

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 30, 2024 (Based on Japanese GAAP)

January 9, 2025

Company name: Sanko Gosei Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7888 URL <https://www.sankogosei.co.jp>
 Representative: Representative Director/President Amen Kusumi
 Inquiries: Director/Executive Officer Akira Serikawa TEL 0763-52-7105
 Scheduled date to file Semi-annual Securities Report: January 14, 2025
 Scheduled date to commence dividend payments: February 3, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2024 (from June 1, 2024 to November 30, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended November 30, 2024	45,777	(0.3)	2,953	44.7	2,646	33.8	1,927	44.7
Six months ended November 30, 2023	45,924	19.2	2,041	24.2	1,977	5.0	1,331	(1.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended November 30, 2024	63.21		-	
Six months ended November 30, 2023	43.68		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2024	76,926	31,561	40.3
As of May 31, 2024	74,930	30,479	39.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended May 31, 2024	-	10.00	-	10.00	20.00
Year ending May 31, 2025	-	10.00			
Year ending May 31, 2025 (Forecast)			-	10.00	20.00

3. Forecast of consolidated financial results for the year ending May 31, 2025 (from June 1, 2024 to May 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	95,000	1.3	4,800	16.2	4,400	12.0	2,900	11.0	95.13

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended November 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2024	30,688,569 shares	As of May 31, 2024	30,688,569 shares
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Number of treasury shares at the end of the period

As of November 30, 2024	204,786 shares	As of May 31, 2024	204,786 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended November 30, 2024	30,483,783 shares	Six months ended November 30, 2023	30,483,783 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	9,958	10,857
Notes receivable - trade	19	0
Electronically recorded monetary claims - operating	1,126	1,421
Accounts receivable - trade	18,561	18,991
Merchandise and finished goods	2,061	1,874
Work in process	4,340	4,348
Raw materials and supplies	1,956	2,034
Other	2,963	2,836
Total current assets	40,987	42,366
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,457	11,092
Machinery, equipment and vehicles, net	11,444	11,489
Tools, furniture and fixtures, net	2,048	2,091
Land	6,599	6,542
Construction in progress	557	1,654
Total property, plant and equipment	32,108	32,870
Intangible assets		
Goodwill	47	22
Other	460	439
Total intangible assets	507	462
Investments and other assets		
Investment securities	24	19
Deferred tax assets	326	191
Retirement benefit asset	630	685
Other	345	330
Total investments and other assets	1,327	1,227
Total non-current assets	33,942	34,560
Total assets	74,930	76,926

(Millions of yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,851	9,766
Electronically recorded obligations - operating	3,283	3,338
Short-term borrowings	6,325	6,112
Current portion of long-term borrowings	4,846	5,084
Lease liabilities	1,789	1,657
Income taxes payable	640	681
Provision for bonuses	161	184
Provision for bonuses for directors (and other officers)	59	–
Other	7,075	6,185
Total current liabilities	33,032	33,010
Non-current liabilities		
Long-term borrowings	6,719	7,496
Lease liabilities	3,491	3,903
Deferred tax liabilities	272	107
Provision for retirement benefits for directors (and other officers)	16	16
Retirement benefit liability	437	435
Other	480	393
Total non-current liabilities	11,418	12,354
Total liabilities	44,450	45,365
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	18,433	20,055
Treasury shares	(43)	(43)
Total shareholders' equity	26,470	28,092
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	(1)
Remeasurements of defined benefit plans	447	442
Foreign currency translation adjustment	2,991	2,459
Total accumulated other comprehensive income	3,441	2,901
Non-controlling interests	567	568
Total net assets	30,479	31,561
Total liabilities and net assets	74,930	76,926

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Net sales	45,924	45,777
Cost of sales	39,392	38,113
Gross profit	6,531	7,664
Selling, general and administrative expenses	4,490	4,710
Operating profit	2,041	2,953
Non-operating income		
Interest income	34	31
Dividend income	0	1
Foreign exchange gains	61	–
Rental income	30	33
Gain on sale of scraps	38	28
Compensation income	20	39
Subsidy income	6	41
Insurance claim income	2	34
Other	7	12
Total non-operating income	202	223
Non-operating expenses		
Interest expenses	198	272
Foreign exchange losses	–	199
Loss on valuation of derivatives	25	19
Other	42	40
Total non-operating expenses	266	530
Ordinary profit	1,977	2,646
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	1	–
National subsidies	14	–
Total extraordinary income	17	0
Extraordinary losses		
Loss on retirement of non-current assets	44	24
Loss on sale of non-current assets	21	2
Extra retirement payments	33	30
Loss on tax purpose reduction entry of non-current assets	14	–
Loss on liquidation of subsidiaries and associates	1	–
Total extraordinary losses	115	57
Profit before income taxes	1,879	2,588
Income taxes	510	641
Profit	1,368	1,947
Profit attributable to non-controlling interests	37	20
Profit attributable to owners of parent	1,331	1,927

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Profit	1,368	1,947
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(4)
Foreign currency translation adjustment	908	(544)
Remeasurements of defined benefit plans, net of tax	24	(4)
Total other comprehensive income	934	(553)
Comprehensive income	2,303	1,393
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,243	1,386
Comprehensive income attributable to non-controlling interests	59	6

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,879	2,588
Depreciation	1,930	2,076
Amortization of goodwill	20	22
Decrease (increase) in retirement benefit asset	–	(55)
Increase (decrease) in retirement benefit liability	(38)	(3)
Interest and dividend income	(35)	(33)
Interest expenses	198	272
Loss (gain) on sale of property, plant and equipment	19	2
Loss on retirement of property, plant and equipment	44	24
Loss (gain) on valuation of derivatives	25	19
Extra retirement payments	33	30
Decrease (increase) in trade receivables	(1,063)	(1,195)
Decrease (increase) in inventories	(190)	(82)
Decrease (increase) in other asset	(636)	176
Increase (decrease) in trade payables	(275)	1,346
Increase (decrease) in other liability	475	(585)
Other, net	(4)	3
Subtotal	2,383	4,608
Interest and dividends received	35	33
Interest paid	(197)	(268)
Extra retirement payments	(33)	(30)
Income taxes paid	(404)	(633)
Net cash provided by (used in) operating activities	1,782	3,709
Cash flows from investing activities		
Purchase of investment securities	(0)	(0)
Proceeds from sale of investment securities	1	–
Purchase of property, plant and equipment	(2,078)	(2,490)
Proceeds from sale of property, plant and equipment	13	3
Other, net	(45)	(39)
Net cash provided by (used in) investing activities	(2,108)	(2,527)

(Millions of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(192)	(118)
Proceeds from long-term loan payable	2,000	2,500
Repayments of long-term borrowings	(1,125)	(1,325)
Repayments of lease liabilities	(583)	(918)
Dividends paid	(274)	(304)
Dividends paid to non-controlling interests	(1)	(5)
Net cash provided by (used in) financing activities	(176)	(173)
Effect of exchange rate change on cash and cash equivalents	278	(109)
Net increase (decrease) in cash and cash equivalents	(225)	898
Cash and cash equivalents at beginning of period	8,775	9,958
Cash and cash equivalents at end of period	8,549	10,857