

Translation

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Summary of Consolidated Financial Results for the Three Months Ended August 31, 2021 (Based on Japanese GAAP)

October 12, 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: October 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 three months ended August 31, 2021 (from June 1, 2021 to August 31, 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	%
Three months ended August 31, 2021	13,840	17.7	149	(46.8)	69	(66.5)	178	83.0
Three months ended August 31, 2020	11,755	(9.4)	281	133.5	207	–	97	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2021	5.85	–
Three months ended August 31, 2020	3.19	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2021	55,323	20,438	36.3	658.32
As of May 31, 2021	56,633	20,649	35.8	665.56

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended May 31, 2021	–	4.00	–	7.00	11.00
Year ending May 31, 2022	–	–	–	–	–
Year ending May 31, 2022 (Forecast)	–	7.00	–	7.00	14.00

3. Forecast of consolidated financial results for the year ending May 31, 2022 (from June 1, 2021 to May 31, 2022)

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	60,000	8.8	2,900	20.3	2,700	38.4	1,800	38.2	59.05

4. Notes

- (1) Changes in significant subsidiaries during the three months ended August 31, 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: Yes
- 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 August 31, 2021	30,688,569 shares	As of May 31, 2021	30,688,569 shares
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Number of treasury shares at the end of the period

As of August 31, 2021	204,696 shares	As of May 31, 2021	204,696 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended August 31, 2021	30,483,873 shares	Three months ended August 31, 2020	30,483,932 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	8,079	7,917
Notes and accounts receivable - trade	13,814	12,831
Merchandise and finished goods	1,716	1,902
Work in process	4,096	3,552
Raw materials and supplies	1,102	1,161
Other	1,648	2,225
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,457	29,590
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,137	7,814
Machinery, equipment and vehicles, net	8,728	8,404
Tools, furniture and fixtures, net	1,510	1,490
Land	5,139	4,835
Construction in progress	1,637	2,137
Total property, plant and equipment	25,152	24,683
Intangible assets		
Goodwill	123	116
Other	374	362
Total intangible assets	497	478
Investments and other assets		
Investment securities	18	18
Other	507	552
Total investments and other assets	525	571
Total non-current assets	26,176	25,732
Total assets	56,633	55,323

(Millions of yen)

	As of May 31, 2021	As of August 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,398	6,328
Electronically recorded obligations - operating	2,589	2,507
Short-term borrowings	5,820	5,820
Current portion of long-term borrowings	1,984	1,951
Current portion of bonds payable	75	75
Income taxes payable	447	146
Provision for bonuses	176	148
Provision for bonuses for directors (and other officers)	44	–
Other	4,946	5,717
Total current liabilities	23,481	22,695
Non-current liabilities		
Long-term borrowings	7,577	7,473
Provision for retirement benefits for directors (and other officers)	23	18
Retirement benefit liability	865	845
Other	4,035	3,850
Total non-current liabilities	12,501	12,189
Total liabilities	35,983	34,884
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	13,344	13,309
Treasury shares	(43)	(43)
Total shareholders' equity	21,381	21,346
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(3)
Remeasurements of defined benefit plans	(278)	(258)
Foreign currency translation adjustment	(810)	(1,016)
Total accumulated other comprehensive income	(1,092)	(1,278)
Non-controlling interests	360	370
Total net assets	20,649	20,438
Total liabilities and net assets	56,633	55,323

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended August 31, 2020	Three months ended August 31, 2021
Net sales	11,755	13,840
Cost of sales	10,071	12,065
Gross profit	1,683	1,774
Selling, general and administrative expenses	1,402	1,625
Operating profit	281	149
Non-operating income		
Interest and dividend income	2	3
Rental income	17	16
Subsidies for employment adjustment	84	3
Other	9	20
Total non-operating income	113	44
Non-operating expenses		
Interest expenses	84	89
Foreign exchange losses	46	2
Loss on Derivative	42	20
Other	13	11
Total non-operating expenses	187	124
Ordinary profit	207	69
Extraordinary income		
Gain on sale of non-current assets	2	169
National subsidies	85	–
Total extraordinary income	88	169
Extraordinary losses		
Loss on retirement of non-current assets	25	5
Loss on sale of non-current assets	3	4
Loss on tax purpose reduction entry of non-current assets	85	–
Total extraordinary losses	114	9
Profit before income taxes	181	229
Income taxes	127	35
Profit	54	194
Profit (loss) attributable to non-controlling interests	(43)	15
Profit attributable to owners of parent	97	178

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended August 31, 2020	Three months ended August 31, 2021
Profit	54	194
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	177	(212)
Remeasurements of defined benefit plans, net of tax	15	19
Total other comprehensive income	192	(192)
Comprehensive income	246	1
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	287	(7)
Comprehensive income attributable to non-controlling interests	(40)	9