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<Code Number 6794>  
May 29, 2019

To Our Shareholders with Voting Rights

Hiromi Yoshizawa, President  
**Foster Electric Company, Limited**  
1-1-109, Tsutsujigaoka, Akishima City, Tokyo

## **NOTICE OF THE 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you of the 85th Ordinary General Meeting of Shareholders of Foster Electric Company, Limited (the “Company”), to be held as follows and your attendance will be most sincerely requested.

You can exercise your voting rights in writing or by using the Internet, etc.; so if you are unable to attend the meeting please read the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the “Guidance to Exercising Voting Rights” (in Japanese only), by no later than the closing time of our daily business hours (5:15 p.m.) on Wednesday, June 19, 2019 (Japan Time).

**1. Date and Time:** Thursday, June 20, 2019 at 10 a.m. (Japan Time)

**2. Place:** “SYLVAN HALL” (2F), Forest Inn Showakan,  
4017-3 Haijimacho, Akishima City, Tokyo

### **3. Agenda of the Meeting**

#### **Matters to be reported:**

1. The Business Report and Consolidated Financial Statements for the 85th Fiscal Year (from April 1, 2018 to March 31, 2019) and audits results of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors.
2. Standalone Financial Statements for the 85th Fiscal Year (from April 1, 2018 to March 31, 2019)

#### **Matters to be resolved:**

- Proposal 1:** Dividends of Surplus
- Proposal 2:** Election of Seven (7) Directors

### **4. Others**

- (1) If you attend the meeting, please show the enclosed Exercise Voting Rights Form at the reception of the meeting upon arrival. Please bring this notice for eco purposes.
- (2) If you are unable to attend the meeting, you may nominate one (1) shareholder with a voting right as a proxy to attend the meeting and exercise your voting rights, provided that a document verifying the proxy right of the person representing you must be submitted.
- (3) Of the documents that the Company needs to provide along with this notice, pursuant to laws and regulations, and Article 15 of the Articles of Incorporation of the Company, the matters below are posted on the corporate website ([https://www.foster.co.jp/investors/shareholder\\_info/meeting.html](https://www.foster.co.jp/investors/shareholder_info/meeting.html)). Therefore, these matters are not included in this notice and the attached Reference Documents for the General Meeting of Shareholders.
  - “Structure and Policy of the Company” in the Business Report
  - “Consolidated Statement of Changes in Shareholders’ Equity” and “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements.

- “Changes in Shareholders’ Equity” and “Notes to the Standalone Financial Statements” in the Standalone Financial Statements

The Business Report, the Consolidated Financial Statements and the Standalone Financial Statements in the attached Reference Documents for the General Meeting of Shareholders are part of the Business Report and the Consolidated and Standalone Financial Statements that were audited by the Financial Auditor and Corporate Auditors of the Company when preparing the Financial Auditor’s Report and the Corporate Auditors’ Report.

- (4) If you exercise your voting rights in duplicate through the Internet and in writing, the vote using the Internet, etc., will be validated. If you exercise your voting rights multiple times, the vote you exercise last will be validated.
- (5) On the day of the meeting, our executives will be dressed casually (“Cool Biz”).
- (6) In the event any matters are to be changed with respect to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Standalone Financial Statements or the Consolidated Financial Statements, the changes will be disclosed immediately on the corporate website (<https://www.foster.co.jp/>).

An English translation of the Notice of the 85th Ordinary General Meeting of Shareholders is posted on the corporate website (<https://www.foster-electric.com/investors/meeting/index.html>).

#### About the platform for exercising voting rights electronically

In addition to the voting methods of in writing and through the Internet as described above, institutional investors may exercise their voting rights electronically by using the platform operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### Proposal and References

#### Proposal No. 1: Dividends of Surplus

The Company regards the enhancement of corporate value as a major management issue and maintains a basic policy of comprehensively improving shareholder profits while distributing profits that are commensurate with the Company's business results and enhancing internal reserves from a long-term viewpoint.

We propose a year-end dividend of ¥10 per share for the fiscal year under review as a distribution of profit commensurate with our business results, as a reward to reciprocate the support that our shareholders have bestowed upon us. Accordingly, since the Company paid an interim dividend of ¥10 per share, the annual total of the dividend for the fiscal year under review is ¥20 per share.

Matters related to year-end dividends

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and the total amount

¥10 per share of common stock of the Company                      Total amount: ¥227,180,230

(3) Effective date of dividends of surplus

June 21, 2019

**Proposal No. 2:** Election of Seven (7) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. We therefore propose that seven (7) Directors be elected.


The candidates for Director are as follows:


No.	Name	Current Position and Responsibilities	Attribute
1	Hiromi Yoshizawa	President and Representative Director	[Reelection]
2	Atsushi Narikawa	Senior Managing Director Assistant to the President and General Manager, Global Corporate Support Division	[Reelection]
3	Lu San Tie	Senior Managing Director General Manager in charge of Manufacturing President, Foster Electric Co., (Hong Kong) Ltd. President, Foster Electric (Singapore) Pte. Ltd.	[Reelection]
4	Kazuhiro Kishi	Managing Director General Manager, MA Business Division, General Manager, New Business Development Division and General Manager, Sales	[Reelection]
5	Hidetoshi Shirakawa	Director Fellow President, Foster Electric (Vietnam) Co., Ltd.	[Reelection]
6	Minoru Matsumoto	Director Head, Minoru Matsumoto CPA Office Outside Director (Audit and Supervisory Committee Member), JASTEC Co., Ltd.	[Reelection] [Outside] [Independent]
7	Chieko Matsuda	Director Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University and Professor, Graduate School of Management, Tokyo Metropolitan University, Outside Director, Hitachi Chemical Co., Ltd. Outside Audit & Supervisory Board Member, Kirin Holdings Company, Limited Director (External), SATO HOLDINGS CORPORATION	[Reelection] [Outside] [Independent]


Reelection: Candidate for Director to be reelected


Outside: Candidate for Outside Director

Independent: Independent director as provided for by stock exchanges and other institutions


No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
1	 <p>Hiromi Yoshizawa February 11, 1954</p> <p>[Reelection]</p>	<p>Mar. 1976      Joined the Company</p> <p>Apr. 1998      Deputy Manager, Sales Department No. 1 of the Company</p> <p>Apr. 1999      Manager, Sales Department No. 1 of the Company</p> <p>Apr. 2000      President, Foster Electric (Singapore) Pte. Ltd.</p> <p>Apr. 2002      Geschäftsführer, Foster Electric (Europe) GmbH</p> <p>Feb. 2006      Executive Officer, Deputy General Manager, Administration Division and Manager, Corporate Planning Department of the Company</p> <p>June 2007      Director, General Manager, Administration Division and Manager, Corporate Planning Department of the Company</p> <p>June 2009      Managing Director, General Manager, Administration Division and Manager, Corporate Planning Department of the Company</p> <p>Apr. 2012      General Manager, Administration Division, Manager, Human Resources Development Department and in charge of Corporate Planning of the Company</p> <p>Apr. 2013      General Manager, Administration Division and in charge of Corporate Planning of the Company</p> <p>June 2013      Senior Managing Director of the Company</p> <p>Apr. 2014      President and Representative Director of the Company (to the present)</p>	18,200
<p>Reason for election of the candidate for Director</p> <p>Mr. Hiromi Yoshizawa has demonstrated his capabilities widely in general corporate operations over many years. Since his appointment as President and Representative Director of the Company in 2014, he has demonstrated leadership in general management of the Company and committed to the improvement of corporate value based on his extensive experience and knowledge. In addition, as the chief executive of CSR, internal control and the Risk and Crisis Management Committee, he has also contributed to the improvement of the functioning of the Board of Directors through his diligent efforts to strengthen the corporate governance system. For these reasons, we judge that he is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Mr. Hiromi Yoshizawa continue to serve as a Director.</p>			


No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
2	 <p>Atsushi Narikawa (May 13, 1959)</p> <p>[Reelection]</p>	<p>Apr. 1982      Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Nov. 1997      Assistant General Manager, Kudan Branch, The Fuji Bank</p> <p>Apr. 2002      Deputy Manager, Americas Non-Japanese Sales Division No.2, Mizuho Corporate Bank, Ltd.</p> <p>Mar. 2003      Deputy Manager, Americas Products Sales Department, Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2004      Deputy Manager, Americas Business Administration Division, Mizuho Corporate Bank, Ltd.</p> <p>Mar. 2006      General Manager, Seoul Branch, Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2009      Executive Officer, General Manager of Corporate Banking Division No. 13, Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2010      Managing Executive Officer, Mizuho Corporate Bank, Ltd.</p> <p>July 2010      Chief Officer for the European Region, Mizuho Corporate Bank, Ltd.</p> <p>July 2013      Managing Executive Officer, Head of the European Region Unit, Mizuho Bank, Ltd.</p> <p>May 2015      Advisor of the Company</p> <p>June 2015      Senior Managing Director and Assistant to the President of the Company (to the present)</p> <p>Jan. 2017      General Manager, Global Corporate Support Division of the Company (to the present)</p>	13,000
<p>Reason for election of the candidate for Director</p> <p>Mr. Atsushi Narikawa has supported the President based on the experience and global perspective he garnered during his time at financial institutions, and has contributed to the improvement of corporate value through such initiatives as establishing a new human resources system to promote “work-style reforms.” He has also contributed to the improvement of the functioning of the Board of Directors and to the strengthening of corporate governance system through his efforts to further enhance CSR, compliance and the risk management system. For these reasons, we judge that he is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Mr. Atsushi Narikawa continue to serve as a Director.</p>			


No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
3	 <p>Lu San Tie (December 23, 1956)  [Reelection]</p>	<p>July 1997      Joined the Company</p> <p>June 2001      Director, Foster Electric Co., (Hong Kong) Ltd.</p> <p>June 2004      Vice President, Foster Electric Co., (Hong Kong) Ltd.</p> <p>Feb. 2006      Executive Officer of the Company</p> <p>Apr. 2006      President, Foster Electric Co., (Hong Kong) Ltd.</p> <p>June 2007      Director of the Company</p> <p>July 2009      General Manager in charge of Manufacturing of the Company</p> <p>Feb. 2010      President, Foster Electric Co., (Heyuan) Ltd.</p> <p>Apr. 2011      General Manager, Production of the Company</p> <p>Apr. 2012      General Manager, Manufacturing Division, Manager, Manufacturing Strategy Department of the Company and Chairman, Foster Electric Co., (Hong Kong) Ltd.</p> <p>Apr. 2014      General Manager, Southeast Asia Production, President, Foster Electric Co., (Hong Kong) Ltd. (to the present) and Chairman, Foster Electric Co., (Heyuan) Ltd.</p> <p>Apr. 2016      Managing Director of the Company</p> <p>June 2018      Senior Managing Director of the Company (to the present)</p> <p>Oct. 2018      General Manager in charge of Manufacturing (to the present), and President, Foster Electric (Singapore) Pte. Ltd. (to the present)</p> <p>(Significant positions concurrently held) President, Foster Electric Co., (Hong Kong) Ltd. President, Foster Electric (Singapore) Pte. Ltd.</p>	3,300
<p>Reason for election of the candidate for Director</p> <p>Mr. Lu San Tie has served as the person responsible for the major manufacturing sites, and the supervisor for the Group's manufacturing system for many years, and has contributed to the improvement of corporate value. He has also contributed to the improvement of the functioning of the Board of Directors through his extensive experience and knowledge in relation to manufacturing. For these reasons, we judge that he is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Mr. Lu San Tie continue to serve as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
4	 <p>Kazuhiro Kishi (March 7, 1964)</p> <p>[Reelection]</p>	<p>Mar. 1986      Joined the Company</p> <p>Oct. 2002      Deputy Manager, Sales Department, IT Equipment Division of the Company</p> <p>Apr. 2003      Manager, Sales Department, IT Equipment Division of the Company</p> <p>Apr. 2004      Manager, Sales Department No. 2, Sales Division of the Company</p> <p>Feb. 2006      Executive Officer, Deputy General Manager, HP Division of the Company</p> <p>Feb. 2007      Deputy General Manager, HP Business Division of the Company</p> <p>Dec. 2008      Deputy General Manager, Mobile Audio Business Division of the Company</p> <p>June 2009      Director of the Company</p> <p>June 2010      Acting General Manager, Mobile Audio Business Division of the Company</p> <p>Apr. 2011      General Manager, Sales Division of the Company</p> <p>Apr. 2013      General Manager, MA Business Division of the Company (to the present)</p> <p>June 2014      Managing Director of the Company (to the present)</p> <p>Apr. 2017      General Manager, New Business Development Division and General Manager, Sales of the Company (to the present)</p>	9,300
<p>Reason for election of the candidate for Director</p> <p>Mr. Kazuhiro Kishi has served as the person responsible for sales for many years, striving to build and develop new businesses and has contributed to the improvement of corporate value. He has also contributed to the improvement of the functioning of the Board of Directors with his extensive experience and knowledge in relation primarily to sales. For these reasons, we judge that he is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Mr. Kazuhiro Kishi continue to serve as a Director.</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
5	 <p>Hidetoshi Shirakawa (July 22, 1963)  [Reelection]</p>	<p>Apr. 1987      Joined the Company</p> <p>Feb. 2006      Manager, Engineering Department No. 1, SP Division of the Company</p> <p>June 2006      Manager, Engineering Department No. 6, HP Division of the Company</p> <p>Feb. 2007      Manager, Engineering Department No. 6, HP Business Division of the Company</p> <p>Apr. 2009      Executive Officer of the Company</p> <p>Mar. 2010      Acting General Manager, Strategic Technology Development Division and Manager, Elements Technology Development Department of the Company</p> <p>June 2010      General Manager, Strategic Technology Development Division, Manager, Elements Technology Development Department and in charge of Quality Assurance of the Company</p> <p>Apr. 2012      Senior Executive Officer, General Manager, Engineering Division of the Company</p> <p>Apr. 2013      General Manager, SP Business Division of the Company</p> <p>June 2014      Director of the Company (to the present)</p> <p>Apr. 2017      General Manager, Engineering of the Company</p> <p>Apr. 2018      Fellow (to the present) President, Foster Electric (Vietnam) Co., Ltd. (to the present)</p>	6,200
<p>Reason for election of the candidate for Director</p> <p>Mr. Hidetoshi Shirakawa served for many years as the person responsible for engineering, and then successively as General Manager of the SP (Speaker) Business Division, and currently as the person responsible for the major manufacturing sites, and has contributed to improvements in corporate value. He has also contributed to the improvement of the functioning of the Board of Directors with his extensive experience and knowledge in relation to engineering, sales and manufacturing. For these reasons, we judge that he is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Mr. Hidetoshi Shirakawa continue to serve as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
6	 <p>Minoru Matsumoto February 16, 1957</p> <p>[Reelection]</p> <p>[Outside]</p> <p>[Independent]</p>	<p>Oct. 1983      Joined Tohmatsu Aoki Audit Firm (currently Deloitte Touche Tohmatsu LLC)</p> <p>Mar. 1987      Registered as Certified Public Accountant</p> <p>Sept. 2012     Resigned from Deloitte Touche Tohmatsu LLC</p> <p>Oct. 2013      Set up Minoru Matsumoto CPA Office (to the present)</p> <p>June 2014      Outside Corporate Auditor, Sanshin Electronics Co., Ltd.</p> <p>Feb. 2015      Outside Director (Audit and Supervisory Committee Member), JASTEC Co., Ltd. (to the present)</p> <p>June 2015      Outside Director of the Company (to the present)</p> <p>(Significant positions concurrently held) Head, Minoru Matsumoto CPA Office Outside Director (Audit and Supervisory Committee Member), JASTEC Co., Ltd.</p>	0
<p>Reason for election of the candidate for Outside Director</p> <p>Mr. Minoru Matsumoto utilizes the professional knowledge and expertise he has garnered throughout his many years of experiences as an accounting auditor at listed companies and as a certified public accountant to contribute to improving the oversight of management and checking function in the Board of Directors. For these reasons, we judge that he is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Mr. Minoru Matsumoto continue to serve as a Director. Even though he does not have experience of involvement in corporate management other than as an Outside Director/Outside Corporate Auditor, we judge that he will perform his duties appropriately as an Outside Director and request that Mr. Minoru Matsumoto continue to serve as a Director for the above reasons.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities and significant positions concurrently held	Number of Company's shares held
7	 <p>Chieko Matsuda (November 18, 1964)</p> <p>[Reelection] [Outside] [Independent]</p>	<p>Apr. 1987      Joined The Long-Term Credit Bank of Japan, Limited</p> <p>Oct. 1998      Joined Moody's Japan K.K.</p> <p>Sept. 2001      Joined Corporate Directions, Inc.</p> <p>May 2006      President, Matrix, Inc.</p> <p>Oct. 2006      Vice President (partner), Booz &amp; Company Inc.</p> <p>Apr. 2011      Professor, Faculty of Urban Liberal Arts (currently Faculty of Economics and Business Administration), Tokyo Metropolitan University and Professor, Graduate School of Social Sciences (currently Graduate School of Management), Tokyo Metropolitan University (to the present)</p> <p>June 2012      Outside Director, S.T. CORPORATION</p> <p>June 2012      Audit &amp; Supervisory Board Member (External), SATO HOLDINGS CORPORATION</p> <p>June 2013      Outside Director, Hitachi Chemical Co., Ltd. (to the present)</p> <p>June 2014      Outside Director, AEON Financial Service Co., Ltd.</p> <p>June 2015      Outside Director of the Company (to the present)</p> <p>Mar. 2016      Outside Audit &amp; Supervisory Board Member, Kirin Holdings Company, Limited (to the present)</p> <p>June 2016      Director (External), SATO HOLDINGS CORPORATION (to the present)</p> <p>(Significant positions concurrently held) Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University and Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, Hitachi Chemical Co., Ltd. Outside Audit &amp; Supervisory Board Member, Kirin Holdings Company, Limited Director (External), SATO HOLDINGS CORPORATION</p>	0
<p>Reason for election of the candidate for Outside Director</p> <p>Ms. Chieko Matsuda utilizes the abundant professional knowledge of business administration, accounting and finance and the broad knowledge she has garnered over many years as a university professor and business manager to contribute to improving the oversight of management and checking function in the Board of Directors. For these reasons, we judge that she is suitable for achieving sustainable growth and improvement of corporate value of the Company and request that Ms. Chieko Matsuda continue to serve as a Director.</p>			

- Notes:
1. No conflict of interest exists between the Company and the above candidates for Director.
  2. Mr. Minoru Matsumoto and Ms. Chieko Matsuda are candidates for Outside Director.
  3. Mr. Minoru Matsumoto and Ms. Chieko Matsuda will have served as Outside Director for four (4) years at the conclusion of this General Meeting of Shareholders.
  4. Liability Limitation Agreement  
The Company has concluded an agreement with Mr. Minoru Matsumoto and Ms. Chieko Matsuda to limit their liability stipulated in Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Act and the provisions of the Company's Articles of Incorporation. The Company is scheduled to continue the agreement with them upon the approval of their election. The amount of damages under the said agreement will be limited within an amount prescribed by laws and regulations.

5. The Company has designated Mr. Minoru Matsumoto and Ms. Chieko Matsuda as independent director who will not have any conflicts of interest with the general shareholders as stipulated by provisions of the Tokyo Stock Exchange. If their election is approved, the Company will continue to designate them both as independent officers.
6. The Company's Criteria for Determining Independence

The Company determines the independence of Independent Outside Directors/Outside Corporate Auditors based on both the requirements of the Companies Act and the criteria of the Tokyo Stock Exchange. Additionally, the Company emphasizes high-level expertise and rich experience enabling constructive advice for the improvement of corporate value as qualities of Outside Directors/Outside Corporate Auditors.

(REFERENCE)

## **Financial Highlights**

(Year ended March 31)

		March 2015	March 2016	March 2017	March 2018	March 2019
<b>1. Consolidated financial highlights</b>						
Net sales	(Millions of yen)	189,124	190,928	160,896	184,800	140,303
Ordinary income	(Millions of yen)	10,398	10,847	3,017	9,062	4,318
Net income attributable to owners of the parent	(Millions of yen)	4,858	6,833	1,088	4,265	(2,026)
Comprehensive income	(Millions of yen)	11,178	3,603	43	4,201	(1,558)
Net assets	(Millions of yen)	64,944	67,017	63,901	66,792	59,294
Total assets	(Millions of yen)	104,843	98,735	102,409	101,350	91,271
Net assets per share	(Yen)	2,279.32	2,350.26	2,316.09	2,412.06	2,404.10
Net income per share	(Yen)	206.18	255.44	41.16	165.78	(83.21)
Diluted net income per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	58.2	63.7	58.2	61.2	59.5
Return on equity	(%)	9.1	11.0	1.8	7.0	(3.5)
Cash flows from operating activities	(Millions of yen)	15,499	24,057	4,372	8,153	17,961
Cash flows from investing activities	(Millions of yen)	(4,417)	(3,946)	(11,089)	(7,131)	(3,425)
Cash flows from financing activities	(Millions of yen)	(11,513)	(6,676)	1,690	(2,859)	(2,937)
Cash and cash equivalents, end of year	(Millions of yen)	5,924	17,858	12,037	10,150	21,524
<b>2. Standalone financial highlights</b>						
Net sales	(Millions of yen)	134,350	139,060	117,059	132,723	90,345
Ordinary income	(Millions of yen)	4,101	2,942	654	438	1,427
Net income	(Millions of yen)	2,504	3,096	933	504	772
Common stock	(Millions of yen)	6,770	6,770	6,770	6,770	6,770
Total number of shares outstanding	(Thousands of shares)	26,931	26,931	26,931	26,931	26,000
Net assets	(Millions of yen)	32,269	33,700	31,401	30,790	25,808
Total assets	(Millions of yen)	57,807	56,151	61,054	59,745	52,411
Net assets per share	(Yen)	1,206.17	1,259.64	1,220.44	1,196.71	1,141.61
Annual dividends per share [Interim dividends per share]	(Yen)	40.00 [12.00]	50.00 [25.00]	40.00 [15.00]	55.00 [20.00]	20.00 [10.00]
Net income per share	(Yen)	106.29	115.73	35.31	19.61	31.72
Equity ratio	(%)	55.8	60.0	51.4	51.5	49.2
Return on equity	(%)	8.9	9.4	2.9	1.6	2.7
Payout ratio	(%)	37.6	43.2	113.3	280.5	63.1

Notes: 1. The financial highlights are not presented in the original Notice of the Ordinary General Meeting of Shareholders in Japanese.

2. Moreover, some of the figures in this document have been prepared based on financial statements, which are not included in the original Notice of the Ordinary General Meeting of Shareholders in Japanese.

3. Figures have been prepared in accordance with the accounting principles generally accepted in Japan, which are different in certain respects from application and disclosure requirements of the International Financial Reporting Standards.

## Consolidated Balance Sheet

(as of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>67,773</b>	<b>Current liabilities</b>	<b>25,453</b>
Cash and deposits	11,854	Notes and accounts payable—trade	8,334
Notes and accounts receivable—trade	18,888	Short-term bank loans	2,634
Electronically recorded monetary claims-operating	373	Current portion of long-term debt	6,863
Securities	11,386	Accounts payable—other	3,112
Finished goods	16,405	Income taxes payable	713
Raw materials	5,247	Accrued expenses	2,005
Work in process	1,148	Reserve for bonuses	689
Supplies	167	Other	1,098
Accounts receivable—other	1,033	<b>Long-term liabilities</b>	<b>6,523</b>
Other	1,291	Long-term debt	5,108
Allowance for doubtful accounts	(24)	Deferred tax liabilities	778
<b>Non-current assets</b>	<b>23,497</b>	Liability for employees' retirement benefits	77
<b>Property, plant and equipment</b>	<b>18,475</b>	Liability for director's retirement benefits	12
Buildings and structures	9,127	Provisions for stock benefit program	92
Machinery and equipment	5,187	Asset retirement obligations	244
Furniture and fixtures	2,142	Other	208
Land	874	<b>Total liabilities</b>	<b>31,977</b>
Construction in progress	1,142	<b>Net assets</b>	
<b>Intangible assets</b>	<b>1,171</b>	<b>Shareholders' equity</b>	<b>54,322</b>
Software	194	Common stock	6,770
Leasehold rights	821	Capital surplus	7,961
Other	154	Retained earnings	44,813
<b>Investments and other assets</b>	<b>3,851</b>	Treasury stock	(5,222)
Investment securities	2,488	<b>Accumulated other comprehensive income</b>	<b>27</b>
Long-term prepaid expenses	97	Unrealized gain on available-for-sale securities	677
Asset for employees' retirement benefits	697	Foreign currency translation adjustment	(161)
Deferred tax assets	240	Remeasurements of defined benefit plans	(488)
Other	326	<b>Non-controlling interests</b>	<b>4,944</b>
		<b>Total net assets</b>	<b>59,294</b>
<b>Total assets</b>	<b>91,271</b>	<b>Total liabilities and net assets</b>	<b>91,271</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

## Consolidated Statement of Income

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	Amount	
Net sales		140,303
Cost of sales		122,768
<b>Gross profit</b>		<b>17,534</b>
Selling, general and administrative expenses		13,596
<b>Operating income</b>		<b>3,937</b>
Non-operating income:		
Interest income	167	
Dividend income	61	
Foreign currency exchange loss	279	
Miscellaneous income	545	1,054
Non-operating expenses:		
Interest expenses	187	
Miscellaneous loss	486	673
<b>Ordinary income</b>		<b>4,318</b>
Extraordinary losses:		
Loss on impairment of long-lived assets	2,396	
Special retirement expenses	1,356	3,752
<b>Income before income taxes</b>		<b>565</b>
Income taxes—current	1,269	
Income taxes—deferred	610	1,880
<b>Net loss</b>		<b>(1,314)</b>
Net income attributable to non-controlling interests		712
<b>Net loss attributable to owners of the parent</b>		<b>(2,026)</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

## **Consolidated Statement of Changes in Shareholders' Equity**

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2018	6,770	9,394	48,068	(2,156)	62,077
Cumulative effects of changes in accounting policies			(73)		(73)
Restated balance	6,770	9,394	47,994	(2,156)	62,003
Changes during the fiscal year					
Cash dividends paid			(1,154)		(1,154)
Net loss attributable to owners of the parent			(2,026)		(2,026)
Purchase of treasury stock				(4,500)	(4,500)
Disposal of treasury stock				0	0
Cancellation of treasury shares		(1,433)		1,433	—
Net change in items other than shareholders' equity during the fiscal year					
Total changes during the fiscal year	—	(1,433)	(3,181)	(3,066)	(7,680)
Balance, March 31, 2019	6,770	7,961	44,813	(5,222)	54,322

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, April 1, 2018	776	(410)	(382)	(15)	4,731	66,792
Cumulative effects of changes in accounting policies						(73)
Restated balance	776	(410)	(382)	(15)	4,731	66,718
Changes during the fiscal year						
Cash dividends paid						(1,154)
Net loss attributable to owners of the parent						(2,026)
Purchase of treasury stock						(4,500)
Disposal of treasury stock						0
Cancellation of treasury shares						—
Net change in items other than shareholders' equity during the fiscal year	(99)	249	(106)	43	212	256
Total changes during the fiscal year	(99)	249	(106)	43	212	(7,424)
Balance, March 31, 2019	677	(161)	(488)	27	4,944	59,294

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.



## Standalone Balance Sheet

(as of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>33,132</b>	<b>Current liabilities</b>	<b>22,248</b>
Cash and deposits	3,251	Account payable—trade	13,271
Notes receivable—trade	70	Short-term bank loans	195
Electronically recorded monetary claims-operating	244	Current portion of long-term debt	6,775
Account receivable—trade	12,028	Accounts payable—other	820
Securities	8,316	Income taxes payable	89
Finished goods	3,810	Accrued expenses	190
Raw materials and supplies	542	Advance received	0
Prepaid expenses	42	Deposits received	32
Short-term loans receivable	4,331	Reserve for bonuses	585
Accounts receivable—other	353	Other	288
Income taxes receivable	123	<b>Long-term liabilities</b>	<b>4,354</b>
Other	15	Long-term debt	3,368
Allowance for doubtful accounts	(0)	Provisions for stock benefit program	92
<b>Non-current assets</b>	<b>19,279</b>	Deferred tax liabilities	642
<b>Property, plant and equipment</b>	<b>3,317</b>	Asset retirement obligations	244
Buildings	2,655	Other	5
Structures	39	<b>Total liabilities</b>	<b>26,603</b>
Machinery and equipment	182	<b>Net assets</b>	
Vehicles and transportation equipment	12	<b>Shareholders' equity</b>	<b>25,145</b>
Furniture and fixture	135	Common stock	6,770
Land	263	Capital surplus	7,961
Construction in progress	27	Capital reserve	6,896
<b>Intangible assets</b>	<b>96</b>	Other capital surplus	1,064
Software	53	Retained earnings	15,636
Other	42	Legal reserve	373
<b>Investments and other assets</b>	<b>15,865</b>	Other retained earnings	15,262
Investment securities	2,092	Reserve for special depreciation	17
Stocks of subsidiaries and affiliates	12,639	General reserve	4,700
Prepaid pension cost	1,007	Retained earnings brought forward	10,544
Other	124	Treasury stock	(5,222)
		<b>Valuation and translation adjustments</b>	<b>662</b>
		Net unrealized gain on securities	662
		<b>Total net assets</b>	<b>25,808</b>
<b>Total assets</b>	<b>52,411</b>	<b>Total liabilities and net assets</b>	<b>52,411</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

## **Standalone Statement of Income**

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	Amount	
Net sales		90,345
Cost of sales		88,964
<b>Gross profit</b>		<b>1,380</b>
Selling, general and administrative expenses		5,231
<b>Operating loss</b>		<b>(3,850)</b>
Non-operating income:		
Interest and dividend income	5,333	
Miscellaneous income	24	5,358
Non-operating expenses:		
Interest expenses	28	
Foreign currency exchange loss	19	
Miscellaneous loss	31	79
<b>Ordinary income</b>		<b>1,427</b>
<b>Income before income taxes</b>		<b>1,427</b>
Income taxes—current	27	
Income taxes—deferred	627	655
<b>Net income</b>		<b>772</b>

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

## **Standalone Statement of Changes in Shareholders' Equity**

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance, April 1, 2018	6,770	6,896	2,497	9,394
Changes during the fiscal year				
Reversal of reserve for special depreciation				
Cash dividends paid				
Net income				
Purchase of treasury stock				
Disposal of treasury stock				
Cancellation of treasury shares			(1,433)	(1,433)
Net change in items other than shareholders' equity during the fiscal year				
Net change in the year	–	–	(1,433)	(1,433)
Balance, March 31, 2019	6,770	6,896	1,064	7,961

	Shareholders' equity						
	Retained earnings					Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings			Total retained earnings		
		Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance, April 1, 2018	373	23	4,700	10,921	16,018	(2,156)	30,027
Changes during the fiscal year							
Reversal of reserve for special depreciation		(5)		5	–		–
Cash dividends paid				(1,154)	(1,154)		(1,154)
Net income				772	772		772
Purchase of treasury stock						(4,500)	(4,500)
Disposal of treasury stock						0	0
Cancellation of treasury shares						1,433	–
Net change in items other than shareholders' equity during the fiscal year							
Net change in the year	–	(5)	–	(376)	(382)	(3,066)	(4,881)
Balance, March 31, 2019	373	17	4,700	10,544	15,636	(5,222)	25,145

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on securities	Total valuation and translation adjustments	
Balance, April 1, 2018	763	763	30,790
Changes during the fiscal year			
Reversal of reserve for special depreciation			—
Cash dividends paid			(1,154)
Net income			772
Purchase of treasury stock			(4,500)
Disposal of treasury stock			0
Cancellation of treasury shares			—
Net change in items other than shareholders' equity during the fiscal year	(100)	(100)	(100)
Net change in the year	(100)	(100)	(4,981)
Balance, March 31, 2019	662	662	25,808

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.