

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended February 29, 2024 (Based on Japanese GAAP)

April 5, 2024

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: April 12, 2024
 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 29, 2024 (from June 1, 2023 to February 29, 2024)

(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 29, 2024	68,422	19.5	2,765	27.2	2,532	13.6	1,617	6.7
Nine months ended February 28, 2023	57,265	25.9	2,173	84.6	2,228	128.6	1,515	112.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 29, 2024	53.05		–	
Nine months ended February 28, 2023	49.73		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	70,734	28,303	39.2	910.46
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				
Year ended May 31, 2023	–	7.00	–	9.00	16.00
Year ending May 31, 2024	–	10.00	–		
Year ending May 31, 2024 (Forecast)				10.00	20.00

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 nine months ended February 29, 2024
(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 29, 2024	30,688,569 shares	As of May 31, 2023	30,688,569 shares
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Number of treasury shares at the end of the period

As of February 29, 2024	204,786 shares	As of May 31, 2023	204,786 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended February 29, 2024	30,483,783 shares	Nine months ended February 28, 2023	30,483,817 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	8,775	8,553
Notes receivable - trade	99	6
Electronically recorded monetary claims - operating	1,044	1,247
Accounts receivable - trade	15,728	17,311
Merchandise and finished goods	1,322	1,748
Work in process	4,580	4,738
Raw materials and supplies	1,763	1,969
Other	3,329	2,570
Total current assets	36,644	38,146
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,038	11,322
Machinery, equipment and vehicles, net	9,546	10,619
Tools, furniture and fixtures, net	1,881	2,197
Land	5,072	5,146
Construction in progress	1,285	2,020
Total property, plant and equipment	27,824	31,306
Intangible assets		
Goodwill	80	55
Other	453	466
Total intangible assets	534	522
Investments and other assets		
Investment securities	17	24
Other	559	734
Total investments and other assets	577	759
Total non-current assets	28,935	32,588
Total assets	65,580	70,734

(Millions of yen)

	As of May 31, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,940	8,532
Electronically recorded obligations - operating	3,794	3,470
Short-term borrowings	5,811	6,332
Current portion of long-term borrowings	2,194	3,775
Income taxes payable	538	486
Provision for bonuses	195	133
Provision for bonuses for directors (and other officers)	53	–
Other	7,182	8,153
Total current liabilities	27,710	30,885
Non-current liabilities		
Long-term borrowings	7,403	6,870
Provision for retirement benefits for directors (and other officers)	16	16
Retirement benefit liability	724	627
Other	3,774	4,030
Total non-current liabilities	11,919	11,545
Total liabilities	39,630	42,430
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	16,399	17,437
Treasury shares	(43)	(43)
Total shareholders' equity	24,436	25,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1)	2
Remeasurements of defined benefit plans	(170)	(134)
Foreign currency translation adjustment	1,214	2,411
Total accumulated other comprehensive income	1,042	2,279
Non-controlling interests	470	549
Total net assets	25,950	28,303
Total liabilities and net assets	65,580	70,734

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, 2023	Nine months ended February 29, 2024
Net sales	57,265	68,422
Cost of sales	49,247	58,958
Gross profit	8,018	9,463
Selling, general and administrative expenses	5,844	6,698
Operating profit	2,173	2,765
Non-operating income		
Interest income	22	54
Dividend income	1	1
Rental income	46	45
Gain on sale of scraps	44	49
Foreign exchange gains	216	20
Other	27	42
Total non-operating income	358	214
Non-operating expenses		
Interest expenses	267	329
Loss on Derivative	0	56
Other	35	60
Total non-operating expenses	303	447
Ordinary profit	2,228	2,532
Extraordinary income		
Gain on sale of non-current assets	0	7
Gain on sale of investment securities	–	1
National subsidies	–	24
Total extraordinary income	0	33
Extraordinary losses		
Loss on retirement of non-current assets	38	58
Loss on sale of non-current assets	10	21
Extra retirement payments	–	34
Loss on liquidation of subsidiaries and associates	–	1
Loss on tax purpose reduction entry of non-current assets	–	24
Total extraordinary losses	49	140
Profit before income taxes	2,179	2,425
Income taxes	667	763
Profit	1,512	1,662
Profit (loss) attributable to non-controlling interests	(3)	44
Profit attributable to owners of parent	1,515	1,617

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Profit	1,512	1,662
Other comprehensive income		
Valuation difference on available-for-sale securities	1	4
Foreign currency translation adjustment	470	1,227
Remeasurements of defined benefit plans, net of tax	47	36
Total other comprehensive income	519	1,268
Comprehensive income	2,031	2,930
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,027	2,854
Comprehensive income attributable to non-controlling interests	4	75