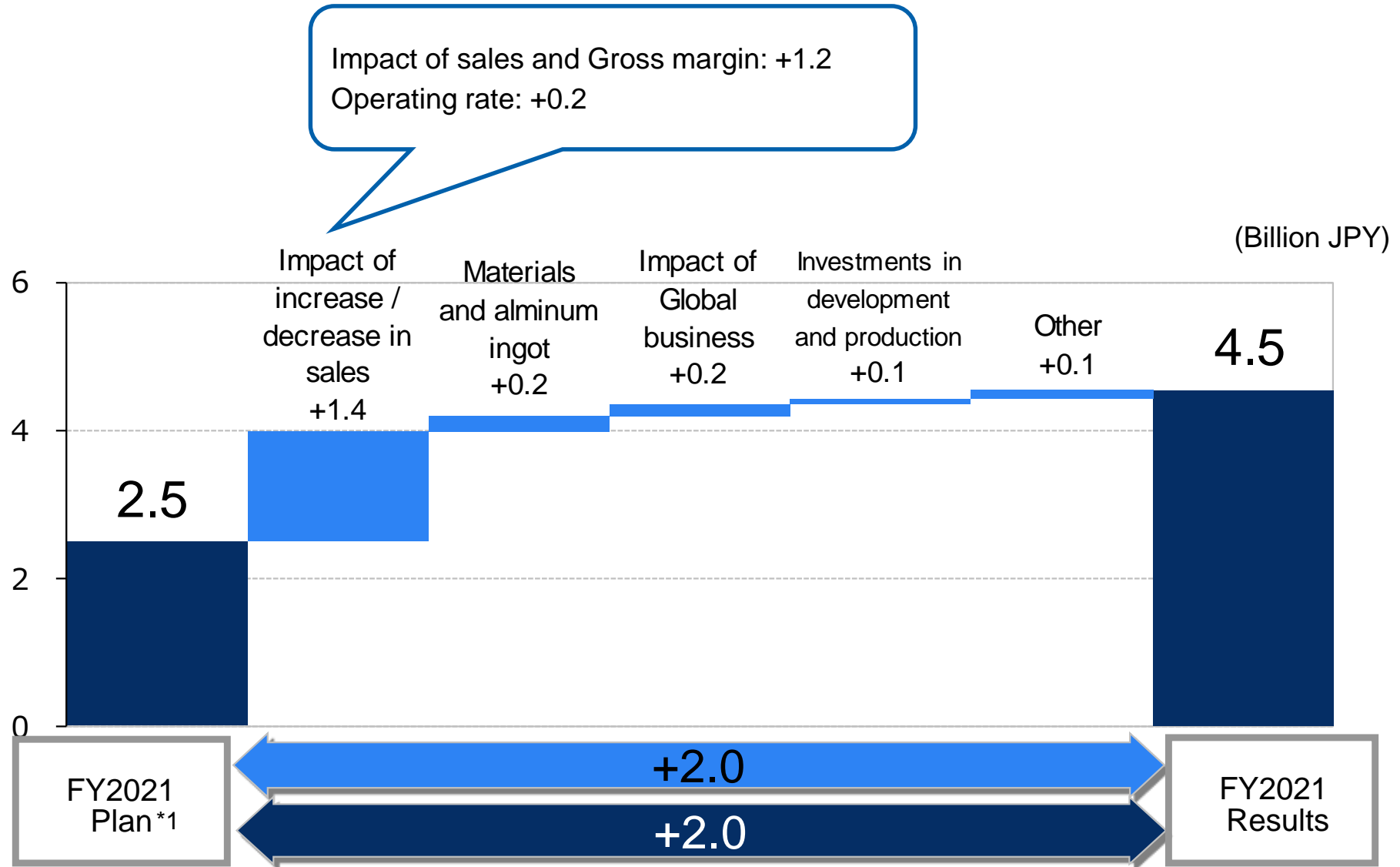
4.5 billion JPY

Change from Plan **+2.0** billion JPY
(+82.7%)



Note: Amounts are rounded down to the nearest 100 million JPY.

*1 Reflecting the the Full-year Consolidated Earnings Forecast made on April 6, 2021



FY2022 Forecast

**1ST half
FY2022
Forecast**

(Billion JPY)

	1st half FY2022 Forecast	1st half FY2021 Results	Change	%
Net sales	161.0	145.0	15.9	-
Operating income	2.4	1.9	0.4	-
Operating margin	1.5%	1.4%		+0.1p
Ordinary income	2.0	2.3	-0.3	-
Net income attributable to owners of the parent	0.5	0.7	-0.2	-

**Full-Year
Forecast**

(Billion JPY)

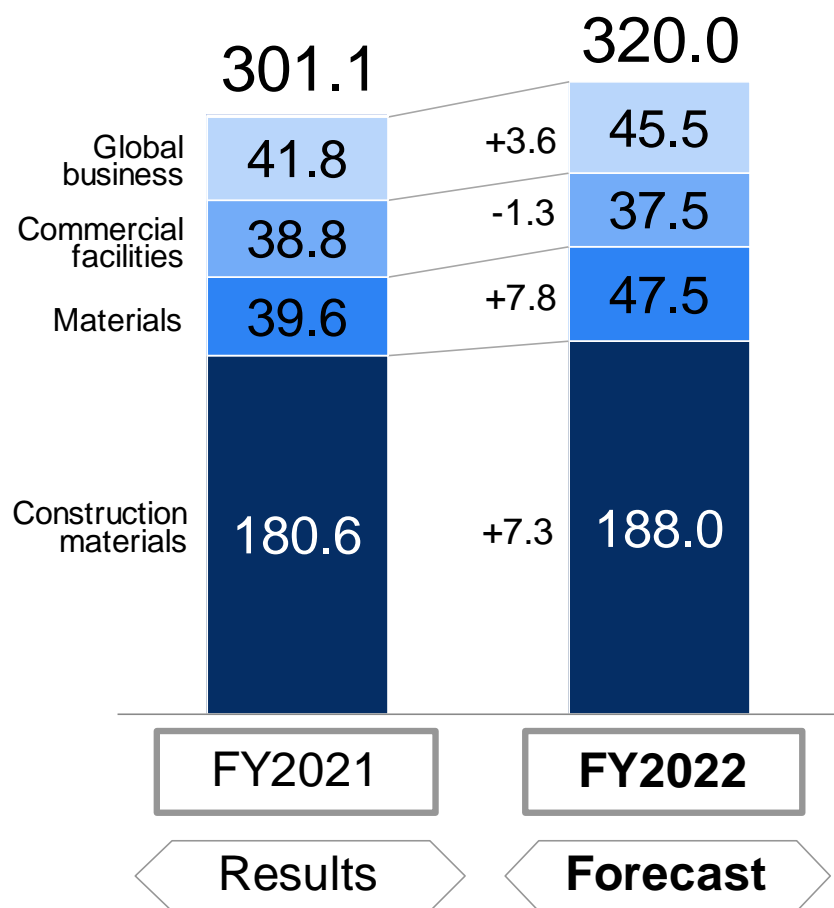
	FY2022 Forecast	FY2021 Results	Change	%
Net sales	320.0	301.1	18.8	-
Operating income	3.9	4.5	-0.6	-
Operating margin	1.2%	1.5%		-0.3p
Ordinary income	3.1	5.2	-2.1	-
Net income attributable to owners of the parent	0.4	1.6	-1.2	-

Note: Amounts are rounded down to the nearest 100 million JPY.

Since the "Accounting Standard for Revenue Recognition" will be applied from the beginning of the fiscal year ending May 2022, the rate of increase / decrease is not stated.

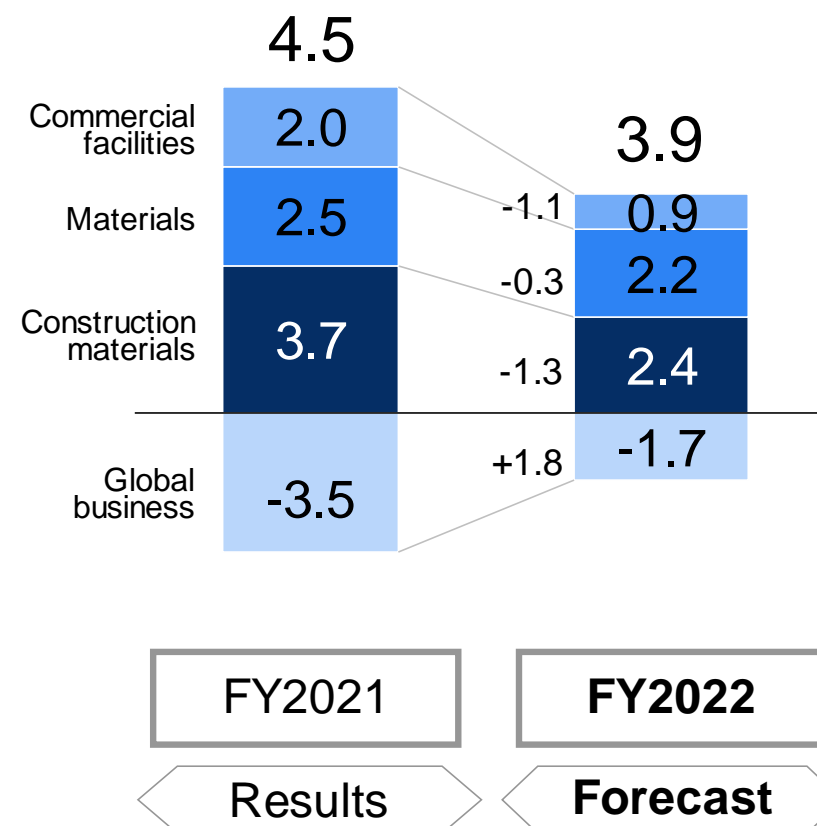
Net sales

Forecast **320.0** billion JPY
 Previous term results **301.1** billion JPY
 YoY **18.8** billion JPY

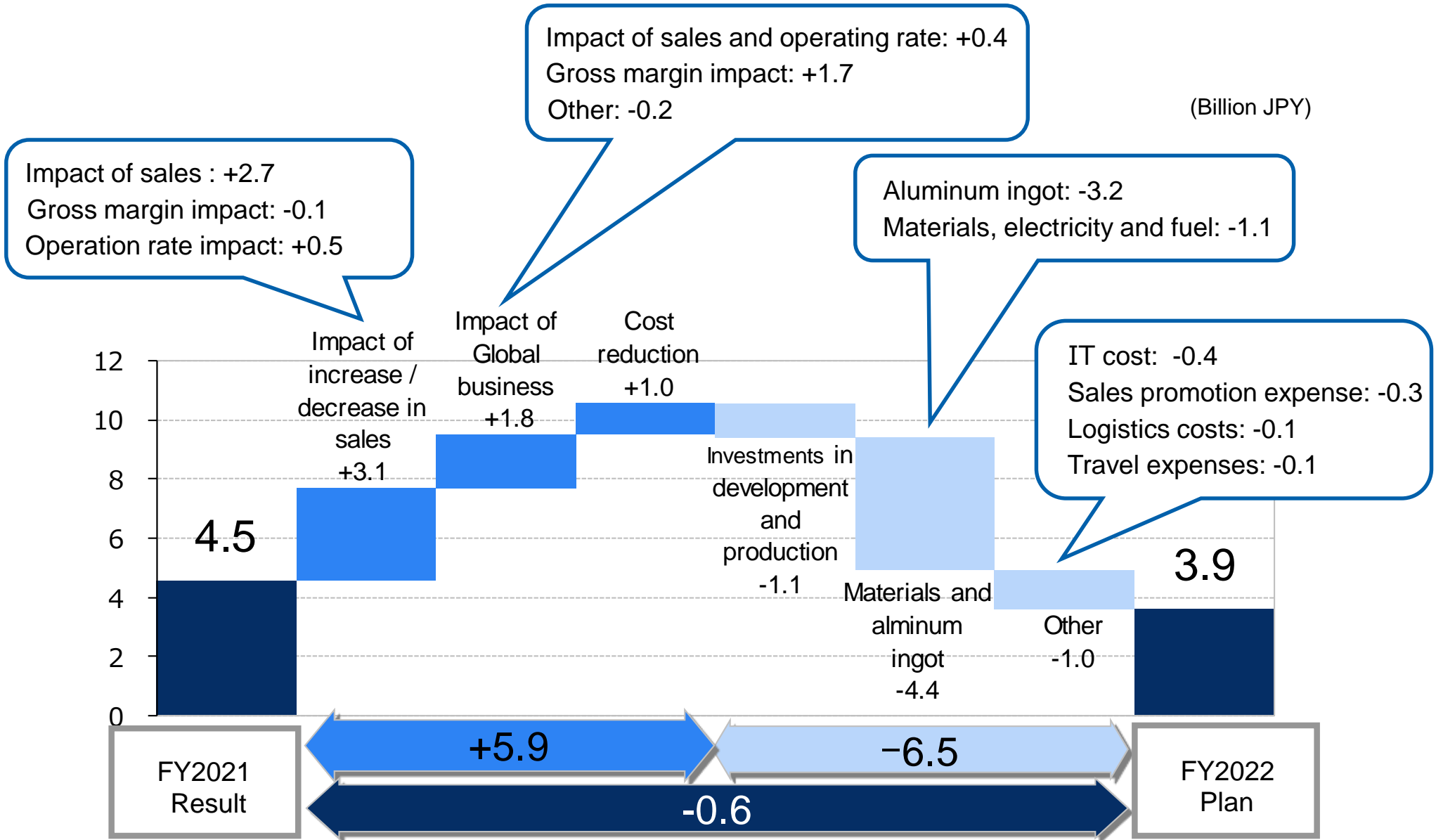


Operating income

Forecast **3.9** billion JPY
 Previous term results **4.5** billion JPY
 YoY **-0.6** billion JPY



Note: Amounts are rounded down to the nearest 100 million JPY.



Note: Amounts are rounded down to the nearest 100 million JPY.

Initiatives to promote Sustainability and Expand business areas

In June 2021, the Sustainability Promotion Department was established as a new organization.

We develop our CSR initiatives further aimed for harmony with the environment and society, and enhance corporate value through contributions to a sustainable society.



Joint initiatives with Daiwa House Industry Co., Ltd. Awarded orders for vegetable factories (Delivery expected in FY2022)

Case 1

Area: Kyushu area, Japan

Scale: Production capacity of **600 kg/day**
(Production item: Lettuces)

Order details: Contracts to construct and install plant factory equipment and licensing of technologies for cultivation and operations



Case 2

Area: Kanto area, Japan

Scale: Production capacity of **2,200 kg/day**
(Production item: Lettuces)

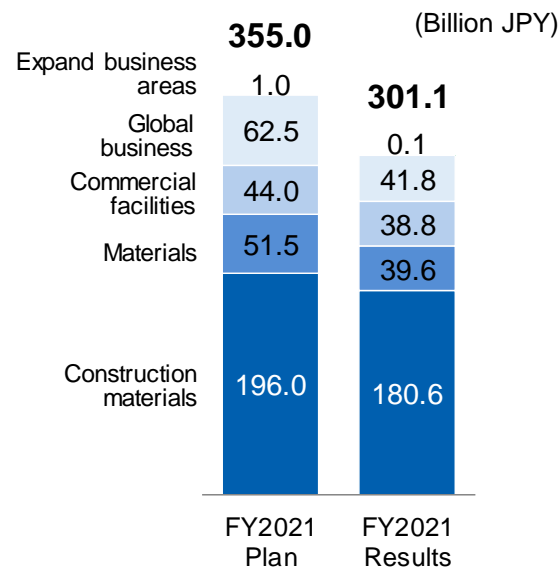
Order details: Contracts to construct and install plant factory equipment and licensing of technologies for cultivation and operations



VISION2030 and Medium-Term Management Plan

1. Review of Previous Medium-Term Management Plan SankyoTateyama, Inc.

◆ Net sales



Net sales

Unachieved

- Operations scaled down due to the impact of COVID-19 pandemic
- Stagnation of expansion of businesses positioned as growth businesses

Construction Materials

Unachieved

- New housing starts decreased due to the COVID-19 pandemic

Materials

Unachieved

- Significantly affected by the U.S.-China trade friction and severe competition in the market in the COVID-19 pandemic
- Decrease in sales, which are linked with aluminum ingot price

Commercial Facilities

Unachieved

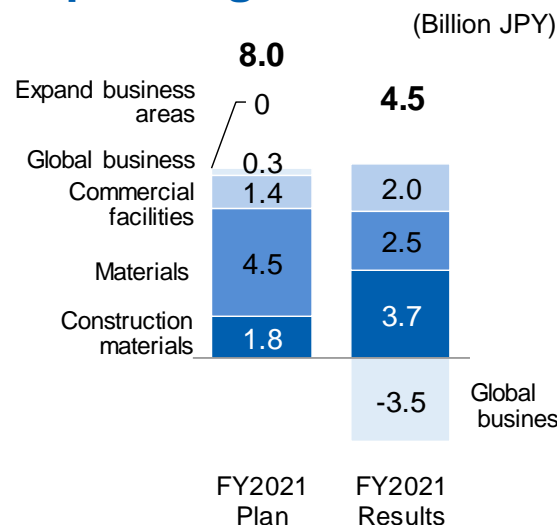
- Decline in demand related to new store openings of retailers

Global Business

Unachieved

- Decrease in sales volume attributed to a decline in demand in major segments, which resulted from the deteriorating economy in Europe and the COVID-19 pandemic

◆ Operating income



Operating income

Unachieved

- Business operating in Japan secured income as planned. On the other hand, deficit increased in Global Business. Overall operating income was around 50% of the plan in the final fiscal year.
- Net income attributable to owners of parent turned positive in the final fiscal year.

Construction Materials

Achieved

- Fall in aluminum ingot price and profitability improvement contributed to the income.

Materials

Unachieved

- Impact of a decline in sales attributed to the U.S.-China trade friction and COVID-19 pandemic

Commercial Facilities

Achieved

- Orders for projects to introduce labor-saving equipment and improved profitability were successful

Global Business

Unachieved

- Impact of a decline in sales volume attributed to the deteriorating economy in Europe and COVID-19 pandemic

Note: Amounts are rounded down to the nearest 100 million JPY.

VISION 2030

(FY2031)

Contribute to sustainable and good life

- Building an environmentally friendly, secure, and comfortable society -

Diversified management

- Well-balanced business portfolio -

First phase toward VISION2030

Basic policies of the medium-term management plan

(FY2022 to FY2024)

**Establish sound management in terms of profits
and become a corporate group with stable growth**

Contribute to sustainable and good life

- Building an environmentally friendly, secure, and comfortable society -

Environmentally friendly

- Reduce CO₂ emissions
- Recycle aluminum and other resources

Secure society

- Maintain and renew social infrastructures and make them resilient
- Respond to digitalization

Comfortable life

- Pursue further usability and comfortable spaces
- Respond to various lifestyles and workstyles

Directions of our businesses

Construction Materials

Core

Develop attractive products and expand business areas to achieve growth and higher profitability

Materials

Returning to growth

Achieve sustainable growth by securing stable profit and expanding growth businesses

Commercial Facilities

Expand business areas by strengthening the commercial space business

Global Business

Structural reform

Transform into a business that can contribute to profit

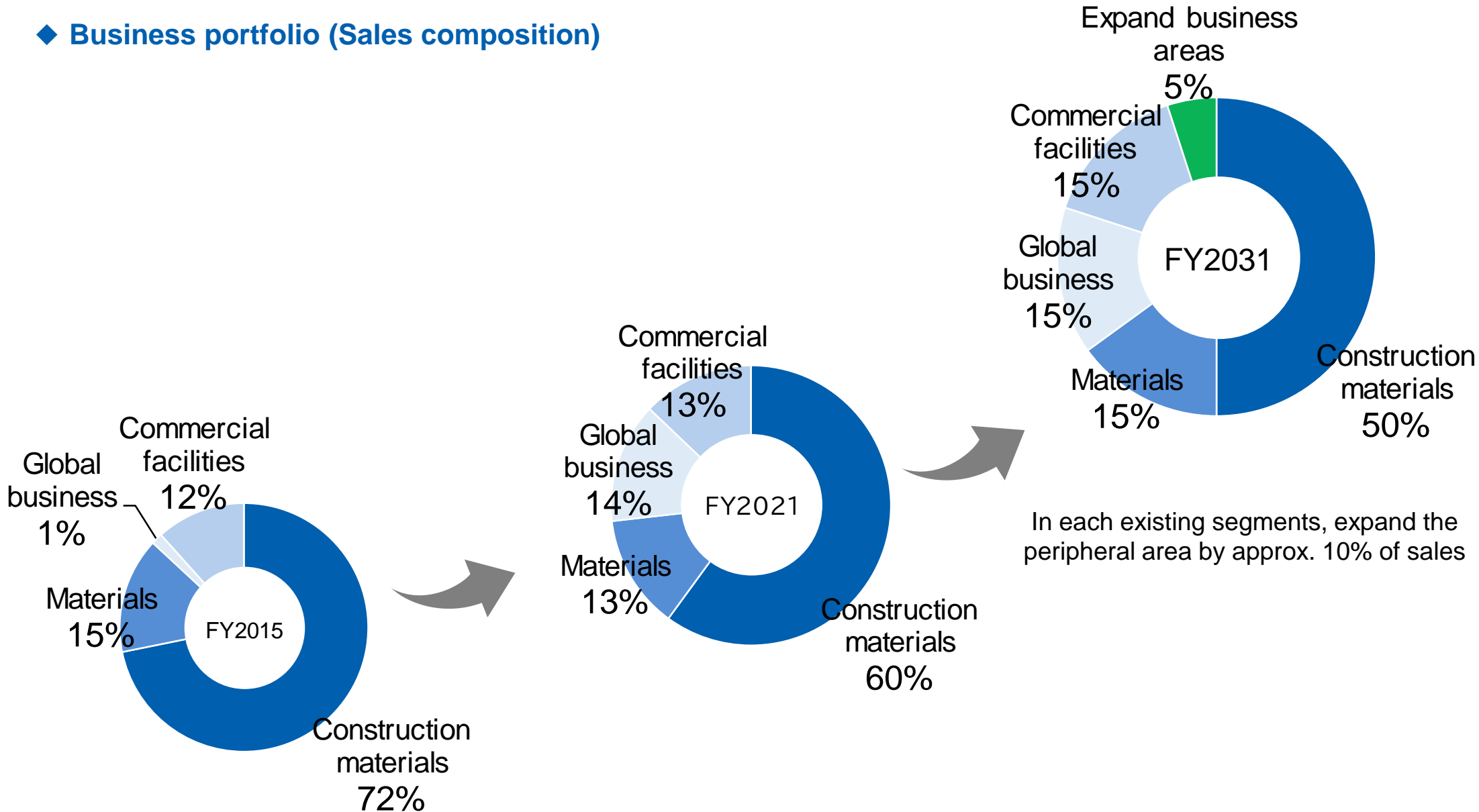
Expand business areas

Exploration and development

Open up the next business area for tackling social issues

Diversified management
- Well-balanced business portfolio -

◆ **Business portfolio (Sales composition)**



◆ Basic policies of the medium-term management plan (FY2022 to FY2024)

Establish sound management in terms of profits and become a corporate group with stable growth

1. Accomplish the reform of **Global Business**
2. Respond to the changing domestic market by **focusing on our strengths and pursuing efficiency**
3. Make preparations to achieve long-term growth
Strengthen sustainability initiatives
Create new strengths
Expand business areas

FY2024 Targets

Net sales **330.0** billion JPY

Operating income **9.0** billion JPY

Profit soundness



Stabilize profit

- Global** Promote the STEP-G business structural reform



Focus on strengths

- Construction Materials** Shift resources to highly profitable business areas
- Materials** Secure sales volume of construction materials in existing business areas
- Commercial Facilities** Obtain further orders by taking advantage of customer service capability

Establish a foundation for stable growth



Pursue efficiency

- Promote operational reforms
- Build new workstyles

Strengthen sustainability initiatives

- June 2021: Establish Sustainability Promotion Department and Sustainability Policy Committee

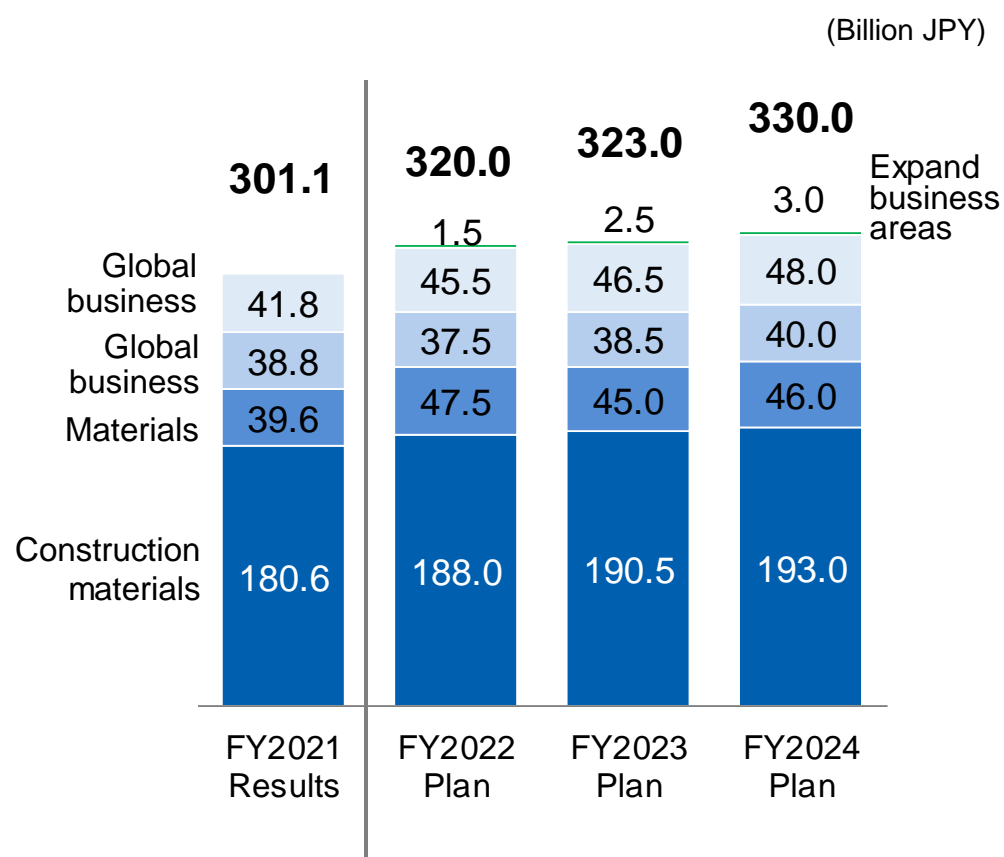
Create new strengths

- Construction Materials** Strengthen remodeling and renovation business
- Commercial Facilities** Develop new products which take advantage of direct sales
- Materials** Expand transportation business
Expand market by responding to replacement demand and finding new uses*
*Needs related to the environment and recycling

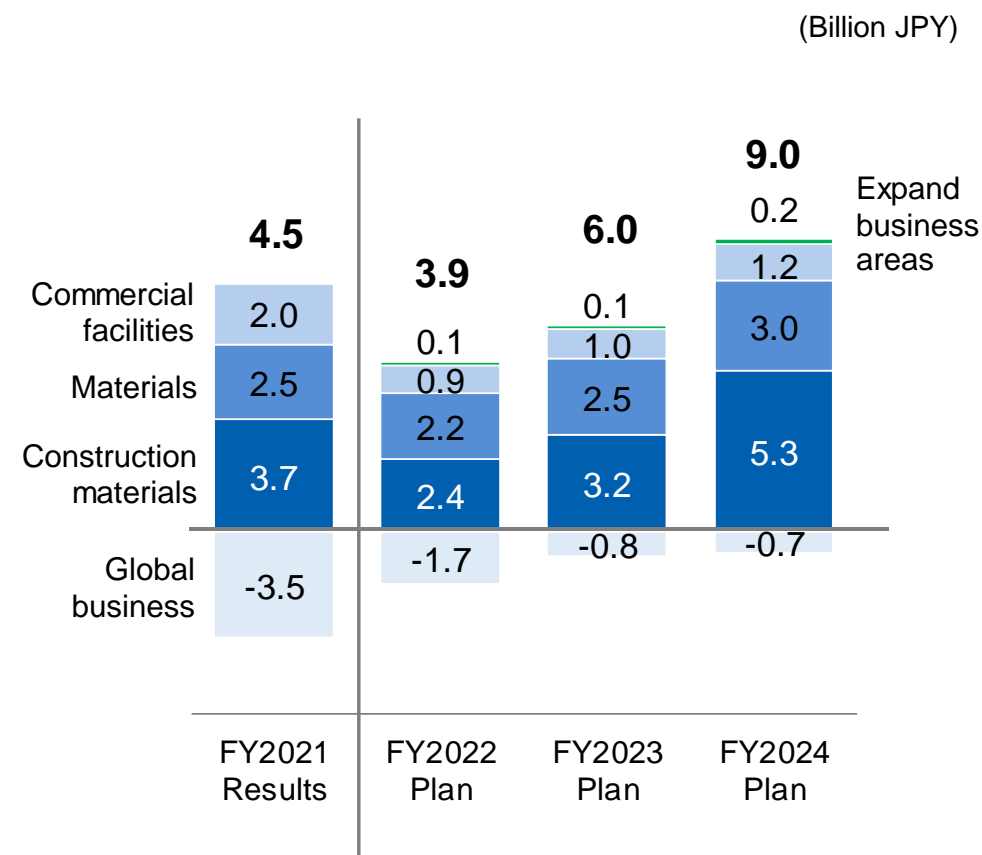
Expand business areas

- Increase sales in plant factory business
- Search for new businesses and feasibility study

◆ Net sales



◆ Operating income



Note: Amounts are rounded down to the nearest 100 million JPY.

Reference



Avoid the “Three Cs” / Ensure ventilation

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

✓ Outdoor living

Jun.-May Sales
YoY **130%**

Jun.-May Sales
YoY **125%**



”Raku Shade”

Roll screen that realizes eco and energy saving

”Soranoma”

Easy outdoor living (open deck) Creating a relaxing space that meets your family's lifestyle.

✓ Screen door for entrance

Jun.-May Sales
YoY **129%**



”Accordion Amido” Screen Door

”Temanon Amido”
Screen Door
Installed on the front door or sliding door to bring in the breeze. The ”Temanon Amido Screen Door” can be easily removed and washed, so it is always clean.

✓ Ventilation storm panels

Jun.-May Sales
YoY **116%**



”Airfree”

In contrast to conventional storm door panels this product can keep the room bright and ventilated even when it is closed.

✓ Balanced backflow prevention window

✓ Natural ventilation system

Jun.-May Sales
YoY **153%**



”Swindow”

Natural ventilation windows that open and close automatically by the force of the wind for facilities and apartments



”ARM-S@NAV”

Incorporate wind into the building using wind and gravity



Stay-at-home life

✓ Garden room

Jun.-May Sales
YoY **136%**



"Happina Rela"

Provides a comfortable, relaxing space during the day or night

✓ Aluminum interior

Jun.-May Sales
YoY **111%**



"AMiS"

Movable partitions to create a space for home office

✓ Outdoor living

Jun.-May Sales
YoY **102%**



Artificial wood deck "Hitotoki Cures"

A genuine wood-like deck that is particular about realism

Prevention for droplet and contact infection

✓ Delivery box

Jun.-May Sales
YoY **108%**



"Fulemus / Fulemus Light"

Allows a package to be received with or without people on site avoiding direct contact with the delivery person

✓ Droplet guard



Introduced mainly to food supermarkets as part of reducing the risk of infection for employees and customers when serving customers at cash registers

Business Environment

	Target period	2018	2019	2020
[Construction materials business (housing) index] The number of new housing starts	Apr.-Mar.	953 thousand units (+0.7% yoy)	884 thousand units (-7.3% yoy)	812 thousand units (-8.2% yoy)
The number of new housing starts [Owner-occupied houses]	Apr.-Mar.	288 thousand units (+2.0% yoy)	283 thousand units (-1.5% yoy)	263 thousand units (-7.1% yoy)
The number of new housing starts [House for rent]	Apr.-Mar.	390 thousand units (-4.9% yoy)	335 thousand units (-14.2% yoy)	303 thousand units (-9.5% yoy)
[Construction materials business (Building) index] Floor area of non-wooden structure starts	Apr.-Mar.	75.1 million m ² (-2.8% yoy)	70.1 million m ² (-6.7% yoy)	64.5 million m² (-8.0% yoy)
[Materials business index] Aluminum extrusion weight [Excluding sashes and doors]	Jun.-May	35.8 thousand tons (-2.4% yoy)	33.8 thousand tons (-5.6% yoy)	32.1 thousand tons (-5.0% yoy)
[Commercial facilities business index] The number of new building starts [Stores]	Apr.-Mar.	7,248 buildings (-7.7% yoy)	6,158 buildings (-15.0% yoy)	5,010 buildings (-18.6% yoy)
[Global business index] Vehicle production Germany	Apr.-Mar.	4959 thousand units (-10.8% yoy)	4417 thousand units (-10.9% yoy)	3434 thousand units (-22.3% yoy)
Vehicle production Thailand	Apr.-Mar.	2189 thousand units (+7.1% yoy)	1906 thousand units (-12.9% yoy)	1440 thousand units (-24.4% yoy)
[Aluminum ingot Average value (The Nikkei)]	Jun.-May	275.3 JPY/kg (-4.5% yoy)	236.3 JPY/kg (-14.2% yoy)	261.1 JPY/kg (+10.5% yoy)

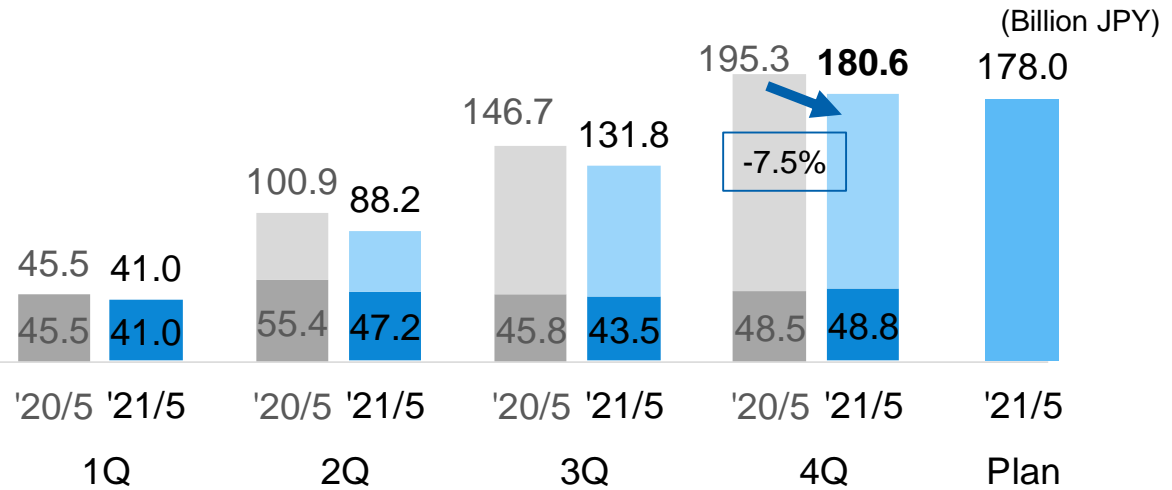
(): Year-on-year comparison

Net sales

180.6 billion JPY

YoY **-14.6** billion JPY
(-7.5%)

- Promoted products that cater to demand arising from longer hours spent at home, which was offset by factors including new housing starts that remained below the level of the previous fiscal year.

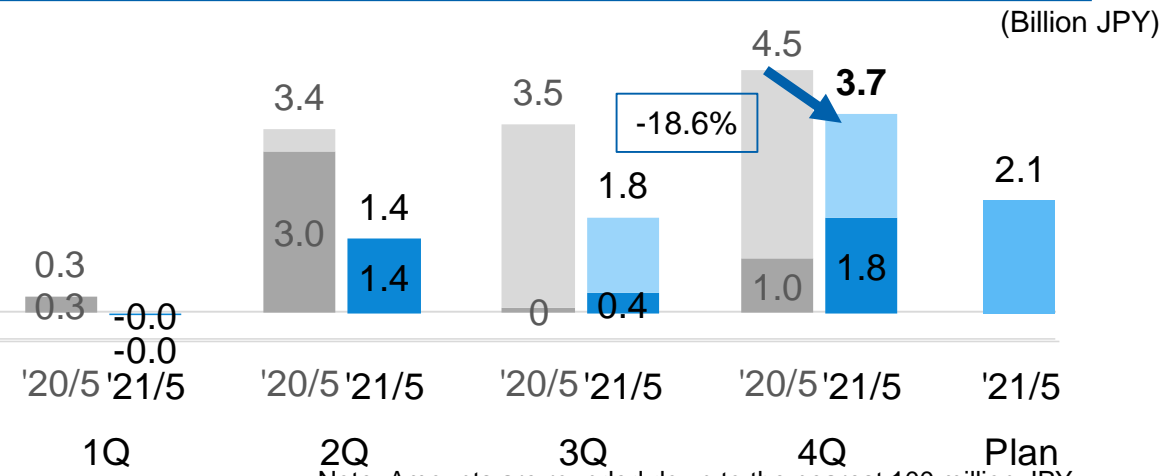


Operating income

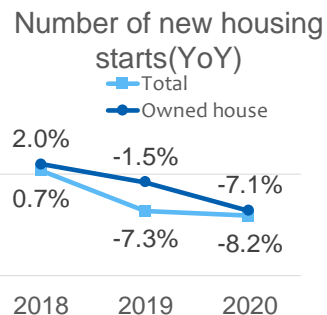
3.7 billion JPY

YoY **-0.8** billion JPY
(-18.6%)

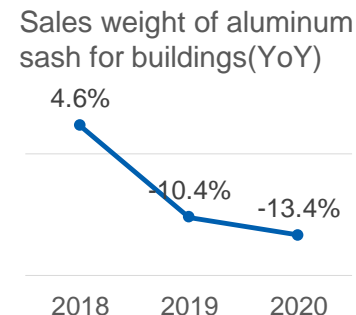
- Promoted measures to hold down SG&A expenses and improve gross profit, which was offset by factors including a decrease in sales.



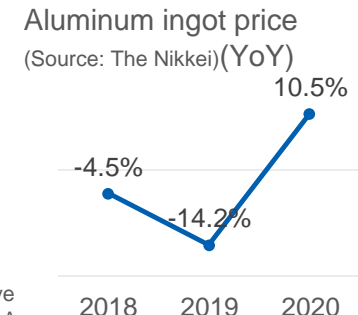
Business environment



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



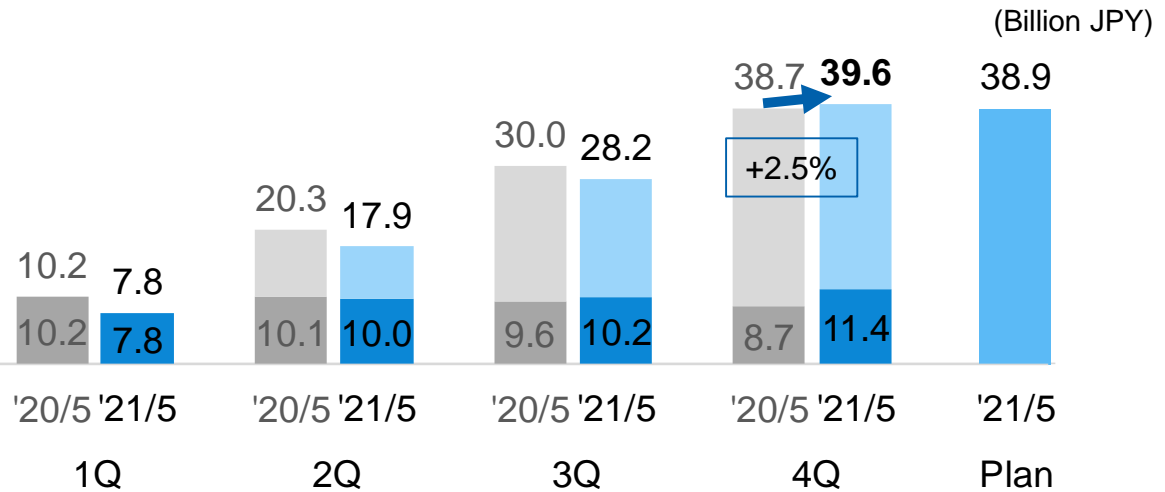
Cumulative total from Apr. to Mar. 2018 2019 2020 Cumulative total from Jun. to May

Net sales

39.6 billion JPY

YoY **+0.9** billion JPY
(**+2.5%**)

- The competitive environment has been tough due to the decline in demand in the aluminum extrusion market, which was offset by factors including the recovery of demand related to general machinery and transportation equipment and the increase in sales, which were linked with the aluminum ingot market, in 3Q and thereafter.

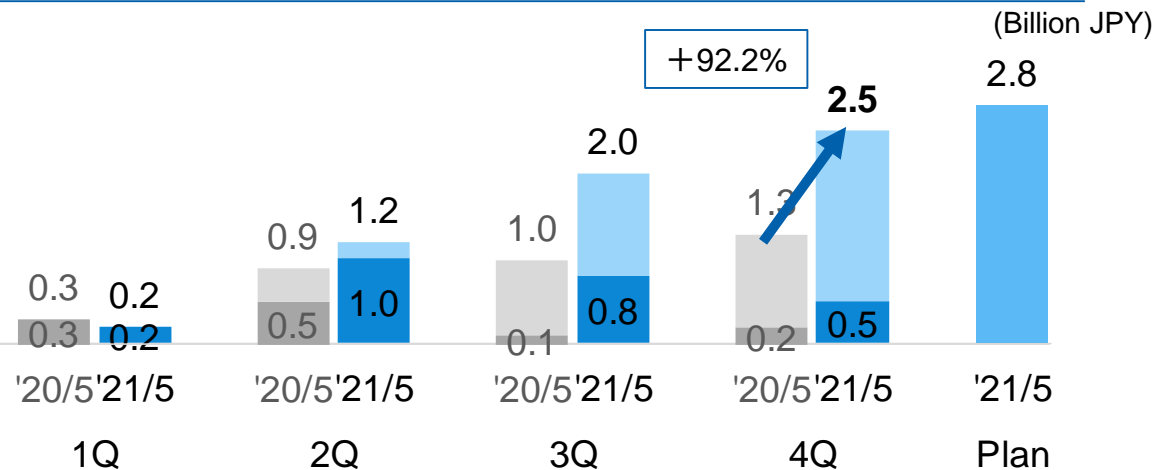


Operating income

2.5 billion JPY

YoY **+1.2** billion JPY
(**+92.2%**)

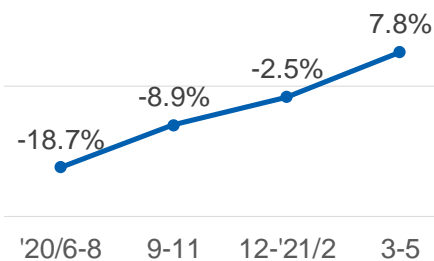
- Increase in sales of processed products, reduced SG&A expenses, etc.



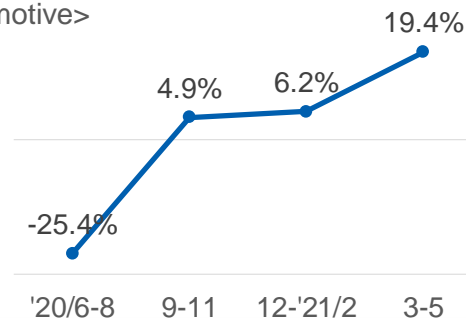
Business environment

Domestic aluminum extrusion weight (YoY)

<General machine>



<Automotive>



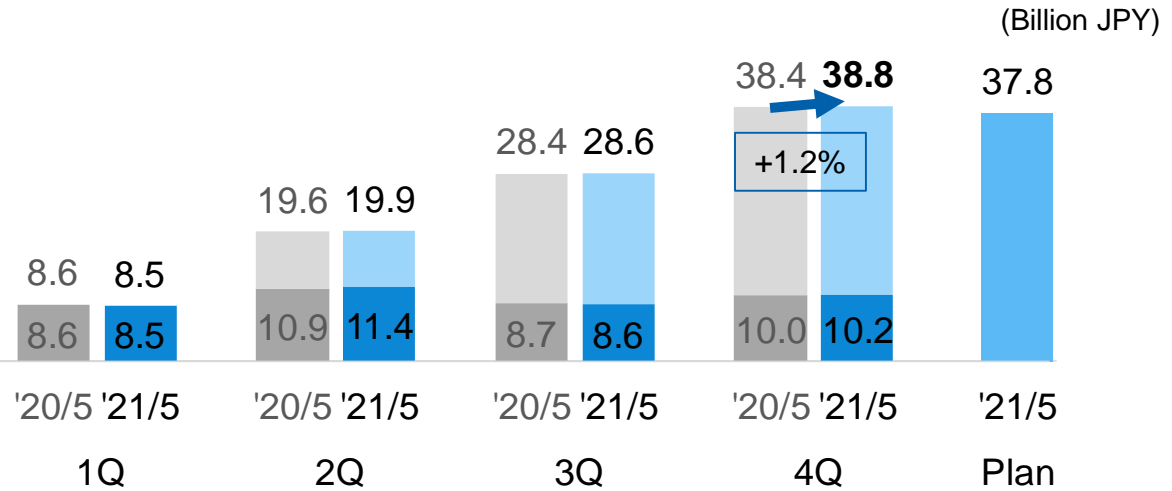
Note: Amounts are rounded down to the nearest 100 million JPY.
Source: Statistics by Japan Aluminum Association

Net sales

38.8 billion JPY

YoY **+0.4** billion JPY
(+1.2%)

- Demand related to new store openings declined among retailers, which was offset by meeting demand for renovating existing stores, including the reduction of labor, etc.

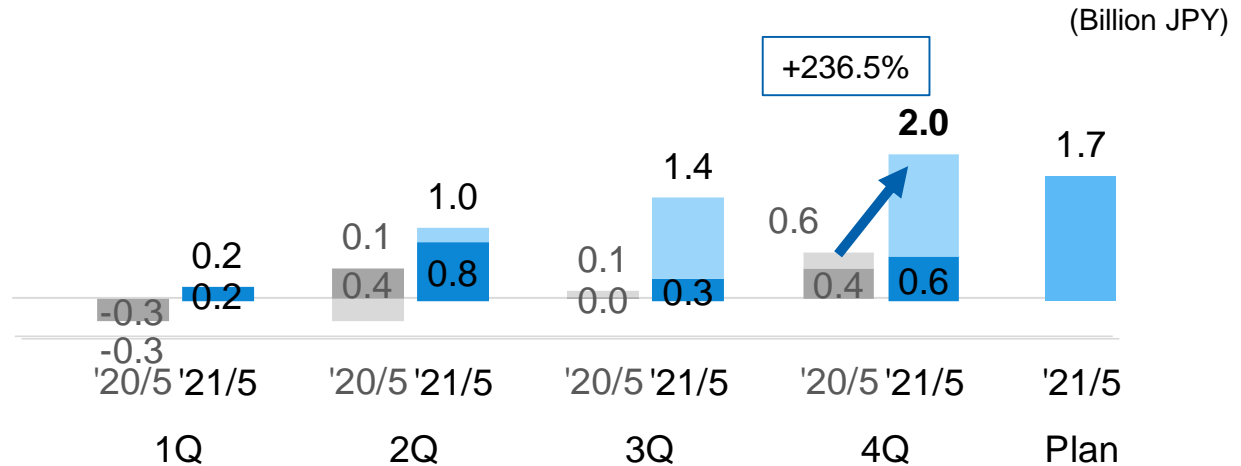


Operating income

2.0 billion JPY

YoY **+1.4** billion JPY
(+236.5%)

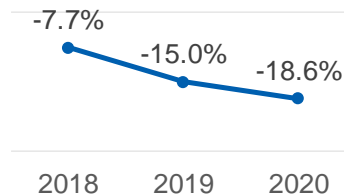
- Reduction of SG&A expenses through increased operation efficiency.
- Improvement of production cost, etc.



Note: Amounts are rounded down to the nearest 100 million JPY.

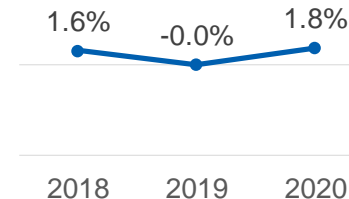
Business environment

Number of new building starts (Stores)
(YoY)



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

Retail sales amount (Whole)
(YoY)



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

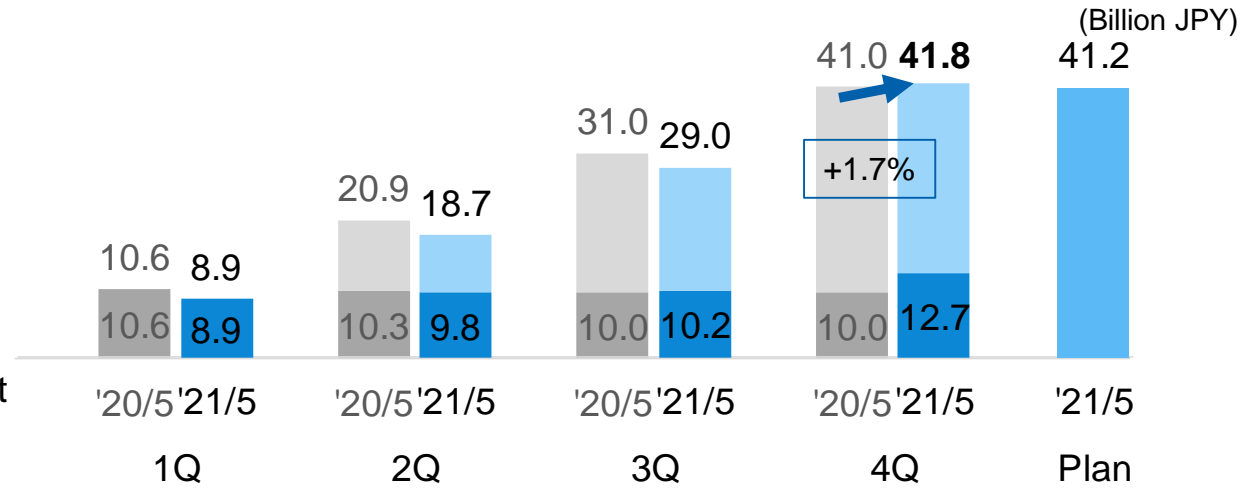
Cumulative total from Apr. to Mar.

Net sales

41.8 billion JPY

YoY **+0.7 billion JPY**
(+1.7%)

- Demand declined in major segments, which was offset by a significant market recovery, mainly in the automotive segment in 3Q and thereafter.

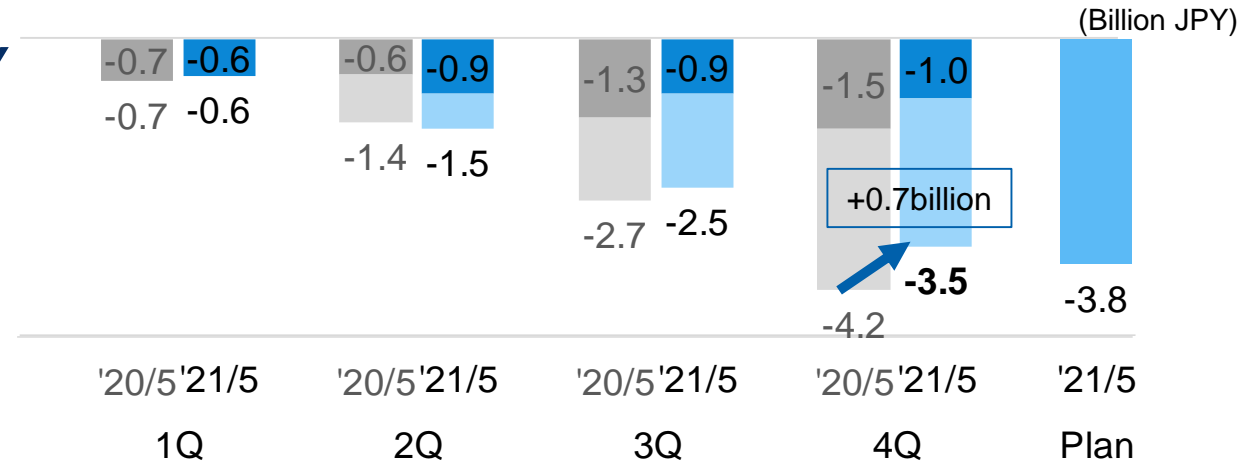


Operating income

-3.5 billion JPY

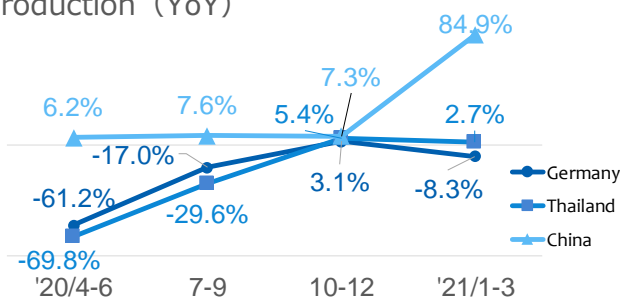
YoY **+0.7 billion JPY**
(-16.4%)

- Reduced expenses in Europe.
- Profitability improvement attributed to an increase in sales volume in Thailand.

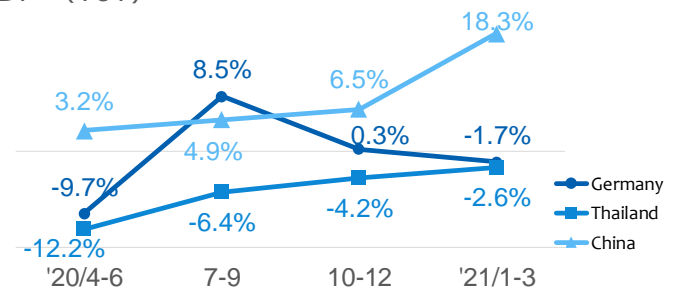


Business environment

Car production (YoY)



GDP (YoY)



Note: Amounts are rounded down to the nearest 100 million JPY.

Balance Sheet

FY2020

FY2021

(Billion JPY)

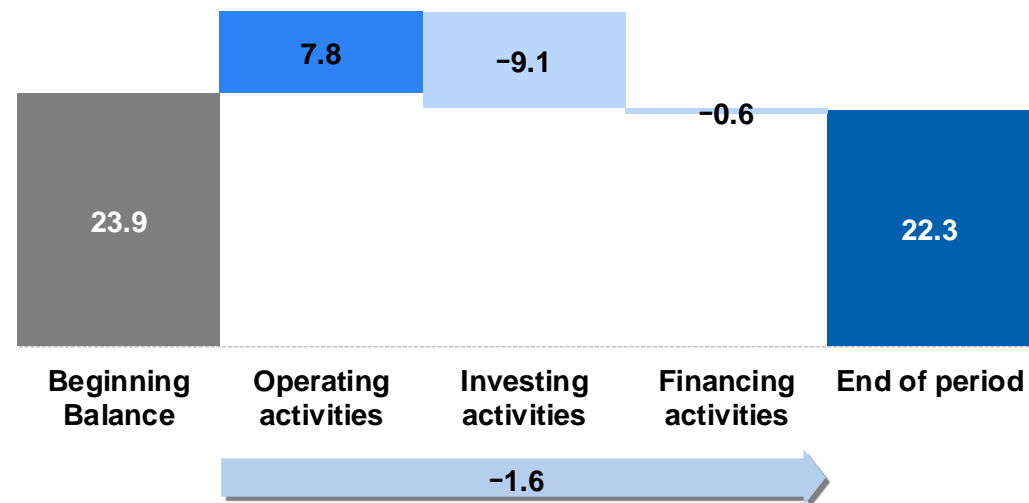
Current assets 123.9	Current liabilities 110.2	Current assets 126.8	Current liabilities 107.2
Fixed asset 122.0	Fixed liabilities 57.3	Fixed asset 126.0	Fixed liabilities 61.5
Net assets 78.3		Net assets 84.0	

	End of FY2020	End of FY2021	YoY
Total assets	245.9	252.9	6.9
Equity	74.9	81.3	6.3
Capital adequacy ratio	30.5%	32.1%	1.6p
Interest-bearing dept	66.6	69.0	2.3
Interest-bearing dept ratio	88.9%	84.9%	-4.0p

* Equity: net assets – non-controlling interests
 Capital adequacy ratio: equity / total assets
 Interest-bearing: short-term loans + long-term loans + corporate bonds
 Interest-bearing ratio: total amount of interest-bearing debt / equity

Statement of Cash Flows

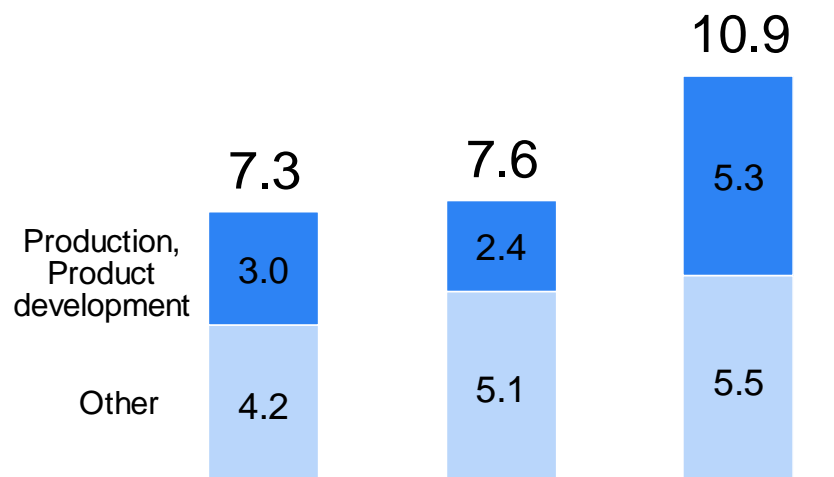
(Billion JPY)



Cash flows from operating activities	7.8	Cash flows from investing activities	-9.1	Cash flows from financing activities	-0.6
Profit (loss) before income taxes	4.6	Purchase of tangible fixed assets	-7.0	Net increase (decrease) in short-term loans	7.4
Depreciation	8	Other, net	-2.0	Proceeds from long-term borrowings	23.2
Decrease (increase) in inventories	-1.3			Repayments of long-term borrowings	-18.2
Increase (Decrease) in trade payables	0.5			Redemption of bonds	-10.5
Increase (Decrease) in trade payables	0.3			Dividends paid	-0.1
Income taxes paid	-1.9			Other, net	-2.3
Other, net	-2.5				

Note: Amounts are rounded down to the nearest 100 million JPY.

(Billion JPY)



		FY2020 Result	FY2021 Result	FY2022 Plan
Production, Product development	Product development, Streamlining	1.4	1.1	2.4
	Repairs, etc.	1.5	1.2	2.9
Other	Software	1.0	0.8	0.8
	Overseas subsidies	2.8	3.6	4.0
	Other	0.3	0.7	0.6
Total		7.3	7.6	10.9
Depreciation expense		8.0	8.0	8.4

Note: Amounts are rounded down to the nearest 100 million JPY.

Scope of consolidation and equity method

	End of FY2020	End of FY2021	YoY
Consolidated subsidiaries	49	47	-2
Equity method-applied companies	7	7	-
Total	56	54	-2

Status of personnel (Regular employees)

	End of FY2020	End of FY2021	YoY
Sankyo Tateyama, Inc.	5,308	5,138	-170
Consolidated subsidiaries	5,573	5,439	-134
Total	10,881	10,577	-304

Aluminum Ingot Price and Exchange Rates

		average	FY2020 Results	FY2021 Plan	FY2021 Results	FY2022 Plan
Aluminum ingot price (Nikkei Aluminum average)		Jun.-May	236.3 JPY/kg	236.0 JPY/kg	261.1 JPY/kg	325.0 JPY/kg
Exchange rates	USD	Apr.-Mar.	108.7 JPY	110.0 JPY	106.1 JPY	110.0 JPY
	EUR	Apr.-Mar.	120.8 JPY	123.0 JPY	123.8 JPY	127.0 JPY
	THB	Apr.-Mar.	3.5 JPY	3.5 JPY	3.4 JPY	3.5 JPY
	CNY	Apr.-Mar.	15.6 JPY	16.0 JPY	15.7 JPY	16.3 JPY



Sustainable Development Goals (SDGs) comprise the ideals for a world where everyone 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
E environment	
S society	
G 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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