

# **Financial Results for 1Q FY2023**

**(June 1, 2022 – August 31, 2022)**

**October 6, 2022**

 **SankyoTateyama, Inc.**

## ✓ 1Q FY2023, sales increased while operating income decreased YoY.

### <Japan>

Efforts were made to ensure that revenue improvements and price revisions are implemented in response to rising aluminum ingot, energy and material prices. Operating income, which decreased by 1Q FY2022, is expected to recover after the 2Q given the effects of additional price revisions.

### <Overseas>

STEP-G, a European subsidiary, had a profit impacts, due to soaring electricity prices and a sharp change in aluminum ingot prices. However, no revisions will be made to the plan of achieving profitability in the FY2023 because revenue is improving as expected and, in addition, the volume of EV-related sales is rising more than expected.

## Financial results

(Billion JPY)

	1Q FY2023	1Q FY2022	Year-on-year Change	
	Results	Results		%
<b>Net sales</b>	<b>87.5</b>	78.2	9.3	11.9%
<b>Operating income</b>	<b>-0.9</b>	1.5	-2.4	-
<b>Operating margin</b>	<b>-1.1%</b>	1.9%	—	-3.0p
<b>Ordinary income</b>	<b>-0.7</b>	1.3	-2.1	-
<b>Net income attributable to owners of the parent</b>	<b>-1.0</b>	0.6	-1.6	-

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

### ◆ Sales increased approx. 9.3 billion JPY

Sales increased, mainly reflecting sales linked to the aluminum ingot market in the Materials business and Global business and price revisions in the Construction Materials business.

### ◆ Operating income decreased approx. 2.4 billion JPY

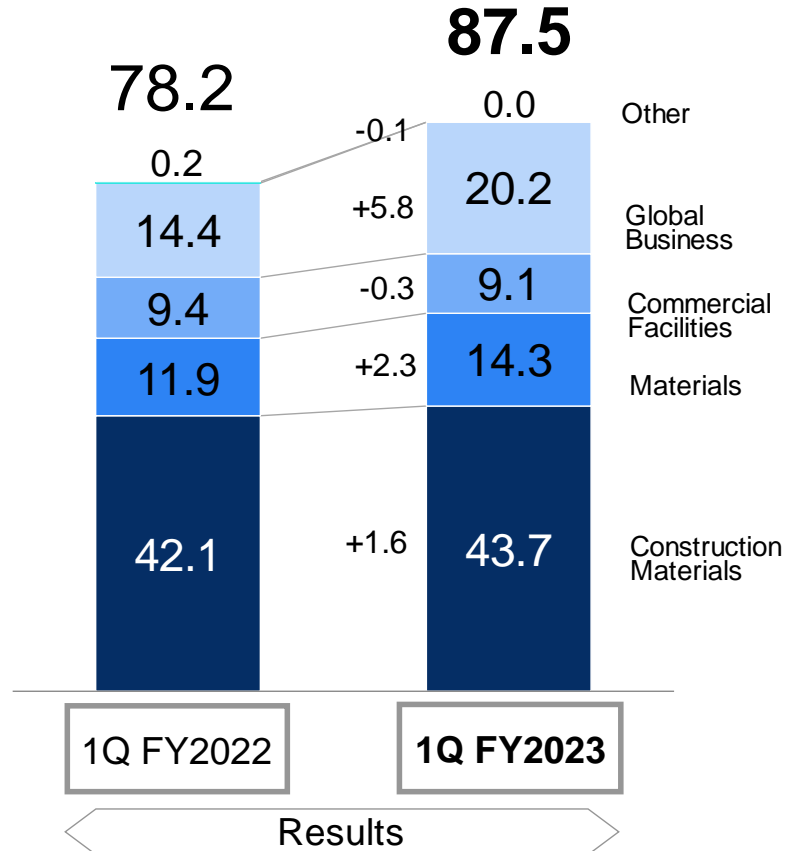
Operating income decreased in both domestic and global businesses due to the impact of rising prices for materials including aluminum ingots.

\* Forecasts for financial results and dividends remain unchanged as of the end of the 1Q

## Net sales

**87.5** billion JPY

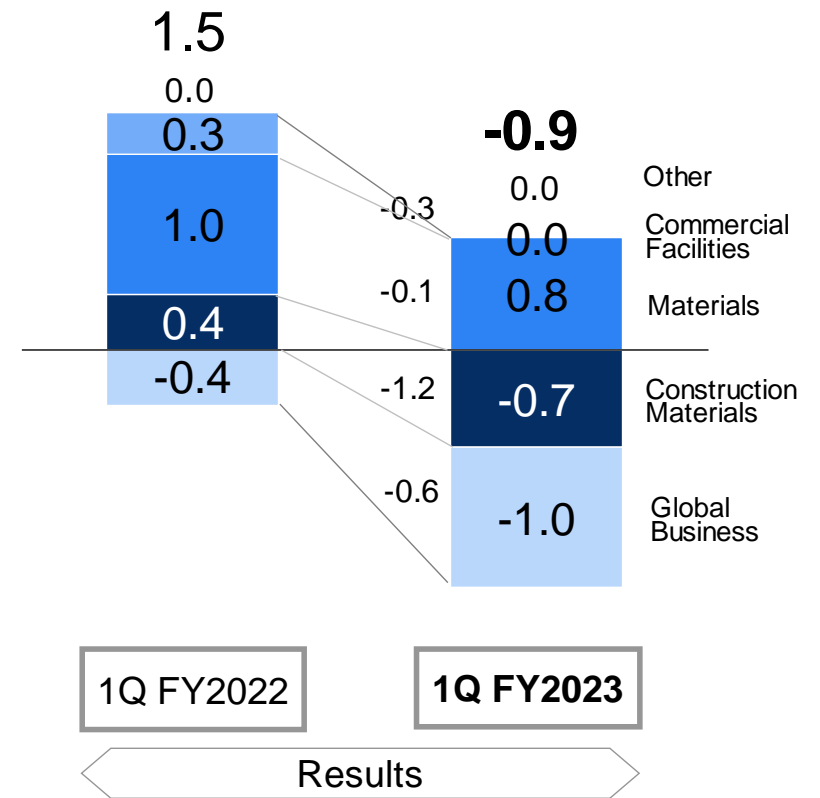
Change YoY **+9.3** billion JPY  
( **+11.9%** )



## Operating income

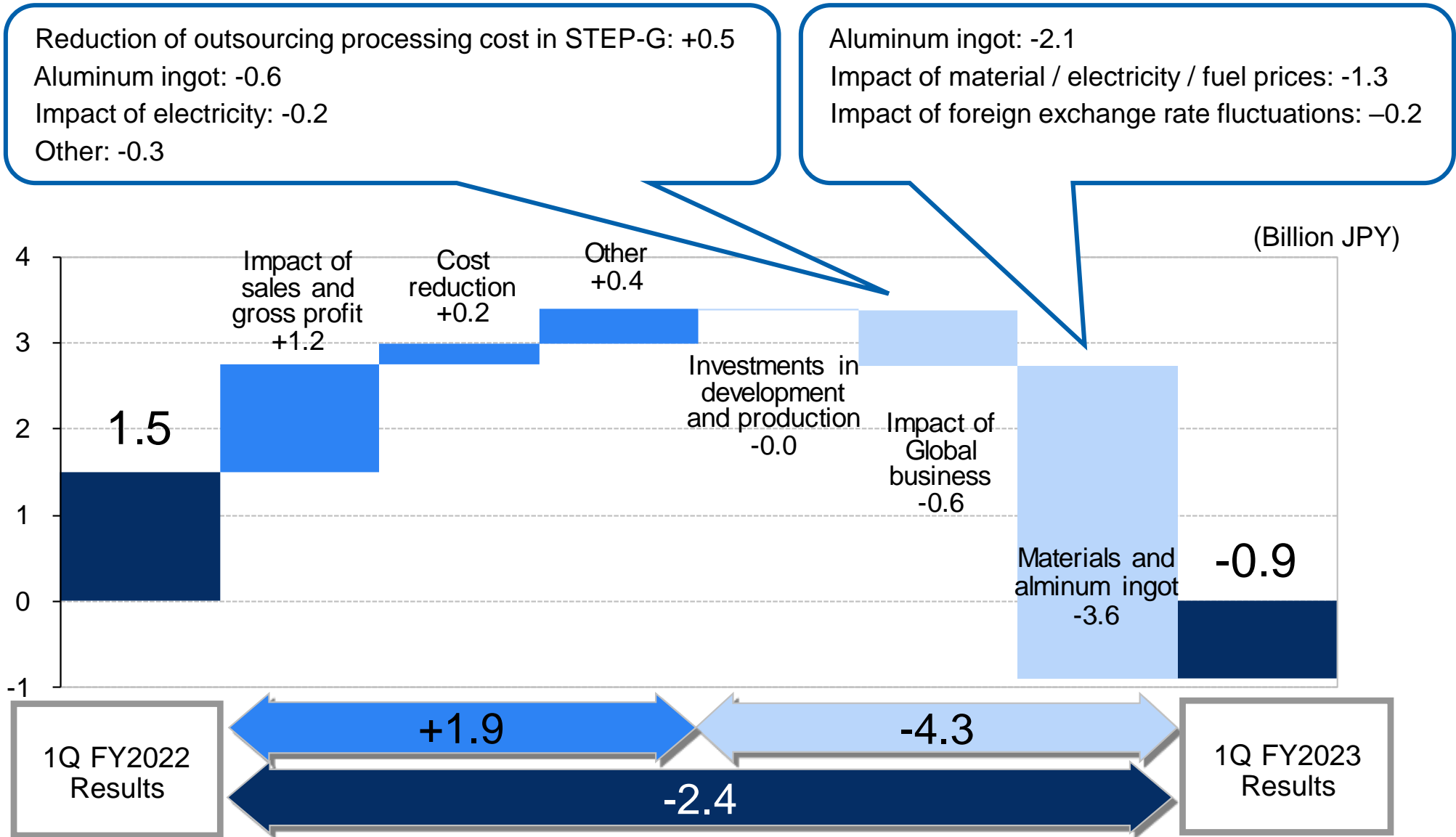
**-0.9** billion JPY

Change YoY **-2.4** billion JPY



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

# Factors for Change in Operating Income for 1Q FY2023: Year-on-Year Comparison



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

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

# Topics



## Establishment of a joint research course in collaboration with the University of Toyama (The project is for the innovation of aluminum recycling and extruding)

Sankyo Tateyama, Inc. and the University of Toyama established the joint research course in the Institute of Light Metals (ILM)\* in August 2022.

\*Institute of Light Metals (ILM): ILM is Japan's first international research and education center for light metals, established by Kumamoto University and the University of Toyama in 2021. It has been certified as a joint research center by the Minister of Education, Culture, Sports, Science, and Technology.

Making aluminum products from recycled materials only takes around 3% of the energy needed to make products from new aluminum. Therefore, using recycled aluminum reduces CO2 emissions. On the other hand, impurity elements mixed through the recycling process limit recycled material usage, and it is necessary to develop a method of removing them from recycled materials.



Press conference

### ■ Research subjects

- (i) Developing a method of removing impurity elements from aluminum scraps
- (ii) Developing ultra-high-strength aluminum alloys optimizing extrusion and heat treatment process

# Reference



	Target period	2020	2021	2022
[Construction materials business (housing) index] The number of new housing starts	Apr.-Jun.	204 thousand units (-12.6% yoy)	221 thousand units (+8.3% yoy)	<b>218 thousand units (-1.3% yoy)</b>
The number of new housing starts [Owner-occupied houses]	Apr.-Jun.	64 thousand units (-18.2% yoy)	72 thousand units (+11.7% yoy)	<b>66 thousand units (-8.9% yoy)</b>
The number of new housing starts [House for rent]	Apr.-Jun.	76 thousand units (-12.3% yoy)	84 thousand units (+10.6% yoy)	<b>86 thousand units (+2.5% yoy)</b>
[Construction materials business (Building) index] Floor area of non-wooden structure starts	Apr.-Jun.	17.2 million m <sup>2</sup> (-8.9% yoy)	18.1 million m <sup>2</sup> (+5.7% yoy)	<b>19.3 million m<sup>2</sup> (+6.3% yoy)</b>
[Materials business index] Aluminum extrusion weight [Excluding sashes and doors]	Jun.-Aug.	72 thousand tons (-17.8% yoy)	82 thousand tons (+14.8% yoy)	<b>77 thousand tons (-6.1% yoy)</b>
[Commercial facilities business index] The number of new building starts [Stores]	Apr.-Jun.	1,259 buildings (-31.7% yoy)	1,416 buildings (+12.5% yoy)	<b>1,612 buildings (+13.8% yoy)</b>
[Global business index] Vehicle production Germany	Apr.-Jun.	475 thousand units (-61.2% yoy)	797 thousand units (+67.8% yoy)	<b>851 thousand units (+6.7% yoy)</b>
Vehicle production Thailand	Apr.-Jun.	152 thousand units (-69.8% yoy)	379 thousand units (+148.5% yoy)	<b>390 thousand units (+3.0% yoy)</b>
[Aluminum ingot Average value (The Nikkei)]	Jun.-Aug.	225.0 JPY/kg	342.4 JPY/kg	<b>410.2 JPY/kg</b>

( ): Year-on-year comparison

# Business Environment and Financial Results

## - Construction materials business -

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

### Net sales

(Billion JPY)

	Quarterly			Total		
	FY2022	FY2023	Change YoY(*1)	FY2022	FY2023	Change YoY(*1)
1Q	42.1	<b>43.7</b>	+1.6	+3.8%		
2Q						
3Q						
4Q						
				FY2023 Plan	<b>193.0</b>	

- With new housing starts declining YoY, sales of exterior materials and housing materials remained at the year-ago level.
- In building construction materials, renovation-related demand grew steadily.

### Operating income

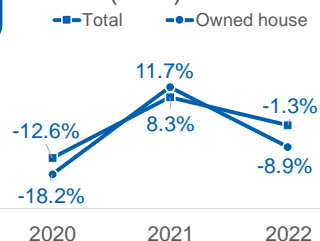
(Billion JPY)

	Quarterly			Total		
	FY2022	FY2023	Change YoY(*1)	FY2022	FY2023	Change YoY(*1)
1Q	0.4	<b>-0.7</b>	-1.2	-		
2Q						
3Q						
4Q						
				FY2023 Plan	<b>1.8</b>	

- Price revisions announced in the previous fiscal year are underway. However, the rise in material prices was not fully absorbed.

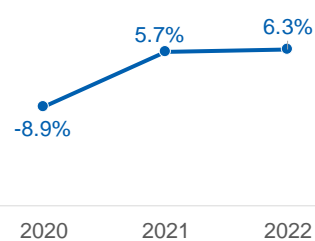
### Business environment

Number of new housing starts (YoY)



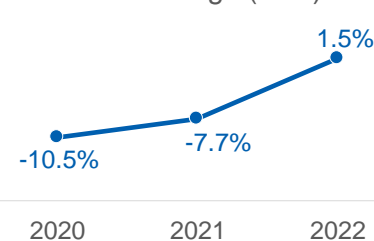
Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Floor area of non-wooden structure starts (YoY)



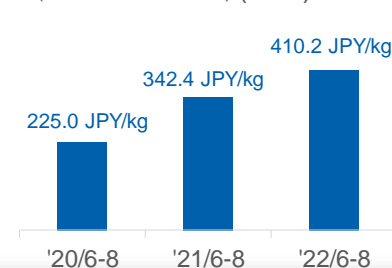
Source: Current Survey of Production by the Ministry of Economy, Trade and Industry

Sales weight of aluminum sash for buildings (YoY)



Cumulative total from Apr. to Jun.

Aluminum ingot price (Source: The Nikkei) (YOY)



Cumulative average from Jun. to Aug.

# Business Environment and Financial Results

## - Materials business -

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

### Net sales

(Billion JPY)

	Quarterly			Total		
	FY2022	FY2023	Change YoY(*1)	FY2022	FY2023	Change YoY(*1)
1Q	11.9	<b>14.3</b>	+2.3	+19.8%		
2Q						
3Q						
4Q						
				FY2023 Plan	<b>61.5</b>	

- Increase in sales linked to the aluminum ingot market
- Strong sales of general machines despite the impact of automotive decreased production

### Operating income

(Billion JPY)

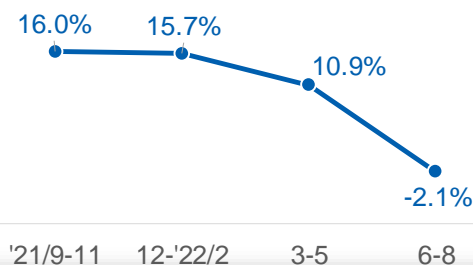
	Quarterly			Total		
	FY2022	FY2023	Change YoY(*1)	FY2022	FY2023	Change YoY(*1)
1Q	1.0	<b>0.8</b>	-0.1	-18.7%		
2Q						
3Q						
4Q						
				FY2023 Plan	<b>2.7</b>	

- Revenue improvement measures and price revisions were made. However, the income was affected by rising material prices.

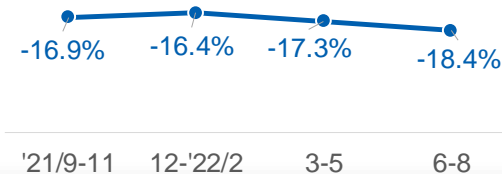
### Business environment

Domestic aluminum extrusion weight (YoY)

<General machine>



<Automotive>



Source: Statistics by Japan Aluminum Association

# Business Environment and Financial Results

## - Commercial facilities business -

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

### Net sales

	Quarterly				Total			
	FY2022	FY2023	Change YoY(*1)		FY2022	FY2023	Change YoY(*1)	
1Q	9.4	<b>9.1</b>	-0.3	-3.8%				
2Q								
3Q								
4Q								
					FY2023 Plan	<b>40.0</b>		

- Focused on tapping into demand for new store openings and renovations mainly among retailers.

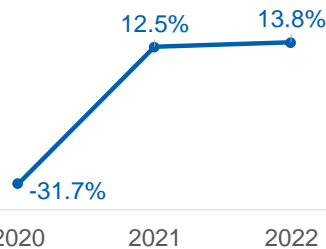
### Operating income

	Quarterly				Total			
	FY2022	FY2023	Change YoY(*1)		FY2022	FY2023	Change YoY(*1)	
1Q	0.3	<b>0.0</b>	-0.3	-85.1%				
2Q								
3Q								
4Q								
					FY2023 Plan	<b>0.6</b>		

- Increase in material prices such as steel  
- Decrease in sales, the impact of exchange rates and the Shanghai lockdown, etc.

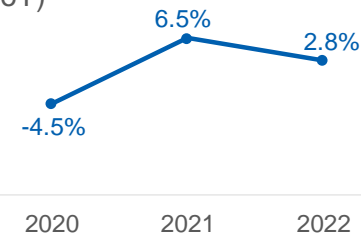
### Business environment

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  
(YoY)



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

Cumulative total from Apr. to Jun.

# Business Environment and Financial Results

## - Global business -

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

### Net sales

(Billion JPY)

	Quarterly			Total		
	FY2022	FY2023	Change YoY(*1)	FY2022	FY2023	Change YoY(*1)
1Q	14.4	20.2	+5.8	+40.7%		
2Q						
3Q						
4Q						
				FY2023 Plan	79.0	

- Increase in sales linked to the aluminum ingot market, the impact of exchange rates, etc.

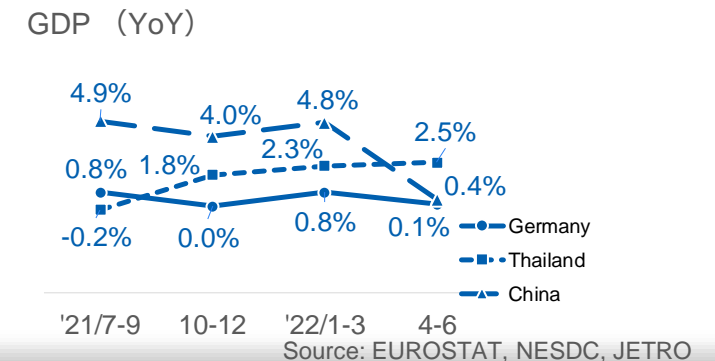
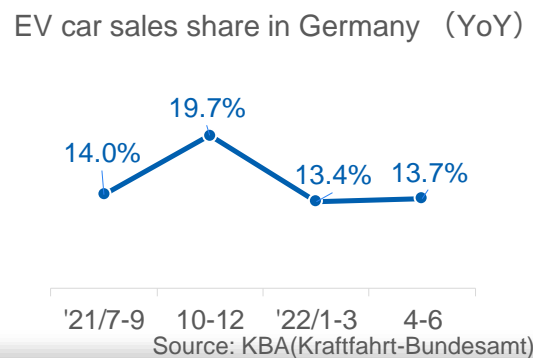
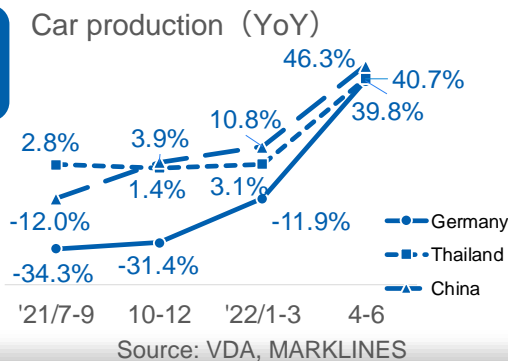
### Operating income

(Billion JPY)

	Quarterly			Total		
	FY2022	FY2023	Change YoY(*1)	FY2022	FY2023	Change YoY(*1)
1Q	-0.4	-1.0	-0.6	-		
2Q						
3Q						
4Q						
				FY2023 Plan	-0.3	

- At the European subsidiary, revenue improvement measures were implemented. However, the fuel and electricity prices risen.

### Business environment



## Aluminum Ingot Price and Exchange Rates

		Average	1Q FY2022 Results	FY2023 Plan	1Q FY2023 Results
Aluminum ingot price (Nikkei Aluminum average)		Jun.-Aug.	342.4 JPY/kg	405.0 JPY/kg	<b>410.2 JPY/kg</b>
Exchange rates	USD	Apr.-Jun.	109.5 JPY	130.0 JPY	<b>129.7 JPY</b>
	EUR	Apr.-Jun.	131.9 JPY	130.0 JPY	<b>138.2 JPY</b>
	THB	Apr.-Jun.	3.5 JPY	3.5 JPY	<b>3.8 JPY</b>
	CNY	Apr.-Jun.	17.0 JPY	20.0 JPY	<b>19.6 JPY</b>

# Sustainability Vision 2050

## Life with Green Technology

### Achieving carbon neutrality

We aim to become 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.

### 2030 Targets

#### Greenhouse gas emissions

**50% cut**

(compared to FY2013)

For the group's emissions in Japan in Scope 1 + 2

#### Encouraging use of recycled aluminum

#### Percentage of women in management positions: 10%

### Environment



### Society



### 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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