

Consolidated Financial Statements  
for the year ended March 31,2017

Sansei Technologies, Inc.

## Consolidated balance sheet

(Unit:1000Yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,794,547	11,267,636
Notes and accounts receivable - trade	10,260,465	8,732,537
Electronically recorded monetary claims - operating	10,148	383
Securities	556,491	295,571
Work in process	472,901	535,752
Raw materials and supplies	816,902	773,676
Deferred tax assets	346,872	656,625
Other	1,081,839	784,033
Allowance for doubtful accounts	-	-46,596
<b>Total current assets</b>	<b>18,340,168</b>	<b>22,999,621</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	5,466,989	5,519,812
Accumulated depreciation	-1,326,530	-1,491,035
Buildings and structures, net	4,140,458	4,028,777
Machinery, equipment and vehicles	2,903,487	2,998,814
Accumulated depreciation	-2,202,555	-2,431,104
Machinery, equipment and vehicles, net	700,932	567,710
Land	3,951,274	4,068,288
Construction in progress	2,958	215,913
Other	681,749	788,118
Accumulated depreciation	-439,709	-540,313
Other, net	242,039	247,805
Total property, plant and equipment	9,037,664	9,128,495
Intangible assets		
Goodwill	2,355,024	2,157,331
Other	1,173,791	980,956
Total intangible assets	3,528,815	3,138,288
Investments and other assets		
Investment securities	3,830,928	3,763,854
Long-term loans receivable	51,292	49,564
Deferred tax assets	237,491	267,183
Other	806,236	959,316
Allowance for doubtful accounts	-2,828	-2,434
Total investments and other assets	4,923,119	5,037,484
<b>Total non-current assets</b>	<b>17,489,599</b>	<b>17,304,267</b>
<b>Total assets</b>	<b>35,829,767</b>	<b>40,303,889</b>

## Consolidated balance sheet

(Unit:1000Yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,862,005	2,458,457
Short-term loans payable	727,328	384,417
Current portion of long-term loans payable	376,000	371,858
Income taxes payable	415,791	1,059,818
Accrued consumption taxes	258,498	440,831
Advances received	1,574,329	1,906,813
Provision for bonuses	406,166	438,067
Provision for directors' bonuses	13,500	20,000
Provision for loss on construction contracts	202,090	200,173
Other	713,874	1,014,893
<b>Total current liabilities</b>	<b>6,549,585</b>	<b>8,295,330</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,548,875	2,175,790
Deferred tax liabilities	605,857	571,638
Net defined benefit liability	1,402,183	1,523,455
Other	23,235	10,880
<b>Total non-current liabilities</b>	<b>3,580,152</b>	<b>4,281,764</b>
<b>Total liabilities</b>	<b>10,129,738</b>	<b>12,577,095</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,251,279	3,251,279
Capital surplus	2,423,069	2,423,913
Retained earnings	18,791,662	20,648,141
Treasury shares	-467,333	-463,782
Total shareholders' equity	23,998,678	25,859,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,061,203	1,158,111
Deferred gains or losses on hedges	-29,971	69,488
Foreign currency translation adjustment	643,031	581,484
Total accumulated other comprehensive income	1,674,262	1,809,084
Subscription rights to shares	27,088	58,158
<b>Total net assets</b>	<b>25,700,029</b>	<b>27,726,794</b>
<b>Total liabilities and net assets</b>	<b>35,829,767</b>	<b>40,303,889</b>

## Consolidated statement of income

(Unit:1000Yen)

	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
<b>Net sales</b>	<b>23,990,309</b>	<b>29,122,408</b>
Cost of sales	17,704,089	21,315,495
<b>Gross profit</b>	<b>6,286,219</b>	<b>7,806,913</b>
Selling, general and administrative expenses	4,203,718	4,580,805
<b>Operating income</b>	<b>2,082,501</b>	<b>3,226,107</b>
Non-operating income		
Interest income	27,850	16,147
Dividend income	76,078	70,121
Foreign exchange gains	-	35,622
Dividend income of insurance	68,375	54,039
Rent income	24,420	23,862
Other	25,004	9,980
Total non-operating income	221,730	209,775
Non-operating expenses		
Interest expenses	28,618	16,014
Commission fee	21,110	5,377
Foreign exchange losses	27,757	-
Share of loss of entities accounted for using equity method	-	16,549
Other	1,883	1,009
Total non-operating expenses	79,370	38,951
<b>Ordinary income</b>	<b>2,224,861</b>	<b>3,396,931</b>
Extraordinary income		
Gain on sales of non-current assets	299	-
Gain on sales of investment securities	195,743	-
Gain on redemption of investment securities	20,881	-
Total extraordinary income	216,925	-
Extraordinary losses		
Loss on sales of non-current assets	48,452	-
Loss on abandonment of non-current assets	205,111	3
Loss on valuation of investment securities	2,833	1,646
Loss on redemption of investment securities	54	-
Total extraordinary losses	256,451	1,650
<b>Income before income taxes</b>	<b>2,185,334</b>	<b>3,395,281</b>
Income taxes - current	835,004	1,614,123
Income taxes - deferred	59,028	-443,429
Total income taxes	894,032	1,170,694
<b>Net income</b>	<b>1,291,302</b>	<b>2,224,587</b>
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of parent	<b>1,291,302</b>	<b>2,224,587</b>

## Consolidated statement of cash flows

(Unit:1000Yen)

	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,185,334	3,395,281
Depreciation	711,978	731,921
Amortization of goodwill	184,380	182,097
Increase (decrease) in provision for bonuses	-2,390	31,900
Increase (decrease) in provision for loss on construction contracts	-207,741	-1,130
Increase (decrease) in net defined benefit liability	88,233	121,271
Increase (decrease) in provision for directors' bonuses	1,500	6,500
Increase (decrease) in allowance for doubtful accounts	-3,248	46,201
Interest and dividend income	-103,929	-86,269
Interest expenses	28,618	16,014
Loss (gain) on sales of investment securities	-195,743	-
Loss (gain) on valuation of investment securities	2,833	1,646
Loss (gain) on sales of non-current assets	48,152	-
Loss on abandonment of non-current assets	205,111	3
Decrease (increase) in notes and accounts receivable - trade	808,231	1,509,453
Decrease (increase) in inventories	-120,777	-35,903
Increase (decrease) in notes and accounts payable - trade	-529,738	607,696
Increase (decrease) in advances received	498,829	359,734
Increase (decrease) in accrued consumption taxes	105,955	182,333
Decrease (increase) in consumption taxes refund receivable	-2	-222
Share of (profit) loss of entities accounted for using equity method	-	16,549
Decrease (increase) in other assets	-465,176	240,958
Increase (decrease) in other liabilities	-122,303	364,856
Other, net	-31,990	-53,640
Subtotal	3,086,116	7,637,256
Interest and dividend income received	106,102	87,734
Interest expenses paid	-29,592	-14,663
Income taxes paid	-1,246,763	-901,372
<b>Net cash provided by (used in) operating activities</b>	<b>1,915,862</b>	<b>6,808,955</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-133,205	-0
Proceeds from withdrawal of time deposits	33,204	100,000
Proceeds from sales and redemption of investment securities	1,102,400	456,763
Purchase of property, plant and equipment	-648,116	-592,826
Proceeds from sales of property, plant and equipment	144,113	-
Purchase of intangible assets	-41,348	-70,443
Payments of loans receivable	-11,310	-19,335
Collection of loans receivable	21,976	19,687
Payments for investments in capital of subsidiaries and associates	-	-80,000
Other, net	25,356	50,254
<b>Net cash provided by (used in) investing activities</b>	<b>493,071</b>	<b>-135,900</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-2,691,621	-337,897
Proceeds from long-term loans payable	2,262	1,000,000
Repayments of long-term loans payable	-453,410	-377,933
Repayments of lease obligations	-10,110	-7,644
Proceeds from exercise of share options	-	7
Purchase of treasury shares	-85	-97
Cash dividends paid	-313,379	-367,851
<b>Net cash provided by (used in) financing activities</b>	<b>-3,466,345</b>	<b>-91,416</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>-2,052</b>	<b>-11,384</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-1,059,463</b>	<b>6,570,252</b>
Cash and cash equivalents at beginning of period	5,723,641	4,664,177
Cash and cash equivalents at end of period	4,664,177	11,234,430