

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2023 (Based on Japanese GAAP)

April 7, 2023

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, 2023
 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, 2023 (from June 1, 2022 to February 28, 2023)

(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, 2023	57,265	25.9	2,173	84.6	2,228	128.6	1,515	112.1
Nine months ended February 28, 2022	45,489	13.3	1,177	(36.3)	974	(38.2)	714	(20.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 28, 2023	49.73		–	
Nine months ended February 28, 2022	23.44		–	

(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, 2023	61,648	24,856	39.6	800.96
As of May 31, 2022	58,409	23,251	39.1	748.46

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, 2022	–	7.00	–	7.00	14.00
Year ending May 31, 2023	–	7.00	–		
Year ending May 31, 2023 (Forecast)				7.00	14.00

3. Forecast of consolidated financial results for the year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

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	68,000	3.6	2,800	10.1	2,500	3.5	1,900	4.9	62.32

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 28, 2023
(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, 2023	30,688,569 shares	As of May 31, 2022	30,688,569 shares
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Number of treasury shares at the end of the period

As of February 28, 2023	204,786 shares	As of May 31, 2022	204,749 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended February 28, 2023	30,483,817 shares	Nine months ended February 28, 2022	30,483,843 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	6,822	7,185
Notes receivable - trade	32	21
Electronically recorded monetary claims - operating	631	1,293
Accounts receivable - trade	14,007	14,993
Merchandise and finished goods	1,896	1,308
Work in process	3,306	3,939
Raw materials and supplies	1,777	1,733
Other	2,248	2,819
Allowance for doubtful accounts	(0)	-
Total current assets	30,721	33,295
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,157	9,878
Machinery, equipment and vehicles, net	9,505	9,693
Tools, furniture and fixtures, net	1,977	1,914
Land	4,977	5,023
Construction in progress	977	776
Total property, plant and equipment	26,595	27,286
Intangible assets		
Goodwill	109	87
Other	416	431
Total intangible assets	526	518
Investments and other assets		
Investment securities	18	20
Other	547	527
Total investments and other assets	566	548
Total non-current assets	27,687	28,353
Total assets	58,409	61,648

(Millions of yen)

	As of May 31, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,963	6,762
Electronically recorded obligations - operating	2,585	3,396
Short-term borrowings	6,341	6,809
Current portion of long-term borrowings	1,870	1,798
Income taxes payable	464	317
Provision for bonuses	169	144
Provision for bonuses for directors (and other officers)	34	–
Other	4,712	6,327
Total current liabilities	23,141	25,557
Non-current liabilities		
Long-term borrowings	7,343	6,549
Provision for retirement benefits for directors (and other officers)	18	16
Retirement benefit liability	832	751
Other	3,821	3,918
Total non-current liabilities	12,017	11,235
Total liabilities	35,158	36,792
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	14,729	15,818
Treasury shares	(43)	(43)
Total shareholders' equity	22,766	23,855
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(2)
Remeasurements of defined benefit plans	(226)	(178)
Foreign currency translation adjustment	279	741
Total accumulated other comprehensive income	49	560
Non-controlling interests	435	439
Total net assets	23,251	24,856
Total liabilities and net assets	58,409	61,648

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended February 28, 2022	Nine months ended February 28, 2023
Net sales	45,489	57,265
Cost of sales	39,265	49,247
Gross profit	6,224	8,018
Selling, general and administrative expenses	5,047	5,844
Operating profit	1,177	2,173
Non-operating income		
Interest and dividend income	25	23
Rental income	49	46
Foreign exchange gains	–	216
Other	112	71
Total non-operating income	187	358
Non-operating expenses		
Interest expenses	303	267
Foreign exchange losses	14	–
Loss on Derivative	39	0
Other	32	35
Total non-operating expenses	390	303
Ordinary profit	974	2,228
Extraordinary income		
Gain on sale of non-current assets	177	0
Total extraordinary income	177	0
Extraordinary losses		
Loss on retirement of non-current assets	51	38
Loss on sale of non-current assets	7	10
Total extraordinary losses	59	49
Profit before income taxes	1,092	2,179
Income taxes	344	667
Profit	748	1,512
Profit (loss) attributable to non-controlling interests	33	(3)
Profit attributable to owners of parent	714	1,515

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended February 28, 2022	Nine months ended February 28, 2023
Profit	748	1,512
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Foreign currency translation adjustment	280	470
Remeasurements of defined benefit plans, net of tax	47	47
Total other comprehensive income	327	519
Comprehensive income	1,075	2,031
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,035	2,027
Comprehensive income attributable to non-controlling interests	39	4