

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 Three Months Ended August 31, 2023 (Based on Japanese GAAP)

October 12, 2023

Company name: Sanko Gosei Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7888 URL <https://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, 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 three months ended August 31, 2023 (from June 1, 2023 to August 31, 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	%
Three months ended August 31, 2023	21,111	15.8	383	(43.4)	269	(70.7)	127	(80.4)
Three months ended August 31, 2022	18,227	31.7	678	353.2	920	–	649	264.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2023	4.16	–
Three months ended August 31, 2022	21.32	–

(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, 2023	65,554	26,627	39.8	856.58
As of May 31, 2023	65,580	25,950	38.9	835.82

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, 2023	–	7.00	–	9.00	16.00
Year ending May 31, 2024	–				
Year ending May 31, 2024 (Forecast)		9.00	–	9.00	18.00

3. Forecast of consolidated financial results for the year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

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	85,000	4.8	3,800	9.1	3,600	3.8	2,300	9.7	75.44

4. Notes

- (1) Changes in significant subsidiaries during the three months ended August 31, 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 August 31, 2023	30,688,569 shares	As of May 31, 2023	30,688,569 shares
-----------------------	-------------------	--------------------	-------------------

Number of treasury shares at the end of the period

As of August 31, 2023	204,786 shares	As of May 31, 2023	204,786 shares
-----------------------	----------------	--------------------	----------------

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

Three months ended August 31, 2023	30,483,783 shares	Three months ended August 31, 2022	30,483,820 shares
------------------------------------	-------------------	------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	8,775	6,490
Notes receivable - trade	99	44
Electronically recorded monetary claims - operating	1,044	1,186
Accounts receivable - trade	15,728	15,026
Merchandise and finished goods	1,322	1,300
Work in process	4,580	5,017
Raw materials and supplies	1,763	1,890
Other	3,329	3,367
Total current assets	36,644	34,323
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,038	10,331
Machinery, equipment and vehicles, net	9,546	10,216
Tools, furniture and fixtures, net	1,881	2,034
Land	5,072	5,130
Construction in progress	1,285	2,138
Total property, plant and equipment	27,824	29,852
Intangible assets		
Goodwill	80	74
Other	453	468
Total intangible assets	534	542
Investments and other assets		
Investment securities	17	21
Other	559	815
Total investments and other assets	577	836
Total non-current assets	28,935	31,231
Total assets	65,580	65,554

(Millions of yen)

	As of May 31, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,940	7,660
Electronically recorded obligations - operating	3,794	3,489
Short-term borrowings	5,811	5,716
Current portion of long-term borrowings	2,194	2,207
Income taxes payable	538	279
Provision for bonuses	195	151
Provision for bonuses for directors (and other officers)	53	–
Other	7,182	7,449
Total current liabilities	27,710	26,954
Non-current liabilities		
Long-term borrowings	7,403	7,483
Provision for retirement benefits for directors (and other officers)	16	16
Retirement benefit liability	724	691
Other	3,774	3,781
Total non-current liabilities	11,919	11,973
Total liabilities	39,630	38,927
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	16,399	16,252
Treasury shares	(43)	(43)
Total shareholders' equity	24,436	24,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1)	0
Remeasurements of defined benefit plans	(170)	(158)
Foreign currency translation adjustment	1,214	1,980
Total accumulated other comprehensive income	1,042	1,822
Non-controlling interests	470	515
Total net assets	25,950	26,627
Total liabilities and net assets	65,580	65,554

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, 2022	Three months ended August 31, 2023
Net sales	18,227	21,111
Cost of sales	15,604	18,549
Gross profit	2,622	2,562
Selling, general and administrative expenses	1,944	2,178
Operating profit	678	383
Non-operating income		
Interest income	2	16
Dividend income	0	0
Rental income	14	12
Gain on sale of scraps	12	16
Foreign exchange gains	347	2
Other	13	10
Total non-operating income	392	60
Non-operating expenses		
Interest expenses	104	107
Loss on Derivative	36	32
Other	9	33
Total non-operating expenses	150	173
Ordinary profit	920	269
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	12	13
Extra retirement payments	–	24
Total extraordinary losses	12	37
Profit before income taxes	907	232
Income taxes	257	86
Profit	650	146
Profit attributable to non-controlling interests	0	19
Profit attributable to owners of parent	649	127

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Profit	650	146
Other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Foreign currency translation adjustment	577	786
Remeasurements of defined benefit plans, net of tax	10	12
Total other comprehensive income	590	800
Comprehensive income	1,240	947
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,222	907
Comprehensive income attributable to non-controlling interests	18	39