

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2021 (Based on Japanese GAAP)

April 7, 2021

Company name: Sanko Gosei Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7888 URL <http://www.sankogosei.co.jp>
 Representative: Representative Director/President Kenso Kuroda
 Inquiries: Director/Executive Officer Akira Serikawa TEL 0763-52-7105
 Scheduled date to file Quarterly Securities Report: April 13, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended February 28, 2021 (from June 1, 2020 to February 28, 2021)

(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	%
Nine months ended February 28, 2021	40,149	(3.3)	1,848	189.8	1,576	542.0	899	965.4
Nine months ended February 29, 2020	41,524	1.0	637	(54.0)	245	(79.2)	84	(88.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 28, 2021	29.49		–	
Nine months ended February 29, 2020	2.76		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2021	54,207	19,776	35.9	638.02
As of May 31, 2020	48,107	18,551	37.8	596.67

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, 2020	–	7.00	–	2.00	9.00
Year ending May 31, 2021	–	4.00	–	–	–
Year ending May 31, 2021 (Forecast)	–	–	–	7.00	11.00

3. Forecast of consolidated financial results for the year ending May 31, 2021 (from June 1, 2020 to May 31, 2021)

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	53,000	4.5	2,000	187.9	1,500	652.3	900	–	29.52

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 28, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly 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 February 28, 2021	30,688,569 shares	As of May 31, 2020	30,688,569 shares
-------------------------	-------------------	--------------------	-------------------

Number of treasury shares at the end of the period

As of February 28, 2021	204,637 shares	As of May 31, 2020	204,637 shares
-------------------------	----------------	--------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended February 28, 2021	30,483,932 shares	Nine months ended February 29, 2020	30,483,934 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	7,499	7,194
Notes and accounts receivable - trade	10,352	14,451
Merchandise and finished goods	1,326	1,458
Work in process	2,485	3,493
Raw materials and supplies	848	943
Other	2,048	2,108
Allowance for doubtful accounts	(0)	(0)
Total current assets	24,560	29,648
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,346	7,173
Machinery, equipment and vehicles, net	8,473	8,722
Tools, furniture and fixtures, net	1,328	1,472
Land	4,645	4,694
Construction in progress	574	1,334
Total property, plant and equipment	22,368	23,398
Intangible assets		
Goodwill	149	126
Other	395	365
Total intangible assets	544	492
Investments and other assets		
Investment securities	15	16
Other	618	651
Total investments and other assets	634	667
Total non-current assets	23,547	24,558
Total assets	48,107	54,207

(Millions of yen)

	As of May 31, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,808	8,103
Electronically recorded obligations - operating	2,521	2,369
Short-term borrowings	1,979	3,796
Current portion of long-term borrowings	2,695	2,177
Current portion of bonds payable	150	75
Income taxes payable	81	484
Provision for bonuses	114	124
Other	3,421	4,042
Total current liabilities	15,771	21,173
Non-current liabilities		
Bonds payable	75	75
Long-term borrowings	9,405	8,583
Provision for retirement benefits for directors (and other officers)	23	23
Retirement benefit liability	1,007	958
Other	3,273	3,616
Total non-current liabilities	13,784	13,257
Total liabilities	29,556	34,430
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,087	4,087
Retained earnings	12,225	12,941
Treasury shares	(43)	(43)
Total shareholders' equity	20,278	20,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(4)
Remeasurements of defined benefit plans	(414)	(368)
Foreign currency translation adjustment	(1,669)	(1,172)
Total accumulated other comprehensive income	(2,088)	(1,544)
Non-controlling interests	362	327
Total net assets	18,551	19,776
Total liabilities and net assets	48,107	54,207

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended February 29, 2020	Nine months ended February 28, 2021
Net sales	41,524	40,149
Cost of sales	35,926	33,755
Gross profit	5,598	6,393
Selling, general and administrative expenses	4,960	4,545
Operating profit	637	1,848
Non-operating income		
Interest and dividend income	18	15
Rental income	50	50
Subsidies for employment adjustment	–	111
Other	41	39
Total non-operating income	110	217
Non-operating expenses		
Interest expenses	244	284
Foreign exchange losses	30	91
Loss on Derivative	154	60
Other	72	53
Total non-operating expenses	502	489
Ordinary profit	245	1,576
Extraordinary income		
Gain on sales of non-current assets	3	3
Gain on sales of investment securities	–	1
National subsidies	39	85
Total extraordinary income	43	90
Extraordinary losses		
Loss on retirement of non-current assets	38	56
Loss on sales of non-current assets	7	5
Extra retirement payments	9	11
Loss on tax purpose reduction entry of non-current assets	39	85
Total extraordinary losses	94	159
Profit before income taxes	194	1,507
Income taxes	169	639
Profit	25	868
Loss attributable to non-controlling interests	(59)	(30)
Profit attributable to owners of parent	84	899

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended February 29, 2020	Nine months ended February 28, 2021
Profit	25	868
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	42	496
Remeasurements of defined benefit plans, net of tax	38	46
Total other comprehensive income	81	544
Comprehensive income	106	1,412
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	168	1,443
Comprehensive income attributable to non-controlling interests	(61)	(30)