

Translation

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Summary of Consolidated Financial Results for the Three Months Ended August 31, 2022 (Based on Japanese GAAP)

October 12, 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: October 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 three months ended August 31, 2022 (from June 1, 2022 to August 31, 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	%
Three months ended August 31, 2022	18,227	31.7	678	353.2	920	–	649	264.5
Three months ended August 31, 2021	13,840	17.7	149	(46.8)	69	(66.5)	178	83.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended August 31, 2022	21.32		–	
Three months ended August 31, 2021	5.85		–	

(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, 2022	60,036	24,279	39.7	781.53
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	–	–	–	–	–
Year ending May 31, 2023 (Forecast)	–	7.00	–	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 three months ended August 31, 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: 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, 2022	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 August 31, 2022	204,749 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)

Three months ended August 31, 2022	30,483,820 shares	Three months ended August 31, 2021	30,483,873 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 31, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	6,822	7,198
Notes receivable - trade	32	11
Electronically recorded monetary claims - operating	631	1,228
Accounts receivable - trade	14,007	13,922
Merchandise and finished goods	1,896	1,860
Work in process	3,306	3,401
Raw materials and supplies	1,777	1,686
Other	2,248	2,398
Allowance for doubtful accounts	(0)	–
Total current assets	30,721	31,707
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,157	10,171
Machinery, equipment and vehicles, net	9,505	9,551
Tools, furniture and fixtures, net	1,977	2,167
Land	4,977	5,028
Construction in progress	977	267
Total property, plant and equipment	26,595	27,186
Intangible assets		
Goodwill	109	108
Other	416	436
Total intangible assets	525	544
Investments and other assets		
Investment securities	18	20
Other	547	576
Total investments and other assets	566	597
Total non-current assets	27,687	28,328
Total assets	58,409	60,036

(Millions of yen)

	As of May 31, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,963	7,687
Electronically recorded obligations - operating	2,585	2,480
Short-term borrowings	6,341	6,352
Current portion of long-term borrowings	1,870	1,863
Income taxes payable	464	276
Provision for bonuses	169	140
Provision for bonuses for directors (and other officers)	34	–
Other	4,712	4,953
Total current liabilities	23,141	23,755
Non-current liabilities		
Long-term borrowings	7,343	7,317
Provision for retirement benefits for directors (and other officers)	18	16
Retirement benefit liability	832	825
Other	3,821	3,841
Total non-current liabilities	12,017	12,000
Total liabilities	35,158	35,756
Net assets		
Shareholders' equity		
Share capital	4,008	4,008
Capital surplus	4,071	4,071
Retained earnings	14,729	15,166
Treasury shares	(43)	(43)
Total shareholders' equity	22,766	23,203
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(2)
Remeasurements of defined benefit plans	(226)	(215)
Foreign currency translation adjustment	279	838
Total accumulated other comprehensive income	49	621
Non-controlling interests	435	455
Total net assets	23,251	24,279
Total liabilities and net assets	58,409	60,036

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, 2021	Three months ended August 31, 2022
Net sales	13,840	18,227
Cost of sales	12,065	15,604
Gross profit	1,774	2,622
Selling, general and administrative expenses	1,625	1,944
Operating profit	149	678
Non-operating income		
Interest and dividend income	3	3
Rental income	16	14
Subsidies for employment adjustment	3	5
Foreign exchange gains	–	347
Other	20	20
Total non-operating income	44	392
Non-operating expenses		
Interest expenses	89	104
Foreign exchange losses	2	–
Loss on Derivative	20	36
Other	11	9
Total non-operating expenses	124	150
Ordinary profit	69	920
Extraordinary income		
Gain on sale of non-current assets	169	0
Total extraordinary income	169	0
Extraordinary losses		
Loss on retirement of non-current assets	5	12
Loss on sale of non-current assets	4	–
Total extraordinary losses	9	12
Profit before income taxes	229	907
Income taxes	35	257
Profit	194	650
Profit attributable to non-controlling interests	15	0
Profit attributable to owners of parent	178	649

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended August 31, 2021	Three months ended August 31, 2022
Profit	194	650
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Foreign currency translation adjustment	(212)	577
Remeasurements of defined benefit plans, net of tax	19	10
Total other comprehensive income	(192)	590
Comprehensive income	1	1,240
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(7)	1,222
Comprehensive income attributable to non-controlling interests	9	18