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Securities code: 7239

June 3, 2019

To Our Shareholders,

Taro Nakayama  
Representative Director & President  
**TACHI-S CO., LTD.**  
3-3-7 Matsubara-cho, Akishima-shi, Tokyo

## Notice of the 67th Annual General Meeting of Shareholders

The shareholders of TACHI-S CO., LTD. (the “Company”) are invited to participate in the 67th Annual General Meeting of Shareholders of the Company, the details of which are set forth below.

**If you are unable to attend the meeting in person, you are entitled to exercise your voting rights by mail or over the Internet. To do this, we cordially ask you to study the attached Reference Documents for the General Meeting of Shareholders, the Business Report, and exercise your voting rights by 5 p.m. on Monday, June 24, 2019.**

- Date and time:** 10:00 a.m. Tuesday, June 25, 2019
- Venue:** TACHI-S CO., LTD. Head Office (Auditorium on the third floor)  
3-3-7 Matsubara-cho, Akishima-shi, Tokyo
- Agenda:**

- Matters for reporting:**
1. Business Report, the consolidated financial statements, and audit report of the consolidated financial statements by the Independent Auditors and Audit & Supervisory Board for the 67th term (from April 1, 2018 to March 31, 2019)
  2. Report of the non-consolidated financial statements for the 67th term (from April 1, 2018 to March 31, 2019)

### Matters for approval:

- Proposal 1:** Election of eight Directors  
**Proposal 2:** Election of one Audit & Supervisory Board Member  
**Proposal 3:** Payment of Bonuses to Directors

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\* If you are attending the meeting on the scheduled day, please submit the enclosed voting form at the reception.

\*“Notes to consolidated financial statements” of consolidated financial statements and “Notes to non-consolidated financial statements” of non-consolidated financial statements, which are generally attached to the Notice of Convocation are published on the Company’s website (<http://www.tachi-s.co.jp/en/>) in accordance with laws and regulations and the provisions of Article 14 of the Company’s Articles of Incorporation. For this reason, they are not attached to this Notice of Convocation.

Further, consolidated financial statements and non-consolidated financial statements described in the attached documents are part of documents audited by the Audit & Supervisory Board Member and the Independent Auditors when preparing audit reports.

\* We will post any revisions we make to the attached Reference Documents for the General Meeting of Shareholders, the Business Report, or non-consolidated financial statements and consolidated financial statements on our website (<http://www.tachi-s.co.jp/en/>).

\* If you wish to exercise your voting rights via the Internet, please enter your vote for or against each of the proposals on the following voting rights exercise website (<https://www.web54.net>).

- \* If voting rights are exercised more than once via the Internet, the most recent votes submitted via the Internet will be regarded as the effective votes.
- \* If voting rights are exercised both through indications on the voting right exercise form and through voting via the Internet, causing voting rights to be exercised more than once, the votes submitted via the Internet will be regarded as the effective votes.
- \* The company shall post the contents of resolutions of this general meeting on the Company's website (<http://www.tachi-s.co.jp/en/>) instead of sending written notice of resolutions. We appreciate your understanding in this matter.

## Reference Documents for the General Meeting of Shareholders

### Proposals and reference matters

#### Proposal 1: Election of eight Directors

The terms of office of all seven Directors will expire at the conclusion of this Annual General Meeting of Shareholders. To further strengthen the Group's management system, we propose to increase the number of Directors, and elect the following eight Director candidates.

The candidates for Director are as follows:

No.	Name	Current position and responsibility at the Company	Attendance at Board of Directors meetings
1	<input type="checkbox"/> RE-nomination Taro Nakayama	Representative Director & President Chief Executive Officer	13/13 (100%)
2	<input type="checkbox"/> RE-nomination Yuichiro Yamamoto	Member of the Board of Directors Chief Operating Officer In charge of Global Headquarters In charge of Compliance	13/13 (100%)
3	<input type="checkbox"/> RE-nomination Kiyoshi Saito	Senior Corporate Advisor of the Board of Directors	13/13 (100%)
4	<input type="checkbox"/> New Nominee Kunio Arishige	Executive Managing Officer Division Manager of R&D and Technology Division	-/ (%)
5	<input type="checkbox"/> New Nominee Kazumi Tamura	Executive Managing Officer Division Manager of Business Division	-/ (%)
6	<input type="checkbox"/> New Nominee Atsushi Komatsu	Executive Managing Officer Division Manager of Corporate Management Division	-/ (%)
7	<input type="checkbox"/> RE-nomination <input type="checkbox"/> Outside <input type="checkbox"/> Independent Director Toshio Kinoshita	Outside Director	13/13 (100%)
8	<input type="checkbox"/> RE-nomination <input type="checkbox"/> Outside Hidetaka Mihara	Outside Director	10/10 (100%)

\* Attendance at Board of Directors meetings for Mr. Hidetaka Mihara indicates the status after his assumption of office as Outside Director on June 22, 2018.

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts	Number of shares of the Company owned
1	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">RE-nomination</div> <p>Taro Nakayama (September 18, 1955)</p> <p>Attendance at Board of Directors meetings (13/13)</p>	<p>April 1980      Joined NISSAN MOTOR CO., LTD.</p> <p>April 2010      Director of Global Multi-Sourcing &amp; Export Management Department</p> <p>April 2011      Joined TACHI-S CO., LTD. as Corporate Advisor</p> <p>June 2011      Member of the Board of Directors &amp; Executive Vice President Chief of Business Administration Headquarters Division Manager of Overseas Division</p> <p>April 2012      Division Manager of Business Development and Sales</p> <p>April 2014      Member of the Board of Directors &amp; Chief Operating Officer</p> <p>June 2014      Representative Director &amp; President (incumbent) Chief Operating Officer</p> <p>April 2017      In charge of Global Headquarters</p> <p>June 2017      Chief Executive Officer (incumbent)</p>	12,600 shares
<p>&lt;Reasons for selection as a Candidate for Director&gt;</p> <p>Mr. Taro Nakayama has developed broad experience and superior insight over the many years he has worked at overseas businesses. He has appropriately fulfilled his roles, such as determining priority management matters and supervising executive functions, and we have nominated him as a candidate to continue in his role as Director, as we have determined that he is necessary for the sustainable improvement of the Group's corporate value, due to his exceptional leadership in promoting globalization of the Company's businesses.</p>			
2	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">RE- nomination</div> <p>Yuichiro Yamamoto (July 30, 1968)</p> <p>Attendance at Board of Directors meetings (13/13)</p>	<p>April 1997      Joined TACHI-S CO., LTD.</p> <p>April 2005      General Manager of Overseas Business Team</p> <p>October 2005    Seconded to TACHI-S Engineering U.S.A., Inc. General Manager</p> <p>August 2006    Seconded to TACLE Seating U.S.A., LLC (currently TACHI-S Automotive Seating U.S.A., LLC) President</p> <p>April 2011      Executive Officer Deputy General Manager of Overseas Division</p> <p>April 2012      In Charge of Nissan Business and Overseas Business Management</p> <p>April 2014      In Charge of China Business Seconded to TACHI-S China Co., Ltd. President</p> <p>April 2015      Senior Executive Officer</p> <p>April 2016      In Charge of Compliance (incumbent)</p> <p>April 2017      Executive Vice President President, Regional Headquarters for Japan</p> <p>June 2017      Member of the Board of Directors (incumbent) Executive Vice President</p> <p>April 2019      Chief Operating Officer In charge of Global Headquarters (incumbent)</p>	102,000 shares
<p>&lt;Reasons for selection as a Candidate for Director&gt;</p> <p>Mr. Yuichiro Yamamoto has been nominated as a candidate to continue in his role as Director, as he has valuable knowledge in the Marketing and Overseas Division, and many years of experience and results as a top executive at overseas subsidiaries in North America and China, and we have determined that he is essential to promoting globalization at the Group and the sustainable enhancement of the Group's corporate value as Chief Operating Officer.</p>			

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts	Number of shares of the Company owned
3	<div style="border: 1px solid black; padding: 2px; width: fit-content;">RE- nomination</div>  Kiyoshi Saito (January 25, 1947)  Attendance at Board of Directors meetings (13/13)	March 1973    Joined TACHI-S CO., LTD. June 1982    Member of the Board of Directors June 1993    Senior Executive Officer Chief of Production Headquarters June 1996    Representative Director & President June 2001    Representative Director, President & Chief Operating Officer June 2005    Representative Director, Chairman & Chief Executive Officer April 2014    Representative Director & Chairman June 2014    Representative Director & Senior Corporate Advisor June 2016    Senior Corporate Advisor of the Board of Directors (incumbent)	736,028 shares
	<Reasons for selection as a Candidate for Director> Mr. Kiyoshi Saito has been nominated as a candidate to continue in his role as Director, as he has wide-ranging knowledge of all aspects of the Group's management and has appropriately carried out his functions, and we have determined that he is essential to the sustainable improvement of the Group's corporate value, based on his extensive experience over many years as a top executive at the Company.		
4	<div style="border: 1px solid black; padding: 2px; width: fit-content;">New Nominee</div>  Kunio Arishige (April 22, 1958)  Attendance at Board of Directors meetings (-/-)	April 1981    Joined NISSAN MOTOR CO., LTD. April 2005    Director of Advanced HEV Development April 2010    Director of Planning and Advanced Technology Director in Research Institution April 2011    Joined TACHI-S CO., LTD. as Corporate Advisor October 2011    Executive Officer Deputy Division Manager of Development April 2014    Division Manager of Business Unit No.1 April 2015    Senior Executive Officer April 2017    Division Manager of R&D and Technology Division (incumbent) April 2019    Executive Managing Officer (incumbent)	7,000 shares
	<Reasons for selection as a Candidate for Director> Mr. Kunio Arishige has been nominated as a new candidate for Director as he has extensive experience in R&D and Technology Division, and we have determined that he is essential to further strengthen the Group's global development framework.		

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts	Number of shares of the Company owned
5	<div style="border: 1px solid black; padding: 2px; width: fit-content;">New Nominee</div>  Kazumi Tamura (July 17, 1961)  Attendance at Board of Directors meetings (-/-)	April 1985    Joined TACHI-S CO., LTD. April 2008    Director of Sales and Marketing Section No.2 April 2012    Seconded to Wuhan TACHI-S Jonson Controls Automotive Seat Co., Ltd. (currently Wuhan TACHI-S Adient Automotive Seating Co., Ltd) President April 2014    Director of Sales and Marketing Section No.2 April 2016    Senior Director April 2017    Executive Officer Division Manager of Business Unit No.2 April 2019    Executive Managing Officer Division Manager of Business Division (incumbent)	7,000 shares
	<Reasons for selection as a Candidate for Director> Mr. Kazumi Tamura has been nominated as a new candidate for Director, as he has extensive experience in the Marketing Division over many years, and results as a top executive at overseas subsidiaries, and we have determined that he is essential to promoting the Group's globalization.		
6	<div style="border: 1px solid black; padding: 2px; width: fit-content;">New Nominee</div>  Atsushi Komatsu (August 2, 1963)  Attendance at Board of Directors meetings (-/-)	April 1986    Joined NISSAN MOTOR CO., LTD. April 2003    General Division Manager of China Business July 2003    Seconded to Dongfeng Motor Co., Ltd Executive Vice President in charge of Financial and Information Technology April 2009    Director of Management for affiliate company, NISSAN MOTOR CO., LTD. April 2010    Director of Finance Section April 2014    Director of Domestic Network Strategy April 2017    Joined TACHI-S CO., LTD. as Corporate Advisor July 2017    Executive Officer Assistant Director of Corporate Management Division April 2019    Executive Managing Officer Division Manager of Corporate Management Division (incumbent)	7,000 shares
	<Reasons for selection as a Candidate for Director> Mr. Atsushi Komatsu has been nominated as a new candidate for Director, as he has superior expertise in the fields of finance, management and wide-ranging knowledge, and as we have determined that he is essential to the sustainable improvement of the Company's corporate value as the person responsible for the Corporate Management Division.		

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts	Number of shares of the Company owned			
7	<table border="1" data-bbox="225 293 437 405"> <tr><td data-bbox="225 293 437 331">RE- nomination</td></tr> <tr><td data-bbox="225 331 437 369">Outside</td></tr> <tr><td data-bbox="225 369 437 405">Independent Director</td></tr> </table> <p data-bbox="225 757 437 824">Toshio Kinoshita (April 12, 1949)</p> <p data-bbox="225 860 437 958">Attendance at Board of Directors meetings (13/13)</p>	RE- nomination	Outside	Independent Director	<p data-bbox="469 264 1185 331">January 1980    Jointed Coopers &amp; Lybrand, Japan (currently PricewaterhouseCoopers Aarata LLC)</p> <p data-bbox="469 338 1118 371">July 1983        Registered as Certified Public Accountant</p> <p data-bbox="469 371 1118 461">February 1985    Audit Manager of Coopers &amp; Lybrand, US (currently PricewaterhouseCoopers LLP) New York Office</p> <p data-bbox="469 468 1158 557">November 1985    Managing partner of the Japanese Business Network of Midwest, Coopers &amp; Lybrand, US Detroit Office</p> <p data-bbox="469 564 1198 654">June 1995        Managing partner of the Japanese Business Network of US, Coopers &amp; Lybrand, US National Office</p> <p data-bbox="469 660 1174 750">July 1998        Managing partner of the Japanese Business Network of North America, PricewaterhouseCoopers LLP New York Office</p> <p data-bbox="469 757 1150 846">July 2005        Management Board Member for International Business of Chuo Aoyama Audit Corporation (renamed Misuzu Audit Corporation)</p> <p data-bbox="469 853 1102 898">June 2015        Outside Director of TACHI-S CO., LTD. (incumbent)</p> <p data-bbox="469 904 986 1335">(Key concurrent posts) Representative Director &amp; President of Global Professional Partners Co., Ltd. Outside Audit &amp; Supervisory Board Member of Cool Japan Fund Inc. Outside Audit &amp; Supervisory Board Member of Panasonic Corporation Outside Director of ADK Holdings Inc. Outside Audit &amp; Supervisory Board Member of Denka Company Limited Outside Director of Mizuho Bank, Ltd. Outside Audit &amp; Supervisory Board Member of Three Pro Group Inc.</p>	0 shares
RE- nomination						
Outside						
Independent Director						
<p data-bbox="225 1344 874 1377">&lt;Reasons for selection as a Candidate for Outside Director&gt;</p> <p data-bbox="225 1384 1441 1538">Mr. Toshio Kinoshita has superior judgment as a certified public accountant and plentiful experience performing auditing functions at overseas locations over many years, and he has been nominated as a candidate to continue in his role as Outside Director as he is contributing to the appropriate decision-making of the Board of Directors from an objective and global standpoint. He will have served as an Outside Director of the Company for four years as of the conclusion of this Shareholders' Meeting.</p>						

No.	Name (Date of birth)	Brief History, Position, Principal Duties and Key Concurrent Posts	Number of shares of the Company owned		
8	<table border="1"> <tr> <td>RE- nomination</td> </tr> <tr> <td>Outside</td> </tr> </table>	RE- nomination	Outside	<p>April 1986 Registered with Dai-Ichi Tokyo Bar Association Joined Hashidate Law Office</p> <p>October 1987 Joined Blakemore &amp; Mitsuki (renamed Tsunematsu Yanase &amp; Sekine)</p> <p>July 1990 Seconded to Nomura International plc, London</p> <p>January 1993 Partner at Tsunematsu Yanase &amp; Sekine</p> <p>January 2000 Partner at Nagashima Ohno &amp; Tsunematsu (incumbent)</p> <p>April 2016 Executive Vice president of Dai-Ichi Tokyo Bar Association</p> <p>June 2018 Outside Director of TACHI-S CO., LTD. (incumbent)</p>	0 shares
	RE- nomination				
Outside					
<p>Hidetaka Mihara (July 8, 1958)</p> <p>Attendance at Board of Directors meetings (10/10)</p>	<p>(Key concurrent posts)</p> <p>Partner at Nagashima Ohno &amp; Tsunematsu Expert Advisor of Ministry of Land, Infrastructure, Transport and Tourism, Land Policy Council Land Policy Subcommittee Special Section (Owner unknown land problem examination)</p>				
<p>&lt; Reasons for selection as a Candidate for Outside Director &gt;</p> <p>Although Mr. Hidetaka Mihara has no experience in being directly involved with corporate management, other than serving as an Outside Director, he has been nominated as a candidate to continue in his role as Outside Director, as he has expert knowledge and experience of matters such as corporate law as a lawyer, and we hope to utilize this in the strengthening of the Group's corporate governance. He will have served as an Outside Director of the Company for one year as of the conclusion of this Shareholders' Meeting.</p>					

Notes:

- 1: The above candidates have no conflicts of interest with the Company.
- 2: Mr. Toshio Kinoshita and Mr. Hidetaka Mihara are candidates for Outside Director. Notification has been submitted to the Tokyo Stock Exchange for Mr. Kinoshita to be listed as an independent officer according to the rules of the Exchange, and the Exchange will be notified again that he is an independent officer if he is re-elected. Consequently, Mr. Mihara meets the Company's Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members and his independence is not at issue. However, Nagashima Ohno & Tsunematsu, the law firm to which Mr. Mihara belongs, has a policy preventing its lawyers who become Outside Officers at other companies from being notified to the Tokyo Stock Exchange as independent directors or independent audit & supervisory board members. The Company does not therefore plan to designate Mr. Mihara as an independent audit & supervisory board member.
- 3: The Company has concluded an agreement with Mr. Toshio Kinoshita and Mr. Hidetaka Mihara to limit their damage liability as stipulated in Article 423, Paragraph 1 of the Companies Act, based on the regulations specified in Article 427, Paragraph 1 of the Companies Act. Should the reappointment of Mr. Kinoshita and Mr. Mihara as Outside Directors be approved, the Company intends to maintain the Liability Limitation Agreement with them. The maximum amount of liability for damage based on the Liability Limitation agreement is the minimum liability as stipulated in Article 425, Paragraph 1 of the Companies Act.



## **<For Reference> Criteria for Assessing Independence of Outside Directors/ Audit & Supervisory Board Members**

The Company establishes following standards in order to ensure the independence of Outside Directors/  
Audit & Supervisory Board Members.

1. The person in question is not a current or former Executive<sup>1</sup> of the Company or a related company (“Group Companies”).
2. Over the past 5 years a Close Relative<sup>2</sup> of the person has not been an Executive<sup>1</sup> of any Group Companies.
3. The following items are not currently applicable to the person and have not been applicable to the person in the past 5 years:
  - (1) The person is a large shareholder of the Company (a person who directly or indirectly controls voting rights worth 10% or more of total voting rights in the Company) or an Executive<sup>1</sup> of such a large shareholder.
  - (2) The person directly or indirectly controls voting rights worth 10% or more of total voting rights in Group Companies or is an Executive<sup>1</sup> of such a large shareholder.
  - (3) The person is a Person for whom Group Companies are Important Clients<sup>3</sup> or who is an Executive<sup>1</sup> of such an entity.
  - (4) The person is an Executive<sup>1</sup> of an Important Client of Group Companies<sup>4</sup>.
  - (5) The person is an Executive<sup>1</sup> of an Important Lender to Group Companies<sup>5</sup>.
  - (6) The person is affiliated with an auditing firm performing the Company’s statutory audits.
  - (7) The person is a consultant, an accounting professional or a legal professional (in the case that a group such as a corporation or association performs such a role, a person affiliated with that group) that has received from Group Companies money compensation or other assets to a total value of more than 10 million yen annually.
  - (8) The person is a recipient of donations or grants from Group Companies (in the case that a group such as a legal corporation or association is such a recipient, a person affiliated with that group) of more than 10 million yen annually.
  - (9) The person is an Executive<sup>1</sup> of a company to which Group Companies appoint Directors (regardless of whether such Directors are executive or non-executive).
4. None of the person’s Close Relatives are persons in regards to whom Items (1) to (9) of paragraph 3 above apply (but limited to cases where such a Close Relative is an Important Person<sup>6</sup>).

(Notes)

- <sup>1</sup> An Executive is defined as a person who is either a Director (excluding an Outside Director) of a company or organization, an Executive Director, an Executive Officer, an employee who manages operations, a Senior General Manager or other equivalent person or employee who manages operations.
- <sup>2</sup> A Close Relative is defined as a dependent, a relative to the second degree or a cohabitating relative.
- <sup>3</sup> A Person for whom Group Companies are Important Clients is defined as a person who has received 2% or more of their consolidated annual gross revenues from Group Companies during that person’s most recent fiscal year.
- <sup>4</sup> An Important Client of Group Companies is defined as a person who has paid 2% or more of the gross annual consolidated revenues of Group Companies in the Company’s most recent fiscal year.
- <sup>5</sup> An Important Lender to Group Companies is defined as a person who has provided finance to Group Companies that represents an amount worth 2% or more of consolidated total assets as of the end of the Company’s most recent fiscal year.
- <sup>6</sup> An Important Person is defined as a person who is either a Director, an Audit & Supervisory Board Member, an Executive Officer and a General Manager or above.

## **Proposal 2: Election of one Audit & Supervisory Board Member**

The term of office of the Audit & Supervisory Board Member, Mr. Nobuaki Ozawa, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, we propose to elect the following one Audit & Supervisory Board Member candidate.

The Audit & Supervisory Board has already approved this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Brief History, Position and Key Concurrent Posts	Number of shares of the Company owned			
<table border="1" data-bbox="151 571 400 683"> <tr><td>RE- nomination</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent Director</td></tr> </table> <p data-bbox="167 716 384 784">Nobuaki Ozawa (November 16, 1955)</p> <p data-bbox="159 817 392 918">Attendance at Board of Directors meetings (13/13)</p> <p data-bbox="151 952 400 1086">Attendance at Board of Audit &amp; Supervisory Board Members meetings (10/10)</p>	RE- nomination	Outside	Independent Director	<p data-bbox="424 537 1206 593">November 1980    Joined Tatsuo Inoue Audit Corporation (currently KPMG AZSA LLC)</p> <p data-bbox="424 604 1206 660">October 1985    Established Ozawa CPA Firm, Chief Executive Officer of the firm(incumbent)</p> <p data-bbox="424 672 1206 728">June 2015        Outside Director of TACHI-S CO., LTD. (incumbent)</p> <p data-bbox="424 739 1206 795">October 2016    Representative Partner of Ozawa Accounting Firm (incumbent)</p> <p data-bbox="424 806 1206 974">(Key concurrent posts) Chief Executive Officer of Ozawa CPA Firm Representative Partner of Ozawa Accounting Firm Council Member of Meisei Gakuen Auditor of TAMASHIN Culture Foundation Auditor of The Tama Shinkin Bank</p>	<p data-bbox="1268 817 1404 840">1,200 shares</p>
RE- nomination					
Outside					
Independent Director					
<p data-bbox="151 1131 1021 1153">&lt;Reasons for selection as a Candidate for Audit &amp; Supervisory Board Member &gt;</p> <p data-bbox="151 1164 1444 1332">Although Mr. Nobuaki Ozawa has no experience in being directly involved with corporate management, other than serving as an Outside Audit &amp; Supervisory Board Member, he has been nominated as a candidate to continue in his role as Outside Audit &amp; Supervisory Board Member, as he has financial expertise and experience as a certified public accountant, and we hope to utilize this in the Group's auditing. He will have served as an Outside Audit &amp; Supervisory Board Member of the Company for four years as of the conclusion of this Shareholders' Meeting.</p>					

Notes:

- 1: The above candidate has no conflicts of interest with the Company.
- 2: Mr. Nobuaki Ozawa is a candidate for Outside Audit & Supervisory Board Member. Notification has been submitted to the Tokyo Stock Exchange for Mr. Ozawa to be listed as an independent officer according to the rules of the Exchange, and the Exchange will be notified again that he is an independent officer if he is re-elected.
- 3: The Company has concluded an agreement with Mr. Nobuaki Ozawa to limit his damage liability as stipulated in Article 423, Paragraph 1 of the Companies Act, based on the regulations specified in Article 427, Paragraph 1 of the Companies Act. Should the reappointment of Mr. Ozawa as Outside Director be approved, the Company intends to maintain the Liability Limitation Agreement with him. The maximum amount of liability for damage based on the Liability Limitation agreement is the minimum liability as stipulated in Article 425, Paragraph 1 of the Companies Act.

## **Proposal 3: Payment of Bonuses to Directors**

The Company proposes to pay Bonuses to five of the seven Directors excluding the Outside Directors as of the end of the fiscal year under review amounting to a total of ¥60,000,000, in recognition of the business performance and other factors for the fiscal year under review. The Company would like to leave it to the Board of Directors to decide on the amount of bonus for each Director.

# Consolidated Balance Sheet

(As of March 31, 2019)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Total current assets</b>	<b>108,811</b>	<b>Total current liabilities</b>	<b>69,416</b>
Cash and deposits	38,800	Notes and accounts payable	43,223
Notes and accounts receivable	48,387	Short-term bank loans	7,205
Securities	1,157	Income taxes payable	1,730
Goods and merchandises	2,216	Reserve for directors' bonuses	60
Work in process	744	Other	17,197
Raw materials and supplies	11,713	<b>Total fixed liabilities</b>	<b>6,510</b>
Other	5,806	Deferred tax liabilities	4,612
Allowance for bad debts	-15	Retirement allowance for directors and audit & supervisory board members	14
<b>Fixed assets</b>	<b>64,621</b>	Provision for share-based remuneration	50
<b>Property, plant and equipment</b>	<b>37,103</b>	Retirement benefit liability	1,102
Buildings and structures	12,385	Other	730
Machinery and vehicles	12,911	<b>Total liabilities</b>	<b>75,926</b>
Land	7,741	<b>(Net assets)</b>	
Construction in progress	1,975	<b>Total shareholders' equity</b>	<b>84,029</b>
Other	2,090	Common stock	9,040
<b>Intangible assets</b>	<b>1,978</b>	Additional paid-in capital	8,588
<b>Investments and other assets</b>	<b>25,540</b>	Retained earnings	67,692
Investments in securities	15,638	Treasury stock	-1,291
Long-term loans receivable	23	<b>Valuation and translation adjustments</b>	<b>7,055</b>
Deferred tax assets	3,386	Net unrealized gain on securities	2,699
Retirement benefit asset	158	Foreign currency translation adjustments	4,125
Other	6,490	Remeasurements of defined benefit plans	230
Allowance for bad debts	-156	<b>Non-controlling interests</b>	<b>6,421</b>
		<b>Total net assets</b>	<b>97,506</b>
<b>Total assets</b>	<b>173,433</b>	<b>Total liabilities and net assets</b>	<b>173,433</b>

# Consolidated Statement of Income

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

(Unit: Million yen)

Account Name	Amount	
<b>Net sales</b>		<b>330,530</b>
<b>Cost of sales</b>		<b>272,012</b>
<b>Gross profit</b>		<b>28,518</b>
<b>Selling, general and administrative expenses</b>		<b>23,107</b>
<b>Operating income</b>		<b>5,411</b>
<b>Non-operating income</b>		
Interest income	535	
Dividend income	364	
Equity in earnings of subsidiaries and associates	1,742	
Other	515	3,158
<b>Non-operating expenses</b>		
Interest expenses	83	
Foreign exchange losses	1,133	
Other	303	1,520
<b>Ordinary income</b>		<b>7,049</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	339	
Gain on liquidation of subsidiaries	0	340
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	70	
Impairment loss	259	
Loss on valuation of investments in capital of subsidiaries and associates	17	
Gain on sales of golf memberships	5	353
<b>Net income before taxes and adjustments</b>		<b>7,036</b>
Income taxes	3,224	
Income taxes - deferred	230	3,454
<b>Net income</b>		<b>3,581</b>
Net income attributable to non-controlling interests		1,630
<b>Net income attributable to owners of parent</b>		<b>1,951</b>

## Consolidated Statement of Changes in Net Assets

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

(Unit: Million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2018	9,040	9,201	67,706	-1,442	84,505
Change of items during the period					
Dividends of surplus			-817		-817
Net income attributable to owners of parent			1,951		1,951
Treasury stock purchased				-2,037	-2,037
Disposal of treasury shares		68		366	435
Cancellation of treasury shares		-670	-1,151	1,821	—
Change in ownership interest of parent due to transactions with non-controlling interests		-11			-11
Other			3		3
Net changes of items other than shareholders' equity					
Total of changes during the fiscal year	—	-612	-14	150	-476
Balance at March 31, 2019	9,040	8,588	67,692	-1,291	84,029

(Unit: Million yen)

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at April 1, 2018	4,898	4,333	271	9,503	6,563	100,573
Change of items during the period						
Cash dividends						-817
Net income attributable to owners of parent						1,951
Treasury stock purchased						-2,037
Disposal of treasury shares						435
Cancellation of treasury shares						—
Change in ownership interest of parent due to transactions with non-controlling interests						-11
Other						3
Net changes of items other than shareholders' equity	-2,199	-208	-40	-2,448	-142	-2,591
Total of changes during the fiscal year	-2,199	-208	-40	-2,448	-142	-3,067
Balance at March 31, 2019	2,699	4,125	230	7,055	6,421	97,506

## Non-consolidated Balance Sheet

(As of March 31, 2019)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Total current assets</b>	<b>35,521</b>	<b>Total current liabilities</b>	<b>33,146</b>
Cash and deposits	7,063	Notes payable	15
Notes receivable	35	Electronically recorded monetary claims - operating	3,616
Electronically recorded monetary claims - operating	3,457	Accounts payable	18,092
Accounts receivable	18,332	Current portion of long-term borrowings	6,500
Goods and merchandises	404	Short-term borrowings from subsidiaries and associates	866
Work in process	1,246	Accounts payable	610
Raw materials and supplies	2,263	Accrued expenses	2,508
Advance payments	1,925	Income taxes payable	112
Short-term loans receivable	8	Deposits received	149
Other	802	Notes payable - facilities	320
Allowance for bad debts	-19	Unearned revenue	294
<b>Fixed assets</b>	<b>58,667</b>	Reserve for directors' bonuses	60
<b>Property, plant and equipment</b>	<b>13,503</b>	<b>Total fixed liabilities</b>	<b>1,651</b>
Buildings	5,492	Deferred tax liabilities	634
Structures	144	Reserve for retirement benefits	306
Machinery and equipment	2,216	Provision for share-based remuneration	50
Vehicles	0	Other	659
Equipment	605	<b>Total liabilities</b>	<b>34,798</b>
Land	4,816	<b>(Net assets)</b>	
Construction in progress	225	<b>Total shareholders' equity</b>	<b>56,693</b>
<b>Intangible assets</b>	<b>1,023</b>	<b>Common stock</b>	<b>9,040</b>
Software	1,007	<b>Additional paid-in capital</b>	<b>8,592</b>
Other	16	Legal capital surplus	8,592
<b>Investments and other assets</b>	<b>44,140</b>	<b>Retained earnings</b>	<b>40,352</b>
Investments in securities	10,264	Legal retained earnings	480
Stock of subsidiaries and associates	24,680	Other retained earnings	39,871
Investments in capital	0	Reserve for tax purpose reduction entry	20
Investments in subsidiaries and associates	8,831	General reserve	15,000
Long-term loans receivable	12	Retained earnings brought forward	24,850
Long-term prepaid expenses	7	<b>Treasury stock</b>	<b>-1,291</b>
Other	350	<b>Total valuation, translation adjustments and others</b>	<b>2,697</b>
Allowance for bad debts	-7	<b>Net unrealized gain on securities</b>	<b>2,697</b>
		<b>Total net assets</b>	<b>59,391</b>
<b>Total assets</b>	<b>94,189</b>	<b>Total liabilities and net assets</b>	<b>94,189</b>

## Non-consolidated Statement of Income

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

(Unit: Million yen)

Account Name	Amount	
<b>Net sales</b>		<b>126,496</b>
<b>Cost of sales</b>		<b>118,140</b>
<b>Gross profit</b>		<b>8,355</b>
<b>Selling, general and administrative expenses</b>		<b>8,331</b>
<b>Operating income</b>		<b>24</b>
<b>Non-operating income</b>		
Interest and dividend income	2,599	
Other	172	2,772
<b>Non-operating expenses</b>		
Interest expenses	31	
Other	4	36
<b>Ordinary income</b>		<b>2,760</b>
<b>Extraordinary income</b>		
Gain on sales of fixed assets	0	
Gain on liquidation of subsidiaries	0	1
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	42	
Gain on sales of golf memberships	5	48
<b>Net income before taxes</b>		<b>2,713</b>
Income taxes	400	
Income taxes - deferred	140	540
<b>Net income</b>		<b>2,172</b>

## Non-consolidated Statement of Changes in Net Assets

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

(Unit: Million yen)

	Shareholders' equity					
	Common stock	Additional paid-in capital			Retained earnings	
		Legal capital surplus	Other additional paid-in capital	Total additional paid-in capital	Legal retained earnings	Other retained earnings
					Reserve for advanced depreciation of fixed assets	
Balance as of April 1, 2018	9,040	8,592	601	9,193	480	21
Change of items during the period						
Dividends of surplus						
Net income						
Reversal of reserve for tax purpose reduction entry						-0
Treasury stock purchased						
Disposal of treasury shares			68	68		
Cancellation of treasury shares			-670	-670		
Net changes of items other than shareholders' equity						
Total of changes during the fiscal year	—	—	-601	-601	—	-0
Balance as of March 31, 2019	9,040	8,592	—	8,592	480	20

(Unit: Million yen)

	Shareholders' equity					Evaluation, exchange differences		Total net assets
	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Total evaluation, exchange differences	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance as of April 1, 2018	15,000	24,646	40,149	-1,442	56,940	4,895	4,895	61,836
Change of items during the period								
Dividends of surplus		-817	-817		-817			-817
Net income		2,172	2,172		2,172			2,172
Reversal of reserve for tax purpose reduction entry		0	—		—			—
Treasury stock purchased				-2,037	-2,037			-2,037
Disposal of treasury shares				366	435			435
Cancellation of treasury shares		-1,151	-1,151	1,821	—			—
Net changes of items other than shareholders' equity						-2,198	-2,198	-2,198
Total of changes during the fiscal year	—	204	203	150	-246	-2,198	-2,198	-2,445
Balance as of March 31, 2019	15,000	24,850	40,352	-1,291	56,693	2,697	2,697	59,391