

Securities Code: 6357
June 11, 2021

To Shareholders,

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

Notice of the 71st Annual General Meeting of Shareholders

You are cordially invited to attend the 71st Annual General Meeting of Shareholders of Sansei Technologies, Inc. (hereinafter, the “Company” or “we”). The meeting will be held as detailed below.

In view of the situation where the spread of the new coronavirus infection is not yet under control, we would like to ask our shareholders to consider refraining from attending this year’s General Meeting of Shareholders in person, both to ensure the safety of our shareholders and prevent the spread of infection.

Shareholders can also exercise their voting rights in advance 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, 2021 (Monday), by following the instructions below.

Details

- | | |
|----------------------------------|--|
| 1. Date and Time: | Tuesday, June 29, 2021, 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 | <ol style="list-style-type: none">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 71st fiscal year ended March 31, 2021 (April 1, 2020–March 31, 2021)2. Report on the Non-consolidated Financial Statements for the 71st fiscal year ended March 31, 2021 (April 1, 2020–March 31, 2021) |
| Proposals to be resolved | Proposal No. 1: Appropriation of surplus
Proposal No. 2: Election of eight directors
Proposal No. 3: Election of one audit & supervisory board member |

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 Monday, June 28, 2021.
- (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 Monday, June 28, 2021.
- (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 may be asked to refrain from entering 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 Right 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 Right 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 Monday, June 28, 2021. 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, 2020
to March 31, 2021)

1. Overview of the corporate group

(1) Business activities and performance

During the fiscal year ended March 21, 2021, the spread of COVID-19 did not stop and seriously affected the global economy throughout the year. The business environment of the Company continued to be extremely challenging as entertainment industries both in Japan and overseas including amusement parks, theme parks, theaters, and the like, which are our customers, were also forced to close or limit the number of visitors.

As for the Company's consolidated financial forecasts for the current fiscal year, we expected a steady progress in large-scale construction projects in the domestic Amusement Rides and Stage Equipment Businesses. However, to reflect downside factors, such as cancellation and downsizing of concerts, events, etc., in the Stage Equipment Business and disruptions and delays in both orders received and construction in the Amusement Rides Business overseas, we forecasted a decrease in both net sales and profit as well as a negative net income attributable to the shareholders of the parent company.

(Note) Financial forecasts for the fiscal year ended March 31, 2021 (Unit: million yen)

Net sales 37,000, operating profit 540, ordinary income 540, and net income attributable to the shareholders of the parent company -240

Based on these forecasts, the Company worked to improve process control and the profitability of construction projects, while working to constrain selling, general and administrative expenses. The Company also secured orders for online concerts, the needs for which are increasing in the area of temporary stage, and for concerts and events during the period in which restrictions on entrants were relaxed. As a result, although net sales and profit decreased compared to the previous fiscal year, the actual financial results for the current fiscal year surpassed the announced forecasts at each stage of profit. More specifically, net sales decreased by 18.9% from the previous fiscal year to 36,537 million yen (-1.2% compared with the forecasts), operating profit decreases by 50.4% to 1,423 million yen (+163.6%), ordinary income decreased by 46.6% to 1,543 million yen (+185.8%), and net income attributable to the shareholders of the parent company decreased by 47.1% to 751 million yen (an increase by 991 million yen compared with the forecasts).

As part of initiatives for the current fiscal year, we focused on functionality enhancement of existing products and the development of low-priced products in the Amusement Rides Business, and promoted a design that contributes to productivity improvement, standardization of systems, and database development in the Stage Equipment Business. In addition, we have started marketing activities in the world expo and IR-related areas in earnest and have been able to develop new contacts and human networks with various companies.

The total amount of orders received during the fiscal year ended March 31 2021 decreased 24.0% from the previous year to 30,253 million yen. The breakdown by segment is as follows: Orders received by the Elevators segment increases 7.7% to 5,820 million yen supported by the increase in orders both in new installation and refurbishment projects. However, orders received by the Amusement Rides segment decreased 39.2% to 11,150 million yen and orders received by the Stage Equipment segment decreased 17.3% to 13,283 million yen as demand decreased in Japan and overseas due to COVID-19.

(2) Capital investment and fund procurement

① Capital investment

Capital investment of 429 million yen was made during the fiscal year ended March 31, 2021, including investments in various systems in connection with the product development and operating process reforms mentioned above and investments to improve productivity. Major investments were as shown below:

Software: 144 million yen, machinery and equipment: 140 million yen, tools, equipment, and fixtures: 129 million yen

② Fund procurement:

The Company borrowed 5 billion yen in preparation for any emergency relating to the COVID-19 pandemic.

(3) Assets and profit/loss status

Classification	68th Business Year	69th Business Year	70th Business Year	71st Business Year
	(Note 2) April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020	(current fiscal year) April 1, 2020 to March 31, 2021
Orders Received (Note 1) (in million yen)	32,581	60,601	39,787	30,336
Net sales (in million yen)	27,277	52,794	45,077	36,537
Net income attributable to shareholders of parent (in million yen)	1,398	2,746	1,420	751
Net income per share	75.98 yen	148.87 yen	76.95 yen	40.62 yen
Total assets (in million yen)	66,489	69,188	64,979	66,438
Net assets (in million yen)	28,592	30,481	30,116	31,679
Net assets per share	1,547.50 yen	1,645.77 yen	1,619.85 yen	1,703.95 yen

(Note 1) Orders received do not include orders received in the leisure & service business and in the real estate lease business.

(Note 2) The impact of the retroactive application of the change in the accounting policy is reflected in the figures of the 68th Business Year.

(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.	13 (Note 2)	100	Production, installation, and operation of illuminative and mechanical equipment for concerts, TV programs, etc.
Sansei Technologies, Inc.	22 million US dollars (Note 2)	100	A holding company in the U.S.
S&S Worldwide, Inc.	15 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

There has not yet been any indication that the COVID-19 pandemic will end soon, and we anticipate that the business environment in which the Group operates will remain challenging for some time.

On the other hand, as the vaccine rollout progresses, we can also expect a full-fledged recovery in economic activities. We will strive to strengthen communication with our customers in preparation for the coming recovery in both domestic and global markets. At the same time, we will promote new business developments and further improve our internal systems to support them.

① Strengthen responses to achieve a recovery in orders received in the post-COVID-19 world

First, we will focus on strengthening communication with major customers to understand their post-COVID-19 investment plans and operating policies, and then focus on developing products and proposing solutions that correspond to changes in their needs.

In the Amusement Rides Business, we will develop a group product lineup that combines the products of the Company, S&S, and Vekoma and share regional developments and customer information among them to promote new product development and global marketing that capitalize on such group resources. In particular, we will consider aggressive sales development in Asia, whose growth potential is high.

In the Stage Equipment Business, we will focus on securing orders by seizing opportunities as concerts and events start to recover in earnest. In addition, as the application of digital network technologies in the art and entertainment industries gains momentum, we will develop tools and systems to support new staging styles.

We will also work to expand the Elevators Business, including repair and maintenance services, as a stable business that is highly resilient to changes in economic climate.

② Business expansion into new areas (seizing new opportunities in world expo and IR-related areas)

We will expand business areas through the application of our “technologies that carry people and move things,” for example, to the development and commercialization of rideable robots and in the area of monument and art exhibition that combines artistic objects with image technology.

Expecting that Expo 2025 Osaka, Kansai, Japan scheduled for 2025 to provide opportunities for these new products to be used, we will work to implement the multi-faceted business development across the boundaries of the existing three businesses of Amusement Rides, Stage Equipment, and Elevators.

③ Further promotion of efficiency improvement in business processes and work style reform

We will also revise manufacturing processes that support the product development capability to improve quality and further increase efficiency. We will further promote, for example, thorough process and job site management in the consistent business processes including design, production, inspection, and maintenance, information sharing through digitalization, and coordination between divisions.

In addition, we will continue to use staggered working hours, working from home, teleworking, etc., which were introduced as part of countermeasures against COVID-19 infection, as systems to contribute to both productivity improvement and work-life balance of employees after COVID-19 outbreak is resolved. We will also promote the digitalization of various internal procedures and a shift to paperless procedures for both efficiency improvement and environmental friendliness.

(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

	Name	Address
Sansei Technologies, Inc.	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, 2021)

① Employees in the corporate group

Number	Change from the end of the previous year	Average age	Average service years
1,172 employees	-24	40.7	12.1 years

② Employees in the Company

Number	Change from the end of the previous year	Average age	Average service years
304 employees	+5	40.9	15.2 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 5,071
- ④ Large shareholders

Name of shareholders	Number of shares held (Unit: thousand)	Shareholding ratio (%)
Setsuo Toriumi	1,617	8.73
Keihanshin Building Co., Ltd.	828	4.47
Goldman, Sachs & Co. Reg	815	4.40
Sumitomo Mitsui Banking Corporation	805	4.35
The Mie 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
Maruichi Steel Tube Ltd.	652	3.52
Sumitomo Realty & Development Co., Ltd.	584	3.15

- (Note) 1. Although the Company has 826,954 treasury shares, the Company is not included among the abovementioned large shareholders. The above shareholding ratios are calculated by excluding treasury shares.
2. Mr. Setsuo Toriumi passed away on February 20, 2021. However, his name is shown above as per the shareholder register, as the registration of transfer has not been completed.

(2) Status of stock acquisition rights (as of March 31, 2021)

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

- 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		Sixth 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: 294 Number of shares to be issued upon exercise of stock acquisition rights: 29,400 Number of rights holders: 12

Note: The sixth 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, 2021)

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	
Executive Vice President, Representative Director, Executive Officer	Kimihiro Oshima	Primary Officer in Charge of New Technologies & Business Development
Director and Officer	Kazuya Miyazaki	General Manager of Quality Division and Production Division, and Deputy Officer in Charge of New Technologies & Business Development
Director and 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, Tsukuba University
Director	Yoshiko Ando	Kirin Holdings Co., Ltd., External Member of Audit & Supervisory Board External Director, JFE Holdings, Inc. Director, Social Welfare Corporation GLOW
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
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. Changes in directors during the year under review were as follows:

At the 70th Ordinary General Meeting of Shareholders held on June 26, 2020, Mr. Hisakazu Kobayashi was newly elected as an Audit & Supervisory Board Member, and assumed office. At the same meeting, Mr. Kazuaki Ebe and Mr. Hiroyuki Minaki resigned as Director and as Audit & Supervisory Board Member, respectively.

9. After the last day of the fiscal year ended March 31, 2021, 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	
Kazuya Miyazaki	Director and Officer General Manager of Quality Division and Production Division, and Deputy Officer in Charge of New Technologies & Business Development	Director and Managing Executive Officer General Manager of Quality Division and Production Division, and Deputy Officer in Charge of New Technologies & Business Development	April 1, 2021
Yukio Noguchi	Director and Officer General Manager of Stage Equipment Business Division, and Deputy Officer in Charge of New Technologies & Business Development	Director and Managing Executive Officer General Manager of Stage Equipment Business Division, and Deputy Officer in Charge of New Technologies & Business Development	April 1, 2021
Kazuya Miyazaki	Director and Managing Executive Officer General Manager of Quality Division and Production Division, and Deputy Officer in Charge of New Technologies & Business Development	Director and Managing Executive Officer CTO and General Manager of Production Division	May 1, 2021

(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, not only 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 26, 2020 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 his being delegated these authorities is that, as President & CEO, Representative Director, he is the most suitable person 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.

As the Compensation Committee of the Company was organized at the meeting of the Board of Directors held on June 26, 2020, the Board of Directors did not receive any advice from the Committee on the policy on the allocation to individual directors and the like when it resolved at the same meeting that the determination of specific amounts of compensation of individual directors for the fiscal year under review should be delegated to the President & CEO, Representative Director. However, the President & CEO, Representative Director determined specific compensation based on the same approach as the Determination Policy stated in p. 15.

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)	215,581 (36,000)	157,800 (36,000)	22,456 (—)	35,325 (—)	9 (3)
Audit & Supervisory Board Members (of which, External Audit & Supervisory Board Members)	32,220 (15,120)	32,220 (15,120)	—	—	5 (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, 2021)."
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 four 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 12 out of the 13 meetings of the Board of Directors and 13 out of the 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 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	5,480,000 yen
Total of ① and ②	37,480,000 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 compensation in ② is consideration for advisory services related to internal controls for financial reporting.

4. 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 the Company Group, 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, 2021, the Board of Directors of the Company held 12 regular meetings and one extraordinary meeting 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 five 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.

Consolidated Balance Sheet

(As of March 31, 2021)

(in thousand yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	37,620,314	Current liabilities	18,281,454
Cash and deposits	12,147,701	Notes and accounts payable - trade	2,174,905
Notes and accounts receivable - trade	21,191,461	Short-term loans payable	6,257,525
Electronically recorded monetary claims - operating	205,001	Current portion of long-term loans payable	1,355,383
Work in process	612,611	Income taxes payable	398,091
Raw materials and supplies	2,378,629	Accrued consumption taxes	115,540
Other	1,168,566	Advances received	5,587,605
Allowance for doubtful accounts	-83,655	Provision for bonuses	504,624
Non-current assets	28,818,291	Provision for directors' bonuses	33,672
Property, plant and equipment	10,678,798	Provision for loss on construction contracts	265,589
Buildings and structures	5,034,746	Other	1,588,517
Machinery, equipment and vehicles	723,172	Non-current liabilities	16,477,915
Land	4,332,388	Long-term loans payable	13,225,232
Construction in progress	143,477	Deferred tax liabilities	834,376
Other	445,015	Net defined benefit liability	2,372,302
Intangible non-current assets	10,306,819	Other	46,004
Goodwill	8,699,406	Total liabilities	34,759,370
Other	1,607,412	NET ASSETS	
Investments and other assets	7,832,673	Shareholders' equity	29,562,683
Investment securities	5,911,195	Capital stocks	3,251,279
Long-term loans receivable	32,272	Capital surplus	2,442,954
Deferred tax assets	899,024	Retained earnings	24,284,998
Other	991,038	Treasury shares	-416,548
Allowance for doubtful accounts	-856	Accumulated other comprehensive income	1,969,143
		Valuation difference on available-for-sale securities	2,078,321
		Deferred gains or losses on hedges	3,418
		Foreign currency translation adjustment	-88,677
		Remeasurements of defined benefit plans	-23,918
		Stock acquisition rights	147,408
Total assets	66,438,606	Total net assets	31,679,235
		Total liabilities and net assets	66,438,606

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

Consolidated Statement of Income

(April 1, 2020 to March 31, 2021)

(in thousand yen)

Account	Amount	
Net sales		36,537,672
Cost of sales		26,540,088
Gross profit		9,997,584
Selling, general and administrative expenses		8,574,098
Operating income		1,423,486
Non-operating income		
Interest income	5,930	
Dividend income	122,341	
Dividend income of insurance	48,688	
Rent income	39,413	
Subsidy income	143,166	
Other	33,131	392,671
Non-operating expenses		
Interest expenses	239,572	
Commission expenses	23,399	
Foreign exchange losses	59	
Other	9,594	272,627
Ordinary income		1,543,530
Extraordinary income		
Gain on sales of non-current assets	1,041	1,041
Extraordinary loss		
Loss on valuation of investment securities	103	103
Income before income taxes		1,544,469
Income taxes - current	1,365,756	
Income taxes - deferred	-954,606	411,150
Net Income		1,133,318
Net income attributable to non-controlling interests		382,033
Net income attributable to owners of parent		751,284

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

Consolidated Statement of Changes in Equity

(April 1, 2020 to March 31, 2021)

(in thousand yen)

	Shareholders' equity				
	Capital stocks	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Year-beginning balance	3,251,279	2,432,895	24,134,456	-435,953	29,382,678
Changes of items during the year					
Dividends of surplus			-600,742		-600,742
Net income attributable to owners of parent			751,284		751,284
Purchase of treasury shares				-352	-352
Disposal of treasury shares		10,059		19,756	29,815
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	10,059	150,541	19,404	180,005
Year-end balance	3,251,279	2,442,954	24,284,998	-416,548	29,562,683

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	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	1,129,444	-1,130	-579,437	-18,652	530,224	142,939	60,600	30,116,442
Changes of items during the year								
Dividends of surplus								-600,742
Net income attributable to owners of parent								751,284
Purchase of treasury shares								-352
Disposal of treasury shares								29,815
Net changes of items other than shareholders' equity	948,877	4,548	490,759	-5,266	1,438,919	4,468	-60,600	1,382,787
Total changes of items during the year	948,877	4,548	490,759	-5,266	1,438,919	4,468	-60,600	1,562,793
Year-end balance	2,078,321	3,418	-88,677	-23,918	1,969,143	147,408	—	31,679,235

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

Non-Consolidated Balance Sheet

(As of March 31, 2021)

(in thousand yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	15,896,696	Current liabilities	13,499,542
Cash and deposits	5,990,125	Notes payable - trade	88,330
Notes receivable – trade	86,792	Accounts payable- trade	2,369,052
Electronically recorded monetary claims - operating	29,016	Short-term loans payable	5,000,000
Accounts receivable - trade	8,790,760	Short-term loans payable from affiliates	3,500,000
Work in process	315,524	Current portion of long- term loans payable	1,000,000
Raw materials and supplies	520,791	Accrued expenses	216,118
Other	163,685	Income taxes payable	149,758
Non-current assets	35,819,074	Advances received	765,626
Property, plant and equipment	4,966,289	Provision for bonuses	179,878
Buildings	2,147,165	Provision for loss on construction contracts	203,043
Structures	7,328	Other	27,733
Machines and equipment	92,808	Non-current liabilities	13,831,685
Vehicles	8,197	Long-term loans payable	12,100,000
Tools, furniture and fixtures	236,540	Provision for retirement benefits	1,423,991
Land	2,433,792	Deferred tax liabilities	307,643
Construction in progress	40,457	Other	50
Intangible non-current assets	121,602	Total liabilities	27,331,228
Software	106,802	NET ASSETS	
Telephone subscription rights	9,679	Shareholders' equity	22,155,394
Other	5,120	Capital stocks	3,251,279
Investments and other assets	30,731,182	Capital surplus	3,055,279
Investment securities	5,908,437	Legal capital surplus	2,989,057
Stocks of subsidiaries and affiliates	24,303,284	Total other capital surplus	66,221
Guarantee deposits	163,609	Retained earnings	15,902,485
Business insurance	186,891	Legal retained earnings	434,000
Other	169,354	Other retained earnings	15,468,485
Allowance for doubtful accounts	-394	Reserve for advanced depreciation of non- current assets	278,850
		General reserve	9,320,000
		Retained earnings brought forward	5,869,634
		Treasury shares	-53,650
		Valuation and translation adjustments	2,081,739
		Valuation difference on available-for-sale securities	2,078,321
		Deferred gains or losses on hedges	3,418
		Share acquisition rights	147,408
Total assets	51,715,770	Total net assets	24,384,542
		Total liabilities and net assets	51,715,770

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

Non-Consolidated Statement of Income

(April 1, 2020 to March 31, 2021)

(in thousand yen)

Account	Amount	
Net sales		18,872,736
Cost of sales		15,570,578
Gross profit		3,302,157
Selling, general and administrative expenses		2,298,253
Operating income		1,003,903
Non-operating income		
Interest income	3,055	
Dividend income	1,268,455	
Dividend income of insurance	8,387	
Other	40,950	1,320,848
Non-operating expenses		
Interest expenses	150,893	
Commission expenses	23,399	
Other	762	175,055
Ordinary income		2,149,696
Income before income taxes		2,149,696
Income taxes - current	406,000	
Income taxes - deferred	-66,624	339,375
Net income		1,810,321

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

Non-Consolidated Statement of Changes in Equity

(April 1, 2020 to March 31, 2021)

(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	38,954	3,028,011
Changes of items during the year				
Dividends of surplus				
Net Income				
Purchase of treasury shares				
Disposal of treasury shares			27,767	27,767
Net changes of items other than shareholders' equity				
Total changes of items during the year	—	—	27,767	27,767
Year-end balance	3,251,279	2,989,057	66,221	3,055,279

	Shareholders' equity				
	Legal retained earnings	Retained earnings			
		Other retained earnings			Total retained earnings
		Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Year-beginning balance	434,000	278,850	9,320,000	4,660,056	14,692,907
Changes of items during the year					
Dividends of surplus				-600,742	-600,742
Net Income				1,810,321	1,810,321
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	—	1,209,578	1,209,578
Year-end balance	434,000	278,850	9,320,000	5,869,634	15,902,485

	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	-55,846	20,916,352	1,128,907	-1,130	1,127,777	142,939	22,187,069
Changes of items during the year							
Dividends of surplus		-600,742					-600,742
Net Income		1,810,321					1,810,321
Purchase of treasury shares	-352	-352					-352
Disposal of treasury shares	2,548	29,815					29,815
Net changes of items other than shareholders' equity			949,414	4,548	953,962	4,468	958,431
Total changes of items during the year	2,195	1,239,041	949,414	4,548	953,962	4,468	2,197,473
Year-end balance	-53,650	22,155,394	2,078,321	3,418	2,081,739	147,408	24,384,542

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

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

Independent Auditors' Report

May 24, 2021

To: Board of Directors Sansei Technologies, Inc.

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Partner
Engagement Partner

Certified Public Accountant Yutaka Masuda (Seal)

Designated Limited Partner
Engagement Partner

Certified Public Accountant Satoshi Uchida (Seal)

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, 2021, the consolidated statement of income for the year from April 1, 2020 to March 31, 2021, 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, 2021, 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.

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.

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 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 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.

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

Independent Auditors' Report

May 24, 2021

To: Board of Directors Sansei Technologies, Inc.

Ernst & Young ShinNihon LLC

Osaka Office

Designated Limited Partner
Engagement Partner

Certified Public Accountant Yutaka Masuda (Seal)

Designated Limited Partner
Engagement Partner

Certified Public Accountant Satoshi Uchida (Seal)

Auditors' opinion

The auditors of this audit firm conducted audits of the financial statements of Sansei Technologies Co., Ltd. for the 71st business year (hereinafter referred to as the "financial statements"), comprising the balance sheet as of March 31, 2021, the statement of income for the year from April 1, 2020 to March 31, 2021, 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, 2021, 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.

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.

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 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 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.

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 71st business year of the Company from April 1, 2020 to March 31, 2021, 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, 2021

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 commensurate with the level of profits. The Company proposes the following year-end dividend for the 71st business year including a commemorative dividend in appreciation of the continued support of our shareholders, as we celebrated the 70th anniversary of our foundation in February 2021.

(1) Type of dividend

Dividend will be distributed in cash.

(2) Appropriation and the amount of dividend

A dividend of 20 yen per common share (of which 15 yen is an ordinary dividend and 5 yen is a 70th anniversary commemorative dividend) will be distributed.

The total amount of dividend will be 370,102,060 yen.

(As a result, dividends per share paid for the full year will be 35 yen per share, including the interim dividend of 15 yen per share already paid during the year.)

(3) Effective date of distribution of dividend from surplus

June 30, 2021

Proposal No. 2: Election of eight 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 eight directors for the next term.

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>	42,600 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>	8,200 shares

Candidate No.	Name (Date of Birth)	Career History, Major Positions and Responsibilities, and Important Concurrent Service	Holding of the Company shares
3	Kimihiro Oshima (born February 21, 1955)	<p>June 2008 Sansei Technologies, Deputy General Manager, Tokyo Branch</p> <p>June 2008 Sansei Technologies, Director and Managing Executive Officer, General Manager of Tokyo Branch</p> <p>June 2008 Sansei Technologies, Director, Managing Executive Officer in Charge of Eastern Japan</p> <p>April 2010 Sansei Technologies, Director, Managing Executive Officer, General Manager of Corporate Planning Office</p> <p>June 2011 Sansei Technologies, Executive Vice President, Representative Director, General Manager of Corporate Planning Office</p> <p>June 2012 Sansei Technologies, Executive Vice President, Representative Director, General Manager of Quality Control Division, General Manager of Maintenance & Services Division</p> <p>April 2014 Sansei Technologies, Executive Vice President, Representative Director, General Manager of Quality Control Division</p> <p>April 2016 Sansei Technologies, Executive Vice President, Representative Director, General Manager of Maintenance & Services Division</p> <p>May 2016 Sansei Technologies, Executive Vice President, Representative Director, Executive Officer</p> <p>June 2020 Sansei Technologies, Executive Vice President, Representative Director, Executive Officer, and Primary Officer in Charge of New Technologies & Business Development (to date)</p>	17,700 shares
4	Kazuya Miyazaki (born November 26, 1960)	<p>April 1985 Joined Sansei Technologies</p> <p>December 2006 Sansei Technologies, Manager of Second Design Department, First Business Division</p> <p>June 2008 Sansei Technologies, Manager of Design Department, Elevator Division</p> <p>April 2013 Sansei Technologies, Manager of Design Department, Stage Equipment Division</p> <p>July 2015 Sansei Technologies, Manager of Production Administration Department</p> <p>April 2017 Sansei Technologies, Executive Officer, Manager of Production Administration Department</p> <p>April 2018 Sansei Technologies, Executive Officer, General Manager of Quality Control Division</p> <p>June 2018 Sansei Technologies, Director, Managing Executive Officer, and General Manager of Quality Control Division</p> <p>November 2019 Sansei Technologies, Director, Managing Executive Officer, General Manager of Quality Control Division, Deputy Officer in Charge of New Technologies & Business Development</p> <p>April 2021 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</p> <p>May 2021 Sansei Technologies, Director and Managing Executive Officer CTO and General Manager of Production Division (to date)</p>	5,200 shares

5	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>	4,100 shares
6	William Ireton (born December 6, 1955)	<p>June 1976 March 1979 July 1988 June 2006 December 2014 March 2015 April 2015 June 2015</p> <p>Joined Toho-Towa Co., Ltd. Joined Movie/TV Marketing Co., Ltd. Joined Warner Bros. Pictures, representative for Japan Warner Entertainment Japan Inc., President and Representative Director Warner Entertainment Japan, Advisor Warner Entertainment Japan, resigned as Advisor Established Ireton Entertainment Inc., President and Representative Director (to date) Sansei Technologies, External Member of the Board of Directors (to date)</p> <p>[Important Concurrent Service] April 2015</p> <p>Ireton Entertainment Inc., Representative Director</p>	3,900 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>	10,500 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 External Director, JFE Holdings, Inc. (to date)</p> <p>March 2021 Director, Social Welfare Corporation GLOW (to date)</p> <p>[Important Concurrent Service]</p> <p>March 2019 Kirin Holdings, External Member of the Audit & Supervisory Board</p> <p>June 2020 External Director, JFE Holdings, Inc.</p> <p>March 2021 Director, Social Welfare Corporation GLOW</p>	2,700 shares

- (Notes) 1. No interest to be noted exists between each candidate and the Company.
2. Mr. William Ireton, Mr. Tadashi Ono, and Ms. Yoshiko Ando 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.
 3. 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 as long as 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.
 4. (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.
 5. The office term of Mr. William Ireton and Mr. Tadashi Ono as External Members of the Board of Directors of the Company will reach six 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 two years at the closing of this General Meeting of Shareholders.
 6. 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.

Proposal No. 3 Election of one audit & supervisory board member

The term of office of Mr. Tsuyoshi Ikeguchi as an Audit & Supervisory Board Member will expire at the closing of this General Meeting of Shareholders. The shareholders are requested to elect one Audit & Supervisory Board Member for the next term. This agenda item was approved by the Audit & Supervisory Board.

The profile of the candidate for audit & supervisory board members is as follows:

Name (Date of Birth)	Career History, Positions, and Important Concurrent Service	Holding of Company shares
Tsuyoshi Ikeguchi (born March 13, 1959)	April 1991 Registered as a lawyer April 1991 Joined Kumagai, Takashima & Nakagawa (current Osaka Nishi Law Office) June 2013 Sansei Technologies, External Audit & Supervisory Board Member (to date) [Significant concurrent positions] May 2013 Audit & Supervisory Board Member, Tokushukai Information System Inc. June 2020 Auditor, The Mental Health Okamoto Memorial Foundation	9,500 shares

- (Note) 1. No interest to be noted exists between the candidate and the Company.
2. Mr. Tsuyoshi Ikeguchi is a candidate for External Audit & Supervisory Board Member of the Company. Mr. Ikeguchi satisfies the requirements of independent officer under the rules of the Tokyo Stock Exchange, and the Company has designated him as an independent officer of the Company and notified the Exchange of the designation.
3. We recommend Mr. Tsuyoshi Ikeguchi as a candidate for External Audit & Supervisory Board Member because we believe that he can properly perform his duties as an External Audit & Supervisory Board Member drawing on his expertise and experience as a lawyer, and we expect him to provide appropriate opinions at the meetings of the Board of Directors particularly in the area of legal compliance. Although he has never been directly involved in the management of a company, he is judged to be able to execute duties as an External Audit & Supervisory Board Member properly for the reasons mentioned above.
4. The Company and Mr. Tsuyoshi Ikeguchi have concluded a liability limiting agreement concerning the compensation of 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 do not commit gross negligence. If his re-election is approved, the Company will continue said agreement with Mr. Ikeguchi.
5. The office term of Mr. Tsuyoshi Ikeguchi as Audit & Supervisory Board Member of the Company will reach eight years at the closing of this General Meeting of Shareholders.
6. 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. The candidate 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.