

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 Nine Months Ended February 29, 2020 (Based on Japanese GAAP)

April 14, 2020

Company name: SANKI SERVICE CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6044 URL <http://www.sanki-s.co.jp>
 Representative: President & CEO Yoshikane Nakashima
 Director
 Inquiries: Senior Managing Executive Officer Tatsuo Kitakoshi TEL 079-289-4411
 Business Administration Division
 Scheduled date to file Quarterly Securities Report: April 14, 2020
 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, 2020 (from June 1, 2019 to February 29, 2020)

(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, 2020	8,651	4.4	192	(53.7)	194	(53.9)	139	(51.9)
Nine months ended February 28, 2019	8,283	5.3	417	(20.2)	421	(19.9)	290	(19.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended February 29, 2020	23.73		23.70	
Nine months ended February 28, 2019	49.99		49.44	

(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, 2020	4,649	2,756	59.0	465.01
As of May 31, 2019	4,522	2,744	60.7	470.38

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, 2019	–	0.00	–	30.00	30.00
Year ending May 31, 2020	–	0.00	–		
Year ending May 31, 2020 (Forecast)				30.00	30.00

3. Forecast of consolidated financial results for the year ending May 31, 2020 (from June 1, 2019 to May 31, 2020)

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	12,100	9.5	600	(8.1)	597	(9.3)	392	(9.1)	67.22

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 29, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2020	5,896,085 shares	As of May 31, 2019	5,834,285 shares
-------------------------	------------------	--------------------	------------------

Number of treasury shares at the end of the period

As of February 29, 2020	189 shares	As of May 31, 2019	143 shares
-------------------------	------------	--------------------	------------

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

Nine months ended February 29, 2020	5,878,684 shares	Nine months ended February 28, 2019	5,802,747 shares
-------------------------------------	------------------	-------------------------------------	------------------

Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of May 31, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	1,288,602	798,332
Notes and accounts receivable - trade	1,870,681	2,343,631
Costs on construction contracts in progress	35,569	99,369
Raw materials and supplies	43,095	46,782
Other	140,441	174,033
Allowance for doubtful accounts	(1,041)	(5,255)
Total current assets	3,377,349	3,456,894
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	241,803	232,308
Land	93,797	93,797
Other, net	39,972	32,874
Total property, plant and equipment	375,574	358,980
Intangible assets	320,277	376,846
Investments and other assets		
Investment securities	167,558	156,015
Long-term prepaid expenses	100,054	106,399
Retirement benefit asset	23,107	26,354
Deferred tax assets	94,045	97,584
Other	68,972	75,240
Allowance for doubtful accounts	(4,921)	(4,921)
Total investments and other assets	448,816	456,673
Total non-current assets	1,144,667	1,192,500
Total assets	4,522,017	4,649,395
Liabilities		
Current liabilities		
Accounts payable for construction contracts	827,712	985,874
Current portion of long-term borrowings	59,992	54,240
Income taxes payable	94,000	—
Provision for bonuses	100,000	94,121
Other	311,754	412,681
Total current liabilities	1,393,458	1,546,917
Non-current liabilities		
Long-term borrowings	40,036	794
Retirement benefit liability	137,006	143,507
Asset retirement obligations	15,633	16,257
Long-term accounts payable - other	156,545	156,545
Other	34,512	29,158
Total non-current liabilities	383,733	346,263
Total liabilities	1,777,192	1,893,180

	(Thousands of yen)	
	As of May 31, 2019	As of February 29, 2020
Net assets		
Shareholders' equity		
Share capital	568,940	590,985
Capital surplus	454,440	476,485
Retained earnings	1,722,888	1,687,347
Treasury shares	(230)	(274)
Total shareholders' equity	2,746,038	2,754,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(446)	(8,713)
Foreign currency translation adjustment	(1,352)	(4,208)
Total accumulated other comprehensive income	(1,799)	(12,921)
Share acquisition rights	585	—
Non-controlling interests	—	14,591
Total net assets	2,744,824	2,756,214
Total liabilities and net assets	4,522,017	4,649,395

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, 2019	Nine months ended February 29, 2020
Net sales	8,283,781	8,651,428
Cost of sales	6,570,335	6,758,729
Gross profit	1,713,446	1,892,699
Selling, general and administrative expenses	1,296,255	1,699,721
Operating profit	417,191	192,977
Non-operating income		
Interest income	977	1,042
Dividend income	476	1,209
Rental income from buildings	1,737	1,837
Commission income	910	965
Compensation income	3,358	—
Other	1,838	1,192
Total non-operating income	9,297	6,247
Non-operating expenses		
Interest expenses	1,604	1,511
Taxes and dues	1,875	1,750
Foreign exchange losses	957	219
Other	465	1,234
Total non-operating expenses	4,901	4,715
Ordinary profit	421,587	194,510
Profit before income taxes	421,587	194,510
Income taxes	131,509	68,260
Profit	290,078	126,250
Loss attributable to non-controlling interests	—	(13,233)
Profit attributable to owners of parent	290,078	139,483

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended February 28, 2019	Nine months ended February 29, 2020
Profit	290,078	126,250
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,462)	(8,266)
Foreign currency translation adjustment	(1,463)	(4,571)
Total other comprehensive income	(2,925)	(12,837)
Comprehensive income	287,153	113,412
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	287,153	128,361
Comprehensive income attributable to non-controlling interests	—	(14,948)