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Securities Code: 6357

June 10, 2022

To Shareholders,

Noboru Rachi
President & CEO, Representative Director,
Executive Officer
Sansei Technologies, Inc.
4-3-29 Miyahara, Yodogawa-ku, Osaka City

Notice of the 72nd Annual General Meeting of Shareholders

You are cordially invited to attend the 72nd Annual General Meeting of Shareholders of Sansei Technologies, Inc. (hereinafter, the “Company” or “we”). The meeting will be held as detailed below.

For the purpose of preventing the spread of COVID-19 infection, we would like to ask our shareholders to consider refraining from attending this year’s General Meeting of Shareholders in person.

Shareholders can also exercise their voting rights in writing or via the Internet without attending the General Meeting of Shareholders in person. Please read the following Materials for the General Meeting of Shareholders, and exercise your voting rights by 5:15 p.m., Japan Standard Time, on June 28, 2022 (Tuesday), by following the instructions below.

Details

1. Date and Time:

Wednesday, June 29, 2022, at 10 a.m., Japan Standard Time

2. Place:

Canale, 5th floor, Hotel Mielparque Osaka

4-2-1 Miyahara, Yodogawa-ku, Osaka City, Osaka

3. Agenda of the Meeting:

Matters to be reported

1. Report on the Business Report, the Consolidated Financial Statements, and the results of an audit on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 72nd fiscal year ended March 31, 2022 (April 1, 2021–March 31, 2022)

2. Report on the Non-consolidated Financial Statements for the 72nd fiscal year ended March 31, 2022 (April 1, 2021–March 31, 2022)

Proposals to be resolved

Proposal No. 1: Appropriation of surplus

Proposal No. 2: Partial amendment to the Articles of Incorporation

Proposal No. 3: Election of nine directors

4. Guide to Exercise of Voting Rights

- (1) Exercise of voting rights by paper ballot
Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form so that it reaches us no later than 5:15 p.m., Japan Standard Time, on Tuesday, June 28, 2022.
- (2) Exercise of voting rights via the Internet
If you wish to exercise your voting rights via the Internet, please review the “Guidance for Exercise of Voting Rights via the Internet” on page 4, and complete the exercise of voting rights no later than 5:15 p.m., Japan Standard Time, on Tuesday, June 28, 2022.
- (3) If you exercise your voting rights more than once, the last vote we have received shall be deemed effective. If the vote exercised via the Internet and the Voting Rights Exercise Form reach us on the same date, the vote exercised via the Internet shall be deemed effective.

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1. If you plan to attend the meeting, please hand in the enclosed Voting Rights Exercise Form at the reception desk when you arrive the venue.
 2. Of the documents that should be included in this notice, “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are not included in the attachments hereto as they are posted on the Company’s website (<https://www.sansei-technologies.com/>) as provided for in laws and regulations and Article 16 of the Company’s Articles of Incorporation.
 3. If any modifications are made to the contents of the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements, such modifications will be posted on the Company’s website (<https://www.sansei-technologies.com/>).

Notice on Measures to Protect Against and Prevent Spread of COVID-19

<<Request to Shareholders>>

- To protect you from COVID-19 (disease caused by novel coronavirus) and prevent its spread, if you choose to attend the General Meeting of Shareholders in person, we request you to check your physical condition and the infection status in society on the day of the meeting and take appropriate infection-prevention measures, including wearing a mask. **Please note that there are no souvenirs for shareholders this year.** We would appreciate your understanding of this matter.
- If you have symptoms such as a fever or a cough, you will not be admitted into the venue. We also ask the elderly, persons with an underlying disease, and pregnant women to refrain from attending the General Meeting of Shareholders in person.
- By scanning the QR code printed on the Voting Rights Exercise Form using your smartphone, you can exercise your voting rights smoothly without needing to enter the “voting rights exercise code” and “password.” This is a highly recommended method of voting.

<< Measures to Reduce the Risk of Infection at the Meeting Venue>>

- Our staff members at the meeting venue will check their body temperature and other physical condition indicators before the meeting and wear a mask at the venue.
- We will be measuring the body temperature of all entering shareholders in front of the receptionist desk. In addition, disinfectant will be available near the reception desk.
- To reduce the risk of infection in the venue, we will arrange the seats with more space between them. Because the number of seats will be fewer than in usual years, please note that we may limit the number of people who enter the venue.

Other appropriate measures will be taken to prevent infection. We kindly ask for your understanding and cooperation.

<<Others>>

If there is any significant change in the date, place, or operating method of this General Meeting of Shareholders due to future circumstances, we will notify you on the website below.
<https://www.sansei-technologies.com/ir/press/>

[Guidance for Exercise of Voting Rights via the Internet]

Before exercising your voting rights via the Internet, please be aware of the following:

1. Website for exercise of voting rights

You can exercise your voting rights via the Internet only through the Company's designated voting website below:

Voting Website: <https://www.web54.net>

2. Method of exercise of voting rights

(1) PC users

Please access the address shown above and enter the "voting rights exercise code" and "password" printed on the enclosed Voting Rights Exercise Form. Then, follow the instructions and enter your vote for each proposal.

(2) Smartphone users

By scanning the "website for exercise of voting rights login QR code for smartphone users" printed on the enclosed Voting Rights Exercise Form, you can exercise your voting rights from the website for the exercise of voting rights for smartphone users without needing to enter the "voting rights exercise code" and "password."

However, if you wish to change your vote after exercising your voting rights once, you will need to scan the QR code again and to enter the "voting rights exercise code" and "password" printed on the enclosed Voting Rights Exercise Form.

3. Handling of exercise of voting rights

- (1) You will be able to exercise your voting rights until 5:15 p.m., Japan Standard Time, on Tuesday, June 28, 2022. You are advised to exercise your voting rights at the earliest opportunity.
- (2) If you exercise your voting rights more than once, the last vote we receive shall be deemed effective. If votes exercised via the Internet and the Voting Rights Exercise Form reach us on the same date, the vote exercised via the Internet shall be deemed effective.
- (3) Fees for Internet providers and carriers (e.g., connection charges) associated with using the website for the exercise of voting rights are at your own expense.
- (4) The website for the exercise of voting rights may not always be available for use depending on the Internet environment while you are using a PC or a smartphone.


4. Handling of password and voting rights exercise code

- (1) The password is important information used to verify whether the person voting is a legitimate shareholder. Please handle it as carefully as you do your seals and PINs.
- (2) The password will be disabled when inputted incorrectly for a certain number of times. If you wish to have a new password issued, please follow the instructions on the screen.
- (3) The voting rights exercise code printed on the Voting Rights Exercise Form shall be valid only for this General Meeting of Shareholders.

5. Inquiries on operation method of personal computer and other devices

- (1) If you have any questions about how to operate a personal computer, mobile phone, or other device to exercise your voting rights on the Voting Website, please contact the following for assistance:

Hotline of Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

 0120-652-031 (Operating hours: 9:00 a.m. to 9:00 p.m., Japan Standard Time)


- (2) For any other inquiries, please contact the following for assistance:

A. Stockholder with an account with a securities company:

Please contact the securities company which you hold an account at.

B. Stockholder without an account with a securities company (stockholder with a special account):

Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited

 0120-782-031 (Operating hours: 9:00 a.m. to 5:00 p.m., Japan Standard Time, except for weekends and holidays)

(Attachments)

Business Report

(From April 1, 2021
to March 31, 2022)

1. Overview of the corporate group

(1) Business activities and performance

The Company Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the current fiscal year. As a result, the accounting treatment differs from that of the previous period, and in our explanation of the operating results for the current fiscal year below, percentage changes in net sales from the previous fiscal year are omitted.

During the fiscal year ended March 21, 2022, while voluntary restraints on economic activities were tightened and relaxed repeatedly under the lingering COVID-19 pandemic, the economy improved at a moderate pace. However, uncertainty in the outlook of the global economy has increased again due to a short supply of semiconductor-related parts and rising raw material prices combined with growing tension in international relations.

The entertainment industry both in Japan and overseas, including amusement parks, theme parks, theaters, and the like, which are our customers, was affected by intermittent human mobility restrictions imposed in response to the emergence of new variants. However, they started to recover gradually in the second half of the fiscal year as they were able to increase the admission capacity in a phased manner.

In such an environment, the Company Group worked to improve its business performance in each of its operating segments, which are Amusement Rides, Stage Equipment, and Elevators segments.

The total amount of orders received during the fiscal year ended March 31 2022 increased 31.7% from the previous year to 39,838 million yen. The breakdown by segment is as follows: Orders received by the Amusement Rides segment increased 80.1% to 20,080 million yen as actual demand relating to new investments and repair parts increased on the back of the resumption of operations of theme parks both in Japan and overseas. Orders received by the Stage Equipment segment increased 0.5% to 13,350 million yen supported by strong orders for new installation projects including orders from public halls, although orders for refurbishment projects decreased. Orders received by the Elevators segment increased 10.1% to 6,406 million yen supported by an increase in orders for both new installation and refurbishment projects.

As for net sales, total net sales were 34,404 million yen. The breakdown by segment is as follows: Net sales in the Amusement Rides segment were 15,069 million yen as construction work for large projects decreased both in Japan and overseas following a decrease in orders received in the previous fiscal year. Net sales in the Stage Equipment segment were 13,253 million yen supported by steady progress in large refurbishment projects and a recovery of demand for temporary stages for use in concerts and events. Net sales in the Elevators segment were 6,022 million yen supported by steady progress in refurbishment work for

public facilities and apartment buildings, orders for which were received in the previous fiscal year.

As for profit, operating income decreased 26.9% from the previous year to 1,040 million yen mainly because we recognized a provision for doubtful accounts in response to the collection risk of receivables from some of our overseas customers. However, ordinary income increased 21.8% to 1,880 million yen, which included dividend income of insurance and subsidy income. In addition, we recognized extraordinary income comprising a gain on sales of investment securities and a gain on sales of non-current assets. As a result, net income attributable to owners of parent increased 92.8% to 1,448 million yen.

(2) Capital investment and fund procurement

① Capital investment

Capital investment of 709 million yen was made during the fiscal year ended March 31, 2022, including investments in plant production facilities, staging equipment, and maintenance management systems. Major investments were as shown below:

Machinery and equipment: 256 million yen; software: 237 million yen; tools, equipment, and fixtures: 83 million yen

② Fund procurement:

As for fund procurement, the balance of loans at the end of the current fiscal year decreased by 3,716 million yen from the previous fiscal year to 17,121 million yen, mainly due to the repayment of loans related to the acquisition of Vekoma and the procurement of working capital.

(3) Assets and profit/loss status

Classification	69th Business Year April 1, 2018 to March 31, 2019	70th Business Year April 1, 2019 to March 31, 2020	71st Business Year April 1, 2020 to March 31, 2021	72nd Business Year (current fiscal year) April 1, 2021 to March 31, 2022
Orders Received (Note) (in million yen)	60,601	39,787	30,253	39,838
Net sales (in million yen)	52,794	45,077	36,537	34,404
Net income attributable to shareholders of parent (in million yen)	2,746	1,420	751	1,448
Net income per share	148.87 yen	76.95 yen	40.62 yen	78.29 yen
Total assets (in million yen)	69,188	64,979	66,438	65,401
Net assets (in million yen)	30,481	30,116	31,679	33,073
Net assets per share	1,645.77 yen	1,619.85 yen	1,703.95 yen	1,777.15 yen

(Note) Orders received do not include orders received in the leisure & service business and in the real estate lease business.

(4) Significant subsidiaries

① Significant subsidiaries

Company Name	Capital Stock	Voting Right Holding Ratio	Major Businesses
Sansei Maintenance Co., Ltd. <WEST>	20 million yen	100 %	Installation, maintenance and repair service of elevators and other facilities (Note 1)
Sansei Maintenance Co., Ltd. <EAST>	10	100	Installation, maintenance and repair service of elevators and other facilities (Note 1)
Sun Ace Co., Ltd.	10	100	Operation and management of amusement facilities
Sansei Facilities Co., Ltd.	10	100	Property management service and logistics operations
TELMIC Corp.	23 (Note 2)	100	Production, installation, and operation of illuminative and mechanical equipment for concerts, TV programs, etc.
Sansei Technologies, Inc.	29.4 million US dollars (Note 2)	100	A holding company in the U.S.
S&S Worldwide, Inc.	15.8 million US dollars (Note 2)	Indirect 100	Design, production, installation and sale of amusement machines
Vekoma Rides B.V.	3.5 million Euro	100	Design, production, installation and sale of amusement machines

(Note 1) Sansei Maintenance Co., Ltd. <WEST> provides services in western Japan. Sansei Maintenance Co., Ltd. <EAST> provides services in eastern Japan.

(Note 2) The amount of capital surplus is included in the amount of capital stock.

② Status of special wholly-owned subsidiaries as of the closing date of the fiscal year There is no relevant information.

(5) Issued to be overcome

As the turmoil under the COVID-19 pandemic is subsiding, economic activities are expected to recover gradually both in Japan and overseas. On the other hand, the future course of the global economy is unpredictable due to price hikes in resources and raw materials caused by increases in demand and increasingly unstable international relations.

Under the COVID-19 pandemic, a rapid shrinkage of the entertainment market has been highlighted due to people's self-imposed behavioral restrictions, and the Company has been struggling to secure orders both in Japan and overseas. In the coming market recover phase, we will focus on, among others, steadily capturing actual increases in demand and strengthening our sales capability and developing new products to support it, transforming our business structure to one that will deliver stable earnings even under the pandemic, and strengthening our business bases to support such sustainable growth. We will work to address management issues including those mentioned above and some of those issues are further explained below:

① Growth strategies in each business segment to capture recovery in demand

In the Amusement Rides Business, we will further promote the tri-party business alliance among the Company, S&S, and Vekoma. In particular, we will promote global marketing by strengthening our sales capability in North America, the largest market, and in fast-growing East Asia and the Middle East and developing new products focusing on areas in which there will be needs so that we will make sure to capture demand in the amusement rides market, which is showing signs of recovery.

In the Stage Equipment Business, we will work on business expansion aiming to become

a general entertainment company. For example, while TELMIC will focus on securing orders by seizing opportunities as concerts and events start to recover in earnest, we will also work to develop new staging techniques that take advantage of digital and remote-control technologies as well as tools and systems to support large theaters and the like in anticipation of integrated resort projects.

We will work to expand the Elevators Business focusing on its characteristics as a stable business, including repair and maintenance services. In addition, we will apply our elevator technology to develop products targeting new areas, such as products for industrial use and products for use in artistic exhibition.

② Consider entering new business domains and creating revenue sources that will be our new pillars

We will actively consider entering new business domains through inorganic measures, such as strategic business alliances and M&As, for the purpose of creating revenue sources that are less susceptible to fluctuations in the economic environment while improving the profitability of existing businesses.

③ Strengthen business bases

In order to support sustainable corporate growth, we will invest in our business bases and work to otherwise strengthen them. For example, in order to improve business productivity, we will thoroughly upgrade key business management systems while building peripheral systems. In addition, as part of investment in human resources, we will promote the recruitment and development of human resources that have diverse perspectives and values, create a working environment that is flexible and pleasant for employees to work, and revamp our personnel programs. Furthermore, in response to environmental issues, we will introduce solar power generation and strive to reduce environmental load in the design, production, and construction processes.

(6) Major businesses

Businesses Segment	Major Products
Stage Equipment Business	Production and sale of stage facilities, suspended facilities, sound equipment, lighting equipment, etc. Production, installation and operation of illuminative and mechanical equipment for TV programs, concerts, stages, events, etc.
Amusement Rides Business	Production and sale of roller coasters, sky towers, wonder wheels, rafting rides, jungle mouse rides, splash falls, and other amusement rides
Elevators Business	Production and sale of elevators, facilities and special mechanisms
Maintenance & Repair Business	Maintenance and repair of products sold by the above-mentioned business departments
Real Estate Lease Business	Leasing and management of real estate and parking lots
Leisure & Service Business	Operation and management of amusement facilities installed in amusement parks in Japan

(7) Major offices and plants

Sansei Technologies, Inc.	Name	Address
	Osaka Head Office	Osaka, Osaka Prefecture
	Kobe Plant	Kobe, Hyogo Prefecture
	Tokyo Branch and five other offices	Shinjuku, Tokyo and others
Sansei Maintenance Co., Ltd.<WEST>		Osaka, Osaka Prefecture
Sansei Maintenance Co., Ltd.<EAST>		Shinjuku, Tokyo
Sun Ace Co., Ltd.		Osaka, Osaka Prefecture
Sansei Facilities Co., Ltd.		Osaka, Osaka Prefecture
TELMIC Corp.		Taito, Tokyo
Sansei Technologies, Inc.		California, U.S.A.
S&S Worldwide, Inc.		Utah, U.S.A.
Vekoma Rides B.V.		Limburg, Netherlands

(8) Employees (as of March 31, 2022)

① Employees in the corporate group

Number	Change from the end of the previous year	Average age	Average service years
1,157 employees	-15	41.7	12.9 years

② Employees in the Company

Number	Change from the end of the previous year	Average age	Average service years
301 employees	-3	43.4	16.3 years

2. Matters concerning the Company's ownership

(1) State of shares

① Total number of authorized shares	39,000,000
② Total number of shares outstanding	19,332,057
③ Number of shareholders at the end of current term	5,807
④ Large shareholders	

Name of shareholders	Number of shares held (Unit: thousand)	Shareholding ratio (%)
Maruichi Steel Tube Ltd.	1,207	6.52
Keihanshin Building Co., Ltd.	828	4.47
Sumitomo Mitsui Banking Corporation	805	4.35
San ju San Bank, Ltd.	805	4.35
Torishima Pump Mfg. Co., Ltd.	801	4.33
Sumitomo Mitsui Finance and Leasing Co., Ltd.	693	3.74
Sumitomo Mitsui Card Co., Ltd.	692	3.74
Sumitomo Realty & Development Co., Ltd.	584	3.15
Shingo Toriumi	552	2.98
Takako Toriumi	539	2.91

(Note) Although the Company has 827,249 treasury shares, the Company is not included among the abovementioned large shareholders. The above shareholding ratios are calculated by excluding treasury shares.

(2) Status of stock acquisition rights (as of March 31, 2022)

① Status of stock acquisition rights issued as compensation for the execution of duties which are held by the Company's officers

Name	Date of resolution on the issue	Number of holding officers	Number of stock acquisition rights	Class and number of shares to be issued upon exercise of stock acquisition rights	Paid-in amount for stock acquisition rights	Value of assets to be contributed upon exercise of stock acquisition rights	Exercise period
First stock acquisition rights	July 9, 2015	Two directors (Note 1)	139 (Note 2)	Common shares: 13,900 shares	60,600 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 8, 2015 to August 7, 2045
Second stock acquisition rights	July 14, 2016	Four directors (Note 1)	245 (Note 2)	Common shares: 24,500 shares	54,700 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 13, 2016 to August 12, 2046
Third stock acquisition rights	July 13, 2017	Five directors (Note 1)	240 (Note 2)	Common shares: 24,000 shares	75,200 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 12, 2017 to August 11, 2047
Fourth stock acquisition rights	July 12, 2018	Five directors (Note 1)	175 (Note 2)	Common shares: 17,500 shares	131,800 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 11, 2018 to August 10, 2048
Fifth stock acquisition rights	July 11, 2019	Five directors (Note 1)	269 (Note 2)	Common shares: 26,900 shares	82,200 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 10, 2019 to August 9, 2049
Sixth stock acquisition rights	July 16, 2020	Five directors (Note 1)	560 (Note 2)	Common shares: 56,000 shares	40,100 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 8, 2020 to August 7, 2050
Seventh stock acquisition rights	July 8, 2021	Five directors (Note 1)	396 (Note 2)	Common shares: 39,600 shares	64,300 yen per stock acquisition right	100 yen per stock acquisition right (One yen per share)	From August 7, 2021 to August 6, 2051

- Notes: 1. Stock acquisition rights were not granted to external directors and Audit & Supervisory Board Members.
2. The Company pays to persons to whom stock acquisition rights are allocated a monetary reward which is equivalent to the gross paid in amount for the stock acquisition rights. The right to claim such monetary reward is set off against the obligation to pay for the stock acquisition rights.
3. Major conditions for exercise of stock acquisition rights are as follows:
• Within the exercise period, stock acquisition rights holders may exercise their stock acquisition rights in a lump sum only within 10 days from the day immediately following the day when they resign as both a Company director and executive officer.
• In the case where a stock acquisition rights holder dies, only if the stock acquisition rights belong to one of the legal heirs of the stock acquisition rights holder (hereinafter the "successor") may the successor exercise the stock acquisition rights.
• Other conditions will be governed by the "stock acquisition rights allocation agreement" which is concluded between the Company and stock acquisition rights holders.

② Status of stock acquisition rights allocated to employees, etc. as compensation for the execution of duties during the business term under review

Name of stock acquisition rights		Seventh stock acquisition rights
Status of allocation to employees, etc.	The Company's executive officers (excluding those with concurrent position of director)	Number of stock acquisition rights: 223 Number of shares to be issued upon exercise of stock acquisition rights: 22,300 Number of rights holders: 13

Note: The seventh stock acquisition rights are outlined in "① Status of stock acquisition rights issued as compensation for the execution of duties which are held by the Company's officers."

(3) Directors and Audit & Supervisory Board Members (as of March 31, 2022)

Position	Name	Duties and important concurrent positions
Chairman and Director	Makoto Nakagawa	Chairman of the Board of Directors
President & CEO, Representative Director, Executive Officer	Noboru Rachi	CEO
Executive Vice President, Representative Director, Executive Officer	Kimihiro Oshima	Primary Officer in Charge of New Technologies & Business Development
Director and Managing Executive Officer	Kazuya Miyazaki	CTO and General Manager of Production Division
Director and Managing Executive Officer	Yukio Noguchi	General Manager of Stage Equipment Business Division, and Deputy Officer in Charge of New Technologies & Business Development
Director	William Ireton	Representative Director of Ireton Entertainment Inc.
Director	Tadashi Ono	Professor Emeritus, University of Tsukuba Visiting Professor, University of Tsukuba, Graduate School of Business Sciences
Director	Yoshiko Ando	Kirin Holdings Co., Ltd., External Member of Audit & Supervisory Board External Director, JFE Holdings, Inc.
Audit & Supervisory Board Member (full-time)	Hisakazu Kobayashi	
Audit & Supervisory Board Member	Tsuyoshi Ikeguchi	Attorney Audit & Supervisory Board Member, Tokushukai Information System Inc. Auditor, The Mental Health Okamoto Memorial Foundation
Audit & Supervisory Board Member	Kikuo Yasukawa	President and Representative Director of Genome Pharmaceuticals Institute External Director, MICS Chemical Co., Ltd.
Audit & Supervisory Board Member	Akihiko Kakiuchi	

- Notes: 1. Directors William Ireton, Tadashi Ono, and Yoshiko Ando are external directors, as defined in Item (xv) of Article 2 of the Companies Act.
2. The Company has not made any important transactions, nor does it have any relationship, with the corporations at which Mr. William Ireton, Mr. Tadashi Ono, and Ms. Yoshiko Ando, who are directors of the Company, have concurrent positions.
3. Audit & Supervisory Board Members Tsuyoshi Ikeguchi, Kikuo Yasukawa and Akihiko Kakiuchi are External Audit & Supervisory Board Members as specified in Item (xvi) of Article 2 of the Companies Act.
4. The Company has not made any important transactions, nor does it have any relationship, with the corporations at which Mr. Tsuyoshi Ikeguchi and Mr. Kikuo Yasukawa, who are Audit & Supervisory Board Members of the Company, have concurrent positions.
5. Mr. William Ireton, Mr. Tadashi Ono, and Ms. Yoshiko Ando are independent officers as stipulated in the rules of the Tokyo Stock Exchange.
6. Audit & Supervisory Board Members Tsuyoshi Ikeguchi, Kikuo Yasukawa and Akihiko Kakiuchi are independent officers as stipulated in the rules of the Tokyo Stock Exchange.

7. Audit & Supervisory Board Member Hisakazu Kobayashi has assumed the position of General Manager of the Finance and Accounting Division and the Business Administration Division at the Company, and therefore has considerable knowledge of finance and accounting.

8. After the last day of the fiscal year ended March 31, 2022, there have been the following changes in the positions and duties and important concurrent positions of Directors:

Name	Positions and duties and important concurrent positions		Effective date of change
	Before the change	After the change	
Kimihiro Oshima	Executive Vice President, Representative Director, Executive Officer Primary Officer in Charge of New Technologies & Business Development	Executive Vice President, Representative Director, Executive Officer	April 1, 2022

(4) Compensation, etc. of directors and Audit & Supervisory Board Members for the fiscal year under review

① Policy on the determination of compensation of individual directors

The Board of Directors of the Company approved the following Policy on the Determination of Compensation of Individual Directors (hereinafter, the “Determination Policy”) at its meeting held on February 10, 2021 based on the advice of the Compensation Committee, which is established as a voluntary advisory committee.

A Basic policy

The compensation of directors shall consist of “monthly basic compensation” and “stock options as stock-based compensation” as fixed compensation, and “bonuses” as performance-based compensation. The compensation of directors and Audit & Supervisory Board Members shall be determined within the upper limit approved by the General Meeting of Shareholders. The Company’s basic policy on compensation is to have a compensation system that elevates the motivation of officers to improve the financial performance of the Company, and thereby contributes to the medium- to long-term enhancement of corporate value to answer to the mandate of shareholders.

B Determination Policy of the method of calculating fixed compensation

The amount of fixed compensation of individual directors shall be the amount appropriate for the position and duties of each director, and shall be determined in consideration of the compensation data of other companies supplied by external research organizations and the salary levels of employees of the Company. The monthly basic compensation, which is part of fixed compensation, shall be paid on the same day as the salary payment date of employees.

C Determination Policy of non-monetary compensation

A certain percentage of fixed compensation shall be allotted as stock options at a fixed time every year as stock-based compensation to individual directors in accordance with their positions and duties, for the purpose of elevating their motivation to contribute to medium- to long-term performance improvement and corporate value enhancement, by having them share with shareholders not only the merit of rising stock prices, but also the risk of falling stock prices.

D Determination Policy of performance-based compensation, performance indicators, etc.

Bonuses, which are performance-based compensation, shall be determined based on the actual results of consolidated ordinary income and its margin, the amount of orders received, etc., which reflect the results of business performance and sales activities of the Company, and in comprehensive consideration of the progress of the medium-term management plan, actual results that contribute to the enhancement of corporate value, etc., and shall be provided to directors at a fixed time every year.

E Determination Policy of the relative composition of fixed compensation and performance-based compensation

The relative composition of monthly basic salary, stock options as stock-based compensation, and bonuses shall be deliberated on and advised to the Board of Directors by the Compensation Committee based on the basic policy in such a manner that the percentage of performance-based compensation (bonuses) is higher for directors whose position is higher. Specific compensation of individual directors shall be determined based on and within the limit of the advice of the Compensation Committee.

- F Matters concerning the method of determination of compensation of individual directors and the delegation of determination
The policy on the allocation of monthly basic salary, stock options as stock-based compensation, and bonuses to each director shall be deliberated on and advised to the Board of Directors by the Compensation Committee. The specific amount of allocation of such compensation to each director shall be determined based on the basic policy by the President & CEO, Representative Director as authorized by the Board of Directors.
- G Other important matters
The compensation of external directors shall consist only of monthly basic salary as fixed compensation from the viewpoint of emphasizing their independence in light of their responsibilities.

② Resolutions of the General Meeting of Shareholders on the compensation, etc. of directors and Audit & Supervisory Board Members

The 69th Ordinary General Meeting of Shareholders held on June 27, 2019 resolved that the maximum monetary compensation amount for directors should not exceed 270 million yen a year (up to 50 million yen a year for external directors, and the limit for internal directors does not include their salaries as employees of the Company). The number of directors who were incumbent was nine (including three external directors) as of the close of the Ordinary General Meeting. Separately from the monetary compensation, the 64th Ordinary General Meeting of Shareholders held on June 27, 2014 resolved that the amount of compensation in the form of stock acquisition rights issued as stock options should not exceed 30 million yen a year, and the total number of stock acquisition rights issued should not exceed 1,000 a year (external directors are not entitled to such compensation). The number of directors who were incumbent (excluding external directors) was eight as of the close of the Ordinary General Meeting.

The 67th Ordinary General Meeting of Shareholders held on June 29, 2017 resolved that the maximum compensation amount for Audit & Supervisory Board Members should not exceed 50 million yen a year. The number of Audit & Supervisory Board Members who were incumbent was four as of the close of the Ordinary General Meeting.

③ Matters concerning delegation of the determination of compensation of individual directors

In the fiscal year under review, it was resolved at the meeting of the Board of Directors held on June 29, 2021 that the determination of specific amounts of compensation of individual directors should be delegated to President & CEO, Representative Director Noboru Rachi. More specifically, he was delegated the authorities to determine the amounts of monthly basic salary and stock options of each director and the evaluation and allocation of bonuses to each director. The reason for the delegation of these authorities is that the President & CEO, Representative Director, is best suited to evaluate each director's performance and contribution to corporate value, while taking into consideration the financial performance of the whole Company from a high-level perspective.

To ensure that the delegated authorities are exercised properly, the Board of Directors is required to submit a draft to the Compensation Committee for consultation and the Compensation Committee shall submit its report on the matters consulted to the Board of Directors. As the compensation of individual directors has been determined in accordance with this procedure, the Board of Directors has determined that the contents of the compensation are in line with the determination policy.

④ Amount of compensation, etc. for directors and Audit & Supervisory Board Members

Officer category	Total amount of compensation (1,000 yen)	Total amount of compensation by type (1,000 yen)			Number of officers who receive compensation
		Basic compensation	Non-monetary compensation	Performance-based compensation	
Directors (of which, External Directors)	227,362 (36,000)	158,100 (36,000)	25,462 (—)	43,800 (—)	8 (3)
Audit & Supervisory Board Members (of which, External Audit & Supervisory Board Members)	38,340 (19,440)	38,340 (19,440)	—	—	4 (3)

Notes: 1. The payment amount for directors does not include the employee's salary for director cum employee.
2. Non-monetary compensation represents the amount recorded as expenses relating to stock acquisition rights granted as stock options in the fiscal year under review. Their details and grant status are as disclosed in “(2) Status of stock acquisition rights (as of March 31, 2022).”
3. For the determination of the amount of performance-based compensation, the Company has selected consolidated ordinary income and its margin, the amount of orders received, etc., as indicators that accurately indicate the financial performance and results of business activities of the Company for the current fiscal year. Based on these indicators, the Company determines the amount of such compensation in consideration of each director's contribution to financial performance, the progress of the medium-term management plan, and the enhancement of corporate value. The actual results of these performance indicators and their changes are as disclosed in “1. (1) Business activities and performance, (3) Assets and profit/loss status.”

(5) External officers

① Main activities of external directors in the fiscal year under review, and summary of duties performed in relation to the expected roles of the external directors

Name	Main activities, etc.
William Ireton	He attended all 13 meetings of the Board of Directors held in the fiscal year under review. He provided appropriate opinions and advice drawing on his abundant global experience and excellent insight as a corporate executive, and otherwise played an adequate role in supervising business execution. In addition, he serves as the chairperson of the Compensation Committee, which is a voluntary advisory body to the Board of Directors. He attended both of two meetings of the Compensation Committee held in the fiscal year under review, and played a leading role in enriching the deliberations.
Tadashi Ono	He attended all 13 meetings of the Board of Directors held in the fiscal year under review. He expressed his opinions as appropriate from a broad perspective, drawing on his excellent insight as an expert in the field of business science study, and otherwise contributed to reasonable and appropriate decision making and the improvement of corporate governance. In addition, he serves as a member of the Nomination Committee and the Compensation Committee, which are voluntary advisory bodies to the Board of Directors. He attended all of the meetings of both Committees held in the fiscal year under review and participated actively in the deliberations.
Yoshiko Ando	She attended all 13 meetings of the Board of Directors held in the fiscal year under review. She expressed her opinions as appropriate from a broad perspective including personnel and labor affairs and organizational operation, drawing on her plentiful insight in a wide range of employment and labor fields, and otherwise contributed to appropriate decision making. In addition, she serves as the chairperson of the Nomination Committee, which is a voluntary advisory body to the Board of Directors. She attended all two meetings of the Nomination Committee held in the fiscal year under review, and played a leading role in enriching the deliberations.

② Main activities of external Audit & Supervisory Board Members in the fiscal year under review

Name	Main activities
Tsuyoshi Ikeguchi	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board that were held in the fiscal year under review, and expressed his opinions based on his expertise as an attorney.
Kikuo Yasukawa	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board that were held in the fiscal year under review, and expressed his opinions based on his profound experience of business administration.
Akihiko Kakiuchi	He attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board that were held in the fiscal year under review, and expressed his opinions based on his profound experience of business administration.

(6) Outline of the liability limiting agreement

The Company and each of three External Members of the Board of Directors and three External Audit & Supervisory Board Members have concluded a liability limiting agreement concerning compensation liability as specified in paragraph 1 of Article 423 of the Companies Act which limits their liability to the minimum liability as specified in paragraph 1 of Article 425 of the Companies Act on condition that they perform their duties in good faith and they don't commit gross negligence.

(7) Outline of officers' liability insurance contract

The Company has entered into an officers' liability insurance contract, which is prescribed in paragraph 1 of Article 430-3 of the Companies Act, with an insurance company to compensate insured persons for any damage they may incur when a claim for damages is made against them by a third party, etc., including damages and litigation cost.

The insured persons of this officers' liability insurance contract are the main executives, including directors, Audit & Supervisory Board Members, and executive officers, of the Company and its domestic and overseas consolidated subsidiaries. The insurance premiums for all insured persons are borne by the Company.

(8) Accounting auditor

① Name: Ernst & Young ShinNihon LLC

② Amount of compensation for the accounting auditor for the business term under review

① Compensation owed by the Company to the accounting auditors as consideration for services stipulated in Article 2.1 of the Certified Public Accountants Act (Audit and attestation services)	32,000,000 yen
② Compensation owed by the Company to the accounting auditors as consideration for other services than those stipulated in Article 2.1 of the Certified Public Accountants Act	– yen
Total of ① and ②	32,000,000 yen

Notes: 1. Based on the “operational guidelines concerning cooperation with the accounting auditor” issued by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board checked the audit hours by audit item, changes of audit fees and audit plans and actual audit results in the past years, and examined the appropriateness of the audit hours and audit fees for the business term under review. As a result, the Audit & Supervisory Board approved the accounting auditor's fee, etc. as specified in paragraph 1 of Article 399 of the Companies Act.

2. In the audit agreement concluded between the Company and the accounting auditor, the fee for audit under the Companies Act and the fee for audit under the Financial Instruments and Exchange Act are not separated from each other and such fees cannot be separated in effect. Therefore, the total of these fees is stated as the amount of compensation, etc.

3. The financial statements of significant subsidiaries of the Company have been audited (limited to audits required by the provisions of the Companies Act or the Financial Instruments and Exchange Act (including equivalent foreign laws and regulations)) by certified public accountants or audit corporations (including persons with equivalent qualifications accredited in foreign states) other than the accounting auditor of the Company.

③ Policy concerning decision on dismissal or non-reappointment of the accounting auditor

If the accounting auditor falls under any of the subparagraphs of paragraph 1 of Article 340 of the Companies Act and it is found reasonable to dismiss the accounting auditor, the Audit & Supervisory Board will dismiss the accounting auditor.

If it is found appropriate or reasonable to dismiss or not to reappoint the accounting auditor in accordance with the standards of appointment and evaluation of accounting auditor which are established by the Audit & Supervisory Board, the Audit & Supervisory Board will decide on the particulars of a proposal on dismissal or non-reappointment of the accounting auditor.

3. System to ensure the appropriateness of business operations and the state of operation of the system

I. Details of the decision on the system to ensure the appropriateness of business operations

The Company's Board of Directors resolved to revise a part of the system to ensure the appropriateness of business operations at a meeting held on May 14, 2015.

The particulars of the revised policy are as follows.

(1) System for the storage and management of information on the execution of duties by directors

- ① The information on the execution of duties by directors will be strictly retained and managed in accordance with laws and regulations and the regulations on the preparation, storage and management of information, including documents, established by the Company.
- ② The General Administration Division will be responsible for the timely disclosure of the Company's important information and will establish a system to collect information rapidly and exhaustively.

(2) Risk of loss management regulations and other systems

- ① Company-wide risk management will be conducted by the Compliance & Risk Management Committee (chaired by the President).
- ② Each divisional general manager will manage risks in accordance with the risk management regulations.
- ③ The measures to ensure the safety, and improvement, of the Company's products will be periodically reviewed at the Quality Improvement Meeting and then properly promoted.
- ④ A "system for responding to an emergency situation or a serious risk" will be established in case of emergency, and the roles of employees at a time of emergency will be clarified.

(3) System for ensuring that the duties of directors will be executed efficiently

- ① A meeting of the Board of Directors will be held once a month or more as needed in order to properly and rapidly make decisions on important matters and supervise the state of implementation of business operations in accordance with laws and regulations, the articles of incorporation, and the regulations of the Board of Directors.
- ② Company-wide important matters, including the personnel affairs of officers, organizations and business plans, will be at first discussed at the management council attended by Directors and Senior Managing Executive Officers and higher ranking officers and persons nominated by the President, and then discussed at the meeting of the Board of Directors. Audit & Supervisory Board Members may attend meetings of the management council and express their opinions.
- ③ A general managers meeting attended by divisional general managers will be held as needed. Business operations will be implemented after opinions are consolidated.
- ④ A company-wide line managers meeting attended by managers, etc. will be held to examine the business operation policy at the start of each business term so that the policy will be strictly implemented.

(4) System for ensuring that duties will be executed by directors and employees in compliance with laws and regulations and the articles of incorporation

- ① The Company will establish the “Sansei Technologies, Inc. Code of Ethics” to ensure that all the Company’s officers and employees comply not only with laws and regulations but also take the right stance and follow the code of conduct in order to win and further improve the trust of society.
- ② The Legal & Internal Audit Office will conduct an internal audit of the state of establishment and implementation of the company-wide compliance system.
- ③ The Company will establish a whistle-blowing system to promptly detect and correct compliance violations.
- ④ The Compliance & Risk Management Committee (chaired by the President) will inspect and improve the compliance system.

(5) System for ensuring that business operations are properly conducted by the corporate group consisting of the Company and its subsidiaries

1) System concerning reporting on the execution of duties by directors of subsidiaries

The Company will dispatch directors to subsidiaries, and such directors will receive reports at meetings of the Board of Directors of subsidiaries.

2) Regulations of management of risk of loss at subsidiaries and other systems

- ① The Company will establish the Compliance & Risk Management Committee which will be in charge of the Company Group’s compliance risk management. The Committee as controlling organ will deliberate problems, measures, etc. concerning the implementation of the Company Group’s risk management, and exhaustively manage the risks of the Company Group as a whole.
- ② The Company will make its subsidiaries comply with the Company’s basic policy on risk management based on the affiliates management regulations.

3) System for ensuring that the duties of directors of subsidiaries will be executed efficiently

- ① The Company will establish the group medium-term management plan which clarifies the group’s priority targets and budgets by business term.
- ② The Company will establish the group’s standards concerning the division of duties, the reporting line, authorities, decision making, etc., and will make its subsidiaries establish systems based on the standards.

4) System for ensuring that duties will be executed by directors and employees of subsidiaries in compliance with laws and regulations and the articles of incorporation

- ① The Company will establish the group ethical code, make the code fully known to all officers and employees of the Company Group and provide training concerning compliance, etc., to them to raise their awareness of compliance.
- ② Each subsidiary of the Company Group will be requested to appoint the appropriate number of Audit & Supervisory Board Members depending on their scale, industry, etc. The company’s Legal & Internal Audit Office will conduct an internal audit of subsidiaries based on the internal audit regulations and the affiliates management regulations.
- ③ The Company will establish the whistle-blowing system by which officers or employees of the Company Group may directly report to an outside attorney, etc.

(6) In the case where an Audit & Supervisory Board Member of the Company asks for the appointment of an employee to assist the Audit & Supervisory Board Member, matters concerning the employee, matters concerning independence from directors of the Company, and matters concerning ensuring of the effectiveness of instructions from the Company's Audit & Supervisory Board Member to the employee

- ① If requested by an Audit & Supervisory Board Member, an employee to assist him/her will be appointed, and the employee will be appointed by consultation between Audit & Supervisory Board Members and directors.
- ② An employee to assist an Audit & Supervisory Board Member must follow directions or orders from the Audit & Supervisory Board Member.

(7) System for reporting to Audit & Supervisory Board Members of the Company

1) System for reporting to Audit & Supervisory Board Members of the Company by directors and employees of the Company

- ① The Audit & Supervisory Board Members will attend meetings of the Board of Directors, the management council, and the Council of General Managers as well as other important meetings to receive reports from directors.
- ② If any director or employee detects any of the following matters, they will immediately report to Audit & Supervisory Board Members:
 - (a) Legal or financial problems which could have a serious impact on the Company;
 - (b) Any other facts which could cause serious damage to the Company.

2) System for reporting to Audit & Supervisory Board Members of the Company by subsidiaries' directors, accounting advisors, Audit & Supervisory Board Members, employees executing their duties, persons who must execute duties as specified in paragraph 1 of Article 598 of the Companies Act, or equivalent persons or employees, or persons who received reports from the foregoing persons

- ① If requested by an Audit & Supervisory Board Member of the Company to report to the Audit & Supervisory Board Member about matters concerning the execution of operations, officers or employees of the Company Group will immediately report to the Audit & Supervisory Board Member in a proper manner.
- ② If officers or employees of the Company Group detect any facts which could cause serious damage to the Company or its subsidiaries, including violations of laws and regulations, they will immediately report to any Audit & Supervisory Board Member or the Audit & Supervisory Board of the Company.

(8) System for ensuring that any person who has reported to an Audit & Supervisory Board Member will not receive adverse treatment on the ground that the person has reported to the Audit & Supervisory Board Member

- ① The Company will prohibit the adverse treatment of any officer or employee of the Company Group who has reported to an Audit & Supervisory Board Member of the Company Group on the ground that they have reported to the Audit & Supervisory Board Member, and will make the prohibition fully known to the officers and employees of the Company Group.

② The Company will establish the Company Group's whistle-blowing system which allows officers or employees of the Company Group to directly report to an Audit & Supervisory Board Member of the Company, prohibit the adverse treatment of them on the ground that they have reported to the Audit & Supervisory Board Member, and will make the prohibition fully known to the officers and employees of the Company Group.

(9) Matters concerning the procedures for advance payment or repayment of expenses arising from the execution of duties by an Audit & Supervisory Board Members of the Company, or concerning the treatment of expenses or debts arising from the execution of duties by an Audit & Supervisory Board Members of the Company

If an Audit & Supervisory Board Member asks the Company to pay expenses in advance or later as specified in Article 388 of the Companies Act in connection with the execution of his/her duties, the department in charge at the Company will examine the matter, and then the Company will pay such expenses or debts in full and have a consultation with the Audit & Supervisory Board Members concerned about the procedure of such payment as needed.

(10) System for ensuring that audits by Audit & Supervisory Board Members of the Company will be conducted effectively

① Based on the regulations of the Audit & Supervisory Board, the Audit & Supervisory Board Members of the Company will regularly confer with the representative director, exchange opinions with the representative director concerning the matters to be addressed by the Company, the status of establishment of an appropriate environment for the auditor's audit and important problems concerning audits, and make requests to the representative director as needed.

② The Audit & Supervisory Board Members of the Company will regularly confer with the accounting auditor, the Company's Legal & Internal Audit Office, etc. to exchange opinions concerning the current state of the Company Group's accounting audit, internal audit, compliance, risk management, etc.

(11) System for ensuring the reliability of financial reporting

To ensure the reliability of financial reporting, the Company will establish and operate internal control over the financial reporting system. Furthermore, the Company will revise the system, as needed, by evaluating whether or not the system functions effectively.

(12) Basic approach for the exclusion of anti-social forces and the relevant system

The Company will deal with anti-social forces which threaten the order and safety of civil society in a resolute attitude and cut off relations with them. For this purpose, the Company will set up the responsible department to coordinate with the police stations concerned, the corporate attorney, etc.

II. Outline of the status of operation of the system for ensuring the appropriateness of business operations

(1) Status of the system related to director's execution of duties

During the fiscal year ended March 31, 2022, the Board of Directors of the Company held 13 regular meetings to discuss and determine important matters related to the management of the Company, in accordance with the Regulations of the Board of Directors. The Board also reviewed and revised internal rules and regulations as needed. At the Board meetings, external directors expressed opinions based on their abundant experience and insights and the Audit & Supervisory Board Members expressed their opinions from an impartial and objective standpoint, which reinforced the appropriateness and efficiency of the duties of directors.

(2) Risk management

The Compliance & Risk Management Committee identified risks in the Company Group related to the conduct of businesses, and reviewed and discussed the extent of the risks, measures against these risks, and the status of risk management and improvement measures. In addition, the Quality Improvement Meeting was held during the year to discuss the securing of product safety and quality improvement, and implemented the PDCA cycle based on the quality management system.

(3) Compliance

The Company provides consultation desks, one within and another outside the organization, which receive reports of compliance issues from officers and employees. The Compliance & Risk Management Committee held meetings to review and discuss matters that impact or may impact the overall compliance system of the Company Group.

(4) Audit system

Based on the annual audit plan, the Audit & Supervisory Board Members conducted audits of the Company and its group companies and attended meetings of the Board of Directors and other important meetings within the organization, to monitor the execution of the businesses, and collect the necessary information. The Audit & Supervisory Board Members also met with the independent accounting auditor seven times during the year to exchange opinions about the operation of the accounting audit and the internal control system and other matters.

The Company's Legal & Internal Audit Office conducted internal audits of the Company and Group companies, based on the internal audit plan.

(5) Internal control system over financial reporting

To secure the reliability of the financial report of the Company, the Legal & Internal Audit Office of the Company monitored the establishment and operation of the overall internal control systems of the Company and Group companies to assess their effectiveness, in collaboration with the independent accounting auditor.

4. Basic policy regarding control of the company

At the closing of the 66th General Meeting of Shareholders held on June 29, 2016, the term of the Company's Response Policy for Large-Scale Purchase expired, and the Company determined not to continue the Policy on and after that day because the business conditions for the Group had changed since the time when the Policy was first introduced and regulations concerning large-scale purchase of shares had been established under the Financial Instruments and Exchange Act. However, if any party attempts a large-scale purchase of Company shares, the Company will endeavor to collect and disclose necessary information so that shareholders can make an informed decision on whether to accept the offer and will take appropriate measures to the extent allowed under the relevant laws and the Articles of Incorporation of the Company, from the viewpoint of protecting the corporate value of the Company and common interests of shareholders.

Translation

Consolidated Balance Sheet

(As of March 31, 2022)

(in thousand yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	37,435,002	Current liabilities	17,366,166
Cash and deposits	14,225,298	Notes and accounts payable - trade	2,173,831
Notes and accounts receivable-trade, and contract assets	18,756,079	Short-term loans payable	3,965,110
Electronically recorded monetary claims - operating	276,606	Current portion of long-term loans payable	1,365,520
Work in process	498,927	Income taxes payable	400,806
Raw materials and supplies	2,477,804	Accrued consumption taxes	306,004
Other	2,076,551	Contract liabilities	6,298,307
Allowance for doubtful accounts	-876,265	Provision for bonuses	516,852
Non-current assets	27,966,745	Provision for directors' bonuses	32,712
Property, plant and equipment	10,387,865	Provision for loss on construction contracts	141,304
Buildings and structures	4,943,983	Other	2,165,716
Machinery, equipment and vehicles	703,035	Non-current liabilities	14,962,524
Land	4,239,690	Long-term loans payable	11,790,693
Construction in progress	129,597	Deferred tax liabilities	847,195
Other	371,559	Net defined benefit liability	2,277,312
Intangible non-current assets	9,717,314	Other	47,322
Goodwill	8,156,084	Total liabilities	32,328,690
Other	1,561,230	NET ASSETS	
Investments and other assets	7,861,565	Shareholders' equity	30,317,252
Investment securities	5,824,405	Capital stocks	3,251,279
Long-term loans receivable	19,325	Capital surplus	2,442,954
Deferred tax assets	1,036,901	Retained earnings	25,039,798
Other	981,395	Treasury shares	-416,780
Allowance for doubtful accounts	-462	Accumulated other comprehensive income	2,568,594
		Valuation difference on available-for-sale securities	1,866,272
		Deferred gains or losses on hedges	76
		Foreign currency translation adjustment	697,940
		Remeasurements of defined benefit plans	4,305
		Stock acquisition rights	187,210
		Total net assets	33,073,057
Total assets	65,401,748	Total liabilities and net assets	65,401,748

(Any fractional amounts less than 1,000 yen are rounded down.)

Consolidated Statement of Income

(April 1, 2021 to March 31, 2022)

(in thousand yen)

Account	Amount	
Net sales		34,404,350
Cost of sales		24,439,880
Gross profit		9,964,469
Selling, general and administrative expenses		8,924,175
Operating income		1,040,293
Non-operating income		
Interest income	3,611	
Dividend income	142,232	
Dividend income of insurance	340,502	
Rent income	37,034	
Subsidy income	452,656	
Other	95,604	1,071,642
Non-operating expenses		
Interest expenses	223,161	
Commission expenses	5,399	
Foreign exchange losses	1,312	
Other	1,553	231,426
Ordinary income		1,880,508
Extraordinary income		
Gain on sales of non-current assets	309,483	
Gain on sales of investment securities	351,101	660,585
Income before income taxes		2,541,093
Income taxes - current		1,119,109
Income taxes - deferred		-26,755
Net Income		1,448,739
Net income attributable to non-controlling interests		-
Net income attributable to owners of parent		1,448,739

(Any fractional amounts less than 1,000 yen are rounded down.)

Consolidated Statement of Changes in Equity

(April 1, 2021 to March 31, 2022)

(in thousand yen)

	Shareholders' equity				
	Capital stocks	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Year-beginning balance	3,251,279	2,442,954	24,284,998	-416,548	29,562,683
Changes of items during the year					
Dividends of surplus			-693,939		-693,939
Net income attributable to owners of parent			1,448,739		1,448,739
Purchase of treasury shares				-231	-231
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	-	754,800	-231	754,568
Year-end balance	3,251,279	2,442,954	25,039,798	-416,780	30,317,252

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income		
Year-beginning balance	2,078,321	3,418	-88,677	-23,918	1,969,143	147,408	31,679,235
Changes of items during the year							
Dividends of surplus							-693,939
Net income attributable to owners of parent							1,448,739
Purchase of treasury shares							-231
Disposal of treasury shares							
Net changes of items other than shareholders' equity	-212,049	-3,341	786,617	28,223	599,451	39,801	639,252
Total changes of items during the year	-212,049	-3,341	786,617	28,223	599,451	39,801	1,393,821
Year-end balance	1,866,272	76	697,940	4,305	2,568,594	187,210	33,073,057

(Any fractional amounts less than 1,000 yen are rounded down.)

Non-Consolidated Balance Sheet

(As of March 31, 2022)

(in thousand yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	12,637,995	Current liabilities	11,173,597
Cash and deposits	4,734,570	Notes and accounts payable-trade	2,528,668
Notes and accounts receivable-trade, and contract assets	6,782,090	Short-term loans payable	2,500,000
Electronically recorded monetary claims - operating	219,522	Short-term loans payable from affiliates	3,500,000
Work in process	246,115	Current portion of long-term loans payable	1,100,000
Raw materials and supplies	521,765	Accrued expenses	204,195
Other	133,931	Contract liabilities	953,077
Non-current assets	36,489,052	Provision for bonuses	192,229
Property, plant and equipment	4,852,509	Provision for loss on construction contracts	50,832
Buildings	2,056,018	Other	144,594
Structures	6,258	Non-current liabilities	12,681,090
Machines and equipment	75,395	Long-term loans payable	11,000,000
Vehicles	3,305	Provision for retirement benefits	1,336,305
Tools, furniture and fixtures	175,937	Deferred tax liabilities	344,735
Land	2,433,792	Other	50
Construction in progress	101,802	Total liabilities	23,854,688
Intangible non-current assets	278,735	NET ASSETS	
Software	266,087	Shareholders' equity	23,218,800
Telephone subscription rights	9,679	Capital stocks	3,251,279
Other	2,969	Capital surplus	3,055,279
Investments and other assets	31,357,807	Legal capital surplus	2,989,057
Investment securities	5,821,647	Total other capital surplus	66,221
Stocks of subsidiaries and affiliates	25,015,034	Retained earnings	16,966,123
Guarantee deposits	161,685	Legal retained earnings	434,000
Business insurance	186,891	Other retained earnings	16,532,123
Other	172,549	Reserve for advanced depreciation of non-current assets	278,850
		General reserve	9,320,000
		Retained earnings brought forward	6,933,273
		Treasury shares	-53,882
		Valuation and translation adjustments	1,866,349
		Valuation difference on available-for-sale securities	1,866,272
		Deferred gains or losses on hedges	76
		Share acquisition rights	187,210
Total assets	49,127,048	Total net assets	25,272,360
		Total liabilities and net assets	49,127,048

(Any fractional amounts less than 1,000 yen are rounded down.)

Non-Consolidated Statement of Income

(April 1, 2021 to March 31, 2022)

(in thousand yen)

Account	Amount	
Net sales		17,681,898
Cost of sales		14,671,908
Gross profit		3,009,990
Selling, general and administrative expenses		2,273,880
Operating income		736,109
Non-operating income		
Interest income	1,799	
Dividend income	1,177,260	
Other	42,684	1,221,744
Non-operating expenses		
Interest expenses	143,882	
Commission expenses	5,399	
Other	1,379	150,661
Ordinary income		1,807,192
Extraordinary income		
Gain on sales of investment securities	351,101	351,101
Income before income taxes		2,158,293
Income taxes - current	271,000	
Income taxes - deferred	129,716	400,716
Net income		1,757,577

(Any fractional amounts less than 1,000 yen are rounded down.)

Non-Consolidated Statement of Changes in Equity

(April 1, 2021 to March 31, 2022)

(in thousand yen)

	Shareholders' equity			
	Capital stocks	Capital surplus		
		Legal capital surplus	Total other capital surplus	Total capital surplus
Year-beginning balance	3,251,279	2,989,057	66,221	3,055,279
Changes of items during the year				
Dividends of surplus				
Net Income				
Purchase of treasury shares				
Disposal of treasury shares				
Net changes of items other than shareholders' equity				
Total changes of items during the year	-	-	-	-
Year-end balance	3,251,279	2,989,057	66,221	3,055,279

	Shareholders' equity				
	Legal retained earnings	Retained earnings			Total retained earnings
		Other retained earnings		Retained earnings brought forward	
		Reserve for advanced depreciation of non-current assets	General reserve		
Year-beginning balance	434,000	278,850	9,320,000	5,869,634	15,902,485
Changes of items during the year					
Dividends of surplus				-693,939	-693,939
Net Income				1,757,577	1,757,577
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	-	-	1,063,638	1,063,638
Year-end balance	434,000	278,850	9,320,000	6,933,273	16,966,123

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Year-beginning balance	-53,650	22,155,394	2,078,321	3,418	2,081,739	147,408	24,384,542
Changes of items during the year							
Dividends of surplus		-693,939					-693,939
Net Income		1,757,577					1,757,577
Purchase of treasury shares	-231	-231					-231
Disposal of treasury shares							
Net changes of items other than shareholders' equity			-212,049	-3,341	-215,390	39,801	-175,588
Total changes of items during the year	-231	1,063,406	-212,049	-3,341	-215,390	39,801	887,817
Year-end balance	-53,882	23,218,800	1,866,272	76	1,866,349	187,210	25,272,360

(Any fractional amounts less than 1,000 yen are rounded down.)

Translation

Independent Accounting Auditors' Report for Consolidated Financial Statements (Certified Copy)

Independent Auditors' Report

May 24, 2022

To: Board of Directors Sansei Technologies, Inc.

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Partner
Engagement Partner

Certified Public Accountant Yutaka Masuda

Designated Limited Partner
Engagement Partner

Certified Public Accountant Satoshi Uchida

Auditors' opinion

The auditors of this auditing firm conducted audits of the consolidated financial statements of Sansei Technologies Co., Ltd. (hereinafter, "the Company"), comprising the consolidated balance sheet as of March 31, 2022, the consolidated statement of income for the year from April 1, 2021 to March 31, 2022, the consolidated statement of changes in equity for the same year, and notes to consolidated financial statements, in accordance with the provisions under Article 444 (4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the status of the property and the profit and loss of the Sansei Technologies Group, comprising Sansei Technologies, Inc. and its consolidated subsidiaries, as of March 31, 2022, and for the year then ended in conformity with accounting standards generally accepted in Japan.

Grounds for the auditors' opinion

The auditors conducted audits in accordance with the generally accepted audit standards in Japan. The auditing firm's responsibilities under the auditing standards are stated in "Responsibilities of auditors in auditing consolidated financial statements." This auditing firm is independent of the Company and its consolidated subsidiaries and fulfills its ethical responsibilities as an auditor, in accordance with the provisions of the relevant regulations regarding professional ethics established in Japan. The auditors believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for expressing auditors' opinions.

Other information

Other information provided by the Company consists of the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Board and its members are responsible for overseeing the directors' performance of their duties in the design, implementation and maintenance of the Company's reporting process of other information.

The scope of our audit opinion on consolidated financial statements does not include other information, and accordingly, we do not express any opinion on other information.

In conducting an audit of consolidated financial statements, we are responsible for reading through other information and in its process are also responsible for examining whether there is any significant difference between other information and information contained in the consolidated financial statements and/or the knowledge obtained by us in the course of the audit, and paying attention to whether there is any sign of material error in other information other than such significant differences.

If we determine that there is a material error in other information based on the audit work that we have conducted, we are required to report that fact.

There is no particular fact that we should report concerning other information.

Responsibility of the management, and the Audit & Supervisory Board and its members for consolidated financial statements

It is the responsibility of the management of the Company to prepare and correctly and fairly present the consolidated financial statements of the Company in accordance with the generally accepted corporate accounting standards in Japan. This includes the establishment and operation of an internal control system that the management of the Company deems necessary for ensuring preparation and fair presentation of consolidated financial statements free of material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, it is the responsibility of the management to evaluate whether it is appropriate to prepare the consolidated financial statements as a going concern. Based on the corporate accounting standards generally accepted in Japan, if it is necessary for the Company to disclose matters relating to a going concern, the management has the responsibility to disclose such information.

The Audit & Supervisory Board and its members are responsible for overseeing the performance of directors in developing and operating the financial reporting processes.

Responsibilities of auditors in auditing consolidated financial statements

It is the responsibility of the auditors to obtain reasonable assurance based on the audit they conducted that the consolidated financial statements of the Company are generally free of material misstatements, whether due to fraud or error, and express opinions in the audit report regarding the consolidated financial statements from an independent viewpoint. Misstatements may occur due to fraudulent acts or errors and are judged to be serious if it is reasonably expected that they will affect, whether individually or aggregated, the decision making of the stakeholders who use the consolidated financial statements.

The auditors make a judgment as professionals through the course of the audit, in accordance with the generally accepted audit standards in Japan, and conduct the following activities while holding professional skepticism:

- Identify and evaluate the risk of material misstatements by fraud or error. Develop and implement audit procedures that address the risk of material misstatement. The selection and application of audit procedures are at the discretion of the auditors. Obtain sufficient and appropriate audit evidence to provide a basis for expressing auditors' opinions.
- In making a risk assessment, the auditors consider the internal control of the Company relevant to auditing in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions regarding the effectiveness of the internal control system of the Company.
- Evaluate the adequacy of the accounting policies and methods adopted by the management, the adequacy of the accounting estimates made by the management, and the appropriateness of the relevant notes to financial statements.
- Conclude whether it is appropriate for the management to prepare the consolidated financial statements as a going concern and whether there were any events or circumstances that would pose significant uncertainty regarding the going concern assumption, based on the obtained audit evidence. If significant uncertainty regarding the going concern assumption is found, the auditors are required to call attention in the audit report that the notes to the consolidated financial statements should be considered. Or, if any note to the consolidated financial statements regarding significant uncertainty is not appropriate, the auditors are required to express opinions with exclusions for the consolidated financial statements. The auditors' conclusion is based on the audit evidence obtained by the date of the audit report, but future events and circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes comply with the corporate accounting standards generally accepted in Japan, and whether the presentation, structure, and contents of the consolidated financial statements, including the related notes, accurately present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence related to the financial information of the Company and its consolidated subsidiaries to express their opinions regarding the consolidated financial statements. The auditors are responsible for directing, supervising, and implementing the audit of the consolidated financial statements. The auditors are solely responsible for the audit opinion.

The auditors report to the Audit & Supervisory Board and its members the scope and timing of planned audits, important audit findings including serious deficiencies in the internal controls found in the audit process, and other matters required by audit standards.

The auditors report to the Audit & Supervisory Board and its members the auditors' compliance with the provisions concerning their independence in the regulations regarding professional ethics established in Japan, matters that are reasonably considered to affect the independence of auditors, and any safeguard measures taken to remove or reduce factors that could hinder their independence.

Interest

This audit firm or any of its engagement partners have no interest in the Company (including its consolidated subsidiaries) that is required to be disclosed under the provisions of the Certified Public Accountants Act.

Notes to the Readers of Independent Auditor's Report :

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Translation

Independent Accounting Auditors' Report for Financial Statements (Certified Copy)

Independent Auditors' Report

May 24, 2022

To: Board of Directors Sansei Technologies, Inc.

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Partner
Engagement Partner

Certified Public Accountant Yutaka Masuda

Designated Limited Partner
Engagement Partner

Certified Public Accountant Satoshi Uchida

Auditors' opinion

The auditors of this audit firm conducted audits of the financial statements of Sansei Technologies Co., Ltd. for the 72nd business year (hereinafter referred to as the "financial statements"), comprising the balance sheet as of March 31, 2022, the statement of income for the year from April 1, 2021 to March 31, 2022, the statement of changes in equity for the same year, notes to financial statements, and supplementary schedules, in accordance with the provisions under Article 436 (2) (i) of the Companies Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of the property of Sansei Technologies Co., Ltd. as of March 31, 2022, and the profit and loss for the years then ended in conformity with accounting standards generally accepted in Japan.

Grounds for the auditors' opinion

The auditors conducted audits in accordance with the generally accepted audit standards in Japan. The auditing firm's responsibilities under the auditing standards are stated in "Responsibilities of auditors in auditing financial statements." This auditing firm is independent of the Company and fulfills its ethical responsibilities as auditors, in accordance with the provisions in the relevant regulations regarding professional ethics established in Japan. The auditors believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for expressing auditors' opinions.

Other information

Other information provided by the Company consists of the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Board and its members are responsible for overseeing the directors' performance of their duties in the design, implementation and maintenance of the Company's reporting process of other information.

The scope of our audit opinion on financial statements does not include other information, and accordingly, we do not express any opinion on other information.

In conducting an audit of financial statements, we are responsible for reading through other information and in its process are also responsible for examining whether there is any significant difference between other information and information contained in the financial statements and/or the knowledge obtained by us in the course of the audit, and paying attention to whether there is any sign of material error in other information other than such significant differences.

If we determine that there is a material error in other information based on the audit work that we have conducted, we are required to report that fact.

There is no particular fact that we should report concerning other information.

Responsibility of the management, and the Audit & Supervisory Board and its members, for financial statements

It is the responsibility of the management of the Company to prepare and correctly and fairly present financial statements of the Company in accordance with the generally accepted corporate accounting standards in Japan. This includes the establishment and operation of an internal control system that the management of the Company deems necessary for ensuring preparation and fair presentation of financial statements free of material misstatements, whether due to fraud or error.

In preparing the financial statements, it is the responsibility of the management to evaluate whether it is appropriate to prepare the financial statements as a going concern. Based on the corporate accounting standards generally accepted in Japan, if it is necessary for the Company to disclose matters relating to a going concern, the management has the responsibility to disclose such information.

The Audit & Supervisory Board and its members are responsible for overseeing the performance of directors in developing and operating the financial reporting processes.

Responsibilities of auditors in auditing financial statements

It is the responsibility of the auditors to obtain reasonable assurance based on the audit they conducted that the financial statements of the Company are generally free of material misstatements, whether due to fraud or error, and express opinions in the audit report regarding the financial statements from an independent viewpoint. Misstatements may occur due to fraudulent acts or errors and are judged to be serious if it is reasonably expected that they will affect, whether individually or aggregated, the decision making of the stakeholders who use the financial statements.

The auditors make a judgment as professionals through the course of the audit, in accordance with the generally accepted audit standards in Japan, and conduct the following activities while holding professional skepticism:

- Identify and evaluate the risk of material misstatements by fraud or error. Develop and implement audit procedures that address the risk of material misstatement. The selection and application of audit procedures are at the discretion of the auditors. Obtain sufficient and appropriate audit evidence to provide a basis for expressing auditors' opinions.
- In making a risk assessment, the auditors consider internal control of the Company relevant to auditing in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinions regarding the effectiveness of the internal control system of the Company.
- Evaluate the adequacy of the accounting policies and accounting methods adopted by the management, the adequacy of the accounting estimates made by the management, and the appropriateness of the relevant notes to financial statements.
- Conclude whether it is appropriate for the management to prepare the financial statements as a going concern and whether there were any events or circumstances that would pose significant uncertainty regarding the going concern assumption, based on the obtained audit evidence. If significant uncertainty regarding the going concern assumption is found, the auditors are required to call attention in the audit report that the notes to the financial statements should be considered. Or, if any note to the financial statements regarding significant uncertainty is not appropriate, the auditors are required to express opinions with exclusions for the consolidated financial statements. The auditors' conclusion is based on the audit evidence obtained by the date of the audit report, but future events and circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether the presentation of the financial statements and notes comply with the corporate accounting standards generally accepted in Japan, and whether the presentation, structure, and contents of the financial statements, including the related notes, accurately present the underlying transactions and accounting events.

The auditors report to the Audit & Supervisory Board and its members the scope and timing of planned audits, important audit findings including serious deficiencies in the internal controls found in the audit process, and other matters required by audit standards.

The auditors report to the Audit & Supervisory Board and its members the auditors' compliance with the provisions concerning their independence in the regulations regarding professional ethics established in Japan, matters that are reasonably considered to affect the independence of auditors, and any safeguard measures taken to remove or reduce factors that hinder their independence.

Interest

This audit firm or any of its engagement partners have no interest in the Company that is required to be disclosed under the provisions of the Certified Public Accountants Act.

Notes to the Readers of Independent Auditor's Report :

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit & Supervisory Board's Report for Financial Statements (Certified Copy)

Audit Report by the Audit & Supervisory Board

The Audit & Supervisory Board of the Company presents this Audit Report as the unanimous opinion of all Audit & Supervisory Board Members of the Company, prepared based on reports prepared by individual Audit & Supervisory Board Members regarding auditing of the business execution of directors during the 72nd business year of the Company from April 1, 2021 to March 31, 2022, as follows:

1. Auditing techniques used by the Audit & Supervisory Board and its members and audited items

- (1) The Audit & Supervisory Board defined the audit policies and division of duties among the Audit & Supervisory Board Members, received reports from individual Audit & Supervisory Board Members regarding the progress and results of their audits. The Audit & Supervisory Board also received reports from directors and other officers and independent accounting auditors regarding the progress of the execution of their respective duties and requested explanations from them as needed.
- (2) Individual Audit & Supervisory Board Members conducted their audits, in accordance with the audit standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, following the audit policies and the division of duties among the Audit & Supervisory Board Members, maintaining close communication with directors, the Legal & Internal Audit Office and employees, collecting necessary information and by establishing an appropriate environment for auditing, by using the following audit techniques:
 - (i) The Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from directors, employees and other related parties regarding the execution of their duties and requested explanations from them as needed. They also inspected important managerial approval documents and operations and the status of properties at the head office and major business offices. The Audit & Supervisory Board Members also communicated and exchanged information with directors and Audit & Supervisory Board Members of subsidiaries and received business reports from subsidiaries as needed.
 - (ii) With respect to the systems stipulated in Article 100 (1) and (3) of the Ordinance for Enforcement of the Companies Act to ensure the appropriateness of the business operations of a corporate group comprising a parent and its subsidiaries, including a system to ensure compliance of the duties performed by directors and reported in business reports with the applicable laws and the Articles of Incorporation of the Company ("internal control system"), the Audit & Supervisory Board Members received reports from directors, employees and other related parties, asked for explanations and expressed opinions as needed, regarding the resolutions adopted by the Board of Directors on the establishment of such system, the system established in accordance with the resolutions, and the status of improvement and operation of the system. Regarding internal control related to the financial report of the Company, the Audit & Supervisory Board Members received reports from directors and other related parties and Ernst & Young ShinNihon LLC regarding the assessment and audit of such internal control, and requested explanations from them as needed.
 - (iii) The Audit & Supervisory Board Members monitored and examined whether the independent accounting auditors maintained independence and conducted fair audits, received reports from the independent accounting auditors about their execution of duties and requested explanations from them as needed. The Audit & Supervisory Board Members received a notice from the independent accounting auditors that the independent accounting auditors had a "system that guarantees the fair execution of duties" in place (items stipulated under Article 131 of the Corporate Accounting Rules) in accordance with the Quality Control Standards for Audit (October 28, 2005) and other regulations, and requested explanations from them as needed.

By using the techniques and methods referred to above, the Audit & Supervisory Board Members examined the business report of the Company for the fiscal year ended March 31, 2021 and supplementary schedules thereto, financial statements (balance sheet, statement of income, statement of change in equity and notes to financial statements) for the same fiscal year and supplementary schedules thereto, and consolidated financial statements (consolidated balance sheet, consolidated state of income, consolidated statement of change in equity and notes to consolidated financial statements) for the same fiscal year.

2. Result of the audits

(1) Results of the audit of business report

The Audit & Supervisory Board Members acknowledge that

- (i) The business report of the Company and supplementary schedule thereto truly and fairly present the status of the Company in accordance with the applicable laws and the articles of incorporation of the Company;
- (ii) There were no wrongful acts or material breaches of law or the articles of incorporation in the directors' execution of duties;
- (iii) The resolutions adopted by the Board of Directors related to the internal control system were appropriate. There were no issues to be noted in descriptions in the business report and the directors' execution of duties, related to such internal control system, including the internal control of financial reporting.

(2) Results of audits of financial statements and supplementary schedules thereto

The Audit & Supervisory Board Members acknowledge that the audit techniques and methods used by Ernst & Young ShinNihon LLC, the independent accounting auditors for the Company, and the results of their audit were reasonable.

(3) Results of audits of consolidated financial statements

The Audit & Supervisory Board Members acknowledge that the audit techniques and methods used by Ernst & Young ShinNihon LLC, the independent accounting auditors for the Company, and the results of their audit were reasonable.

May 24, 2022

Sansei Technologies, Inc. Audit & Supervisory Board

Audit & Supervisory Board Member (Full-time)	Hisakazu Kobayashi	(Seal)
External Audit & Supervisory Board Member	Tsuyoshi Ikeguchi	(Seal)
External Audit & Supervisory Board Member	Kikuo Yasukawa	(Seal)
External Audit & Supervisory Board Member	Akihiko Kakiuchi	(Seal)

Materials for General Meeting of Shareholders

Proposal No. 1: Appropriation of surplus

Distribution of year-end dividend

The Company's basic policy is to maintain stable dividends, and the Company proposes the following year-end dividend for the 72nd business year in view of its financial performance and future business expansion:

(1) Type of dividend

Dividend will be distributed in cash.

(2) Appropriation and the amount of dividend

A dividend of 17.50 yen per common share will be distributed.

The total amount of dividend will be 323,834,140 yen. (As a result, dividends per share paid for the full year will be 35 yen per share, including the interim dividend of 17.50 yen per share already paid during the year.)

(3) Effective date of distribution of dividend from surplus

June 30, 2022

Proposal No. 2: Partial amendment to the Article of Incorporation

1. Reasons for the proposal

- (1) We propose expanding the business purpose in Article 2 of the current Articles of Incorporation to enable the Company to engage in solar power generation by utilizing some of its assets as part of its sustainability initiatives, and to potentially engage in sales of any surplus power generated in the future.
- (2) As the amendment provisions of the proviso clause of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be in effect as of September 1, 2022, to prepare for the introduction of a system for providing materials for the general meeting of shareholders in an electronic format, we propose amending the Articles of Incorporation of the Company as follows:
 - (i) Paragraph 1 of Article 16 of the proposed amendment is to prescribe that the Company shall take measures to provide in an electronic format the information that should otherwise be included in the reference documents, etc. for the general meeting of shareholders.
 - (ii) Paragraph 2 of Article 16 of the proposed amendment is to establish a provision to limit the scope of matters include in the paper document to be delivered to the shareholder who has requested the delivery of materials in a paper-based format.
 - (iii) The provisions concerning Internet disclosure and deemed provision of reference documents, etc. for the general meeting of shareholders (Article 16 of the current Articles of Incorporation) will be deleted as they will no longer be necessary.
 - (iv) Supplementary provisions will be established to prescribe the effective date and other matters in relation to the new provisions and the deletion of existing provisions mentioned above.

2. Details of the amendments

Specific changes in the Articles of Incorporation as proposed are as follows:

(Amended text is underlined)

Current Articles of Incorporation	Proposed amendments
Chapter I General Provisions Article 2 (Purpose) The purpose of the Company shall be to engage in the following businesses: 1. through 21. (Omitted) (New provision)	Chapter I General Provisions Article 2 (Purpose) (Not changed) 1. through 21. (Not changed) <u>22. Power generation using renewable energy, such as solar power, and electricity sales business;</u> 23. through 24. (Not changed)
22. through 23. (Omitted)	
Chapter III General Meeting of Shareholders Article 16. (Internet Disclosure of Reference Documents, etc. for the General Meeting of Shareholders) The Company may, in accordance with the applicable provisions of the Ministry of Justice Order, disclose via the Internet any information pertaining to the matters that should be included or presented in reference documents for the general meeting of shareholders, financial statements, consolidated financial statements, and business report. (New provision)	Chapter III General Meeting of Shareholders (Deleted)
	Article 16 (Measures to Provide Information in an Electronic Format) <u>In convening a general meeting of shareholders, the Company shall take measures to provide in an electronic format the information that should otherwise be included in the reference documents, etc. for the general meeting of shareholders.</u> 2. When a shareholder has requested the delivery of materials in a paper-based format by the record date of voting rights, the Company may choose not to include in the paper document to be delivered to the shareholder the whole or part of matters prescribed in the Ministry of Justice Order if they are provided in an electronic format.
	Supplementary Provisions

Current Articles of Incorporation	Proposed amendments
Chapter I General Provisions Article 2 (Purpose) The purpose of the Company shall be to engage in the following businesses: 1. through 21. (Omitted) (New provision) <u>22. through 23.</u> (Omitted) (New provision)	Chapter I General Provisions Article 2 (Purpose) (Not changed) 1. through 21. (Not changed) <u>22. Power generation using renewable energy, such as solar power, and electricity sales business;</u> <u>23. through 24.</u> (Not changed) <u>1. The new provisions of Article 16 of the Articles of Incorporation shall take effect on September 1, 2022, which is the effective date of the amendments prescribed in the proviso clause of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Effective Date").</u> <u>2. Notwithstanding the provisions of the preceding paragraph, the provisions of Article 16 (Internet Disclosure of Reference Documents, etc. for the General Meeting of Shareholders) of the Articles of Incorporation before amendment shall remain in full force and effect for any general meeting of shareholders held within six (6) months from the Effective Date.</u> <u>3. These Supplementary Provisions shall be deleted on the later of the day on which six (6) months have passed since the Effective Date and the day on which three (3) months have passed since the date of the general meeting of shareholders referred to in the preceding paragraph.</u>

Proposal No.3: Election of nine directors

The term of the eight present directors will expire at the closing of this General Meeting of Shareholders.

The shareholders are requested to elect nine directors, including the new election of one external director candidate and one director candidate, for the purpose of further improving the corporate value of the Company as well as the soundness and transparency of its management.

Candidates for directors and their profiles are as follows:

Candidate No.	Name (Date of Birth)	Career History, Major Positions and Responsibilities, and Important Concurrent Service	Holding of the Company shares
1	Makoto Nakagawa (born February 2, 1953)	<p>May 2007 Sansei Technologies, Corporate Advisor</p> <p>June 2007 Sansei Technologies, Director, Executive Vice President, General Manager of Production Division, Officer in Charge of the Quality and Safety Management Department</p> <p>June 2008 Sansei Technologies, Executive Vice President, Representative Director</p> <p>August 2008 Sansei Technologies, Executive Vice President, Representative Director, General Manager of Tokyo Branch</p> <p>December 2009 Sansei Technologies, Executive Vice President, Representative Director</p> <p>April 2010 Sansei Technologies, President & CEO, Representative Director</p> <p>April 2018 Sansei Technologies, Chairman, Representative Director</p> <p>June 2020 Sansei Technologies, Chairman and Director (to date)</p>	44,900 shares
2	Noboru Rachi (born May 7, 1959)	<p>May 2016 Sansei Technologies, Senior Executive Officer, General Manager of Maintenance & Services Division, Deputy General Manager of Production Division</p> <p>June 2016 Sansei Technologies, Director, Senior Managing Executive Officer, General Manager of Maintenance & Service Division, Deputy General Manager of Production Division</p> <p>April 2017 Sansei Technologies, Executive Vice President, Representative Director, In charge of Corporate Planning Office, General Manager of Maintenance & Service Division</p> <p>April 2018 Sansei Technologies, President & CEO, Representative Director, Executive Officer (to date)</p>	10,400 shares

Candidate No.	Name (Date of Birth)	Career History, Major Positions and Responsibilities, and Important Concurrent Service	Holding of the Company shares
3	Kazuya Miyazaki (born November 26, 1960)	<p>April 1985 December 2006 June 2008 April 2013 July 2015 April 2017 April 2018 June 2018 November 2019 April 2021 May 2021 June 2022</p> <p> Joined Sansei Technologies Sansei Technologies, Manager of Second Design Department, First Business Division Sansei Technologies, Manager of Design Department, Elevator Division Sansei Technologies, Manager of Design Department, Stage Equipment Division Sansei Technologies, Manager of Production Administration Department Sansei Technologies, Executive Officer, Manager of Production Administration Department Sansei Technologies, Executive Officer, General Manager of Quality Control Division Sansei Technologies, Director, Managing Executive Officer, and General Manager of Quality Control Division Sansei Technologies, Director, Managing Executive Officer, General Manager of Quality Control Division, Deputy Officer in Charge of New Technologies & Business Development Sansei Technologies, Director and Managing Executive Officer General Manager of Quality Division and Production Division, and Deputy Officer in Charge of New Technologies & Business Development Sansei Technologies, Director and Managing Executive Officer CTO and General Manager of Production Division Sansei Technologies, Director and Managing Executive Officer General Manager of Kobe Plant and CTO and General Manager of Production Division (to date) </p>	7,700 shares
4	Yukio Noguchi (born August 27, 1964)	<p>April 1983 June 2007 April 2014 April 2016 April 2017 April 2018 June 2018 November 2019 April 2021</p> <p> Joined Sansei Technologies Sansei Technologies, Manager of Engineering Department, First Business Division Sansei Technologies, Manager of Sales Department, Stage Equipment Division Sansei Technologies, Executive Officer, Manager of Sales Department, Stage Equipment Division Sansei Technologies, Executive Officer, Deputy General Manager of Stage Equipment Division Sansei Technologies, Executive Officer, General Manager of Stage Equipment Division Sansei Technologies, Director, Executive Officer, and General Manager of Stage Equipment Division Sansei Technologies, Director, Executive Officer, General Manager of Stage Equipment Division, and Deputy Officer in Charge of New Technologies & Business Development Sansei Technologies, Director and Managing Executive Officer General Manager of Stage Equipment Business Division, and Deputy Officer in Charge of New Technologies & Business Development (to date) </p>	5,600 shares

5	* Yasuharu Nishiyama (born January 30, 1965)	<p>April 1987 Joined Chiyoda Corporation</p> <p>April 2002 Joined USJ Co., Ltd. (currently USJ LLC)</p> <p>July 2013 Joined Sansei Technologies, Manager reporting to General Manager, Amusement Rides Business Division</p> <p>October 2013 Sansei Technologies, Manager of Design Department, Amusement Rides Business Division</p> <p>April 2015 Sansei Technologies, Executive Officer, Manager of Design Department, Amusement Rides Business Division</p> <p>April 2016 Sansei Technologies, Executive Officer, Deputy General Manager of Amusement Rides Business Division</p> <p>April 2019 Sansei Technologies, Managing Executive Officer, General Manager of Amusement Rides Business Division (to date)</p>	7,200 shares
6	William Ireton (born December 6, 1955)	<p>June 1976 Joined Toho-Towa Co., Ltd.</p> <p>March 1979 Joined Movie/TV Marketing Co., Ltd.</p> <p>July 1988 Joined Warner Bros. Pictures, representative for Japan</p> <p>June 2006 Warner Entertainment Japan Inc., President and Representative Director</p> <p>December 2014 Warner Entertainment Japan, Advisor</p> <p>March 2015 Warner Entertainment Japan, resigned as Advisor</p> <p>April 2015 Established Ireton Entertainment Inc., President and Representative Director (to date)</p> <p>June 2015 Sansei Technologies, External Member of the Board of Directors (to date)</p> <p>[Important Concurrent Service]</p> <p>April 2015 Ireton Entertainment Inc., Representative Director</p>	4,600 shares
7	Tadashi Ono (born February 13, 1955)	<p>August 2008 The University of Tsukuba, Graduate School of Business Science Study (currently Graduate School of Business Sciences), Professor</p> <p>June 2012 Sansei Technologies, External Member of Audit & Supervisory Board</p> <p>June 2015 Sansei Technologies, External Member of the Board of Directors (to date)</p> <p>April 2020 Honorary Professor, University of Tsukuba (to date)</p> <p>May 2021 Visiting Professor, Tsukuba University, Graduate School of Business Sciences (to date)</p> <p>[Important Concurrent Service]</p> <p>April 2020 Honorary Professor, University of Tsukuba</p> <p>May 2021 Visiting Professor, Tsukuba University, Graduate School of Business Sciences</p>	12,800 shares

8	Yoshiko Ando (born March 17, 1959)	<p>April 1982 Joined the Ministry of Labor</p> <p>July 2013 Manager of the Worker's Compensation Division, Labor Standards Bureau, Ministry of Health, Labor and Welfare</p> <p>July 2014 Director of Equal Employment, Children and Families Bureau, Ministry of Health, Labor and Welfare</p> <p>October 2015 Director-General (in charge of labor), Ministry of Health, Labor and Welfare</p> <p>June 2016 Director-General (in charge of statistics and information), Ministry of Health, Labor and Welfare</p> <p>July 2017 Director-General of Human Resource Development, Ministry of Health, Labor and Welfare</p> <p>July 2018 Retired from the Ministry</p> <p>March 2019 Kirin Holdings Co. Ltd., External Member of the Audit & Supervisory Board (to date)</p> <p>June 2019 Sansei Technologies, External Member of the Board of Directors (to date)</p> <p>June 2020 JFE Holdings, Inc., External Director (to date)</p> <p>[Important Concurrent Service]</p> <p>March 2019 Kirin Holdings Co., Ltd., External Member of Audit & Supervisory Board</p> <p>June 2020 JFE Holdings, Inc., External Director</p>	4,200 shares
9	* Isamu Kawashima (born February 20, 1959)	<p>April 1981 Joined NEC Corporation</p> <p>April 2009 NEC Corporation, General Manager of Accounting Department</p> <p>July 2010 NEC Corporation, General Manager of Accounting Department and General Manager of Financial Internal Control Promotion Department</p> <p>June 2011 NEC Corporation, Director and General Manager of Accounting Department and General Manager of Financial Internal Control Promotion Department</p> <p>July 2011 NEC Corporation, Director, Executive Officer and CFO</p> <p>April 2015 NEC Corporation, Director, Managing Executive Officer and CFO</p> <p>April 2017 NEC Corporation, Representative Director, Managing Executive Officer and CFO</p> <p>June 2018 NEC Corporation, Full-time Audit & Supervisory Board Member</p> <p>November 2020 Vice Chairperson and Chairperson of the Accounting Committee, Japan Audit & Supervisory Board Members Association (to date)</p> <p>[Important Concurrent Service]</p> <p>November 2020 Vice Chairperson and Chairperson of the Accounting Committee, Japan Audit & Supervisory Board Members Association</p>	0 share

- (Notes) 1. Candidates marked with an asterisk (*) are new candidates for director.
2. No interest to be noted exists between each candidate and the Company.
 3. Mr. William Ireton, Mr. Tadashi Ono, Ms. Yoshiko Ando, and Mr. Isamu Kawashima are candidates for External Member of the Board of Directors. Mr. William Ireton, Mr. Tadashi Ono, and Ms. Yoshiko Ando satisfy the requirements for independent officers as stipulated in the rules of the Tokyo Stock Exchange, and have been registered as independent officers of the Company with the Exchange. Mr. Isamu Kawashima satisfies the requirements for independent officers as stipulated in the rules of the Tokyo Stock Exchange and will be registered as an independent officer of the Company with the Exchange.
 4. The Company has liability limitation agreements with Mr. William Ireton, Mr. Tadashi Ono, and Ms. Yoshiko Ando that limit their liabilities for compensation under Article 423 (1) of the Companies Act to the minimum amount stipulated in Article 425 (1) of the same Act provided that they perform their duties in good faith free of material negligence. If they are re-appointed as directors, the liability limitation agreement with them will be continued. If the election of Mr. Isamu Kawashima is approved, the Company will enter into a similar liability limitation agreement with him.
 5. Reason for nomination of each candidate for external director and judgment that the candidate be able to perform his or her duties as an external director
 - (1) As Mr. William Ireton has abundant global experience and great knowledge as a business executive, we request that shareholders elect him as an External Member of the Board of Directors of the Company. As he has provided useful opinions and advice in the deliberations by the Board of Directors drawing on his global experience and insight, we expect that he will continue to provide advice to and supervision of business execution properly from a global perspective, particularly in the area of overseas business strategy of the Group.
 - (2) As Mr. Tadashi Ono has abundant experience in international businesses and extensive knowledge as an expert in business science, we request that shareholders elect him as an External Member of the Board of Directors of the Company. As he has actively provided comments at the meetings of the Board of Directors based on his expert knowledge to contribute to the supervision of business execution and has expressed useful opinions at the meetings of the Nomination Committee and the Compensation Committee, we expect that he will continue to properly perform his duties such as decision making on important matters and supervision of business execution from an expert standpoint.
 - (3) Ms. Yoshiko Ando has been engaged in policy development in the labor administration area as a national public official for many years. She has abundant experience and knowledge in a wide range of employment and labor fields, including promoting women's careers. For this reason, we request that shareholders elect her as an External Member of the Board of Directors of the Company. As she has expressed useful opinions in the deliberations by the Board of Directors based on her excellent insight and experience in serving as an external officer at other companies, we expect that she will continue to properly perform her duties such as decision making on important matters and supervision of business execution from an objective standpoint. Although Ms. Ando has no experience in the management of a commercial business, except for serving as an external director or an external audit & supervisory board member of a company, we believe that she can adequately execute the duties of an external director for the reasons stated above.
 - (4) Mr. Isamu Kawashima was in charge of accounting and finance in the corporate division of NEC Corporation and at its North American subsidiary for many years before serving as Representative Director, Managing Executive Officer and CFO of the company to supervise the financial strategy of the entire NEC Group. As we can expect him to provide management supervision and advice on management in general based on his extensive experience and deep insight in the areas of accounting and finance as well as corporate management, shareholders are requested to approve his election as an external director.
 6. The office term of Mr. William Ireton and Mr. Tadashi Ono as External Members of the Board of Directors of the Company will reach seven years at the closing of this General Meeting of Shareholders. The office term of Ms. Yoshiko Ando as an External Member of the Board of Directors of the Company will reach three years at the closing of this General Meeting of Shareholders.
 7. At the 51st Annual General Meeting of Shareholders of Japan Pure Chemical Co., Ltd. scheduled to be held on June 17, 2022, Mr. Isamu Kawashima is expected to be elected as an external director of the company. Mr. Kawashima will resign as Full-time Audit & Supervisory Board Member of NEC Corporation in June 2022 and as Vice Chairperson and Chairperson of the Accounting Committee of the Japan Audit & Supervisory Board Members Association in November 2022.
 8. The Company has entered into an officers' liability insurance contract with an insurance company to compensate the insured persons for any damage that they may incur when a claim for damages is made against them based on any acts they perform in the capacity of an officer of the Company, including damages and litigation cost. All director candidates will be included among the insured persons under this insurance contract. The Company plans to renew the contract under the same terms and conditions on the next renewal date.

(Reference) Skills matrix of Directors and Audit & Supervisory Board Members

The Company has selected the following eight items as skills that Directors and Audit & Supervisory Board Members should have in order to be able to make important decisions on or supervise business execution: (1) corporate management and organizational management, (2) global experience, (3) manufacturing and quality control, technology and development, (4) industry knowledge and insight, (5) finance and accounting, (6) legal affairs and risk management, (7) personnel and labor affairs and human resource development, and (8) ESG. If Proposal No. 3 is approved as proposed at this General Meeting of Shareholders, the composition of directors and audit & supervisory board members of the Company and their experience and expertise will be as follows:

	Name	Years in office (Years)	Experience and expertise							
			Corporate management Organizational management	Global experience	Manufacturing and quality control Technology and development	Industry knowledge and insight	Finance and accounting	Legal affairs and risk management	Personnel and labor affairs and human resource development	ESG
Directors	Makoto Nakagawa	15	○	○		○				
	Noboru Rachi	6	○	○		○	○			
	Kazuya Miyazaki	4			○	○				
	Yukio Noguchi	4			○	○				
	Yasuharu Nishiyama	-		○	○	○				
	Tadashi Ono (external)	* 10		○			○			○
	William Ireton (external)	7	○	○		○		○		
	Yoshiko Ando (external)	3	○					○	○	○
	Isamu Kawashima (external)	-	○	○			○	○		
Audit & supervisory board members	Hisakazu Kobayashi	2					○	○		
	Tsuyoshi Ikeguchi (external)	9	○					○		○
	Kikuo Yasukawa (external)	7	○				○		○	
	Akihiko Kakiuchi (external)	7					○	○		○

* Including three years as an external audit & supervisory board member