

SANSEI TECHNOLOGIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

Consolidated balance sheet

(Thousand of Yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,147,701 | 14,225,298 |
| Notes and accounts receivable - trade | 21,191,461 | - |
| Notes and accounts receivable - trade, and contract assets | - | 18,756,079 |
| Electronically recorded monetary claims - operating | 205,001 | 276,606 |
| Work in process | 612,611 | 498,927 |
| Raw materials and supplies | 2,378,629 | 2,477,804 |
| Other | 1,168,566 | 2,076,551 |
| Allowance for doubtful accounts | △ 83,655 | △ 876,265 |
| Total current assets | 37,620,314 | 37,435,002 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 7,618,538 | 7,793,600 |
| Accumulated depreciation | △ 2,583,792 | △ 2,849,616 |
| Buildings and structures, net | 5,034,746 | 4,943,983 |
| Machinery, equipment and vehicles | 4,120,684 | 4,382,163 |
| Accumulated depreciation | △ 3,397,512 | △ 3,679,128 |
| Machinery, equipment and vehicles, net | 723,172 | 703,035 |
| Land | 4,332,388 | 4,239,690 |
| Construction in progress | 143,477 | 129,597 |
| Other | 1,649,262 | 1,721,391 |
| Accumulated depreciation | △ 1,204,247 | △ 1,349,832 |
| Other, net | 445,015 | 371,559 |
| Total property, plant and equipment | 10,678,798 | 10,387,865 |
| Intangible assets | | |
| Goodwill | 8,699,406 | 8,156,084 |
| Other | 1,607,412 | 1,561,230 |
| Total intangible assets | 10,306,819 | 9,717,314 |
| Investments and other assets | | |
| Investment securities | 5,911,195 | 5,824,405 |
| Long-term loans receivable | 32,272 | 19,325 |
| Deferred tax assets | 899,024 | 1,036,901 |
| Other | 991,038 | 981,395 |
| Allowance for doubtful accounts | △ 856 | △ 462 |
| Total investments and other assets | 7,832,673 | 7,861,565 |
| Total non-current assets | 28,818,291 | 27,966,745 |
| Total assets | 66,438,606 | 65,401,748 |

Consolidated balance sheet

(Thousand of Yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,174,905 | 2,173,831 |
| Short-term loans payable | 6,257,525 | 3,965,110 |
| Current portion of long-term loans payable | 1,355,383 | 1,365,520 |
| Income taxes payable | 398,091 | 400,806 |
| Accrued consumption taxes | 115,540 | 306,004 |
| Advances received | 5,587,605 | - |
| Contract liabilities | - | 6,298,307 |
| Provision for bonuses | 504,624 | 516,852 |
| Provision for directors' bonuses | 33,672 | 32,712 |
| Provision for loss on construction contracts | 265,589 | 141,304 |
| Other | 1,588,517 | 2,165,716 |
| Total current liabilities | 18,281,454 | 17,366,166 |
| Non-current liabilities | | |
| Long-term loans payable | 13,225,232 | 11,790,693 |
| Deferred tax liabilities | 834,376 | 847,195 |
| Net defined benefit liability | 2,372,302 | 2,277,312 |
| Other | 46,004 | 47,322 |
| Total non-current liabilities | 16,477,915 | 14,962,524 |
| Total liabilities | 34,759,370 | 32,328,690 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,251,279 | 3,251,279 |
| Capital surplus | 2,442,954 | 2,442,954 |
| Retained earnings | 24,284,998 | 25,039,798 |
| Treasury shares | △ 416,548 | △ 416,780 |
| Total shareholders' equity | 29,562,683 | 30,317,252 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,078,321 | 1,866,272 |
| Deferred gains or losses on hedges | 3,418 | 76 |
| Foreign currency translation adjustment | △ 88,677 | 697,940 |
| Remeasurements of defined benefit plans | △ 23,918 | 4,305 |
| Total accumulated other comprehensive income | 1,969,143 | 2,568,594 |
| Share acquisition rights | 147,408 | 187,210 |
| Total net assets | 31,679,235 | 33,073,057 |
| Total liabilities and net assets | 66,438,606 | 65,401,748 |

Consolidated statement of income

(Thousand of Yen)

| | April 1, 2020 to March 31, 2021 | April 1, 2021 to March 31, 2022 |
|---|------------------------------------|------------------------------------|
| Net sales | 36,537,672 | 34,404,350 |
| Cost of sales | 26,540,088 | 24,439,880 |
| Gross profit | 9,997,584 | 9,964,469 |
| Selling, general and administrative expenses | 8,574,098 | 8,924,175 |
| Operating income | 1,423,486 | 1,040,293 |
| Non-operating income | | |
| Interest income | 5,930 | 3,611 |
| Dividend income | 122,341 | 142,232 |
| Dividend income of insurance | 48,688 | 340,502 |
| Rent income | 39,413 | 37,034 |
| Subsidy income | 143,166 | 452,656 |
| Other | 33,131 | 95,604 |
| Total non-operating income | 392,671 | 1,071,642 |
| Non-operating expenses | | |
| Interest expenses | 239,572 | 223,161 |
| Commission expenses | 23,399 | 5,399 |
| Foreign exchange losses | 59 | 1,312 |
| Other | 9,594 | 1,553 |
| Total non-operating expenses | 272,627 | 231,426 |
| Ordinary income | 1,543,530 | 1,880,508 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1,041 | 309,483 |
| Gain on sales of investment securities | - | 351,101 |
| Total extraordinary income | 1,041 | 660,585 |
| Extraordinary losses | | |
| Loss on sale of investment securities | 103 | - |
| Total extraordinary losses | 103 | - |
| Income before income taxes | 1,544,469 | 2,541,093 |
| Income taxes - current | 1,365,756 | 1,119,109 |
| Income taxes - deferred | △ 954,606 | △ 26,755 |
| Total income taxes | 411,150 | 1,092,353 |
| Net income | 1,133,318 | 1,448,739 |
| Net income attributable to non-controlling interests | 382,033 | - |
| Net income attributable to owners of parent | 751,284 | 1,448,739 |

Consolidated statement of cash flows

(Thousand of Yen)

| | April 1, 2020 to March 31, 2021 | April 1, 2021 to March 31, 2022 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,544,469 | 2,541,093 |
| Depreciation | 1,778,419 | 1,016,210 |
| Amortization of goodwill | 765,694 | 749,391 |
| Increase (decrease) in provision for bonuses | △ 72,989 | 12,228 |
| Increase (decrease) in provision for loss on construction contracts | △ 1,224,519 | △ 126,028 |
| Increase (decrease) in net defined benefit liability | 165,082 | △ 54,320 |
| Increase (decrease) in provision for directors' bonuses | △ 3,077 | △ 960 |
| Increase (decrease) in allowance for doubtful accounts | △ 32,886 | 787,036 |
| Interest and dividend income | △ 128,271 | △ 145,843 |
| Interest expenses | 239,572 | 223,161 |
| Loss (gain) on sales of investment securities | 103 | △ 351,101 |
| Loss (gain) on valuation of investment securities | - | 934 |
| Loss (gain) on sales of non-current assets | △ 1,041 | △ 309,483 |
| Loss on abandonment of non-current assets | 4,041 | 0 |
| Decrease (increase) in notes and accounts receivable - trade | △ 93,730 | - |
| Decrease (increase) in notes and accounts receivable-trade and contract assets | - | 2,891,044 |
| Decrease (increase) in inventories | 102,952 | △ 5,745 |
| Increase (decrease) in notes and accounts payable - trade | △ 779,672 | △ 33,242 |
| Increase (decrease) in advances received | △ 927,285 | - |
| Increase (decrease) in contract liabilities | - | 611,669 |
| Increase (decrease) in accrued consumption taxes | △ 287,446 | 178,495 |
| Decrease (increase) in consumption taxes refund receivable | △ 249,516 | 69,789 |
| Decrease (increase) in other assets | 460,608 | △ 778,517 |
| Increase (decrease) in other liabilities | △ 402,649 | 565,509 |
| Other, net | △ 13 | △ 180,532 |
| Subtotal | 857,842 | 7,660,788 |
| Interest and dividend income received | 134,896 | 145,843 |
| Interest expenses paid | △ 248,837 | △ 225,031 |
| Income taxes paid | △ 1,296,962 | △ 1,257,999 |
| Net cash provided by (used in) operating activities | △ 553,061 | 6,323,601 |
| Cash flows from investing activities | | |
| Payments into time deposits | △ 20,000 | △ 20,000 |
| Proceeds from withdrawal of time deposits | 20,000 | 20,000 |
| Proceeds from sales and redemption of securities | 100,000 | - |
| Purchase of investment securities | △ 24,233 | △ 261,954 |
| Proceeds from sales and redemption of investment securities | 3,373 | 395,711 |
| Purchase of shares of subsidiaries | △ 251,879 | - |
| Purchase of property, plant and equipment | △ 469,120 | △ 345,126 |
| Proceeds from sales of property, plant and equipment | 325 | 419,956 |
| Purchase of intangible assets | △ 86,458 | △ 207,970 |
| Payments of loans receivable | △ 10,081 | △ 1,460 |
| Collection of loans receivable | 39,406 | 9,259 |
| Other, net | 40,177 | △ 20,346 |
| Net cash provided by (used in) investing activities | △ 658,489 | △ 11,932 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 4,896,500 | △ 2,432,261 |
| Proceeds from long-term loans payable | 1,162,537 | - |
| Repayments of long-term loans payable | △ 2,290,695 | △ 1,369,770 |
| Repayments of lease obligations | △ 44,068 | △ 38,444 |
| Proceeds from exercise of share options | 39 | - |
| Purchase of treasury shares | △ 352 | △ 231 |
| Dividends paid to non-controlling interests | △ 444,829 | - |
| Cash dividends paid | △ 600,615 | △ 693,353 |
| Net cash provided by (used in) financing activities | 2,678,515 | △ 4,534,061 |
| Effect of exchange rate change on cash and cash equivalents | 111,934 | 299,988 |
| Net increase (decrease) in cash and cash equivalents | 1,578,898 | 2,077,596 |
| Cash and cash equivalents at beginning of period | 10,535,595 | 12,114,494 |
| Cash and cash equivalents at end of period | 12,114,494 | 14,192,091 |