

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended February 28, 2021 (Based on Japanese GAAP)

April 14, 2021

Company name: SANKI SERVICE CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 6044 URL <http://www.sanki-s.co.jp>  
 Representative: President&chief Executive officer Tatsuo Kitakoshi  
 Inquiries: Corporate Planning Department Minister Hideki Fujimoto TEL 079-289-4411  
 Scheduled date to file Quarterly Securities Report: April 14, 2021  
 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, 2021 (from June 1, 2020 to February 28, 2021)

(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, 2021 | 8,402           | (2.9) | 121              | (37.1) | 124             | (35.9) | 74                                      | (46.9) |
| Nine months ended February 29, 2020 | 8,651           | 4.4   | 192              | (53.7) | 194             | (53.9) | 139                                     | (51.9) |

|                                     | Earnings per share |  | Diluted earnings per share |  |
|-------------------------------------|--------------------|--|----------------------------|--|
|                                     | Yen                |  | Yen                        |  |
| Nine months ended February 28, 2021 | 12.52              |  | –                          |  |
| Nine months ended February 29, 2020 | 23.73              |  | 23.70                      |  |

(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, 2021 | 4,931           | 2,861           | 58.0         | 481.47               |
| As of May 31, 2020      | 4,847           | 2,877           | 59.2         | 486.39               |

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, 2020             | –                          | 0.00            | –               | 25.00           | 25.00 |
| Year ending May 31, 2021            | –                          | 0.00            | –               |                 |       |
| Year ending May 31, 2021 (Forecast) |                            |                 |                 | 10.00           | 10.00 |

3. Forecast of consolidated financial results for the year ending May 31, 2021 (from June 1, 2020 to May 31, 2021)

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 | 11,400          | (2.4) | 230              | (43.4) | 233             | (43.0) | 138                                     | (49.4) | 23.31              |

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended February 28, 2021  
(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 28, 2021 | 5,943,485 shares | As of May 31, 2020 | 5,896,085 shares |
|-------------------------|------------------|--------------------|------------------|

Number of treasury shares at the end of the period

|                         |            |                    |            |
|-------------------------|------------|--------------------|------------|
| As of February 28, 2021 | 789 shares | As of May 31, 2020 | 189 shares |
|-------------------------|------------|--------------------|------------|

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

|                                     |                  |                                     |                  |
|-------------------------------------|------------------|-------------------------------------|------------------|
| Nine months ended February 28, 2021 | 5,912,313 shares | Nine months ended February 29, 2020 | 5,878,684 shares |
|-------------------------------------|------------------|-------------------------------------|------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|   | As of May 31, 2020 | As of February 28, 2021 |
|---|--------------------|-------------------------|
| <b>Assets</b>                               |                    |                         |
| Current assets                              |                    |                         |
| Cash and deposits                           | 1,136,551          | 1,572,676               |
| Notes and accounts receivable - trade       | 2,218,783          | 1,818,412               |
| Securities                                  | –                  | 53,713                  |
| Costs on construction contracts in progress | 44,242             | 122,521                 |
| Raw materials and supplies                  | 49,904             | 39,621                  |
| Other                                       | 217,945            | 163,066                 |
| Allowance for doubtful accounts             | (5,097)            | (5,292)                 |
| Total current assets                        | 3,662,330          | 3,764,718               |
| Non-current assets                          |                    |                         |
| Property, plant and equipment               |                    |                         |
| Buildings and structures, net               | 229,661            | 221,197                 |
| Land  | 93,797             | 93,797                  |
| Other, net                                  | 31,701             | 22,805                  |
| Total property, plant and equipment         | 355,160            | 337,800                 |
| Intangible assets                           | 362,634            | 375,549                 |
| Investments and other assets                |                    |                         |
| Investment securities                       | 146,807            | 113,696                 |
| Long-term prepaid expenses                  | 107,652            | 138,717                 |
| Retirement benefit asset                    | 22,785             | 26,764                  |
| Deferred tax assets                         | 118,848            | 111,364                 |
| Other                                       | 76,016             | 67,538                  |
| Allowance for doubtful accounts             | (4,921)            | (4,921)                 |
| Total investments and other assets          | 467,188            | 453,161                 |
| Total non-current assets                    | 1,184,983          | 1,166,510               |
| Total assets                                | 4,847,313          | 4,931,229               |
| <b>Liabilities</b>                          |                    |                         |
| Current liabilities                         |                    |                         |
| Accounts payable for construction contracts | 858,883            | 842,978                 |
| Current portion of long-term borrowings     | 40,036             | 91,619                  |
| Income taxes payable                        | 79,845             | –                       |
| Provision for bonuses                       | 110,000            | 71,177                  |
| Other                                       | 534,512            | 405,521                 |
| Total current liabilities                   | 1,623,277          | 1,411,296               |
| Non-current liabilities                     |                    |                         |
| Long-term borrowings                        | –                  | 318,345                 |
| Retirement benefit liability                | 145,851            | 155,029                 |
| Asset retirement obligations                | 16,967             | 17,693                  |
| Long-term accounts payable - other          | 156,545            | 150,885                 |
| Other                                       | 27,515             | 16,763                  |
| Total non-current liabilities               | 346,880            | 658,716                 |
| Total liabilities                           | 1,970,157          | 2,070,012               |

(Thousands of yen)

|   | As of May 31, 2020 | As of February 28, 2021 |
|---|--------------------|-------------------------|
| Net assets  |                    |                         |
| Shareholders' equity                                  |                    |                         |
| Share capital   | 590,985            | 616,652                 |
| Capital surplus                                       | 476,485            | 502,152                 |
| Retained earnings                                     | 1,820,399          | 1,747,030               |
| Treasury shares                                       | (274)              | (274)                   |
| Total shareholders' equity                            | 2,887,595          | 2,865,560               |
| Accumulated other comprehensive income                |                    |                         |
| Valuation difference on available-for-sale securities | (15,167)           | (1,129)                 |
| Foreign currency translation adjustment               | (4,743)            | (3,214)                 |
| Total accumulated other comprehensive income          | (19,910)           | (4,343)                 |
| Non-controlling interests                             | 9,471              | –                       |
| Total net assets                                      | 2,877,156          | 2,861,216               |
| Total liabilities and net assets                      | 4,847,313          | 4,931,229               |

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

|  | Nine months ended<br>February 29, 2020 | Nine months ended<br>February 28, 2021 |
|--|--|--|
| Net sales                                      | 8,651,428                              | 8,402,378                              |
| Cost of sales                                  | 6,758,729                              | 6,535,152                              |
| Gross profit                                   | 1,892,699                              | 1,867,225                              |
| Selling, general and administrative expenses   | 1,699,721                              | 1,745,840                              |
| Operating profit                               | 192,977                                | 121,385                                |
| Non-operating income                           |  |  |
| Interest income                                | 1,042                                  | 1,260                                  |
| Dividend income                                | 1,209                                  | 1,324                                  |
| Rental income from buildings                   | 1,837                                  | 1,737                                  |
| Commission income                              | 965                                    | 834                                    |
| Foreign exchange gains                         | –                                      | 640                                    |
| Other  | 1,192                                  | 1,042                                  |
| Total non-operating income                     | 6,247                                  | 6,839                                  |
| Non-operating expenses                         |  |  |
| Interest expenses                              | 1,511                                  | 1,589                                  |
| Taxes and dues                                 | 1,750                                  | 900                                    |
| Foreign exchange losses                        | 219                                    | –                                      |
| Other  | 1,234                                  | 1,091                                  |
| Total non-operating expenses                   | 4,715                                  | 3,581                                  |
| Ordinary profit                                | 194,510                                | 124,643                                |
| Extraordinary losses                           |  |  |
| Loss on liquidation of subsidiaries            | –                                      | 19,317                                 |
| Total extraordinary losses                     | –                                      | 19,317                                 |
| Profit before income taxes                     | 194,510                                | 105,326                                |
| Income taxes                                   | 68,260                                 | 38,466                                 |
| Profit   | 126,250                                | 66,859                                 |
| Loss attributable to non-controlling interests | (13,233)                               | (7,168)                                |
| Profit attributable to owners of parent        | 139,483                                | 74,028                                 |

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

(Thousands of yen)

|  | Nine months ended<br>February 29, 2020 | Nine months ended<br>February 28, 2021 |
|--|--|--|
| Profit   | 126,250                                | 66,859                                 |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | (8,266)                                | 14,038                                 |
| Foreign currency translation adjustment                        | (4,571)                                | 3,832                                  |
| Total other comprehensive income                               | (12,837)                               | 17,871                                 |
| Comprehensive income   | 113,412                                | 84,730                                 |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 128,361                                | 90,300                                 |
| Comprehensive income attributable to non-controlling interests | (14,948)                               | (5,569)                                |