

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2022 (Based on Japanese GAAP)

April 8, 2022

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, 2022  
 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, 2022 (from June 1, 2021 to February 28, 2022)

(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, 2022	45,489	13.3	1,177	(36.3)	974	(38.2)	714	(20.5)
Nine months ended February 28, 2021	40,149	(3.3)	1,848	189.8	1,576	542.0	899	965.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 28, 2022	23.44		–	
Nine months ended February 28, 2021	29.49		–	

(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, 2022	57,458	21,298	36.4	685.54
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				
Year ended May 31, 2021	–	4.00	–	7.00	11.00
Year ending May 31, 2022	–	7.00	–		
Year ending May 31, 2022 (Forecast)				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 nine months ended February 28, 2022  
(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 February 28, 2022	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 February 28, 2022	204,749 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)

Nine months ended February 28, 2022	30,483,843 shares	Nine months ended February 28, 2021	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 February 28, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,079	7,513
Notes and accounts receivable - trade	13,814	13,384
Merchandise and finished goods	1,716	2,519
Work in process	4,096	3,613
Raw materials and supplies	1,102	1,430
Other	1,648	2,380
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,457	30,841
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,137	7,834
Machinery, equipment and vehicles, net	8,728	8,906
Tools, furniture and fixtures, net	1,510	1,862
Land	5,139	4,881
Construction in progress	1,637	2,132
Total property, plant and equipment	25,152	25,617
Intangible assets		
Goodwill	123	106
Other	374	365
Total intangible assets	497	471
Investments and other assets		
Investment securities	18	18
Other	507	509
Total investments and other assets	525	528
Total non-current assets	26,176	26,617
Total assets	56,633	57,458

(Millions of yen)

	As of May 31, 2021	As of February 28, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,398	7,068
Electronically recorded obligations - operating	2,589	2,481
Short-term borrowings	5,820	6,327
Current portion of long-term borrowings	1,984	1,859
Current portion of bonds payable	75	–
Income taxes payable	447	241
Provision for bonuses	176	120
Provision for bonuses for directors (and other officers)	44	–
Other	4,946	5,173
<b>Total current liabilities</b>	<b>23,481</b>	<b>23,272</b>
<b>Non-current liabilities</b>		
Long-term borrowings	7,577	7,930
Provision for retirement benefits for directors (and other officers)	23	18
Retirement benefit liability	865	827
Other	4,035	4,109
<b>Total non-current liabilities</b>	<b>12,501</b>	<b>12,886</b>
<b>Total liabilities</b>	<b>35,983</b>	<b>36,159</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	13,344	13,632
Treasury shares	(43)	(43)
<b>Total shareholders' equity</b>	<b>21,381</b>	<b>21,669</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2)	(3)
Remeasurements of defined benefit plans	(278)	(230)
Foreign currency translation adjustment	(810)	(536)
<b>Total accumulated other comprehensive income</b>	<b>(1,092)</b>	<b>(771)</b>
<b>Non-controlling interests</b>	<b>360</b>	<b>401</b>
<b>Total net assets</b>	<b>20,649</b>	<b>21,298</b>
<b>Total liabilities and net assets</b>	<b>56,633</b>	<b>57,458</b>

## 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, 2021	Nine months ended February 28, 2022
Net sales	40,149	45,489
Cost of sales	33,755	39,265
Gross profit	6,393	6,224
Selling, general and administrative expenses	4,545	5,047
Operating profit	1,848	1,177
Non-operating income		
Interest and dividend income	15	25
Rental income	50	49
Subsidies for employment adjustment	111	27
Other	39	85
Total non-operating income	217	187
Non-operating expenses		
Interest expenses	284	303
Foreign exchange losses	91	14
Loss on Derivative	60	39
Other	53	32
Total non-operating expenses	489	390
Ordinary profit	1,576	974
Extraordinary income		
Gain on sale of non-current assets	3	177
Gain on sale of investment securities	1	–
National subsidies	85	–
Total extraordinary income	90	177
Extraordinary losses		
Loss on retirement of non-current assets	56	51
Loss on sale of non-current assets	5	7
Extra retirement payments	11	–
Loss on tax purpose reduction entry of non-current assets	85	–
Total extraordinary losses	159	59
Profit before income taxes	1,507	1,092
Income taxes	639	344
Profit	868	748
Profit (loss) attributable to non-controlling interests	(30)	33
Profit attributable to owners of parent	899	714

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended February 28, 2021	Nine months ended February 28, 2022
Profit	868	748
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	496	280
Remeasurements of defined benefit plans, net of tax	46	47
Total other comprehensive income	544	327
Comprehensive income	1,412	1,075
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,443	1,035
Comprehensive income attributable to non-controlling interests	(30)	39