

Securities Code: 6357
June 9, 2020

To Shareholders,

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

Notice of the 70th Annual General Meeting of Shareholders

You are cordially invited to attend the 70th Annual General Meeting of Shareholders of Sansei Technologies, Inc. (hereinafter, the “Company” or “we”). The meeting will be held as detailed below.

Recently, the government and prefectural governors have been requesting people to refrain from going out and moving around to prevent the spread of COVID-19 (the infectious disease caused by the novel coronavirus). After careful consideration, we have decided to hold this year’s general meeting of shareholders with appropriate infection control measures.

Given the request for refraining from going out and moving around to prevent the spread of COVID-19, we request that shareholders exercise their voting rights in advance in writing or over the Internet and refrain from attending the general meeting of shareholders in person.

Please read the following Materials for General Meeting of Shareholders and exercise your voting rights by 5:15 pm on June 25, 2020 (Thursday), by following the instructions below.

Details

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|----------------------------------|--|
| 1. Date and Time: | Friday, June 26, 2020, 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 70th fiscal year ended March 31, 2020 (April 1, 2019-March 31, 2020)2. Report on the Non-consolidated Financial Statements for the 70th fiscal year ended March 31, 2020 (April 1, 2019-March 31, 2020) |
| Proposals to be resolved | <p>Proposal No. 1: Appropriation of surplus
Proposal No. 2: Election of eight directors
Proposal No. 3: Election of one audit & supervisory board member</p> |

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 Thursday, June 25, 2020.
- (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 Thursday, June 25, 2020.
- (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.
- We strongly ask the elderly, persons in poor physical condition such as suffering from a cold, or with an underlying disease, and pregnant women to refrain from attending the General Meeting of Shareholders in person.
- You can exercise your voting rights in advance in writing or via the Internet without visiting the meeting venue on the meeting day. Please consider this option.

<<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.
- Before the reception, we will check the body temperature of all shareholders who come to the venue of the shareholders' meeting. Disinfectant bottles will be placed near the reception desk. We may request shareholders who have a fever to refrain from entering the meeting venue.
- 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>

* You can also access the Voting Website using your mobile phone if it has the function to read barcodes. Please read the "QR Code®" on the right-hand side to access the website. Please check the operation manual of your mobile phone to find out how to use this function on your mobile phone.

(QR Code is the registered trademark of Denso Wave Incorporated.)



2. Handling of exercise of voting rights

- (1) If you wish to exercise your voting rights via the Internet, please follow the instructions on the screen and enter your vote for or against each of the proposals using the "voting rights exercise code" and "password" printed on the enclosed Voting Rights Exercise Form.
- (2) You will be able to exercise your voting rights until 5:15 p.m., Japan Standard Time, on Thursday, June 25, 2020. You are advised to exercise your voting rights at the earliest opportunity.
- (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.
- (4) Fees for internet providers and carriers (e.g. connection charges) associated with using the website for exercise of voting rights are at your own expense.


3. 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.

4. 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 Center, 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, 2019
to March 31, 2020)

1. Overview of the Corporate Group

(1) Business Activities and Performance

The perspective for the economic situation in the current consolidated fiscal year has been uncertain due to the prolonged US-China trade friction, the stagnation of the Chinese economy, and the implementation of the consumption tax increase in Japan. On top of that, the rapid spread of COVID-19 has severely affected the global economy.

Under these circumstances, while expecting that revenues and profits would decrease, the Sansei Technologies Group has striven to improve its business performance for the consolidated fiscal year ended March 31, 2020, considering the anticipated decrease in large-scale projects and delays in construction in the Amusement Rides and the Stage Equipment Businesses.

The total orders received by all businesses during the fiscal year ended March 31, 2020 decreased 34.3% from the previous year to 39,787 million yen. The breakdown by segment is as follows: Orders received by the Amusement Rides segment decreased 53.2% to 18,327 million yen due to a significant drop in overseas orders including from China; orders received by the Stage Equipment segment decreased 3.3% to 16,053 million yen due to a decrease in large-scale renovation projects although new construction projects of public halls were strong; orders received by the Elevators segment increased 12.6% to 5,406 million yen supported by the increase in orders both in new installation and refurbishment projects.

The net sales of all businesses during the fiscal year under review decreased by 14.6% from the previous year to 45,077 million yen. The breakdown by segment is as follows: sales of the Amusement Rides segment decreased 24.2% to 23,464 million yen due to a decline in sales of large-scale projects and delays in orders, starting and progress of major construction projects in China and the United States; sales of the Stage Equipment segment decreased 2.1% to 16,386 million yen because the number of large-scale concerts decreased and the sales of new large-scale mechanical projects will not be recognized until the next year; sales of the Elevators segment increased 2.4% to 5,143 million yen.

The Company experienced a significant decrease both in revenues and profits in the current year. Operating profit decreased to 2,871 million yen (a 33.5% decrease from the previous year), ordinary income decreased to 2,889 million yen (a 32.6% decrease), and net income attributable to shareholders of the parent company decreased to 1,420 million yen (a 48.3% decrease). However, we could exceed the initial projection for the net income attributable to the parent company.

(2) Capital investment and fund procurement

① Capital investment

Capital investment of 1,171 million yen was made during the fiscal year ended March 31, 2020 to improve productivity and to increase order receipts. Major investments were as shown below.

Construction of a new office building and facilities:	303 million yen
Stage equipment:	101 million yen
Production facilities for plants:	11 million yen

② Fund procurement:

During the term under review, the Company repaid loans, including the borrowing for the acquisition of Vekoma. As a result, the year-end balance of loans payable decreased by 1,099 million yen from the previous year to 17,209 million yen.

(3) Assets and Profit/Loss Status

Classification	67th Business Year (Note 2) April 1, 2016 to March 31, 2017	68th Business Year (Note 2) April 1, 2017 to March 31, 2018	69th Business Year April 1, 2018 to March 31, 2019	70th Business Year (current fiscal year) April 1, 2019 to March 31, 2020
Orders Received (Note 1) (in million yen)	28,645	32,581	60,601	39,787
Net sales (in million yen)	29,122	27,277	52,794	45,077
Net income attributable to owners of parent (in million yen)	2,235	1,398	2,746	1,420
Net income per share	121.46 yen	75.98 yen	148.87 yen	76.95 yen
Total assets (in million yen)	40,303	66,489	69,188	64,979
Net assets (in million yen)	27,505	28,592	30,481	30,116
Net assets per share	1,490.97 yen	1,547.50 yen	1,645.77 yen	1,619.85 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 67th and 68th Business Years.

(4) Significant subsidiaries

① Significant subsidiaries

Company Name	Capital Stock	Voting Right Holding Ratio	Major Businesses
Sun Ace Co., Ltd.	10 million yen	100 %	Operation and management of amusement facilities
Sansei Maintenance Co., Ltd. <WEST>	20	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)
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.	19 million US dollars (Note 2)	100	A holding company in the U.S.
S&S Worldwide, Inc.	4 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

Due to the global spread of COVID-19, our business partners were severely affected by the suspension of operation at theme parks and amusement parks or the suspension or postponement of art and entertainment activities such as concerts and theatrical performances, which created a very adverse environment for our business.

On the other hand, we have received many orders for public halls and large-scale theaters in Japan, and large-scale amusement parks in and outside Japan, which have a long construction period based on medium- to long-term investment plans. While steadily proceeding with these projects, we will strive to overcome the difficult situation with our business partners, by making further efforts to improve productivity, reduce costs and reform business operations, and prepare for a global market recovery after the COVID-19 crisis.

- 1) Reforming the business operation and work styles
 - (i) Promote streamlining and digitalization of the business processes
In our business processes, the efficiency of design, inspection, and maintenance is the most critical issue. Although we are now in a difficult business environment, we will not slow down our efforts for digitalization and system investment to improve our business efficiency and to produce results.
 - (ii) Adopting diverse work styles
At Sansei Technologies, we also started teleworking and staggered working hours as measures against novel coronavirus infection. We are continually working to pursue diverse work styles that realize a comfortable working environment for employees and contribute to productivity improvement, not only as temporary measures to prevent infections.
- 2) Promoting product development and global businesses and establishing a risk management system

In the Amusement Rides business, we collaborate with S&S and Vekoma in product development and global marketing. We will also establish an effective operation management system, mainly led by Sansei Technologies, Inc., for collecting and sharing information such as customer information, regional trends, and economic conditions, including measures against COVID-19.
- 3) Specific actions for new technology & business
 - (i) Responding to changes in the art and entertainment industries
In the art and entertainment industries, the impact of COVID-19 is accelerating digitization and 5G utilization. As methods of expression and delivery of music and theatrical performance, and facility formats are drastically changing, we will explore customer needs and develop new business areas with a view to

business collaboration with other companies.

- (ii) Multi-faceted development of “technologies that carry people and move things”
Targeting the Osaka/Kansai Expo to be held in 2025, new and unique projects for infrastructure and transportation are being proposed one after another. Taking this as an opportunity to utilize our technologies in “carrying people and moving things” in various fields, we will actively make proposals in business areas beyond the conventional three segments of Stage Equipment, Amusement Rides, and Elevators to promote multi-faceted business development.

4) Revision of the operation system and staffing

Reform of the operation processes and work styles is inseparable from the revision of the conventional organizations, job positions, and staffing. It is also necessary to reform internal education systems and secure diverse human resources to promote globalization and develop new technologies and businesses. We will work on revising the business operation system, including the duties and authorizations given to employees.

5) Enhancement of corporate governance system

To enhance our corporate governance system, we will establish a Nomination Committee and a Compensation Committee in June this year, and will continue the improvement of the existing system.

We would like to ask for further support and guidance from shareholders in the future.

(6) Major businesses

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

(7) Major Offices and Plants

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

(8) Employees (as of March 31, 2020)

① Employees in the corporate group

Number	Change from the end of the previous year	Average age	Average service years
1,196 employees	+62	39.7	11.4 years

② Employees in the Company

Number	Change from the end of the previous year	Average age	Average service years
299 employees	+22	40.6	14.7 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	4,453
④ Large shareholders	

Name of shareholders	Number of shares held (Unit: thousand)	Shareholding ratio (%)
Setsuo Toriumi	1,602	8.68
Goldman, Sachs & Co. Reg	1,522	8.25
Keihanshin Building Co., Ltd.	828	4.49
Sumitomo Mitsui Banking Corporation	805	4.36
The Mie Bank, Ltd.	805	4.36
Torishima Pump Mfg. Co., Ltd.	801	4.34
Sumitomo Mitsui Finance and Leasing Co., Ltd.	693	3.75
Sumitomo Mitsui Card Co., Ltd.	692	3.75
Maruichi Steel Tube Ltd.	652	3.53
Sumitomo Realty & Development Co., Ltd.	584	3.16

(Note) Although the Company has 865,608 treasury shares, the Company is not included in the above-mentioned large shareholders. The above shareholding ratios are calculated by excluding treasury shares.

(2) Status of stock acquisition rights (as of March 31, 2020)

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	Three directors (Note 1)	172 (Note 2)	Common shares: 17,200 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	Five directors (Note 1)	285 (Note 2)	Common shares: 28,500 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	Six directors (Note 1)	278 (Note 2)	Common shares: 27,800 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	Six directors (Note 1)	195 (Note 2)	Common shares: 19,500 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	Six directors (Note 1)	300 (Note 2)	Common shares: 30,000 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

Notes: 1. Stock acquisition rights were not granted to outside directors and corporate auditors.

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		Fifth 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: 181 Number of shares to be issued upon exercise of stock acquisition rights: 18,100 Number of rights holders: 14

Note: The fifth 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) The Company's officers (as of March 31, 2020)

① Directors and Audit & Supervisory Board Members

Position	Name	Duties and important concurrent positions
Chairman and Representative Director	Makoto Nakagawa	
President & CEO, Representative Director, Executive Officer	Noboru Rachi	
Executive Vice President, Representative Director, Executive Officer	Kimihiro Oshima	
Director and Senior Managing Executive Officer	Kazuaki Ebe	CTO and Officer in Charge of New Technologies & Business Development
Director and Officer	Kazuya Miyazaki	General Manager of 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	President and Representative Director of Ireton Entertainment Inc.
Director	Tadashi Ono	Professor, Tsukuba University, Graduate School of Business Sciences
Director	Yoshiko Ando	Kirin Holdings Co., Ltd., External Member of Audit & Supervisory Board
Audit & Supervisory Board Member (full-time)	Hiroyuki Minaki	
Audit & Supervisory Board Member	Tsuyoshi Ikeguchi	Attorney
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 has any relationship, with the corporations at which Mr. William Ireton, Mr. Tadashi Ono, and Ms. Yoshiko Ando have a concurrent position.
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 has any relationship, with the corporation at which Mr. Kikuo Yasukawa, who is an audit & supervisory board member of the Company, has a concurrent position.
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 specified in the rules of Tokyo Stock Exchange.
7. Audit & Supervisory Board Member Hiroyuki Minaki has assumed the position of General Manager of the General Administration Division at the Company and therefore he has considerable knowledge of finance and accounting.
8. Changes in directors during the year under review were as follows:

At the 69th ordinary general meeting of shareholders held on June 27, 2019, Ms. Yoshiko Ando was newly elected as a director and assumed the office of director.

② Amount of compensation, etc. for directors and Audit & Supervisory Board Members

Position	Number of persons	Payment amount (1,000 yen)
Directors (External Members of the Board)	9 (3)	250,466 (32,496)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	4 (3)	32,040 (14,910)
Total	13	282,506

- Notes: 1. The payment amount for directors doesn't include employee's salary for director cum employee.
2. The 69th Ordinary General Meeting of Shareholders held on June 27, 2019 resolved that the maximum compensation amount for directors should not exceed 270 million yen a year (up to 50 million yen for external directors, and the limit for internal directors does not include their salaries as employees of the Company). Separately from the compensation, the 64th Ordinary General Meeting of Shareholders held on June 27, 2014 resolved that the amount of compensation for stock acquisition rights (stock options) should not exceed 30 million yen a year.
3. The amount of above-mentioned compensation, etc. includes the amount recorded as expenses relating to stock acquisition rights granted as stock options in the business term under review (directors: 24 million yen).
4. 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.

(4) Outside officers

Main activities in the business term under review

Position	Name	Main activities
Director	William Ireton	He attended all of the 12 meetings of the Board of Directors held in the business term under review, and expressed his opinions based on his profound experience in business administration.
Director	Tadashi Ono	He attended 11 out of 12 meetings of the Board of Directors held in the business term under review, and expressed his opinions based on his advanced knowledge and insight as a professor.
Director	Yoshiko Ando	She attended 9 out of 9 meetings of the Board of Directors held after her appointment in the business term under review and expressed her opinions based on her abundant knowledge and insight in the broad fields of employment and labor.
Audit & Supervisory Board Member	Tsuyoshi Ikeguchi	He attended all of the 12 meetings of the Board of Directors and all of the 13 meetings of the board of corporate auditors, which were held in the business term under review, and expressed his opinions based on his expertise as an attorney.
Audit & Supervisory Board Member	Kikuo Yasukawa	He attended all of the 12 meetings of the Board of Directors and all of the 13 meetings of the board of corporate auditors, which were held in the business term under review, and expressed his opinions based on his profound experience of business administration.
Audit & Supervisory Board Member	Akihiko Kakiuchi	He attended all of the 12 meetings of the Board of Directors and all of the 13 meetings of the board of corporate auditors, which were held in the business term under review, and expressed his opinions based on his profound experience of business administration.

(5) 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.

(6) 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	6,996,000 yen
Total of ① and ②	38,996,000 yen

Notes: 1. Based on the "operational guidelines concerning cooperation with the accounting auditor" issued by the Japan Audit & Supervisory Board Members Association, the board of corporate auditors 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 board of corporate auditors 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.

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 board of corporate auditors 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 board of corporate auditors, the board of corporate auditors 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 and management council, Council of General Managers and 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 board of corporate auditors 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 board of corporate auditors, 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, 2020, the Board of Directors of the Company held 12 regular meetings to discuss and determine important matters related to the management of the Company, in accordance with the Regulations of the Board of Directors. The Board also reviewed and revised internal rules and regulations as needed. At the Board meetings, outside directors expressed opinions based on their abundant experience and insights and the members of the Audit & Supervisory Board 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. The Quality Improvement Meeting was held twice 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 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 members of the Audit & Supervisory Board 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 members of the Audit & Supervisory Board 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, 2020)

(in thousand yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	36,329,860	Current liabilities	18,372,398
Cash and deposits	10,568,802	Notes and accounts payable - trade	2,929,550
Notes and accounts receivable - trade	20,721,996	Short-term loans payable	1,440,451
Electronically recorded monetary claims - operating	315,129	Current portion of long-term loans payable	2,294,470
Securities	100,580	Income taxes payable	480,347
Work in process	675,265	Accrued consumption taxes	402,986
Raw materials and supplies	2,405,385	Advances received	6,324,759
Other	1,655,752	Provision for bonuses	577,614
Allowance for doubtful accounts	-113,052	Provision for directors' bonuses	36,750
		Provision for loss on construction contracts	1,446,109
Non-current assets	28,649,620	Other	2,439,358
Property, plant and equipment	11,103,024	Non-current liabilities	16,490,640
Buildings and structures	5,322,637	Long-term loans payable	13,474,703
Machinery, equipment and vehicles	848,543	Deferred tax liabilities	741,066
Land	4,332,688	Net defined benefit liability	2,199,631
Construction in progress	109,125	Other	75,238
Other	490,029		
Intangible non-current assets	11,470,784	Total liabilities	34,863,039
Goodwill	8,941,646	NET ASSETS	
Other	2,529,137	Shareholders' equity	29,382,678
Investments and other assets	6,075,811	Capital stocks	3,251,279
Investment securities	4,529,244	Capital surplus	2,432,895
Long-term loans receivable	42,286	Retained earnings	24,134,456
Deferred tax assets	607,647	Treasury shares	-435,953
Other	897,883	Accumulated other comprehensive income	530,224
Allowance for doubtful accounts	-1,251	Valuation difference on available-for-sale securities	1,129,444
		Deferred gains or losses on hedges	-1,130
		Foreign currency translation adjustment	-579,437
		Remeasurements of defined benefit plans	-18,652
		Share acquisition rights	142,939
		Non-controlling interests	60,600
		Total net assets	30,116,442
Total assets	64,979,481	Total liabilities and net assets	64,979,481

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

Consolidated Statement of Income

(April 1, 2019 to March 31, 2020)

(in thousand yen)

Account	Amount	
Net sales		45,077,568
Cost of sales		32,997,685
Gross profit		12,079,882
Selling, general and administrative expenses		9,207,969
Operating income		2,871,913
Non-operating income		
Interest income	5,654	
Dividend income	120,534	
Dividend income of insurance	118,859	
Rent income	37,296	
Other	15,012	297,357
Non-operating expenses		
Interest expenses	243,018	
Share of loss of entities accounted for using equity method	9,381	
Foreign exchange losses	19,494	
Other	7,778	279,672
Ordinary income		2,889,598
Extraordinary income		
Gain on sales of non-current assets	3,538	
Gain on sales of investment securities	900	4,438
Extraordinary loss		
Loss on abandonment of non-current assets	21,896	
Loss on valuation of investment securities	94,470	
Impairment loss	175,322	291,690
Income before income taxes		2,602,347
Income taxes - current	1,364,910	
Income taxes - deferred	-243,690	1,121,219
Net Income		1,481,127
Net income attributable to non-controlling interests		60,600
Net income attributable to owners of parent		1,420,527

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

Consolidated Statement of Changes in Equity

(April 1, 2019 to March 31, 2020)

(in thousand yen)

	Shareholders' equity				
	Capital stocks	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Year-beginning balance	3,251,279	2,429,502	23,359,730	-443,285	28,597,227
Cumulative effects of changes in accounting policies			149		149
Restated balance	3,251,279	2,429,502	23,359,880	-443,285	28,597,376
Changes of items during the year					
Dividends of surplus			-645,951		-645,951
Net income attributable to owners of parent			1,420,527		1,420,527
Purchase of treasury shares				-77	-77
Disposal of treasury shares		3,393		7,408	10,802
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	3,393	774,576	7,331	785,301
Year-end balance	3,251,279	2,432,895	24,134,456	-435,953	29,382,678

	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	1,394,967	8,793	362,070	4,390	1,770,222	114,189	-	30,481,639
Cumulative effects of changes in accounting policies								149
Restated balance	1,394,967	8,793	362,070	4,390	1,770,222	114,189	-	30,481,788
Changes of items during the year								
Dividends of surplus								-645,951
Net income attributable to owners of parent								1,420,527
Purchase of treasury shares								-77
Disposal of treasury shares								10,802
Net changes of items other than shareholders' equity	-265,523	-9,924	-941,507	-23,043	-1,239,998	28,750	60,600	-1,150,648
Total changes of items during the year	-265,523	-9,924	-941,507	-23,043	-1,239,998	28,750	60,600	-365,346
Year-end balance	1,129,444	-1,130	-579,437	-18,652	530,224	142,939	60,600	30,116,442

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

Non-Consolidated Balance Sheet

(As of March 31, 2020)

(in thousand yen)

Account	Amount	Account	Amount
ASSETS		LIABILITIES	
Current assets	12,059,773	Current liabilities	10,292,456
Cash and deposits	3,218,247	Notes payable - trade	106,669
Notes receivable – trade	124,366	Accounts payable- trade	2,984,698
Electronically recorded monetary claims - operating	100,546	Short-term loans payable from affiliates	3,500,000
Accounts receivable - trade	7,282,112	Current portion of long-term loans payable	2,000,000
Work in process	362,728	Accrued expenses	205,624
Raw materials and supplies	447,714	Income taxes payable	119,872
Other	524,057	Advances received	619,826
Non-current assets	33,876,669	Provision for bonuses	193,527
Property, plant and equipment	5,004,302	Provision for loss on construction contracts	231,870
Buildings	2,240,997	Other	330,367
Structures	8,451	Non-current liabilities	13,456,917
Machines and equipment	79,702	Long-term loans payable	12,100,000
Vehicles	11,535	Provision for retirement benefits	1,356,867
Tools, furniture and fixtures	187,146	Other	50
Land	2,433,792	Total liabilities	23,749,374
Construction in progress	42,676		
Intangible non-current assets	146,407	NET ASSETS	
Software	126,268	Shareholders' equity	20,916,352
Telephone subscription rights	9,679	Capital stocks	3,251,279
Other	10,459	Capital surplus	3,028,011
Investments and other assets	28,725,960	Legal capital surplus	2,989,057
Investment securities	4,526,486	Total other capital surplus	38,954
Stocks of subsidiaries and affiliates	23,622,164	Retained earnings	14,692,907
Guarantee deposits	163,673	Legal retained earnings	434,000
Business insurance	234,353	Other retained earnings	14,258,907
Deferred tax assets	39,311	Reserve for advanced depreciation of non-current assets	278,850
Others	140,758	General reserve	9,320,000
Allowance for doubtful accounts	-788	Retained earnings brought forward	4,660,056
		Treasury shares	-55,846
		Valuation and translation adjustments	1,127,777
		Valuation difference on available-for-sale securities	1,128,907
		Deferred gains or losses on hedges	-1,130
		Share acquisition rights	142,939
		Total net assets	22,187,069
Total assets	45,936,443	Total liabilities and net assets	45,936,443

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

Non-Consolidated Profit and Loss Statement

(April 1, 2019 to March 31, 2020)

(in thousand yen)

Account	Amount	
Net sales		19,444,035
Cost of sales		16,205,048
Gross profit		3,238,987
Selling, general and administrative expenses		2,510,643
Operating income		728,344
Non-operating income		
Interest income	15,219	
Dividend income	1,269,683	
Dividend income of insurance	104,697	
Other	39,707	1,429,306
Non-operating expenses		
Interest expenses	139,741	
Loss on operation of limited liability partnership	9,381	
Other	18,572	167,696
Ordinary income		1,989,954
Extraordinary income		
Gain on sales of investment securities	900	900
Extraordinary loss		
Loss on abandonment of non-current assets	34	
Loss on valuation of investment securities	94,470	94,504
Income before income tax		1,896,349
Income taxes - current	348,400	
Income taxes - deferred	-25,385	323,014
Net Income		1,573,335

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

Non-Consolidated Statement of Changes in Equity

(April 1, 2019 to March 31, 2020)

(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	29,092	3,018,149
Changes of items during the year				
Dividends of surplus				
Net Income				
Purchase of treasury shares				
Disposal of treasury shares			9,861	9,861
Net changes of items other than shareholders' equity				
Total changes of items during the year	-	-	9,861	9,861
Year-end balance	3,251,279	2,989,057	38,954	3,028,011

	Shareholders' equity				
	Retained earnings				
	Legal 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	3,732,673	13,765,524
Changes of items during the year					
Dividends of surplus				-645,951	-645,951
Net Income				1,573,335	1,573,335
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the year	-	-	-	927,383	927,383
Year-end balance	434,000	278,850	9,320,000	4,660,056	14,692,907

	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	-56,710	19,978,243	1,393,483	8,793	1,402,277	114,189	21,494,709
Changes of items during the year							
Dividends of surplus		-645,951					-645,951
Net Income		1,573,335					1,573,335
Purchase of treasury shares	-77	-77					-77
Disposal of treasury shares	940	10,802					10,802
Net changes of items other than shareholders' equity			-264,575	-9,924	-274,500	28,750	-245,749
Total changes of items during the year	863	938,109	-264,575	-9,924	-274,500	28,750	692,359
Year-end balance	-55,846	20,916,352	1,128,907	-1,130	1,127,777	142,939	22,187,069

(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 21, 2020

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 consolidated balance sheet as of March 31, 2020, consolidated statement of income for the year from April 1, 2019 to March 31, 2020, 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, 2020, 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 Auditor 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 21, 2020

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 70th business year (hereinafter referred to as the "financial statements"), comprising balance sheet as of March 31, 2020, statement of income for the year from April 1, 2019 to March 31, 2020, 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, 2020, 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 Auditor 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 Auditor 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 (including its consolidated subsidiaries) that is required to be disclosed under the provisions of the Certified Public Accountants Act..

Corporate Auditors' Report for Financial Statements (Certified Copy)

Audit Report by Corporate Auditors

The Board of Corporate Auditors 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 70th business year of the Company from April 1, 2019 to March 31, 2020, as follows:

1. Auditing techniques used by the Audit & Supervisory Board Members and the Board of Corporate Auditors and audited items
 - (1) The Board of Corporate Auditors 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 Board of Corporate Auditors 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 Board of Corporate Auditors, 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, 2020 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 21, 2020

Sansei Technologies, Inc.

Board of Corporate Auditors

Audit & Supervisory Board Member (Full-time) : Hiroyuki Minaki (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

In accordance with the basic policy to continue stable distribution of dividends, and considering the business performance of the Company and future business plans, the Company proposes the following year-end dividend for the 70th business year:

(1) Type of dividend

Dividend will be distributed in cash.

(2) Appropriation and the amount of dividend

A dividend of 17.50 yen per share will be distributed.

The total amount of dividend will be 323,162,858 yen. (Dividends per share paid for the full year will be 35 yen per share, including the interim dividend of 17.50 yen per share already paid during the year.)

(3) Effective date of distribution of dividend from surplus

June 29, 2020

Proposal No. 2: Election of eight directors

The term of the nine 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 (to date)</p>	39,700 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>	5,300 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 (to date)</p>	15,700 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>March 2020 Sansei Technologies, Director, Managing Executive Officer, General Manager of Production Division, Deputy Officer in Charge of New Technologies & Business Development (to date)</p>	2,500 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</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 (to date)</p>	2,100 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 Ireton Entertainment Inc., President and Representative Director</p>	2,900 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>[Important Concurrent Service] Honorary Professor, University of Tsukuba</p>	7,600 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>[Important Concurrent Service] March 2019 Kirin Holdings, External Member of the Audit & Supervisory Board</p>	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. Reasons for Nomination
- (1) Mr. William Ireton has abundant global experience and great knowledge as a business executive. Expecting that his experience will contribute to the better supervision of the management of the Company, we request shareholders to elect him as an External Member of the Board of Directors of the Company.
- (2) Mr. Tadashi Ono has abundant experience in international businesses and extensive knowledge as an expert in business science. Expecting that his experience will contribute to the better supervision of the management of the Company, we request shareholders to elect him as an External Member of the Board of Directors of the Company.
- (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. We recommend Ms. Ando as a candidate for an external member of the Board of Directors, expecting her supervision based on her experience will contribute to the management of the Company. 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 five years at the closing of this general meeting of shareholders. The office term of Ms. Yoshiko Ando as External Members of the Board of Directors of the Company will reach one year at the closing of this general meeting of shareholders.
6. Ms. Yoshiko Ando is expected to be appointed as an external member of the board of directors of JFE Holdings, Inc. at its 18th general meeting of shareholders on June 19, 2020.

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

The term of Mr. Hiroyuki Minaki 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 profiles of the candidates for audit & supervisory board members are as follows:

Name (Date of Birth)	Career History, Positions, and Important Concurrent Service	Holding of Company shares
* Hisakazu Kobayashi (born August 24, 1961)	<p>April 1992 Joined Sansei Technologies</p> <p>July 2010 Sansei Technologies, Manager of the Finance and Accounting Department, Administrative Division</p> <p>April 2017 Sansei Technologies, Manager of the Business Management Department</p> <p>April 2019 Sansei Technologies, Executive Officer, Manager of the Business Management Department</p> <p>March 2020 Sansei Technologies, Executive Officer (to date)</p>	4,500 shares

- (Note) 1. The candidate with “*” mark is a candidate for a new appointment as an audit & supervisory board member.
2. No interest to be noted exists between the candidate and the Company.