

SANSEI TECHNOLOGIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

Consolidated balance sheet

(Thousand of Yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	11,267,636	10,616,701
Notes and accounts receivable - trade	8,732,537	17,244,113
Electronically recorded monetary claims - operating	383	6,538
Securities	295,571	231,085
Work in process	535,752	653,883
Raw materials and supplies	773,676	1,875,716
Deferred tax assets	656,625	449,161
Other	784,033	4,246,895
Allowance for doubtful accounts	△ 46,596	△ 22,600
Total current assets	22,999,621	35,301,495
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,519,812	6,086,581
Accumulated depreciation	△ 1,491,035	△ 1,901,020
Buildings and structures, net	4,028,777	4,185,560
Machinery, equipment and vehicles	2,998,814	3,488,286
Accumulated depreciation	△ 2,431,104	△ 2,801,013
Machinery, equipment and vehicles, net	567,710	687,272
Land	4,068,288	4,240,094
Construction in progress	215,913	968,563
Other	788,118	1,108,764
Accumulated depreciation	△ 540,313	△ 821,836
Other, net	247,805	286,928
Total property, plant and equipment	9,128,495	10,368,420
Intangible assets		
Goodwill	2,157,331	14,179,494
Other	980,956	821,942
Total intangible assets	3,138,288	15,001,437
Investments and other assets		
Investment securities	3,763,854	3,828,374
Long-term loans receivable	49,564	37,580
Deferred tax assets	267,183	318,307
Other	959,316	938,830
Allowance for doubtful accounts	△ 2,434	△ 2,039
Total investments and other assets	5,037,484	5,121,053
Total non-current assets	17,304,267	30,490,911
Total assets	40,303,889	65,792,407

Consolidated balance sheet

(Thousand of Yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,458,457	3,649,761
Short-term loans payable	384,417	2,318,750
Current portion of long-term loans payable	371,858	1,326,008
Income taxes payable	1,059,818	753,155
Accrued consumption taxes	440,831	145,464
Advances received	1,906,813	5,604,091
Provision for bonuses	438,067	487,633
Provision for directors' bonuses	20,000	25,000
Provision for loss on construction contracts	200,173	1,159,085
Other	1,014,893	3,338,817
Total current liabilities	8,295,330	18,807,767
Non-current liabilities		
Long-term loans payable	2,175,790	15,949,782
Deferred tax liabilities	474,054	410,664
Net defined benefit liability	1,842,359	1,989,280
Other	10,880	42,509
Total non-current liabilities	4,503,083	18,392,236
Total liabilities	12,798,414	37,200,003
Net assets		
Shareholders' equity		
Capital stock	3,251,279	3,251,279
Capital surplus	2,423,913	2,424,117
Retained earnings	20,412,139	21,212,707
Treasury shares	△ 463,782	△ 462,855
Total shareholders' equity	25,623,549	26,425,248
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,158,111	1,392,852
Deferred gains or losses on hedges	69,488	25,660
Foreign currency translation adjustment	581,484	649,376
Remeasurements of defined benefit plans	14,682	△ 835
Total accumulated other comprehensive income	1,823,766	2,067,053
Subscription rights to shares	58,158	100,101
Total net assets	27,505,475	28,592,403
Total liabilities and net assets	40,303,889	65,792,407

Consolidated statement of income

(Thousand of Yen)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Net sales	29,122,408	27,277,070
Cost of sales	21,305,213	19,601,587
Gross profit	7,817,195	7,675,483
Selling, general and administrative expenses	4,575,137	5,463,590
Operating income	3,242,057	2,211,892
Non-operating income		
Interest income	16,147	6,283
Dividend income	70,121	79,762
Foreign exchange gains	35,622	-
Dividend income of insurance	54,039	47,580
Rent income	23,862	25,228
Other	9,980	78,608
Total non-operating income	209,775	237,463
Non-operating expenses		
Interest expenses	16,014	20,898
Commission fee	5,377	5,499
Foreign exchange losses	-	14,050
Share of loss of entities accounted for using equity method	16,549	70,885
Other	1,009	713
Total non-operating expenses	38,951	112,047
Ordinary income	3,412,881	2,337,308
Extraordinary income		
Gain on sales of non-current assets	-	2,240
Gain on sales of investment securities	-	71,456
Total extraordinary income	-	73,696
Extraordinary losses		
Loss on sales of non-current assets	-	511
Loss on abandonment of non-current assets	3	-
Loss on valuation of investment securities	1,646	-
Loss on sales of investment securities	-	539
Total extraordinary losses	1,650	1,051
Income before income taxes	3,411,231	2,409,954
Income taxes - current	1,614,123	978,961
Income taxes - deferred	△ 438,548	32,089
Total income taxes	1,175,574	1,011,051
Net income	2,235,656	1,398,903
Net income attributable to non-controlling interests	-	-
Net income attributable to owners of parent	2,235,656	1,398,903

Consolidated statement of cash flows

(Thousand of Yen)

	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018
Cash flows from operating activities		
Profit before income taxes	3,411,231	2,409,954
Depreciation	731,921	649,066
Amortization of goodwill	182,097	180,126
Increase (decrease) in provision for bonuses	31,900	49,566
Increase (decrease) in provision for loss on construction contracts	△ 1,130	43,453
Increase (decrease) in net defined benefit liability	105,322	124,559
Increase (decrease) in provision for directors' bonuses	6,500	5,000
Increase (decrease) in allowance for doubtful accounts	46,201	△ 22,994
Interest and dividend income	△ 86,269	△ 86,045
Interest expenses	16,014	20,898
Loss (gain) on sales of investment securities	-	△ 70,917
Loss (gain) on valuation of investment securities	1,646	-
Loss (gain) on sales of non-current assets	-	△ 1,728
Loss on abandonment of non-current assets	3	-
Decrease (increase) in notes and accounts receivable - trade	1,509,453	△ 552,584
Decrease (increase) in inventories	△ 35,903	△ 97,213
Increase (decrease) in notes and accounts payable - trade	607,696	△ 693,696
Increase (decrease) in advances received	359,734	△ 882,739
Increase (decrease) in accrued consumption taxes	182,333	△ 295,366
Decrease (increase) in consumption taxes refund receivable	△ 222	△ 124,347
Share of loss (profit) of entities accounted for using equity method	16,549	70,885
Decrease (increase) in other assets	240,958	438,755
Increase (decrease) in other liabilities	364,856	201,910
Other, net	△ 53,640	△ 8,726
Subtotal	7,637,256	1,357,815
Interest and dividend income received	87,734	86,733
Interest expenses paid	△ 14,663	△ 19,122
Income taxes paid	△ 901,372	△ 2,004,561
Net cash provided by (used in) operating activities	6,808,955	△ 579,134
Cash flows from investing activities		
Payments into time deposits	△ 0	△ 10,000
Proceeds from withdrawal of time deposits	100,000	10,000
Proceeds from sales and redemption of investment securities	456,763	413,170
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	△ 15,480,562
Purchase of property, plant and equipment	△ 592,826	△ 971,118
Proceeds from sales of property, plant and equipment	-	12,625
Purchase of intangible assets	△ 70,443	△ 57,108
Payments of loans receivable	△ 19,335	△ 10,060
Collection of loans receivable	19,687	24,866
Payments for investments in capital of subsidiaries and associates	△ 80,000	△ 26,000
Other, net	50,254	△ 33,822
Net cash provided by (used in) investing activities	△ 135,900	△ 16,128,009
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 337,897	1,945,850
Proceeds from long-term loans payable	1,000,000	15,100,000
Repayments of long-term loans payable	△ 377,933	△ 371,858
Repayments of lease obligations	△ 7,644	△ 5,946
Proceeds from exercise of share options	7	3
Purchase of treasury shares	△ 97	△ 996
Cash dividends paid	△ 367,851	△ 598,094
Net cash provided by (used in) financing activities	△ 91,416	16,068,957
Effect of exchange rate change on cash and cash equivalents	△ 11,384	△ 12,748
Net increase (decrease) in cash and cash equivalents	6,570,252	△ 650,935
Cash and cash equivalents at beginning of period	4,664,177	11,234,430
Cash and cash equivalents at end of period	11,234,430	10,583,494