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Notice of Revision of Consolidated Financial Results Forecasts and Recording of Extraordinary Losses

Based on recent business trends, Sankyo Tateyama, Inc. (the “Company”) hereby announces the revision of its full-year consolidated financial forecasts for the fiscal year ending May 31, 2026, which was disclosed on April 7, 2026, as below. Furthermore, the Company hereby also announces that it has recorded extraordinary losses for the current consolidated fiscal year.

1. Revision of Financial Forecasts

Revision of Consolidated Financial Forecasts for the Fiscal Year Ending May 31, 2026 (from June 1, 2025, to May 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecasts (A)	Millions of yen 355,000	Millions of yen 1,000	Millions of yen 100	Millions of yen 2,000	yen 63.82
Revised forecasts (B)	357,000	1,500	800	(14,000)	(446.74)
Change (B-A)	2,000	500	700	(16,000)	—
Change (%)	0.6	50.0	700.0	—	—
(Reference) Actual consolidated results for the previous fiscal year (Fiscal year ended May 31, 2025)	359,424	1,545	944	(2,336)	(74.54)

Note: The above forecasts are based on information available as of the date of this announcement, and actual results may differ from these forecasts due to various factors in the future.

2. Reason for the revision

Our full-year consolidated financial forecasts for the fiscal year ending May 31, 2026, reflect an extremely challenging business environment, driven by a significant decline in new housing starts in Japan, a sharper-than-expected surge in aluminum ingot prices—our primary raw material—and a slowdown in the global economy resulting from geopolitical risks and tariff developments overseas.

In this environment, thanks to the reduction in fixed costs and the containment of indirect costs resulting from revenue structure reform, as well as the implementation of price revisions, net sales, operating profit and ordinary profit are expected to exceed the previous forecasts.

However, profit attributable to owners of parent is expected to be lower than the previous forecast due to the recognition of impairment losses on fixed assets of 16 billion yen.

3. Impairment Losses on Fixed Assets Relating to the Construction Material Business (Extraordinary Losses)

During the current consolidated fiscal year, the Company has proactively pursued the reduction of indirect costs as part of its revenue structure reform, along with the optimization of selling prices through price revisions and other measures, achieving meaningful results.

However, the aluminum ingot price—our primary raw material—has been on a long-term upward trend. Given the difficulty in forecasting future market conditions, our conventional price hedging strategies have not been functioning effectively. Meanwhile, upward price pressures have intensified, driven primarily by the escalating tensions in the Middle East, and prices have reached high levels. Under these circumstances, while cost sensitivity is increasing, it must be acknowledged that our Construction Materials Business is characterized by a natural delay in passing on sharp price increases to sales prices. In response to these rapid changes in the external environment, we are facing an extremely challenging business environment. As a result of a careful review of our future earnings plans, we expect to write down the book value of non-current assets related to the Construction Materials Business to their recoverable amounts and recognize the resulting decrease as an impairment loss of 16 billion yen.

4. Regarding Dividend Forecasts

There is no change to the annual dividend of 25 yen (interim dividend of 12.5 yen, year-end dividend of 12.5 yen) announced on July 10, 2025.

5. Regarding the Reduction in Executive Compensation

In response to the impairment losses recognized in the Construction Materials Business, and in order to take clear accountability for this outcome, the Company will reduce the compensation of all executive officers for the fiscal year ending May 31, 2027, as follows.

(1) Details of Executive Compensation Reduction

President, Chief Executive Officer	30% reduction in monthly compensation
Director, Managing Executive Officer	25% reduction in monthly compensation
Managing Executive Officer	15% reduction in monthly compensation
Executive Officer	10% reduction in monthly compensation

(2) Period

July 2026 to September 2026 (3 months)

end