

Financial Results for 2Q FYE2023

(June 1, 2022 – November 30, 2022)

January 12, 2023

 **SankyoTateyama, Inc.**

✓ In the 2Q of FYE2023, sales increased while operating income decreased YoY.

◆ Income decreased, mainly reflecting the impact of sharp exchange rate fluctuations, in addition to the effect of increases in the prices of a range of materials such as aluminum ingots, fuels and electricity as well as the delay in the application of selling price revisions promoted as a remedial measure.

◆ Progress was made in revenue improvements with respect to the global business, reflecting the steady implementation of planned revenue improvement measures amidst significant changes in the business environment in Europe and Thailand.

✓ H2 Forecast

◆ The initial plan remains unchanged, reflecting the expected alleviation of the impact of rising aluminum ingot prices, as well as the expansion of the scope of selling price revisions and the penetration thereof, although the business environment is expected to remain uncertain given the impact of rising material prices on the construction market, as well as an increase in electricity prices, among other factors.

◆ Plans for the restoration of profitability for the current fiscal year remain unchanged at the present time due to the revision of selling prices in consideration of higher resource prices and the steady implementation of revenue improvement measures, despite concerns over the deterioration of energy situations and sluggishness of EV-related markets with respect to STEP-G, a European subsidiary.

Financial results

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

(Billion JPY)

	2Q FYE2023 Results	2Q FYE2022 Results	Year-on-year Change		2Q FYE2023 Plan	Change from Plan	
				%			%
Net sales	187.1	165.0	22.0	13.4%	184.0	3.1	1.7%
Operating income	0.8	3.0	-2.1	-71.2%	2.1	-1.2	-58.3%
Operating margin	0.5%	1.8%	—	-1.3p	1.1%	—	-0.6p
Ordinary income	1.3	2.7	-1.4	-52.6%	2.0	-0.6	-33.8%
Net income attributable to owners of the parent	0.5	0.9	-0.4	-47.3%	0.9	-0.3	-42.8%

Forecast

(Billion JPY)

	FYE2023 Forecast (Current) ^{*1}	FYE2023 Forecast (Previous)	Change	
				%
Net sales	378.0	375.0	3.0	0.8%
Operating income	3.7	5.0	-1.3	-26.0%
Operating margin	1.0%	1.3%	—	-0.3p
Ordinary income	4.0	4.7	-0.7	-14.9%
Net income attributable to owners of parent	2.1	2.5	-0.4	-16.0%

*1 Announced on December 26, 2022

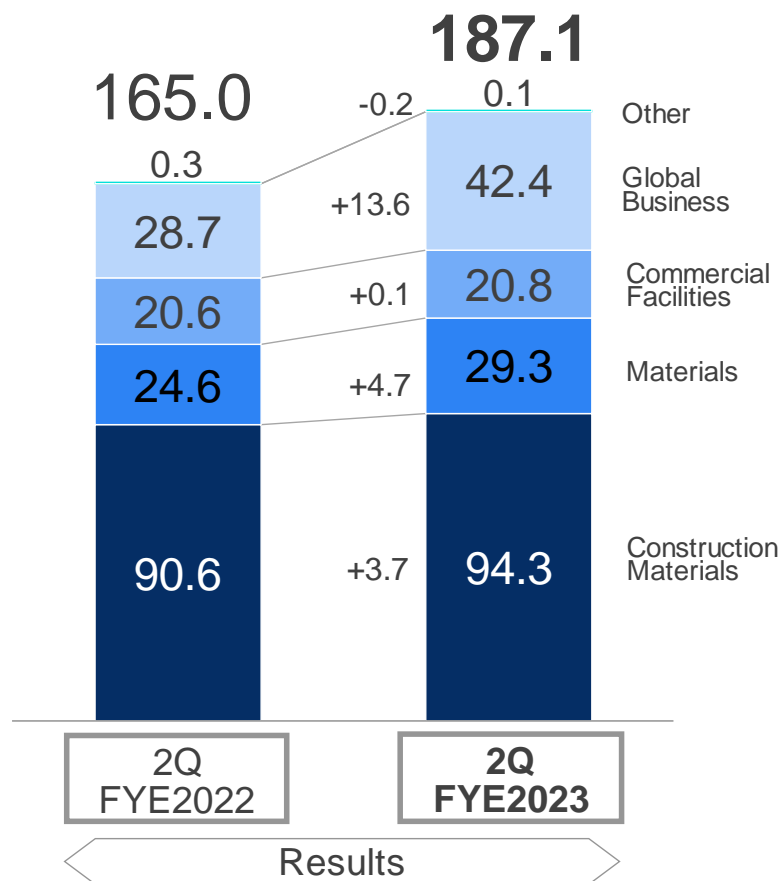
Dividend

Interim: 10 JPY per share
Year-end: 10 JPY per share (plan)

Net sales

187.1 billion JPY

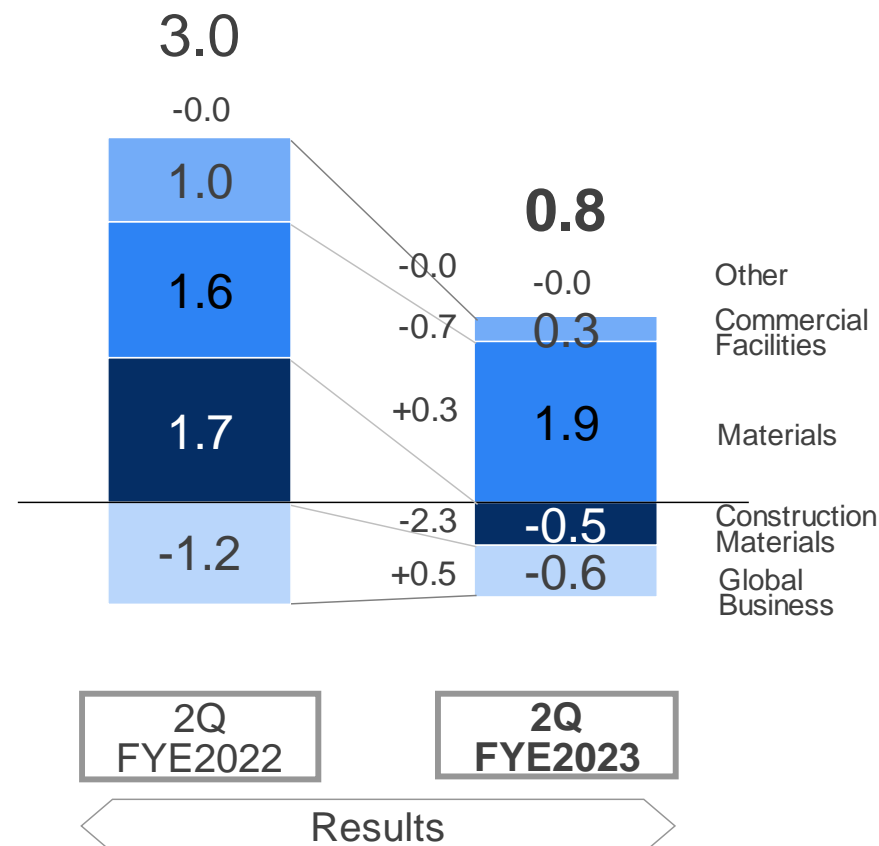
Change YoY **+22.0** billion JPY
(**+13.4%**)



Operating income

0.8 billion JPY

Change YoY **-2.1** billion JPY
(**-71.2%**)

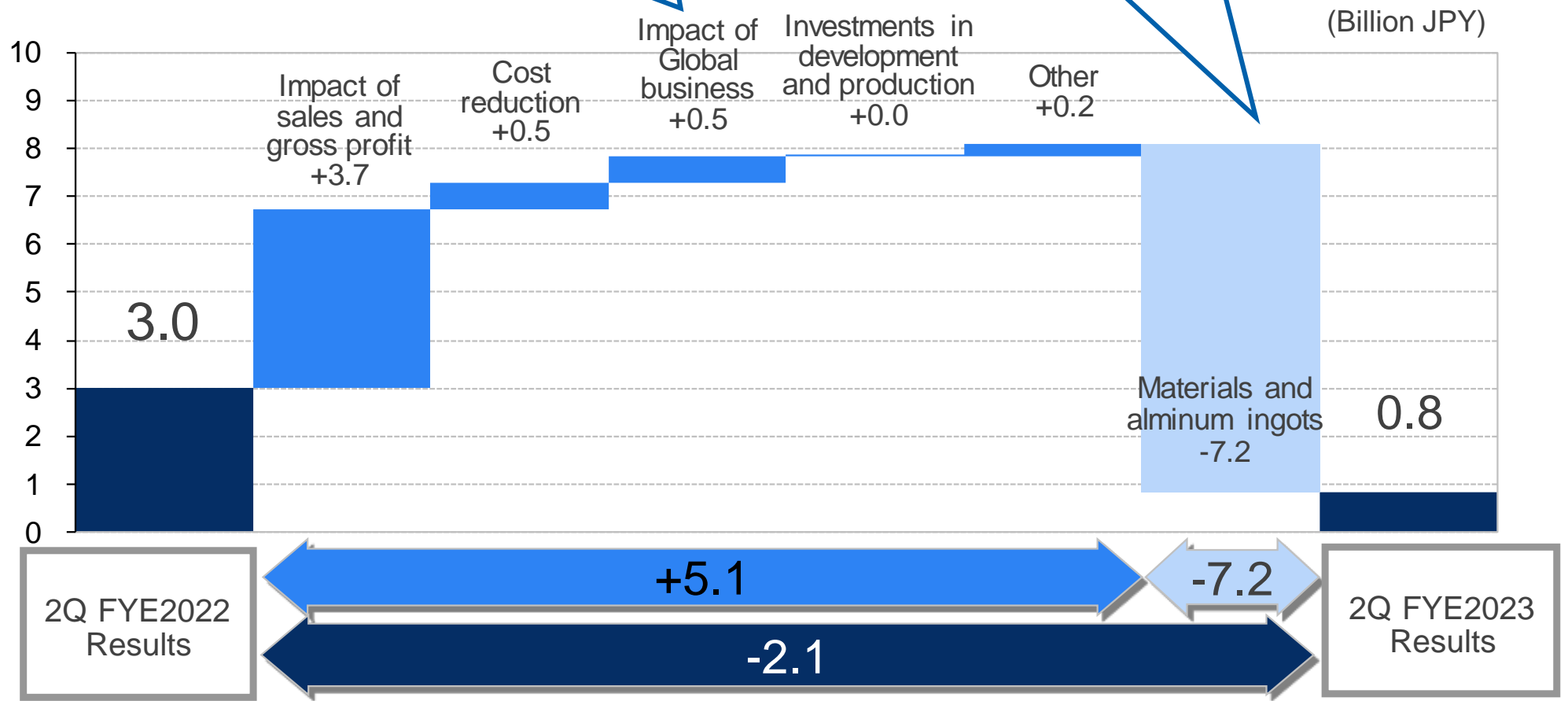


Note: Amounts are rounded down to the nearest 100 million JPY.

Factors for Change in Operating Income for 2Q FYE2023: Year-on-Year Comparison

Reduction of outsourcing processing cost in STEP-G: +0.9
Electricity in STEP-G: -0.4

Aluminum ingots: -3.7
Material / electricity / fuel prices: -3.1
Foreign exchange rate fluctuations: -0.4



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

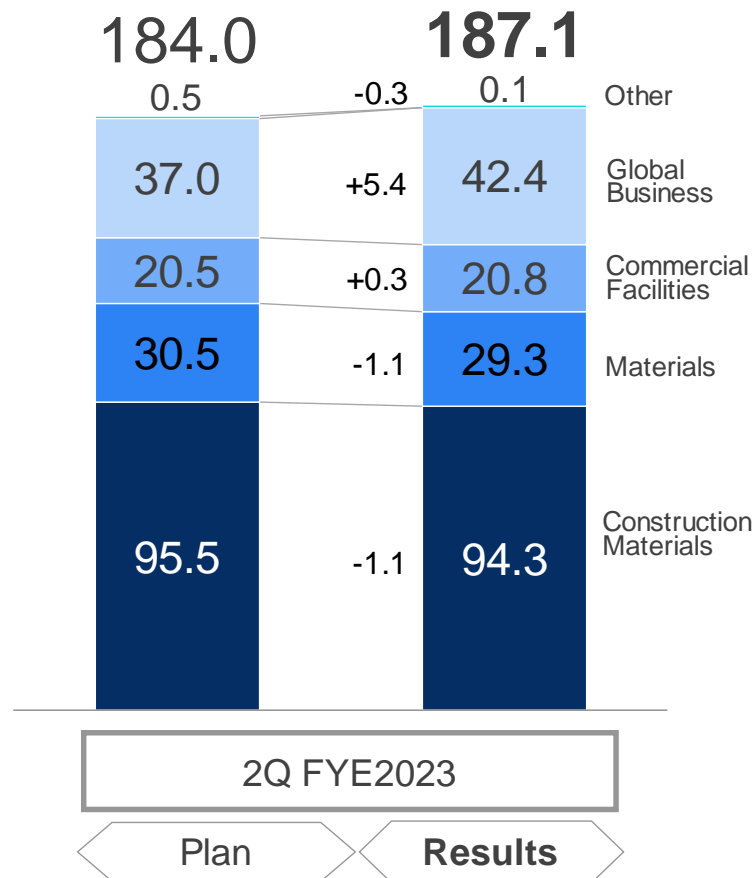
Note: Amounts are rounded down to the nearest 100 million JPY.

Net sales

187.1 billion JPY

Change from Plan

+3.1 billion JPY
(+1.7%)

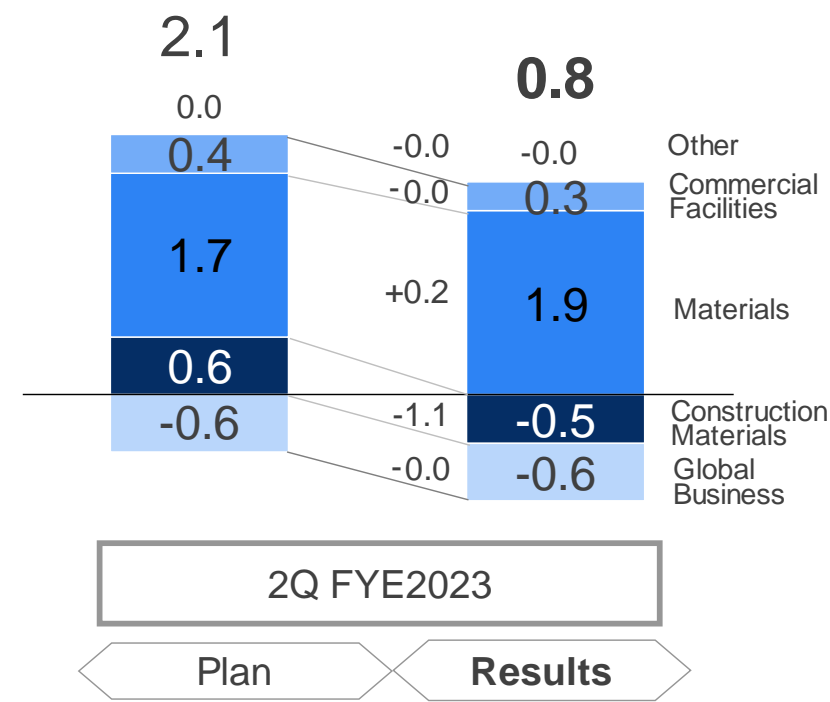


Operating income

0.8 billion JPY

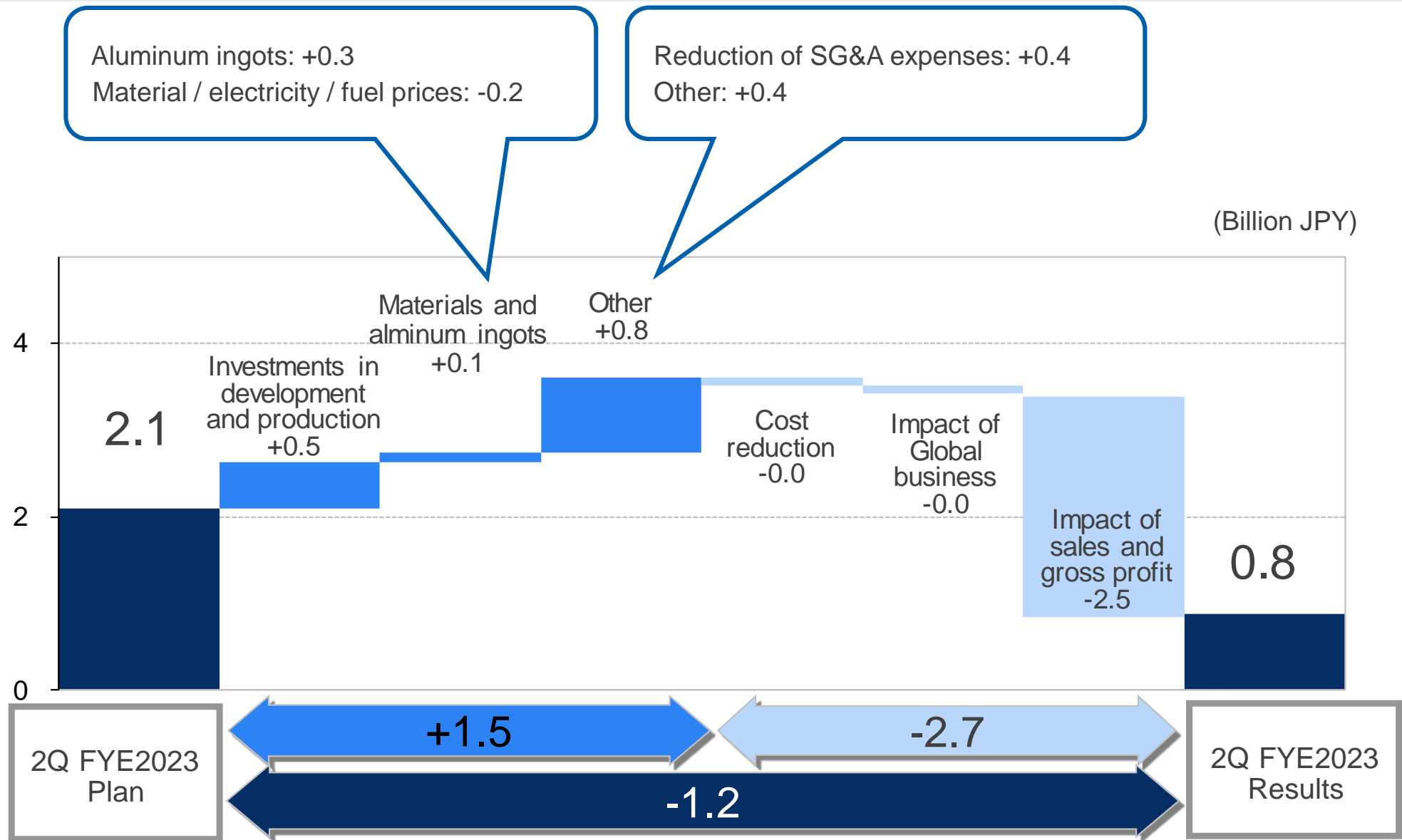
Change from Plan

-1.2 billion JPY
(-58.3%)



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

Factors for Change in Operating Income for 2Q FYE2023: Comparison with Plan



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

Enhanced Concrete Initiatives on Materiality Sankyo Tateyama Integrated Report 2022 Published

Sankyo Tateyama has posted the Sankyo Tateyama Integrated Report 2022, which describes the Group's activities, for FYE2022 (June 2021 to May 2022) on its website.

Main content

■ Value creation strategies (long-term roadmap)

The report includes a roadmap from now to VISION 2030, and on to Sustainability Vision 2050. It also describes our own management philosophy and activities in the past (strengths) and the Group's long-term direction toward 2050.

■ Foundations for value creation (initiatives on materiality)

The report includes enhanced descriptions of specific initiatives to address social issues in the materiality that the Group has identified, including responses to climate change and the effective use of resources. To disclose information based on the TCFD recommendations, the report identifies climate risks and opportunities and includes a scenario analysis and their financial impact are explained.



- To read the integrated report, please visit the following site. ➔ https://www.st-grp.co.jp/english/ir/group_report.html





Sankyo Tateyama Wins 2022 Good Design Award

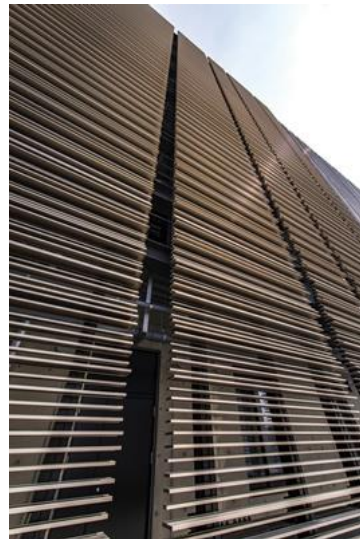
Exterior louver “Tower Screen TSR Series” and “DI (Dynamic Insulation) Window”



(1) Exterior louver “Tower Screen TSR Series”

A lattice-type louver with a design that enhances the facade. It also reduces wind noise. Flat sloping pieces have rounded corners to reduce the wind shear noise that is generated when wind blows.

◆ Key Points of the Recognition
Meticulously rounded corners of sloping pieces of the exterior louver reduce wind noise, which is a major problem that exterior louvers need to overcome. Moreover, the butt straps have curved surfaces, which reduce wind noise significantly. This corporate expertise and the ability to harness it were acclaimed.



An image of installed louvers

(2) “DI (Dynamic Insulation) Window”

Double windows that enables the user to achieve high insulation while ventilating the room without opening the window. The DI Window combines the window and 24-hour ventilation. External air that is taken in flows between the interior and the exterior windows, and heat loss is cut.

◆ Key Points of the Recognition
Condensation on the windows gets the interior dirty and causes mold growth, which in turn can be harmful to health. A sash that has good insulation and a ventilation function is thus innovative. Units above the window take outside air into the room and the temperature of the air taken in is close to the room temperature. This ingeniously designed system has earned high marks.



Action to address social issues such as food loss Donates emergency food to a social welfare corporation

Sankyo Tateyama donated food it had in stock in case of emergency to the Takaoka City Council of Social Welfare*1 as part of its actions to address social issues such as food loss in October 2022.

We provide an emergency bag that contains emergency food, which is to be kept by each employee, to employees at branches nationwide. It also has stockpiled goods for employees who may have trouble returning home at the time of an emergency.

We donated some emergency food that is kept at the head office to refill stockpiles at branches.

*1 Councils of Social Welfare are located at all prefectures and municipalities nationwide. They are private organizations (social welfare corporations) established under the Social Welfare Act to promote welfare in cooperation with local residents, volunteers, and health and welfare organizations.



The donation ceremony

- Donations
- Canned bread: 504 cans
- Canned saury: 288 cans
- Canned chicken: 384 cans
- Canned beef: 336 cans
- Alpha (pre-cooked) rice: 1,000 pouches

A List of Products Launched in the First Half of FYE2023 (June to November, 2022)

June 2022

Sankyo Alumi, Housing

Launched “AMiS Interior Window”

Sankyo Alumi, Housing

Launched flooring material “S Floor antiviral processed flooring”

Sankyo Alumi, Housing

Increased the variation of apartment door “AX II”

August 2022

Sankyo Alumi, Exterior

Increased the variation of “Pureline” safety fences for pedestrians and bicycles

Sankyo Alumi, Building

Launched “FINEMASTER HB/CB”, aluminum handrails for buildings and condominiums

Sankyo Alumi, Exterior

Enhanced carport “Double Face”

September 2022

Sankyo Alumi, Building

Launched Resin-aluminum composite sash Grows-R

Tateyama Advance

Added “A small internally illuminated one-sided signboard” to the lineup

November 2022

Sankyo Alumi, Exterior

Enhanced the “Cycle rack” series

Sankyo Alumi, Exterior

Launched high color rendering lighting “MIRaRIA”

Industry first

Sankyo Alumi, Exterior

Launched “ST Mesh”, mesh fences to divide public space



S floor
Antiviral processed



Grows-R



A small one-sided signboard



MIRaRIA

- News Release, Sankyo Alumi (Japanese) ➡ <https://alumi.st-grp.co.jp/news/2022news/news2022.html>
- News Release, Tateyama Advance (Japanese) ➡ <https://advance.st-grp.co.jp/news/>



Strengthening support for energy-saving home renovations Three Ministries (Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, and Ministry of the Environment) Have Created a Subsidy System

The national government will support energy conservation at home, including renovations to enhance thermal insulation performance, to strongly promote energy conservation in the household sector and achieve carbon neutrality in 2050.

■ Advanced Window Renovation (Ministry of Economy, Trade and Industry, Ministry of the Environment)

(Main) products to receive subsidies *Products are subject to change.

- Installation of interior windows
 - “Plamake E II”, “Plamake”
- Replacement of exterior windows
 - “ALGEO” series, etc.



■ Kodomo Ecosumai Support Project (Ministry of Land, Infrastructure, Transport and Tourism)

(Main) products to receive subsidies *Products are subject to change.

- Installation of interior windows
 - "Plamake E II", "Plamake"
- Renovations of exterior windows and doors
 - “NOVARIS” series



For further information on large support scheme for energy-saving renovation of homes, visit the address below (website of Sankyo Alumi).
(Japanese) ➡ <https://alumi.st-grp.co.jp/hojokin/>

For further information on support for energy conservation at home, visit the address below (website of the Ministry of Economy, Trade and Industry).
(Japanese) ➡ <https://www.meti.go.jp/press/2022/11/20221108001/20221108001.html>

A key to expand sales of extruded aluminum fences: a “Jig for Cutting Fences”

Excluded aluminum fences

“Resilia series”

“Shatlena II series”



Sales rose approximately **25%** year on year.



Extruded aluminum fence “Resilia”



Extruded aluminum fence “Shatlena II”

Sankyo Alumi has developed a **“Jig for cutting fences”** based on craftspeople’s voices.

Shortened time for cutting

Time for cutting fences, work necessary at almost all installation sites, has been reduced

from 60 minutes to 90 minutes for part of a fence

- ▶ to approximately **15** minutes thanks to the jig. (According to our survey)



A jig for cutting fences



職人ファースト®

*Sankyo Alumi has trademarked "Shokunin First" (craftspersons first) to support craftspersons in the exterior industry.

The worker can cut a fence using the jig without breaking down the fence. **Safer work has become possible.**

Contributed to expanding sales of extruded aluminum fences

A dedicated jig for “Resilia” and “Shatlena II”

The number of shops that sell or use the jig has been increasing.

- ▶ **Sales of “Resilia” and “Shatlena II” increased.**

Reference

	Target period	2020	2021	2022
[Construction materials business (housing) index] The number of new housing starts	Apr.-Sep.	414 thousand units (-11.4%)	446 thousand units (+7.7%)	443 thousand units (-0.7%)
The number of new housing starts [Owner-occupied houses]	Apr.-Sep.	131 thousand units (-14.2%)	149 thousand units (+13.3%)	132 thousand units (-10.9%)
The number of new housing starts [House for rent]	Apr.-Sep.	156 thousand units (-11.0%)	170 thousand units (+8.9%)	177 thousand units (+4.3%)
[Construction materials business (Building) index] Floor area of non-wooden structure starts	Apr.-Sep.	33.7 million m ² (-10.7%)	34.2 million m ² (+1.6%)	37.5 million m² (+9.5%)
[Materials business index] Aluminum extrusion weight [Excluding sashes and doors]	Jun.-Nov.	158 thousand tons (-12.0%)	166 thousand tons (+5.5%)	157 thousand tons (-5.3%)
[Commercial facilities business index] The number of new building starts [Stores]	Apr.-Sep.	2,523 buildings (-29.4%)	2,791 buildings (+10.6%)	3,124 buildings (+11.9%)
[Global business index] Vehicle production Germany	Apr.-Sep.	1374 thousand units (-40.5%)	1388 thousand units (+1.0%)	1691 thousand units (+21.8%)
Vehicle production Thailand	Apr.-Sep.	509 thousand units (-49.6%)	746 thousand units (+46.4%)	884 thousand units (+18.5%)
[Aluminum ingot Average value (The Nikkei)]	Jun.-Nov.	233.6 JPY/kg	363.6 JPY/kg	405.9 JPY/kg

(): 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			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY(*1)	
1Q	42.1	43.7	+1.6	+3.8%				
2Q	48.4	50.5	+2.1	+4.3%	90.6	94.3	+3.7	+4.1%
3Q								
4Q								
					FYE2023 Plan	193.0		

- While new owned house starts declined from a year ago, sales of exterior materials and building materials increased. Sales from building renovations were particularly strong.

Operating income

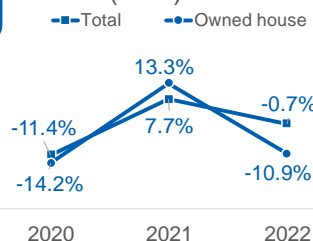
(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	0.4	-0.7	-1.2	-				
2Q	1.2	0.1	-1.0	-86.0%	1.7	-0.5	-2.3	-
3Q								
4Q								
					FYE2023 Plan	1.8		

- The rise in material prices was not fully absorbed by price revisions.

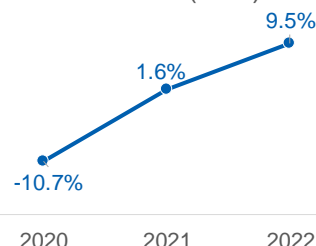
Business environment

Number of new housing starts (YoY)



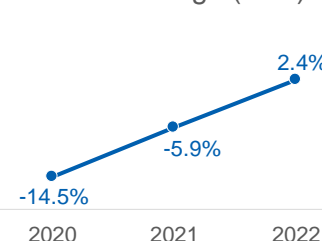
Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Floor area of non-wooden structure starts (YoY)



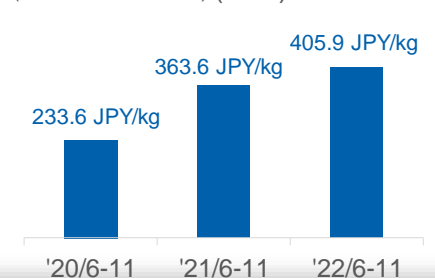
Source: Current Survey of Production by the Ministry of Economy, Trade and Industry

Sales weight of aluminum sash for buildings (YoY)



Cumulative total from Apr. to Sep.

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



Cumulative average from Jun. to Nov.

Business Environment and Financial Results

- Materials business -

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

Net sales

(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	11.9	14.3	+2.3	+19.8%				
2Q	12.6	15.0	+2.4	+19.1%	24.6	29.3	+4.7	+19.4%
3Q								
4Q								
					FYE2023 Plan	61.5		

- Sales in the transportation sector declined, while sales of general machines were strong.
- Increase in sales linked to the aluminum ingot market

Operating income

(Billion JPY)

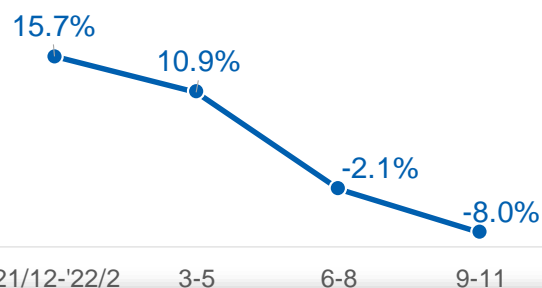
	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	1.0	0.8	-0.1	-18.7%				
2Q	0.5	1.0	+0.5	+96.8%	1.6	1.9	+0.3	+21.0%
3Q								
4Q								
					FYE2023 Plan	2.7		

- While income was affected by rising material prices, measures to improve revenue were taken.

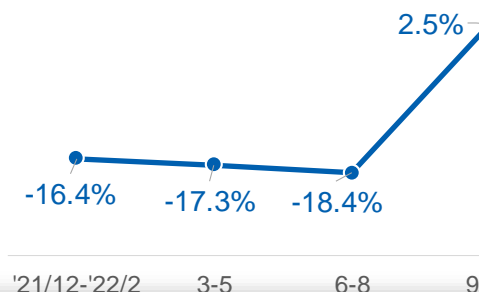
Business environment

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

(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	9.4	9.1	-0.3	-3.8%				
2Q	11.1	11.6	+0.4	+4.4%	20.6	20.8	+0.1	+0.6%
3Q								
4Q								
					FYE2023 Plan	40.0		

- Tapped into demand for new store openings and renovations, mainly among retailers.

Operating income

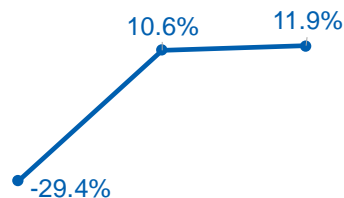
(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	0.3	0.0	-0.3	-85.1%				
2Q	0.6	0.2	-0.3	-60.2%	1.0	0.3	-0.7	-69.8%
3Q								
4Q								
					FYE2023 Plan	0.6		

- Revised prices in response to rising material prices. Income was adversely affected by the weaker yen.

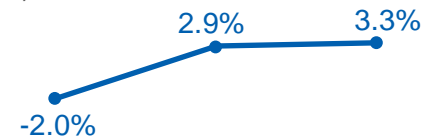
Business environment

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 Sep.

Business Environment and Financial Results

- Global business -

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

Net sales

(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	14.4	20.2	+5.8	+40.7%				
2Q	14.3	22.1	+7.8	+54.6%	28.7	42.4	+13.6	+47.7%
3Q								
4Q								
					FYE2023 Plan	79.0		

- Increase in sales linked to the aluminum ingot market
- Sales were affected by exchange rates. The automotive segment in Europe was strong.

Operating income

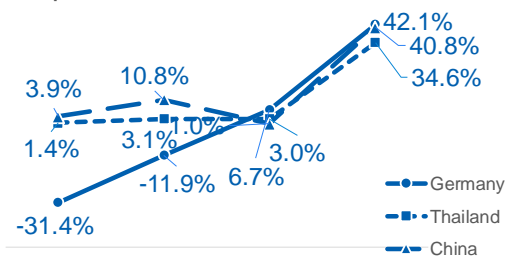
(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	-0.4	-1.0	-0.6	-				
2Q	-0.8	0.3	+1.1	-	-1.2	-0.6	+0.5	-
3Q								
4Q								
					FYE2023 Plan	-0.3		

- Affected by rising energy prices
- The European subsidiary took measures to reduce costs.

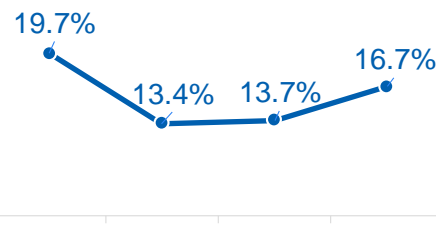
Business environment

Car production (YoY)



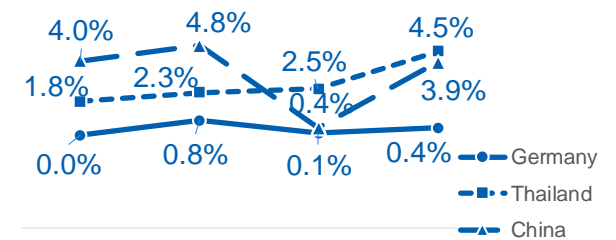
Source: VDA, MARKLINES

EV car sales share in Germany (YoY)



Source: KBA(Kraftfahrt-Bundesamt)

GDP (YoY)



Source: EUROSTAT, NESDC, JETRO

Balance Sheet

FYE2022

2Q FYE2023

(Billion JPY)

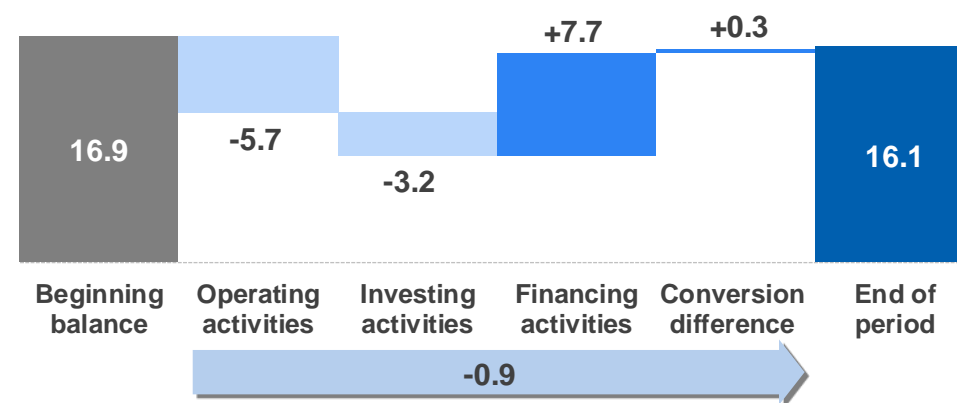
FYE2022		2Q FYE2023	
Current assets	141.6	Current assets	152.1
Fixed assets	126.7	Fixed assets	128.3
Net assets	85.6	Net assets	89.8
Current liabilities	121.8	Current liabilities	127.9
Fixed liabilities	61.0	Fixed liabilities	62.7

	FYE2022 (May 31, 2022)	2Q FYE2023 (November 30, 2022)	Change
Total assets	268.4	280.5	12.0
Equity	82.5	86.7	4.1
Capital adequacy ratio	30.8%	30.9%	0.1p
Interest-bearing dept	70.3	78.9	8.6
Interest-bearing dept ratio	85.2%	91.0%	5.8p

* 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)

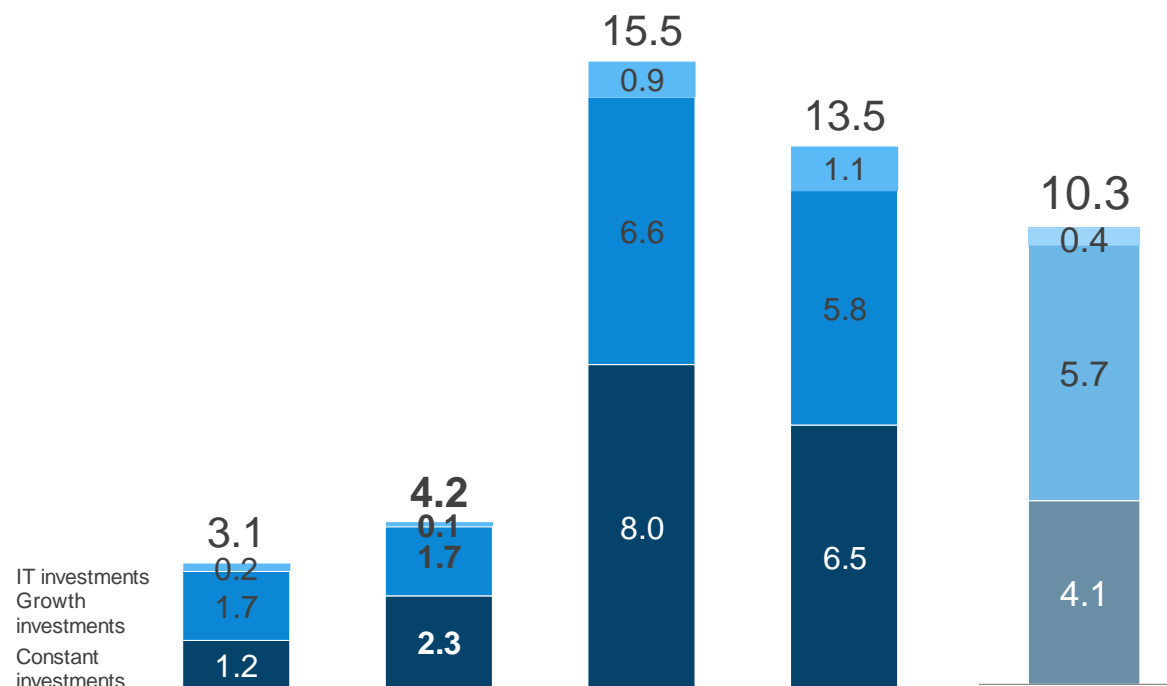


Cash flows from operating activities	-5.7	Cash flows from investing activities	-3.2	Cash flows from financing activities	7.7
Profit (loss) before income taxes	1.1	Purchase of tangible fixed assets	-4.0	Net increase (decrease) in short-term loans	5.3
Depreciation	3.9	Other, net	0.7	Proceeds from long-term borrowings	12.0
Decrease (increase)	-6.6			Repayments of long-term borrowings	-9.0
Decrease (increase) in inventories	-5.2			Dividends paid	-0.1
Increase (decrease) in trade payables	0			Other, net	-0.3
Income taxes paid	-0.9				
Other, net	1.9				

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

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

(Billion JPY)



	2Q FYE2022 Result	2Q FYE2023 Result	FYE2023 Plan	FYE2023 Review Plan	FYE2022 Result
Constant investments	1.2	2.3	8.0	6.5	4.1
Growth investments	1.7	1.7	6.6	5.8	5.7
IT investments	0.2	0.1	0.9	1.1	0.4
Total	3.1	4.2	15.5	13.5	10.3
(overseas subsidies)	(1.2)	(1.7)	(4.9)	(5.3)	(5.3)

Depreciation expense	3.7	3.9	8.6	8.1	8.0
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Scope of consolidation and equity method

	FYE2022 (May 31, 2022)	2Q FYE2023 (November 30, 2022)	Change
Consolidated subsidiaries	47	47	0
Equity method-applied companies	7	7	0
Total	54	54	0

Status of personnel (Regular employees)

	FYE2022 (May 31, 2022)	2Q FYE2023 (November 30, 2022)	Change
Sankyo Tateyama, Inc.	5,034	4,974	-60
Consolidated subsidiaries	5,341	5,331	-10
Total	10,375	10,305	-70

Aluminum Ingot Price and Exchange Rates

		Average	2Q FYE2022 Results	FYE2023 Plan	2Q FYE2023 Results
Aluminum ingot price (Nikkei Aluminum average)		Jun.-Nov.	363.6 JPY/kg	405.0 JPY/kg	405.9 JPY/kg
Exchange rates	USD	Apr.-Sep.	109.8 JPY	130.0 JPY	134.0 JPY
	EUR	Apr.-Sep.	130.9 JPY	130.0 JPY	138.8 JPY
	THB	Apr.-Sep.	3.4 JPY	3.5 JPY	3.8 JPY
	CNY	Apr.-Sep.	17.0 JPY	20.0 JPY	19.9 JPY

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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