

Financial Results for 3Q FYE2023

(June 1, 2022 – February 28, 2023)

April 5, 2023

 **SankyoTateyama, Inc.**

✓ In the 3Q of FYE2023, sales increased while operating income decreased YoY.

- ◆ Sales continued to increase year on year mainly due to an increase linked to rising aluminum ingot prices in Japan and overseas, selling price revisions in all businesses, and the impact of exchange rates in the global business.
- ◆ Income decreased due to lower volume caused by the stagnant market and delayed progress in selling price revisions in the construction materials business, as well as higher material prices exceeding the effect of selling price revisions and the impact of foreign exchange rates in the commercial facilities business.
- ◆ For the three months in 3Q, the loss in the same period of the previous year moved into the black due to the effect of revenue improvement in the global business.
- ◆ The global business continued to achieve segment profitability in 3Q as in 2Q.
- ◆ Going forward, an increase in demand for products such as resin interior windows due to the revitalization of the renovation market, which is subsidized by the government is likely, while further selling price revisions are expected to have an impact. On the other hand, risks include weak new housing starts in Japan and expected rises in prices of materials and electricity, as well as lingering concerns about the deteriorating energy situation in Europe. The outlook remains uncertain.

Financial results

(Billion JPY)

	9 months total (June 2022 - February 2023)				3 months total (December 2022 - February 2023)			
	3Q FYE2023 Results	3Q FYE2022 Results	Year-on-year Change		3Q FYE2023 Results	3Q FYE2022 Results	Year-on-year Change	
				%				%
Net sales	275.8	250.6	25.2	10.1%	88.7	85.5	3.1	3.7%
Operating income	1.0	2.7	-1.6	-60.8%	0.2	-0.2	0.4	-
Operating margin	0.4%	1.1%	—	-0.7p	0.2%	-0.3%	—	0.5p
Ordinary income	1.6	2.6	-1.0	-38.3%	0.3	-0.1	0.4	-
Net income attributable to owners of parent	0.6	0.3	0.2	66.6%	0.0	-0.6	0.7	-

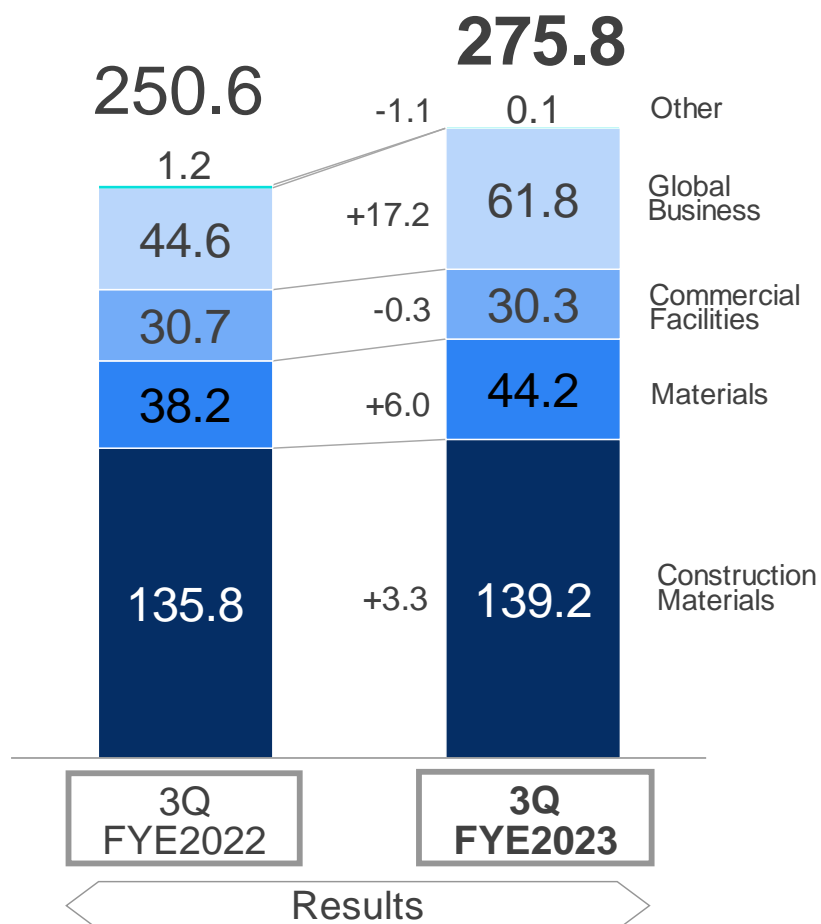
Note: Amounts are rounded down to the nearest 100 million JPY.

No change in full-year forecast and dividend as of 3Q

Net sales

275.8 billion JPY

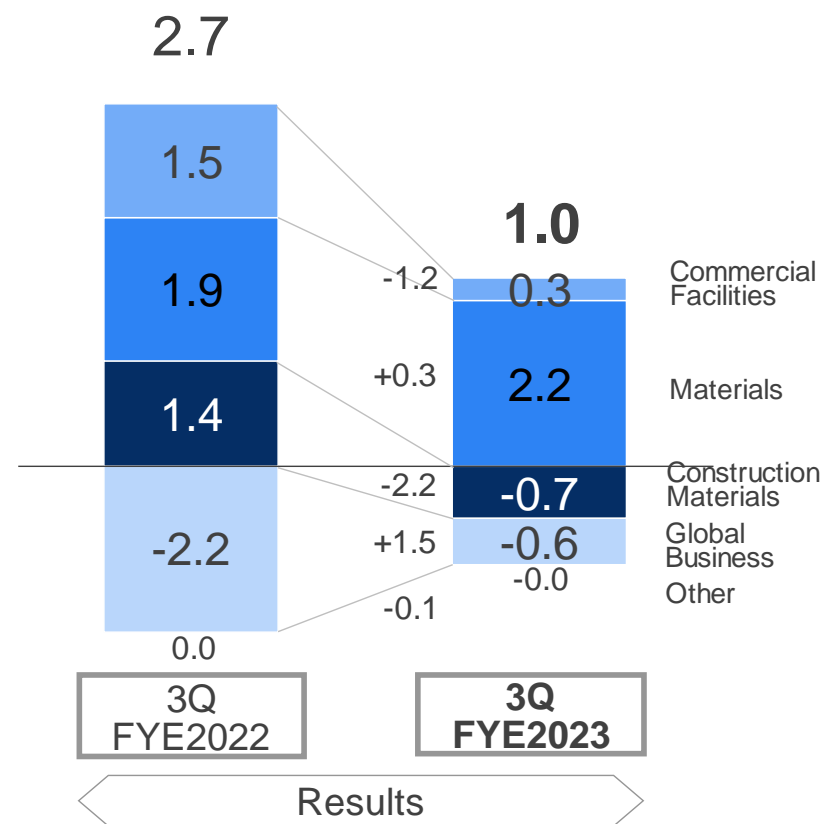
Change YoY **+25.2** billion JPY
(**+10.1%**)



Operating income

1.0 billion JPY

Change YoY **-1.6** billion JPY
(**-60.8%**)

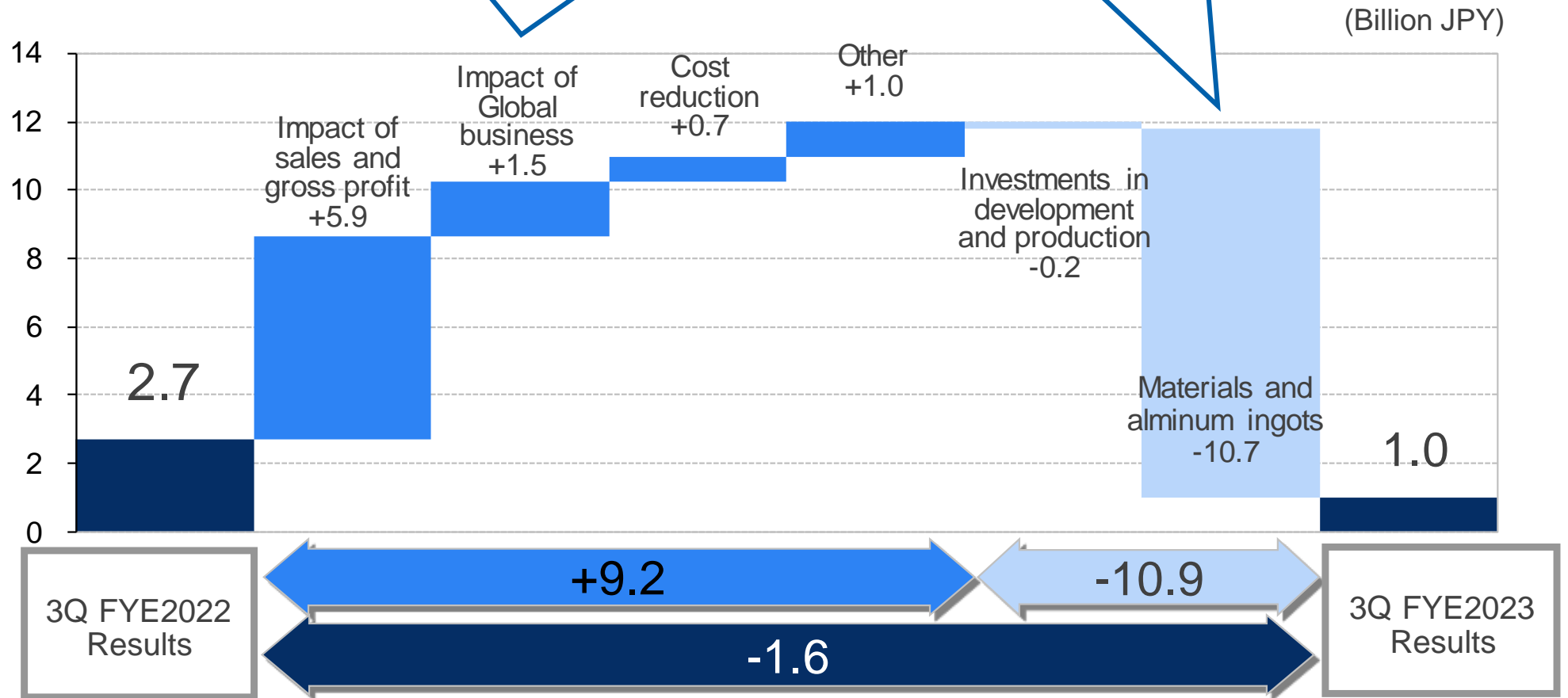


Note: Amounts are rounded down to the nearest 100 million JPY.

Factors for Change in Operating Income for 3Q FYE2023: Year-on-Year Comparison

Reduction of outsourcing processing cost in STEP-G: +1.1
 Product mix improvement in STEP-G: +0.5
 Other: -0.1

Aluminum ingots: -5.0
 Material / electricity / fuel prices: -5.1
 Foreign exchange rate fluctuations: -0.4



Reference

	Target period	2020	2021	2022
[Construction materials business (housing) index] The number of new housing starts	Apr.-Dec.	621 thousand units (-10.0%)	665 thousand units (+7.2%)	659 thousand units (-1.0%)
The number of new housing starts [Owner-occupied houses]	Apr.-Dec.	201 thousand units (-10.0%)	224 thousand units (+11.2%)	196 thousand units (-12.5%)
The number of new housing starts [House for rent]	Apr.-Dec.	233 thousand units (-10.8%)	252 thousand units (+8.1%)	266 thousand units (+5.6%)
[Construction materials business (Building) index] Floor area of non-wooden structure starts	Apr.-Dec.	48.6 million m ² (-11.2%)	53.3 million m ² (+9.5%)	53.5 million m² (+0.4%)
[Materials business index] Aluminum extrusion weight [Excluding sashes and doors]	Jun.-Feb.	238 thousand tons (-9.3%)	245 thousand tons (+3.1%)	232 thousand tons (-5.1%)
[Commercial facilities business index] The number of new building starts [Stores]	Apr.-Dec.	3,862 buildings (-23.9%)	4,208 buildings (+9.0%)	4,571 buildings (+8.6%)
[Global business index] Vehicle production Germany	Apr.-Dec.	2496 thousand units (-26.5%)	2158 thousand units (-13.5%)	2608 thousand units (+20.9%)
Vehicle production Thailand	Apr.-Dec.	974 thousand units (-32.9%)	1217 thousand units (+25.0%)	1403 thousand units (+15.3%)
[Aluminum ingot Average value (The Nikkei)]	Jun.-Feb.	244.6 JPY/kg	379.3 JPY/kg	400.5 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

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY(*1)	
1Q	42.1	43.7	+1.6	+3.8%	90.6	94.3	+3.7	+4.1%
2Q	48.4	50.5	+2.1	+4.3%				
3Q	45.1	44.8	-0.3	-0.7%				
4Q								

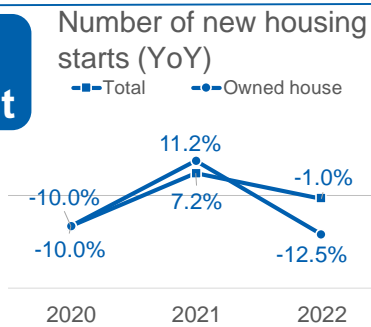
- Increase in demand for renovations and remodeling
- Effect of selling price revision

Operating income

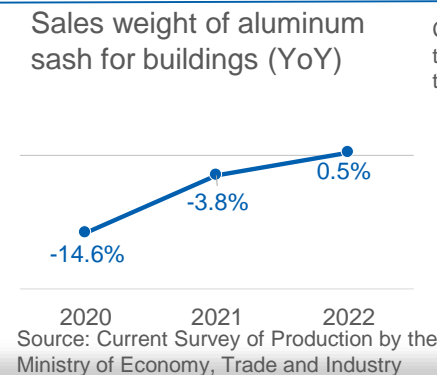
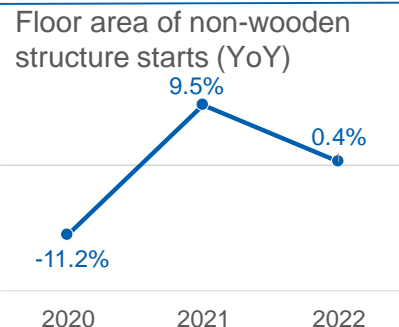
	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	0.4	-0.7	-1.2	-	1.7	-0.5	-2.3	-
2Q	1.2	0.1	-1.0	-86.0%				
3Q	-0.2	-0.1	0.0	-				
4Q								

- Selling price revisions are underway, but the impact of rising energy and material prices has not been absorbed.

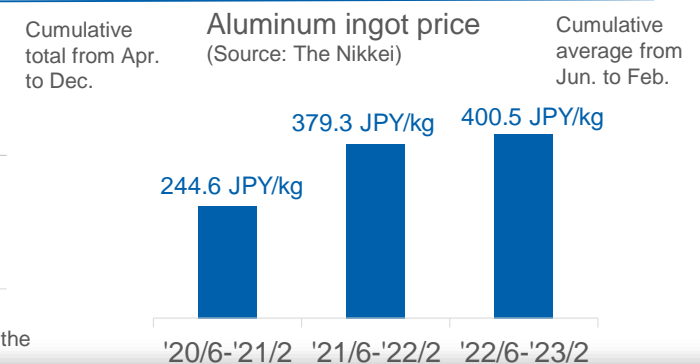
Business environment



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



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	13.5	14.8	+1.2	+9.2%	38.2	44.2	+6.0	+15.8%
4Q								

- Increase in sales linked to the aluminum ingot market, etc.

Operating income

(Billion JPY)

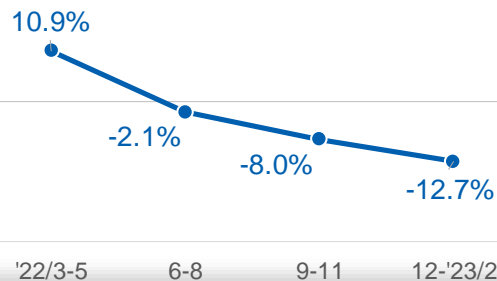
	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	1.0	0.8	-0.1	-18.7%				
2Q	0.5	1.0	+0.5	+96.8%	1.6	1.9	+0.3	+21.0%
3Q	0.3	0.3	0.0	+0.9%	1.9	2.2	+0.3	+17.3%
4Q								

- The impact of rising energy and material prices
- Implementation of revenue improvement measures

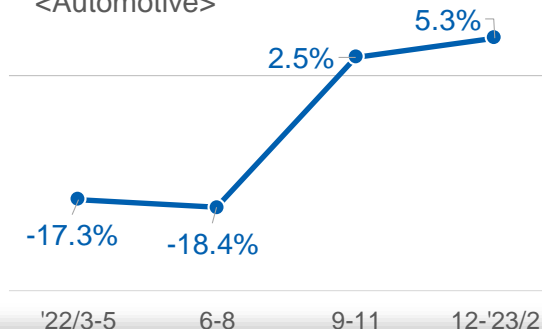
Business environment

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	10.0	9.5	-0.4	-4.8%	30.7	30.3	-0.3	-1.2%
4Q								

- Although demand for new store openings and renovations was captured mainly in the retail industry, investment in some renovation areas was restrained or postponed.

Operating income

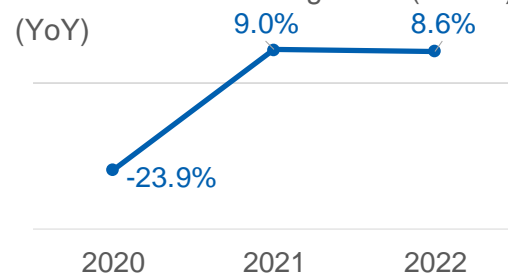
(Billion JPY)

	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	0.5	0.0	-0.5	-94.4%	1.5	0.3	-1.2	-78.3%
4Q								

- Selling price revisions are underway, but operating income has been adversely affected, mainly by rising material prices and exchange rates.

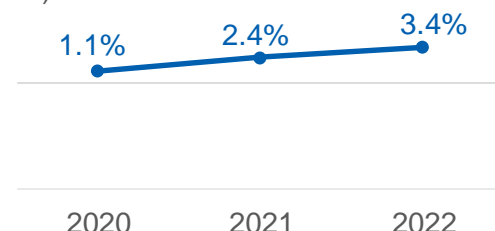
Business environment

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 Dec.

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%	28.7	42.4	+13.6	+47.7%
2Q	14.3	22.1	+7.8	+54.6%				
3Q	15.8	19.4	+3.5	+22.5%				
4Q								

- The automotive segment in Europe remained firm.
- Increase in sales linked to aluminum ingot market, the impact of exchange rates, etc.

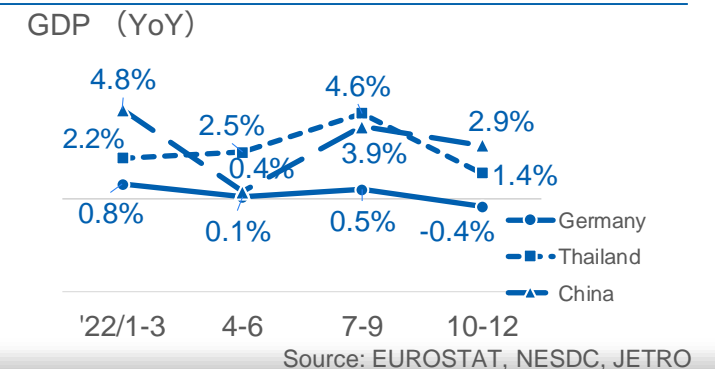
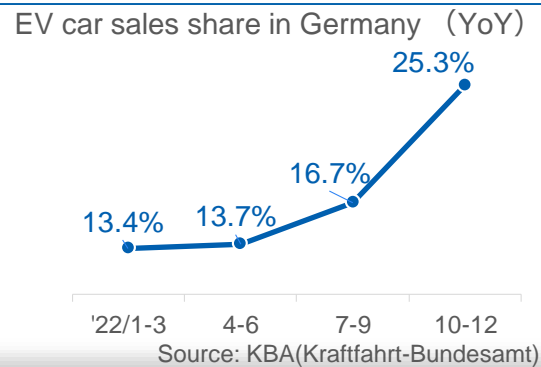
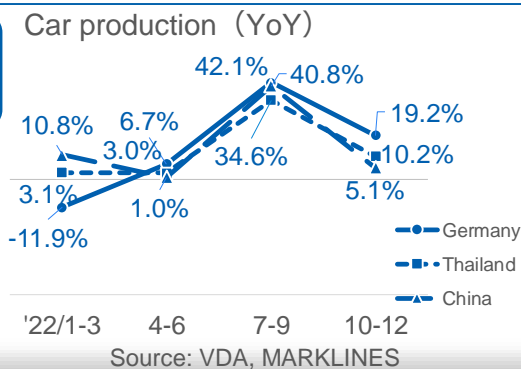
Operating income

(Billion JPY)

	Quarterly				Total			
	FYE2022	FYE2023	Change YoY		FYE2022	FYE2023	Change YoY	
1Q	-0.4	-1.0	-0.6	-	-1.2	-0.6	+0.5	-
2Q	-0.8	0.3	+1.1	-				
3Q	-1.0	0.0	+1.0	-				
4Q								

- Impact of rising energy prices, etc.
- The European subsidiary took measures to cut costs.

Business environment



Aluminum Ingot Price and Exchange Rates

		average	3Q FYE2022 9months Results	FYE2023 Plan	3Q FYE2023 9months Results
Aluminum ingot price (Nikkei Aluminum average)		Jun.-Feb.	379.3 JPY/kg	405.0 JPY/kg	400.5 JPY/kg
Exchange rates	USD	Apr.-Dec.	111.1 JPY	130.0 JPY	136.5 JPY
	EUR	Apr.-Dec.	130.6 JPY	130.0 JPY	140.6 JPY
	THB	Apr.-Dec.	3.4 JPY	3.5 JPY	3.8 JPY
	CNY	Apr.-Dec.	17.3 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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