

**SANSEI TECHNOLOGIES, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

## Consolidated balance sheet

(Thousand of Yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,616,701	9,344,718
Notes and accounts receivable - trade	17,244,113	24,539,795
Electronically recorded monetary claims - operating	6,538	139,689
Securities	231,085	-
Work in process	653,883	771,257
Raw materials and supplies	1,875,716	1,721,155
Other	4,246,895	1,392,468
Allowance for doubtful accounts	(22,600)	(102,057)
<b>Total current assets</b>	<b>34,852,334</b>	<b>37,807,027</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	6,086,581	7,388,129
Accumulated depreciation	(1,901,020)	(2,109,139)
Buildings and structures, net	4,185,560	5,278,990
Machinery, equipment and vehicles	3,488,286	3,720,322
Accumulated depreciation	(2,801,013)	(2,933,571)
Machinery, equipment and vehicles, net	687,272	786,751
Land	4,240,094	4,227,306
Construction in progress	968,563	29,269
Other	1,108,764	1,230,697
Accumulated depreciation	(821,836)	(881,782)
Other, net	286,928	348,915
Total property, plant and equipment	10,368,420	10,671,232
Intangible assets		
Goodwill	11,231,790	10,429,637
Other	4,752,215	3,669,158
Total intangible assets	15,984,005	14,098,796
Investments and other assets		
Investment securities	3,828,374	5,103,377
Long-term loans receivable	37,580	33,617
Deferred tax assets	482,465	539,053
Other	938,830	936,602
Allowance for doubtful accounts	(2,039)	(1,645)
Total investments and other assets	5,285,211	6,611,005
<b>Total non-current assets</b>	<b>31,637,637</b>	<b>31,381,034</b>
<b>Total assets</b>	<b>66,489,971</b>	<b>69,188,062</b>

## Consolidated balance sheet

(Thousand of Yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,649,761	4,365,794
Short-term loans payable	2,318,750	1,248,975
Current portion of long-term loans payable	1,326,008	1,276,008
Income taxes payable	753,155	684,373
Accrued consumption taxes	145,464	165,696
Advances received	5,604,091	7,991,272
Provision for bonuses	487,633	506,526
Provision for directors' bonuses	25,000	34,750
Provision for loss on construction contracts	1,159,085	1,179,676
Other	3,338,817	2,254,855
<b>Total current liabilities</b>	<b>18,807,767</b>	<b>19,707,928</b>
<b>Non-current liabilities</b>		
Long-term loans payable	15,949,782	15,783,974
Deferred tax liabilities	1,108,229	1,099,141
Net defined benefit liability	1,989,280	2,072,009
Other	42,509	43,368
<b>Total non-current liabilities</b>	<b>19,089,801</b>	<b>18,998,494</b>
<b>Total liabilities</b>	<b>37,897,568</b>	<b>38,706,423</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,251,279	3,251,279
Capital surplus	2,424,117	2,429,502
Retained earnings	21,212,707	23,359,730
Treasury shares	(462,855)	(443,285)
Total shareholders' equity	26,425,248	28,597,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,392,852	1,394,967
Deferred gains or losses on hedges	25,660	8,793
Foreign currency translation adjustment	649,376	362,070
Remeasurements of defined benefit plans	(835)	4,390
Total accumulated other comprehensive income	2,067,053	1,770,222
Subscription rights to shares	100,101	114,189
<b>Total net assets</b>	<b>28,592,403</b>	<b>30,481,639</b>
<b>Total liabilities and net assets</b>	<b>66,489,971</b>	<b>69,188,062</b>

## Consolidated statement of income

(Thousand of Yen)

	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019
<b>Net sales</b>	<b>27,277,070</b>	<b>52,794,828</b>
Cost of sales	19,601,587	39,365,443
<b>Gross profit</b>	<b>7,675,483</b>	<b>13,429,384</b>
Selling, general and administrative expenses	5,463,590	9,109,844
<b>Operating income</b>	<b>2,211,892</b>	<b>4,319,540</b>
Non-operating income		
Interest income	6,283	4,033
Dividend income	79,762	95,515
Dividend income of insurance	47,580	47,806
Rent income	25,228	26,212
Other	78,608	23,560
Total non-operating income	237,463	197,128
Non-operating expenses		
Interest expenses	20,898	201,366
Commission fee	5,499	5,313
Foreign exchange losses	14,050	7,091
Share of loss of entities accounted for using equity method	70,885	9,043
Other	713	9,533
Total non-operating expenses	112,047	232,347
<b>Ordinary income</b>	<b>2,337,308</b>	<b>4,284,320</b>
Extraordinary income		
Gain on sales of non-current assets	2,240	7,742
Gain on sales of investment securities	71,456	3,482
Total extraordinary income	73,696	11,224
Extraordinary losses		
Loss on sales of non-current assets	511	-
Loss on sales of investment securities	539	-
Total extraordinary losses	1,051	-
<b>Income before income taxes</b>	<b>2,409,954</b>	<b>4,295,545</b>
Income taxes - current	978,961	1,383,675
Income taxes - deferred	32,089	165,754
Total income taxes	1,011,051	1,549,429
<b>Net income</b>	<b>1,398,903</b>	<b>2,746,115</b>
<b>Net income attributable to non-controlling interests</b>	-	-
<b>Net income attributable to owners of parent</b>	<b>1,398,903</b>	<b>2,746,115</b>

## Consolidated statement of cash flows

(Thousand of Yen)

	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,409,954	4,295,545
Depreciation	649,066	1,673,752
Amortization of goodwill	180,126	796,746
Increase (decrease) in provision for bonuses	49,566	18,893
Increase (decrease) in provision for loss on construction contracts	43,453	74,884
Increase (decrease) in net defined benefit liability	124,559	90,260
Increase (decrease) in provision for directors' bonuses	5,000	9,750
Increase (decrease) in allowance for doubtful accounts	(22,994)	79,458
Interest and dividend income	(86,045)	(99,549)
Interest expenses	20,898	201,366
Loss (gain) on sales of investment securities	(70,917)	(3,482)
Loss (gain) on sales of non-current assets	(1,728)	(7,742)
Decrease (increase) in notes and accounts receivable - trade	(552,584)	(7,934,229)
Decrease (increase) in inventories	(97,213)	(36,983)
Increase (decrease) in notes and accounts payable - trade	(693,696)	835,747
Increase (decrease) in advances received	(882,739)	2,674,149
Increase (decrease) in accrued consumption taxes	(295,366)	20,231
Decrease (increase) in consumption taxes refund receivable	(124,347)	36,669
Share of loss (profit) of entities accounted for using equity method	70,885	9,043
Decrease (increase) in other assets	438,755	2,460,441
Increase (decrease) in other liabilities	201,910	(1,235,877)
Other, net	(8,726)	36,815
Subtotal	1,357,815	3,995,890
Interest and dividend income received	86,733	100,192
Interest expenses paid	(19,122)	(181,711)
Income taxes paid	(2,004,561)	(1,266,753)
<b>Net cash provided by (used in) operating activities</b>	<b>(579,134)</b>	<b>2,647,618</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(10,000)	(10,000)
Proceeds from withdrawal of time deposits	10,000	10,000
Proceeds from sales and redemption of securities	-	230,000
Purchase of investment securities	-	(1,290,225)
Proceeds from sales and redemption of investment securities	413,170	23,096
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,480,562)	-
Purchase of property, plant and equipment	(971,118)	(976,928)
Proceeds from sales of property, plant and equipment	12,625	13,507
Purchase of intangible assets	(57,108)	(54,531)
Payments of loans receivable	(10,060)	(11,470)
Collection of loans receivable	24,866	16,331
Payments for investments in capital of subsidiaries and associates	(26,000)	-
Other, net	(33,822)	46,127
<b>Net cash provided by (used in) investing activities</b>	<b>(16,128,009)</b>	<b>(2,004,093)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,945,850	(1,052,450)
Proceeds from long-term loans payable	15,100,000	1,110,200
Repayments of long-term loans payable	(371,858)	(1,326,008)
Repayments of lease obligations	(5,946)	(4,451)
Proceeds from exercise of share options	3	40
Purchase of treasury shares	(996)	(801)
Cash dividends paid	(598,094)	(598,731)
<b>Net cash provided by (used in) financing activities</b>	<b>16,068,957</b>	<b>(1,872,201)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(12,748)</b>	<b>(43,307)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(650,935)</b>	<b>(1,271,983)</b>
Cash and cash equivalents at beginning of period	11,234,430	10,583,494
Cash and cash equivalents at end of period	10,583,494	9,311,511