

# Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2019 (Based on Japanese GAAP)

April 12, 2019

Company name: SANKI SERVICE CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 6044 URL <http://www.sanki-s.co.jp>  
 Representative: President & CEO Yoshikane Nakashima  
 Inquiries: Director of the Administration Division Tatsuo Kitakoshi TEL 079-289-4411  
 Scheduled date to file Quarterly Securities Report: April 12, 2019  
 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, 2019 (from June 1, 2018 to February 28, 2019)

#### (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, 2019	8,283	5.3	417	(20.2)	421	(19.9)	290	(19.0)
Nine months ended February 28, 2018	7,866	23.2	523	51.4	526	53.5	358	50.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended February 28, 2019	49.99	49.44
Nine months ended February 28, 2018	64.09	63.42

#### (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, 2019	4,032	2,593	64.3	445.88
As of May 31, 2018	4,735	2,445	51.6	422.25

### 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, 2018	–	0.00	–	28.00	28.00
Year ending May 31, 2019	–	0.00	–		
Year ending May 31, 2019 (Forecast)				30.00	30.00

### 3. Forecast of consolidated financial results for the year ending May 31, 2019 (from June 1, 2018 to May 31, 2019)

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	12,500	12.1	875	12.6	869	12.0	580	10.0	100.19

#### 4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 28, 2019  
(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, 2019	5,813,885 shares	As of May 31, 2018	5,789,285 shares
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Number of treasury shares at the end of the period

As of February 28, 2019	143 shares	As of May 31, 2018	43 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, 2019	5,802,747 shares	Nine months ended February 28, 2018	5,589,242 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2018	As of February 28, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	1,560,905	1,043,015
Notes and accounts receivable - trade	2,215,150	1,832,878
Costs on uncompleted construction contracts	77,181	58,802
Raw materials and supplies	15,207	41,642
Other	83,588	114,890
Allowance for doubtful accounts	(1,178)	(849)
Total current assets	3,950,855	3,090,379
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	253,559	244,477
Land	93,797	93,797
Other, net	29,895	37,937
Total property, plant and equipment	377,252	376,212
Intangible assets	51,219	99,191
Investments and other assets		
Investment securities	74,148	172,762
Long-term prepaid expenses	94,499	98,662
Net defined benefit asset	26,804	29,328
Deferred tax assets	104,607	105,192
Other	61,002	65,336
Allowance for doubtful accounts	(4,921)	(4,921)
Total investments and other assets	356,139	466,361
Total non-current assets	784,612	941,765
Total assets	4,735,467	4,032,145
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	1,154,921	675,825
Current portion of long-term loans payable	59,992	59,992
Income taxes payable	205,938	3,686
Provision for bonuses	141,164	76,499
Other	305,728	231,039
Total current liabilities	1,867,744	1,047,042
Non-current liabilities		
Long-term loans payable	100,028	55,034
Provision for directors' retirement benefits	164,582	—
Net defined benefit liability	128,407	133,561
Asset retirement obligations	13,995	15,027
Other	15,200	188,476
Total non-current liabilities	422,214	392,099
Total liabilities	2,289,958	1,439,142

	(Thousands of yen)	
	As of May 31, 2018	As of February 28, 2019
Net assets		
Shareholders' equity		
Capital stock	550,628	562,044
Capital surplus	436,128	447,544
Retained earnings	1,453,716	1,581,696
Treasury shares	(26)	(230)
Total shareholders' equity	2,440,446	2,591,054
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,690	3,227
Foreign currency translation adjustment	(608)	(2,072)
Total accumulated other comprehensive income	4,081	1,155
Share acquisition rights	981	792
Total net assets	2,445,509	2,593,002
Total liabilities and net assets	4,735,467	4,032,145

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Nine months ended February 28, 2018	Nine months ended February 28, 2019
Net sales	7,866,428	8,283,781
Cost of sales	6,161,496	6,570,335
Gross profit	1,704,931	1,713,446
Selling, general and administrative expenses	1,181,912	1,296,255
Operating profit	523,019	417,191
Non-operating income		
Interest income	748	977
Dividend income	362	476
House rent income	1,837	1,737
Commission fee	938	910
Foreign exchange gains	1,719	—
Compensation income	—	3,358
Other	1,918	1,838
Total non-operating income	7,525	9,297
Non-operating expenses		
Interest expenses	1,310	1,604
Taxes and dues	2,025	1,875
Foreign exchange losses	—	957
Other	630	465
Total non-operating expenses	3,966	4,901
Ordinary profit	526,578	421,587
Profit before income taxes	526,578	421,587
Income taxes	168,386	131,509
Profit	358,192	290,078
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	358,192	290,078

# Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended February 28, 2018	Nine months ended February 28, 2019
Profit	358,192	290,078
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,865)	(1,462)
Foreign currency translation adjustment	1,790	(1,463)
Total other comprehensive income	(74)	(2,925)
Comprehensive income	358,117	287,153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	358,117	287,153
Comprehensive income attributable to non-controlling interests	—	—